LUCKY CEMENT

DEVELOPING
THE FUTURE

Annual Report 2018

DEVELOPING **THE FUTURE**

Lucky Cement Limited is committed to developing the future with its tireless efforts to improve performance for all its stakeholders.

We are devoted to keep moving ahead with time and pushing our boundaries even further. As we continue to expand and grow into new markets, we ensure sustainability in all our practices and envision a future with endless possibilities.

This annual report marks our 25th anniversary. We pledge to keep driving the future by continuing to build on our customers trust through innovation and transparency in all our practices.

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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

2016

- 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

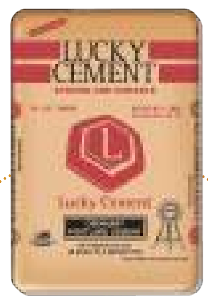
- Announced brownfield expansion of 2.6 MTPA at Pezu Plant
- Completed brownfield expansion in cement grinding plant in Basra, Iraq by 0.871 MTPA.
- Announced greenfield expansion for clinker production of 1.2 MTPA in Samawah, Iraq
- Completed brownfield expansion at Karachi Plant by 1.30 MTPA.
- CEO of the Company was awarded Sitara-e-Imtiaz by the Government of Pakistan
- Won the 33rd MAP's Corporate Excellence Award in Cement Category

OVERVIEW OF COMPANY **AND ITS 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.

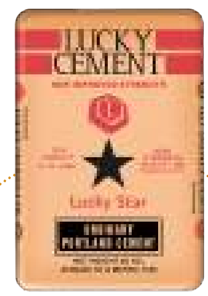
CORE **BRANDS**

Lucky Cement produces cement to suit every need. Variations of Ordinary Portland Cement (OPC) and Sulphate Resistant Cement (SRC) are manufactured to meet the needs of a wide range of customers. The following cement brands are available domestically:



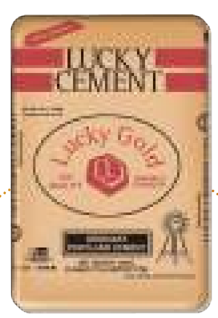
Lucky Cement (Regular)

Lucky Cement (Regular) is an OPC brand and primarily for the North region of Pakistan.



Lucky Star

Lucky Star is an OPC brand primarily for the South region of Pakistan.

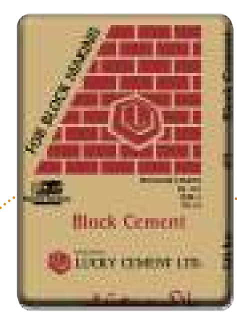


Lucky Gold

Lucky Gold is also an OPC brand that was introduced to penetrate into the Faisalabad market, and sells primarily in Faisalabad and surrounding areas.

Sulphate Resistant Cement (SRC)

Developed specially for use along shorelines and canal linings, Lucky SRC is marketed nationwide.



Block Cement

Developed specially for block makers with quick setting time, Block Cement is a product that sells primarily in the block segment of Karachi.

Local and International Markets

In the last 25 years, Lucky Cement has grown in leaps and bounds. Within the country, we have developed a distribution network that allows its 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. Lucky Cement 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 the Company and a major source for foreign exchange earnings for the country.

Quality Assurance of Products

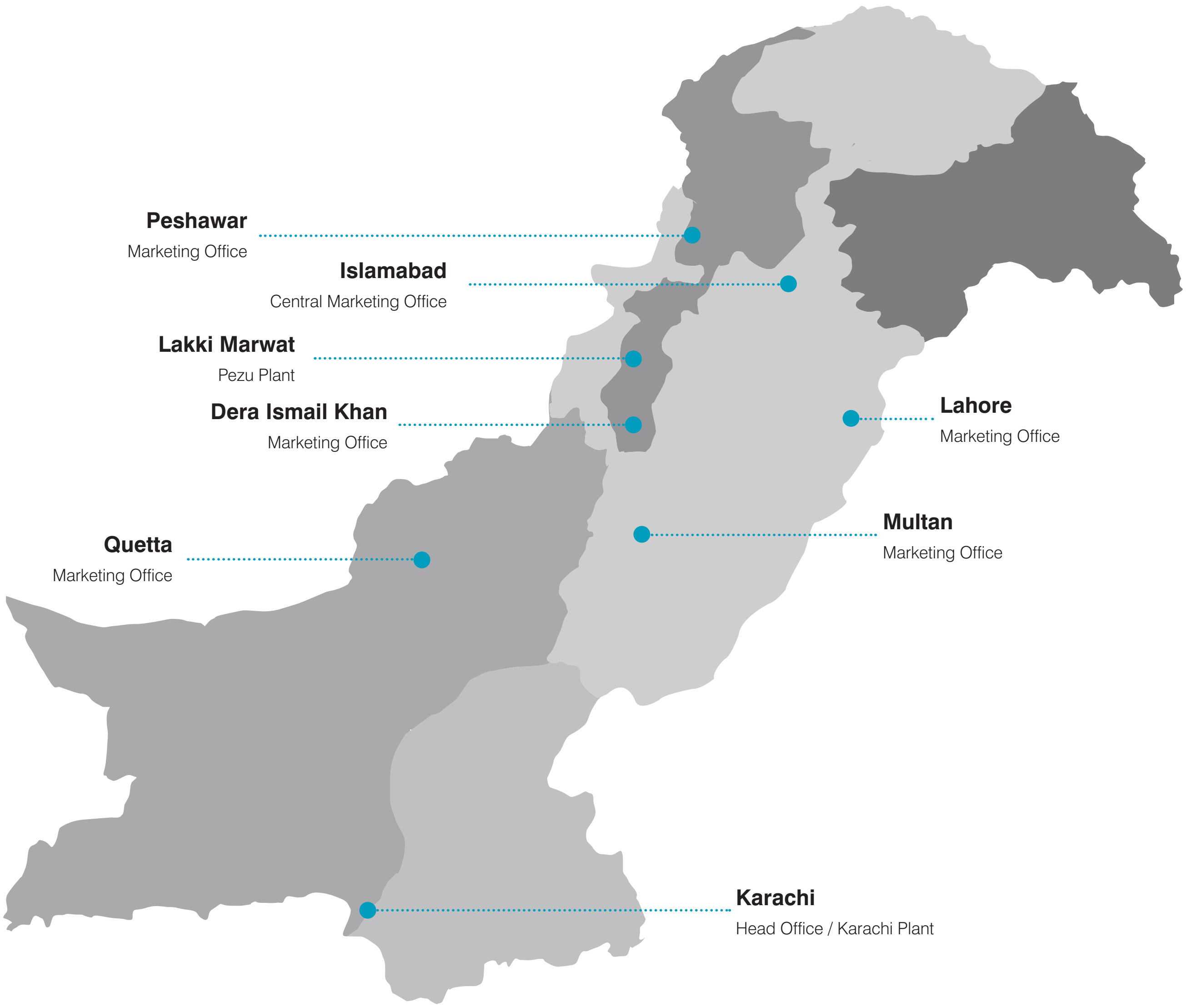
Lucky Cement's product portfolio complies with a range of standards, depending upon the geographical territory where it is sold. Advanced technology such as Distributed Control System (DCS), Programmable Logic Controllers (PLCs) and on-line X-Ray analyzers are used to ensure that product quality is consistent.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

Furthermore, Lucky Cement's 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.

GEOGRAPHICAL **LOCATIONS**



VISION

Ensure sustainable leadership position in Pakistan & increase global footprint in the cement sector. Identify & 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.

CORE **VALUES**

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

Customer Focused

Commitment
Quality and Consistency
Customer Satisfaction
Fair Practices

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

COMPANY **INFORMATION**

Board of Directors

Muhammad Yunus Tabba
Chairperson
Muhammad Ali Tabba
Muhammad Sohail Tabba
Jawed Yunus Tabba
Mariam Tabba Khan
Zulekha Tabba Maskatiya
Muhammad Abid Ganatra
Tariq Iqbal Khan

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 Business
Faisal Mahmood
Company Secretary

Board Committees

AUDIT COMMITTEE

Tariq Iqbal Khan
Chairperson
Muhammad Sohail Tabba
Jawed Yunus Tabba
Mariam Tabba Khan
Zulekha Tabba Maskatiya
Muhammad Abid Ganatra

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mariam Tabba Khan
Chairperson
Muhammad Ali Tabba
Muhammad Sohail Tabba
Jawed Yunus Tabba
Zulekha Tabba Maskatiya

BUDGET COMMITTEE

Muhammad Sohail Tabba
Chairperson
Muhammad Ali Tabba
Jawed Yunus Tabba
Muhammad Abid Ganatra

SHARE TRANSFER COMMITTEE

Jawed Yunus Tabba
Chairperson
Mariam Tabba Khan
Muhammad Abid Ganatra

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
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

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/ Transfer Agent

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S
Main Shahra-e-Faisal, Karachi,
Pakistan
(Toll Free): 0800 23275

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; and

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.

ACHIEVING LIMITLESS SUCCESS

We at Lucky Cement channel our efforts towards expansion, diversification and growth. Our aim is to make value for our stakeholders translated via our leadership, value and competitive edge.

COMPETITIVE **EDGE**

Global Presence

Lucky Cement has been following a business strategy of having presence not only in the local Pakistani market, but also in the international markets by way of export. 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. In Sri Lanka, Lucky Cement has achieved growth in its clientele base with the opening of its 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 joins a group of select 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. An added advantage of using this system is that employees can access real-time data to make timely decisions in their respective business areas.

Energy Efficiency and Reduction of CO_2

Lucky Cement 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 by the Company. 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. Lucky Cement has 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.

Lucky Cement has also taken another step forward with the use of alternate energy by supplementing our manufacturing line with Tyre Derived Fuel (TDF). Lucky Cement is able to curb fossil fuel cost alongside drastically curtailing carbon emissions through this venture. Burning shredded tyres releases the same amount of energy as fossil fuel. Besides using shredded tyres as a source of alternative fuel, Lucky Cement is also utilizing rice husk, bagasse and other biomass in our Refused Derived Fuel (RDF).

Through all such energy efficient innovations we are now generating green energy which has surpassed our production needs and is available for sale to the National Grid.

Export Terminal At Karachi Port

Lucky Cement is the first and only cement company that has its own 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

The highly advanced quality control systems at Lucky Cement guarantee product dependability, quality, and customer satisfaction. Lucky Cement focuses on manufacturing premium quality cement through highly advanced quality control systems equipped with the latest technology, such as 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. Lucky Cement enjoys an edge over our competition in form of fixed costs per ton. The Company's 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, Lucky Cement's fully integrated supply chain is a key source of competitive advantage for our business. This advantage is maximized via the Company's logistic fleet operations, customized for inbound and outbound goods as well as customer requirements and locations.

Lucky Cement has an articulated prime mover fleet of ninety four (94) prime movers, seventy (70) bulkers and seventy five (75) 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 Lucky Cement 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.

There is a special focus on environmental considerations, for the purpose of which vehicle emissions are regularly tested and monitored. Furthermore, there is a lot of emphasis on lead-time and road safety, therefore all vehicles are monitored using GPS tracking systems. Finally, an unremitting dedication to training at all levels supports us to pursue continuous improvement.

Largest Portfolio of Institutional Clientele

Lucky Cement is one of the largest cement producers in Pakistan. A trusted and efficient transportation network has earned us the largest pool of institutional customers. All these customers have been retained due to timely deliveries, excellent customer support and continued supply of premium quality cement. Our highly qualified management coupled with the state-of-the-art production technology has earned the Company a reputation of being the most trusted supplier. This consistency in quality together with timely provision of customer services has resulted in maintaining the largest pool of highly satisfied customers across the globe.

Besides catering to the needs of institutional customers, we work along with strategic government institutions like DGP Army, FWO, NLC, CWO and Naval Housing Scheme and play our part in the development of the nation. Owing to our 24/7 service network across the country; we are the first choice of many Chinese infrastructure development projects working under the China Pakistan Economic Corridor (CPEC) initiative. CPEC initiative has not only opened new horizons of growth and prosperity for the country but has also provided us the opportunity to once again prove our strength by capturing a major segment of this business as well.

Brand Equity

Lucky Cement has a wide network of dealers, which gives us an edge in selling our products throughout Pakistan. The brand is synonymous with progress. The competitive edge stems from the fact that a team of thorough marketing professionals backs the brand name and a competent sales-force has made Lucky Cement accessible nationwide. This combination has resulted in Lucky Cement becoming the leading player in Pakistan's cement industry because of our ability to connect with the local market. Be it exports, production processes, advertising or brand equity, Lucky Cement has always raised the industry bar.

SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT

The performance of the Company is directly impacted by certain external factors. Such key external factors are as follows:

Macro-Economic Policies

Cement sales is invariably linked with the Government and private sector's spending on infrastructure development and housing. There are certain factors which affects the spending on construction activities, such as allocation of funds towards Public Sector Development, availability of finance, interest rate and inflation.

Moreover, large infrastructure projects require continuity and consistency in Government's policies including regulatory regimes, tax regimes and policies regarding the overall development of economy. Any un-expected changes may affect the operating performance of the Company.

The Company and its management team regularly reviews the government policies and business environment. In case of any significant change, the management team takes action to mitigate the impact.

Increase in Input Costs

Energy cost is the largest component in cement manufacturing process. Increase in coal, other fuel prices and adverse exchange rate fluctuation may affect the profitability of the Company.

Company constantly strives to bring efficiencies in its manufacturing process and energy mix, which supports in mitigating adverse effect of increase in production cost.

Competition

While, during the last few years, there has been an upsurge in the construction activities, with respect to projects related to CPEC, construction of dams and other infrastructure related projects, which has resulted in steady growth in local sale volumes versus export sale volumes. In order to cater for this positive development in local demand for cement, all major cement manufacturers either have enhanced their capacity or are planning to increase capacity. In view of new capacities adjusting the cement supply volumes, favorable development in regional export markets and exchange rate parity of PKR versus USD, cement sales mix ratio may shift more towards exports.

Effect of Seasonality on Business in Terms of Production and Sales

The cement business generally slows down during the monsoon and Ramadan seasons, business momentum is generally recovers in the following months.

SIGNIFICANT CHANGES FROM PRIOR YEARS

During the year, the Company faced significant increase in coal and other fuel prices along with devaluation of local currency affecting cost of production and overall profitability of the Company.

COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL 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. A fluctuation in coal price of PKR 100 per ton affects the cost of production by PKR 15 per ton. The management constantly monitors the international coal prices and exchange rates. The management takes necessary and timely steps to mitigate such impacts.

COMPANY **PROFILE**

Lucky Cement Limited

Founded in 1993, Lucky Cement Limited stands as the flagship company of 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.

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 export terminal at Karachi Port.

Lucky Cement strives to remain an efficient and low cost producer and is one of the pioneers of Waste Heat Recovery (WHR), Refuse Derived Fuel (RDF) and Tyre Derived Fuel (TDF) technology in Pakistan. We also have self-sufficient captive power generation facility of 180 MW and also supply 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 Holdings Limited (LHL)

Lucky Holdings Limited (LHL) is a subsidiary of Lucky Cement and was incorporated in Pakistan in the year 2012 as a public unlisted company. Lucky Cement holds 75% shares of LHL. As of June 2018 LHL held 74.16% shares in ICI Pakistan Limited. The main source of earning of LHL is dividend and royalty income.

LCL Holdings Limited (LCLHL)

LCL Holdings Limited (LCLHL) is a wholly owned subsidiary of Lucky Cement 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.

ICI Pakistan Limited

Lucky Cement acquired ICI Pakistan Limited through LHL in the year 2012. The Company is engaged in the manufacturing of polyester staple fiber, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes, marketing of seeds, toll manufactured and imported pharmaceuticals, animal health products and merchandising of general chemicals. It also acts as an indenting agent and toll manufacturer. ICI also has investments in the manufacturing and sales of pharmaceutical products and infant milk powder. ICI Pakistan is listed on PSX.

LCL Investments Holdings Limited (LCLIHL)

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 in the Republic of Iraq and an integrated cement manufacturing plant in the Democratic Republic of Congo.

LuckyRawji Holdings Limited

LuckyRawji Holdings Limited 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.

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 LuckyRawji Holdings Limited. NYA has a fully integrated cement plant in the Kongo Central Province of DRC with a production capacity of 1.18 million tons per annum. The plant started commercial operations in December 2016.

Lucky Al-Shumookh Holdings Limited (LASHL)

Lucky Al-Shumookh Holdings Limited (LASHL) was incorporated in the year 2012 under a joint venture agreement between 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 aforementioned joint venture.

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. AMCMC set up a cement grinding unit of 0.871 million tons per annum capacity in Basra, Iraq which started commercial production in 2014. During the current year this capacity was further enhanced to 1.742 million tons per annum.

Lucky Electric Power Company Limited (LEPCL)

Lucky Electric Power Company Limited (LEPCL) is formed as an IPP under GoP Power Policy to set up a 660 MW Super Critical Power Project on Port Qasim using Thar Lignite. The Company is fully owned by LCL Holdings Limited which is a wholly owned subsidiary of Lucky Cement. The Company has executed key project agreements for setting up the power plant and has achieved its financial close on 25th June, 2018. Required Commercial Operation Date is 1st March, 2021. The contractors have been issued Notice to Proceed under the Contracts since 05 April, 2018 and the project is progressing as per plan.

The estimated project cost is USD 885 million which is being met through debt and equity in the ratio of 75 : 25. The Company has procured foreign currency financing of Rs.210 million and local currency financing of Rs. 56 from consortium of local banks.

Kia Lucky Motors Pakistan Limited (KLM)

Kia Lucky Motors Pakistan Limited (KLM) was incorporated in Pakistan in December 2016 as a public unlisted company. The objective of the Company is to carry out the business of assembling, marketing, distribution and sales of Kia vehicles, parts and accessories in Pakistan in collaboration with Kia Motors Corporation, South Korea [part of Hyundai Motor Group]. KLM was awarded with category "A" greenfield investment status in June 2017 by the Ministry of Industries and Production and is the first company to get such status under the Automotive Development Policy 2016 – 2021.

KLM started construction of the project in November 2017 and has also signed a New Entrant Agreement with Ministry of Industries & Production under the Automotive Development Policy 2016-2021 in December 2017.The Project aims to start commercial production in second quarter of 2019.

GROUP **PROFILE**

Yunus Brothers Group (YBG):

The Yunus Brothers Group (YBG) is one of the biggest and fastest growing conglomerates in Pakistan with diversified interests in textiles, building materials, real estate, power generation, chemicals, pharmaceuticals, food 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 1.751 Billion including the annual export turnover around USD 565 Million, based on average USD exchange rate during the FY 2017-18.

Apart from Lucky Cement and ICI Pakistan, the group is also proud owner of the following companies.

Y.B. Holdings (Private) Limited

Y.B. 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, chemical, trading, food and real estate.

Y.B. Pakistan Limited

Yunus Brothers started business in 1962 as a partnership by Mr. Abdul Razzak Tabba and Mr. Muhammad 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, pulses and others. In order to encourage corporate culture, the management decided in 2012 to convert the partnership firm into a public limited company with name and style of Y.B. Pakistan Limited. The Company has a diversified portfolio of investment in various segments of business.

Gadoon Textile Mills Limited (GTML)

Gadoon Textile Mills Limited (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 installation of state-of-the-art automatic machinery and merger with Fazal Textile Mills Limited, it has increased its installed capacity to 321,000 spindles. GTML has two manufacturing facilities, one 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 (PSX).

Yunus Textile Mills Limited (YTML)

Yunus Textile Mills Limited (YTML), is a vertically integrated home textile unit established in 1998, consisting of spinning, weaving, printing, dyeing, finishing and cut & sews with a workforce of 3,700 employees. In a span of 10 years it became the number one 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 (LTML) was established in 1983 and has remained one of the leading textile manufacturers in the country. The Company is engaged in manufacturing and export of fabrics, home textile and garments.

It has 4 state-of-the-art weaving mills that house 761 Sulzer Shuttle-less looms and 264 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 of fabric per annum. 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.

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 supports the Company to build up a network of high profile clients, which include power, chemical, textile, steel and other major manufacturing industries.

Lucky Energy (Private) Limited (LEPL)

Lucky Energy (Private) Limited (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 uninterrupted power to its group companies.

Yunus Energy Limited (YEL)

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. The project achieved financial close in February 2015 and initiated commercial operations in September 2016. Project has been financed by a syndicate of seven commercial banks for a debt tenor of 12 years. The total project cost is PKR 12.0 billion and the debt-equity ratio is 75:25.

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 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 and plans to diversify into more value added dairy products. Lucky Foods aims to be a leading player in food related products across Pakistan and in the export market. Its farm is located on Main M9, Karachi-Hyderabad motorway.

Lucky Landmark (Private) Limited

Lucky Landmark (Private) Limited owns the Lucky One Mall, which is a magnificent, first-of-its-kind regional shopping mall revolutionizing 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 the 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, ramp for fashion shows, banking enclave and a large area for musical concerts.

Lucky One (Private) Limited

Lucky One (Private) Limited is a project company, which after constructing the Lucky One Mall, is now constructing Lucky One Apartments, which will be a multifaceted, first-of-its-kind high end residential complex that will revolutionize the luxury living experience in Pakistan. Lucky One Apartments integrate 8 elegant residential towers and a large 8-acre rooftop park. The project comprises of two phases of which phase-1 is being launched. Conveniently situated at a prime location of Karachi on main Rashid Minhas road, the apartments are easily accessible through major flyovers of Karachi. The unbeatable mix of top class luxury apartments and high-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 Knits (Private) Limited

Established in 2004, Lucky Knits (Private) Limited has become a 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 achieve efficiency at every stage of the process and ensure customer satisfaction in terms of value, quality and delivery of products.

Tabba Heart Institute (THI)

Tabba Heart Institute (THI) is a specialty care cardiac hospital established in the year 2005 with a vision to provide quality services and compassionate care at an affordable price.

The tertiary cardiac care facility has the latest from state-of-the-art diagnostic capabilities to therapeutic interventions and renowned highly trained panel of cardiologists & interventionists. Each patient receives individualized care from a multi-specialty team in a setting that emphasizes comprehensive patient evaluation and follow ups. THI is a 170 bed hospital supported by cardiac emergency room, operation theatres, catheterization labs, consultant clinics, clinical laboratory, pharmacy and one of its kind preventive cardiology & rehabilitation department. With an aim to attain a trend setting image in the field of cardiac health care, the hospital innovatively designed several preventive, rehabilitation and fitness programs so as to promote a healthy lifestyle.

THI values innovation and medical advancement by following and creating benchmarks that sets it aside from the rest. It is part of the acclaimed American College of Cardiology database that sets its services at par with international standards.

Aziz Tabba Foundation (ATF)

Aziz Tabba Foundation (ATF) is a not-for-profit organization, established in 1987. It is a platform of social activities dedicated to serving humanity in vital areas of life. The Foundation renders its services to fulfill the need of the underprivileged 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.

The Foundation also has two state-of-the-art Cardiac and Kidney hospitals known as Tabba Heart Institute and Tabba Kidney Institute, which provide support in fulfilling the gap of specialized and modern medical care in the country.

The Foundation has also successfully introduced Rickshaw Support under Self Employment Scheme recently.

Tabba Kidney Institute (TKI)

Tabba Kidney Institute (TKI) started its services as "Aziz Tabba Dialysis Center" in 1995 as a Hemodialysis Unit with four dialysis machines. Over the years, it grew into one of the largest Hemodialysis center in the country. In 2010, it became an ISO certified institution, at the time, the only ISO 9001:2008 certified renal care providing facility in Pakistan.

At present TKI is a 100-bed tertiary care center providing comprehensive services in both pediatric and adult Nephrology and Urology. The hospital has a well-established hemodialysis clinic with 36 dialysis stations. TKI has now become the major referral center from all over Pakistan and abroad for Pediatric and Adult Nephrology and Urology care. Currently, TKI is the only kidney hospital in the private sector providing complete reconstructive, laparoscopic and minimally invasive surgery both in pediatric and adult urology. TKI Urology is also supported by specialized clinics like antenatal, adolescent, infertility, uro-oncology, prostate, stricture, stone and female urology.

This year TKI has achieved yet another milestone; the Nephrology department of TKI has been accredited by the College of Physicians and Surgeons of Pakistan (CPSP) for the postgraduate training leading to Fellowship (FCPS) in Nephrology. TKI also offers a one-year long course for hemodialysis technicians for the last several years besides conducting Continuous Medical Education (CME) programs for family physicians.

Being well aware of its social responsibility, TKI has initiated a program to provide free screening for kidney diseases focusing on high risk groups. On World Kidney Day, every year people are screened for kidney disease, diabetes, high blood pressure, high cholesterol level and obesity. Similar activities are held frequently at public places to educate the masses.

CEO'S **MESSAGE**

Dear Stakeholders,

I am pleased to report that Lucky Cement Limited concluded the financial year 2017-18 as yet another successful year of operations. We continued to fulfill our promise and commitment to all our stakeholders by achieving significant growth in local dispatches, improving and expanding productivity. These objectives enabled us to improve our competitiveness and create value for all the stakeholders. 2017-2018 was yet another top performing year for Lucky Cement Limited during which we recorded a net profit after tax of Rs. 14.82 billion on consolidated basis.

In view of the growing demand of cement in Pakistan on the back of public and private sector construction projects, as well as mega infrastructure development projects under the China Pakistan Economic Corridor (CPEC), the company has embarked on an endeavor to enhance its production capacity and a new production line was commissioned at Karachi Plant in December 2017. The new line would increase production capacity at Karachi Plant by 1.30 million tons. Similar brownfield expansion is also underway at the company's plant in Pezu. Additionally, we are paying constant attention towards innovation and digitalization across the organization and we have made further 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.

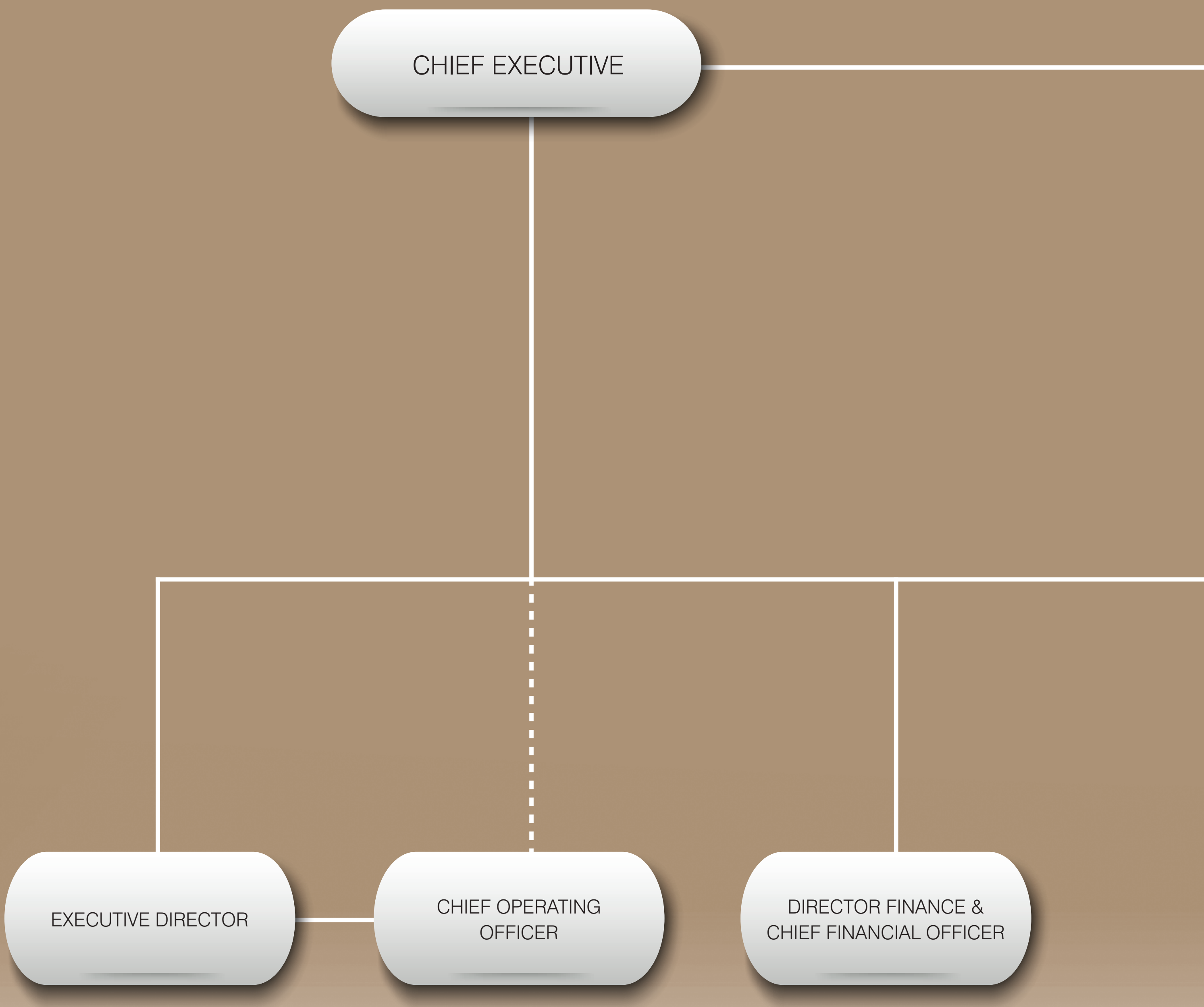
In the fiscal year 2017-18, we witnessed further growth in the domestic market that has helped the company register a growth of 14.8% to reach 6.63 million tons, compared to 5.77 million tons reported in 2016-2017. In spite of declining export market due to global trend of higher import regulations and tariff on imported cement, the company's export volume increased by 4.3% to 1.13 million tons compared to 1.08 million tons recorded last year.

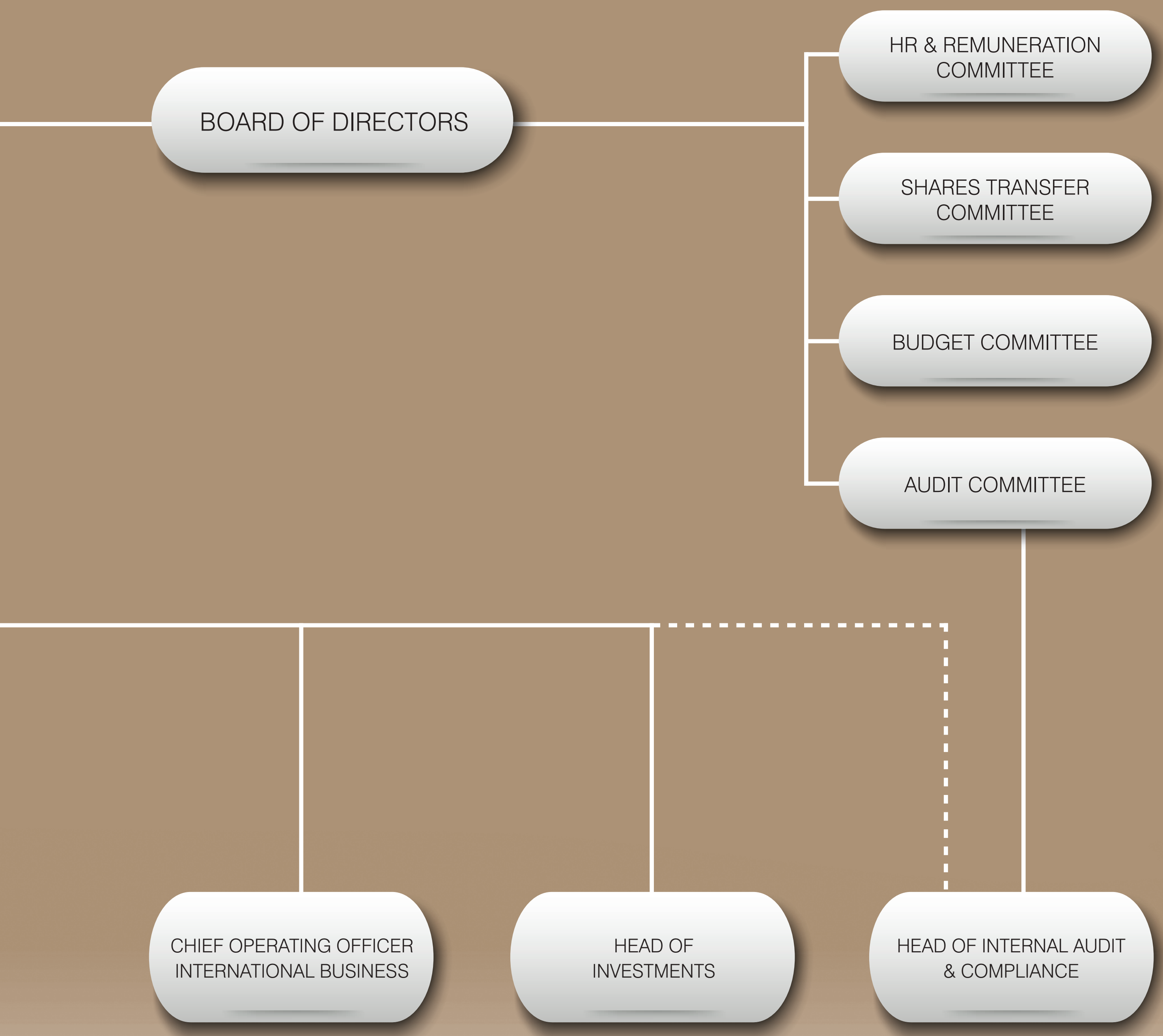
We have continuously maintained our position as a low cost producer through investment in technology and modernization throughout the manufacturing process. Our debt-free financial position and free cash-flow generating ability enables us to smartly invest in projects such as the greenfield investment project for producing 1.2 million tons of clinker in Samawah, Iraq as well as investing in 660 MW supercritical coal based power plant at Port Qasim and automobile manufacturing plant under license from Kia Motors Corporation. We aim to continue to generate sustainable growth in our portfolio and further increase shareholder value. Lucky Cement is fully geared to advance its key strategic initiatives and will remain focused to improve performance and 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

ORGANOGRAM


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


BOARD OF DIRECTORS
HR & REMUNERATION COMMITTEE
SHARES TRANSFER COMMITTEE
BUDGET COMMITTEE
AUDIT COMMITTEE
CHIEF OPERATING OFFICER INTERNATIONAL BUSINESS
HEAD OF INVESTMENTS
HEAD OF INTERNAL AUDIT & COMPLIANCE

EXECUTIVE **MANAGEMENT**

Muhammad Shabbir
Director Operations (Pezu)

Kalim Mobin
Director Marketing (North)

Mashkoor Ahmed
Director Operations (Karachi)

Adnan Ahmed
Chief Operating Officer
International Business

Irfan Chawala
Director Finance and
Chief Financial Officer

Noman Hasan
Executive Director

Amin Ganny
Chief Operating Officer

SENIOR **MANAGEMENT**

Saifuddin A. Khan
GM Marketing (South)

Adnan Naseem Qazi
GM Information Technology & Systems

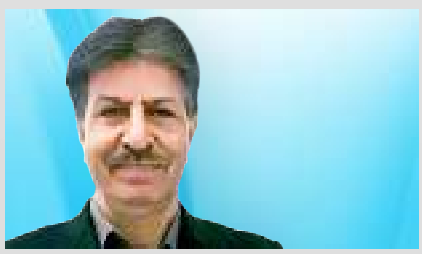
Waqas Abrar Khan
GM Human Resources & Administration

Ahmed Waseem Khan
GM Internal Audit & Compliance

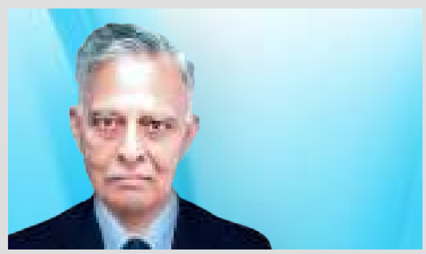
Syed Hassan Mazhar Rizvi
GM Power Generation (Karachi Plant)

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

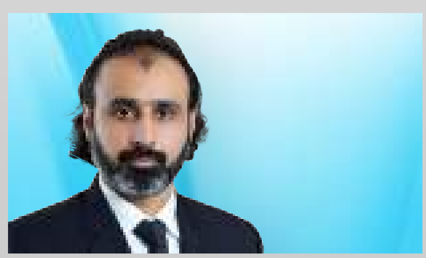
Muhammad Safdar Ashraf Malik
GM Marketing (North)

Kashif Jawaid
GM Finance

Zulfiqar Ali Khan
GM Govt. Relations

Faiz Rashid Madraswala
GM Investments

Faisal Mahmood
Company Secretary



Usman Javed Altaf
Head of Legal

STRATEGY AND
RESOURCE ALLOCATIONS

Business Strategies

To support value creation for all of our stakeholders, Lucky Cement's business is focused on the delivery of the following five 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.
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.	• Capacity expansion at Karachi Plant by installing a new line of 1.3 MTPA during the year. • 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.
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 51.8 million by increasing business in existing and new international markets. • Completed brownfield expansion of cement grinding plant in Basra, Iraq by 0.871 MTPA. After this expansion, the capacity of Cement grinding plant in Basra has doubled to 1.742 MTPA. • Pursuing Greenfield clinker production facility in Samawah, Iraq of 1.2 MTPA which is expected to come online by the end of 2019. • Successfully growing production and sales volume at its 1.2 MTPA cement plant in Democratic Republic of Congo.
3	**Efficiency** We strive to continuously improve efficiency and to bring down our energy consumption and costs by optimally utilizing all available resources.	• Enhanced production capacity by 0.3 MTPA by undertaking efficiency improvements at its Pezu plant during the year. • Installed additional WHR of 5MW at its Karachi Plant during the year.
4	**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.
5	**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.

Resource Allocation Plans to Implement the Strategy and Financial Capital Structure

To achieve its strategic objectives, the Company deploys various resources at its disposal in a planned manner.

Capital Structure and Financial position

The Company is 100% equity financed and has zero debt on its standalone balance sheet. The Company's ability of generating liquidity and maintaining debt-free balance sheet 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 17.32 billion was generated from operations of the Company which was mainly allocated towards long term investments of PKR 11.67 billion, capital expenditure amounting to PKR 6.44 billion, distribution of dividend to shareholders for PKR 5.48 billion and payment of income tax amounting to PKR 2.13 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.

Critical Performance Indicators

The management of Lucky Cement 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.

Liquidity Management

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

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, 2018 are as follows:

- Completed brownfield expansion at Karachi Plant by 1.30 MTPA.
- 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
- Additional equity investment in its 100% owned subsidiary company LCL Holdings Limited amounting to PKR 8.355 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 3.313 billion. KLM started construction of the project in November 2017 and has also signed a New Entrant Agreement with the Ministry of Industries & Production under the Automotive Development Policy 2016-2021 in December 2017.
- Planned equity Investment in Associated Company for 50 MW wind farm – Yunus Wind Power Limited

Significant Changes in Objectives and Strategies

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

RISK AND **OPPORTUNITIES**

Risk and its Management Strategies

Lucky Cement Limited launched the Lean Enterprise Risk Management framework in 2014 as an on-going process embedded across the organization. Risk management at Lucky Cement is considered vital to the creation and enhancement of shareholders' value. The uncertainties and risks that may influence the achievement of our corporate goals and objectives are managed while opportunities are tapped into. 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.

STRATEGIC RISKS		
TYPE OF RISKS	**SOURCES OF RISKS**	**MITIGATING ACTION**
Change in competitive scenario Threat of local and foreign players causing a change in market dynamics **Assessment:** Likelihood: High Impact: Low	External	Lucky Cement encourages competition in the industry as it 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 investment. The company has no 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 growth expectations and future plans with regards to maintaining or rather increasing its market share.
Risk in Dealing with Government/ Authorities as Lucky Cement being a Supplier Risk of subsequent policy changes in dealing with Government agencies & authorities as a supplier. **Assessment:** Likelihood: High Impact: Medium	External	Continuous engagement and regular liaison with the Government authorities to minimize the possibility of significant policy changes and to get desired support in the event of any adverse development.
OPERATIONAL RISKS		
TYPE OF RISKS	**SOURCES OF RISKS**	**MITIGATING ACTION**
Coal / Fuel / Gas tariff increase Increase in imported coal & furnace oil price and gas tariff resulting in higher cost of production. **Assessment:** Likelihood: High Impact: High	External	Coal prices in international market are observed very closely by our trade team and orders are placed either in advance or stopped 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 in gas supply at production sites due to curtailment, gas reserve depletion or revision in gas allocation policy. **Assessment:** Likelihood: High Impact: Medium	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.

TYPE OF RISKS	SOURCES OF RISKS	MITIGATING ACTION
Talent 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	Internal /External	Efforts are made to ensure growth and well-being of employees. As we greatly value our intellectual 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 **Assessment:** Likelihood: Low Impact: High	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 processing sites are also available. Periodic systems audit is performed to identify any weaknesses/ non-compliances and any areas for further improvement. Moreover, periodic log reviews further ensure that system related controls are in place and working effectively.
Law and Order uncertainty Loss may occur due to terrorism activities and sabotage **Assessment:** Likelihood: Medium Impact: Low	External	Security and surveillance systems are continuously monitored and reinforced to safeguard against such threats. Moreover, Company collaborates with the local law enforcement agencies to counter potential threats. Company has taken appropriate insurance cover to protect its assets from such risks. Welfare of employees as well as local communities is ensured, resulting in harmonious and peaceful conditions at all sites and their vaccinates.
Maintenance Risk Possibility of production loss due to capacity or breakdown factor **Assessment:** Likelihood: Low Impact: Medium	Internal	Effective technical monitoring programs with regards to preventive maintenance are in place to ensure maximum plant efficiency and capacity utilization.
Technology Risk Technological shift rendering the company's production processes inefficient **Assessment:** Likelihood: Low Impact: Medium	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.

FINANCIAL RISKS		
TYPE OF RISKS	**SOURCES OF RISKS**	**MITIGATING ACTION**
Financial reporting and compliance Risk of reporting issues with regulators and authorities **Assessment:** Likelihood: Low Impact: Medium	Internal	Lucky Cement complies with the best practices and the code of Corporate Governance as applicable in Pakistan and maintains its books as required by the Companies Act, 2017 and applicable International Financial Reporting Standards. The Company has a strong Internal Audit function. Financial Statements are audited by well reputed audit firms.
Interest rate risk Risk of interest rate fluctuation affecting value of interest-bearing assets **Assessment:** Likelihood: Medium Impact: Low	External	Economic indicators are carefully monitored on a regular basis and a diversified portfolio of short term investment of funds in Islamic products is maintained.
Exchange rate risk Exchange rate risk impacting transactions in foreign currency **Assessment:** Likelihood: Medium Impact: Medium	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.
Credit Risk Risk of default in payments by credit customers **Assessment:** Likelihood: Low Impact: Low	External	Risk is managed through established limits. Credits are selectively given considering the business potential and risk appetite of the Company. Such credit reflects a fractional part of company's sales.

COMPLIANCE RISKS		
TYPE OF RISKS	**SOURCES OF RISKS**	**MITIGATING ACTION**
Risk of litigation Risk of having major legal cases initiated against the company **Assessment:** Likelihood: High Impact: Medium	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	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	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.

Materiality Approach

In addition to disclosure of all events/transactions required by law, the management has adopted materiality approach for effective communication with all stakeholders. The management has a responsibility to identify, control and reduce business risks that may affect the entity's ability to achieve its objectives, for which it has defined procedures, assumptions and factual base for identifying and categorizing the materiality base in order to have transparent and detailed disclosures on risks and opportunities. 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.

Key Sources of Estimation 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 include:

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 & 5.3 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 note 4.9 to 4.10 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 4.11 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 26.1 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 fourth Schedule to the Companies Act, 2017

The fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of financial statements for the year ended June 30, 2018. The Companies Act, 2017 has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company.

As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result, certain changes were made in the Company's unconsolidated financial statements, which are included in notes 6.4, 9.1, 9.2, 13.3, 20.1, 30.2, 32.2, 36.1.1, and 40 to the annexed unconsolidated financial statements.

In view of the extensive impacts in the annexed unconsolidated financial statements due to first time application of the fourth schedule to the Companies Act, 2017, the auditors of the Company have also considered it as a key audit matter as reported in their Independent Auditor's report.

Key Audit Matters

SECP has issued Auditors (Reporting Obligations) Regulations, 2018 which specify the format of new audit reports to be issued by the auditors for reporting periods ending on or after June 30, 2018. The format of audit report as per the Regulations is in line with the new Auditor Reporting Standard issued by the IAASB, which require 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, 2018 also includes the Key Audit Matters.

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.

Strengths

- Lucky Cement, a part of YBG, is one of the largest cement producers in Pakistan.
- The company is the lowest cost producer in the industry, which gives strength to the overall performance and profitability of the Company.
- Its balance sheet is recognized as the most de-leveraged one in the cement industry.
- 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.
- Among Pakistan's cement players, Lucky Cement Limited is the largest exporter of cement and has the strongest international presence.
- It is the only cement company in Pakistan which has silos at the Port and thus, is able to export loose cement.
- The human capital of Lucky Cement Limited is a key asset of the company. Mr. Muhammad Ali Tabba, the young and dynamic CEO, is supported by a team of professionals with diverse skills set.
- 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.

Weaknesses

Although Lucky Cement is one of the largest cement producers in Pakistan's cement industry, it has limited presence in certain markets. The Company's capacity expansion plan for the province of Punjab was primarily aimed to address it. However, with the ongoing mega infrastructure development projects under CPEC, the Company's existing plant in KPK province has now become strategically located on the 'western route' which will exceptionally improve its accessibility to the province of Punjab in the foreseeable short to medium term future.

Opportunities

- 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 continued Government's spending on infrastructure development, construction of highways, dams, energy projects and various housing schemes, the local demand of cement is likely to increase. On the back of all these developments, the focus has shifted more towards the domestic market.
- Favorable market dynamics & foreign currency parity adjustment versus PKR PKR are likely to increase the global and regional demand of cement from Pakistan.

