LUCKY CEMENT

EMBRACING THE CHANGE

ADVOCATES OF SUSTAINABILITY FOR A BETTER TOMORROW

2020

ANNUAL REPORT

EMBRACING THE **CHANGE**

ADVOCATES OF SUSTAINABILITY
FOR A BETTER TOMORROW

Our belief in bringing a positive change based on our values is the testament of our philosophy for a better tomorrow. Our dynamic workforce and concrete business ethics have not only resulted in market leadership but also help us unlock more avenues for progression.

With our diversified business portfolio, we aim to strengthen the economy with innovation, growth and sustainability.

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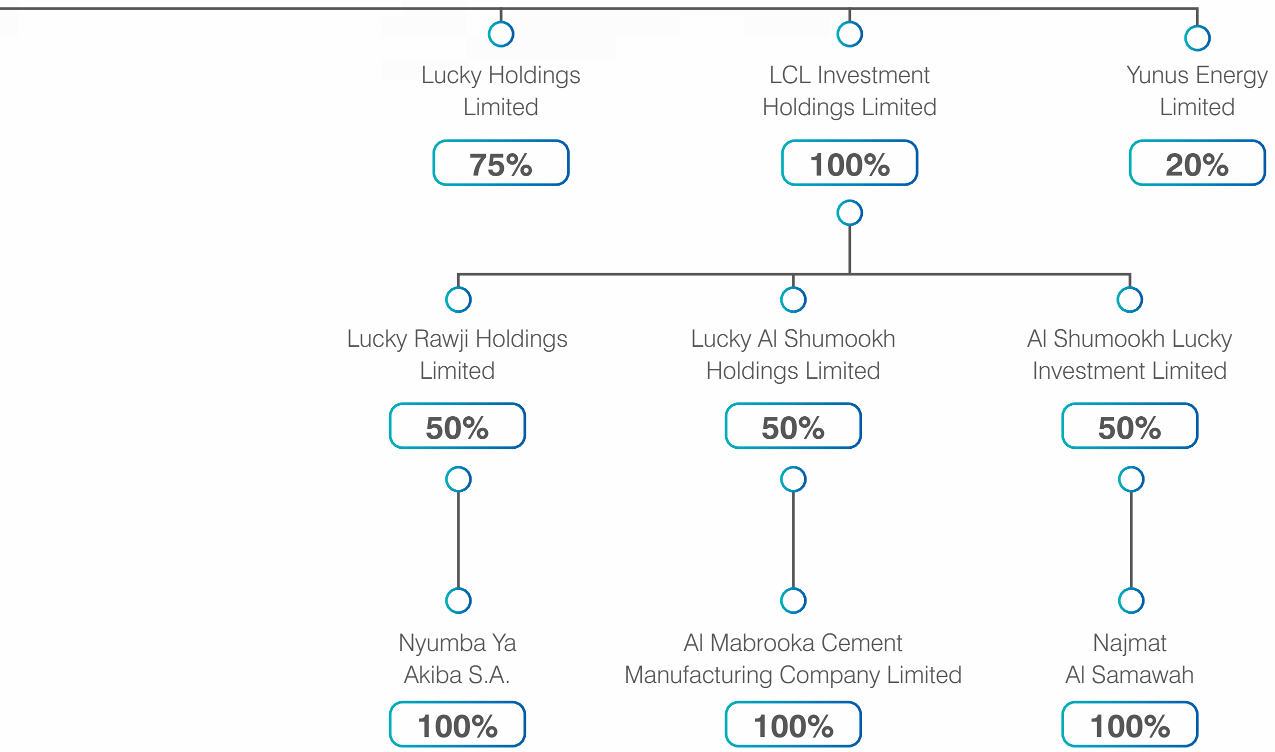
ORGANIZATION'S OVERVIEW AND EXTERNAL ENVIRONMENT

COMPANY AND ITS INVESTMENTS

Lucky Cement Limited
Holding Company

- ICI Pakistan Limited — **55%**
  - ICI Pakistan PowerGen Limited — **100%**
  - NutriCo Morinaga (Private) Limited — **51%**
  - NutriCo Pakistan (Private) Limited — **40%**
- Lucky Electric Power Company Limited — **100%**
- KIA Lucky Motors Pakistan Limited — **71.55%**


Lucky Holdings Limited
75%
LCL Investment Holdings Limited
100%
Yunus Energy Limited
20%
Lucky Rawji Holdings Limited
50%
Lucky Al Shumookh Holdings Limited
50%
Al Shumookh Lucky Investment Limited
50%
Nyumba Ya Akiba S.A.
100%
Al Mabrooka Cement Manufacturing Company Limited
100%
Najmat Al Samawah
100%

KEY HIGHLIGHTS FOR THE YEAR 2019-20

We announced our financial results for the year ended June 30, 2020 on August 25, 2020. In addition to the reported and comparable metrics, we highlight below key figures based on our standalone Financial Statements for our stakeholders.

Sales
PKR in 000

2020	**62,302,086**
2019	67,547,938

Profit After Tax
PKR in 000

2020	**3,343,933**
2019	10,490,229

Total Assets
PKR in 000

2020	**135,868,474**
2019	125,089,214

Capital Expenditure
PKR in 000

2020	**6,762,896**
2019	19,683,325

Earnings Per Share
PKR

2020	**10.34**
2019	32.44

Donations
PKR in 000

2020	**174,748**
2019	313,247

KEY HIGHLIGHTS BASED ON CONSOLIDATED FIGURES

Sales
PKR in 000

2020	**162,868,206**
2019	136,591,742

Profit After Tax
PKR in 000

2020	**7,317,207**
2019	12,346,955

Total Assets
PKR in 000

2020	**291,886,647**
2019	227,021,287

Capital Expenditure
PKR in 000

2020	**55,355,624**
2019	65,972,978

Earnings Per Share
PKR

2020	**18.96**
2019	35.03

Donations
PKR in 000

2020	**206,545**
2019	357,911

STATEMENT OF ADOPTION AND ADHERENCE WITH THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

Since the global trend in corporate reporting is changing, so has our Annual report changed to harmonize with the global reports all around the world. In today's complex social and environmental circumstances, integration of financial, social and environmental information is one of the most effective ways for an organization to report its performance and activities and to demonstrate to the market and society, the importance of linking sustainability issues to business strategies. Being a company with global recognition, we have always been adaptive in response to global changes and advancements.

Our Annual Report has been created to better articulate the broader range of measures that contribute to long-term value. As success involves anticipating the future, we continually track and monitor evolving stakeholder preferences, shifting market conditions and emerging trends. To win our customers and stakeholders, we take proactive approaches, navigate changing expectations and demonstrate business agility.

Lucky Cement has always been transparent in its practices of value creation for its investors of financial capital. We remain committed to strong corporate governance and leadership as well as transparency in our disclosures. We will continue to review our reporting approach to ensure they meet best practice reporting standards and the expectations of our stakeholders and provide visibility on how we create sustainable value for the communities we serve.

Lucky Cement is pushing ahead with strategy for generating sustainable corporate value by pursuing sustainable economic value, along with sustainable societal and environmental value. To ensure that readers are able to correctly understand these activities, we must take a systematic view of financial information linked directly to business activities and non-financial information, and provide explanations accordingly. Such reports help to increase investors' confidence in the corporate practices adopted by the organization.

For an extensive presentation about the Company, Lucky Cement initiated integrated reporting in 2019, which is continued this year as well. Our commitment to maintain highest level of transparency and accountability continues to take us to the next level in reporting year on year. The adoption and adherence to International Integrated Reporting Framework required strong commitment by the management who carry ultimate responsibility for the preparation and presentation of the integrated report. From CEO, to directors and senior management, every person contributed in the implementation of IR framework to provide an insight to the stakeholders about the Company's value creation process.

The management has designed this Integrated Report to give readers an insight into the strategic thinking that drives Lucky Cement forward, encompassing our strategy, governance, performance and prospects in the context of global environment in a clear, concise and integrated manner that also gives the stakeholders a holistic view of the Company's prospects.

We wish you a pleasant read.

On behalf of the Board

Muhammad Yunus Tabba
Chairman / Director

ORGANIZATION'S OVERVIEW AND EXTERNAL ENVIRONMENT

In Pakistan, Lucky Cement has evolved into a premium cement manufacturer delivering consistent quality, providing unmatched customer satisfaction, utilizing state-of-the-art vertical and horizontal grinding technology, and most importantly, benefiting from low production costs.

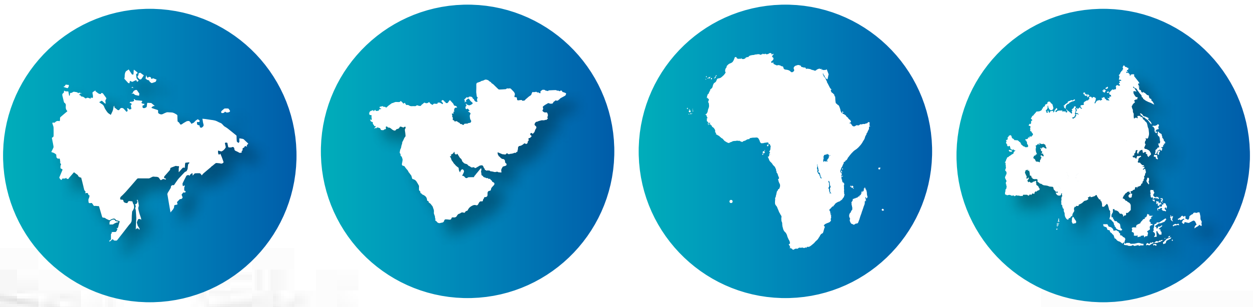
Lucky Cement has become the largest producer of high quality cement in the Pakistan's cement industry with production capacity of 12.15 MTPA and over two decades of cement manufacturing experience in Pakistan at its plants in Pezu and Karachi. Moreover, the Company has an international production footprint in Democratic Republic of Congo, Republic of Iraq and strategic investments in diversified industries such as Chemicals, Automobiles and Power.

LOCAL AND INTERNATIONAL MARKETS

Over the years, Lucky Cement has grown in leaps and bounds. Within the country, we have developed a distribution network that allows our cement to be made easily available in every part of the country. For quick delivery of cement and for best possible customer service, Lucky Cement has dedicated warehouses located near all key markets. From the port of Karachi to the picturesque valley of Kashmir and from the upcoming spectacular Gwadar city project to the highlands of Gilgit-Baltistan – Lucky Cement is everywhere!

Internationally too, Lucky Cement has made significant strides. Further, with a high demand for our brands in the Sri Lankan market, Lucky Cement has a regional office in Colombo and has appointed two more dealers in Colombo to expand market reach. The company is targeting East and West Africa for the export of Cement and Clinker to upsurge its presence in the global markets.

EXPORT DESTINATIONS



Far East

Middle East

Africa

South & Central Asia

OUR PRODUCT PORTFOLIO

OPC

Ordinary Portland Cement (OPC) is used in all general constructions, especially in products where cement is needed to meet stringent quality requirements. OPC is compatible with admixture/retarders. OPC has easy workability & lower heat of hydration. We maintain our technical standard of quality parameter at high level with high strength at all ages.

Our cement comply to EN 197-1 CEM | 42.5N, SABS 50197 CEM | 42.5N, SLS 107 42.5N, PS 232:2008 43 Grade, IS 269:2015 43 Grade, PNS TYPE I, ASTM C150 TYPE I

CEM I 42.5R

42.5R Portland cement is used where rapid setting, hardening & higher early strength is required. It is manufactured in accordance with EN 197-1

CEM II /AL 32.5N

It is a masonry cement & generally used for plastering work. It is manufactured in accordance with EN 197-1

SRC

Sulphate Resistant Cement is more resistant to Sulphate attacks and is suitable for use in foundations, seashore and control linings.

SRC has lower heat of hydration and its strength satisfies EN 197-1 CEM | 42.5N SR3, PS 612:2014 and ASTM C150 TYPE V

53 Grade Cement

Lucky Cement is manufacturing 53 grade OPC special high strength cement for South Market in accordance with PS 232:2008 53 Grade & IS 269:2015 53 Grade. It is used for high strength Concrete and prerequisite for high rise buildings

Clinker

Subject to availability we export clinker. It can be easily stored as per storage protocol for several months without compromising on the quality.

QUALITY ASSURANCE OF PRODUCTS

Lucky Cement's product portfolio complies with a range of standards, depending upon the geographical territory where it is sold. Advanced technology such as Distributed Control System (DCS), Programmable Logic Controllers (PLCs) and on-line X-Ray analyzers are used to ensure that product quality is consistent. Having one of the best-equipped laboratories, with facilities for analysis of fuel and raw material, we ensure that the market is supplied with high quality products.

The following international bureaus of standards have accredited Lucky Cement over the years:

- Bureau of Indian Standards
- Sri Lankan Standard Institute
- South African Bureau of Standards
- Philippine National Standards
- Kenya Bureau of Standards
- Standards Organization of Nigeria
- Tanzania Bureau of Standards
- CE Marking

Furthermore, our products are also in compliance with EN-197-2:2014 conformity evaluation. A conformity mark "CE" is embossed on the packaging of Lucky Cement's international products, a prerequisite for exporting cement to European Union markets.

DIVERSIFICATION AND WEALTH CREATION FOR ITS SHAREHOLDERS

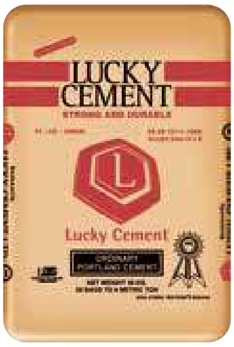
After having a strong footprint in cement manufacturing industry in Pakistan, Iraq and DR of Congo, Lucky Cement has evolved into a conglomerate having strategic investments in diversified industries such as Chemicals, Automobiles and Power. ICI Pakistan Limited which is a subsidiary of the Company is in the business of Soda Ash, Polyester, Life Sciences and Chemicals. Whereas, Kia lucky Motors has successfully completed the first year of commercial operations of assembling, marketing and distribution and sales of Kia vehicles, parts and accessories in Pakistan in collaboration with Kia Motors Corporation, South Korea. Lucky Electric Power Company Limited is in the process of setting up 660 MW Super Critical Power Project using Thar Lignite. Besides these, the Company has also made investment in renewable energy, where its associated company, Yunus Energy Limited has developed a 50 MW Wind Power Project.

With these diversifications, the Company will not only create value for its shareholders but will also stand out as a progressive Pakistani conglomerate promoting the growth of industrialization in Pakistan.

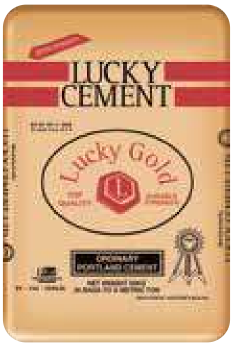
CORE BRANDS

Our Research and Development (R&D) team is driven by our customers' needs and to cater to their requirements, we have developed a product range which focuses on every type of construction in the country. Whether it is the Southern region of Sindh & Balochistan or the Northern region of Pakistan including Punjab, KPK and Gilgit Baltistan, we have brands for each section of the Country with respect to its climatic conditions.

Variations of Ordinary Portland Cement (OPC), Sulphate Resistant Cement (SRC) and Composite Cement are manufactured to meet the wide range of needs of our customers.

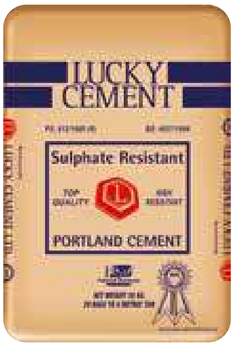


Lucky Cement **(Regular)**



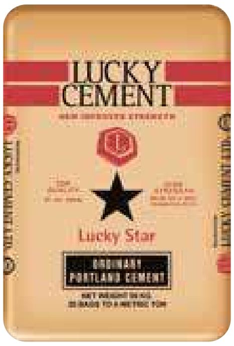
Lucky Gold **(OPC)**

Both the brands are specially developed to cater the needs of our customers in the Northern region of Pakistan.



Sulphate Resistant Cement **(SRC)**

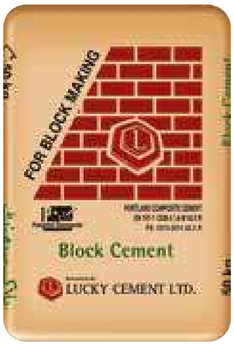
The brand is developed specially for use along shorelines and canal linings, Lucky SRC is a national brand.



Lucky Star **(OPC)**

Raj Cement **(Composite cement)**

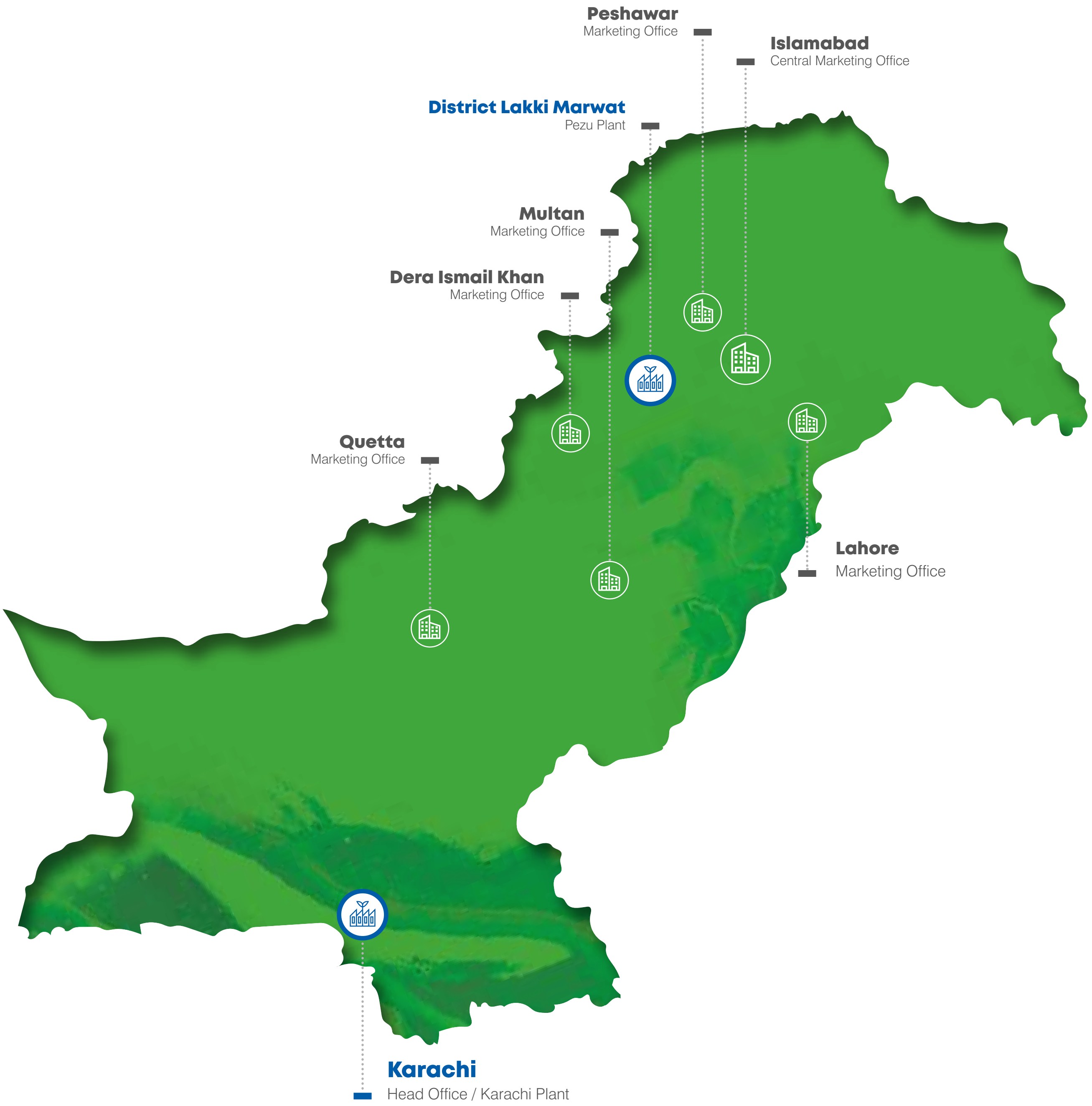
Both the brands are specially developed to cater the needs of our customers in the Southern region of Pakistan.



Block Cement

The brand is developed specially for block makers with quick setting time, Block Cement is a product that sells primarily in the block segment of the country and is a national brand.

GEOGRAPHICAL LOCATIONS



Business Unit	Address
Head Office	6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.
Pezu Plant (Registered Office)	Main Indus Highway, Pezu, Distt. Lakki Marwat, Khyber Pakhtunkhawa.
Karachi Plant	58 Kilometers on Main M9 Highway, Gadap Town, Karachi.
Liaison Offices	ISE Tower (16th Floor), 55-B, Jinnah Avenue, Islamabad.
	2nd Floor, State Life Building, East Circular Road, DI Khan.
	Office Number 607, 6th Floor, The United Mall, Abdali Road, Multan (near Ramada Inn Hotel).
	17-C/3, Gulberg III, near Hussain Chowk, Lahore.
	Syed Tower, Room No. 5, 6 & 7, 3rd Floor Opposite Custom House, University Road, Peshawar.
	F1, First Floor, Institute of Engineers Building, Zarghoon Road, Quetta.

VISION

Ensure sustainable leadership position in Pakistan and increase global footprint in the cement sector. Identify and capitalize on diversification opportunities to maximize shareholders' value while remaining socially responsive in all spheres of operations.

MISSION

We strive to be a growth oriented company by identifying opportunities, making the right investments, producing high quality cement and using innovative technology to achieve cost competitiveness and customer satisfaction. We endeavor to harness the best human resources and providing them a level playing field in achieving long-term goals. We aim to deliver sustained growth and enduring value to our stakeholders. We recognize our obligations towards environment and corporate social responsibility and seek to mitigate any adverse effects on our environment.

CULTURE

We promote a culture of high values, by incorporating sustainability in all of our business operations along with a transparent work environment to deliver the best to our customers. We strongly believe to invest in our human capital, which goes hand in hand with the growth of the company. Our values of innovation, customer focus, excellence and integrity are at the heart of our efficiency driven culture.

The culture of high values has a strong influence on our work-force which helps them in a win-win outcome for both the employees and the organization. Our values provide the foundation of our culture and bind us into a world-class team yearning to stay ahead of the competition.

While we thrive in the present and look towards the future, we never forget our roots, constantly reminding ourselves of who we are and how far we have come. We are proud of our history and yet humble in our approach.

ETHICS

Our Code of Conduct reflects our commitment to meet the expectations of our stakeholders and contains the fundamental principles and rules concerning ethical business conduct. Lucky Cement Limited is committed to conducting its business with honesty and integrity. We expect all our employees to create value for our stakeholders by ensuring transparency and accountability in all our practices. As we continue on our trajectory of growth, we continue to maintain the highest standards of ethical and responsible behavior.

The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders including our customers, communities and shareholders.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools to ensure transparency in all transactions and behaviors by taking corrective measures if and as required.

CORE VALUES

Our core values describe how we conduct business in all spheres of operations and our attitude and values towards our stakeholders.

Customer Focused

Commitment
Quality and Consistency
Customer Satisfaction
Fair Practices

Entrepreneurship

Value Addition and Creation
Robust Ownership & Loyalty Branding
Identifying and Capitalizing on Opportunities
Business Driven Approach

Ethics and Integrity

Honesty
Integrity
Transparency
Professional Conduct

Innovation

Creative Solutions
Cutting Edge Innovations
Process Automation
Improving upon Industry Benchmarks

Social Responsibility

Sustainable Development
Philanthropy Driven Projects
Community Development
Environment Friendly Initiatives

Excellence

Setting Industry Benchmarks
Continuous Improvement
Always Open to New Initiatives
Adoption of World Class Technologies

CODE OF CONDUCT

We strive to conduct our businesses with honesty, integrity and in accordance with the highest ethical and legal standards. This code is intended to provide guidance to all stakeholders and applies to all board members, senior management and employees of the Company.

Corporate Governance Practices

All employees are required to maintain and support the Company in maintaining the highest degree of Corporate Governance practices.

Compliance of Applicable Laws

We expect our employees to comply with the applicable laws and regulations. If anyone commits any breach of law, or does not comply with this code in any area of operations; it should be brought to the notice of his or her supervisor.

Transactions' Transparency

Company ensures that true, fair and timely business transactions must be recorded by maintaining the accounting and financial reporting standards, as applicable to the company.

Refrain from Insider Trading

Employees are required to refrain from insider trading and to comply with the insider trading regulations laid down and updated by SECP from time to time.

Secondary Employment by Employees

Employees are expected not to indulge in any business other than the Company's employment, which consumes their time, efforts and energy without the approval of and disclosure to the Company's management.

Company Assets Fortification

All employees are expected to be custodians of the Company's assets and should ensure its efficient use including tangible and intangible assets such as facilities, supplies, equipment, machinery, finished products, vehicles, company funds, company time, confidential information, intellectual property and information systems

Protection of Privacy and Confidentiality

Company recommends that all its employees maintain exclusivity of the Company's trade secrets and confidential information acquired during and after performance of their employment. However, the board members and senior management can disclose any such information if it is considered part of public domain by the board or required to be disclosed in accordance with the applicable laws.

Conflict of Interest

While representing the Company in dealings with third parties, all Lucky Cement employees shall ensure no actual or apparent conflict of interest exists. All such activities shall be conducted strictly on an arm's length basis.

Employees are expected to be honest and ethical in dealing with each other, customers, suppliers, dealers, vendors and contractors to avoid compromises of our commitment to competitive and transparent business practices. All employees are to exercise great care in situations with pre-existing personal relationship between an individual and any third party or official of an agency with whom the Company has an existing or potential business relationship. Moreover, no employee shall influence decisions to be made by the Company if any relative is a supplier or competes with the Company in any manner, thereof. All Lucky Cement employees shall avoid conducting business except with the prior approval of the Management requiring proper disclosure with:

I. A relative.

II. A Private Limited Company in which they are a member or their relative is a Director.

III. A Public Limited Company, in which they or their relative(s) hold(s) 2% or more shares or voting rights.

IV. A firm in which a relative is a partner.

Anti-bribery/Corruption

Lucky Cement employees shall not engage in any kind of bribery or corruption for conducting the Company's business. Employees must not get involved in money laundering or financing of terrorism or any dealings with any person who is engaged in any such activities. No dealings can be made with persons on any sanctioned lists or those subject to any criminal or civil penalties related to narcotics trafficking, corruption, and politically exposed persons or with persons engaged in any litigation or arbitral proceedings against the Company. This prohibition applies everywhere and under all circumstances.

Equal Employment Opportunity

We believe in providing equal opportunities to all. There is no discrimination of caste, religion, color, marital status or gender. All the policies and practices are administered in a manner ensuring equal opportunity to eligible candidates and all decisions are merit based.

Harassment Free Workplace

Lucky Cement strives to maintain a work environment that is free from harassment whether physical, verbal or psychological. Strict disciplinary action will be taken against any person who is found to be in breach of this rule.

Borrowing Money

Borrowing money from fellow colleagues or Company business associates is strictly forbidden.

Receiving of Gifts, Payments or Favors

No Company employees should solicit any gifts, payments or favors, from customers or suppliers or any business associates; since doing so might compromise, or appear to compromise their ability to make objective business decisions in the best interest of the Company. However, if such a gift is received, the same shall be submitted through the immediate supervisor to the Corporate Communication department for utilization by the Company.

Corporate Social Responsibility and Health and Safety Measures

We adhere to our stringent CSR policy and we do not compromise on health and safety measures in our business.

Media Relations and Involvement

All Lucky Cement employees should report and take written approval from the Corporate Communications department before any contact with media in terms of acting, television appearances or writing an article for newspapers or magazines for representing the Company's position in the industry and media.

Breach of I.T. Security

Employees shall use computer resources only for business requirements and any breach of I.T. security protocol is prohibited.

Personal Use of Telephones and Computers

All employees are expected to restrict their personal use of telephones and computers at the workplace except for urgent and unavoidable issues.

Whistle Blowing

All employees are advised to immediately report any improper, unethical or illegal conduct of any colleague or supervisor through the following avenues:

P. O - BOX: 13018, Karachi, 75350
Email address: ethics@lucky-cement.com

ROAD TO SUCCESS

1993
- Incorporated in Pakistan.

1994
- Listed on Karachi, Lahore and Islamabad Stock Exchanges (now known as Pakistan Stock Exchange).

1996
- Commenced commercial production with capacity of 1.2 MTPA.

2005
- Brownfield expansion at Pezu Plant by 2.5 MTPA.
- Greenfield expansion at Karachi Plant by 2.5 MTPA.
- Became Pakistan's largest cement producer.

2006
- Investment in Cement Export Logistics (bulkers and ship loaders)
- Became Pakistan's largest cement exporter.

2007
- First Company to export loose cement via sea.

2011
- Investment in Tyre-Derived Fuel (TDF) plant to utilize alternative fuels.
- Signed a Joint Venture agreement for setting up a cement plant in DR Congo.

2012
- Commencement of electricity sales to HESCO.
- Signed Joint Venture agreement for setting up a cement grinding plant in Basra, Iraq.
- Acquisition of ICI Pakistan.

2013
- First Pakistani Company to receive A+ rating from Global Reporting Initiative.

2017
- Started operating 10MW Waste Heat Recovery Project at Pezu Plant.
- Diversified into automotive business with incorporation of KIA-Lucky Motors Pakistan.
- Started commercial operations of 1.18 MTPA fully integrated cement plant in DR Congo.
- Won the 32nd MAP's Amir S Chinoy Corporate Excellence Award in the Industrial Category.

2018
- Completed brownfield expansion in cement grinding plant in Basra, Iraq by 0.871 MTPA.
- Announced greenfield expansion for clinker production of 1.2 MTPA in Samawah, Iraq.
- Completed brownfield expansion at Karachi Plant by 1.30 MTPA.
- CEO of the Company was awarded Sitara-e-Imtiaz by the Government of Pakistan.
- Won the 33rd MAP's Corporate Excellence Award in Cement Category.

2019
- Commencement of CKD Operations by KIA-Lucky Motors Pakistan.
- Awarded 3rd position in the Top 25 Companies award 2017 by the Pakistan Stock Exchange.
- Won the 34th MAP's Corporate Excellence Award in Cement Category.
- Became the first SECP certified Shariah Compliant Company of Pakistan.
- Chairman of the Company was awarded Sitara-e-Imtiaz by the Government of Pakistan.

1999

- Production capacity increased to 1.5 MTPA.

2001

- Kiln Firing System converted from furnace oil to coal-based system.

2002

- First export consignment delivered.

2008

- Set up its own cement storage facility at Karachi Port.
- Furnace Oil Power Generation engines converted to Dual Fuel engines.
- Listed on London Stock Exchange and became the first Pakistani cement Company to issue GDRs.

2009

- Brownfield expansion at Karachi Plant by 1.25 MTPA.

2010

- Commencement of Waste Heat Recovery (WHR) projects at Karachi and Pezu Plants.
- Increased investments for Logistics / Multipurpose trailers.

2015

- Vertical grinding mills installed at Karachi Plant.
- Commencement of operations of 5MW each Waste Heat Recovery plant in Karachi and Pezu.
- Won the 30th MAP's Corporate Excellence Award in Cement Category.

2016

- Won the 31st MAP's Corporate Excellence Award in Cement Category.
- Implementation of SAP S/4 HANA across the Company.

2014

- Started commercial operations of cement grinding plant in Basra, Iraq of 0.871 MTPA.
- Started another 5MW WHR project at Karachi Plant.
- Initiation of 1 x 660MW Coal Fuel Power project in Karachi.
- Became the only Pakistani company to be listed in Forbes 'Asia's 200 Best Under a Billion' list.

2020

- Successfully completed the Brownfield Expansion for the additional line of 2.8 MTPA at Pezu
- Became the largest cement producer of Pakistan with the capacity of 12.15 MTPA
- Won the 35th MAP's Corporate Excellence Award in Cement Category.
- Received the Pakistan Stock Exchange (PSX) Top 25 Companies Award for the years 2017 and 2018

COMPANY PROFILE

Lucky Cement Limited

Founded in 1993, Lucky Cement Limited stands as the flagship company of Yunus Brothers Group (YBG). Lucky Cement is the largest producer of Cement in Pakistan with production capacity of 12.15 MTPA and remains one of the country's leading exporters of quality cement. Lucky Cement is listed on the Pakistan Stock Exchange (PSX). The Company has also issued Global Depository Receipts (GDRs), listed and traded on the Professional Securities Market of the London Stock Exchange and is the first Shariah Compliant Company of Pakistan certified by the SECP.

Over the years, the Company has grown substantially and is expanding its business operations with production facilities at strategic locations in Karachi to cater to the Southern regions and Pezu, Khyber Pakhtunkhwa to serve the Northern areas of the Country. Lucky Cement is Pakistan's first Company to export sizeable quantities of loose cement, being the only cement manufacturer to have its own loading and storage export terminal at Karachi Port.

Lucky Cement strives to remain an efficient and low cost producer and is one of the pioneers to introduce and install Waste Heat Recovery, Refuse Derived Fuel (RDF) and Tyre Derived Fuel (TDF) Plants in Pakistan. It also has self-sufficient Captive power generation facility of 180 MW and supplies additionally generated electricity to support the National grid. Lucky Cement owns a fleet of Bulkers and Trailers, which gives added advantage in terms of logistics and efficient deliveries to all types of customers spread across the length and breadth of the Country.

Lucky Cement remains focused on the responsible and rational use of natural resources, a strategy that allows it to reduce any adverse impact of its operations and increase its operational efficiency. The Company has embedded sustainability at the core of its operations. All the initiatives developed in relation to eco-efficiency are based on its commitment towards the United Nations Sustainability Development Goals 2030.

With its long-term strategy of diversification and value creation, Lucky Cement has become a large conglomerate with investments in following companies:

- Lucky Electric Power Company Limited
- ICI Pakistan Limited
- ICI Pakistan Powergen Limited
- KIA Lucky Motors Pakistan Limited
- LCL Investments Holdings Limited
- Lucky Al Shumookh Holdings Limited (LASHL)
- Al Mabrooka Cement Manufacturing Company Limited
- Al Shumookh Lucky Investments Limited
- Najmat Al-Samawa Company for Cement Industry
- Lucky Rawji Holdings limited
- Nyumba Ya Akiba S. A. (NYA)
- Lucky Holdings Limited

Lucky Holdings Limited

Lucky Holdings Limited is a subsidiary of Lucky Cement Limited and was incorporated in Pakistan in the year 2012 as a public unlisted Company limited by shares under the Companies Ordinance, 1984. Lucky Cement holds 75% shares of LHL. The main source of earning of LHL is the royalty income received from ICI.

Lucky Air (Private) Limited

Lucky Air (Private) Limited was incorporated in Pakistan in the year 2012 as a private company limited by shares. The Company operates an Aircraft of Lucky Cement Limited and provides services for crew, management, technical and engineering services on inbound and outbound flights of the Aircraft.

LCL Investment Holdings Limited

LCL investments Holdings Limited (LCLIHL) is a wholly owned subsidiary of Lucky Cement and was incorporated in the Republic of Mauritius. LCLIHL has concluded joint venture (50:50) agreements with local partners for setting up a cement grinding plant and an integrated cement manufacturing plant in the Republic of Iraq and an integrated cement manufacturing plant in the Democratic Republic of Congo.

Lucky Al-Shumookh Holdings Limited

Lucky Al-Shumookh Holdings Limited (LASHL) was incorporated in the year 2012 under a joint venture agreement between LCLIHL and Al-Shumookh Group, Iraq, for constructing a cement-grinding unit in Basra, the Republic of Iraq. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

Al-Shumookh Lucky Investments Limited

Al-Shumookh Lucky Investments Limited (ASLIL) was established under a joint venture agreement between LCLIHL and Al-Shumookh Group, Iraq, for constructing an integrated cement manufacturing plant in Samawah, Iraq. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

Najmat Al-Samawa Company For Cement Industry

Najmat Al Samawah Company for Cement Industry (NAS) was incorporated as a limited liability company in Samawah, Republic of Iraq and is a wholly owned subsidiary of ASLIL. NAS is constructing an integrated cement manufacturing plant of 1.2 million tons per annum.

Lucky Rawji Holdings Limited

LuckyRawji Holdings Limited (LRHL) was incorporated in the year 2011 under a joint venture agreement between LCLIHL and Rawsons Investments Limited (registered in Cayman Islands) for constructing a fully integrated cement manufacturing plant in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in the aforementioned joint venture.

Lucky Electric Power Company

LUCKY ELECTRIC POWER COMPANY LIMITED (LEPCL)

LEPCL envisions being the premier energy producer from the private sector to provide economic, safe and reliable power to the off-taker and deliver sustainable value to all stakeholders.

LEPCL is setting up a 660 MW SuperCritical Coal Fired Power Plant (CFPP) at Bin Qasim, Karachi using Thar lignite coal. This will be Pakistan's first indigenous fuel power plant away from mine field.

The project will usher in a new era of indigenous fuel utilization for base load power generation, in line with national objective of reducing reliance on imported fuel. Latest technology for emission control is being installed which includes Flue Gas Desulphurisation (FGD), Electrostatic Precipitators (ESP) along with associated environmental friendly equipment. This project is scheduled to be operational in second quarter of 2021.

The power generated will be fed into national grid in line with a power purchase agreement signed with the government.

660
MW
SUPERCRITICAL
COAL FIRED
POWER PLANT
(CFPP)

TO BE
OPERATIONAL BY
2nd
Quarter
CY 2021

ICI PAKISTAN LIMITED

ICI Pakistan Limited is a listed subsidiary of Lucky Cement Limited and is a leading local manufacturing and trading company consisting of five diverse businesses: Polyester, Soda Ash, Pharmaceuticals, Chemicals & Agri Sciences, and Animal Health. Through these Businesses, the Company manufactures and trades in a wide range of products including: Polyester Staple Fibre (PSF), soda ash, general & specialty chemicals, pharmaceuticals, nutraceuticals, animal health & agricultural products (including chemicals, field crop seeds, vegetable seeds and more). The Company also has a management stake in the infant formula business under the name of NutriCo Pakistan Private Limited, which is in partnership with Morinaga Milk Industry Company Limited (Morinaga) of Japan and Unibrands (Private) Limited.

ICI Pakistan Limited is part of the Yunus Brothers Group (YBG), one of the fastest-growing and most progressive Pakistani conglomerates with a wide portfolio of businesses including, but not limited to: cement, textiles, power generation and commodity trading.

ICI POWERGEN

ICI Pakistan PowerGen Limited, a wholly-owned subsidiary of ICI Pakistan Limited, was established in 1991. The Company generates, sells and supplies electricity to ICI Pakistan Limited, NutriCo Morinaga (Private) Ltd. and its Polyester Plant in Sheikhupura, Punjab. ICI Pakistan Powergen Limited holds a Power Generation License issued by the National Electric Power Regulatory Authority (NEPRA).

SODA ASH

POLYESTER

CHEMICALS & AGRI SCIENCES

PHARMACEUTICALS

ANIMAL HEALTH

ICI PAKISTAN


SPORTAGE


picanto


CARNIVAL

KIA LUCKY MOTORS PAKISTAN LIMITED

Kia Lucky Motors Pakistan Limited (KLM), a subsidiary of Lucky Cement Limited completed its first year of operations at the end of this year. KLM received an overwhelming market response to its launch of "SPORTAGE" a 2000 CC SUV and "PICANTO" a 1000 CC Hatchback, the deliveries of which started in July 2019 and October 2019 respectively. KLM has multiple self-owned as well as third party operated dealerships. Currently it has 28 showrooms / service facilities across 17 cities to serve its customers across Pakistan.

DEC 2016
INCORPORATED IN PAKISTAN

NETWORK OF DISTRIBUTORS & DEALERS
28
ACROSS THE COUNTRY

CIMKO

NYUMBA YA AKIBA S.A. (NYA)

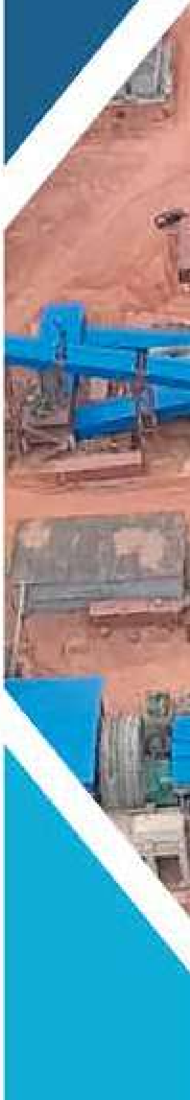
Nyumba Ya Akiba S.A. (NYA) was incorporated as a limited liability company in the Democratic Republic of Congo (DRC) and is a wholly owned subsidiary of Lucky Rawji Holdings Limited (LRHL).

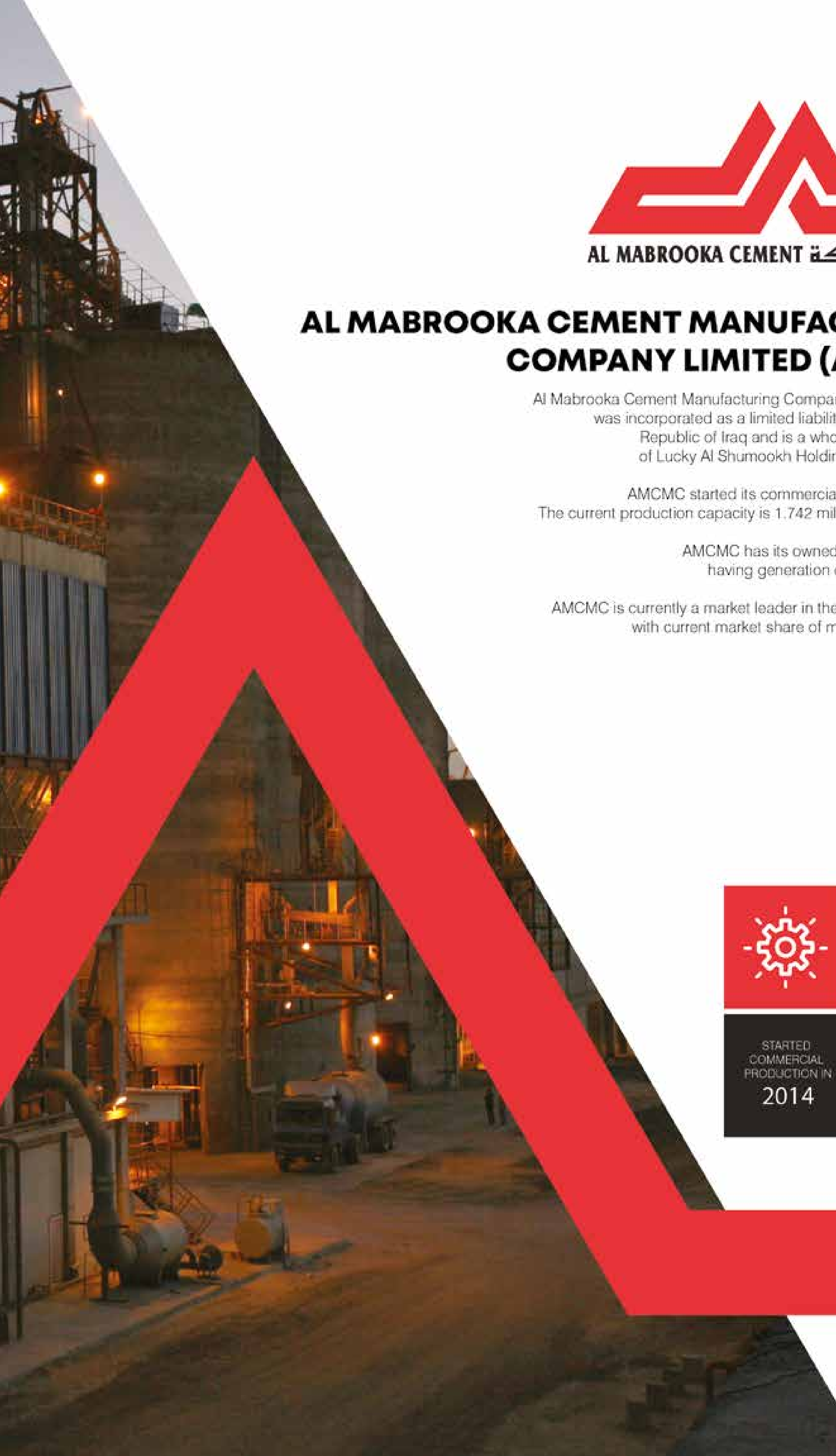
NYA set up greenfield fully integrated cement plant with a production capacity of 1.18 million tons per annum which started commercial operations in December 2016 in the Kongo Central Province of DRC.

NYA is leading in DRC with current market share of approximately 50 percent.

STARTED COMMERCIAL OPERATIONS IN
DEC 2016

PRODUCTION CAPACITY OF
1.18 MILLION TONS PER ANNUM





AL MABROOKA CEMENT اسمنت المبروكة

AL MABROOKA CEMENT MANUFACTURING COMPANY LIMITED (AMCMC)

Al Mabrooka Cement Manufacturing Company Limited (AMCMC) was incorporated as a limited liability company in Basra, Republic of Iraq and is a wholly owned subsidiary of Lucky Al Shumookh Holdings Limited (LASHL).

AMCMC started its commercial production in 2014. The current production capacity is 1.742 million tons per annum.

AMCMC has its owned captive power plant having generation capacity of 15.7 MW.

AMCMC is currently a market leader in the region of operation, with current market share of more than 50 percent.

STARTED COMMERCIAL PRODUCTION IN
2014

PRODUCTION CAPACITY OF
1.742
MILLION TONS PER ANNUM

GROUP PROFILE

Yunus Brothers Group

The Yunus Brothers Group (YBG) is one of the biggest conglomerates in Pakistan with diversified interests in textiles, building materials, real estate, power generation, chemicals, pharmaceuticals, FMCG, philanthropy and automotive. The group was established in 1962 as a trading house and then grew rapidly over the years. Currently YBG is one of the largest export houses in Pakistan. The group's annual turnover including Lucky Cement and its subsidiaries is approximately USD 1.677 Billion including the annual export turnover around USD 539.1 Million. Apart from Lucky Cement and ICI Pakistan, the group is also proud owner of the following companies.

Y.B. Holdings Limited

YB Holdings (Private) Limited was incorporated in Pakistan in the year 2013 as a group holding company. The Company invests mainly in its group companies and has a diverse portfolio in building materials, textiles, energy, trading, FMCG and real estate.

YB Pakistan Limited

Yunus brothers started business in 1962 as a partnership by Mr. Abdul Razzak Tabba and Mr. Yunus Tabba. Initially, trading of grey cloth was the main business. However, with time the firm started in other commodity items e.g. wheat, rice, corn and other pulses. In order to encourage corporate culture, the management decided in 2012 to convert the partnership firm into a public limited company with name and style of Y.B. Pakistan Limited. The company has a diversified portfolio of investment in various segment of businesses.

Gadoon Textile Mills Limited (GTML)

GTML was established in 1988 and is one of the largest spinning unit of Pakistan having its shares registered on the Pakistan Stock Exchange. Initially, it started its operations with only 14,400 spindles. However, with the advent of installation of state-of-the-art automatic machinery and merger with Fazal Textile Mills Limited, increased its capacity to over 345,000 spindles. GTML has 2 manufacturing facilities located at Gadoon Amazai – Khyber Pakhtunkhwa and at Karachi – Sindh.

In addition to the spinning segment the Company also operates in knitting and dairy segment.

The Company also has a captive power plant (at Gadoon Amazai) with a generation capacity of around 53.5 MW.

Yunus Textile Mills Limited (YTML)

Yunus Textile Mills Limited is a vertically integrated home textile unit established in 1998, consisting of spinning, weaving, dyeing, printing, finishing and cut & sews with a workforce of 3,900 employees. In a span of 10 years it became the No. 1 home textile exporter of Pakistan with 10% share (approx.) of all Home Textiles exported. The company has its international warehousing, distribution and design development offices in USA and France.

Lucky Textile Mills Limited (LTML)

Lucky Textile Mills Limited was established in 1983 and has since remained one of the leading textile manufacturers in the country to-date. The Company is engaged in the activity of manufacturing and export of fabrics, home textiles and garments. It has two state-of-the-art weaving mills that have altogether 483 Sulzer Shuttle-less looms and 408 Air Jet looms which are equipped with computerized back process comprising of Karlmayer warping and sizing machines.

It has the capacity to process 72 million meters per annum of fabric. Further LTML has its own power generation facility of 6 MW. The stitching division is equipped with sophisticated high tech machines that can stitch fabrics and transform them into home textile as well as apparel products with a high degree of precision. Stitching machines include Juki, Brother, Kansai, and automated Texpa plant.

Lucky One (Private) Limited

LOPL is a project company which has constructed Lucky One Mall and Lucky One Apartments. Lucky One Apartments is a magnificent, multifaceted, first-of-its kind hi-end residential complex that will revolutionize the luxury living experience in Pakistan. Lucky One Apartments integrates 7 elegant residential towers and a large 8 - acre Roof-top Park. The project comprises of two phases of which Phase -1 is being launched.

Conveniently situated at the prime location of Karachi on main Rashid Minhas Road, opposite UBL Sports Complex, the apartments are easily accessible through major Flyovers of Karachi. The unbeatable mix of top-class luxury apartments and hi-end amenities like Swimming Pool, Gymnasium, Jogging Track, Tennis Courts, Reading Room, Event Hall, Play areas and the amazing 8 - acre Roof top Park make Lucky One Apartments the premiere lifestyle destination for urban living in Karachi.

Lucky Entertainment (Private) Limited

At Onederland, we have always prided ourselves in pushing the envelope to achieve greater heights. Onederland was awarded by 14th Consumer Choice Award 2019 as “Best Family Entertainment Centre and Best Indoor Roller Coaster”. Onederland is regarded as the largest and safest FEC in Pakistan, located in Karachi’s largest mall LuckyOne. Based on two levels, Onederland features technologically advanced indoor attractions. We have partnered with internationally acclaimed and award-winning manufacturers to provide one of a kind entertainment center in the city. Featuring arcade games, thrill rides and virtual reality entertainment, being a member of IAAPA (The Global Association for the Attractions Industry) and Middle East and North Africa Leisure Attractions Council (MENALAC), Onederland is a one stop amusement spot for kids and adults alike.

In a short span, we have set a benchmark in quality entertainment. Onederland is the only 45,000 sqft indoor family entertainment center in Pakistan. Karachi has a population of over 22M people, where around 12M people live in a 15KM radius of the existing facility. More than 1,800,000 yearly visits have been recorded out of which 90% are recurring visits. Onederland also garners a major chunk of the mall’s monthly footfall. We always go above and beyond to provide our customers with the best in the field of entertainment. One step in this direction was to introduce the coveted, IAAPA Brass ring award winner for the best new product, HOLOGATE.

Lucky Landmark (Private) Limited

Situated in the heart of the city, the LuckyOne Mall opened its doors for the public on 6th May 2017. One of the largest malls of Pakistan, with more than 200 retail outlets the LuckyOne Mall provides an unprecedented retail space that includes a Health & Wellness Avenue, Wedding Galleria, Banking Enclave, and Food Court. Having the largest Carrefour and the biggest Atrium in Pakistan, LuckyOne Mall is the first in the industry to have an in-mall open-air Food Street and an international standard family entertainment center (FEC) Onederland. To facilitate the customers, the mall also offers a double-storey parking lot sufficient for around 1500 cars.

Recognized for providing an ultimate shopping experience, LuckyOne Mall continues to expand, renovate, and offer an innovative and engaging experience to its audience, making it truly the place to be!

Lucky Commodities (Private) Limited

Lucky Commodities (Private) Limited (LCPL) is a trading arm of YBG and is the leading supplier of South African coal in Pakistan. LCPL aims to be the preferred supplier for customers by conducting business with integrity, unparalleled services and professionalism. Pakistan currently is facing a severe shortage of electricity with the Government's initiative and the execution of coal fired power plants in the country, many industries in Pakistan are moving towards coal as their first priority for electricity and steam generation. As one of the largest supplier of South African RB1 coal in Pakistan, LCPL makes an important contribution to the industrial sector by fulfilling their coal requirements.

Being part of the largest business conglomerate of Pakistan, LCPL has strong market presence, which support the company to build up a network of high profile clients, which include power, chemical, textile, steel and other major manufacturing industries.

Lucky Exim (Private) Limited

Lucky Exim, an indenting arm of (YBG), is the largest indenter of South African coal in Pakistan. Lucky Exim is the preferred supplier of customers as the business is conducted with integrity, unparalleled service and professionalism. Therefore, customers are provided with premium coal that offers the best value for money without compromise on quality. With an initial focus on coal trading, the company plans to diversify its trade activities to various energy and dry bulk commodities.

Lucky Knits (Private) Limited

Established in 2004, Lucky Knits (Private) Limited has become one of the leading value added fashion garment company of Pakistan. The company is involved in the manufacturing and exports of knitted apparel with the product line ranges from T-shirts, Polo shirts, Hoodies, Trousers and Undergarments having large variety of styles in casual and sportswear. State of the art vertically integrated manufacturing facility helps us to achieve efficiency at every stage of the process and ensure customer satisfaction in terms of value, quality and delivery of products.

Lucky Foods (Private) Limited

In 2015, Lucky Foods has a strategic aim to be one of the leading corporate dairy farms in Pakistan. The company is currently focusing on local animals and has also developed its retail shops and home delivery network to reach household consumers. The company has also ventured into marketing of yogurt, lassi and plans to add more value added dairy products. The farm is located at Super Highway, Karachi. Lucky Foods aims to be a leading player in food related products, across Pakistan and in the export market.

Yunus Energy Limited

Yunus Energy Limited (YEL) was incorporated as a Special Purpose Vehicle (SPV), with a corporate structure of a public unlisted company, in the year 2011, to exclusively develop a 50 MW Wind Power Project in Deh Kohistan, Jhimpir, District Thatta. Project is equipped with state-of-the-art European technology. Wind Turbine Generators (WTGs) have been manufactured by Nordex Energy Germany, one of the top WTG manufacturers from Europe; Electrical Balance of Plant has been supplied by Alstom France, a leading grid solution provider; whereas construction activities have been carried out by Descon Engineering Limited, the biggest construction and engineering company of Pakistan.

It is a clean energy project, harnessing the renewable wind resource for the generation of electric power without any carbon emissions. The project is supplying electricity to the national grid on a regular basis post commencing commercial operations in September 2016.

Lucky Energy (Private) Limited (LEPL)

LEPL is a Captive Power Producer (CPP) under National Electric Power Regulatory Authority (NEPRA) incorporated in July 1993. LEPL, is a gas-based thermal power generation unit, with total production capacity of 56.575 Megawatts (MW). It is equipped with one of the most sophisticated and highly-efficient generators and supplies uninterruptible power to its group companies.

Aziz Tabba Foundation

Aziz Tabba Foundation (ATF)

ATF is a not-for-profit organization, incorporated in the year 1987. It is a well-reputed platform which undertakes to provide financial supports to the financially deprived people towards their basic amenities and healthcare treatment. Welfare supports include providing financial assistance for their shelters, education, marriage, vocational training, laptop support, equipment support, monthly aid, self-employment scheme (motorcycles & rickshaws), Ramadan rations and healthcare treatment. In order to address the acute water shortages in different colonies and underprivileged areas of Karachi, the Foundation has also ventured into setting-up tube wells besides arranging water through boring source for the residents of these low-developed localities.

ATF is also running 2 hospitals namely Tabba Heart Institute and Tabba Kidney Institute which cater to world-class healthcare services to the community coming from across the country.

Tabba Kidney Institute (TKI)

It's a 100-bed modern and well-reputed Post Graduate Training & Research Center with state-of-the-art technology and modern expertise and is committed to provide comprehensive Nephro-Urological and allied medical treatment. TKI enjoys an impeccable image in the healthcare sector as it is famous for the cure of renal diseases and maintaining facilities of Rapid Emergency, In-Patient Department, Consultant Clinics/OPD, Clinical Laboratory, Pharmacy, High-Tech Operation theatres equipped with the latest equipment like Flexible Ureterorenoscope, 3D Laparoscopic, 140-watt Laser, and 4K Camera technology. The unmatched quality services of TKI has been certified by the International Organization for Standardization (ISO) and accredited by the College of Physicians and Surgeons Pakistan.

TKI, being more than a hospital gains excellence in surgical researches and has developed itself into a staggering educational Institute. For the facilitation of patients TKI has set-up a Diagnostic & Consultation Centre in DHA Karachi and operates an OPD clinic in Hyderabad to spread its services across Sindh. Tabba Kidney Institute not only providing comprehensive kidney care, but we are also committed to educate medical professionals via offering fellowship training programs in Urology and Nephrology. TKI organizes various workshops and conference inviting healthcare experts from across the globe which not only enriches professional knowledge to TKI students and fellow doctors but also to those coming from different parts of our country.

Tabba Heart Institute (THI)

Tabba Heart Institute is the leading cardiac care hospital of Pakistan. Since its inception in 2005, the hospital has carved a niche for itself in the Cardiac healthcare sector of the country by providing the highest quality of care. The hospital has the distinction of being the FIRST & ONLY hospital in Pakistan for being recognized by American College of Cardiology for its quality cardiac care practices.

Tabba Heart Institute over a period of time has become the leading referral centre for cardiac patients from all across the country. This is evident from the fact that the hospital has performed 40,000+ Angiography & diagnostic interventional procedures, 20,000+ Angioplasties and 18000+ Cardiac Surgery procedures – highest for any specialized private sector cardiac hospital in the country.

Founded by renowned philanthropist Mr. Abdul Razzak Tabba (late) with the vision of "Quality Care at an Affordable cost", today Tabba Heart Institute has grown manifolds in its reach and magnitude. Because of high demand for its quality services; the 170-bed facility also has 02 Outreach Diagnostic Centre in DHA-Karachi & Auto bahn-Hyderabad, with 08 Laboratory Specimen Collection units conveniently located across Karachi to cater to the larger population base under our Founder's vision.

Besides offering the complete range of therapeutic and preventive care for cardiovascular diseases, OPD consultations are also available for Electrophysiology, Diabetology, Pulmonology, Nephrology, Neurology, Infectious Diseases, Gastroenterology, Physiotherapy, Psychiatry, Geriatrician and General Physician.

Tabba Heart Institute also has a structured & recognized fellowship training program in Interventional Cardiology, Cardiac Surgery & Cardiac Anesthesiology. Moreover, hospital also offers core skills training program in nursing and Allied Health services.

Having the services of top notch consultants supported by highly skilled, trained and motivated paramedical & administrative staff makes Tabba Heart Institute the top rated cardiac hospital of the country.

COMPANY INFORMATION

Board of Directors

Muhammad Yunus Tabba
(Chairman)

Muhammad Ali Tabba
Muhammad Sohail Tabba
Jawed Yunus Tabba
Mariam Tabba Khan
Manzoor Ahmed
Masood Karim Shaikh

Management Team

Muhammad Ali Tabba
(Chief Executive)

Noman Hasan
(Executive Director)

Muhammad Atif Kaludi
(Director Finance & Chief Financial Officer)

Amin Ganny
(Chief Operating Officer)

Adnan Ahmed
(Chief Operating Officer, International Businesses)

Murtaza Abbas
(Chief Strategy Officer & Director Investment)

Faisal Mahmood
(SDGM Finance & Company Secretary)

Board Committees

AUDIT COMMITTEE

Manzoor Ahmed
(Chairman)

Muhammad Sohail Tabba
Jawed Yunus Tabba
Mariam Tabba Khan
Masood Karim Shaikh

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Masood Karim Shaikh
(Chairman)

Muhammad Ali Tabba
Muhammad Sohail Tabba
Jawed Yunus Tabba
Mariam Tabba Khan

BUDGET COMMITTEE

Muhammad Sohail Tabba
(Chairman)

Muhammad Ali Tabba
Jawed Yunus Tabba
Mariam Tabba Khan

Bankers

Allied Bank Limited
Allied Bank Limited – Islamic Banking
Askari Bank Limited
Askari Bank Limited – Islamic Banking
Bank Alfalah Limited – Islamic Banking
Bank Al-Habib Limited
Bank Al-Habib Limited – Islamic Banking
BankIslami Pakistan Limited
Citibank N.A.
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited – Islamic Banking
Habib Bank Limited
Habib Bank Limited – Islamic Banking
Habib Metropolitan Bank Limited
Habib Metropolitan Bank Limited – Islamic Banking
Industrial and Commercial Bank of China Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
National Bank of Pakistan –Aitemaad Islamic Banking
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
UBL Ameen Islamic Banking

Credit Rating

Medium to Long term rating : AA+ (Double A Plus)
Short term rating: A-1+ (A-One Plus)
(by VIS Credit Rating Company Limited)

Auditors

External Auditors
M/s. A.F. Ferguson & Co., Chartered Accountants

Shariah Advisor

M/s. Alhamd Shariah Advisory Services (Pvt). Ltd

Registered Office

Main Indus Highway, Pezu, District Lakki Marwat,
Khyber Pakhtunkhwa, Pakistan

Head Office

6-A, Muhammad Ali Housing Society,
A. Aziz Hashim Tabba Street,
Karachi – 75350
UAN: (+92-21) 111-786-555
Website: www.lucky-cement.com
Email: info@lucky-cement.com

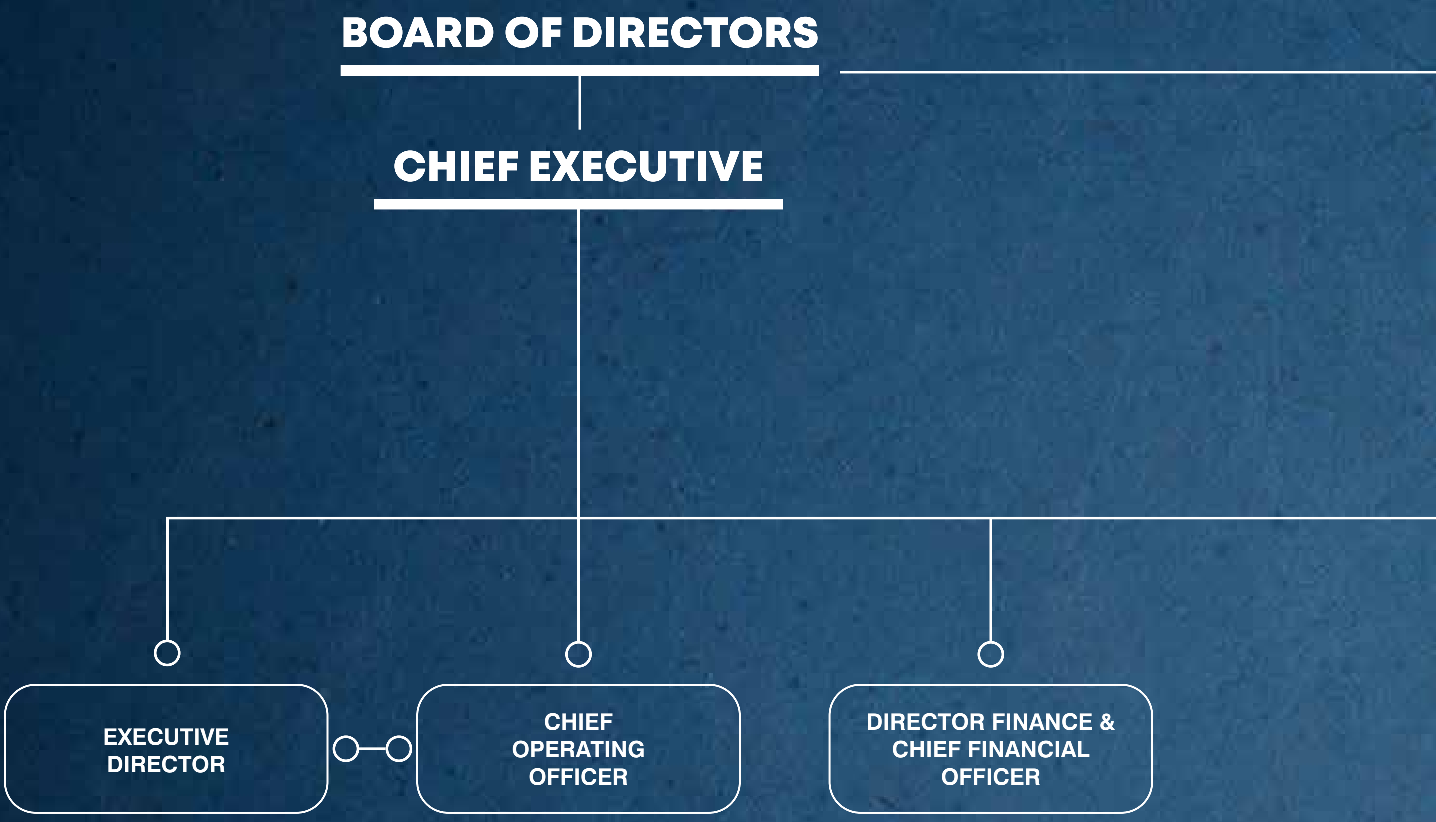
Production Facilities

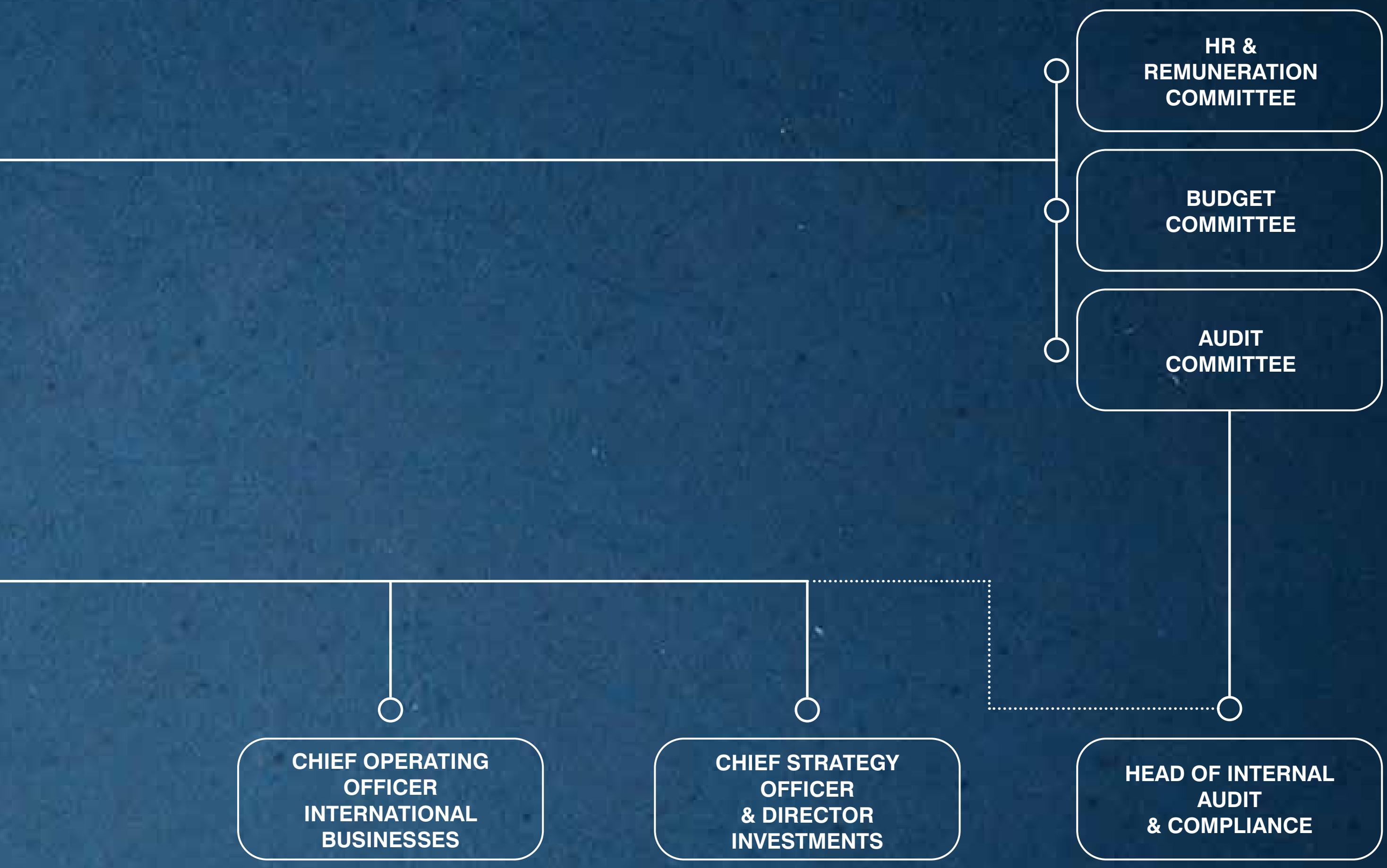
1. Main Indus Highway, Pezu, District Lakki Marwat, Khyber Pakhtunkhwa, Pakistan
2. 58 Kilometers on Main M9 Highway, Gadap Town, Karachi, Pakistan

Share Registrar

M/s. CDC Share Registrar Services Limited (CDCSRSL)
CDC House, 99-B, Block-B, S.M.C.H.S
Main Shahra-e-Faisal, Karachi, Pakistan
(Toll Free): 0800 23275

ORGANOGRAM


BOARD OF DIRECTORS
CHIEF EXECUTIVE
EXECUTIVE DIRECTOR
CHIEF OPERATING OFFICER
DIRECTOR FINANCE & CHIEF FINANCIAL OFFICER


HR & REMUNERATION COMMITTEE
BUDGET COMMITTEE
AUDIT COMMITTEE
CHIEF OPERATING OFFICER INTERNATIONAL BUSINESSES
CHIEF STRATEGY OFFICER & DIRECTOR INVESTMENTS
HEAD OF INTERNAL AUDIT & COMPLIANCE

OUR HUMAN CAPITAL - EMPLOYEES

2,529
Total Headcount

2.77%
Employee Turnover

2,523
Average Number of Employees

6%
Head Office Female Ratio

290
Head Office Headcount

895
KP Headcount

1,327
Pezu Headcount

Locations	Head Office	KP	Pezu	CMO	Total
No. of trainings	85	60	39	19	203
Attendance	640	1,010	318	119	2,087

CEO'S MESSAGE

Dear Stakeholders,

I am pleased to report that despite local and global challenges, Lucky Cement Limited has stayed on course and continued to fulfill the promise and commitment to all our stakeholders by achieving significant growth in exports. We are focused on improving system efficiencies for further optimization of manufacturing processes, cost reduction, and enhancing customer relationship. During the year under review, the Company undertook major expansion projects and investments across its diversified business portfolio.

The successful commissioning of the state-of-the-art cement plant at Pezu is one of the key projects to be completed this year. With the new expansion, Lucky Cement's total capacity is 12.15 MTPA and our Company is the largest cement producer in the Country.

Coming to the annual results 2019-20; Lucky Cement Limited was able to deliver resilient performance despite sluggish market conditions. On a consolidated basis, the Company's gross turnover increased by 19% to PKR 162.87 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.

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.

Our expansion plan for fully integrated plant in Samawah, Iraq with capacity of 1.2 MTPA of clinker/cement is now expected to commence production by January 2021. The delay is due to Covid-19 related travel restrictions imposed by the Iraqi Government.

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. However, after discussing the status with EPC contractors the delay in COD will be contained within 90 days. The project's completion as on June 30, 2020 is at 85%. The new COD date agreed with the EPC contractor is end of May 2021.

The existing cement plants based in Iraq and DRC have shown robust results and will continue to operate at better efficiencies with increase in the capacity utilization.

After the commencement of KIA Lucky Motors, the Company has received overwhelming response from the consumers for both of its models i.e. Sportage and Picanto. The order intake has increased multifold and currently the Company is planning to start the second shift to meet the customer demand from January 1, 2021.

ICI Pakistan Limited has also shown robust results despite economic challenges as well as slow down due to Covid-19. The Company is on its path to fulfill its brand promise of "Cultivating Growth". The Company has also announced the capacity expansion of its Light Soda Ash at its Khewra plants by 125,000 tons per annum (TPA) which after expansion will have a total installed capacity of 550,000 TPA. The Company is committed to achieve balanced top-line and bottom-line growth while fully capitalizing opportunities for organic and inorganic growth.

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.

This year, Lucky Cement received PSX Top 25 Companies' Awards for the years 2017 and 2018, as well as, the prestigious 35th MAP Corporate Excellence Award in the Cement Sector along with the Best Corporate Report Award with 2nd position in the cement category at "Best Corporate & Sustainability Report Awards" 2018 held by the joint committee of Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).

I would like to express my sincere gratitude to all our customers, stakeholders, business partners, and employees for their continued support. Together we will be able to achieve more solid performance in the coming fiscal year.

Muhammad Ali Tabba

Chief Executive Officer

AWARDS AND ACCOLADES

PSX Top 25 Companies Awards for 2017 & 2018

Lucky Cement Limited received the Pakistan Stock Exchange (PSX) Top 25 Companies Awards for the years 2017 and 2018 in recognition of its stellar financial performance, corporate governance and investor relations.

Every year, Pakistan Stock Exchange acknowledges the performance of the Top 25 Companies evaluated on the basis of a comprehensive criteria which includes; capital efficiency, profitability, free float of shares, transparency, corporate governance & investor relations, and compliance with listing and securities regulations.

MAP Corporate Excellence Award

Lucky Cement Limited won the 35th Management Association of Pakistan's (MAP) Corporate Excellence Award in the Cement Sector category for demonstrating excellence in corporate management during the year 2019. The award affirms company's adherence for having the best corporate practices and governance in the Cement Sector. The MAP Corporate Excellence Awards seek to recognize and reward the best managed companies in Pakistan, adjudged through a stringent evaluation process which not only takes into account the dividend payout and financial performance but also the company's management practices, planning process and adherence with corporate governance principles.

Corporate Social Responsibility Award

Lucky Cement Limited was awarded the 9th Corporate Social Responsibility Award in the category of "Green Environmental Stewardship". The award was organized by The Professionals Network (TPN). The award was in recognition of its efforts to control carbon emissions in the atmosphere via innovative techniques and contribution towards protecting the overall environment.

Fire & Safety Award

Lucky Cement Limited won the 9th Fire & Safety Award organized by The National Forum of Environment and Health (NFEH). The Award was a recognition of the Company's contribution in the field of Fire and Safety and its commitment towards modern technology to control fire accidents.

Best Corporate Report Award 2018

Lucky Cement Limited won the Best Corporate Report Award with second position in the Cement category at the much anticipated "Best Corporate & Sustainability Report Awards 2018."

The award represents the Company's commitment to having the best corporate practices and governance, reflected by the stringent policies for IT, whistle-blowing, social responsibility, investor grievances and safety record at the Company. Furthermore, full disclosure of Company's operational environment, strategic objectives, risk management and governance processes provided firm grounds for winning the award. ICAP and ICMAP have been organizing the Best Corporate Report (BCR) Awards ceremony since 2000. This award has been instrumental in encouraging entities to follow transparency in preparing their annual reports according to the international best practices.

Environment Excellence Award

Lucky Cement Limited received the Environment Excellence Award 2019 at an elaborate ceremony organized by National Forum for Environment and Health (NFEH). The award was in recognition to its commitment towards energy conservation and contribution towards protecting the overall environment for a greener Pakistan. Sustainable development forms a significant part in Lucky Cement's business strategies and is one of the key factors that has led the company towards progress and growth.

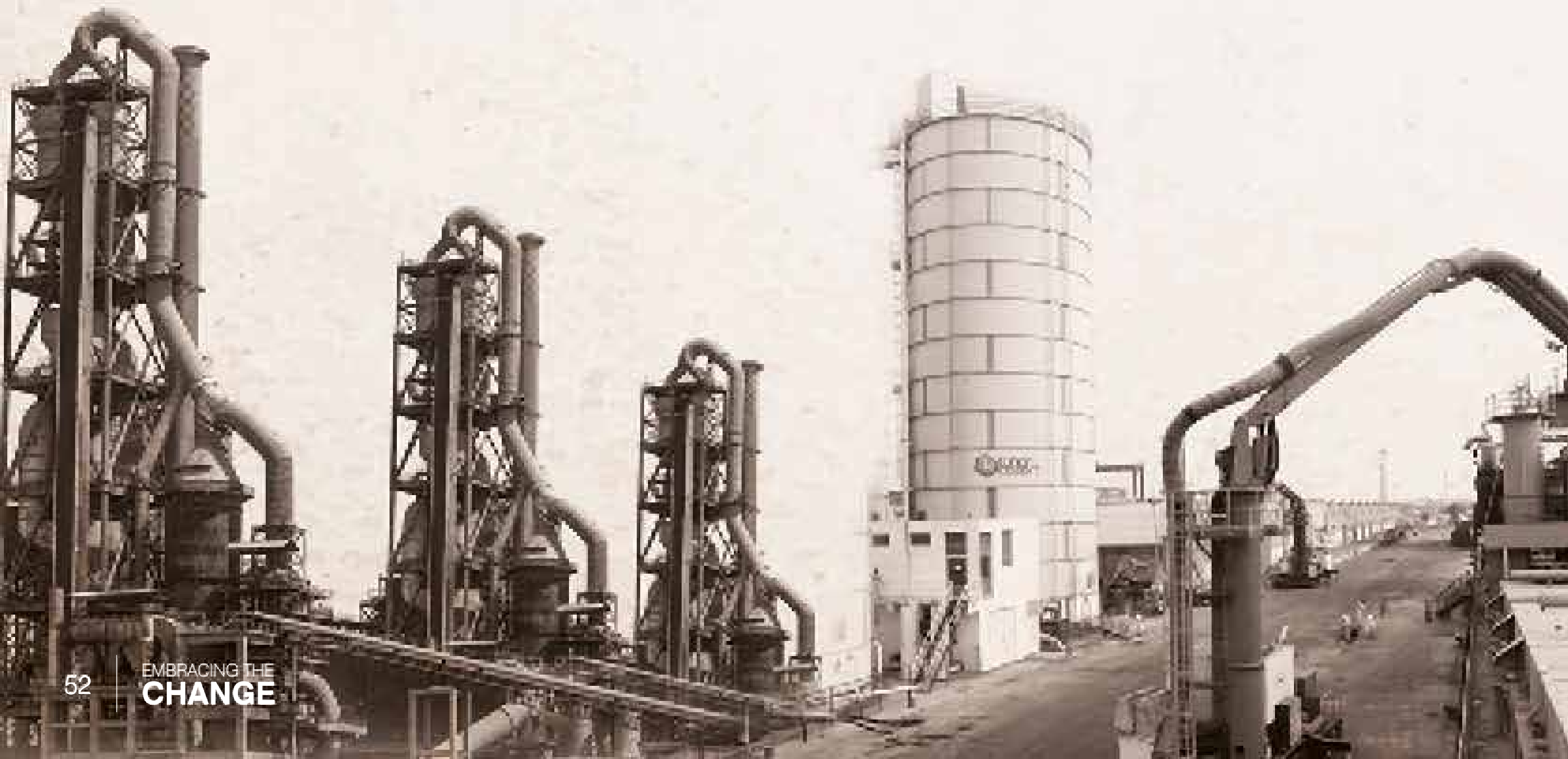
POSITION WITHIN THE VALUE CHAIN

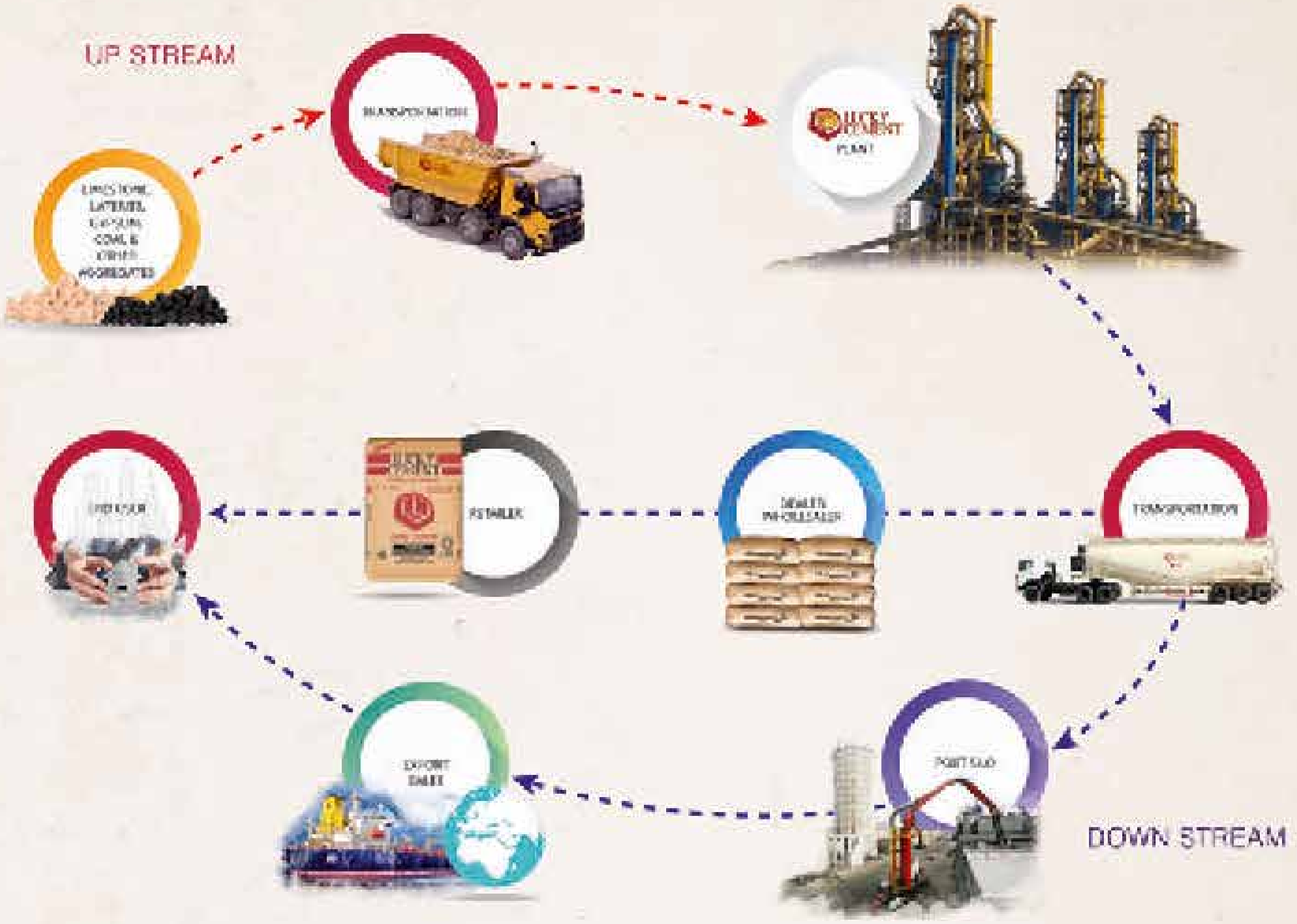
Lucky Cement's principal business activity is to produce and sell cement products. Manufacturing cement involves blending a mixture of limestone and other minerals at a high temperature in kilns.

On the upstream part of value chain, raw material for cement manufacturing includes limestone, gypsum, clay etc. which are mainly excavated from mines either directly by the Company or through contractors. Limestone is first excavated from the mountains / quarries obtained on lease from the Minerals department, against which royalty is paid on a monthly basis. Coal used as fuel in the process is one of the major cost ingredients, which is imported by Lucky Cement. The mining, grinding, crushing and blending processes are strictly monitored by highly qualified specialists, to ensure that the best possible product is manufactured for our valued customer.

Facilitating downstream along the value chain, Lucky Cement has its own logistics fleet operations, customized for inbound and outbound goods as well as customer requirements and locations. We have an articulated fleet of prime movers, bulkers and trailers. This diversified fleet is managed expertly by a team of highly qualified professionals to ensure the highest levels of service and efficiency from plant to premises. Lucky Cement has dedicated warehouses near all key markets which brings us a step closer towards our valued customers. The quick delivery of cement through warehouses and the prompt services provided by the logistics fleet keep us ahead of the competition.

Value chain analysis on a regular basis has enabled Lucky Cement to identify its core competencies and to identify key stakeholders in the process of the value creation as well as those along the upstream and downstream value chain. Moreover, this analysis has helped Lucky Cement in identifying the activities which add value for its customers and also to evaluate its competitive positioning in industry.




UP STREAM
PLANT
DEALER WHOLESALER
RETAILER
EXPORT SALE
DOWN STREAM

FACTORS AFFECTING THE EXTERNAL ENVIRONMENT AND ORGANISATIONS' RESPONSE

PESTLE Analysis

Factors	Description	Organizational Response
Political	Political instability and turmoil impacts the organization negatively. Abrupt changes in Government's macro-economic policies also adversely impact the Company's business.	The management of Lucky Cement Limited (LCL) closely monitors the political developments and government's regulatory policies that may affect the Company. Timely adjustments are made in the organizational processes and policies in response to actual or anticipated changes in Government policies. Management of sales-mix with respect to local sales v/s exports to efficiently utilize production capacities in response to reduction in sales volume in local market. Issues relating to the Cement Industry are dealt with through forums such as PBC, ICAP and APCMA.
	Outbreak of pandemic on a global level, for e.g. Covid-19, leads to Contraction of demand and delays in Government/Private spending on infrastructure Devaluation of currency, increasing interest rates and higher inflation leads to greater input costs and reduced margins.	Amid the Covid-19 pandemic, Lucky Cement followed all the Governments' policies and took unprecedented steps to counter the effects of Covid-19 crises. Management continues to identify new markets for its products, both locally and internationally. Being the largest producer of Cement in Pakistan with enhanced production capacity in the North and South, Lucky Cement exports Cement and Clinker to various regions across the world.
Economic	In times of reduced Government's spending and lower economic growth, construction activities slow-down.	Company constantly strives to bring efficiencies in its manufacturing process and energy mix, which supports in mitigating adverse effect of increase in production cost. Cost reduction initiatives to control production and non-production related fixed costs.

Factors	Description	Organizational Response
Social	Focus on Corporate Social Responsibility, Donations, development of communities and Scholarships. Investment in health sector.	As a socially responsible corporate entity, Lucky Cement strives hard to develop the communities in which it operates. With the rise of the global pandemic, Lucky Cement Limited remained at the forefront to help the communities by distributing ration bags amongst the affected families. The Company designed its Covid-19 Relief Program to specifically target the rural and under-developed localities of Pakistan to support the marginalized communities. It donates generously to various social and charitable causes including health, education and social sectors. It also provides funding to various hospitals and welfare organizations including Aziz Tabba Foundation, Tabba Heart and Tabba Kidney Institutes.
Technological	Risk of technological obsolescence. Technological innovation by competitors	To continue its legacy of being unparalleled leaders of the cement industry, Lucky Cement has always given priority to latest technological developments. In addition to the new Line installed at its Pezu Plant, Lucky Cement has installed state of the art Vertical Cement Mills at its Pezu and Karachi Plants, thus increasing production efficiency. LCL has continued to adopt technological and digital tools which ensure that all its processes comply with the applicable regulatory requirements. Even under the circumstances created by the Covid-19 outbreak, our systems and software remained available to our employees making work from home possible.
Legal	Compliance with the applicable legal and regulatory requirements	The Company has a dedicated team of professionals which ensures that all its processes comply with the applicable regulatory requirements. Lucky Cement is the first Shariah Compliant Company of Pakistan complying with all the applicable regulations of the Shariah Governance Regulations, 2018. Lucky Cement is one of the top contributors to national exchequer in terms of Corporate Tax. The Company benchmarks itself with the best in corporate Pakistan by participating in various award programs, for e.g. PSX Top 25 Companies Awards, MAP Corporate Excellence Awards and Best Corporate Report Awards.
Environmental	Environmental Footprint, Recycling, Climatic Conditions Global warming, Natural disasters etc.	The Company takes various steps to protect the environment including compliance with applicable environment standards. We manage our environmental performance through efficient use of natural resources, and identifying and implementing green alternatives. Water conservation remains at the core of our operational practices. The company has installed bag filters and monitors dust, particulate matter and other emissions to ensure that they remain below the respective limits specified in the NEQS. Investment in Waste Heat Recovery system so as to minimize Company's impact on the environment due to its operations.

