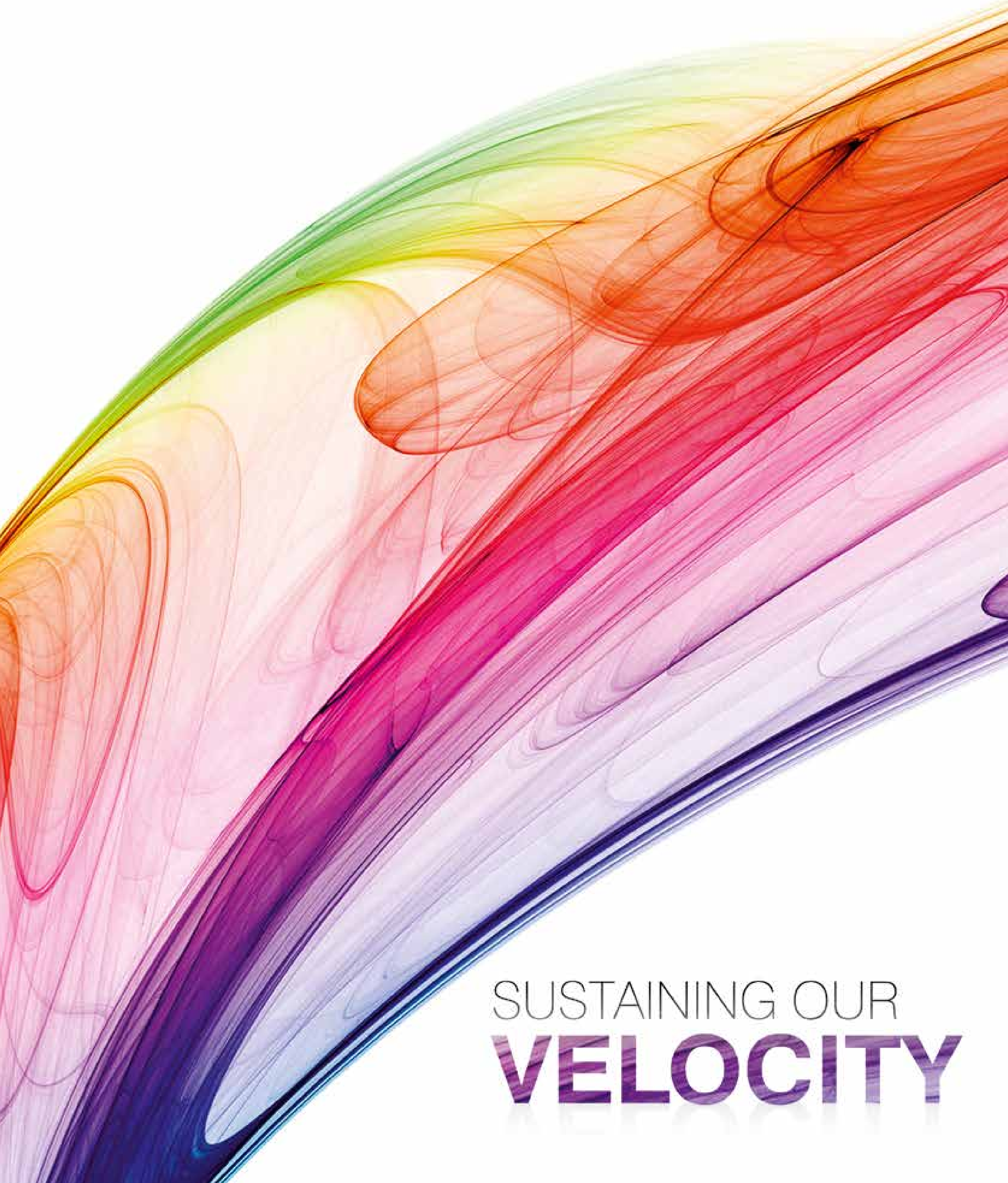
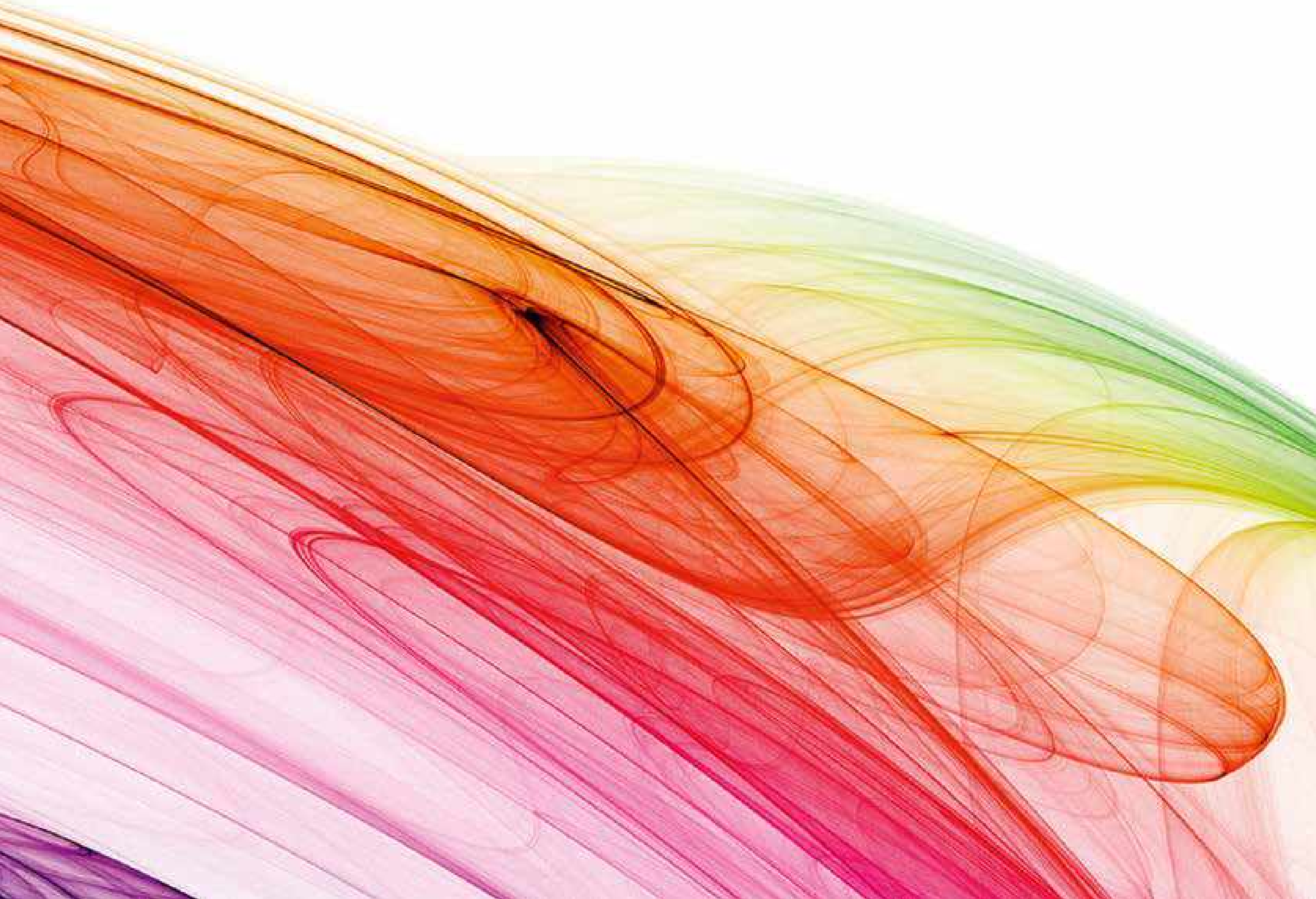
2019 ANNUAL REPORT

LUCKY CEMENT



SUSTAINING OUR VELOCITY



SUSTAINING OUR VELOCITY

With a dream to shine and a goal to build a stronger tomorrow, we thrive to enhance sustainability, cost effectiveness, diversification and add value for the stakeholders while expanding global presence.

We are committed to constantly improve our brand value, products, services and relationships with our stakeholders. Our forward destination is to expand on our existing portfolio while taking on new opportunities. By sustaining our velocity, we will make it possible to shape a stronger and brighter tomorrow.

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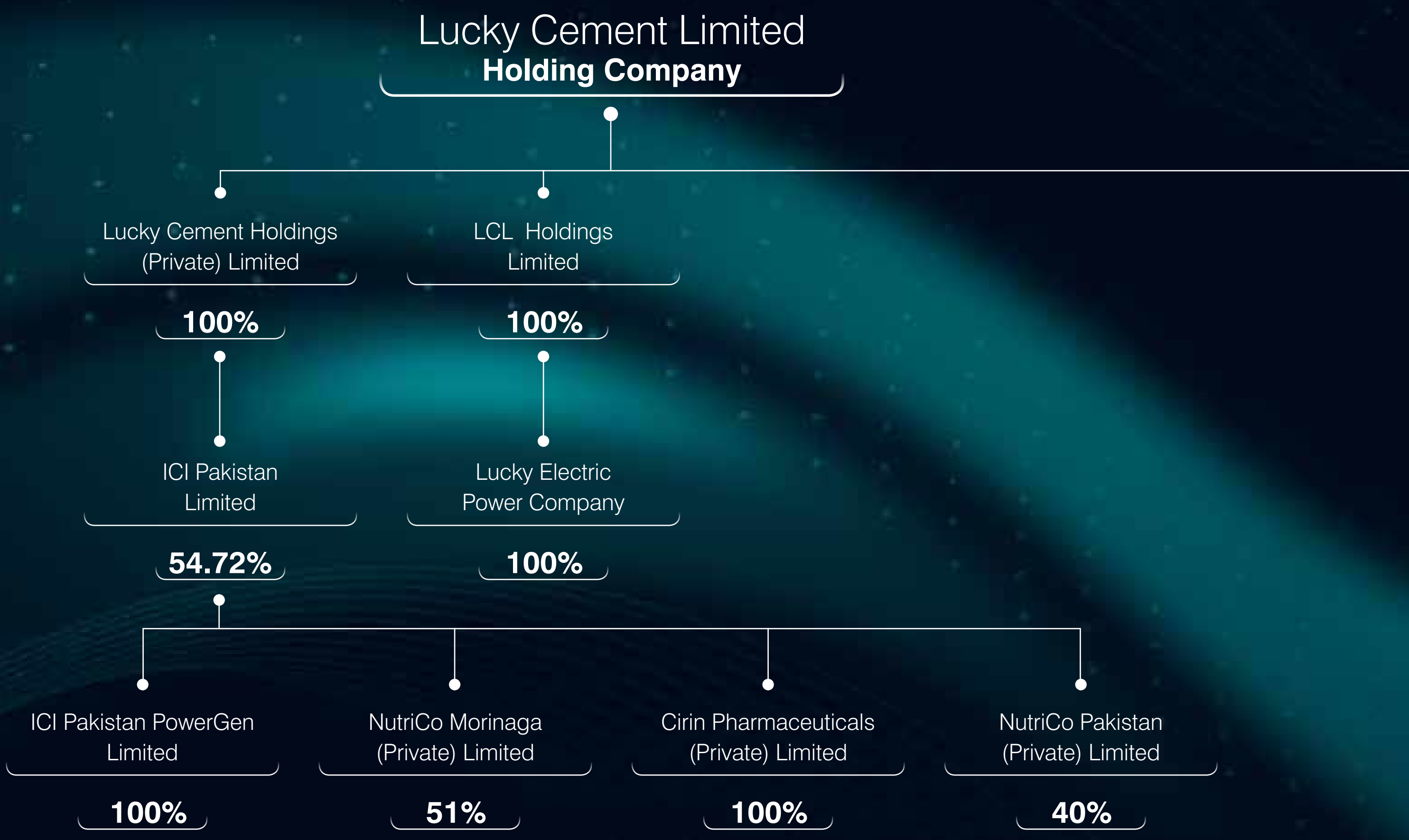



KIA Lucky Motors Pakistan Limited
75.28%
LCL Investment Holdings Limited
100%
Lucky Holdings Limited
75%
Yunus Energy Limited
20%
Lucky Rawji Holdings Limited
50%
Lucky Al Shumookh Holdings Limited
50%
Al Shumookh Lucky Investment LImited
50%
Nyumba Ya Akiba S.A.
100%
Al Mabrooka Cement Manufacturing Company
100%
Najmat Al Samawah
100%

KEY HIGHLIGHTS FOR THE YEAR 2018-19

We announced our financial results for the year ended June 30, 2019 on July 27, 2019. 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

2019	67,547,938
2018	67,376,579
Percentage Change	⬆0.25%

Profit After Tax
PKR in 000

2019	10,490,229
2018	12,197,090
Percentage Change	⬇13.99%

Total Assets
PKR in 000

2019	125,089,214
2018	108,999,117
Percentage Change	⬆14.76%

Capital Expenditure
PKR in 000

2019	19,683,325
2018	6,444,831
Percentage Change	⬆205.41%

Earnings Per Share
PKR

2019	32.44
2018	37.72
Percentage Change	⬇13.99%

Donations
PKR in 000

2019	313,247
2018	286,329
Percentage Change	⬆9.40%

KEY HIGHLIGHTS BASED ON CONSOLIDATED FIGURES

Sales
PKR in 000

2019	108,295,645
2018	97,541,884
Percentage Change	⬆11.02%

Profit After Tax
PKR in 000

2019	12,346,955
2018	16,173,553
Percentage Change	⬇23.66%

Total Assets
PKR in 000

2019	227,021,287
2018	165,123,065
Percentage Change	⬆37.49%

Capital Expenditure
PKR in 000

2019	65,972,978
2018	19,835,814
Percentage Change	⬆232.60%

Earnings Per Share
PKR

2019	35.03
2018	45.83
Percentage Change	⬇23.57%

Donations
PKR in 000

2019	357,911
2018	327,445
Percentage Change	⬆9.30%

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 Integrated Annual Report has been created to better articulate the broader range of measures that contribute to long-term value. 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.

The first time implementation of the 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

We hope that this Integrated Report will help our stakeholder understand how we create value through our business model. Since, Integrated Reporting is in the early stages of development, we are looking forward to make it more useful for our stakeholders, at this stage, we have included the following content elements in our report:

- Organizational overview and external environment
- Risks and opportunities
- Strategy and resource allocation
- Governance
- Stakeholder's relationship and engagement
- Outlook
- Sustainability and corporate social responsibility
- Excellence in corporate reporting

On behalf of the Board

Muhammad Yunus Tabba
Chairman / Director

ORGANIZATION 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 is one of the largest cement producer in the domestic cement industry with production capacity of 9.35 MTPA and over two decades of cement manufacturing experience in Pakistan at its plants in Pezu and Karachi. Moreover, the Company now has an international production footprint in Democratic Republic of Congo and Republic of Iraq.

LOCAL AND INTERNATIONAL MARKETS

In the last 26 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. From the port of Karachi to the picturesque valley of Kashmir; 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. We have acquired OPC-53 Grade certification from Bureau of Indian Standards (BIS), enabling the Company to offer additional variety to the Indian market. Further, with a high demand for our brands in the Sri Lankan market, Lucky Cement recently opened its regional office in Colombo. East African markets remain the stronghold of our Company and a major source for foreign exchange earnings for the country.

EXPORT DESTINATIONS

Far East

Middle East

Africa

South & Central Asia

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

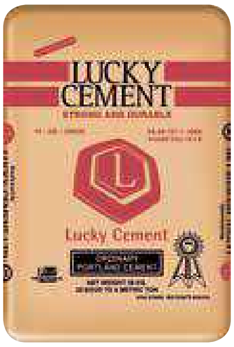
After having a strong footprint in cement manufacturing industry in Pakistan, Iraq and DR of Congo, Lucky Cement has evolved into a conglomerate having strategic investments in diversified industries such as Chemicals, Automobiles and Power. ICI Pakistan Limited which is a subsidiary of the Company is in the business of Soda Ash, Polyester, Life Sciences and Chemicals. Whereas, Kia lucky Motors has recently commenced its 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.

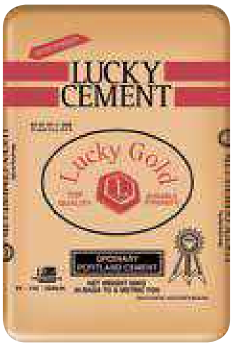
CORE BRANDS

Our Research and Development (R&D) team is driven by its 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.

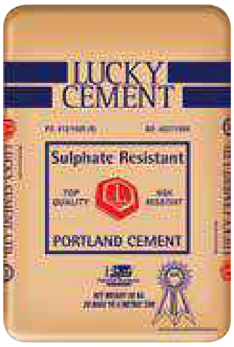


Lucky Cement **(Regular)**



Lucky Gold **(OPC)**

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



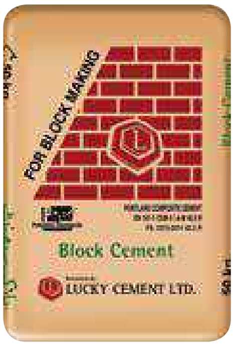
Sulphate Resistant Cement **(SRC)**

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

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 outperform 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 VALUE

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

Ethics and Integrity

Honesty
Integrity
Transparency
Professional Conduct

Social Responsibility

Sustainable Development
Philanthropy Driven Projects
Community Development
Environment Friendly Initiatives

Entrepreneurship

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

Innovation

Creative Solutions
Cutting Edge Innovations
Process Automation
Improving upon Industry Benchmarks

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.

Conflicts 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, 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.

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.

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.

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.

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.

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.

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.

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

- Announced brownfield expansion of 2.6 MTPA at Pezu Plant
- 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 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.

COMPANY PROFILE

Lucky Cement Limited

Founded in 1993, Lucky Cement Limited stands as the flagship company of Yunus Brothers Group (YBG). Lucky Cement is one of the largest producers and leading exporters of quality cement in Pakistan and 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 furnish 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 Limited has invested in the following subsidiary Companies to diversify its business:

- LCL Holdings Limited
- Lucky Electric Power Company Limited
- Lucky Cement Holdings (Private) 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

LCL Holdings Limited

LCL Holdings Limited (LCLHL) is a wholly owned subsidiary of Lucky Cement Limited and was incorporated in Pakistan as a public unlisted company in September 2014 with the objective to invest in the coal based power project to be setup by Lucky Electric Power Company Limited (LEPCL). LCLHL owns 100% ownership interest in LEPCL.

Lucky Cement Holdings (Private) Limited

Lucky Cement Holdings (Private) Limited is a wholly owned subsidiary of Lucky Cement Limited and was incorporated in Pakistan in the year 2018 as a private company limited under the Companies Act, 2017. As of June 2019; LHL held 54.73% shares in ICI Pakistan Limited. The main source of earning of LCHPL is dividend income.

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.

LCL Investment Holdings Limited

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

Lucky Air (Private) Limited

Lucky Air (Private) Limited is a subsidiary of Lucky Cement Limited and 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.

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 a clinker manufacturing facility 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 a clinker manufacturing facility of 1.2 million tons per annum. The project related shipments of Plant & Machinery and Power plant are expected to start from the second quarter of current financial year. Target to achieve commercial production is for the first quarter of financial year 2020-21.

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

660 MW

SUPERCRITICAL COAL FIRED POWER PLANT (CFPP)

TO BE OPERATIONAL BY

MARCH 2021

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 fueled by Thar lignite coal. 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 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 being designed and installed in record time of 35 months and will be operational by March 2021. The power generated will be fed into national grid in line with a power purchase agreement signed with the government.

ICI PAKISTAN

SODA ASH

POLYESTER

CHEMICALS & AGRI SCIENCES

LIFE SCIENCES

PHARMACEUTICALS | ANIMAL HEALTH

SUBSIDIARIES

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 at its Polyester Plant in Sheikhupura, Punjab. ICI Pakistan PowerGen Limited holds a Generation License issued by the National Electric Power Regulatory Authority (NEPRA).

Cirin Pharmaceuticals

Established in 1992, Cirin Pharmaceuticals Private Limited currently manufactures a range of products that include hospital/emergency care and primary care, especially related to pain management (including anti-inflammatories), anti-infectives, gastrointestinal products and anti-allergy products. The company is headquartered in Islamabad with its manufacturing facility based in Hattar Industrial Estate, KPK.

ICI Pakistan Limited

ICI Pakistan Limited is a dynamic and growing manufacturing and trading company, with a rich history that pre-dates the formation of Pakistan itself. In December 2012, Lucky Holdings Limited acquired shareholding of ICI Omicron B.V. and ICI Pakistan Limited became a part of the Yunus Brothers Group (YBG).

ICI Pakistan Limited provides essential products for a diverse range of applications in almost every industry in Pakistan. Operating across Pakistan, the Company has several key manufacturing facilities in provinces of Sindh, Punjab and KPK, as well as an extensive sales and distribution network spread across the country.

The primary businesses of ICI Pakistan Limited include Soda Ash, Polyester, Pharmaceuticals, Animal Health and Chemicals & Agri Sciences. The Company's product portfolio includes soda ash, Polyester Staple Fibre (PSF), pharmaceuticals, nutraceuticals, animal health products, general and specialty chemicals and agricultural products (including chemicals, field crop seeds, vegetable seeds and more).

In addition, ICI Pakistan Limited has a growing footprint in the infant formula business in partnership with Morinaga Milk Industry Company Limited (Morinaga) of Japan and Unibrands (Private) Limited (Unibrands).

DEC 2016 INCORPORATED IN PAKISTAN	NETWORK OF DISTRIBUTORS & DEALERS **200** COUNTRIES WORLDWIDE

KIA Lucky Motors Pakistan Limited

Kia Lucky Motors Pakistan Limited (KLM) a part of the Yunus Brothers Group was incorporated in Pakistan in December 2016 as a public unquoted company. The company is engaged in the business of assembling, marketing, distribution and sales of Kia vehicles, parts and accessories in Pakistan by virtue of technical collaboration with Kia Motors Corporation. In this endeavor, KLM signed a general agreement with KIA Motors Corporation for technical collaboration and KD supply.

KLM envisages its products to compete in multiple segments of the automotive market including passenger cars, light commercial and sports utility vehicles.

Kia Motors Corporation was founded in 1944 (being part of Hyundai Motor Group of South Korea) and is Korea's oldest manufacturer of motor vehicles. These vehicles are sold and serviced through a network of distributors and dealers covering around 200 countries worldwide.

CIMKO

STARTED COMMERCIAL OPERATIONS IN **DEC 2016**

PRODUCTION CAPACITY OF **1.18** MILLION TONS PER ANNUM

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) was incorporated in the year 2011 under a joint venture agreement between LCL Investment Holdings Limited (LCLIHL) and Rawsons Investments Limited (registered in Cayman Islands) for constructing a fully integrated cement manufacturing plant in the DRC. LCLIHL holds 50 percent ownership interest in the joint venture. The plant started commercial operations in December 2016

NYA set up Greenfield fully integrated cement plant in the Kongo Central Province of DRC with a production capacity of 1.18 million tons per annum.

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

AL MABROOKA CEMENT اسمنت المبروكة

STARTED COMMERCIAL PRODUCTION IN
2014

PRODUCTION CAPACITY OF
1.742
MILLION TONS PER ANNUM

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) was incorporated in the year 2012, a joint venture between LCL Investment Holdings Limited (LCLIHL) and Al-Shumookh Construction Materials Trading FZE, United Arab Emirates, for constructing a cement-grinding unit in the Republic of Iraq. LCLIHL holds 50 percent ownership interest in the joint venture.

AMCMC set up a cement grinding unit of 0.871 million tons per annum capacity in Basra, Iraq which started commercial production in 2014. Subsequently in 2018 this capacity was further enhanced to 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.

GROUP PROFILE

Yunus Brothers Group (YBG)

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 is approximately USD 1.624 Billion including the annual export turnover around USD 516 Million. Apart from Lucky Cement and ICI Pakistan, the group is also proud owner of the following companies.

Y.B. Holdings (Private) 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.

Y.B. Pakistan Limited

Yunus brothers started business in 1962 as 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 diversified portfolio of investment in various segment of businesses.

Gadoon Textile Mills Limited (GTML)

GTML was established in 1988 and started production in the year 1990. 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 342,420 spindles. GTML has 2 manufacturing facilities located at Gadoon Amazai – Khyber Pakhtunkhwa and at Karachi – Sindh. The Company also has a captive power plant with a generation capacity of around 57 MW. GTML is listed on the Pakistan Stock Exchange.

Yunus Textile Mills Limited (YTML)

Yunus Textile Mills is a vertically integrated home textile unit established in 1998, consisting of spinning, weaving, printing, dyeing, finishing and cut & sews with a workforce of 3,400 employees. In a span of 10 years it became the number 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, UK 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 495 Sulzer Shuttle-less looms and 336 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

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 integrates 8 elegant residential towers and a large 8 - acre Rooftop Park. The project comprises of two phases of which Phase -1 has been 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 Rooftop Park will make Lucky One Apartments the premiere lifestyle destination for urban living in Karachi.

Lucky Entertainment (Private) Limited

Onederland is located at LuckyOne Mall's 2nd floor, biggest mall within the city. With over 150 games and attraction, Onederland provides the safest experience to its customers. It consists of two levels and covers an area of 45,000 SQ.FT, one for the kids and one for all age groups. This is where you can hear rides churning, echoing laughter and people screaming of happiness. Age is only a number when it comes to having fun! Being a member of IAAPA (The Global Association for the Attractions Industry), Onederland ensures through regular summits and seminars that it is always up to date with industry practices.

The first level is all about the young and innocent fun. It is for mainly kids, this is where fantasies are given a hint of reality. Level 1 consists of several attractions like Play Atrium, Space Wing, Wall Climb, PSI Spin, Tot Plot, Kiddie Games and Bounce-Station.

Level 2 is where the thrill begins. From the Virtual Reality games to the Spinning Roller Coaster fun, all of it is available. It is built using state of the art technology meeting the safest needs of all. The Assymetric Maverick, as the name suggests the most free spirited one will ever feel is when he/she takes a ride on the wildest Maverick. Other attractions include Rope Course, the Ultimate Spin, Dark Ride and much more.

Lucky Landmark (Private) Limited

Lucky One Mall is a magnificent, multifaceted, first-of-its-kind regional shopping mall that revolutionized the shopping experience in Pakistan. The Mall is home to over 200 stores and different services with the largest parking structure in Pakistan of more than 1500 parking spaces. It also includes largest indoor theme park in Pakistan known as Onederland, largest Food Court in Pakistan and the only Food Street of any mall plus a three story Atrium, a ramp for fashion shows Banking Enclave, and a large area for musical concerts. Total catchment of 10 million people within 20 minutes' drive.

Lucky Commodities (Private) Limited (LCPL)

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 the largest supplier of coal in Pakistan, LCPL makes an important contribution to the industrial sector by fulfilling their coal requirements.

LCPL is currently the largest importer of South African RB1 coal in Pakistan and at present catering to 35% of the country's coal demand. 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 under garments 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

Incorporated 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, recognized in 1987. It is a platform of social activities dedicated to serving humanity in several vital areas of life. The Foundation renders its services to fulfill the need of underprivileged people by providing them shelter, education, marriage, health care, vocational training program, laptop support, equipment support, monthly aid, self-employment scheme (motorcycles) and Ramadan ration support to bring prosperity and change to uplift the living standard of society. The foundation has successfully introduced Rickshaw support under self-employment scheme and has placed tube wells and conducts water boring through drilling to ensure smooth water boring supply in underprivileged areas of Karachi, which are facing scarcity of water.

Tabba Kidney Institute (TKI)

TKI, a well-reputed Post Graduate Training & Research Center with state-of-the-art technology and modern expertise, is committed to provide comprehensive Nephro-Urological and allied medical treatment under one roof; it enjoys an impeccable image in the healthcare sector famous for the cure of kidney related diseases.

This Institute runs a 100-bed modern hospital extending Rapid Emergency, In-Patient Department, Consultant Clinics/OPD, Clinical Laboratory, Pharmacy, High-Tech Operation theaters 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. To facilitate patients' access to our exquisite healthcare services, TKI has set-up a Diagnostic & Consultation Centre in DHA Karachi and to spread its services to the patients across Sindh, it also has opened a standalone Outreach Center in Hyderabad city, which has received overwhelmed response since its inauguration.

Tabba Heart Institute (THI)

Since opening its doors in 2005, Tabba Heart Institute has become one of the fastest growing not for profit private sector cardiac hospital in Pakistan. At Tabba Heart Institute, we are focused on providing outstanding patient care with an ethical, thoughtful and sustainable approach at all times.

Founded by Mr. Abdul Razzak Tabba (late) with the vision of "Quality Care at an Affordable cost", today Tabba Heart Institute is 170 beds cardiac facility with 2 Outreach centres and 6 collection units located across Karachi to provide our Founder's vision to the people of Pakistan. Tabba Heart institute's Quality cardiac care services are recognized by American College of Cardiology and our group of cardiologists are leaders in sub-specialized cardiology fields such as Cardiac Imaging, Electrophysiology, Advanced Heart Failure, Structural Heart and Valvular Implantations, Angioplasty and other Interventional Procedures. Having these leaders on board allows us to deliver best cardiac services at affordable cost which is at par with international standards fortified by our association with the American College of Cardiology for continuous improvement.

This year the institute is expanding its services to Hyderabad, with a dedicated Diagnostic and Consultation facility. THI continuously strives to innovate and expand its resources for maximum utilization, where it is required to ensure both quality and integrity to meet the patients' expectations.

COMPANY INFORMATION

Board of Directors

Muhammad Yunus Tabba
Chairman

Muhammad Ali Tabba
Muhammad Sohail Tabba
Jawed Yunus Tabba
Mariam Tabba Khan
Manzoor Ahmed
Mohammad Javed Iqbal

Management Team

Muhammad Ali Tabba
Chief Executive

Noman Hasan
Executive Director

Irfan Chawala
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
Mohammad Javed Iqbal

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mohammad Javed Iqbal
Chairman

Muhammad Ali Tabba
Muhammad Sohail Tabba
Jawed Yunus Tabba
Mariam Yabba 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
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
UBL Ameen Islamic Banking

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

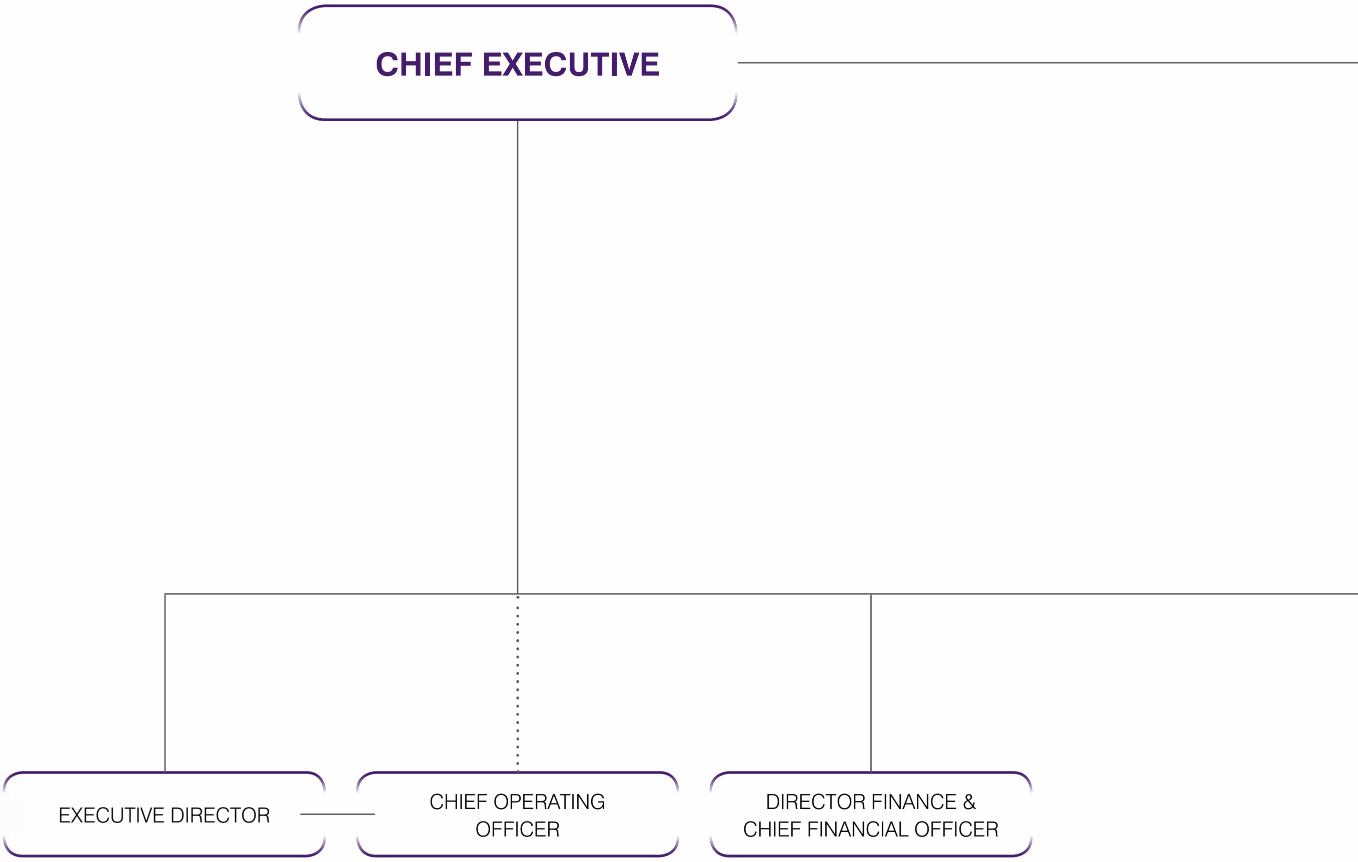
Production Facilities

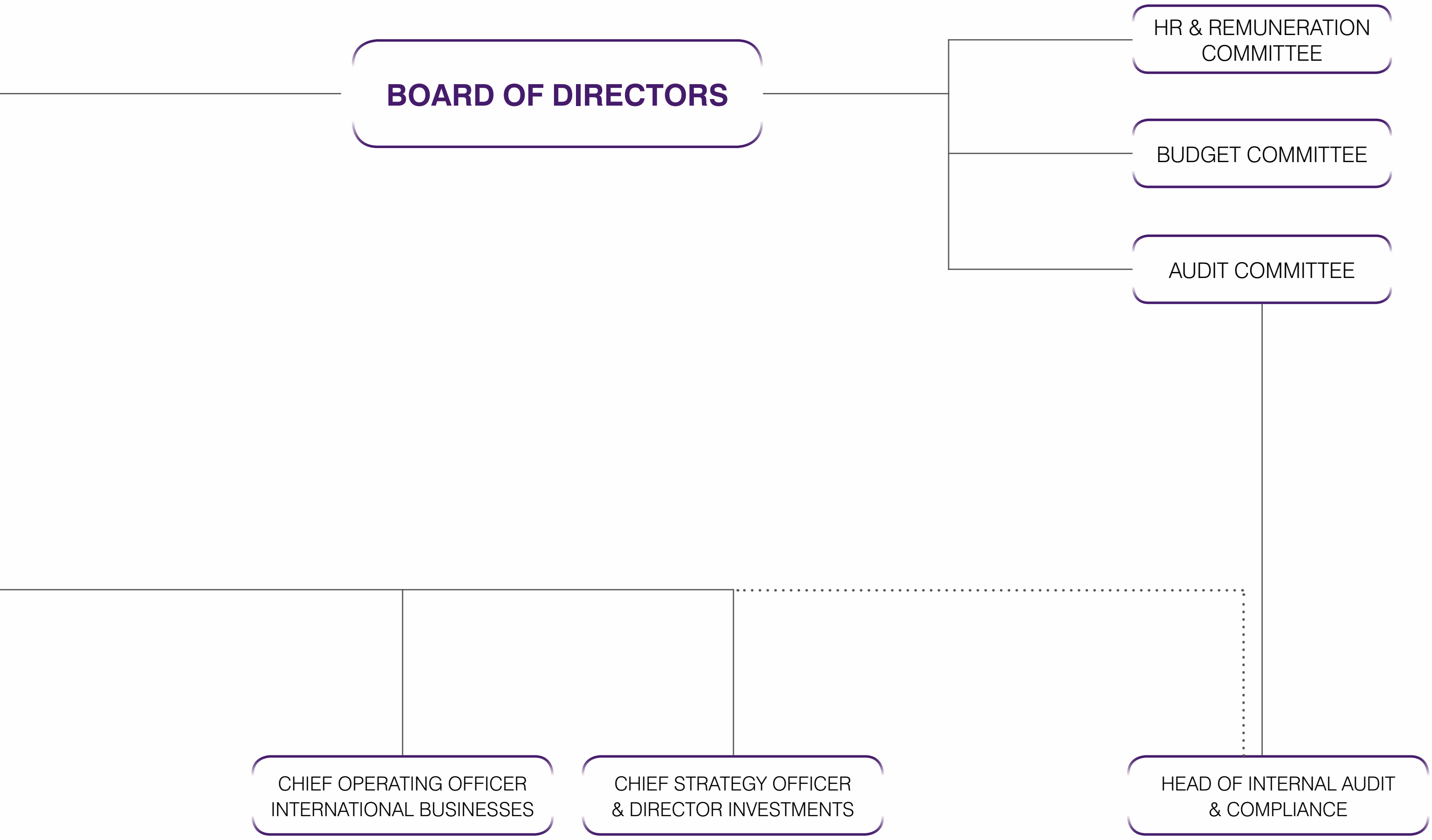
1. Main Indus Highway, Pezu, District Lakki Marwat, Khyber Pakhtunkhwa, Pakistan
2. 58 Kilometers on Main M9 Highway, Gadap Town, Karachi, Pakistan

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


CHIEF EXECUTIVE
EXECUTIVE DIRECTOR
CHIEF OPERATING OFFICER
DIRECTOR FINANCE & CHIEF FINANCIAL OFFICER


BOARD OF DIRECTORS
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

Total Headcount **2,515**

4.17%
Employee Turnover

132
No. of people hired this year

5.45%

Head Office Female Ratio

275

Head Office Headcount

Locations	Head Office	KP	Pezu	CMO	Total
No. of trainings	72	56	45	51	224

CEO'S MESSAGE

Dear Stakeholders,

I am pleased to report that Lucky Cement Limited concluded the financial year 2018-19 as yet another successful year of operations. We continued to fulfill our promise and commitment to all our stakeholders by achieving significant growth in exports, retaining our share in the domestic market, improving and expanding productivity. These achievements enabled us to improve our competitiveness and create value for all the stakeholders. Lucky Cement Limited recorded a net profit after tax of PKR 11.328 billion on consolidated basis in the fiscal year 2018-2019.

Despite the challenges being faced with domestic sales due to the macro-economic situation, the company has focused on improving its efficiency to become a cost effective producer and putting a lot of effort in developing new export market in order to divert the extra volume due to slow down in the domestic market. The new brownfield expansion at our plant in Pezu which will come online in December, 2019, will help us to improve the overall efficiency and reducing operating cost. We are continually investing in upgrades to ensure that we keep up the pace towards innovation and digitalization across the organization and we are making significant progress in integrating these processes across broad spectrum of our business.

Lucky Cement remains committed towards value-creation for the society in which it operates and places great value on pro-environment initiatives that helps reducing the carbon footprint. We have established our faith in continuous improvement and excellence in the areas of industrial growth, community development as well as our operational framework.

Sales in the domestic market declined and the company sold 5.8 million tons during the fiscal year 2018-2019. Export volume witnessed a very healthy growth of 60% to record 1.82 million tons in 2018-2019, compared to 1.13 million tons in 2017-2018.

We continue to maintain our position as a low cost producer through investment in technology and modernization throughout the manufacturing process. Our debt-free financial position enables us to smartly invest in endeavors such as the greenfield investment in a fully integrated plant in Samawah, Iraq that will produce 1.2 million tons of clinker/cement. The construction of 660 MW supercritical coal based power plant at Port Qasim is progressing as per schedule. KIA Lucky Motors Pakistan Limited, which is a subsidiary company of Lucky Cement, successfully commissioned its state-of-the-art facility and commenced Pilot Production and CKD operations at its plant located at Bin Qasim Industrial Park (BQIP). Lucky Cement has strategically aligned all its business functions to facilitate sustainable growth.

I would like to thank all our shareholders and stakeholders for their continued support in the execution of our strategy to deliver on growth and profitability, to strengthen our competitiveness and to secure the long term sustainability of our business.

Muhammad Ali Tabba
Chief Executive Officer

AWARDS AND ACCOLADES

MAP Corporate Excellence Award

Lucky Cement won the 34th Management Association of Pakistan's (MAP) Corporate Excellence Award in the Cement Sector category for demonstrating excellence in corporate management during the year 2018.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 8th Corporate Social Responsibility Award in the category of "Sustainability Initiative". The award was organized by The Professionals Network (TPN). The award was in recognition of Company's commitment towards sustainable development and contribution towards protecting the overall environment for a greener Pakistan.

Environment Excellence Award

Lucky Cement received the Environment Excellence Award 2018 at an elaborate ceremony organized by National Forum for Environment and Health (NFEH). The award was in recognition of bringing innovation into Company's operations by making efforts to control carbon emissions into the atmosphere and constant modernization through projects like Waste Heat Recovery System, Use of alternative fuels and advanced quality control to conserve the environment.

PSX Top 25 Companies Award for 2017

Lucky Cement was awarded 3rd position in the Top 25 companies award by the Pakistan Stock Exchange. This award was a recognition of the Company's remarkable financial and managerial performance.

Fire & Safety Award

Lucky Cement won the 8th 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 2017

Lucky Cement won third position in the Sugar and Cement category for the Best Corporate Report Awards 2017 held by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). The objective of these Awards is to promote corporate accountability and transparency through publication of timely, accurate, informative and well-presented annual reports for shareholders, investors, regulators, employees and stakeholders.

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 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
LIMESTONE, LATERITE, GYPSUM, COAL & OTHER AGGREGATES
TRANSPORTATION
LUCKY CEMENT PLANT
TRANSPORTATION
DEALER WHOLESALER
RETAILER
END USER
PORT SILO
EXPORT SALES
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) keeps a close eye on 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 the forum of APCMA.
Economic	Devaluation of currency, increasing interest rates and higher inflation leads to greater input costs and reduced margins. In times of reduced Government's spending and lower economic growth, construction activities slow-down.	Management continues to identify new markets for its products, both locally and internationally. Because of availability of enhanced production capacity, Lucky Cement has started exporting clinker. 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.
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. 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.

Factors	Description	Organizational Response
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 being installed at its Pezu Plant, Lucky Cement has installed state of the art Vertical Cement Mills at its Pezu and Karachi Plants during the year thus increasing production efficiency. Continuous investment in key technological software (e.g SAP S/4 HANA) to achieve operational excellence.
Legal	Compliance with the applicable legal and regulatory requirements	LCL has a dedicated team of professionals which ensures that all its processes comply with the applicable regulatory requirements. LCL became Pakistan's first ever Shariah Compliant Company as per Shariah Governance Regulations, 2018. LCL is one of the top contributors to national exchequer in terms of Corporate Tax. Company benchmarks itself with the best in corporate Pakistan by participating in various award programs, for e.g. PSX Top 25 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 environmental standards. 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. The Company puts water conservation at the core of its operational practices. 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 significant increase in coal and other fuel prices because of significant devaluation of local currency 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 following significant changes and developments took place during the year:

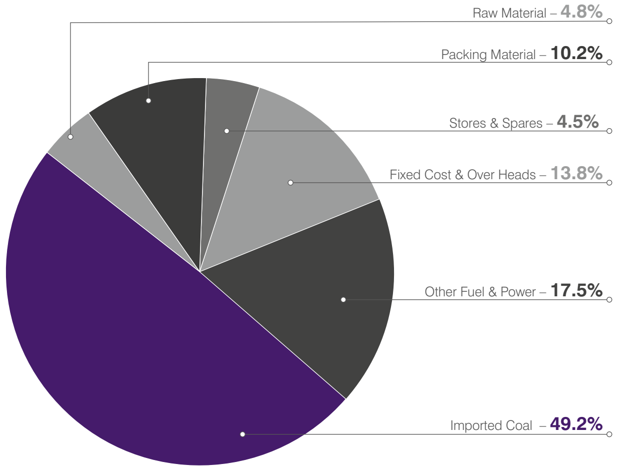
- While the Company managed to retain its market share in local sales, it increased its market share for exports. During the year, the Company exported 812,098 tons of clinker as compared to 101,390 tons in 2017-18
- Company installed two state-of-the-art Vertical Cement mills at its manufacturing site at PEZU to further increase its production efficiency.
- The brownfield expansion by 2.6 MTPA at Pezu Plant is progressing as per target and the new line is expected to achieve commercial operations in the second quarter of the financial year 2019-20.
- KIA-Lucky Motors Pakistan Limited, which is a subsidiary company of Lucky Cement, successfully completed commissioning of the equipment and Pilot Production and recently commenced CKD operations at its plant located at Bin Qasim Industrial Park, Port Qasim, Karachi.

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 49.2% of the composition.

A fluctuation in coal price of PKR 100 per ton affects the cost of production by PKR 15 per ton. Accordingly, cost of Sales of the Company may increase / decrease by 1.5% and 3.0% in case of such 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 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 one of the largest cement producers and exporters in Pakistan.
- The company is the lowest cost producer in the industry, 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, gives the company access to a 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 fleet of Bulkers & 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. 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 diverse human capital of highly skilled professionals lead by a young and dynamic CEO, Mr. Muhammad Ali Tabba.
- 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.

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 launch of China–Pakistan Economic Corridor initiative presents 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, 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.

Threat

- Growing pressure on prices due to rising input costs on account of increase in 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.

- Threat of new entrants in the industry may put some pressure on the Company, however being the pioneer of Cement Industry LCL has a huge social and relationship capital which significantly minimizes the threat.

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 only Pakistani cement manufacturing company with manufacturing facilities outside Pakistan. Lucky's Cement grinding plant in Basra, Iraq which has been operational since 2014, has expanded its grinding capacity by a further 0.871 MTPA and now has a total capacity of 1.742 MTPA. The plant in DR Congo, which began construction in 2011, commenced its commercial operations in December 2016 with capacity of 1.188 MTPA. In 2018, the Company also announced Greenfield expansion in Samawah, Iraq for clinker production of 1.2 MTPA. Furthermore, we have also achieved growth in our clientele base with the opening of a regional office in Colombo, Sri Lanka.

SAP Enterprise System

Lucky Cement has proven to be the market leader in the industry with implementation of SAP S/4 HANA. Phase 1 of Project ASPIRE has already been implemented throughout the organization. By taking this giant step towards an IT- driven operational framework, the Company is avidly pursuing core-values, 'innovation' and 'excellence' to make this a huge success.

With the implementation of SAP S/4 HANA, Lucky Cement joined the group of selected few who are market leaders in their respective industries. Project ASPIRE is one of the first few SAP S/4 HANA projects in the world. From being the leaders in the local market to standing shoulder to shoulder with global players, highlights how far the Company has gone in less than three decades.

With S/4 HANA in its repertoire, Lucky Cement can function 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.

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 20.5 MW and three WHR plants at Pezu having a cumulative generation capacity of 25.20 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 prime mover fleet of one hundred and twelve (112) prime movers, seventy-one (71) bulkers and seventy-four (74) 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 thanks to a dedicated team. Regardless of the needs of the market, Lucky Cement remains a step ahead of the competition. The induction of 45 new Hino FM8J prime movers and 20 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 where 19 new Hino FM8J prime movers have recently been added. With a special focus on environmental considerations vehicle emissions are regularly tested and monitored using GPS tracking systems. 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 achieveing 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. Understanding and proactively managing our material issues and principal risks is vital. This is because they have the greatest potential to impact our ability to create and sustain value, which can influence our ability to remain viable over time.

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 **Assessment:** Likelihood: High 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 the lowest cost producer and has strategic plant locations. The company's expansion plans are in line with market's growth expectations and future plans with regards to maintaining or rather increasing its market share.
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	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. With the improved USD/PKR parity, the Company is better able to compete with different regional cement manufacturers.

OPERATIONAL RISKS			
Type of Risks	**Area of Impact**	**Source of Risk**	**Mitigating Action**
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 energy requirements.
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	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 systems audit is performed to identify any weaknesses / non-compliances and any areas for further improvements. Moreover, periodic log reviews further ensure that system related controls are in place and working effectively.

FINANCIAL RISKS			
Type of Risks	**Area of Impact**	**Source of Risk**	**Mitigating Action**
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 only 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: High 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			
Type of Risks	**Area of Impact**	**Source of Risk**	**Mitigating Action**
Risk of litigation Risk of having major legal cases initiated against the company **Assessment:** Likelihood: High Impact: Medium	Social and Relationship Capital	External	Significant litigation cases are handled through reputable law firms engaged by the company which specialize in particular areas. Additionally, in house legal affairs team supports operations by effective SOPs and additional review steps for significant contractual and regulatory obligations of the Company.
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	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 **Assessment:** Likelihood: Low Impact: Low	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.

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 lowest-cost producer and a manufacturer of premium quality cement.
Growth of Cement Industry	Manufactured/ Relationship Capital	The launch of China–Pakistan Economic Corridor initiative, 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 is continuously investing 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 by creating a positive work without excessive work pressure, continuous trainings for personal and professional development of employees.

Our Approach to Materiality

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. In addition to disclosure of all events/transactions required by law, the management has adopted materiality approach for effective communication with all stakeholders.

For these reasons, we undertake an annual materiality assessment process. 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 specific materiality thresholds are defined and approved by the Board, and as part of the Company's policy, the management discloses the transaction and events falling in this materiality threshold to the Board of Directors. In addition to it, the management of Lucky Cement is also responsible for apprising the board members with all unusual items or events.

To support our annual materiality assessment, we conduct ongoing dialogue with our stakeholders, including suppliers, consumers, regulators and nongovernmental 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 has a significant impact 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 and 4.4 of the standalone & 5.4 to 5.5 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 4.7 to 4.8 of the standalone and note 5.8 to 5.9 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 4.9 and 5.10 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 22.1 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.

Application of Shariah Governance Regulations, 2018

Lucky Cement is the first manufacturing Company in Pakistan to be awarded Shariah Compliant certificate by the SECP under Shariah Governance Regulations, 2018. Lucky Cement intends to comply with all the requirements of such Shariah Governance Regulations.

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, 2019 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 faces no risk of default in payment of any obligation, as it has sufficient capacity of generating cashflows.

