



LCK/CS/2023-24/

January 26, 2024

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 HALF YEAR ENDED DECEMBER 31, 2023

This is to inform you that the Board of Directors of our Company in their meeting held on Thursday, January 25, 2024 at 4:30 p.m., at 6-A, Muhammad Ali Housing Society, A. Aziz Hashim Tabba Street, Karachi-75350 recommended the following:

(I)	<u>Cash Dividend</u>	Nil
(ii)	<u>Bonus Issue</u>	Nil
(iii)	<u>Right Issue</u>	Nil
(iv)	<u>Interim Dividend</u>	Nil

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.

We will be transmitting the half yearly report of the Company for the period ended December 31, 2023 in electronic form through PUCARS within the specified time.

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

ALI SHAHAB
GM Legal & Company Secretary

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



LUCKY CEMENT LIMITED
Consolidated Condensed Interim Statement of Financial Position
As at December 31, 2023

	Note	(Un-audited)	(Audited)
		December 31, 2023	June 30, 2023
(PKR in '000')			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	293,566,188	294,838,879
Intangible assets		6,642,549	6,682,998
Right-of-use assets		<u>76,998</u>	<u>116,707</u>
		<u>300,285,735</u>	<u>301,638,584</u>
Long-term investments	6	72,035,026	67,118,403
Long-term loans and advances		815,433	731,165
Long-term deposits and prepayments		<u>159,630</u>	<u>94,898</u>
		<u>373,295,824</u>	<u>369,583,050</u>
CURRENT ASSETS			
Stores, spares and consumables	7	20,266,696	22,608,453
Stock-in-trade		71,269,217	48,660,510
Trade debts		65,170,839	59,903,590
Loans and advances		7,488,587	3,220,177
Trade deposits and short-term prepayments		4,795,886	6,270,645
Other receivables		14,570,699	14,141,981
Tax refunds due from the Government		654,413	538,812
Taxation receivable		78,536	193,198
Accrued return		250,118	100,097
Short-term investments		33,398,237	44,199,457
Cash and bank balances		<u>42,475,179</u>	<u>38,939,424</u>
		<u>260,418,407</u>	<u>238,776,344</u>
TOTAL ASSETS		<u><u>633,714,231</u></u>	<u><u>608,359,394</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	8	2,930,000	3,118,386
Reserves		<u>241,351,976</u>	<u>224,365,635</u>
Attributable to the owners of the Holding Company		244,281,976	227,484,021
Non-controlling interest		<u>34,550,970</u>	<u>33,515,038</u>
Total equity		<u>278,832,946</u>	<u>260,999,059</u>
NON-CURRENT LIABILITIES			
Long-term loans		129,088,713	135,857,715
Long-term deposits and other liabilities		9,407,212	9,532,879
Lease liabilities		36,623	29,064
Deferred income - Government grant		3,728,999	4,305,281
Deferred liabilities			
- Staff Gratuity		3,198,821	2,696,191
- Deferred tax liability		<u>20,790,249</u>	<u>19,225,117</u>
		<u>23,989,070</u>	<u>21,921,308</u>
		<u>166,250,617</u>	<u>171,646,247</u>
CURRENT LIABILITIES			
Current portion of long-term loans		10,906,164	9,009,157
Trade and other payables		85,268,821	80,574,343
Provision for taxation		19,523,283	13,910,125
Accrued markup		5,070,676	5,046,314
Short-term borrowings and running finance		66,933,093	67,043,227
Current portion of lease liabilities		46,105	80,807
Unclaimed dividend		61,617	50,115
Unpaid dividend		<u>820,909</u>	<u>-</u>
		<u>188,630,668</u>	<u>175,714,088</u>
		<u>354,881,285</u>	<u>347,360,335</u>
TOTAL EQUITY AND LIABILITIES		<u><u>633,714,231</u></u>	<u><u>608,359,394</u></u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 16 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 half year ended December 31, 2023 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		December 31,	December 31,	December 31,	December 31,
		2023	2022	2023	2022
		(PKR in '000')		(PKR in '000')	
Revenue	10	247,475,040	219,147,990	122,542,655	112,310,098
Less: Sales tax and excise duty		34,057,599	29,090,478	16,316,771	14,808,685
Rebates, incentives and commission		6,894,749	4,851,648	3,778,236	2,544,481
		40,952,348	33,942,126	20,095,007	17,353,166
Net Revenue		206,522,692	185,205,864	102,447,648	94,956,932
Cost of sales		(143,460,968)	(146,142,331)	(70,842,723)	(74,024,739)
Gross Profit		63,061,724	39,063,533	31,604,925	20,932,193
Distribution cost		(7,399,233)	(5,262,641)	(3,956,920)	(2,539,135)
Administrative expenses		(4,287,910)	(2,863,401)	(2,055,982)	(1,396,690)
Finance cost		(19,221,514)	(13,715,554)	(9,513,597)	(7,230,811)
Other expenses		(2,326,648)	(1,861,529)	(1,192,751)	(688,100)
Other income	11	10,084,108	3,083,746	4,827,406	1,630,251
Share of profit - joint ventures and associate		8,452,681	3,650,206	4,250,572	2,469,529
Profit before taxation		48,363,208	22,094,360	23,963,653	13,177,237
Taxation		(10,039,377)	(4,278,282)	(4,997,121)	(2,008,122)
Profit after taxation from continuing operations		38,323,831	17,816,078	18,966,532	11,169,115
Profit after taxation from discontinued operations		-	507,507	-	221,945
Profit after taxation		38,323,831	18,323,585	18,966,532	11,391,060
Attributable to:					
Owners of the Holding Company		35,339,163	15,913,378	17,633,163	10,464,026
Non-controlling interest		2,984,668	2,410,207	1,333,369	927,034
		38,323,831	18,323,585	18,966,532	11,391,060
Earnings per share - basic and diluted		(PKR)		(PKR)	
- continuing operations		117.19	48.88	59.41	32.31
- discontinued operations		-	0.44	-	0.19
		117.19	49.32	59.41	32.51