SIGNIFICANT CHANGES AND DEVELOPMENTS FROM PRIOR YEARS

While during the year, on one hand the Company faced a significant increase in gas and other fuel prices affecting the cost of production, the overall industry volume for local sales also remained under pressure, which negatively impacted the Company's profit margins. The Covid-19 pandemic also put pressure on the sales volume and profitability of the Company. A snapshot of the Company's significant decisions over the years is presented in the section "Road to success". The Significant plans and decisions which the Company has implemented or announced during the year ended June 30, 2020 are as follows:

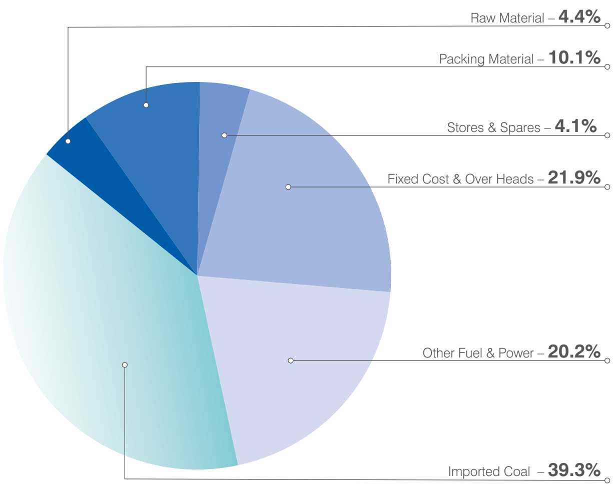
- Became the largest producer of cement in Pakistan after successfully completing the brownfield expansion of 2.8 MTPA at Pezu Plant.
- With the expansion in Cement capacity, the Company increased its market share for both local sales and exports during the year. The Company exported 1.075 million tons of clinker as compared to 0.812 million tons in 2018-19.
- During the year, the Company contributed PKR 8.85 billion as equity in its 100% owned subsidiary company, Lucky Electric Power Company Limited (LEPCL).
- The Company's subsidiary, KIA Lucky Motors Limited successfully completed its first year of commercial operations.
- Greenfield expansion for clinker production of 1.2 MTPA in Samawah, Iraq is progressing as per schedule.
- During the year ended June 30, 2020, two wholly-owned subsidiary companies; LCL Holdings Limited (LCLHL) and Lucky Cement Holdings (Private) Limited (LCHPL) were amalgamated into Lucky Cement Limited by virtue of Schemes of Arrangement. Pursuant to the Schemes, ICI Pakistan Limited and Lucky Electric Power Company became direct subsidiaries of LCL and all the assets and liabilities of the dissolving companies were transferred to Lucky Cement Limited.
- Lucky Cement Limited being a socially responsible company remained at the forefront to help the communities by designing its Covid-19 Relief Program to specifically target the rural and under-developed localities of Pakistan. The Company invested in providing awareness to the employees for precautionary measures and about protecting their families and communities. It fully utilized innovative measures and digital technology to promote remote working by the employees.

COMPOSITION OF LOCAL VS IMPORTED PRODUCTS AND SENSITIVITY ANALYSIS

The Company produces cement through various local and imported inputs. The major cost of input for production of cement is imported coal. The imported material used for the production of Cement and Clinker represents 39.3% of the composition.

A fluctuation in coal price of PKR 100 per ton affects the cost of production by PKR 14 per ton. Cost of Sales of the Company will increase / decrease by 1.4% and 2.8% in case of foreign currency fluctuation by 10% and 20% respectively.

The company is moderately sensitive to the foreign currency fluctuations. The management constantly monitors the international coal prices and exchange rates and takes necessary and timely steps to mitigate such impacts.



SWOT ANALYSIS

Lucky Cement Limited has been growing with the prime objective of maximizing value for all the stakeholders. The company uses it strengths to capitalize on opportunities, overcome its weaknesses and avert threats. Keeping this in perspective, our pursuits consist of diverse strategies having external and internal origins.

The goal of the Board of Directors is to minimize all risks and to take advantage of potential opportunities in order to systematically and sustainably improve the value of the company for all stakeholders.

Strength

- Lucky Cement, a part of YBG, is the largest cement producer of Pakistan with production capacity of 12.15 MTPA per annum.
- With the increase of production capacity by 2.8 MTPA, the company has most efficient production facilities, which gives strength to the overall performance and profitability of the Company.
- It is the first ever Shariah Compliant Company of Pakistan certified by the SECP.
- The strategic plant locations across the country, give the company access to nationwide market and mitigates exposure to any localized risks.
- The company has an extensive dealership network of more than 200 dealers and distributors.
- Lucky Cement owns a huge fleet of Bulkers & Trailers, which gives us added advantage in terms of logistics and efficient deliveries to all types of customers spread across the length and breadth of the Country. The company's smart logistic setup and management enables it to effectively cater to both the international as well as the domestic markets.
- The only Cement Company in Pakistan, which has silos at the Port, thus, is able to export loose cement.
- The Company has diversified its businesses and has made strategic investments in Chemicals, Automobiles and Power.
- The company has also successfully demonstrated that it is an environmentally responsible organization by launching eco-friendly projects such as Waste Heat Recovery and alternate fuels. The carbon emissions by Lucky Cement Limited are well below the country's regulatory limits.
- In times of the Covid-19 pandemic, a public survey conducted by IPSOS revealed Lucky Cement as one of the top ten Most Supportive Brands of Pakistan.

Weakness

- Although Lucky Cement is one of the largest cement producer and exporter of Pakistan, it has limited presence in certain markets. However, with the ongoing mega infrastructure development projects under CPEC, Government's planned initiative of providing 5 million low-cost houses and the planned construction of dams, the Company's existing plant in KPK province has become strategically located on the 'western route' which will exceptionally improve its accessibility to the province of Punjab and Gilgit Baltistan in the foreseeable short to medium term future.

Opportunity

- Pakistan has a very low per Capita consumption of cement as compared to its neighboring countries and therefore significant growth opportunities are available for the company.
- The positive demographic trends like growing population, increasing urbanization and rising income levels are the key demand drivers.
- The China–Pakistan Economic Corridor initiative remains a great opportunity for long-term growth of the industry.
- Furthermore, with the anticipated Government and Private Sector's spending on infrastructure development; construction of highways, dams, special economic zones, energy projects and low-cost housing schemes, the local demand of cement is likely to increase in medium to long-term.
- Favorable market dynamics, devaluation of PKR v/s USD are likely to increase the global and regional demand of cement from Pakistan.
- With the focus of government on the revival and improvement of Cement Industry in the form of several tax relief, the company expects improved profit margins in the future.

Threat

- Growing pressure on prices due to rising input costs on account of increase in gas, coal and other fuel prices coupled with devaluation of PKR versus other foreign currencies will continue to put pressure on the growth of local sales volumes in the short-term. However, growing export demand on the back of favorable market dynamics and PKR devaluation is expected to substitute such slow-down in growth of local sales with growing export volumes, thereby mitigating such risk.
- In the event of reduced Government's spending on infrastructure projects, the Company may face oversupply situation due to surplus production capacity.
- The Covid-19 has significantly affected the macro economic conditions globally which put immense pressure on the local and export sales. While the pandemic has receded significantly in the country, any resurgence of it within the country or globally will further hamper the cement demand. The impact on export-oriented industries will be intense as they may face cancellation and slow-down of exports orders.

COMPETITIVE EDGE

Global Presence

A strong presence in local and international markets is at the forefront of Lucky Cement's business strategy. We are the first Pakistani cement manufacturing company with manufacturing facilities outside Pakistan. Lucky's Cement grinding plant in Basra, Iraq has been operational since 2014 has a total capacity of 1.742 MTPA. The plant in DR Congo, commenced its commercial operations in December 2016 with capacity of 1.188 MTPA. The Company also announced Greenfield expansion in Samawah, Iraq for an integrated cement manufacturing plant of 1.2 MTPA. Furthermore, we have also achieved growth in our export market with the opening of a regional office in Colombo, Sri Lanka.

Diversified Businesses

Lucky Cement had already chosen to diversify its businesses and has made strategic investments in profitable ventures in Chemicals, Automobiles and Power sectors. These diversified businesses besides providing a healthy return to the holding company also act as a cushion against market risks and secure its earnings from external shocks.

SAP Enterprise System

With the implementation of SAP S/4 HANA, Lucky Cement functions efficiently in the digital world. Business processes throughout the company are now seamlessly integrated into the system. The Company undertakes various initiatives on a regular basis, including reviews by external consultants to ensure that the SAP functionalities are configured on an optimal basis, so as to allow its users to derive maximum benefits. With S/4 HANA in its repertoire, the Company has been able to improve its business processes and strengthen the control environment.

During the Covid-19 induced lockdown period, and to ensure social distancing; the Company fully utilized innovative measures and digital technology to promote remote working by our employees. Real-Time information remained available in SAP for decision-making through remote access from all over Pakistan.

Energy Efficiency and Reduction of CO_2

We can be considered the pioneer of energy conservation and use of alternate fuel in the cement industry of Pakistan. Numerous initiatives have been taken to save energy, starting with fuel conversion of all our power generation units from furnace oil to natural gas. This was strategic in nature as it not only reduced the Company's carbon footprint but also decreased the cost of energy generation. CO_2 emissions were further reduced through the introduction of Waste Heat Recovery (WHR) systems. The WHR system utilizes all the excess heat (which was previously being released in the atmosphere) from the production lines and power generators to generate electricity. We have set up two WHR plants at Karachi having a cumulative generation capacity of 21 MW and three WHR plants at Pezu having a cumulative generation capacity of 25.2 MW.

We also introduced the use of alternate energy by supplementing our manufacturing line with Tyre Derived Fuel (TDF) in 2011. Lucky Cement also has the capacity to utilize rice husk, bagasse and other biomass through its Refused Derived Fuel (RDF) system for alternative fuels. These initiatives have the capacity to curb fossil fuel cost besides drastically curtailing the carbon emissions.

Export Terminal at Karachi Port for Loose Cement

We are the first and only cement company to own a state-of-the-art export terminal at Karachi Port. These cement silos have the capacity to store 24,000 tons of cement. The Company also operates a fleet of specially designed cement bulkers that carry loose cement from Karachi Plant to the terminal. These bulkers are equipped with a unique compression system and are capable of carrying varying quantities of cement.

Advanced Quality Control

Our highly advanced quality control systems guarantee product dependability, quality, and customer satisfaction. We focus on manufacturing premium quality cement through highly advanced quality control systems equipped with the latest technology including DCS, PLCs and X-Ray analyzers.

Economies of Scale

The benefits of utilizing state-of-the-art technology and latest infrastructure accrue in the form of lower costs of production. Our operational process cost is constantly reviewed to reduce the same on a sustainable basis and bring in further efficiencies by process improvements.

Smart Logistics Set-Up and Supply-Chain Management

With an enviable array of business partners in every domain, our fully integrated supply chain is a key source of competitive advantage for its business. This advantage is maximized via the Company's logistics fleet operations, customized for inbound and outbound goods as well as customer requirements and locations.

We have an articulated fleet of around one fifty (150) prime movers with over seventy (70) bulkers, and over a hundred (100) trailers/tipping trailers. This fleet is managed expertly by a team of highly qualified professionals to ensure the highest levels of service and efficiency from plant to premises, thus keeping us ahead of the competition. A well-synchronized logistics' system does not only strengthen the overall capabilities of the Company, but is also a source of immense cost advantage in this highly competitive industry. The Company's integrated sales structure offers superior quality cement within the shortest possible lead-time. The seamless management of all product delivery solutions is made possible through the relentless efforts of a dedicated team.

Lucky Cement remains a step ahead of the competition. The induction of 40 new prime movers and tipping trailers in Karachi Logistics is a clear indication of the significance, which the Company attaches to its logistics system. The service levels achieved by dedicated logistics solution available previously at the Karachi Plant have now encouraged the company to replicate this integrated product delivery solution at the Pezu Plant also. With a special focus on environmental considerations, vehicle emissions of the fleet are regularly tested.

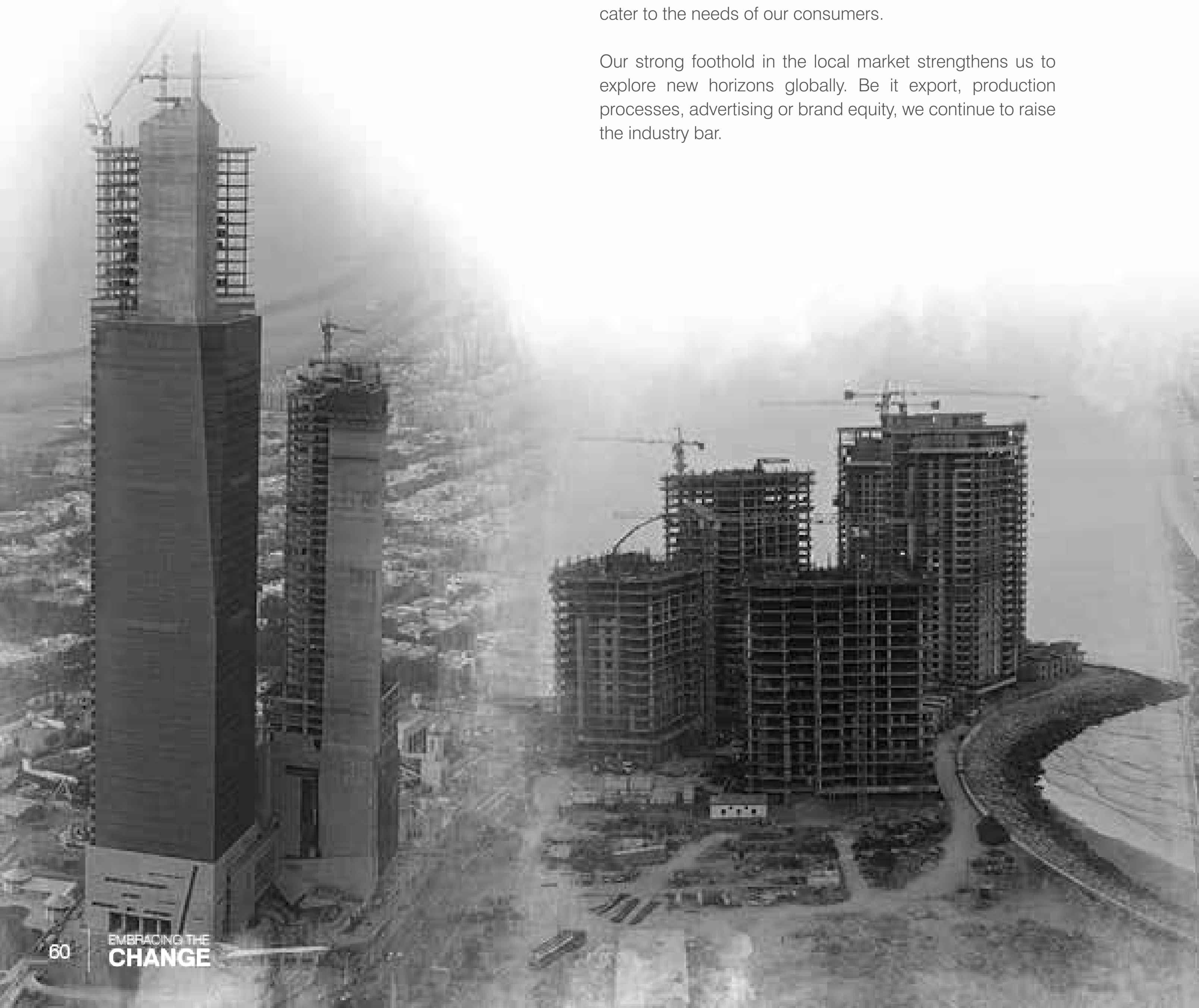
Furthermore, the Company emphasizes on lead-time and road safety, therefore all vehicles are monitored using GPS tracking systems. Finally, an unremitting dedication to trainings at all levels supports the pursuit of continuous improvement.

BRAND EQUITY

Our brand is a testament to excellence. With advanced technology, cutting-edge logistics, sustainable processes and energetic teams, we are privileged to have earned our customers' trust.

Our strategically located plants at the country's Southern business hub and in the rugged Northern mountains give us an edge over competition. This combination has facilitated a strong nationwide network; through which we effectively cater to the needs of our consumers.

Our strong foothold in the local market strengthens us to explore new horizons globally. Be it export, production processes, advertising or brand equity, we continue to raise the industry bar.



Leading the way for Sustainable Development in Pakistan

Lucky Cement Limited is the largest contributor towards the Socio-Economic Development of the country. May it be the construction of a small scale housing project or building up of the largest water reservoirs, Lucky Cement Limited has always been the most preferred choice.

We are proud partners of Pakistan's leading public and private sector institutions. We are privileged to play a vital role in the socio-economic development of the country by supporting prominent strategic state led institutions.

We are also catering to the ever increasing housing needs of the country by contributing in the development of some of the largest housing schemes projects. Furthermore, contribution towards some of country's leading development projects including the construction of the Dams is another feather in our cap.

Our strong reputation in the government and private sector has also made us the first choice for the Chinese infrastructure development projects under the China Pakistan Economic Corridor (CPEC) initiative.

Our efficient distribution network, timely deliveries, excellent customer support and continued supply of premium quality cement has helped us in achieving all these milestones.

By playing an active role in the nation building, we at Lucky Cement are determined to continue facilitating our partners to build a better tomorrow.

RISK AND OPPORTUNITIES

Challenges are the pathway to progress. We believe in taking risks to create limitless opportunities for our stakeholders.

KEY RISKS AND OPPORTUNITIES

Understanding our Risks to Create and Harness Opportunities

Lucky Cement Limited launched the Lean Enterprise Risk Management framework in 2014 as an on-going process embedded across the organization which is designed to assess and mitigate risks in order to minimize their potential impact and support the achievement of Lucky Cement's long term purpose and business strategy. Risk assessment is performed regularly to create a good understanding of the company's key risks, to allocate ownership to drive specific actions around them and take any relevant steps to address them.

The uncertainties and risks that may influence the achievement of our corporate goals and objectives are managed while opportunities are tapped into. Due to their critical importance, our material issues and principal risks are integrated into our business planning processes and monitored on a regular basis by our Board of Directors. Strategic, Commercial, Operational, Financial and Compliance risks are ranked based on their impact on Lucky Cement Limited and probability of occurrence. Upon identification of risks, mitigating strategies and action plans are developed, implemented and monitored.

In this section, we outline how our material issues and principal risks are identified, managed and reported

STRATEGIC RISKS

Risk	Area of Impact	Source of Risk	Mitigating Risk
Change in Competitive Scenario Threat of local and foreign players causing a change in market dynamics. Any decline in cement's demand may create an over-supply situation in the industry. **Assessment:** Likelihood: Medium Impact: Low	Financial Capital	External	Lucky Cement encourages competition in the industry as it also creates pressure for it to be efficient and competitive in the market to capture more market share and at the same time be a profitable company for the shareholders to get good return on their investment. The company does not have any significant threat from any change of market dynamics due to the fact that the company is a cost efficient producer and has strategic plant locations. The Company continues to develop new markets; both locally and internationally to have a balanced and diversified market for its products.
Risk of Inconsistent/Arbitrary Changes in Government Policies Adverse impact on Company's earnings due to changes in Government policies with respect to taxation measures, Gas tariff and Regulatory matters. **Assessment:** Likelihood: High Impact: Medium	Financial Capital	External	Regular advocacy through different forums, like APCMA, Pakistan Business Council etc. to timely apprise the relevant Government departments and Regulators of all issues that may have an adverse impact on the Industry or competitive environment. Management regularly monitors the changing regulatory and competitive environment and assesses the impact of any change in Government policy, so as to take timely action.
Risk to Exports And Decline in Global Cement Prices Anti-dumping duties being imposed on Pakistani cement manufacturers. Falling exports to Afghanistan, due to competition from low-priced Iranian cement, NATO's exit and political instability in the country. Imposition of 200% duty by India on imports from Pakistan. Increasing competition and capacity building of local production in our export markets. **Assessment:** Likelihood: Low Impact: Medium	Financial Capital	External	The company continues to identify and develop new markets for its cement and clinker exports to countries all across the globe. The company is targeting East and West Africa for the export of Cement and Clinker to upsurge its presence in the global markets. With the improved USD/PKR parity, the Company is better able to compete with different regional cement manufacturers,

OPERATIONAL RISKS

Risk	Area of Impact	Source of Risk	Mitigating Risk
Rising cost of Coal / Fuel / Gas Increase in imported coal & furnace oil price and gas tariff resulting in higher cost of production. **Assessment:** Likelihood: High Impact: High	Financial Capital	External	Our trade team observes coal prices in international market very closely and orders either are placed in advance or managed keeping in view the expected pricing patterns. TDF and RDF processes are in place, which support in reducing our dependence on coal, if there is an increase in coal prices in the international market. Impact of gas tariff hike and other fuel price increases in international market are mitigated by the cost reduction initiatives taken by the company.
Gas Supply Shortfall Fluctuation / interruption in gas supply at production sites due to curtailment, gas reserve depletion or revision in gas allocation policy. **Assessment:** Likelihood: High Impact: Medium	Natural Capital	External	Power plants at both the sites are dual fired and sufficient amount of alternative fuel is maintained for use in case of any shortage. On the other hand, the Company has also installed additional Waste Heat Recovery units to further reduce its dependence on fuel based energy.
Technology Obsolescence Technological shift rendering the Company's production process inefficient **Assessment:** Likelihood: Medium Impact: High	Intellectual/ Manufactured Capital	External	Major investments are made regularly to continuously improve product quality and process efficiency. Addition of Vertical Grinding Mills to produce finer quality of cement is one such example. The company has always led by bringing innovative technologies to its processes.
Maintenance Risk Possibility of production loss due to capacity or breakdown factor. **Assessment:** Likelihood: Low Impact: Medium	Manufactured Capital	Internal	Effective technical monitoring programs with regards to preventive maintenance are in place to ensure maximum plant efficiency and capacity utilization.
Employee Retention and Succession Planning It is critical for the company to attract, develop,and retain the right talent to accomplish the company's objectives. Succession planning is needed to ensure that the company has sustainable operations. **Assessment:** Likelihood: Medium Impact: Low	Human Capital	Internal	Our challenge is to be increasingly attractive to all generations and to engage with and develop our talent. That is why efforts are made to ensure growth and well-being of employees. As we greatly value our human capital; various programs are in place to identify and develop high potential teams. Initiatives are taken to increase workplace diversity, resulting in a more effective workforce. Strategy on succession planning is in place to support the management in assessing employee performance for future growth and identify potential placements.
Information System Risk Loss of confidential information due to data theft IT Systems becoming unavailable because of System/Network failure, cyber-attacks etc. **Assessment:** Likelihood: Low Impact: Medium	Financial Capital	Internal / External	Information is transmitted through secure connections and firewalls are in place to prevent malicious activities. Appropriate data back-up mechanism is in place. Moreover, alternative data processing sites are also available. Periodic log reviews further ensure that system related controls are in place and working effectively. Regular systems audit is performed to identify any weaknesses / non-compliances and any areas for further improvements.

FINANCIAL RISKS			
Risk	**Area of Impact**	**Source of Risk**	**Mitigating Risk**
Credit Risk Risk of default by Company's customers to discharge their obligations and cause financial loss to the Company **Assessment:** Likelihood: Low Impact: Low	Financial Capital	External	Lucky Cement extends credit to Government institutions or against appropriate security and the risk is managed through established limits. Credits are selectively given considering the business potential and risk appetite of the Company. The Company regularly reviews and monitors the credit position and credit worthiness of its customers. Such credit reflects a fractional part of company's sales.
Interest Rate Risk Risk of Return's rate fluctuation affecting value of interest-bearing assets **Assessment:** Likelihood: Medium Impact: Low	Financial Capital	External	Economic indicators are carefully monitored on a regular basis and a diversified portfolio of short term investment of funds in Islamic products is maintained.
Exchange Rate Risk Exchange rate risk impacting transactions in foreign currency **Assessment:** Likelihood: Medium Impact: Medium	Financial Capital	External	Lucky Cement has a natural hedge against exchange rate risk due to its exports and imports both in USD. In addition, the Company follows the policy of using a mix of foreign currencies (where possible) to maintain a portfolio to safeguard against any adverse potential short-term foreign currency exposures.

COMPLIANCE RISKS			
Risk	**Area of Impact**	**Source of Risk**	**Mitigating Risk**
Environmental Risk Actual or potential threat of adverse effects on environment arising out of the Company's activities. **Assessment:** Likelihood: Medium Impact: Medium	Natural Capital	Internal	In our support to the UN Sustainability Development Goals, we have initiated and promoted various sustainable projects to support the UN 2030 Agenda. Various environmental friendly projects such as Waste Heat Recovery units, Tyre Derived Fuel and Refuse Derived Fuel units are implemented, thus reducing environmental de-generation. The company focuses on energy conservation, operational efficiencies and carbon footprint reduction. Company's effluent emissions are regularly monitored. Regular environmental audits are also performed.
Health & Safety Risk Personal health and safety risks at operating sites Risk of pandemic related issues being ineffectively managed **Assessment:** Likelihood: Low Impact: Medium	Social/Human Capital	Internal	HS&E issues are addressed by focusing on safety measures such as conducting appropriate trainings, use of prescribed safety gadgets, equipment and safe practices. There is a dedicated HSE function at both the plants. Periodic review of safety related incidents and internal audits ensure process effectiveness. Lucky Cement has invested in providing awareness to its employees for precautionary measures regarding Covid-19 and about protecting their families and communities.

Opportunities

Opportunity	Area of impact	Key source of Opportunity	Strategy to materialize
State-of the art technology for Production resulting in production efficiency and lower costs. This will result not only in attracting and retaining new customers but will also increase value for stakeholders.	Manufactured Capital	The installation of new production lines, state-of-the-art vertical cement mills, Waste heat recovery and TDF energy systems have increased the production capacity and plant efficiency.	The company actively pursues investments in new and innovative technologies so that it continues with its legacy of being the most efficient producer of premium quality cement. With our latest installation of an additional capacity of 2.8 MTPA, Lucky Cement is now the largest cement producer in Pakistan with production capacity of 12.15 MTPA.
Growth of Cement Industry	Manufactured/ Relationship Capital	The launch of China–Pakistan Economic Corridor initiative, construction of special economic zones, Government's initiative to build multipurpose water reservoirs / dams and construction of low-cost affordable houses for public at large presents a great opportunity for long term growth of the industry	The Company has regularly invested in its production facilities to furnish the production/supply demand to materialize potential growth.
First Shariah Compliant Company. Leading the corporate sector in Pakistan to encourage compliance with Shariah principles of doing business.	Financial Capital	Offering investors an avenue to invest in Shariah Compliant companies.	Being the first Shariah Compliant company of Pakistan, Lucky Cement continues to comply with the applicable Shariah Governance Regulations.
Efficient work environment	Human Capital	Improved working conditions, personal and professional development of employees.	The Company is relentlessly striving to improve its work environment through various initiatives directed towards increasing employee satisfaction, continuous trainings for personal and professional development of employees.

Our Approach to Materiality

In addition to disclosure of all events/transactions required by law, the management has adopted materiality approach for effective communication with all stakeholders. We regularly revise our materiality matrix to include the new challenges we are facing.

Our material issues are those that matter most to our stakeholders and contribute to our business success. Assessing their importance provides a guide to strategically manage the risks and opportunities they represent. This involves looking beyond our own footprint and considering all of the environmental, social, economic and financial topics that could affect – negatively or positively – our ability to create value over the short, medium and long term.

The Board has approved a formal materiality policy to set out materiality threshold to be considered by management when disclosing /reporting financial information. To support our annual materiality assessment, we conduct ongoing dialogue with our stakeholders, including suppliers, consumers, regulators and non-governmental organizations (NGOs). We also assess material issues based on their relevance to our strategic plans and objectives.

KEY SOURCES OF ESTIMATING UNCERTAINTY

The management and the Board of Directors of the company draw estimates and judgements based on historical experiences and other assumptions that affect reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingencies, which as a result have significant impacts on the preparation of financial statements. These estimations however may vary with the actual results of the company as the conditions may differ from the circumstances that were considered reasonable by the Management and the Board.

Key Estimates and Assumptions Concerning Future:

Estimating Useful Life of Fixed Assets

The Company has made certain estimations with respect to residual value, depreciation / amortization methods and depreciable lives of assets as also disclosed in notes 4.3, 4.4 and 4.5 of the standalone & 5.4 to 5.6 of consolidated financial statements to determine the useful lives based on usage, maintenance, rate of technical and commercial obsolescence. These useful lives are reviewed annually.

Valuation of Current Assets

The management has made estimation with respect to provisions for slow moving, damaged and obsolete items and their net realizable values as disclosed in notes 4.8 to 4.9 of the standalone and note 5.9 to 5.10 of consolidated financial statements respectively. With respect to recoverability of Trade debts and other receivables, provisions are made and deducted against such Trade debts and receivables based on management's assessment of customer's outstanding balances and credit worthiness as disclosed in notes 4.10 and 5.11 of standalone and consolidated financial statements, respectively.

Taxation

Determining income tax provisions involves judgment on the tax treatment of certain transactions. In making these estimates for income taxes payable by the Company; the management has considered recent Income tax laws and the decisions of appellate authorities on certain cases issued in the past. Deferred tax is recognized in full using the balance sheet liability method on all temporary differences arising at the balance sheet date between tax base of the assets and liabilities and their carrying amounts.

Staff Retirement Benefits

The defined benefit obligations are based on actuarial assumptions such as discount rate, expected rate of return on plan assets, expected rate of growth in salaries and expected average remaining working life of employees which are extensively detailed in notes 23.1 and 24.1 of standalone and consolidated financial statements, respectively.

Contingencies

The management of the Company assesses contingencies based on the availability of the latest information and estimates such values for contingent assets and liabilities which may differ on the occurrence / non-occurrence of the given uncertain future events.

Key Audit Matters

SECP has issued Auditors (Reporting Obligations) Regulations, 2018 which specify the format of new audit reports to be issued. The format of audit report as per the Regulations is in line with the new Auditor Reporting Standard issued by the IAASB, which requires the communication of Key Audit Matters (KAMs) in the audit report.

KAMs are those matters that, in the auditor's judgement were most significant in the audit of the financial statements. Such KAMs may include but are not limited to:

- Significant audit risks (areas of risk of material misstatement)
- Significant judgmental areas (accounting estimates with high estimation uncertainty)
- Significant events or transactions (with effects on the financial statements)

Accordingly, the independent auditor's report on the financial statements for the year ended June 30, 2020 also includes the Key Audit Matters.

Determining Level of Risk Tolerance and Establishing Risk Management Policies

The Board of Directors of Lucky Cement is responsible for the risk management and determining the company's level of risk tolerance. In this regard, the Board has established and approved Risk Management Policy. The board regularly undertakes an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders. In addition to this the Board also reviews reports from various third party service providers, auditors and consultants to remain updated on key operational and financial matters of the Company.

Robust Assessment of Principal Risks

As mentioned in the Directors' Report, the Board of Directors have carried out a detailed assessment of risks facing the Company originating from various sources. For quick snapshot of various types of risks, please refer risk and opportunities sections of our report. The Board of Directors are satisfied with the Company's risk management practices and the mitigating strategies adopted to counter such risks.

Debt Repayments

The Company's liquidity management strategy encompasses projecting cash flows and considering the level of liquid assets necessary to meet the cash flow requirements as well as maintaining the debt financing plans; hence the company faces no risk of default in payment of any obligation, as it has sufficient capacity of generating cash flows.

Capital Structure and Assessment of its Adequacy

The Company primarily manages its long- term investment requirements and short-term working capital requirements from its internally generated cash-flows; however, it takes advantage of any short-term financing available at subsidized rates as part of any scheme announced by the Government or central bank. Healthy cash flows and prudent liquidity management aids the Company to maintain its strong liquidity position. The Company believes that it is maintaining an optimal capital structure.

Business Rationale for Major Capital Expenditure

We create value for our stakeholders by diversifying our business and investing in our Manufactured Capital. We focus on optimizing our production infrastructure and adjust our cost base. To support LCL's diversification strategy, our planned capital expenditure gives us powerful operating leverage and expands our profitability through diversified revenue and profit streams. Disciplined management of working capital and capital expenditure enhances the cash we generate which in turn is invested to fuel growth in the business.

The Board of Directors quarterly reviews and approves the capital expenditure plans of the Company. Our major Capital expenditures during the year 2019-20 included the addition of a new Cement line in Pezu with annual production capacity of 2.8 MTPA.

STRATEGY AND RESOURCE ALLOCATION

The growth of our people lies in working towards an unified goal with harmony. By creating an environment conducive to diversity, growth and learning, we are determined to offer endless opportunities for our human capital.

UNDERSTANDING OUR BUSINESS MODEL

OUR CAPITALS (INPUTS)

OUR BUSINESS ACTIVITIES

Financial Capital
PKR 135.9 billion in Total Assets

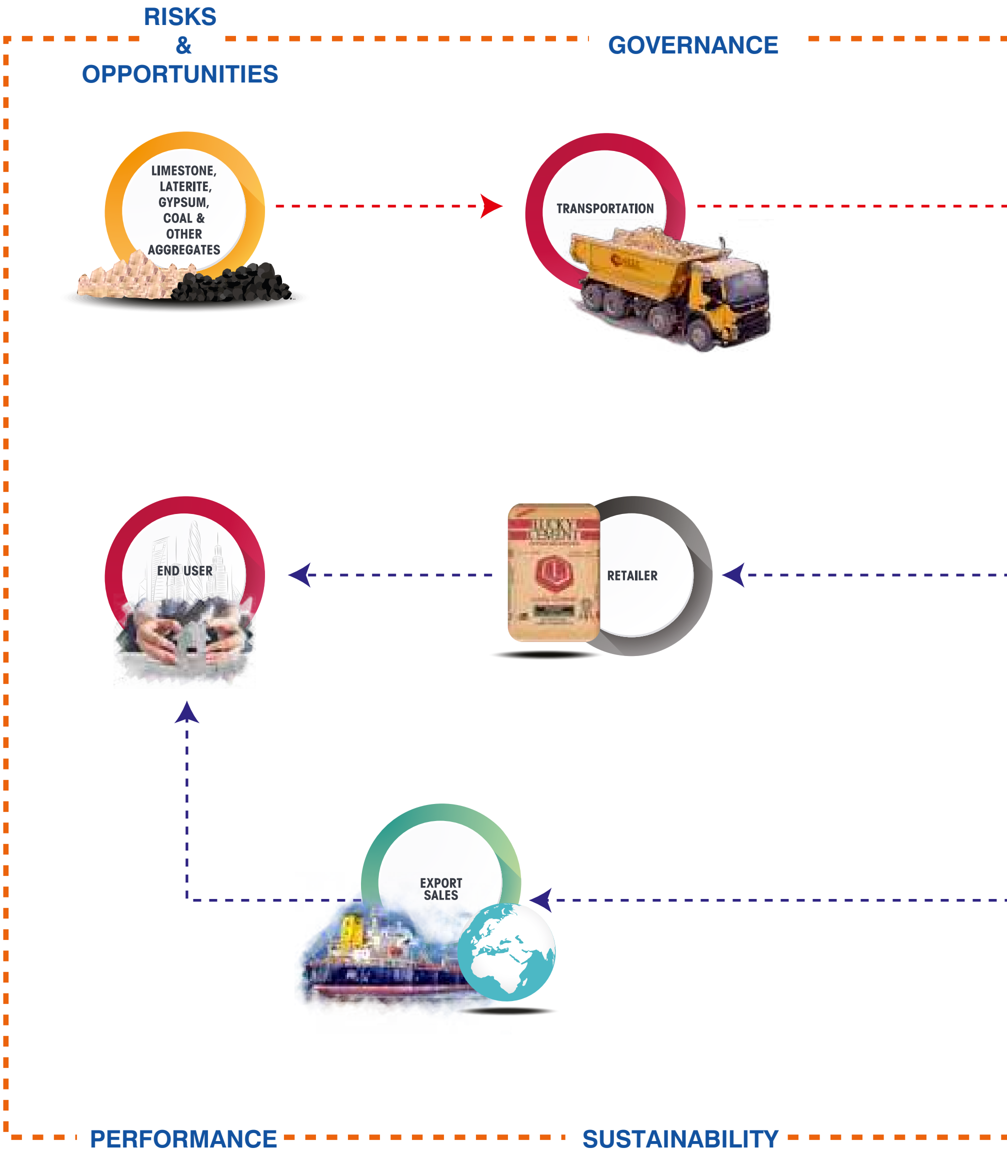
Social & Relationship Capital
200 dealers & distributors

Human Capital
2,529 employees

Intellectual Capital
SAP S/4 HANA

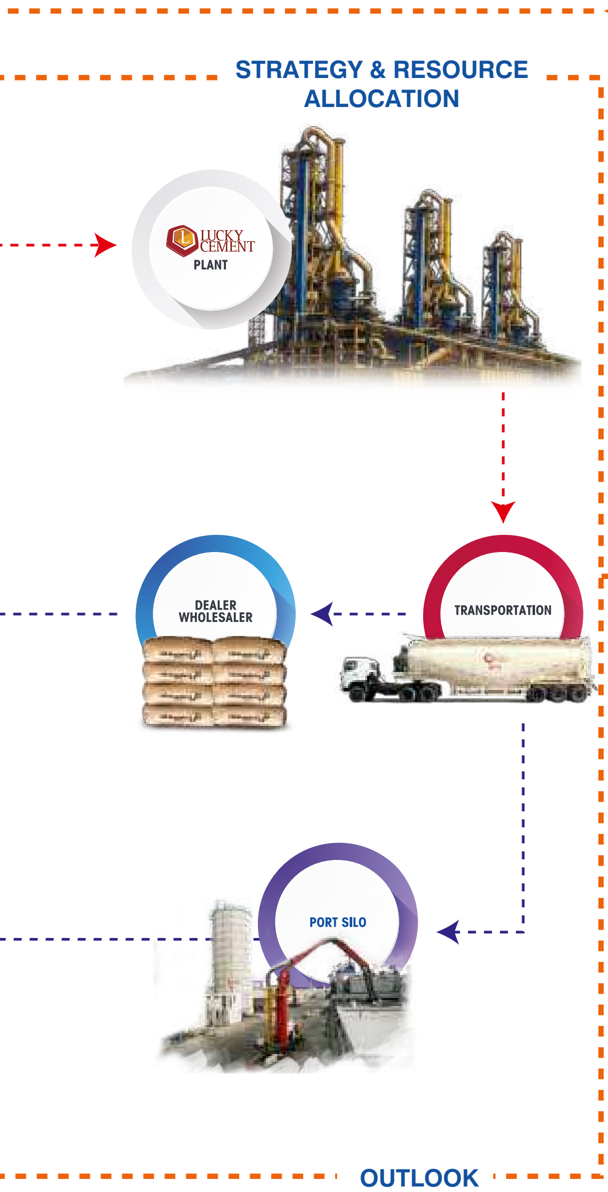
Manufactured Capital
- Production capacity of 12.15 MTPA
- Vertical Cement Mills.
- Export terminals at Karachi Port

Natural Capital
Water, energy and environment conservation initiatives



OUR CAPITALS VALUE GENERATED & ADDED TO SOCIETY

CONTRIBUTING TO THE UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS



Financial Capital
- Profit after tax of PKR 3.34 billion
- PKR 20 billion contributed to Government treasury

Social & Relationship Capital
- New dealerships
- Better relationship with clients
- Customer satisfaction

Human Capital
- Talent development
- Diversity promotion in workplace

Intellectual Capital
- Efficient structures & processes
- Work from home availability

Manufactured Capital
- Annual sales of 7.63 million tonnes
- Market share of 15.9 %

Natural Capital
- Better use of Natural Resources
- Active contribution towards UN SDG 2030

STRATEGIC OBJECTIVES

To support value creation for all of our stakeholders, Lucky Cement's business is focused on the delivery of the following six strategic priorities, which aim to increase upon sustainable growth and cost efficiency. Everyone at Lucky Cement has a role to play in delivering these strategic priorities.

S. No	Strategic Objectives	Strategies in place or intended to be implemented to achieve those strategic objectives	Plan
1	**Growing local market share** Our focus remains on designing business strategies for the local market that ensure holding and increasing our market share. We continue to reinforce our strength to expand our share in the local market.	The Company has increased its capacity at Pezu Plant in line with cement's demand projections. The additional line of 2.8 MTPA came online during the FY ended June 30, 2020. The Company has warehouses at various strategic locations and a huge logistics fleet to increase market reach by facilitating our downstream value chain .	Short Term
2	**Increasing share in the international market** We channel our resources and energies towards development of new markets and territories with the aim of being more accessible to the global construction industry and also to earn more foreign exchange for the country.	Achieved exports aggregating to USD 78.1 million by increasing business in existing and new international markets. The company has international production footprint. The Company's Joint venture production facility in Basra, Iraq has been doubled to 1.742 MTPA. The Company along with its Joint venture partner is pursuing Greenfield clinker production facility in Samawah, Iraq of 1.2 MTPA which is expected to come online by the end of CY 2020. The Company's Joint venture fully integrated cement manufacturing facility in Democratic Republic of Congo has a production capacity of 1.18 MTPA.	Long Term
3	**Efficiency** We strive to continuously improve efficiency and to bring down our energy consumption and costs by optimally utilizing all available resources.	Lucky Cement has installed state of the art Vertical Cement Mills at its Pezu and Karachi Plants thus increasing production efficiency Optimal utilization of all resources to efficiently meet the capacity requirements.	Short Term
4	**Diversification** We endeavor to enhance stakeholders' value by diversification and making investments in such projects which maximize the returns for all stakeholders.	ICI Pakistan Limited, which is subsidiary of Lucky Cement is on a growth path by increasing its product portfolio. Kia Lucky Motors Pakistan Limited, which is subsidiary of Lucky Cement has started commercial operations. Lucky Electric Power Company is setting up a 660 MW coal fired power project which is expected to come online in March 2021.	Long Term
5	**Sustainable Development** (In terms of environmental and social responsibility) We endeavor to give back to the communities that we operate in and also to the society at large by efficiently using natural resources. We aim to deliver high quality goods at competitive prices while progressively reducing ecological impacts.	The Company is continuously taking steps to reduce emissions by installing Dual Fuel Conversion projects. The effective execution of this venture has allowed Lucky Cement to decrease emissions of CO_2 by 29,000 metric tons per annum. Further, the Company has also adopted green technology for power generation by installing WHR. Company complies with all relevant National Environmental Quality Standards. Contributes generously towards the well-being of communities in and around the geography of its operations. As a responsible corporate citizen, Lucky Cement ensures that all social and environmental dimensions are considered while developing strategies, policies, practices and procedures.	Long Term

S. No	Strategic Objectives	Strategies in place or intended to be implemented to achieve those strategic objectives	Plan
6	**HR Excellence** Developing our people is important to us. Human capital is an asset and plays an important role in our success. Our Core Values, Code of Conduct and HR policies provide an outline which serves as a guiding force for the whole organization.	The Company has put in place processes to develop and groom professionals at various levels. The Company is an equal opportunity employer. Our systems are designed to ensure transparency and fairness at all levels by clearly defining KPIs for each position in alignment with Company's vision and core values. The Company conducts anonymous Climatic Survey to get employee feedback, which helps in continuous improvement. Employees are encouraged to expand their skillset through job rotation.	Long Term

Resource Allocation Plans to Implement the Strategy and Financial Capital Structure

We aspire to be leaders in sustainable performance. Our challenge is to continually improve the efficiency of our operations, putting customers at the core of our decisions through strategic management of costs and investments in order to boost the use of our resources, while efficiently managing the allocation and cost of capital.

To achieve our objectives, the management strategically strives to enhance stakeholders' value and carefully sets up strategies and plans. To achieve its strategic objectives, the Company deploys various resources at its disposal in a planned manner.

Capital Structure and Financial Position

The Company's ability of generating sufficient liquidity is its biggest strength. This provides the management with flexibility to fund business expansion, invest in cost saving initiatives and diversified businesses. Moreover, the Company also takes advantage of any available subsidized financing to fund its long and short-term requirements. During the year, the Company has obtained a long term financing facility introduced by the SBP to support employment and prevent layoff of workers/employees due to adverse impact of Covid-19. Moreover, the Company has also obtained Islamic Export Refinance Facility and Foreign Currency Import Finance Facility (under Islamic mode); both of which are on subsidized rates.

Cash Flow Strategy

Lucky Cement has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected and monitored on a regular basis. Working capital requirements are managed mainly through internal cash generation and subsidized financing, whenever available.

During the year under review, an amount of PKR 4.04 billion was generated from operations of the Company which was mainly allocated towards capital expenditure amounting to PKR 6.76 billion, long term investments of PKR 9.04 billion, distribution of dividend to shareholders for PKR 2.17 billion and payment of income tax amounting to PKR 0.60 billion.

The available surplus liquidity is being effectively channelized into planned investment projects to further enhance shareholder value.

Human Resource Development

Talented people are at the heart of our efficiency driven culture, therefore, we actively recognize their abilities and provide wholesome and continuous opportunities for learning and growth.

We have set clear goals and KPIs (key performance indicators) for our Teams which in turn generate a clear focus towards building a result-driven organization. Our talent management systems encourage honest and frequent feedback to provide our employees with a holistic assessment of their behaviors and its impact, thus ensuring that as teams, we harness the best out of our employees and proactively manage performance.

We are proud of the empowerment culture at Lucky Cement, which gives our team both the responsibility as well as accountability to be the best that they can be.

Liquidity Management

As stated above the Company has sufficient internally generated liquidity available to discharge its obligations.

The Company has prudent strategies in place to manage its liquidity.

Key Performance Indicators to Measure the Achievement against Strategic Objectives

We measure the progress towards achievement of Company's strategic objectives with these Key Performance Indicators. The management regularly analyzes these indicators to better gauge the Company's performance against predefined benchmarks.

Strategic Objective	Area of Impact	KPIs monitored	Future Relevance
Growing local market share	Financial Capital	• Sales Volume • Market share indexing	The KPIs will continue to remain relevant in the future
Increasing share in the international market	Financial Capital	• Development of new export markets • Sales volume in traditional export markets	
Efficiency	Manufactured Capital, Intellectual Capital	• Production efficiency and activity ratios	
Diversification	Financial Capital	• Investment portfolio • Return on equity	
Sustainable Development	Natural Capital	• Water and energy conservation • Continuous support for community development • Commitment towards UN SDGs 2030	
HR Excellence	Human Capital	• Climatic Surveys • Employee engagement • Retention ratios	

Significant Plans and Decisions such as Corporate Restructuring, Business Expansion and Discontinuation of Operations.

The Company does not intend to initiate any plans of corporate restructuring. The Company's plan for capacity expansion at Pezu Plant has been completed. An update on the progress of investment projects has been reported in the Directors' Report. The Company does not have any immediate plans for further expansion or discontinuation of any operations, other than the ones already mentioned in the Directors' Report.

Significant Changes in Objectives and Strategies

As part of our commitment to our stakeholders, we regularly monitor our strategies to further enhance the value creation process. There were no significant changes in objectives and / or strategies from prior years.

COMPETITIVE LANDSCAPE AND MARKET POSITIONING

The Company's competitive landscape and market positioning in terms of Porter's five-forces model is described below:

Lucky Cement, being the largest producer of Cement in Pakistan has further improved its position as a market leader during the year 2019-20. Over the years, Lucky Cement has grown in leaps and bounds. Within the country, we have developed a distribution network that allows our domestically produced cement to be made easily available in every part of the country. For quick delivery of cement and for best possible customer service, Lucky Cement has dedicated warehouses located near all key markets.

Our focus remains on designing business strategies for the local market that ensure holding and increasing our market share. We continue to reinforce our strength to expand our share in the local market. We channel our resources and energies towards development of new markets and territories with the aim of being more accessible to the global construction industry and to cater to the demands of our customers in local and international markets.

Power of Suppliers

The hallmark of our relationship with our suppliers consists of transparency, continuity and the building of shared value. At Lucky Cement, we believe in maintaining our Social and Relationship Capital to maintain the highest standards of quality. Our continuous growth is attributable to engaging reputed and dependable suppliers as our business partners. We have developed multiple sources for supply of key components and materials. During the year, the Company received uninterrupted supply of raw materials required for the production process. Our strong and healthy relationship with our suppliers and esteemed reputation in the Industry ensures that the power of supplier is managed successfully.

Power of Customers

With customer focus as one of our Core Values, to win our customers and stakeholders we take proactive approaches, navigate changing expectations and demonstrate business agility. We remain responsive to our customers' needs and come up with high-quality cement which meets their requirements. We put customers at the core of our decisions which helps to manage the power of customers.

Competition and Rivalry

Over the years, Lucky Cement has maintained its position as a market leader in the domestic Cement Industry. We believe in a healthy competition to keep us conscious for maintaining our market share and continuously improve and maintain the high quality standards of Cement and Clinker.

Our state-of-the-art production facilities, vertical cement mills, efficient use of natural capital, warehouses at different locations, export terminal at Karachi Port, smart logistics setup and dedicated team of professionals make us a world-class Company enabling us to stay ahead of the competition.

Threat of New Entrants

Being the largest producer of Cement in Pakistan, with production facilities in the North and South, marketing and distribution network across the length and breadth of the country, the threat of new entrants in cement industry of Pakistan is significantly low.

Highly capital intensive industry, scarcity of raw material, market saturation and limited access to delivery channels are barriers that prohibit the entry of a new Company in the Cement Industry.

Threat of Substitute Products

The risk of substitute products in the market is nil, because of the nature of product.

HR EXCELLENCE

Creating an inspiring workplace for our Human Capital

We have always been convinced that the great power of transformation rests with people. It is our Human Capital that makes us evolve, guaranteeing sustainable results and driving our capacity to create value for society and for the country.

Our challenge is to be increasingly attractive to all generations and to engage with and develop our talent. We believe effective Talent Management is an essential requirement for any organizational success and Human Resources development allows us to attract key talent from both local and international industries. Lucky Cement takes pride in attracting, developing and retaining talented individuals who bring out the best and dedicate themselves to upholding our business ideals and values.

Today, our industry leadership is due to the invaluable contributions by our human capital. We understand that it is an investment in one's employees that will ultimately result in a stronger & more productive workforce, which will keep us on our journey of growth, expansion and diversification.

Hiring & Retaining Talent

We aim to make our Company an irresistible place to work, where employees feel heard, valued, supported and motivated to realize their full potential. To attract and retain the capable and committed people which our business requires, we strive to provide a workplace where talented people have the opportunity for personal and professional growth. Our talent pipeline is a source of adaptive and disruptive leaders who are fully fit for the future; high achievers and curious learners are empowered to make decisions and take smart risks; and learning is deeply embedded while diversity is leveraged as a source of energy and innovation.

Talent acquisition, its development and retention continues to be our main priority. We are committed to developing and sustaining our talent pipeline by attracting and retaining the most competent people. We also aim to develop leadership pipeline to fulfill future leadership needs of the organization. This is a key success factor in Lucky Cement's outstanding results. Building on our approach to leadership development, the focus is on developing our managers to motivate team members to create a High-Performance Culture that leads to game-changing business results.

To ensure consistent flow in our leadership pipeline we offer the opportunity to enrich the job scope of our talent through providing job rotation opportunities, international assignments creating a High Performance Work Culture.

Different initiatives within the Organization including differentiated pay ensures that top performers are being recognized and rewarded. We have internal processes to identify high potential employees and the Company further grooms them by providing different trainings and projects that focus on developing their skillset. This helps the employees cement their existing skills while learning new ones during their growth within the organization.

Performance Management

The fundamental goal of performance management at Lucky Cement is to develop a habit of continuous improvement. Our performance management system is designed to align the performance of our human resources with the organizational goals, where the employees and their supervisors focus on individual and team goals. Through regular dialogue, review and candid feedback, our aim is to achieve better business results and reward our employees for their good work.

Performance Management cycle initiates with the annual objective setting exercise through which the organization's strategy is translated into SMART yet stretched department objectives and its application throughout the organization is ensured.

All management positions have clear and specified goals, which ensure that chances of bias and prejudice diminish. We believe in rewarding employees whose performance and behavior align with the Company's vision and core values.

Climatic Survey

At Lucky Cement, we gauge our working environment based on a holistic approach and as per the best practices in the industry, we keep a track of our Company's culture by conducting the Climatic Survey each year.

Organizational climate assessment (OCA) is an assessment of the general atmosphere within the organization. Specifically, it involves looking at the perception of the employees in relation to the organization and their workplace. A detailed assessment helps us to optimize the resources of the organization.

The Climatic Survey's aim is to get candid and honest employee feedback, which helps in continuous improvement. The results offer perspective to identify Company-wide strengths, weaknesses and opportunities.

Salary Survey

Salary surveys help us in aligning our remuneration packages with the industry and offering market competitive salaries while maintaining internal equity of the organization. At Lucky Cement, we have participated in multiple salary surveys which has helped us to understand market dynamics better.

Job Rotation

The key focus of job rotation is to provide opportunities to both the organization as well as the individual to achieve enhanced learning and exposure. It supports our efforts to strengthen the existing talent within the organization and also increases employee's interest level and motivation.

Our employees are able to expand their skillset by enhanced learning which in turn exposes them to new challenges within the organization and helps with their career development. HR encourages job rotation at all levels and facilitates employees through a systematic process which allows them to transfer to the department of their choice as and when a suitable vacancy arises.

Employee Engagement

At Lucky Cement, continuous effort and hard work are valued, complimented by strengthening our team relations through employee engagement. The objective is to bring together the entire Company working towards a common vision and help keep employees at all levels connected, engaged and motivated. These activities also promote team building and a healthy interdepartmental interaction.

During the year, we organized different activities such as Eid Milan gatherings, picnics for employees and their families etc. We have also done multiple informal coffee sessions of our mid-tier management with the senior management so as to promote homogeneity in culture and help understand and know the person behind the position.

Talent Development

With the assistance of LCL Competency and TNA framework we offer numerous soft-skill and technical trainings (internal & external) throughout the year to help our employees develop their true potential.

Through a comprehensive strategic approach, we conducted targeted workshops for specific departments to help them achieve their personal and professional goals via a combination of technical and soft skills trainings.

On the other hand, we also believe in giving our employees exposure to different aspects of latest happenings and concepts through Learning Cafes in which industry experts are invited to share their knowledge and experiences, along with TED talk video sessions in which the employees are exposed to advance personal development concepts and group discussion to help them apply those concepts in their daily lives.

We also have a weekly food for thought initiative in which researched management tips by Harvard Business Review are shared with the employees for introspection.

Succession Planning

At Lucky Cement, succession planning involves grooming, training and developing high potential employees to become future business leaders. Succession planning helps mitigate risk associated with turnover especially in the upper management cadre and cultivates existing talent by

matching promising employees with future organizational needs. We at Lucky Cement firmly believe in the growth of our employees and continuously focus on the development of our existing talent.

We have incorporated the 9-Box Performance & Potential Matrix approach and identified the best talent available within the Company. HR systematically identifies and develops the talent for strategic positions by providing them the opportunities and projects, which help sharpen their people management & functional skills and broaden their horizons. This strategy is increasing the availability of experienced and capable employees who are prepared to assume senior roles within the Company once the opportunity arises.

Health Safety Environment

Lucky Cement pays special attention to the health and safety of our staff. Key initiatives included detailed Fire Hazard Assessments and rectification of gaps, strict monitoring through safety compliance of Permit to Work Requirement, Regular Safety Talks by department based Safety Captains, regular and focused HSE awareness trainings (Health, Fire Safety, Use of Fire Extinguisher, Management Safety Audit), Placement of Automated Fire Balls, Designated Smoking Areas, Emergency Exits, etc.

Similarly, we believe that in order to achieve high productivity at work, good physical health is also an important requirement and what better way to gain positive energy than participating in competitive games. Keeping up with past tradition, we organized Sports Day where many employees participated in different games of their choices to stay active and healthy while building teamwork.

GOVERNANCE

The aim of our leadership is to ensure transparency and accountability in all of our practices. We strive to conquer every challenge in the industry under the mentorship of our management to sustain the position of a market leader.

CHAIRMAN

Muhammad Yunus Tabba

Mr. Muhammad Yunus Tabba started his over fifty years long career with YBG as one of its founding members and has seen it progress through manufacturing, sales, management, marketing management and general management. With his expertise and diversified experience, he has taken YBG to a level which is appreciated by both local and international business communities.

Muhammad Yunus Tabba has also been awarded “Businessman of the year” by the Chambers of Commerce several times during his awe-inspiring entrepreneurial career. In recognition of his outstanding services rendered in the field of entrepreneurship and public service, the President of Islamic Republic of Pakistan conferred upon Mr. Yunus Tabba “Sitara-e-Imtiaz”, one of the highest awards Government of Pakistan bestows upon a civilian.

CHIEF EXECUTIVE

Muhammad Ali Tabba

Mr. Muhammad Ali Tabba is the Chief Executive Officer of Lucky Cement Limited, succeeding his late father in 2005. He also serves as the Chief Executive Officer of Yunus Textile Mills Ltd (YTM), a state-of-the-art home textile mill with subsidiaries in North America and Europe. Simultaneously spearheading both these organizations, he also plays a pivotal role in providing strategic vision to ICI Pakistan Limited as its Vice Chairman.

He started his career with Yunus Brothers Group (YBG) – a family conglomerate in 1991. YBG is one of the premier business houses in Pakistan with diversified interests in Building Materials, Chemicals, Pharmaceuticals, Energy, Textiles, Automotive and Real Estate Development. Muhammad Ali Tabba was the past Chairman of Pakistan Business Council (PBC), a business advocacy forum comprising of leading private sector businesses. He is the Chairman of KIA Lucky Motors and Lucky Electric Power Company Limited.

He has also served in the past as the Chairman of All Pakistan Cement Manufacturing Association (APCMA), a regulatory body of cement manufacturers in Pakistan.

In recognition of his outstanding services and contributions in the social development sector of Pakistan, World Economic Forum (WEF) in 2010 bestowed the title of Young Global Leader (YGL) to Muhammad Ali Tabba. He is also the recipient of Karachi Chamber of Commerce and Industry “Businessman of the Year” Gold Medal Award for 2012-2013.

With extensive engagements in many Community Welfare Projects, Muhammad Ali Tabba serves on the Board of Governors at numerous renowned Universities, Institutions and Foundations. He is the Vice Chairman of a not-for-Profit organization, Aziz Tabba Foundation. The Foundation is working extensively in the field of Social Welfare, Education, Health and Housing. The Foundation runs two state-of-the-art Hospitals in Karachi; 170 bed Tabba Heart Institute (THI) which is a dedicated Cardiac Care Hospital and 100 bed Tabba Kidney Institute (TKI), a specialized institution providing comprehensive treatment for Nephro-Urological disorder.

In recognition of his outstanding services and contribution to the business as well as the social development sector of Pakistan, Government of Pakistan has awarded him with Sitara-E-Imtiaz in 2018.

DIRECTORS' PROFILE

Muhammad Sohail Tabba

Mr. Muhammad Sohail Tabba - Pakistan's business mogul and philanthropist, owes his prosperity to a conglomerate of businesses and export houses bearing the YBG brand name. His proficient leadership in diverse sectors – manufacturing, cement, energy, entertainment, real estate and philanthropy - spanning over almost three decades - has earned laurels and accolades for his group and country.

Mr. Muhammad Sohail Tabba - the CEO of Gadoon Textile Mills Limited, Lucky Knits Private Limited and Director of Yunus Textile Mills Limited, Lucky Textile Mills Limited - is spearheading Pakistan's leading company –YBG- in the arenas of textiles globally. Gadoon Textile Mills Limited, Lucky Knits Private Limited, Yunus Textile Mills Limited and Lucky Textile Mills Limited are Pakistan's leading vertically integrated manufacturing houses providing employment opportunities to over 15,000 people.

He was appointed as a Non-Executive Director on Board of ICI Pakistan Limited in 2012 and since 2014, with his laudable leadership, he acquired the position of Chairperson ICI Pakistan Limited. His escalation further accelerated; he became the Chairperson of NutriCo Morinaga (Private) Limited. In 2016, state-of-the-art Morinaga manufacturing facility was established in Pakistan as a joint venture to produce infant formula.

His vision enabled the manifestation of Lucky One Mall, which is the largest mall in South Asia. The magnificent edifice, in the heart of Karachi, provides shopping facilities and entertainment at Onederland, to children and people from all walks of life.

Besides being the CEO of Lucky Energy (Pvt.) Ltd, Yunus Energy Limited, Lucky One Private Limited; he is the Director of Lucky Cement Limited, Kia Lucky Motors, and several other companies. His social engagements include being the founding member of Italian Development Council and playing his instrumental role in contributing to the educational landscape of Pakistan by presently being on the Board of Governors at Textile Institute of Pakistan and serving on the board of Hamdard University in the past.

Driven to contribute to the community, Mr. Muhammad Sohail Tabba became Founding Trustee of Childlife Foundation Pakistan in 2012. His magnanimous contribution to the healthcare sector of Sindh is treating almost 2,000,000 patients annually through contemporary children's emergency rooms in 7 government hospitals. He is also the Director of Aziz Tabba Foundation that holds Tabba Heart and Kidney Institutes besides several other welfare projects.

Jawed Yunus Tabba

Mr. Jawed Tabba has a rich experience in the textile industry and is currently the Chief Executive Officer and Director of a renowned textile mill, Lucky Textile Mills Limited. His untiring efforts helped him acquire deep insight and expertise into export and manufacturing activities. He has been instrumental in managing the textile concerns of the Yunus Brothers Group (YBG) and has transformed Lucky Textile Mills into one of the premier Textile Companies in Pakistan. Lucky Textile Mills is among the top five home textile exporters from Pakistan and it has been a story of rapid expansion and diversification in the textile industry under his leadership and guidance. He is also the Vice Chairman of YBG.

He is on the Board & related sub-committees of Lucky Cement Limited, ICI Pakistan Limited, Gadoon Textile Mills Limited and Kia Lucky Motors Pakistan Limited. He is keenly involved in the formulation of vision, strategies & governance structures of these companies.

Mr. Jawed Yunus Tabba is also managing the Real Estate Project Luckyone, which is the Largest Mall in Pakistan. Lucky one is currently touted as a multi-faceted – first of its kind regional shopping mall which has revolutionized the shopping experience in Pakistan.

Socially Mr. Jawed Yunus Tabba is extensively engaged in community welfare projects which include the Aziz Tabba Foundation (ATF), which is working extensively in the field of social welfare, education, health and housing. He is also a Member of Young President Organization (YPO).

Mariam Tabba Khan

Ms. Mariam Tabba Khan became the Chief Executive Officer of not-for-profit Tabba Heart Institute (THI) on 2nd of June, 2005. It was not until her philanthropist father, Mr. Abdul Razzak Tabba's sudden death, that she took up the mission to establish and run the state-of-the-art Institute. During his lifetime however, she showed no interest in her father's business ventures despite having an MBA degree.

THI emphasizes upon quality and thrive for its continuous improvement. Apart from ISO 9001:2015 and ISO 14001:2015 certification, THI's laboratory services are recognized by RIQAS (UK) and College of American Pathologists (CAP). THI is the first and only hospital in Pakistan which is a part of National Cardiovascular Database Registry (NCDR) of American College of Cardiology (ACC) for quality Cardiac Care services. And last but not the least, the American College of Cardiology NCDR Chest Pain – MI Registry Silver Award, recognizes high standards of patient care at THI and honored Silver Performance achievement award to THI.

On teaching and training side, THI is recognized by College of Physicians & Surgeons Pakistan (CPSP) for post-graduate training in Cardiology, Cardiothoracic Surgery, Interventional Cardiology and Cardiothoracic Anesthesia. In addition, the institute also offers Diploma in Cardiac Nursing which is recognized by Pakistan Nursing Council (PNC). Another feather in THI's cap is that THI has initiated M. Phil in Preventive Cardiology and Cardiac Rehabilitation which is accredited by Karachi University. This is the first Program in Pakistan in this discipline which will not only support to develop skilled manpower but will also play a key role in initiating researches from THI for Prevention and Rehabilitation of heart disease. THI has achieved American Heart Association (AHA) Training Centre status. This recognition enabled THI to conduct AHA Basic Life Support (BLS) and Advanced Cardiac Life Support (ACLS) provider courses. THI takes great pride from this affiliation as it reflects the higher standards of education which THI adheres to as inculcated in its core values.

THI feels honored to serve both financially deserving and non-deserving patients with the same commitment, dedication and passion while maintaining high standards of professionalism. Realizing the need to address the growing demand of heart care solutions being provided by Tabba Heart Institute, Ms. Mariam launched the esteemed "Diagnostic & Consultation Centres in Karachi and Hyderabad". The Centre offers services of highly-experienced cardiac specialists along with a wide range of cardiac facilities. This flagship facility serves as a symbol of THI's determination in serving ailing hearts across the city.

THI has been equipped with a next generation Cath Lab which is Asia's first of its kind. This no doubt proves the commitment to continuous improvement for better quality of patient care. Another feather in her cap was inaugurating first of its kind, Emergency First Aid & Laboratory Collection Unit in June 2018 that features premium first aid & immediate emergency response along with laboratory services to cater to the masses at large. The Unit has been established within the premises of South Asia's biggest Lucky One Mall.

Ms. Mariam is a much admired, full time CEO of the hospital whose presence gives an energetic lift to the entire team.

Manzoor Ahmed

Mr. Manzoor Ahmed is Chief Operating Officer (COO) of National Investment Trust Limited (NIT). As COO, since 9 years, he has been successfully managing the operations and investment portfolio worth Rs.76 bn. approx. He has experience of over 30 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investments, research and liaising with the regulatory authorities. He is M.B.A. and also holds D.A.I.B.P. At present, he is a candidate for CFA Level III.

Mr. Ahmed has also attended various training courses organized by locally and internationally reputed institutions like London Business School (LBS) UK, Institute of Directors, London and Financial Markets World, New York (USA).

He represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from Pakistan Institute of Corporate Governance.

Masood Karim Shaikh

Masood Karim Shaikh is a Chartered Accountant (FCA) with over 30 years of senior level experience in financial sector in Pakistan. He retired in 2017 as SEVP and Group Chief, International Banking Group at National Bank of Pakistan. He was managing their International Operations in 18 countries in Far East, Central Asia, Middle East, Europe and America. In his previous assignment with National Bank of Pakistan he held key executive responsibilities as CFO and Group Chief Corporate and Investment Banking.

He has also worked with Dubai Islamic Bank-Pakistan as Country Head Corporate and Investment Banking. His other previous assignments were with Emirates Bank International, Mashreq Bank and MCB Bank in various positions as CFO, Head of Treasury and Head of Card Division.

He has served on Boards of following financial institutions and Corporations:

United National Bank plc.UK, (UBL UK) Siemens Pakistan, National Fullerton Asset Management Fund (Chairman ,NAFA) , Atlas Power, Taurus Securities and Maple Leaf Cement.

Presently, he is working as an Independent Financial and Management Consultant.

EXECUTIVE MANAGEMENT

Muhammad Shabbir
Director Operations (Pezu)

Zahir Shah
Chief Commercial Officer

Kalim Mobin
Director Marketing (North)

Mashkoor Ahmed
Director Operations (Karachi)

Murtaza Abbas
Chief Strategy Officer and Director Investments

Adnan Ahmed
Chief Operating Officer
International Businesses

Atif Kaludi
Director Finance and
Chief Financial Officer

Noman Hasan
Executive Director

Amin Ganny
Chief Operating Officer

SENIOR MANAGEMENT

Ahmed Waseem Khan
GM Internal Audit & Compliance

Adnan Naseem Qazi
GM Information Technology & Systems

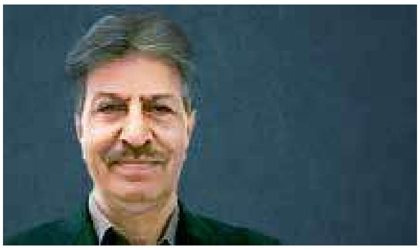
Waqas Abrar Khan
GM Human Resources & Administration

Ahtesham-ul-Haque
GM Supply Chain Commercial

Syed Hassan Mazhar Rizvi
GM Power Generation (Karachi Plant)

Tayyab Waheed
GM Logistics

Syed Nusrat Ali
GM Production (Karachi Plant)



Muhammad Iqbal
GM Power Generation (Pezu Plant)

Muhammad Humayun Khan
GM Govt. Relations & Administration

Muhammad Safdar Ashraf Malik
GM Marketing (North)

Mian Yaseer Sulaiman
GM Marketing (South)

Zulfiqar Ali Khan
GM Govt. Relations

Ali Shahab
Head of Legal

Faisal Mahmood
SDGM Finance & Company Secretary

REVIEW REPORT BY THE CHAIRMAN

On Board's overall Performance u/s 192 of the Companies Act 2017

Lucky Cement complies with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of Lucky Cement Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

For the purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended June 30, 2020 and I report that:

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

The overall assessment as satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives:

1. **Diversity and Mix:** The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in all key matters and decisions of the Board.

2. **Engagement in strategic planning:** Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. The Board has a strategic vision of how the organization should be evolving over the next three to five years. Further, the Board has spent sufficient time on strategy formulation and it has set annual goals and targets for the management in all major performance areas.

3. **Diligence:** The Board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.

4. **Monitoring of organization's business activities:** The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.

5. **Governance and Control Environment:** The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the company.

Muhammad Yunus Tabba

Chairman / Director

August 25, 2020

BOARD'S FUNCTION AND DECISION MAKING

The function of the Board as stewards on behalf of shareholders is governance of the Company. The Board performs its duties by giving guidelines to the management, setting performance targets and monitoring their achievements.

The primary role of the Board of Directors of the Company is to enhance shareholder value. The Board of Lucky Cement is concerned with Strategic matters and overseeing the business of the Company in light of emerging risks and opportunities, on a regular basis. The Board of Lucky Cement is also involved in establishing and reviewing the strategies, yearly targets and financial objectives of the Company.

Topic	2020 Activity	2021 Priority
Strategy	• Reviewed the Company's revenue growth management and route-to-market strategies • Throughout the year reviewed the investments in subsidiaries and joint ventures • Reviewed the macro-economic environment of the country from time to time and approved various changes to Company's strategies. • Formulated and implemented the Pandemic Recovery plan to combat the effects of the global crisis. • Provided guidance towards reporting on the UN Sustainability Development Goals 2030,	• Continue optimization of costs and investments, driving process efficiency while improving customer satisfaction • Continue playing an industry-leading role on sustainability • Continue to bring innovation in our processes • Continue to meet our sustainability targets as a support to the UN 2030 Agenda
Performance	• Reviewed business performance, including key business indicators for sales, cost optimization, profitability and sustainability • Held deep-dive reviews of the Company's markets, including its export markets • Held periodic reviews of Key Judgement areas and provided guidance to the management wherever required.	• Periodic performance reviews with a focus on the Company's key business indicators • Deep-dive reviews of each of the Company's subsidiaries, investments and joint ventures
Risk management and Internal Controls	• Risk discussions with the Board Audit Committee during the year • Ongoing oversight of regulatory and compliance risks • Periodic reviews of key risks facing the business. • Reviewed the contingency plans in the time of Covid-19 outbreak	• Continued review of the principal risks and mitigation programs reported in the Risk and opportunities section of this report
Operational	• Periodic reviews of the Company's operational performance • Detailed review and approval of CAPEX investments each quarter • Review of the Company's cost optimization plans	• Continued review of the Company's cost optimization and investment programs to ensure efficiency improvements and improved customer satisfaction • Monitoring of the effectiveness of the Company's production processes • Review of strategic investment projects
Culture and values	• Reviewed the results of the Company's annual employee engagement, values and climatic surveys • Discussed talent and capabilities plans	• Monitoring the engagement surveys and people plans • Continue shaping the culture, values and employee engagement of the Company through the Board's interaction with the management and employees
Succession planning and diversity	• Reviewed succession plans of the Company • Discussed Board's effectiveness and conducted Annual Performance Evaluation of Board and its Committees.	• Ongoing succession planning work for Board and senior management positions • Reviewing the Company's talent development plans

Decisions Delegated to the Management

Management is primarily concerned with setting in motion the strategies approved by the Board of Directors. It is the responsibility of management to operate the day-to-day business affairs of the Company in an effective and ethical manner in conformity with the strategies and goals approved by the Board and to identify and manage the principal risks and opportunities, which could affect the Company in the course of carrying out its business.

Specifically in the times of pandemic, the management with the oversight of the Board took specific measures to curb the outbreak of COVID-19.

Management is also involved in keeping the Board members updated with any changes in operating environment. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to produce financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal regulations.

Board's Annual Evaluation of Performance

As required by the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Lucky Cement reviews its own performance annually undertakes a formal process of self-evaluation of performance of the Board and its committees. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. The Board has recently completed its annual self-evaluation for the year ended June 30, 2020, regarding which a report by the Chairman on Board's overall Performance u/s 192 of the Companies Act 2017 is also attached with this Annual Report.

For the Purpose of Board evaluation, a comprehensive criteria has been developed. The performance of the Board of Lucky Cement is evaluated regularly along the following parameters, both at individual and team levels.

Evaluation Criteria for the Board

1. Board Composition: Effectiveness in bringing in a mix of gender, talents, skills and philosophical perspectives. Integrity, credibility, trustworthiness and active participation of members.

2. Leadership and Planning: The Board spends sufficient time on strategy formulation. Its ability to provide guidance and direction to the Company, review adequacy of resources and follow-up and review of annual targets set by the management.

3. Board Effectiveness: All Board members understand and fulfill their responsibilities and comply with all relevant laws. Significant issues are placed in front of the Board for consideration.

4. Board Accountability: The Board reviews potential risks, adequacy of internal controls and the risk management procedure.

5. Strategy and Performance: The Board devotes appropriate time to review the implementation of Company's strategic and financial plans.

6. Organization: The Board meetings are structured to make effective use of the member's time and skills. Board members receive appropriate supporting materials for timely decision-making.

7. Ethics and Compliance: The Board ensures that professional standards and corporate values are put in place that promote integrity for the Board, Senior Management and employees in the form of the Company's Code of Conduct. It is notified of material communications received from governmental or regulatory agencies related to areas of any non-compliance.

8. Risk Management: The Board has a sound process for identifying and regularly reviewing the Company's principal risks, and makes necessary adjustments in light of changes to the internal and external environment.

The overall performance of the Board measured on the basis of above mentioned parameters for the year was satisfactory.

Chairman's significant commitments and any changes thereto.

Mr. Muhammad Yunus Tabba is serving Lucky Cement Limited as the Chairman of the Board. With his over half a century long dedicated career and vast experience being the founder of YBG, he leads the Board with utmost dedication and commitment. He does not have any significant commitment other than being the Chairman of the Board of Lucky Cement.

Directors' Orientation

The Company has made sufficient arrangements to carry out orientation sessions for their directors to acquaint them with company's operations, applicable laws and regulations and their duties and responsibilities in order to enable them to effectively govern the affairs of the company on behalf of shareholders.

Non-executive directors are provided with exposure to operating management and major customers of the Company on a regular basis throughout the year. Moreover, non-executive directors may elect to contact any employee, customer, advisor or supplier of the Company.

Directors Training Program

Exceeding the minimum requirement by the Listed Companies (Code of Corporate Governance) Regulations 2019, all the directors of the Company have either acquired the prescribed certification under the Director training program offered by Pakistan Institute of Corporate Governance or are exempted based on their education and experience.

Policy for Remuneration to Non- Executive Directors

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of Non-Executive and Independent Directors from time to time. The Board of Directors has approved a 'Remuneration Policy for Directors and Members of Senior Management'; the salient features of which are:

- The Company will not pay any remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A Director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its Committees and/or General Meetings of the Company.

Foreign Directors

The Company does not have any foreign directors on the Board.

Board's Policy on Diversity

The Board of Directors of Lucky Cement continues to have a firm commitment to policies promoting diversity, equal opportunity and talent development at every level throughout the Company, including at Board and management level and is constantly seeking to attract and recruit highly qualified candidates for all positions in its business.

The Company believes that diversity at the Board level acts as a key driver of Board effectiveness, helps to ensure that the Group can achieve its overall business goals, especially in light of our geographical footprint, and is critical in promoting a diverse and inclusive culture across the whole Company. The Board of Directors firmly believes that the diverse mix of gender, knowledge, expertise and skill sets of the members enhances the effectiveness of the Board. In this regard, Lucky Cement's Board ensures that a diverse mix of directors are elected on the Board of the Company, which represent the interests of all stakeholders.

- The Board composition will meet the minimum requirement of the applicable laws.
- The Board will have adequate female representation
- The Board will have such directors who bring along with themselves diverse skill sets pertaining to financial matters, legal, marketing, human resources and supply chain.
- The Board of Directors will not discriminate on the basis of gender, religion or caste.

Details of any Board Meetings held Abroad

Since all the directors of the Company are based in Pakistan, no meeting of the Board of Directors of the Company was held abroad.

Related Parties

The Company has made detailed disclosures about related party transactions in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

All transactions or arrangements with all related parties were carried out in the ordinary course of business on an arm's length basis.

Moreover, in the last Annual General Meeting (AGM), the Company had obtained approval of related party transactions carried out during the year ended June 30, 2019 from the shareholders. Moreover, the Company had also obtained approval from shareholders authorizing the Board of Directors of the Company to approve transactions with related parties for the financial year ended June 30, 2020, which will then be placed before the shareholders for their ratification/approval in the next AGM.

The Company will place the related party transactions carried out during the year ended June 30, 2020 before the Annual General Meeting for obtaining shareholders' approval for the same. Details of party-wise disclosure of such transactions is also given in the statement u/s 134 annexed with the Notice of AGM.

Approved Policy for Related Party Transactions

The Board of Directors have approved a Policy for Related Party Transactions, which require that the company shall carry out transactions with its related parties on an arm's length basis in the normal course of business. The term 'arm's length' entails conducting business on the same terms and conditions as the business between two unrelated / un-concerned persons. The policy specifies that all transactions entered into with related parties shall require Board's approval on the recommendation of the Board's Audit Committee, which is presided by an independent director of the Company.

Transactions entered into with the related parties include, but are not limited to, sale of cement, dividends paid and received, investments made (in accordance with the approval of shareholders and board where applicable) and salaries and other benefits paid to the key management personnel. All transactions except for sale of cement arise either because of some contractual obligation (salaries to key management personnel) or under approval of shareholders (dividend). The Company undertakes sale of cement transactions on the same basis and terms as with other unrelated persons.

Shares Held by Sponsors / Directors/Executives

Shares held by Sponsors, Directors, and Executives are disclosed in the Pattern of Shareholding; annexed with this report.

Announcement of Financial Results

The Company has communicated its Quarterly / Half-Yearly and Annual Financial Results in a timely manner. Following is the timeline for authorization of financial statements by the Board of Directors:

Particulars	Date of Authorization	Timeline
First Quarterly Financial Statements	October 30, 2019	Within one month
Half-yearly Financial Statements	January 29,2020	Within one month
Third Quarterly Financial Statements	April 23, 2020	Within one month
Annual Financial Statements	August 25, 2020	Within two months

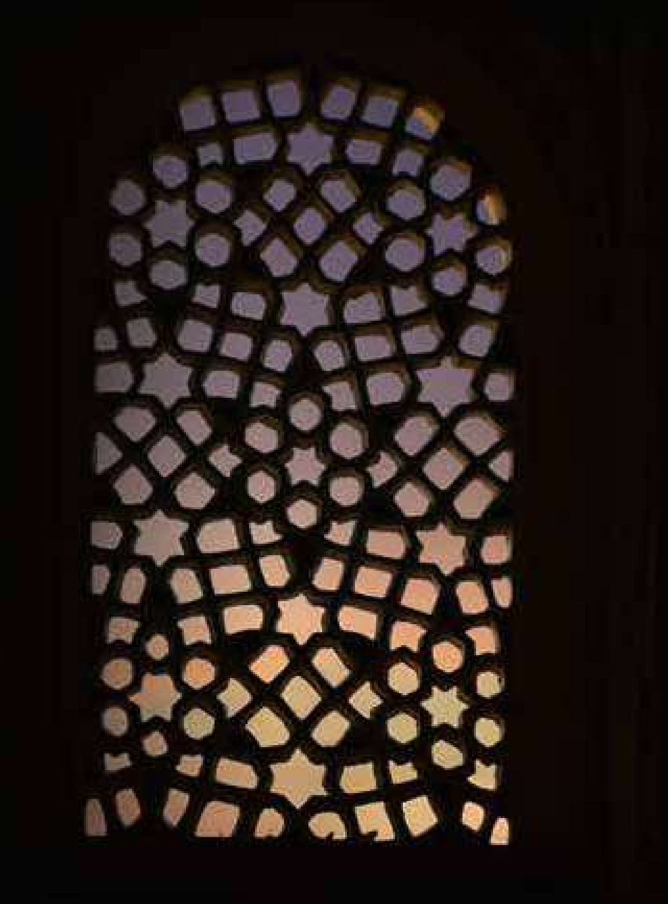
PROFILE OF THE SHARIAH ADVISOR OF THE COMPANY

Alhamd Shariah Advisory Services (Private) Limited (ASAS) is a Private Limited Company registered with the Securities and Exchange Commission of Pakistan (SECP) under the Shariah Advisors Regulations, 2017. Established solely with service objectives of promoting Halal, Shariah Compliant Financial System Globally, it operates under its Board of Directors comprising leading Shariah Scholars working for well recognized Darul-Ulooms (Islamic Seminaries). The founding Directors of ASAS bring in a unique blend of relevant qualifications and rich experience in the areas of Shariah Advisory and Audit of Islamic Banks, Mutual Funds, Islamic Insurance, Reinsurance, Asset Management & Manufacturing Companies.

ASAS is a solution provider in the provision of complete Shariah advisory and consultancy services to Financial institutions, Insurance/Takaful companies, Leasing companies, Modarba companies, Micro-finance institutions, Manufacturing and Trading companies, Mutual Funds and NGOs. It structures the products and securities with the objective of advising as to whether or not such services or activities are in conformity with the principles of Shariah and to recommend necessary changes to make them Shariah Compliant. It provides a unique combination of Shariah advisory services customized to meet different jurisdictions and regulations.

Mufti Ibrahim Essa, the Chief Executive Officer of ASAS, is a well-known recognized Shariah Scholar in the field of Islamic Banking and Takaful. He has completed his Darse Nizami (Masters in Quran and Sunnah) and Takhassus fil Ifta (Specialization in Islamic Jurisprudence) from Jamiah Darul Uloom Karachi. Currently he is working as teacher and Member of Darul Ifta Jamiah Darul Uloom Karachi.

Mufti Ibrahim Essa is associated as Chairman and member of various banks/financial institutions. He is also the Shariah Advisor of various banks and insurance companies; both locally and internationally. Mufti Ibrahim has also written more than three thousand Fatawa on different topics.



SHARIAH REVIEW REPORT
For the year ended June 30, 2020

بسم الله الرحمن الرحيم

نحمده ونصلی علی رسوله الکریم

We have conducted the Shariah review of Lucky Cement Limited (LCL) for the financial year ended on June 30, 2020 in accordance with the provisions of Shariah Governance Regulations, 2018 and in our opinion:

- the transactions, the documentations and the procedures adopted have been in accordance with principles of Shariah;
- the business affairs have been carried out in accordance with rules and principles of Shariah;
- the dividend income received during the year was purified where necessary, and was treated in accordance with the requirements of Shariah Governance Regulations, 2018;
- LCL has also conducted the trainings of its staff to strengthen the Shariah Compliance mechanism at LCL.

Further, to fulfil the requirements of Clause 13 of Shariah Governance Regulations, 2018, we have advised the management that LCL should also take Shariah Certificate from SECP for all the companies in which LCL has made equity investments.

Conclusion:

Based on the Review of Company's operations, transactions, related documentation, processes, policies, legal agreements and management's representation, in our opinion, the affairs of LCL have been carried out in accordance with the rules and principles of Shariah, and therefore, we are of the view that Lucky Cement Limited is a Shariah Compliant Company.

In the end; we pray to Allah Almighty to grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to Lucky Cement Limited.

والسلام علیکم ورحمۃ اللہ وبرکاتہ

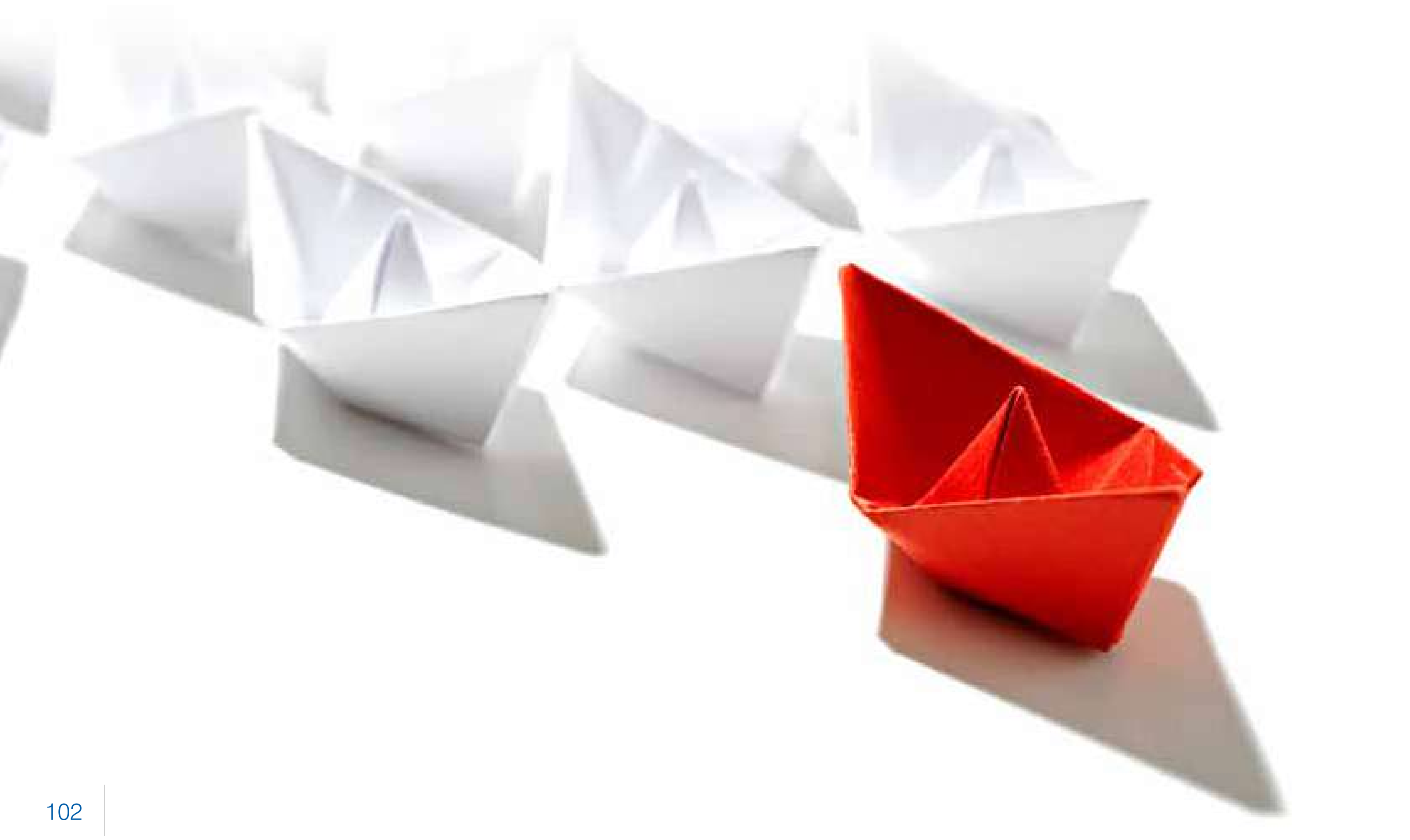
Mufti Muhammad Ibrahim Essa
For and on behalf of
Alhamd Shariah Advisory Services (Pvt.) Limited

Mufti Uzair Bilwani
For and on behalf of
Alhamd Shariah Advisory Services (Pvt.) Limited

ROLE OF CHAIRMAN

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Company. The Chairman is responsible for providing leadership to the Board and ensuring that the Board plays an effective role in fulfilling its responsibilities. The Chairman's role involves (but is not limited to) the following:

- To act as a liaison between Company's senior management and the Board.
- To ensure that the Board plays an effective role in setting up the company's corporate strategy and business direction.
- To promote and oversee the highest standards of corporate governance within the Board and the Company.
- To ensure integrity, credibility, trustworthiness and active participation of Board members in key matters of the Company.
- To ensure that the Board only directs the Company and does not manage it.
- To ensure that relevant, accurate and up to date Company information is received from the management and shared with the board members to enable them to monitor performance, make sound decisions and give appropriate advice to promote the success of the Company.
- To review the Board performance and to take the lead in identifying and meeting the development needs of individual directors and to address the development needs of the Board as a whole with a view to enhancing its overall effectiveness as a team.
- To manage and solve conflict (if any) amongst the Board members and to also ensure freedom of opinion in the Board.
- To promote highest moral, ethical and professional values and good governance throughout the Company.