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 and makes adjustment to its capital structure in light with changes in economic conditions. Healthy cash flows and prudent liquidity management aids the Company to achieve a current ratio of 1.42 which reflects 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. 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.

STRATEGY AND RESOURCE ALLOCATION

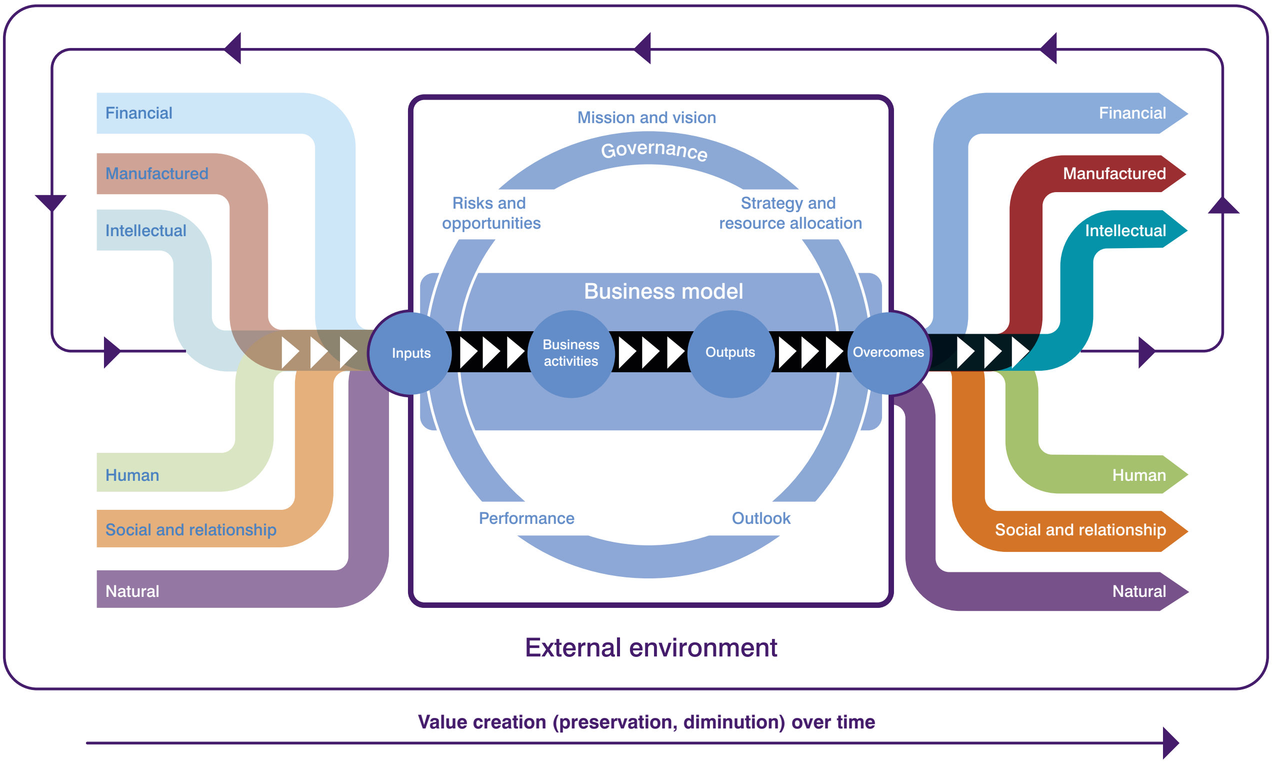
The growth of our people lies in working towards an unified goal with harmony. By creating an environment conducive to diversity, growth and learning we are determined to offer endless opportunities for our human capital.

UNDERSTANDING OUR BUSINESS MODEL

Every element of our business model is unique to our Company and has a role to play in our future long-term success. Following are the resources and relationships we depend on to create value

Human Capital	Manufactured Capital	Intellectual Capital
Our 2,507 people bring talent and strong capabilities relevant to all aspects of our business, from community and customer relations to the innovative thinking necessary to drive value growth and efficiency.	As one of the largest producer and exporter of Cement in Pakistan, we have production facilities in Karachi and Pezu with state-of-the-art Vertical Cement Mill, WHR and TDF dual fuel resources, warehouses at different cities, and export terminal at Karachi Port.	Our intellectual property includes our Enterprise Resource Planning (ERP) / business process management software SAP S/4 HANA, our fuel conversion and power generation facilities.
Financial Capital	**Social Capital**	**Natural Capital**
Our business activities require financial capital, which includes shareholders' equity and reinvested cash.	Our social 'licence to operate' is due to our reputation and the trust of key stakeholders. Our most valuable stakeholder relationships are with our investors, our community, employees, customers, suppliers and partners as well as government and regulators.	Cement and Clinker production require coal, limestone, clay and gypsum, which we seek to source responsibly and use efficiently.

Our Business Model and Value Creation Process



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.	Embarking on a brownfield expansion plan at its Pezu plant for an additional line of 2.6 MTPA expected to come online by the end of 2019. Opened new warehouses at various strategic locations to increase market reach.	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 75.4 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 in 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.	Installation of new Vertical Cement Mills at Karachi and Pezu plants. 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

S. No	Strategic Objectives	Strategies in place or intended to be implemented to achieve those strategic objectives	Plan
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, ensures that all social and environmental dimensions are considered while developing strategies, policies, practices and procedures.	Long term
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

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. There is no significant change in our capital structure and financing strategies.

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.

During the year under review, an amount of PKR 16.64 billion was generated from operations of the Company which was mainly allocated towards capital expenditure amounting to PKR 19.68 billion, long term investments of PKR 9.33 billion, distribution of dividend to shareholders for PKR 2.57 billion and payment of income tax amounting to PKR 1.62 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 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 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 all 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	
HR Excellence	Human Capital	• Climatic Surveys • Employee engagement • Retention ratios	

Significant Plans and Decisions

A snapshot of 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, 2019 are as follows:

- Completed installation of new Vertical Cement Mills at Karachi and Pezu Plants.
- Brownfield expansion of 2.6 MTPA at Pezu Plant is progressing as per target.
- Greenfield expansion for clinker production of 1.2 MTPA in Samawah, Iraq is progressing as per schedule.
- Additional equity investment in its 100% owned subsidiary company, LCL Holdings Limited amounting to PKR 10.6 billion for onward investment in Lucky Electric Power Company Limited (LEPCL). LEPCL achieved financial close of the project on June 25, 2018 after fulfilling all the necessary conditions.
- Additional equity investment in KIA Lucky Motors Limited (KLM) amounting to PKR 10 billion. KLM has started commercial operations in the month of June, 2019.
- During the year ended June 30 , 2019 a restructuring of Lucky Holdings Limited (LHL) had been proposed through a scheme of Arrangement. The Sindh High Court vide its order dated April 11, 2019 sanctioned the scheme effective from start of business on July 1, 2018. The Scheme, amongst other arrangements, determines LHL Demerged Undertaking as primarily comprising the assets, liabilities and obligations of LHL relating to its underlying investment in ICI. Under the Scheme, the share of LHL shareholders in LHL Demerged Undertakings proportionate to their respective shareholding in LHL has been amalgamated with and into their respective wholly owned subsidiary companies and their proportionate shares in LHL to that extent have been cancelled.

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 plans for expansion have already been announced and an update on their progress has been reported in the Directors' Report. The Company does not have any 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

There were no significant changes in objectives and / or strategies from prior years.

HR EXCELLENCE

Creating an inspiring workplace for our Human Capital

Our commitment to organizational success and Human Resources development allows us to attract talent beyond physical boundaries. We take pride in attracting, developing and retaining talented individuals who bring out the best and dedicate themselves to upholding our business ideals and values.

Today, we stand tall in the industry owing to invaluable contributions of our human capital. We at Lucky Cement understand that it is an investment in one's employees that will ultimately result in a stronger and more effective workforce, which will keep propelling us on our journey of growth, expansion and diversification.

Hiring & Retaining Talent

We are committed to developing and sustaining our talent pipeline by attracting and retaining the most competent people. 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.

We strongly believe that human capital is one of our most valuable and essential assets. We attract top talent at all levels to continue the legacy of being the leaders in the cement industry. We provide our top talent with challenging opportunities, so that they are motivated and engaged. Different initiatives within the Organization including differentiated pay ensure 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

Our Performance Management & Recognition system is designed to make business performance central to what we do, and encourage effective leadership and strategy deployment by focusing on performance delivery, building capability within our leaders, and accountability across the Company.

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 dialog, review and candid feedback, our aim is to achieve better business results and reward our employees for their good work.

Our systems are designed to ensure transparency and fairness at all levels. 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 for the best practices in the industry, we keep a track of our Company's culture by conducting the Climatic Survey each year.

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.

The Board evaluates the survey findings and then they trickle down to the departments for different initiatives to improve the working environment at Lucky Cement.

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 enrich both the organization as well as the individual through enhanced learning and exposure. It assists us in strengthening 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 that in turn exposes them to new challenges within the organization and augments their career development. We encourage job rotation at all levels. HR 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 aim is to bring together the entire Company working towards a common vision and help keep employees of 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 recently started informal coffee sessions for our mid-tier management with the senior management.

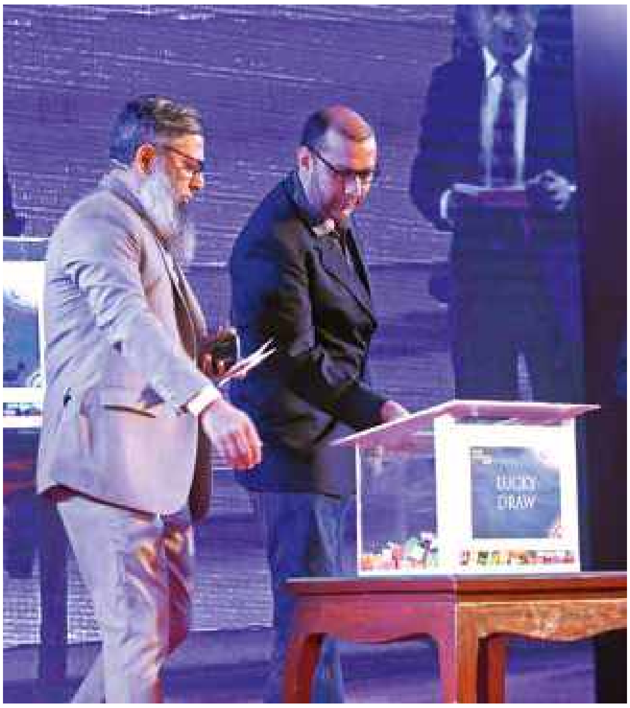
Talent Development

Numerous soft skill workshops have been conducted across all locations to help employees' hone their skills. The aim of these workshops is to cover needs that were identified through Learning Needs Assessment (LNA).

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.

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

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 of Lucky Cement Limited. Lucky Cement Limited is one of the largest producers and leading exporters of quality cement in Pakistan. Lucky Cement has also made cement manufacturing investments in Democratic Republic of Congo and Iraq.

He also serves as the Chief Executive of Yunus Textile Mills Ltd (YTML), a state-of-the-art home textile mill and the largest exporter of home textile products from Pakistan with subsidiaries in North America and France. Mr. Tabba also serves in the capacity of Vice Chairman on the Board of ICI Pakistan Limited. ICI Pakistan Limited is the leading producer of Polyester, Soda Ash, Chemicals, Life Sciences and Pharmaceutical products.

Mr. Tabba is also the Chairman of KIA Lucky Motors. The company has entered into a joint venture agreement with the South Korean carmaker to manufacture, assemble, market, distribute, sell, offer after-sales service, import and export all types of Kia motor vehicles, parts and accessories in Pakistan.

Mr. Tabba also serves in the role of Chairman Lucky Electric Power Company Limited. Lucky Electric Power Company is setting up a 660MW supercritical coal power plant at Port Qasim, Karachi.

All of the above companies are sponsored by YBG, which is one of the largest export houses and business conglomerates in Pakistan.

Mr. Tabba has also served as Chairman of Pakistan Business Council (PBC). PBC is a business policy advocacy platform comprising of the largest private-sector businesses and conglomerates, including multinationals in Pakistan. Pakistan Business Council aims to improve the general business environment of the country. He is the former chairman of All Pakistan Cement Manufacturing Association (APCMA), a regulatory and apex body of the cement manufacturers in Pakistan. He has been appointed by the Government of Pakistan to serve on the Board of Directors of Pakistan International Airlines Corporation Limited.

Mr. Tabba has recently been appointed to the Council of Business Leaders. The body is constituted and headed by the Prime Minister and is tasked with providing feedback on boosting exports, increasing investment, tariff and taxation policies.

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) on Mr. Tabba. For his distinguished services rendered in the field of entrepreneurship, public service and philanthropy; government of Pakistan in 2018 conferred upon Mr. Tabba "Sitara-e-Imtiaz," one of the highest awards government of Pakistan bestows upon a civilian.

Mr. Tabba is also the Vice Chairman of a not-for-Profit organization, Aziz Tabba Foundation. Aziz Tabba Foundation is the philanthropic arm of Yunus Brother Group which is working extensively in the field of social welfare, education, healthcare 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.

DIRECTORS' PROFILE

Muhammad Sohail Tabba

Muhammad Sohail Tabba is Pakistan's business mogul and philanthropist, owes his prosperity to a conglomerate of businesses and export houses bearing the Yunus Brothers Group (YBG) brand name. Tabba's 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 company and country.

Sohail Tabba is the CEO of Gadoon Textiles Mills Limited and Lucky Knits, Director of Yunus Textiles and Lucky Textile and spearheading Pakistan's leading company YBG in the arenas of textiles globally. GTML, established in 1988 has flourished under Sohail Tabba's leadership. GTML has over 300,000 spindles today at the technologically advanced, environment friendly plant. GTML, Lucky Knits, Yunus Textiles and Lucky Textiles are Pakistan's leading vertically integrated manufacturing houses providing employment opportunities to over 15,000 people.

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

Sohail Tabba's 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.

Sohail Tabba is the Director of Lucky Cement and KIA Lucky Motors and CEO of Lucky Energy, Yunus Energy and several other companies.

Driven to contribute to the community, 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 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 of 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 Limited into one of the premier Textile Companies in Pakistan. Lucky Textile Mills Limited 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 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). And last but not the least 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.

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).

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 "DHA Diagnostic & Consultation Centre" in April 2018. 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 8 years, he has been successfully managing the operations and investment portfolio worth about Rs.85 billion. He has experience of over 29 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investments, research and liaison with the regulatory authorities. He is an MBA and holds DAIBP. At present, he is also a candidate of 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 Boards of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from Pakistan Institute of Corporate Governance.

Mohammad Javed Iqbal

Mr. Javed Iqbal was a senior corporate banker and worked at major banks in Pakistan for about two decades before retiring from banking and starting his own business. Currently he is the Chief Executive Officer of Providus Capital (Pvt.) Ltd, which makes investments in Pakistan's public and private markets. He has served on Boards of many companies including Hub Power, Fatima Fertilizer, Atlas Power, Allied Asset Management and Cyan Limited. He has also served as the President of the CFA Society of Pakistan from 2009 to 2013. Javed is a CFA charter holder and has a Master's degree in Business Administration. He completed the Associate Management Program of Harvard Business School in 2013.

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 & Director Investments

Adnan Ahmed
Chief Operating Officer
International Businesses

Irfan Chawala
Director Finance and
Chief Financial Officer

Noman Hasan
Executive Director

Amin Ganny
Chief Operating Officer

SENIOR MANAGEMENT

Saifuddin A. Khan
GM Export

Adnan Naseem Qazi
GM Information Technology & Systems

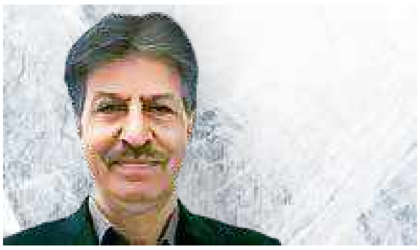
Waqas Abrar Khan
GM Human Resources & Administration

Ahmed Waseem Khan
GM Internal Audit & Compliance

Syed Hassan Mazhar Rizvi
GM Power Generation (Karachi Plant)

Amin Ashraf Husain
GM Supply Chain

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)

Kashif Jawaid
GM Finance

Zulfiqar Ali Khan
GM Govt. Relations

Faisal Mahmood
SDGM Finance & Company Secretary

Ali Shahab
Head of Legal

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, 2017 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, 2019 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

July 27, 2019

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	2019 Activity	2020 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.	• Continue optimization of costs and investments, driving process efficiency while improving customer satisfaction • Continue playing an industry-leading role on sustainability
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.	• 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	• 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
Culture and values	• Reviewed the results of the Company's annual Employee Engagement, Values and climatic surveys • Discussed talent and capabilities 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 • New board of Directors was elected during the Elections held in the 25th AGM of the Company in September 2018 which meets the regulatory requirements.	• Ongoing succession planning work for Board and senior management positions

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.

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, 2017, the Board of Lucky Cement annually undertakes a formal process of self-evaluation of performance of the Board as a whole 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, 2019, 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 andactive 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.

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

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 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 Policy is to ensure 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

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, 2018 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, 2019, 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, 2019 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 29, 2018	Within one month
Half-yearly Financial Statements	January 31, 2019	Within one month
Third Quarterly Financial Statements	April 26, 2019	Within one month
Annual Financial Statements	July 27, 2019	Within one month

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 period ended June 30, 2019

بسم الله الرحمن الرحيم

نحمده ونصلى على رسوله الكريم

With the grace of Allah, Lucky Cement Limited (LCL) appointed Alhamd Shariah Advisory Services (Private) Limited (ASAS) in November 2018 as its Shariah Advisor to comply with the requirements of Shariah Governance Regulations, 2018 issued by Securities and Exchange Commission of Pakistan (SECP). We are thankful to the Board of Directors and Management who have shown their confidence on Alhamd Shariah Advisory Services (Pvt) Limited and appointed us as Shariah Advisor.

We have been appointed as Shariah Advisor of the Company under the provisions of Shariah Governance Regulations, 2018 (Regulations). Under the Regulations our role includes:

- Introduction of a mechanism which will strengthen Shariah compliance in letter and spirit and ensure that the systems, procedures and policies adopted are in line with the Shariah principles.
- Ensure that the inflows and outflows of financial resources are free from: Riba (interest, usury or any other form), Qimar (Gambling), Gharar (Uncertainty) and other vices prohibited by Shariah.
- Advise on regular basis that the business, transactions and investments made are in accordance with the principles of Shariah.
- Make recommendations for potential improvements and the formulation of polices in line with Shariah principles.

Issuance of Shariah Compliance Certificate:

Just after appointment, ASAS performed Shariah screening of LCL on the basis of its Financial Statements of first quarter ended September 30, 2018 (un-audited) using the criteria mentioned in the Chapter IV (b) of Shariah Governance Regulations, 2018.

Alhamdulillah, ASAS found LCL as Shariah Compliant as per the said screening criteria and hence it issued a Shariah Compliance Certificate in favor of LCL. Subsequently, on January 25, 2019, SECP issued its First Shariah compliance certificate (Certificate No. SECP/IFD/SCC/001) in favor of LCL.

Management's Responsibility:

The prime responsibility for ensuring Shariah compliance of the Company's operations lies with the Board of Directors and Executive Management of the Company.

Review of Operations and our Opinion:

During the period, ASAS reviewed the operations and business activities of LCL with respect to Shariah compliance. For that purpose, representatives of ASAS met with the officials of different departments of LCL and they also visited one of the manufacturing plants of the Company. Accordingly, it has been agreed with management that all legal documents and policies would be executed and implemented in LCL after approvals of Shariah Advisor. The Company is carrying on its operations, business affairs and activities according to the principles of Shariah.

Based on the Review of Company's operations, transaction, 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.

The dividend income received during the year was purified where necessary, and was treated in accordance with the requirements of Shariah Governance Regulations, 2018.

Conclusion:

The Board of Directors and Management of LCL have effectively shown their sincerity to comply with Shariah Rulings in its true spirit, 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 ورحمة الله وبرکاته

Mufti Muhammad Ibrahim Essa

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

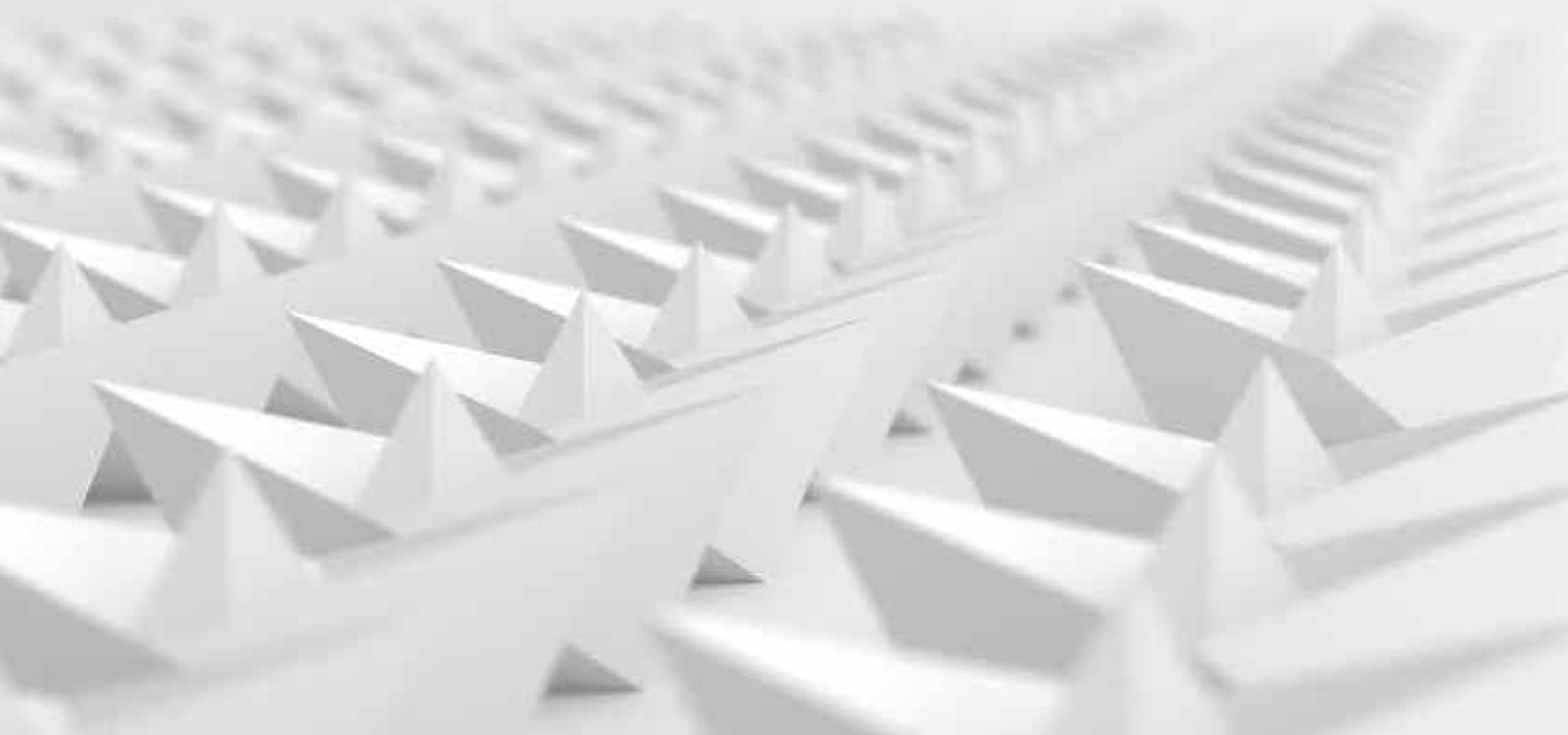
Mufti Ubaid Ur Rahman Zubairi

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 philosophy of business, followed by the sponsors of Lucky Cement, for the last 26 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.

Compliance with the Best Practices of Code of Corporate Governance

Living up to its standard, the Board of Directors has throughout the financial year 2018-19, 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 one month; whereas sixty days and one hundred and twenty days are available for half-yearly and annual financial statements respectively.

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.

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 though 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 received 4 complaints and after independent investigation remedial measures were taken. The Board Audit Committee was informed of all four whistles / complaints and the corrective measures taken.

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 off as per the record retention policy.

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

- 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 Finance Officer remains 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

The Company encourages its shareholders to attend the general meetings. It circulates the notice of general meetings well within regulatory timeframe. Moreover, advertisement is published in Urdu and English newspapers in all four provinces having largest readership within each province.

The Company timely updates its website with respect to all notices of general meetings.

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, CO_2, 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.

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 allows.
- 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, 2019 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, 2017, 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, 2017" 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, 2019, 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 2019

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 2019 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, 2017" of the Company for the year ended June 30, 2019 and shall retire on the conclusion of the 26th 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, 2019.
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 ending June 30, 2020.

MANZOOR AHMED
Chairman Audit Committee

Karachi: July 26, 2019

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, 2019.

Overview

The export performance of the **Cement Industry** has been exceptional during the the current financial year, which supported the overall Industry volumes to increase by 1.9% at 46.76 million tons for the fiscal year ended June 30, 2019 in comparison to 45.90 million tons last year. Export sales volumes registered an increase of 37.4% to reach 6.52 million tons as compared to 4.75 million tons last year and the local sales volume registered a decline of 2.2% to 40.24 million tons during the fiscal year ended June 30, 2019 in comparison to 41.15 million tons last year.

In comparison to the Cement Industry, your **Company's** overall sales volume declined by 1.8% to reach 7.67 million tons during the current fiscal year. The local cement sales volume registered a decline of 11.7% and were 5.85 million tons in comparison to 6.63 million tons last year, however the export sales volumes of the Company improved by 60.9% to 1.82 million tons as compared to 1.13 million tons last year.

On a **consolidated basis,** your Company achieved a gross turnover of PKR 136.59 billion which is 9.6% higher as compared to last year's turnover of PKR 124.68 billion.

Moreover, **consolidated** Net Profit of the Company was PKR 12.35 billion of which PKR 1.02 billion is attributable to non-controlling interests which translates into an EPS of PKR 35.03 during the fiscal year ended June 30, 2019 as compared to PKR 45.83 during last year.

Business Performance

a. Production & Sales Volume Performance

The **standalone** production and sales statistics of your Company for the current fiscal year ended June 30, 2019 compared to last year are as follows:

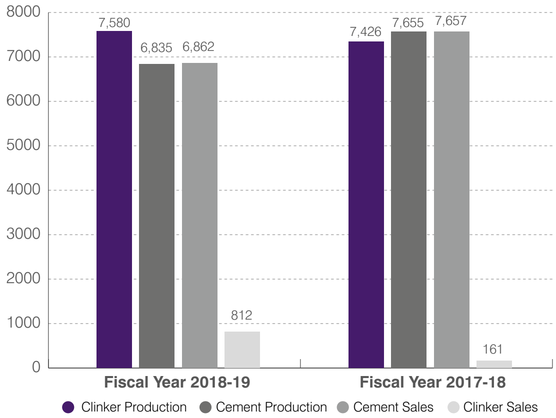
Particulars	FY 2018-19	FY 2017-18	Growth/ (Decline)
	Tons in '000		%
Clinker Production	7,580	7,426	2.1%
Cement Production	6,835	7,655	(10.7%)
Cement Sales	6,862	7,657	(10.4%)
Clinker Sales	812	161	404.3%

A comparison of the dispatches of the **Industry** and your **Company's** standalone business for the fiscal year ended 2018-19 in comparison with last year is presented below:

Particulars	FY 2018-19	FY 2017-18	Growth/ (Decline) %	
	Tons in '000			
Cement Industry				
Local Sales	40,235	41,147	(912)	(2.2%)
Export Sales				
- Bagged	4,150	4,260	(110)	(2.6%)
- Loose	117	181	(64)	(35.4%)
- Clinker	2,255	305	1,950	639.3%
Total Exports	**6,522**	**4,746**	**1,776**	**37.4%**
Grand Total	**46,757**	**45,893**	**864**	**1.9%**
Lucky Cement				
Local Sales				
- Cement	5,854	6,627	(773)	(11.7%)
- Clinker	-	59	(59)	(100.0%)
Total Local Sales	5,854	6,686	(832)	(12.4%)
Export Sales				
- Bagged	891	849	42	4.9%
- Loose	117	181	(64)	(35.4%)
- Clinker	812	101	711	704.0%
Total Exports	**1,820**	**1,131**	**689**	**60.9%**
Grand Total	**7,674**	**7,817**	**(143)**	**(1.8%)**

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

Tons in '000



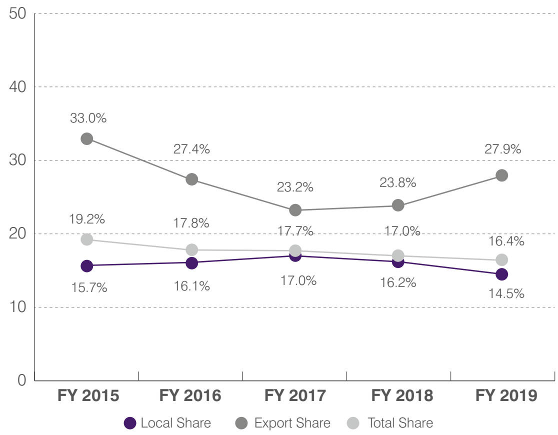
Market Share	FY 2018-19	FY 2017-18	Growth/ (Decline)
	Tons in '000'		%
Local Sales	**14.5%**	**16.2%**	**(10.5%)**
Export Sales			
- Bagged	21.5%	19.9%	8.0%
- Loose	100.0%	100.0%	0.0%
- Clinker	36.0%	33.1%	8.8%
Total Export	**27.9%**	**23.8%**	**17.2%**
Grand Total	**16.4%**	**17.0%**	**(3.5%)**

*industry data is based on best available market estimates

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

Yearwise LCL Market Share

Percentage



b. Financial Performance

The **standalone** financial performance of your Company for the fiscal year ended June 30, 2019 as compared to last year is presented below:

PKR in million except EPS

Particulars	FY 2018-19	FY 2017-18	% Change
Gross Revenue	67,548	67,377	0.3%
Net Revenue	48,021	47,542	1.0%
GP	13,984	16,952	(17.5%)
OP	10,027	13,870	(27.7%)
EBITDA	13,345	16,887	(21.0%)
NP	10,490	12,197	(14.0%)
EPS	32.44 / Share	37.72 / Share	(14.0%)

Revenue

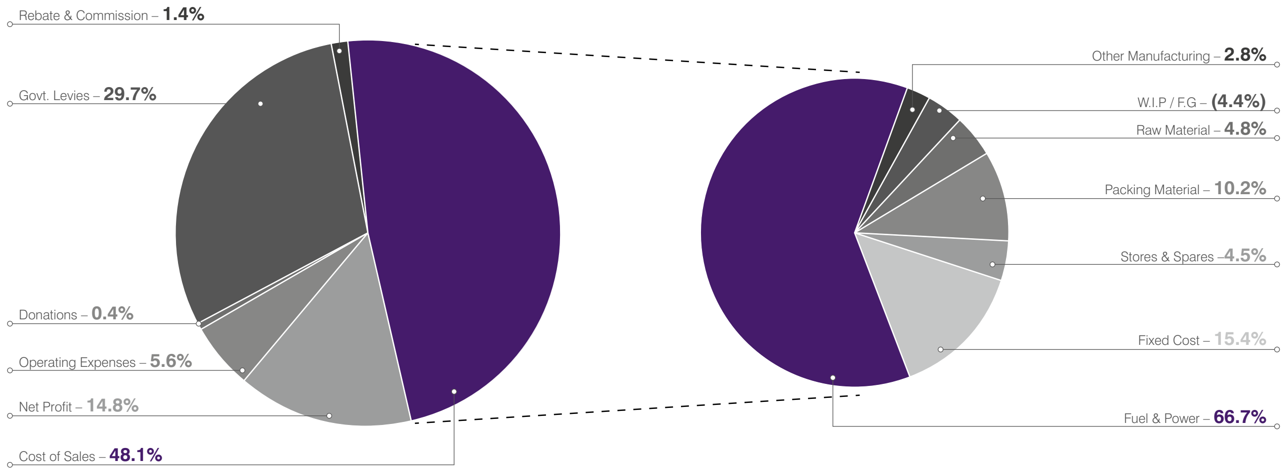
During the fiscal year 2018-19 under review, your Company achieved an overall gross sales revenue growth of 0.3% as compared to last year. This was mainly attributable to higher export sales volumes for clinker.

Cost of Sales

During the fiscal year 2018-19 under review, per ton cost of sales of your Company increased by 13.3% as compared to last year. This increase was mainly on account of adverse PKR exchange rate parity and market driven increases in coal, packing material and other fuel prices.

Distribution of Gross Revenue

Distribution of Cost of Sales

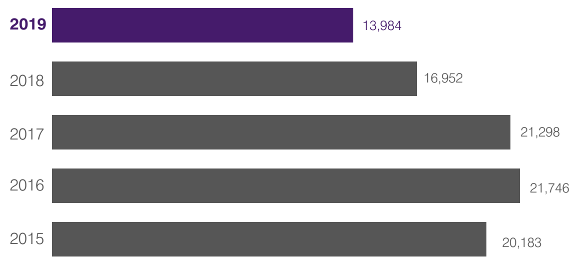


Gross Profit

Your Company achieved a gross profit margin of 29.1% for the fiscal year under review as compared to 35.7% reported last year.

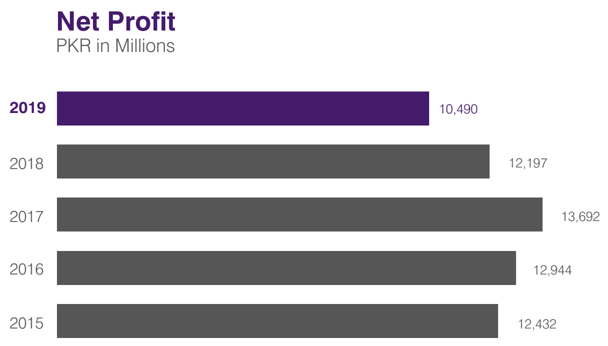
Gross Profit

PKR in Millions



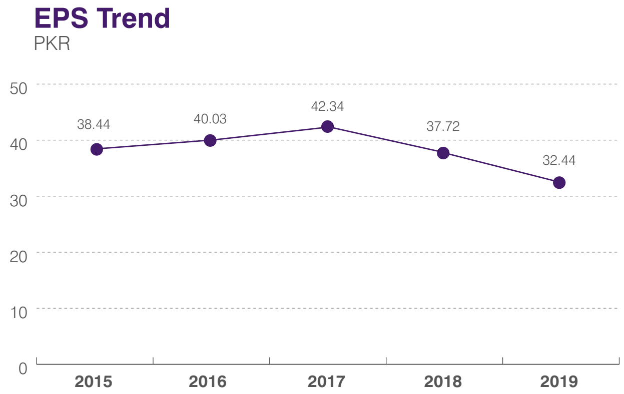
Net Profit

Your Company achieved a profit before tax of PKR 12,221.2 million during the current fiscal year under review as compared to PKR 15,118.7 million reported last year. Similarly, after tax profit of PKR 10,490.2 million was achieved during the current fiscal year under review as compared to PKR 12,197.1 million reported last year.



Earnings per share

The earnings per share of your Company for the fiscal year ended June 30, 2019 was PKR 32.44 in comparison to PKR 37.72 reported last year.



Contribution to National Exchequer

Your company contributed PKR 21 billion (2018: PKR 23 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 75.4 million was generated by your Company for the Country from 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 support in the areas of education, women empowerment, health, environment conservation, and community development through various welfare initiatives; which are undertaken both directly through 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 2018-19	FY 2017-18
Health Initiative & Financial Assistance To Patients	221,903	179,711
Community Development	60,711	71,563
Education Initiatives & Financial Assistance To Schools, Universities & Scholarships	29,499	33,680
Sports & Olympics	1,000	1,000
General Donation	134	375
Total Amount Donated	313,247	286,329

Dividend & Appropriation

Taking into consideration the current capital and equity investment plans; the board has proposed the final cash dividend of PKR 6.50 per share subject to the approval of shareholders in the upcoming Annual General Meeting scheduled to be held on September 27, 2019.

This approach remains in line with your Company's commitment to consistently provide sustainable returns to the shareholders. 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	10,538,595
	10,538,595
Appropriations	
Proposed final cash dividend @ PKR 6.50 per share	2,101,938
Proposed transfer to General Reserves	8,436,657
Un-appropriated profit at the end of the year	-
Basic and diluted earnings per share – PKR	32.44

Projects – New and Ongoing

Brownfield cement plant expansion in KPK Province of Pakistan – 2.6 million tons per annum

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.

Investments

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

The construction activity for setting up 660 MW super critical, lignite coal-based power plant is progressing as per project implementation schedule. Target to achieve commercial operations is 1st March 2021.

Investment in automotive manufacturing plant – Kia Lucky Motors Pakistan Limited [KLM]

KLM commenced CKD operations within the originally envisaged project timelines. Its state-of- the-art facility has the capacity to produce 50,000 vehicles per annum on a double shift basis. The booking of “SPORTAGE” an SUV being KLM’s first model started on 30th June 2019 and delivery thereof will start from the end of July 2019. The booking of “PICANTO” hatchback being KLM’s second model is expected to start in August 2019 and delivery thereof from October 2019.

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

The first shipment of Plant and Machinery from Sinoma is expected to start from the month of October 2019. The letter of credit for Power Plant has been established and shipment from Wartsila is expected in the month of December 2019. Civil team has been mobilized and contract of mechanical work will be finalized in August 2019 and team will be mobilized accordingly. Target to achieve commercial production is by the end of first quarter of financial year 2020-21.

Equity Investment in associated company in 50 MW power project

The Company had obtained approval from its shareholders for equity investment of PKR 720 million in an associated company, M/s Yunus Wind Power Limited in the Extra Ordinary General Meeting held on November 28, 2017. However, the Company has not invested its share of approved equity investment in the project company and the Board has now decided not to pursue such investment further.

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	Segment Liabilities (PKR Bn.)
Cement	1.01%	29.12%	20.88%	75.51	27.73
Polyester	30.15%	2.78%	0.75%	10.85	14.85
Soda Ash	31.81%	26.46%	22.08%	24.29	2.76
Life Sciences	-3.15%	23.59%	3.74%	9.24	4.18
Chemicals	3.62%	23.15%	8.19%	8.48	1.63
Others	146.94%	16.68%	(16.89)%	55.09	1.87

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 internal cash generation.

During the year under review, an amount of PKR 16.64 billion was generated from operations of the Company which was mainly allocated towards capital expenditure amounting to PKR 19.68 billion, long term investments of about PKR 9.33 billion, distribution of dividend to shareholders for PKR 2.57 billion and payment of income tax worth PKR 1.62 billion.

The Board of Directors are satisfied that due to efficient and effective financial management system in place, there are no short or long term financial constraints in the foreseeable near future. The available surplus liquidity is being effectively channelized into planned investment projects to generate further revenues.

Capital Structure and Financial position

Your company's strong financial position and free cash flow generating ability provides the management with flexibility to support its vision to improve operational efficiencies as well as make new investments, which also gives the company's stakeholders and vendors confidence in doing business. Our reserves increased by 10% during the year and now stand at PKR 91 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 to try and overcome the challenges faced in domestic market, your Company availed Islamic Export Re-finance facilities from various Islamic banks amounting to PKR 2.9 billion. These Islamic Export Refinance Facilities are mainly secured by way of hypothecation charge over Plant & Machinery, Stocks, Stores & Spares. The Company is currently not utilizing any long term debt facility.

Since Lucky Cement is well regarded in the market as credible and consistent player; all our trade creditors have full faith in our financial management

Human Resource Development

As we continue our journey of growth the role and the development of human resources becomes all the more critical. We are committed to create 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.

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 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.

Management Objective and Strategies

The key objective of the management of your company is to sustain market leadership in Pakistan's 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 company's improved performance in all spheres of its operations.

Your company today has a global footprint and the management is set to achieve further milestones through creation of enabling 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 environment and 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 is a reflection of 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 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 16.4% in financial year 2018-19.	The cost of production per ton remains one of the lowest in the industry.	Year on year, overall sales volume decreased by 1.8%.	EPS is PKR 32.44 which is 14.0% lower compared to last year	Installation of Vertical Cement Mills at Pezu and Karachi plants resulting in improved efficiencies and lower power consumption

DIRECTORS' REPORT

Corporate & Brand Image

Awards	Brand Awareness	Corporate Communication	International Conferences
• Awarded 3rd position in the Top 25 companies award by the Pakistan Stock Exchange. This award was in recognition of the Company's remarkable financial and managerial performance. • 34th MAP Corporate Excellence Award in Cement Sector • Environment Excellence Award at 16th Annual Environment Excellence Award (AEEA) 2019 • The Professionals Network: 8th Corporate Social Responsibility Award 2018 • 8th Fire & Safety Award organized by The National Forum of Environment and Health (NFEH). • ICAP / ICMAP Award for Best Corporate Report 2017 in the Sugar & Cement category.	During the year, provided sponsorship to 'Stimulus for Climate Launchpad Pakistan' the world's largest green business ideas competition.	Continued reaching out to customers through print medium and articles in various publications.	Participation in 20th Asia Cement trade Summit held on 13-14 Nov 2018 in Bangkok, Thailand, where Lucky Cement gave a presentation on the Pakistan Cement Industry & Its Exports Potential. Participated in the world's leading cement industry event; INTERCEM held in Lahore from 12th to 14th November.

Human Resource Development

Talent Management	Learning & Development	Performance Management	Succession planning
Revamped the competency framework and finalized functional competency model, which will help identify the best fit talent externally and would assist in developing and retaining internal talent. It will also ensure effective and targeted training interventions which will help the organization in developing the existing talent for the next level.	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. Achieved ACCA Approved Employer Accreditation for Professional Development . Other initiatives included sharing Weekly Management Tips from Harvard Business Review (HBR), Case Study Sessions, TED Talk Video Learning Sessions & providing staff access to training material through intranet.	Launched S.M.A.R.T. goal setting activity on SAP to ensure better departmental and individual goals alignment to the Corporate objectives and organization's vision. HR Committee conducted joint review sessions for Performance Management to ensure Department's and individual's alignment with the defined Corporate objectives.	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 (16% reduction as compared to last year)	Positioned almost 65% 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.

Business Growth and Diversification

Coal Based Power Project	Kia Lucky Motors Pakistan Limited (KLM)	Greenfield clinker production facility in Samawah, Iraq	Brownfield Cement plant expansion at Pezu – 2.6 million tons per annum
The construction activity for setting up 660 MW super critical, lignite coal-based power plant at Deh Ghangiaro Bin Qasim is progressing as per project implementation schedule. Target to achieve commercial operations is 1st March 2021.	KLM has commenced CKD operations within the originally envisaged project timelines. KLM with its state-of- the-art facility has the capacity to produce 50,000 vehicles per annum on a double shift basis. The booking of "SPORTAGE" an SUV being KLM's first model started on 30th June 2019 and delivery thereof started end of July 2019. The booking of "PICANTO" hatchback being KLM's second model started end of August 2019 and delivery thereof is expected from October 2019.	The first shipment of Plant and Machinery from Sinoma is expected to start from the month of October 2019. The letter of credit for Power Plant has been established and shipment from Wartsila is expected in the month of December 2019. Civil team has been mobilized and contract of mechanical work finalized in August 2019 and team is mobilized, accordingly. Target to achieve commercial production is by the end of first quarter of financial year 2020-21.	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.

Risk Management

Strategic Risks	Operational Risks	Financial Risks	Compliance Risks
The strategic risks such as critical availability of gas and alternate fuels for power generation, and changes in domestic competitive scenario are being continuously monitored. The Company's expansion plans and growth targets are revisited with changing market situation. Changes in macro-economic indicators, inconsistent / arbitrary changes in Government Policies and significant increase in coal and other fuel prices making 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, exports of cement and clinker and spares provide a natural hedge against foreign currency transactions and safeguarded 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 supports in mitigating risks towards in-house and project-related investments.	Due to effective compliance with laws and regulations and transparent financial reporting Framework, 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. 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 Shaukat Khanum Memorial Cancer Hospital, Pakistan Welfare Association of the Blind and World Memon Organization.

Environment and Water Conservation

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.

Your 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 and water sprinklers in the gardens and storage locations which use 30% - 50% less water than conventional watering methods.

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, 2017 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.
- 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 a part of this Annual Report.

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

S.No.	Name of Directors	No. of Meetings Attended
	Board of Directors - 5 Meetings	
1	Mr. Muhammad Yunus Tabba (Chairman) Non-Executive Director	5
2	Mr. Muhammad Ali Tabba Executive Director	5
3	Mr. Muhammad Sohail Tabba Non-Executive Director	2
4	Mr. Jawed Yunus Tabba Non-Executive Director	5
5	Mrs. Mariam Tabba Khan Non-Executive Director	4
6	Mr. Manzoor Ahmed Independent Director	4
7	Mr. Mohammad Javed Iqbal Independent Director	3
*	Mr. Tariq Iqbal Khan Independent Director	0
*	Mr. Abid Ganatra Non-Executive Director	1
*	Mrs. Zulekha Tabba Maskatiya Non-Executive Director	0

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

* Mr. Tariq Iqbal Khan, Mr. Abid Ganatra and Mrs. Zulekha Tabba Maskatiya retired from the directorship in the 25th AGM of the Company held on September 28, 2018.

Training of the Board

The Company takes keen interest in the professional development of its Board members and has carried out necessary trainings 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.

Board Committees and Meetings

Audit Committee

Audit Committee - 4 Meetings		
S.No.	Name of Directors	No. of Meetings Attended
1	Mr. Manzoor Ahmed (Chairman) Independent Director	3
2	Mr. Mohammad Javed Iqbal Independent Director	3
3	Mr. Muhammad Sohail Tabba Non-Executive Director	3
4	Mrs. Jawed Yunus Tabba Non-Executive Director	4
5	Mrs. Mariam Tabba Khan Non-Executive Director	2
*	Mr. Tariq Iqbal Khan Independent Director	1
*	Mr. Abid Ganatra Non-Executive Director	1
*	Mrs. Zulekha Tabba Maskatiya Non-Executive Director	0

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

* Mr. Tariq Iqbal Khan, Mr. Abid Ganatra and Mrs. Zulekha Tabba Maskatiya retired from the directorship in the 25th AGM of the Company held on September 28, 2018.

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, 2017 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	0
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

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

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. Mohammad Javed Iqbal (Chairman) Non-Executive Director	0
2	Mr. Muhammad Ali Tabba Executive Director	1
3	Mr. Muhammad Sohail Tabba Non-Executive Director	1
4	Mr. Jawed Yunus Tabba Non-Executive Director	1
5	Mrs. Mariam Tabba Khan Non-Executive Director	1
*	Mrs. Zulekha Tabba Maskatiya Non-Executive Director	0

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

* Mrs. Zulekha Tabba Maskatiya retired from the directorship in the 25th AGM of the Company held on September 28, 2018.

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 Recourses 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 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 have 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 quarterly basis.

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, 2019 is annexed to this report.

Auditors

The financial statements of the company for the current year 2018-19 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 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

With the current economic challenges and the post IMF (fund facility arrangements' signing) macro-economic situation, your Company believes that in short to medium-term, the Outlook of the Cement industry will continue to remain challenging for the domestic sales. Export sales are anticipated to remain stable, however, prices will come under pressure due to regional competition.

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

Your Company's strong financial position and free cash flow generating ability is 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 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: July 27, 2019

STATEMENT OF COMPLIANCE

With Listed Companies (Code of Corporate Governance) Regulations, 2017 for the year ended June 30, 2019

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

Mohammad Javed Iqbal

Other Non-Executive Directors:

Muhammad Yunus Tabba

Muhammad Sohail Tabba

Jawed Yunus Tabba

Mariam Tabba Khan

Executive Director:

Muhammad Ali Tabba

3. The directors have confirmed that none of them is serving as a director on the board of more than five 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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 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. The Board has arranged Directors' Training program wherever required for the following:

Independent Director:

Manzoor Ahmed

Mohammad Javed Iqbal

Other Non-Executive Directors:

Muhammad Yunus Tabba

Muhammad Sohail Tabba

Jawed Yunus Tabba

Mariam Tabba Khan

Executive Directors:

Muhammad Ali Tabba

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 as given below:

Audit Committee

Manzoor Ahmed
Chairman

Muhammad Sohail Tabba

Jawed Yunus Tabba

Mariam Tabba Khan

Mohammad Javed Iqbal

HR and Remuneration Committee

Mohammad Javed Iqbal
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, 2019

    (b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2019

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 (ICAP), and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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 other requirements of the Regulations have been complied with.

