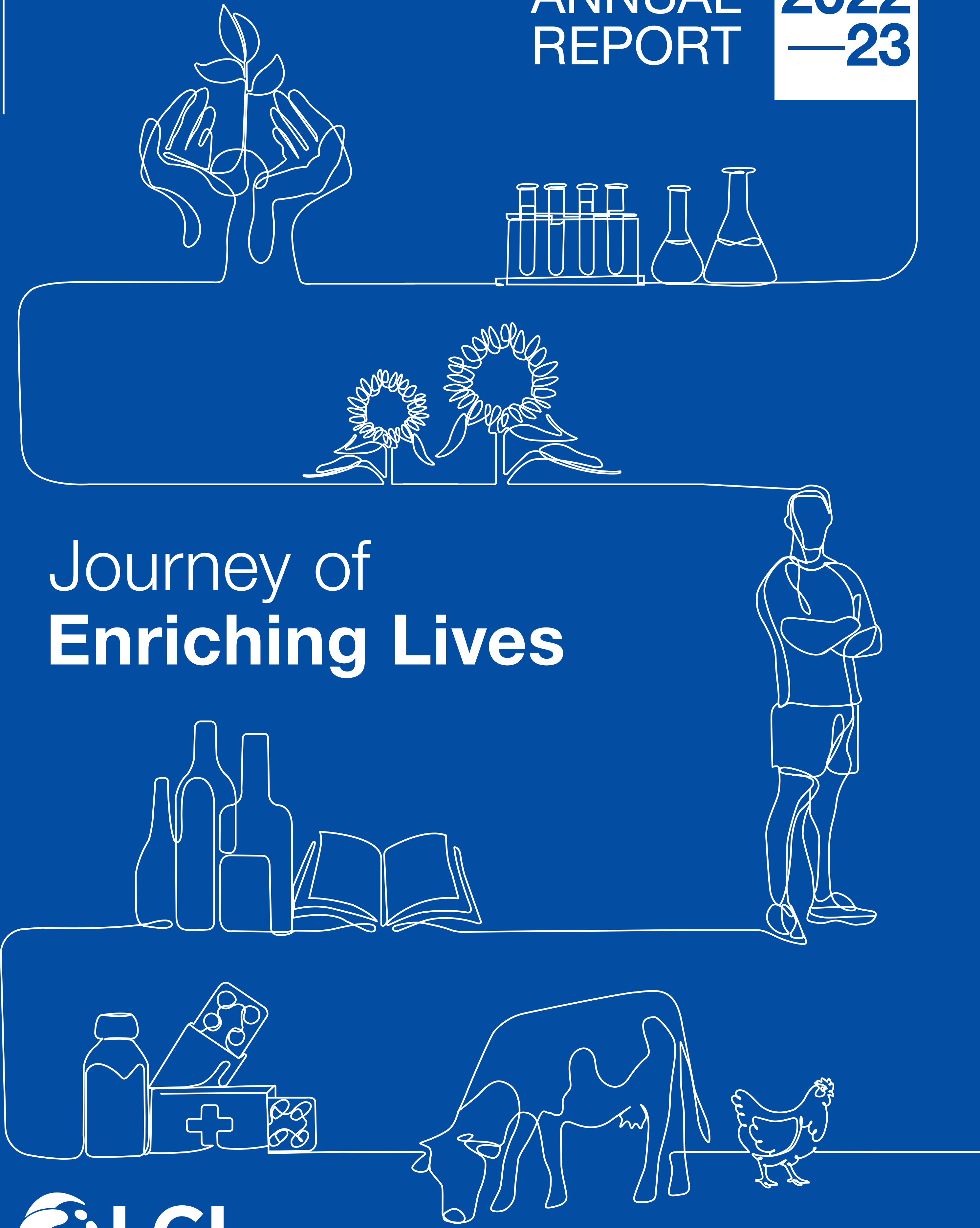
ANNUAL REPORT 2022—23



Journey of **Enriching Lives**

LCI

LUCKY CORE INDUSTRIES

YBG

Journey of **Enriching Lives**

A line is never just a line.

A seemingly simple element, the line is versatile and endless. From its humble beginning as a mere dot, the line expands and extends to lend its form to create other shapes. Signifying movement and progression, with each step taken, the line evolves, carving a path of purpose and meaning.

Lucky Core Industries Limited’s journey is much like that line. The path we embarked upon more than seven decades ago, starting from a single manufacturing unit, has since been shaped by a profound purpose to enrich lives and contribute to Pakistan’s progress. Today, we stand at the core of almost every industry and are a part of every household across the nation. All our businesses, endeavours, and the lasting impact we aim to create, are interconnected with a singular purpose of Improving Lives beyond our boundaries.

Moving forward on our Journey of Enriching Lives, our new name reaffirms our commitment to creating shared value. Each step we take shapes a brighter and more sustainable future for generations to come.

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Dear Stakeholders,

On behalf of the Board of Directors of Lucky Core Industries Limited (LCI), I am pleased to present the Annual Report of our Company for the year ended June 30, 2023.

It gives me immense pleasure to report another year of sustained financial performance, growth and increasing returns for our shareholders. I would like to express my gratitude to all stakeholders for their continued support and acknowledge the unwavering commitment of the Company's employees in what has been an extremely challenging year.

Performance Underpinned by Resilience

The fiscal year 2022-23 presented itself with multiple challenges - including but not limited to geopolitical tensions, surging inflation, rising costs of doing business, and fluctuations in global commodity prices. Furthermore, current currency devaluation, import restrictions, higher interest rates and changes in the tax regime intensified the challenges. Despite testing circumstances, the Company remained steadfast in its aspirations of Cultivating Growth beyond its boundaries, which in turn continued to propel us towards further success. On a consolidated basis, from continuing operations, the Company's Net Turnover recorded a growth of 26% at PKR 109,544 million, with Operating Results 24% higher at PKR 14,767 million compared to the SPLY.

Investing in the Future

Recognising the possibilities for creating a far-reaching impact, the Yunus Brothers Group (YBG) acquired the Company in 2012. Post-acquisition to date, with total investments of over PKR 34 billion and bottom-line growth from PKR 989 million to PKR 17,773 million, the Board continues to drive the Company in achieving its strategic goals and aspirations. We advance ahead steadily on our journey with the understanding that LCI's growth is intrinsically tied to the progress of the nation. As such, the Board of Directors approved expansion initiatives for both the Soda Ash and Animal Health businesses valued at PKR 1.55 billion and PKR 633 million, respectively. Furthermore, I am pleased to announce that post-close of the fiscal year, the Soda Ash business also received an in-principle approval by the Board for an additional capacity expansion of 200,000 TPA at the Soda Ash Plant in Khewra, which once completed will bring the total installed capacity from the current 560,000 TPA to 760,000 TPA. Aimed at encouraging local value addition, import substitution and export growth, these strategies and initiatives will enable our businesses to meet the growing needs of their respective markets.

Given the current economic conditions, we stand at crossroads. We must actively make decisions to invest in Pakistan's future – in particular helping improve industrial and agricultural performance whilst also positively impacting the communities in which we operate. The Company's belief in this philosophy is evident both in its commercial and philanthropic endeavours and goals. Driven towards Cultivating Growth across countless industries and promoting synergies the Company (through Lucky Core Ventures (Private) Limited) is in the process of acquiring LOTTE Chemical Pakistan Limited. This transaction remains subject to receipt of requisite approvals and completion of closing conditions. Our decision to divest partial shareholding in NutriCo Morinaga (Private) Limited (NMPL) to Morinaga Milk Industry Co. Ltd (Morinaga Milk) is another example of the same strategy. Direct access to Pakistan's nutrition market will allow Morinaga Milk to leverage its R&D capabilities for stronger alignment of NMPL's locally manufactured portfolio. Moreover, the Company's investments in community uplift programmes during the year, in the areas of health, education and women's empowerment sought to plant the seeds of a more hopeful future.

At the Core of Progress

Building on LCI's existing portfolio that serves industries ranging from food and agriculture, glass, healthcare and textiles, the aforementioned investments will further elevate the Company's position of being at the core of its stakeholders' lives. During the year, the decision to rebrand the Company as Lucky Core Industries Limited has allowed it to draw on the strengths of its holding company – Lucky Cement Limited.

Future Outlook

As we look ahead, the upcoming year is expected to remain a challenging one for the country as it strives to achieve fiscal stabilisation and regain macroeconomic stability. Needless to say, the Company remains committed to contributing and working towards economic stabilisation and our growth and expansion plans are closely aligned with the demands of Pakistan's economy.

As an organisation, we firmly believe in upholding our core values, adapting to change and evolving for the better, and operating with Integrity and Responsibility. LCI is committed to leveraging opportunities for organic and inorganic growth as it navigates the uncertin environment in the year ahead.

I thank the Board of Directors for their oversight and guidance which have been key to the delivery of objectives, maintaining the Company's reputation and meeting the expectations of our stakeholders.

Join us as we continue on our Journey of Enriching Lives for a brighter future. Pakistan Zindabad!

Best regards,

Muhammad Sohail Tabba
Chairman
Lucky Core Industries Limited

Message from the Chief Executive

Dear Stakeholders,

Despite its many challenges, the fiscal year 2022-23 was one of major transformation for the Company. Building on a strong legacy, we transitioned to a new name, Lucky Core Industries Limited (LCI). This is reflective of our commitment to contribute at all levels to the progress of the nation and its people whilst aligning our identity with our majority shareholder.

During the year in review, the world, and Pakistan in particular, faced challenges as a result of significant geopolitical and macroeconomic uncertainty. Unprecedented rains and flash flooding during the severe monsoon affected over 33 million people and resulted in the loss of lives, livelihood and infrastructure. A disaster of this magnitude demanded an immediate response, and I am pleased to report that LCI and its employees supported multiple organisations in arranging urgent medical assistance for those affected across the country.

The year was also marked by several headwinds including currency depreciation, soaring inflation, and unprecedented increases in interest rates which collectively exerted pressure on the cost of doing business, impacting both demand and margins. Despite these challenges, the resilience and adaptability exhibited by the Company are a testament to our confidence in the LCI brand, and our employees' commitment to ensuring the success of the organisation. Profitability and returns delivered to shareholders alongside the ambitious strategic growth initiatives that we embarked on during the year, demonstrate our commitment to Delivering Enduring Value. On an unconsolidated basis, the Company achieved double digit top line growth, with Net Turnover increasing by 26% over the same period last year (SPLY) which was driven by strong performance across all the Company's businesses. The Company's Operating Results grew by 25% and Profit after Tax (PAT) rose by 120% over the SPLY owing to improved Operating Results and from the strategic partial divestment of shareholding in NutriCo Morinaga (Private) Limited.

The performance of the Company was the outcome of successful plant expansions, localisation and innovation to meet the growing needs of our customers. The Soda Ash business successfully commissioned the 135,000 TPA expansion project allowing it to achieve its highest export sales, and to continue meeting the current volume demand.

The Animal Health business's continuous efforts to strengthen its localised Farmers Choice portfolio enabled it to deliver a strong performance during the period under review. To further augment our position in the supply of locally manufactured products, the Company's Board of Directors approved an investment to set up a greenfield veterinary medicine manufacturing facility for the business. Expected to commence operations in the fiscal year 2024-25, this decision is another strategic step towards the Company's growth aspirations.

Improved performance in the Chemicals and Agri Sciences business was driven by effective margin management across the Chemicals segments. The strong performance of the Agri Sciences segment is largely due to increased sales in the sunflower oil seeds category. Moreover, this year, to strengthen the agricultural sector through import substitution, the business signed an MoU with a leading local FMCG for research on the localisation of tomato seed production.

The Pharmaceuticals industry faced significant headwinds during the year, with skyrocketing costs and regulatory price controls denting commercial activities. LCI is cognisant of the criticality of products supplied by its Pharmaceuticals business and in keeping with our commitment to patients, the business focused on an uninterrupted supply of quality medicines to consumers through optimisation, internalisation and cost curtailment efforts.

Similarly, the year was also a particularly difficult one for the textile sector, with exports declining for eight consecutive months. Despite a pickup in performance during the third quarter of the year on account of margin management efforts, our Polyester business struggled with reduced demand in its downstream industry and higher costs.

As a leading manufacturing concern, we are fully cognisant of our responsibility towards the environment and communities within which we operate. Gearing for the future, we have not only embedded sustainability into our business model but also work closely with our stakeholders to create value and a better future for all. This year, our Polyester business collaborated with academia and multiple stakeholders to help inculcate a green mindset concerning the benefits of circularity of resources and recycling of post-consumer PET waste. The change starts with us, and we at LCI are excited to collaborate with like-minded organisations on our journey.

Our commitment to ensuring the well-being and safety of our people, protecting and restoring the environment, and enhancing the quality of life in communities where we operate remains strong. We progressed further on our journey of sustainability and launched Catalyst 2030, LCI's climate action plan aimed at decarbonising by leveraging nature and science-based solutions. I am pleased to highlight that we received multiple accolades during the year for our efforts in the area of Health, Safety, Environment and Security (HSE&S). In addition, LCI's philanthropic and employee volunteer initiatives during the year, in areas of health, education, women's empowerment, environment and community development created shared value and enriched lives. More details of our sustainability strategy and progress on material topics are shared in our Sustainability Report 2022-23.

We believe that our people, their well-being and development are key to the Company's success. During the year, we took continuous measures to promote diversity, equity, inclusion and engagement of our people. Investments were made to further the learning and development of our talent, enabling them to realize their full potential, with over 51,000 hours of training logged in the current year.

As a company that began its operations from a single manufacturing unit located near the salt range in Punjab, LCI transformed over the years to become a diversified company which is better and stronger. I want to take this opportunity to express my tremendous gratitude and appreciation to all our stakeholders for their support in helping us along on our Journey of Enriching Lives.

Yours sincerely,

Asif Jooma
Chief Executive
Lucky Core Industries Limited

About Report

The Annual Report for the FY 2022-2023 is prepared in accordance with the Integrated Reporting Framework, providing an extensive overview of LCI's 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 Best Corporate Reporting criteria.

Reporting Period

The reporting period for this publicaion aligns with LCI's FY 2022-23, spanning from July 1, 2022, to June 30, 2023.

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, 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 seven sections including 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 Director's Report and the financial statements contained within have been approved by the Board of Directors at its meeting held on August 02, 2023.

Assurance

Independent external auditors EY Ford Rhodes, 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
Muhammad Abid Ganatra – Executive Director
Adnan Afridi – Independent Director
Syed Muhammad Shabbar Zaidi – 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
Muhammad Abid Ganatra – Member
Adnan Afridi – Member

Shares Transfer Committee

Jawed Yunus Tabba – Chairman
Asif Jooma – Member
Muhammad Abid Ganatra – Member

Executive Management Team (EMT)

Asif Jooma – Chief Executive
Atif Aboobukar – Chief Financial Officer*
Nauman Shahid Afzal – Chief Operating Officer, Polyester Business
Arshaduddin Ahmed – Chief Operating Officer, Chemicals & Agri Sciences Business
Laila Bhatia Bawany – Chief Legal Officer & Company Secretary
Muhammad Abid Ganatra – Chief Operating Officer, Soda Ash Business
Eqan Ali Khan – Chief Strategy & Innovation Officer
Aamer Mahmud Malik – Chief Operating Officer, Pharmaceuticals Business
Muhammad Farrukh Rasheed – Chief People Officer

*Alphabetised as per the last name

Chief Financial Officer

Atif Aboobukar

Company Secretary

Laila Bhatia Bawany

Head of Internal Audit

Khalid Munif Khan

Bankers

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

Shares Registrar

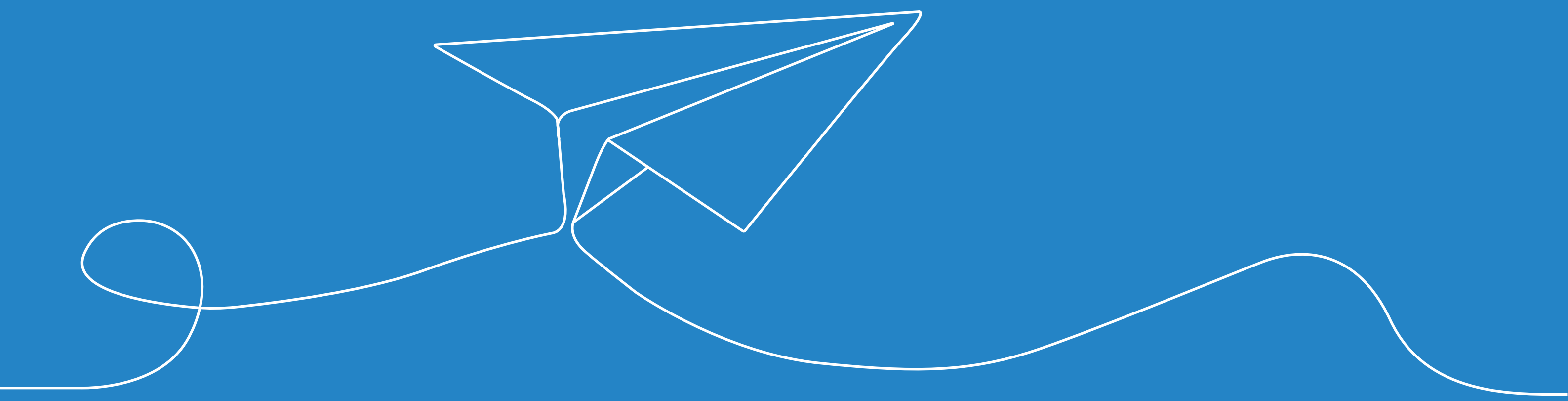
FAMCO Associates (Private) Limited
8 – F, Nursery,
Block – 6, P.E.C.H.S
Shahrah-e-Faisal, Karachi.
Tel: (021) 34380101-5 | Fax: (021) 34380106
Website: www.famco.com.pk

External Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

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



Organisational Overview

A Journey Towards Progress

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

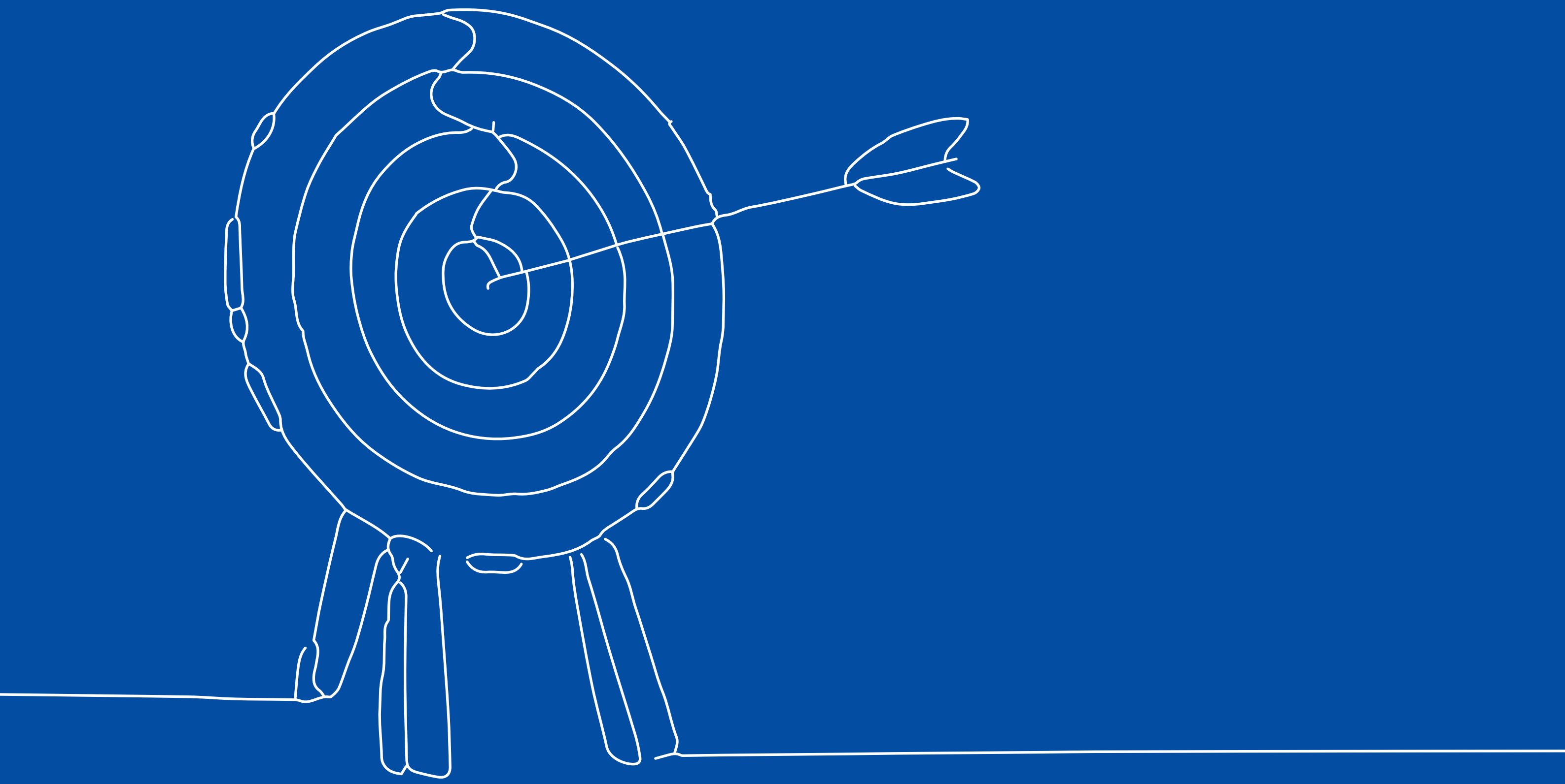
Vision, Mission and Values

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 to 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 wellbeing and, most importantly, create a learning environment conducive for 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 on boarding 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 pratices.

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) is a publicly listed company incorporated in Pakistan. A dynamic and diversified organisation, the Company deals in the manufacture and trade of essential products that support 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 over seven 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

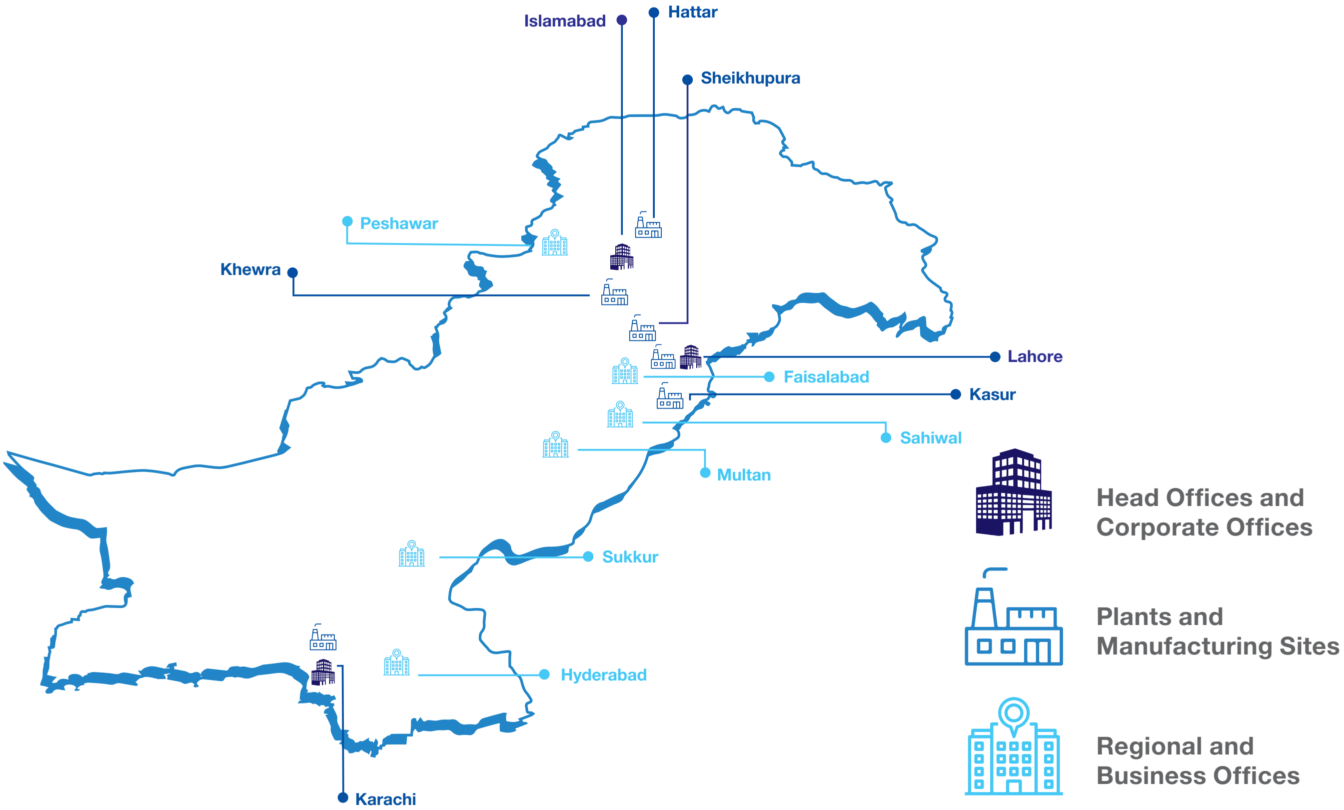

Polyester


Pharmaceuticals


Animal Health


Chemicals & Agri Sciences

Geographical Presence



Facility	Address	Phone
Head Offices and Corporate Offices		
Head Office, Karachi	5 West Wharf, Karachi	021-31313717-22
Corporate Office, Lahore	63 Mozang Road, Lahore	042-36311271-3
Islamabad Corporate Office	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 Highlight

on an Unconsolidated Basis

↑ 26%
vs SPLY

Net Turnover

↑ 25%
vs SPLY

Operating Result

↑ 120%
vs SPLY

Profit after Tax

↑ 120%
vs SPLY

Earnings Per Share

PKR 3,718
million

Capital Expenditure

AA/A-1+

Credit Rating

Non Financial Highlights

Brand Evolution
Company's name changed to Lucky Core Industries Limited

2,100+
Number of Employees

51,000
Total Training man hours

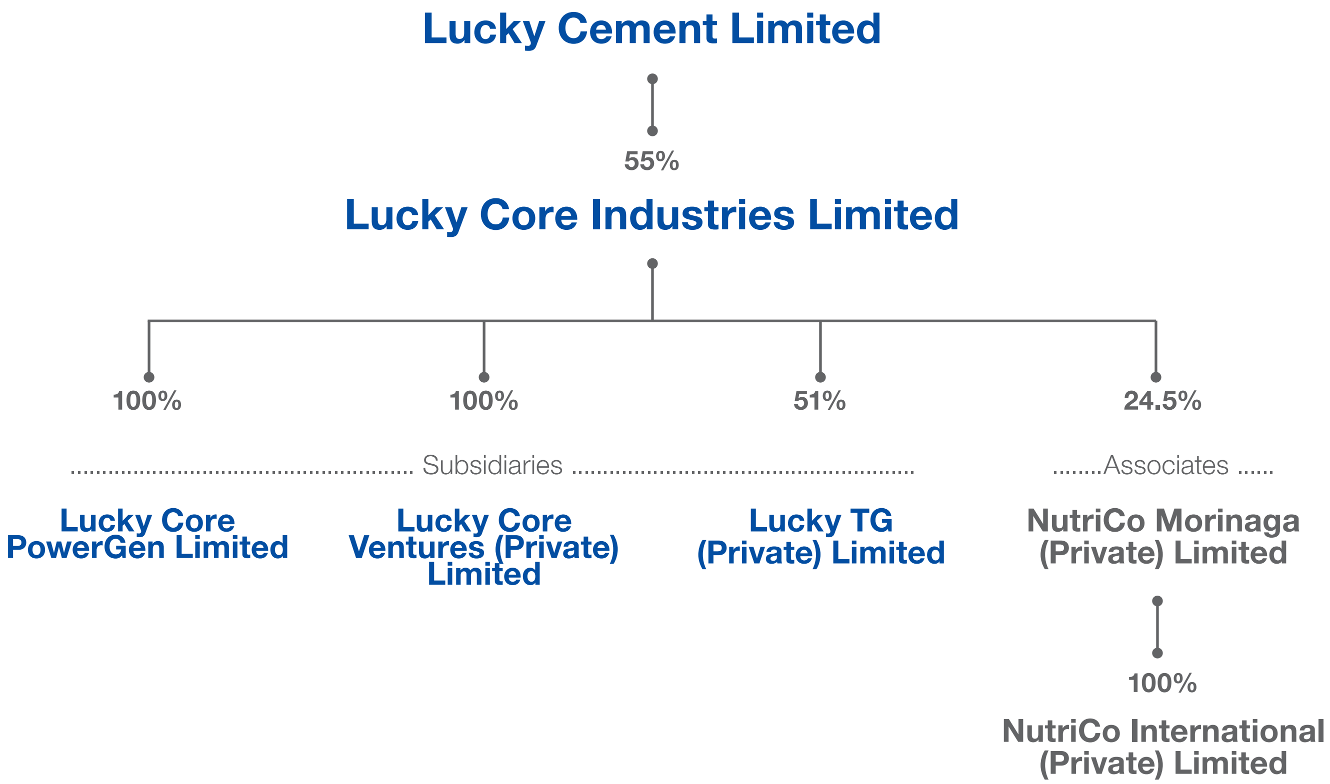
8.2
Mood score

Employer of Choice
Awarded by Butterfly.ai

22,000 tonnes
of CO_2 neutralised through sustainability initiatives

PKR 64.2 million
Invested in Community uplift programmes

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 projects.

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 will undertake the manufacturing, distribution and sales and marketing of float glass and its variants.

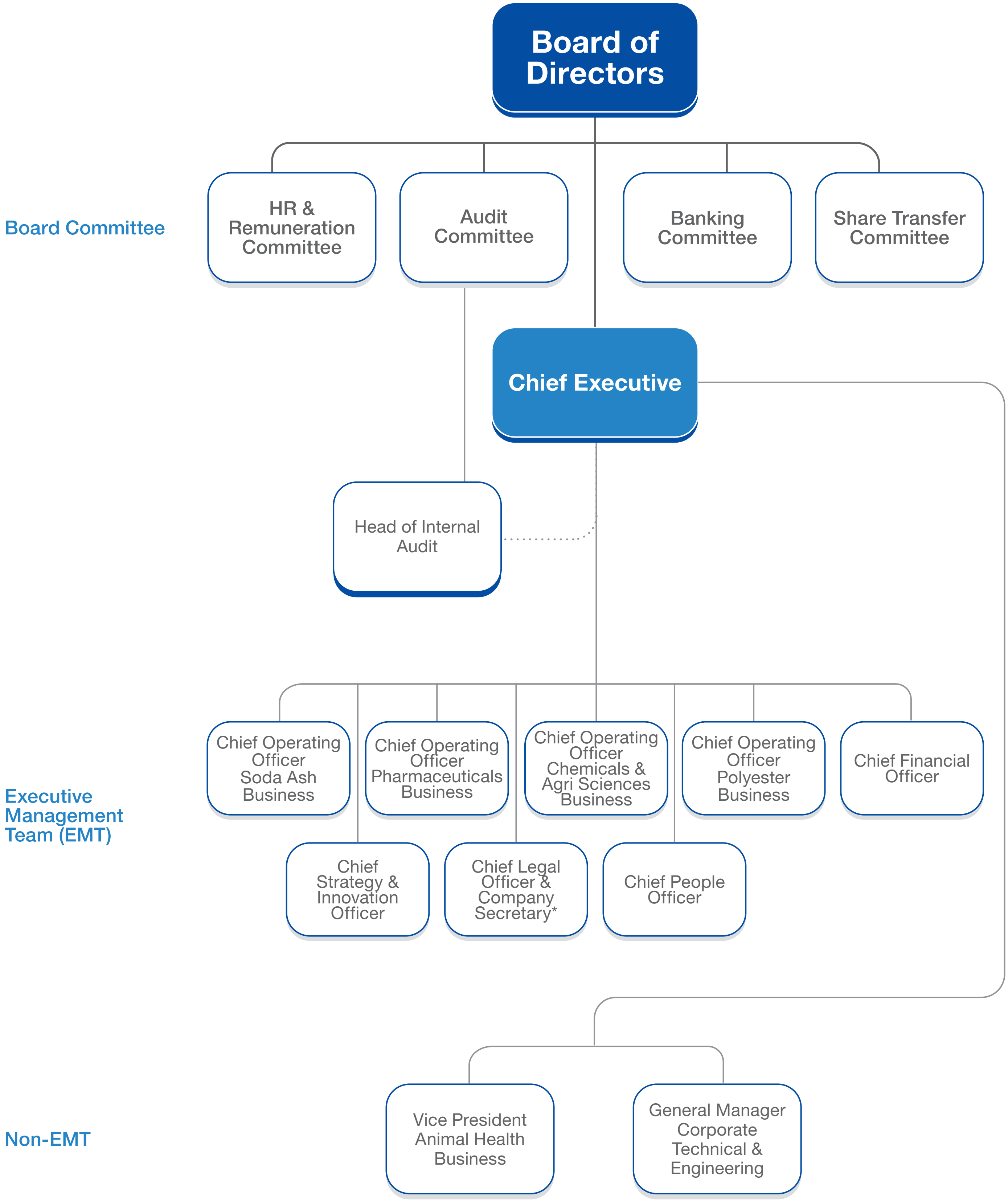
NutriCo Morinaga (Private) Limited

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.

Organisational Structure



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

Executive Management Team

From left to right:

Atif Aboobukar	Chief Financial Officer
Nauman Shahid Afzal	Chief Operating Officer Polyester Business
Laila Bhatia Bawany	Chief Legal Officer & Company Secretary
Arshaduddin Ahmed	Chief Operating Officer Chemicals & Agri Sciences Business
Asif Jooma	Chief Executive

From left to right:

Muhammad Abid Ganatra	Chief Operating Officer Soda Ash Business
Eqan Ali Khan	Chief Strategy & Innovation Officer
Aamer Malik	Chief Operating Officer Pharmaceuticals Business
Muhammad Farrukh Rasheed	Chief People Officer

The Road to Enriching Lives

Evolving from a small trading concern with a single manufacturing unit to its current standing as one of the more 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 changes 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, becomes the ultimate holding company of ICI Pakistan Limited.

2012

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

2013

New Blue Pearl corporate identity, vision and values launched.

2014

The Company enters 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

Successful commissioning and launch of commercial operations of the Masterbatches manufacturing facility.

2020

Successful commencement of commercial operations of NMPL.

Successful amalgamation of Cirin Pharmaceuticals (Private) Limited into the Company.

2021

Commissioning of 14,000 TPA Refined Sodium Bicarbonate (RSB) expansion, bringing 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.

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

Commissioning and commencement of 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 changes 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.

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

Share Purchase Agreement entered into for the purchase of approximately 75.01% shareholding of LOTTE Chemical Pakistan Limited through Lucky Core Ventures (Private) Limited.

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

Investment approval of up to PKR 633 million for setting up a green field veterinary medicine manufacturing facility for the Animal Health business.

A Team Dedicated to Making a Difference

Driving the Company's success and its ability to create impact across its value chain, is LCI's greatest resource – its people. The Company is committed to continuously nurturing and developing its talent, who in turn enable LCI to deliver on its mission of Improving Lives.

LCI recognises that for it to realise its full potential, the Company must provide a high-performance culture which rests on ensuring the well-being, development, engagement of its people and their alignment with the Company's vision.

Cultivating Excellence by Leveraging a Vibrant Organisational Culture

Over its seven decades of operations, despite changes in its ownership, structure and management, the Company is focused on fostering a culture grounded on its values system. These core values are deeply ingrained in every facet of LCI's business operations and to reinforce them and recognise individuals who exemplify the Company's ethos, during the year, a holistic communication campaign was conducted.

By fostering a culture that prioritises these principles, LCI aims to create an environment of trust, non-discrimination and integrity, where every individual is empowered to contribute to the Company's collective success.

Growing the Talent Pool

The Company understands that the success of its businesses is dependent on the quality of its talent pool. Hence, a strong emphasis is placed on attracting and hiring diverse top talent and focusing on honing their skills. LCI's approach to talent acquisition is two-pronged and includes structured graduate and trainee recruitment programmes and hiring professionals from the industry. The Company's Graduate Recruit and Trainee Programmes aim to attract and select high-potential individuals, fresh out of university, who are then placed on fast track career roles. This year, 10 graduate recruits and 7 trainees were taken in the commercial, finance, HR and technical streams.

Moreover, to provide career-building opportunities to the nation's future talent, LCI launched its Campus Ambassador and Internship Programme, conducted multiple career workshops at universities and organised study tours to its Head Office and plant locations during the year.

Offering rewarding and challenging opportunities, 417 professionals from industry were hired during FY 2022-23 for various management positions.

Developing Leaders

The Company believes in providing its talent with diverse learning and developmental avenues to ensure an all encompassing approach to capability building. These opportunities include coaching, mentoring, job rotation, networking, and learning and development initiatives.

Talent Management Process

LCI's Capability Groups in the areas of Commercial, Technical, Finance and HR are a critical link in the overall Talent Management Framework. The Company completed its talent management cycle for FY 2022-23 by conducting Capability Group meetings and conducting a thorough Succession Planning and exercise. During the cycle, talent gaps were identified and comprehensive plans were put in place to build the required capability and ensure timely succession.

Talent Moves across the Organisation

The diversity of its five unique businesses provides LCI's employees with the perfect opportunity to challenge themselves and gain experience working in diverse industries and roles. For the year in review, talent movement within the Company was recorded 18% providing cross functional exposure and ongoing opportunities for learning and growth.

Ascend Future Leadership Programme

The Soda Ash business introduced the Ascend Future Leadership Programme during the year to nurture young managers, offering comprehensive training, coaching sessions, and access to learning resources. Career ladders were also implemented for technical and commercial teams of the business to provide clear guidelines for advancement.

Learning and Development

LCI's learning philosophy is based on the 70:20:10 learning model, where 70% accounts for on the job training, 20% for coaching and mentoring experiences, and 10% for formal training. In FY 2022-23, the Company successfully completed 51,000 training hours across the organisation. Details of learning and development initiatives undertaken during the year are available on page 148 of this Report.

Fostering an Inclusive Workplace

The Company considers gender diversity a strategic ambition that enables better decision-making and problem-solving and helps build a sustainable competitive advantage. The Company's

Assertive Communication Training for employees.

Problem Solving & Decision Making training at the Polyester plant, Sheikhupura.

gender diversity platform, *iMPACT* continued to further this aspiration across the organisation, through focused gender supportive initiatives.

During the year, the Company organised gender sensitisation sessions, launched the "Yes She Can" Women Returnship Programme aimed at onboarding talented women who had taken a career break, celebrated multiple faith-based occasions to foster inclusivity at the workplace. LCI believes that a diverse workforce fuels creativity and fosters a harmonious workplace where every individual is valued, respected, and celebrated. During the year LCI's gender representation was 7.4% of the total work force. Details of diversity, equity and inclusion initiatives undertaken during the year are available on page 146 of this Report.

Engaged to Thrive Together

The Company strongly believes that success is made possible when employees are engaged and when they feel heard. LCI actively collects employee feedback through the independent 3rd party survey platform, enabling better understanding of employee sentiments and motivations. Employee engagement and well-being efforts undertaken during the year led to an increased engagement score of 8.2, with LCI being recognised as an Employer of Choice.

Employee engagement programmes conducted during the year included, Kids at Work events, sports tournaments, various celebrations, and wellness workshops, aimed at creating a sense of belonging and fostering healthy relationships among employees. Details of employee engagement initiatives undertaken during the year are available on page 144 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, the Company continuously evaluates and invests in improvement initiatives to its HR systems. During the year, the Company digitised thirteen major HR processes to enhance efficiency and service excellence for employees.

CE cricket tournament, Lahore.

Kids at Work event organised at the Head Office, Karachi.

Creating Value Through Digital Transformation

LCI continues to guide business growth through digital transformation for the benefit of its stakeholders.

IT Governance and Cybersecurity

Legal and Regulatory Implications of Cyber Risks

The Board through the Board Audit Committee evaluates the risks associated with LCI's digital environment, including cybersecurity and general IT controls in its periodic risk management reviews and IT Audits.

LCI is focused on ensuring the security of its information systems, contents, the Company's communication channels, and remains vigilant to cyber threats. Adequate measures are implemented by the management to ensure that cybersecurity risks are minimised and contingency plans are in place.

IT Governance and Cybersecurity Programmes and Policies

LCI's information technology services and solutions facilitate its decision makers and management in making effective and efficient decisions to enhance the shareholder's value.

The Company's information security policies and procedures are benchmarked against leading frameworks, systems and industry best practices.

Board's Oversight of Cybersecurity

A holistic review of IT related risks are continuously performed and updated in the enterprise risk register. These are reviewed by the Internal Audit function and shared with the Board Audit Committee.

The Board also approves the budgets for strengthening controls and adding security and reliability of the 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 has Incident Management policies and procedures in place to counter cybersecurity threats. The Board is appraised of any possible breaches, incidents and countermeasures.

Security Assessment of the Technological Environment

Frequent third-party independent assessments and reviews of the technological environment and networks are carried out all year round, 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 the FY 2022-23, vulnerability assessments, penetration testing, and a detailed assessment of cloud applications and infrastructure was conducted.

Contingency and Disaster Recovery Plan

LCI has a Disaster Recovery Plan (DRP) in place for adverse and unforeseen events and to ensure the continuity of the Company's business and operations. The DRP ensures that the effects of adverse events are minimised, the Company's overall operations and assets remain protected, and archival and system-backups at remote sites are carried out smoothly. The development of the plan has been done keeping in view the ongoing business needs and the environment it is operating in. Regular tests are done to ensure that data recovery processes are operating effectively. Regular testing is carried out to ensure the readiness of the Company's IT systems in case of an adverse event. Details of LCI's DRP are as follows:

- As part of its disaster recovery strategy, the Company has established an alternate disaster recovery site with backup servers and communication equipment.

- Detailed policies and procedures are in place to ensure the smooth transition from the primary site to the disaster recovery site for the recovery of data and resumption of network operations.

Education and Training to Mitigate Cybersecurity Risks

To mitigate cybersecurity risks, security awareness emails are sent to employees, which are aimed at helping users identify and report potential cybersecurity threats and risks. Moreover, security awareness trainings and drills are conducted on a regular basis.

Highlights of the Year

Boosting Efficiency with SAP S/4HANA

To enable quicker and more accurate business decisions the Company continued to make strides on the conversion from SAP ECC to SAP S/4HANA. During FY 2022-23, implementation of the system was completed at the Animal Health and Polyester businesses, with plans of implementing the same across all the other businesses as well.

Launch of SAP Employee Central

The Company successfully launched SAP Employee Central for its employees. The cloud-based leading HR information system aims to automate HR tasks, reduce manual effort, provide real-time workforce insights and facilitate informed decision making. The system offers employee self-service and manager self-service functionalities and brings automation to various manual employee processes.

Staying abreast with IT Trainings

To stay abreast with the latest technological advancements, training sessions were arranged for employees on different SAP and analytical tools during the year. Covering a wide range of topics, classroom and virtual training sessions catered to the diverse needs of LCI's employees.

Upgrade of Passive Network

During the year, the IT team initiated an upgrade of the Company's passive network by leveraging state-of-the-art networking equipment and architecture to provide improved speed and reduce redundancy. The upgrade was completed at the Polyester business's Sheikhupura plant, with other sites to follow, and has allowed users to effectively utilise digital applications.

Automating for Digital Transformation

Robotic Process Automation is an innovative technology that employs software robots to automate repetitive and rule-based tasks within business processes for improved efficiency and accuracy. The Company utilises the power of cloud solutions through BI dashboards for business analytics. During the year, the IT team automated four processes for core operations handled by the Corporate Finance function. This automation has improved efficiency, increased accuracy, and helped achieved significant cost savings, ultimately driving operational excellence and improving customer satisfaction.

Optimising Logistics with Digital Yard Management

A digital yard management application was introduced at the Soda Ash business's Khewra plant. The application aims to optimise the turnaround time for logistics vehicles at loading docks. The implementation seamlessly integrated the application with SAP, enabling efficient monitoring and management of all loading vehicles at the plant.

IT and Soda Ash business teams at the launch of SAP S/4HANA.