ROLE OF CEO

The CEO is responsible for putting the strategy defined by the Board into practice. The CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term goals and plans. The main responsibilities of the CEO are as follows:

- To develop strategies involving the executive team, for the implementation of decisions established by the Board and its Committees.
- To maintain an effective communication with the Chairman and bring all important Company matters to the attention of the Board.
- Responsible for working in the best interest of the Company and directing its overall growth by achieving and surpassing the performance targets set by the Board.
- Oversee the implementation of the Company's financial and operational plans in accordance with its business strategy. Identify the potential avenues for diversification and investments and recommend plans/proposals to the Board for its approval.
- To ensure that all strategic and operational risks are effectively managed to an acceptable level and that adequate system of internal controls is in place for all major operational and financial areas.
- To develop Key Performance Indicators (KPIs) of the Company for the approval of Board and ensure dissemination of the same throughout the organization as the standards of performance at both individual and collective levels.
- To communicate on behalf of the Company with shareholders, employees, government authorities, other stakeholders and the public.
- To promote highest moral, ethical and professional values and good governance throughout the Company.

CORPORATE GOVERNANCE FRAMEWORK

The main goal of our corporate governance is to create an efficient set of incentive and monitoring mechanisms to ensure that management members are always aligned with our stakeholders' best interests in a sustainable way. In order to achieve this goal, we have set up decision-making bodies and institutionalized procedures to align management with our meritocratic, performance-focused and long-term value-creation culture.

The main philosophy of business, followed by the sponsors of Lucky Cement, for the last 27 years, has been to create value for all stakeholders through fair business practices. This translates into policies approved by the Board of Directors and implemented throughout the Company to enhance the economic and social value for all stakeholders of the Company.

Transparency, accountability and adherence to ethical practices lie at the core of Lucky Cement's business processes and are implemented through the Code of Conduct, Corporate Governance regulations, Code of Business Ethics, strong internal controls and Whistle Blowing Policy. Our aim is to ensure the highest standards of corporate governance, accountability and risk management.

Compliance with the Best Practices of Code of Corporate Governance

Living up to its standard, the Board of Directors has throughout the financial year 2019-20, complied with the requirements for Code of Corporate Governance, the listing regulations of the Pakistan Stock Exchange and the requirements for Financial Reporting framework of Securities & Exchange Commission of Pakistan (SECP).

Report of the Board's Audit Committee on adherence to the Code of Corporate Governance, statement of compliance by the Chief Executive Officer of the Company with the Code of Corporate Governance, besides review report by the Company's Auditors are included in this Report.

Governance Practices exceeding Legal Requirements

The Company complies with all the requirements of Code of Corporate Governance and other Regulations. LCL has always believed in going the extra mile and staying ahead of its game. In view of this strategy, we comply with all mandatory legal requirements and have also carried out the following practices in addition to the legal requirements:

a. Timely and detailed announcements to the PSX

The Company makes full disclosure of any material information and quarterly/half-yearly and annual results to the PSX with detailed overview within the stipulated time

b. Implementation of Health and Safety Environment:

The Company has implemented robust HSE strategies and policies at its Plants and Offices to ensure proper safety for its Human Capital. It has a dedicated HSE department which oversees and ensures implementation of such policies.

c. Voluntary Adoption of Integrated Reporting Framework and disclosure of additional information:

LCL always strives for excellence in Corporate Reporting, to meet the International Standards of Corporate Reporting; we have adopted the Integrated Reporting Framework to provide insight about the resources and relationships used and affected by our organization.

d. Directors Training program by all the Directors on the Board

Exceeding the minimum requirement by the Listed Companies (Code of Corporate Governance) Regulations 2019, all the directors on the Board have either completed the Directors' Training Program or are exempted because of their vast experience.

e. Offices of the Chairman and Chief Executive

Lucky Cement strongly believes that separation of the Chairman and Chief Executive is a key component to ensure board's independence and avoiding conflicts of interest. Exceeding the mandatory requirement, at Lucky Cement these offices are held by separate individuals with clear segregation of roles and responsibilities.

f. Timely circulation of Agenda and Minutes of the meetings

The management ensures timely circulation of agenda and minutes to the members of the Board of Directors and its committee to give them suitable time to review and provide their comments and suggestions and, for timely decision making.

g. Related Party Transactions

The related party transactions carried out by the Company during a quarter are placed before the Audit Committee in every quarterly meeting and upon their recommendation, the same is placed before the Board. In order to promote transparent business practices, the shareholders have authorized the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis, which shall be deemed to be approved by the Shareholders. These transactions are placed before the shareholders in the next AGM for their formal approval/ratification.

Statement of Management's Responsibility towards the Preparation and Presentation of the Financial Statements and Directors' Compliance Statement

Management is fully aware of its responsibility towards preparation and presentation of financial statements. The Directors of the Company confirm that:

- The financial statements have been prepared which fairly represent the state of affairs of the Company, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent business judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained.
- The system of internal control is sound in design and has been affectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no material departure from the best practices of Corporate Governance as per regulations

Business Ethics and Anti-Corruption

'Ethics and Integrity' is one of our core values; Lucky Cement adopts zero tolerance policy against corruption. We strongly believe in and practice highest standards of ethical behavior, both within the organization as well as in our external relationships. Ethical behavior in all aspects of business conduct is encouraged through conformance with a comprehensive ethics and compliance framework established by the Company. Principles of the framework together with the Code of Conduct have been disseminated to all employees and is available on the Company's website, in compliance with the Code of Corporate Governance. The Company also maintains and regularly updates an insider information register, in compliance with the applicable regulatory requirements. The Members of the Audit Committee meet at regular and defined statutory intervals during the year to review the adequacy and effectiveness of the internal controls, including those relating to the strengthening of the Company's risk management policies and systems.

Conflict of Interest of Board Members

In order to avoid any known or perceived conflict of interest, formal disclosure of vested interests is encouraged under the Code of Business Ethics and the Policy for Conflict of Interest relating to Board of Directors, approved by the Board. The Code and the Policy comprises of not only the principles provided under the regulatory requirements but encompasses global best practices as well.

The board members are responsible for appropriate self-disclosure in a transparent manner and in the case of doubtful situation, are advised to discuss it with the chair of the meeting for guidance. Board members' suggestions and comments during their proceedings are accordingly recorded for evaluation, in addition to description and quantification of any foreseen conflict of interest prior to finalization of the proceedings' agenda.

I.T. Governance Policy

Recognizing I.T. Governance as a critical part of overall Corporate Governance, the Company has aligned itself to efficient use of Information Technology resources in achieving its operational and strategic objectives while increasing shareholders' value. The Company has formed an I.T. Steering Committee that provides strategic leadership, establishes Company-wide I.T. priorities and oversees all I.T. policies. The Committee is governed by approved roles and responsibilities.

The Committee meets on a periodic basis and mainly focuses on:

- Strategic direction of the Company in terms of technology;
- Aligning the I.T. Strategy with Business Strategy;
- Ensuring adequate information security;
- Influencing development and design of technology services, policies and solutions; and
- Business Continuity Management including Disaster Recovery.

The Company's I.T. Governance Policy encompasses:

- Engaging stakeholders to establish priorities for technology investment that are aligned with Company's goals and objectives
- Promoting governance, transparency, accountability and dialogue about technology that facilitates effective strategy adoption
- Securing network and data
- Keeping the I.T. function proactive from an innovation perspective, providing ideas to the business
- Maximizing return on technology investment with controlled spending, while providing the company with a coherent and integrated I.T. architecture and management structure
- Ensuring compatibility, integration and avoidance of redundancy

Whistle Blowing Policy

In view of our commitment to create an atmosphere where people can freely communicate their concerns or raise an alert against possibility of occupational fraud, non-compliance with Company's policies, Code of Conduct and regulatory framework, an effective Whistle Blowing Mechanism has been implemented. This policy is designed to enable Directors, officers and all employees of the company to raise complaints at designated platform. An inappropriate event could be any behavior, action or incident that compromises the interests of shareholders, investors, employees, customers or any other stakeholder. This policy provides an opportunity to employees at all levels and across all functions to identify and voice any activity that deviates from company policies.

The company is committed to achieving and maintaining the highest standards of openness, integrity, ethical values and accountability. Hence it expects all of its employees to do the same. In the interest of the Company, it is the responsibility of every employee to ensure that any inappropriate event does not occur. All those who come in the ambit of Whistle Blowing Policy are encouraged to participate without fear of reprisal or repercussions, in confidentiality, under defined reporting channels. Such communications are investigated independently and reported at the highest level.

The Company's Whistle Blowing Policy is a comprehensive document which emphasizes on exercise of diligence and good faith on the part of whistle blowers. It covers the circumstances which may be reported and provides adequate safeguards for the protection and avoidance of victimization of the whistle blower.

The Policy establishes and empowers the Ethics Committee for the oversight of Whistle blowing policy and its compliance. It also provides an avenue to any employee to raise any matter directly to the Chairman of the Board Audit Committee.

During the year the Ethics Committee did not receive any complaint.

Policy for Safety of Records

Company's policy for safety of records extends beyond the regulatory requirements. The records include books of accounts, documentation pertaining to secretarial, legal, contractual, taxation and other matters.

The objective of the Policy for Safety of Records is:

- To safeguard Company's record by taking effective actions pertaining to the creation, confidentiality, maintenance and disposal of the documents.
- To develop a systematic management system of Company's record to assist in a smooth and synchronized Record Managing Process.
- To hold Company records for as long as legally required and to dispose of as per the record retention policy.

The policy for Safety of Records consists of the following points:

- To ensure back-up of all the relevant Legal, Administrative, Operational and other documents, intellectual property and records in case of any hazard.
- Ensure and maintain digital back-up of all the records, wherever deemed necessary.
- The creation, maintenance, confidentiality and disposal of any official document should adhere to SOPs mentioned in the departmental manuals.
- Real-time back up of data at on and off-site locations
- Lucky Cement has purpose built record rooms at its Head Office and at Karachi and Pezu Plants for maintenance of official documents and records.
- Maintenance of a fire-proof vault for the safekeeping of legal documents and conduct trainings to deal with fire hazards

- To ensure back-up of all the relevant Legal, Administrative, Operational and other documents, intellectual property and records in case of any hazard.
- Ensure and maintain digital back-up of all the records, wherever deemed necessary.

Investors Grievance Policy

At Lucky Cement, we value our relationships the most. We have earned the trust of our investors and are fully committed to sustain it. Thus to set guidelines for handling and addressing Investors' and Shareholders' grievances effectively and ensuring Investors'/Shareholders' satisfaction, an Investor Grievance Policy has been formulated. The objective of this Policy is to safeguard and protect the interest of all investors and shareholders, while ensuring that their grievances are resolved quickly and efficiently. The Company has internally established a mechanism for investor services and grievances handling and has hired the services of an independent Share Registrar in addition to having a dedicated section (corporate secretariat) to resolve all issues of investors.

The salient feature of our Investors' Grievance Policy are as follows:

- Complaints are initially lodged with the Share Registrar of the Company who takes necessary steps for resolution or intimation to the Company in case they fall outside their domain.
- A designated email address i.e. company.secretary@lucky-cement.com for general correspondences can also be used by investors to register complaints.
- The grievances can also be notified via Complaint Form available on the Company's website in line with the directives of SECP. Other options of registering complaints like phone or fax are also available.
- The Corporate Secretariat function at the Company checks the official email address on a daily basis for new complaints lodged by the investors/shareholders.
- The Company adheres to the practice of resolving all investors' complaints within ten (10) working days of the receipt thereof.
- A letter/ email in this regard is sent to the investor with intimation to the Shares Registrar/ SECP/ Stock Exchanges, where required, as the case may be, duly signed by the Company Secretary.

- The Corporate Secretariat function maintains complete record of all the complaints received through email, fax, post, Share Registrar, SECP, and / or Stock Exchanges and their relevant replies.

Social and Environmental Responsibility Policy

Lucky Cement has very high regard for its Social and Environmental Responsibility. The Company ensures that all social and environmental dimensions are considered when developing its strategies, policies, practices and procedures. We have consistently demonstrated our steadfast commitment by acting responsibly towards our connected community and environment. We believe that success of the Company is best reflected in development of the community.

Lucky Cement's Social and Environmental Responsibility Policy is aligned with all our corporate statements while confirming the company's steadfast commitment to sustainable development within the country.

The following items are the guiding principles for Lucky Cement's activities:

- To promote any/all development that has economic, social and environmental implications;
- To respect human rights and condemn any/all practices that result in any type of discrimination or violation of these rights;
- Energy conservation;
- To embrace and understand that ethics and transparency are the founding pillars that will solidify our relationship with all stakeholders;
- Occupational health & safety;
- Environmental protection measures;
- To promote fair business practices;

With the above principles in mind, Lucky Cement is wholly committed to deliver sustainable products that leave a positive impression on the society in which we operate and provide maximum benefits for all our stakeholders.

Business Continuity Plan and Disaster Recovery Plan

The Board of Directors ensures that the Company has an updated Business Continuity and Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extra ordinary circumstances.

The comprehensive plan is designed to ensure the protection of overall company's operations and assets along with regular archival and system-backups at remote sites.

The key highlights and actions of Lucky Cements' Business Continuity Plan is as follows:

- The Management has put in place-adequate systems of IT Security, real-time data backup, off-site storage of data back-up, establishment of disaster recovery facility (alternate Data Centre), identification of primary and secondary sites and identification of critical persons for disaster recovery.
- The development of the plan has been done keeping in view the on-going business needs and the environment it is operating in.
- Operationally, the Company has separated its production units geographically, as well as its individuals and groups with core skills, to reduce the exposure to localized risks and likelihood of losing all resources assigned to a specific role.
- A company-wide and detailed Process Documentation Activity has been done whereby all the processes are mapped and serve as an SOP / Work Instructions for all practices.
- The Management also ensures the training of all the employees on how to respond in case of any unforeseen or extra ordinary event.
- Employees are imparted multi-skill training which helps in the continuity of business activities.
- To ensure protection of employees and assets, fire alarm systems are installed in the premises of all the offices. Moreover, adequate systems are in place for extinguishing fire.
- The Company has also deployed adequate security staff at both plants to ensure uninterrupted cement production regardless of the political situation and other external factors.

- The Company ensures backup of all the assets whether physical or virtual; the physical assets are backed by insurance, whereas back-up of virtual assets and data is created on a routine basis.

- The Company's systems are subjected to regular audits by the in-house internal audit function and third party service providers.

- It is also regularly ensured that Data Recovery processes are operating effectively.

Stakeholder Engagement Policy and Procedures

Lucky Cement is fully committed to developing effective working relationships with all our stakeholders and makes efforts to resolve issues that occur while carrying out its business dealings. We believe that Company's value depends on the trust placed in us by our stakeholders and promote dialogue with them. Lucky Cement proactively advises all stakeholders of its business operations keeping in mind corporate policies and government regulations.

Throughout all its business dealings, Lucky Cement has provided stakeholders with opportunities to provide meaningful input into management decision-making. The policy, to a certain extent, allows stakeholders to understand how their views affect the company's decision-making process.

The Company endeavors to provide full and fair disclosure of all material information to its stakeholders besides providing a wide range of information about strategy and financial information through its Annual Report and website for all stakeholders.

The policy enables Lucky Cement to utilize a variety of methods to stimulate stakeholder engagement and to understand how to best deal with them. The strategies resulting from various engagements are tailored to suit business decisions, activities and processes.

With respect to engagement with its stakeholders, Lucky Cement is committed to:

- Being open and honest with all stakeholders;

- Providing accurate and timely information to all stake holders;

- Listening and responding to stakeholder views and concerns;

- Evaluating the effectiveness of stakeholder engagement activities and working continuously to improve engagement performance.

Frequency of engagements is based on the corporate and business requirements as laid down by the Code of Corporate Governance, contractual obligations or as and when required. Employee communication is undertaken through in-house newsletters, Climatic surveys, employee portals and electronic bulletin boards. Details on the mode of engagement in addition to their impact on Company's operations of the following stakeholders is included in this report:

- Institutional Investors / Shareholders
- Customers and Suppliers
- Banks and other lenders
- Media
- Regulators
- Analysts
- Employees
- Local community and general public

Understanding Shareholders' Views

Company shareholders comprise of a cross section of investors, which include, mutual funds, investment companies, brokerage houses, insurance companies, foreign shareholders, pension funds, high net worth individuals, housewives, professionals and individuals of varied requirements. The Company regularly interacts with all categories of shareholders, through regular Corporate / investor briefings in and outside Pakistan, press releases, quarterly reports etc. The Chief Executive Officer and the Chief Financial Officer remain available to respond to any shareholder / investor's query in person or on telephone. The Chief Executive Officer regularly updates the non-executive members of the views of the major shareholders about the Company.

Encouragement of Minority Shareholders to Attend the General Meetings

We value our shareholders who are the providers of Financial Capital. Each shareholder is important to the Company irrespective of the holding and voting power. We value our investors, their concerns and grievances (if any). At the Annual and Extraordinary General Meetings we ensure a two-way communication with the shareholders particularly the minority shareholders. We take the following steps to encourage our minority shareholders to attend the general meetings:

- Notice of the meeting is sent to all the shareholders at least 21 days before the meeting
- Notices are published in the English and Urdu newspapers having country-wide circulation
- DVDs of the Annual Report of the Company along with the printed proxy forms are circulated to every shareholder. The proxy forms enables them to nominate someone to attend the meeting on their behalf.
- Notices are posted on the Company's website and disseminated to PSX for better reach to the shareholders.

We encourage and appreciate two-way communication in the general meetings, in this way we listen to our shareholders views and concerns.

Human Resource Management Policy & Succession Planning

As we continue our journey of growth, the role and the development of human resources becomes all the more critical. The Company has a demonstrated track record of employing talented human resources across all its functions, which ensures availability of competent personnel for each department, in terms of an individual's potential, qualification, experience and professional attitude amongst other factors.

At Lucky Cement, we form and retain a motivated workforce fully equipped to steer the Company towards achieving its vision and mission through consistent focus on grooming by way of training and development in addition to providing them with market commensurate compensation packages. This is in line with Company's progressive and forward looking Succession Planning Policy, which transforms existing talent into a competent workforce capable of occupying future strategic positions.

The Policy is periodically updated in line with the Company's requirements and career growth objectives.

Sustainability and CSR Policy

Lucky Cement has formulated an efficient policy for sustainability and corporate social responsibilities which lays down the Company's commitment towards creating a more equitable and inclusive society by supporting processes which lead to sustainable transformation and social integration. Our primary focus of social responsibility is to craft business policies that are ethical, equitable, environmentally conscious, gender sensitive and also takes care of the differently-abled.

Protecting the Environment

Our primary objective is to minimize our carbon footprint and any negative impact we may have on the environment.

- Lucky Cement is committed to the following:
    - √ Meet or exceed the requirements of relevant legislative, regulatory and environmental standards.
    - √ To keep emissions of particulate matter, CO2, Sulphur dioxides, oxides of nitrogen, carbon monoxide etc. at minimum levels / below the respective limits specified in the National Environmental Quality Standards (NEQS).
    - √ To identify, reduce and dispose of waste arising from our operations in a manner that minimizes harm to the environment and prevents pollution of land, air and water.
    - √ To reduce the consumption of energy and water and use renewable and/or recyclable resources wherever practicable.
- Apart from regulatory obligations, Lucky Cement will proactively protect the environment by;
    - √ Waste Heat Recovery Projects
    - √ Organizing reforestation excursions
    - √ Using environmentally-friendly technologies
    - √ Compliance with ISO 9001, ISO 14001 and OHSAS 18000

Supporting the communities

Sustainability and community development shall form a part of the Core Values at Lucky Cement.

- As a responsible social entity, Lucky Cement shall provide support to national and local charities or entities to promote cultural and economic development of local communities.
- Lucky Cement shall ensure community development and uplifting of the standards of living of the masses through interventions in health, education, and environment
- Lucky Cement will support development of quality human resources in the Country by sponsoring scholarship programs at leading universities/schools. Moreover, it will support provision of facilities / resources to such places of learnings.
- Lucky Cement shall contribute to various health care institutions including Cardiac Hospitals, Kidney Centers for support and relief to needy and under privileged patients.
- Lucky Cement shall provide free medical facilities through Welfare dispensaries located at plant sites.
- Lucky Cement also encourages its employees to share their time and skills in a socially constructive manner for the development of the society.
- Amid the Corona Virus crises, the Company distributed ration bags in several villages including Qalandri, Chota Takwara, Bara Takwara, Kheru Khel, Wanda Ahmed Khan, Quresh Wanda Gulmir and Wanda Sharbat in the District Lakki Marwat from Khyber Pakhtunkhwa and Bakkar, Bushko, Jogi, Yamin, Abdul Hameed Goth, Raees Walidad and Khair Mohammad in Sindh.

Our People

Lucky Cement recognizes that its human resources are its most valuable asset and it is committed to provide careers and working environments in which its people can achieve their full potential.

- Lucky Cement is dedicated to protecting human rights through its "Code of Conduct" and provision of equal opportunity to potential employees and practices all fair labor practices.
- Lucky Cement shall ensure that its activities do not directly or indirectly violate human rights at any of Lucky Cement's site (e.g. forced labor, child labor). As a policy, Lucky Cement does not hire minors as work-force.
- Lucky Cement shall provide for employment to differently- abled persons, wherever business requirements allow.
- Lucky Cement shall make every reasonable and practicable effort to provide safe and healthy working conditions in all its plants, sites and offices.

Charity and Income Purification

Lucky Cement is a SECP certified Shariah Complaint Company and is required to comply with the latest Shariah Governance Regulations and the pronouncements of its Shariah Advisor, wherever applicable. Accordingly, Lucky Cement will contribute to charity in approved non-profit organizations as a consequence of income purification, if applicable.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of Lucky Cement Limited is appointed by the Board and has five (5) non-executive directors, out of which two (2) are independent directors. The Chairman of the Committee, Mr. Manzoor Ahmed, is an Independent Director. The committee as a whole possess significant economic, financial and business acumen. During the year, four meetings of the Audit Committee were held which the Chief Executive Officer and Chief Financial Officer also attended by invitation. The external auditors of the company also attended two of the meetings when issues related to accounts and audit were discussed.

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2020 and reports that:

1. The Company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company's Code of Conduct and Values and the international best practices of governance throughout the year.

2. The Company has issued a "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" which has also been reviewed and certified by the External Auditors of the Company.

3. The Company's Code of Conduct has been disseminated and placed on Company's website.

4. The Audit Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended for approval of the Board of Directors. It has also reviewed preliminary announcements of results prior to publication and the internal audit reports.

5. Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements. Applicable International Financial Reporting Standards were followed in the preparation of financial statements of the Company and consolidated financial statements on a going concern basis, for the financial year ended June 30, 2020, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company and its subsidiaries for the year under review.

6. Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the applicable laws and financial reporting is consistent with Management processes and adequate for shareholder needs.

7. These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Act. In case requirements differ, the provisions of or directives under the Act prevail.

8. The CEO and the CFO have endorsed the standalone as well as consolidated financial statements of the Company and the Board of Directors' Report. They acknowledge their responsibility for true and fair presentation of the Company's financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the company.

9. The Audit Committee has reviewed the related party transactions and recommended the same for approval of the Shareholders in the Annual General Meeting after ratification from the Board of Directors.

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

11. All direct or indirect trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction, which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding.

12. The statutory and regulatory obligations and requirements of best practices of governance have been met.

13. The Committee members carried out the Annual Evaluation of the Board Audit Committee in terms of board structure, Strategy, Decision Making, Internal Controls and Risk Management.

14. The Committee regularly reviews the mechanism for employees and management to report concerns to the Audit Committee and ensures that any allegations are scrutinized seriously.

15. The Shariah Advisors ensured that the systems, policies and practices at LCL are in line with the Shariah Governance Regulations, 2018 and Shariah Guidelines issued by SECP from time to time.

Annual Report 2020

16. The Company has issued a very comprehensive Integrated Annual Report, which gives fair, balanced and understandable information in excess of the regulatory requirements to offer an in depth understanding about the management style, the policies set in place by the Company, its performance during the year, and future prospects to various stakeholders of the Company.

17. The Audit Committee believes that the Integrated Annual Report 2020 includes both financial and non-financial performance, risks and opportunities and outcomes attributable to Company's activities and key stakeholders having significant influence on its value creation ability

Internal Audit Function

18. The Board Audit Committee has effectively implemented the internal control framework through an in-house Internal Audit function, which is independent of the External Audit function. The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.

19. The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.

20. The Internal Audit Department carried out independent audits in accordance with an internal audit plan which was approved by the Board Audit Committee. Further, the Board Audit Committee has reviewed material Internal Audit findings and management's response thereto, taking appropriate action or bringing the matters to the Board's attention where required.

21. The Head of Internal Audit has direct access to the Chairman of the Board Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.

22. Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

23. The external auditors of the Company, M/s A.F. Ferguson & Co, Chartered Accountants, have completed their audit assignment of the standalone and consolidated financial statements and the "Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019" of the Company for the year ended June 30, 2020 and shall retire on the conclusion of the 27th Annual General Meeting.

24. The external auditors of the Company, M/s A.F. Ferguson & Co, Chartered Accountants, have also completed the External Shariah Audit of the Company to ensure compliance with the Shariah Governance Regulations, 2018 for the year ended June 30, 2020.

25. The Board Audit Committee has reviewed and discussed Key Audit Matters and observations with the external auditors. The final Management Letter including such audit observations is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements as required by the Code of Corporate Governance and shall therefore, accordingly be discussed in the next Board Audit Committee meeting.

26. M/s. A.F. Ferguson & Co., Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. The firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP and have indicated their willingness to continue as auditors for the year ended June 30, 2021.

MANZOOR AHMED
CHAIRMAN AUDIT COMMITTEE

Karachi: August 24, 2020

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 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% 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:

PKR in millions except EPS

Particulars	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

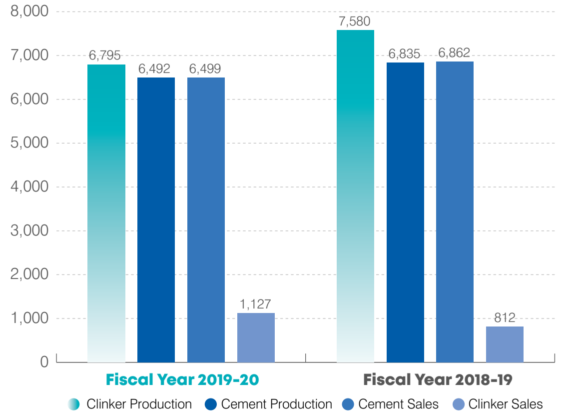
a. Production & Sales Volume Performance - Standalone

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:

Tons in '000



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	FY 2019-20	FY 2018-19	Growth/ (Decline) %	
	Tons in '000'			
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%**

Particulars	FY 2019-20	FY 2018-19	Growth/ (Decline) %	
Lucky Cement				
Local Sales				
- Cement	5,412	5,854	(442)	(7.6%)
- Clinker	51	-	51	100%
	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%)**

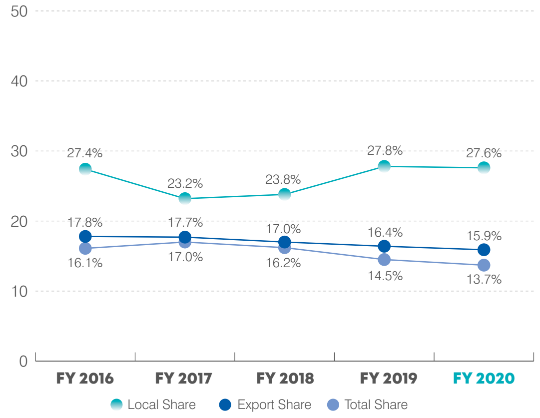
*industry data is based on APCMA website

Market Share	FY 2019-20	FY 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%)

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

Yearwise LCL Market Share

Percentage



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 2018-20	% 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

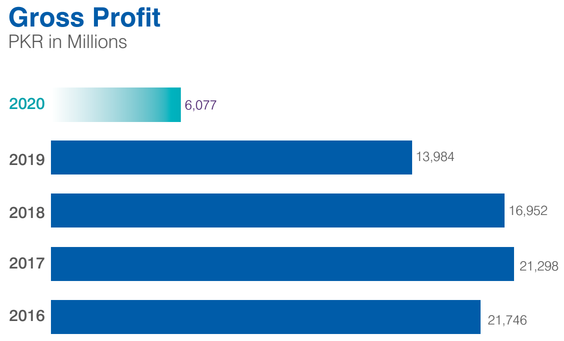
During the fiscal year 2019-20 under review, your Company's overall gross sales revenue declined by 7.8% as compared to the same period last year. Where, although the export sales revenue showed an increase of 21.2% (PKR 12.34 billion vs PKR 10.18 billion) but the local sales revenue decline of 12.9%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

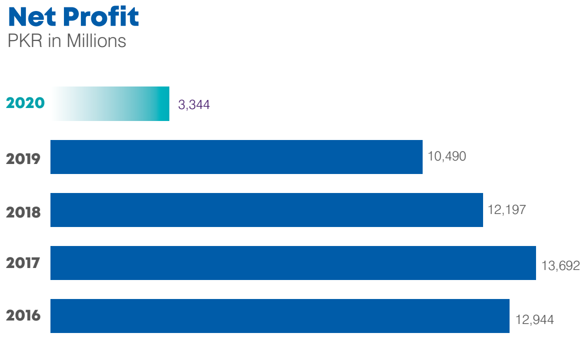
In view of the lower pricing and higher input costs, as mentioned above, Gross profit margins of the company for the fiscal year under review were 14.5% as compared to 29.1% reported during the same period last year.



Net Profit

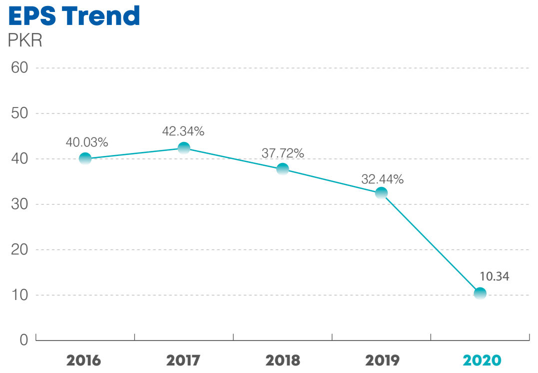
Similarly, your Company achieved a profit before tax of PKR 3,819.9 million during the fiscal year under review as compared to PKR 12,221.2 million reported during the same period last year.

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.

Contribution to National Exchequer

Your company contributed PKR 20 billion (2019: PKR 21 billion) into the Government Treasury on account of Income taxes, excise duty, sales tax, and other government levies. Moreover, valuable foreign exchange to the tune of USD 78.1 million was generated by your Company for the Country from the export of cement during the year under review.

National Cause Donations

Your Company has a strong sense of Corporate Social Responsibility and is fully committed to supporting in the areas of women empowerment, education, health, and creation of a sustainable environment through various welfare initiatives; which are undertaken both directly through the company's financial assistance programs and indirectly by patronizing country's civil society institutions and non-government organizations geared towards creating a social impact.

Statement of Charity Account - PKR in '000'	FY 2019-20	FY 2018-19
Health Initiative & Financial Assistance To Patients	106,000	221,903
Community Welfare	41,505	60,711
Education Initiatives & Financial Assistance To Schools, Universities & Scholarships	27,213	29,499
Sports & Olympics	-	1,000
General Donation	30	134
Total Amount Donated	174,748	313,247

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:

a) 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

b) equity contribution in KIA Lucky Motors – amounting to a total of PKR 12.87 billion made during FY 2018 and 2019; and

c) 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 27th 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.

Segmental Review of Business Performance

The acquisition of ICI Pakistan and investment in Lucky Electric and Kia Lucky is part of the Company's strategy to diversify its business, which is tabulated below:

Segment	Net Revenue Growth	GP Margin	OP Margin	Segment Assets (PKR Bn.)	Segment Liabilities (PKR Bn.)
Cement	-12.81%	14.51%	2.84%	80.90	28.13
Polyester	-15.84%	5.73%	2.36%	9.36	14.63
Soda Ash	-5.39%	28.04%	22.06%	24.92	3.10
Pharma	-6.72%	32.21%	9.03%	6.04	5.84
Animal Health	4.72%	23.08%	4.46%	4.17	1.96
Chemicals	-1.06%	24.45%	8.50%	8.94	1.90
NutriCo Moringa	100%	18.05%	-20.28%	7.81	4.72
Automobiles	2346.21%	7.72%	1.99%	28.66	12.61
Power Generation	0.00%	0.00%	0.00%	90.12	3.60
Others	127.04%	33.72%	7.58%	8.38	7.75

Entity's Significant Cash Flow Resources

Cash Flow Strategy

Your Company has an effective Cash Flow Management System in place whereby cash inflows and outflows are projected and monitored on a regular basis. Working capital requirements are managed mainly through a mix of internal cash generation and short term bank borrowing.

During the year under review, cash flows of the Company were mainly allocated towards capital expenditure amounting to PKR 6.76 billion, long term investments of about PKR 9.04 billion, distribution of dividend to shareholders for PKR 2.17 billion, and payment of income tax worth PKR 0.6 billion.

The Board of Directors is satisfied that due to the efficient and effective financial management system in place, there are no short or long term financial constraints in the foreseeable near future.

Capital Structure and Financial position

While your company mainly remained equity financed, it took advantage of subsidized short term financing schemes of SBP for exporters, so as to finance its working capital on an optimal basis. Your company's self-generated liquidity is its biggest strength. This provides your management with flexibility to capitalize on further cost-saving ventures and gives the company's stakeholders and vendors confidence in doing business. Our reserves increased by 5% during the year and now stand at PKR 96 Billion. The increase is mainly attributable to improved cost saving strategies and profits of the Company. There is no significant change in our capital structure and financing strategies.

Financing arrangements

In order to achieve exceptional export growth performance, your Company availed Islamic Export Re-finance facilities from various Islamic banks amounting to PKR 6.05 billion (2019: PKR 2.9 billion) at subsidized rates. These Islamic Export Refinance Facilities are mainly secured by way of hypothecation charge over Plant & Machinery, Stocks, Stores & Spares.

Credit Rating

During the year under review, VIS Credit Rating Company Limited assigned a medium to long term rating of AA+ (Double A Plus) and Short term rating of A-1+ (A-One Plus) to the Company.

The medium to long-term rating signifies high credit quality and strong protection factors and short term rating indicates high certainty of timely payments and adequate short-term liquidity. Your company's high credit rating indicates high creditworthiness evidencing its efficient cash flow strategy to settle financial commitments

Human Capital development

As we continue our journey of growth, the role and the development of human resources become all the more critical. We are committed to creating a working environment where employees feel valued, respected, empowered, and inspired. Talented people are at the heart of our efficiency-driven culture, therefore, we actively recognize their abilities and provide wholesome and continuous opportunities for learning and growth. We believe that meritocracy is the way forward to more transparent and fair management, recognizing performances that stand out in a differentiated manner.

Having a focus on the qualitative aspect of our business is critical for the long-term sustainability of the organization. However, equal importance is given to the quantitative aspect that drives our business today. We have set clear goals and KPIs (key performance indicators) for our teams, which in turn generates a clear focus towards building a result-driven organization. Our talent management systems encourage honest and frequent feedback to provide our employees with a holistic assessment of their behaviors and their impact, thus ensuring that as teams, we harness the best out of our employees and proactively manage performance. We are proud of the empowerment culture at Lucky Cement, which gives our team both the responsibility as well as accountability to be the best that they can be.

Management Objective and Strategies

Being the largest producer of cement in Pakistan, the key objective of the management is to sustain market leadership in the domestic Cement industry and increase value for all its stakeholders. All the corporate goals are targeted towards this purpose and the key performance indicators are defined to be measured in terms of your Company's improved performance in all spheres of its operations.

Your company today has a global footprint and the management is committed to achieving further milestones of sustainable use of natural capital, to create a green environment by developing a highly competent & professional team, investing in state-of-the-art technology, striving for customer satisfaction and loyalty, identifying supply chain synergies, and contributing towards the social development of the communities it operates in.

To achieve the given corporate goals; your company has taken organization-wide steps involving all the employees from top to bottom in formalizing SOPs (Standard Operating Procedures) and have set individual KPIs (Key Performance Indicators) aligned with these broader corporate goals, making every employee a self-assessor with defined yearly targets and transparent measuring criteria. After successful implementation of SAP S / 4 HANA, which was Pakistan's 1st implementation and one of the first 5 implementations in the world, the company has now started to reap benefits by increasing efficiency, simplifying processes, eliminating redundancies, reducing communication gaps and information processing time. Furthermore, we have also refined and improved our human resource policies and have also successfully launched a structured management trainee program in collaboration with the leading educational institutes of the Country.

Your company's financial performance and market leadership are a reflection of the achievement of its corporate goals through all-around strategic alignment.

Critical Performance Indicators

The management of your company has outlined the following key performance measures and indicators to support the stated objectives. These are shared companywide at every level as "Lucky Cement Limited's 9 corporate goals" and help us in setting our strategic direction.

- Ensure sustainable & profitable growth in both domestic and export markets
- Strive to remain lowest-cost producer in the Industry
- Improve corporate and brand image
- Rationalize, attract, retain and develop Human Resources Talent
- Strengthen Safety, Health & Environment culture
- Increase footprint beyond Pakistan and diversify
- Improve IT systems & strengthen infrastructure
- Structured Risk Management program
- Embed Corporate Social Responsibility into Company's operations

During the year the management rolled out the above objectives with the intent of implementation at all layers across the Company's operations in the form of KPIs for respective departments, functions, and their human resource. Review and follow up of these objectives was part of the periodic Management Committee and projects' related meetings held during the year.

Performance on Financial & Non-Financial Measures

Sustainable & Profitable Growth

MARKET SHARE	LOW COST PRODUCER	SALES VOLUME	EPS	COST REDUCTION INITIATIVES
Achieved market share of 15.9% in the financial year 2019-20.	The cost of production per ton remains one of the lowest in the industry.	Despite a challenging year, on a year on year basis, overall sales volume decreased by 0.6%.	EPS is PKR 10.34 which is 68.0% lower compared to last year due to lower sale prices and higher input costs.	Installation of Line I at Pezu resulting in improved efficiencies and lower coal & power consumption

Corporate & Brand Image

Awards	BRAND AWARENESS	CORPORATE COMMUNICATION	INTERNATIONAL CONFERENCES
• Received the Pakistan Stock Exchange (PSX) Top 25 companies award for the years 2017 & 2018 in recognition of the Company's stellar financial performance, corporate governance, and investor relations. • 35th MAP Corporate Excellence Awards in the Cement Sector. • Best Corporate Report Award with 2nd position in the Cement category at "Best Corporate & Sustainability Report Awards" 2018. • Environment Excellence Award at 16th Annual Environment Excellence Award (AEEA) 2019 • The Professionals Network: 9th Corporate Social Responsibility Award 2019 • 9th Fire & Safety Award organized by The National Forum of Environment and Health (NFEH).	• Sponsored NEDIAN International Alumni Network Association Event. • Sponsored the International Network for Traditional Building, Architecture and Urbanism (INTBAU) for its first international conference in Pakistan. • INTBAU's mission is the revival and promotion of traditional crafts along with the design and propagation of zero carbon-footprint structures for humanitarian assistance.	Continued reaching out to customers through electronic print medium and articles in various publications.	• Participation in Africa-Pakistan Trade Development Conference on 30-31st January 2020, in Nairobi, Kenya. • Participated in the world's leading cement industry event; INTERCEM held in Dubai.

Human Resource Development

Talent Management	Learning & Development	Performance Management	Succession planning
The competency framework is being used to help identify the best fit talent externally and assist in developing and retaining internal talent. It also ensures effective and targeted training interventions, which will help the organization in developing the existing talent for the next level. To ensure consistent flow in our leadership pipeline we offer the opportunity to enrich the job scope of our talent through providing job rotation opportunities, international assignments creating a High Performance Work Culture.	Based on Training Need Assessment (TNA), developed and executed training plan by organizing in-house and public programs for soft & hard skills by internal and external trainers covering different staff levels of all locations. Other initiatives included sharing Weekly Management Tips and Articles from Harvard Business Review (HBR), Case Study Sessions, TED Talk Video Learning Sessions & providing staff access to training material through intranet.	Performance Management cycle initiates with the annual objective setting exercise through which the organization's strategy is translated into SMART and yet stretched departmental objectives. Its application throughout the organization is ensured. All management positions have clear and specified goals, which ensure that chances of bias and prejudice diminish.	Utilize 9 box (Performance & Potential) matrix approach to identify the available talent internally. The tool helps in identifying and developing employees for important and strategic positions for future. This activity also helps in Hi-Potentials identification, retention and succession planning.

HSE (Health, Safety and Environment)

Zero Loss Work Day Injury	Compliance with NEQ Standards	WHR (Waste Heat Recovery) Plant
Successfully achieved loss work day injury target for the year (50% reduction as compared to last year)	Positioned almost 68% less than the permissible limit of NEQ standards due to use of advanced technology, timely maintenance and use of WHR plants.	Sustainable maintenance of carbon emissions and utilization of excess heat from the production lines and power generators to generate electricity.

Business Growth and Diversification

Coal Based Power Project	Greenfield clinker production facility in Samawah, Iraq
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 27th 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.	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 locked 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.

Risk Management

Strategic Risks	Operational Risks	Financial Risks	Compliance Risks
The strategic risks such as the critical availability of gas and alternate fuels for power generation are being continuously monitored. The Company's expansion plans and growth targets are revisited with the changing market situations. Changes in macro-economic indicators, inconsistent / arbitrary changes in Government Policies and a significant increase in coal and other fuel prices making the cost of production substantially higher are also closely monitored, considered and incorporated into the risk register. Appropriate mitigation strategies are formulated to reduce the risk impact to an acceptable level.	Business continuity and disaster recovery plans are in place to ensure that continuity in production and sales operations in case of major failures to ensure continuity, sustainability, and avoid any disruption to the business. Raw material sourcing, adequate segregation of duties, self- sufficiency in power generation at both the plants and efficient supply chain and logistic operations both in-house and outsourced have enabled us to mitigate operational risk to an acceptable level.	The Company's exports and import of coal and clinker both in USD provide a natural hedge against foreign currency fluctuations and safeguard the company from any significant financial risks. Strict financial discipline, cash flow management, and monitoring of foreign currency parity vs PKR to avail possible hedging options support in mitigating risks towards in-house and project-related investments.	Due to adequate and careful compliance with all the applicable laws and regulations and transparent financial reporting framework, the compliance risk posed to the Company remains low. The Board promotes risk management and compliance culture in the Company. Litigation risks involving significant cases against the Company are handled through reputable Law firms with specialized expertise wherever required.

Corporate Social Responsibility

Charity and Donations	Educational Scholarships	Medical Assistance and Poverty Alleviation	Causes we care about
Continued extending donations to both individuals and institutions offering welfare in an effort to support education, health and community development.	Continued its committed support to students at IBA, LUMS, IoBM, and various other institutions. Continued support for two leading Government girls' schools in Karachi	Continued to support initiatives of health and economic upgradation through patronization of Aziz Tabba Foundation.	Held tree plantation drives in and around the plant facilities as well as in the head office by distributing tree saplings to promote a green and clean environment. Continued monitoring the air quality and level of emissions at both plants effectively.

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 towards 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.

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.

Code of Corporate Governance

The Directors of your Company are aware of their responsibilities under the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule book of Pakistan Stock Exchange. Your Company has taken all necessary steps to ensure Good Corporate Governance and full compliance of the Code and we confirm the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Chief Executive and Chief Financial Officer duly endorsed the financial statements before approval of the Board.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- Statement of pattern of shareholding has been included as part of this Annual Report.
- Statement of shares held by associated undertakings and related persons have also been disclosed separately.

Composition of Board of Directors

The diverse mix of gender, knowledge, expertise and skill sets of the members enhances the effectiveness of our Board. Our Board composition represents the interests of all categories of shareholders and it consists of:

Total number of directors		
a)	Male	6
b)	Female	1
Composition		
I)	Independent Director	2
II)	Other Non-executive Directors	4
III)	Executive Director	1

Meetings of the board of directors

Board of Directors - 5 Meetings		
S.No.	Name of Directors	No. of Meetings Attended
1	Mr. Muhammed Yunus Tabba (Chairman) Non-Executive Director	5
2	Mr. Muhammad Ali Tabba Executive Director	5
3	Mr. Muhammad Sohail Tabba Non-Executive Director	5
4	Mr. Jawed Yunus Tabba Non-Executive Director	5
5	Mrs. Mariam Tabba Khan Non-Executive Director	4
6	Mr. Manzoor Ahmed Independent Director	5
7	Mr. Masood Karim Shaikh Independent Director	2
*	Mr. Mohammad Javed Iqbal Independent Director	3

The leave of absence was granted to the Directors who could not attend the meeting due to their preoccupation.

* Mr. Masood Karim Shaikh was appointed as an Independent Director on March 31, 2020 to fulfil the casual vacancy arising upon the resignation of Mr. Mohammad Javed Iqbal.

Training of The Board

The Company takes keen interest in the professional development of its Board members and has carried out necessary training of its Board members as per the requirements of the Code of Corporate Governance and ensures that all the Directors of the Board comply with the requirements of Directors Training Certification.

Evaluation Criteria For The Board

Apart from their mandatory job requirements, the performance of the Board of our Company is evaluated regularly along the following parameters, both at individual and team levels.

1. Effectiveness in bringing in a mix of gender, talents, skills and philosophical perspectives.
2. Integrity, credibility, trustworthiness and active participation of members.
3. Follow-up and review of annual targets set by the management.
4. Ability to provide guidance and direction to the Company.
5. Ability to identify aspects of the organization's performance requiring action.
6. Review of succession planning of management.
7. Ability to assess and understand the risk exposures of the Company.
8. Contribution and interest in regard to improving health safety and environment, employment and other policies and practices in the Company.
9. Safeguarding the Company against unnecessary litigation and reputational risk.

Performance Evaluation of The Board

The overall performance of the Board measured on the basis of above-mentioned parameters for the year was satisfactory. A separate report by the Chairman on Board's overall performance, as required under section 192 of the Companies Act, 2017 is attached with this Annual Report.

Directors' Remuneration

The Board of Directors has approved a 'Remuneration Policy for Directors and Members of Senior Management'; the salient features of which are:

- The Company will not pay any remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings.

- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A Director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its Committees and/or General Meetings of the Company.

The details of the Remuneration paid to the executive director (Chief Executive) of the Company is disclosed in Note 37 of the Standalone Financial Statements.

Board Committees and Their Meetings

Audit Committee - 4 Meetings		
S.No.	**Name of Directors**	**No. of Meetings Attended**
1	Mr. Manzoor Ahmed (Chairman) Independent Director	4
2	Mr. Masood Karim Shaikh Independent Director	1
3	Mr. Muhammad Sohail Tabba Non-Executive Director	4
4	Mr. Jawed Yunus Tabba Non-Executive Director	4
5	Mrs. Mariam Tabba Khan Non-Executive Director	3
*	Mr. Mohammad Javed Iqbal Independent Director	3

The leave of absence was granted to the Directors who could not attend the meeting due to their preoccupation.

* Mr. Masood Karim Shaikh was appointed as an Independent Director on March 31, 2020 to fulfil the casual vacancy arising upon the resignation of Mr. Mohammad Javed Iqbal.

Terms of Reference

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

a. determination of appropriate measures to safeguard the company's assets;

b. review of annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:

- major judgmental areas;
- significant adjustments resulting from the audit;
- going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and other statutory and regulatory requirements; and
- all related party transactions

c. review of preliminary announcements of results prior to external communication and publication;

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

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

f. ensuring coordination between internal and external auditors of the company;

g. review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;

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

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

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

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

l. determination of compliance with relevant statutory requirements;

m. monitoring compliance with the applicable Code of Corporate Governance Regulations and identification of significant violations thereof;

n. review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

o. recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;

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

Budget Committee

Budget Committee - 1 Meeting		
S.No.	Name of Directors	No. of Meetings Attended
1	Mr. Muhammad Sohail Tabba (Chairman) Non-Executive Director	1
2	Mr. Muhammad Ali Tabba Executive Director	1
3	Mr. Jawed Yunus Tabba Non-Executive Director	1
4	Mrs. Mariam Tabba Khan Non-Executive Director	1

Terms of Reference

The terms of reference of the Budget Committee includes the following:

a. To review and analyze the annual budgets for revenues, expenses and capital expenditures as prepared by the management and recommend the final budget to the Board for its approval.

b. To review and analyze any revision in the budget and suggest the same to the Board of Directors for its approval.

c. To recommend any matter of significance to the Board of Directors.

HR and Remuneration Committee

HR and Remuneration Committee - 1 Meeting		
S.No.	Name of Directors	No. Of Meetings Attended
1	Mr. Masood Karim Shaikh (Chairman) Independent Director	0
2	Mr. Muhammad Ali Tabba Executive Director	1
3	Mr. Muhammad Sohail Tabba Non-Executive Director	0
4	Mr. Jawed Yunus Tabba Non-Executive Director	1
5	Mrs. Mariam Tabba Khan Non-Executive Director	1
*	Mr. Mohammad Javed Iqbal Independent Director	1

The leave of absence was granted to the Directors who could not attend the meeting due to their preoccupation.

* Mr. Masood Karim Shaikh was appointed as an Independent Director on March 31, 2020 to fulfil the casual vacancy arising upon the resignation of Mr. Mohammad Javed Iqbal.

Terms of Reference

The terms of reference of the Human Resource and Remuneration (HR&R) Committee shall include the following:

a. Provide strategic guidelines for the overall governance of Human Resource processes within the Company. Review, oversee and evaluate the Compensation strategy implemented within the Company, approve the head count, review the annual performance appraisal, training and development and succession planning processes implemented across the company.

b. Approve any study/survey relevant to Human Resources to be undertaken in order to benchmark / obtain reliable data to assist the Board Human Resources Committee in discharging its duties.

c. To provide guidelines to the operational management of Human Resources with respect to hiring of resources, including permanent, third party, management trainees and interns.

d. Recommend to the board for consideration and approval of a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The members of senior management shall include the same personnel who are designated as Key Management Personnel by the Board and which include, the ED, CFO, COO, all the directors, Head of Internal Audit and the Company Secretary.

e. Undertake annually a formal process of evaluation of performance of the board as a whole and its committees. The process of performance evaluation shall be undertaken either directly or by engaging external independent consultant as advised by the Board HR Committee of the Board of Directors. Necessary disclosure shall be made in the directors' report if an independent consultant is engaged.

f. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

g. Recommend human resource management policies to the board;

h. Recommend to the board the selection, evaluation, development, compensation (including retirement benefits) of ED, CFO, COO, Company Secretary and Head of Internal Audit.

i. Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to the CEO.

j. Review the audit observations, if any, raised by the internal and external auditors of the company relating to the HR function and to approve the appropriate action to implement the audit findings.

CEO Performance Review

The Board of Directors of Lucky Cement regularly evaluates the performance of the CEO based on the financial and non-financial KPIs presented by him at the start of the year. The board has reviewed the performance of the CEO for the latest financial year and is satisfied with the achievements for the year. The Board has full confidence in his abilities to manage the company in the most professional and competent manner. He is also responsible for setting the corporate objectives and its alignment with the KPIs for his management team and regularly updates the Board about the performance of the management team in achieving the desired goals.

Vision, Mission and Overall Corporate Strategy Approval by the Board

The board of directors has carefully reviewed and approved the vision, mission, and overall corporate strategy of your Company and believes that it comprehensively states the ideology with which Lucky Cement was incorporated. We ensure that our vision and mission sets the direction for our overall corporate strategy and our future journey in everything we do at all levels. The entire organization is connected and driven by this purpose and it serves as the main decision-making criterion in our day to day business.

Adequacy of Internal Financial Controls

The Board of Directors has established an efficient system of internal financial controls, for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with applicable laws and regulations, and reliable financial reporting. The independent Internal Audit function of Lucky Cement regularly appraises and monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on a quarterly basis.

Statement of Unreserved Compliance of IFRS issued by IASB

The Board of Directors of your Company has reviewed the Financial Reporting process. The Financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 and the provisions of and directives issued under the Act.

Qualification of CFO and Head of Internal Audit

The Chief Financial Officer and Head of Internal Audit possess the requisite qualification and experience as prescribed in the Code of Corporate Governance.

Pattern of Shareholding

Pattern of shareholding of the Company in accordance with the Section 227 (2)(f) of the Companies Act, 2017 as at June 30, 2020 is annexed to this report.

Auditors

The financial statements of the company for the current year 2019-20 were audited by M/s A.F. Ferguson & Co. Chartered Accountants. The auditors will retire at the end of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board has recommended the appointment of M/s A.F. Ferguson & Co. Chartered Accountants as auditors for the ensuing year, as recommended by the Audit Committee, subject to the approval of the members in the forthcoming Annual General Meeting.

Subsequent Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

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.

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: August 25, 2020

STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019
Lucky Cement Limited
For the year ended June 30, 2020

The company has complied with the requirements of the regulations in the following manner:

1. The total number of directors are 7 as per the following:

Male:	6 (Six)
Female:	1 (One)

2.The composition of Board is as follows:

Independent Directors:

Manzoor Ahmed

Masood Karim Shaikh

Other Non-Executive Directors:

Muhammad Yunus Tabba

Muhammad Sohail Tabba

Jawed Yunus Tabba

Executive Director:

Muhammad Ali Tabba

Female Director:

Mariam Tabba Khan

3. The directors have confirmed that none of them is serving as a director on the Board of more than seven listed companies, including this company;

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. All seven (7) members of Board of Directors comply with the requirements of Directors' Training as required under clause 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019

10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CEO and CFO duly endorsed the financial statements before approval of the Board.

12. The Board has formed following Committees, comprising of members given below:

Audit Committee

Manzoor Ahmed – Chairman

Muhammad Sohail Tabba

Jawed Yunus Tabba

Mariam Tabba Khan

Masood Karim Shaikh

HR and Remuneration Committee

Masood Karim Shaikh – Chairman

Muhammad Ali Tabba

Muhammad Sohail Tabba

Jawed Yunus Tabba

Mariam Tabba Khan

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the Committee for compliance.

14. The frequency of meetings of the Committee were as per following:

    (a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2020

    (b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2020

15. The Board has set up an effective internal audit function which comprises of professionals who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

MUHAMMAD YUNUS TABBA

Chairman/Director

FINANCIAL HIGHLIGHTS SIX YEARS AT A GLANCE

Financial Position (PKR in million)	2015	2016	2017	2018	2019	2020
Assets Employed						
Property, plant and equipment	35,019	33,887	37,488	40,913	57,276	60,155
Intangible Assets	42	127	80	55	18	11
Long term investments	10,925	12,422	13,314	24,981	34,314	47,144
Long term advance	79	76	85	91	99	87
Long term deposit & deferred cost	3	3	3	3	3	3
Current assets	27,018	39,395	46,368	42,956	33,379	28,468
Total Assets	**73,086**	**85,909**	**97,337**	**108,999**	**125,089**	**135,868**
Financed By						
Shareholders' Equity	59,259	69,323	79,785	86,367	94,318	99,184
Long-term liabilities						
Long term finance	-	-	-	-	-	380
Current portion of long term finance	-	-	-	-	-	127
	-	-	-	-	-	507
Long term deposits and deferred liabilities	6,396	6,969	7,209	7,395	7,193	7,349
Current liabilities	7,431	9,618	10,344	15,237	23,578	28,955
Current portion of long term finance	-	-	-	-	-	(127)
	7,431	9,618	10,344	15,237	23,578	28,829
Total Funds Invested	**73,086**	**85,909**	**97,337**	**108,999**	**125,089**	**135,868**
Turnover & Profit						
Turnover - Net	44,761	45,135	45,687	47,542	48,021	41,871
Gross Profit	20,183	21,746	21,298	16,952	13,984	6,077
Operating Profit	16,138	18,620	18,573	13,870	10,052	1,188
Profit before taxation	15,912	18,400	18,778	15,119	12,221	3,820
Profit after taxation	12,432	12,944	13,692	12,197	10,490	3,344
Total comprehensive income	12,377	12,974	13,696	12,079	10,539	3,508
Cash Dividends	2,910	2,910	3,234	5,497	2,587	2,102
General Reserve	8,433	9,467	9,741	8,199	9,492	8,437
Profit carried forward	12,377	12,974	13,696	12,079	10,539	3,508
Earning per share (Rupees)	38.44	40.03	42.34	37.72	32.44	10.34
Cash Flow Summary						
Net Cash from Operating Activities	19,003	16,603	16,864	17,080	17,084	4,954
Net Cash used in Investing Activities	(8,130)	(3,353)	(6,688)	(17,906)	(29,189)	(10,224)
Net Cash Outflow from Financing Activities	(3,019)	(2,889)	(3,243)	(5,477)	(2,573)	(1,667)
(Decrease) /Increase in Cash and Bank Balance	7,854	10,361	6,933	(6,303)	(14,678)	(6,937)
Cash and Bank Balance at beginning of the Year	8,591	16,445	26,806	33,738	27,435	15,657
Cash and Bank Balance at end of the Year (including short term borrowing)	16,445	26,806	33,738	27,435	15,657	7,817

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

PKR in '000	2015	2016	2017	2018	2019	2020
Share Capital & Reserves	59,258,770	69,322,838	79,784,981	86,366,822	94,318,417	99,183,861
Non Current Liabilities	6,396,392	6,968,744	7,208,757	7,395,033	7,192,747	7,729,261
Current Liabilities	7,430,703	9,617,734	10,343,627	15,237,262	23,578,050	28,955,352
Total Equity & Liabilities	**73,085,865**	**85,909,316**	**97,337,365**	**108,999,117**	**125,089,214**	**135,868,474**
Non Current Assets	46,067,916	46,514,689	50,969,440	66,043,440	91,710,415	107,400,641
Current Assets	27,017,949	39,394,627	46,367,925	42,955,677	33,378,799	28,467,833
Total Assets	**73,085,865**	**85,909,316**	**97,337,365**	**108,999,117**	**125,089,214**	**135,868,474**

Vertical Analysis - %	2015	2016	2017	2018	2019	2020
Share Capital & Reserves	81.08	80.69	81.97	79.24	75.40	73.00
Non Current Liabilities	8.75	8.11	7.41	6.78	5.75	5.69
Current Liabilities	10.17	11.20	10.62	13.98	18.85	21.31
Total Equity & Liabilities	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Non Current Assets	63.03	54.14	52.36	60.59	73.32	79.05
Current Assets	36.97	45.86	47.64	39.41	26.68	20.95
Total Assets	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Horizontal Analysis (i) Cumulative %	2015	2016	2017	2018	2019	2020
Share Capital & Reserves	100.00	16.98	34.64	45.75	59.16	67.37
Non Current Liabilities	100.00	8.95	12.70	15.61	12.45	20.84
Current Liabilities	100.00	29.43	39.20	105.06	217.31	289.67
Total Equity & Liabilities	**100.00**	**17.55**	**33.18**	**49.14**	**71.15**	**85.90**
Non Current Assets	100.00	0.97	10.64	43.36	99.08	133.14
Current Assets	100.00	45.81	71.62	58.99	23.54	5.37
Total Assets	**100.00**	**17.55**	**33.18**	**49.14**	**71.15**	**85.90**

Horizontal Analysis (ii) Year on Year %	2015	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019
Share Capital & Reserves	100.00	16.98	15.09	8.25	9.21	5.16
Non Current Liabilities	100.00	8.95	3.44	2.58	(2.74)	7.46
Current Liabilities	100.00	29.43	7.55	47.31	54.74	22.81
Total Equity & Liabilities	**100.00**	**17.55**	**13.30**	**11.98**	**14.76**	**8.62**
Non Current Assets	100.00	0.97	9.58	29.57	38.86	17.11
Current Assets	100.00	45.81	17.70	(7.36)	(22.29)	(14.71)
Total Assets	**100.00**	**17.55**	**13.30**	**11.98**	**14.76**	**8.62**

ANALYSIS OF PROFIT AND LOSS ACCOUNTS

PKR in '000	2015	2016	2017	2018	2019	2020
Turnover	44,761,307	45,135,037	45,687,043	47,541,724	48,021,399	41,870,796
Cost of Sales	24,578,219	23,389,268	24,388,760	30,589,363	34,037,568	35,794,031
Gross Profit	**20,183,088**	**21,745,769**	**21,298,283**	**16,952,361**	**13,983,831**	**6,076,765**
Distribution Cost	3,127,018	2,018,376	1,703,785	1,992,454	2,728,809	3,699,154
Administrative Cost	943,385	1,107,527	1,021,694	1,089,446	1,202,939	1,189,638
Operating Profit	**16,112,685**	**18,619,866**	**18,572,804**	**13,870,461**	**10,052,083**	**1,187,973**
Finance Cost	-	-	-	-	24,933	176,378
(Other Income)/Charges	200,891	219,644	(205,449)	(1,248,194)	(2,194,065)	(2,808,333)
Profit before taxation	**15,911,794**	**18,400,222**	**18,778,253**	**15,118,655**	**12,221,215**	**3,819,928**
Taxation	3,480,196	5,456,037	5,086,004	2,921,565	1,730,986	475,995
Profit after taxation	**12,431,598**	**12,944,185**	**13,692,249**	**12,197,090**	**10,490,229**	**3,343,933**
Other Comprehensive Income	(54,636)	30,258	3,644	(117,874)	48,366	164,550
Total Comprehensive Income	**12,376,962**	**12,974,443**	**13,695,893**	**12,079,216**	**10,538,595**	**3,508,483**

Vertical Analysis - %	2015	2016	2017	2018	2019	2020
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	54.91	51.82	53.38	64.34	70.88	85.49
Gross Profit	**45.09**	**48.18**	**46.62**	**35.66**	**29.12**	**14.51**
Distribution Cost	6.99	4.47	3.73	4.19	5.68	8.83
Administrative Cost	2.11	2.45	2.24	2.29	2.51	2.84
Operating Profit	**36.00**	**41.25**	**40.65**	**29.18**	**20.93**	**2.84**
Finance Cost	-	-	-	-	0.05	0.42
(Other Income)/Charges	0.45	0.49	(0.45)	(2.63)	(4.57)	(6.71)
Profit before taxation	**35.55**	**40.77**	**41.10**	**31.80**	**25.45**	**9.12**
Taxation	7.78	12.09	11.13	6.15	3.60	1.14
Profit after taxation	**27.77**	**28.68**	**29.97**	**25.66**	**21.84**	**7.99**
Other Comprehensive Income	(0.12)	0.07	0.01	(0.25)	0.10	0.39
Total Comprehensive Income	**27.65**	**28.75**	**29.98**	**25.41**	**21.95**	**8.38**

Horizontal Analysis (i) Cumulative - %	2015	2016	2017	2018	2019	2020
Turnover	100.00	0.83	2.07	6.21	7.28	(6.46)
Cost of Sales	100.00	(4.84)	(0.77)	24.46	38.49	45.63
Gross Profit	**100.00**	**7.74**	**5.53**	**(16.01)**	**(30.72)**	**(69.89)**
Distribution Cost	100.00	(35.45)	(45.51)	(36.28)	(12.73)	18.30
Administrative Cost	100.00	17.40	8.30	15.48	27.51	26.10
Operating Profit	**100.00**	**15.56**	**15.27**	**(13.92)**	**(37.61)**	**(92.63)**
Finance Cost	100.00	-	-	-	-	100.00
Other Income/Charges	100.00	9.33	(202.27)	(721.33)	(1,192.17)	(1,497.94)
Profit before taxation	**100.00**	**15.64**	**18.01**	**(4.98)**	**(23.19)**	**(75.99)**
Taxation	100.00	56.77	46.14	(16.05)	(50.26)	(86.32)
Profit after taxation	**100.00**	**4.12**	**10.14**	**(1.89)**	**(15.62)**	**(73.10)**
Other Comprehensive Income	100.00	(155.38)	(106.67)	115.74	(188.52)	(401.17)
Total Comprehensive Income	**100.00**	**4.83**	**10.66**	**(2.41)**	**(14.85)**	**(71.65)**

Horizontal Analysis (ii) Year vs Year - %	2015	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019
Turnover	100.00	0.83	1.22	4.06	1.01	(12.81)
Cost of Sales	100.00	(4.84)	4.27	25.42	11.27	5.16
Gross Profit	**100.00**	**7.74**	**(2.06)**	**(20.41)**	**(17.51)**	**(56.54)**
Distribution Cost	100.00	(35.45)	(15.59)	16.94	36.96	35.56
Administrative Cost	100.00	17.40	(7.75)	6.63	10.42	(1.11)
Operating Profit	**100.00**	**15.56**	**(0.25)**	**(25.32)**	**(27.53)**	**(88.18)**
Finance Cost	100.00	-	-	-	-	607.41
Other Income/Charges	100.00	9.33	(193.54)	507.54	75.78	28.00
Profit before taxation	**100.00**	**15.64**	**2.05**	**(19.49)**	**(19.16)**	**(68.74)**
Taxation	100.00	56.77	(6.78)	(42.56)	(40.75)	(72.50)
Profit after taxation	**100.00**	**4.12**	**5.78**	**(10.92)**	**(13.99)**	**(68.12)**
Other Comprehensive Income	100.00	(155.38)	(87.96)	(3,334.74)	(141.03)	240.22
Total Comprehensive Income	**100.00**	**4.83**	**5.56**	**(11.80)**	**(12.75)**	**(66.71)**

NOTES ON ANALYSIS

Comments on six year Statement of Comprehensive Income analysis

Turnover

Revenues decline from PKR 44.8 billion in 2015 to PKR 41.9 billion in 2020 with a decrease of 6.5%. Both local & export sales were adversely effected due to Covid 19 locally and internationally. Further increase in capacity coming online locally, has put a downward pressure on margins.

Cost of Sales

Cost increased from PKR 24.6 billion in 2015 to PKR 35.8 in 2020 billion with an increase of 45.6%. This is mainly due to increase in gas prices, higher transportation cost on input material, increased packing material prices and adverse rupee exchange parity.

Gross Profit

GP decreased from PKR 20.2 billion in 2015 to PKR 6.1 billion in 2020 with a decrease of 69.9%. This is mainly attributed to change in sales mix from cement to clinker that resulted in lower net retentions. Moreover, higher prices of bought-in materials and other costs also contributed in the decrease of gross profit.

Finance Cost

Currently there is minimal finance cost as Company's capital structure is significantly based on equity finance.

Comprehensive Income

Comprehensive Income decreased from PKR 12.4 billion in 2015 to 3.5 billion in 2020 with a decrease of 71.6%.

Comments on six year Statement of Financial Position analysis

Share Capital & Reserves

The share capital remained the same however, reserves increased due to increase in undistributed profits for financing new projects & investments.

Non Current Liabilities

There is an increase of 20.8% in NCL from 2015 to 2020 mainly because of long term deposits and loan.

Non Current Assets

There is an increase of 133.1% in NCA from 2015 to 2020 mainly due to capital expenditure on Capacity expansion & enhancement, alternative energy, WHR, Ventometic Packing Plant, Vertical Grinding Mill, Vertical Cement Mills and equity investments in Kia Lucky Motors, Lucky Electric Power and other offshore projects in Iraq & Congo.

Comments on six year Statement of Cash Flows analysis

Lucky has a persuasive cash flow system. The company has minimum borrowing as of 30th June 2020 and all the Company's projects and investments are primarily financed by internally generated cash flows.

FINANCIAL PERFORMANCE

Financial Ratios	UoM	2015	2016	2017	2018	2019	2020
Profitability Ratios							
Gross profit to sales	percent	45.09%	48.18%	46.62%	35.66%	29.12%	14.51%
Operating Cost to sales	percent	64.00%	58.75%	59.35%	70.82%	79.07%	97.16%
Profit before tax to sales	percent	35.55%	40.77%	41.10%	31.80%	25.45%	9.12%
Net profit after tax to sales	percent	27.77%	28.68%	29.97%	25.66%	21.84%	7.99%
EBITDA to sales	percent	41.17%	46.95%	46.41%	35.52%	27.80%	12.03%
Operating Leverage	percent	280.73%	1,841.56%	(20.67%)	(623.68%)	(2,728.45%)	688.49%
Return on Equity after tax	percent	20.89%	18.72%	17.17%	13.99%	11.17%	3.54%
Return on Capital Employed	percent	22.70%	20.18%	18.37%	14.54%	11.67%	3.62%
Liquidity Ratios							
Current ratio	times	3.64 : 1	4.10 : 1	4.48 : 1	2.82 : 1	1.42 : 1	0.98 : 1
Quick/Acid test ratio	times	2.75 : 1	3.31 : 1	3.67 : 1	2.12 : 1	0.95 : 1	0.65 : 1
Cash to Current Liabilities	times	2.21 : 1	2.79 : 1	3.26 : 1	1.80 : 1	0.66 : 1	0.27 : 1
Cash flow from Operations to Sales	times	0.42 : 1	0.37 : 1	0.37 : 1	0.36 : 1	0.36 : 1	0.12 : 1
Activity / Turnover Ratios							
Inventory turnover	times	3.44	3.30	3.05	3.22	3.15	3.48
No. of days in Inventory	days	106.10	110.61	119.67	113.35	115.87	104.89
Debtor turnover	times	21.73	21.37	24.27	23.73	21.42	15.28
No. of days in Receivables	days	16.80	17.08	15.04	15.38	17.04	23.89
Creditor turnover	times	4.69	3.13	2.74	2.73	2.11	1.86
No. of days in Payables	days	77.83	116.61	133.21	133.70	172.99	196.24
Operating Cycle	days	45.07	11.08	1.50	(4.97)	(40.08)	(67.46)
Total assets turnover	times	0.61	0.53	0.47	0.44	0.38	0.31
Fixed assets turnover	times	1.28	1.33	1.22	1.16	0.84	0.70
Investment Valuation Ratios							
Earnings per share (after tax)	rupees	38.44	40.03	42.34	37.72	32.44	10.34
Price / Earning ratio (after tax)	times	13.52	16.20	19.75	13.47	11.73	44.64
Dividend Yield	percent	1.73%	1.54%	1.43%	2.56%	1.71%	0.00%
Dividend Payout ratio	percent	23.41%	24.98%	28.34%	34.47%	20.04%	0.00%
Cash Dividend per share	rupees	9.00	10.00	12.00	13.00	6.50	-
Break up value per share	rupees	183.25	214.37	246.73	267.08	291.67	306.71
Market Value Per Share as on 30th June	rupees	519.62	648.51	836.26	507.93	380.47	461.58
Year High Close	Rupees	540.69	663.19	994.65	723.19	583.66	566.47
Year Low Close	Rupees	330.09	448.88	644.71	445.80	344.27	310.30
Price to Book Ratio	percent	2.84	3.03	3.39	1.90	1.30	1.50
Capital Structure Ratios							
Financial leverage ratio	times	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.03 : 1	0.09 : 1
Weighted Average Cost of Debt	percent	0.00%	0.00%	0.00%	0.00%	1.72%	3.11%
Debt to Equity ratio	times	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.01 : 1
Interest Coverage ratio	times	-	-	-	-	403.16	6.74

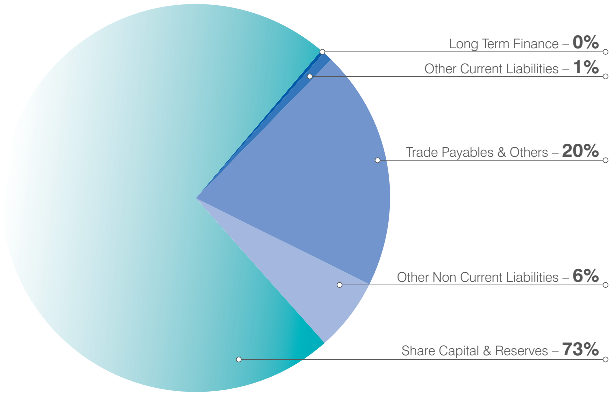
ANALYSES OF VARIATION IN INTERIM PERIOD

Particulars	Qtr-1	Qtr-2	Qtr-3	Qtr-4	FY 2019-20
Sales Volume (in '000 Tons)	**1,635**	**2,042**	**2,126**	**1,822**	**7,625**
Sales Revenue	9,629	11,582	11,237	9,423	41,871
Cost of Good Sold	8,137	9,850	9,935	7,872	35,794
Gross Profit	**1,492**	**1,732**	**1,302**	**1,551**	**6,077**
Gross Profit Margin	15%	15%	12%	16%	15%
Operating Profit	**216**	**516**	**(60)**	**516**	**1,188**
Operating Profit Margin	2%	4%	-1%	5%	3%
EBITDA	**1,084**	**1,387**	**986**	**1,582**	**5,039**
EBITDA Margin	11%	12%	9%	17%	12%
Net Profit Before Tax	**1,022**	**1,177**	**1,079**	**542**	**3,820**
Taxation	66	197	80	133	476
Net Profit After Tax	**956**	**980**	**999**	**409**	**3,344**
Net Profit After Tax Margin	10%	8%	9%	4%	8%
EPS in PKR	2.96	3.03	3.09	1.26	10.34

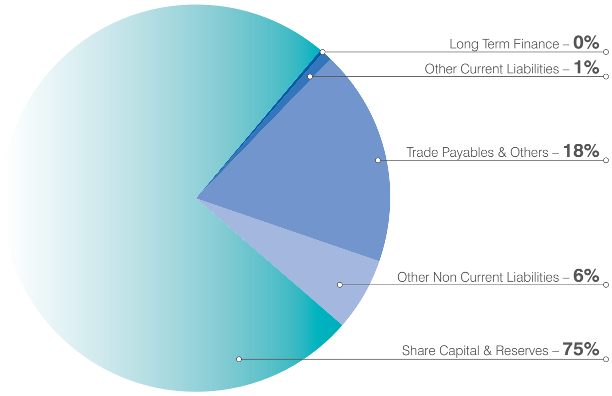
During the FY 19-20, 4th Quarter's performance was the best in terms of the Gross Profit Margin of 16%, Operating Profit (OP) Margin of 5% while EBITDA Margin of 17% higher than Q1, Q2 & Q3 mainly on account of lower input costs. Furthermore operational costs also decreased owing to cost saving and other performance improvement initiatives undertaken by the company. The 3rd Quarter outperformed other quarters in terms of bottom-line profitability and Earnings Per Share (EPS). 3rd Quarter contributed sales volumes of 2.13 Million Tons and bottom-line profitability of PKR 0.99 Billion in values and 9% in terms of Net Profit after tax margin.

COMPOSITION OF BALANCE SHEET

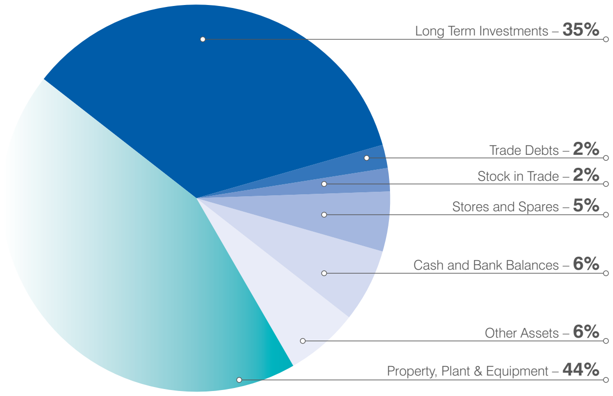
Equity and Liabilities - FY 2020
Percentage



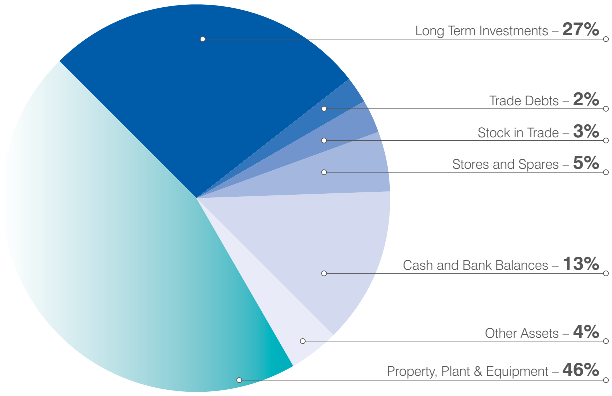
Equity and Liabilities - FY 2019
Percentage



Assets - FY 2020
Percentage

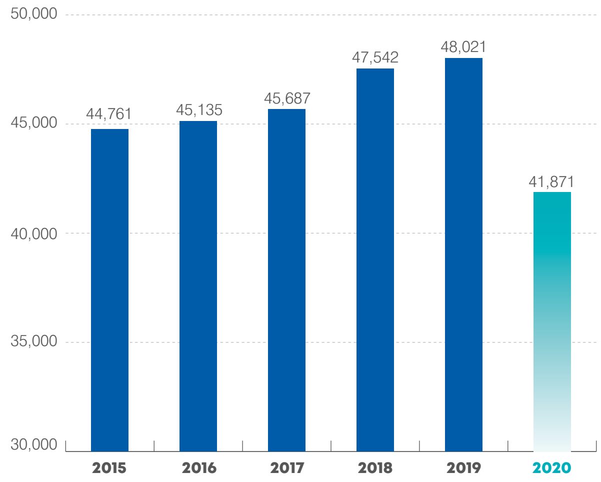


Assets - FY 2019
Percentage

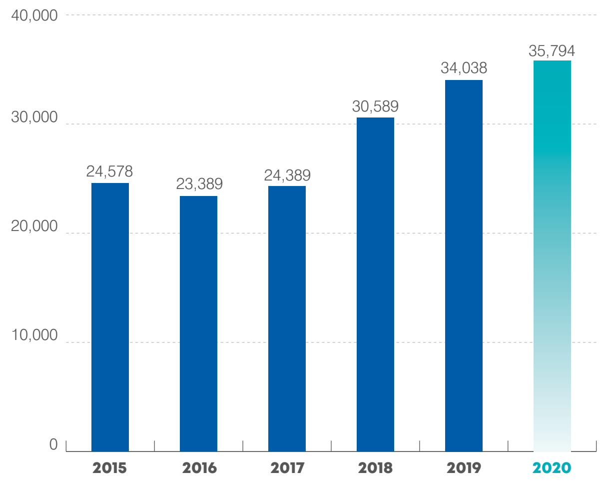


FINANCIAL AT A GLANCE

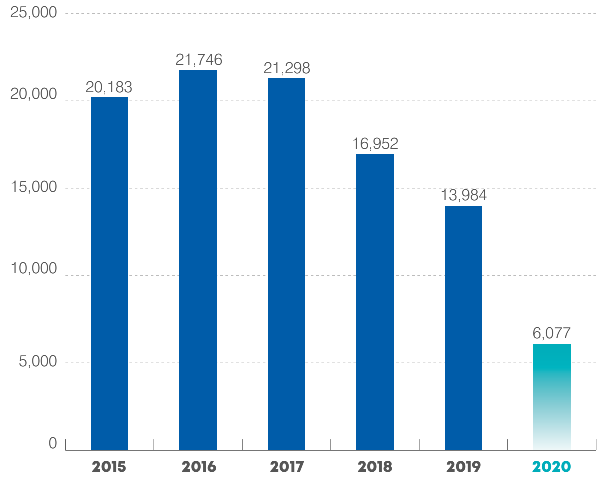
Sales Revenue
(PKR in Million)



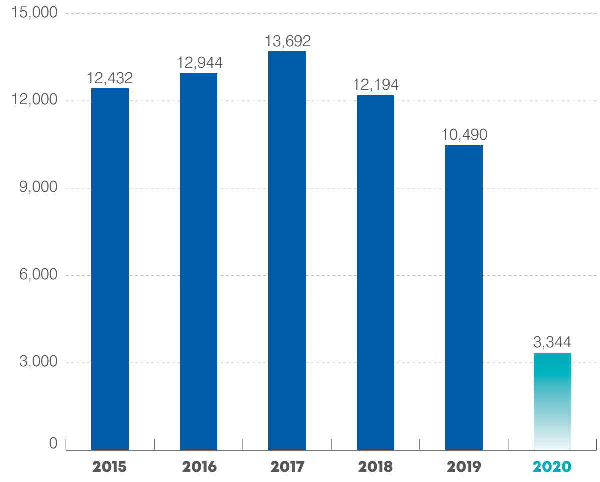
Cost of Sales
(PKR in Million)



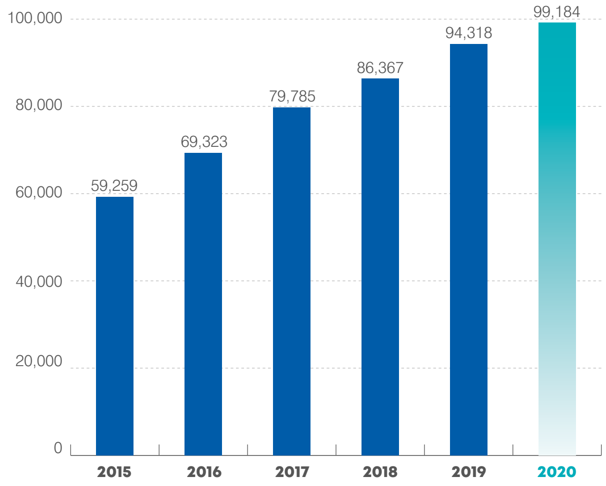
Gross Profit
(PKR in Million)



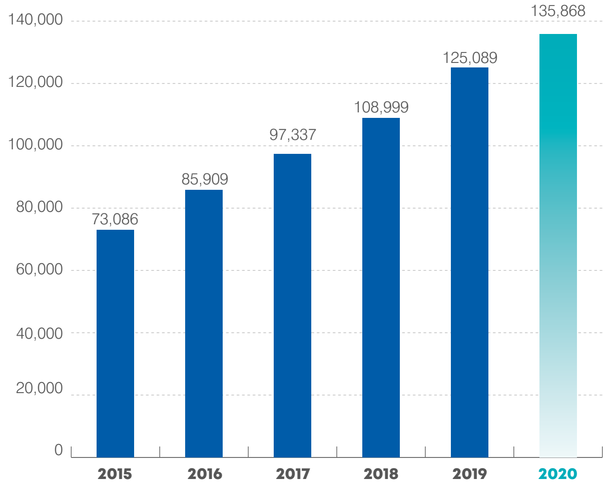
Net Profit
(PKR in Million)



Shareholders' Equity
(PKR in Million)



Total Assets
(PKR in Million)

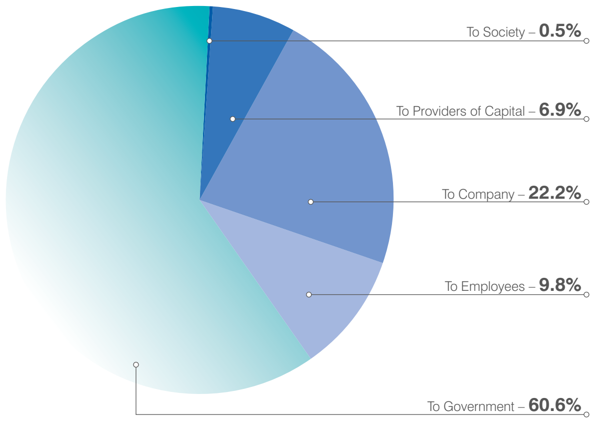


STATEMENT OF VALUE ADDITION AND WEALTH DISTRIBUTION

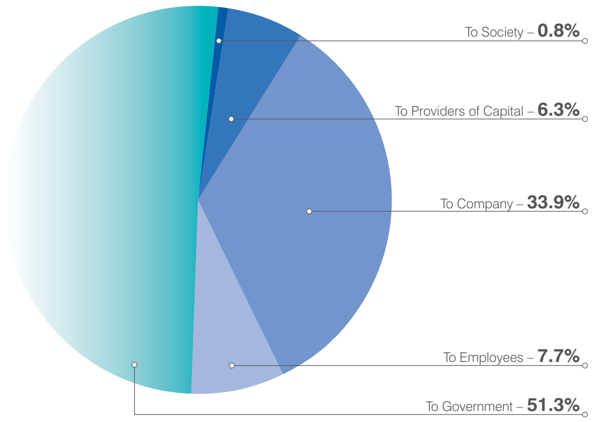
	2020 PKR in '000'	%	2019 PKR in '000'	%
WEALTH GENERATED				
Gross Sales/ Revenues	62,302,086		67,547,938	
Bought-in-material and services	(29,226,320)		(26,643,686)	
	33,075,766	**100.0%**	**40,904,252**	**100.0%**

WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	3,234,962	9.8%	3,133,470	7.7%
To Government				
Income tax, sales tax, excise duty and others	20,028,443	60.6%	20,989,243	51.3%
To Society				
Donation towards education, health and environment	174,748	0.5%	313,247	0.8%
To Providers of Capital				
Dividend to shareholders	2,101,938	6.4%	2,587,000	6.2%
Markup / Interest expenses on borrowed funds	176,378	0.5%	24,933	0.1%
To Company				
Depreciation, amortization & retained profit	7,359,297	22.2%	13,856,359	33.9%
	33,075,766	**100.0%**	**40,904,252**	**100.0%**

Wealth Distribution - 2020
Percentage



Wealth Distribution - 2019
Percentage



ECONOMIC VALUE ADDED (EVA)

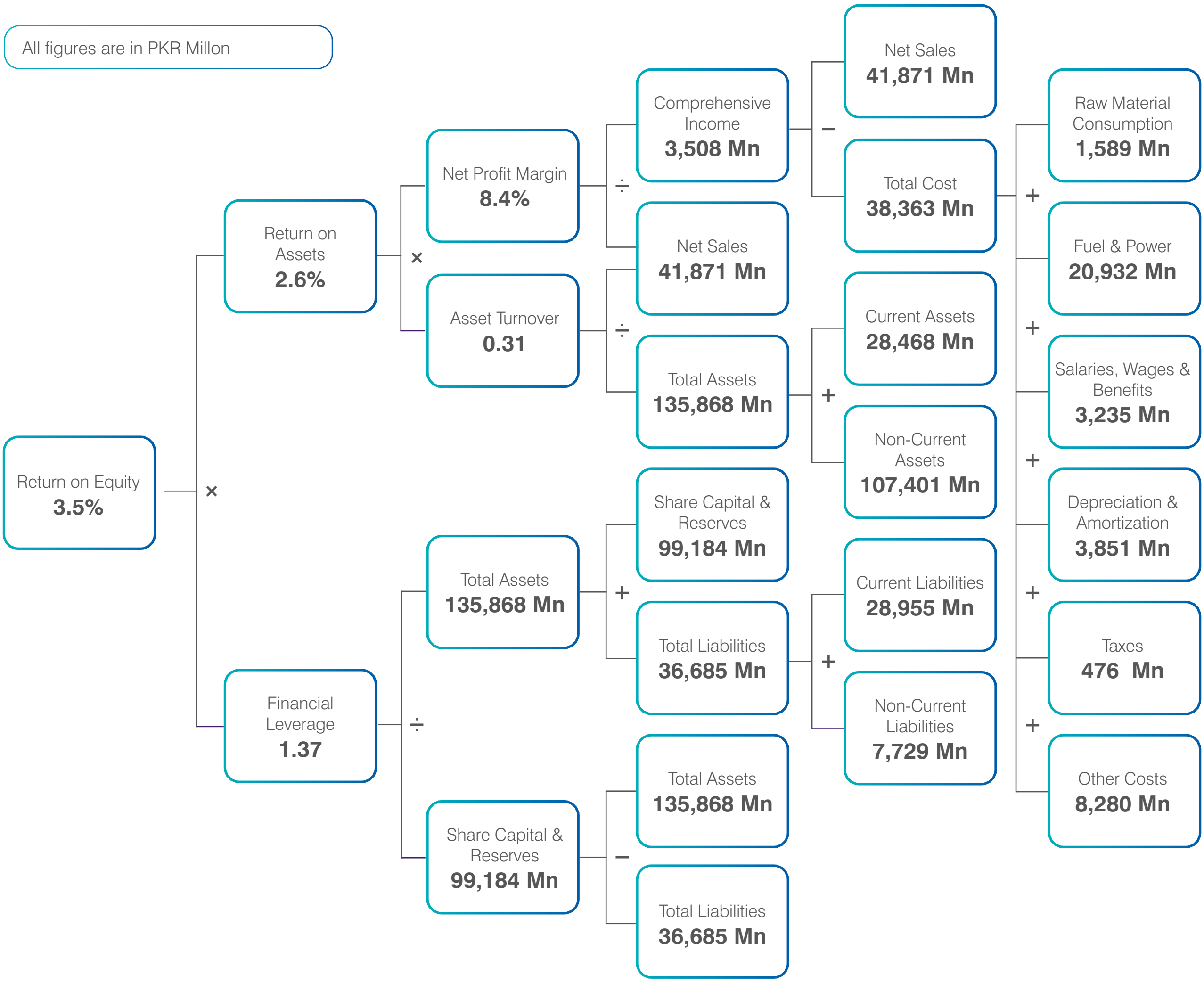
EVA is the relevant yardstick for measuring economic profits. EVA is the company's net operating profit after tax, after deducting the cost of capital. Companies, which return higher than the cost of capital, create wealth for the shareholders and on the other hand companies earning returns lower than the cost of capital, destroy shareholders wealth.

