



LCK/CS/2020-21/

October 24, 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 1<sup>st</sup> Quarter ended September 30, 2020**

We have to inform you that the Board of Directors of our Company in their Meeting held on Saturday, October 24, 2020 at 11:30 a.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

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

**The financial results of the Company consisting of unconsolidated and consolidated condensed interim Statements of Financial Position, Profit or Loss and Other Comprehensive Income and Directors' Report are annexed.**

We will be transmitting the quarterly report of the Company for the period ended September 30, 2020 in electronic form, according to Clause 5.6.8 of PSX Regulations as per your notice reference # PSX/N-4207 dated July 13, 2018.

Yours truly,  
for: **LUCKY CEMENT LIMITED**

  
**Atif Kaludi**  
CFO / Director Finance

**LUCKY CEMENT LIMITED**  
**Unconsolidated Condensed Interim Statement of Financial Position**  
**As at September 30, 2020**

	<u>(Un-audited)</u> September 30, 2020	<u>(Audited)</u> June 30, 2020
	(PKR in'000')	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Property, plant and equipment	59,613,894	60,154,650
Intangible assets	8,426	11,323
	<u>59,622,320</u>	<u>60,165,973</u>
Long-term investments	48,994,485	47,144,485
Long-term loans and advances	85,215	87,008
Long-term deposits	3,175	3,175
	<u>108,705,195</u>	<u>107,400,641</u>
<b>CURRENT ASSETS</b>		
Stores and spares	7,126,037	6,613,090
Stock-in-trade	2,798,227	2,915,552
Trade debts	2,880,849	3,422,767
Loans and advances	911,942	390,966
Trade deposits and short term prepayments	63,653	81,169
Accrued return	50,809	47,572
Other receivables	4,225,109	3,670,300
Tax refunds due from the Government	538,812	538,812
Short term investment	3,022,979	2,970,999
Cash and bank balances	8,282,152	7,816,606
	<u>29,900,569</u>	<u>28,467,833</u>
<b>TOTAL ASSETS</b>	<u><u>138,605,764</u></u>	<u><u>135,868,474</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share Capital	3,233,750	3,233,750
Reserves	98,186,490	95,950,111
	<u>101,420,240</u>	<u>99,183,861</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term deposits	235,662	233,062
Long-term loan	532,570	320,461
Deferred income - Government grant	101,065	59,720
Deferred liabilities	7,283,613	7,116,018
	<u>8,152,910</u>	<u>7,729,261</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	20,346,718	19,354,794
Current maturity of long-term loan	380,181	126,727
Short term borrowings	6,550,000	7,931,444
Unclaimed dividend	55,478	55,767
Unpaid dividend	17,580	17,580
Accrued markup	34,173	46,173
Taxation - net	1,648,484	1,422,867
	<u>29,032,614</u>	<u>28,955,352</u>
	<u>37,185,524</u>	<u>36,684,613</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>138,605,764</u></u>	<u><u>135,868,474</u></u>

  
Chairman / Director

  
Chief Executive

  
Chief Financial Officer

**LUCKY CEMENT LIMITED**  
**Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income**  
**For the 1st quarter ended September 30, 2020 (Un-audited)**

	Quarter Ended	
	September 30, 2020	September 30, 2019
	(PKR in'000')	
<b>Gross sales</b>	19,731,269	13,929,982
Less: Sales tax and federal excise duty	5,083,135	4,083,620
Rebates, incentive and commission	313,005	217,386
	5,396,139	4,301,006
<b>Net sales</b>	14,335,130	9,628,976
Cost of sales	(10,340,530)	(8,137,147)
<b>Gross profit</b>	3,994,600	1,491,829
Distribution cost	(1,356,935)	(975,317)
Administrative expenses	(286,476)	(300,427)
Finance cost	(68,104)	(19,866)
Other expenses	(200,110)	(104,537)
Other income	602,395	930,231
<b>Profit before taxation</b>	2,685,370	1,021,913
Taxation		
-current	(371,360)	(170,064)
-deferred	(87,561)	103,995
	(458,921)	(66,068)
<b>Profit after taxation</b>	2,226,449	955,845
<b>Other comprehensive income:</b>		
Other comprehensive income / (loss) which will not be reclassified to statement of profit or loss in subsequent periods		
Unrealized income / (loss) on remeasurement of equity instrument at fair value through other comprehensive income	11,682	(8,089)
Deferred tax thereon	(1,752)	1,213
	9,930	(6,876)
<b>Total comprehensive income for the period</b>	2,236,379	948,969
	(PKR)	
<b>Earnings per share - basic and diluted</b>	6.89	2.96

