LCI
LUCKY CORE INDUSTRIES

# Annual Report 2023-24
# Shaping Tomorrow

YBG

# Shaping Tomorrow

In the ancient art of origami, a single fold can transform a flat sheet into a work of art, revealing the potential hidden within.

This timeless craft reminds us that every action, every decision, and every effort has the power to shape a new reality. Just as origami requires patience, precision, and creativity, we too must approach our endeavours with a similar mindset, crafting our future with purpose and intention. The theme 'Shaping Tomorrow' embodies this spirit, inspiring us to embrace the transformative power of our actions.

At Lucky Core Industries Limited (LCI), we embody this philosophy, masterfully crafting a microcosm of a larger world. Our diverse businesses, including Soda Ash, Polyester, Pharmaceuticals, Animal Health, and Chemicals & Agri Sciences, are vital to various industries. Through our enterprises and initiatives, we aspire to create a lasting impact for generations to come, shaping a better and more sustainable tomorrow.

In this Annual Report, we invite you to join us on our journey, where innovation, sustainability, and a commitment to excellence come together to shape a brighter future for all.

# Contents

# Business Performance



# Sustainability Performance



# Financial Performance

# Review of the Chairman

Dear Stakeholders,

On behalf of the Board of Directors of Lucky Core Industries Limited (LCI), I am pleased to present our Annual Report for the year ended June 30, 2024.

I am delighted to report that LCI has achieved another year of exemplary financial performance and growth, delivering improved returns for its shareholders, despite a challenging business environment. Our stakeholders' ongoing support and our employees' unwavering dedication have been instrumental in our success.

FY 2023-24 presented multiple challenges, including high inflation, currency devaluation, and rising business costs, which significantly impacted operations. Nevertheless, the Company demonstrated remarkable resilience, achieving a 10% growth in consolidated Net Turnover to PKR 120,635 million, with Operating Results increasing by 17% to PKR 17,254 million compared to the previous year. On behalf of the Board of Directors, I would like to congratulate the management for the robust performance.

Guided by our vision for the future, we have continued to make steady progress, acknowledging that our growth is intricately tied to the country's progress. In line with this strategy, the Board recently approved a substantial capacity expansion of 200,000 TPA at our Soda Ash plant in Khewra, which will increase the total installed capacity from 560,000 TPA to 760,000 TPA, upon completion. Since the acquisition of majority shareholding by Yunus Brothers Group (YBG) in 2012, the plant's capacity, previously at 350,000 TPA, will double following the said expansion, highlighting the impact of strategic decisions by our leadership in meeting the growing needs of both domestic and export markets.

Another milestone that highlights our commitment to strategic growth is the Asset Purchase Agreements entered into with Pfizer Pakistan Limited and Pfizer Inc. These agreements represent a significant step towards acquiring selected brands and a state-of-the-art manufacturing facility from Pfizer, aligning seamlessly with our ambitious growth objectives. Formalities for completion of the transactions are currently under way. Since 2016, this marks LCI's third major acquisition in its Pharmaceuticals Business, preceded by an asset acquisition from Wyeth Pakistan Limited and the acquisition of Cirin Pharmaceuticals (Private) Limited. Together, these acquisitions-led initiatives not only strengthen our portfolio but also foster innovations, establish new benchmarks in the healthcare sector, and expand our manufacturing capabilities thereby enhancing healthcare access and outcomes for patients.

As we move into the next fiscal year, the global economic landscape remains resilient despite challenges such as global supply chain disruptions and ongoing geopolitical tensions. In Pakistan, efforts towards fiscal stabilisation and economic recovery are in progress, although challenges like inflation and fiscal reforms persist. LCI remains dedicated to navigating these uncertainties, aligning our strategies with Pakistan's economic priorities, and pursuing sustainable growth amidst both global and local complexities.

I extend my gratitude to the Board of Directors for their invaluable guidance, which has been crucial in driving our achievements, safeguarding the Company's reputation, and meeting the expectations of our stakeholders. Their contributions extend beyond financial metrics, shaping a cohesive vision that ensures sustained success in a dynamic business environment. As we build upon these successes, the Board will continue to play its role in protecting the shareholders' interests and creating shared value by advancing long-term objectives. Together, let us forge ahead towards a future characterised by prosperity and a brighter tomorrow.

Best regards,

**Muhammad Sohail Tabba**
Chairman
Lucky Core Industries Limited

# Message from the Chief Executive

Dear Stakeholders,

With a legacy of excellence spanning eight decades, Lucky Core Industries Limited (LCI) continues to shape the future of the industrial landscape with purpose and passion. Our Annual Report, 'Shaping Tomorrow', showcases our steadfast commitment to innovation, sustainability, and strategic growth, inspiring a brighter future for all.

As we progress on this journey, I am delighted to present an overview of the past year's accomplishments. These highlights underscore the dedication and perseverance of our team, and demonstrate our commitment to excellence, enhancing shareholder value, and our dedication to shaping a better tomorrow.

Looking back on the fiscal year 2023-24, it is evident that we navigated through a period marked by several economic disruptions and unforeseen challenges. Political uncertainity in the country, currency devaluation, increase in energy prices, soaring inflation, and unprecedented increases in interest rates collectively exerted substantial pressure on the business environment. Despite testing circumstances, I am pleased to share that LCI has steered these turbulent waters with determination, remaining committed to our mission of Improving Lives. During the year in review, the Company achieved significant growth, with unconsolidated Net Turnover increasing by 10% compared to the same period last year (SPLY). The Company's Operating Results grew by 17%, driven by improved operational excellence. However, Profit after Tax (PAT) declined by 19% over the SPLY, primarily due to a one-off gain from the partial divestment of shares of NutriCo Morinaga (Private) Limited in the previous financial year. Excluding the impact from the partial divestment of shares of NutriCo Morinaga (Private) Limited in the SPLY, PAT would have been 41% higher.

Our growth was fuelled by outstanding performances across all businesses. The Soda Ash Business was able to achieve its highest annual export sales of approximately 155,789 tonnes during the year. Through expanding its geographic reach and customer base, the business overcame market challenges, contributing significantly to the Company's overall success.

The Polyester Business continued to lead the way in innovation and sustainability, pioneering Textile-to-Textile recycling with Terylene 'Retex'. This ground-breaking technology enables the production of high-quality fibre made from textile waste, setting a new standard in sustainable practices. Terylene 'Retex' has garnered significant interest from prominent brands due to its compliance with textile upcycling standards, demonstrating our commitment to reducing waste and promoting a circular economy. This year, the business also partnered with 'FibreTrace' to provide digital traceability, enhancing credibility and transparency for brands and consumers. By embracing emerging trends and regulations, we are proactively shaping a sustainable future for our business and our customers.

Our Pharmaceuticals Business has taken a significant leap forward this year, marked by the signing of Asset Purchase Agreements with Pfizer for the acquisition of selected brands and a state-of-the-art manufacturing facility. The completion of the transaction remains subject to closing of conditions stipulated in the agreements. Our legacy brands, Mucaine, Citralka, and Tenormin, have each achieved milestone sales exceeding PKR 1 billion, solidifying our market position. Strategic initiatives and operational efficiencies have further propelled our success, driving us towards becoming a top-tier pharmaceutical company.

The Chemicals & Agri Sciences Business demonstrated resilience and adaptability amidst challenging conditions by focusing on robust supply chain management, diversified portfolios, and strong customer relationships. This strategy has helped establish it as a reliable partner across various industries. The business also achieved significant compliance certifications, including ZDHC (Zero Discharge of Hazardous Chemicals), Chem Check Road Map to Zero, and GOTS (Global Organic Textile Standards). These certifications are crucial for export-oriented operations and underscore the business's commitment to innovation, dependability, and customer-centricity. In the Masterbatches segment, the business improved its market standing with premium quality and innovative solutions, with plans to further expand production capacity to meet customer needs.

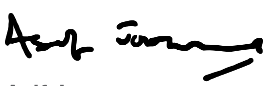
Despite challenges in the poultry industry, the Animal Health Business has demonstrated resilience. It focused on enhancing product quality and availability, implementing engaging customer strategies, and driving growth through key areas such as Feed Additives, Biologicals, and Genetics. The Poultry segment prioritised portfolio expansion, launching new products, and entering export markets, highlighting the business's commitment to innovation and growth.

Building on our sustainability agenda, we continue to prioritise the well-being of our people, the health of our planet, and the prosperity of our communities. Our ongoing programme, Catalyst 2030 - Climate Action Plan, drives our ambitious goals to decarbonise our operations by leveraging nature-based and science-driven solutions. I am delighted to acknowledge that our commitment to Health, Safety, Environment, and Security (HSE&S) has earned us numerous awards and accolades throughout the year. Our philanthropic and employee volunteer initiatives in health, education, women's empowerment, environment, and community development have created meaningful impacts and enriched lives. More details of our sustainability strategy and progress on material topics are shared in our Sustainability Report 2023-24.

Our people are our greatest asset, and we prioritise their well-being, growth, and development to drive our Company's performance. During the year under review, we launched a new engagement tool as part of our 'Core Connect - Honest Voices, Stronger Choices' campaign, to better understand our team's perspectives, concerns, and ideas for improvement. The survey was meticulously designed and developed in close consultation with our Executive Management Team to assess employee sentiments, job satisfaction, and engagement. It successfully gathered valuable feedback from 96% of employees, enabling management to identify areas for improvement and devise strategies to address concerns, thereby fostering a positive work environment. With over 34,500 hours of training logged this year, we remained committed to helping our talent realise their full potential. By putting people first, we are building a foundation for long-term success and making LCI a place where everyone can grow, thrive, and excel.

As we look ahead, we reaffirm our commitment to our stakeholders, remaining steadfast in our dedication to shaping lives while upholding our values of excellence, innovation, and sustainability. We recognise that our success is made possible by the support of our customers, shareholders, and the communities we serve. Together, we will pave pathways of progress, enrich lives, and shape a future defined by excellence, innovation, and sustainability.

Yours sincerely,



**Asif Jooma**
Chief Executive
Lucky Core Industries Limited

# About the Report

The Annual Report for the FY 2023-2024 is prepared in accordance with the Integrated Reporting Framework, providing an extensive overview of Lucky Core Industries Limited (LCI) efforts throughout the year to create value for its internal and external stakeholders. By sharing relevant information about the Company's key milestones, financial and sustainability performance and accomplishments throughout the year, LCI aims to present an overview of its achievements and contributions. The information disclosed in this Report is in accordance with the Best Corporate Reporting criteria.

## Reporting Period

The reporting period for this publication aligns with LCI's FY 2023-24, spanning from July 1, 2023, to June 30, 2024.

## Reporting Framework

This Report provides an in-depth and transparent disclosure of the Company's financial, environmental and social performance. In preparing this Report, the Company was guided by the local statutory and regulatory requirements and is also in compliance with the following:

- International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board as notified under the Companies Act, 2017
- Companies Act, 2017 and other allied laws and regulations
- Listed Companies (Code of Corporate Governance) Regulations, 2019
- Rule Book of the Pakistan Stock Exchange
- Income Tax Ordinance, 2001
- Other Rules, Regulations, Circulars, Notifications, and Guidelines of the SECP
- Global Reporting Initiative Standards for Sustainability Reporting
- UN Sustainable Development Goals.

## Report Boundary

This Report contains six sections including the Company's overview, strategy, governance, business performance, sustainability, and financial performance.

## Materiality

The Company's process for determination of materiality has been carried out in accordance with the applicable financial reporting framework.

## Board Approval

The Directors' Report and the financial statements contained within have been approved by the Board of Directors at its meeting held on August 05, 2024.

## Assurance

Independent external auditors A.F. Ferguson & Co., Chartered Accountants have assured the Company's financial statements. In line with the regulatory requirements, the appointment of auditors is approved by the Members based on recommendation of the Board of Directors at the annual general meeting of the Company.

## Forward Looking Statement

LCI is committed to creating a lasting impact by leveraging innovation and operational excellence to drive growth in a dynamic business environment. The Company's focus on responsibly delivering sustained growth enables shared value creation for all its stakeholders. As an equal opportunity employer, LCI prioritises its diverse and empowered talent pool, investing in their well-being, growth, development and fostering an inclusive and employee-centric culture.

### Contact us

To share any feedback or comments related to this Report, please email:
**investor.relations@luckycore.com** or **ccpa.pakistan@luckycore.com**

# Company Information

## Board of Directors

**Muhammad Sohail Tabba** – Chairman (Non-Executive Director)
**Muhammad Ali Tabba** – Vice Chairman (Non-Executive Director)
**Jawed Yunus Tabba** – Non-Executive Director
**Amina A. Aziz Bawany** – Non-Executive Director
**Asif Jooma** – Chief Executive (Executive Director)
**Adnan Afridi** – Independent Director
**Syed Muhammad Shabbar Zaidi** – Independent Director
**Ariful Islam**[1] – Independent Director

## Audit Committee

**Syed Muhammad Shabbar Zaidi** – Chairman
**Adnan Afridi** – Member
**Muhammad Ali Tabba** – Member
**Jawed Yunus Tabba** – Member

## HR & Remuneration (HR&R) Committee

**Adnan Afridi** – Chairman
**Muhammad Sohail Tabba** – Member
**Muhammad Ali Tabba** – Member
**Jawed Yunus Tabba** – Member
**Asif Jooma** – Member

## Banking Committee

**Asif Jooma** – Chairman
**Adnan Afridi** – Member
**Ariful Islam** – Member

## Executive Management Team (EMT)

**Asif Jooma** – Chief Executive
**Atif Aboobukar** – Chief Financial Officer*
**Nauman Shahid Afzal**[2] – Chief Operating Officer, Chemicals & Agri Sciences Business
**Laila Bhatia Bawany** – Chief Legal Officer & Company Secretary
**Rizwan Afzal Chaudhry**[3] – Chief Operating Officer, Polyester Business
**Eqan Ali Khan** – Chief Strategy & Innovation Officer
**Aamer Mahmud Malik**[4] – Chief Operating Officer, Licensing and Acquisitions, Pharmaceuticals Business
**Muhammad Umar Mushtaq**[5] – Chief Operating Officer, Soda Ash Business
**Muhammad Farrukh Rasheed** – Chief People Officer
**Atif Siddiqui**[6] – Chief Operating Officer, Pharmaceuticals Business

*Alphabetised as per the last name

**Chief Financial Officer**
**Atif Aboobukar**

**Company Secretary**
**Laila Bhatia Bawany**

**Head of Internal Audit**
**Khalid Munif Khan**

**Bankers**
Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Allied Bank Limited – Islamic Banking Group
Askari Bank Limited
Askari Ikhlas – Islamic Banking
Bank Al Habib Limited
Bank Al Habib – Islamic Banking
Bank Alfalah Limited
Bank Alfalah Limited – Islamic Banking Group
Bank Islami Pakistan Limited
Bank of Khyber
Bank of Punjab
Faysal Bank Limited
Habib Bank Limited
Habib Bank Limited – Islamic Banking
Habib Metropolitan Bank Limited
Habib Metropolitan Bank – Sirat Islamic
Industrial and Commercial Bank of China Limited
MCB Bank Limited
MCB – Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
Standard Chartered Bank (Pakistan) Limited – Saadiq
United Bank Limited
UBL Ameen

**Registered Office**
5 West Wharf, Karachi – 74000.
Tel: 111-100-200 / (021) 32313717-22 | Fax: (021) 32311739
Website: www.luckycore.com

**Share Registrar**
FAMCO Share Registration Services (Private) Limited
8 – F, Nursery, Block – 6, P.E.C.H.S
Shahrah-e-Faisal, Karachi.
Tel: (021) 34380101-5 | Fax: (021) 34380106
Website: www.famcosrs.com

**External Auditors**
A.F. Ferguson & Co.
Chartered Accountants

**Legal Advisor**
Imran Mushtaq & Company
78 – B, Mozang Road (Opp. British Council), Lahore.
Tel: (042) 36298184-5 | Fax: (042) 36298186

1. Mr. Ariful Islam was appointed as an Independent Director with effect from April 24, 2024, to fill the casual vacancy in place of Mr Muhammad Abid Ganatra.
2. Mr. Nauman Shahid Afzal was appointed as the Chief Operating Officer, Chemicals & Agri Sciences Business with effect from January 06, 2024 in place of Mr. Arshaduddin Ahmed. He previously served as the Chief Operating Officer, Polyester Business.
3. Mr. Rizwan Afzal Chaudhry was appointed as the Chief Operating Officer, Polyester Business with effect from January 06, 2024, in place of Mr. Nauman Shahid Afzal.
4. Mr. Aamer Mahmud Malik was appointed as Chief Operating Officer, Licensing and Acquisitions, Pharmaceuticals Business with effect from July 01, 2024. He previously served as the Chief Operating Officer, Pharmaceuticals Business.
5. Mr. Muhammad Umar Mushtaq was appointed as Chief Operating Officer, Soda Ash Business with effect from March 20, 2024, in place of Mr. Muhammad Abid Ganatra.
6. Mr. Atif Siddiqui was appointed as Chief Operating Officer (Designate), Pharmaceuticals Business with effect from January 01, 2024, and subsequently as Chief Operating Officer, Pharmaceuticals Business with effect from July 01, 2024.

# Shaping Our Journey

This section provides an overview of the Company's philosophy, its leadership team, key highlights, and an analysis of the macroeconomic environment.

# Vision, Mission and Values

## Our Vision

As a partner of choice, Lucky Core Industries Limited aspires to build a strong local and international footprint through sustainable growth and by creating value for all stakeholders.

## Our Mission

Improving Lives across the socio-economic fabric, through best-in-class solutions.

## Our Values

The Company lives by its values. In the expanding world of Lucky Core Industries Limited, its core values remain an enduring constant. They are what define the Company.

### Customer Centricity

Committed to the success of its customers, their needs are at the centre of LCI's universe – the Company exists because of them.

### Integrity and Responsibility

Ethical and responsible behaviour is LCI's license to operate. Uncompromising integrity in all its dealings is the backbone of LCI. The Company has a zero-tolerance policy for violations of its Code of Conduct.

### Innovation

LCI is responsive to the challenges of change and to new and existing opportunities. It strives to come up with better, smarter and simpler solutions.

### Passion for People

LCI's success is based on the multiplier effect of its people. A 'Passion for People' drives LCI to harness energies, cultivate and nurture its talent, manage their well-being and, most importantly, create a learning environment conducive to development and growth.

### Delivering Enduring Value

Delivering sustained growth and enduring value to benefit LCI's shareholders, employees, suppliers, customers and the communities where it operates.

# Code of Conduct

LCI has always adhered to the highest ethical standards in all its business operations. The Company's Code of Conduct captures its values and encompasses business principles and ethical standards that the Company is committed to upholding. It guides LCI every step of the way.

**A detailed version of the Code of Conduct is available on the Company's website. As an integral part of the Company's onboarding process, all new employees are required to familiarise themselves with the Code of Conduct and submit a signed undertaking to comply with its principles.**

## Code of Conduct Principles

### Company's Responsibilities

#### Equal Opportunities

LCI is committed to creating an attractive working environment for its employees. The Company recruits, hires and promotes employees solely on the basis of merit and suitability for the job, utilising objective and non-discriminatory criteria. The Company is committed to facilitating employees' individual and professional development through training/learning opportunities, as well as mentorship.

#### Conducive Work Environment

LCI understands that openness, integrity, and reliability are essential to fostering bilateral communication. The Company does not tolerate harassment, discrimination of any kind or irregular conduct. LCI protects the privacy of its employees.

#### Health, Safety and Environment (HSE)

The Company provides a safe and healthy work environment to promote the wellbeing of its employees. It is the responsibility of each employee to comply with HSE programmes, rules and regulations applicable on all sites.

#### Corporate Social Responsibility (CSR)

LCI is committed to creating long-term value while recognising that sustainable profit and minimising impact on environment is essential for the continuity of its business.

### Employee's Responsibilities

#### Compliance with laws

Employees must adhere to all applicable laws.

#### Practising Business Ethics

Employees must act at all times with honesty and integrity, maintain confidentiality and conduct themselves in a manner which reflects the Company's zero tolerance policy for bribery, money laundering and other forms of unethical business practices.

#### Acting in the Company's Best Interest

LCI's employees must at all times act in the Company's best interest and avoid putting themselves in a position where their personal interest conflicts with that of the Company.

#### Supporting Fair Competition

LCI supports the principles of free enterprise and fair competition. The Company competes vigorously but fairly, and within the framework of applicable competition laws. The Company expects its employees to compete lawfully and ethically.

#### Reporting Misconduct

Anyone who detects or suspects a case of fraud, deception or irregular conduct shall immediately inform the management.

#### Inside Information

LCI does not tolerate the improper use of non-public or inside information. Employees aware of inside information must treat it with confidentially and avoid unauthorised disclosures.

# Lucky Core Industries Limited at a Glance

## Lucky Core Industries Limited

Lucky Core Industries Limited (LCI), a publicly listed Company incorporated in Pakistan, is a dynamic and diversified organisation that manufactures and trades essential products, supporting almost every sector of the economy. Reflective of its mission, the Company works towards improving lives across the socio-economic fabric of Pakistan.

## A Legacy of Progress

With a rich legacy spanning eight decades, the Company's origin predates the formation of Pakistan itself. Commencing operations from a small trading concern with a single manufacturing unit located in Khewra, the Company has transformed over the decades into one of the largest industrial conglomerates in the country.

## Ownership/About YBG

LCI became a part of the Yunus Brothers Group (YBG) in December 2012, following the sale by ICI Omicron B.V. of its shareholding in the Company. Established as a trading house in 1962, YBG has transitioned into one of the fastest growing and most prolific conglomerates in the country, with diversified interests in cement, textiles, chemicals, pharmaceuticals, real estate, power generation and automobiles. What sets the group apart is its ability to develop sustainable and effective business partnerships with leading entities in all sectors.


**Diversified Business Portfolio**

**Soda Ash Business**

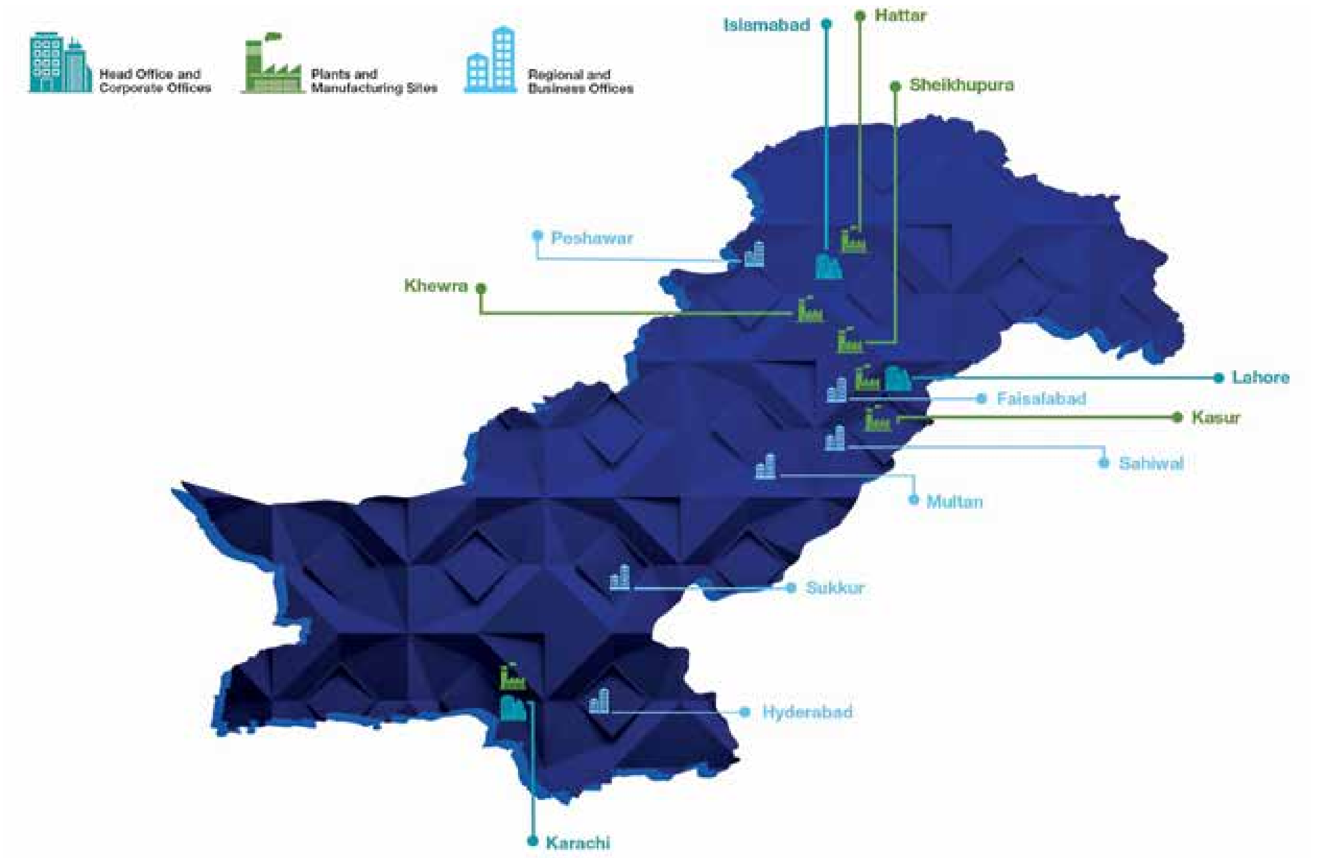
**Polyester Business**

**Pharmaceuticals Business**

**Animal Health Business**

**Chemicals & Agri Sciences Business**

# Geographical Presence




| Facility | Address | Phone |
|---|---|---|
| **Head Office and Corporate Offices** | | |
| **Head Office, Karachi** | 5 West Wharf, Karachi | 021-31313717-22 |
| **Corporate Office, Lahore** | 63 Mozang Road, Lahore | 042-36311271-3 |
| **Corporate Office, Islamabad** | 2nd Floor, Islamabad Corporate Centre, Golra Road, Islamabad | 051-5495860-5 |
| **Plants and Manufacturing Sites** | | |
| **Chemicals Plant** | 5 West Wharf, Karachi | 021-31313717-22 |
| **Nutraceuticals Plant** | 5 West Wharf, Karachi | 021-31313717-22 |
| **Hawke's Bay Pharmaceutical Plant** | S-33 Hawke's Bay Road, Karachi | 021-32354651-6 |
| **Animal Health Manufacturing Plant** | 45km Multan Road, Lahore | 061-4781343 |
| **Soda Ash Plant** | Soda Ash Works Khewra, District Jhelum | 054-4231495-99 |
| **Polyester Plant** | Polyester Works, 30km Lahore Sheikhupura Road, Sheikhupura | 056-3406091-5 |
| **Silage Plant** | Bypass Nazam Pura Road, Kasur | - |
| **Hattar Plant** | 32, 2A, Phase 3, Hattar Industrial Estate, Hattar | 0995-617098 |
| **Regional and Business Offices** | | |
| **Faisalabad Office** | Faisalabad Serena Hotel, Club Road, Faisalabad | 041-2617037 |
| **Sahiwal Office** | Opp: RAK Marquee, Multan Road, Sahiwal | 040-4505288 |
| **Multan Office** | Siddiq Trade Centre (SHAPE), Abdali Road, Multan | 061-4781344 |
| **Peshawar Office** | State Life Building 2nd Floor 'A' Block The Mall, Peshawar | 091-5276475 |
| **Sukkur Office** | 2nd Floor, EDFORT Building Queen's Road, Sukkur | 071-5612814 |
| **Hyderabad Office** | State Life Building, 7th Floor, 50 Thandi Sarak, Hyderabad | 022-2781142 |

# A Year in Highlights

## Financial Highlights

on an Unconsolidated Basis

10%
vs SPLY
**Net Turnover**

17%
vs SPLY
**Operating Result**

-19%
vs SPLY
**Profit after Tax**

-19%
vs SPLY
**Earnings Per Share**

PKR 5,414
million
**Capital Expenditure**

AA/A-1+
**Credit Rating**

# Non-Financial Highlights

2,200+
Number of employees

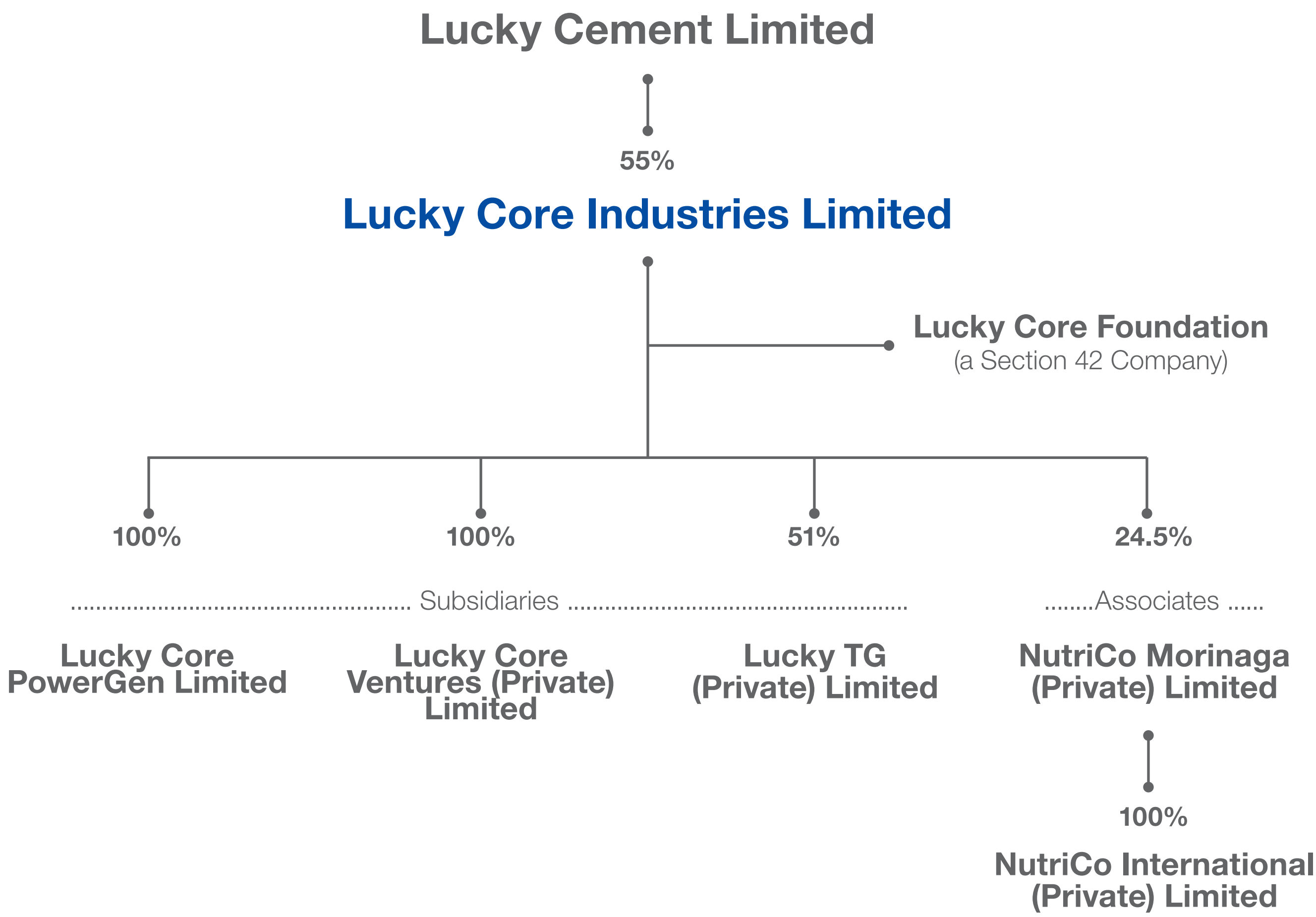
34,500+
Total training man hours

28,000+ tonnes
of $CO_2$ neutralised through sustainability initiatives

PKR 113.7 million
Invested in community uplift programmes

4.19
Employee engagement index

# Group Structure




### Lucky Core PowerGen Limited

Lucky Core PowerGen Limited (PowerGen) is an unlisted public company incorporated in Pakistan and is a wholly owned subsidiary of LCI. PowerGen is engaged in the business of generating, selling and supplying of electricity.

### Lucky Core Ventures (Private) Limited

Lucky Core Ventures (Private) Limited (LCV) is a private limited company incorporated in Pakistan. It is a wholly owned subsidiary of LCI through which the Company intends to carry out and promote its prospective growth project(s).

### Lucky TG (Private) Limited

Lucky TG (Private) Limited (Lucky TG) is a private limited company incorporated in Pakistan and is a subsidiary of LCI. Lucky TG (a joint venture with Tariq Glass Industries) will undertake the manufacturing, distribution and sales and marketing of float glass and its variants.

### NutriCo Morinaga (Private) Limited

NutriCo Morinaga (Private) Limited (NMPL) is a private limited company incorporated in Pakistan. Through its locally manufactured product portfolio it is engaged in the manufacturing, marketing and distribution of growing up formula. It also carries a portfolio of products that it imports, markets and distributes. This imported portfolio comprises of both infant as well as growing up formulas.

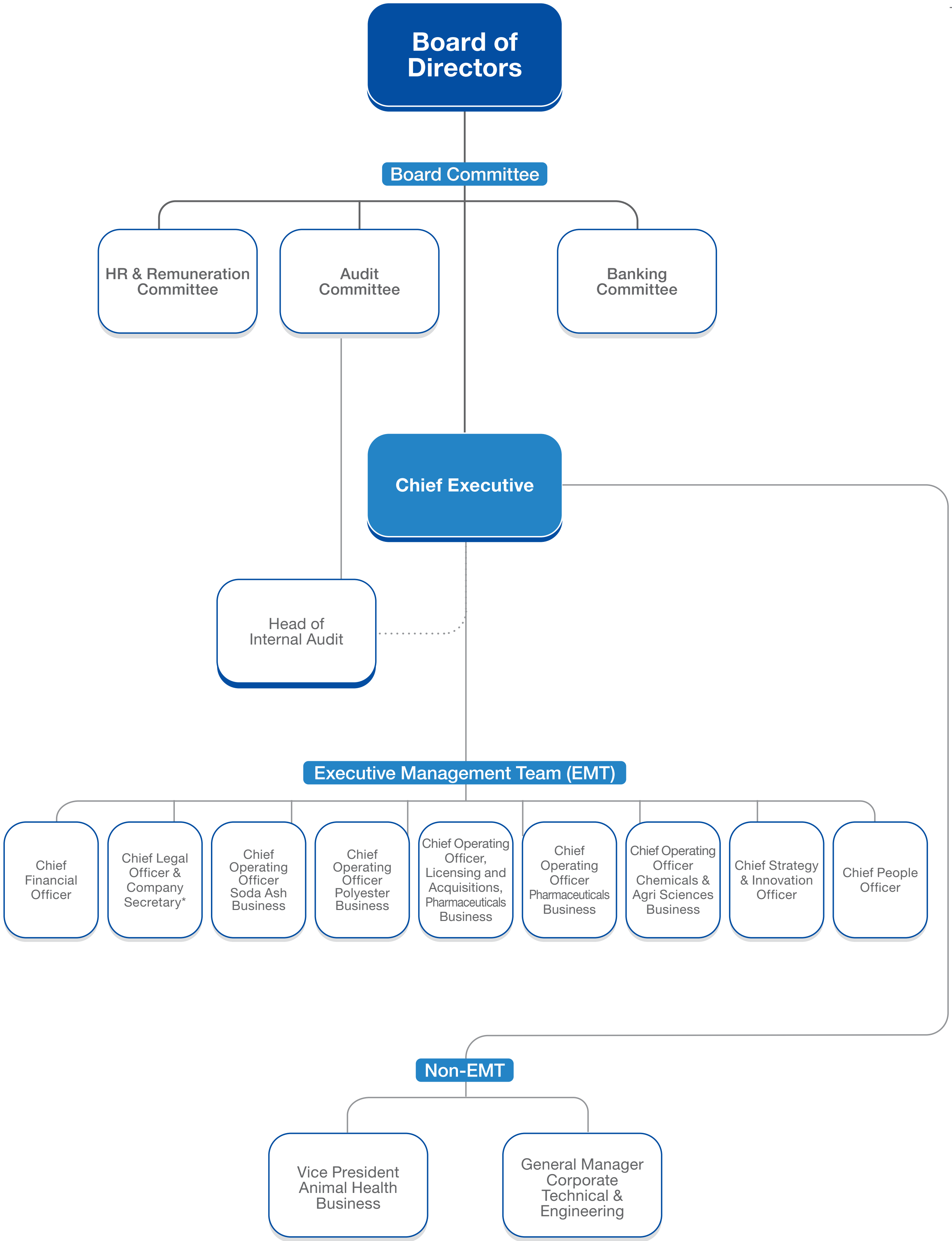
### NutriCo International (Private) Limited

NutriCo International (Private) Limited (NIPL) is a private limited company incorporated in Pakistan. It is a wholly owned subsidiary of NMPL.

### Lucky Core Foundation

Lucky Core Foundation, an associated company of Lucky Core Industries Limited, was recently incorporated under Section 42 of the Companies Act, 2017, through which the Company intends to further the CSR initiatives and objectives.

# Organisational Structure




*As Company Secretary, this position reports to the Board.

# Executive Management Team

**Asif Jooma**
Chief Executive

**Atif Aboobukar**
Chief Financial Officer

**Laila Bhatia Bawany**
Chief Legal Officer &
Company Secretary

**Muhammad Umar Mushtaq**
Chief Operating Officer
Soda Ash Business

**Rizwan Afzal Chaudhry**
Chief Operating Officer
Polyester Business

**Aamer Mahmud Malik**
Chief Operating Officer,
Licensing and Acquisitions
Pharmaceuticals Business

**Atif Siddiqui**
Chief Operating Officer
Pharmaceuticals Business

**Nauman Shahid Afzal**
Chief Operating Officer
Chemicals & Agri Sciences Business

**Eqan Ali Khan**
Chief Strategy & Innovation Officer

**Muhammad Farrukh Rasheed**
Chief People Officer

# A Roadmap of Progress

Evolving from a small trading concern with a single manufacturing unit to its current standing as one of the most recognised industrial conglomerates in the country, LCI continues to grow to Improve Lives and build a stronger Pakistan.

**1944**

The Khewra Soda Ash Company, established in 1929, started its production with a single soda ash manufacturing unit.

**1982**

Setup of the Polyester plant at Sheikhupura, with a capacity of 12,000 tonnes.

**1987**

The Company changed its name to ICI Pakistan Limited.

**1994**

The capacity of the Soda Ash plant is increased by 50,000 tonnes.

**1998**

Commissioning of PTA plant at Port Qasim, Karachi. The PTA business demerged to form a separate entity in 2000.

**2002**

The capacity of the Polyester plant is increased by 44,000 tonnes.

**2008**

AkzoNobel, one of the largest coatings and chemicals companies in the world, became the ultimate holding company of ICI Pakistan Limited.

**2012**

The Yunus Brothers Group (YBG) acquired a 75.8% stake in the Company from AkzoNobel.

## 2013

**New Blue Pearl corporate identity, vision and values launched.**

## 2014

**The Company entered in the nutrition distribution business through equity investment in Nutrico Pakistan (Private) Limited.**

## 2016

**Acquisition of Cirin Pharmaceuticals (Private) Limited completed.**

## 2017

Acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited completed.

Entered into a joint venture to localise the manufacture of nutritional products through Nutrico Moringa (Private) Limited (NMPL).

## 2019

Successfully commissioned and launched commercial operations of the Masterbatches manufacturing facility.

## 2020

Successfully commenced commercial operations of NMPL.

Successfully amalgamated Cirin Pharmaceuticals (Private) Limited into the Company.

## 2021

Commissioning of 14,000 TPA Refined Sodium Bicarbonate (RSB) expansion, that brought the total RSB capacity to 54,000 TPA.

## 2022

Joint Venture and Shareholders Agreement signed with Tariq Glass Industries Limited to set up a float-glass manufacturing facility.

Commenced operations of the 100% recycled PET chip manufacturing facility at the Polyester plant, Sheikhupura.

Commissioned and commenced operations of the 75,000 TPA Light Soda Ash (LSA) expansion at the Soda Ash plant. Total installed plant capacity upgraded to 500,000 TPA.

Merger of NutriCo Pakistan (Private) Limited with and into NMPL is sanctioned.

The Company changed its name to Lucky Core Industries Limited.

## 2023

Sale of 26.5% of the issued share capital of NMPL to Morinaga Milk Industry Co. Ltd. Japan completed.

Commissioned and commenced operations of 60,000 TPA LSA expansion at the Soda Ash plant, Khewra. Total installed plant capacity upgraded to 560,000 TPA.

Investment approval of PKR 1.55 billion for the expansion of Soda Ash Business.

Investment approval for setting up a green field veterinary medicine manufacturing facility for the Animal Health Business.

## 2024

Entered into Asset Purchase Agreements with Pfizer Pakistan Limited and Pfizer Inc. for the acquisition of a manufacturing facility along with certain pharmaceutical brands and associated trademarks.

Received approval from the Board of Directors for a capacity expansion of 200,000 TPA at the Company's Soda Ash plant in Khewra, which, once completed, will bring the total installed plant capacity to 760,000 TPA.

# Shaping Tomorrow Together
# A Team Committed to Excellence

## The success of LCI and its ability to make a meaningful impact are driven by its most valuable asset—its people. The Company is dedicated to continually nurturing and developing its talent, enabling LCI to deliver on its mission of shaping a better tomorrow.

LCI believes that fostering a high-performance culture that prioritises well-being, development, and engagement is key to its success. By aligning the workforce with the Company's vision, LCI is committed to creating an environment where every employee feels valued, supported, and inspired to excel.

## Building the Future with Excellence and a Vibrant Organisational Culture

With a rich legacy spanning eight decades, LCI has consistently prioritised fostering a value-driven culture, integrating core principles into all its operations. This year, LCI demonstrated dedication and innovation through initiatives that promote an environment where employees take ownership, guided by integrity, trust, and a commitment to excellence. This reaffirms LCI's belief that its people are its greatest asset and central to its guiding philosophy. As the Company advances towards the future, it remains steadfast in upholding these values, ensuring that every individual is empowered to contribute to the collective success of the organisation.

## Growing the Talent Pool

LCI recognises that the success of its businesses relies on the quality of its talent pool. The Company is deeply committed to attracting, hiring, retaining, and developing top talent to achieve its organisational goals. This year, LCI received over 10,000 applications through its career drives and participated in six major career fairs.

LCI's approach to talent acquisition includes structured graduate and trainee recruitment programmes, as well as hiring professionals from the industry. The Graduate Recruit and Trainee Programmes aim to attract high-potential individuals fresh out of university, placing them in fast-track career roles.

This year, 5 graduate recruits and 36 trainees joined in the commercial, finance, HR, and technical streams.

Furthermore, 430 professionals from the industry were hired for various management positions in FY 2023-24, offering rewarding and challenging opportunities. Through these efforts, LCI reaffirms its commitment to building a diverse and skilled workforce, essential for shaping a better tomorrow.

## Developing Leaders

### Talent Management Process

LCI has implemented several key initiatives under the framework of developing leaders. The revamped talent review process and enhanced development action plans have been significant in identifying and nurturing talent across the organisation. Robust succession planning practices ensure a steady pipeline of qualified leaders.

### Talent Moves Across the Organisation

LCI's diverse range of businesses provides employees with exceptional opportunities to challenge themselves and gain experience across multiple industries and roles. During the year, talent movement within the Company was recorded 20%, facilitating cross-functional exposure and continuous professional development and growth. This highlights LCI's commitment to promoting a dynamic and skilled workforce.

### Elevating Leadership through Coaching

The Aspire 3.0 Leadership Development Programme 'Leader as a Coach' is a strategic initiative aimed at developing a robust coaching culture within the Company. It refines leadership skills, boosts employee engagement, and promotes self-awareness, empowering employees to reach their full potential and achieve significant personal and professional growth.

**Leadership Development Programme - Aspire 3.0**

**HR for Non-HR training for employees**

### Learning and Development

LCI's approach to learning and development is structured around the 70:20:10 learning model, prioritising practical on-the-job training, mentorship, and formal education. In FY 2023-24, the Company provided over 34,500 training hours across the organisation. These customised training programmes are designed to enhance employees' skills while empowering them to embrace innovation and adapt to evolving industry trends. Details of learning and development initiatives undertaken during the year are available on pages 147-148 of this Report.

## Fostering an Inclusive Tomorrow

LCI views gender diversity as a strategic priority that enhances decision-making and problem-solving, contributing to a sustainable competitive advantage. The gender diversity platform, IMPACT, advanced this goal across the organisation through targeted, gender-supportive initiatives.

LCI's commitment to Diversity, Equity, and Inclusion (DE&I) has been central to its talent acquisition and engagement strategies. By celebrating multiple cultural and faith-based festivals, including Diwali, Holi, Christmas, Easter, Eid ul Fitr, Eid ul Adha, Women's Day, Mother's Day, Father's Day, Nowruz, and Men's Day, the Company promoted a culture of belonging and respect. This dedication was also reflected in its talent movements, ensuring diverse representation at all levels. Participation in career fairs and collaborations with reputable organisations further underscored LCI's commitment to creating an inclusive workplace where every individual is valued. During the year, LCI's gender representation was 7.8% of the total workforce.

## Engaged to Thrive Together

LCI underscores the significance of employee engagement and wellness as the cornerstone of a thriving workplace. Guided by its core value of Passion for People, LCI has consistently prioritised employee engagement. To measure and enhance engagement levels, LCI launched a new engagement tool under the 'Core Connect - Honest Voices, Stronger Choices' campaign. This innovative tool was designed to capture the collective voice of the team, identify strengths, and highlight areas for improvement. It successfully gathered valuable feedback from 96% of employees, enabling management to identify areas for improvement and devise strategies to address concerns, fostering a positive work environment.

Employee engagement programmes conducted throughout the year included DE&I-focused events, sports tournaments, international day celebrations, and wellness workshops. These initiatives aimed to cultivate a sense of belonging and foster healthy relationships among employees. As a result of these engagement and well-being efforts, the engagement score increased to 4.19, equivalent to 84%.

Details of employee engagement initiatives undertaken during the year are available on pages 142-143 of this Report.

## Digitising for Optimisation

In today's fast paced digital era, to remain agile and meet the growing needs and requirements of employees. During the year, the Company launched SAP SuccessFactors' Employee Central module, transforming HR operations with streamlined data management and employee self-service capabilities. The digitised Claim Management System simplifies reimbursements and promotes sustainability. Further enhancements are underway to optimise the HR processes.

**Art therapy session organised at the Head Office**

**Learning Lounge on ChatGPT**

# Driving Growth through Digitisation

LCI empowers sustainable growth, leveraging digital transformation to deliver value to its stakeholders and shape a brighter future.

## IT Governance and Cybersecurity

### Cyber Risk Management and Compliance

The Board, through the Board Audit Committee, conducts regular reviews of Cyber Risk Management and Compliance. With cyber threats evolving rapidly, the Board dedicates significant attention to ensuring LCI's resilience against such risks. Through regular assessments and oversight, the Board evaluates the effectiveness of cyber risk management strategies, including compliance with relevant regulations and industry standards. This review includes thorough analyses of potential vulnerabilities, mitigation measures, and incident response protocols. By engaging in these comprehensive reviews, the Board demonstrates its commitment to safeguarding LCI's assets, reputation, and stakeholders' interests in an increasingly digital landscape.

### IT Governance and Cybersecurity Policies and Procedures

To safeguard sensitive information and ensure operational integrity, LCI remains committed to robust Information Technology policies and procedures, aligned with international standards such as Information Security Management System (ISMS) and IT Service Management (ITSM). By adhering to these policies and procedures, LCI mitigates potential risks and also demonstrates its commitment to maintaining the trust and confidence of its stakeholders in an increasingly interconnected and data-driven market.

### Board's Oversight of Cybersecurity

LCI regularly conducts comprehensive reviews of IT-related risks, updating its enterprise risk register accordingly. The Internal Audit function examines these reviews, which are also shared with the Board Audit Committee.

The Board approves the budgets for strengthening controls and enhancing the security and reliability of systems and infrastructure. The Internal Audit department performs audits and presents the results of its findings to the Board Audit Committee.

### Early Warning System

LCI employs robust controls and procedures governing an early warning system specifically designed for cybersecurity risk management. The system facilitates swift identification, thorough assessment, and timely addressing of potential cybersecurity risks and incidents. It also ensures that the Board is kept informed of any possible breaches, incidents, and countermeasures.

### Security Assessment of the Technological Environment

To strengthen LCI's Cybersecurity risk management, independent Vulnerability Assessment and Penetration Testing (VAPT) of IT systems and applications are regularly conducted. This thorough assessment uses top industry tools and standards to ensure that the required controls are in place to counter potential cybersecurity risks and to evaluate the Company's overall readiness regarding security breaches.

During FY 2023-24, vulnerability assessments, penetration testing, and a detailed assessment of cloud applications and infrastructure were conducted. As a result, the Company successfully addressed potential vulnerabilities, making LCI's critical assets and data more secure, while also staying ahead of emerging threats to ensure strong cybersecurity.

### Contingency and Disaster Recovery Plan

Ensuring business continuity amidst unforeseen disruptions remains a key focus area for LCI. The Company maintains robust IT Service Continuity plans, designed to mitigate potential disruptions' impact and ensure uninterrupted IT service delivery to business users.

The Company invests continuously in enhancing resilience through advanced IT infrastructure, replication, and cutting-edge backup technologies. These strategic investments enable the Company to maintain operational continuity and promptly restore services during interruptions.

Our disaster recovery plan (DRP) is a vital component of this strategy, ensuring business continuity and data protection. The DRP's key features include:

- A fully operational alternate disaster recovery site, equipped with backup servers and communication equipment, enabling seamless switchover capabilities.
- Robust policies and procedures that facilitate a smooth transition from our primary site to the disaster recovery site, ensuring swift data recovery and network operation resumption.

## Leveraging the Power of Digital Transformation

LCI has a dedicated team ensuring a seamless digital transformation journey. The Company has implemented Robotic Process Automation (RPA) to automate finance, operations, and reporting processes, enhancing efficiency, accuracy, and timeliness. By leveraging digital applications, powered by cloud computing, the Company boosts productivity in areas where it is financially viable. Additionally, the Company actively evaluates and adopts digital trends to maintain a competitive advantage.

## Education and Training to Mitigate Cybersecurity Risks

To mitigate cybersecurity risks, IT prioritises comprehensive education and training efforts for all LCI employees. Regular training sessions and phishing awareness campaigns are conducted to ensure everyone understands their role in mitigating cybersecurity risks. These initiatives, along with clear guidelines, reinforce the Company's commitment to robust cybersecurity practices ensuring the workforce is well-equipped to protect IT systems and data.

## Highlights of the Year

### Phase 3 of Project Boost S/4HANA

To streamline end-to-end processes, provide real-time data insights, and enhance efficiency, the Company continued to make strides in the conversion from SAP ECC to SAP S/4HANA across the organisation. Starting with the Soda Ash, Animal Health, and Polyester Businesses, this year's phase extended to the Chemicals & Agri Sciences Business, and Corporate Functions, enabling better decision-making and reduced manual effort.

### Sustainable Polyester Production

In line with the Polyester Business's sustainability agenda, Corporate IT has developed an end-to-end traceability and mass-balance solution for the business, facilitating the utilisation and inventory management of recycled flakes as raw material. This solution ensures transparent supply chain reporting and auditability within SAP, promoting sustainability and environmental stewardship.

### SAP Governance Dashboard

Corporate IT implemented its SAP Governance Dashboard in FY 2023-24. The dashboard provides comprehensive insights into user activities, offering instant access to user analytics, security assessments, and transaction visibility, while ensuring compliance with security standards.

The implementation of this dashboard aims to strengthen governance practices, proactively manage user access, and increase operational efficiency.

The integration of S/4HANA has significantly improved financial monitoring for the Polyester and Animal Health Businesses, facilitating efficient tracking of receivables and credit exposures. The SAP Governance Dashboard from Corporate IT offers comprehensive user activity insights, ensuring compliance with security standards. This tool enhances governance practices, user access management, and operational efficiency, reinforcing the Company's commitment to robust data security and transparent reporting.

### Driving Efficiency through Robotic Process Automation

The Company made significant strides by automating core functional reports within the Soda Ash, and Chemicals and Agri Sciences Businesses through Robotic Process Automation (RPA). The initiative not only minimised manual intervention and streamlined data handling but also increased efficiency significantly.

### Improving Digital Infrastructure

During FY 2023-24, the IT team successfully upgraded the Company's network infrastructure to state-of-the-art technology, significantly enhancing speed and performance across multiple locations.

### Strengthening Security

This year, LCI successfully implemented a Data Centre firewall solution, securing the business application servers and ensuring the Confidentiality, Integrity, and Availability (CIA) of its data. The Company also fortified the security of all user devices and upgraded its backup and disaster recovery systems with retention locks to protect data integrity and prevent unauthorised access.

### Optimising Sales and IT Asset Management

This year marked a significant milestone with the successful expansion of Sales Force Effectiveness (SFE) programme into the Chemicals Business, building on its proven success in Agri Sciences, Pharmaceuticals, and Animal Health Businesses. This strategic expansion aims to optimise the Company's sales operations across diverse industries.

To enhance the IT inventory management processes and governance, the Company implemented a robust IT Asset Management Solution. The solution will improve the efficiency and effectiveness of tracking, monitoring, and managing IT assets across the organisation.

**Team building hike following FY 2023-24 IT strategy session**

# Innovating and Improving for Greater Impact

A core value of the organisation, LCI believes in continuous innovation and improvement to remain adaptive to the changing environment and better serve its stakeholders. Embedded in its business model, employees are encouraged to push the boundaries of innovation.

## Exploring Innovation

The Explore Challenge was launched as a driver of LCI's core value of 'Innovation'. Explore is a team-based intra-company competition that encourages employees to propose ideas with either quantitative or qualitative goals to create positive commercial or social impact.

Through mentorship and training from senior management, teams are empowered to own their ideas from conception to execution. The Explore Challenge has been instrumental in amplifying employee voices, promoting collaboration across different business functions, and developing unified ideas that drive meaningful change.

The Explore Challenge for FY 2023-24 produced innovative ideas including, production optimisation, efficiency improvements, sustainability initiatives, and new business ventures. Once fully implemented, these ideas are projected to contribute over PKR 300 million to the organisation's operating profit, underscoring LCI's commitment to impactful innovation.

## Optimising for Improvement

The Lean Six Sigma Programme, initiated in FY 2020-21, continues to drive manufacturing excellence at LCI. This programme integrates Lean principle, focused on the continuous elimination of unnecessary, non-value-added steps, and Six Sigma methodologies that utilise data-driven approaches to improve processes and reduce variation, thereby eliminating defects.

The Lean Six Sigma – Green Belt programme is currently in its fourth cycle at LCI with the first three cycles covering 21 projects, generating an approximate impact of over PKR 500 million. The current cycle includes 5 projects with a projected impact of PKR 50 million.

This year, for the first time, LCI has extended the Lean Six Sigma initiative to the Pharmaceuticals Business. The inaugural Yellow Belt training programme was conducted, training 30 employees from various functions under the DMAIC (Define, Measure, Analyse, Improve, and Control) methodology. This training served as a foundation for future Green Belt project implementations, furthering our commitment to operational excellence.

Lean Six Sigma Green Belt Training

# Awards and Achievements

## Best Sustainability and Corporate Report 2022

The annual Best Corporate and Sustainability Report Awards, organised by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan recognise excellence in corporate and sustainability reporting. LCI's commitment to transparency and maintaining high reporting standards is evident through the awards won year on year at these ceremonies.

The Company secured the joint 1st position for the Best Sustainability Report 2022 and 3rd position for the Best Corporate Report 2022 in the Chemical and Fertilizer category.

## International Safety Awards 2024

LCI's Soda Ash Business won the International Safety Award 2024 organised by the British Safety Council. The business successfully competed against 1,251 organisations from diverse regions, including China, Europe, India, the Middle East, South East Asia, Turkey, the UK, the Republic of Ireland, and Central America. The award recognises the business's efforts in the areas of occupational health, safety, and well-being.

## Annual Environment Excellence Award

LCI's Pharmaceuticals and Animal Health Businesses won the Annual Environmental Excellence Award organised by the National Forum for Environment & Health (NFEH). The Pharmaceuticals Business won this award for the second consecutive year.

The award was granted after a thorough assessment of the Company's operations and adherence to environmental regulations, recognising the Company's dedication to environmental stewardship.

## Annual Fire Safety Awards

LCI's Soda Ash and Animal Health Businesses received the 13th Annual Fire Safety Award organised by NFEH in collaboration with the Fire Protection Industry of Pakistan (FPIP) and The Institution of Fire Engineers (IFE). The accolade marks the Soda Ash Business's fourth consecutive win, underscoring both the businesses' strong commitment to fire safety practices.

## Corporate Social Responsibility Award

LCI's Soda Ash Business was awarded the 16th Annual CSR Award by NFEH in the category of Community Development and Services. The recognition highlights the business's commitment to the community of Khewra.

## Best Practices Award in Occupational Safety, Health, and Environment

LCI's Pharmaceuticals Business received a recognition award from the Employers' Federation of Pakistan (EFP) for its exemplary practices in Occupational Safety, Health, and Environment stewardship. The award stood as a testament to the Company's dedication to safeguarding its employees' well-being and preserving the environment.

# SWOT Analysis

## Strengths

- Strong corporate image and robust value system.
- Part of one of the largest and fastest-growing industrial groups in Pakistan.
- Diversified business portfolio, serving multiple segments across the country.
- Commercial execution through the implementation of best practices.
- State-of-the-art manufacturing facilities.
- AA/A-1+ credit rating, indicating high credit quality.
- Ability to attract, develop, and retain top talent.
- Extensive supply chain network nationwide.
- Strong financial position with a history of consistent profits and dividends.
- Reliable access to capital for investment purposes.

## Opportunities

- Expansion of the export portfolio across multiple segments.
- Improvement in the Pharmaceuticals Business due to the relaxation of pricing regulations for a targeted segment of the business portfolio.
- Strong financial position, enabling investments for future growth.
- Increasing focus on sustainability and environmentally friendly products.
- M&A opportunities for expansion of current business portfolio/venture into new business verticals.


## Weaknesses

- Dependence on imported raw materials.
- Exposure to foreign exchange rate volatility.
- Vulnerability to fluctuations in energy prices affecting operating expenses.

## Threats

- Intense competition between local and international players.
- Volatile international raw material and fuel prices.
- Increase in government levies.
- Policy rate hikes, currency devaluation, and restrictive import regulations.
- High corporate taxability affecting shareholders' returns.
- Political instability and economic uncertainty in the country.

# Competitive Environment Analysis

## By delivering science-backed quality products that meet evolving customer needs, LCI is shaping a stronger tomorrow, today.

## Porter's Five Forces

### Threat of New Entrants

This varies across different businesses where LCI operates. It ranges from low-to-medium in the capital-intensive segments of Soda Ash and Polyester, while it is medium-to-high in the Pharmaceuticals, Chemicals & Agri Sciences, and Animal Health Business portfolios. The threat level depends on several key factors, including capital requirements, intellectual and proprietary capital, technical know-how, market competition, and regulatory requirements.

### Competition in the Industry

LCI is the market leader in the Soda Ash domestic market, maintaining its position through long-standing relationships with major customers and timely upgrades and expansions of its manufacturing capabilities in line with customer demand. In the Polyester segment, LCI is one of the top players in the domestic market, focusing on innovation and quality manufacturing to compete effectively. In its other portfolios of - Pharmaceuticals, Chemicals & Agri Sciences, and Animal Health products, the market is highly competitive with domestic and international competitors. In these segments, LCI leverages its manufacturing excellence, operational efficiencies, strong distribution network, and brand name to effectively compete and grow its domestic market share.

### Bargaining Power of Suppliers

Suppliers play a vital role in LCI's process value chain, as imports denominated in US Dollars account for a significant portion of its portfolio. This is critical for inputs in the Soda Ash and Polyester Businesses and the sourcing of APIs for Pharmaceutical products. Relationships are maintained at both the business and corporate levels to ensure a timely supply of inputs, including raw materials, packaging materials, and fuel. These long-standing relationships along with LCI's brand name enable the Company to conduct business on mutually beneficial terms. These relationships are crucial for its chemicals trading portfolio and certain animal health products, which are imported to meet domestic market demand.

### Buying Power of Customers

The buying power of customers varies from low to high and is derived from market dynamics in specific sectors and the presence of competitors to supply products at similar prices while meeting quality standards. In Soda Ash, LCI holds a market leader position though customers have the option to purchase products from both local and international suppliers. In Polyester, the buying power is considered low-to-medium. Despite LCI being one of the top players in the market, the threat and pricing of imports provide an alternate sourcing option for customers. The buying power of customers is considered high in the Pharmaceuticals, Chemicals, and Animal Health portfolios due to the presence of numerous competitors in the market providing similar products at competitive rates.

### Threat of Substitutes

Soda Ash and Polyester Staple Fibre are key inputs for major industries in Pakistan. Soda Ash is a primary raw material for Glass, Detergents, and Silicate, amongst others, with no close substitutes. In the Polyester segment, the demand for polyester-cotton mix apparel is on the rise as athleisure wear popularity grows in the country currently reducing the threat from pure cotton substitutes. The threat of substitutes in the Pharmaceutical segment remains low due to the increasing population, high incidence of disease, and growth in generic pharmaceuticals products. The development of new-generation drugs remains critical to keep pace with an expanding industry and the needs of the market. In the Animal Health and Chemicals portfolio, LCI's brand name association and delivery of best-in-quality products help to stem the threat from substitutes.

# Significant Factors Affecting the External Environment

| P<br>Political | E<br>Economical | S<br>Social |
|---|---|---|

## Factor

### Political

- Uncertainties in the political environment have adverse effects on the Organisation.
- Impact of the Government's fiscal policy measures (imposition of super tax) on the Company's financial performance.

### Economical

- A significant increase in energy prices has directly impacted business margins.
- Reduced Government Spending, slower economic growth, and high inflation contribute to a decrease in demand across various industries in which LCI operates, thereby potentially impacting its operating profitability.

### Social

- Economic challenges in the Country create potential social and well-being challenges in the community.

## Organisational Response

### Political

- Changes in fiscal and monetary policies are actively tracked along with key macro-economic indicators.
- Analysis conducted to quantify the impact on LCI with recommendations to mitigate the effects.

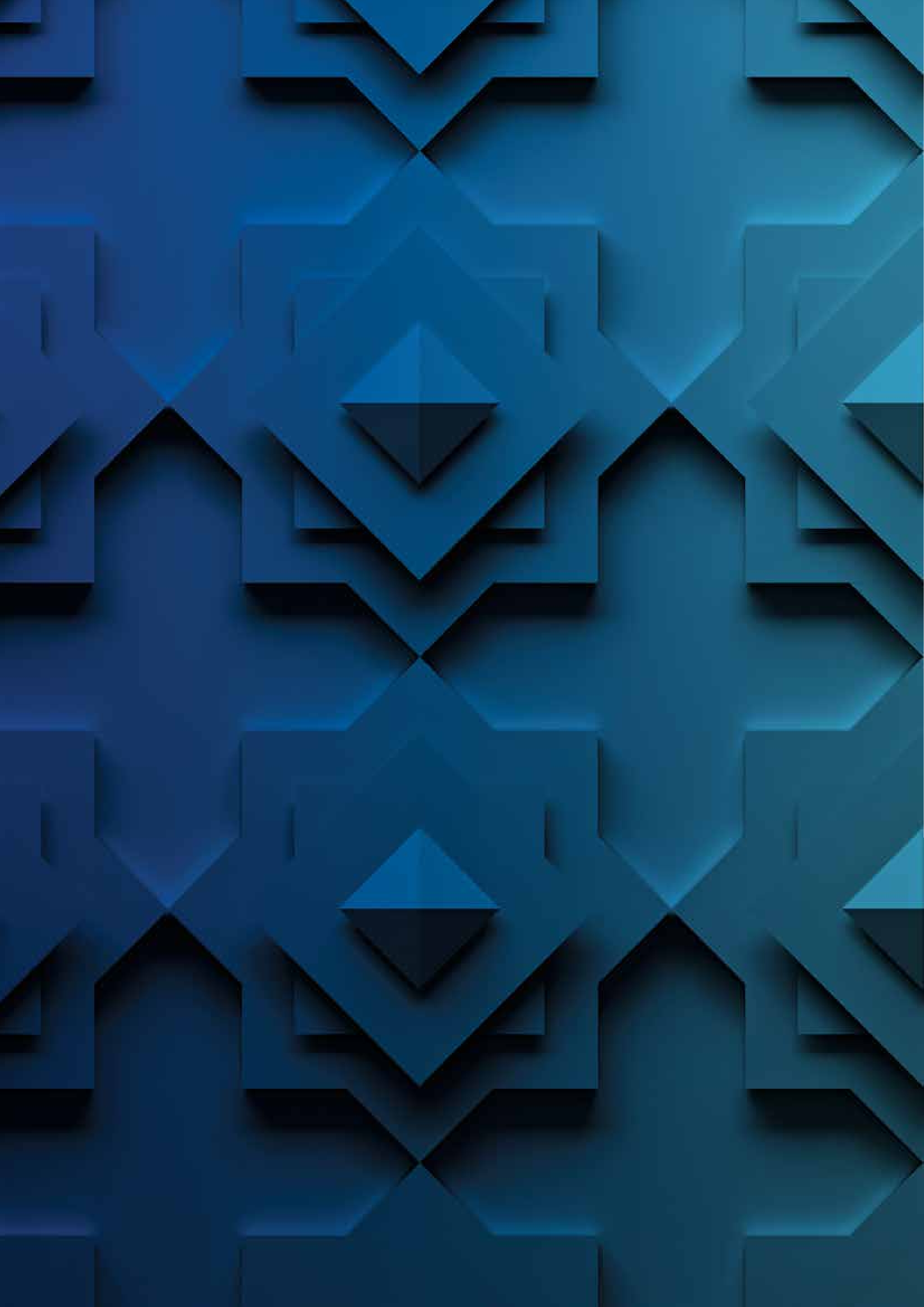
### Economical

- LCI maintains a focus on improving efficiency levels and optimising production while also investigating alternative sources of fuel to alleviate pressure on business margins.
- The Company continues to prioritise manufacturing excellence and providing best-in-class services while exploring export opportunities for our existing portfolio.

### Social

- The Company, directly and through Lucky Core Foundation (the 'Trust'), carries out Corporate Social Responsibility (CSR) initiatives through partnerships to support and uplift the communities. This commitment focuses on fostering positive change and socioeconomic development among underserved populations through a collaborative approach by focusing on areas of health, education, women's empowerment, community development and environment. This year, PKR 113.7 million was invested towards its CSR.

| | T Technological | L Legal | E Environmental |
|---|---|---|---|
| **Factor** | • The latest technological advancements empower LCI to embark on a trajectory of growth. | • Compliance with the applicable legal and regulatory requirements. | • Climate change remains one of the biggest threats to humankind, given the increase in the number of climate-related calamities, thereby resulting in loss of productivity, inflation and other negative social impacts.<br>• Use of coal for power generation. |
| **Organisational Response** | • The Company has built a strong pool of IT talent and deployed best-in-class security applications and policies. | • LCI is cognisant of changes in the regulatory environment and has robust systems in place to ensure compliance with the same. | • As part of its ongoing Catalyst 2030 - Climate Action Plan, launched last year, the Company successfully executed a series of impactful initiatives during the year. These efforts have led to the neutralisation of over 28,000 tonnes of $CO_2$ emissions and the planting of more than 49,000 trees, significantly reducing the Company's carbon footprint. Additionally, the Company has made considerable progress in solar energy generation projects. In parallel, the Company's waste management efforts have facilitated the recycling of over 267 million PET bottles to manufacture recycled polyester fibre. |



# Shaping Our Strategic Path

This section outlines the Company's strategic objectives, resource allocation plans, and the influence of external factors on its strategic undertakings.

# Value Creation Model

## Inputs

### Financial Capital

**Equity Ratio:** 88%

**Debt:** 12%

**Credit Rating:** AA (Long Term); A-1+ (Short Term)

### Intellectual Capital

**Strategic Partnerships**

**Explore Innovation Challenge**

**Technical Team Headcount:** 491

### Manufacturing Capital

**Number of Suppliers:** 100,000+

**Number of Manufacturing Sites:** 8

**Efficient Production Processes**

**Capital Investments**

### Human Capital

**Total Workforce:** 2,200+

**Women in Executive Management Role:** 10%

**Robust Training Processes**

**Efficient Employee Wellness Programmes**

**Strong Culture of Corporate Governance, Ethics, Diversity and Inclusivity**

### Social and Responsibility Capital

**Beneficiaries of CSR Initiatives:** 46,000+

**Holistic Employee Volunteer Programme**

### Natural Capital

**Energy Consumption:** 9994 Tj

**Water Consumption:** 9.91 million m3

**Catalyst Climate Action Programme**

## Business Model

Five Businesses

| Soda Ash | Polyester | Pharmaceuticals | Animal Health | Chemicals & Agri Sciences |
|---|---|---|---|---|

**Economic Management**

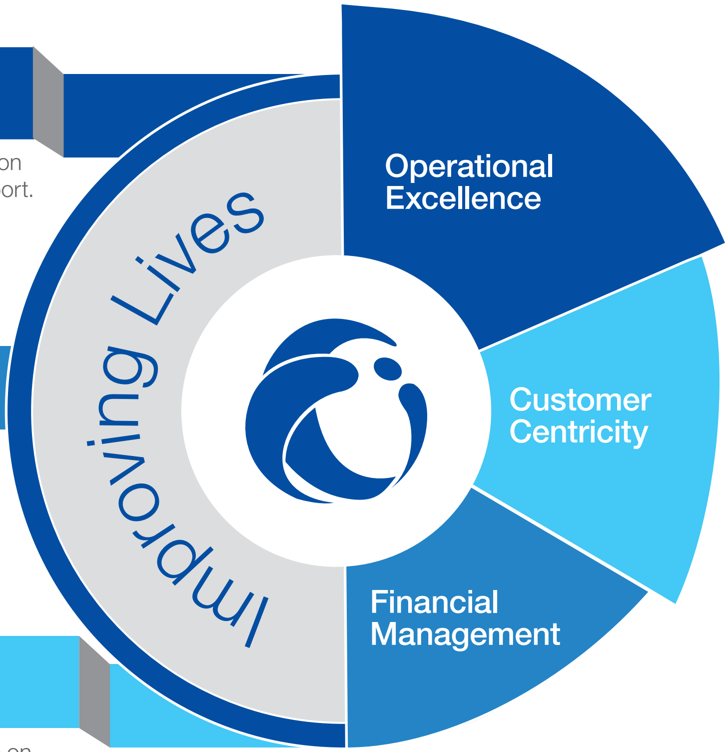
Details are available on page 122 of this Report.

**Social Management**

Details are available on page 138 of this Report.

**Environmental Management**

Details are available on page 127 of this Report.




## Foundation for Sustainable Growth

**Human Capital and Capacity Development**
(Pages 24-25)

**Strategy**
(Page 35)

**Technological Enhancement**
(Pages 26-27)

**Sustainability Strategy**
(Page 113)

**Corporate Governance**
(Page 62)

**Vision**
As a partner of choice, LCI aspires to build a strong local and international footprint through sustainable growth and by creating value for all stakeholders.

**Mission**
Improving Lives

**Values**
Customer Centricity
Innovation
Passion for People
Intergrity & Responsibility
Delivering Enduring Value

**Code of Conduct**
Serves as a guide for behaviour, decision making and stakeholder engagement.

## Outputs

**Net Turnover:** PKR 120,460 million

**EBIT:** PKR 17,151 million

**Earnings Per Share:** PKR 120.62

**Contribution to the National Exchequer in Taxes and Duties:** PKR 24 billion

**Payout Ratio to Shareholders:** 49.74%

**Profit-after-Tax:** PKR 11,140 million

**Intangible Assets:** PKR 1,683 million

**New Products and Extensions Launched in FY 2023-24:** 16

**Sales Volume Expansion**

**Export Destinations:** 17 countries

**Number of Safe-man Hours:** 46+ million

**Employee Engagement score:** 4.19*

**Training Hours:** 34,500+

**CSR Spend in FY 2023-24:** PKR 113.7 million

**Hours Dedicated to Employee Volunteerism in FY 2023-24:** 1,356 hours

**$CO_2$ Emissions Reduction:** 28,000+ Tonnes

**Trees Planted:** 49,000+

**PET Bottles Recycled:** 267+ million

## Outcomes

- Sustainable growth
- Growing product pipeline with continuous development
- Ability to cater to customers' bespoke needs
- Delivering quality products
- Investing towards growth and expansion
- Diverse product portfolio serving multiple industries
- Strong supplier relations
- Product stewardship
- Attracting and retaining talent
- Safe, diverse and inclusive working environment
- Engaged workforce
- Ensuring responsible business through respect for stakeholders
- Uplifting society through CSR
- Promoting circularity
- Reducing our environmental footprint

## UNSDGs

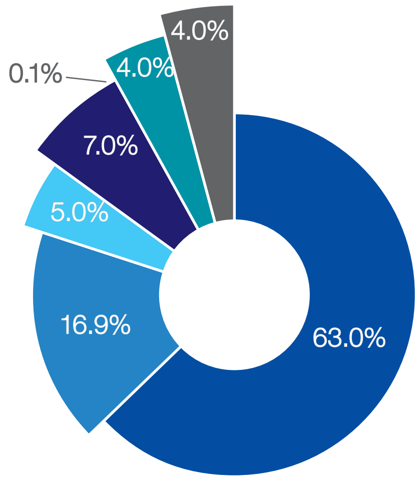

*The new engagement tool scores are measured on a five-point scale.

# Value Addition and its Distribution

PKR '000

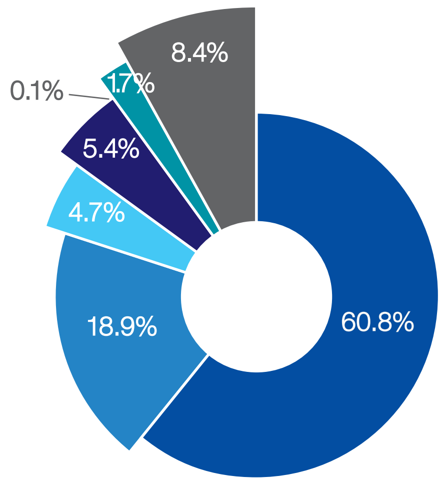
| | June 30, 2024 | % | June 30, 2023 | % |
|---|---|---|---|---|
| Value Added: | | | | |
| Net sales | 120,460,326 | | 109,486,109 | |
| Sales tax | 15,291,075 | | 14,634,749 | |
| Net sales including sales tax | 135,751,401 | 97.4% | 124,120,858 | 91.3% |
| Gain on sale of investments | - | 0.0% | 9,842,154 | 7.2% |
| Other income | 3,601,392 | 2.6% | 2,062,904 | 1.5% |
| | **139,352,793** | **100.0%** | **136,025,916** | **100.0%** |
| Value allocated as follows: | | | | |
| Raw material consumables and services | 87,791,941 | 63.0% | 82,719,348 | 60.8% |
| Government exchequer and duties | 23,581,811 | 16.9% | 25,758,669 | 18.9% |
| Employee remuneration and benefits | 6,953,053 | 5.0% | 6,428,286 | 4.7% |
| Operating and other expenses | 9,774,369 | 7.0% | 7,272,466 | 5.4% |
| Donations - to promote development and welfare of the society | 111,402 | 0.1% | 74,738 | 0.1% |
| Dividends | 5,541,543 | 4.0% | 2,308,977 | 1.7% |
| Profit retained | 5,598,674 | 4.0% | 11,463,432 | 8.4% |
| | **139,352,793** | **100.0%** | **136,025,916** | **100.0%** |

## June 30, 2024




- Raw Material and services
- Government exchequer and duties
- Employee remuneration and benefits
- Operating and other expenses
- Donations - to promote development and welfare of the society
- Dividends
- Profit retained

## June 30, 2023




- Raw Material and services
- Government exchequer and duties
- Employee remuneration and benefits
- Operating and other expenses
- Donations - to promote development and welfare of the society
- Dividends
- Profit retained

# Strategy and Resource Allocation

## LCI's strategic focus centres on transforming tomorrow through exceptional performance, sustainable practices, and future-focused investments.

As a customer-centric organisation, LCI is driven by a strategic vision that enables the Company to deliver diverse and quality product solutions that meet the specific needs of its customers. The Company stays ahead of the curve by continuously monitoring market trends, business opportunities, and industry dynamics to optimise long-term profitability. Embracing technological advancements, LCI invests in cutting-edge infrastructure to drive organisational efficiencies and reinforce its commitment to excellence, as measured by clear performance metrics that drive continual improvement. Aligned with its vision, mission, and core values, the Company strives to deliver enduring value for its stakeholders, shaping a brighter future for all.

| Resources | Resource Allocation Plans |
|---|---|
| **Financial Capital** | Active portfolio management for the reallocation of funds for strategic investments and acquisitions to expand the business portfolio and drive growth. |
| | Allocate resources for research and development to foster innovation and develop new products and/or services. |
| | Allocate capital for infrastructure development, including upgrading manufacturing facilities and implementing advanced technologies. |
| **Human Capital** | Invest in talent acquisition and development programmes to attract and retain skilled professionals in key positions. |
| | Provide training and development opportunities to enhance employee skills and capabilities. |
| | Implement performance-based incentives and recognition programmes to motivate and reward high-performing employees. |
| **Manufactured Capital** | Expand and upgrade manufacturing facilities to enhance production capacity and efficiency. |
| | Allocate resources for the adoption of sustainable manufacturing practices, such as energy-efficient equipment and waste reduction initiatives. |
| | Invest in new manufacturing technologies to improve product quality and enhance product portfolio. |
| **Intellectual Capital** | Invest in intellectual property protection, to safeguard valuable innovations. |
| | Foster a culture of innovation, knowledge sharing, and collaboration to leverage the intellectual capital within the organisation. |
| **Social and Relationship Capital** | Allocate resources for Corporate Social Responsibility (CSR) initiatives that benefit local communities and enhance brand reputation. |
| | Develop and maintain strategic partnerships and relationships with stakeholders, such as suppliers, customers, and industry associations. |
| | Invest in customer relationship management systems and initiatives to strengthen loyalty and satisfaction. |
| **Natural Capital** | Invest in eco-friendly technologies and practices to conserve natural resources and promote sustainability in communities with in which the Company operates. |
| | Reduce carbon footprint through green initiatives in line with sustainability objectives. |
| | Reduce wastage through process transformation and digitisation. |

| Strategic Objectives | Strategies to achieve objectives | Timeline | Priority | Resources Allocated | KPI Monitored | Future Relevance |
|---|---|---|---|---|---|---|
| **Sustainability**<br>Embrace nature based and science driven solutions to reduce LCI's carbon footprint<br><br>Safe operations with zero Lost Workday Injury (LWI)<br><br>Responsible corporate citizen caring for communities, society and the environment. | Continuation of Catalyst 2030 - Climate Action Plan to support the planet and combat climate change.<br><br>Strict adherence to HSE&S procedures to maintain a zero Lost Workday Injury (LWI) record.<br><br>Continued investment in community uplift initiatives and employee volunteer programmes to meet key performance indicators and targets. | Long Term<br><br>Long Term<br><br>Long Term | High | Human Capital, Financial Capital and Natural Capital | • Environmental impact indicators (e.g., carbon emissions, waste reduction).<br><br>• LWI rate.<br>• Number of safety incidents and accidents.<br><br>• Community engagement metrics (e.g., participation, feedback). | The strategic driver will remain relevant in the future. |
| **Shareholder Value Creation**<br>Deliver sustainable business results with improved Y-o-Y growth in shareholder value compared to the market. | Optimise capital allocation by conducting thorough portfolio analysis and strategic expansions. | Long Term | High | Financial Capital, Human Capital, and Manufactured Capital | • Total Shareholder Return (TSR) compared to industry benchmarks.<br>• Y-o-Y Profit after tax (PAT) growth.<br>• Return on investment (ROI) for strategic initiatives. | The strategic driver will remain relevant in the future. |
| **Strategy and Portfolio Management**<br>Steward performance against approved corporate strategy and make relevant adjustments based on market conditions.<br><br>Focus resource allocation amongst current and new businesses to maximise returns. | Conduct a periodic comprehensive review of the corporate strategy, identifying areas for growth and diversification.<br><br>Implement a portfolio management framework to allocate resources effectively among current and new businesses based on their potential for maximising returns. | Long Term<br><br>Long Term | High | Manufactured Capital and Financial Capital | • Revenue and profitability growth for each business and segment.<br>• Financial Performance for each business and segment including, financial return.<br>• Portfolio performance based on market share and profitability. | The strategic driver will remain relevant in the future. |
| **Innovation**<br>Be recognised as an innovative company through the launch of flagship programmes.<br><br>Leverage data and analytics to create efficiencies and transform the business model. | Leverage Explore programme to provide a platform to all employees for creativity and idea generation.<br><br>Continue investment in data analytics and digital technologies to drive efficiencies and transform the business model. | Long Term<br><br>Long Term | High | Human Capital and Financial Capital | • Number of new product launches or innovations.<br>• Percentage of revenue from new products or services.<br>• Engagement in Innovation Programmes. | The strategic driver will remain relevant in the future. |
| **People**<br>Be an 'Employer of Choice' and be ranked amongst the top 10 industrial corporates in Pakistan with a diverse and inclusive environment and performance-oriented culture to deliver sustainable growth.<br><br>Develop people capability and bench strength to drive business prosperity. | Implementing a comprehensive talent management programme to attract, develop, and retain top talent.<br><br>Foster an inclusive and performance-oriented culture that promotes employee engagement and growth.<br><br>Provide regular training and development opportunities to enhance talent. | Long Term<br><br>Long Term | High | Human Capital | • Employee satisfaction and engagement scores through employee engagement survey.<br>• Employee retention rate.<br>• Diversity and inclusion metrics such as gender ratio, representation in leadership. | Reviewed periodically to ensure standing among the best industrial corporates. |
| **Operational Efficiencies & Cost Transformation**<br>Perform better than the industry on operational efficiencies through focused initiatives. | Implement lean management practices and process optimisation initiatives to reduce costs, improve productivity, and outperform the industry. | Long Term | High | Manufactured Capital and Intellectual Capital | • Cost reduction percentage.<br>• Process efficiency gains (e.g., cycle time, productivity improvements).<br>• Inventory turnover rate.<br>• Revenue and Profit generation per employee | The strategic driver will remain relevant in the future. |

# Key Capabilities and Resources Providing Sustainable Competitive Advantage

**Strong Brand Reputation:** The Company's strong legacy and positive brand reputation built on quality, reliability, and customer trust provides LCI with a competitive advantage.

**Partner of Choice:** LCI is a trusted partner, recognised for its capability, experience, and ability to collaborate for success.

**Portfolio Management:** Strategic management of diversified businesses driving growth in each segment.

**Manufacturing Excellence:** Best-in-class facilities and manufacturing practices in adherence to the highest quality standards.

**HSE&S Management:** An unwavering commitment to HSE&S fosters a culture of safety, environmental responsibility, and sustainable practices.

**Research and Development (R&D):** Robust R&D enables the Company to innovate and develop new products, processes, and technologies, giving LCI a competitive edge in the markets served.

**Talent Acquisition and Management:** A highly skilled and motivated workforce of 2200+ individuals contribute to operational excellence, product quality, and customer satisfaction.

**Commercial Execution:** Best practices that maximise profitability and execution.

**Extensive Distribution Network:** A well-established network ensures broad market coverage, timely delivery, and customer accessibility.

**Efficient Supply Chain Management:** Ensures timely availability of raw materials, efficient production, and seamless distribution, enabling cost savings, responsiveness, and competitive pricing.

**Advanced Technological Infrastructure:** State-of-the-art technologies, systems, and IT infrastructure enhance operational efficiency, streamline processes, and enable effective data management and analysis, supporting informed decision-making.

**Financial Strength and Stability:** Access to resources and liquidity supported by the financial profile of the sponsor, allows the Company to invest in growth opportunities, research and development, and strategic initiatives.

**Sustainable and Responsible Practices:** Embracing Sustainability, Environmental stewardship, and Corporate Social Responsibility (CSR) practices not only contribute to societal well-being but also enhance the Company's reputation, attracting environmentally conscious customers and investors.

# Effects of External Factors on Strategy and Resource Allocation

## Technological Factors

LCI recognises the importance of embracing innovation to drive growth and competitiveness in today's fast-paced technological landscape. During FY 2023-24, the Company proactively invested in emerging technologies, undertaking significant IT initiatives to boost efficiency, employee experience, and service excellence, including upgrading various IT processes and strategically advancing IT capabilities to facilitate seamless interactions and optimise resource allocation. Details of information technology initiatives undertaken during the year are available on pages 26-27 of this Report.

## Societal Factors

During the fiscal year, LCI prioritised the well-being of its employees and took proactive measures to address various societal challenges. Recognising the impact of rising inflation on the cost of living, the Company implemented an inflationary allowance to support employees in managing challenges posed by the economic situation and provide them with some financial relief.

The Company undertook initiatives to foster diversity and inclusivity within the organisation and conducted sensitisation workshops to foster an inclusive workplace culture. During the year, the Company reintegrated two skilled women into the workforce following the career breaks through LCI's Yes She Can! Women Returnship Programme. These efforts translated into a growth in the gender diversity ratio of the Company.

The Company, directly and through Lucky Core Foundation (the 'Trust'), carries out Corporate Social Responsibility (CSR) initiatives through partnerships to support and uplift the communities. This commitment focuses on fostering positive change and socioeconomic development among underserved populations through a collaborative approach.

Details of philanthropic initiatives undertaken during the year are available on pages 151-154 of this Report.

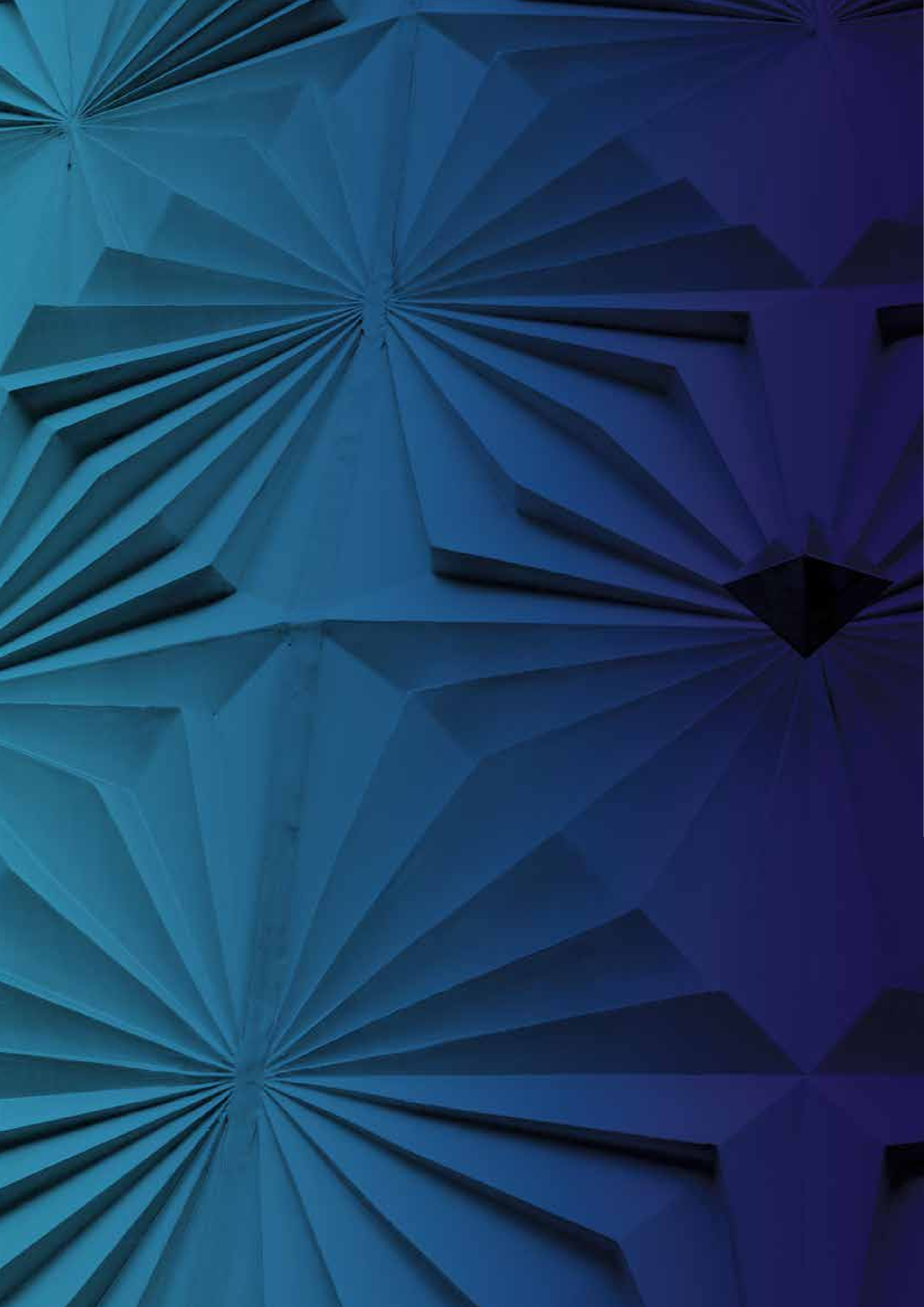
The Company's Pehchan employee volunteer programme played a vital role in actively engaging employees in direct community activities to create a lasting difference in communities where the Company operates.

## Environmental Factors

As a manufacturing entity with a strong commitment to sustainability, LCI continues to take comprehensive steps to neutralise its environmental footprint.

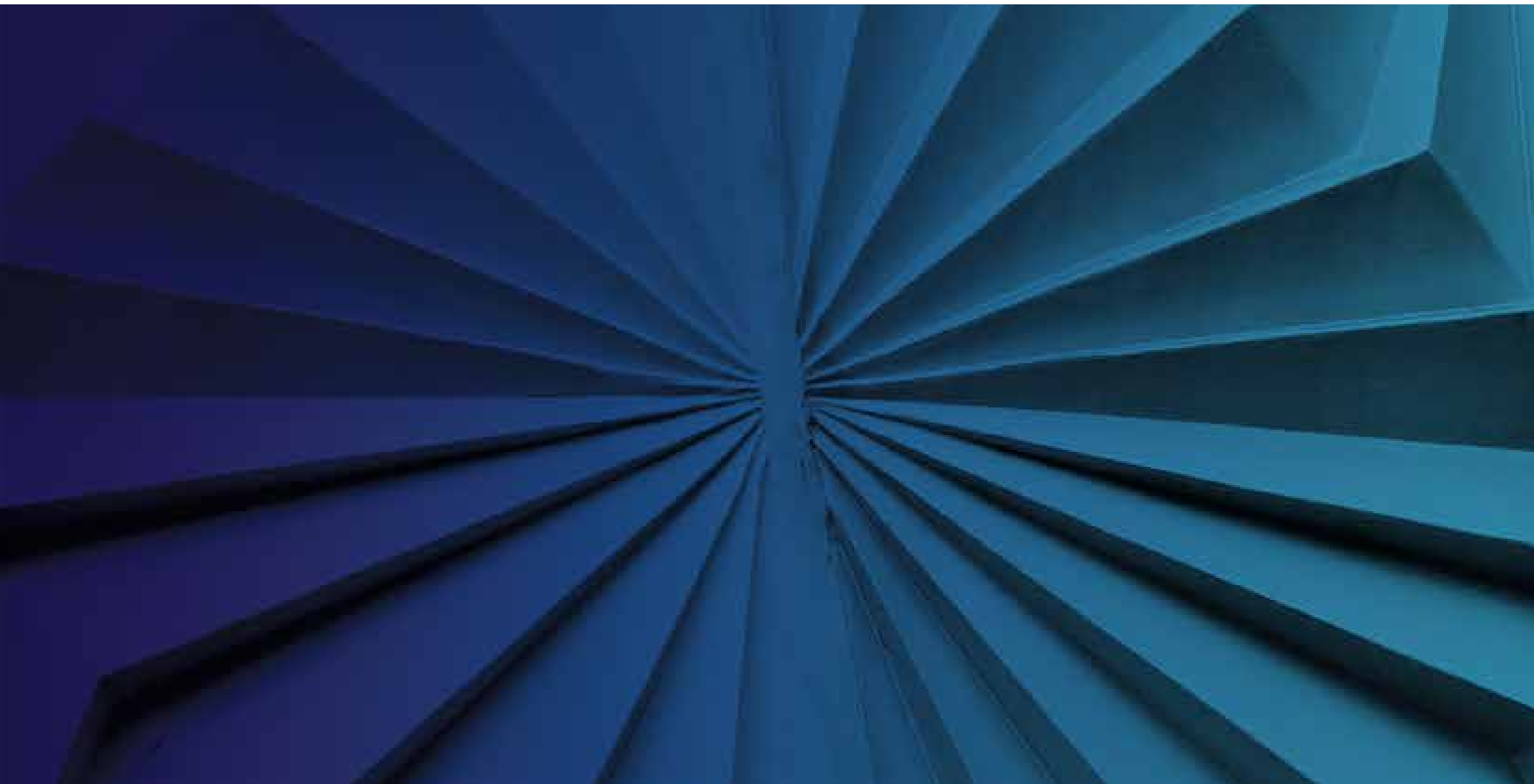
During the FY 2023-24, LCI executed various impactful projects, resulting in the neutralisation of over 28,000 tonnes of $CO_2$ emissions and the planting of over 49,000 trees. These projects have significantly contributed to reducing the Company's carbon footprint. Moreover, the Company made continued progress in its solar energy generation projects. As responsible stewards, the Company's Polyester Business recycled over 267 million PET bottles to manufacture recycled polyester fibre.

Details of these environmental initiatives undertaken during the year are available on pages 129-137 of this Report.



# Shaping Governance Excellence

This section includes governance and compliance updates, risk assessment and Board of Directors' report outlining the Company's performance.



# Board of Directors

## Muhammad Sohail Tabba

Chairman

Mr. Muhammad Sohail Tabba joined the Board in December 2012 and was appointed as Chairman in June 2014.

As one of Pakistan's leading businessmen and philanthropists, he heads a conglomerate of businesses and export houses under the Yunus Brothers Group (YBG). Mr. Tabba is the Chairman of Lucky Cement Limited and Yunus Energy Limited and Director of Lucky Motor Corporation Limited, Yunus Textile Mills Limited, and Lucky Textile Mills Limited.

He currently serves as the Chief Executive Officer of Gadoon Textile Mills Limited, Lucky Knits (Private) Limited, Lucky Energy (Private) Limited and Lucky One (Private) Limited. Previously he has served on the Board of NutriCo Morinaga (Private) Limited as Chairman.

An active member of Pakistan's business community, Mr. Tabba is a founding member and first Vice President of the Italian Development Council.

Driven towards providing quality healthcare to the community as a whole, Mr. Tabba is a Director on the Board of Aziz Tabba Foundation. He is also a founding Trustee of Child Life Foundation Pakistan.

Mr. Sohail Tabba also serves on the Board of Governors of the Textile Institute of Pakistan and has previously served on the Board of Hamdard University.

## Muhammad Ali Tabba

Vice Chairman

Mr. Muhammad Ali Tabba joined the Board as Director and Vice Chairman in December 2012. He began his professional journey with the prestigious Yunus Brothers Group (YBG) in 1991 and has significantly contributed to its growth and diversification, solidifying the group's position as a global player in multiple industries.

Mr. Tabba assumed the role of Chief Executive at Lucky Cement Limited, succeeding his late father in 2005. He holds prominent positions as the Chairman of Yunus Textile Mills Limited, Lucky Motors Corporation, Lucky Electric Power Company Limited, Gadoon Textile Mills Limited, and National Resource Limited - a mining company with exploration leases in Chagai – Balochistan, exploring the area through modern mining methods with world-class consultants.

Beyond the corporate sphere, his presence extends to various industry and community organisations. Mr. Tabba chairs the All Pakistan Cement Manufacturing Association and has led the Pakistan Textile Council and Pakistan Business Council. He also serves on the boards of various universities, institutions, and foundations, contributing to their missions.

Mr. Tabba's commitment to philanthropy is exemplified through his role as the Chairman of the Aziz Tabba Foundation (ATF), a non-profit organisation focusing on areas such as social welfare, education, health, and housing. The two cutting-edge hospitals in Karachi, namely the Tabba Heart Institute and Tabba Kidney Institute, are epitomes of ATF's significant benefactions to the community.

In recognition of his contributions to Pakistan's social development sector, Mr. Tabba was honoured with the title of Young Global Leader by the World Economic Forum in 2010. He also received the prestigious Karachi Chamber of Commerce and Industry 'Businessman of the Year' Gold Medal Award for 2012-2013. In 2018, the Government of Pakistan awarded him the Sitara-E-Imtiaz, one of the nation's highest civilian honours.

Mr. Tabba's multifaceted leadership, combining business excellence with a resolute adherence to social welfare, paints a compelling portrait of a visionary leader whose contributions continue to leave an indelible mark across Pakistan and beyond.

## Amina Abdul Aziz Bawany

**Non-Executive Director**

Ms. Amina Abdul Aziz Bawany joined the Board as a Non-Executive Director in December 2012. A postgraduate in Early Years Education, she brings over a decade of experience in the education sector. Ms. Bawany plays a pivotal role within the Yunus Brothers Group (YBG), where she leverages her versatile skill set, particularly in customer relations and sales. She currently serves on the boards of various charities dedicated to raising funds for the medical and educational needs of marginalised communities.

Additionally, Ms. Bawany serves as a Director on the Board of Y.B. Pakistan Limited.

## Jawed Yunus Tabba

**Non-Executive Director**

Mr. Jawed Yunus Tabba joined the Board as a Non-Executive Director in April 2014.

Mr. Tabba has extensive 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 in export and manufacturing activities. He has been instrumental in managing the textile concerns of the Yunus Brothers Group (YBG) and has transformed Lucky Textile Mills into one of the premier textile companies and among the top five home textile exporters of Pakistan. Mr. Tabba also serves as Vice Chairman of YBG.

Mr. Tabba is on the Board and related sub-committees of Lucky Cement Limited, Gadoon Textile Mills Limited, and Lucky Motor Corporation Limited. He is actively involved in the formulation of the vision, strategies and governance structures of these companies.

Mr. Tabba is also managing the real estate project - Luckyone, the largest mall in Pakistan, and a multi-faceted, first-of-its-kind regional shopping mall which has revolutionised the shopping experience in Pakistan.

Mr. Tabba is a Director of Aziz Tabba Foundation where he is extensively engaged in community welfare projects. He is working extensively in the field of social welfare, education, health, and housing. He is also a Member of the Young President Organisation (YPO).

## Asif Jooma

### Chief Executive

Mr. Asif Jooma joined the Board in December 2012 and was appointed Chief Executive in February 2013. With a career spanning over forty years, Mr. Jooma has extensive experience in senior commercial and leadership roles. Following his early years with the Company and subsequently, Pakistan PTA Limited, he was appointed Managing Director of Abbott Laboratories Pakistan Limited in 2007. After serving there for nearly six years, he returned to Lucky Core Industries Limited as Chief Executive.

Mr. Jooma holds directorships in Pakistan Tobacco Company Limited, International Industries Limited, NIFT, and NutriCo Morinaga (Private) Limited. He has previously served as a Director on Systems Limited, NIB Bank Limited, Engro Fertilizers Limited, and National Bank of Pakistan, and as Director and Member Executive Committee of the Board of Investment (BOI) – Government of Pakistan.

He has previously served as the President of the American Business Council, President of the Overseas Investors Chamber of Commerce and Industry, and Chairman of the Pharma Bureau.

Additionally, Mr. Jooma is on the Board of Governors of the Lahore University of Management Sciences and a Trustee of the Duke of Edinburgh's Awards Programme, whilst previously also serving on the Board of Indus Valley School of Art and Architecture. He graduated cum laude from Boston University with a Bachelor of Arts in Development Economics and attended Executive Development programmes at INSEAD and Harvard Business School thereafter.

In June 2024, he was also appointed as an Ambassador-at-Large in an honourary capacity by the Government of Pakistan for a two-year period.

## Adnan Afridi

### Independent Director

Mr. Adnan Afridi joined the Board in May 2023 as an Independent Director. With over 27 years of global and Pakistan-based experience, his areas of specialisation include change management, business transformation, innovation, and profitability enhancement in blue-chip companies, the public sector, and high-growth situations. His industry experience includes capital markets, private equity, financial services, real estate, health care, natural resources, logistics, largescale manufacturing, technology, and food sectors, operating in CEO roles with Board level representations.

Mr. Afridi currently serves as the Chairman and the Managing Director of National Investment Trust Limited, Pakistan's first and largest Asset Management Company. He is also an Independent Non-Executive Director at Siemens Pakistan Limited, Bank Al Habib, International Industries Limited, Mari Petroleum Limited, Dynea Pakistan Limited, and Biafo Industries Limited. He has previously served as the Managing Director of the Karachi Stock Exchange Limited and as the CEO of the Overseas Chamber of Commerce and Industry and Tethyan Copper Company as well as having served on the boards of Gul Ahmed Textile Mills, Trading Corporation of Pakistan, Central Depository Company and National Clearing Company as Chairman of the Board. Mr. Afridi was also nominated by the Government of Pakistan as a private-sector nominee to the SECP Policy Board for a 4-year term that concluded in November 2022.

Mr. Afridi's contribution to social causes is well known. He is a key member of The Kidney Center Board (former Vice Chairman and current Chairman) and was previously the President of the Old Grammarians Society focusing on fundraising for education scholarships and a former board member of YPO Pakistan and is currently a Board member of YPO-Gold Pakistan.

## Syed Muhammad Shabbar Zaidi

**Independent Director**

Syed Muhammad Shabbar Zaidi joined the Board in May 2020 as an Independent Director. A chartered accountant by profession, he served as the 26th Chairman of the Federal Board of Revenue from May 2019 till April 2020 and as a Provincial Minister for Finance, Board of Revenue, and Excise and Taxation for the Government of Sindh, during the 2013 caretaker setup.

Mr. Zaidi was a member of the Federal Government Task Force for Reform of Tax Administration 2002 and authored the report. A retired senior partner at A. F. Ferguson & Co., he also serves as Chairman of the Securities and Exchange Commission Committee formed for Corporate Industrial Rehabilitation Reform and the Economic Advisory Council. He is a fellow member of the Institute of Chartered Accountants of Pakistan and has served as President of the Institute from 2005-2006. Mr. Zaidi was a member of the Developing Nations Committee of the International Federation of Accountants, the President South Asian Federation of Accountants, the Founder Director of the Pakistan Institute of Corporate Governance, a member of Central Audit Committee of the State Bank of Pakistan, and was the Director of the Karachi Stock Exchange Limited from 2012-2015.

Among his non-profit work, Mr. Zaidi is a trustee of the Sindh Institute of Urology and Transplantation and a member of the Board of Governors of Liaquat National Hospital and Karachi School of Business and Leadership. He has also authored books, including 1) 'A Journey for Clarity', 2) 'Pakistan: Not a Failed State', 3) 'Panama Leaks: A Blessing in Disguise', 4) 'Pakistan: Rich People: Poor Country', 5) 'The Serene Self', 6) 'OECD's Multilateral Instruments & Pakistan's Bilateral Double Tax Avoidance Agreements', 7) 'Faith and Intellect', 8) 'Foreign Exchange Regulations of Pakistan: Acquisition & Disposal of Shares & Securities' and 9) 'Commentary on Pakistan's Tax Laws for Non-Resident Persons and Offshore Assets of Residents'.

## Ariful Islam

**Independent Director**

Mr. Ariful Islam joined the Board in April 2024 as an Independent Director. He is a senior banker with over 37 years of experience with various banks in Bahrain and Pakistan. Mr. Islam qualified as a Chartered Accountant from the Institute of Chartered Accountants in England & Wales in 1983 and worked with KPMG (formerly Peat Marwick Mitchell & Co.) in their London office prior to the start of his banking career. He is also a fellow member of the Institute of Chartered Accountants of Pakistan.

Previously, Mr. Islam was the Deputy CEO of Meezan Bank, a position that he held for 25 years, before retiring from the Bank in 2024. During his tenure, his contribution has developed and transformed Meezan Bank into the country's premier Islamic bank. He has also served as the Chairman of the Board of Pakistan's leading asset management company, Al Meezan Investment Management Limited for 17 years. Mr. Islam is currently on the Board of Honda Atlas Cars (Pakistan) Limited. He is also an active contributor and supporter of the country's various educational, health, and community-building programmes.

# Board Committees

## Committees of the Board

### Audit Committee with Brief Terms of Reference

The Audit Committee, led by an Independent Director, oversees LCI's strong internal controls and risk management framework, functioning as the eyes and ears of the Board to help fulfil its fiduciary responsibilities.

The Audit Committee reviews the periodical financial statements, related party transactions, internal and external audit reports, and significant legal matters. In its review, the Committee also assesses major judgment areas, changes in accounting policies, and assumptions made in the preparation of financial statements. The Committee also reviews compliance with applicable accounting standards, statutory and regulatory requirements and monitors implementation of best corporate governance practices and reviews investigation reports of any violations thereof.

The Committee has the authority to discuss any matter that falls within its remit directly with the management and internal or external auditors and if necessary, may also obtain external legal or professional advice on the matter.

The Committee reviews the scope and extent of the internal audit, its plan, and reporting framework and ensures that the internal audit function has adequate resources and is appropriately placed within the Company. It also recommends to the Board the appointment of external auditors and ensures adequate coordination between internal and external auditors.

The Committee also reviews arrangements for staff and management to report to the Committee in confidence, concerns, if any, about the actual or potential improprieties in financial and other matters and recommends instituting remedial and mitigating measures.

The Audit Committee comprises four members of which two are Non-Executive Directors and two members, including the Chairman of the Committee, are Independent Directors. The Head of Internal Audit acts as the Secretary to the Audit Committee, which meets at least four times a year and at least once a year with the external auditors and internal auditors, without the presence of the management team.

### Human Resource and Remuneration Committee (HR&R)

The Human Resource and Remuneration Committee (HR&R) is a sub-committee of the Board and is responsible for providing overall guidance on HR policies and fundamental principles related to culture, performance management, compensation, and talent management.

It is also responsible for reviewing and recommending the selection, evaluation, and compensation of the Chief Executive, the Executive Management Team, and the Head of Internal Audit. Additionally, it reviews and recommends HR management policies and the succession planning process for the position of the Chief Executive and his direct reports. The Committee also takes into consideration the recommendations of the Chief Executive on matters such as remuneration and performance of key management positions, in particular, managers who report directly to the Chief Executive, and recommends the same for approval to the Board.

The Committee meets at least once a year. It comprises five members, three of whom are Non-Executive Directors, one Executive Director, and an Independent Director, who is also the Chairman of the Committee. The Chief People Officer acts as the Secretary to the Committee.

### Banking Committee

The Banking Committee comprises one Executive Director and two Independent Directors and has been constituted to approve matters relating to the opening, closing, and day-to-day operations of bank accounts. The resolutions passed by the Banking Committee are subsequently ratified by the Board.

## Management Committees

### Executive Management Team (EMT)

The Chief Executive is the Chairman of the EMT. This comprises all the COOs and CXOs. It meets on a regular basis and is responsible for strategic business planning, decision-making, and the overall management of the Company.

### HSE&S Management Committee

The Health, Safety, Environment, and Security (HSE&S) Management Committee is chaired by the Chief Executive. The Committee monitors Company-wide HSE&S compliance and best practices. It oversees the health, safety, environment, and security functions and is also responsible for ensuring that all operations remain environmentally-conscious and compliant with the regulatory framework.

### Succession Planning Forum

This forum is chaired by the Chief Executive and meets periodically to review the Company's succession planning and talent pipeline at all levels. It is supported by inputs coming from the following capability groups, which are also responsible for managing functional capability development:

- Commercial
- Technical
- HR, Legal, and Corporate Communications & Public Affairs
- Finance and IT

# Report of the Directors

## for the year ended June 30, 2024

The Directors are pleased to present their Report, together with the audited financial statements of the Company, for the year ended June 30, 2024.

This Directors' Report has been prepared in accordance with Section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2019.

## Overview of Economy and Financial Performance

Net Turnover at PKR 120,460 million for the year under review is 10% higher compared to the same period last year (SPLY), primarily resulting from higher export volumes of Soda Ash due to the full year impact of enhanced capacity following successful commissioning and commercial production of the 135,000 tonnes per annum (TPA) expansion project. Net Turnover of the Pharmaceuticals, Chemical & Agri Sciences, and Soda Ash increased by 33%, 17%, and 15% respectively as compared to the SPLY, whereas the Animal Health and Polyester Businesses remained almost in line with the SPLY.

The Operating Result at PKR 17,151 million for the year under review is 17% higher than the SPLY. The Pharmaceuticals, Soda Ash, and Chemicals & Agri Sciences Businesses delivered higher Operating Results by 130%, 31%, and 11% respectively as compared to the SPLY, whereas the Polyester and Animal Health Businesses registered a decline in Operating Results by 43% and 5% respectively as compared to the SPLY.

The Soda Ash Business's performance was largely driven by the additional capacity from recent expansions. The Pharmaceuticals Business's performance reflected sustained efforts in manufacturing and commercial excellence, leading to cost optimisation and improved sales mix. Furthermore, a one-off price adjustment provided to the industry in July 2023 provided some respite in the recovery of margins. The Chemicals & Agri Sciences Business delivered robust results driven by a strong performance in the oil seeds category and effective margin management across its portfolio. The Animal Health Business demonstrated resilience through operational efficiencies, despite having been heavily affected by a significant slowdown in the domestic poultry segment due to a decline in consumer purchasing power due to inflationary pressures. The Polyester Business navigated challenging conditions on account of reduced demand in downstream markets amidst a bleak global economic situation, monetary tightening, and significantly high energy tariffs.

The Company's business operations continued to encounter macroeconomic challenges during the year under review. High tax rates, monetary tightening due to historically high interest rates, and hike in energy costs resulted in a slowdown in domestic economic activity across various sectors. With average inflation at 23.41% during the year under review, the cost of doing business increased significantly. These challenges negatively impacted consumer purchasing power resulting in decreased demand across key segments of the economy.

Profit after Tax (PAT) at PKR 11,140 million for the year under review is 19% lower than the SPLY, primarily due to a one-off gain of PKR 9,842 million recorded in the previous year, from the divestment of approximately 26.5% shares of NutriCo Morinaga (Private) Limited (NMPL). Excluding the impact of the aforesaid one-off gain from the divestment of NMPL shares, the corresponding PAT would have been 41% higher compared to the SPLY on account of higher Operating Results and Other Income derived from short-term investments.

During the year, the Pak Rupee appreciated by 3% against the US Dollar, resulting in an exchange gain of PKR 117 million against an exchange loss of PKR 965 million in the SPLY. Moreover, finance cost increased by 23% compared to the SPLY mainly due to full year impact of high policy rate partially offset by lower debt owing to working capital optimisation.

Earnings per Share (EPS) at PKR 120.62 for the year under review is 19% lower than the SPLY. Excluding the impact of one-off gain from the SPLY, EPS would have been higher by 41% compared to the SPLY.

اردو کیلئے آخری صفحات ملاحظہ کریں۔

# Dividend

In view of the Company's earnings, the Board of Directors has recommended the Final Cash Dividend in respect of the financial year ended June 30, 2024, at the rate of 330% i.e. PKR 33/- per share of PKR 10/- each, subject to the approval of the Members at the forthcoming Annual General Meeting. Together with the interim dividend of PKR 27/- per share already paid, this amounts to a total dividend of PKR 60/- per share for the entire year ended June 30, 2024, translating into a payout ratio of 49.7%.

## Key Developments

In line with the Company's growth aspirations and strategic priorities, the Company entered into Asset Purchase Agreements with Pfizer Pakistan Limited and Pfizer Inc. on May 17, 2024, for the acquisition of a manufacturing facility owned by Pfizer Pakistan Limited along with the acquisition of certain pharmaceutical products and trademarks associated with the said products (either through an outright assignment of trademarks or a perpetual license to use the relevant trademarks) from relevant Pfizer group entities. The completion of the transaction remains subject to the satisfaction of the conditions contemplated in the agreements.

Following the close of the fiscal year, the Board of Directors approved a capacity expansion of 200,000 TPA at the Company's Soda Ash plant in Khewra. Following the completion of the proposed expansion, the total installed capacity of the Soda Ash plant will increase from the current 560,000 TPA to 760,000 TPA.

Over the years, the Company has heavily invested in various expansion and growth initiatives to further enhance shareholder value. Having invested reserves in various capacity expansion projects and long-term investments, a certain portion of the reserves of the Company have been utilised. Accordingly, the Board of Directors of the Company in its meeting held on June 10, 2024 approved the transfer of PKR 18,000 million from revenue reserves (unappropriated profits) to capital reserves to more accurately reflect the nature of these reserves. Accordingly, these reserves will not be available for distribution by way of dividend.

During FY 2021-22, the Company announced the setting up of a float glass manufacturing facility having a production capacity of up to 1,000 metric tonnes per day in partnership with Tariq Glass Industries Limited. The project was expected to become commercially operational during FY 2024-25, however, due to uncertain economic conditions the timelines of the proposed project are delayed. Furthermore, during the year under review, Lucky TG (Private) Limited ('Lucky TG') carried out a buy-back of a portion of its shares from the Company and Tariq Glass Industries Limited which was recently completed. The shareholding of the JV partners in Lucky TG remains the same with the Company continuing to hold 51% stake in Lucky TG. Notwithstanding the above, the joint venture partners remain committed to completing the project as soon as the economic environment becomes more conducive.

During the year under review, on January 12, 2024, Lucky Core Ventures (Private) Limited (a wholly owned subsidiary of the Company) terminated a Share Purchase Agreement (SPA), entered into with Lotte Chemicals Corporation for the acquisition of approximately 75.01% of the issued share capital of Lotte Chemical Pakistan Limited, as the conditions required for completion of the transaction could not be met within the time stipulated in the SPA.

# Financial Performance

| PKR million | Year Ended June 2024 | Year Ended June 2023 | Increase/ (Decrease) % |
|---|---|---|---|
| Net Turnover | 120,460 | 109,486 | 10% |
| Gross Profit | 26,906 | 22,133 | 22% |
| Operating Result | 17,151 | 14,653 | 17% |
| Profit Before Tax | 16,501 | 21,911 | -25% |
| Profit After Tax | 11,140 | 13,772 | -19% |
| Earnings Per Share (PKR) | 120.62 | 149.12 | -19% |

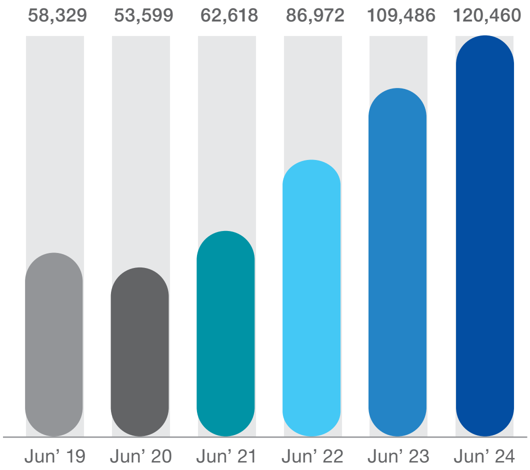
### Net Turnover (PKR m)


### Profit before Tax (PKR m)

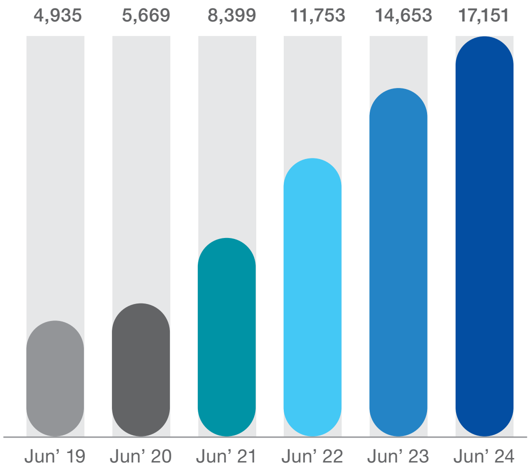

### Profit after Tax (PKR m)


### Earnings per Share (PKR)

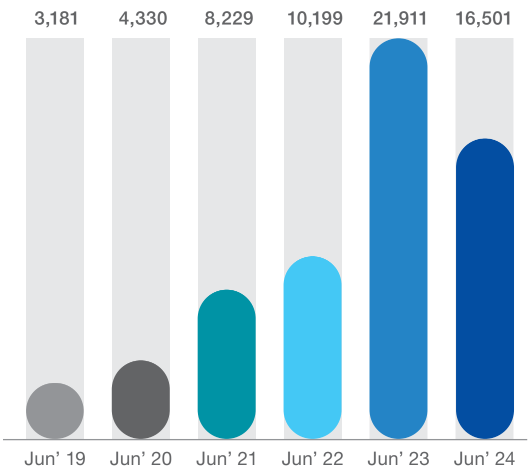
# Six Years Financial Performance at a Glance



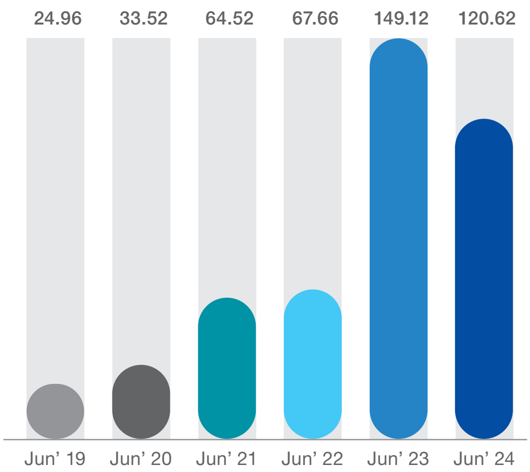

Net Turnover (PKR m)



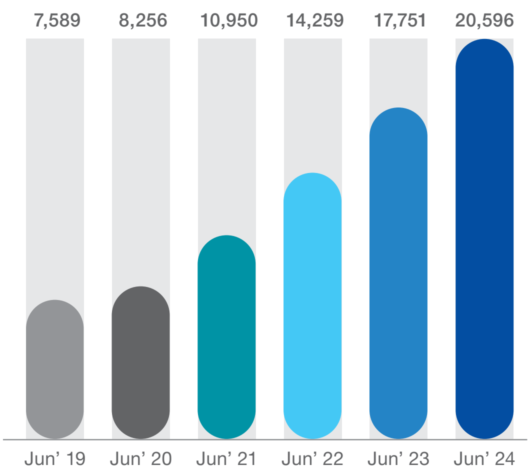

Operating Result (PKR m)



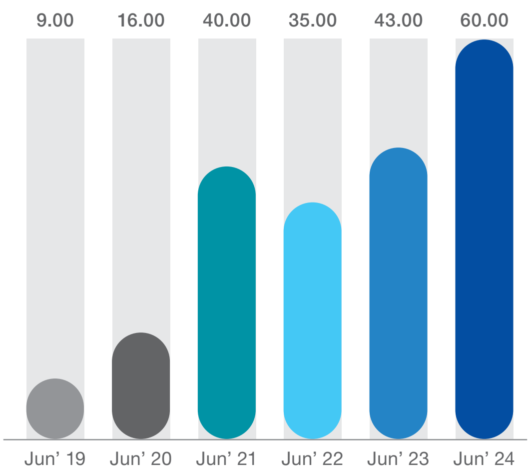

Profit Before Taxation (PKR m)




Earnings per Share (PKR)




EBITDA (PKR m)




Dividend (PKR per Share)

## Sustainability

As a leading manufacturing entity, the Company is fully committed to its ESG (Environment, Social, and Governance) responsibilities, embedding these principles throughout its operations and beyond.