		2017-18	2018-19	2019-20
Cost of capital				
Cost of Equity	%	12.53%	19.34%	11.20%
Weighted average cost of capital (WACC)	%	12.53%	21.06%	14.31%
Average capital employed		83,075,902	90,342,620	96,751,139
Economic Value Added				
NOPAT		12,197,090	10,515,162	3,520,311
Less: Cost of capital		10,409,410	19,025,720	13,846,217
Economic Value added		**1,787,680**	**(8,510,558)**	**(10,325,907)**
Enterprise Value				
Market Value of Equity		164,251,864	123,034,487	149,263,433
Add: Debt		-	-	506,908
Less: Cash & Bank balance		27,435,361	15,657,246	7,816,606
Enterprise Value		**136,816,503**	**107,377,241**	**140,939,919**
Return ratios				
NOPAT / Average capital employed	%	15%	12%	4%
EVA / Average capital employed	%	2%	-9%	-11%
Enterprise value / Average capital employed	X	1.65	1.19	1.46

FREE CASH FLOW (FCF)

	2017-18	2018-19	2019-20
Net cash provided by operating activities	17,079,928	17,083,851	4,953,941
Less: Capital Additions & Investments	(18,112,389)	(29,015,835)	(15,807,497)
Add: Net Debt Issued	-	-	506,908
FCF - Total	**(1,032,461)**	**(11,931,984)**	**(10,346,648)**

DUPONT ANALYSIS



DuPont Analysis

Year	Profit Margin (Net Profit/Turnover)	Assets Turnover (Turnover/Total Assets)	Financial Leverage (Total Assets/Total Equity)	ROE
	A	B	C	A x B x C
2020	8.38%	0.31	1.37	3.5%
2019	21.84%	0.38	1.33	11.1%
2018	25.41%	0.44	1.26	14.0%
2017	30.00%	0.47	1.22	17.2%
2016	28.70%	0.53	1.24	18.7%
2015	27.80%	0.61	1.23	20.9%

The main highlights of DuPont analysis are as follows:

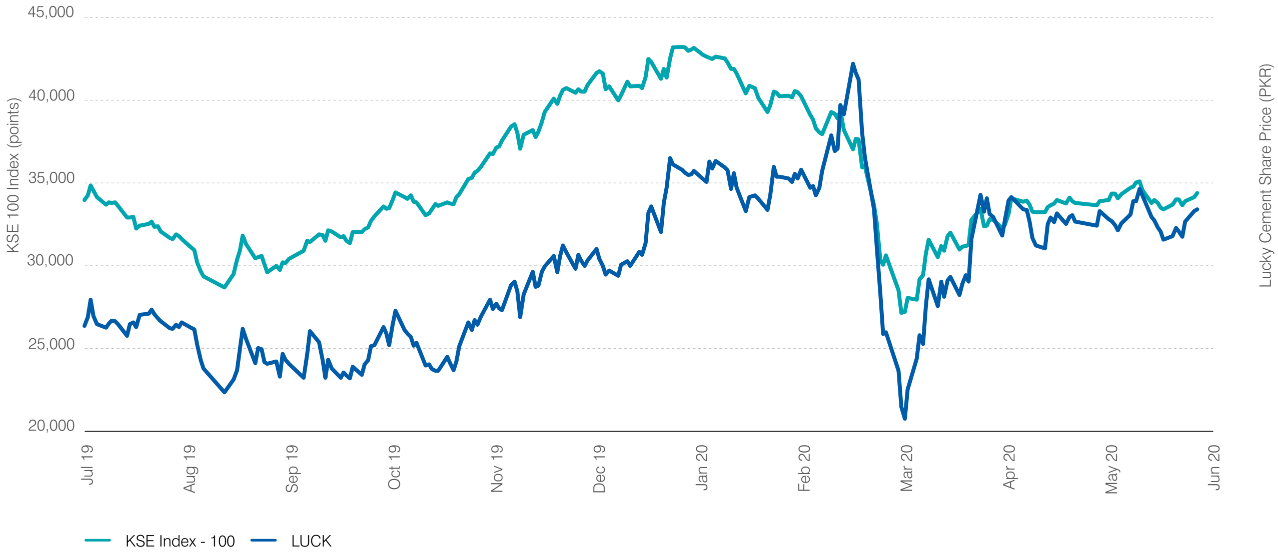
1. The profit margins of the company declined during current year due to lower selling prices relative to higher input costs.
2. The Asset base of the company has improved during the current year mainly due to investment in subsidiary companies and fixed assets (new production line).
3. The Financial Leverage ratio for the Company has improved due to incremental Assets base and Equity strength of the balance sheet. The Equity has further strengthened due to additional profitability, which has in turn strengthened the retained earnings account.

Conclusion

Overall, the operational & assets efficiency and Equity Multiplier are monitored on a regular basis to remain aware of the financial health of the Company. The DuPont analysis for the last 6 years depicts a positive trend in Return on Equity (ROE) of the Company.

SHARE PRICE SENSITIVITY ANALYSIS

Share Price Sensitivity



Lucky Cement Shares (LUCK) are traded on Pakistan and London Stock Exchanges. Our free float is 36.28% and market capitalization at the end of day of fiscal year was PKR 149 Billion. There are many factors, which might affect the share price of our Company, few of which are listed below.

Profitability

Reduced margins on account of increasing production costs can contribute towards lower profitability and EPS which may decrease the market share price.

Commodity Prices

Increase in major input price (coal, power and raw material tariffs) can negatively affect the margins and decrease the EPS which in turn can drive the market share price downwards.

Regulations and Government Policies

The share price is also sensitive to any changes in policies by the government and regulatory authorities', both specific to the cement sector and overall business activities may affect the market share prices; either positively or negatively, depending on whether the policy is in favor of or against the industry.

Currency Risk

The volatility in currency exchange rates can also affect the market share prices as the Company is involved in both export and import (exports of cement and import of input fuels) so the margins can be affected positively or adversely.

Market Risk

Apart from systematic risk, the market share price is also exposed to all the risks of the stock exchanges it is trading on. The Beta of LCL with respect to market is 1.24.

Diversification

The Company has diversified both in terms of geographical location and nature of business. Our international footprint also opens us to the benefits and risks of the markets we are operating in and our business diversification affects our consolidated earnings, which in turn also affects our EPS and therefore can drive our share price positively or negatively.

Goodwill

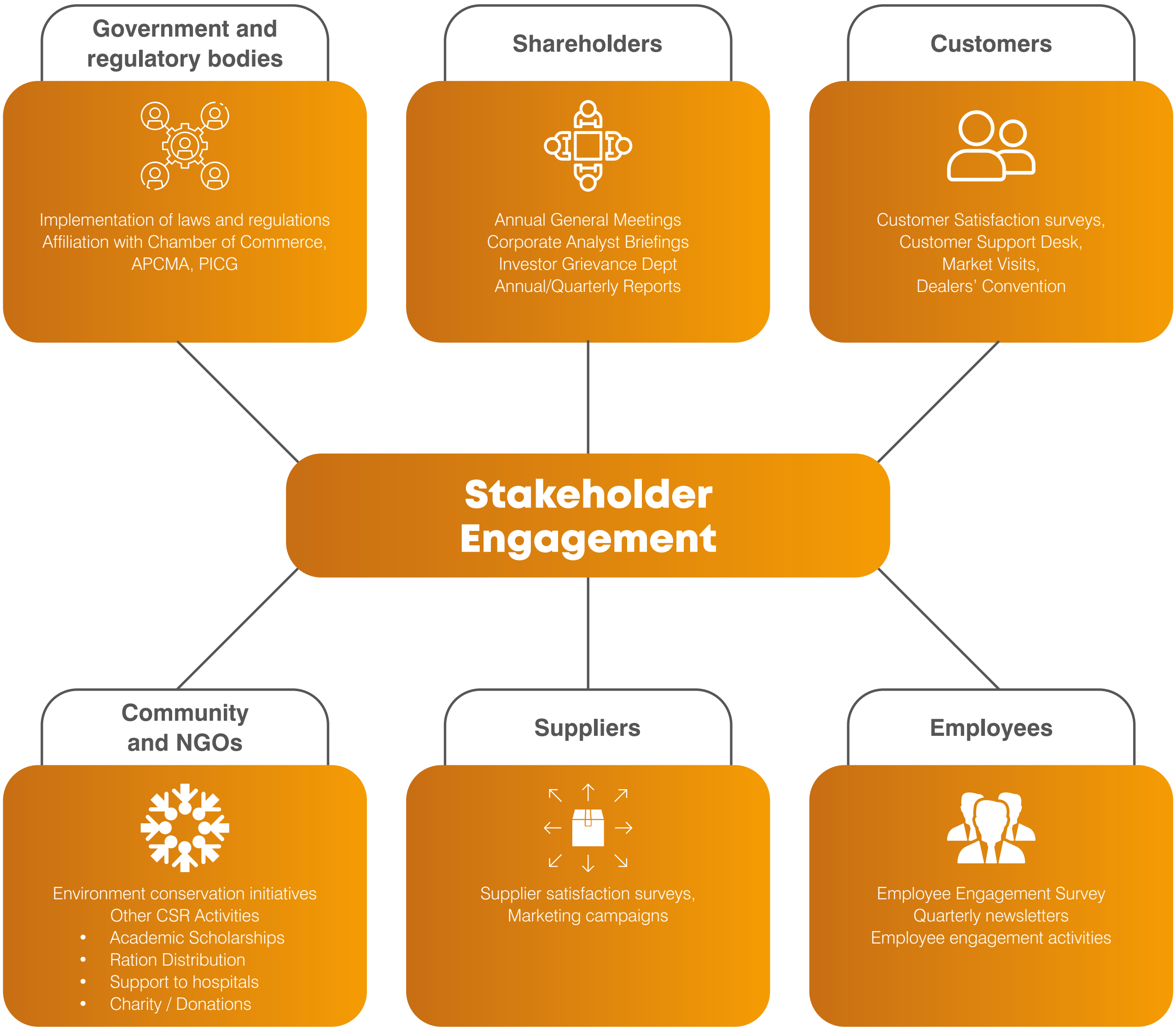
The market share price can also vary with the investor sentiments towards the company which changes very quickly in response to the news and events and also because of investors' following of the general market trend.

STAKEHOLDER RELATIONSHIP & ENGAGEMENT

We aim to maintain a responsible and ethical attitude in all of our practices. We are determined to deliver sustained growth and enduring value to our stakeholders.

STAKEHOLDER ENGAGEMENT
BRIDGING THE GAP

We value our stakeholders, and take every step to understand their needs. We are also mindful that all of the stakeholders we engage with, from investors and customers to employees and suppliers, are keen to understand how our business is evolving and energized to grow in a changing world. Since our inception, the Company has engaged with varied groups of stakeholders at different levels to understand their expectations and to make them partners in our journey towards sustainable development.



Investor Relations Section on the Lucky Cement's website

The management of the Company is committed to provide equal and fair treatment to all investors/shareholders through transparent investor relations, increased awareness, effective communication, and prompt resolution of investors'/ shareholders' complaints.

The Company disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website, maintained in both, English and Urdu languages under the applicable regulatory framework. Moreover, the Company's website is updated regularly to provide detailed and latest Company information including but not limited to business strategy, financial highlights, investor information, dividend history and other requisite information.

In order to promote investor relations and facilitate access to the Company for grievance / other query registration, a specific 'investors' relations' section is also maintained for the purpose on the Company's website.

Understanding Shareholders' Views

Company's shareholders comprise of a cross section of investors, which include, mutual funds, investment companies, brokerage houses, insurance companies, foreign shareholders, pension funds, high net worth individuals, housewives, professionals and individuals of varied requirements. The Company regularly interacts with all categories of shareholders, through regular Corporate / investor briefings in and outside Pakistan, press releases, quarterly reports etc. The Chief Executive Officer and the Chief Finance Officer remain available to respond to any shareholder / investor's query in person or on telephone. The Chief Executive Officer regularly updates the non-executive members of the views of the major shareholders about the Company.

Customers and Dealers

With customer focus as one of our values, we are always coming up with new ways to interact with customers and dealers. To win with customers and gain confidence of our dealers, we take proactive approaches, navigate changing expectations and demonstrate business agility.

ACTIVITY	DESCRIPTION	FREQUENCY
Dealers, Retailers, Block Makers Get-Together	Lucky Cement organizes get-togethers and appreciation days for dealers, retailers and block makers. This provides the Company with an opportunity to engage directly with them, seek feedback and apprise them of future corporate plans.	Annually
Market visits by Sales Force	Company's sales force is actively involved in outdoor assessments, meeting dealers and retailers. They collect information about market trends and analyze this information to create further value propositions for customers.	Continuous
Customer Services and Support Desk	Carrying on with the tradition of being a market leader, the Company has a dedicated customer hotline to discuss any customer issue in using cement. Technical experts are available and can be reached via email or telephone call.	Continuous
Customer Satisfaction Survey	Customer satisfaction surveys are conducted annually among all dealers, retailers, block makers and institutional clients periodically to keep the team informed about changing customer demands.	Annually
Customer Satisfaction Feedback	Timely customer feedback is pivotal to the Company's success. A customer feedback form is handed to all customers once the transaction is completed. This ensures constant customer engagement and supports the Company in finding out new trends emerging in the market.	Continuous

Media

Lucky Cement actively engages with the media and disseminates news and other happenings regularly to its stakeholders. We continuously engage with media through press releases, corporate briefings and presentations.

Our Corporate Film

Management's Presentation Video FY 2019-20

Investors and Shareholders

We are continuously exploring new opportunities to create further value for our shareholders and investors to give them a better return on their investments. Being a global company, we enforce the importance of satisfying our investors by employing the following techniques:

ACTIVITY	DESCRIPTION	FREQUENCY
Annual General Meeting (AGM)	The Company Convenes AGM in accordance with the Companies Act, 2017. The AGM serves as an interactive platform to engage with the shareholders and listen to their views and valuable suggestions.	Annually
Quarterly, Half-Yearly and Annual Reports	The Company in compliance with applicable laws, periodically uploads quarterly, half-yearly and annual reports on its website. Annual Reports in electronic form are sent to shareholders. Quarterly and half-yearly financial statements are provided to shareholders on demand. The Company being listed also communicates its results to Pakistan and London Stock Exchanges (where the Company is listed).	Quarterly
Press Releases	The Company updates its shareholders on various news and other updates of potential interests through press releases.	As and when required
Investor Relations	The Company continuously engages with local and foreign shareholders and investors at various forums and also conducts periodic corporate briefings after publication of financial results.	Continuous

Regulators

We believe in strict compliance of applicable laws and regulations and have an open door policy towards all regulators. To remain compliant, we promptly and regularly file all applicable statutory returns and forms with various regulatory bodies.

We take our relationships with the government and regulators very seriously, working with them to build public policies that address the interests of society.

Suppliers

The hallmark of our relationship with our suppliers consists of transparency, continuity and the building of shared value. We have no relationships with organizations that embrace hard labor or child labor in violation of the legislation or that explore prostitution. Our suppliers submit to a validation process consisting of an analysis of their adherence to environmental and social responsibility practices, compliance with and adherence to legislation.

Corporate Briefing Session FY 2018-19

Corporate / analyst briefings are interactive sessions between the management of the Company and the investor community whereby the Company takes the opportunity to apprise the local and foreign investors about the business environment and economic indicators of the country, explain its financial performance, competitive environment in which the Company operates, investment decisions, challenges faced as well as business outlook. The Company uses different platforms in this regard such as road shows organized by the Pakistan Stock Exchange, foreign fund managers and local investment houses.

The idea behind the Company's investor engagement through these briefings is to give the right perspective of the business affairs of the Company to the investors (both existing and potential) which helps them in making their investment decisions.

On January 30, 2020, the Company held a formal corporate briefing session on its financial performance and operational overview at the PSX Auditorium. The CFO briefed investors regarding the half yearly financial statements of FY 2019-20 and Company's investment plan for future years. Further, the CFO also highlighted the status of running projects related to its subsidiaries. Investors from all walks of life attended the event and showed great interest in the affairs of the company. The presentation was followed by a Question and Answer Session where some thought provoking questions were put forward to the Management; which were very well addressed to the satisfaction of the audience.

Proceedings of the 26th Annual General Meeting held on September 27, 2019

The Annual General Meeting (AGM) started with a brief by the Chairman of the meeting about the Company's performance for the financial year 2018-19, and an update on the progress of on- going local and international projects.

The Chairman shared with the shareholders that the outgoing year was challenging for the cement industry as a whole. The sales of the company remained under pressure; whereas the costs and Government levies continued to increase. Moreover, during the year the Company saw a massive devaluation of PKR v/s USD which resulted in increase in its coal cost. The overall decline in industry wide local cement sales as compared to last year was about 2.2%, whereas the rate of decline of Lucky Cement's local sales was about 11.7%.

He further added that the decline in local market share of cement sales was compensated by exports of clinker by the Company. Industry wide exports sales volume increased by 37.4%, whereas Lucky Cement's exports volume increased by 60.9%.

The Chairman further elaborated that on the Profit and loss account, overall gross sales of the company was PKR 67.548 billion representing a growth of 0.3% over last year. Cost of Goods sold increased by about 11.27% mainly due to higher coal, packing material and other fuel prices. This increase in Cost of Goods sold combined with the lower sales prices in North adversely affected the profitability of the Company and because of this the gross profit declined by 17.51% during the outgoing year.

Earning per share of the company for the year is Rs. 32.44, whereas last year it was Rs. 37.72.

He further added that, during the year the company contributed PKR 19.68 billion towards capital expenditure, long term investments of about PKR 9.33 billion, distribution of dividend to shareholders of PKR 2.57 billion and payment of income tax worth PKR 1.62 billion.

The company contributed PKR. 21 billion into Government treasury on account of income taxes, excise duty, sales tax and other government levies. After tax profit stood at Rs. 10.49 billion, which is 14% lower than last year.

The Chairman apprised the members that the Balance Sheet of the company remained debt-free and reflected strong financial position. He further informed the members about different projects of the company, which were under various stages of progress.

It was also informed to the members that during that year, the Company attained 3rd position in the Top 25 Companies award for the year 2017 by the Pakistan Stock Exchange and the Company's Annual Report for the year 2017 was awarded 3rd position in the Cement and Sugar Sector. Besides these, the Company also won the 33rd annual MAP's Corporate Excellence Award in the Industrial category amongst the corporate sector of Pakistan, and the Environmental Excellence Award by the National Forum for Environment and Health, for energy conservation. All these awards represented the management's commitment towards excellence in its operations.

The Chairman updated the Shareholders on the development of various projects of the Company. He informed that during the year, Kia Lucky Motors which is a subsidiary company of Lucky Cement, commenced CKD operations at its plant located in Karachi. Its production facility has the capacity to produce 50,000 vehicles per annum on a double shift basis. The booking and sales of Sportage SUV and booking of Picanto hatchback vehicles have already started.

During the year, the civil, erection and fabrication work for brownfield cement plant expansion at Pezu Plant by 2.6 MTPA is in full swing. The project remains on target to achieve commercial operations in the last quarter of 2019.

Regarding investment in 660 MW coal based power plant, the construction activity for setting up 660 MW coal-based power plant is progressing as per project implementation schedule.

For the Greenfield clinker production facility (1.2 million tons per annum) in Samawah, Iraq, the civil works team has already been mobilized.

Final cash dividend @ 65% i.e. PKR 6.5/- per share was approved by the shareholders in the meeting, which was to be distributed amongst the shareholders whose names appeared on the Register of Members as on September 12, 2019.

It was also decided to reappoint M/s A. F. Ferguson & Co., as external auditors of the company for the current year which ended on June 30, 2020.

As Special Business of the meeting, the related party transactions carried out during the year ended June 30, 2019 were ratified, approved and confirmed by the shareholders. Moreover, the Board of Directors of the Company was authorized to approve the related party transactions on case-to-case basis for the financial year ended June 30, 2020 It was also resolved that such related party transactions shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval.

The shareholders asked questions from the Chairman of the Audit Committee which were very well addressed to the satisfaction of the shareholders. After deliberations and necessary discussions on all agenda items, the meeting was concluded with a vote of thanks to the Chairman.

Issues raised in the last AGM

Lucky Cement remains committed to engage with its shareholders, to understand their concerns, devise appropriate strategies and deliver to their expectations. During the last Annual General Meeting, we transparently briefed our shareholders about our performance and no issues were raised during the meeting.

CALENDAR OF MAJOR EVENTS

9th
July 2019
Received Environment Excellence Award by NFEH

20th
August 2019
Received 2nd Prize in Best Corporate and Sustainability Report Awards 2018 organized by ICAP and ICMAP

25th
September 2019
Blood Donation Drive

27th
September 2019
25th AGM at the registered Office at Pezu

1st
October 2019
National Day of China celebration at Pezu Plant

30th
October 2019
Board of Directors Meeting – 1st Quarter

7th
November 2019
Lucky Cement Awarded Fire Safety Award

27th
December 2019
Received PSX Top 25 Companies awards for the years 2017 and 2018 with 3rd position in 2017 and 6th position in 2018

30th
December 2019
Successfully completed the construction and installation of additional capacity of 2.8 MTPA at PEZU

29th
January 2020
Board of Directors Meeting – Half Yearly

30th
January 2020
Company's Corporate Briefing

30th
January 2020
CSR Stewardship Award

18th
February 2020
HR Committee Meeting 2019-20

22nd
February 2020
Lucky Sports Day

9th
March 2020
Awarded the 35th Annual MAP Award in Cement Sector

23rd
April 2020
Board of Directors Meeting – 3rd Quarter

29th
June 2020

Board of Directors Meeting – Budget 2019-20

25th
August 2020

Board of Directors Meeting - Annual 2020

OUTLOOK

We aim to maintain a responsible and ethical attitude in all of our practices. We are determined to deliver sustained growth and enduring value to our stakeholders.

FORWARD LOOKING STATEMENT

Lucky Cement, being the largest producer of Cement in Pakistan continued to maintain its position as a market leader during the year 2019-20. However, with the post-Covid-19 pandemic 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. Your Company is continuously working in exploring new markets and has continued to export Clinker to different regions.

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.

The surging cost of sales on the back of material and other fuel prices remain a challenge going forward. Moreover, the PKR devaluation itself is a triggering factor for the sheer rise in the costs for the Industry.

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. Going forward, the Cement industry is poised to derive benefits from such infrastructure development, reduction in energy shortfall, and improved law & order situation.

Lucky Cement's strong financial position and effective cash flow management strategies would continue to support investments in projects and avenues which can bring in further operational efficiencies and enhance shareholders' value.

The construction activity for setting up 660 MW supercritical, lignite coal-based power plant is progressing as per schedule. This will be Pakistan's first indigenous fuel power plant outside Thar. The project will usher in a new era of indigenous fuel utilization for baseload power generation, in line with the national objective of reducing reliance on imported fuel.

The Company shall continue to support its diversification initiatives with the focus to enhance shareholders' value by investments in high yielding projects.

Financial Projections

In view of subdued cement sales during the last two years, your Company foresees the overall volumetric cement sales performance to improve. With the new 2.8 MTPA capacity coming online in December 2019, at Pezu plant, Lucky Cement will be a key driver of this volumetric growth and is poised to improve its market share. Volumetric growth coupled with stable prices in North will lead to a sizeable top-line growth for the Company.

Sources of Information and Assumptions Used For Projections / Forecasts

The future projections and forecasts are based on certain assumptions after critically analyzing the current macro-economic conditions, historical trends, and prospective developments as well as other relevant factors that might have an impact on the Cement Industry.

The external information, such as industry trends, macro, and microeconomic factors and, market dynamics are gathered from different publications and forums like APCMA, PBC, and ICAP, etc. The management internally carries out a budget preparation activity to forecast future revenues and trends for the Company while considering the market dynamic, demand/supply situation, seasonal variations, and international cement prices. The Board Budget Committee critically scrutinizes the budgets and forecasts while devising new projects of expansion and diversification. The future projections are based on management's best judgments and estimates.

Analysis of Forward Looking Disclosures Made in the Previous Year

Extract of matters reported in Forward Looking Statement last year	Actual performance
"Outlook of the Cement industry will continue to remain challenging for the domestic sales."	The domestic sales volumes of cement industry dropped by 0.9% during the current financial year. As reported in last year's forward looking statement this was due to prevailing macro-economic situation of the country. In comparison to the Cement Industry, the Company's overall sales volume declined by 0.6% to reach 7.62 million tons during the current fiscal year. The local cement sales volume registered a decline of 6.7% and were 5.463 million tons in comparison to 5.854 million tons last year
"Export sales are anticipated to remain stable, however, prices will come under pressure due to regional competition. Our Company expects a healthy growth in export sales considering favorable market dynamics and foreign currency parity adjustment versus PKR"	As anticipated, the export performance of the Cement Industry has been exceptional during the- current financial year, which supported the overall Industry volumes to increase by 2% at 47.81 million tons for the fiscal year ended June 30, 2020 in comparison to 46.885 million tons last year. Export sales volumes registered an increase of 20% to reach 7.847 million tons as compared to 6.541 million tons last year.
"In view of given challenges facing the Cement Industry, your Company foresees the overall volumetric cement sales performance to remain flat in the short to medium-term and prudently believes that it would be able to sustain its current market share."	The overall volumetric cement sales of the Company remained flat with 7.625 MTPA cement and clinker sold during FY 2020 versus 7.674 MTPA sold during last year.
"The Brownfield cement plant expansion in KPK province of Pakistan by 2.6 million tons per annum is in progress. With the arrival of over 90% of plant and machinery shipments, the civil, erection and fabrication work at project site is in full swing and remains on target to achieve commercial operations in the second quarter of the financial year 2019-20."	During the year under review, the Brownfield cement plant expansion in KPK province of Pakistan by 2.8 million tons per annum came online on December 31, 2019 making Lucky Cement the largest producer in the domestic Cement Industry with an annual production capacity of 12.15 million tons. With this expansion, the company has the most efficient production facility, which gives strength to the overall performance and profitability of the Company.

SUSTAINABILITY & ENVIRONMENT

Our actions on sustainability are creating value in numerous ways, generating more growth, sustaining the environment, and protecting the natural capital. We aim to conserve the environment at every level of our business operations.

ADOPTING THE SUSTAINABLE DEVELOPMENT GOALS

Being a socially responsible company, Lucky Cement has embedded sustainability at the core of its operations. Although we support all seventeen SDGs, we have prioritized our actions where we can create the most impact.


6 CLEAN WATER AND SANITATION
3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
4 QUALITY EDUCATION
10 REDUCED INEQUALITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
8 DECENT WORK AND ECONOMIC GROWTH

UNITED NATIONS SUSTAINABILITY GOALS – 2030

The Sustainable Development Goals (SDGs), launched by the United Nations set the global development agenda and are an excellent vehicle for driving the change in sustainable development practices. They represent an action plan for the planet and society to thrive by 2030. In pursuit of these aims, the United Nations, in 2015, published a list of 17 Sustainable Development Goals (SDGs), covering a range of key areas from ending poverty and hunger throughout the world, to improving health, combatting Climate Change and improving the availability of water supplies and sanitation.

Businesses can help address the environmental, social, and economic targets of the SDGs. Lucky Cement believes that the role of business is not just about giving back to society from its profits but also about ensuring that the processes it employs to earn these profits are ethical, socially responsible and environmentally sound. The UN Sustainable Development Goals provide us with a common understanding and route-map to achieve a better future. We are now on a journey to link these 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.

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.

This year, out of the 17 goals of the United Nations, we have thirteen SDGs to integrate into our business operations and formulated action plans to embed sustainable development practices within our business strategy. The following pages provide a brief overview of these thirteen goals and how we have interpreted/integrated them, together with examples of specific contributions we have made towards them during the year.

The goal	What it means to us	Examples of our contribution
End poverty in all its forms everywhere	We aim at ending all forms of poverty in our domain through inclusive growth by ensuring social protection, community welfare, providing access to basic services to our employees and to the poorest and the most vulnerable segments of the communities where we operate.	• Lucky Cement strongly believes in empowering its people. We ensure market competitive pay packages to our employees, and follow the guidelines of minimum wage to our human capital. • We realize the importance of giving back to the community, our rural development programs continue to uplift the under privileged communities. (More details are given in CSR Section of the AR 2020) • Being a socially responsible Company, we understand and acknowledge the needs of the underprivileged. Our CSR initiatives are designed to help the people of our society in any vulnerable situations arising due to the natural calamities and adverse environmental changes
Ensure healthy lives and promote well-being for all at all ages	We aspire to provide a safe working environment to all our employees and to transform lives by improving access to quality and affordable healthcare services to our employees and the communities where we operate.	• Our dedicated HSE function ensures that our operations comply with the best practices of Occupational Health, Safety and Environment. • Our logistics fleet is always on the roads serving the needs of our customers. Our drivers are given trainings regularly to reduce the risk of accidents and injury which may lead to human suffering. • Our dispensaries at both the plant sites provide medical facilities to the employees and the community. Free medical camps in the peripheral areas of our plant sites also ensure well-being of our communities. • We support the community by providing state-of-the-art and affordable health care services through Tabba Heart and Tabba Kidney Institutes: state-of-the-art hospitals with modern technology
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	We aim to provide an environment where our employees continue to learn new skills, and we strive to expand access to education to all through scholarships and promoting girls' education.	• Our 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. We strive to empower women by providing equal schooling opportunities, keeping in view the importance and impact of women education in Pakistan. • For our cause to help and support the differently-abled, we generously offered financial assistance to alleviate suffering of needy patients through Pakistan Association of the Blind – an NGO that provides educational and rehabilitation services for those suffering from blindness. • To provide merit-based support for the deserving and less privileged segments of the society, Lucky Cement continues to extend a number of scholarships to various students of leading universities in Pakistan and abroad. • We have collaborated with various prestigious institutes of Pakistan, providing educational assistance to deserving and bright students.

The goal	What it means to us	Examples of our contribution
5 GENDER EQUALITY **Achieve gender equality and empower all women and girls**	We desire to provide fair chances to both women and men, create a safe environment for our employees, create equal opportunities and provide equal compensation to all.	• We take pride in being an equal opportunity employer and we promote gender diversity at all the levels. • We provide same opportunities with equal compensation and benefits to our female employees, which is offered to their male counterparts. • We have women representation at all levels including the Board of Directors. • We have policies in place that promote harassment-free work place for our female employees.
6 CLEAN WATER AND SANITATION **Ensure availability and sustainable management of water and sanitation for all**	To embed the ideology of water conservation in our business strategies so as to conserve the natural capital for a sustainable future.	• Our Company believes in responsible consumption of valuable resource of water and makes every effort to reduce its usage. • Some water conservation projects include, installation of RO plants at our production facilities to provide safe and clean drinking water for its employees. • To provide clean water to our communities, we have also installed tube wells at various location around Pezu plant. • We have defined goals for efficient water usage to reduce the impact on the depleting fresh water sources across the Country.
7 AFFORDABLE AND CLEAN ENERGY **Ensure access to affordable, reliable, sustainable and modern energy for all**	Increase the use of clean energy at our production facilities and leverage technology to provide solar energy solutions to the community.	• We use our production facilities to conserve as much energy as possible. • We use efficient technologies and appliances which consume minimal energy. • Our group companies; Lucky Electric Power Company, Yunus Energy Limited and Lucky Energy envision to produce and provide economic, safe and reliable power / energy.

The goal	What it means to us	Examples of our contribution
8 DECENT WORK AND ECONOMIC GROWTH **Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**	To be an employer by choice, diversifying into other industries to promote economic growth across the value-chain, training youth for greater employability and upskilling our employees.	• We have manufacturing facilities at two sites in Pakistan besides marketing office in different cities. After having a strong footprint in cement manufacturing industry in Pakistan, Iraq and DR of Congo, Lucky Cement has evolved into a conglomerate having strategic investments in diversified industries such as Chemicals, Automobiles and Power. • With these diversifications, the Company will stand out as a progressive Pakistani conglomerate promoting the growth of industrialization in Pakistan. • We regularly provide various trainings to our employees in order to increase their productivity. • By rigorously following the laid down HSE guidelines, Lucky Cement is committed to provide a safe working environment for all of its employees and stakeholders engaged in its business operations. We are an OHSAS 18001, ISO 14001 and ISO 9001 certified organization and continuously implement practices that offer health, safety and environment development at our work place.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE **Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**	We aim at ensuring sustainable growth of the economy with responsible industrialization, so as to make available the basics of life and standards of living, for all.	• Being the pioneer in the production of high quality cement, we recognize that Cement/ construction industry is vital for the Country's economic growth, infrastructural development and employment generation. • We strive to keep our processes environmentally friendly thereby promoting sustainability by reducing emissions during our production processes. • We have used innovative methods to bring efficiencies and reduce wastages. We use Waste Heat Recovery Plants to utilize waste heat released in the air to produce electricity. • We have installed latest technology and efficient Cement Mills at our Pezu Plant, which are state of the art with respect to Efficiency & safety for smooth and stable operation.
10 REDUCED INEQUALITIES **Reduce inequality within and among countries**	Reduce inequalities within our domain by providing everyone with equal access to opportunities, using our leadership, network, technologies and solutions.	• At Lucky Cement, we have stringent HR policies to promote and maintain equal and fair compensation policies for women, promote gender and cultural diversity, hiring on merit basis etc.

The goal	What it means to us	Examples of our contribution
11 SUSTAINABLE CITIES AND COMMUNITIES **Make cities and human settlements inclusive, safe, resilient and sustainable.**	We support Government and private sector in large infrastructure projects by providing quality cement in economical prices, and we ensure that our operations have no adverse impact on the cities and communities in which we operate	• We believe that as countries develop, solutions for sustainable prosperity are needed. Under the Government of Pakistan's initiative to provide low cost and affordable housing to the people, we remain available to address the significant need for affordable housing. • With an objective to fight global warming and support initiatives that resemble with the philosophy of Lucky Cement, the Company sponsored the International Network for Traditional Building, Architecture and Urbanism (INTBAU) for its first international conference in Pakistan. • INTBAU's mission is the revival and promotion of traditional crafts along with the design and propagation of zero carbon footprint structures for humanitarian assistance. • As a part of our community development programs, to empower the community and to improve income-earning possibilities, we embarked on a journey of developing a model village near our Karachi Plant.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION **Ensure sustainable consumption and production patterns**	Managing our operations responsibly, decreasing our environmental impact and promoting responsible behavior among all our stakeholders.	• Lucky Cement focuses on energy conservation, operational efficiencies and carbon footprint reduction. Company's effluent emissions are regularly monitored. Regular environmental audits are also performed. • To reduce our environmental footprint, we have policies to identify, reduce and dispose of waste arising from our operations in a manner that minimizes harm to the environment and prevents pollution of land, air and water, to reduce the consumption of energy and water and use renewable and/or recyclable resources wherever practicable. • The sourcing of our raw materials accounts for a large portion of our economic, operational and environmental footprint. We promote responsible consumption of all raw and packing material. • Being an environmentally responsive Company, we take pride in promoting sustainable business practices all across our value chain as well as at public forums. To add to our commitment towards the adoption of sustainable practices, we promote and explain our sustainable business practices on various public platforms.

The goal	What it means to us	Examples of our contribution
13 CLIMATE ACTION **Conserve and sustainably use the oceans, seas and marine resources for sustainable development**	We aim at taking accelerated action on mitigation of the impact of climate change.	• As climate change becomes an over-growing threat with only ten years to achieve the UN Sustainability Development Goals, we at Lucky Cement strive to build sustainability into everything we do. • Our responsible use of raw material, efficient technology, emission control procedures and regular tree plantations act towards mitigating the impact of climate change. • As a socially responsible manufacturing concern, we believe in creating awareness towards sustainable practices to protect the climate and environment.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS **Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels**	Manage our operations responsibly and ethically. We promote transparency and accountability in our dealings with internal and external stakeholders.	• Anti-bribery and corruption policy is an essential part of our code of conduct. We strongly discourage all such acts to promote equal and fair opportunities for everyone. • External Advocacy through different forums, like APCMA, Pakistan Business Council, KCCI etc. to timely apprise the relevant Government departments and Regulators of all issues that may have an adverse impact on the Industry or competitive environment. • From top to bottom, the management of Lucky Cement, empowers the employees by listening to their suggestions and recommendations. We have an investor grievance mechanism to listen to the views of our shareholders as well. • We engage proactively and transparently with governments and other external stakeholders to support, promote and enforce policies for sustainable development practices.

OUR CONTRIBUTION TOWARDS SUSTAINABILITY

Lucky Cement 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.

We remain constantly focused on the management and rational use of natural resources, a strategy that allows us to reduce the impact of our operations and increase our operational efficiency. All the initiatives that we have developed in relation to eco-efficiency are based on our strategy for sustainable profitability.

The Company's contribution to conservation falls into two categories: the efforts of Lucky Cement to preserve and enrich the environment in and around their areas of operation, and the philanthropic thrust of the Company, which support the society with the management of natural resources, community development and livelihoods.

Energy Conservation

In line with our commitment towards SDG 7, we remain focused on energy conservation by continuously investing in renewable energy sources and implementing energy efficient initiatives at our production facilities as well as our offices. We invest in an energy matrix of renewable sources for our operations.

Waste Heat Recovery Plant – Acquisition of green technology

In any industrial process, heat is wasted as a result. If not used efficiently, waste heat is released into the atmosphere. A Waste Heat Recovery (WHR) Plant utilizes residual heat, consuming no fuel, and lowering dust emissions and temperature of discharged heat thus having a positive impact on the environment.

We have five Waste Heat Recovery Plants - Three in Pezu and two in Karachi. The cumulative generation capacity of these three WHR plants in Pezu is 25.2 MW and the cumulative capacity of the two WHR plants in Karachi is 21 MW.

The WHR unit does not need any externally fed fuel to operate, but it uses the waste heat from the system. The design of these plants hinges on the idea of encapsulating all the waste heat and using this heat to generate steam from boilers, which drive the turbine engines, thus producing electricity.

Being one of the leading cement manufacturers in Pakistan, we have the responsibility and opportunity to contribute in bringing sustainability in the cement industry. For this we have extensively invested in implementing projects that reduce energy consumption and address issues of environmental degradation. These projects not only bring production efficiencies, but have significantly reduced carbon emission.

With these technological developments in place, we have earned precious carbon credits as per the Kyoto Protocol, under the United Nations Clean Development Mechanism for our environment friendly operations and green projects. We are also one of the few companies in Pakistan to report sustainability performance in shape of a sustainability report, and were the first company in Pakistan to receive an A+ ranking on our sustainability report by the Global Reporting Initiative (GRI), Netherlands.

Water Conservation

Responsible consumption of water and its conservation are an integral part of Lucky Cement's sustainability efforts and its drive towards utilizing the resources responsibly. The Nature of Cement processing is a Dry Process, where water is used only for machinery cooling and generating the steam for boilers. Water sprinkling is done in the Yards, storage, roads and sideways to improve the health and to improve working environment of the area. Lucky Cement makes every effort towards reducing water wastage and ensures that water is consumed responsibly.

We reduce water intensity in all our operations and focus particularly on our impact in water conservation. We make efforts to restore natural water cycles, benefiting multiple aspects of our value chain and the people and communities we serve. We aim at ensuring that everyone has access to safe drinking water as well as adequate water for hygiene and sanitation purposes. For our commitment towards SDG 6; Clean Water & Sanitation, Lucky Cement provides awareness and encourages its employees towards water conservation through regular safety talks. We work towards achieving SDG 6 by delivering services to enable access to safe drinking water and sanitation facilities in communities and schools, to people living in poverty, in hard-to-reach, climate-affected and under-served urban areas, including Jhang Khel, Wazir Kala, Shehbaz Khel, Tabi Murad and Azghar Khel where we have installed tube wells for the people. We have defined goals for efficient water usage to reduce the impact on the depleting fresh water sources across the Country.

Environment Conservation

Lucky Cement aims to be a more sustainable business, for a more sustainable society. This means protecting biodiversity and natural resources, while encouraging others to act responsibly. Sustainability and responsibility are not just words on paper, they should be firmly embedded in the operations of every forward-thinking company, like ourselves with aspirations beyond simply short-term profit. Our ambition is to strive for zero environmental impact in our operations. We use sustainably-managed and renewable resources, operate more efficiently, re-use and/or re-cycle wherever possible, and improve water management. Cutting energy usage is central to global efforts to cut carbon-based emissions and address the problems of climate change.

The impacts of climate change are already apparent. It is a global issue that will affect everyone. We are innovating to reduce our environmental footprint, in line with our commitment to use natural resources sustainably to conserve the environment in the times when natural resources are depleting at a high rate.

Our sustained efforts to reduce our costs and improve our impact have generated significant results for our business, our communities, society and the environment. These results correspond to contributions to the Sustainable Development Goals for sustainable communities, responsible production, and climate action. 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

Implementation of environment friendly operations and practices has always been a priority of Lucky Cement. We have been successful in establishing a leadership position in the market by achieving this target through strategic orientation.

Reduction in CO^2 Emissions – further sustainability initiatives

We are the pioneer of revolutionizing sustainable manufacturing through the execution of our Dual-Fuel Conversion Project which has helped in conversion of energy generation from furnace oil to environment-friendly alternative sources.

We have the capacity to use alternatives to coal through innovations like the Tyre Derived Fuel (TDF) Plant. The Dual Fuel Project also qualifies for the Clean Development Mechanism (CDM) under the Kyoto Protocol that creates emissions reduction credits through emissions reduction projects in developing countries. Under this protocol, pro-environment organizations can earn Certified Emission Reduction (CER) credits.

As a Company we also have the capacity to utilize Refuse Derived Fuel (RDF) system that is making use of Municipal Solid Waste (MSW) and Rice Husk as alternative to fuel. The ability to transform from a fossil-fuel based energy to alternative-energy structure is a specimen of our drive to protect the ecosystem and community around our plants.

Tree Plantation at Karachi and Pezu Plant –"Sustaining Green" Initiative at Lucky Cement

We are proactive in promoting activities that deal with environment-preservation. Tree plantation drives are at the forefront of our sustainable eco-friendly practices and the areas surrounding Karachi and Pezu cement plants bear testimony to this fact. As part of our on-going tree plantation drive, till date, Lucky Cement has planted over 40,000 tree saplings within the surrounding area of each plant. A green belt project, spanning across some of the old mining areas of the Karachi plant, was initiated to implement sustainable mining practices.

Mitigating Efforts to Control Industry Effluents

We have a comprehensive air quality measurement program so as to identify the limits of pollution parameters in the ambient air in and around Lucky Cement's plants. The stack emissions monitoring is done on a monthly basis for the priority parameters in compliance with the requirements of NEQS (Self-Monitoring and Reporting) Rules, 2001.

Emissions from Power Generation and Cement Manufacturing Process

Natural gas is the most utilized fuel for power generation. Furnace oil is also used in some engines. The levels of particulate matter, Sulphur dioxides, oxides of nitrogen, and carbon monoxide are monitored from the stacks of power generation engines by a reputable third party laboratory.

All of the parameters monitored are well below their respective limits specified in the National Environmental Quality Standards (NEQS). Similarly, the levels of emissions from stacks for particulate matter, Sulphur dioxides, oxides of nitrogen, carbon monoxide and carbon dioxide are well below their respective limits specified in the NEQS.

Nitrogen Oxides (NOx)

Emissions from the power generators in the power houses are minimized by using special low NOx burners, in addition to achieving fuel burning efficiency. Thus we have ensured that the levels of gaseous emissions and particulate matter will remain within the NEQS limits.

Sulphur Oxides (SOx)

Like NOx emissions, the power house emissions of SOx are guaranteed to remain within the NEQS. Moreover, we have shifted from the use of Furnace Oil to Natural Gas for power generation. This has also contributed in the significant reduction of the SOx emissions.

Particulate Matter

Bag houses are installed in the entire production system and dropping distances during material transfers are kept minimum thereby reducing emissions of particulate matters. Limestone is the major raw material used in cement production. Limestone has high moisture content and is hard in nature. Due to these properties, emission of fine limestone during the blasting at the quarry is very low. Additionally, splinters generated during blasting are quite large and resultantly they do not fly over longer distances.

Coal transport from supply point to the factory and handling at the plant are other big sources of particulate matter emissions all along the roads used for transport and at the plant. Imported coal from Karachi Port is transported by trucks. In order to minimize fugitive coal dust on the way, these trucks have special covers. This drastically cuts the fugitive coal dust on the way to the plant site.

Noise Pollution

The designing of our plants at Karachi and Pezu has been done while taking into account that the noise levels remain within the acceptable limits of the NEQS. Regular repair and maintenance of the Plants guarantees compliance of noise levels with the NEQS.

The plant site at Pezu is surrounded by high hills in a semicircle on its North-East side. These hills are additionally a good barrier for noise cut off in the environment. Monitoring for noise levels was carried out at different points at Karachi and Pezu plant sites and limestone and clay quarries. Similarly, monitoring for noise levels was carried out at different points on the boundary walls of the plant sites where minimal instances of excursions were witnessed.

Recycling

Sewage: Approximately 18,000 gallons/day of sewage is generated from the Pezu plant. It is treated to bring its pollution load within the specified values of the NEQS, for the applicable parameters before its end use for irrigation of vegetation and trees within the plant boundaries. Resultantly, ambient environment is not affected in any way due to sewage.

Solid waste: Solid waste is generated from plant operations at various points. Bag houses are among the major collectors of solid waste in the form of particulate matter. This is a useful additive in cement production.

Raw Materials: Raw materials/raw mix and reject of preheater is recycled by putting them on limestone piles. The small quantity of this raw material, rich in limestone, does not affect the quality of limestone piles.

Used oil and lubricants: Used oil, lubricants and very small quantity of greases are transferred to the furnace oil decanting point where they are mixed with furnace oil and used as fuel of calciner / burner.

Furnace oil sludge: Furnace oil sludge generated from the power house and cement plant is sold to the contractors for appropriate disposal.

Paper bags: Burst paper bags from cement packing process are sold in the market where they are reused for either paper pulp manufacture or other packing materials.

Brick waste: Brick waste from the lining of the kiln is also sold to the contractors for reuse in small-scale kilns for ceramic, acid proof bricks and such other refractory materials' manufacturing.

Waste from Quality Control: Cement cubes (broken by strength determination), cement, pieces of cement pellets, daily analyzed samples of limestone, shale, iron ore, sand, gypsum, raw mix, kiln feed and clinker is transferred to clinker storage yard. The quantity of these materials is very low thus, there is no impact on the quality of clinker.

Empty drums and containers: Empty drums and containers are returned to the suppliers of the chemicals in them for recycling and reuse at their end.

Grinding media: The used grinding media of cement mill is sold in the market through contractor for its reuse in small-scale manufacturing.

Miscellaneous waste: Miscellaneous solid waste includes tyres, tubes, batteries, belts, nylon strips, filters and scrap wood. These are sold in the market through contractors.

OUR PARTNERSHIPS AND COMMITMENTS TO PROMOTE SUSTAINABLE DEVELOPMENT

Panel Discussion on SDG 12 – Responsible Production and Consumption

In February, the Executive Director of Lucky Cement Limited was invited as a key panelist in an event organized by PBC's Centre of Excellence in Responsible Business partnered with ICI Pakistan Limited. The workshop and panel discussion was organized to highlight the importance of sustainable business practices to achieve the United Nations Agenda 2030.

Mr. Noman Hasan, Executive Director at Lucky Cement Limited participated as the key panelist and highlighted the importance of Sustainable practices in manufacturing business. To create awareness about the sustainable practices among businesses, he explained how the growth of businesses are intertwined with the conservation of environment and eco systems for future generations.
UN SDG 12 encourages companies to play their part in reducing their social and environmental impact by adaptation of sustainable practices in their operations and supply chains.

ClimateLaunchpad Pakistan

In an effort to promote the significance of sustainable environment, Lucky Cement Limited sponsored ClimateLaunchpad Pakistan Competition organized by Stimulus. ClimateLaunchpad is the world's largest green business ideas competition with the mission to unlock the world's clean-tech potential that addresses climate change. The program was launched globally in 2014 and was organized for the first time in Pakistan. Determined to address the negative impacts of climate change by way of innovation and invention, ClimateLaunchpad is run by a central team, located in the Netherlands, and supported by national teams who organize the competition in their respective countries. Stimulus is the strategic partner for ClimateLaunchpad in Pakistan.

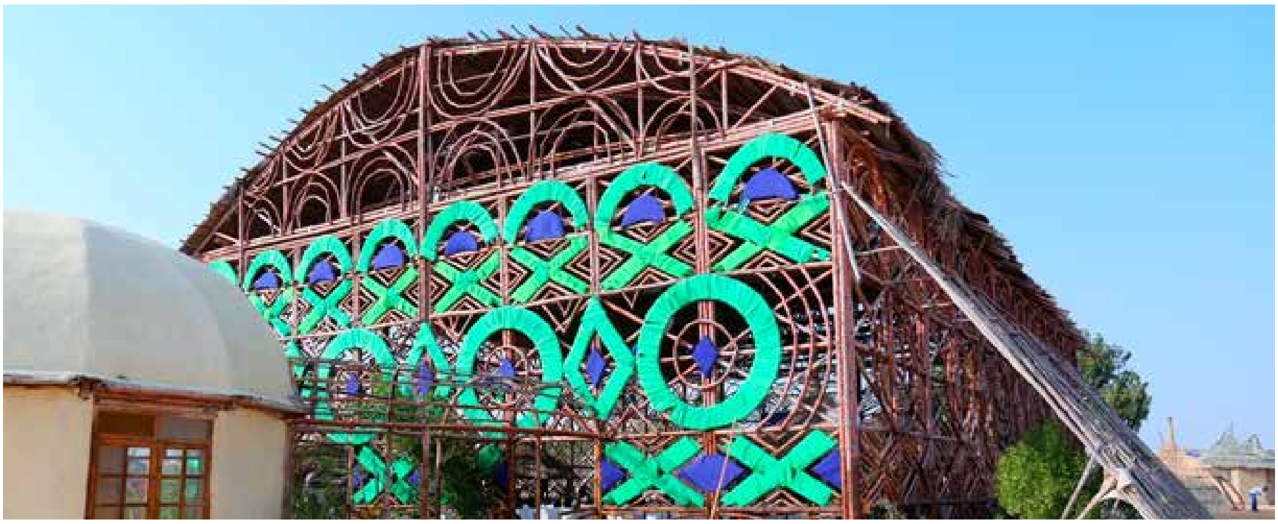
To seek participation for the competition, five national incubation centers, 194 universities from across Pakistan and 20 university incubation centers were engaged in 2019. The competition attracted 100 clean-tech entrepreneurs from across the country who submitted their applications addressing solutions to challenges in agriculture, healthcare, energy efficiency, water and waste management.

Pitching teams from Pakistan participated in the semi-final round along with 162 other teams from 50 countries. The teams presented well and their business plans were much appreciated.

The event allowed for significant networking opportunities for the Pakistani start-ups and interaction with start-ups from other countries offered potential collaboration opportunities to be developed.

Team Pakistan left a significant mark on the international clean-tech community with their activities in Pakistan from January to September 2019 as well as during their participation at the Grand Final.

Lucky Cement Limited was the first stakeholder to support the initiative in line with its focus to create a sustainable environment for businesses to operate.



Partnership with International Network for Traditional Building, Architecture and Urbanism (INTBAU)

With a commitment to conserve the environment, being an industry leader Lucky Cement always looks for opportunities to highlight and support initiatives working towards a sustainable future. With an objective to fight global warming and support initiatives that resemble with the philosophy of Lucky Cement, the Company sponsored the International Network for Traditional Building, Architecture and Urbanism (INTBAU) for its first international conference in Pakistan.

Founded in 2001, INTBAU is dedicated to create better places to live in traditional building, architecture and urbanism. INTBAU's mission is the revival and promotion of traditional crafts along with the design and propagation of zero carbon footprint structures for humanitarian assistance.

INTBAU Pakistan's first international conference took place from 15th to 17th November. The international conference focused on Green Sustainable Architecture, combined with an exhibition on Karachi's historic architecture, and colonial architecture of Malaysia.

In addition to INTBAU International, the Pakistan chapter of INTBAU joined hands with two other prestigious international organizations: World Habitat Awards and Commonwealth Habitat Forum for the purpose of this conference. Top humanitarian architects and conservationists joined this conference also.




Around 30 foreign delegates and five foreign students from all over the world including Spain and Malaysia participated in the conference, along with close to 250 national delegates and students hailing from Karachi, Hyderabad, Umerkot, Lahore, Peshawar and Islamabad. Through lectures and hands-on work, three intensive sessions were held comprising international experts and students drawn from schools of architecture across Pakistan, which focused on ways to minimize global warming by mitigating Green House Gases.

The beggar community of Makli has been transformed into an artisan community through this initiative who make the houses and stoves with bamboo, lime and mud. INTBAU is a global network of architects which has 34 national chapters and having 6,000 members in more than one hundred countries.

With a mission to bring a positive change in the society and for the sustainable development of the community, Lucky Cement Limited is determined to continue such initiatives which not only represent positive image of Pakistan but shows the seriousness of its people towards global warming.

HEALTH & SAFETY

We are committed to cultivate an environment which ensures health and safety embedded at its core. We are determined to offer a safe & secure workplace for our employees and all stakeholders engaged in our business operations.

HEALTH AND SAFETY
PROTECTING THE HUMAN CAPITAL

By rigorously following the laid down HSE guidelines, Lucky Cement is committed to provide a safe working environment for all of its employees and stakeholders engaged in its business operations. We are an ISO 45001, ISO 14001 and ISO 9001 certified organization and continuously implement practices that offer health, safety and environment development at our work place.

We have a dedicated HSE department to ensure effective systems of measuring, monitoring and reporting of necessary compliance with health, safety and environment matters. The HSE department at Lucky Cement is involved in environmental protection, safety at work, occupational health and safety, compliance and following best practices. HSE aims to prevent and reduce accidents, overcome emergencies and health issues at work and to protect the environment.

Our workforce is regularly updated about occupational health, safety and environment concerns through a continuous process of training and coaching at different levels. To enhance safety awareness and to build a culture of continuous improvement in personal and process safety, a comprehensive communication structure has been established such as daily, weekly and monthly safety reviews and safety talks.

Safety measures at Lucky Cement have been taken according to the work environment (by conducting risk assessment) at both plants and the corporate offices. At all our sites, safety is everybody's responsibility therefore every area/ functional head is the owner of safety practices under the umbrella of HSE principles. The operations team at all locations collaborate in implementation of OH&S policies and procedures. To sustain HSE awareness and to build a culture of continuous improvement in personal and process safety, different committees at appropriate levels are formed and periodic reviews are carried out during SOC (Safety Operation Committee) meetings and through Management Safety Audits (MSA).

To ensure regulatory compliances, environmental testing is performed regularly from EPA approved laboratory. We also strive to save the environment by recycling exhaust heat from production process to generate electricity through WHR (Waste Heat Recovery) process. Plantation of trees for maintaining the green belt in and surrounding areas of the plant sites and offices is also a regular practice.

Cardiopulmonary Resuscitation (CPR) – Basic Life Support (BLS)

Basic Life Support (BLS) is a first-aid resuscitation that educates and equips individuals to recognize various life-threatening emergencies. We conduct comprehensive BLS workshops to educate our employees about the necessary safety precautions that can assist victims who are suffering from cardiac arrest or choking. By teaching about basic life support and medical practices we are maintaining a safe and healthy work setting for our employees.

We also foster a tradition of trainings and medical camps for its employees with the best procedures and expertise. We also envision a hazard-free setting and frequently invest in various tools and techniques to ensure that employees are equipped with contemporary safety skills in their daily operations.

Moreover, we support leading cardiac hospital and dialysis centers in Karachi to alleviate patients' suffering from various diseases, such as but not limited to: urology, transplantation, cardiac, pediatric, kidney diseases and dialysis facilities.

At our plants, free medical facilities through the Lucky Welfare dispensaries is also provided to all employees. Furthermore, a fully equipped Silicosis Diagnostics Center is also established for monitoring and early detection of silicosis disease amongst the Company employees.

Consumer Protection Measures

We are committed to provide our customers with top quality cement and ensure the compliance of ISO 9001:2015 (Quality Management System) by conducting regular internal and independent third party audits at our plants and offices. The manufacturing units have cutting-edge

technology and quality management systems which enable us to deliver products that are of highest quality and which follow international safety standards.

We also hire the services of independent parties who serve as an additional quality check point to ensure that the cement pertains to international benchmarks of safety and quality. In compliance with the South African, Kenyan and EN 197-I & II standards, a safety notice is imprinted on the packaging material of cement sold in the mentioned markets. This informs the customers about the safety measures to be taken such as suitable safety clothing, dust masks etc. Along with this, Safety Data Sheets are also provided to consumers and users to ensure that they have all the necessary information about the product usage and any additional safety precautions that need to be taken.

Emergency Preparedness and Response

Safety of employees lies at the core of our operational framework. In this regard, we have made considerable efforts to enable employees to handle unforeseen emergencies effectively. Emergency plans are in place, pertinent to the nature of their operations and assessed site risks. Practical demonstrations along with theoretical explanations are conducted periodically by skilled instructors at both plants and head office, so that employees get the knowledge and confidence required to cope with such situations. Regular mock drills are also carried out to familiarize everyone with the steps and procedures to follow in emergency situations; such knowledge and practice turns out to be lifesaving during a real time situation.

At the plants, mock drills of chemical spillage, firefighting, evacuation, casualty handling (sick or injured) and security breach management are regularly demonstrated. A high level Crisis Management Committee is also operative to deal with all such unforeseen situations related to health, safety, environment, security and natural disasters. Crisis Management members are fully competent to overcome these emergency situations smoothly.

As a company we are committed to fostering an environment which ensures safety and security. By fortifying safety and security goals as pillars of perpetual progress, we are in pursuit of a 100% safe and secure workplace for our employees and all stakeholders engaged in the business operations.

We efficiently implement our HSE policies and procedures mitigating the accident rate at our vicinities and reducing the risks of injury or health-hazards at the workplace.

PANDEMIC RECOVERY PLAN
OUR STRATEGY IN TIMES OF Covid-19

We are now a few months into the on-going Covid-19 crisis and every day we challenge previous assumptions about how we work and collaborate, how we measure progress and success, and what we consider to be essential or mission critical.

The coronavirus pandemic has laid severe longstanding ruptures in the World's economy and created an era of social crisis. As the global impact of the outbreak worsens, causing disruption to international trade and other commercial activities, the risk of businesses being unable to perform their contractual obligations has significantly increased. Being the third largest sector of the economy, contributing 18.5% of the country's GDP, manufacturing sector was most affected. With the impact of the pandemic, delivering more output and increasing productivity has become critical for our Sector's survival – and in turn our economy's ability to recover. At Lucky Cement, we always had a very efficient cost structure, which ensures business sustainability for our company.

Since the country depends on export-oriented industries for earning foreign exchange, it was imperative that the industry was able to meet the exports demand. As the industry leader, and an ISO Certified Organization with stringent occupational health and safety guidelines, we operate while ensuring safe working environment for all our employees and contractors.

Basic Protective Measures Taken Against Coronavirus (Covid-19)

Amid the global pandemic Lucky Cement Limited timely took the basic protective measures for its employees and stakeholders at all of its facilities. We did not only take the preventive measures but being an industry leader also played our role in spreading awareness by supporting the authorities in every possible way.

As part of our business continuity plan, we have formulated strategies to combat the adverse impact to the pandemic, we have extended our continued support to our vendors considering them our long-term strategic partners. Below are the key initiatives taken by the Company:

- Awareness sessions / regular safety talks were held to timely aware the employees regarding the safety precautions, transmission and symptoms of coronavirus.

- Awareness videos were shared on all social media platforms to educate as many audience as possible. Various posters were put in place at all locations which provided awareness to employees.

- Maximum number of employees at head office and area offices were advised to work from home by using digital / technological tools.

- Regular temperature check was ensured at all the entry points of the Head Office, Area Offices and production plants.

- Protective gloves and masks were distributed amongst the employees with strict guidelines to wear them at all times. All Employees were directed to wear protective face masks while traveling individually on motorcycles and/or in cars.

- Hand sanitizing machines were installed at easily accessible locations.

- Strict protocols on social distancing (including non-physical greetings), and hand hygiene (especially after handling cash) were put in place. Handshake or any kind of physical contact was strictly prohibited irrespective of Eid or any other religious or cultural festivity.

- Visitors were discouraged and if unavoidable, designated visitor meeting rooms were established which were disinfected regularly.

- Any goods or vehicles carrying the goods inside the premises were disinfected at entry point.

- Subsequent to receding of Covid-19, flexible timings were introduced to ensure implementation of social distancing.

- Disinfectant Tunnel were installed at all of the entry points of Company's plants and offices. Continuing the exercise of efficient use or available resources and recycling. Most of the items used in manufacturing a disinfectant tunnel were indigenously developed as markets were not open during this period. Frame and Disinfectant Container of these tunnel was picked up from the scrap material of the plants. Available electrical accessories from plant inventory were also brought in use for support in mechanical installments.

- A contingency plan was developed to allocate / re-distribute work in case if any employee got infected.

OUR CONTRIBUTION TO SOCIETY

With the rise of the global pandemic, Lucky Cement Limited being a socially responsible company remained at the forefront to help the communities by distributing ration bags amongst the affected families. The Company designed its Covid-19 Relief Program to specifically target the rural and under-developed localities of Pakistan to support the marginalized communities. Ration bags were distributed in several villages including Qalandri, Chota Takwara, Bara Takwara, Kheru Khel, Wanda Ahmed Khan, Quresh Wanda Gulmir and Wanda Sharbat in the District Lakki Marwat from Khyber Pakhtunkhwa and Bakkar, Bushko, Jogi, Yamin, Abdul Hameed Goth, Raees Walidad and Khair Mohammad in Sindh.

The Company also joined hands with the Prime Minister's Ehsaas Emergency Rashan Programme to provide rashan (Ration) to those affected by the Covid-19 outbreak across Pakistan.

Lucky Cement has been continuously supporting initiatives pertinent to community development, health, environment and education. In the current pandemic which has affected millions of people globally, the Company is determined to play its part as an industry leader for the people of Pakistan. The Covid-19 Relief Program specifically targeted the rural and under-developed localities of Pakistan to support the marginalized communities.

OUR RESPONSE AND STRATEGY

Sustainability at its core is about resilience — economically, environmentally, and socially — and doing what is needed today to ensure we are best positioned to succeed tomorrow. Under the current circumstances, we are ready to face the "new normal" level of stability across manufacturing and the supply chain. As part of our business continuity plan, we have formulated strategies to combat the adverse impact to the pandemic, we have extended our continued support to our vendors and customers considering them our long-term strategic partners. Our employees remain a key pillar of our businesses and we continue to stretch ourselves to protect their interest and well-being.

With stringent safety precautions, we continued our operations at production facilities and the offices with reduced staff and flexible working hours to curb the spread of Covid-19. We fully utilized innovative measures and digital technology to promote work-from-home by the employees to ensure social distancing.

CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible corporate entity, we strive hard to develop the communities in which we operate. We believe in creating value for our social capital through initiatives focusing on education, health and community development.

OUR CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Lucky Cement strongly believes that business's profitability and positive societal impact must be mutually reinforcing. This is the core of our creating shared value approach to business. Our company can only be successful in the long term if we create value for our Social Capital.

Companies that create shared value demonstrate that business should be a force for good. 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.

On the surface, the Company's CSR strategy is all about the natural environment and support for solutions to community and societal issues. Company's corporate social responsibility strategy involves environmental programs and community support initiatives to satisfy stakeholders' interests.

Tree Plantation

Continuing the effort to contribute in conserving the environment, a tree plantation drive was initiated in which free tree saplings were distributed amongst employees in an effort to make Pakistan greener and environment friendly. Like every year employees were briefed about the significance of tree plantation and were encouraged to plant trees within their vicinity.

Blood Donation Camp

As part of its social responsibility, the Company, arranged a blood donation camp at the Head Office. The event, organized in collaboration with The Indus Hospital, witnessed a commendable turnout of donors who volunteered to support maintenance of blood bank stock and contribute to the health of many people.

Being one of Company's yearly CSR initiatives, the drive is aimed at raising awareness of voluntary blood donation, promoting the values of civic responsibility and giving back to the local community.

EDUCATION

As our commitment to SDG 4, Quality Education plays a key role in our CSR efforts. Following from last year, we have sustained our goal of promoting quality education in the country by granting several merit-based scholarships to students at different institutes of Pakistan.

Contributions towards Literacy and Girls Education

Keeping in view the importance and impact of women education in Pakistan, we have collaborated with Zindagi Trust to support two leading Government girls' schools (SMB Fatimah Jinnah Government School and Khatoone -e- Pakistan Government School) in Karachi. With primary focus on social intervention in the development of women education in the country, through our support, Zindagi Trust transformed these schools into model educational institutions for girls in Pakistan.

Scholarships/Financial Assistance

We have collaborated with various prestigious institutes of Pakistan, providing educational assistance to deserving and bright students. The primary aim is to make education accessible and affordable to talented students regardless of their financial background.

Institute of Business Management (IoBM)

We have collaborated with IoBM for its Creek High School, Creek College and University Campus for providing scholarships to deserving students. With this we are determined to take forward the mission of making quality education accessible for the bright minds of Pakistan irrespective of their financial status.

Lahore University of Management Sciences

We strongly believe that the youth of today are the leaders of tomorrow. Sowing the seeds today for a brighter future, Lucky Cement generously granted scholarships to deserving students with the aim of increasing access to education. We are providing scholarships to students nominated by the National Outreach Program (NOP) of LUMS.

Institute of Business Administration (IBA)

We have collaborated with Institute of Business Administration (IBA), to provide educational assistance to a number of students in pursuit of quality education from the IBA through annual scholarship programs.

The Abdul Razzak Tabba Academic Block at the IBA Karachi, inaugurated in 2013 by our Chairman Mr. Yunus Tabba, is a testament of our commitment towards education.

Other Universities

We have also awarded scholarships to students in other leading universities of Pakistan. A collaboration of endowment program with National University of Sciences and Technology (NUST) is another prime example of our efforts towards sustainable and affordable education.

We also provide scholarships to the meritorious students of Pakistan seeking further education abroad. In this context, we have granted sponsorships to deserving bright students for various foreign universities.

Pezu Scholarship Program

In an effort to empower the youth of Pakistan, Lucky Cement Limited has expanded its existing national scholarship program for the bright students of District Lakki Marwat. Under this initiative deserving students are granted scholarships for graduate and undergraduate programs.

The primary aim of the program is to make education accessible and affordable for talented students especially from the rural areas regardless of their financial background.

HEALTH AND OTHER COMMUNITY PROJECTS

Health Projects

We have joined hands with various institutions from the healthcare industry to provide better, efficient and accessible treatment to the public.

Tabba Heart Institute (THI)

Tabba Heart Institute (THI) is a state-of-the-art, not-for-profit cardiac hospital, which was established with the aim to provide quality services and compassionate care at an affordable cost. Devoted to the cause of community welfare development, we have generously contributed towards THI to make healthcare more accessible.

Pakistan Association of the Blind

Pakistan Association of the Blind is an NGO that provides educational and rehabilitation services for those suffering from blindness. We generously offered financial assistance to alleviate suffering of needy patients.

World Memon Organization

Our company also supported the World Memon Organization through sponsorship of its World Memon Family Fiesta. The World Memon Organization is known for its charitable initiatives and donations for community development.

Tabba Kidney Institute (TKI)

We fervently support organizations that are dedicated to patient care without any discrimination. Tabba Kidney Institute (TKI) is a center of excellence that provides cost-effective and state-of-the- art dialysis facilities to the underprivileged section of the society. Acknowledging TKI's efforts, we have generously donated funds to support their noble cause.

Rural Development Programs

We realize the importance of giving back to the community because that is the real reason the Company has achieved the level of success that it currently enjoys. Continuing to uplift underprivileged communities, 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.

Earlier, limited facilities were available for drinking water in these areas. The PKR 16.2 million project is an effort made to facilitate the local residents in order to meet their everyday needs. A Garde Poly Crystalline Solar Panels by SunPower

Corporation USA, Solar Pump Inverter with Box by INVT and Submersible Pump with Motor by MaxiSu Turkey are some of the key specifications of the solar energy based tube wells setup installed.

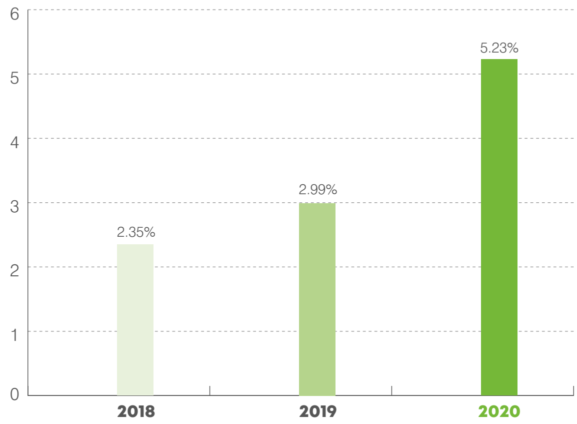
We have also installed drinking water pumps, constructed drinking water storage ponds and installed water supply lines. To empower the community and to improve income-earning possibilities, we embarked on a journey of developing a model village near our Karachi Plant. In this regard, Yamin Goth, a small shanty village on the outskirts of Karachi was granted a renovated mosque, public toilets and primary schools.

Over the years we also renovated the Government High Secondary School (GHSS) of Dara Pezu and more than 2,000 books were also donated to GHSS Pezu and Yarik village. We also constructed Computer Lab at GHHS Shahbaz Khel village in District Lakki Marwat and installed pressure pumps and constructed Bathrooms in school of Wanda Jogi village. We also took the initiative to provide medical facilities for the population free of cost. A dispensary clinic called "Abdul Razzak Tabba Welfare Dispensary" was set up, and a state-of-the-art ambulance equipped with the latest first aid medical apparatus, was also provided at the Pezu plant.

Since we firmly believe that an active lifestyle leads to a healthier lifestyle. In this regards we organize numerous sporting activities at both of our plants. The promotion of sporting activities provides education and awareness about the health benefits associated with engaging in physical activities.

Donations

Our company has a strong sense of Corporate Social Responsibility and we are effusively committed to support the areas of women empowerment, education, health, and community development. Our aim is to increase our contribution every year towards social responsibilities for creating a positive social impact.



Donation as a percentage of Net Profit

STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

FINANCIAL STATEMENTS

For the year ended June 30, 2020

Unconsolidated & Consolidated

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LUCKY CEMENT LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Lucky Cement Limited for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended
June 30, 2020.

A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: September 04, 2020

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INDEPENDENT ASSURANCE REPORT ON COMPLIANCE

with the Shariah Governance Regulations, 2018

To the Board of Directors of Lucky Cement Limited

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (the Commission) has required in terms of its Shariah Governance Regulations, 2018 (the Regulations) for assessing compliance of the Lucky Cement Limited's (the Company's) financial arrangements, contracts and transactions having Shariah implications with the Shariah principles (criteria specified in paragraph 2 below) for the year ended June 30, 2020. This engagement was conducted by a multidisciplinary team including assurance practitioner and independent Shariah scholar.

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts and transactions having Shariah implications for the year ended June 30, 2020) is assessed, comprised of the Shariah principles in light of the following:

(a) rules, regulations and directives issued by the Commission from time to time;

(b) pronouncements of the Shariah Advisory Board,

(c) Shariah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions, as adopted by the Commission, if any;

(d) requirements of the applicable Islamic Financial Accounting Standards as notified by the Commission, if any; and

(e) approvals and rulings given by the Shariah Advisor of the Company in line with the Regulations and in accordance with the rulings of the Shariah Advisory Board.

The above criteria were evaluated for their implications on the financial statements of the Company for the year ended June 30, 2020.

3. Management's Responsibility for Shariah Compliance

The Company's management is responsible to ensure that the financial arrangements, contracts and transactions having Shariah implications, entered into by the Company and related policies and procedures are in compliance with the Shariah principles (criteria specified in paragraph 2 above). The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

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4. **Our Independence and Quality Control**

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Statements, And Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. **Our responsibility and summary of the work performed**

Our responsibility in connection with this engagement is to express an opinion on compliance of the Company's financial arrangements, contracts and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended June 30, 2020 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial information', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about the compliance of the Company's financial arrangements, contracts and transactions having Shariah implications with Shariah principles (criteria specified in paragraph 2 above).

The procedures selected by us for the engagement depend on our judgement, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Company's compliance with the Shariah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance with Shariah principles (criteria specified in paragraph 2 above).

We believe that the evidence we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

6. **Conclusion**

Based on our reasonable assurance engagement, we report that in our opinion, the Company's financial arrangements, contracts and transactions having Shariah implications for the year ended June 30, 2020 are in compliance with the Shariah principles (criteria specified in paragraph 2 above), in all material respects.

A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: September 04, 2020

FINANCIAL STATEMENTS

For the year ended June 30, 2020

Unconsolidated

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCKY CEMENT LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Lucky Cement Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2020, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**Stock in trade and stores and spares** (refer notes 3, 10 and 11 to the annexed unconsolidated financial statements) Stock in trade includes: • raw materials like limestone, clay and gypsum; and • work-in-progress mainly comprising clinker. Further, stores and spares include coal. The above items are stored in purpose-built sheds, stockpiles and silos. As the weighing of these inventory items is not practicable, the management assesses the reasonableness of the quantities on hand by obtaining measurements of stockpiles and converting these measurements into unit of volumes by using angle of repose and bulk density values. The Company also involves an external surveyor in the inventory count process. Due to the significance of inventory balances and related estimations involved, this is considered as a key audit matter.	The Company performs annual inventory counts at year end and issues prior notification of procedures to be performed for such inventory counts. Our audit procedures to assess the existence of inventory included the following: • Attended physical inventory counts performed by the Company. • Assessed the reasonableness of the management's process of measurement of stockpiles and the determination of volumes using angle of repose and bulk density values. • Obtained and reviewed the inventory count report of the management's external surveyor.
(ii)	**Investment in a subsidiary** (refer note 7 to the annexed unconsolidated financial statements) The Company's subsidiaries include Lucky Electric Power Company Limited (LEPCL). As per the Company's already approved plans, additional investment in LEPCL was made during the year. Given the significance of the amount in the overall context of the annexed unconsolidated financial statements, the area remained our focus area throughout the audit, hence a key audit matter.	Our audit procedures in relation to additional investment in LEPCL included the following: • Updated our understanding of the Company's investment plan by reading and inspecting the minutes of the meeting of the Board of Directors. • Inspected the resolutions passed by the Board of Directors in relation to the investment made. • Inspected and verified the amount of investment made through supporting documents comprising banking instruments and regulatory submissions. • Verified that the disclosures relating to investment in LEPCL are in accordance with the requirements of the applicable accounting and reporting framework.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is Salman Hussain.

A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: September 04, 2020

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30, 2020

	Note	2020	2019
		(PKR in '000')	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	60,154,650	57,276,184
Intangible assets	6	11,323	18,152
		60,165,973	57,294,336
Long-term investments	7	47,144,485	34,313,588
Long-term loans and advances	8	87,008	99,316
Long-term deposits	9	3,175	3,175
		107,400,641	91,710,415
CURRENT ASSETS			
Stores and spares	10	6,613,090	6,809,724
Stock-in-trade	11	2,915,552	4,253,020
Trade debts	12	3,422,767	2,058,719
Loans and advances	13	390,966	686,525
Trade deposits and short-term prepayments	14	81,169	74,223
Accrued return		47,572	113,869
Other receivables	15	3,670,300	2,130,907
Tax refunds due from the Government	16	538,812	538,812
Short term investments	17	2,970,999	1,055,754
Cash and bank balances	18	7,816,606	15,657,246
		28,467,833	33,378,799
TOTAL ASSETS		135,868,474	125,089,214
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up share capital	19	3,233,750	3,233,750
Reserves	20	95,950,111	91,084,667
		99,183,861	94,318,417
NON-CURRENT LIABILITIES			
Long-term deposits	21	233,062	90,264
Long-term loan	22	380,181	-
Deferred liabilities	23	7,116,018	7,102,483
		7,729,261	7,192,747
CURRENT LIABILITIES			
Trade and other payables	24	19,354,794	19,185,279
Current maturity of long-term loan	22	126,727	-
Short term borrowings	25	7,931,444	2,900,000
Unclaimed dividend		55,767	53,953
Unpaid dividend	26	17,580	91,119
Accrued markup		46,173	10,338
Taxation - net		1,422,867	1,337,361
		28,955,352	23,578,050
		36,684,613	30,770,797
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		135,868,474	125,089,214

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Muhammad Yunus Tabba	Muhammad Ali Tabba	Atif Kaludi
Chairman / Director	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2020

	Note	2020	2019
		(PKR in '000')	
Gross sales	28	62,302,086	67,547,938
Less: Sales tax and federal excise duty		19,349,670	18,523,888
Rebates, incentive and commission		1,081,620	1,002,651
		20,431,290	19,526,539
Net sales		41,870,796	48,021,399
Cost of sales	29	(35,794,031)	(34,037,568)
Gross profit		6,076,765	13,983,831
Distribution cost	30	(3,699,154)	(2,728,809)
Administrative expenses	31	(1,189,638)	(1,202,939)
Finance costs		(176,378)	(24,933)
Other expenses	32	(377,526)	(1,047,617)
Other income	33	3,185,859	3,241,682
Profit before taxation		3,819,928	12,221,215
Taxation			
- current		(656,005)	(2,140,079)
- deferred		180,010	409,093
	34	(475,995)	(1,730,986)
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		238,329	80,166
Deferred tax thereon		(69,115)	(21,645)
		169,214	58,521
Unrealized loss on remeasurement of equity instrument			
at fair value through other comprehensive income		(5,487)	(11,947)
Deferred tax thereon		823	1,792
		(4,664)	(10,155)
		164,550	48,366
Total comprehensive income for the year		3,508,483	10,538,595
		(PKR)	
Earnings per share - basic and diluted	35	10.34	32.44

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Muhammad Yunus Tabba	Muhammad Ali Tabba	Atif Kaludi
Chairman / Director	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

	Note	2020	2019
		(PKR in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	4,048,857	16,658,147
Income tax paid		(603,777)	(1,623,723)
Gratuity paid		(109,054)	(85,056)
Finance costs paid		(140,543)	(14,595)
Increase / (decrease) in long-term deposits (liabilities)		142,798	(4,130)
Income from deposits with Islamic banks		1,603,352	2,161,528
Decrease / (Increase) in long-term loans and advances		12,308	(8,320)
Net cash generated from operating activities		4,953,941	17,083,851
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,762,896)	(19,683,325)
Long term investments made		(9,044,601)	(9,332,510)
Short-term investments		(1,920,732)	(1,032,745)
Sale proceeds on disposal of property, plant and equipment		83,141	181,534
Dividend received from subsidiary company		1,162,684	457,000
Dividend received from associated company		122,273	183,410
Dividend received on short term investments		200,861	37,503
Release of bank balance held as lien	18.2	5,935,560	1,455
Net cash used in investing activities		(10,223,710)	(29,187,678)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan obtained		506,908	–
Dividends paid		(2,173,663)	(2,572,833)
Net cash used in financing activities		(1,666,755)	(2,572,833)
Net (decrease) in cash and cash equivalents		(6,936,524)	(14,676,660)
Cash and cash equivalents at the beginning of the year		4,871,686	19,548,346
Cash and cash equivalents at the end of the year	36.2	(2,064,838)	4,871,686

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Muhammad Yunus Tabba	Muhammad Ali Tabba	Atif Kaludi
Chairman / Director	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Issued, subscribed and paid up share capital	Capital reserve Share premium	Revenue reserves General reserves	Revenue reserves Unappropriated profit	Total reserves	Total equity
	(PKR in '000')					
Balance as at July 1, 2018	3,233,750	7,343,422	63,710,434	12,079,216	83,133,072	86,366,822
Transfer to general reserves	–	–	9,492,216	(9,492,216)	–	–
Transactions with owners in their capacity as owners						
Final dividend at the rate of PKR 8/- per share each for the year ended June 30, 2018	–	–	–	(2,587,000)	(2,587,000)	(2,587,000)
Profit after taxation for the year	–	–	–	10,490,229	10,490,229	10,490,229
Other comprehensive income for the year	–	–	–	48,366	48,366	48,366
Total comprehensive income for the year	–	–	–	10,538,595	10,538,595	10,538,595
Balance as at June 30, 2019	3,233,750	7,343,422	73,202,650	10,538,595	91,084,667	94,318,417
Transfer to general reserves	–	–	8,436,657	(8,436,657)	–	–
Effect of scheme of arrangement - LCLHL (refer note. 7.3)	–	–	–	(22,708)	(22,708)	(22,708)
Effect of scheme of arrangement - LCHPL (refer note. 7.6)	–	–	–	3,481,607	3,481,607	3,481,607
Transactions with owners in their capacity as owners						
Final dividend at the rate of PKR 6.5/- per share each for the year ended June 30, 2019	–	–	–	(2,101,938)	(2,101,938)	(2,101,938)
Profit after taxation for the year	–	–	–	3,343,933	3,343,933	3,343,933
Other comprehensive income for the year	–	–	–	164,550	164,550	164,550
Total comprehensive income for the year	–	–	–	3,508,483	3,508,483	3,508,483
Balance as at June 30, 2020	3,233,750	7,343,422	81,639,307	6,967,382	95,950,111	99,183,861

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Atif Kaludi
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

1. THE COMPANY AND ITS OPERATIONS

1.1 Lucky Cement Limited (the Company) was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (now the Companies Act, 2017) and is listed on the Pakistan Stock Exchange. The Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange. The principal activity of the Company is manufacturing and marketing of cement.

The registered office of the Company is located at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and the head office is situated at Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street in Karachi. The Company has two production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super Highway in Karachi, Sindh. Further, the Company's liaison offices are situated in Islamabad, Quetta, Multan, D.I.Khan, Lahore and Peshawar.

1.2 These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any.

1.3 On March 11, 2020, the World Health Organisation declared COVID-19 a global pandemic. The COVID 19 outbreak developed rapidly thereafter with a significant number of COVID-19 cases reported globally. The pandemic has resulted in consequences on health and society and on economy affecting the earnings and cash flows of businesses, after the announcement of lock-downs by the government authorities, resulting in closure of business operations except for specifically exempted industries. The management believes that due to the pandemic the Company's operations, financial position and results have been impacted only on a temporary basis and believes that as normalcy comes about, these impacts have started to recede.

2. STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these unconsolidated financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

Property, plant and equipment

Estimates with respect to residual value, depreciation method and depreciable lives of property, plant and equipment as disclosed in notes 4.3 and 5.1 to these unconsolidated financial statements. Further, the Company reviews the carrying value of assets for impairment, if any, on each reporting date.

Impairment of financial and non-financial assets

Estimates with respect to impairment of financial and non-financial assets as disclosed in note 4.22 to these unconsolidated financial statements.

Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

Stores and spares and stock-in-trade

Estimates made with respect to provision for slow moving, damaged and obsolete items and their net realizable value are disclosed in notes 4.8 and 4.9 to these unconsolidated financial statements.

Further, the Company's certain inventory items [i.e. raw materials (limestone, clay and gypsum), work-in-process (clinker) and stores and spares (coal)] are stored in purpose-built sheds, stockpiles and silos. As the weighting of these inventory items is not practicable, the management assess the reasonableness of the on-hand inventory by obtaining measurement of stockpiles and converting these measurements into unit of volume by using angle of repose and bulk density values. In making this estimate the Company involves external surveyor for determining the inventory existence.

Provision for doubtful debts and other receivables

The Company reviews the recoverability of its trade debts and other receivables to assess the amount required for provision for doubtful debts / receivables as disclosed in note 4.20 to these unconsolidated financial statements.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 4.12 and note 23 to these unconsolidated financial statements for valuation of present value of defined benefit obligation.

Income taxes

In making the estimates for income taxes payable by the Company, the management considers current income tax law and the decisions of appellate authorities on certain cases issued in the past.

Future estimation of export sales

Deferred tax calculation is based on estimate of future ratio of export and local sales.

Contingencies

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these unconsolidated financial statements are the same as those applied in the preparation of the unconsolidated financial statements of the Company for the year ended June 30, 2019, except for the effects of changes as detailed in note 4.2(a) below.

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except otherwise stated.