  
Chairman / Director

  
Chief Executive

  
Chief Financial Officer

**LUCKY CEMENT LIMITED**  
**Consolidated Condensed Interim Statement of Financial Position**  
**As at September 30, 2020**

	(Un-audited) September 30, 2020	(Audited) June 30, 2020
	(PKR in '000')	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets		
Property, plant and equipment	196,382,875	190,788,960
Intangible assets	7,257,052	7,341,737
Right-of-use assets	297,141	318,279
	<u>203,937,068</u>	<u>198,448,976</u>
Long-term investments	24,759,652	23,970,762
Long-term loans and advances	643,720	617,130
Long-term deposits and prepayments	48,694	46,672
	<u>229,389,134</u>	<u>223,083,540</u>
<b>CURRENT ASSETS</b>		
Stores, spares and consumables	8,731,294	8,165,751
Stock-in-trade	20,335,176	21,292,185
Trade debts	5,180,802	5,834,590
Loans and advances	2,607,087	1,636,587
Trade deposits and short-term prepayments	1,000,026	1,000,279
Other receivables	9,462,532	9,202,663
Tax refunds due from the Government	538,812	538,812
Taxation receivable	2,110,225	2,335,223
Accrued return	58,171	94,208
Short term investments	3,022,979	2,970,999
Cash and bank balances	28,006,281	15,731,810
	<u>81,053,385</u>	<u>68,803,107</u>
	<u>310,442,519</u>	<u>291,886,647</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	3,233,750	3,233,750
Reserves	114,701,237	110,543,591
Attributable to the owners of the Holding Company	117,934,987	113,777,341
Non-controlling interests	18,486,749	17,709,710
Total equity	<u>136,421,736</u>	<u>131,487,051</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term finances	89,335,855	82,427,884
Long-term deposits	360,662	357,855
Deferred liabilities	11,087,712	11,133,530
Deferred income - Government grant	217,270	96,256
Leases	238,393	253,591
Other long term liabilities	5,257,264	5,331,774
	<u>106,497,156</u>	<u>99,600,890</u>
<b>CURRENT LIABILITIES</b>		
Current portion of long-term finances	2,461,233	2,637,451
Trade and other payables	53,328,628	42,536,979
Provision for taxation	2,018,872	1,792,626
Accrued return	271,778	848,931
Short-term borrowings and running finance	9,214,292	12,830,116
Current portion of leases	68,179	79,256
Unclaimed dividend	143,065	55,767
Unpaid dividend	17,580	17,580
	<u>67,523,627</u>	<u>60,798,706</u>
	<u>174,020,783</u>	<u>160,399,596</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>310,442,519</u>	<u>291,886,647</u>

  
Chairman / Director

  
Chief Executive

  
Chief Financial Officer

**LUCKY CEMENT LIMITED**  
**Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income**  
**For the 1st quarter ended September 30, 2020 (Un-audited)**

	Quarter Ended	
	September 30, 2020	September 30, 2019
	(PKR in '000')	
Revenue	57,850,843	34,429,646
Less: Sales tax and excise duty	7,886,485	5,683,102
Rebates, incentives and commission	4,850,591	1,566,605
	12,737,076	7,249,707
Cost of sales	45,113,767	27,179,939
<b>Gross profit</b>	<b>8,772,975</b>	<b>4,343,642</b>
Distribution cost	(2,278,104)	(1,846,745)
Administrative expenses	(1,196,494)	(1,018,820)
Finance cost	(425,619)	(625,003)
Other expenses	(483,944)	(191,640)
Other income	1,507,934	1,385,695
<b>Profit before taxation</b>	<b>5,896,748</b>	<b>2,047,129</b>
Taxation		
- current	(894,783)	(748,827)
- deferred	130,270	228,721
	(764,513)	(520,106)
<b>Profit after taxation</b>	<b>5,132,235</b>	<b>1,527,023</b>
<b>Attributable to:</b>		
Owners of the Holding Company	4,349,491	1,272,179
Non-controlling interests	782,744	254,844
	<b>5,132,235</b>	<b>1,527,023</b>
<b>Other comprehensive income for the period</b>		
<b>Other comprehensive loss which may be reclassified to statement of profit or loss in subsequent periods</b>		
Foreign exchange differences on translation of foreign operations	(201,775)	(261,420)
<b>Other comprehensive income / (loss) which will not be reclassified to statement of profit or loss in subsequent periods</b>		
Unrealized gain / (loss) on remeasurement of equity investment at fair value through other comprehensive income	11,682	(8,089)
Deferred tax thereon	(1,752)	1,213
	9,930	(6,876)
<b>Total comprehensive income for the period</b>	<b>4,940,390</b>	<b>1,258,727</b>
<b>Attributable to:</b>		
Owners of the Holding Company	4,157,646	1,003,883
Non-controlling interests	782,744	254,844
	<b>4,940,390</b>	<b>1,258,727</b>
	(PKR)	
Earnings per share - basic and diluted	<b>13.45</b>	<b>3.93</b>

  
Chairman / Director

  
Chief Executive

  
Chief Financial Officer



## Directors' Report (Condensed)

The Directors have the pleasure in presenting to you the financial results of your Company which include both, **stand-alone** and **consolidated unaudited financial statements** for the first quarter ended September 30, 2020.