The annexed notes from 1 to 16 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 December 31, 2023

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	(PKR in '000')	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	99,361,900	95,620,306
Intangible assets		<u>70,375</u>	<u>85,588</u>
		99,432,275	95,705,894
Long-term investments		57,594,485	57,594,485
Long-term loans and advances		184,189	194,204
Long-term deposits		<u>7,842</u>	<u>7,842</u>
		<u>157,218,791</u>	<u>153,502,425</u>
CURRENT ASSETS			
Stores and spares		12,342,207	14,084,018
Stock-in-trade	6	10,315,535	6,048,507
Trade debts		5,817,960	5,089,667
Loans and advances		905,163	749,292
Trade deposits and short-term prepayments		65,560	2,153,705
Accrued return		250,118	100,079
Other receivables		4,541,327	4,797,885
Tax refunds due from the Government		538,812	538,812
Short-term investments	15.2	19,002,619	21,898,496
Cash and bank balances		<u>5,241,297</u>	<u>4,116,181</u>
		59,020,598	59,576,642
		<u>216,239,389</u>	<u>213,079,067</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up share capital	7	2,930,000	3,118,386
Reserves		<u>130,575,612</u>	<u>134,247,940</u>
		133,505,612	137,366,326
NON-CURRENT LIABILITIES			
Long-term deposits		254,562	252,837
Long-term loans	8	13,666,923	14,557,294
Deferred Government grant		1,949,581	2,121,307
Deferred liabilities			
- Staff gratuity		2,795,303	2,574,925
- Deferred tax liability		11,299,116	10,025,499
		<u>14,094,419</u>	<u>12,600,424</u>
		29,965,485	29,531,862
CURRENT LIABILITIES			
Trade and other payables		30,289,154	29,918,702
Current maturity of long-term loans		1,432,887	599,653
Short-term borrowings	9	5,485,000	5,885,000
Unclaimed dividend		61,617	50,115
Unpaid dividend		820,909	-
Accrued markup		514,704	497,745
Taxation - net		<u>14,164,021</u>	<u>9,229,664</u>
		52,768,292	46,180,879
		82,733,777	75,712,741
		<u>216,239,389</u>	<u>213,079,067</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	10		

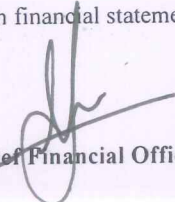
The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.