The implementation of LCI's sustainability requirements, and their compliance across the Company's scope of operations, geographical presence, and businesses are guided through LCI's holistic Health, Safety, Environment and Security (HSE&S) Management System, Occupational Health Manual, Corporate Engineering Procedures, and Information Notes for Managers. LCI's sustainability initiatives are in line with the recommendations and directives of its Sustainability Council, which acts as a governing body on matters relating to sustainability targets and performance.

As the torch-bearer of sustainability, the Executive Management Team (EMT) regularly meets to discuss sustainability initiatives and their performance. Critical HSE&S procedures are reviewed as per global developments in the field of HSE&S.

The Company's Sustainability drive – 'STEP', an acronym for Sustain, Transform, Evolve, and Preserve, continued with full fervour. These initiatives help us to continue to inculcate and foster a culture of sustainability at LCI. Furthermore, in line with its mission of Improving Lives, LCI is taking proactive measures to neutralise its emissions by adopting nature based and science driven solutions across its various operations. To spearhead this effort, the Company continued working towards its climate action plan called 'Catalyst 2030.' This initiative aims to bring together all of LCI's businesses and functions to collectively support the planet and combat climate change.

The Company on the back of its sustainability efforts won the joint 1st Position for the 'Best Sustainability Report 2022' by ICAP & ICMA Pakistan.

LCI is among the early adopters to report sustainability compliances in line with the SDGs. During the year under review, the Company collaborated with the Centre of Excellence for Responsible Businesses (CERB) to assess LCI's alignment with the United Nations Sustainable Development Goals (SDGs) and the impact of its operations for FY 2023-24. LCI's operations were found to continue to be compliant with both international and local standards.

## Health, Safety, Environment and Security

The Company has continued to demonstrate its strong commitment to HSE&S. Ensuring the highest levels of health and safety for its employees, customers, and anyone present on its premises, as well as the environmental protection of the communities in which it operates. There has been a sharper focus on evaluating the effectiveness of existing regulatory frameworks and methods for managing hazards and risks within businesses. This is key to ensuring the protection of the Company's employees and the public from accidents and ill health and is a clear indicator of LCI's resolve to maintain HSE&S as a core priority.

The Company continued to deliver high performance in safety. Collectively, the Company's businesses logged approximately 46.5 million safe man-hours as of June 30, 2024. During the year, the Soda Ash, Pharmaceuticals, Animal Health, Chemicals & Agri Sciences, and Polyester Businesses achieved 33.7, 6.65, 0.92, 1.46, and 0.04 million man-hours respectively without reportable injury; Corporate Offices stood at 3.72 million safe man-hours.

The robust Environment Performance Management (EPM) framework is widely used for reporting KPIs for Health, Safety, Environment, and Energy. Performance reports are monitored on a monthly and quarterly basis. Deviations from targets are immediately highlighted, analysed, and discussed with each business. Energy conservation, waste reduction, water conservation, and compliance with National Environmental Quality Standards (NEQS) through the implementation of sustainability plans continued throughout the year.

The Health Assessment Performance Index (HAPI) and Hygiene Performance Index (HYPI) are two unique programmes that are implemented at all sites. These relate to the health assessment and monitoring of employees' exposure to hazards. The concept of HAPI and HYPI is to minimise the risks of occupational diseases. Data collected is monitored even after the employees' retirement. Annual/biannual assessments of employees' health continued during the year, including audiometry and spirometry tests. No occupational illness was reported in FY 2023-24.

Training at all levels on HSE&S is a core component of the employees' development plan. During the year under review, training course modules on highly hazardous activities were developed in line with operational requirements, and relevant trainings were conducted.

In recognition of their efforts in the area of HSE&S, the Soda Ash Business was awarded the International Safety Award 2024 by the British Safety Council UK after a thorough evaluation of the Health & Safety Management Systems in place at the business. The Pharmaceuticals Business received the recognition award from the 'Employee Federation of Pakistan' in Occupational Safety, Health and Environment. The Animal Health and Pharmaceuticals Business received the 'Environmental Excellence Award 2023' by the National Forum for Environment and Health.

A detailed HSE&S management audit of the Soda Ash and Polyester Businesses was conducted by the Corporate HSE&S team demonstrating the Company's commitment to continuously reviewing and improving its HSE&S practices. Trained safety professionals were engaged in the audit process and detailed reports were shared with the respective businesses. Areas of improvement were highlighted and communicated to both businesses' executive teams.

## Community Investment

The Company is committed to giving back to the communities it serves through its community investment initiatives. During the year, these initiatives were carried out directly by the Company or through the Lucky Core Foundation (the Foundation), which is managed by the Foundation's Board of Trustees.

The Foundation supports sustainable socio-economic development through philanthropic investments in health, education, women's empowerment, community development, and the environment.

During the year, the Company incorporated a company under Section 42 of the Companies Act, 2017 which once operational, is intended to carry out the CSR initiatives of the Company going forward.

During the year, the Company invested PKR 113.7 million in community uplift programmes and carried out various community activities directly.

For a comprehensive overview of the Company's sustainability performance, including HSE&S details and community investment updates, please refer to the Sustainability Report on page 151.

# Human Resources

## Human Resources: Cultivating a Dynamic and Inclusive Workplace

At Lucky Core Industries, the Human Resources team has been instrumental in creating a dynamic and supportive workplace. LCI launched strategic initiatives to attract, develop, and retain talent while emphasising employee well-being, continuous learning, and organisational effectiveness.

### Organisational Culture and Values

The Company's greatest strength lies in its organisational culture, driven by its core values. These values are the foundation of LCI's success and the driving force behind the Company's growth and innovation. The Company's commitment to fostering a strong, values-driven culture remains central to the organisation. Values such as integrity, responsibility, and customer centricity are deeply embedded in its daily operations, guiding its actions and decisions to uphold the highest standards and consistently deliver outstanding results.

### Diversity, Equity and Inclusion

The Company is committed to cultivating a culture of Diversity, Equity and Inclusion (DE&I) throughout the organisation to ensure that all employees feel valued, respected, and empowered and in this regard has established a comprehensive framework to regulate its DE&I agenda. The Company has various policies embedded within the organisation including sabbaticals, maternity and paternity leave policies, and an anti-harassment policy, to foster an inclusive workplace environment.

This year, through LCI's Women Returnship programme, 'Yes She Can,' the Company welcomed talented women back to the workplace and celebrated cultural diversity across the organisation. The Company also has a 'Dignity at Work' platform which is designed to support and maintain a positive work environment.

LCI is committed to maintaining a workplace free from gender discrimination and there is no discrimination/disparity in pay on the basis of gender. Various factors contribute to an employee's remuneration, which includes employee's professional experience, tenure, education, job role, performance, market dynamics, and geographical location amidst others. The Company ensures that compensation is based on an objective and merit-based criteria, and that there is no discrimination on the basis of gender.

The workforce at LCI comprises of 7.8% females, with a 10% representation at Executive Management Team level and the Company is dedicated to improving these figures to further expand and diversify its talent pool.

The Company adheres to all relevant laws and regulations, ensuring compliance through systematic evaluations at key employment touchpoints, including:

- Hiring: Implementation of rigorous, non-discriminatory evaluation criteria to ensure gender equality when hiring new employees.
- Annual Salary Reviews: Salary reviews are conducted annually with strict adherence to equitable standards, ensuring any adjustments are free from gender bias.
- Career Advancement: Evaluation of role changes and promotions using transparent and fair criteria, providing equal opportunities for advancement to all employees.

LCI is committed to transparency in its pay practices and remains steadfast in its commitment to providing equal opportunities for all its employees.

### Employee Well-Being and Engagement

LCI's dedication to employee well-being is showcased through various events, including sports and wellness activities aimed at fostering team camaraderie. Engagement is of prime importance to the Company, as it believes engaged employees are more productive, innovative, and committed to collective success. To strengthen employee engagement, LCI introduced a new engagement survey tool. This data-driven approach provides valuable insights, enabling to create targeted strategies to enhance engagement and ensure that the employees feel connected, motivated, and valued.

### Talent Development and Management

With over seven decades of heritage, LCI is devoted to establishing a robust and sustainable talent pipeline. The Company's diverse business portfolio allows for cross-business and cross-functional talent moves. Through LCI's various entry-level talent programmes, it attracts talent across all functions and builds on its bench strength. The Company's recruitment process includes standardised assessments evaluating cognitive abilities, personality traits, and behavioural tendencies across all levels. This process has proven invaluable in onboarding talented individuals and setting clear road-maps for their progress within the organisation.

LCI's learning and development programmes, led by the Centre of Excellence team, logged over 34,500 training hours, covering 1,730+ employees and providing 2.5 training days per employee. These programmes offer ample opportunities for professional growth. The Company's internal faculty delivered impactful trainings such as Aspire 3.0, focusing on creating a culture of coaching, along with AI Roadmap and Problem Solving and Decision Making.

The Company's core values are embedded in the talent management systems, emphasising continuous growth and delivering enduring value. LCI is steadfast in its commitment to talent development, building a strong succession pipeline aligned with the 'promote from within' philosophy. Functional capability forums regularly review each employee's promotability and potential, mapping them to relevant succession positions. LCI's internal Talent Movement Index for Mid to Senior levels stands at 87% for the period.

### Embracing Technology and Digitalisation

To increase organisational agility and address workforce needs, the Employee Central platform was launched this year. This platform empowers employees with tools and resources to manage various aspects of their employment through a one-window solution. Additionally, the digitalisation of the Company's processes through SAP S4HANA was a pivotal initiative. This system implementation allows LCI to leverage extensive reporting capabilities to enhance organisational efficiency, agility, and decision-making processes.

Together, these initiatives underscore the Company's commitment to fostering positive change, improving employee well-being, and continually refining processes and services.

# Risk Management

Managing risk is one of the fundamentals of sustainable growth and development. At LCI, the Board of Directors has the overall responsibility of overseeing risk management processes and internal control procedures. These processes are documented and reviewed annually by the Board Audit Committee. Identified risks that could potentially affect the achievement of the Company's strategic, operational, financial, and/or compliance objectives are promptly reported to the Board and senior management for timely action to safeguard assets, address possible risks to the Company, and ensure business continuity.

At LCI, a clear organisational structure with a well-defined chain of authority is in place. Senior management is responsible for implementing procedures, monitoring risks, and assessing the effectiveness of various controls.

The Company continues to employ a robust Enterprise Risk Management (ERM) framework, which is integrated within the organisation to ensure that risks are proactively identified, assessed, and addressed. All highlighted risks are prioritised according to their impact, likelihood, and timescale, with remedial actions devised accordingly.

Risk management is an ongoing exercise and therefore, this annual process includes interim updates on both the risks and remedial and/or corrective actions.

A detailed report on the Company's risk management philosophy, governance, and key risks and opportunities is available on pages 70 to 77 of the Annual Report.

# Business Updates

## Polyester Staple Fibre Business (PSF)

### Net Turnover (PKR m)


### Operating Result (PKR m)


During the year under review, major global economies remained subdued, affected by the global economic slowdown.

The Net Turnover of the Polyester Business at PKR 40,285 million for the year under review, is in line with the SPLY. Local volumes were impacted significantly due to the slowdown in demand, which was offset by higher PSF prices following the devaluation of the PKR.

On an overall basis, the Polyester Business's Operating Result at PKR 1,825 million for the year under review is 43% lower compared to the SPLY, which was mainly due to lower demand and a significant increase in operating costs on account of increased gas tariff.

The average price of crude oil was lower by 3%, as compared to the SPLY. However, the average price of paraxylene (PX) largely remained stable, increasing by 0.3%, owing to plant turnarounds and higher demand for gasoline blending. Despite the stable prices of PX, the average price of PTA decreased by 2% compared to the SPLY owing to increased supply. Furthermore, the MEG market recovered from its previous lows, resulting in the average MEG price increasing by 1.5% compared to the SPLY.

Energy costs for the business rose by 31% compared to the SPLY due to the devaluation of the PKR and increased prices of gas, furnace oil, and coal by 37%, 20%, and 47% respectively. The rise in energy costs was impacted by the ongoing geopolitical situation and the industry's reliance on imported RLNG.

Despite facing significant cost increases, both from higher energy costs and currency devaluation, the domestic PSF prices increased by only 12% compared to the SPLY. The limited price increase was primarily attributed to a surge in dumped PSF imports and a surge of imports under the Export Finance Scheme (EFS). Consequently, the domestic PSF industry has been negatively affected and undermined. It is important to note that while PSF imports under EFS increased from 16% to 80%, polyester-based textile exports decreased by 3% compared with the SPLY.

Looking ahead, the OPEC+ production cut is anticipated to keep the crude oil markets stable in the coming months. The recent hike in ocean freight is expected to normalise by the end of Q1 FY 2024-25. The surplus availability of PSF in China is expected to exert continued pressure on domestic PSF markets. The influx of dumped volumes from China is likely to constrain domestic PSF operating rates.

## Soda Ash Business

### Net Turnover (PKR m)


### Operating Result (PKR m)


The overall domestic soda ash market witnessed a 7% decline in demand compared to the SPLY due to a slowdown in downstream markets and cheap imports from Turkey. The Net Turnover of the Soda Ash Business at PKR 47,565 million for the year under review is 15% above the SPLY primarily on account of the full-year impact of cost-push price adjustments during the previous year as a consequence of the devaluation of the PKR against the US Dollar. Growth in Net Turnover was also supported by an increase in export volumes during the current year resulting from the business's efforts to expand its footprint in 12 international markets to maintain plant operating rates in the face of reduced local demand.

The Operating result of PKR 10,034 million for the year under review, is 31% higher compared to the SPLY, primarily on account of higher exports following the successful completion of the 135,000 TPA expansion of the Soda Ash plant, which supported the business in absorbing fixed costs despite lower margins and constrained domestic demand. The improved profitability was mainly driven by lower energy costs as coal prices returned to normalised levels.

On the domestic front, post-Federal Budget FY 2024-25, the prevalent rising inflationary trends are expected to continue, negatively impacting consumer purchasing power. The negative outlook in the construction segment is expected to adversely impact sales in the glass segment. Meanwhile, sales to the Bazaar segment, which had offered some relief in the year under review, are likely to pose challenges in the future period.

On the exports front, while the business aims to further expand its footprint in international markets, albeit at lower prices and margins, the capacity additions in China, particularly the Inner Mongolia plant, continue to exert downward pressure on the global soda ash prices and export margins. Additionally, the recently announced change in the tax regime on exports will negatively impact performance, particularly in light of lower margins.

## Pharmaceuticals Business

### Net Turnover (PKR m)


### Operating Result (PKR m)


During the year under review, the industry continued to face significant setbacks primarily due to challenges affecting the economic viability of essential medicines. These challenges included increased production costs stemming from higher energy costs and currency devaluation. These factors have collectively intensified pressures on the viability of certain essential medicines to the detriment of the patient.

Despite the aforementioned challenges, LCI's Pharmaceuticals Business has been able to mitigate the impact of the cost increases. This has been accomplished by introducing new products, increasing factory efficiencies, optimising working capital deployment, and enhancing the sales mix. Furthermore, the pharmaceutical industry experienced a much-needed positive development which enabled companies to adjust prices for non-essential medicines, allowing market forces to determine pricing, and enabling manufacturers to recover cost increases along with margin improvement. Consequently, the business was able to generate a Net Turnover of PKR 12,212 million and an Operating Result of PKR 2,305 million, which are 33% and 130% higher compared to the SPLY.

It is crucial for the continued sustainability and progress of the domestic pharmaceutical sector that the government establishes a framework allowing drug manufacturers to adjust the prices of essential medicines to offset cost escalations. This is particularly important considering the recent Federal Budget, which has increased the cost of doing business through higher taxation on exports and duties on key raw materials.

Going forward, the decision of the Government to allow companies to adjust prices for their non-essential portfolio will play a crucial role in ensuring the continuous supply of medicines. It will also support in maintaining an acceptable level of profitability, thereby sustaining existing operations and fostering investments in innovative therapies and medical advancements. This will ultimately benefit patients nationwide by enhancing access to advanced healthcare solutions.

## Animal Health Business

### Net Turnover (PKR m)


### Operating Result (PKR m)


The Net Turnover of the Animal Health Business at PKR 6,776 million for the year under review, is 1% lower compared to the SPLY, and the Operating Result at PKR 881 million is 5% lower compared to the SPLY.

The Animal Health industry in Pakistan is experiencing a challenging business environment due to escalating farm management costs. The imposition of sales tax on cattle feed in the Federal Budget FY 2024-25 has further impacted the market. This financial strain has made it increasingly difficult for farmers to generate adequate revenue to invest in animal feed and medicines, directly impacting sales and overall business performance. Consequently, there has been a noticeable reduction in the overall market size with the cattle feed market declining by 18% and the poultry industry seeing a 25% decline compared to the SPLY.

Reduced demand significantly impacted profitability for livestock farmers, putting immense financial pressure on the market. The poultry industry is experiencing reduced operations due to a shortage of broiler breeders, resulting in decreased production of day-old chicks. However, with the new placement of breeder flocks, the industry is anticipated to recover as the demand-supply gap diminishes.

Despite these challenging circumstances, the business achieved several significant milestones during the year under review. Two Farmer's Choice Poultry products, Tilpolysin and Linoxin, surpassed the PKR 100 million mark during their first full year post-launch. The Farmer's Choice brand was further strengthened by the launch of three new poultry products in the last quarter. Additionally, the business executed its first export sale this year, opening new avenues of growth.

Going forward, the business is steadfast in implementing strategic measures to navigate ongoing challenges. With a focus on portfolio rationalisation, margin optimisation, and the establishment of a new greenfield medicine manufacturing facility, the business aims to expand its locally manufactured medicine portfolio while enhancing profitability and paving the way for sustainable growth.

## Chemicals & Agri Sciences Business

### Net Turnover (PKR m)


### Operating Result (PKR m)


Net Turnover and Operating Results at PKR 13,704 million and PKR 2,106 million during the under review, are higher by 17% and 11% respectively compared to the SPLY mainly on the back of increase in volumes and effective margin management across the business portfolios.

The business environment showed a glimmer of hope with signs of recovery from the adversities encountered in the SPLY as the detrimental effects of import restrictions, flood-induced destruction, currency depreciation, and political instability, started to subside. Though the market situation is still not fully conducive, demand has started to pick up with an improvement in macroeconomic conditions on the back of prudent fiscal management and external consolidation.

The Chemicals segment, while capitalising on improved demand, continued to focus on margin optimisation and stringent control of operating costs, resulting in a 7% increase in Operating Results compared to the SPLY.

The Agri Sciences segment delivered a strong performance in the oil seeds category, however, performance in the agrochemical category was hampered due to liquidity constraints in the market.

The Masterbatches segment retained its upward momentum compared to the SPLY with improved margins. Continued focus on technical excellence and new product development is key to maintaining the growth and profitability trajectory of the business.

Despite inflationary pressures easing due to stabilisation of the exchange rate and base effect, recent fiscal measures introduced in the Federal Budget FY 2024-25 are expected to reverse this trend, negatively impacting the consumer's purchasing power. On the Agri Sciences front, the outlook will remain volatile amidst declining commodity prices and liquidity constraints amongst farmers.

Going forward, these challenges are expected to keep the business' profitability and demand under check in the short run. However, the Business is committed to maintaining its focus on operational excellence and cost optimisation while delivering robust results.

# Finance

The Company's balance sheet as of June 30, 2024, remains on a strong asset footing of PKR 83.6 Billion (2023: PKR 81.1 Billion), with a current ratio of 1.47 (2023: 1.36) and a quick ratio of 0.82 (2023: 0.69).

The Net Turnover of PKR 120,460 million for the year under review is 10% higher compared to the SPLY, primarily resulting from the higher export volumes from the Soda Ash Business.

The Operating Result of PKR 17,151 million for the year under review is 17% higher compared to the SPLY, owing to an increase in revenues across all businesses, manufacturing efficiencies, and effective margin management.

The sales and distribution expenses for the year are 37% higher compared to the SPLY, primarily due to higher freight costs on the back of higher export volumes in the Soda Ash Business. The administrative and general expenses for the year are 14% higher compared to the SPLY, primarily due to the inflationary impact on various expenses.

The increase in Operating Results was partially offset by higher finance costs mainly due to the full-year impact of high policy rate partially offset by lower debt owing to working capital optimisation. Moreover, the PKR appreciated by 3% against the US Dollar, resulting in an exchange gain of PKR 117 million as compared to the exchange loss of PKR 965 million in the SPLY.

Other Operating Income for the year is 75% higher than the SPLY mainly due to the full-year impact of dividend income amounting to PKR 2,718 million derived from the short-term investment of the proceeds from NMPL shares divestment. Further during the SPLY, a one-off gain amounting to PKR 9,842 million, from the divestment of approximately 26.5% of the issued shares of NutriCo Morinaga (Private) Limited (NMPL) was realised.

The Profit After Tax (PAT) and Earnings Per Share (EPS) for the year at PKR 11,140 million and PKR 120.62 respectively are 19% lower compared to the SPLY. Excluding the impact of the one-off gain in the same period last year, PAT and EPS would have been higher by 41% compared to the SPLY.

# Future Outlook

Global economic growth is projected at 3.2% in 2025, reflecting a resilient outlook despite significant challenges including supply-chain disruptions stemming from conflicts in the Middle East, ongoing repercussions of Russia's war on Ukraine leading to global energy and food crises, and a notable surge in inflationary pressures. Policy rates are expected to be on a declining trend with headline inflation expected to fall from an annual average of 5.9 percent in 2024 to 4.5 percent in 2025. Expected cuts in US interest rates, stabilisation of economic activity in China, volatility in commodity prices, and ongoing geopolitical tensions will play a key role in the year ahead. While uncertainties persist, the outlook for fiscal year 2025 suggests cautious optimism, with expectations of lower inflation, supportive monetary policies, and resilient global economic performance.

According to the IMF's World Economic Outlook, Pakistan's economic outlook for fiscal year 2025 is expected to show signs of economic recovery, with a projected growth rate of 3.5%. With Pakistan's year-on-year inflation rate recorded at 12.57% in June, there is an expectation of declining policy rates during the year. However, the impact of these rate cuts will be tempered by the tax-heavy Federal Budget FY 2024-25.

Looking ahead, the economic outlook will largely be predicated on the implementation of reforms outlined by the IMF in the staff-level agreement reached on 12th July for the USD 7 Billion Extended Fund Facility Arrangement (EFF). The agreement is aimed at stabilising the economy to restore fiscal and external buffers through broadening the tax base, privatisation of loss-making government entities, restructuring the pension bill and reforms in the energy sector. These factors will collectively influence overall industrial activity and consumer demand in Pakistan.

Despite the ongoing challenges, the Company is well-positioned to navigate future uncertainties due to its strong balance sheet and diversified portfolio, which is closely tied to the core economy of Pakistan. With certain strategic growth initiatives underway and optimal capital allocation for both its organic and inorganic expansion, the Company is committed to leveraging its diverse product portfolio to drive sustainable growth. Notwithstanding the same, the Company regularly conducts strategic reviews to develop and implement forward-thinking strategies, aimed at mitigating and minimising any potential adverse impacts. Looking ahead, the Company will continue to focus on identifying and pursuing additional revenue generating streams and optimising its operating costs, including energy costs, and maximising shareholder returns, thereby ensuring a resilient and sustainable future.

## Acknowledgement

The results of the Company reflect the relentless commitment and contribution of its strong pool of talented employees and the trust placed in the Company by its stakeholders.

## Auditors

M/s A.F. Ferguson & Co., Chartered Accountants, have audited the financial statements of the Company for the year ended June 30, 2024.

Upon recommendation of the Board Audit Committee, the Board recommends appointing M/s A.F. Ferguson & Co., Chartered Accountants as the statutory auditors of the Company for the year ending June 30, 2025, subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

## Related Party Transactions

During the year, the Company carried out transactions with its related parties. Details of these transactions are disclosed in note 42 to the unconsolidated financial statements attached therein.

## Compliance with the Code of Corporate Governance

The Company has taken all necessary steps to ensure Good Corporate Governance in all its practices, in compliance with the Code of Corporate Governance (CCG) Regulations, and as such, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results 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 the 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 the preparation of financial statements and any deviation from these has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- Key operating and financial data for the last 10 years is summarised on pages 184-185.
- Outstanding taxes and levies are given in the Notes to the Financial Statements.
- The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with best practices.
- The related party transactions of the Company are approved and / or ratified by the Audit Committee and the Board of Directors.

## Investment In Retirement Benefits

| | | 30-Jun-24 Un-Audited | 30-Jun-23 Audited |
|---|---|---|---|
| | **Fund Name** | Value (PKR million) | Value (PKR million) |
| 1 | Lucky Core Management Staff Provident Fund | 1,560.92 | 1,281.08 |
| 2 | Lucky Core Management Staff Pension Fund | 710.08 | 571.74 |
| 3 | Lucky Core Management Staff Gratuity Fund | 905.19 | 680.67 |
| 4 | Lucky Core Management Staff Defined Contribution Fund | 1,958.82 | 1,483.11 |
| 5 | Lucky Core Non-Management Staff Provident Fund | 505.20 | 495.74 |
| | **Total** | **5,640.20** | **4,512.33** |

## Composition of the Board

In line with the requirements of the CCG, the Company encourages the representation of Independent and Non – Executive Directors, as well as gender diversity on its Board. The current composition of the Board is as follows:

**Total number of Directors:**

(a) Male: 7
(b) Female: 1

Composition:

**(i) Independent Directors: 3**

Syed Muhammad Shabbar Zaidi
Mr. Adnan Afridi
Mr. Ariful Islam

**(ii) Non – Executive Directors: 4**

Mr. Muhammad Sohail Tabba
Mr. Muhammad Ali Tabba
Mr. Jawed Yunus Tabba
Ms. Amina A. Aziz Bawany

**(iii) Executive Directors: 1**

Mr. Asif Jooma

## Committees of the Board

### Audit Committee

Syed Muhammad Shabbar Zaidi – Chairman
Mr. Adnan Afridi – Member
Mr. Muhammad Ali Tabba – Member
Mr. Jawed Yunus Tabba – Member

### HR and Remuneration Committee

Mr. Adnan Afridi – Chairman
Mr. Muhammad Sohail Tabba – Member
Mr. Muhammad Ali Tabba – Member
Mr. Jawed Yunus Tabba – Member
Mr. Asif Jooma – Member

### Banking Committee

Mr. Asif Jooma – Chairman
Mr. Adnan Afridi – Member
Mr. Ariful Islam – Member

### Share Transfer Committee

The Share Transfer Committee was dissolved during the year as there is no requirement or need under the applicable laws for a company to maintain a Share Transfer Committee.

## Directors' Attendance

During FY 2023-24, seven (7) Board meetings, four (04) Audit Committee meetings, and two (02) Human Resources and Remuneration Committee (HR&R) meetings were held. Attendance by each Director of the respective Board / Sub – Committees meetings was as follows:

| Name of Director | Board of Directors Meetings | Audit Committee Meetings | HR & Remuneration Committee Meetings |
|---|---|---|---|
| Mr. Muhammad Sohail Tabba | 7 | - | 2 |
| Mr. Muhammad Ali Tabba | 7 | 4 | 2 |
| Mr. Jawed Yunus Tabba | 7 | 3 | 2 |
| Ms. Amina A. Aziz Bawany | 4 | - | - |
| Mr. Asif Jooma | 7 | - | 2 |
| Mr. Muhammad Abid Ganatra* | 4 | - | - |
| Mr. Adnan Afridi | 7 | 4 | 2 |
| Mr. Ariful Islam** | 1 | - | - |
| Syed Muhammad Shabbar Zaidi | 7 | 4 | - |

* Mr. Muhammad Abid Ganatra resigned from the Board w.e.f. March 18, 2024.
** Mr. Ariful Islam was appointed as independent Director in place of Mr. Muhammad Abid Ganatra w.e.f. April 24, 2024. Subsequent to his appointment only 1 meeting was held during the year.

## Directors Remuneration

The Board of Directors has approved a formal Directors' Remuneration Policy which includes a transparent procedure for the remuneration of Directors, in accordance with the Companies Act, 2017 and CCG. As per the said policy, Non-Executive and Independent Directors are paid an after-tax remuneration of PKR 75,000/- for attending each meeting of the Board or its Sub–Committee.

Appropriate disclosure for remuneration paid during the year to Directors and the Chief Executive has been provided in note 41 to the financial statements.

## Board Evaluation

As required under the CCG, the Board undergoes an annual evaluation of its performance. The Board of Directors recognises the importance of continuous assessment in determining how effectively the Board has performed against its established objectives and goals. Following the evaluation, areas of improvement are identified, and corrective action plans are devised and implemented accordingly.

## Directors' Training

A majority of the Board members have either acquired Director's training or have the prescribed qualification and experience required for exemption from training programmes for Directors, under Regulation 19 of the CCG. All Directors are fully conversant with their duties and responsibilities as Directors of a listed company.

## Risk Assessment Framework

Appropriate disclosure of the Company's risk framework and internal control system has been made on pages 70-77.

## Pattern of Shareholding

The pattern of shareholding of the Company under Section 227(2)(f) of the Companies Act, 2017 as of June 30, 2024, is annexed to this report.

**Muhammad Sohail Tabba**
Chairman

**Asif Jooma**
Chief Executive

Date: August 05, 2024
Karachi

# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

**Lucky Core Industries Limited**
**Year Ended June 30, 2024**

Lucky Core Industries Limited ('the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG/ Regulations) in the following manner:

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

    a. Male: 07
    b. Female: 01

2. The composition of the Board is as follows:

| Category | Names |
|---|---|
| Independent Directors | Syed Muhammad Shabbar Zaidi<br>Mr. Adnan Afridi<br>Mr. Ariful Islam |
| Non-Executive Directors | Mr. Muhammad Sohail Tabba<br>Mr. Muhammad Ali Tabba<br>Mr. Jawed Yunus Tabba |
| Executive Directors | Mr. Asif Jooma |
| Female Director (Non-Executive Director) | Ms. Amina Abdul Aziz Bawany |

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including the 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, besides being placed on the official website of the Company.

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

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017, and the 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 Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Companies Act, 2017, and the Regulations.

9. Majority of the Directors along with the Company Secretary have either completed the Director's Certification from authorised institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG. All of the Directors are highly qualified and possess the requisite experience and knowledge required to perform their duties. One Director has not obtained Directors' Training Programme certificate, however, the Company has planned to arrange training for the Director as well as a head of department in the next financial year.

10. The Board has approved the appointment of the Chief Financial Officer, 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. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of following members:

**Audit Committee**

| | |
|---|---|
| Syed Muhammad Shabbar Zaidi | Chairman |
| Mr. Adnan Afridi | Member |
| Mr. Muhammad Ali Tabba | Member |
| Mr. Jawed Yunus Tabba | Member |

**HR & Remuneration Committee**

| | |
|---|---|
| Mr. Adnan Afridi | Chairman |
| Mr. Muhammad Sohail Tabba | Member |
| Mr. Muhammad Ali Tabba | Member |
| Mr. Jawed Yunus Tabba | Member |
| Mr. Asif Jooma | Member |

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

    The functions of the Nomination Committee and Risk Management Committee are being performed by the HR & Remuneration Committee and the Board Audit Committee, respectively. Therefore, separate committees for Nomination and Risk Management are not required.

    The Company has a dedicated Sustainability Council in place comprising of senior executives of the Company, which periodically monitors and reviews sustainability related risks, opportunities and initiatives. Further, the Board of Directors also reviews and monitors environmental, social and governance matters. In lieu of the above, there is already a strong framework in place to monitor sustainability related risks and opportunities.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following.

    a) Audit Committee: 04
    b) HR and Remuneration Committee: 02

15. The Board has set up an effective internal audit function consisting of a suitably qualified and experienced team which is 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 programme of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics, as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non- dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

**Muhammad Sohail Tabba**
Chairman

**Asif Jooma**
Chief Executive

August 05, 2024
Karachi

A·F·FERGUSON&Co.

# Independent Auditor's Review Report

## To the members of Lucky Core Industries Limited

## Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Lucky Core Industries Limited ('the Company') for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

**A. F. Ferguson & Co.**
Chartered Accountants
Karachi
Dated: August 30, 2024
UDIN: CR202410069UDoei9fb4

# Corporate Governance and Compliance

## At LCI, we are committed to promoting strong corporate governance practices, which we believe are the foundation of sustainable growth. We strive to uphold the highest standards of governance across all our operations and decision-making, prioritising transparency and accountability throughout our business activities.

The Company's governance structure is based on the Company's core values, its constitutional documents, its Code of Conduct, and applicable laws and regulations. It ensures that robust internal controls and risk management systems are adopted and implemented throughout the organisation to create short-term and long-term value for all its stakeholders.

## Corporate Governance Statement

In line with its core value of Integrity and Responsibility, the Company adheres to applicable laws and regulations, including the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'CCG'), the Listing Regulations of the Pakistan Stock Exchange, and applicable financial reporting frameworks.

The Statement of Compliance, as required under the CCG, signed by the Chairman of the Board and Chief Executive, along with the Auditor's review report, also form part of this Report.

### Major Applicable Regulations

| External | Internal |
|---|---|
| • Companies Act, 2017, and other allied laws<br>• Rule Book of the Pakistan Stock Exchange Limited<br>• Listed Companies (Code of Corporate Governance) Regulations, 2019<br>• Companies Regulations, 2024<br>• Securities Act, 2015<br>• CDC Regulations<br>• Other Rules, Regulations, Circulars, Notifications, and Guidelines of the Securities and Exchange Commission of Pakistan (SECP).<br>• Income Tax Ordinance, 2001 | • The Articles of Association of the Company<br>• Code of Conduct<br>• Significant Policies<br>• Financial Limits of Authority |

## Ownership and Control Structure

The shareholding structure of the Company as of June 30, 2024, is detailed on pages F 124-F 127. Lucky Cement Limited, the parent company of LCI, holds 55% of the Company's share capital. The Yunus Brothers Group (YBG), together with its group companies including Lucky Cement Limited, holds a combined equity stake of 81.54% in the Company's capital.

### Capital Structure

The share capital of the Company comprises of 92,359,050 ordinary shares. No other class of shares are issued by the Company.

LCI primarily fulfills its long-term investment and working capital requirements through its own cash generation and financing arrangements from various banks. The Company showcases robust cash-generation capabilities, attributable to its diversified and high performing business portfolio, leading to substantial unused banking facilities.

The Company's EBITDA generation capacity, along with prudent liquidity management, is reflected in its current and quick ratios, which were 1.47 and 0.82 respectively, as of June 30, 2024.

The share capital structure of the Company is as follows:

### Authorised Share Capital

PKR 15,000,000,000 – divided into 1,500,000,000 ordinary shares of PKR 10/- each.

### Issued, Subscribed and Paid-up Capital

PKR 923,590,500 – divided into 92,359,050 ordinary shares of PKR 10/- each.

### Shares Held by Directors/Executives

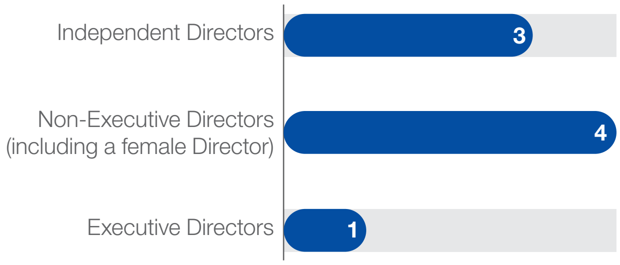
Details of the shareholding of Directors and Executives of the Company are provided in the pattern of shareholding, refer to pages F 124-F 127.

## Board of Directors

### Board Composition

The Board of LCI comprises Executive, Non-Executive, and Independent Directors, each bringing diverse skills, perspectives, and extensive experience. This composition equips the Board to effectively guide the Company towards its objectives and accomplishments whilst ensuring robust governance. Each Director brings a unique skill set, enhancing value creation at the Board level.

**The Company has a total of eight (8) Directors on its Board:**




## Independent Directors

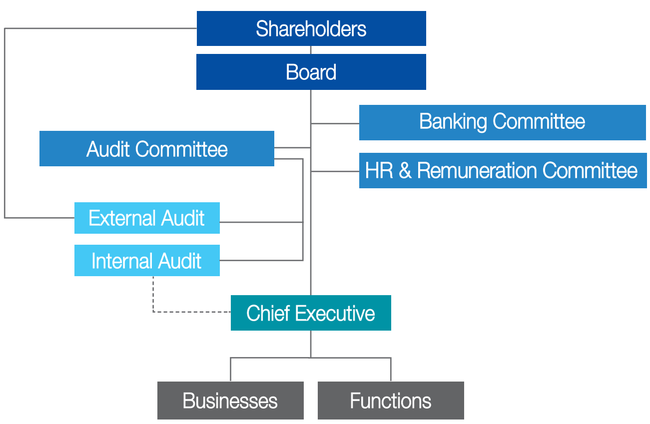
There are three (3) Independent Directors serving on the Board of LCI. These Directors are selected from a databank maintained by the Pakistan Institute of Corporate Governance (PICG) in accordance with the Companies Act, 2017, the Companies (Manner and Selection of Independent Directors) Regulations, 2018, and the CCG. Each Independent Director has submitted a declaration confirming their independence to the Company in accordance with the CCG.

A detailed composition of the Board is provided on page 57 of this Report.

## Committees of the Board

The Board has the following three (3) Sub-Committees, details of which are available in this Report.


## Governance Structure




## Casual Vacancy

During the year, Mr. Muhammad Abid Ganatra, an Executive Director resigned from the Board on March 18, 2024. Mr. Ariful Islam was appointed as an Independent Director to fill the casual vacancy on the Board with effect from April 24, 2024.

## Roles and Responsibilities of the Board of Directors

The Board of Directors is responsible for the overall management and strategic direction of the Company. The Board's key responsibilities include:

- Setting the strategic objectives of the Company
- Overseeing the financial performance of the Company
- Managing and overseeing the risks of the Company
- Establishing and assessing internal controls
- Ensuring good corporate governance practices and legal and regulatory compliance
- Protecting stakeholder interests
- Appointing key management personnel and overseeing their succession planning
- Setting the vision and mission of the Company
- Evaluating the performance of the Board

## Board Performance Evaluation

In line with regulatory requirements and best practices, the Board conducts an annual formal evaluation of its performance. The evaluation encompasses various criteria including board composition, communication and information, risk management, strategic planning, implementation of policies, and relationship with stakeholders. The Board sets its objectives at the start of each financial year, also taking into account the feedback from the performance evaluation process.

## Material Interests of Board Members

In accordance with Section 205 of the Companies Act, 2017, Directors are required to disclose directorships or memberships they hold in other corporate bodies at the time of their appointment and on an annual basis, to the Company Secretary. This information is updated on a quarterly basis, and is used to compile and maintain an updated list of all related parties. In accordance with the CCG, no Director on the Board of the Company holds office as a director on more than seven (7) listed companies.

## Offices of the Chairman and Chief Executive

In compliance with good governance practices, the position of the Chairman of the Board of Directors and the office of the Chief Executive are held by separate individuals with a clear segregation in the roles and responsibilities of each.

## Chairman

Mr. Muhammad Sohail Tabba, a Non-Executive Director, holds the position of Chairman of the Board. He leads the Board proceedings, ensuring that meetings are conducted efficiently and in compliance with relevant laws and regulations. The Chairman plays a pivotal role in promoting good governance and providing the members strategic guidance in fulfilling their responsibilities.

## Chairman's Significant Commitments

Mr. Muhammad Sohail Tabba was first appointed as a Non-Executive Director on the Board of Directors in 2012 and was subsequently appointed the Chairman of the Board for the first time in 2014 and has continued to serve as the Chairman since then. For details of his other significant commitments as Chairman, Director and/or Trustee, refer to page 44.

## Chief Executive

The Chief Executive, Mr. Asif Jooma is an Executive Director on the Board. As the Chief Executive, he is the senior most full time executive of the Company, reporting directly to the Board of Directors. He is responsible for the overall performance of the Company, aligning it with the strategic directives and financial budgets approved by the Board. All businesses and functional heads report to the Chief Executive.

## The key responsibilities of the Chief Executive include:

- Strategic planning and execution.
- Management of financial and operational performance.
- Communicating and implementing the vision and mission of the Company.
- Implementing risk management and internal control frameworks.
- Ensuring compliance with laws, regulations, and policies of the Company.
- Overseeing the Executive Management Team (EMT) and their development.
- Effective leadership and team management.
- Engaging with the Board and keeping them well informed on all significant developments.
- Effective representation and stakeholder management.

## Evaluation of the Chief Executive's Performance

The Chief Executive's performance is evaluated based on quantitative and qualitative objectives focused on value creation. The former relates to the growth and financial performance of the Company, while the latter assesses performance on parameters including sustainability, adherence to best corporate governance practices, risk management, employee development, and growth in line with the Company's vision. Underpinning these objectives is the 'how' component, which measures the processes and policies that have been implemented and complied with.

## Matters Delegated to the Executive Management Team

The Executive Management Team (EMT) comprises the Chief Executive, the Chief Financial Officer, the Company Secretary, and other heads of businesses and functions. The Board of Directors establishes strategic objectives and goals for the Company, which the EMT implements in line with the Company's policies and procedures.

The Board has entrusted the Chief Executive with the necessary powers and responsibilities to facilitate the smooth execution of the day-to-day affairs of the Company. The EMT supports the Chief Executive in this role, to effectively implement and execute the strategic plans, decisions and budgets approved by the Board. The Chief Executive is responsible for keeping the Board informed on all relevant matters, including key risks and changes in the operating environment. The management seeks Board approval for significant business activities and operations as needed and appropriate.

## Companies Where Executive Directors are Serving as Non-Executive Directors

The Company currently has one Executive Director, Mr. Asif Jooma, who is also the Chief Executive of the Company. The details of his directorships on the board(s) of other entities are mentioned in his profile on page 46 of this Report.

## Director's Orientation

One new Independent Director was appointed on the Board on April 24, 2024. In accordance with the CCG, a comprehensive Directors' orientation package was provided to him, which included detailed information about the Company, the Director's Remuneration Policy, roles and responsibilities as defined under applicable statutes, key disclosure and reporting requirements, and relevant policies of the Company.

## Directors' Training Programme (DTP)

A majority of the Directors have either obtained Directors' training or have the prescribed qualifications and experience required for exemption from training programmes for directors, pursuant to Regulation No. 19 of the CCG. All Directors on the Board of the Company are fully conversant with their duties and responsibilities.

## Director's Remuneration Policy

A formal policy for the remuneration of Non-Executive and Independent Directors is implemented by the Company, in accordance with the Companies Act, 2017, and the CCG. The policy provides that the remuneration to be paid to the Directors for attending Board and Sub-Committee meetings shall be appropriate and commensurate with the level of responsibility and expertise required of them and shall not be at a level that could be perceived to compromise the independence of the relevant Directors. The policy is designed to attract and retain appropriate professionals needed to successfully add value to the Company. As per the policy, a Non-Executive or Independent Director is entitled to claim reasonable expenses for travelling, hoteling, and other ancillary expenditures incurred on account of attending the Board and Sub-Committee meetings of the Company and/or for tending to any other business for the Company. The Company also provides indemnity coverage to its Non-Executive and Independent Directors to the extent provided for in the Companies Act, 2017.

Executive and Non-Executive Directors, that are also on the boards of subsidiaries and/or associated companies of the Company, are not given any additional remuneration for attending board meetings of these companies. For details of remuneration paid to the Executive and Non-Executive Directors during the year, refer to note 41 of the Unconsolidated Financial Statements.

## Security Clearance of Foreign Directors

The Company does not currently have any foreign directors on its Board.

## Board Meetings Held Abroad

The majority of the Board meetings during the year ended June 30, 2024, were held at the registered office of the Company - 5 West Wharf, Karachi. Three meetings of the Board were held at the head office of Gadoon Textile Mills Limited, located at 7/A, Tabba Street, Muhammad Ali Society, Karachi. Video link facilities were also provided for each meeting, enabling Directors to attend virtually. No meeting of the Board was held outside of Pakistan during the year.

# Code of Conduct

The Company remains steadfast in its commitment to maintaining the highest ethical standards across all operations. The Code of Conduct serves as a comprehensive guide, outlining the business principles and ethical standards to which the Company adheres. These ethical standards are thoroughly communicated to employees, as well as to external vendors, customers, and suppliers with whom the Company conducts business.

To ensure awareness and adherence to the Code of Conduct, all new hires are required to thoroughly read, understand, and acknowledge the Code of Conduct, and sign a declaration expressing their understanding and commitment to compliance with the Code of Conduct. This ensures that the Company's ethical standards are ingrained in the corporate culture and consistently guide actions at every level of the organisation. The core values and Code of Conduct are also emphasised through published e-modules, training, and communication campaigns.

## Internal Controls

The Company has a sound system of internal controls and risk management to safeguard its assets and appropriately address and/or mitigate emerging risks. The Board assumes the overall responsibility of overseeing the internal control process, including its effectiveness. The Company maintains a clear organisational structure with a well-defined chain of authority and has clear limits of authority prescribed by the Board. Internal Audits are also conducted by an independent Head of Internal Audit, who reports directly to the Board Audit Committee. Comprehensive details regarding the Risk Management System are separately disclosed in this Report, refer to pages 70-77.

## Conflict of Interest

A formal disclosure of interest is obtained from each Director on an annual basis and updated on a quarterly basis.

Under the approved related party transactions policy of the Company, the Directors are required to disclose their interest in any transaction with individuals or corporate bodies falling under the definition of a related party. The conflicted Board member(s) do not partake in the discussion whenever any situation of actual or perceived conflict of interest arises. The orientation pack issued to the Board subsequent to their appointment/election also contains details of the disclosure requirements of vested interests and conflicts of interest.

## Related Party Transactions

The Company maintains and regularly updates a list of related parties. Transactions with related parties are carried out on an arm's length basis and in the ordinary course of business, in accordance with the related party transactions policy approved by the Board. A list of related party transactions is prepared and presented to the Board Audit Committee every quarter for their review. Based on their recommendations, such transactions are subsequently approved by the Board. Transactions with related parties are also referred to the shareholders at the general meeting for ratification/approval as applicable. Details of the related party transactions during the year are disclosed in note 42 to the Unconsolidated Financial Statements.

## Insider Trading

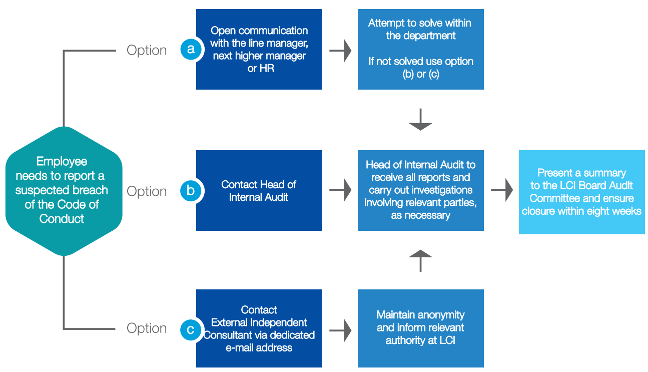
The Company has a policy on insider trading and securities transactions in line with applicable legislation and regulations. As per directives issued by the Pakistan Stock Exchange (PSX), the Company maintains and regularly updates a list of Executives (which includes the CEO, CFO, Company Secretary, Head of Internal Audit and any employee drawing a basic salary of PKR 2.4 million or more annually as per the threshold set by the Board of Directors). Any transaction carried out by an Executive of the Company, their spouse and/or minor children in the shares of the Company must be reported to the Company Secretary immediately, along with details of the sale/purchase of shares. The Company Secretary accordingly discloses such transactions to the PSX. Executives are not permitted to transact in shares of the Company during a closed period announced by the Company.

## Competition Law

LCI upholds the principles of free enterprise and fair competition. The Company competes vigorously but fairly with its competitors, within the framework of all applicable laws, to provide the highest standards of goods and services to customers. Regular training sessions on competition laws are conducted to ensure that employees continue to understand and ensure compliance with competition laws. Detailed summary of the relevant provisions of the competition laws are also readily available in the Code of Conduct.

## Whistleblowing Policy

To ensure the highest levels of transparency and create an environment that promotes integrity and responsibility, employees have access to a robust whistleblowing programme - Speakup. The programme is overseen by the Board Audit Committee. Through this, an employee can confidentially report any Code of Conduct violation, including suspected unethical dealings, fraud, bribery, conflict of interest, discrimination, and harassment, to the relevant Head of HR or to the Head of Internal Audit. In addition, to enhance anonymity, an independent third party (a renowned firm of Chartered Accountants) has also been engaged and can be approached, either via email or by post, to file a complaint. This gives employees the confidence to report without any fear.




| Speak Up Reports During the Year | |
|---|---|
| Number of Speak Ups reported to the Audit Committee during the year ended June 30, 2024 | 1 |
| Number of Speak Up investigations completed and cases closed by the Audit Committee | 1 |

All complaints are thoroughly investigated within a timeline of eight weeks from the date of the Speak Up. The results of the investigation are communicated to the complainant (if the contact is available) following which appropriate remedial action is taken by the senior management. The process is overseen by the Board Audit Committee.

The policy also addresses any abuse of the procedure through appropriate disciplinary action against such employees.

# Internal and External Audits

### Internal Audit:

The Internal Audit function of the Company plays a pivotal role in providing the Board with the required objectivity in evaluating and improving the effectiveness of risk management and related control systems. The Head of Internal Audit independently reports to the Board Audit Committee, and administratively to the Chief Executive. A risk-based annual internal audit plan is approved by the Board Audit Committee and the Head of Internal Audit ensures that the plan is effectively implemented.

Internal audits are executed across all businesses by suitably qualified and experienced employees of the internal audit department who are conversant with the policies and procedures of the Company. The internal audit findings are reported to the senior management and the Board Audit Committee and action plans against audit findings are rigorously followed up to ensure timely implementation of corrective measures. The Board, through the Board Audit Committee, reviews the assessment of risks, internal controls, and disclosure procedures, and suggests remedial actions where applicable. The Board Audit Committee also reviews the performance of the Internal Audit function.

### External Audit:

External auditors are appointed by the shareholders of the Company at the Annual General Meeting (AGM). The partner in charge of the Company's audit is rotated every five years, as per legal requirements. The Board Audit Committee also assesses the performance, qualifications and independence of the external auditors.

# Governance Practices Exceeding Legal Requirements

The Company is dedicated to creating long-term sustainable value, and has voluntarily adopted and implemented the following best governance practices, in addition to compliance with the regulatory requirements:

- Adoption of best reporting practices as prescribed by ICAP/ICMAP, with a view to making Company financials more transparent.
- Adoption of Global Reporting Initiatives (GRI) Standards.
- Implementation of a robust Health, Safety, and Environment (HSE) policy at its plants and offices.
- Adoption of the framework for UN Global Compact 'Ten Principles' as part of its strategy, culture, and day-to-day operations. This is a set of core values in the areas of human rights, labour standards, the environment, and anti-corruption.
- Adoption of the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework.
- Adoption of Sustainability Reporting.

### Diversity and Inclusion (D&I) Governance

The Company is dedicated to fostering Diversity and Inclusion (D&I) across all levels of the organisation. The objective is to create a high-performing workforce by leveraging diversity, purposefully embracing inclusion, and empowering all employees to achieve their highest potential. To support this commitment, the Company has established a comprehensive framework to regulate its D&I agenda, focusing on four key goals: Demonstrating Leadership Commitment and Accountability, Building and Maintaining a Diverse Workforce, Cultivating and Fostering an Inclusive Culture, and Driving Change Beyond the Workplace.

The Company has established a Center of Excellence team dedicated for culture and engagement, collaborating with senior leadership to cultivate a diverse workforce by integrating D&I goals and targets into the performance plans of key stakeholders. To foster an inclusive environment, the Company has implemented the following initiatives:

- The 'Dignity at Work' platform, which is designed to support and maintain a positive work environment.
- The Impact Scholarship Programme, which sponsors the higher education of marginalised female students.
- Policies embedded within the organisation, such as sabbaticals, maternity leave, and paternity leave.
- The Yes She Can! Women Returnship Programme, which supports and empowers women who have taken a career break.
- International Women's Day 2024 was celebrated amongst all employees. Spouses of male employees working professionally across various industries were invited as guest speakers for a panel discussion at the Company to share their experiences and highlight the importance of D&I within organisations.

To ensure complete compliance with the Company's D&I objectives, LCI has taken the following measures:

- Maintaining workforce diversity in all businesses and streams, which is monitored through a D&I dashboard.
- Mapping job roles across the organisation to match a variety of skills and interests.
- Assessing the organisation's demographics within teams to ensure a diverse talent pool is in place.

The workforce at LCI comprises of 7.8% females, with a 10% representation at the Executive Management Team level. The Company is dedicated to increasing these figures to expand and diversify its talent pool.

### Corporate Social Responsibility

The Company is committed to supporting the community in which it operates through its Corporate Social Responsibility (CSR) programmes. The broad areas of CSR work include healthcare, sustainability, education, environment, and women's empowerment. Further details of the Company's CSR work are available in this Report.

### Details of Taxes, Duties, Levies

Details of contingencies related to taxes and duties are available in note 28 of the financial statements.

# Investor Relations

The Company is dedicated to fostering strong and transparent relationships with all its stakeholders. To this end, the Board has approved an Investor Relations Policy to facilitate effective management of investor relations. A dedicated Investor Relations Section on the Company's website (http://www.luckycore.com) offers stakeholders access to comprehensive information about the Company including its financials, members, important notices and announcements. A copy of the Investor Relations Policy is also available on the website. The website maintains regulatory standards and provides content in both English and Urdu, and is consistently updated on a regular basis.

### Investor Grievance Policy

Shareholder and investor grievances or complaints can be submitted to the designated manager whose contact details, including an email address and postal details, are available in the investor relations section of the website. The Company Secretariat department regularly monitors any complaints received and strives to resolve them within a period of seven working days. Grievances requiring the attention of senior management or the Board of Directors are escalated to the relevant forum with full details of the case.

### Stakeholder Engagement Process

The Company regularly communicates all relevant information to its shareholders and other stakeholders through announcements made on the PSX portal, press releases, corporate briefings, notices to shareholders and its website.

Financials and other information are contained in LCI's annual and quarterly financial reports, which are also available on the website of the Company.

The Company conducts analyst briefing sessions on an annual basis. Corporate briefing sessions were held on September 06, 2023, at the Pakistan Stock Exchange Limited Auditorium in Karachi, and on February 06, 2024, through a video link facility during this fiscal year. The sessions were attended by shareholders, analysts and investors.

In line with the Company's core value of Customer Centricity, the businesses use multiple channels to engage with their customers. This includes regular meetings, customer visits, participation in trade fairs, and distributor/customer conferences. The Pharmaceuticals Business engages with its stakeholders strictly in line with applicable laws and regulations.

A dedicated email ID (ccpa.pakistan@luckycore.com) has been provided on the website to encourage all stakeholders to share queries and feedback. Regular and open communication channels are also maintained between the Company and its employees through Chief Executive reviews, in-house newsletters, surveys, employee portals, Companywide communications and regular town halls and other events.

### Dividend Policy

The Company declares dividends in line with the dividend policy approved by the Board.

## General Meetings

The Company holds its general meetings in accordance with the requirements under the Companies Act, 2017, Rule Book of the PSX, the CCG, and its Articles of Association.

### Presence of the Chairman at General Meetings

The Annual General Meeting of the Company was held on September 26, 2023. The Chairman of the Board and the Chairman of the Board Audit Committee attended the Annual General Meeting.

### Issues Raised in the Last Annual General Meeting

The shareholders, analysts, and investors raised queries regarding the Company's operational and financial performance and relevant agenda items discussed at the Annual General Meeting. The queries were responded to their satisfaction.

### Steps Taken by Management to Encourage Minority Shareholders

The Company encourages attendance and participation of all its shareholders, including minority shareholders, to attend its general meetings and complies with all the regulatory requirements necessary to facilitate them to do so. This includes the introduction of a facility to attend meetings via video-conferencing and allowing shareholders to cast their votes electronically and/or through postal ballot as per the directives of the Securities and Exchange Commission of Pakistan (SECP) and relevant regulations.

Notices for general meetings are sent to all the shareholders within the requisite regulatory time frame. The notices are sent to the shareholders by post and through emails, and are also published on the PSX portal, the Company's website and printed in English and Urdu newspapers with nationwide circulation.

## Business Continuity Plan/ Disaster Recovery Plan

The Company has in place business continuity plans for each of its businesses and an IT Disaster Recovery Plan. These outline the strategies and processes to be followed to minimise the impact of a catastrophe/calamity on business operations. The aim is to ensure that all critical business functions continue to operate safely during a calamity on an interim basis, without disruption.

It was through these plans that the Company was able to continue its operations during the Covid-19 pandemic.

### Record Keeping

In compliance with regulatory requirements, the Company maintains all relevant records in both physical and electronic form.

## Significant Events During the Year

| | |
|---|---|
| **August 02, 2023** | Board of Directors Meeting |
| **September 06, 2023** | Corporate Briefing Session |
| **September 26, 2023** | Annual General Meeting |
| **October 23, 2023** | Board of Directors Meeting |
| **January 08 and 12, 2024** | Board of Directors Meeting |
| **January 24, 2024** | Board of Directors Meeting |
| **February 06, 2024** | Corporate Briefing Session |
| **March 07, 2024** | Board of Directors Meeting |
| **April 23, 2024** | Board of Directors Meeting |
| **June 10, 2024** | Board of Directors Meeting |

# Report of the Board Audit Committee on Compliance with the Regulatory Requirements

## Composition of the Board Audit Committee

The Board Audit Committee comprises of four (4) directors. Two members of the Committee, including the Chairman are Independent non-executive directors, whereas the remaining two members are non-executive directors.

All the Committee members are qualified professionals with immense experience in the fields of finance, taxation, governance and business management. The details of the Board Audit Committee members are given on page 58 of this Report.

The Head of Internal Audit serves as the Secretary to the Committee and convenes all its meetings. The Chief Financial Officer of the Company attend the meetings by invitation and the external auditors attend the meetings when required, usually where half-yearly financial statements (reviewed by the external auditors) and yearly financial statements (audited by the external auditors) are reviewed by the Committee.

## Financial Statements

The Committee has concluded its annual review of the Company's performance, financial position and cash flows during 2024, and reports that:

- The standalone and consolidated financial statements of LCI for the year ended June 30, 2024 have been prepared on a going concern basis under the requirements of the Companies Act, 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equities of the Company and its subsidiary for the year under review.
- The auditors have issued unmodified audit report on the financial statements. The Committee had detailed interactions with the external auditors before the start of the audit to get an insight on the approach and scope of the external audit and key risk areas. Furthermore, post completion of the external audit, the Committee also got an understanding of the significant issues in relation to the financial statements, the treatment suggested by the external auditors and actions taken by the management against those issues.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements.
- The Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer have endorsed the standalone and consolidated financial statements of the Company, while the Directors' Report is signed by the Chairman and the Chief Executive Officer. They acknowledge their responsibility towards the true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgement. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the fourth schedule to the Companies Act, 2017, and the external reporting is consistent with management processes and adequate for shareholder needs.
- All related party transactions have been reviewed by the Committee prior to approval by the Board.
- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the external auditors of the Company.
- Understanding and compliance with the codes and policies of the Company have been affirmed by the members of the Board, the management and employees of the Company. Equitable treatment of shareholders has also been ensured.

## Risk Management and Internal Control

The Board of Directors have established a robust framework of Enterprise Risk Management (ERM) with a clearly documented policy and detailed procedures defining therein the roles and responsibilities of the Board, senior management as well as individual managers of the Company. The framework defines a formal and uniform process for risk identification, capturing relevant details, categorisation, assessment of likelihood and impact, prioritisation based on risk exposure, appropriate assignment of ownership and the pertinent action plans. The ERM process is diligently implemented in the organisation and is reviewed and monitored annually by the Board Audit Committee for further recommendations to the Board.

The Company has devised and implemented an efficient internal control framework including state of the art ERP system with built-in controls and a governance framework supported by well-defined policies and procedures as well as an independent Internal Audit function.

The Internal Audit function is responsible for providing assurance on the effectiveness and adequacy of internal controls and risk management framework in managing risks within acceptable levels throughout the Company. The Company's approach towards risk management has been detailed in the risk assessment portion of the Directors' Report. The types and details of risks along with mitigation measures are disclosed in the relevant section of the Annual Report.

## Internal Audit

The Company's system of internal controls is sound in design and is continually evaluated for effectiveness and adequacy through a comprehensive internal audit process. The Board Audit Committee has ensured the achievement of operational, compliance, risk management and control objectives along with safeguarding the assets of the Company and shareholders' wealth through assurances provided by the Internal Audit function.

Internal audits are executed across all businesses by suitably qualified and experienced employees of the Internal Audit function who are well conversant with the Company policies and procedures and have sufficient internal audit acumen. The Internal Audit function has carried out its assignments in accordance with the annual audit plan approved by the Board Audit Committee during the year. Moreover, special audits are carried out as and when required. The Committee has reviewed significant Internal Audit findings, taken appropriate actions where necessary and brought the matters to the Board's attention where required.

The Board Audit Committee has provided proper means for staff and management to report to it, concerns, if any, about actual or potential improprieties in financial and other matters like Code of Conduct breaches. This is ensured by a robust whistleblowing programme called 'Speakup' which is overseen by the Board Audit Committee through the Head of Internal Audit. Adequate remedial and mitigating measures are applied where necessary. The number of Speakup investigations completed and reported to the Board Audit Committee are disclosed on page 65 of this Report.

The Head of Internal Audit has direct access to the Chairman of the Board Audit Committee and the Committee has ensured that the function has the necessary access to the management and the right to seek information and explanations. The necessary governance in this regard is formally documented in the form of the Internal Audit Charter which complies with the regulatory requirements, global best practices and outlines other rights and duties of the Internal Audit function. The performance of the Head of Internal Audit is assessed jointly by the Chairman Board Audit Committee and the Chief Executive Officer.

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.

## External Auditors

The external auditors of the Company, M/s A.F. Ferguson & Co. Chartered Accountants, have completed their audit of the Company's Financial Statements, the Consolidated Financial Statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2024. The Board Audit Committee has discussed the audit process and the key audit matters considered by the external auditors pertaining to the financial statements, including compliance with the applicable regulations or any other issues.

The external auditors attended the Board Audit Committee meetings where required. The Committee also met the external auditors in the absence of the Chief Financial Officer and the Head of Internal Audit in accordance with the requirements of the Code of Corporate Governance.

The Board Audit Committee is satisfied with the performance of the external auditors. Being eligible for reappointment, the Board Audit Committee has recommended the appointment of M/s A.F. Ferguson & Co, Chartered Accountants, as external auditors of the Company for the financial year ending June 30, 2025.

## Annual Report 2024

The Annual Report issued by the Company is detailed and in line with the regulatory requirements. It includes the financial statements and the Directors' Report, as well as other relevant information, to offer a comprehensive view of the Company and its operations, as well as the policies set in place by the Company, its performance and future prospects.

The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc., and the Board Audit Committee believes that the Annual Report 2024 gives a detailed view of the Company's historical trends, the current state of affairs and future prospects.

## Self-Assessment of the Board Audit Committee

The Board Audit Committee believes that it has carried out its responsibilities to the full, in accordance with the Terms of Reference approved by the Board. The self-evaluation of the Board Audit Committee's performance was carried out in which the overall performance of the Committee remained satisfactory.

**Syed Muhammad Shabbar Zaidi**
Chairman Board Audit Committee

Dated: August 12, 2024
Karachi

# Risks and Opportunities

## For LCI, effective risk management and robust internal controls are key to delivering on its strategic objectives and achieving sustainable growth.

### Risk Management Framework

LCI employs a robust Enterprise Risk Management (ERM) framework, which is integrated across the organisation to timely identify, evaluate, assess, map, manage and mitigate risks. Subject to regular review, the Company's risk management system is designed to safeguard the Company's assets and shareholders' interest for business continuity. The identified risks that could potentially affect the achievement of the Company's objectives are promptly reported to the senior management and the Board, allowing them to take timely actions where required. LCI has a well-defined organisational structure with a clear chain of authority. Its senior management teams are responsible for implementing procedures, monitoring risks and assessing the effectiveness of controls through internal controls self-assessment exercises.

**Risk Management Framework**

| Risk Identification | Risk Assessment | Risk Ownership | Risk Mitigation Plans | Risk Reporting |
|---|---|---|---|---|
| Identifying factors having an adverse impact on the business | Assessing the potential effect of risk on the achievement of strategic, operational, financial and/ or compliance objectives | Mapping the risks to relevant business process owners | Develop and implement policies and mitigation plans, which are executed based on prioritisation | Annual presentations to the Board on the prevalent risks and their mitigation plans |

# Risk Governance Structure and Assessment

The overall responsibility of overseeing the risk management process lies with the Board of Directors, supported by the Board Audit Committee. The effectiveness of this framework is managed and monitored by the Board and senior management through close coordination with internal audit and business teams.

LCI's well defined risk management framework outlines the clear ownership of risks, its significance and the adequacy of controls implemented for mitigating the risks. Through this framework, risks that could potentially affect the achievement of strategic, operational, financial and/or compliance objectives are prioritised according to their impact and likelihood and remedial actions are devised accordingly.

**Business Process Owners**

Identifies risks, maintains risk registers, and devises mitigation plans. Prioritises the implementation of action plans based on risk exposure.

**Internal Audit**

Provides assurance on the exposure of risks, assesses the adequacy of internal controls and provides recommendations for enhancing the level of controls needed to mitigate the risks.

**Executive Management Team**

Reviews the Company wide risks, assesses the extent of its exposure and finalises the action plans for implementation.

**Board Audit Committee**

Reviews the effectiveness of the ERM framework and assesses the significance of risks and their mitigation plans.

Interim updates are provided to BAC on emerging/new risks and the implementation status of mitigation plans.

**Board of Directors**

Overall responsibility for overseeing the risk management process.

# Broad Types of Risks

**Strategic Risk**

This risk arises from potential failures in strategic planning that may lead to non-achievement of core objectives.

**Compliance Risk**

This risk includes the Company's potential exposure to legal penalties, resulting from its failure to act in accordance with laws and regulations.

**Operational / Commercial Risk**

This risk arises as a result of ineffective internal processes, people, systems, or external events which can disrupt the flow of business operations.

**Financial Risk**

This risk includes credit risk, liquidity risk, foreign currency risk and interest rate risk.

**Reputational Risk**

This risk involves potential threats that could harm the Company's image, brand, and public perception.

# Key Risks and Opportunities

## Strategic Risks

### Risk
Changing government policies, and unstable economic conditions adversely affecting the business.

### Risk Mitigation Plan
Continued commitment to customer-centricity, product quality, innovation, and supply chain efficiencies, along with a strong market footprint, helps the Company appropriately respond to challenges posed by economic and demand conditions.

The Board and management endeavor to define and implement a clear strategy to minimise costs. They continuously seek dialogue with policy makers through various business forums in the overall interest of domestic industries.

**Objective**
Sustainable growth

**Opportunity**
Maximisation of market share

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| External | Strategic | Medium | High | High | Medium to Long Term |

### Risk
Retention of employees in critical positions.

### Risk Mitigation Plan
The Company's key focus remains on the training and development of its intellectual capital and to provide meaningful opportunities to foster a thriving work environment and a high-performance culture.

The Company has a formal succession planning process aided by market competitive compensation.

**Objective**
Commitment to high performance culture and conducive work environment

**Opportunity**
Creating a motivated and engaged workforce that personifies the Company's values and ensure continued excellence over the years

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| Internal | Strategic | Medium | Medium | Medium | Short to Medium Term |

**Risk**
Failure to keep pace with technological advancements.

**Risk Mitigation Plan**
The Company's management values automation of operations and technological advancements. The Company has invested in modernisation of production facilities utilising latest technological developments for cost/output optimisation.

It also maintains close ties with customers and consults them regarding changes taking place in the industry.

**Objective**
Operational excellence

**Opportunity**
Leverage latest technologies for efficient operations and customer satisfaction

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| Internal | Strategic | Low | Low | Low | Long Term |

## Compliance Risks

**Risk**
Exposure to liabilities arising from non-compliance with laws and regulations.

**Risk Mitigation Plan**
The Company closely monitors changes in the regulatory environment and adapts to all significant changes in a timely manner to prevent any breach of law. External experts are also engaged for consultations.

The Company has a comprehensive compliance programme that includes trainings, monitoring and assessment of compliance status.

**Objective**
Commitment to social, environmental, and corporate governance

**Opportunity**
Promoting a compliance culture and enhancing the brand image

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| Internal | Compliance | Low | High | Medium | Short to Medium Term |

# Operational / Commercial Risks

**Risk**
Information technology risk.

## Risk Mitigation Plan

State-of-the-art IT controls and firewalls are in place to safeguard confidential/proprietary information. Regular system updates, IT audits, vulnerability awareness campaigns are carried out alongside trainings to monitor and minimise possible breaches.

The Company also has a well-established IT Code of Conduct.

**Objective**

Protection of data and information from external threats

**Opportunity**

Building stakeholder confidence and trust

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| External | Operational | Low | Medium | Medium | Short Term |

**Risk**
Disruptions to critical business operations.

## Risk Mitigation Plan

The Company has Business Continuity Plans (BCP) and Disaster Recovery Plan (DRP) in place to ensure that any adverse or unforeseen events/disasters cause minimum disruption.

These plans help to ensure that there is a rapid and smooth transition to a back-up mode of operation and expeditious recovery of the normal operations.

**Objective**

Prevention of losses arising from unforeseen circumstances

**Opportunity**

Business continuity and uninterrupted operations

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| Internal & External | Operational | Low | High | Medium | Medium to Long Term |

## Risk
Customer dissatisfaction due to product quality issues.

## Risk Mitigation Plan
The Company has a robust system of quality testing at the procurement and manufacturing/production stages.

It has established stringent quality control protocols and SOPs which are in line with the best practices and global/local quality standards.

Moreover, its customer complaint system aids in conducting a timely review of customer feedback. LCI also carries out regular gap analysis to improve testing methodologies to comply with its core value of Customer Centricity.

**Objective**

Customer Satisfaction

**Opportunity**

Maximisation of market share

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| Internal | Operational / Commercial | Low | High | Medium | Short to Medium term |

## Risk
Over-dependence on single source suppliers and major principals.

## Risk Mitigation Plan
The Company continuously engages with its foreign principals to emphasise the importance of keeping their business presence in Pakistan. It prioritises supplier satisfaction and works hard to exceed their expectation.

The Company safeguards its position through secured contracts and continues to seize opportunities to launch its own range of products/brands to reduce dependency on the principals.

It also explores alternate suppliers and performs thorough research on their product ranges to meet any contingencies, if required.

**Objective**

Sustainability of business operations

**Opportunity**

Development of strategic relationships ultimately leading to competitive advantage and seizing opportunities for localisation

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| Internal & External | Operational / Commercial | Low | Medium | Medium | Long Term |

## Risk
Risk of major accidents impacting employees, records, property and surrounding community.

## Risk Mitigation Plan
The Company has established robust Health and Safety protocols. Strict compliance to protocols is ensured at all levels. Safety awareness and training sessions are regularly conducted throughout the Company, alongside safety audits to continuously monitor and minimise exposure.

It has also taken adequate insurance coverage to minimise this risk. The Company has implemented state of the art ERP solution SAP to digitise most of the records. Moreover, HR records have also been digitised.

Moreover, the Company continues to focus on eco-friendly and carbon footprint reduction. Detailed report on HSE&S performance is available in this report.

**Objective**

Safety of employees, records, property and community

**Opportunity**

Business continuity and uninterrupted operations

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| Internal | Operational / Compliance | Low | Medium | Low | Short to Medium term |

# Financial Risks

## Risk
Interest rate risk, credit risk and liquidity risk adversely affecting financial performance.

## Risk Mitigation Plan
The Company's treasury function closely monitors and manages the interest rate risk through viable negotiations with lenders and effective fund utilisation.

Credit limits are established for key customers and credit reviews are regularly conducted to manage the credit risk.

The Company has sufficient financial lines to meet any funding requirements.

The stable outlook assigned by credit rating agencies reaffirms the Company's high credit quality.

**Objective**

Sustainable financial performance

**Opportunity**

Robust financial risk management

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| External | Financial | Low | Medium | Medium | Short to Medium Term |

## Risk

Volatility in foreign currency exchange rates.

## Risk Mitigation Plan

The Company's treasury function closely monitors and manages the exposure to foreign currency risk and uses various mechanisms, such as locking forward contracts, minimising foreign currency credit and resorting to natural hedging, wherever possible.

Moreover, the residual risk is passed on as part of the product pricing subject to market conditions and Government policies.

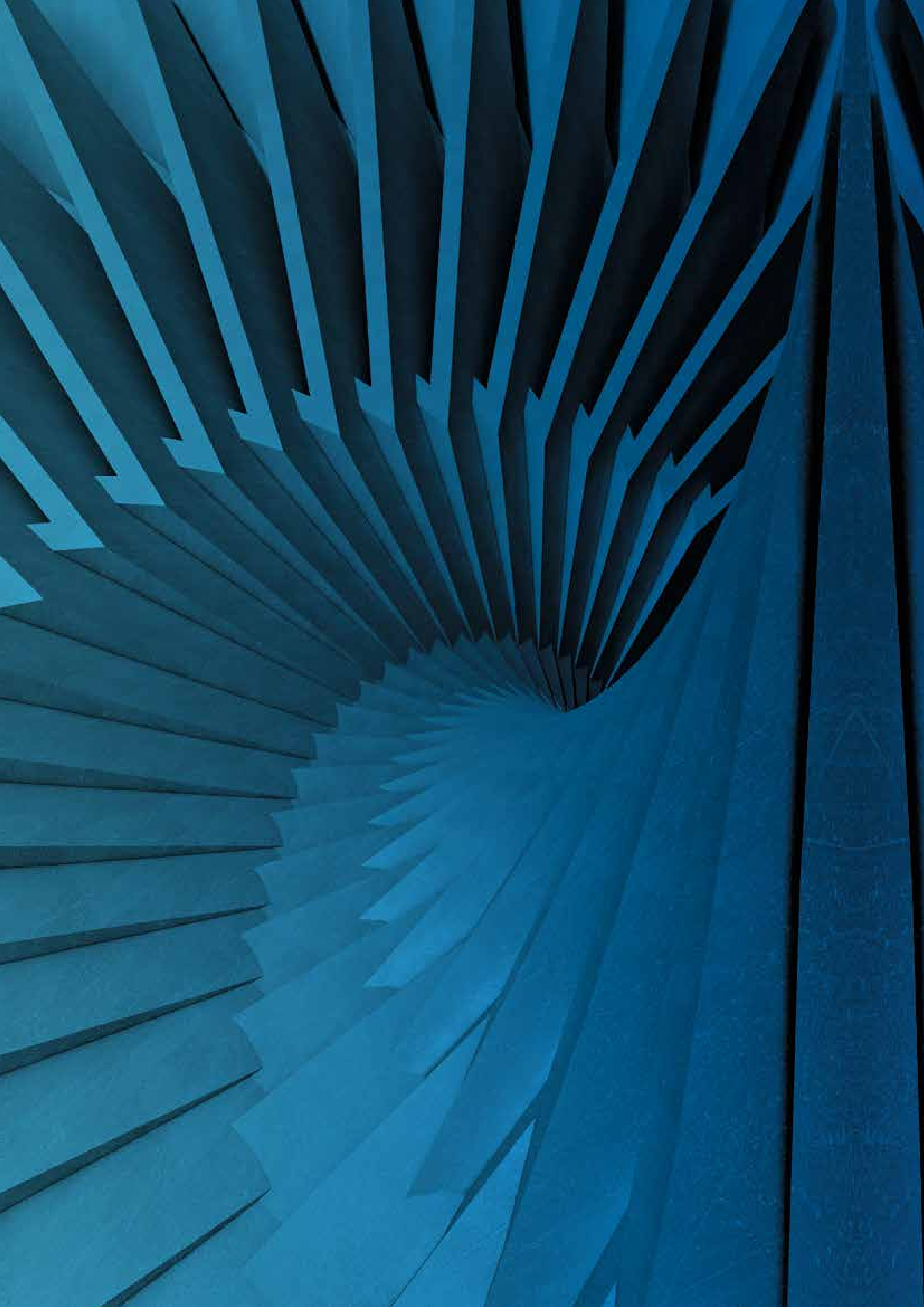
### Objective

Mitigating the impact of devaluation of currency on the operating profits and margins

### Opportunity

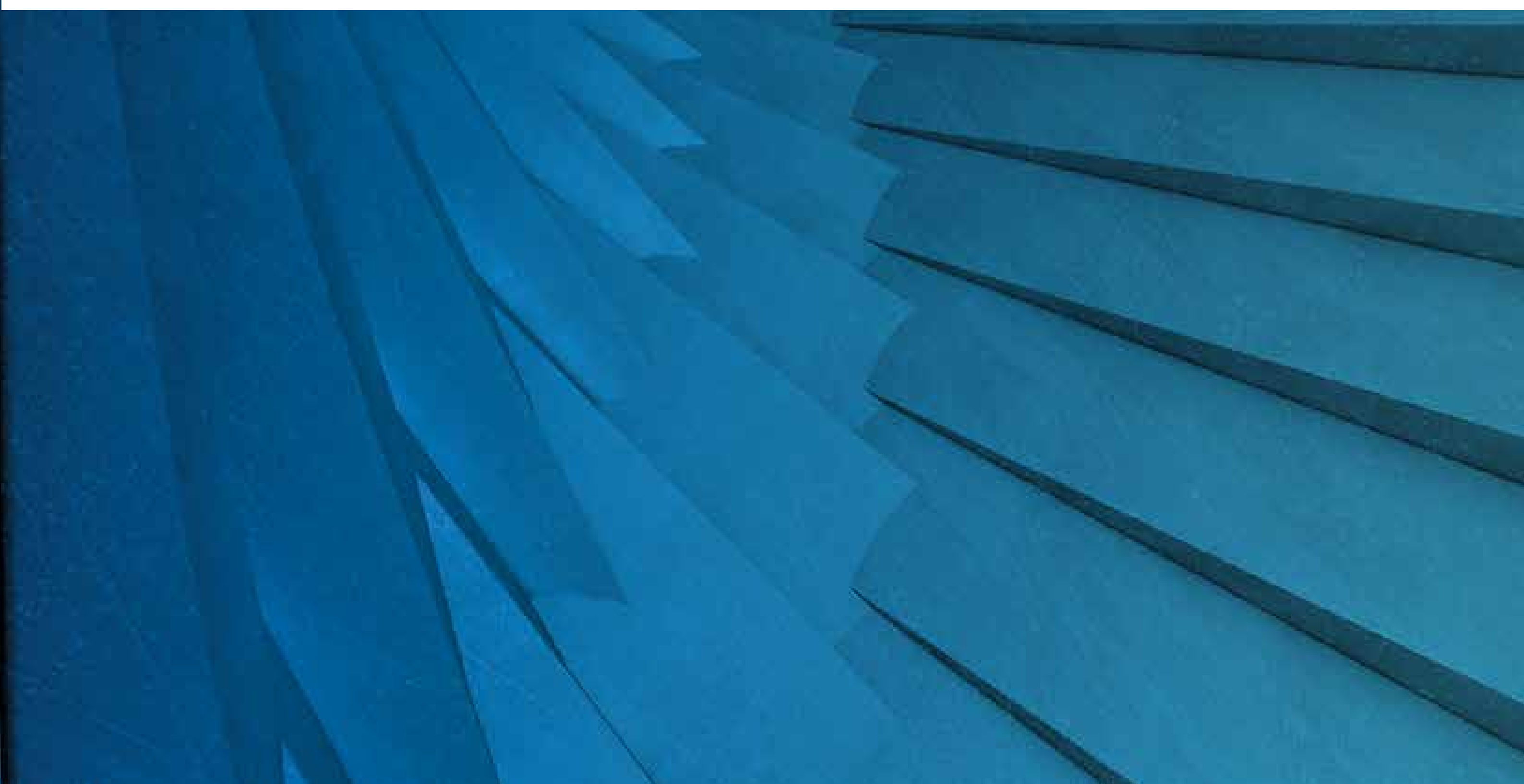
Provide import substitution opportunities to potential customers, thereby enhancing market share

| Source | Type | Likelihood | Impact | Risk Exposure Rating | Timeline |
|---|---|---|---|---|---|
| External | Financial | Medium | Low | Low | Short to Medium Term |



# Shaping Performance and Progress

This section outlines the performance and growth of LCI's businesses during FY 2023-24.



# Soda Ash

# Shaping New Horizons

Since its inception in 1944, LCI's Soda Ash Business has been at the forefront of the industry, expanding globally, entering new markets, and enhancing exports. It delivers quality and reliability, providing enduring value that touches the lives of countless consumers in Pakistan and abroad.

# Business Overview

## Solutions Offered

**Light Soda Ash**

Used to manufacture Paper, Chemicals, Detergent, Silicate and Textile.

**Dense Soda Ash**

Used to manufacture Glass, Detergent and Silicate.

**Sodium Bicarbonate**

Also known as Baking Soda, and used, to manufacture food products (bakery items), and by the leather, textile, and animal feed industries.

## Industries Served

Glass

Paper

Silicate

Detergent

Textile

Chemicals

Animal Feed

Tanneries

## Markets Served

Pakistan

The business exports to various markets

Bangladesh

Sri Lanka

Indonesia

Vietnam

UAE

Saudi Arabia

Oman

Kuwait

Kenya

Tanzania

Djibouti

China

Afghanistan

# Business Value Chain

| | Inputs | LCI's Position | Ouptut | Outcome |
|---|---|---|---|---|
| Manufacturing of Soda Ash and Derivatives | Raw Materials | Testing of Raw Materials → Manufacturing → Packaging → Warehousing | Light Soda Ash<br>Dense Soda Ash<br>Sodium Bicarbonate | Powering Essentials |

# Market Overview

At the start of FY 2023-24, soda ash availability in the international market was generally stable, except for China, which faced supply constraints due to scheduled maintenance outages and stringent environmental regulations.

Despite capacity expansions, the Chinese market remained constrained due to higher-than-expected demand. Globally, markets were balanced, but the Middle East and Asia experienced moderate restrictions due to reduced supplies from China and India. The Red Sea Crisis rerouted marine traffic through longer routes, increasing sea freight rates.

The glass segment, in particular, witnessed a slowdown in the domestic market due to weak downstream demand, leading to the closure of multiple glass furnaces. Overall, downstream consumption levels declined as reduced purchasing power, amidst growing inflation and a broader economic slowdown, drastically impacted the market.

# Business Performance and Key Developments

During the year in review, the domestic market faced multiple challenges, characterised by unprecedented devaluation, inflation, interest rate hikes, and rising commodity prices. Despite the aforementioned challenges, the Soda Ash Business delivered strong performance, setting new volume sales records and expanding its global presence. The year saw significant revenue growth milestones, with the business achieving its highest monthly total product sales of 51,086 tonnes in October 2023 and the highest monthly export sales of 16,125 tonnes in September 2023. Furthermore, the business achieved record annual sales, with total product sales reaching 548,578 tonnes and export sales amounting to 155,789 tonnes. These achievements highlight the business's resilience in navigating challenging market conditions, showcasing its capacity to sustain growth effectively.

During the year in review, the business continued to expand its export portfolio, entering new markets including Malaysia and South Africa, while expanding its customer base in China, Bangladesh, Sri Lanka, Indonesia, Vietnam, Tanzania, Djibouti, Saudi Arabia, United Arab Emirates, and Afghanistan. This expansion into twelve countries underscored the business's robust market presence and brought in significant foreign earnings amid the forex reserve crisis, demonstrating fortitude in a challenging economic environment.

Details of the business's stakeholder engagement activities are available on page 120 of this Report.

# Future Outlook

Heading into FY 2024-25, the business anticipates navigating through a myriad of challenges both domestically and in export markets. The impact of record inflation on consumer purchasing power poses a significant domestic challenge, compounded by political and macroeconomic uncertainties.

On the exports front, the business aims to continue expanding its footprint in the international market. The natural Soda Ash plant in China, that is expected to reach full production capacity in 2024-25 may lead to a supply glut in the international market. Furthermore, sea freight rates are expected to increase further as Red Sea crisis continues to disrupt marine traffic which may impact global soda ash prices.

Looking forward, strategic initiatives to enhance operational efficiency and market agility are underway, positioning the business to capitalise on emerging opportunities and navigate uncertainties effectively.

A view of the Soda Ash manufacturing plant in Khewra

# Polyester

# Shaping the Fabric of Tomorrow

LCI's Polyester Business skilfully folds together innovation and sustainability, shaping the future of fabrics. The premium polyester staple fibres are meticulously crafted to meet the dynamic needs of the textile sector, promoting sustainable growth and environmental responsibility. Through pioneering initiatives and strategic partnerships, the business consistently anticipates and meets market demands, solidifying its position as a trusted supplier driving success in Pakistan's textile industry and beyond.

# Business Overview

## Solutions Offered

TERYLENE POLYESTER FIBRE
Standard Virgin Polyester Fibre

TERYLENE BLACK
Dope Dyed Polyester Fibre

TERYLENE CLEAN
The efficent green
100% Recycled and Traceable Polyester Fibre

TERYLENE POLYESTER FIBRE
Powered By CiCLO
FUNCTIONAL. SENSIBLE. SUSTAINABLE.
Behaves like Natural Fibres and Fights Microfibre Pollution

TERYLENE POLYESTER FIBRE
Powered By SILVERbac
Inherently Antimicrobial and Odour-reducing

TERYLENE RETEX
Made from textile waste

## Industries Served

Textile

## Markets Served

Pakistan

USA

Turkey

UK

Bahrain

## Four Tier Strategy

Health and Hygiene

Sustainability

Versatility

Traceability

# Business Value Chain

| Input | LCI's Position | Output | Outcome |
|---|---|---|---|
| PTA | Manufacturing of PSF | Yarn | Staple for Textile |
| MEG | Manufacturing of recycled polyester from post consumer PET waste | | |
| Post-consumer textile waste | Manufacturing of fibre from post-consumer textile waste | | |

## Market Overview

During the FY 2023-24, major global economies experienced subdued conditions due to a global economic slowdown.

During this period, the average price of crude oil decreased by 3% compared to the SPLY, reflecting ongoing uncertainties in the global market. In contrast, the PX prices remained stable, increasing by 0.3%, due to extensive plant maintenance periods and increased demand for gasoline blending. However, average PTA prices experienced a 2% decrease due to prolonged supply dynamics. MEG markets saw a recovery with a 1.5% increase in prices compared to the SPLY, demonstrating resilience in response to previous downturns.

During the same period, the PKR depreciated significantly, losing 12% of its value against the US dollar. Despite this significant devaluation, the domestic PSF industry was able to increase prices by 12% price increase compared to the SPLY. This constrained price increase was primarily due to a surge in the volume of dumped PSF imports under the Export Facilitation Scheme (EFS). Misuse of the EFS further strained the domestic PSF industry, with imports sky-rocketing from 16% to 80%, while exports of polyester-based textiles decreased by 3% compared to the SPLY.

In the cotton market, reduced global demand continued to exert pressure on cotton prices, causing a 5% decrease in the international average cotton price compared to the SPLY. However, due to the devaluation of PKR, the average domestic cotton price decreased by only 0.3% compared to the SPLY.

## Business Performance and Key Developments

During the year in review, the Polyester Business maintained a consistent Net Turnover of PKR 40 billion. This stability was achieved despite a 10% decline in sales volume, driven by reduced downstream demand and a substantial increase in PSF imports.

Throughout the year, the business encountered substantial cost pressures, with energy expenses increasing by 31% due to price hikes in gas, furnace oil, and coal by 37%, 20%, and 47%, respectively. This rise in energy costs was primarily caused by the ongoing geopolitical situation and a greater reliance on imported RLNG. Consequently, the Operating Results declined by 47%, reflecting reduced demand, escalating energy costs, and increased operating expenses amid high inflation.

Moreover, aligned with its commitment to sustainability, the business pioneered Textile-to-Textile recycling on a global scale with the introduction of Terylene Retex. In partnership with an international chemical textile waste recycler, the manufacturing facility located at the Polyester site in Sheikhupura, Pakistan, achieved production of nearly virgin-quality fiber. Terylene Retex has garnered significant interest from major brands for its alignment with textile upcycling standards.

Anticipating forthcoming EU regulations, the business established a commercial partnership with leading international traceability technology provider, FibreTrace. This collaboration delivers both digital and physical traceability across the entire value chain, enhancing credibility and transparency for brands and end-consumers.

To further its agenda of sustainability and traceability, the business welcomed leading global textile brands including Inditex, TARGET, Beirholm, PRIMARK, and C&A at its manufacturing facility in Sheikhupura, strengthening its brand-producer relationships.

During the year in review, the business launched its strategic initiative, 'The New Direction,' with a focus on sustainable and traceable fibres. This initiative included participation in prominent industry events such as the Textile Exchange and Inspiring Change Conference 2024. The Textile Exchange Conference in London, held in October 2023, convened global leaders in sustainable textiles to discuss innovative solutions to microfibre and plastic pollution. Furthermore, at ACFIF 2024 in Seoul, South Korea, Mr. Rizwan Afzal Chaudhry, Chief Operating Officer of Polyester Business, represented Pakistan's Polyester Staple Fibre Manufacturers, and provided insights into Pakistan's position and the anticipated EU regulations affecting global textile markets.

Details of the business's stakeholder engagement activities are available on page 120 of this Report.

## Future Outlook

Looking ahead, anticipated OPEC+ production cuts are expected to maintain stability in the crude oil markets over the coming months. While ocean freight costs have recently increased, they are projected to normalise by the end of the first quarter. The surplus availability of Polyester Staple Fibre (PSF) in China will continue to exert pressure on domestic PSF markets, as excess volumes may constrain domestic operating rates.

Moreover, there is a critical need to enhance the Export Facilitation Scheme (EFS) to prevent misuse, which is currently undermining business performance and government revenue collection without significantly boosting export growth. By addressing these challenges, the business is committed to effectively navigating the market and cultivating growth.

**The Polyester team at the Core Alliance Session FY 2023-24**

# Pharmaceuticals

# Shaping the Future of Healthcare

LCI's Pharmaceuticals Business is contributing significantly in shaping the future of healthcare in Pakistan. Dedicated to delivering reliable, cost-effective, and innovative solutions, it profoundly impacts millions of lives. The business's commitment to quality and excellence is evident across all operations, from developing new products to refining processes. Through consistently setting new benchmarks, LCI's Pharmaceuticals Business is contributing to a robust healthcare ecosystem that empowers both patients and healthcare professionals alike, ensuring a brighter future for healthcare in the country.

# Business Overview

## Solutions Offered

### PRIMARY CARE

**Gynecology**
Targeted towards female health such as osteoporosis, iron deficiency, female infertility and UTIs.

**Pediatrics**
Relating to pediatric infections and child nutrition.

**Nutraceuticals**
Overall wellbeing and nutritional development.

**Respiratory**
Focusing on the treatment of upper and lower respiratory tract infections.

**Gastro**
Focuses on the treatment and management of disorders and diseases affecting the digestive system.

**Pain**
Focuses on managing and alleviating pain and enhancing functional ability.

**Pulmonology**
Management and treatment of conditions such as asthma, chest and intra-abdominal infections.

### SPECIALITY CARE

**Cardiology**
Focuses on the treatment of disorders related to the cardiovascular system such as hypertension, heart failure and heart attacks.

**Cardio Metabolic**
Focuses on the treatment of metabolic disorders including dyslipidemia and diabetes.

**Oncology**
Focuses on the treatment of breast and prostate cancer.

**Central Nervous System**
Management of the disorders affecting the brain such as schizophrenia, depression, anxiety and epilepsy.

**Infectious Diseases**
For the treatment of life threatening bacterial infections.

## Key Brands

- Zestril
- Zestoretic
- Tenormin
- Tenoret
- Etipro
- Inderal
- Xenecor
- Avaam
- Gempaz
- Ectirex
- Rejuva
- Ceptin
- Trihemic
- Merpen
- Tazopip
- Stanem
- Hysolone
- Regnum
- Aptimax Plus
- Kalos
- Nilstat
- Lederplex
- Icef
- Ketress
- Veroclav
- Alcuflex
- Mucaine
- Entox P
- Zonbac
- Fortexone
- Hycortisone
- Zoladex
- Arimidex
- Nolvadex
- Casodex
- Azocyd
- Esopase
- Zanov

## Industries Served

Health Care

## Customer Engagement Strategy

Advocacy Mobilisation

Scientific Cascades

Disease Awareness

## Markets Served

Pakistan

Afghanistan

# Business Value Chain

| Input | | LCI's Position | Output | Outcome |
|---|---|---|---|---|
| Locally Manufactured Pharmaceuticals | Pharmaceutical ingredients | Formulation Development → Testing → Manufacturing and Quality Control → Compliance with cGMP → Packaging and Warehousing → Sales and Marketing → Distribution | Range of Quality Medicines | Keeping Pakistan Healthy |
| Imported Pharmaceuticals | Finished Goods of Imported Pharmaceuticals | Warehousing → Sales and Marketing → Distribution | | |

# Market Overview

During FY 2023-24, Pakistan's pharmaceutical industry recorded sales worth PKR 827 billion (IQVIA MAT March 2024). The industry currently comprises of 630+ companies. The top 10 companies currently hold approximately 49.9% market share. The industry continues to grow at a rate of 20.6% despite the economic and political uncertainty prevailing in the country.

# Business Performance and Key Developments

During the year in review, the Pharmaceuticals Business achieved a Net Turnover of PKR 12.2 billion, marking a 33% increase over the SPLY. Key strategic initiatives, such as the successful launch of Zanov (Vonoprazan) in the Anti Ulcerant segment, alongside resource optimisation initiatives and customer engagement projects, were essential in driving business growth.

The manufacturing and supply chain functions of the business have enhanced efficiencies and reduced costs through the implementation of various optimisation strategies. These include finding alternate sources for materials, reducing operational expenses, optimising fixed costs and promoting better collaboration across the supply chain network. The business has also been recognised for its dedication to Occupational Safety, Health, and the Environment by the Employers' Federation of Pakistan. Additionally, it was honoured with the Annual Environment Excellence Award 2023 by the National Forum for Environment and Health (NFEH), affirming its commitment to sustainable practices.

The landmark achievement for the business during the year was the signing of Asset Purchase Agreements with Pfizer Pakistan Limited and Pfizer Inc. (as applicable) for the acquisition of products and product registrations, for Ansaid, Ponstan, Ponstan Forte, Basoquin, Deltacortril, Lysovit, Corex-D, and Mycitracin, as well as trademarks associated with these products (either through an outright assignment of the trademarks or a perpetual license to use the relevant trademarks) from relevant Pfizer group entities. The completion of the transaction is subject to the satisfaction of the conditions contemplated in the Asset Purchase Agreements. This acquisition aligns with the Company's strategic objective and long-term vision of achieving a top-tier ranking among pharmaceutical companies. Furthermore, the business's legacy brands, Mucaine, Citralka, and Tenormin, have each surpassed milestone sales exceeding PKR 1 billion, solidifying its market position and growth trajectory.

Details of the business's stakeholder engagement activities are available on page 121 of this Report.

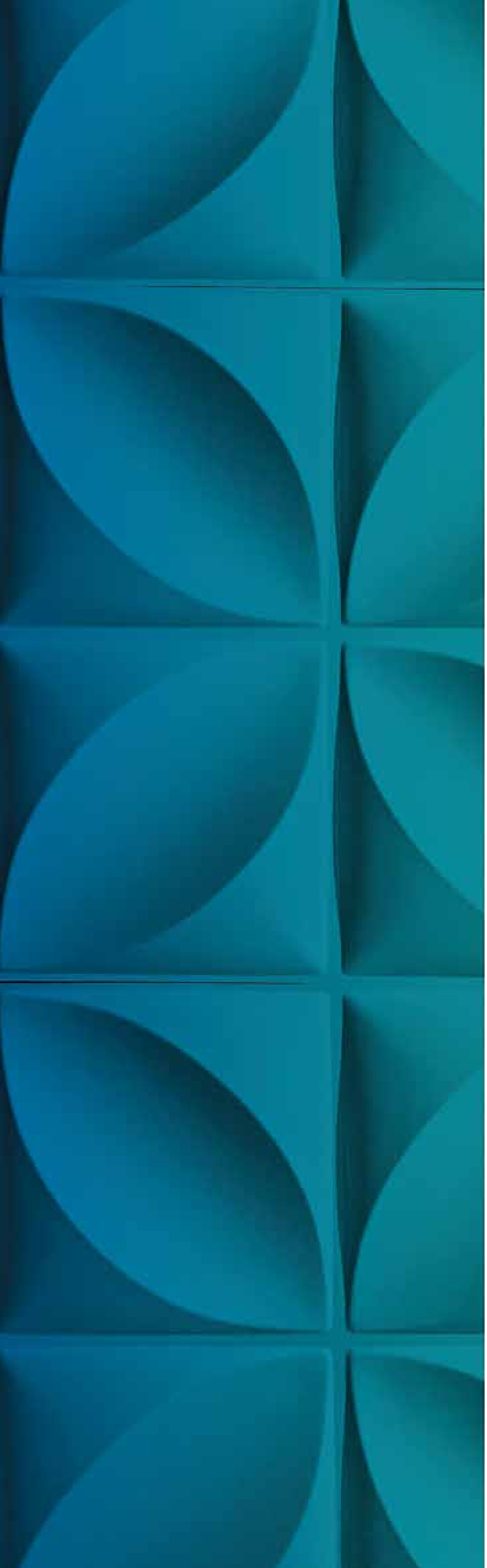
# Future Outlook

The completion of the acquisition of market-leading brands and a state-of-the-art manufacturing facility from Pfizer will mark a significant milestone for the Pharmaceuticals Business. This strategic move is expected to strengthen the business's growth trajectory and profitability by leveraging economies of scale, improving manufacturing capabilities, and elevation of compliance standards, collectively contributing to robust top-line growth.

By leveraging product and process innovations and optimisations, the business continues to effectively serve its customers and key stakeholders despite economic challenges. By providing better healthcare opportunities, empowering its teams, and delivering reliable and cost-effective healthcare solutions, the business is dedicated to enriching the lives of patients across the country and driving positive change in the healthcare system.


The Pharmaceuticals team at its 52nd Annual Cardio Conference

# Animal Health



# Shaping the Future of Animal Welfare

LCI's Animal Health Business folds innovation with tradition, shaping a sustainable future for Pakistan's livestock and poultry sectors. Through advanced genetics, quality animal nutrition, biosecurity measures, and farm management solutions, the business demonstrates its commitment to enhancing animal welfare and veterinary practices. This commitment ensures higher-quality meat and dairy products while supporting the well-being of animals and communities, alike.

# Business Overview

## Solutions Offered

Veterinary pharmaceuticals and nutraceuticals for the well-being of livestock and poultry.

**Antibiotics**
- Injectables
- Oral

**Anthelmintic**
- Injectables
- Drenches

**Biologicals**
- Live and killed vaccines

**Antiprotozoal**
- Injectables

**Nutritional Supplements**

Multi-vitamins

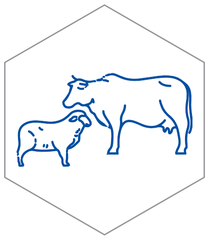
**Farm Solutions**
- Feed Additives
- Disinfectants

Nutrition and farm management solutions

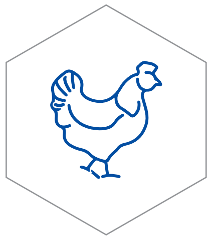
**Bovine Genetics**

Imported Bovine Semen

## Industries Served



**Livestock Industry**
Dairy, Beef, Sheep, Goat, and Companion Animals



**Poultry Industry**
Grand Parent, Breeder, Broiler and Layers and Poultry Feed Mills

## Markets Served

Pakistan

Afghanistan

# Business Value Chain

**Input** | **LCI's Position** | **Output** | **Outcome**

Imported Veterinary Pharmaceuticals

Finished Goods Imported from principals/ suppliers

Warehousing → Distribution

Locally Manufactured Veterinary Pharmaceuticals

Active Pharmaceutical Ingredients

Formulation and R&D → Compliance with cGMP → Testing → Manufacturing and Quality Control → Packaging and Warehousing → Distribution

→ Range of Quality Medicines, Biologicals, Feed Additives, Bovine Genetics and Disinfectants for Poultry and Livestock.

Locally Manufactured Animal Nutrition Portfolio

Wheat Bran
Maize
Rice Polish
Soy Bean Meal
Vitamin and Minerals

Quality Control and Testing of inputs → Manufacturing → Quality control → Packaging and warehousing → Distribution

→ Vanda

Silage

→ Nurturing Livestock & Poultry

# Market Overview

The Animal Health industry is a booming sector in Pakistan's economy, sustaining over 8 million rural households. The Livestock sector is a primary contributor to the country's agriculture sector, accounting for approximately 62.68% of agricultural value added, 14.36% of the national GDP and 2.1% of Pakistan's total exports during FY 2023-24. The sector's gross value addition increased by 3.8%, driven by the implementation of sustainable practices and technological advancements within the Livestock sector. The sector's gross value addition experienced a growth rate of 3.8%. Milk and meat production recorded growth rates of 3.2% and 5.5% respectively over the SPLY. The Commercial Poultry sector, valued at over 1,981.63 billion, is essential for addressing the country's protein requirements. It employs 1.5 million people and contributes 40-45% of total meat consumption, producing 10 billion eggs and 1,153 million kilograms of chicken meat annually, resulting in a per capita consumption of 5.24 kilograms of chicken and 45.4 eggs.

The business's initiatives have contributed towards the modernisation and innovation of the sector. These include enhancing breeding practices, improving nutrition, fortifying biosecurity measures, advancing animal genetics, and augmenting overall health management through value-added imports. The resumption of exotic animal imports post-pandemic has additionally facilitated improved genetics, enhanced milk production, and a heightened emphasis on technological advancements.

During the year in review, the economic landscape presented significant challenges for the Livestock and Poultry market. Factors including inflation, currency devaluation, and rising raw material costs exerted considerable pressure. Maintaining sales volumes was a primary challenge amidst reduced consumer purchasing power, leading to increased demand for lower-cost alternatives. As a result, the Livestock and Poultry market experienced a major decline, which undermined investor confidence and caused many farms to shut down due to the adverse economic conditions.

In the Poultry sector, retail prices for live Poultry meat surged to PKR 750 per kg due to constrained supply against reduced demand. Additionally, maise prices continued to fluctuate, reaching a peak of PKR 3,200 per 40 kg, which led to higher Poultry feed prices at PKR 8,000 per 50 kg bag, further impacting sales targets. Moreover, import restrictions on key ingredients like soybean increased production costs, causing many small and medium-sized Poultry farmers to close their operations as their expenses doubled compared to the SPLY. In contrast, larger feed millers and companies specialising in day-old chicks expanded their broiler and layer operations.

The silage market encountered persistent challenges, particularly due to spring crop production costs being 1.8 times higher than those of autumn yields. This difference significantly impacted the supply dynamics and market demand throughout the year.

Looking forward to FY 2024-25, industry experts foresee potential price stabilisation. However, achieving consistent growth and stability will require addressing import limitations, stabilising feed expenses, and strengthening supply chain resilience. The resilience of the Poultry and Livestock sectors remains crucial, as they play a significant role in providing essential sustenance for the Pakistani population.

# Business Performance and Key Developments

During the year in review, the Animal Health Business focused on improving the quality and availability of its value-added products while implementing customer engagement strategies.

The business achieved a Net Turnover of PKR 6.8 billion. The Livestock segment contributed the most to the business's top line with a share of 68%, while the Poultry segment significantly supported the business's bottom line, contributing 60%.

During FY 2023-24, the Livestock Portfolio declined by 5% against the SPLY. However, the Poultry segment achieved a growth of 8% over the SPLY. Strategic focus areas included Feed Additives, Antibiotics, Biologicals, Organic Acids, Genetics, and Anthelmintics, driving substantial growth. These achievements underscore the Animal Health Business's commitment to delivering high-quality solutions to farmers and driving accelerated growth in the market.

During the year in review, both the Livestock and Poultry segments focused on portfolio expansion. The Poultry segment enhanced its biological portfolio by launching upgraded dose packs for two live vaccines. Additionally, three new locally manufactured products were launched under the Farmers Choice brand to expand the portfolio. The Poultry segment commenced exports to Afghanistan, demonstrating a commitment to expand into new geographics.

Despite challenges including high raw material prices, reduced customer purchasing power, and declining farm output values, the business has strategically shifted its focus on strengthening the locally-manufactured portfolio. This shift aims to reduce import dependency, mitigate the risks associated with currency devaluation, and provide stability for its stakeholders.

Details of the business's stakeholder engagement activities are available on page 120 of this Report.

# Future Outlook

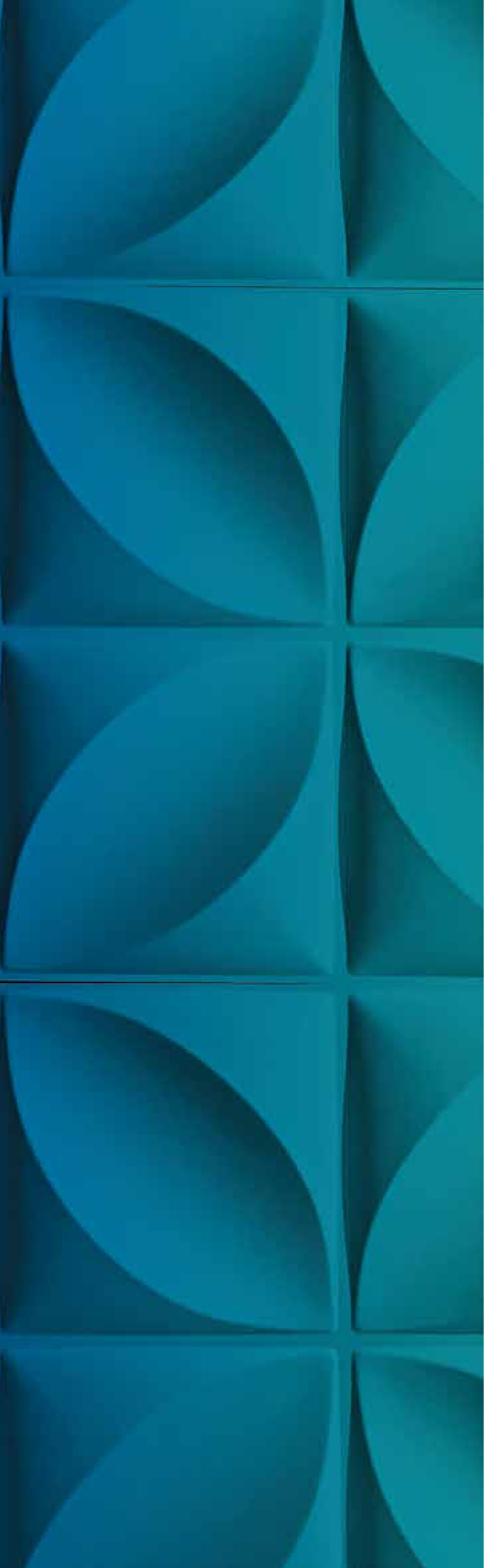
The Animal Health Business is strategically poised for growth and expansion, focusing on introducing its products to international markets to diversify revenue streams and strengthen its global presence. Establishing a state-of-the-art veterinary medicine manufacturing facility in Sheikhupura by the end of FY 2025-26 will significantly enhance production efficiency and accommodate future growth.

To mitigate high production costs and operational challenges, the business has outsourced Silage production, allowing it to focus on core activities while benefiting from specialised external providers. Additionally, the business plans to expand its product portfolio with antibiotics, steroids, dewormers, and nutritional supplements to meet the diverse needs of the Livestock and Poultry sectors, for added customer satisfaction.

Despite macroeconomic challenges, the Animal Health Business is well-prepared for the upcoming year, with strategic initiatives in place to ensure sustainable growth and industry leadership driven by innovation, operational excellence, and a customer-centric approach.

**The Animal Health team at its budget strategy meeting for FY 2024-25**

# Chemicals & Agri Sciences



# Shaping the Chemistry of Modern Living

LCI's Chemicals & Agri Sciences Business plays an important role in enhancing the quality of life for millions across Pakistan. Its innovative solutions and products are essential parts of modern life, influencing sectors ranging from food and fashion to healthcare and automotive industries. By leveraging technology and innovation, the business continues to add value to industries and consumers alike, contributing to a more promising future for generations to come.

# Business Overview

## Solutions Offered

### CHEMICALS

**Industrial Chemicals**
A range of solutions for automobile, pharmaceuticals, steel, paints and coatings and other industries.

**Polyurethanes**
A range of solutions to manufacture appliances, automotive parts, thermoware, sporting goods and sandwich panels.

**Textile Chemicals and Auxiliaries**
Solutions to improve the operational efficiency of textiles such as pretreatment, dyeing, printing, and finishing.

**Adhesives**
Solutions with a specialty in wood working and packaging adhesives.

**Hygiene Chemicals**
A range of cleaning and disinfection solutions for diverse industries, aimed at achieving optimal hygiene.

### MASTERBATCHES

Range of colourants and additive solutions for packaging, consumer goods, textile, constructions, electronics and agriculture industries.

### AGRI SCIENCES

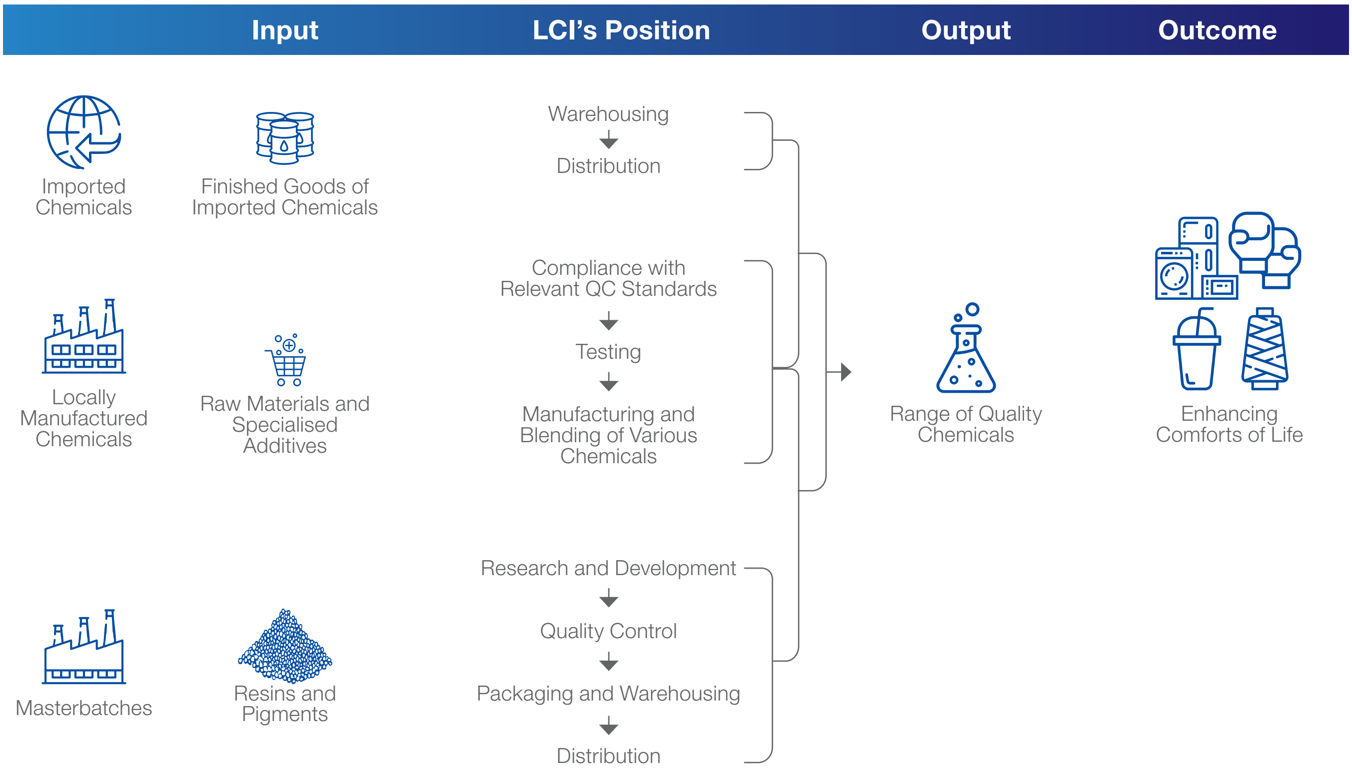
**Seeds | Agro Chemicals**

A range of field crop seeds, vegetable seeds, insecticides, herbicides, fungicides and micronutrients for the agriculture industry.

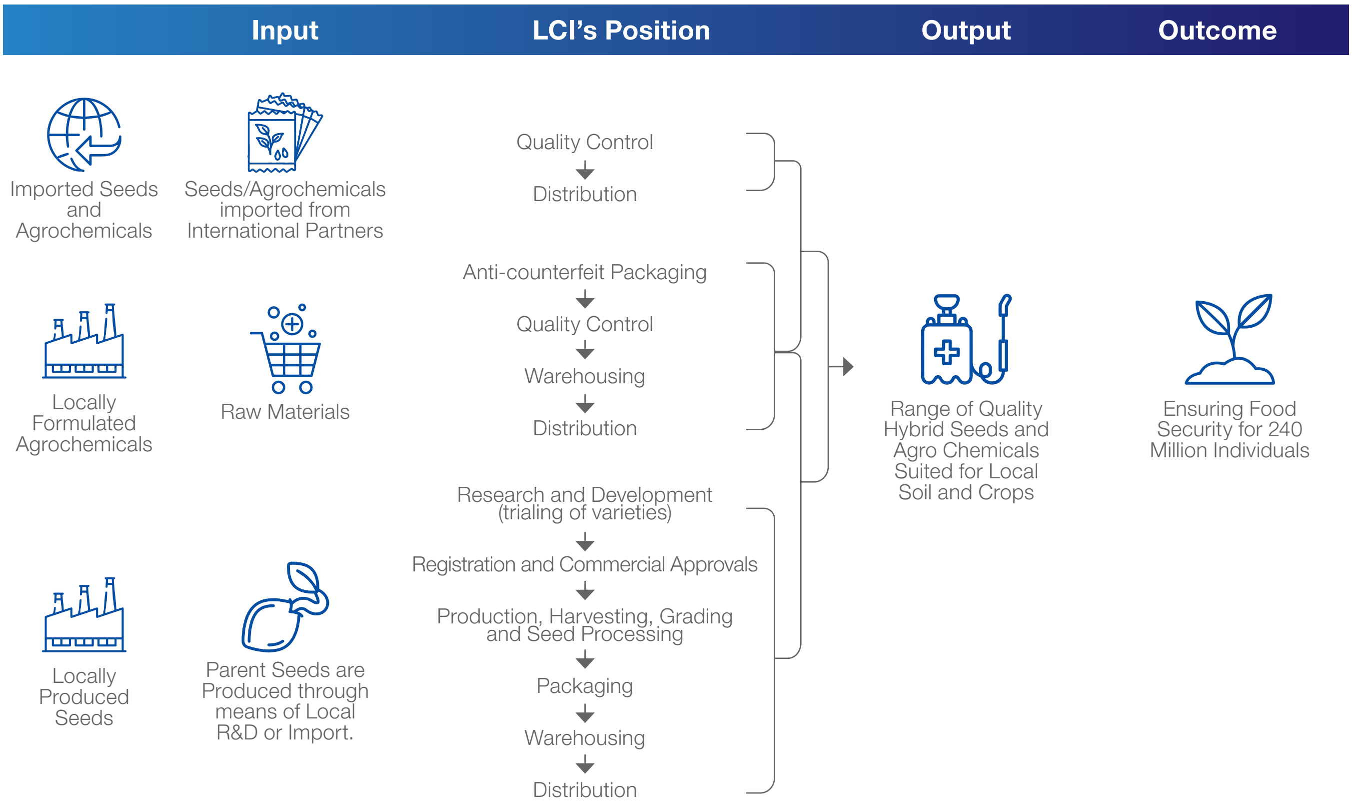
## Industries Served

- Sports goods
- Appliances
- Agriculture
- Textiles
- Flexible Packaging
- Fiber & Yarn
- Beverages & Liquids
- Agro Chemicals
- Paints & Coatings
- Food, Dairy and Meat
- Consumer Products
- Industrial Packaging
- HoReCa
- Health Care
- Construction
- Thermoware
- Automotive
- Tents and tarpaulins

# Business Value Chain
## Chemicals and Masterbatches




# Business Value Chain
## Agri Sciences



# Market Overview

During FY 2023-24, the business environment started to recover from the challenges of the previous fiscal year. The adverse impacts, including import restrictions, flood damage, high inflation, rising interest rates, currency depreciation, and political instability, which led to a significant reduction in demand, began to ease. Although market conditions remain challenging, demand is gradually rebounding, supported by improvements in macroeconomic stability due to prudent fiscal management and external consolidation. Additionally, high inflation led to cost-cutting measures, a preference for low-cost substitutes, and increased market price sensitivity. International uncertainties also caused volatile feedstock prices in the first half of FY 2023-24. Furthermore, extended winter and heavy rains throughout the country adversely affected certain markets.

These challenges restrained demand across the majority of sectors, with major industries facing complete or partial shutdowns for significant periods during the year.

The agriculture sector is vital for Pakistan's food security and economic growth, contributing 22.9% to the GDP and employing 37.4% of the workforce. However, it faces challenges such as low produce prices, water shortages, climate change impacts, subpar yields, and unprecedented rainfall. Wheat production during Rabi 2023-24 increased by 5%, or 1.5 million metric tonnes (MMT), compared to last year but fell short of the target by 8%, or 2.5 MMT. Farmers struggled to secure favourable rates, with market prices below the minimum support prices (MSP), causing widespread dissatisfaction.

Sunflower crop yields declined significantly, reaching the lowest in five years, with a 15-20% drop in produce prices compared to the SPLY. Unprecedented rains disrupted sowing and harvesting, aggravating cash flow and recovery issues. Record rainfall, according to the Pakistan Meteorological Department, highlighted the impact of global climate change on the country.

# Business Performance and Key Developments

### Chemicals

Despite the economic slowdown, the business focused on maintaining a continuous supply of specialised chemicals through robust supply chain management, optimising its diversified portfolio, and leveraging strong customer relationships. Resultantly, volumetric sales increased by 11% compared to the SPLY. The business has established itself as a leading supplier by prioritising innovation and dependability, enabling it to maintain its market position despite volatile commodity prices and uncertain economic conditions.

