

LCK/CS/FS2021/2021-22/

August 7, 2021

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, 2021

We have to inform you that the Board of Directors of our Company in their Meeting held on Saturday, August 7, 2021 at 11:00 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 |

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.

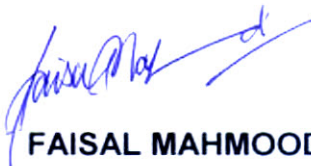
The 28th Annual General Meeting (AGM) of the Company will be held on Tuesday, **September 28, 2021** at 12:00 noon at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, Khyber Pakhtunkhwa.

The Share Transfer Books of the Company will remain closed from Tuesday, September 14, 2021 to Tuesday, September 28, 2021 (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 13, 2021 will be treated in time for the purpose of Annual General Meeting.

We will be transmitting our Annual Report, 2021 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



FAISAL MAHMOOD
GM Finance & Company Secretary

LUCKY CEMENT LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

Page 3 of 15

	2021	2020
	(PKR In '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	62,389,947	60,247,570
Intangible assets	670	11,323
	<u>62,390,617</u>	<u>60,258,893</u>
Long-term investments	53,194,485	47,144,485
Long-term loans and advances	98,655	87,008
Long-term deposits	7,937	3,175
	<u>115,691,694</u>	<u>107,493,561</u>
CURRENT ASSETS		
Stores and spares	10,526,673	6,520,170
Stock-in-trade	3,105,037	2,915,552
Trade debts	2,710,081	3,422,767
Loans and advances	944,987	390,966
Trade deposits and short-term prepayments	85,403	81,189
Accrued return	22,309	47,572
Other receivables	3,690,639	3,670,300
Tax refunds due from the Government	538,812	538,812
Short term investments	16,227,103	2,970,999
Cash and bank balances	2,825,424	7,816,606
	<u>40,676,368</u>	<u>28,374,913</u>
TOTAL ASSETS	<u>156,368,062</u>	<u>135,868,474</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Issued, subscribed and paid-up share capital	3,233,750	3,233,750
Reserves	109,966,608	95,950,111
	<u>113,200,258</u>	<u>99,183,861</u>
NON-CURRENT LIABILITIES		
Long-term deposits	243,633	233,062
Long-term loans	2,934,044	320,461
Deferred Government grant	1,107,940	59,720
Deferred liabilities		
- Staff Gratuity - unfunded	2,337,897	1,948,457
- Deferred tax liability	6,167,224	5,167,561
	<u>8,495,121</u>	<u>7,116,018</u>
	<u>12,780,738</u>	<u>7,729,261</u>
CURRENT LIABILITIES		
Trade and other payables	20,789,760	19,354,794
Current maturity of long-term loans	506,908	126,727
Short term borrowings	7,050,000	7,931,444
Unclaimed dividend	53,458	55,767
Unpaid dividend	-	17,580
Accrued markup	70,868	46,173
Taxation - net	1,916,072	1,422,867
	<u>30,387,066</u>	<u>28,955,352</u>
	<u>43,167,804</u>	<u>36,684,613</u>
TOTAL EQUITY AND LIABILITIES	<u>156,368,062</u>	<u>135,868,474</u>
CONTINGENCIES AND COMMITMENTS		


Chairman / Director


Chief Executive


Chief Financial Officer



LUCKY CEMENT LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

Page 4 of 15

	2021	2020
	(PKR in '000')	
Gross sales	88,357,695	62,302,086
Less: Sales tax and federal excise duty	23,861,689	19,349,670
Rebates, incentive and commission	1,555,201	1,081,620
	25,416,890	20,431,290
Net sales	62,940,805	41,870,796
Cost of sales	(43,984,873)	(35,794,031)
Gross profit	18,955,932	6,076,765
Distribution cost	(4,859,096)	(3,699,154)
Administrative expenses	(1,257,074)	(1,189,638)
Finance costs	(332,905)	(176,378)
Other expenses	(1,361,005)	(377,526)
Other income	5,846,361	3,185,859
Profit before taxation	16,992,213	3,819,928
Taxation		
- current	(1,906,413)	(656,005)
- deferred	(1,015,611)	180,010
	(2,922,024)	(475,995)
Profit after taxation	14,070,189	3,343,933
	(PKR)	
Earnings per share - basic and diluted	43.51	10.34