Chairman / Director



Chief Executive



Chief Financial Officer


LUCKY CEMENT LIMITED
Unconsolidated Condensed Interim Statement of Profit or Loss
For the half year ended Deceember 31, 2023 (Un-audited)

	Note	Half year ended		Quarter Ended	
		December 31, 2023 (PKR in '000')	December 31, 2022 (PKR in '000')	December 31, 2023 (PKR in '000')	December 31, 2022 (PKR in '000')
Gross sales	11	79,263,577	58,705,987	39,974,659	33,270,352
Less: Sales tax and federal excise duty		18,328,834	12,664,862	8,950,830	7,284,100
Rebates, incentives and commission		1,054,275	708,044	525,168	396,505
		19,383,109	13,372,906	9,475,998	7,680,605
Net sales		59,880,468	45,333,081	30,498,661	25,589,747
Cost of sales		(38,060,121)	(32,810,247)	(19,508,653)	(19,098,668)
Gross profit		21,820,347	12,522,834	10,990,008	6,491,079
Distribution cost		(3,746,393)	(2,656,702)	(2,011,524)	(1,294,494)
Administrative expenses		(1,019,828)	(916,500)	(531,266)	(470,669)
Finance costs		(805,573)	(613,210)	(423,702)	(360,488)
Other expenses		(1,856,330)	(1,107,765)	(941,081)	(491,259)
Other income		6,195,563	2,847,483	3,044,516	837,666
Profit before taxation		20,587,786	10,076,140	10,126,951	4,711,835
Taxation		(6,877,670)	(2,947,521)	(3,346,168)	(1,435,629)
Profit after taxation		13,710,116	7,128,619	6,780,783	3,276,206
			(PKR)		(PKR)
Earnings per share - basic and diluted	12	45.47	22.09	22.85	10.18

The annexed notes from 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chairman / Director


Chief Executive


Chief Financial Officer



Directors' Report

The Directors are pleased to present to you the financial results of your Company which include both, unaudited **consolidated** and **unconsolidated financial statements** for the half year ended December 31, 2023.

Overview of Economy & Consolidated Financial Performance

During 1H FY24, navigating through economic volatility posed significant challenges for the country. The prevailing high interest rates, fueled by persistent inflation peaking at 29%, alongside imminent adjustments in power and gas tariffs aligned with the ongoing IMF program, have considerably affected businesses in Pakistan. The State Bank of Pakistan (SBP) has maintained a policy rate of 22%, suggesting a potential peak in interest rates. Future reductions are contingent on a decline in inflation. Furthermore, the government's stringent actions against smuggling and illegal currency outflows have yielded positive outcomes, stabilizing the exchange rate.

The management of your Company remains vigilant and is closely monitoring these developments. We continue to effectively apply strategies and resources to mitigate any impacts on the operations and financial performance of the Company.

On a consolidated basis, your Company achieved gross revenue of PKR 247.5 billion which is 12.7% higher as compared to the same period last year (SPLY) revenue of PKR 219.5 billion. This increase in gross revenue is primarily attributable to increased domestic sales and higher revenue from subsidiaries of your Company, namely Lucky Electric Power Company Limited and Lucky Core Industries Limited.

Resultantly your Company's consolidated net profit stands at PKR 38.3 billion compared to PKR 18.3 billion during the SPLY. The consolidated net profit translates into an EPS of PKR 117.19 during the half year ended December 31, 2023, as compared to PKR 49.32 during the SPLY.

The consolidated financial performance of your Company for the half year ended December 31, 2023, as compared to SPLY is presented below:

PKR million except EPS	1H FY24	1H FY23	Change (%)
Gross Revenue	247,475	219,532	12.7%
Net Revenue	206,523	185,590	11.3%
Gross Profit	63,062	39,064	61.4%
GP as % of Net Revenue	30.5%	21.0%	44.9%
Operating Profit	51,375	30,937	66.1%
EBITDA	60,328	38,771	55.6%
Net Profit*	38,324	18,324	109.2%
NP (Attributable to Owners of the holding company)	35,339	15,913	122.1%
Earnings Per Share (PKR) *	117.19	49.32	137.6%

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Local Cement Operations

In 1H FY24, our Company's cement dispatches reached 4.41 million tons, showing a 23% year-on-year (YoY) increase. This growth was primarily due to the addition of a new line in Pezu, a significant increase in exports, and a lower base in the previous year, which was impacted by factors such as floods, rain, and smog-related shutdowns, hindering construction activities nationwide. Export dispatches, increased by 59% in 1H FY24 compared to the SPLY, while local dispatches saw a 16% increase.