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. 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 bring forward ideas with either quantitative or qualitative goals to create positive commercial or social impact.

Teams are responsible for their ideas from conception to execution. The Explore Challenge has been instrumental in giving employees, both an opportunity to allow their voices to be heard and collaborate with different business functions to develop cohesive ideas that can help drive change.

The Explore Challenge was launched in FY 2018-19 and has run successfully since. Collectively, the Challenge has generated savings / revenue of over PKR 700 million.

Notable Mentions

- **Salt Conversion through Brine Recovery:** A technical project implemented at the Soda Ash business's plant, for the recovery and conversion of brine to derive savings in rock salt usage.

The implementation of this programme is expected to generate a savings of PKR 30-35 million per annum via a purely OPEX driven project.

- **PRAISE Reward Programme:** The LCI Praise (Employee reward and recognition) programme emerged as a winner in the Explore Challenge with a strong emphasis on employee engagement. The programme highlighted the correlation between recognition and employee engagement within their respective workspaces.

The project was launched Company-wide in January 2020 and has become a cornerstone HR initiative for the organisation.

- **Health 360:** This initiative was focused on three fundamental pillars: enhancing research capabilities, inspiring innovation and promoting inclusive scientific discourse. by engaging healthcare professionals with national and international organisations, the initiative drove discussions on the national ecosystem and on further promoting medical research. Through this initiative 34 workshops / sessions were conducted with over 25,000 attendees and over 7,500 health care professionals from both national and international spaces.

- **E-Procurement System:** An e procurement system was implemented to drive savings in procurement procedures using technology. The system included reverse auctioning which generated approximately PKR 90 million in savings since its implementation.

Optimising for Improvement

The Lean Six Sigma Programme was launched in FY 2020-21 to achieve overall manufacturing excellence at LCI. The programme focused on the concept of Lean, the continuous elimination of unnecessary, non-valued added steps within processes, and Six Sigma, to drive process improvement and variation reduction through a data-driven approach for eliminating defects.

The Lean Six Sigma – Green Belt programme is currently in its third cycle at LCI with the first two cycles covering 14 projects, and an approximate impact of PKR 250 million per annum. The current cycle consists of 7 projects and a potential impact of PKR 300 million.

This year, for the first time, LCI also launched the Lean Six Sigma – Yellow Belt programme to serve as a precursor to the Green Belt programme. The aim is to amplify the mantra of manufacturing excellence amongst employees by providing a stepping stone to the workforce in their Lean Six Sigma journey. 75 employees from various functions were trained in the first cohort which introduced the DMAIC (Define, Measure, Analyse, Improve, Control) methodology and various tools used for its implementation.

Lean Six Sigma training

Awards and Achievements

Best Sustainability and Corporate Report 2021

The annual Best Corporate and Sustainability Report Awards, held 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 2nd position for the Best Sustainability Report 2021 and 4th position for the Best Corporate Report 2021 in the Chemical and Fertiliser category.

International Safety Awards 2023

LCI's Polyester and Soda Ash businesses won the International Safety Award 2023 organised by the British Safety Council. The businesses competed against organisations from 44 countries. The awards recognises the business's efforts in the areas of occupational health, safety and wellbeing.

Annual Environment Excellence Award

In recognition of the Company's commitment to sustainability and robust environmental management system, LCI's Pharmaceuticals and Chemical & Agri Sciences businesses were honored with the Annual Environment Excellence Award by National Forum for Environment & Health (NFEH).

International Environment, Health & Safety Award

LCI's Pharmaceuticals business won the 8th International Environment, Health & Safety Award in the Best HSE Performance category, organised by The Professionals Network and Pakistan Safety Council. The award underscores the business's efforts in prioritising the health and safety of its employees and the communities it operates in.

Annual Fire Safety Awards

LCI's Pharmaceuticals and Soda Ash businesses received the 12th Annual Fire Safety Award organised by NFEH and Fire Protection Industry of Pakistan. The award recognises both businesses for their consistent efforts in the area of fire safety.

Employer of the Choice

LCI was named the 'Employer of Choice' by Butterfly.ai, a testament to upholding a relentless focus on prioritising the growth, development, and well-being of its employees. This recognition further showcases LCI's consistent efforts in fostering a supportive and inclusive workplace culture, demonstrating its commitment to Company's core value of *Passion for People*.

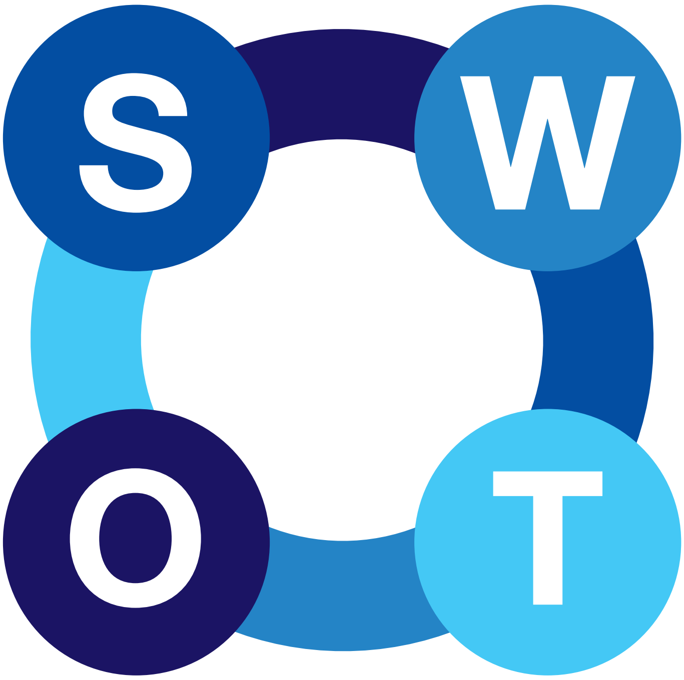
SWOT Analysis

STRENGTHS

- Strong corporate brand image and robust value system.
- Part of one of the largest and fastest growing industrial groups in Pakistan.
- Strong financial position with low gearing levels providing resources for innovation, expansion, and navigating economic downturns.
- Diversified business portfolio, serving multiple industries.
- State-of-the-art manufacturing facilities with deep knowledge and expertise in manufacturing leading to efficient production processes, innovative problem-solving, and higher quality products.
- Strong relationship with customers, suppliers and partners.
- Strong supply chain network across the country ensuring reliable access to materials and customers.
- Ability to attract, develop, and retain top talent.

WEAKNESSES

- Dependence on supply of imported raw materials. Hence exposing the Company to volatility in global commodity pricing, supply chain disruptions and exchange losses due to currency devaluation.
- Cost of sales exposed to variation in prices of various fuel sources (coal, gas, furnace oil) due to high proportion of energy cost in overall cost of porduction.
- Constraints in passing on cost increase in the Pharmaceuticals business due to price regulation.



OPPORTUNITIES

- Expansion of the export portfolio in multiple segments.
- Incremental volumes in the Soda Ash business on the back of expansions.
- Joint venture with Tariq Glass Industries Limited (TGL) for manufacturing of float glass and its variants.
- M&A opportunities for expansion of current business portfolio/venture into new business verticals.
- Potential acquisition of LOTTE Chemical Pakistan Limited.
- Improvement in overall efficiency through cost-saving / innovation initiatives across the organisation

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.
- Supply chain constraints, lack of raw material availability and volatility in international commodity prices.
- Slowdown in demand due to global/local economic situation.
- Depleting natural resources, e.g., gas and coal.
- Dumping of low-cost imported products.

Competitive Environment Analysis

Providing quality products backed by science to help address the needs of its customers, has enabled LCI to stay ahead of the curve.

Porter's Five Forces

Threat of New Entrants

Varies in different business's LCI operates. It is low-to-medium in the capital-intensive segments of Soda Ash and Polyester while medium-to-high in Pharmaceuticals, Chemicals & Agri Sciences and Animal Health portfolios. The threat is dependent upon key factors such as capital requirement, intellectual / proprietary capital, technical know-how, extent of competition in the market segment and regulatory requirements.

Competition in the Industry

LCI is the market leader in the Soda Ash domestic market and maintains this through long-standing relationships with major customers and timely upgradation and expansion of its manufacturing capabilities, in-line with customer demand. In the Polyester segment, LCI is one of the top players in the domestic market that focuses on innovation and quality manufacturing to compete effectively. In its remaining portfolios of Pharmaceuticals, Chemicals & Agri Sciences and Animal Health products, there is significant competition present in the market from both domestic and international players. 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 hold a key position in LCI's process value chain as primary raw materials for a major portion of its portfolio is US Dollar-denominated imports. This is critical for inputs in the Soda Ash and Polyester business and the sourcing of APIs for Pharmaceutical products. Relationships are maintained at the business and corporate level to ensure timely supply of inputs including raw materials, packaging material and fuel for energy / heat. These long-standing relationships along with LCI's brand name allows it to conduct business on mutually beneficial terms. These relationships are extremely important for the chemicals trading portfolio and certain animal health products which are imported to the demand of the domestic market.

Threat of Substitutes

Soda Ash and PSF are key inputs for major industries in Pakistan. Soda ash is a primary raw material for Glass, Detergents, 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 the substitutes in the Pharmaceutical segment remains low due to the increasing population, high incidence of disease and growth in generic pharma products. Development of new generation drugs remain critical to keep pace with an expanding industry and needs of the market. In the Animal Health and Chemicals portfolio, LCI's brand name association and delivery of best-in-quality products helps to stem off the threat from substitutes.

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 provides an alternate sourcing option for customers. The buying power of customers is considered high in the Pharmaceutical, Chemicals and Animal Health portfolios due to the presence of numerous competitors in the market providing similar products at competitive rates.

Significant Factors Affecting the External Environment

P

Political

Factor	Organisational Response
• 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.	• 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.

E

Economical

Factor	Organisational Response
• Currency devaluation, along with rising interest rates and higher inflation, result in increased input costs and diminished 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.	• Due to depreciating local currency, effective supply-chain management of raw materials is being done proactively identifying alternative sources which meet production standards. • Proactive margin management through pricing strategies. • Focus on market share gain and operational efficiencies to manage operational profitability.

S

Social

Factor	Organisational Response
• Economic challenges in the Country create potential social and well-being challenges in the community.	• LCI, continues to support sustainable socio-economic development through philanthropic investments undertaken by the Lucky Core Foundation in the areas of health, education, women's empowerment, community development and environment in partnership with its CSR co-partners. This year, PKR 64.2 million was invested towards its CSR.

T

Technological

Factor	Organisational Response
The latest technological advancements empower LCI to embark on a trajectory of growth.	The Company has built a strong pool of IT talent and deployed best-in-class security applications and policies.

L

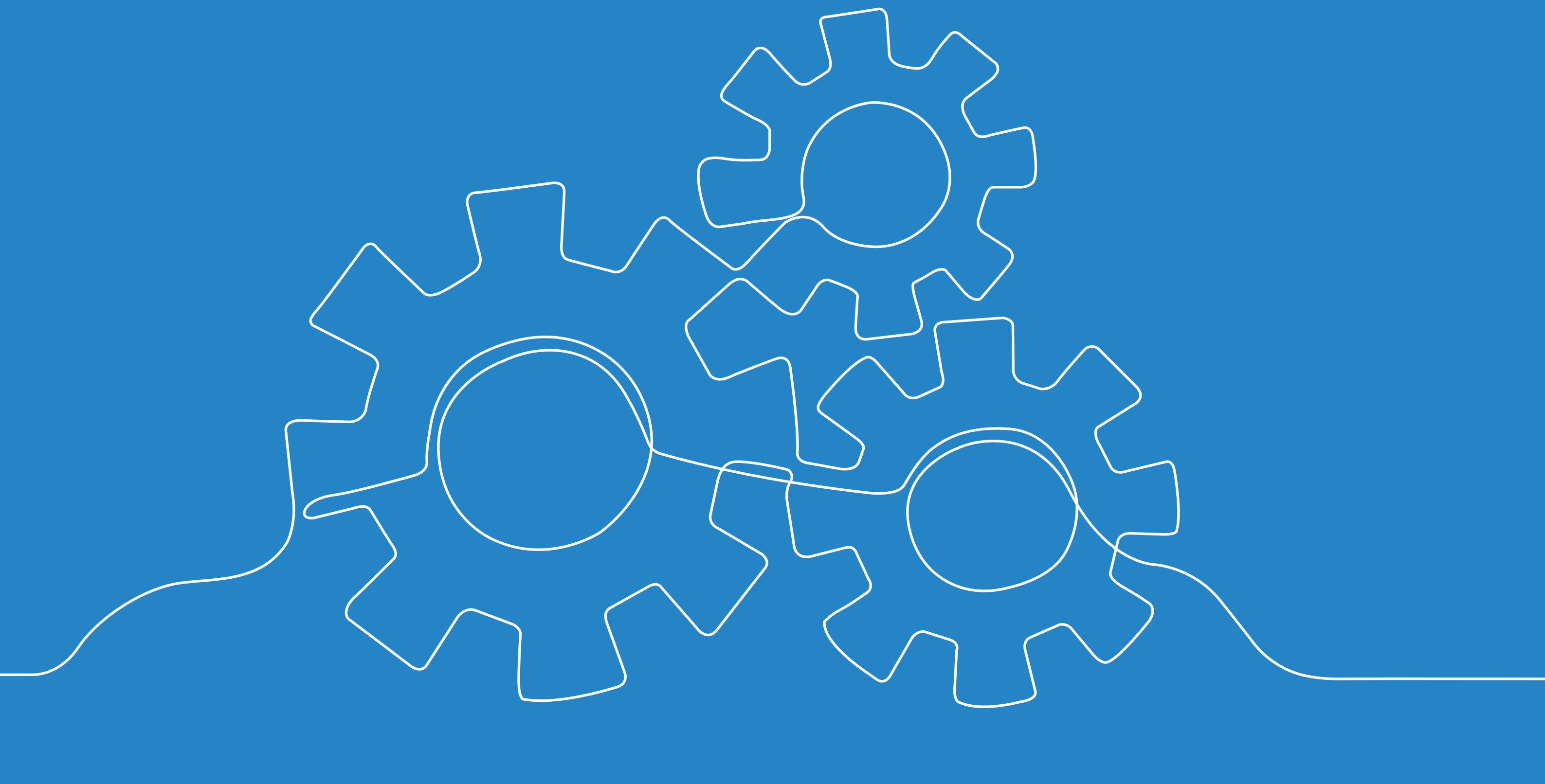
Legal

Factor	Organisational Response
Compliance with the applicable legal and regulatory requirements.	LCI is cognisant of changes in the regulatory environment and has robust systems in place to ensure compliance with the same.

E

Environmental

Factor	Organisational Response
• Unprecedented floods in 2022 • 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. • Use of coal for power generation.	• Lucky Core Foundation (LCF), swiftly responded to the devastating floods during 2022. It provided vital funding for flood relief efforts, including essential supplies and medical aid. • The Company launched its Climate Action Plan, "Catalyst," which aims to neutralise carbon emissions. Catalyst sets ambitious goals of neutralising 80,000 tonnes of CO_2 by 2030. The Company has successfully executed 20 projects during the year. Additionally, the Company's waste management efforts have facilitated the recycling of 198 million PET bottles and the conservation of 2.4 million gallons of water.



Strategy

Driving Performance with Purpose

This section provides in overview of the Company’s strategic objectives, plans for resource allocation and the effects of the external environment on its stretagic response.

Value Creation Model

Inputs

Financial Capital

Equity Ratio: 86.3%

Debt: 13.7%

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

Intellectual Capital

Strategic Partnerships

Explore Innovation Challenge

Technical Team

Headcount: 501

Manufacturing Capital

Number of Suppliers: 100,000+

Number of Manufacturing Sites: 8

Efficient Production Processes

Capital Investments

Human Capital

Total Workforce: 2,100+

Women in Executive Management Role: 11%

Robust Training Processes

Efficient Employee Wellness Programmes

Strong Culture of Corporate Governance, Ethics, Diversity and Inclusivity

Social and Responsibility Capital

Beneficiaries of CSR Initiatives: 52,000+

Holistic Employee Volunteer Programme

Natural Capital

Energy Consumption: 9660 Tj

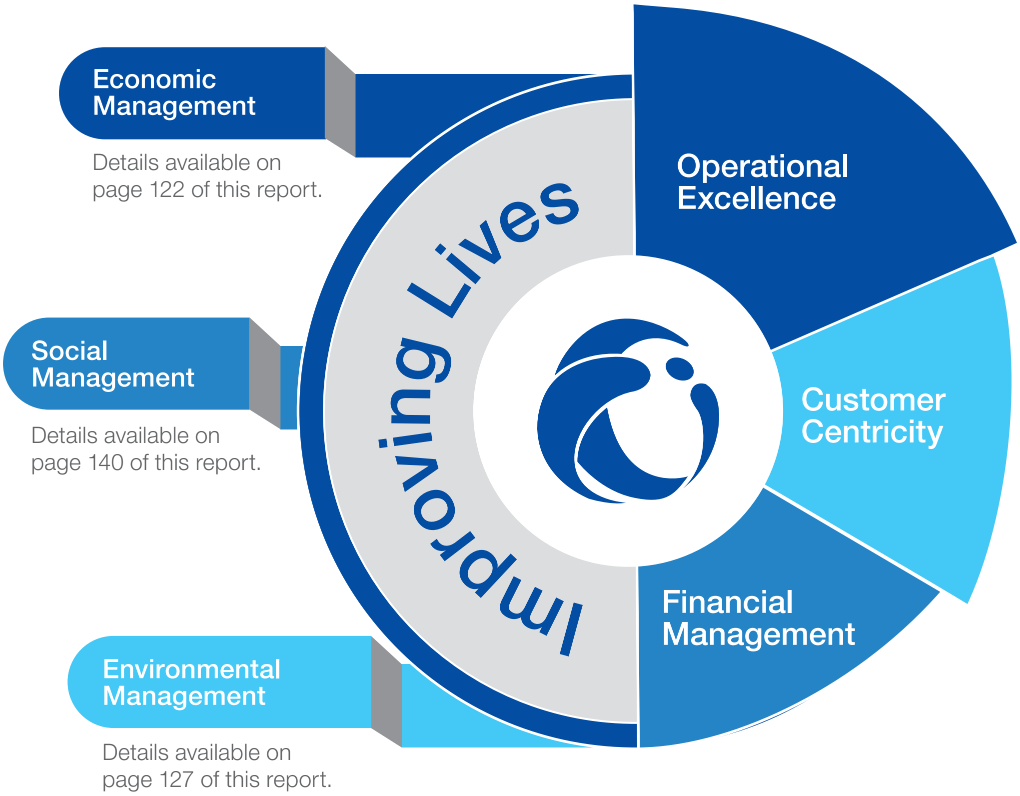
Water Consumption: 6.31 million m3

Catalyst Climate Action Programme

Business Model

Five Businesses

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



Economic Management

Details available on page 122 of this report.

Social Management

Details available on page 140 of this report.

Environmental Management

Details available on page 127 of this report.

Improving Lives

Operational Excellence

Customer Centricity

Financial Management

Foundation for Sustainable Growth

Human Capital and Capacity Development
(Page 26)

Strategy
(Page 37)

Technological Enhancement
(Page 28)

Sustainability Strategy
(Page 113)

Corporate Governance
(Page 61)

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 109,486 million

EBIT: PKR 14,653 million

Earnings Per Share: PKR 149.12

Contribution to the National Exchequer in Taxes and Duties: PKR 25 billion

Payout Ratio to Shareholders: 50.3%

Profit-after-Tax: PKR 13,772 million

Intangible Assets: PKR 1,664 million

New Products and Extensions Launched in FY 2022-23: 7

Sales Volume Expansion

Export Destinations: 13 countries

Number of Safe-man Hours: 39.4 million

Employee Engagement score: 8.2

Training Hours: 51,000

CSR Spend in FY 2022-23: PKR 64.2 million

Hours Dedicated to Employee Volunteerism in FY 2022-23: 944.4 hours

CO_2 Emissions Reduction: 22,000 Tonnes

Trees Planted: 34,000+

PET Bottles Recycled: 198 million

Energy Generated Through Solar Investments: 1.97 million kWh

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

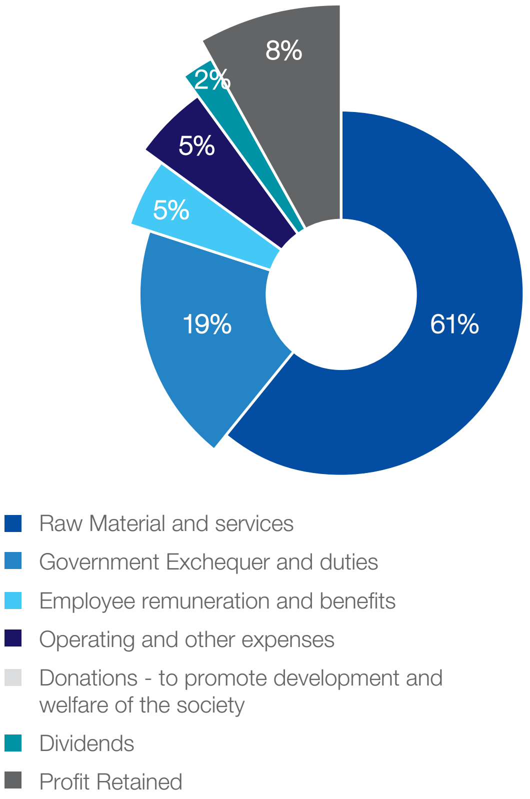
1 NO POVERTY
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

Value Addition and its Distribution

PKR '000

	30-Jun-23	%	30-Jun-22	%
Value Added:				
Net sales	109,486,109		86,972,178	
Sales tax	14,634,749		11,334,774	
Net sales including sales tax	124,120,858	91%	98,306,952	100%
Gain on sale of investments	9,842,154	7%	-	0%
Other income	2,062,904	2%	375,484	0%
	136,025,916	**100%**	**98,682,436**	**100%**
Value allocated as follows:				
Raw material and services	82,719,348	61%	64,557,276	64%
Government exchequer and duties	25,758,669	19%	17,479,172	18%
Employee remuneration & benefits	6,428,286	5%	5,605,816	6%
Operating and other expenses	7,272,466	5%	4,729,481	5%
Donations - to promote development and welfare of the society	74,738	0%	62,104	0%
Dividends	2,308,977	2%	3,694,364	4%
Profit retained	11,463,432	8%	2,554,223	3%
	136,025,916	**100%**	**98,682,436**	**100%**

30-Jun-23



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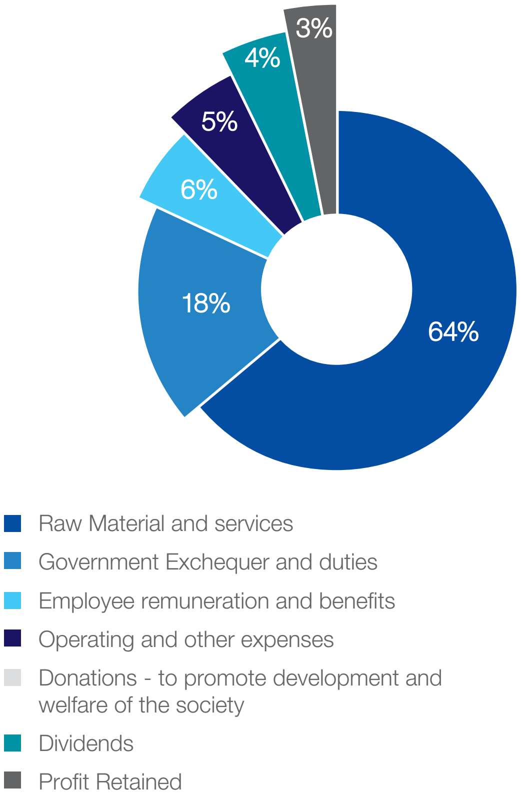


Strategy and Resource Allocation

LCI's strategic focus centers on delivering exceptional performance while preparing for the future.

As a customer-centric organisation, the Company's diverse and quality product solutions meet the specific needs of customer. Market trends, business opportunities, and industry dynamics are continuously monitored by the Company to optimise long-term profitability. Embracing technological advancements, LCI invests in cutting-edge infrastructure to enable organisational efficiencies. The Company's commitment to excellence is reinforced 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.

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, including patents and trademarks, 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 the Company operates.
	Reduce carbon footprint through green initiatives in line with sustainability objective.
	Reduce wastage through process transformation and digitisation.

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

Talent Acquisition and Management: A highly skilled and motivated workforce of 2,100+ individuals contributes 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 YBG, allow 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

In response to the rapidly evolving technological landscape, LCI is cognisant of the significance of investing in emerging technologies and continuous steps are taken to ensure the competitiveness and growth of the Company. During the FY 2022-23, the Company digitised thirteen major HR processes to enhance efficiency and service excellence for employees. Furthermore, the Company made strategic advancements in enhancing its IT capabilities, enabling seamless interactions, and optimising resource allocation. Details of information technology initiatives undertaken during the year are available on page 28 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 and provide them with financial relief.

The Company undertook initiatives to foster diversity and inclusivity within the organisation. The Company conducted sensitisation workshops to foster an inclusive workplace culture, and launched the Yes She Can – Women Returnship Programme, aimed at onboarding talented female professionals who had previously taken a career break. These efforts translated into a growth in the gender diversity ratio of the Company.

Furthermore, aligned with our Corporate Social Responsibility (CSR) Policy, the Lucky Core Foundation (LCF) remains resolute in its commitment to promoting sustainable socio-economic developments and continues to invest strategically in the areas of health, education, women's empowerment, community development, and environmental conservation. PKR 64.2 million was contributed towards meaningful projects and initiatives. During the year in response to the devastating floods, LCF supported multiple NGOs to provides better access to free medical aid and supplies. Details of philanthropic initiatives undertaken during the year are available on page 150 of this report.

The Company's Pehchan employee volunteer program 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 has taken comprehensive steps to neutralise its environmental footprint.

During the FY 2022-23, LCI executed 20 impactful projects, resulting in the neutralisation of approximately 22,000 tonnes of CO2 emissions. These projects have significantly contributed to reducing the Company's carbon footprint. Moreover, investments in solar energy generation projects at multiple Company locations successfully generated 1.97 million kilowatt-hours (kWh) of clean and sustainable energy. As responsible stewards, the Company's Polyester business recycled 198 million PET bottles, equivalent to 7,956 tonnes of plastic, for the manufacture of recycled polyester fibre.

Additionally, LCI took concrete steps to conserve water resources by implementing multiple projects, and as a result conserved 2.4 million gallons of water, reinforcing its commitment to sustainable water management. Details of philanthropic initiatives undertaken during the year are available on page 153 of this report.

Governance and Compliance

Guided by Principled Pathways

This section includes governance and compliance updates, risk assessment and the 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, 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 became Director on the Board of Aziz Tabba Foundation. He is also a founding Trustee of ChildLife 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 Vice Chairman and Director in December 2012. He began his career with the Yunus Brothers Group (YBG) in 1991 and currently serves as the Chief Executive of Lucky Cement Limited, and the Chairman of Yunus Textile Mills Limited, Lucky Motor Corporation, Lucky Electric Power Company Limited, and Gadoon Textile Mills Limited.

Mr Tabba also serves as the Chairman of All Pakistan Cement Manufacturing Association and was previously the Chairman of the Pakistan Textile Council and Pakistan Business Council. He is actively engaged in multiple community welfare projects and is on the Board of Governors of renowned universities, institutions, and foundations.

Mr Tabba is the Chairman of Aziz Tabba Foundation, a notable non-profit organisation working extensively in the field of social welfare, education, health, and housing.

In recognition of his contributions to the social development sector of Pakistan and philanthropic endeavours, Mr Tabba was awarded the title of "Young Global Leader" by the World Economic Forum in 2010. He was awarded the "Businessman of the Year" Gold Medal Award for 2012-2013 by the Karachi Chamber of Commerce and Industry.

The Government of Pakistan also awarded Mr Tabba the Sitara-E-Imtiaz in 2018, which is one of the highest civilian awards in the country.

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 has over 10 years of experience in the education sector. She holds a key oversight position within the Yunus Brothers Group (YBG) and possesses a versatile skill set with experience in customer relations and sales. She currently serves on the boards of various charities that successfully raise funds for the medical and educational needs of the marginalised.

In addition, Ms Bawany also serves as Director on the Board of Y.B.Pakistan Limited and Lucky Textile Mills 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 a rich experience in the textile industry and is currently the Chief Executive Officer and Director of Lucky Textile Mills Limited. With expertise in the manufacture and export of textiles, he has been instrumental in managing the textile concerns of the Yunus Brothers Group (YBG), whilst transforming Lucky Textile Mills Limited into one of the premier textile manufacturers and among the top five home textile exporters of Pakistan.

Mr Tabba serves on the Board and related sub-committees of Lucky Cement Limited, Gadoon Textile Mills Limited and Lucky Motor Corporation Limited. Mr Tabba as a Director, also manages the group's real estate project Lucky One (Private) Limited - the largest mall in Pakistan, a multi-faceted, first-of-its-kind regional shopping mall that has revolutionised shopping 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.

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 Systems Limited, Pakistan Tobacco Company Limited, International Industries Limited and NutriCo Morinaga (Private) Limited. He has previously served as a Director on NIB Bank Limited, Engro Fertilizers Limited, National Bank of Pakistan and 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.

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, public-sector and high growth situations. His industry experience includes capital markets, private equity, financial services, real-estate, health care, natural resources, logistics, large-scale 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 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 Chairman and current Vice Chairman) and was previously the President of the Old Grammarians Society focusing on fund raising 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 in 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 International Federation of Accountants, President South Asian Federation of Accountants, Founder Director of the Pakistan Institute of Corporate Governance, a member 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 & 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 & Intellect’ and 8) ‘Foreign Exchange Regulations of Pakistan: Acquisition & Disposal of Shares & Securities’.

Muhammad Abid Ganatra

**Executive Director and
Chief Executive Officer
Soda Ash business**

Mr Ganatra has been on the Board of LCI since December 2012 and is currently the Chief Operating Officer of the Company’s Soda Ash business. With a distinguished professional career spanning over 30 years, he has held diverse roles in senior management positions including 19 years with Lucky Cement Limited. Mr Ganatra has diversified expertise and experience in managing business conglomerates with emphasis on corporate and business strategy, business development and its sustainable growth, business transformation and innovation, financial management, operational management, capital restructuring, mergers, acquisitions and new ventures outside the country.

Before transitioning into his current role, he served as the Chief Financial Officer of Lucky Core Industries for over seven years and has been associated with the Yunus Brothers Group (YBG) since 1994.

Mr Ganatra is a fellow member of the Institute of Chartered Accountants and the Institute of Cost and Management Accountants of Pakistan. He holds a Masters’ degree in Economics and a Bachelors in Law and is a Certified Director from the Institute of Corporate Governance of Pakistan.

Board Committees

Committees of the Board

Audit Committee with Brief Terms of Reference

The Audit Committee oversees LCI's robust internal controls and risk management framework. Chaired by an Independent Director, it is the eyes and ears of the Board, assisting it in discharging 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 judgement 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 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 recommend 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 that is 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 and in particular, managers who report directly to the Chief Executive, and recommends the same for approval by 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 two Executive Directors and one Independent Director 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.

Shares Transfer Committee

The Shares Transfer Committee consists of two Executive and one Non-Executive Director. It approves/ratifies registrations, transfers and the transmission of shares. The resolutions passed by the Shares Transfer 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 at least once a month and is responsible for strategic business planning, decision-making and 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. 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 Communication and Public Affairs Department
- Finance and IT

Report of the Directors

for the year ended June 30, 2023

The Directors are pleased to present their report, together with the audited financial statements of the Company, for the year ended June 30, 2023.

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.

On December 23, 2022, the name of the Company changed from 'ICI Pakistan Limited' to 'Lucky Core Industries Limited' (LCI). Drawing on the Company's core strengths, the new brand name embodies the Company's central role in Delivering Enduring Value through a diverse portfolio of essential products that are at the 'core' of almost every industry and a part of almost every home in Pakistan. The new identity allows for enhanced alignment with its majority shareholder, and draws on the brand strength of its parent company, Lucky Cement Limited, which is a part of the Yunus Brothers Group (YBG) – a leading and diversified Pakistani conglomerate.

Overview of Economy and Financial Performance

Net Turnover at PKR 109,486 million for the year under review is 26% higher compared to the same period last year (SPLY) primarily resulting from additional volumes from the Soda Ash business following the successful commissioning of the 135,000 tonnes per annum (TPA) Soda Ash expansion project. Of the 135,000 TPA, 60,000 TPA were commissioned in March 2023, while the 75,000 TPA expansion was earlier commissioned in June 2022. Additional volumes coupled with cost-push price adjustments, due to inflationary increases on account of the devaluation of the Pak Rupee and higher energy prices, led to higher revenue by 65% versus the SPLY for the Soda Ash business. Revenues of the Animal Health, Polyester, Chemical & Agri Sciences and Pharmaceuticals businesses increased by 22%, 10%, 8% and 3% respectively versus the SPLY.

The Operating Result at PKR 14,653 million for the year under review is 25% higher than the SPLY. The Soda Ash, Chemicals & Agri Sciences and Animal Health businesses delivered higher Operating Results by 71%, 29% and 23% respectively as compared to the SPLY, whereas the Polyester and Pharmaceuticals businesses posted a decline in Operating Results by 16% and 19% respectively as compared to the SPLY.

The Soda Ash business' stellar operating performance was predominantly driven by augmented volumes on the back of the completion of expansion projects. The Chemicals & Agri Sciences business delivered robust results driven by a strong performance in the oil seeds category and streamlined margin management across its portfolio. The Animal Health business's Operating Results continued its upward trajectory on the back of a strong performance by its locally manufactured Farmer's Choice portfolio. The textile industry in general and the Polyester business in particular faced headwinds on account of lower sales volumes as downstream markets witnessed a significant slowdown owing to challenging economic conditions. The Pharmaceuticals business was heavily impacted by a significant cost-push due to the depreciation of the Pak Rupee and other inflationary cost increases in a price regulated industry.

The Company's business operations endured significant macroeconomic challenges during the year under review in comparison to the SPLY. Significant increases in the cost of doing business, depreciation of the Pak Rupee in comparison to the US Dollar, hikes in interest rates, import restrictions, changes in the tax regime, and fluctuations in global commodity prices remained major challenges during the year.

A slowdown in domestic economic activity was witnessed across most sectors owing to monetary tightening measures implemented at the start of the fiscal year under review, which continued for most of the year under review. The depletion of foreign exchange reserves to an alarmingly low level, necessitated import restrictions, which impacted the ability of businesses to secure imported raw materials and spares thereby hindering their ability to continue uninterrupted operations. The economic situation was further aggravated by the devastating monsoon rains which led to large-scale flooding, severely impacting livelihoods, food price inflation and an increase in unemployment rates. These challenges, combined with higher energy prices, increased borrowing costs and depreciation of the local currency negatively impacted consumer purchasing power resulting in a significant demand compression across all segments in the economy.

Profit after Tax (PAT) at PKR 13,772 million for the year under review is 120% higher than the SPLY primarily on account of higher Operating Results and an aggregate sum of PKR 9,842 million which includes 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 NutriCo Morinaga Private Limited ('NMPL') amounting to PKR 2,560 million slightly offset by an increase in finance costs and higher exchange loss.

The significant increase in finance cost is attributable to an 825 basis point increase in the policy rate compared to the SPLY coupled with an increase in overall debt levels to support higher working capital requirements, mainly on account of the currency devaluation and the capacity expansion at the Soda Ash business. During the year, the Pak Rupee on average lost 41% value against the US Dollar resulting in a significant exchange loss of PKR 965 million. The aforementioned impact was partially alleviated by other income resulting from dividend income of PKR 300 million received from the wholly owned subsidiary, Lucky Core PowerGen Limited, and a dividend income of PKR 890 million derived from the short-term investments made from the proceeds from NMPL shares divestment.

Earnings per Share (EPS) at PKR 149.12 for the year under review is 120% higher than the SPLY.

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, 2023, 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 10/- per share already paid, this amounts to a total dividend of PKR 43/- per share for the entire year ended June 30, 2023. This translates to a payout ratio of 50.3% from continuing operations of the Company.

Growth and Expansion

In January 2023, the Company successfully concluded the sale of 21,763,125 ordinary shares of NutriCo Morinaga Private Limited ('NMPL') (constituting approximately 26.5% of the issued and paid up share capital of NMPL) at an aggregate price of USD 45,082,657 to Morinaga Milk Industry Co. Ltd Japan ('Morinaga Milk'). Consequently, an aggregate sum of PKR 9,842 million was recorded in the standalone financial statements of the Company which includes premium for the loss of control amounting to PKR 7,282 million and gain on aforementioned divestment amounting to PKR 2,560 million. The Company continues to hold approximately 24.5% shareholding in NMPL, an 'Associated Company', whilst Morinaga Milk's shareholding has increased to 51% in NMPL resulting in controlling interest vesting with Morinaga Milk. As owners of the Morinaga brand, know how to manufacture the products along with superior research and development capabilities, the acquisition of majority shareholding by Morinaga Milk is expected accelerate the growth of NMPL, resulting in accretive value creation for all shareholders.

During the year under review, the Company entered into a Share Purchase Agreement with Lotte Chemicals Corporation on January 26, 2023, which was subsequently assigned to Lucky Core Ventures (Private) Limited (wholly owned subsidiary) for the acquisition of approximately 75.01% of the issued share capital of Lotte Chemical Pakistan Limited, comprising 1,135,860,105 ordinary shares. The completion of the transaction remains subject to the terms of the Share Purchase Agreement, including receipt of requisite approvals and completion of other closing conditions. The transaction will be completed by Lucky Core Ventures (Private) Limited.

In line with the Company's growth and efficiency enhancement initiatives, the Board of Directors has approved a further investment of PKR 1.55 billion for the Soda Ash business. Moreover, the Board of Directors of the Company has also approved the setting up of a green field veterinary medicine manufacturing facility for the Animal Health business, which will replace the existing manufacturing operations being conducted on leased premises. Commercial operations are expected to commence in FY 2025-26 and will be another strategic step furthering the Company's growth aspirations. The Company has also made an equity investment of PKR 280.5 million in Lucky TG (Private) Limited, a joint venture company between the Company and Tariq Glass Industries Limited, by subscribing 28.05 million ordinary shares having value of PKR 10/- each. Members approval in relation to the equity investment in Lucky TG (Private) Limited was sought during an extraordinary general meeting held on March 21, 2022.

The Directors Report on the consolidated performance of the Group is covered on page F 68 of the Annual Report.

Financial Performance

PKR million	Year Ended June 2023	Year Ended June 2022	Increase/ (Decrease) %
Net Turnover	109,486	86,972	26%
Gross Profit	22,324	18,619	20%
Operating Result	14,653	11,753	25%
Profit Before Tax	21,911	10,199	115%
Profit After Tax	13,772	6,249	120%
Earnings Per Share (PKR)	149.12	67.66	120%

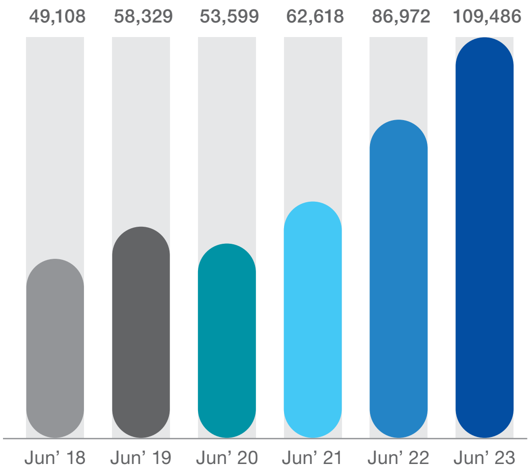
Net Turnover (PKR m)

Profit before Tax (PKR m)

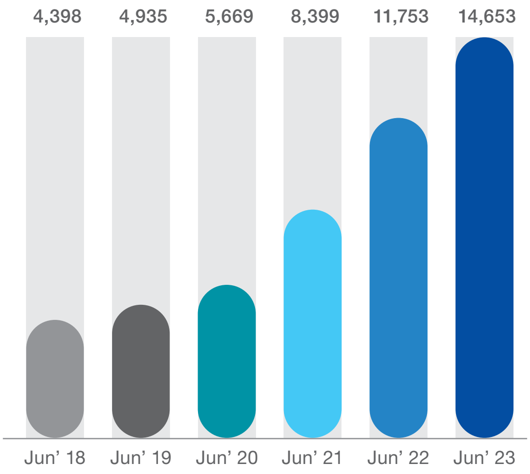
Profit after Tax (PKR m)

Earnings per Share (PKR)

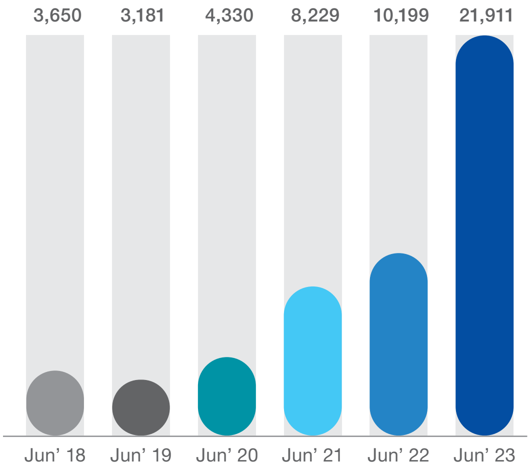
Six Years Financial Performance at a Glance



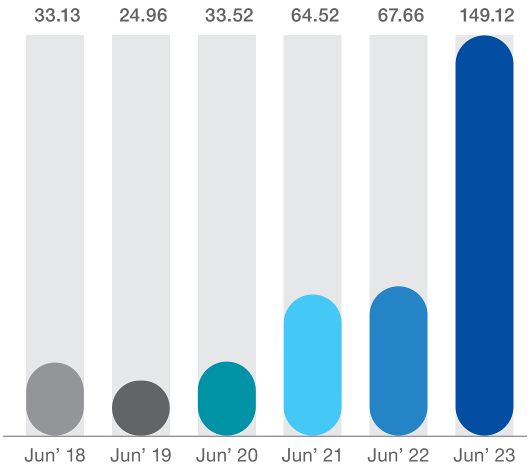
Net Turnover (PKR m)



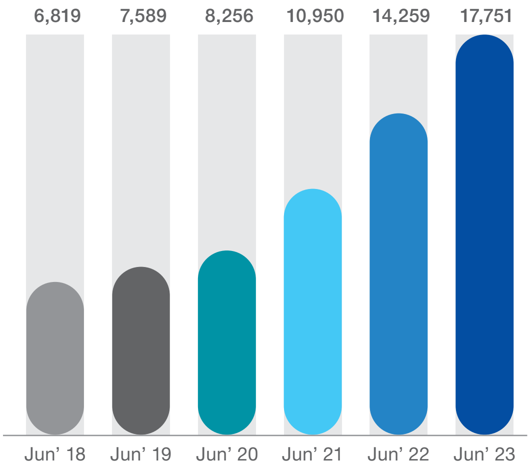
Operating Result (PKR m)



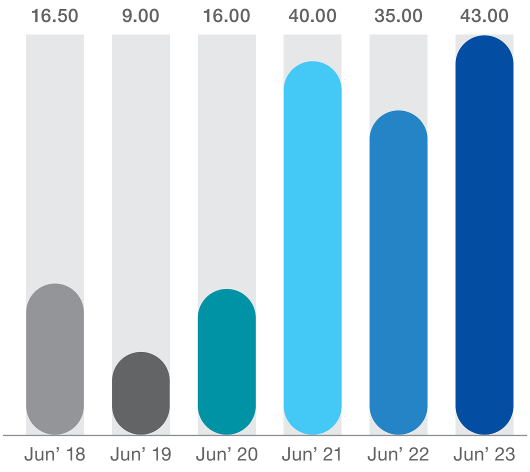
Profit Before Taxation (PKR m)



Earnings per Share (PKR)



EBITDA (PKR m)



Dividend (PKR per Share)

Sustainability

Throughout FY 2022-23, LCI has continued to demonstrate its strong commitment to its sustainability agenda. 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 HSE&S Management System. A sustainable mindset is fully integrated into the Company's organisational scheme, and the Company's sustainability initiatives are in line with the Sustainability Council, which acts as a governing body on matters relating to sustainability targets and performance.

