



LCK/CS/2023-24/

October 30, 2023

The General Manager  
Pakistan Stock Exchange  
Limited  
Stock Exchange Road  
Off: I.I. Chundrigar Road  
**Karachi**

The Director / HOD  
Surveillance Supervision  
and Endorsement Dept  
Securities & Exchange  
Commission of Pakistan  
**Islamabad**

Dear Sir(s)

### **Financial Results for the 1<sup>st</sup> Quarter ended September 30, 2023**

We hereby inform you that the Board of Directors of Lucky Cement Limited (hereinafter referred to as the "Company") in their Meeting held on Friday, October 27, 2023 at 4:30 p.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

(i)	<b><u>Cash Dividend</u></b>	<b>Nil</b>
(ii)	<b><u>Bonus Issue</u></b>	<b>Nil</b>
(iii)	<b><u>Right Issue</u></b>	<b>Nil</b>
(iv)	<b><u>Any other Entitlement / Corporate Action</u></b>	<b>Nil</b>

### **FINANCIAL RESULTS**

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

### **MATERIAL INFORMATION**

In accordance with Sections 96 and 131 of the Securities Act, 2015, and Clause 5.6.1 of the Rule Book of the PSX, the decisions taken and recommendations made by the Board of Directors of the Company, in its meeting held on October 27, 2023, are being disclosed below. In respect of the recommendations, approval will be sought from the members in the upcoming EOGM, for which details are given in this notice.

Lucky Cement Limited

6-A, Mohammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350.  
U.A.N: 111-786-555 F: 34534302 E: info@lucky-cement.com  
URL: www.lucky-cement.com





## A. DECISIONS TAKEN BY THE BOARD

### i. SOLAR POWER PROJECT AT PEZU PLANT

“Further to our earlier announcement dated September 18, 2023, the Board of Directors of the Company has approved to undertake another solar power project of 6 MW at the Company’s Pezu plant. The project is expected to be completed by the end of FY 2024.

Following is a snapshot of Company’s completed and in-progress renewable projects:

Renewable Projects		Karachi	Pezu	Total
		MW	MW	MW
Wind capacity – In progress		28.8	0.0	28.8
Solar capacity	Completed	25.3	36.7	62.0
	In progress	6.3	0.0	6.3
	Additional approved	0.0	6.0	6.0
<b>Total</b>		<b>60.4</b>	<b>42.7</b>	<b>103.1</b>

Keeping up with our commitment towards sustainable environmental practices, the contribution of renewable energy in the power mix will significantly increase post completion of the above-mentioned projects. The Company’s initiatives for investment in renewable energy projects will play a key role in cost savings as well as reduction of country’s reliance on imported fuel.”

### ii. EQUITY INVESTMENT IN LUCKY CORE VENTURES (PRIVATE) LIMITED

“Further to our earlier announcement dated September 18, 2023, after satisfactory completion of due diligence, the Board of Directors of the Company has resolved to invest, in the form of equity, an amount of up to PKR 3 billion in Lucky Core Ventures (Private) Limited (“LCV”) by subscribing to its shares, subject to compliance with the applicable laws, including obtaining the necessary corporate and regulatory approvals.



LCV is currently a wholly-owned subsidiary of Lucky Core Industries Limited (“LCI”) (a subsidiary of the Company), and has entered into an agreement to undertake the acquisition of majority shareholding in Lotte Chemical Pakistan Limited from Lotte Chemical Corporation (South Korea), subject to fulfillment of certain conditions as mentioned in the said agreement.

Subsequent to the above investment, the Company will hold a minority share in the shareholding of LCV. The investment is being undertaken together with other companies comprising the Yunus Brothers Group and the aggregate shareholding of such companies, excluding LCI is not intended to exceed 49% of the total share capital of LCV. The precise shareholding pattern of LCV shall be determined at a later stage.”

Regarding the proposed equity investment in LCV, being an associated company of the Company, the matter will be placed before the shareholders in the upcoming EOGM for approval in accordance with Section 199 of the Companies Act, 2017, read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

## **B. RECOMMENDATION OF THE BOARD FOR APPROVAL FROM MEMBERS AT THE EOGM**

### **INVESTMENT IN NATIONAL RESOURCES (PRIVATE) LIMITED**

The Board of Directors of the Company recommended that the Company make investment of an amount of up to PKR 1 billion in its associated company, National Resources (Private) Limited (“NRL”). NRL is a joint venture between three business houses of the country, including the Yunus Brothers Group, and has been established to carry out activities in the field of exploration and mining of metals (mainly gold and copper). NRL has been granted an Exploration License over an area of approximately 499.17 square kilometers in the Chagai district of Balochistan. The investment is proposed and recommended to be carried out as follows, subject to obtaining the necessary corporate and regulatory approvals:

- i. Part of the investment will be undertaken through acquisition of up to 33.33% ordinary shares of NRL, from Y. B. Pakistan Limited, associated company / related party of the Company, for an aggregate purchase price of up to PKR 253,000,000/- (Pak Rupees Two Hundred and Fifty-Three Million) (“Potential Acquisition”).



In determining the above-referred purchase consideration the Company has used a valuation report prepared by a firm of Chartered Accountants, engaged by the Company for this purpose in accordance with the relevant laws. The valuation represents discounted future cashflows from this business, keeping in view that NRL holds an Exploration License in respect of such area. The amounts spent on initial due diligence which include technical studies, mapping and imaging for identifying the potential area having metal reserves have also been accounted for in the purchase price.