Threats

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 may lead to slowdown in 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.

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 3rd 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 Director's 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 Directors' 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 is currently debt free and there is no risk of default in payment of any obligation.

Capital Structure and Assessment of its Adequacy

The Company is 100% equity financed. It manages its long-term investment requirements and short-term working capital requirements from its internally generated cash-flows. The Company believes that it is maintaining an optimal capital structure.

GOVERNANCE

LEADERSHIP STRUCTURE - BOARD OF DIRECTORS

The diverse mix of gender, knowledge, expertise and skill sets of the members enhances the effectiveness of the Board. There are two female directors on the Board of Lucky Cement. Non-Executive Directors on the Board of Lucky Cement are

Independent Director
Tariq Iqbal Khan

Other Non-executive Directors
Muhammad Yunus Tabba
Muhammad Sohail Tabba
Jawaid Yunus Tabba
Mariam Tabba Khan
Zulekha Tabba Maskatiya
Muhammad Abid Ganatra

CHAIRMAN

Muhammad Yunus Tabba

Muhammad Yunus Tabba started his over fifty years long career with Yunus Brothers Group (YBG) as one of its founding members and has seen it progress through manufacturing, sales, marketing and general management. With his expertise and diversified experience, he has taken YBG to a level 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.

CHIEF EXECUTIVE

Muhammad Ali Tabba

Mr. Muhammad Ali Tabba is the Chief Executive of Lucky Cement Limited.

He also serves as the Chief Executive of Yunus Textile Mills Ltd (YTM), 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 of the Board of ICI Pakistan Limited. ICI Pakistan Limited is the leading producer of Polyester, Soda Ash, Chemicals, Life Sciences and Pharmaceuticals 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.

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

Mr. Tabba is also the 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 also 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.

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,” the third highest civilian award.

Mr. Tabba is the Vice Chairman of a not-for-Profit organization, Aziz Tabba Foundation (ATF). ATF is the philanthropic arm of YBG 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 disorders.

DIRECTORS

Muhammad Sohail Tabba

Muhammad Sohail Tabba is a leading business magnate in Pakistan with vast experience in manufacturing, energy, real estate and cement sectors gained during an illustrious career spanning over two decades.

His association with YBG, which is one of the largest business conglomerates of Pakistan, has successfully transformed the group's textile concerns into leading global players including names such as Gadoon Textile Mills Limited and Lucky Knits (Private) Limited where he serves as the Chief Executive Officer, and Yunus Textile Mills Limited and Lucky Textile Mills where he serves as a Director on the Board.

Muhammad Sohail Tabba was appointed as a Non-Executive Director on the Board of ICI Pakistan Limited on December 28, 2012, and appointed as the Chairman of the Board of Directors of ICI Pakistan Limited on April 29, 2014. He is also the Chairman of Nutrico Morinaga (Private) Limited, a joint venture between ICI Pakistan Limited, Morinaga Milk Industry Company Limited and Unibrands (Private) Limited, in which ICI Pakistan Limited holds majority shareholding. The Company entered into this joint venture to locally manufacture Morinaga infant formula at a state-of-the-art Morinaga manufacturing facility, the first to be established in Pakistan.

Muhammad Sohail Tabba is also the Chief Executive Officer of Lucky Energy (Private) Limited and Yunus Energy Limited in addition to Lucky One (Private) Limited. He is the Chairman of Lucky Paragon Ready-Mix Concrete and a Director on the Board of Lucky Cement, the leading cement manufacturer and exporter of Pakistan.

In December 2016, Muhammad Sohail Tabba was appointed as Director on the Board of Kia Lucky Motors Pakistan Limited (a subsidiary of Lucky Cement).

Sohail Tabba's philanthropic and social engagements include being the foundation member of the Child Life Foundation and the Italian Development Council (IDC). He also serves as a Director for the Tabba Heart Institute and ATF. He has also previously served on the Board of Governors at Hamdard University Pakistan.

Jawed Yunus Tabba

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

Jawed Yunus Tabba is also managing the real estate project Lucky One, 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.

Jawed Yunus Tabba is also extensively engaged in community welfare projects which include the ATF, which is working extensively in the field of social welfare, education, health and housing.

Mariam Tabba Khan

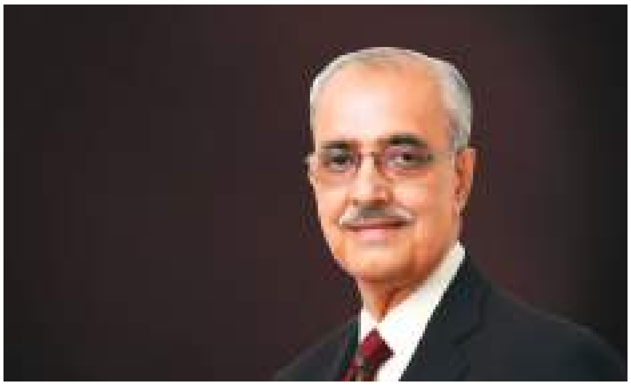
Mariam Tabba Khan, took over the not-for-profit Tabba Heart Institute (THI) as Chief Executive Officer in June 2005, immediately after the sad and sudden demise of her philanthropist father Mr. Abdul Razzak Tabba. Although, she had acquired a Master's degree in Business Administration, she was not involved in her father's business ventures in his lifetime. But after his death she took charge of running the state-of-the-art Tabba Heart Institute. The hospital is serving both affording and non-affording patients, with dedication, attentiveness and commitment. The hospital, an ISO 9001:2015 and ISO 14001:2015 certified facility, is recognized by College of Physicians & Surgeons Pakistan (CPSP) for imparting post-graduate training in Cardiology, Cardiothoracic surgery, Interventional Cardiology and Cardiothoracic Anesthesia. THI offers a Diploma in Cardiac Nursing, recognized by Pakistan Nursing Council (PNC).

In response to the ever growing demand for cardiac care solutions being provided by Tabba Heart Institute, her aspiration to launch the prestigious "DHA Diagnostic & Consultation Centre" became a reality in April 2018. This flagship Centre acts as an emblem of THI's dedication to serving ailing hearts across the city, featuring state-of-the-art consultation clinics, laboratory, pharmacy & noninvasive diagnostic services all under one roof. The Centre, aims to provide patients with a wide range of cardiac services. Under her altruistic leadership THI also installed, one of Asia's first of its kind next generation Cath Lab at its premises which showcases her commitment to continuous improvement. In June 2018 under her leadership THI successfully inaugurated the first of its kind, Emergency First Aid & Laboratory Collection Unit within the premises of South Asia's biggest mall, Lucky One, featuring premium first aid and emergency response along with laboratory services.

She is a popular full time CEO of the hospital and her presence gives an energetic boost to her entire team.

Zulekha Tabba Maskatiya

Having pursued a Bachelor's degree in Management Science from University of Warwick and a Master's degree in Management, Organizations and Governance from the London School of Economics and Political Science, Zulekha Tabba Maskatiya has been an indispensable part of the business, since its inception. She not only holds a prestigious position within the YBG but her educational background brings the values of business focus, corporate governance and social responsibility to the organization. In addition to this, she is also the Founder and the Creative Director of the luxury jewelry brand, Lazuli, based in Pakistan.



Tariq Iqbal Khan

Tariq Iqbal Khan is a fellow member of Institute of Chartered Accountants of Pakistan (ICAP), with diversified experience of more than 40 years. He was pivotal in founding the Islamabad Stock Exchange where he subsequently served as President. He has also served as the Member Tax Policy and Co-ordination in the Federal Board of Revenue (FBR), followed by Commissioner Securities and Exchange Commission of Pakistan (SECP), where he was instrumental in restructuring the SECP. He also held the charge of Chairman SECP (acting) for a brief period. He also has served on prominent national level committees like Chairman of Committee for formulation of Take Over Law, SECP's Committee for Review of Security and Exchange Ordinance 1969, Committee for Formulation of CDC Law and Regulations, and Prime Minister's Committee for Revival of Stock Market. He served as the Chairman and MD of National Investment Trust (NIT) for more than eight years which played the role of a catalyst in establishing, strengthening and stabilizing the capital markets. Additionally, during this period, he held the office for Chairman and MD of Investment Corporation of Pakistan (ICP), for almost five years. He has served on boards of many top companies and financial institutions like CDC, Faysal Bank, Bank AL Habib, Askari Bank, GlaxoSmithKline (GSK), Sanofi Aventis, ICI, BOC, PSO, OGDC, Mari Petroleum, SSGC, Siemens and remained Chairman of SNGPL and ARL etc.

Muhammad Abid Ganatra

Muhammad Abid Ganatra has been associated with YBG since 1994. He has more than twenty years of diversified experience at senior management positions with emphasis on financial management, operational management, capital restructuring, mergers and acquisitions, corporate and legal affairs as well as taxation. He is a fellow member of ICAP and Institute of Cost and Management Accountants of Pakistan (ICMAP). He has also gained a Master's degree in Economics and Bachelor's degree in Law.

CHAIRMAN'S **REPORT**

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 and implemented.

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, 2018 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 the Board's role in achievement of Company's objectives:

1. Vision, mission and values: The Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time.
2. Engagement in strategic planning: The 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 evolve over the next three to five years. Further, the Board sets 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. 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 important board decisions.
6. Governance and Control Environment: The Board has effectively set the tone at the top, by putting in place a 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.

Chairman
Date: July 31, 2018

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.

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 impact 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, 2018, 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. 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. Contribute to and take interest in improving health, safety and environment and other policies in the Company.
9. Safeguarding the Company against unnecessary litigation and reputational risk.

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

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 themselves diverse skill sets pertaining to financial matters, legal, marketing, human resources and supply chain.
- The Board of Directors of Lucky Cement believes in merit and does not discriminate on the basis of gender, religion or caste.

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.

Moreover, the Company has also decided to place its related party transactions 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 Audit Committee of the Company, which is chaired 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.

Details of any Board Meetings held Abroad

No meeting of the Board of Directors of the Company was held abroad.

STRONG BUSINESS ETHICS

We aim 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.

CORPORATE GOVERNANCE **FRAMEWORK**

The main philosophy of business, followed by the sponsors of Lucky Cement, for the last 25 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 2017-18, 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. Following are some of the practices of Company which exceed the minimum legal requirements:

Female representation on the Board: There are two female directors on the Board of Lucky Cement as against the legal requirement of one female director.

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, however, sixty days and one hundred and twenty days are available for half-yearly and annual financial statements respectively.

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. As required by the rule 5.19.11 of the Rule Book of PSX, the Directors of the Company have already confirmed in the Directors Report 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 directly.

During the year the Ethics Committee received 7 complaints and after independent investigation remedial measures were taken. The Board Audit Committee was informed of all (seven) 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 backup of all the records, wherever deemed necessary.

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.

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:

- Community investment & welfare schemes;
- 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.

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 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.

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 back, off-site storage of data back, 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 backup 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 3rd party service providers.

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

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.

SHARES HELD BY **SPONSORS / DIRECTORS / EXECUTIVES**

Shares held by the Sponsors, Directors and Executives are disclosed in the Pattern of Shareholding and additional information with respect to shareholding is 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 Quarter Financial Statements	October 28, 2017	Within one month
Half-Yearly Financial Statements	January 26, 2018	Within one month
Third Quarter Financial Statements	April 26, 2018	Within one month
Annual Financial Statements	July 31, 2018	Within one month

REPORT OF
THE AUDIT COMMITTEE

The Audit Committee of Lucky Cement Limited has six (6) non-executive directors, out of which one (1) is independent director, who is also the Chairman of the Committee. The Chairman of the Committee, Mr. Tariq Iqbal Khan, is Fellow Member of Institute of Chartered Accountants of Pakistan (ICAP). During the year four meetings of the Audit Committee were held which were also attended by CFO, Secretary of the Committee and Head of Internal Audit. The external auditors of the Company also attended two of the meetings by invitation.

The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2018 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, 2018, 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 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 and 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 Shareholdings.

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

Internal Audit Function

13. The Board 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.

14. 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.

15. 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.

16. 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.

17. 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

18. 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, 2018 and shall retire on the conclusion of the 25th Annual General Meeting.

19. The Board Audit Committee has reviewed and discussed audit 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.

20. M/s. A.F. Ferguson & Co., Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and they are registered with Audit Oversight Board of Pakistan. The firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP and have indicated their willingness to continue as auditors for the year ended June 30, 2019.

Tariq Iqbal Khan
Chairman Audit Committee

Karachi: July 31, 2018

DIRECTORS' **REPORT**

The Directors of your Company have the pleasure of presenting to you the financial results of your Company which include both, stand-alone and consolidated audited financial statements for the fiscal year ended June 30, 2018.

Overview

Cement industry in Pakistan grew by 13.8% to 45.89 million tons during the fiscal year ended June 30, 2018 in comparison to 40.32 million tons during last year. While local sales volume registered a growth of 15.4% to 41.15 million tons during the current fiscal year in comparison to 35.65 million tons last year; export sales volume registered an increase of 1.8% to 4.75 million tons during the current fiscal year under review as compared to 4.66 million tons last year.

Your Company achieved an overall growth of 9.3% with total sales volume of 7.82 million tons during the current fiscal year as compared to 7.15 million tons sold last year.

While local cement sales volume registered a growth of 14.8% (North 18.1% and South 11.0%) to reach 6.63 million tons as compared to 5.77 million tons last year, whereas, local clinker sales volumes declined by 80.1% to 0.06 million tons during the current fiscal year as compared to 0.30 million tons last year, resulting in the overall local sales growth of 10.2% to reach 6.69 million tons during the fiscal year as compared to 6.07 million tons last year; whereas, export sales volume increased by 4.6% to 1.13 million tons during the current fiscal year as compared to 1.08 million tons last year.

On a consolidated basis your Company achieved gross turnover of PKR 124.68 billion which is 13.6% higher as compared to last year's turnover of PKR 109.80 billion.

Business Performance

a. Production & Sales Volume Performance

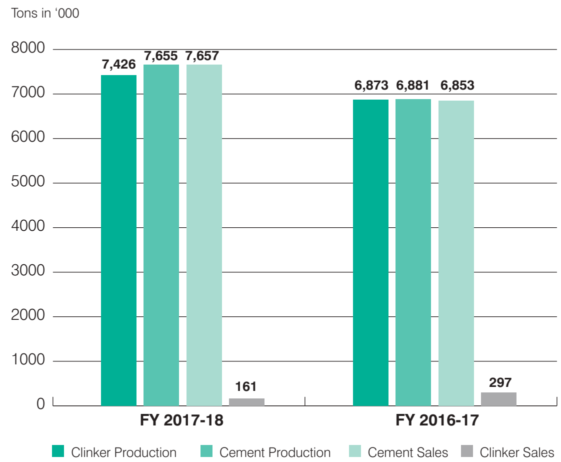
The production and sales statistics of your Company for the fiscal year ended 2017-18 compared to last year are. as follows:

Particulars	FY 2017-18	FY 2016-17	Growth/ (Decline)
	Tons in '000'		%
Clinker Production	7,426	6,873	8.0%
Cement Production	7,655	6,881	11.2%
Cement Sales	7,657	6,853	11.7%
Clinker Sales	161	297	(45.8%)

A comparison of the dispatches of the industry and your Company for the fiscal year ended 2017-18 with last year is presented below:

Particulars	FY 2017-18	FY 2016-17	Growth/ (Decline)	%
	Tons in '000'			
Cement Industry				
Local Sales	41,147	35,652	5,495	15.4%
Export Sales				
- Bagged	4,260	4,479	(219)	(4.9%)
- Loose	181	185	(4)	(2.2%)
- Clinker	305	-	305	100%
Total Exports	**4,746**	**4,664**	**82**	**1.8%**
Grand Total	**45,893**	**40,316**	**5,577**	**13.8%**
Lucky Cement				
Local Sales				
- Cement	6,627	5,772	855	14.8%
- Clinker	59	297	(238)	(80.1%)
Total Local Sales	6,686	6,069	617	10.2%
Export Sales				
- Bagged	849	896	(47)	(5.2%)
- Loose	181	185	(4)	(2.2%)
- Clinker	101	-	101	100.0%
Total Exports	**1,131**	**1,081**	**50**	**4.6%**
Grand Total	**7,817**	**7,150**	**667**	**9.3%**

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

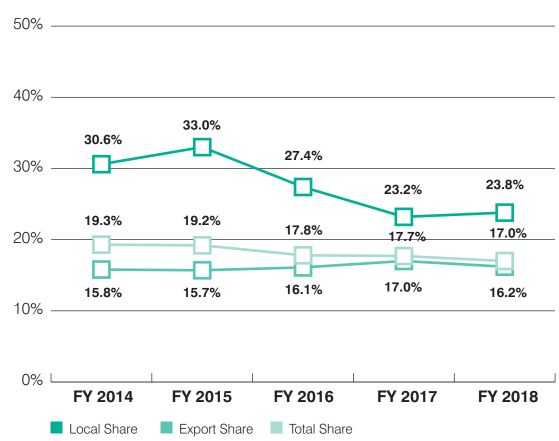


Market Share	FY 2017-18	FY 2016-17	Growth/ (Decline)
	Tons in '000'		%
Local Sales	**16.2%**	**17.0%**	**(4.7%)**
Export Sales			
- Bagged	19.9%	20.0%	(0.5%)
- Loose	100.0%	100.0%	0.0%
- Clinker	33.1%	-	100.0%
Total Export	**23.8%**	**23.2%**	**2.6%**
Grand Total	**17.0%**	**17.7%**	**(4.0%)**

Industry Source: APCMA website

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

Yearwise LCL Market Share



b. Financial Performance

On a **consolidated** basis your Company achieved Net Profit of PKR 16.17 billion of which PKR 1.35 billion is attributable to non-controlling interests which translates into an EPS of PKR 45.83 as compared to PKR 50.18 last year.

The **standalone financial performance** of your Company for the fiscal year ended 2017-18 as compared to last year is presented as follows:

PKR in million except EPS

Particulars	FY 2017-18	FY 2016-17	% Change
Gross Revenue	67,377	61,602	9.4%
Net Revenue	47,542	45,687	4.1%
GP	16,952	21,298	(20.4%)
OP	13,870	18,573	(25.3%)
EBITDA	16,887	21,205	(20.4%)
NP	12,197	13,692	(10.9%)
EPS	37.72 / Share	42.34 / Share	(10.9%)

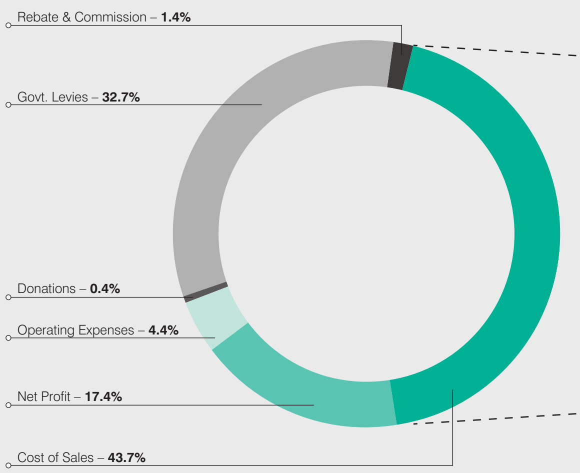
Revenue

During the fiscal year 2017-18 under review, your Company achieved an overall gross sales revenue growth of 9.4% as compared to last year. This was mainly due to the impact of higher Volumes and increase in Federal Excise Duty and Sales Tax.

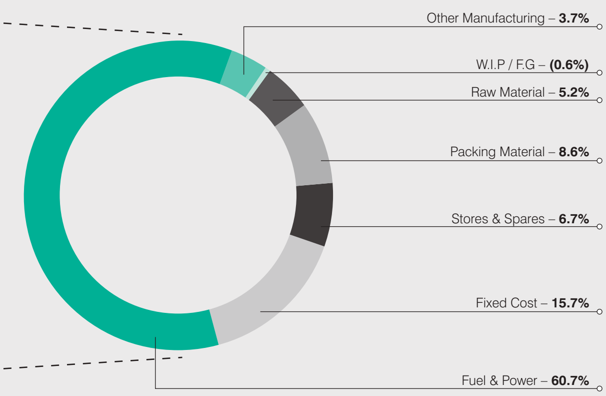
Cost of Sales

During the fiscal year 2017-18 under review, per ton cost of sales of your Company increased by 14.7% as compared to last year. The increase was mainly attributable to increase in coal, packing material and other fuel prices.

Distribution of Gross Revenue



Distribution of Cost of Sales



Gross Profit

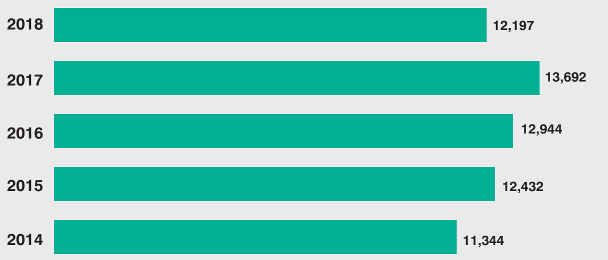
Your Company achieved gross profit margin of 35.7% for the fiscal year under review as compared to 46.6% reported last year.

Gross Profit
PKR in Millions

Net Profit

Your Company achieved profit before tax of PKR 15,118.7 million during the current fiscal year under review as compared to PKR 18,778.3 million reported last year. Similarly, after tax profit of PKR 12,197.1 million was achieved during the fiscal year under review as compared to PKR 13,692.2 million reported last year.

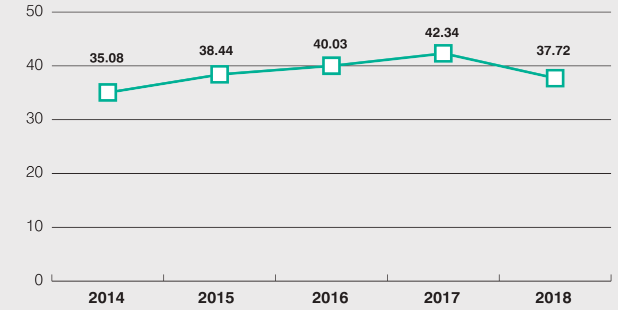
Net Profit
PKR in Millions



Earnings per share

The earnings per share of your Company for the fiscal year ended June 30, 2018 was PKR 37.72 in comparison to PKR 42.34 reported during last year.

EPS Trend
PKR



Contribution to National Exchequer

Your Company contributed PKR 23 billion (2017: PKR 22 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 51.8 million was generated by your Company for the country from export of cement during the year under review.

Dividend & Appropriation

Taking into account the current capital and equity investment plans; the Board has proposed the final cash dividend of PKR 8 per share subject to the approval of shareholders in the upcoming Annual General Meeting scheduled to be held on September 28, 2018. This proposed final cash dividend is in addition to the interim cash dividend of PKR 5 per share already paid, as previously recommended by the Board of Directors for the financial year ended June 30, 2018.

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	12,079,216
	12,079,216
Appropriations	
Interim cash dividend already paid @ PKR 5 per share	1,616,875
Proposed final cash dividend @ PKR 8 per share	2,587,000
Total Dividends for the Financial Year 2017-18	4,203,875
Proposed transfer to General Reserves	7,875,341
Un-appropriated profit at the end of the year	-
Basic and diluted earnings per share – PKR	37.72

National Cause Donations

Your Company has a strong sense of Corporate Social Responsibility and is fully committed to supporting the areas of women empowerment, education, health and creation of sustainable environment 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 2017-18	FY 2016-17
Health Initiative and Financial Assistance to Patients	179,711	216,319
Community Welfare including Sports and Olympics	72,563	43,185
Education Initiatives and Financial Assistance to Schools, Universities and Scholarships	33,680	48,162
General Donation	375	500
Total Amount Donated	286,329	308,166

Projects – New and Ongoing

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

The construction activity at the project site has commenced and Letter of Credit for the import of Plant and Machinery has also been established. The project remains on target to achieve commercial operations in the last quarter of calendar year 2019.

Investments

Investment in 1 x 660 MW supercritical coal based power project

Your Company has achieved financial close of the project on 25th June, 2018 after fulfilling all the necessary conditions and accordingly, PPIB has issued the necessary guarantee from the Government of Pakistan under the Implementation Agreement. Mobilization advance has been paid to the Contractors and the Notice to Proceed for carrying out works under Construction and Supply Contract has been issued. The contractors have been mobilized at the site and levelling and piling work has commenced. The target date for Commercial Operations is 1st March, 2021.

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

KLM started construction of the project in November 2017 and has also signed a New Entrant Agreement with the Ministry of Industries & Production under the Automotive Development Policy 2016-2021 in December 2017.

On 1st June 2018, KLM started its Complete Built Up (CBU) operations. It has opened up company owned / third party operated dealerships in some of the metro cities in Pakistan. The Project aims to start commercial production in second quarter of calendar year 2019.

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

Company is currently in negotiation with its suppliers to finalize plant and machinery. Target to achieve financial close and commercial production is third quarter of calendar year 2018 and last quarter of calendar year 2019, respectively.

Equity Investment in associated company in 50 MW power project

The project is under development phase and so far the Company has not invested its share of approved equity investment in the project company. Commercial operations date is expected to be in December 2020, subject to award of tariff and availability of grid by power purchaser.

Segmental Review of Business Performance

The acquisition of ICI Pakistan and investments in 660 MW coal based power project and automotive manufacturing is part of the Company's strategy to diversify its business. Segmental performance of current operational businesses of the Company are as follows:

Segment	Gross Revenue Growth	GP Margin	OP Margin	Segment Assets (PKR Bn.)	Segment Liabilities (PKR Bn.)
Cement	9.37%	35.66%	29.18%	56.58	22.50
Polyester	26.48%	2.40%	0.67%	11.73	15.04
Soda Ash	12.72%	25.61%	21.61%	26.19	3.45
Life Sciences	27.74%	29.61%	12.45%	13.81	4.83
Chemicals & Agri Sciences	4.46%	19.17%	3.22%	9.62	4.13
Others	47.68%	15.82%	(15.60%)	16.25	4.53

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 17.32 billion was generated from operations of the Company which was mainly allocated towards long term investments of PKR 11.67 billion, capital expenditure amounting to PKR 6.44 billion, distribution of dividend to shareholders for PKR 5.48 billion and payment of income tax amounting to PKR 2.13 billion.

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

Capital Structure and Financial Position

Your Company continued to remain equity financed in this financial year as well and has zero debt on its balance sheet on standalone basis. Your Company's self-generated liquidity and debt-free balance sheet are its biggest strength. This provides your management with flexibility to capitalize on further cost-saving ventures and also gives the Company's stakeholders and vendors' confidence in doing business. Profits for the year further increased our reserves by 9% which now stand at PKR 83 Billion. There is no significant change in our capital structure and financing strategies.

Financing Arrangements

Your Company has surplus liquidity available and therefore not utilizing any short or 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 side of our business is critical for the long-term sustainability of the organization. However, equal importance is given to the quantitative side 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 the 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 and professional team, investing in state-of-the-art technology, striving for customer satisfaction and loyalty, identifying supply chain synergies, and contributing to 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 first implementation and one of the first five 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 9 corporate goals" and help us in setting our strategic direction.

- Ensure sustainable and 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 and 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 17.0% in financial year 2017-18. Enhanced capacity at Karachi Plant by installing a new line of 1.3 MTPA and by efficiency improvements at Pezu by 0.3 MTPA.	The cost of production per ton remains the lowest in the industry. *	Year on year, overall sales volume increased by 9.3%.	EPS is PKR 37.72 which is 10.9% lower compared to last year	Increase in WHR energy generation by 3 MW due to addition of new line at Karachi.

* Based on FY 2016-17 corporate results

Corporate & Brand Image

Awards	Brand Awareness	Corporate Communication	International Conferences
• 33rd MAP Corporate Excellence Award in Cement Sector • Environment Excellence Award at 14th Annual Environment Excellence Award (AEEA) 2017 • The Professionals Network: 7th Corporate Social Responsibility Award 2017 • ICAP / ICMAP Award for Best Corporate Report 2016 in the Sugar & Cement category.	• Sponsorship to Professional education foundation for Special Olympics event • Sponsored an event at Nixor College	Continued reaching out to customers through print medium and published various articles in International Cement Review, World Cement Review and other local magazines.	• Participated in INTERCEM Dubai from March 12 to 14, 2018. • Participated in Single Country Exhibition at Colombo – Sri Lanka from Jan 12 to Jan 15, organized by Trade Development Authority of Pakistan (TDAP)

Human Resource Development

Succession planning	Performance Management	Talent Management	Gender Diversity
Utilize 9 box (Performance & Potential) matrix approach to identify the available talent internally. The tool helps us in identifying and developing employees for important and strategic positions for future.	HR Committee conducted joint review sessions for Performance Management to ensure department's and individual's alignment with the defined corporate objectives.	Identified the best fit talent externally based on the core competencies and position specifications. Acculturated them through effective onboarding and developed & retained them by distinctive value proposition in order to make them stay energized and motivated to work for the Company in the long run.	Aim and are working towards improving gender diversity and becoming a well-known equal opportunity employer. Female employee friendly policies have also been implemented.

HSE (Health, Safety and Environment)

Zero Loss Work Day Injury	Compliance with NEQS Standards	WHR (Waste Heat Recovery) Plant
Successfully achieved loss work day injury target for the year (14% reduction as compared to last year)	Positioned almost 60% less than the permissible limit of NEQS standards due to use of advanced technology, timely maintenance and use of WHR plants.	Achieved carbon emissions reduction of 8% with the start of 5MW plant at Karachi Plant, compared to emissions before this installation.

Business Growth & Diversification

Coal Based Power Project	Kia Lucky Motors Pakistan Limited (KLM)	Greenfield clinker production facility in Samawah, Iraq	Installation of Additional Line at Pezu Plant
Company has achieved financial close of the project on June 25, 2018 after fulfilling all the necessary conditions. Accordingly, PPIB has issued the necessary guarantee from the Government of Pakistan under the Implementation Agreement. The target date for Commercial Operations is March 1, 2021.	KLM started construction of the project in November 2017. On 1st June 2018, KLM started its Completely Built Up (CBU) operations. It has opened up company owned / third party operated dealerships in some of the metro cities in Pakistan. The Project aims to start commercial production in second quarter of 2019.	Target to achieve financial close and commercial production is third quarter of 2018 and last quarter of 2019, respectively.	The construction activity at the project site has commenced. The project remains on target to achieve commercial operations in the last quarter of 2019.

Risk Management

Strategic Risks	Operational Risks	Financial Risks	Compliance Risks
The strategic risks such as dealing with the Government agencies and authorities as a customer or supplier; critical availability of gas and alternate fuels for power generation as well as significant increase in coal and fuel prices making cost of production substantially higher were considered and incorporated into the risk register. The change in domestic competitive scenario is being continuously monitored. The Company's expansion plans and growth targets are revisited with changing market situation. Appropriate measures are taken to counter these risks.	Business continuity and disaster recovery plans are in place to ensure that company's production and sales operations are not disrupted. Raw material sourcing, manpower availability, 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.	Debt free balance sheet and natural hedge against foreign currency transactions safeguarded the Company from any significant financial risks.	Due to effective compliance with laws and regulations and transparent financial reporting framework compliance risk posed to the Company remains low. 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 providing welfare.	• Continued its committed support to students at IBA, LUMS, KSBL, IoBM, IVS and various other institutions. • Continued support for two leading Government girls' schools in Karachi	Continued to support initiatives of health and economic upgradation through patronage of Aziz Tabba Foundation.	• Held tree plantation drives in and around the plant facilities. • Continued monitoring the air quality and level of emissions at both plants effectively. • Initiated a clothes distribution drive with employees for the underprivileged.

Corporate Social Responsibility

Your Company is committed to create value for the society in which it operates. Continuing on the agenda to support deserving students and increase the level of education in Pakistan, your company has been providing scholarships to deserving students of LUMS, IBA and other leading universities in Pakistan.

Keeping in view the importance and impact of women empowerment in Pakistan, your Company in collaboration with Zindagi Trust continued its support for two leading Government girls' schools in Karachi. With the primary focus of social intervention in the development of women education in the country and with the support of your Company, these schools have been transformed into model educational institutions for girls' education in Pakistan.

Provision of quality health care has also been your Company's priority; which remains continued through financial support to the Aziz Tabba Foundation; a prominent philanthropic institution that is running Tabba Heart Institute and Tabba Kidney Institute. Furthermore, your Company has also extended support to Pakistan Welfare Association of the Blind.

As always, during the holy month of Ramadan your Company fulfilled basic food needs of deserving families. Furthermore, contribution towards the community in connection with health-based initiatives and other welfare purposes were also made to highlight the true spirit of charity.

Your Company also continues to donate towards the cause of community development by supporting CPLC – an institution responsible for the safety and security of citizens in Sindh.

Your Company has always taken its responsibility towards the environment seriously. In an effort to curtail carbon emissions in the atmosphere, your Company has a comprehensive air quality measurement program that enables it to identify the limits of pollution parameters in the ambient air in and around the cement plants. All mentioned parameters are closely monitored and kept well below the respective limits as specified by the National Environmental Quality Standards (NEQS). 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.

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.

As required by the rule 5.19.11 of the Rule Book of PSX, 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.
- As required by the rule 5.19.11 of the Rule Book of PSX, we have included the following information in this report:
    - Statement of pattern of shareholding (has been given separately).
    - Statement of shares held by associated undertakings and related persons (has been given separately).
    - Statement of the Board meetings held during the year and attendance by each director.
    - Key operating and financial statistics for last six years (have been given separately).

Composition of Board of Directors

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

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

Meetings of the Board of Directors

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

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

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 them 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. Tariq Iqbal Khan (Chairman) Independent Director	2
2	Mr. Muhammad Sohail Tabba Non-Executive Director	2
3	Mr. Jawed Yunus Tabba Non-Executive Director	4
4	Mrs. Mariam Tabba Khan Non-Executive Director	2
5	Mrs. Zulekha Tabba Maskatiya Non-Executive Director	3
6	Mr. Muhammad Abid Ganatra Non-Executive Director	4

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 Audit Committee includes the following:

(a) Determination of appropriate measures to safeguard the Company's assets;

(b) Review of quarterly, half-yearly and annual 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 listing regulations and other statutory and regulatory requirements; and
- significant related party transactions.

(c) Review of preliminary announcements of results prior to publication;

(d) Facilitating the external audit and discussion 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 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 structures are adequate and effective;

(i) 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 best practices of Corporate Governance and identification of significant violations thereof; and

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

Budget Committee

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

Terms of Reference

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

(a) To review and analyze the annual financial budgets for revenue and capital expenditures as prepared by the Company and recommend the same to the Board for its approval.

(b) To review and analyze any revision in the financial budget and suggest such revision to the Board of Directors for its approval.

(c) To review and analyze the comparison of the financial budget with actual results on an annual basis and give appropriate direction for any corrective action in case of major variances.

(d) 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	Mrs. Mariam Tabba Khan (Chairperson) Non-Executive Director	-
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. Zulekha Tabba Maskatiya Non-Executive Director	-

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 Human Resource and Remuneration (HR&R) Committee includes the following:

a) Recommending human resource management policies to the Board;

b) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

c) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) of CFO, COO, Company Secretary and Head of Internal Audit;

d) Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to the CEO;

e) Reviewing and evaluating the HR appraisal, development and succession planning process implemented across the Company; and

f) Reviewing the audit observations, if any, raised by the internal and external auditors of the Company relating to the HR function.

Shares Transfer Committee

The Shares Transfer Committee is constituted and comprises of the following members of the board:

S.No.	Name of Directors	
1	Mr. Jawed Yunus Tabba Non-Executive Director	Chairman
2	Mrs. Mariam Tabba Khan Non-Executive Director	Member
3	Mr. Muhammad Abid Ganatra Non-Executive Director	Member

The Company Secretary has been appointed as the Secretary to the Shares Transfer Committee.

Terms of Reference

The terms of reference of the Shares Transfer Committee includes the following:

I. To consider and accept or reject, with or without conditions, as it may deem fit, any applications filed for the registration of share transfers and all documents accompanying in connection with such applications, including, share transfer deeds, share certificates, succession certificates, powers of attorney and all other documents submitted for the purpose;

II. To approve and register transfers of shares; and to approve and authorize the splitting and consolidation of share certificates, the issuance and cancellation of share certificates, the affixation of the seal of the Company to new shares certified which may be issued, and execution or endorsement of share certificates.

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 and rule 5.19.11 of the PSX Rule Book as at June 30, 2017 is annexed to this report.

Auditors

The financial statements of the Company for the current year 2017-18 were audited by Messrs 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 Messrs 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.

Forward Looking Statement

The overall furture outlook for the cement industry remains positive and domestic sales are expected to remain strong on the back of on-going private and public sector construction projects as well as mega infrastructure development projects under the China–Pakistan Economic Corridor (CPEC) initiative; whereas, export sales have already improved in view of favorable market dynamics and foreign currency parity adjustments versus PKR.

Your Company's strong and debt-free financial position and free cash flow generating ability would continue to support investments in projects and avenues which can bring in further operational efficiencies and enhance shareholders' value.

Acknowledgement

Directors of your Company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued support.

We would like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Lucky family and also for our shareholders, who have always shown their confidence and faith in the Company.

On behalf of the Board

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive / Director

Karachi: July 31, 2018

SIX YEARS **AT A GLANCE**

Financial Position (PKR in million)	2013	2014	2015	2016	2017	2018
Assets Employed						
Property, plant and equipment	31,008	31,937	35,019	33,887	37,488	40,913
Intangible Assets	5	28	42	127	80	55
Long term investments	5,619	8,158	10,925	12,422	13,314	24,981
Long term advance	554	72	79	76	85	91
Long term deposit	3	3	3	3	3	3
Current assets	13,007	19,672	27,018	39,395	46,368	42,956
Total Assets	**50,196**	**59,870**	**73,086**	**85,909**	**97,337**	**108,999**
Financed By						
Shareholders' Equity	41,035	49,792	59,259	69,323	79,785	86,367
Long-term liabilities						
Long term finance	127	-	-	-	-	-
Current portion of long term finance	265	127	-	-	-	-
	393	127	-	-	-	-
Long term deposits and deferred liabilities	5,187	5,521	6,396	6,969	7,209	7,395
Current liabilities	3,846	4,556	7,431	9,618	10,344	15,237
Current portion of long term finance	(265)	(127)	-	-	-	-
	3,580	4,428	7,431	9,618	10,344	15,237
Total Funds Invested	**50,196**	**59,870**	**73,086**	**85,909**	**97,337**	**108,999**
Turnover & Profit						
Turnover - Net	37,810	43,083	44,761	45,135	45,687	47,542
Gross Profit	16,756	18,690	20,183	21,746	21,298	16,952
Operating Profit	12,412	14,548	16,138	18,620	18,573	13,870
Profit before taxation	11,746	14,456	15,912	18,400	18,778	15,119
Profit after taxation	9,749	11,344	12,432	12,944	13,692	12,197
Total comprehensive income	9,714	11,344	12,377	12,974	13,696	12,079
Cash Dividends	1,940	2,587	2,910	2,910	3,234	5,497
General Reserve	5,000	7,871	8,433	9,467	9,741	8,199
Profit carried forward	10,459	11,344	12,377	12,974	13,696	12,079
Earning per share (Rupees)	30.15	35.08	38.44	40.03	42.34	37.72
Cash Flow Summary						
Net Cash from Operating Activities	12,246	13,566	19,003	16,603	16,864	17,080
Net Cash used in Investing Activities	(8,094)	(4,949)	(8,130)	(3,353)	(6,688)	(17,906)
Net Cash (Outflow) / Inflow from Financing Activities	(2,191)	(2,833)	(3,019)	(2,889)	(3,243)	(5,477)
(Decrease) /Increase in Cash and Bank Balance	1,961	5,785	7,854	10,361	6,933	(6,303)
Cash and Bank Balance at beginning of the Year	844	2,806	8,591	16,445	26,806	33,738
Cash and Bank Balance at end of the Year	2,806	8,591	16,445	26,806	33,738	27,435

ANALYSIS OF **BALANCE SHEET**

PKR in '000	2013	2014	2015	2016	2017	2018
Share Capital & Reserves	41,035,443	49,792,183	59,258,770	69,322,838	79,784,981	86,366,822
Non Current Liabilities	5,314,888	5,521,483	6,396,392	6,968,744	7,208,757	7,395,033
Current Liabilities	3,845,844	4,555,965	7,430,703	9,617,734	10,343,627	15,237,262
Total Equity & Liabilities	**50,196,175**	**59,869,631**	**73,085,865**	**85,909,316**	**97,337,365**	**108,999,117**
Non Current Assets	37,189,583	40,198,033	46,067,916	46,514,689	50,969,440	66,043,440
Current Assets	13,006,592	19,671,598	27,017,949	39,394,627	46,367,925	42,955,677
Total Assets	**50,196,175**	**59,869,631**	**73,085,865**	**85,909,316**	**97,337,365**	**108,999,117**

Vertical Analysis - %	2013	2014	2015	2016	2017	2018
Share Capital & Reserves	81.75	83.17	81.08	80.69	81.97	79.24
Non Current Liabilities	10.59	9.22	8.75	8.11	7.41	6.78
Current Liabilities	7.66	7.61	10.17	11.20	10.62	13.98
Total Equity & Liabilities	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
Non Current Assets	74.09	67.14	63.03	54.14	52.36	60.59
Current Assets	25.91	32.86	36.97	45.86	47.64	39.41
Total Assets	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Horizontal Analysis (i) Cumulative %	2013	2014	2015	2016	2017	2018
Share Capital & Reserves	100.00	21.34	44.41	68.93	94.43	110.47
Non Current Liabilities	100.00	3.89	20.35	31.12	35.63	39.14
Current Liabilities	100.00	18.46	93.21	150.08	168.96	296.20
Total Equity & Liabilities	**100.00**	**19.27**	**45.60**	**71.15**	**93.91**	**117.15**
Non Current Assets	100.00	8.09	23.87	25.07	37.05	77.59
Current Assets	100.00	51.24	107.73	202.88	256.50	230.26
Total Assets	**100.00**	**19.27**	**45.60**	**71.15**	**93.91**	**117.15**

Horizontal Analysis (ii) Year on Year %	2013	2014 vs 2013	2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017
Share Capital & Reserves	100.00	21.34	19.01	16.98	15.09	8.25
Non Current Liabilities	100.00	3.89	15.85	8.95	3.44	2.58
Current Liabilities	100.00	18.46	63.10	29.43	7.55	47.31
Total Equity & Liabilities	**100.00**	**19.27**	**22.08**	**17.55**	**13.30**	**11.98**
Non Current Assets	100.00	8.09	14.60	0.97	9.58	29.57
Current Assets	100.00	51.24	37.34	45.81	17.70	(7.36)
Total Assets	**100.00**	**19.27**	**22.08**	**17.55**	**13.30**	**11.98**

ANALYSIS OF **PROFIT AND LOSS ACCOUNTS**

PKR in '000	2013	2014	2015	2016	2017	2018
Turnover	37,810,456	43,083,169	44,761,307	45,135,037	45,687,043	47,541,724
Cost of Sales	21,054,058	24,393,064	24,578,219	23,389,268	24,388,760	30,589,363
Gross Profit	**16,756,398**	**18,690,105**	**20,183,088**	**21,745,769**	**21,298,283**	**16,952,361**
Distribution Cost	3,664,019	3,382,156	3,127,018	2,018,376	1,703,785	1,992,454
Administrative Cost	680,347	760,269	943,385	1,107,527	1,021,694	1,089,446
Operating Profit	**12,412,032**	**14,547,680**	**16,112,685**	**18,619,866**	**18,572,804**	**13,870,461**
Finance Cost	75,829	34,225	-	-	-	-
(Other Income)/Charges	590,335	57,090	200,891	219,644	(205,449)	(1,248,194)
Profit before taxation	**11,745,868**	**14,456,365**	**15,911,794**	**18,400,222**	**18,778,253**	**15,118,655**
Taxation	1,997,106	3,111,962	3,480,196	5,456,037	5,086,004	2,921,565
Profit after taxation	**9,748,762**	**11,344,403**	**12,431,598**	**12,944,185**	**13,692,249**	**12,197,090**
Other Comprehensive Income	(34,814)	(663)	(54,636)	30,258	3,644	(117,874)
Total Comprehensive Income	**9,713,948**	**11,343,740**	**12,376,962**	**12,974,443**	**13,695,893**	**12,079,216**

Vertical Analysis - %	2013	2014	2015	2016	2017	2018
Turnover	100.00	100.00	100.00	100.00	100.00	100.00
Cost of Sales	55.68	56.62	54.91	51.82	53.38	64.34
Gross Profit	**44.32**	**43.38**	**45.09**	**48.18**	**46.62**	**35.66**
Distribution Cost	9.69	7.85	6.99	4.47	3.73	4.19
Administrative Cost	1.80	1.76	2.11	2.45	2.24	2.29
Operating Profit	**32.83**	**33.77**	**36.00**	**41.25**	**40.65**	**29.18**
Finance Cost	0.20	0.08	-	-	-	-
(Other Income)/Charges	1.56	0.13	0.45	0.49	(0.45)	(2.63)
Profit before taxation	**31.07**	**33.55**	**35.55**	**40.77**	**41.10**	**31.80**
Taxation	5.28	7.22	7.78	12.09	11.13	6.15
Profit after taxation	**25.78**	**26.33**	**27.77**	**28.68**	**29.97**	**25.66**
Other Comprehensive Income	(0.09)	-	(0.12)	0.07	0.01	(0.25)
Total Comprehensive Income	**25.69**	**26.33**	**27.65**	**28.75**	**29.98**	**25.41**