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

During the year in review, the Company's flagship sustainability drive – 'STEP' continued with full fervour. Furthermore, on its Journey of Enriching Lives, LCI is taking proactive measures to neutralise its emissions by adopting nature and science-based solutions across its various operations. To spearhead this effort, the Company launched its climate action plan called 'Catalyst.' This initiative aims to bring together LCI's businesses and functions to collectively support the planet and combat climate change.

The Company is among the early adopters to report sustainability compliance in line with the United Nations Sustainable Development Goals (SDGs). Sustainability projects undertaken during the year in review were based on the SDGs requirements.

Health, Safety, Environment and Security

The Company views delivery on its HSE&S agenda as being key to ensuring the protection of the Company's workers and the public from accidents and ill health and is a clear indicator of LCI's resolve to maintain HSE&S a core priority. LCI ensures adherence to a set of HSE&S principles implemented to achieve optimal standards of health and safety for relevant stakeholders present on its premises, and the environmental protection of the communities in which it operates. Owing to this, during the year in review, LCI maintained a sharp focus on assessing the efficacy of the existing regulatory frameworks and the approaches to managing hazards and risks within its businesses.

The Company continued to deliver high performance in safety. All businesses combined, the Company logged approximately 39.4 million safe man-hours, as at June 30, 2023. During the year, HSE&S performance achieved without reportable injury by the Soda Ash, Pharmaceuticals, Animal Health, Chemicals & Agri Sciences and Polyester businesses was 30.7, 4.16, 1.07, 0.36, 0.20 million man-hours respectively, whereas the Corporate Offices stood at 2.88 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 National Environmental Quality Standards (NEQS) compliance through the implementation of sustainability plans continued through the year.

Health Assessment Performance Index (HAPI) and Hygiene Performance Index (HYPI) are two programmes that are implemented at all Company sites. These relate to the health assessment and monitoring of employees' exposure to hazards aimed at minimising 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 2022-23.

Training at all levels on HSE&S is of primary importance for employee development. This year, training course modules on hazardous activities were reviewed in conjunction with the operational requirements, and relevant training was conducted.

In recognition of their efforts in the area of HSE&S, the Soda Ash and Polyester businesses were awarded the International Safety Award conferred by the British Safety Council after a thorough evaluation of the Health and Safety Management Systems in place at the respective businesses. The Pharmaceuticals business won the 8th International EHS awards in the Best HSE performance category organised by The Professional Network and Pakistan Safety Council and the Chemicals & Agri Sciences business received the Environmental Excellence Award 2022 by National Forum for Environment and Health.

To further augment the importance of HSE&S, a detailed HSE&S management audit of the Chemical & Agri Sciences business was conducted by the Corporate HSE&S team. Trained safety professionals were engaged in the audit process, a detailed report was shared with the respective business, and areas of improvement were highlighted to the business' executive team.

Community Investment

Lucky Core Industries maintains a strong focus on giving back to communities, with most of its community investment initiatives being carried out through the Lucky Core Foundation (The Foundation), which is managed by the Foundation's Board of Trustees.

Guided by its CSR Policy, the Foundation continues to support sustainable socio-economic development through philanthropic investments in the areas of health, education, women's empowerment, community development and the environment. These investments are made in partnership with CSR co-partners such as Layton Rahmatulla Benevolent Trust, Marie Adelaide Leprosy Centre, The Kiran Foundation, ChildLife Foundation, The Citizen's Foundation and Tabba Kidney Institute. This year PKR 64.2 million was invested towards community uplift programmes. Additionally, multiple community activities are carried out directly by the Company itself.

Details of the Company's sustainability performance, including HSE&S details and community investment updates are presented in the Sustainability Report on page 150.

Human Resources

For LCI, its highly committed and engaged talent pool is one of the key ingredients behind the Company's ability to consistently deliver top-tier performance for its stakeholders. As such, nurturing and developing its workforce and providing them with an environment conducive to their growth and success remains a top priority for the Company. Despite the significant economic headwinds faced by the Company during FY 2022-23, LCI was able to deliver enduring value owing to the dedication and efforts of its employees.

Organisational Culture and Engagement

The cornerstone of the Company's culture rests on its core values and a comprehensive Code of Conduct, which are deeply embedded in every facet of business operation. Through the Code of Conduct, the Company has established transparent expectations for ethical behaviour, serving as a guiding framework for all employees.

During the year in review, to ensure adherence to the Code of Conduct, the Company organised refresher sessions in collaboration with the Internal Audit function. Building upon the momentum, a cohesive communication campaign on the Company's core values was launched, which included a corporate video featuring employees' children and testimonials recognised employees who consistently demonstrated the core values in their behaviour, daily interactions and work. A fun-filled Kids at Work event was organised across all the major locations, to foster a family-friendly atmosphere.

To enhance diversity, equity and inclusion in the workplace, gender sensitisation sessions were hosted at the Company's key locations. These sessions provided comprehensive training to employees on fostering a harmonious workplace. The Company also launched the Yes She Can – Women Returnship Programme, aimed at onboarding talented female professionals who had previously taken a career break. This year, LCI's commitment to diversity has yielded positive results, with the female gender representation increasing to 7.4% in comparison to 6.1% in the SPLY. Furthermore, to create awareness, encourage dialogue and further inclusivity, communication and engagement activities were organised in celebration of employees' faiths.

To enhance employee engagement within the organisation, the Company organised and actively participated in multiple internal and external employee wellness initiatives. These included participation in the corporate futsal league, YBG Cricket tournament, Corporate fitness challenge as well as hosting insightful well-being sessions. Moreover, in appreciation of the support lent by the families of its employees, an engagement campaign was launched under the Company's PRAISE platform.

The employee engagement score increased from 8.04 to 8.2 during the year. As a testament to its commitment to employee engagement, LCI was recognised as an Employer of Choice by independent 3rd party survey platform.

Talent Management

With a legacy spanning over 7 decades, the Company has dedicated itself to building a strong and sustainable talent pipeline. A number of entry-level programmes are in place to attract talent, following a rigorous recruitment process.

This year, a new standardised assessment was introduced to evaluate the cognitive abilities, personality traits, and behavioural tendencies of both junior and senior talent. The assessment has proven to be valuable in onboarding talented candidates and providing a clear roadmap for their development within the organisation.

One of the significant accomplishments of the year was the strengthening of learning and development programmes led by the Center of Excellence team. Through a series of internal and external training sessions, approximately 51,000 training hours were logged in, ensuring ample opportunities for the professional growth of the Company's talent. Additionally, the Company's internal experienced faculty was engaged to conduct online and in-person training sessions for employees under the transformed Learning Lounge platform.

In line with the commitment to talent development, the team dedicated efforts towards building a strong succession plan in line with the philosophy of 'promoting from within' and providing opportunities for career progression. The forum reviews the promotability and potential of each employee and accordingly plots them in the succession of relevant positions. Talent movement within the Company for FY 2022-23 was recorded 18%.

Organisational Optimisation – Digitisation, Restructuring and Rewards

Innovation is a key value at LCI which encourages the continued transformation of systems and processes for agility, efficiency and excellence. In this regard, the Company enhanced process and service excellence for employees by simplifying and digitising thirteen major HR processes. Moreover, the transformation 2.0 project was launched during the year in review with the primary objective of enhancing organisational effectiveness by optimising and delayering the organisational structure.

Owing to a challenging macroeconomic scenario during FY 2022-23, LCI announced an inflationary allowance to support employees and provide them with financial relief.

These efforts collectively reflect the organisation's commitment to drive positive change, fostering employee well-being, and continuously improve 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. 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 72 to 79 of the Annual Report.

Business Updates

Polyester Staple Fibre Business (PSF)

Net Turnover (PKR m)

Operating Result (PKR m)

During the year under review, global supply chain disruptions due to the ongoing Russia-Ukraine conflict resulted in product shortages and a substantial increase in energy prices, particularly in first half of the year, leading to challenging economic conditions across the globe. As a result, the textile industry also bore the impact of reduced demand in major global economies, influenced by high inflation and declining real incomes amongst end consumers.

The Net Turnover of the Polyester business for the year under review is higher by 10% against the SPLY. The increase was attributable to higher PSF prices due to the devaluation of the PKR and higher feedstock prices. The impact of higher selling prices was muted due to lower sales volumes as downstream markets witnessed a significant slowdown owing to challenging economic conditions both locally and internationally.

The crude oil average price was lower by 4%, as compared to the SPLY. Tracking crude oil prices, PX and PTA average prices decreased by 0.2% and 0.1% respectively in relation to the SPLY. However, on account of increased supply, MEG average prices decreased 27%, as compared to the SPLY. In addition to this, the PKR witnessed a substantial devaluation against the USD, losing on average 41% of its value as compared to the SPLY. The currency devaluation and dumped imports from the region kept the domestic PSF industry under pressure, resultantly the domestic PSF average price increased only by 26% as compared to the SPLY.

With respect to cotton, flat global demand continued to weigh down the price of cotton. The international average cotton price was lower by 25%, as compared to the SPLY. The domestic cotton prices increased by 9% over the SPLY owing to restricted availability and tightened cotton crop yield in the aftermath of floods in Pakistan.

During the year, energy costs rose by 33% compared to the SPLY due to the devaluation of the PKR and increased prices of gas, furnace oil and coal by 55%, 16% and 6% respectively. Energy cost was further impacted by a reduction in energy subsidy for the textile sector by the Government. As a consequence, the price of gas to the textile sector was increased to USD 9 per MMBtu from USD 6.5 per MMBtu. Resultantly, the business' Operating Result is 16% lower compared to the SPLY due to the aforementioned demand dip and reduced margins on account of higher energy and other costs.

Looking ahead, as the residual effects of the global recession gradually wane, commodity markets are anticipated to remain under pressure, with Chinese PSF manufacturers actively targeting export markets. Consequently, both the domestic PSF prices and volumes are expected to decline. Further, the arrival of the new cotton crop will keep PSF prices in check in the short term.

On the energy front, the withdrawal of the concessionary tariff by the Government from the textile Sector with effect from July 2023 in order to achieve fiscal discipline in accordance with the conditions of the IMF programme, will significantly impact the operating cost of the industry and resultantly likely erode margins further.

Soda Ash Business

Net Turnover (PKR m)

Operating Result (PKR m)

The domestic soda ash market remained under pressure during the year on account of unprecedented currency devaluation, inflation, and interest rate hikes alongside volatile commodity prices. The aforementioned challenges resulted in higher input costs for the business, impacting both the cost of raw materials and energy, which necessitated upward adjustment in the price of finished goods.

The Soda Ash business navigated through the prevailing challenges and posted an increase of 6% in sales volume on the back of higher domestic and export sales volume by 6% and 4%, respectively. Domestic volumes grew mainly on the back of import curtailment during the year under review compared to the SPLY. Sales to the Glass and Paper segments posted an increase over the previous year, however, the Bazaar and Textile segment witnessed a gradual decline due to the prevailing economic uncertainty and reduced textile exports in the second half of the year.

During the period under review, the business delivered an Operating Result 71% higher than the SPLY. The improved results were driven mainly by higher volumes following the commissioning of the 75,000 TPA expansion completed in June 2022 and 60,000 TPA expansion completed in March 2023, efficient plant operations and higher selling prices on the back of higher input costs. The successful completion of the expansion, resulting in the aggregate of 560,000 TPA installed plant capacity, marks a new milestone for the business.

Moving forward, the overall economic landscape of the country suggests that domestic industries will remain under pressure. The declining purchasing power of consumers due to record inflation coupled with political uncertainty is expected to provide substantial headwinds in the domestic market. On the exports front, the Soda Ash business aims to further expand its footprint in the international market. However, the natural soda ash plant in China that commenced operations in June 2023 is expected to lead to downward pressure on prices.

Pharmaceuticals Business

Net Turnover (PKR m)

Operating Result (PKR m)

The Pharmaceutical industry faced substantial challenges during the year in review. Higher import prices for raw and packing materials, significant PKR devaluation, imposition of sales tax, higher energy costs and unprecedented domestic inflation resulted in skyrocketing production costs for the industry. The impact of the cost increases could not be passed on to consumers due to regulatory controls governing the Pharmaceutical industry. These challenges in turn negatively impacted both the sales viability of several pharmaceutical products and the purchasing power of consumers, leading to a slowdown in sales growth in comparison to the SPLY.

Despite the aforementioned challenges, the business continued an uninterrupted supply of life-saving medicines for the benefit of patients. The business achieved a Net Turnover increase of 3% compared to SPLY. Improved efficiencies helped offset some cost increases, but the overall substantially higher production costs resulted in a 19% decline in business' Operating Results over the SPLY.

In June 2023, the industry received some relief from the Government through a price increase. However, this relief is not sufficient to cover the increase in costs that occurred during the year under review. Continued Government support is necessary not just for the sustainability of the domestic pharmaceutical industry, but to ensure the continuous supply of affordable life-saving medicines in the market. Failing which the patients will be forced to more expensive alternate therapies and potential job losses will further increase the economic hardship of the large employee base of the industry.

Going forward, considering an unpredictable fiscal environment, the Company's Pharmaceutical business will continue to focus on further rationalising costs to remain competitive in the market and ensure a continued supply of high-quality products that cater to the growing needs of the Pakistan market.

Animal Health Business

Net Turnover (PKR m)

Operating Result (PKR m)

The challenging economic conditions during the year in review negatively impacted volumes in the domestic animal health sector. Increased prices and shortages caused by the lack of essential raw materials, spiralling inflation, devaluation of the PKR and the farmers' inability to transfer rising production costs to consumers, led to higher production costs, resulting in lower margins and a noticeable reduction in the overall market size.

Owing to notable enhancements in operational efficiencies, a favourable product mix and growth in the locally developed Farmer's Choice portfolio, the Company's Animal Health business delivered Net Turnover and Operating Results which are higher by 22% and 23% respectively over the SPLY.

The rise in the cost of production, energy, animal fodder and other inputs has led to higher selling prices of feed, resulting in margin erosion and a liquidity crunch for poultry and livestock farmers. In response, farmers are seeking cheaper, albeit low-quality locally manufactured alternatives in the market. Additionally, persisting LC delays by banks have limited the business's ability to receive key raw materials. This coupled with the increase in sales tax by 1% has affected business operations and profitability.

Considering the escalating costs and uncertain macroeconomic policies, the near-term future is likely to be challenging.
With rampant inflation diminishing the purchasing power of consumers, the demand for milk and meat is anticipated to decrease, leading to consequent negative impacts on the overall animal health industry. LCI's Animal Health business will continue to actively monitor the situation and implement necessary measures to mitigate the aforementioned challenges and provide its customers with high-quality products and farm services.

Chemicals & Agri Sciences

Net Turnover (PKR m)

Operating Result (PKR m)

Import restrictions, the destruction caused by floods, high inflation and political uncertainty led to an overall slowdown in demand. Resultantly, significant PKR devaluation, the highest ever policy rate and additional taxes imposed through Finance Act, 2023, were primary challenges faced by the domestic Chemicals and Agri Sciences sector during FY 2022-23.

Backed by strategic improvisation and effective margin management across the business portfolios, during FY 2022-23, LCI's Chemicals & Agri Sciences business achieved a Net Turnover 8% higher compared to the SPLY. Moreover, the operating result of the business increased by 29% over the SPLY.

During the year in review, the Chemicals segment despite of slowdown in demand, focused on optimising prices and controlling its operating costs to deliver a 7% decline in Operating Results over the SPLY. The Operating Result of the Agri Sciences business increased by 67% compared to the SPLY. The Agri business delivered a stellar performance on the back of additional sales of sunflower seeds. The Masterbatches segment continued its positive momentum, posting an increase in Operating Result of 187% compared to the SPLY.

Moving ahead, the aforementioned macroeconomic challenges coupled with on-going policy uncertainty, create an unprecedented business dynamic in the domestic environment and pose a serious threat to business continuity. The Chemicals and Agri Sciences business, however, remains focused on minimising its adverse impacts, creating enduring value for existing and new customers through operational excellence and innovation, while delivering sustained long-term growth.

Finance

The Company's balance sheet as of June 30, 2023, remains on a strong asset footing of PKR 81.0 Billion (2022: PKR 59.9 Billion), with a current ratio of 1.36 (2022: 1.01) and a quick ratio of 0.69 (2022: 0.33).

The Net Turnover of PKR 109,486 million for the year under review is 26% higher compared to the SPLY, owing to an increase in revenues across all businesses.

The Operating Result for the year under review is 25% higher than the SPLY, achieved on the back of higher revenues, manufacturing efficiencies and effective margin management.

The sales and distribution expenses for the year are 7% higher than the SPLY, whereas the administrative and general expenses for the year are 25% higher than the SPLY. The rise in sales and distribution expenses is essentially due to higher provision on slow-moving and obsolete stock and inflationary impact on other expenses.

The increase in Operating Results was partially offset by higher finance costs due to increased debt levels owing to increased investment in working capital and higher cost of borrowing due to an increase in the policy rate by 825 bps during the year. This led to an increase in finance costs by 251% compared to the SPLY. Moreover, the exchange loss of PKR 965 million during the year as compared to the exchange loss of PKR 545 million in the SPLY also impacted the profitability of the Company.

Other Operating Income for the year is 449% higher than the SPLY mainly due to dividend income of PKR 300 million received from Lucky Core PowerGen Limited (wholly owned subsidiary) along with dividend income of PKR 890 million derived from the short-term investment made using the proceeds from NMPL shares divestment. Further, during the year, an aggregate sum of PKR 9,842 million was realised which includes 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.

The Profit After Tax (PAT) and Earnings per share (EPS) for the year at PKR 13,772 million and 149.12 respectively are 120% higher than the SPLY.

Future Outlook

The global outlook saw deterioration throughout the year amid high inflation, supply chain disruptions, commodity price volatility and uncertainties resulting from the Russia-Ukraine conflict. Soaring food and energy prices diminished real incomes, causing a global cost-of-living crisis. To tackle the same, introduction of monetary tightening measures led to a sharp deceleration of the global economy as declining economic activity was witnessed across the primary engines of global growth; USA, Europe and China. However, with the gradual ease in inflationary pressures, there are expectations of improved economic performance than earlier estimates for FY 2023-24.

The challenges outlined above whilst negatively impacting the global economy further exacerbated Pakistan's economic predicaments of external and fiscal account deficits and high inflation which were further aggravated by unprecedented floods and delays in the completion of IMF programme reviews. To contain rising macroeconomic imbalances and inflation, various stabilisation measures were adopted including hike in policy rate, macro-prudential policy adjustments and administrative measures, similar to other global economies. Although recent monetary tightening, fiscal consolidation, elimination of energy subsidies, and the removal of the informal exchange rate cap have helped to mitigate imbalances, the challenges faced by businesses in the form of import and forex outflow controls, higher borrowing and fuel costs, and persistent policy uncertainty has resulted in unemployment and a sharp deceleration in growth and purchasing power of the consumer.

The latest stand by arrangement with the IMF and unlocking of foreign currency deposits from friendly countries will provide much-needed stability on the external front. However, steadfast policy implementation will be critical for Pakistan and the success of the programme will require greater fiscal discipline, a market-determined exchange rate to absorb external pressures, and further progress on reforms related to the energy sector. All of these measures taken on the fiscal front are imperative for long term stability but in the short term will put further burden on corporates in Pakistan in the form of lower demand, higher cost of doing business and increased taxation rates which in turn will affect shareholder returns.

The coming year is expected to be challenging for the country as it aims to achieve fiscal stabilisation to regain macroeconomic stability while complying with the IMF programme conditions. Going forward, the economic outlook is expected to be shaped largely by the restoration of political stability, the continued implementation of reforms under the stand by IMF programme - and flood relief support from the international community for rehabilitation and rebuilding.

As a result, monetary tightening measures will continue in the short run which will keep industrial activity in check to avoid a 'boom-bust' cycle and thus will impact demand for the Company's products. Lucky Core Industries Limited remains committed to leveraging its diverse product portfolio and cost rationalisation efforts to minimise adverse impacts and deliver sustainable results.

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 EY Ford Rhodes, Chartered Accountants, have audited the financial statements of the Company for the year ended June 30, 2023.

Upon recommendation of the Board Audit Committee, the Board has recommended appointing M/s A.F. Ferguson & Co. as the statutory auditors of the Company for the year ending June 30, 2024. This move is in line with the Company's commitment towards adhering to the highest governance standards. A change of auditors will allow for a new and fresh perspective enabling the Company to improve the robustness of its audit, internal controls, and risk management processes. The appointment is subject to the approval of the Members at the forthcoming Annual General Meeting of the Company.

The Board of Directors and the management thank the retiring auditors for their services over the year.

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 to 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-23 Un-Audited	**30-Jun-22 Audited**
	Fund Name	Value (PKR million)	Value (PKR million)
1	Lucky Core Management Staff Provident Fund	1,300.6	1,281.8
2	Lucky Core Management Staff Pension Fund	572.0	688.9
3	Lucky Core Management Staff Gratuity Fund	697.5	639.2
4	Lucky Core Management Staff Defined Contribution Fund	1,487.1	1,346.2
5	Lucky Core Non-Management Staff Provident Fund	494.1	558.8
	Total	**4,551.2**	**4,514.9**

Election of Directors

An Extraordinary General Meeting (EOGM) was held on May 11, 2023 whereby eight (8) Directors including two (2) Independent Directors were elected unopposed for a term of three (3) years with effect from May 11, 2023. The Independent Directors were selected in accordance with the applicable laws and regulations.

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: 2
Syed Muhammad Shabbar Zaidi
Mr Adnan Afridi

(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: 2
Mr Asif Jooma
Mr Muhammad Abid Ganatra

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 Muhammad Abid Ganatra – Member
Mr Adnan Afridi – Member

Shares Transfer Committee

Mr Jawed Yunus Tabba – Chairman
Mr Asif Jooma – Member
Mr Muhammad Abid Ganatra – Member

Directors' Attendance

During FY 2022-23, six (6) Board meetings, four (04) Audit Committee meetings and two (02) Human Resource 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	6	-	2
Mr Muhammad Ali Tabba	6	4	2
Mr Jawed Yunus Tabba	5	3	2
Ms Amina A. Aziz Bawany	2	-	-
Mr Asif Jooma	6	-	2
Khawaja Iqbal Hassan*	5	4	2
Mr Adnan Afridi**	1	-	-
Mr Muhammad Abid Ganatra	6	-	-
Syed Muhammad Shabbar Zaidi	6	4	-

* Khawaja Iqbal Hassan retired from the Board w.e.f. May 11, 2023.
** Mr. Adnan Afridi was elected Independent Director w.e.f. May 11, 2023. Subsequent to his election only one (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, an evaluation of the Board's performance is conducted on an annual basis. The Board of Directors believes that continuous assessment is critical in determining how effectively the Board has performed against the objectives and goals that they have set for themselves. Based on the results of the evaluation, areas of improvement are identified and corrective action plans are prepared and acted on.

Directors' Training

The Board of the Company has been reconstituted on May 11, 2023, whereby eight (8) Directors have been elected on the Board. 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 72 to 79.

Pattern of Shareholding

The pattern of shareholding of the Company under Section 227(2)(f) of the Companies Act, 2017 as at June 30, 2023, is annexed to this report.

Muhammad Sohail Tabba
Chairman

Asif Jooma
Chief Executive

Date: August 2, 2023
Karachi

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

Lucky Core Industries Limited
Year Ended June 30, 2023

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG / Regulations) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Lucky Core Industries Limited ("the Company") has applied the principles contained in the CCG in the following manner:

1. The total number of directors are 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 Mr Adnan Afridi
Non-Executive Directors	Mr Muhammad Sohail Tabba Mr Muhammad Ali Tabba Mr Jawed Yunus Tabba
Executive Directors	Mr Asif Jooma Mr Muhammad Abid Ganatra
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 Lucky Core Industries Limited.

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.

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 meeting of the Board.

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

9. The Board of Directors were elected on May 11, 2023. 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.

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 members given below:

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.

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 Lucky Core Industries Limited have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with 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, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. With regard to compliance of Regulation 6 of the CCG, it may be noted that two independent directors were elected at the Board of Directors elections held on May 11, 2023. Given the diversified nature of Lucky Core Industries Limited's businesses, ranging from Soda Ash to Pharmaceuticals, Polyester, Chemicals and Agri Sciences to Animal Health, it was critical to have on board persons with varied skill sets, experiences, knowledge and understanding of the industries, to oversee the performance of all the businesses and guide the strategy of the Company. The Company received consents from two persons in the independent director's category.

The independent directors on the Board of the Company are seasoned professionals and industry leaders with vast experience and expertise in various industries and functions. Mr. Adnan Afridi is presently the Chairman and Managing Director of National Investment Trust Limited. He has substantial experience in the areas of change management, business transformation, innovation and profitability enhancement in blue chip companies, and has led a distinguished career in financial services. Syed Muhammad Shabbar Zaidi is a chartered accountant with extensive experience in the areas of taxation, accounting, finance, audit and internal controls.

The Board was also guided by the fact that rounding up is not a mandatory requirement under Regulation 6 of the CCG. The Board is confident that it comprises of a balanced composition and include a fair representation of independent directors. The current Board of Directors comprises of a sound mix of executive, non-executive, female and independent directors enabling the Board to effectively guide the Company to achieve its strategic objectives.

Muhammad Sohail Tabba
Chairman

Asif Joooma
Chief Executive

August 02, 2023
Karachi

EY
Building a better
working world

Independent Auditors' Review Report

To the members of Lucky Core Industries Limited

Review Report on the Statement of Compliance contained in the 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 30 June 2023 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 Regulation as applicable to the Company for the year ended 30 June 2023.

EY Ford Rhodes

Chartered Accountants
Place: Karachi
Date: 01 September 2023
UDIN Number: CR202310191izB2w4Feq

Corporate Governance and Compliance

At LCI, we believe that strong corporate governance practices are the backbone of sustainable growth. We strive to uphold the highest standards of governance practices in all of our operations and decision-making processes, ensuring 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

- Companies Act, 2017, and other allied laws
- Rule Book of the Pakistan Stock Exchange Limited
- Listed Companies (Code of Corporate Governance) Regulations, 2019
- Securities Act, 2015
- CDC Regulations
- Other Rules, Regulations, Circulars, Notifications and Guidelines of the Securities and Exchange Commission of Pakistan (SECP).
- Income Tax Ordinance, 2001

Internal

- The Articles of Association of the Company
- Code of Conduct
- Significant Policies
- Financial Limits of Authority

Ownership and Control Structure

For details of the pattern of shareholding of the Company, as at June 30, 2023, refer to page F 132. Lucky Cement Limited, the parent company of LCI holds 55% of the share capital of the Company. The Yunus Brothers Group (YBG), collectively through its group companies, including Lucky Cement Limited, holds an equity stake of 81.54% in the capital of the Company.

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.

The Company's long-term investment and working capital requirements are met primarily through its own cash generation and through financing facilities from various banks. LCI has a strong cash-generating ability, attributable to its strong performing and diverse business portfolio, due to which it has significant amounts of unutilised banking facilities.

The Company's EBITDA generation capacity, along with prudent liquidity management, is reflected in its current and quick ratios, which were 1.36 and 0.69 respectively, as of June 30, 2023.

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

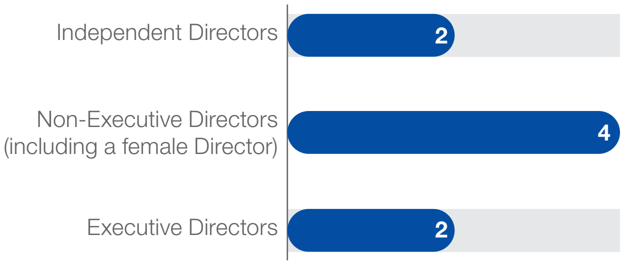
Details of the shareholding of Directors and Executives of the Company are provided in the pattern of shareholding, refer to Page F 132.

Board of Directors

Board Composition

The Board of LCI comprises of Executive, Non-Executive and Independent Directors. The Directors possess diverse skills and experience, enabling the Board to steer the Company towards its goals and achievements. Every Director possesses a unique skill set which contributes towards value creation at the Board level.

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



Independent Directors

The Independent Directors of the Company 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.

A detailed composition of the Board is provided on pages 59 to 60 of this Report.

Election of Directors

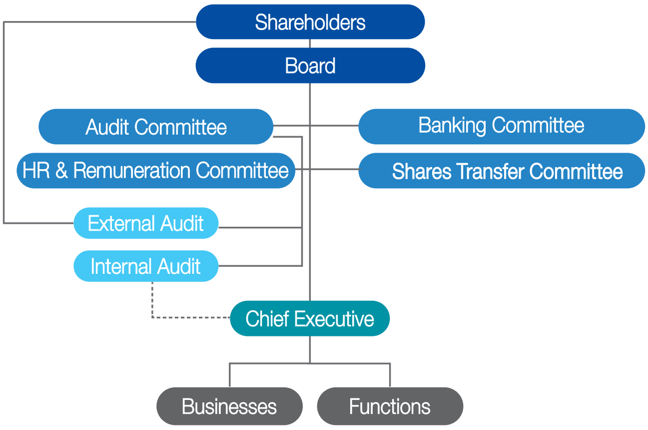
During the Extraordinary General Meeting of the Company held on May 11, 2023, eight (8) Directors were declared elected unopposed for a term of three (3) years commencing from May 11, 2023. Following the election of Directors, the Board re-appointed Mr Muhammad Sohail Tabba as Chairman of the Board and Mr Asif Jooma as Chief Executive of the Company. No external search consultancy was used for the appointment of the Chairman or a Non-Executive Director.

While selecting the Independent Directors, core competencies, qualifications, diversified work experience, skillset and knowledge of the individuals were considered.

Committees of the Board

The Board has the following four (4) Sub-Committees, details of which are available in this Report.

Governance Structure



Casual Vacancy

No casual vacancy arose on the Board during the year ended June 30, 2023.

Roles and Responsibilities of the Board of Directors

The Board of Directors is responsible for the overall management, governance 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 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 undertakes a formal process of performance evaluation on an annual basis. The performance is assessed on various criterias including board composition, communication and information, risk management, strategic planning, implementation of policies and relationship with stakeholders.

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

The Chairman of the Board, Mr Muhammad Sohail Tabba, is a Non-Executive Director. The Chairman is entrusted with the overall supervision and management of the Board proceedings, ensuring that the Board meetings are conducted in an efficient and structured manner. The Chairman promotes good governance and guides the Board in fulfilling its responsibilities.

Chairman's Significant Commitments

Mr Muhammad Sohail Tabba was 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. He has continued to serve as the Chairman of the Board and was re-appointed as the Chairman during this fiscal year. For details of his other significant commitments as Chairman, Director and/or Trustee, refer to page 46.

Chief Executive

Mr Asif Jooma holds the office of Chief Executive and is an Executive Director on the Board. As the Chief Executive, he is the senior most full time executive of the Company and reports to the Board of Directors. He is responsible for the overall performance of the Company, in accordance with the strategic directive 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 performance of the Chief Executive is evaluated on the basis of quantitative and qualitative value driven objectives. The former relates to the growth and financial performance of the Company, while the latter relates to its performance on parameters including sustainability, 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 of the Chief Executive, the Chief Financial Officer, the Company Secretary and other heads of businesses and functions. The Board of Directors set out the strategic objectives and goals for the Company which are then implemented by the EMT 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 and implement the Company's strategic plans. The Chief Executive is, in turn, assisted by the EMT. The Chief Executive is responsible for keeping the Board informed on all relevant matters, including key risks and changes in the operating environment. Approvals are sought from the Board by the management on all major business activities and operations, as and when it is appropriate and necessary.

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.

Companies Where Executive Directors are Serving as Non-Executive Directors

The Company has two Executive Directors:

- Mr Asif Jooma
- Mr Muhammad Abid Ganatra

The details of their directorships on the board(s) of other entities are mentioned in their respective profiles, refer to pages 48 to 49.

Director's Orientation

In line with the requirements of the CCG, subsequent to the election of Directors on May 11, 2023, a comprehensive Directors' orientation package was delivered to all the Directors which included detailed information about the Company, 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

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 which 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 travelling, hoteling and other ancillary expenses 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

All Board meetings during the year ended June 30, 2023, except for one, were held at the registered office of the Company - 5 West Wharf, Karachi. One meeting of the Board was 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 maintains an unwavering commitment to upholding the highest ethical standards in every aspect of its operations. The Code of Conduct serves as a comprehensive guide, encompassing the business principles and ethical standards that the Company holds itself to. The Company's ethical standards are widely propagated to employees and external vendors, customers and suppliers with whom it conducts business.

To ensure awareness and adherence, 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 ethical standards of the Company are ingrained in the corporate culture and 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 72-79.

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, 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 Board member(s) do not partake in the discussion when any situation of actual or perceived conflict of interest arises. The orientation pack issued to the Board subsequent to the election of Directors 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, as per the related party transactions policy approved by the Board. A list of related party transactions is submitted 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 in the general meeting for ratification/approval as applicable. The related party transactions entered into during the year, along with their details, are disclosed in note 42 to the Unconsolidated Financial Statements.

Insider Trading

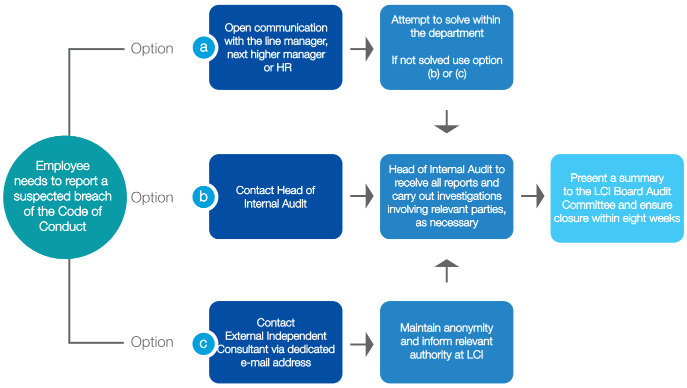
The Company has a policy on insider trading and securities transactions in line with applicable legislation and regulations. As per directives issued by the Pakistan Stock Exchange (PSX), the Company maintains and regularly updates a list of Executives. Any transaction carried out by an Executive of 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

As embodied in the Code of Conduct, the Company supports 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. The Company conducts competition law training to ensure that its employees continue to understand and ensure compliance with competition laws. The last training was conducted on June 13, 2023.

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, 2023	2
Number of Speak Up investigations completed and cases closed by the Audit Committee	2

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 committed to fostering Diversity and Inclusion (D&I) at all levels. It aims to create a high-performing workforce by leveraging on its diversity, purposefully embracing inclusion and empowering all employees to perform to their highest potential. A framework is designed to regulate the Company's D&I agenda, which focuses on four major goals: Demonstrate Leadership Commitment and Accountability, Build and Maintain a Diverse Workforce, Cultivate and Foster an Inclusive Culture and Drive Change beyond the Workplace.

The Company has a Center of Excellence team responsible for culture and engagement, which works with the senior leadership to create a diverse workforce by cascading D&I goals and targets in the performance plans of the key stakeholders. To promote an inclusive environment, the Company has taken the following initiatives:

- Focus group sessions to identify critical issues faced by female employees.
- Dignity at Work platform, to support and sustain a positive work environment.
- Gender Sensitisation sessions in collaboration with the leading trainers in the industry.
- Impact Scholarship Programme to sponsor the higher education of marginalised female students.
- Embedded policies such as sabbaticals, maternity and paternity leaves.
- Yes She Can Women Returnship Programme, to support and empower women who have taken a career break.

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

- Monitoring workforce diversity through a D&I dashboard
- Identifying roles suitable for female workers across the organisation
- Assessing the organisation's demographics and diverse profiles

The overall workforce at LCI comprises of 7.1% females, with an 11% representation at the EMT level. The Company is committed to increasing these figures to create a wider and diversified talent pool and ensuring that D&I objectives have a meaningful impact on its growth, as well as on society as a whole.

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, education, community development, environment and women's empowerment. For further details of the Company's CSR work, refer to pages 150 to 153.

Details of Taxes, Duties, Levies

Details of contingencies related to taxes and duties are available in note no. 28 of the financial statements.

Investor Relations

The Company is committed to creating and maintaining strong and transparent relations with all its stakeholders. Accordingly, the Board has approved an investor relations policy to provide a mechanism to manage investor relations. The Company has a dedicated section on its website (http://www.luckycore.com) for investor relations, where stakeholders can find details about the Company's financials, members, important notices and announcements and the investor relations policy. The website is maintained in English and Urdu as per regulatory requirements and is updated on a regular basis.

Investor Grievance Policy

In the event that a shareholder or investor has any grievance, the investor relations section of the website contains the contact details, including an email address and postal details, of the concerned manager to whom investor grievances and complaints can be submitted. 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 the senior management/ 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 the LCI's annual and quarterly financial reports, which are also available on the website of the Company.

The Company also conducts analyst briefing sessions. A corporate briefing session was held on August 19, 2022 at the Pakistan Stock Exchange Limited Auditorium in Karachi, and was 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 bi-annual Chief Executive reviews, in-house newsletters, surveys, employee portals, Companywide communications and regular town halls and other events.

Dividend Policy

The Company declares a dividend 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 27, 2022. The Company also held an Extraordinary General Meeting on May 11, 2023. The Annual and Extraordinary General Meetings were attended by the Chairman of the Board and the Chairman of the Board Audit Committee.

Issues Raised in the Last Annual or Extraordinary General Meeting

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

Steps Taken by Management to Encourage Minority Shareholders

The Company encourages 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 to cast their votes electronically and/or through postal ballot as per directives of the Securities and Exchange Commission of Pakistan (SECP) and relevant regulations.

Notices for the general meetings are sent to all the shareholders within the requisite regulatory time frame. The notices were sent by post and through emails, further, the notices 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 01, 2022	Board of Directors Meeting
August 19, 2022	Corporate Briefing Session
September 27, 2022	Annual General Meeting
October 06 & 07, 2022	Board of Directors Meeting
October 19, 2022	Board of Directors Meeting
January 25, 2023	Board of Directors Meeting
April 26, 2023	Board of Directors Meeting
May 11, 2023	Extraordinary General Meeting
June 19, 2023	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 60 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 2023, and reports that:

- The standalone and consolidated financial statements of LCI Limited for the year ended June 30, 2023 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, 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 for 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 of 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 67 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 statutory auditors of the Company, EY Ford Rhodes, 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, 2023. The Board Audit Committee has discussed the audit process and the key audit matters considered by the statutory auditors pertaining to the financial statements, including compliance with the applicable regulations or any other issues.

The statutory auditors attended the Board Audit Committee meetings where required. The Committee also met the statutory 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 statutory auditors shall retire on the conclusion of 72nd Annual General Meeting. The Board Audit Committee has recommended appointment of M/s A.F. Ferguson & Co. Chartered Accountants as statutory auditors of the Company for the year ending June 30, 2024 in place of the retiring auditors, EY Ford Rhodes, Chartered Accountants. The Committee believes that a change of auditors will allow for a new and fresh perspective enabling the Company to improve the robustness of its audit, internal controls, and risk management processes.

Annual Report 2023

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 2023 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 10, 2023
Karachi

Risks & Opportunities

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

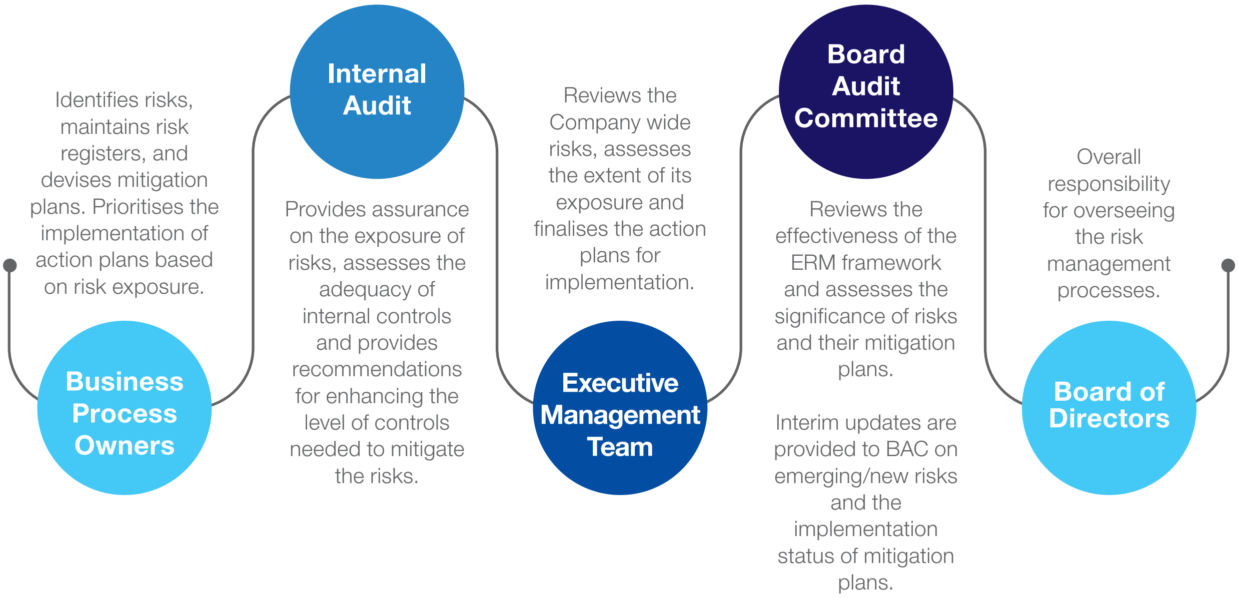
Risk Management Framework

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 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

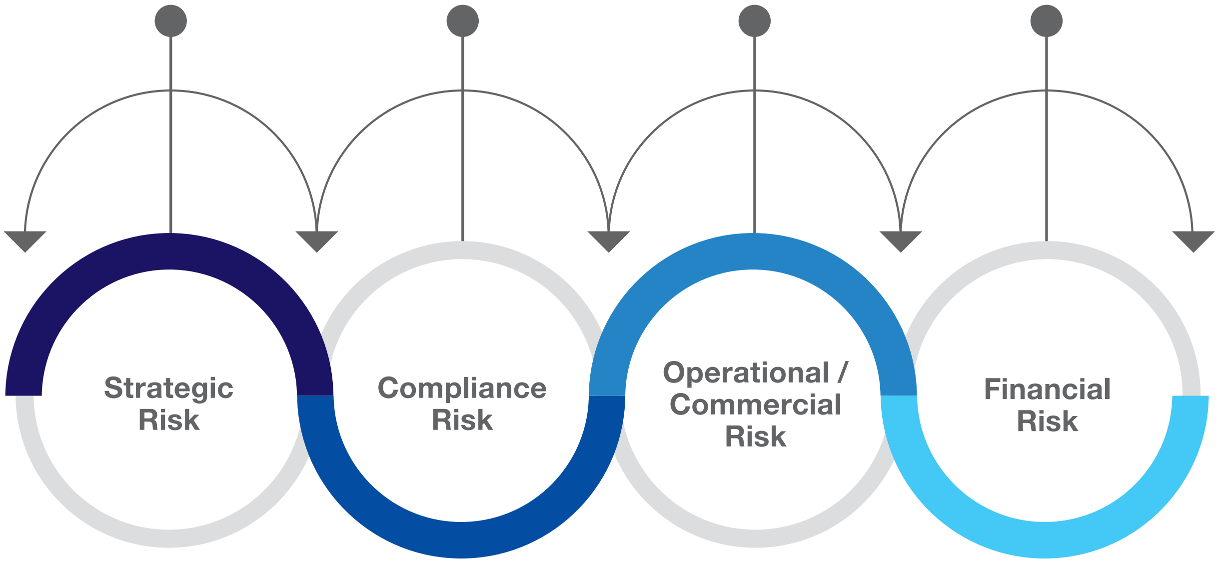
Reviews the effectiveness of the ERM framework and assesses the significance of risks and their mitigation plans.

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 processes.

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.

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
Internal	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

Overdependence on single source suppliers and major principals.

Risk Mitigation Plan

The Company continuously engages its foreign principals to emphasise the importance of keeping their business presence in Pakistan. It emphasises the satisfaction of its suppliers and works hard to out-perform their expectations.