To showcase its offerings, the Chemicals Business participated as a gold sponsor in the Pakistan Coatings Show 2024 in Lahore, providing an opportunity to engage with customers and key stakeholders.

The business achieved a Net Turnover growth of 15% compared to the SPLY. Additionally, the business achieved significant milestones by obtaining compliance certifications for ZDHC (Zero Discharge of Hazardous Chemicals), Chem Check Road Map to Zero, and GOTS (Global Organic Textile Standards), crucial for export-oriented operations. The business also launched a new dye-stuff brand, Metacron, marking its entry into the cotton dyes market.

**The business team celebrating record achievements**

**Product launch at the 2024 Business Partners Conference**

### Masterbatches

A customer-centric approach, premium quality products, and strong brand equity allowed Shades Masterbatch segment to enhance its market standing despite economic and political uncertainties. The Company's state-of-the-art R&D facilities and ability to deliver customised and innovative solutions have positioned it as a quality-conscious manufacturer.

The segment made progress in import substitution within the premium plastic markets, reinforcing its commitment to contributing to a stable and prosperous economy. Furthermore, capacity expansion is underway to meet the increasing demand in the packaging sector.

### Agri Sciences

Despite uncertain market conditions, the Agri Sciences Business delivered improved results over the SPLY, driven by strong performance in the Seeds segment. The Agrochemicals segment encountered challenging circumstances due to market liquidity constraints and declining produce prices for farmers. To tackle key challenges faced by farmers with major crops, the Agri Sciences Business signed an MoU with Syngenta Pakistan Limited for the sales and distribution of two innovative agrochemical products, Minecto Forte and Minecto Xtra. In January 2024, the Agri Sciences Business signed an MoU with Dalda Foods Limited to promote high-yielding hybrid canola and sunflower seeds.

During the year, the business faced multiple challenges including temperature volatility, continuous rains, high inflation increasing input costs. Moreover, macroeconomic and political conditions, water scarcity, unusual downpours, and sudden temperature changes adversely affected the growth and yields of major crops.

Limited access to formal credit hindered many farmers' ability to improve crop quality and yield. This affordability gap led to a rise in demand of cheaper generic products and low-quality seeds and agrochemicals in the market. Despite these challenges, the Agri Sciences Business demonstrated resilience and adaptability, securing growth through strategic partnerships and sustainable practices.

Details of the business's stakeholders engagement activities are available on page 120 of this Report.

## Future Outlook

The Chemicals Business remains committed to being the top choice for consumers, focusing on portfolio diversification to meet evolving customer needs. It aims to mitigate external pressures while pursuing growth through new technologies and innovative partnerships. Collaborations with government entities are expected to expand the Chemicals Business's footprint, although economic conditions may present challenges.

The Agri Sciences Business is anticipated to face substantial challenges due to market liquidity constraints and the financial strain on farmers. However, the business aims to capitalise on its banking relationships to offer enhanced financing solutions to its agricultural customer base. Furthermore, the business plans to diversify its Seeds portfolio by shifting its focus on key categories such as corn, rice, and vegetable seeds. Moreover, the business will continue to focus on development and brand promotion to counter generic products while expanding its customer base.

Going forward, macroeconomic challenges may strain the business's profitability. However, the Chemicals & Agri Sciences Business remains dedicated to mitigating these pressures by introducing new products and tailored solutions to cater to the evolving needs of its growing customer base, thereby pursuing new avenues for growth.

The business's MoU signing ceremony with The Green Ark


MoU signing ceremony with Syngenta Pakistan for sales and distribution of Agrochemical products

# Shaping a Sustainable Tomorrow

This section contains a comprehensive report on the Company's sustainability strategy, KPIs, annual and long-term targets, and performance.

# Table of Contents

# About the Report

Lucky Core Industries Limited FY 2023-24 Sustainability Report marks its 16th year of annual sustainability reporting, in line with topics prioritised as material to the Company and its stakeholders. The Report complies with the Global Reporting Initiative (GRI) Standards and adheres to the GRI 101 Foundation Reporting Principles. Moreover, the Report references the UN Sustainable Development Goals (SDGs).

## Reporting Period

The reporting period aligns with the Company's FY 2023-24, spanning from July 1, 2023, to June 30, 2024. This report has been published in September 2024.

## Report Boundary and Content

The Report showcases the Company's commitment to sustainability, transparency, and environmental excellence. It covers:

The Company's core areas of business, corporate functions, and includes employee data. However, subsidiaries and associated companies are not included in the Report.

Detailed performance on material sustainability topics.

Progress towards achieving LCI's long-term sustainability pledges and goals in the economic, environmental, and social areas, highlighting their significance for stakeholders' decision-making.

## Management Approach to Sustainability

Details of the management approach for each material topic are available on page 110 of this Report.

## Data Collection

Data presented in the Report was collected from the Company's Financial Management Reporting systems, the Environmental Performance Management (EPM) database, and the Corporate HR Information Management System. Details on the Company's sustainability reporting governance are available on page 116 of this Report. No restatements have been made to the previous data.

## Assurance

The Report also undergoes an independent review conducted by the Corporate Social Responsibility Centre Pakistan (CSRCP) to ensure compliance with GRI standards, the IISAE 3000 (Revised) standard and principles of inclusivity, materiality, responsiveness and impact. The assurance letter from CSRCP is available on page 164 of this Report.

### Contact Us

To share any feedback or comments related to this Sustainability Report, please email: sustainability.council@luckycore.com, or contact:

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E: sabir.mahmood@luckycore.com

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Manager Sustainability & HSE, Corporate
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The Report, along with additional information about the Company's business units and products, can be accessed on LCI's website: **www.luckycore.com**

# Message from the Chief Executive

Dear Stakeholders,

We are pleased to present Lucky Core Industries Limited's (LCI) Sustainability Report for FY 2023-24, marking our sixteenth consecutive year of transparent and responsible reporting. Aligned with the Global Reporting Initiative (GRI) standards and the United Nations Sustainable Development Goals (UNSDGs), this Report showcases our steadfast commitment to environmental stewardship, social responsibility, and economic prosperity.

Building on this commitment, our mission to improve lives and brand promise to foster growth drives us to be a thought leader and pacesetter in sustainability. Our focus remains on driving sustainable growth, enhancing value for our shareholders and stakeholders, whilst making a positive impact on the communities we serve. To achieve this, we integrate our core values into every aspect of our operations. We believe this approach not only drives business growth but also attracts top talent and ensures our license to operate.

Central to our efforts, our Sustainability Council is pivotal in fostering a culture of excellence, shaping strategy, and embedding sustainability into our daily activities, ultimately driving environmental responsibility and socio-economic growth.

In line with these principles, the Company is committed to advancing the UN SDGs, with a focus on climate change, economic equality, innovation, and responsible consumption. During the year, we collaborated with the Centre of Excellence for Responsible Businesses (CERB) of the Pakistan Business Council (PBC) to assess our alignment with these goals using the ISAR SDG Reporting framework. This framework utilises core quantitative indicators across economic, environmental, social, and institutional areas, allowing us to identify and address social concerns, promote sustainable resource use, and uphold ethical practices while building upon our existing systems. We are pleased to report that the analysis acknowledged LCI's impactful contributions to all relevant SDGs and our adeptness in harnessing these opportunities to drive significant positive change.

Building on the launch of our Catalyst 2030 Climate Action Plan last year and the Company's flagship sustainability initiative, STEP, we have achieved substantial progress in our quest for decarbonisation by harnessing nature-based and science-driven solutions. Our multifaceted approach has focused on enhancing efficiency, scaling tree planting initiatives, and building strategic partnerships with NGOs and local communities. During the year in review, we successfully neutralised over 28,000 tonnes of $CO_2$, planted more than 49,000 trees, and recycled over 267 million PET bottles into polyester fibre through our rPET initiative. These efforts have been further bolstered by our Polyester Business, which led the way in global textile-to-textile recycling by introducing the most sustainable Polyester Staple Fibre. Collectively, these initiatives reflect our comprehensive approach to environmental stewardship and our commitment to long-term ecological impact.

On the energy front, while overall consumption increased due to higher coal usage and production demands, our conservation efforts have effectively contributed to mitigating these impacts. During the year, we successfully generated 7,200,000 megajoules of power from renewable sources, resulting in a reduction of over 1,200 tonnes of $CO_2$ emissions, reflecting a substantial shift towards cleaner energy.

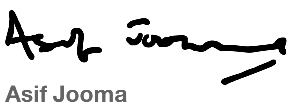
Complementing our environmental initiatives is our steadfast commitment to social responsibility, which is deeply rooted in prioritising the wellbeing and safety of our employees and the surrounding community. During the year under review, we successfully completed over 46 million man-hours without injury, however, reportable incidents were recorded in the same period. Each incident was thoroughly investigated, and corrective action plans were implemented to prevent recurrence. Our goal remains to set the highest standards in safety, ensuring that LCI continues to be recognised as one of the safest workplaces in Pakistan.

This year, we have also made significant progress in our social performance. Our dedicated efforts to advance diversity, equity, and inclusion (DE&I) at LCI have led to improved representation of women in the workforce, supported by a range of internal campaigns. The reintegration of skilled women through the 'Yes She Can!' Women Returnship Programme, introduced last year, exemplifies our dedication to the empowerment and advancement of women in the workplace. In addition, by actively encouraging upskilling through our year-long learning initiatives, LCI clocked over 34,500 training hours. Looking ahead, we remain committed to building a diverse team that will help us shape a better tomorrow.

At LCI, our purpose extends beyond business success to driving positive change in the communities we serve. Our commitment to strengthening these communities is reflected in our corporate social responsibility pillars of health, education, women's empowerment, environment, and community development. During the year, we invested PKR 113.7 million in community uplift programmes. The impact was further amplified through the Company's employee volunteer programme, Pehchan, where 417 volunteers contributed 1,356 hours to community development initiatives. Through their efforts, our employees have embodied our promise of enriching lives by making a difference in the lives of others.

Despite navigating a challenging financial year marked by macroeconomic uncertainties, our commitment to sustainable growth and responsible operations remains firm. Join us in shaping a brighter future as we share our progress in this year's Sustainability Report and explore how LCI is enriching lives today to build a better tomorrow.

Warmest regards,



**Asif Jooma**
Chief Executive
Lucky Core Industries Limited

# Sustainability Highlights

**28,000+ tonnes**

of $CO_2$ emissions neutralised

**267+ million**

PET bottles recycled into Polyester Fibre

**49,000+**

Trees planted

**Terylene Retex**

Launched

**46.5 million**

Safe man-hours

**Zero**

Occupational illnesses

**PKR 113.7 million**

Invested in community uplift programmes

**417**

Employees participated in volunteer programme

# Awards

## Corporate Function

**Best Sustainability and Corporate Report Award 2022**

by the
Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan

## Animal Health Business

**13th Annual Fire Safety Award 2023**

by the
National Forum for Environment & Health and the Institution of Fire Engineers

**Annual Environmental Excellence Award 2023**

by the
National Forum for Environment & Health

## Soda Ash Business

**13th Annual Fire Safety Award 2024**

by the
National Forum for Environment & Health and the Institution of Fire Engineers

**16th Annual CSR Award 2023**

by the
National Forum for Environment & Health

**International Safety Award 2024**

by the
British Safety Council

## Pharmaceuticals Business

**Occupational Safety, Health, and Environment Award 2023**

by the
Employers' Federation of Pakistan

**Annual Environmental Excellence Award 2023**

by the
National Forum for Environment & Health

# Materiality Assessment

In FY 2023-24, LCI conducted a comprehensive study to identify topics prioritised as material for the sustainable management of the Company and those potentially impacting the economy, environment, communities, and other key stakeholder groups. The materiality assessment was coordinated by an independent consultant, based on GRI standards. The assessment considered the concepts of double materiality (financial and non-financial impacts) and included an internal analysis of concerns raised by the Sustainability Council and dynamic materiality (feedback from select stakeholders and the relevance of current and future issues to the Company).

## List of Material Topics*

| Area | Material Topic | Impacts |
| --- | --- | --- |
| **Economic** | Economic Performance | Effects economic conditions of all stakeholders. |
| | Indirect Economic Impacts | Effects economic conditions of all stakeholders. |
| | Market Presence | Effects development in markets where the Company operates. |
| | Procurement practices | Effects capacity enhancement of local suppliers. |
| | Anti-Competitive Behaviour | Effects ethical and responsible operations. |
| **Environmental** | Energy | Effects the organisation's environmental footprint, the ecosystem and climate. |
| | Water and Effluents | |
| | Emissions | |
| | Waste | |
| **Social** | Employment and Labour Relations | Effects social capital development and working conditions. |
| | Training and Education | Effects social capital development, in particular the organisation's human capital. |
| | Occupational Health and Safety | Effects stakeholders and their human rights. |
| | Diversity, Equity and Inclusion | Effects social capital development, in particular the organisation's human capital. |
| | Non-Discrimination | Effects social capital development, in particular the organisation's human capital. |
| | Freedom of Association and Child Labour | Effects stakeholders and their human rights. |
| | Community Investment | Effects social capital development and community uplift. |

*The list of material topics is the same as last year, reflecting no changes.

# Relevance of Material Topics

## Economic

### Economic Performance
Disclosures under this topic relate directly to LCI's value creation agenda, as embodied in the Company's vision, values, and brand promise. The Company is committed to Cultivating Growth for its stakeholders, and the same can be quantified and assessed accurately through its audited financial statements, which are appended to this Report. In addition, economic performance carries implications for all other material topics reported upon.

### Indirect Economic Impacts
Disclosures under this topic illustrate LCI's economic impact on a wider socio-economic front, covering multiple stakeholders. The Company intends to support growth and development beyond its scope of operations. As a responsible corporate citizen, it monitors and measures its ongoing indirect economic impact in the wider context.

### Procurement Practices
Procurement practices are a material topic due to LCI's extensive supply chain network. To achieve sustained growth and build shared value, LCI must maintain strong relationships with its business partners.

### Market Presence
The Company's presence in the markets that it serves has a significant impact in terms of the provided employment opportunities, the number and quality of professionals employed, regional employment prospects and compensation and benefits provided. Information in this regard is relevant to its operations and value-creation agenda.

### Compliance
Compliance is a material topic due to its significance on LCI's license to operate and its economic impact in the form of fines and penalties in case of violation. Non-compliance also negatively impacts the brand image.

### Anti-Competitive Behaviour
Anti-competitive behaviour is a material topic due to its significance on LCI's license to operate and its economic impact in the form of fines and penalties in case of violation. Non-compliance also negatively impacts the brand image.

## Environmental

### Water and Effluents
Disclosures under this topic illustrate the Company's water usage requirements for its operations and the current state of water availability in Pakistan. The International Monetary Fund (IMF), United Nations Development Programme (UNDP), and the Pakistan Council of Research in Water Resources (PCRWR) list Pakistan as a water scarce country.

### Energy
Disclosures on this topic highlight energy costs as having a direct impact on the cost of doing business and manufacturing products for the Company. Efficient energy usage is not only vital in terms of the environment but can also provide the Company with a competitive edge in terms of cost-effectiveness.

### Emissions
Emissions control relates directly to climate change and the impact of gaseous emissions on the ozone layer. As a manufacturing concern, monitoring emissions is of vital importance to LCI. Disclosures in this regard provide an overview of the Company's compliance with national and governmental regulations, such as National Environmental Quality Standards (NEQS).

### Waste
Disclosures on this topic illustrate the impact of waste, both on the Company's operations and on local communities where waste is generated and disposed of. The management and minimisation of waste materials are important for the preservation of biodiversity in the relevant areas.

# Social

## Employment and Labour Relations

Driven by its core value of Passion for People, the Company aspires to be an employer of choice and recognises that the development of its talent pool in terms of training and education, growth opportunities, compensation and benefits are of utmost importance. The Company maintains a strong focus on providing development and learning opportunities to its employees. LCI's policies and employment practices are aimed at attracting and retaining talent, and ensure an environment that encourages diversity, inclusivity, and growth.

## Training and Education

In pursuit of the Company's aspirations to be an employer of choice, training, and education remains an area of focus for the Company to recruit and retain the brightest talent. Training, education, and development of its people is a topic of critical importance to the Company and it provides formal training, development, and growth opportunities, with performance appraisals, feedback systems, and an open culture that encourages discussion.

## Occupational Health and Safety

Health and safety are a focus area for the Company in light of its core values (Passion for People; Integrity and Responsibility) and its HSE&S policy. The topic affects not only employees of the Company but also customers, service providers, suppliers, and members of the communities.

## Diversity and Equal Opportunity

As an equal opportunity provider, LCI takes great pride in its commitment to fostering diversity, equity, and inclusion (DE&I) and values the contributions of its diverse workforce. The Company's commitment to DE&I is driven by its core values (Passion for People; Integrity and Responsibility), brand promise, and Code of Conduct.

## Non-Discrimination

LCI is committed to ensuring fair, free of bias, and equal treatment of employees. This belief is driven by its core values (Passion for People; Integrity and Responsibility), brand promise of Cultivating Growth, and the Code of Conduct.

## Freedom of Association and Child Labour

In line with the Company's core value of 'Integrity and Responsibility', and its Code of Conduct, the highest standards of international human rights are upheld. The Company supports and abides by international charters on freedom of association, ILO Conventions, and local regulations in its sphere of influence.

## Community Investment

Disclosures on this topic illustrate LCI's efforts toward the development of communities beyond its boundaries. These disclosures are important because they provide an overview of the significance of these efforts and their impacts, allowing stakeholders to assess the value added by such initiatives.

# Sustainability Strategy

## Moulding the Years to Come

LCI's sustainability strategy is engrained into all aspects of its operations. The Company sees itself and its stakeholders as one and it seeks to create a lasting positive impact to improve the lives of those within and beyond its boundaries.

## Approach to Sustainability

As a leading manufacturing entity, LCI strives for environmental and social responsibility, within the Company and beyond. The Company's sustainability strategy is based on six fundamental principles. It serves as a blueprint for value creation by connecting LCI's business strategy and sustainability agenda with the aspiration of creating a lasting positive impact for generations to come.

Guiding Framework

**Sustainability Strategy**

**Guiding Principles**

Operational Pillars

**Fostering a Culture of Excellence**

Creating a nurturing environment where employees strive to deliver more. The Company does so by attracting and retaining the best talent.

**Operating Responsibly**

Operating with due respect for the environment, the communities in which LCI operates, and other stakeholder groups.

**Transparency**

Ensuring that all processes and operations remain transparent to promote trust.

**Respecting Human Rights**

Ensuring that the principles of the Universal Declaration of Human Rights (UDHR) are upheld throughout LCI's operations and interactions.

**Environmental Stewardship**

Developing innovative solutions for cleaner and greener systems that reduce LCI's environmental impact.

**Creating Socioeconomic Value**

Working towards creating value in local communities by aiding capacity building and improving the quality of life.

Transversal Pillars

**Stakeholder Engagement**

**Governance Structure**

**Core Values**

# Shaping a Climate-Resilient Future

## Catalyst 2030 - Climate Action Plan

The consequences of human-induced climate change on global weather are becoming increasingly evident. Major contributors to this crisis are the surge in greenhouse gas (GHG) emissions and global warming, which have resulted in erratic and intensified weather conditions. Immediate and collective action is needed to transition to renewable energy sources, promote energy efficiency, and adopt sustainable practices to mitigate and neutralise the adverse impacts of climate change.

In response, LCI launched the Catalyst 2030 Climate Action Plan last year, aimed at proactively neutralising the Company's emissions through nature-based and science-driven solutions. This year, LCI continues to advance its efforts under the Catalyst 2030 - Climate Action Plan, focusing on reducing its carbon footprint and promoting environmental sustainability.

## Approach to Climate Change

# Actionable Initiatives

Neutralise
**80,000**
tonnes of $CO_2$ by 2030 through nature-based and science-driven solutions

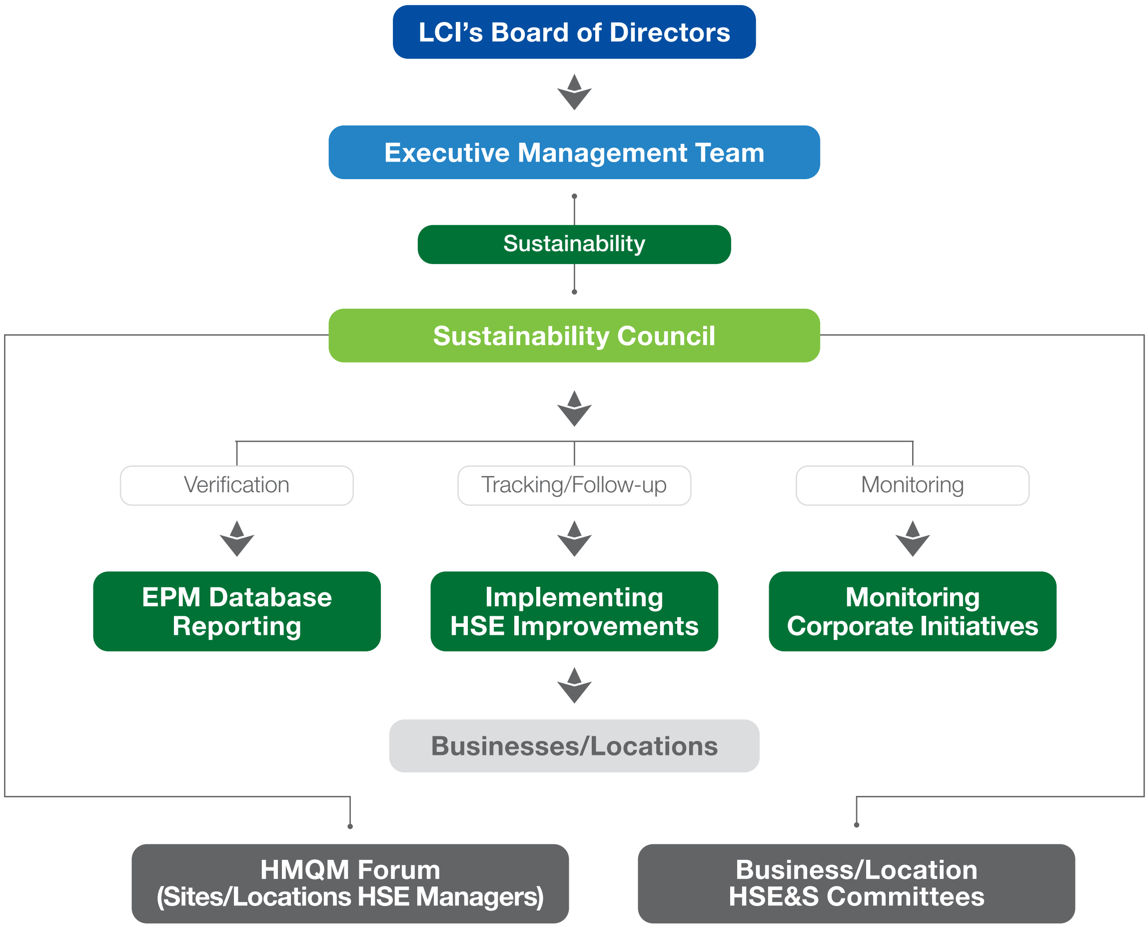
Recycle
**360 million**
PET bottles per year by 2030 to encourage circularity through production of polyester fibre

Eliminate the use of
**single-use**
plastic bottles across corporate offices

Recycle
**220 million**
gallons of water annually by 2030

Plant
**215,000**
trees by 2030

# Sustainability Governance




LCI's sustainability strategy is guided by a clear governance structure, including KPIs and controls such as its mission, values, Code of Conduct and the HSE&S Management System.

The Corporate HSE function acts as an independent authority within the organisation and oversees the Company's Environmental Performance Management (EPM) database. The function is responsible for analysing sustainability KPI data, benchmarking performance against the baseline, and presenting trends to the Sustainability Council. Based on global sustainability guidelines, a suitable control mechanism for KPIs is determined. The Executive Management Team is briefed on the OEE footprint, potential technological requirements, and their financial impact on the Company and the community. Results are shared with the Board of Directors on a biannual basis.

In accordance with the requirements of LCI's HSE&S Management System, all businesses and locations monitor and report parameters impacting the Company's Operational Eco-Efficiency (OEE) footprint. Health and safety performance reporting is mandatory. This reporting is facilitated through the Company's EPM database.

## Sustainability Council

The Sustainability Council comprises of representatives from the Company's businesses and functions. The Council is responsible for assisting the Board of Directors in fulfilling its responsibility to LCI's shareholders regarding sustainability practices. The Council focuses on developing, implementing, and monitoring HSE&S policies and practices.

## Responsibilities of the Council

**The Council acts to:**

- Define sustainability KPIs, measurement matrices, and targets.
- Review the Company's environmental footprint and develop effective strategies for mitigation of adverse impacts.
- Assess stakeholder relationships for alignment with sustainability objectives.
- Design and execute communication strategies for internal and external stakeholders to promote sustainable growth.
- Establish guidelines for managing sustainable change and fostering adaptability within the organisation.
- Introduce and implement initiatives for cutting-edge technologies in alignment with LCI's sustainability agenda.
- Define broad parameters for enhancing product responsibility to ensure that the Company's products align with sustainable principles throughout their life cycles.
- Prioritise sustainability goals and direct efforts towards areas that can yield significant and tangible results.

# Demonstrating Leadership in Sustainability

## LCI's brand promise of Cultivating Growth is at the heart of all that it does and aligns well with the SDGs to promote a brighter and better future.

LCI integrates the United Nations (UN) Sustainable Development Goals (SDGs) into its operations, demonstrating a robust commitment to sustainability. By creating value for its stakeholders and respecting the environment, LCI enhances the quality of life and fosters positive economic and social impacts in its communities. This dedication is detailed in the Sustainability Report, which highlights LCI's contributions to the SDGs and its ongoing commitment to sustainable growth.


### Shaping a Sustainable Future

To evaluate LCI's alignment with the SDGs and the impact of its operations during FY 2023-24, a collaborative effort was conducted with the Centre of Excellence for Responsible Businesses (CERB) of the Pakistan Business Council (PBC). The CERB team employed the ISAR SDG Reporting framework, utilising core quantitative indicators across four key areas: economic, environmental, social, and institutional. These indicators are mapped directly to the SDGs, guiding businesses in addressing social concerns, promoting sustainable resource use, and upholding ethical practices. This approach enables companies to build upon existing practices rather than instituting entirely new systems, creating a strong baseline for LCI's sustainability metrics. The CERB analysis revealed that LCI is making significant contributions to all relevant SDGs and capitalising on the associated opportunities.

### Pioneering Climate Action

LCI remains steadfast in its commitment to the principles outlined in the Global Reporting Initiative (GRI) standards and the UN SDGs. This dedication is evident in the prioritisation of targets and indicators set within these frameworks, maintaining a culture of transparency throughout the organisation. The launch of LCI's Catalyst 2030 - Climate Action Plan last year marked a significant milestone in the Company's journey toward achieving carbon neutrality. This comprehensive plan details the deployment of empirically proven solutions across all operational areas, with progress reports provided periodically.

Details of the Catalyst 2030 - Climate Action Plan are available on pages 114-115 of this Report.

### Advancing Environmental Responsibility

LCI is actively expanding its PET recycling capabilities and aims to significantly increase its carbon emission neutralisation efforts from the current level of 28,000+ tonnes to 80,000 tonnes by 2030. During the previous fiscal year, LCI achieved a 7% reduction in Scope 1 and a 12.6% reduction in Scope 2 greenhouse gas (GHG) emissions per unit of value added compared to the SPLY.

### Driving Social Impact

In addition to its environmental efforts, LCI is committed to creating a positive social impact. The Company focuses on promoting shared value in the communities where it operates by promoting a safe and respectful work environment for all employees. LCI remains dedicated to advancing social welfare and enhancing the quality of life within its operational areas.

# Stakeholder Engagement

The Company believes that the foundation of its success lies in the open and transparent relationships established with its stakeholders. It recognises the invaluable role of each stakeholder in shaping the journey and growth of LCI.

| Stakeholder Group | Providers of Financial Capital | Employees | Customers | Suppliers and International Partners |
|---|---|---|---|---|
| Engagement Frequency | Regular | Regular | Regular | Regular |
| Concerned LCI Teams | • Corporate Finance<br>• Company Secretariat<br>• Corporate Communications & Public Affairs | • EMT<br>• Human Resource<br>• Corporate Communications & Public Affairs | • Business sales, technical support and quality assurance | • Procurement<br>• Relevant business teams |
| Key Stakeholder Concerns | • Ongoing economic viability<br>• LCI's financial and operational performance<br>• LCI's growth prospects | • Employment security<br>• Fair treatment and compensation<br>• Safe workplace<br>• Training and education<br>• Career development<br>• Participation and empowerment | • Product cost, quality and availability | • Long term supply contracts<br>• Efficient payment cycles |
| LCI's Strategic Response | • Commitment to ongoing growth and value creation<br>• Corporate briefings<br>• Shareholders meetings<br>• Timely public disclosures to PSX<br>• Investor relations policy | • Leadership connect sessions<br>• Internal events and communications<br>• Annual engagement survey<br>• Launch of Employee Central<br>• Benchmarking studies<br>• Capacity-building trainings<br>• Wellness Programme<br>• Innovation Challenge<br>• Code of Conduct | • Technical support and capacity building initiatives<br>• Surveys and field visits<br>• New product launches<br>• Communication and engagement initiatives | • Code of Conduct compliance<br>• Procurement policy manual<br>• Supplier audits<br>• Open negotiation discussions |

| Communities | Government and Regulatory bodies | Media | Academic and Research Institutions | NGOs and NPOs |
|---|---|---|---|---|
| Regular | Regular/Case Basis | Occasional | Occasional | Regular |
| • Business onsite teams<br>• Lucky Core Foundation | • Relevant business/ functional representatives | • Corporate Communications & Public Affairs<br>• EMT | • Human Resource<br>• Relevant business teams<br>• Lucky Core Foundation<br>• Business onsite CSR teams | • Lucky Core Foundation<br>• Business onsite CSR teams |
| • Impact of LCI's manufacturing sites<br>• Employment opportunities<br>• Sustainability initiatives, both environmental and social | • LCI's compliance with regulations and laws<br>• LCI's investment in the economy<br>• LCI's contribution to sustainability | • Information on LCI's operations, growth prospects and sustainability practices<br>• LCI's economic contribution | • Career placements and development<br>• Leadership and workplace insights | • Funding for CSR programmes<br>• Logistical and technical support for CSR programmes |
| • Community and environmental investments<br>• Robust HSE programme<br>• Local procurement and employment | • Bilateral engagement<br>• Timely and transparent submission of data for review and compliance | • Digital presence<br>• Timely release of information and response of media queries<br>• One-on-one media engagement | • Research partnerships<br>• Training programmes and guest speaker sessions<br>• Recruitment and internship drives | • Community and environmental investments |

# Stakeholder Engagement

## Key Initiatives FY 2023-24

### Soda Ash Business

- The business remained committed to creating value for the Khewra community by supporting outreach and environmental initiatives. These included continued support for the Ladies Welfare Centre Khewra, providing livelihood and skill training opportunities for underprivileged girls, organising sporting events that enabled the youth to showcase their talents, implementing Project GreenStorm, successfully completing the plantation of over 50,000 trees in and around its facility, and creating multiple greenbelts alongside Khewra's main road.
- In line with the Company's value of Passion for People, the business announced a Four-Shift Rota at the Soda Ash plant. This system ensures continuous 24/7 operations by dividing the workforce into four teams that work in shifts on consecutive days, followed by consecutive days off. This arrangement allows for smooth operations and promotes a healthier work-life balance.

**The annual exhibition of handicrafts organised by the Ladies Welfare Centre in Khewra**

### Polyester Business

- The business's stakeholder engagement strategy is rooted in its commitment to sustainability. During this year, the Polyester Business undertook multiple initiatives to create awareness of minimising PET waste.
- In collaboration with the Aabroo Educational Welfare Organisation, the business is dedicated to its PET bottle deposit scheme. The collected PET waste is recycled by Aabroo, with the proceeds directed towards sponsoring education for children from marginalised backgrounds. Moreover, this initiative has enabled the business to produce Terylene Clean, a 100% recycled product variant.
- As a member of the CoRe Alliance, the Polyester Business continued to collaborate with like-minded organisations to develop policies with the Government, aiming to enhance the waste collection and management infrastructure across the country.
- In line with the Company's core value of Customer Centricity, the business hosted the inaugural Friends of Terylene Golf Tournament at Defence Raya Golf and Country Club in February 2024.

**The Polyester Business team at the Core Alliance Session in PC Bhurban**

### Animal Health Business

- Placing a strong emphasis on supporting its customers beyond product offerings, the business organised in-person and digital training sessions with technical teams from principal suppliers, to empower customers with industry best practices and knowledge. Moreover, the business's Livestock and Poultry segments arranged impactful symposiums and farmer's gatherings, facilitating knowledge sharing of effective farm management solutions, and engaged over 70,000 farmers and 28,000 professionals.
- The business implemented a comprehensive series of symposiums and seminars across key cities, addressing critical topics such as heat stress management, transition cow management, health management, responsible antibiotic usage, disease prevention and biosecurity for young birds. Through these activities the business effectively engaged veterinarians, para-vets, professionals, and farmers.
- During the year, a national campaign for the prevention and control of tick-borne diseases was launched for farmers and veterinary professionals.

**The Animal Health Business team organised a seminar on Rational Anti-Microbial Therapy for veterinarians**

## Pharmaceuticals Business

- The business continiously engaged multiple healthcare professionals (HCPs) nationwide through various marketing campaigns like Freedom to Thrive, Secure the Cure, and Zaroori Hai.
- Throughout the year, the business participated in numerous national conferences for cardiology, paediatrics, gastroenterology, and anti-infectives, providing platforms for visibility, scientific advocacy, and customer engagement.
- During the year in review, the business conducted over 1500 round table meetings and 61 symposia with key opinion leaders (KOLs) to discuss emerging treatment options, alongside Continued Medical Education Programmes for HCPs.
- To further continuous learning and improvement in the area of HSE&S, the business organised training sessions in accident investigation, behaviour-based safety, CPR, and first aid, as well as hygiene and food safety awareness. Moreover, several plantation drives were conducted throughout the year, underscoring the Company's commitment to a safe and sustainable work environment.

**The Pharmaceuticals Business team celebrating World Heart Day 2024**

## Chemicals & Agri Sciences Business

- To promote a culture of health and safety, the business conducted extensive HSE&S training sessions at the Chemicals Technical Centre and customer premises, throughout the year. These sessions included practical demonstrations and comprehensive risk assessments.
- The Chemicals Business was a Gold Sponsor of the Pakistan Coatings Show 2024 in Lahore, where it engaged with customers and key stakeholders, showcasing its diverse range of offerings and gathering valuable insights into market needs.
- The Chemicals Business signed an MoU with The Green Ark, a leading advocate for plastic waste recycling, marking a pivotal step towards a sustainable future.
- The Agri Sciences Business advanced customer-centric solutions by launching new products in the Agrochemicals segment and refining the Seeds portfolio to align with customer needs. Additionally, the business provided regular training sessions for farmers on cutting-edge production technologies and eco-efficient farm management practices.
- During the year, the business conducted periodic Cycle Meetings to empower the sales force and key functions, fostering a performance-driven culture.

**The Chemicals & Agri Sciences Business as a Gold Sponsor at the Pakistan Coatings Show 2024, Lahore**

## Membership of Associations

During the year in review, the Company was a member of the following associations:
- Chamber of Commerce
- Pakistan Business Council (PBC)
- Pakistan Institute of Corporate Governance
- Overseas Investors Chamber of Commerce and Industry (OICCI)
- Pakistan Agriculture Coalition
- CropLife
- Pakistan Pharmaceutical Manufacturers' Association (PPMA)

# Economic Performance

## Aligned with its vision, values, and brand promise, the Company is committed to shaping a better tomorrow by generating a positive economic impact for all stakeholders.

This section provides an overview of LCI's approach to material topics related to the Company's Economic Performance. Details on other disclosures relating to this area are presented in the GRI Content Index or cross-referenced within the Annual and Sustainability Reports.

### Material Topics Covered


## Management Approach

Economic performance is one of the key drivers of the Company's aspirations, goals, strategy, and operations, and is proactively managed by relevant stakeholders across the Company.

The overall responsibility of governing the organisation, along with driving economic performance, lies with the Board of Directors. Details on the functioning of the Board of Directors are available on page 62 of this Report.

Comprehensive information on the Company's commercial performance and distribution of economic value for the year are available in the respective Business Performance, Directors' Report, and financial statement sections of the Annual Report 2023-24.

In line with its core values, LCI ensures that the highest standards of integrity are maintained across all facets of its operations. The Company's business principles are transparent and reflected in the Code of Conduct. As part of the onboarding process, all new hires receive an electronic copy of the Code of Conduct and are required to sign a declaration after thoroughly reading and understanding its contents.

### Sourcing and Procurement

Building shared value to achieve sustained growth requires LCI to maintain strong ties with its business partners. Its extensive supply chain network covers the supply chain managers of each of its businesses and their respective teams. To streamline procurement and handling practices, the Company's supply chain teams actively seek and apply best practices to capitalise on opportunities for synergy.

Following the cradle-to-grave approach, the Company ensures the procurement of high-quality raw materials through a stringent supplier evaluation process and the compliance of finished products with the HSE&S Management System at all stages of the product life cycle. All suppliers are screened against social, environmental, and safety aspects before being included in the approved supplier list, based on the corporate guidelines for the selection of suppliers. The most critical suppliers are also evaluated based on 'CEFIC' protocol.

The Company continues to engage new suppliers and ensure that they comply with all applicable laws, regulations, and the internal value system. The vendor policy complies with human rights, labour and social standards, and anti-discrimination and anti-corruption policies, in addition to protecting the environment. Continuous reviews of the policy for suppliers are conducted.

Regular HSE&S audits of suppliers are conducted to ensure compliance with the vendor policy. Relevant avenues for improvement are shared with suppliers as part of the process. Frequent pro-bono training on HSE&S best practices in warehousing, transportation, and logistics are conducted to minimise loss-time injury or fatality.

10%
vs SPLY
**Net Turnover**
PKR 120,460 million

17%
vs SPLY
**Operating Profit**
PKR 17,151 million

-19%
vs SPLY
**Profit After Tax**
PKR 11,140 million

-19%
vs SPLY
**Earnings Per Share**
PKR 120.62

**Business-wise Performance vs the SPLY**

| Polyester | Soda Ash | Pharmaceuticals | Chemicals & Agri Sciences | Animal Health |
|---|---|---|---|---|
| 0% | 15% | 33% | 17% | -1% |

**Overview of LCI's Performance on an Unconsolidated Basis**

# Integrity Management

## Key Performance Indicators

| | Units | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Target 2024-25 |
|---|---|---|---|---|---|---|---|
| **Code of Conduct confirmed incidents** | Number | 1 | 0 | 0 | 1 | **4** | 0 |
| **Code of Conduct acceptance** | % Employees | 100 | 100 | 100 | 100 | **100** | 100 |
| **Management audits (Including reassurance audits)** | Number | 6 | 6 | 6 | 6 | **6** | 6 |
| **Serious incidents - Level 3** | Number | 0 | 0 | 0 | 0 | **0** | 0 |
| **Serious incidents - Level 1, 2** | Number | 4 | 4 | 3 | 6 | **4** | 0 |
| **Serious loss of containment - Cat D** | Number | 0 | 0 | 0 | 0 | **0** | 0 |
| **Regulatory action - Level 3** | Number | 0 | 0 | 0 | 0 | **0** | 0 |

### Overview 2023-24

During the year, four Code of Conduct violations were reported. Each incident was thoroughly investigated, and a comprehensive action plan was developed to prevent recurrence. To reinforce the Company's working norms, LCI regularly conducts refresher sessions on the Code of Conduct. These sessions aim to reinforce LCI's commitment to ethical behaviour and maintain a positive work environment. Moreover, all new employees at LCI receive and acknowledge the Code of Conduct during their onboarding process, ensuring a complete understanding and adherence to the Company's ethical standards.

To ensure compliance with the HSE&S Management System, the Company conducted frequent site visits, HSE&S audits, and maintained regular communication across all business units. A quarterly review of all businesses was conducted, based on the assessment of hazards and recommendations from previous reviews. This year, four incidents of Level 2 were reported. All incidents were thoroughly investigated, and corrective actions were implemented to avoid recurrence.

LCI's strategic initiatives and its continuous commitment to integrity drive sustainable economic growth, positioning the Company as a responsible industry leader shaping the future.

Details on Occupational Health and Safety KPIs are available on page 140 of this Report.

# Sourcing and Procurement

## Key Performance Indicators

| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Target 2024-25 |
|---|---|---|---|---|---|---|---|
| **Vendor policy signed by key suppliers** | % | 96 | 96 | 96 | 100 | **100%** | 98 |
| **Vendor policy signed by Central NPR suppliers** | % | 83 | 84 | 92 | 100 | **100%** | 95 |
| **Supportive supplier visits** | Number | 165 | 240 | 436 | 341 | **250** | 500 |

### Overview 2023-24

During the year, LCI continued to work closely with its supply chain partners to promote sustainability, ensure continuity in the Company's operations, and enhance its partners' business operations. The Company rigorously evaluated suppliers to ensure the procurement of high-quality raw materials and compliance with the HSE&S Management System throughout the product lifecycle. All suppliers went through comprehensive screening against social, human rights, environmental, and safety criteria before being included in the approved supplier list, in accordance with corporate guidelines for supplier selection.

As the Company continues to grow and expand, there has been a significant increase in the number of key suppliers complying with the vendor policy. During the year in review, 100% compliance with the Company's vendor policy was ensured, aligning with our evolving sustainability objectives and supporting operational continuity, while advancing our partners' sustainability efforts.

### Spend Analysis

LCI's diversified product portfolio includes light, dense soda ash, Refined Sodium Bicarbonate (RSB), Polyester Staple Fibre (PSF), general and specialty chemicals, pharmaceuticals, nutraceuticals, animal health, and agri products. The Company's supply chain operations are complex, involving multiple suppliers present both locally and internationally.

The Company works transparently with suppliers to foster enduring benefits for both parties. This approach not only enhances procurement but also creates significant value beyond transactional benefits. A summary of procurement expenditures made by each business is as follows:

| Business | Spend Analysis (PKR million) | | | % of Total Spend | |
|---|---|---|---|---|---|
| | Local | Import | Total | Local | Import |
| Polyester | 23,522 | 10,443 | 33,965 | 69.25% | 30.75% |
| Soda Ash | 6,634 | 19,296 | 25,930 | 25.58% | 74.42% |
| Animal Health | 1,835 | 2,235 | 4,070 | 45.09% | 54.91% |
| Pharmaceuticals | 2,254 | 4,001 | 6,255 | 36.00% | 64.00% |
| Chemicals & Agri Sciences | 2,041 | 7,428 | 9,469 | 21.55% | 78.45% |

## Key Initiatives FY 2023-24

### Transportation

The diverse nature of the Company's portfolio requires varied transportation for inbound and outbound materials. The requirements range from those for bulk materials such as Lime Stone, Salt, Coal, Met Coke, PTA, MEG, VAM, Polyol and finished goods to temperature-sensitive raw materials for the Pharmaceuticals Business and other finished products.

To minimise the carbon footprint, special efforts were made to transport materials through railways. This year, the Polyester Business utilised Pakistan Railways to transport 11,040 tonnes of purified terephthalic acid (PTA) with 11 trains and 231 wagons, eliminating the need for 288 vehicles and significantly reducing road congestion and environmental impact. Conversely, to move this material by road, 288 trailers (including both 2-axle and 3-axle) would have been required.

Additionally, 22,270 tonnes of soda ash for the Soda Ash Business were transported via rail from Khewra to the Karachi warehouse using 131 railway wagons, replacing 557 vehicles and demonstrating a more sustainable logistics approach. Furthermore, 2,090 Metcoke containers were transported by rail and offloaded using hydraulic tipper trucks, reducing the offloading time from 105 days to 42 days, thus saving 63 days.

Further efforts were made to supply soda ash in bulkers instead of polypropylene bags. A total of 22,270 tonnes of soda ash was delivered to customers in bulkers, thereby eliminating the need for 22,270 bags.

### Packaging

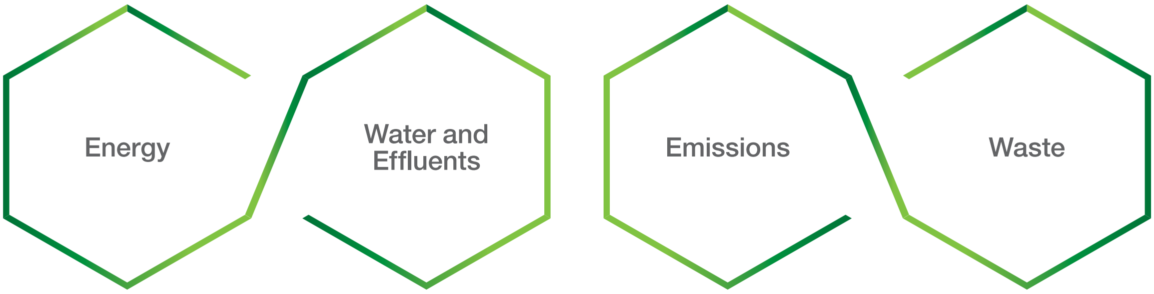
During the year in review, the Company implemented significant sustainability initiatives to reduce its carbon footprint. Transitioning from bux board to bleach board packaging in the pharmaceuticals plant resulted in savings of PKR 20.4 million and significantly reduced carbon emissions. Correspondingly, the Animal Health Business minimised paper waste in packaging materials, leading to savings of PKR 2.9 million and eliminating 5,000 kg of carbon emissions.

# Environmental Performance

LCI remains committed to delivering sustainable growth while actively shaping the future by managing the environmental impacts of its operations. Demonstrating a commitment to environmental responsibility both within the Company and beyond is a key priority.

This section provides an overview of LCI's approach to material topics related to the Company's environmental performance management efforts. Details on other disclosures relating to this area are presented in the GRI Content Index or cross-referenced within the Annual and Sustainability Reports.

## Material Topics Covered




## Management Approach

In line with its HSE&S principles, the Company is dedicated to upholding the highest standards of health and safety for its stakeholders, and to protecting the environment. Monitoring and evaluating environmental performance falls under the domain of the LCI's Health, Safety and Environment (HSE) function. The Corporate HSE function oversees HSE&S matters, including environmental performance management. Each business has its own HSE&S function that manages more specific and localised matters. Annual improvements regarding HSE&S performance are considered the collective responsibility of every employee.

The Company's HSE&S policy governs matters related to its environmental performance management. The current HSE&S policy was issued in June 2024.

The HSE&S Management System serves as a guiding framework for the Company's current and future operations. Its scope encompasses all businesses, locations, and individuals present on the Company's premises. The system adheres to globally recognised standards, such as ISO 14001 Environmental Management Systems Standard, ISO 45001 Occupational Health and Safety Management Systems, and the Responsible Care Management System.

Management of vital environmental performance parameters is carried out in line with regulatory compliance following NEQS and best global practices. Performance is monitored through the Environmental Performance Management (EPM) database. The EPM database is an application for the collation and analysis of HSE&S data and the reduction of the Company's Operational Eco-Efficiency (OEE) footprint. The data is then studied against relevant sustainability parameters to analyse each business's sustainability performance and to set goals and targets for the future. Data against environmental performance is reported internally on a quarterly basis and on an annual basis externally.

The calculation of KPIs for this report is based on the HSE&S Management System and covers all LCI businesses.

### Emissions and Energy

Each of the Company's five diverse businesses is equipped with robust systems for monitoring environmental performance and tracking carbon footprint. The systems utilise internationally recognised standards such as the Intergovernmental Panel on climate change (IPCC) and Greenhouse Gas (GHG) Protocol, to calculate Scope 1 and Scope 2 emissions, including $CO_2$, $CH_4$, $N2_O$, $SF_6$. Regular reviews and collaborations with business units drive continuous improvement and foster a culture of innovation and responsibility. No chemical classified as an ODS is listed in the Chemical Substance Inventory of LCI.

## Water and Effluents

LCI places a strong emphasis on responsible water management. Sources of water used by the Company includes surface and groundwater, which is utilised for cooling, steam generation, and housekeeping, and brackish water is used in the preparation of brine solutions. To ensure minimal environmental impact, efficient treatment processes, recycling practices, and regular compliance testing are ensured at all Company locations. In the event of an unforeseen outage, LCI's water treatment facilities are equipped with multiple units that ensure operational continuity. The discharge streams undergo regular testing to ensure compliance with the Pakistan Environmental Quality Standards.

A comprehensive approach to managing water is employed, including conducting water usage audits, risk assessments, and engaging with stakeholders, including suppliers, customers, and local communities, to promote sustainable water management.

In alignment with the Company's overall sustainability strategy and public policy, the establishment of annual water-related goals and targets, along with regular reporting on performance and possible areas of improvement, further showcases the Company's commitment to responsible water management.

## Waste

Waste minimisation is a key aspect of the Company's environmental performance strategy. The Company identifies and categorises various waste streams associated with on-site activities and minimises waste generation through enhanced process efficiency and robust control mechanisms, aimed at reducing LCI's environmental footprint. Onsite activities that are monitored for waste generation and extend beyond waste streams generated solely from chemical processes include engineering, warehousing, domestic waste from canteens, and office waste paper. The waste streams are quantified and categorised to facilitate standardised reporting to the Corporate HSE function. Data collected is used to identify opportunities for waste minimisation, establish priorities, evaluate performance against set targets, and make improvements on KPIs related to waste management.

The 4R (Refuse, Reduce, Reuse, Recycle) concept is integral to LCI's waste management approach, encouraging recycling and reusing waste where possible. Unsuitable waste is appropriately stored at the respective Company sites, in adherence to SOPs. Once the predetermined threshold is reached, the waste is disposed of responsibly through approved vendors following strict screening processes. The Company's waste management is aligned with the requirements of ISO 14001.

# Product Stewardship

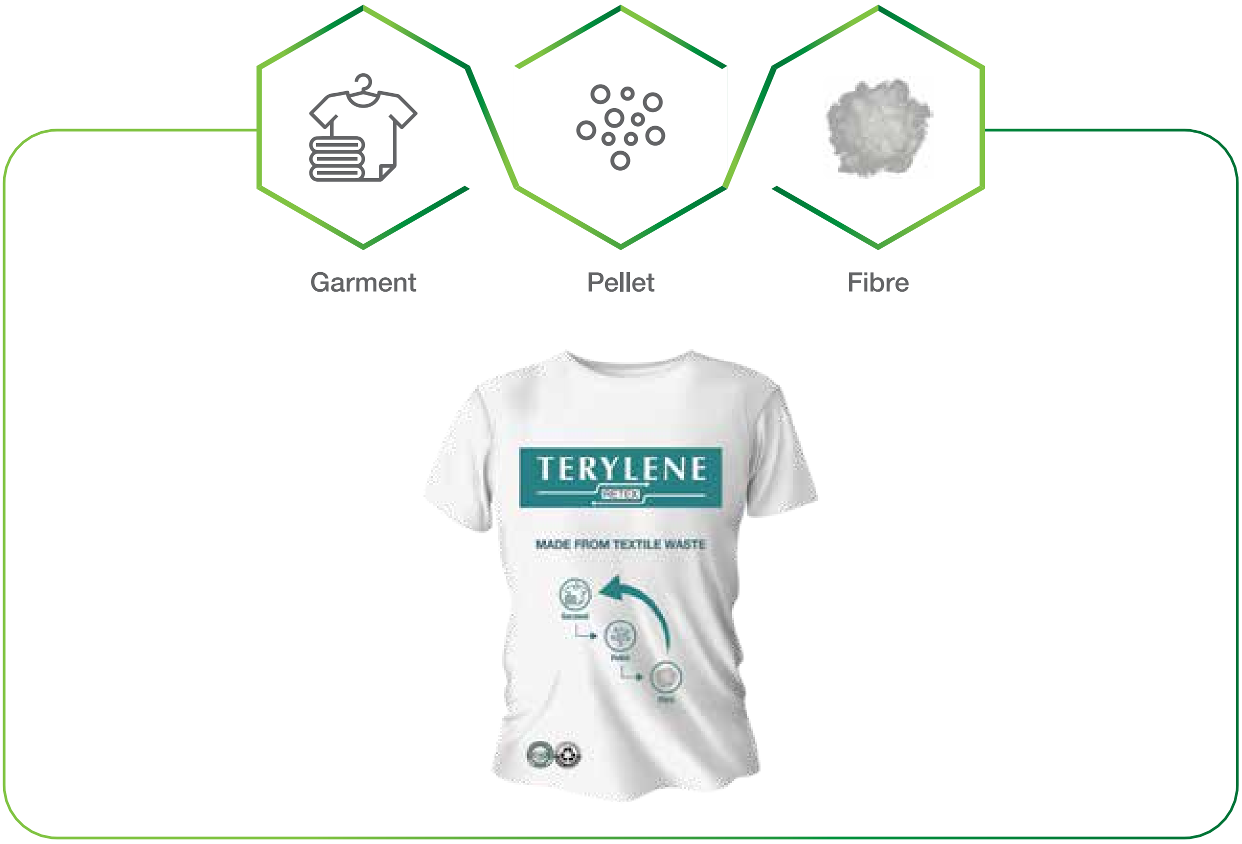
As a socially responsible Company, LCI is committed to a sustainable future by consciously measuring the health, safety, and environmental impacts of its products and actions across all steps of its value chain.

## Key Initiatives FY 2023-24

### Terylene Clean

In line with its commitment to emerging consumer trends, the Polyester Business has established itself as a leader in global Textile-to-Textile recycling with its innovative Terylene Retex product. This initiative supports the business's broader strategy to lead in sustainable textile practices. Through partnering with a renowned chemical textile waste recycler, the business imports high-quality pellets that are transformed into fibre at its manufacturing facility in Sheikhupura. During the year, Terylene Retex garnered significant attention from leading brands worldwide, underscoring its role in advancing a circular economy for textiles.

Additionally, the Polyester Business continued to collaborate with academia and CSR partners to streamline waste collection and raise awareness on the benefits of the segregation and proper disposal of waste. As part of its 'Environmentally Alive' school workshops campaign, the business invited Grade-1 students from TNS school to its recycled fibre manufacturing facility, where they learned about plastic pollution, participated in a drawing activity, and toured the manufacturing facility to see the PET waste conversion process.




### Building Transparency with FibreTrace

During the year, the Polyester Business partnered with FibreTrace, a leader in traceability solutions, to meet the upcoming EU regulations. This collaboration enhances the traceability of the business's sustainable products through FibreTrace's advanced digital and physical tracking technology, ensuring thorough oversight across the value chain. This partnership brings significant credibility to the business's sustainability claims, benefiting both brands and end-consumers alike. Moreover, the business launched Life Cycle Assessments (LCAs) for its product portfolio, offering detailed insights into the environmental impact of each product, reinforcing the Company's commitment to sustainability and continuous improvement.

# Energy

## Key Performance Indicators

| Energy Consumption | Units | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Target 2024-25 |
|---|---|---|---|---|---|---|---|
| **Total energy consumption** | 1000Tj | 7.79 | 7.92 | 8.30 | 9.66 | **10.13** | 10.1 |
| **Per tonne production** | GJ/te | 15.65 | 13.03 | 11.98 | 13.20 | **14.02** | 11.61 |

- For the FY 2023-24, the energy generated from the renewable source is 7.2 TJ, purchased energy is 126 TJ and 9994 TJ is non-renewable.
- For the FY 2023-24, the renewable energy intensity is 0.009 GJ per tonne of product, the purchased energy intensity is 0.174 GJ per tonne of product, and for non-renewable energy intensity is 13.8 Joule per tonne of product.

### Overview

The Company uses a mix of fuel sources including coal, furnace oil, and natural gas, to generate energy in-house for its operations, and partial energy requirement is also procured from the national grid.

During FY 2023-24, the Company made notable progress in solar energy adoption, generating 7,200 Giga Joules from solar projects across all sites. Despite this achievement, overall energy consumption increased due to elevated coal usage. For the Polyester Business, reduced demand from its downstream industry led to lower and nonlinear production rates, which consequently impacted the energy index. Conversely, increased production at the Company's pharmaceutical sites, combined with plant outages, including a scheduled shutdown at the Hawke's Bay site for transformer installation, resulted in higher diesel generator usage.

To mitigate impacts of the aforementioned and promote sustainable resource management, LCI continued working on its energy conservation projects aimed at lowering the energy index.

# Energy Efficiencies

In alignment with its sustainability agenda and core values of innovation and customer centricity, LCI has prioritised projects aimed at optimising processes for a sustainable future. The key highlights for FY 2023-24 underscore the Company's continuous efforts in advancing renewable energy projects and enhancing energy efficiency. Significant progress has been made in various ongoing initiatives, demonstrating the Company's commitment to reducing its carbon footprint.

LCI has made substantial progress in solar energy investments across its sites. The Company's largest solar project is situated at its Polyester site in Sheikhupura, followed by projects at the Bela Pumping Station of the Soda Ash Business, and the Pharmaceuticals site in Hawke's Bay. These projects have collectively generated approximately 7,200,000 megajoules of power, resulting in a reduction of over 1,200 tonnes of $CO_2$ emissions during the year.

At the Polyester plant, the VFD-driven 650 USRT chiller has led to a significant reduction of 368 tonnes of carbon emissions annually. This reduction is comparable to the environmental benefit of planting 14,720 trees.

The desuperheater installed last year at the Soda Ash Business's Dense Ash Plant 2 continues to enhance energy efficiency by extracting heat from superheated steam used in fluid bed operations. This ongoing improvement has maintained a reduction in steam consumption by 0.03 TPTA, leading to a sustained annual decrease of approximately 2,312 tonnes in $CO_2$ emissions.

The Soda Ash Business team modified the design of the Rotary Dissolver 4, reducing the number of baffle plates. This change improved operational efficiency and extended the lifespan of distillers, leading to an estimated reduction of 1,160 tonnes of $CO_2$ emissions during the year.

Modifications on Calciner 3 and 4 in the Soda Ash Business have achieved a reduction of approximately 2,313 tonnes of $CO_2$ emissions per annum. This was accomplished by reducing steam through lower moisture levels in crude sodium bicarbonate via the use of a higher mesh sieve at the rotary drum vacuum filter, and by saving steam consumption at deaerators through the complete recovery of Calciner condensates.

The Tubular Chain Conveyor (TCC) System at the Polyester plant continued to reduce electricity consumption by 95%. This system uses a drag conveyor to transport PTA instead of the more energy-intensive pneumatic air conveying. This ongoing project has decreased carbon emissions by approximately 1,167,000 kg per annum, equivalent to planting around 46,680 trees annually.

# Emissions

## Key Performance Indicators

| Emissions Control | Units | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Target 2024-25 |
|---|---|---|---|---|---|---|---|
| **Total COD emissions** | te | 24.73 | 28.73 | 40.71 | 38.06 | **37.01** | 29 |
| **Per tonne production** | kg/te | 0.05 | 0.05 | 0.06 | 0.05 | **0.05** | 0.03 |
| **Total VOC emissions** | te | 2.85 | 3.04 | 2.8 | 3.02 | **2.56** | 3.2 |
| **Per tonne production** | kg/te | 0.01 | 0.01 | 0.01 | 0.01 | **0.01** | 0.004 |
| **Total NOx emissions** | te | 2,878 | 2,612 | 2,787 | 3,268 | **3,574** | 3,531 |
| **Per tonne production** | kg/te | 5.77 | 4.29 | 4.02 | 4.51 | **4.95** | 4.05 |
| **Total SOx emissions** | te | 3,680 | 3,768 | 3,987 | 4,274 | **4,583** | 4,715 |
| **Per tonne production** | kg/te | 7.38 | 6.19 | 5.75 | 5.9 | **6.34** | 5.4 |
| **Total direct $CO_2$ emissions (Scope 1)** | te | 845,720 | 831,381 | 884,038 | 1,036,297 | **1,114,986** | 1,103,095 |
| **Per tonne production** | kg/te | 1,696 | 1,366 | 1,276 | 1,431 | **1,543** | 1,263 |
| **Total indirect $CO_2$ emissions (Scope 2)** | te | 2,213 | 1,823 | 2,452 | 3,491 | **3,350** | 2,229 |
| **Per tonne production** | kg/te | 4.44 | 3 | 3.54 | 4.82 | **4.64** | 2.55 |

### Overview

In 2023-24, the Sustainability Council prioritised monitoring and controlling emission-related KPIs through the EPM database to ensure compliance with National Environment Quality Standards (NEQS) and global requirements. As part of its Catalyst 2030 - climate action plan, during the year, the Company neutralised over 28,000 tonnes of $CO_2$, reinforcing its commitment to sustainability.

LCI maintained $NO_x$, $SO_x$, and $CO_2$ emissions within NEQS limits. However, the KPIs indicated a slight upward trend due to increased coal consumption per unit of production for electricity and steam generation at LCI's Soda Ash and Polyester Business's manufacturing sites.

Higher production at the Pharmaceuticals Business's Hawke's Bay plant, coupled with fluctuations in production levels at the Polyester and Pharmaceuticals facilities, contributed to the rise in greenhouse gases. Moreover, the lower production of the Company's eco-efficient product, silage, contributed to the increasing trend of $SO_x$ and $NO_x$ emissions.

# Catalyst 2030 - Climate Action Plan

LCI launched a comprehensive Catalyst 2030 - Climate Action Plan during the previous fiscal year, uniting all its businesses to combat climate change. Building on last year's achievements, the programme focuses on:

- Decarbonisation through efficiency and technology improvements
- Adopting nature-based solutions through planting initiatives
- Collaboration for broader community impact

## Actionable Initiatives

- Neutralise 80,000 tonnes of $CO_2$ by 2030
- Recycle 360 million PET bottles annually by 2030
- Recycle 220 million gallons of water annually by 2030
- Eliminate single-use plastic bottles in corporate offices by 2022
- Plant 215,000 trees by 2030

### Catalyst 2030 Impact Overview FY 2023-24

| Catalyst 2030 – Impact Areas | Units | FY 2023-24 | Total (since July 2022) |
|---|---|---|---|
| Neutralise carbon emissions | tonnes | 28,584 | 52,511 |
| Recycle PET bottles to produce polyester | million bottles | 267.2 | 466.1 |
| Trees planted | number | 49,100 | 83,260 |

In FY 2023-24, the Catalyst 2030 - Climate Action Plan demonstrated substantial advancements in its environmental impact objectives. During this period, the Company successfully neutralised 28,584 tonnes of $CO_2$, enhancing the cumulative total to 52,511 tonnes since the programme's inception in July 2022.

In addition to carbon neutralisation, the Company has made remarkable progress in recycling initiatives. A total of 267.2 million PET bottles were recycled to produce high-quality polyester, contributing to a cumulative total of 466.1 million bottles, highlighting the Company's dedication to circular economy practices and reducing plastic waste.

The environmental impact also extended to tree planting efforts, with 49,100 trees planted during FY 2023-24. This brings the total number of trees planted since July 2022 to 83,260, further enhancing biodiversity and supporting ecosystem restoration.

In a key move to advance sustainability, the Company has eliminated the use of single-use plastic bottles across all its Corporate Offices. This initiative not only reflects the Company's commitment to reducing plastic waste but also sets a benchmark for sustainable practices within the organisation.

Overall, the progress achieved under Catalyst 2030 – Climate Action Plan exemplifies the Company's dedication to environmental stewardship and its ongoing efforts to shape a sustainable future.

6 CLEAN WATER AND SANITATION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

# Water and Effluents

## Key Performance Indicators

| Water Usage | Units | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Target 2024-25 |
|---|---|---|---|---|---|---|---|
| **Total fresh water use** | million m3 | 5.3 | 5.1 | 5.6 | 6.31 | **6.56** | 7.38 |
| **Per tonne production** | kg/te | 10.62 | 8.30 | 8.20 | 8.72 | **9.07** | 8.47 |
| **% of site with sustainable fresh water** | % | 66% | 66% | 66% | 66% | **83%** | 75% |

## Water Discharge and Consumption FY 2023-24

| Water Withdrawal | Soda Ash | Chemicals and Agri Sciences | Pharma-ceuticals | Polyester | Animal Health | Total Water Consump-tion |
|---|---|---|---|---|---|---|
| **Water withdrawal by source** | m3 | m3 | m3 | m3 | **m3** | m3 |
| **Surface water (total)** | 1,314,783.00 | - | - | - | **-** | 1,314,783.00 |
| Freshwater (≤1,000 mg/L TDS) | 702,764.00 | | | | | 702,764.00 |
| Other water (>1,000 mg/L TDS) | 612,019.00 | | | | | 612,019.00 |
| **Groundwater (total)** | 8,194,915.41 | - | 4,314.00 | 1,293,730.00 | **2,425.00** | 9,495,384.41 |
| Freshwater (≤1,000 mg/L TDS) | 4,500,055.41 | | 4,314.00 | 1,293,730.00 | **2,425.00** | 5,800,524.41 |
| Other water (>1,000 mg/L TDS) | 3,694,860.00 | | | | | 3,694,860.00 |
| **Produced water (total)** | - | - | - | 34,479.00 | **-** | 34,479.00 |
| Freshwater (≤1,000 mg/L TDS) | | | | | | - |
| Other water (>1,000 mg/L TDS) | | | | 34,479.00 | | 34,479.00 |
| **Third party water (total)** | - | 11,935.00 | 41,889.00 | - | **-** | 53,824.00 |
| Freshwater (≤1,000 mg/L TDS) | | 11,935.00 | 41,889.00 | | | 53,824.00 |
| Other water (>1,000 mg/L TDS) | - | | | | | - |
| **Total water withdrawal** | 9,509,698.41 | 11,935.00 | 46,203.00 | 1,328,209.00 | **2,425.00** | 10,898,470.41 |
| **Water discharge [Disclosure 303-4]** | | | | | | |
| **Water discharge by destination** | | | | | | - |
| Surface water | 0 | 2,641.00 | 20,488.00 | 964,791.00 | **1,213.00** | 989,133.00 |
| Groundwater | | | | | | - |
| Seawater | | | | | | |
| Third-party water | | | | | | - |
| **Total water discharge** | - | 2,641 | 20,488 | 964,791 | **1,213** | 989,133.00 |
| **Water consumption** | | | | | | - |
| **Total water consumption** | 9,509,698.41 | 9,294.00 | 25,715.00 | 363,418.00 | **1,212.00** | 9,909,337.41 |

*LCI does not withdraw water from regions experiencing water stress.

### Overview:

During the year in review, water consumption witnessed a slight increase compared to the previous year. This rise is primarily attributed to the installation of a new cooling water system and increased power generation from Co-Gen facilities within the Soda Ash Business. Additionally, higher production of liquid products (Mucaine and Citralka) at the Pharmaceuticals Business's Hawke's Bay site contributed to the increase in water use.

Furthermore, the Polyester Business's lower production rates further impacted the water index, underscoring the nonlinear relationship between the index and production rates.

To address these challenges and ensure responsible water usage, cross-functional teams were established to monitor water consumption during the year. Areas of improvement were promptly identified and addressed to mitigate the waste of water.

## Conserving Every Drop

Water is a vital natural resource, integral to both sustainability and business continuity. Recognising its importance, LCI has made water management a cornerstone of its sustainability strategy. LCI is committed to continually improving its water conservation practices and extending these efforts beyond its operations by actively involving local communities in water conservation initiatives.

### Responsible Water Management

LCI places a strong emphasis on responsible water management. To ensure minimal environmental impact, efficient treatment processes, recycling practices, and regular compliance testing are implemented at all Company locations. Water treatment facilities are equipped with multiple units to ensure operational continuity in the event of an unforeseen outage. Furthermore, regular testing of discharge streams is conducted to ensure compliance with the Pakistan Environmental Quality Standards (PEQS).

### Revitalising Wastewater Recovery

Committed to responsible water use, LCI actively identifies opportunities for saving and reusing water. During the year, the Soda Ash Business's Health, Safety, and Environment (HSE) team successfully revived the wastewater recovery system at both the plant and residential estates. This initiative included a comprehensive assessment and significant enhancements to the recovery network, including the cleaning of collection pits, and drain channels, and rehabilitating recovery pumps. The updated system now supports both residential and plant premises, utilising recovered wastewater for horticulture activities and reducing the demand on potable water sources.

### Conserving Potable Water

To conserve 2,000 gallons of potable water daily, Reverse Osmosis (RO) reject water and bore water are reused in workers' washrooms. RO reject water, typically discarded, and bore water, suitable for non-potable uses, are redirected for flushing toilets and other sanitary purposes. This initiative preserves valuable drinking water resources, ensuring they are reserved for essential consumption needs. The daily savings of 2,000 gallons result in a significant reduction in the carbon footprint, estimated at 5.36 kg of $CO_2$ per day, due to the lower energy requirements for pumping and treating potable water. Over a year, this initiative can lead to a total reduction of 1,956 kg of $CO_2$ emissions, demonstrating a substantial environmental benefit and promoting sustainable water management practices at the Pharmaceuticals Business's Hawke's Bay site.

# Waste

## Key Performance Indicators

| Waste Management | Units | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Target 2024-25 |
|---|---|---|---|---|---|---|---|
| **Total waste** | kte | 37.5 | 101.7 | 66.8 | 69.8 | **60.15** | 84.998 |
| **Per tonne production** | kg/te | 75.2 | 167 | 96.4 | 96.5 | **83.25** | 97.39 |
| **Total hazardous waste** | kte | 0.024 | 0.095 | 0.152 | 0.072 | **0.105** | 0.117 |
| **Per tonne production** | kg/te | 0.05 | 0.16 | 0.02 | 0.10 | **0.14** | 0.0134 |
| **Total non-reusable waste** | kte | 0.047 | 0.285 | 0.255 | 0.189 | **0.189** | 0.219 |
| **Per tonne production** | kg/te | 0.094 | 0.46 | 0.36 | 0.26 | **0.26** | 0.25 |
| **Total non-reusable hazardous waste** | kte | 0.024 | 0.095 | 0.152 | 0.072 | **0.105** | 0.117 |
| **Per tonne production** | kg/te | 0.05 | 0.16 | 0.22 | 0.10 | **0.14** | 0.134 |
| **Total hazardous waste to landfill** | kte | 0 | 0 | 0 | 0 | **0** | 0 |
| **Per tonne production** | Kg/te | 0 | 0 | 0 | 0 | **0** | 0 |

## Waste by Composition (Unit: Metric Tonnes)

| | Total waste generated | Waste diverted from disposal | Waste directed to disposal |
|---|---|---|---|
| Process waste | 59.11 | - | 59.11 |
| General plant scrap | 3,346.82 | 467.04 | 2,879.78 |
| Fly ash | 56,650.00 | 56,650.00 | - |
| Paper waste | 44.74 | 39.91 | 4.83 |
| Waste for incineration | 49.46 | - | 49.46 |
| **Total** | **60,150.13** | **57,156.95** | **2,993.19** |

## Waste Diverted from Disposal by Recovery Operations (Unit: Metric Tonnes)

| | Onsite | Off Site | Total |
|---|---|---|---|
| **Non-hazardous waste** | | | |
| Preparation for re-use | 4.27 | - | 4.27 |
| Recycling | 2.01 | 57,141.82 | 57,143.83 |
| Other recovery operations | - | - | - |
| **Total** | **6.28** | **57,141.82** | **57,148.10** |
| **Hazardous waste** | - | - | - |
| Preparation for re-use | - | - | - |
| Recycling | - | 8.85 | 8.85 |
| Other recovery operations | - | - | - |
| **Total** | **-** | **8.85** | **8.85** |
| **Total waste diverted from disposal** | **6.28** | **57,150.67** | **57,156.95** |

### Waste Directed to Disposal by Disposal Operations (Unit: Metric Tonnes)

| | Onsite | Off Site | Total |
|---|---|---|---|
| **Non-hazardous Waste** | | | |
| Incineration (with energy recovery) | - | - | - |
| Incineration (without energy recovery) | - | - | - |
| Landfilling | 1.63 | - | 1.63 |
| Other disposal operations | - | 2,882.98 | 2,882.98 |
| **Total** | **-** | **2,882.98** | **2,884.61** |
| **Hazardous waste** | - | - | - |
| Incineration (with energy recovery) | - | 97.07 | 97.07 |
| Incineration (without energy recovery) | - | 11.45 | 11.45 |
| Landfilling | 0.06 | - | 0.06 |
| Other disposal operations | - | - | - |
| **Total** | **0.06** | **106.78** | **108.57** |
| **Total waste directed to disposal** | **0.06** | **2,989.76** | **2,993.19** |

### Overview

During the year under review, the Company achieved a notable 14% reduction in total waste compared to the previous year. However, there was a slight increase in hazardous waste, primarily due to higher production of pharmaceutical products.

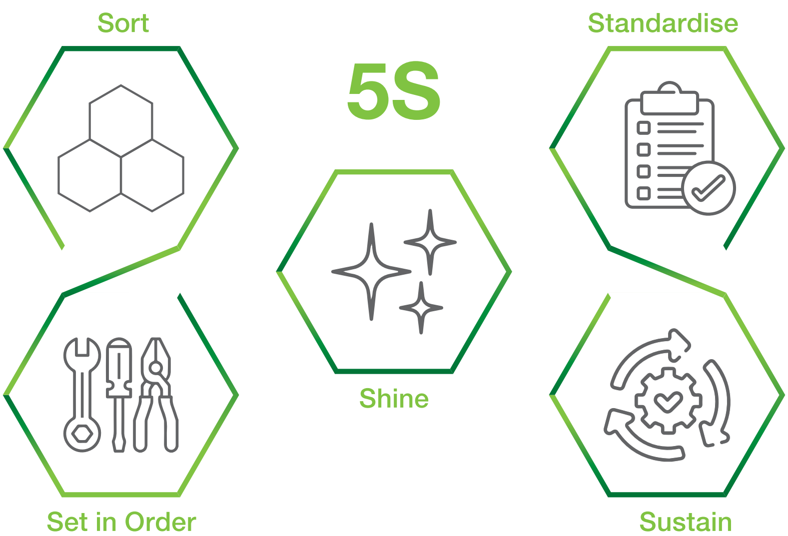
Utilising the 4R philosophy the Company believes that the first step to reducing waste is to refuse unnecessary consumption. As such, LCI has eliminated the use of single-use PET water bottles at all its locations through its Catalyst 2030 – Climate Action Plan. Communication campaigns and sustainability challenges encouraged employees to replace single use bottles with reusable alternatives.

## From Waste to Resource

Effective waste management is essential for sustainable development, influencing both environmental integrity and community well-being. In line with its core values of Passion for People and Innovation, LCI is committed to advancing circularity and environmental stewardship. During the year in review, the Company made significant progress in integrating waste reduction practices, enhancing recycling efforts, and promoting community engagement as integral elements of its sustainability strategy.

### Implementation of 5S Methodology

During the fiscal year, LCI adopted the 5S methodology to enhance workplace organisation and efficiency, aimed at fostering a disciplined environment for continuous improvement. The core principles of 5S are:



In adopting this methodology, LCI formed four-member cross-functional teams across all business functions, who were trained by SGS Pakistan Limited. Each team implemented 5S principles on site-specific projects, resulting in improved workspace organisation, equipment management, and workflow efficiency. This initiative enhanced operational processes, encouraged employee ownership, and fostered a positive cultural shift, leading to benefits including improved workflow, increased safety, a cleaner environment, more available workspace, and greater self-discipline among employees.

## Leading the Way in Zero Discharge and Quality Improvement

The Chemicals and Agri Sciences Business achieved a significant milestone by securing compliance certifications for Zero Discharge of Hazardous Chemicals (ZDHC), Chem Check Road Map to Zero, and Global Organic Textile Standards (GOTS). This milestone highlights the business's commitment to environmental responsibility and quality standards, which are vital for export-oriented operations.

## Turning Trash into Treasure

In line with its sustainability agenda, LCI is dedicated to promoting resource circularity and environmental protection through effective waste management. As part of STEP, the Company's flagship sustainability drive, the CCPA team, in collaboration with the HSE and Admin teams, inaugurated a composting station at the Head Office. This effort aims to minimise the Company's environmental footprint by enhancing organic waste management practices.

To support this initiative, a compost awareness workshop was organised in partnership with TrashIt, providing employees with valuable insights into the benefits and processes of composting. This project highlights LCI's ongoing commitment to environmental stewardship and proactive steps towards a greener tomorrow.

## A Cleaner Tomorrow

Through its Pehchan Employee Volunteer Programme, the Company actively encourages its employees to participate in regular environmental and community uplift initiatives. The Pehchan initiatives offer employees opportunities to give back to the community by supporting causes of their choice. Recognising the growing issue of waste disposal in major cities, multiple clean-up drives were arranged during the year under review.

The Animal Health Business organised a clean-up drive on Multan Road. The event was conducted to honour World Environment Day and a total of 31 kg of waste was collected for further recycling. Moreover, the Chemicals and Agri Sciences Business organised a hike to the Mushkpuri summit. A total of 100 kg of waste was collected during the activity. The Pharmaceuticals Business contributed by implementing extensive clean-up efforts at its Hattar Plant, ensuring a cleaner, greener workspace.

During the year in review, the Company upheld its strong commitment to environmental protection by consistently engaging in and expanding its environmental initiatives, contributing to a sustainable future for all.


**Composting Station at the Head Office, Karachi - Turning Trash into Treasure**

**5S Methodology training by SGS Pakistan Limited**

**Compost Awareness Workshop organised for employees at the project location**

# Social Performance

As a leading national organisation, LCI views itself as a steward shaping a better tomorrow. The Company is dedicated to maximising its positive societal impact by nurturing both its employees and the communities it serves.

This section provides an overview of LCI's approach to material topics related to the Company's social performance. Details on other disclosures relating to this area are presented in the GRI Content Index or cross-referenced within the Annual and Sustainability Reports.

## Material Topics Covered


## Management Approach

Social Performance is the joint responsibility of the HSE&S function and Human Resources (HR) function, with each team responsible for generating and monitoring positive impact in their respective area. Moreover, LCI itself and through Lucky Core Foundation (a trust) manages the creation of shared value in the communities in which the Company operates.

### Data Relating to Employees

The Company considers its 2,200+ employees as one of the key stakeholders that is responsible for the success of both the organisation and the magnitude of its positive impacts on other stakeholders and the environment. The HR function oversees the Company's people agenda and all related policies and practices are governed by LCI's Code of Conduct, applicable laws, and regulations. Depending on the nature of the initiative, approvals relating to the Company's people agenda are sought either from the Company's Board of Directors or the EMT.

LCI adheres to a holistic grievance mechanism to support ethical and fair social performance. The Company's whistleblowing policy, Speak Up, is open to all employees for the confidential reporting of Code of Conduct violations. Details on the Code of Conduct are available on page 65 of the Annual Report.

Goals and targets of related disclosures undergo thorough annual review, resulting in the identification of medium and long-term objectives. The HR function facilitates the dissemination of these goals at an individual level, and their delivery becomes part of the Company's Performance and Development System. Training needs, individual development plans, and overall effectiveness of social performance are gauged through LCI's annual performance appraisal tool, P&DD, or employee engagement survey.

All employees are covered under a robust medical policy. LCI adheres to applicable laws with regards to minimum wage, and the ratio of entry-level wage is higher than the prescribed minimum wage at all locations.

Where possible, the Company hires Senior Management from the local community. During the year, Senior management hired from Karachi, Lahore, Sheikhupura, Khewra was 67%, 33%, 0%, and 0%, respectively.

The Company ensures employee wellbeing and promotes a healthy lifestyle through its holistic Employee Wellness Programme.

### Occupational Health and Safety

The Company is committed to providing a safe and healthy working environment for all employees, contractors and visitors at its sites. The HSE&S function oversees disclosures related to Occupational Health and Safety. A detailed HSE&S management system based on the Responsible Care Management System, ISO45001, ISO14001, and ILO OSH 2001 guidelines is in place to mitigate risks associated with people, products, and process safety. The Company ensures the occupational health of each employee through health assessment and hygiene assessment plans.

## Safety Measure in Plant Operations

To ensure the safety of construction, commissioning, and operations at its manufacturing sites, LCI has implemented multiple layers of hazard and risk assessments that help identify and control risks through all stages of a project. Six layers of hazard studies consider HSE&S implications, in order to prioritise the safety and well-being of individuals involved in the project.

With a strong focus on continuous improvement, each business prioritises occupational health and safety performance through leadership commitment, staff dedication, and maintaining the highest professional standards. Moreover, employees are encouraged to report hazards through the Learning Event Database and their inputs are recorded and investigated for improvements to the Company's HSE&S processes. Furthermore, employees are engaged in behavioural safety discussions, daily safety talks, online communications, and workshops regarding all essential HSE&S matters.

The effectiveness of social performance in the area of Occupational Health and Safety is measured through the Company's Learning Event Database, Management Audits, and the Environmental Performance Management (EPM) Database.

## Disclosures Related to Corporate Social Responsibility

The Company, directly and through Lucky Core Foundation (the 'Foundation'), carries out Corporate Social Responsibility (CSR) initiatives through partnerships to support and uplift the communities. This commitment focuses on fostering positive change and socioeconomic development among underserved populations through a collaborative approach. The operations of the Foundation are managed by the Board of Trustees, and it follows the policies and objectives outlined in the Trust Deed and CSR Policy.

The Company's CSR philosophy is in harmony with the Company's vision, mission, values, and brand promise. Committed to creating shared value beyond its boundaries, the Company strives to enhance the well-being of stakeholders in the communities where it operates.

Annually, the Company contributes a set percentage of its Profit after Tax towards its CSR initiatives. Donations received are used to support various initiatives in the areas of Health, Education, Community Development, Women's Empowerment, and Environment. The effectiveness of the Company's social performance is evaluated based on the impact generated by ongoing CSR initiatives. Details on CSR performance and the impact it has created are available on page 150 of this Report.


LCI's HSE&S Management System outlines the principles governing the Company's operations across all businesses and functions concerning health, safety, environment and security.

LCI's comprehensive manual, comprising of 21 standards and 79 guidelines, facilitate effective implementation. This manual is distributed to all businesses, providing them with guidance on developing their business-specific HSE&S procedures to ensure alignment with the Company's stance on HSE&S.

The integrated management system encompasses various critical areas, which are in line with recognised standards such as ISO 45001.

# Occupational Health and Safety

## Key Performance Indicators

| | Units | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Target 2024-25 |
|---|---|---|---|---|---|---|---|
| **Total reportable injury rate (employees)** | \million hours | 0.47 | 0.44 | 0.2 | 0.48 | **0.29** | 0 |
| **Occupational illness rate** | \million hours | 0 | 0 | 0 | 0 | **0** | 0 |
| **Total illness absence rate (employees)** | % | 1.28 | 1.39 | 1.66 | 1.53 | **1.16** | 1.3 |
| **Fatalities** | number | 0 | 0 | 0 | 0 | **0** | 0 |
| **Total reportable injury rate (independent contractors)** | \million hours | 0 | 0 | 0.16 | 0.21 | **0.24** | 0 |
| **Lost time injury (independent contractors)** | number | 0 | 0 | 0 | 0 | **0** | 0 |
| **% sites with BBS programme** | % | 100 | 100 | 100 | 100 | **100** | 100 |
| **Distribution incidents** | number | 0 | 0 | 0 | 0 | **0** | 0 |
| **Motor vehicle incidents with injury** | number | 0 | 0 | 0 | 0 | **1** | 0 |

## Overview

As of June 30, 2024, the Company achieved a total of 46.5 million safe man-hours. The Soda Ash Business led with 33.7 million safe man-hours, followed by Pharmaceuticals, Animal Health, Chemicals & Agri Sciences, Polyester, and Corporate offices at 6.65 million, 0.92 million, 1.46 million, 0.04 million, and 3.72 million safe man-hours respectively.

Unfortunately, during the year, four reportable injuries, including three Loss Time Injuries and one Restricted Work Injury were recorded, with a total reportable injury rate of 0.29. All incidents underwent thorough investigations, and action plans were implemented to prevent recurrence. The TRIR has been calculated based on 1 million hours worked. LCI monitors the health and safety performance of all its employees, ensuring that no one is excluded from the data.

Our manufacturing sites have established systems to promote worker participation, consultation, and communication on occupational health and safety. Monthly joint management and worker safety meetings are one such process, led by line managers and occasionally section heads of relevant functional departments. The HSE&S function sets the agenda, and feedback is meticulously recorded. These meetings require 100% workforce participation.

The Company has established robust mechanisms to ensure a healthy working environment across all its operations. The Health Assessment Performance Index (HAPI) and Hygiene Performance Index (HYPI) programmes continued to operate Company-wide, identifying and mitigating health risks such as respiratory diseases, hearing loss, and ergonomic issues. These proactive measures led to zero reportable cases of occupational illnesses during FY 2023-24.

Workers involved in high-risk occupational activities are trained on, and well-versed in, the appropriate health and safety protocols, provided appropriate equipment, and regularly monitored. For example, employees in high-noise areas are provided with protective equipment and undergo annual hearing checks, in line with LCI's HSE&S Management System and occupational health policy. Health risks at all manufacturing sites have been assessed, and corresponding health monitoring programmes have been developed for employees.

A comprehensive HSE&S management audit was conducted across Soda Ash and Polyester Business sites, identifying areas for improvement to enhance the HSE&S culture. Training on essential HSE&S topics remains a key focus of the Company's annual HSE&S agenda.

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

## Key Initiatives FY 2023-24

### Awards and Recognitions

The Soda Ash Business received the prestigious British Safety Council International Safety Award 2024 for its exemplary Health, Safety, and Environment (HSE&S) practices. Moreover, the business was honoured with the 13th Annual Fire Safety Award, recognised by the National Forum for Environment & Health (NFEH) and the Institution of Fire Engineers (IFE), for its commitment to implementing stringent fire safety measures.

**The Soda Ash Business team receiving the Fire Safety Award**

During the year, LCI's Pharmaceuticals Business was awarded the Occupational Safety Health & Environmental Award 2023 by the Employers' Federation of Pakistan (EFP) and the Environment Excellence Award 2023 by NFEH, reflecting the Company's high standards in safety and environmental responsibility.

The Animal Health Business was recognised with the 20th Annual Environment Excellence Award by NFEH for its commitment to sustainable practices and climate protection. Moreover, the business earned a Certificate of Appreciation at the 13th Annual Fire Safety Award by NFEH and IFE for its dedication to stringent fire safety practices.

**The Animal Health Business team receiving the Environment Excellence Award**

These accolades are a testament to the Company's dedication to upholding the highest standards of HSE&S to ensure the well-being of its people and the communities in which it operates.

### Road Safety Awareness

To commemorate International Firefighters' Day 2024, the Company's Pharmaceuticals Business organised comprehensive Firefighting Training sessions at the Hawke's Bay Plant. These sessions emphasised the crucial role of firefighters in ensuring community safety and involved hands-on training on the proper use of fire extinguishers and hoses. Moreover, multiple plantation drives were conducted at the Hawke's Bay and Hattar Plants to mark significant occasions such as Earth Day, Independence Day, and the World Day for Safety and Health. These initiatives were designed to promote environmental sustainability while raising awareness about safety, illustrating the interconnectedness of environmental conservation and workplace safety. Through these efforts, the business reinforced the Company's commitment to creating a safe and healthy work environment amidst the challenges posed by climate change.

### Key HSE&S Trainings Conducted

Training employees on key HSE&S topics remains a focus area for the Company.

- The Soda Ash Business collaborated with civil defence agencies to deliver comprehensive training on disaster management, modern firefighting techniques, and emergency response. This initiative provided a blend of theoretical and practical training to enhance employee skills in fire detection, control, and evacuation.
- During the year, the Pharmaceuticals Business conducted Accident Investigation and Behaviour-Based Safety training sessions for middle and senior management to enhance site accident investigation and implement the Behaviour-Based Safety (BBS) programme. Moreover, First Aid and CPR training sessions were held at the Hawke's Bay and Hattar plants in collaboration with the Pakistan Red Crescent Society (PRCS), aimed at supporting on-site medical emergencies.
- The Polyester Business celebrated Safety Week 2023 with workshops and activities aimed at promoting safety awareness among employees.
- Moreover, to promote fire safety awareness, support the well-being of firefighters, and strengthen community bonds, the Company collaborated with Rescue 1122 to provide fire safety training for employees.

# Employee Engagement and Wellness

LCI's employees are key in the Company's efforts of shaping a brighter future and delivering lasting value. The Company continues to accelerate the development and growth of its employees, and to enhance their performance through its robust engagement and wellness programmes.

### Gauging Engagement

At LCI, shaping tomorrow begins with a dynamic and engaged workforce. This year, the Company introduced a new engagement tool as part of its 'Core Connect - Honest Voices, Stronger Choices' campaign, designed to enhance understanding of employee involvement and organisational culture. Launched in March 2024, the tool achieved a 96% participation rate and an engagement score of 4.19 (84%). These insights have been crucial for refining the Company's strategies to improve engagement and performance. The HR function is now using this data to implement targeted action plans aimed at promoting a more motivated and engaged workforce, ensuring ongoing growth and success.

### Shaping a Thriving Work Environment

During the year, the Company prioritised the wellness and engagement of its employees by organising a variety of activities through its Employee Wellness Programme. These activities were centred around three key focus areas:

- Social Connectedness
- Physical Wellness
- Mental Wellbeing and Mindfulness

### Dimension of Wellness


### Social Connectedness

A culture of care, both within and beyond the Company, is fundamentally supported by LCI's core value of Passion for People. This commitment ensures that employees are provided with ample opportunities to engage with individuals and communities, promoting the shared value that extends beyond the organisation's boundaries.

To recognise the valuable contributions of our employees, LCI launched several significant initiatives this year. The Corporate Table Tennis tournament at the Karachi Head Office featured singles and doubles matches, promoting team spirit and friendly competition. Moreover, LCI celebrated the ICC Cricket Men's World Cup by hosting a Fantasy League, which engaged around 200 employees and strengthened team bonds through shared enthusiasm and excitement.

During the month of November, the Pharmaceuticals Business celebrated Kindness Month by installing a 'Wall of Kindness,' where employees anonymously shared uplifting messages for one another. This initiative significantly enhanced workplace morale and fostered a supportive and empathetic culture.

The Company's employee volunteer programme, Pehchan, provided year-long community engagement opportunities, allowing employees to contribute to various key areas, including health, education, women's empowerment, and environmental initiatives.

Details of LCI's employee volunteer programme are available on page 155 of this Report.

**The Corporate Table Tennis tournament at the Head Office, Karachi**

## Physical Wellness

The Company places a high priority on the physical well-being of its employees, recognising it as essential for maintaining a strong, energetic, and motivated workforce. To support this, LCI provides open-access gyms and sports courts at the Head Office, Lahore corporate office, and Khewra locations, ensuring employees have access to quality training facilities year-round.

Throughout the year, LCI organised numerous internal activities, often in collaboration with external partners, to promote physical wellness among its employees. The LCI Olympics, featuring activities such as badminton and tug-of-war, encouraged physical activity and teamwork across various locations, fostering a spirit of fellowship and competition.

Wellness Week, held in Karachi, Lahore, and Sheikhupura, included diverse activities like Art Therapy Day and a Talent Show, benefiting over 300 employees and supporting both physical and mental well-being. Moreover, the Pharmaceuticals Business marked World Heart Day with a Wellness Walk, highlighting the importance of heart health and active living, and engaging over 120 participants.

These initiatives underscore LCI's commitment to creating a healthy and supportive work environment, reinforcing the Company's dedication to the physical well-being of its employees.

## Mental Wellbeing and Mindfulness

LCI recognises the growing importance of ensuring and supporting the mental and emotional wellness of its employees. Throughout the year, the Company organised several expert-led initiatives to enhance the workforce's well-being. These included asthma and allergy awareness sessions, which provided effective management strategies, and breast cancer awareness and screening sessions in collaboration with IRD Pakistan, which demonstrated a commitment to the health of female employees. The Animal Health Business, at its plant location, hosted an Art Meets Therapy event featuring canvas painting and mandala colouring, showcasing creativity as a valuable tool for mental wellness and engagement. Furthermore, the January 2024 Cardiac Awareness session provided essential information on cardiovascular health, underscoring LCI's dedication to both mental and physical wellness.


**Team LCI wins the Chemicals & Agri Sciences Cricket Tournament**


**Art Meets Therapy event organised for employees**

# Diversity, Equity and Inclusion

## Key Performance Indicators

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|
| **Governance Body** | | | | | |
| **Percentage by gender** | 75% M: 25% F<br>(6, 2) | 78% M: 22% F<br>(7, 2) | 89% M: 11% F<br>(8, 1) | 89% M: 11% F<br>(8, 1) | **90% M: 10% F<br>(9, 1)** |
| **Percentage by age** | Between 30-50: 38%<br>Above 50: 63%<br>(3, 5) | Less than 30: 14%<br>Between 30-50: 44%<br>Above 50: 56%<br>(2, 4, 5) | Less than 30: 0%<br>Between 30-50: 44%<br>Above 50: 56%<br>(4, 5) | Less than 30: 0%<br>Between 30-50: 44%<br>Above 50: 56%<br>(4, 5) | **Between 30-50: 50%<br>Above 50: 50%<br>(5, 5)** |
| **Employees** | | | | | |
| **Percentage of management employees by gender** | 93.6% M: 6.3% F | 94% M: 6% F | 93.9% M: 6.1% F | 92.6% M: 7.4% F | **92.2% M: 7.8% F** |
| **Management** | 1,520 - M, 92 - F | 1,599 - M, 104 - F | 1,603 - M, 105 - F | 1,608 - M, 129 - F | **1,617 - M, 131 - F** |
| **Trainees** | 27 - M, 13 - F | 11 - M, 4 - F | 22 - M, 18 - F | 19 - M, 11 - F | **32 - M, 9 - F** |
| **Percentage of management employees by age** | Less than 30: 29.2%<br>Between 30-50: 62.0%<br>Above 50: 8.7%<br>(483; 1,025; 144) | Less than 30: 28%<br>Between 30-50: 63%<br>Above 50: 9%<br>(474; 1,077; 153) | Less than 30: 25%<br>Between 30-50: 66%<br>Above 50: 9%<br>(427; 1,132; 149) | Less than 30: 27%<br>Between 30-50: 64%<br>Above 50: 9%<br>(462; 1,115; 160) | **Less than 30: 25%<br>Between 30-50: 63%<br>Above 50: 12%<br>(452; 1,124; 213)** |

## Overview

LCI's commitment to fostering DE&I in the workplace is deeply rooted in its core values of Integrity, Responsibility, and Passion for People. The Company believes in providing merit-based equal opportunities, supported by a robust Code of Conduct that emphasises the importance of an equitable workplace.

To reinforce DE&I at every level, LCI's Diversity, Equity, and Inclusion (DE&I) Council, comprising representatives from each business unit, works diligently to meet annual diversity targets. The Council focuses on hiring and retaining diverse employees, introducing inclusive initiatives, and sustaining a culture of respect.

The Company maintained a 10% female representation in the EMT, while the percentage of female representation in the workforce increased compared to the SPLY.

### Key Initiatives FY 2023-24

- The Company views gender diversity as a strategic priority that enhances decision-making and problem-solving, contributing to a sustainable competitive advantage. This year, the gender diversity platform, IMPACT, continued its efforts through the Yes She Can! Women Returnship Programme, which was launched last year. Through this programme, LCI successfully reintegrated two skilled women into the workforce after career breaks, supporting their professional development and promoting gender inclusivity.
- LCI's commitment to Diversity, Equity, and Inclusion (DE&I) has been central to its talent acquisition and engagement strategies. During the year, the Company fostered a culture of belonging and respect by celebrating various faith-based festivals, including Diwali, Holi, Christmas, Easter, Eid ul Fitr, Eid ul Adha, Women's Day, Mother's Day, Father's Day, Nowruz, and Men's Day.
- During the year, LCI hosted a series of engaging events, including a corporate table tennis tournament, a fantasy league during the ICC Cricket Men's World Cup, LCI Olympics, and Wellness Week. These activities not only fostered team spirit but also contributed to a vibrant and inclusive workplace culture.
- To celebrate the achievements of women in business, LCI organised a thought-provoking panel on International Women's Day, featuring spouses of employees working in leadership roles. This event underscored the Company's commitment to recognising and advancing women's contributions in the professional sphere.
- The Company participated in WIBCON 2024, with several female representatives from LCI attending the event. This occasion provided a valuable platform for sharing experiences and offering career guidance, uniting female leaders from leading organisations.
- LCI effectively leveraged social media to communicate its DE&I agenda, attracting a diverse talent pool.
- During the year, 4 female and 54 male employees took parental leave. Of these, 75% of female employees and 100% of male employees resumed work following their leave period.
- In line with the Company's commitment to fair labour practices and the importance of collective representation, 362 employees, accounting for 16% of our total workforce, are covered by collective bargaining agreements.

## Total employees by region

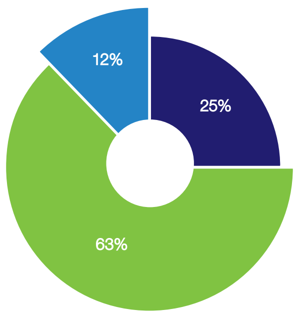
| Total Employees by Region | Punjab | Sindh | KPK | Balochistan | AJK | Others | Total |
|---|---|---|---|---|---|---|---|
| Management | 997 | 490 | 167 | 16 | **6** | **0** | **1676** |
| Non-Management | 360 | 2 | 0 | 0 | **0** | **0** | **362** |
| Management Contract | 58 | 55 | 0 | 0 | **0** | **0** | **113** |
| Apprentices | 76 | 0 | 0 | 0 | **0** | **0** | **76** |
| **Total** | 1491 | 547 | 167 | 16 | **6** | **0** | **2227** |

(All permanent and temporary employees are full time)

## Total employees by gender

| Employees data by Gender | Male | Female | Total |
|---|---|---|---|
| Management | 1557 | 119 | 1676 |
| Non-Management | 361 | 1 | 362 |
| Management Contracts | 92 | 21 | 113 |
| Apprentices | 76 | 0 | 76 |
| **Total** | 2086 | 141 | 2227 |

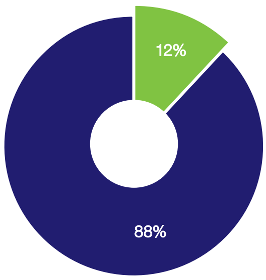
## Total management employees by age




**Total: 1,789**

- Under 30: 452
- 30 to 50: 1,124
- Above 50: 213

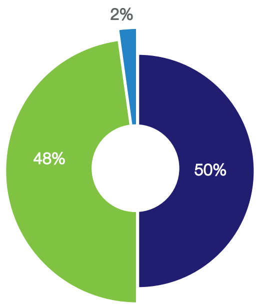
## Total number of employees hired during the year by gender




**Total: 471**

- Male: 416
- Female: 55

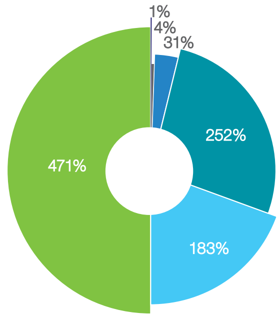
## New hires by age




**Total: 471**

- Under 30: 235
- 30 to 50: 224
- Above 50: 12

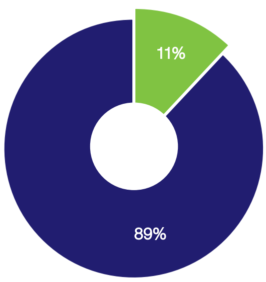
## New hires by region




**Total: 471**

- Azad Kashmir
- Balochistan
- KPK
- Punjab
- Sindh
- Total

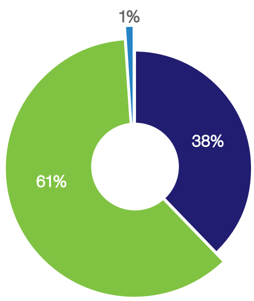
## Employee turnover during the year by gender




**Total: 366**

- Male: 325
- Female: 41

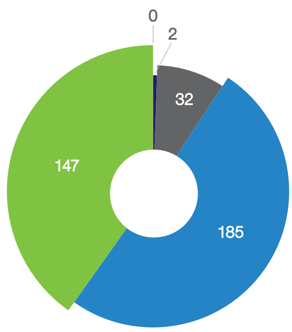
## Employee turnover during the year by age




**Total: 366**

- Under 30: 140
- 30 to 50: 222
- Above 50: 4

## Employee turnover during the year by region




**Total: 366**

- Balochistan
- KPK
- Punjab
- Sindh
- Azad Kashmir

# Training and Education

## Key Performance Indicators

| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|---|
| **Average hours of training by gender and employee category** | Hour | M: 6.8,<br>F: 8.4 | M: 4.6,<br>F: 3.3 | M: 4.9,<br>F: 2.9 | **M: 28.7,<br>F: 40.9** | **M: 18.02,<br>F: 22.72** |
| | | G30: 2.04;<br>G31: 5.1;<br>G32: 2.9;<br>G33: 6.18;<br>G34: 7.12;<br>G35: 18.5;<br>G36: 25.8;<br>G37: 44.1;<br>G38: 46.5;<br>G39: 30.8;<br>G40: 24;<br>Trainee: 6.2;<br>WL-4: | G30: 3.1;<br>G31: 3.5;<br>G32: 3.6;<br>G33: 4.5;<br>G34: 4.6;<br>G35: 5.2;<br>G36: 5.7;<br>G37: 4.9;<br>G38: 5.5;<br>G39: 7.2;<br>G40: 6.3;<br>Trainee: 3.03;<br>WL-4: | G30: 4.4;<br>G31: 12.9;<br>G32: 15.8;<br>G33: 14.2;<br>G34: 22.3;<br>G35: 32.4;<br>G36: 12.7;<br>G37: 11.7;<br>G38: 9.2;<br>G39: 11;<br>G40: 12.4;<br>Trainee: 3.8;<br>WL-4: 16 | **G30: 20.1;<br>G31: 25.8;<br>G32: 21.3;<br>G33: 44;<br>G34: 48.3;<br>G35: 35.5;<br>G36: 31;<br>G37: 23.6;<br>G38: 20.9;<br>G39: 6.8;<br>G40: 14.1;<br>Trainee: 359.3;<br>WL-4: 20** | **G30: 17;<br>G31: 12;<br>G32: 16;<br>G33: 15;<br>G34: 17;<br>G35: 19;<br>G36: 30;<br>G37: 29;<br>G38; 24;<br>G39: 28;<br>G40: 21;<br>WL-4: 45;<br>Trainees: 15** |
| **P&DD participation** | % | 98 | 100% | 100% | **100%** | **100%** |
| **Management development programme** | No. of managers participated | 122 | 86 | 126 | **129** | 97 |
| **Employee engagement index** | | NR | 7.9 (3.95) | 8.04 (4.02) | **8.2 (4.10)** | 4.19 |

*The new engagement tool scores are measured on a five-point scale. For consistency, additional details for previous years have been provided using the same scale.

## Overview

In line with our commitment to continuous learning and development, our Corporate trainings have played a pivotal role this year. This year, LCI achieved 4,763 training man days organisation wide, which is an average of 2.5 training man days per employee, encompassing 97% of our workforce. During the year in review, the Company leveraged its internal faculty for programme delivery, with 14% of the training days provided through Corporate Run Programmes, of which 58% were conducted by our Internal Faculty via in-person and online platforms.

Key trainings conducted during the year in review included, 'HR for Non-HR,' 'Finance for Non-Finance,' 'Problem-Solving and Decision Making,' and 'AI Roadmap for Organisations,' and other topics that broadly cover themes that employees work with on a day-to-day basis. Moreover, the Learning Lounge sessions featured four external guest speakers who shared insights on emotional intelligence, determination, and entrepreneurial skills. External training programmes also included sessions on 'Communication and Powerful Storytelling,' 'Media Handling in Crisis Situations,' and 'Effective Job Analysis and Descriptions,' delivered by specialised trainers.

The success of the training programmes was reflected in participant feedback, demonstrating their effectiveness. Internal training programmes received an overall rating of 90%, while external training programmes achieved 87%, both exceeding the target of 80%.

## Key Training Programmes FY 2023-24

### AI Roadmap for the Organisation
Facilitated by the Chief People Officer, this training provided strategic insights into AI implementation within our organisation. Participants learned to develop and execute an AI roadmap, focusing on both current applications and future potential, ensuring readiness for technological advancements.

### Put First Things First
An external trainer led this session, emphasising time management and task prioritisation. Employees gained practical tools to enhance productivity and align their work with core values and strategic goals.

### Art of Effective Communication
This workshop, conducted by an external trainer, aimed to improve interpersonal communication skills across the organisation, fostering clearer communication and stronger team dynamics.

### Reinvent Yourself
This transformative workshop encouraged participants to embrace change and innovation, offering strategies for personal and professional reinvention to adapt to evolving business landscapes.

### HR for Non-HR
The in-house 'HR for Non-HR' training conducted by the Centre of Excellence's Learning & Development Team, equipped employees with knowledge of HR policies and performance measurement. This session, held over two days in Lahore, contributed over 350 training hours.

### Learn to Lead
A two-day Sales and Marketing Workshop was executed across Karachi, Lahore, and Islamabad, co-facilitated by an external trainer and the Commercial Excellence Team. This workshop addressed the developmental needs of first-line leaders, focusing on uniform coaching and performance management.

### Basic to Intermediate Excel
Leveraging internal expertise, an employee from the Polyester Business conducted several in-house Excel training sessions. These two-day sessions covered basic formulas for dashboard development, enhancing employees' Excel skills.

Incident Investigation Training by Corporate HSE&S

# Career Development and Performance Management

LCI recognises that investing in employees' growth is essential for organisational success. The Company's targeted development programmes enhance individual performance while driving overall achievement and sustainability. By fostering continuous learning and providing opportunities for skill enhancement, we ensure our workforce remains competitive and adaptable to evolving industry trends.

# Employee Transition and Support Programmes

LCI is committed to ensuring a seamless transition for employees entering retirement through a robust benefits policy. This includes comprehensive terminal benefits such as provident funds, pension funds, and gratuity (where applicable). For those opting to relocate after retirement, the Company's relocation policy covers airfare, packing services, and associated expenses. Additionally, all management employees are entitled to life insurance, healthcare, disability coverage, parental leave, and retirement provisions.

Furthermore, the Company's sabbatical policy supports employees taking time off for personal interests, family care, or further education, ensuring a seamless reintegration into their roles upon return.

# Non-Discrimination

## Key Performance Indicators

| | Units | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | Target 2024-25 |
|---|---|---|---|---|---|---|---|
| **Total number of Incidents of discrimination** | No. | 0 | 0 | 0 | 0 | **0** | 0 |

### Overview

Non-discrimination is a fundamental part of LCI's Code of Conduct and value system. The suitability and selection of candidates for job opportunities is solely based on merit-based objectives and non-discriminatory criteria. The growth opportunities are transparent and solely based on performance. Moreover, the whistleblowing programme – Speak Up allows confidential reporting of Code of Conduct violations, including discriminatory practices.

Details of our whistleblowing policy are available on page 65 of this Report.

During the FY 2023-24, there were no reported incidents of discrimination at the Company. LCI remains dedicated to maintaining this record and continuously improving its focus on ethical and responsible conduct through ongoing initiatives.

### Freedom of Association and Child Labour

The Company upholds the right of employees to freedom of association. During the period under review, there were no instances where freedom of association or collective bargaining rights were compromised. Currently, 362 employees, representing 16% of our total workforce, are covered by collective bargaining agreements. The minimum notice period for operational changes, as stipulated in these agreements, is four weeks. LCI strictly prohibits all forms of child labour, forced labour, or slavery and complies with local regulations concerning legal minimum age requirements for work permits.

# Community Investment

The Company, directly and through Lucky Core Foundation (the 'Foundation'), carries out Corporate Social Responsibility (CSR) initiatives through partnerships to support and uplift the communities. This commitment focuses on fostering positive change and socioeconomic development among underserved populations through a collaborative approach.

PKR
**113.7**
million disbursed in funding

Support for
**19**
Projects/NGOs

Over
**46,000+**
individuals benefitted

## Priority Areas

- Health
- Education
- Community Development
- Women's Empowerment
- Environment

LCI
LUCKY CORE INDUSTRIES

LCF
LUCKY CORE FOUNDATION

# Health

Focused on improving access to quality healthcare, support is given to programmes that address the medical needs of the underserved communities that we serve.

## Hamqadam Community Clinics

Funding supports the Hamqadam Community Clinics in Khewra and Sheikhupura, operated by the Marie Adelaide Leprosy Centre (MALC) during the fiscal year. The clinics provide essential health services to marginalised infants and mothers. The clinics provide immunisation and nutrition monitoring for children, offer regular consultations for pregnant women, and handle various OPD cases throughout the year.

Total Consultations in Khewra in FY 2023-24:

**10,798**

Total Consultations in Sheikhupura in FY 2023-24:

**7,934**

## Community Eye Camps

In collaboration with the Layton Rahmatullah Benevolent Trust (LRBT), free-of-cost eye camps are monthly organised in Khewra, offering essential eye care services for the community. This longstanding initiative has assisted thousands of deserving patients from Khewra and neighbouring areas.

Total Camps in FY 2023-24:

**9**

Total Consultations/Surgeries in FY 2023-24:

**2,819**

## Community Cardiology and Kidney Camps

Continuing its commitment to quality healthcare, free cardiology, and kidney camps are organised in Khewra in partnership with the Tabba Heart Institute, Tabba Kidney Institute and The Kidney Centre. These camps provide attendees with access to screening tests, consultations, and ultrasound services.

Total Camps (Cardiology and Kidney) in FY 2023-24:

**3**

Number of Patients Treated in FY 2023-24:

**294**

## Paediatric Care

An extensive collaboration with the ChildLife Foundation has been maintained by funding the Resuscitation Block and Fast Track OPD of the Children's Emergency Rooms (ERs) at Mayo Hospital, Lahore, and Lyari General Hospital, Karachi respectively. These collective efforts aim to improve access to quality pediatric healthcare for children in low-income settings.

Children Treated in FY 2023-24:

**11,000+**

## Health Financial Assistance

Support was provided to patients facing financial constraints through the Aziz Tabba Foundation, highlighting a dedication to enhancing lives through healthcare excellence.

Patients Treated in FY 2023-24:

**10,000+**

Consultant doctors treating patients during a kidney camp in Khewra

Consultant doctors treating patients during eye camps in Khewra

# Education

Focused on enhancing access to quality learning opportunities, support in this priority area is concentrated on educational initiatives spanning primary, secondary, higher, and professional education levels.

## Govt. Boys and Girls Primary School, Sheikhupura

A collaboration with CARE Foundation has been ongoing to support the Government Boys and Girls Primary School in Tibbi Hariya, Sheikhupura. This initiative provides quality education to children from low-income households living on the outskirts of Sheikhupura's industrial zone.

Students Educated in FY 2023-24:

**143**

## Al-Sari Foundation Campus, Karachi

Partnership with The Citizens Foundation (TCF) continued to support the Al-Sari Foundation Primary School campus in Machar Colony, Karachi, offering educational opportunities to underserved communities.

Students Benefitted in FY 2023-24:

**30**

## Community Managed Girls High School, Bararkot

In partnership with the Friends Welfare Association, support for the teaching staff salaries at the Community Managed Girls High School (CMGHS) in Bararkot was sustained, helping enhance the educational experience of young female students.

Teachers Supported in FY 2023-24:

**4**

Students Benefitted in FY 2023-24:

**62**

## Kiran Foundation's DCTO, Kati Pahari and Alamabad School Campuses

The collaboration with Kiran Foundation continued focusing on mental health and wellness support through its Mental Health Programme at its various schools managed by the partner organisation. This initiative aims to benefit students, families, school staff, and community people, emphasising the importance of emotional well-being in educational settings and personal lives.

Students Educated in FY 2023-24:

**768**

Employees Benefitted in FY 2023-24:

**375**

Families Benefitted in FY 2023-24:

**650**

Community People Benefitted in FY 2023-24:

**400**

A teacher conducting a lab class at the Community Managed Girls High School (CMGHS) in Bararkot


Students at the event of world literacy day at Government Boys and Girls Primary School in Tibbi Hariya, Sheikhupura

# Women's Empowerment

From vocational training to educational support, funding in this priority area is dedicated to enhancing the skills and fostering the professional growth of women.

## NJV Government Higher Secondary School, Karachi

Recognising the profound impact of fostering educational opportunities and creating supportive environments for young women, a meaningful project was undertaken with Akhuwat Foundation to expand the hostel facility at NJV Government Higher Secondary School in Karachi. This collaboration involves funding the construction and furnishing of a new floor in the Female Hostel Block, which will include nine rooms, a central washroom, and essential furnishings.

Yearly Students Accommodation Capacity:

**40**

## IMPACT Scholarship Programme

The IMPACT Scholarship Programme, in partnership with Lahore University of Management Sciences (LUMS), Institute of Business Administration (IBA), Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI), and National University of Sciences and Technology (NUST), plays a crucial role in funding undergraduate degrees for deserving female students. By offering merit and need-based scholarships, this initiative aims to promote an equitable future by empowering talented female scholars and supporting their access to quality higher education.

Total Number of Partner Institutes in FY 2023-24:

**4**

Total Number of Students Supported in FY 2023-24:

**8**

## Ladies Welfare Centre, Khewra

Commitment to improving the livelihoods of female artisans is demonstrated through support for the Ladies Welfare Centre in Khewra. This initiative offers vocational training and empowers women with sustainable skills that enable them to contribute effectively to their communities.

Number of Participants in FY 2023-24:

**200**

## Murshid School of Nursing and Midwifery, Karachi

Support has been provided for female students pursuing a two-year Midwifery Diploma Programme at the Murshid School of Nursing and Midwifery, Karachi. These merit-based scholarships aim to foster women's participation in healthcare, empowering them to make significant contributions to the health sector.

Total Number of Students Supported in FY 2023-24:

**8**


MoU signing ceremony of LCI and Akhuwat Foundation for the extension of a Female Hostel Block at NJV Government Higher Secondary School, Karachi

A class of female students at Murshid School of Nursing and Midwifery, Karachi

# Community Development and Environment

Focused on cultivating a greener and cleaner future, support in this priority area centres on initiatives for environmental conservation and waste management.

## Greenbelt Development Project

Committed to forging a greener and cleaner future, efforts are focused on robust environmental initiatives. In Khewra, the Greenbelt Development Project is being led to improve local green spaces and safeguard community biodiversity.

Annual Impact:

**Community-Wide**

## Waste Recycling

Across our Karachi, Lahore, and Sheikhupura offices, waste recycling initiatives play a pivotal role in reducing environmental impact and promoting sustainable practices. In partnership with Al-Wasila Trust and Abroo Educational Welfare Organisation, we manage and process both administrative and plant waste into recyclable materials. These efforts significantly minimise waste and conserve valuable resources.

Waste Donated for Recycling in FY 2023-24:

**22,594 kgs**

Greenbelt Development project in Khewra

Recycling of administrative waste by the employees at the Company's Head Office, Karachi

# Employee Volunteer Programme

## Volunteering to Create Social Value

Launched in 2018, the Company's flagship Employee Volunteer Programme - Pehchan enables LCI's employees to do better, enrich lives and create greater shared value for communities where the Company operates.

Aimed at supporting marginalised populations, the Pehchan Programme encourages employees to engage in community-based CSR initiatives of their choice in the areas of health, education and mentorship, women's empowerment, community development and the environment.

The programme allows employees to devote up to two working days (or 16 working hours) annually on Company time in pursuit of volunteer work. Individual employees and business' contributing the highest number of volunteer hours are acknowledged quarterly and awarded annually.