Foreign Cement Operations

The cement production facilities in Iraq and Congo, operated under joint venture agreements, continued to enhance the Group's profitability with increased margins. Iraq's cement demand improved, while Congo's demand remained stable. Additionally, full capacity utilization at Najmat-Al-Samawah, in Iraq, and the conversion of the Kiln from HFO to Gas, further boosted your Company's profitability.

Polyester, Soda Ash, & Chemicals

The Net Turnover for 1H FY24 was PKR 60.2 billion, 22% higher compared to the SPLY. Net Turnover for Chemical & Agri Sciences, Pharmaceuticals, Soda Ash, Polyester and Animal Health businesses increased by 49%, 30%, 26%, 12% and 2% respectively as compared to the SPLY.

The Operating Result for the same period was PKR 8.1 billion, 53% higher than the SPLY. The Chemicals & Agri Sciences, Pharmaceuticals, Soda Ash, Animal Health and Polyester businesses delivered higher Operating Results by 202%, 72%, 46%, 12% and 7% respectively as compared to the SPLY. The Soda Ash business's performance was mainly driven by higher export volumes following the completion of the 60,000 tons per annum (TPA) expansion project in the previous year. The Polyester business showed recovery, despite slow off-take in downstream markets due to a bleak global economic situation amidst monetary tightening and high energy tariffs.

During this period, the subsidiary's Board of Directors granted an in-principle approval for a capacity expansion of 200,000 TPA at the Company's Soda Ash plant in Khewra, Punjab. 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.

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. On January 12, 2024, this agreement was terminated by LCV, as the conditions required for completion could not be met within the stipulated time frame. Consequently, LCV decided not to proceed with the transaction.

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Automobiles & Mobile Phones

Since the beginning of July 2023, the automobile sector has experienced a sharp decline in volumes. This downturn is attributable to several factors including currency fluctuations, the introduction of 1% CVT on cars with an engine capacity of 1300 CC and above, increased Sales Tax rates from 17% to 25% on cars with engine capacity of 1400 CC and above and for SUVs regardless 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. During 1H FY24, the automobile sector observed an overall volume decline of more than 50% compared to SPLY.

However, the mobile phone market has seen an overall improvement during this period compared to SPLY. This was attributable to improved supply situation following the lifting of import restrictions on mobile phone SKD kits by the government.

Power

LEPCL commenced its commercial operations in March 2022 and is currently in its second year of operation. The plant completed 3.4 million safe manhours without any loss of time due to injury (since inception) during this 1H FY24. The plant also successfully completed its second annual maintenance shutdown during this quarter, undertaking several jobs for further improvement in plant operations. Having addressed most performance related issues in the first year, the plant has maintained 100% commercial availability throughout 1H FY24.

Cement Industry & Company's Performance – Unconsolidated

The local cement demand in Pakistan recorded modest growth of 1.0% YoY, reaching 20.24 million tons for the half year ended December 31, 2023, vs. 20.03 million tons during the SPLY. Notably, exports witnessed a substantial surge of 110.7%, totaling 3.65 million tons during the 1H FY24, up from 1.7 million tons in the SPLY. Consequently, the overall industry volume grew by 9.8% reaching 23.89 million tons in the period under review compared to 21.76 million tons in the SPLY. This boost in sales volumes can be attributed to increased viability of exports, together with a lower base of domestic sales in the previous year, which was impacted by widespread rains, unprecedented floods, and an overall economic slowdown.

Compared to the cement industry, your Company experienced a 23.4% increase in overall sales volume, reaching 4.4 million tons, as compared to 3.6 million tons in the SPLY. Local sales volume grew by 16.3%, reaching 3.5 million tons during 1H FY24, compared to 3.0 million tons in the SPLY. Furthermore, export volumes increased by 59.4%, to 0.94 million tons during the period under review, in contrast to 0.59 million tons in the SPLY.