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	Medium	Medium	Short to Medium Term

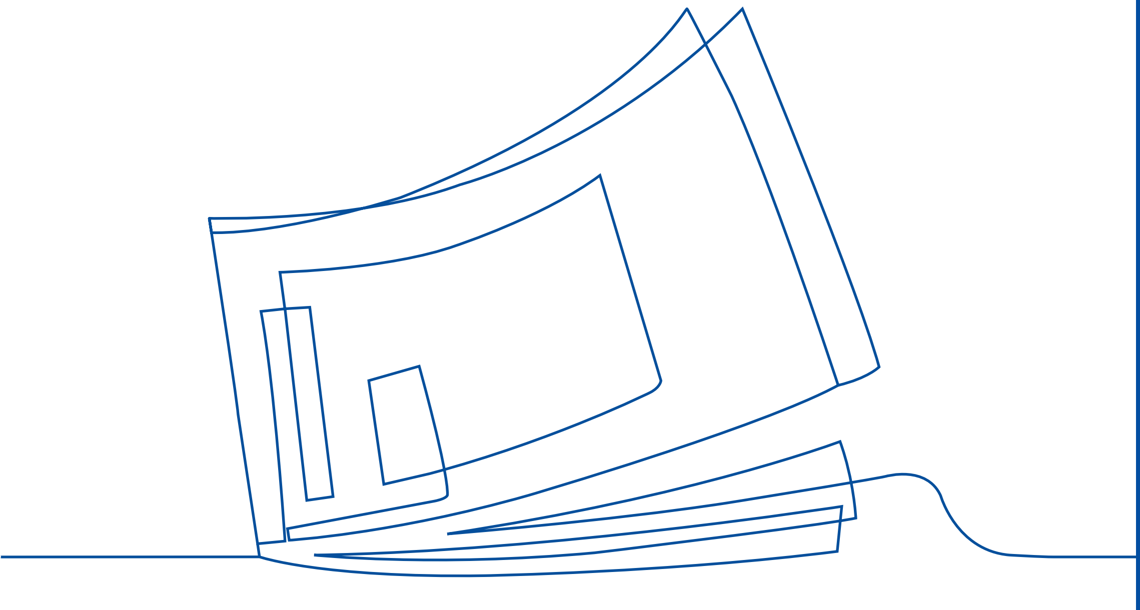
Business Performance

Forging a Trail of Impact

This section outlines the performance and growth of Lucky Core Industries's (LCI) businesses during FY 2022-23.

Soda Ash
Business

Ever since its inception in 1944, LCI's Soda Ash business has grown from strength to strength and remains a steady contributor to the national economy. A trusted and reliable supplier, it continues to make strategic investments to enhance its production capabilities and meet the growing needs of markets. Manufacturing quality soda ash for a wide range of industrial applications, the business delivers enduring value and 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

Dense Soda Ash

Sodium Bicarbonate

Powering Essentials

Market Overview

The FY 2022-23 witnessed dramatic shifts in the global soda ash market dynamics. At the start of the fiscal year, the global market was tight and soda ash manufacturers operated the plants at low rates due to growing energy costs. However, the energy costs declined towards the end of the fiscal year, and the supply-side pressures eased. Resultantly, the soda ash prices followed a downward trajectory.

The domestic market witnessed strong growth as compared to last year, despite the economic slowdown and flood induced disruptions. Downstream consumption levels were adversely affected due to declining purchasing power amidst growing inflation and due to an overall economic slowdown.

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 robust performance. The Operating Result of the business at PKR 7,635 million, is 71% higher compared to the SPLY. This growth is attributable to efficient plant operations, continuous productivity improvements, diligent cost reductions, and effective margin management supported by higher sales volume. Net Turnover for the year in review, at PKR 41,417 million is 65% higher than the SPLY. These achievements highlight the business's resilience and ability to navigate through challenging market conditions and Cultivate Growth.

The business continued to invest in its production facilities to cater to the growing needs of the market. In FY 2022-23, the business successfully commissioned the operations of the 60,000 tonnes per annum (TPA) Debottleneck Project. The total installed capacity of the plant now stands at 560,000 TPA.

During the year in review, the business surpassed its own previously achieved records on the domestic and export front and posted its highest annual total product sales.

The business made strong inroads into new export markets including China, Djibouti, Oman, Kuwait and Kenya, while enhancing its customer base in Bangladesh, Sri Lanka, Indonesia, Vietnam, Tanzania, Saudi Arabia, United Arab Emirates and Afghanistan. Details of the business's stakeholders engagement activities are available on page 120 of this Report.

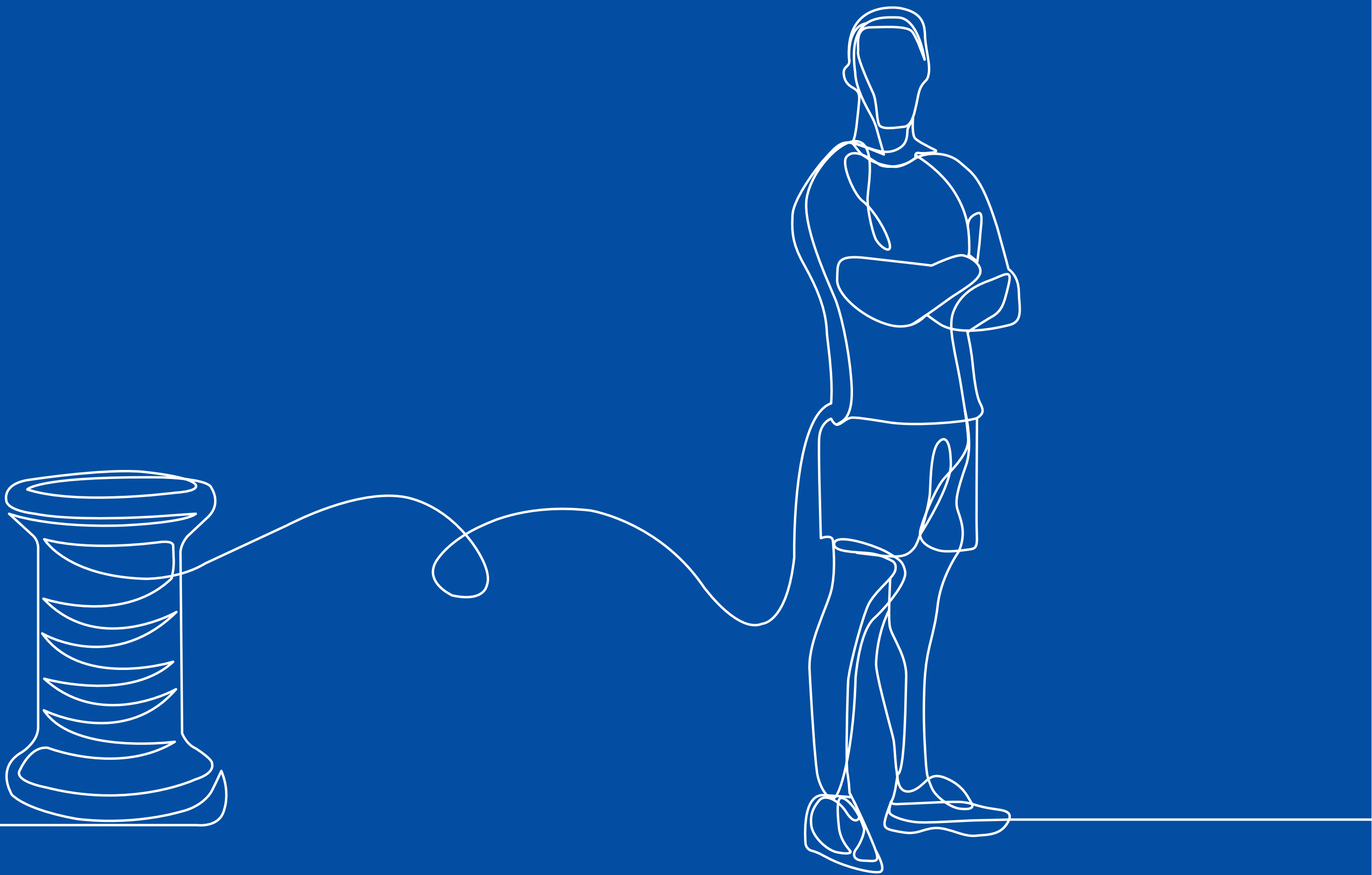
Future Outlook

Heading into FY 2023-24, the business will have to tactfully navigate through the respective challenges in domestic and export markets. The declining purchasing power of consumers due to record inflation is expected to pose a significant challenge. Political and macroeconomic uncertainty is expected to cause disruptions in the domestic market.

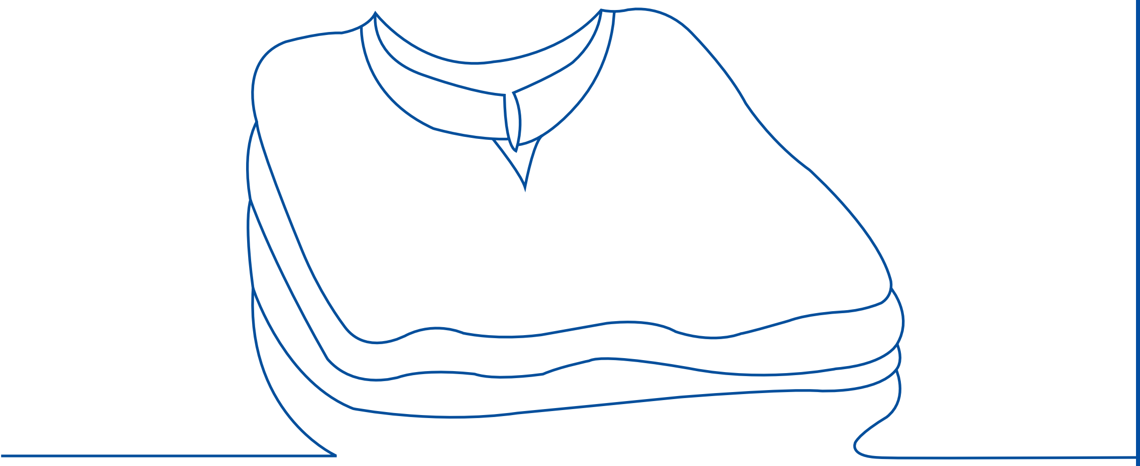
On the export front, the business aims to further expand its footprint in international markets. The natural soda ash project in China, expected to commence operations in the FY 2023-24 will alter the dynamics of the global soda ash market by increasing competition.

The business team celebrating the successful completion of the Soda Ash plant 60,000 TPA debottleneck project.

Polyester
Business



For decades, LCI's Polyester business has been contributing to the textile sector through its comprehensive range of polyester staple fibres (PSF). Today, it continues to strengthen itself by leading the innovation agenda for the downstream textile industry. Evolving to meet the growing demands of its customers through enrichment in its product portfolio, the Polyester business has aligned itself for future growth in Pakistan's textile industry.



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

Industries Served

Textile

Markets Served

Pakistan

USA

Turkey

UK

Bahrain

Four Tier Strategy

Health & Hygiene

Sustainability

Versatility

Traceability

Business Value Chain

Input

PTA

MEG

LCI's Position

Manufacturing of PSF

Manufacturing of recycled polyester from post consumer PET waste

Output

Yarn

Outcome

Staple for Textile

Market Overview

In the FY 2022-23, the global recession had a detrimental impact on the petrochemical market's demand. Consequently, consumption patterns also shifted and negatively impacted the textile industry.

During this period, the average price of crude oil decreased by 4% compared to the SPLY. Similarly, the average prices of PX and PTA decreased by 0.2% and 0.1% respectively, compared to the SPLY. However, due to an extended supply, the average price of MEG decreased by a significant 27% compared to the SPLY.

Additionally, the Pak Rupee experienced a substantial devaluation against the US dollar, losing 41% of its value compared to the SPLY. Despite this significant devaluation, the domestic PSF industry was only able to increase its price by 26% compared to the SPLY. This was primarily due to the influx of dumped imports from the region. Furthermore, the decline in textile exports also kept the downstream textile industry under pressure.

In the cotton market, lackluster global demand continued to put pressure on cotton prices, causing a 25% decrease in the international average cotton price compared to the SPLY. Moreover, the floods in Pakistan had a negative impact on the cotton crop yield, leading to tightened domestic cotton availability. As a result, the domestic average price of cotton increased by 9% compared to the SPLY.

Business Performance and Key Developments

Net Turnover of the Polyester business at PKR 40,452 million for the fiscal year is 10% higher in comparison to the SPLY. This was mainly due to the devaluation of the Pak Rupee. However, the slowdown of demand in downstream markets owing to macroeconomic challenges negatively impacted the business's sales volumes. Resultantly, the Operating Results at PKR 3,193 million are lower by 16% compared to the SPLY due to aforesaid lower demand and reduction in energy subsidy by the Government for the textile sector.

To further its agenda of sustainability and traceability, the business welcomed leading global textile brands such as TARGET, Carrington Textile, FAM Brands, Alsico Group, Dibella, Beirholm, C&A and IKEA for a visit of its rPET manufacturing facility in Sheikhupura. The visit built credibility on the traceability claims of Terylene Clean and aided the brand's inductions in the preferred supplier lists for C&A, IKEA and TARGET brands.

Furthermore, the business continued to innovate to meet the evolving demands of its customers, and launched a high whiteness variant of rPET fibre – Terylene Clean Prime.

Bringing together key stakeholders from the domestic and global textile fraternity, the business collaborated with TexTalks, a renowned textile journal, to organise the 5th Inspiring Change Conference. The initiative featured discussions on prominent textile innovations aimed at tackling microfiber and plastic pollution. Moreover the event highlighted LCI's efforts for promoting circularity of resources through its product Terylene Clean and the importance of encouraging ecofriendly textiles. The business participated as an exhibitor in Techtextil held in Frankfurt, where it received significant interest from brands in reference to its sustainable products. The three days exhibition, had more than 2,300 exhibitors and 63,000 visitors from different parts of the world. Details of the business's stakeholders engagement activities are available on page 120 of this Report.

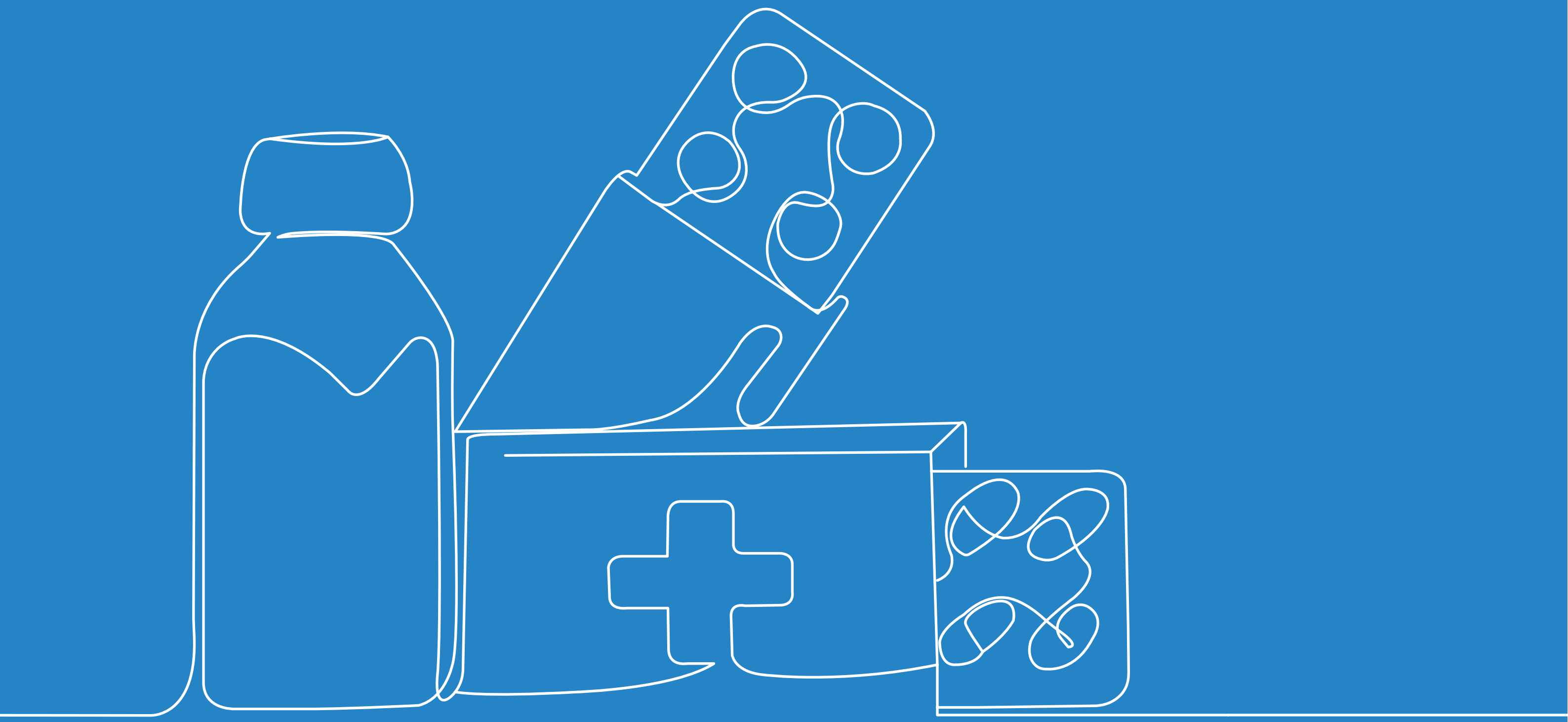
Future Outlook

Going forward, PSF markets are forecasted to struggle, especially in Asia. China's economy is picking up from the lows of 2022 but not as rapidly as expected. Thus, China is expected to be more aggressive in export markets keeping the dumping threat looming over the Pakistani markets.

Moreover, the uncertain domestic economic conditions and political environment may hamper the Pakistan's industrial growth. Despite such unprecedented challenges the business is committed to focus on efficiency improvements and sales growth of value added products to mitigate the impact. Furthermore, it will continue to share the industry concerns with relevant government ministries to support both the PSF and downstream industry through policy making.

Customer visit to the Polyester plant, Sheikhupura.

Pharmaceuticals
Business



LCI's Pharmaceuticals business is committed to providing reliable and cost-effective healthcare solutions, impacting the lives of millions of Pakistanis. Through new product introductions and relentless efforts towards enhancing operational excellence, the business is able to offer better access to quality medications that help patients live a healthier life.

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.

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

Pulmonology
Management and treatment of conditions such as asthma, chest and intrabdominal 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 Sachet
- Etipro
- Liberlor
- Inderal
- Xenecor
- Avaam
- Avaam Plus
- Altin
- Altin Met
- Anpra
- Ovaza
- Gempaz - M
- Gempaz
- Ectirex
- Epian
- Zolmig
- Olzap
- Seroquel
- Sakoon
- Olzap - F
- Rejuva
- Ceptin
- Trihemic
- Crancare
- Citralka
- Clocit
- Merpen
- Tazopip
- Dorinem
- Stanem
- Etipro IV
- Hysolone
- Regnum Men
- Regnum Syrup
- Qco
- Sunplus
- Lipiron Sachet
- Aptimax Plus
- Wymox
- Kalos
- Nilstat
- Lederplex
- Icef
- Ketress
- Amybact
- Veroclav
- Alcuflex
- Mucaine
- Tramed
- Entox P
- Zonbac
- Esopase IV
- Fortexone
- Hycortisone
- Zoladex
- Arimidex
- Nolvadex
- Casodex
- Azocyd
- Moximax
- Xelna
- Esopase
- Ketrodil

Industries Served

Health Care

Markets Served

Pakistan

Afghanistan

Customer Engagement Strategy

Advocacy Mobilisation

Scientific Cascades

Disease Awareness

Business Value Chain

Inputs

Locally Manufactured Pharmaceuticals

Pharmaceutical ingredients

Imported Pharmaceuticals

Finished Goods of Imported Pharmaceuticals

LCI's Position

Formulation Development
↓
Testing
↓
Manufacturing and Quality Control
↓
Compliance with cGMP
↓
Packaging and Warehousing
↓
Sales and Marketing
↓
Distribution

Warehousing
↓
Sales and Marketing
↓
Distribution

Output

Range of Quality Medicines

Outcome

Keeping Pakistan Healthy

Market Overview

During FY 2022-23 the pharmaceutical industry of Pakistan recorded sales worth PKR 709 billion (IQVIA MAT Jun 2023 exc. V6-V7). The industry currently comprises of 630+ companies. The top 10 companies currently hold approximately 46% market share. The industry continues to grow at a rate of 15.1% 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 9,159 million, which is 3% higher than the SPLY. Multiple strategic initiatives including internalisation of the cardiology portfolio, new product launches including life cycle management, resource optimisation initiatives and diverse customer engagement projects were implemented across the year.

In line with Company's values of Innovation and Customer Centricity, the Pharmaceuticals business strengthened its presence by successfully launching four new products comprising of eleven SKUs namely *Gempaz* (empagliflozin, empagliflozin metformin), *Kalos* (ibuprofen), *Liberlor* (ticagrelor), *Zonbac* (cefoperazone sulbactam) and *Sunplus* (cholecalciferol) line extensions.

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. The business has also deployed rigorous health, safety and environmental protocols which were recognised at the 12th Annual Fire Safety Award organised by the National Forum for Environment and Health and Fire Protection Industry of Pakistan.

The landmark achievement for the year was the manufacturing internalisation of its flagship cardiology brands which included Tenormin, Zestril and Inderal. This will strengthen the business and enhance manufacturing efficiencies. The introduction of a high-speed PET bottle line at the Hawke's Bay Plant will facilate in meeting customer demands. Details of the business's stakeholders engegement activities are available on page 121 of this Report.

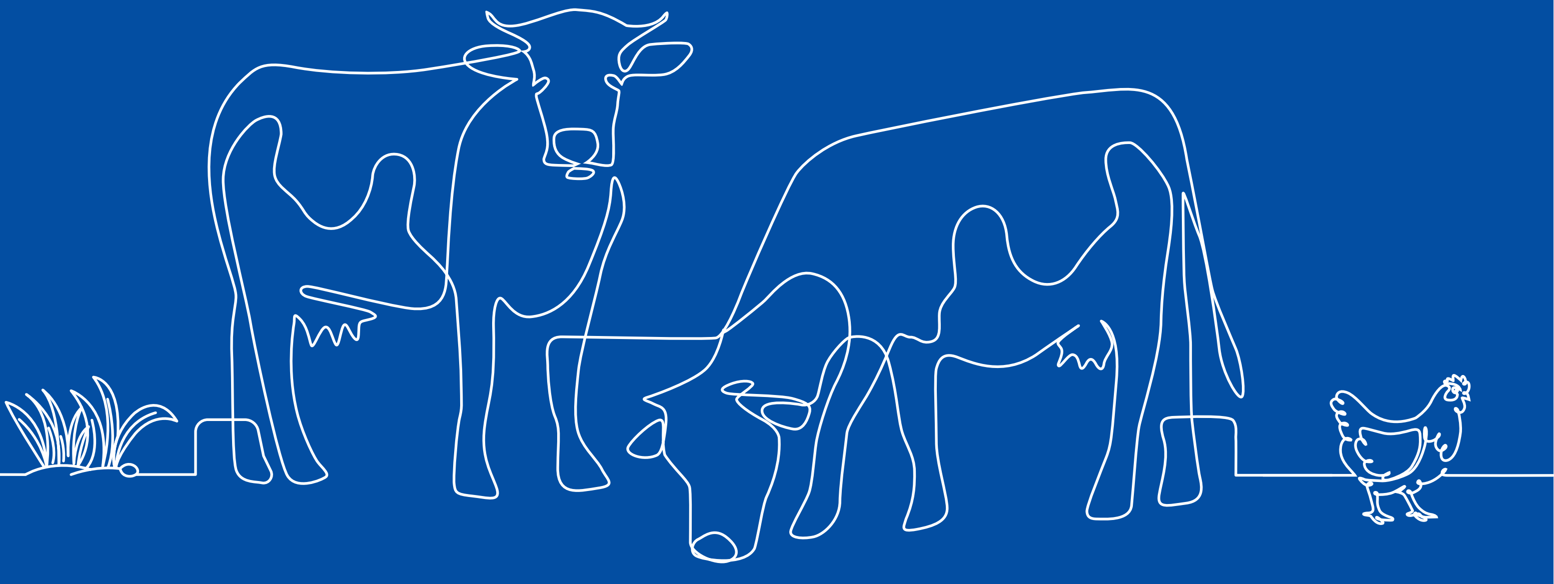
Future Outlook

Struggling with severe cost related pressures amidst the prevailing macro-economic scenario, the pharmaceutical industry has recently received a much-needed relief in the form of a price increase, which will help ensure uninterrupted supply of life saving medicines to patients. However, the challenges of managing business costs persist due to the continuing Rupee devaluation and local inflation mainly driven by high energy costs.

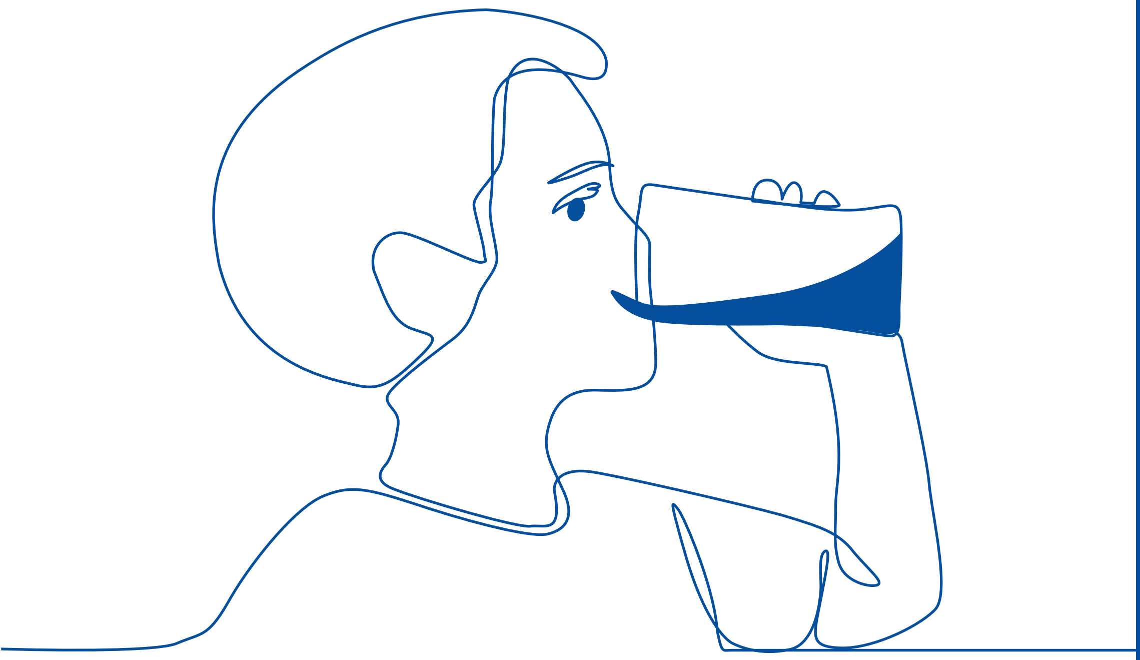
Leveraging product and process innovations and optimisations, the business is dedicated to continue serving its customers and key stakeholders despite economic challenges. By providing better healthcare opportunities, empowering its teams, and delivering reliable and cost-effective healthcare solutions,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

The Pharmaceuticals team at its Annual Sales Conference.

Animal Health Business



LCI's Animal Health business contributes to the progress of Pakistan's livestock and poultry segments through superior quality products, including animal feed and health solutions. The business is committed to providing sound animal nutrition and veterinary care to improve the quality of meat and dairy products, as well as the quality of life for the animals and people, alike.



Business Overview

Solutions Offered

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

Antibiotics
- Injectables
- Oral

Anthelmintic
- Injectables
- Drenches

Biologicals

Antiprotozoal

Nutritional Supplements

Multi-vitamins

Feed
- Vanda
- Silage

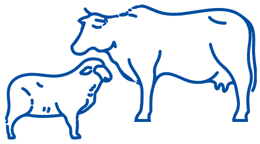
Farm Solutions
- Additives
- Disinfectants

Nutrition and farm management solutions

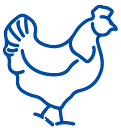
Bovine Genetics

Local and Imported Bovine Semen

Industries Served



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

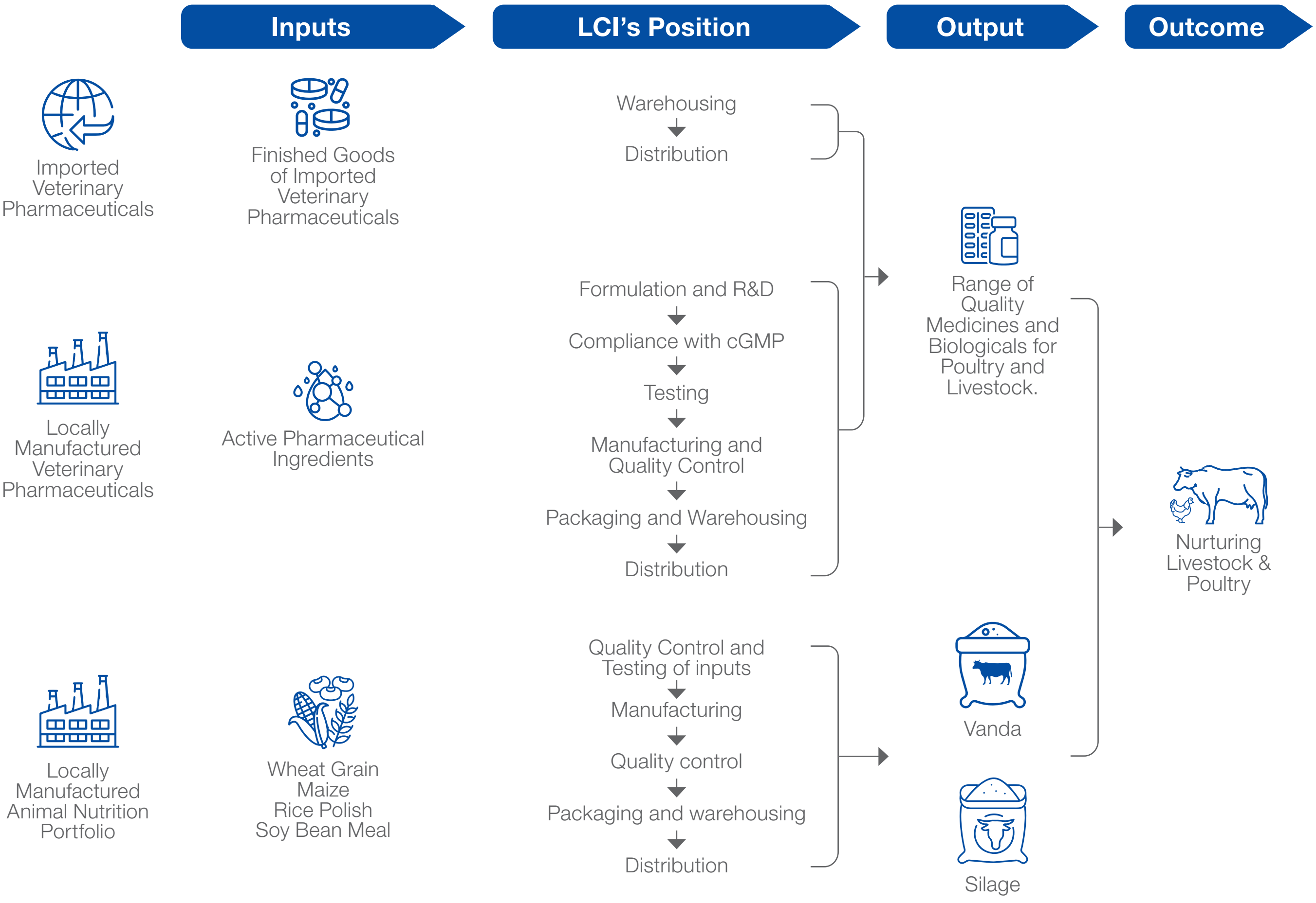


Poultry Industry
Grand Parent, Breeder, Broiler and Layers and Poultry Feed Mills

Markets Served

Pakistan

Business Value Chain



Market Overview

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 and 14.36% of the national GDP and 2.1% of Pakistan's total exports during FY 2022-23. 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.

Recent efforts have been directed towards much needed modernisation and innovation of the sector through enhancing breeding practices, improving nutrition, fortifying biosecurity measures, and advancing animal genetics, alongside augmenting overall health management through value-adding imports. The resumption of exotic animal imports post-pandemic also brought forward improved genetics, enhanced milk production, and heightened focus on technological advancements.

Unfortunately, the disastrous floods that struck Pakistan in 2022 led to the loss of approximately 1.164 million livestock. The highest number of animal deaths occurred in Baluchistan, followed by Sindh, Punjab, and KPK. Despite the prioritisation of rehabilitation practices, these areas experienced disturbed sales during the year.

During FY 2022-23, the poultry market faced instability due to spiralling inflation, impacting the prices of poultry feed, eggs, and meat. Moreover, reliance on imported soybean and canola seeds, constituting around 35% of chicken feedstock, led to a notable impact on the availability and cost of chicken feed due to import disruptions, currency fluctuations, and supply and logistics challenges. This led to a demand and supply gap, resultantly increasing prices of available stock by threefold, and negatively impacting the production efficiency of livestock and the feed conversion ratio (FCR) in poultry birds.

According to the Economic Survey of Pakistan 2022-23, Poultry meat production and table egg production in Pakistan grew by 9.1% and 5.7% respectively. These positive trends align with the government's Backyard Poultry Programme, aimed at ensuring accessible protein sources and creating livelihood opportunities for undernourished communities. However, despite these promising figures industry experts have expressed concerns about a significant decline of approx. 30% of the population of broilers, breeders, and layers, suggesting an overall shrink of the industry.

Business Performance and Key Developments

The Animal Health business's focus during FY 2022-23 was to further improve the quality and availability of its value-added goods, whilst ensuring interactive customer-engagement strategies.

The business achieved a Net Turnover of PKR 6.8 billion, which is 22% higher compared to the SPLY. In terms of contribution to the business's top line, the Livestock segment contributed the major share.

The Livestock portfolio achieved an impressive growth of 26% against the SPLY and the poultry segment posted a growth of 14% over the SPLY. These results exemplify the dedication and agility within the Animal Health business, as it continues to make a significant impact in the industry, providing farmers with reliable solutions and driving accelerated growth in the market.

Managing margins has been a persistent challenge due to the devaluation of the Pak Rupee, leading to increased input costs. The business has intensified its focus on strengthening its locally-manufactured portfolio to reduce import dependency, mitigate the risks associated with devaluation and provide stability for its stakeholders.

Import-related disruptions, especially the irregular issuance of LCs impacted sales. The business continues to actively work toward addressing these challenges and streamlining its import processes for uninterrupted operations.

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

Future Outlook

Moving forward, the business has prioritised localisation strategies to support import substitution. Moreover, efficient production strategies and innovative product development initiatives will help fulfil the growing needs of the industry and lead to its progress. The business continues to focus on key growth drivers, mainly its respiratory and gastrointestinal integrity, antibiotics, and biological range to further expand its overall market presence.

LCI's Board of Directors has approved a capital expenditure of up to PKR 633 million for setting up a green field veterinary medicine manufacturing facility for the business in Sheikhupura. This decision is another strategic step towards the Company's growth aspirations, and by strengthening its manufacturing footprint the business aims to ensure streamlined product supplies to its customers.

Despite macroeconomic challenges, the Animal Health business is well-prepared to tackle the upcoming year. Strategic collaborations with international partners will allow the business to introduce value-added products for livestock and poultry farmers, in turn expanding the market and the business's reach and portfolio for added customer satisfaction.

Animal Health team at its IPEX 2022 display.

Chemicals & Agri Sciences Business

From food items to medical applications, crops and farming to sporting goods, and from vehicle comfort to the cooling and refrigeration industries, the diverse portfolio of LCI’s Chemicals & Agri Sciences business plays a vital role in the daily lives of millions. Leveraging technological advancements and continuous innovation enable it to add value to almost every industrial and consumer segments of Pakistan.

Business Overview

Solutions Offered

CHEMICALS

Industrial Chemicals

Solutions for tyres, paints and coatings, steel, pharma and other sectors.

Polyurethanes

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

Textile Chemicals and Auxiliaries

Solutions to improve the operational efficiency of textiles such as preparation, dyeing, printing, and finishing.

Adhesives

Solutions with a specialty in wood working and packaging adhesives.

Hygiene Solutions

Solutions for homecare, equipment cleaning, sanitisation, disinfection etc.

MASTERBATCHES

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

AGRI SCIENCES

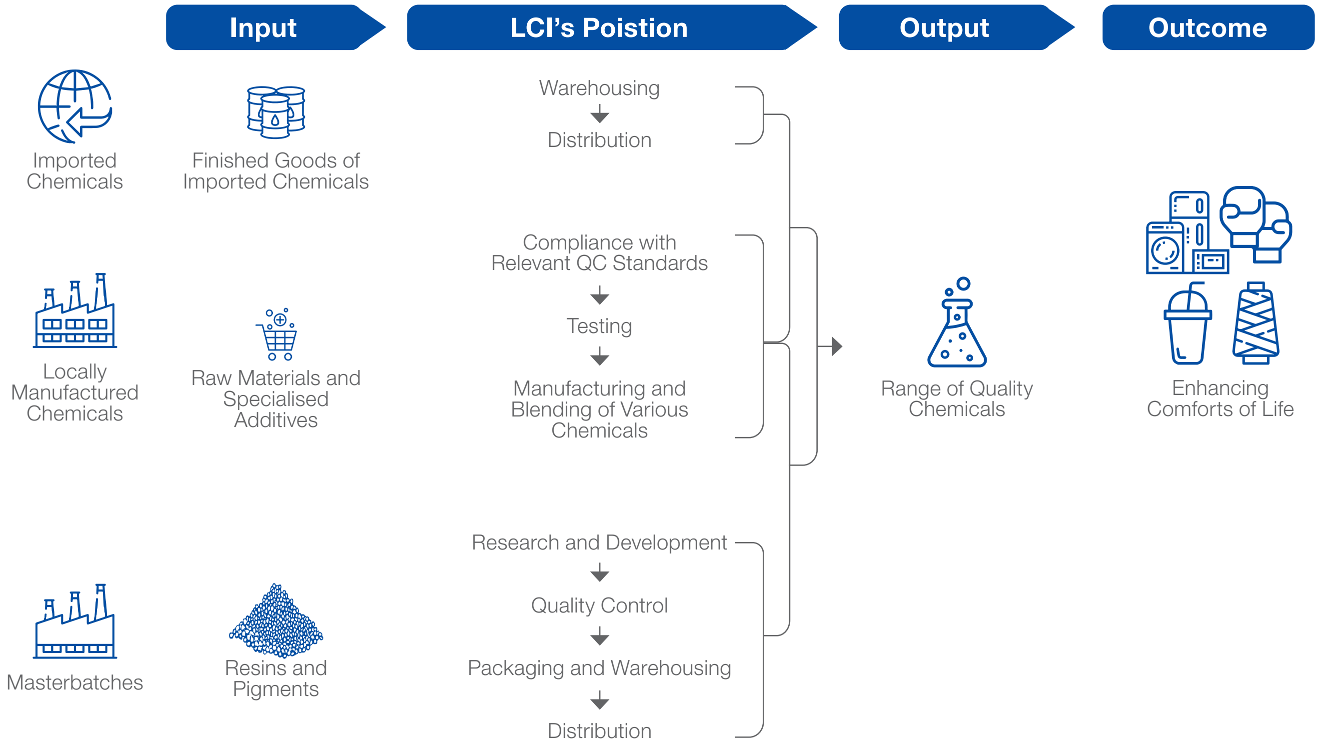
Seeds
Agro Chemicals

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
- Indutrial Packaging
- HoReCa
- Health Care
- Construction
- Thermoware
- Automotive
- Tents and tarpaulins

Business Value Chain | Chemicals and Masterbatches



Input

LCI's Poistion

Output

Outcome

Imported Chemicals

Finished Goods of Imported Chemicals

Warehousing → Distribution

Locally Manufactured Chemicals

Raw Materials and Specialised Additives

Compliance with Relevant QC Standards → Testing → Manufacturing and Blending of Various Chemicals

Masterbatches

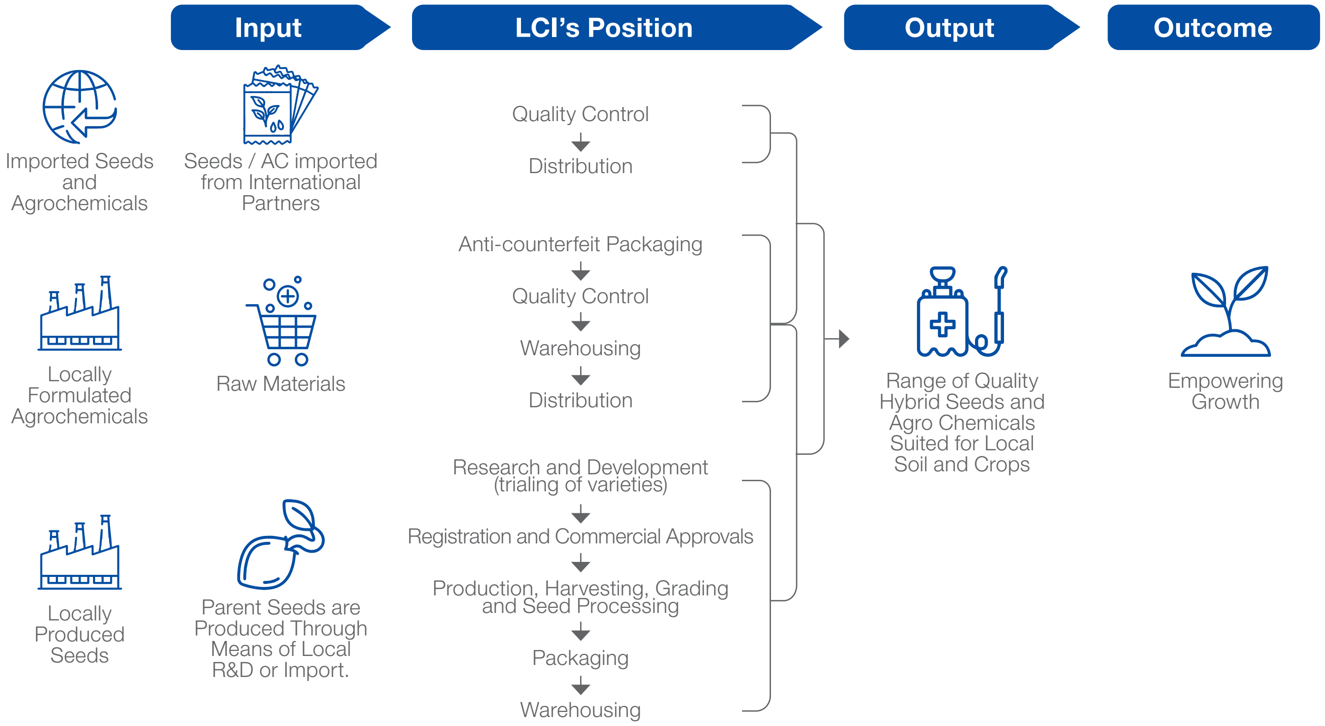
Resins and Pigments

Research and Development → Quality Control → Packaging and Warehousing → Distribution

Range of Quality Chemicals

Enhancing Comforts of Life

Business Value Chain | Agri Sciences



Input

LCI's Position

Output

Outcome

Imported Seeds and Agrochemicals

Seeds / AC imported from International Partners

Quality Control → Distribution

Locally Formulated Agrochemicals

Raw Materials

Anti-counterfeit Packaging → Quality Control → Warehousing → Distribution

Locally Produced Seeds

Parent Seeds are Produced Through Means of Local R&D or Import.

Research and Development (trialing of varieties) → Registration and Commercial Approvals → Production, Harvesting, Grading and Seed Processing → Packaging → Warehousing

Range of Quality Hybrid Seeds and Agro Chemicals Suited for Local Soil and Crops

Empowering Growth

Market Overview

Macroeconomic, environmental, and political uncertainties posed significant challenges for the chemicals and agriculture sectors of Pakistan during the year in review. Primarily, import restrictions, volatile international feedstock prices, escalating costs driven by high inflation and currency devaluation, unstable domestic political environment and record high policy rate adversely impacted the market sentiment.