Horizontal Analysis (i) Cumulative - %	2013	2014	2015	2016	2017	2018
Turnover	100.00	13.95	18.38	19.37	20.83	25.74
Cost of Sales	100.00	15.86	16.74	11.09	15.84	45.29
Gross Profit	**100.00**	**11.54**	**20.45**	**29.78**	**27.11**	**1.17**
Distribution Cost	100.00	(7.69)	(14.66)	(44.91)	(53.50)	(45.62)
Administrative Cost	100.00	11.75	38.66	62.79	50.17	60.13
Operating Profit	**100.00**	**17.21**	**29.82**	**50.01**	**49.64**	**11.75**
Finance Cost	100.00	(54.87)	(100.00)	(100.00)	(100.00)	(100.00)
Other Income/Charges	100.00	(90.33)	(65.97)	(62.79)	(134.80)	(311.44)
Profit before taxation	**100.00**	**23.08**	**35.47**	**56.65**	**59.87**	**28.71**
Taxation	100.00	55.82	74.26	173.20	154.67	46.29
Profit after taxation	**100.00**	**16.37**	**27.52**	**32.78**	**40.45**	**25.11**
Other Comprehensive Income	100.00	(98.10)	56.94	(186.91)	(110.47)	238.58
Total Comprehensive Income	**100.00**	**16.78**	**27.41**	**33.57**	**40.99**	**24.35**

Horizontal Analysis (ii) Year vs Year - %	2013	2014 vs 2013	2015 vs 2014	2016 vs 2015	2017 vs 2016	2018 vs 2017
Turnover	100.00	13.95	3.90	0.83	1.22	4.06
Cost of Sales	100.00	15.86	0.76	(4.84)	4.27	25.42
Gross Profit	**100.00**	**11.54**	**7.99**	**7.74**	**(2.06)**	**(20.41)**
Distribution Cost	100.00	(7.69)	(7.54)	(35.45)	(15.59)	16.94
Administrative Cost	100.00	11.75	24.09	17.40	(7.75)	6.63
Operating Profit	**100.00**	**17.21**	**10.76**	**15.56**	**(0.25)**	**(25.32)**
Finance Cost	100.00	(54.87)	(100.00)	-	-	-
Other Income/Charges	100.00	(90.33)	251.88	9.33	(193.54)	507.54
Profit before taxation	**100.00**	**23.08**	**10.07**	**15.64**	**2.05**	**(19.49)**
Taxation	100.00	55.82	11.83	56.77	(6.78)	(42.56)
Profit after taxation	**100.00**	**16.37**	**9.58**	**4.12**	**5.78**	**(10.92)**
Other Comprehensive Income	100.00	(98.10)	8,140.72	(155.38)	(87.96)	(3,334.74)
Total Comprehensive Income	**100.00**	**16.78**	**9.11**	**4.83**	**5.56**	**(11.80)**

FINANCIAL **PERFORMANCE**

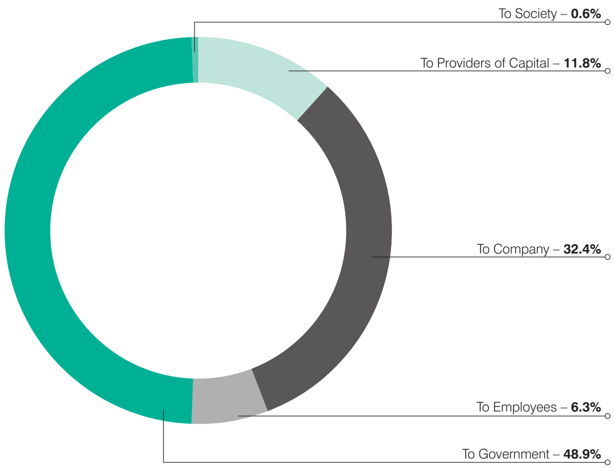
Financial Ratios	UoM	2013	2014	2015	2016	2017	2018
Profitability Ratios							
Gross profit to sales	percent	44.32%	43.38%	45.09%	48.18%	46.62%	35.66%
Net profit after tax to sales	percent	25.78%	26.33%	27.77%	28.68%	29.97%	25.66%
EBITDA to sales	percent	37.81%	38.58%	41.17%	46.95%	46.41%	35.52%
Operating Leverage	percent	280.31%	123.39%	280.73%	1841.56%	-20.67%	-623.68%
Return on Equity after tax	percent	23.67%	22.78%	20.89%	18.72%	17.17%	13.99%
Return on Capital Employed	percent	25.97%	24.94%	22.70%	20.18%	18.37%	14.54%
Liquidity Ratios							
Current ratio	times	3.38 : 1	4.32 : 1	3.64 : 1	4.10 : 1	4.48 : 1	2.82 : 1
Quick/Acid test ratio	times	1.66 : 1	2.62 : 1	2.75 : 1	3.31 : 1	3.67 : 1	2.12 : 1
Cash to Current Liabilities	times	0.73 : 1	1.89 : 1	2.21 : 1	2.79 : 1	3.26 : 1	1.80 : 1
Cash flow from Operations to Sales	times	0.32 : 1	0.31 : 1	0.42 : 1	0.37 : 1	0.37 : 1	0.36 : 1
Activity / Turnover Ratios							
Inventory turnover	times	3.17	3.40	3.44	3.30	3.05	3.22
No. of days in Inventory	days	115.14	107.35	106.10	110.61	119.67	113.35
Debtor turnover	times	27.81	23.00	21.73	21.37	24.27	23.73
No. of days in Receivables	days	13.12	15.87	16.80	17.08	15.04	15.38
Creditor turnover	times	6.09	6.36	4.69	3.13	2.74	2.73
No. of days in Payables	days	59.93	57.39	77.83	116.61	133.21	133.70
Operating Cycle	days	68.33	65.83	45.07	11.08	1.50	(4.97)
Total assets turnover	times	0.75	0.72	0.61	0.53	0.47	0.44
Fixed assets turnover	times	1.22	1.35	1.28	1.33	1.22	1.16
Investment Valuation Ratios							
Earnings per share (after tax)	rupees	30.15	35.08	38.44	40.03	42.34	37.72
Price / Earning ratio (after tax)	times	6.96	11.70	13.52	16.20	19.75	13.47
Dividend Yield	percent	3.81%	2.19%	1.73%	1.54%	1.43%	2.56%
Dividend Payout ratio	percent	26.54%	25.65%	23.41%	24.98%	28.34%	34.47%
Cash Dividend per share	rupees	8.00	9.00	9.00	10.00	12.00	13.00
Break up value per share	rupees	126.90	153.98	183.25	214.37	246.73	267.08
Market Value Per Share as on 30th June	rupees	209.72	410.30	519.62	648.51	836.26	507.93
Year High Close	Rupees	210.69	410.30	540.69	663.19	994.65	723.19
Year Low Close	Rupees	119.58	208.66	330.09	448.88	644.71	445.80
Price to Book Ratio	percent	1.65	2.66	2.84	3.03	3.39	1.90
Capital Structure Ratios							
Financial leverage ratio	times	0.01 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1	0.00 : 1
Weighted Average Cost of Debt	percent	14.43%	13.15%	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	163.68	425.06	-	-	-	-

STATEMENT OF **VALUE ADDITION AND WEALTH DISTRIBUTION**

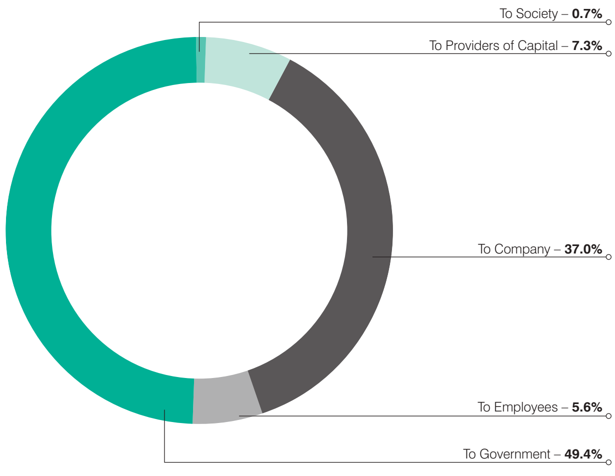
	2018 PKR in '000'	%	2017 PKR in '000'	%
WEALTH GENERATED				
Gross Sales/ Revenues	67,376,579		61,601,934	
Bought-in-material and services	(20,716,078)		(17,452,644)	
	46,660,501	**100.0%**	**44,149,290**	**100.0%**

WEALTH DISTRIBUTION				
To Employees				
Salaries, benefits and other costs	2,924,724	6.3%	2,486,471	5.6%
To Government				
Income tax, sales tax, excise duty and others	22,856,717	48.9%	21,792,918	49.4%
To Society				
Donation towards education, health and environment	286,329	0.6%	308,167	0.7%
To Providers of Capital				
Dividend to shareholders	5,497,375	11.8%	3,233,750	7.3%
To Company				
Depreciation, amortization & retained profit	15,095,356	32.4%	16,327,984	37.0%
	46,660,501	**100.0%**	**44,149,290**	**100.0%**

Wealth Distribution – 2018
Percentage



Wealth Distribution – 2017
Percentage



NOTES ON **ANALYSES**

Comments on Six Year Statement of Comprehensive Income Analysis

Turnover

Revenues grew from PKR 37.8 billion in 2013 to PKR 47.5 billion in 2018 with an increase of 25.7%. This is mainly due to increase in sales volumes.

Cost of Sales

Cost increased from PKR 21.1 billion in 2013 to PKR 30.6 in 2018 billion with an increase of 45.3%. This is mainly due to increase in sales volumes, prices of coal and other fuels.

Gross Profit

GP increased from PKR 16.8 billion in 2013 to PKR 16.9 billion in 2018 with an increase of 1.2%. This is mainly attributed to use of efficient and cost effective alternative energy sources, as well as utilization of Waste Heat Recovery which curtailed power cost and lead to increase in GP.

Finance Cost

Currently there is no finance cost as Company's capital structure is based on equity finance.

Net Profit

Net Profit increased from PKR 9.7 billion in 2013 to 12.1 billion in 2018 with an increase of 24.4%. This is mainly attributable to increased sales volumes as well as continuous performance improvement and cost reduction initiatives.

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 39.1% in NCL from 2013 to 2018 mainly because of deferred tax liability.

Non Current Assets

There is an increase of 77.6% in NCA from 2013 to 2018 mainly due to capital expenditure on Capacity expansion & enhancement, alternative energy, WHR, Ventometic Packing Plant, Vertical Grinding Mill and equity investments in ICI, Kia Lucky Motors, Lucky Electric Power and other offshore projects in Iraq & Congo.

Comments on Six Year Statement of Cash Flows analysis

Lucky has persuasive cash flow system. The liquidity of the Company improved substantially due to improved margins, cost reductions and reliance on equity financing thus reducing finance cost over the years. The company has no borrowings as of 30th June 2018 and all the Company's projects and investments are primarily financed by internally generated cash flows.

ANALYSES OF **VARIATION IN INTERIM PERIOD**

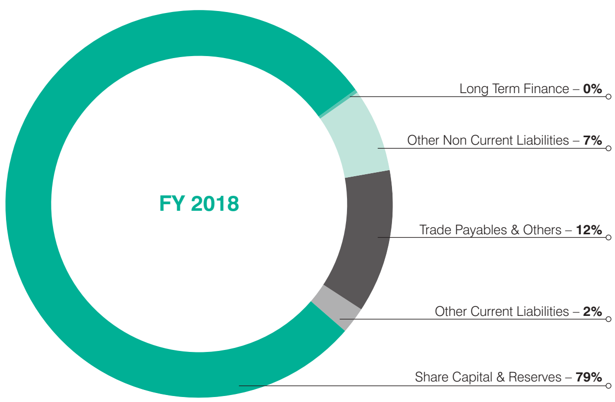
Particulars	Qtr-1	Qtr-2	Qtr-3	Qtr-4	FY 2017-18
Sales Volume (in '000 Tons)	**1,804**	**1,953**	**2,086**	**1,975**	**7,817**
Sales Revenue	11,204	12,050	12,417	11,871	47,542
Cost of Good Sold	7,091	7,278	8,210	8,011	30,589
Gross Profit	**4,113**	**4,772**	**4,207**	**3,860**	**16,952**
Gross Profit Margin	37%	40%	34%	33%	36%
Operating Profit	**3,463**	**4,053**	**3,414**	**2,941**	**13,870**
Operating Profit Margin	31%	34%	27%	25%	29%
EBITDA	**4,143**	**4,767**	**4,212**	**3,764**	**16,887**
EBITDA Margin	37%	40%	34%	32%	36%
Net Profit Before Tax	**3,701**	**4,394**	**3,885**	**3,139**	**15,119**
Taxation	683	864	630	744	2,922
Net Profit After Tax	**3,017**	**3,530**	**3,255**	**2,395**	**12,197**
Net Profit After Tax Margin	27%	29%	26%	20%	26%
EPS in PKR	9.33	10.92	10.06	7.41	37.72

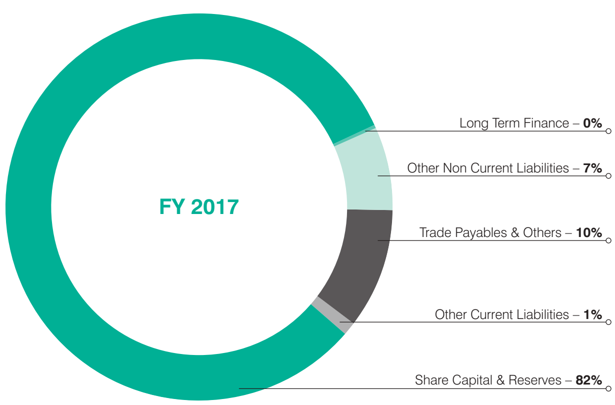
During the FY 17-18, 2nd Quarter's performance was the best in terms of the Gross Profit Margin of 40%, Operating Profit (OP) Margin of 34% and EBITDA Margin of 40% mainly on account of healthy sales volumes and lower input costs. Furthermore operational costs also decreased owing to cost saving and other performance improvement initiatives undertaken by the company. The 2nd Quarter also outperformed other quarters in terms of bottom-line profitability and Earnings Per Share (EPS). 2nd Quarter contributed cement sales volumes of 1.95 Million Tons and bottom-line profitability of PKR 3.53 Billion in values and 29% in terms of Net Profit after tax margin.

COMPOSITION OF **BALANCE SHEET**

Equity and Liabilities

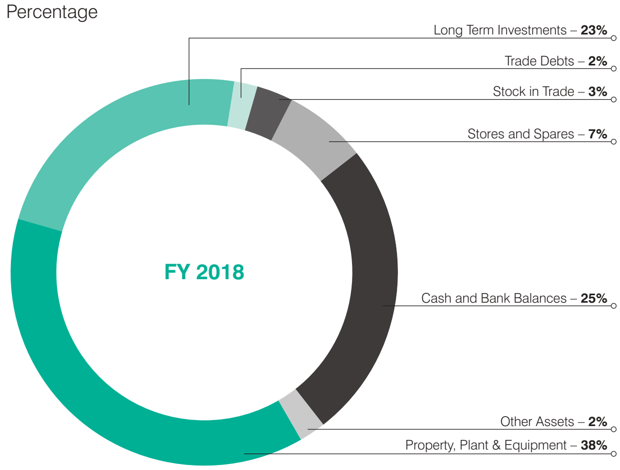
Percentage

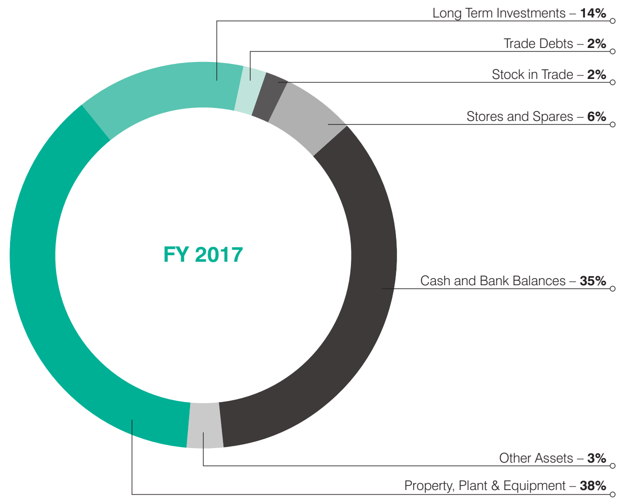




Assets

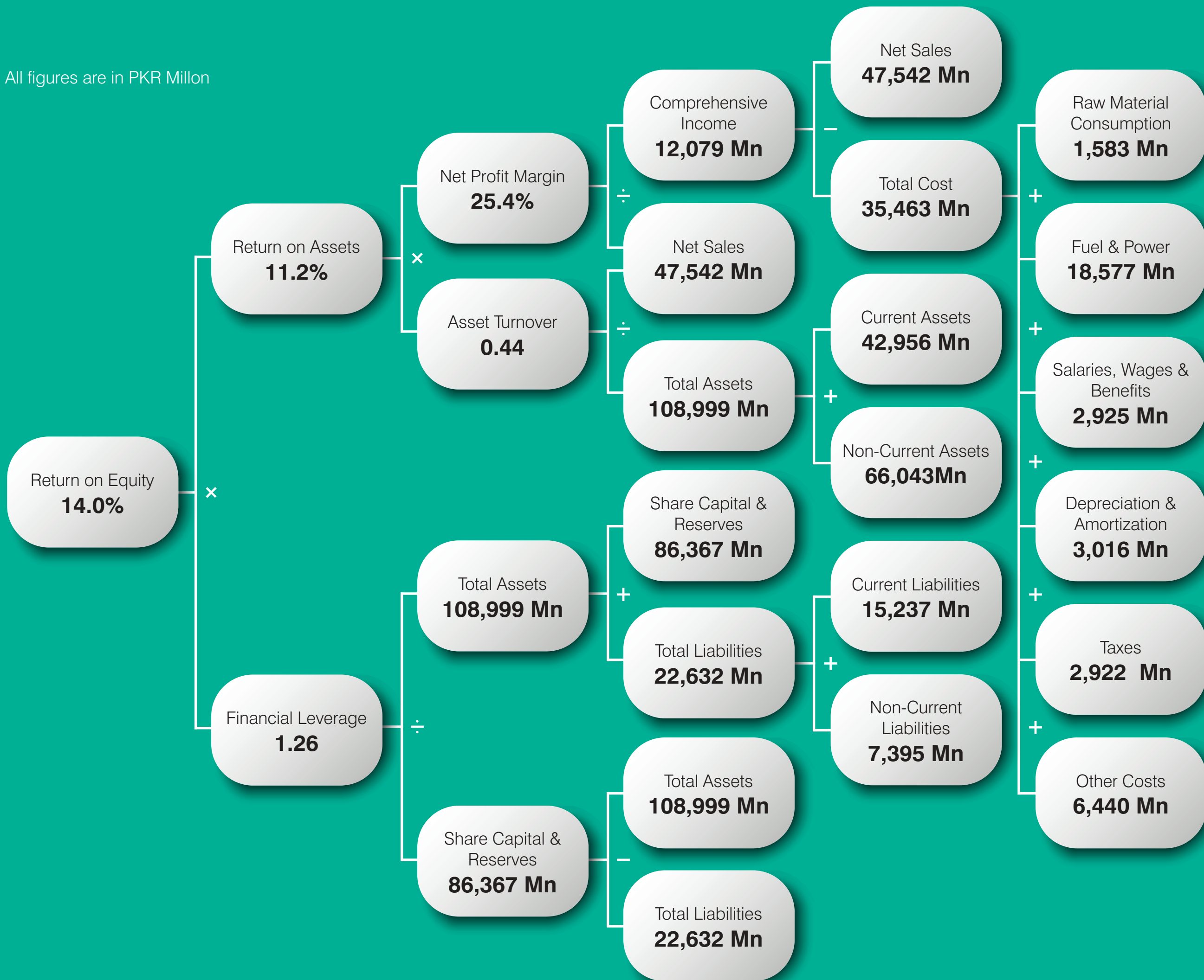
Percentage





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
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%
2013	25.80%	0.75	1.22	23.7%

The main highlights of DuPont analysis are as follows:

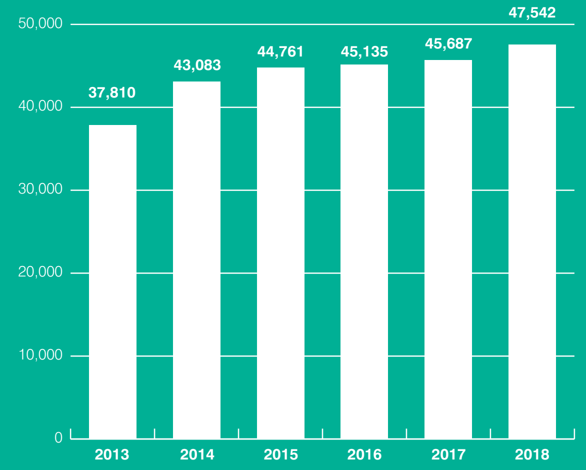
1. The profit margins for the company declined during current year on account of higher costs mainly due to increase in prices of coal and other fuel prices.
2. The Asset base of the company has improved during the current year mainly on account of cost saving and investment projects.
3. The Financial Leverage ratio for the Company has improved due to incremental Assets base and Equity strength of the balance sheet as the Company remains debt free and the Asset base is financed by Equity. The Equity has further strengthened due to additional profitability which has in turn strengthened the retained earnings account.

Conclusion

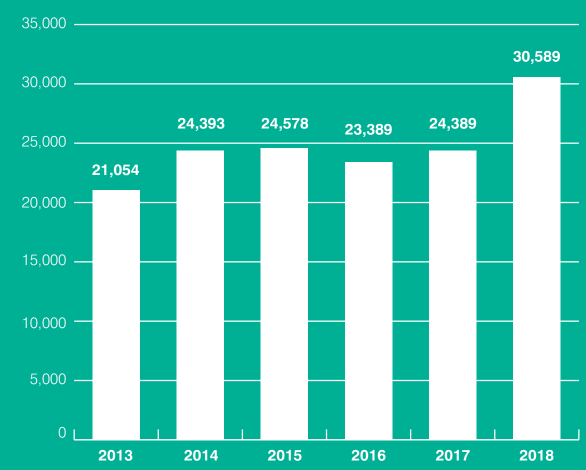
Overall, the operational & assets efficiency and Equity Multiplier are monitored on a regular basis to remain aware of the financial health of the Company. The DuPont analysis for the last 5 years depicts a positive trend in Return on Equity (ROE) of the Company. The ROE showed a remarkable increase in 2013, and gradually declined thereafter due to high reserve base.

FINANCIAL AT **A GLANCE**

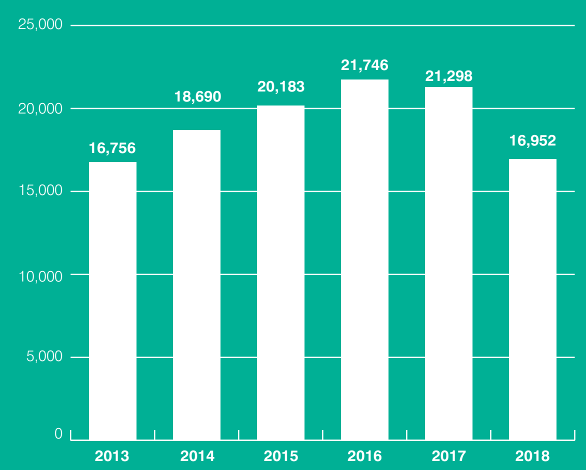
Sales Revenue
PKR in Million



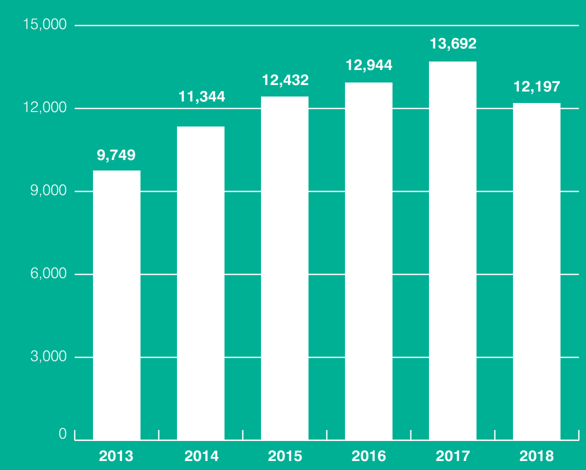
Cost of Sales
PKR in Million



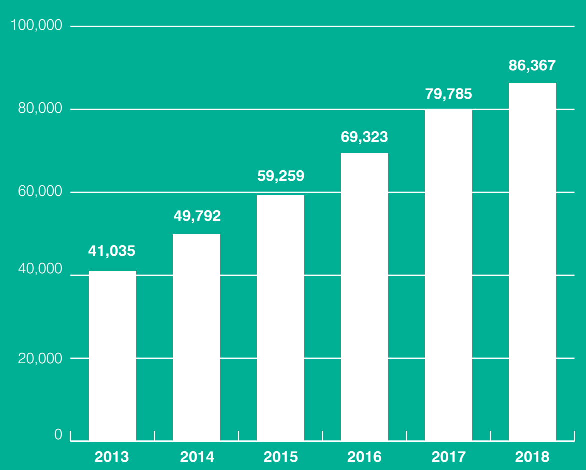
Gross Profit
PKR in Million



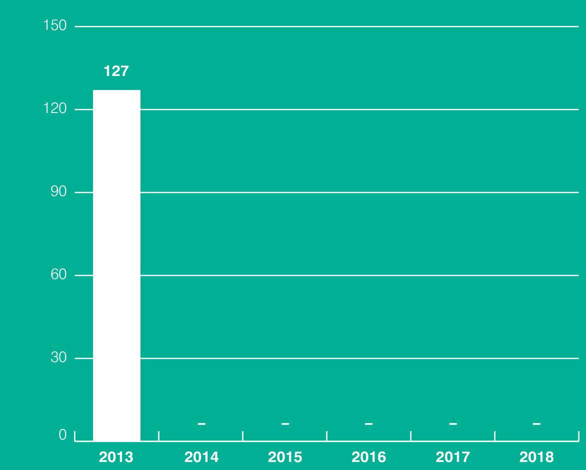
Net Profit
PKR in Million



Shareholders Equity
PKR in Million

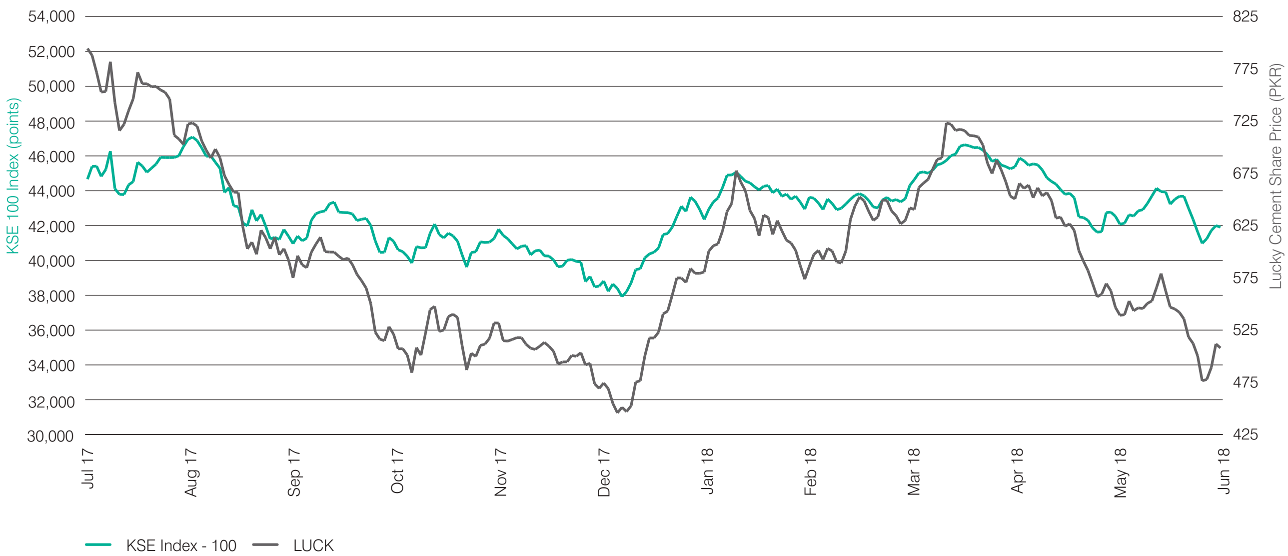


Long Term Finance
PKR in Million



SHARE PRICE
SENSITIVITY ANALYSIS

Share Price Sensitivity



Lucky Cement Shares (LUCK) are traded on Pakistan and London Stock Exchanges. Our free float is 36.3% and market capitalization at the end of day of fiscal year was PKR 164 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 1.40.

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.

ECONOMIC **VALUE ADDED (EVA)**

PKR in thousand

		2015-16	2016-17	2017-18
Cost of capital				
Cost of Equity	%	11.22%	10.25%	12.53%
Weighted average cost of capital (WACC)	%	11.22%	10.25%	12.53%
Average capital employed		64,290,804	74,553,910	83,075,902
Economic Value Added				
NOPAT		12,944,185	13,692,249	12,197,090
Less: Cost of capital		7,213,428	7,641,776	10,409,410
Economic Value added		**5,730,757**	**6,050,473**	**1,787,680**
Enterprise Value				
Market Value of Equity		209,711,921	270,425,578	164,251,864
Add: Debt		-	-	-
Less: Cash & Bank balance		26,805,582	33,738,377	27,435,361
Enterprise Value		**182,906,339**	**236,687,201**	**136,816,503**
Return ratios				
NOPAT / Average capital employed	%	20%	18%	15%
EVA / Average capital employed	%	9%	8%	2%
Enterprise value / Average capital employed	X	2.84	3.17	1.65

FREE **CASH FLOW (FCF)**

PKR in thousand

	2015-16	2016-17	2017-18
Net cash provided by operating activities	16,602,834	16,863,928	17,079,928
Less: Capital Additions & Investments	(3,033,390)	(7,094,837)	(18,112,389)
Add: Net Debt Issued	-	-	-
FCF - Total	**13,569,444**	**9,769,091**	**(1,032,461)**

FORWARD LOOKING **STATEMENT**

The overall future outlook for the cement industry remains positive and domestic sales are expected to remain strong on the back of on-going private and public sector construction projects as well as mega infrastructure development projects under the China–Pakistan Economic Corridor (CPEC) initiative; whereas, export sales have already improved in view of favorable market dynamics and foreign currency parity adjustments versus PKR. The 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 current FY 2017-18.

The Company's strong and debt-free financial position and free cash flow generating ability would continue to support investments in projects and avenues which can bring in further operational efficiencies and enhance shareholders' value.

The Company continues to strive for maintaining its position as the lowest cost producer in the Industry. The major input cost for production of cement is imported Coal. The management constantly monitors the international coal prices and exchange rates and takes necessary and timely steps to mitigate such impacts. The Company has invested in technologies like RDF/TDF plants and Waste Heat Recovery Units to maintain its status of lowest cost producer.

Lucky Cement strongly believes in diversifying its business portfolio and during the year has successfully invested in 1 X 660 MW supercritical coal based power project at Port Qasim, automobile manufacturing plant under license from Kia Motors Corporation and plans to make investments in greenfield project for producing 1.2 million tons of clinker at Samawah, Iraq.

Financial Projections

The Company foresees an average market growth of 6-8% in the medium term. The Company expects to maintain its profitability and does not expect to see any major changes or developments in the sector which may otherwise hamper such projections significantly.

Analysis of Forward Looking Disclosures for Previous Year

For the year 2017-18 your Company has been consistent with the Industry sales growth reported by APCMA (All Pakistan Cement Manufacturers Association) on their website.

The local cement industry growth was reported at 15.4% versus the Company's growth of 14.8%.

The industry exports increased by 1.8% versus the Company's growth of 4.6%.

Brownfield Expansion of 1.3 MTPA at Karachi, came online in December 2017 which supported the Company in achieving its targets and maintaining market share in the Industry.

The Company shall continue to explore further business opportunities with the focus to enhance shareholders value by investments in high yielding projects.

STAKEHOLDERS RELATIONSHIP **AND ENGAGEMENT**

Lucky Cement has achieved remarkable progress which would not have been possible without strong relationships with our key stakeholders. This has proven to be the guiding force which has added great value to the Company year after year.

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.

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;
- Corporate Communications department, staffed with highly qualified professionals.

Corporate Briefing

Corporate / security 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.

During the year the Company held a formal briefing session on its performance overview, the CFO briefed investors regarding the annual financial statements of the year 2017 and Company's investment plan for future years. Further, the CFO also highlighted the status of running projects related to its subsidiaries.

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 our website. Annual Reports in printed 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
Investors 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.

PROCEEDINGS OF **THE LAST AGM AND EOGM**

Proceedings of the last Annual General Meeting held on September 25, 2017

The Annual General Meeting (AGM) started with a brief by the Chairman of the meeting about the Company's performance for the financial year 2016-17, 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 Company achieved an overall volumetric growth of 3.1%, which was lower than the industry average of 3.7%. The local sales volume of the Company registered a growth of 13.9% against an industry average of 8%, whereas the export sales declined by 32.7% against an industry average of 20.6%. He shared that this high growth of local sales was mainly due to sales of clinker to Fauji Cement.

The Chairman shared that the Company contributed PKR 22 Billion into the government treasury, on account of different taxes being levied. It was also informed to the members that during the year, the Company won the 32nd annual MAP's Corporate Excellence Award in the Industrial category amongst all corporate sector of Pakistan, and an environmental award. Both these awards represent the management's commitment towards excellence in its operations.

The Chairman further explained that the new cement line being installed at the Karachi plant was on track for timely completion by December 2017.

Final cash dividend @ 120% i.e. PKR 12/- 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 9, 2017.

It was also decided to reappoint M/s A. F. Ferguson & Co., as external auditors for the company for the year ending June 30, 2018.

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

Proceedings of the last Extra Ordinary General Meeting held on November 28, 2017

The Chairman of the meeting started the Extra Ordinary General Meeting by welcoming all the shareholders of the Company.

The Chairman informed the members that in continuation of the resolution of the Company passed in the Extraordinary General Meeting of the Company held on December 30, 2016 in connection with the investment by way of equity in the Company's associated company, Kia Lucky Motors Pakistan Limited, that management has decided to increase its equity stake from 60% to 70%, which will result in company's share of paid up capital of KLM increase from PKR 12 Billion to PKR 14 Billion.

It was also informed that the associated company, M/s Kia Lucky Motors Pakistan Limited would undertake the manufacturing, assembling, marketing, distribution, sales, after sales service, import and export of all types of KIA motor vehicles, parts and accessories in Pakistan under license from Kia Motors Corporation. The Chairman apprised the members about the potential of investment in automobiles industry in view of the growing economy and development of infrastructure.

It was resolved by way of a special resolution that the Company would be authorized to increase the equity investment to be made in M/s. Kia Lucky Motors Pakistan Limited by PKR 2,000,000,000/- (Rupees two billion), that is, an enhancement from an amount up to PKR 12,000,000,000/- (Rupees twelve billion) to an amount up to PKR 14,000,000,000/-.

The Chairman further informed that the Company was intending to invest in an associate company namely Yunus Wind Power Company Limited for the development of a 50 MW Wind Power Project by equity investment of PKR 720 million. It was further informed that Yunus Wind Power project would also have a debt component along with the equity component, where the Company would be required to provide sponsors' support in the form of Sponsors' Guarantees and SBLC etc.

It was resolved by way of a special resolution that the Company would be authorized to make equity investment amounting up to PKR 720,000,000/- (Rupees seven hundred and twenty million) representing 20% of the equity stake and as one of the project sponsors, to enter into agreements and to take all necessary actions in proportion to the equity investment commitment of the Company in M/s. Yunus Wind Power Limited for meeting the conditions of the financiers to the project of M/s. Yunus Wind Power Limited.

The Chairman informed the shareholders that a more economical Islamic finance facility was available to replace the existing Diminishing Musharaka Facilities of Lucky Holdings Limited (LHL) which will result in more favorable commercial terms for LHL. Lucky Cement being the majority shareholder and holding company of LHL has decided to provide security by way of lien/ charge over the current assets of the Company for such loan to facilitate the financing for LHL.

It was resolved by way of a special resolution that the Company would be authorized to provide financial assistance to its subsidiary company LHL by way of creation of lien/charge over the current assets of the Company.

The Chairman further informed the members that after the promulgation of the Companies Act, 2017, the Company has updated its Articles of Association, so that it reflects the latest legal provisions.

It was resolved by way of a special resolution that the regulations contained in the printed document submitted to the EOGM, be approved and adopted as the Articles of Association of the Company.

After discussion on all the items of the agenda, the meeting was concluded with a vote of thanks to the Chairman.

CALENDAR OF **MAJOR EVENTS**

Annual General Meeting	**September 2017**
1st Quarterly Board of Directors' Meeting	**October 2017**
Extraordinary General Meeting	**November 2017**
2nd Quarterly Board of Directors' Meeting	**January 2018**
3rd Quarterly Board of Directors' Meeting	**April 2018**
Budget Committee Meeting	**May 2018**

AWARDS AND **ACCOLADES**

MAP Corporate Excellence Award

Lucky Cement won the 33rd Management Association of Pakistan's (MAP) Corporate Excellence Award in the Cement Sector category for demonstrating excellence in corporate management during the year 2017. This award affirms the Company's adherence to best corporate governance practices. 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.

Environment Excellence Award

Lucky Cement received the Environment Excellence Award 2017 at an elaborate ceremony organized by National Forum for Environment and Health (NFEH). Lucky Cement won the award in recognition of its efforts towards sustainable development and contribution towards protecting the overall environment for a greener Pakistan.

Best Corporate Report Awards

Lucky Cement won the second position in the Sugar and Cement category for the Best Corporate Report Awards 2016 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.

Corporate Social Responsibility Summit & Awards

Lucky Cement was awarded for its innovative efforts at the 7th Corporate Social Responsibility Summit & Awards ceremony, organized by The Professionals Network (TPN). This prestigious award was in recognition of Lucky Cement's efforts during the year for fulfilling its corporate social responsibilities.

FROM STRENGTH TO **STRENGTH**

Our progress lies in the development of our people. We strongly believe that investing in our human capital goes hand in hand with the growth of the Company. An environment conducive to growth, opportunities for self actualization and a learning centric approach set our organization apart.

HR **EXCELLENCE**

Developing our human resources is of utmost importance at Lucky Cement. As we move ahead on our journey of growth, expansion and diversification, the development of human capital becomes more and more crucial.

Our talented team propels our efficiency driven culture and we recognize their abilities by providing them wholesome and continuous opportunities for growth and development.

We believe that attraction, development and retention of talented people is just as important to the success of our Company as the manufacturing and sale of cement.

Hiring & Retaining Talent

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

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 stand out as an employer of choice.

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 Rendezvous

At Lucky Cement, continuous effort and hard work are valued, complimented by strengthening our team relations through employee rendezvous. 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. In addition, we also organized Lucky Games Company-wide to promote healthy competition. 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.

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.

Head Count Rationalization

With a growth driven strategy in both local and international markets, there is always a tendency for organizations to become over staffed. To ensure that this does not happen we follow head count rationalization strategy. The objective of this strategy is to keep the Company lean and efficient. HR works closely with all department heads to ensure efficient talent acquisition. Each and every position that falls vacant is analyzed carefully to assess if there is a need to re-hire a resource. If the position needs to be re-filled, existing employees are considered first.

ARCHITECTS OF TOMORROW

Sustainable development is at the core of our business strategy. We work tirelessly to make our operations more sustainable and are committed to conserving the environment. At the same time, we continue to strive to give back to the communities we operate in.

HEALTH, SAFETY AND **ENVIRONMENT**

We are an OHSAS 18001 and ISO 14001 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 routinely 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.

Safety measures at Lucky Cement have been taken according to the work environment (by conducting risk assessment) at our plants and the corporate offices. At all sites of Lucky Cement, 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 regularly 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 laborotory. We also strive to save the environment by recycling exhaust heat from production process to generate electricity through WHR (Waste Heat Recovery) process. We plant trees for maintaining the green belt in and surrounding areas of the plant sites and offices.

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 our employees basic life support and medical practices we are maintaining a safe and healthy work setting. Lucky Cement also fosters a tradition of trainings and medical camps for its employees with the best procedures and expertise. We envision a hazard-free setting and frequently invest in various tools and techniques to ensure that our employees are equipped with contemporary safety skills in their daily operations. Lucky Cement also supports 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 Lucky Cement plants, we also provide free medical facilities through the Lucky Welfare dispensary to all employees.

Consumer Protection Measures

We at Lucky Cement are committed to provide our customers 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. Our manufacturing units have cutting-edge technology and quality management systems which enable the Company 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, we also provide Safety Data Sheets to our 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 our employees lies at the core of our operational framework. At Lucky Cement, we have made considerable efforts to enable them 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 our plants and head office, so that our 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 plants we demonstrate mock drills of chemical spillage, fire fighting, evacuation, casualty handling (Sick or injured) and security breach. At Lucky Cement high level Crisis Management Committee is 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.

Lucky Cement is committed to cultivate an environment which ensures safety and security. By fortifying our safety and security goals with the pillars of perpetual progress, we are in pursuit of a 100% safe and secure workplace for our employees and all stakeholders engaged in our business operations. Lucky Cement efficiently implements its HSE policies and procedures mitigating the accident rate at its vicinities and reducing the risks of injury or health-hazards at the workplace.

SUSTAINABILITY

All aspects of sustainability including efficient operational procedures, effective internal controls, ethical behavior and energy conservation are an integral part of our business model.

ENVIRONMENT

Implementation of sustainability into our core business operations has always been one of the major aims of Lucky Cement. The Company has 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!

Lucky Cement is the pioneer of bringing evolution in corporate social responsibility through the execution of its 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 Lucky Cement to decrease emissions of CO_2 by 29,000 metric tons per annum.

The Company has also arranged for use of alternatives to coal through the use of technologies like Tyre Derived Fuel (TDF) Plant at Karachi which generates energy by burning shredded tyres. 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.

The Company remains active by incorporating different practices of alternative fuel projects for achieving sustainability of the environment, which includes Refuse Derived Fuel (RDF) that is making use of Municipal Solid Waste (MSW) and Rice Husk. Lucky Cement prides itself in transforming from a fossil-fuel based energy to alternative-energy structure. This emphasizes Lucky Cement's drive to protect the ecosystem and community around its 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.

Lucky Cement has 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 excess heat from the system as fuel.

The design of these plants hinges on the idea of encapsulating all the excess heat from the production system 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, Lucky Cement has the responsibility and opportunity to contribute in bringing sustainability in the cement industry. Lucky Cement has extensively invested in implementing projects that reduce energy consumption and address issues of environmental degradation. Projects like Waste Heat Recovery (WHR), Tyre Derived Fuel (TDF) and Refused Derived Fuel (RDF) have not only reduced our production costs, but have significantly reduced carbon emissions.

With these technological developments in place, Lucky Cement has 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!

Lucky Cement is 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. Till date, Lucky Cement has planted over 33,500 tree saplings within the surrounding area of each plant, with a further 5,000 trees to be planted. A green belt project, spanning across some of the old mining areas of the Karachi plant, was initiated to implement sustainable mining practices.

MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

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

Emissions From Power Generation And Cement Manufacturing Process

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

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

Nitrogen Oxides (NOx)

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

Sulphur Oxides (SOx)

Like NOx emissions, the power house emissions of SOx are guaranteed to remain within the NEQS. Moreover, the Company has 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 the 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.

EMPLOYEE VOLUNTEERISM

Employees Engage Themselves in Clothes Drive Activity at Lucky Cement Head Office

During the winter season, the employees at the Head Office in Karachi actively participated in a clothes collection drive for the underprivileged strata of society. Employees generously contributed over the course of ten days and donated clothes for men, women and children. This activity was to provide some relief to those handicapped by poverty, thus giving everyone the opportunity to help those in need. The clothes were packaged by the Lucky Cement team and were duly dispatched to a local welfare trust so that they may be distributed to the needy.

EDUCATION

Education plays a key role in our CSR efforts. Following on from last year, Lucky Cement has sustained its goal of promoting quality education in the country by granting several merit-based scholarships to students of different institutes of Pakistan.

Girls Education

Keeping in view the importance and impact of women empowerment in Pakistan, Lucky Cement in collaboration with Zindagi Trust continued support for two leading Government girls' schools in Karachi. With primary focus on social intervention in the development of women education in the country, the Company has transformed these schools into model educational institutions for girls in Pakistan.

Scholarships/ Financial Assistance

Lucky Cement has 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 position.

Institute Of Business Management (IoBM)

Lucky Cement has joined hands with the Creek High School & Creek College (IoBM Campus) for providing scholarships to deserving bright students. Lucky Cement has awarded 68 scholarships to students at Creek High School, taking forward the mission of making quality education accessible to the bright minds of Pakistan irrespective of their financial status. In addition, scholarships have been awarded to 25 students at IoBM from TCF alumni.

Lahore University of Management Sciences

Lucky Cement strongly believes that the youth of today are the leaders of tomorrow. Sowing the seeds of a brighter future, Lucky Cement generously granted scholarships to deserving students with an aim of increasing access to education. Lucky Cement is providing scholarships to 17 students from LUMS selected by LUMS through its National Outreach Program (NOP).

Institute of Business Administration

Lucky Cement has collaborated with Institute of Business Administration (IBA), to provide educational assistance to more than 40 students in pursuit of quality education from the IBA through annual scholarship programs.

Foreign Scholarships

Lucky Cement also provides scholarships to the meritorious students of Pakistan seeking further education in excellent foreign universities. In this context, Lucky Cement has granted sponsorships to the students of Duke University, Cornell University USA, University of Toronto and various other universities.

Other Universities

Lucky Cement has 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

Lucky Cement 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, Lucky Cement has generously contributed towards the operations of Tabba Heart Institute to make health care more accessible.

Pakistan Association of the Blind

Pakistan Association of the Blind is an NGO that provides educational and rehabilitation services for those suffering from blindness. Lucky Cement generously offered financial assistance to alleviate suffering of needy patients.