MUHAMMAD YUNUS TABBA
Chairman/Director

MUHAMMAD ALI TABBA
Chief Executive/Director

FINANCIAL HIGHLIGHTS SIX YEARS AT A GLANCE

Financial Position (PKR in million)	2014	2015	2016	2017	2018	2019
Assets Employed						
Property, plant and equipment	31,937	35,019	33,887	37,488	40,913	57,276
Intangible Assets	28	42	127	80	55	18
Long term investments	8,158	10,925	12,422	13,314	24,981	34,314
Long term advance	72	79	76	85	91	99
Long term deposit & deferred cost	3	3	3	3	3	3
Current assets	19,672	27,018	39,395	46,368	42,956	33,379
Total Assets	**59,870**	**73,086**	**85,909**	**97,337**	**108,999**	**125,089**
Financed By						
Shareholders' Equity	49,792	59,259	69,323	79,785	86,367	94,318
Long-term liabilities						
Long term finance	-	-	-	-	-	-
Current portion of long term finance	127	-	-	-	-	-
	127	-	-	-	-	-
Long term deposits and deferred liabilities	5,521	6,396	6,969	7,209	7,395	7,193
Current liabilities	4,556	7,431	9,618	10,344	15,237	23,578
Current portion of long term finance	(127)	-	-	-	-	-
	4,428	7,431	9,618	10,344	15,237	23,578
Total Funds Invested	**59,870**	**73,086**	**85,909**	**97,337**	**108,999**	**125,089**
Turnover & Profit						
Turnover - Net	43,083	44,761	45,135	45,687	47,542	48,021
Gross Profit	18,690	20,183	21,746	21,298	16,952	13,984
Operating Profit	14,548	16,138	18,620	18,573	13,870	10,027
Profit before taxation	14,456	15,912	18,400	18,778	15,119	12,221
Profit after taxation	11,344	12,432	12,944	13,692	12,197	10,490
Total comprehensive income	11,344	12,377	12,974	13,696	12,079	10,539
Cash Dividends	2,587	2,910	2,910	3,234	5,497	2,587
General Reserve	7,871	8,433	9,467	9,741	8,199	9,492
Profit carried forward	11,344	12,377	12,974	13,696	12,079	10,539
Earning per share (Rupees)	35.08	38.44	40.03	42.34	37.72	32.44
Cash Flow Summary						
Net Cash from Operating Activities	13,566	19,003	16,603	16,864	17,080	17,084
Net Cash used in Investing Activities	(4,949)	(8,130)	(3,353)	(6,688)	(17,906)	(29,189)
Net Cash Outflow from Financing Activities (excluding balance held as lien)	(2,833)	(3,019)	(2,889)	(3,243)	(5,477)	(2,573)
(Decrease) /Increase in Cash and Bank Balance	5,785	7,854	10,361	6,933	(6,303)	(14,678)
Cash and Bank Balance at beginning of the Year	2,806	8,591	16,445	26,806	33,738	27,435
Cash and Bank Balance at end of the Year [including short term borrowing]	8,591	16,445	26,806	33,738	27,435	15,657

ANALYSIS OF STATEMENT OF FINANCIAL POSITION

PKR in '000	2014	2015	2016	2017	2018	2019
Share Capital & Reserves	49,792,183	59,258,770	69,322,838	79,784,981	86,366,822	94,318,417
Non Current Liabilities	5,521,483	6,396,392	6,968,744	7,208,757	7,395,033	7,192,747
Current Liabilities	4,555,965	7,430,703	9,617,734	10,343,627	15,237,262	23,578,050
Total Equity & Liabilities	**59,869,631**	**73,085,865**	**85,909,316**	**97,337,365**	**108,999,117**	**125,089,214**
Non Current Assets	40,198,033	46,067,916	46,514,689	50,969,440	66,043,440	91,710,415
Current Assets	19,671,598	27,017,949	39,394,627	46,367,925	42,955,677	33,378,799
Total Assets	**59,869,631**	**73,085,865**	**85,909,316**	**97,337,365**	**108,999,117**	**125,089,214**

Vertical Analysis - %	2014	2015	2016	2017	2018	2019
Share Capital & Reserves	83.17	81.08	80.69	81.97	79.24	75.40
Non Current Liabilities	9.22	8.75	8.11	7.41	6.78	5.75
Current Liabilities	7.61	10.17	11.20	10.62	13.98	18.85
Total Equity & Liabilities	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Non Current Assets	67.14	63.03	54.14	52.36	60.59	73.32
Current Assets	32.86	36.97	45.86	47.64	39.41	26.68
Total Assets	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

"Horizontal Analysis (i) Cumulative %"	2014	2015	2016	2017	2018	2019
Share Capital & Reserves	100.00	19.01	39.22	60.24	73.45	89.42
Non Current Liabilities	100.00	15.85	26.21	30.56	33.93	30.27
Current Liabilities	100.00	63.10	111.10	127.03	234.45	417.52
Total Equity & Liabilities	**100.00**	**22.08**	**43.49**	**62.58**	**82.06**	**108.94**
Non Current Assets	100.00	14.60	15.71	26.80	64.30	128.15
Current Assets	100.00	37.34	100.26	135.71	118.36	69.68
Total Assets	**100.00**	**22.08**	**43.49**	**62.58**	**82.06**	**108.94**

Horizontal Analysis (ii) Year on Year %	2014	2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018
Share Capital & Reserves	100.00	19.01	16.98	15.09	8.25	9.21
Non Current Liabilities	100.00	15.85	8.95	3.44	2.58	(2.74)
Current Liabilities	100.00	63.10	29.43	7.55	47.31	54.74
Total Equity & Liabilities	**100.00**	**22.08**	**17.55**	**13.30**	**11.98**	**14.76**
Non Current Assets	100.00	14.60	0.97	9.58	29.57	38.86
Current Assets	100.00	37.34	45.81	17.70	(7.36)	(22.29)
Total Assets	**100.00**	**22.08**	**17.55**	**13.30**	**11.98**	**14.76**

ANALYSIS OF PROFIT AND LOSS ACCOUNTS

PKR in '000	2014	2015	2016	2017	2018	2019
Turnover	43,083,169	44,761,307	45,135,037	45,687,043	47,541,724	48,021,399
Cost of Sales	24,393,064	24,578,219	23,389,268	24,388,760	30,589,363	34,037,568
Gross Profit	**18,690,105**	**20,183,088**	**21,745,769**	**21,298,283**	**16,952,361**	**13,983,831**
Distribution Cost	3,382,156	3,127,018	2,018,376	1,703,785	1,992,454	2,728,809
Administrative Cost	760,269	943,385	1,107,527	1,021,694	1,089,446	1,227,872
Operating Profit	**14,547,680**	**16,112,685**	**18,619,866**	**18,572,804**	**13,870,461**	**10,027,150**
Finance Cost	34,225	-	-	-	-	-
(Other Income)/Charges	57,090	200,891	219,644	(205,449)	(1,248,194)	(2,194,065)
Profit before taxation	**14,456,365**	**15,911,794**	**18,400,222**	**18,778,253**	**15,118,655**	**12,221,215**
Taxation	3,111,962	3,480,196	5,456,037	5,086,004	2,921,565	1,730,986
Profit after taxation	**11,344,403**	**12,431,598**	**12,944,185**	**13,692,249**	**12,197,090**	**10,490,229**
Other Comprehensive Income	(663)	(54,636)	30,258	3,644	(117,874)	48,366
Total Comprehensive Income	**11,343,740**	**12,376,962**	**12,974,443**	**13,695,893**	**12,079,216**	**10,538,595**

Vertical Analysis - %	2014	2015	2016	2017	2018	2019
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	56.62	54.91	51.82	53.38	64.34	70.88
Gross Profit	**43.38**	**45.09**	**48.18**	**46.62**	**35.66**	**29.12**
Distribution Cost	7.85	6.99	4.47	3.73	4.19	5.68
Administrative Cost	1.76	2.11	2.45	2.24	2.29	2.56
Operating Profit	**33.77**	**36.00**	**41.25**	**40.65**	**29.18**	**20.88**
Finance Cost	0.08	-	-	-	-	-
(Other Income)/Charges	0.13	0.45	0.49	(0.45)	(2.63)	(4.57)
Profit before taxation	**33.55**	**35.55**	**40.77**	**41.10**	**31.80**	**25.45**
Taxation	7.22	7.78	12.09	11.13	6.15	3.60
Profit after taxation	**26.33**	**27.77**	**28.68**	**29.97**	**25.66**	**21.84**
Other Comprehensive Income	-	(0.12)	0.07	0.01	(0.25)	0.10
Total Comprehensive Income	**26.33**	**27.65**	**28.75**	**29.98**	**25.41**	**21.95**

Horizontal Analysis (i) Cumulative - %	2014	2015	2016	2017	2018	2019
Turnover	100.00	3.90	4.76	6.04	10.35	11.46
Cost of Sales	100.00	0.76	(4.12)	(0.02)	25.40	39.54
Gross Profit	**100.00**	**7.99**	**16.35**	**13.95**	**(9.30)**	**(25.18)**
Distribution Cost	100.00	(7.54)	(40.32)	(49.62)	(41.09)	(19.32)
Administrative Cost	100.00	24.09	45.68	34.39	43.30	61.50
Operating Profit	**100.00**	**10.76**	**27.99**	**27.67**	**(4.66)**	**(31.07)**
Finance Cost	100.00	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)
Other Income/Charges	100.00	251.88	284.73	(459.87)	(2,286.36)	(3,943.17)
Profit before taxation	**100.00**	**10.07**	**27.28**	**29.90**	**4.58**	**(15.46)**
Taxation	100.00	11.83	75.32	63.43	(6.12)	(44.38)
Profit after taxation	**100.00**	**9.58**	**14.10**	**20.70**	**7.52**	**(7.53)**
Other Comprehensive Income	100.00	8,140.72	(4,663.80)	(649.62)	17,678.85	(7,395.02)
Total Comprehensive Income	**100.00**	**9.11**	**14.38**	**20.74**	**6.48**	**(7.10)**

Horizontal Analysis (ii) Year vs Year - %	2014	2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017	2019 vs 2018
Turnover	100.00	3.90	0.83	1.22	4.06	1.01
Cost of Sales	100.00	0.76	(4.84)	4.27	25.42	11.27
Gross Profit	**100.00**	**7.99**	**7.74**	**(2.06)**	**(20.41)**	**(17.51)**
Distribution Cost	100.00	(7.54)	(35.45)	(15.59)	16.94	36.96
Administrative Cost	100.00	24.09	17.40	(7.75)	6.63	12.71
Operating Profit	**100.00**	**10.76**	**15.56**	**(0.25)**	**(25.32)**	**(27.71)**
Finance Cost	100.00	(100.00)	-	-	-	-
Other Income/Charges	100.00	251.88	9.33	(193.54)	507.54	75.78
Profit before taxation	**100.00**	**10.07**	**15.64**	**2.05**	**(19.49)**	**(19.16)**
Taxation	100.00	11.83	56.77	(6.78)	(42.56)	(40.75)
Profit after taxation	**100.00**	**9.58**	**4.12**	**5.78**	**(10.92)**	**(13.99)**
Other Comprehensive Income	100.00	8,140.72	(155.38)	(87.96)	(3,334.74)	(141.03)
Total Comprehensive Income	**100.00**	**9.11**	**4.83**	**5.56**	**(11.80)**	**(12.75)**

NOTES ON ANALYSIS

Comments on six year Statement of Comprehensive Income analysis

Turnover

Revenues grew from PKR 43.1 billion in 2014 to PKR 48.0 billion in 2019 with an increase of 11.5%. This is mainly due to increase in sales volumes.

Cost of Sales

Cost increased from PKR 24.4 billion in 2014 to PKR 34.0 in 2019 billion with an increase of 39.5%. This is mainly due to increase in sales volume, prices of coal, gas, other fuels and packing material.

Gross Profit

GP decreased from PKR 18.7 billion in 2014 to PKR 14.0 billion in 2019 with a decrease of 25.2%. This is mainly attributed to change in sales mix from cement to clinker that resulted in lower net retentions. Moreover, higher fuel and other costs also contributed in the decrease of gross profit.

Net Profit

Net Profit decreased from PKR 11.3 billion in 2014 to 10.5 billion in 2019 with a decrease of 7.5%. This is mainly attributable to decreased net retentions and higher fuel and other costs.

Comments on six year Statement of Finanical 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 30.3% in NCL from 2014 to 2019 mainly because of deferred tax liability.

Non Current Assets

There is an increase of 128.1% in NCA from 2014 to 2019 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 liquidity of the Company in previuos year improved due to improved margins, cost reductions and reliance on equity financing thus reducing finance cost over the years. The company has no Long Term borrowings as of 30th June 2019 and all the Company's projects and investments are primarily financed by internally generated cash flows.

FINANCIAL PERFORMANCE

Financial Ratios	UoM	2014	2015	2016	2017	2018	2019
Profitability Ratios							
Gross profit to sales	percent	43.38%	45.09%	48.18%	46.62%	35.66%	29.12%
Operating Cost to sales	percent	66.23%	64.00%	58.75%	59.35%	70.82%	79.12%
Profit before tax to sales	percent	33.55%	35.55%	40.77%	41.10%	31.80%	25.45%
Net profit after tax to sales	percent	26.33%	27.77%	28.68%	29.97%	25.66%	21.84%
EBITDA to sales	percent	38.58%	41.17%	46.95%	46.41%	35.52%	27.80%
Operating Leverage	percent	123.39%	280.73%	1,841.56%	(20.67%)	(623.68%)	(2,746.27%)
Return on Equity after tax	percent	22.78%	20.89%	18.72%	17.17%	13.99%	11.17%
Return on Capital Employed	percent	24.94%	22.70%	20.18%	18.37%	14.54%	11.67%
Liquidity Ratios							
Current ratio	times	4.32 : 1	3.64 : 1	4.10 : 1	4.48 : 1	2.82 : 1	1.42 : 1
Quick/Acid test ratio	times	2.62 : 1	2.75 : 1	3.31 : 1	3.67 : 1	2.12 : 1	0.95 : 1
Cash to Current Liabilities	times	1.89 : 1	2.21 : 1	2.79 : 1	3.26 : 1	1.80 : 1	0.66 : 1
Cash flow from Operations to Sales	times	0.31 : 1	0.42 : 1	0.37 : 1	0.37 : 1	0.36 : 1	0.36 : 1
Activity / Turnover Ratios							
Inventory turnover	times	3.40	3.44	3.30	3.05	3.22	3.15
No. of days in Inventory	days	107.35	106.10	110.61	119.67	113.35	115.87
Debtor turnover	times	23.00	21.73	21.37	24.27	23.73	21.42
No. of days in Receivables	days	15.87	16.80	17.08	15.04	15.38	17.04
Creditor turnover	times	6.36	4.69	3.13	2.74	2.73	2.11
No. of days in Payables	days	57.39	77.83	116.61	133.21	133.70	172.99
Operating Cycle	days	65.83	45.07	11.08	1.50	(4.97)	(40.08)
Total assets turnover	times	0.72	0.61	0.53	0.47	0.44	0.38
Fixed assets turnover	times	1.35	1.28	1.33	1.22	1.16	0.84
Investment Valuation Ratios							
Earnings per share (after tax)	rupees	35.08	38.44	40.03	42.34	37.72	32.44
Price / Earning ratio (after tax)	times	11.70	13.52	16.20	19.75	13.47	11.73
Dividend Yield	percent	2.19%	1.73%	1.54%	1.43%	2.56%	1.71%
Dividend Payout ratio	percent	25.65%	23.41%	24.98%	28.34%	34.47%	20.04%
Cash Dividend per share	rupees	9.00	9.00	10.00	12.00	13.00	6.50
Break up value per share	rupees	153.98	183.25	214.37	246.73	267.08	291.67
Market Value Per Share as on 30th June	rupees	410.30	519.62	648.51	836.26	507.93	380.47
Year High Close	Rupees	410.30	540.69	663.19	994.65	723.19	583.66
Year Low Close	Rupees	208.66	330.09	448.88	644.71	445.80	344.27
Price to Book Ratio	percent	2.66	2.84	3.03	3.39	1.90	1.30
Capital Structure Ratios							
Financial leverage ratio	times	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1
Weighted Average Cost of Debt	percent	13.15%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt to Equity ratio	times	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1
Interest Coverage ratio	times	425.06	-	-	-	-	-

ANALYSES OF VARIATION IN INTERIM PERIOD

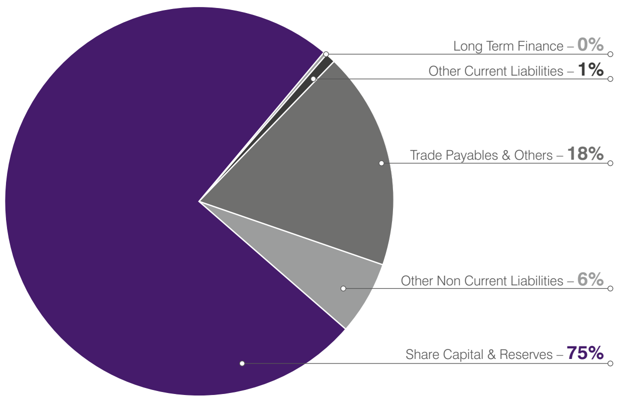
Particulars	Qtr-1	Qtr-2	Qtr-3	Qtr-4	FY 2018-19
Sales Volume (in '000 Tons)	**1,893**	**2,121**	**1,941**	**1,720**	**7,674**
Sales Revenue	11,405	13,550	12,566	10,500	48,021
Cost of Good Sold	7,981	9,550	8,730	7,776	34,038
Gross Profit	**3,424**	**4,000**	**3,836**	**2,724**	**13,984**
Gross Profit Margin	30%	30%	31%	26%	29%
Operating Profit	**2,493**	**2,997**	**2,787**	**1,750**	**10,027**
Operating Profit Margin	22%	22%	22%	17%	21%
EBITDA	**3,325**	**3,832**	**3,604**	**2,584**	**13,345**
EBITDA Margin	29%	28%	29%	25%	28%
Net Profit Before Tax	**2,892**	**3,634**	**3,225**	**2,471**	**12,221**
Taxation	399	626	431	275	1,731
Net Profit After Tax	**2,493**	**3,008**	**2,793**	**2,196**	**10,490**
Net Profit After Tax Margin	22%	22%	22%	21%	22%
EPS in PKR	7.71	9.30	8.64	6.79	32.44

During the Financial Year 18-19, 3rd Quarter's performance was the best in terms of the Gross Profit Margin of 31%, Operating Profit (OP) Margin of 22% is consistent with Q1 and Q2 while EBITDA Margin of 29% is consistent with Q1 and higher than Q2 & Q4 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 2nd Quarter outperformed other quarters in terms of bottom-line profitability and Earnings Per Share (EPS). 2nd Quarter contributed cement sales volumes of 2.12 Million Tons and bottom-line profitability of PKR 3.0 Billion in values and 22% in terms of Net Profit after tax margin.

COMPOSITION OF BALANCE SHEET

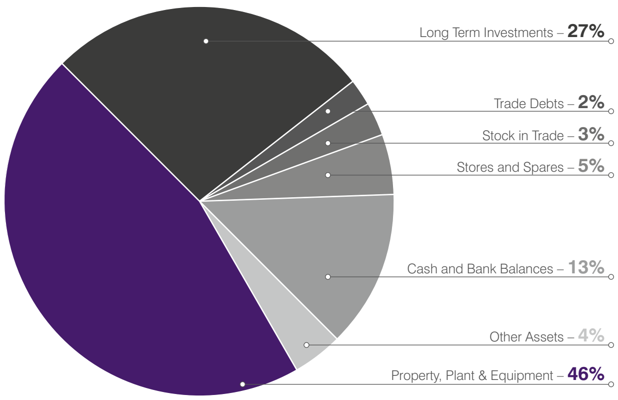
Equity and Liabilities
Percentage

FY 2019



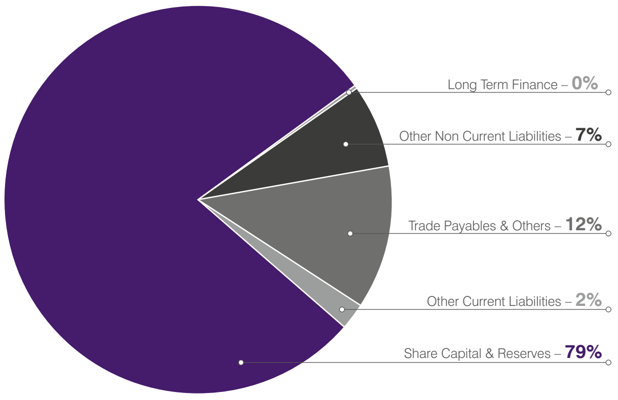
Assets
Percentage

FY 2019



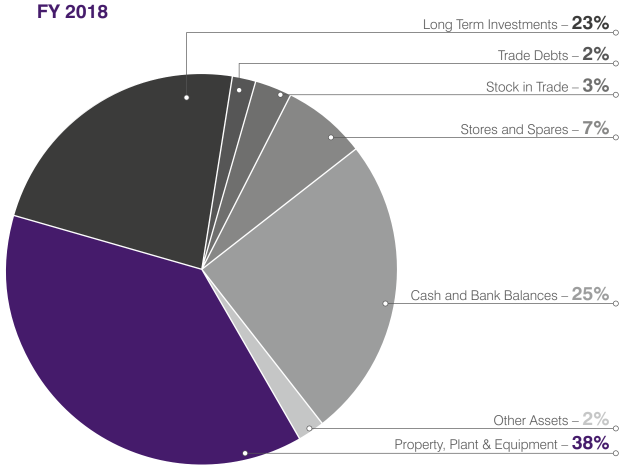
Equity and Liabilities
Percentage

FY 2018



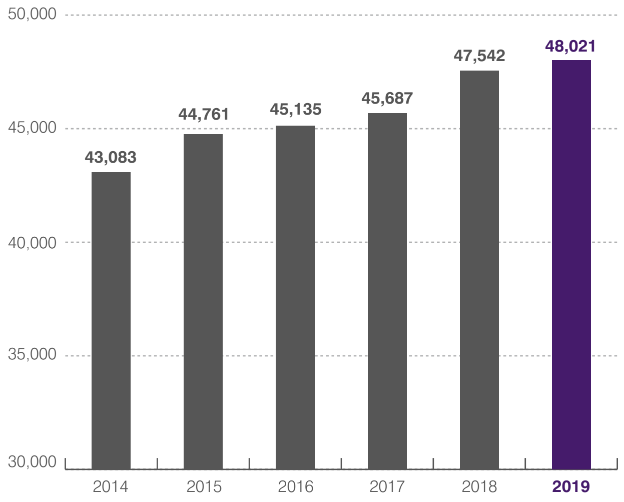
Assets
Percentage

FY 2018

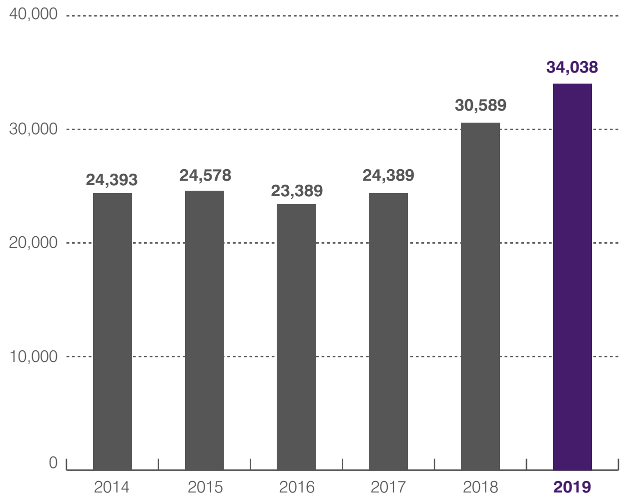


FINANCIAL AT A GLANCE

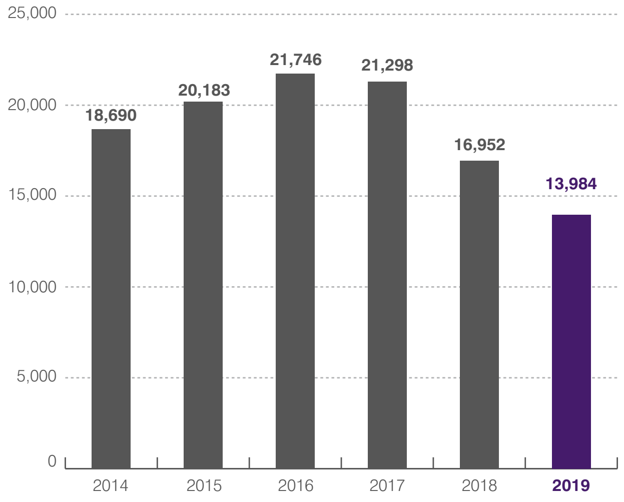
Sales Revenue | PKR in Million



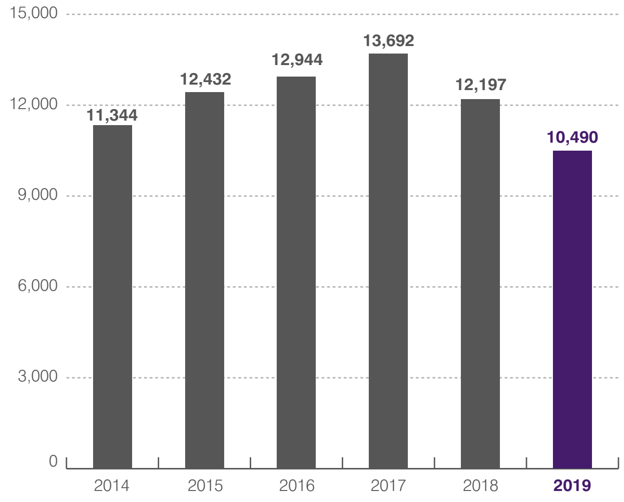
Cost of Sales | PKR in Million



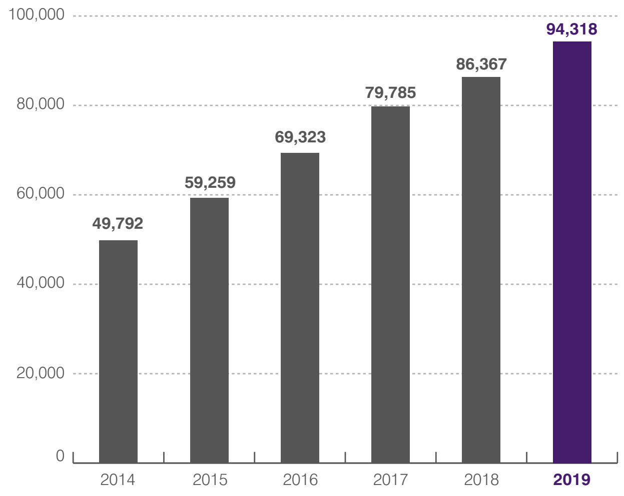
Gross Profit | PKR in Million



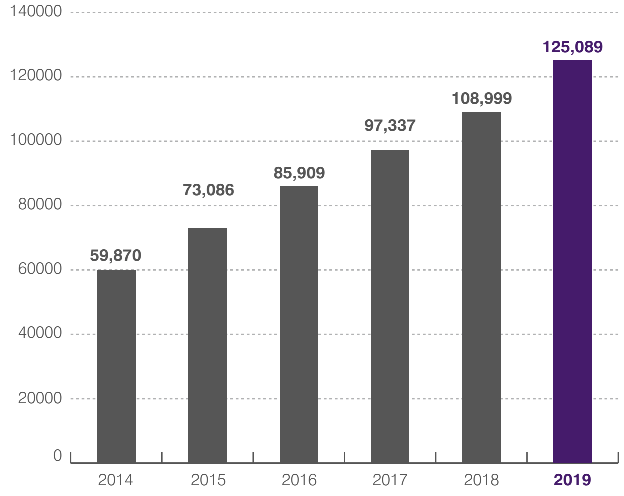
Net Profit | PKR in Million



Shareholder's Equity | PKR in Million



Total Assets | PKR in Million



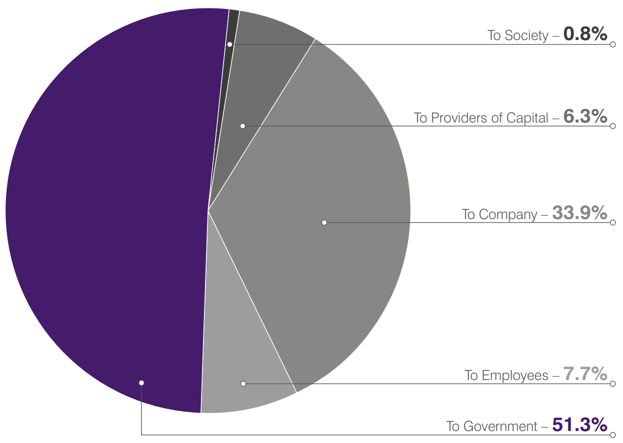
STATEMENT OF VALUE ADDITION AND WEALTH DISTRIBUTION

	2019 PKR in '000'	%	2018 PKR in '000'	%
WEALTH GENERATED				
Gross Sales/ Revenues	67,547,938		67,376,579	
Bought-in-material and services	(26,668,619)		(20,716,078)	
	40,879,319	**100.0%**	**46,660,501**	**100.0%**

WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	3,133,470	7.7%	2,924,724	6.3%
To Government				
Income tax, sales tax, excise duty and others	20,989,243	51.3%	22,856,717	48.9%
To Society				
Donation towards education, health and environment	313,247	0.8%	286,329	0.6%
To Providers of Capital				
Dividend to shareholders	2,587,000	6.3%	5,497,375	11.8%
To Company				
Depreciation, amortization & retained profit	13,856,359	33.9%	15,095,356	32.4%
	40,879,319	**100.0%**	**46,660,501**	**100.0%**

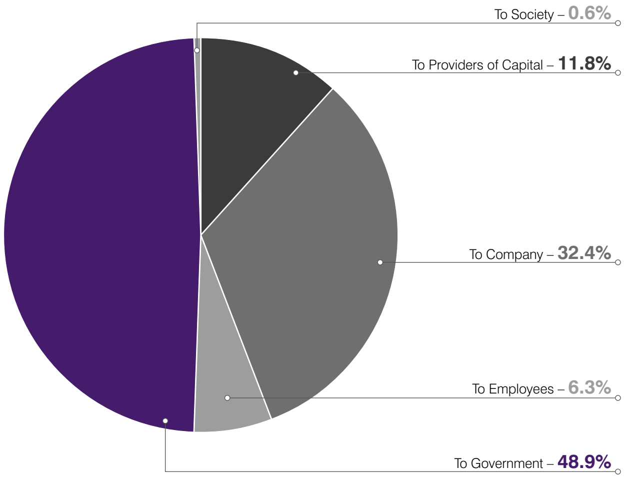
Wealth Distribution
Percentage

2019



Wealth Distribution
Percentage

2018



ECONOMIC VALUE ADDED (EVA)

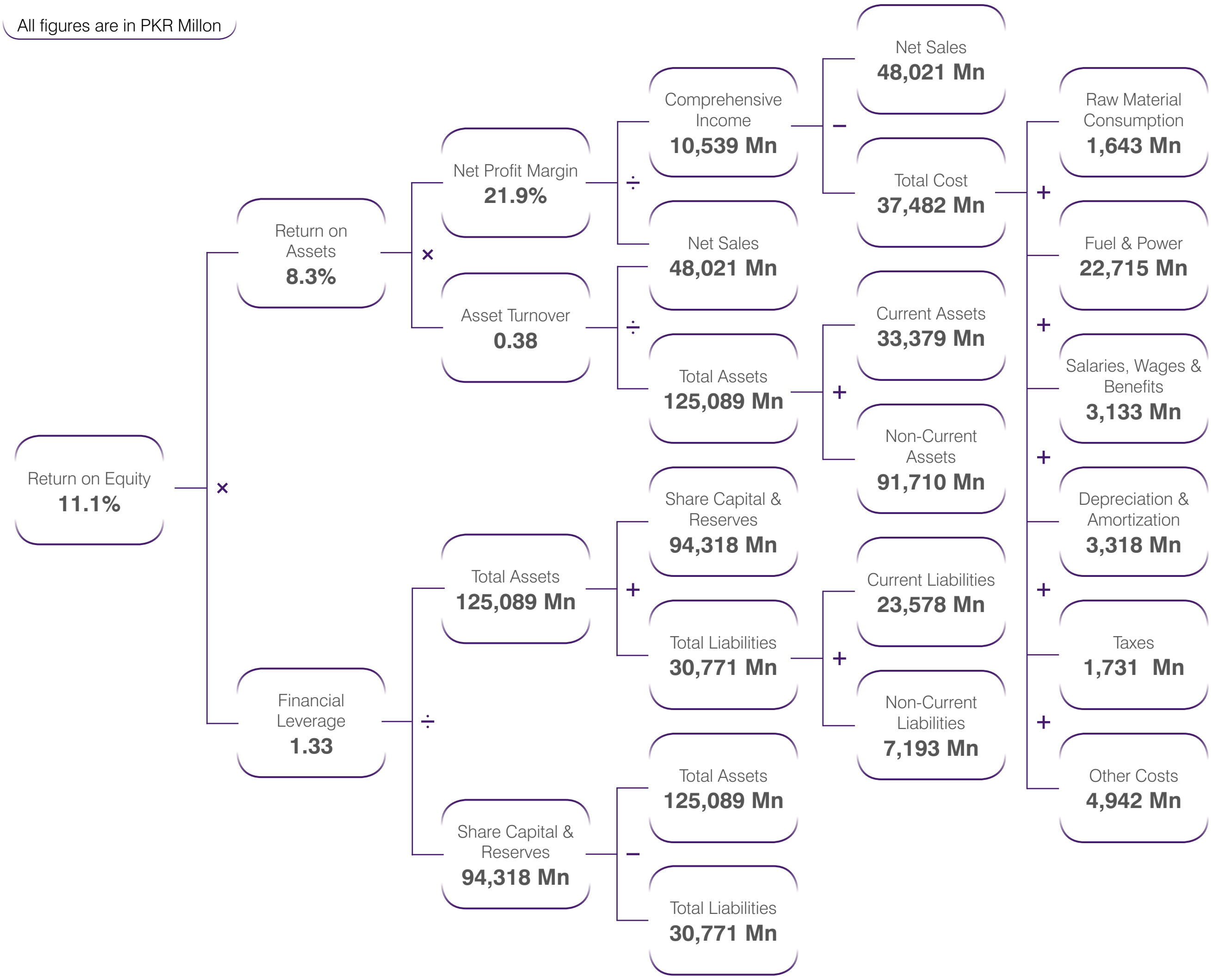
		2016-17	2017-18	2018-19
Cost of capital				
Cost of Equity	%	10.25%	12.53%	19.34%
Weighted average cost of capital (WACC)	%	10.25%	12.53%	19.34%
Average capital employed		74,553,910	83,075,902	90,342,620
Economic Value Added				
NOPAT		13,692,249	12,197,090	10,490,229
Less: Cost of capital		7,641,776	10,409,410	17,472,263
Economic Value added		**6,050,473**	**1,787,680**	**(6,982,034)**
Enterprise Value				
Market Value of Equity		270,425,578	164,251,864	123,034,487
Add: Debt		-	-	-
Less: Cash & Bank balance		33,738,377	27,435,361	15,657,246
Enterprise Value		**236,687,201**	**136,816,503**	**107,377,241**
Return ratios				
NOPAT / Average capital employed	%	18%	15%	12%
EVA / Average capital employed	%	8%	2%	-8%
Enterprise value / Average capital employed	X	3.17	1.65	1.19

FREE CASH FLOW (FCF)

	2016-17	2017-18	2018-19
Net cash provided by operating activities	16,863,928	17,079,928	17,083,851
Less: Capital Additions & Investments	(7,094,837)	(18,112,389)	(29,015,835)
Add: Net Debt Issued	-	-	-
FCF - Total	**9,769,091**	**(1,032,461)**	**(11,931,984)**

DUPONT ANALYSIS

All figures are in PKR Millon



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
2019	21.95%	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%
2014	26.30%	0.72	1.20	22.8%

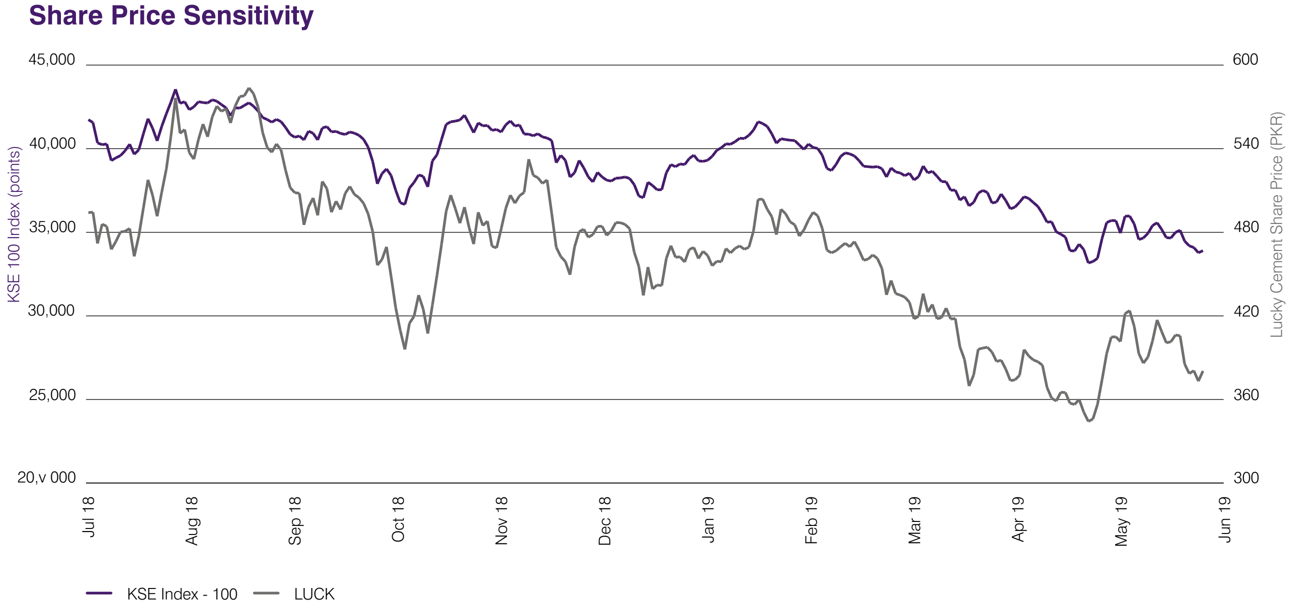
The main highlights of DuPont analysis are as follows:

1. The profit margins for the company declined during current year on account of higher costs mainly due to increase in prices of coal and other fuel prices.
2. The Asset base of the company has improved during the current year mainly on account of expansions and investment projects.
3. The Financial Leverage ratio for the Company has improved due to incremental Assets base and Equity strength of the balance sheet as the Company is mainly financed by Equity. 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 Return on Equity (ROE) for the Company. The ROE from 2014 has gradually declined due to investments in capital intensive projects which are expected to generate returns in the coming years.

SHARE PRICE SENSITIVITY ANALYSIS



Lucky Cement Shares (LUCK) are traded on Pakistan and London Stock Exchanges. Our free float is 35.96% and market capitalization at the end of day of fiscal year was PKR 123 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

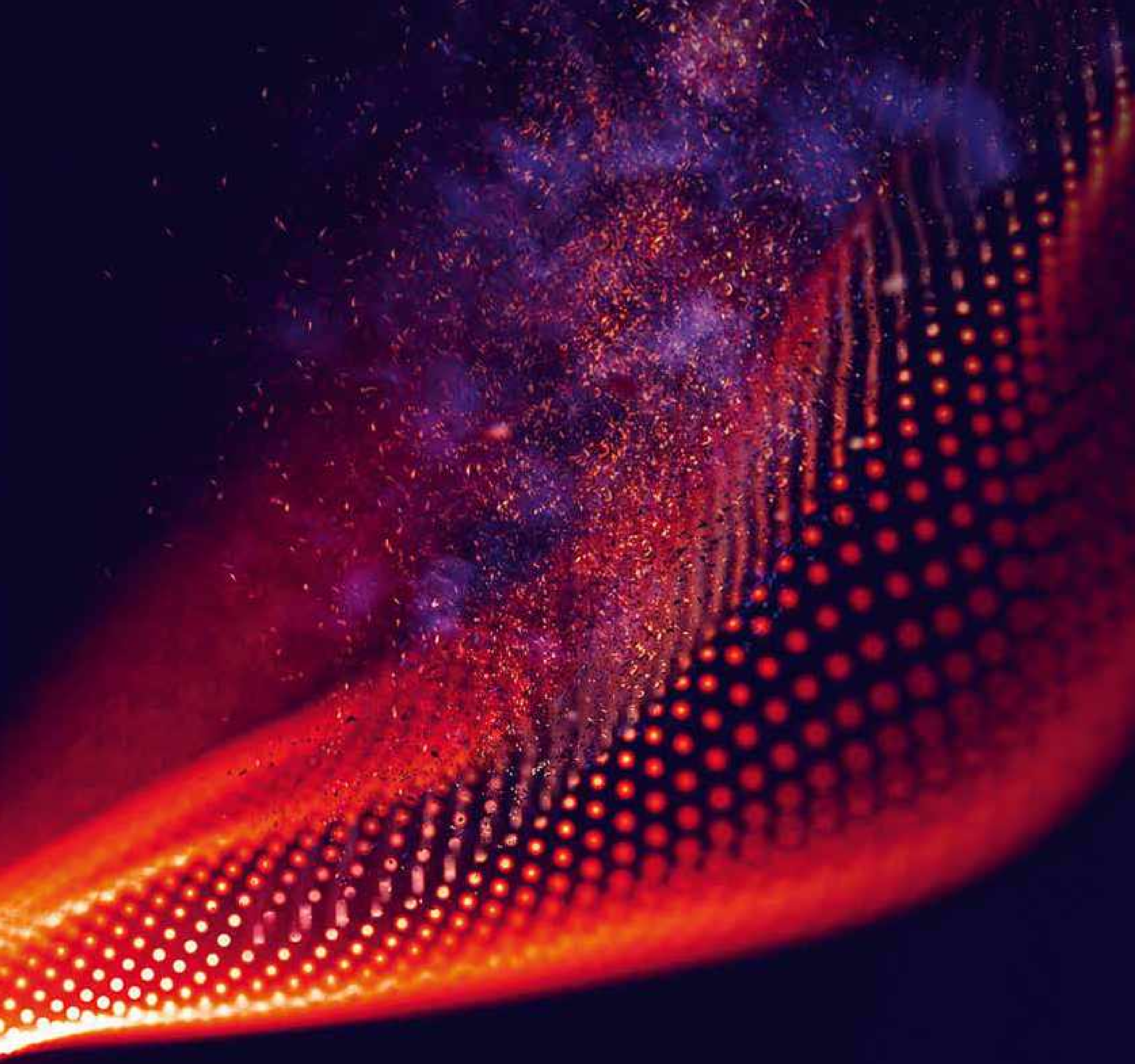
Apart from systematic risk, the market share price is also exposed to all the risks of the stock exchanges it is trading on. The Beta of LCL with respect to market is 1.60.

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.

Government and regulatory bodies

Implementation of laws and regulations, Affiliation with Chamber of Commerce, APCMA, PICG

Shareholders

Annual General Meetings, Corporate / Analysts' Briefings, Investor Grievance, Annual/Quarterly Reports

Customers

Customer Satisfaction surveys, Customer Support Desk, Market Visits

Stakeholder Engagement

Community and NGOs

Environment conservation initiatives, Other CSR Activities:

- Academic Scholarships
- Support to hospitals
- Charity / Donations

Suppliers

Supplier satisfaction surveys, Marketing campaigns

Employees

Employee Engagement Survey, Quarterly newsletters, Employees engagement activities, Succession Planning

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 besides the link to SECP's investor education portal, 'Jamapunji'.

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.

Encouragement of Minority Shareholders to Attend the General Meetings

The Company encourages its shareholders to attend the general meetings. It circulates the notice of general meetings well within regulatory timeframe. Moreover, advertisement is published in Urdu and English newspapers in all four provinces having largest readership within each province.
The Company timely updates its website with respect to all notices of general meetings.

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

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.

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 May 3, 2019, 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 nine months financial statements of the financial year 2018-19 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 25th Annual General Meeting held on September 28, 2018

The Annual General Meeting (AGM) started with a brief by the Chairman of the meeting about the Company's performance for the financial year 2017-18, and an update on the progress of on- going local and international projects.

The Chairman shared with the shareholders that during the year under review, the overall growth in industry wide local cement sales as compared to last year was about 15.4%, whereas the rate of growth of Lucky Cement's local sales was about 14.8%. Industry wide export sales volume increased by 1.8%, whereas Lucky Cement's exports volume increased by 4.6%.

The Chairman further elaborated that on the Profit and loss account, overall gross sales of the company was PKR 67.38 billion representing a growth of 9.4% over previous year. However, the increase in Net revenue was 4.1%, which was mainly due to higher sales tax and federal excise duty. He further added that, during the year the company contributed PKR 11.67 billion towards long-term investments and PKR 6.44 billion towards capital expenditure. After tax profit stood at PKR 12.197 billion, which was 10.91% lower than previous 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 won the 32nd 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. Both these awards represented the management's commitment towards excellence in its operations.

Final cash dividend @ 80% i.e. PKR 8/- per share in addition to the interim dividend @ 50% i.e. PKR 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 13, 2018.

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, 2019.

As Special Business of the meeting, the related party transactions carried out during the year ended June 30, 2018 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, 2019. 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.

After deliberations and necessary discussions on all agenda items, the meeting was concluded with a vote of thanks to the Chairman.

CALENDAR OF MAJOR EVENTS

1st August

Blood Donation Drive in collaboration with Indus Hospital

7th August

Received 3rd Prize in Best Corporate and Sustainability Report Awards 2017 organized by ICAP and ICMAP

14th August

Plant for Pakistan - Tree Plantation Drive

28th September

25th AGM at the registered Office at Pezu

2nd February

Lower Sindh Dealers and Retailers Convention

16th February

Lucky Family Fest 2019

5th April

Awarded the 34th Annual MAP Award in Cement Sector

26th April

Board of Directors Meeting – 3rd Quarter

9th July

Received Environment Excellence Award by NFEH

27th July

Board of Directors Meeting - Annual 2019

29th October

Board of Directors Meeting – 1st Quarter

7th November

Lucky Cement Awarded Fire Safety Award 2018

31st January

Board of Directors Meeting – Half Yearly

31st January

Lucky Cement Awaded CSR Award by TPN

3rd May

Company's Corporate Briefing

8th May

Secured 3rd position in the PSX top companies award 2017

17th June

Board of Directors Meeting – Budget 2019-20

28th June

Commencement of Commercial Operations by KIA Lucky Motors

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

With the current economic challenges and the post IMF (fund facility arrangements' signing) macro-economic situation, your Company believes that in short to medium-term, the Outlook of the Cement industry will continue to remain challenging for the domestic sales. Export sales are anticipated to remain stable, however, prices will come under pressure due to regional competition.

In the long-term the Cement industry's outlook remains optimistic on account of Government's key initiatives to build both small and mega-capacity / multipurpose water reservoirs / dams and construction of low-cost affordable houses for 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.

Your Company expects a healthy growth in export sales considering favorable market dynamics and foreign currency parity adjustment versus PKR which will increase global and regional demand for cement and clinker from Pakistan. Your Company is continuously working in exploring new markets and has outperformed from last year's projections as it also started exporting Clinker to different regions from the last quarter of FY 2017-18.

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

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

Financial Projections

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.

Analysis of Forward Looking Disclosures Made in the Previous Year

The export performance of the Cement Industry has been exceptional during the the current financial year, which supported the overall Industry volumes to increase by 1.9% at 46.76 million tons for the fiscal year ended June 30, 2019 in comparison to 45.90 million tons last year. Export sales volumes registered an increase of 37.4% to reach 6.52 million tons as compared to 4.75 million tons last year and the local sales volume registered a decline of 2.2% to 40.24 million tons during the fiscal year ended June 30, 2019 in comparison to 41.15 million tons last year.

In comparison to the Cement Industry, your Company's overall sales volume declined by 1.8% to reach 7.67 million tons during the current fiscal year. The local cement sales volume registered a decline of 11.7% and were 5.85 million tons in comparison to 6.63 million tons last year, however the export sales volumes of the Company improved by 60.9% to 1.82 million tons as compared to 1.13 million tons 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, Kia Lucky Motors commenced CKD operations within the originally envisaged project timelines. Its production facility has the capacity to produce 50,000 vehicles per annum on a double shift basis.

The construction activity for setting up 660 MW super critical, lignite coal-based power plant is progressing as per project implementation schedule.

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

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

With a commitment to conserve the environment, we ensure sustainability in all of our business operations. Simultaneously, being an industry leader we are also continuously making efforts to give back to the society we operate in.

HEALTH, SAFETY AND ENVIRONMENT – PROTECTING THE NATURAL 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 OHSAS 18001, 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.

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 use only for machinery cooling and generating the steam for boilers. Water sprinkling 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.

The Company has RO Plants in operation at its plants. Two RO plants provide drinking water for employees and contractors; whereas two RO plants are used to maintain low pH water for our heat exchangers and boilers.

Lucky Cement provides awareness and encourages its employees towards water conservation through regular safety talks.

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.

SUSTAINABILITY HIGHLIGHTS

Ensuring all our business processes are geared towards sustainable production is a cornerstone of our operating philosophy. Effective internal controls, efficient operational procedures, ethical behavior and energy conservation are an integral part of our business model.

Environment

Implementation of environment friendly operations 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. The effective execution of this venture has allowed us to decrease emissions of CO2 by 29,000 metric tons per annum.

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.

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 25.20 MW and the cumulative capacity of the two WHR plants in Karachi is 20.5 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 have not only reduced our production costs, but have significantly reduced carbon emissions.

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.

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 34,000 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.

ClimateLaunchpad Pakistan

In an effort to promote the significance of sustainable environment, Lucky Cement Limited sponsored Climate Launchpad Pakistan Competition organized by Stimulus. The competition received 100 applications from across Pakistan addressing solutions to challenges in agriculture, healthcare, energy efficiency, water and waste management. Top 25 teams from 100 were selected to attend a boot camp. Participants at the boot camp included teams from Karachi, Islamabad, Peshawar, Multan, Sahiwal, Mardan, Swabi and Gilgit. From these 25 team the top two teams will represent Pakistan internationally at the Global Competition to compete against 49 other countries for the global prize.

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.

CSR HIGHLIGHTS EMPLOYEE VOLUNTEERISM

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. Employees were briefed about the significance of tree plantation for which the company expanded its horizon and encouraged employees to plant trees within their vicinity.

Blood Donation Camp

As part of its social responsibility, the Company, arranged a blood donation camp in its 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 the LCL'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

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 the Creek High School & Creek College (IoBM Campus) for providing scholarships to deserving students. In this regard, several scholarships were awarded to students at Creek High School, 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. In addition, scholarships have been awarded to numerous students at IoBM from TCF alumni.

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

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.

Foreign Scholarships

We also provide scholarships to the meritorious students of Pakistan seeking further education in foreign universities. In this context, we have granted sponsorships to numerous students for various foreign universities.

Other Universities

We have also awarded various scholarships to bright students of Pakistan's leading universities like Ghulam Ishaq Khan Institute of Engineering Sciences and Technology, PAF KIET and Iqra University.

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.