The downward trend in international feedstock prices, coupled with the unprecedented economic slowdown affected margins across the Chemicals portfolio in the first half of FY 2022-23. In the second half, shortages due to import restrictions adversely impacted volume growth. Moreover, currency devaluation and subsequent inflation led to cost curtailment and preference for low-cost substitutes, which resulted in increased price sensitivity in respective markets. The monsoon season and consequential floods throughout the country also negatively weighed in on the market. These factors resulted in demand contraction across the entire value chain, with major industries going on either complete or partial shutdowns for a considerable period during the year.

The Agricultural sector recorded a annual growth rate of 1.6% during FY 2022-23. Key challenges faced by the Agricultural and Crop Chemicals sectors included unpredictable heat waves that resulted in disturbed sowing cycles, continuous spells of intermittent rains damaging already cultivated crops followed by flash flooding, exchange rate volatility resulting in increased input prices and cost pressures, and uncertain economic conditions that severely impacted farmers' ability to opt for high-quality agricultural inputs.

During July-August 2022, Pakistan witnessed an unprecedented episode of territorial rains followed by flash flooding that damaged primarily two main subsectors, i.e., crops and livestock. In the aftermath of the damage caused primarily by environmental factors, growth rates of the crops, livestock, forestry, and fishing segments stood at -2.5%, 3.8%, 3.9%, and 1.4%, respectively.

Business Performance and Key Developments

Chemicals

Despite the slowdown in demand, the business focused on continuous supply of specialised chemicals to cater to the industry needs through robust supply chain management, optimising its diversified portfolio and capitalising on strong customer relationships. However, the overall sales remained lower by 27% vs the SPLY, whilst the operating profitability of the business is lower by only 7% compared to the SPLY.

The business has established itself as a leading supplier for key customers, prioritising innovation, and dependability, which enabled it to maintain its market position while coping with the challenges posed due to volatile commodity prices and uncertain economic conditions.

To showcase its range of offerings, the Chemicals business participated as a platinum sponsor in the Pakistan Chemicals Expo 2023, held in Lahore. The event was an opportunity for the business to interact with and understand the requirements of customers and other key stakeholders.

The business team being acknoledged for the Diamond Sponsorship at the Pakistan Chemicals Expo 2023.

The business exhibits at the Pakistan Chemicals Expo 2023.

Masterbatches

A customer-centric attitude, premium quality products and strong brand equity allowed the Shades Masterbatch segment to improve its standing in the market despite the impacts of the prevailing economic and political uncertainty on the packaging sector.

The Company's state-of-the-art R&D facilities and its ability to deliver customised and innovative solutions have played a crucial role in providing best-suited product and positioning the brand as a quality-conscious manufacturer.

The segment achieved a strong Net turnover growth of 61% in FY 2022-23 over the SPLY, increasing its market share in all plastic application segments. With an ambitious growth journey in sight, the business plans to expand its production capacity in the future.

Moreover, the segment made strides in import substitution within the premium plastic markets, upholding its commitment to contribute to a stable and prosperous economy.

Agri Sciences

Despite uncertain market conditions and catastrophic floods across the country, the Agri Sciences business delivered strong growth of 41% in Operating Results over the SPLY. This stellar performance was mainly driven by the Sunflower category.

Aimed at reducing the country's dependence on imports, the Agri Sciences business signed an MoU with National Foods Limited for the research and development of hybrid tomato seeds for local production of tomato paste.

Placing quality, diversification, sustainability and product stewardship at the apex of priorities, the business launched two new agro chemicals products during the year, *Shincar* and *Daokda*. The introduction of the products was supplemented by launch events, aimed at enabling knowledge transfer and providing business partners with networking opportunities.

In March 2023, the Agri Sciences business participated in Pak Agri Connections 2023, organised by the Pakistan Agricultural Coalition, and shared insights on investments needed for import substitution. The event explored the future of the agriculture industry and the steps that can be taken to help it reach its full potential.

During the year, the business participated in the Agriculture Investment Symposium, in Islamabad. The event brought together over 300 key stakeholders, including investors, policymakers, farmers, development partners, and researchers. The symposium aimed to provide a platform to exchange ideas, knowledge and experiences for driving investment in the agriculture sector.

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

Future Outlook

The Chemicals business remains committed to being the one-stop solution and first choice in terms of consumer purchase decisions while keeping a strong focus on diversifying its portfolio to address the evolving needs of its customers.

The Agri Sciences business aims to focus on portfolio diversification to strengthen its footprint in major categories such as Corn, Rice and Vegetable seeds in the coming years. Moreover, it will continue to focus on business and brand development to counter generic products and increase the overall business partner base.

Going forward, macroeconomic challenges are expected to keep the business's profitability under pressure. However, the Chemicals and Agri Sciences business is committed to minimising its adverse impact of external pressures while pursuing new avenues for growth backed by the introduction of new technologies and bespoke solutions to meet the evolving needs of its expanding customer base.

The Masterbatches Colour Matching Lab.

Corn field visit to observe the research pipeline varieties at the Advanta R&D Centre.

Sustainability Performance

Charting a Sustainable Future

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' FY 2022-23 Sustainability Report marks its 15th year of annual sustainability reporting, in line with topics that are prioritised as material to the Company and its stakeholders. The report is in accordance to the Global Reporting Initiative (GRI) Standards and adheres to the GRI 1 Foundation 2021. Moreover, the report references the UN Sustainable Development Goals (SDGs).

Reporting Period

The reporting period for this report aligns with LCI's FY 2022-23, spanning from July 1, 2022, to June 30, 2023. This Report has been published in September 2023.

Report Boundary and Content

The report showcases the Company's commitment to sustainability, transparency, and environmental and social 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 in LCI's FY 2022-23 material sustainability topics.

Progress towards achieving LCI's long-term sustainability pledges and goals related to the economy, environment, and society, as well as their significance for stakeholders' decision-making.

Management Approach to Sustainability

Details of LCI's management approach to sustainability is available on page 110 of this Report. Details of the management approach for each material topic are available on page 111 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 restatement has been made in 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 ISAE 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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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,

Welcome to Lucky Core Industries Limited's (LCI) FY 2022-23 Sustainability Report. Over the past fifteen years, LCI has been reporting its performance responsibly and transparently with respect to its environmental, social and economic impact.

In line with the GRI Reporting standards and UN Sustainability Development Goals (UNSDGs), this report showcases our aspirations to enhance shareholder and stakeholder value while creating avenues for long-term sustainable growth. Recognising our commitment to governance and reporting standards, for eight consecutive years, LCI has been one of the top two organisations in Pakistan commended for its sustainability reporting at the annual ICAP/ICMAP awards.

For us, sustainability and operating responsibly are imbedded in our DNA and at the core of our business model - they are, our license to operate. LCI's Sustainability Council, entrusted with fostering a culture of excellence, formulating the strategy and goals, and integrating sustainability into daily business activities across the Company, continued to guide environmental stewardship while building socio-economic value.

The planet as we know it, is changing, and with this, climate change has become a pressing concern. With extreme heatwaves and unprecedented monsoon flooding, Pakistan was among the most vulnerable in terms of lives and livelihood lost. Collective action needs to be taken now to secure a more sustainable future for generations to come. This year, the launch of our Catalyst 2030 climate action plan has been an important milestone in our sustainability journey. We unveiled our new ambitions and announced targets for 2030 to further focus on neutralising our carbon footprint. Together with our flagship sustainability drive STEP, our climate action plan sets out how LCI can play a leading role in minimising carbon emissions by leveraging nature and science-based solutions and collaborating for broader community impact. During the year, LCI successfully implemented 20 projects that resulted in reducing approximately 22,000 tonnes of CO_2 emissions. Let me highlight some of the initiatives that we undertook over the past year that will have an impact in the years to come.

On the energy front, while we were within targets, our energy consumption increased over the year due to expansion projects. However, the Company's investments in solar energy generation and energy efficiency projects helped reduce over 6,800 tonnes of CO_2 emissions. Our efficient water management practices led to the conservation of approximately 2.4 million gallons of water during the year, and through our plantation drives, we successfully planted over 34,000 trees at multiple Company and community locations across the country. Aimed at reducing the demand for virgin materials and promoting a circular economy, the Company's rPET project successfully converted over 198 million post-consumer waste PET bottles into recycled polyester fibre. This coupled with the Polyester business's collaboration with multiple stakeholders during the year helped drive recycling and waste management awareness at grass root levels.

In terms of social impact, the wellbeing and safety of both our people and those around us is of paramount importance to us. While we achieved 39+ million-man hours without injury, regrettably, reportable incidents were recorded during the year. All incidents were thoroughly investigated and action plans to prevent recurrence were implemented. It is our collective ambition to raise the bar on safety and ensure that LCI remains a benchmark for being one of the safest work places in Pakistan.

We have made steady progress this year with regards to social performance. Maintaining a focus on promoting diversity, equity and inclusion (DE&I) within LCI, we continued to improve the overall representation of women in the workplace and in senior management positions, while fostering inclusiveness through various internal campaigns. The Yes She Can! Women Returnship Programme was a particularly exciting launch in FY 2022-23. The Company created employment opportunities for women seeking to return back to work after taking a career break. In addition, by actively encouraging upskilling through our year long learning initiatives, LCI clocked over 51,000 training hours. As we strive to improve our people metrics year after year, I look forward to welcoming capable and diverse talent that will work to further LCI's mission of Improving Lives.

Through the Lucky Core Foundation (LCF) over PKR 64.2 million was invested in community uplift programmes in the priority areas of health, education, women's empowerment, community development, disaster relief and the environment. The impact of LCF's programmes was multiplied by our socially and environmentally conscious employee volunteers who invested in communities by taking part in a wide range of activities. I feel privileged to lead such passionate people and appreciate their efforts in being agents of change.

Despite facing a tough financial year on account of multiple macroeconomic challenges, we remain dedicated to building on our sustainability progress, contributing to UNSDGs and creating shared value for our stakeholders. I hope you enjoy reading this year's Sustainability Report and learning more about LCI's Journey of Enriching Lives.

Warmest regards,

Asif Jooma,
Chief Executive

Sustainability Highlights

Catalyst 2030	Climate Action Plan launched
22,000 tonnes	of CO_2 emissions neutralised
198 million+	PET bottles recycled into polyester fibre
34,000+	Trees planted
39.4 million	Safe man-hours
Zero	Occupational illnesses
PKR 64.2 million	Invested in community uplift programmes
395	Employees participated in volunteer programme

Awards

Corporate

Best Sustainability and Corporate Report 2021 Award

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

Soda Ash Business

International Safety Award 2023

by British Safety Council

12th Annual Fire Safety Awards

by National Forum for Environment & Health and Fire Protection Industry of Pakistan

Polyester Business

International Safety Award 2023

by British Safety Council

Chemicals & Agri Sciences Business

Environmental Excellence Award 2022

by National Forum for Environment & Health

Pharmaceuticals Business

Environmental Excellence Award 2022

by National Forum for Environment & Health

International Award of Environment, Health & Safety 2022

by Pakistan Safety Council

Fire Safety Award 2022

by Fire Protection Industry of Pakistan and National Forum for Environment & Health

Materiality Assessment

In FY 2022-23, LCI reassessed the topics that are prioritised as material for the sustainable management of the Company and those that could potentially have a significant impact on the economy, environment, communities, and other vital stakeholder groups. The materiality was coordinated by an independent consultant, based on the GRI standards. The assessment accounted for the concepts of double materiality (consideration of financial and non-financial impacts), and an internal analysis on the concerns raised by the Sustainability Council and dynamic materiality (feedback from select stakeholders and consideration of how current and future issues are or may become relevant to the Company).

Methodology to Determine Material Topics

Review of Existing Material Topics

To ensure continued relevance and alignment with the Company's sustainability efforts. To ensure continued relevance and alignment with the Company's sustainability efforts. The material topic of procurement practices was added during the year in review.

Incorporating Updated GRI Requirements

A comprehensive assessment of the impacts of LCI's operations was conducted to embrace the revised requirements of GRI 3 Material Topics 2021.

Data Collection

Gathering relevant information from LCI's business operations and risk register, compliance with international conventions, inputs received from stakeholders through formal grievance mechanisms, and memberships of international organisations.

Identification of Material Topics

Collected data was assessed for identification of material topics in consideration of relevant industry standards from the Sustainability Accounting Standards Board (SASB), peer analysis and UNGC's "Ten Principles" on Environment, Human Rights, Anti-corruption, and Labour. The Global Industry Classification Standard's (GICS) sector identification methodology 2022 was utilised for sector identification, to ensure a comprehensive selection of material topics.

Alignment

An in-depth impact analysis associated with each topic was conducted to map the significance and implications of the selected material topics for LCI's sustainability efforts.

Prioritisation

A thorough materiality analysis was carried out in accordance with GRI 3 Material Topics 2021. This analysis considered and assigned scores based on the link to LCI's business strategy, the severity and likelihood of impacts, the implications for human rights, the relevance to long-term profitability and the overall success of the Company. A cumulative score was calculated for each topic to prioritise its importance to the Company.

Input and Feedback

The results of the materiality analysis were shared with the business teams to gather their input, feedback and gauge the relevance and impact of the identified topics within their respective areas. This collaborative approach ensured that diverse perspectives were accounted for.

Validation

Based on inputs received from business teams, risk scores were assigned and topics that scored above the threshold of three (3) were deemed as material topics to reflect the key sustainability priorities of LCI. Finalised material topics were presented to the executive management team for approval to ensure alignment with the Company's strategic direction and goals of LCI.

The aforementioned methodology, allowed the Company to collaboratively finalise material topics in line with the LCI's sustainability objectives and priorities. The comprehensive nature of the analysis guarantees that the sustainability report accurately reflects LCI's commitment to sustainable practices and transparent reporting.

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.

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.

Market Presence

The Company's presence in the markets it serves has a significant impact in terms of the employment opportunities provided, 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 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

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. Disclosures under this topic illustrate the Company's water usage requirements for its operations and the current state of water availability in Pakistan.

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, including training and education, growth opportunities, compensation, and benefits is of utmost importance. The Company maintains a strong focus on providing development and learning opportunities to its employees. LCI's policies and employment practices aim at attracting and retaining talent, while ensuring 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 are topics of critical importance to the Company. It provides formal training, development and growth opportunities, along with performance appraisals, feedback systems, and an open culture that encourages discussion.

Occupational Health and Safety

Health and safety remain focus areas 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 the community.

Diversity, Equal and 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 its 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, as well as its Code of Conduct, the Company complies with applicable human right laws and regulations, including those for child labour. The Company supports and recognises its employee's right to organise and of collective bargaining in accordance with the Company's Code of Conduct and applicable laws.

Community Investment

Disclosures on this topic illustrate LCI's efforts toward the development of communities. 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.

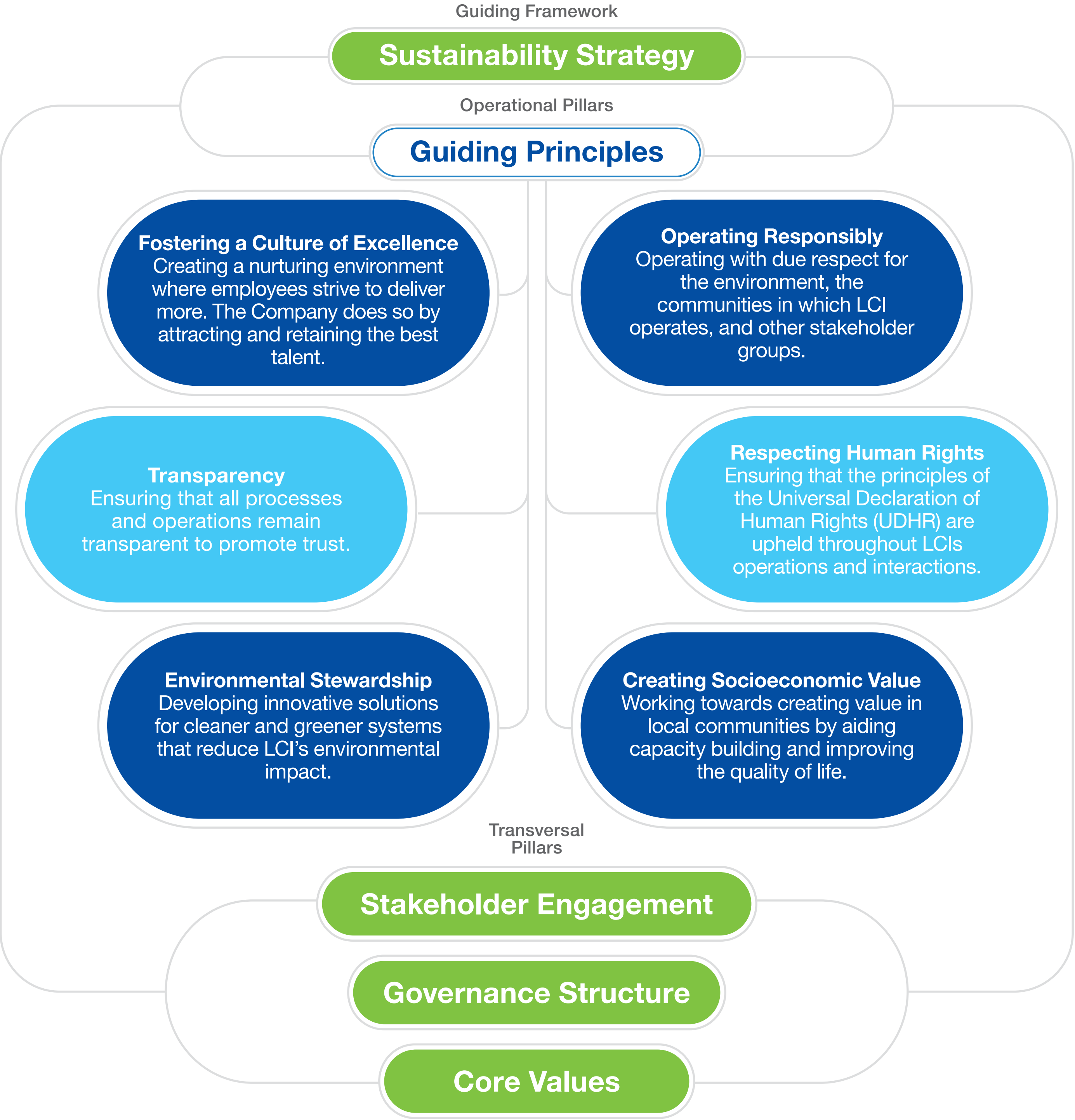
Sustainability Strategy

Enriching the Future

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 countless lives, both 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

Operational Pillars

Guiding Principles

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 LCIs 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

Tackling Climate Change

Catalyst - Climate Action Plan 2030

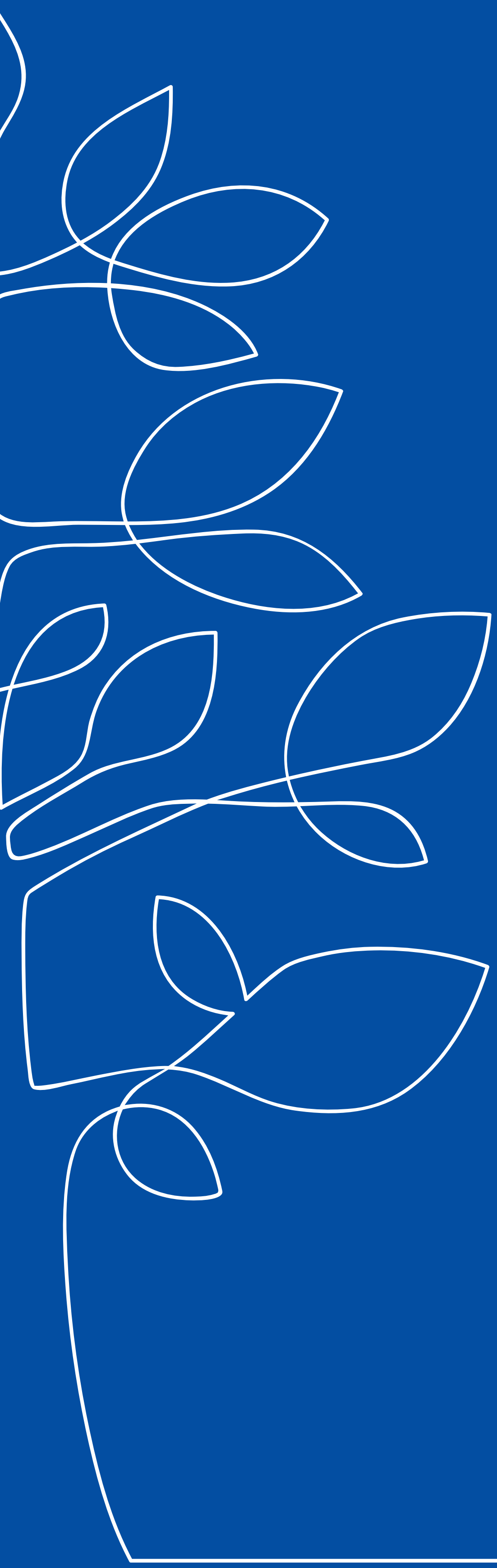
The consequences of human-induced climate change on global weather are becoming increasingly evident. Major contributors to this crisis are the surge in greenhouse gas (GHG) emissions and global warming, which have resulted in erratic and intensified weather conditions. Immediate and collective action 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.

To play its part in combating climate change, LCI launched the Catalyst 2030 climate action plan, in the FY 2022-23. Through the initiative, LCI aims to proactively neutralise its emissions across its operations by leveraging nature and science-based solutions.

Approach to Climate Change

- Decarbonisation through efficiency and technology improvements
- Adopting a nature-based solution through plantation initiatives
- Collaborating for broader community impact

Actionable Initiatives



Neutralise

80,000

tonnes of CO_2 by 2030 through nature and science-based solutions

Recycle

360 million

PET bottles per year by 2030 to encourage circularity through production of polyester fiber

Recycle

220 million

gallons of water annually by 2030

Eliminate the use of

single-use

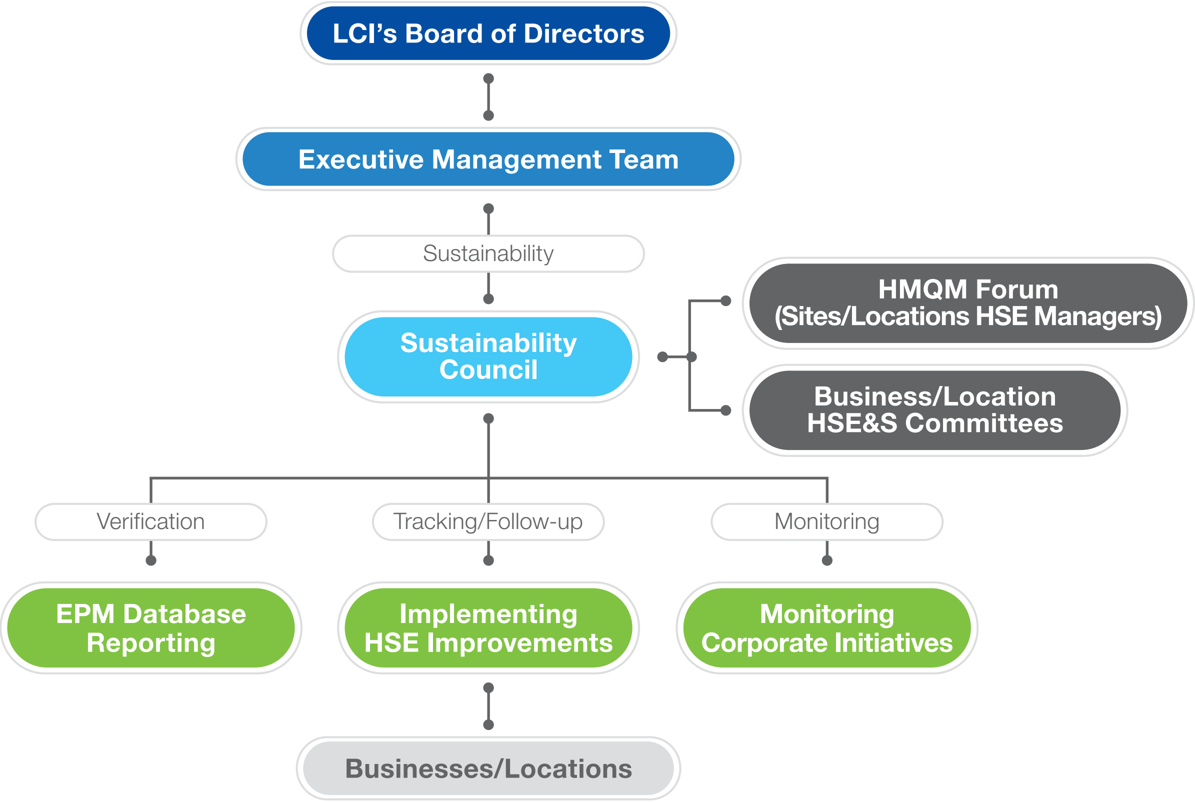
plastic bottles across corporate offices

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. This 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 Operational Eco-Efficiency (OEE) footprint, potential technological requirements, and their financial impact on the Company and the community. Results are shared quarterly with the Board of Directors.

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

Sustainability Council

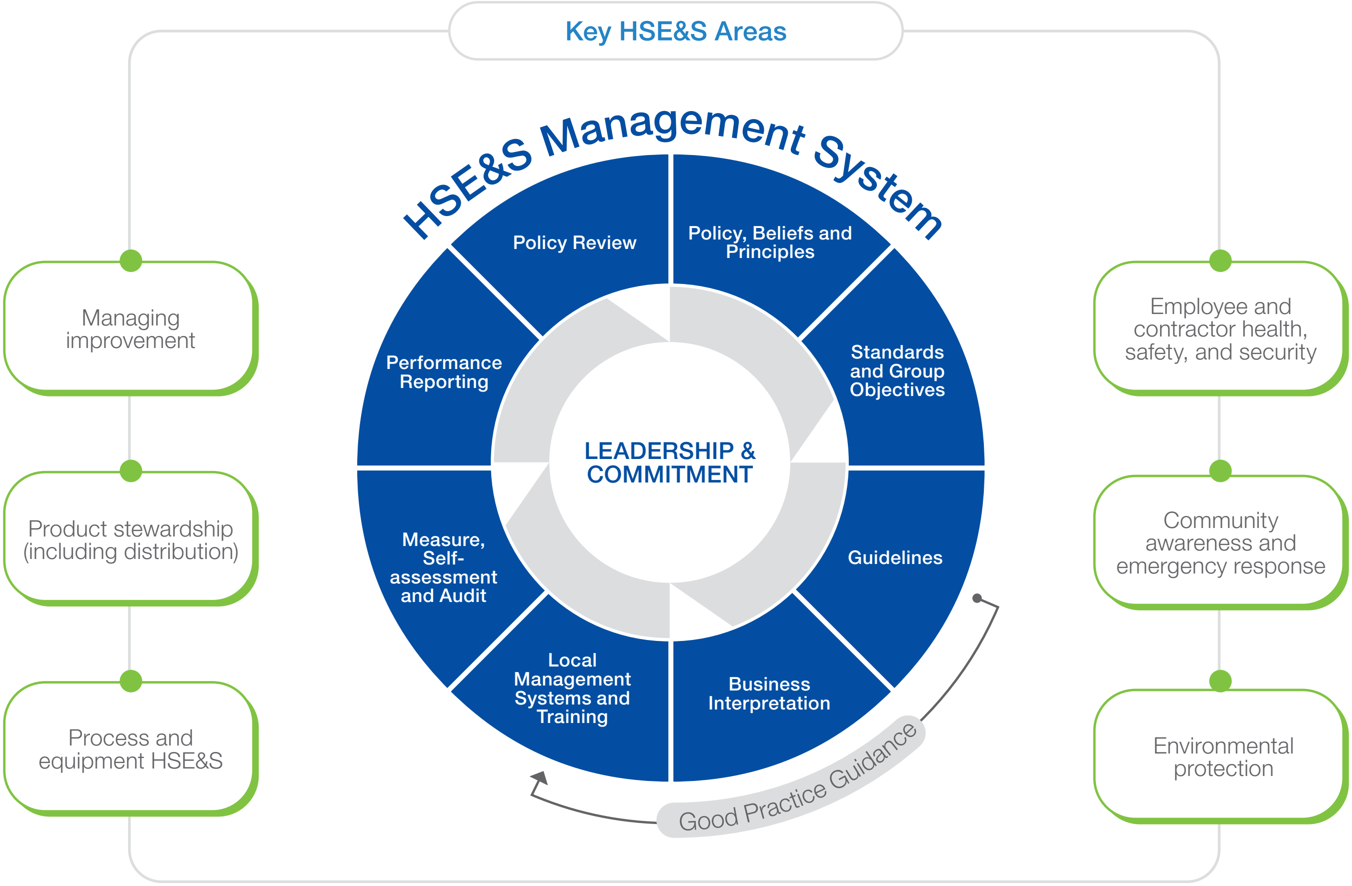
The Sustainability Council comprises of representatives from the Company's businesses and functions. The Council plays a responsible role for assisting the Board of Directors in fulfilling its responsibility to LCI's shareholders regarding sustainability practices. The Council focuses on developing,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

During the year in review, the members of the governance body participated in multiple ESG conferences.

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.



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.

Stakeholder Engagement

LCI strives to engage its stakeholders in an open and transparent dialogue. The Company remains committed to enhancing mutual understanding of concerns, strengthening relationships and creating shared value.

Stakeholder Group	Providers of Financial Capital	Employees	Customers	Suppliers and International Partners
Engagement Frequency	Regular	Regular	Regular	Regular
Who they are and their Contribution to Value Creation	Shareholders, investors, creditors and lenders who provide LCI with financial capital to Cultivate Growth.	Employees who enable LCI to achieve operational excellence.	Downstream manufacturers, distributors, retailers and end users. LCI is reliant on its customers to achieve sustained growth.	Suppliers of feedstock and other raw material and service providers. LCI is reliant on them to provide safe and quality inputs to better service its customers.
Concerned LCI Teams	• Corporate Finance • Company Secretariat • Corporate Communications and Public Affairs	• EMT • Human Resource • Corporate Communications and Public Affairs	• Business sales, technical support and quality assurance	• Procurement • Relevant business teams
Key Stakeholder Concerns	• Ongoing economic viability • LCI's financial and operational performance • LCI's growth prospects	• Employment security • Fair treatment and compensation • Safe workplace • Training and education • Career development • Participation and empowerment	• Product cost, quality and availability	• Long term supply contracts • Efficient payment cycles
LCI's Strategic Response	• Commitment to ongoing growth and value creation • Corporate briefings • Shareholders meetings • Timely public disclosures to PSX • Investor relations policy	• Leadership connect sessions • Internal events and communications • Annual engagement survey • Launch of Employee Central • Benchmarking studies • Capacity-building trainings • Wellness Programme • Innovation Challenge • Code of Conduct	• Technical support and capacity building initiatives • Surveys and field visits • New product launches • Communication and engagement initiatives	• Code of Conduct compliance • Procurement policy manual • Supplier audits • Open negotiation discussions

Communities	Government and Regulatory bodies	Media	Academic and Research Institutions	NGOs and NPOs
Regular	Regular/Case Basis	Occasional	Occasional	Regular
Individuals and groups outside LCI's boundaries. Engaging with them allows LCI to contribute to social development.	Local, provincial and national Government bodies and regulators who help create an environment conducive for growth.	Online and offline organisations that disseminate information.	Institutions and groups that supply talent, help build LCI's employer brand and further innovation and process improvements.	Formal and informal organisations that help LCI create social value.
• Business onsite teams • Lucky Core Foundation	• Relevant business/ functional representatives	• Corporate Communications and Public Affairs • EMT	• Human Resource • Relevant business teams • Lucky Core Foundation • Business onsite CSR teams	• Lucky Core Foundation • Business onsite CSR teams
• Impact of LCI's manufacturing sites • Employment opportunities • Sustainability initiatives, both environmental and social	• LCI's compliance with regulations and laws • LCI's investment in the economy • LCI's contribution to sustainability	• Information on LCI's operations, growth prospects and sustainability practices • LCI's economic contribution	• Career placements and development • Leadership and workplace insights	• Funding for CSR programmes • Logistical and technical support for CSR programmes
• Community and environmental investments • Robust HSE programme • Local procurement and employment	• Bilateral engagement • Timely and transparent submission of data for review and compliance	• Digital presence • Timely release of information and response of media queries • One-on-one media engagement	• Research partnerships • Training programmes and guest speaker sessions • Recruitment and internship drives	• Community and environmental investments

Stakeholder Engagement

Key Initiatives FY 2022-23

Soda Ash Business

- Maintaining a focus on customer capacity development, the business organised multiple awareness sessions for its domestic customers to share best practices on material handling and logistics.
- The business remained committed to creating value for the Khewra community and supported outreach and environmental initiatives. These included its continued support to the Ladies Welfare Centre Khewra for livelihood and vocational training opportunities of female artisans, provision of drinking water to the community, organising sporting events enabling the youth to showcase its talents, successfully completing the plantation of over 30,000 trees in and around its facility and creating multiple greenbelts alongside Khewra's main road.

Soda Ash business team planted 30,000 trees during the year 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 on minimising PET waste.
- In collaboration with Aabroo Educational Welfare Organisation, the business implemented a PET bottle deposit scheme. The collected PET waste was recycled by Aabroo, and the proceeds were used to sponsor education for 155 children from marginalised communities.
- Working with academia, the business partnered with the National College of Arts to host an art intervention for 350 NCA students, with the aim of raising awareness on repurposing PET waste. The business also collaborated with the Lahore Biennale Foundation, Punjab Education Ministry, and LUMS for the Green School Certification Program (GSCP). Sustainability workshops were conducted for teachers and students and the business sponsored waste segregation bins at 10 public schools.
- Through its membership in CoRe Alliance, the Polyester business continued to work with like-minded organisations to create policy with the Government to enhance the collection and infrastructure of waste management in the country.

The Polyester business hosted an art intervention for NCA students, to raise awareness on repurposing PET waste.

Animal Health Business

- Placing a strong emphasis on supporting its customers beyond its product offerings, the business organised in-person and digital training sessions, conducted 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 farming solutions, and engaging 65,000 farmers and 25,000 professionals.
- During the year, a national campaign for the prevention and control of tick-borne diseases was launched for farmers and veterinary professionals.
- The capacity development of corporate dairy customers was enabled through their participation in the 6th Dairy Advanced Academy held in Italy. The Poultry segment of the business also participated in the International Poultry Expo 2022 and World Egg Day 2022 during which it engaged its key stakeholders.
- Expending its support to the Government's rehabilitation efforts in flood affected areas, the business supplied large-scale dewormer orders to aid recovery in affected areas.

The Animal Health business arranged sessions on Viral Disease Awareness and Effective Coping Strategies with CAVAC Vaccines.

Pharmaceuticals Business

- The business continued to embed a patient centric approach across its customer engagement initiatives during the year. Remaining at the forefront of driving multichannel transformation in the industry, the business has provided exceptional customer experiences by leveraging the power of digital platforms.
- The business conducted multiple 360-degree campaigns in multiple therapeutic areas with healthcare professionals to promote early detection and improve treatment outcomes.
- During the year, the business engaged with key opinion leaders through face-to-face interactions at national conferences in various medical fields, conducting over 800 round table meetings and 50+ symposiums across Pakistan to discuss emerging treatment options.
- Additionally, by partnering with diagnostic labs the business offered free screening tests for patients at risk of hypercholesterolemia.
- Throughout the year, the business participated in sustainability initiatives for the benefit of the community, including a tree plantation drive at government schools in Sindh with Akhuwat and community waste clean up drives.
- To further continuous learning and improvement in the area of HSE&S the business arranged multiple trainings in safety audit, maintenance management, and project and operational safety during FY 2022-23.

Cardiology and Cardio Metabolic Sales Teams at Pakistan Live 2022, hosted by the Pakistan Society of Interventional Cardiology.

Chemicals & Agri Sciences Business

- To help foster a culture of health and safety, throughout the year, the business organised extensive HSE&S training sessions at both the Chemicals Technical Centre and customer's premises. Customers benefited from practical demonstrations and thorough risk assessments.
- During the year, the business worked towards achieving inorganic growth by expanding its Agri Sciences dealership and farmer base, and also conducted regular training sessions on the latest production technologies and eco-efficient farm management measures for farmers.
- The Agrochemicals segment led multiple business partner conferences to ensure strong stakeholder engagement.
- To showcase the business's range of offerings, the Chemicals business participated as a platinum sponsor at the Pakistan Chemicals Expo 2023, held in Lahore. The event was an opportunity for the business to interact with and understand the requirements of customers and other key stakeholders.
- Aimed at localising the production of tomato paste in Pakistan and reducing the country's dependence on imports, the Agri Sciences business and National Foods Limited signed an MoU to collaborate on tomato seed development and research.

LCI signs an MoU with National Foods to collaborate on tomato seed development in Pakistan.

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
- OICCI

Economic Performance

Guided by its vision, values and brand promise, the Company strives to generate 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

- Indirect Economic Impacts
- Market Presence
- Procurement Practices
- Anti-Competitive Behaviour

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 page 64 of this report.

↑ **26%** vs the SPLY
Net Turnover
PKR 109,486 million

↑ **25%** vs the SPLY
Operating Profit
PKR 14,653 million

↑ **120%** vs the SPLY
Profit After Tax
PKR 13,772 million

↑ **120%** vs the SPLY
Earnings Per Share
PKR 149.12

Business-wise Performance vs the SPLY

↑ **10%** Polyester
↑ **65%** Soda Ash
↑ **3%** Pharmaceuticals
↑ **8%** Chemicals & Agri Sciences
↑ **22%** Animal Health

Overview of LCI's Performance on an Unconsolidated Basis

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 2022-23.

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 supply chain managers of each of its business 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 selection of suppliers. The most critical suppliers are also evaluated based on the "CEFIC" protocol.

The Company continues to engage new suppliers and ensures 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 trainings on HSE&S best practices in warehousing, transportation and logistics are conducted to minimise loss-time injury or fatality.

Integrity Management

Key Performance Indicators

	Units	2018-19	2019-20	2020-21	2021-22	2022-23	Target 2024-25
Code of Conduct confirmed incidents	Number	4	1	0	0	**1**	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	2	4	4	3	**6**	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 2022-23

During the year, one Code of Conduct violation was reported. A thorough investigation was conducted and an action plan was implemented to avoid recurrence. To further emphasise the Company's working norms, LCI regularly hosts refresher sessions on the Code of Conduct. These sessions aim to reinforce LCI's commitment to ethical behaviour and maintain a positive work environment.

Frequent site visits, HSE&S audits and regular communication with all businesses during the year help ensure implementation and compliance with the HSE&S Management System. A quarterly review of all businesses was conducted, based on the assessment of hazards and recommendations from previous reviews. This year, six incidents of Level 2 were reported. All incidents were thoroughly investigated and corrective actions were taken to avoid a recurrence Details on Occupational Health and Safety KPIs are available on page 142 of this Report.

Sourcing and Procurement

Key Performance Indicators

		2018-19	2019-20	2020-21	2021-22	2022-23	Target 2024-25
Vendor policy signed by key suppliers	%	99	96	96	96	**100**	98
Vendor policy signed by Central NPR suppliers*	%	83.3	83	84	92	**100**	95
Supportive supplier visits	Number	131	165	240	436	**341**	500

Overview 2022-23

During the year, LCI continued to work closely with its supply chain partners to promote sustainability, continuity in the Company's operations and improvements in its partners' business and regular supplier visits were conducted. Such visits ensure vendor's compliance with LCI's vendor policy, including compliance with standards and regulations regarding child labour and freedom of association. Supportive supplier visits for the year in review, although higher than the previous years average, are 21% lower compared to last year.

As the Company has continued to grow and expand, there has been a significant increase in the percentage of key suppliers who are compliant with the vendor policy. 100% compliance to the Company's vendor policy was ensured during the year in review. The FY 2021-22 saw the induction of multiple suppliers for the Chemicals business, resulting in a higher number of supplier visits against the SPLY.

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's partnerships with suppliers are contingent upon mutual value-creation, as well as a reliable supply of raw materials, technical goods and services at competitive prices. A summary of procurement spends made by each business is as follows:

Business	Spend Analysis (PKR million)			% of Total Spend	
	Local	Import	Total	Local	Import
Polyester	20,808	17,374	38,183	54%	46%
Soda Ash	16,003	13,686	29,689	54%	46%
Chemicals & Agri Sciences	1,388	9,146	10,534	13%	87%
Animal Health	3,692	2,346	6,038	61%	39%
Pharmaceuticals	1,584	3,983	5,567	28%	72%

Key Initiatives FY 2022-23

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 pharmaceutical raw materials and finished products.

To reduce the resulting carbon footprint, special efforts were made to transport materials through railways in bulk where possible. This year 74,167 tonnes of coal and 44,363 tonnes of Metcoke for the Soda Ash business was transported through Pakistan Railways. To move the aforementioned total 118,539 metric tonnes of material through train, 72 train tracks were utilised. Alternatively, to move this material by road, 2,155 trailers (22 wheelers) would have been required.

Further efforts were made to supply soda ash in bulkers to customers instead of 1.25MT Polypropylene bags. A total of 7,686 MT of soda ash was delivered to customers via bulkers, saving 6,149 bags.

Packaging

During the year in review, recycled drums and polypropylene bags were used to store bulk liquid (Caustic Soda Liquid and Vinyl Acetate) and rock salt at the Chemicals Plant. This resulted in a reduced requirement for new drums and bags by 824 and 305 units, respectively.

Dispatch of Soda Ash to Karachi through Pakistan Railway.

Environmental Performance

LCI remains committed to delivering sustainable growth while actively monitoring and 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

- Energy
- Water & Effluents
- Emissions
- Waste

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 May 2022 after being reviewed by the Sustainability Council.

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' 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 are 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, N_2O, 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.

6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
15 LIFE ON LAND

Water and Effluents

LCI places a strong emphasis on responsible water management. Sources of water used by the Company includes surface and ground water, which is utlised for cooling, steam generation, 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 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.

Addressing Climate Change

Catalyst 2030: Climate Action Plan

During the year in review, LCI launched its Climate Action Plan – Catalyst 2030. Through the initiative, the Company aims to utilise nature and science-based solutions to neutralise emissions across its operations.

Approach to Climate Change

Catalyst adopts a three-pronged approach to maximise positive impacts on the environment.

1. **Decarbonisation through efficiency and technology improvements**
   LCI recognises the importance of reducing carbon emissions to combat climate change, and implements projects that focus on energy efficiency, process optimisation, and utilise advanced technologies. Through these initiatives LCI pledges to minimise its carbon footprint.

2. **Adopting a nature-based solution through plantation initiatives**
   LCI acknowledges the value of nature-based solutions for carbon sequestration, emissions offset, and ecological restoration. The Company pledges to undertake tree planting initiatives across its locations to mitigate climate change.

3. **Collaborating for broader community impact**
   The Company supports partnering and collective actions to amplify the positive impacts of climate change initiatives. LCI pledges to actively collaborate with NGOs, government bodies, and local communities to extend its support and promote sustainable practices, in an effort to broaden its positive impact on the communities.

By launching Catalyst, LCI not only commits to mitigate its carbon footprint but also to foster a culture of environmental stewardship throughout its operations. The Company is dedicated to integrating sound environmental practices into its everyday operations, ensuring that sustainability remains a key focus area while engaging stakeholders and working collaboratively for lasting change.

Actionable Initiatives

1. **Neutralise 80,000 tonnes of CO_2 by 2030, through nature and science-based solutions**
   To achieve carbon neutrality, LCI shall implement nature-based solutions including reforestation, habitat restoration, and science-based approaches to achieve its carbon neutralisation targets.

   During the year in review, the Company successfully executed 20 projects that resulted in the neutralisation of approximately 22,000 tonnes of CO_2. Details of the Company's emission reduction initiatives are available on page 134 of this Report. Moreover, by investing in solar projects at its locations, LCI has been able to generate 1.97 million kilowatt-hours (kWh) leading to a reduction of approximately 1,200 tonnes of CO_2 emissions. Additionally, energy efficiency improvement projects undertaken during the year resulted in abating approximately 5,692 tonnes of CO_2. Details of the Company's energy initiatives are available on page 132 of this report.