4.2 Change in accounting standards, interpretations and amendments to published approved accounting and reporting standards

(a) Standard, amendments and interpretation to published approved accounting and reporting standards which are effective during the year:

Effective July 1, 2019, the Company has adopted IFRS 16, 'Leases' which replaced guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduced a single, on balance sheet lease accounting model for the Company. The adoption of IFRS 16 did not have material impact on these unconsolidated financial statements. The accounting policies relating to Company's right-of-use-asset and lease liability are disclosed in notes 4.4 and 4.14.

There were certain amendments to accounting and reporting standards and a new interpretation was issued which were mandatory for the current financial year. However, these are considered not to be relevant or had any significant effect on the Company's financial reporting and are, therefore, not disclosed in these unconsolidated financial statements.

(b) Standards and amendments to published approved accounting and reporting standards that are not yet effective:

There is a new standard and certain amendments and an interpretation to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020 . However, the standard, amendments and interpretation will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated financial statements.

4.3 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land and capital work-in-progress which are stated at cost less impairment losses, if any. Cost in relation to certain items in operating fixed assets and capital work-in-progress, signifies historical cost and financial charges on borrowings.

Except for plant and machinery, depreciation is charged to the profit or loss, applying the straight line method at the rates mentioned in note 5.1 to these unconsolidated financial statements. On plant and machinery depreciation is charged on higher of estimated useful life and units of production method. Depreciation on additions is charged from the date of acquisition / transfer of asset, whereas depreciation on disposals is charged till the date of disposal.

The assets' residual values, the method of depreciation and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Maintenance and normal repairs are charged to the profit or loss as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of operating fixed assets, if any, are included in the profit or loss.

4.4 Right-of-use asset

Effective July 1, 2019, the right-of-use asset is initially measured based on the initial measurement of lease liability, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

4.5 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any.

Amortization is charged to the profit or loss applying the straight line method at the rate mentioned in note 6 to these unconsolidated financial statements.

4.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment losses, if any.

4.7 Investments in associates

Associates are entities over which the Company has significant influence but not control. Investments in associates are carried at cost less accumulated impairment losses, if any.

All purchases and sales of investments are recognised on the trade date which is the date that the Company commits to purchase or sell the investment.

4.8 Stores and spares

These are valued at lower of weighted average cost and net realizable value, except items in transit, which are stated at cost. Provision for slow moving, damaged and obsolete items are charged to the profit or loss. Value of items is reviewed at each reporting date to record provision for any slow moving items, damaged and obsolete items.

Net realizable value signifies the selling price in the ordinary course of business less estimated cost necessarily to be incurred in order to make the sale, which is generally equivalent to the estimated replacement cost.

4.9 Stock-in-trade

These are stated at the lower of cost and net realizable value. The methods used for the calculation of cost are as follows:

(i)	Raw and packing material	at weighted average cost comprising quarrying / purchase price, transportation, government levies and other overheads.
(ii)	Work-in-process and finished goods	at weighted average cost comprising direct cost of raw material, labour and other manufacturing overheads.

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

4.10 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

4.11 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash and cheques in hand, current and Islamic saving accounts with banks, short term borrowings and sales collection in transit.

4.12 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all permanent employees. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.

Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

All remeasurement gains and losses are recognised in other comprehensive income.

4.13 Compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligation are made using the current salary levels of the employees. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact of such valuation will not be material.

4.14 Leases

Effective July 1, 2019, the lease liability is initially measured at present value of the lease payments over the period of lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Company reassess the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

4.15 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not invoiced to the Company.

4.16 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

4.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with the Income Tax Ordinance, 2001 and taxes paid / payable on final tax basis, after taking into account tax credit available, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at reporting date.

4.18 Revenue recognition

(a) Sale of goods

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

(b) Revenue from the sale of electricity is recorded based on the output delivered and capacity available at the rates as specified under the Power Purchase Agreement.

(c) Profit on bank deposit in Islamic savings account is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

(d) Dividend income is recognized when the right to receive such payment is established.

4.19 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rate ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and on translation of monetary assets and liabilities denominated in foreign currencies at reporting date are recognized in the profit or loss.

4.20 Financial assets and liabilities

Financial assets

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

(ii) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value or amortized cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

4.21 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.22 Impairment

(a) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

(b) Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.24 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (PKR), which is the Company's functional and presentation currency.

	Note	**2020**	2019
		(PKR in '000')	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	5.1	59,650,770	43,118,520
Capital work-in-progress	5.5	503,880	14,157,664
		60,154,650	57,276,184

5.1 Operating fixed assets - tangible

	Note	Leasehold land	Freehold land	Buildings on leasehold land	Buildings on freehold land	Plant and machinery	Generators	Quarry equipment	Vehicles including cement bulkers	Aircraft	Furniture and fixtures	Office equipment	Computer and accessories	Other assets (Laboratory equipment etc.)	Total
		(PKR in '000')													
As at July 1, 2018															
Cost		1,394,929	315,202	5,518,454	3,339,756	29,873,917	16,362,914	1,892,995	1,874,926	744,664	105,135	240,354	153,136	352,034	62,168,416
Accumulated depreciation		(138,148)	–	(2,185,270)	(2,027,417)	(10,304,097)	(6,027,285)	(1,046,340)	(868,974)	(389,866)	(70,998)	(194,910)	(129,143)	(235,106)	(23,617,554)
Net book value		1,256,781	315,202	3,333,184	1,312,339	19,569,820	10,335,629	846,655	1,005,952	354,798	34,137	45,444	23,993	116,928	38,550,862
Year ended June 30, 2019															
Transfers from CWIP		–	44,397	434,102	254,666	6,520,896	91,462	129,392	290,277	–	11,650	32,251	18,217	52,995	7,880,305
Disposals															
Cost		–	–	–	–	(1,219)	(11,709)	(7,247)	(158,816)	–	–	(1,640)	(10,486)	(1,441)	(192,558)
Accumulated depreciation		–	–	–	–	824	10,174	2,942	128,908	–	–	1,640	10,317	1,210	156,015
		–	–	–	–	(395)	(1,535)	(4,305)	(29,908)	–	–	–	(169)	(231)	(36,543)
Depreciation charge for the year	5.2	(21,338)	–	(287,227)	(171,367)	(1,434,328)	(798,306)	(166,506)	(224,995)	(70,959)	(19,400)	(30,578)	(19,011)	(32,089)	(3,276,104)
Net book value as at June 30, 2019		1,235,443	359,599	3,480,059	1,395,638	24,655,993	9,627,250	805,236	1,041,326	283,839	26,387	47,117	23,030	137,603	43,118,520
Year ended June 30, 2020															
Transfers from CWIP	5.5	–	–	10,892	4,898,265	14,521,851	128,393	100,208	704,436	–	6,368	21,390	9,845	10,992	20,412,640
Disposals	5.3														
Cost		–	–	(1,176)	(1,266)	(3,620)	(5,367)	(1,743)	(99,175)	–	(15,875)	(39,683)	(27,194)	(10,693)	(205,792)
Accumulated depreciation		–	–	726	76	1,639	4,285	1,743	69,851	–	14,936	39,396	26,808	9,510	168,970
		–	–	(450)	(1,190)	(1,981)	(1,082)	–	(29,324)	–	(939)	(287)	(386)	(1,183)	(36,822)
Depreciation charge for the year	5.2	(21,339)	–	(298,179)	(302,965)	(1,856,551)	(802,076)	(143,113)	(253,675)	(70,959)	(12,963)	(32,236)	(14,721)	(34,791)	(3,843,568)
Net book value as at June 30, 2020		1,214,104	359,599	3,192,322	5,989,748	37,319,312	8,952,485	762,331	1,462,763	212,880	18,853	35,984	17,768	112,621	59,650,770
At June 30, 2019															
Cost		1,394,929	359,599	5,952,556	3,594,422	36,393,594	16,442,667	2,015,140	2,006,387	744,664	116,785	270,965	160,867	403,588	69,856,163
Accumulated depreciation		(159,486)	–	(2,472,497)	(2,198,784)	(11,737,601)	(6,815,417)	(1,209,904)	(965,061)	(460,825)	(90,398)	(223,848)	(137,837)	(265,985)	(26,737,643)
Net book value		1,235,443	359,599	3,480,059	1,395,638	24,655,993	9,627,250	805,236	1,041,326	283,839	26,387	47,117	23,030	137,603	43,118,520
At June 30, 2020															
Cost		1,394,929	359,599	5,962,272	8,491,421	50,911,825	16,565,693	2,113,605	2,611,648	744,664	107,278	252,672	143,518	403,887	90,063,011
Accumulated depreciation		(180,825)	–	(2,769,950)	(2,501,673)	(13,592,513)	(7,613,208)	(1,351,274)	(1,148,885)	(531,784)	(88,425)	(216,688)	(125,750)	(291,266)	(30,412,241)
Net book value		1,214,104	359,599	3,192,322	5,989,748	37,319,312	8,952,485	762,331	1,462,763	212,880	18,853	35,984	17,768	112,621	59,650,770
Annual rates of depreciation		1.01% to 2.63%	–	5%	5%	3.33% to 20%	5%	10%	10% to 20%	10%	20%	33%	33%	10% to 33%	

5.2 Depreciation charge for the year has been allocated as follows:

	Note	2020	2019
		(PKR in '000')	
Cost of sales	29	3,431,969	2,839,812
Distribution cost	30	186,253	165,192
Administrative expenses	31	165,341	165,097
Capital work in progress		3,624	2,873
Cost of sale of electricity		56,381	103,130
		3,843,568	3,276,104

5.3 The details of operating fixed assets disposed off during the year are as follows:

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Buyers	Relationship of purchaser with Company or director, if any
			(PKR in '000')					
Vehicle	2,678	614	2,064	2,571	507	Negotiation	Energas Terminals (Private) Limited	Associate
----do----	2,713	1,049	1,664	2,990	1,326	Company policy	Mr. Faiz Durrani	Employee
----do----	2,216	1,606	610	2,320	1,710	Tender	Mr. Muhammad Iftikhar Alam	N/A
----do----	2,685	566	2,119	3,229	1,110	Tender	Mr. Kashif Ahmed Baig	----do----
----do----	3,127	–	3,127	3,127	–	Tender	Mr. Imran Ayub Bhatti	----do----
----do----	2,713	1,475	1,238	2,766	1,528	Tender	Mr. Imran Ayub Bhatti	----do----
----do----	2,415	879	1,536	2,711	1,175	Tender	Mr. Saleem Ahmed Siddiqui	----do----
----do----	2,334	345	1,989	2,250	261	Insurance claim	IGI General Insurance	----do----
----do----	2,270	987	1,283	2,727	1,444	Tender	Khawaja Muhammad Fawad, Esq.	----do----
----do----	2,269	987	1,282	2,553	1,271	Tender	Amin Motors	----do----
----do----	1,868	–	1,868	1,974	106	Tender	Lucky Auto Industries	Associate
----do----	1,813	1,024	789	2,112	1,323	Tender	Mr. Muzammil	N/A
----do----	1,601	684	917	1,954	1,037	Tender	Syed Adil Ali, Esq.	----do----
Trailer	7,869	1,478	6,391	9,500	3,109	Insurance claim	IGI General Insurance	----do----
Building on leasehold land	1,266	76	1,190	1,756	566	Insurance claim	EFU	----do----
Items having book value less than PKR 500,000 each	165,955	157,200	8,755	38,601	29,846	Various		
Total	205,792	168,970	36,822	83,141	46,319			
2019	192,558	156,015	36,543	181,534	144,991			

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

5.4 Following are the particulars of the Company's immovable fixed assets:

S.No	Business Unit Type	Location	Total Area of land in acre
1	Head office	Muhammad Ali Housing Society, Karachi	1.76
2	Karachi Plant	Main Super Highway, Gadap Town, Karachi	955.52
3	Pezu Plant	Main Indus Highway, Pezu, District Lakki Marwat, KPK	885.74
4	Others	Sector F-7/1, Islamabad	0.14

5.5 The following is the movement in capital work-in-progress during the year:

	Opening balance	Additions	Transferred to fixed assets	Closing balance
		(PKR in '000')		
Building on leasehold land				
- Cement Plant	–	25,471	2,425	23,046
- Others	–	8,467	8,467	–
Building on freehold land				
- Cement Plant	2,845,746	2,075,142	4,886,674	34,214
- Power Plant	5,818	6,524	11,591	751
Land - leasehold	–	4,522	–	4,522
Land - Freehold	–	1,000	–	1,000
Plant and machinery	11,288,625	3,632,445	14,521,851	399,219
Generators	–	150,258	128,393	21,865
Quarry equipment	3,592	100,208	100,208	3,592
Vehicles including cement bulkers	11,928	706,632	704,436	14,124
Furniture and fixtures	136	6,526	6,368	294
Office equipment	967	20,710	21,390	287
Computer and accessories	–	9,845	9,845	–
Intangible assets	–	4,040	4,040	–
Other assets (Laboratory equipment etc.)	852	11,106	10,992	966
	14,157,664	6,762,896	20,416,680	503,880

6. INTANGIBLE ASSETS

Represent various computer softwares amortized on straight line basis over a period of 36 months. Movement during the year is as follows:

	Note	2020	2019
		(PKR in '000')	
Balance as at July 1		18,152	55,023
Transfer from capital work-in-progress	5.5	4,040	7,662
		22,192	62,685
Less: Amortisation charge for the year	6.2	(10,869)	(44,533)
As at June 30		11,323	18,152

6.1 As at June 30		
Cost	219,110	215,069
Accumulated amortisation	(207,787)	(196,917)
Net book value	11,323	18,152

		Note	2020	2019
			(PKR in '000')	
6.2	Amortisation charge for the year has been allocated as follows:			
	Cost of sales	29	2,997	23,593
	Distribution cost	30	538	4,035
	Administrative expenses	31	7,334	16,905
			10,869	44,533
7.	**LONG-TERM INVESTMENTS - at cost**			
	Subsidiaries			
	Lucky Holdings Limited	7.1	32,145	32,145
	LCL Investment Holdings Limited	7.2	4,580,500	4,580,500
	LCL Holdings Limited	7.3	–	10,626,239
	Lucky Electric Power Company Limited	7.4	19,450,000	–
	Kia Lucky Motors Pakistan Limited	7.5	12,876,384	12,876,384
	Lucky Cement Holdings (Pvt) Limited	7.6	–	5,586,955
	ICI Pakistan Limited	7.7	9,594,091	–
			46,533,120	33,702,223
	Associate			
	Yunus Energy Limited	7.8	611,365	611,365
			47,144,485	34,313,588

7.1 Lucky Holdings Limited (LHL) is a public unlisted Company incorporated in Pakistan. As of the reporting date, the Company owns 75 percent shares of Lucky Holdings Limited.

7.2 Represents equity investment in LCL Investment Holdings Limited (LCLIHL), a wholly owned subsidiary of the Company, incorporated and domiciled in Mauritius. LCLIHL has entered into joint venture agreements with Al Shamookh group to form Lucky Al Shamookh Holdings Limited (LASHL) for operating a cement grinding unit in Basra, Iraq and Al Shamookh Lucky Investment Limited (ASLIL) for constructing a fully integrated cement manufacturing unit in Samawah, Iraq. LASHL and ASLIL are companies with limited liability registered in Jebel Ali Free Zone, United Arab Emirates. LCLIHL holds 50 percent ownership in the aforesaid joint ventures.

LCLIHL has also entered into a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing Lucky Rawji Holdings Limited (LRHL), incorporated with limited liability under laws of British Virgin Islands, for constructing a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in LRHL.

7.3 On July 27, 2019, the Board of Directors of the Company passed a resolution approving a Scheme of Amalgamation under Section 284(1) of the Companies Act, 2017, to amalgamate its wholly owned subsidiary, LCL Holdings Limited (LCLHL) with and into the Company with effect from July 1, 2019. The Scheme of Amalgamation was also approved by the Board of Directors of LCLHL in its meeting held on March 9, 2020. The form in respect of the said amalgamation was submitted to the SECP on March 30, 2020. Consequently, as of July 1, 2019, the entire undertaking of LCLHL stand merged with and into the Company and the entire business of LCLHL including its properties, assets, liabilities and rights and obligations vested into the Company. As LCLHL was a wholly owned subsidiary, the amalgamation has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting balances relating to LCLHL for the year ended June 30, 2019 have been amalgamated on a line by line basis on the date of merger and the corresponding figures have not been adjusted. Investment as appearing in the books of the Company has been adjusted against the corresponding equity of the merged entity. Details of the balances merged are as follows:

	(PKR in '000')
Assets	
Non current asset	
Long term investment	10,600,000
Current assets	
Markup receiveable	–
Advance tax	3,031
Prepayments	2,297
Bank balances	440
	5,768
Total assets	10,605,768
Equity and liabilities	
Issued, subscribed and paid-up capital	394,434
Advance against issuance of ordinary shares	2,500
Share premium	10,229,305
	10,626,239
Accumulated loss	(22,708)
	10,603,531
Current liabilities	
Accrued and other liabilities	2,237
Total equity and liabilities	10,605,768

* Eliminated against the Company's investment in LCLHL.

7.4 Lucky Electric Power Company Limited (LEPCL) was incorporated in Pakistan on June 13, 2014, as a public unlisted company. Subsequent to the amalgamation of LCL Holdings Limited (note 7.3), the Company now directly holds 100 percent shares (1,635,000,000 shares of PKR 10 each) of LEPCL. The amount of investment includes advance against future of issuance of shares amounting to PKR 3,100 million (2019: PKR 2.5 million). LEPCL is setting up a 660 MW coal based power project. However, it is still in investing phase and the commercial operation date (COD) is expected to be March 1, 2021. Its registered office is situated at 6-A, Muhammad Ali Society, A. Aziz Hashim Tabba Street, Karachi in the province of Sindh.

7.5 This represents equity investment in Kia Lucky Motors Pakistan Limited (KLM), a public unlisted company incorporated in Pakistan. The amount of investment includes advance against future issuance of shares amounting to PKR 1,558 million (2019: PKR 2,891 million). As at June 30, 2020, the Company holds 71.55% shareholding in KLM.

7.6 On January 22, 2020, the Board of Directors of the Company passed a resolution approving a Scheme of Amalgamation under Section 284(1) of the Companies Act, 2017, to amalgamate its subsidiary, Lucky Cement Holdings (Private) Limited (LCHPL) with and into the Company with effect from July 1, 2019. The Scheme of Amalgamation was also approved by the Board of Directors of LCHPL in its meeting held on March 6, 2020. The form in respect of the said amalgamation was submitted to the SECP on March 30, 2020. Consequently, as July 1, 2019, the entire undertaking of LCHPL stands merged with and into the Company and the entire business of LCHPL including its properties, assets, liabilities and rights and obligations vested into the Company. As LCHPL was a wholly owned subsidiary, the amalgamation has been accounted for as a common control transaction and predecessor accounting has been applied. Under predecessor accounting balances relating to LCHPL for the year ended June 30, 2019 have been amalgamated on a line by line basis on the date of merger and the corresponding figures have not been adjusted. Investment as appearing in the books of the Company has been adjusted against the corresponding equity of the merged entity. Details of the balances merged are as follows:

	(PKR in '000')
Assets	
Non current asset	
Long term investment	9,427,802
Current assets	
Advances, prepayments and other receivables	42
Bank balances	2,841
	2,883
Total assets	9,430,685
Equity and liabilities	
Issued, subscribed and paid-up capital	100
Capital reserves	
Share premium	4,468,290
Reserve under Scheme of Arrangement	1,118,565
	5,586,855
	5,586,955
Revenue reserve	
Unappropriated profit	3,481,607
	9,068,562
Current liabilities	
Payable to Lucky Holdings Limited - a related party	293,384
Accrued liabilities	1,945
Taxation - net	66,794
Total liabilities	362,123
Total equity and liabilities	9,430,685

* Eliminated against the Company's investment in LCHPL.

7.7 ICI Pakistan Limited (ICI) was incorporated in Pakistan and is listed on the Pakistan Stock Exchange. ICI is engaged in the manufacture of polyester staple fiber, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. ICI also acts an indenting agent and toll manufacturer. ICI's manufacturing facilities are situated in Karachi, Lahore and Khewra and the registered office is situated at 5 West Wharf, Karachi. Subsequent to the amalgamation of Lucky Cement Holdings (Pvt) Ltd with Lucky Cement Limited (note 7.6), the Company now directly holds 55 percent shares (50,798,000 shares of PKR 10 each) of ICI.

7.8 Represents 20% equity investment in Yunus Energy Limited, a public unlisted company incorporated in Pakistan, comprising 61,136,500 (2019: 61,136,500) shares of PKR 10 each.

	Note	**2020**	2019
		(PKR in '000')	
8. LONG-TERM LOANS AND ADVANCES			
(secured & considered good)			
Long term loans			
Due from employees	8.1	116,899	140,850
Less: Recoverable within one year		85,262	96,905
		31,637	43,945
Other advances	8.3	55,371	55,371
		87,008	99,316

8.1 Loans given to employees are in accordance with the Company policy and are repayable within a period of 2 to 5 years. These loans are return free and are secured against the gratuity of the respective employees. These loans are carried at cost due to the materiality of the amounts involved. These include outstanding balances of loans given to key management personnel namely M/s. Amin Ganny, Mashkoor Ahmed, Muhammad Shabbir, Zaher Shah and Adnan Ahmed. (2019: M/s. Amin Ganny, Mashkoor Ahmed, Muhammad Shabbir and Adnan Ahmed) as at June 30, 2020.

8.2 The maximum amount outstanding at the end of any month during the year ended June 30, 2020 from key management personnel aggregated to PKR 25.497 million (2019: PKR 34.238 million).

8.3 These represent return free advances given to Sui Southern Gas Company Limited in respect of additional gas line which will be adjusted after the commissioning of gas line in 48 equal monthly installments.

9. LONG-TERM DEPOSITS

Represent return free deposits to Water and Power Development Authority and Central Depository Company of Pakistan Limited.

		Note	2020	2019
			(PKR in '000')	
10.	**STORES AND SPARES**			
	Stores		2,386,725	2,689,093
	Spares		4,456,438	4,350,704
			6,843,163	7,039,797
	Less: Provision for slow moving spares		230,073	230,073
			6,613,090	6,809,724
11.	**STOCK-IN-TRADE**			
	Raw and packing materials		655,336	597,674
	Work-in-process		1,882,802	2,750,407
	Finished goods		407,414	934,939
			2,945,552	4,283,020
	Less: Provision for slow moving packing material		30,000	30,000
			2,915,552	4,253,020
12.	**TRADE DEBTS**			
	(considered good)			
	Bills receivable - secured		1,289,487	409,598
	Others - unsecured		2,155,414	1,670,374
			3,444,901	2,079,972
	Less: Provision for doubtful debts	12.2	22,134	21,253
			3,422,767	2,058,719
12.1	The ageing of trade debts as at June 30 is as follows:			
	Not impaired		3,422,767	2,058,719
12.2	Movement in provision for doubtful debts:			
	Balance as of July 1		21,253	7,022
	Provision during the year		2,180	17,263
	Write off		(1,299)	(3,032)
	Closing balance		22,134	21,253

	Note	2020	2019
		(PKR in '000')	
13. LOANS AND ADVANCES			
(secured & considered good)			
Current portion of long term loans and advances			
to employees	8	85,262	96,905
Other advances given to employees - return free	13.1	8,463	8,397
		93,725	105,302
Advances to suppliers and others - return free		297,241	448,047
Sales tax, excise duty and other government levies		–	133,176
		390,966	686,525

13.1 Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

	Note	2020	2019
		(PKR in '000')	
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits - return free			
Containers		120	80
Utilities		1,169	1,169
Others		19,264	20,449
		20,553	21,698
Prepayments			
Insurance		34,236	23,280
Rent		10,439	13,932
Others		15,941	15,313
		60,616	52,525
		81,169	74,223
15. OTHER RECEIVABLES			
(unsecured & considered good)			
Rebate on export sales		46,175	45,524
Due from Collector of Customs	15.1	19,444	19,444
Hyderabad Electricity Supply Company (HESCO)	15.2	3,531,365	1,987,418
Others		73,316	78,521
		3,670,300	2,130,907

15.1 The Company had imported cement bulkers during October 19, 2006 to December 5, 2006 under SRO 575(1) of 2006 dated June 5, 2006 for export of loose cement which provided concessionary rate of import duty to an industrial concern. The Company claimed exemption of duty at the time of port clearance. However, the Collector of Customs passed an order allowing provisional release of consignment subject to final approval from the Federal Board of Revenue (FBR) and deposit of post dated cheques for the differential amount of duty. The Company deposited three post dated cheques aggregating PKR 19.444 million for three different consignments of cement bulkers and simultaneously approached the FBR for giving direction to the Collector of Customs, Karachi.

The FBR moved a summary to the Federal Government / Economic Coordination Committee (ECC) on the representation of the Company and finally issued SRO 41(1) of 2007 dated January 7, 2007 which clarified that the imported cement bulkers were also entitled for concessional rate of duty of 5%. The Collector of Customs instead of releasing the post dated cheques, encashed the same on the plea that the effect of SRO will not be given to the Company with retrospective effect despite the fact that the said clarification was issued on the representation of the Company.

The Company filed a writ petition before the High Court of Sindh at Karachi on July 30, 2007 challenging the illegal and malafide act of encashment of post dated cheques. The High Court of Sindh passed an order in favour of the Company and has ordered the Collector of Customs to refund the amount collected within one month from the date of judgement. The judgement has been challenged by the FBR in the Supreme Court of Pakistan which remains pending.

15.2 The Company and HESCO entered into a Power Purchase Agreement (PPA) dated March 22, 2011 pursuant to a policy in place at the time for the New Captive Power Plants (NCPPs), which had been reviewed by National Electric Power Regulatory Authority (NEPRA).

Subsequent to the signing of the PPA, NEPRA purported to re-determine the tariff through determination dated January 9, 2013, which was challenged by all the NCPPs in the High Court of Sindh. The High Court of Sindh decided the case in favor of NEPRA vide judgement dated August 19, 2015.

The Company filed an appeal in the Supreme Court of Pakistan (SCP) against the High Court of Sindh's decision. Detailed hearings were held and the Court's judgement was reserved in November 2016. However, the said judgement has not been announced since then and the case was relisted for hearing. The case is currently being heard in Supreme Court of Pakistan.

On March 6, 2017, the Company and HESCO entered into an interim agreement, which is subject to the outcome of the above Civil Appeals pending in the Supreme Court of Pakistan.

As per the agreement, HESCO has fulfilled certain conditions and also provided an amount of PKR 642 million to the Company which was netted off against other receivables and the Company supplied and invoiced electricity from March 2017 to May 2019 based on PPA rates. The Company suspended electricity sale to HESCO from May 2019 due to non-payment of bill since January 2019.

During the current year, HESCO claimed that the Company was collecting GIDC from it which was not being paid to gas companies as the said amounts were under litigation. Accordingly, another settlement agreement between the Company and HESCO was entered into on January 2020, based on which GIDC amount is being deposited in a separate bank account under the control of HESCO. The amount already received by the Company against GIDC has been deposited by the Company in such bank account.

It has been agreed that the aggregate GIDC amount shall be returned to the Company if these ultimately become payable by the Company based on the court decisions on GIDC and gas tariff litigations which is still pending adjudication. Subsequent to the year end the matter has been decided against the Company.

In August, 2017, the Government of Sindh promulgated the Sindh New Captive Power Plants Subsidy Act, 2017 read in light of corrigendum issued by the Government of Sindh gazetted on February 1, 2018 for provision of tariff differential support to captive power producers in the province of Sindh. Under the aforementioned act, the Company claimed and received subsidy for the period March 2015 to March 2018 amounting to PKR 630 million.

On May 3, 2019 the Company filed a Constitutional Petition before the High Court of Sindh challenging the non-payment of subsidy since April 2018 by the Government of Sindh under the Sindh New Captive Power Plants Subsidy Act, 2017. The case was decided in favor of the Company on November 5, 2019 and the Sindh Government was directed to process the pending claims of the Company as per law within one month. However, the Company has not yet received subsidy amount of PKR 858.36 million for the period April 2018 to May 2019 and January 2020 to April 2020 from Government of Sindh. The Company is following up with relevant department for settlement of dues as directed by the court.

16. TAX REFUNDS DUE FROM THE GOVERNMENT

A dispute with respect to the calculation of excise duty on retail price of cement arose between the Company and the FBR from the very first day the Company started sales of cement in 1996. The FBR's point of view was that excise duty be calculated on the declared retail price, inclusive of excise duty whereas the Company contended that the excise duty would not be included in retail price for the calculation of the excise duty payable to the Government.

On June 2, 1997, the Company filed a writ petition before the High Court of Peshawar on seeking judgement on this matter. The dispute related to the period from June 26, 1996 to April 19, 1999 after which the FBR changed the mechanism of levying excise duty from percentage of retail price to a fixed amount of duty at the rate of PKR 1,400 per ton. The High Court of Peshawar after hearing both the parties issued a detailed judgement, operating paragraph of which is reproduced as follows:

''For the reasons we accept the petitions declare, that present system of realization of duties of excise on the "Retail Price" inclusive of excise duty is illegal and without lawful authority, the duties of excise on cement must not form part of retail price and the petitioners are not liable to pay duties of excise forming part of the retail price of cement.''

Simultaneously, a similar nature of dispute arose between various beverage companies operating in the provinces of Sindh and Punjab and accordingly those also filed petitions before the High Courts of Sindh and Lahore respectively. Both the High Courts also decided the case against the method of calculation of excise duty as interpreted by the FBR.

The FBR preferred an appeal before the Supreme Court of Pakistan against the judgements of all three High Courts of the country. A full bench of the Supreme Court of Pakistan heard the legal counsel of all the parties and finally announced the judgment on April 14, 2007, upholding the judgements of the High Courts and dismissed the appeal of the FBR.

As a result of the full bench judgement of the Supreme Court of Pakistan, the Company filed a refund claim of PKR 538.812 million on May 8, 2007 with the Collector of Central Excise and Sales Tax, Peshawar, who had earlier collected the same due to incorrect interpretation of law. The Company on the basis of legal opinions obtained, recognised this refund claim in the unconsolidated financial statements for the year ended June 30, 2007.

A review petition was also filed by the FBR before the Supreme Court of Pakistan. The Supreme Court of Pakistan vide its order dated January 27, 2009 dismissed the review petition filed by the FBR and upheld its earlier decision which was in favour of the Company.

While verifying the refund claim, the Collector of Excise and Sales Tax Peshawar issued show cause notice to the Company, raising certain objections against the release of the refund including an objection that the burden of this levy has been passed on to the end consumer. The Company challenged this show cause notice in the High Court of Peshawar and took the stance that this matter has already been dealt with at the Supreme Court of Pakistan level, based on the doctrine of res judicata. The High Court of Peshawar granted a stay order to the Company against any adverse proceeding by the FBR in this case.

During the year ended June 30, 2013, the Company filed a complaint before the Federal Tax Ombudsman (FTO) with a request that the FBR may be directed for early issuance of refund alongwith the compensation for the delayed refund. The FTO directed the FBR to verify the claim of the Company and submit a report in the matter. Subsequently, the FBR on the basis of audit conducted submitted a report to the FTO. However, the Company did not agree to the findings of the FBR and argued before the FTO that the report submitted by the FBR is not based on the facts of the case.

After hearing the arguments of both the parties, the FTO forwarded its recommendations / findings to the Secretary, Revenue Division, Islamabad through its order dated November 22, 2013.

The FBR filed representation, before the President of Pakistan against the recommendations of the FTO under Section 32 of Federal Tax Ombudsman Ordinance, 2000. However, the President of Pakistan endorsed the recommendations of the FTO of having an audit conducted by independent firms. The FBR filed a writ petition in the High Court of Peshawar against the findings of the FTO as endorsed by the President which suspended the operations of the orders of FTO and President of Pakistan on July 14, 2015 till further orders. The Company has filed a counter affidavit in response to the FBR's writ petition, which is pending adjudication in the Peshawar High Court.

In January 2018, the FBR's writ petition was dismissed by the High Court of Peshawar after which the FBR filed an appeal in the Supreme Court of Pakistan. The FBR has filed review petition in the High Court of Peshawar for review of judgement given in favour of the Company as well as filed an appeal in the Supreme Court in March 2018. The Company is trying to get the matter expedited and get both review petition and appeal dismissed.

The management is confident on the advise of its legal advisor that the ultimate outcome of the case would be in its favor and the full amount would be recovered in due course, therefore no provision for the above receivable has been made in these unconsolidated financial statements.

		Note	2020	2019
			(PKR in '000')	
17.	**SHORT TERM INVESTMENTS**			
	Investments -Fair value through profit or loss	17.1	2,953,476	1,032,744
	Investments - Fair value through other comprehensive income	17.2	17,523	23,010
			2,970,999	1,055,754

17.1 These represent investment in 59,069,530 units (2019: 20,654,888 units) of Meezan Rozana Amdani Fund having net asset value of PKR 50 per unit.

17.2 These represent investment in 1,769,940 shares (2019: 1,769,940 shares) of Pakistan Stock Exchange.

		Note	2020	2019
			(PKR in '000')	
18.	**CASH AND BANK BALANCES**			
	Sales collection in transit		429,766	387,859
	Cash at bank			
	- in current accounts		194,953	916,290
	- in Islamic saving accounts	18.1	7,185,052	14,346,347
			7,380,005	15,262,637
			7,809,771	15,650,496
	Cash in hand		6,835	6,750
			7,816,606	15,657,246

18.1 These are shariah compliant bank balances and carry profit at rates ranging from 2.35% to 13.65% (2019: 2.5% to 13.65%) per annum.

18.2 This includes an amount of PKR 1,950.500 million (2019: PKR 7,885.560 million) held by a bank as security against the guarantees obtained from the bank issued on behalf of subsidiary companies.

		2020	2019
		(PKR in '000')	
19.	**SHARE CAPITAL**		
	Authorized capital		
	500,000,000 (2019: 500,000,000) Ordinary shares of PKR 10/- each	5,000,000	5,000,000
	Issued, subscribed and paid-up share capital		
	305,000,000 (2019: 305,000,000) Ordinary shares of PKR 10/- each issued for cash	3,050,000	3,050,000
	18,375,000 (2019: 18,375,000) Ordinary shares of PKR 10/- each issued as bonus shares	183,750	183,750
		3,233,750	3,233,750

19.1 During the year ended June 30, 2008, the Company was admitted to the official list of the Financial Services Authority and to the London Stock Exchange for trading of the Global Depository Receipts (GDRs) issued by the Company on the Professional Securities Market of the London Stock Exchange. The GDR issue constituted an offering to qualified institutional buyers in the United States under Rule 144A and to non US persons outside the United States (US) under Regulation - S of the US Securities Act of 1933. The GDRs have also been included for trading on the International Order Book system of the London Stock Exchange, which made the GDRs issued under Rule 144A to become eligible for trading by qualified institutional buyers in the Portal Market; a subsidiary of the NASDAQ Stock Market, Inc in the US. The Company had issued 15,000,000 GDRs each representing four ordinary equity shares at an offer price of US$ 7.2838 per GDR (total receipt being US$ 109.257 million).

Accordingly, based on an exchange rate of PKR 65.90 = US$ 1.00 (which was the exchange rate on the date of final offering circular relating to the GDR issue made by the Company) 60,000,000 ordinary equity shares of a nominal value of PKR 10 each of the Company were issued at a premium of PKR 110 per ordinary equity share (total premium amount being PKR 6,600 million).

The holders of GDRs are entitled, subject to the provisions of the Deposit Agreement, to receive dividend, if any and rank pari passu with other equity shareholders in respect of dividend. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the equity shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated May 8, 2008, the deposited equity shares in respect of which the GDRs were issued may be withdrawn from the depository facility. Upon withdrawal, the holders will rank pari passu with other equity shareholders in respect of dividend, voting and other direct rights of shareholders.

		Note	2020	2019
			(PKR in '000')	
20.	**RESERVES**			
	Capital reserve			
	Share premium	20.1	7,343,422	7,343,422
	Revenue reserves			
	General reserve		81,639,307	73,202,650
	Unappropriated profit		6,967,382	10,538,595
			88,606,689	83,741,245
			95,950,111	91,084,667

20.1 This reserve can be utilised by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

		Note	2020	2019
			(PKR in '000')	
21.	**LONG-TERM DEPOSITS**			
	Cement stockists	21.1	181,282	45,484
	Transporters	21.2	50,500	43,500
	Others		1,280	1,280
			233,062	90,264

21.1 These represent return free security deposits received from stockists and are repayable on cancellation or withdrawal of stockist arrangement and are also adjustable against unpaid amount of sales.

21.2 These represent return-free security deposits received from transporters and are repayable on cancellation or withdrawal of contracts.

		Note	2020	2019
			(PKR in '000')	
22.	**LONG-TERM LOAN**			
	Long-term loan	22.1	506,908	–
	Less: Current maturity of long-term loan		126,727	–
			380,181	–

22.1 During the year, the Company entered into a long-term loan agreement with Habib Metropolitan Bank Limited - Islamic amounting to PKR 506.908 million under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan. The loan is repayable in eight equal quarterly instalments, starting from January 2021. This long term financing facility is secured by way of hypothecation charge over specific plant & machinery of the Company. The facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 0%) plus bank's spread of 0.50% per annum starting from the date of disbursement and is payable in arrears on quarterly basis.

22.2 Loan obtained from the commercial bank is shariah compliant.

		Note	2020	2019
			(PKR in '000')	
23.	**DEFERRED LIABILITIES**			
	Staff gratuity	23.1	1,948,457	1,823,204
	Deferred tax liability	23.2	5,167,561	5,279,279
			7,116,018	7,102,483

23.1 The amounts recognized in the statement of financial position, based on the recent actuarial valuation carried on June 30, 2020, are as follows:

		2020	2019
		(PKR in '000')	
23.1.1	Present value of defined benefit obligation	1,948,457	1,823,204
23.1.2	Changes in the present value of defined benefit obligation are as follows:		
	Balance as at July 1	1,823,204	1,632,119
	Charge for the year	472,636	356,307
	Remeasurement gain recognised in other comprehensive income	(238,329)	(80,166)
		2,057,511	1,908,260
	Payments made during the year	(109,054)	(85,056)
		1,948,457	1,823,204
23.1.3	Charge for the year recognised in the statement of profit or loss is as follows:		
	Current service cost	206,272	193,344
	Finance cost	266,364	162,963
		472,636	356,307

		Note	2020	2019
			(PKR in '000')	
23.1.4	The charge for the year has been allocated as follows:			
	Cost of sales	29	343,738	254,838
	Distribution cost	30	36,147	26,260
	Administrative expenses	31	89,236	70,392
	Cost of sale of electricity		3,515	4,817
			472,636	356,307
23.1.5	Principal actuarial assumptions used are as follows:			
	Expected rate of increase in salary level		9.25%	10.00%
	Valuation discount rate		9.25%	14.25%

23.1.6 Sensitivity analysis

A sensitivity analysis for the above principal actuarial assumptions as of the reporting date showing how the defined benefit obligation would have been affected by changes in the said assumptions is as follows:

	2020 (PKR in '000')
Discount rate +1%	(180,286)
Discount rate -1%	210,913
Long term salary increases +1%	218,695
Long term salary increases -1%	(189,930)

23.1.7 Description of the risks to the Company

The defined benefit plan exposes the Company to the following risks:

Mortality risks - The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Final salary risks - The risk that the final salary at the time of cessation of service is different than what was assumed. Since the benefit is calculated on the final salary, the benefit amount changes similarly.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

23.1.8 Expected charge to unfunded gratuity scheme for the year ending June 30, 2021 is Rs 388.704 million.

		2020	2019
		(PKR in '000')	
23.2	**Deferred tax liability**		
	This comprises of the following:		
	- Taxable temporary differences arising due to accelerated tax depreciation allowance	5,605,449	5,746,531
	- Deductible temporary differences arising in respect of provisions and minimum tax	(437,888)	(467,252)
		5,167,561	5,279,279

		Note	2020	2019
			(PKR in '000')	
24.	**TRADE AND OTHER PAYABLES**			
	Creditors		2,599,290	3,427,675
	Accrued liabilities		3,383,846	2,642,326
	Payable to subsidiaries against claim			
	of tax losses	24.1	33,582	1,164,347
	Advances from customers		1,756,904	1,460,910
	Retention money		1,281,272	2,660,493
	Sales tax, excise duty and other government levies	24.2	8,892,577	6,037,994
	Workers' Profit Participation Fund (WPPF)	24.3	201,135	647,779
	Workers' Welfare Fund (WWF)	24.4	1,094,951	1,094,951
	Others		111,237	48,804
			19,354,794	19,185,279

24.1 Payable to subsidiaries against claim of tax losses

As allowed under section 59B of the Income tax ordinance, 2001, the Company has claimed tax loss amounting to PKR 115.8 million, surrendered by its subsidiary company Lucky Electric Power Company Limited (LEPCL). Tax impact of the loss aggregate to PKR 33.582 million (2019: PKR 1,164.317 million which included payable to LEPCL and KIA Lucky Motors amounting to PKR 31.419 million and 1,132.928 million respectively.)

24.2 Subsequent to the financial year end, the Supreme Court of Pakistan has upheld the GIDC Act 2015 to be constitutional and intravires. The Company intends to file a review against the said decision.

		Note	2020	2019
			(PKR in '000')	
24.2	The movement of WPPF payable is as follows:			
	Opening balance		647,779	805,563
	Allocation for the year and return thereon	32	202,778	648,109
			850,557	1,453,672
	Payments during the year		(649,422)	(805,893)
			201,135	647,779

24.3 On May 10, 2017, the Company received a show cause notice from the Sindh Revenue Board (SRB) demanding payment of Sindh Workers' Welfare Fund. The Company has challenged the said notice in High Court of Sindh dated May 29, 2017 on the ground that after the 18th Amendment, SRB and Federation of Pakistan, both can only collect Workers' Welfare Fund (WWF) from the Company after a law is enacted catering to WWF collection from trans-provincial organizations.The Federation of Pakistan and the Province of Sindh along with SRB have been made parties in the said matter.

The case was fixed for hearing on May 31, 2017, wherein the SHC has restrained SRB from taking any coercive action against the Company. The Company's legal counsel is of the view that the Company, being a trans-provincial organization, has a good chance of success.

25. SHORT TERM BORROWINGS

The Company has obtained Islamic Export Refinance Facility of PKR 6,050 million from a number of banks. Markup paid on these facilities amounted to PKR 93.59 million. The facility is secured by way of hypothecation charge over plant and machinery, stocks and stores and spares. The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 2%) plus spread ranging from 0.10% to 1.00% per annum.

Further, the Company has also obtained Foreign Currency Import Finance (FCIF) Facility under Islamic mode amounting to PKR 1,881.444 million from Habib Metropolitan Bank Limited - Islamic. The facility is secured by way of hypothecation charge over stocks and stores and spares. The facility carries mark-up rate ranging 2.25% to 2.50% per annum.

26. UNPAID DIVIDEND

This represents dividend withheld due to court order.

27. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

27.1 The Company was entitled to sales tax exemption on cement produced by it from the date of commissioning to June 30, 2001 under SROs 580(1)/91 and 561(1)/94 dated June 27, 1991 and June 9, 1994 respectively. During the year ended June 1997, the Federal Government extended the sales tax exemption to all cement manufacturers of Pakistan and deprived the Company from the advantage of its sales tax exemption. Being aggrieved, the Company filed a writ petition with the Peshawar High Court in 2000. Subsequently, the sales tax exemption was restored on September 5, 2000. The writ petition was therefore withdrawn on legal advice and a suit was filed for compensation. The civil judge Peshawar granted ex-parte decree in favor of the Company for an amount of PKR 1,693.61 million along with 14% return per annum until the said amount is actually paid.

On August 3, 2011, the Company filed an execution petition for realisation of the decretal amount as per the decree granted by the civil court on November 20, 2009 which was challenged by the government. The Civil Judge, Peshawar, dismissed the suit of the Company on December 18, 2012. Dismissal of the suit by the lower court has been challenged by the Company in the High Court of Peshawar on March 9, 2013 in which relief is sought that the judgment of December 18, 2012 may be set aside. The case is currently pending before the High Court of Peshawar.

27.2 The Competition Commission of Pakistan (CCP) passed a single order on August 27, 2009 against all the cement manufacturers of the country on the alleged ground of formation of cartel for marketing arrangement and imposed a penalty at the rate of 7.5% of total turnover of each company consisting of both local and export sales. The amount of penalty imposed on the Company is PKR 1,271.84 million which was then challenged in the Superior Court with the main case being heard by the Lahore High Court. At the High Court of Lahore, the Company seeks the declaration of the Competition Ordinance 2007 and Regulation 22 of the Competition (General Enforcement) Regulations 2007 to be ultra-vires the Constitution. Further, that the show cause notice dated October 28, 2008 and order dated August 27, 2009 be declared illegal. The High Court of Lahore has heard the arguments of all the parties and has reserved its judgment on the matter on July 17, 2020.

The Company has also filed a case on the same prayer in the Supreme Court in 2009 as at the time of filing it was unclear where appeal against the CCP order lay. During the year, the Supreme Court of Pakistan remanded the case back to the Competition Appellate Tribunal (CAT). The Company has filed petition in the High Court of Sindh in relation to the constitution mechanism of the tribunal, wherein the High Court of Sindh granted stay against the notice. The High Court of Sindh has ordered CAT not to pass a final order, till the case is decided.

The Company's legal counsel is confident that the Company has a good case and there are reasonable chances of success, hence, no provision for the above has been made in these unconsolidated financial statements.

27.3 Details of the other matters are given in notes 15.1, 15.2 & 16 to these unconsolidated financial statements.

		2020	2019
		(PKR in '000')	
	COMMITMENTS		
27.4	**Capital commitments**		
	Plant and machinery under letters of credit	816,405	3,220,748

		2020	2019
		(PKR in '000')	
27.5	**Other commitments**		
	Stores, spares and packing material under letters of credit	1,636,056	3,809,895
	Bank guarantees issued by the Company on behalf of the subsidiary companies	19,114,000	21,274,014
	Bank guarantees issued on behalf of the Company	2,589,829	2,391,903
	Post dated cheques	883,551	1,081,735
	Commitment on behalf of subsidiary company in respect of cost over-run and PSRA support	23,135,522	22,034,373
28.	**GROSS SALES**		
	Local	49,962,174	57,363,568
	Export	12,339,912	10,184,370
		62,302,086	67,547,938

28.1 All revenue earned by the Company is shariah compliant.

			2020	2019
			(PKR in '000')	
29.	**COST OF SALES**			
	Salaries, wages and benefits	23.1.4	2,364,172	2,291,339
	Raw material consumed		1,589,409	1,642,614
	Packing material consumed	29.1	3,629,535	3,476,477
	Fuel and power		20,932,372	22,714,858
	Stores and spares consumed		1,461,493	1,542,241
	Repairs and maintenance		413,858	423,168
	Depreciation	5.2	3,431,969	2,839,812
	Amortization	6.2	2,997	23,593
	Insurance		82,367	71,000
	Earth moving machinery		270,170	293,780
	Vehicle running and maintenance		50,327	49,743
	Communication		11,789	13,213
	Mess subsidy		6,966	11,837
	Transportation		6,213	8,143
	Travelling and conveyance		3,472	4,319
	Rent, rates and taxes		28,410	49,022
	Printing and stationery		2,146	2,104
	Other manufacturing expenses		111,236	103,745
			34,398,901	35,561,008
	Work-in-process:			
	Opening		2,750,407	1,581,179
	Closing		(1,882,802)	(2,750,407)
			867,605	(1,169,228)
	Cost of goods manufactured		35,266,506	34,391,780
	Finished goods:			
	Opening		934,939	580,727
	Closing		(407,414)	(934,939)
			527,525	(354,212)
			35,794,031	34,037,568

29.1 These are net of duty draw back on export sales amounting to PKR 31.77 million (2019: PKR 27.77 million).

		Note	2020	2019
			(PKR in '000')	
30.	**DISTRIBUTION COST**			
	Salaries and benefits	23.1.4	294,426	264,485
	Logistics and related charges		2,337,349	1,708,568
	Loading and others		672,604	348,362
	Communication		6,427	6,609
	Travelling and conveyance		9,678	9,534
	Printing and stationery		1,013	1,155
	Insurance		35,246	29,546
	Rent, rates and taxes		46,864	27,058
	Utilities		4,421	4,913
	Vehicle running and maintenance		17,543	17,848
	Repairs and maintenance		18,599	24,573
	Fees, subscription and periodicals		1,920	6,650
	Advertisement and sales promotion		13,627	29,402
	Entertainment		7,101	6,950
	Security services		5,611	4,174
	Depreciation	5.2	186,253	165,192
	Amortization	6.2	538	4,035
	Provision for doubtful debt	12.2	2,180	17,263
	Others		37,754	52,492
			3,699,154	2,728,809
31.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	23.1.4	576,364	577,646
	Communication		8,133	10,345
	Travelling and conveyance		28,785	33,921
	Insurance		17,446	10,465
	Rent, rates and taxes		22,126	20,254
	Vehicle running and maintenance		24,711	27,952
	Aircraft running and maintenance		43,688	56,187
	Printing and stationery		7,472	5,649
	Fees and subscription		32,690	25,394
	Security services		9,036	8,933
	Legal and professional fee		50,319	30,138
	Utilities		10,707	7,349
	Repairs and maintenance		131,847	145,595
	Advertisement		4,755	2,430
	Auditors' remuneration	31.1	6,690	8,768
	Depreciation	5.2	165,341	165,097
	Amortization	6.2	7,334	16,905
	Training cost		16,023	15,936
	Bank charges		14,840	17,345
	Others		11,331	16,630
			1,189,638	1,202,939

		Note	2020	2019
			(PKR in '000')	
31.1	**Auditors' remuneration**			
	Statutory audit fee - standalone		1,985	1,890
	Statutory audit fee - consolidation		468	446
	Half yearly review fee		468	446
	Fee for the review of compliance with the Code of Corporate Governance		110	105
	Others	31.1.1	2,565	4,653
			5,596	7,540
	Out of pocket expenses and government levies		1,094	1,228
			6,690	8,768

31.1.1 This pertains to fee for services rendered in relation to the taxation corporate matters.

		Note	2020	2019
			(PKR in '000')	
32.	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	24.3	202,778	648,109
	Workers' Welfare Fund		–	86,261
	Donations and scholarships	32.1 & 32.2	174,748	313,247
			377,526	1,047,617

32.1 These include donations amounting to PKR 80 million (2019: PKR 200 million) to Aziz Tabba Foundation (ATF). Mr. Muhammad Younus Tabba, Chairman of the Board of Directors of the Company, is the Chairman of ATF and Mr. Muhammad Ali Tabba, the Chief Executive of the Company, is the Vice Chairman of ATF. Further, Mr. Muhammad Sohail Tabba, Mr. Muhammad Jawed Tabba and Mrs. Mariam Tabba Khan the Directors of the Company, are also Trustees of ATF.

32.2 The names of donees to whom donation amount exceeds 10% of total donations is ATF.

		Note	2020	2019
			(PKR in '000')	
33.	**OTHER INCOME**			
	Income from non-financial assets			
	Gain on disposal of property, plant and equipment		46,319	144,991
	Gain from sale of electricity		179,743	290,248
	Exchange loss - net	33.1	(104,533)	(147,407)
	Sale of scrap and others		41,457	143,421
			162,986	431,253
	Income from financial assets			
	Dividend from subsidiary	33.2	1,162,684	457,000
	Dividend from associate		122,273	183,410
	Dividend from a mutual fund	33.2	200,861	37,503
	Income from deposits with Islamic banks	33.3	1,537,055	2,132,516
			3,022,873	2,810,429
			3,185,859	3,241,682

33.1 Represents exchange loss - net arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies. The realised amount of exchange gain aggregates to PKR 129.577 million.

33.2 Represents profit earned from shariah compliant investments.

33.3 Represents profit earned from shariah compliant bank deposits and bank balances.

34. TAXATION

34.1 Relationship between income tax expense and accounting profit:

	2020	2019
	(PKR in '000')	
Profit before taxation	3,819,928	12,221,215
Tax at the applicable tax rate of 29% (2019: 27%)	1,107,779	3,299,728
Tax effect under lower rate of tax	(195,918)	(508,997)
Others	(435,866)	(1,059,745)
	475,995	1,730,986
Effective tax rate	12%	14%

35. BASIC AND DILUTED EARNINGS PER SHARE

	2020	2019
Profit after taxation (PKR in thousands)	3,343,933	10,490,229
Weighted average number of ordinary shares (in thousands)	323,375	323,375
Basic and diluted earnings per share (PKR)	10.34	32.44

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

		Note	2020	2019
			(PKR in '000')	
36.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		3,819,928	12,221,215
	Adjustments for non cash charges and other items			
	Depreciation		3,843,568	3,276,104
	Amortization of intangible assets		10,869	44,533
	Provision for doubtful debts		2,180	17,263
	Gain on disposal of property, plant and equipment		(46,319)	(144,991)
	Income from deposits with Islamic banks		(1,537,055)	(2,132,516)
	Dividend income from subsidiary		(1,162,684)	(457,000)
	Dividend income from associate		(122,273)	(183,410)
	Dividend income from mutual fund		(200,861)	(37,503)
	Provision for staff gratuity		472,636	356,307
	Finance cost		176,378	24,933
	Profit before working capital changes		5,256,367	12,984,935
	(Increase) / decrease in current assets			
	Stores and spares		196,634	973,387
	Stock-in-trade		1,337,468	(1,456,362)
	Trade debts		(1,366,228)	348,488
	Loans and advances		295,559	(265,854)
	Trade deposits and short-term prepayments		(6,946)	(6,646)
	Other receivables		(1,539,393)	(819,727)
			(1,082,906)	(1,226,714)
	(Decrease) / Increase in current liabilities			
	Trade and other payables		(124,604)	4,899,926
			4,048,857	16,658,147
36.1	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	(Direct method)			
	Collections from customers		60,152,412	66,974,358
	Receipts of other income		180,626	1,628,063
	Payments to suppliers and service providers		(41,061,909)	(26,813,784)
	Payments to employees		(3,139,897)	(4,570,693)
	Payments relating to income taxes		(603,777)	(1,623,723)
	Payments relating to post retirement benefits - net		(109,054)	(85,056)
	Payment of mark-up		(140,543)	–
	Payments relating to indirect taxes		(10,323,917)	(18,865,611)
	Net cash generated from operating activities		4,953,941	16,643,554
36.2	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	18	7,816,606	15,657,246
	Bank balance marked as lien	18.2	(1,950,000)	(7,885,560)
	Short term borrowing		(7,931,444)	(2,900,000)
			(2,064,838)	4,871,686

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

37.1 Aggregate amounts charged in these unconsolidated financial statements are as follows:

Particulars	Chief Executive		Executives		Total	
	2020	2019	**2020**	2019	**2020**	2019
	(PKR in '000')					
Remuneration	40,000	40,000	481,755	446,591	521,755	486,591
House rent allowance	16,000	16,000	216,848	201,019	232,848	217,019
Utility allowance	4,000	4,000	48,170	44,655	52,170	48,655
Conveyance allowance	–	–	48,171	44,655	48,171	44,655
Charge for defined benefit obligation	5,000	5,000	73,248	101,121	78,248	106,121
	65,000	65,000	868,192	838,041	933,192	903,041
Number of persons	1	1	177	162	178	163

37.2 In addition to the above, the Chief Executive, Directors and some Executives are provided with Company maintained cars and other benefits as per the Company policy.

37.3 No remuneration has been paid to directors during the year except as disclosed in note 37.4 below.

37.4 An amount of PKR 1.625 million was paid to 7 non executive directors and PKR 0.156 million was paid to 1 executive director during the current year as the fee for attending board meetings (2019: 6 non executive directors were paid PKR 1.375 million and 1 executive director was paid PKR 0.188 million).

38. RELATED PARTIES

38.1 Following are the related parties with whom the Company had entered into transactions during the year:

38.1.1

S.No	Name of Related Party	Relationship	Direct Shareholding % in the Company
1	ICI Pakistan Limited	Subsidiary	Nil
2	Kia Lucky Motors Pakistan Limited	Subsidiary	Nil
3	Lucky Electric Power Company Limited	Subsidiary	Nil
4	Lucky Holdings Limited	Subsidiary	Nil
5	LCL Holdings Limited	Former subsidiary	
6	Lucky Cement Holdings (Private) Limited	Former subsidiary	Nil
7	Yunus Energy Limited	Associated Company	Nil
8	Lucky Air (Private) Limited	Associated Company	Nil
9	Gadoon Textile Mills Limited	Associated Company	Nil
10	Lucky Textile Mills Limited	Associated Company	Nil
11	Y.B. Holdings (Private) Limited	Associated Company	Nil
12	Y.B. Pakistan Limited	Associated Company	2.27460%
13	Yunus Textile Mills Limited	Associated Company	6.63202%
14	Lucky Energy (Private) Limited	Associated Company	3.55095%
15	Kenzo Holdings Limited	Associated Company	7.05157%
16	Grandcres Investment Limited	Associated Company	3.01767%
17	CNC Trading	Associated Company	Nil
18	Global Commodities Limited	Associated Company	Nil
19	Lucky Paragon Readymix Limited	Associated Company	Nil
20	Luckyone (Private) Limited	Associated Company	Nil
21	Lucky Foods (Private) Limited	Associated Company	Nil
22	Aziz Tabba Foundation (Trustee)	Associated Undertaking	Nil
23	Energas Terminal (Private) Limited	Associated Company	Nil

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

38.1.1	S.No	Name of Related Party	Relationship	Direct Shareholding %
	24	Lucky Exim (Private) Limited	Associated Company	0.01392%
	25	Lucky Knits (Private) Limited	Associated Company	Nil
	26	Lucky Commodities (Private) Limited	Associated Company	Nil
	27	Tabba Heart Institute	Associated Company	Nil
	28	Lucky Auto Industries (Private) Limited	Associated Company	Nil
	29	Lucky Landmark (Private) Limited	Associated Company	Nil
	30	Mr. Muhammad Yunus Tabba	Director	3.45134%
	31	Mrs. Khairunnisa Aziz	Spouse of director	2.49324%
	32	Mr. Muhammad Ali Tabba	Director	2.68646%
	33	Mrs. Feroza Tabba	Spouse of director	0.19946%
	34	Mr. Muhammad Sohail Tabba	Director	4.06749%
	35	Mrs. Saima Sohail	Spouse of director	1.87708%
	36	Mr. Jawed Yunus Tabba	Director	5.94457%
	37	Mrs. Mariam Tabba Khan	Director	1.44296%
	38	Mr. Ikram Hussain Khan	Spouse of director	0.00155%
	39	Mr. Manzoor Ahmed	Director	Nil
	40	Mr. Masood Karim Shaikh	Director	Nil
	41	Syed Noman Hasan	Key management personnel	Nil
	42	Mr. Muhammad Atif Kaludi	Key management personnel	Nil
	43	Mr. Amin Ganny	Key management personnel	Nil
	44	Mr. Faisal Mahmood	Key management personnel	Nil
	45	Mr. Ahmed Waseem Khan	Key management personnel	Nil
	46	Mr. Muhammad Shabbir	Key management personnel	Nil
	47	Mr. Mashkoor Ahmed	Key management personnel	Nil
	48	Mr. Kalim Ahmed Mobin	Key management personnel	Nil
	49	Mr. Murtaza Abbas	Key management personnel	0.00031%
	50	Mr. Adnan Ahmed	Key management personnel	Nil
	51	Mr. Irfan Chawala	Key management personnel	Nil
	52	Mr. Kashif Jawaid	Key management personnel	Nil
	53	Mr. Zahir Shah	Key management personnel	Nil

38.2 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties include subsidiaries, associated entities, directors, other key management personnel and close family members of directors and other key management personnel. Balances with related parties are disclosed in respective notes. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2020	2019
	(PKR in '000')	
Transactions with Subsidiary Companies		
Reimbursement of expenses to the Company	35,028	12,769
Reimbursement of expenses from Company	–	63
Investments made during the year	9,044,601	9,332,510
Purchase of vehicles	230,419	26,771
Claim of tax losses on account of group tax adjustment	33,582	1,164,347
Purchases	12,639	6,480
Sales	22,160	217,465
Sale of fixed assets	–	1,550
Services	384	200
Bank guarantee issued	–	1,250,000
Bank guarantee released	2,155,878	3,822,706
Dividend received	1,162,684	457,000

	2020	2019
	(PKR in '000')	
Transactions with Directors and their close family members		
Dividends paid	465,883	573,354
Meeting fee	1,781	1,562
Transactions with Associated Undertakings		
Sales	899,854	633,460
Purchases	4,439,114	–
Reimbursement of expenses to the Company	23,071	19,516
Reimbursement of expenses from the Company	2,983	970
Donation	71,175	187,528
Charity	8,825	12,472
Services	23,859	36,102
Sale of fixed assets	4,545	1,875
Dividends paid	463,451	582,768
Dividend received from associate company	122,273	183,410
Transactions with other key management personnel		
Salaries and benefits	245,794	227,036
Dividends paid	53	56
Post employment benefits	21,798	28,047

39. PRODUCTION CAPACITY

	2020	2019
	Metric Ton	
Production Capacity - (Cement)	12,150,000	9,350,000
Production Capacity - (Clinker)	11,542,500	8,882,500
Actual Production Cement	6,492,074	6,835,394
Actual Production Clinker	6,795,210	7,580,470

39.1 The new capacity of 2.8 MTPA at Pezu was added half-way through the year. However, based on the year-end capacity of 12.15 MTPA, Cement Production capacity utilization is 53.43% (2019: 73.11%) of total installed capacity. In addition to the fact that new capacity was not available for the full year, the actual production is less than the installed capacity due to higher clinker exports, planned maintenance shutdown and gap between market demand and supply of cement.

39.2 Clinker production capacity utilization is 58.87% (2019: 85.34%) of total installed capacity.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to market risk (including return rate risk, currency risk and other price risk), credit risk and liquidity risk. The Company's finance and treasury departments oversee the management of these risks. The Company's financial risk-taking activities are governed by appropriate policies and procedures and financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2020. The policies for managing each of these risk are summarized below:

40.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: return rate risk, currency risk and other price risk.

40.1.1 Return rate risk

Return rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market return rates. As of the reporting date, the Company is not materially exposed to significant return rate risk.

40.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises where transactions are conducted in foreign currency. Approximately, 19.8% (2019: 15.1%) of the Company's sales are denominated in currencies other than Pakistan Rupee.

As at June 30, 2020, if Pakistan Rupee appreciated / depreciated by 1% against USD and Euro, with all other variables held constant, the Company's profit before tax would have been PKR 2.311 million (2019: PKR 28.290 million) higher / lower as a result of exchange loss/gain on translation of foreign currency denominated financial instruments.

40.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices. As at the reporting date, the Company is not exposed to significant other price risk.

40.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. The Company manages credit risk by limiting significant exposure to any individual customers, by obtaining advance against sales and does not have significant exposure to any individual customer. As of the reporting date, the Company is exposed to credit risk on the following assets:

	Note	2020	2019
		(PKR in '000')	
Particulars			
At amortised cost			
Long-term deposits		3,175	3,175
Trade debts	12	3,422,767	2,058,719
Loans	8 & 13	116,899	140,850
Trade deposits	14	20,553	21,698
Accrued return		47,572	113,869
Other receivables	15	3,604,681	2,065,939
Bank balances	18	7,809,771	15,650,496
		15,025,418	20,054,746
At fair value through profit or loss			
Short term investments - 59,069,530 units of Meezan Rozana Amdani Fund (2019: 20,654,888 units)		2,953,476	1,032,744
At fair value through other comprehensive income			
Short term investments - 1,769,940 shares of PSX (2019: 1,769,940 shares of PSX)		17,523	23,010

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit rating agencies or the historical information about counter party default rates as shown below:

	2020	2019
	(PKR in '000')	
Trade debts		
Neither past due nor impaired	2,910,284	1,872,779
Past due but not impaired	512,483	185,940
Total	3,422,767	2,058,719
Bank balances		
A1+	5,592,816	15,150,191
A1	2,216,955	500,305
	7,809,771	15,650,496

Other receivables include PKR 3,531.365 million (2019: PKR 1,987.418 million) due from HESCO, a government organisation. Accordingly, financial assets other than trade debts and bank balances are not exposed to any material credit risk.

40.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes monitoring of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers. As of the reporting date, the Company has unavailed credit facilities aggregating to PKR 17,859 million (2019: PKR 20,648 million) out of the total facilities of PKR 51,014 million (2019: PKR 32,972 million), which are secured by hypothecation on certain assets of the Company.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Within one year	1 to 5 years	Total
		(PKR in '000')	
June 30, 2020			
Long-term deposits	–	233,062	233,062
Trade and other payables	16,301,804	–	16,301,804
Long term loan	129,374	381,844	511,218
Short term borrowings	7,931,444	–	7,931,444
Accrued markup	46,173	–	46,173
Unclaimed dividend	55,767	–	55,767
Unpaid dividend	17,580	–	17,580
	24,482,142	614,906	25,097,048
June 30, 2019			
Long-term deposits	–	90,264	90,264
Trade and other payables	15,981,639	–	15,981,639
Long term loan	–	–	–
Short term borrowing	2,900,000	–	2,900,000
Accrued markup	10,338	–	10,338
Unclaimed dividend	53,953	–	53,953
Unpaid dividend	91,119	–	91,119
	19,037,049	90,264	19,127,313

Fair values of financial instruments

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method, The different levels have been defined as follows:

– quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);

– inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

– inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
		(PKR in '000')		
Assets				
Financial assets - fair value through				
Profit or loss -				
- Short - term investment	–	2,953,476	–	2,953,476
Financial assets - fair value through				
other comprehensive income -				
- Short - term investment	17,523	–	–	17,523

There were no transfers amongst levels during the year.

41. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the year ended June 30, 2020.

42. NUMBER OF EMPLOYEES

The total number of persons employed as on the reporting date and the average number of employees during the year are as follows:

	2020	2019
Number of employees as at June 30	2,529	2,515
Average number of employees during the year	2,523	2,524

43. GENERAL

43.1 Figures have been rounded off to the nearest thousand PKR, unless otherwise stated.

43.2 For better presentation certain prior year's figures have been reclassified consequent to certain changes in the current year's presentation.

44 SUBSEQUENT EVENT

44.1 The Board of Directors in its meeting held on August 25, 2020 (i) approved the transfer of PKR 3,508.483 million (2019: PKR 8,436.657 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of PKR Nil per share for the year ended June 30, 2020 amounting to PKR Nil million (2019: PKR 2,101.938 million) for approval of the members at the Annual General Meeting to be held on September 29, 2020. These unconsolidated financial statements do not reflect these appropriations and the proposed dividend payable.

45. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on August 25, 2020 by the Board of Directors of the Company.

Muhammad Yunus Tabba	**Muhammad Ali Tabba**	**Atif Kaludi**
Chairman / Director	**Chief Executive**	**Chief Financial Officer**

FINANCIAL STATEMENTS

For the year ended June 30, 2020

Consolidated

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUCKY CEMENT LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Lucky Cement Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**Stock in trade and stores and spares** (refer notes 3.4, 12 and 13 to the annexed consolidated financial statements) Stock-in-trade in the Group's cement segment includes: • raw materials like limestone, clay and gypsum; and • work-in-progress mainly comprising clinker. Further, stores and spares include coal. The above items are stored in purpose-built sheds, stockpiles and silos. As the weighing of these inventory items is not practicable, the management assesses the reasonableness of the quantities on hand by obtaining measurements of stockpiles and converting these measurements into unit of volumes by using angle of repose and bulk density values. The Group also involves an external surveyor in the inventory count process.	The Group performs annual inventory counts at year end and issues prior notification of procedures to be performed for such inventory counts. Our audit procedures to assess the existence of inventory included the following: • Attended physical inventory counts performed by the Group. • Assessed the reasonableness of the management's process of measurement of stockpiles and the determination of volumes using angle of repose and bulk density values. • Obtained and reviewed the inventory count report of the management's external surveyor.

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KARACHI LAHORE ISLAMABAD

S. No.	Key Audit Matters	How the matter was addressed in our audit
	Due to the significance of the related stock-in-trade and stores, spares and consumables balances and the estimates involved, this is considered as a key audit matter.	
(ii)	**Goodwill and certain other intangibles** (refer notes 3.10 and 7 to the annexed consolidated financial statements) Goodwill and certain other intangibles that were recognised on business acquisitions undertaken by the Group are disclosed in the annexed consolidated financial statements. The Group annually tests the carrying values of goodwill and intangibles having indefinite useful lives for impairment. The testing is subject to estimates and judgments made by the management of the Group with respect to future revenue growth and contribution margin, cash flow projections and selection of appropriate discount rates. As the amounts in respect of goodwill and other intangibles and their estimations and assumptions involved are significant, this is considered a key audit matter.	For goodwill and other material intangible assets having indefinite useful lives, the following procedures were performed: • Analysed the process of management's identification of the Cash Generating Units. • Discussed with the Group's management key assumptions used in valuation models, including assumptions of future prices, foreign exchange rates and discount rates. • Checked the mathematical accuracy of management's valuation models and agreed relevant data, including assumptions on timing and future capital and operating expenditure, to the latest production plans and budgets. • For certain assumptions conducted sensitivity analysis on the recoverable amounts computed by the management of the Group to determine the head room available based on reasonably expected movements in the assumptions used for the testing. • Assessed the adequacy of disclosures made in the annexed consolidated financial statements with respect to the requirements of the applicable accounting and reporting standards.
(iii)	**Investment in 660 MW coal-fired Power plant** (refer note 6.8 and 45 to the annexed consolidated financial statements) During the year, the Group has incurred significant capital expenditure for 660 MW coal-fired power plant (power generation segment) which is under construction. We consider the above as a key audit matter being significant event for the Group during the year.	Our audit procedures included the following: • Assessed, on a sample basis, costs capitalised during the year by comparing the costs capitalised with the relevant underlying documentation. • Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable accounting and reporting framework. • Assessed whether the disclosures are made in accordance with the financial reporting framework.
(iv)	**Impact of COVID-19** (refer note 1.7 to the annexed consolidated financial statements) The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities since March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. In connection with the accounting and reporting obligations, the management of the subsidiary company ICI Pakistan Limited assessed the impact of COVID-19 related events on its financial statements particularly its impact on the appropriateness of the use of the going concern assumption. This included assessment of both financial (debt covenant compliance concerns, renegotiation of debt agreements, liquidity and funding concerns) and non-financial (disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issue) considerations.	We issued instructions to the component auditor in which implications of COVID-19 was specifically identified as an area for their consideration. We, as group auditor, evaluated the procedures performed by the component auditor in respect of assessing implications of COVID-19. The procedures, amongst others included: • Obtained an overall understanding of the impact due to remote working environment on the financial reporting process and underlying controls in order to determine the appropriate audit strategy. • Evaluated management's assessment whether going concern assumption is appropriate. • Checked the key debt covenants of the loan agreements in order to assess ICI Pakistan Limited's compliance status with these covenants. • Checked subsequent recoveries, on a sample basis, and assessed the reasonableness of forward-looking factors used by the management in determination of expected credit loss of trade debts.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	In addition to this, the assumptions used and estimates associated with measurement of various assets and liabilities were also assessed. COVID-19 pandemic was a significant event during the year. The pandemic had an impact on the audit strategy and its execution involved assessment of management judgements in the preparation of the financial statements. This was accordingly considered as a key audit matter.	• Evaluated whether any impairment indicators exist that could trigger impairment for tangible assets. • Assessed reasonableness of the inputs used for calculation of net realisable value of stock-in-trade to assess the adequacy of relevant provisions. • Checked the disclosures made by the Group under the applicable financial reporting framework.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Salman Hussain.

Afferguson & Co

A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: September 04, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30, 2020

	Note	2020	2019
		(PKR in '000')	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	6	190,788,960	135,475,796
Intangible assets	7	7,341,737	7,653,720
Right-of-use-assets	8	318,279	–
		198,448,976	143,129,516
Long-term investments	9	23,970,762	18,554,210
Long-term loans and advances	10	617,130	551,354
Long-term deposits and prepayments	11	46,672	51,076
		223,083,540	162,286,156
CURRENT ASSETS			
Stores, spares and consumables	12	8,165,751	8,193,401
Stock-in-trade	13	21,292,185	18,299,229
Trade debts	14	5,834,590	4,508,468
Loans and advances	15	1,636,587	1,997,339
Trade deposits and short-term prepayments	16	1,000,279	2,092,112
Other receivables	17	9,202,663	6,935,242
Tax refund due from the Government	18	538,812	538,812
Taxation receivable		2,335,223	2,687,513
Accrued return		94,208	156,948
Short term investments	42.2	2,970,999	1,055,754
Cash and bank balances	19	15,731,810	18,270,313
		68,803,107	64,735,131
TOTAL ASSETS		291,886,647	227,021,287
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	20	3,233,750	3,233,750
Reserves	21	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		131,487,051	125,270,456
NON-CURRENT LIABILITIES			
Long-term finance	22	82,524,140	32,771,993
Long-term deposits	23	357,855	90,264
Leases	8	253,591	–
Deferred liabilities	24	11,133,530	11,431,338
Other long term liabilities		5,331,774	5,078,003
		99,600,890	49,371,598
CURRENT LIABILITIES			
Current portion of long-term finance	22	2,637,451	1,694,503
Trade and other payables	25	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	26	12,830,116	12,161,232
Current portion of leases	8	79,256	–
Unclaimed dividend		55,767	53,953
Unpaid dividend	47.3	17,580	91,119
		60,798,706	52,379,233
		160,399,596	101,750,831
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		291,886,647	227,021,287

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Atif Kaludi
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2020

	Note	2020	2019
		(PKR in '000')	
Revenue	29.1	162,868,206	136,591,742
Less: Sales tax and excise duty		32,210,557	22,304,398
Rebates and commission		6,890,060	5,991,699
		39,100,617	28,296,097
		123,767,589	108,295,645
Cost of sales	30	(104,810,654)	(84,506,680)
Gross profit		18,956,935	23,788,965
Distribution cost	31	(7,648,737)	(5,855,390)
Administrative expenses	32	(4,221,555)	(3,274,843)
Finance cost	33	(2,367,101)	(1,609,882)
Other expenses	34	(1,203,342)	(1,903,511)
Other income	35	2,376,253	2,999,637
		5,892,453	14,144,976
Share of profit - joint ventures and associates	9.7	3,038,446	1,012,870
Profit before taxation		8,930,899	15,157,846
Taxation			
- current		(2,113,459)	(2,234,744)
- deferred		499,767	(576,147)
	36	(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		176,209	112,965
Deferred tax thereon		(55,239)	(29,405)
		120,970	83,560
Unrealised loss on remeasurement of equity instrument at fair value through other comprehensive income		(5,487)	(11,947)
Deferred tax thereon		823	1,792
		(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	37	18.96	35.03

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba	Muhammad Ali Tabba	Atif Kaludi
Chairman / Director	Chief Executive	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

	Note	2020	2019
		(PKR in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	14,706,086	27,793,122
Finance cost paid		(7,825,100)	(1,930,205)
Income tax paid		(1,671,382)	(3,002,453)
Income from deposits with Islamic banks and other financial institutions		1,769,592	2,337,588
Staff retirement benefits paid		(220,187)	(192,232)
Increase in long-term loans and advances		(65,776)	(19,496)
Increase in long-term deposits and prepayments		147,200	(1,875)
Net cash generated from operating activities		6,840,433	24,984,449
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(55,355,624)	(65,972,978)
Investment in joint venture		(2,355,988)	(480,156)
Dividend from associate		922,273	363,410
Dividend received on short term investments		200,861	37,503
Short term investments realised		(1,920,732)	(1,032,745)
Proceeds from disposal of investment in Non-controlling interest		–	599,858
Bank balance held as lien		5,935,560	1,455
Sale proceeds on disposal of property, plant and equipment		123,283	200,772
Net cash used in investing activities		(52,450,367)	(66,282,881)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loans obtained		51,837,270	24,078,595
Long-term loans repaid		(1,601,040)	(3,385,191)
Dividend paid to owners of the Holding Company		(2,173,663)	(2,572,833)
Dividend paid to Non-controlling interest		(776,008)	(532,409)
Payment against finance lease liability		(84,017)	(822)
Issuance of shares to Non-controlling interest		1,135,565	2,771,683
Net cash used in financing activities		48,338,107	20,359,023
Net increase / (decrease) in cash and cash equivalents		2,728,173	(20,939,409)
Cash and cash equivalents at the beginning of the year		(1,776,479)	19,162,930
Cash and cash equivalents at the end of the year	38.1	951,694	(1,776,479)

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Atif Kaludi
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Attributable to the owners of the Holding Company							
		Capital reserves		Revenue reserves				
	Issued, subscribed and paid up capital	Share premium	Foreign currency translation reserves	General reserves	Unappropriated profit	Total reserves	Non - controlling interest	Total equity
	(PKR in '000')							
Balance as at July 1, 2018	3,233,750	7,343,422	1,258,268	63,710,434	21,601,033	93,913,157	12,428,264	109,575,171
Transfer to general reserves	–	–	–	9,492,216	(9,492,216)	–	–	–
Effect of Scheme of Arrangement	–	–	–	–	–	–	349,052	349,052
Transactions with owners								
Final dividend at the rate of PKR 8 per share								
for the year ended June 30, 2018	–	–	–	–	(2,587,000)	(2,587,000)	–	(2,587,000)
Dividend to Non-controlling interest of ICI	–	–	–	–	–	–	(536,547)	(536,547)
Decrease in ownership interest in ICI	–	–	–	–	392,760	392,760	207,098	599,858
Share of Non-controlling interests of KLM	–	–	–	–	582	582	2,771,102	2,771,684
Total comprehensive income								
Profit after taxation	–	–	–	–	11,327,770	11,327,770	1,019,185	12,346,955
Other comprehensive income	–	–	2,677,878	–	62,331	2,740,209	11,074	2,751,283
Total comprehensive income for the year	–	–	2,677,878	-	11,390,101	14,067,979	1,030,259	15,098,238
Balance as at June 30, 2019	3,233,750	7,343,422	3,936,146	73,202,650	21,305,260	105,787,478	16,249,228	125,270,456
Transfer to general reserves	–	–	–	8,436,657	(8,436,657)	–	–	–
Transactions with owners								
Final dividend at the rate of PKR 6.5 per share								
for the year ended June 30, 2019	–	–	–	–	(2,101,938)	(2,101,938)	–	(2,101,938)
Dividends paid to Non-controlling interests of ICI	–	–	–	–	–	–	(645,329)	(645,329)
Dividends paid to Non-controlling interests of LHL	–	–	–	–	–	–	(125,483)	(125,483)
Increase in ownership interest in ICI	–	–	–	–	(97,419)	(97,419)	(68,871)	(166,290)
Shares issued to Non-controlling interest of ICI	–	–	–	–	–	–	245,000	245,000
Share of Non-controlling interest of KLM	–	–	–	–	–	–	890,565	890,565
Total comprehensive income								
Profit after taxation	–	–	–	–	6,129,708	6,129,708	1,185,182	7,314,890
Other comprehensive income	–	–	688,874	–	136,888	825,762	(20,582)	805,180
Total comprehensive income for the year	–	–	688,874	–	6,266,596	6,955,470	1,164,600	8,120,070
Balance as at June 30, 2020	3,233,750	7,343,422	4,625,020	81,639,307	16,935,842	110,543,591	17,709,710	131,487,051

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Atif Kaludi
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

1. THE GROUP AND ITS OPERATIONS

The Group consists of Lucky Cement Limited (the Holding Company) and its subsidiary companies namely LCL Investment Holdings Limited, Lucky Holdings Limited, Lucky Electric Power Company Limited, ICI Pakistan Limited and KIA Lucky Motors Pakistan Limited. Brief profiles of the Holding Company and its subsidiaries are as follows:

1.1 Lucky Cement Limited

The Holding Company was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The shares of the Holding company are listed on the Pakistan Stock Exchange (PSX). The Holding Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange. The principal activity of the Holding Company is manufacturing and marketing of cement.

The registered office of the Holding Company is located at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa. The Holding Company has two production facilities at Pezu, District Lakki Marwat in Khyber Pakhtunkhwa and at Main Super-Highway in Karachi, Sindh.

1.2 LCL Investment Holdings Limited

The Holding Company has made an investment in LCL Investment Holdings Limited (LCLIHL), incorporated and domiciled in Mauritius.

LCLIHL has entered into a joint venture agreement, i.e. Lucky Al Shamookh Holdings Limited (LASHL) with Al Shamookh Group. LASHL is a company with limited liability registered in Jebel Ali Free Zone, United Arab Emirates. LCLIHL holds 50 percent ownership interest in LASHL.

LCLIHL has also entered into a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing LuckyRawji Holdings Limited (LRHL), incorporated with limited liability under laws of British Virgin Islands, for constructing a fully integrated cement manufacturing unit in the Democratic Republic of Congo. LCLIHL holds 50 percent ownership interest in LRHL.

LCLIHL held 50% shares in Al Shumookh Lucky Investments Limited (ASIL), which is incorporated in Jebel Ali, Free Zone, Dubai. The principal activity of ASIL is investment in its wholly owned subsidiary Najmat Al-Samawa Company for Cement Industry (a company incorporated in Samawah, Republic of Iraq).

The Holding Company held 100% shares of LCLIHL as at June 30, 2020.

1.3 Lucky Holdings Limited

Lucky Holdings Limited (LHL) was incorporated in Pakistan on September 6, 2012 as a public unlisted company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017). The head office of LHL is situated at 6 - A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi in the province of Sindh, whereas the registered office of LHL is situated at Rooms No 5, 6 and 7, Third Floor, Syed Towers, University Road, Opp: Custom House, Peshawar, Khyber Pakhtunkhwa. LHL's main source of earning is royalty income.

In accordance with the share purchase agreement between LHL and ICI Omicron B.V. (the seller), LHL acquired the trademark of ICI word mark and roundel device along with the right to sub license the same within the territory of Pakistan for polyester fiber and soda ash products and in India for soda ash products only.

The Holding Company held 75% shares of LHL as at June 30, 2020.

1.4 Lucky Electric Power Company Limited

Lucky Electric Power Company Limited (LEPCL) was incorporated in Pakistan on June 13, 2014, as a public unlisted company limited by shares, under the Companies Ordinance, 1984 (now the Companies Act, 2017). Its registered office is situated at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi. LEPCL is a wholly owned subsidiary of the Holding Company (2019: LCL Holdings Limited).

On July 27, 2019, the Boards of Directors of the Holding Company and LCL Holdings Limited had resolved to amalgamate LCL Holdings Limited (which was a fully owned subsidiary of the Holding Company) into the Holding Company. The legal formalities relating to the amalgamation were completed on March 30, 2020 and the amalgamation is effective from July 1, 2019 and therefore now the Holding Company holds 100% of LEPCL. There is no impact of the amalgamation on these consolidated financial statements.

LEPCL has been formed for the purpose of development of a 660 MW coal fired power plant based on Thar Lignite Coal (the LEPCL Project). The principal operation of LEPCL will be to carry out the business of power generation and sale of electricity.

The cost of the LEPCL Project is estimated at USD 840 million which is financed through a combination of debt and equity. LEPCL has arranged foreign debt financing of USD 210 million and local debt financing of PKR 56 billion, out of which LEPCL has availed USD 171.75 million and PKR 40.505 billion (approximately USD 267.82 million) up to June 30, 2020.

The Commercial Operation Date (COD) as mentioned in the Power Purchase Agreement (PPA) signed between LEPCL and the Central Power Purchasing Agency (Guarantee) Limited (CPPA) is March 1, 2021. However, the said date is subject to extension as per the provisions of PPA as a result of occurrence of Force Majeure Event (FME) as discussed in note 1.7 of these consolidated financial statements

1.5 ICI Pakistan Limited

ICI Pakistan Limited (ICI) is incorporated in Pakistan and is listed on PSX. ICI is engaged in the manufacture of polyester staple fiber, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. ICI also acts as an indenting agent and toll manufacturer. The registered office of ICI is situated at 5 West Wharf, Karachi.

On December 23, 2016, ICI acquired 100% voting shares of Cirin Pharmaceuticals (Private) Limited ("Cirin"). Cirin was a private limited incorporated in Pakistan, which was involved in manufacturing and sale of pharmaceutical products. During the year effective from March 1, 2020, Cirin has been amalgamated into ICI. This amalgamation has no impact on these consolidated financial statements.

Details of ICI's equity investments are as follows:

(a) ICI Pakistan PowerGen Limited (ICI PowerGen) was incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary of ICI. ICI PowerGen is engaged in generating, selling and supplying electricity to ICI. The registered office of ICI PowerGen is situated at 5 West Wharf, Karachi.

(b) NutriCo Morinaga (Private) Limited (NutriCo) is a private limited company incorporated in Pakistan. ICI has 51% ownership in NutriCo. NutriCo is engaged in manufacturing of infant milk powder. The registered office of NutriCo is situated at ICI House, 5 West Wharf, Karachi.

The Holding Company held 55% of shares of ICI as at June 30, 2020 (2019: 54.73% shares held through Lucky Cement Holdings (Private) Limited).

On January 22, 2020, the Board of Directors of the Holding Company passed a resolution approving a Scheme of Amalgamation effective July 1, 2019 under Section 284(1) of the Companies Act, 2017, to amalgamate its subsidiary, Lucky Cement Holdings (Private) Limited (LCHPL) with and into the Holding Company with effect from July 1, 2019. The Scheme of Amalgamation was also approved by the Board of Directors of LCHPL in its meeting held on March 6, 2020. The form in respect of the said amalgamation was submitted to the Securities and Exchange Commission of Pakistan (SECP) on March 30, 2020 and the amalgamation has been effective from July 1, 2019 and therefore now the Holding Company directly holds shares in ICI. There is no impact of the amalgamation on these consolidated financial statements.

1.6 KIA Lucky Motors Pakistan Limited

KIA Lucky Motors Pakistan Limited (KLM) was incorporated in Pakistan as a public unlisted company in December 2016, under the Companies Ordinance, 1984 (now the Companies Act, 2017). KLM is engaged in assembling, marketing, distribution and sales of various types KIA vehicles and related services.

The Company started its Complete Built Up (CBU) operations from June 2018 however, the manufacturing facility was completed in June 2019 and started its commercial operations. The registered office and manufacturing facility of KLM is situated at Plot # LE-144-145, 154-167,171-172, 174-175, PP 31, 48, 65, PP-83-89 Survey # NC 98, National Industrial Park, Bin Qasim Town, Karachi.

The Holding Company held 71.55% shares of KLM as at June 30, 2020.

1.7 Impact of COVID-19

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities since March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. The lockdown, however excluded companies involved in the business of necessary consumer supplies.

The subsidiary company ICI Pakistan Limited's operations were disrupted due to the circumstances arising from COVID-19 including the suspension of production, sales and operations in certain divisions. Due to this, the management assessed the accounting implications of these developments, including but not limited to expected credit losses under IFRS 9, 'Financial Instruments', the impairment of tangible and intangible assets under IAS 36, 'Impairment of non-financial assets', the net realisable value of stock-in-trade under IAS 2, 'Inventories' and going concern assumption used for the preparation of ICI's consolidated financial statements. The going concern assessment included both financial (debt covenant compliance concerns, renegotiation of debt agreements, liquidity and funding concerns) and non-financial (disruption of supply chain, logistics, fluctuating demand, workforce management and employee health issue) considerations.