Child Life Foundation (CLF)

Child Life Foundation (CLF) is one of the largest non-profit organizations in Pakistan, which dedicates itself to saving children's lives. Lucky Cement donated generous amounts to CLF with the aim of providing medical facilities and treatments for needy children.

Special Olympics Pakistan

Lucky Cement is a staunch supporter of an active and healthier lifestyle. For this purpose, Lucky Cement co-sponsored the annual Special Olympics Pakistan event, a non-profit organization, working with people of intellectual disabilities to develop their skills and capabilities through sports training.

Tabba Kidney Institute (TKI)

The Company fervently supports 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, Lucky Cement has generously donated funds to support their noble cause.

Rural Development Programs

Lucky Cement realizes the importance of giving back to the community because that is the real reason why the company has achieved the level of success that it currently enjoys. Continuing to facilitate and uplift underprivileged communities, Lucky Cement installed six solar energy based tube wells at various targeted locations nearby the Pezu plant including Jhang Khel, Wazir Kala, Shehbaz Khel and Tabi Murad. Earlier, no such facilities were available for drinking water in these areas and locals had to travel miles to fetch clean drinking water. The PKR 22 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.

The company has 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, Lucky Cement embarked on a journey of developing a model village near its 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.

Lucky Cement also took the initiative to provide medical facilities for the local population free of cost. A dispensary clinic called "Lucky Welfare Dispensary" was set up, and a state-of-the-art ambulance that was equipped with the latest first aid medical apparatus, was also provided to serve the local community.

Since Lucky Cement firmly believes that an active lifestyle leads to a healthier lifestyle, a number of sports activities were held at Pezu. Many district-level teams were encouraged to participate and the response was excellent. The promotion of sporting activities provides the local masses with education and awareness about the health benefits associated with engaging in physical activities.

STATEMENT OF **COMPLIANCE**

With Listed Companies (Code of Corporate Governance) Regulations, 2017 for the year ended June 30, 2018

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

1. The total number of directors are 8 as per the following:

Male:	6 (Six)
Female:	2 (Two)

2. The composition of board is as follows:

Independent Director:	Tariq Iqbal Khan
Other Non-Executive Directors:	Muhammad Yunus Tabba
	Muhammad Sohail Tabba
	Jawed Yunus Tabba
	Muhammad Abid Ganatra
	Mariam Tabba Khan
	Zulekha Tabba Maskatiya
Executive Directors:	Muhammad Ali Tabba

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

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

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. 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 the Board.

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

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

Independent Director:	Tariq Iqbal Khan
Other Non-Executive Directors:	Muhammad Yunus Tabba
	Muhammad Sohail Tabba
	Jawed Yunus Tabba
	Muhammad Abid Ganatra
	Mariam Tabba Khan
	Zulekha Tabba Maskatiya
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 committees comprising of members given below:

Audit Committee

Tariq Iqbal Khan	**Chairperson**
Muhammad Sohail Tabba	
Jawed Yunus Tabba	
Mariam Tabba Khan	
Zulekha Tabba Maskatiya	
Muhammad Abid Ganatra	

HR and Remuneration Committee

Mariam Tabba Khan	**Chairperson**
Muhammad Ali Tabba	
Muhammad Sohail Tabba	
Jawed Yunus Tabba	
Zulekha Tabba Maskatiya	

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, 2018

    (b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2018

15. The Board has set up an effective internal audit function which is considered suitably qualified, experienced for the purpose and 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

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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, 2018 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, 2018.

Chartered Accountants
Karachi

Dated: August 17, 2018

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PWC network
PIA Building. 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan
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KARACHI LAHORE ISLAMABAD

UNCONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2018

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 statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the 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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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, 2018 and of the profit and other comprehensive loss, 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 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 judgement, 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.

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:

<table>
<tr><th>S. No.</th><th>Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>(i)</td><td>As stated in note 4.2 to the annexed unconsolidated financial statements, the fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these annexed unconsolidated financial statements.

The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of the annual unconsolidated financial statements of the Company.

As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Company's annexed unconsolidated financial statements which are included in notes 6.4, 9.1, 9.2, 13.3, 20.1, 30.2, 32.2, 36.1.1 and 40 to the annexed unconsolidated financial statements.

In view of the extensive impacts in the annexed unconsolidated financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter.</td><td>We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following:

• Considered the management's process to identify the additional disclosures required in the Company's annexed unconsolidated financial statements.

• Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence.

• Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.</td></tr>
<tr><td>(ii)</td><td>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.</td><td>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.</td></tr>
</table>

S. No.	Key Audit Matters	How the matter was addressed in our audit
(iii)	As stated in note 8 to the annexed unconsolidated financial statements, the Company's subsidiaries include LCL Holdings Limited and Kia Lucky Motors 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 25.7 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.

Information Other than the unconsolidated 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 consolidated and unconsolidated 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 the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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.

The 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 unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the 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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 Rashid A. Jafer.

Chartered Accountants
Karachi

Date: August 17, 2018

UNCONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

as at June 30, 2018

	Note	2018	2017
		(PKR in '000')	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	6	40,913,168	37,488,137
Intangible assets	7	55,023	79,657
		40,968,191	37,567,794
Long-term investments	8	24,981,078	13,313,520
Long-term loans and advances	9	90,996	84,951
Long-term deposits	10	3,175	3,175
		66,043,440	50,969,440
CURRENT ASSETS			
Stores and spares	11	7,783,111	5,894,079
Stock-in-trade	12	2,796,658	2,509,273
Trade debts	13	2,424,470	1,582,689
Loans and advances	14	420,671	619,161
Trade deposits and short-term prepayments	15	67,577	39,774
Accrued return		142,881	165,289
Other receivables	16	1,311,180	1,235,019
Tax refunds due from the Government	17	538,812	538,812
Short term investment		34,956	45,452
Cash and bank balances	18	27,435,361	33,738,377
		42,955,677	46,367,925
TOTAL ASSETS		108,999,117	97,337,365
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	19	3,233,750	3,233,750
Reserves	20	83,133,072	76,551,231
		86,366,822	79,784,981
NON-CURRENT LIABILITIES			
Long-term deposits	21	94,394	84,630
Deferred liabilities	22	7,300,639	7,124,127
		7,395,033	7,208,757
CURRENT LIABILITIES			
Trade and other payables	23	13,121,005	9,159,441
Unclaimed dividend		47,945	31,415
Unpaid dividend	24	82,960	79,026
Taxation - net		1,985,352	1,073,745
		15,237,262	10,343,627
		22,632,295	17,552,384
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		108,999,117	97,337,365

The annexed notes from 1 to 43 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, 2018

	Note	2018	2017
		(PKR in '000')	
Gross sales	26	67,376,579	61,601,934
Less: Sales tax and federal excise duty		18,875,112	15,227,058
Rebates and commission		959,743	687,833
		19,834,855	15,914,891
Net sales		47,541,724	45,687,043
Cost of sales	27	(30,589,363)	(24,388,760)
Gross profit		16,952,361	21,298,283
Distribution cost	28	(1,992,454)	(1,703,785)
Administrative expenses	29	(1,089,446)	(1,021,694)
Other expenses	30	(1,346,369)	(1,788,023)
Other income	31	2,594,563	1,993,472
Profit before taxation		15,118,655	18,778,253
Taxation			
- current	32	(3,037,587)	(5,032,196)
- deferred		116,022	(53,808)
		(2,921,565)	(5,086,004)
Profit after taxation		12,197,090	13,692,249
Other comprehensive income:			
Other comprehensive (loss) / income which will not be reclassified to statement of profit or loss in subsequent periods			
(Loss) / gain on remeasurements of post retirement benefit obligation		(149,249)	9,488
Deferred tax thereon		40,297	(2,354)
		(108,952)	7,134
Other comprehensive loss which may be reclassified to statement of profit or loss in subsequent periods			
Unrealized loss on remeasurement of available for sale investment		(10,496)	(4,106)
Deferred tax thereon		1,574	616
		(8,922)	(3,490)
		(117,874)	3,644
Total comprehensive income for the year		12,079,216	13,695,893
		(PKR)	
Earnings per share - basic and diluted	33	37.72	42.34

The annexed notes from 1 to 43 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, 2018

	Note	2018	2017
		(PKR in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	17,315,306	20,155,820
Income tax paid		(2,125,980)	(5,025,425)
Gratuity paid		(91,708)	(73,490)
Increase in long-term deposits (liabilities)		9,764	13,964
Income from deposits with Islamic banks		1,978,591	1,802,440
Increase in long-term loans and advances		(6,045)	(9,381)
Net cash generated from operating activities		17,079,928	16,863,928
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,444,831)	(6,203,337)
Sale proceeds on disposal of property, plant and equipment		68,356	60,054
Long term investments made		(11,667,558)	(891,500)
Proceeds from sale of short-term investments		–	347,068
Dividend received		138,000	–
Bank balance held as lien	18.2	(7,887,015)	–
Net cash used in investing activities		(25,793,048)	(6,687,715)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(5,476,911)	(3,243,418)
Net (decrease) / increase in cash and cash equivalents		(14,190,031)	6,932,795
Cash and cash equivalents at the beginning of the year		33,738,377	26,805,582
Cash and cash equivalents at the end of the year	34.2	19,548,346	33,738,377

The annexed notes from 1 to 43 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, 2018

	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, 2016	3,233,750	7,343,422	45,771,223	12,974,443	66,089,088	69,322,838
Transfer to general reserves	–	–	9,740,693	(9,740,693)	–	–
Transactions with owners in their capacity as owners						
Final dividend at the rate of PKR 10/- per share for the year ended June 30, 2016	–	–	–	(3,233,750)	(3,233,750)	(3,233,750)
Profit after taxation for the year	–	–	–	13,692,249	13,692,249	13,692,249
Other comprehensive income for the year	–	–	–	3,644	3,644	3,644
Total comprehensive income for the year	–	–	–	13,695,893	13,695,893	13,695,893
Balance as at June 30, 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 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 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

The annexed notes from 1 to 43 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, 2018

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 (the Ordinance) [now 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 (IFRS) 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 IFRS Standards, 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 period.

Impairment of financial and non-financial assets

Estimates with respect to impairment of financial and non-financial assets as disclosed in note 4.22 to these unconsolidated financial statements.

Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

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 as disclosed in notes 4.9 and 4.10 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 4.11 to these unconsolidated financial statements.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 4.13 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, 2017.

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except otherwise stated.

4.2 Initial application of new standards, amendments and interpretations to approved accounting and reporting standards and interpretations

(a) Amendments to approved accounting and reporting standards which are effective during the year ended June 30, 2018

There were certain new amendments to the approved accounting and reporting standards which became effective during the year ended June 30, 2018 but are considered not to be relevant or have any significant effect on the Company's financial reporting except as mentioned below and are, therefore, not disclosed in these unconsolidated financial statements.

The third and fourth schedule to the Companies Act 2017 became applicable to the Company for the first time for the preparation of these unconsolidated financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

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

There are certain new standards, amendments and interpretations to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated financial statements. During the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases' which will not have any significant impact on the financial reporting of the Company.

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 statement of profit or loss and other comprehensive income, 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 statement of financial position date.

Maintenance and normal repairs are charged to the statement of profit or loss and other comprehensive income 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 statement of profit or loss and other comprehensive income.

4.4 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any.

Amortization is charged to the statement of profit or loss and other comprehensive income 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.

4.7 Investments at fair value through profit or loss

An investment is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. These assets are acquired principally for the purpose of generating a profit from short-term fluctuation in price. Financial instruments are designated at fair value through profit or loss upon initial recognition if the Company manages such investments and makes sales and purchase decision based on their fair value in accordance with the Company's investment strategy.

All investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of the consideration given. All transaction costs are recognised directly in the statement of profit or loss and other comprehensive income. At subsequent dates these investments are measured at fair value with any resulting gain or loss recognised directly in the statement of profit or loss and other comprehensive income.

4.8 Available-for-sale investment

Investments which are intended to be held for an indefinite period of time but may be sold in response to the market condition, management decision or need for liquidity are classified as available for sale. Available for sale investments are recognised initially at fair value plus any directly attributable transaction cost. After initial recognition, these are stated at fair values unless fair values cannot be measured reliably, with any resulting gains and losses being taken to other comprehensive income until the investment is disposed off or impaired. At the time of disposal, the respective surplus or deficit is transferred to the profit or loss.

Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current.

Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

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.

4.9 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.

4.10 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.

4.11 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts / receivables, if any. Provision for doubtful debts / receivables is based on the management's assessment of customers' outstanding balances and credit worthiness. Bad debts are written-off when identified.

4.12 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and cheques in hand and current and deposit accounts with banks.

4.13 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.

4.14 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.

4.15 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not invoiced to the Company.

4.16 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

4.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with the Income Tax Ordinance, 2001 and taxes paid / payable on final tax basis, after taking into account tax credit available, if any.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the 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.

4.18 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be measured reliably. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

(a) Sale of goods

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods to customers.

(b) Other income

(i) 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.

(ii) Mark-up on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

(iii) Dividend income is recognized when the right to receive such payment is established.

4.19 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rate ruling at the 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 statement of profit or loss and other comprehensive income.

4.20 Financial assets and liabilities

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 statement of profit or loss and other comprehensive income for the period in which it arises.

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are removed from the statement of financial position when the obligation is extinguished, discharged, cancelled or expired.

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.

4.21 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.22 Impairment

(a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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.

All impairment losses are recognised in the statement of profit or loss and other comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised.

(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 statement of profit or loss and other comprehensive income. 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.

4.23 Dividend and appropriation to reserves

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

4.24 Functional and presentation currency

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

5 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

a) The Company made an additional equity investment in its 100% owned subsidiary company LCL Holdings Limited amounting to PKR 8.355 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.

b) The Company made additional equity investment in KIA Lucky Motors Limited (KLM) amounting to PKR 3.313 billion. KLM started construction of the project in November 2017 and has also signed a New Entrant Agreement with the Ministry of Industries & Production under the Automotive Development Policy 2016-2021 in December 2017.

c) The Company commenced commercial operations for a new production line having capacity of 1.3 million tons per annum at its Karachi Plant. Further, the Company announced its plans to increase its production capacity by 2.6 million tons per annum at its Pezu Plant with a target to achieve commercial production in the last quarter of calendar year 2019.

d) For a detailed discussion about the above as well as other projects and the Company's overall performance please refer to the Directors' report.

e) Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule to the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.

	Note	2018	2017
		(PKR in '000')	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	6.1	38,550,862	33,086,307
Capital work-in-progress	6.5	2,362,306	4,401,830
		40,913,168	37,488,137

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, 2016															
Cost		1,394,929	301,277	7,124,447	255,401	24,570,935	13,619,014	1,570,139	1,236,456	744,664	74,523	181,423	123,328	326,719	51,523,255
Accumulated depreciation		(95,470)	–	(3,404,408)	(14,502)	(8,028,443)	(4,570,905)	(749,179)	(673,465)	(247,948)	(48,683)	(147,347)	(93,966)	(187,450)	(18,261,766)
Net book value		1,299,459	301,277	3,720,039	240,899	16,542,492	9,048,109	820,960	562,991	496,716	25,840	34,076	29,362	139,269	33,261,489
Year ended June 30, 2017															
Additions		–	–	12,812	–	63	34,965	335	325	–	–	14	–	–	48,514
Transfers from CWIP	6.5	–	–	73,072	308,797	288,576	1,426,908	1,601	206,034	–	12,476	27,387	19,290	10,151	2,374,292
Adjustments															
Cost		–	–	(2,684,069)	2,684,069	–	–	–	–	–	–	–	–	–	–
Accumulated depreciation		–	–	1,695,647	(1,695,647)	–	–	–	–	–	–	–	–	–	–
		–	–	(988,422)	988,422	–	–	–	–	–	–	–	–	–	–
Disposals	6.3														
Cost		–	–	–	–	–	(30,724)	(16,977)	(30,342)	–	–	(118)	(1,493)	(789)	(80,443)
Accumulated depreciation		–	–	–	–	–	19,952	13,222	27,933	–	–	118	1,372	470	63,067
		–	–	–	–	–	(10,772)	(3,755)	(2,409)	–	–	–	(121)	(319)	(17,376)
Depreciation charge for the year	6.2	(21,339)	–	(224,385)	(152,572)	(1,038,745)	(687,591)	(147,667)	(163,277)	(70,959)	(9,287)	(22,024)	(19,249)	(23,517)	(2,580,612)
Net book value as at June 30, 2017		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	6.5	–	–	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
At June 30, 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
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
Annual rates of depreciation		1.01% to 2.63%	–	5%	5%	3.33% to 20%	5%	10%	10% to 20%	10%	20%	33%	33%	10% to 33%	

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

	Note	2018	2017
		(PKR in '000')	
Cost of sales	27	2,563,972	2,290,019
Distribution cost	28	122,820	86,756
Administrative expenses	29	173,393	166,643
Cost of sale of electricity		114,699	37,194
		2,974,884	2,580,612

6.3 The details of operating fixed assets disposed off during the year are as follows:

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Price	Gain	Mode of Disposal	Particulars of Buyers	Relationship of purchaser with Company or director, if any
	(PKR in '000')							
Vehicles	7,120	2,708	4,412	4,539	127	Negotiation	KIA Lucky Motors	Subsidiary Company
-----do-----	4,261	3,295	966	5,500	4,534	-----do-----	Nabeela Zia	
-----do-----	3,710	2,932	778	5,500	4,722	-----do-----	Nabeela Zia	
-----do-----	3,690	2,898	792	5,500	4,708	-----do-----	Nabeela Zia	
-----do-----	3,679	2,845	834	5,500	4,666	-----do-----	Nabeela Zia	
-----do-----	3,677	2,866	811	5,500	4,689	-----do-----	Nabeela Zia	
-----do-----	3,677	2,843	834	5,500	4,666	-----do-----	Nabeela Zia	
-----do-----	3,324	2,634	690	3,700	3,010	-----do-----	Sheikh Abdul Rehman	
-----do-----	3,177	2,522	655	3,600	2,945	-----do-----	Umair Zia	
-----do-----	3,177	2,521	656	3,800	3,144	-----do-----	Mobin Ahmad Kayani	
-----do-----	3,172	2,519	653	3,600	2,947	-----do-----	Umair Zia	
-----do-----	3,172	2,514	658	3,700	3,042	-----do-----	Sheikh Abdul Rehman	
-----do-----	3,172	2,518	654	3,800	3,146	-----do-----	Fareed Ullah	
-----do-----	3,172	2,519	653	3,600	2,947	-----do-----	Umair Zia	
-----do-----	3,172	2,519	653	3,600	2,947	-----do-----	Umair Zia	
-----do-----	3,170	2,516	654	3,800	3,146	-----do-----	Ikram Ullah	
-----do-----	3,170	2,517	653	3,600	2,947	-----do-----	Umair Zia	
-----do-----	3,170	2,516	654	3,800	3,146	-----do-----	Mobin Ahmad Kayani	
-----do-----	3,170	2,517	653	3,600	2,947	-----do-----	Umair Zia	
-----do-----	3,170	2,517	653	3,600	2,947	-----do-----	Umair Zia	
-----do-----	3,170	2,517	653	3,600	2,947	-----do-----	Umair Zia	
-----do-----	3,163	2,510	653	3,800	3,147	-----do-----	Ikram Ullah	
-----do-----	3,138	2,485	653	3,700	3,047	-----do-----	Abdul Basit	
-----do-----	3,138	2,485	653	3,700	3,047	-----do-----	Abdul Basit	
-----do-----	3,132	2,488	644	3,600	2,956	-----do-----	Umair Zia	
-----do-----	3,013	2,389	624	3,700	3,076	-----do-----	Abdul Basit	
-----do-----	3,013	2,389	624	3,700	3,076	-----do-----	Sheikh Abdul Rehman	
-----do-----	2,798	2,201	597	2,000	1,403	Insurance Claim	EFU General Insurance Limited	
-----do-----	2,613	1,929	684	732	48	Negotiation	KIA Lucky Motors	Subsidiary Company
-----do-----	1,558	179	1,379	1,510	131	Insurance Claim	M/s. Alfalah Insurance Company	
-----do-----	1,249	636	613	928	315	Tender	Rizwan Mazhar	
Items having book value less than PKR 500,000 each	63,748	61,197	2,551	44,891	42,340	–	Various	
Total	164,935	136,641	28,294	161,200	132,906			
2017	80,443	63,067	17,376	60,054	42,678			

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	917.52
3	Pezu Plant	Main Indus Highway, Pezu, District Lakki Marwat, KPK	833.49
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	752,753	(21,797)	332,244	992,192	71,008
Building on freehold land	58,825	384	102,975	91,489	70,695
Plant and machinery	2,981,006	200,918	3,794,081	5,014,343	1,961,662
Generators	13,773	30,337	1,308,943	1,312,751	40,302
Quarry equipment	373,535	(35,638)	–	337,897	–
Vehicles including cement bulkers	32,278	–	804,538	625,156	211,660
Furniture and fixtures	309	–	17,898	18,207	–
Office equipment	–	–	32,041	31,698	343
Computer and accessories	141	–	15,021	13,175	1,987
Intangible assets	10,608	1,840	4,174	16,622	–
Other assets (Laboratory equipment etc.)	178,602	(176,044)	18,991	16,900	4,649
	4,401,830	–	6,430,906	8,470,430	2,362,306

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	**2018**	2017
		(PKR in '000')	
Balance as at July 1		79,657	126,549
Add: Additions during the year		–	2,747
Transfer from capital work-in-progress	6.5	16,622	1,840
		16,622	4,587
		96,279	131,136
Less: Amortization charge for the year	7.2	(41,256)	(51,479)
		55,023	79,657

		2018	2017
7.1	As at June 30		
	Cost	207,407	190,785
	Accumulated amortisation	(152,384)	(111,128)
	Net book value	55,023	79,657

		Note	2018	2017
			(PKR in '000')	
7.2	Amortization charged for the year has been allocated as follows:			
	Cost of sales	27	10,934	10,008
	Distribution cost	28	1,674	–
	Administrative expenses	29	28,648	41,471
			41,256	51,479
8	**LONG-TERM INVESTMENTS - at cost**			
	Subsidiaries			
	Lucky Holdings Limited	8.1	5,619,000	5,619,000
	LCL Investment Holdings Limited	8.2	4,580,500	4,580,500
	LCL Holdings Limited	8.3	10,216,139	1,861,155
	Kia Lucky Motors Pakistan Limited	8.4	3,954,074	641,500
			24,369,713	12,702,155
	Associate			
	Yunus Energy Limited	8.5	611,365	611,365
			24,981,078	13,313,520

8.1 Lucky Holdings Limited (LHL) is a public unlisted company incorporated in Pakistan. As of the statement of financial position date, the Company owned 75 percent (2017: 75 percent) shareholding of LHL.

As of the statement of financial position date, LHL held 74.16 percent (2017: 74.16 percent) shares of ICI Pakistan Limited, a public listed company.

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 for constructing a cement grinding unit in the Republic of Iraq. As at the statement of financial position date, LCLIHL held 50 percent ownership interest in the aforementioned joint venture.

LCLIHL has also entered into a joint venture agreement with Rawsons Investments Limited (registered in Cayman Islands) for establishing LuckyRawji Holdings Limited for constructing a fully integrated cement manufacturing unit in the Democratic Republic of Congo. As at the statement of financial position date, 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 20,878,349 ordinary shares at PKR 10/- each out of which 20,778,349 (2017: 6,519,091) shares were issued at a premium of PKR 260/- each. As of the statement of financial position date, 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 4,604.984 million (2017: PKR 100 million).

8.4 This represents equity investment in Kia Lucky Motors Pakistan Limited (KLM), a public unlisted company incorporated in Pakistan. The Company will hold 70 percent shares of KLM at its commercial operations date. The amount includes advance against future issuance of shares amounting to PKR 2,000 million (2017: PKR 580 million).

8.5 Represents 20% equity investment in Yunus Energy Limited comprising 61,136,500 (2017: 61,136,500) shares of PKR 10 each.

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

	Note	2018	2017
		(PKR in ‘000’)	
9 LONG-TERM LOANS AND ADVANCES			
(secured & considered good)			
Long-term loans			
Due from employees	9.1	105,959	86,875
Less: Recoverable within one year	9.2	(70,336)	(57,297)
		35,623	29,578
Other advances	9.3	55,373	55,373
		90,996	84,951

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 practicality and materiality of the amounts involved. Further, these include loans given to key management personnel namely M/s. Irfan Chawala and Amin Ganny aggregating to PKR 4.583 million and PKR 8.2 million respectively as at the statement of financial position date.

9.2 These include loans made to employees of the Company namely M/s. Irfan Chawala, Amin Ganny and Amjad Waqar 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.

	Note	2018	2017
		(PKR in ‘000’)	
11 STORES AND SPARES			
Stores		3,917,229	2,292,695
Spares		4,095,955	3,831,457
		8,013,184	6,124,152
Less: Provision for slow moving spares		230,073	230,073
		7,783,111	5,894,079
12 STOCK-IN-TRADE			
Raw and packing materials		664,752	578,373
Work-in-process		1,581,179	1,401,759
Finished goods		580,727	559,141
		2,826,658	2,539,273
Less: Provision for slow moving packing material		30,000	30,000
		2,796,658	2,509,273
13 TRADE DEBTS			
(considered good)			
Bills receivable - secured		554,394	105,286
Others - unsecured		1,877,098	1,491,436
		2,431,492	1,596,722
Less: Provision for doubtful debts	13.2	7,022	14,033
		2,424,470	1,582,689

		Note	2018	2017
			(PKR in '000')	
13.1	The ageing of trade debts as at June 30 is as follows:			
	Neither past due nor impaired		2,424,470	1,582,689
13.2	Movement in provision for doubtful debts:			
	Balance as of July 1		14,033	12,498
	Provision during the year		867	1,535
	Write off		(7,878)	–
	Closing balance		7,022	14,033

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

Name of Foreign Jurisdiction	Type of transaction	2018	2017
Africa	Contract	545,497	80,215
Asia	Contract	3,877	10,695
Asia	Letter of Credit	5,020	14,376
		554,394	105,286

		Note	2018	2017
14	**LOANS AND ADVANCES (secured & considered good)**			
	Current portion of long term loans and advances to employees	9	70,336	57,297
	Other advances given to employees - return free	14.1	6,060	12,552
			76,396	69,849
	Advances to suppliers and others - return free		344,275	549,312
			420,671	619,161

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

		Note	2018	2017
			(PKR in '000')	
15	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits - return free			
	Containers		310	270
	Utilities		1,005	1,005
	Others		17,496	16,300
			18,811	17,575
	Prepayments			
	Insurance		16,169	10,580
	Rent		17,248	5,467
	Others		15,349	6,152
			48,766	22,199
			67,577	39,774
16	**OTHER RECEIVABLES (unsecured & considered good)**			
	Rebate on export sales (unsecured, considered good)		56,753	55,882
	Due from Collector of Customs	16.1	19,444	19,444
	Hyderabad Electricity Supply Company (HESCO)	16.2	1,138,341	1,157,521
	Others		96,642	2,172
			1,311,180	1,235,019

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 is 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 Sindh High Court. The Sindh High Court decided the case in favor of NEPRA vide judgement dated August 19, 2015.

The Company filed an appeal in the Supreme Court of Pakistan against the Sindh High Court'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 currently stands relisted for hearing.

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.

As per the agreement, HESCO has fulfilled certain conditions and also provided an amount of PKR 428 million to the Company which has been netted off against other receivables and the Company is supplying and invoicing electricity from March 8, 2017 on PPA rates.

During the year, the Sindh Government promulgated the Sindh New Captive Power Plants Subsidy Act, 2017, gazetted on August 9, 2017 read in light of Corrigendum issued by Government of Sindh gazetted on February 1, 2018 which provides tariff differential support to captive power producers in the province of Sindh. The Company has received subsidy aggregating to PKR 630 million under the Subsidy Act.

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 they also filed petitions before the Honourable 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 Honourable Peshawar High Court and took the stance that this matter has already been dealt with at the Honourable 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 along with 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 recommended 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.

During the year, the FBR's Writ Petition was dismissed by the Peshawar High Court after which 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	2018	2017
		(PKR in '000')	
18 CASH AND BANK BALANCES			
Sales collection in transit		341,033	616,206
Cash at bank			
- in current accounts		129,711	73,987
- in Islamic saving accounts	18.1	26,957,484	33,046,285
		27,087,195	33,120,272
		27,428,228	33,736,478
Cash in hand		7,133	1,899
		27,435,361	33,738,377

18.1 These are shariah compliant bank balances and carry profit at rates ranging from 2% to 7% (2017: 3.75% to 6.55%) per annum.

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

	2018	2017
	(PKR in '000')	
19 SHARE CAPITAL		
Authorized capital		
500,000,000 (2017: 500,000,000)		
Ordinary shares of PKR 10/- each	5,000,000	5,000,000
Issued, subscribed and paid-up capital		
305,000,000 (2017: 305,000,000) Ordinary		
shares of PKR 10/- each issued for cash	3,050,000	3,050,000
18,375,000 (2017: 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 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 = 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	2018	2017
			(PKR in '000')	
20	**RESERVES**			
	Capital reserve			
	Share premium	20.1	7,343,422	7,343,422
	Revenue reserves			
	General reserve		63,710,434	55,511,916
	Unappropriated profit		12,079,216	13,695,893
			75,789,650	69,207,809
			83,133,072	76,551,231

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

		Note	2018	2017
			(PKR in '000')	
21	**LONG-TERM DEPOSITS**			
	Cement stockists	21.1	42,614	36,350
	Transporters	21.2	50,500	47,000
	Others		1,280	1,280
			94,394	84,630

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	2018	2017
			(PKR in '000')	
22	**DEFERRED LIABILITIES**			
	Staff gratuity	22.1	1,632,119	1,297,714
	Deferred tax liability	22.2	5,668,520	5,826,413
			7,300,639	7,124,127

22.1 The amounts recognized in the statement of financial position, based on the recent actuarial valuation carried on June 30, 2018, are as follows:

		2018	2017
		(PKR in '000')	
22.1.1	Present value of defined benefit obligation	1,632,119	1,297,714
22.1.2	Changes in the present value of defined benefit obligation are as follows:		
	Balance as at July 1	1,297,714	1,127,211
	Charge for the year	276,864	253,481
	Remeasurement loss / (gain) recognised in other comprehensive income	149,249	(9,488)
		1,723,827	1,371,204
	Payments made during the year	(91,708)	(73,490)
		1,632,119	1,297,714

		Note	2018	2017
			(PKR in '000')	
22.1.3	Charge for the year recognised in the profit or loss is as follows:			
	Current service cost		160,838	158,304
	Finance cost		116,026	95,177
			276,864	253,481
22.1.4	The charge for the year has been allocated as follows:			
	Cost of sales	27	191,392	179,809
	Distribution cost	28	21,356	19,566
	Administrative expenses	29	60,169	54,106
	Cost of sale of electricity		3,947	–
			276,864	253,481
22.1.5	Principal actuarial assumptions used are as follows:			
	Expected rate of increase in salary level		9.75%	8.75%
	Valuation discount rate		9.75%	8.75%

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:

		2018
		(PKR in '000')
	Discount rate +1%	(157,188)
	Discount rate -1%	185,648
	Long term salary increases +1%	192,084
	Long term salary increases -1%	(165,791)
22.1.7	Maturity profile of the defined benefit obligation:	
	Weighted average duration - in number of years	10.45
	The retirement will at most continue - year	2028

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.

		2018	2017
		(PKR in '000')	
22.2	**Deferred tax liability**		
	This comprises the following:		
	- Taxable temporary differences arising due to accelerated tax depreciation allowance	6,149,671	6,232,587
	- Deductible temporary differences arising in respect of provisions	(481,151)	(406,174)
		5,668,520	5,826,413

		Note	2018	2017
			(PKR in '000')	
23	**TRADE AND OTHER PAYABLES**			
	Creditors		2,808,606	1,021,949
	Accrued liabilities		6,806,216	4,539,322
	Customers running account		1,397,590	1,189,911
	Retention money		72,310	34,700
	Sales tax, excise duty and other government levies		208,547	267,967
	Workers' Profit Participation Fund (WPPF)	23.1	805,563	1,242,150
	Workers' Welfare Fund (WWF)	23.2	1,008,690	757,585
	Others		13,483	105,857
			13,121,005	9,159,441
23.1	The movement of WPPF payable is as follows:			
	Opening balance		1,242,150	788,563
	Allocation for the year and return thereon		808,935	1,241,943
			2,051,085	2,030,506
	Payments during the year		(1,245,522)	(788,356)
			805,563	1,242,150

23.2 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 SHC dated May 29, 2017 on the ground that after the 18th Amendment, SRB cannot collect Workers' Welfare Fund (WWF) as the Company is a trans-provincial organization and Federal or respective provincial Governments may collect WWF amounts only after a law is enacted catering to WWF collection from trans-provincial organizations.

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 UNPAID DIVIDEND

This represents dividend withheld due to court order.

25 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

25.1 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 Sindh High Court (SHC) which is currently pending. The arguments were made and judgement was reserved on March 21, 2017. However, no judgement was given by the Honourable Divisional Bench and the case will now be heard afresh and be fixed before a new bench. 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.

25.2 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 Honorable 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.

25.3 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 Sindh High Court in relation to the constitution mechanism of the tribunal, wherein the Sindh High Court granted stay against the notice. The SHC 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.

25.4 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 cases in the Peshawar High Court (PHC) on July 10, 2015 and Sindh High Court (SHC) on July 24, 2015 on various grounds including retrospective treatment of the provisions of the GIDC Act.

On May 31, 2017, the PHC decided the case in favor of the Government. The Company has challenged the PHC judgment in the Supreme Court. 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 currently, has a stay from the PHC against recovery of GIDC.

In the SHC 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 SHC, where the Company was not made party to such litigation. Currently, no GIDC is charged from the Company.

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

		2018	2017
		(PKR in '000')	
	COMMITMENTS		
25.6	**Capital commitments**		
	Plant and machinery under letters of credit	10,853,999	2,279,669

		2018	2017
		(PKR in '000')	
25.7	**Other commitments**		
	Stores, spares and packing material under letters of credit	2,631,479	2,463,123
	Standby letters of credit issued by the Company on behalf of an associated undertaking	–	110,000
	Bank guarantees issued by the Company on behalf of the subsidiary companies	30,699,438	712,950
	Bank guarantees issued on behalf of the Company	1,917,572	1,585,744
	Post dated cheques	315,791	5,675
26	**GROSS SALES**		
	Local	61,643,469	55,994,056
	Export	5,733,110	5,607,878
		67,376,579	61,601,934

26.1 All revenue earned by the Company is shariah compliant.

		Note	2018	2017
			(PKR in '000')	
27	**COST OF SALES**			
	Salaries, wages and benefits	22.1.4	2,158,213	1,813,121
	Raw material consumed		1,583,314	1,347,185
	Packing material consumed	27.1	2,621,342	2,206,013
	Fuel and power		18,576,826	14,746,456
	Stores and spares consumed		2,063,122	1,818,567
	Repairs and maintenance		562,718	370,843
	Depreciation	6.2	2,563,972	2,290,019
	Amortization	7.2	10,934	10,008
	Insurance		77,025	87,052
	Earth moving machinery		269,884	204,487
	Vehicle running and maintenance		35,795	28,040
	Communication		13,996	13,251
	Mess subsidy		20,004	21,739
	Transportation		12,283	26,267
	Travelling and conveyance		4,294	2,738
	Rent, rates and taxes		6,819	6,708
	Printing and stationery		2,281	1,661
	Other manufacturing expenses		207,547	151,738
			30,790,369	25,145,893
	Work-in-process:			
	Opening		1,401,759	886,973
	Closing		(1,581,179)	(1,401,759)
			(179,420)	(514,786)
	Cost of goods manufactured		30,610,949	24,631,107
	Finished goods:			
	Opening		559,141	316,794
	Closing		(580,727)	(559,141)
			(21,586)	(242,347)
			30,589,363	24,388,760

27.1 These are net of duty draw back on export sales amounting to PKR 26.550 million (2017: PKR 28.091 million).

		Note	2018	2017
			(PKR in '000')	
28	**DISTRIBUTION COST**			
	Salaries and benefits	22.1.4	229,856	201,221
	Logistics and related charges		985,318	1,109,114
	Loading and others		478,192	179,619
	Communication		4,430	3,960
	Travelling and conveyance		7,944	5,374
	Printing and stationery		1,250	1,058
	Insurance		24,353	20,526
	Rent, rates and taxes		23,188	18,844
	Utilities		3,891	3,542
	Vehicle running and maintenance		12,099	9,682
	Repairs and maintenance		7,896	4,404
	Fees, subscription and periodicals		1,359	1,843
	Advertisement and sales promotion		40,990	18,229
	Entertainment		6,796	5,755
	Security services		2,221	2,094
	Depreciation	6.2	122,820	86,756
	Amortization	7.2	1,674	–
	Provision for doubtful debt	13.2	867	1,535
	Others		37,310	30,229
			1,992,454	1,703,785
29	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	22.1.4	536,655	472,129
	Communication		12,690	14,833
	Travelling and conveyance		30,450	60,394
	Insurance		9,604	9,641
	Rent, rates and taxes		18,144	15,890
	Vehicle running and maintenance		21,625	18,257
	Aircraft running and maintenance		36,808	31,759
	Printing and stationery		8,484	8,165
	Fees and subscription		41,677	45,064
	Security services		9,367	9,542
	Legal and professioanl fee		37,798	35,067
	Utilities		8,083	7,366
	Repairs and maintenance		64,342	29,767
	Advertisement		3,525	3,854
	Auditors' remuneration	29.1	10,993	2,739
	Cost Auditors' remuneration		–	394
	Depreciation	6.2	173,393	166,643
	Amortization	7.2	28,648	41,471
	Training cost		14,382	12,943
	Bank charges		9,403	12,308
	Others		13,375	23,468
			1,089,446	1,021,694

	Note	2018	2017
		(PKR in '000')	
29.1 Auditors' remuneration			
Statutory audit fee - standalone		1,800	1,394
- consolidation		425	350
Half yearly review fee		425	380
Fee for the review of compliance with the Code of Corporate Governance		100	88
Other Consultancy Fee	29.1.1	6,742	–
		9,492	2,212
Out of pocket expenses and government levies		1,501	527
		10,993	2,739

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

	Note	2018	2017
		(PKR in '000')	
30 OTHER EXPENSES			
Workers' Profit Participation Fund	23.1	808,935	1,241,943
Workers' Welfare Fund		251,105	237,913
Donations and scholarships	30.1 & 30.2	286,329	308,167
		1,346,369	1,788,023

30.1 Donations during the year include donation amounting to PKR 150 million (2017: PKR 200 million) to Aziz Tabba Foundation (ATF). Mr. Muhammad Younus Tabba, Chairman of the Board of Directors of the Company, is the Chairman of ATF and Mr. Muhammad Ali Tabba, the Chief Executive of the Company, is the Vice Chairman of ATF. Further, Mr. Muhammad Sohail Tabba, Mr. Muhammad Jawed Tabba, Mrs. Mariam Tabba Khan and Ms. Zulekha Tabba, the Directors of the Company, are also Trustees of ATF.

30.2 The names of donees to whom donation amount exceeds PKR 500,000 are Hidaya Academy, Aziz Tabba Foundation, Special Olympics Pakistan, Chhipa Welfare Association, Citizens Police Liaison Committee, World Memon Organization, HANDS, Move Pakistan Foundation, United Memon Jamat of Pakistan, Saifullah Foundation, Hospitec International and Zindagi Trust.

	Note	2018	2017
		(PKR in '000')	
31 OTHER INCOME			
Income from non-financial assets			
Gain on disposal of property, plant and equipment		132,906	42,678
Gain from sale of electricity		368,314	33,740
Exchange loss - net	31.1	(81,626)	(4,365)
Sale of scrap and others		80,786	83,048
		500,380	155,101
Income from financial assets			
Loss on sale of investments in Term Finance Certificates / Mutual Funds		–	(3,374)
Dividend		138,000	–
Income from deposits with islamic banks	31.2	1,956,183	1,841,745
		2,094,183	1,838,371
		2,594,563	1,993,472

31.1 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 8.397 million.

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

		Note	**2018**	2017
			(PKR in '000')	
32	**TAXATION**			
32.1	Relationship between income tax expense and accounting profit:			
	Profit before taxation		15,118,655	18,778,253
	Tax at the applicable tax rate of 28% (2017: 29%)		4,233,223	5,445,693
	Tax effect under lower rate of tax		(396,288)	(564,339)
	Others		(915,370)	204,650
			2,921,565	5,086,004
	Effective tax rate		19%	27%

32.2 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:

	2017	2016	2015
		(PKR in '000')	
Tax assessed as per most recent tax assessment	5,032,196	5,015,844	2,720,265
Provision in accounts for income tax	5,032,196	5,015,844	2,875,269

		2018	2017
		(PKR in '000')	
33	**BASIC AND DILUTED EARNINGS PER SHARE**		
	Profit after taxation (PKR in thousands)	12,197,090	13,692,249
	Weighted average number of ordinary shares (in thousands)	323,375	323,375
	Basic and diluted earnings per share (PKR)	37.72	42.34

	Note	2018	2017
		(PKR in '000')	
34 CASH GENERATED FROM OPERATIONS			
Profit before taxation		15,118,655	18,778,253
Adjustments for non cash charges and other items			
Depreciation		2,974,884	2,580,612
Amortization on intangible assets		41,256	51,479
Provision for doubtful debts		867	1,535
Gain on disposal of property, plant and equipment		(132,906)	(42,678)
Income from deposits with Islamic banks		(1,956,183)	(1,841,745)
Dividend income		(138,000)	–
Provision for staff gratuity		276,864	253,481
Loss on sale of investments in Term Finance Certificates / Mutual Funds		–	3,374
Profit before working capital changes		16,185,437	19,784,311
(Increase) / decrease in current assets			
Stores and spares		(1,889,032)	99,890
Stock-in-trade		(287,385)	(920,804)
Trade debts		(842,648)	597,564
Loans and advances		198,490	(172,112)
Trade deposits and short-term prepayments		(27,803)	(826)
Other receivables		16,683	39,007
		(2,831,695)	(357,281)
Increase in current liabilities			
Trade and other payables		3,961,564	728,790
		17,315,306	20,155,820
34.1 CASH FLOWS FROM OPERATING ACTIVITIES (Direct method)			
Collections from customers		65,782,734	61,499,167
Receipts of other income		2,362,748	1,981,547
Payments to suppliers and service providers		(26,947,286)	(23,774,075)
Payments to employees		(2,966,048)	(2,516,738)
Payments relating to income taxes		(2,125,980)	(5,025,425)
Payments relating to post retirement benefits - net		(91,708)	(73,490)
Payments relating to indirect taxes		(18,934,532)	(15,227,058)
Net cash generated from operating activities		17,079,928	16,863,928
34.2 CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	27,435,361	33,738,377
Bank balance marked as lien	18.2	(7,887,015)	–
		19,548,356	33,738,377

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Particulars	Chief Executive		Executives		Total	
	2018	2017	**2018**	2017	**2018**	2017
	(PKR in '000')					
Remuneration	40,000	40,000	401,423	317,899	441,423	357,899
House rent allowance	16,000	16,000	180,688	143,092	196,688	159,092
Utility allowance	4,000	4,000	40,138	31,787	44,138	35,787
Conveyance allowance	–	–	40,138	31,787	40,138	31,787
Charge for defined benefit obligation	5,000	5,000	138,856	64,352	143,856	69,352
	65,000	65,000	801,243	588,917	866,243	653,917
Number of persons	1	1	146	111	147	112

35.2 In addition to the above, the Chief Executive, Directors and some Executives are provided with Company maintained cars and other benefits as per Company policy.

35.3 No remuneration has been paid to directors during the year except as disclosed in note 35.4 below.

35.4 An amount of PKR 1.343 million was paid to 7 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 (2017: 7 non executive directors were paid PKR 1.844 million and 1 executive director was paid PKR 0.250 million).

36 RELATED PARTIES

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

36.1.1

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	Associate 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	International Steel Limited	Associated Company	Nil
18	Aziz Tabba Foundation (Trustee)	Associated Undertaking	Nil
19	Energas Terminal (Private) Limited	Associated Company	Nil
20	Mr. Muhammad Yunus Tabba	Director	3.451336%
21	Mrs. Khairunnisa Aziz	Spouse of director	2.493235%
22	Mr. Muhammad Sohail Tabba	Director	4.067493%

S.No	Name of Related Party	Relationship	Direct Shareholding %
23	Mrs. Saima Sohail	Spouse of director	1.877078%
24	Mr. Muhammad Ali Tabba	Director	2.686458%
25	Mrs. Feroza Tabba	Spouse of director	0.199459%
26	Mr. Jawed Yunus Tabba	Director	5.944571%
27	Mrs. Mariam Tabba Khan	Director	1.442958%
28	Mrs. Zulekha Tabba Maskatiya	Director	1.442958%
29	Mr. Tariq Iqbal Khan	Director	0.001237%
30	Mrs. Azra Tariq	Spouse of director	0.000557%
31	Mr. Muhammad Abid Moosa Ganatra	Director	0.001518%
32	Mrs. Samina Abid Ganatara	Spouse of director	0.004639%
33	Mr. Syed Noman Hasan	Key management personnel	0.000309%
34	Mr. Irfan Chawala	Key management personnel	0.000930%
35	Mr. Amin Ganny	Key management personnel	0.000618%
36	Mr. Faisal Mahmood	Key management personnel	0.000002%
37	Mr. Ahmed Waseem Khan	Key management personnel	Nil
38	Mr. Muhammad Shabbir	Key management personnel	Nil
39	Mr. Mashkoor Ahmed	Key management personnel	Nil
40	Mr. Kalim Ahmed Mobin	Key management personnel	Nil
41	Mr. Adnan Ahmed	Key management personnel	Nil

36.2 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:

	2018	2017
	(PKR in '000')	
Transactions with Subsidiary Companies		
Reimbursement of expenses to the Company	46,154	7,981
Investments made during the year	11,667,548	891,500
Purchase of tax loss on account of group tax adjustment	–	85,426
Purchases	6,022	10,577
Sales	121,272	65,159
Sale of fixed assets	5,586	–
Bank guarantee	29,861,107	378,000
Transactions with Directors and their close family members		
Sales	–	516
Dividends paid	1,290,751	759,241
Meeting fee	1,531	2,094

	2018	2017
	(PKR in '000')	
Transactions with Associated Undertakings		
Sales	435,605	502,920
Reimbursement of expenses to the Company	10,706	2,753
Reimbursement of expenses from the Company	1,027	706
Donation	150,000	200,000
Services	27,180	25,618
Purchase of fixed assets	–	35,100
Sale of fixed assets	–	17,550
Dividends paid	684,839	402,052
Dividend received from associate company	137,557	–
Investment	10	–
Transactions with other key management personnel		
Salaries and benefits	203,883	178,137
Dividends paid	68	20
Post employment benefits	28,508	21,229

		2018	2017
		Metric Tons	
37	**PRODUCTION CAPACITY**		
	Production Capacity - (Cement)	9,350,000	7,750,000
	Production Capacity - (Clinker)	8,882,500	7,380,000
	Actual Production Cement	7,654,532	6,880,995
	Actual Production Clinker	7,426,320	6,873,270

37.1 Cement production capacity utilization is 81.87% (2017: 88.79%) of total installed capacity. Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply of cement.