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Chairman / Director


Chief Executive


Chief Financial Officer



LUCKY CEMENT LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

Page 6 of 16

	2021	2020
	(PKR in '000)	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
Property, plant and equipment	215,725,120	190,881,880
Intangible assets	7,024,057	7,341,737
Right-of-use-assets	<u>234,202</u>	<u>318,279</u>
	222,983,379	198,541,896
Long-term investments	26,958,382	23,970,762
Long-term loans and advances	737,417	617,130
Long-term deposits and prepayments	<u>53,297</u>	<u>46,672</u>
	250,732,475	223,176,460
CURRENT ASSETS		
Stores, spares and consumables	<u>12,406,105</u>	<u>8,072,831</u>
Stock-in-trade	<u>36,268,277</u>	<u>21,292,185</u>
Trade debts	5,645,184	5,834,590
Loans and advances	2,189,186	1,636,587
Trade deposits and short-term prepayments	821,196	1,000,279
Other receivables	12,282,222	9,202,663
Tax refund due from the Government	538,812	538,812
Taxation receivable	736,597	2,335,223
Accrued return	23,440	94,208
Short term investments	26,286,883	2,970,999
Cash and bank balances	<u>13,377,143</u>	<u>15,731,810</u>
	110,665,145	68,710,187
TOTAL ASSETS	<u>361,397,620</u>	<u>291,886,647</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	3,233,750	3,233,750
Reserves	<u>132,389,387</u>	<u>110,543,591</u>
Attributable to the owners of the Holding Company	135,623,137	113,777,341
Non-controlling interest	<u>21,403,155</u>	<u>17,709,710</u>
Total equity	157,026,292	131,487,051
NON-CURRENT LIABILITIES		
Long-term finance	93,558,287	82,464,420
Long-term deposits and other liabilities	5,422,053	5,689,629
Lease liabilities	171,533	253,591
Deferred income - Government grant	1,948,977	59,720
Deferred liabilities		
- Staff Gratuity - unfunded	<u>2,520,556</u>	<u>2,104,551</u>
- Deferred tax liability	<u>9,902,174</u>	<u>9,028,979</u>
	12,422,730	11,133,530
	113,523,580	99,600,890
CURRENT LIABILITIES		
Current portion of long-term finance	<u>5,309,741</u>	<u>2,637,451</u>
Trade and other payables	70,917,677	42,536,979
Provision for taxation	2,275,047	1,792,626
Accrued return	248,689	848,931
Short-term borrowings and running finance	11,949,034	12,830,116
Current portion of lease liabilities	94,102	79,256
Unclaimed dividend	53,458	55,767
Unpaid dividend	-	17,580
	90,847,748	60,798,706
	204,371,328	160,399,596
TOTAL EQUITY AND LIABILITIES	<u>361,397,620</u>	<u>291,886,647</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
FOR THE YEAR ENDED JUNE 30, 2021

Page 6 of 15

	2021	2020
	(PKR in '000)	
Revenue	267,725,109	162,868,206
Less: Sales tax and excise duty	50,261,392	32,210,557
Rebates and commission	10,304,844	6,890,060
	60,566,236	39,100,617
	207,158,873	123,767,589
Cost of sales	(159,613,718)	(104,810,654)
Gross profit	47,545,155	18,956,935
Distribution cost	(10,021,626)	(7,648,737)
Administrative expenses	(5,509,068)	(4,221,555)
Finance cost	(1,463,781)	(2,367,101)
Other expenses	(4,915,446)	(1,203,342)
Other income	2,927,644	2,376,253
	28,562,878	5,892,453
Share of profit - joint ventures and associates	4,438,860	3,038,446
Profit before taxation	33,001,738	8,930,899
Taxation		
- current	(3,865,870)	(2,113,459)
- deferred	(906,944)	499,767
	(4,772,814)	(1,613,692)
Profit after taxation	28,228,924	7,317,207
Attributable to:		
Owners of the Holding Company	22,857,948	6,132,025
Non-controlling interest	5,370,976	1,185,182
	28,228,924	7,317,207
	(PKR)	
Earnings per share - basic and diluted	70.69	18.96

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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, **unconsolidated** and **consolidated financial statements** for the fiscal year ended June 30, 2021.