Further, the subsidiary company LEPCL on February 6, 2020, received a notice of occurrence of FME from its Engineering, Procurement and Construction (EPC) contractor notifying therein the possible risk of delay in the COD of the Project due to ongoing local and global impacts arising from COVID-19 situation thus hindering the Project's usual progress. Since the COVID-19 situation is still evolving, the impacts, if any, have not been conclusively determined by the EPC contractor. LEPCL, in compliance with the provisions of the PPA, has also notified the receipt of the aforesaid notice to the CPPA and Private Power Infrastructure Board (PPIB). Subsequently on March 27, 2020, LEPCL has also received FME notice from CPPA notifying that COVID-19 outbreak has caused complete halt to transmission planning, design, engineering, project development and execution of the inter-connection works. LEPCL has taken cognizance of both the aforementioned FME notices and is taking all possible measures to mitigate the impacts of COVID-19 on the development of the Project. While the situation is still evolving and the precise estimates cannot be made with certainty, management currently estimates that the COD will not extend beyond 90 days of the originally agreed date and the Project cost would also remain within the budgeted cost.

The management believes that due to the pandemic the Group's operation, financial position and results have been impacted only on a temporary basis and believes that as normalcy comes about, these impacts have started to recede. According to the Group's management assessment, there is no significant accounting impact of the effects of COVID-19 in these consolidated financial statements.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In the process of applying the Group's accounting policies, management has made the following estimates and judgments which are significant to these consolidated financial statements:

3.1 Income taxes

In making the estimates for income taxes payable by the Group, the management considers current income tax law and the decisions of Appellate authorities on certain cases issued in the past.

3.2 Pension and gratuity

Certain actuarial assumptions have been adopted as disclosed in note 24.1 to these consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

3.3 Property, plant and equipment

Estimates with respect to residual value, depreciation method and depreciable lives of property, plant and equipment are disclosed in notes 5.4 and 6.1 to these consolidated financial statements. Further, the Group reviews the carrying value of assets for impairment, in case there are indicators, on each reporting date.

3.4 Stores and spares and stock-in-trade

The Group has made estimation with respect to provision for slow moving, damaged and obsolete items and the net realisable value as disclosed in notes 5.9 and 5.10 to these consolidated financial statements.

Further, the Holding Company's certain inventory items [i.e. raw materials (limestone, clay and gypsum), work-in-process (clinker) and stores and spares (coal)] are stored in purpose-built sheds, stockpiles and silos. As the weighting of these inventory items is not practicable, the management assesses the reasonableness of the on-hand inventory by obtaining measurement of stockpiles and converting these measurements into unit of volume by using angle of repose and bulk density values. In making this estimate the Company involves external surveyor for determining the inventory existence.

3.5 Provision for doubtful debts and other receivables

The Group reviews the recoverability of its trade debts and other receivables, to assess the amount required for provision for doubtful debts as disclosed in note 5.22 to these consolidated financial statements.

3.6 Impairment of financial and non-financial assets

Estimates with respect to impairment of financial and non-financial assets as disclosed in note 5.24 to these consolidated financial statements.

3.7 Future estimation of export sales

Deferred tax calculation has been based on estimate of future ratio of export and local sales.

3.8 Contingencies

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

3.9 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Group would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

3.10 Impairment of goodwill and intangibles with indefinite lives

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The detailed assumptions underlying impairment testing of goodwill and intangibles with indefinite lives are given in notes 7.3 to 7.5 to these consolidated financial statements.

4. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and its subsidiaries.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases.
The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies in majority of the cases. The accounting policies of the subsidiaries have been changed to conform with accounting policies of the Group, where required.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit or loss, and reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in these consolidated financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended June 30, 2019, except for the effects of changes as detailed in note 5.2 (a) below.

5.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except, otherwise stated.

5.2 Change in accounting standards, interpretations and amendments to accounting and reporting standards

(a) Standard, amendments and interpretation to published accounting and reporting standards which became effective during the year:

During the year, the Group has adopted IFRS 16 'Leases' which became applicable on July 1, 2019. IFRS 16 superseded IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at July 1, 2019. Instead, the Group applied IFRS 16 only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of July 1, 2019. Under this method, IFRS 16 was applied retrospectively with the cumulative effect of initially applying IFRS 16 recognised at the date of initial application without restating comparatives. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at June 30, 2019.

The effect of adoption of IFRS 16 as at July 1, 2019 [increase/(decrease)] is, as follows:

	(PKR in '000')
Right-of-use assets	402,827
Prepayments	(27,540)
	375,287
Leases	375,287

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

The SECP vide S.R.O 986(I)/2019 dated September 2, 2019 has granted exemption from certain requirements of IFRSs including IFRS 16, which have been detailed in note 5.3.

There were certain amendments to accounting and reporting standards and a new interpretation was issued which became effective during the year. However, these are considered not to be relevant or had any significant effect on the Group's financial reporting and are, therefore, not disclosed in these consolidated financial statements.

(b) Standards and amendments to published accounting and reporting standards and interpretations that are not yet effective:

There is a new standard and certain amendments and an interpretation to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2020. However, the standard, amendments and interpretation will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated financial statements.

5.3 Waiver from application of standards and interpretations

The SECP vide SRO 986(I)/2019 dated September 2, 2019 partially modified its previously issued SRO 24(I)/2012 dated January 16, 2012 and granted exemption to all companies that have executed their power purchase agreements before January 1, 2019 from requirements of the following:

- IFRS-16 'Leases' to the extent of the power purchase agreements executed before January 1, 2019;

- IAS 21 'The Effects of Changes in Foreign Exchange Rates' to the extent of capitalization of exchange differences; and
- In case of capitalization of exchange differences, recognition of embedded derivative under IFRS 9 'Financial Instruments' shall not be permitted.

Accordingly, these exemptions have been considered when consolidating the financial statements of ICI PowerGen (via ICI) and LEPCL into these consolidated financial statements.

5.4 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any, except for freehold land and capital work-in-progress which are stated at cost less impairment losses, if any. Cost in relation to certain items in operating fixed assets and capital work-in-progress, signifies historical cost, financial charges and exchange differences on borrowings.

Except for plant and machinery of the Holding Company, depreciation is charged to profit or loss applying the straight-line method at the rates mentioned in note 6.1 to these consolidated financial statements. On plant and machinery of the Holding Company, depreciation is charged on higher of estimated useful life and units of production method. Depreciation on additions is charged from the date of acquisition / transfer of asset, whereas depreciation on disposals is charged till the date of disposal.

The assets' residual values, the method of depreciation and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Maintenance and normal repairs are charged to the profit or loss as and when incurred. Major renewals and improvements which increase the assets' remaining useful economic life or the performance beyond the current estimated levels are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of operating fixed assets, if any, are included in the profit or loss.

Capital work-in-progress are stated at cost less accumulated losses, if any. These are transferred to specific operating assets as and when these assets are available for use.

5.5 Right-of-use asset

Effective July 01, 2019, the Group recognises right-of-use assets at the commencement date of the lease (i.e., the date, the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as disclosed in note 8 to these consolidated financial statements.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

5.6 Intangible assets

Intangible assets other than goodwill, distribution relationship, principal relationships and product rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Distribution relationship, principal relationships and product rights are stated at cost less accumulated impairment losses, if any, as their useful life is indefinite. However, these assets are tested for impairment annually.

Amortisation is charged to the profit or loss applying the straight-line method, whereby, the cost of intangible asset is written off over its useful economic life. The useful lives of the intangible assets are stated in note 7 to these consolidated financial statements. Full month's amortisation is charged in the month of addition, whereas, amortisation on disposals is charged up to the month in which the disposal takes place.

5.7 Goodwill

Goodwill is initially measured as at the acquisition date, being the excess of (a) the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree; and (b) the net of the acquisition date amount of the identifiable assets acquired and the liabilities assumed.

In case the fair value attributable to the Group's interest in the identifiable net assets exceeds the fair value of consideration, the Group recognises the resulting gain in the profit or loss on the acquisition date.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating unit (CGU) (or the groups of CGUs) that are expected to benefit from the synergies of the operations irrespective of whether other assets or liabilities of the acquiree are assigned to these units or group of units.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on pro rata based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognised directly in the consolidated profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

5.8 Investments in associates / joint venture

Investments in associates / joint ventures are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the net assets of the associates / joint ventures. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of the operations of the associates / joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associates / joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate / joint venture and its carrying value and recognises the same in the profit or loss.

5.9 Stores and spares

These are valued at lower of weighted average cost and net realisable value, except items in transit, which are stated at cost. Provision for slow moving, damaged and obsolete items is charged to the profit or loss. Value of items is reviewed at each reporting date to record provision for any slow-moving items, damaged and obsolete items.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

Net realisable value signifies the selling price in the ordinary course of business less estimated cost necessarily to be incurred in order to make the sale, which is generally equivalent to the estimated replacement cost.

5.10 Stock-in-trade

These are stated at the lower of cost and net realisable value. The methods used for the calculation of cost are as follows:

(i) Raw and packing material: At weighted average cost comprising of quarrying / purchase price, transportation, government levies and other overheads.

(ii) Work-in-process and finished goods: At weighted average cost comprising direct cost of raw material, labor and other manufacturing overheads.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

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

Provision is made for obsolete and slow-moving stock-in-trade based on management's best estimate and is recognised in the profit or loss.

5.11 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

5.12 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise of cash and cheques in hand, current and deposit accounts with banks and short-term borrowings and running finance.

5.13 Staff retirement benefits

The Group's retirement benefit plans comprise of provident funds, pensions and gratuity schemes for eligible retired employees.

Defined benefit plans

The Group recognises staff retirement benefits expense and liability in accordance with IAS 19 "Employee Benefits". An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. All remeasurement gains and losses are recognised in the other comprehensive income.

(i) The Holding Company and LEPCL operate an unfunded gratuity scheme for its employees.

(ii) ICI operates a funded pension scheme and a funded gratuity scheme for the management staff. Pension and gratuity schemes for ICI's management staff are invested through two approved trust funds. ICI also operates unfunded gratuity scheme for non-management staff and the unfunded pensioners' medical scheme. The pension and gratuity plans are final salary plans. The pensioner's medical plan reimburses actual medical expenses to pensioners as per entitlement.

(iii) KLM operates a funded gratuity scheme for its employees.

Defined contributory plans

The Group operates two registered contributory provident funds for entire staff of ICI and a registered defined contribution superannuation fund for management staff of ICI, who have either opted for this fund by July 31, 2004 or have joined ICI after April 30, 2004. In addition to this, ICI also provides group insurance to all employees.

5.14 Compensated absences

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligation are made using the current salary levels of the employees. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact of such valuation will not be material.

5.15 Leases

Effective July 1, 2019, the Group asseses at contract inception whether a contract is, or contains, a lease, i.e., if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets (note 5.5) representing the right-to-use the underlying assets.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date, where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of regional sales offices, warehouses, summer houses and beach huts (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Ijarah contracts

Payments made under ijarah contract are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease as per Islamic Financial Accounting Standards 2 'Ijarah'.

5.16 Trade and other payables

Liabilities for trade and other amounts payable are carried at fair value of the consideration to be paid in future for goods and services received, whether or not invoiced to the Group.

5.17 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

5.18 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with the tax laws and taxes paid / payable on final tax basis, after taking into account tax credit available, if any.

Deferred

Deferred tax is recognised on all temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

5.19 Revenue Recognition

(a) Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control (i.e. at the time of transfer of physical possession) of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

(b) Revenue from toll manufacturing is recognised when services are rendered.

(c) Revenue from the sale of electricity is recorded based on the output delivered and capacity available at the rates as specified under Power Purchase Agreement.

(d) Mark-up on bank deposits is recognised on a time proportion basis on the principal amount outstanding and at the rate applicable.

(e) Commission income is recognised on date of shipment from suppliers.

(f) Dividend income is recognized when the right to receive such payment is established.

(g) Scrap sales and miscellaneous income are recognised on receipt basis.

5.20 Borrowing cost

Borrowing cost and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include exchange differences arising on foreign currency borrowings, obtained for acquisition, construction or production of qualifying assets, to the extent that they are regarded as an adjustment to interest cost are included in the cost of qualifying assets.

5.21 Foreign currency transactions and translation

Foreign currency transactions are recorded using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rate ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and on translation of monetary assets and liabilities denominated in foreign currencies at reporting date are recognised in the profit or loss except as explained in note 5.3.

On consolidation, the assets and liabilities of foreign operations are retranslated into presentation currency i.e. Pakistan Rupees at the rate of exchange prevailing at the reporting date and their income and expenses are translated using the average of exchange rates for the period. The exchange differences arising on such translations are recognised in other comprehensive income.

5.22 Financial assets and liabilities

Financial assets

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

(ii) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in the profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in the profit or loss. Dividends from such investments continue to be recognised in the profit or loss when the Group's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to the profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortised cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Group.

Financial liabilities

Financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

5.23 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.24 Impairment

(a) Financial assets

The Group assesses on a forward-looking basis the expected credit loss associated with its financial assets. The Group applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Group recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The SECP through its SRO No. 985(I)/2019 dated September 2, 2019 notified that in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of the Expected Credit Loss (ECL) method shall not be applicable till June 30, 2021, provided such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period.

(b) Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using an appropriate discount rate. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.25 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in these consolidated financial statements in the period in which these are approved.

5.26 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupee, which is the Group's functional and presentation currency.

5.27 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

During the year, the Group's management carried out reassessment of its segment reporting and has concluded that Life Sciences, which was being reported as separate segment, no longer qualifies as a reportable segment, owing to the fact that CODM no longer review the results of Life Sciences separately. Operating results of Life Sciences are now being reported as part of Pharma, Animal Health and Chemical and Agri Sciences segment. Accordingly, all financial information related to Life Sciences has been reported as part of Pharma, Animal Health and Chemical and Agri Sciences segment and prior period results have been restated.

	Note	2020	2019
		(PKR in '000')	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets – tangible	6.1	103,464,039	83,666,110
Capital work-in-progress	6.6	87,324,921	51,809,686
		190,788,960	135,475,796

6.1 Operating fixed assets - tangible

	Leasehold land	Freehold land	Buildings on leasehold land	Buildings on freehold land	Limebeds on freehold land	Plant and machinery	Generators	Quarry equipment	Vehicles including cement bulkers and rolling stock	Aircraft	Furniture and fixtures	Office equipment	Computer and accessories	Other assets (Laboratory equipment etc.)	Total
							(PKR in '000')								
As at July 1, 2018															
Cost	2,648,972	1,765,187	8,674,443	4,731,046	319,854	53,053,576	16,344,966	1,892,995	2,072,901	744,664	771,776	241,329	127,993	355,634	93,745,336
Accumulated depreciation															
and impairment	(138,119)	–	(2,846,185)	(2,369,833)	(72,558)	(18,418,021)	(6,009,337)	(1,046,340)	(935,887)	(389,866)	(415,990)	(163,313)	(84,363)	(236,236)	(33,126,048)
Net book value	2,510,853	1,765,187	5,828,258	2,361,213	247,296	34,635,555	10,335,629	846,655	1,137,014	354,798	355,786	78,016	43,630	119,398	60,619,288
Year ended June 30, 2019															
Addition / Transfers from CWIP	1,980,597	69,994	7,437,196	269,906	79,304	17,788,425	91,462	129,392	528,118	–	274,730	46,602	87,512	437,322	29,220,560
Disposals (note 6.4)															
Cost	–	–	(811)	–	–	(137,477)	(11,709)	(7,247)	(198,480)	–	(2,104)	(1,750)	(10,567)	(1,503)	(371,648)
Accumulated depreciation	–	–	777	–	–	126,584	10,174	2,942	164,133	–	2,033	1,672	10,320	1,222	319,857
	–	–	(34)	–	–	(10,893)	(1,535)	(4,305)	(34,347)	–	(71)	(78)	(247)	(281)	(51,791)
Depreciation charge for															
the year (note 6.2)	(21,888)	–	(533,542)	(239,588)	(18,892)	(3,728,400)	(798,306)	(166,506)	(277,933)	(70,959)	(160,017)	(34,291)	(30,663)	(40,962)	(6,121,947)
Net book value as at June 30, 2019	4,469,562	1,835,181	12,731,878	2,391,531	307,708	48,684,687	9,627,250	805,236	1,352,852	283,839	470,428	90,249	100,232	515,477	83,666,110
Year ended June 30, 2020															
Addition / Transfers from CWIP	78,162	–	147,824	6,944,865	76,146	19,168,078	128,393	100,208	791,064	–	116,142	21,937	16,032	15,939	27,604,790
Disposals (note 6.4)															
Cost	–	–	(14,554)	(3,299)	–	(152,412)	(5,367)	(1,743)	(136,647)	–	(28,579)	(39,733)	(27,346)	(10,693)	(420,373)
Accumulated depreciation	–	–	14,104	2,108	–	140,567	4,285	1,743	79,140	–	27,161	39,401	26,884	9,510	344,904
		–	–	(450)	(1,190)	(11,845)	(1,082)	–	(57,507)	–	(1,418)	(332)	(462)	(1,183)	(75,470)
Depreciation charge for															
the year (note 6.2)	(60,994)	–	(851,225)	(421,079)	(21,904)	(4,667,352)	(802,076)	(143,113)	(341,667)	(70,959)	(161,925)	(37,233)	(41,010)	(110,854)	(7,731,391)
Net book value as at June 30, 2020	4,486,730	1,835,181	12,028,027	8,914,127	361,950	63,173,568	8,952,485	762,331	1,744,742	212,880	423,227	74,621	74,792	419,379	103,464,039
At June 30, 2019															
Cost	4,629,569	1,835,181	16,110,828	5,000,952	399,158	70,704,524	16,424,719	2,015,140	2,402,539	744,664	1,044,402	286,181	204,938	791,453	122,594,248
Accumulated depreciation															
and impairment	(160,007)	–	(3,378,950)	(2,609,421)	(91,450)	(22,019,837)	(6,797,469)	(1,209,904)	(1,049,687)	(460,825)	(573,974)	(195,932)	(104,706)	(275,976)	(38,928,138)
Net book value	4,469,562	1,835,181	12,731,878	2,391,531	307,708	48,684,687	9,627,250	805,236	1,352,852	283,839	470,428	90,249	100,232	515,477	83,666,110
At June 30, 2020															
Cost	4,707,731	1,835,181	16,244,098	11,942,518	475,304	89,720,190	16,547,745	2,113,605	3,056,956	744,664	1,131,965	268,385	193,624	796,699	149,778,665
Accumulated depreciation															
and impairment	(221,001)	–	(4,216,071)	(3,028,392)	(113,354)	(26,546,622)	(7,595,260)	(1,351,274)	(1,312,214)	(531,784)	(708,738)	(193,764)	(118,832)	(377,320)	(46,314,625)
Net book value	4,486,730	1,835,181	12,028,027	8,914,127	361,950	63,173,568	8,952,485	762,331	1,744,742	212,880	423,227	74,621	74,792	419,379	103,464,039
Annual rates of depreciation	1.01% to 4%	–	2.5% to 10%	5% to 10%	3.33% to 7.5%	3.33% to 20%	5%	10%	10% to 25%	10%	10% to 33%	10% to 33%	33%	10% to 33%	

6.2 Depreciation charge for the year has been allocated as follows:

	Note	**2020**	2019
		(PKR in '000')	
Cost of sales	30	7,054,136	5,449,235
Distribution cost	31	269,301	215,453
Administrative expenses	32	337,498	252,409
Capital work in progress		14,075	101,720
Cost of sale of electricity		56,381	103,130
		7,731,391	6,121,947

6.3 The Government of Sindh through its Land Utilisation Department, Board of Revenue (BoR) allotted 250 acres land in Deh Gangiaro, Bin Qasim Town for setting up power plant and accordingly lease agreement was signed by LEPCL with BoR. However, the Port Qasim Authority (PQA) subsequently filed a civil suit against LEPCL in August 2017 in the High Court of Sindh alleging that 139 acres land out of 250 acres allotted to LEPCL, falls in the jurisdiction of PQA and PQA obtained injunction order in its favor. The court order was subsequently modified in September 2018 upon completion of a report by Survey of Pakistan and injunction granted by the High Court of Sindh was reduced to land measuring 75.09 acres. Subsequently, PQA contested the said order and argued that disputed land is 109 acres. The matter has been remanded back to the single judge to adjudicate on the matter of demarcation of the disputed land. To ensure bankability and operability of the Project, LEPCL in consultation with contractor has designed its plant lay out giving due consideration to the current dispute with PQA and has identified that it will need approximately 40 acres of the land currently being disputed. Based on the fact that subject land has been allotted by the Provincial Government, LEPCL is reasonably confident of a favorable outcome. In parallel, LEPCL is also evaluating the option of an out of court settlement with PQA to acquire the part identified based on consultation with the contractor.

6.4 The details of property, plant and equipment disposed off during the year are as follows:

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain/ (loss)	Mode of Disposal	Particulars of Buyers	Relationship of purchaser with Company or director, if any
	(PKR in '000')							
Vehicle	2,678	621	2,057	2,578	521	Negotiation	Energas Terminals (Private) Limited	Associate
----do----	2,713	1,049	1,664	2,990	1,326	Company policy	Mr. Faiz Durrani	Employee
----do----	2,216	1,606	610	2,320	1,710	Tender	Mr. Muhammad Iftikhar Alam	N/A
----do----	2,685	566	2,119	3,229	1,110	Tender	Mr. Kashif Ahmed Baig	----do----
----do----	3,127	-	3,127	3,127	-	Tender	Mr. Imran Ayub Bhatti	----do----
----do----	2,713	1,475	1,238	2,766	1,528	Tender	Mr. Imran Ayub Bhatti	----do----
----do----	2,415	879	1,536	2,711	1,175	Tender	Mr. Saleem Ahmed Siddiqui	----do----
----do----	2,334	345	1,989	2,250	261	Insurance claim	IGI General Insurance	----do----
----do----	2,270	987	1,283	2,727	1,444	Tender	Khawaja Muhammad Fawad, Esq.	----do----
----do----	2,269	987	1,282	2,553	1,271	Tender	Amin Motors	----do----
----do----	1,868	-	1,868	1,974	106	Tender	Lucky Auto Industries	Associate
----do----	1,813	1,024	789	2,112	1,323	Tender	Mr. Muzammil	N/A
----do----	1,601	684	917	1,954	1,037	Tender	Syed Adil Ali, Esq.	----do----
Trailer	7,869	1,478	6,391	9,500	3,109	Insurance claim	IGI General Insurance	----do----
Building on leasehold land	1,266	76	1,190	1,756	566	Insurance claim	EFU	----do----
DCS - Polyester	2,031	1,320	711	-	(711)	Scrap	N/A	----do----
DCS - Soda Ash	28,347	23,517	4,830	3,020	(1,810)	Scrap	Ghulam Raza Traders	----do----
Calciner 4 gas main and gear boxes	2,500	1,872	628	30	(598)	Scrap	Mr. Shahid Hanif	----do----
Items having book value less than PKR 500,000 each	347,658	306,418	41,241	75,686	34,445	-	Various	
	420,373	344,904	75,470	123,283	47,813			
2019	371,648	319,857	51,791	200,884	149,093			

6.5 Following are the particulars of the Group's immovable fixed assets:

S.No	Business Unit Type	Location	Total Area of land in acre
1	**Holding Company:**		
1.1	Head office	Muhammad Ali Housing Society, Karachi	1.76
1.2	Karachi Plant	Main Super Highway, Gadap Town, Karachi	955.52
1.3	Pezu Plant	Main Indus Highway, Pezu, District Lakki Marwat, KPK	885.74
1.4	Other office	Sector F-7/1, Islamabad	0.14
2	**LEPCL:**		
	Plant	Deh Gangiaro, Port Qasim, Karachi.	250.00
3	**ICI:**		
3.1	ICI Head Office and Production Plant	ICI House, 5 West Wharf, Karachi - 74000	2.70
3.2	ICI Production Plant	S-33, Hawksbay Road, S.I.T.E, Karachi - 75730	0.26
3.3	ICI Regional Office	ICI House, 63 Mozang Road, Lahore - 54000	0.65
3.4	ICI Production Plant	30-Km, Sheikhupura Road, Lahore	44.28
3.5	ICI Production Plant	45-Km, Off Multan Road, Lahore	0.34
3.6	ICI Regional Office and Production Plant	ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum	63.00
3.7	ICI Production Plant	Plot No.32/2A Phase III, Industrial Estate Hattar, District Haripur	0.92

6.6 Capital work-in-progress

The following is the movement in capital work-in-progress during the year:

	Opening balance	Reclassifications	Additions	Transferred to operating fixed assets and intangible assets	Closing balance
			(PKR in '000')		
Leasehold land	–	–	4,522	–	4,522
Freehold land	–	–	1,000	–	1,000
Building on leasehold land	1,343,278	122,461	272,237	1,737,976	–
Building on freehold land	2,918,197	(122,461)	2,188,281	4,904,630	79,387
Plant and machinery (note 6.7 and 6.8)	46,447,577	–	58,585,191	18,590,706	86,442,062
Generators	–	–	150,258	128,393	21,865
Quarry equipment	3,592	–	100,208	100,208	3,592
Vehicles including cement bulkers and rolling stock	7,577	–	706,632	704,436	9,773
Furniture and fixtures	147,637	–	6,526	6,368	147,795
Office equipment	967	–	20,710	21,390	287
Computer and accessories	–	–	9,845	9,845	–
Intangible assets	–	–	29,185	29,185	–
Other assets	940,861	–	815,732	1,141,955	614,638
	51,809,686	–	62,890,327	27,375,092	87,324,921

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6.7 Had the waiver through SRO 986(I)/2019 as detailed in note 5.3 not been available, exchange loss amounting to PKR 170.617 million (2019: PKR 1,053.481 million) would have been charged to the profit or loss.

6.8 This mainly includes expenditure on the Group's 660 MW coal-fired power plant.

7. INTANGIBLE ASSETS

	2020				
	At July 1, 2019	Additions	Amelioration impairment (PKR in '000')	At June 30, 2020	Amelioration rare %
Goodwill	2,340,329	–	–	2,340,329	–
Brands					
- Definite useful life - trademark and roundel	804,694	–	(229,913)	574,781	10
- Indefinite useful life	1,437,679	–	–	1,437,679	Indefinite
	2,242,373	–	(229,913)	2,012,460	
Customer relationships	257,973	–	(63,527)	194,446	9 - 25
Distribution relationship	77,792	–	–	77,792	Indefinite
Principal relationships	1,766,423	–	–	1,766,423	Indefinite
Product rights	826,855	–	–	826,855	Indefinite
Software and license	141,975	29,185	(47,728)	123,432	20 - 50
	7,653,720	29,185	(341,168)	7,341,737	

	2019				
	At July 1, 2018	Additions	Amelioration impairment (PKR in '000')	At June 30, 2019	Amelioration rare %
Goodwill	2,340,329	–	–	2,340,329	–
Brand					
- Definite useful life - trademark and roundel	1,034,607	–	(229,913)	804,694	10
- Indefinite useful life	1,437,679	–	–	1,437,679	Indefinite
	2,472,286	–	(229,913)	2,242,373	
Customer relationships	321,500	–	(63,527)	257,973	9 - 25
Distribution relationship	83,269	–	(5,477)	77,792	Indefinite
Principal relationships	1,778,733	–	(12,310)	1,766,423	Indefinite
Product rights	826,855	–	–	826,855	Indefinite
Software and license	121,016	89,416	(68,457)	141,975	20 - 50
	7,943,988	89,416	(379,684)	7,653,720	

7.1 The amortisation charge for the year has been allocated as follows:

	Note	2020	2019
		(PKR in '000')	
Cost of sales	30	111,776	138,278
Distribution cost	31	28,302	30,978
Administrative expenses	32	201,090	210,428
		341,168	379,684

7.2 Description of intangibles

Significant intangible assets have been described as below:

Goodwill

Goodwill amounting to PKR 2,133.955 million has been recognised by the Group on the acquisition of ICI, PKR 79.864 million on acquisition of Cirin Pharmaceuticals (Private) Limited (Cirin) and PKR 126.510 million on acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited.

Brands

Definite useful life

Under an arrangement with ICI Omicron B.V., the Group had acquired the right to use ICI word mark and roundel for ICI's Polyester and Soda Ash segments only. This agreement is effective for a period of 10 years.

Indefinite useful life

These have been recognised on the acquisition of Cirin and assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited amounting to PKR 684.219 million and PKR 753.460 million.

Customer relationships

The Group has established (i.e. non-contractual) customer relationships for its Soda Ash segment, Polyester segment and Polyurethanes and Specialty Chemicals sub-segments.

Principal relationships

The Group has contractual relationships with a number of principals / suppliers, which met the contractual-legal criterion for recognition as an intangible asset.

Product rights

The Group has its own portfolio of products in the Pharma, Animal health and Chemical and Agri Sciences business segment, which met the separability criterion for recognition as an intangible asset.

7.3 Impairment testing of goodwill

For impairment testing, goodwill has been allocated to the following segments which are Cash Generating Units (CGUs) based on their operating results at the acquisition date. These are also among the reportable segments of the Group:

(i) Soda Ash
(ii) Pharma
(iii) Animal Health; and
(iv) Chemicals and Agri Sciences

The recoverable amount of all CGUs have been determined based on value-in-use calculations. The Group has used the Income Approach - Discounted Cash Flow Method (DCF) to determine the value-in-use of the operating segments. The financial projections used have been prepared by the management of ICI and approved by its Board of Directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below:

Key assumptions used in value-in-use calculation

The calculation of value-in-use is most sensitive to the following assumptions:

(a) Discount rates

Discount rates reflect management estimates of the rate of return required for each business. The management used the Weighted Average Cost of Capital (WACC) to determine the cost of capital rate. The cost of equity has been computed through the Capital Asset Pricing Model.

The following discount rates have been used which are based on the WACC of that CGU:

	Terminal growth rate	Discount rate
Soda Ash	5%	14.6%
Chemicals and Agri Sciences	7%	12.9%
Pharma	6%	15%
Animal Health	6%	14%

(b) Key commercial assumptions

The valuation is based on the key commercial assumptions that revenue growth and contribution margins in the products of the CGUs would be achieved.

7.4 Impairment testings of other intangibles acquired through business combination

The recoverable amounts of these intangibles have been determined based on fair value less cost of disposal calculations, using following methods:

Intangibles	**Basis of valuation**
Distribution relationship	Income Approach - Multi-Period Excess Earnings Method
Principal relationships	Income Approach - Multi-Period Excess Earnings Method
Product rights	Income Approach - Multi-Period Excess Earnings Method

No impairment indicators were identified in relation to ‘Brand trademark and roundel’.

7.5 Key assumptions used

The following key assumptions have been made by the management for other intangibles assets:

	Terminal growth rate	Discount rate
Distribution relationship	7%	16.2%
Principal relationships	6%	12.85% - 15%
Product rights	6%	12.85% - 15%

7.6 At June 30, 2020, the Group carried out an impairment testing of its intangible assets (with indefinite life) as recorded at the time of acquisition of ICI. Based on the said testing, the recoverable amount of intangible assets was in excess on their respective carrying amounts as at June 30, 2020. Hence, no impairment has been recorded during the year.

8. Right-of-use assets

	Motor vehicles	Land and buildings	As at June 30, 2020
		(PKR in '000')	
Opening	13,445	389,382	402,827
Depreciation charged	(4,918)	(79,630)	(84,548)
Closing	**8,527**	**309,752**	**318,279**
Useful life (years)	4 to 5	2 to 9	

Set out below is the carrying amount of lease liability and the movement during the year:

	For the year end June 30, 2020
	(PKR in '000')
As at July 1, 2019	375,287
Accretion of interest	41,577
Payments	(84,017)
As at June 30, 2020	332,847
Current portion of lease liabilities	79,256
Non - current portion of lease liabilities	253,591
	332,847

	Note	For the year end June 30, 2020
		(PKR in '000')
8.1 Allocation of depreciation expense		
Cost of sales	30	27,645
Distribution cost	31	26,748
Administrative expenses	32	30,155
		84,548

	Note	2020	2019
		(PKR in '000')	
9. LONG-TERM INVESTMENTS			
Equity accounted investments			
Joint ventures			
Lucky Al Shumookh Holdings Limited	9.1	6,927,802	5,297,866
LuckyRawji Holdings Limited	9.2	11,471,453	10,185,585
Al Shumookh Lucky Investments Limited	9.3	3,319,116	647,902
		21,718,371	16,131,353
Associates			
NutriCo Pakistan Private Limited	9.4	1,106,787	1,475,773
Yunus Energy Limited	9.5	1,143,104	944,584
		2,249,891	2,420,357
		23,968,262	18,551,710
Equity security			
Arabian Sea Country Club Limited			
(250,000 ordinary shares of PKR 10 each)		2,500	2,500
		23,970,762	18,554,210

	Note	2020	2019
9.1 Lucky Al Shumookh Holdings Limited (LASHL)			
Investment at cost		1,912,283	1,912,283
Share of cumulative profit at the beginning of the year		1,584,931	1,067,601
Share of profit during the year	9.1.2	1,285,613	517,330
		2,870,544	1,584,931
Foreign currency translation reserve		2,144,975	1,800,652
		6,927,802	5,297,866
9.1.1 The Group's interest in LASHL's assets and liabilities is as follows:			
Non-current assets		11,915,620	9,513,227
Current assets excluding cash and cash equivalents		2,155,786	1,451,260
Cash and cash equivalents		289,507	182,137
Liabilities		(505,309)	(550,892)
Net assets (100%)		13,855,604	10,595,732
The Group's share of net assets (50%)		6,927,802	5,297,866
9.1.2 The Group's share in LASHL's profit or loss is as follows:			
Revenue		10,658,479	7,653,512
Cost of sales		(7,734,151)	(6,141,238)
General and administrative expenses		(97,204)	(92,499)
Selling and distribution expenses		(12,501)	(11,467)
Finance cost		(243,397)	(373,649)
Net profit (100%)		2,571,226	1,034,659
The Group's share of net profit (50%)		1,285,613	517,330

		Note	2020	2019
			(PKR in '000')	
9.2	**LuckyRawji Holdings Limited (LRHL)**			
	Investment at cost		6,870,050	6,870,050
	Share of cumulative loss at the beginning of the year		(494,136)	(74,603)
	Share of profit / (loss) during the year	9.2.2	731,575	(419,533)
			237,439	(494,136)
	Foreign currency translation reserve		4,363,964	3,809,671
			11,471,453	10,185,585
9.2.1	**The Group's interest in LRHL's assets and liabilities is as follows:**			
	Non-current assets		35,748,464	36,300,072
	Current assets excluding cash and cash equivalents		3,447,046	3,496,446
	Cash and cash equivalents		1,569,973	78,955
	Liabilities		(17,822,578)	(19,504,304)
	Net assets (100%)		22,942,905	20,371,169
	The Group's share of net assets (50%)		11,471,453	10,185,585
9.2.2	**The Group's share in LRHL's profit or loss is as follows:**			
	Revenue		11,131,345	8,476,559
	Cost of sales		(7,147,334)	(7,015,631)
	Operating expenses		(2,520,862)	(2,299,994)
	Net profit / (loss) (100%)		1,463,149	(839,066)
	The Group's share of net profit / (loss) (50%)		731,575	(419,533)
9.3	**Al Shumookh Lucky Investment Limited (ASIL)**			
	Investment at cost		446,270	446,270
	Investment made during the period		2,352,708	–
			2,798,978	446,270
	Share of cumulative profit at the beginning of the year		105,343	–
	Share of profit during the year	9.3.2	269,451	105,343
			374,794	105,343
	Foreign currency translation reserve		145,344	96,289
			3,319,116	647,902
9.3.1	**The Group's interest in ASIL's assets and liabilities is as follows:**			
	Non-current assets		13,639,298	2,148,741
	Current assets excluding cash and cash equivalents		350,604	22,940
	Cash and cash equivalents		2,795,461	2,989,787
	Liabilities		(10,147,131)	(3,865,664)
	Net assets (100%)		6,638,232	1,295,804
	The Group's share of net assets (50%)		3,319,116	647,902

		Note	2020	2019
			(PKR in '000')	
9.3.2	**The Group's share in ASIL's profit or loss is as follows:**			
	Other income		404,369	391,566
	Operating expenses		134,533	(180,881)
	Net profit (100%)		538,902	210,685
	The Group's share of net profit (50%)		269,451	105,343
9.4	**NutriCo Pakistan (Private) Limited (NutriCo)**			
	Investment at cost		960,000	960,000
	Share of cumulative profit at the beginning of the year		515,773	170,004
	Share of profit during the year	9.4.1	431,014	525,769
	Dividend received during the year		(800,000)	(180,000)
			146,787	515,773
			1,106,787	1,475,773
9.4.1	**The Group's share in NutriCo's profit or loss is as follows:**			
	Revenue		9,523,528	10,307,149
	Net profit (100%)		1,077,534	1,314,422
	The Group's share of net profit (40%)		431,014	525,769
9.5	**Yunus Energy Limited (YEL)**			
	Investment at cost		611,365	611,365
	Share of cumulative profit at the beginning of the year		333,219	232,668
	Share of profit for the year		320,793	283,961
	Dividend received during the year		(122,273)	(183,410)
			531,739	333,219
			1,143,104	944,584

9.6 Investments made in joint ventures and associated companies as above have been made in accordance with the requirements of the Companies Act, 2017.

	Note	2020	2019
		(PKR in '000')	
9.7 Share of profit / (loss) from joint ventures and associates is as follows:			
Joint ventures			
Lucky Al Shumookh Holdings Limited		1,285,613	517,330
LuckyRawji Holdings Limited		731,575	(419,533)
Al Shumookh Lucky Investments Limited		269,451	105,343
		2,286,639	203,140
Associates			
NutriCo Pakistan Private Limited		431,014	525,769
Yunus Energy Limited		320,793	283,961
		751,807	809,730
		3,038,446	1,012,870

10. LONG-TERM LOANS AND ADVANCES

	Note	2020	2019
Long-term loans - considered good due from employees	10.1	814,037	749,097
Less: Recoverable within one year	15	(252,278)	(253,114)
		561,759	495,983
Others	10.3	55,371	55,371
		617,130	551,354

10.1 Loans given to employees are in accordance with the Group policy and are repayable within a period of 2 to 5 years. These loans are return free and are secured against the gratuity of the respective employees. These loans are carried at cost due to the materiality of the amounts involved. These include outstanding balances of loans given to key management personnel namely M/s. Amin Ganny, Mashkoor Ahmed, Muhammad Shabbir, Zaher Shah and Adnan Ahmed as at June 30, 2020 (2019: M/s. Amin Ganny, Mashkoor Ahmed, Muhammad Shabbir and Adnan Ahmed).

10.2 The maximum amount outstanding at the end of any month during the year ended June 30, 2020 from key management personnel aggregated to PKR 25.497 million (2019: PKR 34.238 million).

10.3 These represent return free advance given to Sui Southern Gas Company Limited provided by the Holding Company in respect of additional gas line which will be adjusted after the commissioning of gas line in 48 equal monthly installments.

	Note	2020	2019
		(PKR in '000')	
11. LONG-TERM DEPOSITS AND PREPAYMENTS			
Deposits	11.1	46,289	48,757
Prepayments		383	2,319
		46,672	51,076

11.1 These include return free deposits to Water and Power Development Authority and Central Depository Company of Pakistan Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

		Note	2020	2019
			(PKR in '000')	
12.	**STORES, SPARES AND CONSUMABLES**			
	Stores		2,431,879	2,975,073
	Spares	12.1	5,846,175	5,438,376
	Consumables		159,161	158,303
			8,437,215	8,571,752
	Less: Provision for slow moving spares		271,464	378,351
			8,165,751	8,193,401

12.1 These include spares in transit of PKR 15.859 million as at June 30, 2020 (2019: PKR 36.230 million).

		Note	2020	2019
			(PKR in '000')	
13.	**STOCK-IN-TRADE**			
	Raw and packing material	13.1	6,757,869	6,332,149
	Work-in-process		6,285,766	5,143,517
	Finished goods - net		8,529,768	7,049,927
			21,573,403	18,525,593
	Less: Provision for slow moving and obsolete stock-in-trade			
	- Raw and packing material		140,116	100,754
	- Work-in-process		–	2,105
	- Finished goods		141,102	123,505
		13.2	281,218	226,364
			21,292,185	18,299,229

13.1 Raw and packing materials held with various toll manufacturers amounts to PKR 481.560 million (2019: PKR 474.975 million).

13.2 Movement of provision for slow moving and obsolete stock-in-trade is as follows:

	Note	2020	2019
		(PKR in '000')	
Balance at the beginning of the year		226,364	48,524
Charge for the year	32	135,413	183,823
Write-off for the year against provision		(80,559)	(5,983)
		281,218	226,364

13.3 Stock-in-trade amounting to PKR 777.761 million (2019: PKR 3,924,490 million) is measured at net realisable value and expense amounting to PKR 75.381 million (2019: reversal of PKR 56.616 million) has been recognised in cost of sales.

	Note	2020	2019
		(PKR in '000')	

14. TRADE DEBTS

	Note	2020	2019
Considered good			
Bills receivable - secured		2,035,598	1,438,768
Others - unsecured	14.1	4,119,976	3,509,811
		6,155,574	4,948,579
Considered doubtful		257,655	279,562
		6,413,229	5,228,141
Provision for doubtful debts	14.3	257,655	279,562
Provision for price adjustments and discounts		320,984	440,111
		578,639	719,673
		5,834,590	4,508,468

14.1 These include amounts due from the following associates:

		2020	2019
Yunus Textile Mills Limited		10,130	17,879
Lucky Textile Mills Limited		2,258	1,594
Lucky Foods (Private) Limited		1,576	5,692
Lucky Knits (Private) Limited		–	893
		13,964	26,058

14.2 The maximum amount outstanding at any time during the year from associates calculated by reference to month end balances are as follows.

	Note	2020	2019
		(PKR in '000')	
Unsecured			
Yunus Textile Mills Limited		10,130	17,879
Lucky Textile Mills Limited		3,020	7,099
Lucky Foods (Private) Limited		3,279	5,692
Lucky Knits (Private) Limited		–	1,042
		16,429	31,712

14.3 Movement in provision for doubtful debts is as follows:

		2020	2019
Balance at the beginning of the year		279,562	226,924
Provisions (reversed) / made during the year		(19,979)	56,845
Write-off during the year		(1,928)	(4,207)
		257,655	279,562

15. LOANS AND ADVANCES

	Note	2020	2019
Considered good			
Current portion of loans and advances given to employees	10.1	252,278	266,025
Advance to suppliers		1,346,817	1,556,736
Other advances given to employees - return free - unsecured	15.1	27,844	30,703
Margin held with banks against imports		9,648	10,699
		1,636,587	1,864,163
Sales tax, excise duty and other government levies		–	133,176
		1,636,587	1,997,339
Considered doubtful		17,742	16,120
		1,654,329	2,013,459
Less: Provision for doubtful loans and advances		17,742	16,120
		1,636,587	1,997,339

15.1 Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

	Note	2020	2019
		(PKR in '000')	
16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits - return free			
Containers		120	80
Utilities		1,169	1,169
Others		286,545	216,797
		287,834	218,046
Prepayments			
Insurance		35,124	24,101
Rent		13,449	25,980
Processing fees for financing arrangement	16.1	478,426	1,656,678
Others		185,446	167,307
		712,445	1,874,066
		1,000,279	2,092,112

16.1 The total cost incurred in connection with securing finance facilities for LEPCL aggregate to PKR 2,421.084 million (2019: PKR 2,325.884 million) out of which an amount of PKR 249.073 million (2019: PKR 153.873 million) has been charged to capital work-in-progress, while the amount of PKR 1,693.585 million (2019: PKR 515.333 million) which is linked directly to the utilised portion of the facility has been netted off against loan proceeds as transaction cost. The amount of PKR 478.426 million (2019: PKR 1,656.678 million) shown as prepayment relates to unutilised facility and shall be adjusted against the future draw downs as and when arise.

	Note	2020	2019
		(PKR in '000')	
17. OTHER RECEIVABLES			
Unsecured			
Considered good			
Duties, sales tax and octroi refunds due	17.1	4,497,902	4,216,526
Commission and discounts receivable		101,554	127,514
Receivable from principal		63,947	78,810
Rebate on export sales		46,175	45,524
Due from Collector of Customs	17.2	19,444	19,444
Due from associate		–	16,875
Due from Hyderabad Electricity Supply Company (HESCO)	17.3	3,531,365	1,987,418
Others		942,276	443,131
		9,202,663	6,935,242
Considered doubtful		9,007	2,798
		9,211,670	6,938,040
Less: Provision for doubtful receivables	17.4	9,007	2,798
		9,202,663	6,935,242

17.1 These include sales tax amounting to PKR 2,378.898 million charged on certain payments made to the contractor / vendors in relation to the development of the 660 MW coal fired power plant. Due to the absence of output tax, LEPCL has filed for refund with the taxation authorities and recorded the amount of sales tax paid as a refundable in accordance with Rule 34(d) of the Sales Tax Rules, 2006. LEPCL has obtained legal advice and is confident with respect to the recoverability of this amount.

17.2 The Holding Company had imported cement bulkers during October 19, 2006 to December 5, 2006 under SRO 575(1) of 2006 dated June 5, 2006 for export of loose cement which provided concessionary rate of import duty to an industrial concern. The Holding Company claimed exemption of duty at the time of port clearance. However, the Collector of Customs passed an order allowing provisional release of consignment subject to final approval from the Federal Board of Revenue (FBR) and deposit of post dated cheques for the differential amount of duty. The Holding Company deposited three post dated cheques aggregating PKR 19.444 million for three different consignments of cement bulkers and simultaneously approached the FBR for giving direction to the Collector of Customs, Karachi.

The FBR moved a summary to the Federal Government / Economic Coordination Committee (ECC) on the representation of the Holding Company and finally issued SRO 41(1) of 2007 dated January 7, 2007 which clarified that the imported cement bulkers were also entitled for concessional rate of duty of 5%. The Collector of Customs instead of releasing the post dated cheques, encashed the same on the plea that the effect of SRO will not be given to the Holding Company with retrospective effect despite the fact that the said clarification was issued on the representation of the Holding Company.

The Holding Company filed a writ petition before the High Court of Sindh at Karachi on July 30, 2007 challenging the illegal and malafide act of encashment of post dated cheques. The High Court of Sindh passed an order in favour of the Holding Company and has ordered the Collector of Customs to refund the amount collected within one month from the date of judgement. The judgement has been challenged by the FBR in the Supreme Court of Pakistan which remains pending.

17.3 The Holding Company and HESCO entered into a Power Purchase Agreement (PPA) dated March 22, 2011 pursuant to a policy in place at the time for the New Captive Power Plants (NCPPs), which had been reviewed by National Electric Power Regulatory Authority (NEPRA).

Subsequent to the signing of the PPA, NEPRA purported to re-determine the tariff through determination dated January 9, 2013, which was challenged by all the NCPPs in the High Court of Sindh. The High Court of Sindh decided the case in favor of NEPRA vide judgement dated August 19, 2015.

The Holding Company filed an appeal in the Supreme Court of Pakistan (SCP) against the High Court of Sindh's decision. Detailed hearings were held and the Court's judgement was reserved in November 2016. However, the said judgment has not been announced since then and the case was relisted for hearing. The case is currently being heard in Supreme Court of Pakistan.

On March 6, 2017, the Holding Company and HESCO entered into an interim agreement, which is subject to the outcome of the above Civil Appeals pending in the Supreme Court of Pakistan.

As per the agreement, HESCO has fulfilled certain conditions and also provided an amount of PKR 642 million to the Holding Company which was netted off against other receivables and the Holding Company supplied and invoiced electricity from March 2017 to May 2019 based on PPA rates. The Holding Company suspended electricity sale to HESCO from May 2019 due to non-payment of bill since January 2019.

During the current year, HESCO claimed that the Holding Company was collecting GIDC from it which was not being paid to gas companies as the said amounts were under litigation. Accordingly, another settlement agreement between the Holding Company and HESCO was entered into on January 17, 2020, based on which GIDC amount is being deposited in a separate bank account under the control of HESCO. The amount already received by the Holding Company against GIDC has been deposited by the Holding Company in such bank account.

It has been agreed that the aggregate GIDC amount shall be returned to the Holding Company if these ultimately become payable by the Holding Company based on the court decisions on GIDC and gas tariff litigations which is still pending adjudication. Subsequent to the year end the matter has been decided against the Holding Company.

In August, 2017, the Government of Sindh promulgated the Sindh New Captive Power Plants Subsidy Act, 2017 read in light of corrigendum issued by the Government of Sindh gazetted on February 1, 2018 for provision of tariff differential support to captive power producers in the province of Sindh. Under the aforementioned act, the Holding Company claimed and received subsidy for the period March 2015 to March 2018 amounting to PKR 630 million.

On May 3, 2019 the Holding Company filed a Constitutional Petition before the High Court of Sindh challenging the non-payment of subsidy since April 2018 by the Government of Sindh under the Sindh New Captive Power Plants Subsidy Act, 2017. The case was decided in favor of the Holding Company on November 5, 2019 and the Government of Sindh was directed to process the pending claims of the Holding Company as per the law within one month. However, the Holding Company has not yet received subsidy amount of PKR 858.36 million for the period April 2018 to May 2019 and January 2020 to April 2020 from the Government of Sindh. The Holding Company is following up with relevant department for settlement of dues as directed by the High Court of Sindh.

17.4 Movement in provision for doubtful receivables is as follows:

	2020	2019
	(PKR in '000')	
Balance at beginning of the year	2,798	24,320
Charge for the year	6,209	64
Write-off against provision	–	(21,586)
	9,007	2,798

18. TAX REFUND DUE FROM THE GOVERNMENT

A dispute with respect to the calculation of excise duty on retail price of cement arose between the Holding Company and the FBR from the very first day the Holding Company started sales of cement in 1996. The FBR's point of view was that excise duty be calculated on the declared retail price, inclusive of excise duty whereas the Holding Company contended that the excise duty would not be included in retail price for the calculation of the excise duty payable to the Government.

On June 2, 1997, the Holding Company filed a writ petition before the Peshawar High Court on seeking judgment on this matter. The dispute related to the period from June 26, 1996 to April 19, 1999 after which the FBR changed the mechanism of levying excise duty from percentage of retail price to a fixed amount of duty at the rate of PKR 1,400 per ton. The Peshawar High Court after hearing both the parties issued a detailed judgment, operating paragraph of which is reproduced as follows:

For the reasons we accept the petitions declare, that present system of realization of duties of excise on the "Retail Price" inclusive of excise duty is illegal and without lawful authority, the duties of excise on cement must not form part of retail price and the petitioners are not liable to pay duties of excise forming part of the retail price of cement.

Simultaneously, a similar nature of dispute arose between various beverage companies operating in the provinces of Sindh and Punjab and accordingly those also filed petitions before the High Courts of Sindh and Lahore respectively. Both the High Courts also decided the case against the method of calculation of excise duty as interpreted by the FBR.

The FBR preferred an appeal before the Supreme Court of Pakistan against the judgments of all three High Courts of the country. A full bench of the Supreme Court of Pakistan heard the legal counsel of all the parties and finally announced the judgment on April 14, 2007, upholding the judgments of the High Courts and dismissed the appeal of the FBR.

As a result of the full bench judgment of the Supreme Court of Pakistan, the Holding Company filed a refund claim of PKR 538.812 million on May 8, 2007 with the Collector of Central Excise and Sales Tax, Peshawar, who had earlier collected the same due to incorrect interpretation of law. The Holding Company based on legal opinions obtained, recognized this refund claim in the consolidated financial statements for the year ended June 30, 2007.

A review petition was also filed by the FBR before the Supreme Court of Pakistan. The Supreme Court of Pakistan vide its order dated January 27, 2009 dismissed the review petition filed by the FBR and upheld its earlier decision which was in favor of the Holding Company.

While verifying the refund claim, the Collector of Excise and Sales Tax Peshawar issued show cause notice to the Holding Company, raising certain objections against the release of the refund including an objection that the burden of this levy has been passed on to the end consumer. The Holding Company challenged this show cause notice in the High Court of Peshawar and took the stance that this matter has already been dealt with at the Supreme Court of Pakistan level, based on the doctrine of res judicata. The High Court of Peshawar granted a stay order to the Holding Company against any adverse proceeding by the FBR in this case.

During the year ended June 30, 2013, the Holding Company filed a complaint before the Federal Tax Ombudsman (FTO) with a request that the FBR may be directed for early issuance of refund along with the compensation for the delayed refund. The FTO directed the FBR to verify the claim of the Holding Company and submit a report in the matter. Subsequently, the FBR based on audit conducted submitted a report to the FTO. However, the Holding Company did not agree to the findings of the FBR and argued before the FTO that the report submitted by the FBR is not based on the facts of the case.

After hearing the arguments of both the parties, the FTO forwarded its recommendations / findings to the Secretary, Revenue Division, Islamabad through its order dated November 22, 2013.

The FBR filed representation, before the President of Pakistan against the recommendations of the FTO under Section 32 of Federal Tax Ombudsman Ordinance, 2000. However, the President of Pakistan endorsed the recommendations of the FTO of having an audit conducted by independent firms. The FBR filed a Writ Petition in the High Court of Peshawar against the findings of the FTO as endorsed by the President which suspended the operations of the orders of FTO and President of Pakistan on July 14, 2015 till further orders. The Holding Company has filed a counter affidavit in response to the FBR's Writ Petition, which is pending adjudication in the High Court of Peshawar.

In January 2018, the FBR's Writ Petition was dismissed by the High Court of Peshawar after which the FBR filed an appeal in the Supreme Court of Pakistan.

The FBR has filed review petition in the High Court of Peshawar for review of judgment given in favor of the Holding Company as well as filed an appeal in the Supreme Court in March 2018. The Holding Company is trying to get the matter expedited and get both review petition and appeal dismissed.

The management is confident on the advice of its legal advisor that the ultimate outcome of the case would be in its favor and the full amount would be recovered in due course, therefore no provision for the above receivable has been made in these consolidated financial statements.

	Note	**2020**	2019
		(PKR in '000')	
19. CASH AND BANK BALANCES			
Sales collection in transit		429,766	387,859
Cash at bank			
- in current accounts		662,259	1,382,205
- in Islamic savings and deposit accounts		14,625,316	16,482,065
	19.1 to 19.3	15,287,575	17,864,270
Cash in hand		14,469	18,184
		15,731,810	18,270,313

19.1 These carry profit at the rate ranging from 2.35% to 13.65% (2019: from 2.5% to 13.65%) per annum.

19.2 These include an amount of PKR 1,950 million (2019: 7,885.560 million) held as security against the guarantees obtained from the bank.

19.3 Bank balances include foreign currency balances amounting to USD 22.5 million (2019: USD 7.5 million). They carry markup at the rate of 1.75% to 3.25% per annum (2019: 1.75% to 2.42% per annum).

		Note	2020	2019
			(PKR in '000')	
20.	**SHARE CAPITAL**			
	Authorised capital			
	500,000,000 (2019: 500,000,000)			
	Ordinary shares of PKR 10 each		5,000,000	5,000,000
	Issued, subscribed and paid-up capital			
	305,000,000 (2019: 305,000,000) Ordinary shares			
	of PKR 10 each issued for cash	20.1	3,050,000	3,050,000
	18,375,000 (2019: 18,375,000) Ordinary shares			
	of PKR 10 each issued as bonus shares		183,750	183,750
			3,233,750	3,233,750

20.1 During the year ended June 30, 2008, the Holding Company was admitted to the official list of the Financial Services Authority and to the London Stock Exchange for trading of the Global Depository Receipts (GDRs) issued by the Holding Company on the Professional Securities Market of the London Stock Exchange. The GDR issue constituted an offering to qualified institutional buyers in the United States under Rule 144A and to non US persons outside the United States (US) under Regulation - S of the US Securities Act of 1933. The GDRs have also been included for trading on the International Order Book system of the London Stock Exchange, which will make the GDRs issued under Rule 144A to become eligible for trading by qualified institutional buyers in the Portal Market; a subsidiary of the NASDAQ Stock Market, Inc in the US. The Company had issued 15,000,000 GDRs each representing four ordinary equity shares at an offer price of US$ 7.2838 per GDR (total receipt being US$ 109.257 million).

Accordingly, based on an exchange rate of PKR 65.90 = USD 1.00 (which was the exchange rate on the date of final offering circular relating to the GDR issue made by the Holding Company) 60,000,000 ordinary equity shares of a nominal value of PKR 10 each of the Holding Company were issued at a premium of PKR 110 per ordinary equity share (total premium amount being PKR 6,600 million).

The holders of GDRs are entitled, subject to the provisions of the Deposit Agreement, to receive dividend, if any and rank pari passu with other equity shareholders in respect of dividend. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the equity shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated May 08, 2008, the deposited equity shares in respect of which the GDRs were issued may be withdrawn from the depository facility. Upon withdrawal, the holders will rank pari passu with other equity shareholders in respect of dividend, voting and other direct rights of shareholders.

		Note	2020	2019
			(PKR in '000')	
21.	**RESERVES**			
	Capital reserve			
	Share premium	21.1	7,343,422	7,343,422
	Foreign currency translation reserve		4,625,020	3,936,146
			11,968,442	11,279,568
	Revenue reserves			
	General reserve		81,639,307	73,202,650
	Unappropriated profit		16,935,842	21,305,260
			98,575,149	94,507,910
			110,543,591	105,787,478

21.1 This reserve can be utilised by the Holding Company only for the purpose specified in section 81 of the Companies Act, 2017.

	Note	2020	2019
		(PKR in '000')	
22. LONG-TERM FINANCE			
Secured			
LCL			
Under Islamic Term Finance	22.1	506,908	–
		506,908	–
LEPCL			
Foreign currency borrowings	22.2 & 22.3	28,982,813	8,420,087
Local currency borrowings	22.4	40,504,749	14,200,000
		69,487,562	22,620,087
Less: unamortised transaction cost		(1,422,184)	(422,651)
		68,065,378	22,197,436
ICI			
Banking companies / Financial Institutions	22.6	2,596,248	7,554,152
Under Islamic Term Finance	22.7	7,413,172	3,594,540
		10,009,420	11,148,692
KLM			
Diminishing musharaka	22.8	161,571	–
Term loan	22.9	200,440	–
		362,011	–
LCLIHL			
Banking companies / Financial Institutions	22.10	6,217,874	1,120,368
		6,217,874	1,120,368
Total long term loans		85,161,591	34,466,496
Less: Current portion of long term finance		(2,637,451)	(1,694,503)
		82,524,140	32,771,993

22.1 During the year, the Holding Company entered into a long-term loan agreement with Habib Metropolitan Bank Limited - Islamic amounting to PKR 506.908 million under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan (SBP). The loan is repayable in eight equal quarterly instalments, starting from January 2021. This long-term financing facility is secured by way of hypothecation charge over specific plant and machinery of the Holding Company. The facility carries mark-up at SBP rate (currently 0%) plus bank's spread of 0.50% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. This loan is a shariah compliant facility.

22.2 LEPCL entered into a USD facility agreement on May 31, 2018 with Habib Bank Limited, Bahrain for an aggregate amount of USD 190 million for a period of 14 years. The amount is repayable in 21 semi-annual installments after 48 months of first utilization date and thereafter subsequent principal repayment dates will fall after every 6 months. This loan facility carries a mark-up at the rate of 6 month USD LIBOR plus 4.5%. The facility is secured through a USD guarantee issued by the Habib Bank Limited, Pakistan (non-funded facility). As per the terms of the agreement, there will be a risk participation arrangement for this guarantee under which Habib Bank Limited will bring in foreign currency guarantee participating banks which will participate in risk with Habib Bank Limited. The guarantee under the non-funded facility will reduce in line with the principal repayments of the USD facility.

The non-funded facility (along with other lenders) will be secured by a first security interest with 25% security margin in USD over all present and future tangible and intangible assets of LEPCL, assignment of LEPCL's rights and benefits under the Project documents and insurances, any permitted subordinated loans from the Holding Company. Further, the Holding Company has pledged shares in favor of the security trustee to the facilities. Upto June 30, 2020, LEPCL has made drawdowns aggregating USD 153.75 million (2019: USD 51.890 million) from this facility while the undrawn facility amounted to USD 36.25 million as at June 30, 2020 (2019: USD 138.110 million).

22.3 LEPCL entered into a USD facility agreement on May 31, 2018 with United National Bank Limited, United Kingdom for an aggregate amount of USD 20 million. The amount is repayable in 40 quarterly installments commencing from the earlier of (i) 39 months from the facility effective date; and (ii) commercial operations date. The first principal repayment date is defined as a date occurring three months after the aforementioned date and thereafter March 31, June 30, September 30 and December 31. This loan facility carries a mark-up at the rate of 3 month USD LIBOR + 4.5%. Upto June 30, 2020, LEPCL has made drawdowns aggregating USD 18 million (2019: USD Nil) from this facility while the undrawn facility amounted to USD 2 million as at June 30, 2020 (2019: USD 20 million). This facility is secured as mentioned in note 22.5.

22.4 LEPCL also entered into following loan agreements on May 31, 2018:

- Musharaka facility agreement with four banks namely Meezan Bank Limited, Faysal Bank Limited, Dubai Islamic Bank Limited and Soneri Bank Limited for an aggregate amount of PKR 12,259.918 million. Up to June 30, 2020, LEPCL has made drawdowns aggregating to PKR 8,992.764 million (2019: PKR 3,110.016 million) from this facility while the undrawn facility amounted to PKR 3,267.154 million as at June 30, 2020 (2019: PKR 9,149.902 million).

- PKR facility agreement with a UBL-led consortium [comprising United Bank Limited (UBL), National Bank of Pakistan, Bank Alfalah Limited, Askari Bank Limited, The Bank of Punjab and Soneri Bank Limited] for an aggregate amount PKR 43,717.56 million. Up to June 30, 2020 LEPCL has made drawdowns aggregating PKR 31,511.985 million (2019: PKR 11,089.984 million) from this facility while the undrawn facility amounted to PKR 12,205.575 million as at June 30, 2020 (2019: PKR 32,627.576 million).

These loans are repayable in 40 quarterly installments commencing from the earlier of (i) 39 months from the facility effective date; and (ii) commercial operations date. The first principal repayment date is defined as a date occurring three months after the aforementioned date and thereafter March 31, June 30, September 30 and December 31. These loan facilities carry mark-up at the rate of 3 months KIBOR plus 3.5%. Above loans are secured as mentioned in note 22.5.

22.5 The facilities obtained by LEPCL (as stated in notes 22.3 and 22.4) are secured primarily through first ranking hypothecation charge over future cash flows of LEPCL's Project, assignment of LEPCL's rights and benefits under the Project documents and insurances, first ranking hypothecation charge over all current and future movable assets of the LEPCL with a 20% margin and equitable mortgage over the unencumbered LEPCL's right in immovable property on which the Project will be established with a 20% margin. Further, the Holding Company has pledged shares in favor of the security trustee to the facilities.

22.6 This includes following facilities:

- Long-term loans availed from various banks. These loans are secured against fixed assets of Soda Ash Business and Polyester Business amounting to PKR 2,500 million and PKR 11,900 million respectively. The markup on the loan ranges from SBP rate + 0.30% to 0.50% and the limit stands at PKR 2,665.82 million (2019: PKR 2665.82 million). The maturities of these loans range from 1 to 6 years.

- Other conventional loans, on which markup ranges from 3 months KIBOR + 0.25%. The limits stand at PKR 1,200 million (2019: PKR 6,400 million). The maturity of this loan will occur next year. The markup on long term loans is payable on quarterly and semi-annual basis.

- SBP Refinancing Facility from a scheduled bank, in order to finance salaries and wages, under the SBP COVID Scheme of payroll financing for businesses. The amount due is repayable in quarterly installments, following the 6 months grace period, commencing from January 2021 over a term of 1 year 9 months to 2 years. The facility carries a markup of 1% per annum in a secured against pari passu and hypothecation charge over present and future current assets of ICI.

22.7 These represent Sharia Compliant loans. The limits for these Islamic loans stand at PKR 8,120 million while the profit rate on Islamic term finance ranges from 3 months KIBOR to 6-month KIBOR + 0.05% to 1.15%. The maturity of Islamic loans ranges from 6 to 8 years.

22.8 KLM has obtained a diminishing musharika facility from a scheduled bank amounting to PKR 162 million, in order to finance salaries and wages, under the SBP COVID scheme of payroll financing for businesses. The amount due is repayable in quarterly installments, following the end of six months grace period, commencing from January 1, 2020 over a term of 2.5 years ending October 2023. The facility is secured against first pari passu charge over plant and machinery amounting to PKR 208.05 million.

22.9 KLM has obtained a long-term financing facility from a scheduled bank amounting to PKR 300 million, in order to finance establishment of Renewable Energy Project. The amount is repayable in quarterly installments of equal amounts following the end of one-year grace period, commencing from June 30, 2021 over a term of 2 years ending June 30, 2023. The facility is secured against first pari passu hypothecation charge over all present and future plant and machinery amounting to PKR 400 million. The loan shall be converted to SBP Renewal Facility, carrying markup of SBP Rate + 1%, upon reimbursement of funds from the SBP.

22.10 This includes bank loan of USD 30,000,020 (2019: USD 7,000,020) on unsecured long term offshore facilities from Suisse Bank. At June 30, 2020, the facilities bear interest at 3 month LIBOR + 3.5% (2019: Nil). This also includes an amount of USD 7,000,020 payable to Askari Bank Limited under unsecured medium term offshore facilities. The loan from Askari Bank Limited is repayable on October 3, 2020.

		Note	2020	2019
			(PKR in '000')	
23.	**LONG-TERM DEPOSITS**			
	Cement stockists	23.1	181,282	45,484
	Transporters	23.2	50,500	43,500
	Others		126,073	1,280
			357,855	90,264

23.1 These represent return-free security deposits received from stockists and are repayable on cancellation or withdrawal of stockist arrangement and are also adjustable against unpaid amount of sales.

23.2 These represent return-free security deposits received from transporters and are repayable on cancellation or withdrawal of contracts.

		Note	2020	2019
			(PKR in '000')	
24.	**DEFERRED LIABILITIES**			
	Staff gratuity - unfunded	24.1	2,104,551	1,957,008
	Deferred tax liability	24.2	9,028,979	9,474,330
			11,133,530	11,431,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

24.1 The amounts recognised in the consolidated statement of financial position in respect of staff benefit schemes, based on the recent actuarial valuation carried out on June 30, 2020, are as follows:

24.1.1 The amounts recognised in the consolidated statement of profit or loss account are as follows:

	2020				2019			
		Funded		Unfunded		Funded		Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
	(PKR in '000')							
Current service cost	11,018	38,167	49,185	146,112	11,341	45,281	56,622	211,559
Interest cost	94,037	70,950	164,987	278,259	80,644	56,397	137,041	173,101
Expected return on plan assets	(110,642)	(64,632)	(175,274)	–	(93,758)	(47,379)	(141,137)	–
Net (reversal) / charge for the year	(5,587)	44,485	38,898	424,371	(1,773)	54,299	52,526	384,660
Other comprehensive income:								
Loss on obligation	100,049	(5,429)	94,620	138,541	(68,615)	(106,157)	(174,772)	93,317
Gain on plan assets	(43,594)	(13,358)	(56,952)	–	94,945	60,179	155,124	–
Net (gain) / loss	56,455	(18,787)	37,668	138,541	26,330	(45,978)	(19,648)	93,317

24.1.2 Movement in the net assets / (liability) recognised in the consolidated statement of financial position are as follows:

	2020				2019			
		Funded		Unfunded		Funded		Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
	(PKR in '000')							
Opening balance	125,318	(79,381)	45,937	(1,957,008)	149,875	(135,067)	14,808	(1,770,164)
Net reversal / (charge) - note 24.1.1	5,587	(44,485)	(38,898)	(424,371)	1,773	(54,299)	(52,526)	(384,660)
Other comprehensive income / (loss)	(56,455)	18,787	(37,668)	138,541	(26,330)	45,978	19,648	93,317
Contributions / payments								
during the year	–	63,409	63,409	138,287	–	64,007	64,007	104,499
Closing balance	74,450	(41,670)	32,780	(2,104,551)	125,318	(79,381)	45,937	(1,957,008)

24.1.3 The amounts recognised in the consolidated statement of financial position are as follows:

	2020				2019			
		Funded		Unfunded		Funded		Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
	(PKR in '000')							
Fair value of plan								
assets - note 24.1.5	917,233	556,453	1,473,686	–	907,068	497,123	1,404,191	–
Present value of defined								
benefit obligation								
- note 24.1.4	(842,783)	(598,123)	(1,440,906)	(2,104,551)	(781,750)	(576,504)	(1,358,254)	(1,957,008)
Net asset / (liability)	74,450	(41,670)	32,780	(2,104,551)	125,318	(79,381)	45,937	(1,957,008)

The recognized asset / liability of funded gratuity is netted off against recognized asset / liability of funded pension and recorded accordingly.

24.1.4 Movement in the present value of defined benefit obligation:

	2020				2019			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
	(PKR in '000')							
Opening balance	781,750	576,504	1,358,254	1,957,008	1,084,919	708,105	1,793,024	1,770,164
Current service cost	11,018	38,167	49,185	146,112	11,341	45,281	56,622	211,559
Interest cost	94,037	70,950	164,987	278,259	80,644	56,397	137,041	173,101
Benefits paid	(144,071)	(82,069)	(226,140)	(138,287)	(326,539)	(127,122)	(453,661)	(104,499)
Actuarial loss / (gain)	100,049	(5,429)	94,620	(138,541)	(68,615)	(106,157)	(174,772)	(93,317)
Closing balance	842,783	598,123	1,440,906	2,104,551	781,750	576,504	1,358,254	1,957,008

24.1.5 Movement in the fair value of plan assets:

	2020				2019			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
	(PKR in '000')							
Opening balance	907,068	497,123	1,404,191	–	1,234,794	573,038	1,807,832	–
Expected return	110,642	64,632	175,274	–	93,758	47,379	141,137	–
Contributions	–	63,409	63,409	–	–	64,007	64,007	–
Benefits paid	(144,071)	(82,069)	(226,140)	–	(326,539)	(127,122)	(453,661)	–
Actuarial gain	43,594	13,358	56,952	–	(94,945)	(60,179)	(155,124)	–
Closing balance - note 24.1.7	917,233	556,453	1,473,686	–	907,068	497,123	1,404,191	–

24.1.6 Historical information

	June 30			
	2020	2019	2020	2019
	(PKR in '000')			
Present value of defined benefit obligation	1,440,906	1,358,254	1,793,024	1,803,204
Fair value of plan assets	(1,473,686)	(1,404,191)	(1,807,832)	(2,097,590)
Net (asset) / liability	(32,780)	(45,937)	(14,808)	(294,386)

24.1.7 Major categories / composition of plan assets are as follows:

	2020	2019
Debt instruments	84.04%	49.86%
Equity at market value	17.00%	24.14%
Cash / Others	-1.04%	25.99%

Fair value of plan asset

Investment

	Pension	Gratuity	Pension	Gratuity
	As at June 2020		As at June 2019	
	(PKR in '000')			
National savings deposits	307,107	–	–	–
Government bonds	479,573	400,560	611,768	–
Mutual funds - equity	–	29,918	19,622	80,064
Mutual funds - fixed income	–	256	–	88,415
Corporate bonds	–	50,989	–	–
Shares	145,635	74,935	209,204	30,149
Cash and term deposits	16,336	7,884	57,469	276,386
(Benefit due) / Income receivable	(31,418)	(8,089)	9,005	22,109
Total	917,233	556,453	907,068	497,123

Mortality of active employees and pensioners is represented by the EFU (61-66). The table has been rated down three years for mortality of female pensioners and widows.

	2020	2019
	(PKR in '000')	
Actual return on plan assets during the year:	(13,987)	(13,987)

24.1.8 The principal actuarial assumptions at the reporting date were as follows:

	2020	2019
Discount rate	8.25%	13.25%
Future salary increases - Management	3.00%	8.00%
Future salary increases - Non - Management	4.00%	6.00%
Future pension increases	3.00%	6.00%

24.1.9 Impact of changes in assumptions on defined benefit scheme Is as follows:

	1% Increase	1% Decrease
	(PKR in '000')	
Assumption		
Discount rate	(255,789)	295,323
Salary increase	271,305	(237,995)
Pension increase	35,099	(31,765)

24.1.10 During the year, the Group contributed in the fund as follows:

	2020	2019
	(PKR in '000')	
Provident fund	132,626	133,026
Defined contribution superannuation fund	120,504	88,855

24.1.11 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

24.1.12 Description of the risks to the Group

The defined benefit plan exposes the Group to the following risks:

Mortality risks - The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks - The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

24.1.13 Expected charge to unfunded gratuity scheme for the year ending June 30, 2021 is approximately PKR 400 million.

		Note	2020	2019
			(PKR in '000')	
24.2	**Deferred tax liability**			
	This comprises of the following:			
	- Taxable temporary differences		10,397,926	10,395,765
	- Deductible temporary differences		(1,368,947)	(921,435)
			9,028,979	9,474,330
25.	**TRADE AND OTHER PAYABLES**			
	Creditors		11,812,312	11,755,139
	Accrued liabilities		10,226,718	8,122,894
	Customers running account		6,622,501	1,822,643
	Retention money		1,614,797	4,252,651
	Sales tax payable, excise and other government levies	25.1	9,677,762	6,814,994
	Workers' Profit Participation Fund (WPPF) payable	25.2	253,861	836,037
	Workers' Welfare Fund (WWF) payable	25.3	1,311,883	1,240,387
	Distributors' security deposits - payable			
	on termination of distributorship	25.4	128,550	124,632
	Others		888,595	1,089,807
			42,536,979	36,059,184

25.1 Subsequent to the financial year end, the Supreme Court of Pakistan has upheld the GIDC Act 2015 to be constitutional and intravires. The Holding Company intends to file a review against the said decision.

		Note	2020	2019
			(PKR in '000')	
25.2	The movement of WPPF is as follows:			
	Opening balance		836,037	841,623
	Allocation for the year and interest thereon	34	433,566	818,017
			1,269,603	1,659,640
	Payments during the year		(1,015,742)	(823,603)
			253,861	836,037

25.3 This includes PKR 1,094.951 million (2019: PKR 1,094,951 million) pertaining to the Holding Company. On May 10, 2017, the Holding Company received a show cause notice from the Sindh Revenue Board (SRB) demanding payment of Sindh Workers' Welfare Fund. The Holding Company has challenged the said notice in High Court of Sindh dated May 29, 2017 on the ground that after the 18th Amendment, SRB and Federation of Pakistan, both can only collect Workers' Welfare Fund (WWF) from the Holding Company after a law is enacted catering to WWF collection from trans-provincial organizations.The Federation of Pakistan and the Province of Sindh along with SRB have been made parties in the said matter.

The case was fixed for hearing on May 31, 2017, wherein the SHC has restrained SRB from taking any coercive action against the Holding Company. The Holding Company's legal counsel is of the view that the Holding Company, being a trans-provincial organization, has a good chance of success.

25.4 Interest on security deposits from certain distributors that are placed with various separate bank account is payable at ranging from 8% to 11% (2019: 7% to 10%) per annum as specified in the respective agreements. These security deposits are non utilizable. Further, ICI has not utilized any such deposit for the purpose of its business during the year.

	Note	2020	2019
		(PKR in '000')	
26. SHORT-TERM BORROWINGS AND RUNNING FINANCE			
ICI			
Short-term running finance - secured	26.1	3,840,108	5,406,142
Export Refinance		–	200,000
FE 25 Facility	26.2	958,564	–
Money Market	26.3	100,000	1,750,000
		4,898,672	7,356,142
LCL			
Export Refinance	26.4	6,050,000	2,900,000
Foreign Currency Import Finance	26.5	1,881,444	–
		7,931,444	2,900,000
KLM			
Short-term running finance - secured		–	1,905,090
		12,830,116	12,161,232

26.1 This represents short term facilities wherein, Islamic facilities have a limit of PKR 8,465 million. These facilities carry markup ranging from KIBOR + 0.05% to KIBOR + 1.25% per annum with an average markup rate of relevant KIBOR + 0.4% (June 30, 2019: relevant KIBOR + 0.05% to KIBOR + 1% per annum with an average markup rate of relevant KIBOR + 0.30%). The conventional short term facilities, have a limit amounting to PKR 7,331 million (June 30, 2019: PKR 7,946 million). These facilities carry markup ranging from KIBOR + 0.05% to KIBOR + 0.30% per annum with an average markup rate of relevant KIBOR + 0.15% (June 30, 2019: relevant KIBOR + 0.05% to KIBOR + 0.30% per annum with an average markup rate of relevant KIBOR + 0.13%).

26.2 These represents FE-25 facility carrying floating rate at 3 month LIBOR + 1% and fixed rate at 2.85% per annum.

26.3 These represents money market loan, secured carrying markup at KIBOR + 1.25%. Facilities are scheduled for maturity on July 30, 2020 and October 2, 2020.

26.4 The Holding Company has obtained Islamic Export Refinance Facility of PKR 6,050 million from a number of banks. Markup paid on these facilities amounted to PKR 93.59 million. The facility is secured by way of hypothecation charge over plant and machinery, stocks and stores and spares. The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 2%) plus spread ranging from 0.10% to 1.00% per annum.

26.5 The Holding Company has obtained Foreign Currency Import Finance (FCIF) Facility under Islamic mode amounting to PKR 1,881.444 million from Habib Metropolitan Bank Limited - Islamic. The facility is secured by way of hypothecation charge over stocks and stores and spares. The facility carries mark-up at rate ranging from 2.25% to 2.50% per annum.

27. CONTINGENCIES AND COMMITMENTS

27.1 CONTINGENCIES

THE HOLDING COMPANY

27.1.1 The Holding Company was entitled to sales tax exemption on cement produced by it from the date of commissioning to June 30, 2001 under SROs 580(1)/91 and 561(1)/94 dated June 27, 1991 and June 9, 1994 respectively. During the year ended June 1997, the Federal Government extended the sales tax exemption to all cement manufacturers of Pakistan and deprived the Holding Company from the advantage of its sales tax exemption. Being aggrieved, the Holding Company filed a writ petition with the Peshawar High Court in 2000. Subsequently, the sales tax exemption was restored on September 5, 2000. The writ petition was therefore withdrawn on legal advice and a suit was filed for compensation. The civil judge Peshawar granted ex-parte decree in favor of the Holding Company for an amount of PKR 1,693.61 million along with 14% return per annum until the said amount is actually paid.

On August 3, 2011, the Holding Company filed an execution petition for realization of the decretal amount as per the decree granted by the civil court on November 20, 2009 which was challenged by the government. The Civil Judge, Peshawar, dismissed the suit of the Holding Company on December 18, 2012. Dismissal of the suit by the lower court has been challenged by the Holding Company in the Peshawar High Court on March 9, 2013 in which relief is sought that the judgment of December 18, 2012 may be set aside. The case is currently pending before the Peshawar High Court.

27.1.2 The Competition Commission of Pakistan (CCP) passed a single order on August 27, 2009 against all the cement manufacturers of the country on the alleged ground of formation of cartel for marketing arrangement and imposed a penalty at the rate of 7.5% of total turnover of each company consisting of both local and export sales. The amount of penalty imposed on the Holding Company is PKR 1,271.84 million which was then challenged in the Superior Court with the main case being heard by the Lahore High Court. At the High Court of Lahore the Holding Company seeks the declaration of the Competition Ordinance 2007 and Regulation 22 of the Competition (General Enforcement) Regulations 2007 to be ultra-vires the Constitution. Further, that the show cause notice dated October 28, 2008 and order dated August 27, 2009 be declared illegal. The High Court of Lahore has heard the arguments of all the parties and has reserved its judgment on the matter on July 17, 2020.

The Holding Company has also filed a case on the same prayer in the Supreme Court in 2009 as at the time of filing it was unclear where appeal against the CCP order lay. During the year the Supreme Court of Pakistan remanded the case back to the Competition Appellate Tribunal (CAT). The Holding Company has filed petition in the High Court of Sindh in relation to the constitution mechanism of the tribunal, wherein the High Court of Sindh granted stay against the notice. The High Court of Sindh has ordered CAT not to pass a final order, till the case is decided.

The Holding Company's legal counsel is confident that the Holding Company has a good case and there are reasonable chances of success, hence, no provision for the above has been made in these consolidated financial statements.

Details of other matters are given in notes 17.3, 17.5 and 18 to these consolidated financial statements.

ICI PAKISTAN LIMITED

27.1.3 Claims against ICI not acknowledged as debts are as follows:

	2020	2019
	(PKR in '000')	
Local bodies	81,500	71,583
Others	22,979	11,318
	104,479	82,901

27.1.4 Collectorate of customs raised demand of Rs 17.4 million on January 10, 2015 against ICI on the ground that ICI is classifying its imported product Wannate 8019 in wrong PCT Heading. The consignments were withheld by Customs Appraisement due to classification issue. For clearance of these consignments, ICI paid PKR 15.8 million as security deposit for getting provisional clearance till the final decision of Classification Committee and Appellate forums, which is still awaited.

For one other product Wannate PM 2010 / 8221, consignments were again withheld by the Customs Intelligence on classification issue. ICI paid PKR 94 million as security deposit for provisional clearance of these consignments till final decision. Classification Committee, through a public notice dated June 12, 2017, gave its view on classification of the product against ICI. The Customs after the issuance of this public notice raised further demand relating to period prior to the issuance of public notice, amounting to PKR 65 million. ICI, being dissatisfied with the verdict filed a suit in the High Court of Sindh on certain grounds including that applicability of public notice cannot be made retrospectively. The Court has granted a stay in favor of ICI till the next date of hearing. ICI is confident that it has a strong ground to defend the case and is hopeful of a positive outcome. Accordingly, no provision in this respect has been recorded in these consolidated financial statements.

27.1.5 ICI has received a notice dated March 11, 2016 issued by the Tehsil Municipal Administration Pin Dadan Khan, Tehsil Officer, whereby a sum of PKR 67 million was demanded as conversion fee with respect to land acquired/ purchased in the years 2010 and 2015. ICI filed a response to the said notice as well as appeal before the Secretary Local Government Community (SLG). The SLG disposed of the appeal by stating that the land purchased was Banjar Qadeem and that Municipal Committee (MC) was competent to charge conversion fee. Thereafter, another notice was by issued by MC on November 15, 2018 for payment of PKR 67 million.

ICI filed a writ petition No. 225 of 2019 on January 17, 2019 before the Lahore High Court, Rawalpindi Bench against the notices as well as order of SLG. On October 31, 2019 the operation of the impugned orders/notices was stayed, subject to the deposit of PKR 24 million with the Deputy Registrar Judicial, which was deposited on February 14, 2019.

ICI is confident that the cases would be decided in its favor. Accordingly, no provision in this respect has been made in these consolidated financial statements.

27.1.6 In case of assessment year [AY] 1998-99, the Appellate Tribunal Inland Revenue (the Tribunal) on September 19, 2008 had set aside the assessments made by FBR. The re-assessment was finalized by the FBR on June 29, 2010 in which the issues pertaining to date of commissioning of PTA's plant & the tax depreciation claimed thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks were decided against ICI. ICI had filed an appeal against the said order before the Commissioner (Appeals) [CIR(A)] which was decided on November 24, 2015 in which the issue of date of commissioning of PTA's plant and the tax depreciation claimed thereon along with the issue of addition to income in respect of trial production stocks were decided in ICI's favor. However, the issue of restriction of cost of capitalization of PTA plant was decided against ICI. ICI and FBR have filed the appeals on respective matters decided against them in the Tribunal, which is pending disposal.

27.1.7 In the case of AY 2002-2003, on receipt of notice under section 62 of the Income Tax Ordinance, 1979, ICI had filed a writ petition in the Supreme Court, after its earlier petition being dismissed by the High Court of Sindh on maintainability, challenging FBR's notice which stated that the effective date of PTA's demerger was August 6, 2001 (falling in AY 2002-03) rather than the effective date given in the Scheme of Arrangement as October 1, 2000 (which falls in AY 2001-02). The notice also raised certain issues relating to vesting of PTA assets by ICI. On March 18, 2015, the Supreme Court passed an interim order stating that this case has nexus with the case of AY 2001-02 and hearing will take place once the High Court of Sindh decides the case in AY 2001-02. The High Court decided the same in favor of ICI and stated that the assessment for AY 2001-02 is time barred. The department then filed an appeal in the Supreme Court against the order of the High Court. On March 13, 2017, the Supreme Court dismissed the appeal of the FBR pertaining to AY 2001-02, endorsed the directions of the High Court, adjudged the case as being barred by limitation and thereby restoring the position in the original order whereby unabsorbed depreciation was allowed.

Further, the Supreme Court gave directions to ICI vide its order dated March 14, 2017 to file its reply to the notice dated May 26, 2005 with respect to AY 2002-03. Thereafter, ICI submitted its response to the FBR in consultation with its external counsel. On May 15, 2017 the Deputy Commissioner Inland Revenue (DCIR) passed its assessment order disallowing depreciation relating to PTA assets, capital gain on transfer of PTA plant, capital gain on exchange of shares, financial charges on loans subordinate to PTA, excess perquisites, discounts, interest paid to ICI Japan, provisions and write offs. An appeal against this assessment order was preferred before CIR(A) who, vide his appellate order dated January 19, 2018, decided majority of the issues against ICI. Consequently, the FBR issued appeal effect order dated March 1, 2018 giving effect to the findings of CIR(A) order. ICI has then preferred an appeal, against the CIR(A) order, before the Tribunal which is pending disposal. Moreover, demand created vide appeal effect order dated March 1, 2018 has also been stayed by the High Court.

Depreciation relating to PTA assets pertaining to AY 2001-02 was absorbed against tax payable in AY 2002-03 to 2010. As a result of order dated May 15, 2017 for the AY 2002-03 whereby a certain portion of the said depreciation was disallowed, the FBR on June 15, 2017 issued orders for the Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 through which spillover impact of the disallowed depreciation in AY 2002-03 was incorporated. This resulted in tax payable by ICI for the Tax Years 2008, 2009 and 2010. Appeals against these orders were filed before CIR(A), who vide the combined appellate order dated January 19, 2018 decided the case against ICI.

Consequently, the FBR issued rectified orders for Tax Years 2003 to 2010, all dated March 2, 2018, giving consequential effect to the combined CIR(A) order, in line with the revised position in AY 2002-03. ICI then preferred an appeal against the combined CIR(A) order dated January 19, 2018, before the Tribunal which is pending disposal. Moreover, demand created vide rectified orders for Tax Years 2008, 2009, 2010 dated March 2, 2018 has also been stayed by the High Court.

27.1.8 For Tax Years 2003 to 2010, FBR had made disallowances on the matters related to provisions charged under various heads, financial charges, gain on disposal of fixed assets, exchange loss, proration of expenses against capital gains and interest free loans offered to employees. The CIR(A) allowed all the issues in Tax Years 2003 to 2010 in ICI's favor (except for two issues in tax year 2003 and 2010) against which appeals have been filed by FBR in the Tribunal. Out of the two issues decided against ICI, one relates to disallowance of financial charges of PKR 46.38 million in tax year 2003 which has now been decided in ICI's favor vide appeal effect order dated June 15, 2017. With respect to the issue of disallowances of provisions of PKR 78.67 million charged under various heads for tax year 2010, an appeal in the Tribunal has been filed, which is pending disposal.

27.1.9 The Additional Commissioner Inland Revenue (ACIR) through its order dated June 7, 2012 disallowed tax loss on disposal of fixed assets of PKR 6.46 million for Tax Year 2009 on the grounds that the same were sold through negotiations and not through auction as required by law. An appeal against the said order was filed with the CIR(A), who decided the appeal in ICI's favor. Consequently, the department being dissatisfied with the CIR(A) order filed an appeal with the ATIR who vide its order dated December 1, 2016 decided the matter against ICI. ICI has preferred an appeal before the High Court against the said order, which is pending disposal.