**417**
Volunteers Engaged

**1,356**
Hours Dedicated

**13**
Initiatives Conducted

**6**
CSR Partners Engaged

**49**
Locations

# Pehchan volunteers participated in the following initiatives during the year

The Chemicals & Agri Sciences Business collected 100 kgs of waste during a hike to the Mushkpuri summit

World Children Day celebrated with SOS village children at TDF MagnifiScience Centre, Karachi

The Chemicals & Agri Sciences Business and the Corporate teams at the Beach Clean-up drive conducted on World Clean up Day

432 kgs of clothing collected during a Company-wide clothing donation drive

Pehchan Volunteers participated in an engaging event focused on creativity and learning at SOS Children's Village Karachi


120 pints of blood donated and 360 lives saved during Company-wide blood donation drives

# GRI Content Index

| | |
|---|---|
| **Statement of Use** | Lucky Core Industries has reported in accordance with the GRI Standards for the period July 01, 2023 to June 30, 2024. |
| **GRI 1 Used** | GRI 1: Foundation 2021 |
| **Applicable GRI Sector Standard** | No sector standard is available for our sector. |

| | | | Omission | | |
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| | 2-3 Reporting period, frequency and contact point | 105 | | | |
| | 2-4 Restatements of information | 105 | | | |
| | 2-5 External assurance | 105 | | | |
| | 2-6 Activities, value chain and other business relationships | 14, 82, 86, 90, 94,98-99, 118-119 | | | |
| | 2-7 Employees | 145 | | | |
| | 2-8 Workers who are not employees | - | 2-8 a, b, c | Information unavailable | Information is not recorded as per GRI requirements. Expected reporting in 2025 |
| | 2-9 Governance structure and composition | 48, 60, 62-63 | | | |
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| | 2-19 Remuneration policies | 48, 64 | | | |
| | 2-20 Process to determine remuneration | 48, 64 | | | |
| | 2-21 Annual total compensation ratio | - | 2-21a-c | Confidentiality constraint | Sensitive information |
| | 2-22 Statement on sustainable development strategy | 106 | | | |

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| | 2-23 Policy commitments | 13, 65, 113 | | | |
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| | 2-26 Mechanisms for seeking advice and raising concerns | 65, 67 | | | |
| | 2-27 Compliance with laws and regulations | 124 | | | |
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| | 2-30 Collective bargaining agreements | 144 | | | |
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| | 3-2 List of material topics | 110-111 | | | |
| **Economic Performance** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110-111, 122 | | | |
| **GRI 201: Economic Performance 2016** | 201-1 Direct economic value generated and distributed | 38 | | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | - | | Information unavailable | LCI does not have mechanism in place to calculate financial implications of climate change. Expected reporting in 2025 |
| | 201-3 Defined benefit plan obligations and other retirement plans | F-34-35, F40 | | | |
| | 201-4 Financial assistance received from government | F40 | | | |
| **Market Presence** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110-111, 122, 138 | | | |
| **GRI 202: Market Presence 2016** | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | 138 | | | |
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| **GRI 203: Indirect Economic Impacts 2016** | 203-1 Infrastructure investments and services supported | 150-156 | | | |
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| **Anti-Competitive Behaviour** | | | | | |
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| **GRI 205: Anti-Competitive Behaviour** | 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | 124 | | | |
| **Energy** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110-111, 127 | | | |
| **GRI 302: Energy 2016** | 302-1 Energy consumption within the organisation | 130 | | | |
| | 302-2 Energy consumption outside of the organisation | - | 302 a-c | Information unavailable | Reliable Information from value chain is not available. |
| | 302-3 Energy intensity | 130 | | | |
| | 302-4 Reduction of energy consumption | 130 | | | |
| | 302-5 Reduction in energy requirements of products and services | - | | Not applicable | LCI products are used as raw material, consumable and in sowing. |
| **Emissions** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110-111, 127 | | | |
| **GRI 305: Emissions 2016** | 305-1 Direct (Scope 1) GHG emissions | 127, 131 | | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 127, 131 | | | |
| | 305-3 Other indirect (Scope 3) GHG emissions | - | | Information unavailable | Reliable Information from value chain is not available. |
| | 305-4 GHG emissions intensity | 127, 131 | | | |
| | 305-5 Reduction of GHG emissions | 127, 131-132 | | | |
| | 305-6 Emissions of ozone-depleting substances (ODS) | 127 | | | |
| | 305-7 Nitrogen oxides ($NO_X$), sulfur oxides ($SO_X$), and other significant air emissions | 127, 131 | | | |
| **Water** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110-111, 127-128 | | | |
| **GRI 303: Water and Effluents 2018** | 303-1 Interactions with water as a shared resource | 128, 134 | | | |
| | 303-2 Management of water discharge-related impacts | 128, 134 | | | |
| | 303-3 Water withdrawal | 133 | | | |
| | 303-4 Water discharge | 133 | 303-4 b & d | Information unavailable | Information is not recorded as per GRI requirements. Expected reporting in 2025 |
| | 303-5 Water consumption | 133 | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Waste** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110-111, 127-128 | | | |
| **GRI 306: Waste 2020** | 306-1 Waste generation and significant waste-related impacts | 128 | | | |
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| **Employment and Labour Relations** | | | | | |
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| **GRI 401: Employment 2016** | 401-1 New employee hires and employee turnover | 146 | | | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 148 | | | |
| | 401-3 Parental leave | 144 | 401-3d | Information unavailable | Information is not recorded as per GRI requirements. Expected reporting in 2025 |
| **GRI 402: Labour Management Relations 2016** | 402-1 Minimum notice periods regarding operational changes | 149 | | | |
| **Diversity, Equity and Inclusion** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110, 112, 138, 144 | | | |
| **GRI 405: Diversity and Equal Opportunity 2016** | 405-1 Diversity of governance bodies and employees | 144 | | | |
| | 405-2 Ratio of basic salary and remuneration of women to men | - | 405-2 a, b | Confidentiality constraint | Sensitive information |
| **Non-Discrimination** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110, 112, 138 | | | |
| **GRI 406: Non-discrimination 2016** | 406-1 Incidents of discrimination and corrective actions taken | 149 | | | |
| **Freedom of Association and Child Labour** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110, 112, 138 | | | |
| **GRI 407: Freedom of Association and Collective Bargaining 2016** | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 149 | 407-1 a-b | Information unavailable | Reliable Information from supply chain is not available. |
| **GRI 408: Child Labour 2016** | 408-1 Operations and suppliers at significant risk for incidents of child labour | 149 | 408-1a-c | Information unavailable | Reliable Information from supply chain is not available. |

| | | | | | |
|---|---|---|---|---|---|
| **Training and Education** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110, 112, 138 | | | |
| **GRI 404: Training and Education 2016** | 404-1 Average hours of training per year per employee | 147 | | | |
| | 404-2 Programmes for upgrading employee skills and transition assistance programmes | 148 | 404-2b | Information unavailable | Information is not recorded as per GRI requirements. Expected reporting in 2025 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 148 | | | |
| **Occupational Health and Safety** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110, 112, 138-139 | | | |
| **GRI 403: Occupational Health and Safety 2018** | 403-1 Occupational health and safety management system | 138-139 | | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 139-140 | | | |
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| | 403-5 Worker training on occupational health and safety | 141 | | | |
| | 403-6 Promotion of worker health | 138, 140 | | | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 139-140 | | | |
| | 403-8 Workers covered by an occupational health and safety management system | 138 | | | |
| | 403-9 Work-related injuries | 142 | 403-9 b & c | Information unavailable | Information is not recorded as per GRI requirements. Expected reporting in 2025 |
| | 403-10 Work-related ill health | 142 | 403-10 b (i), (iii), c & d | Information unavailable | Information is not recorded as per GRI requirements. Expected reporting in 2025 |
| **Local Communities** | | | | | |
| **GRI 3: Material Topics 2021** | 3-3 Management of material topics | 110, 112, 139 | | | |
| **GRI 413: Local Communities 2016** | 413-1 Operations with local community engagement, impact assessments, and development programmes | 150-156 | | | |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | - | 413-2a | Information unavailable | Information is not recorded as per GRI requirements. Expected reporting in 2025 |

# Sustainable Development Goals

| SDGs | | PAGE NO. | GRI STANDARDS DISCLOSURE |
|---|---|---|---|
| 1 NO POVERTY | End poverty in all its forms everywhere | 138, 150-156 | 202-1, 203-2 |
| 2 ZERO HUNGER | End hunger, achieve food security and improved nutrition and promote sustainable agriculture | 38, 150-156 | 201-1, 203-1, 203-2 |
| 3 GOOD HEALTH AND WELL-BEING | Ensure healthy lives and promote well-being for all at all ages | 127, 128, 131, 135, 136-137, 138, 142, 150-156 | 203-2, 305-1, 305-2, 305-6, 305-7, 306-1, 306-2, 306-3, 403-8, 403-9, 403-10 |
| 4 QUALITY EDUCATION | Ensure inclusive and quality education for all and promote lifelong learning | 116, 147 | 2-17, 404-1 |
| 5 GENDER EQUALITY | Achieve gender equality and empower all women and girls | 38, 48, 60, 62-63, 138, 144, 146, 147, 148, 149, 150-156 | 2-9, 2-10, 201-1, 202-1, 203-1, 401-1, 404-1, 404-3, 405-1, 406-1 |
| 6 CLEAN WATER AND SANITATION | Ensure access to water and sanitation for all | 128, 133, 135, 136-137 | 303-3, 303-4, 303-5, 306-1, 306-2, 306-3 |
| 7 AFFORDABLE AND CLEAN ENERGY | Ensure access to affordable, reliable, sustainable, and modern energy for all | 38, 130, 150-156 | 201-1, 203-1, 302-1, 302-3, 302-4 |
| 8 DECENT WORK AND ECONOMIC GROWTH | Promote inclusive and sustainable economic growth, employment, and decent work for all | 38, 130, 133, 138, 142, 144, 145, 146, 147, 148, 149, 150-156 | 2-7, 2-30, 201-1, 202-1, 202-2, 203-2, 302-1, 302-3, 302-4, 303-5, 401-1, 401-2, 402-1, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3, 405-1, 407-1, 408-1 |

| SDGs | PAGE NO. | GRI STANDARDS DISCLOSURE |
|---|---|---|
| Build resilient infrastructure, promote sustainable industrialisation, and foster innovation | 38, 150-156 | 201-1, 203-1 |
| Reduce inequality within and among countries | 150-156 | 203-2 |
| Make cities inclusive, safe, resilient, and sustainable | 150-156 | 203-1 |
| Ensure sustainable consumption and production patterns | 125, 127, 128, 130, 131, 135, 136-137 | 204-1, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3 |
| Take urgent action to combat climate change and its impacts | 127, 130, 131 | 302-1, 302-3, 302-4, 305-1, 305-2, 305-4 |
| Conserve and sustainably use the oceans, seas, and marine resources | 127, 128, 131,132, 135 | 305-1, 305-2, 305-4, 305-5, 305-7, 306-1, 306-3 |
| Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss | 127, 131, 132, 135 | 305-1, 305-2, 305-4, 305-5, 305-7, 306-3 |
| Promote just, peaceful, and inclusive societies | 13, 48, 60, 62-63, 64, 65, 67, 113, 124, 149 | 2-9, 2-10, ,2-11, 2-12, 2-15, 2-20, 2-23, 2-26, 2-27, 406-1, 408-1 |
| Strengthen the means of implementation and revitalise the global partnership for sustainable development | - | Not applicable |

## Independent Assurance Statement for the Lucky Core Industries Sustainability Report 2024

### Scope

We have been engaged by Lucky Core Industries to perform an 'assurance engagement', as defined by International Standard on Assurance Engagements ISAE 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", hereafter referred to as the engagement, on the information included in the Sustainability Report 2024 ("the subject matter") referring to the period from July 01, 2023, through June 30, 2024. The report was co-reviewed by Muhammad Imran & Co., Cost & Management Accountants.

| Assurance scope | Level of assurance | Assurance criteria |
|---|---|---|
| Lucky Core Industries' declared adherence to the GRI's Standards 2021 – In accordance | Limited assurance | Global Reporting Initiative's (GRI) Standards 2021 |
| Review of the policies, initiatives, practices, and performance (qualitative and quantitative information) reported and referenced in the report | Limited assurance | Completeness and accuracy of selected reported policies, initiatives, and performance data |
| Lucky Core Industries' application of AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact | Limited assurance | The criteria set out in AA1000AP (2018) for the principles of Inclusivity, Materiality, Responsiveness, and Impact |

### Lucky Core Industries' Responsibilities

Lucky Core Industries' management is responsible for selecting the criteria and for presenting the Sustainability Report in accordance with that Criteria in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### Corporate Social Responsibility Centre Pakistan's (CSRCP) Responsibilities

Our responsibility is to express a conclusion on the subject matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ISAE 3000 (Revised) and the terms of reference for this engagement as agreed with Lucky Core Industries. Those standards require that we plan and perform our engagement to obtain assurance in line with the assurance levels mentioned in the scope and to issue a report. The nature, timing, and extent of the selected procedures depend on our judgment, including assessing the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our assurance conclusions.

### Statement of Independence, Impartiality, and Competence

CSRCP operates a strict conflict of interest check, confirming our independence to work on this assurance engagement with Lucky Core Industries. The review team has not provided consulting services and was not involved in preparing any part of the report.

CSRCP is a specialized sustainability consulting firm. The review team has the required combination of education, experience, training, and skills for this assurance engagement

### Description of Procedures Performed

Our procedures were designed to obtain the required level of assurance on which to base our conclusion. Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on the effectiveness of internal controls.

We carried out a desk review of the final draft report and communicated with Lucky Core Industries to determine the accuracy and authenticity of the report content, data points, methodologies, and policies regarding the organization's social, environmental, and economic data and activities.

Our procedures for this engagement included:

- Review adherence to the requirement of GRI Standards 2021;
- Review of the policies, initiatives, practices, and standard disclosures regarding the company's material sustainability topics contained in the report;
- Review of consistency of data/information within the report;
- Analysis of the report content against AccountAbility principles of Inclusivity, Materiality, Responsiveness, and Impact;
- Elaboration of the adjustment report; and
- Final review of the report content.

### Use of GRI Standards 2021

Lucky Core Industries declares the report to be in accordance with the GRI Standards 2021. CSRCP reviewed the use of the GRI Universal Standards and the Topic-Specific Standards, considering those standards linked to the material topics. In case of a lack of response, Lucky Core Industries provides omission statements in line with the requirements of GRI 1 Foundation 2021. Based on the analysis, minor recommendations to complete the content have been made. Lucky Core Industries has integrated our recommendations into the report.

## Adherence to AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact

CSRCP reviewed the report to analyze adherence to AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact. The primary considerations of this analysis for this report were the following:

- The report addresses how the company identifies and engages with different stakeholders, including concerns raised by stakeholders and the company's response. The report also addresses how the issues emerging from stakeholders' engagement inform risk management to identify and mitigate risks.
- Lucky Core Industries has appropriate policies and external product and management systems certification, which involve a high-level analysis of risks, non-compliance with applicable laws and regulations, and corrective actions to resolve issues.
- Lucky Core Industries' sustainability management maintains high-level support in the form of the Sustainability Council, conforming to the Company's commitment to addressing sustainability challenges and stakeholders' concerns and promoting sustainable practices in its supply chain.
- Lucky Core Industries' absolute and intensity-based environmental impact increased in 2024. The company has made significant progress and neutralized over half of the 2030 target emissions through its implementation of efficiency and nature-based solutions in the Catalyst 2030 Climate Action Plan.
- The report demonstrates a significant decrease in training hours per employee and a recordable injury rate. However, there was a substantial increase in community support investments.

## Limitations and exclusions

Excluded from the scope of our work is any verification of information relating to:

- Verification of financial figures and sustainability performance data;
- Positional statements (expression of opinion, belief, aim, or future intention of Lucky Core Industries and statements of future commitment.

## Statement of conclusion

**Assurance Scope I – Lucky Core Industries' declared adherence to the GRI's Standards 2021 – In accordance**

Nothing has come to our attention that causes us to believe that the Sustainability Report 2024 is not prepared in accordance with GRI Standards 2021. The compliance with GRI Standards has been disclosed in more detail in the GRI Content Index, which provides omission statements in case data has not been provided.

**Assurance Scope 2- Review of the policies, initiatives, practices, and performance (qualitative and quantitative information) reported and referenced in the report**

Nothing has come to our attention that causes us to believe that the information in Lucky Core Industries' Sustainability Report 2024 is not fairly stated in all material aspects.

**Assurance Scope 3 – Lucky Core Industries' application of AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact**

Nothing has come to our attention that causes us to believe that all four AA1000 AccountAbility Principles are not fairly stated in the report content and elaboration.

However, we can appoint areas of improvement for the next reporting cycle:

- Lucky Core Industries is working to reduce its emissions through improvements in efficiency, technology, and nature-based solutions as part of its Catalyst 2030: Climate Action Plan. However, to effectively decrease the environmental impact of its operations, we recommend the company include climate science (science-based targets) in its plan.
- Lucky Core Industries promotes safety, health, and environmental practices in its supply chain and conducts HSE&S audits. In 2024, the company included aspects of social impacts and human rights in its vendor policy. We recommend showcasing the results of suppliers' assessments per the revised policy and the impact of these practices in future reports.
- In 2023-24, Lucky Core Industries assessed its impact on the Sustainable Development Goals (SDGs) and found significant contributions. We recommended that the company identify the core SDGs and highlight the impacts of its products and services on core SDGs.

## Restricted use

This report is intended solely for Lucky Core Industries and is not intended to be and should not be used by anyone other than Lucky Core Industries. Any reliance placed on the report by any third party is entirely at its own risk.

Islamabad, August 19, 2024

**Muhammad Arfan Nazir,**
Director,
Corporate Social Responsibility Centre Pakistan.

**Muhammad Imran,**
Muhammad Imran & Co.,
Cost & Management Accountants Pakistan.
ICMAP Membership # 1382

# Shaping Financial Success

This section provides an in-depth analysis and record of LCI's financial performance for FY 2023-24.

# Key Performance Indicators

↑ 10%

## Net turnover

2022-23
**109,486**

2023-24
**120,460**

in PKR million

**2024 Performance**
Higher volumes of Soda Ash due to full year impact of enhanced capacity coupled with increase in sales price due to inflationary push resulted in 10% higher turnover.

↑ 17%

## Operating result

2022-23
**14,653**

2023-24
**17,151**

in PKR million

**2024 Performance**
Higher sales volume and effective margin management amidst tight control on operating expenses led to higher operating results by 17% compared to the SPLY.

↑ 90%

## Price earning

2022-23
**4.06**

2023-24
**7.71**

in Times

**2024 Performance**
After two years of dismal performance, equity markets performed better this year. The company's share price also followed suit and increased by 54% from the SPLY. Improvement in share price resulted in rationalisation of price to earning from 4.06  to 7.71.

↓ 25%

## Profit before final taxes and income tax

2022-23
**21,911**

2023-24
**16,501**

in PKR million

**2024 Performance**
Decrease mainly due to one-off gain on partial disposal of investment in NMPL shares in the SPLY. Excluding the one-off gain, there is a 37% increase in profit due to dividend income received from short-term investments coupled with higher operating result.

↑ 15%

## Equity

2022-23
**37,831**

2023-24
**43,576**

in PKR million

**2024 Performance**
Total comprehensive income for the year of PKR 11.287 billion adjusted by dividend payments of PKR 5.542 billion resulted in a 15% increase in equity compared to the SPLY.

↑ 5%

## Return on capital employed

2022-23
**32.32**

2023-24
**33.89**

in %

**2024 Performance**
Operating results of the Company increased by 17% against the SPLY. The company continued to invest in optimisation projects resulting in an increase of 46% in invested capital. Despite heavy investments, benefit of which will flow in the coming years, the ROCE improved by 5% to 33.89%.

## ↓ 19%

### Profit for the year

2022-23
**13,772**

2023-24
**11,140**

in PKR million

**2024 Performance**
Profit for the year decreased mainly due to the one-off gain in the SPLY of PKR 9.86 billion on account of partial disposal of investment in NMPL shares. Excluding the one-off gain, profit for the current year would have been higher by 41% compared to the SPLY.

## ↑ 8%

### Return on fixed assets

2022-23
**50.03**

2023-24
**54.22**

in %

**2024 Performance**
Projects started in previous years were capitalised during the year and became operational, resulting in an 8% improvement in the return on fixed assets. There are certain efficiency projects which are in progress, benefit of which will flow to the Company in the future years.

## ↑ 16%

### EBITDA

2022-23
**17,751**

2023-24
**20,596**

in PKR million

**2024 Performance**
Operating result increased by 17% which led to 16% higher EBITDA compared to the SPLY.

## ↑ 15%

### Operating result per employee

2022-23
**6.71**

2023-24
**7.71**

in PKR million

**2024 Performance**
Operating results increased by 17%, where the total number of employees remained same as SPLY resulting in higher productivity per employee. Overall operating result per employee increased by 15% against the SPLY.

## ↓ 19%

### Earnings per share

2022-23
**149.12**

2023-24
**120.62**

in PKR

**2024 Performance**
The number of shares remained consistent with last year whereas profit for the year decreased due to one-off gain on partial disposal of investment in NMPL shares in the SPLY resulting in a 19% decrease in EPS as well. Excluding the one-off gain in the SPLY, EPS would have been higher by 41%.

## ↑ 46%

### Capital expenditure

2022-23
**3,718**

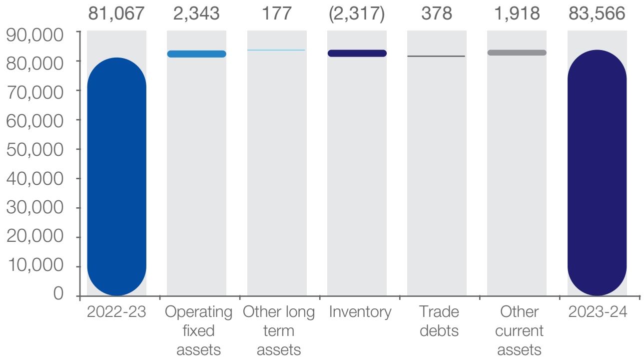
2023-24
**5,414**

in PKR million

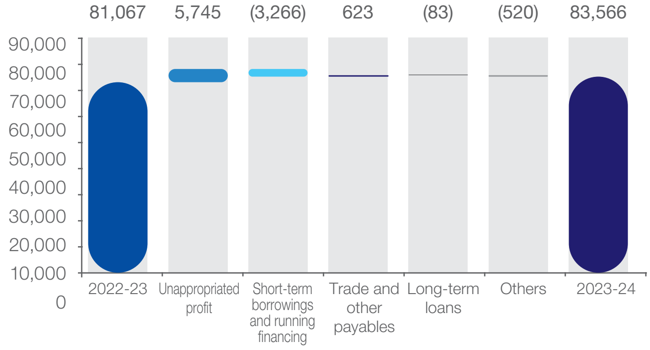
**2024 Performance**
Capital expenditures were made in current year for various projects including Coal Fired Boiler (CFB5) and Di-Ammonium Phosphate (DAP4) Soda Ash expansion projects in Soda Ash Business which resulted in an increase in capital expenditure by 46% against the SPLY.

# Financial Statements at a Glance

## Assets
PKR million




## Equity and Liabilities
PKR million




**Overview:**
During the year the asset base of the Company increased by PKR 2.499 billion, which is a 3% increase from the SPLY.

Reasons for the change in asset base are:

**Operating Fixed Assets**
Operating fixed assets increased by PKR 2.343 billion due to additions pertaining to various maintenance, expansion and efficiency projects.

**Other Long-Term Assets**
Increase in other long-term assets is primarily attributed to long-term loans extended to executives and employees, which was partially offset by a reduction in long-term investments on account of buyback of shares in Lucky TG (Private) Limited.

**Inventory**
Decrease in inventory is primarily due to a reduction in international prices of key raw materials. Inventory levels also declined following the normalisation of supply chain disruptions relative to SPLY.

**Trade Debts**
The increase in trade debts is in line with the growth in topline of the businesses, as reflected by the 10% rise in net turnover.

**Other Current Assets**
Other current assets increased by 10%, primarily due to increase in short-term investments resulting from reinvestments of dividend earned from mutual funds and realisation of sales proceeds from buyback of shares of Lucky TG (Private) Limited.

**Overview:**
During the year the equity and liability base of the company increased by PKR 2.499 billion, which is a 3% increase from the SPLY.

Reasons for the change in equity and liabilities are:

**Unappropriated Profit**
The increase is attributable to the total comprehensive income of PKR 11.287 billion for the year, partially offset by dividends paid during the year of PKR 5.542 billion.

**Short-Term Borrowings and Running Finance**
The decrease in short-term borrowings and running finance is attributed to reduced working capital requirements and the repayment of PKR 1.8 billion, which was borrowed as bridge financing in SPLY for a deposit related to the potential acquisition of shares in LOTTE Chemicals Pakistan Limited.

**Trade and other payables**
The increase in trade and other payables is in line with the 7% increase in the cost of sales.

**Long-term Loans**
The decrease in long-term loans is primarily attributable to loan repayments, partially offset by the acquisition of a new diminishing musharakah facility to fund capital expenditure requirements for Soda Ash Business.

**Others**
The reduction in other liabilities primarily reflects a decrease in accrued mark-up, partially offset by an increase in lease obligations for newly acquired vehicles and warehouses.

## Statement of Profit or Loss
PKR million

| | June 30, 2024 | % | June 30, 2023 | % |
|---|---|---|---|---|
| Net Turnover | 120,460 | 100% | 109,486 | 100% |
| Cost of Sales | (93,554) | -78% | (87,353) | -80% |
| Gross Profit | 26,906 | 22% | 22,133 | 20% |
| Operating Expenses | (9,755) | -8% | (7,480) | -7% |
| Finance Cost and Other Charges | (4,251) | -4% | (4,648) | -4% |
| Other Income | 3,601 | 3% | 11,905 | 11% |
| Final Taxes and Income Tax | (5,361) | -4% | (8,138) | -7% |
| **Profit for the year** | **11,140** | **9%** | **13,772** | **13%** |

**Overview:**

**Net Turnover**
Net turnover of the Company increased by 10% compared to the SPLY, primarily due to higher export volumes of Soda Ash Business as a result of enhanced capacity following successful commissioning of expansion projects and CPI-based price adjustment provided to the pharmaceutical industry in July 2023. Net Turnover of the Pharmaceuticals, Chemicals & Agri Sciences and Soda Ash Businesses increased by 33%, 17%, and 15% respectively as compared to the SPLY, whereas the Animal Health and Polyester Businesses remained almost in line with the SPLY.

**Cost of Sales**
Cost of Sales increased by 7% compared to the SPLY, primarily due to higher volumes coupled with a cost push on account of increase in prices of raw materials. Based on effective margin management and plant efficiencies, gross margin of the Company improved from 20% to 22% against the SPLY.

**Operating Expenses**
The increase in primarily attributable to high charges on occasion of higher freight charges and inflationary impact on other costs.

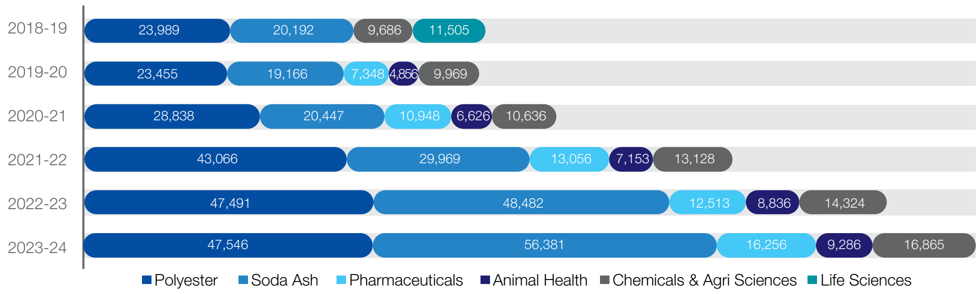
**Finance Cost and Other Charges**
Finance cost increased mainly due to full year impact of high policy rate partially offset by lower debt owing to working capital optimisation. Further, Pak Rupee appreciated against the foreign currencies which resulted in an exchange gain in current year.

**Other Income**
Other income mainly increased due to interest income on short-term deposits and dividend income from mutual funds invested from partial disposal of NMPL shares in the SPLY.

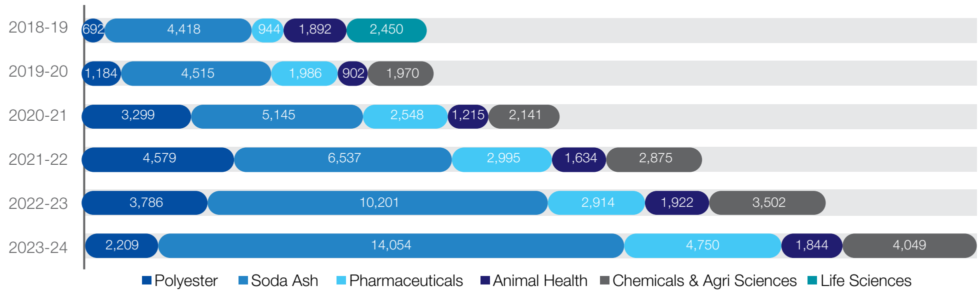
**Final Taxes and Income Tax**
Lower tax expense is in line with reduced PBT. The effective tax rate of the Company improved from 37.14% to 32.49% against the SPLY mainly due to higher exports and dividend income.

# Financial Highlights of the Segments

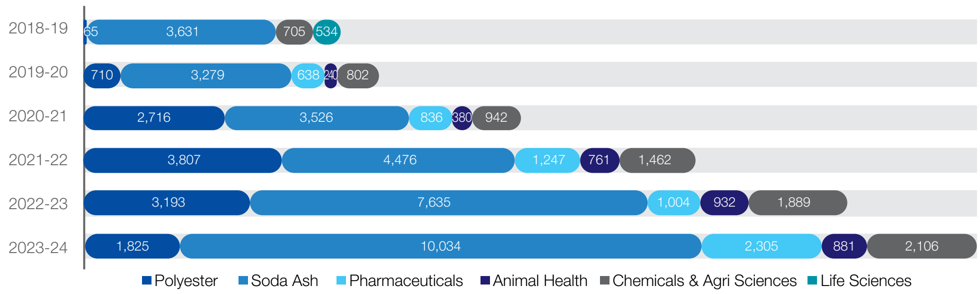
## Turnover
PKR million



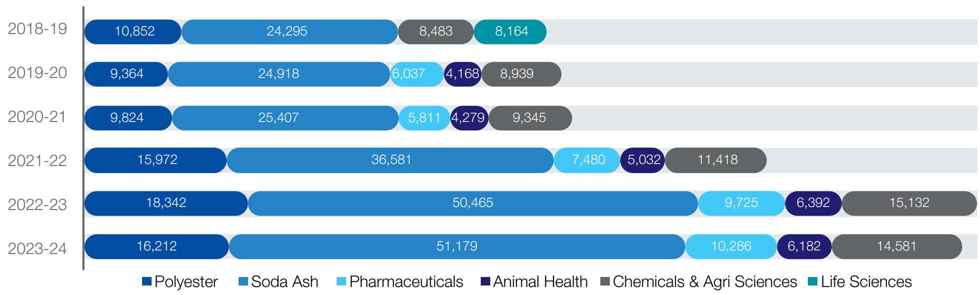

## Gross Profit
PKR million



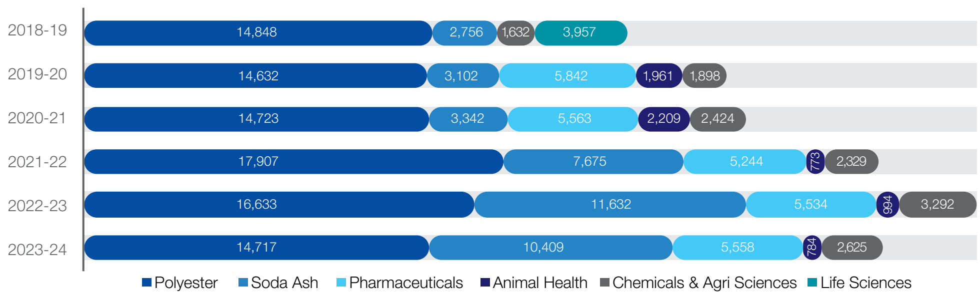

## Operating Result
PKR million




## Assets
PKR million




## Liabilities
PKR million



# Quarterly Analysis

| | Q1 | Q2 |
|---|---|---|
| **Net Turnover** | **29,100**<br>Net Turnover for the quarter at PKR 29,100 million was 20% higher compared to the SPLY with a significant contribution from the Chemicals Business witnessing an increase of 50% compared to the SPLY. Revenues of the Soda Ash, Pharmaceuticals, Animal Health and Polyester Businesses also witnessed an increase of 29%, 24%, 10% and 5% respectively versus the SPLY.<br>The Chemicals & Agri Sciences Business delivered strong financial performance on the back of improved demand in the Chemicals and Masterbatch segments.<br>The Soda Ash Business's performance was driven mainly by higher export volumes owing to the successful commissioning of the 60,000 tonnes per annum (TPA) Soda Ash expansion project in the SPLY and expansion of footprint in the international market.<br>The Pharmaceuticals Business's performance marked a rebound from last year attributed to the CPI-based price adjustment provided to the industry in July 2023.<br>The Polyester Business's increase was attributed to higher selling prices primarily due to PKR devaluation, however the Business remained under pressure due to slow off-take in downstream markets resulting from the global economic situation amidst monetary tightening.<br>The Animal Health Business continued its growth trajectory on the back of a favourable product mix. | **31,122**<br>Net Turnover for the quarter at PKR 31,122 million was 24% higher compared to the SPLY with substantial contribution from the Chemicals & Agri Sciences Business witnessing an increase of 49% versus the SPLY. Revenues of the Pharmaceuticals, Soda Ash and Polyester Businesses increased by 36%, 24% and 19% respectively, whereas the Animal Health Business witnessed a decline of 4% compared to the SPLY.<br>The Chemicals & Agri Sciences Business continued its momentum and delivered strong financial performance on the back of improved demand and effective margin management.<br>The Pharmaceuticals Business's revenue increase was attributable to commercial efforts resulting in better sales mix, coupled with a one-off price adjustment provided to the industry in July 2023, launching of new products to fulfil untapped market needs, and improving plant efficiencies.<br>The Soda Ash Business continued its growth on the back of higher exports following the successful commissioning of the 135 KTPA expansion project in SPLY.<br>The Polyester Business continued its growth trajectory from Q1 owing to higher prices due to PKR devaluation.<br>The Animal Health Business witnessed a decline of 4% versus the SPLY owing to prevailing economic conditions. |
| **Cost of Sales** | **22,797**<br>The Cost of Sales for the quarter stood at PKR 22,797 million, which was 18% higher compared to the SPLY. The increase in cost of sales was in line with increase in net turnover of the quarter. Additionally, an increase in cost of sales was primarily due to an escalation of international raw and packing material prices, higher energy costs, an elevated tax incidence, supply chain constraints, inflationary pressures and volatile exchange rates. | **24,618**<br>The cost of sales for the quarter stood at PKR 24,618 million, which was 17% higher compared to the SPLY. The increase in cost is in line with the increase in net turnover for the quarter. In addition, an increase in cost of sales is due to increase in commodity prices especially coal, higher energy costs post implementation of a 50:50 ratio of RLNG:NG, supply chain constraints, inflationary pressures and volatile exchange rates. |
| **Operating Results** | **4,100**<br>The Operating Result for the quarter stood at PKR 4,100 million, which was 33% higher than the SPLY with robust contribution from all businesses.<br>The Chemicals & Agri Sciences Business registered a growth 222% over the SPLY due to recovery of demand, effective margin management and cost optimisation. The Agri Sciences segment in particular saw favourable weather conditions versus the catastrophic monsoon floods in the SPLY.<br>The Pharmaceuticals Business witnessed an improved operating result due to new therapies, driving sales volume growth, streamlining manufacturing processes, investing to increased plant efficiencies, and optimising working capital deployment.<br>Operating result of the Soda Ash Business increased by 30% compared to the SPLY driven by higher export volume while maintaining input costs and ensuring efficient plant operations.<br>The Animal Health Business, despite cost-push pressures, was able to boost its results by 15%, resulting from operational efficiencies and an effective product mix.<br>Operating result for the Polyester business was lower by 26% compared to the SPLY as it remained under pressure due to slow off-take in downstream markets resulting from the global economic situation amidst monetary tightening along with increased energy costs. | **3,978**<br>The Operating Result for the quarter at PKR 3,978 million, which was 81% higher than the SPLY with all five businesses witnessing an increase from the SPLY. Polyester, Chemicals & Agri Sciences, Pharmaceuticals, Soda Ash and Animal Health Businesses delivered higher Operating Result by 339%, 186%, 75%, 68% and 8% respectively as compared to the SPLY.<br>The Polyester Business showed recovery during the period, despite slow off-take in downstream markets due to a bleak global economic situation amidst monetary tightening and high energy tariffs.<br>The Chemicals & Agri Sciences Business continued its growth owing to strategic cost optimisation, technical proficiency, and effective margin management. The business also witnessed a growth primarily attributable to the augmented sales of sunflower seeds.<br>The Pharmaceuticals Business growth has been driven by effectively absorbing most of the recent cost increases. This has been achieved through enhanced productivity coupled with an improved sales mix, launch of new products to fulfil untapped market needs, improved plant efficiencies and optimised working capital deployment.<br>The Soda Ash Business continued its growth primarily due to export sales of surplus product consequent to the sitdown in domestic demand. |
| **Profit for the quarter** | **2,513**<br>Profit for the quarter stood at PKR 2,513 million, which was 31% higher than the SPLY on account of higher Operating Result combined with exchange gain and other income resulting from dividend income of PKR 646 million derived from the short-term investments. This was partially offset by a 129% increase in finance cost, compared to the SPLY. The increase in finance cost was due to an increase in average debt levels to support the Company's working capital requirements owing to an increase in commodity prices and local currency depreciation. In comparison to the SPLY, Pak Rupee on average lost 30% value against the US Dollar, however, during the period, the Rupee recovered significant ground towards the end of the quarter and closed at PKR 287.7 after reaching an all-time high of PKR 307.09, resulting in exchange gain of PKR 22 million against exchange loss of PKR 221 million in the SPLY. | **2,526**<br>Profit for the quarter at PKR 2,526 million was 13% higher than the SPLY on account of higher Operating Result, an increase in exchange gain and higher other income set off by increase in the finance costs. The increase in finance cost was the result of an increase in policy rate as compared to the SPLY and increased debt levels to support higher working capital requirements. In comparison to the SPLY, the Pak Rupee on average lost 25% value against the US Dollar, however, the Pak Rupee remained stable during Q2, resulting in an exchange gain of PKR 100 million against the exchange gain of PKR 15 million in the SPLY. |

| Q3 | Q4 | Trend |
|---|---|---|

## Q3

### 31,059

Net Turnover for the quarter at PKR 31,059 million is 1% higher compared to the SPLY. Net Turnover for the Pharmaceuticals Business and Soda Ash Business is higher by 37% and 9% respectively as compared to the SPLY. In contrast, the Polyester, Animal Health and Chemicals & Agri Sciences Businesses witnessed a decline of 11%, 10% and 4% respectively compared to the SPLY. The decline was mainly attributable to a slowdown in multiple segments of the economy due to the inflationary pressure and a tight monetary policy stance of the State Bank of Pakistan negatively impacting consumer demand.

The revenue of Pharmaceuticals Business has improved on the back of positive steps taken by the government, including the approval of long overdue hardship price adjustments and the de-regulation of prices of non-essential medicines.

The Soda Ash Business continued its growth owing to higher export sales.

The Polyester Business witnessed a decrease of 11% since the global economies remained under pressure due to the impact of the ongoing recession like conditions in numerous markets.

## Q4

### 29,179

Net Turnover for the quarter at PKR 29,179 million was in line as compared to the SPLY. Net Turnover for the Pharmaceuticals, Animal Health and Soda Ash Businesses is higher by 36%, 4% and 1% respectively as compared to the SPLY. In contrast, the Polyester and Chemical & Agri Sciences Businesses witnessed a decline of 9% and 5% respectively compared to the SPLY.

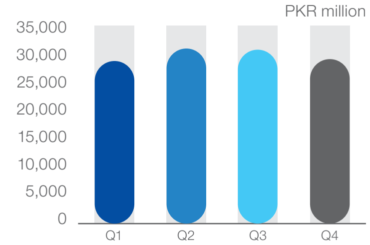
The Pharmaceuticals continued its growth primarily due to introducing new products and enhancing the sales mix.

The Animal Health Business demonstrated resilience through operational efficiencies, despite having been heavily affected by a significant slowdown in domestic poultry segment due to a decline in consumer's purchasing power due to inflationary pressures.

The Soda Ash Business maintained its performance as compared to SPLY largely driven by the additional capacity from project expansions.

The Polyester Business witnessed an decline of 9% versus the SPLY due to the slowdown in demand, which was offset by higher PSF prices following the devaluation of the PKR.

## Trend

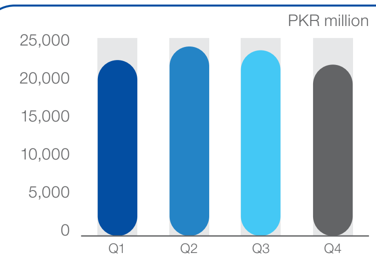



### 24,044

The cost of sales for Q3 at PKR 24,044 million grew by 1%. This was in line with the increase in Net turnover and was primarily attributable to inflationary pressures, higher energy cost and devaluation of local currency leading to a strong cost push.

### 22,095

The cost of sales for Q4 at PKR 22,095 million which is almost in line with the SPLY. This was slightly higher than the increase in net turnover due to ongoing inflationary pressures and higher energy costs.




### 4,520

Operating Result for the quarter at PKR 4,520 million is 12% lower than the SPLY. The Pharmaceuticals, Soda Ash and Animal Health Businesses delivered higher Operating Result by 132%, 14% and 6% respectively whereas the Polyester and Chemicals & Agri Sciences witnessed a decline of 58% and 38% respectively as compared to the SPLY.

The Pharmaceuticals Business's growth owed to de-regulation of non-essential medicines which would offset the significant escalation in cost of manufacturing in the recent past. This coupled with a mix of higher sales volumes, launch of innovative products, improvement in plant efficiencies and working capital optimisation led to a signicant increase.

The Soda Ash Business's performance was driven mainly by higher volumes as a result of the completion of expansion projects, which supported the Business in absorbing fixed costs despite lower margins and domestic demand.

The Animal Health Business's performance was primarily delivered on the back of an improved product mix, effective margin management and cost control.

The Polyester Business witnessed a decline owing to reduced off-take in downstream markets due to a bleak global economic situation amidst monetary tightening and high energy tariffs.

### 4,553

Operating Result for the quarter at PKR 4,553 million was higher by 7% as compared to the SPLY. The Pharmaceuticals Business and Soda Ash Business is higher by 297% and 26% respectively as compared to the SPLY. In contrast, the Animal Health, Polyester and Chemical & Agri Sciences Businesses witnessed a decline of 55%, 50% and 32% respectively compared to the SPLY.

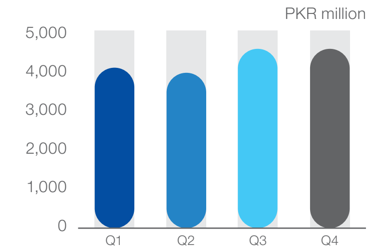
The Pharmaceuticals Business showed significant price growth accomplished by introducing new products, increasing factory efficiencies, optimising working capital deployment, and enhancing the sales mix.

The Soda Ash Business delivered higher Operating Result by 26% versus the SPLY primarily on account of higher exports following the successful project expansion of the Soda Ash plant. The improved profitability was mainly driven by lower energy costs as coal prices returned to normalised levels.

The Chemicals & Agri Sciences Business slightly declined as compared to the SPLY owing to monetary tightening measures and heightened inflation.

The Polyester Business was lower by 55% over the SPLY mainly due to lower demand and a significant increase in operating costs on account of increased gas tariff.

The Animal Health Business is experiencing a challenging business environment due to escalating farm management costs. The imposition of sales tax on cattle feed in the Federal Budget FY 2024-25 has further impacted the market. This financial strain has impacted sales and overall business performance.

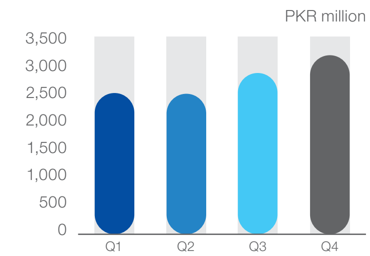



### 2,893

Profit for the quarter at PKR 2,893 million was 75% higher than the SPLY. The SPLY includes an aggregate sum of PKR 9,842 million which includes a premium for the loss of control amounting to PKR 7,282 million and gain on divestment of approximately 26.5% of the issued shares of NMPL amounting to PKR 2,560 million.

### 3,208

Profit for the quarter at PKR 3,208 million versus a loss of 862 million than the SPLY primarily due to higher tax charge in the SPLY on capital gain.



# Six Year Analysis

## Statement of Financial Position Analysis

### Assets

**Non-Current Assets**

Non-current assets mainly comprise of fixed assets and investments in subsidiaries/associates. LCI's non-current assets have increased at a compound annual growth rate (CAGR) of 6% from PKR 24.939 billion as at June 30, 2019 to PKR 35.136 billion as at June 30, 2024, attributable to various expansion / growth / investments projects undertaken by the Company. These include expansion project for the Soda Ash Business of 75,000 Tonnes Per Annum (TPA) in phase 1 and 135,000 TPA in phase 2, investment in 48 TPD production unit to produce 100% recycled PET chips for the manufacture of recycled Polyester Staple Fibre (PSF) used in producing yarn for blended textiles and setting up of the Masterbatches facility. Overall, these investments highlight the Company's steadfast dedication to its brand promise of Cultivating Growth.

During the year, non-current assets of the Company increased by 8% primarily due to capital expenditure incurred on maintenance and expansion projects of PKR 5,493 million and capitalisation right-of-use assets of PKR 188.054 million. This was partially offset by buy back of shares of Lucky TG (Private) Limited of PKR 275.4 million which were acquired for PKR 280.5 million during the year ended June 30, 2023.

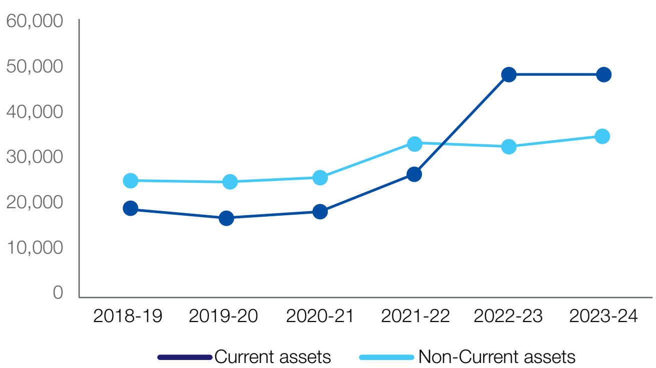
**Current Assets**

Current Assets, including Inventory and Trade debts, have increased over the last six years at a CAGR of 17% i.e. from PKR 18.575 billion to PKR 48.430 billion. This increase in Current Assets reflects the Company's growth across all businesses during the last six years.

During the year, Current Assets remained in line with the SPLY as there is an increase in the short term investments made from sales proceeds on partial disposal of shares of NMPL which is offset by a decrease in inventory.

PKR million

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | CAGR |
|---|---|---|---|---|---|---|---|
| Non-current assets | 24,939 | 24,651 | 25,640 | 33,553 | 32,616 | 35,136 | **6%** |
| Current assets | 18,575 | 16,858 | 18,164 | 26,388 | 48,451 | 48,430 | **17%** |
| | 43,514 | 41,509 | 43,804 | 59,941 | 81,067 | 83,566 | **11%** |




### Equity and Liabilities

**Equity**

Equity of the Company comprises of share capital, capital reserves and revenue reserves. The shareholder's equity has increased at a CAGR of 15% over the past 6 years primarily due to an increase in retained profits of the Company. The Company's revenue reserves also witnessed an increase on account of higher profitability while maintaining a consistent dividend payout of approximately 50% over the past six years.

Share capital remained unchanged during the current year, however, the Company has transferred PKR 18 billion from revenue reserves (unappropriated profits) to capital reserves for capacity expansions and long-term investments to more accurately reflect the nature of these reserves.

**Non-Current Liabilities**

Non-current liabilities mainly comprise of long-term borrowings from and deferred tax liabilities. Non-current liabilities have declined at a CAGR of 3% in the past 6 years mainly due to repayments of long-term loans.

During the current year, non-current liabilities decreased by PKR 470 million mainly due to reclassification of long-term loans from long term to short term portion and reversal of deferred tax liabilities on account of higher deductible temporary differences.

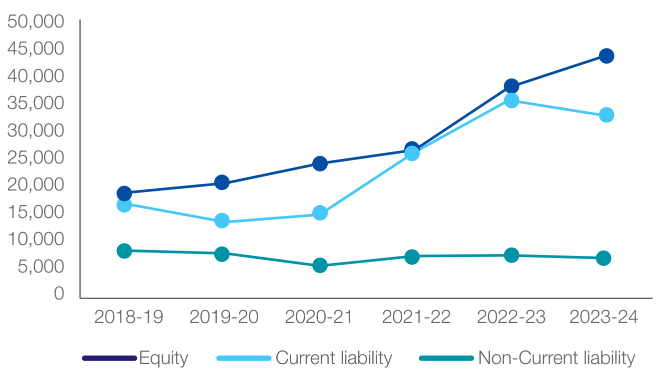
**Current Liabilities**

Over the past six years, current liabilities have increased at a CAGR of 12% due to an increase in short-term financing to support the increased working capital requirements of the Company. This increase over six years is in line with the increase in business of the Company as evident from six year's CAGR of Net Turnover. Moreover, the inflationary effect on prices of raw materials and services has also increased the overall working capital requirements of the Company.

Comparing with the last year, current liabilities have decreased by 8% mainly due to repayment of money market loan by the Company of PKR 1,800 million and decrease in accrued mark-up by PKR 351 million.

PKR million

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | CAGR |
|---|---|---|---|---|---|---|---|
| Equity | 18,609 | 20,232 | 23,879 | 26,391 | 37,831 | 43,576 | **15%** |
| Non-current liability | 8,539 | 8,024 | 5,289 | 7,380 | 7,505 | 7,035 | **-3%** |
| Current liability | 16,366 | 13,253 | 14,636 | 26,170 | 35,731 | 32,955 | **12%** |
| | 43,514 | 41,509 | 43,804 | 59,941 | 81,067 | 83,566 | **11%** |



# Statement of Profit or Loss

## Net Turnover

Net Turnover has increased from PKR 58,329 million to PKR 120,460 million at a CAGR of 13% over the past six years, owing to improved performances across all businesses on the back of continued investment in expansion projects / new products / efficiencies.

Net Turnover has increased consistently over the years, except for FY 2019-20, when it decreased because of COVID-related lockdowns. A major decline in turnover was witnessed by the Polyester Business due to a plant closure and declining prices across the petrochemicals value chain.

During the current year, Net Turnover recorded an increase of 10% due to higher export volumes in Soda Ash Business coupled with full year impact of enhanced capacity following the successful commissioning of the 135,000 tonnes per annum expansion project and an increase in prices of non-essential medicines on the back of deregulation of prices by the government for Pharmaceuticals Business. While the Chemicals & Agri Sciences Business increased by 17%, Polyester and Animal Health Businesses remained almost in line compared to the SPLY.

Timely and consistent investment in capacity expansion / new projects / lines over the six years enabled the Company to cater to increased demand over the years.

## Cost of Sales

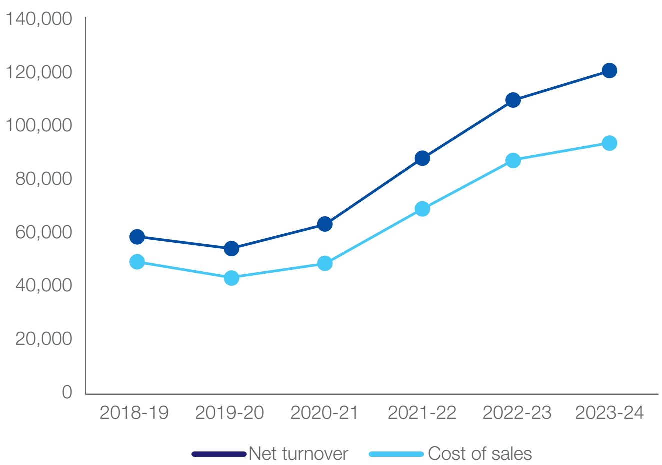
Cost of sales have increased from PKR 48,877 million to PKR 93,554 million at a CAGR of 11% over the last six years, which is lower than CAGR of Net Turnover.

Cost of Sales has increased consistently over the years, except for in FY 2019-20, when a dip in prices was caused due to COVID-related lockdowns and lower production volumes for the Polyester Business on account of plant closure and declining prices across the petrochemicals value chain.

During the current year, Cost of Sales has increased by 7% due to higher volumes coupled with a cost push on account of increase in energy cost and cost of raw materials for all the businesses of the Company.

PKR million

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | CAGR |
|---|---|---|---|---|---|---|---|
| **Net turnover** | 58,329 | 53,599 | 62,618 | 86,972 | 109,486 | 120,460 | **13%** |
| **Cost of sales** | 48,877 | 43,042 | 48,270 | 68,353 | 87,353 | 93,554 | **11%** |



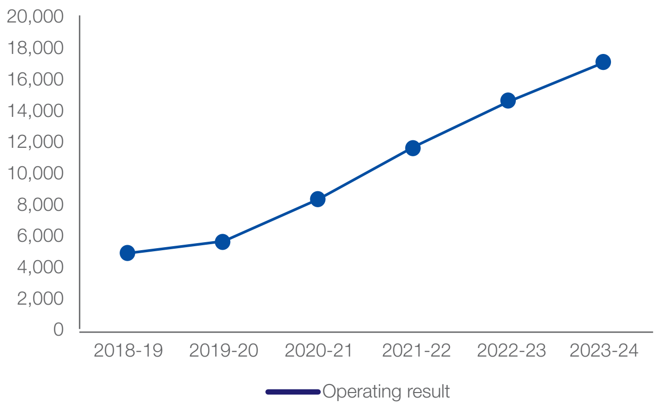

## Operating Result

Operating Result increased from PKR 4,935 million to PKR 17,151 million at a CAGR of 23% in the last six years, owing to improved performances across all businesses. The Company has maintained a constant upward trajectory in its Operating Results, mainly due to growth in each of its businesses, driven by expansion, acquisitions, new product launches and better cost efficiencies. The addition of selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited, along with investment in the 210,000 TPA Light Ash capacity expansion projects, 70,000 TPA Dense Ash capacity project, 135,000 TPA project, set up of the rPET and Masterbatches manufacturing facilities, have strengthened the Company's profile over the years.

During the current year, Operating Result recorded a significant increase of 17%, predominantly driven by full year impact of higher volumes on the back of the completion of expansion projects for the Soda Ash Business. The Pharmaceuticals Business's performance reflected sustained efforts in manufacturing and commercial excellence, leading to cost optimisation and improved sales mix. Furthermore, price adjustments allowed to the Pharmaceuticals industry helped in the recovery of margins. The Chemicals & Agri Sciences Business delivered robust results driven by a strong performance in the oil seeds category and effective margin management across its portfolio.

PKR million

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | CAGR |
|---|---|---|---|---|---|---|---|
| **Operating Result** | 4,935 | 5,669 | 8,399 | 11,753 | 14,653 | 17,151 | **23%** |




## Financial Charges / Exchange Losses

Over the past six years, Financial Charges / Exchange Losses have increased from PKR 1,891 million to PKR 3,420 million at a CAGR of 10%, reflecting an increase in Finance Costs on the back of higher borrowings to support CAPEX expansion, investment in subsidiaries and short-term borrowings to support increased working capital requirements of the Company, as well as an increase in the policy rate by State Bank of Pakistan (SBP). Exchange Losses increased over the last 5 years due to the continuous depreciation of the PKR against foreign currencies, except for current year where PKR appreciated against the foreign currencies.

During the current year, the Company has recorded an exchange gain of PKR 117 million as compared to exchange loss of PKR 965 million in the SPLY due to the appreciation of PKR by 3% against the foreign currencies. Moreover, finance cost increased by 23% compared to the SPLY mainly due to full year impact of high policy rate partially offset by lower debt owing to working capital optimisation.

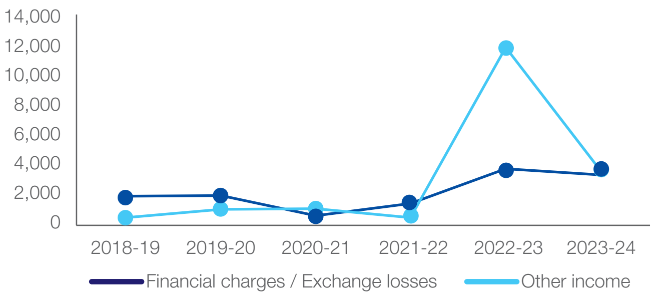
### Other Income

Other income comprises of dividend income from subsidiary / associate companies along with investments in mutual funds and scrap sales which stood at a CAGR of 44% over the past six years.

In the current year, amount of other income has reduced by 70% as compared to the SPLY mainly due to one-off gain on partial disposal of shares of NMPL in preceding year. Excluding one-off gain, other income has increased by 75% mainly due to dividend income received from short-term investments in mutual funds and scrap sales.

PKR million

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | CAGR |
|---|---|---|---|---|---|---|---|
| **Financial charges/ Exchange losses** | 1,891 | 1,962 | 538 | 1,365 | 3,845 | 3,420 | **10%** |
| **Other income** | 409 | 955 | 1,003 | 375 | 11,905 | 3,601 | **44%** |



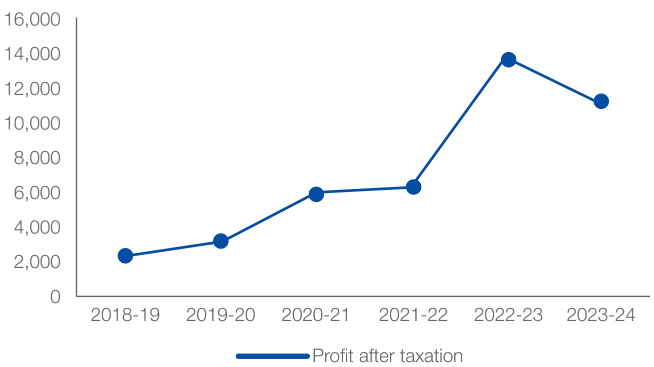

### Profit After Tax

Profit after taxation has increased at a CAGR of 30% over the past six years, primarily due to enhanced performance across all business segments, leading to a steady increase in post-tax profits. This growth has been driven by factors such as expansion, acquisitions, new product launches, and improved cost efficiencies.

Additionally, the Company has received dividend income from short-term investments in mutual funds, which has further contributed to the increase in profit after tax.

PKR million

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | CAGR |
|---|---|---|---|---|---|---|---|
| **Profit after tax** | 2,305 | 3,096 | 5,959 | 6,249 | 13,772 | 11,140 | **30%** |




# Statement of Cash Flow Analysis

### Operating Activities

From last six years, cash flow from Operating Activities witnessed constant growth, from PKR 4,529 million to PKR 14,489 million at a CAGR of 21%, due to consistent increase in profitability of the Company and improved cash flow generation across all businesses.

During the current year, cash flows from Operating Activities increased significantly by 254% as compared to the SPLY due to an increase profitability coupled with effective working capital management.

### Investing Activities

Cash used in investing activities has increased at a CAGR of 3% over the past six years and comprises investment in capital expenditure and investment in associate and subsidiary companies offset by dividend income and interest income received by the Company.

During FY 2021-22, cash used in invested activities at PKR 10,062 million was the highest in the last six years which comprised of investment in 135,000 TPA Light Soda Ash (LSA) expansion project, out of which 75,000 TPA was successfully commissioned during the same year. It also included investment in a 48TPD production unit to produce 100% recycled PET chips for the manufacture of recycled Polyester Staple Fibre (PSF) used in producing yarn for blended textiles. Further, PKR 770 million was also invested to acquire an additional 11% stake in Nutrico Pakistan (Private) Limited (NMPL). In FY 2022-23, the Company used cash for capital expenditure of PKR 3,718 million and acquisition of 51% shareholding in Lucky TG (Private) Limited amounting PKR 281 million. Conversely, disposal of 26.5% of NMPL generated cash of PKR 11,902 which resulted in cash generation of PKR 9,324 million from investing activities.

During the current year, the Company incurred capital expenditure of PKR 5,414 million mainly on expansion projects of Soda Ash Business which has been partially offset by dividend income of PKR 2,718 million from mutual funds and receipt of PKR 275 million from the buy-back of shares in Lucky TG (Private) Limited.

### Financing Activities

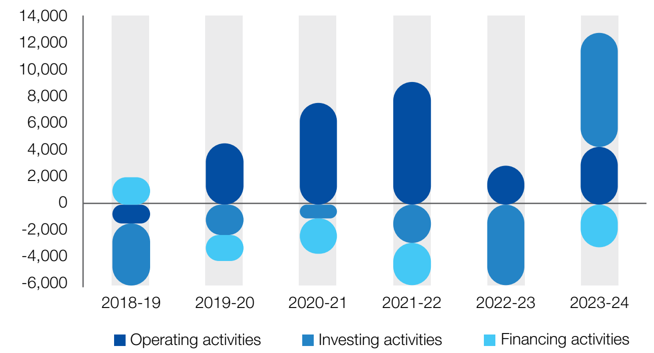
Cash used in financing Activities increased at a CAGR of 17% over the past six years which mainly comprise long-term loans obtained / (repaid) offset by dividend payments to shareholders. The Company has financed its expansionary needs and acquisitions as explained above by obtaining long-term loans. Dividend payments have been growing in line with the increase in profitability over the years.

In the current year, the Company has obtained long-term Diminishing Musharika facility of PKR 1,089 million for expansion projects of Soda Ash Business. This was offset by repayments of long-term loans of PKR 1,099 million and dividend payments of PKR 5,529 million. Hence, net cash used in financing activities increased mainly due to higher dividend payouts in the current year.

### Summary of Cash Flow Statement

PKR million

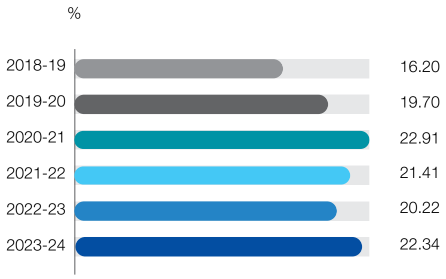
| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|---|
| Operating activities | 4,529 | 7,548 | 9,067 | 2,877 | 4,091 | 14,489 |
| Investing activities | (2,267) | (1,007) | (2,867) | (10,062) | 9,324 | (1,907) |
| Financing activities | (1,943) | (2,617) | (4,613) | (2,223) | (1,989) | (5,003) |
| | 319 | 3,924 | 1,587 | (9,408) | 11,426 | 7,579 |



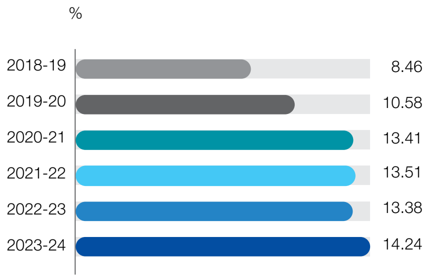
# Analysis of Financial Ratios

## Profitability ratios

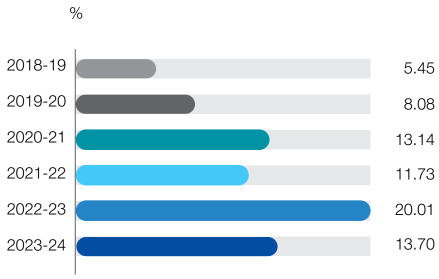
### Gross margin



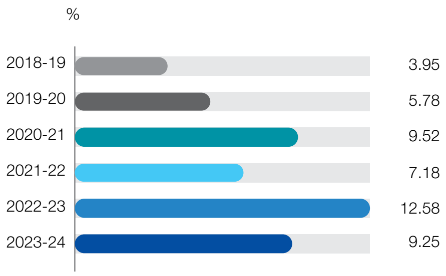

### Operating result margin



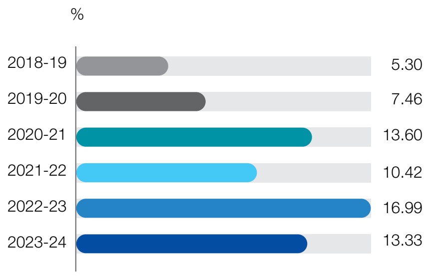

### Profit before taxation margin



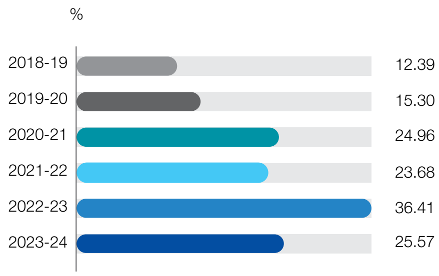

### Profit after taxation margin



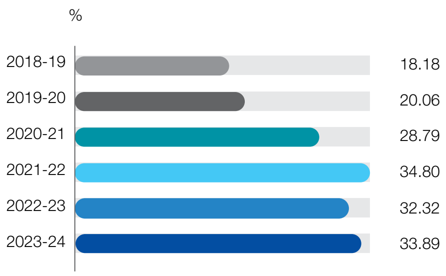

### Return on assets



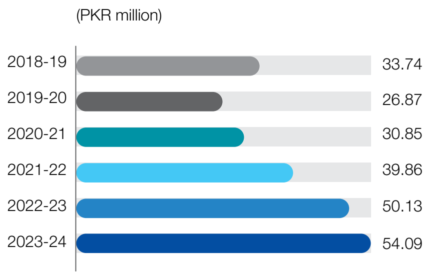

### Return on equity



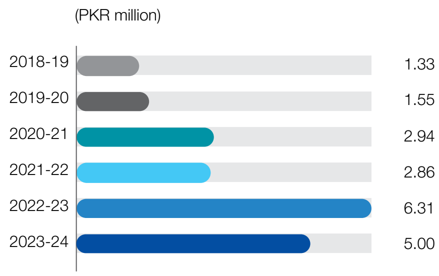

### Return on capital employed



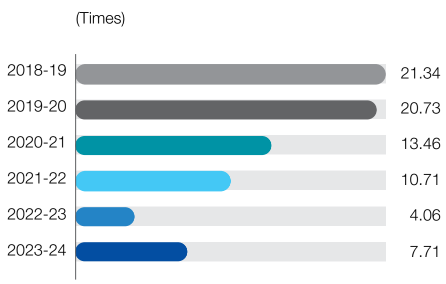

### Revenue per employee



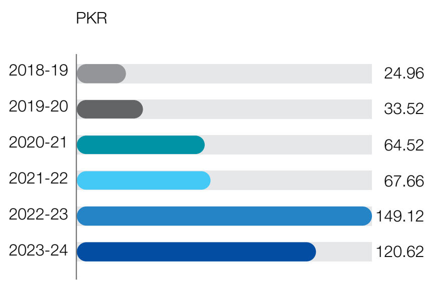

### Net income per employee



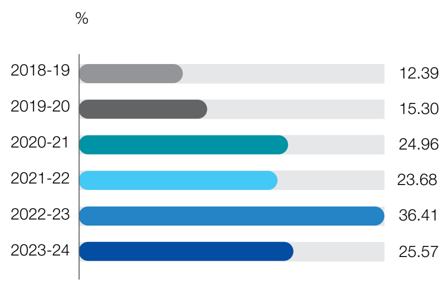
## Price earning ratio




## Earnings per share

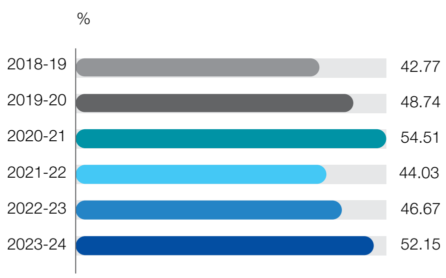



## Return on shareholders' fund

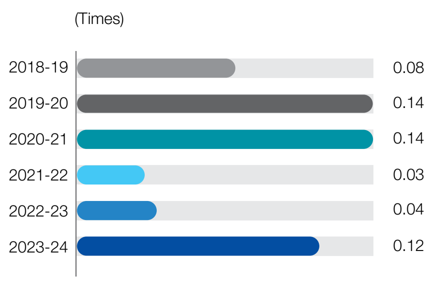



# Liquidity and other ratios

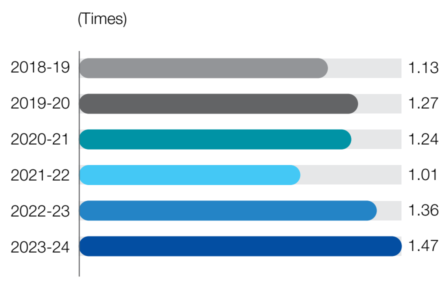
## Shareholders' fund



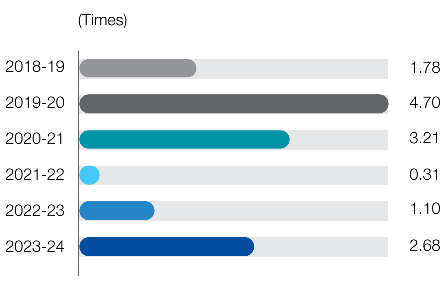

## Cash flow from operations to sales



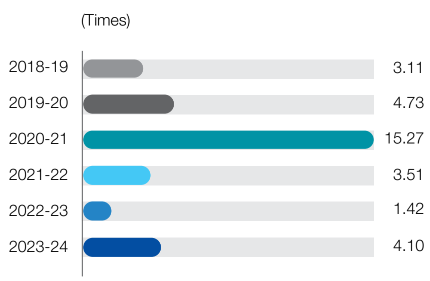

## Current ratio



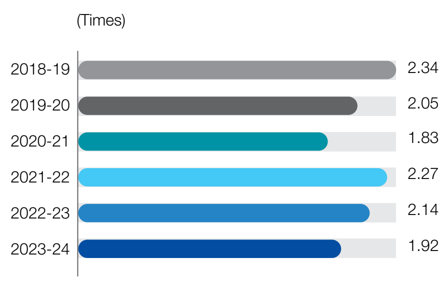

## Cash flow from operations to capital expenditure




## Cash flow coverage ratio



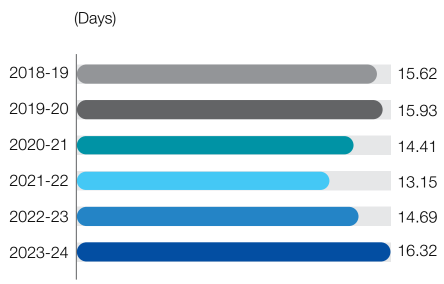

## Financial leverage ratio



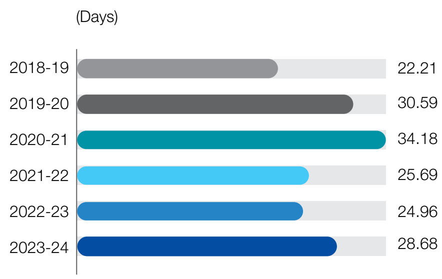

*Please refer to pages 184-185 for formulas used for above calculations.

# Efficiency ratios

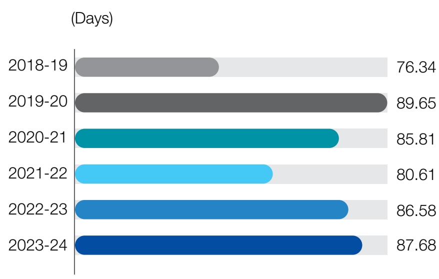
## Debtor turnover ratio




## Creditor turnover ratio

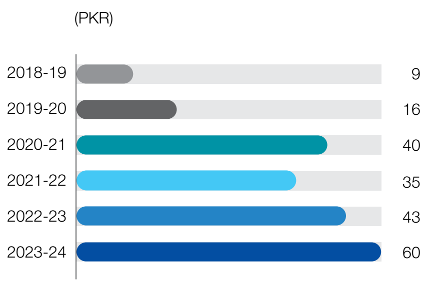



## Inventory turnover ratio

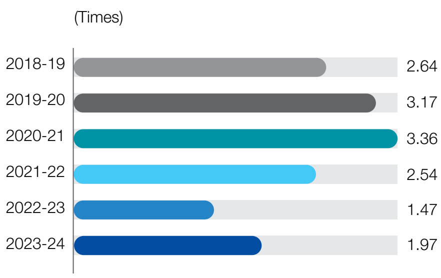



# Investors ratios

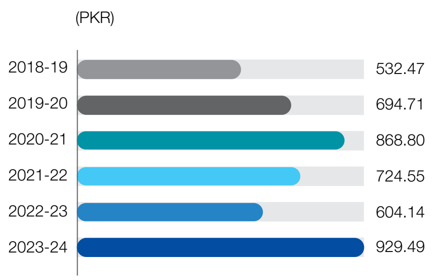
## Dividend per share



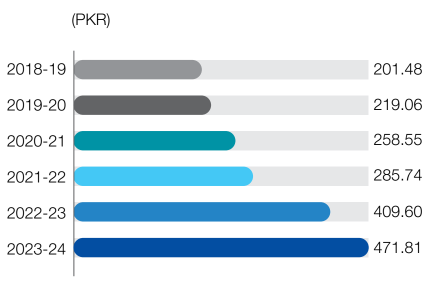

## Price to book




## Market value per share




## Net assets per share




* Operating cost includes cost of sales, selling, distribution, administration and general expenses

# Vertical and Horizontal Analysis

## Statement of Profit or Loss

### Vertical Analysis

| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 | 2021-22 | 2021-22 | 2022-23 | 2022-23 | 2023-24 | 2023-24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PKR m | %* | PKR m | %* | PKR m | %* | PKR m | %* | PKR m | %* | PKR m | %* |
| | Restated | | Restated | | | | | | | | | |
| Net Turnover | 58,329 | 100.0 | 53,599 | 100.0 | 62,618 | 100.0 | 86,972 | 100.0 | 109,486 | 100.0 | 120,460 | 100.0 |
| Cost of Sales | 48,877 | 83.8 | 43,042 | 80.3 | 48,270 | 77.1 | 68,353 | 78.6 | 87,353 | 79.8 | 93,554 | 77.7 |
| Gross profit | 9,452 | 16.2 | 10,556 | 19.7 | 14,348 | 22.9 | 18,619 | 21.4 | 22,133 | 20.2 | 26,906 | 22.3 |
| Selling & Distribution Expenses | 3,170 | 5.4 | 3,389 | 6.3 | 4,155 | 6.6 | 4,990 | 5.7 | 5,336 | 4.9 | 7,310 | 6.1 |
| Administration & General Expenses | 1,346 | 2.3 | 1,498 | 2.8 | 1,794 | 2.9 | 1,875 | 2.2 | 2,144 | 2.0 | 2,446 | 2.0 |
| Operating Result | 4,935 | 8.5 | 5,669 | 10.6 | 8,399 | 13.4 | 11,753 | 13.5 | 14,653 | 13.4 | 17,151 | 14.2 |
| Financial Charges / Exchange Losses | 1,891 | 3.2 | 1,962 | 3.7 | 538 | 0.9 | 1,365 | 1.6 | 3,845 | 3.5 | 3,420 | 2.8 |
| Other Operating Charges | 272 | 0.5 | 333 | 0.6 | 635 | 1.0 | 565 | 0.6 | 803 | 0.7 | 831 | 0.7 |
| Other Operating Income | 409 | 0.7 | 955 | 1.8 | 1,003 | 1.6 | 375 | 0.4 | 11,905 | 10.9 | 3,601 | 3.0 |
| Profit before taxation | 3,181 | 5.5 | 4,330 | 8.1 | 8,229 | 13.1 | 10,199 | 11.7 | 21,911 | 20.0 | 16,501 | 13.7 |
| Taxation | 876 | 1.5 | 1,234 | 2.3 | 2,269 | 3.6 | 3,951 | 4.5 | 8,138 | 7.4 | 5,361 | 4.5 |
| Profit after taxation | 2,305 | 4.0 | 3,096 | 5.8 | 5,959 | 9.5 | 6,249 | 7.2 | 13,772 | 12.6 | 11,140 | 9.2 |

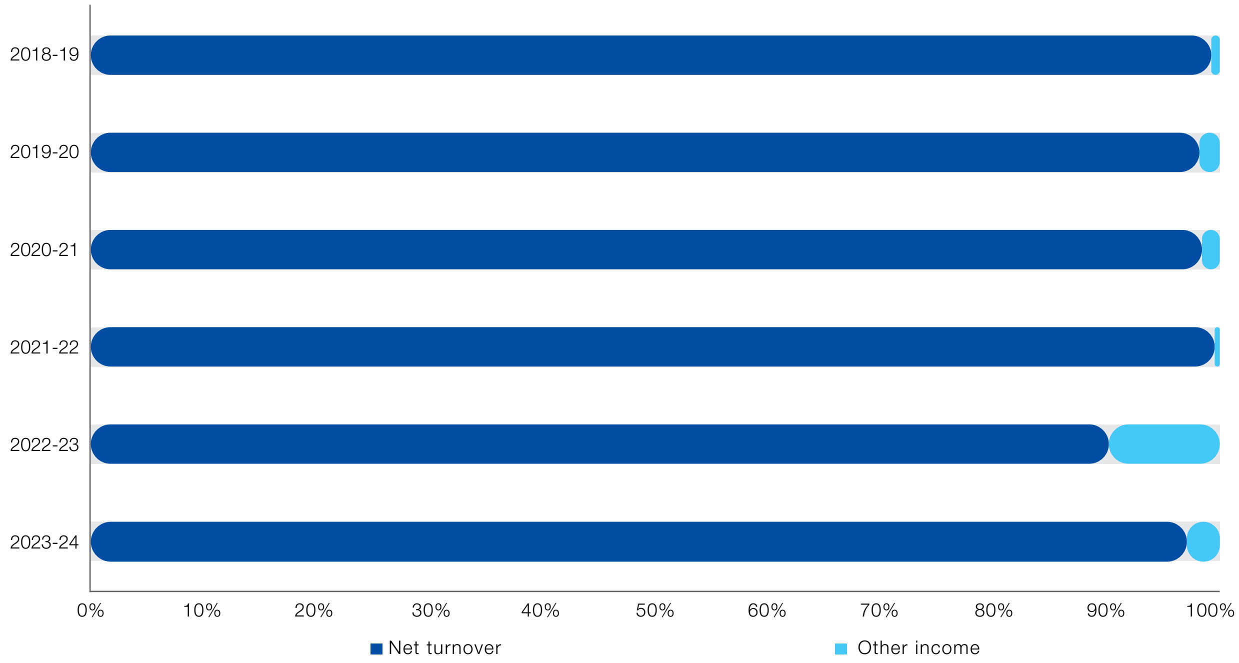
### Horizontal Analysis

| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 | 2021-22 | 2021-22 | 2022-23 | 2022-23 | 2023-24 | 2023-24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PKR m | %* | PKR m | %* | PKR m | %* | PKR m | %* | PKR m | %* | PKR m | %* |
| | Restated | | Restated | | | | | | | | | |
| Net Turnover | 58,329 | 18.8 | 53,599 | (8.1) | 62,618 | 16.8 | 86,972 | 38.9 | 109,486 | 25.9 | 120,460 | 10.0 |
| Cost of Sales | 48,877 | 20.5 | 43,042 | (11.9) | 48,270 | 12.1 | 68,353 | 41.6 | 87,353 | 27.8 | 93,554 | 7.1 |
| Gross profit | 9,452 | 10.5 | 10,556 | 11.7 | 14,348 | 35.9 | 18,619 | 29.8 | 22,133 | 18.9 | 26,906 | 21.6 |
| Selling & Distribution Expenses | 3,170 | 7.5 | 3,389 | 6.9 | 4,155 | 22.6 | 4,990 | 20.1 | 5,336 | 6.9 | 7,310 | 37.0 |
| Administration & General Expenses | 1,346 | 11.5 | 1,498 | 11.3 | 1,794 | 19.8 | 1,875 | 4.5 | 2,144 | 14.3 | 2,446 | 14.1 |
| Operating Result | 4,935 | 12.2 | 5,669 | 14.9 | 8,399 | 48.1 | 11,753 | 39.9 | 14,653 | 24.7 | 17,151 | 17.0 |
| Financial Charges | 1,891 | 76.7 | 1,962 | 3.7 | 538 | (72.6) | 1,365 | 153.8 | 3,845 | 181.7 | 3,420 | (11.0) |
| Other Operating Charges | 272 | (10.4) | 333 | 22.5 | 635 | 90.8 | 565 | (11.0) | 803 | 42.2 | 831 | 3.5 |
| Other Operating Income | 409 | (34.9) | 955 | 133.5 | 1,003 | 5.0 | 375 | (62.6) | 11,905 | 3,070.6 | 3,601 | (69.7) |
| Profit before taxation | 3,181 | (12.8) | 4,330 | 36.1 | 8,229 | 90.0 | 10,199 | 23.9 | 21,911 | 114.8 | 16,501 | (24.7) |
| Taxation | 876 | 48.2 | 1,234 | 40.9 | 2,269 | 83.9 | 3,951 | 74.1 | 8,138 | 106.0 | 5,361 | (34.1) |
| Profit after taxation | 2,305 | (24.7) | 3,096 | 34.3 | 5,959 | 92.5 | 6,249 | 4.9 | 13,772 | 120.4 | 11,140 | (19.1) |

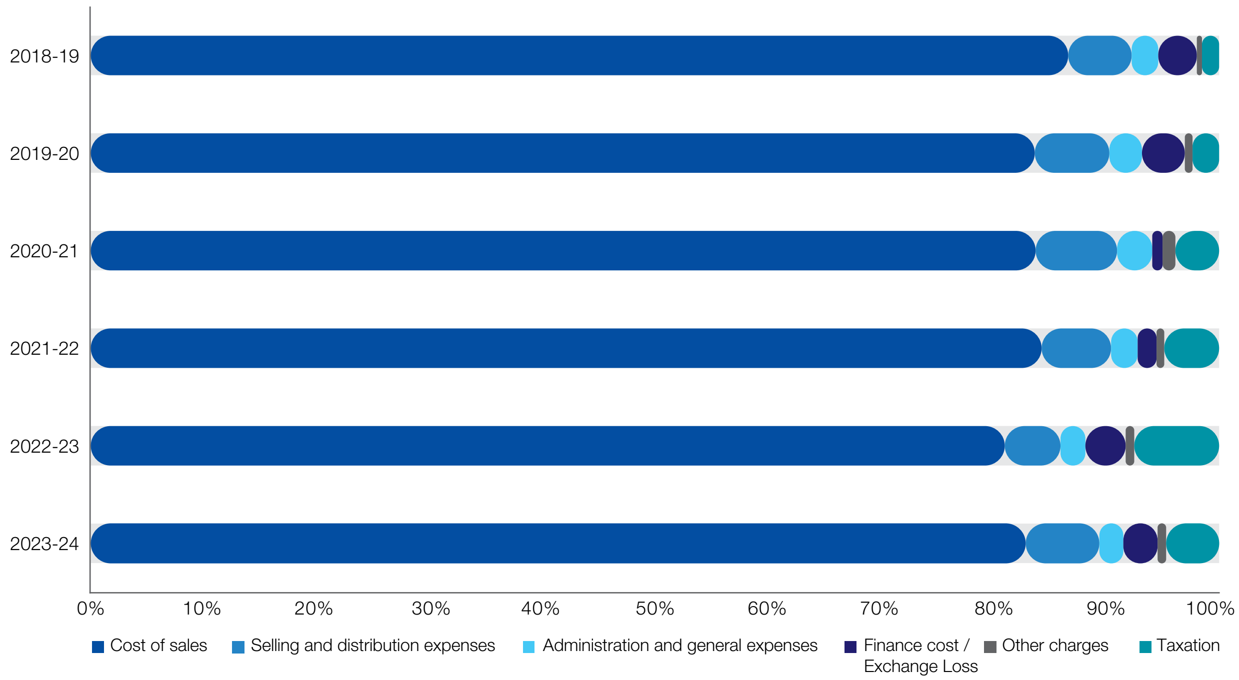
2018-19 and 2019-20 includes revision of accouting policy of depreciation from revaluation to cost model.

* Percentage change from SPLY.

## Statement of Profit or Loss Analysis (Income) (%)




## Statement of Profit or Loss Analysis (Expenses) (%)



# Statement of Financial Position

## Vertical Analysis

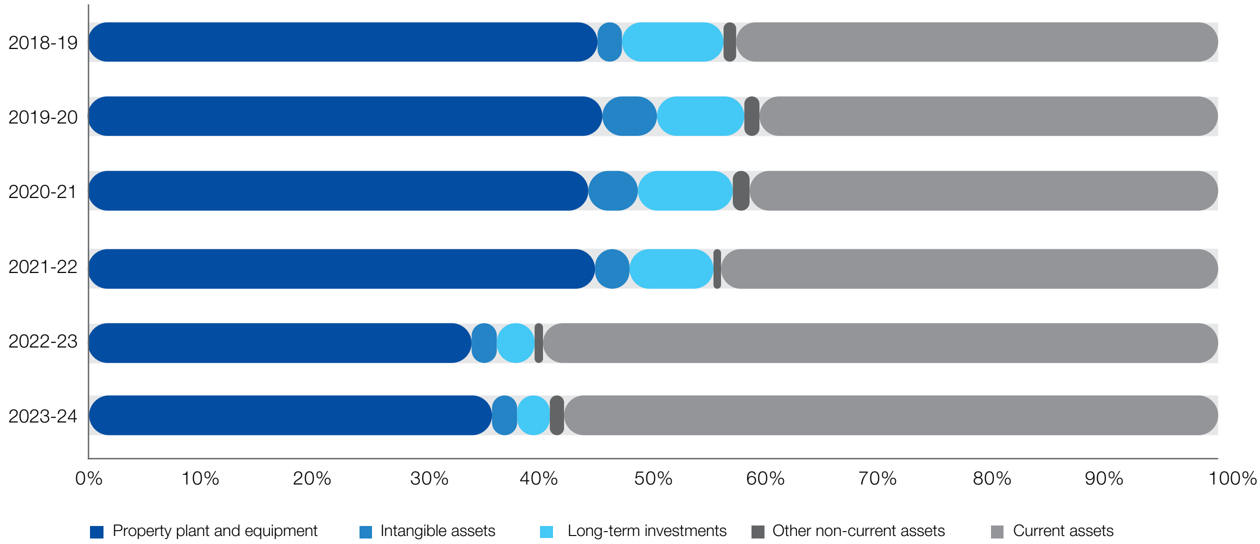
| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 | 2021-22 | 2021-22 | 2022-23 | 2022-23 | 2023-24 | 2023-24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PKR m | % | PKR m | % | PKR m | % | PKR m | % | PKR m | % | PKR m | % |
| | Restated | | Restated | | | | | | | | | |
| Total Equity and Revaluation Reserve | 18,609 | 42 | 20,232 | 49 | 23,879 | 55 | 26,391 | 44 | 37,831 | 47 | 43,576 | 52 |
| Non Current Liability | 8,539 | 20 | 8,024 | 19 | 5,289 | 12 | 7,380 | 12 | 7,505 | 9 | 7,035 | 9 |
| Current Liability | 16,366 | 38 | 13,253 | 32 | 14,636 | 33 | 26,170 | 44 | 35,731 | 44 | 32,955 | 39 |
| Total Equity and Liabilities | 43,514 | 100 | 41,509 | 100 | 43,804 | 100 | 59,941 | 100 | 81,067 | 100 | 83,566 | 100 |
| Non Current Assets | 24,939 | 57 | 24,651 | 59 | 25,640 | 59 | 33,553 | 56 | 32,616 | 40 | 35,136 | 42 |
| Current Assets | 18,575 | 43 | 16,858 | 41 | 18,164 | 41 | 26,388 | 44 | 48,451 | 60 | 48,430 | 58 |
| Total Assets | 43,514 | 100 | 41,509 | 100 | 43,804 | 100 | 59,941 | 100 | 81,067 | 100 | 83,566 | 100 |

## Horizontal Analysis

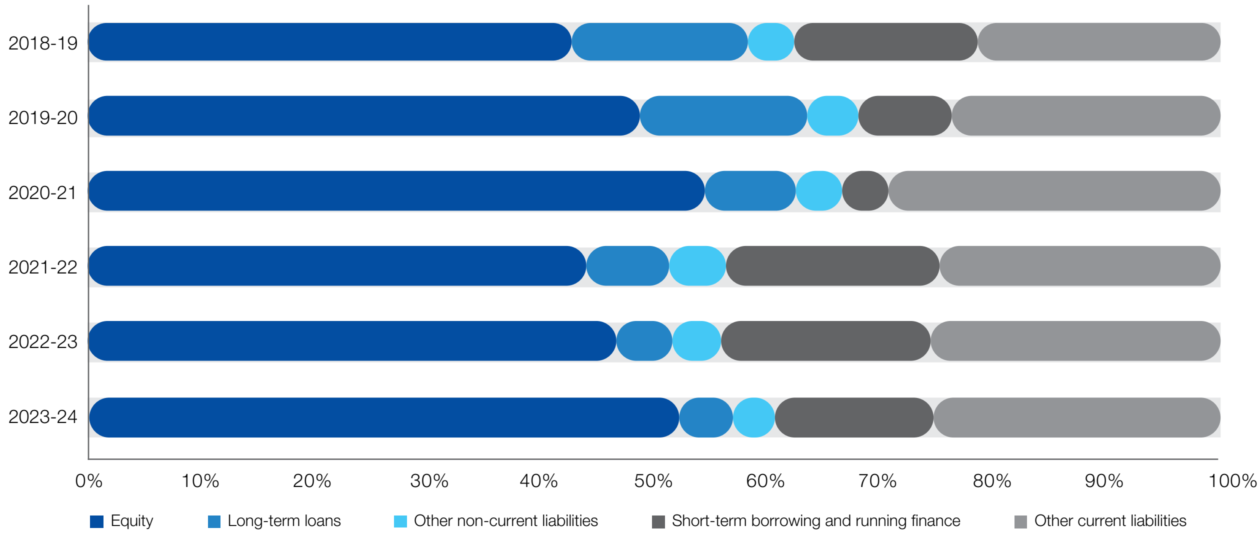
| | 2018-19 | 2018-19 | 2019-20 | 2019-20 | 2020-21 | 2020-21 | 2021-22 | 2021-22 | 2022-23 | 2022-23 | 2023-24 | 2023-24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | PKR m | % | PKR m | % | PKR m | % | PKR m | % | PKR m | % | PKR m | % |
| | Restated | | Restated | | | | | | | | | |
| Total Equity and Revaluation Reserve | 18,609 | 3 | 20,232 | 9 | 23,879 | 18 | 26,391 | 11 | 37,831 | 43 | 43,576 | 15 |
| Non Current Liability | 8,539 | (17) | 8,024 | (6) | 5,289 | (34) | 7,380 | 40 | 7,505 | 2 | 7,035 | (6) |
| Current Liability | 16,366 | 10 | 13,253 | (19) | 14,636 | 10 | 26,170 | 79 | 35,731 | 37 | 32,955 | (8) |
| Total Equity and Liabilities | 43,514 | 1 | 41,509 | (5) | 43,804 | 6 | 59,941 | 37 | 81,067 | 35 | 83,566 | 3 |
| Non Current Assets | 24,939 | (4) | 24,651 | (1) | 25,640 | 4 | 33,553 | 31 | 32,616 | (3) | 35,136 | 8 |
| Current Assets | 18,575 | 8 | 16,858 | (9) | 18,164 | 8 | 26,388 | 45 | 48,451 | 84 | 48,430 | (0) |
| Total Assets | 43,514 | 1 | 41,509 | (5) | 43,804 | 6 | 59,941 | 37 | 81,067 | 35 | 83,566 | 3 |

2018-19 and 2019-20 includes revision of accouting policy of depreciation from revaluation to cost model

## Statement of Financial Position Analysis
(Assets)
(%)




## Statement of Financial Position Analysis
(Equity and Liabilities)
(%)



# Operating and Financial Highlights

| Ratios | Formula | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Profitability Ratios** | | | | | | | Restated | Restated | | | | |
| Gross margin | Gross profit/net turnover | % | 15.43 | 17.53 | 18.77 | 17.42 | 16.20 | 19.70 | 22.91 | 21.41 | 20.22 | 22.34 |
| Gross profit turnover | Gross profit/turnover | % | 13.59 | 15.18 | 16.33 | 15.39 | 14.46 | 16.30 | 18.52 | 17.52 | 16.82 | 18.39 |
| Operating result margin | Operating result/net turnover | % | 8.11 | 9.41 | 9.78 | 8.96 | 8.46 | 10.58 | 13.41 | 13.51 | 13.38 | 14.24 |
| Profit after tax margin | Profit after taxation/net turnover | % | 5.67 | 7.69 | 7.97 | 6.23 | 3.95 | 5.78 | 9.52 | 7.18 | 12.58 | 9.25 |
| EBITDA margin to sales | EBIDTA/net turnover | % | 12.53 | 14.55 | 15.15 | 13.89 | 13.01 | 15.40 | 17.49 | 16.40 | 16.21 | 17.10 |
| Gross profit markup | Gross profit/cost of sales | % | 18.25 | 21.26 | 23.11 | 21.09 | 19.34 | 24.53 | 29.73 | 27.24 | 25.34 | 28.76 |
| Profit before taxation margin | Profit before taxation/net turnover | % | 7.21 | 9.47 | 10.62 | 7.43 | 5.45 | 8.08 | 13.14 | 11.73 | 20.01 | 13.70 |
| Return on equity | Profit for the year/total equity | % | 15.99 | 18.65 | 19.47 | 16.92 | 12.39 | 15.30 | 24.96 | 23.68 | 36.41 | 25.57 |
| Return on capital employed | Operating result/capital employed | % | 18.96 | 17.04 | 17.45 | 15.52 | 18.18 | 20.06 | 28.79 | 34.80 | 32.32 | 33.89 |
| Return on assets | Profit for the year/total assets | % | 7.97 | 9.30 | 9.12 | 7.09 | 5.30 | 7.46 | 13.60 | 10.42 | 16.99 | 13.33 |
| Return on fixed assets | Operating result/fixed assets | % | 21.34 | 20.39 | 20.60 | 20.45 | 24.01 | 27.11 | 39.45 | 40.96 | 50.03 | 54.22 |
| Operating leverage ratio | Contribution/operating profit | times | 3.18 | 3.12 | 3.13 | 3.34 | 3.17 | 3.73 | 2.98 | 2.58 | 2.39 | 2.65 |
| Shareholders' funds | Total equity/total assets | % | 47.68 | 47.13 | 44.76 | 40.35 | 42.77 | 48.74 | 54.51 | 44.03 | 46.67 | 52.15 |
| Return on shareholders' funds | Profit for the year/total equity | % | 16.72 | 19.72 | 20.37 | 17.57 | 12.39 | 15.30 | 24.96 | 23.68 | 36.41 | 25.57 |
| Total share holder return | (Share price at the end of the year - Share price at the beginning of the year + Dividend) / Share price at the beginning of the year | % | 12.82 | 7.38 | 150.00 | (25.27) | (32.44) | 33.47 | 30.82 | (12.57) | (10.68) | 63.78 |
| **Growth Ratios** | | | | | | | | | | | | |
| Net turnover | | % | (1.88) | (1.50) | 11.93 | 18.72 | 18.78 | (8.11) | 16.83 | 38.89 | 25.89 | 10.02 |
| Operating results | | % | 36.76 | 14.28 | 16.24 | 8.76 | 12.22 | 14.87 | 48.15 | 39.94 | 24.67 | 17.04 |
| EBITDA | | % | 31.89 | 14.39 | 16.54 | 8.80 | 11.30 | 8.79 | 32.62 | 30.23 | 24.49 | 16.03 |
| Profit for the year | | % | 24.88 | 33.75 | 15.93 | (7.17) | (24.67) | 34.32 | 92.50 | 4.85 | 120.41 | (19.11) |
| **Cost Ratios** | | | | | | | | | | | | |
| Operating costs | Operating cost/net turnover | % | 91.89 | 90.59 | 90.22 | 91.04 | 91.54 | 89.42 | 86.59 | 86.49 | 86.62 | 85.76 |
| Administration costs | Administration cost/net turnover | % | 2.57 | 2.39 | 2.70 | 2.46 | 2.31 | 2.79 | 2.87 | 2.16 | 2.13 | 2.03 |
| Selling costs | Selling cost/net turnover | % | 4.75 | 5.73 | 6.30 | 6.01 | 5.44 | 6.32 | 6.64 | 5.74 | 4.87 | 6.07 |
| Finance costs | Finance cost/net turnover | % | 1.07 | 1.03 | 0.93 | 2.19 | 2.50 | 2.96 | 0.85 | 0.78 | 2.63 | 2.94 |
| Spares inventory | Spares/total asset | % | 2.49 | 2.43 | 2.20 | 1.94 | 2.08 | 2.22 | 2.19 | 1.69 | 1.35 | 1.46 |
| Maintenance Cost | Maintenance Cost / Operating Expenses | % | 0.11 | 0.13 | 0.14 | 0.15 | 0.15 | 0.19 | 0.17 | 0.15 | 0.15 | 0.16 |
| **Liquidity Ratios** | | | | | | | | | | | | |
| Current ratio | Current assets/current liabilities | times | 1.02 | 1.15 | 1.01 | 1.17 | 1.13 | 1.27 | 1.24 | 1.01 | 1.36 | 1.47 |
| Quick ratio | (Current assets - inventory)/ current liabilities | times | 0.49 | 0.55 | 0.50 | 0.52 | 0.47 | 0.49 | 0.40 | 0.33 | 0.69 | 0.82 |
| Cash to current liabilities | Cash and cash equivalents/ current liabilities | times | (0.17) | (0.18) | (0.15) | (0.48) | (0.42) | (0.24) | (0.11) | (0.42) | 0.01 | 0.24 |
| Cash flow from operations to sales | Cash generated from operations/ net turnover | times | 0.10 | 0.10 | 0.12 | (0.03) | 0.08 | 0.14 | 0.14 | 0.03 | 0.04 | 0.12 |
| Cash flow from operations to capital expenditure | Cash generated from operations/ capital expenditure | times | 0.97 | 0.81 | 1.14 | (0.41) | 1.78 | 4.70 | 3.21 | 0.31 | 1.10 | 2.68 |
| Cash flow from operations coverage ratio | Cash generated from operations/ finance cost | times | 9.31 | 9.60 | 12.53 | (2.18) | 3.11 | 4.73 | 15.27 | 3.51 | 1.42 | 4.10 |
| **Capital Structure** | | | | | | | | | | | | |
| Asset to equity ratio | Total assets/total equity | times | 2.01 | 2.01 | 2.14 | 2.39 | 2.34 | 2.05 | 1.83 | 2.27 | 2.14 | 1.92 |
| Cost of debt at year end | | % | 7.16 | 5.67 | 5.56 | 5.97 | 10.44 | 8.86 | 4.79 | 9.15 | 14.73 | 14.18 |
| Debt to equity (book value) | Total debt capital/total equity | % | 18.43 | 26.54 | 32.81 | 50.88 | 45.43 | 36.36 | 20.82 | 25.51 | 15.84 | 13.22 |
| Debt to equity (market value) | Total debt capital/total equity | % | 6.18 | 9.84 | 5.49 | 12.43 | 17.19 | 11.47 | 6.20 | 10.06 | 10.74 | 6.71 |
| Net assets per share | (Total assets - total liabilities)/ number of ordinary shares | PKR | 143.93 | 165.07 | 183.28 | 195.77 | 201.48 | 219.06 | 258.55 | 285.74 | 409.60 | 471.81 |
| Interest cover | Profit before interest and taxation/financial charges | times | 7.72 | 10.18 | 12.03 | 6.68 | 3.18 | 3.71 | 14.76 | 13.26 | 8.61 | 5.67 |
| Total debt to capital ratio | Total debt capital/total equity | ratio | 16:84 | 21:79 | 25:75 | 34:66 | 31:69 | 27:73 | 17:83 | 20:80 | 14:86 | 12:88 |
| Financial leverage ratio | Total debt capital/total assets | % | 9.18 | 13.23 | 15.36 | 21.32 | 19.43 | 17.72 | 11.35 | 11.23 | 7.40 | 6.89 |

2018-19 and 2019-20 includes revision of accouting policy of depreciation from revaluation to cost model

| Ratios | Formula | | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Investment / market ratio** | | | | | | | **restated** | **restated** | | | | |
| Earning per share | Profit for the year/ number of ordinary shares | PKR | 23.02 | 30.78 | 35.69 | 33.13 | 24.96 | 33.52 | 64.52 | 67.66 | 149.12 | 120.62 |
| Price earning ratio | Market value per share/ earning per share | times | 18.63 | 14.46 | 30.67 | 24.19 | 21.34 | 20.73 | 13.46 | 10.71 | 4.06 | 7.71 |
| Price to book ratio | Market value per share/ book value per share | times | 3.11 | 2.85 | 6.25 | 4.25 | 2.64 | 3.17 | 3.36 | 2.72 | 1.47 | 1.97 |
| Dividend yield ratio | Dividend per share/ average market value per share | % | 2.45 | 3.31 | 2.00 | 1.93 | 1.30 | 2.71 | 5.05 | 4.48 | 6.77 | 7.82 |
| Dividend payout ratio* | Total dividend payout/ profit for the year | % | 49.97 | 50.35 | 50.44 | 49.81 | 36.06 | 47.73 | 61.99 | 51.73 | 50.34 | 49.74 |
| Cash dividend per share | | PKR | 11.50 | 15.50 | 18.00 | 16.50 | 9.00 | 16.00 | 40.00 | 35.00 | 43.00 | 60.00 |
| Market value per share at the start of the year | | PKR | 390.34 | 428.87 | 445.02 | 1,094.55 | 801.50 | 532.47 | 694.71 | 868.80 | 724.55 | 604.14 |
| Market value per share at the end of the year | | PKR | 428.87 | 445.02 | 1,094.55 | 801.50 | 532.47 | 694.71 | 868.80 | 724.55 | 604.14 | 929.49 |
| Highest market value per share | | PKR | 597.56 | 566.94 | 1,219.70 | 1,092.63 | 814.90 | 728.13 | 911.11 | 920.58 | 769.05 | 938.00 |
| Lowest market value per share | | PKR | 366.39 | 410.00 | 447.92 | 735.93 | 516.82 | 436.57 | 679.26 | 679.00 | 516.31 | 550.00 |
| Break-up value per share | Total equity/total shares outstanding | PKR | 137.69 | 156.09 | 175.23 | 188.52 | 201.48 | 219.06 | 258.55 | 285.74 | 409.60 | 471.81 |
| Break-up value per share (with investment) | Total equity+investment/ total shares outstanding | PKR | 137.69 | 156.09 | 191.37 | 198.91 | 201.48 | 221.82 | 264.07 | 294.08 | 412.64 | 471.87 |
| **Activity / turnover ratio** | | | | | | | | | | | | |
| Total assets turnover | Net turnover/total assets | times | 1.41 | 1.21 | 1.14 | 1.14 | 1.34 | 1.29 | 1.43 | 1.45 | 1.35 | 1.44 |
| Fixed assets turnover | Net turnover/fixed assets | times | 2.63 | 2.17 | 2.11 | 2.28 | 2.84 | 2.56 | 2.94 | 3.03 | 3.74 | 3.81 |
| Inventory turnover | Cost of sales/value of average inventory | times | 5.69 | 4.99 | 5.02 | 4.22 | 4.51 | 4.17 | 3.90 | 4.53 | 4.22 | 4.16 |
| Current asset turnover | Net turnover/current assets | times | 3.47 | 3.16 | 3.14 | 2.84 | 3.14 | 3.18 | 3.45 | 3.30 | 2.26 | 2.49 |
| Capital employed turnover | Net turnover/capital employed | times | 2.65 | 2.09 | 2.05 | 1.96 | 2.41 | 2.29 | 2.66 | 3.15 | 2.90 | 2.89 |
| Operating working capital turnover | Net turnover/operating working capital | times | 20.74 | 16.99 | 14.65 | 5.76 | 6.76 | 7.57 | 9.68 | 5.72 | 5.26 | 7.18 |
| Inventory turnover ratio | Value of average inventory/ cost of sales*365 | days | 61.65 | 69.97 | 69.52 | 73.39 | 76.34 | 89.65 | 85.81 | 80.61 | 86.58 | 87.68 |
| Debtor turnover ratio | Average debtors/ net turnover*365 | days | 11.14 | 15.17 | 18.48 | 19.15 | 15.62 | 15.93 | 14.41 | 13.15 | 14.69 | 16.32 |
| Creditor turnover ratio | Average creditors/ cost of sales*365 | days | 50.52 | 54.08 | 53.03 | 36.37 | 22.21 | 30.59 | 34.18 | 25.69 | 24.96 | 28.68 |
| Operating cycle | No. Of days in inventory+ no. Of days in receivables- no. Of days in payables | days | 22.27 | 31.05 | 34.97 | 56.17 | 69.75 | 74.98 | 66.04 | 68.07 | 76.31 | 75.32 |
| Revenue per employee | Net turnover/number of employees | PKR'000 | 30,206 | 27,890 | 29,844 | 29,530 | 33,736 | 26,866 | 30,846 | 39,859 | 50,131 | 54,091 |
| Net income per employee | Profit for the year/number of employees | PKR'000 | 1,712 | 2,146 | 2,378 | 1,840 | 1,333 | 1,552 | 2,936 | 2,864 | 6,306 | 5,002 |

Dividend includes both approved and recommended during the year
2018-19 and 2019-20 includes revision of accouting policy of depreciation from revaluation to cost model
* Profit for the year 2022-23 excludes one time gain on disposal on investment.

# DuPont Analysis

| DuPont Analysis | 2023-24 | 2022-23 |
|---|---|---|
| Tax burden | 32.49% | 37.14% |
| Interest burden | 17.65% | 11.62% |
| Operating result margin | 14.24% | 13.38% |
| Asset turnover (Times) | 1.44 | 1.35 |
| Gearing (Long term debt/Equity) | 25.51% | 15.84% |
| Return on equity | 25.57% | 36.41% |

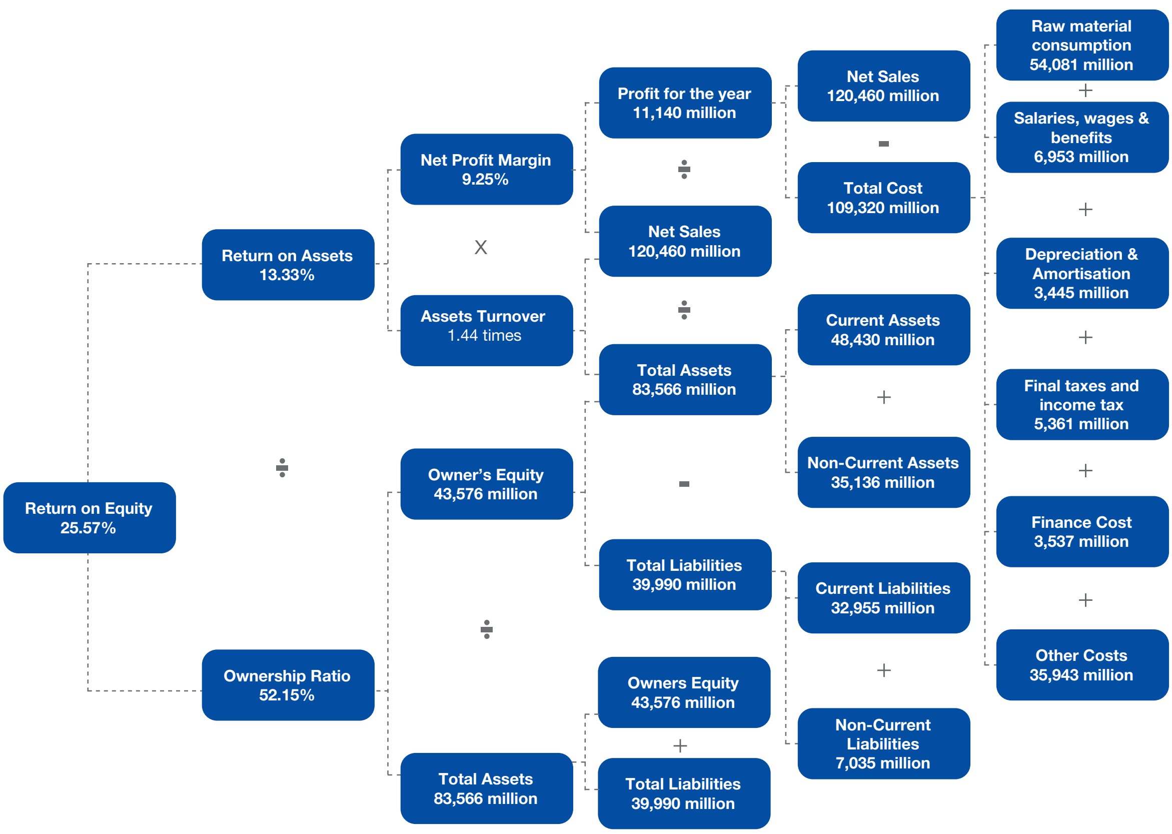
## Commentary on DuPont Analysis

Net Turnover at PKR 120,460 million for the year under review is 10% higher compared to the same period last year (SPLY) primarily resulting from higher export volumes of Soda Ash Business due to the full year impact of enhanced successful commissioning and commercial production of the 135,000 tonnes per annum (TPA) Soda Ash expansion project. Revenues of the Pharmaceuticals, Chemical & Agri Sciences and Soda Ash increased by 33%, 17%, and 15% respectively as compared to the SPLY, whereas the Animal Health and Polyester Businesses remained almost in line with the SPLY.

The Operating Result at PKR 17,151 million for the year under review is 17% higher than the SPLY. The Pharmaceuticals, Soda Ash, and Chemicals & Agri Sciences Businesses delivered higher Operating Results by 130%, 31%, and 11% respectively as compared to the SPLY, whereas the Polyester and Animal Health Businesses registered a decline in Operating Results by 43% and 5% respectively as compared to the SPLY.

Profit for the year at PKR 11,140 million for the year under review is 19% lower than the SPLY primarily due to a one-off gain of PKR 9,842 million recorded in the previous year, from the divestment of approximately 26.5% shares of NutriCo Morinaga (Private) Limited (NMPL). Excluding the impact of the aforesaid one-off accounting gain from the divestment of NMPL shares, corresponding PAT is 41% higher compared to the SPLY on account of higher Operating Results and Other Income derived from short-term investments.

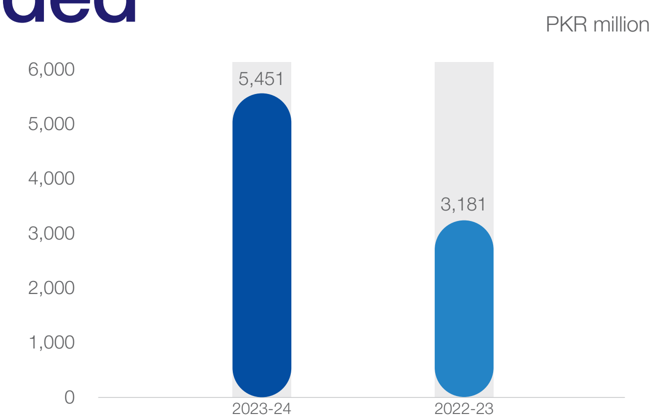
During the year, the PKR appreciated by 3% against the US Dollar, resulting in an exchange gain of PKR 117 million against an exchange loss of PKR 965 million in the SPLY. Moreover, finance cost increased by 23% compared to the SPLY mainly due to full year impact of high policy rate partially offset by lower debt owing to working capital optimisation.



# Economic Value Added

PKR million

| | 2023-24 | 2022-23 |
|---|---|---|
| NOPAT | 11,579 | 9,211 |
| Less: Cost of Capital* | (6,128) | (6,030) |
| Economic Value Added | 5,451 | 3,181 |



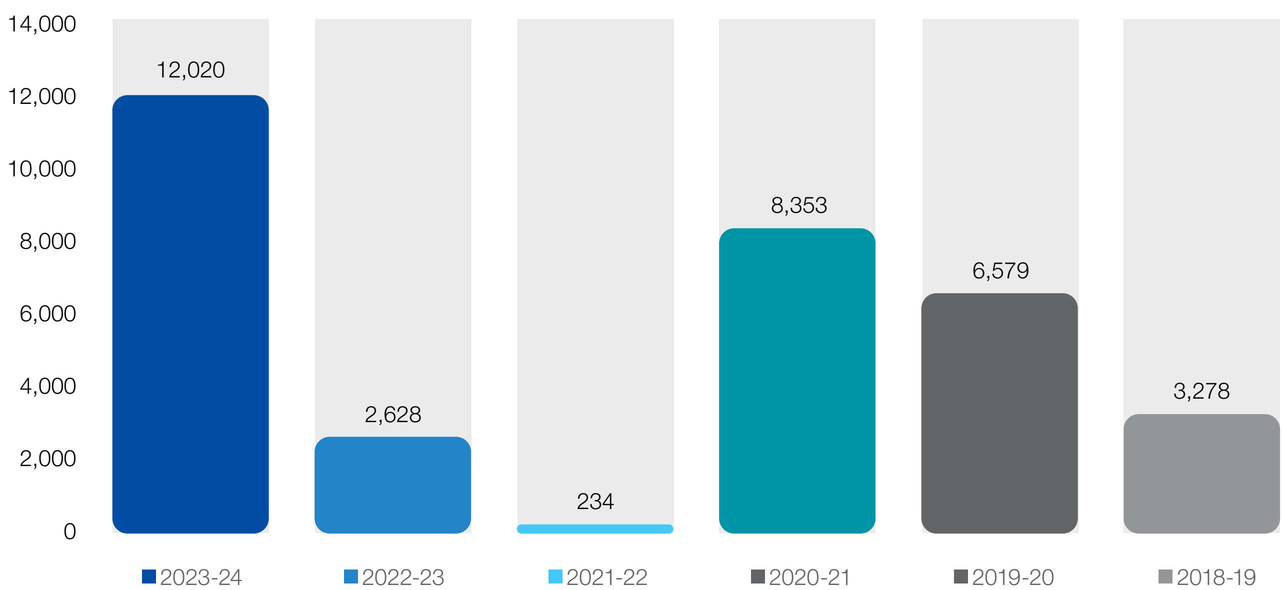

*does not include short term investments held in mutual funds and cash and bank as the return generated from these investments are not included in NOPAT.

NOPAT = Operating result x (1 - Tax rate)

# Free Cash Flow

PKR million

| | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|---|
| Cashflow from operations | 4,529 | 7,548 | 9,067 | 2,877 | 4,091 | 14,489 |
| Less: Capital expenditure | (1,251) | (969) | (714) | (2,643) | (1,463) | (2,469) |
| Free Cash Flows | 3,278 | 6,579 | 8,353 | 234 | 2,628 | 12,020 |



# Sensitivity Analysis

## Foreign Currency Sensitivity Analysis

LCI imports approximately 60% of its inventory in the form of raw materials, packaging and finished goods. Transactions are primarily carried out in US Dollar (USD), Chinese Yuan (CNY), EURO and Pound Sterling (GBP).

During the year, the exchange gain at PKR 117 million against PKR 965 million exchange loss in SPLY, owing to a 3% gain of the Pak Rupee (PKR) against the USD. As the Company relies on imports for a major part of its purchases, the stability PKR resulted in sustainable cost of production and cash flow requirements. Hence.

LCI proactively monitors foreign liabilities against the risk of currency fluctuations. The Company has also continuously identified opportunities to shift its material sourcing to local vendors during the recent years.

Every 10% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the year by PKR 67 million. As at June 30, 2024, if PKR had weakened/strengthened by 10% against other currencies, with all other variables held constant, the effect on the Company's profit before tax at June 30, 2024, would be as follows:

| | Increase / decrease in exchange rates | Effect on Profit before tax (CNY) | Effect on Profit before tax (EURO) | Effect on Profit before tax (USD) | Effect on Profit before tax (GBP) |
|---|---|---|---|---|---|
| **Pak Rupee** | +10% | 16,704 | (3,451) | (80,721) | 264 |
| **Pak Rupee** | -10% | (16,704) | 3,451 | 80,721 | (264) |

## Market Price Sensitivity Analysis

LCI's shares are listed on the Pakistan Stock Exchange and have a free float of 15% in the stock exchange with a market capitalisation of PKR 85 billion at the year-end. The share price of LCI as at June 30, 2024 was PKR 929.49 per share.

The share price in the market is impacted by various internal and external factors such as the Company's financial and operational performance, the economic and political environment of the country, government policies, stakeholders' sentiment, etc. Some of these factors are listed below:

### Revenue and Sales Volume

LCI's revenue is driven by multiple factors including plant production capacities, product demand and supply situation, pricing environment and regulations etc. Growth in revenue during the year is primarily attributable to higher sales volumes of exports due to full year impact of enhanced capacity following successful commissioning and commercial production of expansion project of Soda Ash Business and increase in the MRP of non-essential medicines on the back of deregulation of prices by the government of Pharmaceuticals Business.

### Profitability

LCI's profitability was lower in the current year due to a one-off gain on disposal of investment in NMPL in the SPLY.

Excluding the gain, LCI's growth in profitability was driven by higher volumes and cost push price adjustment. The profitability was adversely impacted by higher finance costs.

### Interest Rate Risk

Changes in interest/policy rates impact borrowing costs and affect consumer spending hence influencing a Company's revenue and profitability. During the year, the policy rate was kept at 1950 basis points which resulted in higher finance costs hence adversely impacting LCI's profitability.

### Inflation

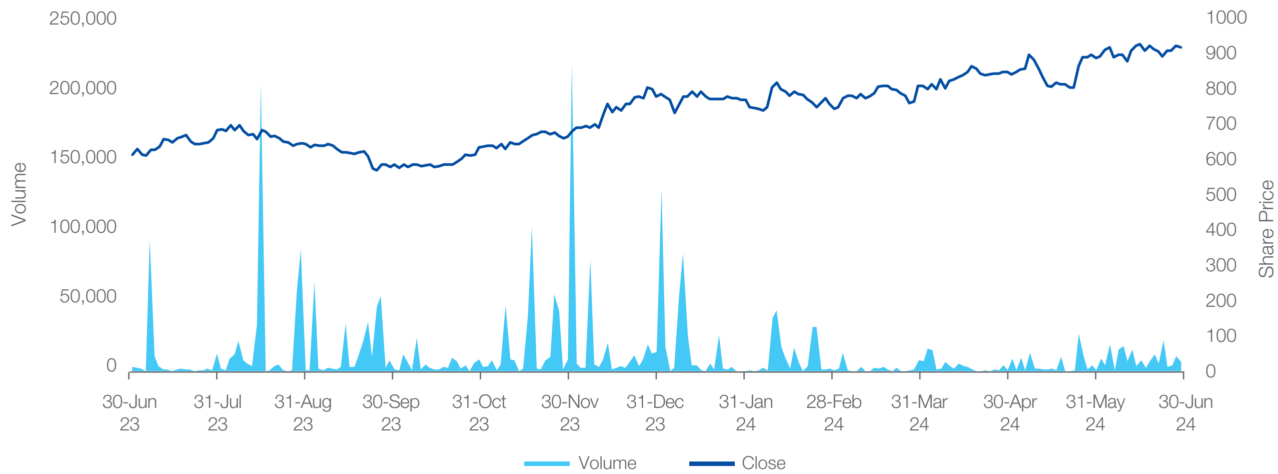
High inflation may lead to higher consumer prices, which can erode consumer's purchasing power and spending, this affecting Company revenues and profitability.

### Currency Risk

Currency risk arises from the change in price of one currency in relation to another. The volatility in exchange rates impacts the Company's share price as imports may affect the profit margins. Exchange gain during the year is primarily attributable to trivial appreciation of PKR against the USD.

### Market risk

Market share price is also exposed to all the risks faced by the stock exchange on which LCI's shares are traded.



# Future Outlook

## Forward Looking Statement

For FY 2024-25, the global economic growth is expected at 3.2% as compared to 3.1% in FY 2023-24 which shows resilience despite facing various challenges including supply-chain disruptions, global energy and food crises, and inflationary pressures. Inflation is expected to be on a declining trend, with policy rates likely to decline. Key factors influencing the economy include US interest rate cuts, China's economic stabilisation, commodity price volatility, and geopolitical tensions. Pakistan's economy is expected to recover with a projected 3.5% growth rate, though challenges remain, including high inflation and the impact of a tax-heavy budget. The country's economic outlook hinges on IMF-backed reforms, including broadening tax base, privatisation of loss-making entities, restructuring the pension bill and energy sector reforms. Despite these challenges, the Company with a strong balance sheet and diversified portfolio remains well-positioned to navigate uncertainties, focusing on growth initiatives and cost optimisation to ensure sustainable growth and maximise shareholder returns.

In the Polyester Business, commodity markets are likely to remain under pressure as Chinese PSF manufacturers continue to actively target export markets. This is expected to constrain both domestic PSF prices and volumes. Additionally, the OPEC+ production cut is anticipated to stabilise the crude oil market in the coming months. Moreover, the recent increase in ocean freight costs is expected to normalise by the end of the first quarter of FY 2024-25.

The Soda Ash Business is expected to face significant pressure in the domestic market, with inflation continuing to erode consumer purchasing power. Challenges in the construction and bazaar segments are likely to negatively impact sales. On the export front, the business plans to further expand its presence in international markets. However, margins are expected to be lower due to recent changes in the tax regime for exports and increased capacity in China.

The Pharmaceuticals Business is expected to see a boost following the government-approved price increase for non-essential products, which will help maintain an acceptable level of profitability while ensuring a steady supply of medicines. The business plans to continue investing in innovative therapies and medical advancements, ultimately enhancing healthcare solutions. Additionally, the Asset Purchase Agreement with Pfizer Pakistan Limited and Pfizer Inc. for the acquisition of facilities, products, and trademarks is anticipated to have a significant impact on the business.

The Animal Health Business expects to face pressure from macroeconomic conditions and declining consumer purchasing power. However, they remain committed to portfolio rationalisation, margin optimisation, and establishing a new greenfield medicine manufacturing facility. The business aims to expand its locally manufactured medicine portfolio, enhance profitability, and pave the way for sustainable growth.