- ii. The Company would also invest further amounts in NRL from time to time (before or after the Potential Acquisition), by way of providing loans / advances to NRL and / or subscribing to shares of NRL (i.e. making equity investments in NRL), as determined by the authorized representatives of the Company, in the aggregate amount of up to PKR 747,000,000/- (Pak Rupees Seven Hundred and Forty Seven Million) (the "**Potential Investments**"). The Potential Investments will be utilized for conducting pre-feasibility studies including satellite and geographical mapping and drilling.

The Potential Acquisition and Potential Investments shall be subject to obtaining necessary corporate and regulatory approvals, including the approval of the shareholders of the Company in accordance with Section 199 of the Companies Act, 2017, read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017. Furthermore, regarding the Potential Acquisition, since majority of the Directors of the Company are beneficial owners of Y. B. Pakistan Limited, they are considered 'interested' in the transaction. The Board of Directors has therefore recommended the transaction and resolved that this matter will be placed before the shareholders in the upcoming EOGM for approval in accordance with Sections 207(2) and the first proviso to Section 208(1) of the Companies Act, 2017.

### **EXTRAORDINARY GENERAL MEETING AND BOOK CLOSURE**

The Board has decided to convene an Extraordinary General Meeting ("**EOGM**") of the shareholders on Thursday, November 23, 2023 at 12:00 noon at the registered office of the Company situated at Main Indus Highway, Pezu, District Lakki Marwat, Khyber Pakhtunkhwa and through video link, to seek approval from the members for the aforementioned matters. The share transfer book of the Company shall remain closed from Thursday, November 16, 2023 to Thursday, November 23, 2023.

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Formal Notice of the EOGM will be disseminated within stipulated time through PUCARS separately.

We will be transmitting the quarterly report of the Company for the period ended September 30, 2023 in electronic form, according to Clause 5.6.8 of PSX Regulations as per your notice reference # PSX/N-4207 dated July 13, 2018.

You may please inform the TREC holders accordingly.

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

  
**FAISAL MAHMOOD**  
**GM Finance & Company Secretary**

**Lucky Cement Limited**

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**LUCKY CEMENT LIMITED**  
**Consolidated Condensed Interim Statement of Financial Position**  
**As at September 30, 2023**

	Note	(Un-audited) September 30, 2023	(Audited) June 30, 2023
(PKR in '000')			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	295,055,359	294,838,879
Intangible assets		6,654,804	6,682,998
Right-of-use assets		92,608	116,707
		<u>301,802,771</u>	<u>301,638,584</u>
Long-term investments	6	69,078,725	67,118,403
Long-term loans and advances		754,958	731,165
Long-term deposits		98,232	94,898
		<u>371,734,686</u>	<u>369,583,050</u>
<b>CURRENT ASSETS</b>			
Stores, spares and consumables		21,560,120	22,608,453
Stock-in-trade		54,843,713	48,660,510
Trade debts		63,381,624	59,903,590
Loans and advances		7,233,986	3,220,177
Trade deposits and short-term prepayments		4,494,338	6,270,645
Other receivables		14,294,817	14,141,981
Tax refunds due from the Government		653,064	538,812
Taxation receivable		83,823	193,198
Accrued return		237,841	100,097
Short-term investments		47,147,149	44,199,457
Cash and bank balances		39,246,008	38,939,424
		<u>253,176,483</u>	<u>238,776,344</u>
<b>TOTAL ASSETS</b>		<u><u>624,911,169</u></u>	<u><u>608,359,394</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital		3,024,937	3,118,386
Reserves		231,433,540	224,365,635
Attributable to the owners of the Holding Company		234,458,477	227,484,021
Non-controlling interest		33,794,822	33,515,038
Total equity		<u>268,253,299</u>	<u>260,999,059</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loans		132,523,790	135,857,715
Long-term deposits and other liabilities		9,611,445	9,532,879
Lease liabilities		12,338	29,064
Deferred income - Government grant		4,199,646	4,305,281
Deferred liabilities			
- Staff Gratuity		3,006,262	2,696,191
- Deferred tax liability	7	19,863,629	19,225,117
		<u>22,869,891</u>	<u>21,921,308</u>
		<u>169,217,110</u>	<u>171,646,247</u>
<b>CURRENT LIABILITIES</b>			
Current portion of long-term finance		9,540,052	9,009,157
Trade and other payables		81,278,803	80,574,343
Provision for taxation		17,661,079	13,910,125
Accrued return		4,035,361	5,046,314
Short-term borrowings and running finance		69,362,940	67,043,227
Current portion of lease liabilities		60,384	80,807
Unclaimed dividend		50,024	50,115
Unpaid dividend		5,452,117	-
		<u>187,440,760</u>	<u>175,714,088</u>
		<u>356,657,870</u>	<u>347,360,335</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>624,911,169</u></u>	<u><u>608,359,394</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial statements.