27.1.10 In Tax Year 2016, ICI paid dividend to Lucky Holdings Limited (LHL), without tax deduction, based on the exemption as per clause 103 A, Part 1, 2nd Schedule to the Income Tax Ordinance, 2001 (ITO, 2001) under Group Relief - section 59B of the ITO, 2001. Dividend was also paid to mutual funds and banks, without tax deduction, based on the specific exemption available under the ITO, 2001. However, the tax officer vide order dated September 2, 2016, created tax demand of PKR 138.26 million on account of non-deduction of income tax on such dividends along with penalties and default surcharge. ICI had then preferred an appeal before CIR(A) who, vide order dated January 19, 2018, maintained the demand raised on account of dividend paid to LHL whereas remaining issue was remanded back for fresh verification. An appeal on the issue decided against ICI has been filed before the Tribunal which is pending disposal whilst remand back proceedings are yet to be initiated.

27.1.11 While conducting sales tax audit for the period July 2012 to June 2013, DCIR raised certain issues with respect to the declaration of exempt and zero / reduced rate sales in monthly sales tax returns and vide order dated September 12, 2014, raised a demand of PKR 952 million. An appeal was filed with CIR(A), who decided majority of the issues against ICI, while giving directions to the assessing officer to amend the original order if the returns are revised by ICI. ICI had then filed several applications for approval of revision of returns, which are pending with FBR. An appeal against the CIR(A) order has also been filed before the Tribunal, which is pending disposal.

27.1.12 Sales tax audit for tax period July 2014 to June 2015 was finalized vide order dated September 25, 2018 through which sales tax demand of PKR 25.5 million on various issues was raised. ICI, while discharging the said demand, preferred an appeal against the order before the CIR(A) who, vide appellate order dated April 15, 2019, had remanded back all the issues. Consequently, FBR being dissatisfied with the order has filed an appeal before the ATIR which is pending disposal.

27.1.13 Sales tax audit for the period July 2013 to June 2014 had been finalized vide order dated May 29, 2019, through which sales tax demand of PKR 17.27 million was raised on various issues. ICI, while discharging the demand, has preferred an appeal against the order before the CIR(A) who, vide appellate Order dated August 23, 2019, has remanded back all the issues. Remand back proceedings are yet to be initiated by the department.

27.1.14 The CIR(A) passed an appellate order dated March 20, 2019 against the income tax assessment for tax year 2014, amended vide order dated December 31, 2016. Through the appellate order, majority of the issues have been decided in ICI's favor, whereas an appeal on the issues decided against ICI has been filed before the Tribunal which is pending disposal.

27.1.15 Income tax audit for tax year 2016 has been finalized by the department vide assessment order dated December 30, 2019. Through said order, income tax demand of PKR 35.690 million has been raised on various issues. Although the demand has been discharged under protest, an appeal against the order has been filed before the Commissioner (Appeals) which is pending disposal.

27.1.16 The FBR finalized monitoring proceedings vide order dated September 26, 2019 relating to tax year 2017 through which demand of PKR 11.83 million was raised. ICI, while discharging the said demand, filed an appeal against the order before CIR(A) who, vide appellate order dated February 10, 2020, has remanded back all the issues. Remand back proceedings are yet to be initiated by the FBR.

27.1.17 The FBR has also finalized monitoring proceedings for tax year 2018 vide order dated January 30, 2020 through which demand of PKR 15 million was raised. Although the said demand was discharged, ICI preferred an appeal against the order before the CIR(A) who, vide appellate order dated June 10, 2020, has remanded back all the issues to taxation officer for fresh adjudication. Remand back proceedings are yet to be initiated.

27.1.18 ICI is confident that the above cases of taxation stated in notes 27.1.3 to 27.1.17 would be decided in its favour. Accordingly, no provision in this respect has been made in these consolidated financial statements.

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LUCKY ELECTRIC POWER COMPANY LIMITED

27.1.19 As per the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 imported goods entering into the Province are subject to Sindh Infrastructure Cess at the rate of 1.15% of the value of import. However, LEPCL has filed a constitutional petition against the subject levy in the High Court of Sindh and an injunction has been granted by the High Court with a direction to pay 50% of the levy at the time of import and issuance of bank guarantee for the balance amount. Accordingly, as at June 30, 2020, bank guarantees aggregating PKR 375.1 million (2019: Rs 7.5 million) have been issued in favour of excise and taxation department.

	2020	2019
	(PKR in '000')	
COMMITMENTS		
27.2 Capital commitments		
Plant and machinery under letters of credit and others	13,333,475	63,521,371
Other commitments		
Stores, spares and packing material under letters of credit	1,636,056	3,809,895
Bank guarantees issued	20,126,180	2,391,903
Standby letter of credit	23,761,570	24,809,160
Post dated cheques	2,036,197	1,649,519
Commitment in connection with LEPCL's project's cost over-run and payment service reserve account (PSRA) support	23,135,522	22,034,373

27.2.1 Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:

	2020	2019
	(PKR in '000')	
Year		
2019-20	–	28,679
2020-21	2,313	30,544
2021-22	2,464	32,529
2022-23	2,625	34,644
2023-24	2,795	–
	10,197	126,396
Payable not later than one year	2,313	28,679
Payable later than one year but not later than five years	7,884	97,717
	10,197	126,396

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

28. OPERATING SEGMENT RESULTS

			Cement		Polyester		Soda Ash		Pharma		Animal Health		Chemicals & Agri Sciences		NutriCo Morinaga		Automobiles		Power Generation		Others		Group	
		Note	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020 (PKR in '000')	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Gross revenue																							
	Exports		12,339,912	10,184,370	525,043	431,211	764,064	1,034,438	32,517	18,684	-	-	-	-	-	-	-	-	-	-	-	-	13,661,536	11,668,703
	Inter-segment		-	-	-	-	-	-	-	-	-	-	12,041	4,850	-	-	-	-	-	-	873,569	621,590	885,610	626,440
	Local		49,962,174	57,363,568	22,930,044	23,557,885	18,401,487	19,157,732	8,861,777	9,434,897	4,851,709	4,491,398	9,825,534	9,569,312	977,770	-	33,826,316	1,303,247	-	-	-	-	149,636,811	124,878,039
			62,302,086	67,547,938	23,455,087	23,989,096	19,165,551	20,192,170	8,894,294	9,453,581	4,851,709	4,491,398	9,837,575	9,574,162	977,770	-	33,826,316	1,303,247	-	-	873,569	621,590	164,183,957	137,173,182
	Commission / toll income		-	-	-	-	-	-	35,368	62,264	4,675	-	131,337	112,090	-	-	-	-	-	-	-	-	171,380	174,354
	Revenue	29.1	62,302,086	67,547,938	23,455,087	23,989,096	19,165,551	20,192,170	8,929,662	9,515,845	4,856,384	4,491,398	9,968,912	9,686,252	977,770	-	33,826,316	1,303,247	-	-	873,569	621,590	164,355,337	137,347,536
	Sales tax and excise duty		19,349,670	18,523,888	3,298,092	-	2,613,205	2,786,228	38,861	43,532	9,873	20,414	786,993	652,803	-	-	6,138,786	188,478	-	-	109,526	89,055	32,210,557	22,304,398
	Rebates and commission		1,081,620	1,002,651	269,707	359,895	905,481	868,108	2,007,922	2,093,824	937,744	738,369	1,158,986	924,326	-	-	528,600	4,525	-	-	-	-	6,890,060	5,991,698
			20,431,290	19,526,539	3,567,799	359,895	3,518,686	3,654,336	2,046,783	2,137,356	947,617	758,783	1,945,979	1,577,129	-	-	6,667,386	193,003	-	-	109,526	89,055	39,100,617	28,296,096
			41,870,796	48,021,399	19,887,288	23,629,201	15,646,865	16,537,834	6,882,879	7,378,489	3,908,767	3,732,615	8,022,933	8,109,123	977,770	-	27,158,930	1,110,244	-	-	764,043	532,535	125,254,720	109,051,440
	Cost of sales	30	35,794,031	34,037,568	18,748,443	22,972,342	11,258,944	12,162,452	4,665,713	5,698,695	3,006,616	2,791,051	6,061,335	6,231,677	801,274	-	25,062,345	908,586	-	-	328,798	460,102	105,727,498	85,262,473
	Gross profit		6,076,765	13,983,831	1,138,845	656,859	4,387,921	4,375,382	2,217,167	1,679,794	902,152	941,564	1,961,598	1,877,446	176,496	-	2,096,585	201,658	-	-	435,245	72,433	19,527,222	23,788,967
	Distribution costs	31	3,699,154	2,728,809	179,234	183,450	326,430	278,912	1,158,943	1,079,249	563,413	568,881	926,754	882,546	241,828	-	516,852	133,543	-	-	36,129	-	7,648,737	5,855,390
	Administrative expenses	32	1,189,638	1,227,872	293,705	296,209	454,156	444,693	436,731	431,276	164,338	125,925	353,095	330,843	96,796	3,150	1,038,494	213,596	123,715	126,322	70,887	74,957	4,221,555	3,274,843
	Operating results		1,187,973	10,027,150	665,906	177,200	3,607,335	3,651,777	621,493	169,269	174,401	246,758	681,749	664,057	(162,128)	(3,150)	541,239	(145,481)	(123,715)	(126,322)	328,229	(2,524)	7,656,930	14,658,734
28.1	**Segment assets**	29.3	80,907,383	75,512,989	9,364,128	10,851,731	24,917,545	24,294,504	6,037,209	7,152,706	4,167,580	3,774,265	8,938,995	8,482,903	7,813,044	4,407,489	28,707,292	26,607,739	90,116,114	36,361,478	505,359	37,578,183	245,496,063	182,926,549
28.2	**Unallocated assets**																						46,390,584	44,094,738
																							291,886,647	227,021,287
28.3	**Segment liabilities**	29.4	28,126,741	27,725,725	14,632,440	14,848,186	3,102,176	2,755,858	5,841,748	3,185,564	1,961,237	994,583	1,898,406	1,631,871	4,718,771	281,403	12,605,116	7,978,593	4,096,984	4,096,984	1,538,696	2,824,512	61,374,782	54,247,702
28.4	**Unallocated liabilities**																						99,024,814	47,503,129
																							160,399,596	101,750,831

28.5 Inter unit current account balances of respective businesses have been eliminated from the total.

			Cement 2020	Cement 2019	Polyester 2020	Polyester 2019	Soda Ash 2020	Soda Ash 2019	Pharma 2020	Pharma 2019	Animal Health 2020	Animal Health 2019	Chemicals & Agri Sciences 2020	Chemicals & Agri Sciences 2019	NutriCo Morinaga 2020	NutriCo Morinaga 2019	Automobiles 2020	Automobiles 2019	Power Generation 2020	Power Generation 2019	Others 2020	Others 2019	Group 2020	Group 2019
28.6	**Depreciation and amortisation**		3,794,432	3,214,634	768,366	875,901	1,748,652	1,822,742	201,475	131,529	92,162	38,667	174,636	103,895	170,298	-	1,095,829	60,636	17,221	14,003	23,581	34,775	8,086,651	6,296,782
28.7	**Capital expenditure**		6,762,896	19,683,325	213,022	371,925	1,138,805	1,110,766	60,076	134,484	71,712	44,425	76,076	819,309	716,771	3,740,687	510,470	15,000,880	45,766,469	24,986,673	39,327	3,821,191	55,355,624	65,972,978

28.8 There were no major customers of the Group in excess of 10% or more of the Group's revenue.

29. RECONCILIATIONS OF REPORTABLE SEGMENTS REVENUE, COST OF SALES, ASSETS AND IABILITIES

		Note	2020	2019
			(PKR in '000')	
29.1	**Gross revenue**			
	Total revenue for reportable segments	28	164,355,337	137,347,535
	Elimination of inter-segment revenue	28	(12,041)	(4,850)
	Elimination of inter-segment revenue from subsidiary		(1,475,090)	(750,943)
			162,868,206	136,591,742
29.2	**Cost of sales**			
	Total cost of sales for reportable segments	28	105,727,498	85,262,473
	Elimination of inter-segment purchases		(12,041)	(4,850)
	Elimination of inter-segment purchases from subsidiaries		(904,803)	(750,943)
			104,810,654	84,506,680
29.3	**Assets**			
	Total assets for reportable segments	28	245,496,063	182,926,549
	Unallocated assets included in:			
	- taxation receivable		2,335,223	2,687,513
	- cash and bank balances	19	15,731,810	18,270,313
	- intangibles - goodwill and brands		4,352,789	4,582,702
	- long term investments	9	23,970,762	18,554,210
			291,886,647	227,021,287
29.4	**Liabilities**			
	Total liabilities for reportable segments	28	61,374,782	54,247,702
	Unallocated liabilities included in:			
	- short-term borrowings and running finance	26	12,830,116	12,161,232
	- long-term finance	22	85,161,591	34,466,496
	- unclaimed and unpaid dividend		73,347	145,072
	- accrued return		848,931	619,500
	- others		110,829	110,829
			160,399,596	101,750,831

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

30. COST OF SALES

	Note	Cement		Polyester		Soda Ash		Pharma		Animal Health		Chemicals and Agri Sciences		NutriCo Morinaga		Automobiles		Power Generation		Others		Group	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020 (PKR in '000')	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Salaries, wages and benefits	30.1	2,364,172	2,291,339	614,527	531,129	1,058,373	1,002,516	400,688	435,644	49,888	40,259	139,391	105,103	25,211	-	-	-	-	-	13,852	20,122	4,666,102	4,426,112
Raw material consumed		1,589,409	1,642,614	14,962,528	19,183,189	3,842,428	4,117,919	2,942,191	3,123,911	658,393	493,188	3,394,051	2,844,223	885,904	-	21,982,115	-	-	-	267,537	543,673	50,524,556	31,948,717
Packing material	30.2	3,629,535	3,476,477	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,629,535	3,476,477
Fuel and power		20,932,373	22,714,858	1,637,959	1,746,534	4,165,344	4,813,317	121,849	102,217	7,257	4,680	32,943	32,019	42,140	-	-	-	-	-	700	597	26,940,565	29,414,222
Stores and spares consumed		1,461,493	1,542,241	263,191	293,499	253,732	221,985	64,373	81,014	14,202	612	12,708	16,143	(149,230)	-	-	-	-	-	16,570	23,702	1,937,039	2,179,196
Conversion fee paid to contract																							
manufacturers		-	-	-	-	-	-	335,962	329,986	2,171	3,606	32,218	28,877	-	-	-	-	-	-	-	-	370,351	362,469
Repairs and maintenance		413,858	423,168	16,323	14,750	8,446	10,969	20,153	22,715	2,776	4,579	14,314	10,412	5,452	-	-	-	-	-	120	141	481,442	486,734
Depreciation and																							
amortisation	6.2 & 7.1	3,434,966	2,863,405	714,244	794,943	1,684,005	1,715,740	132,688	113,912	38,207	13,218	78,353	36,731	170,298	-	917,216	-	-	-	23,581	24,514	7,193,557	5,587,513
Insurance		82,367	71,000	25,000	26,229	43,918	45,102	5,787	6,042	571	774	664	8	220	-	-	-	-	-	1,214	1,137	159,741	150,292
Write-offs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for slow moving																							
spares	11.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for slow moving																							
packing material		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Earth moving machinery																							
charge		270,170	293,780	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	270,170	293,780
Vehicle running and																							
maintenance		50,327	49,743	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,327	49,743
Communication		11,789	13,213	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,789	13,213
Mess subsidy		6,966	11,837	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,966	11,837
Transportation		6,213	8,143	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,213	8,143
Travelling and conveyance		3,472	4,319	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,472	4,319
Inspection fee for electrical																							
installation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rent, rates and taxes		28,410	49,022	1,501	1,471	2,569	1,625	3,430	3,997	200	25,029	168	4	-	-	-	-	-	-	420	420	36,698	81,568
Printing and stationery		2,146	2,104	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,146	2,104
Excise duty		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,710	7,435	3,710	7,435
Other manufacturing expenses		111,236	103,745	274,006	256,731	328,295	315,905	57,956	54,216	7,371	6,707	29,252	36,424	49,495	-	1,059,483	-	-	-	1,094	1,370	1,918,188	775,098
		34,398,901	35,561,008	18,509,279	22,848,475	11,387,110	12,245,078	4,085,077	4,273,654	781,036	592,652	3,734,062	3,109,944	1,029,490	-	23,958,814	-	-	-	328,798	623,111	98,212,566	79,278,972
Work-in-process:																							
Opening		2,750,407	1,581,179	148,741	39,659	-	-	60,311	47,877	6,444	3,623	27,425	9,972	-	-	-	-	-	-	-	-	2,993,328	1,682,310
Closing		(1,882,802)	(2,750,407)	(223,575)	(148,741)	-	-	(21,681)	(58,206)	7,468	(6,444)	(12,483)	(27,425)	-	-	-	-	-	-	-	-	(2,133,073)	(2,991,223)
		867,605	(1,169,228)	(74,834)	(109,082)	-	-	38,630	(10,329)	13,912	(2,821)	14,942	(17,453)	-	-	-	-	-	-	-	-	860,255	(1,308,913)
Cost of goods manufactured		35,266,506	34,391,780	18,434,445	22,739,393	11,387,110	12,245,078	4,123,707	4,263,325	794,948	589,831	3,749,004	3,107,280	1,029,490	-	23,958,814	-	-	-	328,798	623,111	99,072,821	77,970,059
Finished goods:																							
Opening		934,939	580,727	891,258	1,242,681	343,031	264,903	358,803	786,990	750,481	477,706	1,872,817	1,464,309	-	-	349,814	219,729	-	-	-	-	5,501,143	5,037,045
Purchases		-	-	129,329	(118,474)	-	(3,141)	709,012	1,103,389	2,053,875	2,492,491	1,986,064	3,584,745	46,436	-	1,200,424	1,038,671	-	-	-	-	6,125,140	8,097,681
Closing		(407,414)	(934,939)	(706,589)	(891,258)	(471,197)	(343,031)	(447,444)	(342,879)	(559,430)	(750,481)	(1,522,760)	(1,872,817)	(274,652)	-	(446,707)	(349,814)	-	-	-	-	(4,836,193)	(5,485,219)
Provision		-	-	-	-	-	(1,357)	(78,365)	(112,130)	(33,258)	(18,496)	(23,790)	(51,840)	-	-	-	-	-	-	-	-	(135,413)	(183,823)
		527,525	(354,212)	313,998	232,949	(128,166)	(82,626)	542,006	1,435,370	2,211,668	2,201,220	2,312,331	3,124,397	(228,216)	-	1,103,531	908,586	-	-	-	-	6,654,677	7,465,684
		35,794,031	34,037,568	18,748,443	22,972,342	11,258,944	12,162,452	4,665,713	5,698,695	3,006,616	2,791,051	6,061,335	6,231,677	801,274	-	25,062,345	908,586	-	-	328,798	623,111	105,727,498	85,435,743

30.1 These include sum of PKR 482.801 million (2019: PKR 380.849 million) in respect of staff retirement benefits.

30.2 These are net of duty draw back on export sales amounting to PKR 31.77 million (2019: PKR 27.77 million).

31. DISTRIBUTION COST

	Note	Cement		Polyester		Soda Ash		Pharma		Animal Health		Chemicals and Agri Sciences		NutriCo Morinaga		Automobiles		Power Generation		Others		Group	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020 (PKR in '000')	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Salaries and benefits	31.1	294,426	264,485	65,611	60,487	48,369	46,436	526,999	420,119	264,094	276,640	364,344	298,675	2,204	-	77,241	16,814	-	-	-	-	1,643,288	1,383,656
Logistics and related charges		2,337,349	1,708,568	55,336	44,053	218,651	169,764	94,650	99,974	130,475	120,381	146,336	166,722	14,614	-	-	-	-	-	-	-	2,997,411	2,309,462
Loading and others		672,604	348,362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	672,604	348,362
Communication		6,427	6,609	1,347	1,906	4,951	1,898	14,944	16,023	5,371	5,400	10,613	9,472	16	-	1,806	-	-	-	-	-	45,475	41,308
Travelling and conveyance		9,678	9,534	8,925	13,002	3,486	2,249	160,313	169,135	72,443	64,944	87,362	93,584	825	-	3,072	-	-	-	-	-	346,104	352,448
Printing and stationery		1,013	1,155	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,013	1,155
Insurance		35,246	29,546	-	-	240	1,165	7,328	8,898	7,454	6,732	11,311	11,733	228	-	2,060	-	-	-	-	-	63,867	58,074
Rent, rates and taxes		46,864	27,058	283	517	622	3,106	12,526	13,376	6,548	9,285	7,964	5,824	-	-	9,454	5,206	-	-	-	-	84,261	64,372
Utilities		4,421	4,913	82	122	2,000	1,755	3,698	3,149	3,890	4,698	9,271	7,868	-	-	1,369	1,130	-	-	-	-	24,731	23,635
Vehicle running and maintenance		17,543	17,848	-	-	-	-	-	-	-	-	-	-	-	-	2,461	-	-	-	-	-	20,004	17,848
Repairs and maintenance		18,599	24,573	197	191	634	761	3,373	3,138	1,406	1,170	13,877	8,362	-	-	1,982	-	-	-	-	-	40,068	38,195
Fees, subscription and periodicals		1,920	6,650	-	-	-	-	-	-	-	-	-	-	-	-	3,660	13,374	-	-	-	-	5,580	20,024
Advertisement and sales promotion		13,627	29,402	31,768	43,485	-	32,864	180,073	212,117	14,170	15,545	50,990	65,631	198,128	-	257,442	80,267	-	-	-	-	746,198	479,311
Entertainment		7,101	6,950	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,101	6,950
Security services		5,611	4,174	-	-	-	-	-	-	-	-	-	-	-	-	4,878	-	-	-	-	-	10,489	4,174
Depreciation and																							
amortisation	6.2, 7.1 & 8	186,791	169,227	-	8,831	2,041	11,044	24,811	9,669	30,370	14,807	44,615	20,726	-	-	35,723	12,128	-	-	-	-	324,351	246,432
Provision for doubtful debt	14.3	2,180	17,263	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,180	17,263
Other general expenses		37,754	52,492	15,685	10,856	45,436	7,870	130,228	123,651	27,192	49,279	180,071	193,949	25,813	-	115,703	4,625	-	-	36,129	-	614,011	442,722
		3,699,154	2,728,809	179,234	183,450	326,430	278,912	1,158,943	1,079,249	563,413	568,881	926,754	882,546	241,828	-	516,852	133,543	-	-	36,129	-	7,648,737	5,855,390

31.1 These include sum of PKR 127.507 million (2019: PKR 106.4 million) in respect of staff retirement benefits.

32. ADMINISTRATIVE EXPENSES

	Note	Cement 2020	Cement 2019	Polyester 2020	Polyester 2019	Soda Ash 2020	Soda Ash 2019	Pharma 2020	Pharma 2019	Animal Health 2020	Animal Health 2019	Chemicals and Agri Sciences 2020	Chemicals and Agri Sciences 2019	NutriCo Morinaga 2020	NutriCo Morinaga 2019	Automobiles 2020	Automobiles 2019	Power Generation 2020	Power Generation 2019	Others 2020	Others 2019	Group 2020	Group 2019
Salaries and benefits	32.1	576,364	577,646	178,681	156,410	292,938	240,207	206,883	172,461	68,829	51,905	249,352	185,205	22,018	-	308,966	67,254	18,629	19,451	759	53,637	1,923,419	1,524,176
Communication		8,133	10,345	2,134	2,501	3,064	3,605	3,758	4,554	962	895	2,647	3,789	939	-	7,225	-	656	701	77	247	29,595	26,637
Travelling and conveyance		28,785	33,921	5,257	7,625	5,910	10,129	9,477	13,984	2,074	3,354	3,126	7,893	18,176	-	12,289	-	-	-	-	-	85,094	76,906
Insurance		17,446	10,465	1,134	945	2,804	1,669	3,558	3,408	1,305	1,010	1,096	558	4,730	-	8,239	-	3,254	2,911	-	-	43,566	20,966
Rent, rates and taxes		22,126	20,254	467	5,394	604	3,677	1,063	9,858	301	610	199	1,210	5,598	-	37,815	20,823	13,637	15,529	-	(0)	81,810	77,355
Vehicle running and maintenance		24,711	27,952	-	-	-	-	-	-	-	-	-	-	-	-	2,461	-	2,586	2,331	-	-	29,758	30,283
Aircraft running and maintenance		43,688	56,187	-	-	-	-	-	-	-	-	-	-	-	-	7,929	-	-	-	-	-	51,617	56,187
Printing and stationery		7,472	5,649	-	-	-	-	-	-	-	-	-	-	-	-	-	-	569	783	-	-	8,041	6,432
Fees and subscription		32,690	25,394	-	-	-	-	-	-	-	-	-	-	-	-	14,641	53,495	28,124	33,456	29	2,411	75,484	114,756
Security services		9,036	8,933	-	-	-	-	-	-	-	-	-	-	-	-	19,514	-	28,406	22,654	-	-	56,956	31,587
Legal fee		50,319	30,138	-	-	-	-	-	-	-	-	-	-	-	-	-	-	570	4,686	910	-	51,799	34,824
Professional and advisory services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400	-	8,240	-	8,640
Utilities		10,707	7,349	3,984	4,069	3,767	4,451	9,411	11,742	3,008	3,251	4,543	10,704	-	-	5,476	4,520	1,486	1,490	-	-	42,382	47,576
Repairs and maintenance		131,847	128,332	2,269	2,317	5,120	5,253	4,567	5,137	1,543	1,397	2,110	1,762	8,917	-	7,929	-	3,598	3,662	-	-	167,900	147,860
Advertisement		4,755	2,430	1,542	4,762	3,638	10,480	1,470	3,987	475	1,169	1,213	3,463	93	-	-	-	-	-	-	-	13,186	26,291
Auditors' remuneration	32.2	6,690	8,768	-	-	-	-	-	-	-	-	-	-	-	-	850	499	2,316	976	8,535	8,319	18,391	18,562
Depreciation and																							
amortisation	6.2, 7.1 & 8	172,675	182,002	54,122	72,127	62,606	95,958	43,976	10,146	23,585	8,444	51,668	31,649	-	-	142,890	48,508	17,221	14,003	-	-	568,743	462,837
Provision for doubtful debts		-	17,263	-	(50)	3,516	-	(2,836)	21,420	7,472	25,354	(22,381)	(7,741)	-	-	-	-	-	-	(99)	599	(14,328)	56,845
Provision for slow moving		-	-	-																			
and obsolete stocks		-	-	-	-	-	1,357	78,365	112,129	33,258	18,497	23,790	51,840	-	-	-	-	-	-	-	-	135,413	183,823
Provision for slow moving spares		-	-	-	-	6,065	12,392	-	-	-	-	-	659	-	-	-	-	-	-	-	-	6,065	13,051
Training cost		16,023	15,936	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,023	15,936
Bank charges		14,840	42,278	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,840	42,278
Other general expenses		11,331	16,630	44,115	40,109	64,124	55,515	77,039	62,450	21,526	10,039	35,732	39,852	36,325	3,150	462,270	18,496	2,663	3,289	60,676	1,505	815,801	251,035
		1,189,638	1,227,872	293,705	296,209	454,156	444,693	436,731	431,276	164,338	125,925	353,095	330,843	96,796	3,150	1,038,494	213,596	123,715	126,322	70,887	74,957	4,221,555	3,274,843

32.1 These include sum of PKR 193.713 million (2019: PKR 158.382 million) in respect of staff retirement benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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		Note	2020	2019
			(PKR in '000')	
32.2	**Auditors' remuneration**			
	The Holding Company			
	Statutory audit fee			
	- standalone		1,985	1,890
	- consolidated financial statements		468	446
	Half yearly review fee		468	446
	Code of Corporate Governance review fee		110	105
	Other consultancy fee	32.2.1	2,565	4,653
			5,596	7,540
	Out of pocket expenses and government levies		1,094	1,228
			6,690	8,768
	Subsidiaries (multiple audit firms)			
	Statutory audit fee		6,506	5,652
	Half yearly review and other certifications		1,617	1,540
	Out of pocket expenses and government levies		988	733
	Other certifications		1,153	625
	Others		1,437	1,244
			11,701	9,794
			18,391	18,562

32.2.1 The current year expense primarily represents fee for services rendered in relation to the taxation matters.

		Note	2020	2019
			(PKR in '000')	
33.	**FINANCE COST**			
	Mark-up on long term and short term borrowings		2,073,978	1,386,828
	Markup on Musharika Finance		–	17,216
	Discounting charges on receivables		165,066	177,817
	Bank charges and commission		1,830	19,015
	Guarantee fee and others		126,227	9,006
			2,367,101	1,609,882
34.	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	25.2	433,566	818,017
	Workers' Welfare Fund		71,496	138,677
	Donations and scholarships	34.1 & 34.2	206,545	357,911
	Impairment of intangible assets	7.6	–	17,787
	Exchange loss - net		481,174	567,235
	Others		10,561	3,884
			1,203,342	1,903,511

34.1 These include donation amounting to PKR 80 million (2019: PKR 200 million) to Aziz Tabba Foundation (ATF). Mr. Muhammad Younus Tabba, Chairman of the Board of Directors of the Holding Company, is the Chairman of ATF and Mr. Muhammad Ali Tabba, the Chief Executive of the Holding Company, is the Vice Chairman of ATF. Further, Mr. Muhammad Sohail Tabba, Mr. Muhammad Jawed Tabba, Mrs. Mariam Tabba Khan and Ms. Zulekha Tabba, the Directors of the Holding Company, are also Trustees of ATF.

34.2 These include donation amounting to PKR 30.903 million to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Chief Executive of ICI, Mr. Muhammad Abid Ganatra, Mr. Arshaduddin Ahmed, Mr. Aamer Mahmud Malik, Ms. Nausheen Ahmad and Ms. Fariha Salahuddin, (i.e. executives of ICI) are amongst the trustees of ICI Pakistan Foundation.

	Note	2020	2019
		(PKR in '000')	

35. OTHER INCOME

	Note	2020	2019
Income from non-financial assets			
Gain on disposal of property, plant and equipment	6.4	47,813	149,093
Gain from sale of electricity		179,743	290,248
Sale of scrap		114,237	207,324
Provisions and accruals no longer required - written back		–	3,974
Others	35.1	59,277	25,637
		401,070	676,276
Income from financial assets			
Dividend		200,861	37,503
Return from deposits with Islamic bank and other financial institutions		1,774,322	2,285,858
		1,975,183	2,323,361
		2,376,253	2,999,637

35.1 Include exchange loss - net arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies.

36. TAXATION

	2020	2019
	(PKR in '000')	
Current	2,113,459	2,234,744
Deferred	(499,767)	576,147
	1,613,692	2,810,891

36.1 Relationship between income tax expense and accounting profit:

	Note	2020	2019
		(PKR in '000')	
Tax at the applicable tax rate of 29% (2019: 27% - 29%)		2,589,961	4,467,896
Tax effect under lower rate of tax		(195,918)	(508,997)
Others	36.2	(780,351)	(1,148,008)
		1,613,692	2,810,891

37. EARNINGS PER SHARE - basic and diluted

There is no dilutive effect on the basic earnings per share of the Holding Company, which is based on:

	2020	2019
Profit attributable to owners of the Holding Company (PKR in thousands)	6,132,025	11,327,770
Weighted average number of ordinary shares (in thousands)	323,375	323,375
Basic and diluted earnings per share - PKR	18.96	35.03

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For the year ended June 30, 2020

		Note	2020	2019
			(PKR in '000')	
38.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		8,930,899	15,157,846
	Adjustments for non cash charges and other items			
	Depreciation and amortisation	6.2 & 7.1	8,146,658	6,399,911
	Provision for slow moving spares		6,065	–
	Provision for slow moving and obsolete stocks and spares		135,413	196,874
	Provision for doubtful debts		(12,050)	56,246
	Provisions and accruals no longer required written back	35	29	(3,974)
	Impairment of intangible asset		–	17,787
	Gain on disposal of operating fixed assets	35	(47,813)	(149,093)
	Provision for staff gratuity		548,791	452,060
	Share of profit - joint venture and associates		(3,038,447)	(1,012,869)
	Dividend income		(200,861)	(37,503)
	Return from deposits with Islamic banks and other financial institutions		(1,774,322)	(2,285,731)
	Finance cost		2,310,796	1,592,290
	Profit before working capital changes		15,005,158	20,383,844
	(Increase) / decrease in current assets			
	Stores, spares and consumables		21,584	854,924
	Stock-in-trade		(3,128,369)	(6,601,270)
	Trade debts		(1,314,101)	577,876
	Loans and advances		358,071	(864,675)
	Trade deposits and short-term prepayments		(462,482)	(962,497)
	Other receivables		(1,112,955)	(983,174)
			(5,638,252)	(7,978,816)
	Increase / (decrease) in current liabilities			
	Trade and other payables		5,339,180	15,388,094
			14,706,086	27,793,122

38.1	**Cash and cash equivalents**			
	Cash and bank balances	19	15,731,810	18,270,313
	Short-term borrowings and running finance	26	(12,830,116)	(12,161,232)
	Bank balance marked as lien		(1,950,000)	(7,885,560)
			951,694	(1,776,479)

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

39.1 Aggregate amounts charged in these consolidated financial statements are as follows:

	Chief Executive of the Holding Company		Executive		Total	
	2020	2019	**2020**	2019	**2020**	2019
			(PKR in '000')			
Remuneration	40,000	40,000	2,039,215	1,717,363	2,079,215	1,757,363
House rent allowance	16,000	16,000	541,012	466,323	557,012	482,323
Utility allowance	4,000	4,000	128,210	114,089	132,210	118,089
Conveyance allowance	–	–	55,510	7,990	55,510	7,990
Charge for defined benefit obligation	5,000	5,000	283,608	325,159	288,608	330,159
Group insurance			–	3,614	–	3,614
Medical expenses	–	–	131,659	52,220	131,659	52,220
	65,000	65,000	3,179,214	2,686,758	3,244,214	2,751,758
Number of persons	1	1	576	495	577	496

39.2 In addition to the above, the chief executive, directors and some executives are provided with the Group maintained cars and other benefits as per the Group's policy.

39.3 No remuneration has been paid to directors during the year except as disclosed in note 39.4.

39.4 An amount of PKR 1.625 million was paid to 7 non executive directors and PKR 0.156 million was paid to 1 executive director during the current year as the fee for attending board meetings (2019: 9 non-executive directors were paid PKR 1.375 million and 1 executive director was paid PKR 0.188 million).

39.5 Executives as mentioned above include Chief Executive Officers of subsidiaries.

40. RELATED PARTIES

40.1 Following are the related parties with whom the Group had entered into transactions during the year:

40.1.1 S. No		Name of related parties	Direct Shareholding % in the Holding Company
1	Yunus Energy Limited	Associated Company	Nil
2	Lucky Air (Private) Limited	Associated Company	Nil
3	Gadoon Textile Mills Limited	Associated Company	Nil
4	Lucky Textile Mills Limited	Associated Company	Nil
5	Y.B. Holdings (Private) Limited	Associated Company	Nil
6	Y.B. Pakistan Limited	Associated Company	2.27460%
7	Yunus Textile Mills Limited	Associated Company	6.63202%
8	Lucky Energy (Private) Limited	Associated Company	3.55095%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

40.1.1 Continued

S. No		Name of related parties	Direct Shareholding % in the Holding Company
9	Kenzo Holdings Limited	Associated Company	7.05157%
10	Grandcres Investment Limited	Associated Company	3.01767%
11	CNC Trading	Associated Company	Nil
12	Global Commodities Limited	Associated Company	Nil
13	Lucky Paragon Readymix Limited	Associated Company	Nil
14	Luckyone (Private) Limited	Associated Company	Nil
15	Lucky Foods (Private) Limited	Associated Company	Nil
16	Aziz Tabba Foundation (Trustee)	Associated Undertaking	Nil
17	Energas Terminal (Private) Limited	Associated Company	Nil
18	Lucky Exim (Private) Limited	Associated Company	0.01392%
19	Lucky Knits (Private) Limited	Associated Company	Nil
20	Lucky Commodities (Private) Limited	Associated Company	Nil
21	Tabba Heart Institute	Associated Company	Nil
22	Lucky Auto Industries (Private) Limited	Associated Company	Nil
23	Lucky Landmark (Private) Limited	Associated Company	Nil
24	Mr. Muhammad Yunus Tabba	Director	3.45134%
25	Mrs. Khairunnisa Aziz	Spouse of director	2.49324%
26	Mr. Muhammad Ali Tabba	Director	2.68646%
27	Mrs. Feroza Tabba	Spouse of director	0.19946%
28	Mr. Muhammad Sohail Tabba	Director	4.06749%
29	Mrs. Saima Sohail	Spouse of director	1.87708%
30	Mr. Jawed Yunus Tabba	Director	5.94457%
31	Mrs. Mariam Tabba Khan	Director	1.44296%
32	Mr. Ikram Hussain Khan	Spouse of director	0.00155%
33	Mr. Manzoor Ahmed	Director	Nil
34	Mr. Masood Karim Shaikh	Director	Nil
35	Mr. Syed Noman Hasan	Key management personnel	Nil
36	Mr. Muhammad Atif Kaludi	Key management personnel	Nil
37	Mr. Amin Ganny	Key management personnel	Nil
38	Mr. Faisal Mahmood	Key management personnel	Nil
39	Mr. Ahmed Waseem Khan	Key management personnel	Nil
40	Mr. Muhammad Shabbir	Key management personnel	Nil
41	Mr. Mashkoor Ahmed	Key management personnel	Nil
42	Mr. Kalim Ahmed Mobin	Key management personnel	Nil
43	Mr. Murtaza Abbas	Key management personnel	0.00031%
44	Mr. Adnan Ahmed	Key management personnel	Nil
45	Mr. Irfan Chawala	Key management personnel	Nil
46	Mr. Kashif Jawaid	Key management personnel	Nil
47	Mr. Zahir Shah	Key management personnel	Nil

40.2 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties include associated entities, directors and their close family members and other key management personnel. Balances with related parties are disclosed in respective notes. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

	2020	2019
	(PKR in '000')	
Transactions with directors and their close family members		
Dividends	465,883	573,354
Meeting fee	1,781	6,656
Transactions with associates		
Sales	3,151,922	2,416,160
Purchase of goods, materials and services	8,254,869	766,381
Reimbursement of expenses to the Group	117,979	105,413
Reimbursement of expenses from the Group	5,181	1,852
Donation	102,168	193,934
Charity	8,825	12,472
Services	250,887	47,065
Sale of fixed assets	4,545	1,875
Dividends paid	893,237	1,611,560
Dividend received	922,273	363,410
Purchase of fixed assets	–	439
Advance against issuance of shares	3,243,273	446,270
Transactions with key management personnel		
Salaries and benefits	1,182,736	470,826
Dividends	7,617	6,779
Loan	2,000	6,000
Post employment benefits	101,518	61,284

The outstanding balances with related parties are disclosed in notes 10 and 14 to these consolidated financial statements.

40.3 There are no transactions with key management personnel other than under the terms of employment.

41. PRODUCTION CAPACITY

In metric tones except ICI PowerGen which is thousand of megawatt hours:

	Note	2020		2019	
		Annual Name plate capacity	Production	Annual Name plate capacity	Production
Cement	41.1	12,150,000	6,492,074	9,350,000	6,835,394
Clinker	41.2	11,542,500	6,795,210	8,882,500	7,580,470
Polyester		122,250	108,339	122,250	121,585
Soda Ash	41.3	425,000	372,518	425,000	422,168
Morinaga	41.6	12,000	853	12,000	–
Sodium Bicarbonate		40,000	38,122	40,000	40,353
PowerGen	41.5	122,640	17,514	122,640	34,454

41.1 The new cement capacity of 2.8 MTPA at Pezu was added half-way through the year. However, based on the year-end capacity of 12.15 MTPA, Cement Production capacity utilization is 53.43% (2019: 73.11%) of total installed capacity. In addition to the fact that new capacity was not available for the full year, the actual production is less than the installed capacity due to higher clinker exports, planned maintenance shutdown and gap between market demand and supply of cement.

41.2 Clinker production capacity utilization is 58.87% (2019: 85.34%) of total installed capacity.

41.3 Out of total production of 372,518 metric tonnes of soda ash, 34,312 metric tonnes were transferred for production of 38,122 metric tonnes of Sodium Bicarbonate.

41.4 The capacity of Chemicals, Neutraceuticals, Animal health and Pharma is indeterminable because these are multi-product with multiple dosage and multiple pack size plants. The reason for shortfall in the annual production against name plate capacity are the prevailing market conditions during the year.

41.5 Electricity by PowerGen is produced as per demand of the Group.

41.6 Morinaga plant commenced its operations during the year from January 2020.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. Taken as a whole, the Group is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's principal financial liabilities comprise long-term borrowings, long-term deposits, short-term borrowings and running finance and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as investments, loans, deposits, trade and other receivables and cash and bank balances, which are directly related to its operations. The Group's finance and treasury departments oversee the management of these risks and provide assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the group policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2020. The policies for managing each of these risk are summarised below:

42.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: return and interest rate risk; currency risk and other price risk.

42.1.1 Return and interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates.

Majority of the interest rate risk of the Group arises from long term loans and mark-up bearing deposits held with a bank. Long term loans at variable interest rates expose the Group to cash flow interest rate risk and deposits with bank at fixed interest rates give rise to fair value interest rate risk.

At June 30, 2020, if the interest rate on the Group's loans had been higher / lower by 100 basis points with all other variables held constant, the Group's profit before tax and capital-work-in progress for the year would have been lower / higher by PKR 126.29 million (2019: PKR 165.953 million) and PKR 60.907 million (2019: PKR 7.311 million) respectively.

42.1.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to and arises where transactions are done in foreign currency.

As at the reporting date, if Pakistan Rupee depreciated / appreciated by 1% against USD, Euro, GBP and JPY, with all other variables held constant, the Group's profit before tax and capital work-in-progress would have been lower / higher by PKR 16.766 million (2019: PKR 35.383 million million) and PKR 303.692 million (2019: PKR 113.97 million) respectively as a result of exchange gain / (loss) on translation of foreign currency denominated financial instruments.

42.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices. The Group does not carry material financial assets exposed to other price risk.

42.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The Group manages credit risk by limiting significant exposure to any individual customers, by obtaining advance against sales and developing a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation of customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees. The Group does not have significant exposure to any individual customer. As of the reporting date, the Group is exposed to credit risk on the following assets:

	Note	**2020**	2019
		(PKR in '000')	
Financial assets carried at:			
Amortised cost			
Long-term loans	10	561,759	495,983
Long-term deposits	11	46,289	48,757
Trade debts	14	5,834,590	4,508,468
Loans	15	261,926	312,848
Trade deposits	16	287,834	218,046
Other receivables	17	4,639,142	2,844,047
Accrued return		94,208	156,948
Bank balances	19	15,717,341	18,252,129
		27,443,089	26,837,226
At fair value through other comprehensive income			
Short term investment - 1,769,940 shares of PSX (2019: 1,769,940 shares of PSX)		17,523	23,010
At fair value through profit or loss			
Short term investment - 20,654,888 units of Meezan Rozana Amdani Fund		2,953,476	1,032,744
		2,970,999	1,055,754
		30,414,088	27,892,980

Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings agencies or the historical information about counter party default rates as shown below:

The Group has placed its funds with banks which are rated A1, A1+, A3 and AA3 as per the short term ratings by PACRA/ Moody's and JCR-VIS.

Other receivables mainly include amount receivable in connection with electricity supply for which the Group considers risk to be minimal.

42.3 Liquidity risk

Liquidity risk reflects the Group's inability in raising funds to meet commitments. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

As of the reporting date, the Group has unavailed credit facilities aggregating PKR 17,859 million (2019: PKR 85,649 million) out of the total facilities of PKR 51,014 million (2019: PKR 170,297 million), which are secured by a joint hypothecation on certain current assets and second charge on immovable assets of the Group. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Within 1 year	1 to 5 years	Total
		(PKR in '000')	
June 30, 2020			
Long-term finance	2,637,451	82,524,140	85,161,591
Long-term deposits	–	357,855	357,855
Leases	79,256	253,591	332,847
Short-term borrowings and running finance	12,830,116	–	12,830,116
Other long term liabilities	–	5,331,774	5,331,774
Trade and other payables	30,620,579	–	30,620,579
Accrued return	848,931	–	848,931
	47,016,333	88,467,360	135,483,693

	Within 1 year	1 to 5 years	Total
		(PKR in '000')	
June 30, 2019			
Long-term finance	1,694,503	32,771,993	34,466,496
Long-term deposits	–	90,264	90,264
Short-term borrowings and running finance	12,161,232	–	12,161,232
Other long term liabilities	–	5,078,003	5,078,003
Trade and other payables	32,160,117	–	29,730,109
Accrued return	619,500	–	619,500
	46,635,352	37,940,260	82,145,604

43. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder's value and reduce the cost of capital.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the year ended June 30, 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings including any finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt.

The gearing ratios as at June 30, 2020 and 2019 were as follows:

	Note	**2020**	2019
		(PKR in '000')	
Long-term finance	22	82,524,140	32,771,993
Accrued return		848,931	619,500
Short-term borrowings and running finance	26	12,830,116	12,161,232
Current portion of long-term finance	22	2,637,451	1,694,503
Total debt		98,840,638	47,247,228
Share capital	20	3,233,750	3,233,750
Reserves	21	110,543,591	105,787,478
Equity		113,777,341	109,021,228
Capital		212,617,979	156,268,456
Gearing ratio		46.49%	30.23%

44. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in associates are carried using equity method. The carrying values of all other financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
		(PKR in '000')		
Assets				
Financial assets				
- Short-term investments	–	2,970,999	–	2,970,999

There were no transfers amongst levels during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

45. NUMBER OF EMPLOYEES

The total number of persons employed as at the year end date and the average number of employees during the year are as follows:

	2020	2019
Number of employees as at June 30	5,512	5,719
Average number of employees during the year	5,623	5,722

46. SUBSEQUENT EVENT

The Board of Directors of the Holding Company in its meeting held on August 25, 2020 (i) approved the transfer of PKR 3,508.483 million (2019: PKR 8,436.657 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of PKR Nil per ordinary share for the year ended June 30, 2020 amounting to PKR Nil (2019: PKR 2,101.938 million) for approval of the members at the Annual General Meeting to be held on September 29, 2020. These consolidated financial statements do not reflect this appropriation and the proposed dividend payable.

47. GENERAL

47.1 For better presentation certain prior year's figures have been reclassified consequent to certain changes in the current year's presentation.

47.2 Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.

47.3 Unpaid dividend represents dividend withheld due to court order.

48. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on August 25, 2020 by the Board of Directors of the Holding Company.

Muhammad Yunus Tabba	Muhammad Ali Tabba	Atif Kaludi
Chairman / Director	Chief Executive	Chief Financial Officer

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2020

No of Shareholders	Shareholding From	Shareholding To	Total Shares Held
2396	1	100	118,898
1942	101	500	599,387
2810	501	1000	1,728,479
1131	1001	5000	2,749,394
244	5001	10000	1,885,752
110	10001	15000	1,381,198
88	15001	20000	1,564,547
55	20001	25000	1,243,445
38	25001	30000	1,051,190
18	30001	35000	588,590
22	35001	40000	835,514
17	40001	45000	719,572
19	45001	50000	920,290
15	50001	55000	794,085
12	55001	60000	690,720
13	60001	65000	813,679
6	65001	70000	408,500
6	70001	75000	437,220
7	75001	80000	545,131
8	80001	85000	663,054
8	85001	90000	700,008
1	90001	95000	93,300
14	95001	100000	1,380,791
2	100001	105000	204,000
4	105001	110000	428,620
3	110001	115000	340,300
2	115001	120000	236,200
1	120001	125000	123,000
4	125001	130000	513,800
2	130001	135000	262,400
1	135001	140000	135,750
4	140001	145000	567,126
1	145001	150000	150,000
2	150001	155000	303,766
6	160001	165000	975,917
4	165001	170000	672,287
3	170001	175000	520,209
6	175001	180000	1,061,363
2	180001	185000	369,254
2	185001	190000	379,000
1	190001	195000	191,612
1	200001	205000	204,566
2	205001	210000	414,440
2	210001	215000	424,800
3	220001	225000	670,400
1	225001	230000	227,000
4	230001	235000	934,569
3	240001	245000	727,323
2	245001	250000	496,450
1	250001	255000	251,800

No of Shareholders	Shareholding From	To	Total Shares Held
1	260001	265000	264,700
4	265001	270000	1,071,430
1	285001	290000	289,990
2	290001	295000	585,151
2	295001	300000	596,468
2	300001	305000	603,434
3	315001	320000	949,678
2	320001	325000	645,899
1	340001	345000	343,000
1	350001	355000	351,610
1	355001	360000	358,000
1	365001	370000	365,400
2	370001	375000	743,333
1	385001	390000	387,205
1	395001	400000	398,450
1	400001	405000	404,200
1	410001	415000	411,234
1	420001	425000	423,600
1	425001	430000	428,800
1	430001	435000	434,550
1	445001	450000	449,784
1	450001	455000	453,900
1	460001	465000	461,698
1	465001	470000	469,418
3	495001	500000	1,500,000
1	500001	505000	503,536
1	530001	535000	532,350
1	545001	550000	549,771
2	560001	565000	1,123,650
1	570001	575000	574,500
1	575001	580000	578,674
1	600001	605000	602,000
1	605001	610000	610,000
1	610001	615000	610,051
2	615001	620000	1,238,012
1	620001	625000	623,695
1	640001	645000	645,000
2	645001	650000	1,293,423
1	660001	665000	660,700
1	680001	685000	685,000
1	705001	710000	707,579
1	710001	715000	712,065
1	740001	745000	740,500
1	770001	775000	771,600
1	780001	785000	782,531
1	825001	830000	830,000
1	845001	850000	847,400
2	875001	880000	1,754,124
1	910001	915000	911,255
1	960001	965000	963,100

No of Shareholders	Shareholding From	To	Total Shares Held
1	1010001	1015000	1,010,418
1	1065001	1070000	1,068,729
1	1075001	1080000	1,078,540
1	1105001	1110000	1,108,000
1	1195001	1200000	1,200,000
1	1200001	1205000	1,203,644
1	1235001	1240000	1,239,975
1	1370001	1375000	1,373,233
1	1390001	1395000	1,392,500
1	1475001	1480000	1,479,694
2	1530001	1535000	3,062,600
1	1580001	1585000	1,584,106
1	1725001	1730000	1,726,500
1	1995001	2000000	2,000,000
1	2115001	2120000	2,116,695
1	2370001	2375000	2,374,897
1	2445001	2450000	2,449,806
1	2590001	2595000	2,593,693
1	3385001	3390000	3,387,559
1	3455001	3460000	3,459,250
1	3580001	3585000	3,584,351
1	3795001	3800000	3,798,203
3	4665001	4670000	13,998,501
2	6065001	6070000	12,140,000
1	7355001	7360000	7,355,498
1	7955001	7960000	7,956,138
1	8060001	8065000	8,062,500
1	8685001	8690000	8,687,332
1	8955001	8960000	8,958,351
1	9755001	9760000	9,758,400
1	11160001	11165000	11,160,757
1	11480001	11485000	11,482,875
2	13150001	13155000	26,306,514
1	19220001	19225000	19,223,256
1	21445001	21450000	21,446,283
2	22800001	22805000	45,606,058

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage %
Directors, Chief Executive Officer and their spouse and minor children:			
- Directors & Spouse	10	62,985,949	19.48
- Chief Executive Officer	1	8,687,332	2.69
- Sponsors	6	59,314,758	18.34
- Executives	4	6,605	-
Associated Companies, Undertakings and related parties	6	72,891,085	22.54
NIT and ICP	8	3,105,138	0.96
Banks, Development Financial Institutions, Non Banking Financial Institutions	26	8,113,122	2.51
Insurance Companies	20	9,504,791	2.94
Modarbas	6	43,786	0.01
Mutual Funds	88	18,931,049	5.85
Share holders holding 10% or more:	–	–	–
General Public:			
a.Local	8,668	35,413,020	10.95
b.Foreign	122	39,414,418	12.19
Other (to be specified)	192	4,963,947	1.54
	9,157	323,375,000	100

LUCKY CEMENT LIMITED NOTICE OF 27TH ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting (AGM) of the members of Lucky Cement Limited will be held on Tuesday, September 29, 2020 at 12:00 noon, at the registered office of the Company situated at factory premises in Pezu, District Lakki Marwat, Khyber Pakhtunkhwa to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements for the year ended June 30, 2020 together with the Board of Directors' and Independent Auditors' reports thereon.

2. To appoint Auditors and fix their remuneration for the year ending June 30, 2021. The present Auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

3. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2020 by passing the following special resolution with or without modification:

"RESOLVED THAT the transactions conducted with Related Parties as disclosed in the note 38 of the unconsolidated financial statements for the year ended June 30, 2020 and specified in the Statement of Material Information under Section 134 (3) be and are hereby ratified, approved and confirmed."

4. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2021 by passing the following special resolution with or without modification:

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis for the financial year ending June 30, 2021.

RESOLVED FURTHER that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

ANY OTHER BUSINESS:

5. To transact any other business with the permission of chair.

(Attached to this Notice is a Statement of Material Facts covering the above-mentioned Special Business, as required under Section 134(3) of the Companies Act, 2017).

By Order of the Board

FAISAL MAHMOOD
Company Secretary

Karachi: September 07, 2020

Notes:

1. Closure of Share Transfer Books

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

2. Participation in General Meeting

An individual beneficial owner of shares must bring his / her original CNIC or Passport, Account and Participant's I.D. numbers to prove his / her identity. A representative of corporate members, must bring the Board of Directors' Resolution and / or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A member entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the Company's Registered Office, Main Indus Highway, Pezu, District Lakki Marwat, Khyber Pakhtunkhwa not later than 48 hours before the time of holding the Meeting and no account shall be taken of any part of the day that is not a working day. A member shall not be entitled to appoint more than one proxy.

3. Deposit of Physical Shares in to CDC Account:

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017.

The Shareholders having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

4. Request for Video Conference Facility

In terms of SECP's Circular No. 10 of 2014 dated May 21, 2014 read with the provisions contained under section 134(1)(b) of the Act, if the Company receives request/demand from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city.

In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the AGM. After receiving the request/demand of members having 10% or more shareholding in aggregate, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of AGM along with complete information necessary to enable them to access such facility.

REQUEST FOR VIDEO CONFERENCE FACILITY

I/We/Messrs. ________________________________ of ____________ being Member(s) of Lucky Cement Limited, holder of ________________ ordinary share(s) as per Folio #__________ and / or CDC Participant ID & Sub-Account No. __________________, hereby, opt for video conference facility at ____________________________ ______ city.

____
Signature of the Member(s)
(please affix company
stamp in case of corporate entity)

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

1. Item Number 3 of the notice – Ratification and approval of the related party transactions carried out during the year ended June 30, 2020

Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, during the year since majority of the Company's Directors were interested in certain transactions due to their common directorships in the Group companies, the quorum of directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017. During the 26th Annual General Meeting of the Company, in order to promote transparent business practices, the shareholders had authorized the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ended June 30, 2020 and such transactions were deemed to be approved by the shareholders. Such transactions were to be placed before the shareholders in next AGM for their formal approval / ratification. Accordingly, these transactions are being placed before the AGM for the formal approval / ratification by shareholders.

All transactions with related parties to be ratified have been disclosed in the note 38 to the unconsolidated financial statements for the year ended June 30, 2020. Party-wise details of such related party transactions are given below:

Name of Related Party	Transaction Type	PKR in '000'
Lucky Textile Mills Limited	Sales	72,951,550
Yunus Textile Mills Limited	Sales	180,936,833
	Dividends paid	139,400,840
Gadoon Textile Mills Limited	Sales	19,012,000
	Reimbursment of expenses to Company	1,422,800
	Reimbursment of expenses from Company	2,953,488
Lucky Exim (Pvt.) Limited	Dividends paid	292,500
YB Pakistan Limited	Dividends paid	47,810,737
Lucky Paragon ReadyMix	Sales	19,124,555
Lucky One (Pvt.) Limited.	Sales	55,099,969
Lucky Knits (Pvt.) LTD	Sales	19,427,100
Lucky Foods (Pvt) Limited	Sales	30,450
	Reimbursment of expenses to company	18,903,215
Lucky Commodities (Pvt) Limited	Reimbursment of expenses to company	66,620
Aziz Tabba Foundation	Donation	71,174,628
	Charity	8,825,372

Name of Related Party	Transaction Type	PKR in '000'
ICI PAKISTAN Limited	Sales	1,644,545
	Purchases	12,639,017
	Dividends Received	786,236,251
Lucky Air (Pvt.) Limited	Services	23,823,682
	Reimbursment of expenses to company	60,000
Lucky Electric Power Company Limited	Payment against claim of tax loss	32,639,111
	Investment made during the period	8,864,600,910
	Reimbursment of expenses to company	318,557
Energas Terminal (Pvt.) Limited	Reimbursment of expenses to company	315,283
	Sale of fixed assets	2,570,880
Yunus Energy Limited	Dividend Received	122,273,000
LCL Holdings Limited	Reimbursment of expenses to company	30,000
Lucky Holdings Limited	Dividends Received	376,447,500
	Reimbursment of expenses to company	837,991
Lucky Cement Holdings (Pvt.) Limited	Investment made during the period	180,000,000
Tabba Heart Institute	Services	35,004
YB Holdings (Pvt.) Limited	Reimbursment of expenses to company	2,303,499
KIA Lucky Motors Pakistan Limited	Sales	20,515,350
	Purchase of fixed assets	230,419,000
	Payment against claim of tax loss	1,133,711,347
	Reimbursment of expenses to company	33,841,285
	Services	383,602
CNC Trading	Sales	259,451,144
Global Commodities Limited	Sales	272,876,670
	Purchase	4,439,114,267
Lucky Auto Industries (Pvt.) Limited	Sale of fixed assets	1,974,000
Lucky Energy (Pvt.) Limited	Dividends paid	74,638,688
Kenzo Holdings Limited	Dividends paid	137,878,780
Grandcres (Pvt.) Limited	Dividends paid	63,429,600
Lucky Landmark (Pvt.) Limited	Sales	943,950
Directors and close family members	Meeting fee	1,781,250
	Dividends paid	465,882,781
Key management Personnel	Salaries and benefits	245,793,662
	Retirement Benefits	21,798,433
	Dividends paid	52,728

The company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Board Audit Committee of the Company, which is chaired by an independent director of the company. Upon the recommendation of the Board Audit Committee, such transactions are placed before the board of directors for approval.

Transactions entered into with the related parties include, but are not limited to, sale of cement, dividends paid and received, investments made (in accordance with the approval of shareholders and board where applicable) and salaries and other benefits paid to the key management personnel.

The nature of relationship with these related parties has also been indicated in the note 38 to the unconsolidated financial statements for the year ended June 30, 2020. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

2. Item Number 4 of the notice – Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2021

The Company shall be conducting transactions with its related parties during the year ending June 30, 2021 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the subsidiary / associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ending June 30, 2021, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

GLOSSARY

Derivative Financial Instruments
Transactions used to manage interest rate and / or currency risks

Dividend Payout Ratio
The dividend payout ratio is the ratio between the dividend for the fiscal year and the earnings per share

EBIT
Earnings Before Interest and Taxes. EBIT represents the results of operations

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortization

EPS
Earnings Per Share

Gearing Ratio
Securing a transaction against risks, such as fluctuations in exchange or interest rates, by entering into an offsetting hedge transaction, typically in the form of a forward contact

HESCO
Hyderabad Electric Supply Corporation

PESCO
Peshawar Electric Supply Corporation

IAS
International Accounting Standards (Accounting standards of the IASB)

IASB
International Accounting Standards Board (The authority that defines the International Financial Reporting Standards)

IR
Integrated Report

IIRC
International Integrated Reporting Framework

LCHPL
Lucky Cement Holdings (Private) Limited

IFRIC
International Financial Reporting Interpretations Committee (predecessor of the International Financial Reporting Standards Interpretations Committee, IFRSC IC)

IFRS
International Financial Reporting Standards (The accounting standards of IASB)

IFRS IC
International Financial Reporting Standards Interpretations Committee. The Body that determines appropriate accounting treatment in the context of existing IFRS and IAS.

LCL
Lucky Cement Limited

LHL
Lucky Holdings Limited

Net Indebtedness
The net amount of interest bearing financila liabilities as recognized in the balance sheet, cash and cash equivalents, the positive fair valus of the derivative instruments as well as other interest bearing investments

mtpa
million tons per annum

NEPRA
National Electric & Power Regulatory Authority

OPC
Ordinary Portland Cement

Operating Assets
Operating assets are the assets less liabilities as reported in the balance sheet, without recognizing the net indebtedness, discounted trade bills, deferred tax assets, income tax receivable and payable, as well as other financial assets and debts

Operating Lease
A form of lease that is largely similar to rental. Leased assets are recognized in the lessor's balance sheet and capitalized

RDF
Refuse Derived Fuel

ROCE
Return On Capital Employed. We define ROCE as the ratio of EBIT to average operating assets for the fiscal year

SIC
Standing Interpretations Committee (predecessor to the IFRIC)

SRC
Sulphate Resistant Cement

TDF
Tyre Derived Fuel

WHR
Waste Heat Recovery

YBG
Yunus Brothers Group

FORM OF PROXY

I/We ____

of (full address) ____

____

being member of LUCKY CEMENT LIMITED holding ____________________ ordinary shares as per Share Register Folio No. ______________ and/or CDC Participant I.D. No. ______________ and Sub-Account No. ______________ hereby appoint ______________________

of (full address) ____

or failing him/her ____

of (full address) ____ who is also a member of Lucky Cement Limited, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at annual general meeting of the company to be held on Tuesday September 29, 2020 at 12:00 noon, and / or any adjournment thereof.

Signature this ______________ (day) ______________ (date, month) year 2020.

Witnesses:

1. Signature: ______________________

Name ______________________

Address ______________________

CNIC No. ______________________

Signature

Signature of members should match with the specimen signature registered with the company

2. Signature: ______________________

Name ______________________

Address ______________________

CNIC No. ______________________

Important:

1. In order to be effective, this form of proxy duly completed, stamped, signed and witnessed along with power of attorney, or other instruments (if any), must be deposited at the registered office of the company at factory premises Pezu, district Lakki Marwat, Khyber Pakhtunkhwa at least 48 hours before the time of the meeting.

2. If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the company, all such forms of proxy shall be rendered invalid.

3. In case of proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's computerized national identity card (CNIC) or passport, account and participant's ID numbers must be deposited along with the form of proxy. In case of proxy for representative of corporate members from CDC, board of directors' resolution and power of attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his / her original CNIC or passport at the time of meeting.

مختارنامہ (پراکسی فارم)

میں/ہم مسمی/مسماۃ ____________________

ساکن ____________________ ضلع ____________________

بحیثیت رکن (ممبر) لکی سیمنٹ لمیٹڈ مقرر کرتا ہوں/ کرتی ہوں/ کرتے ہیں مسمی/مسماۃ ____________________

ساکن ____________________

کو جو خود بھی لکی سیمنٹ لمیٹڈ کا رکن ہے کہ وہ بطور میرا/ہمارا مختار (پراکسی) لکی سیمنٹ لمیٹڈ کے سالانہ اجلاس عام میں جو بروز منگل 29 ستمبر 2020 بوقت دوپہر 12:00 بجے منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور میری/ہماری جگہ میری/ہماری طرف سے حق رائے دہی استعمال کرے۔

مؤرخہ ____________________ 2020 کے میرے/ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر 1

دستخط ____________________

نام ____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________________

پتہ ____________________

گواہ نمبر 2

دستخط ____________________

نام ____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________________

پتہ ____________________

ہدایات:

1۔ مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔

2۔ ممبر (رکن) کے دستخط نمونہ دستخط شدہ/اندراج شدہ دستخط سے مماثلت ضروری ہے۔

3۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختارنامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ اداروں کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔

4۔ مختارنامہ (پراکسی فارم) مکمل پر شدہ کمپنی کے رجسٹرار آفس میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل جمع کرانا ضروری ہے۔

Name of Related Party	Transaction Type	PKR in '000'
Energas Terminal (Pvt.) Limited	Reimbursment of expenses to company	315,283
	Sale of fixed assets	2,570,880
Yunus Energy Limited	Dividend Received	122,273,000
LCL Holdings Limited	Reimbursment of expenses to company	30,000
Lucky Holdings Limited	Dividends Received	376,447,500
	Reimbursment of expenses to company	837,991
Lucky Cement Holdings (Pvt.) Limited	Investment made during the period	180,000,000
Tabba Heart Institute	Services	35,004
YB Holdings (Pvt.) Limited	Reimbursment of expenses to company	2,303,499
KIA Lucky Motors Pakistan Limited	Sales	20,515,350
	Purchase of fixed assets	230,419,000
	Payment against claim of tax loss	1,133,711,347
	Reimbursment of expenses to company	33,841,285
	Services	383,602
CNC Trading	Sales	259,451,144
Global Commodities Limited	Sales	272,876,670
	Purchase	4,439,114,267
Lucky Auto Industries (Pvt.) Limited	Sale of fixed assets	1,974,000
Lucky Energy (Pvt.) Limited	Dividends paid	74,638,688
Kenzo Holdings Limited	Dividends paid	137,878,780
Grandcres (Pvt.) Limited	Dividends paid	63,429,600
Lucky Landmark (Pvt.) Limited	Sales	943,950
Directors and close family members	Meeting fee	1,781,250
	Dividends paid	465,882,781
Key management Personnel	Salaries and benefits	245,793,662
	Retirement Benefits	21,798,433
	Dividends paid	52,728

کمپنی مارکیٹ جائز قیمت کی بنیاد پر متعلقہ پارٹیوں سے لین دین کے معاملات کرتی ہے اور اس سلسلے میں "متعلقہ پارٹیوں سے لین دین" کی طے شدہ پالیسی کے مطابق عام کاروباری حالات کو پیش نظر رکھا جاتا ہے۔ متعلقہ پارٹیوں سے لین دین کے تمام معاملات میں کمپنی کے بورڈ کی آڈٹ کمیٹی سے منظوری حاصل کرنا ضروری ہے جس کی صدارت کمپنی کا ایک آزاد ڈائریکٹر کرتا ہے۔ کمپنی کے بورڈ کی آڈٹ کمیٹی کی تجویز پر ہی اس قسم کے معاملات کو بورڈ کے سامنے منظوری کیلئے پیش کیا جاتا ہے۔

متعلقہ پارٹیوں سے لین دین کے معاملات میں سامان کی فروخت، ادا شدہ اور وصول شدہ ڈیویڈنڈ، سرمایہ کاری (جہاں ضرورت حصص داران اور بورڈ کی منظوری کے ساتھ) اور اہم انتظامی عہدوں پر فائز شخصیات کی تنخواہوں اور مراعات وغیرہ کو شامل کیا گیا ہے لیکن لین دین انہی معاملات تک محدود نہیں ہیں۔

کمپنی کی غیر یکجا مالیاتی دستاویزات بابت مالی سال اختتامیہ 30 جون 2020 میں کمپنی کے ساتھ ان متعلقہ پارٹیوں کے تعلق کی وضاحت بھی کی جا چکی ہے۔ ڈائریکٹرز ان کمپنیوں میں اپنی مشترکہ ڈائریکٹرشپ کی حد تک قرارداد میں دلچسپی رکھتے ہیں۔

ب۔ نوٹس کا آئٹم نمبر 4 مالی سال اختتامیہ 30 جون 2021 کے دوران متعلقہ پارٹیوں سے لین دین کے معاملات کے بارے میں بورڈ آف ڈائریکٹرز کے اختیارات کی منظوری

کمپنی کی جانب سے مالی سال اختتامیہ 30 جون 2021 کے دوران متعلقہ پارٹیوں کے ساتھ منظور شدہ "متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات" کی پالیسی کے مطابق عام کاروباری حالات کو مدنظر رکھتے ہوئے جائز قیمتوں پر لین دین کے معاملات کئے جائیں گے۔ ڈائریکٹروں کی اکثریت متعلقہ / ذیلی کمپنیوں میں اپنی مشترکہ ڈائریکٹرشپ کی وجہ سے ان معاملات میں دلچسپی رکھتی ہے۔ تمام تر کاروباری معاملات کو شفاف انداز سے چلانے کیلئے حصص داران کی جانب سے بورڈ آف ڈائریکٹرز کو اس بات کا مجاز بنایا جا رہا ہے کہ مالی سال اختتامیہ 30 جون 2021 کے دوران متعلقہ پارٹیوں سے لین دین کے معاملات کی منظوری دے اور اس سلسلے میں ہر کیس کو فرداً فرداً دیکھا جائے گا نیز اس سلسلے میں دی جانے والی منظوریوں کو حصص داران کی جانب سے منظور شدہ گردانا جائے گا۔ متعلقہ پارٹیوں سے لین دین کے ان معاملات کی نوعیت اور قدر کو مندرجہ بالا سطور میں بیان کیا جا چکا ہے۔ ان معاملات کو اگلے سالانہ عام اجلاس میں رسمی منظوری کیلئے حصص داران کے سامنے پیش کیا جائے گا۔

متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات سے متعلق قرارداد میں ڈائریکٹرز اپنی مشترکہ ڈائریکٹرشپ کی حد تک دلچسپی رکھتے ہیں۔

کمپنیز ایکٹ 2017 کے سیکشن (3)134 کے تحت اہم امور سے متعلق بیان

1۔ نوٹس کا آئٹم نمبر 3 ۔ مالی سال اختتام پذیر 30 جون 2020 کے دوران متعلقہ پارٹیوں سے کیے گئے لین دین کے معاملات کے بارے میں توثیق اور منظوری

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی شق 15 کے مطابق سہ ماہی کی بنیادوں پر آڈٹ کمیٹی کی جانب سے باقاعدہ سفارش کے بعد متعلقہ پارٹیوں سے کی جانے والی لین دین کی بورڈ کی جانب سے باقاعدہ منظوری لازم ہے۔ تاہم چونکہ دوران سال کمپنی کے ڈائریکٹرز کی اکثریت متعلقہ پارٹیوں سے گروپ میں اپنی مشترکہ ڈائریکٹرشپ کی بنیاد پر لین دین کے معاملات میں دلچسپی رکھتے تھے اس لئے کمپنیز ایکٹ 2017 کے سیکشن 207 کے مطابق ایسے معاملات کی منظوری کیلئے ڈائریکٹرز کا کورم مکمل نہ ہو سکا۔ کمپنی کے چھبیسویں سالانہ اجلاس عام کے دوران، کمپنی کے کاروباری معاملات کو ہموار بنانے کی غرض سے کمپنی کے حصص داران سے اس بات کی منظوری حاصل کرلی گئی تھی کہ مالی سال اختتام پذیر 30 جون 2020 کے دوران ہر کیس کو انفرادی طور پر دیکھتے ہوئے بورڈ آف ڈائریکٹرز اس بات کا مجاز ہے کہ متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات کی منظوری دے اور اس طرح اس قسم کے معاملات کو حصص داران کی جانب سے منظور شدہ سمجھا جائے گا۔ ایسے معاملات کو اگلے سالانہ عام اجلاس میں حصص داران کی جانب سے ان کی منظوری/توثیق کیلئے پیش کیا جانا تھا۔ لہٰذا ان معاملات کو ان کی منظوری کیلئے سالانہ عام اجلاس میں حصص داران کی جانب سے توثیق/منظوری کیلئے پیش کیا جا رہا ہے۔

منظوری کیلئے پیش کئے جانے والے تمام معاملات کو مالی سال اختتام پذیر 30 جون 2020 کی غیر یکجا مالیاتی دستاویزات کے نوٹ نمبر 38 میں بیان کیا جا چکا ہے۔ متعلقہ پارٹیوں کے اعتبار سے لین دین کے ان معاملات کو ذیل میں پیش کیا جا رہا ہے:

Name of Related Party	Transaction Type	PKR in '000'
Lucky Textile Mills Limited	Sales	72,951,550
Yunus Textile Mills Limited	Sales	180,936,833
	Dividends paid	139,400,840
Gadoon Textile Mills Limited	Sales	19,012,000
	Reimbursment of expenses to Company	1,422,800
	Reimbursment of expenses from Company	2,953,488
Lucky Exim (Pvt.) Limited	Dividends paid	292,500
YB Pakistan Limited	Dividends paid	47,810,737
Lucky Paragon ReadyMix (Loose Cement)	Sales	19,124,555
Lucky One (Pvt.) Limited. (Loose Cement)	Sales	55,099,969
Lucky Knits (Pvt.) LTD	Sales	19,427,100
Lucky Foods (Pvt) Limited	Sales	30,450
	Reimbursment of expenses to company	18,903,215
Lucky Commodities (Pvt) Limited	Reimbursment of expenses to company	66,620
Aziz Tabba Foundation	Donation	71,174,628
	Charity	8,825,372
ICI PAKISTAN Limited	Sales	1,644,545
	Purchases	12,639,017
	Dividends Received	786,236,251
Lucky Air (Pvt.) Limited	Services	23,823,682
	Reimbursment of expenses to company	60,000
Lucky Electric Power Company Limited	Payment against claim of tax loss	32,639,111
	Investment made during the period	8,864,600,910
	Reimbursment of expenses to company	318,557

نوٹس

1۔ حصص منتقلی کھاتوں کی بندش

کمپنی کے حصص منتقلی کھاتے بروز جمعہ 15 ستمبر 2020 سے 29 ستمبر 2020 تک بند رہیں گے (دونوں ایام حوالہ کردہ بھی اس میں شامل ہیں)۔ ہمارے رجسٹرار ممبرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (CDCSRSL)، سی ڈی سی ہاؤس B-99، بلاک B، ایس ایم سی ایچ ایس، مین شاہراہ فیصل کراچی 74400 کو دفتری ایام کار کے دوران 14 ستمبر 2019 تک موصول ہونے والی شیئرز کی منتقلی کی درخواستوں کو تسلیم کیا جائے گا اور وہ ممبران سالانہ اجلاس عام میں شرکت کے لئے اہل ہوں گے۔

2۔ اجلاس عام میں شرکت

اس کوئی بھی فرد جو کہ کمپنی کے حصص کا مستفید مالک ہو کو چاہیے کہ اپنا اصل قومی شناختی کارڈ یا پاسپورٹ، اکاؤنٹ اور شرکت کا شناختی نمبر (Participant ID) ضرور ہمراہ لے کر آئے تاکہ اپنی شناخت ثابت کر سکے۔ کارپوریٹ ممبران کی نمائندگی کرنے والے اپنے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد اور پاور آف اٹارنی اور نامزد شدہ شخص کے دستخط کے نمونے ضرور لائیں۔ سی ڈی سی اکاؤنٹ کے حاملین کے لئے لازم ہے کہ ان ہدایات کے علاوہ وہ سرکلر نمبر 1 مجریہ 26 جنوری 2000 شائع کردہ از سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مطابق عمل کریں۔

کوئی بھی ایسا ممبر جو کہ اجلاس میں شرکت کرنے اور حق رائے دہی کا استعمال کرنے کا مجاز ہو کو اس بات کی اجازت ہے کہ اپنی جانب سے اجلاس میں شرکت اور حق رائے دہی کیلئے پراکسی کا انتخاب عمل میں لائے۔ پراکسی کے کارآمد ہونے کیلئے ضروری ہے کہ پراکسی کی درخواست کمپنی کے رجسٹرڈ شدہ آفس میں ارسال یا دی جائے، بمعہ دستخط کی مہر، ثبوت، تمبر وغیرہ جو کہ اجلاس منعقد ہونے سے کم از کم 48 گھنٹے پہلے موصول ہو جائے اور اس سلسلے میں چھٹیاں کو گنتی میں نہیں لایا جائے گا جو کام کاج کے دن ہوں۔ ایک ممبر ایک سے زائد پراکسی منتخب نہیں کر سکتا۔

3۔ فزیکل / کاغذی حصص کی سی ڈی سی میں منتقلی

کمپنیز ایکٹ 2017 کے سیکشن 72 کے تحت تمام لسٹڈ کمپنیوں پر لازم ہے کہ اپنے تمام فزیکل / کاغذی حصص کمیشن کی جانب سے دی گئی تاریخ جو کہ ایکٹ ہذا کے نفاذ یعنی 30 مئی 2017 کے چار سال کے اندر اندر ہو کو بک انٹری کی صورت میں تبدیل کریں۔

ایسے حصص داران جو کہ فزیکل / کاغذی حصص کے حامل ہیں کو چاہیے کہ سی ڈی سی میں موجود بروکر یا انویسٹر اکاؤنٹ میں اپنے ذیلی سی ڈی سی اکاؤنٹ کھلوا کر اپنے فزیکل / کاغذی حصص کو بک انٹری کی صورت میں منتقل کروالیں۔ ایسا کرنے سے انہیں کئی سہولیات میسر آسکتی ہیں جیسا کہ حصص کی محفوظ تحویل اور فروخت جب کبھی وہ چاہیں کیونکہ اب پاکستان اسٹاک ایکسچینج کے قواعد کے مطابق فزیکل / کاغذی صورت میں حصص کی فروخت کی اجازت نہیں ہے۔

4۔ ویڈیو کانفرنس کی سہولت کے حصول کیلئے درخواست

SECP کی جانب سے جاری کردہ سرکلر نمبر 10 بابت 2014 مؤرخہ 21 مئی 2014 اور کمپنیز ایکٹ 2017 کے سیکشن (b)(1)134 کے تحت اگر کمپنی کو ایسے حصص داران کی درخواست موصول ہوتی ہے جو کہ کمپنی کے 10% یا اس سے زیادہ شیئرز کے مالک ہوں اور کسی ایک جغرافیائی محل وقوع پر رہائش پذیر ہوں کہ وہ سالانہ اجلاس عام میں بذریعہ ویڈیو کانفرنس شرکت کے خواہاں ہیں تو کمپنی کی جانب سے اس سہولت کا اہتمام کیا جا سکتا ہے بشرطیکہ یہ درخواست اجلاس منعقد ہونے سے کم از کم 10 دن پہلے موصول ہو اور جس علاقے میں حصص داران موجود ہوں وہاں اس قسم کی سہولت فراہم کرنا ممکن بھی ہو۔

اگر آپ اس سہولت کے خواہشمند ہیں تو آپ سے گزارش ہے کہ درج ذیل معلومات کمپنی کے رجسٹرڈ آفس میں سالانہ اجلاس عام منعقد ہونے سے 10 دن پہلے جمع کروا دیں۔

اگر مجموعی طور پر ممبران کے 10% یا زائد کی جانب سے ایسی درخواست موصول ہوتی ہے تو کمپنی کی جانب سے ممبران کو ویڈیو کانفرنس کے انتظام سے متعلق سالانہ اجلاس عام منعقد کئے جانے سے کم از کم پانچ (5) دن پہلے آگاہ کر دیا جائے گا اور انہیں اس مقام تک رسائی کیلئے ضروری معلومات بھی فراہم کر دی جائیں گی۔

درخواست برائے ویڈیو کانفرنس سہولت

میں / ہم ____________ ساکن / اساکنان ____________ ممبران آئی بی ایس لمیٹڈ، حاملین حصص ____________ عام حصص بمطابق رجسٹرڈ فولیو ____________ اور / یا سی ڈی سی شراکت داری نمبر اور ذیلی اکاؤنٹ نمبر ____________ بذریعہ بمقام ____________ ویڈیو کانفرنس کی سہولت سے فائدہ اٹھانے کے خواہشمند ہیں۔

____

دستخط از ممبران

(بصورت کارپوریٹ ممبر برائے مہربانی کمپنی کی مہر ثبت کیجئے)

لکی سیمنٹ لمیٹڈ

اطلاع برائے 27 ویں سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ لکی سیمنٹ لمیٹڈ کے ممبران کا 27 واں سالانہ اجلاس عام بروز 29 ستمبر 2020 دوپہر 12:00 بجے بمقام رجسٹرڈ آفس میں انڈس ہائی وے، پیزو، ڈسٹرکٹ لکی مروت، خیبر پختونخواہ میں مندرجہ ذیل امور کی منظوری کے لئے منعقد ہوگا۔

عمومی امور:

1۔ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بابت مالی سال اختتامیہ 30 جون 2020 اور ان کے بارے میں ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو زیر غور لانا اور ان کی منظوری دینا۔

2۔ آئندہ مالی سال اختتامیہ 30 جون 2021 کیلئے کمپنی کے آڈیٹرز کا انتخاب کرنا اور ان کے معاوضے کی منظوری۔ ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی جانب سے اپنی اہلیت کی بنیاد پر ایک مرتبہ پھر اپنی خدمات ادا کرنے کی پیش کش کی گئی ہے۔

خصوصی امور:

3۔ متعلقہ پارٹیوں سے کی جانے والی لین دین بابت 30 جون 2020 کی توثیق کرنا اور ان کی منظوری دینا اور اس سلسلے میں ترامیم کے ساتھ یا ترامیم کے بغیر خصوصی قرارداد پاس کرنا۔

"قرار پایا جاتا ہے کہ کمپنی کی غیر یکجا مالیاتی دستاویزات بابت مالی سال اختتامیہ 30 جون 2020 کے نوٹ نمبر 38 اور سیکشن 134(3) کے تحت معلومات برائے اہم معاملات میں مذکور متعلقہ پارٹیوں سے لین دین کے معاملات کی بذریعہ ہذا توثیق کی جاتی ہے اور انہیں منظور کیا جاتا ہے۔"

4۔ کمپنی کے بورڈ آف ڈائریکٹرز کو بذریعہ مندرجہ ذیل خصوصی قرارداد بمعہ ترامیم یا ترامیم کے بغیر اس بات کا مجاز بنانا کہ مالی سال اختتامیہ 30 جون 2021 کیلئے متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات منظور کریں۔

"قرار پایا جاتا ہے کہ بورڈ آف ڈائریکٹرز اس بات کے مجاز ہیں اور انہیں بذریعہ قرارداد ہذا اس بات کا مجاز بنایا جاتا ہے کہ وہ فرداً فرداً متعلقہ پارٹیوں کے ساتھ مالی سال اختتامیہ 30 جون 2021 کے دوران ہونے والے لین دین کے معاملات منظور کریں۔

مزید برآں قرار دیا جاتا ہے کہ مذکورہ لین دین کے معاملات کو حصص داران سے بھی منظور شدہ تصور کیا جائے گا اور انہیں اگلے سالانہ اجلاس عام کے دوران حصص داران کے سامنے توثیق / منظوری کیلئے پیش کیا جائے گا۔"

اس کے علاوہ دیگر امور:

5۔ ان کے علاوہ دیگر امور کو زیر غور لانا جنہیں پیش کرنے کی چیئرمین کی جانب سے اجازت دی جائے۔

(نوٹس ہذا کے ساتھ اہم حقائق سے متعلق ایک دستاویز منسلک شدہ ہے جس میں کمپنیز ایکٹ 2017 کے سیکشن 134(3) کے تحت مذکورہ بالا خصوصی امور کی تفصیلات درج ہیں۔)

بحکم بورڈ

فیصل محمود
کمپنی سیکریٹری

بمقام کراچی: 07 ستمبر 2020

ویژن، مشن اور مجموعی کارپوریٹ حکمت عملی کی بورڈ سے منظوری

بورڈ کی جانب سے انتہائی باریک بینی کے ساتھ ویژن، مشن اور مجموعی کارپوریٹ حکمت عملی کی بورڈ کا جائزہ لئے جانے کے بعد ان کی منظوری دی جاچکی ہے اور بورڈ کو اس بات پر مکمل اعتماد ہے کہ یہ اس فلسفے کے عین مطابق ہیں جس کی بنیاد پر کمپنی کو قائم کیا گیا تھا۔ ہم اس بات پر مکمل یقین رکھتے ہیں کہ ادارہ ویژن اور مشن مجموعی کارپوریٹ حکمت عملی کی راہ متعین کرتے ہیں اور ہمارے مستقبل کے سفر کی ہر سطح پر رہنمائی کرتے ہیں۔ یہ ادارہ جاتی مقصد کیلئے یکجا اور مشترک ہے اور یہی ہمارے روزمرہ کے فیصلوں کی بنیاد ہیں۔

اندرونی مالیاتی کنٹرول کی معقولیت

بورڈ آف ڈائریکٹرز کی جانب سے ایک موثر اندرونی فنانشل کنٹرول سسٹم تشکیل دیا گیا ہے تاکہ ایک جانب تمام افعال کو موثر انداز اور مستعدی کے ساتھ سرانجام دیا جاسکے تو دوسری جانب کمپنی کے اثاثوں کی حفاظت بھی ہو سکے اور اس کے ساتھ ساتھ تمام تر مطلوبہ قوانین اور قواعد کی پاسداری کو یقینی بناتے ہوئے قابل بھروسہ فنانشل رپورٹنگ کی جاسکے۔ کمپنی میں ایک آزاد اندرونی آڈٹ فنکشن مسلسل فنانشل کنٹرولز اور اس کے نفاذ کی نگرانی کرتا ہے جبکہ آڈٹ کمیٹی اندرونی کنٹرول سسٹم کے موثر ہونے اور اس کے فریم ورک کا سہ ماہی کی بنیادوں پر جائزہ لیتی ہے۔

بیان بابت غیرمشروط پاسداری IFRS جاری کردہ IASB

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے مالیاتی رپورٹنگ کے طریقہ کار کا جائزہ لیا جاچکا ہے۔ تمام مالیاتی دستاویزات کو پاکستان میں رائج محاسبی اور رپورٹنگ معیارات کے عین مطابق تیار کیا گیا ہے۔ منظور شدہ محاسبی معیارات انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRSs) پر مبنی ہیں جنہیں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ (IASB) کی جانب سے جاری کیا گیا ہے اور کمپنیز ایکٹ 2017 میں ان کی بابت نوٹس جاری کیا جاچکا ہے۔ دستاویزات کی تیاری میں ایکٹ ہذا کے تحت احکامات اور ہدایات کی بھی پاسداری کی گئی ہے۔

سی ایف او اور اندرونی آڈٹ کے سربراہ کی قابلیت

سی ایف او اور اندرونی آڈٹ کے سربراہ کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق اہلیت کے حامل ہیں۔

ترتیب حصص داری

کمپنیز ایکٹ 2017 کے سیکشن (f) (2) 227 اور کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق کمپنی کی ترتیب حصص داری بتاریخ 30 جون 2020 رپورٹ ہذا کے ساتھ منسلک ہے۔

آڈیٹرز

کمپنی کی مالیاتی دستاویزات برائے مالی سال 2019-20 کو میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے آڈٹ کیا ہے۔ موجودہ آڈیٹرز سالانہ عام اجلاس کے اختتام تک ریٹائرڈ ہوجائیں گے۔ اہلیت کے حامل ہوتے ہوئے آڈیٹرز نے اپنی خدمات دوبارہ پیش کی ہیں۔ بورڈ کی جانب سے آڈٹ کمیٹی کی سفارش کو مدنظر رکھتے ہوئے میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو اگلے سال کیلئے ایک مرتبہ پھر آڈیٹر مقرر کرنے کی سفارش کی گئی ہے جو کہ اگلے سالانہ عام اجلاس میں منظوری سے مشروط ہے۔

دیگر واقعات

کمپنی کے مالی سال کے اختتام سے آج کی تاریخ تک کسی قسم کا کوئی قابل ذکر واقعہ رونما ہوا اور نہ ہی کمپنی کی جانب سے کسی سلسلے میں کوئی وعدہ کیا گیا جس کا اثر کمپنی کی مالی صورتحال پر پڑتا ہو۔