Overview

Financial Performance - Consolidated

On a **consolidated basis**, your Company achieved a gross turnover of PKR 267.73 billion which is 64% higher as compared to last year's turnover of PKR 162.87 billion.

Moreover, **consolidated** Net Profit of the Company was PKR 28.23 billion of which PKR 22.86 billion is attributable to the owners of holding company which translates into an EPS of PKR 70.69 during the fiscal year ended June 30, 2021 as compared to PKR 18.96 during last year.

The **consolidated** financial performance of your Company for the fiscal year ended June 30, 2021 as compared to last year is presented below:

PKR in millions except EPS

Particulars	FY 2020-21	FY 2019-20	Change (%)
Gross Revenue	267,725	162,868	64%
Net Revenue	207,159	123,768	67%
GP	47,545	18,957	151%
OP	32,014	7,087	352%
EBITDA	40,917	15,233	169%
NP (Attributable to Owners' of the holding company)	22,858	6,132	273%
EPS	70.69 / Share	18.96 / Share	273%

During the fiscal year 2020-21 under review, your Company's overall Consolidated Net Profit increased by 2.86 times as compared to last year.

The increase in Net Profit was attributable to increase in profitability of all the group companies. The PAT of Cement segment (Holding Company) grew by 3.21 times during the year under review due to improved margins and sales volumes. The increase in sales volumes was attributable to availability of newly commissioned increased capacity of Line 1 for the full year versus six months during the corresponding period and the growth of cement demand in local market on the back of increase in construction activities. The increase in profitability was also due to better absorption of fixed costs and operational efficiencies. The consolidated Net Profit also grew due to considerable increase in profitability of cement operations of Joint Ventures outside Pakistan and Company's other subsidiaries in Pakistan.

Cement Industry and Company's Performance – Unconsolidated

Cement industry in Pakistan grew by 20.1% to 57.45 million tons during the year ended 30 June 2021 in comparison to 47.81 million tons during the same period last year. The local sales volume registered a healthy growth of 20.4% to reach 48.13 million tons during the year under review versus 39.97 million tons during last year. Export sales volumes also registered an increase of 18.7% to reach 9.31 million tons during the year compared to 7.85 million tons during last year.

The contributing factors for such a phenomenal growth in sales volume are mainly the pent-up demand of last year due to Covid-19 lock downs, construction package announced by the Government to support construction sector, low cost housing schemes, lower interest rates to boost economic recovery, focus on reallocation of liquidity available with local banks towards construction and housing sector and Government's focus on constructing dams and water reservoirs.

In comparison to the Cement Industry, your **Company's** overall sales volumes posted a high double digit growth of 30.7% to reach 9.96 million tons during the year ended 30 June 2021. The local sales volumes grew by 38.3% to reach 7.56 million tons in comparison to 5.46 million tons during last year. Also, the export sales volumes of the Company increased by 11.3% to 2.41 million tons as compared to 2.16 million tons during last year.

The growth in Company's local sales volume during the period under review is mainly due to upsurge in demand because of reasons explained above and the timely enhancement of operational capacity at our North plant which came online in December 2019. Moreover, higher export sales volume is mainly attributed to export of loose cement owing to strategic identification of new markets and product placement, keeping in view better margins and our unique position to make such sales. Lucky Cement is the only company in Pakistan to have a state of the art mechanised facility at the port to export loose cement.