Chairman / Director

Chief Executive

Chief Financial Officer

**LUCKY CEMENT LIMITED**  
**Consolidated Condensed Interim Statement of Profit or Loss**  
**For the quarter ended September 30, 2023 (Un-audited)**

	Note	Quarter Ended	
		September 30, 2023	September 30, 2022
(PKR in '000')			
Revenue	9	124,932,385	107,221,607
Less: Sales tax and excise duty		17,740,828	14,281,793
Rebates, incentives and commission		3,116,513	2,307,167
		20,857,341	16,588,960
<b>Net Revenue</b>		<b>104,075,044</b>	<b>90,632,647</b>
Cost of sales		(72,618,245)	(72,501,307)
<b>Gross profit</b>		<b>31,456,799</b>	<b>18,131,340</b>
Distribution cost		(3,442,313)	(2,723,506)
Administrative expenses		(2,231,928)	(1,466,711)
Finance cost		(9,707,917)	(6,484,743)
Other expenses		(1,133,897)	(1,173,429)
Other income	10	5,256,702	1,453,495
Share of profit - joint ventures and associates		4,202,109	1,180,677
<b>Profit before taxation</b>		<b>24,399,555</b>	<b>8,917,123</b>
Taxation		(5,042,256)	(2,270,160)
<b>Profit after taxation from continuing operations</b>		<b>19,357,299</b>	<b>6,646,963</b>
Profit after taxation from discontinued operations		-	285,562
<b>Profit after Taxation</b>		<b>19,357,299</b>	<b>6,932,525</b>
<b>Attributable to:</b>			
Owners of the Holding Company		17,706,000	5,449,352
Non-controlling interest		1,651,299	1,483,173
		<b>19,357,299</b>	<b>6,932,525</b>
(PKR)			
<b>Earnings per share - basic and diluted</b>			
- continuing operations		57.80	16.60
- discontinued operations		-	0.25
		<b>57.80</b>	<b>16.85</b>

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial statements.

Chairman / Director

Chief Executive

Chief Financial Officer

**LUCKY CEMENT LIMITED**  
**Unconsolidated Condensed Interim Statement of Financial Position**  
**As at September 30, 2023**

	Note	(Un-audited) September 30, 2023	(Audited) June 30, 2023
(PKR in '000')			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	97,377,748	95,620,306
Intangible assets		75,591	85,588
		<u>97,453,339</u>	<u>95,705,894</u>
Long-term investments		57,594,485	57,594,485
Long-term loans and advances		191,453	194,204
Long-term deposits		7,842	7,842
		<u>155,247,119</u>	<u>153,502,425</u>
<b>CURRENT ASSETS</b>			
Stores and spares		14,488,814	14,084,018
Stock-in-trade		7,979,340	6,048,507
Trade debts		5,180,549	5,089,667
Loans and advances		1,009,160	749,292
Trade deposits and short-term prepayments		699,384	2,153,705
Accrued return		237,841	100,079
Other receivables		5,630,286	4,797,885
Tax refunds due from the Government		538,812	538,812
Short-term investments	14.2	25,416,746	21,898,496
Cash and bank balances		3,798,342	4,116,181
		<u>64,979,274</u>	<u>59,576,642</u>
<b>TOTAL ASSETS</b>		<u><u>220,226,393</u></u>	<u><u>213,079,067</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up share capital		3,024,937	3,118,386
Reserves		130,292,860	134,247,940
		<u>133,317,797</u>	<u>137,366,326</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term deposits		254,812	252,837
Long-term loans	6	14,223,522	14,557,294
Deferred Government grant		2,056,489	2,121,307
Deferred liabilities			
- Staff gratuity		2,639,163	2,574,925
- Deferred tax liability	7	10,519,164	10,025,499
		<u>13,158,327</u>	<u>12,600,424</u>
		<u>29,693,150</u>	<u>29,531,862</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		31,547,384	29,918,702
Current maturity of long-term loans		947,269	599,653
Short-term borrowings	8	6,961,636	5,885,000
Unclaimed dividend		50,024	50,115
Unpaid dividend		5,452,117	-
Accrued markup		296,126	497,745
Taxation - net		11,960,890	9,229,664
		<u>57,215,446</u>	<u>46,180,879</u>
		<u>86,908,596</u>	<u>75,712,741</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>220,226,393</u></u>	<u><u>213,079,067</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		

The annexed notes from 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.

  
Chairman / Director

  
Chief Executive

  
Chief Financial Officer



**LUCKY CEMENT LIMITED**  
**Unconsolidated Condensed Interim Statement of Profit or Loss**  
**For the quarter ended September 30, 2023 (Un-audited)**

	Note	Quarter ended	
		September 30, 2023	September 30, 2022
		(PKR in '000')	
<b>Gross sales</b>	10	39,288,918	25,435,635
Less: Sales tax and federal excise duty		9,378,004	5,380,762
Rebates, incentives and commission		529,107	311,539
		9,907,111	5,692,301
<b>Net sales</b>		29,381,807	19,743,334
Cost of sales		(18,551,468)	(13,711,579)
<b>Gross profit</b>		10,830,339	6,031,755
Distribution cost		(1,734,869)	(1,362,208)
Administrative expenses		(488,562)	(445,831)
Finance costs		(381,871)	(252,722)
Other expenses		(915,249)	(616,506)
Other income	11	3,151,047	2,009,817
<b>Profit before taxation</b>		10,460,835	5,364,305
Taxation		(3,531,502)	(1,511,892)
<b>Profit after taxation</b>		6,929,333	3,852,413
		(PKR)	
<b>Earnings per share - basic and diluted</b>		22.62	11.91

The annexed notes from 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.