### Overview

The performance of the **Cement Industry** has been very encouraging during the the current quarter where overall Industry volumes increased by 22.0% to 13.59 million tons for the first quarter ended September 30, 2020 in comparison to 11.14 million tons during same period last year. Export sales volumes registered an increase of 36.0% to reach 2.74 million tons during the current quarter under review as compared to 2.02 million tons during same period last year. The local sales volume registered an increase of 18.9% to reach 10.84 million tons during the quarter under review in comparison to 9.12 million tons during same period last year.

This increase in industry sales volume is mainly attributable to increase in economic activity post-covid 19 and revival of various infrastructure projects under CPEC.

Your **Company's** overall sales volume improved by 48.6% to reach 2.43 million tons during the current first quarter ended September 30, 2020 as compared to the same period last year. The local cement sales volume registered an increase of 48.8% and were 1.67 million tons in comparison to 1.12 million tons during the same period last year. The export sales volumes of the Company also improved by 49.5% to 0.76 million tons as compared to 0.51 million tons during the same period last year.

The increase in Company's local sales volume during the quarter under review is due to increase in additional capacity at Pezu Plant. Due to increase in economic activities and pent-up demand of last quarter the Company was able to increase its volumes on a quarter-on-quarter basis. Moreover, the increase in export sales volume is due to higher exports of loose cement and clinker.

On a **consolidated basis**, your Company achieved a gross turnover of PKR 57.85 billion which is 68.03% higher as compared to the same period last year's turnover of PKR 34.43 billion.

Moreover, **consolidated** Net Profit of the Company was PKR 5.13 billion of which PKR 0.78 billion is attributable to non-controlling interests. The consolidated net profit attributable to owners of the Holding Company translates into an EPS of PKR 13.45 during the first quarter ended September 30, 2020 as compared to PKR 3.93 during the same period last year.

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





## Financial Performance - Consolidated

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

Particulars	PKR in millions except EPS		
	Q1 2020-21	Q1 2019-20	Change (%)
Gross Revenue	57,851	34,430	68%
Net Revenue	45,114	27,180	66%
GP	8,773	4,344	102%
OP	5,298	1,478	258%
EBITDA	7,469	3,362	122%
NP (Attributable to Owners' of the holding company)	4,349	1,272	242%
EPS (PKR/share)	13.45	3.93	242%

During the first quarter 2020-21 under review, your Company's overall Consolidated Net Profit increased by 2.36 times as compared to the same period last year.

The increase in Net profit was mainly attributable to increase in Net Profit of Cement segment (Holding Company) which increased by 132% due to absorption of fixed costs and lower input costs (as explained in details below). This increase in Net Profit of holding company was also supported by significant increase in Net Profits of Lucky Motor Corporation and LCL Investment Holdings Limited as compared to same period last year. The better market conditions and increase in economic activities, helped to increase the Net Profit of LCL Investment Holdings Limited that is mainly attributable to a combination of growth in sales volume, increase in retention price and decrease in input costs from both Congo & Iraq projects.

## Business Performance

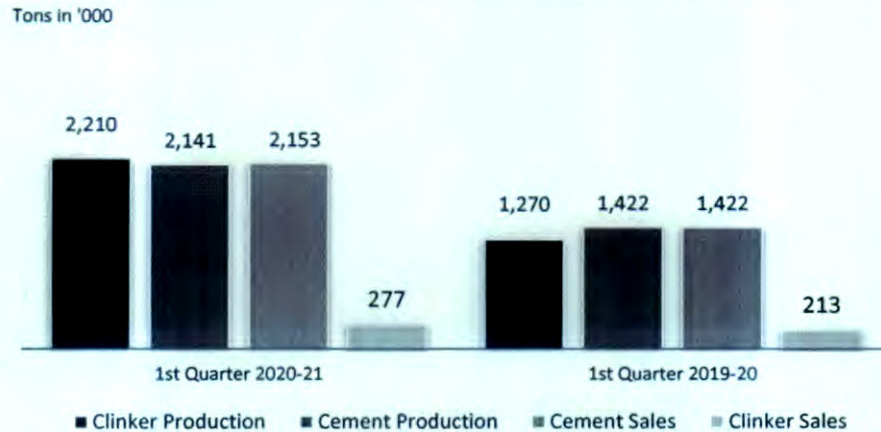
### a. Production & Sales Volume Performance - Standalone