Tabba Kidney Institute (TKI)

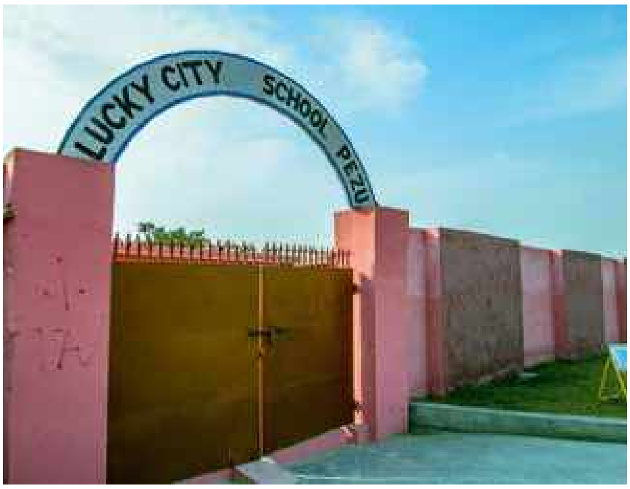
We fervently support organizations that are dedicated to patient care without any discrimination. Tabba Kidney Institute (TKI) is a center of excellence that provides cost-effective and state-of-the-art dialysis facilities to the underprivileged section of the society. Acknowledging TKI's efforts, we have generously donated funds to support their noble cause.

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.



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.

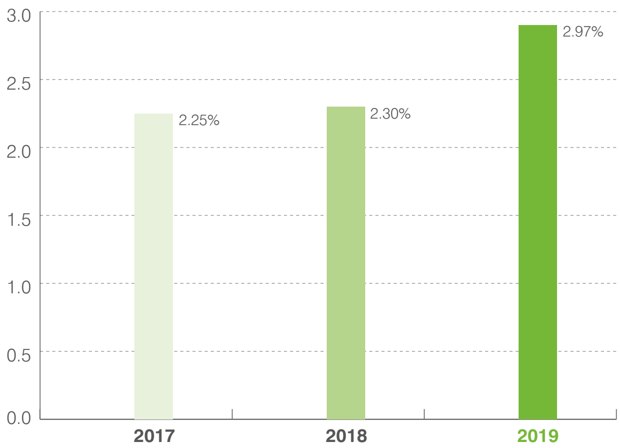
We have also installed drinking water pumps, constructed drinking water storage ponds and installed water supply lines. To empower the community and to improve income-earning possibilities, we embarked on a journey of developing a model village near our Karachi Plant. In this regard, Yamin Goth, a small shanty village on the outskirts of Karachi was granted a renovated mosque, renovated public toilets and primary schools in the first phase of the program.

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, 2019

Unconsolidated & Consolidated

A·F·FERGUSON&Co.

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, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Lucky Cement Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, 2019.

A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: August 9, 2019

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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KARACHI LAHORE ISLAMABAD

A·F·FERGUSON&Co.

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 period from January 25, 2019 to June 30, 2019. 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 period from January 25, 2019 to June 30, 2019) 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 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 Shariah Advisory Board.

The above criteria were evaluated for the implications on the financial statements of the Company for the year ended June 30, 2019.

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 Shariah principles (criteria specified in paragraph 2 above). The management is also responsible for design,

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KARACHI LAHORE ISLAMABAD

implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

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 period from January 25, 2019 to June 30, 2019 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 required 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 period from January 25, 2019 to June 30, 2019 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: August 9, 2019

FINANCIAL STATEMENTS

For the year ended June 30, 2019

Unconsolidated

A·F·FERGUSON&Co.

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, 2019, 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, 2019 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 year. 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 as disclosed in note 12 to the annexed unconsolidated financial statements includes: • raw materials comprising limestone, clay, gypsum, laterite and bauxite; and • work-in-progress mainly comprising clinker Further, stores and spares, as disclosed in note 11 to the annexed unconsolidated financial statements include coal. The above inventory items are stored in purpose built sheds, stockpiles and silos. As the weighing of these inventories is not practicable, management assesses the reasonableness of the quantities on hand by obtaining measurements of stockpiles and converting these measurements to unit of volumes by using angle of repose and bulk density. 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 management's process of measurement of stockpiles and the determination of values using conversion of volumes and density to total weight and the related yield. • Obtained and reviewed the inventory count report of the management's external surveyor and assessed its accuracy on a sample basis.
(ii)	As stated in note 8 to the annexed unconsolidated financial statements, the Company's subsidiaries include LCL Holdings Limited and Kia Lucky Motors Pakistan Limited. As per the Company's already approved plans, additional investments in these subsidiaries were made during the year and certain guarantees were also extended as detailed in note 26.7 to the annexed unconsolidated financial statements. Given the significance of the amounts 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 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. • Evaluated whether the investments made and guarantees extended during the year were for the purpose of the Company's business. • Inspected the resolutions passed by the Board of Directors in relation to the investments made and guarantees extended. • Inspected and verified the amount of investments made through supporting documents comprising banking instruments and regulatory submissions. • Assessed whether events or changes have occurred within the subsidiaries and affiliates, the industry, or the economy indicating that the carrying value of investments in subsidiaries and affiliates may be impaired. • Verified that the disclosures relating to investments and guarantees are in accordance with the requirements of the applicable accounting and reporting framework.

S. No.	Key Audit Matters	How the matter was addressed in our audit
(iii)	During the current year, the Company has incurred significant capital expenditure for new cement production line which is under construction. In addition to this, the Company has also installed new machinery for existing production lines as part of balancing, modernization and replacement activities (note 6 to the annexed unconsolidated financial statements). There are a number of areas where significant management judgement is involved in connection with the above activities. These include: • Determining which costs meet the criteria for capitalisation as per International Accounting Standard - 16, 'Property, Plant and Equipment'; • Determining the date on which assets under construction are transferred to operating fixed assets and the respective dates from which their depreciation should commence; and • The estimation of economic useful lives and residual values assigned to property, plant and equipment. We consider the above as a key audit matter being significant transactions and events for the Company during the year having significant impact on the financial position of the Company.	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, which included purchase agreements and invoices. • Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable accounting and reporting framework. • Evaluated management's estimation of economic useful lives and residual values by considering our knowledge of the business and practices adopted in the local industries. • Reviewed the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates and/or project progress reports, on a sample basis. • Assessed whether the disclosures are made in accordance with the 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 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 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 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 year 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: August 9, 2019

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30, 2019

	Note	2019	2018
		(PKR in '000')	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	6	57,276,184	40,913,168
Intangible assets	7	18,152	55,023
		57,294,336	40,968,191
Long-term investments	8	34,313,588	24,981,078
Long-term loans and advances	9	99,316	90,996
Long-term deposits	10	3,175	3,175
		91,710,415	66,043,440
CURRENT ASSETS			
Stores and spares	11	6,809,724	7,783,111
Stock-in-trade	12	4,253,020	2,796,658
Trade debts	13	2,058,719	2,424,470
Loans and advances	14	686,525	420,671
Trade deposits and short-term prepayments	15	74,223	67,577
Accrued return		113,869	142,881
Other receivables	16	2,130,907	1,311,180
Tax refunds due from the Government	17	538,812	538,812
Short term investments		1,055,754	34,956
Cash and bank balances	18	15,657,246	27,435,361
		33,378,799	42,955,677
TOTAL ASSETS		125,089,214	108,999,117
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	19	3,233,750	3,233,750
Reserves	20	91,084,667	83,133,072
		94,318,417	86,366,822
NON-CURRENT LIABILITIES			
Long-term deposits	21	90,264	94,394
Deferred liabilities	22	7,102,483	7,300,639
		7,192,747	7,395,033
CURRENT LIABILITIES			
Trade and other payables	23	19,195,617	13,121,005
Short term borrowing	24	2,900,000	–
Unclaimed dividend		53,953	47,945
Unpaid dividend	25	91,119	82,960
Taxation - net		1,337,361	1,985,352
		23,578,050	15,237,262
		30,770,797	22,632,295
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		125,089,214	108,999,117

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

Muhammad Yunus Tabba	**Muhammad Ali Tabba**	**Irfan Chawala**
Chairman / Director	Chief Executive	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2019

	Note	2019	2018
		(PKR in '000')	
Gross sales	27	67,547,938	67,376,579
Less: Sales tax and federal excise duty		18,523,888	18,875,112
Rebates and commission		1,002,651	959,743
		19,526,539	19,834,855
Net sales		48,021,399	47,541,724
Cost of sales	28	(34,037,568)	(30,589,363)
Gross profit		13,983,831	16,952,361
Distribution cost	29	(2,728,809)	(1,992,454)
Administrative expenses	30	(1,227,872)	(1,089,446)
Other expenses	31	(1,047,617)	(1,346,369)
Other income	32	3,241,682	2,594,563
Profit before taxation		12,221,215	15,118,655
Taxation			
- current	33	(2,140,079)	(3,037,587)
- deferred		409,093	116,022
		(1,730,986)	(2,921,565)
Profit after taxation		10,490,229	12,197,090
Other comprehensive income:			
Other comprehensive income / (loss) which will not be reclassified to statement of profit or loss in subsequent periods			
Gain / (loss) on remeasurements of post retirement benefit obligation		80,166	(149,249)
Deferred tax thereon		(21,645)	40,297
		58,521	(108,952)
Unrealized loss on remeasurement of equity instrument at fair value through other comprehensive income		(11,947)	(10,496)
Deferred tax thereon		1,792	1,574
		(10,155)	(8,922)
		48,366	(117,874)
Total comprehensive income for the year		10,538,595	12,079,216
		(PKR)	
Earnings per share - basic and diluted	34	32.44	37.72

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Irfan Chawala
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	Note	2019	2018
		(PKR in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	16,643,552	17,315,306
Income tax paid		(1,623,723)	(2,125,980)
Gratuity paid		(85,056)	(91,708)
(Decrease) / increase in long-term deposits (liabilities)		(4,130)	9,764
Income from deposits with Islamic banks		2,161,528	1,978,591
Increase in long-term loans and advances		(8,320)	(6,045)
Net cash generated from operating activities		17,083,851	17,079,928
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(19,683,325)	(6,444,831)
Long term investments made		(9,332,510)	(11,667,558)
Short-term investments		(1,032,745)	–
Sale proceeds on disposal of property, plant and equipment		181,534	68,356
Dividend received from subsidiary company		457,000	–
Dividend received from associated company		183,410	138,000
Dividend received on short term investments		37,503	–
Bank balance held as lien	18.2	1,455	(7,887,015)
Net cash used in investing activities		(29,187,678)	(25,793,048)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(2,572,833)	(5,476,911)
Net (decrease) in cash and cash equivalents		(14,676,660)	(14,190,031)
Cash and cash equivalents at the beginning of the year		19,548,346	33,738,377
Cash and cash equivalents at the end of the year	35.2	4,871,686	19,548,346

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Irfan Chawala
Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Issued, subscribed and paid up 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, 2017	3,233,750	7,343,422	55,511,916	13,695,893	76,551,231	79,784,981
Transfer to general reserves	–	–	9,815,393	(9,815,393)	–	–
Transfer from general reserves	–	–	(1,616,875)	1,616,875	–	–
Transactions with owners in their capacity as owners						
Final dividend at the rate of PKR 12/- per share each for the year ended June 30, 2017	–	–	–	(3,880,500)	(3,880,500)	(3,880,500)
Interim dividend at the rate of PKR 5/- per share each for the year ended June 30, 2018	–	–	–	(1,616,875)	(1,616,875)	(1,616,875)
	–	–	–	(5,497,375)	(5,497,375)	(5,497,375)
Profit after taxation for the year	–	–	–	12,197,090	12,197,090	12,197,090
Other comprehensive income for the year	–	–	–	(117,874)	(117,874)	(117,874)
Total comprehensive income for the year	–	–	–	12,079,216	12,079,216	12,079,216
Balance as at June 30, 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

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Irfan Chawala
Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

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 the separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any.

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; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 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 6.1 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 4.20 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.

Provision for 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 4.7 and 4.8 to these unconsolidated financial statements.

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 4.11 and note 22 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, 2018, except for the effects of changes as detailed in note 4.2 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) New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the year:

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these financial statements.

In addition to the above, the following two new standards have become applicable to the Company effective July 1, 2018:

– IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model. On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

– IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

The changes laid down by these standards do not have any significant impact on these unconsolidated financial statements of the Company. However, related changes to the accounting policies have been made in these unconsolidated financial statements.

(b) New standards and amendments to published approved accounting and reporting standards that are not yet effective

IFRS 16 'Leases' will be effective for the Company's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present the Company is in the process of determining the impacts of application of IFRS 16 on future financial statements of the Company.

Additionally there is another new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these 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 6.1 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 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 7 to these unconsolidated financial statements.

4.5 Investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment losses, if any.

4.6 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.

4.7 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 statement of profit or loss and other comprehensive income. Value of items is reviewed at each statement of financial position 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.

4.8 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.

4.9 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.

4.10 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 deposit accounts with banks and short term borrowing.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

4.15 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 statement of financial position 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 the statement of financial position date.

4.16 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) Mark-up on bank deposits 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.

4.17 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 statement of financial position 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 statement of financial position date are recognized in the profit or loss.

4.18 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, amortized 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 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 on 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.

4.19 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.

4.20 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 amortization, if no impairment loss had been recognized.

4.21 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.22 Functional and presentation currency

These financial statements are presented in Pakistan Rupee, which is the Company's functional and presentation currency.

5. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

Following is the summary of significant transactions and events that have affected the Company's financial position and performance during the year.

(a) The Company made additional equity investment in its 100% owned subsidiary company LCL Holdings Limited amounting to PKR 410.1 million (aggregate investment to date amounts to PKR 10.626 billion) out of which PKR 400 million were for onward investment in Lucky Electric Power Company Limited (LEPCL) and PKR 10.1 million for bank charges relating to guarantees issued by LCL Holdings Limited in favour of LEPCL. LEPCL achieved financial close of the project on June 25, 2018 after fulfilling all the necessary conditions.

(b) The Company made additional equity investment in KIA Lucky Motors Pakistan Limited (KLM) amounting to PKR 8.922 billion (aggregate investment to date amounts to PKR 12.876 billion). During the year, KLM successfully completed commissioning of the equipment and pilot production and commenced Completely Knocked Down (CKD) operations at its plant located at Bin Qasim Industrial Park (BQIP), Karachi within the originally envisaged project timelines. KLM's state of the art facility has the capacity to produce 50,000 vehicles per annum on a double shift basis.

(c) The Company during the year invested PKR 13.660 billion (aggregate investment to date amounts to PKR 13.681 billion) for the Brownfield expansion of its cement plant at Pezu by 2.6 million tons per annum. Plant & machinery shipments along with civil, erection and fabrication works are under progress as planned in order to achieve commercial operations in the second quarter of the financial year 2019-20.

		Note	2019	2018
			(PKR in '000')	
6	PROPERTY, PLANT AND EQUIPMENT			
	Operating fixed assets - tangible	6.1	43,118,520	38,550,862
	Capital work-in-progress	6.5	14,157,664	2,362,306
			57,276,184	40,913,168

6.1 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, 2017															
Cost		1,394,929	301,277	4,526,262	3,248,267	24,859,574	15,050,163	1,555,098	1,412,473	744,664	86,999	208,706	141,125	336,081	53,865,618
Accumulated depreciation		(116,809)	–	(1,933,146)	(1,862,721)	(9,067,188)	(5,238,544)	(883,624)	(808,809)	(318,907)	(57,970)	(169,253)	(111,843)	(210,497)	(20,779,311)
Net book value		1,278,120	301,277	2,593,116	1,385,546	15,792,386	9,811,619	671,474	603,664	425,757	29,029	39,453	29,282	125,584	33,086,307
Year ended June 30, 2018															
Additions		–	13,925	–	–	–	–	–	–	–	–	–	–	–	13,925
Transfers from CWIP		–	–	992,192	91,489	5,014,343	1,312,751	337,897	625,156	–	18,207	31,698	13,175	16,900	8,453,808
Disposals	6.3														
Cost		–	–	–	–	–	–	–	(162,703)	–	(71)	(50)	(1,164)	(947)	(164,935)
Accumulated depreciation		–	–	–	–	–	–	–	135,316	–	67	50	636	572	136,641
		–	–	–	–	–	–	–	(27,387)	–	(4)	–	(528)	(375)	(28,294)
Depreciation charge for the year	6.2	(21,339)	–	(252,124)	(164,696)	(1,236,909)	(788,741)	(162,716)	(195,481)	(70,959)	(13,095)	(25,707)	(17,936)	(25,181)	(2,974,884)
Net book value as at June 30, 2018		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	6.5	–	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	6.3														
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	6.2	(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
At June 30, 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
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
Annual rates of depreciation		1.01% to 2.63%	–	5%	5%	3.33% to 33.33%	5%	10%	10% to 20%	10%	20%	33%	33%	10% to 33%	

6.2 Depreciation charged for the year has been allocated as follows:

	Note	2019	2018
		(PKR in '000')	
Cost of sales	28	2,839,812	2,563,972
Distribution cost	29	165,192	122,820
Administrative expenses	30	165,097	173,393
Capital work in progress		2,873	–
Cost of sale of electricity		103,130	114,699
		3,276,104	2,974,884

6.3 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	1,888	507	1,381	1,875	494	Negotiation	Lucky Foods	Associated Company
----do----	1,601	290	1,311	1,550	239	Negotiation	Lucky Electric Power Company Limited	Indirect Subsidiary
----do----	7,799	769	7,030	9,662	2,632	Insurance claim	IGI General Insurance Limited	N/A
----do----	3,769	3,118	651	4,750	4,099	Tender	A.K. Enterprises	----do----
----do----	3,730	3,012	718	5,110	4,392	Tender	A.K. Enterprises	----do----
----do----	3,730	3,070	660	4,750	4,090	Tender	A.K. Enterprises	----do----
----do----	3,723	3,080	643	4,750	4,107	Tender	A.K. Enterprises	----do----
----do----	3,720	3,062	658	4,750	4,092	Tender	A.K. Enterprises	----do----
----do----	3,713	3,056	657	4,750	4,093	Tender	A.K. Enterprises	----do----
----do----	3,710	3,069	641	4,750	4,109	Tender	A.K. Enterprises	----do----
----do----	3,696	3,002	694	5,190	4,496	Tender	A.K. Enterprises	----do----
----do----	3,694	3,000	694	5,156	4,462	Tender	A.K. Enterprises	----do----
----do----	3,689	2,938	751	5,215	4,464	Tender	A.K. Enterprises	----do----
----do----	3,683	3,047	636	4,750	4,114	Tender	A.K. Enterprises	----do----
----do----	3,679	3,010	669	4,750	4,081	Tender	A.K. Enterprises	----do----
----do----	3,677	2,950	727	5,245	4,518	Tender	A.K. Enterprises	----do----
----do----	3,677	3,009	668	4,750	4,082	Tender	A.K. Enterprises	----do----
----do----	3,677	3,009	668	4,800	4,132	Tender	A.K. Enterprises	----do----
----do----	3,677	2,990	687	4,750	4,063	Tender	A.K. Enterprises	----do----
----do----	3,677	2,990	687	4,750	4,063	Tender	A.K. Enterprises	----do----
----do----	3,677	2,990	687	4,750	4,063	Tender	A.K. Enterprises	----do----
----do----	3,737	3,044	693	5,200	4,507	Tender	Noor Autos	----do----
----do----	3,699	3,030	669	5,200	4,531	Tender	Noor Autos	----do----
----do----	3,689	2,966	723	5,200	4,477	Tender	Noor Autos	----do----
----do----	3,677	2,977	700	5,200	4,500	Tender	Noor Autos	----do----
----do----	3,677	2,977	700	5,200	4,500	Tender	Noor Autos	----do----
----do----	1,777	1,233	544	1,701	1,157	Tender	Toyota Society Motors	----do----
----do----	1,920	230	1,690	1,800	110	Insurance Claim	Alfalah Insurance Company	
Wheel Loader	7,000	2,708	4,292	4,648	356	Insurance Claim	EFU General Insurance Limited	
Trailer	2,286	1,751	535	1,063	528	Insurance Claim	IGI General Insurance Limited	
Items having book value less than PKR 500,000 each	83,210	79,131	4,079	45,519	41,440	Various		
Total	192,558	156,015	36,543	181,534	144,991			
2018	164,935	136,641	28,294	161,200	132,906			

6.4 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

6.5 The following is the movement in capital work-in-progress during the year:

	Opening balance	Reclassifications	Additions	Transferred to fixed assets	Closing balance
			(PKR in '000')		
Building on leasehold land					
- Cement Plant	71,008	116,810	246,284	434,102	–
Building on freehold land					
- Cement Plant	69,786	11,143	3,016,631	251,814	2,845,746
- Power Plant	909	–	6,469	1,560	5,818
- Other	–	–	1,292	1,292	–
Land - Freehold	–	–	44,397	44,397	–
Plant and machinery	1,961,662	(152,768)	16,000,627	6,520,896	11,288,625
Generators	40,302	23,059	28,101	91,462	–
Quarry equipment	–	(64)	133,048	129,392	3,592
Vehicles including cement bulkers	211,660	64	90,481	290,277	11,928
Furniture and fixtures	–	563	11,223	11,650	136
Office equipment	343	2,847	30,028	32,251	967
Computer and accessories	1,987	305	15,925	18,217	–
Intangible assets	–	–	7,662	7,662	–
Other assets (Laboratory equipment etc.)	4,649	(1,959)	51,157	52,995	852
	2,362,306	–	19,683,325	7,887,967	14,157,664

7 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	**2019**	2018
		(PKR in '000')	
Balance as at July 1		55,023	79,657
Transfer from capital work-in-progress	6.5	7,662	16,622
		62,685	96,279
Less: Amortization charge for the year	7.2	(44,533)	(41,256)
		18,152	55,023

7.1	As at June 30		
	Cost	215,069	207,407
	Accumulated amortisation	(196,917)	(152,384)
	Net book value	18,152	55,023

		Note	2019	2018
			(PKR in '000')	
7.2	Amortization charge for the year has been allocated as follows:			
	Cost of sales	28	23,593	10,934
	Distribution cost	29	4,035	1,674
	Administrative expenses	30	16,905	28,648
			44,533	41,256
8.	**LONG-TERM INVESTMENTS - at cost**			
	Subsidiaries			
	Lucky Holdings Limited	8.1	32,145	5,619,000
	LCL Investment Holdings Limited	8.2	4,580,500	4,580,500
	LCL Holdings Limited	8.3	10,626,239	10,216,139
	Kia Lucky Motors Pakistan Limited	8.4	12,876,384	3,954,074
	Lucky Cement Holdings (Pvt) Limited	8.5	5,586,955	–
			33,702,223	24,369,713
	Associate			
	Yunus Energy Limited	8.6	611,365	611,365
			34,313,588	24,981,078

8.1 During the year ended June 30, 2019, the High Court of Sindh (SHC) vide its order dated April 11, 2019 sanctioned a Scheme of Arrangement involving LHL and LCHPL effective from start of business on July 1, 2018 (the Scheme).

Under the Scheme, undertaking of LHL principally comprising of the assets, liabilities and obligations of LHL relating to its underlying investment in ICI Pakistan Limited, the outstanding long term loan along with other liabilities representing payable in respect of income taxes (the ICI Undertaking) were carved out of LHL and proportionately amalgamated into respective wholly owned subsidiaries of LHL's shareholders.

Accordingly, the Company's proportionate interest in the ICI Undertaking was amalgamated into its wholly owned subsidiary i.e. LCHPL. The Company holds 75% (2018: 75%) shareholding in Lucky Holdings Limited.

8.2 The Company has made an investment of USD 45 million in LCL Investment Holdings Limited (LCLIHL), a wholly owned subsidiary of the Company, incorporated and domiciled in Mauritius.

During the financial year 2014-2015, the Company had subscribed 20,000,000 ordinary shares of LCLIHL @ US$1/- each and concluded a joint venture agreement with Al-Shumookh Construction Materials Trading FZE, United Arab Emirates for establishing Lucky Al-Shumookh Holdings Limited (LASHL) for operating a cement grinding unit in Basra, Iraq. During the year, LCLIHL entered into another joint venture agreement with Al-Shumookh Construction Materials Trading FZE for establishing Al-Shumookh Lucky Investments Limited (ASLIL) for constructing a clinker manufacturing facility in Samawah, Iraq. LASHL and ASLIL are companies with limited liability in Jebel Ali Free Zone, United Arab Emirates. As at June 30, 2019, LCLIHL held 50 percent ownership interest in the aforementioned joint ventures.

LCLIHL also entered into a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing LuckyRawji Holdings Limited for constructing and operating a fully integrated cement manufacturing unit in the Democratic Republic of Congo. As at June 30, 2019, LCLIHL held 50 percent ownership interest in the aforesaid joint venture.

8.3 The Company has an equity investment in LCL Holdings Limited (LCLHL), a wholly owned subsidiary of the Company, incorporated in Pakistan, of 39,443,471 ordinary shares at PKR 10/- each out of which 39,343,471 (2018: 20,778,349) shares were issued at a premium of PKR 260/- each. As at June 30, 2019, LCLHL owned 100 percent shares in Lucky Electric Power Company Limited. The amount of investment includes advance against future issuance of shares amounting to PKR 2.5 million (2018: PKR 4,604.984 million).

Subsequent to the year end on July 27, 2019, the Board of Directors of the Holding Company has resolved to amalgamate LCLHL into the Holding Company. The legal formalities relating to the amalgamation are in progress.

8.4 This represents equity investment in Kia Lucky Motors Pakistan Limited (KLM), a public unlisted company incorporated in Pakistan. The amount includes advance against future issuance of shares amounting to PKR 2,891 million (2018: PKR 2,000 million). As at June 30, 2019, the Company holds 75.28% shareholding in KLM.

8.5 This represents 100% equity investment in Lucky Cement Holdings (Pvt) Limited (LCHPL), a private limited company incorporated in Pakistan under the Companies Act, 2017 as a wholly owned subsidiary of the Company. The Company was incorporated as one of the demerged undertaking in connection with the restructuring of LHL through Scheme of Arrangement (note 8.1).

Lucky Cement Holdings (Pvt) Limited currently holds 54.74% shareholding in ICI Pakistan Limited.

8.6 Represents 20% equity investment in Yunus Energy Limited, a public unlisted company incorporated in Pakistan, comprising 61,136,500 (2018: 61,136,500) shares of PKR 10 each.

8.7 All investments made in subsidiary companies and associated companies as mentioned above have been made in accordance with the requirements of the Companies Act, 2017.

		Note	2019	2018
			(PKR in '000')	
9	**LONG-TERM LOANS AND ADVANCES (secured & considered good)**			
	Long term loans			
	Due from employees	9.1	140,850	105,959
	Less: Recoverable within one year	9.2	96,905	70,336
			43,945	35,623
	Other advances	9.3	55,371	55,373
			99,316	90,996

9.1 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. Further, these include outstanding balances of loans given to key management personnel namely M/s. Amin Ganny, Mashkoor Ahmed, Muhammad Shabbir and Adnan Ahmed aggregating to PKR 5.8 million, PKR 5.417 million, PKR 6.667 million and PKR 9.167 million respectively (2018: M/s. Irfan Chawala and Amin Ganny aggregating to PKR 4.583 million and PKR 8.2 million respectively) as at June 30, 2019.

9.2 These include loans made to employees of the Company namely M/s. Muhammad Aslam, Aftab Ahmed, Amin Ganny, Waqas Abrar, Adnan Naseem Qazi, Irfan Chawala, Muhammad Umair Ahmad, Mashkoor Ahmed, Muhammad Ismail, Qutbuddin Mughal, Amir Mahmood Baig, Muhammad Shabbir, Muhmmad Anwar Tariq, Nasrullah Khan, Naimatullah Khan and Adnan Ahmed (2018: M/s. Irfan Chawala and Amin Ganny) exceeding PKR 1 million each.

9.3 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.

10. LONG-TERM DEPOSITS

Represent return free deposits to Water and Power Development Authority and Central Depository Company of Pakistan Limited.

		2019	2018
		(PKR in '000')	
11.	**STORES AND SPARES**		
	Stores	2,689,093	3,917,229
	Spares	4,350,704	4,095,955
		7,039,797	8,013,184
	Less: Provision for slow moving spares	230,073	230,073
		6,809,724	7,783,111

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For the year ended June 30, 2019

		Note	2019	2018
			(PKR in '000')	
12.	**STOCK-IN-TRADE**			
	Raw and packing materials		597,674	664,752
	Work-in-process		2,750,407	1,581,179
	Finished goods		934,939	580,727
			4,283,020	2,826,658
	Less: Provision for slow moving packing material		30,000	30,000
			4,253,020	2,796,658
13.	**TRADE DEBTS (considered good)**			
	Bills receivable - secured	13.3	409,598	554,394
	Others - unsecured		1,670,374	1,877,098
			2,079,972	2,431,492
	Less: Provision for doubtful debts	13.2	21,253	7,022
			2,058,719	2,424,470
13.1	The ageing of trade debts as at June 30 is as follows:			
	Neither past due nor impaired		2,058,719	2,424,470
13.2	Movement in provision for doubtful debts:			
	Balance as of July 1		7,022	14,033
	Provision during the year		17,263	867
	Write off		(3,032)	(7,878)
	Closing balance		21,253	7,022

13.3 Following are the details of debtors in relation to export sales:

Name of Foreign Jurisdiction	Type of transaction	2019	2018
Africa	Contract	213,950	545,497
Asia	Contract	103,612	3,877
Asia	Letter of Credit	92,036	5,020
		409,598	554,394

		Note	2019	2018
14.	**LOANS AND ADVANCES (secured & considered good)**			
	Current portion of long term loans and advances to employees	9	96,905	70,336
	Other advances given to employees - return free	14.1	8,397	6,060
			105,302	76,396
	Advances to suppliers and others - return free		448,047	344,275
	Sales tax, excise duty and other government levies		133,176	–
			686,525	420,671

14.1 Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

	Note	2019	2018
		(PKR in '000')	
15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits - return free			
Containers		80	310
Utilities		1,169	1,005
Others		20,449	17,496
		21,698	18,811
Prepayments			
Insurance		23,280	16,169
Rent		13,932	17,248
Others		15,313	15,349
		52,525	48,766
		74,223	67,577
16. OTHER RECEIVABLES (unsecured & considered good)			
Rebate on export sales		45,524	56,753
Due from Collector of Customs	16.1	19,444	19,444
Hyderabad Electricity Supply Company (HESCO)	16.2	1,987,418	1,138,341
Others		78,521	96,642
		2,130,907	1,311,180

16.1 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.

16.2 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 judgment has not been announced since then and the case was relisted for hearing. Subsequently, 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.

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. However, the Company has not yet received subsidy amount of PKR 627 million for the period April 2018 to May 2019 from Government of Sindh.

Subsequently on May 3, 2019 the Company has also filed a Constitutional Petition before the Sindh High Court challenging the non-payment of subsidy since April 2018 by the Sindh Government under the Sindh Captive Power Plant Subsidy Act, 2017. The case is currently being heard in Sindh High Court.

17 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 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 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 Peshawar High Court 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 Peshawar High Court 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 Peshawar High Court 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 Peshawar High Court after which the FBR filed an appeal in the Supreme Court of Pakistan.

The FBR has filed review petition in the Peshawar High Court for review of judgment 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	**2019**	2018
			(PKR in '000')	
18	**CASH AND BANK BALANCES**			
	Sales collection in transit		387,859	341,033
	Cash at bank			
	- in current accounts		916,290	129,711
	- in Islamic saving accounts	18.1	14,346,347	26,957,484
			15,262,637	27,087,195
			15,650,496	27,428,228
	Cash in hand		6,750	7,133
			15,657,246	27,435,361

18.1 These are shariah compliant bank balances and carry profit at rates ranging from 2.5% to 13.65% (2018: 2% to 7%) per annum.

18.2 This includes an amount of PKR 7,885.560 million (2018: PKR 7,887.015 million) held by a bank as security against the guarantees obtained from the bank issued on behalf of subsidiary companies.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

		2019	2018
		(PKR in '000')	
19	**SHARE CAPITAL**		
	Authorized capital		
	500,000,000 (2018: 500,000,000)		
	Ordinary shares of PKR 10/- each	5,000,000	5,000,000
	Issued, subscribed and paid-up capital		
	305,000,000 (2018: 305,000,000) Ordinary		
	shares of PKR 10/- each issued for cash	3,050,000	3,050,000
	18,375,000 (2018: 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	2019	2018
			(PKR in '000')	
20.	**RESERVES**			
	Capital reserve			
	Share premium	20.1	7,343,422	7,343,422
	Revenue reserves			
	General reserve		73,202,650	63,710,434
	Unappropriated profit		10,538,595	12,079,216
			83,741,245	75,789,650
			91,084,667	83,133,072

20.1 This reserve can be utilised by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

	Note	2019	2018
		(PKR in '000')	
21. LONG-TERM DEPOSITS			
Cement stockists	21.1	45,484	42,614
Transporters	21.2	43,500	50,500
Others		1,280	1,280
		90,264	94,394

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	2019	2018
		(PKR in '000')	
22. DEFERRED LIABILITIES			
Staff gratuity	22.1	1,823,204	1,632,119
Deferred tax liability	22.2	5,279,279	5,668,520
		7,102,483	7,300,639

22.1 The amounts recognized in the statement of financial position, based on the recent actuarial valuation carried on June 30, 2019, are as follows:

	Note	2019	2018
		(PKR in '000')	
22.1.1 Present value of defined benefit obligation		1,823,204	1,632,119
22.1.2 Changes in the present value of defined benefit obligation are as follows:			
Balance as at July 1		1,632,119	1,297,714
Charge for the year		356,307	276,864
Remeasurement (gain) / loss recognised in other comprehensive income		(80,166)	149,249
		1,908,260	1,723,827
Payments made during the year		(85,056)	(91,708)
		1,823,204	1,632,119
22.1.3 Charge for the year recognised in the profit or loss is as follows:			
Current service cost		193,344	160,838
Finance cost		162,963	116,026
		356,307	276,864
22.1.4 The charge for the year has been allocated as follows:			
Cost of sales	28	254,838	191,392
Distribution cost	29	26,260	21,356
Administrative expenses	30	70,392	60,169
Cost of sale of electricity		4,817	3,947
		356,307	276,864

		2019	2018
		(PKR in '000')	
22.1.5	Principal actuarial assumptions used are as follows:		
	Expected rate of increase in salary level	10.00%	9.75%
	Valuation discount rate	14.25%	9.75%

22.1.6 Sensitivity analysis

A sensitivity analysis for the above principal actuarial assumptions as of the statement of financial position date showing how the defined benefit obligation would have been affected by changes in the said assumptions is as follows:

		2019
		(PKR in '000')
	Discount rate +1%	(165,054)
	Discount rate -1%	192,413
	Long term salary increases +1%	181,855
	Long term salary increases -1%	(159,105)
22.1.7	Maturity profile of the defined benefit obligation:	
	Weighted average duration - in number of years	9.75
	The retirement will at most continue - year	2029

22.1.8 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.

		2019	2018
		(PKR in '000')	
22.2	**Deferred tax liability**		
	This comprises the following:		
	- Taxable temporary differences arising due to accelerated tax depreciation allowance	5,746,531	6,149,671
	- Deductible temporary differences arising in respect of provisions	(467,252)	(481,151)
		5,279,279	5,668,520

		Note	2019	2018
			(PKR in '000')	
23.	**TRADE AND OTHER PAYABLES**			
	Creditors		3,427,675	2,808,606
	Accrued liabilities		8,680,320	6,806,216
	Payable to subsidiaries against claim of tax losses	23.1	1,164,347	–
	Customers running account		1,460,910	1,397,590
	Retention money		2,660,493	72,310
	Sales tax, excise duty and other government levies		–	208,547
	Workers' Profit Participation Fund (WPPF)	23.2	647,779	805,563
	Workers' Welfare Fund (WWF)	23.3	1,094,951	1,008,690
	Others		59,142	13,483
			19,195,617	13,121,005

23.1 Payable to subsidiaries against claim of tax losses

As allowed under section 59B of the Income tax ordinance, 2001, The Company is claiming tax losses amounting to PKR 4,196.030 million and PKR 116.366 million, surrendered by its subsidiary companies Kia Lucky Motors Pakistan Limited (KLM) and Lucky Electric Power Company Limited (LEPCL) respectively. Tax impact of these losses aggregate to PKR 1,132.928 million and PKR 31.419 million for KLM and LEPCL respectively which has been recorded as payable to the respective subsidiary companies.

		2019	2018
		(PKR in '000')	
23.2	The movement of WPPF payable is as follows:		
	Opening balance	805,563	1,242,150
	Allocation for the year and return thereon	648,109	808,935
		1,453,672	2,051,085
	Payments during the year	(805,893)	(1,245,522)
		647,779	805,563

23.3 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 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.

24. SHORT TERM BORROWING

The Company has obtained Islamic Export Refinance Facility of PKR 1,500 million from Habib Bank Limited - Islamic, PKR 500 million from Allied Bank Limited - Islamic, PKR 400 million from Meezan Bank Limited, PKR 300 million from Bankislami Pakistan Limited and PKR 200 million from Habib Metropolitan Bank Limited - Islamic. Markup paid on these facilities amounted to PKR 24.933 million.

The above Islamic Export Refinance Facilities are secured by way of hypothecation charge over Plant & Machinery, Stocks, Stores & Spares and Lien over deposit. The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 2%) and spread ranging from 0.10% to 1.00% per annum.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

25. UNPAID DIVIDEND

This represents dividend withheld due to court order.

26. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

26.1 The Supreme Court of Pakistan while disposing off an appeal of the Collector of Customs, Karachi has issued a judgment on July 28, 2009 whereby it has set aside the earlier order of the Peshawar High Court which was decided in favour of the Company on the issue of plant and machinery imported under SRO 484(I)/92 dated May 14, 1992 after obtaining approvals from the concerned ministries. On August 20, 2009 the Company filed a review petition which was subsequently disposed off by the Supreme Court on May 8, 2014, so that the Company could exercise the departmental remedy, like other cement manufacturers. However, the Customs department acted discriminatingly with the Company by issuing recovery notice which was challenged by the Company through CP 2933/2014 in the High Court of Sindh which is currently pending. The arguments were made and judgement was reserved on March 21, 2017; however, no judgement was given by the Divisional Bench. The case was then relisted after 6 months in front of a new bench.

On the last date of hearing i.e. December 11, 2018 the customs authority failed to produce the relevant documents as directed by the court and on this basis customs authority counsel requested for additional time to submit the documents. Since then the matter remains pending on part of customs counsel to submit the relevant record. The interim order placed is to continue.

The Company is seeking withdrawal of recovery notice so that it can exercise departmental remedies. The management is confident of a favourable outcome, accordingly, no provision has been made against the same in these unconsolidated financial statements.

26.2 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 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 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 Company on December 18, 2012. Dismissal of the suit by the lower court has been challenged by the 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.

26.3 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 Lahore High Court 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 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.

26.4 In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the subject, where it had upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultra vires on the ground, amongst others, that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act, 2015.

The Company challenged the GIDC Act, 2015 and filed writ petitions in the Peshawar High Court (PHC) on July 10, 2015 and SHC on July 24, 2015 including retrospective treatment of the provisions of the GIDC Act.

On May 30, 2017, the PHC decided the case in favor of the Government. The Company has challenged the High Court of Peshawar's judgement in the Supreme Court, where it is pending for hearing. The Company's legal counsel is of the view that this judgment does not cover all the legal issues raised by the Company and, therefore, the Company has a very good case. The Company also has a stay from the High Court of Peshawar against recovery of GIDC.

In the High Court of Sindh the suit was decided in favor of the Company with the instructions to refund the GIDC collected so far by the Federation. However, the Government has filed an appeal in the High Court of Sindh, where the Company was not made party to such litigation. Currently, no GIDC is charged from the Company.

26.5 Details of the other matters are given in notes 16.1, 16.2 & 17 to these unconsolidated financial statements.

		2019	2018
		(PKR in '000')	
	COMMITMENTS		
26.6	**Capital commitments**		
	Plant and machinery under letters of credit	3,220,748	10,853,999
26.7	**Other commitments**		
	Stores, spares and packing material under letters of credit	3,809,895	2,631,479
	Bank guarantees issued by the Company on behalf of the subsidiary companies	21,269,878	30,699,438
	Bank guarantees issued on behalf of the Company	2,391,903	1,917,572
	Post dated cheques	1,081,735	315,791
	Commitment on behalf of subsidiary company in respect of cost over-run and PSRA support	22,034,373	16,726,520

		2019	2018
		(PKR in '000')	
27.	**GROSS SALES**		
	Local	57,363,568	61,643,469
	Export	10,184,370	5,733,110
		67,547,938	67,376,579

27.1 All revenue earned by the Company is shariah compliant.

		Note	2019	2018
			(PKR in '000')	
28.	**COST OF SALES**			
	Salaries, wages and benefits	22.1.4	2,291,339	2,158,213
	Raw material consumed		1,642,614	1,583,314
	Packing material consumed	28.1	3,476,477	2,621,342
	Fuel and power		22,714,858	18,576,826
	Stores and spares consumed		1,542,241	2,063,122
	Repairs and maintenance		423,168	562,718
	Depreciation	6.2	2,839,812	2,563,972
	Amortization	7.2	23,593	10,934
	Insurance		71,000	77,025
	Earth moving machinery		293,780	269,884
	Vehicle running and maintenance		49,743	35,795
	Communication		13,213	13,996
	Mess subsidy		11,837	20,004
	Transportation		8,143	12,283
	Travelling and conveyance		4,319	4,294
	Rent, rates and taxes		49,022	6,819
	Printing and stationery		2,104	2,281
	Other manufacturing expenses		103,745	207,547
			35,561,008	30,790,369
	Work-in-process:			
	Opening		1,581,179	1,401,759
	Closing		(2,750,407)	(1,581,179)
			(1,169,228)	(179,420)
	Cost of goods manufactured		34,391,780	30,610,949
	Finished goods:			
	Opening		580,727	559,141
	Closing		(934,939)	(580,727)
			(354,212)	(21,586)
			34,037,568	30,589,363

28.1 These are net of duty draw back on export sales amounting to PKR 27.77 million (2018: PKR 26.550 million).

		Note	2019	2018
			(PKR in '000')	
29.	**DISTRIBUTION COST**			
	Salaries and benefits	22.1.4	264,485	229,856
	Logistics and related charges		1,708,568	985,318
	Loading and others		348,362	478,192
	Communication		6,609	4,430
	Travelling and conveyance		9,534	7,944
	Printing and stationery		1,155	1,250
	Insurance		29,546	24,353
	Rent, rates and taxes		27,058	23,188
	Utilities		4,913	3,891
	Vehicle running and maintenance		17,848	12,099
	Repairs and maintenance		24,573	7,896
	Fees, subscription and periodicals		6,650	1,359
	Advertisement and sales promotion		29,402	40,990
	Entertainment		6,950	6,796
	Security services		4,174	2,221
	Depreciation	6.2	165,192	122,820
	Amortization	7.2	4,035	1,674
	Provision for doubtful debt	13.2	17,263	867
	Others		52,492	37,310
			2,728,809	1,992,454
30.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	22.1.4	577,646	536,655
	Communication		10,345	12,690
	Travelling and conveyance		33,921	30,450
	Insurance		10,465	9,604
	Rent, rates and taxes		20,254	18,144
	Vehicle running and maintenance		27,952	21,625
	Aircraft running and maintenance		56,187	36,808
	Printing and stationery		5,649	8,484
	Fees and subscription		25,394	41,677
	Security services		8,933	9,367
	Legal and professional fee		30,138	37,798
	Utilities		7,349	8,083
	Repairs and maintenance		145,595	64,342
	Advertisement		2,430	3,525
	Auditors' remuneration	30.1	8,768	10,993
	Depreciation	6.2	165,097	173,393
	Amortization	7.2	16,905	28,648
	Training cost		15,936	14,382
	Bank charges		42,278	9,403
	Others		16,630	13,375
			1,227,872	1,089,446

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For the year ended June 30, 2019

		Note	2019	2018
			(PKR in '000')	
30.1	**Auditors' remuneration**			
	Statutory audit fee - standalone		1,890	1,800
	Statutory audit fee - consolidation		446	425
	Half yearly review fee		446	425
	Fee for the review of compliance with the			
	Code of Corporate Governance		105	100
	Other Consultancy Fee	30.1.1	4,653	6,742
			7,540	9,492
	Out of pocket expenses and government levies		1,228	1,501
			8,768	10,993

30.1.1 This pertains to fee for services rendered in relation to corporate matters and system audit assignments.

		Note	2019	2018
			(PKR in '000')	
31.	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	23.2	648,109	808,935
	Workers' Welfare Fund		86,261	251,105
	Donations and scholarships	31.1 & 31.2	313,247	286,329
			1,047,617	1,346,369

31.1 These include donations amounting to PKR 200 million (2018: PKR 150 million) to Aziz Tabba Foundation (ATF). Mr. Muhammad Yunus 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.

31.2 The names of donees to whom donation amount exceeds PKR 500,000 are SOS Children's Villages of Pakistan, Aziz Tabba Foundation, Special Olympics Pakistan, Chhipa Welfare Association, Citizens Police Liaison Committee, World Memon Organization, Durbeen and Zindagi Trust.

		Note	2019	2018
			(PKR in '000')	
32.	**OTHER INCOME**			
	Income from non-financial assets			
	Gain on disposal of property, plant and equipment		144,991	132,906
	Gain from sale of electricity		290,248	368,314
	Exchange loss - net	32.1	(147,407)	(81,626)
	Sale of scrap and others		143,421	80,786
			431,253	500,380
	Income from financial assets			
	Dividend from subsidiary	32.2	457,000	–
	Dividend from associate		183,410	138,000
	Dividend from a mutual fund	32.2	37,503	–
	Income from deposits with islamic banks	32.3	2,132,516	1,956,183
			2,810,429	2,094,183
			3,241,682	2,594,563

32.1 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 70.789 million.

32.2 Represents profit earned from shariah compliant investments.

32.3 Represents profit earned from shariah compliant bank deposits and bank balances.

	2019	2018
	(PKR in '000')	
33. TAXATION		
33.1 Relationship between income tax expense and accounting profit:		
Profit before taxation	12,221,215	15,118,655
Tax at the applicable tax rate of 27% (2018: 28%)	3,299,728	4,233,223
Tax effect under lower rate of tax	(508,997)	(396,288)
Others	(1,059,745)	(915,370)
	1,730,986	2,921,565
Effective tax rate	14%	19%

33.2 In view of the management, sufficient tax provision has been made in the Company's financial statements. Comparisons of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2018	2017	2016
		(PKR in '000')	
Tax assessed as per most recent tax assessment and related show cause notice	3,037,587	5,032,196	5,015,844
Provision in accounts for income tax	3,037,587	5,032,196	5,015,844

	2019	2018
34. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation (PKR in thousands)	10,490,229	12,197,090
Weighted average number of ordinary shares (in thousands)	323,375	323,375
Basic and diluted earnings per share (PKR)	32.44	37.72

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For the year ended June 30, 2019

		Note	2019	2018
			(PKR in '000')	
35.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		12,221,215	15,118,655
	Adjustments for non cash charges and other items			
	Depreciation		3,276,104	2,974,884
	Amortization of intangible assets		44,533	41,256
	Provision for doubtful debts		17,263	867
	Gain on disposal of property, plant and equipment		(144,991)	(132,906)
	Income from deposits with Islamic banks		(2,132,516)	(1,956,183)
	Dividend income from subsidiary		(457,000)	–
	Dividend income from associate		(183,410)	(138,000)
	Dividend income from mutual fund		(37,503)	–
	Provision for staff gratuity		356,307	276,864
	Profit before working capital changes		12,960,002	16,185,437
	(Increase) / decrease in current assets			
	Stores and spares		973,387	(1,889,032)
	Stock-in-trade		(1,456,362)	(287,385)
	Trade debts		348,488	(842,648)
	Loans and advances		(265,854)	198,490
	Trade deposits and short-term prepayments		(6,646)	(27,803)
	Other receivables		(819,727)	16,683
			(1,226,714)	(2,831,695)
	Increase in current liabilities			
	Trade and other payables		4,910,264	3,961,564
			16,643,552	17,315,306
35.1	**CASH FLOWS FROM OPERATING ACTIVITIES (Direct method)**			
	Collections from customers		66,974,358	65,782,734
	Receipts of other income		1,628,063	2,362,748
	Payments to suppliers and service providers		(26,813,784)	(26,947,286)
	Payments to employees		(4,570,693)	(2,966,048)
	Payments relating to income taxes		(1,623,723)	(2,125,980)
	Payments relating to post retirement benefits - net		(85,056)	(91,708)
	Payments relating to indirect taxes		(18,865,611)	(18,934,532)
	Net cash generated from operating activities		16,643,554	17,079,928
35.2	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	18	15,657,246	27,435,361
	Bank balance marked as lien	18.2	(7,885,560)	(7,887,015)
	Short term running finance		(2,900,000)	–
			4,871,686	19,548,346

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

36.1 Aggregate amounts charged in these unconsolidated financial statements are as follows:

Particulars	Chief Executive		Executives		Total	
	2019	2018	**2019**	2018	**2019**	2018
	(PKR in '000')					
Remuneration	40,000	40,000	446,591	401,423	486,591	441,423
House rent allowance	16,000	16,000	201,019	180,688	217,019	196,688
Utility allowance	4,000	4,000	44,655	40,138	48,655	44,138
Conveyance allowance	–	–	44,655	40,138	44,655	40,138
Charge for defined benefit obligation	5,000	5,000	101,121	138,856	106,121	143,856
	65,000	65,000	838,041	801,243	903,041	866,243
Number of persons	1	1	162	146	163	147

36.2 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.

36.3 No remuneration has been paid to directors during the year except as disclosed in note 36.4 below.

36.4 An amount of PKR 1.375 million was paid to 9 non executive directors and PKR 0.188 million was paid to 1 executive director during the current year as the fee for attending board meetings (2018: 7 non executive directors were paid PKR 1.343 million and 1 executive director was paid PKR 0.188 million).