  
Chairman / Director

  
Chief Executive

  
Chief Financial Officer



## Directors' Report

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The Directors take pleasure in presenting to you the financial results of your Company which include both, unaudited **consolidated** and **unconsolidated financial statements** for the first quarter ended September 30, 2023.

### Overview of Economy & Consolidated Financial Performance

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Throughout the first quarter of FY24, Pakistan's economy continued to face persistent challenges that have affected it for over a year. These challenges encompass soaring inflation driven by escalating fuel and food prices, the depreciation of the Pakistani Rupee (PKR) against the US Dollar, and the mounting circular debt in the energy sector. In response to these pressing issues and in an effort to reduce the fiscal deficit, the government, as part of its commitment to the IMF program, has embarked on implementing recommended measures. These measures include incrementally raising utility prices and gradually phasing out subsidies. The overarching objective of these steps is to guide the economy toward a sustainable path to recovery.

On the other hand, after the completion of five-year term of the outgoing coalition government setup, the interim caretaker government took charge with a mandate to hold fresh elections. This new interim setup promptly initiated various administrative measures to bolster the fiscal economy. These measures include taking stringent actions against the undocumented economy, broadening the tax base by curbing smuggling, controlling the outflow of foreign exchange through illegal channels and the Afghan border. These steps have gradually begun to strengthen the PKR's parity against foreign currencies. Additionally, several other strategic measures including the rationalization of subsidies in the power sector to manage the energy circular debt are nearing implementation. These comprehensive actions are aimed to enhance economic stability and resilience in the face of multifaceted challenges.

On a consolidated basis, your Company achieved gross revenue of PKR 124.9 billion which is 16.5% higher as compared to the Same Period Last Year's (SPLY)'s revenue of PKR 107.2 billion. The increase in gross revenue is primarily attributable to the increase in gross revenue of Lucky Cement's domestic sale and higher revenue from its subsidiaries, LEPCL and LCI.

Furthermore, the Company's consolidated net profit stands at PKR 19.4 billion with PKR 1.7 billion attributable to non-controlling interests. The consolidated net profit attributable to the owners of the Holding Company translates into an EPS of PKR 57.80 during the current quarter ended September 30, 2023, as compared to PKR 16.85 during the SPLY.

The consolidated financial performance of your Company for the quarter ended September 30, 2023, as compared to SPLY is presented below:

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PKR million except EPS	1Q FY24	1Q FY23	Change (%)
Gross Revenue	124,932	107,222	16.5%
Net Revenue	104,075	90,633	14.8%
Gross Profit	31,457	18,131	73.5%
GP as % of Net Revenue	30.2%	20.0%	51.0%
Operating Profit	25,783	13,941	84.9%
EBITDA	30,220	17,786	69.9%
Net Profit*	19,357	6,933	179.2%
NP (Attributable to Owners of the holding company)	17,706	5,449	224.9%
Earnings Per Share (PKR) *	57.80	16.85	243.0%

The company's net profit for the current quarter has seen a substantial increase compared to the same period last year (SPLY). This noteworthy growth can be attributed to increased profitability across all group companies, as well as improved performance in both local and foreign cement operations.

### Local Cement Operations

During the quarter under review, the company achieved an impressive 55% increase in total gross sales revenue compared to the same period last year (SPLY). This growth was driven by higher sales volumes in both domestic and export markets. Unprecedented rains and floods adversely affected the corresponding quarter last year. While domestic sales volumes climbed by 40%, export volumes saw a 25% increase.

A successful milestone was achieved during this quarter with the commencement of operations of a 25 MW solar power project at Karachi Plant on August 21, 2023. Aligned with our objectives this investment aims to promote renewable energy, reduce the country's reliance on imported fuel, and make the Company more cost-efficient.

### Foreign Cement Operations

The cement production facilities in Iraq and Congo, operated under joint venture agreements, continued to bolster the Group's profitability. Iraq's cement demand remained stable. Additionally, the full capacity utilization at Najmat-Al-Samawah, Iraq, and the conversion of the Kiln from HFO to Gas further enhanced the company's profitability.

### Polyester, Soda Ash, & Chemicals

Net Turnover of Lucky Core Industries Limited for the quarter at PKR 29.0 billion is 19% higher compared to the same period last year (SPLY) primarily resulting from additional volumes and cost-push price adjustments across all businesses due to inflationary increases on account of devaluation of Pak Rupee. Net Turnover for the Soda Ash business was higher by 29% compared to the SPLY on the back of additional export volumes owing to the successful commissioning of the 60,000 tons per annum (TPA) Soda Ash



expansion project in the prior fiscal year. Net Turnover of the Chemical & Agri Sciences, Pharmaceuticals, Animal Health and Polyester businesses also witnessed an increase of 50%, 24%, 10% and 5% respectively versus the SPLY.

The Operating Result for the quarter at PKR 4.1 billion is 32% above the SPLY. All business segments contributed to this robust performance. Chemicals & Agri Sciences, Pharmaceuticals, Soda Ash and Animal Health businesses delivered higher Operating Results by 222%, 68%, 30% and 15% respectively as compared to the SPLY. Operating result for the Polyester business was lower by 26% compared to the SPLY as volumes were negatively impacted on account of slow-down in textile exports and sluggish domestic market conditions, increase in energy cost and volatile commodity prices throughout the quarter.