The Chemicals & Agri Sciences Business also anticipate pressure from macroeconomic conditions and weakening consumer purchasing power. However, they remain committed to focusing on operational excellence and cost optimisation while delivering strong results.

## Performance on Disclosures Made in the Previous Year

During the FY 2022-23, in the ‘Future Outlook’ section of the Directors' Report in the Company’s Annual Report, the performance of the Company to be shaped by macroeconomic factors along with fiscal and political stabilisation while complying with IMF programme conditions were highlighted. However, in actuality, the situation proved to be more challenging than what was initially anticipated, with GDP growth of 2.4% versus a 3.5% GDP forecasted by the Government on the back of monetary tightening measures resulting in a slowdown in domestic economic activity witnessed across most sectors. Furthermore, an increase in inflation to 23.4% versus a forecasted 21% resulting in a decline in consumer’s purchasing power.

Despite of aforesaid challenges, the Company was able to deliver an Operating Result of PKR 17,151 million for the year under review, which is 17% higher than the SPLY, by leveraging its diverse business operations and product portfolio. The Soda Ash Business experienced higher export volumes post the completion of its expansion projects. The Pharmaceuticals Business sustained its performance through improved sales mix and CPI-based price adjustment. The Chemicals & Agri Sciences Business witnessed an improvement in its Oil Seeds category along with streamlined margin management across its portfolio. Moreover, the Polyester and Animal Health Businesses faced significant headwinds and were impacted by reduced market demand.

## Source of Information and Assumptions Used for Forecasting

The projections are based on historic trends, latest information available and views of relevant business experts and the Company’s strategy function. LCI utilises the knowledge base and legacy information on its businesses amassed by its inhouse experts – its employees. The Company subscribes to key international business publications, and relevant representatives of each business attend important conferences/seminars around the world to stay abreast with emerging trends.

External consultants are utilised in instances/areas when the level of expertise does not exist within the organisation. Such projections are then reviewed and agreed upon amongst the Executive Management Team of the Company for review and approval by the Board of Directors.

LUCKY CORE INDUSTRIES

# Lucky Core Industries Limited

## Financial Statements

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# Independent Auditor's Report

## To the members of Lucky Core Industries Limited

## Report on the Audit of Unconsolidated Financial Statements

**Opinion**

We have audited the annexed unconsolidated financial statements of Lucky Core Industries Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2024, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

| S.No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | **Revenue recognition**<br>(Refer notes 3.20, 29 and 30.1 to the annexed unconsolidated financial statements) | |
| | Net revenue from customers for the year ended June 30, 2024 amounted to Rs. 120,460 million. The Company earns revenue from multiple business lines which operate as distinct business units with significant volume of revenue transactions. Revenue is recognised when the Company satisfies performance obligations as specified in the contracts with the customers.<br><br>There is a presumed risk of revenue being overstated resulting from the pressure management may feel to achieve performance targets set for the year. The Company also focuses on revenue as it is one of the key performance indicators of the Company. Accordingly, we consider that there is a risk of material misstatement of financial statements relating to revenue recognition. | Our audit procedures, amongst others, included the following:<br><br>• Obtained understanding and evaluated the accounting policies and the Company's procedures with respect to revenue recognition.<br><br>• Reviewed contracts with customers for each business segment to obtain an understanding of the terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Company. |

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| S.No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| | On account of revenue being considered as an area involving high level of risk of material misstatement therefore, significant audit efforts are involved for the verification of the same. Accordingly, this has been considered as a key audit matter. | • Tested revenue transactions on a sample basis by inspecting underlying documentation including dispatch documents and sales invoices.<br>• Performed analytical procedures over revenue transactions to identify trends and any unusual change in revenue for each segment.<br>• Tested specific revenue transactions on a sample basis recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period.<br>• Obtained understanding of the types and process of discounts offered to customers and tested on a sample basis discounts provided to supporting documentation including approvals of the discounts.<br>• Assessed the related disclosures made in the annexed unconsolidated financial statements in accordance with the requirements of the applicable financial reporting framework. |
| **2.** | **Stock-in-trade and consumables**<br>(Refer notes 3.7, 3.8, 4.2.7, 12, 12.3 and 13 to the annexed unconsolidated financial statements) | |
| | As at June 30, 2024, the Company holds certain items of raw materials and consumables amounting to Rs. 1,357.290 million which comprises of coal, coke, limestone and rock salt. These inventory items are stored in the form of stockpiles. As the weighing of these inventory items to determine the quantities in hand as at year end is not practicable, the reasonableness of the quantities on hand is assessed by obtaining measurements of stockpiles and converting these measurements into unit of volumes using the bulk density values.<br><br>As the determination of stock quantities in hand as at reporting date, by measuring the volume and density of these items, involves significant estimates, this has been considered as a key audit matter. | Our audit procedures, amongst others, included the following:<br>• Obtained an understanding of the process and procedures with respect to the specific items of the stock-in-trade and consumables stored in the form of stockpiles.<br>• Attended physical inventory counts performed by the management and assessed the reasonableness of the management's process of measurement of stockpiles and the determination of volumes.<br>• Engaged auditor's expert to assess the appropriateness of measurements of stock quantities determined by the management by performing an independent inventory count of these items.<br>• Assessed the related disclosures made in the annexed unconsolidated financial statements in accordance with the requirements of the applicable financial reporting framework. |

**Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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**Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at a 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.

**Other Matter**

The unconsolidated financial statements of the Company for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon, vide their report dated September 1, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **Waqas Aftab Sheikh**.

**A. F. Ferguson & Co.**
Chartered Accountants
Karachi
Dated: August 30, 2024
UDIN: AR2024100696Fua0ltzi

# Unconsolidated Statement of Financial Position

As at June 30, 2024

| | Note | June 30, 2024 | June 30, 2023 |
|---|---|---|---|
| | | --------------(PKR in '000)-------------- | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | **29,766,513** | 27,508,258 |
| Intangible assets | 7 | **1,682,954** | 1,663,883 |
| Right-of-use assets | 8 | **182,457** | 116,707 |
| | | **31,631,924** | 29,288,848 |
| Long-term investments | 9 | **2,412,491** | 2,687,891 |
| Long-term loans | 10 | **803,868** | 535,698 |
| Long-term deposits and other assets | 11 | **287,883** | 103,549 |
| | | **3,504,242** | 3,327,138 |
| | | **35,136,166** | 32,615,986 |
| **Current assets** | | | |
| Stores, spares and consumables | 12 | **5,919,026** | 4,899,883 |
| Stock-in-trade | 13 | **15,395,391** | 18,731,542 |
| Trade debts | 14 | **5,575,305** | 5,197,491 |
| Loans and advances | 15 | **1,028,988** | 1,085,680 |
| Short-term deposits and prepayments | 16 | **1,051,790** | 2,617,763 |
| Other receivables | 17 | **2,209,662** | 2,343,406 |
| Short-term investments | 18 | **14,984,879** | 12,674,655 |
| Cash and bank balances | 19 | **2,264,527** | 900,255 |
| | | **48,429,568** | 48,450,675 |
| **Total assets** | | **83,565,734** | 81,066,661 |
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| Authorised capital | | | |
| 1,500,000,000 (June 30, 2023: 1,500,000,000) ordinary shares of PKR 10 each | | **15,000,000** | 15,000,000 |
| Issued, subscribed and paid-up capital | 20 | **923,591** | 923,591 |
| Capital reserves | 21 | **18,309,643** | 309,643 |
| Revenue reserve - unappropriated profit | | **24,342,772** | 36,597,410 |
| **Total equity** | | **43,576,006** | 37,830,644 |
| **Non-current liabilities** | | | |
| Staff retirement benefits | 22 | **113,984** | 176,548 |
| Long-term loans | 23 | **3,986,348** | 4,069,195 |
| Lease liabilities | 8 | **157,478** | 29,064 |
| Deferred income - government grant | 24 | **658,955** | 863,428 |
| Deferred tax liability - net | 25 | **2,117,931** | 2,366,410 |
| | | **7,034,696** | 7,504,645 |
| **Current liabilities** | | | |
| Trade and other payables | 26 | **14,878,140** | 14,254,895 |
| Accrued mark-up | | **576,227** | 927,035 |
| Short-term financing | 27 | **11,734,504** | 15,000,646 |
| Taxation - net | | **4,476,868** | 4,283,315 |
| Current portion of long-term loans | 23 | **909,446** | 836,336 |
| Current portion of lease liabilities | 8 | **38,547** | 80,807 |
| Current portion of deferred income - government grant | 24 | **204,473** | 223,808 |
| Unclaimed dividend | | **136,827** | 124,530 |
| | | **32,955,032** | 35,731,372 |
| **Total equity and liabilities** | | **83,565,734** | 81,066,661 |
| **Contingencies and Commitments** | 28 | | |

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

**Muhammad Sohail Tabba**
Chairman / Director

**Asif Jooma**
Chief Executive

**Atif Aboobukar**
Chief Financial Officer

# Unconsolidated Statement of Profit or Loss
For the year ended June 30, 2024



| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | --------------(PKR in '000)-------------- | |
| **Net turnover** | 30.1 | **120,460,326** | 109,486,109 |
| Cost of sales | 30.2 | **(93,554,113)** | (87,352,985) |
| **Gross profit** | | **26,906,213** | 22,133,124 |
| Selling and distribution expenses | 32 | **(7,309,569)** | (5,335,599) |
| Administration and general expenses | 33 | **(2,445,848)** | (2,144,101) |
| | | **17,150,796** | 14,653,424 |
| Other charges | 34 | **(831,228)** | (803,034) |
| Finance costs | 35 | **(3,537,031)** | (2,880,132) |
| Exchange gain / (loss) | | **117,059** | (964,512) |
| | | **(4,251,200)** | (4,647,678) |
| Gain on sale of investment | 9.2 & 36 | **-** | 9,842,154 |
| Other income | 37 | **3,601,392** | 2,062,904 |
| **Profit before final taxes and income taxes** | | **16,500,988** | 21,910,804 |
| Taxation - Final taxes | 38 | **(840,758)** | (397,497) |
| **Profit before income tax** | | **15,660,230** | 21,513,307 |
| Taxation - Income tax | | | |
| Current | | **(4,845,205)** | (7,046,679) |
| Deferred | | **325,192** | (694,219) |
| | 38 | **(4,520,013)** | (7,740,898) |
| **Profit for the year** | | **11,140,217** | 13,772,409 |
| **Basic and diluted earnings per share (PKR)** | 39 | **120.62** | 149.12 |

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

**Muhammad Sohail Tabba**
Chairman / Director

**Asif Jooma**
Chief Executive

**Atif Aboobukar**
Chief Financial Officer

# Unconsolidated Statement of Comprehensive Income
For the year ended June 30, 2024

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| **Profit for the year** | | **11,140,217** | 13,772,409 |
| **Other comprehensive income / (loss)** | | | |
| Items that will not be reclassified to profit or loss in subsequent periods: | | | |
| Remeasurement of defined benefit plans | 22.3.1 | **223,401** | (82,083) |
| Income tax effect | 25.1 | **(76,713)** | 58,173 |
| | | **146,688** | (23,910) |
| **Total comprehensive income for the year** | | **11,286,905** | 13,748,499 |

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

**Muhammad Sohail Tabba**
Chairman / Director

**Asif Jooma**
Chief Executive

**Atif Aboobukar**
Chief Financial Officer

# Unconsolidated Statement of Cash Flows

For the year ended June 30, 2024

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | -------------(PKR in '000)------------- | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 40 | **23,661,400** | 10,883,974 |
| Payments for: | | | |
| Staff retirement benefit plans | 22.3.2 | **(70,289)** | (67,479) |
| Non-management staff gratuity and eligible retired employees' medical scheme | | **(43,721)** | (42,359) |
| Income taxes and final taxes paid | | **(5,492,531)** | (4,563,979) |
| Interest paid | | **(3,565,943)** | (2,119,385) |
| **Net cash generated from operating activities** | | **14,488,916** | 4,090,772 |
| **CASH FLOWS FROM INVESTING ACTIVITIES *** | | | |
| Capital expenditure | | **(5,413,889)** | (3,718,423) |
| Proceeds from disposal of operating fixed assets | | **61,799** | 21,767 |
| Interest income received | | **451,658** | 209,344 |
| Divestment / (Investment) in subsidiaries | | **275,400** | (280,600) |
| Proceeds from disposal of shares of subsidiary | | **-** | 11,901,821 |
| Dividend received on short term investments | | **2,717,636** | 890,219 |
| Dividend from subsidiary | | **-** | 300,000 |
| **Net cash (used in) / generated from investing activities** | | **(1,907,396)** | 9,324,128 |
| **CASH FLOWS FROM FINANCING ACTIVITIES *** | | | |
| Payment of lease liabilities | 8 | **(101,899)** | (109,942) |
| Export refinance facility obtained | | **638,000** | 1,138,578 |
| Long-term loans obtained | | **1,089,485** | 684,343 |
| Long-term loans repaid | | **(1,099,223)** | (1,401,593) |
| Dividends paid | | **(5,529,245)** | (2,299,947) |
| **Net cash used in financing activities** | | **(5,002,882)** | (1,988,561) |
| **Net increase in cash and cash equivalents** | | **7,578,638** | 11,426,339 |
| Cash and cash equivalents at the beginning of the year | | **453,842** | (10,972,497) |
| **Cash and cash equivalents at the end of the year** | | **8,032,480** | 453,842 |
| **Cash and cash equivalents at the end of the year comprise of:** | | | |
| Cash and bank balances | 19 | **2,264,527** | 900,255 |
| Short-term investment | 18 | **14,984,879** | 12,674,655 |
| Short-term running finance | 27 | **(9,216,926)** | (13,121,068) |
| | | **8,032,480** | 453,842 |

*No non-cash items are included in these activities.

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

| | | |
|---|---|---|
| **Muhammad Sohail Tabba** | **Asif Jooma** | **Atif Aboobukar** |
| Chairman / Director | Chief Executive | Chief Financial Officer |

# Unconsolidated Statement of Changes in Equity
For the year ended June 30, 2024

| | Issued, subscribed and paid-up capital | Capital reserves (note 21) | Revenue reserve - unappropriated profit | Total |
|---|---|---|---|---|
| | ----------------------------------(PKR in '000)---------------------------------- | | | |
| **Balance as at July 1, 2022** | 923,591 | 309,643 | 25,157,888 | 26,391,122 |
| Profit for the year | - | - | 13,772,409 | 13,772,409 |
| Other comprehensive loss for the year - net of tax | - | - | (23,910) | (23,910) |
| **Total comprehensive income for the year** | - | - | 13,748,499 | 13,748,499 |
| **Transaction with owners** | | | | |
| Final dividend for the year ended June 30, 2022 @ PKR 15 per share | - | - | (1,385,386) | (1,385,386) |
| Interim dividend for the year ended June 30, 2023 @ PKR 10 per share | - | - | (923,591) | (923,591) |
| | - | - | (2,308,977) | (2,308,977) |
| **Balance as at June 30, 2023** | **923,591** | **309,643** | **36,597,410** | **37,830,644** |
| Profit for the year | **-** | **-** | **11,140,217** | **11,140,217** |
| Other comprehensive income for the year - net of tax | **-** | **-** | **146,688** | **146,688** |
| **Total comprehensive income for the year** | **-** | **-** | **11,286,905** | **11,286,905** |
| Transfer to capital reserves (note 21.3) | **-** | **18,000,000** | **(18,000,000)** | **-** |
| **Transaction with owners** | | | | |
| Final dividend for the year ended June 30, 2023 @ PKR 33 per share | **-** | **-** | **(3,047,848)** | **(3,047,848)** |
| Interim dividend for the year ended June 30, 2024 @ PKR 27 per share | **-** | **-** | **(2,493,695)** | **(2,493,695)** |
| | **-** | **-** | **(5,541,543)** | **(5,541,543)** |
| **Balance as at June 30, 2024** | **923,591** | **18,309,643** | **24,342,772** | **43,576,006** |

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

| **Muhammad Sohail Tabba** | **Asif Jooma** | **Atif Aboobukar** |
|---|---|---|
| Chairman / Director | Chief Executive | Chief Financial Officer |

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2024

**1. THE COMPANY AND ITS OPERATIONS**

**1.1** Lucky Core Industries Limited (the Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) (the Act) and is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; merchanting of general chemicals and manufacturing of master batch. It also acts as an indenting agent and toll manufacturer. The Company's registered office is situated at 5 West Wharf, Karachi.

**1.2** The Company is a subsidiary company of Lucky Cement Limited (the Holding Company). Lucky Core PowerGen Limited, Lucky TG (Private) Limited and Lucky Core Ventures (Private) Limited are the subsidiaries of the Company.

**1.3** These are the separate unconsolidated financial statements of the Company in which investment in subsidiaries and associates are stated at cost less accumulated impairment losses, if any.

**1.4** Geographical location and addresses of major business units including mills / plants of the Company are as under:

| | |
|---|---|
| **Karachi** | **Purpose** |
| 5 West Wharf Road | Head office and production plant |
| S-33, Hawksbay Road, S.I.T.E. | Production plant |
| **Lahore** | |
| 63 Mozang Road | Regional office |
| 30-km, Sheikhupura Road, Lahore | Regional office and production plant |
| 45-km, off Multan Road, Lahore | Production plant |
| Bypass Nazam Pura Road, Kasur | Production plant |
| **Khewra** | |
| LCI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum | Regional office and production plant |
| **Haripur** | |
| Plot No.32/2A Phase III, Industrial Estate Hattar, District Haripur | Production plant |
| **Islamabad** | |
| Islamabad Corporate Center, 2nd floor, H-13, Islamabad | Regional office |

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB), Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017 and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs or IFASs, the provisions of and directives issued under the Act have been followed.

**2.2 Basis of measurement**

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

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except the following:

During the year, the Institute of Chartered Accountant of Pakistan (ICAP) has withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and has issued a Guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said Guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these unconsolidated financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the unconsolidated statement of financial position and unconsolidated statement of cash flows as a result of this change.

Had there been no change in accounting policy, both taxation and profit before tax for the current year would have been higher by PKR 840.758 million (June 30, 2023: PKR 397.497 million). There is no impact on the earnings per share for the current and prior year due to the change.

**3.1 Property, plant and equipment**

Property, plant and equipment 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 accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period including the cost of replacing parts and the cost of borrowings for long-term construction projects are carried under capital work-in-progress, if the recognition criteria is met. These are transferred to specific categories of property, plant and equipment as and when these are available for use.

Depreciation is based on the straight-line method whereby the cost of an asset less the estimated residual value is charge to the profit or loss over its estimated useful life at rates given in note 6.1 to these unconsolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

The cost of leasehold land is depreciated in equal installments over the lease period. When significant parts of assets are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Spare parts and servicing equipments are classified as property, plant and equipment under plant and machinery rather than store, spares and consumables where they meet the definition of property, plant and equipment. Available for use capital spares, and servicing equipments are depreciated over their useful lives, or the remaining life of principal asset, whichever is lower.

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The effect of any adjustment to residual values, useful lives and methods is recognised prospectively as a change of accounting estimate.

Maintenance and normal repairs are charged to the profit or loss as and when incurred. Subsequent expenditures including major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Company accounts for impairment, if any by reducing its carrying value to the recoverable amount (note 3.11).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss of the year in which the asset is derecognised.

**3.2 Intangible assets**

Intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and that cost of such asset can also be measured reliably. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition.

Intangible assets with finite useful lives are amortised over their useful lives and assessed for impairment whenever there is an indication that the asset may be impaired. Intangible assets with indefinite lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit (CGU) level, as appropriate. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, a change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is based on the cost of an asset less its estimated residual value. Amortisation is charged to the profit or loss on the straight-line method over its estimated useful lives at the rates given in note 7 to these unconsolidated financial statements. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

**3.3 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Land and building | 2 to 9 years |
| Motor vehicles | 4 to 5 years |

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the note 3.11 to these unconsolidated financial statements for policy on impairment of non-financial assets.

**ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date, where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**iii) Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of regional sales offices and warehouses, summer houses and beach huts (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**iv) Ijarah contracts**

Payments made under ijarah contract are charged to the profit or loss on straight line basis over the ijarah term as per IFAS 2.

**3.4 Investments in subsidiary companies and associate**

Associates are all entities over which the Company has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decisions of investees. Subsidiaries are all entities over which the Company has control, typically through ownership of more than 50% of the voting rights. Control exists when the Company:

- has the ability to direct the investee's financial and operating policies, enabling it to influence the investee's strategic decisions;
- has exposure to, or rights to, fluctuating returns resulting from its involvement with the investee; and
- can utilise its power over the investee to impact the amount of returns it receives from its investment.

Investments in subsidiary companies and associate are stated at cost less impairment, if any. An assessment is made at each reporting date to determine whether there is any indication that an investment may be impaired. If such indication exists, the estimated recoverable amount of the investment is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

**3.5 Advances, deposits, prepayments and other receivables excluding financial assets**

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

**3.6 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3.6.1 Financial assets**

**3.6.1.1 Classification and subsequent measurement**

The Company classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt and equity instruments are described below:

**(i) Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and puttable instruments like units of mutuals funds etc.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the instrument; and
- the cash flow characteristics of the instrument.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

**a) At amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.6.1.2 to these unconsolidated financial statements.

**b) Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, recognised and measured as described in note 3.6.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit or loss.

**c) Fair value through profit or loss (FVPL)**

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss (FVPL). A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in the profit or loss in the period in which it arises.

**(ii) Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are measured at fair value, with gains and losses recognised in the profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income from equity securities classified under FVOCI is recognised in the profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is recognised in unconsolidated statement of other comprehensive income and is not recycled to the profit or loss on derecognition.

**3.6.1.2 Impairment**

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions (including macroeconomic factors).

For trade debts, the Company applies a simplified approach, where applicable, in calculating ECL. The Company has established a provision matrix for portfolio of customers having similar risk characteristics and estimates default rates based on the Company's historical credit loss experience, adjusted for forward-looking factors (including gross domestic product and consumer price index).

The Company considers a financial asset to be at a risk of default when contractual payments are 90 days past due, unless there are factors that might indicate otherwise. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**3.6.1.3 Derecognition**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Company transfers substantially all the risks and rewards of ownership; or

(ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

Any gain or loss on derecognition of financial assets is taken to the profit or loss except in the case of equity instruments designated as FVOCI on initial recognition.

**3.6.1.4 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

**3.6.2 Financial liabilities**

Financial liabilities are classified and measured at amortised cost except for:

- Financial liabilities at FVPL; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

**3.6.2.1 Derecognition**

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the profit or loss.

**3.6.3 Initial recognition**

Financial assets and financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at FVPL. Financial assets carried at FVPL are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit or loss.

**3.6.4 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

**3.6.5 Business model**

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets includes past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

**3.6.6 Solely payments of principal and interest (SPPI)**

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

**3.6.7 Reclassifications**

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

**3.6.8 Derivatives**

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the profit or loss.

**3.7 Stores, spares and consumables**

Stores, spares and consumables are stated at weighted average cost less provision for obsolete items (if any) except items in-transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Provision, if required, is made in the unconsolidated financial statements for slow moving, obsolete and unusable items. Spares and consumables are assessed and provision is applied according to degree of ageing based on a specific criteria.

**3.8 Stock-in-trade**

Stock-in-trade is valued at the lower of weighted average cost and estimated net realisable value (NRV). NRV is the estimated selling price in the ordinary course of business less net estimated costs to sell.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

**3.9 Taxation - Income tax and levy**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

**i) 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 credits available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**ii) Deferred**

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements at the reporting date. 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 temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

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 tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

**iii) Levy**

In accordance with Income Tax Ordinance, 2001 (Ordinance), computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these unconsolidated financial statements.

**iv) Sales tax**

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, applicable

- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the unconsolidated statement of financial position.

**3.10 Cash and cash equivalents**

These are carried at cost. Cash and cash equivalents for the purpose of unconsolidated statement of cash flows comprise of cash in hand, investment in highly liquid mutual fund units and current and deposit accounts held with banks, which are subject to insignificant risk of change. Short-term finance facilities availed by the Company, which are payable on demand and form an integral part of the Company’s cash management are also included as part of cash and cash equivalents for the purpose of unconsolidated statement of cash flows.

**3.11 Impairment of 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 statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less cost to 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 which the estimate of future cash flows have not been adjusted. 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 recognised previously. Reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been 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, if no impairment loss had been recognised.

**3.12 Staff retirement benefits**

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

**i) Defined benefit plans**

The Company operates a funded pension scheme and a funded gratuity scheme for its management staff. The pension and gratuity schemes are salary schemes providing pension and lump sum payments, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The schemes define the amounts of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the schemes. The schemes are managed in conformity with the provisions of the Trust Deeds. The Company is responsible to make contributions to the funds as prescribed under the Trust Deeds and related rules. The trustees are responsible for the day to day management of the Funds.

The Company also operates a gratuity scheme for its non-management staff and the pensioners' medical scheme which are unfunded. The pension and gratuity plans are final salary plans.

An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. The Company recognises an expense in accordance with the recommendation of the actuary.

All past service costs are recognised in the profit or loss at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the effect of the asset ceiling are recognised directly in equity through the unconsolidated statement of comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All past service costs are recognised in the profit or loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in the unconsolidated statement of profit or loss.

**ii) Defined contribution plans**

The Company operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff, who has either opted for this fund by July 31, 2004 or have joined the Company after April 30, 2004.

**iii) Medical scheme**

The pensioner's medical plan reimburses actual medical expenses to pensioners as per entitlement.

**3.13 Government grants**

Government grants are recognised at the fair value of the consideration received. A grant without specified future performance conditions is recognised in income when the grant proceeds are received. A grant that imposes specified future performance conditions is recognised in income when all those conditions are met. Government grants received before the income recognition criteria is satisfied are presented as a separate liability in the unconsolidated statement of financial position. Government grants are recognised in the profit or loss on a systematic basis over the periods in which the Company recognises as expense the related costs for which the grants are intended to compensate and are presented as reduction of related interest expense.

**3.14 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 3.15 Provisions, contingent assets and contingent liabilities

A provision is recognised in the unconsolidated 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 can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. They are reviewed at each reporting date and adjusted prospectively.

A contingent asset is disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until the inflow of economic benefits is virtually certain.

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### 3.16 Foreign currency translation and transactions

Foreign currency transactions are recorded in Pakistan Rupees (PKR) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and on translation of monetary assets and liabilities denominated in foreign currencies at reporting date are recognised in the profit or loss.

### 3.17 Functional and presentation currency

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

### 3.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the unconsolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, disclosure is made in the unconsolidated financial statements.

### 3.19 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company 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 Company’s other components. An operating segment’s operating results are reviewed regularly by the Executive Management Committee i.e., the Chief Operating Decision Maker (CODM), that includes Chief Executive 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 Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

For management purposes, the Company is organised into business units based on its products and services and has five reportable segments, namely Polyester, Soda Ash, Animal Health, Pharma and Chemicals and Agri Sciences. No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the unconsolidated financial statements. Transfer prices between operating segment are based on agreed prices approved by the board of directors.

### 3.20 Revenue from contracts with customers

a) Sale of goods

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised at a point in time when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The point at which the control passes is generally on disptach of goods to the customers. The normal credit term is 30 to 90 days upon dispatch.

The Company recognises revenue based on the following principles:

- identification of customer contracts;
- identification of performance obligations;
- determination of transaction price in the contract;
- allocation of price to performance obligations; and
- recognition of revenue when the performance obligations are fulfilled.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in note 4 to these unconsolidated financial statements.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

The Company pays sales commission to its sales agents for certain contracts. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions because the amortisation period of the asset that the Company otherwise would have used is one year or less.

Contracts with the Company's customers provide them with a right of return, price adjustments and volume rebates and are considered as variable consideration. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The Company provides retrospective volume rebates (discounts) to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

b) Toll manufacturing income is recognised when services are rendered.

**3.21 Other income**

a) Dividend income is recognised when the right to receive dividend is established.
b) Profit on short-term deposits is accounted for using the effective interest rate method.
c) Other income is recognised on an accrual basis.

**3.22 Contract balances**

**Trade debts**

A receivable is recognised if an amount of consideration that is unconditional is due from the customer i.e., only the passage of time is required before payment of the consideration is due. Refer to accounting policies of financial assets in note 3.6 to these unconsolidated financial statements.

**Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract i.e., transfers control of the related goods or services to the customer.

### 3.23 Assets and liabilities arising from rights of return

**Right of return assets**

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

**Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer.

The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to accounting policy on variable consideration detailed in note 3.20 to these unconsolidated financial statements.

### 3.24 Current versus non current classification

The Company presents assets and liabilities in the unconsolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.25 Earnings per share

The Company presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

### 3.26 Commitments

Commitments for capital expenditure contracted for but not incurred are disclosed in the financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at committed amounts.

### 3.27 Share capital

Ordinary shares are classified as equity and are recorded at face value. Incremental costs, if any, directly attributable to the issuance of shares, are recognised in equity as a deduction, net of tax, from the proceeds.

## 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's unconsolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### 4.1 Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the unconsolidated financial statements:

#### 4.1.1 Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

#### 4.1.2 Contingencies

The Company, based on the availability of the latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

### 4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### 4.2.1 Income and sales tax

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

Significant management judgment is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The management consider tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### 4.2.2 Staff retirement benefits

The cost under the retirement benefit plans and the present value of the obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### 4.2.3 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment as and when required. In making these estimates, Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

#### 4.2.4 Allowance for Expected Credit Loss (ECL) on financial assets

The Company uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for Companies of various customer segments that have similar risk characteristics.

The assessment of ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

**4.2.5 Revenue from contracts with customers**

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Company has developed a model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to volume thresholds.

The Company updates its assessment of expected returns and volume rebates on a periodic basis and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

**4.2.6 Leases - Estimating the Incremental Borrowing Rate**

Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) and incorporates applicable spread.

**4.2.7 Stock-in-trade**

The Company reviews the net realisable value of stock-in-trade, stores, spares and consumables to assess any diminution in the respective carrying values and also review the inventories for obsolescence.

Further, the Company holds certain items of raw materials and consumable comprising of coal, coke, limestone and rock salt which are stored in the form of stockpiles. As the weighing of these inventory items is not practicable, the reasonableness of the quantities on hand is assessed by obtaining measurements of stockpiles and converting these measurements into unit of volume by bulk density values.

**4.2.8 Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at normal commercial terms, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to cashflow assumptions. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 7.2.

## 5. NEW STANDARDS, AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS AND NEW INTERPRETATIONS

**5.1 Amendments and interpretations to accounting and reporting standards that are effective in the current year**

There are certain new amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods which began on July 1, 2023. However, these do not have any significant impact on the Company's financial statements and therefore not stated in these unconsolidated financial statements.

**5.2 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2024 but are considered not to be relevant or will not have any significant effect on the Company's operations and therefore not stated in these unconsolidated financial statements.

## 6. PROPERTY, PLANT AND EQUIPMENT

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | ----------(PKR in '000)--------- | |
| Operating fixed assets | 6.1 | **24,280,117** | 24,673,221 |
| Capital work-in-progress | 6.4 | **5,486,396** | 2,835,037 |
| | | **29,766,513** | 27,508,258 |

**6.1** Following is the statement of operating fixed assets:

| | Note | Land | | Lime beds on freehold land | Buildings | | Plant and machinery | Rolling stock and vehicles | Furniture and equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Freehold | Leasehold | | On freehold land | On leasehold land | | | | |
| | | (PKR in '000) | | | | | | | | |
| | | **Year ended June 30, 2024** | | | | | | | | |
| **Net carrying value basis** | | | | | | | | | | |
| Opening net book value | | **608,936** | **-** | **429,642** | **734,364** | **3,376,652** | **19,051,614** | **30,869** | **441,144** | **24,673,221** |
| Additions / transfers | | **-** | **-** | **265,112** | **103,406** | **529,996** | **1,784,866** | **20,235** | **233,806** | **2,937,422** |
| Disposals at net book value | 6.1.1 | **-** | **-** | **-** | **-** | **(1,502)** | **(14,827)** | **-** | **(3,365)** | **(19,695)** |
| Depreciation charge | 6.3 | **-** | **-** | **(91,419)** | **(89,651)** | **(302,395)** | **(2,681,737)** | **(9,098)** | **(136,532)** | **(3,310,831)** |
| Closing net book value | | **608,936** | **-** | **603,335** | **748,119** | **3,602,751** | **18,139,916** | **42,006** | **535,053** | **24,280,117** |
| **Gross carrying value basis** | | | | | | | | | | |
| Cost | | **608,936** | **562,166** | **1,039,998** | **3,417,197** | **6,170,704** | **49,563,965** | **133,775** | **1,517,808** | **63,014,549** |
| Accumulated depreciation | | **-** | **(562,166)** | **(436,663)** | **(2,669,078)** | **(2,567,953)** | **(31,424,049)** | **(91,769)** | **(982,754)** | **(38,734,432)** |
| Closing net book value | | **608,936** | **-** | **603,335** | **748,119** | **3,602,751** | **18,139,916** | **42,006** | **535,053** | **24,280,117** |
| **Depreciation rate per annum (%)** | | **-** | **2 to 4** | **5 to 25** | **5 to 33** | **3 to 33** | **3 to 50** | **10 to 33** | **10 to 50** | |
| | | **Year ended June 30, 2023** | | | | | | | | |
| **Net carrying value basis** | | | | | | | | | | |
| Opening net book value | | 608,936 | - | 418,210 | 764,571 | 2,972,395 | 14,986,967 | 40,244 | 478,214 | 20,269,537 |
| Additions / transfers | | - | - | 76,916 | 45,932 | 669,377 | 6,527,237 | 275 | 85,574 | 7,405,311 |
| Disposals at net book value | | - | - | - | - | - | (313) | - | - | (313) |
| Depreciation charge | 6.3 | - | - | (65,484) | (76,139) | (265,120) | (2,462,277) | (9,650) | (122,644) | (3,001,314) |
| Closing net book value | | 608,936 | - | 429,642 | 734,364 | 3,376,652 | 19,051,614 | 30,869 | 441,144 | 24,673,221 |
| **Gross carrying value basis** | | | | | | | | | | |
| Cost | | 608,936 | 562,166 | 774,886 | 3,313,791 | 5,643,400 | 48,051,432 | 113,540 | 1,315,481 | 60,383,632 |
| Accumulated depreciation | | - | (562,166) | (345,244) | (2,579,427) | (2,266,748) | (28,999,818) | (82,671) | (874,337) | (35,710,411) |
| Closing net book value | | 608,936 | - | 429,642 | 734,364 | 3,376,652 | 19,051,614 | 30,869 | 441,144 | 24,673,221 |
| Depreciation rate per annum (%) | | - | 2 to 4 | 5 to 25 | 5 to 33 | 3 to 33 | 3 to 50 | 10 to 33 | 10 to 50 | |

**6.1.1** Cost of building on leasehold land, plant and machinery and furniture and equipment disposed off during the year amounts to PKR 2.692 million, PKR 272.333 million and PKR 31.480 million, respectively. There were no disposals of operating fixed assets having net book value in excess of PKR 500,000.

**6.2** Particulars of immovable assets of the Company are as follows:

| Location | Addresses | Usage of immovable property | Covered Area (sq.ft ) |
|---|---|---|---|
| **Karachi** | 5 West Wharf Road, Karachi | Head office and production plant | 117,619 |
| | S-33, Hawksbay Road, S.I.T.E | Production plant | 11,500 |
| **Lahore** | 63 Mozang Road, Lahore | Regional office | 28,454 |
| | 30-Km, Sheikhupura Road, Lahore | Production plant | 1,928,910 |
| | 45-Km, Off Multan Road, Lahore | Production plant | 14,601 |
| **Khewra** | LCI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum | Regional office and production plant | 2,744,404 |
| **Haripur** | Plot No. 32/2A Phase III, Industrial Estate Hattar, District Haripur | Production plant | 39,916 |
| **Islamabad** | 2nd floor, Islamabad Corporate Center, Golra Road, Islamabad | Regional office | 7,180 |

**6.3** Depreciation charge for the year has been allocated as follows:

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| Cost of sales | 31 | **3,229,356** | 2,927,366 |
| Selling and distribution expenses | 32 | **31,357** | 30,605 |
| Administration and general expenses | 33 | **50,118** | 43,343 |
| | | **3,310,831** | 3,001,314 |

**6.4** Following is the movement in capital work-in-progress during the year:

| | Civil works and buildings | Plant and machinery | Furniture and equipment | Advances to suppliers / contractors | Designing, consultancy and engineering fee | Total |
|---|---|---|---|---|---|---|
| | (PKR in '000) | | | | | |
| | **Year ended June 30, 2024** | | | | | |
| Opening balance | **47,611** | **1,595,652** | **110,507** | **838,283** | **242,984** | **2,835,037** |
| Additions during the year - note 6.4.1 | **1,104,866** | **1,631,281** | **629,439** | **1,478,901** | **648,330** | **5,492,817** |
| Transferred to operating fixed assets during the year | **(774,855)** | **(1,409,725)** | **(128,516)** | **(317,370)** | **(210,992)** | **(2,841,458)** |
| Closing balance | **377,622** | **1,817,208** | **611,430** | **1,999,814** | **680,322** | **5,486,396** |
| | **Year ended June 30, 2023** | | | | | |
| Opening balance | 123,880 | 4,926,936 | 78,595 | 1,179,323 | 288,881 | 6,597,615 |
| Additions during the year - note 6.4.1 | 790,427 | 2,618,137 | 74,365 | 156,297 | - | 3,639,226 |
| Transferred to operating fixed assets during the year | (866,696) | (5,949,421) | (42,453) | (497,337) | (45,897) | (7,401,804) |
| Closing balance | 47,611 | 1,595,652 | 110,507 | 838,283 | 242,984 | 2,835,037 |

| | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|
| | (PKR in '000) | |
| **6.4.1** This includes interest charged in respect of long-term loans obtained for projects and for general borrowing determined using an average capitalisation rate of 18.88% (June 30, 2023: 16.13%) per annum amounting to: | **233,731** | 249,963 |

## 7. INTANGIBLE ASSETS

| | Note | Brands | Goodwill | Software | Licenses | Total |
|---|---|---|---|---|---|---|
| | | (PKR in '000) | | | | |
| | | Year ended June 30, 2024 | | | | |
| **Net carrying value basis** | | | | | | |
| Opening net book value | | **1,437,679** | **206,374** | **9,383** | **10,447** | **1,663,883** |
| Additions | | **-** | **-** | **19,039** | **12,027** | **31,066** |
| Amortisation charge | 7.1 | **-** | **-** | **(4,958)** | **(7,037)** | **(11,995)** |
| Closing net book value | | **1,437,679** | **206,374** | **23,464** | **15,437** | **1,682,954** |
| **Gross carrying amount** | | | | | | |
| Cost | | **1,437,679** | **206,374** | **246,042** | **253,806** | **2,143,901** |
| Accumulated amortisation | | **-** | **-** | **(222,578)** | **(238,369)** | **(460,947)** |
| Closing net book value | | **1,437,679** | **206,374** | **23,464** | **15,437** | **1,682,954** |
| **Amortisation rate per annum (%)** | | **-** | **-** | **20** | **20 to 50** | |
| | | Year ended June 30, 2023 | | | | |
| **Net carrying value basis** | | | | | | |
| Opening net book value | | 1,437,679 | 206,374 | 620 | 20,595 | 1,665,268 |
| Additions | | - | - | 10,559 | - | 10,559 |
| Amortisation charge | 7.1 | - | - | (1,796) | (10,148) | (11,944) |
| Closing net book value | | 1,437,679 | 206,374 | 9,383 | 10,447 | 1,663,883 |
| **Gross carrying amount** | | | | | | |
| Cost | | 1,437,679 | 206,374 | 227,003 | 241,779 | 2,112,835 |
| Accumulated amortisation | | - | - | (217,620) | (231,332) | (448,952) |
| Closing net book value | | 1,437,679 | 206,374 | 9,383 | 10,447 | 1,663,883 |
| **Amortisation rate per annum (%)** | | **-** | **-** | 20 | 20 to 50 | |

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| **7.1** Amortisation charge for the year has been allocated as follows: | | (PKR in '000) | |
| Cost of sales | 31 | **3,156** | 2,103 |
| Selling and distribution expenses | 32 | **-** | 768 |
| Administration and general expenses | 33 | **8,839** | 9,073 |
| | | **11,995** | 11,944 |

### 7.2 Impairment testing of intangibles with indefinite lives

Goodwill and brands having indefinite useful lives have been allocated and monitored at the Pharma division of the Company. The Company has performed its annual impairment test as at June 30, 2024.

The recoverable amount is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the senior management covering a five year period and applying the expected value approach. The discount rate applied to cash flow projections is 16.5% for goodwill and intangibles with indefinite useful lives for impairment testing. The growth rate used to extrapolate the cash flows beyond the five-year period is 5%. As a result of this analysis, the management did not identify any impairment for the cash generating unit to which goodwill amounting to PKR 206.374 million and intangibles with indefinite useful lives (Brands) amounting to PKR 1,437.679 million are allocated.

### 7.2.1 Key assumptions used in value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

**(i) Discount rates**

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the Capital Asset Pricing Model. The discount rate reflects the target weighted average cost of capital of the Company.

**(ii) Key business assumptions**

These assumptions are based on industry data for growth rates, and management's assessment of how the unit's position, relative to its competitors, might change over the projected period. Management expects revenues and margins to improve on the basis of multiple strategies planned including increase in sales volumes and prices.

**7.2.2 Sensitivity to changes in assumptions**

Management believes that after considering the various scenarios no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

## 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts for various items of land and buildings and vehicles used in its operations. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has certain leases of sales offices and warehouses with lease terms of 12 months or less. The Company applies the 'short-term lease' exemptions for these leases. For such contracts, the management has competitive options available in the market and the replacement costs are estimated to be minimal.

Set out below is the carrying amount of right-of-use assets recognised and their movement during the year:

| | Note | Motor vehicles | Land and buildings | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|---|
| | | (PKR in '000) | | | |
| **Net carrying value basis** | | | | | |
| Opening balance | | **18,935** | **97,772** | **116,707** | 163,074 |
| Additions | | **66,665** | **121,389** | **188,054** | 37,956 |
| Depreciation charge | 8.2 | **(29,946)** | **(92,358)** | **(122,304)** | (84,323) |
| Closing balance | | **55,654** | **126,803** | **182,457** | 116,707 |

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| Set out below is the carrying amount of lease liabilities and its movement during the year: | | (PKR in '000) | |
| Opening balance | | **109,871** | 184,299 |
| Additions | | **188,053** | 35,514 |
| Accretion of interest | 35 | **29,993** | 27,355 |
| Interest payments - presented as operating cashflows | | **(29,993)** | (27,355) |
| Payment of lease liabilities | | **(101,899)** | (109,942) |
| Closing balance | | **196,025** | 109,871 |
| | | | |
| Current portion of lease liabilities | | **38,547** | 80,807 |
| Non-current lease liabilities | | **157,478** | 29,064 |
| | | **196,025** | 109,871 |

**8.1** The following are the amounts recognised in the unconsolidated statement of profit or loss:

| | Note | 2024 | 2023 |
|---|---|---|---|
| Depreciation expense of right-of-use assets | 8.2 | **122,304** | 84,323 |
| Accretion of interest | 35 | **29,993** | 27,355 |
| | | **152,297** | 111,678 |

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **8.2** | **Allocation of depreciation expense** | | -------------(PKR in '000)------------- | |
| | Cost of sales | 31 | **37,306** | 51,929 |
| | Selling and distribution expenses | 32 | **4,556** | 13,211 |
| | Administration and general expenses | 33 | **80,442** | 19,183 |
| | | | **122,304** | 84,323 |

**8.3** Lease payments of short term leases amounting to PKR 47.260 million (June 30, 2023: PKR 69.471 million) have been recognised as expense during the year.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **9.** | **LONG-TERM INVESTMENTS** | | -------------(PKR in '000)------------- | |
| | **Unquoted - at cost** | | | |
| | *Subsidiaries* | | | |
| | - Lucky Core PowerGen Limited (wholly owned) | | | |
| | 7,100,000 ordinary shares (June 30, 2023: 7,100,000 ordinary shares) of face value of PKR 100 each | | **710,000** | 710,000 |
| | Provision for impairment | | **(209,524)** | (209,524) |
| | | | **500,476** | 500,476 |
| | - Lucky Core Ventures (Private) Limited (wholly owned) | | | |
| | 10,000 ordinary shares (June 30, 2023: 10,000 ordinary shares) of face value of PKR 10 each | | **100** | 100 |
| | - Lucky TG (Private) Limited (51% owned) | | | |
| | 510,000 ordinary shares (June 30, 2023: 28,050,000 ordinary shares) of face value of PKR 10 each | 9.1 | **5,100** | 280,500 |
| | Associate | | | |
| | - NutriCo Morinaga (Private) Limited [24.5% holding (June 30, 2023: 24.5% holding)] | | | |
| | 20,121,621 ordinary shares (June 30, 2023: 20,121,621 ordinary shares) of face value of PKR 100 each | 9.2 | **1,904,315** | 1,904,315 |
| | **Others** | | | |
| | *Equity* | | | |
| | - Arabian Sea Country Club Limited | | | |
| | 250,000 ordinary shares (June 30, 2023: 250,000) of PKR 10 each | | **2,500** | 2,500 |
| | | | **2,412,491** | 2,687,891 |

**9.1** During the year, the Board of Directors of Lucky TG (Private) Limited (Lucky TG) granted approval for Lucky TG to buy back a portion of its shares from its Members (the Company and Tariq Glass Industries Limited) in proportion to their shareholding. The Board of Directors of the Company authorised the Company to accept the offer for purchase of shares from Lucky TG, amounting to PKR 275.400 million. The Company continues to retain 51% shareholding in Lucky TG.

**9.2** During the year ended June 30, 2023, the Company entered into a Share Purchase Agreement (SPA) with Morinaga Milk Industry Co. Ltd; Japan (Morinaga Milk) for partial divestment of its 26.5% shareholding in NutriCo Morinaga (Private) Limited (NMPL) at an aggregate sale price of USD 45,082,657 (approximately USD 2.07 per share) equal to PKR 11,902 million. Prior to this transaction, the Company held 51% shareholding in NMPL. The transaction was approved by the shareholders in the Annual General Meeting held on September 27, 2022 and by the Competition Commission of Pakistan on December 8, 2022. The transaction was concluded on January 27, 2023, after which NMPL ceased to be treated as a subsidiary of the Company. The Company continues to hold approximately 24.5% of the share capital of NMPL.

**9.3** The principal place of business of all the investees is in Pakistan.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **10.** | **LONG-TERM LOANS** | | -------------(PKR in '000)------------- | |
| | **Considered good - secured** | | | |
| | Due from executives and employees | 10.1 & 15.1 | **803,868** | 535,698 |

**10.1 Due from executives and employees**

| | Note | Loans for motor vehicle | Other loans | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|---|
| | | --------(PKR in '000)-------- | | | |
| Due from executives | 10.2 | **282,774** | **84,259** | **367,033** | 254,391 |
| Receivable within one year | | **(56,973)** | **(82,725)** | **(139,698)** | (106,512) |
| | | **225,801** | **1,534** | **227,335** | 147,879 |
| Due from employees | 10.2 | | | **784,920** | 848,414 |
| Receivable within one year | | | | **(208,387)** | (460,595) |
| | | | | **576,533** | 387,819 |
| | | | | **803,868** | 535,698 |
| Outstanding for the period: | | | | | |
| - less than three years but over one year | | | | **174,515** | 116,297 |
| - more than three years | | | | **629,353** | 419,401 |
| | | | | **803,868** | 535,698 |

**10.2** Loans for purchase of motor vehicles and others are repayable between two to ten years. These loans are interest free and granted to the employees, including executives of the Company, in accordance with the terms of employment.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **11.** | **LONG-TERM DEPOSITS AND OTHER ASSETS** | | ----(PKR in '000)---- | |
| | Deposits | | **82,856** | 78,319 |
| | Staff retirement benefits - net | | | |
| | - Pension (Funded) | 22.3.2 | **195,856** | 25,230 |
| | - Gratuity (Funded) | 22.3.2 | **9,171** | - |
| | | | **205,027** | 25,230 |
| | | | **287,883** | 103,549 |
| **12.** | **STORES, SPARES AND CONSUMABLES** | | | |
| | Stores | 12.1 | **448,679** | 139,975 |
| | Spares | 12.1 | **1,219,915** | 1,094,683 |
| | Consumables | 12.1 | **4,384,376** | 3,783,894 |
| | | | **6,052,970** | 5,018,552 |
| | Provision for slow moving and obsolete stores and spares | 12.2 | **(133,944)** | (118,669) |
| | | | **5,919,026** | 4,899,883 |
| **12.1** | Includes stores, spares and consumables in transit amounting to: | | **3,836,831** | 2,767,833 |
| **12.2** | Movement of provision for slow moving and obsolete stores and spares is as follows: | | | |
| | Opening balance | | **118,669** | 135,991 |
| | Charge for the year | 31 | **15,275** | 3,291 |
| | Write-off during the year | | **-** | (20,613) |
| | Closing balance | | **133,944** | 118,669 |

**12.3** This includes stock of coal amounting to PKR 539.710 million which is stored in the form of stockpiles.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **13.** | **STOCK-IN-TRADE** | | | |
| | Raw and packing material including in-transit amounting to PKR 1,917.291 million (June 30, 2023: PKR 2,449.056 million) | 13.4 | **7,890,203** | 10,047,283 |
| | Work-in-process | | **483,585** | 450,271 |
| | Finished goods including in-transit amouting to PKR 485.710 million (June 30, 2023: PKR 291.843 million) | | **7,253,716** | 8,526,811 |
| | | | **15,627,504** | 19,024,365 |
| | Provision for slow moving and obsolete stock-in-trade | 13.1 | **(232,113)** | (292,823) |
| | | | **15,395,391** | 18,731,542 |
| **13.1** | Movement of provision for slow moving and obsolete stock-in-trade is as follows: | | | |
| | Opening balance | | **292,823** | 126,176 |
| | Charge for the year - net | 31 | **209,595** | 190,871 |
| | Write-off during the year | 13.3 | **(270,305)** | (24,224) |
| | Closing balance | | **232,113** | 292,823 |

**13.2** Stock at cost amounting to PKR 18.538 million (June 30, 2023: PKR 350.435 million) is measured at net realisable value. The related expense amounting to PKR 7.620 million (June 30, 2023: PKR 195.195 million) has been recognised in the unconsolidated statement of profit or loss.

**13.3** This includes PKR 110 million received as compensation from supplier against this write-off.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| | | | -------------(PKR in '000)------------- | |
| 13.4 | This includes raw and packing materials held with the following toll manufacturers: | | | |
| | Bio-Labs (Private) Limited | | **33,441** | 12,942 |
| | Selmore Pharmaceuticals (Private) Limited | | **4,274** | 11,220 |
| | Aamster Laboratories | | **15,992** | 9,044 |
| | NovaMed Pharmaceuticals (Private) Limited | | **76,077** | - |
| | CSH Pharmaceutical (Private) Limited | | **56,365** | - |
| | Citi Pharma Limited | | **7,879** | - |
| | Pharmasol (Private) Limited | | **5,627** | - |
| | | | **199,655** | 33,206 |

**13.5** This includes stock pertaining to coke, limestone, rocksalt amounting to PKR 817.579 million which are stored in the form of stockpiles.

## 14. TRADE DEBTS

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Considered good** | | | |
| - Secured | | **2,076,145** | 2,084,328 |
| - Unsecured | | | |
| Due from associated companies | 14.1 & 14.2 | **38,551** | 37,355 |
| Others | | **4,459,102** | 3,596,055 |
| | | **6,573,798** | 5,717,738 |
| **Considered doubtful** | 14.3 | **170,820** | 121,640 |
| | | **6,744,618** | 5,839,378 |
| - Allowance for expected credit losses (ECL) | 14.3 | **(170,820)** | (121,640) |
| - Provision for price adjustments, discounts and sales returns | | **(998,493)** | (520,247) |
| | | **(1,169,313)** | (641,887) |
| | | **5,575,305** | 5,197,491 |

**14.1** Includes amounts due from the following related parties, which are neither past due nor impaired, as of the reporting date:

| | 2024 | 2023 |
|---|---|---|
| **Unsecured** | | |
| Yunus Textile Mills Limited | **14,954** | 13,865 |
| Lucky Motors Corporation Limited | **11,241** | - |
| Lucky Textiles Mills Limited | **3,114** | 16,225 |
| International Industries Limited | **2** | - |
| Lucky Foods (Private) Limited | **-** | 2,913 |
| Lucky Cement Limited | **4,029** | 2,260 |
| Tabba Kidney Institute | **2,242** | 1,323 |
| Lucky Al Shumookh Holdings Limited | **224** | 224 |
| Al Mabrooka Cement Manufacturing Company Limited | **-** | 438 |
| Tabba Heart Institute | **2,745** | 107 |
| | **38,551** | 37,355 |

**14.2** The maximum amount outstanding from related parties at any time during the year with reference to month end balances are as follows:

| | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|
| | -------------(PKR in '000)------------- | |
| **Unsecured** | | |
| Gadoon Textile Mills Limited | **814,295** | - |
| Lucky Textiles Limited | **36,368** | 44,859 |
| Yunus Textile Mills Limited | **22,932** | 13,865 |
| Tabba Heart Institute | **2,707** | 7,681 |
| Lucky Foods (Private) Limited | **9,131** | 6,406 |
| Lucky Cement Limited | **4,032** | 3,994 |
| Tabba Kidney Institute | **2,065** | 2,313 |
| Lucky Al Shumookh Holdings Limited | **224** | 224 |
| International Industries Limited | **4,130** | - |
| Lucky Motor Corporation Limited | **16,330** | - |
| Nutrico Morinaga (Private) Limited | **514** | - |
| Lucky Core PowerGen Limited | **48,841** | - |
| Child Life Foundation | **766** | - |
| Al Mabrooka Cement Manufacturing Company Limited | **-** | 438 |
| | **962,335** | 79,780 |

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| 14.3 | Movement of allowance for ECL is as follows: | | -------------(PKR in '000)------------- | |
| | Opening balance | | **121,640** | 160,857 |
| | Charge / (Reversal) for the year - net | 33 | **51,039** | (1,355) |
| | Write-off during the year | | **(1,859)** | (37,862) |
| | Closing balance | | **170,820** | 121,640 |

**15. LOANS AND ADVANCES**

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **Considered good** | | | |
| Loans due from: | | | |
| - Executives | 15.1 | **139,698** | 106,512 |
| - Employees | 15.1 | **208,387** | 460,595 |
| | | **348,085** | 567,107 |
| Advances to: | | | |
| - Executives | | **17,820** | 21,418 |
| - Employees | | **2,893** | 63,193 |
| - Contractors and suppliers | 15.2 | **660,190** | 433,962 |
| | | **680,903** | 518,573 |
| | | **1,028,988** | 1,085,680 |
| **Considered doubtful** | | **25,542** | 26,508 |
| | | **1,054,530** | 1,112,188 |
| Allowance for ECL | 15.3 | **(25,542)** | (26,508) |
| | | **1,028,988** | 1,085,680 |

| | | | |
|---|---|---|---|
| 15.1 | The maximum amount outstanding of loans to executives and employees at any time during the year calculated with reference to month end balances are: | **348,085** | 567,107 |

**15.2** This includes advances to foreign suppliers, having latest maturity within one year, amounting to PKR 19.396 million (June 30, 2023: PKR 31.455 million), details of which are as follows:

| Name | Jurisdiction | As at June 30, 2024<br>Amount in foreign currency | (PKR in '000) |
|---|---|---|---|
| Slack And Parr Limited | United Kingdom | GBP 21,159 | 7,428 |
| Valvan Baling System NV | Belgium | EUR 7,018 | 2,082 |
| Thermo Electric Co. Limited | United Kingdom | GBP 5,385 | 1,914 |
| Amarillo Gear Company | United States of America | USD 6,317 | 1,777 |
| Ingersoll Rand | Ireland | EUR 4,500 | 1,364 |
| Hefei Imaster Electrical Technology | China | CNY 26,030 | 1,003 |
| Solar Turbines | Switzerland | USD 2,904 | 809 |
| Qindao Synthesis Technology | China | CNY 14,950 | 578 |
| Flowserve Control Valves GMBH | United States of America | EUR 1,784 | 534 |
| Rembe Gmbh Safety + Control | Germany | EUR 1,760 | 527 |
| Magnesia GMBH | Switzerland | EUR 1,260 | 381 |
| Hangzhou Shanli Purify Equipment | China | USD 1,055 | 294 |
| Ceratrak Company Limited | Korea | USD 860 | 239 |
| Seetru Limited | Germany | GBP 529 | 189 |
| Maag Germany GMBH | Germany | EUR 921 | 187 |
| Neutronics | United States of America | USD 526 | 90 |

| | | Note | Year ended June 30, 2024 | Year ended June 30, 2023 |
|---|---|---|---|---|
| 15.3 | Movement of allowance for ECL is as follows: | | -------------(PKR in '000)------------- | |
| | Opening balance | | **26,508** | 26,265 |
| | Charge for the year-net | 33 | **885** | 243 |
| | Write-off during the year | | **(1,851)** | - |
| | Closing balance | | **25,542** | 26,508 |

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| | | | -------------(PKR in '000)------------- | |
| **16.** | **SHORT-TERM DEPOSITS AND PREPAYMENTS** | | | |
| | Short-term deposits | | | |
| | - Trade deposits | | **786,522** | 592,605 |
| | - Others | 16.1 | **-** | 1,800,000 |
| | Short-term prepayments | | **265,268** | 225,158 |
| | | | **1,051,790** | 2,617,763 |

**16.1** Last year in January 2023, the Company entered into a Share Purchase Agreement (SPA) with Lotte Chemical Corporation (LCC) for the acquisition of 1,135,860,105 ordinary shares of Lotte Chemical Pakistan Limited (LCPL) constituting approximately 75.01% of the issued, and paid-up capital of LCPL. As per the agreement, the Company paid an amount in an interest bearing ESCROW account in respect of the potential acquisition of LCPL. During the year, the Company signed an Assignment and Assumption Agreement with Lucky Core Ventures (Private) Limited (LCV) (a wholly owned subsidiary of the Company) and LCC, wherein the rights, obligations and liabilities of the Company under the SPA were assigned to LCV.

However, LCV terminated the SPA signed with LCC as the conditions required for completion could not be met in the time stipulated in the SPA. Accordingly, the amount deposited in the ESCROW account has been returned to the Company.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **17.** | **OTHER RECEIVABLES** | | -------------(PKR in '000)------------- | |
| | **Considered good** | | | |
| | Sales tax refundable | | **1,815,805** | 1,800,115 |
| | Commission and discounts receivable | | **3,185** | 44,349 |
| | Due from subsidiaries | 17.1 & 17.2 | **680** | 1,875 |
| | Due from associated companies | 17.1 & 17.2 | **-** | 49,508 |
| | Receivable from principal | | **125,407** | 103,811 |
| | Accrued interest income | | **6,814** | 138,408 |
| | Others | | **257,771** | 205,340 |
| | | | **2,209,662** | 2,343,406 |
| | **Considered doubtful** | | **32,466** | 18,273 |
| | | | **2,242,128** | 2,361,679 |
| | Allowance for ECL | 17.3 | **(32,466)** | (18,273) |
| | | | **2,209,662** | 2,343,406 |

| | | 2024 | 2023 |
|---|---|---|---|
| **17.1** | Due from subsidiaries and associated companies, which are neither past due nor impaired, includes the following: | | |
| | **Unsecured** | | |
| | Lucky Foods (Private) Limited - Associated company | **-** | 2,733 |
| | NutriCo Morinaga (Private) Limited - Associate | **-** | 33,333 |
| | Lucky Core Ventures (Private) Limited - Subsidiary | **680** | - |
| | Lucky Core PowerGen Limited - Subsidiary | **-** | 1,875 |
| | Lucky Commodities (Private) Limited - Associated company | **-** | 13,442 |
| | | **680** | 51,383 |

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **17.2** | The maximum amount outstanding from subsidiaries and associated companies at any time during the year with reference to month end balances are as follows: | | -------------(PKR in '000')------------- | |
| | **Unsecured** | | | |
| | Lucky Foods (Private) Limited - Associated company | | **-** | 2,733 |
| | NutriCo Morinaga (Private) Limited - Associate | | **36,000** | 33,333 |
| | Lucky Core Ventures (Private) Limited - Subsidiary | | **680** | - |
| | Lucky Core PowerGen Limited - Subsidiary | | **-** | 1,875 |
| | Lucky Commodities (Private) Limited - Associated company | | **-** | 13,442 |
| | | | **36,680** | 51,383 |
| **17.3** | Movement of allowance for ECL is as follows: | | | |
| | Opening balance | | **18,273** | 10,028 |
| | Charge for the year | 33 | **19,224** | 8,245 |
| | Write-off during the year | | **(5,031)** | - |
| | Closing balance | | **32,466** | 18,273 |

**18. SHORT-TERM INVESTMENTS**

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **At fair value through profit or loss** | | | |
| Investments in mutual funds | 18.1 | **14,984,879** | 12,674,655 |

**18.1** This represents amount received from sale proceeds of disposal of interest in NutriCo Morinaga (Private) Limited including the associated dividend income from investment in mutual funds - note 9.2. The amount is invested in units of Shariah Compliant mutual funds, which are readily encashable. The investment is in daily dividend funds. Therefore, there is no unrealised gain or loss as at June 30, 2024 and June 30, 2023 as its market value equals its carrying value. Details are as follows:

| | Note | As at June 30, 2024 | | As at June 30, 2023 | |
|---|---|---|---|---|---|
| | | Number of units (in 000) | Value of investment * (PKR in 000) | Number of units (in 000) | Value of investment * (PKR in 000) |
| HBL - Islamic Money Market Fund | | **43,591** | **4,410,093** | 36,811 | 3,724,190 |
| MCB - Alhamra Islamic Money Market Fund | | **15,110** | **1,503,629** | 21,376 | 2,127,125 |
| NBP - Islamic Daily Dividend Fund | | **188,514** | **1,885,140** | 159,492 | 1,594,920 |
| UBL - Al Ameen Islamic Cash Fund | | **17,829** | **1,782,930** | 15,080 | 1,508,019 |
| Meezan Rozana Amdani Fund | | **26,777** | **1,338,858** | 74,408 | 3,720,401 |
| Faysal Islamic Cash Fund | | **15,353** | **1,535,318** | - | - |
| Alfalah Islamic Rozana Amdani Fund | | **10,114** | **1,011,364** | - | - |
| ABL - Islamic Cash Fund | | **151,755** | **1,517,547** | - | - |
| | | **469,043** | **14,984,879** | 307,167 | 12,674,655 |

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **19.** | **CASH AND BANK BALANCES** | | -------------(PKR in '000')------------- | |
| | Cash at banks: | | | |
| | - Short-term deposits | 19.1 | **1,372,207** | 377,000 |
| | - Current accounts | 19.2 | **882,678** | 515,228 |
| | Cash in hand | | **9,642** | 8,027 |
| | | | **2,264,527** | 900,255 |

**19.1** This includes security deposits from certain distributors kept separately with various banks at pre-agreed rate, maturing at various dates. These are interest based arrangements and these term deposits are readily encashable without any penalty.

The mark-up percentage on the short-term deposits during the year ranged from 17.5% to 20% (June 30, 2023: 11.1% to 18.9%) per annum.

**19.2** This includes balance held with Bank Al Habib Limited (a related party) amounting to PKR 69.99 million (June 30, 2023: PKR 193.62 million).

## 20. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| As at June 30, 2024 | As at June 30, 2023 | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|---|
| ------(Number of shares)----- | | | | ------------(PKR in '000)------------ | |
| **83,734,062** | 83,734,062 | Ordinary shares of PKR 10 each fully paid in cash | | **837,341** | 837,341 |
| **211,925** | 211,925 | Ordinary shares of PKR 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation | 20.1 | **2,119** | 2,119 |
| **16,786** | 16,786 | Ordinary shares of PKR 10 each issued as fully paid bonus shares | | **168** | 168 |
| **8,396,277** | 8,396,277 | Ordinary shares issued pursuant to the previous scheme as fully paid for consideration of investment in associate | 20.2 | **83,963** | 83,963 |
| **92,359,050** | 92,359,050 | | | **923,591** | 923,591 |

**20.1** The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited (now Lucky Core Industries Limited) on April 01, 1987.

**20.2** With effect from October 01, 2000, the Pure Terephthalic Acid (PTA) business of the Company was demerged under a scheme of arrangement dated December 12, 2000 approved by the shareholders and sanctioned by the Sindh High Court.

**20.3** As at June 30, 2024, the Holding Company together with Yunus Textile Mills Limited, Gadoon Textile Mills Limited, Lucky Textile Mills Limited and YB Pakistan Limited held 81.54% (June 30, 2023: 81.54%) while institutions held 8.00% (June 30, 2023: 7.17%) and individuals, Modarabas and Mutual Funds and others held the balance of 10.46% (June 30, 2023: 11.29%) of ordinary shares of the Company. Voting rights and other shareholders' rights are in proportion to their shareholding.

**20.4** All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **21. CAPITAL RESERVES** | | ----------(PKR in '000)---------- | |
| Share premium | 21.1 | **309,057** | 309,057 |
| Capital receipts | 21.2 | **586** | 586 |
| Reserve for capacity expansions and long-term investments | 21.3 | **18,000,000** | - |
| | | **18,309,643** | 309,643 |

**21.1** Share premium includes premium amounting to PKR 0.902 million received on shares issued for the Company's Polyester Plant installation in 1980 and premium of PKR 308.982 million representing the difference between nominal value of PKR 10 per share on 8,396,277 ordinary shares issued by the Company and the market value of PKR 392.958 million of these shares corresponding to 25% holding acquired in Lotte Pakistan PTA Limited, an ex-associate, at the date of acquisition i.e. November 2, 2001. The number of shares that had been issued were determined in accordance with the previous scheme in the ratio between market value of the shares of two companies based on the mean of the middle market quotation of the Karachi Stock Exchange (now Pakistan Stock Exchange Limited) over the ten trading days between October 22, 2001 to November 2, 2001.

**21.2** Represents amount received from various overseas ICI plc group companies for the purchase of property, plant and equipment. The remitting companies have no claim on repayments.

**21.3** Over the years, the Company has heavily invested in various expansion and growth initiatives to ultimately create value for its shareholders. Having invested reserves in various capacity expansion projects and long-term investments, a certain portion of reserves of the Company have been utilised. Accordingly, the Board of Directors of the Company in its meeting held on June 10, 2024 has approved the transfer of PKR 18,000 million from revenue reserves (unappropriated profits) to capital reserves to more accurately reflect the nature of these reserves. These reserves will not be available for distribution by way of dividend.

| | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|
| | ----------(PKR in '000)---------- | |
| **22. STAFF RETIREMENT BENEFITS - NET** | | |
| Gratuity (Funded) | **-** | 56,847 |
| Non-management gratuity (Unfunded) | **113,984** | 119,701 |
| | **113,984** | 176,548 |

**22.1** The Company is operating a funded defined benefit pension scheme and a funded defined benefit gratuity scheme for its management staff who joined prior to August 1, 2004 for Pension Scheme and prior to March 21, 2016 for Gratuity Scheme. The Company also operates defined benefit gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. Actuarial valuation of defined benefit plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2024. Refer note 3.12.

**22.2** Plan assets held in trust are governed by local regulations which mainly includes repealed Trust Act, 1882, Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the plans. Responsibility for governance of the Plans, including investment and funding decisions and contribution schedules lies with the Board of Trustees. The Company appoints the trustees.

## 22.3 Staff retirement benefits

**22.3.1** The amounts recognised in the unconsolidated statement of profit or loss and unconsolidated statement of other comprehensive income against defined benefit schemes are as follows:

| | Note | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Funded | | | Unfunded | Funded | | | Unfunded |
| | | Pension | Gratuity | Total | Non management gratuity | Pension | Gratuity | Total | Non management gratuity |
| | | (PKR in '000) | | | | | | | |
| **Unconsolidated statement of profit or loss** | | | | | | | | | |
| Current service cost | | **2,094** | **45,193** | **47,287** | **4,519** | 3,007 | 39,289 | 42,296 | 4,069 |
| Interest cost | | **79,892** | **112,737** | **192,629** | **17,710** | 75,335 | 84,286 | 159,621 | 13,995 |
| Expected return on plan assets | | **(83,865)** | **(109,319)** | **(193,184)** | **-** | (81,115) | (84,529) | (165,644) | - |
| Net (reversal) / charge for the year | | **(1,879)** | **48,611** | **46,732** | **22,229** | (2,773) | 39,046 | 36,273 | 18,064 |
| **Unconsolidated statement of other comprehensive income:** | | | | | | | | | |
| (Gain) / loss on obligation | | **(26,128)** | **82,655** | **56,527** | **(10,314)** | (38,800) | 28,956 | (9,844) | 6,758 |
| (Loss) / gain on plan assets | | **(142,619)** | **(126,995)** | **(269,614)** | **-** | 60,811 | 24,358 | 85,169 | - |
| Net loss / (gain) for the year | | **(168,747)** | **(44,340)** | **(213,087)** | **(10,314)** | 22,011 | 53,314 | 75,325 | 6,758 |

### 22.3.2 Movement in the net asset / (liability) recognised in the unconsolidated statement of financial position is as follows:

| | Note | Pension 2024 | Gratuity 2024 | Total 2024 | Non management gratuity 2024 | Pension 2023 | Gratuity 2023 | Total 2023 | Non management gratuity 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Opening balance | | **25,230** | **(56,847)** | **(31,617)** | **(119,701)** | 44,468 | (31,966) | 12,502 | (117,304) |
| Net charge / (reversal) for the year | 22.3.1 | **1,879** | **(48,611)** | **(46,732)** | **(22,229)** | 2,773 | (39,046) | (36,273) | (18,064) |
| Net loss / (gain) for the year | 22.3.1 | **168,747** | **44,340** | **213,087** | **10,314** | (22,011) | (53,314) | (75,325) | (6,758) |
| Contributions / payments during the year | | **-** | **70,289** | **70,289** | **17,632** | - | 67,479 | 67,479 | 22,425 |
| Closing balance | | **195,856** | **9,171** | **205,027** | **(113,984)** | 25,230 | (56,847) | (31,617) | (119,701) |

### 22.3.2.1 Included in other comprehensive income:

| | Pension 2024 | Gratuity 2024 | Total 2024 | Non management gratuity 2024 | Pension 2023 | Gratuity 2023 | Total 2023 | Non management gratuity 2023 |
|---|---|---|---|---|---|---|---|---|
| Actuarial gain / loss arising from | | | | | | | | |
| - financial assumptions | **(1,125)** | **34,627** | **33,502** | **(34)** | (54,694) | 5,994 | (48,700) | 562 |
| - experience adjustment | **(25,003)** | **48,028** | **23,025** | **(10,280)** | 15,894 | 22,962 | 38,856 | 6,196 |
| - investment return | **(142,619)** | **(126,995)** | **(269,614)** | **-** | 60,811 | 24,358 | 85,169 | - |
| | **(168,747)** | **(44,340)** | **(213,087)** | **(10,314)** | 22,011 | 53,314 | 75,325 | 6,758 |

### 22.3.3 The amounts recognised in the statement of financial position are as follows:

| | Note | Pension 2024 | Gratuity 2024 | Total 2024 | Non management gratuity 2024 | Pension 2023 | Gratuity 2023 | Total 2023 | Non management gratuity 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Fair value of plan assets | 22.3.5 | **714,613** | **912,176** | **1,626,789** | **-** | 576,829 | 712,319 | 1,289,148 | - |
| Present value of defined benefit obligation | 22.3.4 | **(518,757)** | **(903,005)** | **(1,421,762)** | **(113,984)** | (551,599) | (769,166) | (1,320,765) | (119,701) |
| Net asset / (liability) | | **195,856** | **9,171** | **205,027** | **(113,984)** | 25,230 | (56,847) | (31,617) | (119,701) |

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

### 22.3.4 Movement in the present value of defined benefit obligation is as follows:

| | Note | Pension 2024 | Gratuity 2024 | Total 2024 | Non management gratuity 2024 | Pension 2023 | Gratuity 2023 | Total 2023 | Non management gratuity 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Opening balance | | **551,599** | **769,166** | **1,320,765** | **119,701** | 646,937 | 680,266 | 1,327,203 | 117,304 |
| Current service cost | | **2,094** | **45,193** | **47,287** | **4,519** | 3,007 | 39,289 | 42,296 | 4,069 |
| Interest cost | | **79,892** | **112,737** | **192,629** | **17,710** | 75,335 | 84,286 | 159,621 | 13,995 |
| Benefits paid | | **(88,700)** | **(106,746)** | **(195,446)** | **(17,632)** | (134,880) | (63,631) | (198,511) | (22,425) |
| Actuarial (gain) / loss | | **(26,128)** | **82,655** | **56,527** | **(10,314)** | (38,800) | 28,956 | (9,844) | 6,758 |
| Closing balance | 22.3.3 | **518,757** | **903,005** | **1,421,762** | **113,984** | 551,599 | 769,166 | 1,320,765 | 119,701 |

### 22.3.5 Movement in the fair value of plan assets is as follows:

| | Note | Pension 2024 | Gratuity 2024 | Total 2024 | Non management gratuity 2024 | Pension 2023 | Gratuity 2023 | Total 2023 | Non management gratuity 2023 |
|---|---|---|---|---|---|---|---|---|---|
| Opening balance | | **576,829** | **712,319** | **1,289,148** | **-** | 691,405 | 648,300 | 1,339,705 | - |
| Expected return | | **83,865** | **109,319** | **193,184** | **-** | 81,115 | 84,529 | 165,644 | - |
| Contributions | | **-** | **70,289** | **70,289** | **-** | - | 67,479 | 67,479 | - |
| Benefits paid | | **(88,700)** | **(106,746)** | **(195,446)** | **-** | (134,880) | (63,631) | (198,511) | - |
| Actuarial gain / (loss) | | **142,619** | **126,995** | **269,614** | **-** | (60,811) | (24,358) | (85,169) | - |
| Closing balance | 22.3.3 | **714,613** | **912,176** | **1,626,789** | **-** | 576,829 | 712,319 | 1,289,148 | - |

**22.3.6 Historical information**

| | June 30 | | | | |
|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** |
| | (PKR in '000) | | | | |
| Present value of defined benefit obligation | **1,535,746** | 1,440,466 | 1,444,507 | 1,554,200 | 1,552,030 |
| Fair value of plan assets | **(1,626,789)** | (1,289,148) | (1,339,705) | (1,500,653) | (1,472,361) |
| Deficit | **(91,043)** | 151,318 | 104,802 | 53,547 | 79,669 |

**22.3.7 Major categories / composition of plan assets are as follows:**

| | **2024** | **2023** |
|---|---|---|
| Debt instruments | **62.85%** | 68.70% |
| Equity at market value | **33.49%** | 27.74% |
| Cash / Others | **3.66%** | 3.55% |

| **Fair value of plan assets** | **Pension** | **Gratuity** | **Pension** | **Gratuity** |
|---|---|---|---|---|
| | **As at June 30, 2024** | | **As at June 30, 2023** | |
| | (PKR in '000) | | | |
| **Investments** | | | | |
| Government bonds | **406,212** | **579,705** | 351,821 | 476,919 |
| Corporate bonds | **-** | **36,484** | - | 56,918 |
| Shares | **279,750** | **265,101** | 209,976 | 147,588 |
| Cash and term deposits | **28,651** | **30,886** | 15,032 | 30,894 |
| Total | **714,613** | **912,176** | 576,829 | 712,319 |

The mortality rates are based on 70% of the EFU (61-66) (June 30, 2023: 70% of the EFU (61-66)) ultimate mortality rates, rated down by three years. If life expectancy increases by 1 year, the obligation increases by PKR 49.213 million (June 30, 2023: PKR 49.754 million).

| | **2024** | **2023** |
|---|---|---|
| | (PKR in '000) | |
| **Actual return on plan assets during the year** | **462,798** | 80,475 |

**22.3.8 The sensitivity of the defined benefit obligation to changes in the significant assumptions is as follows:**

| | | |
|---|---|---|
| Discount rate | **15.00%** | 15.75% |
| Future salary increases - Management | **9.50%** | 10.25% |
| Future salary increases - Non-management | **10.50%** | 11.25% |
| Future pension increases | **7.25%** | 8.00% |

**22.3.9 Impact of changes in assumptions on defined benefit scheme is as follows:**

| **Assumption** | **1% Increase** | **1% Decrease** |
|---|---|---|
| | (PKR in '000) | |
| | **2024** | |
| Discount rate | **62,831** | **68,212** |
| Salary increase | **(49,585)** | **(46,001)** |
| Pension increase | **(22,555)** | **(20,798)** |

| | 2023 | |
|---|---|---|
| Discount rate | (67,400) | 73,895 |
| Salary increase | 53,719 | (49,303) |
| Pension increase | 24,703 | (22,767) |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the unconsolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **22.3.9.1** | Expected maturity analysis of undiscounted defined benefit obligation is as follows: | | ----------(PKR in '000)---------- | |
| | Less than a year | | **274,345** | 154,362 |
| | Between 1-5 years | | **1,145,760** | 1,017,364 |
| | Over 5 years | | **1,407,826** | 1,376,086 |
| | | | **2,827,931** | 2,547,812 |
| **22.3.10** | During the year, the Company's contribution in the fund is as follows: | | | |
| | Provident fund | 22.4 | **199,816** | 180,038 |
| | Defined contribution superannuation fund | 22.4 | **178,162** | 160,940 |

**22.3.11** The Company contributes to the pension and gratuity funds on the advice of the funds' actuary. The contributions are equal to the current service cost with adjustment for any deficit. If there is a surplus, the Company takes a contribution holiday, accordingly, there is no material impact of asset ceiling in these unconsolidated financial statement. The expected contributions for the financial year ending June 30, 2025 for management staff gratuity PKR 46.007 million.

**22.3.12** The weighted average duration of the defined benefit obligation is 5 years (June 30, 2023: 5.8 years).

**22.3.13** The defined benefit schemes pose 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 benefits.

**Investment risk**

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating proper investment plans.

**Final salary risks**

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefits are calculated on the final salary, the benefit amounts increase similarly.

**Risk of sufficiency of assets**

This was managed by making regular contributions to the gratuity and pension funds as advised by the actuary.

**Withdrawal risk**

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the defined benefit obligations. The movement of the liability can go either way.

**22.4** Investments out of provident fund and defined contribution superannuation fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the rules formulated for this purpose.

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | ----------(PKR in '000)---------- | |
| **23. LONG-TERM LOANS** | | **3,986,348** | 4,069,195 |
| Loans from banking companies / financial institutions: | | | |
| ***Interest based arrangement*** | | | |
| Long-Term Finance Facility (LTFF) | 23.2 | **839,738** | 1,196,775 |
| Temporary Economic Refinance Facility (TERF) | 23.3 | **2,653,414** | 2,902,100 |
| ***Shariah compliant*** | | | |
| Renewable energy | 23.4 | **71,288** | 81,472 |
| Diminishing musharika | 23.5 | **1,089,485** | - |
| Islamic term finance | 23.6 | **241,869** | 725,184 |
| | | **4,895,794** | 4,905,531 |
| Current portion shown under current liabilities | | **(909,446)** | (836,336) |
| | 23.1 | **3,986,348** | 4,069,195 |

**23.1** Following are the changes in the long term finances for which cashflows have been classified as financing activities in the unconsolidated statement of cashflows:

| | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|
| | ----------(PKR in '000)---------- | |
| Opening balance | **4,905,531** | 5,622,781 |
| Obtained during the year | **1,089,485** | 684,343 |
| Less: Repaid during the year | **(1,099,223)** | (1,401,593) |
| | **4,895,793** | 4,905,531 |
| Current portion shown under current liabilities | **(909,446)** | (836,336) |
| | **3,986,347** | 4,069,195 |

**23.2** The Company has obtained LTFF, extended by the State Bank of Pakistan (SBP), for capital expenditure requirements of its Soda Ash division on different dates from various banks. Repayment of loans is to be made in quarterly / semi annual installments in 10 years including 2 years grace period and is secured against charge over fixed assets of the Company. Mark-up is charged at concessionary SBP LTFF rate plus 0.3% to 1.5% (June 30, 2023: SBP LTFF rate plus 0.3% to 1.5%) per annum. There is no unutilised amount as of the reporting date.

**23.3** The Company has obtained TERF, extended by the SBP, for the purpose of plant expansion in Soda Ash and Polyester divisions on different dates from various banks amounting to PKR 3,996 million. The repayment is to be made in 16 equal consecutive semi annual installments in 10 years with grace period of 2 years. The loan is secured against charge over fixed assets of the Company. The mark-up is charged at SBP rate plus 0.3% to SBP rate plus 1.5% (June 30, 2023: SBP rate plus 0.3% to SBP rate plus 1.5%) per annum. There is no unutilised amount as of the reporting date.

Government grant has been recorded in respect of TERF. There are no unfulfilled conditions or contingencies attached to this grant.

**23.4** The Company has obtained Shariah compliant SBP Islamic Financing Facility for Renewable Energy (IFRE) against the total limit of PKR 211 million from a commercial bank. Repayment of loan is to be made in semi annual instalments in 10 years and is secured against charge over fixed assets of the Company. Mark-up is charged at concessionary SBP rate plus 0.5% per annum.

**23.5** During the year, the Company has secured Diminishing Musharakah Facility of PKR 5,000 million out of which PKR 1,089 million has been utilised from different banks for managing the capital expenditure requirements of its Soda Ash business. Repayment of loan is to be made in quarterly instalments in 7 years including 2 years of grace period. Mark-up is charged at 3 months KIBOR plus 0.14% to 3 months KIBOR plus 0.20% per annum.

**23.6** The Company has obtained Shariah compliant loans from a commercial bank. These loans are secured against charge on fixed assets of the Company. The principal repayments and mark up to be made on a semi annual basis. Mark-up is charged at 6 months KIBOR plus 0.05% per annum. There is no unutilised amount as of the reporting date and the last repayment will be in August 2024.

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **24. DEFERRED INCOME - GOVERNMENT GRANT** | | ----------(PKR in '000)---------- | |
| Government grant | 24.1 | **863,428** | 1,087,236 |
| Current portion of government grant | | **(204,473)** | (223,808) |
| | | **658,955** | 863,428 |
| **24.1** Following is the movement in government grant during the year: | | | |
| Opening balance | | **1,087,236** | 910,545 |
| Obtained during the year | | **-** | 346,780 |
| Amortisation | 37 | **(223,808)** | (170,089) |
| Closing balance | | **863,428** | 1,087,236 |

| **25. DEFERRED TAX LIABILITY - NET** | As at June 30, 2024 | | | As at June 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Opening | (Reversal) / Charge | Closing | Opening | (Reversal) / Charge | Closing |
| | ----------(PKR in '000)---------- | | | | | |
| **Deductible temporary differences** | | | | | | |
| Provisions for retirement benefits, allowance for ECL and others | **(481,249)** | **(154,871)** | **(636,120)** | (309,601) | (171,648) | (481,249) |
| Retirement benefit fund provisions - note 25.1 | **(217,014)** | **76,713** | **(140,301)** | (158,841) | (58,173) | (217,014) |
| **Taxable temporary differences** | | | | | | |
| Property, plant and equipment | **3,064,673** | **(170,321)** | **2,894,352** | 2,198,806 | 865,867 | 3,064,673 |
| | **2,366,410** | **(248,479)** | **2,117,931** | 1,730,364 | 636,046 | 2,366,410 |

**25.1** This charge is routed through other comprehensive income.

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **26. TRADE AND OTHER PAYABLES** | | ----------(PKR in '000)---------- | |
| Trade creditors | 26.1 | **5,502,158** | 2,666,913 |
| Bills payable | | **1,723,610** | 4,808,585 |
| Accrued expenses | 26.2 | **5,827,611** | 5,284,568 |
| Workers' profit participation fund | 26.3 | **41,952** | 18,708 |
| Workers' welfare fund | | **498,998** | 420,314 |
| Distributors' security deposits - payable on termination of distributorship | 26.4 | **140,494** | 134,404 |
| Contractors' earnest / retention money | | **22,426** | 19,816 |
| Contract liabilities (Running account with customers) | 26.5 | **570,728** | 553,693 |
| Payable for capital expenditure | | **307,578** | 101,620 |
| Others | | **242,585** | 246,274 |
| | | **14,878,140** | 14,254,895 |
| **26.1** This amount includes payable to Lucky Core PowerGen Limited, a related party, on account of purchase of electricity amounting to: | | **652,254** | 528,508 |

**26.2** This includes an accrual in respect of Gas Infrastructure Development Cess (GIDC). The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 ("GIDC Judgment") declared the Gas Infrastructure Development Cess Act, 2015 ("GIDC Act 2015") as valid. It further allowed recovery of GIDC by the gas companies from their consumers in twenty-four equal monthly instalments.

The Company has filed a suit before the Sindh High Court (SHC) on September 16, 2020 on the grounds that factual determination of the GIDC passed-on is to be carried out, which is pending adjudication. The SHC granted the Company an interim stay thereagainst.

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **26.3 Workers' Profit Participation Fund** | | ----------(PKR in '000)---------- | |
| Opening balance | | **18,708** | 51,131 |
| Allocation for the year | 34 | **455,073** | 350,078 |
| | | **473,781** | 401,209 |
| Payment to the fund | | **(431,829)** | (382,501) |
| Closing balance | | **41,952** | 18,708 |

**26.4** Interest on security deposits from certain distributors that are placed with various separate bank accounts is payable at 19% (June 30, 2023: 17%) per annum as specified in the respective agreements. These security deposits are non utilisable. The Company has not utilised any such deposit for the purpose of its business during the year.

**26.5** During the year, contract liabilities as at June 30, 2023 have been recognised as revenue. Contract liabilities as at the year end will be recognised as revenue during next financial year.

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **27. SHORT-TERM FINANCING** | | ----------(PKR in '000)---------- | |
| ***Secured*** | | | |
| Export refinance facility | 27.1 | **2,517,578** | 1,879,578 |
| Money market loan | 27.2 | **-** | 1,800,000 |
| Short-term running finance | 27.3 | **9,216,926** | 11,321,068 |
| | | **11,734,504** | 15,000,646 |

**27.1** The Company has availed Export Refinance Facility (ERF) of SBP Part 2, amounting to PKR 2,518 million (June 30, 2023: PKR 1,880 million) from various banks. ERF is secured against charge on current assets of the Company and carries mark-up at SBP rate plus 0.50% to 1.00% (June 30, 2023: SBP rate plus 0.50% to 1.00%) per annum. This facility is interchangeable with short-term running finance provided by the banks.

**27.2** The balance as of June 30, 2023 represents money market loan obtained by the Company from a commercial bank which carried mark-up of 3-month KIBOR plus 0.15% per annum. The loan was secured against charge over fixed assets of the Company and has been repaid during the year.

**27.3** It represents short-term financing facilities as follows:

(i) Islamic Facilities having a limit of PKR 13,740 million (June 30, 2023: PKR 11,761 million). These facilities carry mark-up ranging from KIBOR plus 0.02% to KIBOR plus 0.50% (June 30, 2023: KIBOR plus 0.02% to KIBOR plus 0.50%) per annum. The Company has utilised PKR 9,185 million (June 30, 2023: PKR 9,532 million) as at the reporting date; and

(ii) The conventional short-term facilities, have a limit amounting to PKR 9,858 million (June 30, 2023: PKR 10,450 million). These facilities carry mark-up ranging from KIBOR plus 0.10% to KIBOR plus 0.50% (June 30, 2023: KIBOR plus 0.05% to KIBOR plus 0.30%) per annum. The Company has utilised PKR 32 million (June 30, 2023: PKR 1,789 million) as at the reporting date.

Further, the aforesaid limits are interchangeable with ERF and Bank Guarantees as per arrangements with various banks. The facilities are secured against charge on current assets of the Company.

It includes a short-term facility from Bank Al Habib Limited (a related party) with a total limit of PKR 500 million (June 30, 2023: PKR 150 million), carrying mark-up at the rate of 3 month KIBOR plus 0.10% per annum and is secured against current assets. There is no outstanding balance thereagainst as at the reporting date.

| | | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **28.** | **CONTINGENCIES AND COMMITMENTS** | -----------(PKR in '000)----------- | |
| | Claims against the Company not acknowledged as debts are as follows: | | |
| | Local bodies | **84,500** | 84,500 |
| | Others | **2,095,740** | 1,317,621 |
| | | **2,180,240** | 1,402,121 |

**28.1 Details of material cases**

**28.1.1** The Company received a notice dated March 11, 2016 issued by the Tehsil Municipal Administration Pin Dadan Khan, Tehsil Officer, whereby a sum of PKR 67.05 million was demanded as conversion fee with respect to land purchased in the years 2010 and 2015. The Company filed a response to the said notice and an appeal before the Secretary Local Government and Community Development Department (SLG). SLG disposed off the appeal and issued an order dated March 02, 2018 stating that the land purchased was Banjar Qadeem (barren land) and directed the Municipal Committee (MC) to charge the conversion fee as per rule 60 of the Punjab Land Use (Classification, Reclassification and Redevelopment) Rules 2009. The Company based on the advice of its external counsel decided not to challenge the order until further notice is received from MC. MC issued an impugned notice dated November 25, 2018 for payment of the conversion fee.

The Company filed a Writ Petition No. 225 of 2019 on January 17, 2019 before the Lahore High Court, Rawalpindi Bench against the notices and the order.

The Learned Judge granted a stay with respect to the operation of the impugned notices and the order, till the next date of hearing subject to a deposit of PKR 2.4 million with the Deputy Registrar Judicial, within a fortnight. The amount was deposited through Pay Order No. 05138957 on February 14, 2019.

MC Khewra filed an application on March 07, 2019 under Rule 10 of the Civil Procedure Code of Pakistan (CPC) which impleaded that the said matter falls within their jurisdiction. The Company submitted its response against the application of MC Khewra. The Judge impleaded the application of MC Khewra while noting down the Company's objections. The hearing of the case has not been fixed yet.

**28.1.2** Suit for damages amounting to PKR 850 million was filed by a private company against the Company alleging breach of the terms of letter of intent and that the Company destroyed the warehouse premises leased from the private company for storage of its pharmaceutical products. As a response, the Company has filed a cross suit against the private company for return of security deposit and abrupt termination of the arrangement. The cases are pending for hearing before the Sindh High Court.

**28.1.3** The Company, amongst others, has received a summon for a suit filed by Pakistan International Bulk Terminal Limited for recovery of an aggregate amount of USD 1,613,440 on March 27, 2023 for damages claiming an alleged damage caused to its coal berth. The Company has filed a vakalatnama, however, date for hearing has not been fixed as yet.

**28.1.4** There has been a dispute between the Company and the Collectorate of Customs regarding HS code classification of various consignments relating to Power Generation Projects. A petition was filed by the Company before the Sindh High Court against the wrong assessment of the consignment along with the submission of bank guarantees for the differential amount of PKR 685.739 million with the Nazir of the Sindh High Court in order to release import shipments. The Company is confident that it has strong grounds to defend the case.

**28.1.5** The Company based on the opinion of advisors is confident that the above cases would be decided in Company's favor. Accordingly, no provision in respect of these matters has been made in these unconsolidated financial statements.

**28.2** Certain tax related matters are disclosed below.

| Assessment Year (AY) / Tax Year (TY) / Tax Period | Brief description | Nature of demand | Estimated financial impact | Authority / Court and status |
|---|---|---|---|---|
| AY 1998-99 | The assessment finalised was revised on certain issues and after being remanded by the Appellate Tribunal, the order dated June 29, 2010 was issued. In this order, majorly the date of commissioning of PTA plant was in dispute i.e. it was considered to fall in the subsequent tax period. Consequently, tax depreciation thereon was disallowed. Additionally, the cost of capitalisation of PTA plant was restricted and additions to income were made.<br><br>In first appeal, the Commissioner Inland Revenue (Appeals) [CIR(A)] decided all the issues in the Company's favor except the matter of restriction of cost of capitalisation. | Income tax | PKR 79 million | Currently appeals of the Company and Federal Board of Revenue (FBR) are pending before the Tribunal. |

| Assessment Year / Tax Year / Tax Period | Brief description | Nature of demand | Estimated financial impact | Authority / Court and status |
|---|---|---|---|---|
| AY 2002-03 and spillover effect in TYs 2003 to 2010 | After the disposal of the Company's petition by the Honourable Supreme Court of Pakistan, the assessment proceedings were finalised vide order dated May 15, 2017.<br><br>Despite the finality on the de-merger of the PTA Plant and related matters in the AY 2001-2002, the date of that event was considered as falling in subsequent year. Consequently, in this order, the Officer proceeded to tax the event of transfer of PTA plant and exchange of shares and restricted the claim of depreciation relating to PTA assets. Other matters included the disallowance of financial charges and other issues.<br><br>Simultaneously, the orders for the TYs 2003 to 2010 were issued, to reflect the reduction in carry forward of depreciation. The significant issues were maintained in first appeal. Some relief on other matters in the AY 2002-2003 was given. Subsequently, the Tribunal vide order dated June 7, 2021 has decided all the issues involved in AY 2002-03 in the Company's favor.<br><br>During the year, the Tribunal vide order dated November 27, 2023 has remanded back these cases to the department for passing speaking orders. | Income tax | (i) AY 2002-03: PKR 2,143 million, deleted by Tribunal.<br><br>(ii) TYs 2003 to 2010: PKR 1,915 million in aggregate. | (i) Appeal effect order for AY 2002-03 is pending.<br><br>(ii) Remand back proceedings pending. |
| TYs 2003 to 2010 [Regular assessments & audits] | The FBR, vide various orders, made certain disallowances against 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.<br><br>The CIR(A) had allowed all the issues in Company's favor except for one issue in TY 2010 which has been challenged before the Tribunal.<br><br>FBR also challenged the CIR(A) order in the Tribunal which has been decided against the Company on certain matters including addition on account of disposal of fixed assets and apportionment of expenses against capital gain etc. References in this regard have been filed in the Sindh High Court. | Income tax | TY 2010: PKR 79 million | Hearings of appeals are pending. |
| TY 2016 | Monitoring proceedings were finalised vide order dated September 2, 2016 wherein demand was raised on account of alleged non-deduction of income tax on dividends paid to parties having specific exemptions. Appeal filed against the Order before CIR(A) was decided against the Company which has been challenged before the Tribunal. | Income tax | PKR 138 million. | Hearing of the appeal is pending before Tribunal. |
| TY 2017 | FBR has finalised assessment proceedings vide order dated February 7, 2022, raising tax demand on certain issues including disallowance of finance cost, write-offs, and Balancing Modernisation and Replacement (BMR) credit etc. The Company has filed an appeal before CIR(A) against the order. | Income tax | PKR 240 million | Hearing of appeal before CIR(A) is pending. |
| TY 2022 | FBR has finalised assessment proceedings vide order dated March 28, 2024, raising tax demand on income tax refunds adjusted against tax liability in income tax return. The Company has filed an appeal before CIR(A) against the order. | Income tax | PKR 415 million paid under protest | Hearing of appeal before CIR(A) is pending. |
| July 2012 to June 2013 | Sales tax audit was finalised by FBR vide order dated September 12, 2014 in which major demand was raised by declaring exempt / zero-rated sales as taxable along with certain other issues.<br><br>Appeal filed with CIR(A) was decided against the Company which was challenged before the Tribunal. During the year, the Tribunal remanded back the case to the department to consider the submissions of the Company. Remand back proceedings have been finalised by the department in favour of the Company. | Sales tax | PKR 952 million | Proceedings closed. |

| Assessment Year / Tax Year / Tax Period | Brief description | Nature of demand | Estimated Financial impact | Authority / Court and status |
|---|---|---|---|---|
| July 2016 to June 2017 | Sales tax audit for July 2016 to June 2017 was finalised by FBR vide order dated June 29, 2021 creating demand on various issues including inadmissible sales tax claimed on blacklisted / inactive suppliers and goods used for non-business activity. After majority of the issues were remanded back by the CIR(A), the proceedings were finalised against the Company on certain issues vide order dated June 22, 2023 which have also been maintained by CIR(A) in order dated April 17, 2024. The Company has filed an appeal before the Tribunal. | Sales tax | PKR 17 million | Hearing of appeal before Tribunal is pending. |
| July 2017 to June 2018 | Sales tax audit was finalised by the FBR vide order June 30, 2022, raising demand on various issues including inadmissible sales tax claimed on blacklisted / inactive suppliers, non-levy of further tax on non-active customers and goods used for non-business activity etc. | Sales tax | PKR 29 million | Hearing of appeal is pending before CIR(A). |

The management is confident, based on the opinion of its advisors, that all the aforementioned cases will be decided in favour of the Company. Accordingly, no provision in respect of these matters has been recognised in these unconsolidated financial statements.

| | | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **28.3** | **Commitments** | -----------(PKR in '000)----------- | |
| **28.3.1** | Commitments in respect of capital expenditure including various projects: | **4,928,711** | 606,522 |

**28.3.2** Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:

| **Year** | | |
|---|---|---|
| 2022-23 | **-** | 5,004 |
| 2023-24 | **6,756** | 6,693 |
| 2024-25 | **7,195** | 7,128 |
| 2025-26 | **7,663** | 7,591 |
| 2026-27 | **8,161** | 8,084 |
| 2027-28 | **8,691** | - |
| | **38,466** | 34,500 |
| Payable not later than one year | **6,756** | 5,004 |
| Payable later than one year but not later than five years | **31,710** | 29,496 |
| | **38,466** | 34,500 |

| | | | |
|---|---|---|---|
| **28.3.3** | Outstanding letter of credit - unutilised PKR 17,288 million (June 30, 2023: PKR 12,866 million) | **9,938,727** | 6,415,837 |

This includes outstanding letter of credit with Bank Al Habib Limited (a related party) amounting to PKR 267.02 million (June 30, 2023: PKR 357.15 million) - unutilised PKR 732.98 million (June 30, 2023: PKR 642.85 million).

| | | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | -----------(PKR in '000)----------- | |
| **28.3.4** | Outstanding letter of guarantee - unutilised PKR 220.02 million (June 30, 2023: 146.07 million) | **4,357,696** | 3,421,355 |

This includes outstanding letter of guarantee with Bank Al-Habib Limited (a related party) amounting to PKR 195.79 million (June 30, 2023: PKR 195.79 million) - unutilised PKR 4.21 million (June 30, 2023: PKR 4.21 million).

| | | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | -----------(PKR in '000)----------- | |
| **28.3.5** | Commitments in respect of post dated cheques | **1,081,752** | 600,656 |

**28.3.6** On May 17, 2024, the Company has entered into Asset Purchase Agreements (APAs) with Pfizer Pakistan Limited and Pfizer Inc. for acquisition of manufacturing facility owned by Pfizer Pakistan Limited located at B2 SITE, Karachi; along with certain products and product registrations; and trademarks associated with the said pharmaceutical products (either through an outright assignment of the trademarks or a perpetual license to use the relevant trademarks). The completion of the transaction contemplated in APAs is subject to the fulfillment of the conditions and receipt of requisite approvals.

## 29. OPERATING SEGMENT RESULTS

| | Polyester | | Soda Ash | | Pharma | | Animal Health | | Chemicals & Agri Sciences | | Company | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
| | (PKR in '000) | | | | | | | | | | | |
| Sales: | | | | | | | | | | | | |
| Exports | | | | | | | | | | | | |
| Bangladesh | **-** | 275 | **6,520,284** | 2,418,614 | **-** | - | **-** | - | **-** | - | **6,520,284** | 2,418,889 |
| China | **-** | - | **2,167,871** | 43,605 | **-** | - | **-** | | **-** | | **2,167,871** | 43,605 |
| Sri Lanka | **-** | - | **965,289** | 1,131,303 | **-** | - | **-** | - | **-** | - | **965,289** | 1,131,303 |
| United States | **-** | 412,521 | **-** | - | - | - | - | - | **-** | - | **-** | 412,521 |
| UAE | **-** | - | **544,140** | 945,205 | - | - | - | - | **-** | - | **544,140** | 945,205 |
| Others | **8,903** | 6,197 | **1,296,651** | 1,785,130 | **376,886** | 185,750 | **43,595** | - | **-** | - | **1,726,035** | 1,977,077 |
| | **8,903** | 418,993 | **11,494,235** | 6,323,857 | **376,886** | 185,750 | **43,595** | - | **-** | - | **11,923,619** | 6,928,600 |
| Inter-segment | **-** | - | **-** | - | - | - | - | - | **81,541** | 95,736 | **81,541** | 95,736 |
| Local | **47,537,581** | 47,071,878 | **44,886,370** | 42,158,187 | **15,879,579** | 12,327,407 | **9,229,896** | 8,825,990 | **16,740,587** | 14,142,663 | **134,274,013** | 124,526,125 |
| | **47,546,484** | 47,490,871 | **56,380,605** | 48,482,044 | **16,256,465** | 12,513,157 | **9,273,491** | 8,825,990 | **16,822,128** | 14,238,399 | **146,279,173** | 131,550,461 |
| Commission / toll income | **-** | - | **-** | - | **-** | - | **12,500** | 9,773 | **43,210** | 85,624 | **55,710** | 95,397 |
| Turnover | **47,546,484** | 47,490,871 | **56,380,605** | 48,482,044 | **16,256,465** | 12,513,157 | **9,285,991** | 8,835,763 | **16,865,338** | 14,324,023 | **146,334,883** | 131,645,858 |
| Sales tax | **(6,732,209)** | (6,847,981) | **(6,623,311)** | (6,165,045) | **(161,081)** | (136,735) | **(169,076)** | (165,106) | **(1,605,398)** | (1,319,882) | **(15,291,075)** | (14,634,749) |
| Commission | **-** | - | **(573,259)** | (388,696) | **-** | - | **-** | - | **-** | - | **(573,259)** | (388,696) |
| Discounts / price adjustments | **(529,312)** | (191,008) | **(1,619,067)** | (511,527) | **(3,883,577)** | (3,217,348) | **(2,341,135)** | (1,826,928) | **(1,555,591)** | (1,293,757) | **(9,928,682)** | (7,040,568) |
| | **(7,261,521)** | (7,038,989) | **(8,815,637)** | (7,065,268) | **(4,044,658)** | (3,354,083) | **(2,510,211)** | (1,992,034) | **(3,160,989)** | (2,613,639) | **(25,793,016)** | (22,064,013) |
| Net turnover - note 30.1 | **40,284,963** | 40,451,882 | **47,564,968** | 41,416,776 | **12,211,807** | 9,159,074 | **6,775,780** | 6,843,729 | **13,704,349** | 11,710,384 | **120,541,867** | 109,581,845 |
| Cost of sales - note 30.2 | **(38,075,994)** | (36,665,694) | **(33,510,927)** | (31,216,195) | **(7,462,176)** | (6,293,325) | **(4,931,466)** | (4,932,538) | **(9,655,091)** | (8,340,969) | **(93,635,654)** | (87,448,721) |
| Gross profit | **2,208,969** | 3,786,188 | **14,054,041** | 10,200,581 | **4,749,631** | 2,914,031 | **1,844,314** | 1,921,640 | **4,049,258** | 3,501,555 | **26,906,213** | 22,133,124 |
| Selling and distribution expenses - note 32 | **(247,791)** | (454,171) | **(2,753,296)** | (1,272,585) | **(1,910,759)** | (1,475,151) | **(838,992)** | (875,537) | **(1,558,731)** | (1,258,155) | **(7,309,569)** | (5,335,599) |
| Administration and general expenses - note 33 | **(136,082)** | (138,670) | **(1,267,001)** | (1,287,951) | **(533,887)** | (391,849) | **(124,236)** | (103,426) | **(384,643)** | (222,205) | **(2,445,849)** | (2,144,101) |
| | **1,825,096** | 3,193,347 | **10,033,744** | 7,634,565 | **2,304,985** | 1,004,229 | **881,086** | 932,228 | **2,105,884** | 1,889,055 | **17,150,795** | 14,653,424 |
| **29.1 Segment assets - notes 29.3 & 30.3** | **16,212,254** | 18,342,467 | **51,179,871** | 50,464,766 | **10,285,830** | 9,725,355 | **6,182,262** | 6,391,865 | **14,580,685** | 15,132,081 | **98,440,902** | 100,056,534 |
| **Inter-segment eliminations - note 30.3** | | | | | | | | | | | **(16,787,183)** | (21,177,288) |
| **Unallocated assets - note 30.3** | | | | | | | | | | | **1,912,015** | 2,187,415 |
| | | | | | | | | | | | **83,565,734** | 81,066,661 |
| **29.2 Segment liabilities - notes 29.3 & 30.4** | **14,717,302** | 16,633,399 | **10,409,001** | 11,632,202 | **5,558,027** | 5,533,561 | **784,290** | 994,302 | **2,624,643** | 3,291,548 | **34,093,263** | 38,085,012 |
| **Inter-segment eliminations - note 30.4** | | | | | | | | | | | **(16,787,183)** | (21,177,288) |
| **Unallocated liabilities - note 30.4** | | | | | | | | | | | **22,683,648** | 26,328,293 |
| | | | | | | | | | | | **39,989,728** | 43,236,017 |

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

| | Polyester 2024 | Polyester 2023 | Soda Ash 2024 | Soda Ash 2023 | Pharma 2024 | Pharma 2023 | Animal Health 2024 | Animal Health 2023 | Chemicals & Agri Sciences 2024 | Chemicals & Agri Sciences 2023 | Company 2024 | Company 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **29.4 Depreciation and amortisation - notes 6.3, 7.1 & 8.2** | **631,554** | 658,157 | **2,395,040** | 2,077,073 | **205,760** | 169,714 | **76,449** | 74,716 | **136,327** | 117,921 | **3,445,130** | 3,097,581 |
| 29.4.1 This includes depreciation and amortisation allocated to segments for which the corresponding asset has not been allocated. | | | | | | | | | | | **71,455** | 46,374 |
| **29.5 Capital expenditure** | **540,962** | 479,207 | **4,693,586** | 2,926,010 | **123,895** | 197,903 | **46,049** | 52,019 | **9,396** | 63,284 | **5,413,889** | 3,718,423 |

29.6 There were no major customers of the Company which formed part of 10% or more of the Company's revenue. All non-current operating assets of the Company are located in Pakistan.

29.7 Operating segments as disclosed do not incorporate the results of subsidiaries as these are separate financial statements of the Company.

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | ------------(PKR in '000)------------ | |

## 30. RECONCILIATIONS OF REPORTABLE SEGMENTS' NET TURNOVER, COST OF SALES, ASSETS AND LIABILITIES

### 30.1 Net turnover

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| Total net turnover for reportable segments | 29 | **120,541,867** | 109,581,845 |
| Elimination of inter-segment net turnover | 29 | **(81,541)** | (95,736) |
| Total net turnover | | **120,460,326** | 109,486,109 |

### 30.2 Cost of sales

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| Total cost of sales for reportable segments | 31 | **93,635,654** | 87,448,721 |
| Elimination of inter-segment purchases | 31 | **(81,541)** | (95,736) |
| Total cost of sales | | **93,554,113** | 87,352,985 |

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | ------------(PKR in '000)------------ | |

### 30.3 Assets

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| Total assets for reportable segments | 29.1 | **98,440,902** | 99,999,687 |
| Inter-segment eliminations | 29.1 | **(16,787,183)** | (21,177,288) |
| Long-term investments | 9 | **1,912,015** | 2,187,415 |
| Total assets | | **83,565,734** | 81,009,814 |

### 30.4 Liabilities

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| Total liabilities for reportable segments | 29.2 | **34,093,263** | 38,085,012 |
| Inter-segment eliminations | 29.2 | **(16,787,183)** | (21,177,288) |
| | | **17,306,080** | 16,907,724 |
| Short-term financing | 27 | **11,734,504** | 15,000,646 |
| Loans | 23 | **4,895,794** | 4,905,531 |
| Accrued mark-up | | **576,227** | 927,035 |
| Unclaimed dividend | | **136,827** | 124,530 |
| Deferred income - Government grant | 24 | **863,428** | 1,087,236 |
| Taxation - net | | **4,476,868** | 4,283,315 |
| | 29.2 | **22,683,648** | 26,328,293 |
| Total liabilities | | **39,989,728** | 43,236,017 |

## 31. COST OF SALES

| | Note | Polyester | | Soda Ash | | Pharma | | Animal Health | | Chemicals & Agri Sciences | | Company | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
| | | (PKR in '000) | | | | | | | | | | | |
| **Raw and packing materials consumed** | | | | | | | | | | | | | |
| Opening stock | | **3,017,776** | 4,192,184 | **3,745,041** | 2,273,597 | **1,188,975** | 970,986 | **376,198** | 570,644 | **1,545,851** | 1,230,954 | **9,873,841** | 9,238,365 |
| Purchases | | | | | | | | | | | | | |
| segment | | **81,541** | 95,736 | **-** | - | **-** | - | **-** | - | **-** | - | **81,541** | 95,736 |
| Others | | **30,906,811** | 30,660,870 | **10,507,915** | 12,419,465 | **3,606,164** | 4,712,767 | **1,260,388** | 2,276,338 | **5,644,758** | 5,790,551 | **51,926,036** | 55,859,991 |
| | | **30,988,352** | 30,756,606 | **10,507,915** | 12,419,465 | **3,606,164** | 4,712,767 | **1,260,388** | 2,276,338 | **5,644,758** | 5,790,551 | **52,007,577** | 55,955,727 |
| | | **34,006,128** | 34,948,790 | **14,252,956** | 14,693,062 | **4,795,139** | 5,683,753 | **1,636,586** | 2,846,982 | **7,190,609** | 7,021,505 | **61,881,418** | 65,194,092 |
| Closing stock | | **(2,372,878)** | (3,017,776) | **(1,797,563)** | (3,745,041) | **(1,720,227)** | (1,188,975) | **(279,949)** | (376,198) | **(1,629,886)** | (1,545,851) | **(7,800,503)** | (9,873,841) |
| Raw material consumed | | **31,633,250** | 31,931,014 | **12,455,393** | 10,948,021 | **3,074,912** | 4,494,778 | **1,356,637** | 2,470,784 | **5,560,723** | 5,475,654 | **54,080,915** | 55,320,251 |
| Salaries, wages and benefits - note 31.1 | | **876,521** | 754,178 | **1,648,536** | 1,606,460 | **605,696** | 504,296 | **77,744** | 88,812 | **215,267** | 186,828 | **3,423,764** | 3,140,574 |
| Stores and spares consumed | | **333,592** | 300,610 | **610,494** | 467,910 | **157,426** | 135,141 | **30,216** | 23,304 | **30,006** | 30,949 | **1,161,734** | 957,914 |
| Conversion fee paid to contract manufacturers | | **-** | - | **-** | - | **74,216** | 131,005 | **-** | 11,035 | **116,577** | 69,442 | **190,793** | 211,482 |
| Oil, gas and electricity charges | | **4,057,101** | 3,664,854 | **14,951,375** | 17,320,196 | **321,921** | 222,541 | **67,418** | 17,231 | **101,449** | 68,191 | **19,499,264** | 21,293,013 |
| Rent, rates and taxes | | **2,524** | 2,284 | **9,343** | 9,903 | **1,591** | 1,455 | **1,190** | 939 | **-** | 4 | **14,648** | 14,585 |
| Insurance | | **28,791** | 27,569 | **78,860** | 43,005 | **6,115** | 3,800 | **3,122** | 1,967 | **1,529** | 542 | **118,417** | 76,883 |
| Repairs and maintenance | | **22,536** | 15,136 | **23,285** | 32,998 | **12,736** | 4,998 | **2,987** | 2,570 | **29,040** | 30,110 | **90,584** | 85,812 |
| Depreciation and amortisation charge - notes 6.3, 7.1 & 8.2 | | **626,489** | 653,391 | **2,330,563** | 2,036,981 | **174,890** | 139,883 | **61,536** | 57,946 | **76,340** | 93,197 | **3,269,818** | 2,981,398 |
| Travelling expenses | | **127,656** | 102,245 | **35,811** | 26,395 | **6,824** | 2,992 | **8,392** | 2,831 | **25,119** | 5,677 | **203,802** | 140,140 |
| Contracted services | | **432,305** | 300,588 | **503,595** | 379,446 | **15,777** | 4,365 | **-** | 2,355 | **24,415** | 12,158 | **976,092** | 698,912 |
| General expenses | | **91,503** | 59,111 | **192,680** | 170,233 | **50,724** | 46,569 | **52,902** | 18,721 | **37,217** | 39,276 | **425,026** | 333,910 |
| Opening stock of work-in-process | | **368,427** | 179,217 | **-** | - | **50,237** | 61,197 | **5,104** | 58,803 | **26,503** | 30,395 | **450,271** | 329,612 |
| Closing stock of work-in-process | | **(326,431)** | (368,427) | **-** | - | **(147,989)** | (50,237) | **(9,165)** | (5,104) | **-** | (26,503) | **(483,585)** | (450,271) |
| **Cost of goods manufactured** | | **38,274,264** | 37,621,770 | **32,839,935** | 33,041,548 | **4,405,076** | 5,702,783 | **1,658,083** | 2,752,194 | **6,244,185** | 6,015,920 | **83,421,543** | 85,134,215 |
| Opening stock of finished goods | | **2,127,023** | 1,170,947 | **1,866,471** | 41,118 | **625,301** | 476,282 | **1,447,561** | 438,540 | **2,321,073** | 2,149,580 | **8,387,429** | 4,276,467 |
| Finished goods purchased | | **-** | - | **-** | - | **2,756,873** | 691,279 | **2,557,091** | 3,178,916 | **3,413,842** | 2,364,402 | **8,727,806** | 6,234,597 |
| | | **40,401,287** | 38,792,717 | **34,706,406** | 33,082,666 | **7,787,250** | 6,870,344 | **5,662,735** | 6,369,650 | **11,979,100** | 10,529,902 | **100,536,778** | 95,645,279 |
| Closing stock of finished goods | | **(2,342,565)** | (2,127,023) | **(1,195,479)** | (1,866,471) | **(391,231)** | (625,301) | **(732,267)** | (1,447,561) | **(2,449,177)** | (2,321,073) | **(7,110,719)** | (8,387,429) |
| Provision for slow moving and obsolete stock-in-trade - note 13.1 | | **17,272** | - | **-** | - | **66,157** | 48,282 | **998** | 10,449 | **125,168** | 132,140 | **209,595** | 190,871 |
| | | **38,075,994** | 36,665,694 | **33,510,927** | 31,216,195 | **7,462,176** | 6,293,325 | **4,931,466** | 4,932,538 | **9,655,091** | 8,340,969 | **93,635,654** | 87,448,721 |

### 31.1 Staff retirement benefits

| | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|
| | (PKR in '000) | |
| Salaries, wages and benefits include amount in respect of staff retirement benefits: | **217,249** | 183,761 |

## 32. SELLING AND DISTRIBUTION EXPENSES

| | Polyester | | Soda Ash | | Pharma | | Animal Health | | Chemicals & Agri Sciences | | Company | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
| | (PKR in '000) | | | | | | | | | | | |
| Salaries and benefits - note 32.1 | **86,907** | 79,914 | **65,353** | 66,875 | **856,431** | 681,458 | **455,166** | 442,142 | **598,467** | 525,461 | **2,062,324** | 1,795,850 |
| Repairs and maintenance | **224** | 136 | **2,434** | 1,404 | **10,295** | 8,407 | **3,512** | 3,209 | **22,553** | 16,429 | **39,018** | 29,585 |
| Advertising and publicity expenses | **16,464** | 23,745 | **5,593** | 12,293 | **251,781** | 190,981 | **11,666** | 44,629 | **109,433** | 80,231 | **394,937** | 351,879 |
| Rent, rates and taxes | **-** | - | **1,572** | 1,250 | **16,953** | 6,703 | **7,462** | 4,114 | **18,014** | 12,486 | **44,001** | 24,553 |
| Insurance | **-** | - | **-** | - | **15,251** | 9,350 | **15,162** | 9,576 | **17,019** | 11,688 | **47,432** | 30,614 |
| Lighting, heating and cooling charges | **-** | 1 | **4,134** | 3,148 | **6,404** | 5,046 | **3,969** | 3,282 | **17,413** | 23,957 | **31,920** | 35,434 |
| Depreciation and amortisation charge - notes 6.3, 7.1 & 8.2 | **-** | - | **-** | - | **11,799** | 12,120 | **10,959** | 14,094 | **13,155** | 18,370 | **35,913** | 44,584 |
| Outward freight and handling | **74,200** | 153,312 | **2,602,591** | 973,639 | **185,489** | 136,758 | **115,581** | 133,364 | **216,324** | 167,468 | **3,194,185** | 1,564,541 |
| Travelling expenses | **20,782** | 14,581 | **13,531** | 8,813 | **363,013** | 270,639 | **146,493** | 140,312 | **216,290** | 143,985 | **760,109** | 578,330 |
| Postage, telegram, telephone and telex | **1,481** | 2,743 | **7,567** | 7,741 | **20,088** | 20,376 | **19,627** | 18,863 | **15,588** | 20,807 | **64,351** | 70,530 |
| Royalty - note 32.2 | **-** | 156,882 | **-** | 160,880 | **-** | - | **-** | - | **-** | - | **-** | 317,762 |
| Godown expenses | **-** | - | **37,940** | 25,940 | **82,761** | 64,256 | **21,867** | 32,052 | **170,284** | 131,325 | **312,852** | 253,573 |
| General expenses | **47,733** | 22,857 | **12,581** | 10,602 | **90,494** | 69,057 | **27,528** | 29,900 | **144,191** | 105,948 | **322,527** | 238,364 |
| | **247,791** | 454,171 | **2,753,296** | 1,272,585 | **1,910,759** | 1,475,151 | **838,992** | 875,537 | **1,558,731** | 1,258,155 | **7,309,569** | 5,335,599 |

### 32.1 Staff retirement benefits

| | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|
| | (PKR in '000) | |
| Salaries and benefits includes amount in respect of staff retirement benefits: | **163,027** | 142,023 |

**32.2** The royalty amounting to PKR 317.762 million was charged "Lucky Holdings Limited" registered on the specified address 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi, Pakistan to the Company. The agreement expired on December 28, 2022.