مستقبل پر نظر

کو کہ پاکستان میں کووڈ-19 کے کیسوں میں واضح کمی آچکی ہے لیکن ابھی یہ دیکھنا باقی ہے کہ عالمی سطح پر اس وبا پر کب تک قابو پایا جائے گا۔ اگر عالمی معاشی اشاریوں کی جانب دیکھا جائے تو آپ کی کمپنی کو اس بات کا یقین ہے کہ قلیل اور درمیانی مدت میں مقامی فروخت کے لحاظ سے سیمنٹ کی صنعت میں بہتری پیدا ہوتی رہے گی۔ شمالی اور جنوبی دونوں ریجن میں مقامی سطح پر فروخت کا حجم اب لاک ڈاؤن سے پہلے والی حالت پر واپس آچکا ہے۔ شمال میں سیمنٹ کی طلب کو دیکھ کر اندازہ لگایا جاسکتا ہے کہ شمال میں بقیہ مالی سال کے دوران سیمنٹ کی قیمت فروخت میں بہتری آئے گی۔ برآمدات میں استحکام کی توقع ہے۔ تاہم خطے میں پیداواری صلاحیت میں کئے جانے والے اضافے کی وجہ سے قیمتوں میں موجودہ مسابقت اپنی جگہ برقرار رہے گی۔

مزید برآں ہم یہ امید کرتے ہیں کہ وفاقی حکومت کی جانب سے تعمیرات کی صنعت کیلئے دیئے جانے والے پیکیج بھی ملکی سطح پر سیمنٹ کی صنعت کیلئے حوصلہ افزا ثابت ہوگا۔

طویل المدتی طور پر حکومت کی جانب سے چھوٹے اور بڑے ڈیموں کی تعمیرات کے منصوبوں کی پیک سے وابستہ خصوصی اکنامک زونز کی تعمیرات اور کم آمدنی افراد کو سستے گھر فراہم کرنے کے منصوبے کے پیش نظر سیمنٹ کی صنعت کا مستقبل روشن نظر آتا ہے۔

آپ کی کمپنی کی ترجیحات سے پاک مضبوط مالیاتی پوزیشن اور واجبات سے پاک نقد رقم کی وجہ سے نہ صرف اس قسم کے پروجیکٹس میں سرمایہ کاری میں مدد ملے گی بلکہ دیگر نئے پروجیکٹس میں بھی سرمایہ کاری کے مواقع حاصل ہوتے رہیں گے جس کی وجہ سے کمپنی کی کاروباری سرگرمیوں میں بہتری لانے اور حصص داران کی سرمایہ کاری کو مزید بار آور کرنے میں مدد ملے گی۔

اظہار تشکر

آپ کی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کے تمام ملازمین کی جانب سے انتھک محنت اور اخلاص نیت کے ساتھ اپنی خدمات فراہم کرنے پر تہہ دل سے ان کے مشکور ہیں۔ نیز ڈائریکٹرز کمپنی کے دیگر شراکت داروں کے بھی بے حد ممنون ہیں کہ ان کی حمایت اور اعتماد ہمارے شامل حال رہے۔

منجانب بورڈ

محمد یونس ٹبہ
چیئرمین / ڈائریکٹر

محمد علی ٹبہ
چیف ایگزیکٹیو / ڈائریکٹر

کراچی: 25 اگست 2020

کام کی شرائط

بجٹ کی کمیٹی کیلئے کام کی شرائط درج ذیل ہیں:

الف۔ کمپنی کی جانب سے مستقل سرمایہ کاری اور آمدن کے ضمن میں بنائے گئے بجٹ کا جائزہ لینا اور ان کا تجزیہ کرنا اور ان بجٹ کی منظوری کیلئے بورڈ سے سفارش کرنا۔

ب۔ فائنل بجٹ میں کی گئی کسی بھی تبدیلی کا جائزہ لینا اور اس کا تجزیہ کرنا اور ایسی کسی بھی تبدیلی کے ضمن میں بورڈ کے سامنے منظوری کی سفارش کرنا۔

ج۔ اہم نوعیت کے کسی بھی مسئلے کو بورڈ کے سامنے پیش کرنے کی سفارش کرنا۔

انسانی وسائل اور وظیفوں سے متعلق کمیٹی

آڈٹ کمیٹی

انسانی وسائل اور وظیفوں کی کمیٹی - اجلاس 1		
نمبر شمار	ڈائریکٹروں کے نام	اجلاس میں حاضری
1	مسعود کریم شیخ (چیئرمین) غیر انتظامی ڈائریکٹر	-
2	محمد علی ٹبہ انتظامی ڈائریکٹر	1
3	محمد سہیل ٹبہ غیر انتظامی ڈائریکٹر	-
4	جاوید یونس ٹبہ غیر انتظامی ڈائریکٹر	1
5	مریم ٹبہ خان غیر انتظامی ڈائریکٹر	1
*	محمد جاوید اقبال آزاد ڈائریکٹر	1

کمیٹی کے دو ممبران جو اپنی مصروفیات کی وجہ سے اجلاسوں میں حاضر نہ ہو سکے انہیں غیر حاضری کی رخصت دے دی گئی تھی۔

* مسعود کریم شیخ کو 31 مارچ 2020 کو بطور آزاد ڈائریکٹر تعینات کیا گیا تاکہ محمد جاوید اقبال کی جانب سے استعفیٰ دیئے جانے کے بعد ان کی جگہ کو پر کیا جا سکتا۔

کام کی شرائط

انسانی وسائل اور وظیفوں سے متعلق کمیٹی کی کام کی شرائط درج ذیل ہیں:

الف۔ بورڈ کو انسانی وسائل سے متعلق پالیسیوں اور حکمت عملی کے بارے میں تجاویز پیش کرنا۔ کمپنی میں نافذ العمل مشاہرے کی پالیسی کا جائزہ لینا اور اس پر نظر ثانی کرنا، افرادی قوت کی توثیق کرنا، سالانہ کارکردگی کی جائزہ رپورٹوں پر نظر ثانی کرنا اور کمپنی میں نافذ العمل ترقی و ترقی کے پروگراموں اور جانشینی کے طریق کار پر نظر ثانی کرنا اور جائزہ لینا۔

ب۔ انسانی وسائل سے متعلق ایسے کسی بھی سروے / تحقیق کا جائزہ لینا جسے بطور معیار اپنایا جا سکے یا جس کی بنیاد پر اس سلسلے میں معیاری معلومات فراہم ہو سکیں جو انسانی وسائل کی کمیٹی کیلئے اپنے افعال سر انجام دینے میں معاون ثابت ہوں۔

ج۔ انسانی وسائل کو مکمل طور پر بروئے کار لانے کے سلسلے میں انتظامیہ کو انسانی وسائل کے حصول بشمول مستقل ملازمین، تھرڈ پارٹی، مینجمنٹ ٹرینیز اور زیر تربیت افراد سے متعلق رہنمائی فراہم کرنا۔

د۔ بورڈ کے سامنے ڈائریکٹروں (انتظامی و غیر انتظامی اور سینئر انتظامی ممبران) کے مشاہرے کے سلسلے میں سفارشات پیش کرنا اور اس سلسلے میں پالیسی منظور کرنے کی سفارش کرنا۔ سینئر انتظامی ممبران میں وہی افراد شامل ہوتے ہیں جنہیں بورڈ کی جانب سے اہم انتظامی عہدوں پر شمار کیا جاتا ہو جیسا کہ سی ای او، سی ایف او، سی او او، تمام ڈائریکٹرز، اندرونی آڈٹ کے سربراہ اور کمپنی سیکریٹری شامل ہیں۔

ھ۔ مجموعی طور پر بورڈ اس کی کمیٹیوں کی سالانہ کارکردگی کا باقاعدہ جائزہ لینا۔ اس قسم کا جائزہ براہ راست بھی لیا جا سکتا ہے اور اس سلسلے میں باہر سے آزاد ماہرین کی خدمات بھی حاصل کی جا سکتی ہیں جس کی سفارش بورڈ کی انسانی وسائل سے متعلق کمیٹی کر سکتی ہے۔ آزاد ماہرین کو اس سلسلے میں شامل کرنے کی صورت میں ان کی جانب سے شائع کی جانے والی رپورٹوں کو سالانہ رپورٹ کا حصہ بھی بنایا جائے گا۔

و۔ انسانی وسائل اور مشاہرے سے متعلق ماہرین کی خدمات حاصل کرنے کی صورت میں ان کی قابلیت کو کمیٹی کے علم میں لایا جائے گا اور اس سلسلے میں ایک بیان بھی جاری کیا جائے گا کہ کسی دوسری حیثیت میں ان ماہرین کا کمپنی سے کوئی تعلق ہے یا نہیں۔

ز۔ بورڈ کو انسانی وسائل کے انتظام سے متعلق پالیسیوں سے متعلق تجاویز پیش کرنا۔

ح۔ بورڈ کو سی ای او، سی ایف او، سی او او، کمپنی سیکریٹری اور اندرونی آڈٹ کے سربراہ کے انتخاب، جانچ، مشاہرے (بشمول ریٹائرمنٹ مراعات) اور جانشینی کی پالیسی سے متعلق مشورہ دینا۔

ط۔ ایسے اہم انتظامی عہدوں کیلئے جو کہ براہ راست سی ای او کو رپورٹ کرتے ہوں کی تعیناتی سے متعلق سی ای او کی سفارشات کا تجزیہ کرنا اور ان کی منظوری دینا۔

ی۔ اگر بیرونی یا اندرونی آڈیٹرز کی جانب سے انسانی وسائل سے متعلق مسائل کے ضمن میں کوئی بات سامنے آئے تو اس پر نظر ثانی کرنا اور اس کا جائزہ لینا اور کمپنی کے ذریعے متعلق مناسب اقدامات اٹھانا۔

سی ای او کی کارکردگی کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے مستقل بنیادوں پر مالیاتی اور غیر مالیاتی نتائج کے معیارات کو مد نظر رکھتے ہوئے سال کے آغاز میں ہی سی ای او کی کارکردگی کا جائزہ لیا جاتا ہے۔ بورڈ کی جانب سے سی ای او کی کارکردگی برائے گزشتہ سال کا جائزہ لیا جا چکا ہے اور بورڈ سی ای او کی کارکردگی اور سالانہ اہداف کے حصول سے مطمئن ہے۔ بورڈ کو اس بات کا مکمل اطمینان ہے کہ سی ای او کمپنی کے تمام امور کو مستعدی کے ساتھ چلانے کیلئے صلاحیتوں کے حامل ہیں۔ وہ اس بات کے بھی ذمہ دار ہیں کہ مینجمنٹ ٹیم کیلئے کام کے معیارات کو مد نظر رکھتے ہوئے کارپوریٹ مقاصد کا تعین کریں اور مستقل بنیادوں پر ان مقاصد سے بورڈ کو آگاہ کریں کہ ٹیم کی کارکردگی کیسی رہی اور مقاصد کا حصول کس حد تک ممکن ہوا۔

دو ممبران جو اپنی مصروفیات کی وجہ سے ان اجلاسوں میں شرکت نہیں کر سکے انہیں غیر حاضری کیلئے رخصت دے دی گئی تھی۔

دو ممبران جو اپنی مصروفیات کی وجہ سے ان اجلاسوں میں شرکت نہیں کر سکے انہیں غیر حاضری کیلئے رخصت دے دی گئی تھی۔

- مسعود کریم شیخ کو 31 مارچ 2021 کو بطور آزاد ڈائریکٹر تعینات کیا گیا تاکہ محمد جاوید اقبال کی جانب سے استعفیٰ دیئے جانے کے بعد ان کی جگہ کو پُر کیا جاسکے۔

کام کی شرائط

آڈٹ کمیٹی کیلئے کام کی شرائط درج ذیل ہیں:

الف۔ کمپنی کے اثاثوں کی حفاظت کیلئے مناسب پیمانوں کا تعین کرنا۔

ب۔ سہ ماہی، ششماہی اور سالانہ مالیاتی دستاویزات کا بورڈ کی جانب سے منظوری سے قبل جائزہ لینا اور دستاویزات میں درج ذیل امور پر توجہ دینا:

- اہم امور جن میں تجربے کی بنیاد پر فیصلے لینے کی ضرورت ہو۔
- آڈٹ کے نتیجے میں اہم تبدیلیاں۔
- پیشگی کی بنیاد پر کاروبار کو جاری رکھنا۔
- محاسبی کی پالیسیوں اور طریق میں تبدیلیاں۔
- قابل اطلاق محاسبی کے معیارات کی پاسداری۔
- لسٹڈ کمپنیز ریگولیشنز (کوڈ آف کارپوریٹ گورننس) 2019 اور دیگر قواعد و قانونی شرائط کی پاسداری کرنا۔
- متعلقہ پارٹیوں سے طے کئے معاملات۔

ج۔ رپورٹ شائع کئے جانے سے پہلے ابتدائی اعلانات اور ان کے نتائج کا جائزہ لینا۔

د۔ بیرونی آڈیٹرز کو سہولیات فراہم کرنا اور عبوری اور حتمی آڈٹ سے پہلے ان کے ساتھ اہم امور پر بحث کرنا اور ان معاملات پر بات کرنا جن کا آڈیٹر بطور خاص ذکر کرنا چاہتے ہوں (انتظامیہ کی غیر موجودگی میں جہاں بھی ضرورت محسوس ہو)۔

ہ۔ مینجمنٹ کیلئے بیرونی آڈیٹرز کے خطوط اور ان کے جوابات کیلئے انتظامیہ کی جانب سے لکھے گئے خطوط کا جائزہ لینا۔

و۔ کمپنی کے اندرونی اور بیرونی آڈیٹروں کے مابین تعاون کی فضا قائم کرنا۔

ز۔ اندرونی آڈیٹروں کی ذمہ داریوں کے دائرہ کار کا جائزہ لینا اور اس بات کو یقینی بنانا کہ اندرونی آڈیٹرز کو اپنی ذمہ داریاں نبھانے کیلئے مناسب سہولیات میسر ہیں۔

ح۔ کمپنی میں فراڈ، کرپشن اور اختیارات کے غلط استعمال کے نتیجے میں پیدا ہونے والی خرابیوں کا جائزہ لینا اور اس سلسلے میں انتظامیہ کی جانب سے رد عمل کا جائزہ لینا۔

ل۔ اس بات کا جائزہ لینا کہ اندرونی کنٹرول سسٹم خواہ وہ مالیاتی نظام سے متعلق ہو یا کمپنی کے دیگر امور سے متعلق ہو کے ذریعے معاملات کو بروقت ریکارڈ کا حصہ بنایا جا رہا ہے اور خرید و فروخت، لین دین، اخراجات اور واجبات وغیرہ کی ریکارڈنگ کیلئے جامع اور مؤثر نظام پائیداری کا کام کر رہا ہے۔

م۔ بورڈ آف ڈائریکٹرز کی توثیق سے پہلے کمپنی کی اسٹیٹمنٹ برائے اندرونی کنٹرول سسٹم کا جائزہ لینا اور اندرونی کنٹرول رپورٹس کا جائزہ لینا۔

ن۔ خصوصی پروجیکٹس کا آغاز کرنا، پیسے کی قدر اور دیگر امور کا جائزہ لینا جن کی جانب بورڈ کی جانب سے توجہ مبذول کروائی جائے اور اس سلسلے میں کمپنی کے سی ای او سے مشورہ کرنا اور کسی بھی معاملے میں ادائیگی کے سلسلے میں بیرونی آڈیٹرز یا کسی دیگر بیرونی باڈی سے مشورہ کرنا۔

ع۔ متعلقہ قانونی ضوابط کی پاسداری کو یقینی کرنا۔

ط۔ کارپوریٹ گورننس کی بہترین روایات کی پاسداری کا جائزہ لینا اور اس ضمن میں کی جانے والی قابل مواخذہ ورزیوں کی نشاندہی کرنا۔

ی۔ اسٹاف اور انتظامیہ کی جانب سے اگر کسی مالی یا دیگر بے ضابطگیوں کا احتمال ہو تو آڈٹ کمیٹی کے سامنے اس سلسلے میں رازداری کے ساتھ جائزہ پیش کرنا اور اس قسم کے اقدامات کی روک تھام کیلئے تدابیر کی سفارش کرنا۔

ک۔ بیرونی آڈیٹرز کی تعیناتی، برطرفی، آڈٹ فیس، ادائگی جانب سے کمپنی کو فراہم کی جانے والی خدمات کے سلسلے میں بورڈ آف ڈائریکٹرز کو سفارشات پیش کرنا جو مالیاتی دستاویزات کے آڈٹ کے سلسلے میں رہنمائی کے علاوہ ہیں۔ بورڈ آف ڈائریکٹرز کی جانب سے بذریعہ آڈٹ کمیٹی کی جانب سے پیش کی جانے والی ان سفارشات کو خاطر خواہ اہمیت دی جائے گی اور جہاں ان سفارشات کے برعکس کوئی عمل واقع ہوتا ہوا نظر آئے اس عمل کی وجوہات کو ضبط تحریر میں لایا جائے گا۔

ل۔ اور ایسے کسی بھی مسئلے کو زیر غور لانا جس کی نشاندہی بورڈ کے ڈائریکٹرز کی جانب سے کی گئی ہو۔

بجٹ کمیٹی

بجٹ کمیٹی - اجلاس 1		
نمبر شمار	ڈائریکٹرز کے نام	اجلاسوں میں حاضری
1	محمد کمیل بیگ (چیئرمین) غیر جانبدار ڈائریکٹر	1
2	محمد علی ایگزیکٹو ڈائریکٹر	1
3	جاوید یونس بیگ غیر جانبدار ڈائریکٹر	1
4	سرمد علی خان غیر جانبدار ڈائریکٹر	1

بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ آف ڈائریکٹرز — کل اجلاس 5		
نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں حاضری
1	محمد یونس ابا (چیئرمین) غیر انتظامی ڈائریکٹر	5
2	محمد علی ابا انتظامی ڈائریکٹر	5
3	محمد سہیل ابا غیر انتظامی ڈائریکٹر	5
4	جاوید یونس ابا غیر انتظامی ڈائریکٹر	5
5	مریم ابا خان غیر انتظامی ڈائریکٹر	4
6	منظور احمد آزاد ڈائریکٹر	5
7	مسعود کریم شیخ آزاد ڈائریکٹر	2
*	محمد جاوید اقبال آزاد ڈائریکٹر	3

وہ ڈائریکٹرز جو اپنی مصروفیات کی بنیاد پر ان اجلاسوں میں شرکت نہ کر سکے انہیں غیر حاضری کیلئے رخصت دے دی گئی تھی۔

* مسعود کریم شیخ کو 31 مارچ 2020 کو بطور آزاد ڈائریکٹر تعینات کیا گیا تا کہ محمد جاوید اقبال کی جانب سے استعفیٰ دیئے جانے کے بعد ان کی جگہ کو پر کیا جا سکے۔

بورڈ کی تربیت

کمپنی کی جانب سے بورڈ کے ممبران کی پیشہ وارانہ تربیت کو بہت اہمیت دی جاتی ہے اور کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق بورڈ ممبران کی تربیت کیلئے ضروری اقدامات کئے گئے ہیں اور اس بات کو یقینی بنایا گیا ہے کہ بورڈ کے تمام ڈائریکٹرز ڈائریکٹرز ٹریننگ سرٹیفیکیشن کی شرائط پر پورے اترتے ہیں۔

بورڈ کی جانچ کیلئے معیارات

بورڈ ممبران کے بنیادی فرائض کی بجا آوری کے علاوہ، بورڈ کی کارکردگی کو جانچنے کیلئے باقاعدہ معیارات مقرر شدہ ہیں جس کی بنیاد پر ڈائریکٹروں کی انفرادی اور بطور ٹیم کارکردگی کو جانچا جاتا ہے۔

1۔ بورڈ میں جنس، تنوع، ذہانتوں اور مہارتوں کے بہترین امتزاج اور فلسفیانہ سوچ کے حامل ڈائریکٹروں کی شمولیت۔

2۔ بورڈ ممبران کی جانب سے دیانت، اچھی ساکھ اور مستعدی کا مظاہرہ کرنا۔

3۔ انتظامیہ کی جانب سے سالانہ اہداف پر نظر ثانی کرنا اور ان پر گہری نظر رکھنا۔

4۔ کمپنی کو رہنمائی فراہم کرنا اور کمپنی کی سمت کے تعین کرنے کی اہلیت کا مظاہرہ کرنا۔

5۔ ادارے میں ایسے امور کی نشاندہی کرنے کی قابلیت کا اظہار کرنا جن کیلئے اصلاح کی ضرورت ہو۔

6۔ مینجمنٹ کی سکسیشن پلاننگ پر نظر ثانی کرنا۔

7۔ کمپنی کو لاحق رسک کو سمجھنے کی صلاحیت ہونا اور ان کے تجزیے کی صلاحیت کا حامل ہونا۔

8۔ کمپنی میں صحت، ماحولیات، ملازمت کے مواقع اور دیگر پالیسیوں کی اصلاح اور نفاذ کے ضمن میں دلچسپی ظاہر کرنا اور عملی طور پر حصہ لینا۔

9۔ کمپنی کو غیر ضروری قانونی مقدمات اور ساکھ کو لاحق رسک کے خلاف کمپنی کی حفاظت کرنا۔

بورڈ کی کارکردگی کی جانچ

مندرجہ بالا معیارات کی بنیاد پر بورڈ کی مجموعی سالانہ کارکردگی اطمینان بخش رہی۔ بورڈ کی مجموعی کارکردگی کے حوالے سے کمپنیز ایکٹ 2017 کے سیکشن 192 کے تحت چیئرمین کی جانب سے پیش کی گئی رپورٹ کو بھی سالانہ رپورٹ کے ساتھ منسلک کیا گیا ہے۔

ڈائریکٹروں کا مشاہرہ

بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹروں اور سینئر مینجمنٹ کے ممبران کے مشاہرے کیلئے ایک پالیسی کی منظوری دی جا چکی ہے۔ اس پالیسی کے چیدہ چیدہ نکات درج ذیل ہیں:

- کمپنی کی جانب سے کسی بھی غیر انتظامی ڈائریکٹر کو مشاہرہ ادا نہیں کیا جائے گا ماسوائے بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاس میں شرکت کی فیس کے۔
- ڈائریکٹروں کی جانب سے بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے اجلاس میں شرکت کیلئے فیس کا گاہے بگاہے جائزہ لیا جاتا رہے گا اور اسے بورڈ آف ڈائریکٹرز سے باقاعدہ منظور بھی کروایا جائے گا۔
- کسی بھی ڈائریکٹر کو کمپنی کے بورڈ آف ڈائریکٹرز، اس کی کمیٹیوں اور سالانہ عام اجلاس میں شرکت کے سلسلے میں تمام تر سفری، قیام اور دیگر اخراجات کی ادائیگی کمپنی کی جانب سے کی جائے گی۔

بورڈ کی کمیٹیاں اور ان کے اجلاس

آڈٹ کمیٹی

آڈٹ کمیٹی — کل اجلاس 4		
نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں حاضری
1	منظور احمد (چیئرمین) آزاد ڈائریکٹر	4
2	مسعود کریم شیخ آزاد ڈائریکٹر	1
3	محمد سہیل ابا غیر انتظامی ڈائریکٹر	4
4	جاوید یونس ابا غیر انتظامی ڈائریکٹر	4
5	مریم ابا خان غیر انتظامی ڈائریکٹر	3
*	محمد جاوید اقبال آزاد ڈائریکٹر	3

اور اس کے ساتھ ساتھ سرسبز علاقوں اور جنگلات کی حفاظت بھی کی جائے۔

اقوام متحدہ کی جانب سے سسٹین ایبل ڈیولپمنٹ گولز 2030 کے سلسلے میں اقدامات

اقوام متحدہ کی جانب سے شروع کئے گئے سسٹین ایبل ڈیولپمنٹ گولز کی حمایت کیلئے آپ کی کمپنی کی جانب سے مختلف پریکٹیسز کا آغاز کیا گیا ہے جن کے ذریعے اقوام متحدہ کے 2030 ایجنڈے کو فروغ دینا مقصود ہے۔ کمپنی کی جانب سے SDGs کو سپورٹ کرنے سے یہ بات ہمارے علم میں آئی ہے کہ کس طرح معاشرے کے مسائل کو مدنظر رکھتے ہوئے استقلال کے ساتھ کاروباری افعال سر انجام دیئے جا سکتے ہیں اور کس طرح معاشرتی ضروریات کو پورا کرنے کیلئے اور کمیونٹی کو خود مختار بنانے کی غرض سے کاروبار کو ان بنیادوں پر استوار کیا جا سکتا ہے جن سے طویل المیعاد معاشی ثمرات حاصل ہوں۔

آپ کی کمپنی اس راہ پر گامزن ہے جس پر چل کر سسٹین ایبل ڈیولپمنٹ گولز کی سمت کے کاروبار میں بطور قوت شامل کیا جائے۔ ہم دیکھ سکتے ہیں کہ SDGs میں صرف اہمیت ہی اہمیت ہے اور اس نہج پر کام کرتے ہوئے دنیا کو آنے والی نسلوں کیلئے مزید بہتر بنایا جا سکتا ہے اور اس طرح ہم مستقل بنیادوں پر گراں قدر خدمات پیش کرنے والی کمپنی کے اپنے نصب العین کے حصول کیلئے بھی آگے بڑھ سکتے ہیں۔

ہمارے ماحولیات

کمپنی کی جانب سے اپنے تمام افعال کی بابت ماحولیات میں توازن کو انتہائی اہمیت دی گئی ہے۔ ہمارے ماحولیات کی اہمیت کو مزید اجاگر کرنے کیلئے آپ کی کمپنی کی جانب سے اپنے پیداواری یونٹس کے اندر اور اردگرد شجرکاری کی گئی ہے۔ مزید برآں، ہمارے ماحولیات کو ایک مستقل مشن بنانے کی غرض سے کمپنی کی جانب سے شجرکاری مہم کا باقاعدہ آغاز کیا گیا ہے جس کے تحت ملازمین میں پودے تقسیم کئے گئے ہیں تا کہ ملازمین اور ان کے خاندان والوں کو سرسبز وشاداب ماحول فراہم کرنے کی حوصلہ افزائی ہو۔

ہمارے آبی ذخائر

آپ کی کمپنی پانی کے قیمتی ذخائر کو انتہائی احتیاط کے ساتھ استعمال کرنے پر یقین رکھتی ہے اور اس بات کی ہر ممکن کوشش کی جاتی ہے کہ پانی کا کم از کم استعمال کیا جائے۔ آبی ذخائر کی بقا کیلئے چند منصوبوں میں مختلف یونٹوں میں آر او پلانٹس، باغات میں ڈرپ اریگیشن اور بارش کے پانی کیلئے آبی ذخائر کی تعمیر شامل ہے جہاں روایتی طریقوں کے مقابلے میں 30% سے 50% تک کم پانی زیر استعمال لایا جاتا ہے۔

اپنی عمارتوں کو زیر استعمال لاتے ہوئے کمپنی سمت اس بات سے پر عزم ہے کہ اپنے پانی کے ذخائر کو منصفانہ اور موثر انداز سے استعمال میں لایا جائے تا کہ معاشرے میں عوام تک صاف پانی کی فراہمی کو ممکن بنایا جا سکے۔ ہماری جانب سے ہر ممکن کوشش کی جاتی ہے کہ قدرتی طور پر پائے جانے والے صاف پانی کے ذخائر کو بحال کیا جائے تا کہ ہماری ویلیو چین اور عوام الناس کیلئے آبی ذخائر موجود رہیں۔

کمیونٹی ڈیولپمنٹ پروگرام

آپ کی کمپنی اس معاشرے کا قرض لوٹانے پر مکمل یقین رکھتی ہے جس میں یہ اپنے کاروباری افعال سرانجام دے رہی ہے اس لئے کمپنی کی جانب سے معاشرے کے پسماندہ طبقات کے معیار زندگی کو بڑھانے کیلئے کوششیں جاری رہتی ہیں جس میں اپنے شاہی سیمنٹ پلانٹ کے اردگرد چند علاقوں میں سولر پاور ٹیوب ویل کی تنصیب شامل ہے۔ یہ ٹیوب ویلز جھنگ تحصیل، وزیر کالا، شہباز خیل، ٹبی سر اور اعوان خیل میں لگائے گئے ہیں۔ ان علاقوں میں اس سے قبل پینے کے پانی کے محدود وسائل دستیاب تھے۔

کوڈ آف کارپوریٹ گورننس

پاکستان اسٹاک ایکسچینج کی جانب سے لسٹڈ کمپنیوں کیلئے شامل کئے جانے والے کوڈ آف کارپوریٹ گورننس 2019 اور رول بک سے متعلق ذمہ داریوں سے آپ کی کمپنی کے ڈائریکٹرز بخوبی آگاہ ہیں۔ آپ کی کمپنی کی جانب سے کوڈ آف کارپوریٹ گورننس کے اطلاق اور انکی مکمل پاسداری کیلئے تمام ضروری اقدامات اٹھائے جاتے ہیں۔

- کمپنی کی جانب سے تیار کی جانے والی مالیاتی دستاویزات شفاف انداز سے کمپنی کے معاملات، کاروباری نتائج، نقد رقوم کی ترسیل اور سرمایہ جاتی حصص میں تبدیلی کی نمائندگی کرتی ہیں۔
- کمپنی کی جانب سے حسابات کے کھاتوں کو باقاعدہ طور پر رکھا جاتا ہے۔
- محاسبی کی مناسب پالیسیوں کو مستقل بنیادوں پر مالیاتی دستاویزات کی تیاری میں استعمال کیا جاتا ہے اور محاسبی کے تمام تخمینے قرین قیاس ہیں۔
- مالیاتی دستاویزات بناتے وقت پاکستان میں مستعمل انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کی مکمل پاسداری کو یقینی بنایا جاتا ہے اور اگر اس سلسلے میں کسی بھی قسم کی کوئی بھی روگردانی کی جائے تو اس کی توضیح بہتر طریقے سے بیان کر دی جاتی ہے۔
- اندرونی کنٹرول کا نظام انتہائی مربوط ہے اور موثر انداز سے اس کا نفاذ کرنے کے بعد اس کی مسلسل نگرانی بھی کی جاتی ہے۔
- اس بات میں کسی شک کی کوئی گنجائش نہیں ہے کہ کمپنی چلتی کی بنیاد پر اپنے کاروبار کو جاری رکھے گی۔
- انتظامیہ برائے ترجیحی حصص داری کو رپورٹ ہذا کا حصہ بنایا گیا ہے۔
- انتظامیہ برائے حصص جو کہ مشترکہ طور پر ناموں اور مختلف افراد کی ملکیت میں ہیں کو علیحدہ سے منسلک کیا گیا ہے۔

بورڈ آف ڈائریکٹرز کا امتزاج

بورڈ کی تشکیل میں جنس، علوم، مہارتوں اور مختلف صلاحیتوں کے امتزاج سے بورڈ کی کارکردگی میں اضافہ ہو جاتا ہے۔ ہمارے بورڈ کی تشکیل سے تمام شعبہ ہائے زندگی سے تعلق رکھنے والے حصص داران کی نمائندگی کا عکس نمایاں ہے جو کہ درج ذیل ہے:

ڈائریکٹرز کی کل تعداد	
الف) مرد حضرات	6
ب) خواتین	1
بورڈ کی تشکیل	
i) آزاد ڈائریکٹرز	2
ii) دیگر غیر انتظامی ڈائریکٹرز	4
iii) انتظامی ڈائریکٹر	1

رسک مینجمنٹ

حکمت عملی کے رسک	کاروباری اعمال کے رسک	مالیاتی رسک	ضوابط کی پاسداری کے رسک
حکمت عملی کے رسک میں گیس پیٹرولیم ایندھن کی فراہمی اور قیمتوں میں تبدیلی شامل ہیں جیسا کہ گیس پیٹرولیم ایندھن کی قیمتوں میں غیر معمولی فرق کی وجہ سے پیداواری لاگت پر بہت گہرے اثرات مرتب ہوتے ہیں۔ مقامی کرنسی کی تبدیلی سے بدلتے ہوئے مسابقتی ماحول پر بھی گہری نظر بھی جاری ہے۔ کمپنی کی جانب سے تمام منصوبوں اور شعبوں کے اہداف پر بدلتے ہوئے حالات کے پیش نظر نظر ثانی کی جاتی ہے۔ ان تمام رسک کو کنٹرول کرنے کیلئے بھی مناسب اقدامات اٹھائے جاتے ہیں۔	کمپنی کے پیداواری عمل اور فروخت کو متاثر ہونے سے بچانے کیلئے کاروبار کے بلاتعطل جاری رہنے اور آفات سے نمٹنے کے لئے خصوصی منصوبہ بندی کی جاتی ہے۔ خام مال کی دستیابی، افرادی قوت کی بروقت فراہمی کو ممکن بنانا اور دونوں پلانٹس پر توانائی کی پیداوار میں خود کفیل ہونا اور بیمہ پالیسی اور دیگر پارٹیوں کے ذریعے ہونے والے نقصانات سے بچنے کے اقدامات کی وجہ سے کمپنی کاروباری اعمال پر رسک کا قابل قبول حد تک کم کرنے میں کامیاب ہو چکی ہے۔	کمپنی کی جانب سے کی گئی برآمدات اور درآمدات اور بیرون ملک کی برآمدات اور ایکسپورٹ کی وجہ سے کمپنی کو غیر ملکی کرنسی میں لین دین کے خلاف ایک فطری تحفظ (natural hedge) حاصل ہے جس کی وجہ سے کمپنی بہت سے مالیاتی خطرات سے محفوظ ہے۔ مختلف مالیاتی نظم و ضبط اور قرض کی ترتیب کے مطابق بندوبست اور غیر ملکی لین دین میں پاکستانی کرنسی کے اتار چڑھاؤ میں کمپنی کو لاحق خطرات سے نمٹنے کیلئے مناسب پالیسی کی وجہ سے کمپنی اندرونی طور پر اور بیرونی پارٹیوں میں سرمایہ کاری کے لحاظ سے بھی مالیاتی رسک سے محفوظ ہے۔	کمپنی کی جانب سے تمام قواعد اور ضوابط کی مکمل پاسداری اور مالیاتی رپورٹنگ میں احتیاط کی وجہ سے کمپنی اس رسک سے تقریباً محفوظ ہے۔ ضرورت پڑنے پر اہم قانونی معاملات میں ملوث ہونے کی صورت میں کمپنی کی جانب سے معروف قانونی فرم اور ماہرین قانون سے مشاورت کی جاتی ہے۔

کارپوریٹ معاشرتی ذمہ داری

عطیات	تعلیمی وظائف	طبی امداد اور صحت کے تحفظ کیلئے اقدامات	اہم منصوبے
انفرادی اور ادارتی سطح پر فلاح و بہبود کے کاموں کیلئے عطیات فراہم کئے جاتے رہے ہیں۔	تعلیم سے وابستہ اپنے عزائم کی تکمیل کیلئے آئی بی اے، لمس، آئی بی ایم اور دیگر تعلیمی اداروں کے طلبا کیلئے تعلیمی وظائف کی فراہمی کو جاری رکھا گیا۔ کراچی میں دو سرکاری لڑکیوں کے اسکولوں کی مسلسل سرپرستی جاری رہی ہے۔	عزیز جہاں فاؤنڈیشن کے ذریعے تعلیم اور صحت کے شعبوں میں ترقی کی غرض سے ہر قسم کی امداد کی فراہمی کو جاری رکھا گیا۔	پلانٹ اور اس کے ارد گرد کے علاقوں میں شجرکاری کی مہم چلائی گئی اور اس مقصد کیلئے پودے بھی فراہم کئے گئے۔ دونوں پلانٹس سے ہونے والے اخراج کی مسلسل نگرانی کی جاتی رہی ہے۔

کارپوریٹ معاشرتی ذمہ داری

آپ کی کمپنی اس بات کا عزم کئے ہوئے ہے کہ جس معاشرے میں یہ اپنے اعمال سرانجام دے رہی ہے اس معاشرے کی قدر میں اضافے کیلئے اسے اخلاص نیت سے کام کرنا ہے اور اس سلسلے میں کمپنی کی اپنی ایک تاریخ ہے۔ معاشرے کی خدمت کیلئے ٹھوس اقدامات اٹھانا اور عالمی مسائل کیلئے حل پیش کرنا ہمارے طرز کاروبار کا خاصہ ہے۔ اپنے مقاصد کے حصول کیلئے ہم نے اہداف کا تعین کر رکھا ہے جن میں ماحولیات، معاشرتی اور گورننس کے بہترین اصولوں کی پاسداری کرنا شامل ہیں اور ان اہداف کا دائرہ کار ہمارے کاروباری اعمال کے مکمل پھیلاؤ تک موجود ہے۔ آپ کی کمپنی کی جانب سے کارپوریٹ معاشرتی ذمہ داری کا بنیادی مقصد تعلیم، خواتین کی خود مختاری، صحت، بچاؤ ماحولیات اور کمیونٹی ڈیولپمنٹ کے شعبوں میں اپنی خدمات پیش کرنا ہے۔

تعلیم و وظائف

اپنے اس طویل المیعاد عزم کو نبھانے کیلئے کہ مستحق اور غیر مراعات یافتہ طبقے سے تعلق رکھنے والے میرٹ کی بنیاد پر امداد فراہم کی جائے آپ کی کمپنی کی جانب سے پاکستان کے مختلف معروف جامعات اور غیر ملکی جامعات میں تعلیمی سلسلہ جاری رکھنے کیلئے طلبا کو وظائف دیئے گئے۔

خواتین کی خود مختاری

اسی طرح آپ کی کمپنی خواتین کو خود مختار بنانے کے لئے بھی اپنا بھرپور کردار ادا کر رہی ہے اور اس سلسلے میں زندگی ٹرسٹ کے ساتھ مل کر دو معروف سرکاری گرلز اسکولوں کی امداد جاری رکھے ہوئے ہے۔ ان اسکولوں کو پاکستان میں لڑکیوں کی تعلیم کیلئے مثالی اداروں میں تبدیل کر دیا گیا ہے۔

صحت سے متعلق اقدامات

صحت عامہ کی بہترین سہولیات کو عام کرنا بھی آپ کی کمپنی کی ترجیحات میں شامل ہے اور اس سلسلے میں عزیز جہاں فاؤنڈیشن کے ساتھ مالی تعاون کا سلسلہ جاری ہے جو انسانی خدمت کا ایک عظیم الشان ادارہ ہے جس کے تحت دو ہارٹ انسٹیٹیوٹ اور دو کڈنی انسٹیٹیوٹ چلائے جا رہے ہیں جو کہ ملک میں صحت کی معیاری سہولتوں کے فقدان کو پورا کرنے کیلئے اپنا کردار ادا کر رہے ہیں۔ ہارٹ انسٹیٹیوٹ امراض قلب سے متعلق تدارک اور علاج کی سہولیات سے متعلق خدمات پیش کر کے ایک نئی تاریخ رقم کر رہے ہیں۔ جبکہ دوسری جانب کڈنی سینٹر پاکستان میں اپنی نوعیت کا سب سے بڑا ڈائیلاسس سینٹر بن چکا ہے جہاں گردوں کے امراض سمیت یورولوجی سے متعلق مکمل سہولیات فراہم کی جا رہی ہیں۔

مزید برآں، آپ کی کمپنی کی جانب سے پاکستان ویمن ایسوسی ایشن آف دی بلائنڈ اور ورلڈ میمن آرگنائزیشن کی مالی امداد بھی کی جاتی ہے۔

اقدامات برائے استحکام

آپ کی کمپنی کاروبار کو استحکام کے ساتھ چلانے کیلئے بین الاقوامی سطح پر طے شدہ مسلمہ اصولوں کی مکمل پاسداری کرتی ہے۔ لیکن اس سلسلے میں کمپنی کی جانب سے اٹھائے جانے والے بیشتر اقدامات رضاکارانہ ہیں اور کمپنی انہیں اٹھانے کا عزم لئے ہوئے ہے۔ انہی اقدامات کے تحت کمپنی کی جانب سے کوششیں کی جاتی ہیں کہ قدرتی سرمائے کی حفاظت کی جائے، زمین میں اصلاحات کی جائیں اور پانی کی حفاظت کی جائے

انسانی وسائل کی ترقی

منصوبہ بندی	پرفارمنس مینجمنٹ	سیکھنے اور ترقی کا عمل	ٹیلنٹ مینجمنٹ
کمپنی کے اندر ہی موجود وسائل کی نشاندہی کی غرض سے 9 باکس (کارکردگی / صلاحیت) میٹرکس کا استعمال۔ اس ٹول کو استعمال کر کے ہم مستقبل میں اہم پوزیشنوں کیلئے افرادی قوت کی نشاندہی اور تربیت کا اہتمام کر سکتے ہیں۔ اس عمل سے اعلیٰ سطح پر کام کرنے والے افراد کی نشاندہی بھی ہو جاتی ہے اور اپنے افراد کو رکھنے کے اور جانشینی منصوبے پر عمل کرنے میں بھی مدد ملتی ہے۔	پرفارمنس مینجمنٹ سائیکل کی ابتدا سالانہ اہداف مقرر کئے جانے سے ہوتی ہے جس کے تحت ادارے کی حکمت عملی کو [illegible] ہے۔ اس بات کو یقینی بنایا جاتا ہے کہ اس کا اطلاق پورے ادارے کے تمام افراد میں ہو۔ انتظامیہ میں تمام پوزیشنوں پر [illegible] اہداف دیئے جاتے ہیں اور اس بات کی پوری کوشش کی جاتی ہے (ذاتی تعصبات کم از کم کئے جائیں۔	[illegible] (ٹی این اے) کے تحت کمپنی کے اندر اور بیرونی سطح پر تربیت کا اہتمام کیا جاتا ہے اور تربیتی پروگرام کروائے گئے ہیں جن میں تمام سطحوں پر اور مختلف شعبوں میں کام کرنے والے ملازمین کو [illegible] سے متعلق آگہی فراہم کی گئی۔ دیگر اقدامات میں [illegible] مینجمنٹ میں ٹیکس، اسٹارٹ اپ، TED ٹاک، [illegible] کی فراہمی وغیرہ شامل ہیں۔	مکمل طور پر [illegible] کا ایک منصوبہ [illegible] کیا گیا ہے جس کی مدد سے [illegible] ضروری مہارتوں کی بنیاد پر کمپنی کے باہر سے بہترین افرادی قوت کے انتخاب کو ممکن بنایا جا سکتا ہے اور کمپنی کے اندر موجود افرادی قوت کو [illegible] استعمال میں لانے میں مدد مل سکتی ہے۔ نیز کمپنی میں موجود افرادی قوت کو بروقت اور ضروریات پر مبنی موثر تربیت کے ذریعے اگلے پوزیشنوں کیلئے تیار کیا جا سکتا ہے۔ لیڈرشپ کے فروغ کو یقینی بنانے کیلئے [illegible] اور ذاتی [illegible] کیے گئے [illegible] فراہم کیے جاتے ہیں کہ کمپنی میں موجود [illegible] لیڈرشپ کو آگے لایا جا سکے۔

ایچ ایس ای (صحت، تحفظ اور ماحولیات)

کام سے متعلق حادثات	[illegible] معیارات کی پاسداری	[illegible] کی [illegible]
کام کی جگہ کے ماحول سے حادثات کو کم از کم رکھنے کی پالیسی کے اہداف حاصل کئے گئے (گزشتہ سال کے مقابلے میں حادثات کی شرح 50% کم رہی)	[illegible] (WHR) [illegible] کو استعمال کرنے کے سلسلے میں (NEQ) کے معیارات سے کارکردگی تقریباً 68% بہتر رہی۔	[illegible] کے اخراج میں کمی [illegible] اس بات کا اہتمام کیا گیا ہے کہ [illegible] سے پیدا شدہ [illegible] کیلئے استعمال کیا جائے۔

کاروبار کی نشوونما اور مختلف النوع کاروبار

[illegible] پروجیکٹ	[illegible] آغاز
660 میگاواٹ [illegible] کے پلانٹ [illegible] کوویڈ-19 کی وبا پھیلنے سے پہلے [illegible] کام شیڈول کے مطابق جاری تھا اور پروجیکٹ کے کمرشل آپریشن کیلئے مارچ 2021 کی تاریخ مقرر کی گئی تھی۔ تاہم [illegible] کی بنا پر [illegible] کے تحت [illegible] 27 مارچ 2020 کو [illegible] سی پی ایچ جی سی [illegible] 120 [illegible] ایچ ای ایل [illegible] پروجیکٹ کے کمرشل آپریشن [illegible] 30 جون 2020 تک 85% تک مکمل ہو چکا ہے۔ [illegible] کوویڈ-19 [illegible] کی سہولت فراہم کر دی جائے گی۔	[illegible] آغاز [illegible] 2020 کے [illegible] 12 [illegible] ستمبر 2020 میں [illegible] کوویڈ-19 کے [illegible] استعمال کیا جا رہا ہے۔

کارکردگی کے معیارات

طے شدہ مقاصد و اہداف کے حصول کو ممکن بنانے کیلئے کمپنی کی جانب سے کارکردگی کو جانچنے کے معیارات وضع کئے گئے ہیں۔ ان معیارات کو کمپنی کے ہر شعبے اور طول و عرض میں "کمپنی سیمنٹ لمیٹڈ کے 9 اہداف" کے نام سے فراہم کیا جا چکا ہے۔ ان معیارات کی وجہ سے اپنے مستقبل کی حکمت عملی طے کرنے میں بھی مدد ملتی ہے۔

- مقامی اور برآمدی مارکیٹوں میں مستقل اور منافع بخش نشوونما کو ممکن بنانا۔
- صنعت میں سب سے کم پیداواری لاگت کو برقرار رکھنے کیلئے ہر ممکن کوشش کرنا۔
- کارپوریٹ اور برانڈ کی ساکھ کو مزید بہتر بنانا۔
- انسانی وسائل کو اپنی جانب متوجہ کرنا، انہیں اپنے ساتھ رکھنا، انہیں تربیت فراہم کرنا اور انہیں معقولیت کے ساتھ بروئے کار لانا۔
- محفوظ اور صحت افزا ماحول کو پروان چڑھانا۔
- پاکستان سے باہر اپنے قدم جمانا اور مختلف کاروباروں میں قسمت آزمانا۔
- آئی ٹی سسٹم کی اصلاح کرنا اور انفراسٹرکچر کو مضبوط کرنا۔
- رسک مینجمنٹ پروگرام کو مزید باعمل میں پیش کرنا۔
- کمپنی کے تمام امور میں کارپوریٹ معاشرتی ذمہ داری کو شامل کرنا۔

دوران سال رواں انتظامیہ نے مذکورہ بالا اہداف کو کمپنی میں ہر سطح پر اس مقصد کیلئے سب تک پہنچا دیا ہے تاکہ ہر شعبہ طے شدہ معیارات کو مدنظر رکھتے ہوئے اپنے اپنے دائرے میں تمام امور بشمول انسانی وسائل کے استعمال کے ضمن میں ان پر عمل درآمد شروع کرے۔ سال کے دوران ان اہداف کو لاگو کیا گیا ہے اور ان پر عمل درآمد کو چیک کرنے کا کام مینجمنٹ کمیٹی اور پریکٹسز سے متعلق ہونے والے اجلاس میں ہوتا رہا ہے۔

مالیاتی و غیر مالیاتی امور میں کارکردگی کی جانچ

مستقل اور منافع بخش نشوونما

مارکیٹ میں حصہ	کم از کم پیداواری لاگت	حجم برائے فروختگی	آمدنی فی حصص	پیداواری لاگت میں کمی کیلئے اقدامات
مالی سال 20-2019 کے دوران مارکیٹ میں 15.9% کا حصہ حاصل کیا گیا۔	لاگت برائے فی ٹن پیداوار صنعت میں سب سے کم رہی۔	انتہائی پیچیدہ ماحول کا سامنا کرنے کے باوجود سال بہ سال مجموعی طور پر فروختگی کے حجم میں 0.6% کی کمی ہوئی۔	آمدنی فی حصص 10.34 روپے رہی جو کہ گزشتہ سال کے مقابلے میں 68% کم ہے جس کی وجہ فروخت اور قیمت فروخت میں کمی اور خام مال قیمتوں میں اضافہ ہے۔	بوائلر کے نظام پر ڈاؤن دان کی تنصیب کے بعد کارکردگی مزید موثر ہوئی ہے اور کوئلے اور توانائی کی کھپت میں بھی کمی آئی ہے۔

کارپوریٹ اور برانڈ کی ساکھ

ایوارڈز	حاصلات سے حسن کی	کارپوریٹ معاونت	بین الاقوامی کانفرنس
پاکستان اسٹاک ایکسچینج کی جانب 2017 سے 2018 کے دوران 25 بڑی کمپنیوں میں شامل ہونے کا ایوارڈ دیا گیا۔ یہ ایوارڈ کمپنی کو مالیاتی و کارپوریٹ گورننس کے امور احسن طریقے سے چلانے اور سرمایہ کاروں کے ساتھ مستحکم تعلقات استوار کرنے کے اعتراف میں دیا گیا ہے۔ سیمنٹ سیکٹر میں کارپوریٹ ایکسیلنس کے سلسلے میں 35 ویں ایم اے پی ایوارڈ۔ سیمنٹ کی کیٹگری میں بہترین کارپوریٹ رپورٹ ایوارڈ بسلسلہ دوسری پوزیشن "بہترین کارپوریٹ اینڈ سسٹینیبلٹی رپورٹ ایوارڈ 2018" 16 ویں سالانہ انوائرمنٹ ایکسیلنس ایوارڈ 2019 جو بہترین کارکردگی پر دیا جاتا ہے۔ پروفیشنل نیٹ ورک: 9 ویں کارپوریٹ معاشرتی ذمہ داری سمٹ ایوارڈ 2019۔ دی چیمبر آف فزیکل انوائرمنٹ اینڈ سیفٹی (این ایف ای ایچ) کی جانب سے 9 ویں سالانہ سیفٹی ایوارڈ۔	دوران سال "NEDIAN International Alumni Network Association Event" کو اسپانسرشپ فراہم کی۔ International Network for Traditional Building Architecture and Urbanism (INTBAU) کو پاکستان میں ان کی بین الاقوامی کانفرنس کے سلسلے میں اسپانسرشپ فراہم کی۔ INTBAU کا مشن ہے کہ روایتی انداز تعمیر کو بحال کیا جائے اور بہتر تعمیرات کے ذریعے انسانی خدمت کیلئے رواں دواں رہا جائے۔	جاری تعلیمی پروگرام میں مختلف تعلیمی اداروں میں انجینئرز کے ذریعے پہنچنے کی کوششیں جاری رہیں۔	کینیا، نیروبی میں منعقد کی جانے والی افریقہ پاکستان ایکسپورٹ کانفرنس میں 30 تا 31 جنوری 2020 شرکت کی۔ دبئی میں سیمنٹ کی صنعت سے متعلق عالمی شہرت یافتہ ایونٹ INTERCEM میں شرکت کی گئی۔

اور 0.6 بلین روپے انٹرسٹ کی مد میں خرچ کئے گئے۔ بورڈ آف ڈائریکٹرز اس بات سے مطمئن ہے کہ ایک جامع اور موثر ٹریژری مینجمنٹ سسٹم فعال ہونے کی وجہ سے مستقبل قریب میں ہم کسی قسم کے کوئی قلیل المدتی یا طویل المدتی تمویلی مسائل نہیں دیکھتے۔

سرمائے کی ساخت اور مالیاتی پوزیشن

گو کہ آپ کی کمپنی بنیادی طور ایکویٹی پر قائم ہے لیکن بہترین کیپٹل اسٹرکچر کیلئے اسٹیٹ بینک آف پاکستان کی جانب سے برآمد کنندگان کو قلیل المدتی اسکیم سے فائدہ اٹھاتے ہوئے کمپنی نے ورکنگ کیپٹل کے ضمن میں اس اسکیم سے فائدہ اٹھایا ہے۔ آپ کی کمپنی کی مضبوط مالیاتی پوزیشن اور اندرونی طور پر نقد رقم کی ترسیل سے ایک جانب تو کمپنی کی انتظامیہ کو یہ موقع حاصل ہوتا ہے کہ کمپنی کی جانب سے لاگت میں کمی لانے جیسے منصوبوں پر سرمایہ کاری کی جائے اور دوسری جانب سپلائرز بھی پورے اعتماد کیساتھ ہمارے کاروبار میں شامل ہوتے ہیں۔ دوران سال رواں ہمارے ذخائر میں 15% اضافہ ہوا ہے جس کے بعد ہمارے ذخائر 96 بلین روپے تک پہنچ چکے ہیں۔ ذخائر میں اضافے کا سہرا کمپنی کیجانب سے پیداواری لاگت میں کمی لانے کیلئے متعارف کروائی جانے والی حکمت عملی اور حاصل شدہ منافع کے سر ہے۔ ہماری تمویلی حکمت عملی اور کیپٹل اسٹرکچر میں کوئی خاطر خواہ تبدیلی متعارف نہیں کروائی گئی۔

بندوبست برائے تمویل

برآمدات کے سلسلے میں غیر معمولی کارکردگی کا مظاہرہ کرنے اور مقامی سطح پر خطرات سے نمٹنے کیلئے کمپنی کی جانب سے اسلامی بینکوں سے اسلامی ایکسپورٹ ری فنانس کے تحت 6.05 بلین روپے کی سہولت حاصل کی گئی ہے (اس سہولت کے تحت 2019 میں 2.9 بلین روپے حاصل کئے گئے تھے)۔ ایکسپورٹ ری فنانس کی اس سہولت کو پلانٹ و مشینری، انونٹریز، اسٹور اور اسپیئرز پر رہن کے ذریعے حاصل کیا گیا ہے۔

کریڈٹ ریٹنگ

زیر نظر مالی سال کے دوران وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے درمیانی اور طویل المیعاد قرضوں کے سلسلے میں AA+ اور قلیل المیعاد قرضوں کے سلسلے میں A-1+ کی ریٹنگ کمپنی کو دی گئی ہے۔

درمیانی سے طویل المیعاد قرضوں کے سلسلے میں دی گئی ریٹنگ سے کریڈٹ کے اعلیٰ معیار اور بروقت حفاظتی اقدامات کا اظہار ہوتا ہے۔ نیز قلیل المیعاد قرضوں کی ریٹنگ کمپنی کی جانب سے قرضوں کی بروقت واپسی اور غیر معمولی صورتحال کے علاوہ کمپنی کے پاس وافر مقدار میں قلیل المدتی نقد رقم کی ترسیل کا اظہار ہے۔ آپ کی کمپنی کو دی جانے والی اعلیٰ کریڈٹ ریٹنگ اس بات کی غماز ہے کہ کمپنی قرضوں کی واپسی کے سلسلے میں بہت اچھی ساکھ کی حامل ہے اور یہ کہ اپنی مالی ذمہ داریوں سے نمٹنے کیلئے نقد رقم کی ترسیل کے سلسلے میں کمپنی موثر حکمت عملی پر عمل پیرا ہے۔

ترقی برائے انسانی وسائل

جیسے جیسے ہم ترقی کی منازل طے کر رہے ہیں ہمارے انسانی وسائل کی ترقی اور ان کا کردار بھی اہمیت اختیار کرتے جا رہے ہیں۔ ہم کام کرنے کیلئے ایسا ماحول فراہم کرنے کیلئے پرعزم ہیں جہاں ہمارے ملازمین خود کو تخلیقی، قابل عزت، خود مختار اور پرجوش محسوس کریں۔ ذہین اور مخلص افراد ہمارے اس کلچر میں بنیادی حیثیت رکھتے ہیں جہاں صرف ترقی آگے بڑھنے کی بنیاد ہے۔ اس لئے ہم افراد کی صلاحیتوں اور رجحانات کا احترام کرتے ہیں اور آگے بڑھنے کے مسلسل اور بھرپور مواقع فراہم کرتے ہیں۔

معیار کو بہتر بنانا ہمارے کاروبار کی طویل المیعاد اور مستقل کامیابی کیلئے انتہائی اہم ہے۔ البتہ ہم کاروبار میں اعداد اور تخمینوں کو بھی اتنی ہی اہمیت دیتے ہیں جس کی بنیاد پر آج ہم اپنے کاروبار کو آگے بڑھا رہے ہیں۔ ہم نے اپنی ٹیم کیلئے واضح اہداف اور کارکردگی کو جانچنے کیلئے اہم علامتیں مقرر کر رکھی ہیں جن کی وجہ سے ہماری توجہ مکمل طور پر ایک ایسے نظام کو وضع کرنے پر مرکوز رہتی ہے جس کے تحت ہم ٹھوس نتائج برآمد کر سکیں۔ ہمارا ٹیلنٹ مینجمنٹ سسٹم اس بات کو یقینی بناتا ہے کہ ملازمین پوری دیانتداری اور مستقل مزاجی کے ساتھ ہمیں اپنی آراء سے آگاہ کریں اور اس کے علاوہ خود احتسابی کا جذبہ بھی ان میں پیدا ہو۔ جس کا لازمی نتیجہ اس صورت میں سامنے آتا ہے کہ ہم بطور ٹیم خود کو بہترین انداز سے تیار کریں اور مستقبل کے چیلنجز سے نمٹنے کیلئے کارکردگی کی بنیاد پر موثر منصوبہ بندی کر سکیں۔ ہمیں اس بات پر فخر ہے کہ کمپنی سیمنٹ میں ایک ایسا کلچر موجود ہے جس کے تحت ملازمین کو خود مختار بنایا جاتا ہے اور وہ انفرادی اور اجتماعی طور پر بہترین انداز سے خود احتسابی کر سکتے ہیں۔

انتظامیہ کے اہداف اور حکمت عملی

آپ کی کمپنی کی انتظامیہ کا سب سے اہم ہدف یہ ہے کہ پاکستان کی سیمنٹ کی صنعت میں کمپنی کی بالادستی کو برقرار رکھا جائے اور تمام شراکت داروں کی سرمایہ کاری کی قدر میں اضافہ کیا جائے۔ تمام کاروباری اہداف کا رخ اسی سمت میں ہے اور اس مقصد کیلئے اعلیٰ کارکردگی کی اہم علامتوں کا تعین بھی کر دیا گیا ہے تاکہ کمپنی کے ہر شعبے میں کارکردگی کو ٹھوس بنیادوں پر جانچنے کیلئے اور ان میں بہتری پیدا کرنے کیلئے معیارات مقرر ہو جائیں۔

آج آپ کی کمپنی ایک عالمی شناخت کی حامل ہے اور انتظامیہ اس سے بھی آگے بڑھ کر نئی منازل طے کرنے کی خواہش مند ہے جس کیلئے ہماری توجہ اعلیٰ پیشہ ورانہ اور انتہائی قابل ٹیم تشکیل دینے، بہترین ٹیکنالوجی میں سرمایہ کاری کرنے، صارفین کا اعتماد بحال رکھنے، سپلائی چین کے ذریعے مجموعی موثر نتائج حاصل کرنے اور ماحولیات اور کمیونٹی کی ترقی کیلئے کام کرنے پر مرکوز ہے جن میں رہ کر کمپنی اپنے کاروباری امور سرانجام دے رہی ہے۔

طے شدہ کارپوریٹ اہداف کے حصول کو ممکن بنانے کیلئے آپ کی کمپنی نے کمپنی کے طول و عرض میں تمام اعلیٰ و ادنیٰ ملازمین کو شامل کرتے ہوئے ہر کام کے سرانجام دینے کیلئے SOPs (کام سرانجام دینے کے معیارات) اور KPIs (کارکردگی کو جانچنے کے پیمانے) مقرر کر دیئے ہیں۔ ان پیمانوں اور معیارات کو وسیع النظر کارپوریٹ اہداف کے ساتھ متوازن رکھا گیا ہے تاکہ کمپنی کا ہر ملازم ان شفاف پیمانوں کو مدنظر رکھتے ہوئے سالانہ اہداف کے پیش نظر بذات خود اس بات کا اندازہ لگا سکے کہ وہ کس حد تک کامیاب رہا۔ کمپنی میں کامیابی کے ساتھ SAP S / 4 HANA کی تنصیب جو کہ ملک بھر میں اپنی نوعیت کی پہلی اور دنیا کی سطح پر پانچویں تنصیب ہے کے بعد اس کے ثمرات موثر کارکردگی، طریقہ کار کی پیچیدگیاں دور کرنے، دہرائے جانے والے کاموں کی تخفیف، مواصلاتی رابطوں میں تعطل کو ختم کئے جانے اور بروقت انفارمیشن پروسیسنگ کی صورت میں سامنے آرہے ہیں۔ مزید برآں، ہماری جانب سے انسانی وسائل سے متعلق پالیسیوں میں بھی مزید نکھار پیدا کیا گیا ہے اور کامیابی کے ساتھ ملک کے معروف تعلیمی اداروں کے اشتراک سے ایک طے شدہ مینجمنٹ ٹریننگ پروگرام کا آغاز کیا گیا ہے۔

آپ کی کمپنی کی جانب سے اعلیٰ مالیاتی کارکردگی اور مارکیٹ لیڈرشپ اس بات کی غمازی کرتے ہیں کہ تمام حکمت عملیوں کے پیش نظر کمپنی اپنے کارپوریٹ اہداف حاصل کرنے میں کامیاب رہی ہے۔

غیر تقسیم شدہ منافع کی تفصیلات درج ذیل ہیں:

	روپے ہزاروں میں
حاصل منافع برائے سال:	
غیر منقسم شدہ منافع سال کے آغاز میں	-
منافع دستیاب برائے تقسیم	3,508,483
تقسیم منافع	
مجوزہ حتمی برائے عمومی ذخائر	3,508,483
غیر منقسم شدہ منافع سال کے اختتام پر	-
بنیادی و تحلیل آمدنی فی حصص (EPS) روپے میں	10.34

پروجیکٹس — نئے اور جاری

سرمایہ کاری

660×1 میگا واٹ کے سپر کریٹیکل کوئلے کے پاور پروجیکٹ میں سرمایہ کاری

چین میں کورونا وائرس سے پھوٹنے والی وباء سے قبل شیڈول کے مطابق 660 میگا واٹ سپر کریٹیکل، امگائٹ کوئلے کے بجلی پاور پلانٹ پر کام جاری تھا اور کمرشل بنیادوں پر کام شروع کئے جانے کی تاریخ یکم مارچ 2021 مقرر کی گئی تھی۔ تاہم اس وبائی صورتحال کی بناء پر تعمیراتی اور سپلائی کنٹریکٹروں نے معاہدے میں موجود شقوں کی مطابق ناگزیر حالات کے تحت یہ واضح کر دیا کہ پروجیکٹ تاخیر کا شکار ہوسکتا ہے۔ اسی طرح 27 مارچ 2020 کو سینٹرل پاور پرچیزنگ کمپنی (سی پی پی اے) کی جانب سے بھی ناگزیر صورتحال (ایف ایم ای) کا نوٹس موصول ہوگیا جس میں انٹرکنکشن کی سہولت کی فراہمی میں تاخیر کا عندیہ دیا گیا جو کہ آپریشن کی تاریخ سے 120 ایام قبل فراہم کرنا ضروری ہوتا ہے۔ ایف ایم ای نوٹس میں پروجیکٹ کے کمرشل آپریشنز سے متعلق کوئی حتمی تاریخ نہیں دی گئی کیونکہ مذکورہ ناگزیر حالات جوں کے توں ہیں۔ تاہم جہاں جہاں کمپنی کی بات چیت وزارت توانائی، سی پی پی اے، اور این ٹی ڈی سی سے چل رہی ہے وہاں کمپنی اپنے کنٹریکٹروں اور سی پی پی اے کے تعاون سے تعمیراتی کاموں میں تاخیر کو کم سے کم کرنے کیلئے اقدامات اٹھا رہی ہے اور پلانٹ کو انٹرکنکشن کی فراہمی کیلئے کوششیں کی جا رہی ہیں جو کہ پری اور پوسٹ سنکرونائزیشن ٹیسٹ کیلئے ناگزیر ہے۔ پروجیکٹ 30 جون 2020 تک 85% تک مکمل ہو چکا ہے۔ اس بات کا امکان موجود ہے کہ کمرشل آپریشن کی تاریخ کو ان دنوں کے اندر اندر رکھا جائے گا اور اس کا انحصار اس مفروضے پر ہے کہ کووڈ-19 کا مزید پھیلاؤ اب رک جائے گا اور سی پی پی اے کی جانب سے دی گئی تاریخ کے مطابق انٹرکنکشن کی سہولت فراہم کر دی جائے گی۔

ماوراء عراق میں گرین فیلڈ کلنکر کی پیداواری سہولت - 1.2 ملین ٹن سالانہ

کلنکر پلانٹ کی تمام شپمنٹس سائٹ پر پہنچ چکی ہیں اور تعمیراتی کام جاری ہے۔ سیمنٹ گرائنڈنگ یونٹ کی پہلی شپمنٹ اگست 2020 کے پہلے ہفتے میں پہنچی اور سیمنٹ گرائنڈنگ یونٹ کی دوسری شپمنٹ، 12 ایل ایچ آر، پاور اور دو سیمنٹ کا جزو پرزہ اور دیگر سامان برائے سیمنٹ مل حتمی طور پر اگست / ستمبر 2020 میں پہنچ جائیں گی۔ پلانٹ کی سائٹ پر موجود افرادی قوت، دیگر سامان اور ضروری وسائل کو کووڈ-19 کے لاک ڈاؤن کے باوجود زیر استعمال لایا جا رہا ہے۔

عراق میں فضائی حدود بند کئے جانے کی وجہ سے ہم پری ہیٹر / کلنکر، ریفریکٹری ورکس اور الیکٹرک ورکس کی رفتار کو بڑھانے کیلئے مزید افرادی قوت سائٹ پر نہیں پہنچا پا رہے ہیں۔ ہمیں خدشہ ہے کہ پلانٹ کی تکمیل میں کچھ تاخیر ہو جائے گی اور امید ہے کہ اب دسمبر 2020 یا جنوری 2021 تک پلانٹ کی تکمیل ہو جائے گی۔ تاہم فضائی حدود پر پابندی میں توسیع کی صورت میں کمرشل آپریشنز کی تاریخ میں مزید اضافہ کیا جا سکتا ہے۔

شعبوں کی بنیاد پر کاروباری کارکردگی کا جائزہ

کمپنی کی جانب سے آئی سی آئی پاکستان کا حصول، کے الیکٹرک اور KIA کمپنی میں کی جانے والی سرمایہ کاری نئی کاروباری راہیں تلاش کرنے کی حکمت عملی کے عین مطابق ہے جسے جدول کی شکل میں ذیل میں پیش کیا جا رہا ہے۔

شعبہ	سالانہ آمدنی کی شرح نمو	خام منافع کی شرح	کاروباری منافع کی شرح	شعبے کے اثاثے (ملین روپے میں)	شعبے کے واجبات (ملین روپے میں)
سیمنٹ	-12.81%	14.51%	2.84%	80.90	28.13
پولیسٹر	-15.84	5.73%	2.36%	9.38	14.83
سوڈا ایش	-5.39%	28.04%	22.06%	24.92	3.10
فارما	-6.72%	32.21%	9.03%	6.04	5.84
جانوروں کی صحت	4.72%	23.08%	4.46%	4.17	1.96
کیمیکلز	-1.06%	24.45%	8.50%	8.94	1.90
بیج کی صنعت و زراعت	100%	18.05%	-20.28	7.81	4.75
آٹو موبائلز	2346.21%	7.72%	1.99%	28.68	12.61
پاور جنریشن	0.00%	0.00%	0.00%	90.12	3.60
دیگر	127.04%	33.72%	7.58%	8.38	7.75

کمپنی کی نقد رقم کی ترسیل کے اہم ذرائع

حکمت عملی برائے ترسیل نقد رقوم

آپ کی کمپنی کی جانب سے نقد رقوم کی ترسیل کیلئے ایک مؤثر اور جامع نظام نافذ العمل ہے جس کے تحت نقد رقوم کی آمدن اور اخراجات کے تخمینے لگائے جاتے ہیں اور باقاعدگی کے ساتھ ان کی نگرانی کی جاتی ہے۔

جہاں تک ورکنگ کیپیٹل کا تعلق ہے اس کا بندوبست بنیادی طور پر کمپنی کے اندرونی ذرائع اور بینکوں سے قلیل المدتی قرضوں سے کیا جاتا ہے۔

زیر نظر مالی سال کے دوران کمپنی کی جانب سے 6.78 بلین روپے مستقل سرمایہ کی مد میں، 8.8 بلین روپے طویل المدتی سرمایہ کاری کی مد میں، 2.17 بلین روپے حصص داران کو ڈیویڈنڈ کی ادائیگی کی مد میں

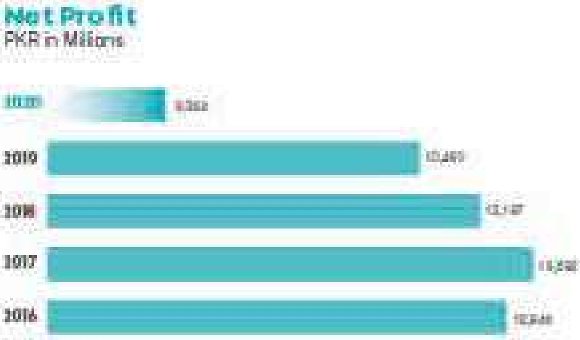
خام منافع

جیسا کہ اوپر ذکر کیا جا چکا ہے، قیمت فروخت میں کمی اور خام مال کی لاگت میں اضافے کی وجہ سے زیر نظر مالی سال کے دوران آپ کی کمپنی کا خام منافع 14.5% رہا جو کہ گزشتہ مالی سال کے اختتام پر 29.1% درج کیا گیا تھا۔

صافی منافع

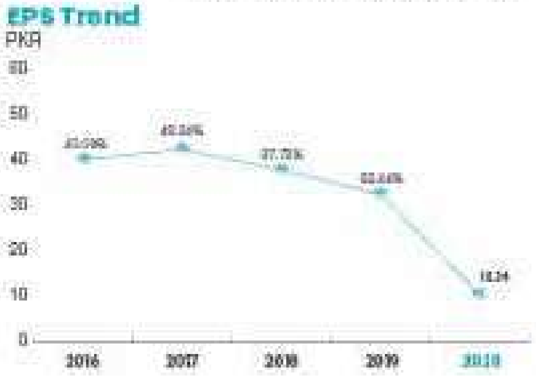
اس طرح آپ کی کمپنی نے زیر نظر مالی سال کے دوران 3,819.9 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جبکہ گزشتہ سال کے دوران یہ منافع 12,221.2 ملین روپے تھا۔

لہٰذا اس سال منافع بعد از ٹیکس 3,343.9 ملین روپے ریکارڈ کیا گیا جبکہ گزشتہ سال کے دوران منافع بعد از ٹیکس 10,490.2 ملین روپے ریکارڈ کیا گیا تھا۔



آمدنی فی حصص

آپ کی کمپنی کی جانب سے مالی سال 30 جون 2020 کے دوران آمدنی فی حصص 10.34 روپے رہی جبکہ گزشتہ سال کے دوران آمدنی فی حصص 32.44 روپے تھی۔



زیر نظر سالوں کے دوران کمپنی کے منافع جات پر آنے والی کمی کی اصل وجہ مقامی سطح پر سیمنٹ کی پیداواری صلاحیت میں کیا جانے والا اضافہ ہے جس کے کاروبار کی منفعت پر منفی اثرات مرتب ہو رہے ہیں جبکہ دوسری جانب پیداواری لاگت میں مسلسل اضافہ ہو رہا ہے۔ جیسے جیسے مقامی سطح پر طلب و رسد میں توازن پیدا ہوگا اور برآمدات میں اضافہ ہوگا اس کے ساتھ ساتھ کاروباری منافع میں بھی بہتری آنے کی توقع ہے۔

قومی خزانے میں حصہ

آپ کی کمپنی کی جانب سے سرکاری خزانے میں 20 ملین روپے (بمطابق 2019: 21 ملین روپے) انکم ٹیکس، ایکسائز ڈیوٹی، سیلز ٹیکس اور دیگر سرکاری لیویز کی مدات میں جمع کروائے گئے۔ مزید برآں، آپ کی کمپنی کی جانب سے زیر نظر مالی سال کے دوران سیمنٹ کی برآمدات کے ذریعے سے ملک عزیز کیلئے تقریباً 78.1 ملین ڈالر کا قیمتی زرمبادلہ بھی حاصل کیا گیا ہے۔

قومی مفاد میں عطیات

آپ کی کمپنی کارپوریٹ معاشرتی ذمہ داری کا مکمل احساس رکھتی ہے اور تعلیم، صحت، خواتین کی خودمختاری، بلند ماحولیات اور کمیونٹی کی ترقی کیلئے مختلف اقدامات اٹھانے میں پورے اخلاص کے ساتھ کام کر رہی ہے جو کہ کمپنی کی جانب سے براہ راست مالی امداد کے ذریعے اور بالواسطہ کمپنی کی جانب سے سول سوسائٹی اداروں اور غیر سرکاری تنظیموں کی امداد کے ذریعے اٹھائے جا رہے ہیں تاکہ ان کے مثبت اثرات معاشرے پر مرتب ہوں۔

تفصیلات عطیات (ہزار روپے)	مالی سال 2019-20	مالی سال 2018-19
صحت سے متعلق اقدامات اور مریضوں کیلئے مالی معاونت	106,000	221,903
کمیونٹی ڈویلپمنٹ	41,505	60,711
تعلیمی اقدامات اور اسکولوں، جامعات اور اسکالرشپ کے سلسلے میں مالی معاونت	27,213	29,499
اسپورٹس اور ایونٹس	-	1,000
عمومی عطیات	30	134
کل عطیات	174,748	313,247

ڈیویڈنڈ اور تقسیم منافع

کمپنی مختلف نوعیت کے کاروباروں میں سرمایہ کاری کے ذریعے اپنی توسیع کی پالیسی پر عمل پیرا ہے اور اس سلسلے میں سرمایہ گیر پروجیکٹس میں سرمایہ کاری کیلئے کمپنی اپنے کاروباری افعال سے حاصل ہونے والی نقد رقم کو سرمایہ کاری استعمال میں لاتی ہے۔ ان میں درج ذیل شامل ہیں:

الف) پیزو پلانٹ پر 2.8 میٹرک ٹن سالانہ کی نئی لائن کی تنصیب جس نے 30 دسمبر 2019 کو کام شروع کر دیا جس پر 20.2 ملین روپے سے سرمایہ کاری کی گئی ہے۔

ب) کیا موٹرز میں ایکیوٹی سرمایہ کاری۔ مالی سال 2018 اور 2019 کے دوران 12.87 ملین روپے کی ایکیوٹی شامل کی گئی، اور

ج) لکی الیکٹرک پاور لمیٹڈ میں ایکیوٹی کی سرمایہ کاری۔ مالی سال 2018 سے کل 19.45 ملین روپے کی ایکیوٹی سرمایہ کاری کی گئی ہے جبکہ پروجیکٹ اب ایک اہم اور فیصلہ کن مرحلے میں داخل ہو چکا ہے۔

تفصیلات	مالی سال 2019-20	مالی سال 2018-19	اضافہ / (کمی) فیصد	
	(ہزار ٹن میں)			
سیمنٹ کی صنعت				
مقامی فروخت	39,965	40,344	(379)	(0.9%)
برآمدات				
بوری بند سیمنٹ	3,586	4,276	(960)	(16.1%)
کھلا سیمنٹ	63	117	(54)	(46.2%)
کلنکر	4,198	2,148	2,050	95.4%
کل برآمدات	**7,847**	**6,541**	**1,306**	**20.0%**
مجموعی کل	**47,812**	**46,885**	**927**	**2.0%**
لکی سیمنٹ				
مقامی فروخت - سیمنٹ	5,412	5,854	(442)	(7.6%)
مقامی فروخت - کلنکر	51	-	51	100%
کل مقامی فروخت	**5,463**	**5,854**	**(391)**	**(6.7%)**
برآمدات				
بوری بند سیمنٹ	1,024	891	133	14.9%
کھلا سیمنٹ	63	117	(54)	(46.2%)
کلنکر	1,075	812	263	32.4%
کل برآمدات	**2,162**	**1,820**	**342**	**18.8%**
مجموعی کل	**7,625**	**7,674**	**(49)**	**0.6%**

مارکیٹ میں حصہ	مالی سال 2019-20	مالی سال 2018-19	اضافہ / (کمی) فیصد میں
	(فیصد میں)		
مقامی فروخت	13.7%	14.5%	(5.5%)
برآمدات			
بوری بند سیمنٹ	28.6%	20.8%	37.5%
کھلا سیمنٹ	100.0%	100.0%	0.0%
کلنکر	25.6%	37.8%	(32.3%)
کل برآمدات	**27.6%**	**27.8%**	**(0.7%)**
مجموعی کل	**15.9%**	**16.4%**	**(3.0%)**

* صنعت سے متعلق ڈیٹا APCMA کی ویب سائٹ سے لیا گیا ہے۔

ذیل میں سال بہ سال مارکیٹ میں کمپنی کے حصے کا تقابلی تجزیہ پیش کیا جارہا ہے۔

Yearwise LCL Market Share

حالانکہ کل سیمنٹ میٹرک ٹن سالانہ فروخت 2016 میں 6.9 میٹرک ٹن سالانہ سے بڑھ کر مالی سال 2020 میں 7.6 میٹرک ٹن سالانہ تک پہنچ چکی ہے تاہم مارکیٹ میں کمپنی کے حصے میں کمی نظر آرہی ہے جس کی وجہ زیر نظر عرصے کے دوران سیمنٹ کی صنعت میں ملک کے اندر پیداواری صلاحیت میں ہونے والا زبردست اضافہ ہے۔

ب۔ مالیاتی کارکردگی۔ منفرد

آپ کی کمپنی کی منفرد مالیاتی کارکردگی برائے مالی سال اختتام پذیر 30 جون 2020 اور گزشتہ سال کا تقابلی جائزہ ذیل میں پیش کیا جارہا ہے:

تفصیلات	مالی سال 2019-20	مالی سال 2018-19	فرق فیصد
	(ملین روپے میں)		
خام آمدن	62,302	67,548	(7.8%)
صافی آمدن	41,871	48,021	(12.8%)
خام منافع	6,077	13,984	(56.5%)
کاروباری منافع	1,188	10,052	(88.2%)
آمدن قبل از سود، ٹیکس اور فرسودگی	5,039	13,370	(62.3%)
صافی منافع	3,344	10,490	(68.1%)
فی حصص آمدن	10.34 روپے فی حصص	32.44 روپے فی حصص	(68.1%)

آمدن

زیر نظر مالی سال 2019-20 کے دوران آپ کی کمپنی کی مجموعی آمدن از فروخت میں گزشتہ مالی سال کے مقابلے میں 7.8% کی واقع ہوئی ہے۔ اگرچہ فروخت از برآمدات میں 21.2% اضافہ درج کیا گیا ہے (12.34 بلین روپے بمقابلہ 10.18 بلین روپے) لیکن مقامی سطح پر آمدن از فروخت میں 12.9% کی کمی واقع ہوئی ہے (49.96 بلین روپے بمقابلہ 57.36 بلین روپے)۔ اضافے اور کمی کے اس فرق کا نتیجہ مجموعی طور پر آمدن از فروخت میں 7.8% کمی کی صورت میں درج کیا گیا ہے۔

لاگت برائے فروخت

گزشتہ سال کے مقابلے میں مالی سال اختتام پذیر 30 جون 2020 کے دوران آپ کی کمپنی کی لاگت برائے فروخت میں 5.8% فی ٹن کا اضافہ ہوا۔ اس اضافے کی بنیادی وجوہات میں گیس کی قیمت میں بے پناہ اضافہ، خام مال کی ترسیل کیلئے ٹرانسپورٹ کی لاگت میں اضافہ، پیکنگ کے سامان کے نرخوں میں اضافہ اور روپے کی قدر میں تیزی سے ہونے والی کمی شامل ہیں۔

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کیلئے یہ بات باعث مسرت ہے کہ انکی جانب سے کمپنی کے مالیاتی نتائج بشمول منفرد اور مجموعی آڈٹ شدہ مالیاتی دستاویزات بابت مالی سال اختتامیہ 30 جون 2020 آپکی خدمت میں پیش کئے جا رہے ہیں۔

جائزہ

رواں مالی سال کے دوران برآمدات کے لحاظ سے سیمنٹ کی صنعت کی جانب سے حوصلہ افزاء کارکردگی کا مظاہرہ کیا گیا جس کی وجہ سے مالی سال اختتام پذیر 30 جون 2020 کے دوران پاکستان میں سیمنٹ کی صنعت کے کل حجم کو کافی سہارا ملا اور صنعت کا حجم 2.0% اضافے کے ساتھ 47.81 ملین ٹن درج کیا گیا ہے جو کہ گزشتہ سال 46.89 ملین ٹن تھا۔ مالی سال اختتام پذیر 30 جون 2020 کے دوران برآمدات پر مبنی فروخت 20.0% اضافے کے ساتھ 7.85 ملین ٹن رہی جبکہ گزشتہ مالی سال کے دوران برآمدات کا حجم 6.54 ملین ٹن تھا جبکہ مقامی فروخت میں 0.9% کی کمی کے ساتھ فروخت کا حجم 39.97 ملین ٹن رہا جو کہ گزشتہ مالی سال کے دوران 40.34 ملین ٹن تھا۔

کووڈ-19 کی وجہ سے لگائے جانے والے لاک ڈاؤن کی وجہ سے مالی سال 2020 کی چوتھی سہ ماہی کے دوران مقامی اور بین الاقوامی سطح پر سیمنٹ کی فروخت بری طرح متاثر ہوئی۔ رواں مالی سال کے دوران آپ کی کمپنی کی مجموعی فروخت کا حجم 0.6% کی کمی کے ساتھ 7.63 ملین ٹن رہا۔ مقامی سطح پر فروخت کا حجم 7.6% کمی کے ساتھ 5.41 ملین ٹن رہا جو کہ گزشتہ مالی سال کے اختتام پر 5.85 ملین ٹن درج کیا گیا تھا۔ البتہ آپ کی کمپنی کی برآمدات میں 18.8% کا اضافہ ہوا جس کے باعث برآمدات کا حجم 2.16 ملین ٹن رہا جو کہ گزشتہ مالی سال کے اختتام پر 1.82 ملین ٹن تھا۔

مجموعی لحاظ سے اگر دیکھا جائے تو آپ کی کمپنی کا کاروباری حجم 162.87 بلین روپے رہا جو کہ گزشتہ مالی سال کے اختتام پر درج کئے جانے والے کاروباری حجم 136.59 بلین روپے کے مقابلے میں 19% زائد ہے۔

مزید برآں، کمپنی کا یکجا صافی منافع 7.32 بلین روپے درج کیا گیا جس میں سے 1.19 بلین روپے ایسی کمپنیوں پر سرمایہ کاری سے حاصل ہونے والا منافع ہے جہاں کمپنی کا کنٹرول نہیں ہے جس کے باعث مالی سال اختتامیہ 30 جون 2020 کیلئے آمدن فی حصص 18.96 روپے درج کی گئی ہے جبکہ گزشتہ مالی سال کیلئے آمدن فی حصص 35.03 روپے درج کی گئی تھی۔

مالیاتی کارکردگی - یکجا

آپ کی کمپنی کی یکجا مالیاتی کارکردگی برائے مالی سال اختتامیہ 30 جون 2020 کا جائزہ بمقابلہ گزشتہ مالی سال ذیل میں پیش کیا جا رہا ہے:

پاکستانی ملین روپے میں ماسوائے آمدن فی حصص

تفصیلات	مالی سال 2019-20	مالی سال 2018-19	تبدیلی %
خام آمدن	162,868	136,592	19.2%
صافی آمدن	123,798	108,296	14.3%
خام منافع	18,957	23,789	(20.3%)
کاروباری منافع	7,067	14,659	(51.7%)
آمدن قبل از سود، ٹیکس، فرسودگی و تحلیل	15,145	21,059	(28.1%)
صافی آمدن (حصہ کمپنی مالکان)	6,132	11,328	(45.9%)
آمدن فی حصص	18.96 روپے فی حصص	35.03 روپے فی حصص	(45.8%)

زیر نظر مالی سال 2019-20 کے دوران گزشتہ مالی سال کے اسی عرصے کے مقابلے میں آپ کی کمپنی کے مجموعی صافی منافع میں 45.9% کی کمی واقع ہوئی ہے۔

صافی منافع میں ہونے والی اس کمی کی بنیادی وجہ سیمنٹ کے شعبے (ہولڈنگ کمپنی) کے منافع میں ہونے والی کمی ہے، یہ کمی 79.0% درج کی گئی ہے جس کی وجہ شرح منافع میں کمی اور پیداواری لاگت میں اضافہ تھا (جیسا کہ ذیل میں تفصیل کے ساتھ بیان کر دیا گیا ہے)۔ گزشتہ مالی سال کے مقابلے میں ہولڈنگ کمپنی کے صافی منافع میں آنے والی اس کمی کا ازالہ جزوی طور پر غیر ملکی کاروباری آپریشنز (لکی سیمنٹ لمیٹڈ اور ایل سی ہولڈنگز لمیٹڈ) کے صافی منافع سے کیا گیا ہے۔ مارکیٹ میں سخت مسابقت اور سخت معاشی حالات کے باوجود کانگو اور عراق کے پروجیکٹس میں صافی منافع میں ہونے والے اضافے کا سہرا فروخت کے حجم میں اضافے، سیمنٹ کی قیمت میں اضافے اور پیداواری لاگت میں آنے والی کمی کو جاتا ہے۔ کیمیکل کے شعبے کا منافع گزشتہ سال کے لگ بھگ ہی ہے لیکن آٹو موبائل کے شعبے میں ہونے والے منافع کی وجہ سے یکجا صافی منافع میں بہتری دیکھی گئی ہے۔

کاروباری کارکردگی

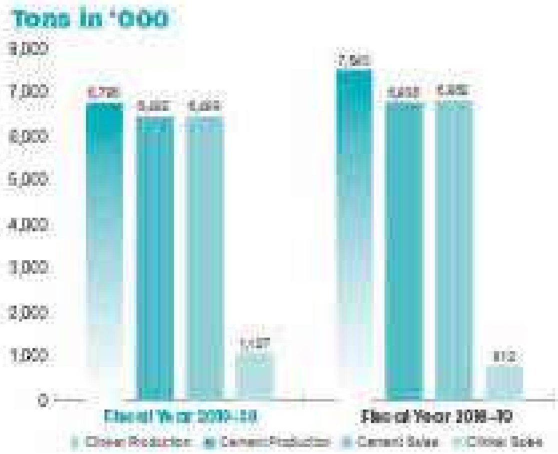
الف۔ کارکردگی برائے پیداوار و حجم برائے فروخت - منفرد

مالی سال اختتامیہ 30 جون 2020 کیلئے آپ کی کمپنی کی منفرد پیداوار اور فروخت کے اعداد و شمار بمقابلہ گزشتہ مالی سال ذیل میں پیش کئے جا رہے ہیں:

تفصیلات	مالی سال 2019-20	مالی سال 2018-19	اضافہ / (کمی) فیصد
	ہزار ٹن میں		
کلنکر کی پیداوار	6,795	7,580	(10.4%)
سیمنٹ کی پیداوار	6,492	6,835	(5.0%)
فروخت برائے سیمنٹ	6,499	6,862	(5.3%)
فروخت برائے کلنکر	1,127	812	38.8%

پیداوار اور فروخت سے متعلق ڈیٹا کو ذیل میں گراف کی صورت میں پیش کیا جا رہا ہے:

مالی ترسیل سے متعلق آپکی کمپنی کے منفرد کاروبار اور سیمنٹ کی صنعت کا تقابلی جائزہ برائے مالی سال 2019-20 ذیل میں پیش کیا جا رہا ہے:



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