During the period in review, the Board of Directors of the subsidiary granted an in-principle approval for a capacity expansion of 200,000 tons per annum (TPA) at the subsidiary's Soda Ash plant in Khewra. Following the successful completion of the proposed expansion the total installed capacity of the Soda Ash plant will increase from the current 560,000 TPA to 760,000 TPA.

### **Automobiles & Mobile Phones**

Since the beginning of July 2023, the automobile sector has experienced a sharp decline in volumes. This downturn can be attributed to Several factors: currency fluctuations between the PKR and USD, the introduction of a 1% CVT on cars with engine capacities 1300 CC, increased Sales Tax rates from 17% to 25% on cars with engine capacities of 1400 CC and above, and for SUVs irrespective of their engine capacities. Moreover, challenges have been compounded by high-interest rates, stricter auto financing regulations by the State Bank of Pakistan (SBP), and rising inflation and fuel prices. In 1Q FY24, the automobile sector saw an overall decline of approximately 40% in volumes compared to SPLY.

Likewise, the mobile phone market has seen an approximate 40% decline in volumes compared to SPLY. This decline can be attributed to the volatility of the PKR against the USD.

### **Power**

LEPCL is a 660 MW Supercritical Coal-Fired Power Plant at Bin Qasim, Karachi. It is Pakistan's first indigenous fuel power plant outside Thar. The project is ushering in a new era of indigenous fuel utilization for baseload power generation, in line with the national objective of reducing reliance on imported fuel. The latest technology for emission control has been installed, which includes Flue Gas Desulphurization (FGD), Electrostatic Precipitators (ESP) with associated environmentally friendly equipment. The commercial availability of the plant remained 100% during 1Q FY24.



## Cement Industry & Company's Performance – Unconsolidated

During 1Q FY 24, the local cement industry in Pakistan saw a 17.9% volumetric growth, reaching 10.1 million tons up from 8.6 million tons in the SPLY. Moreover, exports surged by 71.9%, to 1.8 million tons during the current quarter compared to 1.0 million tons in the SPLY. Consequently, the overall industry volume grew by 23.6% reaching 11.9 million tons in this quarter up from 9.6 million tons in the SPLY. The increase in industry sales volumes stems from a resurgence in construction activities and the lower base from the previous year - affected by widespread rains, unprecedented floods and overall economic slowdown.

In comparison with the cement industry, your Company experienced an increase in overall sales volume, by 36.7% to reach 2.2 million tons, as compared to 1.6 million tons in the SPLY. Local sales volume grew by 39.4%, reaching 1.8 million tons in the 1Q FY24, compared to 1.3 million tons in the 1Q FY23. Furthermore, export volumes increased by 25.0%, to 0.4 million tons during the period under review, in contrast to 0.3 million tons in the 1Q FY23. Exports witnessed an increase due to a decline in international coal prices and devaluation of PKR, which has increased the feasibility of cement exports from Pakistan.

### Cement Production & Sales Volume Performance

The local cement production and sales statistics of your Company for the quarter ended September 30, 2023, compared to the SPLY are as follows:

Particulars	1Q FY24	1Q FY23	Growth / (Decline)	
	Tons in '000'			%
Clinker Production	2,268	1,436	↑	58.0%
Cement Production	2,040	1,504	↑	35.7%
Cement / Clinker Sales	2,154	1,576	↑	36.7%

A comparison of **Pakistan's Cement Industry** and your **Company's dispatches** for the quarter ended September 30, 2023, in comparison with SPLY, is presented below:



Particulars (Tons in '000')	1Q FY24	1Q FY23	Change %	
<b>Cement Industry</b>				
<b>Local Sales</b>	<b>10,139</b>	<b>8,602</b>	<b>1,538</b>	<b>17.9%</b>
<b>Export Sales</b>				
- Bagged	963	725	238	32.9%
- Loose	-	-	-	-
- Clinker	788	294	494	167.8%
<b>Total Exports</b>	<b>1,751</b>	<b>1,019</b>	<b>732</b>	<b>71.9%</b>
<b>Grand Total</b>	<b>11,891</b>	<b>9,621</b>	<b>2,270</b>	<b>23.6%</b>
<b>Lucky Cement</b>				
<b>Local Sales</b>				
- Cement	1,778	1,276	503	39.4%
- Clinker	-	-	-	-
	<b>1,778</b>	<b>1,276</b>	<b>503</b>	<b>39.4%</b>
<b>Export Sales</b>				
- Bagged	243	208	35	16.9%
- Loose	-	-	-	-
- Clinker	133	93	40	43.2%
<b>Total Exports</b>	<b>376</b>	<b>301</b>	<b>75</b>	<b>25.0%</b>
<b>Grand Total</b>	<b>2,154</b>	<b>1,576</b>	<b>578</b>	<b>36.7%</b>

Market Share	1Q FY24	1Q FY23	Change %
<b>Local Sales</b>	<b>17.5%</b>	<b>14.8%</b>	<b>18.3%</b>
<b>Export Sales</b>			
- Bagged	25.2%	28.7%	(12.2%)
- Loose	-	-	-
- Clinker	16.9%	31.6%	(46.5%)
<b>Total Export</b>	<b>21.5%</b>	<b>29.5%</b>	<b>(27.1%)</b>
<b>Grand Total</b>	<b>18.1%</b>	<b>16.4%</b>	<b>10.4%</b>