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Cement Production & Sales Volume Performance

The local cement production and sales statistics of your Company for the half year ended December 31, 2023, compared to the SPLY are as follows:

Particulars	1H FY24	1H FY23	Growth / (Decline)	
	Tons in '000'			%
Clinker Production	4,607	3,075	↑	49.8%
Cement Production	3,997	3,379	↑	18.3%
Cement / Clinker Sales	4,408	3,572	↑	23.4%

A comparison of **Pakistan's Cement Industry** and your **Company's dispatches** for the half year ended December 31, 2023, in comparison with SPLY, is presented below:

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Particulars (Tons in '000')	1H FY24	1H FY23	Change %	
Cement Industry				
Local Sales	20,237	20,029	208	1.0%
Export Sales				
- Bagged	1,817	1,249	568	45.5%
- Loose	21	10	11	-
- Clinker	1,815	475	1,340	282.2%
Total Exports	3,653	1,734	1,919	110.7%
Grand Total	23,890	21,763	2,127	9.8%
Lucky Cement				
Local Sales				
- Cement	3,345	2,982	363	12.2%
- Clinker	124	-	124	-
	3,469	2,982	487	16.3%
Export Sales				
- Bagged	621	399	222	55.5%
- Loose	21	10	11	-
- Clinker	297	180	117	65.1%
Total Exports	939	589	350	59.4%
Grand Total	4,408	3,572	837	23.4%
Market Share				
	1H FY24	1H FY23	Change %	
Local Sales	16.5%	14.9%	11.0%	
Export Sales				
- Bagged	34.2%	32.0%	6.9%	
- Loose	100.0%	100.0%	-	
- Clinker	16.4%	37.9%	(56.7%)	
Total Export	25.7%	34.0%	(24.4%)	
Grand Total	17.9%	16.4%	9.3%	

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Financial Performance – Unconsolidated

The unconsolidated financial performance of your Company for the half year ended December 31, 2023, as compared to the SPLY is presented below:

PKR million except EPS	1H FY24	1H FY23	Change (%)
Gross Revenue	79,264	58,706	35.0%
Net Revenue	59,880	45,333	32.1%
Cost of Sales	38,060	32,810	16.0%
Gross Profit	21,820	12,523	74.2%
GP as % of Net Revenue	36.4%	27.6%	31.9%
Operating Profit	17,054	8,950	90.5%
EBITDA	18,593	11,351	63.8%
Net Profit	13,710	7,129	92.3%
EPS	45.47	22.09	105.8%

Revenue

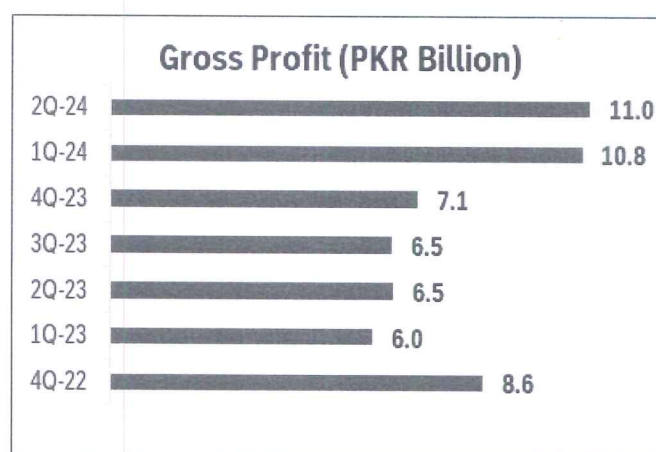
During the half year under review, your Company's overall gross revenue increased by 35% as compared to the SPLY. As explained above, the local sales revenue increased by 32% (PKR 68.9 billion vs PKR 52.1 billion) and export sales revenue increased by 57% (PKR 10.3 billion vs PKR 6.6 billion).

Cost of Sales

During the half year under review, the cost of sales increased by 16% to PKR 38.06 billion as compared to PKR 32.8 billion in the SPLY. The major reason for this increase was higher production and sales volume compared to SPLY.

Gross Profit

The gross profit margin of your Company for 1H FY24 is 36.4% compared to 27.6% in the SPLY. Your Company's constant focus on cost and operational efficiencies over the years has led to an increase in margins.