## 33. ADMINISTRATION AND GENERAL EXPENSES

| | Polyester | | Soda Ash | | Pharma | | Animal Health | | Chemicals | | Company | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
| | (PKR in '000) | | | | | | | | | | | |
| Salaries and benefits - note 33.1 | **81,382** | 82,577 | **851,321** | 934,301 | **244,906** | 173,148 | **64,482** | 54,871 | **224,874** | 246,965 | **1,466,965** | 1,491,862 |
| Repairs and maintenance | **142** | 100 | **18,313** | 15,637 | **9,567** | 6,726 | **2,404** | 1,422 | **3,171** | 1,587 | **33,597** | 25,472 |
| Advertising and publicity expenses | **481** | 316 | **35,076** | 59,719 | **6,503** | 2,242 | **1,523** | 1,347 | **5,068** | 6,595 | **48,651** | 70,219 |
| Rent, rates and taxes | **1,391** | 1,155 | **2,227** | 126 | **2,686** | 5 | **197** | 2 | **199** | 11 | **6,700** | 1,299 |
| Insurance | **4,603** | 65 | **14,495** | 12,214 | **3,805** | 2,966 | **2,184** | 1,471 | **2,946** | 1,214 | **28,033** | 17,930 |
| Lighting, heating and cooling | **6,193** | 4,695 | **20,601** | 15,128 | **26,724** | 19,258 | **7,077** | 5,254 | **18,149** | 9,708 | **78,744** | 54,043 |
| Depreciation and amortisation charge - notes 6.3, 7.1 & 8.2 | **5,065** | 4,766 | **64,477** | 40,092 | **19,071** | 17,711 | **3,954** | 2,676 | **46,832** | 6,354 | **139,399** | 71,599 |
| Allowance / (reversal of allowance) for ECL | **5,304** | - | **756** | (5,477) | **16,746** | 10,116 | **8,219** | 1,833 | **40,123** | 664 | **71,148** | 7,136 |
| Provision for slow moving and obsolete stores and spares - note 12.2 | **7,301** | - | **7,974** | 3,245 | **-** | - | **-** | - | **-** | 46 | **15,275** | 3,291 |
| Travelling expenses | **7,644** | 3,846 | **27,892** | 14,964 | **28,658** | 6,297 | **1,845** | 2,777 | **8,567** | 4,202 | **74,606** | 32,086 |
| Postage, telegram, telephone and telex | **1,363** | 1,405 | **7,764** | 7,823 | **12,526** | 10,756 | **1,732** | 2,052 | **3,763** | 3,248 | **27,148** | 25,284 |
| General expenses | **15,213** | 39,745 | **216,105** | 190,179 | **162,695** | 142,624 | **30,618** | 29,721 | **30,951** | (58,389) | **455,582** | 343,880 |
| | **136,082** | 138,670 | **1,267,001** | 1,287,951 | **533,887** | 391,849 | **124,235** | 103,426 | **384,643** | 222,205 | **2,445,848** | 2,144,101 |

### 33.1 Staff retirement benefits

| | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|
| | (PKR in '000) | |
| Salaries and benefits includes amounts in respect of staff retirement benefits: | **77,643** | 105,971 |

| | | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|---|
| | | | ----------(PKR in '000) ---------- | |
| **34.** | **OTHER CHARGES** | | | |
| | Auditor's remuneration | 34.1 | **11,210** | 9,475 |
| | Donations | 34.2 & 34.3 | **111,402** | 74,738 |
| | Workers' profit participation fund | 26.3 | **455,073** | 350,078 |
| | Workers' welfare fund | | **253,543** | 368,743 |
| | | | **831,228** | 803,034 |
| **34.1** | **Auditor's remuneration** | | | |
| | Statutory audit fee | | **5,075** | 4,485 |
| | Half yearly review | | **2,375** | 2,099 |
| | Other certifications | | **2,642** | 2,233 |
| | Out of pocket expenses | | **1,118** | 658 |
| | | | **11,210** | 9,475 |
| | Taxation and other services | 34.1.1 | **8,600** | - |
| | | | **19,810** | 9,475 |

**34.1.1** These relate to taxation and other services which have been rendered by the statutory auditors. These have been recorded under the administration and general expenses (note 33).

**34.2** This represents provision in respect of donation to Lucky Core Foundation (Head Office, Karachi). Mr. Asif Jooma, Chief Executive Officer of the Company, Mr. Aamer Mahmud Malik, Mr. Nauman Shahid Afzal, Mr. Muhammad Umar Mushtaq, Ms. Laila Bhatia Bawany, Mr. Muhammad Farrukh Rasheed and Mr. Atif Aboobukar, Executives of the Company are amongst the Trustees of the Foundation.

**34.3** The Company has paid donation amounting to PKR 60 million to Aziz Tabba Foundation (ATF), a not-for-profit organisation registered under Section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). ATF is the only donee where the donation amount exceeds 10% of total donation. Mr. Muhammad Sohail Tabba, Chairman of the Board of Directors of the Company is the Director of ATF. Mr. Muhammad Ali Tabba and Mr. Muhammad Jawed Tabba, the Directors of the Company, are also Directors of ATF.

| | | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|---|
| | | | ----------(PKR in '000) ---------- | |
| **35.** | **FINANCE COSTS** | | | |
| | Mark-up on financing | | **2,998,088** | 2,766,427 |
| | Discounting charges on receivables | | **181,813** | 85,056 |
| | Interest relating to staff loans discounting | | **320,280** | - |
| | Accretion of interest on lease liabilities | 8 | **29,993** | 27,355 |
| | Others | | **6,857** | 1,294 |
| | | | **3,537,031** | 2,880,132 |
| **36.** | **GAIN ON SALE OF INVESTMENTS** | | | |
| | Proceeds from disposal of shares of subsidiary (USD 45,082,657) | | **-** | 11,901,821 |
| | Cost of investment disposed | | **-** | (2,059,667) |
| | | 36.1 & 36.2 | **-** | 9,842,154 |

**36.1** Represents gain on disposal of 26.5% shareholding of NutriCo Morinaga (Private) Limited [NMPL].

**36.2** During the year ended June 30, 2023, disposal of shares was approved by the shareholders in the Annual General Meeting of the Company dated September 27, 2022. In relation thereto, a valuation of NMPL was carried out by an independent valuer on August 5, 2022. Pursuant to the same, the range of the total fair value of the 100% share holding of NMPL was determined by the valuer to be between PKR 14.2 billion to PKR 20.6 billion. However, the transaction was concluded for a consideration referred to in note 9.2 and also stated above.

| | | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|---|
| **37.** | **OTHER INCOME** | | ----------(PKR in '000) | ---------- |
| | **Income from financial instruments** | | | |
| | Service fee from related party | 37.1 | **1,980** | 2,089 |
| | Interest income on staff loans discounting | | **-** | 99,883 |
| | Dividend income on short term investments | | **2,717,636** | 890,219 |
| | Deferred income - government grant | 24 | **223,808** | 170,089 |
| | Interest income | | **320,064** | 388,078 |
| | | | **3,263,488** | 1,550,358 |
| | **Income from non-financial instruments** | | | |
| | Scrap sales | | **282,801** | 175,317 |
| | Gain on disposal of property, plant and equipment | | **42,104** | 21,454 |
| | Liabilities no longer required written back | | **58** | - |
| | Dividend from subsidiary | | **-** | 300,000 |
| | Sundries | | **12,941** | 15,775 |
| | | | **3,601,392** | 2,062,904 |

**37.1** This includes an amount charged by the Company for certain management and other services rendered to its wholly owned subsidiary, Lucky Core PowerGen Limited in accordance with the service agreement.

| | | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|---|
| **38.** | **TAXATION** | | ----------(PKR in '000) | ---------- |
| | Final taxes | 38.1 | **840,758** | 397,497 |
| | Income tax - current | 38.2 | **4,845,205** | 7,046,679 |
| | - deferred | | **(325,192)** | 694,219 |
| | | | **4,520,013** | 7,740,898 |
| | Net tax charged | 38.3 | **5,360,771** | 8,138,395 |

**38.1** This represents final taxes paid under sections 150 and 154 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 and IAS 37.

**38.2** Super tax on high earning persons was introduced vide the Finance Act, 2022 which has been further amended through the Finance Act, 2023, whereby, rate of super tax has been increased to 10% retrospectively from tax year 2023 and onwards. During the year ended June 30, 2023, the Company challenged the retrospective application of increased rate for tax year 2023 before the Islamabad High Court which, vide order dated March 15, 2024, decided the matter in favor of the Company. The FBR has filed an intra-court appeal against the said order.

| | | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| **38.3** | **Tax reconciliation** | ----------(PKR in '000) | ---------- |
| | Profit before income taxes and final taxes | **16,500,988** | 21,910,804 |
| | Tax at the rate of 29% (2023: 29%) | **4,785,287** | 6,354,133 |
| | Effect of change in tax rate | **-** | 364,044 |
| | Tax benefit on income covered under final tax regime | **(504,661)** | (442,051) |
| | Effect of lower rate of dividend income | **(380,469)** | (166,631) |
| | Effect of super tax | **1,478,056** | 1,956,019 |
| | Others | **(17,442)** | 72,881 |
| | Net tax charged | **5,360,771** | 8,138,395 |
| | **Average effective tax rate** | **32.49%** | **37.14%** |

| | | | |
|---|---|---|---|
| **39.** | **BASIC AND DILUTED EARNINGS PER SHARE** | | |
| | Profit for the year | **11,140,217** | 13,772,409 |
| | | -------Number of shares | ------- |
| | Weighted average number of ordinary shares outstanding during the year | **92,359,050** | 92,359,050 |
| | Basic and diluted earnings per share (PKR) | **120.62** | 149.12 |

**39.1** There are no dilutive potential ordinary shares outstanding as at June 30, 2024 and 2023.

| | | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|---|
| **40.** | **CASH FLOWS FROM OPERATING ACTIVITIES** | | ----------(PKR in '000) | ---------- |
| | Profit before final taxes and income taxes | | **16,500,988** | 21,910,804 |
| | Adjustments for: | | | |
| | Depreciation and amortisation | 6.3, 7.1 & 8.2 | **3,445,130** | 3,097,581 |
| | Gain on disposal of operating fixed assets | 37 | **(42,104)** | (21,454) |
| | Gain on sale of investment | 36 | **-** | (9,842,154) |
| | Provision for staff retirement benefit plan | 22.3.1 | **46,732** | 36,273 |
| | Provision for non-management staff gratuity and eligible retired employees' medical scheme | | **46,956** | 40,723 |
| | Deferred income - Government grant | 24 | **(223,808)** | (170,089) |
| | Dividend income on mutual funds | 37 | **(2,717,636)** | (890,219) |
| | Interest income on deposits | | **(320,064)** | (138,408) |
| | Dividend income from subsidiary | 37 | **-** | (300,000) |
| | Finance costs | 35 | **3,216,751** | 2,880,132 |
| | Allowance for ECL | 33 | **71,148** | 7,136 |
| | Provision for slow moving and obsolete stock-in-trade | 13.1 | **209,595** | 190,871 |
| | Provision for slow moving and obsolete stores and spares | 12.2 | **15,275** | 3,291 |
| | Liabilities no longer required written back | 37 | **(58)** | - |
| | | | **20,248,905** | 16,804,487 |
| | Movement in: | | | |
| | Working capital | 40.1 | **3,685,202** | (5,696,778) |
| | Long-term loans | | **(268,170)** | (200,666) |
| | Long-term deposits and other assets | | **(4,537)** | (23,069) |
| | | | **23,661,400** | 10,883,974 |
| **40.1** | **Movement in working capital** | | | |
| | ***(Decrease) / Increase in current assets*** | | | |
| | Stores, spares and consumables | | **(1,034,418)** | (937,713) |
| | Stock-in-trade | | **3,127,140** | (5,077,969) |
| | Trade debts | | **(428,852)** | (1,591,079) |
| | Loans and advances | | **56,749** | 584,258 |
| | Short-term deposits and prepayments | | **1,565,774** | (1,901,231) |
| | Other receivables | | **(17,959)** | (130,665) |
| | | | **3,268,434** | (9,054,399) |
| | ***Increase / (Decrease) in current liabilities*** | | | |
| | Trade and other payables | | **416,768** | 3,357,621 |
| | | | **3,685,202** | (5,696,778) |

**41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND OTHER EXECUTIVES**

The amounts charged in the unconsolidated financial statements for the remuneration, including all benefits, to the Chief Executive, Director and Other Executives of the Company were as follows:

| | Chief Executive | | Director | | Other Executives | | Total | |
|---|---|---|---|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
| | ---------- | ---------- | ---------- | (PKR in '000) | ---------- | ---------- | ---------- | ---------- |
| Managerial remuneration | **92,145** | 85,532 | **54,178** | 59,223 | **1,576,247** | 1,227,983 | **1,722,570** | 1,372,738 |
| Gratuity | **4,002** | 3,627 | **1,709** | 2,571 | **53,228** | 51,848 | **58,939** | 58,046 |
| Provident fund | **4,821** | 4,369 | **2,453** | 3,098 | **112,699** | 97,186 | **119,973** | 104,653 |
| Pension | **5,111** | 4,631 | **2,600** | 3,284 | **118,319** | 100,446 | **126,030** | 108,361 |
| Rent and house maintenance | **5,411** | 5,178 | **-** | - | **458,211** | 396,899 | **463,622** | 402,077 |
| Utilities | **3,417** | 2,565 | **-** | - | **114,468** | 98,761 | **117,885** | 101,326 |
| Medical and others | **167** | 233 | **-** | - | **14,065** | 57,833 | **14,232** | 58,066 |
| Bonus paid | **58,750** | 52,585 | **31,095** | 27,873 | **485,180** | 507,400 | **575,025** | 587,858 |
| | **173,824** | 158,720 | **92,035** | 96,049 | **2,932,417** | 2,538,356 | **3,198,276** | 2,793,125 |
| Number of persons as at the reporting date | **1** | 1 | **1** | 1 | **456** | 388 | **458** | 390 |

**41.1** In accordance with the requirements of the Companies Act 2017, employees whose basic salary for the year exceeds PKR 1.2 million have been considered as 'Executives' for the purpose of these unconsolidated financial statements.

| | | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | ----------(PKR in '000) ---------- | |
| 41.2 | Remuneration paid to Chairman during the year: | - | - |
| 41.3 | During the year, fee paid to non-executive directors for attending board and other meetings, which is not part of remuneration amounts to: | 5,906 | 5,156 |

| | | As at and for the year ended June 30, 2024 | As at and for the year ended June 30, 2023 |
|---|---|---|---|
| 41.4 | Total number of employees as at the reporting date | 2,227 | 2,184 |
| | Average number of employees during the year | 2,206 | 2,183 |
| 41.5 | Total number of factory employees as at the reporting date | 744 | 761 |
| | Average number of factory employees during the year | 753 | 766 |

41.6 The chief executive, directors and certain other executives have been provided with Company maintained cars and housing facilities.

## 42. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the Holding Company and related group companies, associated companies, subsidiary companies, directors of the Company, companies where directors also hold directorship, key employees and staff retirement funds (note 22). All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. Details of transactions with related parties other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

| Name of related party and relationship with the Company | Nature of transaction | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | -----------(PKR in '000) ----------- | |
| **Holding company:** | | | |
| *Lucky Cement Limited* | Purchase of goods, materials and services | 64,681 | 72,302 |
| | Sale of goods and materials | 41,376 | 33,425 |
| | Dividend paid | 3,047,880 | 1,269,950 |
| | Reimbursement of expenses | - | 3,390 |
| **Subsidiary companies:** | | | |
| *Lucky Core PowerGen Limited* | Purchase of electricity | 1,703,374 | 1,579,088 |
| | Sale of goods and provision of services | 91,592 | 1,980 |
| | Dividend income | - | 300,000 |
| | Reimbursement of expenses | - | 158 |
| *Lucky TG (Private) Limited* | Divestment / (Investment) in subsidiary | 275,400 | (280,500) |
| **Associated companies** | Purchase of goods, materials and services | 390,609 | 1,295,746 |
| | Sale of goods, materials and services | 6,377,252 | 4,669,676 |
| | Royalty | - | 317,762 |
| | Dividend paid | 1,470,737 | 612,807 |
| | Donations paid | 79,060 | 59,871 |
| | Reimbursement of expenses | 39,789 | 35,255 |
| | Charges for supply of consumables | - | 13,442 |
| **Others** | Staff retirement benefits - contribution | 447,988 | 408,456 |
| **Key management personnel** | Remuneration paid | 638,245 | 579,703 |
| | Post employment benefits | 50,969 | 49,102 |
| | Dividend paid | 44,078 | 59,187 |
| | Director meeting fee | 5,906 | 5,156 |

**42.1 Details of related parties of the Company**

Detailsof related parties with whom the Company has entered into transactions with or has arrangements / agreements in place during the year are as follows:

| Name of related party | Basis of relationship | Direct shareholding % in the Company |
|---|---|---|
| The amounts charged in the unconsolidated financial sta | Wholly owned subsidiary & common directorship | Nil |
| Lucky TG (Private) Limited | Subsidiary & common directorship | Nil |
| Lucky Core Ventures (Private) Limited | Wholly owned subsidiary & common directorship | Nil |
| NutriCo Morinaga (Private) Limited | Associate | Nil |
| Arabian Sea Country Club Limited | Equity investment | Nil |
| Lucky Cement Limited | Holding company & common directorship | 55.00% |
| Lucky Holdings Limited | Associated company | Nil |
| Yunus Textile Mills Limited | Associated company | 12.01% |
| Lucky Textile Mills Limited | Associated company | 6.23% |
| Gadoon Textile Mills Limited | Associated company | 7.20% |
| Lucky Motors Corporation Limited | Associated company | Nil |
| Lucky Foods (Private) Limited | Associated company | Nil |
| Lucky Core Management Staff Provident Fund | Staff retirement benefit funds | Nil |
| Lucky Core Management Staff Gratuity Fund | Staff retirement benefit funds | Nil |
| Lucky Core Management Staff Defined Contribution Superannuation Fund | Staff retirement benefit funds | Nil |
| Lucky Core Non-Management Staff Provident Fund | Staff retirement benefit funds | Nil |
| Lucky Core Management Staff Pension Fund | Staff retirement benefit funds | Nil |
| Lucky Core Foundation | Associated company | Nil |
| Lahore University of Management Sciences | Associated company | Nil |
| Child Life Foundation | Associated company | Nil |
| Pakistan Business Council | Associated company | Nil |
| Global Commodities Limited | Associated company | Nil |
| Tabba Kidney Institute | Associated company | Nil |
| Tabba Heart Institute | Associated company | Nil |
| National Bank of Pakistan | Associated company | Nil |
| YB Pakistan Limited | Associated company | 1.10% |
| Lucky Commodities (Private) Limited | Associated company | Nil |
| Systems Limited | Associated company | Nil |
| Bank Al Habib Limited | Associated company | Nil |
| Siemens (Pakistan) Engineering Company Limited | Associated company | Nil |
| The Kidney Centre Institute | Associated company | Nil |
| International Industries Limited | Associated company | Nil |
| Lucky Landmark (Private) Limited | Associated company | Nil |
| Lucky Al Shumookh Holdings Limited (Republic of Iraq) | Associated company | Nil |
| Aziz Tabba Foundation | Associated company | Nil |
| Biafo Industries Limited | Associated company | Nil |
| Nyumba Ya Akiba S.A. (Democratic Republic of Kongo) | Associated company | Nil |
| Asif Jooma | Key management personnel | 0.80% |
| Muhammad Umar Mushtaq | Key management personnel | Nil |
| Atif Aboobukar | Key management personnel | Nil |
| Nauman Shahid Afzal | Key management personnel | Nil |
| Atif Siddiqui | Key management personnel | Nil |
| Aamer Mahmud Malik | Key management personnel | Nil |
| Muhammad Farrukh Rasheed | Key management personnel | Nil |
| Rizwan Afzal Chaudhry | Key management personnel | Nil |
| Laila Bhatia Bawany | Key management personnel | Nil |
| Eqan Ali Khan | Key management personnel | Nil |
| Muhammad Sohail Tabba | Director | Nil |
| Muhammad Ali Tabba | Director | Nil |
| Jawed Yunus Tabba | Director | Nil |
| Syed Muhammad Shabbar Zaidi | Director | - * |
| Ariful Islam | Director | 0.01% |
| Adnan Afridi | Director | - * |
| Muhammad Abid Ganatra | Former director / key management personnel | Nil |
| Amina Abdul Aziz Bawany | Director | Nil |

* Each director holds one hundred qualification shares of the Company.

## 43. PLANT CAPACITY AND ANNUAL PRODUCTION

| | Note | For the year ended June 30, 2024 | | For the year ended June 30, 2023 | |
|---|---|---|---|---|---|
| | | Annual Name Plate Capacity | Production | Annual Name Plate Capacity | Production |
| | | ---Metric tonnes--- | | | |
| Polyester | | **122,250** | **111,507** | 122,250 | 124,866 |
| Soda Ash | 43.1 | **560,000** | **544,572** | 560,000 | 512,002 |
| Sodium Bicarbonate | | **54,000** | **47,250** | 54,000 | 42,150 |

**43.1** Out of total production of 544,572 metric tonnes (June 30, 2023: 512,002 metric tonnes) of soda ash, 42,525 metric tonnes (June 30, 2023: 37,935 metric tonnes) were transferred for production of 47,250 metric tonnes (June 30, 2023: 42,150 metric tonnes) of Sodium Bicarbonate.

**43.2** The capacities of Chemicals, Pharma and Animal Health segment are indeterminable because these are multi-product with multiple dosage and multiple pack size plants. The production was sufficient to meet the demand.

## 44. FAIR VALUE MEASUREMENT

**44.1** Fair value is the price 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. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values except for lease liabilities.

**44.2** The Company classifies assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As of the reporting date, except for the Company's investment in mutual funds (which is valued under level 2), none of the financial instruments are cared at fair value in these unconsolidated financial statements. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

| | | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **45.** | **FINANCIAL INSTRUMENTS BY CATEGORY** | ---(PKR in '000)--- | |
| **45.1** | **Financial assets measured at amortised cost** | | |
| | Loans to executives and employees | **1,151,953** | 1,046,113 |
| | Long-term deposits | **82,856** | 78,319 |
| | Trade debts | **5,575,305** | 5,197,491 |
| | Short-term deposits | **786,522** | 2,392,605 |
| | Other receivables | **393,857** | 543,291 |
| | Cash and bank balances | **2,264,527** | 900,255 |
| | | **10,255,020** | 10,158,074 |
| **45.2** | **Financial assets measured at fair value through profit or loss** | | |
| | Short-term investments | **14,984,879** | 12,674,655 |
| **45.3** | **Financial liabilities measured at amortised cost** | | |
| | Long-term loans | **4,895,794** | 4,905,531 |
| | Lease liabilities | **196,025** | 109,871 |
| | Trade and other payables | **12,967,974** | 13,262,180 |
| | Accrued markup | **576,227** | 927,035 |
| | Short-term financing | **11,734,504** | 15,000,646 |
| | Unclaimed dividend | **136,827** | 124,530 |
| | | **30,507,351** | 34,329,793 |

## 46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board of Directors has the overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### 46.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments may fluctuate as a result of changes in market currency rates, interest rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

### 46.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments at carrying value were:

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| **Fixed rate instruments** | | | |
| Financial assets | 19 | **1,372,207** | 377,000 |
| Financial liabilities | | **(6,418,537)** | (6,181,500) |
| | | **(5,046,330)** | (5,804,500) |
| **Variable rate instruments** | | | |
| Financial assets | 16 | **-** | 1,800,000 |
| Financial liabilities | | **(10,548,280)** | (13,846,252) |
| | | **(10,548,280)** | (12,046,252) |

**Sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

**Sensitivity analysis for variable rate instruments**

If KIBOR had been 10% higher / lower with all other variables held constant, the impact on the profit before tax for the year would have been: PKR 1,054.828 million (June 30, 2023: PKR 1,204.625 million).

### 46.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is exposed to foreign currency risk on sales and purchases which are entered in a currency other than Pak Rupees. When the management expects future depreciation of Pak Rupee, the Company enters into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions and the Company's treasury policy. The policy allows the Company to take currency exposure within predefined limits while open exposures are rigorously monitored.

Following is the gross exposure classified into separate foreign currencies:

| | CNY | EURO | USD | GBP |
|---|---|---|---|---|
| | (Amount '000) | | | |
| | **As at June 30, 2024** | | | |
| Trade debts | **-** | **198** | **4,675** | **-** |
| Cash and bank balances | **-** | **-** | **827** | **-** |
| | **-** | **198** | **5,502** | **-** |
| Trade and other payables | **(4,360)** | **(82)** | **(2,602)** | **(8)** |
| Gross statement of financial position exposure | **(4,360)** | **116** | **2,900** | **(8)** |
| | As at June 30, 2023 | | | |
| Trade debts | - | 8 | 2,082 | - |
| Cash and bank balances | - | - | 424 | - |
| | - | 8 | 2,506 | - |
| Trade and other payables | (13,920) | (138) | (14,068) | (23) |
| Gross statement of financial position exposure | (13,920) | (130) | (11,562) | (23) |

Significant exchange rates applied during the year were as follows:

| | Average rate | | Spot rate | |
|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | As at June 30, 2024 | As at June 30, 2023 |
| **PKR per** | PKR | | PKR | |
| EURO | **306.27** | 244.24 | **297.69** | 312.93 |
| USD | **283.33** | 245.30 | **278.34** | 285.99 |
| GBP | **356.43** | 327.11 | **351.92** | 364.14 |
| CNY | **39.24** | 36.56 | **38.31** | 39.67 |

**Sensitivity analysis**

Every 10% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the year by PKR 67.205 million (June 30, 2023: PKR 391.785 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2024, if Pak Rupee (PKR) had weakened / strengthened by 10% against other currencies, with all other variables held constant, the effect on the Company profit before tax at June 30, 2024 and June 30, 2023 would be as follows:

| | Increase / decrease in exchange rates | Effect on profit before tax (CNY) | Effect on profit before tax (EURO) | Effect on profit before tax (USD) | Effect on profit before tax (GBP) |
|---|---|---|---|---|---|
| **2024** | | | | | |
| PKR in '000 | **+10%** | **16,704** | **(3,451)** | **(80,721)** | **264** |
| PKR in '000 | **-10%** | **(16,704)** | **3,451** | **80,721** | **(264)** |
| 2023 | | | | | |
| PKR in '000 | +10% | 55,221 | 4,075 | 330,653 | 835 |
| PKR in '000 | -10% | (55,221) | (4,075) | (330,653) | (835) |

**46.2 Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on 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 Company's gross maximum exposure to credit risk at the reporting date is as follows:

### 46.2.1 Financial assets

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| Loans to executives and employees | 10 | **1,151,953** | 1,046,113 |
| Long-term deposits | 11 | **82,856** | 78,319 |
| Trade debts | 14 | **5,575,305** | 5,197,491 |
| Short-term deposits | 16 | **786,522** | 2,392,605 |
| Other receivables | | **393,857** | 543,291 |
| Short-term investments | 18 | **14,984,879** | 12,674,655 |
| Bank balances | 19 | **2,254,885** | 892,228 |
| | | **25,230,257** | 22,824,702 |

**46.2.2** The Company has placed its funds with banks which are rated A1+, A1 and P-1 as per the short-term rating by PACRA / Moody's / JCR-VIS. Short-term investments are held in mutual funds which are rated AA+ and AA as per the ratings by PACRA / Moody's / JCR-VIS.

### 46.2.3 Financial assets

| | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|
| | (PKR in '000) | |
| - Secured | **3,228,098** | 3,187,133 |
| - Unsecured | **22,002,159** | 19,637,569 |
| | **25,230,257** | 22,824,702 |

**46.2.4** Set out below is the information about the ageing of trade debts and related credit risk exposure as at the reporting date:

| | Not past due (net of provision for price adjustments, discounts and sales returns) | Past due but not impaired | Past due and impaired | | Total |
|---|---|---|---|---|---|
| | | Not more than three months | More than three months and not more than four months | More than four months | |
| | (PKR in '000) | | | | |
| | **As at June 30, 2024** | | | | |
| Total gross carrying amount | **4,624,094** | **758,728** | **90,722** | **125,459** | **5,599,004** |
| Expected credit loss | - | - | (45,361) | (125,459) | **(170,820)** |
| Expected credit loss effective rate | - | - | **50%** | **100%** | |
| | As at June 30, 2023 | | | | |
| Total gross carrying amount | 4,655,002 | 418,288 | 5,121 | 119,080 | 5,197,491 |
| Expected credit loss | - | - | (2,562) | (119,080) | (121,641) |
| Expected credit loss effective rate | - | - | 50% | 100% | 2% |

**46.2.5** There were no past due or impaired receivables from related parties.

### 46.2.6 Concentration risk

The sector wise analysis of financial assets is given below:

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| Textile and Chemicals | | **1,677,696** | 727,179 |
| Glass | | **843,529** | 917,389 |
| Paper and Board | | **585,485** | 169,576 |
| Pharmaceuticals | | **493,606** | 68,306 |
| Detergents | | **135,612** | 500,628 |
| Paints | | **78,964** | 193,708 |
| Banks | | **2,254,885** | 892,228 |
| Asset management companies | | **14,984,879** | 12,674,655 |
| Others | | **3,063,080** | 3,862,560 |
| | | **24,117,737** | 20,006,229 |
| **Allowance for ECL:** | | | |
| - trade debts | 14 | **(170,820)** | (121,640) |
| - loans and advances | 15 | **(25,542)** | (26,508) |
| | | **(196,362)** | (148,148) |
| | | **23,921,375** | 19,858,081 |

**46.2.7** Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Company is not materially exposed to other price risk except investment in subsidiaries which are carried at cost against which provision for impairment has been provided (if any) in these unconsolidated financial statements.

### 46.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the maturity date.

| | Note | Carrying amount | Contractual cash flows | Less than one year |
|---|---|---|---|---|
| | | | As at June 30, 2024 | |
| | | | (PKR in '000) | |
| **Financial liabilities** | | | | |
| Trade creditors | 26 | **5,502,158** | **(5,502,158)** | **(5,502,158)** |
| Bills payable | 26 | **1,723,610** | **(1,723,610)** | **(1,723,610)** |
| Accrued mark-up | | **576,227** | **(576,227)** | **(576,227)** |
| Lease liabilities | 8 | **196,025** | **(196,025)** | **(38,547)** |
| Accrued expenses | 26 | **5,029,123** | **(5,029,123)** | **(5,029,123)** |
| Distributors' security deposits - payable on termination of distributorship | 26 | **140,494** | **(162,973)** | **(162,973)** |
| Contractors' earnest / retention money | 26 | **22,426** | **(22,426)** | **(22,426)** |
| Unclaimed dividend | | **136,827** | **(136,827)** | **(136,827)** |
| Payable for capital expenditure | 26 | **307,578** | **(307,578)** | **(307,578)** |
| Other payables | 26 | **242,585** | **(242,585)** | **(242,585)** |
| Long-term loans | | **4,895,794** | **(6,683,922)** | **(1,350,609)** |
| Short-term financing | 27 | **11,734,504** | **(11,734,504)** | **(11,734,504)** |
| | | **30,507,351** | **(32,317,958)** | **(26,827,167)** |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

| | Note | Carrying amount | Contractual cash flows | Less than one year |
|---|---|---|---|---|
| | | | As at June 30, 2023 | |
| | | | (PKR in '000) | |
| **Financial liabilities** | | | | |
| Trade creditors | 26 | 2,666,913 | (2,666,913) | (2,666,913) |
| Bills payable | 26 | 4,808,585 | (4,808,585) | (4,808,585) |
| Accrued mark-up | | 927,035 | (927,035) | (927,035) |
| Lease liabilities | 8 | 109,871 | (109,871) | (80,807) |
| Accrued expenses | 26 | 5,284,568 | (5,284,568) | (5,284,568) |
| Distributors' security deposits - payable on termination of distributorship | 26 | 134,404 | (147,844) | (147,844) |
| Contractors' earnest / retention money | 26 | 19,816 | (19,816) | (19,816) |
| Unclaimed dividend | | 124,530 | (124,530) | (124,530) |
| Payable for capital expenditure | 26 | 101,620 | (101,620) | (101,620) |
| Other payables | 26 | 246,274 | (246,274) | (246,274) |
| Long-term loans | | 4,905,531 | (7,001,295) | (1,505,756) |
| Short-term financing | 27 | 15,000,646 | (15,000,646) | (15,000,646) |
| | | 34,329,793 | (36,438,997) | (29,637,782) |

**47. CAPITAL RISK MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments 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 or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2024 and June 30, 2023 is as follows:

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| Long-term loans | 23 & 24 | **5,759,222** | 4,782,831 |
| Short-term financing | 27 | **11,734,504** | 15,000,646 |
| **Total debt** | | **17,493,726** | 19,783,477 |
| Short-term investments | 18 | **(14,984,879)** | (12,674,655) |
| Cash and bank balances | 19 | **(2,264,527)** | (900,255) |
| **Net debt** | | **244,320** | 6,208,567 |
| Issued, subscribed and paid up capital | 20 | **923,591** | 923,591 |
| Capital reserves | 21 | **18,309,643** | 309,643 |
| Revenue reserve - unappropriated profit | | **24,342,771** | 36,597,410 |
| **Equity** | | **43,576,006** | 37,830,644 |
| **Capital** | | **43,820,326** | 44,039,211 |
| **Gearing ratio (Net debt / (Net debt + Equity)** | | **0.56%** | **14.10%** |

**48. SUBSEQUENT EVENT**

**48.1** The Directors in their meeting held on August 5, 2024 have recommended a final dividend of PKR 33 per share (June 30, 2023: PKR 33 per share) for the year ended June 30, 2024. This dividend is in addition to interim dividend paid of PKR 27 per share declared during the current year. The unconsolidated financial statements for the year ended June 30, 2024 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

**49. GENERAL**

**49.1** The Company does not hold non-current assets in any foreign country.

**49.2** Figures have been rounded off to the nearest thousand PKR except as stated otherwise.

**49.3** Corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation. However, there have been no material reclassifications except as follows:

| Description | Reclassification | | As at June 30, 2023 PKR in 000 |
|---|---|---|---|
| | From | To | |
| Provision for slow moving and obsolete stock-in-trade | Administration and general expenses | Cost of sales | 190,871 |
| Temporary Economic Refinance Facility | Deferred income - government grant | Long-term loans | 122,700 |

**50. DATE OF AUTHORISATION**

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on August 5, 2024.

| | | |
|---|---|---|
| **Muhammad Sohail Tabba** | **Asif Jooma** | **Atif Aboobukar** |
| Chairman / Director | Chief Executive | Chief Financial Officer |

# Comparison of Results for Ten Years

As at June 30

| | 2014-15 | 2015-16 | 2016-17 |
|---|---|---|---|
| **Statement of Financial Position** | | | |
| Equity | 12,717,080 | 14,416,528 | 16,183,900 |
| Revaluation Reserves | 576,458 | 829,645 | 743,948 |
| **Total Equity and Revaluation Reserve** | 13,293,538 | 15,246,173 | 16,927,848 |
| Non Current Liability | 2,762,532 | 5,174,242 | 6,243,246 |
| Current Liability | 10,613,713 | 10,167,615 | 12,984,767 |
| **Total Equity and Liabilities** | **26,669,783** | **30,588,030** | **36,155,861** |
| Non Current Assets | 15,843,044 | 18,909,694 | 22,996,164 |
| Current Assets | 10,826,739 | 11,678,336 | 13,159,697 |
| **Total Assets** | **26,669,783** | **30,588,030** | **36,155,861** |
| **Statement of Profit or Loss** | | | |
| Turnover | 42,593,948 | 42,689,368 | 47,548,639 |
| Net Turnover | 37,515,328 | 36,954,437 | 41,363,695 |
| Cost of Sales | 31,725,574 | 30,475,911 | 33,598,220 |
| Gross profit | 5,789,754 | 6,478,526 | 7,765,475 |
| Operating Result | 3,044,107 | 3,478,707 | 4,043,576 |
| Profit before taxation | 2,703,494 | 3,498,266 | 4,394,370 |
| Profit after taxation | 2,125,708 | 2,843,186 | 3,296,091 |
| **Summary of Cash Flows** | | | |
| Cash generated from/(used in) operations | 5,015,304 | 4,788,015 | 5,569,176 |
| Net cash generated from/(used in) operating activities | 3,748,417 | 3,680,106 | 4,824,855 |
| Net cash generated from/(used in) investing activities | (4,372,472) | (4,138,316) | (4,930,518) |
| Net cash generated from/(used in) financing activities | (1,554,652) | 404,044 | (52,889) |
| **Cash and cash equivalents at June 30** | (1,763,980) | (1,818,146) | (1,976,698) |

Amounts in PKR '000

| 2017-18 | 2018-19 Restated | 2019-20 Restated | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|---|
| | | | | | | |
| 17,411,939 | 18,608,940 | 20,231,807 | 23,879,208 | 26,391,122 | 37,830,644 | 43,576,006 |
| 669,495 | - | - | - | - | - | - |
| 18,081,434 | 18,608,940 | 20,231,807 | 23,879,208 | 26,391,122 | 37,830,644 | 43,576,006 |
| 10,248,010 | 8,539,214 | 8,024,059 | 5,288,760 | 7,380,192 | 7,504,645 | 7,034,696 |
| 14,818,685 | 16,366,077 | 13,253,245 | 14,635,597 | 26,169,508 | 35,731,372 | 32,955,032 |
| **43,148,129** | **43,514,231** | **41,509,111** | **43,803,565** | **59,940,822** | **81,009,814** | **83,565,734** |
| 25,881,937 | 24,938,990 | 24,650,897 | 25,640,334 | 33,552,734 | 32,615,986 | 35,136,166 |
| 17,266,192 | 18,575,241 | 16,858,214 | 18,163,231 | 26,388,088 | 48,450,675 | 48,429,568 |
| **43,148,129** | **43,514,231** | **41,509,111** | **43,803,565** | **59,940,822** | **81,009,814** | **83,565,734** |
| | | | | | | |
| 55,591,275 | 65,383,089 | 64,781,546 | 77,481,030 | 106,294,392 | 131,550,122 | 146,253,342 |
| 49,107,580 | 58,328,849 | 53,598,537 | 62,617,966 | 86,972,178 | 109,486,109 | 120,460,326 |
| 40,553,323 | 48,877,125 | 43,042,158 | 48,269,723 | 68,353,133 | 87,352,985 | 93,554,113 |
| 8,554,257 | 9,451,724 | 10,556,379 | 14,348,243 | 18,619,045 | 22,133,124 | 26,906,213 |
| 4,397,841 | 4,935,414 | 5,669,239 | 8,398,838 | 11,753,414 | 14,653,424 | 17,150,796 |
| 3,650,402 | 3,180,506 | 4,329,883 | 8,228,802 | 10,199,135 | 21,910,804 | 16,500,988 |
| 3,059,704 | 2,304,912 | 3,095,858 | 5,959,446 | 6,248,587 | 13,772,409 | 11,140,217 |
| | | | | | | |
| 358,766 | 7,034,995 | 9,984,563 | 10,378,489 | 5,365,723 | 10,883,974 | 23,661,400 |
| (1,401,590) | 4,528,566 | 7,547,855 | 9,067,160 | 2,877,176 | 4,090,772 | 14,488,916 |
| (5,752,562) | (2,267,022) | (1,007,464) | (2,866,835) | (10,061,758) | 9,324,128 | (1,907,396) |
| 1,993,226 | (1,942,919) | (2,616,564) | (4,612,691) | (2,222,771) | (1,988,561) | (5,002,882) |
| (7,137,624) | (6,818,999) | (3,152,778) | (1,565,144) | (10,972,497) | 453,842 | 8,032,480 |

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LUCKY CORE INDUSTRIES

# Lucky Core Industries Limited and its Subsidiary Companies

## Consolidated Financial Statements

YBG

# Report of the Directors
## for the year Ended June 30, 2024 (Consolidated)

The Directors are pleased to present their report together with the audited Group results of Lucky Core Industries Limited for the year ended June 30, 2024. The Lucky Core Industries group comprises Lucky Core Industries Limited, its subsidiaries: Lucky Core PowerGen Limited (PowerGen), Lucky TG (Private) Limited (Lucky TG), Lucky Core Ventures (Private) Limited (LCV) and its associated concern; NutriCo Morinaga (Private) Limited (NMPL).

The Director's report, which provides a commentary on the performance of Lucky Core Industries Limited for the year ended June 30, 2024, has been presented separately.

The Net Turnover of PowerGen for the year ended stood at PKR 1,536 million, which is 8% higher as compared to the SPLY. This was mainly due to the increase in average energy tariff by 19%. The Operating Result at PKR 103 million, declined by 17% against the SPLY due to reduced energy demand and increased operating costs amid high inflation.

On a consolidated basis, the Net Turnover at PKR 120,635 million for the year under review is higher by 10% compared to the SPLY. Whereas the Operating Result at PKR 17,254 million for the year under review is higher by 17% compared to the SPLY. PAT at PKR 11,163 million for the year under review is 37% lower compared to the SPLY, whereas EPS attributed to the owners of the holding company at PKR 120.73 is 37% lower compared to the SPLY resulting from the disposal of approximately 26.5% shareholding of NMPL during the SPLY, realising a gain of PKR 8,911 million and a one-off notional gain of PKR 8,239 million recorded on account of re-measurement of remaining 24.5% shareholding of NMPL in accordance with the relevant IFRS. Excluding the impact of the one-off aforementioned gain in the same period last year, PAT would have been higher by 37% respectively compared to the SPLY.

**Muhammad Sohail Tabba**
Chairman

**Asif Jooma**
Chief Executive

Dated: August 05, 2024

Karachi

pwc

A·F·FERGUSON&CO.

# Independent Auditor's Report

## To the members of Lucky Core Industries Limited

**Opinion**

We have audited the annexed consolidated financial statements of Lucky Core Industries Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss, the consolidated statement of 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 consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

| S.No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | **Revenue recognition**<br>(Refer notes 3.20 and 30.1 to the annexed consolidated financial statements) | |
| | Net revenue from customers for the year ended June 30, 2024 amounted to Rs. 120,635 million. The Group earns revenue from multiple business segments with significant volume of revenue transactions. Revenue is recognised when the Group satisfies performance obligations as specified in the contracts with the customers.<br><br>There is a presumed risk of revenue being overstated resulting from the pressure management may feel to achieve performance targets set for the year. The Group also focuses on revenue as it is one of the key performance indicators of the Group. Accordingly, we consider that there is a risk of material misstatement of financial statements relating to revenue recognition.<br><br>On account of revenue being considered as an area involving a high level of risk of material misstatement therefore, significant audit efforts are involved for the verification of the same. Accordingly, this has been considered as a key audit matter. | Our audit procedures, amongst others, included the following:<br><br>• Obtained understanding and evaluated the accounting policies and the Group's procedures with respect to revenue recognition.<br><br>• Reviewed contracts with customers for each business segment and to obtain an understanding of the terms particularly relating to timing and transfer of control of the products and assessed the appropriateness of revenue recognition policies and practices followed by the Group.<br><br>• Tested revenue transactions on a sample basis by inspecting underlying documentation including dispatch documents and sales invoices.<br><br>• Performed analytical procedures over revenue transactions to identify trends and any unusual change in revenue for each segment / business. |

| S.No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| | | • Tested specific revenue transactions on a sample basis recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period.<br><br>• Obtained understanding of the types and process of discounts offered to customers and tested on a sample basis discounts provided to supporting documentation including approvals of the discounts.<br><br>• Assessed the related disclosures made in the annexed consolidated financial statements in accordance with the requirements of the applicable financial reporting framework. |
| 2. | **Stock-in-trade and consumables**<br>(Refer notes 3.7, 3.8, 4.2.7, 12 and 13 to the annexed consolidated financial statements) | |
| | As at June 30, 2024, the Group holds certain items of raw materials and consumables amounting to Rs. 1,357.290 million which comprises of coal, coke, limestone and rock salt. These inventory items are stored in the form of stockpiles. As the weighing of these inventory items to determine the quantities in hand as at year end is not practicable, the reasonableness of the quantities on hand is assessed by obtaining measurements of stockpiles and converting these measurements into unit of volumes using the bulk density values.<br><br>As the determination of stock quantities in hand as at reporting date, by measuring the volume and density of these items, involves significant estimates, this has been considered as a key audit matter. | Our audit procedures, amongst others, included the following:<br><br>• Obtained an understanding of the process and procedures with respect to the specific items of the stock-in-trade and consumables stored in the form of stockpiles.<br><br>• Attended physical inventory counts performed by the management and assessed the reasonableness of the management's process of measurement of stockpiles and the determination of volumes.<br><br>• Engaged auditor's expert to assess the appropriateness of measurements of stock quantities determined by the management by performing an independent inventory count of these items.<br><br>• Assessed the related disclosures made in the annexed consolidated financial statements in accordance with the requirements of the applicable financial reporting framework. |

**Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the 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 accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**
The consolidated financial statements of the Group for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon, vide their report dated September 1, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **Waqas Aftab Sheikh**.

**A. F. Ferguson & Co.**
Chartered Accountants
Karachi
Dated: August 30, 2024
UDIN: AR20241006994zqjT68x

# Consolidated Statement of Financial Position

As at June 30, 2024

| | Note | June 30, 2024 | June 30, 2023 |
|---|---|---|---|
| **ASSETS** | | ---------------(PKR in '000)--------------- | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | **29,929,796** | 27,598,290 |
| Intangible assets | 7 | **1,682,954** | 1,663,883 |
| Right-of-use assets | 8 | **182,457** | 116,707 |
| | | **31,795,207** | 29,378,880 |
| Long-term investments | 9 | **10,827,265** | 10,994,914 |
| Long-term loans | 10 | **807,512** | 536,961 |
| Long-term deposits and other assets | 11 | **287,883** | 103,549 |
| | | **11,922,660** | 11,635,424 |
| | | **43,717,867** | 41,014,304 |
| **Current assets** | | | |
| Stores, spares and consumables | 12 | **5,994,851** | 4,988,109 |
| Stock-in-trade | 13 | **15,466,376** | 18,785,237 |
| Trade debts | 14 | **5,593,143** | 5,197,027 |
| Loans and advances | 15 | **1,043,727** | 1,608,251 |
| Short-term deposits and prepayments | 16 | **1,051,893** | 2,618,059 |
| Other receivables | 17 | **2,220,907** | 2,379,569 |
| Short-term investments | 18 | **15,006,217** | 12,674,655 |
| Cash and bank balances | 19 | **2,280,272** | 1,027,727 |
| | | **48,657,386** | 49,278,634 |
| **Total assets** | | **92,375,253** | 90,292,938 |
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| Authorised capital<br>1,500,000,000 (June 30, 2023: 1,500,000,000)<br>ordinary shares of PKR 10 each | | **15,000,000** | 15,000,000 |
| Issued, subscribed and paid-up capital | 20 | **923,591** | 923,591 |
| Capital reserves | 21 | **18,309,643** | 309,643 |
| Revenue reserve - unappropriated profit | | **30,213,786** | 42,458,096 |
| **Attributable to the equity holders of the Holding Company** | | **49,447,020** | 43,691,330 |
| Non-controlling interests | | **10,725** | 262,906 |
| **Total equity** | | **49,457,745** | 43,954,236 |
| **Non-current liabilities** | | | |
| Staff retirement benefits | 22 | **115,549** | 178,113 |
| Long-term loans | 23 | **3,986,348** | 4,069,195 |
| Lease liabilities | 8 | **157,478** | 29,064 |
| Deferred income - government grant | 24 | **658,955** | 863,428 |
| Deferred tax liability - net | 25 | **5,596,926** | 5,910,788 |
| | | **10,515,256** | 11,050,588 |
| **Current liabilities** | | | |
| Taxation - net | | **4,490,277** | 4,295,469 |
| Trade and other payables | 26 | **14,311,951** | 13,799,483 |
| Accrued mark-up | | **576,227** | 927,035 |
| Short-term financing | 27 | **11,734,504** | 15,000,646 |
| Current portion of long-term loans | 23 | **909,446** | 836,336 |
| Current portion of lease liabilities | 8 | **38,547** | 80,807 |
| Current portion of deferred income - government grant | 24 | **204,473** | 223,808 |
| Unclaimed dividend | | **136,827** | 124,530 |
| | | **32,402,252** | 35,288,114 |
| **Total equity and liabilities** | | **92,375,253** | 90,292,938 |
| **Contingencies and Commitments** | 28 | | |

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

| **Muhammad Sohail Tabba** | **Asif Jooma** | **Atif Aboobukar** |
|---|---|---|
| Chairman / Director | Chief Executive | Chief Financial Officer |

# Consolidated Statement of Profit or Loss

For the year ended June 30, 2024

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | -------------(PKR in '000)------------- | |
| **Net turnover** | 30.1 | **120,635,402** | 109,529,418 |
| Cost of sales | 30.2 | **(93,625,832)** | (87,271,348) |
| **Gross profit** | | **27,009,570** | 22,258,070 |
| Selling and distribution expenses | 32 | **(7,309,569)** | (5,335,599) |
| Administration and general expenses | 33 | **(2,445,913)** | (2,155,934) |
| | | **17,254,088** | 14,766,537 |
| Other charges | 34 | **(837,659)** | (613,086) |
| Finance costs | 35 | **(3,538,040)** | (2,880,132) |
| Exchange gain / (loss) | | **116,307** | (965,876) |
| | | **(4,259,392)** | (4,459,094) |
| Other income | 36 | **3,637,427** | 1,761,950 |
| Share of loss from associate | 9.1 | **(167,649)** | (11,701) |
| **Profit before final taxes and income taxes - continuing operations** | | **16,464,474** | 12,057,692 |
| Taxation - Final taxes | 38 | **(845,505)** | (397,497) |
| **Profit before income taxes - continuing operations** | | **15,618,969** | 11,660,195 |
| Taxation - Income tax | | | |
| Current | | **(4,846,459)** | (3,285,319) |
| Deferred | | **390,454** | (694,219) |
| | 38 | **(4,456,005)** | (3,979,538) |
| **Profit for the year - continuing operations** | | **11,162,964** | 7,680,657 |
| **Discontinued operations** | | | |
| Profit for the year - discontinued operations | 37.1 & 37.4 | **-** | 10,092,201 |
| **Profit for the year** | | **11,162,964** | 17,772,858 |
| **Attributable to:** | | | |
| Equity holders of the Holding Company | | **11,150,545** | 17,561,686 |
| Non-controlling interests | | **12,419** | 211,172 |
| | | **11,162,964** | 17,772,858 |
| **Basic and diluted earnings per share (PKR)** | 39 | | |
| - continuing operations | | **120.73** | 83.16 |
| - discontinued operations | | **-** | 106.99 |
| | | **120.73** | 190.15 |

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

| Muhammad Sohail Tabba | Asif Jooma | Atif Aboobukar |
|---|---|---|
| Chairman / Director | Chief Executive | Chief Financial Officer |

# Consolidated Statement of Comprehensive Income
For the year ended June 30, 2024

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | --------------(PKR in '000)-------------- | |
| **Profit for the year** | | **11,162,964** | 17,772,858 |
| **Other comprehensive income / (loss)** | | | |
| Items that will not be reclassified to profit or loss in subsequent periods: | | | |
| Remeasurement of defined benefit plans | 22.3.1 | **223,401** | (82,083) |
| Income tax effect | 25.1 | **(76,713)** | 58,173 |
| | | **146,688** | (23,910) |
| **Total comprehensive income for the year** | | **11,309,652** | 17,748,948 |
| **Attributable to:** | | | |
| Equity holders of the Holding Company | | **11,297,233** | 17,537,776 |
| Non-controlling interests | | **12,419** | 211,172 |
| | | **11,309,652** | 17,748,948 |

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

**Muhammad Sohail Tabba**
Chairman / Director

**Asif Jooma**
Chief Executive

**Atif Aboobukar**
Chief Financial Officer

# Consolidated Statement of Changes in Equity

For the year ended June 30, 2024

| | Issued, subscribed and paid-up capital | Capital reserves (note 21) | Revenue reserve - unappropriated profit | Total reserves | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | ----- | ----- | ----- | (PKR in '000) | ----- | ----- |
| **Balance as at July 1, 2022** | **923,591** | **309,643** | **27,229,297** | **27,538,940** | **4,828,721** | **33,291,252** |
| Profit for the year | - | - | 17,561,686 | 17,561,686 | 211,172 | 17,772,858 |
| Other comprehensive loss for the year - net of tax | - | - | (23,910) | (23,910) | - | (23,910) |
| **Total comprehensive income for the year** | - | - | 17,537,776 | 17,537,776 | 211,172 | 17,748,948 |
| Derecognition due to disposal of subsidiary | - | - | - | - | (5,046,487) | (5,046,487) |
| Acquisition of subsidiary | - | - | - | - | 269,500 | 269,500 |
| **Transaction with the owners** | | | | | | |
| Final dividend for the year ended June 30, 2022 @ PKR 15 per share | - | - | (1,385,386) | (1,385,386) | - | (1,385,386) |
| Interim dividend for the year ended June 30, 2023 @ PKR 10 per share | - | - | (923,591) | (923,591) | - | (923,591) |
| | - | - | (2,308,977) | (2,308,977) | - | (2,308,977) |
| **Balance as at June 30, 2023** | **923,591** | **309,643** | **42,458,096** | **42,767,739** | **262,906** | **43,954,236** |
| Profit for the year | - | - | 11,150,545 | 11,150,545 | 12,419 | 11,162,964 |
| Other comprehensive income for the year - net of tax | - | - | 146,688 | 146,688 | - | 146,688 |
| **Total comprehensive income for the year** | **-** | **-** | **11,297,233** | **11,297,233** | **12,419** | **11,309,652** |
| Transfer to capital reserves (note 21.3) | - | 18,000,000 | (18,000,000) | - | - | - |
| Buy back of shares (note 1.2) | - | - | - | - | (264,600) | **(264,600)** |
| **Transaction with the owners** | | | | | | |
| Final dividend for the year ended June 30, 2023 @ PKR 33 per share | - | - | (3,047,848) | (3,047,848) | - | (3,047,848) |
| Interim dividend for the year ended June 30, 2024 @ PKR 27 per share | - | - | (2,493,695) | (2,493,695) | - | (2,493,695) |
| | **-** | **-** | **(5,541,543)** | **(5,541,543)** | **-** | **(5,541,543)** |
| **Balance as at June 30, 2024** | **923,591** | **18,309,643** | **30,213,786** | **48,523,429** | **10,725** | **49,457,745** |

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

| **Muhammad Sohail Tabba** | **Asif Jooma** | **Atif Aboobukar** |
|---|---|---|
| Chairman / Director | Chief Executive | Chief Financial Officer |

# Consolidated Statement of Cash Flows

For the year ended June 30, 2024

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | -------------(PKR in '000)------------- | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 40 | **24,203,964** | 11,283,479 |
| Payments for: | | | |
| Staff retirement benefit plans | 22.3.2 | **(70,289)** | (67,679) |
| Non-management staff gratuity and eligible retired employees' medical scheme | | **(43,721)** | (42,359) |
| Income taxes and final taxes paid | | **(5,497,276)** | (4,947,496) |
| Interest paid | | **(3,579,265)** | (2,408,323) |
| **Net cash generated from operating activities** | | **15,013,413** | 3,817,622 |
| **CASH FLOWS FROM INVESTING ACTIVITIES*** | | | |
| Capital expenditure | | **(5,520,393)** | (3,775,145) |
| Proceeds from disposal of operating fixed assets | | **61,799** | 25,217 |
| Interest income received | | **451,659** | 228,412 |
| Proceeds from disposal of shares of subsidiary | | **-** | 11,901,821 |
| Dividend received on short term investments | | **2,749,255** | 890,219 |
| **Net cash (used in) / generated from investing activities** | | **(2,257,680)** | 9,270,524 |
| **CASH FLOWS FROM FINANCING ACTIVITIES*** | | | |
| Buy-back of shares of subsidiary by non-controlling interests | 1.2 | **(264,600)** | - |
| Issuance of shares of subsidiary to non-controlling interests | | **-** | 269,500 |
| Export refinance facility obtained | | **638,000** | 1,138,578 |
| Long-term loans obtained | | **1,089,485** | 687,206 |
| Long-term loans repaid | | **(1,099,223)** | (1,732,070) |
| Payment of lease liabilities | 8 | **(101,900)** | (109,942) |
| Dividends paid | | **(5,529,246)** | (2,299,947) |
| **Net cash used in financing activities** | | **(5,267,484)** | (2,046,675) |
| **Net increase in cash and cash equivalents** | | **7,488,249** | 11,041,471 |
| Cash and cash equivalents at the beginning of the year | | **581,314** | (13,011,748) |
| Cash and cash equivalents of subsidiary at disposal date | | **-** | 2,551,591 |
| **Cash and cash equivalents at the end of the year** | | **8,069,563** | 581,314 |
| **Cash and cash equivalents at the end of the year comprise of:** | | | |
| Cash and bank balances | 19 | **2,280,272** | 1,027,727 |
| Short-term investments | 18 | **15,006,217** | 12,674,655 |
| Short-term financing | 27 | **(9,216,926)** | (13,121,068) |
| | | **8,069,563** | 581,314 |

*No non-cash items are included in these activities.

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

| | | |
|---|---|---|
| **Muhammad Sohail Tabba** | **Asif Jooma** | **Atif Aboobukar** |
| Chairman / Director | Chief Executive | Chief Financial Officer |

**1. THE COMPANY AND ITS OPERATIONS**

**1.1** The Group consists of Lucky Core Industries Limited (the "Holding Company") and the following subsidiaries:

- Lucky Core PowerGen Limited ("PowerGen");
- Lucky TG (Private) Limited ("Lucky TG"); and
- Lucky Core Ventures (Private) Limited ("LCV").

The Holding Company was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) (the Act) and is listed on the Pakistan Stock Exchange Limited. The Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; merchanting of general chemicals and manufacturing of master batch. It also acts as an indenting agent and toll manufacturer. The Company's registered office is situated at 5 West Wharf, Karachi. The Holding Company is the subsidiary of Lucky Cement Limited.

PowerGen was incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary of the Holding Company. PowerGen is engaged in generating, selling and supplying electricity to the Group.

Lucky TG was incorporated in Pakistan on October 25, 2022 as an unlisted public company as part of the agreement with Tariq Glass Industries Limited to set up a green field state-of-the-art float glass manufacturing facility. The Holding Company holds 51% of the shares of Lucky TG.

LCV was incorporated in Pakistan on March 09, 2023 as an unlisted private company and is a wholly owned subsidiary of the Holding Company. The principal line of the business is to function as holding company of its subsidiaries and associated companies and render advisory services for promotion of their business, development and marketing for the Group.

NutriCo Morinaga (Private) Limited ("NutriCo Morinaga") is the associate of the Holding Company which is involved in the manufacturing of infant and grown up formula.

**1.2** During the year, the Board of Directors of Lucky TG granted approval for Lucky TG to buy back a portion of its shares from its members (the Holding Company and Tariq Glass Industries Limited) in proportion to their shareholding. By virtue of the approval, the Holding Company and Tariq Glass Industries Limited have accepted the offer for purchase of shares from Lucky TG and the buy back transaction was executed during the year. The Holding Company continues to retain 51% shareholding in Lucky TG.

**1.3** Geographical location and addresses of major business units including mills / plants of the Company are as under:

| | Purpose |
|---|---|
| **Karachi** | |
| 5 West Wharf Road | Head office and production plant |
| S-33, Hawksbay Road, S.I.T.E. | Production plant |
| **Lahore** | |
| 63 Mozang Road | Regional office |
| 30-km, Sheikhupura Road, Lahore | Regional office and production plant |
| 45-km, off Multan Road, Lahore | Production plant |
| Bypass Nazam Pura Road, Kasur | Production plant |
| **Khewra** | |
| LCI Soda Ash, Tehsil Pend, Dandan Khan, District Jhelum | Regional office and production plant |
| **Haripur** | |
| Plot No.32/2A Phase III, Industrial Estate Hatter, District Haripur | Production plant |
| **Islamabad** | |
| Islamabad Corporate Center, 2nd Floor, H-13, Islamabad | Regional office |

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs) issued by International Accounting Standard Board (IASB), Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Act and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs and IFASs, the provisions of and directives issued under the Act have been followed.

### 2.2 Basis of measurement

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

### 2.3 Basis of consolidation

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

- exposure, or rights, to variable returns from its involvement with the investee; and

- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;

- rights arising from other contractual arrangements; and

- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in consolidated statement of profit or loss and is not reversed in future periods.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and the carrying value of investments held by the Holding Group is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements.

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

Subsidiaries have same reporting period as that of the Holding Group. The accounting policies of subsidiaries have been changed to confirm with accounting policies of the Group, wherever needed.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. 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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**2.4** Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

The Group has elected to measure the non-controlling interests in the acquiree at fair value.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, except for the following:

During the year, the Institute of Chartered Accountant of Pakistan (ICAP) has withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and has issued a Guidance – “IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes”. The said Guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these consolidated financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – ‘Accounting Policies, Change in Accounting Estimates and Errors’. There has been no effect on the consolidated statement of financial position and consolidated statement of cash flows as a result of this change.

Had there been no change in accounting policy, both taxation and profit before tax for the current year would have been higher by PKR 845.505 million (June 30, 2023: PKR 397.497 million). There is no impact on the earnings per share for the current and prior year due to the change.

**3.1 Property, plant and equipment and depreciation**

Property, plant and equipment 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 accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period including the cost of replacing parts and the cost of borrowings for long-term construction projects are carried under capital work-in-progress, if the recognition criteria is met. These are transferred to specific categories of property, plant and equipment as and when these are available for use.

Depreciation is based on the straight-line method whereby the cost of an asset less the estimated residual value is charge to the profit or loss over its estimated useful life at rates given in note 6.1 to these consolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

The cost of leasehold land is depreciated in equal installments over the lease period. When significant parts of assets are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

Spare parts and servicing equipment are classified as property, plant and equipment under plant and machinery rather than store, spares and consumables where they meet the definition of property, plant and equipment. Available for use capital spares, and servicing equipment are depreciated over their useful lives, or the remaining life of principal asset, whichever is lower.

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. The effect of any adjustment to residual values, useful lives and methods is recognised prospectively as a change of accounting estimate.

Maintenance and normal repairs are charged to the profit or loss as and when incurred. Subsequent expenditures including major renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the Group and the cost of the item can be measured reliably.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Group accounts for impairment, if any by reducing its carrying value to the recoverable amount (note 3.11).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss of the year in which the asset is derecognised.

**3.2 Intangible assets**

Intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and that cost of such asset can also be measured reliably. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition.

Intangible assets with finite useful lives are amortised over their useful lives and assessed for impairment whenever there is an indication that the asset may be impaired. Intangible assets with indefinite lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit (CGU) level, as appropriate. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, a change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is based on the cost of an asset less its estimated residual value. Amortisation is charged to the profit or loss on the straight-line method over its estimated useful lives at the rates given in note 7 to these consolidated financial statements. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

**3.3 Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

| | |
|---|---|
| Land and building | 2 to 9 years |
| Motor vehicles | 4 to 5 years |

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to note 3.11 to these consolidated financial statements for policy on impairment of non-financial assets.

**ii) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date, where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**iii) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of regional sales offices and warehouses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**iv) Ijarah contracts**

Payments made under ijarah contract are charged to the profit or loss on straight line basis over the ijarah term as per IFAS 2.

**3.4 Investments in subsidiary companies and associate**

Associates are all entities over which the Group has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decisions of investees. Subsidiaries are all entities over which the Group has control, typically through ownership of more than 50% of the voting rights. Control exists when the Group:

• has the ability to direct the investee's financial and operating policies, enabling it to influence the investee's strategic decisions;

• has exposure to, or rights to, fluctuating returns resulting from its involvement with the investee; and

• can utilise its power over the investee to impact the amount of returns it receives from its investment.

Investments in subsidiary companies and associate are stated at cost less impairment, if any. An assessment is made at each reporting date to determine whether there is any indication that an investment may be impaired. If such indication exists, the estimated recoverable amount of the investment is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

**3.5 Advances, deposits, prepayments and other receivables excluding financial assets**

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

**3.6 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3.6.1 Financial assets**

**3.6.1.1 Classification and subsequent measurement**

The Group classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt and equity instruments are described below:

**(i) Debt instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer’s perspective, such as loans, government and corporate bonds and puttable instruments like units of mutuals funds etc.

Classification and subsequent measurement of debt instruments depend on:

- the Group’s business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments in one of the following three measurement categories:

**a) At amortised cost**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.6.1.2 to these consolidated financial statements.

**b) Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, recognised and measured as described in note 3.6.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit or loss.

**c) Fair value through profit or loss (FVPL)**

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the profit or loss in the period in which it arises.

**(ii) Equity instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective and are instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

All equity investments are measured at fair value, with gains and losses recognised in the profit or loss, except where an irrevocable election has been made at the time of initial recognition to measure the investment at FVOCI.

The dividend income from equity securities classified under FVOCI is recognised in the profit or loss. However, any surplus / (deficit) arising as a result of subsequent movement in the fair value of equity securities classified as FVOCI is recognised in consolidated statement of other comprehensive income and is not recycled to the profit or loss on derecognition.

**3.6.1.2 Impairment**

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions (including macroeconomic factors).

For trade debts, the Group applies a simplified approach, where applicable, in calculating ECL. The Group has established a provision matrix for portfolio of customers having similar risk characteristics and estimates default rates based on the Group's historical credit loss experience, adjusted for forward-looking factors (including gross domestic product and consumer price index).

The Group considers a financial asset to be at a risk of default when contractual payments are 90 days past due, unless there are factors that might indicate otherwise. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**3.6.1.3 Derecognition**

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Group transfers substantially all the risks and rewards of ownership; or

(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

Any gain or loss on derecognition of financial assets is taken to the profit or loss except in the case of equity instruments designated as FVOCI on initial recognition.

**3.6.1.4 Regular way contracts**

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Group commits to purchase or sell the asset. Regular way purchases / sales of assets require delivery of securities within two days from the transaction date as per the stock exchange regulations.

**3.6.2 Financial liabilities**

Financial liabilities are classified and measured at amortised cost except for:

- Financial liabilities at FVPL; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

**3.6.2.1 Derecognition**

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial liabilities is taken to the profit or loss.

**3.6.3 Initial recognition**

Financial assets and financial liabilities are recognised at the time the Group becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at FVPL. Financial assets carried at FVPL are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit or loss.

**3.6.4 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

**3.6.5 Business model**

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

**3.6.6 Solely payments of principal and interest (SPPI)**

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

**3.6.7 Reclassifications**

The Group reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year.

### 3.6.8 Derivatives

Derivative instruments are initially recognised at fair value and subsequent to initial measurement each derivative instrument is remeasured to its fair value and the resultant gain or loss is recognised in the profit or loss.

### 3.7 Stores, spares and consumables

Stores, spares and consumables are stated at weighted average cost less provision for obsolete items (if any) except items in-transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Provision, if required is made in the consolidated financial statements for slow moving, obsolete and unusable items. Spares and consumables are assessed and provision is applied according to degree of ageing based on a specific criteria.

### 3.8 Stock-in-trade

Stock-in-trade is valued at the lower of weighted average cost and estimated net realisable value (NRV). NRV is the estimated selling price in the ordinary course of business less net estimated costs to sell.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

### 3.9 Taxation - Income tax and levy

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

#### i) 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 credits available, if any. The charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### ii) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the consolidated financial statements at the reporting date. 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 temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

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 tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

#### iii) Levy

In accordance with Income Tax Ordinance, 2001 (Ordinance), computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these consolidated financial statements.

**iv) Sales tax**

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of sales tax included the net amount of sales tax irrecoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

**3.10 Cash and cash equivalents**

These are carried at cost. Cash and cash equivalents for the purpose of consolidated statement of cash flows comprise of cash in hand, investment in highly liquid mutual fund units and current and deposit accounts held with banks, which are subject to insignificant risk of change. Short-term finance facilities availed by the Group, which are payable on demand and form an integral part of the Group’s cash management are also included as part of cash and cash equivalents for the purpose of consolidated statement of cash flows.

**3.11 Impairment of 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 consolidated statement of comprehensive income. The recoverable amount is the higher of an asset's fair value less cost to 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 which the estimate of future cash flows have not been adjusted. 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 previously. Reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been 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, if no impairment loss had been recognised.

**3.12 Staff retirement benefits**

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

**i) Defined benefit plans**

The Group operates a funded pension scheme and a funded gratuity scheme for its management staff. The pension and gratuity schemes are salary schemes providing pension and lump sum payments, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The schemes define the amounts of benefit that an employee will receive on or after retirement subject to a minimum qualifying period of service under the schemes. The schemes are managed in conformity with the provisions of the Trust Deeds. The Group is responsible to make contributions to the funds as prescribed under the Trust Deed and related rules. The trustees are responsible for the day to day management of the Funds.

The Group also operates a gratuity scheme for its non-management staff and the pensioners’ medical scheme which are unfunded. The pension and gratuity plans are final salary plans.

An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method. The Group recognises an expense in accordance with the recommendation of the actuary.

All past service costs are recognised in the profit or loss at the earlier of when the amendment or curtailment occurs and when the Group has recognised related restructuring or termination benefits.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the effect of the asset ceiling are recognised directly in equity through the consolidated statement of comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All past service costs are recognised in the profit or loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in the consolidated statement of profit or loss.

**ii) Defined contribution plans**

The Group operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff, who has either opted for this fund by July 31, 2004 or have joined the Group after April 30, 2004.

**iii) Medical scheme**

The pensioner’s medical plan reimburses actual medical expenses to pensioners as per entitlement.

**3.13 Government grants**

Government grants are recognised at the fair value of the consideration received. A grant without specified future performance conditions is recognised in income when the grant proceeds are received. A grant that imposes specified future performance conditions is recognised in income when all those conditions are met. Government grants received before the income recognition criteria is satisfied are presented as a separate liability in the consolidated statement of financial position. Government grants are recognised in the profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grants are intended to compensate and are presented as reduction of related interest expense.

**3.14 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**3.15 Provisions, contingent assets and contingent liabilities**

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. They are reviewed at each reporting date and adjusted prospectively.

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised until the inflow of economic benefits is virtually certain.

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**3.16 Foreign currency translation and transactions**

Foreign currency transactions are recorded in Pakistan Rupees (PKR) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and on translation of monetary assets and liabilities denominated in foreign currencies at reporting date are recognised in the profit or loss.

**3.17 Functional and presentation currency**

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

### 3.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the consolidated financial statements are authorised for issue, disclosure is made in the consolidated financial statements.

### 3.19 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 Executive Management Committee i.e., the Chief Operating Decision Maker (CODM), that includes Chief Executive 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 Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

For management purposes, the Group is organised into business units based on its products and services and has five reportable segments, namely Polyester, Soda Ash, Animal Health, Pharma and Chemicals and Agri Sciences. No operating segments have been aggregated to form the above reportable operating segments.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Transfer prices between operating segment are based on agreed prices approved by the board of directors.

### 3.20 Revenue from contracts with customers

a) Sale of goods

The Group is in the business of sale of goods. Revenue from contracts with customers is recognised at a point in time when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The point at which the control passes is generally on dispatch of goods to the customers. The normal credit term is 30 to 90 days upon dispatch.

The Group recognises revenue based on the following principles:

- identification of customer contracts;
- identification of performance obligations;
- determination of transaction price in the contract;
- allocation of price to performance obligations; and
- recognition of revenue when the performance obligations are fulfilled.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in note 4 to these consolidated financial statements.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

The Group pays sales commission to its sales agents for certain contracts. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

Contracts with the Group's customers provide them with a right of return, price adjustments and volume rebates and are considered as variable consideration. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price.

For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The Group provides retrospective volume rebates (discounts) to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

b) Toll manufacturing income is recognised when services are rendered.

c) Revenue from contracts with the customers is recognised at a point in time on supply of electricity to the customer.

**3.21 Other income**

a) Dividend income is recognised when the right to receive dividend is established.

b) Profit on short-term deposits is accounted for using the effective interest rate method.

c) Other income is recognised on an accrual basis.

**3.22 Contract balances**

**Trade debts**

A receivable is recognised if an amount of consideration that is unconditional is due from the customer i.e., only the passage of time is required before payment of the consideration is due. Refer to accounting policies of financial assets in note 3.6 to these consolidated financial statements.

**Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract i.e., transfers control of the related goods or services to the customer.

**3.23 Assets and liabilities arising from rights of return**

**Right of return assets**

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

**Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to accounting policy on variable consideration detailed in note 3.20 to these consolidated financial statements.

**3.24 Current versus non current classification**

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**3.25 Earnings per share**

The Group presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year.

**3.26 Commitments**

Commitments for capital expenditure contracted for but not incurred are disclosed in the consolidated financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at committed amounts.

**3.27 Share capital**

Ordinary shares are classified as equity and are recorded at face value. Incremental costs, if any, directly attributable to the issuance of shares, are recognised in equity as a deduction, net of tax, from the proceeds.

**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accounting disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**4.1 Judgments**

In the process of applying the Group’s accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

### 4.1.1 Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

### 4.1.2 Contingencies

The Group, based on the availability of the latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

## 4.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### 4.2.1 Income and sales tax

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

Significant management judgment is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The management consider tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 4.2.2 Staff retirement benefits

The cost under the retirement benefit plans and the present value of the obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### 4.2.3 Property, plant and equipment

The Group reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment as and when required. In making these estimates, Group uses the technical resources available with the Group. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

### 4.2.4 Allowance for Expected Credit Loss (ECL) on financial assets

The Group uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for Companies of various customer segments that have similar risk characteristics.

The assessment of ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

**4.2.5 Revenue from contracts with customers**

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.

The Group has developed a model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to volume thresholds.

The Group updates its assessment of expected returns and volume rebates on a periodic basis and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

**4.2.6 Leases - Estimating the Incremental Borrowing Rate**

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) and incorporates applicable spread.

**4.2.7 Stock-in-trade**

The Group reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values and also review the inventories for obsolescence.

Further, the Group holds certain items of raw materials and consumable comprising of coal, coke, limestone and rock salt which are stored in the form of stockpiles. As the weighing of these inventory items is not practicable, the reasonableness of the quantities on hand is assessed by obtaining measurements of stockpiles and converting these measurements into unit of volume by bulk density values.

**4.2.8 Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at normal commercial terms, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The recoverable amount is sensitive to cashflow assumptions. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the relevant CGUs, including a sensitivity analysis, are disclosed in note 7.2.

**5. NEW STANDARDS, AMENDMENTS TO ACCOUNTING AND REPORTING STANDARDS AND NEW INTERPRETATIONS**

**5.1 Adoption of amendments to accounting and reporting standards effective during the year**

**5.2 Amendments and interpretations to accounting and reporting standards that are effective in the current year**

There are certain new amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods which began on July 1, 2023. However, these do not have any significant impact on the Group's financial statements and therefore not stated in these consolidated financial statements.

**5.3 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after July 1, 2024 but are considered not to be relevant or will not have any significant effect on the Group's operations and therefore not stated in these consolidated financial statements.

## 6. PROPERTY, PLANT AND EQUIPMENT

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| Operating fixed assets | 6.1 | **24,391,563** | 24,736,363 |
| Capital work-in-progress | 6.4 | **5,538,233** | 2,861,927 |
| | | **29,929,796** | 27,598,290 |

**6.1** Following is the statement of operating fixed assets:

| | Note | Land | | Lime beds on freehold land | Buildings | | Plant and machinery | Rolling stock and vehicles | Furniture and equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Freehold | Lease hold | | On freehold land | On leasehold land | | | | |
| | | (PKR in '000) | | | | | | | | |
| | | Year ended June 30, 2024 | | | | | | | | |
| **Net carrying value basis** | | | . | | | | | | | |
| Opening net book value | | **608,936** | **-** | **429,643** | **729,246** | **3,390,059** | **19,108,294** | **34,241** | **435,944** | **24,736,363** |
| Additions / transfers | | **-** | **-** | **265,112** | **103,406** | **529,996** | **1,868,072** | **20,235** | **233,806** | **3,020,627** |
| Disposals at net book value | 6.1.1 | **-** | **-** | **-** | **-** | **(1,502)** | **(14,827)** | **-** | **(3,365)** | **(19,695)** |
| Depreciation charge | 6.3 | **-** | **-** | **(91,419)** | **(89,951)** | **(302,395)** | **(2,716,314)** | **(9,098)** | **(136,555)** | **(3,345,732)** |
| Closing net book value | | **608,936** | **-** | **603,336** | **742,701** | **3,616,158** | **18,245,224** | **45,378** | **529,830** | **24,391,563** |
| **Gross carrying value basis** | | | | | | | | | | |
| Cost | | **608,936** | **562,166** | **1,039,999** | **3,485,535** | **6,184,111** | **50,676,183** | **137,147** | **1,512,776** | **64,206,853** |
| Accumulated depreciation | | **-** | **(562,166)** | **(436,663)** | **(2,742,834)** | **(2,567,953)** | **(32,430,959)** | **(91,769)** | **(982,946)** | **(39,815,290)** |
| Closing net book value | | **608,936** | **-** | **603,336** | **742,701** | **3,616,158** | **18,245,224** | **45,378** | **529,830** | **24,391,563** |
| **Depreciation rate per annum (%)** | | **-** | **2 to 4** | **5 to 25** | **5 to 33** | **3 to 33** | **3 to 50** | **10 to 33** | **10 to 50** | |
| | | Year ended June 30, 2023 | | | | | | | | |
| **Net carrying value basis** | | | | | | | | | | |
| Opening net book value | | 1,001,301 | 101,581 | 418,211 | 2,559,490 | 2,985,802 | 17,918,591 | 130,220 | 537,249 | 25,652,445 |
| Additions / transfers | | - | - | 76,916 | 45,932 | 669,377 | 6,549,835 | 275 | 85,574 | 7,427,909 |
| Disposal of subsidiary | | (392,365) | (101,581) | - | (1,747,545) | - | (2,751,919) | (72,716) | (55,238) | (5,121,364) |
| Disposals at net book value | | - | - | - | - | - | (313) | - | - | (313) |
| Depreciation charge | 6.3 | - | - | (65,484) | (128,631) | (265,120) | (2,607,900) | (23,538) | (131,641) | (3,222,314) |
| Closing net book value | | 608,936 | - | 429,643 | 729,246 | 3,390,059 | 19,108,294 | 34,241 | 435,944 | 24,736,363 |
| **Gross carrying value basis** | | | | | | | | | | |
| Cost | | 608,936 | 562,166 | 774,887 | 3,382,129 | 5,656,807 | 49,080,444 | 116,912 | 1,310,450 | 61,492,731 |
| Accumulated depreciation | | - | (562,166) | (345,244) | (2,652,883) | (2,266,748) | (29,972,150) | (82,671) | (874,506) | (36,756,368) |
| Closing net book value | | 608,936 | - | 429,643 | 729,246 | 3,390,059 | 19,108,294 | 34,241 | 435,944 | 24,736,363 |
| Depreciation rate per annum (%) | | - | 2 to 4 | 5 to 25 | 5 to 33 | 3 to 33 | 3 to 50 | 10 to 33 | 10 to 50 | |

**6.1.1** Cost of building on leasehold land, plant and machinery and furniture and equipment disposed off during the year amounts to PKR 2.692 million, PKR 272.333 million and PKR 31.480 million respectively. There were no disposals of operating fixed assets having net book value in excess of PKR 500,000.

**6.2** Particulars of immovable assets of the Group are as follows:

| Location | Addresses | Usage of immovable property | Covered Area (sq.ft ) |
|---|---|---|---|
| **Karachi** | 5 West Wharf, Karachi | Head office and production plant | 117,619 |
| | S-33, Hawksbay Road, S.I.T.E . | Production plant | 11,500 |
| **Lahore** | 63 Mozang Road, Lahore | Regional office | 28,454 |
| | 30-Km, Sheikhupura Road, Lahore | Production plant - Polyester | 1,928,910 |
| | 30-Km, Sheikhupura Road, Lahore | Production plant - Powergen | 20,298 |
| | 45-Km, Off Multan Road, Lahore | Production plant | 14,601 |
| **Khewra** | LCI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum | Regional office and production plant | 2,744,404 |
| **Haripur** | Plot No.32/2A Phase III, Industrial Estate Hattar, District Haripur | Production plant | 39,916 |
| **Islamabad** | 2nd floor, Islamabad Corporate Center, Golra Road, Islamabad | Regional office | 7,180 |

**6.3** The depreciation charge for the year has been allocated as follows:

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | -----------(PKR in '000)----------- | |
| Cost of sales | 31 | **3,264,235** | 2,955,366 |
| Selling and distribution expenses | 32 | **31,357** | 30,605 |
| Administration and general expenses | 33 | **50,140** | 43,342 |
| Related to discontinued operations | | **-** | 193,001 |
| | | **3,345,732** | 3,222,314 |

**6.4** Following is the movement in capital work-in-progress during the year:

| | Civil works and buildings | Plant and machinery | Furniture and equipment | Advances to suppliers / contractors | Designing, consultancy and engineering fee | Total |
|---|---|---|---|---|---|---|
| | ------------------(PKR in '000)------------------ | | | | | |
| | **Year ended June 30, 2024** | | | | | |
| Opening balance | **47,611** | **1,611,820** | **121,229** | **838,283** | **242,984** | **2,861,927** |
| Additions during the year - note 6.5 | **1,104,866** | **1,739,434** | **618,717** | **1,489,623** | **648,330** | **5,600,970** |
| Transferred to operating fixed assets during the year | **(774,855)** | **(1,482,208)** | **(128,516)** | **(328,093)** | **(210,992)** | **(2,924,664)** |
| Closing balance | **377,622** | **1,869,046** | **611,430** | **1,999,813** | **680,322** | **5,538,233** |
| | **Year ended June 30, 2023** | | | | | |
| Opening balance | 126,119 | 4,958,789 | 88,902 | 1,179,323 | 291,277 | 6,644,410 |
| Additions during the year - note 6.5 | 790,427 | 2,650,637 | 74,365 | 156,297 | - | 3,671,726 |
| Disposal of subsidiary | - | (21,340) | - | - | - | (21,340) |
| Transferred to operating fixed assets during the year | (868,935) | (5,976,266) | (42,038) | (497,337) | (48,293) | (7,432,869) |
| Closing balance | 47,611 | 1,611,820 | 121,229 | 838,283 | 242,984 | 2,861,927 |

| | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|
| | -----------(PKR in '000)----------- | |
| **6.5** This includes interest charged in respect of long-term loans obtained for projects, determined using an average capitalisation rate of 18.88% (June 30, 2023: 16.13%) per annum amounting to: | **233,731** | 249,963 |

## 7. INTANGIBLE ASSETS

| | Note | Goodwill | Distribution Rights | Brands | Software | Licenses | Total |
|---|---|---|---|---|---|---|---|
| | | (PKR in '000) | | | | | |
| | | Year ended June 30, 2024 | | | | | |
| **Net carrying value basis** | | | | | | | |
| Opening net book value | | **206,374** | **-** | **1,437,679** | **9,384** | **10,446** | **1,663,883** |
| Additions / transfers | | **-** | **-** | **-** | **19,039** | **12,027** | **31,066** |
| Amortisation charge | 7.1 | **-** | - | **-** | **(4,958)** | **(7,037)** | **(11,995)** |
| Closing net book value | | **206,374** | **-** | **1,437,679** | **23,465** | **15,436** | **1,682,954** |
| **Gross carrying amount** | | | | | | | |
| Cost | | **206,374** | **-** | **1,437,679** | **246,042** | **253,806** | **2,143,901** |
| Accumulated amortisation | | **-** | **-** | **-** | **(222,577)** | **(238,370)** | **(460,947)** |
| Closing net book value | | **206,374** | **-** | **1,437,679** | **23,465** | **15,436** | **1,682,954** |
| **Amortisation rate per annum (%)** | | - | | - | **20** | **20 to 50** | |
| | | Year ended June 30, 2023 | | | | | |
| **Net carrying value basis** | | | | | | | |
| Opening net book value | | 895,520 | 7,059,543 | 1,437,679 | 26,885 | 20,594 | 9,440,221 |
| Additions / transfers | | - | - | - | 9,402 | - | 9,402 |
| Disposal of subsidiary | | (689,146) | (7,059,543) | - | (25,107) | - | (7,773,796) |
| Amortisation charge | 7.1 | - | - | - | (1,796) | (10,148) | (11,944) |
| Closing net book value | | 206,374 | - | 1,437,679 | 9,384 | 10,446 | 1,663,883 |
| **Gross carrying amount** | | | | | | | |
| Cost | | 206,374 | - | 1,437,679 | 227,003 | 241,779 | 2,112,835 |
| Accumulated amortisation | | - | - | - | (217,619) | (231,333) | (448,952) |
| Closing net book value | | 206,374 | - | 1,437,679 | 9,384 | 10,446 | 1,663,883 |
| **Amortisation rate per annum (%)** | | - | - | - | 20 | 20 to 50 | |

| | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| **7.1** The amortisation charge for the year has been allocated as follows: | | (PKR in '000) | |
| Cost of sales | 31 | **3,156** | 2,103 |
| Selling and distribution expenses | 32 | **-** | 768 |
| Administration and general expenses | 33 | **8,839** | 9,073 |
| | | **11,995** | 11,944 |

### 7.2 Impairment testing of goodwill, intangibles with indefinite lives

Goodwill and brands having indefinite useful lives have been allocated and monitored at the Pharma division of the Group. The Group has performed its annual impairment test as at June 30, 2024.

The recoverable amount is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the senior management covering a five year period and applying the expected value approach. The discount rate applied to cash flow projections is 16.5% for goodwill and intangibles with indefinite useful lives for impairment testing. The growth rate used to extrapolate the cash flows beyond the five-year period is 5%. As a result of this analysis, the management did not identify any impairment for the cash generating unit to which goodwill amounting to PKR 206.374 million and intangibles with indefinite useful lives (Brands) of PKR 1,437.679 million are allocated.

### 7.2.1 Key assumptions used in value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

**(i) Discount rates**

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the Capital Asset Pricing Model. The discount rate reflects the target weighted average cost of capital of the Group.

**(ii) Key business assumptions**

These assumptions are based on industry data for growth rates and management's assessment of how the unit's position, relative to its competitors, might change over the projected period. Management expects revenues and margins to improve on the basis of multiple strategies planned including increase in sales volumes and prices.

**7.2.2 Sensitivity to changes in assumptions**

Management believes that after considering the various scenarios no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

## 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for various items of land and buildings and vehicles used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of sales offices and warehouses with lease terms of 12 months or less. The Group applies the 'short-term lease' exemptions for these leases. For such contracts, the management has competitive options available in the market and the replacement costs are estimated to be minimal.

Set out below is the carrying amount of right-of-use asset recognised and their movement during the year:

| | Note | Motor vehicles | Land and buildings | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|---|
| | | (PKR in '000) | | | |
| **Net carrying value basis** | | | | | |
| Opening balance | | **18,935** | **97,772** | **116,707** | 163,074 |
| Additions | | **66,665** | **121,389** | **188,054** | 37,956 |
| Depreciation charge | 8.2 | **(29,946)** | **(92,358)** | **(122,304)** | (84,323) |
| Closing balance | | **55,654** | **126,803** | **182,457** | 116,707 |

| Set out below is the carrying amount of lease liabilities and its movement during the year: | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| Opening balance | | **109,871** | 184,299 |
| Additions | | **188,054** | 35,514 |
| Accretion of interest | 35 | **29,993** | 27,355 |
| Interest payments - presented as operating cash flows | | **(29,993)** | (27,355) |
| Payment of lease liabilities | | **(101,900)** | (109,942) |
| Closing balance | | **196,025** | 109,871 |
| | | | |
| Current portion of lease liabilities | | **38,547** | 80,807 |
| Non-current lease liabilities | | **157,478** | 29,064 |
| | | **196,025** | 109,871 |

**8.1** Following are the amounts recognised in the consolidated statement of profit or loss:

| | Note | 2024 | 2023 |
|---|---|---|---|
| Depreciation expense of right-of-use asset | 8.2 | **122,304** | 84,323 |
| Accretion of interest | 35 | **29,993** | 27,355 |
| | | **152,297** | 111,678 |

**8.2 Allocation of depreciation expense**

| | Note | 2024 | 2023 |
|---|---|---|---|
| Cost of sales | 31 | **37,306** | 51,929 |
| Selling and distribution expenses | 32 | **4,556** | 13,211 |
| Administration and general expenses | 33 | **80,442** | 19,183 |
| | | **122,304** | 84,323 |

**8.3** Lease payments of short term leases amounting to PKR 47.260 million (June 30, 2023: PKR 69.471 million) have been recognised as expense during the year.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **9.** | **LONG-TERM INVESTMENTS** | | -----------(PKR in '000)----------- | |
| | **Unquoted** | | | |
| | *Associate* | | | |
| | NutriCo Morinaga (Private) Limited | 9.1 | **10,824,765** | 10,992,414 |
| | **Others** | | | |
| | *Equity* | | | |
| | Arabian Sea Country Club Limited | | | |
| | 250,000 ordinary shares (June 30, 2023: 250,000 ordinary shares) of PKR 10 each | | **2,500** | 2,500 |
| | | | **10,827,265** | 10,994,914 |

| | | | |
|---|---|---|---|
| **9.1** | **NutriCo Morinaga (Private) Limited (NMPL)** | | |
| | Opening - Carrying value of investment | **10,992,414** | - |
| | Fair value of investment on date of recognition - Equity held 20,121,621 shares (June 30, 2023: 20,121,621 shares) of face value of PKR 100 each | **-** | 11,004,115 |
| | Share of loss for the year | **(167,649)** | (11,701) |
| | Closing - Carrying value of investment | **10,824,765** | 10,992,414 |

| | | | |
|---|---|---|---|
| **9.1.1** | **Summarised financial information of NMPL is as follows:** | | |
| | Current assets | **7,636,258** | 7,984,803 |
| | Non-current assets | **8,516,228** | 8,150,590 |
| | Current liabilities | **9,038,347** | 7,888,870 |
| | Non-current liabilities | **772,155** | 1,220,259 |
| | Revenue | **12,895,660** | 14,607,025 |
| | (Loss) / Profit before tax | **(824,110)** | 915,739 |
| | (Loss) / Profit for the year | **(684,280)** | 396,765 |
| | Other comprehensive income | **-** | - |
| | Total comprehensive (loss) / income | **(684,280)** | 396,765 |
| | Cash and cash equivalents | **308,107** | 172,919 |
| | Current financial liabilities (excluding trade and other payables and provisions) | **5,488,129** | 4,005,112 |
| | Non-current financial liabilities (excluding trade and other payables and provisions) | **772,155** | 1,220,259 |
| | Depreciation and amortisation | **370,909** | 379,301 |
| | Interest income | **13,549** | 8,062 |
| | Interest expense | **1,269,970** | 794,047 |
| | Income tax (reversal) / charge | **(139,831)** | 518,974 |

Reconciliation of the above summarised financial information to the carrying amount of the interest in the NMPL recognised in the consolidated financial statements is as under:

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | -----------(PKR in '000)----------- | |
| Net assets of the associate | | **6,341,984** | 7,026,264 |
| Proportion of the Group’s ownership | | **24.5%** | 24.5% |
| | | **1,553,786** | 1,721,435 |
| Fair value adjustment | | **9,270,979** | 9,270,979 |
| Carrying value of investment | | **10,824,765** | 10,992,414 |

**9.2** The principal place of business of all investees is in Pakistan.

| | | Note | | |
|---|---|---|---|---|
| **10.** | **LONG-TERM LOANS** | | | |
| | **Considered good - secured** | | | |
| | Due from executives and employees | 10.1 | **807,512** | 536,961 |

**10.1 Due from executives and employees**

| | Note | Loans for motor vehicles | Other loans | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|---|
| | | (PKR in '000) | | | |
| Due from executives | 10.2 | **282,774** | **84,259** | **367,033** | 254,391 |
| Receivable within one year | | **(56,973)** | **(82,725)** | **(139,698)** | (106,512) |
| | | **225,801** | **1,534** | **227,335** | 147,879 |
| Due from employees | 10.2 | | | **792,442** | 850,914 |
| Receivable within one year | | | | **(212,265)** | (461,832) |
| | | | | **580,177** | 389,082 |
| | | | | **807,512** | 536,961 |
| Outstanding for the period: | | | | | |
| - less than three years but over one year | | | | **174,894** | 116,297 |
| - more than three years | | | | **632,618** | 420,664 |
| | | | | **807,512** | 536,961 |

**10.2** Loans for purchase of motor vehicles and other loans are repayable between two to ten years. These loans are interest free and granted to the employees, including executives of the Group, in accordance with the terms of employment.

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **11. LONG-TERM DEPOSITS AND OTHER ASSETS** | | (PKR in '000) | |
| Deposits | | **82,856** | 78,319 |
| Staff retirement funds: | | | |
| - Pension (Funded) | 22.3.2 | **195,856** | 25,230 |
| - Gratuity (Funded) | 22.3.2 | **9,171** | - |
| | | **205,027** | 25,230 |
| | | **287,883** | 103,549 |
| **12. STORES, SPARES AND CONSUMABLES** | | | |
| Stores | 12.1 | **457,415** | 184,242 |
| Spares | 12.1 | **1,295,306** | 1,153,486 |
| Consumables | 12.1 | **4,396,774** | 3,791,757 |
| | | **6,149,495** | 5,129,485 |
| Provision for slow moving and obsolete stores and spares | 12.1 & 12.3 | **(154,644)** | (141,376) |
| | | **5,994,851** | 4,988,109 |
| **12.1** Includes stores, spares and consumables in transit amounting to: | | **3,845,567** | 2,812,100 |

**12.2** Movement of provision for slow moving and obsolete stores and spares is as follows:

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| Opening balance | | **141,376** | 158,698 |
| Charge for the year | 33 | **15,275** | 3,291 |
| Provision no longer required | | **(2,007)** | - |
| Write-off during the year | | **-** | (20,613) |
| Closing balance | | **154,644** | 141,376 |

**12.3** This includes stock of coal amounting to PKR 539.710 million which is stored in the form of stockpiles.

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **13. STOCK-IN-TRADE** | | (PKR in '000) | |
| Raw and packing material including in-transit PKR 1,917.291 million (June 30, 2023: PKR 2,449.056 million) | 13.4 | **7,959,181** | 10,100,978 |
| Work-in-process | | **483,585** | 450,271 |
| Finished goods including in-transit PKR 485.710 million (June 30, 2023: PKR 291.843 million) | 13.2 | **7,253,716** | 8,526,811 |
| | | **15,696,482** | 19,078,060 |
| Provision for slow moving and obsolete stock-in-trade | 13.1 | **(230,106)** | (292,823) |
| | | **15,466,376** | 18,785,237 |

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **13.1** | Movement of provision for slow moving and obsolete stock-in-trade is as follows: | | -----------(PKR in '000)----------- | |
| | Opening balance | | **292,823** | 126,176 |
| | Charge for the year - net | 31 | **207,588** | 190,871 |
| | Write-off during the year | 13.3 | **(270,305)** | (24,224) |
| | Closing balance | | **230,106** | 292,823 |

**13.2** Stock at cost amounting to PKR 18.538 million (June 30, 2023: PKR 350.435 million) is measured at net realisable value. The related expense amounting to PKR 7.620 million (June 30, 2023: expense of PKR 195.195 million) has been recognised in the consolidated statement of profit or loss.

**13.3** This includes PKR 110 million received as compensation from supplier against write-off.

| | | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **13.4** | Includes raw and packing materials held with the toll manufacturers: | -----------(PKR in '000)----------- | |
| | Bio-Labs (Private) Limited | **33,441** | 12,942 |
| | Selmore Pharmaceuticals (Private) Limited | **4,274** | 11,220 |
| | Aamster Laboratories | **15,992** | 9,044 |
| | NovaMed Pharmaceuticals (Private) Limited | **76,077** | - |
| | CSH Pharmaceutical (Private) Limited | **56,365** | - |
| | Citi Pharma Limited | **7,879** | - |
| | Pharmasol (Private) Limited | **5,627** | |
| | | **199,655** | 33,206 |

**13.5** This includes stock pertaining to coke, limestone and rocksalt amounting to PKR 817.579 million which are stored in the form of stockpiles.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **14.** | **TRADE DEBTS** | | | |
| | ***Considered good*** | | | |
| | - Secured | | **2,076,145** | 2,084,328 |
| | - Unsecured | | | |
| | Due from associated companies | 14.1 & 14.2 | **56,389** | 37,355 |
| | Others | | **4,459,102** | 3,595,591 |
| | | | **6,591,636** | 5,717,274 |
| | ***Considered doubtful*** | 14.3 | **170,820** | 121,640 |
| | | | **6,762,456** | 5,838,914 |
| | - Allowance for Expected credit loss (ECL) | 14.3 | **(170,820)** | (121,640) |
| | - Provision for price adjustments and discounts | | **(998,493)** | (520,247) |
| | | | **(1,169,313)** | (641,887) |
| | | | **5,593,143** | 5,197,027 |

**14.1** Includes amounts due from the following related parties, which are neither past due nor impaired, as of the reporting date:

| | | |
|---|---|---|
| ***Unsecured*** | | |
| Nutrico Morinaga (Private) Limited | **17,838** | - |
| Lucky Textiles Mills Limited | **3,114** | 16,225 |
| Yunus Textile Mills Limited | **14,954** | 13,865 |
| Lucky Foods (Private) Limited | **-** | 2,913 |
| Lucky Cement Limited | **4,029** | 2,260 |
| International Industries Limited | **2** | - |
| Tabba Kidney Institute | **2,242** | 1,323 |
| Lucky Al Shumookh Holdings Limited | **224** | 224 |
| Al Mabrooka Cement Manufacturing Company Limited | **-** | 438 |
| Tabba Heart Institute | **2,745** | 107 |
| Lucky Motors Corporation Limited | **11,241** | - |
| | **56,389** | 37,355 |

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| 14.2 | The maximum amount outstanding from related parties at any time during the year with reference to month end balances are as follows: | | (PKR in '000) | |
| | ***Unsecured*** | | | |
| | Gadoon Textile Mills Limited | | **814,295** | - |
| | Lucky Textiles Limited | | **36,368** | 44,859 |
| | Yunus Textile Mills Limited | | **22,932** | 13,865 |
| | Tabba Heart Institute | | **2,707** | 7,681 |
| | Lucky Foods (Private) Limited | | **9,131** | 6,406 |
| | Lucky Cement Limited | | **4,032** | 3,994 |
| | Tabba Kidney Institute | | **2,065** | 2,313 |
| | Al Mabrooka Cement Manufacturing Company Limited | | **-** | 438 |
| | Lucky Al Shumookh Holdings Limited | | **224** | 224 |
| | International Industries Limited | | **4,130** | - |
| | Lucky Motor Corporation Limited | | **16,330** | - |
| | Nutrico Morinaga (Private) Limited | | **17,838** | - |
| | Child Life Foundation | | **766** | - |
| 14.3 | Movement of allowance for ECL is as follows: | | | |
| | Opening balance | | **121,640** | 160,857 |
| | Charge / (Reversal) during the year - net | 33 | **51,039** | (1,355) |
| | Write-off during the year | | **(1,859)** | (37,862) |
| | Closing balance | | **170,820** | 121,640 |
| **15.** | **LOANS AND ADVANCES** | | | |
| | **Considered good** | | | |
| | Loans due from: | | | |
| | Executives | 15.1 | **139,698** | 106,512 |
| | Employees | 15.1 | **212,265** | 461,832 |
| | | | **351,963** | 568,344 |
| | Advances to: | | | |
| | Executives | | **17,820** | 21,418 |
| | Employees | | **2,893** | 63,288 |
| | Contractors and suppliers | 15.2 | **671,051** | 458,739 |
| | Others | | **-** | 496,462 |
| | | | **691,764** | 1,039,907 |
| | | | **1,043,727** | 1,608,251 |
| | ***Considered doubtful*** | | **25,542** | 26,508 |
| | | | **1,069,269** | 1,634,759 |
| | Allowance for ECL | 15.3 | **(25,542)** | (26,508) |
| | | | **1,043,727** | 1,608,251 |
| 15.1 | The maximum amount outstanding of loans to executives and employees at any time during the year calculated with reference to month end balances are: | | **351,963** | 568,344 |

**15.2** This includes advances to foreign suppliers, having latest maturity within one year, amounting to PKR 19.396 million (June 30, 2023: PKR 31.455 million), details of which are as follows:

| | | As at June 30, 2024 | |
|---|---|---|---|
| **Name** | **Jurisdiction** | **Amount in foreign currency** | **(PKR in '000)** |
| Slack And Parr Limited | United Kingdom | GBP 21,159 | 7,428 |
| Valvan Baling System NV | Belgium | EUR 7,018 | 2,082 |
| Thermo Electric Co. Limited | United Kingdom | GBP 5,385 | 1,914 |
| Amarillo Gear Company | United States of America | USD 6,317 | 1,777 |
| Ingersoll Rand | Ireland | EUR 4,500 | 1,364 |
| Hefei Imaster Electrical Technology | China | CNY 26,030 | 1,003 |
| Solar Turbines | Switzerland | USD 2,904 | 809 |
| Qindao Synthesis Technology | China | CNY 14,950 | 578 |

| Name | Jurisdiction | As at June 30, 2024<br>Amount in foreign currency | (PKR in '000) |
|---|---|---|---|
| Flowserve Control Valves GMBH | United States of America | EUR 1,784 | 534 |
| Rembe Gmbh Safety + Control | Germany | EUR 1,760 | 527 |
| Magnesia GMBH | Switzerland | EUR 1,260 | 381 |
| Hangzhou Shanli Purify Equipment | China | USD 1,055 | 294 |
| Ceratrak Company Limited | Korea | USD 860 | 239 |
| Seetru Limited | Germany | GBP 529 | 189 |
| Maag Germany GMBH | Germany | EUR 921 | 187 |
| Neutronics | United States of America | USD 526 | 90 |

**15.3** Movement of allowance for ECL is as follows:

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| Opening balance | | **26,508** | 26,265 |
| Charge for the year - net | 33 | **885** | 243 |
| Write-off during the year | | **(1,851)** | - |
| Closing balance | | **25,542** | 26,508 |

## 16. SHORT-TERM DEPOSITS AND PREPAYMENTS

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| Short-term deposits | | | |
| - Trade deposits | | **786,522** | 592,605 |
| - Others | 16.1 | **-** | 1,800,000 |
| Short-term prepayments | | **265,371** | 225,454 |
| | | **1,051,893** | 2,618,059 |

**16.1** Last year in January 2023, the Holding Company entered into a Share Purchase Agreement (SPA) with Lotte Chemical Corporation (LCC) for the acquisition of 1,135,860,105 ordinary shares of Lotte Chemical Pakistan Limited (LCPL) constituting approximately 75.01% of the issued, and paid-up capital of LCPL. As per the agreement, the Holding Company paid an amount in an interest bearing ESCROW account in respect of the potential acquisition of LCPL. During the year, the Holding Company signed an Assignment and Assumption Agreement with Lucky Core Ventures (Private) Limited (LCV) (a wholly owned subsidiary of the Holding Company) and LCC, wherein the rights, obligations and liabilities of the Holding Company under the SPA were assigned to LCV.

However, LCV terminated the SPA signed with LCC as the conditions required for completion could not be met in the time stipulated in the SPA. Accordingly, the amount deposited in the ESCROW account has been returned to the Holding Company.

## 17. OTHER RECEIVABLES

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| ***Considered good*** | | | |
| Sales tax refundable | | **1,827,731** | 1,835,583 |
| Commission and discounts receivable | | **3,185** | 44,349 |
| Due from associated companies | 17.1 & 17.2 | **-** | 49,508 |
| Receivable from principal | | **125,407** | 103,811 |
| Accrued interest income | | **6,814** | 138,408 |
| Others | | **257,770** | 207,910 |
| | | **2,220,907** | 2,379,569 |
| ***Considered doubtful*** | | **79,699** | 65,506 |
| | | **2,300,606** | 2,445,075 |
| Allowance for ECL | 17.3 | **(79,699)** | (65,506) |
| | | **2,220,907** | 2,379,569 |

**17.1** Due from associated companies which are neither past due nor impaired includes the following:

| | | |
|---|---|---|
| ***Un-secured*** | | |
| Lucky Foods (Private) Limited - Associated Company | **-** | 2,733 |
| NutriCo Morinaga (Private) Limited - Associate | **-** | 33,333 |
| Lucky Commodities (Private) Limited - Associated Company | **-** | 13,442 |
| | **-** | 49,508 |

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| | | | -----------(PKR in '000)----------- | |
| **17.2** | The maximum amount outstanding from associated companies at any time during the year with reference to month end balances are as follows: | | | |
| | ***Un-secured*** | | | |
| | Lucky Foods (Private) Limited - Associated Company | | **-** | 2,733 |
| | NutriCo Morinaga (Private) Limited - Associate | | **36,000** | 33,333 |
| | Lucky Commodities (Private) Limited - Associated Company | | **-** | 13,442 |
| | | | **36,000** | 49,508 |
| **17.3** | Movement of allowance for ECL is as follows: | | | |
| | Opening balance | | **65,506** | 57,261 |
| | Charge for the year | 33 | **19,224** | 8,245 |
| | Write-off during the year | | **(5,031)** | - |
| | Closing balance | | **79,699** | 65,506 |
| **18.** | **SHORT-TERM INVESTMENTS** | | | |
| | **At fair value through profit or loss** | | | |
| | Investment in mutual funds | 18.1 | **15,006,217** | 12,674,655 |

**18.1** This mainly represents amount received from sale proceeds of disposal of interest in NutriCo Morinaga (Private) Limited including the associated dividend income from investment in mutual funds - note 37.1. The amount is invested in units of Shariah Compliant mutual funds, which are readily encashable. The investment is in daily dividend funds. Therefore, there is no unrealised gain or loss as at June 30, 2024 and June 30, 2023 as its market value equals its carrying value. Details are as follows:

| | As at June 30, 2024 | | As at June 30, 2023 | |
|---|---|---|---|---|
| | Number of units (in 000) | Value of investment (PKR in 000) | Number of units (in 000) | Value of investment (PKR in 000) |
| HBL - Islamic Money Market Fund | **43,802** | **4,431,431** | 36,811 | 3,724,190 |
| MCB - Alhamra Islamic Money Market Fund | **15,110** | **1,503,629** | 21,376 | 2,127,125 |
| NBP - Islamic Daily Dividend Fund | **188,514** | **1,885,140** | 159,492 | 1,594,920 |
| UBL - Al Ameen Islamic Cash Fund | **17,829** | **1,782,930** | 15,080 | 1,508,019 |
| Meezan Rozana Amdani Fund | **26,777** | **1,338,858** | 74,408 | 3,720,401 |
| Faysal Islamic Cash Fund | **15,353** | **1,535,318** | - | - |
| Alfalah Islamic Rozana Amdani Fund | **10,114** | **1,011,364** | - | - |
| ABL - Islamic Cash Fund | **151,755** | **1,517,547** | - | - |
| | **469,254** | **15,006,217** | 307,167 | 12,674,655 |

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| | | | -----------(PKR in '000)----------- | |
| **19.** | **CASH AND BANK BALANCES** | | | |
| | Cash at bank: | | | |
| | - Short-term deposits | 19.1 | **1,372,207** | 377,000 |
| | - Current accounts | | **897,977** | 642,255 |
| | Cash in hand | | **10,088** | 8,472 |
| | | | **2,280,272** | 1,027,727 |

**19.1** This includes security deposits from certain distributors kept separately with various banks at pre-agreed rate maturing at various dates. These are interest based arrangements and these term deposits are readily encashable without any penalty.

The mark-up percentage on the short-term deposits during the year ranged from 17.5% to 20% (June 30, 2023: 11.1% to 18.9%) per annum.

**19.2** This includes balance held with Bank Al Habib Limited (a related party) amounting to PKR 69.99 million (June 30, 2023: PKR 193.62 million).

## 20. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| As at June 30, 2024 | As at June 30, 2023 | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|---|
| (Number of shares) | | | | (PKR in '000) | |
| **83,734,062** | 83,734,062 | Ordinary shares of PKR 10 each fully paid in cash | | **837,341** | 837,341 |
| **211,925** | 211,925 | Ordinary shares of PKR 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation | 20.1 | **2,119** | 2,119 |
| **16,786** | 16,786 | Ordinary shares of PKR 10 each issued as fully paid bonus shares | | **168** | 168 |
| **8,396,277** | 8,396,277 | Ordinary shares issued pursuant to the previous scheme as fully paid for consideration of investment in associate | 20.2 | **83,963** | 83,963 |
| **92,359,050** | 92,359,050 | | | **923,591** | 923,591 |

**20.1** The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited (now Lucky Core Industries Limited) on April 01, 1987.

**20.2** With effect from October 01, 2000, the Pure Terephthalic Acid (PTA) business of the Group was demerged under a scheme of arrangement dated December 12, 2000 approved by the shareholders and sanctioned by the High Court of Sindh.

**20.3** As at June 30, 2023, Lucky Cement Limited together with Yunus Textile Mills Limited, Gadoon Textile Mills Limited, Lucky Textile Mills Limited and YB Pakistan Limited held 81.54% (June 30, 2022: 81.54%) while institutions held 8% (June 30, 2023: 7.17%) and individuals, Modarabas and Mutual Funds and others held the balance of 10.46% (June 30, 2023: 11.29%) of ordinary shares of the Holding Company. Voting rights and other shareholders' rights are in proportion to their shareholding.

**20.4** All ordinary shares rank equally with regard to the Group's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

## 21. CAPITAL RESERVES

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| Share premium | 21.1 | **309,057** | 309,057 |
| Capital receipts | 21.2 | **586** | 586 |
| Reserve for capacity expansions and long-term investments | 21.3 | **18,000,000** | - |
| | | **18,309,643** | 309,643 |

**21.1** Share premium includes premium amounting to PKR 0.902 million received on shares issued for the Holding Company's Polyester Plant installation in 1980 and premium of PKR 308.982 million representing the difference between nominal value of PKR 10 per share on 8,396,277 ordinary shares issued by the Company and the market value of PKR 392.958 million of these shares corresponding to 25% holding acquired in Lotte Pakistan PTA Limited, an ex-associate, at the date of acquisition i.e. November 2, 2001. The number of shares that had been issued were determined in accordance with the previous scheme in the ratio between market value of the shares of two companies based on the mean of the middle market quotation of the Karachi Stock Exchange (now Pakistan Stock Exchange Limited) over the ten trading days between October 22, 2001 to November 2, 2001.

**21.2** Represents amount received from various overseas ICI plc group companies for the purchase of property, plant and equipment. The remitting companies have no claim on repayments.

**21.3** Over the years, the Holding Company has heavily invested in various expansion and growth initiatives to ultimately create value for its shareholders. Having invested reserves in various capacity expansion projects and long-term investments, a certain portion of reserves of the Holding Company, have been utilised. Accordingly, the Board of Directors of the Holding Company in its meeting held on June 10, 2024 approved the transfer of PKR 18,000 million from revenue reserves (unappropriated profits) to capital reserves to more accurately reflect the nature of these reserves. These reserves will not be available for distribution by way of dividend.

## 22. STAFF RETIREMENT BENEFITS - NET

| | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|
| | (PKR in '000) | |
| Gratuity (Funded) | - | 56,847 |
| Non-management gratuity (Unfunded) | **115,549** | 121,266 |
| | **115,549** | 178,113 |

**22.1** The Group is operating a funded defined benefit pension scheme and a funded defined benefit gratuity scheme for its management staff who joined prior to August 1, 2004 for Pension Scheme and prior to March 21, 2016 for Gratuity Scheme. The Group also operates defined benefit gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. Actuarial valuation of defined benefit plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2024. Refer note 3.12.

**22.2** Plan assets held in trust are governed by local regulations which mainly includes repealed Trust Act, 1882, Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Plans. Responsibility for governance of the Plans, including investment and funding decisions and contribution schedules lies with the Board of Trustees. The Group appoints the trustees.

**22.3 Staff retirement benefits**

**22.3.1** The amounts recognised in the consolidated statement of profit or loss and consolidated statement of other comprehensive income account against defined benefit schemes are as follows:

| | Note | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Funded | | | Unfunded | Funded | | | Unfunded |
| | | Pension | Gratuity | Total | Non - management gratuity | Pension | Gratuity | Total | Non - management gratuity |
| | | (PKR in '000) | | | | | | | |
| **Consolidated statement of profit or loss** | | | | | | | | | |
| Current service cost | | **2,094** | **45,193** | **47,287** | **4,519** | 3,007 | 39,489 | 42,496 | 4,069 |
| Interest cost | | **79,892** | **112,737** | **192,629** | **17,710** | 75,335 | 84,286 | 159,621 | 13,995 |
| Expected return on plan assets | | **(83,865)** | **(109,319)** | **(193,184)** | **-** | (81,115) | (84,529) | (165,644) | - |
| Net reversal for the year | | **(1,879)** | **48,611** | **46,732** | **22,229** | (2,773) | 39,246 | 36,473 | 18,064 |
| **Consolidated statement of comprehensive income:** | | | | | | | | | |
| (Gain) / loss on obligation | | **(26,128)** | **82,655** | **56,527** | **(10,314)** | (38,800) | 28,956 | (9,844) | 6,758 |
| (Gain) / loss on plan assets | | **(142,619)** | **(126,995)** | **(269,614)** | **-** | 60,811 | 24,358 | 85,169 | - |
| Net (gain) / loss for the year | | **(168,747)** | **(44,340)** | **(213,087)** | **(10,314)** | 22,011 | 53,314 | 75,325 | 6,758 |

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

| | Note | 2024 Pension | 2024 Gratuity | 2024 Total | 2024 Non - management gratuity | 2023 Pension | 2023 Gratuity | 2023 Total | 2023 Non - management gratuity |
|---|---|---|---|---|---|---|---|---|---|
| Opening balance | | **25,230** | **(56,847)** | **(31,617)** | **(121,266)** | 44,468 | (31,966) | 12,502 | (118,869) |
| Net (charge) / reversal for the year | 22.3.1 | **1,879** | **(48,611)** | **(46,732)** | **(22,229)** | 2,773 | (39,246) | (36,473) | (18,064) |
| Net gain / (loss) for the year | 22.3.1 | **168,747** | **44,340** | **213,087** | **10,314** | (22,011) | (53,314) | (75,325) | (6,758) |
| Contributions / payments during the year | | **-** | **70,289** | **70,289** | **17,632** | - | 67,679 | 67,679 | 22,425 |
| Closing balance | | **195,856** | **9,171** | **205,027** | **(115,549)** | 25,230 | (56,847) | (31,617) | (121,266) |

**22.3.2.1 Included in other comprehensive income:**

| | 2024 Pension | 2024 Gratuity | 2024 Total | 2024 Non - management gratuity | 2023 Pension | 2023 Gratuity | 2023 Total | 2023 Non - management gratuity |
|---|---|---|---|---|---|---|---|---|
| Actuarial (gain) / loss arising from | | | | | | | | |
| - financial assumptions | **(1,125)** | **34,627** | **33,502** | **(34)** | (54,694) | 5,994 | (48,700) | 562 |
| - experience adjustment | **(25,003)** | **48,028** | **23,025** | **(10,280)** | 15,894 | 22,962 | 38,856 | 6,196 |
| - investment return | **(142,619)** | **(126,995)** | **(269,614)** | **-** | 60,811 | 24,358 | 85,169 | - |
| (Gain) / loss | **(168,747)** | **(44,340)** | **(213,087)** | **(10,314)** | 22,011 | 53,314 | 75,325 | 6,758 |

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

| | Note | 2024 Pension | 2024 Gratuity | 2024 Total | 2024 Non - management gratuity | 2023 Pension | 2023 Gratuity | 2023 Total | 2023 Non - management gratuity |
|---|---|---|---|---|---|---|---|---|---|
| Fair value of plan assets | 22.3.5 | **714,613** | **912,176** | **1,626,789** | **-** | 576,829 | 712,319 | 1,289,148 | - |
| Present value of defined benefit obligation | 22.3.4 | **(518,757)** | **(903,005)** | **(1,421,762)** | **(115,549)** | (551,599) | (769,166) | (1,320,765) | (121,266) |
| Net asset / (liability) | | **195,856** | **9,171** | **205,027** | **(115,549)** | 25,230 | (56,847) | (31,617) | (121,266) |

**22.3.4 Movement in the present value of defined benefit obligation is as follows:**

| | 2024 Pension | 2024 Gratuity | 2024 Total | 2024 Non - management gratuity | 2023 Pension | 2023 Gratuity | 2023 Total | 2023 Non - management gratuity |
|---|---|---|---|---|---|---|---|---|
| Opening balance | **551,599** | **769,166** | **1,320,765** | **121,266** | 646,937 | 680,266 | 1,327,203 | 118,869 |
| Current service cost | **2,094** | **45,193** | **47,287** | **4,519** | 3,007 | 39,489 | 42,496 | 4,069 |
| Interest cost | **79,892** | **112,737** | **192,629** | **17,710** | 75,335 | 84,286 | 159,621 | 13,995 |
| Benefits paid | **(88,700)** | **(106,746)** | **(195,446)** | **(17,632)** | (134,880) | (63,831) | (198,711) | (22,425) |
| Actuarial (gain) / loss | **(26,128)** | **82,655** | **56,527** | **(10,314)** | (38,800) | 28,956 | (9,844) | 6,758 |
| Closing balance | **518,757** | **903,005** | **1,421,762** | **115,549** | 551,599 | 769,166 | 1,320,765 | 121,266 |

**22.3.5 Movement in the fair value of plan assets is as follows:**

| | Note | 2024 Pension | 2024 Gratuity | 2024 Total | 2024 Non - management gratuity | 2023 Pension | 2023 Gratuity | 2023 Total | 2023 Non - management gratuity |
|---|---|---|---|---|---|---|---|---|---|
| Opening balance | | **576,829** | **712,319** | **1,289,148** | **-** | 691,405 | 648,300 | 1,339,705 | - |
| Expected return | | **83,865** | **109,319** | **193,184** | **-** | 81,115 | 84,529 | 165,644 | - |
| Contributions | | **-** | **70,289** | **70,289** | **-** | - | 67,679 | 67,679 | - |
| Benefits paid | | **(88,700)** | **(106,746)** | **(195,446)** | **-** | (134,880) | (63,831) | (198,711) | - |
| Actuarial gain / (loss) | | **142,619** | **126,995** | **269,614** | **-** | (60,811) | (24,358) | (85,169) | - |
| Closing balance | 22.3.3 | **714,613** | **912,176** | **1,626,789** | **-** | 576,829 | 712,319 | 1,289,148 | - |

**22.3.6 Historical information**

| | June 30 | | | | |
|---|---|---|---|---|---|
| | **2024** | 2023 | 2022 | 2021 | 2020 |
| | (PKR in '000) | | | | |
| Present value of defined benefit obligation | **1,537,311** | 1,442,031 | 1,446,072 | 1,555,609 | 1,471,266 |
| Fair value of plan assets | **(1,626,789)** | (1,289,148) | (1,339,705) | (1,473,686) | (1,404,191) |
| Net (asset) / liability | **(89,478)** | 152,883 | 106,367 | 81,923 | 67,075 |

**22.3.7 Major categories / composition of plan assets are as follows:**

| | **2024** | 2023 |
|---|---|---|
| Debt instruments | **62.85%** | 68.70% |
| Equity at market value | **33.49%** | 27.74% |
| Cash / Others | **3.66%** | 3.56% |

| **Fair value of plan assets** | **Pension** | **Gratuity** | **Pension** | **Gratuity** |
|---|---|---|---|---|
| | **As at June 30, 2024** | | **As at June 30, 2023** | |
| **Investment** | (PKR in '000) | | | |
| Government bonds | **406,212** | **579,705** | 351,821 | 476,919 |
| Corporate bonds | **-** | **36,484** | - | 56,918 |
| Shares | **279,750** | **265,101** | 209,976 | 147,588 |
| Cash and term deposits | **28,651** | **30,886** | 15,032 | 30,894 |
| Total | **714,613** | **912,176** | 576,829 | 712,319 |

The mortality rates are based on 70% of the EFU (61-66) (June 30, 2023: 70% of the EFU (61-66)) ultimate mortality rates, rated down by three years. If life expectancy increases by 1 year, the obligation increases by PKR 49.213 million (June 30, 2023: PKR 49.754 million).

| | **2024** | 2023 |
|---|---|---|
| | (PKR in '000) | |
| **Actual return on plan assets during the year:** | **462,798** | 80,475 |

**22.3.8 The principal actuarial assumptions at the reporting date were as follows:**

| | **2024** | 2023 |
|---|---|---|
| Discount rate | **15.00%** | 15.75% |
| Future salary increases - Management | **9.50%** | 10.25% |
| Future salary increases - Non-management | **10.50%** | 11.25% |
| Future pension increases | **7.25%** | 8.00% |

**22.3.9 Impact of changes in assumptions on defined benefit obligation is as follows:**

| **Assumption** | **1% Increase** | **1% Decrease** |
|---|---|---|
| | (PKR in '000) | |
| | **2024** | |
| Discount rate | **62,831** | **68,212** |
| Salary increase | **(49,585)** | **(46,001)** |
| Pension increase | **(22,555)** | **(20,798)** |
| | **2023** | |
| Discount rate | (67,400) | 73,895 |
| Salary increase | 53,719 | (49,303) |
| Pension increase | 24,703 | (22,767) |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

| | Note | **As at June 30, 2024** | As at June 30, 2023 |
|---|---|---|---|
| **22.3.9.1** Expected maturity analysis of undiscounted defined benefit obligation is as follows: | | (PKR in '000) | |
| Less than a year | | **274,345** | 154,362 |
| Between 1-5 years | | **1,145,760** | 1,017,364 |
| Over 5 years | | **1,407,826** | 1,376,086 |
| | | **2,827,931** | 2,547,812 |
| **22.3.10 During the year, the Group's contribution in the funds is as follows:** | | | |
| Provident fund | 22.4 | **199,816** | 180,038 |
| Defined contribution superannuation fund | 22.4 | **178,162** | 160,940 |

**22.3.11** The Holding Company contributes to the pension and gratuity funds on the advice of the funds' actuary. The contributions are equal to the current service cost with adjustment for any deficit. If there is a surplus, the Holding Company takes a contribution holiday, accordingly, there is no material impact of asset ceiling in these consolidated financial statements. The expected contributions for the financial year ending June 30, 2025 for management staff gratuity PKR 46.007 million.