### **Financial Performance – Unconsolidated**

The unconsolidated financial performance of your Company for the quarter ended September 30, 2023, as compared to the SPLY is presented below:



PKR million except EPS	1Q FY24	1Q FY23	Change (%)
Gross Revenue	39,289	25,436	54.5%
Net Revenue	29,382	19,743	48.8%
Cost of Sales	18,551	13,712	35.3%
Gross Profit	10,830	6,032	79.6%
GP as % of Net Revenue	36.9%	30.6%	20.6%
Operating Profit	8,607	4,224	103.8%
EBITDA	10,073	5,410	86.2%
Net Profit	6,929	3,852	79.9%
EPS	22.62	11.91	89.9%

### Revenue

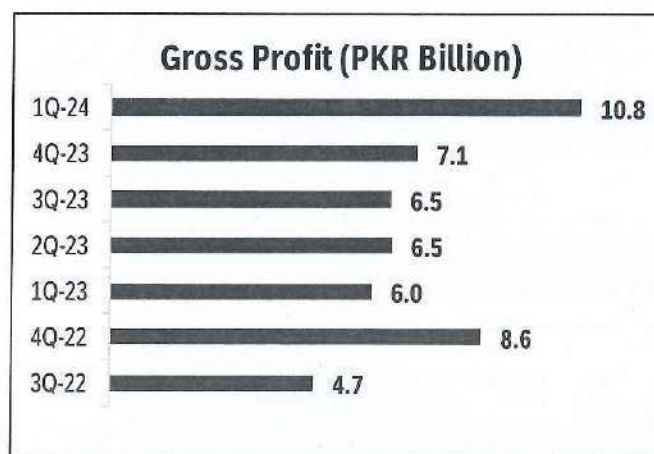
During the quarter under review, your Company's overall gross revenue increased by 54.5% as compared to the SPLY. Where local sales revenue showed an increase of 59.4% (PKR 35.0 billion vs PKR 22.0 billion), which was attributable to a resurgence in construction activity and low base effect as explained above. Export sales revenue also increased by 23.3% (PKR 4.3 billion vs PKR 3.5 billion).

### Cost of Sales

During the quarter under review, cost of sales increased to PKR 18.6 billion as compared to PKR 13.7 billion in the SPLY, an increase of 35.3%. The major reason for this increase was higher production and sales volume compared to SPLY.

### Gross Profit

The gross profit margin of the company for 1Q FY24 was 36.9% compared to 30.6% in the same period last year. Your Company's constant focus on cost and operational efficiencies led to an increase in gross profit margins.





### Dividend Income

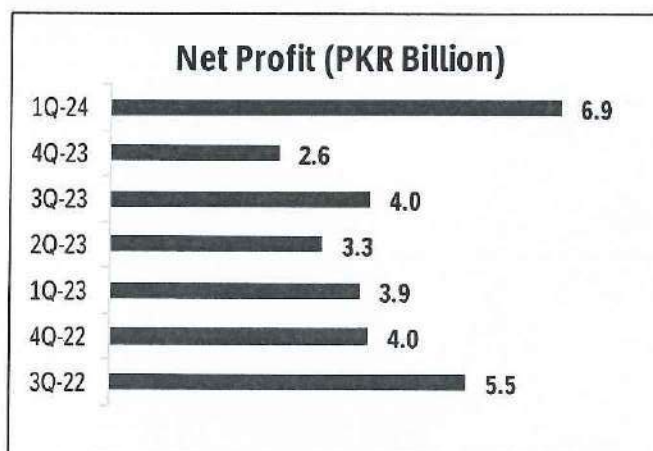
During 1Q FY24, the dividend income received by your Company from its subsidiaries was PKR 1.7 billion vs PKR 1.5 billion during the SPLY.

Subsidiary/ Associate	1Q FY24	4Q FY23	3Q FY23	2Q FY23	1Q FY23	4Q FY22	3Q FY22
PKR Billion							
LCI	1.6	-	0.5	-	0.8	-	1.0
LHL	-	-	0.2	-	-	0.1	
YEL	0.1	-	0.1	0.1	-	-	0.1
LMC	-	-	-	-	0.7	-	1.0
<b>Total</b>	<b>1.7</b>	<b>0.0</b>	<b>0.8</b>	<b>0.1</b>	<b>1.5</b>	<b>0.1</b>	<b>2.1</b>

### Net Profit

Your Company achieved a profit before tax of PKR 10.5 billion during 1Q FY24 as compared to PKR 5.4 billion reported during the SPLY.