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Dividend Income

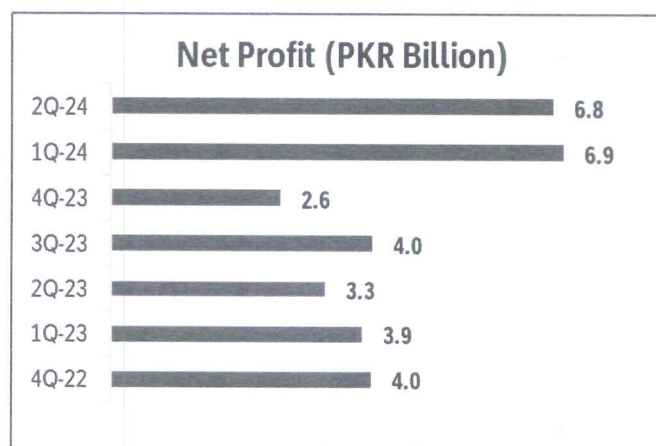
During 1H FY24, the dividend income received by your Company from its subsidiaries / associates was PKR 3.2 billion vs PKR 1.6 billion during the SPLY.

Subsidiary/ Associate	2Q FY24	1Q FY24	4Q FY23	3Q FY23	2Q FY23	1Q FY23	4Q FY22
PKR Billion							
LCI	-	1.7	-	0.5	-	0.8	-
LHL	-	-	-	0.2	-	-	0.1
YEL	-	0.1	-	0.1	0.1	-	-
LMC	1.4	-	-	-	-	0.7	-
Total	1.4	1.8	0.0	0.8	0.1	1.5	0.1

Net Profit

Your Company achieved a profit before tax of PKR 20.6 billion during 1H FY24 as compared to PKR 10.1 billion reported during the SPLY.

Accordingly, an after-tax profit of PKR 13.7 billion was achieved during the half-year under review as compared to PKR 7.1 billion reported during the SPLY.



Lucky Cement Limited

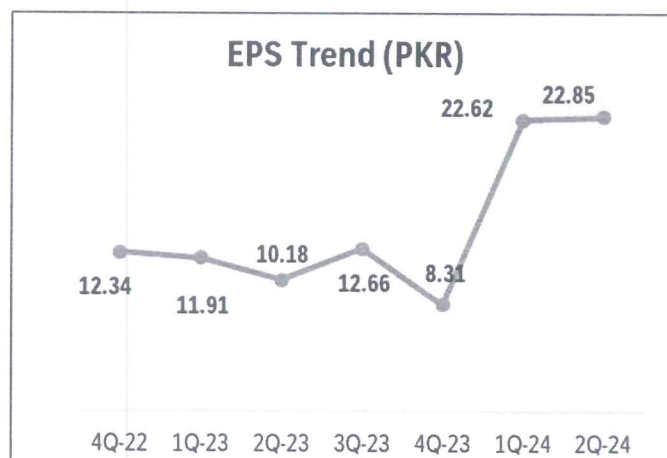
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Earnings Per Share (EPS)

The earnings per share of your Company for 1H FY24 was PKR 45.47 in comparison to PKR 22.09 reported during the SPLY.



Growth & Expansion

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 approved by the shareholders in an EOGM dated September 20, 2022. This purchase made from the Pakistan Stock Exchange Limited (PSX) at prevailing spot prices was completed within the stipulated time at an average price of PKR 435.6 per share.

In a move to create further value for shareholders, the Company announced a second buy-back of up to 23.8 million ordinary shares in 4Q FY23, which was subsequently approved by the shareholders in the EOGM held on May 24, 2023. By November 20, 2023, 20.4 million ordinary shares were purchased at an average price of PKR 632.6 per share, marking the completion of the prescribed time limit for the second buy-back

Renewable Energy Initiatives

Your Company is committed to energy conservation and promotion of green energy resources, as demonstrated by the following new renewable energy projects:

- **Wind Energy at Karachi Plant:**
The Company has embarked on a 28.8 MW captive wind power project at its Karachi Plant, expected to be completed by 1Q FY25.
- **Expansion of solar capacity at Karachi & Pezu Plant:**
The solar capacities at the Karachi and Pezu Plants are being increased by 6.3 MW and 6 MW respectively and will be completed during the current financial year. This expansion will increase the solar capacity of your Company to 74.3 MW.

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The completion of the above projects will bring the total renewable energy generation capacity of your Company to 103.1 MW.