37.2 Clinker production capacity utilization is 83.61% (2017: 93.13%) of total installed capacity.

38 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, 2018. The policies for managing each of these risk are summarized below:

38.1 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.

38.1.1 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.

38.1.2 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 8.5% (2017: 9%) of the Company's sales are denominated in currencies other than Pakistan Rupee.

As at the statement of financial position date, 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 3.458 million (2017: PKR 2.699 million) higher / lower as a result of exchange loss/gain on translation of foreign currency denominated financial instruments.

38.1.3 Other price risk

Other price risk is the risk that the fair value or 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.

38.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed 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	**2018**	2017
		(PKR in '000')	
Long-term deposits		3,175	3,175
Trade debts	13	2,424,470	1,582,689
Loans	9 & 14	105,959	86,875
Trade deposits	15	18,811	17,575
Accrued return		142,881	165,289
Other receivables	16	96,642	2,172
Short term investment		34,956	–
Bank balances	18	27,428,228	33,736,478
		30,255,122	35,594,253

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:

	2018	2017
	(PKR in '000')	
Trade debts		
Neither past due nor impaired	2,424,470	1,582,689
Bank balances		
A1+	27,428,138	30,915,639
A1	90	2,820,839
	27,428,228	33,736,478

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

38.3 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 (2017: PKR 14,572 million) out of the total facilities of PKR 63,549 million (2017: PKR 19,109 million), which are secured by hypothecation on certain assets of the Company.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Within one year	1 to 5 years	Total
		(PKR in '000')	
June 30, 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
June 30, 2017			
Long-term deposits	–	84,630	84,630
Trade and other payables	5,701,828	–	5,701,828
Unclaimed dividend	31,415	–	31,415
Unpaid dividend	79,026	–	79,026
	5,812,269	84,630	5,896,899

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	Level 3	Total
		(PKR in '000')		
Assets				
Financial assets - available for sale				
- Short - item investment	34,956	–	–	34,956

There were no transfers amongst levels during the year.

39 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, 2018.

40 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:

	2018	2017
Number of employees as at June 30 - factory	2,166	2,121
- others	365	365
	2,531	2,486
Average number of employees during the year - factory	2,143	2,110
- others	365	367
	2,508	2,477

41 GENERAL

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

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

42 SUBSEQUENT EVENT

42.1 The Board of Directors in their meeting held on July 31, 2018 (i) approved the transfer of PKR 7,875.341 million (2017: PKR 9,815.393 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of PKR 8 per share for the year ended June 30, 2018 amounting to PKR 2,587 million (2017: PKR 3,880.500 million) for approval of the members at the Annual General Meeting to be held on September 28, 2018. These unconsolidated financial statements do not reflect this appropriation and the proposed dividend payable.

43 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on July 31, 2018 by the Board of Directors of the Company.

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

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2018

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT **TO THE MEMBERS OF LUCKY CEMENT LIMITED**

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, 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the annexed consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2018, 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 the 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 annexed consolidated financial statements of the current year. These matters were addressed in the context of our audit of the annexed 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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Tel: +92 (51) 2273457-60 / 2604934-37; Fax: +92 (51) 2277924; <www.pwc.com/pk>

KARACHI LAHORE ISLAMABAD

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**Fourth schedule to the Companies Act, 2017** As stated in note 5.2.1 to the annexed consolidated financial statements, the fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of the annexed consolidated financial statements. The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of the annexed consolidated financial statements of the Group. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Group's annexed consolidated financial statements which are included in notes 8.5, 11.1, 11.1.1, 15.3, 22.1, 36.1, 38.2, 42.1, 47 and 49.3 to the annexed consolidated financial statements. In view of the extensive impacts in the annexed consolidated financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter.	We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following: • Considered the management's process to identify the additional disclosures required in the Group's annexed consolidated financial statements. • Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence. • Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.
(ii)	**Accounting for acquisition** As disclosed in note 7 to the annexed consolidated financial statements, during the year, the Group has entered into an agreement with Wyeth Pakistan Limited and Pfizer Pakistan Limited for the acquisition of certain businesses comprising product brands, manufacturing facilities and related rights and obligations. As a result of the above acquisition, the Group has recognised goodwill and other intangibles and tangible assets amounting to Rs. 126.5 million, Rs. 753.5 million and Rs. 1,055.7 million respectively on the acquisition date (i.e. August 11, 2017). As this acquisition represents a significant transaction for the year due to its impact on the annexed consolidated financial statements, we have considered the accounting of the said transaction as a key audit matter.	With respect to the accounting for the acquisition, we have, amongst others, read the purchase agreements; assessed whether the appropriate accounting treatment has been applied and adequate disclosures have been made in the annexed consolidated financial statements. To test the identification and fair valuation of the acquired assets in accordance with the requirements of the applicable financial reporting standard, we assessed the competence of management's expert and evaluated the methods and assumptions used for identification and fair valuation of various tangible and intangible assets to compare with the consideration paid for the acquisition and recognition of residual as goodwill. In particular, we considered the underlying valuation assumptions used for measurement of intangible assets (i.e. brands) such as projected economic growth, cost inflation, discount and price volume growth rates, discount and royalty rates and market based revenue forecasts.

<table>
<tr><th>S. No.</th><th>Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td></td><td>In performing the above referred procedures, we also involved our internal and external valuation specialists to assist with the audit of the identification and valuation of the assets acquired.</td></tr>
<tr><td>(iii)</td><td>Impairment testing of goodwill and certain other intangibles

Goodwill and certain other intangibles that were recognised on business acquisitions undertaken by the Group are disclosed in note 9 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.</td><td>For goodwill and other material intangible assets having indefinite useful lives, we performed the following:

• 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.</td></tr>
<tr><td>(iv)</td><td>Capital expenditure

During the current year:

• A new cement production line commenced its commercial operations and one more production line for cement is under construction.

• The Group has undertaken major expansion projects in its Soda Ash and Chemical & Agri Sciences Business segments.

• The Group has achieved financial close for its 660 MW coal fired power plant and has concluded certain key agreements relating to construction, procurement and supply of equipment and coal and also a Power Purchase Agreement.</td><td>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 capitalised met the relevant criteria for capitalisation 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..</td></tr>
</table>

S. No.	Key Audit Matters	How the matter was addressed in our audit
	• The Group has started Complete Built Up operations for vehicles and has also started installation of a vehicle assembly plant which is expected to be completed in the near future. 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 Group during the year having significant impact on the financial position of the Group.	• 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.
(v)	**Inventories** Stock in trade as disclosed in note 14 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 13 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.	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

<table>
<tr><th>S. No.</th><th>Key Audit Matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td>In addition, as at the year end, the Group held stock in trade amounting to Rs. 9,010.6 million relating to the Group's polyester, soda ash, life sciences, chemical & agri sciences and others. The obsolescence of these items is calculated by taking into account the Net Realisable Value (NRV) while mainly keeping in view the estimated selling price, forecasted inventories usage, forecasted sale volumes and product expiry dates.

Due to the significance of inventory balances and related estimations involved, this is considered as a key audit matter.</td><td>– Observing physical inventory counts at major locations to ascertain the condition and existence of inventories, confirming inventories held by others and the 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 provision against inventories as assessed by management by comparing the actual loss to historical provision recognised, 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 NRV of the inventories held by performing a review of sales close to and subsequent to the year-end and comparing with the cost for a sample of products.
– Reviewing the inventories' expiry date report to identify slow moving or obsolete inventories and testing its accuracy on sample basis to check whether provision for slow moving and obsolete inventories was reasonable.</td></tr>
<tr><td>(vi)</td><td>Tax contingencies

As disclosed in note 29.7 to the annexed consolidated financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. The tax contingencies require the management of the Group to make judgements and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management judgements and estimates in relation to such contingencies may be complex and can significantly impact the annexed consolidated financial statements.

For such reasons we have considered tax contingencies disclosed in note 29.7 as a key audit matter.</td><td>Our key audit procedures in this area included, amongst others, a review of the correspondence of the Group with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities.

We involved internal tax experts to assess and review the management's conclusions on contingent tax matters and evaluated whether adequate disclosures have been made in note 29.7 to the annexed consolidated financial statements.</td></tr>
</table>

Information Other than the 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 consolidated and unconsolidated 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 the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of the 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 is 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Rashid A. Jafer.

Chartered Accountants
Karachi

Date: August 17, 2018

CONSOLIDATED STATEMENT OF
FINANCIAL POSITION
as at June 30, 2018

	Note	2018	2017
		(PKR in '000')	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	8	73,865,002	59,601,233
Intangible assets	9	7,943,988	7,388,387
		81,808,990	66,989,620
Long-term investments	10	13,642,987	11,098,870
Long-term loans and advances	11	534,786	467,373
Long-term deposits and prepayments	12	53,325	44,972
		96,040,088	78,600,835
CURRENT ASSETS			
Stores, spares and consumables	13	8,854,536	7,041,171
Stock-in-trade	14	12,088,621	8,423,173
Trade debts	15	5,142,591	4,172,567
Loans and advances	16	1,117,485	1,061,146
Trade deposits and short-term prepayments	17	1,108,185	675,814
Other receivables	18	3,431,926	2,881,844
Tax refunds due from the Government	19	538,812	538,812
Taxation receivable		2,221,851	1,093,972
Accrued return		161,742	181,355
Short term investments		34,956	45,452
Cash and bank balances	20	34,382,272	36,273,319
		69,082,977	62,388,625
TOTAL ASSETS		165,123,065	140,989,460
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	21	3,233,750	3,233,750
Reserves	22	93,913,157	83,736,475
Attributable to the owners of the Holding Company		97,146,907	86,970,225
Non-controlling interest		12,428,264	9,235,325
Total equity		109,575,171	96,205,550
NON-CURRENT LIABILITIES			
Long-term finance	23	8,789,887	8,825,140
Long-term deposits	24	94,394	84,630
Liabilities against assets subject to finance lease	25	–	798
Deferred liabilities	26	10,640,736	9,864,932
Other long term liabilities		3,431,948	2,752,510
		22,956,965	21,528,010
CURRENT LIABILITIES			
Trade and other payables	27	20,242,935	19,034,911
Unclaimed dividend		47,945	111,983
Unpaid dividend	49.3	82,960	79,026
Provision for taxation		1,992,278	1,073,745
Accrued return		272,146	177,654
Short-term borrowings and running finance	28	7,332,327	2,128,905
Current portion of liabilities against assets subject to finance lease	25	822	2,009
Current portion of long-term finance	23	2,619,516	647,667
		32,590,929	23,255,900
		55,547,894	44,783,910
CONTINGENCIES AND COMMITMENTS	29		
TOTAL EQUITY AND LIABILITIES		165,123,065	140,989,460

The annexed notes from 1 to 50 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 **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended June 30, 2018

	Note	2018	2017
		(PKR in '000')	
Revenue	31.1	124,681,831	109,800,227
Less: Sales tax and excise duty		21,958,757	17,959,806
Rebates and commission		5,181,190	4,457,896
		27,139,947	22,417,702
		97,541,884	87,382,525
Cost of sales	31.2	(71,943,557)	(58,445,580)
Gross profit		25,598,327	28,936,945
Distribution cost	33	(4,736,174)	(4,138,496)
Administrative expenses	34	(2,586,556)	(2,237,067)
Finance cost	35	(829,919)	(682,173)
Other expenses	36	(2,204,275)	(1,916,716)
Other income	37	2,766,520	2,085,609
		18,007,923	22,048,102
Share of profit in equity-accounted investments	10	1,865,477	1,582,119
Profit before taxation		19,873,400	23,630,221
Taxation			
- current		(3,160,980)	(6,475,246)
- deferred		(538,867)	235,659
	38	(3,699,847)	(6,239,587)
Profit after taxation		16,173,553	17,390,634
Attributable to:			
Owners of the Holding Company		14,819,911	16,227,033
Non-controlling interest		1,353,642	1,163,601
		16,173,553	17,390,634
Other comprehensive income:			
Other comprehensive loss which will not be reclassified to statement of profit or loss in subsequent periods:			
Loss on remeasurements of post retirement benefit obligations		(467,082)	(64,663)
Deferred tax thereon		114,961	15,873
		(352,121)	(48,790)
Other comprehensive loss which may be reclassified to statement of profit or loss in subsequent periods:			
Foreign exchange differences on translation of foreign operations		1,106,162	1,385
Unrealised loss on remeasurement of available-for-sale investment		(10,496)	(4,106)
Deferred tax thereon		1,574	616
		(8,922)	(3,490)
		745,119	(50,895)
Total comprehensive income for the year		16,918,672	17,339,739
Attributable to:			
Owners of the Holding Company		15,672,949	16,200,957
Non-controlling interest		1,245,723	1,138,782
		16,918,672	17,339,739
		(PKR)	
Earnings per share - basic and diluted	39	45.83	50.18

The annexed notes from 1 to 50 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 **CASH FLOWS**

For the year ended June 30, 2018

	Note	2018	2017
		(PKR in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	17,730,875	26,376,638
Finance cost paid		(732,281)	(642,124)
Income tax paid		(3,372,432)	(5,341,353)
Income from deposits with islamic banks and other financial institutions		2,121,072	1,821,128
Staff retirement benefits paid		(189,763)	(170,175)
Increase in long-term loans and advances		(51,606)	(4,662)
Increase in long-term deposits and prepayments		(14,401)	(14,415)
Net cash generated from operating activities		15,491,464	22,025,037
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(19,835,814)	(11,352,803)
Business acquisition		(1,935,700)	–
Investment in associate		–	(981,300)
Dividend from associate		887,471	975,621
Dividend received		443	–
Short term investments realised		–	896,421
Bank balance held as lien		(7,887,015)	–
Sale proceeds on disposal of property, plant and equipment		120,829	74,569
Net cash used in investing activities		(28,649,786)	(10,387,492)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loans obtained		4,290,240	5,396,186
Long-term loans repaid		(2,591,641)	(6,231,152)
Dividend paid to owners of the Holding Company		(5,476,911)	(3,224,082)
Dividend paid to Non-controlling interest		(420,724)	(389,215)
Payment against finance lease liability		(1,985)	(1,358)
Issuance of shares to Non-controlling interest		2,377,859	490,030
Net cash used in financing activities		(1,823,162)	(3,959,591)
Net (decrease) / increase in cash and cash equivalents		(14,981,484)	7,677,954
Cash and cash equivalents at the beginning of the year		34,144,414	26,511,287
Cash and cash equivalents acquired through business combination	7	–	(44,827)
Cash and cash equivalents at the end of the year	40.1	19,162,930	34,144,414

The annexed notes from 1 to 50 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, 2018

	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 July 1, 2016	3,233,750	7,343,422	45,771,223	150,721	17,071,822	70,337,188	7,888,373	81,459,311
Transfer to general reserves	–	–	9,740,693	–	(9,740,693)	–	–	–
Transaction with owners								
Final dividend at the rate of PKR 10 per share for the year ended June 30, 2016	–	–	–	–	(3,233,750)	(3,233,750)	–	(3,233,750)
Addition of non-controlling interest in ICI	–	–	–	–	–	–	490,000	490,000
Dividend to non-controlling interest of ICI	–	–	–	–	–	–	(399,134)	(399,134)
Decrease in ownership interest in ICI	–	–	–	–	432,080	432,080	117,274	549,354
Non-controlling interest - KLM	–	–	–	–	–	–	30	30
Total comprehensive income								
Profit after taxation	–	–	–	–	16,227,033	16,227,033	1,163,601	17,390,634
Other comprehensive income	–	–	–	1,385	(27,461)	(26,076)	(24,819)	(50,895)
Total comprehensive income for the year	–	–	–	1,385	16,199,572	16,200,957	1,138,782	17,339,739
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	–	–	–
Transaction with owners								
Final dividend at the rate of PKR 12 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 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 - 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

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Muhammad Yunus Tabba
Chairman / Director

Muhammad Ali Tabba
Chief Executive

Irfan Chawala
Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

The Group consists of Lucky Cement Limited (the Holding Company) and its subsidiary companies LCL Investment Holdings Limited, Lucky Holdings Limited, LCL Holdings Limited and KIA Lucky Motors Pakistan Limited. Brief profiles of the Holding Company, its subsidiaries and associate 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 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 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.

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 Companies Act, 2017]. The registered office of LHL is located at Main Indus Highway, Pezu, District Lakki Marwat in the province of Khyber Pakhtunkhwa.

Details of the investments of LHL are as follows:

1.3.1 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.

1.3.2 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.

1.3.3 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.

1.3.4 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.

1.4 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 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.

Details of investments of LCLHL are as follows:

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. The operations of LEPCL have not yet started. LEPCL will invest in setting up 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 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.

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; 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 IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

Income taxes

In making the estimates for income taxes payable by the Holding Company, the management considers current Income tax law and the decisions of appellate authorities on certain cases issued in the past.

Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 26.1.3 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.

Property, plant and equipment

Estimates with respect to residual value, depreciation method and depreciable lives of property, plant and equipment are disclosed in notes 5.3 and 8.1 to these consolidated financial statements. Further, the Company reviews the carrying value of assets for impairment, if any, on each reporting period.

Provision for stores and spares

The Group has made estimation with respect to provision for slow moving, damaged and obsolete items and their net realisable value as disclosed in notes 5.8 and 5.9 to these consolidated financial statements.

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.

Future estimation of export sales

Deferred tax calculation has been 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 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.

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 9.3 and 9.4 to these consolidated financial statements.

4. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and its subsidiaries, here-in-after collectively referred to as the Group.

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 Holding Company for the year ended June 30, 2017.

5.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except otherwise stated.

5.2 Initial application of new standards, amendments and interpretations to approved accounting and reporting standards and interpretations

5.2.1 Amendments to approved accounting and reporting standards which are effective during the year ended June 30, 2018

There were certain new amendments to the approved accounting and reporting standards which became effective during the year ended June 30, 2018 but are considered not to be relevant or have any significant effect on the Group's financial reporting, except as metioned below and are, therefore, not disclosed in these consolidated financial statements.

The fourth schedule to the Companies Act 2017 became applicable to the Company for the first time for the preparation of these consolidated financial statements. The Companies Act, 2017 (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

5.2.2 Standards, amendments to published approved accounting and reporting standards and interpretations that are not yet effective

There are certain new standards, amendments to the approved accounting and reporting standards and interpretations that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2018. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated financial statements. During the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases', which will not have any significant impact on the financial reporting of the Group.

5.3 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 as stated in note 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 notes 8.1 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 statement of financial position date.

Maintenance and normal repairs are charged to 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 profit or loss.

5.4 Intangible assets

Intangible assets other than goodwill, distribution relationship, principal relationship and product rights are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Distribution relationship, principal relationship 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 9 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.

5.5 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 (or the groups of cash generating units) 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 Cash Generating Unit (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 cash generating unit 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 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.

5.6 Investments

5.6.1 Available-for-sale investment

Investments which are intended to be held for an indefinite period of time but may be sold in response to the market condition, management decision or need for liquidity are classified as available for sale. Available for sale investments are recognised initially at fair value plus any directly attributable transaction cost. After initial recognition, these are stated at fair values unless fair values cannot be measured reliably, with any resulting gains and losses being taken to other comprehensive income until the investment is disposed off or impaired. At the time of disposal, the respective surplus or deficit is transferred to profit or loss.

Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current.

Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date which is the date that the Group commits to purchase or sell the investment.

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 account 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 statement of profit or loss account and other comprehensive income.

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 statement of financial position 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 statement of financial position 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 statement of financial position 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 stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts / receivables is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

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 and current and deposit accounts with commercial banks.

5.12 Long-term and short-term borrowings

Finance cost are accounted for on accrual basis and are disclosed as accrued return to the extent of the amount remaining unpaid.

5.13 Staff retirement benefits

The Group's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

Defined benefit plans

The Group recognises staff retirement benefits expense 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.

i) The Holding Company 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).

5.14 Compensated absences

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provisions to cover the obligation are made using the current salary levels of the employees. No actuarial valuation of compensated absences is carried out as the management considers that the financial impact of such valuation will not be material.

5.15 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 Group.

5.16 Provisions

Provisions are recognised in the 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 statement of financial position date and adjusted to reflect current best estimate.

5.17 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with the applicable laws.

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 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 Statement of financial position date.

5.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

(a) Sale of goods and toll manufacturing

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods to customers.

Toll manufacturing income is recognised when services are rendered.

(b) Other income

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.

Return on bank deposits is recognised on a time proportion basis on the principal amount outstanding and at the rate applicable.

Commission income is recognised on date of shipment from suppliers.

5.19 Borrowing cost

Borrowing and other related cost 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.

5.20 Foreign currency translations

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 Pakistani 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 recognised in the profit or loss.

On consolidation, the assets and liabilities of foreign operations are retranslated into presentation currency i.e. Pakistani Rupees at the rate of exchange prevailing at the statement of financial postition 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.

5.21 Financial assets and liabilities

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 and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group loses control of the contractual rights that comprise the financial asset. Financial liabilities are removed from the statement of financial position when the obligation is extinguished, discharged, cancelled or expired.

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.

5.22 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 realise the asset and settle the liability simultaneously.

5.23 Impairment

(a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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.

All impairment losses are recognised in the profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised.

(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.

5.24 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.

5.25 Functional and presentation currency

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

5.26 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.

5.27 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and return rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognised in the consolidated statement of profit or loss and other comprehensive income.

5.28 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

a) The Group commenced commercial operations for a new cement production line having capacity of 1.3 million tons per annum at its Karachi Plant. Further, the Group announced its plans to increase its production capacity of cement by 2.6 million tons per annum at its Pezu Plant with a target to achieve commercial production in the last quarter of calendar year 2019.

b) LEPCL achieved financial close on June 25, 2018 for the construction of its 660 MW power plant. Key arrangements in this regard include Construction Contract with SEPCO III Electric Power Construction Corporation dated December 23, 2016, Procurement and Supply of Equipment Contract dated December 23, 2016 with Tie Jum International (HK) Limited, Power Purchase Agreement, dated March 7, 2018 with Central Power Purchase Agency, Implementation Agreement dated March 8, 2018 with Government of Pakistan, Coal Supply Agreement dated April 27, 2018 with Sindh Engro Coal Mining Company Limited (SECMC), Operation and Maintenance Agreement dated May 22, 2018 with KEPCO Plant Service and Engineering Company Limited. The Group signed all major agreements with the lenders on May 31, 2018.

c) KLM commenced Complete Built Up operations in June 2018.

d) 75,000 tons per annum Soda Ash expansion (Phase 1 of the planned 150,000 TPA expansion) has come online. Subsequent to this addition nameplate capacity of Soda Ash plant now stands at 425,000 TPA.

e) Restructuring of Life Sciences business as now Agri Division is part of the Chemical Business (now known as the Chemical & Agri Sciences Business).

f) Acquisition of certain assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited and start of production at newly acquired Hawkesbay plant.

g) Obtaining of approval for the new injectible (sterile) section at the Animal Health manufacturing facility from the Central Licensing Board.

h) Progress of construction of the Masterbatch manufacturing facility as per plan to enhance the portfolio of Chemical & Agri Sciences Business.

i) Ban on import and marketing of recombinant bovine somatotropin (rbST) injections (FDA approved product) from Supreme Court through Suo moto action.

j) For a detailed discussion about the above as well as other projects and the Group's overall performance please refer to the Directors' report.

k) Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule to the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.

7. BUSINESS COMBINATION

On August 11, 2017, ICI acquired certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3 'Business Combinations'. These assets include land, building, plant and machinery and certain other assets of Wyeth Pakistan Limited alongwith certain brands and registrations of Wyeth Pakistan Limited and Pfizer Pakistan Limited. The following table summarizes the estimated fair values of net assets acquired:

	Fair value recognised on acquisition (PKR in '000')
Indicative value of tangible net assets	
Freehold land	175,000
Building on freehold land	203,000
Plant and machinery	493,400
Vehicles	5,100
Furniture and equipment	46,700
Total non-current assets	923,200
Current assets	132,530
	1,055,730
Indicative value of intangibles:	
Brands	753,460
Goodwill	126,510
	879,970
Consideration paid	1,935,700

Net revenue and the profit before tax from the acquired business during the year ended 30 June, 2018 are as follows:

	(PKR in '000')
Net revenue	1,651,816
Profit before tax	176,045

The aforementioned results have been reported under the Life Sciences division of the Group based on the accounting policies of the Group as disclosed in these consolidated financial statements.

The Group has decided to finalise the determination of valuation of assets acquired within one year from the acquisition date, which is allowed under IFRS 3 'Business Combinations' as measurement period, therefore provisional figures based on latest available information have been considered for the acquisition accounting.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited. The goodwill is not deductible for income tax purposes.

	Note	**2018**	2017
		(PKR in '000')	
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	8.1	60,619,288	49,689,176
Capital work-in-progress	8.6	13,245,714	9,912,057
		73,865,002	59,601,233

8.1 Operating fixed assets - tangible

	Leasehold land	Freehold land	Buildings on leasehold land	Buildings on freehold land	Limbeds 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, 2016															
Cost	2,627,745	866,495	9,274,117	1,191,979	243,034	40,890,733	13,619,014	1,570,139	1,320,532	744,664	451,179	186,407	126,422	326,719	73,439,179
Accumulated depreciation	(95,441)	–	(3,734,746)	(222,401)	(41,471)	(12,103,873)	(4,570,905)	(749,179)	(717,708)	(247,948)	(224,900)	(148,220)	(94,854)	(187,451)	(23,139,097)
Net book value	2,532,304	866,495	5,539,371	969,578	201,563	28,786,860	9,048,109	820,960	602,824	496,716	226,279	38,187	31,568	139,268	50,300,082
Year ended June 30, 2017															
Addition / Transfers from CWIP	316	20,244	273,577	373,222	–	1,697,918	1,461,873	1,936	251,647	–	128,838	33,383	19,673	10,151	4,272,778
Adjustments															
Cost	–	–	(2,684,069)	2,684,069	–	–	–	–	–	–	–	–	–	–	–
Accumulated depreciation	–	–	1,695,647	(1,695,647)	–	–	–	–	–	–	–	–	–	–	–
	–	–	(988,422)	988,422	–	–	–	–	–	–	–	–	–	–	–
Disposals (note 8.4)															
Cost	–	–	–	–	–	–	(48,672)	(16,977)	(48,630)	–	(2,020)	(34,729)	(2,856)	(789)	(154,673)
Accumulated depreciation	–	–	–	–	–	–	37,900	13,222	43,758	–	776	34,291	2,091	470	132,508
	–	–	–	–	–	–	(10,772)	(3,755)	(4,872)	–	(1,244)	(438)	(765)	(319)	(22,165)
Depreciation charge for the year (note 8.2)	(21,339)	–	(387,761)	(206,560)	(16,105)	(2,994,158)	(687,591)	(147,667)	(176,123)	(70,959)	(84,572)	(25,084)	(20,083)	(23,517)	(4,861,519)
Net book value as at June 30, 2017	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 8.4)															
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 8.2)	(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
At June 30, 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
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
Annual rates of depreciation	1.01% to 4%	–	2.5% to 10%	5% to 10%	3.33% to 7.5%	3.33% to 20%	5%	10%	10% to 25%	10%	10% to 33%	10% to 33%	33%	10% to 33%	

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

	Note	2018	2017
		(PKR in '000')	
Cost of sales	32	4,940,439	4,494,368
Distribution cost	33	160,801	116,421
Administrative expenses	34 & 8.3	251,315	213,536
Cost of sale of electricity		114,699	37,194
		5,467,254	4,861,519

8.3 These include PKR 27.112 million (2017: PKR 3.220 million) which has been capitalised into capital work-in-progress during the year.

8.4 The details of property, plant and equipment disposed off during the year are as follows:

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds / Fair value	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
	(PKR in '000')						
Vehicles	4,261	3,295	966	5,500	4,534	Negotiation	Nabeela Zia
------- do -------	3,710	2,932	778	5,500	4,722	Negotiation	Nabeela Zia
------- do -------	3,690	2,898	792	5,500	4,708	Negotiation	Nabeela Zia
------- do -------	3,679	2,845	834	5,500	4,666	Negotiation	Nabeela Zia
------- do -------	3,677	2,866	811	5,500	4,689	Negotiation	Nabeela Zia
------- do -------	3,677	2,843	834	5,500	4,666	Negotiation	Nabeela Zia
------- do -------	3,324	2,634	690	3,700	3,010	Negotiation	Sheikh Abdul Rehman
------- do -------	3,177	2,522	655	3,600	2,945	Negotiation	Umair Zia
------- do -------	3,177	2,521	656	3,800	3,144	Negotiation	Mobin Ahmad Kayani
------- do -------	3,172	2,519	653	3,600	2,947	Negotiation	Umair Zia
------- do -------	3,172	2,514	658	3,700	3,042	Negotiation	Sheikh Abdul Rehman
------- do -------	3,172	2,518	654	3,800	3,146	Negotiation	Fareed Ullah
------- do -------	3,172	2,519	653	3,600	2,947	Negotiation	Umair Zia
------- do -------	3,172	2,519	653	3,600	2,947	Negotiation	Umair Zia
------- do -------	3,170	2,516	654	3,800	3,146	Negotiation	Ikram Ullah
------- do -------	3,170	2,517	653	3,600	2,947	Negotiation	Umair Zia
------- do -------	3,170	2,516	654	3,800	3,146	Negotiation	Mobin Ahmad Kayani
------- do -------	3,170	2,517	653	3,600	2,947	Negotiation	Umair Zia
------- do -------	3,170	2,517	653	3,600	2,947	Negotiation	Umair Zia
------- do -------	3,170	2,517	653	3,600	2,947	Negotiation	Umair Zia
------- do -------	3,163	2,510	653	3,800	3,147	Negotiation	Ikram Ullah
------- do -------	3,138	2,485	653	3,700	3,047	Negotiation	Abdul Basit
------- do -------	3,138	2,485	653	3,700	3,047	Negotiation	Abdul Basit
------- do -------	3,132	2,488	644	3,600	2,956	Negotiation	Umair Zia
------- do -------	3,013	2,389	624	3,700	3,076	Negotiation	Abdul Basit
------- do -------	3,013	2,389	624	3,700	3,076	Negotiation	Sheikh Abdul Rehman
------- do -------	2,798	2,201	597	2,000	1,403	Insurance Claim	"EFU General Insurance Limited
------- do -------	1,558	179	1,379	1,510	131	Insurance Claim	M/s. Alfalah Insurance Company
------- do -------	1,249	636	613	928	315	Tender	Rizwan Mazhar
Gas Turbine AVR Modules	3,995	3,337	658	1,500	842	Scrap	Ghouri Scrap Dealer Mandi Bahaudin
Items having book value							
less than PKR 500,000 each	225,107	171,928	53,179	101,135	47,956	-	Various
	320,556	246,072	74,484	213,673	139,189		
2017	154,673	132,508	22,165	74,568	52,403		

8.5 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	917.52
3	Pezu Plant	Main Indus Highway,Pezu, District Lakki Marwat, KPK	833.49
4	Others	Sector F-7/1, Islamabad	0.14
5	LEPCL - Plant	Deh Gangiaro, Port Qasim, Karachi.	250.00
6	ICI Head Office and		
	Production Plant	ICI House 5 West Wharf Karachi 74000	2.70
7	ICI Production Plant	S-33, Hawksbay road, S.I.T.E 75730	0.26
8	ICI Regional Office	ICI House 63 Mozang Road Lahore 54000	0.65
9	ICI Production Plant	30-Km, Sheikhupura road Lahore	44.28
10	ICI Production Plant	45-Km, Off Multan Road Lahore	0.34
11	ICI Regional Office and		
	Production Plant	ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum	63.00
12	Cirin Production Plant	Plot No.32/2A Phase III, Industrial Estate Hattar	
		District Haripur	0.92

8.6 Capital work-in-progress

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

	Opening balance	Adjustment	Additions	Transferred to operation fixed assets	Closing balance
			(PKR in '000')		
Leasehold land	–	630,005	1,203,016	–	1,833,021
Freehold land	700,587	(700,587)	353,490	353,490	–
Building on leasehold land	1,324,296	(21,797)	332,244	1,158,290	476,453
Building on freehold land	87,088	384	173,857	124,001	137,328
Limebeds on freehold land	–	–	76,820	76,820	–
Plant and machinery	6,093,780	271,500	13,759,704	10,682,413	9,442,571
Generators	13,773	30,337	1,308,943	1,312,751	40,302
Quarry equipment	373,535	(35,638)	–	337,897	–
Vehicles including cement					
bulkers and rolling stock	32,278	–	818,779	629,507	221,550
Furniture and fixtures	157,360	–	17,898	27,757	147,501
Office equipment	–	–	32,041	31,698	343
Computer and accessories	141	–	15,021	13,175	1,987
Intangible Assets	10,608	1,840	4,174	16,622	–
Other assets	1,118,611	(176,044)	18,991	16,900	944,658
	9,912,057	–	18,114,978	14,781,321	13,245,714

9. INTANGIBLE ASSETS

	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	–
Brands						
- 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 relationship	385,027	–	–	(63,527)	321,500	9 - 25
Distribution relationship - note 9.7	108,490	–	–	(25,221)*	83,269	Indefinite
Principal relationship	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	

	June 30, 2017					
	At July 1, 2016	Addition	Acquired through business combination	Amortisation	At June 30 2017	Amortisation rate %
	(PKR in '000')					
Goodwill	2,133,955	79,864	–	–	2,213,819	–
Brand						
- Definite useful life - trademark and roundel	1,494,433	–	–	(229,913)	1,264,520	10
- Indefinite useful life	–	–	684,219	–	684,219	Indefinite
	1,494,433	–	684,219	(229,913)	1,948,739	
Customer relationships	453,402	–	–	(68,375)	385,027	9 - 25
Distribution relationship	108,490	–	–	–	108,490	Indefinite
Principal relationships	1,778,733	–	–	–	1,778,733	Indefinite
Product rights	826,855	–	–	–	826,855	Indefinite
Software and license	226,393	14,586	–	(114,255)	126,724	20 - 50
	7,022,261	94,450	684,219	(412,543)	7,388,387	

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

	Note	2018	2017
		(PKR in '000')	
Cost of sales	32	315,969	363,607
Distribution cost	33	4,378	1,191
Administrative expenses	34 & 9.2	51,480	47,745
		371,827	412,543

9.2 These include PKR 0.503 million (2017: Nil) which have been capitalised in capital work-in-progress during the year.

9.3 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 and PKR 79.864 million on acquisition of Cirin.

Further during the year goodwill has been recognised amounting to PKR 126.510 million on acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited.

Brand

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 an established (i.e. non-contractual) customer relationship for its Soda Ash segment, Polyester segment and Polyurethanes and Speciality 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.

9.4 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 & 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 & 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.

9.5 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

9.6 No impairment indicators were identified in relation to 'Customer Relationship' and 'Brand -trademark and roundel'.

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	7.00%	16.20%
Principal relationship	6.00%	16.50%
Product right	6.00%	16.50% - 19.20%

9.7 At June 30, 2018, 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, 2018 except for the 'Distribution Relationship'. Accordingly, impairment expense amounting to PKR 25.221 million has been recorded during the year.

	Note	2018	2017
		(PKR in '000')	
10. LONG-TERM INVESTMENTS			
Equity accounted investment			
Joint ventures			
Lucky Al Shumookh Holdings Limited	10.1	3,560,404	2,566,188
LuckyRawji Holdings Limited	10.2	8,106,046	6,846,311
		11,666,450	9,412,499
Associates			
NutriCo Pakistan (Pvt) Limited	10.3	1,130,004	964,034
Yunus Energy Limited	10.4	844,033	719,837
		1,974,037	1,683,871
		13,640,487	11,096,370
Unquoted - at cost			
Equity security available-for-sale			
Arabian Sea Country Club Limited			
(250,000 ordinary shares of Rs 10 each)		2,500	2,500
		13,642,987	11,098,870

	2018	2017
10.1 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	536,384	13,082
Share of profit during the year	861,131	994,923
Dividend received during the year	(329,914)	(471,621)
	1,067,601	536,384
Foreign currency translation reserve	580,520	117,521
	3,560,404	2,566,188
The Group's interest in LASHL's assets and liabilities is as follows:		
Non-current assets	4,977,669	3,531,639
Current assets excluding cash and cash equivalents	1,533,326	984,440
Cash and cash equivalents	1,030,079	885,116
Liabilities	(420,267)	(268,820)
Net assets (100%)	7,120,807	5,132,375
The Group's share of net assets (50%)	3,560,404	2,566,188
The Group's share in LASHL's profit or loss is as follows:		
Revenue	7,491,670	7,003,458
Cost of sales	(5,693,242)	(4,951,338)
General and administrative expenses	(73,161)	(59,957)
Selling and distribution expenses	(3,005)	(2,318)
Net profit (100%)	1,722,262	1,989,845
The group's share of net profit (50%)	861,131	994,923

		2018	2017
		(PKR in '000')	
10.2	**LuckyRawji Holdings Limited (LRHL)**		
	Investment at cost	6,870,050	6,870,050
	Share of cumulative loss at the beginning of the year	(231,226)	(1,213)
	Share of profit / (loss) during the year	156,623	(230,013)
		(74,603)	(231,226)
	Foreign currency translation reserve	1,310,599	207,487
		8,106,046	6,846,311
	The Group's interest in LRHL's assets and liabilities is as follows:		
	Non-current assets	29,673,218	27,260,008
	Current assets excluding cash and cash equivalents	4,028,738	2,367,453
	Cash and cash equivalents	18,754	80,918
	Liabilities	(17,508,618)	(16,015,757)
	Net assets (100%)	16,212,092	13,692,622
	The Group's share of net assets (50%)	8,106,046	6,846,311
	The Group's share in LRHL's profit or loss is as follows:		
	Revenue	7,786,559	4,065,036
	Cost of sales	(5,576,573)	(3,075,968)
	Operating expenses	(1,896,741)	(1,449,095)
	Net profit / (loss) (100%)	313,245	(460,027)
	The Group's share of net profit / (loss) (50%)	156,623	(230,013)
10.3	**NutriCo Pakistan (Private) Limited (NutriCo)**		
	Investment at cost	960,000	960,000
	Share of cumulative profit at the beginning of the year	4,034	1,165
	Share of profit during the year	585,970	670,869
	Dividend received during the year	(420,000)	(668,000)
		170,004	4,034
		1,130,004	964,034
10.3.1	**The Group's share in NutriCo's profit or loss is as follows:**		
	Revenue	10,116,220	7,909,462
	Net profit (100%)	1,464,925	1,677,173
	The Group's share of net assets (40%)	585,970	670,869
10.4	**Yunus Energy Limited**		
	Investment at cost	611,365	611,365
	Share of cumulative profit / (loss) at the beginning of the year	108,472	(37,868)
	Share of profit for the year	261,753	146,340
	Dividend received	(137,557)	–
		232,668	108,472
		844,033	719,837

10.5 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	2018	2017
		(PKR in '000')	
11. LONG-TERM LOANS AND ADVANCES			
Long-term loans - considered good			
due from employees	11.1	682,138	595,666
Less: Recoverable within one year	11.1.1	(202,725)	(183,666)
		479,413	412,000
Others	11.2	55,373	55,373
		534,786	467,373

11.1 These include loans given to employees in accordance with the Group policy and are repayable within a period of 2 to 5 years. These loans are return free and are secured against the gratuity of the respective employees. These loans are carried at cost due to practicality and materiality of the amounts involved. Further, these include loans given to key management personnel namely M/s. Irfan Chawala and Amin Ganny aggregating to PKR 4.583 million and PKR 8.2 million respectively as at the statement of financial position date.

Further, these also include loans granted for purchase of motor cars and house building which are repayable between two and ten years. These loans are interest free and granted to the employees, including executives of the Group, in accordance with their terms of employment.

11.1.1 These include loans made to key management employees of the Group namely M/s. Irfan Chawala, Amin Ganny and Amjad Waqar exceeding PKR 1 million each.

11.2 These represent return free advance 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 instalments.

	Note	2018	2017
		(PKR in '000')	
12. LONG-TERM DEPOSITS AND PREPAYMENTS			
Deposits	12.1	47,545	36,402
Prepayments		5,780	8,570
		53,325	44,972

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

	Note	2018	2017
		(PKR in '000')	
13. STORES, SPARES AND CONSUMABLES			
Stores		3,972,774	2,453,110
Spares	13.1	5,005,585	4,703,407
Consumables		128,525	133,831
		9,106,884	7,290,348
Less: Provision for slow moving spares	13.2	252,348	249,177
		8,854,536	7,041,171

13.1 These include spares in transit of PKR 37.502 million (2017: PKR 130.851 million) as at the statement of financial position date.

		Note	2018	2017
			(PKR in '000')	
13.2	**Movement in provision for slow moving spares is as follows:**			
	As at July 1		249,177	249,177
	Provision during the year	34	14,099	–
	Write off	34	(10,928)	–
			252,348	249,177
14.	**STOCK-IN-TRADE**			
	Raw and packing material	14.1 & 14.2	5,353,905	3,152,648
	Work-in-process		1,682,310	1,511,849
	Finished goods - net		5,100,930	3,853,735
			12,137,145	8,518,232
	Less: Provision for slow moving and obsolete stock-in-trade - net			
	- Raw and packing material		46,239	33,988
	- Finished goods		2,285	61,071
		14.3	48,524	95,059
			12,088,621	8,423,173

14.1 Raw and packing materials held with various toll manufacturers amounts to PKR 316.920 million (2017: PKR 152.822 million).

14.2 Movement of provision for slow moving and obsolete stock-in-trade is as follows:

	Note	2018	2017
		(PKR in '000')	
Balance at the beginning of the year		95,059	161,941
Charge for the year	34	(8,852)	63,729
Write-off for the year against provision		(37,683)	(130,611)
Balance at the end of the year		48,524	95,059

14.3 Stock-in-trade amounting to PKR 2,399.087 million (2017: PKR 734.965 million) is measured at net realisable value and reversal amounting to PKR 160.810 million (2017: PKR 25.648 million) has been credited to cost of sales.

		Note	2018	2017
			(PKR in '000')	
15.	**TRADE DEBTS**			
	Considered good			
	Bills receivable - secured		938,574	497,813
	Others - unsecured	15.1	4,557,421	4,188,388
			5,495,995	4,686,201
	Considered doubtful		226,924	102,977
			5,722,919	4,789,178
	Less: Provision for			
	- Doubtful debts	15.2	226,924	102,977
	- Discounts payable on sales		353,404	513,634
			580,328	616,611
			5,142,591	4,172,567

	2018	2017
	(PKR in '000')	
15.1 These include amounts due from the following associates:		
Yunus Textile Mills Limited	14,766	1,847
Lucky Textile Mills Limited	1,755	1,861
Lucky Foods (Private) Limited	1,106	155
Lucky Knits (Private) Limited	–	528
Oil & Gas Development Company Limited	14	14
	17,641	4,405

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

	2018	2017
	(PKR in '000')	
Unsecured		
Yunus Textile Mills Limited	17,232	11,351
Lucky Textile Mills Limited	1,777	2,361
Lucky Foods (Private) Limited	1,106	417
Lucky Knits (Private) Limited	–	844
Oil & Gas Development Company Limited	14	14
	20,129	14,987

15.2 Movement in provision for doubtful debts is as follows:

	Note	2018	2017
		(PKR in '000')	
Opening balance		102,977	56,453
Provision during the year	33 & 34	134,777	40,381
Acquisition through business combination		–	6,143
Write-off during the year		(10,830)	–
		226,924	102,977

15.3 These include debtors in relation to export sales as follows:

Name of Foreign Jurisdiction	Type of transaction		
Africa	Contract	545,497	80,215
Asia	Contract	3,877	10,695
Asia	Letter of credit	5,020	14,376
		554,394	105,286

	Note	2018	2017
		(PKR in '000')	
16. LOANS AND ADVANCES			
Considered good			
Current portion of loans and advances employees	11.1.1	202,725	183,666
Other advances given to employees - return free (unsecured)	16.1	31,425	31,912
		234,150	215,578
Advances to suppliers and others - return free (unsecured)		883,335	845,568
		1,117,485	1,061,146
Considered doubtful		27,254	–
		1,144,739	1,061,146
Less: Provision for doubtful loans and advances		27,254	–
		1,117,485	1,061,146

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

	Note	2018	2017
		(PKR in '000')	
17. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits - return free			
Containers		310	270
Utilities		1,005	1,005
Others		241,169	165,018
		242,484	166,293
Prepayments			
Insurance		16,499	10,580
Rent		37,509	12,604
Processing fees for financing arrangement		689,250	48,424
Others		122,443	437,793
		865,701	509,401
		1,108,185	675,694
18. OTHER RECEIVABLES			
Unsecured			
Considered good			
Duties, sales tax and octroi refunds due		1,027,758	986,290
Commission and discounts receivable		94,849	42,834
Receivable from principal	18.1	102,813	209,114
Rebate on export sales		56,753	55,882
Due from Collector of Customs	18.2	19,444	19,444
Due from associate	18.3	17,415	164,000
Due from Hyderabad Electricity Supply Company (HESCO)	18.4	1,138,341	1,157,521
Others		974,553	246,759
		3,431,926	2,881,844
Considered doubtful		24,320	5,055
		3,456,246	2,886,899
Less: Provision for doubtful receivables	18.5	24,320	5,055
		3,431,926	2,881,844

18.1 This includes receivable amounting to PKR 66.581 million (2017: PKR 128.527 million) from foreign vendor in relation to margin support guarantee.