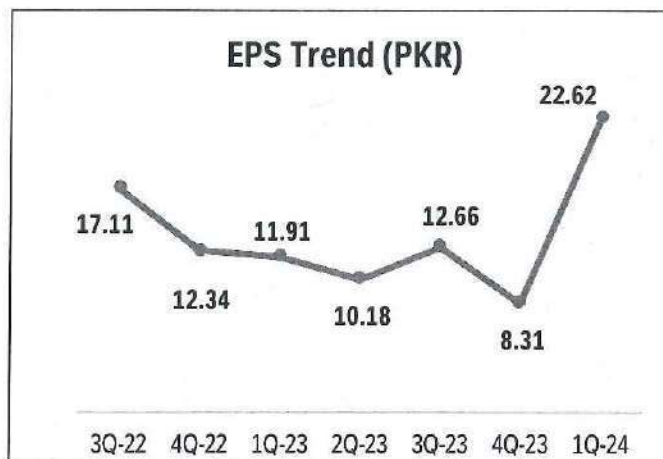
Accordingly, an after-tax profit of PKR 6.9 billion was achieved during the quarter under review as compared to PKR 3.9 billion reported during the SPLY.



### Earnings Per Share (EPS)

The earnings per share of your Company for 1Q FY24 was PKR 22.62 in comparison to PKR 11.91 reported during the SPLY.





## Growth & Expansion

### Lotte Chemical Pakistan Limited

The subsidiary entered into a Share Purchase Agreement with Lotte Chemicals Corporation on January 26, 2023, which was subsequently assigned to Lucky Core Ventures (Private) Limited (LCV) (wholly owned subsidiary) for the acquisition of approximately 75.01% of the issued share capital of Lotte Chemical Pakistan Limited, comprising 1,135,860,105 ordinary shares. The completion of the transaction remains subject to the terms of the Share Purchase Agreement, including receipt of requisite approvals and completion of other closing conditions. Going forward, up to 49% shareholding of LCV may be collectively acquired by Yunus Textile Mills Limited (YTML), Lucky Textile Mills Limited (LTML) and Lucky Cement Limited (LCL). An amended and restated public announcement of intention was issued by LCV in this regard. The shareholding proportion of each of the said entities shall be determined at a later stage. Direct majority shareholding and control of the Acquirer is however intended to remain with LCI.

The Board of Directors of the Company has, subject to the approval of shareholders, approved and authorized the Company to make an investment in the form of equity of an amount up to PKR 3 billion in its associated Company, M/s. Lucky Core Ventures (Private) Limited (LCV).

### Share Buyback of Lucky Cement Limited

In 1Q FY23, the Company announced a share buy-back of up to 10 million ordinary shares, which was subsequently approved by the shareholders in EOGM dated September 20, 2022. The said purchase was made from Pakistan Stock Exchange Limited (PSX) at the prevailing spot prices and was completed within the stipulated time at an average price of PKR 435.6 per share.



With a view to creating further value for the shareholders, a second buy-back of up to 23.8 million ordinary shares was also announced by the Company in 4Q FY23, which was subsequently approved by the shareholders in an EOGM held on May 24, 2023. The purchase period commenced during the last month of FY23 and as of 30th September, 10.9 million ordinary shares were purchased under this buy-back.

### **Renewable Energy Initiatives**

A testament to your Company's commitment to energy conservation and promotion of green energy resources is evident in the various new renewable energy projects initiated during the quarter under review.

- **Wind Energy at Karachi Plant:**  
The Company has decided to undertake a 28.8 MW captive wind power project at the Karachi Plant. We expect to complete the project before the end of the current fiscal year.
- **Expansion of solar capacity at Karachi & Pezu Plant:**  
The Company has decided to increase the solar capacities at the Karachi and Pezu Plant by 6.3 MW and 6 MW, respectively. The resulting expansion will bring the Company-wide solar capacity to 74.3 MW.

### **Corporate Social Responsibility**

Your Company is resolute in its commitment to continue its efforts to support education, women's empowerment, health, environmental conservation, and community development as part of its Corporate Social Responsibility (CSR) initiatives.

#### **Education / Scholarships:**

As part of its long-term goal to provide merit-based assistance to deserving and underprivileged segments of society, your company has awarded scholarships to numerous talented students from leading universities in Pakistan.

Your company maintains its collaboration with respected non-profit organizations like the Shahid Afridi Foundation, Million Smiles Foundation, and Citizen Foundation, with a special emphasis on improving primary level education in the country for underprivileged children.

In a bid to make education accessible and affordable for deserving students, especially those from rural areas, irrespective of their financial backgrounds, your company has also launched dedicated scholarship programs and vocational training initiatives.



### **Women Empowerment:**

Your company remains dedicated to girls' education and continues its collaboration with Zindagi Trust to support two prominent government girls' schools in Karachi. This ongoing effort aims to transform girls' educational institutions in Pakistan.

### **Health Initiatives:**

Your company ensures the provision of quality healthcare for society. This commitment is demonstrated through financial support to the Aziz Tabba Foundation, a renowned philanthropic institution that operates the Tabba Heart and Tabba Kidney institutes. These institutes are crucial in bridging the gap in specialized and contemporary medical care available in the country.

### **Social Empowerment for underprivileged:**

Your company made a generous donation to a renowned NGO to empower orphans by providing them with a sense of belonging and facilitating their integration into society. The organization's objective is to establish a fully equipped facility to meet their residential and educational needs.

### **Environmental Conservation:**

Your company emphasizes its environmental responsibilities. To highlight the importance of environmental conservation, your company persists with its eco-friendly initiatives, such as tree-planting campaigns near its manufacturing sites.