Cement Production & Sales Volume Performance - Unconsolidated

The **unconsolidated** production and sales statistics of your Company for the current fiscal year ended June 30, 2021 compared to last year are as follows:

Particulars	Fiscal Year 2020-21	Fiscal Year 2019-20	Increase/ (Decrease)
	Tons in '000'		%
Clinker Production	9,044	6,795	33.1%
Cement Production	9,119	6,492	40.5%
Cement Sales	9,124	6,499	40.4%
Clinker Sales	840	1,127	(25.5%)

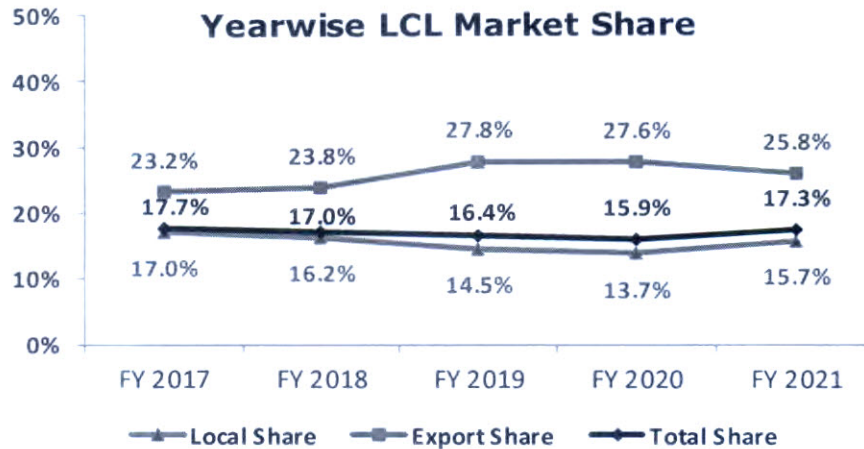
A comparison of the dispatches of the **Industry** and your **Company's unconsolidated business** for the fiscal year ended 2020-21 in comparison with last year is presented below:

Particulars (Tons in '000')	Fiscal Year 2020-21	Fiscal Year 2019-20	Growth / (Decline) %	
Cement Industry*				
Local Sales	48,132	39,965	8,167	20.4%
Export Sales				
- Bagged	4,244	3,586	658	18.3%
- Loose	449	63	386	612.7%
- Clinker	4,621	4,198	423	10.1%
Total Exports	9,314	7,847	1,467	18.7%
Grand Total	57,446	47,812	9,634	20.1%
Lucky Cement				
Local Sales				
- Cement	7,558	5,412	2,146	39.7%
- Clinker	-	51	(51)	(100.0%)
	7,558	5,463	2,095	38.3%
Export Sales				
- Bagged	1,117	1,024	93	9.1%
- Loose	449	63	386	612.7%
- Clinker	840	1,075	(235)	(21.9%)
Total Exports	2,406	2,162	244	11.3%
Grand Total	9,964	7,625	2,339	30.7%

Market Share	Fiscal Year 2020-21	Fiscal Year 2019-20	Growth/ Decline	
Local Sales	15.7%	13.7%	14.6%	
Export Sales				
- Bagged	26.3%	28.6%	(8.0%)	
- Loose	100.0%	100.0%	0.0%	
- Clinker	18.2%	25.6%	(28.9%)	
Total Export	25.8%	27.6%	(6.5%)	
Grand Total	17.3%	15.9%	8.8%	

* Industry data is based on best available market estimates

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



LCL	Tons in Million				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Local	6.07	6.69	5.85	5.46	7.56
Export	1.08	1.13	1.82	2.16	2.41
LCL Total	7.15	7.82	7.67	7.63	9.96
Industry	40.32	45.89	46.89	47.81	57.45
% Share	17.7%	17.0%	16.4%	15.9%	17.3%

Financial Performance - Unconsolidated

The **unconsolidated** financial performance of your Company for the fiscal year ended June 30, 2021 as compared to last year is presented below:

Particulars	FY 2020-21	FY 2019-20	Change (%)
Gross Revenue	88,358	62,302	41.8%
Net Revenue	62,941	41,871	50.3%
GP	18,956	6,077	211.9%
OP	12,840	1,188	980.8%
EBITDA	17,149	5,039	240.3%
NP	14,070	3,344	320.8%
EPS	43.51 / Share	10.34 / Share	320.8%

* Rupees in Million Except EPS.

Revenue

During the fiscal year 2020-21 under review, your Company's overall gross sales revenue increased by 41.8% as compared to last year. While, the local sales revenue increased by 49.1% (PKR 74.50 billion vs PKR 49.96 billion), the export sales revenue showed an increase of 12.2% (PKR 13.85 billion vs PKR 12.34 billion).