**22.3.12** The weighted average duration of the defined benefit obligation is 5 years (June 30, 2023: 5.8 years).

**22.3.13** The defined benefit schemes pose 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.

**Investment risk**

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating proper investment plans.

**Final salary risks**

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

**Risk of sufficiency of assets**

This was managed by making regular contributions to the gratuity fund as advised by the actuary.

**Withdrawal risk**

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the defined benefit obligation. The movement of the liability can go either way.

**22.4** Investments out of provident fund and defined contribution superannuation fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| | | | -----------(PKR in '000)----------- | |
| **23.** | **LONG-TERM LOANS** | | **3,986,348** | 4,069,195 |
| | **Loan from banking companies:** | | | |
| | ***Interest based arrangement*** | | | |
| | Long-Term Finance Facility (LTFF) | 23.2 | **839,738** | 1,196,775 |
| | Temporary Economic Refinance Facility (TERF) | 23.3 | **2,653,414** | 2,902,100 |
| | ***Shariah compliant*** | | | |
| | Renewable energy | 23.4 | **71,288** | 81,472 |
| | Diminishing musharika | 23.5 | **1,089,485** | - |
| | Islamic term finance | 23.6 | **241,869** | 725,184 |
| | | | **4,895,794** | 4,905,531 |
| | Current portion shown under current liabilities | | **(909,446)** | (836,336) |
| | | | **3,986,348** | 4,069,195 |

**23.1** Following are the changes in the long term finances for which cash flows have been classified as financing activities in the consolidated statement of cash flows:

| | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|
| | -----------(PKR in '000)----------- | |
| Opening balance | **4,905,531** | 5,622,781 |
| Obtained during the year | **1,089,485** | 684,343 |
| Less: Repaid during the year | **(1,099,223)** | (1,401,593) |
| | **4,895,794** | 4,905,531 |
| Current portion shown under current liabilities | **(909,446)** | (836,336) |
| | **3,986,348** | 4,069,195 |

**23.2** The Holding Company has obtained LTFF, extended by the State Bank of Pakistan (SBP), for capital expenditure requirements of its Soda Ash division on different dates from various banks. Repayment of loans is to be made in quarterly / semi annual instalments in 10 years including 2 years grace period and is secured against charge over fixed assets of the Holding Company. Mark-up is charged at concessionary SBP LTFF rate plus 0.3% to 1.5% (June 30, 2023: SBP LTFF rate plus 0.3% to 1.5%) per annum. There is no unutilised amount as of the reporting date.

**23.3** The Holding Company has obtained TERF, extended by the SBP, for the purpose of plant expansion in Soda Ash and Polyester divisions on different dates from various banks amounting to PKR 3,996 million. The repayment is to be made in 16 equal consecutive semi annual instalments in 10 years with grace period of 2 years. The loan is secured against charge over fixed assets of the Holding Company. The mark-up is charged at SBP rate plus 0.3% to SBP rate plus 1.5% (June 30, 2023: SBP rate plus 0.3% to SBP rate plus 1.5%) per annum. There is no unutilised amount as of the reporting date.

Government grant has been recorded in respect of TERF. There are no unfulfilled conditions or contingencies attached to this grant.

**23.4** The Holding Company has obtained Shariah compliant SBP Islamic Financing Facility for Renewable Energy (IFRE) against the total limit of PKR 211 million from a commercial bank. Repayment of loan is to be made in semi annual instalments in 10 years and is secured against charge over fixed assets of the Holding Company. Mark-up is charged at concessionary SBP rate plus 0.5% per annum.

**23.5** During the year, the Holding Company has secured Diminishing Musharakah Facility of PKR 5,000 million out of which PKR 1,089 million has been utilised from different banks for managing capital expenditure requirements of its Soda Ash business. Repayment of loan is to be made in quarterly instalments in 7 years including 2 years of grace period. Mark-up is charged at 3 months KIBOR plus 0.14% to 3 months KIBOR plus 0.20% per annum.

**23.6** The Holding Company has obtained Shariah compliant loans from a commercial bank. These loans are secured against charge on fixed assets of the Group. The principal repayments and mark up to be made on a semi annual basis. Mark-up is charged at 6 months KIBOR plus 0.05% per annum. There is no unutilised amount as of the reporting date and the last repayment will be in August 2024.

## 24. DEFERRED INCOME - GOVERNMENT GRANT

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | (PKR in '000) | |
| Government grant | 24.1 | **863,428** | 1,087,236 |
| Current portion of government grant | | **(204,473)** | (223,808) |
| | | **658,955** | 863,428 |

**24.1** Following is the movement in government grant during the year:

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| Opening balance | | **1,087,236** | 910,545 |
| Obtained during the year | | **-** | 346,780 |
| Amortisation | 36 | **(223,808)** | (170,089) |
| Closing balance | | **863,428** | 1,087,236 |

## 25. DEFERRED TAX LIABILITY - NET

| | As at June 30, 2024 | | | As at June 30, 2023 | | | |
|---|---|---|---|---|---|---|---|
| | **Opening** | **Charge / (Income)** | **Closing** | Opening | Charge / (Income) | Disposal of subsidiary | Closing |
| **Deductible temporary differences** | | | | | | | |
| Provisions for retirement benefits, allowance for ECL and others | **(481,249)** | **(154,871)** | **(636,120)** | (305,186) | (171,648) | (4,415) | (481,249) |
| Retirement benefit fund provisions - note 25.1 | **(217,014)** | **76,713** | **(140,301)** | (158,884) | (58,173) | 43 | (217,014) |
| Business Loss | **-** | **-** | **-** | (1,035,869) | - | 1,035,869 | - |
| Minimum Tax | **-** | **-** | **-** | (34,513) | - | 34,513 | - |
| **Taxable temporary differences** | | | | | | | |
| Property, plant and equipment | **3,064,673** | **(170,321)** | **2,894,352** | 2,809,548 | 865,867 | (610,742) | 3,064,673 |
| Intangible assets | **-** | **-** | **-** | 1,537,649 | - | (1,537,649) | - |
| Investment in associate - note 25.2 | **3,544,378** | **(65,383)** | **3,478,995** | - | 3,544,378 | - | 3,544,378 |
| | **5,910,788** | **(313,862)** | **5,596,926** | 2,812,745 | 4,180,424 | (1,082,381) | 5,910,788 |

**25.1** The charge is routed through other comprehensive income.

**25.2** Represents taxation on remeasurement of retained interest in Nutrico Morinaga (Private) Limited upon disposal of controlling interest.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **26.** | **TRADE AND OTHER PAYABLES** | | ----------(PKR in '000)---------- | |
| | Trade creditors | | **4,896,774** | 2,173,269 |
| | Bills payable | | **1,723,610** | 4,812,005 |
| | Accrued expenses | 26.1 | **5,851,042** | 5,296,466 |
| | Workers' Profit Participation Fund | 26.2 | **42,386** | 24,378 |
| | Workers' Welfare Fund | | **512,450** | 433,700 |
| | Distributors' security deposits (payable on termination of distributorship) | 26.3 | **140,494** | 134,404 |
| | Contractors' earnest / retention money | | **22,426** | 19,816 |
| | Contract liability (running account with customers) | 26.4 | **570,728** | 555,101 |
| | Payable for capital expenditure | | **309,633** | 102,082 |
| | Others | | **242,408** | 248,262 |
| | | | **14,311,951** | 13,799,483 |

**26.1** This includes an accrual in respect of Gas Infrastructure Development Cess (GIDC). The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 (“GIDC Judgment”) declared the Gas Infrastructure Development Cess Act, 2015 (“GIDC Act 2015”) as valid. It further allowed recovery of GIDC by the gas companies from their consumers in twenty-four equal monthly instalments.

The Holding Company has filed suit before the Sindh High Court (SHC) on September 16, 2020 on the grounds that factual determination of the GIDC passed-on is to be carried out, which is pending adjudication. The SHC granted the Holding Company an interim stay thereagainst.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **26.2** | **Workers' Profit Participation Fund** | | ----------(PKR in '000)---------- | |
| | Opening balance | | **24,378** | 58,369 |
| | Allocation for the year | 34 | **460,317** | 355,991 |
| | | | **484,695** | 414,360 |
| | Payment to the fund | | **(442,309)** | (389,982) |
| | Closing balance | | **42,386** | 24,378 |

**26.3** Interest on security deposits from certain distributors that are placed with various separate bank accounts is payable at 19% (June 30, 2023: 17%) per annum as specified in the respective agreements. These security deposits are non utilisable. The Group has not utilised any such deposit for the purpose of its business during the year.

**26.4** During the year, contract liabilities as at June 30, 2023 have been recognised as revenue. Contract liabilities as at the year end will be recognised as revenue during next financial year.

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **27.** | **SHORT-TERM FINANCING** | | ----------(PKR in '000)---------- | |
| | **Secured** | | | |
| | Export refinance facility | 27.1 | **2,517,578** | 1,879,578 |
| | Money market loan | 27.2 | **-** | 1,800,000 |
| | Short-term running finance | 27.3 | **9,216,926** | 11,321,068 |
| | | | **11,734,504** | 15,000,646 |

**27.1** The Holding Company has availed Export Refinance Facility (ERF) of SBP Part 2, amounting to PKR 2,518 million (June 30, 2023: PKR 1,880 million) from various banks. ERF is secured against charge on current assets of the Holding Company and carries mark-up at SBP rate plus 0.50% to 1.00% (June 30, 2023: SBP rate plus 0.50% to 1.00%) per annum. This facility is interchangeable with short-term running finance provided by the banks.

**27.20** The balance as of June 30, 2023 represented money market loan obtained by the Holding Company from a commercial bank which carried mark-up of 3-month KIBOR plus 0.15% per annum. The loan was secured against charge over fixed assets of the Holding Company and has been repaid during the year.

**27.3** It represents short-term financing facilities as follows:

(i) Islamic Facilities having a limit of PKR 13,740 million (June 30, 2023: PKR 11,761 million). These facilities carry mark-up ranging from KIBOR plus 0.02% to KIBOR plus 0.50 % (June 30, 2023: KIBOR plus 0.02% to KIBOR plus 0.50 %) per annum. The Holding Company has utilised PKR 9,185 million (June 30, 2023: PKR 9,532 million) as at the reporting date; and

(ii) The conventional short-term facilities, have a limit amounting to PKR 9,858 million (June 30, 2023: PKR 10,450 million). These facilities carry mark-up ranging from KIBOR plus 0.10% to KIBOR plus 0.50% (June 30, 2023: KIBOR plus 0.05% to KIBOR plus 0.30%) per annum. The Holding Company has utilised PKR 32 million (June 30, 2023: PKR 1,789 million) as at the reporting date.

Further, the aforesaid limits are interchangeable with ERF and Bank Guarantees as per arrangements with various banks. The facilities are secured against charge on current assets of the Holding Company.

It includes a short-term facility from Bank Al Habib Limited (a related party) with a total limit of PKR 500 million (June 30, 2023: PKR 150 million), carrying mark-up at the rate of 3 month KIBOR plus 0.10% and is secured against current assets. There is no outstanding balance thereagainst as at the reporting date.

| | | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **28.** | **CONTINGENCIES AND COMMITMENTS** | -----------(PKR in '000)---------- | |
| | Claims against the Group not acknowledged as debts are as follows: | | |
| | Local bodies | **84,500** | 84,500 |
| | Others | **2,095,740** | 1,317,621 |
| | | **2,180,240** | 1,402,121 |

**28.1 Details of material cases**

**28.1.1** The Holding Company received a notice dated March 11, 2016 issued by the Tehsil Municipal Administration Pin Dadan Khan, Tehsil Officer, whereby a sum of PKR 67.05 million was demanded as conversion fee with respect to land purchased in the years 2010 and 2015. The Holding Company filed a response to the said notice and an appeal before the Secretary Local Government and Community Development Department (SLG). SLG disposed off the appeal and issued an order dated March 02, 2018 stating that the land purchased was Banjar Qadeem (barren land) and directed the Municipal Committee (MC) to charge the conversion fee as per rule 60 of the Punjab Land Use (Classification, Reclassification and Redevelopment) Rules 2009. The Holding Company based on the advice of its external counsel decided not to challenge the order until further notice is received from MC. MC issued an impugned notice dated November 25, 2018 for payment of the conversion fee.

The Holding Company filed a Writ Petition No.225 of 2019 on January 17, 2019 before the Lahore High Court, Rawalpindi Bench against the notices and the order.

The Learned Judge granted a stay with respect to the operation of the impugned notices and the order, till the next date of hearing subject to a deposit of PKR 2.4 million with the Deputy Registrar Judicial, within a fortnight. The amount was deposited through Pay Order No. 05138957 on February 14, 2019.

MC Khewra filed an application on March 07, 2019 under Rule 10 of the Civil Procedure Code of Pakistan (CPC) impleaded that the said matter falls within their jurisdiction. The Holding Company submitted its response against the application of MC Khewra. The Judge impleaded the application of MC Khewra while noting down the Holding Company's objections. The hearing of the case has not been fixed yet.

**28.1.2** Suit for damages amounting to PKR 850 million was filed by a private company against the Holding Company alleging breach of the terms of letter of intent and that the Holding Company destroyed the warehouse premises leased from the private company for storage of its pharmaceutical products. As a response, the Holding Company has filed a cross suit against the private company for return of security deposit and abrupt termination of the arrangement. The cases are pending for hearing before the Sindh High Court.

**28.1.3** The Holding Company, amongst others, has received a summon for a suit filed by Pakistan International Bulk Terminal Limited for recovery of an aggregate amount of USD 1,613,440 on March 27, 2023 for damages claiming an alleged damage caused to its coal berth. The Holding Company has filed a vakalatnama, however, date for hearing has not been fixed as yet.

**28.1.4** There has been a dispute between the Holding Company and the Collectorate of Customs regarding HS code classification of various consignments relating to Power Generation Projects. A petition was filed by the Holding Company before the Sindh High Court against the wrong assessment of the consignment along with the submission of bank guarantees for the differential amount of PKR 685.739 million with the Nazir of SHC in order to release import shipments. The Holding Company is confident that it has strong grounds to defend the case.

**28.1.5** The Holding Company based on the opinion of advisors is confident that the above cases would be decided in Holding Company's favor. Accordingly, no provision in respect of these matters has been made in these consolidated financial statements.

**28.2** Certain tax related matters are disclosed below.

| Assessment Year / Tax Year / Tax Period | Brief description | Nature of demand | Estimated financial impact | Authority / Court and status |
|---|---|---|---|---|
| AY 1998-99 | The assessment finalised was revised on certain issues and after being remanded by the Appellate Tribunal, the order dated June 29, 2010 was issued. In this order, majorly the date of commissioning of PTA plant was in dispute i.e. it was considered to fall in the subsequent tax period. Consequently, tax depreciation thereon was disallowed. Additionally, the cost of capitalisation of PTA plant was restricted and additions to income were made.<br><br>In first appeal, the Commissioner Inland Revenue (Appeals) [CIR(A)] decided all the issues in the Holding Company's favor except the matter of restriction of cost of capitalisation. | Income tax | PKR 79 million | Currently appeals of the Group and Federal Board of Revenue (FBR) are pending before the Tribunal. |
| AY 2002-03 and spillover effect in TYs 2003 to 2010 | After the disposal of the Holding Company's petition by the Honourable Supreme Court of Pakistan, the assessment proceedings were finalised vide order dated May 15, 2017.<br><br>Despite the finality on the de-merger of the PTA Plant and related matters in the AY 2001-2002, the date of that event was considered as falling in subsequent year. Consequently, in this order, the Officer proceeded to tax the event of transfer of PTA plant and exchange of shares and restricted the claim of depreciation relating to PTA assets. Other matters included the disallowance of financial charges and other issues.<br><br>Simultaneously, the orders for the TYs 2003 to 2010 were issued, to reflect the reduction in carry forward of depreciation. The significant issues were maintained in first appeal. Some relief on other matters in the AY 2002-2003 was given. Subsequently, the Tribunal vide order dated June 7, 2021 has decided all the issues involved in AY 2002-03 in the Holding Company's favor.<br><br>During the year, the Tribunal vide order dated November 27, 2023 has remanded back these cases to the department for passing speaking orders. | Income tax | (i) AY 2002-03: PKR 2,143 million, deleted by Tribunal.<br><br>(ii) TYs 2003 to 2010: PKR 1,915 million in aggregate. | (i) Appeal effect order for AY 2002-03 is pending before FBR.<br><br>(ii) Remand back proceedings pending before FBR. |
| TYs 2003 to 2010 [Regular assessments & audits] | The FBR, vide various orders, made certain disallowances against 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.<br><br>The CIR(A) had allowed all the issues in Holding Company's favor except for one issue in TY 2010 which has been challenged before the Tribunal.<br><br>FBR also challenged the CIR(A) order in the Tribunal which has been decided against the Holding Company on certain matters including addition on account of disposal of fixed assets and apportionment of expenses against capital gain etc. References in this regard have been filed in the Sindh High Court. | Income tax | TY 2010: PKR 79 million | Hearings of appeals are pending. |
| TY 2016 | Monitoring proceedings were finalised vide order dated September 2, 2016 wherein demand was raised on account of alleged non-deduction of income tax on dividends paid to parties having specific exemptions. Appeal filed against the order before CIR(A) was decided against the Holding Company which has been challenged before the Tribunal. | Income tax | PKR 138 million | Hearing of the appeal is pending before Tribunal. |
| TY 2017 | FBR has finalised assessment proceedings vide order dated February 7, 2022, raising tax demand on certain issues including disallowance of finance cost, write-offs, and Balancing Modernisation and Replacement (BMR) credit etc. The Holding Company has filed an appeal before CIR(A) against the order. | Income tax | PKR 240 million | Hearing of appeal before CIR(A) is pending. |
| TY 2022 | FBR has finalised assessment proceedings vide order dated March 28, 2024, raising tax demand on income tax refunds adjusted against tax liability in income tax return. The Holding Company has filed an appeal before CIR(A) against the order. | Income tax | PKR 415 million paid under protest | Hearing of appeal before CIR(A) is pending. |
| July 2012 to June 2013 | Sales tax audit was finalised by FBR vide Order dated September 12, 2014 in which major demand was raised by declaring exempt / zero-rated sales as taxable along with certain other issues.<br><br>Appeal filed with CIR(A) was decided against the Holding Company which was challenged before the Tribunal. During the year, the Tribunal remanded back the case to the department to consider the submissions of the Holding Company. Remand back proceedings have been finalised by the department in favour of the Holding Company. | Sales tax | PKR 952 million | Proceedings closed. |

| Assessment Year / Tax Year / Tax Period | Brief description | Nature of demand | Estimated Financial impact | Authority / Court and status |
|---|---|---|---|---|
| July 2016 to June 2017 | Sales tax audit for July 2016 to June 2017 was finalised by FBR vide order dated June 29, 2021 creating demand on various issues including inadmissible sales tax claimed on blacklisted / inactive suppliers and goods used for non-business activity. After majority of the issues were remanded back by the CIR(A), the proceedings were finalised against the Holding Company on certain issues vide order dated June 22, 2023 which have also been maintained by CIR(A) in order dated April 17, 2024. The Holding Company has filed an appeal before the Tribunal. | Sales tax | PKR 17 million | Hearing of appeal before Tribunal is pending. |
| July 2017 to June 2018 | Sales tax audit was finalised by the FBR vide order June 30, 2022, raising demand on various issues including inadmissible sales tax claimed on blacklisted / inactive suppliers, non-levy of further tax on non-active customers and goods used for non-business activity etc. | Sales tax | PKR 29 million | Hearing of appeal is pending before CIR(A). |

The management is confident, based on the opinion of advisors, that all the aforementioned cases will be decided in favour of the Holding Company. Accordingly, no provision in respect of these matters has been made in these consolidated financial statements.

| | | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **28.3** | **Commitments** | (PKR in '000) | |
| **28.3.1** | Commitments in respect of capital expenditure including various projects | **4,928,711** | 606,522 |

**28.3.2** Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:

| **Year** | | |
|---|---|---|
| 2022-23 | **-** | 5,004 |
| 2023-24 | **6,756** | 6,693 |
| 2024-25 | **7,195** | 7,128 |
| 2025-26 | **7,663** | 7,591 |
| 2026-27 | **8,161** | 8,084 |
| 2027-28 | **8,691** | - |
| | **38,466** | 34,500 |
| Payable not later than one year | **6,756** | 5,004 |
| Payable later than one year but not later than five years | **31,710** | 29,496 |
| | **38,466** | 34,500 |

| | | |
|---|---|---|
| **28.3.3** Outstanding letter of credit - unutilised PKR 17,332 million (June 30, 2023: PKR 12,866 million) | **9,958,727** | 6,415,837 |

This includes outstanding letter of credit with Bank Al Habib Limited (a related party) amounting to PKR 267.02 million (June 30, 2023: PKR 357.15 million) - unutilised PKR 732.98 million (June 30, 2023: PKR 642.85 million).

| | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|
| | (PKR in '000) | |
| **28.3.4** Outstanding letter of guarantee - unutilised PKR 220.02 million (June 30, 2023: PKR 146.07 million) | **4,407,696** | 3,421,355 |

This includes outstanding letter of guarantee with Bank Al Habib Limited (a related party) amounting to PKR 195.79 million (June 30, 2023: PKR 195.79 million) - unutilised PKR 4.21 million (June 30, 2023: PKR 4.21 million).

| | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|
| | (PKR in '000) | |
| **28.3.5** Commitments in respect of post dated cheques | **1,081,752** | 600,656 |

**28.3.6** On May 17, 2024, the Holding Company has entered into Asset Purchase Agreements (APAs) with Pfizer Pakistan Limited and Pfizer Inc. for acquisition of manufacturing facility owned by Pfizer Pakistan Limited located at B2 SITE, Karachi; along with certain products and product registrations; and trademarks associated with the said pharmaceutical products (either through an outright assignment of the trademarks or a perpetual license to use the relevant trademarks). The completion of the transaction contemplated in APAs is subject to the fulfillment of the conditions and receipt of requisite approvals.

# Notes to and Forming Part of the Consolidated Financial Statements
For the year ended June 30, 2024

## 29. OPERATING SEGMENT RESULTS

| | Polyester | | Soda Ash | | Pharma | | Animal Health | | Chemicals & Agri Sciences | | Others | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
| | (PKR in '000) | | | | | | | | | | | | | |
| Sales | | | | | | | | | | | | | | |
| **Exports** | | | | | | | | | | | | | | |
| China | - | - | 2,167,871 | 43,605 | - | - | - | - | - | - | - | - | 2,167,871 | 43,605 |
| Bangladesh | - | 275 | 6,520,284 | 2,418,614 | - | - | - | - | - | - | - | - | 6,520,284 | 2,418,889 |
| Sri Lanka | - | - | 965,289 | 1,131,303 | - | - | - | - | - | - | - | - | 965,289 | 1,131,303 |
| United States | - | 412,521 | - | - | - | - | - | - | - | - | - | - | - | 412,521 |
| UAE | - | - | 544,140 | 945,205 | - | - | - | - | - | - | - | - | 544,140 | 945,205 |
| Others | 8,903 | 6,197 | 1,296,651 | 1,785,130 | 376,886 | 185,750 | 43,595 | - | - | - | - | - | 1,726,035 | 1,977,077 |
| | 8,903 | 418,993 | 11,494,235 | 6,323,857 | 376,886 | 185,750 | 43,595 | - | - | - | - | - | 11,923,619 | 6,928,600 |
| Inter-segment | - | - | - | - | - | - | - | - | 81,541 | 95,736 | 1,622,221 | 1,341,383 | 1,703,762 | 1,437,119 |
| Local | 47,537,581 | 47,071,878 | 44,886,370 | 42,158,187 | 15,879,579 | 12,327,407 | 9,229,896 | 8,825,990 | 16,740,587 | 14,142,663 | 208,633 | 351,797 | 134,482,646 | 124,877,922 |
| | 47,546,484 | 47,490,871 | 56,380,605 | 48,482,044 | 16,256,465 | 12,513,157 | 9,273,491 | 8,825,990 | 16,822,128 | 14,238,399 | 1,830,854 | 1,693,180 | 148,110,027 | 133,243,641 |
| Commission / Toll income | - | - | - | - | - | - | 12,500 | 9,773 | 43,210 | 85,624 | - | - | 55,710 | 95,397 |
| Turnover | 47,546,484 | 47,490,871 | 56,380,605 | 48,482,044 | 16,256,465 | 12,513,157 | 9,285,991 | 8,835,763 | 16,865,338 | 14,324,023 | 1,830,854 | 1,693,180 | 148,165,737 | 133,339,038 |
| Sales tax and duties - note 29.7 | (6,732,209) | (6,847,981) | (6,623,311) | (6,165,045) | (161,081) | (136,735) | (169,076) | (165,106) | (1,605,398) | (1,319,882) | (294,645) | (264,997) | (15,585,720) | (14,899,746) |
| Commission | - | - | (573,259) | (388,696) | - | - | - | - | - | - | - | - | (573,259) | (388,696) |
| Discounts / price adjustment | (529,312) | (191,008) | (1,619,067) | (511,527) | (3,883,577) | (3,217,348) | (2,341,135) | (1,826,928) | (1,555,591) | (1,293,757) | - | - | (9,928,682) | (7,040,568) |
| | (7,261,521) | (7,038,989) | (8,815,637) | (7,065,268) | (4,044,658) | (3,354,083) | (2,510,211) | (1,992,034) | (3,160,989) | (2,613,639) | (294,645) | (264,997) | (26,087,661) | (22,329,010) |
| Net turnover - note 30.1 | 40,284,963 | 40,451,882 | 47,564,968 | 41,416,776 | 12,211,807 | 9,159,074 | 6,775,780 | 6,843,729 | 13,704,349 | 11,710,384 | 1,536,209 | 1,428,183 | 122,078,076 | 111,010,028 |
| Cost of sales - notes 30.2 & 31 | (38,075,996) | (36,665,694) | (33,510,927) | (31,216,195) | (7,462,176) | (6,293,325) | (4,931,466) | (4,932,538) | (9,655,091) | (8,340,969) | (1,432,850) | (1,303,237) | (95,068,506) | (88,751,958) |
| Gross profit | 2,208,967 | 3,786,188 | 14,054,041 | 10,200,581 | 4,749,631 | 2,865,749 | 1,844,314 | 1,911,191 | 4,049,258 | 3,369,415 | 103,359 | 124,946 | 27,009,570 | 22,258,070 |
| Selling and distribution expenses - note 32 | (247,791) | (454,171) | (2,753,296) | (1,272,585) | (1,910,759) | (1,475,151) | (838,992) | (875,537) | (1,558,731) | (1,258,155) | - | - | (7,309,569) | (5,335,599) |
| Administration and general expenses - note 33 | (136,082) | (138,670) | (1,267,001) | (1,287,951) | (533,887) | (391,849) | (124,235) | (103,426) | (384,643) | (222,204) | (65) | (11,834) | (2,445,913) | (2,155,934) |
| | 1,825,094 | 3,193,347 | 10,033,744 | 7,640,045 | 2,304,985 | 998,749 | 881,087 | 932,228 | 2,105,884 | 1,889,056 | 103,294 | 113,112 | 17,254,088 | 14,766,537 |
| 29.1 **Segment assets - notes 29.3 & 30.3** | 16,212,254 | 18,336,551 | 51,179,788 | 50,450,134 | 10,285,328 | 9,721,139 | 6,182,262 | 6,389,827 | 14,580,686 | 15,127,266 | 755,258 | 1,326,028 | 99,195,576 | 101,350,945 |
| **Inter-segment eliminations** | | | | | | | | | | | | | (17,647,588) | (22,052,921) |
| **Unallocated assets** | | | | | | | | | | | | | 10,827,265 | 10,994,914 |
| | | | | | | | | | | | | | 92,375,253 | 90,292,938 |
| 29.2 **Segment liabilities - notes 29.3 & 30.4** | 14,717,312 | 16,633,427 | 10,409,028 | 11,632,272 | 5,557,449 | 5,533,582 | 784,293 | 994,311 | 2,624,653 | 3,287,687 | 296,308 | 425,519 | 34,389,044 | 38,506,798 |
| **Inter-segment eliminations** | | | | | | | | | | | | | (17,647,588) | (22,052,921) |
| **Unallocated liabilities** | | | | | | | | | | | | | 26,176,052 | 29,884,825 |
| | | | | | | | | | | | | | 42,917,508 | 46,338,702 |

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

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 29.4 **Depreciation and amortisation charge - notes 6.3, 7.1 & 8.2** | 631,554 | 658,157 | 2,395,040 | 2,077,073 | 205,760 | 169,714 | 76,449 | 74,716 | 136,329 | 117,920 | 34,899 | 27,998 | 3,480,031 | 3,125,578 |
| 29.4.1 This includes depreciation and amortisation allocated for which corresponding asset is not allocated. | | | | | | | | | | | | | 71,455 | 46,374 |
| 29.5 **Capital expenditure** | 540,962 | 479,207 | 4,693,586 | 2,926,010 | 123,895 | 197,903 | 46,049 | 52,019 | 9,396 | 63,284 | 106,504 | 52,617 | 5,520,393 | 3,771,040 |

29.6 There was no major customer of the Group which formed part of 10% or more of the Group's revenue. All non-current operating assets of the Group are located in Pakistan.

29.7 This includes electricity duty amounting to PKR 15.362 million (June 30, 2023: PKR 14.282 million).

| | | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | --------------(PKR in '000)-------------- | |

## 30. RECONCILIATIONS OF REPORTABLE SEGMENT NET TURNOVER, COST OF SALES, ASSETS AND LIABILITIES

### 30.1 Net turnover

| | | | |
|---|---|---|---|
| Total net turnover for reportable segments | 29 | **122,078,076** | 111,010,028 |
| Elimination of inter-segment net turnover | | **(81,541)** | (95,736) |
| Elimination of inter-group net turnover from the subsidiary | | **(1,361,133)** | (1,384,874) |
| | | **(1,442,674)** | (1,480,610) |
| Total net turnover | | **120,635,402** | 109,529,418 |

### 30.2 Cost of sales

| | | | |
|---|---|---|---|
| Total cost of sales for reportable segments | 31 | **95,068,506** | 88,751,958 |
| Elimination of inter-segment purchases | | **(81,541)** | (95,736) |
| Elimination of inter-group purchases from the subsidiary | | **(1,361,133)** | (1,384,874) |
| | | **(1,442,674)** | (1,480,610) |
| Total cost of sales | | **93,625,832** | 87,271,348 |

| | | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | --------------(PKR in '000)-------------- | |

### 30.3 Assets

| | | | |
|---|---|---|---|
| Total assets for reportable segments | 29.1 | **99,195,576** | 101,350,945 |
| Inter-segment eliminations | 29.1 | **(17,647,588)** | (22,052,921) |
| Long-term investments | 9 & 29.1 | **10,827,265** | 10,994,914 |
| Total assets | | **92,375,253** | 90,292,938 |

### 30.4 Liabilities

| | | | |
|---|---|---|---|
| Total liabilities for reportable segments | 29.2 | **34,389,044** | 38,506,798 |
| Inter-segment eliminations | 29.2 | **(17,647,588)** | (22,052,921) |
| Short-term financing | 27 | **11,734,504** | 15,000,646 |
| Long-term loans | 23 | **4,895,794** | 4,905,531 |
| Accrued mark-up | | **576,227** | 927,035 |
| Unclaimed dividend | | **136,827** | 124,530 |
| Deferred income - Government grant | 24 | **863,428** | 1,087,236 |
| Taxation - net | | **4,490,277** | 4,295,469 |
| Deferred tax liability | 25 | **3,478,995** | 3,544,378 |
| | 29.2 | **26,176,052** | 29,884,825 |
| Total liabilities | | **42,917,508** | 46,338,702 |

## 31. COST OF SALES

| | Polyester | | Soda Ash | | Pharma | | Animal Health | | Chemicals & Agri Sciences | | Others | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
| | (PKR in '000) | | | | | | | | | | | | | |
| **Raw and packing materials consumed** | | | | | | | | | | | | | | |
| Opening stock | **3,017,776** | 4,192,184 | **3,745,041** | 2,273,597 | **1,188,975** | 970,986 | **376,198** | 570,644 | **1,545,851** | 1,230,954 | **53,696** | 94,549 | **9,927,537** | 9,332,914 |
| Purchases | | | | | | | | | | | | | | |
| Inter-segment | **1,442,674** | 1,437,119 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | - | **1,442,674** | 1,437,119 |
| Others | **29,545,680** | 29,319,487 | **10,507,915** | 12,419,465 | **3,606,164** | 4,712,767 | **1,260,388** | 2,276,338 | **5,644,758** | 5,790,551 | **1,345,186** | 1,175,611 | **51,910,091** | 55,694,219 |
| | **30,988,354** | 30,756,606 | **10,507,915** | 12,419,465 | **3,606,164** | 4,712,767 | **1,260,388** | 2,276,338 | **5,644,758** | 5,790,551 | **1,345,186** | 1,175,611 | **53,352,765** | 57,131,338 |
| | **34,006,130** | 34,948,790 | **14,252,956** | 14,693,062 | **4,795,139** | 5,683,753 | **1,636,586** | 2,846,982 | **7,190,609** | 7,021,505 | **1,398,882** | 1,270,160 | **63,280,302** | 66,464,252 |
| Closing stock - note 13 | **(2,372,878)** | (3,017,776) | **(1,797,563)** | (3,745,041) | **(1,720,227)** | (1,188,975) | **(279,949)** | (376,198) | **(1,629,886)** | (1,545,851) | **(68,978)** | (53,696) | **(7,869,481)** | (9,927,537) |
| Raw and packing material consumed | **31,633,252** | 31,931,014 | **12,455,393** | 10,948,021 | **3,074,912** | 4,494,778 | **1,356,637** | 2,470,784 | **5,560,723** | 5,475,654 | **1,329,904** | 1,216,464 | **55,410,821** | 56,536,715 |
| Salaries, wages and benefits - note 31.1 | **876,521** | 754,178 | **1,648,536** | 1,606,460 | **605,696** | 504,296 | **77,744** | 88,812 | **215,267** | 186,828 | **21,699** | 18,124 | **3,445,463** | 3,158,698 |
| Stores and spares consumed | **333,592** | 300,610 | **610,494** | 467,910 | **157,426** | 135,141 | **30,216** | 23,304 | **30,006** | 30,949 | **43,046** | 37,082 | **1,204,780** | 994,996 |
| Conversion fee paid to contract manufacturers | **-** | - | **-** | - | **74,216** | 131,005 | **-** | 11,035 | **116,577** | 69,442 | **-** | - | **190,793** | 211,482 |
| Oil, gas and electricity | **4,057,101** | 3,664,854 | **14,951,375** | 17,320,196 | **321,921** | 222,541 | **67,418** | 17,231 | **101,449** | 68,191 | **300** | 512 | **19,499,564** | 21,293,525 |
| Rent, rates and taxes | **2,524** | 2,284 | **9,343** | 9,903 | **1,591** | 1,455 | **1,190** | 939 | **-** | 4 | **385** | 420 | **15,033** | 15,005 |
| Insurance | **28,791** | 27,569 | **78,860** | 43,005 | **6,115** | 3,800 | **3,122** | 1,967 | **1,529** | 542 | **740** | 624 | **119,157** | 77,507 |
| Repairs and maintenance | **22,536** | 15,136 | **23,285** | 32,998 | **12,736** | 4,998 | **2,987** | 2,570 | **29,040** | 30,110 | **129** | 120 | **90,713** | 85,932 |
| Depreciation and amortisation charge - notes 6.3, 7.1 & 8.2 | **626,489** | 653,391 | **2,330,563** | 2,036,981 | **174,890** | 139,883 | **61,536** | 57,946 | **76,340** | 93,199 | **34,879** | 27,998 | **3,304,697** | 3,009,398 |
| Travelling expenses | **127,656** | 102,245 | **35,811** | 26,395 | **6,824** | 2,992 | **8,392** | 2,831 | **25,119** | 5,677 | **8** | - | **203,810** | 140,140 |
| Contracted services | **432,305** | 300,588 | **503,595** | 379,446 | **15,777** | 4,365 | **-** | 2,355 | **24,415** | 12,158 | **1,484** | 540 | **977,576** | 699,452 |
| General expenses | **91,503** | 59,111 | **192,680** | 170,233 | **50,724** | 46,569 | **52,902** | 18,721 | **37,217** | 39,274 | **2,283** | 1,353 | **427,309** | 335,261 |
| Opening stock of work-in-process - note 13 | **368,427** | 179,217 | **-** | - | **50,237** | 61,197 | **5,104** | 58,803 | **26,503** | 30,395 | **-** | - | **450,271** | 329,612 |
| Closing stock of work-in-process - note 13 | **(326,431)** | (368,427) | **-** | - | **(147,989)** | (50,237) | **(9,165)** | (5,104) | **-** | (26,503) | **-** | - | **(483,585)** | (450,271) |
| **Cost of goods manufactured** | **38,274,266** | 37,621,770 | **32,839,935** | 33,041,548 | **4,405,076** | 5,702,783 | **1,658,083** | 2,752,194 | **6,244,185** | 6,015,920 | **1,434,857** | 1,303,237 | **84,856,402** | 86,437,452 |
| Opening stock of finished goods - note 13 | **2,127,023** | 1,170,947 | **1,866,471** | 41,118 | **625,301** | 476,282 | **1,447,561** | 438,540 | **2,321,073** | 2,149,580 | **-** | - | **8,387,429** | 4,276,467 |
| Finished goods purchased - note 13 | **-** | - | **-** | - | **2,756,873** | 691,279 | **2,557,091** | 3,178,916 | **3,413,842** | 2,364,402 | **-** | - | **8,727,806** | 6,234,597 |
| | **40,401,289** | 38,792,717 | **34,706,406** | 33,082,666 | **7,787,250** | 6,870,344 | **5,662,735** | 6,369,650 | **11,979,100** | 10,529,902 | **1,434,857** | 1,303,237 | **101,971,637** | 96,948,516 |
| Closing stock of finished goods - note 13 | **(2,342,565)** | (2,127,023) | **(1,195,479)** | (1,866,471) | **(391,231)** | (625,301) | **(732,267)** | (1,447,561) | **(2,449,177)** | (2,321,073) | **-** | - | **(7,110,719)** | (8,387,429) |
| Provision for slow moving and obsolete stock-in-trade - note 13.1 | **17,272** | - | **-** | - | **66,157** | 48,282 | **998** | 10,449 | **125,168** | 132,140 | **(2,007)** | - | **207,588** | 190,871 |
| | **38,075,996** | 36,665,694 | **33,510,927** | 31,216,195 | **7,462,176** | 6,293,325 | **4,931,466** | 4,932,538 | **9,655,091** | 8,340,969 | **1,432,850** | 1,303,237 | **95,068,506** | 88,751,958 |

### 31.1 Staff retirement benefits

| | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|
| Salaries, wages and benefits include amounts in respect of staff retirement benefits: | **218,854** | 183,761 |

## 32. SELLING AND DISTRIBUTION EXPENSES

| | Polyester | | Soda Ash | | Pharma | | Animal Health | | Chemicals & Agri Sciences | | Others | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
| | (PKR in '000) | | | | | | | | | | | | | |
| Salaries and benefits - note 32.1 | **86,907** | 79,914 | **65,353** | 66,875 | **856,431** | 681,458 | **455,166** | 442,142 | **598,467** | 525,461 | **-** | - | **2,062,324** | 1,795,850 |
| Repairs and maintenance | **224** | 136 | **2,434** | 1,404 | **10,295** | 8,407 | **3,512** | 3,209 | **22,553** | 16,429 | **-** | - | **39,018** | 29,585 |
| Advertising and publicity expenses | **16,464** | 23,745 | **5,593** | 12,293 | **251,781** | 190,981 | **11,666** | 44,629 | **109,433** | 80,231 | **-** | - | **394,937** | 351,879 |
| Rent, rates and taxes | **-** | - | **1,572** | 1,250 | **16,953** | 6,703 | **7,462** | 4,114 | **18,014** | 12,486 | **-** | - | **44,001** | 24,553 |
| Insurance | **-** | - | **-** | - | **15,251** | 9,350 | **15,162** | 9,576 | **17,019** | 11,688 | **-** | - | **47,432** | 30,614 |
| Lighting, heating and cooling | **-** | 1 | **4,134** | 3,148 | **6,404** | 5,046 | **3,969** | 3,282 | **17,413** | 23,957 | **-** | - | **31,920** | 35,434 |
| Depreciation and amortisation charge - notes 6.3, 7.1 & 8.2 | **-** | - | **-** | - | **11,799** | 12,120 | **10,959** | 14,094 | **13,155** | 18,370 | **-** | - | **35,913** | 44,584 |
| Outward freight and handling | **74,200** | 153,312 | **2,602,591** | 973,639 | **185,489** | 136,758 | **115,581** | 133,364 | **216,324** | 167,468 | **-** | - | **3,194,185** | 1,564,541 |
| Travelling expenses | **20,782** | 14,581 | **13,531** | 8,813 | **363,013** | 270,639 | **146,493** | 140,312 | **216,290** | 143,985 | **-** | - | **760,109** | 578,330 |
| Postage, telegram, telephone and telex | **1,481** | 2,743 | **7,567** | 7,741 | **20,088** | 20,376 | **19,627** | 18,863 | **15,588** | 20,807 | **-** | - | **64,351** | 70,530 |
| Royalty - note 32.2 | **-** | 156,882 | **-** | 160,880 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | 317,762 |
| Godown expenses | **-** | - | **37,940** | 25,940 | **82,761** | 64,256 | **21,867** | 32,052 | **170,284** | 131,325 | **-** | - | **312,852** | 253,573 |
| General expenses | **47,733** | 22,857 | **12,581** | 10,602 | **90,494** | 69,057 | **27,528** | 29,900 | **144,191** | 105,948 | **-** | - | **322,527** | 238,364 |
| | **247,791** | 454,171 | **2,753,296** | 1,272,585 | **1,910,759** | 1,475,151 | **838,992** | 875,537 | **1,558,731** | 1,258,155 | **-** | - | **7,309,569** | 5,335,599 |

### 32.1 Staff retirement benefits

| | | |
|---|---|---|
| Salaries and benefits includes amount in respect of staff retirement benefits: | **163,027** | 142,023 |

**32.2** Royalty amounting to PKR 317.762 million was charged by an Associate namely "Lucky Holdings Limited" registered on the specified address 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi, Pakistan to the Holding Company. The agreement expired on December 28, 2022.

## 33. ADMINISTRATION AND GENERAL EXPENSES

| | Polyester | | Soda Ash | | Pharma | | Animal Health | | Chemicals & Agri Sciences | | Others | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
| | (PKR in '000) | | | | | | | | | | | | | |
| Salaries and benefits - note 33.1 | **81,382** | 82,577 | **851,321** | 934,301 | **244,906** | 173,148 | **64,482** | 54,871 | **224,874** | 246,965 | **-** | - | **1,466,965** | 1,491,862 |
| Repairs and maintenance | **142** | 100 | **18,313** | 15,637 | **9,567** | 6,726 | **2,404** | 1,422 | **3,171** | 1,587 | **10** | - | **33,607** | 25,472 |
| Advertising and publicity expenses | **481** | 316 | **35,076** | 59,719 | **6,503** | 2,242 | **1,523** | 1,347 | **5,068** | 6,595 | **-** | - | **48,651** | 70,219 |
| Rent, rates and taxes | **1,391** | 1,155 | **2,227** | 126 | **2,686** | 5 | **197** | 2 | **199** | 11 | **35** | - | **6,735** | 1,299 |
| Insurance | **4,603** | 65 | **14,495** | 12,214 | **3,805** | 2,966 | **2,184** | 1,471 | **2,946** | 1,214 | **-** | - | **28,033** | 17,930 |
| Lighting, heating and cooling | **6,193** | 4,695 | **20,601** | 15,128 | **26,724** | 19,258 | **7,077** | 5,254 | **18,149** | 9,708 | **-** | - | **78,744** | 54,043 |
| Depreciation and amortisation charge - notes 6.3, 7.1 & 8.2 | **5,065** | 4,766 | **64,477** | 40,092 | **19,071** | 17,711 | **3,954** | 2,676 | **46,834** | 6,353 | **20** | - | **139,421** | 71,598 |
| Allowance / (reversal of allowance) for ECL - notes 14.3, 15.3 & 17.3 | **5,304** | - | **756** | (5,477) | **16,746** | 10,116 | **8,219** | 1,833 | **40,123** | 664 | **-** | - | **71,148** | 7,136 |
| Provision for slow moving and obsolete stores and spares - note 12.2 | **7,301** | - | **7,974** | 3,245 | **-** | - | **-** | - | **-** | 46 | **-** | - | **15,275** | 3,291 |
| Travelling expenses | **7,644** | 3,846 | **27,892** | 14,964 | **28,658** | 6,297 | **1,845** | 2,777 | **8,567** | 4,202 | **-** | - | **74,606** | 32,086 |
| Postage, telegram, telephone and telex | **1,363** | 1,405 | **7,764** | 7,823 | **12,526** | 10,756 | **1,732** | 2,052 | **3,763** | 3,248 | **-** | 4 | **27,148** | 25,288 |
| General expenses | **15,213** | 39,745 | **216,105** | 190,179 | **162,695** | 142,624 | **30,618** | 29,721 | **30,949** | (58,389) | **-** | 11,830 | **455,580** | 355,710 |
| | **136,082** | 138,670 | **1,267,001** | 1,287,951 | **533,887** | 391,849 | **124,235** | 103,426 | **384,643** | 222,204 | **65** | 11,834 | **2,445,913** | 2,155,934 |

### 33.1 Staff retirement benefits

| | | |
|---|---|---|
| Salaries and benefits includes amount in respect of staff retirement benefits: | **77,643** | 105,971 |

| | | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|---|
| **34.** | **OTHER CHARGES** | | ----------(PKR in '000)---------- | |
| | Auditor's remuneration | 34.1 | **12,084** | 10,168 |
| | Donations | 34.2 & 34.3 | **111,402** | 74,738 |
| | Workers' profit participation fund | 26.2 | **460,317** | 355,991 |
| | Workers' welfare fund | | **253,631** | 171,922 |
| | Others | | **225** | 267 |
| | | | **837,659** | 613,086 |
| **34.1** | **Auditor's remuneration** | | | |
| | Statutory audit fee | | **6,685** | 5,677 |
| | Half yearly review | | **2,375** | 2,099 |
| | Other certifications | | **1,694** | 1,614 |
| | Out of pocket expenses | | **1,330** | 778 |
| | | | **12,084** | 10,168 |
| | Taxation and other services | 34.1.1 | **8,600** | - |
| | | | **20,684** | 10,168 |

**34.1.1** These relate to taxation and other services which have been rendered by the statutory auditors. These have been recorded under administration and general expenses (note 33).

**34.2** This represents provision in respect of donation to Lucky Core Foundation (Head office, Karachi). Mr. Asif Jooma, Chief Executive Officer of the Holding Company, Mr. Aamer Mahmud Malik, Mr. Nauman Shahid Afzal, Mr. Muhammad Umar Mushtaq, Ms. Laila Bhatia Bawany, Mr. Muhammad Farrukh Rasheed and Mr. Atif Aboobukar, Executives of the Holding Company are amongst the Trustees of the Foundation.

**34.3** The Group has paid donation amounting to PKR 60 million to Aziz Tabba Foundation (ATF), a not-for-profit organisation registered under Section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). ATF is the only donee where the donation amounting exceeds 10% of total donation. Mr. Muhammad Sohail Tabba, Chairman of the Board of Directors of the Company is the Director of ATF. Mr. Muhammad Ali Tabba and Mr. Muhammad Jawed Tabba, the Directors of the Company, are also Directors of ATF.

| | | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|---|
| **35.** | **FINANCE COSTS** | | ----------(PKR in '000)---------- | |
| | Mark-up on financing | | **2,998,088** | 2,766,427 |
| | Discounting charges on receivables | | **181,813** | 85,056 |
| | Interest relating to staff loans discounting | | **321,289** | - |
| | Accretion of interest on lease liabilities | 8 | **29,993** | 27,355 |
| | Others | | **6,857** | 1,294 |
| | | | **3,538,040** | 2,880,132 |
| **36.** | **OTHER INCOME** | | | |
| | **Income from financial instruments** | | | |
| | Interest income on staff loans discounting | | **-** | 100,144 |
| | Deferred income - government grant | 24 | **223,808** | 170,089 |
| | Dividend income on short-term investments | | **2,749,255** | 890,219 |
| | Interest income | | **323,390** | 388,078 |
| | | | **3,296,453** | **1,548,530** |
| | **Income from non-financial instruments** | | | |
| | Scrap sales | | **283,892** | 176,412 |
| | Gain on disposal of property, plant & equipment | | **42,104** | 21,454 |
| | Liabilities no longer required written back | | **58** | - |
| | Sundries | | **14,920** | 15,554 |
| | | | **3,637,427** | 1,761,950 |

## 37. DISCONTINUED OPERATIONS

**37.1** On September 16, 2022, the Holding Company entered into a Share Purchase Agreement (SPA) with Morinaga Milk Industry Co. Ltd; Japan (Morinaga Milk) for partial divestment of its 26.5% shareholding in NutriCo Morinaga (Private) Limited (NMPL) at an aggregate sale price of USD 45,082,657 (approximately USD 2.07 per share) equal to PKR 11,902 million. Prior to this transaction, the Holding Company held 51% shareholding in NMPL. The transaction was approved by shareholders in the Annual General Meeting held on September 27, 2022 and by the Competition Commission of Pakistan on December 08, 2022. The transaction was concluded on January 27, 2023, after which NMPL ceased to be treated as a subsidiary of the Holding Company. The Holding Company continues to hold approximately 24.5% of the share capital of NMPL.

**37.2** An analysis of assets and liabilities attributable to discontinued operations as at the disposal date is as below:

| | As at January 27, 2023 (PKR in '000) |
|---|---|
| **Assets attributable to discontinued operations** | |
| Property, plant and equipment | **5,142,703** |
| Intangible assets | **7,773,796** |
| Long-term loans | **25,259** |
| Long-term deposits and prepayments | **195** |
| Stores, spares and consumables | **57,779** |
| Stock-in-trade | **4,315,912** |
| Trade debts | **1,073,584** |
| Loans and advances | **245,186** |
| Trade deposits and short-term prepayments | **300,461** |
| Other receivables | **1,862,121** |
| Taxation - net | **452,720** |
| Cash and bank balances | **32,728** |
| | **21,282,444** |
| **Liabilities associated to discontinued operations** | |
| Long term loans | **1,316,330** |
| Trade and other payables | **5,109,313** |
| Short-term running finance | **2,584,247** |
| Current portion of long term loans | **448,103** |
| Deferred tax liability - net | **1,022,700** |
| | **10,480,693** |
| Net assets attributable to discontinued operations | **10,801,751** |

**37.3** Financial performance of the discontinued operations till the date of disposal is as follows:

| | For the period from July 1, 2022 to January 27, 2023 (PKR in '000) |
|---|---|
| Turnover - net | 8,536,961 |
| Cost of sales | (6,531,073) |
| Gross profit | 2,005,888 |
| Selling and distribution expenses | (522,791) |
| Administrative and general expenses | (159,828) |
| | 1,323,269 |
| Other charges | (882) |
| Financial charges | (373,892) |
| Exchange loss - net | (294,777) |
| Other income | 9,602 |
| Profit before final taxes and income taxes | 663,320 |
| Taxation | (218,899) |
| Profit after taxation | 444,421 |
| Gain on partial disposal of Nutrico Morinaga (Private) Limited | 17,150,672 |
| Workers' welfare fund | (196,843) |
| Taxation | (7,306,049) |
| | 9,647,780 |
| Profit after taxation from discontinued operations | 10,092,201 |

| | | For the period from July 1, 2022 to January 27, 2023 |
|---|---|---|
| 37.4 | Cash flows attributable to discontinued operations till the date of disposal: | (PKR in '000) |
| | Net cash generated from operating activities | 341,898 |
| | Net cash generated from investing activities | 4,745 |
| | Net cash used in financing activities | (616,552) |
| | Net cash used in discontinued operations | (269,909) |

| | | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|---|
| **38.** | **TAXATION** | | (PKR in '000) | |
| | Final taxes | 38.1 | **845,505** | 397,497 |
| | Current | 38.2 | **4,846,459** | 3,285,319 |
| | Deferred | | **(390,454)** | 694,219 |
| | Net tax charged | 38.3 | **5,301,510** | 4,377,035 |

**38.1** This represents final taxes paid under sections 150 and 154 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 and IAS 37.

**38.2** Super tax on high earning persons was introduced vide the Finance Act, 2022 which has been further amended through the Finance Act, 2023 whereby rate of super tax has been increased to 10% retrospectively for tax years 2023 and onwards. During the year ended June 30, 2023, the Holding Company challenged the retrospective application of increased rate for tax year 2023 before the Islamabad High Court who, vide order dated March 15, 2024, decided the matter in favor of the Holding Company. The FBR has filed an intra-court appeal against the said order.

| | | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| **38.3** | **Tax reconciliation** | (PKR in '000) | |
| | Profit before final taxes and income taxes | **16,464,474** | 12,057,692 |
| | Tax @ 29% (2023: 29%) | **4,774,697** | 3,496,731 |
| | Effect of exempt income | **(28,420)** | (33,737) |
| | Effect of change in tax rate | **-** | 364,044 |
| | Effect of super tax | **1,478,056** | 991,488 |
| | Effect of lower rate of dividend income | **(380,469)** | (166,631) |
| | Tax benefit on income covered under final tax regime | **(504,661)** | (442,051) |
| | Others | **(37,693)** | 167,190 |
| | Net tax charged | **5,301,510** | 4,377,035 |
| | **Average effective tax rate** | **32.20%** | 36.30% |
| **39.** | **BASIC AND DILUTED EARNINGS PER SHARE** | | |
| | Profit for the year attributable to equity holders of the Holding Company | **11,150,545** | 17,561,686 |
| | | **No. of shares** | |
| | Weighted average number of ordinary shares outstanding during the year | **92,359,050** | 92,359,050 |
| | Basic earnings per share (PKR) | **120.73** | 190.15 |

**39.1** There are no dilutive potential ordinary shares outstanding as at June 30, 2024 and 2023.

| | | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|---|
| **40.** | **CASH GENERATED FROM OPERATIONS** | | -----------(PKR in '000)----------- | |
| | Profit before final taxes and income taxes - continuing operations | | **16,464,474** | 12,057,692 |
| | Profit before final taxes and income taxes - discontinued operations | 37.3 | **-** | 17,617,149 |
| | | | **16,464,474** | 29,674,841 |
| | Adjustments for: | | | |
| | Depreciation and amortisation | 6.3 & 7.1 & 8.2 | **3,480,031** | 3,318,581 |
| | Gain on disposal of operating fixed assets | 36 | **(42,104)** | (22,795) |
| | Provision for staff retirement benefit plan | 22.3.1 | **46,732** | 36,473 |
| | Provisions for non-management staff gratuity and eligible retired employees' medical scheme | | **46,956** | 40,725 |
| | Deferred income - government grant | 24 | **(223,808)** | (170,089) |
| | Gain on partial disposal of NMPL | 37.3 | **-** | (17,150,672) |
| | Interest income on deposits | | **(323,390)** | (157,252) |
| | Dividend income on mutual funds | 36 | **(2,749,255)** | (890,219) |
| | Share of loss from associate | 9.1 | **167,649** | 11,701 |
| | Finance cost | | **3,216,751** | 3,197,967 |
| | Allowance for ECL | 33 | **71,148** | 7,136 |
| | Provision for slow moving and obsolete stock-in-trade | 13.1 | **207,588** | 190,871 |
| | Provision for slow moving and obsolete stores and spares | 12.2 | **15,275** | 3,291 |
| | Liabilities no longer required written back | 36 | **(58)** | - |
| | | | **20,377,990** | 18,090,559 |
| | Movement in: | | | |
| | Working capital | 40.1 | **4,097,418** | (6,584,311) |
| | Long-term loans | | **(266,907)** | (199,697) |
| | Long-term deposits and prepayments | | **(4,537)** | (23,072) |
| | | | **24,203,964** | 11,283,479 |

**40.1 Movement in working capital**

| | | |
|---|---|---|
| ***(Increase) / decrease in current assets*** | | |
| Stores, spares and consumables | **(1,021,583)** | (221,982) |
| Stock-in-trade | **3,111,857** | (5,163,382) |
| Trade debts | **(467,264)** | (1,585,894) |
| Loans and advances | **564,581** | (1,604,642) |
| Short-term deposits and prepayments | **1,565,966** | (300,709) |
| Other receivables | **36,387** | (1,160,854) |
| | **3,789,944** | (10,037,463) |
| ***Increase in current liability*** | | |
| Trade and other payables | **307,474** | 3,453,152 |
| | **4,097,418** | (6,584,311) |

## 41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND OTHER EXECUTIVES

The amounts charged in the consolidated financial statements for the remuneration, including all benefits, to the Chief Executive, Directors and other Executives of the Holding Company are as follows:

| | Chief Executive | | Director - note 41.7 | | Other Executives | | Total | |
|---|---|---|---|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
| | (PKR in '000) | | | | | | | |
| Managerial remuneration | **92,145** | 85,532 | **54,178** | 59,223 | **1,576,247** | 1,227,983 | **1,722,570** | 1,372,738 |
| Gratuity | **4,002** | 3,627 | **1,709** | 2,571 | **53,228** | 51,848 | **58,939** | 58,046 |
| Provident Fund | **4,821** | 4,369 | **2,453** | 3,098 | **112,699** | 97,186 | **119,973** | 104,653 |
| Pension | **5,111** | 4,631 | **2,600** | 3,284 | **118,319** | 100,446 | **126,030** | 108,361 |
| Rent and house maintenance | **5,411** | 5,178 | **-** | - | **458,211** | 396,899 | **463,622** | 402,077 |
| Utilities | **3,417** | 2,565 | **-** | - | **114,468** | 98,761 | **117,885** | 101,326 |
| Medical and others | **167** | 233 | **-** | - | **14,065** | 57,833 | **14,233** | 58,066 |
| Bonus paid | **58,750** | 52,585 | **31,095** | 27,873 | **485,180** | 507,400 | **575,025** | 587,858 |
| | **173,824** | 158,720 | **92,035** | 96,049 | **2,932,417** | 2,538,356 | **3,198,277** | 2,793,125 |
| Number of persons as at the reporting date | **1** | 1 | **1** | 1 | **456** | 388 | **458** | 390 |

**41.1** In accordance with the requirements of the fourth schedule to the Companies Act 2017, employees whose basic salary for the year exceed PKR 1.2 million have been considered 'Executives' for the purpose of these consolidated financial statements.

| | | Note | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|---|
| | | | -----------(PKR in '000)----------- | |
| **41.2** | Remuneration paid to Chairman during the year: | | **-** | - |
| **41.3** | During the year fee paid to non-executive directors for attending board and other meetings, which is not part of remuneration amounts to: | | **5,906** | 5,156 |

| | | As at and for the year ended June 30, 2024 | As at and for the year ended June 30, 2023 |
|---|---|---|---|
| **41.4** | Total number of employees as at the reporting date | **2,232** | 2,189 |
| | Average number of employees during the year | **2,211** | 2,194 |
| **41.5** | Total number of factory employees as at the reporting date | **752** | 766 |
| | Average number of factory employees during the year | **759** | 776 |

**41.6** The Chief Executive Officer, Director and certain other Executives have been provided with company maintained cars and housing facilities.

**41.7** Executives as mentioned above include Chief Executive Officer and Directors of subsidiaries. No additional remuneration is charged to subsidiaries in this respect. The number of directors in PowerGen, Lucky TG and LCV as at June 30, 2024 are 5, 7 and 4 (June 30, 2023: 5, 7 and 4) respectively.

## 42. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the Parent Company (Lucky Cement Limited) and related group companies, associated companies, directors of the Group, companies where directors also hold directorship, key management personnel (note 41) and staff retirement funds (note 22). All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Group. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

| Name of related party and relationship with the Group | Nature of transaction | For the year ended June 30, 2024 | For the year ended June 30, 2023 |
|---|---|---|---|
| | | ------------(PKR in '000)------------ | |
| **Parent Company** | | | |
| *Lucky Cement Limited* | Purchase of goods, materials and services | **64,681** | 75,692 |
| | Sale of goods and materials | **41,376** | 33,425 |
| | Reimbursement of expenses | **-** | 3,390 |
| | Dividend | **3,047,880** | 1,269,950 |
| **Associated companies** | Purchase of goods, materials and services | **609,685** | 3,887,638 |
| | Sale of goods and materials | **6,377,252** | 4,669,754 |
| | Dividend paid to associates | **1,470,737** | 612,807 |
| | Royalty | **-** | 317,762 |
| | Donations paid | **79,060** | 59,871 |
| | Reimbursement of expenses | **39,789** | 33,333 |
| | Charges for supply of consumables | **-** | 13,442 |
| | Buy back of shares | **264,600** | - |
| **Others** | Staff retirement benefits | **449,321** | 409,050 |
| **Key management personnel** | Remuneration paid | **638,245** | 593,614 |
| | Post employment benefits | **50,969** | 49,102 |
| | Dividends paid | **44,078** | 59,187 |
| | Director meeting fee | **5,906** | 5,156 |

### 42.1 Details of related parties of the Group

Details of related parties with whom the Group has entered into transactions with or has arrangements / agreements in place during the year are as follows:

| Name of related party and relationship with the Group | Basis of relationship | Direct shareholding % in the Group |
|---|---|---|
| NutriCo Morinaga (Private) Limited | Associate | Nil |
| Arabian Sea Country Club Limited | Equity investment | Nil |
| Lucky Cement Limited | Holding company & common directorship | 55.00% |
| Lucky Holdings Limited | Associated company | Nil |
| Yunus Textile Mills Limited | Associated company | 12.01% |
| Lucky Textile Mills Limited | Associated company | 6.23% |
| Gadoon Textile Mills Limited | Associated company | 7.20% |
| Lucky Motors Corporation Limited | Associated company | Nil |
| Lucky Foods (Private) Limited | Associated company | Nil |
| Lucky Core Management Staff Provident Fund | Staff retirement benefit funds | Nil |
| Lucky Core Management Staff Gratuity Fund | Staff retirement benefit funds | Nil |
| Lucky Core Management Staff Defined Contribution | Staff retirement benefit funds | Nil |
| Lucky Core Non-Management Staff Provident Fund | Staff retirement benefit funds | Nil |
| Lucky Core Management Staff Pension Fund | Staff retirement benefit funds | Nil |
| Lucky Core Foundation | Associated company | Nil |
| Lahore University of Management Sciences | Associated company | Nil |
| Child Life Foundation | Associated company | Nil |
| Pakistan Business Council | Associated company | Nil |
| Global Commodities Limited | Associated company | Nil |
| Tabba Kidney Institute | Associated company | Nil |
| Tabba Heart Institute | Associated company | Nil |
| National Bank of Pakistan | Associated company | Nil |
| YB Pakistan Limited | Associated company | 1.10% |
| Lucky Commodities (Private) Limited | Associated company | Nil |
| Systems Limited | Associated company | Nil |
| Bank Al Habib Limited | Associated company | Nil |
| Siemens (Pakistan) Engineering Company Limited | Associated company | Nil |
| The Kidney Centre Institute | Associated company | Nil |
| International Industries Limited | Associated company | Nil |
| Lucky Landmark (Private) Limited | Associated company | Nil |
| Lucky Al Shumookh Holdings Limited (Republic of Iraq) | Associated company | Nil |
| Aziz Tabba Foundation | Associated company | Nil |
| Biafo Industries Limited | Associated company | Nil |
| Nyumba Ya Akiba S.A. (Democratic Republic of Kongo) | Associated company | Nil |
| Tariq Glass Industries Limited | Associated company | Nil |
| Asif Jooma | Key management personnel | 0.80% |
| Muhammad Umar Mushtaq | Key management personnel | Nil |
| Atif Aboobukar | Key management personnel | Nil |
| Nauman Shahid Afzal | Key management personnel | Nil |
| Atif Siddiqui | Key management personnel | Nil |
| Aamer Mahmud Malik | Key management personnel | Nil |
| Muhammad Farrukh Rasheed | Key management personnel | Nil |
| Rizwan Afzal Chaudhry | Key management personnel | Nil |
| Laila Bhatia Bawany | Key management personnel | Nil |
| Eqan Ali Khan | Key management personnel | Nil |
| Muhammad Sohail Tabba | Key management personnel | Nil |
| Muhammad Ali Tabba | Key management personnel | Nil |
| Jawed Yunus Tabba | Key management personnel | Nil |
| Syed Muhammad Shabbar Zaidi | Key management personnel | - * |
| Ariful Islam | Key management personnel | 0.01% |
| Adnan Afridi | Key management personnel | - * |
| Muhammad Abid Ganatra | Former director / key management personnel | Nil |
| Amina Abdul Aziz Bawany | Key management personnel | Nil |
| Ahsan Abdul Qayoom | Key management personnel | Nil |

* Each director holds one hundred qualification shares of the Holding Company.

## 43. PLANT CAPACITY AND ANNUAL PRODUCTION

- in metric tonnes except PowerGen which is in Megawatt hours:

| | Note | For the year ended June 30, 2024 | | For the year ended June 30, 2023 | |
|---|---|---|---|---|---|
| | | Annual Name Plate Capacity | Production | Annual Name Plate Capacity | Production |
| Polyester | | **122,250** | **111,507** | 122,250 | 124,866 |
| Soda Ash | 43.1 | **560,000** | **544,572** | 560,000 | 512,002 |
| Sodium Bicarbonate | 43.1 | **54,000** | **47,250** | 54,000 | 42,150 |
| PowerGen | 43.3 | **122,640** | **34,644** | 122,640 | 46,800 |

**43.1** Out of total production of 544,572 metric tonnes (June 30, 2023: 512,002 metric tonnes) soda ash, 42,525 metric tonnes (June 30, 2023: 37,935 metric tonnes) was transferred for production of 47,250 metric tonnes (June 30, 2023: 42,150 metric tonnes) of Sodium Bicarbonate.

**43.2** The capacity of Chemicals, Pharma, Animal Health and Nutraceuticals segment is indeterminable because these are multi-product with multiple dosage and multiple pack size plants. The production was sufficient to meet the demand.

**43.3** Electricity by PowerGen is produced as per demand of the Group and its associate.

## 44. FAIR VALUE MEASUREMENT

**44.1** Fair value is the price 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. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values except for lease liabilities.

**44.2** The Group classifies assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As of the reporting date, except for the Group's investment in mutual funds (which is valued under level 2), none of the financial instruments are cared at fair value in these consolidated financial statements. There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

## 45. FINANCIAL INSTRUMENTS BY CATEGORY

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | ----------(PKR in '000) ---------- | |
| **Financial assets measured at amortised cost** | | | |
| Loans to executives and employees | 10 | **1,159,475** | 1,105,305 |
| Long-term deposits | 11 | **82,856** | 103,549 |
| Trade debts | 14 | **5,593,143** | 5,197,027 |
| Short-term deposits | 16 | **786,522** | 2,392,605 |
| Other receivables | 17 | **393,176** | 543,986 |
| Cash and bank balances | 19 | **2,280,272** | 1,027,727 |
| | | **10,295,444** | 10,370,199 |
| **Financial assets measured at fair value through profit or loss** | | | |
| Short-term investments | 18 | **15,006,217** | 12,674,655 |
| **Financial liabilities measured at amortised cost** | | | |
| Loans | 23 | **4,895,794** | 4,905,531 |
| Lease liabilities | 8 | **196,025** | 109,871 |
| Trade and other payables | | **12,387,899** | 11,987,816 |
| Accrued mark-up | | **576,227** | 927,035 |
| Short-term financing | 27 | **11,734,504** | 15,000,646 |
| Unclaimed dividend | | **136,827** | 124,530 |
| | | **29,927,276** | 33,055,429 |

## 46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

## 46.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

## 47. MARKET RISK

Market risk is the risk that the fair value or future cash flows of the financial instruments may fluctuate as a result of changes in market currency rates, interest rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Group manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Under market risk the Group is exposed to currency risk, interest rate risk and other price risk (equity price risk).

## 47.1 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments at carrying value were:

| | Note | Carrying Amount | |
|---|---|---|---|
| | | **As at June 30, 2024** | **As at June 30, 2023** |
| | | -----------(PKR in '000)----------- | |
| **Fixed rate instruments** | | | |
| Financial assets | 19 | **1,372,207** | 377,000 |
| Financial liabilities | | **(6,418,537)** | (6,181,500) |
| | | **(5,046,330)** | (5,804,500) |
| **Variable rate instruments** | | | |
| Financial assets | 16 | **-** | 1,800,000 |
| Financial liabilities | | **(10,548,280)** | (13,846,252) |
| | | **(10,548,280)** | (12,046,252) |

**Sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect the consolidated statement of profit or loss.

**Sensitivity analysis for variable rate instruments**

If KIBOR had been 10% higher / lower with all other variables held constant, the impact on the profit before tax for the year would have been higher / lower by PKR 1,054.828 million (June 30, 2023: PKR 1,204.625 million).

## 47.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Group is exposed to foreign currency risk on sales and purchases which are entered in a currency other than Pak Rupees. 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 and the Group's treasury policy. The policy allows the Group to take currency exposure within predefined limits while open exposures are rigorously monitored.

Following is the gross exposure classified into separate foreign currencies:

| | CNY | EURO | USD | GBP | JPY |
|---|---|---|---|---|---|
| | (Amount in '000) | | | | |
| | **As at June 30, 2024** | | | | |
| Trade debts | **-** | **198** | **4,675** | **-** | **-** |
| Cash and bank balances | **-** | **-** | **827** | **-** | **-** |
| | **-** | **198** | **5,502** | **-** | **-** |
| Trade and other payables | **(4,360)** | **(82)** | **(2,602)** | **(8)** | **-** |
| Gross statement of financial position exposure | **(4,360)** | **116** | **2,900** | **(8)** | **-** |
| | As at June 30, 2023 | | | | |
| Trade debts | - | - | 1,954 | - | - |
| Other receivables | - | - | 128 | - | - |
| Cash and bank balances | - | - | 424 | - | - |
| | - | - | 2,506 | - | - |
| Trade and other payables | (13,920) | (138) | (14,068) | (23) | (1,523) |
| Gross statement of financial position exposure | (13,920) | (138) | (11,562) | (23) | (1,523) |

Significant exchange rates applied during the year were as follows:

| | Average rate | | Spot rate | |
|---|---|---|---|---|
| | For the year ended June 30, 2024 | For the year ended June 30, 2023 | As at June 30, 2024 | As at June 30, 2023 |
| **PKR per** | ----------------PKR---------------- | | ----------------PKR---------------- | |
| EURO | **306.27** | 244.24 | **297.69** | 312.93 |
| USD | **283.33** | 245.30 | **278.34** | 285.99 |
| GBP | **356.43** | 327.11 | **351.92** | 364.14 |
| CNY | **39.24** | 36.56 | **38.31** | 39.67 |
| JPY | **-** | 1.23 | **-** | 1.99 |

**Sensitivity analysis**

Every 10% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the year by PKR 67.205 million (June 30, 2022: PKR 391.785 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2024, if Pak Rupee (PKR) had weakened / strengthened by 10% against other currencies, with all other variables held constant, the effect on the Group profit before tax at June 30, 2024 and June 30, 2023 would be as follows:

| | Increase / decrease in exchange rates | Effect on Profit before tax (CNY) | Effect on Profit before tax (EURO) | Effect on Profit before tax (USD) | Effect on Profit before tax (GBP) | Effect on Profit before tax (JPY) |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| PKR in '000 | **+10%** | **16,704** | **(3,451)** | **(80,721)** | **264** | **-** |
| PKR in '000 | **-10%** | **(16,704)** | **3,451** | **80,721** | **(264)** | **-** |
| 2023 | | | | | | |
| PKR in '000 | +10% | 55,221 | 4,331 | 330,637 | 835 | 303 |
| PKR in '000 | -10% | (55,221) | (4,331) | (330,637) | (835) | (303) |

## 48. CREDIT RISK

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs 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 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's gross maximum exposure to credit risk at the reporting date is as follows:

| | | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|---|
| **48.1** | **Financial assets** | | -----------(PKR in '000)----------- | |
| | Loans to executives and employees | 10 | **1,159,475** | 1,105,305 |
| | Long-term deposits | 11 | **82,856** | 78,319 |
| | Trade debts | 14 | **5,593,143** | 5,197,027 |
| | Short-term deposits | 16 | **786,522** | 2,392,605 |
| | Other receivables | 17 | **393,176** | 543,986 |
| | Short-term investment | 18 | **15,006,217** | 12,674,655 |
| | Bank balances | 19 | **2,270,184** | 1,019,255 |
| | | | **25,291,573** | 23,011,152 |

**48.2** The Group has placed its funds with banks which are rated A1+, A1 and P-1 as per the short-term rating by PACRA / Moody's / JCR-VIS. Short-term investments are held in mutual funds which are rated AA+ as per the ratings by PACRA / Moody's / JCR-VIS.

| | | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| **48.3** | **Financial assets** | -----------(PKR in '000)----------- | |
| | - Secured | **3,235,620** | 3,189,633 |
| | - Unsecured | **22,066,041** | 19,829,991 |
| | | **25,301,661** | 23,019,624 |

**48.4** Set out below is the information about the ageing of trade debts and related credit risk exposure as at the reporting date:

| | Not past due (net of provision for price adjustments, discounts and sales returns) | Past due but not impaired | Past due and impaired | | Total |
|---|---|---|---|---|---|
| | | Not more than three months | More than three months and not more than four months | More than four months | |
| | (PKR in '000) | | | | |
| | **As at June 30, 2024** | | | | |
| Total gross carrying amount | **4,089,725** | **1,284,392** | **96,412** | **122,614** | **5,593,143** |
| Expected credit loss | **-** | **-** | **(48,206)** | **(122,614)** | **(170,820)** |
| Expected credit loss effective rate | **-** | **-** | **50%** | **100%** | **3%** |
| | As at June 30, 2023 | | | | |
| Total gross carrying amount | 4,654,538 | 418,288 | 5,121 | 119,080 | 5,197,027 |
| Expected credit loss | - | - | (2,561) | (119,080) | (121,641) |
| Expected credit loss effective rate | - | - | 50% | 100% | 2% |

**48.5** There were no past due or impaired receivables from related parties.

**48.6 Concentration risk**

Sector wise analysis of financial assets is given below:

| | Note | As at June 30, 2024 | As at June 30, 2023 |
|---|---|---|---|
| | | -----------(PKR in '000)----------- | |
| Textile and chemicals | | **1,025,442** | 727,179 |
| Glass | | **843,529** | 917,389 |
| Paper and board | | **585,485** | 169,576 |
| Pharmaceuticals | | **493,606** | 68,306 |
| Detergents | | **135,612** | 500,628 |
| Paints | | **78,965** | 193,708 |
| Banks | | **2,270,184** | 1,019,255 |
| Asset management companies | | **15,006,217** | 12,674,655 |
| Others | | **5,048,894** | 6,888,604 |
| | | **25,487,935** | 23,159,300 |
| Allowance for ECL: | | | |
| - trade debts | 14 | **(170,820)** | (121,640) |
| - loans and advances | 15 | **(25,542)** | (26,508) |
| | | **(196,362)** | (148,148) |
| | | **25,291,573** | 23,011,152 |

**48.7** Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Group is not materially exposed to other price risk except investment in subsidiaries which are carried at cost against which provision for impairment has been provided (if any) in these consolidated financial statements.

## 49. LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the maturity date.

| | Note | Carrying amount | Contractual cash flows | Less than one year |
|---|---|---|---|---|
| | | As at June 30, 2024 | | |
| | | (PKR in '000) | | |
| **Financial liabilities** | | | | |
| Trade creditors | 26 | **4,896,774** | **(4,896,774)** | **(4,896,774)** |
| Bills payable | 26 | **1,723,610** | **(1,723,610)** | **(1,723,610)** |
| Accrued mark-up | | **576,227** | **(576,227)** | **(576,227)** |
| Accrued expenses | | **5,052,554** | **(5,052,554)** | **(5,052,554)** |
| Distributors' security deposits - payable on termination of distributorship | 26 | **140,494** | **(154,543)** | **(154,543)** |
| Contractors' earnest / retention money | 26 | **22,426** | **(22,426)** | **(22,426)** |
| Unclaimed dividends | | **136,827** | **(136,827)** | **(136,827)** |
| Payable for capital expenditure | 26 | **309,633** | **(309,633)** | **(309,633)** |
| Other payables | 26 | **242,408** | **(242,408)** | **(242,408)** |
| Long-term loans | 23 | **4,895,794** | **(6,683,922)** | **(1,350,609)** |
| Lease liabilities | 8 | **196,025** | **(196,025)** | **(38,547)** |
| Short-term financing | 27 | **11,734,504** | **(11,734,504)** | **(11,734,504)** |
| | | **29,927,276** | **(31,729,453)** | **(26,238,662)** |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

| | Note | Carrying amount | Contractual cash flows | Less than one year |
|---|---|---|---|---|
| | | As at June 30, 2023 | | |
| | | (PKR in '000) | | |
| **Financial liabilities** | | | | |
| Trade creditors | 26 | 2,173,269 | (2,173,269) | (2,173,269) |
| Bills payable | 26 | 4,812,005 | (4,812,005) | (4,812,005) |
| Accrued mark-up | | 927,035 | (927,035) | (927,035) |
| Accrued expenses | | 4,497,978 | (4,497,978) | (4,497,978) |
| Distributors' security deposits - payable on termination of distributorship | 26 | 134,404 | (147,844) | (147,844) |
| Contractors' earnest / retention money | 26 | 19,816 | (19,816) | (19,816) |
| Unclaimed dividends | | 124,530 | (124,530) | (124,530) |
| Payable for capital expenditure | 26 | 102,082 | (102,082) | (102,082) |
| Other payables | 26 | 248,262 | (248,262) | (248,262) |
| Long-term loans | 23 | 4,905,531 | (7,001,295) | (1,505,756) |
| Lease liabilities | 8 | 109,871 | (109,871) | (80,807) |
| Short-term financing | 27 | 15,000,646 | (15,000,646) | (15,000,646) |
| | | 33,055,429 | (35,164,633) | (29,640,030) |

## 50. CAPITAL RISK MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the 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 or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at June 30, 2024 and June 30, 2023 is as follows:

| | Note | **As at June 30, 2024** | As at June 30, 2023 |
|---|---|---|---|
| | | **------------(PKR in '000)------------** | |
| Loans | 23 & 24 | **5,759,222** | 5,992,767 |
| Short-term financing | 27 | **11,734,504** | 15,000,646 |
| **Total debt** | | **17,493,726** | 20,993,413 |
| Short-term investments | 18 | **(15,006,217)** | (12,674,655) |
| Cash and bank balances | 19 | **(2,280,272)** | (1,027,727) |
| **Net debt** | | **207,237** | 7,291,031 |
| Issued, subscribed and paid-up capital | 20 | **923,591** | 923,591 |
| Capital reserves | 21 | **18,309,643** | 309,643 |
| Revenue reserve - unappropriated profit | | **30,213,786** | 42,458,096 |
| **Equity** | | **49,447,020** | 43,691,330 |
| **Capital** | | **49,654,257** | 50,982,361 |
| **Gearing ratio (Net debt / (Net debt + Equity)** | | **0.42%** | 14.30% |

## 51. SUBSEQUENT EVENT

**51.1** The Directors of the Holding Company in their meeting held on August 05, 2024 have recommended a final dividend of PKR 33 per share (June 30, 2023: PKR 33 per share). This dividend is in addition to interim dividend paid of PKR 27 per share during the current year. The consolidated financial statements for the year ended June 30, 2024 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

## 52. GENERAL

**52.1** The Group does not hold non-current assets in any foreign country.

**52.2** Figures have been rounded off to the nearest thousand PKR except as stated otherwise.

## 53. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue in the meeting of Board of Directors of the Holding Company held on August 05, 2024.

| | | |
|---|---|---|
| **Muhammad Sohail Tabba** | **Asif Jooma** | **Atif Aboobukar** |
| Chairman / Director | Chief Executive | Chief Financial Officer |

# Pattern of Shareholding
As at June 30, 2024

| NO OF SHAREHOLDERS | CATEGORIES FROM | CATEGORIES TO | NO. OF SHARES |
|---|---|---|---|
| 5,940 | 1 | 100 | 187,551 |
| 2,134 | 101 | 500 | 501,977 |
| 486 | 501 | 1,000 | 354,667 |
| 476 | 1,001 | 5,000 | 1,031,429 |
| 91 | 5,001 | 10,000 | 668,784 |
| 35 | 10,001 | 15,000 | 438,175 |
| 12 | 15,001 | 20,000 | 211,484 |
| 12 | 20,001 | 25,000 | 266,287 |
| 5 | 25,001 | 30,000 | 131,497 |
| 3 | 30,001 | 35,000 | 98,388 |
| 2 | 35,001 | 40,000 | 72,362 |
| 1 | 40,001 | 45,000 | 44,050 |
| 6 | 45,001 | 50,000 | 287,101 |
| 1 | 55,001 | 60,000 | 55,889 |
| 1 | 75,001 | 80,000 | 76,360 |
| 1 | 80,001 | 85,000 | 84,300 |
| 1 | 85,001 | 90,000 | 85,989 |
| 1 | 90,001 | 95,000 | 93,930 |
| 1 | 105,001 | 110,000 | 108,030 |
| 1 | 110,001 | 115,000 | 112,422 |
| 2 | 115,001 | 120,000 | 236,607 |
| 1 | 140,001 | 145,000 | 145,000 |
| 1 | 145,001 | 150,000 | 147,702 |
| 1 | 155,001 | 160,000 | 160,000 |
| 1 | 215,001 | 220,000 | 219,695 |
| 1 | 280,001 | 285,000 | 281,990 |
| 1 | 305,001 | 310,000 | 307,281 |
| 1 | 355,001 | 360,000 | 358,470 |
| 1 | 400,001 | 405,000 | 400,850 |
| 1 | 730,001 | 735,000 | 733,395 |
| 1 | 740,001 | 745,000 | 745,000 |
| 1 | 895,001 | 900,000 | 895,610 |
| 1 | 1,015,001 | 1,020,000 | 1,018,030 |
| 1 | 1,050,001 | 1,055,000 | 1,055,000 |
| 1 | 1,495,001 | 1,500,000 | 1,500,000 |
| 1 | 4,950,001 | 4,955,000 | 4,951,494 |
| 1 | 5,750,001 | 5,755,000 | 5,751,130 |
| 1 | 6,650,001 | 6,655,000 | 6,654,867 |
| 1 | 11,085,001 | 11,090,000 | 11,088,257 |
| 1 | 50,795,001 | 50,800,000 | 50,798,000 |
| **9,231** | | | **92,359,050** |

| SNO. | Categories of Shareholders | No. of Shareholders | No. of Shares | Percentage |
|---|---|---|---|---|
| 1 | Directors, Chief Executive Officer, and their spouse and minor children | 4 | 739,292 | 0.80 |
| 2 | Associated Companies, Undertakings and Related Parties | 5 | 75,310,284 | 81.54 |
| 3 | NIT and ICP | - | - | - |
| 4 | Banks, Development Financial Institutions, Non Banking Financial Institutions | 19 | 1,888,372 | 2.04 |
| 5 | Insurance Companies | 19 | 5,501,097 | 5.96 |
| 6 | Modarabas and Mutual Funds | 29 | 931,298 | 1.01 |
| 7 | Share holders holding 5% or more | 5 | 79,243,748 | 85.80 |
| 8 | General Public : | | | |
| | a. local | 8,974 | 6,670,251 | 7.22 |
| | b .Foreign | - | - | - |
| 9 | Others | 180 | 1,318,456 | 1.43 |
| **Total (excluding : share holders holding (5% or more)** | | **9,230** | **92,359,050** | **100.00** |

# Pattern of Shareholding
As at June 30, 2024

**Directors, Chief Executive Officer, and their spouse and minor children**

| SNO. | FOLIO | NAME | HOLDING | PERCENTAGE |
|---|---|---|---|---|
| 1 | 01826-143586 | SYED MUHAMMAD SHABBAR ZAIDI | 100 | 0.00 |
| 2 | 03277-11154 | ADNAN AFRIDI | 100 | 0.00 |
| 3 | 03277-2754 | ARIFUL ISLAM | 4,657 | 0.01 |
| 4 | 03277-84403 / 01826-74344 | ASIF JOOMA | 734,435 | 0.80 |
| | | | **739,292** | **0.80** |

**Associated Companies, Undertakings and Related Parties**

| SNO. | FOLIO | NAME | HOLDING | PERCENTAGE |
|---|---|---|---|---|
| 1 | 03277-55740 | YUNUS TEXTILE MILLS LIMITED | 11,088,257 | 12.01 |
| 2 | 03277-56881 | GADOON TEXTILE MILLS LIMITED | 6,654,867 | 7.20 |
| 3 | 03277-80142 | YB PAKISTAN LIMITED | 1,018,030 | 1.10 |
| 4 | 03277-81888 | LUCKY TEXTILE MILLS LIMITED | 5,751,130 | 6.23 |
| 5 | 03277-86250 | LUCKY CEMENT LIMITED | 50,798,000 | 55.00 |
| | | | **75,310,284** | **81.54** |

**Banks, Development Financial Institutions, Non Banking Financial Institutions**

| SNO. | FOLIO | NAME | HOLDING | PERCENTAGE |
|---|---|---|---|---|
| 1 | 8912 | INDUSTRIAL DEVELOPMENT BANK LIMITED | 198 | 0.00 |
| 2 | 8927 | UNITED BANK LIMITED | 78 | 0.00 |
| 3 | 87001 | NATIONAL BANK OF PAKISTAN | 7,808 | 0.01 |
| 4 | 87002 | INDUSTRIAL DEVELOPMENT BANK LIMITED | 787 | 0.00 |
| 5 | 87066 | CRESCENT INVESTMENT BANK LIMITED | 1,525 | 0.00 |
| 6 | 87134 | FIDELITY INVESTMENT BANK LIMITED | 7 | 0.00 |
| 7 | 87180 | ALLIED BANK OF PAKISTAN LTD | 226 | 0.00 |
| 8 | 87250 | ISLAMIC INVESTMENT BANK LTD | 36 | 0.00 |
| 9 | 87251 | NATIONAL BANK OF PAKISTAN | 5 | 0.00 |
| 10 | 87267 | PACIFIC LEASING COMPANY LTD | 73 | 0.00 |
| 11 | 92001 | PAKISTAN KUWAIT INVESTMENT COMPANY (PRIVATE) LIMITED. | 226 | 0.00 |
| 12 | 92002 | PAK-LIBYA HOLDING COMPANY(PVT)LTD | 475 | 0.00 |
| 13 | 02618-20 | HABIB METROPOLITAN BANK LIMITED | 898 | 0.00 |
| 14 | 02832-32 | MEEZAN BANK LIMITED | 219,695 | 0.24 |
| 15 | 03525-100145 | ESCORTS INVESTMENT BANK LIMITED | 1,346 | 0.00 |
| 16 | 03889-28 | NATIONAL BANK OF PAKISTAN | 59 | 0.00 |
| 17 | 03889-44 | NATIONAL BANK OF PAKISTAN | 895,610 | 0.97 |
| 18 | 04127-28 | MCB BANK LIMITED - TREASURY | 400,850 | 0.43 |
| 19 | 05132-26 | ASKARI BANK LIMITED | 358,470 | 0.39 |
| | | | **1,888,372** | **2.04** |

**Insurance Companies**

| SNO. | FOLIO | NAME | HOLDING | PERCENTAGE |
|---|---|---|---|---|
| 1 | 8938 | STATE LIFE INSURANCE CORPORATION OF PAKISTAN | 243 | 0.00 |
| 2 | 87103 | PAKISTAN GUARANTEE INSURANCE CO LTD | 186 | 0.00 |
| 3 | 87157 | ORIENT INSURANCE CO LTD | 7 | 0.00 |
| 4 | 87258 | DELTA INSURANCE COMPANY LIMITED | 365 | 0.00 |
| 5 | 01388-1912 | NATIONAL GENERAL INSURANCE CO. LTD | 7 | 0.00 |
| 6 | 02451-21 | JUBILEE GENERAL INSURANCE COMPANY LIMITED | 10,123 | 0.01 |
| 7 | 02683-23 | STATE LIFE INSURANCE CORP. OF PAKISTAN | 4,951,494 | 5.36 |
| 8 | 03277-15009 | CENTURY INSURANCE COMPANY LTD. | 3,228 | 0.00 |
| 9 | 03277-2184 | EFU GENERAL INSURANCE LIMITED | 15,000 | 0.02 |
| 10 | 03277-4255 | PAKISTAN REINSURANCE COMPANY LIMITED | 307,281 | 0.33 |
| 11 | 03277-7330 | RELIANCE INSURANCE COMPANY LTD. | 6,023 | 0.01 |
| 12 | 03277-8372 | GHAF LIMITED | 12,039 | 0.01 |
| 13 | 03277-90405 | DAWOOD FAMILY TAKAFUL LIMITED | 46,500 | 0.05 |
| 14 | 03277-90406 | DAWOOD FAMILY TAKAFUL LIMITED | 24,106 | 0.03 |
| 15 | 05264-150503 | RELIANCE INSURANCE CO. LIMITED | 3,477 | 0.00 |
| 16 | 07450-1792 | DAWOOD FAMILY TAKAFUL LIMITED | 496 | 0.00 |
| 17 | 13748-501 | ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF | 93,930 | 0.10 |
| 18 | 13748-600 | ADAMJEE LIFE ASSURANCE COMPANY LTD-AMAANAT FUND | 3,000 | 0.00 |
| 19 | 18044-22 | ADAMJEE LIFE ASSURANCE COMPANY LIMITED | 23,592 | 0.03 |
| | | | **5,501,097** | **5.96** |

**Modarabas and Mutual Funds**

| SNO. | FOLIO | NAME | HOLDING | PERCENTAGE |
|---|---|---|---|---|
| 1 | 87169 | GOLDEN ARROW STOCK FUND | 7 | 0.00 |
| 2 | 87185 | DOMINION STOCK FUND LIMITED | 168 | 0.00 |
| 3 | 87196 | FIRST FIDELITY LEASING MODARABA | 36 | 0.00 |
| 4 | 87219 | CONFIDENCE MUTUAL FUND LTD | 7 | 0.00 |
| 5 | 87268 | MODARABA AL MALI | 73 | 0.00 |
| 6 | 87272 | SAFEWAY MUTUAL FUND LIMITED | 256 | 0.00 |
| 7 | 05488-25 | CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND | 1,250 | 0.00 |
| 8 | 05819-23 | CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND | 45,325 | 0.05 |
| 9 | 05959-27 | CDC - TRUSTEE ATLAS STOCK MARKET FUND | 112,422 | 0.12 |
| 10 | 05991-23 | CDC - TRUSTEE MEEZAN BALANCED FUND | 20,915 | 0.02 |
| 11 | 06411-21 | CDC - TRUSTEE AKD INDEX TRACKER FUND | 4,388 | 0.00 |
| 12 | 06726-23 | CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND | 11,000 | 0.01 |
| 13 | 07062-23 | CDC - TRUSTEE AL MEEZAN MUTUAL FUND | 147,702 | 0.16 |
| 14 | 07070-22 | CDC - TRUSTEE MEEZAN ISLAMIC FUND | 281,990 | 0.31 |
| 15 | 07450-521 | B.R.R. GUARDIAN LIMITED | 8,208 | 0.01 |
| 16 | 09449-25 | CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND | 49,186 | 0.05 |
| 17 | 09480-21 | CDC - TRUSTEE NBP STOCK FUND | 1,120 | 0.00 |
| 18 | 10397-29 | CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND | 116,920 | 0.13 |
| 19 | 10603-21 | CDC - TRUSTEE APF-EQUITY SUB FUND | 8,500 | 0.01 |
| 20 | 10900-25 | CDC - TRUSTEE APIF - EQUITY SUB FUND | 5,940 | 0.01 |
| 21 | 11262-23 | CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND | 6,000 | 0.01 |
| 22 | 12120-28 | CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND | 33,569 | 0.04 |
| 23 | 12336-23 | CDC - TRUSTEE LAKSON EQUITY FUND | 55,889 | 0.06 |
| 24 | 14373-27 | MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND | 50 | 0.00 |
| 25 | 16501-27 | CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND | 2,900 | 0.00 |
| 26 | 16535-24 | CDC - TRUSTEE LAKSON TACTICAL FUND | 3,755 | 0.00 |
| 27 | 16626-23 | CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND | 3,022 | 0.00 |
| 28 | 17210-22 | CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND | 5,700 | 0.01 |
| 29 | 17681-26 | CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND | 5,000 | 0.01 |
| | | | **931,298** | **1.01** |

**Shareholders Holding 5% or More**

| SNO. | FOLIO | NAME | HOLDING | PERCENTAGE |
|---|---|---|---|---|
| 1 | 03277-86250 | LUCKY CEMENT LIMITED | 50,798,000 | 55.00 |
| 2 | 03277-55740 | YUNUS TEXTILE MILLS LIMITED | 11,088,257 | 12.01 |
| 3 | 03277-56881 | GADOON TEXTILE MILLS LIMITED | 6,654,867 | 7.20 |
| 4 | 03277-81888 | LUCKY TEXTILE MILLS LIMITED | 5,751,130 | 6.23 |
| 5 | 02683-23 | STATE LIFE INSURANCE CORP. OF PAKISTAN | 4,951,494 | 5.36 |
| | | | **79,243,748** | **85.80** |
| | General Public : | | **6,670,251** | **7.22** |
| | Others: | | **1,318,456** | **1.43** |
| | | **Total (excluding shareholders holding 5% or more)** | **92,359,050** | **100.00** |

# Notice of 73rd Annual General Meeting

Notice is hereby given that the 73rd Annual General Meeting ("AGM") of Lucky Core Industries Limited (the "Company") will be held on Thursday, September 26, 2024 at 10:00 a.m. at 5 West Wharf, Karachi and through video-conferencing.

Instructions with regard to participation appear in the notes below. While convening the AGM, the Company will observe the quorum provisions and will comply with all the regulatory requirements.

The AGM is being held to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider, and adopt the annual audited financial statements of the Company for the year ended June 30, 2024, along with the Directors' and Auditors' Reports thereon.

   In accordance with Section 223 of the Companies Act, 2017 and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the financial statements of the Company can be accessed through the following weblink and QR enabled code.

   https://luckycore.com/investor-relations/financial-reports/

2. To declare and approve final cash dividend at 330% i.e. PKR 33/- per ordinary share of PKR 10/- each for the year ended June 30, 2024, as recommended by the Board of Directors. The dividend will be payable to the Members whose names appear in the Register of the Members as on September 19, 2024.

3. To appoint auditors of the Company for FY 2024-25 and to fix their remuneration. The Board of Directors, on the recommendation of the Board Audit Committee of the Company, has proposed the re-appointment of M/s. A.F. Ferguson & Co. as auditors, for the year ending June 30, 2025.

**SPECIAL BUSINESS:**

4. To consider and if deemed fit, approve and adopt amendments in the Articles of Association of the Company in accordance with Section 38 of the Companies Act, 2017, to align the same with the Companies Act, 2017, and in that connection to pass the following resolution as Special Resolution (with or without modification):

   **"RESOLVED THAT** subject to any modifications as may be required by the Securities and Exchange Commission of Pakistan and fulfilment of all formalities / procedures required under the applicable law, the amendments to the Articles of Association of the Company, as proposed by the Board of Directors and initialed by the Chief Executive for purpose of identification, be and are hereby approved along with any modifications as may be required by any regulatory authority, in order to update the same in accordance with the Companies Act, 2017.

   **FURTHER RESOLVED THAT** either the Chief Executive and/or the Company Secretary of the Company be and are hereby singly authorized to do all acts, deeds and things and take all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolution, as well as to carry out any other act or step which may be ancillary or incidental to the above and necessary to fully achieve the objects of the aforesaid resolution."

5. To consider and if deemed fit, ratify and approve (as the case may be), by way of Special Resolutions, the following resolutions with respect to the related party transactions in terms of Sections 207 and/or 208 of the Companies Act, 2017 (to the extent applicable) (with or without modification):

**“RESOLVED THAT** the related parties’ transactions, carried out by the Company with different related parties, to the aggregate extent of PKR 14,029,739,000/- (Pak Rupees Fourteen Billion Twenty Nine Million Seven Hundred and Thirty Nine Thousand) during the year ended June 30, 2024 as reported in the financial statements for the said period, be and are hereby ratified and confirmed.

**FURTHER RESOLVED THAT** the Company be and is hereby authorized to enter into arrangements or carry out transactions from time to time including, but not limited to, for the purchase and sale of goods, commodities and materials including chemicals, soda ash, polyester, electricity, cement, vehicles, or availing or rendering of services, payment of donations, or share subscription, with different related parties including, but not limited to, Lucky Cement Limited, Yunus Textile Mills Limited, Gadoon Textile Mills Limited, YB Pakistan Limited, Lucky Textile Mills Limited, Lucky Motors Corporation Limited, Lucky Foods (Private) Limited, Lucky Commodities (Private) Limited, Lucky Landmark (Private) Limited, Tabba Heart Institute, Tabba Kidney Institute, Aziz Tabba Foundation, Global Commodities Limited, Lucky Core PowerGen Limited, Lucky TG (Private) Limited, Lucky Core Ventures (Private) Limited, and other related parties to the extent deemed fit and approved by the Board, during the financial year ending June 30, 2025. The Members have noted that for the aforesaid arrangements and transactions some or a majority of the Directors may be interested/deemed to be interested. Notwithstanding the same, the Members hereby grant an advance authorization and approval to the Board of Directors of the Company, including under Sections 207 and / or 208 of the Companies Act, 2017 (to the extent applicable) to review and approve all related party transactions as per the quantum approved by the Board of Directors from time to time.

**FURTHER RESOLVED THAT** the related party transactions as aforesaid, for the period ending June 30, 2025, would subsequently be presented to the Members at the next Annual General Meeting for ratification and confirmation.”

Attached to this notice is the Statement of Material Facts covering the above-mentioned Special Businesses, as required under Section 134(3) of the Companies Act, 2017 and a statement under Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

By Order of the Board

September 05, 2024
Karachi

**Laila Bhatia Bawany**
Company Secretary

## Notes:

1. **Closure of Share Transfer Books:**

   The Share Transfer Books of the Company will remain closed from September 20, 2024 to September 26, 2024 (both days inclusive). Share transfers received in order at the office of our Share Registrar, FAMCO Share Registration Services (Private) Limited, 8-F, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, by the close of business on September 19, 2024, will be considered as being in time, to entitle the transferees to the final cash dividend and to attend and vote at the AGM.

2. **Participation in the AGM via Physical Presence or Through Video Conferencing:**

   Members whose names appear in the Register of Members as of September 19, 2024, are entitled to attend and vote at the AGM. A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, speak and vote for him/her.

   An instrument of proxy applicable for the AGM is being provided with the Notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: www.luckycore.com. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a certified true copy of such power or authority duly notarized must, to be valid, be deposited through email on generalmeetings@luckycore.com or at the registered address of the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited not less than forty-eight (48) hours before the time of AGM, excluding public holidays.

   Members are requested to submit a copy of their Computerized National Identity Card (CNIC) at the registered address to our Shares Registrar, FAMCO Share Registration Services (Private) Limited.

a. To attend the AGM through video-conferencing facility, the Members are requested to register themselves by providing the following information through email at generalmeetings@luckycore.com at least forty-eight (48) hours before the AGM.

| Name of Member | CNIC / NTN No. | Folio No. / CDC IAS A/C No. | Cell No. | Email Address |
|---|---|---|---|---|
| | | | | |

b. Members will be registered, after necessary verification as per the above requirement and will be provided a video-link by the Company via email.

c. Only those Members will be accepted at the AGM via video-conferencing whose names match the details shared with the Company for registration (as mentioned in point 'a' above).

d. The login facility will remain open from 09:45 a.m. till the end of AGM.

e. Members can also share their comments / suggestions on the agenda of AGM by email at generalmeetings@luckycore.com.

3. **Guidelines for Central Depository Company of Pakistan Limited ('CDC') Investor Account Holders:**
   CDC Investor Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

   **a. for attending the AGM:**

   (i) In case of individuals, the investor account holder or sub-account holder and / or the person whose securities are in group account where registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or valid passport at the time of attending the AGM.

   (ii) In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature of the nominee shall be produced at the time of the AGM.

   **b. for appointing Proxies:**

   (i) In case of individuals, the investor account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

   (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

   (iii) Copies of CNIC or the valid passport of the beneficial owners and the proxy shall be furnished along with the proxy form.

   (iv) The proxy shall produce his original CNIC or original valid passport at the time of the Meeting.

   (v) In case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. **Electronic Transmission of Annual Report 2024:**
   In compliance with section 223(6) of the Companies Act, 2017, and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, the Company has electronically transmitted the Annual Report 2024 through weblink, QR enabled code and through email to Members whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited. However, in cases, where email addresses are not available with the Company's Share Registrar, printed copies of the notices of AGM along-with the QR enabled code/weblink to download the Annual Report 2024 (containing the financial statements), have been dispatched.

Notwithstanding the above, the Company will provide hard copies of the Annual Report 2024, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request. Further, Members are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited if the Member holds shares in physical form or, to the Member's respective Participant/Investor Account Services, if shares are held in book entry form.

5. **Submission of CNIC / NTN (Mandatory):**
Pursuant to the directives of the SECP, the dividends of Members whose valid CNIC or NTN (in case of corporate entities) are not available with the Share Registrar could be withheld. Members are therefore, requested to submit a copy of their valid CNIC or NTN (if not already provided) to the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited.

6. **Dividend Mandate (Mandatory):**
In accordance with the provisions of Section 242 of the Companies Act, 2017, and Regulation 4 of the Companies (Distribution of Dividends) Regulations 2017, a listed company is required to pay cash dividend to the Members **ONLY** through electronic mode directly into the bank account designated by the entitled Member. In compliance with the above law, in order to receive dividends directly in your bank account, you are requested to provide (if not already provided) the information mentioned in the Form placed at the Company's website www.luckycore.com to the brokers / CDC for shares held in the electronic form or to the Company's Shares Registrar, for shares held in physical form. In case of non-receipt of information, the Company will be constrained to withhold payment of dividend to Members.

7. **Treatment of Withholding Tax:**
Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Withholding of tax on dividend based on 'Active' and 'Non-Active' status of Members shall be @ 15% and 30% respectively. 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (http://www.fbr.gov.pk/) and 'Non-Active' means a person whose name does not appear on the Active Taxpayers List.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on Active / Non-Active status of principal Member as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

All Members who hold shares with joint Members are requested to provide shareholding proportions of principal Member and joint-Member(s) in respect of shares held by them to our share registrar, M/s. FAMCO Share Registration Services (Private) Limited before the close of business on September 19, 2024, as per the following format:

| Name of Principal Member/Joint Holders | Shareholding proportions (%) | CNIC No. (copy to be attached) | Folio / CDC Account No. | Total Shares | Signature |
|---|---|---|---|---|---|
| | | | | | |

8. **Exemption from Deduction of Income Tax / Zakat:**
Members seeking exemption from deduction of income tax or those who are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring no deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

9. **Unclaimed Dividend / Shares under Section 244 of the Companies Act, 2017:**
An updated list for unclaimed dividend / shares of the Company is available on the Company's website www.luckycore.com. These are unclaimed dividend / shares which have remained unclaimed or unpaid for a period of three (3) years from the date these have become due and payable.

Claims can be lodged by Members on claim forms as are available on the Company's website. Claim forms must be submitted to the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited for receipt of dividend / shares.

10. **Conversion of Physical Shares into the Book Entry Form:**
The SECP through its letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021 has advised listed companies to adhere to provisions of Section 72 of the Companies Act, 2017 by replacing physical shares issued by them into book entry form.

The Members of the Company having physical folios / share certificates are requested to convert their shares from physical form into book-entry form as soon as possible. The Members may contact their Broker, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. It would facilitate the Members in many ways including safe custody of shares, avoidance of formalities required for the issuance of duplicate shares, etc. For further information and assistance, the Members may contact our Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited.

11. **Postal Ballot:**
Pursuant to the Companies (Postal Ballot) Regulations, 2018 read with Sections 143 and 144 of the Companies Act, 2017, Members will be allowed to exercise their right to vote through postal ballot, that is voting by post or electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

12. **Requirement to Incorporate Email Address and Cell Number:**
Members are requested to have their updated email and cell number incorporated in their physical folio with the Share Registrar of the Company and with their Participant or Broker / CDC Investor Account Services for shares held in electronic form.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESSES**

**Agenda Item no. 4**

This Statement sets out the material facts pertaining to Special Business Item Number 4 as described in the Notice of the 73rd AGM of the Company.

The management of the Company is proposing to amend the Articles of Association of the Company for the purposes of updating the same to be in accordance with the existing laws of Pakistan, particularly the Companies Act, 2017, and to promote ease of doing business in line with applicable laws, which will allow the Company to carry on its business in a more efficient manner.

The Board of Directors of the Company, at its meeting held on August 05, 2024, approved the amendments in the existing Articles of Association of the Company, subject to obtaining all necessary corporate and regulatory approvals. The existing Articles of Association of the Company are currently in accordance with the Companies Ordinance, 1984, and approval is sought to amend and substitute them for a new set of Articles. The Board of Directors confirm that the proposed new Articles are in line with legislative changes and requirements brought about by the Companies Act, 2017 and other applicable laws and regulations. The proposed amendments also reflect new references for sections of the Companies Act, 2017.

The Company's existing Articles of Association, the draft of the proposed Articles of Association and a comparative table, showing amendments made in the Articles of Association, has been electronically dispatched to those Members whose email address is available with the Company and can also be accessed on the website of the Company using the link below and will also be available for inspection of the Members at the 73rd AGM. Members who wish to receive a hardcopy of the comparative table of amendments made to the Articles of Association can email the Company at generalmeetings@luckycore.com with their request.

https://luckycore.com/investor-relations/shareholder-notices-announcements/

The proposed changes to the Articles of Association requires the approval of the Members of the Company in a general meeting by way of special resolution.

No Directors of the Company have a direct or indirect interest in the alternation/ amendments/substitution of the Articles except in their capacity as Shareholder and/or Directors of the Company.

**Agenda Item no. 5**

This Statement sets out the material facts pertaining to Special Business Item Number 5 as described in the Notice of the 73rd AGM of the Company.

The Company routinely enters into arrangements and carries out transactions with its related parties in accordance with its policies and the applicable laws and regulations. Certain related party transactions, in which a majority of the Directors are interested, would require Members' approval under Sections 207 and / or 208 (to the extent applicable) of the Companies Act, 2017, read with Regulation 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

As some/majority of the Directors of the Company may be deemed to be interested in certain arrangements / transactions with related parties, including due to their shareholding or common directorships in related entities/parties, and to promote transparency, an approval from the Members was sought during the 72nd AGM of the Company, held on September 26, 2023, where the Members (by way of passing special resolutions) authorized the Board of Directors to approve such related party transactions conducted by the Company during the financial year ended June 30, 2024. All the related party transactions including the nature of relationship and quantum, have been disclosed in Note 42 to the unconsolidated financial statements for the year ended June 30, 2024.

All related party transactions are in accordance with the Company's policies. These are primarily transactions conducted in the ordinary course of business and on an arm's length basis. Under the Company's policy for Related Party Transactions, all related party arrangements and transactions are reviewed periodically by the Board Audit Committee which is chaired by an Independent Director. Following review and recommendation by the Board Audit Committee, the said arrangements / transactions are placed before the Board of Directors for approval.

Accordingly, the Members are requested to ratify and confirm the transactions with related parties as disclosed in the financial statements of the Company for the year ended June 30, 2024.

Furthermore, the Company will be entering into arrangements and conducting transactions with its related parties including, but not limited to, those stipulated in the resolution, during the financial year ending June 30, 2025. As some or a majority of the Directors of the Company may be deemed to be interested in certain arrangements or transactions, inter alia, due to their shareholding or common directorships in related entities, an approval from the Members is being sought to authorize the Company to conduct such related party transactions and enter into arrangements with related parties, and further to authorize and grant power to the Board of Directors to approve related party transactions to be conducted by the Company during the financial year ending June 30, 2025 (irrespective of composition of the Board and interest of the Directors). The related party transactions as aforesaid for the year ending June 30, 2025 shall be deemed to have been approved by the Members.

The Members should note that it is not possible for the Company or the Directors to accurately predict the nature of related party arrangements / transactions, or the specific related parties with whom the transactions will be carried out. The transactions that may be carried out by the Company include, but are not limited to, purchase and sale of goods, commodities, and materials, including chemicals, soda ash, polyester, electricity, cement, vehicles, along with availing or rendering of services, payment of donations, or share subscription.

The Members should also note that, for the Special Resolutions described in the Notice of AGM, it is not possible for the Company to predict the quantum of related party transactions / arrangements to be undertaken in the period ending June 30, 2025; accordingly, the Members are also requested to authorize the Board of Directors to determine the quantum of the related party transactions / arrangements that may be undertaken from time to time. The Company will present the actual figures for subsequent ratification and confirmation by the Members, at the next AGM.

Based on the aforesaid the Members are requested to pass the Special Resolution (with or without modification) as stated in the Notice.

The Directors are interested in the resolutions only to the extent of their shareholdings and / or common directorships, (to the extent applicable) in such related party transactions.

**STATEMENT UNDER REGULATION 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017**

The Company at its Extraordinary General Meeting (EoGM) held on March 21, 2022, obtained approval for an equity investment of up to PKR 4,600,000,000 (Pak Rupees Four Billion Six Hundred Million) by way of subscription of up to 460,000,000 (Four Hundred Sixty Million) ordinary shares in a joint venture company namely Lucky TG (Private) Limited ("Lucky TG") in accordance with Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017. The investment was to be made in tranches over a period of 36 months.

The Company, together with Tariq Glass Industries Limited (TGIL) incorporated Lucky TG, to set up a float glass manufacturing facility with a production capacity of up to 1,000 metric tons per day. The facility was intended to be set up in two phases having production capacity of 500 metric tons per day each with expectation that the first phase of the facility would become commercially operational during FY 2024-25. Due to uncertain economic conditions, there have been delays in the project which have necessitated a reassessment of the project timelines.

As the funds in Lucky TG remained unutilized, on July 23, 2024, Lucky TG completed a buy-back of a certain proportion of its shares in accordance with section 88 of the Companies Act 2017 read with relevant provisions of the Companies Regulations 2024. Notwithstanding the same, the joint venture partners remain committed to completing the project as soon as the economic environment becomes more conducive.

The information as required in compliance with Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, is as under:

| | |
|---|---|
| Total investment approved | Up to PKR 4,600,000,000 (Pak Rupees Four Billion Six Hundred Million) |
| Amount of investment made to date | The Company invested PKR 280,500,000 (Pak Rupees Two Hundred and Eighty Million Five Hundred Thousand) in the form of equity. Following a buy-back of shares by Lucky TG which was completed on July 23, 2024, the current investment of the Company in Lucky TG stands at PKR 5,100,000 (Pak Rupees Five Million One Hundred Thousand). The Company still holds 51% of the remaining share capital in Lucky TG following the buy-back. |
| Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time. | Delays in project timelines are due to uncertain economic conditions. |
| Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment. | 54,000,000 (Fifty-four million) issued ordinary shares of Lucky TG were brought back from the Company and Tariq Glass Industries Limited, in proportion to their shareholding to allow for utilization of injected funds that were lying dormant in Lucky TG. Lucky TG remains capable of meeting its financial liabilities. |

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# Form of Proxy
## Annual General Meeting

I / We ______________________________________________

of ______________________________________________

being Member(s) of Lucky Core Industries Limited holding ______________________

ordinary shares hereby appoint ______________________________________

of ______________________ or failing him / her ______________________

of ______________________ as my/our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on September 26, 2024 at 10:00 a.m. and at any adjournment thereof.

As witness my / our hand / seal this ______________ day of ______________ 2024.

Signed by the said ______________________________________

in the presence of 1. ______________________________________

______________________________________

2. ______________________________________

______________________________________

Folio / CDC Account No.

Signature

This signature should agree with the specimen registered with the Company.

**Important:**

1. The scanned copy of Proxy Form, duly completed and signed, must be received at the registered address of Company's share registrar or through email at generalmeetings@luckycore.com not less than 48 hours before the time of holding the AGM, excluding public holidays. Additionally, the information specified in the notice of Annual General Meeting to attend the AGM through video-link will have to be provided.
2. No person shall act as proxy unless he/she him/herself is a Member of the Company, except that a corporation may appoint a person who is not a Member.
3. If a Member appoints more than one proxy and more than one instruments of proxy are deposited by a Member with the Company, all such instruments of proxy shall be rendered invalid.

**For CDC Account Holders / Corporate Entities:**

In addition to the above the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC (Computerized National Identity Card) numbers shall be mentioned on the form.

ii) Scanned copies of CNIC or the passport of the beneficial owners and the proxy shall be submitted with the proxy form.

iii) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form.

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The Company Secretary
Lucky Core Industries Limited
5 West Wharf
Karachi-74000

LUCKY CORE INDUSTRIES

## DIVIDEND MANDATE (MANDATORY)

In accordance with the provisions of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations 2017, it is mandatory for a listed company to pay cash dividend to its shareholders **only through electronic mode by remitting directly into the designated bank account ("the Bank Account") as provided by the entitled shareholders.**

In order to receive your dividends directly into your Bank Account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your valid CNIC to the Shares Registrar of Lucky Core Industries Limited ("the Company") M/s FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

**IF YOU DO NOT PROVIDE BANK ACCOUNT DETAILS, THE COMPANY WILL WITHHOLD DIVIDEND PAYMENT AS REQUIRED BY LAW.**

**Bank Account Details of Shareholder for Payment of Cash Dividend through electronic mode**

I hereby communicate to receive my future dividends directly in my Bank Account as detailed below:

| | |
|---|---|
| Name of Shareholder | ________________________________ |
| CNIC No./SNIC/ Passport Number (in Case of Foreign Shareholder) attach copy | ________________________________ |
| NTN (in Case of Corporate Shareholder) | ________________________________ |
| Folio Number/ CDC Account Number | ________________________________ |
| Contact Number of Shareholder | ________________________________ |
| Email Address of Shareholder | ________________________________ |
| International Bank Account No. (IBAN) | ________________________________ **24 Digit*** |
| Title of Bank Account | ________________________________ |
| Name of Bank | ________________________________ |
| Bank Branch | ________________________________ |
| Full Mailing Address of Branch & Contact Number of Branch | ________________________________ |

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company informed in case of any changes in the said particulars in future.

| | | |
|---|---|---|
| ____________________ | ____________________ | ____________________ |
| Shareholder's signature | Date | CNIC / SNIC No. (copy attached) |

[As per specimen signature registered with the Lucky Core Industries Limited / Shares Registrar]

*Please provide complete IBAN Number (24 digits), after checking with your concerned bank branch to enable electronic credit directly into your bank account. The payment of cash dividend will be processed based on the 24 digit IBAN alone.

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The Company Secretary
Lucky Core Industries Limited
5 West Wharf
Karachi-74000

LUCKY CORE INDUSTRIES

# Standard Request Form
# Circulation of Annual Financial Statement

**The Company Secretary**
Lucky Core Industies Limited
5 West Wharf,
Karachi 74000

Subject: **Circulation of Annual Audited Financial Statements via Email**

In compliance with section 223(6) of the Companies Act, 2017, the Company will be circulating its Annual Financial Statements (together with the Auditor's Report, Director's Report, and Chairman's Review Report) to its Members through Email. **In this regard, we request you to provide the following information.**

**Receipt of financial statements through Email:**

Name of the Member/ Shareholder ______________________________

CNIC /SNIC # ______________________________

Folio / Shareholder Number/CDC Account No. ______________________________

Email Address ______________________________

Further, Shareholders who wish to receive a hardcopy of Annual Audited Financial Statements should fill the form below and send the same to the Company's address or at the registered address of the Company's Share Registrar.

**Receipt of hard copy of financial statements:**

Name of the Member/ Shareholder ______________________________

CNIC / SNIC # ______________________________

Folio / Shareholder Number/CDC Account No. ______________________________

Mailing Address ______________________________

______________________________

______________________________

I/We hereby confirm that the above-mentioned information is correct and in case of any change therein, I/we will immediately intimate the Company's Share Registrar. I/we further confirm that the transmission of the Company's Annual Audited Financial Statements through my/our above address would be taken as compliance with Section 223(6) of the Companies Act, 2017.