37. RELATED PARTIES

37.1 Following are the related parties with whom the Company had entered into transactions during the year:

37.1.1

S.No	Name of Related Party	Relationship	Direct Shareholding %
1	Kia Lucky Motors Pakistan Limited	Subsidiary	Nil
2	Lucky Holdings Limited	Subsidiary	Nil
3	LCL Holdings Limited	Subsidiary	Nil
4	Yunus Energy Limited	Associated Company	Nil
5	NutriCo Morinaga (Private) Limited	Indirect Subsidiary	Nil
6	ICI Pakistan Limited	Indirect Subsidiary	Nil
7	Gadoon Textile Mills Limited	Associated Company	Nil
8	Lucky Textile Mills Limited	Associated Company	Nil
9	Y.B. Holdings (Private) Limited	Associated Company	Nil
10	Y.B. Pakistan Limited	Associated Company	2.27460%
11	Yunus Textile Mills Limited	Associated Company	6.63202%
12	Lucky Energy (Private) Limited	Associated Company	3.55095%
13	Lucky Air (Private) Limited	Associated Company	Nil
14	Lucky Paragon Readymix Limited	Associated Company	Nil
15	Luckyone (Private) Limited	Associated Company	Nil
16	Lucky Foods (Private) Limited	Associated Company	Nil
17	Aziz Tabba Foundation (Trustee)	Associated Undertaking	Nil
18	Energas Terminal (Private) Limited	Associated Company	Nil
19	Kenzo Holdings Limited	Associated Company	7.05%
20	Grandcres Investment Limited	Associated Company	3.01767%
21	Lucky Exim (Private) Limited	Associated Company	0.01392%
22	Providus Capital (Private) Limited	Associated Company	0.30924%

S.No	Name of Related Party	Relationship	Direct Shareholding %
23	Mr. Muhammad Yunus Tabba	Director	3.451336%
24	Mrs. Khairunnisa Aziz	Spouse of director	2.493235%
25	Mr. Muhammad Sohail Tabba	Director	4.067493%
26	Mrs. Saima Sohail	Spouse of director	1.877078%
27	Mr. Muhammad Ali Tabba	Director	2.686458%
28	Mrs. Feroza Tabba	Spouse of director	0.199459%
29	Mr. Jawed Yunus Tabba	Director	5.944571%
30	Mrs. Mariam Tabba Khan	Director	1.442958%
31	Mr. Ikram Hussain Khan	Spouse of director	0.001546%
32	Mr. Manzoor Ahmed	Director	0.000002%
33	Mrs. Fakeha Manzoor	Spouse of director	Nil
34	Mr. Mohammad Javed Iqbal	Director	0.00031%
35	Mrs. Shazia Afzal	Spouse of director	Nil
36	Mr. Syed Noman Hasan	Key management personnel	0.000309%
37	Mr. Irfan Chawala	Key management personnel	0.00155%
38	Mr. Amin Ganny	Key management personnel	0.00065%
39	Mr. Faisal Mahmood	Key management personnel	0.000002%
40	Mr. Ahmed Waseem Khan	Key management personnel	Nil
41	Mr. Muhammad Shabbir	Key management personnel	Nil
42	Mr. Mashkoor Ahmed	Key management personnel	Nil
43	Mr. Kalim Ahmed Mobin	Key management personnel	Nil
44	Mr. Adnan Ahmed	Key management personnel	Nil
45	Mr. Murtaza Abbas	Key management personnel	0.00031%
46	Mr. Kashif Jawaid	Key management personnel	0.00141%
47	Mr. Zahir Shah	Key management personnel	Nil

37.2 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties include subsidiaries, associated entities, directors, the 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:

	2019	2018
	(PKR in '000')	
Transactions with Subsidiary Companies		
Reimbursement of expenses to the Company	12,769	46,154
Reimbursement of expenses from Company	63	–
Investments made during the year	9,332,510	11,667,548
Purchase of vehicles	26,771	–
Claim of tax losses on account of group tax adjustment	1,164,347	–
Purchases	6,480	6,022
Sales	217,465	121,272
Sale of fixed assets	1,550	5,586
Services	200	–
Bank guarantee issued	1,250,000	29,861,107
Bank guarantee released	3,822,706	–
Dividend received	457,000	–
Transactions with Directors and their close family members		
Dividends paid	573,354	1,290,751
Meeting fee	1,562	1,531

	2019	2018
	(PKR in '000')	
Transactions with Associated Undertakings		
Sales	633,460	435,605
Reimbursement of expenses to the Company	19,516	10,706
Reimbursement of expenses from the Company	970	1,027
Donation	187,528	150,000
Charity	12,472	–
Services	36,102	27,180
Sale of fixed assets	1,875	–
Dividends paid	582,768	684,839
Dividend received from associate company	183,410	137,557
Investment	–	10
Transactions with other key management personnel		
Salaries and benefits	227,036	203,883
Dividends paid	56	68
Post employment benefits	28,047	28,508

		2019	2018
		Metric Tons	
38	**PRODUCTION CAPACITY**		
	Production Capacity - (Cement)	9,350,000	9,350,000
	Production Capacity - (Clinker)	8,882,500	8,882,500
	Actual Production Cement	6,835,394	7,654,532
	Actual Production Clinker	7,580,470	7,426,320

38.1 Cement production capacity utilization is 73.11% (2018: 81.87%) of total installed capacity. 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.

38.2 Clinker production capacity utilization is 85.34% (2018: 83.61%) of total installed capacity.

39. 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, 2019. The policies for managing each of these risk are summarized below:

39.1 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 comprise three types of risk: return rate risk, currency risk and other price risk.

39.1.1 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 statement of financial position date the Company is not materially exposed to significant return rate risk.

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39.1.2 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 15.1% (2018: 8.5%) of the Company's sales are denominated in currencies other than Pakistan Rupee.

As at June 30, 2019, if Pakistan Rupee depreciated / appreciated by 1% against US$ and Euro, with all other variables held constant, the Company's profit before tax would have been PKR 28.290 million (2018: PKR 3.458 million) higher / lower as a result of exchange loss/gain on translation of foreign currency denominated financial instruments.

39.1.3 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 statement of financial position date, the Company is not exposed to significant other price risk.

39.2 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 statement of financial position date, the Company is exposed to credit risk on the following assets:

	Note	2019	2018
		(PKR in '000')	
Particulars			
At amortised cost			
Long-term deposits		3,175	3,175
Trade debts	13	2,058,719	2,424,470
Loans	9 & 14	140,850	105,959
Trade deposits	15	21,698	18,811
Accrued return		113,869	142,881
Other receivables	16	78,521	96,642
Bank balances	18	15,650,496	27,428,228
		18,067,328	30,220,166
At fair value through profit or loss			
Short term investment - 20,654,888 units of			
Meezan Rozana Amdani Fund		1,032,744	–
At fair value through other comprehensive income			
Short term investment - 1,769,940 shares of PSX			
(2018: 1,769,940 shares of PSX)		23,009	34,956

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 ratings agencies or the historical information about counter party default rates as shown below:

	2019	2018
	(PKR in '000')	
Trade debts		
Neither past due nor impaired	2,058,719	2,424,470
Bank balances		
A1+	15,150,191	27,428,138
A1	500,305	90
	15,650,496	27,428,228

Financial assets other than trade debts and bank balances are not exposed to any material credit risk.

39.3 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 statement of financial position date, the Company has unavailed credit facilities aggregating PKR 15,744 million (2018: PKR 15,744 million) out of the total facilities of PKR 63,549 million (2018: PKR 63,549 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 (PKR in '000')	Total
June 30, 2019			
Long-term deposits	–	90,264	90,264
Trade and other payables	15,991,977	–	15,991,977
Short term borrowing	2,900,000	–	2,900,000
Unclaimed dividend	53,953	–	53,953
Unpaid dividend	91,119	–	91,119
	19,037,049	90,264	19,127,313
June 30, 2018			
Long-term deposits	–	94,394	94,394
Trade and other payables	9,700,615	–	9,700,615
Unclaimed dividend	47,945	–	47,945
Unpaid dividend	82,960	–	82,960
	9,831,520	94,394	9,925,914

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 the 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 (PKR in '000')	Level 3	Total
Assets				
Financial assets -				
- Short - term investments	1,055,754	–	–	1,055,754

There were no transfers amongst levels during the year.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2019

40. 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, 2019.

41. NUMBER OF EMPLOYEES

The total number of persons employed as on the statement of financial position date and the average number of employees during the year are as follows:

	2019	2018
Number of employees as at June 30 - factory	2,165	2,166
- others	350	365
	2,515	2,531
Average number of employees during the year - factory	2,166	2,143
- others	358	365
	2,524	2,508

42. GENERAL

42.1 Figures have been rounded off to the nearest thousand PKR, unless otherwise stated.

42.2 For better presentation certain prior year's figures have been reclassified consequent to certain changes in the current year's presentation.

43 SUBSEQUENT EVENT

43.1 The Board of Directors in their meeting held on July 27, 2019 (i) approved the transfer of PKR 8,436.657 million (2018: PKR 9,492.216 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of PKR 6.5 per share for the year ended June 30, 2019 amounting to PKR 2,101.938 million (2018: PKR 2,587 million) for approval of the members at the Annual General Meeting to be held on September 27, 2019. These unconsolidated financial statements do not reflect these appropriations and the proposed dividend payable.

44. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on July 27, 2019 by the Board of Directors of the Company.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Irfan Chawala
Chief Financial Officer

FINANCIAL STATEMENTS

For the year ended June 30, 2019

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, 2019, 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, 2019, 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.

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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KARACHI LAHORE ISLAMABAD

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	Stock-in-trade as disclosed in note 13 to the annexed consolidated financial statements includes items relating to the Group's cement segment which primarily consists of the following: • raw materials comprising limestone, clay, gypsum, laterite and bauxite; and • work-in-progress mainly comprising clinker. Further, stores, spares and consumables, as disclosed in note 12 to the annexed consolidated financial statements, include coal. The above inventory items are stored in purpose built sheds, stockpiles and silos. As the weighing of these inventories is not practicable, management assesses the reasonableness of the quantities on hand by obtaining measurements of stockpiles and converting these measurements to unit of volumes by using angle of repose and bulk density. The Group also involves an external surveyor in the inventory count process. In addition, stock-in-trade as disclosed in note 13 to the annexed consolidated financial statements includes inventory having a carrying value of Rs. 10,105.103 million which relates to Polyster, Soda Ash, Life Sciences, Chemicals, Agri Sciences and other businesses of ICI Pakistan Limited. The aforementioned carrying amount of Rs. 10,105.103 million has been determined, after considering allowance for inventories obsolescence amounting to Rs. 196.364 million. The inventories obsolescence is calculated by taking into account the net realisable value (NRV) of related inventories while mainly keeping in view the estimated selling price, forecasted inventories usage, forecasted sale volumes and product expiry dates. Due to the significance of the related stockin-trade and stores, spares and consumables balances and the estimates involved, this is considered as a key audit matter.	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 management's process of measurement of stockpiles and the determination of values using conversion of volumes and density to total weight and the related yield. • Obtained and reviewed the inventory count report of the management's external surveyor and assessed its accuracy on a sample basis. In connection with NRV testing the audit procedures included: • Reviewing the management procedures for evaluating the NRV of inventories, observing physical inventory counts at major locations to ascertain the condition and existence of inventories, confirming inventories held by others and performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete inventories as at the year end. • Reviewing inventories turnover ratios; understanding and evaluating the appropriateness of the basis of identification of the obsolete inventories; evaluating the historical accuracy of allowance of inventories assessed by management by comparing the actual loss to historical allowance recognized, on a sample basis; testing the accuracy of the aging analysis of inventories, on a sample basis; testing cost of goods with underlying invoices and expenses incurred in accordance with inventory valuation method and reviewing the minutes of the relevant meetings at the management and Board level to identify any indicators of obsolescence. • Testing the NRV of the inventories held by performing a review of sales close to and subsequent to the year-end and compared with the cost for a sample of products. • Reviewing the inventories' expiry date report to identify slow moving or obsolete inventories and tested its accuracy on sample basis to check the provision for slow moving and obsolete inventories was reasonable.

S. No.	Key Audit Matters	How the matter was addressed in our audit
(ii)	During the current year, the Group has incurred significant capital expenditure for new cement production line and manufacturing facility for motor vehicles. In addition, the Group has also installed new machinery for existing production line as part of balancing, modernization and replacement activities (note 7 to the consolidated financial statements). There are a number of areas where significant management judgement is involved in connection with the above activities. These include: • Determining which costs meet the criteria for capitalisation as per International Accounting Standard - 16, 'Property, Plant and Equipment'; • Determining the date on which assets under construction are transferred to operating fixed assets and the respective dates from which their depreciation should commence; and • The estimation of economic useful lives and residual values assigned to property, plant and equipment. We consider the above as a key audit matter being significant transaction and event for the Group during the year having significant impact on the financial position of the Group.	The 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, which included purchase agreements and invoices. • Assessed whether the costs capitalized met the relevant criteria for capitalization as per the applicable accounting and reporting framework. • Evaluated management's estimation of economic useful lives and residual values by considering our knowledge of the business and practices adopted in the local industries. • Reviewed the date of transferring capital work-in-progress to operating fixed assets by examining the completion certificates and/or project progress reports, on a sample basis. • Assessed whether the disclosures are made in accordance with the financial reporting framework.
(iii)	Goodwill and certain other intangibles that were recognised on business acquisitions undertaken by the Group are disclosed in note 8 to 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 sales growth and profitability, 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. • Conducted sensitivity analyses 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.

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.

A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: August 9, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30, 2019

	Note	2019	2018
		(PKR in '000')	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	7	135,475,796	73,865,002
Intangible assets	8	7,653,720	7,943,988
		143,129,516	81,808,990
Long-term investments	9	18,554,210	13,642,987
Long-term loans and advances	10	551,354	534,786
Long-term deposits and prepayments	11	51,076	53,325
		162,286,156	96,040,088
CURRENT ASSETS			
Stores, spares and consumables	12	8,193,401	8,854,536
Stock-in-trade	13	18,299,229	12,088,621
Trade debts	14	4,508,468	5,142,591
Loans and advances	15	1,997,339	1,117,485
Trade deposits and short-term prepayments	16	2,092,112	1,108,185
Other receivables	17	6,935,242	3,431,926
Tax refunds due from the Government	18	538,812	538,812
Taxation receivable		2,687,513	2,221,851
Accrued return		156,948	161,742
Short term investments		1,055,754	34,956
Cash and bank balances	19	18,270,313	34,382,272
		64,735,131	69,082,977
TOTAL ASSETS		227,021,287	165,123,065
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	20	3,233,750	3,233,750
Reserves	21	105,787,478	93,913,157
Attributable to the owners of the Holding Company		109,021,228	97,146,907
Non-controlling interest		16,249,228	12,428,264
Total equity		125,270,456	109,575,171
NON-CURRENT LIABILITIES			
Long-term finance	22	32,771,993	8,789,887
Long-term deposits	23	90,264	94,394
Deferred liabilities	24	11,431,338	10,640,736
Other long term liabilities		5,078,003	3,431,948
		49,371,598	22,956,965
CURRENT LIABILITIES			
Current portion of long-term finance	22	1,694,503	2,619,516
Trade and other payables	25	36,059,184	20,242,935
Provision for taxation		1,699,742	1,992,278
Accrued return		619,500	272,146
Short-term borrowings and running finance	26	12,161,232	7,332,327
Current portion of liabilities against assets subject to finance lease		–	822
Unclaimed dividend		53,953	47,945
Unpaid dividend	47.3	91,119	82,960
		52,379,233	32,590,929
		101,750,831	55,547,894
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		227,021,287	165,123,065

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

Irfan Chawala
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended June 30, 2019

	Note	2019	2018
		(PKR in '000')	
Revenue	29.1	136,591,742	124,681,831
Less: Sales tax and excise duty		22,304,398	21,958,757
Rebates and commission		5,991,699	5,181,190
		28,296,097	27,139,947
		108,295,645	97,541,884
Cost of sales	29.2	(84,506,680)	(71,943,557)
Gross profit		23,788,965	25,598,327
Distribution cost	31	(5,855,390)	(4,736,174)
Administrative expenses	32	(3,274,843)	(2,586,556)
Finance cost	33	(1,609,882)	(829,919)
Other expenses	34	(1,903,511)	(2,204,275)
Other income	35	2,999,637	2,766,520
		14,144,976	18,007,923
Share of profit - joint ventures and associates	9	1,012,870	1,865,477
Profit before taxation		15,157,846	19,873,400
Taxation			
- current		(2,234,744)	(3,160,980)
- deferred		(576,147)	(538,867)
	36	(2,810,891)	(3,699,847)
Profit after taxation		12,346,955	16,173,553
Attributable to:			
Owners of the Holding Company		11,327,770	14,819,911
Non-controlling interest		1,019,185	1,353,642
		12,346,955	16,173,553
Other comprehensive income:			
Other comprehensive income / (loss) which will not be reclassified to profit or loss in subsequent periods:			
Gain / (loss) on remeasurements of post retirement benefit obligations		112,965	(467,082)
Deferred tax thereon		(29,405)	114,961
		83,560	(352,121)
Unrealised loss on remeasurement of equity instrument at fair		(11,947)	(10,496)
value through other comprehensive income		1,792	1,574
Deferred tax thereon		(10,155)	(8,922)
		73,405	(361,043)
Other comprehensive income which may be reclassified to profit or loss in subsequent periods:			
Foreign exchange differences on translation of foreign operations		2,677,878	1,106,162
Other comprehensive income		2,751,283	745,119
Total comprehensive income for the year		15,098,238	16,918,672
Attributable to:			
Owners of the Holding Company		14,067,979	15,672,949
Non-controlling interest		1,030,259	1,245,723
		15,098,238	16,918,672
		(PKR)	
Earnings per share - basic and diluted	37	35.03	45.83

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba	**Muhammad Ali Tabba**	**Irfan Chawala**
Chairman / Director	Chief Executive	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	Note	2019	2018
		(PKR in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	27,793,122	17,730,875
Finance cost paid		(1,930,205)	(732,281)
Income tax paid		(3,002,453)	(3,372,432)
Income from deposits with Islamic banks and other financial institutions		2,337,588	2,121,072
Staff retirement benefits paid		(192,232)	(189,763)
Increase in long-term loans and advances		(19,496)	(51,606)
Increase in long-term deposits and prepayments		(1,875)	(14,401)
Net cash generated from operating activities		24,984,449	15,491,464
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(65,972,978)	(19,835,814)
Business acquisition		–	(1,935,700)
Investment in joint venture		(480,156)	–
Dividend from associate		363,410	887,471
Dividend received on short term investments		37,503	443
Short term investments realised		(1,032,745)	–
Proceeds from disposal of investment in Non-controlling interest		599,858	–
Bank balance held as lien		1,455	(7,887,015)
Sale proceeds on disposal of property, plant and equipment		200,772	120,829
Net cash used in investing activities		(66,282,881)	(28,649,786)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loans obtained		24,078,595	4,290,240
Long-term loans repaid		(3,385,191)	(2,591,641)
Dividend paid to owners of the Holding Company		(2,572,833)	(5,476,911)
Dividend paid to Non-controlling interest		(532,409)	(420,724)
Payment against finance lease liability		(822)	(1,985)
Issuance of shares to Non-controlling interest		2,771,683	2,377,859
Net cash generated / (used) in financing activities		20,359,023	(1,823,162)
Net decrease in cash and cash equivalents		(20,939,409)	(14,981,484)
Cash and cash equivalents at the beginning of the year		19,162,930	34,144,414
Cash and cash equivalents at the end of the year	38.1	(1,776,479)	19,162,930

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

Irfan Chawala
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Attributable to the owners of the Holding Company							
	Issued, subscribed and paid up capital	Capital reserve	Revenue reserves			Total reserve	Non controlling interest	Total equity
		Share premium	General reserves	Foreign currency translation reserve	Unappropriated profit			
	(PKR in '000')							
Balance as at June 30, 2017	3,233,750	7,343,422	55,511,916	152,106	20,729,031	83,736,475	9,235,325	96,205,550
Transfer to general reserves	–	–	9,815,393	–	(9,815,393)	–	–	–
Transfer from general reserves	–	–	(1,616,875)	–	1,616,875	–	–	–
Transactions with owners								
Final dividend at the rate of PKR 10 per share								
for the year ended June 30, 2017	–	–	–	–	(3,880,500)	(3,880,500)	–	(3,880,500)
Interim dividend at the rate of PKR 5 per share each								
for the year ended June 30, 2018	–	–	–	–	(1,616,875)	(1,616,875)	–	(1,616,875)
Addition of non-controlling interest in ICI	–	–	–	–	–	–	921,200	921,200
Dividend to non-controlling interest of ICI	–	–	–	–	–	–	(429,535)	(429,535)
Non-controlling interest of KLM	–	–	–	–	1,108	1,108	1,455,551	1,456,659
Total comprehensive income								
Profit after taxation	–	–	–	–	14,819,911	14,819,911	1,353,642	16,173,553
Other comprehensive income	–	–	–	1,106,162	(253,124)	853,038	(107,919)	745,119
Total comprehensive income for the year	–	–	–	1,106,162	14,566,787	15,672,949	1,245,723	16,918,672
Balance as at June 30, 2018	3,233,750	7,343,422	63,710,434	1,258,268	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 (refer note 1.3)	–	–	–	–	–	–	349,052	349,052
Transactions with owners								
Final dividend at the rate of PKR 10 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	73,202,650	3,936,146	21,305,260	105,787,478	16,249,228	125,270,456

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

Irfan Chawala
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2019

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, LCL Holdings Limited, Lucky Cement Holdings (Private) 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 quoted 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 it's 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, 2019.

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 registered office of LHL is located at Main Indus Highway, Pezu, District Lakki Marwat in the province of Khyber Pakhtunkhwa.

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.

During the year ended June 30, 2019, the High Court of Sindh (SHC) vide its order dated April 11, 2019 sanctioned a Scheme of Arrangement involving LHL and Lucky Cement Holdings (Private) Limited (LCHPL) effective from start of business on July 1, 2018 (the Scheme).

Under the Scheme, undertaking of LHL principally comprising of the assets, liabilities and obligations of LHL relating to its underlying investment in ICI Pakistan Limited, the outstanding long term loan along with other liabilities representing payable in respect of income taxes (the ICI Undertaking) were carved out of LHL and proportionately amalgamated into respective wholly owned subsidiaries of LHL's shareholders.

Accordingly, the Holding Company's proportionate interest in ICI Undertaking was amalgamated into its wholly owned subsidiary i.e. LCHPL.

The Holding Company held 75% shares of LHL as at June 30, 2019.

1.4 LCL Holdings Limited

LCL Holdings Limited (LCLHL) was incorporated in Pakistan on September 19, 2014 as a public unlisted company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017) with the object to invest in Lucky Electric Power Company Limited. The registered office of the Company is situated at 6-A, Muhammad Ali Society, A. Aziz Hashim Tabba Street, Karachi.

The Holding Company held 100% shares of LCLHL as at June 30, 2019.

Subsequent to the year end on July 27, 2019, the Board of Directors of the Holding Company has resolved to amalgamate LCLHL into the Holding Company. The legal formalities relating to the amalgamation are in progress.

1.4.1 Lucky Electric Power Company Limited

Lucky Electric Power Company Limited (LEPCL) was incorporated in Pakistan on June 13, 2014, as a public unlisted company. LEPCL is a wholly owned subsidiary of LCLHL. LEPCL has been formed for the purpose of development of a 660 MW coal based power project in Karachi. Its registered office is situated at 6-A, Muhammad Ali Society, A. Aziz Hashim Tabba Street, Karachi.

1.5 Lucky Cement Holdings (Private) Limited

Lucky Cement Holdings (Private) Limited (LCHPL) was incorporated in Pakistan on July 7, 2018 as a private company limited by shares under the Companies Act, 2017. The registered office of LCHPL is located at 6-A, Muhammad Ali Society, A. Aziz Hashim Tabba Street, Karachi. LCHPL was incorporated as one of the demerged undertakings as part of restructuring of LHL through the Scheme of Arrangement (note 1.3).

LCHPL held 54.74% shareholding of ICI Pakistan Limited.

1.5.1 ICI Pakistan Limited

ICI Pakistan Limited (ICI) was 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. It also acts as an indenting agent and toll manufacturer. The registered office of ICI is situated at 5 West Wharf, Karachi. Details of ICI's equity investments are as follows:

(a) ICI Pakistan PowerGen Limited

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) Cirin Pharmaceutical (Private) Limited

Cirin Pharmaceuticals (Private) Limited (Cirin) is a private limited company incorporated in Pakistan and is a wholly owned subsidiary of ICI. Cirin is engaged in manufacturing and sale of pharmaceutical products. The registered office of Cirin is situated at ICI House, 5 West Wharf, Karachi.

(c) NutriCo Morinaga (Private) Limited

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.

1.6 KIA Lucky Motors Pakistan Limited

KIA Lucky Motors Pakistan Limited (KLM) was incorporated in Pakistan as a public unlisted company. The principal line of business of KLM is to carry on the manufacturing, assembling, distribution, marketing, sale, after-sale-service, import and export of all types of KIA motor vehicles, parts and accessories under license from KIA Motors Corporation.

The Holding Company held 75.28% shares of KLM.

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

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 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 7.1 to these consolidated financial statements. Further, the Group reviews the carrying value of assets for impairment, if any, on each reporting date.

3.4 Provision for 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 5.8 and 5.9 to these consolidated financial statements.

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 5.10 to these consolidated financial statements.

3.6 Future estimation of export sales

Deferred tax calculation has been based on estimate of future ratio of export and local sales.

3.7 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.

3.8 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.

3.9 Impairment of goodwill and intangibles with indefinite lives

Impairment testing involves a number of judgemental 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 8.4 to 8.6 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. 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, 2018, except for the effects of changes as detailed in note 5.2 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) New standards, amendments and interpretation to accounting and reporting standards which were effective during the year:

There were certain amendments to accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Group's financial reporting and, therefore, have not been detailed in these consolidated financial statements.

In addition to the above, the following two new standards and an interpretation have become applicable to the Group effective July 1, 2018:

– IFRS 9 'Financial instruments' – This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces IAS 39 incurred loss impairment model. On July 1, 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories (i.e. mainly financial assets previously classified as 'loans and receivables' have now been classified as 'amortised cost').

- IFRS 15 'Revenue from contracts with customers' – This standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

  The changes laid down by these standards (i.e. IFRS 9 and IFRS 15) do not have any significant impact on these consolidated financial statements of the Group except as those stated above. Further, related changes to the accounting policies have been made in these consolidated financial statements.

- IFRIC 22 'Foreign currency transactions and advance consideration'. This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income / contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The impact of this interpretation is not considered material on these consolidated financial statements.

(b) New standards and amendments to accounting and reporting standards that are not yet effective

- IFRS 16 'Leases' will be effective for the Group's annual accounting period beginning July 1, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. At present, the Group is in the process of determining the impacts of application of IFRS 16 on its future financial statements.

- Amendment to IAS 23 'Borrowing costs'. This amendment clarifies that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

- Additionally there is another new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2019. However, these 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 Securities and Exchange Commission of Pakistan (SECP) vide SRO 24(I)/2012 dated January 16, 2012 has granted waiver to power sector companies from requirements of the following:

- IFRIC-4 'Determining whether an arrangement contains a lease',
- IFRIC-12 'Service concession arrangements',
- IAS-21 'The Effects of Changes in Foreign Exchange Rates' to the extent of requirements in respect of accounting principle of capitalisation of exchange differences, and
- IAS-39 'Financial Instruments: Recognition and Measurement' to the extent of recognition of embedded derivatives.

Accordingly these exemptions have been taken into account when consolidating the financial statements of LEPCL via LCLHL 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 as stated in notes 5.18 and 5.19 to these consolidated financial statements.

Except for plant and machinery, depreciation is charged to profit or loss applying the straight line method at the rates mentioned in note 7.1 to these consolidated 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 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.

5.5 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 8 to these consolidated financial statements. Full month's amortisation is charged in the month of addition, whereas, amortisation on disposals is charged upto the month in which the disposal takes place.

5.6 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.

5.7 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.

5.8 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 are charged to 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 upto 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.

5.9 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, labour and other manufacturing overheads.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon upto 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.

5.10 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 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.

5.11 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.

5.12 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 Group, except ICI and ICI PowerGen, operates an unfunded gratuity scheme covering all its permanent employees.

ii) ICI and ICI PowerGen operate 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. The Group also operates unfunded gratuity scheme for non-management staff and the unfunded pensioners' medical scheme for its subsidiaries (ICI and ICI PowerGen). The pension and gratuity plans are final salary plans. The pensioner's medical plan reimburses actual medical expenses to pensioners as per entitlement.

Defined contributory plans

The Group operates two registered contributory provident funds for entire staff of its subsidiary companies (ICI and ICI PowerGen) and a registered defined contribution superannuation fund for management staff of its subsidiary companies (ICI and ICI PowerGen), who have either opted for this fund by July 31, 2004 or have joined ICI after April 30, 2004. In addition to this, the Group also provides group insurance to all employees of its subsidiary companies (ICI and ICI PowerGen).

5.13 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.

5.14 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.

5.15 Provisions

Provisions are recognised in the consolidated statement of financial position 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.

5.16 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.

5.17 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.

5.18 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.

5.19 Foreign currency transactions and translation

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 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.

5.20 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 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 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 the profit or loss.

5.21 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.

5.22 Impairment

(a) Financial assets

The Group assesses on a forward looking basis the expected credit losses 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.

(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.

5.23 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.

5.24 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupee, which is the Group's functional and presentation currency.

5.25 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 Makers (the CODMs) 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 CODMs 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 expenditure. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

5.26 Operating leases / Ijarah contracts

Leases, other than those under Ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases and Ijarah contracts (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

6. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

Following is the summary of significant transactions and events that affected the Group's financial position and performance during the year:

a) The Holding Company during the year invested PKR 13.66 billion (aggregate investment to date amounts to PKR 13.681 billion) for the Brownfield expansion of its cement plant at Pezu by 2.6 million tons per annum. Plant and machinery shipments along with civil, erection and fabrication works are under progress as planned in order to achieve commercial operations in the second quarter of the financial year 2019-20.

b) During the year, KLM successfully completed commissioning of the equipment and pilot production and commenced Completely Knocked Down (CKD) operations at its plant located at Bin Qasim Industrial Park (BQIP), Karachi within the originally envisaged project timelines. KLM's state of the art facility has the capacity to produce 50,000 vehicles per annum on a double shift basis.

c) ICI's master batch manufacturing facility is commissioned and is operating as per plan to enhance the portfolio of Chemical and Agri Sciences Business.

d) Subsequent to financial closure on June 25, 2018, LEPCL has made drawdowns aggregating USD 51.89 million and PKR 14,200 million from loan facilities as stated in note 22 and has incurred significant expenditure on its project.

	Note	2019	2018
		(PKR in '000')	
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	7.1	83,666,110	60,619,288
Capital work-in-progress	7.6	51,809,686	13,245,714
		135,475,796	73,865,002

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7.1 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, 2017															
Cost	2,628,061	886,739	6,863,625	4,249,270	243,034	42,588,651	15,032,215	1,555,098	1,523,549	744,664	577,997	185,061	143,239	336,081	77,557,284
Accumulated depreciation	(116,780)	–	(2,426,860)	(2,124,608)	(57,576)	(15,098,031)	(5,220,596)	(883,624)	(850,073)	(318,907)	(308,696)	(139,013)	(112,846)	(210,498)	(27,868,108)
Net book value	2,511,281	886,739	4,436,765	2,124,662	185,458	27,490,620	9,811,619	671,474	673,476	425,757	269,301	46,048	30,393	125,583	49,689,176
Year ended June 30, 2018															
Addition / Transfers from CWIP	29,237	878,448	1,842,178	481,776	76,820	10,511,398	1,312,751	337,897	712,055	–	206,003	65,639	33,906	20,500	16,508,608
Impairment	–	–	–	–	–	(36,758)	–	–	–	–	–	–	–	–	(36,758)
Disposals (note 7.4)															
Cost	(8,326)	–	(31,360)	–	–	(46,473)	–	–	(162,703)	–	(12,224)	(9,371)	(49,152)	(947)	(320,556)
Accumulated depreciation	–	–	5,497	–	–	45,724	–	–	135,316	–	4,960	5,402	48,601	572	246,072
	(8,326)	–	(25,863)	–	–	(749)	–	–	(27,387)	–	(7,264)	(3,969)	(551)	(375)	(74,484)
Depreciation charge for the year (note 7.2)	(21,339)	–	(424,822)	(245,225)	(14,982)	(3,328,956)	(788,741)	(162,716)	(221,130)	(70,959)	(112,254)	(29,702)	(20,118)	(26,310)	(5,467,254)
Net book value as at June 30, 2018	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 7.4)															
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 7.2)	(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
At June 30, 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
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
Annual rates of depreciation	1.01% to 4%	–	2.5% to 10%	5% to 10%	3.33% to 7.5%	3.33% to 33.33%	5%	10%	10% to 25%	10%	10% to 33%	10% to 33%	33%	10% to 33%	

7.2 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(PKR in '000')	
Cost of sales	30	5,449,235	4,940,439
Distribution cost	31	215,453	160,801
Administrative expenses	32	252,409	224,203
Capital work in progress		101,720	27,112
Cost of sale of electricity		103,130	114,699
		6,121,947	5,467,254

7.3 The Government of Sindh through its Land Utilization Department, Board of Revenue (BoR) allotted 250 acres land in Deh Ghangyaro, Bin Qasim Town for setting up power plant and accordingly lease agreement was signed by the LEPCL with BoR. However, the Port Qasim Authority (PQA) subsequently filed a civil suit against the LECPL in August 2017 in the High Court of Sindh alleging that 139 acres land out of 250 acres allotted to the 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. To ensure bankability and operability of the Project, LECPL in consultation with contractor has designed its plant lay out giving due consideration to the current dispute with the PQA. The matter is currently being pursued in the High Court of Sindh. Based on the fact that subject land has been allotted by the Provincial Government, LEPCL is reasonably confident of a favorable outcome.

7.4 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	Mode of Disposal	Particulars of Buyers	Relationship of purchaser with Company or director, if any
	(PKR in '000')							
Vehicles	7,799	769	7,030	9,662	2,632	Insurance Claim	IGI General Insurance Limited	
------- do -------	3,769	3,118	651	4,750	4,099	Tender	A.K. Enterprises	
------- do -------	3,737	3,044	693	5,200	4,507	Tender	Noor Autos	
------- do -------	3,730	3,012	718	5,110	4,392	Tender	A.K. Enterprises	
------- do -------	3,730	3,070	660	4,750	4,090	Tender	A.K. Enterprises	
------- do -------	3,723	3,080	643	4,750	4,107	Tender	A.K. Enterprises	
------- do -------	3,720	3,062	658	4,750	4,092	Tender	A.K. Enterprises	
------- do -------	3,713	3,056	657	4,750	4,093	Tender	A.K. Enterprises	
------- do -------	3,710	3,069	641	4,750	4,109	Tender	A.K. Enterprises	
------- do -------	3,699	3,030	669	5,200	4,531	Tender	Noor Autos	
------- do -------	3,696	3,002	694	5,190	4,496	Tender	A.K. Enterprises	
------- do -------	3,694	3,000	694	5,156	4,462	Tender	A.K. Enterprises	
------- do -------	3,689	2,938	751	5,215	4,464	Tender	A.K. Enterprises	
------- do -------	3,689	2,966	723	5,200	4,477	Tender	Noor Autos	
------- do -------	3,683	3,047	636	4,750	4,114	Tender	A.K. Enterprises	
------- do -------	3,679	3,010	669	4,750	4,081	Tender	A.K. Enterprises	
------- do -------	3,677	2,950	727	5,245	4,518	Tender	A.K. Enterprises	
------- do -------	3,677	2,977	700	5,200	4,500	Tender	Noor Autos	
------- do -------	3,677	2,977	700	5,200	4,500	Tender	Noor Autos	
------- do -------	3,677	3,009	668	4,750	4,082	Tender	A.K. Enterprises	
------- do -------	3,677	3,009	668	4,800	4,132	Tender	A.K. Enterprises	
------- do -------	3,677	2,990	687	4,750	4,063	Tender	A.K. Enterprises	
------- do -------	3,677	2,990	687	4,750	4,063	Tender	A.K. Enterprises	
------- do -------	3,677	2,990	687	4,750	4,063	Tender	A.K. Enterprises	
------- do -------	1,920	230	1,690	1,800	110	Insurance Claim	Alfalah Insurance Company	
------- do -------	1,888	507	1,381	1,875	494	Negotiation	Lucky Foods (Private) Limited	Associate
------- do -------	1,777	1,233	544	1,701	1,157	Tender	Toyota Society Motors	

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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')							
Wheel Loader	7,000	2,708	4,292	4,648	356	Insurance Claim	EFU General Insurance Limited	
Trailer	2,286	1,751	535	1,063	528	Insurance Claim	IGI General Insurance Limited	
Gas turbine	3,995	3,337	658	1,500	842	Scrap	Engro Polymer & Chemicals Limited	
Items having book value less than PKR 500,000 each	259,906	239,926	19,980	64,919	44,939	-	Various	
	371,648	319,857	51,791	200,884	149,093			
2018	320,556	246,072	74,484	213,673	139,189			

7.5 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:**		
a	Head office	Muhammad Ali Housing Society, Karachi	1.76
b	Karachi Plant	Main Super Highway, Gadap Town, Karachi	955.52
c	Pezu Plant	Main Indus Highway, Pezu, District Lakki Marwat, KPK	885.74
d	Other office	Sector F-7/1, Islamabad	0.14
2	LEPCL - Plant	Deh Gangiaro, Port Qasim, Karachi.	250
3	ICI Head Office and Production Plant	ICI House, 5 West Wharf, Karachi - 74000	2.7
4	ICI Production Plant	S-33, Hawksbay Road, S.I.T.E, Karachi - 75730	0.26
5	ICI Regional Office	ICI House, 63 Mozang Road, Lahore - 54000	0.65
6	ICI Production Plant	30-Km, Sheikhupura Road, Lahore	44.28
7	ICI Production Plant	45-Km, Off Multan Road, Lahore	0.34
8	ICI Regional Office and Production Plant	ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum	63
9	Cirin Production Plant	Plot No.32/2A Phase III, Industrial Estate Hattar, District Haripur	0.92

7.6 Capital work-in-progress

The following is the movement in capital work-in-progress during the year:

	Opening balance	Reclassification	Additions	Transferred to operation fixed assets and Intangible	Closing balance
	(PKR in '000')				
Leasehold land	1,833,021	–	108,611	1,941,632	–
Freehold land	–	–	44,397	44,397	–
Building on leasehold land	476,453	116,810	1,405,708	655,693	1,343,278
Building on freehold land	137,328	11,143	9,467,327	6,697,601	2,918,197
Plant and machinery	9,442,571	(152,768)	55,663,868	18,506,094	46,447,577
Generators	40,302	23,059	28,101	91,462	–
Quarry equipment	–	(64)	133,048	129,392	3,592
Vehicles including cement bulkers and rolling stock	221,550	64	107,270	321,307	7,577
Furniture and fixtures	147,501	563	26,137	26,564	147,637
Office equipment	343	2,847	30,028	32,251	967
Computer and accessories	1,987	305	37,882	40,174	–
Intangible Assets	–	–	57,707	57,707	–
Other assets	944,658	(1,959)	398,768	400,606	940,861
	13,245,714	–	67,508,852	28,944,880	51,809,686

7.7 These include financial charges amounting to PKR 1,076.384 million which have been adjusted against interest income of PKR 36.011 million and the net amount of PKR 1,040.373 million has been capitalised as borrowing cost. Further in view of SRO 24(I)/2012 as detailed in note 5.3, exchange loss amounting to PKR 1,164.122 million incurred on long term loans of LEPCL has been capitalised into capital work-in-progress. Had the waiver not been available, exchange loss amounting to PKR 1,053.481 million out of the aggregate exchange loss of PKR 1,164.122 million would have been charged to consolidated profit or loss.

8. INTANGIBLE ASSETS

	June 30, 2019					
	At July 1, 2018	Addition	Acquired through business combination	Amortisation / Impairment*	At June 30 2019	Amortisation rate %
	(PKR in '000')					
Goodwill	2,340,329	–	–	–	2,340,329	–
Brands						
- 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 - note 8.7	83,269	–	–	(5,477)*	77,792	Indefinite
Principal relationships - note 8.7	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	

	June 30, 2018					
	At July 1, 2017	Addition	Acquired through business combination	Amortisation Impairment*	At June 30 2018	Amortisation rate %
	(PKR in '000')					
Goodwill	2,213,819	–	126,510	–	2,340,329	–
Brand						
- Definite useful life - trademark and roundel	1,264,520	–	–	(229,913)	1,034,607	10
- Indefinite useful life	684,219	–	753,460	–	1,437,679	Indefinite
	1,948,739	–	753,460	(229,913)	2,472,286	
Customer relationships	385,027	–	–	(63,527)	321,500	9 - 25
Distribution relationship	108,490	–	–	(25,221)*	83,269	Indefinite
Principal relationships	1,778,733	–	–	–	1,778,733	Indefinite
Product rights	826,855	–	–	–	826,855	Indefinite
Software and license	126,724	72,679	–	(78,387)	121,016	20 - 50
	7,388,387	72,679	879,970	(397,048)	7,943,988	

8.1 The amortisation charge for the year has been allocated as follows:

	Note	2019	2018
		(PKR in '000')	
Cost of sales	30	138,278	315,969
Distribution cost	31	30,978	4,378
Administrative expenses	32 & 8.2	210,428	51,480
		379,684	371,827

8.2 These include PKR NIL (2018: PKR 0.503 million) which have been capitalised in capital work-in-progress during the year.

8.3 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 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 Pharmaceuticals (Private) Limited 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 Life Sciences business segment, which met the separability criterion for recognition as an intangible asset.

8.4 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:

1. Soda Ash
2. Chemicals and Agri Sciences
3. Life 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%	13.1%
Chemicals and Agri Sciences	7%	15%
Life sciences	6%	16.2%

(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.

8.5 Impairment testings of other intangibles acquired through business combination

The recoverable amount 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 relationship	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'.

8.6 Key assumptions used

The following key assumptions have been made by the management for the other intangibles assets:

	Terminal growth rate	Discount rate
Distribution relationship	7%	16.2%
Principal relationships	6%	16.5%
Product rights	6%	16.5% - 19.2%

8.7 At June 30, 2019, 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 fair value less costs of disposal of intangible assets was in excess on their respective carrying amounts as at June 30, 2019 except for the 'Distribution Relationship' and 'Principal Relationships'. Accordingly, impairment expense amounting to PKR 17.787 million has been recorded during the year.

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		Note	2019	2018
			(PKR in '000')	
9.	**LONG-TERM INVESTMENTS**			
	Equity accounted investment			
	Joint ventures			
	Lucky Al Shumookh Holdings Limited	9.1	5,297,866	3,560,404
	LuckyRawji Holdings Limited	9.2	10,185,585	8,106,046
	Al Shumookh Lucky Investments Limited	9.3	647,902	–
			16,131,353	11,666,450
	Associates			
	NutriCo Pakistan Private Limited	9.4	1,475,773	1,130,004
	Yunus Energy Limited	9.5	944,584	844,033
			2,420,357	1,974,037
			18,551,710	13,640,487
	Equity security			
	Arabian Sea Country Club Limited			
	(250,000 ordinary shares of PKR 10 each)		2,500	2,500
			18,554,210	13,642,987
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		1,067,601	536,384
	Share of profit during the year	9.1.2	517,330	861,131
	Dividend received during the year		–	(329,914)
			1,584,931	1,067,601
	Foreign currency translation reserve		1,800,652	580,520
			5,297,866	3,560,404
9.1.1	**The Group's interest in LASHL's assets and liabilities is as follows:**			
	Non-current assets		9,513,227	4,977,669
	Current assets excluding cash and cash equivalents		1,451,260	1,533,326
	Cash and cash equivalents		182,137	1,030,079
	Liabilities		(550,892)	(420,267)
	Net assets (100%)		10,595,732	7,120,807
	The Group's share of net assets (50%)		5,297,866	3,560,404
9.1.2	**The Group's share in LASHL's profit or loss is as follows:**			
	Revenue		7,653,512	7,491,670
	Cost of sales		(6,141,238)	(5,693,242)
	General and administrative expenses		(92,499)	(73,161)
	Selling and distribution expenses		(11,467)	(3,005)
	Net present value of discount		(373,649)	–
	Net profit (100%)		1,034,659	1,722,262
	The Group's share of net profit (50%)		517,330	861,131
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		(74,603)	(231,226)
	Share of (loss) / profit during the year	9.2.2	(419,533)	156,623
			(494,136)	(74,603)
	Foreign currency translation reserve		3,809,671	1,310,599
			10,185,585	8,106,046

		Note	2019	2018
			(PKR in ‘000’)	
9.2.1	**The Group’s interest in LRHL’s assets and liabilities is as follows:**			
	Non-current assets		36,300,072	29,673,218
	Current assets excluding cash and cash equivalents		3,496,446	4,028,738
	Cash and cash equivalents		78,955	18,754
	Liabilities		(19,504,304)	(17,508,618)
	Net assets (100%)		20,371,169	16,212,092
	The Group’s share of net assets (50%)		10,185,585	8,106,046
9.2.2	**The Group’s share in LRHL’s profit or loss is as follows:**			
	Revenue		8,476,559	7,786,559
	Cost of sales		(7,015,631)	(5,576,573)
	Operating expenses		(2,299,994)	(1,896,741)
	Net (loss) / profit (100%)		(839,066)	313,245
	The Group’s share of net (loss) / profit (50%)		(419,533)	156,623
9.3	**Al Shumookh Lucky Investment Limited (ASIL)**			
	Investment at cost		446,270	–
	Share of profit during the year	9.3.2	105,343	–
	Foreign currency translation reserve		96,289	–
			647,902	–
9.3.1	**The Group’s interest in ASIL’s assets and liabilities is as follows:**			
	Non-current assets		2,148,741	–
	Current assets excluding cash and cash equivalents		22,940	–
	Cash and cash equivalents		2,989,787	–
	Liabilities		(3,865,664)	–
	Net assets (100%)		1,295,804	–
	The Group’s share of net assets (50%)		647,902	–
9.3.2	**The Group’s share in ASIL’s profit or loss is as follows:**			
	Other income		391,566	
	Operating expenses		(180,881)	–
	Net profit (100%)		210,685	–
	The Group’s share of net profit (50%)		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		170,004	4,034
	Share of profit during the year	9.4.1	525,769	585,970
	Dividend received during the year		(180,000)	(420,000)
			515,773	170,004
			1,475,773	1,130,004
9.4.1	**The Group’s share in NutriCo’s profit or loss is as follows:**			
	Revenue		10,307,149	10,116,220
	Net profit (100%)		1,314,422	1,464,925
	The Group’s share of net profit (40%)		525,769	585,970

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For the year ended June 30, 2019

		2019	2018
		(PKR in '000')	
9.5	**Yunus Energy Limited (YEL)**		
	Investment at cost	611,365	611,365
	Share of cumulative profit at the beginning of the year	232,668	108,472
	Share of profit for the year	283,961	261,753
	Dividend received	(183,410)	(137,557)
		333,219	232,668
		944,584	844,033

9.6 All investments made in joint ventures and associated companies as above have been made in accordance with the requirements of the Companies Act, 2017.

		Note	2019	2018
			(PKR in '000')	
10.	**LONG-TERM LOANS AND ADVANCES**			
	Long-term loans - considered good			
	due from employees	10.1	749,097	682,138
	Less: Recoverable within one year	10.1.1	(253,114)	(202,725)
			495,983	479,413
	Others	10.2	55,371	55,373
			551,354	534,786

10.1 These include loans given to employees in accordance with the Group policy and are repayable within a period of 2 to 10 years. These loans are return free and are secured against the gratuity of the respective employees. These loans are carried at cost due to practicality and materiality of the amounts involved. Further, these include loans given to key management personnel namely M/s. Amin Ganny, Mashkoor Ahmed, Muhammad Shabbir and Adnan Ahmed aggregating to PKR 5.8 million, PKR 5.417 million, PKR 6.667 million and PKR 9.167 million respectively as at June 30, 2019 (2018: M/s. Irfan Chawala and Amin Ganny aggregating to PKR 4.583 million and PKR 8.2 million respectively).

10.1.1 These include loans made to employees of the Group namely M/s. Muhammad Aslam, Aftab Ahmed, Amin Ganny, Waqas Abrar, Adnan Naseem Qazi, Irfan Hussain Chawala, Muhammad Umair Ahmad, Mashkoor Ahmed, Muhammad Ismail, Qutbuddin Mughal, Amir Mahmood Baig, Muhammad Shabbir, Muhammad Anwar Tariq, Nasrullah Khan, Naimatullah Khan and Adnan Ahmed (2018: M/s. Irfan Chawala and Amin Ganny) the outstanding balance of which exceeded PKR 1 million each as at June 30, 2019.

10.2 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	2019	2018
			(PKR in '000')	
11.	**LONG-TERM DEPOSITS AND PREPAYMENTS**			
	Deposits	11.1	48,757	47,545
	Prepayments		2,319	5,780
			51,076	53,325

11.1 These include return free deposits to Water and Power Development Authority and Central Depository Company of Pakistan Limited.

	Note	2019	2018
		(PKR in '000')	
12. STORES, SPARES AND CONSUMABLES			
Stores		2,975,073	3,972,774
Spares	12.1	5,438,376	5,005,585
Consumables		158,303	128,525
		8,571,752	9,106,884
Less: Provision for slow moving spares	12.2	378,351	252,348
		8,193,401	8,854,536

12.1 These include spares in transit of PKR 36.230 million as at June 30, 2019 (2018: PKR 37.502 million).

	Note	2019	2018
		(PKR in '000')	
12.2 Movement in provision for slow moving spares is as follows:			
Balance at the beginning of the year		252,348	249,177
Provision during the year		126,003	14,099
Write off		–	(10,928)
		378,351	252,348
13. STOCK-IN-TRADE			
Raw and packing material	13.1	6,332,149	5,353,905
Work-in-process		5,143,517	1,682,310
Finished goods - net		7,049,927	5,100,930
		18,525,593	12,137,145
Less: Provision for slow moving and obsolete stock-in-trade - net			
- Raw and packing material		100,754	46,239
- Work in process		2,105	–
- Finished goods		123,505	2,285
	13.2	226,364	48,524
		18,299,229	12,088,621

13.1 Raw and packing materials held with various toll manufacturers amounts to PKR 474.975 million (2018: PKR 316.920 million).

	Note	2019	2018
		(PKR in '000')	
13.2 Movement of provision for slow moving and obsolete stock-in-trade is as follows:			
Balance at the beginning of the year		48,524	95,059
Charge for the year	32	183,823	(8,852)
Write-off for the year against provision		(5,983)	(37,683)
		226,364	48,524

13.3 Stock-in-trade amounting to PKR 3,924.490 million (2018: PKR 2,399.087 million) is measured at net realisable value and expense amounting to PKR 56.616 million (2018: reversal of PKR 160.810 million) has been recognised in cost of sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

		Note	2019	2018
			(PKR in '000')	
14.	**TRADE DEBTS**			
	Considered good			
	Bills receivable - secured		1,438,768	938,574
	Others - unsecured	14.1	3,509,811	4,557,421
			4,948,579	5,495,995
	Considered doubtful		279,562	226,924
			5,228,141	5,722,919
	Provision for doubtful debts	14.2	279,562	226,924
	Discounts payable on sales		440,111	353,404
			719,673	580,328
			4,508,468	5,142,591

		2019	2018
14.1	**These include amounts due from the following associates:**		
	Yunus Textile Mills Limited	17,879	14,766
	Lucky Textile Mills Limited	1,594	1,755
	Lucky Foods (Private) Limited	5,692	1,106
	Lucky Knits (Private) Limited	893	–
	Oil & Gas Development Company Limited	–	14
		26,058	17,641

The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows.