## **Outlook**

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Owing to strengthened administrative measures targeting speculation and hoarding in the commodity and foreign exchange markets, the PKR, which weakened significantly against the USD in FY23, is now showing signs of recovery as of this report's date. Assuming these administrative measures persist until comprehensive reforms are implemented to address these issues, the positive outcomes are expected to yield multifaceted benefits for the country.

Optimistically, assuming that the above-referred administrative measures are sustained and reforms are implemented, the stability in PKR vs. USD parity is expected to lead to a long-awaited reduction in fuel prices, which will support in halting the increasing trend of inflation and interest rates. This, in turn, is likely to boost remittances. However, the strengthening PKR may widen the trade deficit, as exports will be adversely



impacted. On the other hand, energy reforms are anticipated, which would phase out subsidies and lead to increased energy costs for both industrial consumers and households. It's important to note that the economy has faced severe challenges, and even with improvements in these macroeconomic factors, it will take some time for a full recovery.

Establishing political stability is crucial for fostering confidence in the economy and ensuring long-term growth. Anticipated general elections hold the promise of providing this stability, a key factor in revitalizing the economic landscape. The new government can kickstart this process by implementing sustainable, confidence-boosting measures for a prosperous future.

Additionally, the ongoing volatility in the Palestine-Israel conflict may have far-reaching repercussions for global economies. The full extent of this conflict's impact will become clearer over time.

### **Local Cement Operations**

Although cement demand remained strong in 1Q FY24 compared to SPLY, going forward, the high inflation and interest rate environment will continue to exert a negative influence on cement demand in the short term. On the other hand for the medium-term, the potential for political stability and foreign investment in Pakistan, and the redirection of resources towards public sector development, including major infrastructure projects, could serve as pivotal catalysts for the economy, potentially reinvigorating domestic demand for cement.

As part of Pakistan's ongoing energy reforms and in alignment with the International Monetary Fund (IMF) program, energy prices are anticipated to see substantial increases. These measures are essential steps in addressing the circular debt issue, but they will also lead to higher production costs, placing pressure on our company's profit margins.

Nonetheless, the management of your Company expresses confidence that due to the substantial investments made by the company in renewable energy and efforts to enhance manufacturing efficiency, we will be able to partially mitigate the impact of elevated energy costs in the future.

### **Foreign Cement Operations**

International cement operations are expected to experience robust demand, and the companies are well-positioned to benefit from increased utilization of existing operational lines in the forthcoming financial periods. Moreover, the addition of a new clinker line, with a capacity of 1.82 MTPA, in Samawah, Iraq, will greatly enhance the operational efficiencies of our business. This strategic move plays a crucial role in achieving self-reliance in terms of clinker availability within Iraq.

### **Polyester, Soda Ash, & Chemicals**

Looking ahead, the economic outlook will be shaped by the continued implementation of reforms aimed at stabilizing the economy to restore fiscal and external buffers, restoration of political stability, flood relief support from the international community, assistance from friendly nations, along continuance of the IMF programme. However, these measures will keep demand in check and inflation high in the short term. The above factors will continue to impact overall industrial activity and the demand for LCI's products. The



### **Automobiles & Mobile Phones**

The outlook for the automobile sector in Pakistan for FY 2024 is sluggish. Sales volumes are expected to remain under pressure due to economic slowdown, higher taxes on cars and SUVs, and fluctuations in the PKR to USD parity. These factors will dampen demand for new vehicles and continue to put pressure on the margins of automobile manufacturers. However, the subsidiary's focus on optimizing its operations and localization will help reduce reliance on imported components and protecting margins and enhancing competitiveness.

As for the forecast for Pakistan's mobile industry in fiscal year 2024, the industry is expected to encounter similar challenges stemming from the ongoing economic slowdown and the rising cost of smartphones due to PKR's depreciation. The economic downturn is expected to suppress consumer demand for smartphones, as discretionary spending may be curtailed. In response to these challenges the company is shifting its focus towards the production and promotion of low-cost phones. This strategy would help maintain sales volumes, thereby mitigating some of the negative impacts.

In conclusion, although FY 2024 poses challenges for both the automobile and mobile sectors in Pakistan, strategic adjustments like increased localization and cost optimization will be pivotal in navigating these headwinds.

### **Power**

LEPCL aspires to be the leading energy producer in the private sector, dedicated to delivering cost-effective, secure, and dependable power while creating sustainable value for all stakeholders. Our subsidiary's main objective is to ensure uninterrupted plant operation, maintaining a 100% availability rate for supply to the National Grid.

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Your Company's strong financial position and free cash flow generating ability are anticipated to further support its vision to maintain its leadership position in Pakistan and to capitalize on new investment opportunities to maximize shareholders' value.

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### **Acknowledgment**

The Board would like to thank all our stakeholders, employees, customers, suppliers, shareholders, and bankers for their support. The confidence and goodwill of the stakeholders have allowed the Company to sustain and grow over the years.



We continue to pray to Allah for the success of the Company and the benefit of all stakeholders, and the country in general.

On behalf of the Board

A blue ink signature of Muhammad Sohail Tabba, consisting of several loops and a long horizontal stroke.

**MUHAMMAD SOHAIL TABBA**  
Chairman / Director

A blue ink signature of Muhammad Ali Tabba, consisting of several loops and a long horizontal stroke.

**MUHAMMAD ALI TABBA**  
Chief Executive / Director

Karachi: October 27, 2023