______________________
Shareholder's signature

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The Company Secretary
Lucky Core Industries Limited
5 West Wharf
Karachi-74000

# فارم برائے پراکسی/نیابت نامہ

میں /ہم ______________________________________(نام) کو جس / جن کا تعلق_________________________

(شہر) سے ہے لکی کورانڈسٹر یز لمیٹڈ کے ممبر کی حیثیت سے______________________(شیئرز کی تعداد) شیئرز کی تحویل رکھتا/رکھتی ہوں۔ میں

/ہم______________________(نام)کو یا ان کی عدم حاضری کی صورت میں ____________________کو جس / جن کا تعلق

________________سے ہے، کو26 ستمبر2024 صبح 10 بجے منعقد ہونے والے سالانہ اجلاس عام یا ملتوی ہونے کی صورت میں دیگر تاریخ پر

اپنی/ہماری غیر موجودگی میں شرکت اور ووٹ دینے کے لیے اپنا/ہمارا پراکسی مقرر کرتا/کرتی/کرتے ہیں۔

مہر بطور گواہی_____(دن)______(ماہ)2024،

مذکورہ کی جانب سے دستخط کئے گئے_____________________

ان گواہان کی موجودگی میں:

۱____________________________ ۲____________________________

فولیو/سی ڈی سی اکاؤنٹ نمبر

دستخط کمپنی میں رجسٹرڈ دستخط کے نمونے کے مطابق ہونے چاہئیں۔

**اہم نکات:**

1۔ پراکسی فارم کی اسکین شدہ کاپی، مکمل کرنے اور دستخط کرنے کے بعداجلاس کے وقت سے کم از کم 48گھنٹے قبل (چھٹیوں کے علاوہ) کمپنی کے ای میل ایڈریس generalmeetings@luckycore.com پر موصول ہونا لازمی ہے۔اس کے علاوہ سالانہ اجلاس عام میں ویڈیو لنک کے ذریعے شرکت کے لیے اجلاس کی اطلاع میں بتائی گئی معلومات فراہم کرنا ہوں گی۔

2۔ کمپنی کے ممبر کے علاوہ کوئی بھی فرد پراکسی کے طور پر کام نہیں کر سکتا۔

3۔ اگر کوئی ممبر ایک سے زائد پراکسی منتخب کرتا ہے یا پراکسی کے دستاویز ایک سے زائد جمع کراتا ہے تو ایسے دستاویزات غیر فعال ہوں گے۔

**سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریٹ اداروں کے لیے:**

مذکورہ بالا کے علاوہ درج ذیل ہدایات بھی پوری کرنی ہوں گی:

I) پراکسی فارم پر 2افراد کی گواہی موجود ہو، جن کے نام، ایڈریس اور سی این آئی سی (کمپیوٹرائزڈ قومی شناختی کارڈ) نمبر فارم پر درج ہوں۔

II) بینیفیشل مالکان کے سی این آئی سی یا پاسپورٹ کی اسکین شدہ کاپیاں اور پراکسی ای میل کے ذریعے پراکسی فارم کے ساتھ جمع کرانے ہوں گے۔

III) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی دستخط کے نمونے کے ساتھ (اگر پہلے فراہم نہیں کیا) پراکسی فارم کے ساتھ جمع کرانی ہوں گی۔

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Lucky Core Industries Limited
5 West Wharf
Karachi-74000

5۔ **CNIC/NTN جمع کرانا (لازمی):**
ایس ای سی پی کی ہدایات کی روشنی میں، ان شیئر ہولڈرز کے ڈیویڈنڈ جنہوں نے شیئر رجسٹرار کے پاس اپنے موثر سی این آئی سی یا این ٹی این (کارپوریٹ ادارے کی صورت میں) فراہم نہیں کئے ان کی ادائیگی روکی جاسکتی ہے۔ اس لئے شیئر ہولڈر اپنے مؤثر سی این آئی سی کی فوٹو کاپی (اگر پہلے فراہم نہیں کی) کمپنی کے شیئر رجسٹرار، میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے پاس جمع کرائیں۔ ممبر کے مؤثر سی این آئی سی کی غیر موجودگی میں، کمپنی ممبران کے ڈیویڈنڈ روکنے کے لئے مجبور ہوگی۔

6۔ **ڈیویڈنڈ مینڈیٹ (لازمی):**
کمپنیز ایکٹ 2017 کے سیکشن 242 اور کمپنیز ریگولیشنز 2017 (ڈیویڈنڈز کی تقسیم) کے ریگولیشن 4 کی تعمیل میں، کسی بھی لسٹڈ کمپنی کے لئے لازم ہے اپنے شیئر ہولڈرز کو نقد منافع منقسمہ کی ادائیگی صرف اس کے فراہم کردہ بینک اکاؤنٹ میں الیکٹرانک انداز سے ہی انجام دے۔ مذکورہ بالا قانون کی تعمیل میں اپنی بینک اکاؤنٹ میں براہ راست منافع منقسمہ وصول کرنے کے لئے، آپ سے گزارش کی جاتی ہے کہ کمپنی کی ویب سائٹ www.luckycore.com پر موجود فارم میں درج معلومات (اگر پہلے فراہم نہیں کی) فراہم کریں، الیکٹرانک فارم شیئرز رکھنے والے اپنی بروکرز/سی ڈی سی کو فراہم کریں جبکہ فزیکل فارم میں شیئرز رکھنے والے کمپنی کے شیئر رجسٹرار کو فراہم کریں۔ معلومات موصول نہ ہونے کی صورت میں کمپنی شیئر ہولڈرز کو منافع منقسمہ کی ادائیگی روکنے پر مجبور ہوگی۔

7۔ **ودہولڈنگ ٹیکس کا نفاذ:**
انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کی تعمیل میں شیئرز کے منافع منقسمہ کی آمدنی پر ودہولڈنگ ٹیکس نافذ ہوگا۔ ڈیویڈنڈ پر ودہولڈنگ ٹیکس کا نفاذ شیئر ہولڈرز کے ''ایکٹیو'' اور ''نان ایکٹیو'' اسٹیٹس کی بنیاد پر بالترتیب 15 فیصد اور 30 فیصد کے حساب سے ہوگا۔ ایکٹیو سے مراد وہ فرد ہے جس کا نام ایف بی آر کے ای پورٹل (http://www.fbr.gov.pk) پر ایکٹیو ٹیکس پیئر لسٹ میں موجود ہو اور نان ایکٹیو سے مراد وہ فرد ہے جس کا نام ایکٹیو ٹیکس پیئر لسٹ میں موجود نہ ہو۔

مزید براں، فیڈرل بورڈ آف ریونیو (FBR) کی جانب سے موصول ہونے والی وضاحت کے مطابق، جوائنٹ اکاؤنٹ کی صورت میں ودہولڈنگ ٹیکس کا نفاذ پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈر پر انکے شیئر ہولڈنگ تناسب کی بنیاد پر ایکٹیو/نان ایکٹیو اسٹیٹس پر علیحدہ سے ہوگا۔

جوائنٹ ممبرز کے ساتھ شیئر رکھنے والے تمام شیئر ہولڈرز سے گزارش کی جاتی ہے کہ وہ پرنسپل شیئر ہولڈر اور جوائنٹ شیئر ہولڈر کے اپنے شیئر ہولڈنگ تناسب کی معلومات ہمارے شیئر رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے پاس ذیل میں درج طریقہ کار کے تحت 19 ستمبر 2024 کو کاروبار بند ہونے سے قبل تک فراہم کریں:

| پرنسپل شیئر ہولڈر/جوائنٹ شیئر ہولڈرز کا نام | شیئر ہولڈنگ تناسب % | CNIC نمبر (کاپی منسلک کریں) | فولیو/CDC اکاؤنٹ نمبر | ٹوٹل شیئرز | دستخط |
|---|---|---|---|---|---|
| | | | | | |

8۔ **انکم ٹیکس/زکوٰۃ کی کٹوتی سے استثنیٰ:**
ممبران جو انکم ٹیکس کی کٹوتی سے استثنیٰ کے خواہشمند ہیں یا وہ جو رعایتی شرح پر کٹوتی کے اہل ہیں ان سے گزارش کی جاتی ہے کہ وہ ٹیکس سے استثنیٰ کا مؤثر سرٹیفکیٹ یا ضروری دستاویزی ثبوت جمع کرائیں۔ ممبران جو زکوٰۃ کی کٹوتی نہیں چاہتے ان سے گزارش کی جاتی ہے کہ زکوٰۃ کی کٹوتی سے استثنیٰ کا مؤثر حلف نامہ جمع کرائیں۔

9۔ **کمپنیز ایکٹ 2017 کے سیکشن 244 کے تحت غیر دعویٰ شدہ ڈیویڈنڈ/شیئرز:**
کمپنی کے غیر دعویٰ شدہ ڈیویڈنڈز/شیئرز کی اپ ڈیٹڈ لسٹ کمپنی کی ویب سائٹ www.luckycore.com پر موجود ہے۔ یہ غیر دعویٰ شدہ ڈیویڈنڈ/شیئرز ہیں جن کی ادائیگی کی تاریخ کو تین سال سے زائد کا عرصہ گزرا ہے یا انہیں غیر دعویٰ شدہ ہی چھوڑا گیا ہے۔

کمپنی کی ویب سائٹ پر موجود کلیم فارمز پر ممبرز کی جانب سے دعویٰ داخل کیا جاسکتا ہے۔ کلیم فارم لازمی طور پر کمپنی کے شیئر رجسٹرار، میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے پاس ڈیویڈنڈ/شیئرز کی وصولی کے لئے جمع کرائے جاسکتے ہیں۔

10۔ **فزیکل شیئرز کی بک انٹری فارم میں تبدیلی:**
سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے خط CSD/ED/Misc/2016-639-640 بتاریخ 26 مارچ 2021 میں لسٹڈ کمپنیز کو ہدایت دی ہے کہ کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق اپنے فزیکل شیئرز کو بک انٹری فارم میں تبدیل کریں۔

کمپنی کے فزیکل فولیوز/شیئر سرٹیفکیٹ رکھنے والے شیئر ہولڈرز سے گزارش کی جاتی ہے کہ جلد سے جلد اپنے فزیکل فارم والے شیئرز کو بک انٹری فارم میں تبدیل کرائیں۔ اس ضمن میں شیئر ہولڈرز اپنے بروکر، سی ڈی سی پارٹیسپنٹ یا سی ڈی سی انویسٹر اکاؤنٹ سروس پرووائیڈر سے سی ڈی ایس اکاؤنٹ کھولنے اور فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرانے کے لئے مدد لے سکتے ہیں۔ اس سے شیئر ہولڈرز کو شیئرز کی محفوظ حوالگی سمیت کئی طریقوں سے سہولت ہوگی جبکہ ڈپلیکیٹ شیئرز وغیرہ کے اجراء کے لئے مطلوبہ لوازمات سے بھی محفوظ رہیں گے۔ مزید معلومات اور معاونت کے لئے، شیئر ہولڈرز ہمارے شیئر رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ سے رابطہ کیا جاسکتا ہے۔

11۔ **پوسٹل بیلٹ:**
کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کے مطابق کمپنیز ایکٹ 2017 کے سیکشن 143 اور 144 کے ساتھ اس طرح پڑھا جائے گا کہ ممبران کو پوسٹل بیلٹ کے ذریعے ووٹ کرنے کا حق حاصل ہوگا۔ یہ ووٹنگ پوسٹ یا الیکٹرانک انداز میں مذکورہ ریگولیشنز میں درج لوازمات اور طریقہ کار کے مطابق ہوگی۔

12۔ **ای میل ایڈریس اور موبائل نمبر درج کرنے کی شرط:**
ممبران سے گزارش کی جاتی ہے کہ وہ کمپنی کے شیئر رجسٹرار کو اپنے فیزیکل فولیو کے لئے اپ ڈیٹ شدہ ای میل اور موبائل فون نمبر فراہم کریں اور الیکٹرانک شکل میں شیئرز کی صورت میں اپنی پارٹیسپنٹ یا بروکر/سی ڈی سی انویسٹر اکاؤنٹ سروسز کو فراہم کریں۔

نوٹس:

1۔ **شیئر ٹرانسفر بکس کی بندش:**
کمپنی کے شیئر ٹرانسفر بکس 20 ستمبر 2024 تا 26 ستمبر 2024 (دونوں دن شامل ہیں) تک بند رہیں گی۔ ہمارے شیئر رجسٹرارز میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ، F-8، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کے آفس میں 19 ستمبر 2024 کو کاروبار کے اختتام تک وصول ہونے والی منتقلیوں کو حتمی نقد منافع منقسمہ کی منتقلی کے حق دار سالانہ اجلاسِ عام میں شرکت اور ووٹ دینے کے لئے بروقت تصور کیا جائے گا۔

2۔ **بذاتِ خود یا ویڈیو کانفرنسنگ کے ذریعے اجلاس میں شرکت:**
19 ستمبر 2024 کو ممبران کے رجسٹر میں جن ممبران کے نام درج ہوں گے وہ اجلاس میں شرکت اور ووٹ دینے کے حقدار ہوں گے۔ اجلاس میں شرکت اور ووٹ دینے کے اہل ممبر کو اجلاس میں شرکت، بولنے اور ووٹ دینے کے لئے کسی کو بطور نمائندہ (پراکسی) مقرر کرنے کا حق حاصل ہوگا۔

ممبران کو اجلاس کے لئے مؤثر پراکسی دستاویز اس اطلاع کے ساتھ بھجوائے جا رہے ہیں۔ پراکسی دستاویز کی مزید کاپیاں کمپنی کے رجسٹرڈ آفس سے کام کے عمومی اوقات میں حاصل کی جاسکتی ہیں۔ پراکسی فارم کمپنی کی ویب سائٹ www.luckycore.com سے بھی ڈاؤن لوڈ کئے جاسکتے ہیں۔ پراکسی دستاویز اور پاور آف اٹارنی یا دیگر کوئی مختار نامہ (اگر کوئی ہو) جس پر دستخط ہیں وہ تصدیق شدہ ہے، یا ایسے کسی پاور یا مختار نامے کی تصدیق شدہ کاپی فعال صورت میں ہو، سالانہ اجلاسِ عام سے کم از کم 48 گھنٹے قبل (چھٹیوں کے علاوہ) generalmeeting@luckycore.com پر ای میل کئے جاسکتے ہیں۔ یا کمپنی کے شیئر رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے رجسٹرڈ ایڈریس پر بھیجے جاسکتے ہیں۔

ممبران سے گزارش کی جاتی ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی ہمارے شیئر رجسٹرار فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے رجسٹرڈ ایڈریس پر جمع کرائیں۔

الف) ویڈیو کانفرنسنگ کی سہولت کے ذریعے سالانہ اجلاس عام میں شرکت کے لئے، ممبران سے گزارش کی جاتی ہے کہ اجلاس سے کم از کم 48 گھنٹے قبل generalmeetings@luckycore.com پر درج ذیل معلومات فراہم کر کے اپنے آپ کو رجسٹر کریں:

| شیئر ہولڈر کا نام | سی این آئی سی/ این ٹی این نمبر | فولیو نمبر/ سی ڈی سی IAS اکاؤنٹ نمبر | موبائل نمبر | ای میل ایڈریس |
|---|---|---|---|---|
| | | | | |

ب) ممبران کو مذکورہ بالا تفصیلات کی تصدیق کے بعد رجسٹر کیا جائے گا اور انہیں کمپنی کی جانب سے ای میل کے ذریعے ویڈیو لنک فراہم کیا جائے گا۔

ج) صرف انہی ممبران کو ویڈیو کانفرنسنگ کے ذریعے سالانہ اجلاس عام میں شرکت کی منظوری دی جائے گی جن کے نام رجسٹریشن کیلئے (جیسا اوپر پوائنٹ الف میں درج ہے) کمپنی کے ساتھ شیئر کی گئی تفصیلات کے مطابق ہوں گے۔

د) لاگ ان کی سہولت صبح 09:45 سے سالانہ اجلاسِ عام کے اختتام تک جاری رہے گی۔

ر) ممبران سالانہ اجلاسِ عام کے ایجنڈے سے متعلق اپنی آراء اور تجاویز generalmeetings@luckycore.com پر ای میل کر سکتے ہیں۔

3۔ **سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (CDC) کے انویسٹر اکاؤنٹ ہولڈرز کے لئے ہدایات:**
سی ڈی سی انویسٹر اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے جاری کردہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 کے مطابق درج ذیل ہدایات پر عمل کرنا ہوگا:

الف) **اجلاس میں شرکت کے لیے**

(I) افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر یا وہ فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ ہو چکی ہیں، سالانہ اجلاس کے وقت اصل سی این آئی سی یا پاسپورٹ دکھا کر اپنی شناخت کی تصدیق کروائیں۔

(II) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی منتخب فرد کے دستخط کے نمونے کے ساتھ اجلاس کے وقت پیش کرنا ہوگا۔

ب) **پراکسی کے تقرر کے لیے**

(i) افراد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/ یا وہ فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ ہو چکی ہیں، مندرجہ بالا ہدایات کے مطابق پراکسی فارم جمع کرائیں۔

(ii) پراکسی فارم کے لئے 2 گواہ ضروری ہیں، جن کے نام، ایڈریس اور سی این آئی سی نمبر فارم پر درج ہوں۔

(iii) بینیفشل مالکان اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ جمع کرانا ہوں گی۔

(iv) پراکسی اپنا اصل سی این آئی سی یا فعال پاسپورٹ اجلاس کے وقت ہمراہ لائیں۔

(v) کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی منتخب فرد کے دستخط کے نمونے کے ساتھ کمپنی کو فراہم کرنے ہوں گے (اگر پہلے فراہم نہ کیا گیا ہو)۔

4۔ **سالانہ رپورٹ 2024 کی الیکٹرانک ترسیل:**
کمپنیز ایکٹ 2017 کے سیکشن 223(6) اور ایس آر او 389(1)/2023 بتاریخ 21 مارچ 2023 کی تعمیل میں کمپنی نے شیئر ہولڈرز کو سالانہ رپورٹ 2024 کی ویب لنک، QR کوڈ اور ای میل کے ذریعے الیکٹرانک ترسیل انجام دی ہے جن کے ای میل ایڈریس کمپنی کے شیئر رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کے پاس موجود ہیں۔ تاہم ایسے ممبران جن کے کمپنی کے شیئر رجسٹرار کے پاس ای میل ایڈریس موجود نہیں ہیں انہیں سالانہ اجلاسِ عام کی اطلاع کے نوٹس کی پرنٹ شدہ کاپیاں بشمول سالانہ رپورٹ (جس میں مالیاتی گوشوارے درج ہیں) مع QR کا حامل کوڈ/ ویب لنک ڈاؤن لوڈ کرنے کے لئے ارسال کر دیئے گئے ہیں۔

اس کے باوجود کمپنی سالانہ رپورٹ 2024 کی ہارڈ کاپی، کسی بھی ممبر کی جانب سے درخواست بھیجنے پر، ان کے رجسٹرڈ ایڈریس پر ایسی درخواست موصول ہونے کے ایک (1) ہفتے کے اندر مفت میں فراہم کرے گی۔

مزید براں فزیکل فارم میں شیئرز رکھنے والے ممبران سے گزارش کہ جاتی ہے کہ برائے مہربانی اپنا مؤثر ای میل ایڈریس (اپنے مؤثر CNIC کی کاپی کے ہمراہ) کمپنی کے شیئر رجسٹرار میسرز فیمکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو فراہم کریں جبکہ بک انٹری فارم میں شیئرز رکھنے والے ممبران اپنے متعلقہ پارٹیسپنٹ/ انویسٹر اکاؤنٹ سروسز کو فراہم کریں۔

# 73ویں سالانہ اجلاسِ عام کی اطلاع

بذریعہ نوٹس ہٰذا مطلع کیا جاتا ہے کہ لکی کور انڈسٹریز لمیٹڈ ("کمپنی") کا 73واں سالانہ اجلاسِ عام (AGM) بروز جمعرات 26 ستمبر 2024 صبح 10 بجے، 5 ویسٹ وہارف، کراچی پر اور ویڈیو کانفرنسنگ کے ذریعے منعقد کیا جائے گا۔

ہدایات برائے شرکت درج ذیل نوٹس میں فراہم کی جا رہی ہیں، سالانہ اجلاسِ عام کے انعقاد سے متعلق کورم کی شرائط کا جائزہ لیا جائے گا اور قانونی تقاضوں کے تعمیل یقینی بنائی جائے گی۔

سالانہ اجلاسِ عام درج ذیل کاروبار کی انجام دہی کے لئے منعقد کیا جا رہا ہے۔

**عمومی کاروبار**

1۔ 30 جون 2024 کو ختم شدہ سال کے لئے کمپنی کے آڈٹ شدہ سالانہ مالیاتی گوشواروں، بشمول ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، غور و خوض اور عمل درآمد کو یقینی بنانا۔

کمپنیز ایکٹ 2017 کے سیکشن 223 اور ایس آر او 2023/(1)389 بتاریخ 21 مارچ 2023 کی تعمیل میں کمپنی کے مالیاتی گوشوارے کمپنی کے درج ذیل ویب لنک اور QR کے حامل کوڈ کے ذریعے حاصل کئے جا سکتے ہیں۔

https://www.luckycore.com/investor-relation/financial-reports

2۔ بورڈ آف ڈائریکٹرز کی تجویز کے مطابق، 30 جون 2024 کو ختم شدہ سال کے لئے 10 روپے کے ہر عمومی شیئر کا حتمی نقد منافع منقسمہ 33 روپے یعنی بحساب 330 فیصد کا اعلان اور منظوری دینا، منافع منقسمہ کی ادائیگی ان ممبرز کو ہوگی جن کے نام 19 ستمبر 2024 کو ممبران کے رجسٹر میں درج ہوں گے۔

3- مالی سال 25-2024 کے لئے کمپنی کے آڈیٹرز کی تعیناتی اور ان کے مشاہرے کا تعین۔ بورڈ آف ڈائریکٹرز نے کمپنی کی بورڈ آڈٹ کمیٹی کی تجویز پر میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2025 کو ختم ہونے والے سال کیلئے دوبارہ آڈیٹرز کے طور پر تعینات کرنے کی تجویز دی ہے۔

**خصوصی کاروبار**

4۔ کمپنیز ایکٹ 2017 کے سیکشن 38 کے مطابق کمپنی کے آرٹیکلز آف ایسوسی ایشن میں ترامیم پر غور کرنا اور مناسب سمجھنے پر ان کی منظوری دینا اور کمپنیز ایکٹ 2017 کے ساتھ اس کو ہم آہنگ کرنا اور اس حوالے سے درج ذیل قرارداد کو خصوصی قرارداد کے طور پر منظور کرنا (ترمیم کے ساتھ یا بلا ترمیم)۔

"قرار پایا کہ کسی تجدید سے مشروط، جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو درکار ہوں اور لاگو قوانین کے تحت درکار تمام رسمی کارروائیوں / طریقوں کو پورا کرنے کے بعد کمپنی کے آرٹیکلز آف ایسوسی ایشن میں ترمیمات، جس کی بورڈ آف ڈائریکٹرز نے تجویز دی اور چیف ایگزیکٹیو نے شناخت کے مقصد سے دستخط کئے ہیں اور کسی ریگولیٹری اتھارٹی کی جانب سے مطلوبہ تجدید سمیت منظور کی جاتی ہے تاکہ کمپنیز ایکٹ 2017 کے مطابق اس کو ہم آہنگ کیا جائے۔"

"مزید قرار پایا کہ چیف ایگزیکٹیو آفیسر اور / یا کمپنی سیکرٹری انفرادی طور پر تمام امور، اعمال اور کام کرنے اور تمام قانونی کارروائیاں مکمل کرنے اور تمام دستاویز فائل کرنے، جو ضروری ہوں یا مذکورہ قرارداد پر عمل درآمد کرنے کی غرض سے اتفاقی طور پر لازمی ہوں، کی انجام دہی کرنے اور اس کے ساتھ ساتھ کوئی اور عمل یا قدم اٹھانے، جو ذیلی ہوں یا اتفاقی طور مذکورہ قرارداد کے مقاصد کو مکمل طور پر حاصل کرنے کیلئے ضروری ہوں کے مجاز ہیں۔"

5۔ درج ذیل قرارداد کو، جو کمپنیز ایکٹ 2017 کے سیکشنز 207 اور / یا 208 کے تحت (جہاں تک لاگو ہوں) متعلقہ پارٹیز ٹرانزیکشن کے حوالے سے درج ذیل قراردادوں پر خصوصی قرارداد کے ذریعے (ترمیم کے ساتھ یا بلا ترمیم) غور و خوض کرنا اور مناسب سمجھنے پر توثیق کرنا اور منظوری دینا۔

"قرار پایا کہ متعلقہ پارٹیز سے لین دین، جو کمپنی نے مختلف متعلقہ پارٹیز کے ساتھ انجام دیئے، جو سال ختم شدہ 30 جون 2024 کے دوران میں 14,029,739,000 پاکستانی روپے (چودہ بلین انیتس ملین سات سو انتالیس ہزار روپے) کی مجموعی حد تک ہے جیسا کہ مذکورہ عرصے کیلئے کمپنی کے غیر مجموعی مالیاتی گوشواروں میں رپورٹ کیا گیا ہے، اس کی توثیق اور تصدیق کی جاتی ہے۔"

مزید قرار پایا کہ کمپنی وقتاً فوقتاً انتظامات کرنے یا لین دین کرنے کی مجاز ہوگی اور اس میں بشمول، مگر محدود نہیں، سامان، اشیاء اور میٹریلز کی خرید و فروخت، میٹریلز بشمول کیمیکلز، سوڈا ایش، پولیسٹر، الیکٹریسٹی، سیمنٹ، گاڑیاں، یا مختلف متعلقہ پارٹی ٹرانزیکشنز کے ساتھ خدمات کے حصول اور عطیات کی ادائیگی یا شیئر سبسکرپشن، بشمول مگر محدود نہیں، لکی سیمنٹ لمیٹڈ، یونس ٹیکسٹائل ملز لمیٹڈ، گدون ٹیکسٹائل ملز لمیٹڈ، وائی بی پاکستان لمیٹڈ، لکی ٹیکسٹائل ملز لمیٹڈ، لکی موٹرز کارپوریشن لمیٹڈ، لکی فوڈز (پرائیویٹ) لمیٹڈ، لکی کموڈیٹیز (پرائیویٹ) لمیٹڈ، لکی لینڈمارک (پرائیویٹ) لمیٹڈ، طبہ ہارٹ انسٹی ٹیوٹ، طبہ کڈنی انسٹی ٹیوٹ، عزیز طبہ فاؤنڈیشن، گلوبل کموڈیٹیز لمیٹڈ، لکی کور پاور جن لمیٹڈ، لکی ٹی جی (پرائیویٹ) لمیٹڈ، لکی کور وینچرز (پرائیویٹ) لمیٹڈ اور اس طرح کی دیگر متعلقہ پارٹیز کے ساتھ مالی سال 30 جون 2025 کے دوران میں ٹرانزیکشنز شامل ہو سکتی ہیں، جتنا ڈائریکٹر مناسب سمجھے اور منظوری دے۔ ممبران کے علم میں ہے کہ مذکورہ بالا ٹرانزیکشنز کے لئے ڈائریکٹرز کی اکثریت کی دلچسپی / خواہش متصور ہو سکتی ہے۔ اس کے باوجود، ممبران یہاں کمپنی کے بورڈ آف ڈائریکٹرز کو پیشگی اختیار اور منظوری دیتے ہیں بشمول کمپنیز ایکٹ 2017 کے سیکشن 207 اور / یا 208 (جہاں تک لاگو ہوں) جس کے مطابق بورڈ کی منظور کی گئی مقدار کے حساب سے مذکورہ بالا کمپنیوں کے ساتھ متعلقہ پارٹی ٹرانزیکشنز کا جائزہ لے کر منظوری دی جائے۔

مزید قرار پایا کہ 30 جون 2025 کو ختم ہونے والی مدت کے لئے مذکورہ بالا متعلقہ پارٹی ٹرانزیکشنز بعد ازاں آئندہ سالانہ اجلاس عام میں ممبران کو توثیق اور تصدیق کے لئے پیش کی جائیں گی۔"

کمپنیز ایکٹ 2017 کے سیکشن (3)134 کے تحت مذکورہ بالا خصوصی قرارداد پر مشتمل اصل حقائق پر مبنی اسٹیٹمنٹ اور کمپنیز (انویسٹمنٹ ان ایسوسی ایٹڈ کمپنیز اور ایسوسی ایٹڈ انڈرٹیکنگز) ریگولیشنز 2017 کے ریگولیشن (2)4 کے تحت ایک اسٹیٹمنٹ اس نوٹس کے ساتھ منسلک کی جا رہی ہے۔

حسب الحکم بورڈ

5 ستمبر 2024
کراچی

لیلیٰ بھاٹیہ باوانی
کمپنی سیکریٹری

# ڈائریکٹرز رپورٹ

## برائے سال ختم شدہ 30 جون 2024 (مشترکہ)

ڈائریکٹرز 30 جون 2024ء کو ختم ہونے والے سال کے لئے لکی کور انڈسٹریز لمیٹڈ کے آڈٹ شدہ گروپ نتائج کے ساتھ اپنی رپورٹ بمسرت پیش کرتے ہیں۔ لکی کور انڈسٹریز گروپ میں لکی کور انڈسٹریز لمیٹڈ، اس کے ذیلی ادارے: لکی کور پاور جن لمیٹڈ (پاور جن)، لکی ٹی جی (پرائیویٹ) لمیٹڈ (لکی ٹی جی)، لکی کور وینچرز (پرائیویٹ) لمیٹڈ (ایل سی وی) اور اس سے وابستہ ادارہ؛ نیوٹری کو مورینا گا (پرائیویٹ) لمیٹڈ (این ایم پی ایل) شامل ہیں۔

ڈائریکٹرز کی رپورٹ کو، جو 30 جون 2024 کو ختم ہونے والے سال کے لئے لکی کور انڈسٹریز لمیٹڈ کی کارکردگی کا جائزہ فراہم کرتی ہے، علیحدہ پیش کیا گیا ہے۔

ختم ہونے والے سال کے لیے PowerGen کی خالص مجموعی فروخت 1,536 ملین روپے رہی، جو SPLY کے مقابلے میں 8 فیصد زیادہ ہے۔ یہ بنیادی طور پر بجلی کے اوسط نرخوں میں 19 فیصد اضافے کی وجہ سے ہوا۔ آپریٹنگ منافع 103 ملین روپے رہا، توانائی کی طلب میں کمی اور افراط زر کی بلند شرح کے تناظر میں آپریٹنگ لاگت میں اضافے کے باعث SPLY کے مقابلے میں اس میں 17 فیصد کی کمی واقع ہوئی۔

مجموعی بنیادوں پر، زیر جائزہ سال کے لئے 120,635 ملین روپے کی خالص مجموعی فروخت، SPLY کے مقابلے میں 10 فیصد زیادہ ہے جبکہ زیر جائزہ سال کے لیے 17,254 ملین روپے کا آپریٹنگ منافع، SPLY کے مقابلے میں 17 فیصد زیادہ ہے۔ زیر جائزہ سال کے دوران منافع بعد از ٹیکس 11,163 ملین روپے رہا، جو SPLY کے مقابلے میں 37 فیصد کم ہے، جبکہ ہولڈنگ کمپنی کے مالکان سے منسوب 120.73 روپے کی آمدنی فی شیئر، SPLY کے مقابلے میں 37 فیصد کم ہے، ایسا SPLY کے دوران ''این ایم پی ایل'' کے لگ بھگ 26.5 فیصد حصص کی فروخت سے حاصل شدہ 8,911 ملین روپے کی آمدنی اور متعلقہ ''آئی ایف آر ایس'' کے مطابق ''این ایم پی ایل'' کے باقی ماندہ 24.5 فیصد حصص کی دوبارہ پیمائش (Remeasurement) کی مد میں ایک ہی بار ہونے والے 8,239 ملین روپے کے تخمینی منافع کے باعث ہوا۔ گزشتہ سال کے اسی عرصے کے دوران ایک ہی بار ہونے والے مذکورہ بالا منافع کے اثرات کو علیحدہ رکھنے کی صورت میں، منافع بعد از ٹیکس SPLY کے مقابلے میں 37 فیصد زائد ہوتا۔

محمد سہیل ٹبہ
چیئرمین

آصف جمعہ
چیف ایگزیکٹو

بتاریخ 5 اگست 2024

کراچی

## بینکنگ کمیٹی

| | |
|---|---|
| جناب آصف جمعہ | چیئرمین |
| جناب عدنان آفریدی | رکن |
| جناب عارف الاسلام | رکن |

## شیئر ٹرانسفر کمیٹی

شیئر ٹرانسفر کمیٹی کو سال کے دوران تحلیل کر دیا گیا تھا کیونکہ قابل اطلاق قوانین کے تحت کمپنی کو شیئر ٹرانسفر کمیٹی رکھنے کی کوئی ضرورت/تقاضا نہیں ہے۔

## ڈائریکٹرز کی حاضری

مالی سال 24-2023 کے دوران سات (7) بورڈ اجلاس، چار (04) آڈٹ کمیٹی کے اجلاس اور دو (02) انسانی وسائل اور معاوضہ کمیٹی (ایچ آر اینڈ آر) کے اجلاس منعقد ہوئے۔ متعلقہ بورڈ/ذیلی کمیٹیوں کے اجلاسوں میں ہر ڈائریکٹر کی حاضری حسب ذیل رہی:

| ڈائریکٹر کا نام | بورڈ آف ڈائریکٹرز میٹنگز | آڈٹ کمیٹی میٹنگز | ہیومن ریسورس اینڈ ریمونریشن کمیٹی میٹنگز |
|---|---|---|---|
| جناب محمد سہیل ٹبہ | 7 | - | 2 |
| جناب محمد علی ٹبہ | 7 | 4 | 2 |
| جناب جاوید یونس ٹبہ | 7 | 3 | 2 |
| محترمہ امینہ اے عزیز باوانی | 4 | - | - |
| جناب آصف جمعہ | 7 | - | 2 |
| جناب محمد عابد گناترا* | 4 | - | - |
| جناب عدنان آفریدی | 7 | 4 | 2 |
| جناب عارف الاسلام** | 1 | - | - |
| سید محمد شبر زیدی | 7 | 4 | - |

*جناب محمد عابد گناترا نے 18 مارچ 2024 کو بورڈ سے استعفیٰ دے دیا۔
**جناب عارف الاسلام کو 24 اپریل 2024 کو جناب محمد عابد گناترا کی جگہ آزاد ڈائریکٹر مقرر کیا گیا۔ ان کی تقرری کے بعد سال کے دوران صرف ایک اجلاس منعقد ہوا۔

## ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے ایک باضابطہ ڈائریکٹرز معاوضہ پالیسی کی منظوری دی ہے، جو کمپنیز ایکٹ 2017 اور CCG کے مطابق ڈائریکٹرز کے معاوضے کے لیے ایک شفاف طریقہ کار پر مبنی ہے۔ مذکورہ پالیسی کے مطابق نان ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ یا اس کی ذیلی کمیٹی کی ہر میٹنگ میں شرکت کے لیے 75,000 روپے بعد از ٹیکس معاوضہ دیا جاتا ہے۔

ڈائریکٹرز اور چیف ایگزیکٹو کو سال کے دوران ادا کیے گئے معاوضے کے لیے مناسب انکشاف مالیاتی گوشواروں کے نوٹ 41 میں کیا گیا ہے۔

## بورڈ کا جائزہ

CCG تقاضوں کے تحت بورڈ کی کارکردگی کا جائزہ سالانہ بنیادوں پر لیا جاتا ہے۔ بورڈ آف ڈائریکٹرز تسلیم کرتا ہے کہ مسلسل جائزہ اس بات کا تعین کرنے کے لیے اہم ہے کہ بورڈ نے اپنے لیے مقررہ مقاصد اور اہداف کے حوالے سے کتنی موثر کارکردگی کا مظاہرہ کیا ہے۔ جائزے کے نتائج کی بنیاد پر بہتری کے شعبوں کی نشاندہی کی جاتی ہے، اصلاحی ایکشن پلان تیار کیے جاتے ہیں اور ان پر عمل کیا جاتا ہے۔

## ڈائریکٹرز کی تربیت

بورڈ ممبران کی اکثریت نے ڈائریکٹر کی تربیت حاصل کی ہے یا پھر وہ CCG کے ضابطہ 19 کے تحت ڈائریکٹرز کے لیے تربیتی پروگراموں سے استثنیٰ کے لیے مطلوب مقررہ قابلیت اور تجربہ کے حامل ہیں۔ تمام ڈائریکٹرز لسٹڈ کمپنی کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں۔

## رسک اسیسمنٹ فریم ورک

کمپنی کے رسک فریم ورک اور انٹرنل کنٹرول سسٹم کا مناسب انکشاف صفحہ نمبر 77-70 پر کیا گیا ہے۔

## شیئر ہولڈنگ کا نمونہ

کمپنیز ایکٹ 2017 کی دفعہ 227(2)(ایف) کے تحت 30 جون 2024ء تک کمپنی کی شیئر ہولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔

محمد سہیل ٹبہ
چیئرمین

آصف جمعہ
چیف ایگزیکٹو

بتاریخ 5 اگست 2024
کراچی

## کارپوریٹ گورننس کوڈ کی تعمیل

کمپنی نے کوڈ آف کارپوریٹ گورننس (CCG) ریگولیشنز کی تعمیل کرتے ہوئے اپنے تمام افعال میں اچھی کارپوریٹ گورننس کو یقینی بنانے کے لیے تمام ضروری اقدامات کیے ہیں، اس لیے ڈائریکٹرز کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے معاملات کی حالت، اس کے کاموں کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو مناسب انداز میں پیش کرتے ہیں۔
- کمپنی کے حساب کتاب کے باقاعدہ کھاتے رکھے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی، جو کہ پاکستان میں لاگو ہوتے ہیں، پیروی کی گئی ہے اور ان سے کسی بھی انحراف کا مناسب طور پر انکشاف کیا گیا ہے۔
- اندرونی کنٹرول کا نظام اپنی ساخت میں درست ہے اور اس پر مؤثر طریقے سے عملدرآمد اور نگرانی کی گئی ہے۔
- اپنی سرگرمیوں کو جاری رکھنے کی کمپنی کی صلاحیت کے بارے میں کوئی شک نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقہ ہائے کار کی عملی طور پر کوئی خلاف ورزی نہیں کی گئی۔
- گزشتہ 10 سال کے اہم آپریٹنگ اور فنانشل ڈیٹا کا خلاصہ صفحہ نمبر 185-184 پر دیا گیا ہے۔
- بقایا ٹیکس اور محصولات مالیاتی گوشواروں کے نوٹس میں بیان کر دیے گئے ہیں۔
- کمپنی کی انتظامیہ اچھی کارپوریٹ گورننس کے لیے پرعزم ہے اور بہترین طریقہ کار کی پابندی کے لیے مناسب اقدامات کیے جاتے ہیں۔
- کمپنی کے متعلقہ فریق کے ساتھ لین دین کو آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کے ذریعے منظور اور/یا اس کی توثیق کی جاتی ہے۔

## ریٹائرمنٹ فوائد میں سرمایہ کاری

| | 30 جون 2024 | 30 جون 2023 |
|---|---|---|
| | (ملین روپے) | (ملین روپے) |
| 1۔ لکی کور مینجمنٹ اسٹاف پراویڈنٹ فنڈ | 1560.92 | 1,281.08 |
| 2۔ لکی کور مینجمنٹ اسٹاف پینشن فنڈ | 710.08 | 571.74 |
| 3۔ لکی کور مینجمنٹ اسٹاف گریجویٹی فنڈ | 905.19 | 680.67 |
| 4۔ لکی کور مینجمنٹ اسٹاف ڈیفائنڈ کنٹری بیوشن فنڈ | 1958.82 | 1,483.11 |
| 5۔ لکی کور نان مینجمنٹ اسٹاف پراویڈنٹ فنڈ | 505.20 | 495.74 |
| کل | 5640.20 | 4,512.33 |

## بورڈ کی تشکیل

سی سی جی کے تقاضوں کے مطابق، کمپنی اپنے بورڈ میں آزاد اور غیر ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صنفی تنوع کی حوصلہ افزائی کرتی ہے۔ بورڈ کی موجودہ ساخت درج ذیل ہے:

**ڈائریکٹرز کی کل تعداد:**

(ا) مرد: 7

(ب) عورت: 1

ساخت:

(i) آزاد ڈائریکٹرز: 3

سید محمد شبر زیدی

جناب عدنان آفریدی

جناب عارف الاسلام

(ii) نان ایگزیکٹو ڈائریکٹرز: 4

جناب محمد سہیل ٹبہ

جناب محمد علی ٹبہ

جناب جاوید یونس ٹبہ

محترمہ امینہ اے عزیز باوانی

(iii) ایگزیکٹو ڈائریکٹر: 1

جناب آصف جمعہ

## بورڈ کی کمیٹیاں

### آڈٹ کمیٹی

| | |
|---|---|
| سید محمد شبر زیدی | چیئرمین |
| جناب عدنان آفریدی | رکن |
| جناب محمد علی ٹبہ | رکن |
| جناب جاوید یونس ٹبہ | رکن |

### ایچ آر اور معاوضہ کمیٹی

| | |
|---|---|
| جناب عدنان آفریدی | چیئرمین |
| جناب محمد سہیل ٹبہ | رکن |
| جناب محمد علی ٹبہ | رکن |
| جناب جاوید یونس ٹبہ | رکن |
| جناب آصف جمعہ | رکن |

آگے بڑھتے ہوئے، ان چیلنجوں کے باعث امکان ہے کہ مختصر مدت میں کاروبار کے منافع اور طلب کو قابو میں رکھا جائے گا۔ تاہم، کیمیکلز اینڈ ایگری سائنسز بزنس مضبوط نتائج فراہم کرتے ہوئے آپریشنل عمدگی اور لاگت کو بہتر بنانے پر اپنی توجہ برقرار رکھنے کے لئے پرعزم ہے۔

**مالیات**

30 جون 2024ء تک کمپنی کی بیلنس شیٹ 83.5 بلین روپے (2023: 81.0 بلین روپے) مالیت کے اثاثوں کی مستحکم بنیاد پر برقرار ہے، جس کا کرنٹ ریشو 1.47 (2023: 1.36) اور کوئیک ریشو 0.82 (2023: 0.69) ہے۔

زیر جائزہ سال کے دوران 120,460 ملین روپے کی خالص مجموعی فروخت گزشتہ سال کے اسی عرصے کے مقابلے میں 10 فیصد زیادہ ہے، جس کی بنیادی وجہ سوڈا ایش بزنس سے برآمدات کا زائد حجم ہے۔

زیر جائزہ سال کے دوران 17,151 ملین روپے کا آپریٹنگ منافع گزشتہ سال کے اسی عرصے کے مقابلے میں 17 فیصد زیادہ ہے، جس کی وجہ تمام کاروباری اداروں کی آمدنی میں اضافہ، مینوفیکچرنگ کی استعداد کار اور موثر مارجن مینجمنٹ ہے۔

زیر جائزہ سال کے لئے فروخت اور تقسیم کے اخراجات گزشتہ سال کے اسی عرصے کے مقابلے میں 37 فیصد زیادہ ہیں، جس کی بنیادی وجہ سوڈا ایش بزنس کے برآمدی حجم میں اضافے کی وجہ سے مال برداری کی زائد لاگت ہے۔ سال کے لئے انتظامی اور عام اخراجات، بنیادی طور پر مختلف اخراجات پر افراط زر کے اثرات کی وجہ سے، گزشتہ سال کے اسی عرصے کے مقابلے میں 14 فیصد زیادہ رہے۔

آپریٹنگ منافع میں اضافے کو جزوی طور پر زائد مالیاتی اخراجات نے زائل کر دیا، جس کی بنیادی وجہ زائد شرح سود کے سال بھر کے اثرات تھے جس کی جزوی تلافی ورکنگ کیپیٹل آپٹیمائزیشن کی وجہ سے کم قرضوں کے سبب ہوئی۔ مزید برآں، امریکی ڈالر کے مقابلے میں روپے کی قدر میں 3 فیصد اضافہ ہوا، جس کے نتیجے میں گزشتہ سال کے اسی عرصے کے دوران 965 ملین روپے کے زر مبادلہ نقصان کے مقابلے میں 117 ملین روپے کا زر مبادلہ کا فائدہ ہوا۔

زیر جائزہ سال کے لئے دیگر آپریٹنگ آمدنی گزشتہ سال کے اسی عرصے کے مقابلے میں 75 فیصد زیادہ ہے، جس کی بنیادی وجہ ''این ایم پی ایل'' کے حصص کی فروخت سے حاصل ہونے والی آمدنی کی قلیل مدتی سرمایہ کاری سے حاصل شدہ 2,718 ملین روپے کی ڈیویڈنڈ آمدنی کے سال بھر کے اثرات ہیں۔ مزید برآں گزشتہ سال کے اسی عرصے کے دوران نیوٹری کو مورینا گا (پرائیویٹ) لمیٹڈ (این ایم پی ایل) کے جاری کردہ حصص کے تقریباً 26.5 فیصد حصص کی فروخت سے 9,842 ملین روپے کا (ایک بارکا) منافع حاصل ہوا۔

زیر جائزہ سال کے دوران بعد از ٹیکس منافع (پی اے ٹی) اور آمدنی فی شیئر (ای پی ایس) بالترتیب 11,140 ملین روپے اور 120.62 روپے رہی، جو گزشتہ سال کے اسی عرصے کے مقابلے میں 19 فیصد کم ہے۔ گزشتہ سال کے اسی عرصے میں ایک بار ہونے والے منافع کے اثرات کو چھوڑ کر، منافع بعد از ٹیکس اور آمدنی فی شیئر، گزشتہ سال کے اسی عرصے کے مقابلے میں 41 فیصد زیادہ ہوتے۔

**مستقبل کا منظر نامہ**

2025ء میں عالمی اقتصادی شرح نمو کا تخمینہ 3.2 فیصد لگایا گیا ہے، جو مشرق وسطیٰ میں تنازعات سے پیدا ہونے والے رسد کے سلسلے میں خلل، یوکرین اور روس کے مابین جنگ کے نتیجے میں توانائی اور خوراک کے عالمی بحران اور افراط زر کے دباؤ میں نمایاں اضافے سمیت اہم چیلنجوں کے باوجود لچکدار نقطہ نظر کی عکاسی کرتا ہے۔ توقع کی جا رہی ہے کہ پالیسی ریٹ سست روی کا شکار رہیں گے اور ہیڈ لائن افراط زر 2024ء میں 5.9 فیصد کی سالانہ اوسط سے کم ہو کر 2025 میں 4.5 فیصد ہو جائے گی۔ امریکی شرح سود میں متوقع کمی، چین میں معاشی سرگرمیوں کا استحکام، اجناس کی قیمتوں میں اتار چڑھاؤ اور جاری جغرافیائی سیاسی تناؤ آنے والے سال میں اہم کردار ادا کریں گے۔ اگرچہ غیر یقینی صورتحال برقرار ہے لیکن مالی سال 2025 کے لئے یہ نقطہ نظر محتاط امید کی نشاندہی کرتا ہے، جس میں کم افراط زر، معاون مالیاتی پالیسیوں اور لچکدار عالمی معاشی کارکردگی کی توقعات شامل ہیں۔

آئی ایم ایف کے ورلڈ اکنامک آؤٹ لک کے مطابق مالی سال 2025 کے لیے پاکستان کا معاشی آؤٹ لک 3.5 فیصد کی متوقع شرح نمو کے ساتھ معاشی بحالی کے اشارے ظاہر کرے گا۔ جون میں پاکستان کی سال بہ سال افراط زر کی شرح 12.57 فیصد ریکارڈ کی گئی ہے، سال کے دوران پالیسی ریٹ میں کمی کا امکان ہے۔ تاہم شرح سود میں ان کٹوتیوں کے اثرات مالی سال 25-2024 کے ٹیکسوں سے بھرے وفاقی بجٹ سے متاثر ہوں گے۔

مستقبل کو دیکھتے ہوئے اقتصادی منظر نامے کا زیادہ تر انحصار آئی ایم ایف کی جانب سے 7 ارب ڈالر کے توسیعی فنڈ سہولت انتظامات (ای ایف ایف) کے لیے 12 جولائی کو ہونے والے عملے کی سطح کے معاہدے میں بیان کردہ اصلاحات پر عمل درآمد پر ہوگا۔ اس معاہدے کا مقصد ٹیکس بیس کو وسیع کرنے، خسارے میں چلنے والے سرکاری اداروں کی نجکاری، پنشن بل کی تنظیم نو اور توانائی کے شعبے میں اصلاحات کے ذریعے مالی اور بیرونی بفرز کو بحال کرنے کے لئے معیشت کو مستحکم کرنا ہے۔ یہ عوامل مجموعی طور پر پاکستان میں مجموعی صنعتی سرگرمی اور صارفین کی طلب پر اثر انداز ہوں گے۔

موجودہ چیلنجز کے باوجود کمپنی اپنی مضبوط بیلنس شیٹ اور متنوع پورٹ فولیو کی وجہ سے مستقبل کی غیر یقینی صورتحال سے نمٹنے کے لئے اچھی طرح سے تیار ہے، جو پاکستان کی بنیادی معیشت سے قریبی طور پر منسلک ہے۔ اسٹریٹجک ترقی کے لیے جاری اقدامات اور اپنی نامیاتی و غیر نامیاتی توسیع، دونوں کے لئے زیادہ سے زیادہ سرمایہ مختص کرنے کے ساتھ، کمپنی پائیدار ترقی کو آگے بڑھانے کے لئے اپنے متنوع مصنوعات کے پورٹ فولیو سے فائدہ اٹھانے کے لئے پرعزم ہے۔ اس کے باوجود، کمپنی آگے کی سوچ پر مبنی حکمت عملی تیار اور نافذ کرنے کے لئے باقاعدگی سے اسٹریٹجک جائزے لیتی ہے، جس کا مقصد ممکنہ منفی اثرات کو کم سے کم کرنا ہے۔ مستقبل کو دیکھتے ہوئے، کمپنی اضافی آمدنی پیدا کرنے والے ذرائع کی نشاندہی، ان کے حصول اور توانائی کے اخراجات سمیت اپنے آپریٹنگ اخراجات میں کمی اور شیئر ہولڈرز کے منافع کو زیادہ سے زیادہ کرنے پر توجہ مرکوز کرتی رہے گی، جس سے لچکدار اور پائیدار مستقبل کو یقینی بنایا جا سکے گا۔

**اظہار تشکر**

کمپنی کے نتائج اس کے باصلاحیت ملازمین کے انتھک عزم و شراکت اور اس کے اسٹیک ہولڈرز کی طرف سے کمپنی پر کیے گئے اعتماد کی عکاسی کرتے ہیں۔

**آڈیٹرز**

میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کے مالی گوشواروں کا آڈٹ کیا۔

آڈٹ کمیٹی کی سفارش پر بورڈ نے 30 جون 2025 کو ختم ہونے والے سال کے لیے میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس، کو کمپنی کا باضابطہ آڈیٹر مقرر کرنے کی سفارش کی ہے، جو کمپنی کے آئندہ سالانہ اجلاس عام میں حصص یافتگان کی منظوری حاصل کرنے سے مشروط ہے۔

**متعلقہ فریقوں سے لین دین**

سال کے دوران، کمپنی نے اپنے متعلقہ فریقوں کے ساتھ لین دین کیا۔ اس لین دین کی تفصیلات منسلکہ غیر مربوط مالی گوشواروں کے نوٹ 42 میں ظاہر کی گئی ہیں۔

آگے چل کر، کمپنیوں کو اپنے غیر لازمی پورٹ فولیو کے لئے قیمتوں کو ایڈجسٹ کرنے کی اجازت دینے کا حکومت کا فیصلہ ادویات کی مسلسل فراہمی کو یقینی بنانے میں اہم کردار ادا کرے گا۔ اس سے منافع کی قابل قبول سطح کو برقرار رکھنے میں بھی مدد ملے گی، اس طرح موجودہ آپریشنز کو برقرار رکھنے اور جدید علاج اور طبّی ترقی میں سرمایہ کاری کو فروغ ملے گا۔ یہ بالآخر صحت کی دیکھ بھال کے جدید حل تک رسائی کو بڑھا کر ملک بھر میں مریضوں کو فائدہ پہنچائے گا۔

## انیمل ہیلتھ بزنس

خالص آمدنی (ملین روپے)


کاروباری منافع (ملین روپے)


زیر جائزہ سال کے دوران اینیمل ہیلتھ بزنس کی خالص مجموعی فروخت 6,776 ملین روپے رہی، جو گزشتہ سال کے اسی عرصے کے مقابلے میں 1 فیصد کم ہے اور 881 ملین روپے کا آپریٹنگ منافع گزشتہ سال کے اسی عرصے کے مقابلے میں 5 فیصد کم ہے۔

پاکستان میں اینیمل ہیلتھ کی صنعت کو بڑھتے ہوئے فارم مینجمنٹ اخراجات کی وجہ سے مشکل کاروباری ماحول کا سامنا ہے۔ مالی سال 25-2024 کے وفاقی بجٹ میں مویشیوں کے چارے پر سیلز ٹیکس کے نفاذ سے مارکیٹ پر مزید اثر پڑا ہے۔ اس مالی دباؤ نے فارمرز کے لئے جانوروں کے چارے اور ادویات پر پیسے خرچ کرنے کے لئے مناسب رقم اکٹھی کرنا مشکل بنا دیا ہے، جس کا براہ راست اثر فروخت اور مجموعی کاروباری کارکردگی پر پڑتا ہے۔ اس کے نتیجے میں مارکیٹ کے مجموعی حجم کے لحاظ سے گزشتہ سال کے اسی عرصے کے مقابلے میں مویشیوں کی فیڈ مارکیٹ میں 18 فیصد اور پولٹری انڈسٹری میں 25 فیصد کمی دیکھنے میں آئی ہے۔

طلب میں کمی نے لائیو سٹاک والے کسانوں کے منافع کو نمایاں طور پر متاثر کیا، جس سے مارکیٹ پر بہت زیادہ مالی دباؤ پڑا۔ برائلر بریڈرز کی کمی کی وجہ سے پولٹری انڈسٹری کے آپریشنز میں بھی کمی آئی ہے جس کے نتیجے میں ایک دن (day-old) کے چوزوں کی تعداد میں بھی کمی واقع ہو رہی ہے۔ تاہم، چوزوں کے نئے غول کی آمد کے ساتھ، صنعت کی بحالی کی توقع ہے کیونکہ طلب اور رسد کا فرق کم ہو جائے گا۔

ان مشکل حالات کے باوجود، اینیمل ہیلتھ بزنس نے زیر جائزہ سال کے دوران کئی اہم سنگ میل حاصل کیے۔ فارمرز چوائس پولٹری کی دو مصنوعات ٹلویسن اور لینوکسین نے لانچ کے بعد اپنے پہلے سال کے دوران 100 ملین روپے کا ہندسہ عبور کیا۔ پچھلی سہ ماہی میں تین نئی پولٹری مصنوعات کے اجراء سے فارمرز چوائس برانڈ کو مزید تقویت ملی۔ مزید برآں، اینیمل ہیلتھ بزنس نے اس سال اپنی پہلی برآمدی فروخت کو عملی شکل دی، جس سے ترقی کی نئی راہیں کھلیں۔

آگے بڑھتے ہوئے، اینیمل ہیلتھ بزنس موجودہ چیلنجوں سے نمٹنے کے لئے اسٹریٹجک اقدامات کرنے میں ثابت قدم ہے۔ پورٹ فولیو ریشنلائزیشن، مارجن آپٹمائزیشن اور ایک نئی گرین فیلڈ میڈیسن مینوفیکچرنگ سہولت کے قیام پر توجہ مرکوز کرتے ہوئے، اس بزنس کا مقصد منافع میں اضافہ کرتے ہوئے اپنے مقامی طور پر تیار کردہ ادویات کے پورٹ فولیو کو بڑھانا اور پائیدار ترقی کی راہ ہموار کرنا ہے۔

## کیمیکلز اینڈ ایگری سائنسز بزنس

خالص آمدنی (ملین روپے)


کاروباری منافع (ملین روپے)


زیر جائزہ سال کے دوران 13,704 ملین روپے اور 2,106 ملین روپے کی خالص مجموعی فروخت اور آپریٹنگ منافع گزشتہ سال کے اسی عرصے کے مقابلے میں بالترتیب 17 فیصد اور 11 فیصد زیادہ ہیں، جس کی بنیادی وجہ حجم میں اضافہ اور کاروباری پورٹ فولیو میں موثر مارجن مینجمنٹ ہے۔

درآمدی پابندیوں، سیلاب کی وجہ سے ہونے والی تباہی، کرنسی کی قدر میں کمی اور سیاسی عدم استحکام کے مضر اثرات کم ہونے لگے تو کاروباری ماحول نے امید کی کرن دکھائی اور گزشتہ سال کے اسی عرصے کے دوران پیش آنے والی مشکلات سے بحالی کے اشارے ملے۔ اگرچہ مارکیٹ کی صورتحال اب بھی مکمل طور پر سازگار نہیں لیکن دانشمندانہ مالیاتی انتظام اور بیرونی استحکام کی وجہ سے میکرو اکنامک حالات میں بہتری کے ساتھ مانگ میں اضافہ ہونا شروع ہو گیا ہے۔

کیمیکلز سیگمنٹ نے بہتر طلب کا فائدہ اٹھاتے ہوئے مارجن آپٹمائزیشن اور آپریٹنگ اخراجات پر سخت کنٹرول پر توجہ مرکوز رکھی جس کے نتیجے میں گزشتہ سال کے اسی عرصے کے مقابلے میں آپریٹنگ منافع میں 7 فیصد اضافہ ہوا۔

ایگری سائنسز سیگمنٹ نے آئل سیڈز کے شعبے میں مضبوط کارکردگی کا مظاہرہ کیا، تاہم مارکیٹ میں لیکویڈیٹی کی کمی کی وجہ سے ایگرو کیمیکلز کے شعبے میں کارکردگی متاثر ہوئی۔

ماسٹر بیچ سیگمنٹ نے بہتر مارجن کے ساتھ گزشتہ سال کے اسی عرصے کے مقابلے میں اپنے بڑھنے کی رفتار کو برقرار رکھا۔ تکنیکی عمدگی اور نئی مصنوعات کی ترقی پر مسلسل توجہ کاروبار کی ترقی اور منافع کو برقرار رکھنے کی کلید ہے۔

شرح مبادلہ کے استحکام اور بنیادی اثرات کی وجہ سے افراط زر کے دباؤ میں کمی کے باوجود مالی سال 25-2024 کے وفاقی بجٹ میں متعارف کرائے گئے حالیہ مالی اقدامات سے اس رجحان میں تبدیلی کی توقع ہے، جس سے صارفین کی قوت خرید پر منفی اثر پڑے گا۔ ایگری سائنسز کے محاذ پر اجناس کی قیمتوں میں کمی اور کسانوں کی لیکویڈیٹی کی کمی کے تناظر میں معاملات غیر مستحکم رہیں گے۔

توانائی کی زیادہ لاگت اور کرنسی کی قدر میں کمی دونوں کی وجہ سے لاگت میں نمایاں اضافے کا سامنا کرنے کے باوجود، گھریلو پی ایس ایف کی قیمتوں میں گزشتہ سال کے اسی عرصے کے مقابلے میں صرف 12 فیصد اضافہ ہوا۔ قیمتوں میں محدود اضافے کی بنیادی وجہ پی ایس ایف کی ڈمپ شدہ درآمدات میں اضافہ اور ایکسپورٹ فنانس اسکیم (ای ایف ایس) کے تحت درآمدات میں اضافہ ہے۔ اس کے نتیجے میں گھریلو پی ایس ایف صنعت منفی طور پر متاثر اور کمزور ہوئی ہے۔ بات قابل ذکر ہے کہ ای ایف ایس کے تحت پی ایس ایف درآمدات 16 فیصد سے بڑھ کر 80 فیصد ہو گئیں جبکہ پولیسٹر پر مبنی ٹیکسٹائل کی برآمدات میں گزشتہ سال کے اسی عرصے کے مقابلے میں 3 فیصد کمی واقع ہوئی۔

مستقبل کو دیکھتے ہوئے، خام تیل کی منڈی کو مستحکم رکھنے کے لیے آنے والے مہینوں میں اوپیک پلس کی پیداوار میں کٹوتی متوقع ہے۔

توقع ہے کہ سمندری مال برداری کے نرخوں میں حالیہ اضافہ مالی سال 2024-25 کی پہلی سہ ماہی کے اختتام تک معمول پر آجائے گا۔ چین میں پی ایس ایف کی فاضل دستیابی سے اندرون ملک پی ایس ایف مارکیٹوں پر مسلسل دباؤ پڑنے کا امکان ہے۔ چین سے ڈمپ شدہ مال آنے کی وجہ سے اندرون ملک پی ایس ایف آپریٹنگ نرخوں کے محدود رہنے کی بھی توقع ہے۔

## سوڈاایش بزنس

خالص آمدنی (ملین روپے)


کاروباری منافع (ملین روپے)


ڈاؤن اسٹریم مارکیٹوں میں سست روی اور ترکی سے سستی درآمدات کی وجہ سے مجموعی طور پر ملکی سوڈاایش مارکیٹ میں گزشتہ سال کے اسی عرصے کے مقابلے میں طلب میں 7 فیصد کمی دیکھی گئی۔ اس سال کے دوران سوڈاایش کے کاروبار کا خالص ٹرن اوور 47,565 ملین روپے رہا، جو گزشتہ سال کے اسی عرصے سے 15 فیصد زیادہ ہے جس کی بنیادی وجہ امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی کے نتیجے میں گزشتہ سال کے دوران لاگت میں اضافے والی قیمتوں میں ایڈجسٹمنٹ کے پورے سال کے اثرات ہیں۔ خالص مجموعی فروخت میں اضافے کو رواں سال کے دوران برآمدی حجم بڑھنے کی وجہ سے بھی مدد ملی جس کے نتیجے میں سوڈاایش بزنس نے مقامی طلب میں کمی کے پیش نظر پلانٹ آپریٹنگ ریٹس کو برقرار رکھنے کے لئے 12 بین الاقوامی مارکیٹوں میں اپنے قدم جمانے کی کوشش کی۔

زیر جائزہ سال کے لئے 10,034 ملین روپے کا آپریٹنگ منافع گزشتہ سال کے اسی عرصے کے مقابلے میں 31 فیصد زیادہ ہے، جس کی بنیادی وجہ سوڈا ایش پلانٹ کی 135,000 ٹی پی اے توسیع کی کامیاب تکمیل کے بعد برآمدات میں اضافہ ہے، جس نے کم مارجن اور محدود گھریلو طلب کے باوجود فکسڈ اخراجات کو برداشت کرنے میں مدد فراہم کی۔ بہتر منافع بنیادی طور پر توانائی کی کم لاگت کی وجہ سے تھا، کیونکہ کوئلے کی قیمتیں معمول کی سطح پر واپس آگئیں۔

ملکی سطح پر وفاقی بجٹ 2024-25 کے بعد افراط زر میں اضافے کا رجحان جاری رہنے کا امکان ہے، جس سے صارفین کی قوت خرید پر منفی اثرات مرتب ہوں گے۔ تعمیراتی شعبے میں منفی منظرنامے کی وجہ سے شیشے کے شعبے میں فروخت پر منفی اثر پڑنے کا امکان ہے۔ دریں اثنا، بازار سیگمنٹ کو فروخت، جس نے زیر جائزہ سال میں کچھ راحت مہیا کی تھی، مستقبل میں اس کے حوالے سے بھی مشکلات پیدا ہونے کا خدشہ ہے۔

برآمدات کے محاذ پر، اگرچہ سوڈاایش بزنس کا مقصد بین الاقوامی مارکیٹوں میں اپنے قدم مزید بڑھانا ہے، چاہے کم قیمتوں اور مارجن پر، تاہم چین، بالخصوص انر منگولیا پلانٹ، کی پیداواری صلاحیت میں اضافہ سوڈاایش کی عالمی قیمتوں اور برآمدی مارجن میں کمی کا دباؤ ڈالنا جاری رکھے ہوئے ہے۔ مزید برآں، برآمدات پر ٹیکس شرح میں حال ہی میں اعلان کردہ تبدیلی سے، خاص طور پر کم مارجن کے تناظر میں، کارکردگی پر منفی اثر پڑے گا۔

## فارماسیوٹیکلز بزنس

خالص آمدنی (ملین روپے)


کاروباری منافع (ملین روپے)


زیر جائزہ سال کے دوران، صنعت کو بنیادی طور پر ضروری ادویات کی معاشی افادیت کو متاثر کرنے والے چیلنجوں کی وجہ سے نمایاں دھچکے کا سامنا کرنا پڑا۔ ان چیلنجوں میں توانائی کی زیادہ لاگت اور کرنسی کی قدر میں کمی سے پیدا ہونے والی پیداواری لاگت میں اضافہ شامل ہیں۔ ان عوامل نے اجتماعی طور پر ضروری ادویات کے لئے صنعت کے اندر منافع پر دباؤ بڑھا دیا ہے۔

مذکورہ بالا چیلنجوں کے باوجود، ایل سی آئی کا فارماسیوٹیکلز بزنس لاگت میں اضافے کے اثرات کو کم کرنے میں کامیاب رہا ہے۔

یہ نئی مصنوعات کو متعارف کرانے، فیکٹری کی کارکردگی میں اضافہ، ورکنگ کیپیٹل ڈیپلائمنٹ کو بہتر بنانے اور سیلز مکس کو بڑھانے کے ذریعہ حاصل کیا گیا ہے۔ مزید برآں، دواسازی کی صنعت نے ایک انتہائی ضروری مثبت ترقی کا تجربہ کیا، جس نے کمپنیوں کو غیر لازمی ادویات کی قیمتوں کو ایڈجسٹ کرنے کے قابل بنایا، مارکیٹ کی قوتوں کو قیمتوں کا تعین کرنے کی اجازت دی، اور مینوفیکچررز کو لاگت کے دباؤ کے جواب میں منافع کو ایڈجسٹ کرنے کے قابل بنایا۔ اس کے نتیجے میں فارماسیوٹیکلز بزنس 12,212 ملین روپے کی خالص مجموعی فروخت اور 2,305 ملین روپے کا آپریٹنگ منافع حاصل کرنے میں کامیاب رہا، جو گزشتہ سال کے اسی عرصے کے مقابلے میں بالترتیب 33 فیصد اور 130 فیصد زیادہ ہے۔

ملکی فارماسیوٹیکل سیکٹر کی پائیداری اور ترقی کے لئے یہ ضروری ہے کہ حکومت ایک ایسا فریم ورک تشکیل دے، جس سے ادویات بنانے والے مینوفیکچررز کو ضروری ادویات کی قیمتوں کو ایڈجسٹ کرنے کی اجازت ملے تاکہ لاگت میں اضافے کو پورا کیا جاسکے۔ حالیہ وفاقی بجٹ کے پیش نظر یہ خاص طور پر اہم ہے جس میں زیادہ ٹیکسوں کے باعث کاروبار کرنے کی لاگت میں اضافہ ہوا ہے۔

سینٹر آف ایکسیلینس ٹیم کی قیادت میں ایل سی آئی کے لرننگ اینڈ ڈیولپمنٹ پروگرامز نے 34,500 سے زیادہ تربیتی گھنٹے لاگ ان کیے، جن میں +1,730 ملازمین کا احاطہ کیا گیا اور فی ملازم 2.5 تربیتی دن فراہم کیے گئے۔ یہ پروگرام پیشہ ورانہ ترقی کے لئے کافی مواقع پیش کرتے ہیں۔ کمپنی کی اندرونی فیکلٹی نے انسپائر 3.0 جیسی موثر تربیت فراہم کی، جس میں اے آئی روڈ میپ اور مسئلہ حل کرنے اور فیصلہ سازی کے ساتھ ساتھ کوچنگ کی ثقافت پیدا کرنے پر توجہ مرکوز کی گئی۔

کمپنی کی بنیادی اقدار ٹیلنٹ مینجمنٹ سسٹم میں سرایت کر گئی ہیں، جو مسلسل ترقی پر زور دیتی ہیں اور پائیدار قدر فراہم کرتی ہیں۔ ایل سی آئی ٹیلنٹ کی ترقی کے لئے اپنے عزم پر ثابت قدم ہے، جو 'اپنوں کی ترقی' کے فلسفے کے ساتھ منسلک ایک مضبوط سلسلہ وار پائپ لائن بناتا ہے۔ فنکشنل کیپیسٹی فورم باقاعدگی سے ہر ملازم کی ترقی کی اہلیت اور صلاحیت کا جائزہ لیتے ہیں اور متعلقہ جانشینی عہدے کے لحاظ سے انہیں جانچتے ہیں۔ زیر جائزہ مدت کے لیے درمیانی سے سینئر سطح کے لئے ایل سی آئی کا انٹرنل ٹیلنٹ موومنٹ انڈیکس 87 فیصد ہے۔

## ٹیکنالوجی اور ڈیجیٹلائزیشن کو اپنانا

تنظیمی تیز رفتاری کو بڑھانے اور افرادی قوت کی ضروریات کو پورا کرنے کے لئے، اس سال ایمپلائی سینٹرل پلیٹ فارم لانچ کیا گیا تھا۔ یہ پلیٹ فارم ملازمین کو ون ونڈو حل کے ذریعے اپنے روزگار کے مختلف پہلوؤں کو منظم کرنے کے لئے مختلف ٹولز اور وسائل کے ساتھ بااختیار بناتا ہے۔ مزید برآں، SAP S/4HANA کے ذریعے کمپنی کی سرگرمیوں کی ڈیجیٹلائزیشن ایک اہم اقدام تھا۔ اس نظام کے نفاذ سے ایل سی آئی کو تنظیمی کارکردگی، تیز رفتاری اور فیصلہ سازی کے عمل کو بڑھانے کے لئے وسیع رپورٹنگ کی صلاحیتوں سے فائدہ اٹھانے کی صلاحیت حاصل ہوگئی۔

مل جل کر یہ اقدامات مثبت تبدیلی کو فروغ دینے، ملازمین کی فلاح و بہبود، سرگرمیوں اور خدمات کو مسلسل بہتر بنانے کے لئے کمپنی کے عزم کو اجاگر کرتے ہیں۔

## رسک مینجمنٹ

خطرات کی روک تھام، پائیدار نمو اور ترقی کے بنیادی اصولوں میں سے ایک ہے۔ LCI میں بورڈ آف ڈائریکٹرز کے پاس رسک مینجمنٹ کے عمل اور اندرونی کنٹرول کے طریقہ کار کی نگرانی کی مجموعی ذمہ داری ہے۔ یہ تمام عمل دستاویزی (ڈاکیومینٹڈ) ہوتا ہے اور بورڈ آڈٹ کمیٹی کی جانب سے اس کا سالانہ جائزہ لیا جاتا ہے۔ شناخت شدہ خطرات، جو ممکنہ طور پر کمپنی کے اسٹریٹجک، آپریشنل، مالیاتی اور/یا تعمیل سے متعلق مقاصد کے حصول کو متاثر کر سکتے ہیں، ان کے حوالے سے بروقت کارروائی کے لیے بورڈ اور سینئر انتظامیہ کو فوری طور پر اطلاع دی جاتی ہے تاکہ اثاثوں کی حفاظت اور کمپنی کو لاحق ممکنہ خطرات سے نمٹنے کے علاوہ کاروبار کے تسلسل کو یقینی بنایا جا سکے۔

LCI میں ایک واضح تنظیمی ڈھانچہ موجود ہے جس میں اتھارٹی کی اچھی طرح سے وضاحت کر دی گئی ہے۔ سینئر مینجمنٹ طریقہ کار کو نافذ کرنے، خطرات کی نگرانی اور مختلف کنٹرولز کے موثر ہونے کا اندازہ لگانے کی ذمہ دار ہے۔

کمپنی نے ایک مضبوط انٹرپرائز رسک مینجمنٹ (ERM) فریم ورک کو استعمال کرنا جاری رکھا ہے، جو تنظیم کے اندر باہم مربوط ہے تاکہ خطرات کی شناخت، تشخیص اور ان کا ازالہ یقینی بنایا جا سکے۔ تمام نمایاں خطرات سے نمٹنے کو ان کے اثرات، امکانات اور اوقات کے مطابق ترجیح دی جاتی ہے اور اسی کے مطابق تدارک کے لیے اقدامات کیے جاتے ہیں۔

رسک مینجمنٹ ایک جاری مشق ہے اور اسی وجہ سے اس سالانہ عمل میں خطرات اور علاج (دونوں) اور/یا اصلاحی اقدامات پر عبوری اپ ڈیٹس شامل ہیں۔

کمپنی کے رسک مینجمنٹ فلسفے، گورننس اور اہم خطرات و مواقع کے بارے میں تفصیلی رپورٹ، سالانہ رپورٹ کے صفحہ نمبر 70 تا صفحہ نمبر 77 پر دستیاب ہے۔

## کاروباری جائزہ

## پولیسٹر بزنس (PSF)

خالص آمدنی (ملین روپے)


کاروباری منافع (ملین روپے)


زیر جائزہ سال کے دوران، عالمی اقتصادی سست روی سے متاثر ہونے والی بڑی عالمی معیشتیں بھی دھیمے پن کا شکار رہیں۔

زیر جائزہ سال کے دوران پولیسٹر کے کاروبار کی خالص مجموعی فروخت 40,285 ملین روپے ہے، جو گزشتہ سال کے اسی عرصے کے مطابق ہے۔ طلب میں سست روی کی وجہ سے مقامی حجم پر نمایاں اثر پڑا، جس کی وجہ روپے کی قدر میں کمی کے بعد پی ایس ایف کی قیمتوں میں ہونے والا اضافہ تھا۔

مجموعی طور پر پولیسٹر بزنس کا 1,825 ملین روپے کا آپریٹنگ منافع، گزشتہ سال کے اسی عرصے کے مقابلے میں 43 فیصد کم ہے جس کی بنیادی وجہ طلب میں کمی اور گیس ٹیرف بڑھنے کی وجہ سے آپریٹنگ اخراجات میں نمایاں اضافہ ہے۔

گزشتہ سال کے اسی عرصے کے مقابلے میں خام تیل کی اوسط قیمت 3 فیصد کم تھی۔ تاہم، پیرازائلین (PX) کی اوسط قیمت بڑی حد تک مستحکم رہی، جس میں 0.3 فیصد کا اضافہ ہوا، جس کی وجہ پلانٹس کی تبدیلی اور گیسولین بلینڈنگ کی زیادہ مانگ ہے۔ پی ایکس کی مستحکم قیمتوں کے باوجود سپلائی میں اضافے کی وجہ سے پی ٹی اے کی اوسط قیمت میں گزشتہ سال کے اسی عرصے کے مقابلے میں 2 فیصد کمی واقع ہوئی۔ مزید برآں، MEG مارکیٹ اپنی پچھلی کم ترین سطح کے مقابلے میں بحال ہو گئی، جس کے نتیجے میں گزشتہ سال کے اسی عرصے کے مقابلے میں MEG کی اوسط قیمت میں 1.5 فیصد اضافہ ہوا۔

گیس، فرنس آئل اور کوئلے کی قیمتوں میں بالترتیب 37 فیصد، 20 فیصد اور 47 فیصد اضافے کی وجہ روپے کی قدر میں کمی کے باعث کاروبار کے لیے توانائی کی لاگت میں گزشتہ سال کے اسی عرصے کے مقابلے میں 31 فیصد اضافہ ہوا۔ توانائی کی لاگت میں اضافہ جاری جغرافیائی سیاسی صورتحال اور درآمد شدہ آر ایل این جی پر صنعت کے انحصار سے متاثر ہوا۔

## کمیونٹی سرمایہ کاری
کمپنی اپنے کمیونٹی سرمایہ کاری اقدامات کے ذریعے ان کمیونٹیز کو واپس دینے کے لئے پر عزم ہے، جن کی خدمت کے لیے وہ مصروف عمل ہے۔ سال کے دوران، یہ اقدامات براہ راست کمپنی یا لکی کور فاؤنڈیشن (فاؤنڈیشن) کے ذریعے کیے گئے، جس کا نسق و نظم فاؤنڈیشن کے بورڈ آف ٹرسٹیز کے پاس ہے۔

فاؤنڈیشن صحت، تعلیم، خواتین کو بااختیار بنانے، کمیونٹی کی ترقی اور ماحول کے شعبوں میں رفاہی سرمایہ کاری کے ذریعے پائیدار سماجی و اقتصادی ترقی میں مدد فراہم کرتی ہے۔

سال کے دوران کمپنی نے کمپنیز ایکٹ 2017 کی دفعہ 42 کے تحت ایک کمپنی تشکیل دی، جو آپریشنل ہونے کے بعد کمپنی کے 'سی ایس آر' اقدامات کو آگے بڑھائے گی۔

سال کے دوران کمپنی نے کمیونٹی کی بہتری کے پروگراموں میں 134 ملین روپے کی سرمایہ کاری کی اور مختلف کمیونٹی سرگرمیاں براہ راست بھی انجام دیں۔

'ایچ ایس ای اینڈ ایس' کی تفصیلات اور کمیونٹی سرمایہ کاری کی تازہ اطلاعات سمیت کمپنی کی پائیداری کی کارکردگی کے جامع جائزہ کے لئے، براہ کرم صفحہ 151 پر سسٹین ایبلٹی رپورٹ ملاحظہ کریں۔

## انسانی وسائل
### انسانی وسائل: ایک متحرک اور جامع "ورک پلیس" کی بنیاد رکھنا
لکی کور انڈسٹریز میں ہیومن ریسورسز کی ٹیم نے ایک متحرک اور معاون 'ورک پلیس' بنانے میں اہم کردار ادا کیا ہے۔ ایل سی آئی نے ملازمین کی فلاح و بہبود، مسلسل سیکھنے اور تنظیمی فعالیت پر زور دیتے ہوئے ٹیلنٹ کو راغب کرنے، ترقی دینے اور برقرار رکھنے کے لئے اسٹریٹیجک اقدامات کا آغاز کیا۔

## تنظیمی ثقافت اور اقدار
کمپنی کی سب سے بڑی طاقت اس کی تنظیمی ثقافت میں ہے، جس کی قوت محرکہ اس کی بنیادی اقدار ہیں۔ یہ اقدار ایل سی آئی کی کامیابی کی بنیاد ہیں اور کمپنی کی ترقی اور جدت طرازی کو آگے بڑھانے والی قوت ہیں۔ ایک مضبوط اور اقدار پر مبنی ثقافت کو فروغ دینے کے لئے کمپنی کا عزم ادارے کے لئے مرکزی اہمیت رکھتا ہے۔ دیانتداری، ذمہ داری اور صارف مرکزیت جیسی اقدار اس کے روزمرہ کے آپریشنز میں گہرے طور پر سرایت کر چکی ہیں، جو اعلیٰ ترین معیارات کو برقرار رکھنے اور مستقل طور پر شاندار نتائج فراہم کرنے کے لئے اس کے اقدامات اور فیصلوں کی رہنمائی کرتی ہیں۔

## تنوع، مساوات اور شمولیت
کمپنی پورے ادارے میں تنوع، مساوات اور شمولیت (ڈی، ای اینڈ آئی) کی ثقافت کو فروغ دینے کے لئے پر عزم ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ تمام ملازمین خود کو قابل قدر، قابل احترام اور بااختیار محسوس کریں اور اس سلسلے میں کمپنی نے اپنے ڈی، ای اینڈ آئی ایجنڈے کو ریگولیٹ کرنے کے لئے ایک جامع فریم ورک بنایا ہے۔ کمپنی کی مختلف پالیسیاں ہیں، جو تنظیم کے اندر سرایت کیے ہوئے ہیں، ان میں چھٹیاں، زچگی اور پدری چھٹیاں پالیسیاں اور ورک پلیس میں ایک جامع ماحول کو فروغ دینے کے لئے ہراسانی کے خلاف پالیسی شامل ہیں۔

اس سال ایل سی آئی کے ویمن ریٹرن شپ پروگرام "یس، شی کین" کے ذریعے کمپنی نے باصلاحیت خواتین کو کام کی جگہ پر واپسی پر خوش آمدید کہا اور پورے ادارے میں ثقافتی تنوع کا جشن منایا۔ کمپنی کے پاس "وقار کے ساتھ کام" کا پلیٹ فارم بھی ہے جو کام کے مثبت ماحول کی معاونت اور اسے برقرار رکھنے کے لئے ڈیزائن کیا گیا ہے۔

ایل سی آئی کام کے مقام کو صنفی امتیاز سے پاک رکھنے کے لئے پر عزم ہے اور صنف کی بنیاد پر تنخواہوں میں کوئی تفریق/تفاوت نہیں ہے۔ کسی بھی ملازم کے معاوضے میں مختلف عوامل کارفرما ہوتے ہیں، جن میں ملازم کا پیشہ ورانہ تجربہ، میعاد ملازمت، تعلیم، عہدہ، کارکردگی، مارکیٹ کی حرکیات، جغرافیائی محل وقوع اور دیگر شامل ہیں۔ کمپنی اس بات کو یقینی بناتی ہے کہ معاوضہ معروضی اور میرٹ پر مبنی معیار کے مطابق ہے، اور یہ کہ صنف کی بنیاد پر کوئی امتیاز نہیں برتا گیا۔

ایل سی آئی میں ایگزیکٹو مینجمنٹ ٹیم کی سطح پر 10 فیصد نمائندگی کے ساتھ 7.8 فیصد افرادی قوت خواتین پر مشتمل ہے اور کمپنی اپنے ٹیلنٹ پول کو مزید وسعت دینے اور متنوع بنانے کی خاطر ان اعداد و شمار میں بہتری کے لیے کوشاں ہے۔

کمپنی تمام متعلقہ قوانین اور قواعد و ضوابط کی پاسداری کرتی ہے اور ملازمت کے اہم ٹچ پوائنٹس پر منظم جائزے کے ذریعہ تعمیل کو یقینی بناتی ہے، بشمول:

- بھرتی: نئے ملازمین کو بھرتی کرتے وقت صنفی مساوات کو یقینی بنانے کے لئے سخت اور غیر امتیازی معیار انتخاب پر عمل درآمد۔
- تنخواہ کے سالانہ جائزے: تنخواہ کے جائزے ہر سال منصفانہ معیارات کی سختی سے تعمیل کے ساتھ لیے جاتے ہیں، اس بات کو یقینی بناتے ہوئے کہ ہر ایڈجسٹمنٹ صنفی امتیاز سے پاک ہے۔
- کیریئر میں ترقی: شفاف اور منصفانہ معیار کا استعمال کرتے ہوئے کردار کی تبدیلی اور ترقی کا جائزہ، تمام ملازمین کو ترقی کے لئے مساوی مواقع فراہم کرنا۔

ایل سی آئی تنخواہوں کے اپنے طریقہ کار میں شفافیت کے لئے پر عزم ہے اور اپنے تمام ملازمین کو مساوی مواقع فراہم کرنے کے اپنے عہد پر ثابت قدم ہے۔

## ملازمین کی فلاح و بہبود اور مشغولیت
ملازمین کی فلاح و بہبود کے لئے ایل سی آئی کی لگن مختلف تقریبات بشمول کھیلوں اور ذاتی بہتری (ویل نیس) کی تقاریب کے ذریعے ظاہر ہوتی ہے، جن کا مقصد ٹیم ہم آہنگی کو فروغ دینا ہے۔ مشغولیت کمپنی کے لئے بنیادی اہمیت کی حامل ہے، کیونکہ اس کا ماننا ہے کہ مشغول ملازمین زیادہ پیداوار، جدت طرازی اور اجتماعی کامیابی کے لئے پر عزم ہوتے ہیں۔ ملازمین کی مشغولیت کو بہتر بنانے کے لئے، ایل سی آئی نے ایک نیا انگیجمنٹ سروے ٹول متعارف کرایا ہے۔ اعداد و شمار پر مبنی یہ طریقہ کار قابل قدر بصیرت فراہم کرتا ہے، جس سے مشغولیت کو بڑھانے اور اس بات کو یقینی بنانے کے لئے ٹارگٹڈ حکمت عملی تیار کرنے میں مدد ملتی ہے کہ ملازمین خود کو ہم آہنگ، متحرک اور قابل قدر محسوس کریں۔

## ٹیلنٹ ڈیولپمنٹ اور مینجمنٹ
سات دہائیوں کے ورثے کے ساتھ، ایل سی آئی ایک مضبوط اور پائیدار ٹیلنٹ پائپ لائن قائم کرنے کے لئے وقف ہے۔ کمپنی کا متنوع کاروباری پورٹ فولیو کراس بزنس اور کراس فنکشنل ٹیلنٹ اقدامات کی اجازت دیتا ہے۔ ایل سی آئی کے مختلف انٹری لیول ٹیلنٹ پروگراموں کے ذریعے، یہ تمام فنکشنز میں ٹیلنٹ کو راغب کرتا ہے اور اپنی بینچ اسٹرینتھ کو بڑھاتا ہے۔ کمپنی کی بھرتی کے عمل میں تمام سطحوں پر علمی صلاحیتوں، شخصیت کی خصوصیات اور طرز عمل کے رجحانات کا جائزہ لینے والے معیاری جائزے شامل ہیں۔ یہ عمل باصلاحیت افراد کو شامل کرنے اور تنظیم کے اندر ان کی ترقی کے لئے واضح روڈ میپ مرتب کرنے میں قابل قدر ثابت ہوا ہے۔

## پائیداری
ایک سرکردہ مینوفیکچرنگ ادارے کی حیثیت سے، کمپنی اپنی ای ایس جی (ماحول، سماج اور گورننس سے متعلق) ذمہ داریوں کے حوالے سے مکمل طور پر پُرعزم ہے اور نہ صرف اپنے آپریشنز میں بلکہ اس سے بھی بڑھ کر ان اصولوں پر عمل پیرا ہے۔

'ایل سی آئی' کے پائیداری کے تقاضوں پر عملدرآمد اور کمپنی کے آپریشنز، جغرافیائی موجودگی اور کاروبار کے دائرہ کار میں ان کی تعمیل، 'ایل سی آئی' کے مجموعی 'ایچ ایس ای اینڈ ایس' مینجمنٹ سسٹم، پیشہ ورانہ صحت کے ضابطہ عمل، کارپوریٹ انجینئرنگ طریقہ ہائے کار اور منیجرز کے لئے انفارمیشن نوٹس کی روشنی میں کی جاتی ہے۔ ایل سی آئی کے پائیداری سے متعلق اقدامات اس کی سسٹین ایبلٹی کونسل کی سفارشات اور ہدایات کے مطابق ہیں، جو پائیداری سے متعلق اہداف اور کارکردگی کے معاملات میں گورننگ باڈی کے طور پر کام کرتی ہے۔

پائیداری کے مشعل بردار کی حیثیت سے، ایگزیکٹو مینجمنٹ ٹیم (ای ایم ٹی) باقاعدگی سے پائیداری سے متعلق اقدامات اور ان کے نتائج پر تبادلہ خیال کرنے کے لئے میٹنگز کرتی ہے، جن میں اہم 'ایچ ایس ای اینڈ ایس' طریق کار کا جائزہ اس میدان میں ہونے والی عالمی پیش رفت کے تناظر میں لیا جاتا ہے۔

کمپنی کی پائیداری مہم ''اسٹیپ''، جو پائیداری، تبدیلی، ارتقا اور تحفظ کا مخفف ہے، پورے جوش و خروش کے ساتھ جاری رہی۔ ان اقدامات سے ہمیں ایل سی آئی میں پائیداری کی ثقافت کو فروغ دینے اور اس کے حوالے سے حوصلہ افزائی کرنے میں مدد ملتی ہے۔ مزید برآں، زندگیوں کو بہتر بنانے کے اپنے مشن کے مطابق، 'ایل سی آئی' اپنے مختلف آپریشنز میں فطرت اور سائنس پر مبنی حل اپناتے ہوئے اپنے (مضر گیسوں کے) اخراج کو بے اثر کرنے کے لئے فعال اقدامات کر رہی ہے۔ اس کوشش کو آگے بڑھانے کے لئے، کمپنی نے ''کیٹالسٹ'' کے زیرعنوان اپنے آب و ہوا کے ایکشن پلان پر کام جاری رکھا۔ اس اقدام کا مقصد 'ایل سی آئی' کے تمام کاروبار اور افعال کو اجتماعی طور پر اس کرہ ارض کی مدد کرنے اور ماحول میں تبدیلیوں کا مقابلہ کرنے کے لئے مجتمع کرنا ہے۔

کمپنی نے پائیداری سے متعلق اپنی کوششوں کی بنیاد پر آئی سی اے پی اور آئی سی ایم اے پاکستان کے ''بیسٹ سسٹین ایبلٹی رپورٹ 2022'' مقابلے میں مشترکہ طور پر پہلی پوزیشن حاصل کی۔

ایل سی آئی، SDGs کے تناظر میں پائیداری کے تقاضوں کے ساتھ ہم آہنگی اختیار کرنے کی اطلاع دینے والے ابتدائی اداروں میں سے ایک ہے۔ زیر جائزہ سال کے دوران کمپنی نے اقوام متحدہ کے پائیدار ترقیاتی اہداف (SDGs) کے ساتھ ایل سی آئی کی ہم آہنگی اور مالی سال 24-2023 کے لئے اپنے آپریشنز کے اثرات کا جائزہ لینے کے لئے سینٹر آف ایکسیلنس فار ریسپانسیبل بزنسز (سی ای آر بی) کے ساتھ تعاون کیا۔ ایل سی آئی کے آپریشنز بین الاقوامی اور مقامی، دونوں معیارات کے مطابق پائے گئے۔

## صحت، حفاظت، ماحول اور سلامتی
کمپنی نے اپنے ملازمین، صارفین اور کمپنی احاطے میں موجود ہر شخص کے لئے صحت اور حفاظت کی اعلیٰ ترین سطح، نیز ان برادریوں کے ماحولیاتی تحفظ کو یقینی بناتے ہوئے، جہاں یہ کام کرتی ہے، ''ایچ ایس ای اینڈ ایس'' کے ساتھ اپنی مضبوط وابستگی کا مظاہرہ جاری رکھا ہے۔ کاروباری اداروں کے اندر خطرات اور ان سے نمٹنے کے لئے انتظامات کے لئے موجودہ ریگولیٹری فریم ورک اور طور طریقوں کے موثر ہونے کا جائزہ لینے پر زیادہ توجہ دی گئی ہے۔ یہ کمپنی کے ملازمین اور عام شہریوں کے حادثات اور خرابی صحت سے تحفظ کو یقینی بنانے کی کنجی ہونے کے علاوہ ''ایچ ایس ای اینڈ ایس'' کو بنیادی ترجیح کے طور پر برقرار رکھنے کے ایل سی آئی کے عزم کا واضح اشارہ بھی ہے۔

کمپنی نے حفاظت کے سلسلے میں اعلیٰ کارکردگی کا مظاہرہ جاری رکھا۔ مجموعی طور پر، کمپنی کے کاروباری اداروں نے 30 جون 2024 تک تقریباً 46.5 ملین محفوظ افرادی گھنٹے (سیف مین۔آورز) درج کرائے۔ سال کے دوران سوڈا ایش، فارماسیوٹیکلز، اینیمل ہیلتھ، کیمیکلز اینڈ ایگری سائنسز اور پولیسٹر کے کاروبار نے رپورٹ کیے جانے کے قابل کسی بھی حادثے کے بغیر بالترتیب 33.7، 6.65، 0.92، 1.46 اور 0.04 ملین افرادی گھنٹے درج کرائے۔ کارپوریٹ دفاتر کے محفوظ افرادی گھنٹے 3.72 ملین تھے۔

موثر ماحولیاتی کارکردگی مینجمنٹ (ای پی ایم) فریم ورک وسیع پیمانے پر صحت، حفاظت، ماحول اور توانائی کے لئے KPIs کی اطلاع دینے کی خاطر استعمال کیا جاتا ہے۔ کارکردگی کی رپورٹس پر ماہانہ اور سہ ماہی بنیادوں پر نظر رکھی جاتی ہے۔ اہداف سے انحراف کو فوری طور پر اجاگر کیا جاتا ہے، تجزیہ کیا جاتا ہے اور ہر کاروبار (کے ذمہ داران) کے ساتھ تبادلہ خیال کیا جاتا ہے۔ توانائی کی بچت، (صنعتی) فضلے میں کمی، پانی کی بچت اور پائیداری کے منصوبوں پر عمل درآمد کے ذریعے قومی ماحولیاتی معیارات (این ای کیو ایس) کی تعمیل سال بھر جاری رہی۔

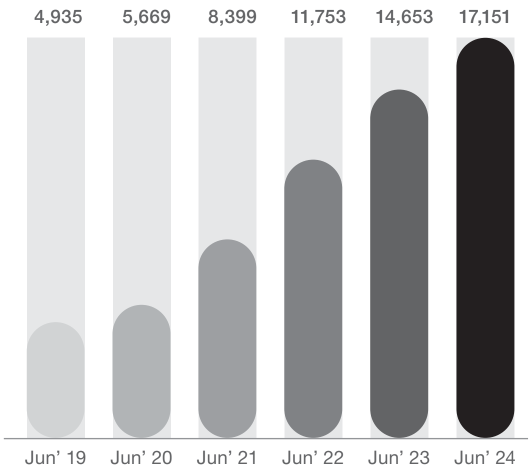
ہیلتھ اسیسمنٹ پرفارمنس انڈیکس (ایچ اے پی آئی) اور ہائیجین پرفارمنس انڈیکس (ایچ وائی پی آئی) دو منفرد پروگرام ہیں جو تمام سائٹس پر لاگو ہوتے ہیں۔ ان کا تعلق صحت سے متعلق تشخیص اور ملازمین کو لاحق خطرات کی نگرانی سے ہے۔ ''ایچ اے پی آئی'' اور ''ایچ وائی پی آئی'' کا منشاء پیشہ ورانہ بیماریوں کے خطرات کو کم سے کم کرنا ہے۔ جمع کردہ اعداد و شمار پر ملازمین کی ریٹائرمنٹ کے بعد بھی نظر رکھی جاتی ہے۔ سال کے دوران ملازمین کی صحت کے سالانہ /ششماہی جائزے جاری رہے۔ مالی سال 24-2023 کے دوران کوئی پیشہ ورانہ بیماری رپورٹ نہیں ہوئی۔

''ایچ ایس ای اینڈ ایس'' کی تمام سطحوں پر تربیت ''ایمپلائیز ڈیولپمنٹ پلان'' کا بنیادی جزو ہے۔ زیر جائزہ سال کے دوران، انتہائی خطرناک سرگرمیوں کے حوالے سے آپریشنل ضروریات کے مطابق تربیتی کورس ماڈیول تیار کیے گئے اور متعلقہ تربیت کا انعقاد کیا گیا۔

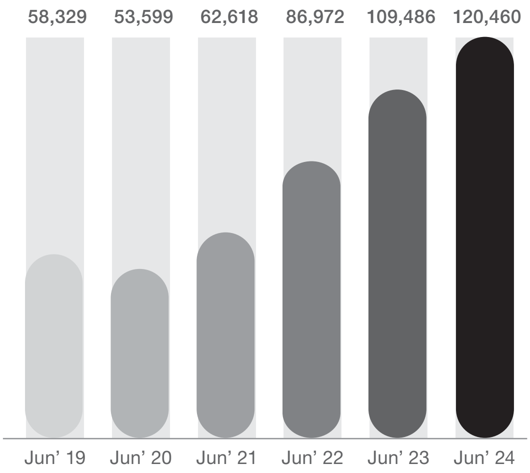
''ایچ ایس ای اینڈ ایس'' کے شعبے میں کوششوں کے اعتراف میں، سوڈا ایش بزنس کو برٹش سیفٹی کونسل برطانیہ کی طرف سے اس کے ہیلتھ اینڈ سیفٹی مینجمنٹ سسٹمز کا مکمل جائزہ لینے کے بعد انٹرنیشنل سیفٹی ایوارڈ 2024 سے نوازا گیا۔ فارماسیوٹیکلز بزنس کو پیشہ ورانہ تحفظ، صحت اور ماحول کے حوالے سے "ایمپلائز فیڈریشن آف پاکستان" کی جانب سے اعترافی ایوارڈ ملا۔ اینیمل ہیلتھ اینڈ فارماسیوٹیکلز بزنس نے نیشنل فورم فار انوائرمنٹ اینڈ ہیلتھ کی جانب سے ''انوائرمنٹل ایکسیلنس ایوارڈ 2023'' حاصل کیا۔

کارپوریٹ 'ایچ ایس ای اینڈ ایس' ٹیم نے سوڈا ایش اور پولیسٹر بزنس کا ایک تفصیلی 'ایچ ایس ای اینڈ ایس' مینجمنٹ آڈٹ کیا تھا، جس میں کمپنی کے 'ایچ ایس ای اینڈ ایس' طریقہ کار کا مسلسل جائزہ لینے اور اسے بہتر بنانے کے عزم کا اظہار کیا گیا تھا۔ تربیت یافتہ سیفٹی پروفیشنلز آڈٹ کے عمل میں مصروف رہے اور متعلقہ کاروباری اداروں کے ساتھ تفصیلی رپورٹس شیئر کی گئیں۔ بہتری والے شعبوں پر روشنی ڈالی گئی اور دونوں کاروباری اداروں کی ایگزیکٹو ٹیموں کو آگاہ کر دیا گیا۔

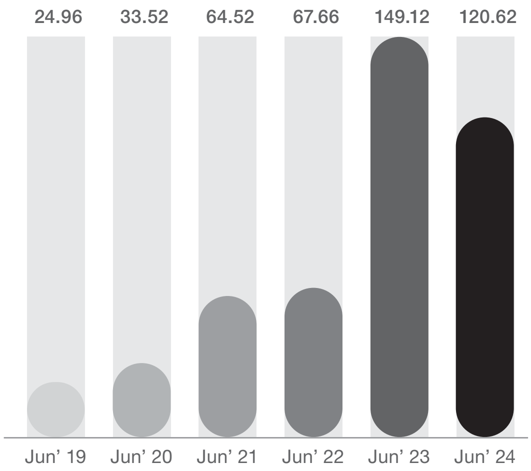
# 6 سالہ مالیاتی کارکردگی پر ایک نظر



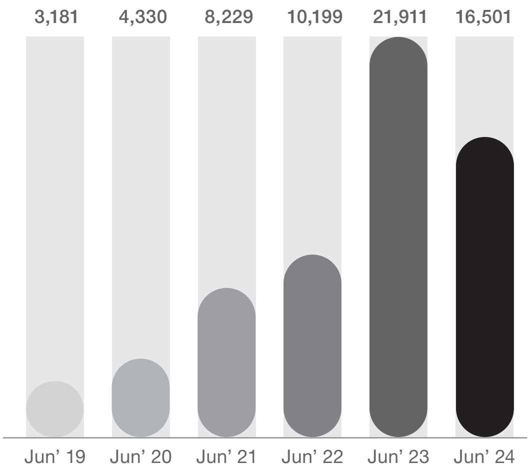

کاروباری منافع (روپے ملین میں)



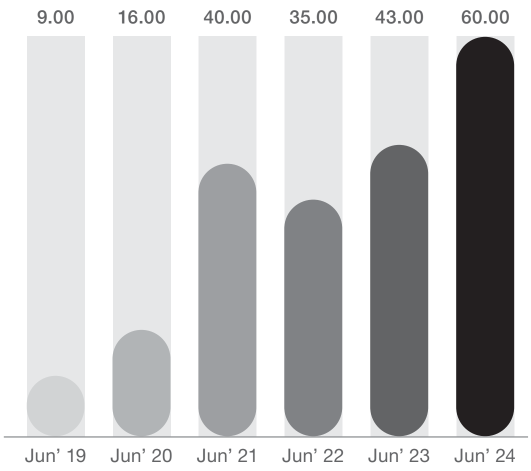

خالص آمدنی (روپے ملین میں)



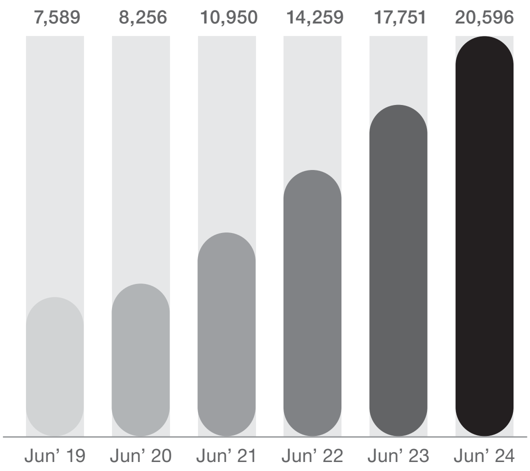

فی شیئر منافع (روپے)




قبل از ٹیکس منافع (روپے ملین میں)




منافع منقسمہ (روپے فی شیئر)




ایبٹڈا (روپے ملین میں)

گزشتہ برسوں کے دوران، کمپنی نے حصص یافتگان کی قدر کو مزید بڑھانے کے لئے توسیع اور ترقی کے مختلف اقدامات میں بھاری سرمایہ کاری کی ہے۔ صلاحیتوں میں اضافے کے مختلف منصوبوں اور طویل مدتی سرمایہ کاری میں پیسہ لگانے کے بعد، کمپنی کے ریزروز کا ایک حصہ استعمال ہو چکا ہے، اس لیے کمپنی کے بورڈ آف ڈائریکٹرز نے 10 جون 2024ء کو منعقدہ اپنے اجلاس میں 18,000 ملین روپے ریونیو ذخائر (غیر صرف شدہ منافع) سے کیپٹل ذخائر میں منتقل کرنے کی منظوری دی تاکہ ان ذخائر کی نوعیت کی زیادہ درست عکاسی کی جاسکے۔ اس کے مطابق، یہ ذخائر منافع منقسمہ کے ذریعے تقسیم کے لئے دستیاب نہیں ہوں گے۔

مالی سال 22-2021 کے دوران کمپنی نے طارق گلاس انڈسٹریز لمیٹڈ کے اشتراک سے ایک ہزار میٹرک ٹن یومیہ تک کی پیداواری صلاحیت کے ساتھ فلوٹ گلاس مینوفیکچرنگ پلانٹ کے قیام کا اعلان کیا تھا۔ اس منصوبے کے مالی سال 25-2024 کے دوران تجارتی طور پر آپریشنل ہونے کی توقع تھی لیکن غیر یقینی معاشی حالات کی وجہ سے مجوزہ منصوبے کی ٹائم لائن تاخیر کا شکار رہے۔ مزید برآں، زیر جائزہ سال کے دوران لکی ٹی جی (پرائیویٹ) لمیٹڈ ('لکی ٹی جی') نے کمپنی اور طارق گلاس لمیٹڈ سے اپنے حصص کا ایک حصہ واپس لے لیا، جو حال ہی میں مکمل ہوا ہے۔ لکی ٹی جی میں جے وی پارٹنرز کی شیئر ہولڈنگ برقرار ہے اور کمپنی لکی ٹی جی میں 51 فیصد حصص رکھتی ہے۔ مذکورہ بالا باتوں کے باوجود جوائنٹ وینچر پارٹنرز اقتصادی ماحول زیادہ سازگار ہوتے ہی اس منصوبے کو مکمل کرنے کے لئے پرعزم ہیں۔

زیر جائزہ سال کے دوران، 12 جنوری 2024 کو لکی کور وینچرز (پرائیویٹ) لمیٹڈ (کمپنی کی مکمل ملکیتی ذیلی کمپنی) نے لوٹے کیمیکل پاکستان لمیٹڈ کے جاری کردہ حصص کے سرمائے کا تقریباً 75.01 فیصد حاصل کرنے کے لیے لوٹے کیمیکلز کارپوریشن کے ساتھ ہونے والے حصص کی خریداری کے معاہدے کو ختم کر دیا کیونکہ ٹرانزیکشن کی تکمیل کے لیے درکار شرائط SPA میں مقررہ وقت میں پوری نہیں کی جاسکیں۔

## مالیاتی کارکردگی

| پاکستانی روپے ملین میں | جون 2024 | جون 2023 | اضافہ (کمی) کا تناسب |
|---|---|---|---|
| خالص آمدنی | 120,460 | 109,486 | 10% |
| مجموعی منافع | 26,906 | 22,133 | 22% |
| کاروباری منافع | 17,151 | 14,653 | 17% |
| قبل از ٹیکس منافع | 16,501 | 21,911 | -25% |
| بعد از ٹیکس منافع | 11,140 | 13,772 | -19% |
| فی شیئر منافع (روپے) | 120.62 | 149.12 | -19% |

خالص آمدنی (ملین روپے)


قبل از ٹیکس منافع (ملین روپے)


بعد از ٹیکس منافع (ملین روپے)


فی شیئر منافع (روپے)

# ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2024

ڈائریکٹرز 30 جون 2024ء کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ بمسرت پیش کرتے ہیں۔

ڈائریکٹرز کی یہ رپورٹ کمپنیز ایکٹ 2017 کے سیکشن 227 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کے مطابق تیار کی گئی ہے۔

## معیشت اور مالیاتی کارکردگی کا جائزہ

رواں مالی سال کے دوران 120,460 ملین روپے کی خالص مجموعی فروخت گزشتہ سال کے اسی عرصے (SPLY) کے مقابلے میں 10 فیصد زیادہ ہے، جس کی بنیادی وجہ سوڈا ایش کے برآمدی حجم میں اضافہ ہے، جو 135,000 ٹن سالانہ توسیعی منصوبے کی کامیاب کمیشننگ اور تجارتی پیداوار کے بعد بڑھتی ہوئی صلاحیت کے پورے سال کے اثرات کے سبب ممکن ہوا۔ فارماسیوٹیکلز، کیمیکلز اینڈ ایگری سائنسز اور سوڈا ایش کی خالص مجموعی فروخت میں گزشتہ سال کے اسی عرصے کے مقابلے میں بالترتیب 33 فیصد، 17 فیصد اور 15 فیصد اضافہ ہوا، جبکہ اینیمل ہیلتھ اور پولیسٹر کے کاروبار تقریباً SPLY کے مطابق رہے۔

زیر جائزہ سال کے لئے 17,151 ملین روپے کا آپریٹنگ منافع گزشتہ سال کے اسی عرصے کے مقابلے میں 17 فیصد زیادہ ہے۔ فارماسیوٹیکلز، سوڈا ایش اور کیمیکلز اینڈ ایگری سائنسز کے کاروبار نے گزشتہ سال کے اسی عرصے کے مقابلے میں بالترتیب 130 فیصد، 31 فیصد اور 11 فیصد زیادہ آپریٹنگ منافع حاصل کیا، جبکہ پولیسٹر اور اینیمل ہیلتھ کے کاروبار نے SPLY کے مقابلے میں آپریٹنگ منافع میں بالترتیب 43 فیصد اور 5 فیصد کمی درج کی۔

سوڈا ایش کاروبار کی کارکردگی بڑی حد تک حالیہ توسیع سے حاصل شدہ اضافی صلاحیت کی وجہ سے تھی۔ فارماسیوٹیکلز کے کاروبار کی کارکردگی مینوفیکچرنگ اور تجارتی مہارت میں مستقل کوششوں کی عکاسی کرتی ہے، جس کے نتیجے میں لاگت کو بہتر بنانے اور سیلز مکس میں بہتری آئی ہے۔ مزید برآں، جولائی 2023 میں صنعت کو ایک بار فراہم کردہ پرائس ایڈجسٹمنٹ نے مارجن کی بحالی میں کچھ سہولت فراہم کی۔ کیمیکلز اینڈ ایگری سائنسز کے کاروبار نے تیل کے بیجوں (آئل سیڈز) کے شعبے میں مستحکم کارکردگی اور اپنے پورٹ فولیو میں مؤثر مارجن مینجمنٹ کی وجہ سے بہترین نتائج فراہم کیے۔ افراط زر کے دباؤ کی وجہ سے صارفین کی قوت خرید میں کمی کے باعث اندرون ملک پولٹری کے شعبے میں نمایاں سست روی سے شدید متاثر ہونے کے باوجود اینیمل ہیلتھ کے کاروبار نے آپریشنل کارکردگی کے ذریعے لچک کا مظاہرہ کیا۔ پولیسٹر کے کاروبار کو خراب عالمی معاشی صورتحال، مالیاتی سختی اور توانائی کے نرخوں میں نمایاں اضافے کے تناظر میں ڈاؤن اسٹریم مارکیٹوں میں کم طلب کی وجہ سے مشکل حالات کا سامنا کرنا پڑا۔

زیر جائزہ سال کے دوران کمپنی کے کاروباری آپریشنز کو میکرو اکنامک چیلنجز کا سامنا کرنا پڑا۔ ٹیکس کی بلند شرح اور تاریخی طور پر بلند شرح سود کی وجہ سے مالیاتی سختی اور توانائی کی قیمتوں میں اضافے کے نتیجے میں مختلف شعبوں میں اندرون ملک معاشی سرگرمیوں میں سست روی آئی۔ زیر جائزہ سال کے دوران اوسط افراط زر 23.41 فیصد کے ساتھ، کاروبار کرنے کی لاگت میں نمایاں اضافہ ہوا۔ ان چیلنجوں نے صارفین کی قوت خرید کو منفی طور پر متاثر کیا، جس کے نتیجے میں معیشت کے اہم شعبوں میں طلب میں کمی واقع ہوئی۔

رواں مالی سال کے دوران 11,140 ملین روپے کا بعد از ٹیکس منافع گزشتہ سال کے اسی عرصے کے مقابلے میں 19 فیصد کم ہے، جس کی بنیادی وجہ گزشتہ سال 9,842 ملین روپے کی ایک بار ہونے والی آمدنی ہے، جو نیوٹری کو مورینا گا (پرائیویٹ) لمیٹڈ (این ایم پی ایل) کے تقریباً 26.5 فیصد حصص کی فروخت کے نتیجے میں گزشتہ سال ریکارڈ کی گئی تھی۔ این ایم پی ایل حصص کی فروخت سے ایک بار ہونے والے مذکورہ بالا اکاؤنٹنگ منافع کے اثرات کو چھوڑ کر، زائد آپریٹنگ منافع اور قلیل مدتی سرمایہ کاری سے حاصل ہونے والی دیگر آمدنی کی وجہ سے متعلقہ منافع بعد از ٹیکس گزشتہ سال کے اسی عرصے کے مقابلے میں 41 فیصد زیادہ ہے۔

سال کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 3 فیصد اضافہ ہوا، جس کے نتیجے میں گزشتہ سال کے اسی عرصے میں 965 ملین روپے کے زرمبادلہ نقصان کے مقابلے میں 117 ملین روپے کا زرمبادلہ فائدہ ہوا۔ مزید برآں، گزشتہ سال کے اسی عرصے کے مقابلے میں فنانس لاگت میں 23 فیصد اضافہ ہوا جس کی بنیادی وجہ ورکنگ کیپیٹل آپٹیمائزیشن کے نتیجے میں کم قرضوں کی وجہ سے اونچے پالیسی ریٹ کے پورے سال کے اثرات ہیں۔

رواں مالی سال کے دوران آمدنی فی شیئر 120.62 روپے رہی، جو گزشتہ سال کے اسی عرصے کے مقابلے میں 19 فیصد کم ہے۔ SPLY سے ایک بار حاصل ہونے والی آمدنی کے اثرات کو چھوڑ کر، آمدنی فی شیئر، گزشتہ سال کے اسی عرصے کے مقابلے میں 41 فیصد زیادہ ہے۔

## ڈیویڈنڈ

کمپنی کی آمدنی کے پیش نظر، بورڈ آف ڈائریکٹرز نے 30 جون 2024 کو ختم ہونے والے مالی سال کے حوالے سے حتمی نقد منافع 330 فیصد یعنی 33 روپے فی شیئر کی شرح سے دینے کی سفارش کی ہے جو آئندہ سالانہ اجلاس عام میں اراکین کی منظوری سے مشروط ہے۔ 30 جون 2024ء کو ختم ہونے والے پورے سال کے لیے 27 روپے فی شیئر کے ادا شدہ عبوری ڈیویڈنڈ کے ساتھ ملا کر یہ مجموعی طور پر 60 روپے فی شیئر کا منافع ہے، جس کا مطلب یہ ہے کہ ادائیگی کا تناسب 49.7 فیصد ہے۔

## اہم پیش رفت

کمپنی نے ترقی کی امنگ اور اپنی تزویراتی ترجیحات کے مطابق فائزر پاکستان لمیٹڈ اور فائزر انکارپوریٹڈ کے ساتھ 17 مئی 2024 کو اثاثوں کی خریداری کے معاہدے کیے، جن کے تحت فائزر پاکستان لمیٹڈ کی زیر ملکیت مینوفیکچرنگ پلانٹ کے حصول کے ساتھ ساتھ چند فارماسیوٹیکل مصنوعات اور مذکورہ مصنوعات سے وابستہ ٹریڈ مارکس (ٹریڈ مارک کی مکمل تفویض یا متعلقہ ٹریڈ مارک استعمال کرنے کے دائمی لائسنس کے ذریعے) فائزر گروپ کے متعلقہ اداروں سے حاصل کیے گئے۔ ٹرانزیکشن کا مکمل ہونا ضروری منظوریوں کے حصول اور معاہدوں میں شامل شرائط کی تکمیل سے مشروط ہے۔

مالی سال کے اختتام کے بعد بورڈ آف ڈائریکٹرز نے کھیوڑہ میں کمپنی کے سوڈا ایش پلانٹ میں 200,000 ٹی پی اے کی گنجائش بڑھانے کی منظوری دی۔ مجوزہ توسیع کی کامیاب تکمیل کے بعد، سوڈا ایش پلانٹ کی کل نصب شدہ صلاحیت موجودہ 560,000 ٹی پی اے سے بڑھ کر 760,000 ٹی پی اے ہو جائے گی۔

# Glossary

| | |
|---|---|
| AGM | Annual General Meeting |
| APCMA | All Pakistan Cement Manufacturing Association |
| ATF | Aziz Tabba Foundation |
| BET | Business Executive Teams |
| BOI | Board of Investment |
| BBS | Behaviour Based Safety Programme |
| CCG | Code of Corporate Governance |
| CDC | Central Depository Company of Pakistan Limited |
| CIA | Confidentiality, Integrity and Availability |
| CLF | Child Life Foundation |
| CMGHS | Community Managed Girls High School |
| $CO_2$ | Carbon Dioxide |
| CSR | Corporate Social Responsibility |
| CSRCP | Corporate Social Responsibility Centre Pakistan |
| CPR | Cardiopulmonary Resuscitation |
| CERB | Centre of Excellence for Responsible Businesses |
| DBN | Debottleneck |
| DE&I | Diversity Equity and Inclusion |
| DMAIC | Define, Measure, Analyse, Improve, and Control. |
| DRP | Disaster Recovery Plan |
| EMT | Executive Management Team |
| EOGM | Extraordinary General Meeting |
| EPM | Environmental Performance Management |
| EPS | Earnings per Share |
| ERM | Enterprise Risk Management |
| ERP | Enterprise Resource Planning |
| EFS | Export Facilitation Scheme |
| EFP | Employers' Federation of Pakistan |
| FBR | Federal Board of Revenue |
| FPIP | Fire Protection Industry of Pakistan |
| GDP | Gross Domestic Products |
| GHG | Greenhouse Gas |
| GICS | Global Industry Classification Standard |
| GIKI | Ghulam Ishaq Khan Institute of Engineering Sciences and Technology |
| GRI | Global Reporting Initiative |
| HAPI | Health Assessment Performance Index |
| HR&R | Human Resource and Remuneration |
| HSE&S | Health, Safety, Environment and Security |
| HYPI | Hygiene Performance Index |
| IASB | International Accounting Standard Board |
| IBA | Institute of Business Administration |
| ICAP | Institute of Chartered Accountants of Pakistan |
| ICC | International Cricket Cup |
| ICMAP | Institute of Cost and Management Accountants of Pakistan |
| IFAC | International Federation of Accountants |
| IFRS | International Financial Reporting Standards |
| IFE | Institution of Fire Engineers |
| IIRC | International Integrated Reporting Council |
| ILO | International Labour Organisation |
| IMF | International Monetary Fund |
| IPCC | Intergovernmental Panel on climate change |
| IRD | Interactive Research and Development |
| ISMS | Information Security Management System |
| IT | Information Technology |
| JV | Joint Venture |
| KPI | Key Performance Indicators |
| kWh | Kilowatt-hours |
| LCV | Lucky Core Ventures (Private) Limited |
| LCF | Lucky Core Foundation |
| LEPCL | Lucky Electric Power Company Limited |
| LWI | Lost Workday Injury |
| LMC | Lucky Motor Corporation |
| LRBT | Layton Rahmatullah Benevolent Trust |
| LSA | Light Soda Ash |
| LSD | Lumpy Skin Disease |
| LSS | Lean Six Sigma |
| LTFF | Long-Term Finance Facility |
| LUMS | Lahore University of Management Sciences |
| MALC | Marie Adelaide Leprosy Centre |
| MB | Masterbatches |
| NEQS | National Environmental Quality Standards |
| NFEH | National Forum for Environment and Health |
| NIPL | NutriCo International (Private) Limited |
| NMPL | NutriCo Morinaga (Private) Limited |
| NPPL | NutriCo Pakistan (Private) Limited |
| NUST | National University of Sciences and Technology |
| OEE | Operational Eco-Efficiency |
| OICCI | Overseas Investors Chamber of Commerce and Industry |
| PAC | Pakistan Agricultural Coalition |
| PAT | Profit after Tax |
| PBC | Pakistan Business Council |
| PCP | Pakistan Centre for Philanthropy |
| PCRWR | Pakistan Council of Research in Water Resources |
| PEQS | Pakistan Environmental Quality Standards |
| PKR | Pakistani Rupee |
| PSF | Polyester Staple Fibre |
| PSX | Pakistan Stock Exchange |
| PRCS | Pakistan Red Crescent Society |
| PTC | Pakistan Textile Council |
| PU | Polyurethanes |
| PTA | Purified Terephthalic Acid |
| R&D | Research and Development |
| RLCC | Ra'ana Liaquat Craftsmen Colony |
| ROI | Return on Investment |
| RPA | Robotic Process Automation |
| RSB | Refined Sodium Bicarbonate |
| SAP | Systems, Applications and Products in Data Processing |
| SASB | Sustainability Accounting Standards Board |
| SBP | State Bank of Pakistan |
| SC | Specialty Chemicals |
| SECP | Securities and Exchange Commission of Pakistan |
| SFE | Sales Force Effectiveness |
| SGDs | Sustainable Development Goals |
| SIUT | Sindh Institute of Urology & Transplantation |
| SOPs | Standard Operating Procedures |
| SPA | Share Purchase Agreement |
| SPLY | Same Period Last Year |
| STEP | Sustain, Transform, Evolve and Preserve |
| TCF | The Citizen Foundation |
| TGIL | Tariq Glass Industries Limited |
| THI | Tabba Heart Institute |
| TKI | Tabba Kidney Institute |
| TPA | Tonnes Per Annum |
| TSR | Total Shareholder Return |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| USD | United States Dollar |
| VAPT | Vulnerability Assessment and Penetration Testing |
| VC | Virtual Clinic |
| WIBCON | Women in Business and Leadership Conference |
| WWTP | Waste Water Treatment Plant |
| WEF | World Economic Forum |
| YBG | Yunus Brothers Group |
| YGL | Young Global Leader |
| YoY | Year-on-Year |
| YPO | Young President Organisation |
| YTM | Yunus Textile Mills Limited |

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