The **standalone** production and sales statistics of your Company for the first quarter ended September 30, 2020 compared to the same period last year are as follows:

Particulars	Q1 2020-21	Q1 2019-20	Growth/ (Decline) %
	Tons in '000'		
Clinker Production	2,210	1,270	74.0%
Cement Production	2,141	1,422	50.6%
Cement Sales	2,153	1,422	51.4%
Clinker Sales	277	213	30.0%



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 first quarter ended 2020-21 in comparison with the same period last year is presented below:

Particulars (Tons in '000')	1st Quarter 2020-21	1st Quarter 2019-20	Growth / (Decline) %	
<b>Cement Industry</b>				
Local Sales	10,844	9,120	1,724	18.9%
Export Sales				
- Bagged	1,128	1,117	11	1.0%
- Loose	123	21	102	485.7%
- Clinker	1,491	878	613	69.8%
<b>Total Exports</b>	<b>2,742</b>	<b>2,016</b>	<b>726</b>	<b>36.0%</b>
<b>Grand Total</b>	<b>13,586</b>	<b>11,136</b>	<b>2,450</b>	<b>22.0%</b>
<b>Lucky Cement</b>				
Local Sales -Cement	1,666	1,120	546	48.8%
Local Sales -Clinker	-	4	(4)	(100.0%)
	1,666	1,124	542	48.2%
Export Sales				
- Bagged	364	281	83	29.5%
- Loose	123	21	102	485.7%
- Clinker	277	209	68	32.5%
<b>Total Exports</b>	<b>764</b>	<b>511</b>	<b>253</b>	<b>49.5%</b>
<b>Grand Total</b>	<b>2,430</b>	<b>1,635</b>	<b>795</b>	<b>48.6%</b>
<b>Market Share</b>				
	1st Quarter 2020-21	1st Quarter 2019-20	Growth/ Decline	
Local Sales	15.4%	12.3%	25.2%	
Export Sales				
- Bagged	32.3%	25.2%	28.2%	
- Loose	100.0%	100.0%	0.0%	
- Clinker	18.6%	23.8%	(21.8%)	
<b>Total Export</b>	<b>27.9%</b>	<b>25.3%</b>	<b>10.3%</b>	
<b>Grand Total</b>	<b>17.9%</b>	<b>14.7%</b>	<b>21.8%</b>	

\* Industry data is based on best available market estimates



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## b. Financial Performance - Standalone

The **standalone** financial performance of your Company for the first quarter ended September 30, 2020 as compared to the same period last year is presented below:

PKR in millions except EPS

Particulars	Q1 2020-21	Q1 2019-20	Change (%)
Gross Revenue	19,731	13,930	41.6%
Net Revenue	14,335	9,629	48.9%
GP	3,995	1,492	167.8%
OP	2,351	216	988.4%
EBITDA	3,426	1,084	216.1%
NP	2,226	956	132.8%
EPS	6.89 / Share	2.96 / Share	132.8%

### Revenue

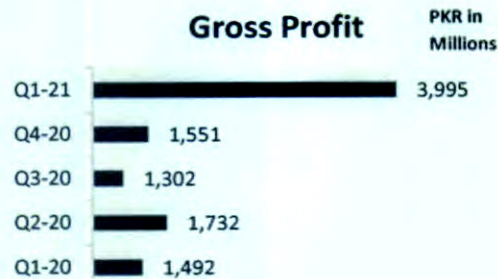
During the first quarter 2020-21 under review, your Company's overall gross sales revenue increased by 41.6% as compared to the same period last year. Where both export and local sales revenue showed an increase of 42.3% (PKR 4.57 billion vs PKR 3.21 billion) and 41.4% (PKR 15.17 billion vs PKR 10.72 billion) respectively.

### Gross Profit

The Gross profit margins of the company for the first quarter under review were 27.9% as compared to 15.5% reported during the same period last year.

### Cost of Sales

During the first quarter 2020-21 under review, per ton cost of sales of your Company decreased by 14.5% as compared to the same period last year. This was due to better absorption of fixed cost as a result of increase in volumes and efficiencies achieved from new production line in the North.