18.2 The Holding Company had imported cement bulkers during October 19, 2006 to December 5, 2006 under SRO 575(1) of 2006 dated June 5, 2006 for export of loose cement which provided concessionary rate of import duty to an industrial concern. The Holding Company claimed exemption of duty at the time of port clearance, however, the Collector of Customs passed 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 to PKR 19.444 million for three different consignments of cement bulkers and simultaneously approached to 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 on January 07, 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 in 2007 challenging the illegal and malafide act of encashment of post dated cheques. The High Court of Sindh passed the 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 FBR in the Supreme Court of Pakistan which is pending.

18.3 Due from associate which is neither past due nor impaired relates to NutriCo Pakistan (Private) Limited aggregating to PKR 17.415 million (2017: PKR 164 million). Further, the maximum balance outstanding at any time during the year from NutriCo Pakistan (Private) Limited aggregated to PKR 179.999 million (2017: PKR 164 million)

18.4 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 Sindh High Court. The Sindh High Court 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 Sindh High Court'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 currently stands relisted for hearing.

During the year, the Holding Company and HESCO have entered into an interim agreement dated March 6, 2017, 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 428 million to the Holding Company which has been netted off against other receivable and the Holding Company is supplying and invoicing electricity from March 8, 2017 on PPA rates.

During the year, the Sindh Government promulgated the Sindh New Captive Power Plants Subsidy Act, 2017, gazetted on August 9, 2017 read in light of Corrigendum issued by the Government of Sindh gazetted on February 1, 2018 which provides tariff differential support to captive power producers in the province of Sindh. The Group has received subsidy aggregating to PKR 630 million under the Subsidy Act.

		2018	2017
		(PKR in '000')	
18.5	**Movement in provision for doubtful receivables is as follows:**		
	As at July 1	5,055	1,622
	Charge for the year	22,699	3,433
	Write-off against provision	(3,434)	–
		24,320	5,055

19. 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 Federal Board of Revenue (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 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 they 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.

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 said 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 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 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, President of Pakistan endorsed the recommendations of FTO of having an audit conducted by the independent firms. The FBR filed a writ petition in the Peshawar High Court against the findings of the FTO as recommended 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 Peshawar High Court.

During the year, the FBR's writ petition was dismissed by the Peshawar High Court after which FBR filed an appeal in Supreme Court of Pakistan.

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 Holding Company is trying to get the matter expedited and get both review petition and appeal dismissed.

The management of the Holding Company is confident on the advise of its legal adviser that the ultimate outcome of the case would be in its favor and full amount would be recovered in due course, therefore no provision for the above receivable has been made in these consolidated financial statements.

	Note	2018	2017
		(PKR in '000')	
20. CASH AND BANK BALANCES			
Sales collection in transit		341,033	616,206
Cash at bank			
- in current accounts		3,084,674	225,245
- in islamic savings and deposit accounts	20.1 & 20.2	30,941,950	35,423,667
		34,026,624	35,648,912
Cash in hand		14,615	8,321
		34,382,272	36,273,439

20.1 These carry profit at the rate ranging from 2% to 7% (2017: from 3.75% to 6.55%) per annum.

20.2 These include an amount of PKR 7,887.015 million held by a bank as security against the guarantees obtained from the bank.

	Note	2018	2017
		(PKR in '000')	
21. SHARE CAPITAL			
Authorised capital			
500,000,000 (2017: 500,000,000)			
Ordinary shares of PKR 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up capital			
305,000,000 (2017: 305,000,000) Ordinary shares			
of PKR 10 each issued for cash	21.1	3,050,000	3,050,000
18,375,000 (2017: 18,375,000) Ordinary shares			
of PKR 10 each issued as bonus shares		183,750	183,750
		3,233,750	3,233,750

21.1 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 = US$ 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 Company were issued at a premium of PKR 110 per ordinary equity share (total premium amount being PKR 6,600 million).

The holders of GDRs are entitled, subject to the provisions of the Deposit Agreement, to receive dividend, if any and rank pari passu with other equity shareholders in respect of dividend. However, the holders of GDRs have no voting rights or other direct rights of shareholders with respect to the equity shares underlying such GDRs. Subject to the terms and restrictions set out in the offering circular dated May 08, 2008, the deposited equity shares in respect of which the GDRs were issued may be withdrawn from the depository facility. Upon withdrawal, the holders will rank pari passu with other equity shareholders in respect of dividend, voting and other direct rights of shareholders.

		Note	2018	2017
			(PKR in '000')	
22.	**RESERVES**			
	Capital reserve			
	Share premium	22.1	7,343,422	7,343,422
	Revenue reserves			
	General reserve		63,710,434	55,511,916
	Foreign currency translation reserve		1,258,268	152,106
	Unappropriated profit		21,601,033	20,729,031
			86,569,735	76,393,053
			93,913,157	83,736,475

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

		Note	2018	2017
			(PKR in '000')	
23.	**LONG-TERM FINANCE**			
	Secured			
	Banking companies / Financial Institutions	23.1	9,415,513	6,053,076
	Under Islamic Term Finance	23.2	1,993,890	3,419,731
			11,409,403	9,472,807
	Current portion of long term finance		(2,619,516)	(647,667)
			8,789,887	8,825,140

23.1 Represent long term loans availed from various banks. These loans are secured against fixed assets of Soda Ash Business and Polyester Business amounting to PKR 2,500 million and PKR 11,900 million respectively. The markup on ranges from SBP Rate + 0.3% to 0.5% and on other long term loans from 6 months KIBOR + 0.05% to 3 months KIBOR + 0.25%. The profit rate on Islamic term finance is 6 months KIBOR + 0.05%. The markup is payable on quarterly and semi annual basis.

23.2 The Group had obtained diminishing Musharaka financing facilities for vehicles aggregating to PKR 17.38 million 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.

23.3 Further, the Group has obtained musharaka finance which is secured against the bank balance of Lucky Cement Limited (the Holding Company).

		Note	2018	2017
			(PKR in '000')	
24.	**LONG-TERM DEPOSITS**			
	Cement stockists	24.1	42,614	36,350
	Transporters	24.2	50,500	47,000
	Others		1,280	1,280
			94,394	84,630

24.1 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.

24.2 These represent return-free security deposits received from transporters and are repayable on cancellation or withdrawal of contracts.

		Note	As at June 30, 2018	
			Minimum lease payments	Present value of minimum lease payments
			(PKR in '000')	
25.	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Total minimum lease payments within one year		828	822
	Finance charges allocated to future periods		(6)	–
	Present value of minimum lease payments	25.1	822	822
	Current maturity shown under current liability		(822)	(822)
			–	–

25.1 Represents conventional obligation in respect of assets acquired under finance lease arrangements from various conventional financial institutions. Rentals are payable in equal monthly installments. Repairs and insurance costs are to be borne by lessee. Financing rate ranging from KIBOR plus 3.5 percent to 4 percent per annum has been used as discounting factor. Overdue rental payments are subject to additional charge upto 2 percent per month or part thereof on all sums not paid by the lessee when due and payable under the respective agreements. Purchase option can be exercised by the lessee by adjusting security deposit against residual value at the expiry of the leased period.

		Note	2018	2017
			(PKR in '000')	
26.	**DEFERRED LIABILITIES**			
	Staff gratuity	26.1	1,770,164	1,420,420
	Deferred tax liability	26.2	8,870,572	8,444,512
			10,640,736	9,864,932

26.1 The amounts recognised in the statement of financial position, based on the recent actuarial valuation carried out on June 30, 2018, are as follows:

	2018					2017				
	Funded			Unfunded		Funded			Unfunded	
	Pension	Gratuity	Total			Pension	Gratuity	Total		
					(PKR in '000')					
26.1.1 Movement in the liability recognised in the statement of financial position is as follows:										
Opening balance	(359,162)	64,777	(294,385)	1,420,420	1,420,420	(421,273)	100,175	(321,098)	1,219,653	1,219,653
Acquisitions through business combination	–	–	–	–	–	–	–	–	12,759	12,759
Remeasurements recognised in other comprehensive income	221,108	91,114	312,222	154,860	154,860	81,107	(16,859)	64,248	415	415
Net (reversal) / charge for the year	(11,820)	45,372	33,552	297,614	297,614	(18,996)	48,146	29,150	271,201	271,201
	(149,874)	201,263	51,389	1,872,894	1,872,894	(359,162)	131,462	(227,700)	1,504,028	1,504,028
Payments made during the year	–	(66,196)	(66,196)	(102,730)	(102,730)	–	(66,685)	(66,685)	(83,608)	(83,608)
Closing balance	(149,874)	135,067	(14,807)	1,770,164	1,770,164	(359,162)	64,777	(294,385)	1,420,420	1,420,420

The recognised asset / liability of funded gratuity is netted off against recognised asset / liability of funded pension and recorded accordingly.

26.1.2 Amount recognised in profit or loss is as follows:										
Current service cost	14,219	43,075	57,294	173,081	173,081	13,653	42,966	56,619	168,908	168,908
Interest cost	75,757	47,238	122,995	124,533	124,533	74,207	47,820	122,027	102,293	102,293
Expected return on plan assets	(101,796)	(44,941)	(146,737)	–	–	(106,856)	(42,640)	(149,496)	–	–
	(11,820)	45,372	33,552	297,614	297,614	(18,996)	48,146	29,150	271,201	271,201

	2018	2017
26.1.3 Principal actuarial assumptions used are as follows:		
Expected rate of increase in salary level	4.25% - 9.75%	5% - 8.75%
Valuation discount rate	8.75% - 9.75%	7.25% - 8.75%

26.1.4 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:

	Increase by 1%	Decrease by 1%
	(PKR in '000')	
Expected rate of increase in salary level	262,488	229,838
Valuation discount rate	(245,896)	289,556
Pension charge	35,914	(32,424)

26.1.5 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.

		Note	2018	2017
			(PKR in '000')	
26.2	**Deferred tax liability**			
	This comprises of the following:			
	- Taxable temporary differences arising due to accelerated tax depreciation allowance		9,777,194	9,162,122
	- Deductible temporary differences arising in respect of provisions and others		(906,622)	(717,610)
			8,870,572	8,444,512
27.	**TRADE AND OTHER PAYABLES**			
	Creditors		5,356,862	7,278,830
	Accrued liabilities		10,224,326	7,155,919
	Customers running account	27.4	1,757,867	1,616,085
	Retention money		269,087	45,272
	Sales tax payable, excise and other government levies		208,547	260,970
	Workers' profit participation fund (WPPF) payable	27.1	841,623	1,485,476
	Workers' welfare fund (WWF)	27.2	1,101,710	823,352
	Distributors' security deposits - payable on termination of distributorship	27.3	120,704	101,657
	Others		362,209	267,350
			20,242,935	19,034,911
27.1	**The movement of WPPF is as follows:**			
	Opening balance		1,485,476	980,243
	Acquired through business combination		–	3,141
	Allocation for the year and interest thereon	36	1,018,036	1,479,478
			2,503,512	2,462,862
	Payments during the year		(1,661,889)	(977,386)
			841,623	1,485,476

27.2 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 Sindh High Court 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.

27.3 Return on security deposits from certain distributors is payable at rates ranging from 5.5% to 7.0% (2017: 5.5% to 6.5%) per annum as specified in the respective agreements.

27.4 These include amounts due to the following associates:

	2018	2017
	(PKR in '000')	
Fashion Textile Mills (Private) Limited	–	362

	Note	**2018**	2017
		(PKR in ‘000’)	
28. SHORT-TERM BORROWINGS AND RUNNING FINANCE			
Short-term running finance - secured	28.1	7,132,327	1,528,905
Export Refinance	28.2	200,000	50,000
Money Market		–	550,000
		7,332,327	2,128,905

28.1 Short-term borrowings and running finance facility from various banks aggregated to PKR 10,481 million (2017: PKR 7,341 million) and carry mark-up during the year ranging from KIBOR -0.05% to KIBOR +0.50% per annum with an average mark-up rate of relevant KIBOR +0.09% on utilised limits (2017: relevant KIBOR -0.05% to KIBOR +0.50% per annum with an average mark-up rate of relevant KIBOR +0.12% on utilised limits). These facilities are secured by hypothecation charge over the present and future current assets of the Group.

28.2 The Group has export refinance facility of upto PKR 1,200 million (2017: PKR 1,200 million) as at June 30, 2018 out of which PKR 200 million was utilised (2017: PKR 50 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%) + 0.25% per annum (2017: SBP rate 2 % + 0.25 % per annum).

29. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

29.1 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 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 Company by issuing recovery notice which was challenged by the Holding Company through CP 2933/2014 in the Sindh High Court which is currently pending. The arguments were made and judgement was reserved on March 21, 2017. However, no judgement was given by the Honourable Divisional Bench and the case will now be heard afresh and be fixed before a new bench. 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.

29.2 The Holding Company was entitled to sales tax exemption on cement produced by it from the date of commissioning to June 30, 2001 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 Honorable Peshawar High Court. 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 realisation of the decretal amount as per the decree granted by the civil court on November 20, 2009. The Civil Judge, Peshawar, however, dismissed the recovery 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 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 still pending before the Peshawar High Court.

29.3 The Competition Commission of Pakistan 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 revenue 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 Courts 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 Sindh High Court in relation to constitution mechanism of tribunal, wherein the Sindh High Court granted stay against the notice. The SHC 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 is made in these consolidated financial statements.

29.4 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 upheld that the earlier introduction of GIDC Act of 2011 was unconstitutional and ultra vires on the grounds that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the Government passed the GIDC Act 2015.

The Holding Company has challenged the GIDC Act, 2015 and filed cases in the Peshawar High Court (PHC) on July 10, 2015 and Sindh High Court (SHC) on July 24, 2015 on various grounds including retrospective treatment of the provision of the GIDC Act.

On May 31, 2017, the PHC decided the case in favor of the Government. The company has challenged the PHC judgment in the supreme court. 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 currently has a very good case. The Holding company currently has a stay from the PHC against the recovery of GIDC.

In the SHC 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 SHC, where the Holding Company was not made party to such litigation. Currently, no GIDC is charged from the Holding Company.

		Note	**2018**	2017
			(PKR in '000')	
29.5	Claims against the Group not acknowledged as debts are as follows:			
	Local bodies	29.6	166,501	1,400
	Others		11,318	15,302
			177,819	16,702

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

The Collectorate of customs raised demand of PKR 17.4 million till 2015-16 against ICI on the ground that ICI is classifying its imported product Wannate 8019 in wrong PCT Heading. During the current year also, consignments were withheld by the 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.

29.7 For one other product Wannate PM 2010 / 8221, consignments were again withheld by the Customs Intelligence on Classification issue. ICI paid PKR 94 million as Security Deposit for Provisional Clearance of these consignments till final decision. Classification committee, through a Public notice dated June 12, 2017, gave its view on classification of the product against ICI. The customs authorities 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 the 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 strong grounds to defend the case and is hopeful of a positive outcome.

29.8 Soda Ash business was being charged at the Gas tariff rate of Captive Power Plant instead of Industrial tariff by SNGPL and a demand of PKR 92 million was raised. The Honourable Lahore High Court vide its judgment dated January 9, 2018 decided the case in the Company's favor. SNGPL has filed an appeal against the decision of the Honourable Lahore High Court which is pending for hearing. The Company is confident that the case will be decided in its favor.

29.9 ICI received a show cause notice on June 6, 2017 from the Sindh Revenue Board wherein a demand for the payment of workers welfare fund amounting to PKR 69.965 million was raised by the Sindh Revenue Board. ICI has challenged such demand on various legal grounds. ICI has been granted a stay dated June 20, 2017 from the Honourable Sindh High Court and the case is pending for hearing. ICI is confident of a favorable outcome in this case.

29.10 The Group takes into account the current income and sales tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the authorities at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The details of the tax matters are as follows:

29.10.1 In the 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 finalised 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 capitalisation 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 CIR (Appeals) which was decided on November 24, 2015 in which the issue of date of commissioning of PTA's plant and the tax depreciation claimed thereon and the issue of addition to income in respect of trial production stocks were decided in Group's favour however the issue of restriction of cost of capitalisation of PTA plant was decided against the Group. The Group and FBR have filed the appeals on respective matters decided against them in the Tribunal, the hearing of which is pending disposal.

29.10.2 In the case of assessment year 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 it 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 assessment year 2002-03) rather than the effective date given in the Scheme of Arrangement as October 1, 2000 (which falls in assessment year 2001-02). The notice had raised certain issues relating to vesting of PTA assets by the Group. On March 18, 2015, the Supreme Court has passed an interim order stating that this case has nexus with the case of assessment year 2001-02 and hearing will take place once the High Court decides the case in assessment year 2001-02. The High Court decided the same in favor of the Group and stated that the assessment for AY 2001-2002 is time barred. The department 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 assessment year 2001-2002 and upheld the directions of the High Court and adjudged the case as being barred by limitation and thereby restoring the position in the original order whereby unabsorbed depreciation was allowed.

Further, the Honorable 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 2002-2003. 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 and adjusting the disallowed depreciation. 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 ATIR.

29.10.3 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 2002-2003 whereby a certain portion of the said depreciation was disallowed, the tax department, on June 15, 2017, issued orders for the Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 whereby the spillover impact of the disallowed depreciation in AY 2002 - 03 was incorporated. This resulted in tax payable by ICI for the Tax Years 2008, 2009 and 2010. Appeals against these orders were filed before CIR(A), who vide his combined appellate Order dated January 19, 2018 decided the case against the Holding Company.

Consequently, during the year, the department has issued rectified orders for Tax Years 2003 to 2010, all dated March 2, 2018, to give consequential effect on account of revision of the amount of disallowed depreciation in AY 2002 - 03 and its spillover impact. However, as issues with minor monetary impacts have been decided in favor of the Holding Company by CIR(A) for AY 2002 – 03, no significant change in the amount of demand raised through initial orders for Tax Years 2008, 2009 and 2010 have resulted. The Group has preferred an appeal against the combined CIR(A) order dated January 19, 2018, before Tribunal which is pending disposal. Moreover, demand created vide appeal effect orders for Tax Years 2008, 2009, 2010 dated March 2, 2018 has also been stayed by ATIR.

29.10.4 In the case of Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 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 (Appeals) has allowed all the issues in Tax Years 2003 to 2010 in the Group's favor (except 2 issues in tax year 2003 and 2010) against which appeals have been filed by FBR in the Tribunal. Out of the 2 issues which were not decided in the Group's favor, one relates to disallowance of financial charges in tax year 2003 which has now been decided in the Group's favor in the order dated June 15, 2017, whereby with respect to issue pertaining to tax year 2010, the Group has filed an appeal in the Tribunal against CIR (Appeals)'s decision.

29.10.5 The Additional Commissioner Inland Revenue (ACIR) through order dated June 07, 2012 disallowed tax loss on disposal of fixed assets on the grounds that the same were sold through negotiations and not through auction as required by law. The Group filed an appeal against the said order with the Commissioner Inland Revenue (CIR), who decided the appeal in Group's favor. Consequently, the ACIR being dissatisfied with the CIR order filed an appeal with the ATIR. ATIR through his order dated December 01, 2016 decided the matter against the Group. The Group had filed an appeal in the High Court against the said order, the hearing of which is yet to be conducted.

29.10.6 Availing the exemption as per clause 103 A, Part 1, 2nd Schedule of the Income Tax Ordinance 2001 on inter-corporate dividend paid to the Group entitled to Group Relief under section 59 B of the Income Tax Ordinance 2001, ICI disbursed the dividend without tax deduction to Lucky Holdings for dividends announced on August 27, 2015 and on February 19, 2016. However, The Federal Board of Revenue, through an Order dated 2nd September, 2016, created tax demand on such dividends along with penalties and default surcharge. The Group had then preferred an appeal before CIR(A), who vide his order dated January 19, 2018, decided the case against the Group. An appeal against CIR(A) order has been filed before Tribunal which is pending disposal. The Group has also filed a petition on this matter, before the Honorable Sindh High Court which has granted a stay against the recovery of demand. The Group is confident that there is no merit in this claim of FBR and it will be decided in its favor.

29.10.7 In course of conducting a sales tax audit for the period July 2012 to June 2013, DCIR of FBR raised certain issues with respect to exemption and zero-rating / reduced rate benefit available to the Group on its sales. On September 12, 2014 the Group received an order in which demand of PKR 952 million was raised. An appeal was filed with CIR(A) which was decided against the Group however directions were given to DCIR to amend the original order if the returns are revised by ICI subject to approval of FBR itself. The application for revision of return filed by the Group is pending with FBR. A suit has also been filed before the Honorable Sindh High Court through which legality of the order has been challenged. The Court while suspending the order, has granted stay against recovery of demand whereas the case is pending disposal. The Holding Company is confident that there is no merit in the claim of FBR and that the case would be decided in Group's favor. Accordingly, no provision in this respect has been made in these consolidated financial statements.

29.11 Details of other matters are given in notes 18.2, 18.4 and 19 to these consolidated financial statements.

		2018	2017
		(PKR in '000')	
	COMMITMENTS		
29.12	**Capital commitments**		
	Plant and machinery under letters of credit and others	78,556,891	4,143,699
	Other commitments		
	Stores, spares and packing material under letters of credit	2,631,479	2,463,123
	Bank guarantees issued	32,617,010	2,687,327
	Standby Letter of Credit	3,644,916	3,255,620
	Post dated cheques	315,791	5,675

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

Year	2018	2017
	(PKR in '000')	
2017 - 18	–	72,921
2018 - 19	76,101	60,110
2019 - 20	80,895	39,393
2020 - 21	85,991	18,186
2021 - 22	91,409	–
	334,396	190,610
Payable not later than one year	76,101	72,921
Payable later than one year but not later than five years	258,295	117,689
	334,396	190,610

30. OPERATING SEGMENT RESULTS

	Note	Cement		Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others LCLIHL / ICI PowerGen/KLM		Group	
		2018	2017	2018	2017	2018	2017	2018	2017 Re-stated	2018	2017 Re-stated	2018	2017	2018	2017
								(PKR in '000')							
Gross revenue															
Exports		5,733,110	5,607,878	40,729	–	797,849	644,504	2,301	1,980	566	1,247	–	–	6,574,555	6,255,609
Inter-segment		–	–	–	–	–	–	–	–	9,457	7,214	641,170	527,052	650,627	534,266
Local		61,643,469	55,994,056	18,484,955	14,647,604	14,762,640	13,159,554	13,568,367	10,686,809	9,379,700	8,990,521	137,170	–	117,976,301	103,478,544
		67,376,579	61,601,934	18,525,684	14,647,604	15,560,489	13,804,058	13,570,668	10,688,789	9,389,723	8,998,982	778,340	527,052	125,201,483	110,268,419
Commission / toll income		–	–	–	–	–	–	96,567	10,145	68,541	55,085	–	–	165,108	65,230
Revenue		67,376,579	61,601,934	18,525,684	14,647,604	15,560,489	13,804,058	13,667,235	10,698,934	9,458,264	9,054,067	778,340	527,052	125,366,591	110,333,649
Sales tax and excise duty		18,875,112	15,227,058	27	–	2,156,167	1,897,987	88,863	76,229	743,643	681,952	113,092	76,580	21,976,904	17,959,806
Rebates and commission		959,743	687,833	370,043	259,549	857,361	865,387	2,105,558	1,571,176	888,485	1,073,951	–	–	5,181,190	4,457,896
		19,834,855	15,914,891	370,070	259,549	3,013,528	2,763,374	2,194,421	1,647,405	1,632,128	1,755,903	113,092	76,580	27,158,094	22,417,702
		47,541,724	45,687,043	18,155,614	14,388,055	12,546,961	11,040,684	11,472,814	9,051,529	7,826,136	7,298,164	665,248	450,472	98,208,497	87,915,947
Cost of sales	32	30,589,363	24,388,760	17,720,572	14,260,227	9,334,245	7,743,952	8,075,193	6,457,469	6,326,027	5,401,504	560,039	727,090	72,603,699	58,979,002
Gross profit		16,952,361	21,298,283	435,042	127,828	3,212,716	3,296,732	3,397,621	2,594,060	1,500,109	1,896,660	105,209	(276,618)	25,604,798	28,936,945
Distribution costs	33	1,992,454	1,703,785	88,875	98,504	174,586	185,620	1,616,922	1,272,943	863,337	877,644	–	–	4,736,174	4,138,496
Administrative expenses	34	1,089,446	1,021,694	224,365	333,605	326,349	288,382	352,311	270,793	385,085	251,662	209,000	70,109	2,586,556	2,236,245
Operating result		13,870,461	18,572,804	121,802	(304,281)	2,711,781	2,822,730	1,428,388	1,050,324	251,687	767,354	(103,791)	(346,727)	18,275,597	22,562,204
30.1 **Segment assets**	31.3	56,582,678	50,977,560	11,730,513	10,389,264	26,190,997	22,839,939	13,810,703	7,361,189	9,617,480	9,092,550	16,245,269	3,548,081	113,231,902	93,772,630
30.2 **Unallocated assets**														51,891,163	47,216,830
														165,123,065	140,989,460
30.3 **Segment liabilities**	31.4	22,501,390	17,545,387	15,044,912	13,922,868	3,451,502	4,521,204	4,831,714	3,453,736	4,130,114	2,135,412	4,528,032	6,198,652	36,313,735	36,903,819
30.4 **Unallocated liabilities**														19,234,159	7,880,091
														55,547,894	44,783,910

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

		Cement 2018	Cement 2017	Polyester 2018	Polyester 2017	Soda Ash 2018	Soda Ash 2017	Life Sciences 2018	Life Sciences 2017	Chemicals & Agri Sciences 2018	Chemicals & Agri Sciences 2017	Others 2018	Others 2017	Group 2018	Group 2017
30.6	**Depreciation and amortisation**	3,016,140	2,594,897	886,848	788,028	1,628,981	1,360,433	138,490	36,886	83,856	47,330	57,151	406,077	5,811,466	5,233,651
30.7	**Capital expenditure**	6,444,831	6,203,337	202,780	253,982	2,023,718	4,376,082	2,030,126	84,669	134,104	88,776	9,000,255	907,992	19,835,814	11,914,838

30.8 There were no major customers of the Group in excess of 10% or more of the Group's revenue.

30.9 Comparative figures have been re-stated due to the fact that Agri Division has now become a part of the Chemical Business and is now known as the Chemical & Agri Sciences Business.

31. RECONCILIATIONS OF REPORTABLE SEGMENT REVENUE, COST OF SALES, ASSETS AND LIABILITIES

	Note	2018	2017
		(PKR in '000')	
31.1 Revenue			
Total revenue for reportable segments	30	125,366,591	110,333,649
Elimination of inter-segment revenue	30	(127,294)	(75,736)
Elimination of inter-segment revenue from subsidiary		(557,466)	(457,686)
		124,681,831	109,800,227
31.2 Cost of sales			
Total cost of sales for reportable segments	30	72,603,699	58,979,002
Elimination of inter-segment purchases		(102,676)	(75,736)
Elimination of inter-segment purchases from subsidiaries		(557,466)	(457,686)
		71,943,557	58,445,580
31.3 Assets			
Total assets for reportable segments	30	113,231,902	93,772,630
Unallocated assets included in:			
- taxation - net		2,221,851	1,253,468
- bank deposits	20	34,382,272	34,100,409
- intangibles - goodwill and brands		1,644,053	764,083
- long term investments	10	13,642,987	11,098,870
		165,123,065	140,989,460
31.4 Liabilities			
Total liabilities for reportable segments	30	36,313,735	36,903,819
Unallocated liabilities included in:			
- short-term borrowings and running finance	28	7,332,327	2,128,905
- long-term finance	23	11,409,403	5,567,145
- unclaimed and unpaid dividend		130,905	80,568
- accrued markup		272,146	103,473
- other		89,378	–
		55,547,894	44,783,910

32. COST OF SALES

	Note	Cement 2018	Cement 2017	Polyester 2018	Polyester 2017	Soda Ash 2018	Soda Ash 2017	Life Sciences 2018	Life Sciences 2017 Re-stated	Chemicals & Agri Sciences 2018	Chemicals & Agri Sciences 2017 Re-stated	Others LCLIHL / ICI PowerGen/KLM 2018	Others LCLIHL / ICI PowerGen/KLM 2017	Group 2018	Group 2017
		(PKR in '000')													
Salaries, wages and benefits	32.1	2,158,213	1,813,121	514,838	485,944	927,637	808,959	416,429	88,235	65,693	67,982	20,855	17,737	4,103,665	3,281,978
Raw material consumed		1,583,314	1,347,185	14,912,432	11,709,485	3,151,959	2,203,738	2,217,520	1,749,414	2,788,871	2,333,175	367,368	288,129	25,021,464	19,631,126
Packing material	32.2	2,621,342	2,206,013	–	–	–	–	–	–	–	–	–	–	2,621,342	2,206,013
Fuel and power		18,576,826	14,746,456	1,416,990	1,133,944	3,318,412	2,629,665	18,455	-	25,954	20,881	581	578	23,357,218	18,531,524
Stores and spares consumed		2,063,122	1,818,567	240,603	182,685	169,530	162,273	46,731	363	11,591	13,824	23,212	19,281	2,554,789	2,196,993
Conversion fee paid to contract manufacturers		–	–	–	–	–	–	416,539	351,406	40,941	48,546	–	–	457,480	399,952
Repairs and maintenance		562,718	370,843	13,452	12,632	8,803	6,105	20,177	5,039	8,489	6,928	140	120	613,779	401,667
Depreciation and amortisation	8.2 & 9.1	2,574,906	2,300,027	875,958	776,035	1,610,899	1,347,932	97,706	14,953	53,606	23,359	43,333	395,669	5,256,408	4,857,975
Insurance		77,025	87,052	19,940	15,946	35,566	26,972	455	569	1,652	1,699	1,594	1,038	136,232	133,276
Write-offs		–	–	–	12,617	–	12,617	46,727	–	225,751	–	–	–	272,478	25,234
Earth moving machinery charge		269,884	204,487	–	–	–	–	–	–	–	–	–	–	269,884	204,487
Vehicle running and maintenance		35,795	28,040	–	–	–	–	–	–	–	–	–	–	35,795	28,040
Communication		13,996	13,251	–	–	–	–	–	–	–	–	–	–	13,996	13,251
Mess subsidy		20,004	21,739	–	–	–	–	–	–	–	–	–	–	20,004	21,739
Transportation		12,283	26,267	–	–	–	–	–	–	–	–	–	–	12,283	26,267
Travelling and conveyance		4,294	2,738	–	–	–	–	–	–	–	–	–	–	4,294	2,738
Rent, rates and taxes		6,819	6,708	1,559	1,698	1,523	1,371	29,476	12,471	54,907	43,766	420	450	94,704	66,464
Printing and stationery		2,281	1,661	–	–	–	–	–	–	–	–	–	–	2,281	1,661
Excise duty		–	–	–	–	–	–	–	–	–	–	5,450	2,847	5,450	2,847
Technical fees		–	–	–	–	–	–	–	–	1,482	8,483	–	–	1,482	8,483
Other manufacturing expenses		207,547	151,738	230,316	199,663	289,260	228,257	107,739	34,233	38,666	44,427	1,038	1,241	872,826	659,559
		30,790,369	25,145,893	18,226,088	14,530,649	9,513,589	7,427,889	3,417,954	2,256,683	3,317,603	2,613,070	463,991	727,090	65,727,854	52,701,274
Work-in-process:															
Opening		1,401,759	886,973	52,831	96,152	–	–	35,354	42,112	21,905	42,380	–	–	1,511,849	1,067,617
Closing		(1,581,179)	(1,401,759)	(39,659)	(52,831)	–	–	(51,500)	(35,354)	(9,972)	(21,905)	–	–	(1,682,310)	(1,511,849)
		(179,420)	(514,786)	13,172	43,321	–	–	(16,146)	6,758	11,933	20,475	–	–	(170,461)	(444,232)
Cost of goods manufactured		30,610,949	24,631,107	18,239,260	14,573,970	9,513,589	7,427,889	3,401,808	2,263,441	3,329,536	2,633,545	463,991	727,090	65,557,393	52,257,042
Finished goods:															
Opening		559,141	316,794	733,887	401,556	87,897	133,957	828,531	993,329	1,583,209	1,394,965	–	–	3,792,665	3,240,601
Purchases		–	–	(9,894)	18,588	(2,338)	270,003	5,092,506	4,075,201	2,885,783	2,973,961	314,221	–	8,280,278	7,337,753
Closing		(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)
Provision		–	–	–	–	–	–	17,044	(45,971)	(8,192)	(17,758)	–	–	8,852	(63,729)
		(21,586)	(242,347)	(518,688)	(313,743)	(179,344)	316,063	4,673,385	4,194,028	2,996,491	2,767,959	96,048	–	7,046,306	6,721,961
		30,589,363	24,388,760	17,720,572	14,260,227	9,334,245	7,743,952	8,075,193	6,457,469	6,326,027	5,401,504	560,039	727,090	72,603,699	58,979,002

32.1 These include sum of PKR 294.956 million (2017: PKR 273.584 million) in respect of staff retirement benefits.

32.2 These are net of duty draw back on export sales amounting to PKR 26.55 million (2017: PKR 28.091 million).

33. DISTRIBUTION COST

	Note	Cement		Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others LCLIHL / ICI PowerGen/KLM / LCLHL		Group	
		2018	2017	2018	2017	2018	2017	2018	2017 Re-stated	2018	2017 Re-stated	2018	2017	2018	2017
								(PKR in '000')							
Salaries and benefits	33.1	229,856	201,221	54,044	49,641	42,829	42,233	736,037	602,965	395,653	385,875	–	–	1,458,419	1,281,935
Logistics and related charges		985,318	1,109,114	10,770	1,180	104,262	88,417	177,289	92,542	157,407	160,653	–	–	1,435,046	1,451,906
Loading and others		478,192	179,619	–	–	–	–	–	–	–	–	–	–	478,192	179,619
Communication		4,430	3,960	1,393	1,216	1,676	2,009	20,530	15,736	10,905	11,151	–	–	38,934	34,072
Travelling and conveyance		7,944	5,374	9,814	12,321	2,493	3,417	173,294	143,059	95,506	89,897	–	–	289,051	254,068
Printing and stationery		1,250	1,058	–	–	–	–	–	–	–	–	–	–	1,250	1,058
Insurance		24,353	20,526	–	–	84	342	16,248	9,917	11,305	8,231	–	–	51,990	39,016
Rent, rates and taxes		23,188	18,844	469	552	3,740	2,781	14,723	17,337	5,476	6,590	–	–	47,596	46,104
Utilities		3,891	3,542	107	134	2,041	2,214	7,219	4,039	7,881	5,477	–	–	21,139	15,406
Vehicle running and maintenance		12,099	9,682	–	–	–	–	–	–	–	–	–	–	12,099	9,682
Repairs and maintenance		7,896	4,404	223	205	973	1,036	5,110	4,535	6,056	4,839	–	–	20,258	15,019
Fees, subscription and periodicals		1,359	1,843	–	–	–	–	–	–	–	–	–	–	1,359	1,843
Advertisement and sales promotion		40,990	18,229	3,952	23,420	5,507	28,900	293,321	284,391	59,745	78,519	–	–	403,515	433,459
Entertainment		6,796	5,755	–	–	–	–	–	–	–	–	–	–	6,796	5,755
Security service		2,221	2,094	–	–	–	–	–	–	–	–	–	–	2,221	2,094
Depreciation and amortisation	8.2 & 9.1	124,494	86,756	–	–	86	86	26,542	15,213	14,057	15,557	–	–	165,179	117,612
Provision for doubtful debt	15.2	867	1,535	–	–	–	–	630	–	–	–	–	–	1,497	1,535
Other general expenses		37,310	30,229	8,103	9,835	10,895	14,185	145,979	83,209	99,346	110,855	–	–	301,633	248,313
		1,992,454	1,703,785	88,875	98,504	174,586	185,620	1,616,922	1,272,943	863,337	877,644	–	–	4,736,174	4,138,496

33.1 These include sum of PKR 86.776 million (2017: PKR 79.139 million) in respect of staff retirement benefits.

34. ADMINISTRATIVE EXPENSES

	Note	Cement 2018	Cement 2017	Polyester 2018	Polyester 2017	Soda Ash 2018	Soda Ash 2017	Life Sciences 2018	Life Sciences 2017	Chemicals & Agri Sciences 2018	Chemicals & Agri Sciences 2017	Others 2018	Others 2017	Group 2018	Group 2017
Salaries and benefits	34.1	536,655	472,129	131,199	199,205	195,506	180,905	216,812	132,044	128,936	134,148	48,278	9,225	1,257,386	1,127,656
Communication		12,690	14,833	2,213	3,648	3,020	2,833	4,740	4,861	2,707	2,214	538	465	25,908	28,854
Travelling and conveyance		30,450	60,394	5,116	8,808	8,187	6,512	18,265	9,223	6,563	5,647	–	–	68,581	90,584
Insurance		9,604	9,641	571	1,022	907	1,223	4,168	4,552	815	693	1,357	1,052	17,422	18,183
Rent, rates and taxes		18,144	15,890	4,975	6,383	3,629	3,113	9,622	5,846	1,194	1,052	9,181	12,229	46,745	44,513
Vehicle running and maintenance		21,625	18,257	–	–	–	–	–	–	–	–	1,343	902	22,968	19,159
Aircraft running and maintenance		36,808	31,759	–	–	–	–	–	–	–	–	–	–	36,808	31,759
Printing and stationery		8,484	8,165	–	–	–	–	–	–	–	–	340	309	8,824	8,474
Fees and subscription		41,677	45,064	–	–	–	–	–	–	–	–	83,855	12,501	125,532	57,565
Security services		9,367	9,542	–	–	–	–	–	–	–	–	3,297	4,170	12,664	13,712
Legal fee		37,798	35,067	–	–	–	–	–	–	–	–	4,775	7,900	42,573	42,967
Professional and advisory services		–	–	–	–	–	–	–	–	–	–	436	120	436	120
Utilities		8,083	7,366	4,171	5,685	5,195	4,137	15,854	9,468	6,344	5,367	2,770	843	42,417	32,866
Repairs and maintenance		64,342	29,767	1,852	3,738	4,149	4,217	6,566	5,286	1,760	1,589	–	–	78,669	44,597
Advertisement		3,525	3,854	3,399	2,877	8,169	3,259	5,436	271	2,688	1,709	15,336	74	38,553	12,044
Auditors' remuneration	34.2	10,993	2,739	–	–	–	–	–	–	–	–	10,476	8,761	21,469	11,500
Cost Auditors' remuneration		–	394	–	–	–	–	–	–	–	–	–	–	–	394
Depreciation and amortisation	8.2 & 9.1	202,041	208,114	10,890	11,993	17,996	12,415	14,242	6,720	16,193	8,414	13,818	10,408	275,180	258,064
Provision for doubtful debts		–	–	153	553	15,673	–	11,786	13,145	156,251	25,148	–	–	183,863	38,846
Provision for slow moving and obsolete stocks		–	–	–	–	–	–	(17,044)	45,971	8,192	17,758	–	–	(8,852)	63,729
Provision for slow moving spares	13.2	–	–	–	–	3,171	–	–	–	–	–	–	–	3,171	–
Training cost		14,382	12,943	–	–	–	–	–	–	–	–	–	–	14,382	12,943
Trademark and registration fee		–	–	–	–	–	–	–	–	–	–	–	26	–	26
Bank charges		9,403	12,308	–	–	–	–	–	–	–	–	–	–	9,403	12,308
Other general expenses		13,375	23,468	59,826	88,290	60,747	68,404	61,864	33,406	53,442	47,923	13,200	4,713	262,454	266,204
		1,089,446	1,021,694	224,365	332,202	326,349	287,018	352,311	270,793	385,085	251,662	209,000	73,698	2,586,556	2,237,067

34.1 These include sum of PKR 129.357 million (2017: PKR 116.019 million) in respect of staff retirement benefits.

		Note	2018	2017
			(PKR in '000')	
34.2	**Auditors' remuneration**			
	The Holding Company			
	Statutory audit fee			
	- standalone		1,800	1,394
	- consolidated financial statements		425	350
	Half yearly review fee		425	380
	Fee for the review of Code of Corporate Governance		100	88
	Other consultancy fee	34.2.1	6,742	–
			9,492	2,212
	Out of pocket expenses and government levies		1,501	527
			10,993	2,739
	Subsidiaries (multiple audit firms)			
	Statutory audit fee		5,220	4,388
	Half yearly review and other certifications		1,647	1,264
	Out of pocket expenses and government levies		1,497	1,191
	Other certifications		412	–
	Others		1,700	1,918
			10,476	8,761
			21,469	11,500

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

		Note	2018	2017
			(PKR in '000')	
35.	**FINANCE COST**			
	Mark-up on long term and short term borrowings		723,642	598,574
	Discounting charges on receivables		84,079	70,388
	Bank charges and commission		12,491	9,309
	Guarantee fee and others		9,707	3,902
			829,919	682,173
36.	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	27.1	1,018,036	1,479,478
	Workers' Welfare Fund		278,273	91,619
	Donations	36.1	327,445	328,167
	Impairment of operating fixed asset		36,758	–
	Impairment of intangible asset	9.7	25,221	–
	Exchange loss - net		512,332	17,452
	Others		6,210	–
			2,204,275	1,916,716

36.1 The Holding Company

These include donation amounting to PKR 150 million (2017: PKR 200 million) to Aziz Tabba Foundation (ATF). Mr. Muhammad Younus Tabba, Chairman of the Board of Directors of the Holding Company, is the Chairman of ATF and Mr. Muhammad Ali Tabba, the Chief Executive of the 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 the Trustees of ATF.

The names of donees to whom donation amount exceeds PKR 500,000 are Hidaya Academy, Aziz Tabba Foundation, Special Olympics Pakistan, Chhipa Welfare Association, Citizens Police Liaison Committee, World Memon Organization, HANDS, Move Pakistan Foundation, United Memon Jamat of Pakistan, Saifullah Foundation, Hospitec International and Zindagi Trust.

ICI

These include donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Director of ICI, Mr. Suhail Aslam Khan, Mr. Arshaduddin Ahmed, Ms. Saima Kamila Khan and Ms. Fathema Zuberi, Executives of ICI are amongst the Trustees of the Foundation.

		Note	2018	2017
			(PKR in '000')	
37.	**OTHER INCOME**			
	Income from non-financial assets			
	Gain on disposal of property, plant and equipment	8.4	139,189	52,403
	Gain from sale of electricity		368,314	33,740
	Sale of scrap		144,990	165,908
	Provisions and accruals no longer required written back		130	5,679
	Others		13,043	(54,532)
			665,666	203,198
	Income from financial assets			
	Loss on investment		–	(3,374)
	Dividend		443	–
	Return from deposits with Islamic bank and other financial institutions		2,096,856	1,885,785
	Others		3,555	–
			2,100,854	1,882,411
			2,766,520	2,085,609
38.	**TAXATION**			
	Current		3,160,980	6,475,246
	Deferred		538,867	(235,659)
			3,699,847	6,239,587

38.1 Relationship between income tax expense and accounting profit:

	2018	2017
	(PKR in '000')	
Tax at the applicable tax rate of 28% - 31% (2017: 29% - 31%)	5,466,977	6,772,588
Tax effect under lower rate of tax	(368,521)	(564,339)
Others	(1,398,609)	31,338
	3,699,847	6,239,587

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

	2017	2016	2015
		(PKR in '000')	
Tax assessed as per most recent tax assessment	5,705,651	5,404,179	3,089,177
Provision in accounts for income tax	5,891,174	5,504,106	3,287,200

39. 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:

	2018	2017
Profit attributable to owners of the Holding Company (PKR in thousands)	14,819,911	16,227,033
Weighted average number of ordinary shares (in thousands)	323,375	323,375
Basic and diluted earnings per share - PKR	45.83	50.18

	Note	2018	2017
		(PKR in '000')	
40. CASH GENERATED FROM OPERATIONS			
Profit before taxation		19,873,400	23,630,221
Adjustments for non cash charges and other items			
Depreciation and amortisation	8.2 & 9.1	5,811,466	5,270,845
Provision for slow moving spares	13.2	3,171	–
Provision for slow moving and obsolete stocks		(8,852)	63,506
Write offs during the year		10,928	25,234
Provision for doubtful debts	15.2	184,730	40,381
Provisions and accruals no longer required written back	37	(130)	(5,679)
Impairment of operating fixed asset		36,758	–
Impairment of intangible asset		25,221	–
Gain on disposal of operating fixed assets	37	(139,189)	(52,403)
Provision for staff gratuity	26.1.1	350,031	313,933
Share of profit from associates		(1,865,477)	(1,582,119)
Dividend income		(443)	–
Return from deposits with Islamic banks and other financial institutions		(2,096,856)	(1,877,791)
Profit on sale of investments		–	3,374
Finance cost		818,805	675,226
Profit before working capital changes		23,003,563	26,504,728
(Increase) / decrease in current assets			
Stores, spares and consumables		(1,782,356)	(49,947)
Interest accrued		–	612
Stock-in-trade		(3,569,173)	(1,468,229)
Trade debts		(1,154,755)	(366,532)
Loans and advances		(726,979)	(222,345)
Trade deposits and short-term prepayments		(42,803)	(214,475)
Other receivables		(369,918)	(631,133)
		(7,645,984)	(2,952,049)
Increase in current liabilities			
Trade and other payables		2,373,296	2,823,959
		17,730,875	26,376,638

		Note	2018	2017
			(PKR in '000')	
40.1	**Cash and cash equivalents**			
	Cash and bank balances	20	34,382,272	36,273,319
	Short-term borrowings and running finance	28	(7,332,327)	(2,128,905)
	Bank balance marked as lien		(7,887,015)	–
			19,162,930	34,144,414

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Particulars	Chief Executive		Executives		Total	
	2018	2017	**2018**	2017	**2018**	2017
			(PKR in '000')			
Remuneration	40,000	40,000	1,309,453	981,316	1,349,453	1,021,316
House rent allowance	16,000	16,000	396,895	333,627	412,895	349,627
Utility allowance	4,000	4,000	93,008	78,681	97,008	82,681
Conveyance allowance	–	–	43,833	35,460	43,833	35,460
Charge for defined benefit obligation	5,000	5,000	294,286	203,852	299,286	208,852
Group insurance	–	–	3,614	3,599	3,614	3,599
Medical expenses	–	–	22,007	10,174	22,007	10,174
	65,000	65,000	2,163,096	1,646,709	2,228,096	1,711,709
Number of persons	1	1	394	311	395	312

41.2 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.