	2019	2018
	(PKR in '000')	
Unsecured		
Yunus Textile Mills Limited	17,879	17,232
Lucky Textile Mills Limited	7,099	1,777
Lucky Foods (Private) Limited	5,692	1,106
Lucky Knits (Private) Limited	1,042	–
Oil & Gas Development Company Limited	–	14
	31,712	20,129

		2019	2018
14.2	**Movement in provision for doubtful debts is as follows:**		
	Balance at the beginning of the year	226,924	102,977
	Provision during the year	60,819	134,777
	Allowance no longer required	(3,974)	–
	Write-off during the year	(4,207)	(10,830)
		279,562	226,924

14.3 Trade debts include debtors in relation to export sales as follows:

Name of Foreign Jurisdiction	Type of transaction	2019	2018
Africa	Contract	213,950	545,497
Asia	Contract	103,612	3,877
Asia	Letter of credit	92,036	5,020
		409,598	554,394

	Note	2019	2018
		(PKR in '000')	

15. LOANS AND ADVANCES

	Note	2019	2018
Considered good			
Current portion of loans and advances employees	10.1.1	266,025	202,725
Advance to suppliers		1,556,736	883,335
Other advances given to employees - return free - unsecured	15.1 & 15.2	30,703	31,425
Margin held with banks against imports		10,699	–
		1,864,163	1,117,485
Sales tax, excise duty and other government levies		133,176	–
		1,997,339	1,117,485
Considered doubtful		16,120	27,254
		2,013,459	1,144,739
Less: Provision for doubtful loans and advances		16,120	27,254
		1,997,339	1,117,485

15.1 Advances to employees are given to meet business expenses and are settled as and when the expenses are incurred.

15.2 These include loans given to certain employees of the Group. The loans are return free and are unsecured and are carried at cost due to materiality of the amount involved. These include loans given to M/s Intisar ul Haq Haqqi, Shahab Hanif Khan, Muhammad Aslam, Aftab Ahmed, Amin Ganny, Waqas Abrar, Adnan Naseem Qazi, Irfan Chawala, Muhammad Umair Ahmad, Mashkoor Ahmed, Muhammad Ismail, Qutbuddin Mughal, Amir Mahmood Baig, Muhammad Shabbir, Muhmmad Anwar Tariq, Nasrullah Khan, Naimatullah Khan and Adnan Ahmed (2018: M/s. Irfan Chawala and Amin Ganny) the balance of which exceeded PKR 1 million each as at June 30, 2019.

	Note	2019	2018
		(PKR in '000')	

16. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2019	2018
Trade deposits - return free			
Containers		80	310
Utilities		1,169	1,005
Others		216,797	241,169
		218,046	242,484
Prepayments			
Insurance		24,101	16,499
Rent		25,980	37,509
Processing fees for financing arrangement	16.1	1,656,678	689,250
Others		167,307	122,443
		1,874,066	865,701
		2,092,112	1,108,185

16.1 The total cost incurred in connection with securing finance facilities for LEPCL aggregate to PKR 2,325.884 million out of which amount of PKR 153.873 million has been charged to capital work in progress, while the amount of 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 1,656.678 million shown as prepayment represent the amount that shall be charged to the future draw down as and when they arise.

	Note	2019	2018
		(PKR in '000')	
17. OTHER RECEIVABLES			
Unsecured			
Considered good			
Duties, sales tax and octroi refunds due	17.1	4,216,526	1,027,758
Commission and discounts receivable		127,514	94,849
Receivable from principal	17.2	78,810	102,813
Rebate on export sales		45,524	56,753
Due from Collector of Customs	17.3	19,444	19,444
Due from associate	17.4	16,875	17,415
Due from Hyderabad Electricity Supply Company (HESCO)	17.5	1,987,418	1,138,341
Others		443,131	974,553
		6,935,242	3,431,926
Considered doubtful		2,798	24,320
		6,938,040	3,456,246
Less: Provision for doubtful receivables	17.6	2,798	24,320
		6,935,242	3,431,926

17.1 This includes Sindh sales tax charged on the payments made by the LEPCL to its contractors in respect of its 660 MW coal fired power plant. The LEPCL has filed / intends to file for refund with the taxation authorities.

17.2 This includes receivable amounting to Nil (2018: PKR 66.581 million) from foreign vendor in relation to margin support guarantee.

17.3 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.

17.4 Due from associate which is neither past due nor impaired relates to NutriCo Pakistan (Private) Limited aggregating to NIL (2018: PKR 17.415 million). Further, the maximum balance outstanding at any time during the year from NutriCo Pakistan (Private) Limited aggregated to PKR 36.412 million (2018: PKR 179.999 million).

17.5 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 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. Subsequently, 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.

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.

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. However, the Holding Company has not yet received subsidy amount of PKR 627 million for the period April 2018 to May 2019 from Government of Sindh.

Subsequently on May 3, 2019 the Holding Company has also filed a Constitutional Petition before the High Court of Sindh challenging the non-payment of subsidy since April 2018 by the Sindh Government under the Sindh Captive Power Plant Subsidy Act, 2017. The case is currently being heard in High Court of Sindh .

		2019	2018
		(PKR in '000')	
17.6	**Movement in provision for doubtful receivables is as follows:**		
	Balance at beginning of the year	24,320	5,055
	Charge for the year	64	22,699
	Write-off against provision	(21,586)	(3,434)
		2,798	24,320

18. TAX REFUNDS 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 on the basis of legal opinions obtained, recognised 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 favour 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 alongwith 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 on the basis of 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 favour 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 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 consolidated financial statements.

	Note	2019	2018
		(PKR in '000')	
19. CASH AND BANK BALANCES			
Sales collection in transit		387,859	341,033
Cash at bank			
- in current accounts		1,382,205	3,084,674
- in Islamic savings and deposit accounts		16,482,065	30,941,950
	19.1 - 19.3	17,864,270	34,026,624
Cash in hand		18,184	14,615
		18,270,313	34,382,272

19.1 These carry profit at the rate ranging from 2.5% to 13.65% (2018: from 2% to 7%) per annum.

19.2 These include an amount of PKR 7,885.560 million (2018: 7,887.015 million) held as security against the guarantees obtained from the bank.

19.3 Bank balances include foreign currency balances amounting to USD 7.5 million (2018: USD 10.4 million). They carry markup at the rate of 1.75% to 2.42% per annum.

	Note	2019	2018
		(PKR in '000')	
20. SHARE CAPITAL			
Authorised capital			
500,000,000 (2018: 500,000,000)			
Ordinary shares of PKR 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up capital			
305,000,000 (2018: 305,000,000) Ordinary shares			
of PKR 10 each issued for cash	20.1	3,050,000	3,050,000
18,375,000 (2018: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

		Note	2019	2018
			(PKR in '000')	
21.	**RESERVES**			
	Capital reserve			
	Share premium	21.1	7,343,422	7,343,422
	Revenue reserves			
	General reserve		73,202,650	63,710,434
	Foreign currency translation reserve		3,936,146	1,258,268
	Unappropriated profit		21,305,260	21,601,033
			98,444,056	86,569,735
			105,787,478	93,913,157

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	2019	2018
			(PKR in '000')	
22.	**LONG-TERM FINANCE**			
	Secured			
	LEPCL			
	Foreign currency borrowings	22.3 & 22.4	8,420,087	–
	Local currency borrowings	22.5	14,200,000	–
			22,620,087	–
	Less: unamortised transaction cost		(422,651)	–
			22,197,436	–
	ICI			
	Banking companies / Financial Institutions	22.1	7,554,152	9,415,513
	Under Islamic Term Finance	22.1 & 22.2	3,594,540	1,009,515
			11,148,692	10,425,028
	LHL			
	Under Islamic Term Finance		–	984,375
			–	984,375
	LCLIHL			
	Banking companies / Financial Institutions		1,120,368	–
			1,120,368	–
	Total long term loans		34,466,496	11,409,403
	Less: Current portion of long term finance		(1,694,503)	(2,619,516)
			32,771,993	8,789,887

22.1 These represents 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 long term facility finance (LTFF) ranges from SBP Rate plus 0.30% to 0.50% and on other long term loans from 3 months KIBOR plus 0.25% to 6 months KIBOR plus 0.05%. The profit rate on Islamic term finance is 6 months KIBOR plus 0.05%. The markup is payable on quarterly and semi-annual basis.

ICI had obtained diminishing Musharaka financing aggregating to PKR 2,720 million (2018: NIL) for the period of 7 years, carrying mark-up ranging from 3 months KIBOR plus 0.1% to 1.15% (2018: NIL). The mark-up is payable on quarterly and annual basis. These facilities are secured by hypothecation charge over present and future fixed assets of ICI.

The total maturity of long term loans ranges from 1 to 8 years whereas maturity of LTFF ranges from 1 to 6 years.

22.2 ICI had obtained diminishing Musharaka financing facilities for vehicles aggregating to PKR 17.38 million from First Habib Modaraba for periods ranging from 3 to 5 years, carrying mark-up at the rate of 6 months KIBOR plus 2.25 percent, per annum, with a floor of 8.25 percent and ceiling of 20 percent. The Musharaka units are to be purchased during the said periods in monthly installments, latest payment due by August 2021.

22.3 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 utilisation 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 4.50%. The facility is secured through a USD guarantee issued by the Habib Bank Limited, Pakistan (HBL) Pakistan (non-funded facility). As per the terms of the agreement, there will be a risk participation arrangement for this guarantee under which HBL Pakistan will bring in foreign currency guarantee participating banks which will risk participate with HBL Pakistan. 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 the LEPCL, assignment of the LEPCL's rights and benefits under the Project documents and insurances, any permitted subordinated loans from a shareholder in the LEPCL. Further, the shareholder of the LEPCL has pledged shares in favor of the security trustee to the facilities. Upto June 30, 2019, LEPCL has made drawdowns aggregating USD 51.89 million from this facility while the undrawn facility amounted to USD 138.11 million as at June 30, 2019.

22.4 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 plus 4.50%. Upto June 30, 2019, LEPCL has not made any drawdowns from this facility. This facility is secured as mentioned in note 22.6.

22.5 LEPCL entered into following loan agreements on May 31, 2018:

– PKR facility agreement with a UBL-led consortium [comprising United Bank Limited (UBL), National Bank of Pakistan, Bank Al falah Limited, Askari Bank Limited, the Bank of Punjab and Soneri Bank Limited] for an aggregate amount PKR 43,717.560 million. Up to June 30, 2019 the Company has made drawdowns aggregating PKR 11,089.984 million from this facility while the undrawn facility amounted to PKR 32,627.576 million as at June 30, 2019.

– 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, 2019, LEPCL has made drawdowns aggregating PKR 3,110.016 million from this facility while the undrawn facility amounted to PKR 9,149.902 million as at June 30, 2019.

Above 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 3.50%. Above loans are secured as mentioned in note 22.6.

22.6 The facilities obtained by LEPCL (note 22.4) are secured primarily through first ranking hypothecation charge over future cash flows of LEPCL's Project, assignment of the LEPCL's rights and benefits under the Project documents and insurances, first ranking hypothecation charge over all current and future movable assets of 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, LCLHL has pledged shares in favor of the security trustee to the facilities.

		Note	2019	2018
			(PKR in '000')	
23.	**LONG-TERM DEPOSITS**			
	Cement stockists	23.1	45,484	42,614
	Transporters	23.2	43,500	50,500
	Others		1,280	1,280
			90,264	94,394

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	2019	2018
			(PKR in '000')	
24.	**DEFERRED LIABILITIES**			
	Staff gratuity	24.1	1,957,008	1,770,164
	Deferred tax liability	24.2	9,474,330	8,870,572
			11,431,338	10,640,736

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, 2019, are as follows:

24.1.1 Staff Retirement Benefits

The amounts recognised in the consolidated statement of profit or loss account against defined benefit schemes are as follows:

	2019				2018			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
	(PKR in '000')							
Current service cost	11,341	45,281	56,622	211,559	14,219	43,075	57,294	173,081
Interest cost	80,644	56,397	137,041	173,101	75,757	47,238	122,995	124,533
Expected return on plan assets	(93,758)	(47,379)	(141,137)	–	(101,796)	(44,941)	(146,737)	–
Net (reversal) / charge for the year	(1,773)	54,299	52,526	384,660	(11,820)	45,372	33,552	297,614
Other comprehensive income:								
Loss on obligation	(68,615)	(106,157)	(174,772)	93,317	18,044	4,939	22,983	(154,860)
Gain on plan assets	94,945	60,179	155,124	–	203,064	86,175	289,239	–
Net (gain) / loss	26,330	(45,978)	(19,648)	93,317	221,108	91,114	312,222	(154,860)

24.1.2 Movement in the net assets / (liability) recognised in the consolidated statement of financial position are as follows:

	2019				2018			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
	(PKR in '000')							
Opening balance	149,875	(135,067)	14,808	(1,770,164)	359,162	(64,777)	294,385	(1,420,420)
Net reversal / (charge) - note 24.1.1	1,773	(54,299)	(52,526)	(384,660)	11,820	(45,372)	(33,552)	(297,614)
Other comprehensive income / (loss)	(26,330)	45,978	19,648	93,317	(221,108)	(91,114)	(312,222)	(154,860)
Contributions / payments during the year	–	64,007	64,007	104,499	–	66,196	66,196	102,730
Closing balance	125,318	(79,381)	45,937	(1,957,008)	149,874	(135,067)	14,807	(1,770,164)

24.1.3 The amounts recognised in the consolidated statement of financial position are as follows:

	2019				2018			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
	(PKR in '000')							
Fair value of plan assets - note 24.1.5	907,068	497,123	1,404,191	–	1,234,794	573,038	1,807,832	–
Present value of defined benefit obligation - note 24.1.4	(781,750)	(576,504)	(1,358,254)	(1,957,008)	(1,084,920)	(708,105)	(1,793,025)	(1,770,164)
Net asset / (liability)	125,318	(79,381)	45,937	(1,957,008)	149,874	(135,067)	14,807	(1,770,164)

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:

	2019				2018			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
	(PKR in '000')							
Opening balance	1,084,919	708,105	1,793,024	1,770,164	1,112,952	690,253	1,803,205	1,420,420
Current service cost	11,341	45,281	56,622	211,559	14,219	43,075	57,294	173,081
Interest cost	80,644	56,397	137,041	173,101	75,757	47,238	122,995	124,533
Benefits paid	(326,539)	(127,122)	(453,661)	(104,499)	(136,052)	(77,400)	(213,452)	(102,730)
Actuarial loss / (gain)	(68,615)	(106,157)	(174,772)	(93,317)	18,044	4,939	22,983	154,860
Closing balance	781,750	576,504	1,358,254	1,957,008	1,084,920	708,105	1,793,025	1,770,164

24.1.5 Movement in the fair value of plan assets:

	2019				2018			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total		Pension	Gratuity	Total	
	(PKR in '000')							
Opening balance	1,234,794	573,038	1,807,832	–	1,472,114	625,476	2,097,590	–
Expected return	93,758	47,379	141,137	–	101,796	44,941	146,737	–
Contributions	–	64,007	64,007	–	–	66,196	66,196	–
Benefits paid	(326,539)	(127,122)	(453,661)	–	(136,052)	(77,400)	(213,452)	–
Actuarial gain	(94,945)	(60,179)	(155,124)	–	(203,064)	(86,175)	(289,239)	–
Closing balance - note 24.1.7	907,068	497,123	1,404,191	–	1,234,794	573,038	1,807,832	–

		June 30			
		2019	2018	2017	2016
			(PKR in '000')		
24.1.6	**Historical information**				
	Present value of defined benefit obligation	1,358,254	1,793,024	1,803,204	1,688,958
	Fair value of plan assets	(1,404,191)	(1,807,832)	(2,097,590)	(2,010,056)
	Net (asset) / liability	(45,937)	(14,808)	(294,386)	(321,098)

		2019	2018
24.1.7	**Major categories / composition of plan assets are as follows:**		
	Debt instruments	49.86%	65.34%
	Equity at market value	24.14%	25.36%
	Cash / Others	25.99%	9.30%

Fair value of plan asset

	Pension	Gratuity	Pension	Gratuity
	As at June 30, 2019		As at June 30, 2018	
		(PKR in '000')		
Government bonds	611,768	–	834,644	347,016
Mutual funds - equity	19,622	80,064	70,769	42,815
Mutual funds - fixed income	–	88,415	–	–
Shares	209,204	30,149	317,201	140,990
Cash and term deposits	57,469	276,386	12,180	42,217
Income receivable	9,005	22,109	–	–
Total	907,068	497,123	1,234,794	573,038

Mortality of active employees and pensioners is represented by the 70% of EFU (61-66). The table has been rated down three years for mortality of female pensioners and widows.

		2019	2018
		(PKR in '000')	
	Actual return on plan assets during the year:	(13,987)	(142,502)
24.1.8	The principal actuarial assumptions at the reporting date were as follows:		
	Discount rate	13.25%	8.75%
	Future salary increases - Management	8.00%	6.50%
	Future salary increases - Non - Management	6.00%	4.25%
	Future pension increases	6.00%	3.75%

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	(230,805)	264,958
Salary increase	231,983	(205,203)
Pension increase	25,972	(23,815)

24.1.10 During the year, the Group contributed in the fund as follows:

Provident fund	133,026	109,694
Defined contribution superannuation fund	88,855	88,044

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.

		2019	2018
		(PKR in '000')	
24.2	**Deferred tax liability**		
	This comprises of the following:		
	- Taxable temporary differences arising due to accelerated tax depreciation allowance	10,395,765	9,777,194
	- Deductible temporary differences arising in respect of provisions and others	(921,435)	(906,622)
		9,474,330	8,870,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

		Note	2019	2018
			(PKR in '000')	
25.	**TRADE AND OTHER PAYABLES**			
	Creditors		11,755,139	5,356,862
	Accrued liabilities		14,937,888	10,224,326
	Customers running account		1,822,643	1,757,867
	Retention money		4,252,651	269,087
	Sales tax payable, excise and other government levies		–	208,547
	Workers' Profit Participation Fund (WPPF) payable	25.1	836,037	841,623
	Workers' Welfare Fund (WWF)	25.2	1,240,387	1,101,710
	Distributors' security deposits - payable on termination of distributorship	25.3	124,632	120,704
	Others		1,089,807	362,209
			36,059,184	20,242,935
25.1	The movement of WPPF is as follows:			
	Opening balance		841,623	1,485,476
	Allocation for the year and interest thereon	34	818,017	1,018,036
			1,659,640	2,503,512
	Payments during the year		(823,603)	(1,661,889)
			836,037	841,623

25.2 On May 10, 2017, the Holding Company received a show cause notice from Sindh Revenue Board (SRB) demanding payment of Sindh Workers Welfare Fund. The Holding Company has challenged the said notice in the Sindh High Court on the ground that after the 18th Amendment, SRB cannot collect Workers Welfare Fund (WWF) as the Holding Company is a trans-provincial organisation and Federal or respective provincial Governments may collect WWF amounts only after a law is enacted catering to WWF collection from trans-provincial organisations.

The case was fixed on May 31, 2017, wherein the High Court of Sindh 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 organisation has a good chance of success.

25.3 Interest on security deposits from certain distributors that are placed with various separate bank account is payable at ranging from 7% to 10% (June 30, 2018: 5% to 7%) per annum as specified in the respective agreements. These security deposits are non utilizable. Further, the Company has not utilized any such deposit for the purpose of its business during the year.

		Note	2019	2018
			(PKR in '000')	
26.	**SHORT-TERM BORROWINGS AND RUNNING FINANCE**			
	ICI			
	Short-term running finance - secured	26.1	5,406,142	7,132,237
	Export Refinance	26.2	200,000	200,000
	Money Market	26.3	1,750,000	–
			7,356,142	7,332,237
	LCL			
	Export Refinance	26.4	2,900,000	–
	KLM			
	Short-term running finance - secured	26.5	1,905,090	–
			12,161,232	7,332,237

26.1 Short-term borrowings and running finance facility from various banks aggregated to PKR 13,646 million (2018: PKR 10,481 million) and carry mark-up during the year ranging from KIBOR plus 0.05% to KIBOR plus 1% per annum with an average mark-up rate of relevant KIBOR plus 0.30% on utilized limits (2018: relevant KIBOR minus 0.05% to KIBOR plus 0.50% per annum with an average mark-up rate of relevant KIBOR plus 0.09% on utilized limits). These facilities are secured by hypothecation charge over the present and future current assets of Group.

During the year, ICI has converted six of its short-term financing facility from conventional banking to Islamic banking. The total approved limit from Islamic bank accounts stand at PKR 5,400 million (2018: PKR 2,100 million) and conventional bank accounts at PKR 7,946 million (2018: PKR 8,381 million).

26.2 The Group has export refinance facility of upto PKR 320 million (2018: PKR 1,200 million) available from Faysal Bank Limited as at June 30, 2019 out of which PKR 200 million was utilized (2018: PKR 200 million). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 2%) plus 1.00% per annum (2018: SBP rate 2 % plus 0.25 % per annum).

26.3 During the year the group had obtained numerous money market loans from different banks with price ranging 1 month KIBOR plus 0.05% to 6 month KIBOR plus 0.05%.

26.4 The Holding Company has obtained Islamic Export Refinance Facility of PKR 1,500 million from Habib Bank Limited -Islamic, PKR 500 million from Allied Bank Limited - Islamic, PKR 400 million from Meezan Bank Limited, PKR 300 million from Bank Islami Pakistan Limited and PKR 200 million from Habib Metropolitan Bank Limited - Islamic. Markup paid on these facilities amounted to PKR 24.933 million.

The above Islamic Export Refinance Facilities are secured by way of hypothecation charge over the Holding Company's Plant & Machinery, Stocks, Stores & Spares and Lien over deposit. The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 2%) and spread ranging from 0.10% to 1.00% per annum.

26.5 This represents running finance facilities utilised out of PKR 3,000 million from a commercial bank carrying mark-up rate of relevant KIBOR plus 30 to 50 basis points. The facilities are secured by way of hypothecation charge over current and future assets of KLM.

27. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

THE HOLDING COMPANY

27.1 The Supreme Court of Pakistan while disposing off an appeal of the Collector of Customs, Karachi has issued a judgment on July 28, 2009 whereby it has set aside the earlier order of the Peshawar High Court which was decided in favour of the Holding Company on the issue of plant and machinery imported under SRO 484(I)/92 dated May 14, 1992 after obtaining approvals from the concerned ministries. On August 20, 2009 the Holding Company filed a review petition which was subsequently disposed off by the Supreme Court on May 8, 2014, so that the Holding Company could exercise the departmental remedy, like other cement manufacturers. However, the Customs department acted discriminatingly with the Holding Company by issuing recovery notice which was challenged by the Holding Company through CP 2933/2014 in the High Court of Sindh which is currently pending. The arguments were made and judgement was reserved on March 21, 2017; however, no judgement was given by the Divisional Bench. The case was then relisted after 6 months in front of a new bench.

On the last date of hearing i.e. December 11, 2018 the customs authority failed to produce the relevant documents as directed by the court and on this basis customs authority counsel requested for additional time to submit the documents. Since then the matter remains pending on part of customs counsel to submit the relevant record. The interim order placed is to continue.

The Holding Company is seeking withdrawal of recovery notice so that it can exercise departmental remedies. The management is confident of a favourable outcome, accordingly, no provision has been made against the same in these consolidated financial statements.

27.2 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 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.

27.3 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 Lahore High Court, 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 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.

27.4 In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the subject, where it had upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultra vires on the ground, amongst others, that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act, 2015.

The Holding Company challenged the GIDC Act, 2015 and filed writ petitions in the Peshawar High Court (PHC) on July 10, 2015 and SHC on July 24, 2015 including retrospective treatment of the provisions of the GIDC Act.

On May 30, 2017, the PHC decided the case in favor of the Government. The Holding Company has challenged the High Court of Peshawar's judgement in the Supreme Court, where it is pending for hearing. The Holding Company's legal counsel is of the view that this judgment does not cover all the legal issues raised by the Holding Company and, therefore, the Holding Company has a very good case. The Holding Company also has a stay from the High Court of Peshawar against recovery of GIDC.

In the High Court of Sindh the suit was decided in favor of the Holding Company with the instructions to refund the GIDC collected so far by the Federation. However, the Government has filed an appeal in the High Court of Sindh, where the Holding Company was not made party to such litigation. Currently, no GIDC is charged from the Holding Company.

27.5 Details of other matters are given in notes 17.3, 17.5 and 18 to these consolidated financial statements.

		2019	2018
		(PKR in '000')	
27.6	Claims against the Group not acknowledged as debts are as follows:		
	Local bodies	71,583	166,501
	Others	11,318	11,318
		82,901	177,819

27.7 Customs raised a demand for PKR 51.5 million relating to classification issue of Titanium Di-Oxide during prior years. During the prior year, ICI received a positive outcome for its case filed with the Customs Appellate Tribunal and the case was decided in ICI's favor.

27.8 Collectorate of customs raised demand of PKR 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. During the prior year, 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. Customs after the issuance of this public notice raised further demand relating to period prior to issuance of public notice, amounting to PKR 65 million. ICI, being dissatisfied with the verdict filed a suit in Sindh High Court 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 grounds to defend the case and is hopeful of a positive outcome.

27.9 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 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.

27.10 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 Learned Judge was pleased to stay the operation of the impugned orders/notices, subject to the deposit of PKR 24 million with the Deputy Registrar Judicial, which was deposited through Pay Order No. 05138957 on February 14, 2019.

27.11 In case of assessment year 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 department 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 the Group. The Group 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 & the tax depreciation claimed thereon along with the issue of addition to income in respect of trial production stocks were decided in Group's favor. However, the issue of restriction of cost of capitalization of PTA plant was decided against the Group. The Group and FBR have filed the appeals on respective matters decided against them in Tribunal, hearing of which is pending disposal.

In the case of AY 2002-2003, on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Group had filed a writ petition in the Supreme Court, after its earlier petition being dismissed by the Sindh High Court 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 the Group. 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 decides the case in AY 2001-02. The High Court decided the same in favor of the Group and stated that the assessment for AY 2001-02 is time barred. FBR 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 department 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 the Group 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, the Group submitted its response to the department in consultation with its external counsel. On May 15, 2017 the 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 Pakistan 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 the Group. Consequently, the department issued appeal effect order dated March 1, 2018 giving effect to the findings of CIR(A) order. The Group has then preferred an appeal, against the CIR(A) order, before 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, department 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 the Group for the Tax Years 2008, 2009 and 2010. Appeals against these orders were filed before CIR(A), who vide his combined Appellate order dated January 19, 2018 decided the case against the Group.

Consequently, 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. The Group 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.

27.12 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 Group'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 2 issues decided against the Group, one relates to disallowance of financial charges in tax year 2003 which has now been decided in Group's favor vide appeal effect order dated June 15, 2017. With respect to the issue of disallowances of provisions charged under various heads for Tax Year 2010, an appeal in the Tribunal has been filed, which is pending disposal.

27.13 The Additional Commissioner Inland Revenue (ACIR) through its order dated June 7, 2012 disallowed tax loss on disposal of fixed assets 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 Group's favor. Consequently, FBR 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 the Group. The Group has preferred an appeal before the High Court against the said order, which is pending disposal.

27.14 In Tax Year 2016, ICI paid dividend to LHL, without tax deduction, based on the exemption as per clause 103 A, Part 1, 2nd Schedule of Income Tax Ordinance, 2001 [ITO, 2001] under Group Relief - section 59B of the Income Tax Ordinance, 2001. Dividend was also paid to mutual funds and banks, without tax deduction, based on the specific exemption available under Income Tax Ordinance, 2001. However, the tax officer vide order dated September 2, 2016, created tax demand on account of non-deduction of income tax on such dividends along with penalties and default surcharge. The Group had then preferred an appeal before CIR(A) who, vide order dated January 19, 2018, maintained the demand raised on account of Lucky Holdings Limited whereas remaining issue was remanded back for fresh verification. An appeal on the issue decided against the Group has been filed before Tribunal which is pending disposal whilst remand back proceedings are yet to be initiated.

27.15 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 the Group, while giving directions to the assessing officer to amend the original order if the returns are revised by the Group. The Group 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.

27.16 During the year, 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. The Group, 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.

27.17 Sales tax audit for the period July 2013 to June 2014 has also been finalized vide order dated May 29, 2019, through which sales tax demand of PKR 17.27 million was raised on various issues. The Group, while discharging the demand, has preferred an appeal against the order before the CIR(A) which is pending disposal.

27.18 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 Group's favor, whereas an appeal on the issues decided against the Group has been filed before Tribunal which is pending disposal.

LUCKY ELECTRIC POWER COMPANY LIMITED

27.19 As per 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 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, 2019, bank guarantees aggregating PKR 7.5 million have been issued in favour of collector of customs.

		2019	2018
		(PKR in '000')	
	COMMITMENTS		
27.20	**Capital commitments**		
	Plant and machinery under letters of credit and others	63,521,371	78,556,891
	Other commitments		
	Stores, spares and packing material under letters of credit	3,809,895	2,631,479
	Bank guarantees issued	2,391,903	32,617,010
	Standby letter of credit	24,809,160	3,644,916
	Post dated cheques	1,649,519	315,791
	Commitment in connection with LEPCL's project's cost over-run and payment service reserve account (PSRA) support	22,034,373	16,726,520

27.21 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

Year	2019	2018
	(PKR in '000')	
2018 - 19	–	76,101
2019 - 20	87,699	80,895
2020 - 21	93,399	85,991
2021 - 22	99,471	91,409
2022 - 23	105,937	–
	386,506	334,396
Payable not later than one year	87,699	76,101
Payable later than one year but not later than five years	298,807	258,294
	386,506	334,395

28. OPERATING SEGMENT RESULTS

		Note	Cement 2019	Cement 2018	Polyester 2019	Polyester 2018	Soda Ash 2019	Soda Ash 2018	Life Sciences 2019	Life Sciences 2018	Chemicals & Agri Sciences 2019	Chemicals & Agri Sciences 2018	Others 2019	Others 2018	Group 2019	Group 2018
			(PKR in '000')													
	Gross revenue															
	Exports		10,184,370	5,733,110	431,211	40,729	1,034,438	797,849	18,684	2,301	-	566	–	–	11,668,703	6,574,555
	Inter-segment		–	–	–	–	–	–	–	–	4,850	9,457	878,604	641,170	883,454	650,627
	Local		57,363,568	61,643,469	23,557,885	18,484,955	19,157,732	14,762,640	13,926,294	13,568,367	9,569,312	9,379,700	1,046,233	137,170	124,621,024	117,976,301
			67,547,938	67,376,579	23,989,096	18,525,684	20,192,170	15,560,489	13,944,978	13,570,668	9,574,162	9,389,723	1,924,837	778,340	137,173,181	125,201,483
	Commission / toll income		–	–	–	–	–	–	62,264	96,567	112,090	68,541	–	–	174,354	165,108
	Revenue	29.1	67,547,938	67,376,579	23,989,096	18,525,684	20,192,170	15,560,489	14,007,242	13,667,235	9,686,252	9,458,264	1,924,837	778,340	137,347,535	125,366,591
	Sales tax and excise duty		18,523,888	18,875,112	–	27	2,786,228	2,156,167	63,946	88,863	652,803	743,643	277,533	113,092	22,304,398	21,976,904
	Rebates and commission		1,002,651	959,743	359,895	370,043	868,108	857,361	2,832,194	2,105,558	924,326	888,485	4,525	–	5,991,699	5,181,190
			19,526,539	19,834,855	359,895	370,070	3,654,336	3,013,528	2,896,140	2,194,421	1,577,129	1,632,128	282,058	113,092	28,296,097	27,158,094
			48,021,399	47,541,724	23,629,201	18,155,614	16,537,834	12,546,961	11,111,102	11,472,814	8,109,123	7,826,136	1,642,779	665,248	109,051,438	98,208,497
	Cost of sales	30	34,037,568	30,589,363	22,972,342	17,720,572	12,162,452	9,334,245	8,489,746	8,075,193	6,231,677	6,326,027	1,368,688	560,039	85,262,473	72,603,699
	Gross profit		13,983,831	16,952,361	656,859	435,042	4,375,382	3,212,716	2,621,356	3,397,621	1,877,446	1,500,109	274,091	105,209	23,788,965	25,604,798
	Distribution costs	31	2,728,809	1,992,454	183,450	88,875	278,912	174,586	1,648,130	1,616,922	882,546	863,337	133,543	–	5,855,390	4,736,174
	Administrative expenses	32	1,227,872	1,089,446	296,209	224,365	444,693	326,349	557,201	352,311	330,843	385,085	418,025	209,000	3,274,843	2,586,556
	Operating result		10,027,150	13,870,461	177,200	121,802	3,651,777	2,711,781	416,025	1,428,388	664,057	251,687	(277,477)	(103,791)	14,658,732	18,275,597
28.1	**Segment assets**	29.3	75,512,989	56,582,678	10,851,731	11,730,513	24,294,504	26,190,997	9,240,433	13,810,703	8,482,903	9,617,480	55,094,717	16,245,269	182,926,549	113,231,902
28.2	**Unallocated assets**														44,094,738	51,891,163
															227,021,287	165,123,065
28.3	**Segment liabilities**	29.4	27,725,725	22,501,390	14,848,186	15,044,912	2,755,858	3,451,502	4,180,147	4,831,714	1,631,871	4,130,114	1,871,899	4,528,032	54,247,702	36,313,735
28.4	**Unallocated liabilities**														47,503,129	19,234,159
															101,750,831	55,547,894

28.5 Inter unit current account balances of respective businesses have been eliminated from the total.

		Note	Cement 2019	Cement 2018	Polyester 2019	Polyester 2018	Soda Ash 2019	Soda Ash 2018	Life Sciences 2019	Life Sciences 2018	Chemicals & Agri Sciences 2019	Chemicals & Agri Sciences 2018	Others 2019	Others 2018	Group 2019	Group 2018
28.6	**Depreciation and amortisation**		3,214,634	3,016,140	875,901	886,848	1,822,742	1,628,981	170,196	138,490	103,895	83,856	212,543	57,151	6,399,911	5,811,466
28.7	**Capital expenditure**		19,683,325	6,444,831	371,925	202,780	1,110,766	2,023,718	178,909	2,030,126	819,309	134,104	43,808,744	9,000,255	65,972,978	19,835,814

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 SEGMENT REVENUE, COST OF SALES, ASSETS AND LIABILITIES

		Note	2019	2018
			(PKR in '000')	
29.1	**Revenue**			
	Total revenue for reportable segments	28	137,347,535	125,366,591
	Elimination of inter-segment revenue	28	(4,850)	(127,294)
	Elimination of inter-segment revenue from subsidiary		(750,943)	(557,466)
			136,591,742	124,681,831
29.2	**Cost of sales**			
	Total cost of sales for reportable segments	28	85,262,473	72,603,699
	Elimination of inter-segment purchases		(4,850)	(102,676)
	Elimination of inter-segment purchases from subsidiaries		(750,943)	(557,466)
			84,506,680	71,943,557
29.3	**Assets**			
	Total assets for reportable segments	28	182,926,549	113,231,902
	Unallocated assets included in:			
	- taxation - net		2,687,513	2,221,851
	- cash and bank balances	19	18,270,313	34,382,272
	- intangibles - goodwill and brands		4,582,702	1,644,053
	- long term investments	9	18,554,210	13,642,987
			227,021,287	165,123,065
29.4	**Liabilities**			
	Total liabilities for reportable segments	28	54,247,702	36,313,735
	Unallocated liabilities included in:			
	- short-term borrowings and running finance	26	12,161,232	7,332,327
	- long-term finance	22	34,466,496	11,409,403
	- unclaimed and unpaid dividend		145,072	130,905
	- accrued return		619,500	272,146
	- others		110,829	89,378
			101,750,831	55,547,894

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2019

30. COST OF SALES

	Note	Cement 2019	Cement 2018	Polyester 2019	Polyester 2018	Soda Ash 2019	Soda Ash 2018	Life Sciences 2019	Life Sciences 2018	Chemicals & Agri Sciences 2019	Chemicals & Agri Sciences 2018	Others 2019	Others 2018	Group 2019	Group 2018
								(PKR in '000')							
Salaries, wages and benefits	30.1	2,291,339	2,158,213	531,129	514,838	1,002,516	927,637	475,903	416,429	105,103	65,693	20,122	20,855	4,426,112	4,103,665
Raw material consumed		1,642,614	1,583,314	19,183,189	14,912,432	4,117,919	3,151,959	3,617,099	2,217,520	2,844,223	2,788,871	543,673	367,368	31,948,717	25,021,464
Packing material	30.2	3,476,477	2,621,342	–	–	–	–	–	–			–	–	3,476,477	2,621,342
Fuel and power		22,714,858	18,576,826	1,746,534	1,416,990	4,813,317	3,318,412	106,897	18,455	32,019	25,954	597	581	29,414,222	23,357,218
Stores and spares consumed		1,542,241	2,063,122	293,499	240,603	221,985	169,530	81,626	46,731	16,143	11,591	23,702	23,212	2,179,196	2,554,789
Conversion fee paid to contract manufacturers		–	–	–	–	–	–	333,592	416,539	28,877	40,941	–	–	362,469	457,480
Repairs and maintenance		423,168	562,718	14,750	13,452	10,969	8,803	27,294	20,177	10,412	8,489	141	140	486,734	613,779
Depreciation and amortisation	7.2 & 8.1	2,863,405	2,574,906	794,943	875,958	1,715,740	1,610,899	127,130	97,706	51,520	53,606	34,775	43,333	5,587,513	5,256,408
Insurance		71,000	77,025	26,229	19,940	45,102	35,566	6,816	455	8	1,652	1,137	1,594	150,292	136,232
Write-offs		–	–	–	–	–	–	–	46,727	–	225,751	–	–	–	272,478
Earth moving machinery charge		293,780	269,884	–	–	–	–	–	–	–	–	–	–	293,780	269,884
Vehicle running and maintenance		49,743	35,795	–	–	–	–	–	–	–	–	–	–	49,743	35,795
Communication		13,213	13,996	–	–	–	–	–	–	–	–	–	–	13,213	13,996
Mess subsidy		11,837	20,004	–	–	–	–	–	–	–	–	–	–	11,837	20,004
Transportation		8,143	12,283	–	–	–	–	–	–	–	–	–	–	8,143	12,283
Travelling and conveyance		4,319	4,294	–	–	–	–	–	–	–	–	–	–	4,319	4,294
Rent, rates and taxes		49,022	6,819	1,471	1,559	1,625	1,523	29,026	29,476	4	54,907	420	420	81,568	94,704
Printing and stationery		2,104	2,281	–	–	–	–	–	–	–	–	–	–	2,104	2,281
Excise duty		–	–	–	–	–	–	–	–	–	–	7,435	5,450	7,435	5,450
Technical fees		–	–	–	–	–	–	–	–	–	1,482	–	–	–	1,482
Other manufacturing expenses		103,745	207,547	256,731	230,316	315,905	289,260	60,923	107,739	36,424	38,666	1,370	1,038	775,098	872,826
		35,561,008	30,790,369	22,848,475	18,226,088	12,245,078	9,513,589	4,866,306	3,417,954	3,124,733	3,317,603	633,372	463,991	79,278,972	65,727,854
Work-in-process:															
Opening		1,581,179	1,401,759	39,659	52,831	–	–	51,500	35,354	9,972	21,905	–	–	1,682,310	1,511,849
Closing		(2,750,407)	(1,581,179)	(148,741)	(39,659)	–	–	(64,650)	(51,500)	(27,425)	(9,972)	–	–	(2,991,223)	(1,682,310)
		(1,169,228)	(179,420)	(109,082)	13,172	–	–	(13,150)	(16,146)	(17,453)	11,933	–	–	(1,308,913)	(170,461)
Cost of goods manufactured		34,391,780	30,610,949	22,739,393	18,239,260	12,245,078	9,513,589	4,853,156	3,401,808	3,107,280	3,329,536	633,372	463,991	77,970,059	65,557,393
Finished goods:															
Opening		580,727	559,141	1,242,681	733,887	264,903	87,897	1,264,696	828,531	1,464,309	1,583,209	218,173	–	5,035,489	3,792,665
Purchases				(118,474)	(9,894)	(3,141)	(2,338)	3,595,880	5,092,506	3,584,745	2,885,783	1,040,227	314,221	8,099,237	8,280,278
Closing		(934,939)	(580,727)	(891,258)	(1,242,681)	(343,031)	(264,903)	(1,093,360)	(1,264,696)	(1,872,817)	(1,464,309)	(349,814)	(218,173)	(5,485,219)	(5,035,489)
Provision				–	–	(1,357)	–	(130,626)	17,044	(51,840)	(8,192)	–	–	(183,823)	8,852
		(354,212)	(21,586)	232,949	(518,688)	(82,626)	(179,344)	3,636,590	4,673,385	3,124,397	2,996,491	908,586	96,048	7,465,684	7,046,306
		34,037,568	30,589,363	22,972,342	17,720,572	12,162,452	9,334,245	8,489,746	8,075,193	6,231,677	6,326,027	1,541,958	560,039	85,435,743	72,603,699

30.1 These include sum of PKR 380.849 million (2018: PKR 294.956 million) in respect of staff retirement benefits.

30.2 These are net of duty draw back on export sales amounting to PKR 27.77 million (2018: PKR 26.55 million).

31. DISTRIBUTION COST

	Note	Cement		Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others		Group	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
								(PKR in '000')							
Salaries and benefits	31.1	264,485	229,856	60,487	54,044	46,436	42,829	696,759	736,037	298,675	395,653	16,814	–	1,383,656	1,458,419
Logistics and related charges		1,708,568	985,318	44,053	10,770	169,764	104,262	220,355	177,289	166,722	157,407	–	–	2,309,462	1,435,046
Loading and others		348,362	478,192	–	–	–	–	–	–	–	–	–	–	348,362	478,192
Communication		6,609	4,430	1,906	1,393	1,898	1,676	21,423	20,530	9,472	10,905	–	–	41,308	38,934
Travelling and conveyance		9,534	7,944	13,002	9,814	2,249	2,493	234,079	173,294	93,584	95,506	–	–	352,448	289,051
Printing and stationery		1,155	1,250	–	–	–	–	–	–	–	–	–	–	1,155	1,250
Insurance		29,546	24,353	–	–	1,165	84	15,630	16,248	11,733	11,305	–	–	58,074	51,990
Rent, rates and taxes		27,058	23,188	517	469	3,106	3,740	22,661	14,723	5,824	5,476	5,206	–	64,372	47,596
Utilities		4,913	3,891	122	107	1,755	2,041	7,847	7,219	7,868	7,881	1,130	–	23,635	21,139
Vehicle running and maintenance		17,848	12,099	–	–	–	–	–	–	–	–	–	–	17,848	12,099
Repairs and maintenance		24,573	7,896	191	223	761	973	4,308	5,110	8,362	6,056	–	–	38,195	20,258
Fees, subscription and periodicals		6,650	1,359	–	–	–	–	–	–	–	–	13,374	–	20,024	1,359
Advertisement and sales promotion		29,402	40,990	43,485	3,952	32,864	5,507	227,662	293,321	65,631	59,745	80,267	–	479,311	403,515
Entertainment		6,950	6,796	–	–	–	–	–	–	–	–	–	–	6,950	6,796
Security service		4,174	2,221	–	–	–	–	–	–	–	–	–	–	4,174	2,221
Depreciation and amortisation	7.2 & 8.1	169,227	124,494	8,831	–	11,044	86	24,476	26,542	20,726	14,057	12,127	–	246,431	165,179
Provision for doubtful debt	14.2	17,263	867	–	–	–	–	–	630	–	–	–	–	17,263	1,497
Other general expenses		52,492	37,310	10,856	8,103	7,870	10,895	172,930	145,979	193,949	99,346	4,625	–	442,722	301,633
		2,728,809	1,992,454	183,450	88,875	278,912	174,586	1,648,130	1,616,922	882,546	863,337	133,543	–	5,855,390	4,736,174

31.1 These include sum of PKR 106.04 million (2018: PKR 86.776 million) in respect of staff retirement benefits.

32. ADMINISTRATIVE EXPENSES

	Note	Cement 2019	Cement 2018	Polyester 2019	Polyester 2018	Soda Ash 2019	Soda Ash 2018	Life Sciences 2019	Life Sciences 2018	Chemicals & Agri Sciences 2019	Chemicals & Agri Sciences 2018	Others 2019	Others 2018	Group 2019	Group 2018
Salaries and benefits	32.1	577,646	536,655	156,410	131,199	240,207	195,506	224,366	216,812	185,205	128,936	140,342	48,278	1,524,176	1,257,386
Communication		10,345	12,690	2,501	2,213	3,605	3,020	5,449	4,740	3,789	2,707	948	538	26,637	25,908
Travelling and conveyance		33,921	30,450	7,625	5,116	10,129	8,187	17,338	18,265	7,893	6,563	–	–	76,906	68,581
Insurance		10,465	9,604	945	571	1,669	907	4,418	4,168	558	815	2,911	1,357	20,966	17,422
Rent, rates and taxes		20,254	18,144	5,394	4,975	3,677	3,629	10,468	9,622	1,210	1,194	36,352	9,181	77,355	46,745
Vehicle running and maintenance		27,952	21,625	–	–	–	–	–	–	–	–	2,331	1,343	30,283	22,968
Aircraft running and maintenance		56,187	36,808	–	–	–	–	–	–	–	–	–	–	56,187	36,808
Printing and stationery		5,649	8,484	–	–	–	–	–	–	–	–	783	340	6,432	8,824
Fees and subscription		25,394	41,677	–	–	–	–	–	–	–	–	89,362	83,855	114,756	125,532
Security services		8,933	9,367	–	–	–	–	–	–	–	–	22,654	3,297	31,587	12,664
Legal fee		30,138	37,798	–	–	–	–	–	–	–	–	4,686	4,775	34,824	42,573
Professional and advisory services		–	–	–	–	–	–	–	–	–	–	8,640	436	8,640	436
Utilities		7,349	8,083	4,069	4,171	4,451	5,195	14,993	15,854	10,704	6,344	6,010	2,770	47,576	42,417
Repairs and maintenance		128,332	64,342	2,317	1,852	5,253	4,149	6,534	6,566	1,762	1,760	3,662	–	147,860	78,669
Advertisement		2,430	3,525	4,762	3,399	10,480	8,169	5,156	5,436	3,463	2,688	–	15,336	26,291	38,553
Auditors' remuneration	32.2	8,768	10,993	–	–	–	–	–	–	–	–	9,794	10,476	18,562	21,469
Depreciation and amortisation	7.2 & 8.1	182,002	202,041	72,127	10,890	95,958	17,996	18,590	14,242	31,649	16,193	62,511	13,818	462,837	275,180
Provision for doubtful debts		17,263	–	(50)	153	–	15,673	46,774	11,786	(7,741)	156,251	599	–	56,845	183,863
Provision for slow moving and obsolete stocks		–	–	–	–	1,357	–	130,626	(17,044)	51,840	8,192	–	–	183,823	(8,852)
Provision for slow moving spares		–	–	–	–	12,392	3,171	–	–	659	–	–	–	13,051	3,171
Training cost		15,936	14,382	–	–	–	–	–	–	–	–	–	–	15,936	14,382
Bank charges		42,278	9,403	–	–	–	–	–	–	–	–	–	–	42,278	9,403
Other general expenses		16,630	13,375	40,109	59,826	55,515	60,747	72,489	61,864	39,852	53,442	26,440	13,200	251,035	262,454
		1,227,872	1,089,446	296,209	224,365	444,693	326,349	557,201	352,311	330,843	385,085	418,025	209,000	3,274,843	2,586,556

32.1 These include sum of PKR 158.382 million (2018: PKR 129.357 million) in respect of staff retirement benefits.

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		Note	2019	2018
			(PKR in '000')	
32.2	**Auditors' remuneration**			
	The Holding Company			
	Statutory audit fee			
	- standalone		1,890	1,800
	- consolidated financial statements		446	425
	Half yearly review fee		446	425
	Code of Corporate Governance review fee		105	100
	Other consultancy fee	32.2.1	4,653	6,742
			7,540	9,492
	Out of pocket expenses and government levies		1,228	1,501
			8,768	10,993
	Subsidiaries (multiple audit firms)			
	Statutory audit fee		5,652	5,220
	Half yearly review and other certifications		1,540	1,647
	Out of pocket expenses and government levies		733	1,497
	Other certifications		625	412
	Others		1,244	1,700
			9,794	10,476
			18,562	21,469

32.2.1 This pertains to certain consultancy services in relation to corporate matters and system audit assignments.

		Note	2019	2018
			(PKR in '000')	
33.	**FINANCE COST**			
	Mark-up on long term and short term borrowings		1,386,828	723,642
	Markup on Musharika Finance		17,216	–
	Discounting charges on receivables		177,817	84,079
	Bank charges and commission		19,015	12,491
	Guarantee fee and others		9,006	9,707
			1,609,882	829,919
34.	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	25.1	818,017	1,018,036
	Workers' Welfare Fund		138,677	278,273
	Donations	34.1	357,911	327,445
	Impairment of operating fixed asset		–	36,758
	Impairment of intangible asset	8.7	17,787	25,221
	Exchange loss - net		567,235	512,332
	Others		3,884	6,210
			1,903,511	2,204,275

34.1 These include donation amounting to PKR 200 million (2018: PKR 150 million) to Aziz Tabba Foundation (ATF). Mr. Muhammad Yunus 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.

These also include provision in respect of donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Chief executive of the ICI, Mr. Muhammad Abid Ganatra, Mr. Arshaduddin Ahmed, Mr.Aamer Mahmud Malik, Ms. Nausheen Ahmad and Ms. Fariha Salahuddin, Executives of ICI are amongst the Trustees of ICI Pakistan Foundation.