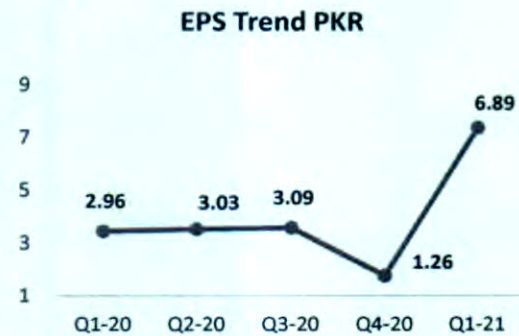
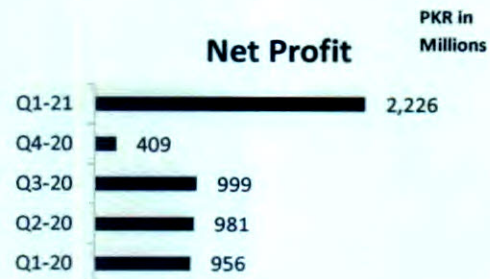
## Net Profit

Similarly, your Company achieved a profit before tax of PKR 2,685.4 million during the first quarter under review as compared to PKR 1,021.9 million reported during the same period last year.

Accordingly, after tax profit of PKR 2,226.4 million was achieved during the first quarter under review as compared to PKR 955.8 million reported during the same period last year.

## Earnings per share

The earnings per share of your Company for the first quarter ended September 30, 2020 was PKR 6.89 in comparison to PKR 2.96 reported during the same period last year.



## Projects – Ongoing

### Investments

#### 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 March 1, 2021. The Contractor as a result of the removal of certain restrictions by the Government of Pakistan has notified the cessation of FME on September 3, 2020, which was earlier notified on February 6, 2020. The Company accordingly notified the same to the Central Power Purchasing Agency (CPPA) and Private Power Infrastructure Board (PPIB) that despite FME, it is striving to achieve its COD as per the targeted timeline. The project is completed over 90% by end of this quarter.

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The CPPA, based on FME notice received by it from National Transmission and Dispatch Company (NTDC), notified the Company about FME through its letter dated March 25, 2020, stating therein that COVID-19 outbreak has caused a complete halt to transmission planning, design, engineering, project development and execution of the inter-connection works. Subsequently, NTDC notified CPPA about the cessation of FME through its letter of September 30, 2020.

The Company is following up with CPPA, NTDC and PPIB for the earliest availability of an interconnection facility which is essential for achieving the COD.

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

Post opening of airspace, additional manpower for preheater/kiln, refractory and electrical works have been mobilized at site. Civil, mechanical and electrical works are in advance stage and work is in full pace. During the quarter, two additional shipments from Sinoma for cement grinding unit also reached site. Remaining shipments of electrical and instrumental equipment's (from China), Cement packer (from Italy) and Cement Gear Box (from Germany) are expected to reach at site in October / November 2020.

The additional Power Plant (01 Genset and 02 WHR Boilers) reached site and power plant is in commissioning and testing phase.

Target date to achieve commercial production is December 2020.

## **Corporate Social Responsibility**

Your Company has continued its patronage on Education, Women empowerment and Health, your Company is committed for the development of society and the communities in which it operates.

### **Education / Scholarships**

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

### **Women Empowerment**

To empower women through education has been an ongoing process with the collaboration of Zindagi Trust in which your Company has been supporting two leading Government girls' schools in Karachi. These schools have been transformed into model girls' educational institutions in Pakistan. Further to this Company has collaborated with Shahid Afridi Foundation (SAF) adopted primary school in the remote area of Karachi to improve primary level education for the less privilege.



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### Health Initiatives

Provision of quality healthcare for the society at large continues to remain your Company's priority, especially through 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 available in the Country.

### Environment Conservation

Your Company always takes responsibility towards the environment seriously and in an effort to highlight the importance of environment conservation; your Company continued with its pro-environment initiatives including tree-plantation drives in and around its manufacturing sites.

### Outlook

While the initial outbreak of Covid-19 in Pakistan has receded significantly, a second wave of infections cannot be ruled out at present. We expect that any such spike will be countered through targeted measures instead of general lockdowns. Barring this, in the short to medium term, the Outlook of the Cement industry remains positive. Due to increase in economic activity, the Local demand has increased both in the North and South regions compared to last quarter. As a result, price stability can be seen which is more pronounced in the North. Export sales are anticipated to remain stable. The prices have started to go up due to pick-up in construction activities.

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

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.

### 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

**MUHAMMAD ALI TABBA**  
Chief Executive / Director

Karachi: October 24, 2020

Lucky Cement Limited

6-A, Mohammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.  
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