41.3 No remuneration has been paid to directors during the year except as disclosed in note 41.4.

41.4 An amount of PKR 1.343 million was paid to 7 non executive directors and PKR 0.188 million was paid to 1 executive director during the year for attending board meetings (2017: 7 non executive directors were paid PKR 1.844 million and 1 executive director was paid PKR 0.250 million).

41.5 Executives as mentioned above include chief executive officers of subsidiaries as well.

42. RELATED PARTIES

42.1 Following are the related parties with whom the Group had entered into transactions during the year:

42.1.1 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

S.No	Name of Related Parties	Relationship	Direct Shareholding % in the holding Company
10	Lucky Foods (Private) Limited	Associated Company	Nil
11	International Steel Limited	Associated Company	Nil
12	Aziz Tabba Foundation	Associated Undertaking	Nil
13	Energas Terminal (Private) Limited	Associated Company	Nil
14	ICI Pakistan Management Staff Provident Fund	Associated Undertaking	Nil
15	ICI Pakistan Management Staff Gratuity Fund	Associated Undertaking	Nil
16	ICI Pakistan Management Staff Defined Contribution Superannuation Fund	Associated Undertaking	Nil
17	ICI Pakistan Non-Management Staff Providend Fund	Associated Undertaking	Nil
18	ICI Pakistan Management Pension Fund	Common Directorship	Nil
19	ICI Pakistan Foundation	Common Directorship	Nil
20	Arabian Sea Country Club Limited	Equity Investment	Nil
21	Fashion Textile Mills Limited	Group Company & Common directorship	Nil
22	Lucky Knits (Private) Limited	Group Company & Common directorship	Nil
23	Pakistan Business Council	Common Directorship	Nil
24	Oil & Gas Development Company Limited	Common Directorship	Nil
25	Tabba Heart Institute	Common Directorship	Nil
26	Jubilee Life Insurance Company Limited	Common Directorship	Nil
27	Askari Bank Limited	Common Directorship	Nil
28	NutriCo International (Private) Limited	Common Directorship	Nil
29	Lahore University of Management Sciences	Member of Board of Governers	Nil
30	Mr. Muhammad Yunus Tabba	Director	3.451336%
31	Mrs. Khairunnisa Aziz	Spouse of director	2.493235%
32	Mr. Muhammad Sohail Tabba	Director	4.067493%
33	Mrs. Saima Sohail	Spouse of director	1.877078%
34	Mr. Muhammad Ali Tabba	Director	2.686458%
35	Mrs. Feroza Tabba	Spouse of director	0.199459%
36	Mr. Jawed Yunus Tabba	Director	5.944571%
37	Mrs. Mariam Tabba Khan	Director	1.442958%
38	Mrs. Zulekha Tabba Maskatiya	Director	1.442958%
39	Mr. Tariq Iqbal Khan	Director	0.001237%
40	Mrs. Azra Tariq	Spouse of director	0.000557%
41	Mr. Muhammad Abid Moosa Ganatra	Director / key management personal	0.001518%
42	Mrs. Samina Abid Ganatara	Spouse of director	0.004639%
43	Mr. Syed Noman Hasan	Key management personnel	0.000309%
44	Mr. Irfan Chawala	Key management personnel	0.000930%
45	Mr. Amin Ganny	Key management personnel	0.000618%
46	Mr. Faisal Mahmood	Key management personnel	0.000002%
47	Mr. Ahmed Waseem Khan	Key management personnel	Nil
48	Mr. Muhammad Shabbir	Key management personnel	Nil

S.No	Name of Related Parties	Relationship	Direct Shareholding % in the holding Company
49	Mr. Mashkoor Ahmed	Key management personnel	Nil
50	Mr. Kalim Ahmed Mobin	Key management personnel	Nil
51	Mr. Adnan Ahmed	Key management personnel	Nil
52	Mr. Asif Jooma	Key management personnel	0.012648%
53	Mr. Intisar ul Haq Haqqi	Key management personnel	Nil
54	Mr. Asif Rizvi	Key management personnel	Nil
55	Mr. Arshaduddin Ahmed	Key management personnel	Nil
56	Mr. M. A. Samie Cashmiri	Key management personnel	0.001546%
57	Mr. Suhail Aslam Khan	Key management personnel	0.000093%
58	Ms. Saima Kamila Khan	Key management personnel	Nil
59	Mr. Eqan Ali Khan	Key management personnel	Nil
60	Ms. Fathema Zuberi	Key management personnel	Nil

42.2 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties include associated entities, directors and 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 consolidated financial statements, are as follows:

	2018	2017
	(PKR in '000')	
Transaction with Directors and their close family members		
Sales	–	516
Dividends	1,290,751	759,241
Meeting fee	1,531	2,094
Transactions with Associates		
Sales	2,409,397	1,927,779
Purchase of goods, materials and services	133,081	118,276
Reimbursement of expenses to Group	94,831	91,025
Reimbursement of expenses from Group	1,027	706
Donation	191,116	220,000
Dividends paid	883,885	1,061,661
Dividend received	887,471	668,000
Services	27,180	25,618
Purchase of fixed assets	–	63,921
Sale of fixed assets	–	17,550
Investment	10	–
Transactions with key management personnel		
Salaries and benefits	479,500	393,605
Dividends	9,931	9,146
Post employment benefits	64,391	54,088

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

43. PRODUCTION CAPACITY

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

		2018		2017	
		Annual name plate capacity	Production	Annual name plate capacity	Production
Cement	43.1	9,350,000	7,654,532	7,750,000	6,880,995
Clinker	43.2	8,882,500	7,426,320	7,380,000	6,873,270
Polyester		122,250	126,853	122,250	121,929
Soda Ash	43.3	425,000	378,248	350,000	342,416
Life Sciences		25,628,345	29,869,565	–	–
Chemicals	43.4	–	16,026	–	14,210
Sodium Bicarbonate		40,000	38,000	40,000	31,660
PowerGen	43.5	122,640	31,334	122,640	30,412
Nutraceuticals	43.4	–	3,167,090	–	3,018,534
Cirin Pharmaceuticals	43.4	–	21,670,540	–	17,927,715

43.1 Cement production capacity utilisation is 81.87% (2017: 88.79%) 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.

43.2 Clinker production capacity utilisation is 83.61% (2017: 93.13%) of total installed capacity.

43.3 Out of total production of 378,248 metric tonnes of soda ash, 34,200 metric tonnes were transferred for production of 38,000 tonnes of Sodium Bicarbonate.

43.4 The capacity of Chemicals, Neutraceuticals and Cirin pharmaceutical is indeterminable because these are multi-product with multiple dosage and multiple pack size plants.

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

44. 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 finance, 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 group policies and risk appetite. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2018. The policies for managing each of these risk are summarised below:

44.1 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: interest rate risk, currency risk and other price risk.

44.1.1 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. Bank balances carry interest rates between 2% and 7% (2017: 3.75% and 6.55%). The Group mitigates its risk against exposure through focusing on short term borrowings that are available at lower rates to the Group and maintaining bank balances. As of the statement of financial position date, the Group is not materially exposed to interest rate risk.

44.1.2 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 done in foreign currency. The Group manages its exposure against foreign currency risk by making sales and purchases of certain materials in currencies other than Pakistani Rupee. Approximately 5.27% (2017: 5.67%) of the Group's sales are denominated in foreign currencies. When the management expects future depreciation of Pak Rupees, the Group enters into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions.

As at the statement of financial position 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 would have been PKR 5.157 million (2017: PKR 31.634 million) higher / lower as a result of exchange gain / (loss) on translation of foreign currency denominated financial instruments.

44.1.3 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.

44.2 Credit risk

44.2.1 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 based on 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 statement of financial position date, the Group is exposed to credit risk on the following assets:

	Note	2018	2017
		(PKR in '000')	
Long-term loans	11	479,413	412,000
Long-term deposits	12	47,545	36,402
Trade debts	15	5,142,591	4,172,567
Loans	16	234,150	215,578
Trade deposits	17	242,484	166,293
Other receivables	18	2,327,971	1,820,228
Accrued return		161,742	181,355
Short term investment		34,956	45,452
Bank balances	20	34,367,657	36,265,118
		43,038,509	43,314,993

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 and loans at the reporting date is as follows:

	2018	2017
	(PKR in '000')	
Not past due	5,671,324	4,177,967
Past due but not impaired:		
Not more than three months	629,426	462,100
Past due and impaired:		
More than three months and not more than one year	159,066	57,153
More than one year	54,439	20,309
	842,931	539,562
Less: Provision for:		
- Doubtful debts	254,179	102,977
	6,260,076	4,614,552
Bank balances		
A1+	34,367,567	33,444,279
A1	90	2,820,839

44.3 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 statement of financial position date, the Group has unavailed credit facilities aggregating PKR 22,422 million (2017: PKR 19,784 million) out of the total facilities of PKR 70,296 million (2017: PKR 26,450 million), which are secured by a joint hypothecation on certain current assets and second charge on immovable assets of the Holding Company.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Within one 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	94,394
Short-term borrowings and running finance	7,332,327	–	7,332,327
Other long term liabilities	–	3,431,948	3,431,948
Trade and other payables	16,243,809	–	16,243,809
Accrued return	272,146	–	272,146
	26,468,620	12,316,229	38,784,849
June 30, 2017			
Long-term finance	647,667	8,825,140	9,472,807
Long-term deposit	–	84,630	84,630
Short-term borrowings and running finance	2,128,905	–	2,128,905
Trade and other payables	19,225,920	–	19,225,920
Accrued return	177,654	–	177,654
	22,180,146	8,909,770	31,089,916

45. 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 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, 2018.

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 fianancial position plus net debt.

During the year, the Group's strategy was to minimise leveraged gearing. The gearing ratios as at June 30, 2018 and 2017 were as follows:

	Note	**2018**	2017
		(PKR in '000')	
Long-term finance	23	8,789,887	8,825,140
Accrued return		272,146	177,654
Short-term borrowings and running finance	28	7,332,327	2,128,905
Current portion of long-term finance	23	2,619,516	647,667
Total debt		19,013,876	11,779,366
Debt		19,013,876	11,779,366
Share capital	21	3,233,750	3,233,750
Reserves	22	93,913,157	83,736,475
Equity		97,146,907	86,970,225
Capital		116,160,783	98,749,591
Gearing ratio		16.37%	11.93%

46. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in subsidiary companies and associates are carried at cost. The carrying values of all other financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities considered not significantly different from their book value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different level 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).
- 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 - available for sale				
- Short - item investment	34,956	–	–	34,956

There were no transfers amongst levels during the year.

47. 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:

	2018	2017
Number of employees as at June 30 - factory	3,196	2,962
- others	1,482	1,346
	4,678	4,308
Average number of employees during the year - factory	3,079	2,874
- others	1,494	1,428
	4,573	4,302

48. SUBSEQUENT EVENT

The Board of Directors of the Holding Company in its meeting held on July 31, 2018 (i) approved the transfer of PKR 7,875.341 million (2017: PKR 9,815.393 million) from un-appropriated profit to general reserve; and (ii) proposed final dividend of PKR 8 per ordinary share for the year ended June 30, 2018 amounting to PKR 2,587 million (2017: PKR 3,880.500 million) for approval of the members at the Annual General Meeting to be held on September 28, 2018. These consolidated financial statements do not reflect this appropriation and the proposed dividend payable.

49. GENERAL

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

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

49.3 Unpaid dividend represents dividend withheld due to court order.

50. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on July 31, 2018 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, 2018

No of Shareholders	Shareholding From	To	Total Shares Held
2,076	1	100	102,979
1,613	101	500	488,739
2,749	501	1000	1,647,162
892	1001	5000	2,127,795
244	5001	10000	1,841,496
115	10001	15000	1,426,077
80	15001	20000	1,415,517
44	20001	25000	992,644
45	25001	30000	1,258,442
18	30001	35000	592,512
27	35001	40000	1,022,180
15	40001	45000	636,048
19	45001	50000	924,611
6	50001	55000	322,832
8	55001	60000	451,836
9	60001	65000	567,488
5	65001	70000	331,650
6	70001	75000	435,292
13	75001	80000	1,017,850
6	80001	85000	496,400
9	85001	90000	786,257
5	90001	95000	463,391
2	95001	100000	197,500
7	100001	105000	718,460
3	105001	110000	325,226
4	110001	115000	457,550
3	115001	120000	353,472
5	120001	125000	611,196
4	125001	130000	515,650
2	130001	135000	265,950
2	135001	140000	273,400
2	140001	145000	283,100
5	145001	150000	733,864
4	150001	155000	607,050
3	155001	160000	472,700
1	160001	165000	164,200
4	165001	170000	667,714
2	170001	175000	347,382
3	175001	180000	533,933
1	180001	185000	183,750
1	185001	190000	189,200
1	190001	195000	193,550
1	195001	200000	200,000
1	200001	205000	201,900
3	205001	210000	619,050
1	210001	215000	215,000
1	215001	220000	219,800
2	220001	225000	445,400
4	225001	230000	911,983
3	230001	235000	696,630
2	235001	240000	474,410

No of Shareholders	Shareholding From	To	Total Shares Held
1	245001	250000	249,350
3	250001	255000	757,906
1	255001	260000	256,900
2	260001	265000	525,600
4	265001	270000	1,070,650
1	270001	275000	270,950
1	275001	280000	276,700
3	285001	290000	865,990
3	290001	295000	882,450
2	295001	300000	597,450
2	300001	305000	606,500
1	305001	310000	305,050
3	310001	315000	938,148
3	315001	320000	953,750
1	330001	335000	331,500
2	335001	340000	673,050
2	345001	350000	694,837
1	350001	355000	353,850
1	355001	360000	360,000
1	360001	365000	361,050
2	370001	375000	747,975
1	395001	400000	400,000
1	400001	405000	404,200
1	405001	410000	407,300
2	440001	445000	888,416
2	445001	450000	895,118
1	450001	455000	453,900
1	465001	470000	469,418
2	480001	485000	967,600
1	485001	490000	488,600
1	490001	495000	492,584
1	495001	500000	499,065
1	510001	515000	514,150
1	515001	520000	519,250
1	540001	545000	542,851
1	590001	595000	590,850
1	595001	600000	595,311
2	600001	605000	1,204,896
1	610001	615000	612,188
1	615001	620000	620,000
1	630001	635000	631,450
1	635001	640000	637,750
1	640001	645000	645,000
2	650001	655000	1,305,947
1	665001	670000	669,700
2	680001	685000	1,367,100
1	700001	705000	703,450
1	745001	750000	747,400
1	750001	755000	753,200
2	780001	785000	1,566,701

No of Shareholders	Shareholding From	To	Total Shares Held
3	795001	800000	2,394,900
1	820001	825000	820,516
2	825001	830000	1,658,745
1	845001	850000	846,250
2	855001	860000	1,717,598
3	895001	900000	2,699,044
1	900001	905000	901,667
1	1055001	1060000	1,060,000
1	1070001	1075000	1,071,118
1	1080001	1085000	1,080,300
1	1105001	1110000	1,110,000
1	1125001	1130000	1,126,350
1	1280001	1285000	1,283,050
1	1285001	1290000	1,287,440
1	1425001	1430000	1,425,185
2	1550001	1555000	3,100,092
1	1595001	1600000	1,597,100
1	1825001	1830000	1,826,121
1	2035001	2040000	2,040,000
1	2040001	2045000	2,040,900
1	2340001	2345000	2,344,045
1	2590001	2595000	2,593,830
1	2605001	2610000	2,607,339
1	2630001	2635000	2,634,200
1	2685001	2690000	2,687,500
1	2840001	2845000	2,840,046
2	3115001	3120000	6,232,242
1	3415001	3420000	3,418,884
1	3925001	3930000	3,929,157
1	5355001	5360000	5,356,829
1	5370001	5375000	5,375,000
1	5485001	5490000	5,487,907
1	5560001	5565000	5,564,550
1	5610001	5615000	5,612,093
2	6025001	6030000	12,050,813
2	6065001	6070000	12,140,000
1	7125001	7130000	7,127,850
1	7230001	7235000	7,231,600
1	7355001	7360000	7,355,498
1	7395001	7400000	7,399,892
1	7665001	7670000	7,665,350
1	8955001	8960000	8,958,351
1	9840001	9845000	9,841,313
1	11480001	11485000	11,482,875
1	13195001	13200000	13,197,850
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	21	76,360,146	23.61
Associated Companies, Undertakings and related parties	3	40,284,656	12.46
NIT and ICP	1	176,525	0.05
Public Sector Companies and Corporations	10	2,589,302	0.80
Banks, Development Financial Institutions, Non Banking Financial Institutions	22	5,779,398	1.79
Insurance Companies	21	6,967,409	2.15
Mutual Funds	86	20,083,913	6.21
Modaraba	7	45,786	0.01
Share holders holding 10% or more:			
General Public			
a. Local	7,453	59,477,794	18.39
b. Foreign	276	102,811,341	31.79
Other (to be specified)	315	8,798,730	2.72
	8,215	323,375,000	100.00

ADDITIONAL
INFORMATION
As at June 30, 2018

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage %
Associated Companies, undertakings and related parties			
Yunus Textile Mills Limited	1	21,446,283	6.63%
Lucky Energy (Private) Limited	1	11,482,875	3.55%
YB Pakistan Limited	1	7,355,498	2.27%
		40,284,656	12.46%
Mutual Funds			
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	5,356,829	1.66%
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,425,185	0.44%
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,071,118	0.33%
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	901,667	0.28%
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	820,516	0.25%
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	703,450	0.22%
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	653,456	0.20%
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	590,850	0.18%
CDC - TRUSTEE MEEZAN BALANCED FUND	1	542,851	0.17%
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	492,584	0.15%
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	445,568	0.14%
CDC - TRUSTEE ABL STOCK FUND	1	374,950	0.12%
CDC - TRUSTEE HBL - STOCK FUND	1	361,050	0.11%
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	360,000	0.11%
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	337,900	0.10%
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	318,400	0.10%
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	317,450	0.10%
CDC - TRUSTEE NAFA STOCK FUND	1	313,633	0.10%
CDC - TRUSTEE PICIC GROWTH FUND	1	297,450	0.09%
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	270,950	0.08%
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	266,000	0.08%
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	263,400	0.08%
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	256,900	0.08%
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	233,130	0.07%
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	215,000	0.07%
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	193,550	0.06%
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	189,200	0.06%
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	183,750	0.06%
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	172,382	0.05%
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	166,850	0.05%
CDC - TRUSTEE PICIC INVESTMENT FUND	1	156,000	0.05%
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	154,000	0.05%
CDC - TRUSTEE LAKSON EQUITY FUND	1	147,514	0.05%
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	130,950	0.04%
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	120,600	0.04%
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	106,150	0.03%
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	101,500	0.03%
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	86,950	0.03%
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	77,600	0.02%

ADDITIONAL **INFORMATION**
As at June 30, 2018

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage %
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	71,400	0.02%
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	63,750	0.02%
CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	52,450	0.02%
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	48,100	0.01%
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	40,200	0.01%
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	38,200	0.01%
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	1	35,500	0.01%
CDC - TRUSTEE LAKSON TACTICAL FUND	1	28,977	0.01%
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	28,933	0.01%
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	28,000	0.01%
CDC - TRUSTEE APF-EQUITY SUB FUND	1	27,100	0.01%
CDC - TRUSTEE MCB DCF INCOME FUND	1	23,000	0.01%
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	22,764	0.01%
CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND	1	20,100	0.01%
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	1	19,500	0.01%
CDC - TRUSTEE HBL EQUITY FUND	1	17,650	0.01%
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	16,000	0.00%
CDC - TRUSTEE DAWOOD ISLAMIC FUND	1	15,900	0.00%
CDC - TRUSTEE FAYSAL STOCK FUND	1	15,000	0.00%
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	13,150	0.00%
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	1	12,700	0.00%
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	11,300	0.00%
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	11,150	0.00%
CDC-TRUSTEE NITPF EQUITY SUB-FUND	1	11,000	0.00%
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	10,000	0.00%
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	7,500	0.00%
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	7,000	0.00%
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	6,900	0.00%
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	6,800	0.00%
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	6,650	0.00%
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	6,000	0.00%
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	5,500	0.00%
CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	1	5,256	0.00%
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	4,000	0.00%
CDC - TRUSTEE ASKARI EQUITY FUND	1	3,800	0.00%
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	3,100	0.00%
MCBFSL - TRUSTEE ALLIED CAPITAL PROTECTED FUND	1	2,200	0.00%
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	2,100	0.00%
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	1,400	0.00%
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	1	81,800	0.03%
CDC - TRUSTEE NIT INCOME FUND - MT	1	34,500	0.01%
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	1	20,850	0.01%
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	1	9,700	0.00%
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	1	8,600	0.00%
CDC - TRUSTEE UBL INCOME OPPORTUNITY FUND - MT	1	900	0.00%
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	1	200	0.00%
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	50	0.00%
		20,083,913	6.21%

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage %
Directors and their spouse(s) and minor children			
Muhammad Yunus Tabba - Director	2	11,160,757	3.45%
Khairunnisa - Spouse	2	8,062,500	2.49%
Muhammad Ali Tabba - Director	2	8,687,332	2.69%
Feroza Tabba - Spouse	1	645,000	0.20%
Muhammad Sohail Tabba - Director	2	13,153,257	4.07%
Saima Sohail Tabba - Spouse	1	6,070,000	1.88%
Jawed Yunus Tabba - Director	2	19,223,256	5.94%
Mariam Tabba Khan - Director	2	4,666,167	1.44%
Zulekha Tabba Maskatiya - Director	2	4,666,167	1.44%
Tariq Iqbal Khan - Director	1	4,000	0.00%
Azra Tariq	1	1,800	0.00%
Muhammad Abid Ganatra - Director	2	4,910	0.00%
Samina Abid Ganatra - Spouse	1	15,000	0.00%
		76,360,146	23.61%
Executives	19	10,464	0.00%
Public Sector Companies and Corporations	10	2,589,302	8.01%
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds:			
Banks, development finance institutions, non-banking finance companies	22	5,779,398	1.79%
insurance companies	21	6,967,409	2.15%
takaful	9	91,700	0.03%
modarabas	7	45,786	0.01%
pension funds	47	3,095,633	0.96%
Share holders holding 5% or more			
Jawed Yunus Tabba - Director	2	19,223,256	5.94%
Yunus Textile Mills Limited	1	21,446,283	6.63%
Kenzo Holdings Limited	1	22,803,029	7.05%
Rossneath Investments Limited	1	22,803,029	7.05%

ADDITIONAL **INFORMATION**

As at June 30, 2018

Details of trading in the shares by the Directors, Executives and their spouses and minor children:

None of the Directors, Executives and their spouses and minor Children has traded in the shares of the Company during the year of the company, except the following:

The following shares are traded during the year:	Buy Gift Received No. of Shares	Sell Gift Given No. of Shares
Muhammad Yunus Tabba - Chairman/Director	650,407	
Muhammad Sohail Tabba - Director	650,407	
Muhammad Ali Tabba - CEO		758,808
Mariam Tabba Khan - Director		379,404
Zulekha Tabba Maskatiya - Director		379,404
Jawed Yunus Tabba - Director	650,406	
Irfan Chawala - CFO/Director Finance	3,000	5
Faisal Mahmood - Company Secretary	5	
Amin Ganny - Executive	2,000	
Syed Noman Hassan - Executive	1,000	

NOTICE OF 25th
ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the members of Lucky Cement Limited will be held on Friday, September 28, 2018 at 10:30 a.m., at the registered office of the Company situated at factory premises in Pezu, District Lakki Marwat, Khyber Pakhtunkhwa to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements for the year ended June 30, 2018 together with the Board of Directors' and Independent Auditors' reports thereon.

2. To declare and approve final cash dividend @ 80% i.e. PKR 8/- per share in addition to the interim dividend @50% i.e. PKR 5/- per share already paid making a total cash dividend of PKR. 13 per share i.e. 130% for the year ended June 30, 2018, as recommended by the Board of Directors.

3. To appoint Auditors and fix their remuneration for the year ending June 30, 2019. The present Auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

4. To elect seven (7) Directors of the Company as fixed by the Board of Directors in its meeting held on July 31, 2018, in terms of Section 159 of Companies Act, 2017 (The Act) for a term of three (3) years commencing immediately after the conclusion of the meeting. The names of retiring Directors are as follows:

1.	Mr. Muhammad Yunus Tabba	5.	Mrs. Mariam Tabba Khan
2.	Mr. Muhammad Ali Tabba	6.	Mrs. Zulekha Tabba Maskatiya
3.	Mr. Muhammad Sohail Tabba	7.	Mr. Tariq Iqbal Khan
4.	Mr. Jawed Yunus Tabba	8.	Mr. Muhammad Abid Ganatra

SPECIAL BUSINESS:

5. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2018 by passing the following special resolution with or without modification:

"RESOLVED THAT the transactions conducted with Related Parties as disclosed in the note 36 of the unconsolidated financial statements for the year ended June 30, 2018 and specified in the Statement of Material Information under Section 134 (3) be and are hereby ratified, approved and confirmed."

6. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2019 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, 2019.

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:

7. 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: August 31, 2018

Notes:

1. Closure of Shares Transfer Books

The Share Transfer Books of the Company shall remain closed from Friday September 14, 2018 to Friday, September 28, 2018 (both days inclusive). Transfers received in order at our Share Registrar / Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400 at the close of business on Thursday, September 13, 2018 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

A member entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.

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.

3. Nomination for Directorship

Any person who seeks to contest the election of Directors shall file with the Company at its registered office not later than 14 days before the date of meeting, notice of his / her intention to offer himself/herself for the election of the Directors, together with:

a) Consent to act as Director as required under Section 167(1) of Companies Act 2017;
b) Declaration in respect of being compliant with the requirements of the Code of Corporate Governance and the eligibility criteria as set out in the Companies Act, 2017 to act as Director of a listed Company; and
c) Detailed profile along with office address for placement onto the Company's website within seven days prior to the date of election in terms of SRO dated December 10, 2015.

4. 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 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. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-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.

5. Withholding tax on Dividend

I) The Government of Pakistan through Finance Act, 2014 had made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:

a)	For filers of income tax returns:	15%
b)	For non-filers of income tax returns:	20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax Payer List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend i.e. September 21, 2018; otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

II) For any query/problem/information, the investors may contact the Company and / or the Share Registrar: The Manager, Share Registrar Department, Central Depository Company Pakistan Limited, Telephone Number: 0800-23275 (Toll Free), email address: info@cdcpak.com and/ or The 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. Transfer Agent, M/s. Central Depository Company of Pakistan 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. 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)

6. 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 warrants 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 Shares Registrar. In case of non-compliance, the Company may withhold dispatch of dividend warrants under intimation to Regulator till such time they provide the valid copy of their CNIC as per law.

7. Request for Video Conference Facility

In term of SECP's Circular No. 10 of 2014 dated May 21, 2014 read with the provisions contained under section 134(1)(b) of the Act, if the Company receives request /demand from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city.

In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting (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. Change of Address

The members are also requested to notify change in their address, if any, to our Share Registrar / Transfer Agent M/s. Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400.

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

1. Item Number 6 of the notice – Ratification and approval of the related party transactions

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 and therefore these transactions are being placed for the approval by shareholders in the Annual General Meeting.

All transactions with related parties to be ratified have been disclosed in the note 36 to the unconsolidated financial statements for the year ended June 30, 2018. Party-wise details of such related party transactions are given below:

Name of Related Party	Transaction Type	PKR in '000'
Aziz Tabba Foundation	Sales	234
	Donations	150,000
Energas Terminal (Private) Limited	Reimbursement of expenses to company	114
Gadoon Textile Mills Limited	Sales	26,273
	Reimbursement of expenses from company	1,027
ICI Pakistan Limited	Sales	22,821
	Purchases	6,022
Kia Lucky Motors Pakistan Limited	Sales	61,504
	Investments made during the year	3,312,564
	Sale of fixed assets	5,586
	Reimbursement of expenses to company	44,858
LCL Holdings Limited	Reimbursement of expenses to company	60
	Investments made during the year	8,354,984

Name of Related Party	Transaction Type	PKR in '000'
Lucky Air (Private) Limited	Services	27,180
	Reimbursement of expenses to company	60
Lucky Energy (Private) Limited	Sales	426
	Dividends	195,209
Lucky Foods (Private) Limited	Reimbursement of expenses to company	5,366
Lucky Holdings Limited	Reimbursement of expenses to company	1,236
Lucky One (Private) Limited	Sales	58,738
Lucky Paragon ReadyMix	Sales	330,261
Lucky Textile Mills Limited	Sales	4,965
Nutrico Moringa (Private) Limited	Sales	36,947
YB Holdings (Private) Limited	Reimbursement of expenses to company	5,165
YB Pakistan Limited	Investment	10
	Dividends	125,043
Yunus Energy Limited	Dividend received	137,557
Yunus Textile Mills Limited	Sales	14,708
	Dividends	364,587
Directors	Meeting fee	1,531
Directors and close family members	Dividends	1,290,751
Key Management Personnel	Salaries and benefits	203,883
	Retirement Benefits	28,508
	Dividends	68

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 36.1 to the unconsolidated financial statements for the year ended June 30, 2018. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

2. Item number 7 – Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2019

The Company shall be conducting transactions with its related parties during the year ending June 30, 2019 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, 2019, 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 contacrt

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)

IFRIC
Inetrnational 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 Brother 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 28, 2018 and / or any adjournment thereof.

Signature this ______________ ______________ year 2018.
(day) (date, month)

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 28 ستمبر 2018 کو 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 ____________ 2018 کے میرے/ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر 1

دستخط ____________________

نام ____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________________

پتہ ____________________

گواہ نمبر 2

دستخط ____________________

نام ____________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________________

پتہ ____________________

ہدایات:

1۔ مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔

2۔ ممبر (رکن) کے دستخط / نمونہ دستخط شدہ / اندراج شدہ دستخط سے مماثلت ضروری ہے۔

3۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختارنامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ اداروں کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔

4۔ مختارنامہ (پراکسی فارم) مکمل پر شدہ کمپنی کے رجسٹرار آفس میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل جمع کرانا ضروری ہے۔

مستقبل پر نظر

آپکی کمپنی کو اس بات کی قوی امید ہے کہ آئندہ مالی سال کے دوران بھی مقامی فروختگی میں زبردست اضافے کا رحجان برقرار رہے گا۔ نجی اور پبلک سیکٹر کے پروجیکٹس اور بالخصوص سی پیک کے تحت بڑے پیمانے پر شروع کئے جانے والے دیگر پروجیکٹس کو مدنظر رکھتے ہوئے اس بات کی امید کی جاسکتی ہے کہ مقامی سطح پر سیمنٹ کی فروخت کا رحجان بہت تیز رہے گا۔ جب کہ موافق حالات اور روپے کی قدر میں ردوبدل کی وجہ سے برآمدات میں بھی بہتری آگئی ہے۔

آپکی کمپنی کی قرضوں سے پاک مضبوط مالیاتی پوزیشن اور واجبات سے پاک نقد رقوم کی وجہ سے نہ صرف اس قسم کے پروجیکٹس میں سرمایہ کاری میں مدد ملے گی بلکہ دیگر نئے پروجیکٹس میں بھی سرمایہ کاری کے مواقع حاصل ہوتے رہیں گے جس کی وجہ سے کمپنی کی کاروباری سرگرمیوں میں بہتری لانے اور حصص داران کی سرمایہ کاری کو مزید بارآور کرنے میں مدد ملے گی۔

اظہار تشکر

اس موقع سے فائدہ اٹھاتے ہوئے آپکے ڈائریکٹرز تمام شراکت داروں کی جانب سے بھرپور حمایت اور حوصلہ افزائی کیلئے تہہ دل سے ان کے مشکور ہیں۔

ہم اس بات کو ریکارڈ کا حصہ بناتے ہوئے کی فیملی کے اخلاص، انکی لگن اور انتھک محنت کو دل کی گہرائیوں سے سراہتے ہیں۔ اور حصص داران کے بھی بے حد مشکور ہیں جن کی جانب سے ہمیشہ کمپنی پر اعتماد اور یقین کا اظہار کیا جاتا رہا۔

منجانب بورڈ

محمد یونس ٹبہ	**محمد علی ٹبہ**
مینیجنگ ڈائریکٹر	چیف ایگزیکٹیو / ڈائریکٹر

کراچی: 31 جولائی 2018

اندرونی مالیاتی کنٹرول کی معقولیت

بورڈ آف ڈائریکٹرز کی جانب سے ایک مؤثر اندرونی فنانشل کنٹرول سسٹم تشکیل دیا گیا ہے تاکہ ایک جانب تمام افعال کو مؤثر انداز اور مستعدی کے ساتھ سرانجام دیا جا سکے 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۔ کمپنی کا آزاد اندرونی آڈٹ فنکشن مسلسل فنانشل کنٹرولز اور اس کے نفاذ کی نگرانی کرتا ہے جبکہ آڈٹ کمیٹی اندرونی کنٹرول سسٹم کے مؤثر 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 اور کوڈ آف کارپوریٹ گورننس کی شرائط اور رول بک از پاکستان اسٹاک ایکسچینج کے قاعدے 5.19.11 کے مطابق کمپنی کی ترتیب حصص داری بتاریخ 30 جون 2018 رپورٹ ہذا کے ساتھ منسلک ہے۔

آڈیٹرز

کمپنی کی مالیاتی دستاویزات برائے مالی سال 18-2017 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 آڈیٹروں نے اپنی خدمات دوبارہ پیش کی ہیں۔ بورڈ کی جانب سے آڈٹ کمیٹی کی سفارش کو مدنظر رکھتے ہوئے میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو اگلے سال کیلئے ایک مرتبہ پھر آڈیٹر مقرر کرنے کی سفارش کی گئی ہے جو کہ اگلے سالانہ عام اجلاس میں منظوری سے مشروط ہے۔

دیگر واقعات

کمپنی کے مالی سال کے اختتام سے آج کی تاریخ تک کسی قسم کا نہ کوئی قابل ذکر واقع رونما ہوا اور نہ ہی کمپنی کی جانب سے کسی سلسلے میں کوئی وعدہ کیا گیا جس کا اثر کمپنی کی مالی صورتحال پر پڑتا ہو۔

حصص کی منتقلی کی کمیٹی

حصص کی منتقلی سے متعلق کمیٹی بورڈ کے درج ذیل ممبران پر مشتمل ہے:

نمبر شمار	ڈائریکٹروں کے نام	
1	جاوید یونس ٹبہ غیر انتظامی ڈائریکٹر	چیئرمین
2	مریم اے خان غیر انتظامی ڈائریکٹر	ممبر
3	محمد عابد گناترا غیر انتظامی ڈائریکٹر	ممبر

کمپنی سیکرٹری کو حصص کی منتقلی کی کمیٹی کے سیکرٹری کے طور تعینات کیا گیا ہے۔

کام کی شرائط

حصص کی منتقلی کی کمیٹی کے کام کی شرائط درج ذیل ہیں:

1۔ حصص کی رجسٹریشن سے متعلق موصول ہونے والی درخواستوں اور ان کے ساتھ منسلک دیگر کاغذات جیسا کہ حصص منتقلی کا معاہدہ، حصص سرٹیفکیٹ، جانشینی سرٹیفکیٹ یا ورآف اٹارنی اور اس مقصد کیلئے جمع کرائے جانے والی دیگر دستاویزات پر غور کرنا اور انہیں مشروط یا بلا مشروط قبول یا مسترد کرنا جیسا بھی مناسب سمجھا جائے۔

2۔ حصص کی منتقلی، حصص کی سپلٹنگ یا ادغام، حصص سرٹیفکیٹ کے اجرا یا تنسیخ، نئے حصص پر کمپنی کی مہر ثبت کرنا اور حصص سرٹیفکیٹ کی توثیق اور ان کے ایگزیکیوشن جیسے معاملات کی منظوری دینا۔

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 جا چکا ہے اور بورڈ سی ای او کی کارکردگی اور سالانہ اہداف کے حصول سے مطمئن ہے۔ بورڈ کو اس بات کا مکمل اطمینان ہے کہ سی ای او کمپنی کے تمام امور کو مستعدی کے ساتھ چلانے کیلئے صلاحیتوں کے حامل ہیں۔ وہ اس بات کے بھی ذمہ دار ہیں کہ مینجمنٹ ٹیم کیلئے کام کے معیارات کو 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 کی بورڈ کا جائزہ لئے جانے کے بعد ان کی منظوری دی جا چکی ہے اور بورڈ کو اس بات پر مکمل اعتماد ہے کہ یہ اس فلسفے کے عین مطابق ہیں جس کی بنیاد پر کمپنی کو قائم کیا گیا تھا۔ ہم اس بات پر مکمل یقین رکھتے ہیں کہ 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۔

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 بجٹوں کی منظوری کیلئے بورڈ سے سفارش کرنا۔

ب۔ فنانشل بجٹ میں کی گئی کسی بھی تبدیلی کا جائزہ لینا اور اس کا تجزیہ کرنا اور ایسی کسی بھی تبدیلی کے ضمن میں بورڈ کے سامنے منظوری کی سفارش کرنا۔

ج۔ سالانہ بجٹ اور اصل کے اخراجات کا تقابلی جائزہ لینا اور بہت زیادہ فرق آنے کی صورت میں تصحیح کیلئے ایکشن لینا۔

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	اجلاسوں میں حاضری
1	مریم عبد خان (چیئر پرسن) غیر انتظامی ڈائریکٹر	-
2	محمد علی ٹبہ انتظامی ڈائریکٹر	1
3	محمد سہیل ٹبہ غیر انتظامی ڈائریکٹر	1
4	جاوید یونس ٹبہ غیر انتظامی ڈائریکٹر	1
5	زلیخہ ٹبہ مسکاتیہ غیر انتظامی ڈائریکٹر	-

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

انسانی وسائل اور ادائیگیوں سے متعلق کمیٹی کی کام کی شرائط درج ذیل ہیں۔

الف۔ بورڈ کو انسانی وسائل سے متعلق پالیسیوں کے بارے میں تجاویز پیش کرنا۔

ب۔ بورڈ کی سی ای او کے انتخاب، جانچ، مشاہرے (بشمول ریٹائرمنٹ مراعات) اور جانشینی کی پالیسی سے متعلق مشورے دینا۔

ج۔ بورڈ کو سی ایف او، سی او او، کمپنی سیکرٹری اور اندرونی آڈٹ کے سربراہ کے انتخاب، جانچ، مشاہرے (بشمول ریٹائرمنٹ مراعات) اور جانشینی کی پالیسی سے متعلق مشورے دینا۔

د۔ 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۔

ہ۔ انسانی وسائل سے متعلق جانچ کی رپورٹوں جانشینی کے منصوبوں اور ان کے نفاذ کو پوری کمپنی میں ممکن بنانے سے متعلق کی منصوبہ بندی پر نظر ثانی کرنا اور انکا جائزہ لینا۔

و۔ اگر بیرونی یا اندرونی آڈیٹروں 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۔

ج۔ رپورٹ شائع کیے جانے سے پہلے ابتدائی اعلانات اوران کے نتائج کا جائزہ لینا۔

د۔ بیرونی آڈیٹروں کو سہولیات فراہم کرنا اور عبوری اور حتمی آڈٹ سے پہلے ان کے ساتھ اہم امور پر بحث کرنا اوران معاملات پر بات کرنا جن کا آڈیٹر بطور خاص ذکر کرنا چاہتے ہوں (انتظامیہ کی غیر موجودگی میں جہاں بھی ضرورت محسوس ہو۔)

ھ۔ مینجمنٹ کیلئے بیرونی آڈیٹروں کے خطوط اوران کے جوابات کیلئے انتظامیہ کی جانب سے لکھے گئے خطوط کا جائزہ لینا۔

و۔ کمپنی کے اندرونی اور بیرونی آڈیٹروں کے مابین تعاون کی فضا قائم کرنا۔

ذ۔ 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 جا رہا ہے اور خرید و فروخت، لین دین، اثاثوں اور واجبات وغیرہ کی ریکارڈنگ کیلئے جامع اور موثر نظام پائی جگہ کام کر رہا ہے۔

م۔ بورڈ آف ڈائریکٹرز کی توثیق سے پہلے کمپنی کی اسٹیٹمنٹ برائے اندرونی کنٹرول سسٹم کا جائزہ لینا اور اندرونی کنٹرول رپورٹس کا جائزہ لینا۔

ن۔ خصوصی پروجیکٹس کا آغاز کرنا، پیسے کی قدر اور دیگر امور کا جائزہ لینا جن کی جانب بورڈ کی جانب سے توجہ مبذول کروائی جائے اور اس سلسلے میں کمپنی کے سی ای او سے مشورہ کرنا اور کسی بھی معاملے میں ادائیگی کے سلسلے میں بیرونی آڈیٹروں 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۔ اور ایسے کسی بھی مسئلے کو زیر غور لانا جس کی نشاندہی بورڈ کے ڈائریکٹرز کی جانب سے کی گئی ہو۔

بجٹ کمیٹی

نمبر شمار	ڈائریکٹروں کے نام	اجلاسوں میں حاضری
	بجٹ کمیٹی --- اجلاس 1	
1	محمد کمیل شاہ (چیئرمین) غیر انتظامی ڈائریکٹر	1
2	محمد علی شاہ انتظامی ڈائریکٹر	1
3	جاوید یونس شاہ غیر انتظامی ڈائریکٹر	1
4	محمد عابد گناترا غیر انتظامی ڈائریکٹر	1

بورڈ کی کمیٹیاں اور ان کے اجلاس

آڈٹ کمیٹی

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

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

کام کی شرائط

آڈٹ کمیٹی کیلئے کام کی شرائط درج ذیل ہیں:

الف۔ کمپنی کے اثاثوں کی حفاظت کیلئے مناسب پیمانوں کا تعین کرنا۔

ب۔ سہ ماہی، ششماہی اور سالانہ مالیاتی دستاویزات کا بورڈ کی جانب سے منظوری سے قبل جائزہ لینا اور دستاویزات میں درج ذیل امور پر توجہ دینا:

☆ اہم امور جن میں تجربے کی بنیاد پر فیصلے لینے کی ضرورت ہو۔

☆ آڈٹ کے نتیجے میں اہم تبدیلیاں۔

☆ ہمیشگی کی بنیاد پر کاروبار کو جاری رکھنا۔

☆ محاسبی کی پالیسیوں اور طریق میں تبدیلیاں۔

☆ قابل اطلاق محاسبی کے معیارات کی پاسداری۔

☆ لسٹنگ اور دیگر ریگولیٹری اور قانونی شرائط کی پاسداری کرنا۔

☆ متعلقہ پارٹیوں سے طے کئے معاملات۔

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 نظر ثانی کرنا اور ان پر گہری نظر رکھنا۔

4۔ کمپنی کو رہنمائی فراہم کرنا اور کمپنی کی سمت کے تعین کرنے کی اہلیت کا مظاہرہ کرنا۔

5۔ ادارے میں ایسے امور کی نشاندہی کرنے کی قابلیت کا اظہار کرنا جن کیلئے اصلاح کی ضرورت ہو۔

6۔ مینجمنٹ کی سکسیشن پلاننگ پر نظر ثانی کرنا۔

7۔ کمپنی کو لاحق رسک کو سمجھنے کی صلاحیت ہونا اور 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 تر سفری، قیام اور دیگر اخراجات کی ادائیگی کمپنی کی جانب سے کی جائے گی۔

ڈائریکٹروں کی کل تعداد	
الف) مرد حضرات	6
خواتین	2
بورڈ کی تشکیل	
i) آزاد ڈائریکٹر	1
ii) دیگر غیر انتظامی ڈائریکٹر	6
iii) انتظامی ڈائریکٹر	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	4
4	جاوید یونس ٹبہ غیر انتظامی ڈائریکٹر	5
5	مریم ٹبہ خان غیر انتظامی ڈائریکٹر	1
6	زلیخہ ٹبہ سکاتیہ غیر انتظامی ڈائریکٹر	2
7	محمد عابد گنا ترا غیر انتظامی ڈائریکٹر	5
8	طارق اقبال خان آزاد ڈائریکٹر	2