2. **Recycle 360 million PET bottles per year by 2030 to encourage circularity through production of polyester fibre**
   LCI is committed to promoting a circular economy by converting post-consumer waste PET bottles into polyester fibre. This initiative is aimed at reducing the demand for virgin materials, conserving resources, and minimising waste.

   During the year in review, the Company recycled 198 million PET bottles, which was equivalent to recycling 7,956 tonnes of plastic. This initiative resulted in a reduction of 13,500 tonnes of CO_2 emissions from the polyester supply chain.

Project Greenstorm, Khewra.

LCI's eco-friendly initiative, transforming used PET bottles into polyester fiber for a circular economy.

3. **Recycle 220 million gallons of water annually by 2030**
   LCI sets annual targets to minimise consumption and promote responsible water usage across its operations. To achieve the target, the Company implements efficient water management practices and recycling systems.

   During the FY 2022-23, post implementation of the Cooling Tower Blowdown and Conductivity Cooler Water Recovery projects at the Soda Ash plant site, a total of 2.4 million gallons of water was conserved. Details of the Company's water conservation initiatives are available on page 136 of this Report.

4. **Eliminate the use of single-use PET bottles across its locations**
   The Company encourages its employees to adopt reusable alternatives and implements sustainable practices to reduce plastic waste at its locations.

   LCI eliminated the use of single use PET bottles at all its locations in the FY 2022-23.

5. **Plant 215,000 trees by 2030**
   Committed to achieving its tree plantation targets, LCI aims to enhance green spaces, support local ecosystems, and mitigate its carbon footprint.

   During the year in review, LCI completed the plantation of over 34,000 trees at multiple Company locations and in communities where it operates. Details of the Company's tree plantation initiatives are available on page 135 of this Report.

To achieve these ambitious goals, LCI has carefully selected over 40 projects of varying scales. These projects are aimed at simultaneously addressing multiple sustainability aspects. The Catalyst pledge reflects LCI's unwavering dedication to sustainable practices and a proactive role in mitigating climate change, inspiring positive change within the organisation and contributing to a more sustainable future.

Trees Planted (Business-Wise)

Year	Animal Health	Chemicals & Agri-Sciences	Pharmaceuticals	Polyester	Soda Ash	Total
2022 – 23 Target	1,500	1,800	1,000	1,000	18,000	**23,300**
2022 – 23 Actual	1,500	650	1,010	1,000	30,000	**34,160**

STEP
CATALYST

Product Stewardship

As a socially responsible company, LCI consciously measures the health, safety and environmental impacts of its products and actions across all steps of its value chain.

Key Initiatives FY 2022-23

Terylene Clean

Promoting the circularity of resources, the Polyester business's brand Terylene Clean is manufactured from post consumer PET waste. At a state-of-the-art rPET facility, located at its Sheikhupura plant, discarded post consumer PET waste is recycled into chips. These chips are then transformed into Terylene Clean, a 100% traceable recycled Polyester fibre brand using batch technology. During the fiscal year, 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.

Collaborating with Aabroo Educational Welfare Organisation, the business launched a PET bottle deposit scheme in 2022. The initiative focuses on collecting PET waste directly from households, institutions and schools. The collected waste is monetised by the business to fund Aabroo's free of cost educational endeavours in Lahore, and is used to manufacture Terylene Clean. During the year, over 48,000 Kgs of waste was collected through the scheme and 155 Aabroo students received quality education.

Capacity-building workshop held for Aabroo's waste awareness volunteers at LCI Mozang Office.

NCA created students art installation from PET waste.

LCI-funded PET bottle deposit scheme car collects PET waste from households across the across Lahore.

LCI's Polyester team joins Aabroo representatives at the launch ceremony of the PET bottle deposit scheme.

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13 CLIMATE ACTION

15 LIFE ON LAND

Energy

Key Performance Indicators

Energy consumption	Units	2018-19	2019-20	2020-21	2021-22	2022-23	Target 2024-25
Total energy consumption	1000Tj	7.6	7.79	7.92	8.30	**9.66**	10.1
Per tonne production	GJ/te	13.66	15.65	13.03	11.98	**13.20**	11.61

- For the FY 2022-23, the energy generated from the renewable source is 7 TJ, purchased energy is 131 TJ and 9520 TJ is non-renewable.
- For the FY 2022-23, the renewable energy intensity is 0.010 Joule per tonne of product, purchased energy intensity is 0.181 Joule per tonne of product and for non-renewable energy intensity is 13.1 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.

In FY 2022-23, the overall energy consumption increased due to higher coal consumption on account of a newly installed coal fired boiler and gas turbine at the Soda Ash plant. For the Polyester business, reduced demand from its downstream industry led to lower and nonlinear production rates, which consequently impacted the energy index. Installation of new machinery for the production of cardiovascular products in the Pharmaceuticals business also added to the Company's overall energy requirements. To mitigate impacts of the aforementioned and promote sustainable resource management, LCI implemented several energy conservation initiatives and investments aimed at lowering the energy index. Combined, these conservation initiatives resulted in a reduction of approximately 5,692 tonnes of CO_2 emissions.

Key Initiatives FY 2022-23

A Focus on Solar Power

The Company has taken steps towards investing in solar energy to meet its requirements. The Company's largest solar project is located at its Polyester site in Sheikhupura and generates power for the manufacturing of fibre. During the year in review, approximately 7,000,000 mega joules power was generated through the Company's solar initiatives for the FY 2022-23 leading to a reduction of over 1,200 tonnes of CO_2 emissions.

High Efficiency Chiller

The incorporation of a VFD-driven 650 USRT chiller at the Polyester plant led to a substantial decrease of 363 tonnes of carbon emissions annually, which is comparable to the positive environmental impact of planting 12,000 trees. This reduction in energy consumption is primarily attributed to the high efficiency of the new chiller and the implementation of VFD technology. Unlike traditional chillers that operate at a fixed speed regardless of cooling demand, the VFD-driven chiller can adjust its speed based on the actual cooling needs. This dynamic operation allows the chiller to run at optimal levels, consuming only the necessary amount of energy required for cooling processes. Moreover, the upgrade from an older 500 USRT chiller to the new, more efficient 650 USRT model contributed to additional energy savings due to advancements in technology and design.

The Company's largest solar project - located at Polyester plant, Sheikhupura.

VFD-driven 650 USRT chiller at the Polyester plant, Sheikhupura.

Sustainability Highlight

Process Improvements for Energy Efficiency

LCI is committed to implementing energy conservation projects to reduce its environmental impact. This sustainability highlight demonstrates the Company's dedication to innovation and responsible practices for energy efficiency.

In today's fast paced business environment, innovation and process improvements are pivotal to success. Drawing on its core values, LCI's culture of innovation and continuous improvement encourages employees to drive these initiatives, enabling the Company to optimise its processes for operational and eco-efficiency.

In February '23, a desuperheater was installed at the Soda Ash business's Dense Ash Plant 2. The installation aimed to optimise energy consumption by efficiently extracting heat from superheated steam used for the fluid bed operation. The project has proven to be highly effective. Steam consumption was reduced by 0.03 TPTA (tonnes per tonne of ash) during the year in review, further resulting in an annual decrease of approximately 2,000 tonnes of CO_2 emissions.

During the FY 2021-22, the Soda Ash business team proposed a design modification for the Rotary Dissolver 4 at its plant. By reducing the number of baffle plates, the team achieved multiple benefits, including improved operational efficiency and extending the lifespan of distillers, resulting in a substantial reduction of an estimated 1,100 tonnes of CO_2 emissions. This demonstrates how targeted changes in industrial processes can have a positive impact on energy consumption and environmental sustainability.

Emissions

Key Performance Indicators

Emissions Control	Units	2018-19	2019-20	2020-21	2021-22	2022-23	Target 2024-25
Total COD emissions	te	29.72	24.73	28.73	40.71	**38.06**	29
Per tonne production	kg/te	0.05	0.05	0.05	0.06	**0.05**	0.03
Total VOC emissions	te	3.22	2.85	3.04	2.8	**3.02**	3.2
Per tonne production	kg/te	0.01	0.01	0.01	0.01	**0.01**	0.004
Total NO_x emissions	te	2,527	2,878	2,612	2,787	**3,268**	3,531
Per tonne production	kg/te	4.49	5.77	4.29	4.02	**4.51**	4.05
Total SO_x emissions	te	3,454	3,680	3,768	3,987	**4,274**	4,715
Per tonne production	kg/te	6.14	7.38	6.19	5.75	**5.90**	5.4
Total direct CO_2 emissions (Scope 1)	te	800,000	845,720	831,381	884,038	**1,036,297**	1,103,095
Per tonne production	kg/te	1,424	1,696	1,366	1,276	**1,431**	1,263
Total indirect CO_2 emissions (Scope 2)	te	1,938	2,213	1,823	2,452	**3,491**	2,229
Per tonne production	kg/te	3.44	4.44	3	3.54	**4.82**	2.55

Overview

In 2022-23, one of the top priority deliverables of the Sustainability Council was to monitor and control emissions related KPIs, through the EPM database, to ensure compliance with the NEQS and global requirements. As part of its Catalyst 2030 climate action plan, during the year, the Company successfully executed 20 projects that resulted in the neutralisation of approximately 22,000 tonnes of CO_2.

LCI's NOx, SOx and CO_2 emissions remained within the NEQs, however, the KPIs show a rising trend in comparison to the SPLY. This was due to higher consumption of coal per unit of production for electricity and steam generation at the Company's Soda Ash plant to meet increased production requirements. Moreover lower production rates and increased use of furnace oil and coal at the Polyester plant in the last quarter of the fiscal year, added to the rise in emissions.

Key Initiatives FY 2022-23

Reducing Emissions with a Low NOx Burner

In FY 2022-23, a one tonne steam generator was installed at the Company's Pharmaceuticals business's Hawke's Bay plant. Pre-installed with an environment-friendly burner management system, the installation aimed at reducing emissions and promoting sustainable operations.

In addition, the systems low NOx burners optimise the combustion process and reduce the peak flame temperature resulting in a reduction in NOx formation and assist in maintaining the uniformity in fuel/air mixture.

Overhauling of Generators

Three 500 KVA Gensets at LCI's Pharmaceuticals business's Hawke's Bay site were overhauled to improve the equipment's reliability and performance resulting in reduced scope 1 carbon emissions.

Sustainability Highlight

Growing Green for the Next Generation

As part of its Catalyst 2030 Climate Action Plan, LCI has mindfully taken steps to leverage nature-based solutions to offset its carbon footprint. This sustainability highlight illustrates the Company's efforts toward tree plantations in multiple cities.

Launched by the Company in 2021, Project GreenStorm took root at LCI's Soda Ash manufacturing site in Khewra, aiming to create greener spaces within the site boundaries and the broader community. Over 30,000 trees of varying species were planted, transforming Khewra's arid land into green spaces adorned with fruit-bearing and shade-providing trees, as well as aromatic and landscaping plants. Plantation locations included the Municipal Committee premises, Govt. Al-Beruni Associate College in Khewra, and the Rescue 1122 Services premises in PD Khan. Despite the water scarcity in Khewra, recycled wastewater was utilised from sources such as SRE, CFB steam traps condensate, workshop grains, and storage yards to sustain the project's watering needs.

Moreover, during the year, the Company's Chemicals & Agri Sciences, Animal Health, and Pharmaceuticals businesses with Akhuwat planted 2800 saplings across various government schools and marginalised communities. In addition the Pharmaceuticals business planted 195 saplings to commemorate the country's 75th independence and promote biodiversity at its Hawke's Bay and Hattar sites.

These collective efforts fostered a greener environment and amplified the Company's commitment to sustainability.

Water and Effluents

Key Performance Indicators

Water Usage	Units	2018-19	2019-20	2020-21	2021-22	2022-23	Target 2024-25
Total fresh water use	million m3	5.5	5.3	5.1	5.6	**6.3**	7.3
Per tonne production	kg/te	9.78	10.62	8.30	8.20	**8.72**	8.47
% of site with sustainable fresh water	%	17	66	66%	66%	**66%**	75%

Note: The Freshwater (≤1,000 mg/L Total Dissolved Solids) in Surface water category is 0.746 million m^3 and the Other water (>1,000 mg/L Total Dissolved Solids) in Ground water category is 5.56 million m^3.

Overview

During the year in review, water consumption witnessed a slight increase compared to the SPLY. This rise is attributable to the installation of a new cooling water system and a RO plant at the Company's Soda Ash business, along with the addition of a chiller at the Pharmaceutical business's Hawke's Bay site.

Furthermore, the Polyester business's lower production rates, owing to reduced demand in downstream markets also contributed to a higher water index.

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.

Key Initiatives FY 2022-23

Conductivity Cooler Water Recovery

Installation of three conductivity coolers on six distillers at the Soda Ash plant enabled the measurement and identification of ammonia traces during the final stage of ammonia recovery. The cooling water is used to cool down the gas samples for conductivity analysis. Conventionally drained, the cooling water is now collected and redirected back into the CW stream, resulting in conservation of approximately 400,000 litres of water per year.

Cooling Tower Blowdown Water Recovery

A cooling tower with a flow rate of 3300 m^3/hr was installed in 2018, during phase 1 of the 75 KTPA expansion at the Soda Ash plant. The tower is purged with water to maintain suitable chemistry of cooling water, this process is termed blowdown. Conventionally, the blowdown of this particular cooling tower was drained. However, owing to a minor process modification, the blowdown is now routed to the salt dissolving basin and is utilised for crude brine preparation. Resultantly, approximately 9 million litres per annum of water is conserved through this initiative.

Reusing water for Horticulture

Committed to responsible water use, LCI identifies opportunities for saving and reusing water. A water storage pit was constructed at the Soda Ash Plant to collect waste water from its vehicle cleaning workshop drain and other sources. The collected water is recycled for horticultural use at Project Green.

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Sustainability Highlight

From Waste to Resource

In line with its core values of Integrity and Responsibility, LCI strives to fulfil its commitment of protecting the environment. This sustainability highlight showcases the Company's waste water treatment efforts during the year.

As part of its proactive approach, the Company actively works to identify, monitor, and whenever possible, treat and reuse recovered water. During the year in review, the Company commissioned a cutting-edge Waste Water Treatment Plant (WWTP) based on ASP technology at its Animal Health plant near Lahore. Waste water is treated, before releasing it into the municipal drainage system.

The state-of-the-art facility has the capacity to efficiently treat both domestic and chemical waste, recycling industrial wastewater at a rate of 4 cubic metres per hour. By implementing advanced treatment processes, in strict adherence to local and international environmental regulations, the Company aims to minimise the environmental impact of wastewater discharge.

Waste

Key Performance Indicators

Waste Management	Units	2018-19	2019-20	2020-21	2021-22	2022-23	Target 2024-25
Total waste	kte	34.19	37.5	101.7	66.8	**69.8**	84.998
Per tonne production	kg/te	60.74	75.2	167	96.4	**96.5**	97.39
Total hazardous waste	kte	0.028	0.024	0.095	0.152	**0.072**	0.117
Per tonne production	kg/te	0.05	0.05	0.16	0.02	**0.10**	0.0134
Total non-reusable waste	kte	0.028	0.047	0.285	0.255	**0.189**	0.219
Per tonne production	kg/te	0.05	0.094	0.46	0.36	**0.26**	0.25
Total non-reusable hazardous waste	kte	0.028	0.024	0.095	0.152	**0.072**	0.117
Per tonne production	kg/te	0.05	0.05	0.16	0.22	**0.10**	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

Overview

During the year in review, while there was a 4.5% increase in total waste due to higher Fly Ash sales, the Company made significant strides in reducing other waste categories owing to various proactive initiatives undertaken.

Utilising the 4R philosophy the Company believes that the first step to reducing waste is to refuse unnecessary consumption. As such, LCI pursued the elimination of single-use PET water bottles at all its locations through its climate action plan Catalyst 2030. Communication campaigns and sustainability challenges encouraged employees to replace single use bottles with reusable alternatives.

Key Initiatives FY 2022-23

Giving Scrap Another Life

LCI's Pharmaceuticals business actively recycled and repurposed wooden and metal scrap showcasing its strong commitment to sustainable practices. Repurposed scrap was utilised by the plant team to create decorative and functional items of alternative use at the Hawke's Bay plant. Furthermore, the business also donated scrap material to the CDRS Benji Project Shelter in Karachi, where it was repurposed into reinforcing the shelter requirements of rescue animals.

Recycling Post Consumer PET Waste

The PET conversion unit, located the Company's Polyester site, enables LCI to recycle 198 million plastic bottles, equivalent to 7,956 tonnes of plastic, into recycled polyester fibre. The initiative not only diverts plastic waste from entering landfills but also results in a reduction of 13,500 tonnes of CO_2 emissions from the polyester supply chain.

The Company's Polyester business partnered with the Aabroo Welfare Foundation (Aabroo) to launch a PET recycling scheme. The programme encourages households to sell post-consumer PET waste to Aabroo. Generated PET waste is sold to the Company for the production of recycled polyester fibre. Funds generated through the process are utilised by Aabroo to run schools for children in marginalised areas of Lahore. 155 children enrolled at Aabroo received quality education as a result of the programme.

Sustainability Highlight

A Cleaner Tomorrow

As responsible stewards, the Company actively works to raise awareness on environmental issues amongst its employees and other stakeholders. This highlight showcases the Company's initiatives in the area of waste management.

Through its Pehchan Employee Volunteer Programme, the Company encourages the active participation of its employees in regular environment and community uplift initiatives. Organised and managed by the Lucky Core Foundation, the Pehchan initiatives provide employees with an opportunity to give back to the community by participating in a cause of their choice.

Recognising the growing issue of waste disposal in public areas for major cities, during the year in review, multiple clean up drives were arranged.

Beach Clean Up Drives

To commemorate World Clean Up Day, employee volunteers from LCI's Pharmaceuticals and Chemicals & Agri businesses participated in a Beach Clean-Up challenge at Sandspit beach. A total of 467 kg of waste was collected during the event.

Moreover, partnering for greater impact, 50+ employee volunteers from LCI's Pharmaceuticals and Chemicals & Agri Sciences businesses, Corporate functions and Yunus Textile Mills conducted a beach clean-up drive on World Oceans Day. A total of 500+ Kgs of dry waste was collected by the volunteers. Waste from all beach clean-up activities was donated to an NGO for further recycling.

Community Clean Up Drives

Aimed at providing the next generation with a healthy learning environment, a clean-up drive was organised at Government Higher Secondary School in Kot Najeeb Ullah Haripur by the Pharmaceuticals business. The activity was conducted in honour of World Cleanup Day and a total of 162 kg of waste was collected for further recycling.

The Company's Animal Health business organised a clean-up activity in surrounding areas of its plant in Lahore. Employee volunteers collected 30 kg of waste, which was later sent for onward recycling. Moreover, to celebrate World Environment Day, volunteers from the Pharmaceuticals business's Hattar plant conducted a clean-up drive at the Khanpur Dam. The collected waste was responsibly handed over to Khanpur Municipal Corporation for further recycling.

Social Performance

As a leading national organisation, LCI views itself as a custodian of society. As such, the Company actively works towards maximising its positive societal impacts, including those for its employees and the communities that it operates in.

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

- Occupational Health and Safety
- Training and Education
- Diversity, Equity and Inclusion
- Non-Discrimination
- Community Investment
- Freedom of Association
- Employment and Labour Relations
- Child Labour

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, the Lucky Core Foundation (LCF) manages the creation of shared value in communities in which the Company operates.

Data relating to Employees

The Company considers its 2,100+ 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 67 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 guaged 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 regard to minimum wage, and the ratio of entry level wage by gender is higher than the prescribed minimum wages 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 100%, 0%, 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 and 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.

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4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES

Safety Measures for 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 wellbeing of individuals involved in 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 Lucky Core Foundation (LCF) oversees and manages the Company's philanthropic endeavours, and it is certified by the Pakistan Centre for Philanthropy (PCP). The operations of LCF are managed by Board of Trustees, and it follows the policies and objectives outlined in the Trust Deed and CSR Policy.

LCF's CSR philosophy is in harmony with the Company's vision, mission, values, and brand promise. Committed to creating shared value beyond its boundaries, LCF strives to enhance the well-being of stakeholders in the communities where the Company operates.

Annually, the Company contributes a set percentage of its Profit after Tax to LCF. The Board of Trustees allocate the donations received to support the various initiatives in the ares of Health, Education, Community Development, Women's Empowerment and Environment. The effectiveness of LCF's social performance is evaluated based on the impact generated by ongoing CSR initiatives and the successful disbursement of the annual approved budget.

Details on LCF's performance and the impact it has created are available on page 150 of this Report.

Occupational Health and Safety

Key Performance Indicators

	Units	2018-19	2019-20	2020-21	2021-22	2022-23	Target 2024-25
Total reportable injury rate (employees)	\million hours	0.1	0.47	0.44	0.20	**0.48**	0
Occupational illness rate (employees)	\million hours	0	0	0	0	**0**	0
Total illness absence rate (employees)	%	1.28	1.28	1.39	1.66	**1.53**	1.3
Fatalities	Number	0	0	0	0	**0**	0
Total reportable injury rate (independent contractors)	\million hours	0.28	0	0	0.16	**0.21**	0
Lost time injury (independent contractors)	Number	1	0	0	0	**0**	0
% sites with BBS programme	%	100	100	100	100	**100**	100
Distribution incidents	Number	1	0	0	0	**0**	0
Motor vehicle incidents with injury	Number	0	0	0	0	**0**	0

Overview

As of June 30, 2023, the Company achieved 39.4 million safe man-hours, collectively. The Soda Ash business led with 30.7 million safe man-hours, followed by the Pharmaceuticals, Animal Health, Chemicals & Agri Sciences, Polyester, and Corporate offices at 4.16 million, 1.07 million, 0.36 million, 0.20 million and 2.88 million safe man-hours respectively.

Unfortunately, during the year, six reportable injuries were recorded, with a total reportable injury rate of 0.48. Thorough investigations were conducted, and action plans were implemented to prevent recurrence.

Our manufacturing sites have systems in place to promote programmes for worker participation, consultation and communication on occupational health and safety. Monthly joint management and worker safety meetings are one such process, steered by line managers and occasionally section heads of relevant functional departments. The agenda is set by the HSE&S function and feedback is recorded. These meetings require 100% participation by the workforce. The Health Assessment Performance Index (HAPI) and Hygiene Performance Index (HYPI) programmes continued to run company-wide, resulting in zero reportable cases of occupational illnesses during FY 2022-23.

Workers involved in occupational activities that have a high risk of specific diseases are trained on, and well-versed in, the appropriate health and safety protocols, provided appropriate equipment, and regularly monitored. For example, laboratory employees are provided with protective equipment and training, and are assessed for lung-related diseases incase of possible exposure to fumes. Similarly, employees working in high noise areas are provided with appropriate protective equipment and are annually checked for any hearing loss. These procedures are as per LCI's HSE&S Management System and the Company's occupational health policy. Areas at all manufacturing sites have been assessed for health risks and accordingly health monitoring programmes have been developed for employees.

Permanent employees are provided with life insurance, healthcare and disability coverage, parental leave, and a retirement provision.

Additionally, a comprehensive HSE&S management audit was conducted across the Chemical & Agri business sites.

Key Initiatives FY 2022-23

Awards and Recognitions

In recognition of it's thorough implementation of the Health and Safety Management System, the Soda Ash business received the International Safety Award 2023 from the British Safety Council for the second consecutive year. Moreover, the business also received a certificate of appreciation at the 12th Annual Fire Safety Awards by the National Forum for Environment & Health (NFEH) and Fire Protection Industry of Pakistan (FPIP) for its commitment to implementing Fire Safety Measures.

During the year, LCI's Pharmaceuticals business received three Awards for best HSE and fire safety practices, namely the Environmental Excellence Award 2022 by NFEH, International Award of Environment, Health & Safety 2022 by the Pakistan Safety Council and Fire Safety Award 2022 by the FPIP and NFEH.

These accolades are testament to the Company's dedication to upholding the highest standards of HSE to ensure the wellbeing of its people and communities that it operates in.

Road Safety Awareness

Aimed at reducing the risk of accidents and to help make communities safer, the Company's Soda Ash business and Lahore Corporate Office conducted awareness initiatives for their respective stakeholders during the year. The Soda Ash business, installed precautionary signs and road safety convex mirrors on the Khewra-Choa Saidan Shah Road. The business also conducted a training on heavy vehicle inspection and defensive driving of heavy vehicle operators in collaboration with an external consultant. Similarly, the Company's Lahore Corporate Office organised a road safety awareness session in collaboration with the Motorway Police for employees.

Key HSE&S Trainings Conducted

Training employees on key HSE&S topics remain a focus area for the Company.

- Sessions on ISO 45001 awareness and conducting internal HSE audits were conducted at LCI's Pharmaceutical sites by an external audit and training body during the year. The training was attended by the business's safety improvement teams and internal auditors.

- For continuous improvements to its HSE systems, the Soda Ash business conducted training on ISO 14001 & 45001 during the year. Led by a certified trainer, the session was attended by representatives from all departments to ensure compliance with the standard.

- Multiple safety trainings were also conducted during the year including sessions on *Safe Operation of Lifting Equipment, Maintenance Management, Operational Excellence* and *Project Safety Management* at the Pharmaceuticals Hawke's Bay plant. The sessions aimed at enhancing the participants' knowledge and skills in operational excellence, maintenance management, and project safety management.

- Moreover, to promote fire safety awareness, support the wellbeing of firefighters, and strengthen community bonds, the Company collaborated with Rescue 1122 to provide fire safety training for employees.

The Corporate HSE&S & Animal Health business conducted behaviour-based system trainings for enhanced workplace practices.

The Pharmaceuticals business received the 2023 EHS International Award.

Employee Engagement & Wellness

LCI's employees are pivotal to the successful delivery of the Company's business strategy and aspirations to deliver enduring value. The Company continues to accelerate the development and growth of its talent, and to enhance their performance through its robust engagement and wellness programmes.

Gauging Engagement

The HR function is responsible for measuring, managing and enhancing the Company's employee engagement, an independent third party survey platform, helps LCI's frontline managers understand and improve the level of engagement and happiness of their teams. During the year in review, the Company's monthly engagement survey was improved by incorporating new drivers and by training the leadership teams to effectively leverage the results. The employee engagement score for the year was 8.2. Moreover, the Company was named the Employer of Choice in recognition of its efforts to create a happy and healthy workplace.

Lucky Core Industries named Employer of Choice 2023.

Fostering a Positive Workplace

During the year, to ensure the wellness and engagement of its people, the Company organised multiple engagement activities through its Employee Wellness Programme platform, in three focus areas during the year:

- Social Connectedness
- Physical Wellness
- Mental Wellbeing and Mindfulness

Dimensions of Wellness

Social Connectedness
Ensuring that employees have opportunities to connect with individuals and communities.

Mental & Emotional Wellness
Ensuring that employees have opportunities for creative expression to grow mentally and emotionally.

Physical Wellness
Ensuring the wellness of employees through initiatives that promote exercise and better physical health.

Social Connectedness

A culture of care for those within and outside the Company is underpinned by the LCI's core value of Passion for People. Moreover, employees are provided with opportunities to engage with individuals and communities, to help create shared value beyond the boundaries of the organisation.

To recognise the valuable role played and the support rendered by the families of employees, the Company launched two robust initiatives during the year. To highlight the contributions of each employee towards the success of the Company and to help create lasting memories, Kids@Work events were organised at key Company locations nationwide. Under the LCI's employee rewards platform - *Praise,* the #OneFamily initiative encouraged line managers to send meaningful appreciation notes to their team's family members. Moreover, fostering unity and patriotism, the annual Independence Day celebrations across all LCI locations gave employees an opportunity to connect with their colleagues.

Kids@Work events organised at multiple Company locations nationwide.

The Company's employee volunteer programme, *Pehchan,* provided year-long community engagement opportunities to employees. Key areas of employee participation included health, education, women's empowerment and environmental initiatives. Details of LCI's employee volunteer programme are available on Page 155 of this Report.

Physical Wellness

The Company considers the physical well-being of its people as an important dimension as it ensures a strong, energetic and motivated workforce. An open-access gym and sports court at the Head Office, Lahore corporate office and Khewra locations ensure that employees can access quality training facilities at their convenience all year round. Moreover, multiple internal activities and those in collaboration with external partners were organised for the Company's employees during the year. These included participation in the YB Cricket Tournament, Corporate Futsal League, Corporate Fitness Games 2023, LCI's 14th CE cricket tournament, Khewra Premier League and Badminton Championship.

Team LCI wins the YB Cricket League 2022.

To raise awareness on the importance of maintaining physical wellness, a DIY Wellness Series was launched with an external wellness expert. The series covered benefits of exercising, healthy eating, detoxing, intermittent fasting, and a special session for healthy lifestyle practices during Ramadan. To encourage good dental hygiene practices, a session with a dental expert was arranged for employees. In collaboration with health specialists, a wellness boot camp was arranged at the Head Office location, where participants had the opportunity to consult health wellness advisors and general practitioners as needed. Moreover, to encourage healthy competition, the HR teams of Chemicals & Agri Sciences and Animal Health businesses organised a two week step count fitness challenge for employees.

Oral hygiene session organised for employees.

Mental Wellbeing and Mindfulness

The Company recognises the growing importance of ensuring and supporting the mental and emotional wellness of its people. During the year, an art therapy and guided meditation session was arranged at the Lahore office by the Chemicals & Agri Science business. The session provided participants with alternative methods for managing behaviours, processing emotions, and reducing stress. In addition, employees participated in a wellness survey during the year to gauge their interest and preferences regarding long-term mental and emotional wellbeing programmes.

Art therapy and guided meditation session for employees.

Diversity, Equity and Inclusion

Key Performance Indicators

	2018-19	2019-20	2020-21	2021-22	2022-23
Governance Body					
Percentage by gender	75% Male 25% Female (6, 2)	75% M: 25% F (6, 2)	78% M: 22% F (7, 2)	89% M: 11% F (8, 1)	**89% M: 11% F** **(8, 1)**
Percentage by age	30-50: 62.5% Above 50: 37.5% (5, 3)	Between 30-50: 38% Above 50: 63% (3, 5)	Less than 30: 14% Between 30-50: 44% Above 50: 56% (2, 4, 5)	Less than 30: 0% Between 30-50: 44% Above 50: 56% (4, 5)	**Less than 30: 0%** **Between 30-50: 44%** **Above 50: 56** **(4, 5)**
Employees					
Percentage of employees by gender	93.88% Male 6.12% Female	93.6% M: 6.3% F	94% M: 6% F	93.9% M: 6.1% F	**92.6% M: 7.4% F**
Management	1,351 Male 88 Female	1,520 - M, 92 - F	1,599 - M, 104 - F	1,603 - M, 105 - F	**1,608 - M, 129 - F**
Trainees	29 Male 25 Females	27 - M, 13 - F	11 - M, 4 - F	22 - M, 18 - F	**19 - M, 11 - F**
Percentage of employees by age	Under 30: 29.60% 30-50: 59.07% Above 50: 11.33% (426, 850, 163)	Less than 30: 29.2% Between 30-50: 62.0% Above 50: 8.7% (483, 1,025, 144)	Less than 30: 28% Between 30-50: 63% Above 50: 9% (474, 1,077, 153)	Less than 30: 25% Between 30-50: 66% Above 50: 9% (427, 1,132, 149)	**Less than 30: 27%** **Between 30-50: 64%** **Above 50: 9%** **(462, 1,115, 160)**

Overview

As an equal opportunity employer, LCI is dedicated to fostering a diverse, equitable and inclusive environment. The Company's commitment to its diversity, equity and inclusion (DE&I) agenda is underpinned by its values of Passion for People and Integrity and Responsibility as well as its Code of Conduct. LCI's DE&I strategy is founded on four pillars: leadership commitment and accountability, building and maintaining a diverse workforce, cultivating and fostering an inclusive culture and driving change beyond the workplace.

The Company maintained an 11% female representation in the EMT, while the percentage of female representation in the workforce increased compare to the SPLY.

Key Initiatives FY 2022-23

Women Returnship Programme

Under its flagship DE&I programme, *Yes She Can!,* the Company piloted its Women Returnship initiative. This initiative aimed at providing employment opportunities to talented women who wish to re-enter the corporate world after a career break. During the year, after a rigorous hiring process three candidates joined the organisation at the Head Office and Lahore Corporate Office locations. Given the successful pilot run of the programme, the Company plans to continue it in the next fiscal year as well.

Gender Sensitisation Sessions

Focused groups designed to enhance inclusivity amongst employees were organised during the year. The sessions have been instrumental in ensuring workplace enablement and engagement and provide a constructive platform for open discussion of challenges and their solutions. Moreover, gender sensitisation workshops were also arranged at LCI's key locations. The sessions were conducted by experienced trainers and attended by 475 participants helped create a harmonious workplace environment and in raising awareness amongst employees about cultural change and gender inclusivity.

Empowering Women in Business: Fostering Growth and Recognition

The Company participated in WIBCON 2023, with 40 female representatives from LCI in attendance. The event brought together female leaders from other leading organisations, and served as a valuable platform for sharing their experiences and offering career guidance.

To celebrate the accomplishments of women in business, the Company organised a thought-provoking panel on International Women's Day, featuring women in leadership roles. Moreover, to support female entrepreneurs and artisans, a pop-up exhibition was arranged at the Company's Head Office.

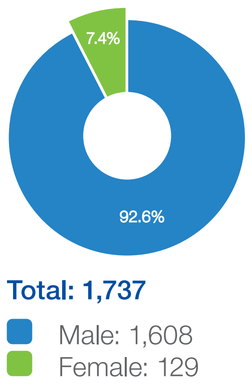
Celebrating Inclusivity as One Team

To create awareness, encourage dialogue and promote inclusivity, communication and engagement activities were organised in celebration of employees' faiths. These activities included campaigns for Diwali, Holi, Novruz, Christmas, Easter, and Eid.

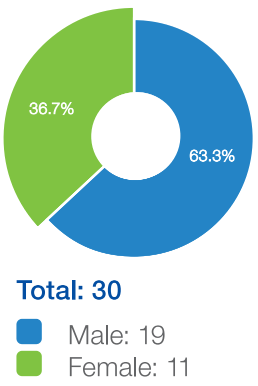
The Company also conducted a sign language workshop for its employees in collaboration with a leading start-up. The session equipped participants with communication skills that enable them to interact better with individuals facing hearing challenges.

Total employees by gender

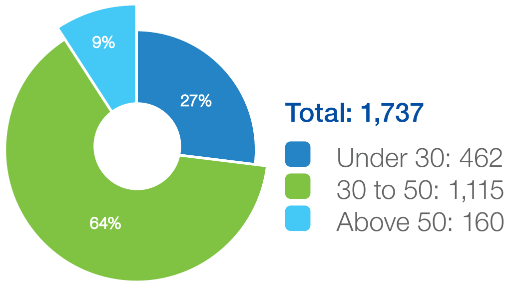
Management



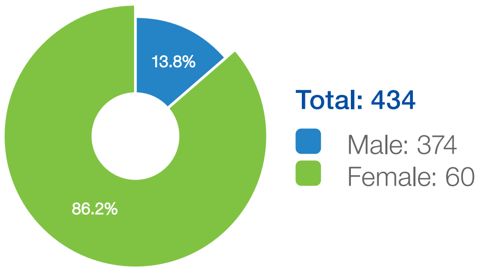
Trainee



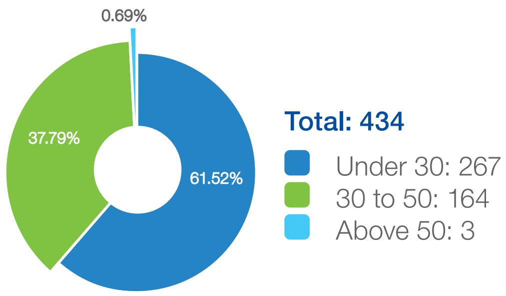
Total employees by age



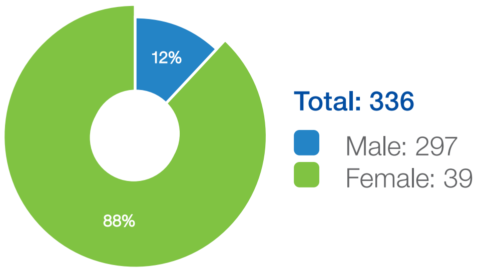
Total number of employees hired during the year by gender



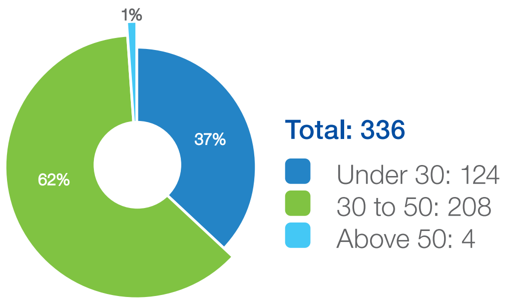
New hires by age



Total employee turnover during the year by gender



Total employee turnover by age



Training and Education

Key Performance Indicators

		2018-19	2019-20	2020-21	2021-22	2022-23
Average hours of training by gender and employee category	Hour	Male: 86.7, Female: 13.2	M: 6.8, F: 8.4	M: 4.6, F: 3.3	M: 4.9, F: 2.9	**M: 28.7, F: 40.9**
		G30: 6.34; G31: 4.52; G32: 9.06; G33: 18.23; G34: 20.09; G35: 32.31; G36: 27.35; G37: 60.62; G38: 16.00; G39: 50.00; G40: 37.00; Trainee: 41.47; WL-4: 42.00	G30: 2.04; G31: 5.1; G32: 2.9; G33: 6.18; G34: 7.12; G35: 18.5; G36: 25.8; G37: 44.1; G38: 46.5; G39: 30.8; G40: 24; Trainee: 6.2; WL-4:	G30: 3.1; G31: 3.5; G32: 3.6; G33: 4.5; G34: 4.6; G35: 5.2; G36: 5.7; G37: 4.9; G38: 5.5; G39: 7.2; G40: 6.3; Trainee: 3.03; WL-4:	G30: 4.4; G31: 12.9; G32: 15.8; G33: 14.2; G34: 22.3; G35: 32.4; G36: 12.7; G37: 11.7; G38: 9.2; G39: 11; G40: 12.4; Trainee: 3.8; WL-4: 16	**G30: 20.1; G31: 25.8; G32: 21.3; G33: 44; G34: 48.3; G35: 35.5; G36: 31; G37: 23.6; G38: 20.9; G39: 6.8; G40: 14.1; Trainee: 359.3; WL-4: 20**
P&DD participation	%	85	98	100%	100%	**100%**
Management development programme	No. of managers participated	238	122	86	126	**129**
Employee engagement index		NR	NR	7.9	8.04	**8.2**

Overview

Building on the Company's value of Passion for People, a focus on continuous learning was reinforced during the year. The opportunities for learning and development provided to employees allowed for upskilling and capability development at all levels across the organisation. This year, LCI achieved 51,000 training man days organisation wide, which is an average of 3.8 training man days per employee and an increase of 280% in comparison to the SPLY.

During the year in review, the Company focused on leveraging its internal faculty for online and offline programme delivery. Providing learning opportunities on varied subjects, programmes featuring internal faculty received an overall satisfaction rating of 90% compared to an 88% rating received against sessions run by external trainers.

Additionally, through the virtual Learning Lounge platform, bite sized trainings were delivered by LCI's senior managers. The sessions engaged 650+ employees and contributed to 550 training man days.

Key trainings conducted during the year in review included, Code of Conduct, HSE Awareness, Performance Management System, HR for Non-HR Managers, Behaviour Based Safety, Accident Investigation, Fire Safety, Functional Skills Development Programmes, Core Development Programmes for Engineers, Lean Six Sigma, Finance for Non-Finance, A Core Technical Training Programme for Engineers.

Non-Discrimination

Key Performance Indicators

	Units	2018-19	2019-20	2020-21	2021-22	2022-23	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 objective and non-discriminatory criteria. The growth opportunities are transparent and solely based on performance. Moreover, the whistleblowing policy – Speak Up allows confidential reporting of Code of Conduct violations, including discriminatory practices. Details of our whistleblowing policy are available on Page 67 of this report.

During the year FY 2022-23, 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 respects its employees' rights to freedom of association. During the period under review, there were no cases in which freedom of association or the right to collective bargaining were endangered or breached. 388 employees are covered by collective bargaining agreements, which is 17% of the total workforce. Minimum notice period regarding operational change is 4 weeks, also mentioned in collective agreements. 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.

LCF
LUCKY CORE FOUNDATION
Formerly ICI Pakistan Foundation

Community Investment

Through the Lucky Core Foundation (LCF), the Company seeks to support and uplift the communities that it operates in. A partnership-driven approach fosters positive change by extending philanthropic support for the socio-economic development of the underserved.

Overview 2022-23

PKR 64.2 million
disbursed in funding

52,000+
beneficiaries

19
NGOs supported

Priority Areas

Health

Education

Community Development

Women's Empowerment

Environment

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

Overview of CSR Initiatives for FY 2022-23

Health

Aimed at providing access to quality healthcare, support in this priority area focuses on funding programmes that meet the healthcare needs of communities served.

Hamqadam Community Clinic

Location: Khewra and Sheikhupura
Annual Impact: Total Consultations in Khewra: 10,875 and in Sheikhupura: 7,446

Established in 2016 and 2017 in Khewra and Sheikhupura, the Hamqadam Mother and Child Healthcare Community Clinics provide quality healthcare for marginalised infants and mothers. Funded by LCF and operated in partnership with the Marie Adelaide Leprosy Centre (MALC), these clinics have uplifted the local healthcare infrastructure. They provide immunisation and nutrition monitoring for children, offer regular consultations for pregnant women, and handle various OPD cases throughout the year. This year, LCF also donated an ultrasound machine to the Hamqadam Community Clinic in Khewra.

Community Eye Camps

Location: Khewra
Annual Impact: Total OPD consultations: 4,800 and total surgeries: 2,470

During the year, LCF organised free-of-cost ophthalmology camps in partnership with the Layton Rahmatulla Benevolent Trust (LRBT) in Khewra. This long-standing programme has provided eye care services to thousands of deserving patients from Khewra and surrounding areas. Additionally, during the year in review, LCF contributed a state-of-the-art Keratometer and Operation Microscope to enhance the effectiveness of surgeries performed in these camps.

Community Cardiology Camps

Location: Khewra
Annual Impact: Total Cardiology Camps: 2, number of patients treated: 317.

In continuation of its commitment towards provision of quality healthcare, LCF continued its partnership with the Tabba Heart Institute during the year to conduct free cardiology camps in Khewra. Those attending received the access to screening tests, cardiologist consultations and ultrasounds.

Quality Paediatric Care

Location: Karachi
Annual Impact: Children treated: 14,000+

LCF has partnered with the ChildLife Foundation for multiple initiatives since 2016. The support extended to TCF is aimed at enhancing the access to quality paediatric healthcare for children from low-income settings. During the fiscal year, LCF supported the Paediatric Fast Track OPD block of the ChildLife Emergency Room at the Sindh Government Lyari General and Teaching Hospital.

Renal Health Assistance

Location: Karachi
Annual Impact: Patients treated: 200+

During the year, LCF has supported the The Kidney Centre to sponsor dialysis sessions for those in need. Moreover, donations to the Tabba Kidney Institute also assist in funding dialysis sessions for critically ill individuals at the hospital. Both partnerships were continued during the year.

Consultant doctors treating patients during eye camps.

Cardiology camps organised in Khewra.

Education

Aimed at improving the access to quality learning opportunities, support in this priority area focuses on educational initiatives for students of primary, secondary, higher and professional education.

Access to Education

Location: Sheikhupura and Karachi
Annual Impact: Students educated: 328

Since 2017, LCF has collaborated with CARE Foundation to support the Government Boys and Girls Primary School in Tibbi Hariya, Sheikhupura. The initiative provides quality education to children of low-income households residing in the outskirts of Sheikhupura's industrial zone. The school's current female enrolment rate stands at 52.5%, and provides young girls with the opportunity to receive education and create a brighter future for themselves.

Moreover, since 2021, LCF has continued to sponsor the education of deserving students enrolled at The Citizen Foundation (TCF). This year, LCF continued its annual educational scholarships for 50 students enrolled at TCF's Al-Sari Foundation Primary School campus in Machar Colony, Karachi.