The names of donees to whom donation amount exceeds PKR 500,000 are SOS Children's Villages of Pakistan, Aziz Tabba Foundation, Special Olympics Pakistan, Chhipa Welfare Association, Citizens Police Liaison Committee, World Memon Organization, Durbeen and Zindagi Trust.

		Note	2019	2018
			(PKR in '000')	
35.	**OTHER INCOME**			
	Income from non-financial assets			
	Gain on disposal of property, plant and equipment	7.4	149,093	139,189
	Gain from sale of electricity		290,248	368,314
	Sale of scrap		207,324	144,990
	Provisions and accruals no longer required - written back		3,974	130
	Others	35.1	25,637	13,043
			676,276	665,666
	Income from financial assets			
	Dividend		37,503	443
	Return from deposits with Islamic bank and other financial institutions		2,285,858	2,096,856
	Others		–	3,555
			2,323,361	2,100,854
			2,999,637	2,766,520

35.1 Includes exchange loss - net arising on revaluation of foreign currency financial assets and liabilities and on transactions in foreign currencies.

		Note	2019	2018
			(PKR in '000')	
36.	**TAXATION**			
	Current	36.3	2,234,744	3,160,980
	Deferred		576,147	538,867
			2,810,891	3,699,847

36.1 Relationship between income tax expense and accounting profit:

	Note	2019	2018
		(PKR in '000')	
Tax at the applicable tax rate of 27% - 29% (2018: 28% - 31%)		4,467,896	5,466,977
Tax effect under lower rate of tax		(508,997)	(368,521)
Others	36.3	(1,148,008)	(1,398,609)
		2,810,891	3,699,847

36.2 In the opinion of the management, sufficient tax provision has been made in the Holding Company's financial statements. Comparisons of tax provision as per the Holding Company's financial statements viz-a-viz tax assessment for last three years is as follows:

	2018	2017	2016
		(PKR in '000')	
Tax assessed as per most recent tax assessment and related show cause notice	3,037,587	5,032,196	5,015,844
Provision in accounts for income tax	3,037,587	5,032,196	5,015,844

36.3 This includes tax savings amounting to PKR 1,164.347 million on account of tax losses surrendered by KLM and LEPCL and claimed by the Holding Company in accordance with section 59B of the Income Tax Ordinance, 2001.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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:

	2019	2018
Profit attributable to owners of the Holding Company (PKR in thousands)	11,327,770	14,819,911
Weighted average number of ordinary shares (in thousands)	323,375	323,375
Basic and diluted earnings per share - PKR	35.03	45.83

	Note	2019	2018
		(PKR in '000')	
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		15,157,846	19,873,400
Adjustments for non cash charges and other items			
Depreciation and amortisation	7.2 & 8.1	6,399,911	5,811,466
Provision for slow moving and obsolete stocks and spares		196,874	(5,681)
Write offs during the year		–	10,928
Provision for doubtful debts		56,246	184,730
Provisions and accruals no longer required written back	35	(3,974)	(130)
Impairment of operating fixed asset		–	36,758
Impairment of intangible asset		17,787	25,221
Gain on disposal of operating fixed assets	35	(149,093)	(139,189)
Provision for staff gratuity		452,060	350,031
Share of profit - joint venture and associates		(1,012,869)	(1,865,477)
Dividend income		(37,503)	(443)
Return from deposits with Islamic banks and other financial institutions		(2,285,731)	(2,096,856)
Finance cost		1,592,290	818,805
Profit before working capital changes		20,383,844	23,003,563
(Increase) / decrease in current assets			
Stores, spares and consumables		854,924	(1,782,356)
Stock-in-trade		(6,601,270)	(3,569,173)
Trade debts		577,876	(1,154,755)
Loans and advances		(864,675)	(726,979)
Trade deposits and short-term prepayments		(962,497)	(42,803)
Other receivables		(983,174)	(369,918)
		(7,978,816)	(7,645,984)
Increase / (decrease) in current liabilities			
Trade and other payables		15,388,094	2,373,296
		27,793,122	17,730,875

		Note	2019	2018
			(PKR in '000')	
38.1	**Cash and cash equivalents**			
	Cash and bank balances	19	18,270,313	34,382,272
	Short-term borrowings and running finance	26	(12,161,232)	(7,332,327)
	Bank balance marked as lien		(7,885,560)	(7,887,015)
			(1,776,479)	19,162,930

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		Executives		Total	
	2019	2018	**2019**	2018	**2019**	2018
	(PKR in '000')					
Remuneration	40,000	40,000	1,717,363	1,309,453	1,757,363	1,349,453
House rent allowance	16,000	16,000	466,323	396,895	482,323	412,895
Utility allowance	4,000	4,000	114,089	93,008	118,089	97,008
Conveyance allowance			7,990	43,833	7,990	43,833
Charge for defined benefit obligation	5,000	5,000	325,159	294,286	330,159	299,286
Group insurance			3,614	3,614	3,614	3,614
Medical expenses			52,220	22,007	52,220	22,007
	65,000	65,000	2,686,758	2,163,096	2,751,758	2,228,096
Number of persons	1	1	495	394	496	395

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 1.375 million was paid to 9 non executive directors and PKR 0.188 million was paid to 1 executive director during the current year as the fee for attending board meetings (2018: 7 non-executive directors were paid PKR 1.343 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	Relationship	Direct Shareholding % in the holding Company
1	Gadoon Textile Mills Limited	Associated Company	Nil
2	Lucky Textile Mills Limited	Associated Company	Nil
3	Y.B. Holdings (Private) Limited	Associated Company	Nil
4	Y.B. Pakistan Limited	Associated Company	2.27460%
5	Yunus Textile Mills Limited	Associated Company	6.63202%
6	Lucky Energy (Private) Limited	Associated Company	3.55095%
7	Lucky Air (Private) Limited	Associated Company	Nil
8	Lucky Paragon Readymix Limited	Associated Company	Nil
9	Luckyone (Private) Limited	Associated Company	Nil
10	Lucky Foods (Private) Limited	Associated Company	Nil

S.No	Name of Related Parties	Relationship	Direct Shareholding % in the holding Company
11	International Steel Limited	Associated Company	Nil
12	Aziz Tabba Foundation	Associated Undertaking	Nil
13	Energas Terminal (Private) Limited	Associated Company	Nil
14	Kenzo Holdings Limited	Associated Company	7.05%
15	Lucky Exim (Private) Limited	Associated Company	0.01%
16	Providus Capital (Private) Limited	Associated Company	0.31%
17	ICI Pakistan Management Staff Provident Fund	Associated Undertaking	Nil
18	ICI Pakistan Management Staff Gratuity Fund	Associated Undertaking	Nil
19	ICI Pakistan Management Staff Defined Contribution Superannuation Fund	Associated Undertaking	Nil
20	ICI Pakistan Non-Management Staff Providend Fund	Associated Undertaking	Nil
21	ICI Pakistan Management Staff Pension Fund	Common Directorship	Nil
22	ICI Pakistan Foundation	Common Directorship	Nil
23	Arabian Sea Country Club Limited	Equity Investment	Nil
24	Fashion Textile Mills Limited	Group Company & Common directorship	Nil
25	Lucky Knits (Private) Limited	Group Company & Common directorship	Nil
26	Pakistan Business Council	Common Directorship	Nil
27	Global Commodities Limited	Common Directorship	Nil
28	Pakistan Cables Limited	Common Directorship	Nil
29	Tabba Heart Institute	Common Directorship	Nil
30	Jubile Life Insurance Company Limited	Common Directorship	Nil
31	Askari Bank Limited	Common Directorship	Nil
32	NutriCo International (Private) Limited	Common Directorship	Nil
33	Lahore University of Management Sciences	Member of Board of Governers	Nil
34	Mr. Muhammad Yunus Tabba	Director	3.451336%
35	Mrs. Khairunnisa Aziz	Spouse of director	2.493235%
36	Mr. Muhammad Sohail Tabba	Director	4.067493%
37	Mrs. Saima Sohail	Spouse of director	1.877078%
38	Mr. Muhammad Ali Tabba	Director	2.686458%
39	Mrs. Feroza Tabba	Spouse of director	0.199459%
40	Mr. Jawed Yunus Tabba	Director	5.944571%
41	Mrs. Mariam Tabba Khan	Director	1.442958%
42	Mr. Ikram Hussain Khan	Spouse of director	0.001546%
43	Mr. Manzoor Ahmed	Director	0.000002%
44	Mrs. Fakeha Manzoor	Spouse of director	Nil
45	Mr. Mohammad Javed Iqbal	Director	0.000310%
46	Mrs. Shazia Afzal	Spouse of director	Nil
47	Mr. Syed Noman Hasan	Key management personnel	0.000309%
48	Mr. Muhammad Irfan Husain Chawala	Key management personnel	0.000930%
49	Mr. Amin Ganny	Key management personnel	0.000618%
50	Mr. Faisal Mahmood	Key management personnel	0.000002%
51	Mr. Ahmed Waseem Khan	Key management personnel	Nil
52	Mr. Muhammad Shabbir	Key management personnel	Nil
53	Mr. Mashkoor Ahmed	Key management personnel	Nil
54	Mr. Kalim Ahmed Mobin	Key management personnel	Nil
55	Mr. Adnan Ahmed	Key management personnel	Nil
56	Mr. Murtaza Abbas	Key management personnel	0.000310%
57	Mr. Kashif Jawaid	Key management personnel	0.001410%

S.No	Name of Related Parties	Relationship	Direct Shareholding % in the holding Company
58	Mr. Zahir Shah	Key management personnel	Nil
59	Mr. Asif Jooma	Key management personnel	0.012648%
60	Mr. Intisar ul Haq Haqqi	Key management personnel	Nil
61	Mr. Asif Rizvi	Key management personnel	Nil
62	Mr. Arshaduddin Ahmed	Key management personnel	Nil
63	Aamer Mahmud Malik	Key management personnel	Nil
64	Fariha Salahuddin	Key management personnel	Nil
65	Nausheen Ahmed	Key management personnel	Nil
66	Mr. M. A. Samie Cashmiri	Key management personnel	0.001546%
67	Mr. Suhail Aslam Khan	Key management personnel	0.000093%
68	Ms. Saima Kamila Khan	Key management personnel	Nil
69	Mr. Eqan Ali Khan	Key management personnel	Nil
70	Ms. Fathema Zuberi	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:

	2019	2018
	(PKR in '000')	
Transactions with directors and their close family members		
Dividends	573,354	1,290,751
Meeting fee	6,656	1,531
Transactions with associates		
Sales	2,416,160	2,409,397
Purchase of goods, materials and services	766,381	133,081
Reimbursement of expenses to the Group	105,413	94,831
Reimbursement of expenses from the Group	1,852	1,027
Donation	193,934	191,116
Charity	12,472	–
Dividends paid	1,611,560	883,885
Dividend received	363,410	887,471
Services	47,065	27,180
Purchase of fixed assets	439	–
Sale of fixed assets	1,875	–
Advance against issuance of shares	446,270	–
Investment	–	10
Transactions with key management personnel		
Salaries and benefits	470,826	479,500
Dividends	6,779	9,931
Loan	6,000	–
Shares issued during the period	15,000	–
Post employment benefits	61,284	64,391

The outstanding balances with related parties are disclosed in notes 10, 14, 15 and 17 to these consolidated financial statements.

40.3 There are no transactions with key management personnel other than under the terms of employment.

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41. PRODUCTION CAPACITY

In metric tones except ICI PowerGen which is thousand of megawatt hours:

		2019		2018	
		Annual name plate capacity	Production	Annual name plate capacity	Production
Cement	41.1	9,350,000	6,835,394	9,350,000	7,654,532
Clinker	41.2	8,882,500	7,580,470	8,882,500	7,426,320
Polyester		122,250	121,585	122,250	126,853
Soda Ash	41.3	425,000	422,168	425,000	378,248
Life Sciences		–	–	25,628,345	29,869,565
Chemicals	41.4	–	–	–	16,026
Sodium Bicarbonate		40,000	40,353	40,000	38,000
PowerGen	41.5	122,640	34,454	122,640	31,334
Nutraceuticals	41.4	–	–	–	3,167,090
Cirin Pharmaceuticals	41.4	–	–	–	21,670,540

41.1 Cement production capacity utilisation is 73.11% (2018: 81.87%) of total installed capacity. Actual production is less than the installed capacity due to planned maintenance shutdown and gap between demand and supply of cement.

41.2 Clinker production capacity utilisation is 85.34% (2018: 83.61%) of total installed capacity.

41.3 Out of total production of 422,168 metric tonnes of soda ash, 36,319 metric tonnes were transferred for production of 40,353 tonnes of Sodium Bicarbonate.

41.4 The capacity of Chemicals, Neutraceuticals, Life sciences and Cirin Pharmaceutical is indeterminable because these are multi-product with multiple dosage and multiple pack size plants.

41.5 Electricity by PowerGen is produced as per demand of the Polyester division.

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, 2019. 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, 2019, 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 165.953 million (2018: PKR 149.092 million) and PKR 7.311 million (2018: Nil) 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 121 million (2018: PKR 5.157 million) and PKR 113.97 million (2018: NIL) 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

42.2.1 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	2019	2018
		(PKR in '000')	
Financial assets carried at:			
Amortised cost			
Long-term loans	10	495,983	479,413
Long-term deposits	11	48,757	47,545
Trade debts	14	4,508,468	5,142,591
Loans	15	312,848	234,150
Trade deposits	16	218,046	242,484
Other receivables	17	2,844,047	2,384,724
Accrued return		156,948	161,742
Bank balances	19	18,252,129	34,367,657
		26,837,226	43,060,306
At fair value through other comprehensive income			
Short term investment - 1,769,940 shares of PSX (2018: 1,769,940 shares of PSX)		23,009	34,956
At fair value through profit or loss			
Short term investment - 20,654,888 units of Meezan Rozana Amdani Fund		1,032,745	–
		1,055,754	34,956
		27,892,980	43,095,262

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 ageing of trade debts at the reporting date is as follows:

	2019	2018
	(PKR in '000')	
Not past due	4,210,666	4,526,584
Past due but not impaired:		
Not more than three months	315,062	629,426
Past due and impaired:		
More than three months and not more than one year	127,026	159,066
More than one year	135,276	54,439
	577,364	842,931
Less: Provision for doubtful debts	279,562	226,924
	4,508,468	5,142,591
Bank balances		
A1+	17,751,824	34,367,567
A1	500,305	90

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 fund 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 85,649 million (2018: PKR 22,422 million) out of the total facilities of PKR 170,297 million (2018: PKR 70,296 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.

	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	29,730,109	–	29,730,109
Accrued return	619,500	–	619,500
	44,205,344	37,940,260	82,145,604

	Within 1 year	1 to 5 years	Total
		(PKR in '000')	
June 30, 2018			
Long-term finance	2,619,516	8,789,887	11,409,403
Liabilities against assets subject to finance lease	822	–	822
Long-term deposits	–	94,394	94,364
Short-term borrowings and running finance	7,332,327	7,332,327	7,332,327
Other long term liabilities	–	3,431,948	3,431,948
Trade and other payables	17,821,968	–	16,243,809
Accrued return	272,146	–	272,146
	28,046,779	12,316,229	38,784,819

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, 2019.

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. "

During the year, the Group's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2019 and 2018 were as follows:

	Note	**2019**	2018
		(PKR in '000')	
Long-term finance	22	32,771,993	8,789,887
Accrued return		619,500	272,146
Short-term borrowings and running finance	26	12,161,232	7,332,327
Current portion of long-term finance	22	1,694,503	2,619,516
Total debt		47,247,228	19,013,876
Share capital	20	3,233,750	3,233,750
Reserves	21	105,787,478	93,913,157
Equity		109,021,228	97,146,907
Capital		156,268,456	116,160,783
Gearing ratio		30.23%	16.37%

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 investment	1,055,754	–	–	1,055,754

There were no transfers amongst levels during the year.

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:

	2019	2018
Number of employees as at June 30 - factory	4,309	3,196
- others	2,525	1,482
	6,834	4,678
Average number of employees during the year - factory	3,188	3,079
- others	1,421	1,494
	4,609	4,573

46. SUBSEQUENT EVENT

The Board of Directors of the Holding Company in its meeting held on July 27, 2019 (i) approved the transfer of PKR 8436.657 million (2018: PKR 7,875.341 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of PKR 6.50 per ordinary share for the year ended June 30, 2019 amounting to PKR 2101.938 million (2018: PKR 2,587 million) for approval of the members at the Annual General Meeting to be held on September 27, 2019 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 PKR, 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 July 27, 2019 by the Board of Directors of the Holding Company.

Muhammad Yunus Tabba Chairman / Director	**Muhammad Ali Tabba** Chief Executive	**Irfan Chawala** Chief Financial Officer

PATTERN OF SHAREHOLDING

As at June 30, 2019

No of Shareholders	Shareholding From	Shareholding To	Total Shares Held
2,193	1	100	110,722
1,738	101	500	536,864
2,770	501	1000	1,680,313
1,045	1001	5000	2,485,698
228	5001	10000	1,716,423
112	10001	15000	1,405,849
82	15001	20000	1,470,362
47	20001	25000	1,064,395
30	25001	30000	839,187
15	30001	35000	489,712
25	35001	40000	947,553
14	40001	45000	595,631
24	45001	50000	1,163,110
11	50001	55000	581,759
10	55001	60000	577,988
12	60001	65000	757,972
5	65001	70000	333,834
5	70001	75000	361,600
6	75001	80000	463,107
2	80001	85000	166,100
3	85001	90000	262,610
3	90001	95000	275,147
15	95001	100000	1,487,500
4	100001	105000	415,147
7	110001	115000	798,050
1	115001	120000	117,100
4	120001	125000	494,700
5	125001	130000	642,350
1	130001	135000	134,500
2	135001	140000	275,196
1	140001	145000	143,500
3	145001	150000	440,730
1	150001	155000	150,500
1	155001	160000	155,800
1	160001	165000	164,200
3	165001	170000	502,499
1	170001	175000	175,000
3	175001	180000	537,408
3	180001	185000	548,100
1	185001	190000	185,850
3	190001	195000	577,600
2	195001	200000	395,900
1	200001	205000	201,500
3	205001	210000	623,040
1	220001	225000	224,600
2	225001	230000	453,650
4	230001	235000	935,350
2	240001	245000	481,448
3	245001	250000	744,450
2	250001	255000	504,750
1	260001	265000	260,200

No of Shareholders	Shareholding From	To	Total Shares Held
2	265001	270000	537,000
3	270001	275000	817,680
2	285001	290000	577,290
3	290001	295000	878,168
1	295001	300000	300,000
2	300001	305000	607,700
1	305001	310000	309,114
2	315001	320000	633,150
4	345001	350000	1,395,704
1	360001	365000	363,210
1	365001	370000	366,650
1	370001	375000	373,025
3	390001	395000	1,177,450
1	395001	400000	398,000
1	400001	405000	404,200
1	430001	435000	433,800
1	435001	440000	436,800
2	445001	450000	896,550
1	450001	455000	453,900
1	455001	460000	456,350
2	465001	470000	934,952
1	480001	485000	485,000
1	490001	495000	493,750
1	495001	500000	500,000
2	505001	510000	1,019,065
1	510001	515000	511,230
1	550001	555000	550,966
1	555001	560000	558,533
2	585001	590000	1,175,561
1	600001	605000	602,700
1	605001	610000	607,050
1	610001	615000	611,000
2	615001	620000	1,236,450
1	640001	645000	645,000
1	655001	660000	657,827
1	680001	685000	685,000
1	705001	710000	708,100
1	740001	745000	742,061
1	745001	750000	750,000
1	780001	785000	782,531
1	815001	820000	817,456
1	825001	830000	830,000
1	845001	850000	847,400
1	945001	950000	947,500
1	950001	955000	955,000
1	985001	990000	989,067
1	995001	1000000	1,000,000
1	1070001	1075000	1,071,118
1	1100001	1105000	1,100,500
1	1105001	1110000	1,110,000

No of Shareholders	Shareholding From	To	Total Shares Held
1	1115001	1120000	1,119,950
1	1130001	1135000	1,130,200
1	1395001	1400000	1,396,950
1	1495001	1500000	1,499,200
1	1580001	1585000	1,580,075
1	1585001	1590000	1,586,129
1	1645001	1650000	1,647,476
1	1715001	1720000	1,716,000
1	1800001	1805000	1,804,641
2	1810001	1815000	3,624,950
1	2040001	2045000	2,040,900
1	2170001	2175000	2,174,650
1	2510001	2515000	2,512,823
1	2595001	2600000	2,599,309
1	2710001	2715000	2,713,709
1	2950001	2955000	2,950,034
3	4665001	4670000	13,998,501
1	4820001	4825000	4,823,529
2	6065001	6070000	12,140,000
1	7355001	7360000	7,355,498
1	7510001	7515000	7,514,900
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 and Spouse	10	62,986,942	19.48
- Chief Executive Officer	1	8,687,332	2.69
- Sponsors	6	59,314,758	18.34
- Executives	9	13,662	0.00
Associated Companies, Undertakings and related parties	7	73,891,085	22.85
NIT and ICP	1	168,485	0.05
Banks, Development Financial Institutions, Non Banking Financial Institutions	31	7,651,668	2.37
Insurance Companies	22	9,026,519	2.79
Modarbas and Mutual Funds	7	44,186	0.01
Mutual Funds	83	19,213,714	5.94
Share holders holding 10% or more:	–	–	–
General Public:			
a. Local	8,092	28,594,004	8.84
b. Foreign	146	49,454,028	15.29
Other (to be specified)	152	4,328,617	1.34
	8,567	323,375,000	100.00

NOTICE OF 26TH ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting (AGM) of the members of **Lucky Cement Limited** will be held on Friday, September 27, 2019 at 11:30 a.m., at the registered office of the Company situated at factory premises in Pezu, District Lakki Marwat, Main Indus Highway, 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, 2019 together with the Board of Directors' and Independent Auditors' reports thereon.

2. To declare and approve final cash dividend @ 65% i.e. PKR 6.50 per share for the year ended June 30, 2019, as recommended by the Board of Directors.

3. To appoint Auditors and fix their remuneration for the year ending June 30, 2020. The present Auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

4. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2019 by passing the following special resolution with or without modification:

"RESOLVED THAT the transactions conducted with Related Parties as disclosed in the note 37 of the unconsolidated financial statements for the year ended June 30, 2019 and specified in the Statement of Material Information under Section 134 (3) be and are hereby ratified, approved and confirmed.''

5. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2020 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, 2020.''

"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:

6. 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 06, 2019

Notes:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company shall remain closed from Friday, September 13, 2019 to Friday, September 27, 2019 (both days inclusive). Transfers received in order at our 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-74400 at the close of business on Thursday, September 12, 2019 shall be treated in time for the purpose of Annual General Meeting and payment of cash dividend, if approved by the shareholders.

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. Payment of Cash Dividend Electronically (Mandatory Requirement)

In accordance with the provisions of Section 242 of the Companies Act and Companies (Distribution of Dividends), Regulation 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In this regard, Lucky Cement Limited has already sent letters and Electronic Credit Mandate Forms to the shareholders and issued various notices through publication in newspapers requesting the shareholders to comply with the requirement of providing their International Bank Account Number (IBAN).

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and available on the Company's website and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's 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-74400 (in case of shareholding in Physical Form).

i.	**Shareholder's details**	
	Name of the Shareholder(s)	
	Folio # /CDS Account No (s)	
	CNIC No (Copy attached)	
	Mobile / Landline no	
ii.	**Shareholders' Bank details**	
	Title of Bank Account	
	International Bank Account Number (IBAN)	
	Bank's Name	
	Branch's Name and Address	

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

4. Withholding tax on Dividend

I) Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payment under the Income Tax Ordinance 2001 have been revised as under:

(a) for filers of income tax returns:15%
(b) for non-filer of income tax return:30%

To enable the company to make tax deduction on the amount of cash dividend @15% instead of 30% all the shareholders whose names are not entered into the active tax-payer list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for approval of the cash dividend i.e. September 23, 2019, otherwise tax on their cash dividend will be deducted @30% instead of 15%

II) For any query/issue/information, the investors may contact the Company and / or the Share Registrar: The Senior Manager, Share Registrar Department, CDC Share Registrar Services Limited, Telephone Number: 0800-23275 (Toll Free), email address: info@cdcsrsl.com and/ or The Senior Manager, Corporate Secretarial, Telephone Number: 111-786-555 Ext: 2231 email address: company.secretary@lucky-cement.com

III) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas, corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. M/s. CDC Share Registrar Services Limited. The shareholders while sending NTN or NTN Certificates, as the case may be, must quote Company name and their respective folio numbers.

(IV) As per the clarification issued by FBR, withholding tax will be determined separately on "Filer/Non-Filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions.

If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

	Principal Shareholder			Joint Shareholder(s)	
Folio / CDC Account No.	Total Shares	Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

5. Submission of the CNIC/NTN details (Mandatory)

In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) vide SRO 779(1)/2011 dated August 18, 2011 and SRO 83(1)/2012 dated July 5, 2012, dividend counters in electronic form should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Members who have not yet submitted copy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Company's Share Registrar. In case of non-compliance, the Company shall withhold credit of dividend as per law.

6. 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.

7. 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 (Ten) 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)

8. E-voting

Pursuant to the Companies (E-voting) Regulations, 2016, shareholders will be able to exercise their right to vote through e-voting by giving their consent in writing, at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.

9. Postal Ballot

Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

10. Zakat deduction and Change of Address

Shareholders desiring to claim exemption from Zakat deduction may file their Declaration before the closing date of the books i.e., September 12, 2019, duly attested by Oath Commissioner on Stamp paper to Company's Share Registrar, otherwise Company shall have to deduct Zakat according to the Zakat and Ushr Ordinance, 1980; and

The members are also requested to notify change in their addresses, if any, and submit if applicable to them to our 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-74400.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

1. **Item Number 4 of the notice – Ratification and approval of the related party transactions carried out during the year ended June 30, 2019**

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, 2017. 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 25th 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, 2019 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 37 to the unconsolidated financial statements for the year ended June 30, 2019. Party-wise details of such related party transactions are given below:

Name of Related Party	Transaction Type	PKR in '000'
Aziz Tabba Foundation	Donations	200,000
CNC Trading	Sales	417,071
Energas Terminal (Private) Limited	Reimbursement of expenses to company	604
Gadoon Textile Mills Limited	Sales	59,005
	Reimbursement of expenses from company	970
Grandcres Investment Limited	Dividends	78,067
ICI Pakistan Limited	Sales	2,456
	Purchases	6,480
Kia Lucky Motors Pakistan Limited	Sales	162,055
	Investments made during the year	8,922,310
	Purchase of fixed assets	26,771
	Reimbursement of expenses from company	63
	Services	200
	Purchase of tax loss on account of group tax adjustment	1,132,928
	Reimbursement of expenses to company	9,313
Kenzo Holdings Limited	Dividends	182,424
Lucky Commodities (Private) Limited	Reimbursement of expenses to company	65
LCL Holdings Limited	Reimbursement of expenses to company	60
	Guarantees Released	2,000,000
	Guarantees Issued	1,250,000
	Investments made during the year	410,100
Lucky Air (Private) Limited	Reimbursement of expenses to company	1,933
	Services	35,840

Name of Related Party	Transaction Type	PKR in '000'
Lucky Energy (Private) Limited	Dividends	91,863
Lucky Foods (Private) Limited	Reimbursement of expenses to company	13,982
	Sale of fixed assets	1,875
	Sales	997
Lucky Holdings Limited	Guarantees Released	984,375
	Reimbursement of expenses to company	3,352
Lucky Cement Holdings (Private) Limited	Investment	100
	Dividend received	457,000
Lucky Electric Power Company Limited	Reimbursement of expenses to company	44
	Purchase of tax loss on account of group tax adjustment	31,419
	Guarantees Released	838,331
	Sale of fixed assets	1,550
Lucky Landmark (Private) Limited	Sales	935
Lucky One (Private) Limited	Sales	70,872
Lucky Paragon ReadyMix	Sales	16,487
Lucky Textile Mills Limited	Sales	53,745
Nutrico Morinaga (Private) Limited	Sales	52,954
Tabba Heart Institute	Services	262
YB Holdings (Private) Limited	Reimbursement of expenses to company	2,932
YB Pakistan Limited	Dividends	58,844
Yunus Energy Limited	Dividend received	183,410
Yunus Textile Mills Limited	Sales	14,348
	Dividends	171,570
Directors	Meeting fee	1,562
Directors and close family members	Dividends	573,354
Key Management Personnel	Salaries and benefits	227,036
	Retirement Benefits	28,047
	Dividends	56

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 37 to the unconsolidated financial statements for the year ended June 30, 2019. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

2. Item Number 5 of the notice – Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2020

The Company shall be conducting transactions with its related parties during the year ending June 30, 2020 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, 2020, 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 Friday, September 27, 2019 at 11:30am and / or any adjournment thereof.

Signature this ____________ (day) ____________ (date, month) year 2019.

Witnesses:

1. Signature: ____________________

Name ____________________

Address ____________________

CNIC No. ____________________

2. Signature: ____________________

Name ____________________

Address ____________________

CNIC No. ____________________

Signature

Signature of members should match with the specimen signature registered with the company

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 جمعہ 27 ستمبر 2019 بوقت 11:30 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۔

مورخہ ______________ 2019 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 مختار نامہ (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۔ مختار نامہ (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'
Lucky Landmark (Private) Limited	Sales	935
Lucky One (Private) Limited	Sales	70,872
Lucky Paragon ReadyMix	Sales	16,487
Lucky Textile Mills Limited	Sales	53,745
Nutrico Morinaga (Private) Limited	Sales	52,954
Tabba Heart Institute	Services	262
YB Holdings (Private) Limited	Reimbursement of expenses to company	2,932
YB Pakistan Limited	Dividends	58,844
Yunus Energy Limited	Dividend received	183,410
Yunus Textile Mills Limited	Sales	14,348
	Dividends	171,570
Directors	Meeting fee	1,562
Directors and close family members	Dividends	573,354
Key Management Personnel	Salaries and benefits	227,036
	Retirement Benefits	28,047
	Dividends	56

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 سیمنٹ 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 منتظمین 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 2019 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۔

2۔ نوٹس کا آئٹم نمبر 5۔ مالی سال اختتامیہ 30 جون 2020 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 2020 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 منسلکہ/ 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 2020 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۔

Name of Related Party	Transaction Type	PKR in '000'
Aziz Tabba Foundation	Donations	200,000
CNC Trading	Sales	417,071
Energas Terminal (Private) Limited	Reimbursement of expenses to company	604
Gadoon Textile Mills Limited	Sales	59,005
	Reimbursement of expenses from company	970
Grandcres Investment Limited	Dividends	78,067
ICI Pakistan Limited	Sales	2,456
	Purchases	6,480
Kia Lucky Motors Pakistan Limited	Sales	162,055
	Investments made during the year	8,922,310
	Purchase of fixed assets	26,771
	Reimbursement of expenses from company	63
	Services	200
	Purchase of tax loss on account of group tax adjustment	1,132,928
	Reimbursement of expenses to company	9,313
Kenzo Holdings Limited	Dividends	182,424
Lucky Commodities (Private) Limited	Reimbursement of expenses to company	65
LCL Holdings Limited	Reimbursement of expenses to company	60
	Guarantees Released	2,000,000
	Guarantees Issued	1,250,000
	Investments made during the year	410,100
Lucky Air (Private) Limited	Reimbursement of expenses to company	1,933
	Services	35,840
Lucky Energy (Private) Limited	Dividends	91,863
Lucky Foods (Private) Limited	Reimbursement of expenses to company	13,982
	Sale of fixed assets	1,875
	Sales	997
Lucky Holdings Limited	Guarantees Released	984,375
	Reimbursement of expenses to company	3,352
Lucky Cement Holdings (Private) Limited	Investment	100
	Dividend received	457,000
Lucky Electric Power Company Limited	Reimbursement of expenses to company	44
	Purchase of tax loss on account of group tax adjustment	31,419
	Guarantees Released	838,331
	Sale of fixed assets	1,550

7۔ 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 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 کروادیں۔

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 مقام سے متعلق سالانہ اجلاس عام منعقد کئے جانے سے کم از کم پانچ (5) دن پہلے آگاہ کر دیا جائے گا اور انھیں اس مقام تک رسائی کیلئے ضروری معلومات بھی فراہم کر دی جائیں گی۔

درخواست برائے ویڈیو کانفرنس سہولت

میں / ہم ________ ساکنہ / ساکنان ________ ممبران کی سینٹ لمیٹڈ، حاملین حصص ________ عام حصص بحوالہ رجسٹرڈ فولیو ________ اور / یا سی ڈی سی شراکت داری نمبر اور ذیلی اکاؤنٹ نمبر ________ بذریعہ ہذا بمقام ________ ویڈیو کانفرنس کی سہولت سے فائدہ اٹھانے کے خواہشمند ہیں۔

____

دستخط از ممبران

(بصورت کارپوریٹ ممبر برائے مہربانی کمپنی کی مہر ثبت کیجئے)

8۔ ای-ووٹنگ

کمپنیز (ای ووٹنگ) ریگولیشنز 2016 کی رو سے حصص داران اپنے حق رائے دہی کے استعمال کیلئے ای ووٹنگ کا استعمال بھی کر سکتے ہیں بشرطیکہ تحریری طور پر درخواست دی جائے اور کمپنی کی جانب سے ایگزیکیوشن آفیسر از انٹرمیڈیئری پراکسی تعینات کئے جانے کے بعد اجلاس سے کم از کم 10 دن پہلے یہ درخواست دی جائے۔

9۔ پوسٹل بیلٹ

کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی رو سے ڈائریکٹروں کے انتخاب اور دیگر کسی ایجنڈے کے سلسلے میں سیکشن 143 اور 144 بابت کمپنیز ایکٹ 2017 کے تحت ممبران بذریعہ پوسٹل سہولت بھی اپنا حق رائے دہی استعمال کر سکتے ہیں۔ یعنی مذکورہ ریگولیشنز کے قواعد وضوابط کے ذریعے ممبران اپنا حق رائے دہی بذریعہ ڈاک یا الیکٹرانک ذرائع استعمال کر سکتے ہیں۔

10۔ پتے میں تبدیلی اور زکوٰۃ کی کٹوتی سے متعلق اطلاع

ایسے ممبران جو کہ زکوٰۃ کی کٹوتی سے استثناء حاصل کرنا چاہتے ہیں کو چاہیئے کہ بکس بند ہونے کی آخری تاریخ یعنی 12 ستمبر 2019 سے پہلے اوتھ کمشنر سے تصدیق شدہ اسٹامپ بنام کمپنی شیئر رجسٹرار جمع کروادیں، بصورت دیگر کمپنی کی جانب سے زکوٰۃ وعشر آرڈیننس 1980 زکوٰۃ کی کٹوتی کر لی جائے گی، نیز کمپنی کے ممبران سے یہ گزارش بھی کی جاتی ہے کہ اگر ان کے پتے میں کسی بھی قسم کی کوئی تبدیلی واقع ہوئی ہے تو اس تبدیلی کو فوری طور پر ہمارے حصص رجسٹرار میسرز 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 کو مطلع کریں۔

کمپنیز ایکٹ 2017 کے سیکشن (3)134 کے تحت اہم حقائق سے متعلق بیان

1۔ نوٹس کا آئٹم نمبر 4- مالی سال اختتامیہ 30 جون 2019 کے دوران متعلقہ پارٹیوں سے لین دین کے معاملات کے بارے میں توثیق ومنظوری

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 نا ہو سکا۔ کمپنی کے پچیسویں سالانہ اجلاس عام کے دوران، کمپنی کے کاروباری معاملات کو شفاف بنانے کی غرض سے، کمپنی کے حصص داران سے اس بات کی منظوری حاصل کر لی گئی تھی کہ مالی سال اختتامیہ 30 جون 2019 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 رسمی منظوری / توثیق کیلئے پیش کیا جانا تھا۔ لہٰذا ان معاملات کو رسمی 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 اختتامیہ 30 جون 2019 کی غیر یکجا مالیاتی دستاویزات کے نوٹ نمبر 37 میں بیان کیا جا چکا ہے۔ متعلقہ پارٹیوں کے اعتبار سے لین دین کے ان معاملات کو ذیل میں پیش کیا جا رہا ہے:

4. ڈیویڈنڈ پر ودہولڈنگ ٹیکس

i) فنانس ایکٹ 2019 مجریہ 1 جولائی 2019 کے مطابق ڈیویڈنڈ کی ادائیگی پر انکم ٹیکس آرڈیننس 2019 کے تحت درج ذیل شرح کے مطابق انکم ٹیکس کی کٹوتی کی جائے گی:

(الف) انکم ٹیکس فائلرز کیلئے 15% کے حساب سے۔

(ب) نان ٹیکس فائلر کیلئے 30% کے حساب سے۔

ایسے حصص داران جو کہ فائلر ہونے کے باوجود ابھی تک اپنا نام ایف بی آر کی ویب سائٹ پر ایکٹیو فائلر کی فہرست میں نہیں ڈلوا سکے ہیں سے گزارش کی جاتی ہے کہ اپنے نام مذکورہ فہرست میں ڈلوا لیں تاکہ کمپنی ان کی ڈیویڈنڈ آمدن سے 30% کے بجائے 15% کے حساب سے انکم ٹیکس کی کٹوتی کرے اور ناموں کا یہ اندراج نقد ڈیویڈنڈ کے اعلان یعنی 23 ستمبر 2019 سے پہلے کیا جانا لازم ہے بصورت دیگر 15% کے بجائے 30% کے حساب سے انکم ٹیکس کی کٹوتی کی جائے گی۔

ii) سرمایہ کار کسی بھی سوال کے جواب / معلومات کیلئے کمپنی سے اور / یا شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔ بمطابق منیجر شیئر رجسٹرار ڈپارٹمنٹ سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ ٹیلیفون نمبر 0800-23275 (ٹول فری)، ای میل: info@cdcsrsl.com اور / یا سینئر منیجر کارپوریٹ سیکریٹریل ٹیلیفون نمبر: 555-786-111 ایکسٹینشن 1 3 2 2، ای میل company.secretary@lucky-cement.com سے رابطہ کریں۔

iii) سی ڈی سی کے حامل کارپوریٹ حصص داران پر لازم ہے کہ اپنے متعلقہ شراکت دار کے ساتھ اپنے این ٹی این کی تجدید کروالیں جبکہ فزیکل / کاغذی صورت میں حصص کے حاملین پر لازم ہے کہ اپنے یا اپنے متعلقہ شیئر رجسٹرار یعنی میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کے این ٹی این سرٹیفکیٹ کی کاپی کمپنی کے پاس جمع کروادیں۔ این ٹی این یا این ٹی این سرٹیفکیٹ جیسی بھی صورتحال ہو ارسال کرتے وقت کمپنی کے نام اور سی ڈی سی نمبر کا حوالہ لازماً دیا جائے۔

iv) ایف بی آر کی جانب سے جاری کی جانے والے وضاحت کے مطابق، ودہولڈنگ ٹیکس کا نفاذ بنیادی حصص دار اور مشترکہ حصص داران کے تناسب حصص داری کو مدنظر رکھتے ہوئے ان کے فائلر / نان فائلر ہونے کے اعتبار سے کیا جائے گا۔

اگر حصص داری کے تناسب کا تعین نہ کیا جا سکے تو پھر تمام حصص داران کو حصص داری میں برابر تصور کیا جائے گا اور ودہولڈنگ ٹیکس کی کٹوتی اسی تناسب سے کی جائے گی۔ لہٰذا ایسے تمام حصص داران جو کہ شراکت داری کے ساتھ حاملین حصص ہیں پر لازم ہے کہ رجسٹرار کے پاس موجود بنیادی حصص دار اور شریک حصص داران کے حصص کے تناسب حصص داری کو درج ذیل طریقے کار پر واضح کریں:

فولیو / سی ڈی سی اکاؤنٹ نمبر	کل حصص	بنیادی حصص دار		شریک حصص دار / داران	
		نام اور قومی شناختی کارڈ نمبر	تناسب حصص داری (حصص کی کل تعداد)	نام اور قومی شناختی کارڈ نمبر	تناسب حصص داری (حصص کی کل تعداد)

5. قومی شناختی کارڈ / این ٹی این کی فراہمی (لازمی)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) بحوالہ ایس آر او 2011/(1)779 مجریہ 18 اگست 2011 اور ایس آر او 2012(1)83 مجریہ 5 جولائی 2012 کے مطابق الیکٹرانک ڈاکومنٹ برائے ڈیویڈنڈ میں رجسٹرڈ شدہ ممبر یا مجاز شخص کے قومی شناختی کارڈ نمبر کا ذکر ہونا ضروری ہے بجز نابالغان و کارپوریٹ ممبران۔ لہٰذا ایسے ممبران جنھوں نے اب تک اپنے کارآمد قومی شناختی کارڈ کی نقل / این ٹی این نمبر بصورت کارپوریٹ ممبر کمپنی شیئر رجسٹرار کے پاس جمع نہیں کروائی ہے سے ایک مرتبہ پھر گزارش کی جاتی ہے مذکورہ کوائف جلد از جلد کمپنی کے شیئر رجسٹرار کے پاس بھجوادیں بصورت دیگر مذکورہ قواعد کے تحت کمپنی کی جانب سے ایسے ممبران کے ڈیویڈنڈ کو اس وقت تک روک لیا جائے گا جب تک ان کی جانب سے کارآمد قومی شناختی کارڈ جمع نہ کرایا جائے۔

6. 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 کرلیں۔

ایسے حصص داران جو کہ فزیکل / کاغذی حصص کے حامل ہیں کو چاہیئے کہ سی ڈی سی میں موجود براہ راست 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 انھیں کئی سہولیات میسر آسکتی ہیں جیسا کہ حصص کی محفوظ تحویل اور فروخت جب بھی وہ چاہیں کیونکہ اب پاکستان اسٹاک ایکسچینج کے قواعد کے مطابق فزیکل / کاغذی صورت میں حصص کی فروخت کی اجازت نہیں ہے۔

نوٹس:

1۔ حصص منتقلی کھاتوں کی بندش

کمپنی کے حصص منتقلی کھاتے بروز جمعہ 13 ستمبر 2019 سے 27 ستمبر 2019 تک بند رہیں گے (دونوں ایام مذکورہ بھی اس میں شامل ہیں)۔ ہمارے رجسٹرار میسرز 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 12 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 اور بورڈ آف ڈائریکٹرز کی جانب سے تجویز کردہ نقد ڈیویڈنڈ کے لئے اہل ہوں گے۔

2۔ اجلاس عام میں شرکت

ایسا 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 تا کہ اپنی شناخت ثابت کر سکے۔ کارپوریٹ ممبران کی نمائندگی کرنے والے اپنے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد اور / یا 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 مین انڈس ہائی وے، پیزو، ڈسٹرکٹ لکی مروت، خیبر پختون خواہ کو اجلاس منعقد ہونے سے کم از کم 48 گھنٹے پہلے موصول ہو جائے اور اس سلسلے میں ایسے ایام کو گنتی میں نہیں لایا جائے گا جو ایام کار نہ ہوں۔ ایک ممبر ایک سے زائد پراکسی منتخب نہیں کر سکتا۔

3۔ نقد ڈیویڈنڈ کی ادائیگی بذریعہ الیکٹرانک ذرائع (لازمی شرط)

کمپنیز ایکٹ اور کمپنیز (ڈسٹری بیوشن برائے ڈیویڈنڈ) ریگولیشن 2017 کے سیکشن 242 کے تحت تمام لسٹڈ کمپنیاں اپنے حصص داران کو نقد ڈیویڈنڈ کی ادائیگی ان کے نامزد کردہ بینک اکاؤنٹ میں بذریعہ الیکٹرانک ذرائع کرنے کی پابند ہیں۔ اس سلسلے میں لکی سیمنٹ لمیٹڈ کی جانب سے پہلے ہی حصص داران کو خطوط اور الیکٹرانک کریڈٹ مینڈیٹ فارم ارسال کئے جا چکے ہیں اور اس سلسلے میں بذریعہ مختلف اخبارات میں اشتہارات شائع کئے جا چکے ہیں تا کہ انٹرنیشنل بینک اکاؤنٹ نمبر (آئی بی اے این) فراہم کرنے کے سلسلے میں حصص داران متعلقہ قواعد کی پابندی کریں۔

ایسے حصص داران جن کی جانب سے ابھی تک آئی بی اے این مہیا نہیں کئے گئے ہیں سے ایک مرتبہ پھر درخواست کی جاتی ہے ذیل میں موجود یا کمپنی کی ویب سائٹ پر دیئے گئے الیکٹرانک مینڈیٹ فارم کو پر کر کے اپنے دستخط اور کارآمد قومی شناختی کارڈ کی نقل کے ساتھ سی ڈی سی شراکت دار / سی ڈی سی انویسٹر اکاؤنٹ سروسز (اگر حصص داری بصورت بک انٹری ہو) یا کمپنی کے شیئر رجسٹرار میسرز 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 (اگر حصص داری کاغذی / جنسی صورت میں ہو) بھجوا دیں۔

i۔	تفصیلات برائے حصص دار	
	حصص دار (داران) کا/کے نام	
	فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر	
	موبائل / لینڈ لائن نمبر	
ii۔	حصص داران کے بینک سے متعلق تفصیلات	
	نام (بینک اکاؤنٹ کے ریکارڈ کے مطابق)	
	انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)	
	بینک کا نام	
	بینک کی برانچ کا نام اور پتہ	

IBAN مہیا نہ کرنے کی صورت میں ایس ای سی پی کی ہدایات کی روشنی میں کمپنی ایسے حصص داران کے نقد ڈیویڈنڈ کی ادائیگی روکنے کی پابند ہوگی۔

لکی سیمنٹ لمیٹڈ

اطلاع برائے 26 ویں سالانہ اجلاس عام

بذریعہ ہذا اطلاع دی جاتی ہے کہ لکی سیمنٹ لمیٹڈ کے ممبران کا 26 واں سالانہ اجلاس عام مورخہ 27 ستمبر 2019 صبح 11:30 بجے بمقام رجسٹرڈ آفس مین 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 2019 اوران کے بارے میں ڈائریکٹرز اور آڈیٹرز کی رپورٹس کو زیرغور لانا اور انکی منظوری دینا۔

2۔ بورڈ آف ڈائریکٹرز کی جانب سے مالی سال اختتامیہ 30 جون 2019 کیلئے تجویز کیے جانے والے 6.50 روپے فی حصص (65 فیصد) کے حساب سے حتمی نقد ڈیویڈنڈ کی منظوری دینا۔

3۔ آئندہ مالی سال اختتامیہ 30 جون 2020 کیلئے کمپنی کے آڈیٹرز کا انتخاب کرنا اوران 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:

4۔ متعلقہ پارٹیوں سے کی جانے والی لین دین بابت 30 جون 2019 کی توثیق کرنا اوران کی منظوری دینا اور اس سلسلے میں ترامیم کے ساتھ یا ترامیم کے بغیر خصوصی قرارداد پاس کرنا:

"**قرار دیا جاتا ہے کہ** کمپنی کی غیر یکجا مالیاتی دستاویزات بابت مالی سال اختتامیہ 30 جون 2019 کے نوٹ نمبر 37 اور سیکشن (3) 134 کے تحت معلومات برائے اہم معاملات میں مزکور متعلقہ پارٹیوں سے لین دین کے معاملات کی بذریعہ ہذا توثیق کی جاتی ہے اور انھیں منظور کیا جاتا ہے۔"

5۔ کمپنی کے بورڈ آف ڈائریکٹرز کو بذریعہ مندرج ذیل خصوصی قرارداد بمعہ ترامیم یا ترامیم کے بغیر اس بات کا مجاز بنانا کہ مالی سال اختتامیہ 30 جون 2020 کیلئے وہ متعلقہ پارٹیوں کے ساتھ لین دین کے معاملات منظور کر سکیں:

"**قرار دیا جاتا ہے کہ** بورڈ آف ڈائریکٹرز اس بات کے مجاز ہیں اور انھیں بذریعہ قرارداد ہذا اس بات کا مجاز بنایا جاتا ہے کہ وہ فرداً فرداً متعلقہ پارٹیوں کے ساتھ مالی سال اختتامیہ 30 جون 2020 کے دوران ہونے والے لین دین کے معاملات منظور کریں۔

مزید برآں قرار دیا جاتا ہے کہ مزکورہ لین دین کے معاملات کو حصص داران سے بھی منظور شدہ تصور کیا جائے گا اور انھیں اگلے سالانہ اجلاس عام کے دوران حصص داران کے سامنے توثیق/منظوری کیلئے پیش کیا جائے گا۔"

اس کے علاوہ دیگر امور:

6۔ ان کے علاوہ ایسے دیگر امور کو زیرغور لانا جنھیں 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 (3) 134 کے تحت مزکورہ بالا خصوصی امور کی تفصیلات درج ہیں۔)

بحکم بورڈ

فیصل محمود
کمپنی سیکرٹری

بمقام کراچی: 06 ستمبر 2019

کو مد نظر 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 واقع رونما ہوا اور نا 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

موجودہ پیچیدہ معاشی حالات اور آئی ایم ایف (فنڈز کی فراہمی سے متعلق دستخطوں) کے بعد کے کلی معاشی اشاریوں کو دیکھا جائے تو آپ کی کمپنی کی جانب سے یہ کہا جا سکتا ہے کہ مختصر المدتی سے وسط المدتی دور تک سیمنٹ کی صنعت کو مقامی سطح پر فروخت کے سلسلے میں چیلنجز کا سامنا رہے گا جبکہ برآمدات کے متوازن رہنے کا امکان ہے۔ تاہم مقامی سطح پر بڑھتے ہوئے مسابقتی ماحول کی وجہ سے سیمنٹ کی قیمتیں دباؤ کا شکار رہیں گی۔

طویل المدتی طور پر حکومت کی جانب سے چھوٹے اور بڑے ڈیموں کی تعمیرات کے منصوبوں اور کم آمدن افراد کو سستے گھر فراہم کرنے کے منصوبے کے پیش نظر سیمنٹ کی صنعت کا مستقبل تابناک نظر آتا ہے۔

آپکی کمپنی کی مضبوط مالیاتی پوزیشن اور نقد رقوم کی ترسیل حاصل کرنے کی اہلیت کمپنی کی کاروباری کارکردگی کو بہتر کر سکے گی اور 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 بارآور 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 27 جولائی 2019

*طارق اقبال خان، عابد گناترا اور ڈیلیٹ مسٹر 25 ویں سالانہ اجلاس عام منعقدہ 28 ستمبر 2018 کو کمپنی کی ڈائریکٹر شپ سے ریٹائر ہو چکے ہیں۔