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

ماحولیات میں توازن کو ہمیشہ آپ کی کمپنی کی جانب سے انتہائی اہمیت دی گئی ہے۔ فضاء میں کاربن کے اخراج کو کم از کم حد تک رکھنے کی غرض سے آپکی کمپنی نے ایک جامع پیمائشی پروگرام شروع کر رکھا ہے جس کی مدد سے سیمنٹ پلانٹس کے اردگرد ماحولیات میں فضائی آلودگی کی حد کی پیمائش کرنے میں بہت مدد ملتی ہے۔ اس سلسلے میں تمام معیارات کی کڑی نگرانی کی جاتی ہے اور نیشنل انوائرنمنٹل کوالٹی اسٹینڈرڈز (این ای کیو ایس) کی جانب سے مقرر کی گئی آلودگی کی حدود سے ہمیشہ پیمانوں کو کم ہی رکھا جاتا ہے۔ آلودگی پہنچی مواد سلفر ڈائی آکسائڈ، نائٹروجن کے آکسائڈز، کاربن مونو آکسائڈ اور کاربن ڈائی آکسائڈ کے اخراج کو این ای کیو ایس کی جانب سے مقرر شدہ معیارات سے کم رکھا جاتا ہے۔

کوڈ آف کارپوریٹ گورننس

سیکیورٹیز اینڈ ایکسچینج کمیشن کی ہدایت پر پاکستان اسٹاک ایکسچینج کیجانب سے لسٹڈ کمپنیوں کیلئے شامل کئے جانے والے کوڈ آف کارپوریٹ گورنس 2017 اور رول بک سے متعلق ذمہ داریوں سے آپکی کمپنی کے ڈائریکٹرز بخوبی آگاہ ہیں۔ آپکی کمپنی کی جانب سے کوڈ آف کارپوریٹ گورنس کے اطلاق اور اسکی مکمل پاسداری کیلئے تمام ضروری اقدامات اٹھائے جاتے ہیں۔

پاکستان اسٹاک ایکسچینج کی رول بک کے قاعدے 5.19.11 کی رو سے اس بات کی تصدیق کی جاتی ہے کہ:

- کمپنی کی جانب سے تیار کی جانے والی مالیاتی دستاویزات شفاف انداز سے کمپنی کے معاملات، کاروباری نتائج، نقد رقوم کی ترسیل اور سرمایہ یعنی 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 کردی 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 کسی شک کی کوئی گنجائش نہیں ہے کمپنی ہمیشگی کی بنیاد پر اپنے کاروبار کو چلارہی ہے۔
- لسٹنگ ریگولیشن میں مذکور کوڈ کارپوریٹ گورنس کی بہترین روایات سے کمپنی نے کبھی کوئی ایسی روگردانی نہیں کی جو قابل محاسبہ ہو۔
- رول بک از پاکستان اسٹاک ایکسچینج کے قاعدے 5.19.11 کی شرائط کے مطابق ہم نے درج ذیل معلومات کو رپورٹ ہذا کا حصہ بنایا ہے:
  1. اسٹیٹمنٹ برائے ترتیب حصص داری (علیحدہ سے منسلک شدہ ہے)
  2. اسٹیٹمنٹ برائے حصص جو کہ منسلک حلف ناموں اور متعلقہ افراد کی ملکیت میں ہیں۔ (علیحدہ سے منسلک شدہ ہے)
  3. دوران سال بورڈ کے منعقد شدہ اجلاسوں کی اسٹیٹمنٹ اور بمعہ تمام ڈائریکٹروں کی حاضری کی تفصیلات۔
  4. گزشتہ چھ سالوں سے متعلق اہم مالیاتی اور کاروباری شماریات (علیحدہ سے منسلک شدہ ہے)

بورڈ آف ڈائریکٹرز کا امتزاج

بورڈ کی تشکیل میں جنس، علوم، مہارتوں اور مختلف صلاحیتوں کے امتزاج سے بورڈ کی کارکردگی میں اضافہ ہوجاتا ہے۔ ہمارے بورڈ کی تشکیل کے سے تمام شعبہ ہائے زندگی سے تعلق رکھنے والے حصص داران کی نمائندگی کا عکس نمایاں ہے جو کہ درج ذیل 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۔	☆ کراچی میں دو سرکاری لڑکیوں کے اسکولوں کی مسلسل سرپرستی جاری رہی ہے۔ ☆ تعلیم سے وابستہ اپنے عزائم کی تکمیل کیلئے آئی بی اے، کے ایس بی ایل، آئی او بی ایم، آئی وی ایس اور دیگر تعلیمی اداروں کے طلباء کیلئے تعلیمی وظائف کی فراہمی کو جاری رکھا گیا۔	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 ارد گرد کے علاقوں میں شجرکاری کی مہم چلائی گئی۔ ☆ پلانٹس سے ہونے والے اخراج کی مسلسل نگرانی کی جاتی رہی ہے۔ ☆ اپنے ملازمین سے کپڑوں کی تقسیم کی مہم کا آغاز کیا تاکہ غیر مراعات یافتہ طبقے کی امداد ہو سکے۔

کارپوریٹ معاشرتی ذمہ داری

آپکی 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 کرتا ہے۔ آپکی کمپنی کی جانب سے زیر نظر سال کے دوران تعلیم کے شعبے میں ان مستحق طلبا کو وظائف دیئے گئے جو کہ لمس، آئی بی اے اور وطن عزیز کی نامور جامعات میں زیر تعلیم ہیں۔

اسی طرح آپکی کمپنی خواتین کو خود مختار بنانے کے لئے بھی اپنا بھرپور کردار ادا کر رہی ہے اور اس سلسلے میں زندگی ٹرسٹ کے ساتھ مل کر دو معروف سرکاری گرلز اسکولوں کی امداد جاری رکھے ہوئے ہے۔ وطن عزیز میں خواتین کی تعلیم کے سلسلے میں معاشرے کے کردار کو بنیاد بناتے ہوئے آپکی کمپنی اس بات کی امید کرتی ہے کہ کمپنی کی جانب سے اس سلسلے میں کی جانے والی کوششیں ان گرلز اسکولوں کو پاکستان میں ماڈل گرلز اسکولوں کے طور سامنے پیش کرنے میں معاون ثابت ہونگی۔

صحت عامہ کی بہترین سہولیات کو عام کرنا بھی آپکی کمپنی کی ترجیحات میں شامل ہے اور اس سلسلے میں عزیز طبہ فاؤنڈیشن کے ساتھ مالی تعاون کا سلسلہ جاری ہے جو ایک انسانی خدمت کا ایک عظیم الشان ادارہ ہے جس کے تحت طبہ ہارٹ انسٹیٹیوٹ اور طبہ کڈنی انسٹیٹیوٹ چلائے جا رہے ہیں۔ مزید برآں، آپکی کمپنی کی جانب سے پاکستان ویلفیئر ایسوسی ایشن آف دی بلائنڈ کے ساتھ بھی تعاون کیا جاتا ہے۔

ہمیشہ کی طرح ماہ رمضان کے دوران مستحق افراد کو کمپنی کی جانب سے خوراک کی بنیادی ضروریات فراہم کی گئیں۔ اس کے علاوہ صحت اور دیگر فلاحی کاموں کیلئے اقدامات اٹھانے کی غرض سے کمیونٹی سروس کے تحت بھی آپکی کمپنی کی جانب سے عطیات دیئے جاتے ہیں تاکہ خرچ کئے جانے والے عطیات کا حقیقی فائدہ معاشرے کو پہنچے۔

آپکی کمپنی کی جانب سے کمیونٹی ڈیولپمنٹ کی غرض سے سی پی ایل سی کو بھی عطیات دیئے جا رہے ہیں - یہ ایک ایسا ادارہ ہے جو کہ صوبہ سندھ میں شہریوں کے حفظ و امان کی ذمہ داریاں سنبھالے ہوئے ہے۔

کاروبار کی نشوونما اور مختلف النوع کاروبار

کوئلے پر مبنی پروجیکٹ	کیا گی موٹرز پاکستان لمیٹڈ (کے ایل ایم)	عراق کے شہر ساوہ میں گرین فیلڈ کلنکر پیداواری صلاحیت کا آغاز	پیزو پلانٹ پر اضافی لائن کی تنصیب
کمپنی کی جانب سے 25 جون 2018 کو اس پروجیکٹ کے سلسلے میں مالی معاملات کو حتمی شکل دی جاچکی ہے اور دیگر ضروری شرائط بھی پوری کردی گئی ہیں۔ اسی طرح PPIB نے حکومت پاکستان کی جانب سے عمل درآمد معاہدے کے تحت ضروری ضمانت جاری کردی ہے۔ پروجیکٹ کے کمرشل آپریشنز کیلئے یکم مارچ 2021 کی تاریخ مقرر کی گئی ہے۔	کے ایل ایم نے نومبر 2017 کو پروجیکٹ کے تعمیراتی کام کا آغاز کردیا ہے۔ کے ایل ایم نے یکم جون 2018 کو اس پروجیکٹ کے سی بی یو آپریشنز کا آغاز بھی کردیا تھا۔ پاکستان کے کچھ شہروں میں کمپنی کی ملکیت اور تھرڈ پارٹی کی مدد سے ڈیلرشپ کا آغاز بھی کردیا گیا ہے۔ امید ہے کہ یہ پروجیکٹ 2019 کی دوسری سہ ماہی میں کمرشل آپریشنز شروع کردے گا۔	اس پروجیکٹ کے سلسلے میں مالی معاملات کو حتمی شکل دینے اور کمرشل بنیادوں پر کام کا آغاز کرنے کیلئے بالترتیب 2018 کی تیسری سہ ماہی اور 2019 کی آخری سہ ماہی کا ہدف مقرر کیا گیا ہے۔	اس پروجیکٹ کا تعمیری آغاز کیا جاچکا ہے۔ کمرشل بنیادوں پر پیداواری عمل کا آغاز 2019 کی آخری سہ ماہی میں ممکن ہے۔

رسک مینجمنٹ

حکمت عملی کے رسک	کاروباری افعال کے رسک	مالیاتی رسک	ضوابط کی پاسداری کے رسک
حکمت عملی کے رسک میں سرکاری ایجنسیوں اور اتھارٹیز سے بطور صارف یا سپلائر نمٹنا، گیس یا متبادل ایندھن کی فراہمی برائے توانائی وغیرہ شامل ہیں، جیسا کہ گیس یا متبادل ایندھن کی قیمتوں غیر معمولی فرق کی وجہ سے پیداواری لاگت پر بہت گہرے اثرات مرتب ہوتے ہیں۔ مقامی سطح پر تیزی سے بدلتے ہوئے مسابقتی ماحول پر بھی گہری نظر رکھی جارہی 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 فروختگی کو متاثر ہونے سے بچانے کیلئے کاروبار کے بلاتعطل جاری رہنے اور آفات سے نمٹنے کے لئے خصوصی منصوبہ بندی کی جاتی ہے۔ خام مال کی دستیابی، افرادی قوت کی بروقت فراہمی کو ممکن بنانا اور دونوں پلانٹس پر توانائی کی پیداوار میں خودکفیل ہونا اور سپلائی چین اور لاجسٹک آپریشنز خواہ کمپنی کے ہوں یا دیگر پارٹیوں کے ذریعے سے ہوں کو موثر بنانے جیسے اقدامات کی وجہ سے کمپنی کاروباری افعال پر مبنی رسک قابل قبول حد تک کم کرنے میں کامیاب ہوچکی ہے۔	قرضوں سے پاک بیلنس شیٹ اور غیر ملکی کرنسی میں لین دین کی صورت میں ایک فطری تحفظ حاصل ہونے کی وجہ سے کمپنی کسی بھی غیر معمولی مالیاتی رسک سے محفوظ ہے۔ تاہم غیر ملکی کرنسی کے لین دین کے معاملے میں کسی بھی قلیل المیعاد رسک سے نمٹنے کیلئے کمپنی محدود پیمانے پر فارن ایکسچینج کور حاصل کرتی ہے۔	کمپنی کی جانب سے تمام قواعد اور ضوابط کی مکمل پاسداری اور فنانشل رپورٹنگ میں شفافیت کی وجہ سے کمپنی اس رسک سے تقریباً محفوظ ہے۔ ضرورت پڑنے پر اہم قانونی مقدمات میں ملوث ہونے کی صورت میں کمپنی کی جانب سے معروف قانونی فرمز اور ماہرین قانون سے مشاورت کی جاتی ہے۔

کارپوریٹ اور برانڈ کی ساکھ

ایوارڈز	برانڈ سے متعلق آگہی	کارپوریٹ روابط	بین الاقوامی کانفرنسیں
☆ 33واں ایم اے پی کارپوریٹ ایوارڈ برائے حسن کارکردگی۔ ☆ 14واں ایوارڈ برائے ماحولیات 2017 (اے ای ای اے)۔ ☆ پروفیشنلز نیٹ ورک۔ 7واں کارپوریٹ معاشرتی ذمہ داری سمٹ ایوارڈ 2017۔ ☆ آئی کیپ / آئی سی ایم اے پی ایوارڈ برائے بہترین کارپوریٹ رپورٹ برائے 2016 بابت شوگر اور سیمنٹ انڈسٹری۔	☆ پروفیشنل ایجوکیشن فاؤنڈیشن کو اولمپکس کیلئے اسپانسرشپ دی گئی۔ ☆ نشتر کالج میں ایک تقریب کیلئے اسپانسرشپ دی گئی۔	صارفین تک پرنٹ میڈیا کے ذریعے پہنچنے کی کوششیں جاری رہیں اور انٹرنیشنل سیمنٹ ریویو، ورلڈ سیمنٹ ریویو اور دیگر مقامی میگزینوں میں بھی آرٹیکلز شائع کروائے گئے۔	☆ 12 سے 14 مارچ 2018 کے دوران INTERCERM دبئی میں شرکت کی گئی۔ ☆ سری لنکا کے شہر کولمبو میں ٹریڈ ڈیولپمنٹ اتھارٹی آف پاکستان کی جانب سے سنگل کنٹری نمائش میں 12 جنوری تا 15 جنوری 2018 شرکت کی گئی۔

انسانی وسائل کی ترقی

منصوبہ جانشینی	پرفارمنس مینجمنٹ	ٹیلنٹ مینجمنٹ	جنسی عدم امتیاز
کمپنی کے اندر 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۔	انسانی وسائل کی کمپنی کی جانب سے پرفارمنس مینجمنٹ کیلئے ایک جوائنٹ ریویو سیشن کا اہتمام کیا گیا تاکہ اس بات کو یقینی بنایا جا سکے کہ تمام شعبے اور افراد کارپوریٹ اہداف کے عین مطابق اپنی صلاحیتوں کو بروئے کار لاسکیں۔	اسامیوں اور ان کیلئے درکار ضروری مہارتوں کی بنیاد پر کمپنی کے باہر سے بہترین افرادی قوت کے انتخاب کو ممکن بنانا۔ اس افرادی قوت کو ادارے میں میل جول کے ذریعے ادارے کے کلچر سے مانوس کرنا اور منتخب شدہ افرادی قوت کو ویلیو روپوزیشن کے ذریعے ادارے میں ٹھہرنے اور اہم پوزیشنوں پر خدمات سرانجام دینے کیلئے آمادہ کرنا اور کمپنی کے ساتھ متحرک اور طویل المیعاد رشتہ قائم کرنے کیلئے تربیت دینا۔	کمپنی جنسی عدم امتیاز کیلئے سنجیدگی سے کام کر رہی ہے اور برابری کی بنیاد پر ملازمت فراہم کرنے میں اپنی ایک ساکھ رکھتی ہے۔ خواتین ملازمین کیلئے سازگار ماحول پر مبنی پالیسیوں کے نفاذ کو ممکن بنایا گیا 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 14% کم رہی)	جدید ترین ٹیکنالوجی اور ڈبلیو ایچ آر پلانٹس کو استعمال کرنے کے سلسلے میں این ای کیو ایس کے معیارات سے کارکردگی تقریباً 60% زیادہ بہتر رہی۔	کراچی پلانٹ پر 5 میگاواٹ کے پلانٹ کی تنصیب کے بعد تنصیب سے پہلے کے مقابلے میں کاربن کے اخراج میں 8% فیصد کی مزید کمی واقع ہوئی ہے۔

8۔ رسک مینجمنٹ پروگرام کو مربوط شکل میں پیش کرنا۔

9۔ کمپنی کے تمام امور میں کارپوریٹ معاشرتی ذمہ داری کو شامل کرنا۔

دوران سال رواں انتظامیہ نے مذکورہ بالا اہداف کو کمپنی میں ہر سطح پر اس مقصد کیلئے سب تک پہنچادیا ہے تاکہ ہر شعبہ طے شدہ معیارات کو مدنظر رکھتے ہوئے اپنے اپنے دائرے میں تمام امور بشمول انسانی وسائل کے استعمال کے ضمن میں ان پر عمل درآمد شروع کردے۔ سال کے دوران ان اہداف کو لگاہے بگاہے جانچنا اور ان پر عمل درآمد کو چیک کرنے کا کام مینجمنٹ کمیٹی اور پروڈکٹس سے متعلق ہونے والے اجلاسوں 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	آمدن فی حصص	پیداواری لاگت میں کمی کیلئے اقدامات
☆ مالی سال 2017-18 کے دوران 17.0% حصہ مارکیٹ میں حاصل کیا گیا۔ ☆ کراچی پلانٹ میں 1.3 MTPA کی لائن کی تنصیب سے گنجائش میں اضافہ اور پیزو پلانٹ میں موجودہ پیداواری صلاحیت کی کارکردگی کو موثر بنانے کی وجہ سے 0.3 MTPA سے پیداواری گنجائش میں اضافہ	لاگت برائے فی ٹن پیداوار صنعت میں سب سے کم رہی۔	سال بہ سال مجموعی طور پر فروختگی کے حجم میں 9.3% کا اضافہ ہوا۔	اس سال آمدن فی حصص 37.72 روپے رہی جو کہ گزشتہ سال کے مقابلے میں 10.9% کم ہے۔	کراچی کے پلانٹ پر نئی لائن کے اضافے کی وجہ سے ڈبلیو ایچ آر توانائی میں 3 میگاواٹ اضافہ ہوا ہے

بحوالہ کارپوریٹ نتائج برائے مالی سال 2016-17

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 کے اعتماد کا 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 عرض میں تمام اعلیٰ وادنیٰ ملازمین کو شامل کرتے ہوئے ہر کام کے سرانجام دینے کیلئے ایس او پیز (کام سر انجام دینے کے معیارات) اور کے پی آئیز (کارکردگی کو جانچنے کے پیمانے) مقرر کر دیے 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، طریق ہائے کار کی پیچیدگیاں دور کرنے دہرائے جانے والے کاموں کی تخفیف، مواصلاتی رابطوں میں تعطل کو ختم کئے جانے اور بروقت انفارمیشن پروسسنگ کی صورت میں سامنے آ رہے 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 ترقیتی 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 پیش نظر کمپنی اپنے کارپوریٹ اہداف حاصل کرنے میں کامیاب رہی ہے۔

کارکردگی کے معیارات

طے شدہ مقاصد واہداف کے حصول کو ممکن بنانے کیلئے کمپنی کی جانب سے کارکردگی کو جانچنے کے معیارات وعلامتیں مقرر کی گئی ہیں۔ ان معیارات کو کمپنی کے ہر شعبے اور طول 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۔

1۔ مقامی اور برآمدی مارکیٹوں میں مستقل اور منافع بخش نشوونما کو ممکن بنانا۔
2۔ صنعت میں سب سے کم پیداواری لاگت کو برقرار رکھنے کیلئے ہر ممکن کوشش کرنا۔
3۔ کارپوریٹ اور برانڈ کی ساکھ کو مزید بہتر بنانا۔
4۔ انسانی وسائل کو اپنی جانب مبذول کرنا، انہیں اپنے ساتھ رکھنا، انہیں تربیت فراہم کرنا اور انہیں معقولیت کے ساتھ زیر استعمال لانا۔
5۔ محفوظ اور صحت افزاء ماحول کو پروان چڑھانا۔
6۔ پاکستان سے باہر اپنے قدم جمانا اور مختلف کاروباروں میں قسمت آزمانا۔
7۔ آئی ٹی سسٹم کی اصلاح کرنا اور انفراسٹرکچر کو مضبوط کرنا۔

زیرِ نظر مالی سال کے دوران کمپنی کے کاروباری افعال سے 17.32 بلین روپے حاصل کئے گئے جس میں سے 11.67 بلین روپے طویل المدتی سرمایہ کاری کی مد میں 6.44 بلین روپے مستقل سرمایہ کاری کی مد میں، 5.48 بلین روپے حصص داران کو ڈیویڈنڈ کی ادائیگی کی مد میں اور 2.13 بلین روپے انکم ٹیکس کی مد میں خرچ کئے گئے۔

بورڈ آف ڈائریکٹرز اس بات سے مطمئن ہے کہ ایک جامع اور موثر فنانشل مینجمنٹ سسٹم فعال ہونے کی وجہ مستقبل قریب میں ہم کسی قسم کے کوئی تمویلی 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 تاکہ ان رقوم سے مزید سرمایہ حاصل کیا جا سکے۔

سرمائے کی ساخت اور مالیاتی پوزیشن

رواں مالی سال کے دوران بھی آپکی کمپنی سو فیصد حصص پر مبنی کمپنی رہی اور کمپنی کی بیلنس شیٹ پر صفر فیصد قرضے ظاہر کئے گئے۔ آپکی کمپنی کے جانب سے اندرونی طور پر نقد رقوم کی ترسیل اور قرضوں سے پاک بیلنس شیٹ اس کی سب سے بڑی قوت ہیں۔ اس 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 9% اضافہ ہوا ہے جس کے بعد ہمارے ذخائر 83 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

آپکی کمپنی کے پاس نقد رقوم کے وافر ذخائر موجود ہیں اس لئے کمپنی کسی بھی قسم کے طویل المیعاد یا قلیل المیعاد قرضوں کی سہولت سے فائدہ نہیں اٹھا رہی۔ جیسا کہ مارکیٹ میں لکی سیمنٹ ایک مستقل مزاج اور قابل اعتماد کاروباری ادارے کی ساکھ رکھتا ہے اس لئے ہمارے تمام تجارتی قرض فراہم کنندہ ہمارے مالیاتی بندوبست پر بھرپور اعتماد کا اظہار کرتے 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 ایک کام کرنے کیلئے ایسا ماحول فراہم کرنے کیلئے پرعزم جہاں ہمارے ملازمین خود کو قیمتی، قابل عزت، خود مختار اور پرجوش محسوس کریں۔ ذہین اور محنتی 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 افرادی قوت کو سیکھنے اور آگے بڑھنے کے بھرپور مواقع فراہم کرتے ہیں۔

معیار کو بہتر بنانا ہمارے کاروبار کی طویل المیعاد اور مستقل کامیابی کیلئے انتہائی اہم ہے۔ تاہم 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 ٹیلنٹ 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۔

یکم جون 2018 کو کے ایل ایم کی جانب سے CBU سرگرمیوں کا آغاز کر دیا گیا ہے۔ کمپنی کی جانب سے کمپنی کی ملکیت میں اور تھرڈ پارٹی کے زیر انتظام پاکستان کے چند بڑے شہروں میں ڈیلرشپ کا آغاز بھی کیا جا چکا ہے۔ اہداف کے مطابق یہ پروجیکٹ کلینڈر سال 2019 کی دوسری سہ ماہی میں کمرشل بنیادوں پر کام کا آغاز کر دے گا۔

ساماوہ، عراق میں گرین فیلڈ کلنکر کی پیداواری سہولت - 1.2 ملین ٹن سالانہ

کمپنی اس پروجیکٹ کے سلسلے میں سپلائرز سے پلانٹ و مشینری کی ترسیل کیلئے گفت و شنید میں مصروف ہے۔ مالی معاملات کو حتمی شکل دینے کیلئے اور کمرشل بنیادوں پر پیداواری عمل کا آغاز کرنے کیلئے بالترتیب کلینڈر سال 2018 کی تیسری سہ ماہی اور 2019 کی آخری سہ ماہی کا ہدف مقرر کیا گیا ہے۔

منسلکہ کمپنی کے 50 میگاواٹ بادبانی فارم میں ایکوئٹی سرمایہ کاری -- یونس ونڈ پاور لمیٹڈ

یہ پروجیکٹ فی الحال ترقیاتی کاموں کے مراحل طے کر رہا ہے اور ابھی تک کمپنی کی جانب سے اپنی منظور شدہ ایکوئٹی سرمایہ کاری کا حصہ اس پروجیکٹ میں نہیں لگایا گیا۔ امید کی جاتی ہے کہ اس منصوبے پر دسمبر 2020 سے کمرشل بنیادوں پر کام کا آغاز کر دیا جائے گا جو کہ ٹیرف کی منظوری اور توانائی کے خریدار کی جانب سے گرڈ کی دستیابی سے مشروط ہے۔

شعبوں کی بنیاد پر کاروباری کارکردگی کا جائزہ

کمپنی کی جانب سے آئی سی آئی پاکستان کا حصول 660 میگاواٹ کوئلے پر مبنی پاور پروجیکٹ اور آٹو موبائل مینوفیکچرنگ میں کی جانے والی سرمایہ کاری کمپنی کی جانب سے 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	خام آمدن کی شرح نمو	خام منافع کی شرح	کاروباری منافع کی شرح	شعبے کے اثاثے (ملین روپے میں)	شعبے پر واجبات (ملین روپے میں)
سیمنٹ	9.37%	35.66%	29.18%	56.58	22.50
پولیسٹر	26.48%	2.40%	0.67%	11.73	15.04
سوڈا ایش	12.72%	25.61%	21.61%	26.19	3.45
حیاتیاتی سائنسز	27.74%	29.61%	12.45%	13.81	4.83
کیمیکل اور ایگری سائنسز	4.46%	19.17%	3.22%	9.62	4.13
دیگر	47.68%	15.82%	(15.60%)	16.25	4.53

کمپنی کی نقد رقوم کی ترسیل کے اہم ذرائع

حکمت عملی برائے ترسیل نقد رقوم

آپکی کمپنی کی جانب سے نقد رقوم کی ترسیل کیلئے ایک موثر 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 کمپنی کے اندرونی ذرائع سے ہی کیا جاتا ہے۔

قومی تعمیر و ترقی کے سلسلے میں عطیات

آپکی کمپنی کو اپنی کارپوریٹ معاشرتی ذمہ داری کا پوری شدت کے ساتھ احساس ہے اور کمپنی خواتین کی خودمختاری، تعلیم، صحت اور ماحولیات میں توازن جیسے شعبوں میں اپنا کردار ادا کرنے کیلئے پوری طرح سے پرعزم ہے اور اس سلسلے میں فلاحی اقدامات اٹھاتی رہتی ہے۔ یہ اقدامات براہ راست کمپنی کے مالی تعاون کے پروگراموں اور بالواسطہ سول سوسائٹی اور این جی اوز کی جانب سے شروع کئے گئے اداروں کی مدد کر کے اٹھائے جاتے ہیں تاکہ ان کے مثبت اثرات معاشرے پر مرتب ہوسکیں۔

عطیہ اکاؤنٹ سے متعلق تفصیلات۔۔ روپے ہزاروں میں	مالی سال18-2017	مالی سال17-2016
صحت کے شعبے کیلئے اٹھائے گئے اقدامات اور مریضوں کی مالی امداد	179,711	216,319
کمیونٹی کی فلاح و بہبود بشمول کھیل اور اولمپکس	72,938	43,685
تعلیمی اقدامات اور اسکولوں، یونیورسٹیوں میں دیئے جانے والے تعلیمی وظائف	33,680	48,162
دیئے گئے کل عطیات	**286,329**	**308,166**

پروجیکٹس --- نئے اور جاری

پاکستان کے صوبہ خیبر پختون خواہ میں براؤن فیلڈ سیمنٹ پلانٹ توسیعی منصوبہ - 2.6 ملین ٹن سالانہ

پروجیکٹ کی سائٹ پر تعمیراتی سرگرمیوں کا آغاز کیا جاچکا ہے اور پلانٹ و مشینری کی درآمد کے سلسلے میں لیٹر آف کریڈٹ بھی کھول دیا جاچکا ہے۔ ہدف کے مطابق پروجیکٹ کمرشل بنیادوں پر مالی سال 2019 کی آخری سہ ماہی میں کام شروع کردے گا۔

سرمایہ کاری

1×660 میگاواٹ کے سپر کریٹیکل کوئلے پر مبنی پاور پروجیکٹ میں سرمایہ کاری

آپکی کمپنی اس سلسلے میں 25 جون 2018 کو تمام تر مالی معاملات کو حتمی شکل دے چکی ہے اور اس سلسلے میں دیگر تمام شرائط پر بھی عمل کیا جاچکا ہے، اسی لحاظ سے معاہدے پر عمل کرنے کی شرائط کی رو سے حکومت پاکستان کی جانب سے پی پی آئی بی نے ضروری ضمانت بھی جاری کردی ہے۔ پروجیکٹ کو متحرک کرنے کے سلسلے میں ٹھیکیداروں کو بیعانہ بھی ادا کیا جاچکا اور تعمیراتی کاموں اور ترسیل کے سلسلے میں معاہدوں کا اجراء بھی کیا جاچکا ہے۔ ٹھیکیداروں کو تعمیراتی سائٹ پر متحرک کیا جاچکا ہے اور زمین کی سطح کو ہموار کرنے اور بنیادوں کے کام کا آغاز کیا جاچکا ہے۔ کمرشل بنیادوں پر کام شروع کئے جانے کی تاریخ یکم مارچ 2021 مقرر کی گئی ہے۔

آٹو موٹیو مینوفیکچرنگ پلانٹ میں سرمایہ کاری۔۔ کیا کی موٹرز پاکستان لمیٹڈ (کے ایل ایم)

کے ایل ایم کی جانب سے پروجیکٹ پر تعمیراتی کام کا آغاز نومبر 2017 سے شروع کیا جاچکا ہے اور وزارت صنعت و پیداوار کے ساتھ آٹو موٹیو ڈیولپمنٹ پالیسی 2021-2016 کے تحت دسمبر 2017 میں نیو انٹرینٹ ایگریمنٹ پر دستخط بھی کردیئے گئے ہیں۔

قومی خزانے میں حصہ

آپکی کمپنی کی جانب سے سرکاری خزانے میں 23 بلین روپے (بمطابق 2017: 22 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 زیر نظر مالی سال کے دوران سیمنٹ کی برآمدات کے ذریعے سے وطن عزیز کیلئے تقریباً 51.8 ملین ڈالر کا قیمتی زرمبادلہ بھی حاصل کیا گیا ہے۔

ڈیویڈنڈ اور تقسیم منافع

رواں سرمایہ کاری اور ایکیوٹی سرمایہ کاری کے منصوبوں کو مدنظر رکھتے ہوئے بورڈ کی جانب سے فی حصص 8 روپے حتمی نقد ڈیویڈنڈ دینے کی تجویز دی گئی ہے جو کہ آئندہ عام سالانہ اجلاس مورخہ 28 ستمبر 2018 میں حصص داران کی منظوری سے مشروط ہے۔ یہ تجویز کردہ حتمی ڈیویڈنڈ، 5 روپے فی حصص کے اس عبوری ڈیویڈنڈ کے علاوہ ہے جس کی ادائیگی پہلے ہی کی جا چکی ہے جیسا کہ بورڈ کی جانب سے مالی سال 30 جون 2018 کے سلسلے میں اس سے پہلے اس کی سفارش کی گئی تھی۔

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 طریق کار کے مطابق کی جائے گی:

	روپے ہزاروں میں
صافی منافع برائے سال:	-
غیر منقسم شدہ منافع سال کے آغاز میں	12,079,216
منافع دستیاب برائے تقسیم	**12,079,216**
تقسیم منافع	
عبوری نقد ڈیویڈنڈ @5 روپے فی حصص جو کہ پہلے ہی ادا کیا جا چکا ہے	1,616,875
مجوزہ حتمی نقد ڈیویڈنڈ @8 روپے فی حصص	2,587,000
مالی سال 18-2017 کے دوران کل ڈیویڈنڈ	**4,203,875**
مجوزہ منتقلی برائے عمومی ذخائر	**7,875,341**
غیر منقسم شدہ منافع سال کے اختتام پر	---------------
بنیادی و تحلیلی آمدن فی حصص (EPS) روپے میں	**37.72**

خام منافع

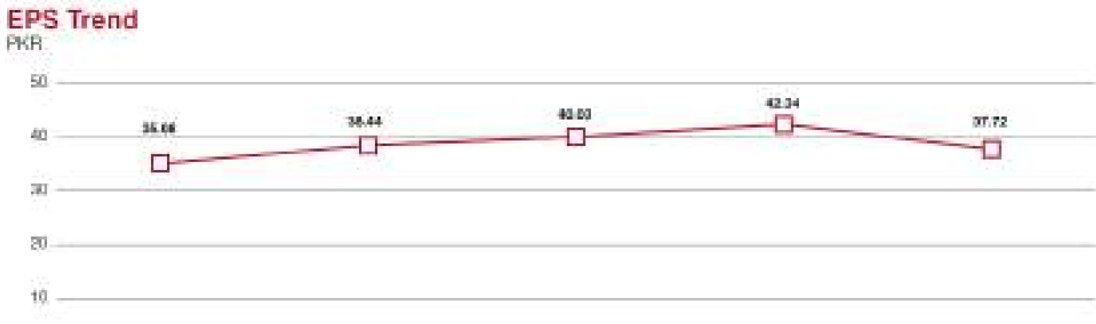
آپکی کمپنی زیرِ نظر مالی سال کے دوران 35.7% خام منافع حاصل کر پائی جبکہ گزشتہ سال اسی عرصے کے دوران خام منافع کی شرح 46.6% تھی۔

صافی منافع

آپکی کمپنی نے زیرِ نظر مالی سال کے دوران 15,118.7 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جبکہ گزشتہ سال اسی عرصے کے دوران یہ منافع 18,778.3 ملین روپے تھا۔ اسی طرح اس سال منافع بعد از ٹیکس 12,197.1 ملین روپے ریکارڈ کیا گیا جبکہ گزشتہ سال اسی عرصے کے دوران منافع بعد از ٹیکس 13,692.2 ملین روپے ریکارڈ کیا گیا تھا۔

آمدن فی حصص

آپکی کمپنی کی جانب سے مالی سال 30 جون 2018 کے دوران آمدن فی حصص 37.72 روپے رہی جبکہ گزشتہ سال اسی عرصے کے دوران آمدن فی حصص 42.34 روپے تھی۔



آپکی کمپنی کی منفرد مالیاتی کارکردگی برائے مالی سال 18-2017 اور گزشتہ سال کا تقابلی جائزہ ذیل میں پیش کیا جا رہا ہے:

ماسوائے فی حصص آمدن بقیہ ہندسے ملین روپوں میں ہیں

تفصیلات	مالی سال 2017-18	مالی سال 2016-17	فرق فیصد میں
خام آمدن	67,377	61,602	9.4%
صافی آمدن	47,542	45,687	4.1%
خام منافع	16,952	21,298	(20.4%)
کاروباری منافع	13,870	18,573	(25.3%)
آمدن قبل از سود، انکم ٹیکس و فرسودگی	16,887	21,205	(20.4%)
صافی منافع	12,197	13,692	(10.9%)
فی حصص آمدن	37.72 فی حصص	42.34 فی حصص	(10.9%)

آمدن

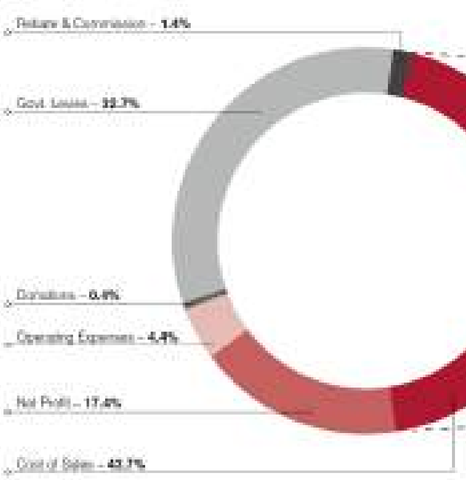
مالی سال 18-2017 کے دوران آپکی کمپنی نے گزشتہ سال اسی عرصے کے مقابلے میں 9.4% کی مجموعی فروختگی کا ہدف حاصل کیا۔ اس کی اصل وجہ بلند فیڈرل ایکسائز ڈیوٹی اور سیلز ٹیکس تھے۔

لاگت برائے فروختگی

گزشتہ سال کے مقابلے میں زیرِ نظر مالی سال کے دوران آپکی کمپنی کی لاگت برائے فروختگی میں 14.7% کا اضافہ ہوا۔ اس اضافے کی بنیادی وجہ کوئلے اور دیگر ایندھن اور پیکنگ کے سامان کے نرخوں میں اضافہ تھا۔

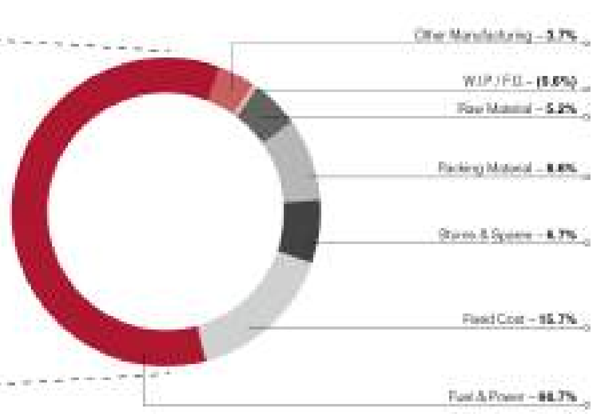
تقسیم برائے خام منافع

Distribution of Gross Revenue



تقسیم برائے لاگت برائے فروختگی

Distribution of Cost of Sales



برآمدات				
بوری بند سیمنٹ	849	896	(47)	(5.2%)
کھلا سیمنٹ	181	185	(4)	(2.2%)
کلنکر	101	-	101	100.0%
کل برآمدات	**1,131**	**1,081**	**50**	**4.6%**
مجموعی کل	**7,817**	**7,150**	**667**	**9.3%**

مارکیٹ میں حصہ	مالی سال 18-2017	مالی سال 17-2016	اضافہ/(کمی) فیصد میں
مقامی فروختگی	**16.2%**	**17.0%**	**(4.7%)**
برآمدات			
بوری بند سیمنٹ	19.9%	20.0%	(0.5%)
کھلا سیمنٹ	100.0%	100.0%	0.0%
کلنکر	33.1%	-	100.0%
کل برآمدات	**23.8%**	**23.2%**	**2.6%**
مجموعی کل	**17.0%**	**17.7%**	**(4.0%)**

بحوالہ: APCMA ویب سائٹ

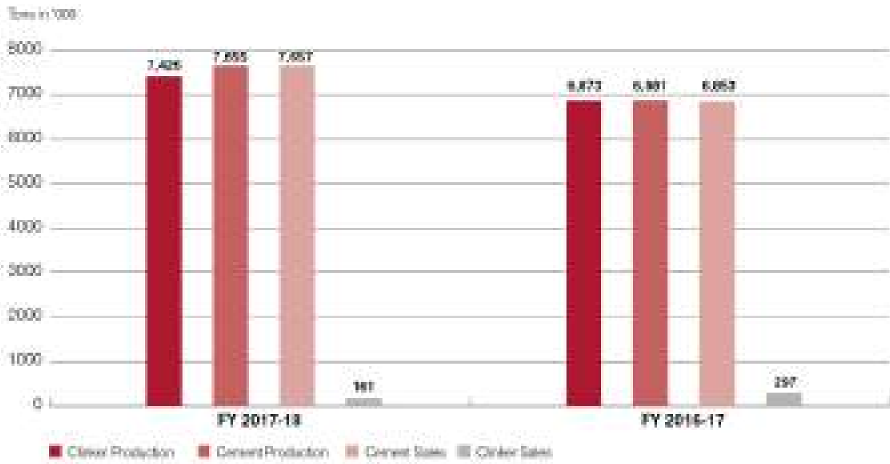
ذیل میں سال بہ سال مارکیٹ میں کمپنی کے حصے کا تقابلی تجزیہ پیش کیا جا رہا ہے۔

Yearwise LCL Market Share

ب۔ مالیاتی کارکردگی

اگر مجموعی طور پر دیکھا جائے تو آپ کی کمپنی کی جانب سے 16.17 بلین روپے صافی منافع کا ہدف حاصل کیا گیا ہے۔ جس میں سے 1.35 بلین روپے کا تعلق اقلیتی حصص داران سے ہے اور کل طور پہ منافع 45.83 روپے آمدن فی حصص بنتا ہے جبکہ گزشتہ مالی سال کے دوران یہی آمدن فی حصص 50.18 روپے ریکارڈ کی گئی تھی۔

پیداوار اور فروختگی سے متعلق ڈیٹا کو ذیل میں گراف کی صورت میں پیش کیا جا رہا ہے:



مال کی ترسیل سے متعلق آپ کی کمپنی اور سیمنٹ کی صنعت کا تقابلی جائزہ برائے مالی سال 2017-18 ذیل میں پیش کیا جا رہا ہے:

تفصیلات	مالی سال 2017-18	مالی سال 2016-17	اضافہ/(کمی) فیصد میں	
	ٹن ہزاروں میں			
سیمنٹ کی صنعت				
مقامی فروختگی	41,147	35,652	5,495	15.4%
برآمدات				
بوری بند سیمنٹ	4,260	4,479	(219)	(4.9%)
کھلا سیمنٹ	181	185	(4)	(2.2%)
کلنکر	305	-	305	100%
کل برآمدات	**4,746**	**4,664**	**82**	**1.8%**
مجموعی کل	**45,893**	**40,316**	**5,577**	**13.8%**
لکی سیمنٹ				
مقامی فروختگی				
سیمنٹ	6,627	5,772	855	14.8%
کلنکر	59	297	(238)	(80.1%)
کل مقامی فروختگی	**6,686**	**6,069**	**617**	**10.2%**

ڈائریکٹرز رپورٹ

آپکی کمپنی کے ڈائریکٹرز کیلئے یہ بات باعث مسرت ہے کہ انکی جانب سے کمپنی کے مالیاتی نتائج بشمول منفرد اور مجموعی آڈٹ شدہ مالیاتی دستاویزات بابت مالی سال اختتام پذیر 30 جون 2018 آپکی خدمت میں پیش کئے جا رہے ہیں۔

جائزہ

مالی سال اختتام پذیر 30 جون 2018 کے دوران پاکستان میں سیمنٹ کی صنعت کی شرح نمو 13.8% کے ساتھ 45.89 ملین ٹن رہی جبکہ گزشتہ سال سیمنٹ کی صنعت کا حجم 40.32 ملین ٹن تھا۔ زیرِ نظر مالی سال کے دوران ایک جانب مقامی سطح پر فروختگی میں 15.4% کی شرح نمو کے ساتھ فروختگی کا حجم 41.15 ملین ٹن رہا جو کہ گزشتہ سال اسی عرصے کے دوران 35.65 ملین ٹن تھا تو دوسری جانب برآمدات میں 1.8% کے اضافے کے ساتھ برآمدات کا حجم 4.75 ملین ٹن رہا۔ جو کہ گزشتہ سال کے دوران 4.66 ملین ٹن تھا۔

آپکی کمپنی کی جانب سے مجموعی طور پر فروختگی کی مد میں 9.3% کی شرح نمو کا ہدف حاصل کیا گیا ہے جس کے تحت فروختگی کا کل حجم اس سال کے دوران 7.82 ملین ٹن رہا جبکہ گزشتہ سال کے دوران یہ حجم 7.15 ملین ٹن تھا۔

جبکہ مقامی سطح پر آپکی کمپنی کی جانب سے فروختگی کی شرح نمو 14.8% رہی (شمال میں 18.1% اور جنوب میں 11.0%) جس کے تحت مقامی فروختگی کا حجم زیرِ نظر مالی سال کے دوران 6.63 ملین ٹن رہا جو گزشتہ مالی سال اسی عرصے کے دوران 5.77 ملین ٹن تھا؛ جبکہ دوسری جانب رواں مالی سال کے دوران مقامی سطح پر کلنکر کی فروخت میں 80.1% کی کمی واقع ہوئی ہے اور اس کمی کے ساتھ کلنکر کی فروختگی کا حجم 0.06 ملین ٹن رہا جو کہ گزشتہ سال اسی عرصے کے دوران 0.30 ملین ٹن تھا۔ اس کے نتیجے میں کمپنی کی مقامی سطح پر مجموعی فروختگی کا حجم 10.2% کے ساتھ 6.69 ملین ٹن رہا جو کہ گزشتہ سال کے دوران 6.07 ملین ٹن تھا۔ رواں مالی سال کے دوران برآمدات میں 4.6% کا اضافہ واقع ہوا ہے اور برآمدات کا حجم 1.13 ملین ٹن رہا جو کہ گزشتہ سال اسی عرصے کے دوران 1.08 ملین ٹن تھا۔

اگر کلی طور پر دیکھا جائے تو آپکی کمپنی کی جانب سے مجموعی خام آمدن 13.6% کے اضافے کے ساتھ 124.68 ملین روپے رہا جبکہ گزشتہ مالی سال کے دوران یہی مجموعی خام آمدن 109.80 ملین روپے ریکارڈ کیا گیا تھا۔

کاروباری کارکردگی

الف۔ کارکردگی برائے پیداوار و حجم برائے فروختگی

آپکی کمپنی کی جانب سے مالی سال 2017-2018 کی بابت پیداوار اور فروختگی کا جائزہ بمعہ تقابل بابت گزشتہ سال ذیل میں پیش کیا جا رہا ہے:

تفصیلات	مالی سال	مالی سال	اضافہ/(کمی) فیصد میں
	2017-18	2016-17	
	ہزاروں ٹن میں		
کلنکر کی پیداوار	7,426	6,873	8.0%
سیمنٹ کی پیداوار	7,655	6,881	11.2%
فروختگی برائے سیمنٹ	7,657	6,853	11.7%
فروختگی برائے کلنکر	161	297	(45.8%)

Head Office

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Registered Office

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Plants

Pezu Plant

Main Indus Highway, Pezu,
Distt. Lakki Marwat, Khyber Pakhtunkhawa
Tel: (+92-969) 580123-5
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Karachi Plant

104 km milestone from Karachi to Hyderabad (58 km
towards Karachi)
Fax: (+92-21)35206421

www.lucky-cement.com

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