Gross Profit

Due to better topline performance which fairly offset increase in input costs, as mentioned above, gross profit margins of the company for the fiscal year under review were 30.1% as compared to 14.5% reported during last year.

Dividends

During the year ended 30 June, 2021, the dividend income received by your Company was PKR 4.40 billion (2020: 1.29 billion). This was due to better payouts by Company's subsidiaries as a result of improvement in profitability, primarily from Lucky Motors Corporation Limited, which paid its dividends for the first time after coming into operations in June 2019.

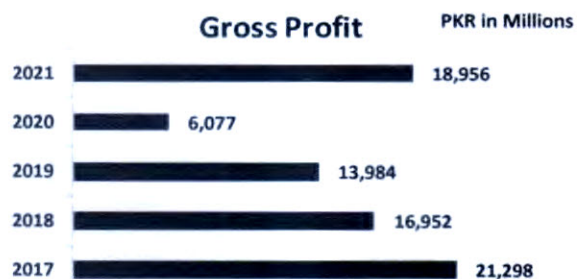
Net Profit

Your Company achieved a profit before tax of PKR 16,992.2 million during the fiscal year under review as compared to PKR 3,819.9 million reported during last year.

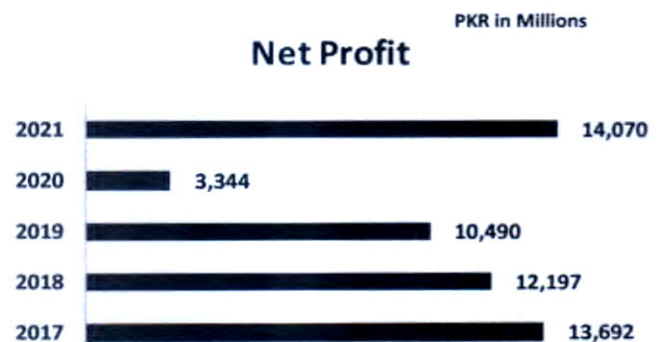
Accordingly, after tax profit of PKR 14,070.2 million was achieved during the fiscal year under review as compared to PKR 3,343.9 million reported during last year.

Cost of Sales

During the fiscal year 2020-21 under review, per ton cost of sales of your Company decreased by 5.9% as compared to last year. The inflationary impact of raw & packing material, fuel and commodity prices were mitigated mainly through economies achieved by greater productivity in the year under consideration and several cost reduction measures.



Subsidiary/ Associate PKR in B	FY-21	FY-20
ICI	1.27	0.79
LHL	0.22	0.38
YEL	0.06	0.12
LMC	2.85	-
Total	4.40	1.29



Earnings per share

The earnings per share of your Company for the fiscal year ended June 30, 2021 was PKR 43.51 in comparison to PKR 10.34 reported last year.



Investment Projects – New and Ongoing

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

Keeping pace with the increasing demand in the domestic Cement industry, on the back of revival of economic activity and uptick in construction projects including both retail level projects as well as mega infrastructure development projects, your Company decided to enhance its cement production capacity at its Pezu Plant by 3.15 million tons per annum.

Project ground breaking has commenced and the completion target is December, 2022.

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 has been impacted due to outbreak of Covid-19 in China and subsequently in Pakistan. In this regard CPPA had notified cessation of OFME (Other Force Majeure Event) vide their letter dated October 16, 2020 wherein it was intimated that Interconnection related activities have recommenced from October 1, 2020 while the period from March, 2020 till September 30, 2020 shall be treated as excused. The Company in consultation with its legal counsel has not accepted the CPPA's OFME claim. In this respect the Company has also initiated dispute resolution proceedings under Article 18 of the Power Purchase Agreement. The company contends that such delay in interconnection works comes under the ambit of concurrent delay as per PPA due to NTDC's inability to timely resolve right of way issues.

The Company, however, is taking all possible measures to mitigate the impacts of Covid-19 on the development of the Project with the support of the Contractor. The project has achieved completion status of approximately 98.7% by June 30, 2021 and the Company is following up with the CPPA and NTDC for the earliest completion of interconnection works which is essential for achieving the COD. Further, after successfully arranging the temporary back feed power from 132 kv K-Electric grid in March 2021, testing and commissioning activities of the plant has been commenced and off-grid tests are expected to be completed shortly.