Nursing Scholarships

Location: Karachi
Annual Impact: Scholars: 8

LCF also funds merit-based scholarships for female students pursuing a two-year Midwifery Diploma Programme at the Murshid School of Nursing and Midwifery. The initiative has received LCF's support since 2014. The financial aid provided, seeks to promote women's inclusion in healthcare, empowering them to make a positive impact on maternal and infant health.

Supporting Educators

Location: Bararkot
Annual Impact: Teachers: 4

Reconstructed by the Company in 2007 post a devastating earthquake, the Community Managed Girls High School (CMGHS) in Bararkot is supported in collaboration with Friends Welfare Organisation. Recognising the dire need for quality teachers to further the learning needs of young female students, LCF has continued to fund the salaries of four teaching staff at the school.

Community Development

Focused on uplifting the lives of stakeholders in marginalised communities, support in this priority area focuses on the development of infrastructure, creating positive impact through the Company's employee volunteer activities and disaster relief efforts.

Flood Relief Efforts

Location: Multiple locations nationwide
Annual Impact: Community wide

LCF, driven by its mission of Improving Lives, swiftly responded to the devastating floods during 2022. It provided vital funding for flood relief efforts, including essential supplies and medical aid. LCF worked closely with the ChildLife Foundation to ensure quality emergency paediatric healthcare. Additionally, the Indus Hospital was supported in setting up medical camps across Sindh and medicines were funded for use in health camps organised by the Pakistan Red Crescent Society.

Greenbelt Development Project

Location: Civil Hospital Khewra, EOBI Khewra and Municipal Committe Khewra
Annual Impact: Community wide

With the aim of protecting biodiversity and enhancing green spaces in the community, LCF supported the construction of greenbelts at three public locations in Khewra.

Pehchan Volunteer Programme

Location: Multiple locations nationwide
Annual Impact: Community wide

Encouraging generosity and empathy, the Company's flagship employee volunteer programme – Pehchan, allows LCI's employees to dedicate themselves to causes close to their hearts and support disadvantaged populations. During the year, employees participated in numerous activities with the aim of creating a meaningful impacts on society. Details of the Pehchan Volunteer programme are available on page 155 of this Report.

Women’s Empowerment

From vocational training to educational support, funding disbursed in this priority area focuses on the upskilling and professional growth of women.

Quilt-Making Workshop

Location: Karachi
Annual Impact: Number of artisans trained: 36 and total products produced: 149

LCF provided funding for a six-month quilt-making workshop for the talented home-based female artisans enrolled at the Ra’ana Liaquat Craftsmen Colony (RLCC). The initiative aimed to elevate their livelihood prospects by honing their skills and enabling financial empowerment. Skills learned during the workshop will allow the artisans to launch a range of quilted products, which will be sold by RLCC to raise funds.

IMPACT Scholarship Programme

Location: Karachi, Lahore, KPK, Islamabad
Annual Impact: Number of scholars: 8

Launched in 2018, the IMPACT Scholarship Programme, in collaboration 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 Sciences and Technology (NUST) has been instrumental in funding the undergraduate degrees of deserving female students. Through these merit and need based scholastic opportunities, LCF aims to create an equitable future by empowering talented female scholars and enabling them to pursue quality higher education.

Quilt-making workshop, empowering home-based female artisans from RLCC.

Environment

Aiming to create a greener and cleaner future, support in this priority area focuses on environmental and waste management initiatives.

Location: Karachi, Lahore and Sheikhupura
Annual Impact: Waste donated for recycling: 25,511 Kgs

To enable the recycling of the Company’s administrative waste at its Karachi, Lahore, and Sheikhupura locations, LCF collaborated with multiple CSR partners. In Karachi, the Company engaged Al-Wasila Trust to collect administrative waste from its head office location for further recycling, and funds generated from recycling were used by Al-Wasila to provide free medical assistance in low-income areas. In Lahore and Sheikhupura, the Company partnered with Aabroo Educational Welfare Organisation for the recycling of administrative waste from its Lahore Corporate office and Polyester plant at Sheikhupura, and funds generated from recycling were used by the partner organisation to provide quality education to children in marginalised areas.

Recycling of administrative waste at the Company’s Karachi, Lahore, and Sheikhupura locations.

Sustainability Highlight

Fostering a Culture of Learning

LCF acknowledges the importance of providing children with a safe and happy learning environment as a means to creating a more empathetic society. During the year in review, LCF pledged its support to the Kiran Foundation's mental health and wellness programme.

In line with the Company's value of Passion for People, the Kiran Foundation shares a similar philosophy of providing educational resources and assistance to marginalised communities. Through its comprehensive programme, it serves a diverse range of individuals, including over 900 students attending the NGO's DCTO government school campus, flagship ambassador program, and Kati Pahari Campus. Moreover, the programme extends its impact to over 1000 family members of students and the NGO's 180+ staff members. This collective effort aims to create a brighter and more hopeful future for everyone involved.

The programme encompasses mindfulness and well-being sessions for both students and their parents, empowerment and financial support groups for mothers, as well as teacher trainings for behaviour management and positive behaviour reinforcement amongst students. The programme's multi-tier framework underscores the importance of prevention and intervention for mental health and emotional support amongst youth.

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 impact 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.

395	Volunteers Engaged
944.4	Hours Dedicated
8	Initiatives Conducted
5	CSR Partners Engaged
27+	Locations

Pehchan volunteers participated in the following initiatives during the year

175 pints of blood donated and 525 lives saved during Company-wide blood donation drives.

311 Kgs of clothing collected during a Company-wide clothing donation drive.

100+ volunteers cleared 967+ Kgs of waste for onward recycling from Sandspit beach during multiple beach clean-up activities.

Donations in the form of funds, medicines and supplies were raised to assist those affected by floods.

Multiple tree plantation drives were conducted across the Company's locations.

Community clean up drives were conducted and over 192 kg of waste was handed over for onward recycling in Lahore, Haripur and Khanpur.

A health awareness session and free medical camp for 60 farmers was arranged in Sheikhupura area.

Career counselling and mentoring workshops for the students of The Citizens Foundation, St. Patrick's and St. Paul's High School were conducted.

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
17 PARTNERSHIPS FOR THE GOALS

GRI Content Index

Statement of use	Lucky Core Industries has reported in accordance with the GRI Standards for the period July 01, 2022 to June 30, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	No sector standard is available for our sector.

			Omission		
GRI Standard/ Other Source	Disclosure	Location	Requirement(s) Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	16-17			
	2-2 Entities included in the organization's sustainability reporting	107			
	2-3 Reporting period, frequency and contact point	107			
	2-4 Restatements of information	107			
	2-5 External assurance	107			
	2-6 Activities, value chain and other business relationships	16, 84, 88, 92, 96,100-101			
	2-7 Employees	157	2-7b (i) & (ii)	Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024
	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 2024
	2-9 Governance structure and composition	50, 65			
	2-10 Nomination and selection of the highest governance body	65			
	2-11 Chair of the highest governance body	65			
	2-12 Role of the highest governance body in overseeing the management of impacts	65-66			
	2-13 Delegation of responsibility for managing impacts	66, 116			
	2-14 Role of the highest governance body in sustainability reporting	116			
	2-15 Conflicts of interest	66-67			
	2-16 Communication of critical concerns	67-68			
	2-17 Collective knowledge of the highest governance body	116			
	2-18 Evaluation of the performance of the highest governance body	60, 65			
	2-19 Remuneration policies	50, 66			
	2-20 Process to determine remuneration	50, 60, 66			
	2-21 Annual total compensation ratio	-	2-21a-c	Confidentiality constraint	Sensitive information
	2-22 Statement on sustainable development strategy	108			

	2-23 Policy commitments	13-14, 68, 113			
	2-24 Embedding policy commitments	116			
	2-25 Processes to remediate negative impacts	67			
	2-26 Mechanisms for seeking advice and raising concerns	67-68			
	2-27 Compliance with laws and regulations	124			
	2-28 Membership associations	121			
	2-29 Approach to stakeholder engagement	118-119			
	2-30 Collective bargaining agreements	149			
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	110			
	3-2 List of material topics	110-111			
Economic Performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	111, 122-123			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	40			
	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-20, F-109			
	201-4 Financial assistance received from government	F111-F112			
Market Presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	111, 122-123			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	140			
	202-2 Proportion of senior management hired from the local community	140			
Indirect Economic Impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	111, 122-123			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	150-156			
	203-2 Significant indirect economic impacts	150-156			
Procurement Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	111, 122-123			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	125			

Anti-Competitive Behaviour					
GRI 3: Material Topics 2021	3-3 Management of material topics	111, 122-123			
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	112, 127			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	132			
	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	132			
	302-4 Reduction of energy consumption	132			
	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	112, 127			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	134			
	305-2 Energy indirect (Scope 2) GHG emissions	134			
	305-3 Other indirect (Scope 3) GHG emissions	-		Information unavailable	Reliable Information from value chain is not available.
	305-4 GHG emissions intensity	134			
	305-5 Reduction of GHG emissions	134			
	305-6 Emissions of ozone-depleting substances (ODS)	127			
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	134			
Water					
GRI 3: Material Topics 2021	3-3 Management of material topics	112, 127-128			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	128			
	303-2 Management of water discharge-related impacts	128			
	303-3 Water withdrawal	136	303 a-d	Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024
	303-4 Water discharge	136	303-4 a-e	Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024
	303-5 Water consumption	136	303-5 b-d	Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024

Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	112, 127-128			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	128			
	306-2 Management of significant waste-related impacts	128, 138			
	306-3 Waste generated	128, 138			
	306-4 Waste diverted from disposal	-		Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024
	306-5 Waste directed to disposal	-		Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024
Employment and Labor Relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	112, 140			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	147	401-1a, b	Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	142			
	401-3 Parental leave	-	401-3a-e	Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024
GRI 402: Labour Management Relations 2016	402-1 Minimum notice period regarding operational changes	149			
Diversity, Equity and Inclusion					
GRI 3: Material Topics 2021	3-3 Management of material topics	112, 140, 146			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	146			
	405-2 Ratio of basic salary and remuneration of women to men	-	405-2 a, b	Confidentiality constraint	Sensitive information
Non-Discrimination					
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	112, 140			
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 Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	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	112, 140			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	148			
	404-2 Programs for upgrading employee skills and transition assistance programs	148	404-2b	Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024
	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	112, 140-141			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	140			
	403-2 Hazard identification, risk assessment, and incident investigation	140-141			
	403-3 Occupational health services	140-141			
	403-4 Worker participation, consultation, and communication on occupational health and safety	141-142			
	403-5 Worker training on occupational health and safety	143			
	403-6 Promotion of worker health	144-145			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	142			
	403-8 Workers covered by an occupational health and safety management system	140			
	403-9 Work-related injuries	142	403-9a(iv),b, c, f	Information unavailable	Information is not recorded as per GRI requirements. Expected reporting in 2024
	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 2024
Local Communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	112, 141			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	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 2024

SUSTAINABLE DEVELOPMENT GOALS

SDGs		PAGE NO.	GRI STANDARDS DISCLOSURE
1 NO POVERTY	End poverty in all its forms everywhere	140, 150-156	202-1, 203-2
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	40, 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	150-156, 134, 127, 128, 138, 140, 142	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, 148	2-17, 404-1
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	50, 65, 40, 140, 150-156, 146, 147, 148, 149	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, 138, 136	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	40, 132, 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	40, 140, 132, 136, 140, 142, 146, 147, 148, 149, 150-156, 157,	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
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization, and foster innovation	40, 150-156	201-1, 203-1
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	150-156,	203-2
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient, and sustainable	150-156	203-1
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	125, 127, 128, 132, 134, 138,	204-1, 302-1, 302-3, 302-4, 305-1, 305-2, 305-3, 305-6, 305-7, 306-1, 306-2, 306-3
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	132, 134	302-1, 302-3, 302-4, 305-1, 305-2, 305-4
14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas, and marine resources	128, 134, 138	305-1, 305-2, 305-4, 305-5, 305-7, 306-1, 306-3
15 LIFE ON LAND	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	128, 134, 138	305-1, 305-2, 305-4, 305-5, 305-7, 306-3
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote just, peaceful, and inclusive societies	13-14, 50, 60, 65, 66, 67, 68, 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
17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation and revitalize the global partnership for sustainable development	-	Not applicable

CSRCP
Corporate Social Responsibility
Centre Pakistan

Independent Assurance Statement for the Lucky Core Industries Limited Sustainability Report 2023

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 2023 ("the subject matter") referring to the period from July 01, 2022, through June 30, 2023. 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	Reasonable 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 the preparation of 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 around 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 main 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 reassessed the material topics considering the requirements of GRI 3 Material Topics 2021. The materiality determination process considered impact materiality and financial materiality. The material topics are addressed in different sections of the report, supported with information on management approaches and performance details for material topics.
- 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.
- Sustainability management at Lucky Core Industries maintains high-level support in the shape 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 was increased in 2023. Lucky Core Industries' launch of Catalyst 2030: Climate Action Plan demonstrate Lucky Core Industries' sustainability strategy to reduce the environmental impact of its operations.
- The report demonstrates a significant increase in training hours per employee and community support with a slightly increased recordable injury rate.

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

We confirm that the report meets the requirements of in accordance criteria of the GRI Standards 2021. The compliance with GRI Standards has been disclosed in more detail in the GRI Content Index which provides omission statements for missing data.

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 2023 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 launched Catalyst 2030: Climate Action Plan with defined targets in five key areas to neutralize emissions across its operations. We reiterate our recommendation to take into consideration climate science (science-based targets) for defining targets to reduce the environmental impact of operations.
- Lucky Core Industries promotes safety, health, and environmental practices with supply chain partners. We reiterate our recommendation to include aspects of social impact while promoting sustainable management practices in the supply chain and further recommend demonstrating the impact of these practices in future reports.
- The report demonstrates the linkage of the company's various activities with SDGs. We reiterate our recommendation to demonstrate how Lucky Core Industries is capitalizing on the opportunities offered by the SDGs and the impact of beneficial products and services on 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.

Muhammad Arfan Nazir,
Director,
Corporate Social Responsibility Centre Pakistan.

Muhammad Imran,
Muhammad Imran & Co.,
Cost & Management Accountants Pakistan.
ICMAP Membership # 1382

Financial Performance

Shaping Economic Prosperity

This section provides an analysis and record of Lucky Core Industries' financials for FY 2022-23.

Key Performance Indicators

26
percent

↑

Net turnover

2021-2022
86,972

2022-2023
109,486

in PKR million

2023 Performance
Higher sales volume coupled with an increase in sales price due to inflationary push led to turnover higher by 26% compared to the SPLY.

25
percent

↑

Operating result

2021-2022
11,753

2022-2023
14,653

in PKR million

2023 Performance
Higher sales volume and cost-push price adjustments amidst a tight control on operating expenses led to higher operating results by 25% compared to the SPLY.

-62
percent

↓

Price earning

2021-2022
10.71

2022-2023
4.05

in times

2023 Performance
EPS increased by 120% from PKR 67.66/share to PKR 149.12/share owing to improved operating results and a one off gain due to disposal of investment in NMPL. Meanwhile, the share price of the Company declined by 17% from PKR 724.55/share at the start of the fiscal year to PKR 604.14/share owing to turbulent market conditions and healthy dividend payouts during the year. Higher earnings and a lower share price resulted in a price to earning multiple of 4 times compared to 11 times in the SPLY.

115
percent

↑

Profit before tax

2021-2022
10,199

2022-2023
21,911

in PKR million

2023 Performance
Increase in operating results coupled with a one off gain on disposal of investment in NMPL led to a 115% increase in profit before tax. The increase was partially offset by higher finance cost and exchange losses.

43
percent

↑

Equity

2021-2022
26,391

2022-2023
37,831

in PKR million

2023 Performance
Total comprehensive income for the year of PKR 13.749 billion adjusted by dividend payments of PKR 2.309 billion resulted in a 43% increase in equity compared to the SPLY.

-7
percent

↓

Return on capital employed

2021-2022
34.80

2022-2023
32.34

in %

2023 Performance
Operating results of the Company increased by 25% against the SPLY. During the year there was a significant increase in capital invested particularly in the Soda Ash expansion project, benefits of which will continue to flow over the next years. Moreover, sale proceeds from the disposal of NMPL were invested in mutual funds, are expected to generate dividend income and are not part of the operating results. Therefore, despite higher profit after tax during the year, an even greater increase in capital employed led to a ROCE of 32%.

Profit after tax

120
percent

↑

2021-2022
6,249

2022-2023
13,772

in PKR million

2023 Performance

Increase in operating results coupled with a one off gain on disposal of investment in NMPL led to a significant increase in profit after tax by 120%.

Return on fixed assets

22
percent

↑

2021-2022
40.96

2022-2023
50.03

in %

2023 Performance

Projects started in previous years were capitalised during the year and became operational, resulting in higher return on fixed assets by 22% vs the SPLY.

EBITDA

24
percent

↑

2021-2022
14,259

2022-2023
17,751

in PKR million

2023 Performance

EBITDA increase of 24% vs the SPLY is inline with the growth in operating result, which increased by 25%.

Operating result per employee

25
percent

↑

2021-2022
5.39

2022-2023
6.71

in PKR million

2023 Performance

While operating results increased by 25%, the total number of employees remained consistent with last year. Resultantly, operating result per employee increased by 25% against the SPLY.

Earnings per share

120
percent

↑

2021-2022
67.66

2022-2023
149.12

in PKR

2023 Performance

Profit after tax increased by 120% while the number of shares remained consistent with last year, resultantly EPS increased by 120% against the SPLY.

Capital expenditure

-60
percent

↓

2021-2022
9,349

2022-2023
3,718

in PKR million

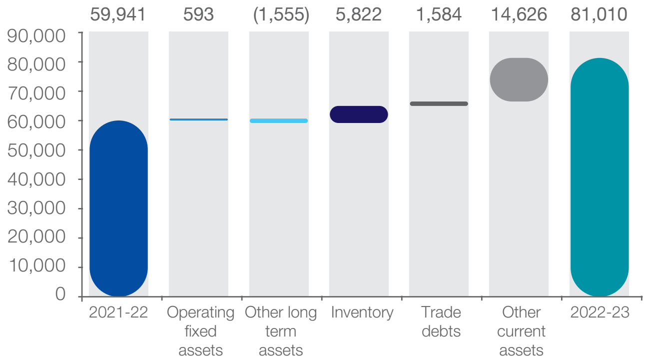
2023 Performance

Capital expenditures were made in previous years for various projects including the 135,000 TPA Soda Ash expansion project. These projects were majorly capitalised last year which resulted in a decrease in capital expenditure by 60% against the SPLY.

Financial Statements at a Glance

Assets

PKR million



Overview:
During the year the asset base of the Company increased by PKR 21.069 billion, which is a 35% increase from the SPLY.

Reasons for the change in asset base are:

Operating Fixed Assets

Operating fixed assets increased by PKR 593 million due to additions pertaining to various maintenance and sustenance projects.

Other Long-Term Assets

The decline is mainly attributable to a decrease in long-term investments due to the disposal of 26.5% of issued shares of NutriCo Morinaga (Private) Limited (NMPL).

Inventory

The increase in inventory is primarily on account of a 41% devaluation of in the PKR against the USD, coupled with supply chain disruptions which necessitated maintaining higher inventory levels.

Trade Debts

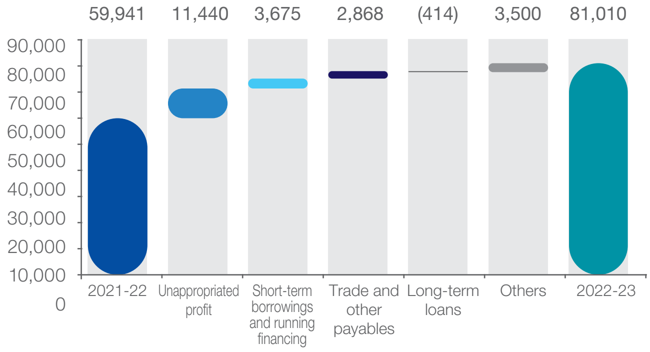
The increase in trade debts is in line with the growth of the Company's businesses as evident from the 26% increase in net turnover.

Other Current Assets

The increase is primarily on account of realisation of sales proceeds from partial divestment of 26.5% of issued shares of NMPL.

Equity and Liabilities

PKR million



Overview:
During the year the equity and liability base of the Company increased by PKR 21.069 billion, which is a 35% increase from the SPLY.

Reasons for the change in Equity and Liabilities base are:

Unappropriated Profit

The increase is attributable to the total comprehensive income of PKR 13.749 billion for the year partially offset by dividends paid during the year of PKR 2.309.

Short-Term Borrowings and Running Finance

The Company borrowed PKR 1.8 billion as bridge financing during the year for a deposit against the potential purchase of shares of Lotte Chemical Pakistan Limited. The remaining increase in financing is in line with the increase in working capital requirements of the Company.

Trade and other payables

The increase in trade and other payables is in line with the 28% increase in the cost of sales.

Long-term Loans

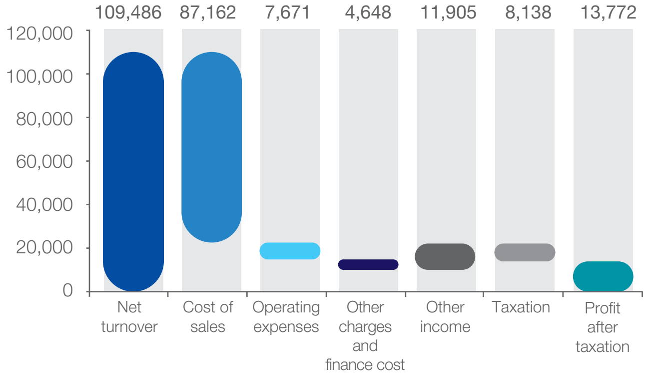
The Company has obtained long-term concessionary financing of PKR 684 million during the year for its LSA expansion project. Decline in balance from the SPLY is due to net repayments made during the year.

Others

The increase is primarily attributable to a 110% increase in tax expense which is in line with the growth in profitability.

Statement of Profit or Loss

PKR million



Overview:

Net Turnover

Net turnover of the Company increased by 26% compared to the SPLY, primarily due to additional volumes from Soda Ash business after the successful commissioning of expansion projects. The business saw a 65% increase from last year while the Animal Health, Polyester, Chemical & Agri Sciences and Pharmaceuticals businesses increased by 22%, 10%, 8% and 3% respectively.

Cost of Sales

Cost of Sales increased by 28% compared to the SPLY, primarily due to higher volumes coupled with a significant cost push on account of devaluation and increase in prices of raw materials. Consequently, the gross margin of the Company marginally decreased from 21% to 20% against the SPLY.

Operating Expenses

Operating expenses were tightly controlled throughout the year which resulted in an increase of 12%, which is significantly lower compared to the inflation.

Other Charges and Finance Cost

These mainly include foreign exchange losses and finance cost. During the year PKR devalued by 41% resulting in an exchange loss of PKR 965 million. The Finance cost of the Company increased by 251% from the SPLY, owing to an increase in average debt coupled with a higher policy rate (increased by 825 basis points) during the year.

Other Income

Other income of PKR 11.905 billion primarily includes a gain due to the partial divestment of 26.5% of issued shares of NMPL and dividend income from mutual funds on these proceeds coupled with the dividend income from Lucky Core PowerGen.

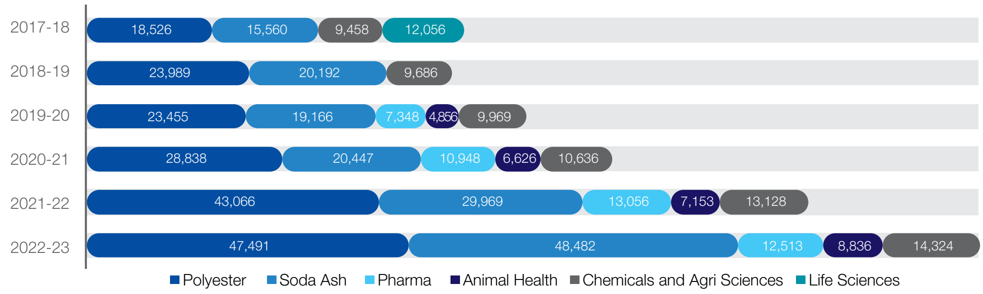
Taxation

Higher tax expense is in line with higher profitability. The effective tax rate of the Company improved from 38.73% to 37.14% compared to SPLY.

Financial Highlights of the Segments

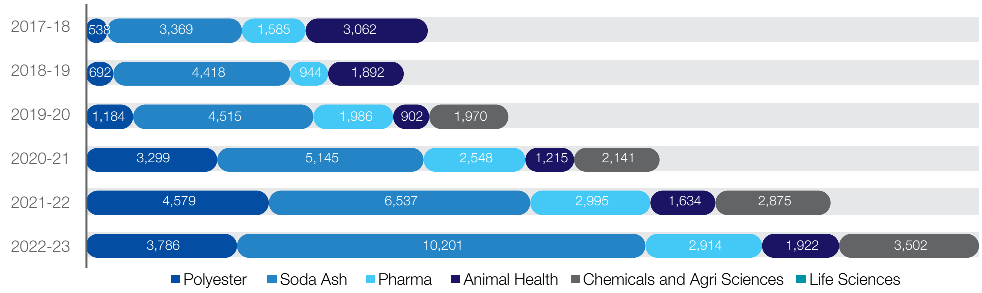
Turnover

PKR million



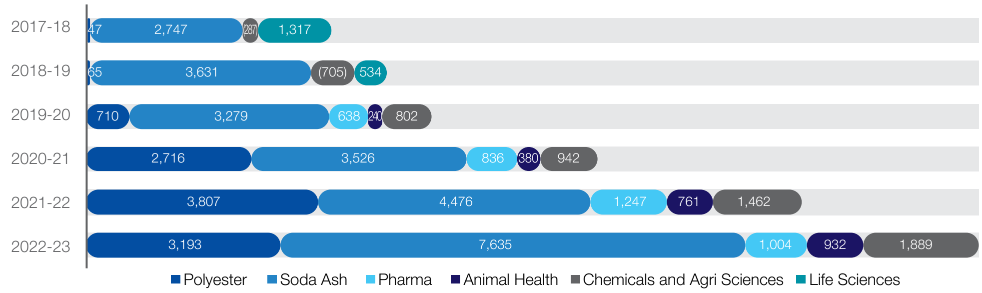
Gross Profit

PKR million



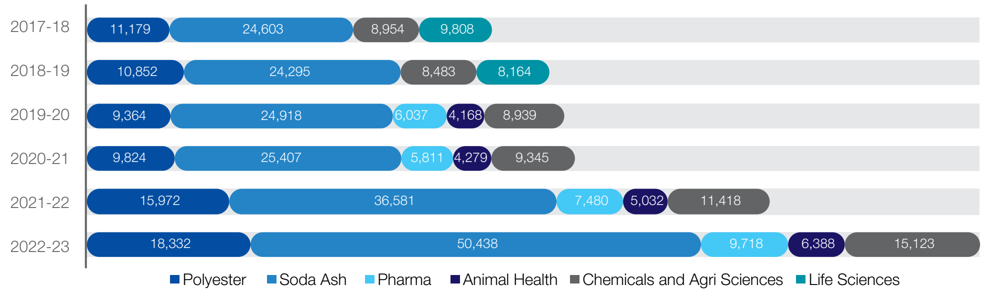
Operating Result

PKR million



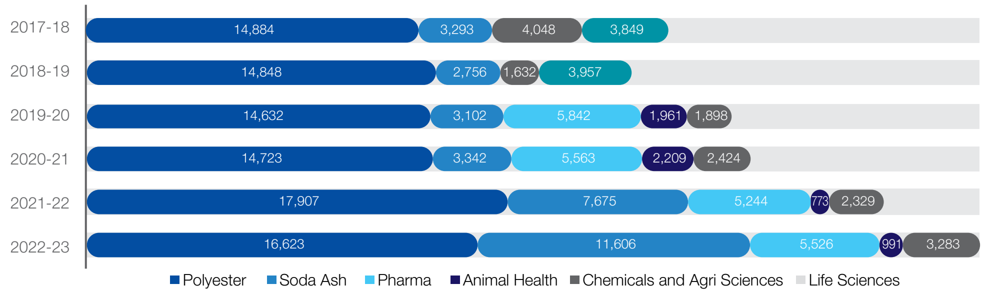
Assets

PKR million



Liabilities

PKR million



Quarterly Analysis

	Q1	Q2
Net Turnover	**24,232** Net Turnover for the quarter at PKR 24,232 million was 33% higher compared to the SPLY, with a significant contribution from the Soda Ash business witnessing an increase of 84% versus the SPLY. Revenues of the Polyester, Animal Health and Pharmaceuticals businesses increased by 21%, 15% and 4% respectively, whereas the Chemicals & Agri Sciences business witnessed a decline of 5% versus the SPLY. The Soda Ash business benefitted from additional sales volume following the successful commissioning of the 75 KTPA expansion project in Jun'22 combined with energy related cost push. The Polyester business's revenue increase was attributable to higher PSF prices primarily due to the devaluation of PKR despite of decline in volumes by 17% from the SPLY. Animal Health business's growth was attributable to the strong performance of its locally manufactured Farmer's Choice portfolio, in both the livestock and poultry segments. The Pharmaceutical business's revenue increase was mainly due to a regulatory price increase versus the SPLY offset by a decline in volumes due to disruption in the supply chain following unprecedented monsoon flooding. The Chemicals & Agri Sciences business witnessed a decline in growth due to challenging economic conditions amidst inflationary pressures and demand curtailment.	**25,182** Net Turnover for the quarter at PKR 25,182 million was 16% higher compared to the SPLY with substantial contribution from the Soda Ash business witnessing an increase of 67% versus the SPLY. Revenues of the Animal Health and Pharmaceuticals businesses increased by 28% and 6% respectively, whereas the Polyester and Chemicals & Agri Sciences business witnessed a decline of 9% and 6% respectively versus the SPLY. The Soda Ash business continued its momentum from Q1 and benefitted from additional sales volumes following the successful commissioning of the 75 KTPA expansion project in Jun'22 coupled with cost push price adjustments due to significant energy and inflationary increases on account of the devaluation of the Pak Rupee and global commodity super cycle. The Animal Health business continued its growth trajectory from Q1, owing to the strong performance of its locally manufactured Farmer's Choice portfolio, in both the livestock and poultry segments. The Pharmaceutical business's revenue increase was attributable to a favorable sales mix. The Polyester business witnessed a decline of 9% versus the SPLY owing to a decline in sales volumes as downstream markets witnessed a significant slowdown due to challenging economic conditions both locally and internationally. The Chemicals & Agri Sciences business continued to face a demand slowdown challenge from Q1 with the Chemicals segment facing a decline in sales and profitability amidst lower off-takes, plant shutdowns and inventory pile up across multiple industries. However, Masterbatch showed resilience with increased sales both in amount and volume. Similarly, the Agri Science business provided much needed respite through strategic improvisation.
Cost of Sales	**19,346** The Cost of Sales for the quarter stood at PKR 19,346 million, which was 36% higher compared to the SPLY. This was marginally ahead of the increase in Net Turnover for the quarter owing to significant volatility in commodity prices, higher energy costs, supply chain constraints, inflationary pressures and the devaluation of the local currency which lead to a strong cost push.	**21,113** The Cost of Sales for the quarter stood at PKR 21,113 million, which was 26% higher compared to the SPLY. This was significantly higher than the increase in Net Turnover for the quarter owing to substantial volatility in commodity prices, higher energy costs post reduction in energy subsidy by the Government from the Textile Sector, supply chain constraints, inflationary pressures and the devaluation of the local currency which lead to a strong cost push.
Operating Results	**3,093** The Operating Results for the quarter stood at PKR 3,093 million, which was 25% higher than the SPLY with robust contribution from the Soda Ash business, which registered a growth of 91% over the SPLY on the back of higher sales, operational efficiencies and higher export margins. The Animal Health business, despite cost-push pressures, was able to boost its results by 5%, resulting from effective margin management and cost rationalisation. The Polyester business remained under pressure with a decline in Operating Results by 18% due to slow off-take in downstream markets resulting from global recessionary fears and lower import offers. Operating Results of the Pharmaceuticals business declined by 17% owing to cost push on the back of higher input costs, local currency depreciation and change in the tax regime. The increase in cost could not be passed on due to price regulations. The Chemicals & Agri Sciences business witnessed a decline of 42% due to an overall economic slowdown amidst monetary tightening measures.	**2,204** The Operating Results for the quarter at PKR 2,204 million, were 31% below the SPLY with Polyester, Chemicals & Agri Sciences and Pharmaceuticals businesses witnessing a decline in Operating Results by 96%, 46% and 9% respectively from the SPLY. The Soda Ash and Animal Health businesses continued their positive momentum from the previous quarter, with an increase in Operating Results by 40% and 21% respectively compared to the SPLY. The Polyester business's performance further deteriorated from Q1 due to lower sales volumes coupled with higher energy costs due to a reduction in energy subsidy by the Government to the textile sector. The pharmaceuticals business, operating in a price regulated industry, was significantly impacted by cost push on the back of significant local currency depreciation (32%), higher input costs and change in the tax regime. The Chemicals & Agri Sciences business's performance continued its downward trajectory from Q1 on account of volatility in global commodity prices, monetary tightening measures, energy shortages, inflationary pressures, increased interest rates, import restrictions to curb the trade deficit, monsoon floods and political uncertainty.
Profit After Taxation	**1,916** PAT for the quarter stood at PKR 1,916 million, which was 24% higher than the SPLY owing to improvement in Operating Results combined with dividend income of PKR 300 million from Lucky Core PowerGen Limited (Wholly owned subsidiary). This was partially offset by a 276% increase in finance cost, compared to the SPLY. The increase in finance cost was due to an increase in policy rate as compared to the SPLY coupled with higher debt levels to support enhanced working capital requirements owing to an increase in commodity prices and local currency depreciation. Further, exchange losses also rose by 156% due to the devaluation of the Pak Rupee against the US Dollar by 11.5% during the quarter.	**1,094** PAT for the quarter at PKR 1,094 million was 46% lower than the SPLY on account of lower Operating Results, an increase in finance costs and higher exchange losses. 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 owing to an increase in commodity prices coupled with a 32% devaluation of the Pak Rupee against the US Dollar from the SPLY.

Q3

30,895

Net Turnover for the quarter at PKR 30,895 million was 37% higher compared to the SPLY. Improved performance was seen across all the businesses except for Pharmaceuticals which remained in line with the SPLY.

The Soda Ash business witnessed an increase in revenue by 67% due to additional sales volumes following the successful commissioning of the 135 KTPA expansion project along with cost push price adjustments due to significant energy and inflationary increases on account of the devaluation of the Pak Rupee and volatility in commodity prices. Of the 135 KTPA, 60 KTPA were commissioned in March 2023, while 75 KTPA expansion was completed in Jun'22.

The Polyester business witnessed an increase of 26% versus the SPLY which was attributable to higher import offers, and a rebound in the downstream demand.

The Chemical & Agri Sciences business Net Turnover rebound from its H1 performance and registered a growth of 37% versus the SPLY mainly on the back of strong performance by the Agri Sciences business in the oil seeds category whereas the Masterbatch segment continued with its volumetric growth momentum from Q2.

The Animal Health business continued with its strong performance owing to the performance of its locally manufactured Farmer's Choice portfolio and favourable sales mix.

23,826

The Cost of Sales for Q3 at PKR 23,826 million grew by 35%. 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.

5,120

The Operating Results for the quarter at PKR 5,120 million, were 69% above the SPLY with robust performances from all business segments except for the Pharmaceuticals business which remained under pressure, posting Operating Results lower by 18% as compared to the SPLY. The Chemicals & Agri Sciences, Soda Ash, Polyester and Animal Health businesses delivered higher Operating Results by 164%, 86%, 53% and 32% respectively as compared to the SPLY.

The Chemicals & Agri Sciences business delivered robust results driven by strong performance in the oil seeds category and improved margin management.

The Soda Ash business's performance was driven mainly by higher volumes as a result of the completion of expansion projects.

The Polyester business delivered growth owing to a higher sales volume coupled with healthy unit margins on the back of favourable regional and local dynamics.

The Animal Health business continued with its robust performance whereas the Pharmaceuticals business was impacted by a significant cost push due to the depreciation of the Pak Rupee and other inflationary cost increases in a price regulated industry.

11,625

PAT for the quarter at PKR 11,625 million was 513% higher than the SPLY on account of higher Operating Results and 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, partially offset by an increase in finance costs and higher exchange losses.

Q4

29,177

Net Turnover for the quarter at PKR 29,177 million was 19% higher compared to the SPLY. Improved performance was seen across all the businesses except for Pharmaceuticals which remained in line with the SPLY.

The Soda Ash business witnessed an increase in revenue by 49% due to additional sales volumes following the successful commissioning of the 135 KTPA expansion project along with cost push price adjustments due to significant energy and inflationary increases on account of the devaluation of the Pak Rupee and volatility in commodity prices.

The Animal Health business delivered higher revenue by 8% versus the SPLY owing to a strong performance by its locally manufactured farmer's choice portfolio.

The Polyester business witnessed an increase of 6% versus the SPLY despite of lower volumes by 13% from the SPLY due to higher PSF prices on account of devaluation of local currency.

The Chemical & Agri Sciences business Net Turnover registered a growth of 5% versus the SPLY mainly on the back of improved margin management amidst declining volumes.

22,878

The Cost of Sales for Q4 at PKR 22,878 million grew by 16%. This was slightly below the increase in Net turnover due to ongoing inflationary pressures, higher energy costs and devaluation of local currency leading to a strong cost push.

4,237

The Operating Results for the quarter at PKR 4,237 million, were 39% above the SPLY with strong performances from all businesses except for the Pharmaceuticals business.

The Soda Ash business delivered higher Operating Results by 54% versus the SPLY on the back of higher volumes as a result of the completion of expansion projects.

The Chemicals & Agri Sciences business delivered higher Operating Results by 37% versus the SPLY driven by improved margin management amidst declining volumes due to the economic slowdown.

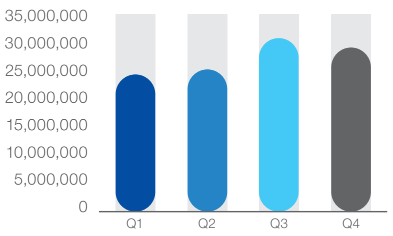
The Polyester business delivered growth of 23% versus the SPLY owing to healthy unit margins on the back of favourable regional and local dynamics despite a decline in volumes by 13%.

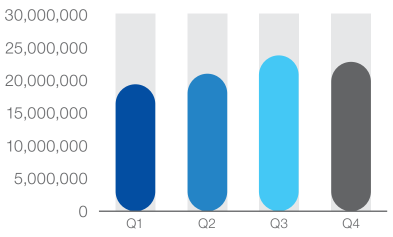
The Animal Health business continued with its growth momentum by delivering higher Operating Results by 31% over the SPLY whereas the Pharmaceuticals business was impacted by a significant cost push due to the depreciation of the Pak Rupee and other inflationary cost increases in a price regulated industry, thus witnessing a decline in Operating Results by 41% from the SPLY.

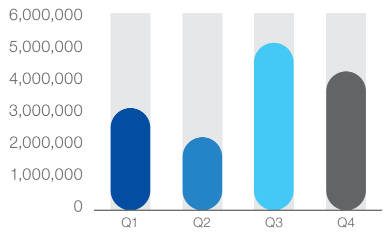
(862)

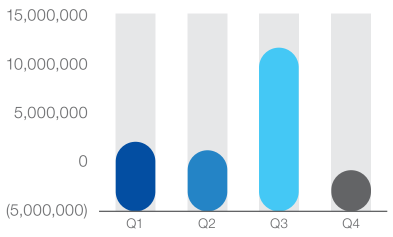
During the quarter, the Company recorded a loss after tax of PKR 862 million despite higher Operating Results primarily due to higher tax expense on account of Super Tax imposed in Jun'23 as part of Federal Budget 2023-24.

Trend









Six Year Analysis

Statement of Financial Position Analysis

Assets

Non-Current Assets

Non-current assets comprise of fixed assets and investments in subsidiaries/associates. LCI's non-current assets have increased at a compound annual growth rate (CAGR) of 5% from PKR 25.882 billion as at June 30, 2018, to PKR 32.591 billion as at June 30, 2023, 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, acquisition of selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited, investment in Cirin Pharmaceuticals Private Limited, 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. In addition to the aforesaid, PKR 770 million was also invested to acquire an additional 11% stake in Nutrico Pakistan (Private) Limited in FY 2021-22. Altogether, these investments are a testament to the Company's unwavering commitment to its brand promise of Cultivating Growth.

During the year in review, non-current assets of the Company decreased slightly by 3%, mainly due to the partial disposal of 26.5% issued shares of NutriCo Morinaga (Private) Limited amounting to PKR 2,060 million, partially offset by capital expenditure mainly on completion of 60,000 TPA Soda Ash expansion project net off by depreciation expense. Further, during the year, the Company made an equity investment of PKR 280.5 million in Lucky TG (Private) Limited, a joint venture company between the Company and Tariq Glass Industries Limited.

Current Assets

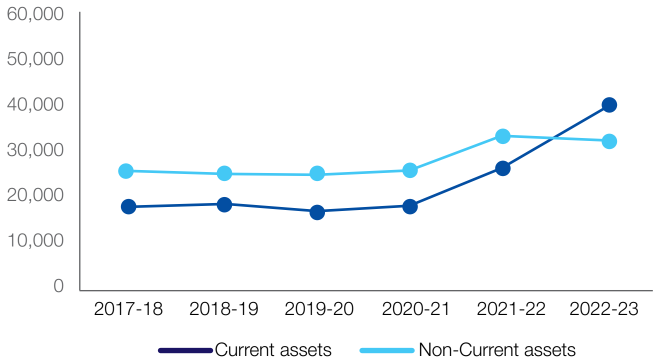
Current Assets, including Inventory and Trade debts, have increased over the last six years at a CAGR of 23% i.e. from PKR 17.266 billion to PKR 48.419 billion.

During the year in review, Current Assets increased by 83% from PKR 26.388 billion to PKR 48.419 billion, owing to the partial disposal of 26.5% issued shares of NutriCo Morinaga (Private) Limited. The sale proceeds from the disposal were invested in Shariah Compliant mutual funds and as at year end the investment value stood at PKR 12.675 billion.

Excluding aforesaid investment, Current Assets grew at a CAGR of 16% over the last six years which is in line with a CAGR of 17% in net turnover. Further current assets grew by 35% from the SPLY owing to growth in sales which necessitated higher working capital requirements, mainly on account of currency devaluation, cost push price adjustments and the capacity expansion at the Soda Ash business.

This increase in Current Assets over the years reflects the Company's growth across all businesses which is in line with the growth in Net Turnover.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	CAGR
Non-current assets	25,882	24,939	24,651	25,640	33,553	32,591	**5%**
Current assets	17,266	18,575	16,858	18,163	26,388	48,419	**23%**
	43,148	43,514	41,509	43,804	59,941	81,010	**13%**



Equity and Liabilities

The shareholder's equity comprises share capital and reserves. The equity has increased at a CAGR of 16% over the past 6 years primarily due to an increase in retained profits of the Company.

Equity

Equity of the Company, comprising of share capital and reserves, has increased at a CAGR of 16% over the past six years. Share capital and capital reserves remained unaltered during this period, however, the Company's revenue reserves witnessed an increase over the period, on account of higher profitability while maintaining a consistent dividend payout of approximately 50% from continuing operations over the past six years, whilst investing heavily in various growth/expansion projects including new ventures as explained in Non-Current Assets section.

During the current year, equity has increased by 43% from the SPLY, mainly due to the impact of one-off gain on the partial divestment of NMPL shares as explained earlier in addition to an increase in retained profits from continuing operations of the Company.

Non-Current Liabilities

Non-current liabilities comprise long-term borrowings from financial institutions and deferred tax liabilities. It has declined at a CAGR of 6% in the past 6 years mainly due to repayments of long-term loans obtained earlier for multiple acquisition/ expansion projects.