Corporate Social Responsibility

Your Company is steadfast in supporting education, women's empowerment, health, environmental conservation, and community development as part of its Corporate Social Responsibility (CSR) initiatives.

Education / Scholarships:

Committed to providing quality education to deserving segments of society, the Company has initiated Intermediate scholarships in District Lakki Marwat and awarded merit-based scholarships at leading universities in Pakistan.

Your Company maintains its collaboration with respected non-profit organizations like the Shahid Afridi Foundation, Million Smiles Foundation, and The Citizen Foundation, focusing on improving primary level education throughout the Country for underprivileged children.

The Company has also launched dedicated scholarship programs and vocational training initiatives, along with adopting new schools in Taobat and Kundal Shahi, Neelum Valley.

Women Empowerment:

Your Company continues to support girls' education and continues its collaboration with Zindagi Trust, transforming government girls' schools in Karachi.

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:

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.

In its dedication to Diversity, Equality, and Inclusivity, your Company actively supports differently-abled individuals. This commitment is exemplified through donations to a reputable NGO, specifically directed towards providing Therapy and Training for individuals with Autism Spectrum Disorder (ASD).

Your Company generously donated a Country's leading NGO, Special Olympics Pakistan, which is working towards the prospects of acknowledging and to spread compassion & acceptance and transform the lives of people with Intellectual Disabilities through the 'Power of Sports'.

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Environmental Conservation:

Your Company understands its environmental responsibilities and persists with its eco-friendly initiatives, such as tree-planting campaigns near its manufacturing sites to reduce dust emitted from cement operations.

Community Development:

In an effort to secure clean water access for local communities, your Company has initiated a Water Supply Scheme in Pezu, including the solarization of tube wells. Additionally, the Company is also supporting the villages nearby its manufacturing facilities for provision of clean water.

Outlook

The current fiscal year continues to be marked by economic and political challenges. Additionally, the general elections outcome will play a crucial role in determining economic growth and investor confidence.

Furthermore, the ongoing Palestinian conflict poses potential far-reaching repercussions for global economies. The complete extent of the conflict's outcome is expected to become clearer over time.

Local Cement Operations

Domestic cement demand grew by only 1% during 1H FY24 over the SPLY. Challenges of high inflation and elevated interest rates and seasonal factors are expected to impact cement demand during 2H FY24. Post-election political stability, could direct resources towards development projects, and stimulate local cement demand in the medium term.

Your Company's management remains proactive in enhancing manufacturing efficiency, and investing in renewable energy. This strategic approach not only aims to reduce production costs but also aligns with our commitment to contributing to a more sustainable future.

Foreign Cement Operations

Strong demand is anticipated for international cement operations 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.

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Polyester, Soda Ash, & Chemicals

Looking ahead, the economic outlook will be shaped by the continued implementation of reforms aimed at stabilising the economy to restore fiscal and external buffers, restoration of political stability, assistance from friendly nations, alongside 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 subsidiary remains committed to leveraging its diverse product portfolio and implementing cost rationalization efforts to minimise any adverse impacts and deliver sustainable results.

Automobiles & Mobile Phones

The outlook for the automobile sector is sluggish, with sales volumes under pressure due to economic slowdown and higher taxes on cars and SUVs, and fluctuations in the PKR to USD parity. However, the subsidiary's focus on optimizing its operations and localization will help reduce reliance on imported components and protecting margins and enhancing competitiveness.

The mobile industry is expected to show recovery due to higher sales of low-end mobile phones. LMC has already shifted its focus on producing and promoting low-cost phones.

Power

As warm weather sets in, we expect to see an increase in countrywide power demand resulting in higher dispatch of electricity from the subsidiary's plant.

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.

Acknowledgment

The Board expresses gratitude to all employees of the Company for their efforts and commitment throughout this period. The Board further appreciates the support and trust of all shareholders of the Company and its customers, suppliers and external partners. The confidence and goodwill of all stakeholders has allowed the Company to sustain and grow over the years.

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We pray to Allah for the success of the Company and the well-being of all stakeholders, and the country. May the times ahead bring peace and prosperity for the Company and all people associated with it.

On behalf of the Board

MUHAMMAD SOHAIL TABBA
Chairman / Director

MUHAMMAD ALI TABBA
Chief Executive / Director

Karachi: January 25, 2024