Based on the current level of readiness by NTDC for providing interconnection facility and the Government's support, the target is to achieve Commercial operation by October 2021.

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

Despite the impacts of Covid-19 pandemic situation, the Plant successfully completed its trial production and commenced commercial operations with effect from March 10, 2021.

Lucky Motor Corporation's (LMC) agreement with Samsung Gulf Electronics Co., FZE

Subsequent to the end of the year, LMC, (a subsidiary of Lucky Cement Limited), which is engaged in the business of manufacturing, assembly, marketing, distribution and sales of Kia and Peugeot branded vehicles, parts and accessories thereof, in Pakistan, entered into an agreement with Samsung Gulf Electronics Co., FZE ("Samsung") for producing Samsung branded Mobile Devices in Pakistan. LMC has also initiated the process of seeking necessary regulatory approvals from Pakistan Telecommunication Authority (PTA) for securing the license. The production facility for producing Samsung Mobile Devices will be located at LMC's existing plant facility producing vehicles at Bin Qasim Industrial Park, Special Economic Zone, Port Qasim - Karachi. The production facility is anticipated to be completed by end of December 2021.

Corporate Social Responsibility

Your Company is committed to continue making efforts to support Education, Women Empowerment, Health and Community Development under its CSR. Your Company has also been at the forefront 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.

Furthermore, your company also launched three dedicated scholarship programs for the deserving youth of District Lakki Marwat. The aim of these programs is to make education accessible and affordable for deserving students especially from the rural areas regardless of their financial background.

Further to this, your Company has also collaborated with Shahid Afridi Foundation (SAF) and adopted a primary school in the remote area of Karachi to improve primary level education 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.

Women Empowerment

Women empowerment through education has been an ongoing process in which your Company with the collaboration of Zindagi Trust has been supporting two leading Government girls' schools in Karachi. These schools have been transformed into model girls' educational institutions in Pakistan.

Health Initiatives

The facilitation of quality healthcare for society at large continues to remain your Company's priority, particularly 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 available in the Country.

Environment Conservation

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

Community Development

Continuing to uplift the underprivileged communities, we are now installing a solar energy based tube well for the residents of village Wanda Jogi near Pezu plant. The new installation will provide easy access to clean drinking water for around 3,000 local villagers.

Earlier, we installed five solar energy based tube wells at various targeted locations near the Pezu plant including Jhang Khel, Wazir Kala, Shehbaz Khel, Tabi Murad and Azghar Khel. Before the installation of these tubewells limited facilities were available for drinking water in these areas.

Outlook

While the Covid-19 cases in Pakistan subsided in the past, the forth wave of the pandemic has started to pose new challenges. With the Government's focus on getting the majority population vaccinated and curtailing the spread of the virus through smart lockdowns, it is optimistically expected that the economy in general will continue the growth momentum, as seen in the current year.

Increased surge in economic activity that triggered healthy demand for cement both in North and South regions during FY 2021 is expected to continue. Several initiatives of the Government which include the construction package, focus on low cost housing schemes and reallocation of liquidity available with local banks towards construction and housing sector, construction of dams and water reservoirs and CPEC related activities are expected to continue strengthening the demand. However, the intense hike in global commodity prices especially coal and furnace oil prices after ease of Covid lockdowns internationally, is expected to put pressure on margins. Export sales are anticipated to remain stable, however, prices will remain competitive due to surplus capacities available in the region.

International cement operations are expected to witness a stable demand. Increase in sales volumes will be mainly due to addition of 1.2 MTPA capacity in Samawah, Iraq in March 2021. Margins from these operations will face some pressure due to increase in input costs.

The businesses under our subsidiary ICI, which include Polyester Staple Fiber, Soda Ash, Pharmaceutical, Animal Health and Agri Sciences are expected to witness a stable to strong demand in the near term. The near-term challenge for these businesses would be rising energy prices and sea freights.

As far as our automotive business is concerned, Lucky Motors will continue increasing its model line up for KIA as well as introducing Peugeot brands in near future.

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.

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 7, 2021



MUHAMMAD ALI TABBA
Chief Executive / Director