کام کی شرائط

انسانی وسائل اور اوجیٹیوں 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 ترجیح وترقی 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 جاسکے یا جس کی بنیاد پر اس سلسلے میں معیاری معلومات فراہم ہوسکیں جو انسانی وسائل کی کمیٹی کیلئے اپنے افعال سرانجام دینے میں معاون ثابت ہوں۔

ج۔ انسانی وسائل کو عملی 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 ہوں گے جنھیں بورڈ کی جانب سے اہم انتظامی عہدوں پر شمار کیا جاتا ہو جیسا کہ ای ڈی، 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 جاسکتا ہے اور اس سلسلے میں باہر سے آزاد ماہرین کی خدمات بھی حاصل کی جاسکتی 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 ای ڈی، 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 مشورے 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 کو زیر غور لانا اور ان کی منظوری دینا۔

ی۔ اگر بیرونی یا اندرونی آڈیٹرز کی جانب سے انسانی وسائل سے متعلق مسائل ضمن میں کوئی بات سامنے آئے تو اس پر نظر ثانی کرنا اور اس کا جائزہ لینا اور کے نفاذ سے 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 مدنظر 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 جاچکا 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 مدنظر 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۔

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 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 لکی سیمنٹ کو قائم کیا گیا تھا۔ ہم اس بات پر مکمل یقین رکھتے ہیں کہ ہمارا ویژن اور مشن مجموعی کارپوریٹ حکمت عملی کی راہ متعین کرتے ہیں اور ہمارے مستقبل کے سفر کی ہر سطح پر غمازی کرتے ہیں۔ پورا ادارہ اس مقصد کیلئے یکجا اور منسلک 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 جائے۔ لکی سیمنٹ کا 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۔

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 کی شرائط کے مطابق کمپنی کی ترتیب حصص داری بتاریخ 30 جون 2019، رپورٹ ہذا کے ساتھ منسلک ہے۔

آڈیٹرز

کمپنی کی مالیاتی دستاویزات برائے مالی سال 19-2018 کو میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے آڈٹ کیا ہے۔ موجودہ آڈیٹرز سالانہ عام اجلاس کے اختتام تک ریٹائرڈ ہو جائیں گے۔ اہلیت کے حامل ہوتے ہوئے آڈیٹرز نے اپنی خدمات دوبارہ پیش کی ہیں۔ بورڈ کی جانب سے آڈٹ کمیٹی کی سفارش

- 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۔ بیرونی آڈیٹروں کی جانب سے جاری کئے گئے مینجمنٹ لیٹر اور اس پر انتظامیہ کے ردعمل کا جائزہ لینا۔

و۔ کمپنی کے اندرونی اور بیرونی آڈیٹروں کے مابین تعاون کی فضاء 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۔

ک۔ 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 ردعمل 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 جارہا ہے اور خرید و فروخت، لین دین، اثاثوں اور واجبات وغیرہ کی ریکارڈنگ کیلئے جامع اور موثر نظام 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 بیرونی آڈیٹرز یا کسی دیگر بیرونی باڈی سے مشورہ کرنا۔

ح۔ 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 مؤاخذہ روگردانی کی نشاندہی کرنا۔

ی۔ اسٹاف اور انتظامیہ کی جانب سے اگر کسی مالی یا دیگر بے ضابطگیوں کا آڈٹ کمیٹی کے سامنے اس سلسلے میں رازداری کے ساتھ رپورٹ کرنے کے انتظامات کا جائزہ لینا اور اس قسم کے اقدامات کی روک تھام کیلئے تدابیر کی سفارش کرنا۔

ک۔ بیرونی آڈیٹرز کی تعیناتی، سبکدوشی، آڈٹ فیس، انکی 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 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	ڈائریکٹروں کے نام	اجلاسوں میں حاضری
1	محمد سہیل ٹبہ (چیئرمین) غیر انتظامی ڈائریکٹر	0
2	محمد علی ٹبہ انتظامی ڈائریکٹر	1
3	جاوید یونس ٹبہ غیر انتظامی ڈائریکٹر	1
4	مریم ٹبہ خان غیر انتظامی ڈائریکٹر	1

کمیٹی کے وہ ممبران جو اپنی مصروفیات کی وجہ سے اجلاسوں میں حاضر نہ ہو سکے انہیں غیر حاضری کی رخصت دے دی گئی تھی۔

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۔

د۔ اہم نوعیت کے کسی بھی مسئلے کو بورڈ کے سامنے پیش کرنے کی سفارش کرنا۔

انسانی وسائل اور ادائیگیوں سے متعلق کمیٹی

انسانی وسائل اور ادائیگیوں کی کمیٹی — اجلاس 1		
نمبر شمار	ڈائریکٹروں کے نام	اجلاس میں حاضری
1	محمد جاوید اقبال (چیئرمین) غیر انتظامی ڈائریکٹر	0
2	محمد علی ٹبہ انتظامی ڈائریکٹر	1
3	محمد سہیل ٹبہ غیر انتظامی ڈائریکٹر	1
4	جاوید یونس ٹبہ غیر انتظامی ڈائریکٹر	1
5	مریم ٹبہ خان غیر انتظامی ڈائریکٹر	1
*	ذلیخہ ٹبہ مسکاتیہ غیر انتظامی ڈائریکٹر	0

وہ ممبران جو اپنی مصروفیات کی وجہ سے ان اجلاسوں میں شرکت نہیں کر سکے انہیں غیر حاضری کیلئے رخصت دے دی گئی تھی۔

بورڈ کی تربیت

کمپنی کی جانب سے بورڈ کے ممبران کی پیشہ ورانہ 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 سرٹیفکیشن کی شرائط پر پورے اتریں۔

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 جنسی 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 نظرثانی 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 نظرثانی کرنا۔
7۔ کمپنی کو لاحق رسک کو سمجھنے کی صلاحیت ہونا اور انکے تجزیئے 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 ٹرانسپورٹ، قیام اور دیگر اخراجات کی ادائیگی کمپنی کی جانب سے کی جائے گی۔

بورڈ کی کمیٹیاں اور ان کے اجلاس

آڈٹ کمیٹی

نمبر شمار	ڈائریکٹروں کے نام	اجلاسوں میں حاضری
آڈٹ کمیٹی - کل اجلاس 4		
1	منظور احمد (چیئرمین) آزاد ڈائریکٹر	3
2	محمد جاوید اقبال آزاد ڈائریکٹر	3
3	محمد سہیل تبہ غیر انتظامی ڈائریکٹر	3
4	جاوید یونس تبہ غیر انتظامی ڈائریکٹر	4
5	مریم تبہ خان غیر انتظامی ڈائریکٹر	2
*	طارق اقبال خان آزاد ڈائریکٹر	1
*	محمد عابد گناترا غیر انتظامی ڈائریکٹر	1
*	ڈلیچہ تبہ مسکاتیہ غیر انتظامی ڈائریکٹر	0

وہ ممبران جو اپنی مصروفیات کی وجہ سے ان اجلاسوں میں شرکت نہیں کر سکے انہیں غیر حاضری کیلئے رخصت دے دی گئی تھی۔

* طارق اقبال خان، عابد گناترا اور ڈلیچہ تبہ مسکاتیہ 25 ویں سالانہ اجلاس عام منعقدہ 28 ستمبر 2018 کو کمپنی کی ڈائریکٹرشپ سے ریٹائر ہو چکے ہیں۔

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 پر فیصلے لینے کی ضرورت ہو۔
- آڈٹ کے نتیجے میں اہم تبدیلیاں۔
- چالو کی بنیاد پر کاروبار کو جاری رکھنا۔
- محاسبی کی پالیسیوں اور طریق میں تبدیلیاں۔
- قابل اطلاق محاسبی کے معیارات کی پاسداری۔
- لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 اور دیگر قواعد و قانونی شرائط کی پاسداری کرنا۔

خاندان والوں کو سرسبز و شاداب ماحول فراہم کرنے کی حوصلہ افزائی ہو۔

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 صنعتی یونٹوں میں آر او پلانٹس، باغات میں واٹر اسپرنکلر زلگائے گئے ہیں جن کی وجہ سے روایتی طریقوں کے مقابلے میں 30% سے 50% تک کم پانی استعمال ہوتا ہے۔

اپنی مہارتوں کو زیر استعمال لاتے ہوئے لکی سیمنٹ اس بات سے پرعزم ہے کہ اپنے پانی کے ذخائر کو مستعد 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 شمالی سیمنٹ پلانٹ کے اردگرد چند علاقوں میں سولر پاور ٹیوب ویل کی تنصیب شامل ہے، یہ ٹیوب ویلز بھنگی خیل، وزیرکلا، شہباز خیل، بی مراد اور اصغر 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 2017 اور رول بک سے متعلق ذمہ داریوں سے آپکی کمپنی کے ڈائریکٹرز بخوبی آگاہ ہیں۔ آپکی کمپنی کی جانب سے کوڈ آف کارپوریٹ گورننس کے اطلاق اور اسکی 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 بردئی حصص میں تبدیلی کی نمائندگی کرتی ہیں۔
- کمپنی کی جانب سے محاسبی کے کھاتوں کو باقاعدہ محفوظ 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 ممکن بنایا جاتا ہے اور اگر اس سلسلے میں کسی بھی قسم کی کوئی بھی روگردانی کی جائے تو اس کی توضیح و تشریح 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 مانیٹرنگ بھی کی جاتی ہے۔
- اس بات میں شک کی کوئی گنجائش نہیں ہے کہ کمپنی ہمیشگی کی بنیاد پر اپنے کاروبار کو چلا رہی ہے۔
- اسٹیٹمنٹ برائے ترتیب حصص داری کو رپورٹ ہذا کا حصہ بنایا 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:

ڈائریکٹروں 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 ڈائریکٹرز	1

بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ آف ڈائریکٹرز ۔۔۔۔5 اجلاس		
نمبر شمار	ڈائریکٹروں کے نام	اجلاسوں میں حاضری
1	محمد یونس ٹبہ (چیئرمین) غیر انتظامی ڈائریکٹر	5
2	محمد علی ٹبہ انتظامی ڈائریکٹر	5
3	محمد سہیل ٹبہ غیر انتظامی ڈائریکٹر	2
4	جاوید یونس ٹبہ غیر انتظامی ڈائریکٹر	5
5	مریم ٹبہ خان غیر انتظامی ڈائریکٹر	4
6	منظور احمد آزاد ڈائریکٹر	4
7	محمد جاوید اقبال آزاد ڈائریکٹر	3
*	طارق اقبال خان آزاد ڈائریکٹر	0
*	عابد گنا ترا غیر انتظامی ڈائریکٹر	1
*	ذلیخہ ٹبہ مکاتیہ غیر انتظامی ڈائریکٹر	0

وہ ڈائریکٹرز جو اپنی مصروفیات کی بنیاد پر ان اجلاسوں میں شرکت نہ کر سکے انہیں غیر حاضری کیلئے رخصت دے دی گئی تھی۔

* طارق اقبال خان، عابد گنا ترا اور ذلیخہ ٹبہ مکاتیہ 25 ویں سالانہ اجلاس عام منعقدہ 28 ستمبر 2018 کو کمپنی کی ڈائریکٹرشپ سے ریٹائر ہو چکے ہیں۔

رسک مینجمنٹ

حکمت عملی کے رسک	کاروباری افعال کے رسک	مالیاتی رسک	ضوابط کی پاسداری کے رسک
حکمت عملی کے رسک میں گیس یا متبادل ایندھن کی فراہمی برائے توانائی اور مقامی سطح پر تیزی سے بدلتے ہوئے معاشی ماحول پر بھی گہری نظر رکھی جا رہی ہے۔ کمپنی کی جانب سے توسیعی منصوبوں اور نشوونما کے اہداف پر بدلتے ہوئے حالات کے پیش نظر نظرثانی 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، دونوں پلانٹس پر توانائی کی پیداوار میں خودکفیل ہونا اور سپلائی چین اور لاجسٹک آپریشنز خواہ کمپنی کے ہوں یا دیگر پارٹیوں کے ذریعے سے ہوں کو مؤثر بناتے جیسے اقدامات کی وجہ سے کمپنی کاروباری افعال پر مبنی رسک قابل قبول حد تک کم کرنے میں کامیاب ہو چکی ہے۔	کمپنی کی جانب سے کوئلے کی درآمدات اور سیمنٹ، کلنکر اور اسپیئر پارٹس کی برآمدات 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۔ سخت مالیاتی نظم وضبط، نقد رقوم کی ترسیل کے مناسب بندوبست اور روپے کے مقابلے میں غیر ملکی کرنسی کے فرق کی مسلسل نگرانی تاکہ محفوظ تحفظ کا کوئی ذریعہ اختیار کیا جا سکے، جس کی وجہ سے کمپنی اندرونی طور پر اور بیرونی پروجیکٹس میں سرمایہ کاری کے لحاظ سے بھی مالیاتی رسک سے محفوظ ہے۔	کمپنی کی جانب سے تمام قواعد اور ضوابط کی مکمل پاسداری اور مکمل رپورٹنگ میں شفافیت کی وجہ سے کمپنی اس رسک سے تقریباً محفوظ ہے۔ کمپنی کا بورڈ رسک مینجمنٹ اور قواعد اور ضوابط کی مکمل پاسداری کو فروغ دیتا ہے۔ ضرورت پڑنے پر اہم قانونی مقدمات 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 غربت کے خاتمے کیلئے اقدامات	اہم مقاصد
انفرادی اور اداراتی 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 او بی ایم اور دیگر تعلیمی اداروں کے طلباء کیلئے تعلیمی وظائف کی فراہمی کو جاری رکھا گیا۔ کراچی میں لڑکیوں کے دو سرکاری اسکولوں کی مسلسل سرپرستی جاری رہی ہے	عزیز طبہ 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 اردگرد کے علاقوں میں شجرکاری کی مہم چلائی گئی۔ ہیڈ آفس میں پودے فراہم کئے گئے تاکہ سرسبز اور صاف ماحول کو فروغ دیا جا سکے۔ 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 افعال 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۔ آپ کی کمپنی کی جانب سے کارپوریٹ معاشرتی ذمہ داری کا بنیادی مقصد تعلیم، خواتین کی خودمختاری، صحت، بقائے 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 افراد کی 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 طلباء کو وظائف دیئے گئے۔

خواتین کی خودمختاری

اسی طرح آپ کی کمپنی خواتین کو خودمختار 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 طبہ فاؤنڈیشن کے ساتھ مالی تعاون کا سلسلہ جاری ہے جو انسانی خدمت کا ایک عظیم الشان ادارہ ہے جس کے تحت طبہ ہارٹ انسٹیٹیوٹ اور طبہ 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۔ طبہ ہارٹ نے امراض قلب سے متعلق تدارک اور بحالی کی سہولیات سے متعلق خدمات پیش کر کے ایک نئی تاریخ رقم کی ہے۔ جبکہ دوسری جانب طبہ کڈنی سینٹر پاکستان میں اپنی نوعیت کا سب سے بڑا ہیموڈائیلاسس سینٹر بن چکا ہے جہاں آپریشنز سمیت بالغ یورولوجی سے متعلق مکمل سہولیات فراہم کی جا رہی ہیں۔

مزید برآں، زیر نظر مالی سال میں آپ کی کمپنی کی جانب سے شوکت خانم میموریل کینسر ہسپتال، پاکستان ویلفیئر ایسوسی ایشن آف دی بلائینڈ اور ورلڈ میمن آرگنائزیشن کی مالی امداد بھی کی گئی۔

بقائے ماحولیات و آب

کمپنی کی جانب سے اپنے تمام افعال کی بابت ماحولیات میں توازن کو انتہائی اہمیت دی گئی ہے۔ بقائے 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، بقائے 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 ملازمین اور ان کے

انسانی وسائل کی ترقی

ٹیلنٹ مینجمنٹ	سیکھنے اور ترقی کا عمل	پرفارمنس مینجمنٹ	منصوبہ جانشینی
مکمل طور پر نظرثانی شدہ مہارتوں کا ایک منصوبہ اور ماڈل نافذ کیا گیا ہے جس کی مدد سے اسامیوں اور ان کیلئے درکار ضروری مہارتوں کی بنیاد پر کمپنی کے باہر سے بہترین افرادی قوت کے انتخاب کو ممکن بنایا جاسکتا ہے اور کمپنی کے اندر موجود افرادی قوت کو روکنے اور استعمال میں لانے میں مدد مل سکتی ہے۔ نیز کمپنی میں موجود افرادی قوت کو بروقت اور ضروریات پر مبنی موثر تربیت کے ذریعے اگلی پوزیشنوں کیلئے تیار کیا جا سکتا ہے۔	ٹریننگ اینڈ اسسمنٹ (ٹی این اے) کے تحت کمپنی کے اندر اور عوامی سطح پر تربیت کاروں کے ذریعے ایسے ترقیاتی پروگرام کروائے گئے ہیں جن میں تمام مقامات پر اور مختلف سطحوں پر کام کرنے والے ملازمین کو سافٹ اور ہارڈ اسکلز سے متعلق آگہی فراہم کی گئی۔ اے سی سی اے کی جانب سے پروفیشنل ڈیولپمنٹ کے اعتراف میں ایمپلائر ایکریڈیٹیشن سے نوازا گیا۔ دیگر اقدامات میں ہارورڈ بزنس ریویو سے ہفتہ وار بنیادوں پر مینجمنٹ ٹپس، کیس اسٹڈی، TED ٹاک ویڈیو سیشنز اور اسٹاف کوچنگ کے مواد تک رسائی کی فراہمی وغیرہ شامل ہیں۔	اہداف مقرر کرنے کے سلسلے میں SAP پر ایک S.M.A.R.T پروگرام کا آغاز کیا گیا ہے تاکہ شعبوں اور افرادی سطح پر اہداف کو کارپوریٹ مقاصد اور ادارے کے وژن کے مطابق ڈھالا جاسکے۔ ایچ آر کمیٹی کی جانب سے مشترکہ نظرثانی کے اجلاس منعقد کئے گئے تاکہ اس بات کو یقینی بنایا جائے کہ تمام شعبہ جاتی و افرادی کوششیں طے شدہ کارپوریٹ مقاصد کے ساتھ منسلک ہیں۔	کمپنی کے اندر ہی موجود وسائل کی نشاندہی کی غرض سے 9 باکس (کارکردگی و مخفی توانائی) میٹرکس کا استعمال۔ اس ٹول کو استعمال کرکے 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 ہوجاتی ہے اور ایسے افراد کو روکنے اور جانشینی منصوبے پر عمل کرنے میں بھی مدد ملتی ہے۔

ایچ ایس ای (صحت، تحفظ اور ماحولیات)

کام کے دوران صفر حادثات	این ای کیو ایس معیارات کی پاسداری	ڈبلیو ایچ آر (ویسٹ ہیٹ ریکوری) پلانٹ
کامیابی کے ساتھ دوران کام حادثات کو کم از کم رکھنے کی پالیسی کے اہداف حاصل کئے گئے (گزشتہ سال کے مقابلے میں حادثات کی شرح 16% کم رہی)	جدید ترین ٹیکنالوجی اور (WHR) پلانٹس کو استعمال کرنے کی وجہ سے (NEQ) کے معیارات سے کارکردگی تقریباً 65% زیادہ بہتر رہی۔	کاربن کے اخراج میں کمی پر استقلال برقرار رکھا گیا۔

کاروباری نشوونما اور مختلف النوع کاروبار

کوئلے پر چلنے پروجیکٹ	KIA لکی موٹرز پاکستان لمیٹڈ (کے ایل ایم)	عراق کے شہر سماوہ میں گرین فیلڈ کلنکر پیداواری صلاحیت کا آغاز	براؤن فیلڈ سیمنٹ پلانٹ توسیع، مقام پیزو، 2.6 ملین ٹن سالانہ
660 میگاواٹ سپر کریٹیکل کوئلے سے چلنے والے پاور پلانٹ پروجیکٹ گھنگھیارو میں کام میں ترقیاتی و تعمیراتی کام شیڈول کے مطابق جاری ہے اور پروجیکٹ کے کمرشل آپریشنز کیلئے مارچ 2021 کی تاریخ مقرر کی گئی ہے۔	کے ایل ایم کی جانب سے CKD آپریشنز اپنے اصل شیڈول کے مطابق شروع کئے جا چکے ہیں۔ اپنے جدید ترین پلانٹ کی بدولت کے ایل ایم ڈبل شفٹ میں سالانہ 50,000 گاڑیاں پیدا کرنے کی صلاحیت رکھتا ہے۔ کے ایل ایم کی جانب سے SUV ماڈل "SPORTAGE" کی بکنگ 30 جون 2019 سے جاری کی جاچکی ہے جبکہ ڈیلیوری جولائی 2019 سے شروع کی جاتی ہے اور "PICANTO" ہیچ بیک ماڈل جو کہ دوسرا ماڈل ہے کی بکنگ اگست 2019 کے آغاز میں شروع کئے جانے کی امید ہے جس کی ڈیلیوری اکتوبر 2019 میں شروع کی جائے گی۔	پلانٹ و مشینری کی پہلی کھیپ سماوہ اکتوبر 2019 سے شروع ہونا متوقع ہے۔ پاور پلانٹ کیلئے لیٹر آف کریڈٹ تیار کیا جاچکا ہے اور ٹرنسیلا سے پلانٹ کی کھیپ دسمبر 2019 میں متوقع ہے۔ سول ٹیم کو متحرک کیا جاچکا ہے اور اگست 2019 میں مکینیکل ورک کے کنٹریکٹ کو حتمی شکل دے دی جائے گی۔ مالی سال 2020-21 کی پہلی سہ ماہی کے آخر تک پلانٹ سے کمرشل آپریشنز متوقع ہیں۔	90% پلانٹ و مشینری کی آمد کے بعد سول ورک اور تعمیراتی کام سائٹ پر مکمل رفتار سے کام جاری ہے اور توقع ہے کہ مالی سال 2019-20 کی دوسری سہ ماہی میں کمرشل آپریشنز کا آغاز کردیا جائے گا۔

دوران سال زیر دواں انتظامیہ نے مذکورہ بالا اہداف کو کمپنی میں ہر سطح پر اس مقصد کیلئے سب تک پہنچا دیا ہے تا کہ 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 کر دے۔ سال کے دوران ان اہداف کو گاہے بگاہے جانچا اور ان پر عمل درآمد کو چیک کرنے کا کام مینجمنٹ کمیٹی اور پروجیکٹس 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 19-2018 کے دوران مارکیٹ میں 16.4% کا حصہ حاصل کیا گیا۔	لاگت برائے فی ٹن پیداوار صنعت میں سب سے کم رہی۔	سال بہ سال مجموعی طور پر فروختگی کے حجم میں 1.8% کی کمی ہوئی۔	آمدنی فی حصص 32.44 روپے رہی جو کہ گزشتہ سال کے مقابلے میں 14.0% کم ہے۔	کراچی اور بیزو کے مقامات پر ورٹیکل سیمنٹ ملز کی تنصیب کے بعد کم توانائی سے پلانٹ کی بہتر کارکردگی کے سلسلے میں مثبت نتائج برآمد ہوئے ہیں۔

کارپوریٹ اور برانڈ کی ساکھ

ایوارڈز	برانڈ سے متعلق آگہی	کارپوریٹ روابط	بین الاقوامی کانفرنسیں
- پاکستان اسٹاک ایکسچینج کی جانب سے 25 بہترین کمپنیوں میں تیسری پوزیشن کا ایوارڈ دیا گیا۔ یہ ایوارڈ کمپنی کو مالیاتی اور انتظامی امور میں اچھی کارکردگی کے اعتراف میں دیا گیا ہے۔ - سیمنٹ سیکٹر میں کارپوریٹ ایکسیلنس کے سلسلے میں 34 واں ایم اے پی (MAP) ایوارڈ۔ - 16 واں اینول انوائرمنٹ ایکسیلنس ایوارڈ بابت حسن کارکردگی برائے ماحولیات۔ - پروفیشنل نیٹ ورک: 8 واں کارپوریٹ معاشرتی ذمہ داری سمٹ ایوارڈ 2019۔ - دی نیشنل فورم آف انوائرمنٹ اینڈ ہیلتھ (این ایف ای ایچ) کی جانب سے 8 واں فائر اینڈ سیفٹی ایوارڈ۔ - آئی کیپ / آئی سی ایم اے ایوارڈ برائے بہترین کارپوریٹ رپورٹ برائے 2017 بابت شوگر اور سیمنٹ انڈسٹری میں تیسری پوزیشن کا ایوارڈ دیا گیا۔	- دوران سال "Climate launchpad Pakistan" کو اسپانسر شپ فراہم کی جو کہ گرین بزنس کے تصورات پیش کرنے کیلئے دنیا کا سب سے بڑا مقابلہ تھا۔	صارفین تک پرنٹ میڈیا اور مختلف اشاعتی اداروں میں آرٹیکلز کے ذریعے پہنچنے کی کوششیں جاری رہیں۔	- 20 ویں ایشیا سیمنٹ سمٹ منعقدہ 13 تا 14 نومبر 2018 بنکاک، تھائی لینڈ میں شرکت کی گئی جہاں کمپنی کی جانب سے پاکستان کی سیمنٹ انڈسٹری اور پاکستان میں سیمنٹ برآمدات کے حوالے سے پائے جانے والے مواقع پر پریزنٹیشن دی گئی۔ - 12 سے 14 نومبر کے دوران لاہور میں ہونے والے دنیا کے معروف سیمنٹ انڈسٹری ایونٹ INTERCEM میں شرکت کی گئی۔

ذخائر 91 بلین روپے تک پہنچ چکے ہیں۔ کمپنی کی حکمت عملی برائے سرمایہ کاری اور سرمائے کی ساخت میں کوئی خاطر خواہ تبدیلی نہیں کی گئی۔

بندوبست برائے تمویل

برآمدات کے سلسلے میں غیر معمولی کارکردگی کا مظاہرہ کرنے اور مقامی سطح پر چیلنجز سے نمٹنے کیلئے کمپنی کی جانب سے اسلامی بینکوں سے اسلامی ایکسپورٹ ری فنانس کے تحت 2.9 بلین روپے کی سہولت حاصل کی گئی ہے۔ ایکسپورٹ ری فنانس کی اس سہولت کو پلانٹ و مشینری، اسٹاکس، اسٹورز اور اسپئیرز پر رہن کے ذریعے حاصل کیا گیا ہے۔ فی الحال کمپنی کی جانب سے کسی بھی طویل المیعاد قرضوں کی سہولت حاصل نہیں کی گئی۔

چونکہ مارکیٹ میں لکی سیمنٹ ایک باعتماد اور مستقل مزاج ادارے کی حیثیت سے پہچانا جاتا ہے اسلئے تجارتی قرض فراہم کرنے والے تمام ادارے ہمارے مالیاتی نظام پر مکمل بھروسہ رکھتے ہیں۔

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 جہاں ہمارے ملازمین خود کو قیمتی، قابل عزت، خود مختار اور پر جوش محسوس کریں۔ ذہین اور تخلیقی افراد ہمارے اس کلچر میں بنیادی حیثیت رکھتے ہیں جہاں میرٹ ہی آگے بڑھنے کی بنیاد ہے۔ اس لئے ہم افراد کی صلاحیتوں اور ذہانت 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 پر مرکوز رہتی ہے جس کے تحت ہم ٹھوس نتائج برآمد کر سکیں۔ ہمارا مینجمنٹ سسٹم اس بات کو ممکن 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 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 لکی 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

آپکی 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 آپکی 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 کمیونٹیز 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 آپکی کمپنی نے کمپنی کے طول و عرض میں تمام 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 کتنا کامیاب رہا۔ کمپنی میں کامیابی کے ساتھ SAP S / 4 HANA کی تنصیب جو 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، رابطوں میں تعطل کو ختم کئے جانے اور بروقت انفارمیشن پروسسنگ 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 تربیتی پروگرام کا آغاز کیا گیا ہے۔

آپکی 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۔

کارکردگی کے معیارات

طے شدہ مقاصد و اہداف کے حصول کو ممکن بنانے کیلئے کمپنی کی جانب سے کارکردگی کو جانچنے کے معیارات و علامتیں مقرر کی گئی ہیں۔ ان معیارات کو کمپنی کے ہر شعبے اور طول و عرض میں "لکی 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 مبذول کرنا، انھیں اپنے ساتھ رکھنا، انھیں تربیت فراہم کرنا اور انھیں معقولیت کے ساتھ زیر استعمال لانا۔
- محفوظ اور صحت افزاء ماحول کو پروان چڑھانا۔
- پاکستان سے باہر اپنے قدم جمانا اور مختلف کاروبار میں سرمایہ کاری کرنا۔
- آئی ٹی سسٹم کی اصلاح کرنا اور انفرااسٹرکچر کو مضبوط کرنا۔
- رسک مینجمنٹ پروگرام کو مربوط شکل میں پیش کرنا۔
- کمپنی کے تمام امور میں کارپوریٹ معاشرتی ذمہ داری کو شامل کرنا۔

پروجیکٹس۔۔۔ نئے اور جاری

پاکستان کے صوبہ خیبر پختونخواہ میں براؤن فیلڈ سیمنٹ پلانٹ توسیعی منصوبہ 2.6 ملین ٹن سالانہ

پلانٹ و مشینری کی 90% آمد، سول، تعمیراتی کام اور فیبریکیشن ورک پروجیکٹ کی سائٹ پر اپنی مکمل رفتار سے جاری ہے اور پروجیکٹ پر کمرشل آپریشنز مالی سال 20-2019 کی دوسری سہ ماہی سے شروع کئے جانے کا ہدف مقرر ہے۔

سرمایہ کاری

1x660 میگاواٹ کے سپر کریٹیکل کوئلے پرمبنی پاور پروجیکٹ میں سرمایہ کاری

شیڈول کے مطابق 660 میگاواٹ سپر کریٹیکل، لگنائٹ کوئلے پرمبنی پاور پلانٹ پر کام جاری ہے۔ کمرشل بنیادوں پر کام شروع کئے جانے کی تاریخ یکم مارچ 2021 مقرر کی گئی ہے۔

آٹو موبائل مینوفیکچرنگ پلانٹ میں سرمایہ کاری– KIA لکی موٹرز پاکستان لمیٹڈ (کے ایل ایم)

کے ایل ایم کی جانب سے CKD آپریشنز پر اصل ٹائم لائن کے مطابق ہی کام شروع کیا گیا۔ جدید ترین پلانٹ ڈبل شفٹ میں 50,000 گاڑیاں سالانہ پیدا کرنے کی صلاحیت رکھتا ہے۔ کے ایل ایم کی جانب سے پہلے ماڈل "SPORTAGE" جو کہ SUV ہے، کی بکنگ 30 جون 2019 کو شروع کی جا چکی ہے اور اس سلسلے میں جولائی 2019 سے ڈلیوری شروع کر دی جائے گی ۔ کے ایل ایم کا دوسرا ماڈل "PICANTO" ہیچ بیک، اگست 2019 تک شروع کر دیا جائے گا اور اس کی ڈلیوری اکتوبر 2019 سے شروع کر دی جائے گی۔

ساماوہ، عراق میں گرین فیلڈ کلنکر کی پیداواری سہولت- 1.2 ملین ٹن سالانہ

ساماوہ سے پلانٹ و مشینری کی پہلی کھیپ اکتوبر 2019 کے آغاز میں پہنچنے کی امید ہے۔ پاور پلانٹ کے سلسلے میں لیٹر آف کریڈٹ تیار کیا جا چکا ہے اور وارٹسیلا (Wartsila) سے دسمبر 2019 تک کھیپ آنے کی توقع ہے۔ سول ٹیم کو اس سلسلے میں متحرک کیا جا چکا ہے اور اگست 2019 میں مکینیکل ورک کا معاہدہ بھی طے پا جائے گا اور اسی مناسبت سے ٹیم کو بھی متحرک کر دیا جائے گا۔ اس پروجیکٹ پر کمرشل پیمانے پر پیداواری عمل شروع کرنے کیلئے مالی سال 21-2020 کی پہلی سہ ماہی کے آخر کا ہدف مقرر کیا گیا ہے۔

منسلکہ کمپنی کے 50 میگاواٹ پاور پروجیکٹ میں ایکیوٹی سرمایہ کاری

منسلکہ کمپنی میسرز یونس ونڈ پاور لمیٹڈ میں کمپنی کیلئے 270 ملین روپے کی ایکیوٹی سرمایہ کاری کیلئے غیر معمولی اجلاس عام منعقدہ 28 نومبر 2017 میں کمپنی کے حصص داروں سے منظوری حاصل کر لی گئی تھی۔ تاہم، کمپنی نے پروجیکٹ کمپنی میں اپنی منظور شدہ ایکیوٹی سرمایہ کاری نہیں کی ہے اور بورڈ کی جانب سے اب یہ فیصلہ کیا گیا ہے کہ اس پراجیکٹ پر سرمایہ کاری نہ کی جائے۔

شعبوں کی بنیاد پر کاروباری کارکردگی کا جائزہ

کمپنی کی جانب سے آئی سی آئی پاکستان کا حصول، لکی الیکٹرک اور KIA لکی میں کی جانے والی سرمایہ کاری نئی کاروباری راہیں تلاش کرنے کی حکمت عملی کے عین مطابق ہے جسے مجمل کی شکل میں ذیل میں پیش کیا جا رہا ہے:

شعبہ	صافی آمدن کی شرح نمو	خام منافع کی شرح	کاروباری منافع کی شرح	شعبے کے اثاثے (بلین روپے میں)	شعبے کے واجبات (بلین روپے میں)
سیمنٹ	1.01%	29.12%	20.88%	75.51	27.73
پولیسٹر	30.15%	2.78%	0.75%	10.85	14.85
سوڈا ایش	31.81%	26.46%	22.08%	24.29	2.76
حیاتیاتی سائنسز	(3.15%)	23.59%	3.74%	9.24	4.18
کیمیکل اور ایگری سائنسز	3.62%	23.15%	8.19%	8.48	1.63
دیگر	146.94%	16.68%	(16.89%)	55.09	1.87

کمپنی کی نقد رقوم 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 سے ہی کیا جاتا ہے۔

زیر نظر مالی سال کے دوران کمپنی کے کاروباری افعال سے 16.64 بلین روپے حاصل کئے گئے جس میں سے 19.68 بلین روپے مستقل سرمایہ کی مد میں، 9.33 بلین روپے طویل المدتی سرمایہ کاری کی مد میں، 2.57 بلین روپے حصص داران کو ڈیویڈنڈ کی ادائیگی کی مد میں اور 1.62 بلین روپے انکم ٹیکس کی مد میں خرچ کئے گئے۔

بورڈ آف ڈائریکٹرز اس بات سے مطمئن ہے کہ ایک جامع اور مؤثر فائنل مینجمنٹ سسٹم فعال ہونے کی وجہ سے مستقبل قریب میں ہم کسی قسم کے کوئی تسویلی مسائل نہیں دیکھتے۔ کمپنی کے پاس وافر مقدار میں موجود نقد رقوم کو انتہائی مستعدی کے ساتھ منصوبوں کے مطابق سرمایہ کاری پروجیکٹس میں لگایا جا رہا ہے تا کہ ان رقوم سے مزید سرمایہ حاصل کیا جا سکے۔

سرمائے کی ساخت اور مالیاتی پوزیشن

آپ کی کمپنی کی مضبوط مالیاتی پوزیشن اور اندرونی طور پر نقد رقوم 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 کے ساتھ ہمارے کاروبار میں شامل ہوتے ہیں۔ دوران سال رواں حاصل ہونے والے منافع کی وجہ سے ہمارے ذخائر میں 10% اضافہ ہوا ہے جس کے بعد ہمارے

خام منافع

آپکی کمپنی زیرِ نظر مالی سال کے دوران 29.1% خام منافع حاصل کر پائی جبکہ گزشتہ سال کے دوران خام منافع کی شرح 35.7% تھی۔

صافی منافع

آپکی کمپنی نے زیرِ نظر مالی سال کے دوران 12,221.2 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جبکہ گزشتہ سال کے دوران یہ منافع 15,118.7 ملین روپے تھا۔ اسی طرح اس سال منافع بعد از ٹیکس 10,490.2 ملین روپے ریکارڈ کیا گیا جبکہ گزشتہ سال کے دوران منافع بعد از ٹیکس 12,197.1 ملین روپے ریکارڈ کیا گیا تھا۔

آمدن فی حصص

آپکی کمپنی کی جانب سے مالی سال 30 جون 2019 کے دوران آمدن فی حصص 32.44 روپے رہی جبکہ گزشتہ سال کے دوران آمدن فی حصص 37.72 روپے تھی۔

قومی خزانے میں حصہ

آپکی کمپنی کی جانب سے سرکاری خزانے میں 21 بلین روپے (بمطابق 2018: 23 بلین روپے) انکم ٹیکس، ایکسائز ڈیوٹی، سیلز ٹیکس اور دیگر سرکاری لیویز کی مدات میں جمع کروائے گئے۔ مزید برآں، آپکی کمپنی کی جانب سے زیرِ نظر مالی سال کے دوران سیمنٹ کی برآمدات کے ذریعے سے وطنِ عزیز کیلئے تقریباً 75.4 ملین ڈالر کا قیمتی زرِ مبادلہ بھی حاصل کیا گیا ہے۔

قومی مفاد میں عطیات

آپکی کمپنی کارپوریٹ معاشرتی ذمہ داری کا مکمل احساس رکھتی ہے اور تعلیم، صحت، خواتین کی خود مختاری، بقائے ماحولیات اور کمیونٹی کی ترقی کیلئے مختلف اقدامات اٹھانے میں پورے اخلاص کے ساتھ کام کر رہی ہے جو کہ کمپنی کی جانب سے براہِ 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۔

بیان برائے عطیہ / کاؤنٹ - روپے ہزاروں میں	مالی سال 19-2018	مالی سال 18-2017
صحت سے متعلق اقدامات اور مریضوں کیلئے مالی معاونت	221,903	179,711
کمیونٹی ڈیولپمنٹ	60,711	71,563
تعلیمی اقدامات اور اسکولوں، جامعات اور اسکالرشپ کے سلسلے میں مالی معاونت	29,499	33,680
اسپورٹس اور اولمپکس	1,000	1,000
عمومی عطیات	134	375
کل عطیات	**313,247**	**286,329**

ڈیویڈنڈ اور تقسیم منافع

رواں سرمایہ کاری اور ایکویٹی سرمایہ کاری کے منصوبوں کو مدِنظر رکھتے ہوئے بورڈ کی جانب سے فی حصص 6.5 روپے حتمی نقد ڈیویڈنڈ دینے کی تجویز دی گئی ہے جو کہ آئندہ عام سالانہ اجلاس مورخہ 27 ستمبر 2019 میں حصص داران کی منظوری سے مشروط ہے۔ یہ فیصلہ آپ کی کمپنی کے ان عزائم کے عین مطابق ہے جس کے تحت آپکی کمپنی اس بات کا عزم کئے ہوئے ہے کہ حصص داران کو مستقل بنیادوں پر منافع میں شریک کیا جاتا رہے گا۔ غیر منقسم شدہ منافع کی ترسیل درج ذیل طریقہ کار کے مطابق کی جائے گی:

	روپے ہزاروں میں
صافی منافع برائے سال	
غیر منقسم شدہ منافع سال کے آغاز میں	–
منافع دستیاب برائے تقسیم	10,538,595
	10,538,595
تقسیم منافع	
مجوزہ حتمی نقد ڈیویڈنڈ @6.5 روپے فی حصص	2,101,938
مجوزہ منتقلی برائے عمومی ذخائر	8,436,657
غیر منقسم شدہ منافع سال کے اختتام پر	–
بنیادی و تحلیلی آمدن فی حصص (EPS) روپے میں	32.44

اضافہ/(کمی) فیصد میں	مالی سال 2017-18	مالی سال 2018-19	مارکیٹ میں حصہ
	ہزاروں ٹن میں		
(10.5%)	**16.2%**	**14.5%**	مقامی فروختگی
			برآمدات
8.0%	19.9%	21.5%	یورپ/ہند یسٹ
0.0%	100.0%	100.0%	کلایسٹ
8.8%	33.1%	36.0%	کلنکر
17.2%	**23.8%**	**27.9%**	کل برآمدات
(3.5%)	**17.0%**	**16.4%**	مجموعی کل

صنعت سے متعلق ڈیٹا مارکیٹ کے بہترین دستیاب اندازوں پر مبنی ہے۔

ذیل میں سال بہ سال مارکیٹ میں کمپنی کے حصے کا تقابلی تجزیہ پیش کیا جا رہا ہے۔

Yearwise LCL Market Share

Percentage

ب۔ مالیاتی کارکردگی۔ منفرد

اگر مجموعی طور پر دیکھا جائے تو آپ کی کمپنی کی جانب سے 12.35 بلین روپے صافی منافع کا ہدف حاصل کیا گیا ہے جس میں سے 1.02 بلین روپے کا تعلق اقلیتی حصص داران (نان کنٹرولنگ انٹرسٹ) سے ہے اور کلی طور پر یہ منافع 35.03 روپے آمدن فی حصص بنتا ہے جبکہ گزشتہ مالی سال کے دوران یہی آمدن فی حصص 45.83 روپے ریکارڈ کی گئی تھی۔

آپ کی کمپنی کی منفرد مالیاتی کارکردگی برائے مالی سال اختتام پذیر 30 جون 2019 اور گزشتہ سال کا تقابلی جائزہ ذیل میں پیش کیا جا رہا ہے:

ماسوائے فی حصص آمدن بقیہ ہندسے ملین روپوں میں ہیں

فرق فیصد میں	مالی سال 2017-18	مالی سال 2018-19	تفصیلات
	ہزاروں ٹن میں		
0.3%	67,377	67,548	خام آمدن
1.0%	47,542	48,021	صافی آمدن
(17.5%)	16,952	13,984	خام منافع
(27.7%)	13,870	10,027	کاروباری منافع
(21.0%)	16,887	13,345	آمدن قبل از سود، ٹیکس، فرسودگی
(14.0%)	12,197	10,490	صافی منافع
(14.0%)	37.72 فی حصص	32.44 فی حصص	فی حصص آمدن

آمدن

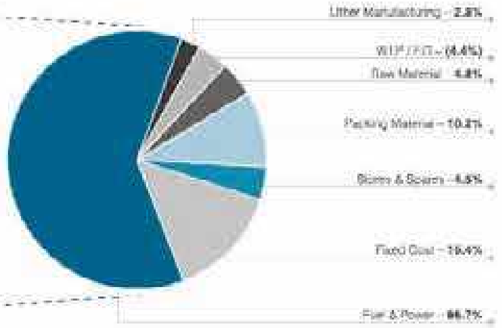
مالی سال 2018-19 کے دوران آپ کی کمپنی نے گزشتہ سال اسی عرصے کے مقابلے میں 0.3% کی مجموعی فروختگی کا ہدف حاصل کیا۔ اس کی اصل وجہ کلنکر کی فروخت از برآمدات کے حجم میں اضافہ تھا۔

لاگت برائے فروختگی

گزشتہ سال کے مقابلے میں مالی سال اختتام پذیر 30 جون 2019 کے دوران آپ کی کمپنی کی لاگت برائے فروختگی میں 13.3% فی ٹن کا اضافہ ہوا۔ اس اضافے کی بنیادی وجہ روپے کی قدر میں تیزی سے ہونے والی کمی اور کوئلے، ایندھن اور پیکنگ کے سامان کے نرخوں میں اضافہ تھا۔

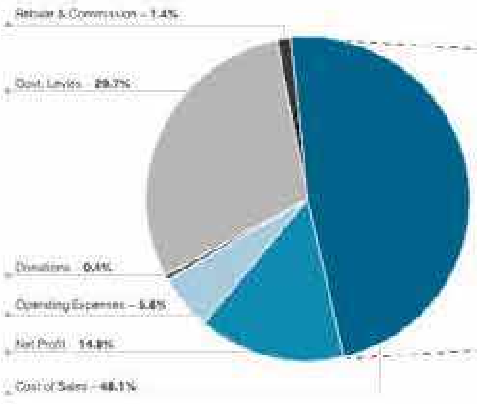
تقسیم برائے لاگت برائے فروختگی

Distribution of Cost of Sales



تقسیم برائے خام منافع

Distribution of Gross Revenue



ڈائریکٹرز رپورٹ

آپکی کمپنی کے ڈائریکٹرز کیلئے یہ بات باعث مسرت ہے کہ ان کی جانب سے کمپنی کے مالیاتی نتائج بشمول منفرد اور مجموعی آڈٹ شدہ مالیاتی دستاویزات بابت مالی سال اختتامیہ 30 جون 2019 آپ کی خدمت میں پیش کیے جارہے ہیں۔

جائزہ

رواں مالی سال کے دوران برآمدات کے لحاظ سے سیمنٹ کی صنعت کی جانب سے زبردست کارکردگی کا مظاہرہ کیا گیا جس کی وجہ سے مالی سال اختتام پذیر 30 جون 2019 کے دوران پاکستان میں سیمنٹ کی صنعت کا حجم 1.9% اضافے کے ساتھ 46.76 ملین ٹن درج کیا گیا ہے جو کہ گزشتہ سال 45.90 ملین ٹن تھا۔ مالی سال اختتام پذیر 30 جون 2019 کے دوران برآمدات پر مبنی فروخت 37.4% اضافے کے ساتھ 6.52 ملین ٹن رہی جبکہ گزشتہ مالی سال کے دوران برآمدات کا حجم 4.75 ملین ٹن تھا جبکہ مقامی فروخت میں 2.2% کی کمی کے ساتھ فروخت کا حجم 40.24 ملین ٹن رہا جو کہ گزشتہ مالی سال کے دوران 41.15 ملین ٹن تھا۔

سیمنٹ کی صنعت کے مقابلے میں آپکی کمپنی کی جانب سے مجموعی طور پر فروختگی میں 1.8% کی کمی واقع ہوئی ہے اور اس کمی کے ساتھ رواں مالی سال کے دوران فروخت کا حجم 7.67 ملین ٹن درج کیا گیا ہے۔ مقامی سطح پر فروخت 11.7% کی کمی کے ساتھ 5.85 ملین ٹن رہی جو کہ گزشتہ مالی سال کے دوران 6.63 ملین ٹن درج کی گئی تھی، تاہم کمپنی کی جانب سے برآمدات پر مبنی فروخت میں 60.9% اضافہ ہوا ہے اور اس اضافے کے ساتھ برآمدات کا حجم 1.82 ملین ٹن رہا جو کہ گزشتہ مالی سال کے دوران 1.13 ملین ٹن درج کیا گیا تھا۔

اگر کل طور پر دیکھا جائے تو گزشتہ مالی سال کے مقابلے میں 9.6% کے اضافے کے ساتھ آپکی کمپنی کی جانب سے 136.59 بلین روپے مجموعی خام آمدن حاصل کی گئی جبکہ گزشتہ مالی سال کے دوران یہی مجموعی خام آمدن 124.68 بلین روپے درج کی گئی تھی۔

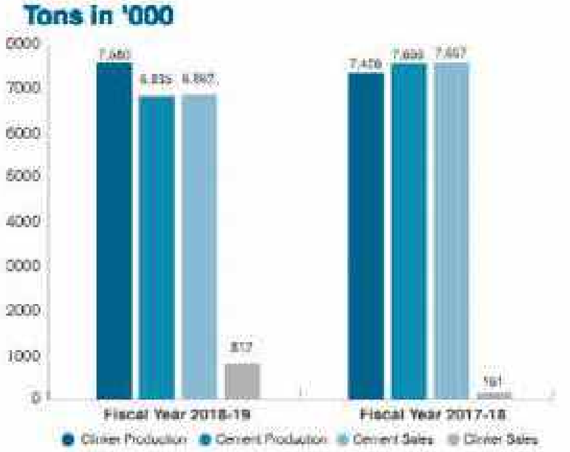
مزید برآں، مالی سال اختتام پذیر 30 جون 2019 کے دوران کمپنی کا یکجا صافی منافع 12.35 بلین روپے رہا جس میں سے 1.02 بلین روپے کا تعلق نان کنٹرولنگ انٹرسٹ سے ہے جو کہ فی حصص آمدنی 35.03 روپے بنتی ہے جبکہ گزشتہ مالی سال کے دوران 45.83 روپے فی حصص درج کی گئی تھی۔

کاروباری کارکردگی

الف۔ کارکردگی برائے پیداوار و حجم برائے فروختگی۔ منفرد

تفصیلات	مالی سال 2018-19	مالی سال 2017-18	اضافہ/(کمی) فیصد میں
	ہزاروں ٹن میں		
کلنکر کی پیداوار	7,580	7,426	2.1%
سیمنٹ کی پیداوار	6,835	7,655	(10.7%)
فروختگی برائے سیمنٹ	6,862	7,657	(10.4%)
فروختگی برائے کلنکر	812	161	404.3%

پیداوار اور فروختگی سے متعلق ڈیٹا کو ذیل میں گراف کی صورت میں پیش کیا جارہا ہے:



مال کی ترسیل سے متعلق آپکی کمپنی کے منفرد کاروبار اور سیمنٹ کی صنعت کا تقابلی جائزہ برائے مالی سال 2018-19 ذیل میں پیش کیا جارہا ہے:

تفصیلات	مالی سال 2018-19	مالی سال 2017-18	اضافہ/(کمی)	فیصد میں
	ہزاروں ٹن میں			
سیمنٹ کی صنعت				
مقامی فروختگی	40,235	41,147	(912)	(2.2%)
برآمدات				
بوری بند سیمنٹ	4,150	4,260	(110)	(2.6%)
کھلا سیمنٹ	117	181	(64)	(35.4%)
کلنکر	2,255	305	1,950	639.3%
کل برآمدات	**6,522**	**4,746**	**1,776**	**37.4%**
مجموعی کل	**46,757**	**45,893**	**864**	**1.9%**
لکی سیمنٹ				
مقامی فروختگی				
سیمنٹ	5,854	6,627	(773)	(11.7%)
کلنکر	-	59	(59)	(100.0%)
کل مقامی فروختگی	**5,854**	**6,686**	**(832)**	**(12.4%)**
برآمدات				
بوری بند سیمنٹ	891	849	42	4.9%
کھلا سیمنٹ	117	181	(64)	(35.4%)
کلنکر	812	101	711	704.0%
کل برآمدات	**1,820**	**1,131**	**689**	**60.9%**
مجموعی کل	**7,674**	**7,817**	**(143)**	**(1.8%)**

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