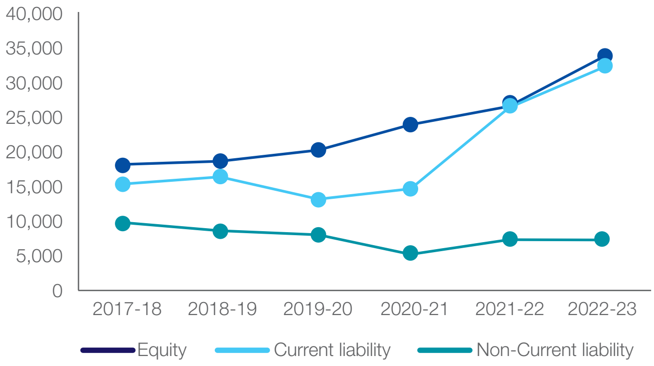
During the current year, non-current liabilities were in line with the SPLY with a decline in Long term loans owing to their reclassification from long term portion to short term, a portion was partially offset by an increase in deferred tax liabilities on account of higher taxable temporary differences post capitalisation of Soda Ash expansion project.

Current Liabilities

Over the past six years, current liabilities have increased at a CAGR of 19% due to an increase in short-term financing to support increasing working capital requirements. The increase over the past six years is in line with the increase in turnover of the Company. Moreover, the inflationary effect on prices of raw materials and services has also increased the overall working capital requirements of the Company.

In comparison to last year, Current Liabilities have increased by 36% owing to the increase in financing, as mentioned above coupled with an increase in tax payable due to the increase in tax expense of the company mainly in the last quarter of the year including that on account of Super Tax imposed as part of Budget FY 2023-24.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	CAGR
Equity	18,081	18,609	20,232	23,879	26,391	37,831	**16%**
Non-current liability	10,248	8,539	8,024	5,289	7,380	7,480	**-6%**
Current liability	14,819	16,366	13,253	14,636	26,170	35,699	**19%**
	43,148	43,514	41,509	43,804	59,941	81,010	**13%**



Statement of Profit or Loss

Net Turnover

Net Turnover has increased from PKR 49,108 million to PKR 109,486 million at a CAGR of 17% over the past six years, owing to improved performances across all businesses on the back of continued investment in expansion/new product lines coupled with cost-push price adjustments. Net Turnover of the Soda Ash and Polyester businesses collectively account for approximately 75% of the total sales in FY 2022-23.

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 a significant increase of 26%, mainly due to additional volumes from the Soda Ash business following the successful commissioning of the 135,000 tonnes per annum (TPA) Soda Ash expansion project, coupled with cost-push price adjustments, due to inflationary increases on account of the devaluation of the PKR and higher energy prices.

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.

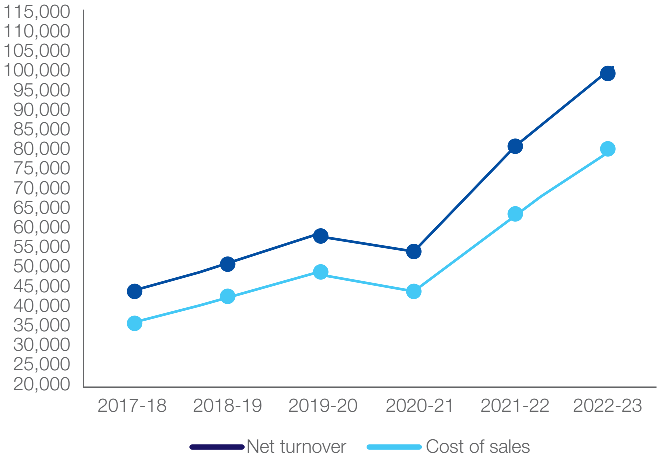
Cost of Sales

Costs have increased from PKR 40,608 million to PKR 87,162 million at a CAGR of 17% over the last six years, in line with the increase in Net Turnover as explained above.

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 28% due to increased volumes by the Soda Ash business coupled with inflationary increases on account of the significant devaluation of the PKR and higher energy prices. The increase in energy prices was primarily in the Polyester business, owing to a reduction in energy subsidy for the textile sector by the Government.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	CAGR
Net turnover	49,108	58,329	53,599	62,618	86,972	109,486	**17%**
Cost of sales	40,608	48,877	43,042	48,270	68,353	87,162	**17%**

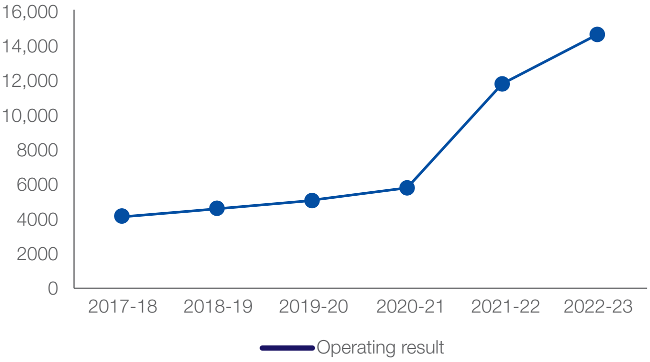


Operating Result

Operating Result increased from PKR 4,398 million to PKR 14,653 million at a CAGR of 27% 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, set up of the rPET and Masterbatches manufacturing facilities, have strengthened the Company's profile in the economy.

During the year in review, Operating Results recorded a significant increase of 25%, predominantly driven by augmented volumes on the back of the completion of expansion projects for the Soda Ash business. The Chemicals & Agri Sciences business delivered robust results driven by a strong performance in the oil seeds category and streamlined margin management across its portfolio. The Animal Health business's Operating Results continued its upward trajectory on the back of a strong performance by its locally manufactured Farmer's Choice portfolio.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	CAGR
Operating Result	4,398	4,935	5,669	8,399	11,753	14,653	**27%**



Financial Charges / Exchange Losses

Over the past six years, Financial Charges/Exchange Losses have increased from PKR 1,071 million to PKR 3,845 million at a CAGR of 29%, 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, as well as an increase in the policy rate by State Bank of Pakistan (SBP). Exchange Losses have increased over the last 6 years due to the continuous depreciation of the PKR against foreign currencies at a CAGR of 18%.

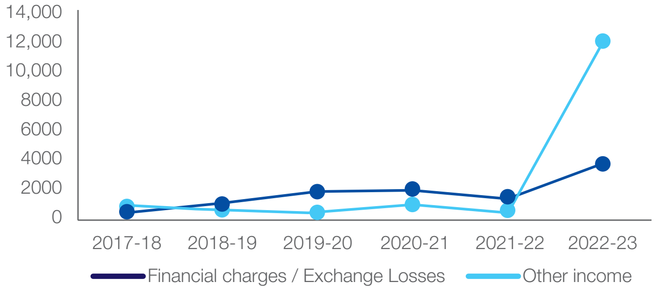
During the year in review, Exchange Loss increased to PKR 965 million from PKR 545 million in the SPLY as the PKR on average lost 41% value against the USD resulting in higher exchange losses. Similarly, a significant increase in finance cost from PKR 819 million to PKR 2,880 million was attributable to 825 basis points increase in the policy rate compared to the SPLY coupled with an increase in overall debt levels to support higher working capital requirements, mainly on account of the currency devaluation and the capacity expansion at the Soda Ash business.

Other Income

Other income, comprising mainly of dividend income from subsidiary/ associate companies along with investments from mutual funds and scrap sales, stood at a CAGR of 27% over the six years mainly on account of dividend income of PKR 890 million derived from short-term investments made in the current year in Shariah compliant mutual funds, from proceeds of divestment in NMPL shareholding.

Other income has increased significantly by 450% as compared to the SPLY due to aforesaid income from mutual funds along with dividend income of PKR 300 million received from the wholly owned subsidiary, Lucky Core PowerGen Limited.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	CAGR
Financial Charges/ Exchange Losses	1,071	1,891	1,962	538	1,365	3,845	**29%**
Other income	627	409	955	1,003	375	2,063	**27%**

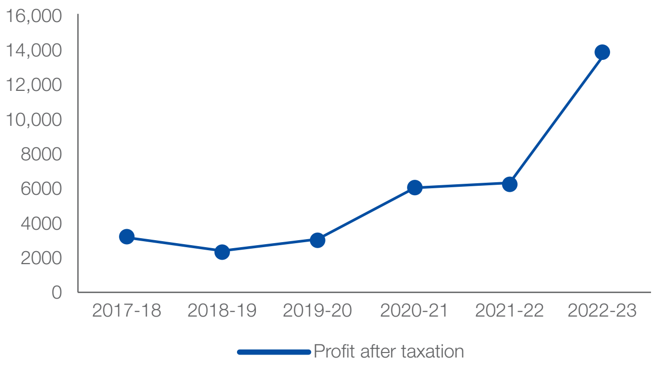


Profit After Tax

Profit after Tax has increased at a CAGR of 35% over the past six years which includes the impact of PKR 9,842 million gain on sale of NMPL divestment. Excluding the aforesaid gain, the profit after tax would have increased by a CAGR of 20% which is in line with the growth in various businesses of the Company and is also reflective of the returns of consistent investment in maintenance and expansion projects of the Company for ensuring sustainable results for all stakeholders.

Over the last year, Company has shown robust performance across all businesses as the Profit after Tax increased by 120% mainly driven by growth in Polyester, Soda Ash, Animal Health and Chemicals & Agri Sciences businesses in addition to gain on the disposal of NMPL shares as explained above.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	CAGR
Profit after tax	3,060	2,305	3,096	5,959	6,249	13,772	**35%**



Statement of Cash Flow Analysis

Operating Activities

The cash generated from operating activities has been robust over the past 6 years reaching a cumulative sum of PKR 26,887 million. The Company's operating cash flow has constantly increased over past years except in FY 2017-18 where cash generated from operating activities was negative PKR 1,402 million on account of payments made to creditors due to the shift from LC at Usance to LC at sight to better manage the devaluation of PKR.

During the current year, cash generated from operating activities has increased by 48% due to an increase in cash generated from operations by PKR 5,518 million owing to improved profitability and the release of funds invested in working capital from last year.

Investing Activities

The cash used in investing activities has increased over the past 6 years and comprises mainly of investment in Capital expenditure and investment in associates and subsidiaries. During FY 2017-18 the Company invested in the expansion of the Soda Ash plant to increase its capacity by 75,000 TPA, coupled with the acquisition of selected assets and brands from Wyeth Pakistan Limited and Pfizer Pakistan Limited and subscribing to the right issue of NutriCo Morinaga. In 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.

During the current year, Cash flows from investing activities have turned positive mainly due to proceeds of PKR 11,902 million received from the divestment of 26.5% shares in NutriCo Morinaga (Private) Limited (NMPL) partially offset by capex of PKR 3,718 million mainly spent on completion of 60,000 TPA Soda Ash expansion project.

Financing Activities

Financing Activities comprise mainly long-term loans obtained / (repaid) offset by dividend payments to shareholders. The Company has financed its expansion requirements partially through Long term loans obtained as explained above.

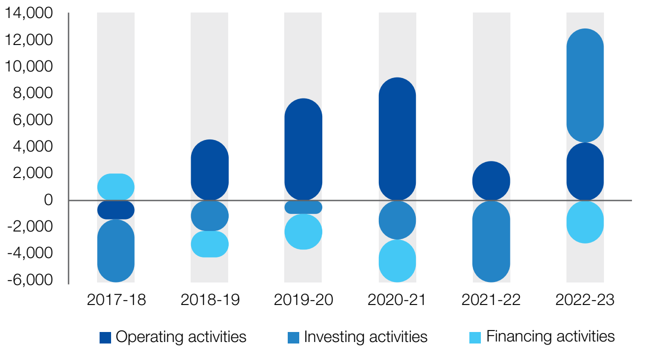
During the current year, the Company has obtained long-term concessionary financing of PKR 684 million for its LSA expansion project. This inflow was offset by Islamic term loan and payroll financing loan repayments amounting to PKR 1,402 million, along with dividend payments of PKR 2,300 million.

During the year in review, net cash used in financing activities increased due to a decline in new long term financing obtained as a major portion of the LSA expansion was completed in the prior year.

Summary of Cash Flow Statement

PKR m

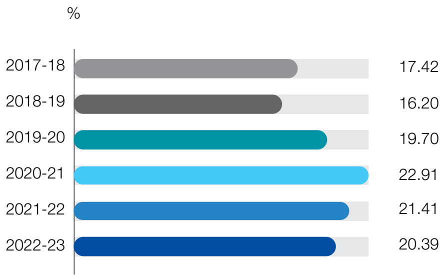
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Operating activities	(1,402)	4,529	7,548	9,067	2,877	4,267
Investing activities	(5,753)	(2,267)	(1,007)	(2,867)	(10,062)	8,434
Financing activities	1,993	(1,943)	(2,617)	(4,613)	(2,223)	(3,154)
	(5,161)	319	3,924	1,587	(9,407)	9,547



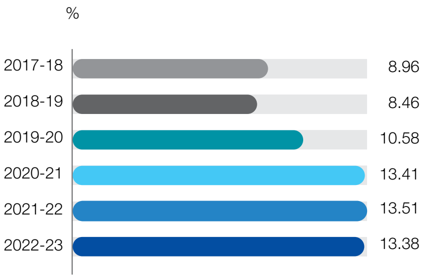
Analysis of Financial Ratios

Profitability ratios

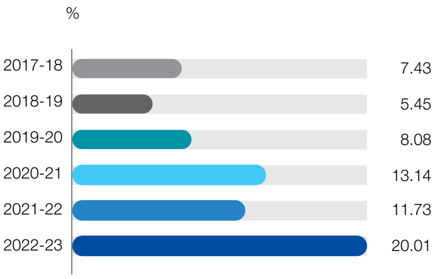
Gross margin



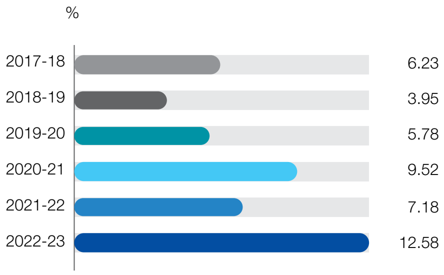
Operating result margin



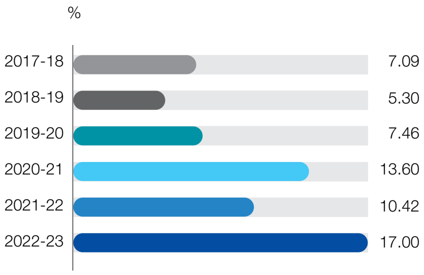
Profit before taxation margin



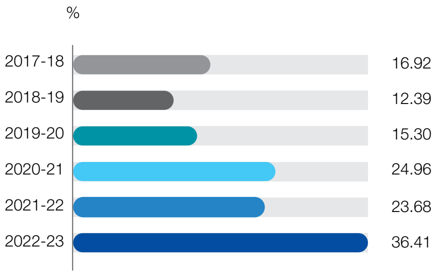
Profit after taxation margin



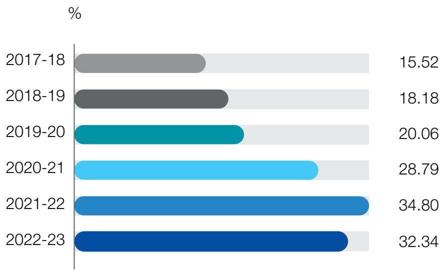
Return on assets



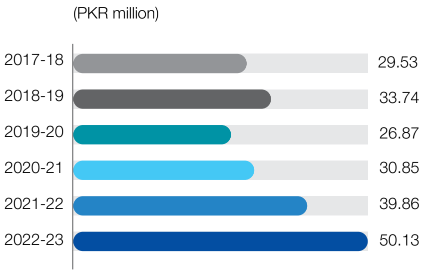
Return on equity



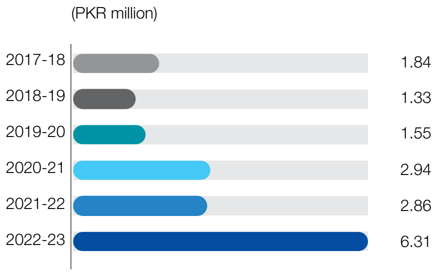
Return on capital employed



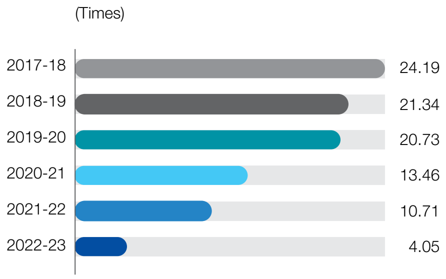
Revenue per employee



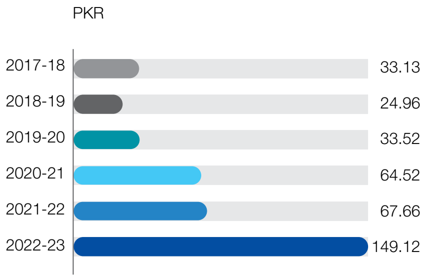
Net income per employee



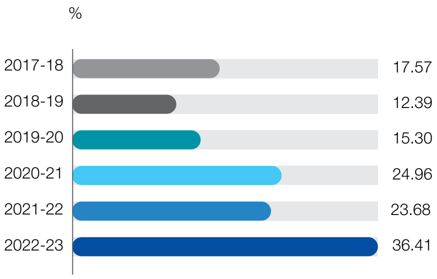
Price earning ratio



Earnings per share

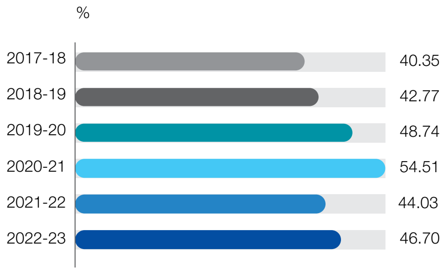


Return on shareholders' fund

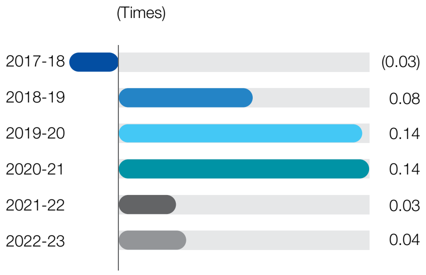


Liquidity and other ratios

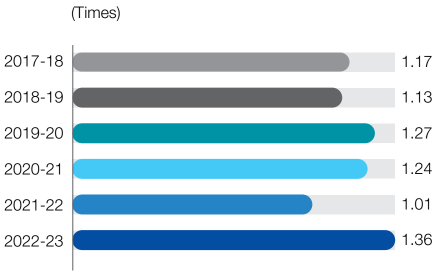
Shareholders' fund



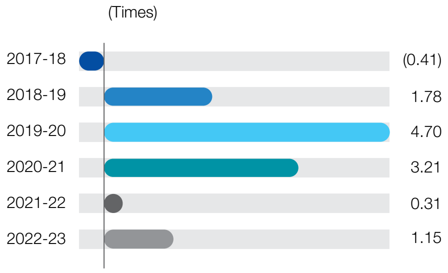
Cash flow from operations to sales



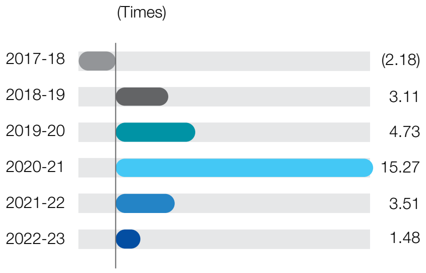
Current ratio



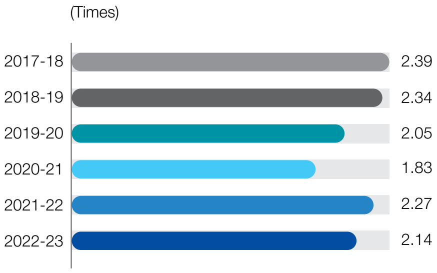
Cash flow to capital expenditure



Cash flow coverage ratio



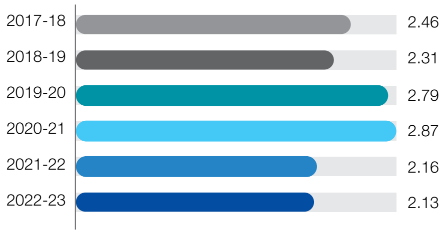
Financial leverage ratio



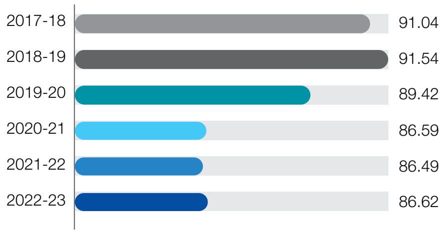
* Please refer to page 184 for formulas used for above calculations.

Cost ratios

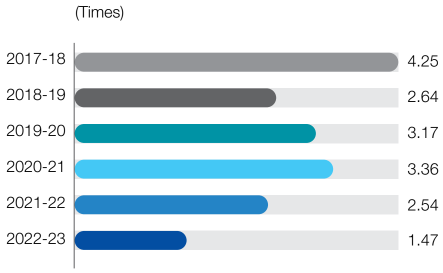
Administration cost as % of net turnover



Operating cost as % of net turnover*

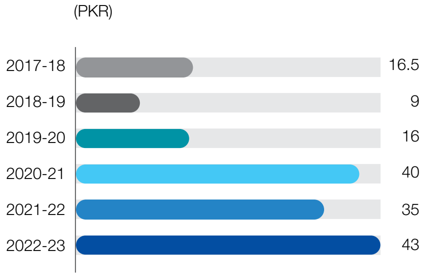


Price to book

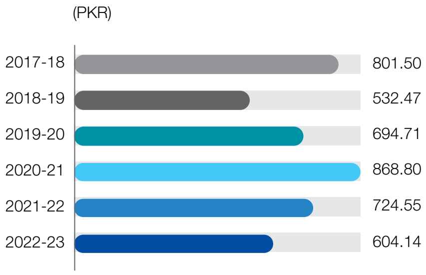


Investors ratios

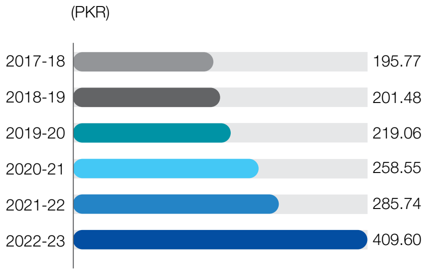
Dividend per share



Market value per share

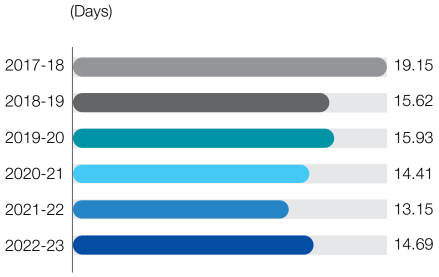


Net assets per share

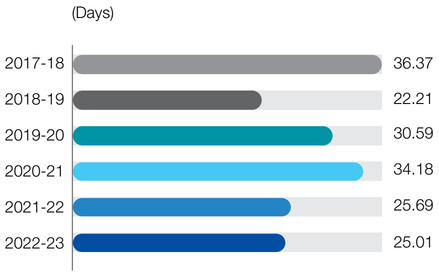


Efficiency ratios

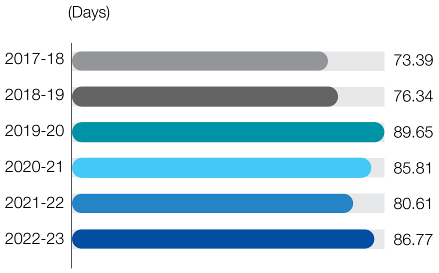
Debtor turnover ratio



Creditor turnover ratio



Inventory turnover ratio



* Operating cost includes cost of sales, selling, distribution, administration and general expenses

Vertical and Horizontal Analysis

Statement of Profit or Loss

Vertical Analysis

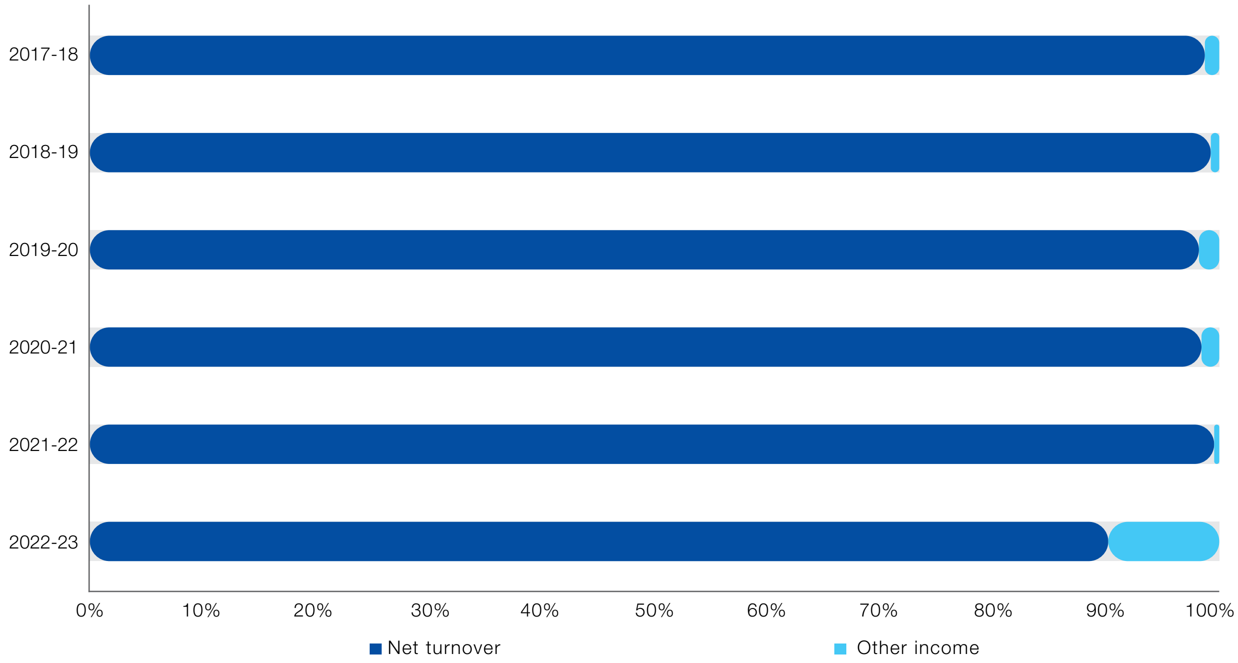
	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
			Restated		Restated							
Net turnover	49,108	100.0	58,329	100.0	53,599	100.0	62,618	100.0	86,972	100.0	109,486	100.0
Cost of Sales	40,553	82.6	48,877	83.8	43,042	80.3	48,270	77.1	68,353	78.6	87,162	79.6
Gross profit	8,554	17.4	9,452	16.2	10,556	19.7	14,348	22.9	18,619	21.4	22,324	20.4
Selling & Distribution Expenses	2,949	6.0	3,170	5.4	3,389	6.3	4,155	6.6	4,990	5.7	5,336	4.9
Administration & General Expenses	1,207	2.5	1,346	2.3	1,498	2.8	1,794	2.9	1,875	2.2	2,335	2.1
Operating Result	4,398	9.0	4,935	8.5	5,669	10.6	8,399	13.4	11,753	13.5	14,653	13.4
Financial Charges/ Exchange Losses	1,071	2.2	1,891	3.2	1,962	3.7	538	0.9	1,365	1.6	3,845	3.5
Other Operating Charges	304	0.6	272	0.5	333	0.6	635	1.0	565	0.6	803	0.7
Other Operating Income	627	1.3	409	0.7	955	1.8	1,003	1.6	375	0.4	11,905	10.9
Profit before taxation	3,650	7.4	3,181	5.5	4,330	8.1	8,229	13.1	10,199	11.7	21,911	20.0
Taxation	591	1.2	876	1.5	1,234	2.3	2,269	3.6	3,951	4.5	8,138	7.4
Profit after taxation	3,060	6.2	2,305	4.0	3,096	5.8	5,959	9.5	6,249	7.2	13,772	12.6

Horizontal Analysis

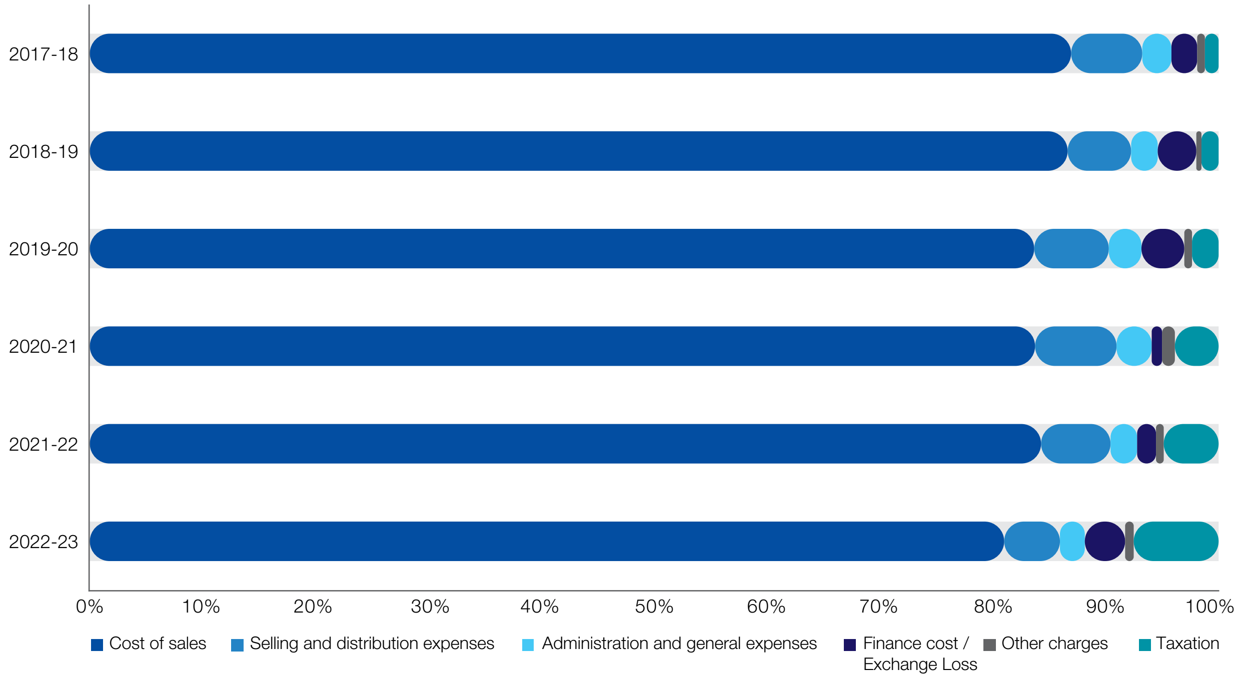
	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
			Restated		Restated							
Net turnover	49,108	18.7	58,329	18.8	53,599	(8.1)	62,618	16.8	86,972	38.9	109,486	25.9
Cost of Sales	40,553	20.7	48,877	20.5	43,042	(11.9)	48,270	12.1	68,353	41.6	87,162	27.5
Gross profit	8,554	10.2	9,452	10.5	10,556	11.7	14,348	35.9	18,619	29.8	22,324	19.9
Selling & Distribution Expenses	2,949	13.1	3,170	7.5	3,389	6.9	4,155	22.6	4,990	20.1	5,336	6.9
Administration & General Expenses	1,207	8.3	1,346	11.5	1,498	11.3	1,794	19.8	1,875	4.5	2,335	24.5
Operating Result	4,398	8.8	4,935	12.2	5,669	14.9	8,399	48.1	11,753	39.9	14,653	24.7
Financial Charges/ Exchange Losses	1,071	169.0	1,891	76.7	1,962	3.7	538	(72.6)	1,365	153.8	3,845	181.7
Other Operating Charges	304	111.2	272	(10.4)	333	22.4	635	90.8	565	(11.1)	803	42.2
Other Operating Income	627	(29.8)	409	(34.8)	955	133.6	1,003	5.0	375	(62.6)	11,905	3,070.6
Profit before taxation	3,650	(16.9)	3,181	(12.9)	4,330	36.1	8,229	90.0	10,199	23.9	21,911	114.8
Taxation	591	(46.2)	876	48.2	1,234	40.9	2,269	83.9	3,951	74.1	8,138	106.0
Profit after taxation	3,060	(7.2)	2,305	(24.7)	3,096	34.3	5,959	92.5	6,249	4.9	13,772	120.4

2018-19 and 2019-20 includes revision of accouting policy from revaluation to cost model

Statement of Profit or Loss Analysis (Income) (%)



Statement of Profit or Loss Analysis (Expenses) (%)



Statement of Financial Position

Vertical Analysis

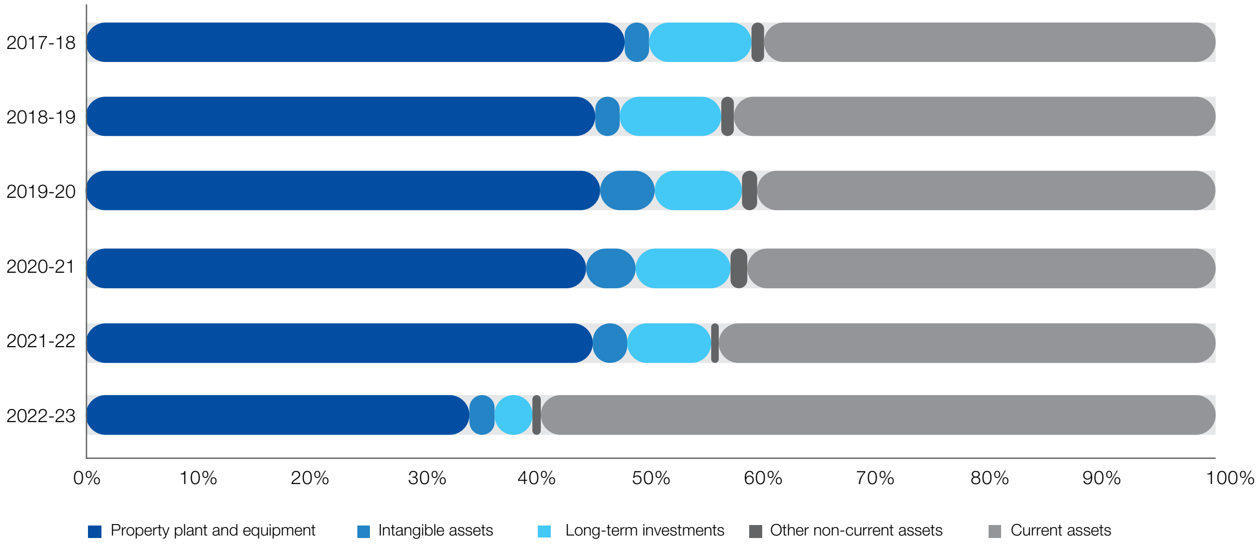
	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
			Restated		Restated							
Total Equity and Revaluation Reserve	18,081	42	18,609	42	20,232	49	23,879	55	26,391	44	37,831	47
Non Current Liability	10,248	24	8,539	20	8,024	19	5,289	12	7,380	12	7,480	9
Current Liability	14,819	34	16,366	38	13,253	32	14,636	33	26,170	44	35,699	44
Total Equity and Liabilities	43,148	100	43,514	100	41,509	100	43,804	100	59,941	100	81,010	100
Non Current Assets	25,882	60	24,939	57	24,651	59	25,640	59	33,553	56	32,591	40
Current Assets	17,266	40	18,575	43	16,858	41	18,163	41	26,388	44	48,419	60
Total Assets	43,148	100	43,514	100	41,509	100	43,804	100	59,941	100	81,010	100

Horizontal Analysis

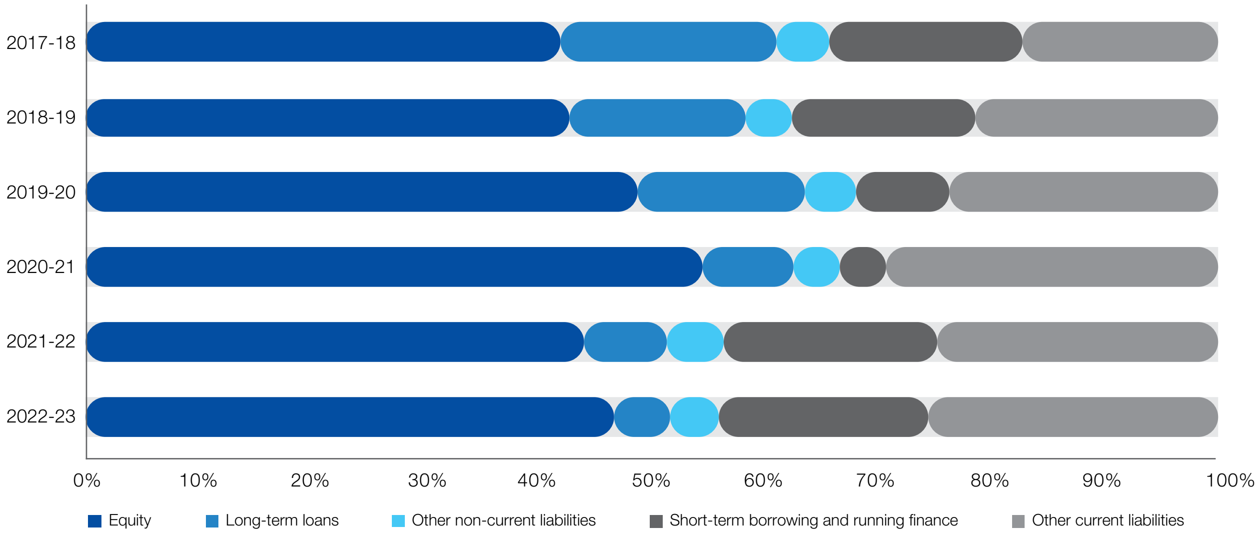
	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
			Restated		Restated							
Total Equity and Revaluation Reserve	18,081	7	18,609	3	20,232	9	23,879	18	26,391	11	37,831	43
Non Current Liability	10,248	64	8,539	(17)	8,024	(6)	5,289	(34)	7,380	40	7,480	1
Current Liability	14,819	14	16,366	10	13,253	(19)	14,636	10	26,170	79	35,699	36
Total Equity and Liabilities	43,148	19	43,514	1	41,509	(5)	43,804	6	59,941	37	81,010	35
Non Current Assets	25,882	13	24,939	(4)	24,651	(1)	25,640	4	33,553	31	32,591	(3)
Current Assets	17,266	31	18,575	8	16,858	(9)	18,163	8	26,388	45	48,419	83
Total Assets	43,148	19	43,514	1	41,509	(5)	43,804	6	59,941	37	81,010	35

2018-19 and 2019-20 includes revision of accouting policy from revaluation to cost model

Statement of Financial Position Analysis
(Assets)
(%)



Statement of Financial Position Analysis
(Equity and Liabilities)
(%)



Operating & Financial Highlights

Ratios	Formula		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Profitability Ratios								**Restated**	**Restated**			
Gross margin	Gross profit/net turnover	%	12.17	15.43	17.53	18.77	17.42	16.20	19.70	22.91	21.41	20.39
Gross profit turnover	Gross profit/turnover	%	10.89	13.59	15.18	16.33	15.39	14.46	16.30	18.52	17.52	16.97
Operating result margin	Operating result/net turnover	%	5.82	8.11	9.41	9.78	8.96	8.46	10.58	13.41	13.51	13.38
Profit after tax margin	Profit after taxation/net turnover	%	4.45	5.67	7.69	7.97	6.23	3.95	5.78	9.52	7.18	12.58
EBITDA margin to sales	EBIDTA/net turnover	%	9.32	12.53	14.55	15.15	13.89	13.01	15.40	17.49	16.40	16.21
Gross profit markup	Gross profit/cost of sales	%	13.85	18.25	21.26	23.11	21.09	19.34	24.53	29.73	27.24	25.61
Profit before taxation margin	Profit before taxation/net turnover	%	5.18	7.21	9.47	10.62	7.43	5.45	8.08	13.14	11.73	20.01
Return on equity	Profit after taxation/total equity	%	14.33	15.99	18.65	19.47	16.92	12.39	15.30	24.96	23.68	36.41
Return on capital employed	Operating result/capital employed	%	14.49	18.96	17.04	17.45	15.52	18.18	20.06	28.79	34.80	32.34
Return on assets	Profit after tax/total assets	%	7.42	7.97	9.30	9.12	7.09	5.30	7.46	13.60	10.42	17.00
Return on fixed assets	Operating result/fixed assets	%	19.00	21.34	20.39	20.60	20.45	24.01	27.11	39.45	40.96	50.03
Operating leverage ratio	Contribution/operating profit	times	3.64	3.18	3.12	3.13	3.34	3.17	3.73	2.98	2.58	2.39
Shareholders' funds	Total equity/total assets	%	48.99	47.68	47.13	44.76	40.35	42.77	48.74	54.51	44.03	46.70
Return on shareholders' funds	Profit after taxation/total equity	%	15.15	16.72	19.72	20.37	17.57	12.39	15.30	24.96	23.68	36.41
Growth Ratios												
Net turnover		%	5.42	(1.88)	(1.50)	11.93	18.72	18.78	(8.11)	16.83	38.89	25.89
Operating results		%	12.04	36.76	14.28	16.24	8.76	12.22	14.87	48.15	39.94	24.67
EBITDA		%	15.20	31.89	14.39	16.54	8.80	11.30	8.79	32.62	30.23	24.49
Profit after taxation		%	46.91	24.88	33.75	15.93	(7.17)	(24.67)	34.32	92.50	4.85	120.41
Cost Ratios												
Operating costs	Operating cost/net turnover	%	94.18	91.89	90.59	90.22	91.04	91.54	89.42	86.59	86.49	86.62
Administration costs	Administration cost/net turnover	%	2.34	2.57	2.39	2.70	2.46	2.31	2.79	2.87	2.16	2.13
Selling costs	Selling cost/net turnover	%	4.00	4.75	5.73	6.30	6.01	5.44	6.32	6.64	5.74	4.87
Finance costs	Finance cost/net turnover	%	1.01	1.07	1.03	0.93	2.19	2.50	2.96	0.85	0.78	2.63
Spares inventory	Spares/total asset	%	2.65	2.49	2.43	2.20	1.94	2.08	2.22	2.19	1.69	1.35
Liquidity Ratios												
Current ratio	Current assets/current liabilities	times	1.38	1.02	1.15	1.01	1.17	1.13	1.27	1.24	1.01	1.36
Quick ratio	(Current assets - inventory)/ current liabilities	times	0.70	0.49	0.55	0.50	0.52	0.47	0.49	0.40	0.33	0.69
Cash to current liabilities	Cash and cash equivalents/ current liabilities	times	0.05	(0.17)	(0.18)	(0.15)	(0.48)	(0.42)	(0.24)	(0.11)	(0.42)	(0.04)
Cash flow from operations to sales	Cash generated from operations/ net turnover	times	0.10	0.10	0.10	0.12	(0.03)	0.08	0.14	0.14	0.03	0.04
Cash flow from operations to capital expenditure	Cash generated from operations/ capital expenditure	times	1.58	0.97	0.81	1.14	(0.41)	1.78	4.70	3.21	0.31	1.15
Cash flow from operations coverage ratio	Cash generated from operations/ finance cost	times	9.84	9.31	9.60	12.53	(2.18)	3.11	4.73	15.27	3.51	1.48
Capital Structure												
Asset to equity ratio	Total assets/total equity	times	1.93	2.01	2.01	2.14	2.39	2.34	2.05	1.83	2.27	2.14
Cost of debt at year end		%	9.49	7.16	5.67	5.56	5.97	10.44	8.86	4.79	9.15	14.73
Debt to equity (book value)	Total debt capital/total equity	%	26.83	18.43	26.54	32.81	50.88	45.43	36.36	20.82	25.51	15.84
Debt to equity (market value)	Total debt capital/total equity	%	8.84	6.18	9.84	5.49	12.43	17.19	11.47	6.20	10.06	10.74
Net assets per share	(Total assets - total liabilities)/ number of ordinary shares	PKR	128.59	143.93	165.07	183.28	195.77	201.48	219.06	258.55	285.74	409.60
Interest cover	Profit before interest and taxation/financial charges	times	6.12	7.72	10.18	12.03	6.68	3.18	3.71	14.76	13.26	8.61
Total debt to capital ratio	Total debt capital/total equity	ratio	21:79	16:84	21:79	25:75	34:66	31:69	27:73	17:83	20:80	14:86
Financial leverage ratio	Totoal debt capital/total assets	%	13.89	9.18	13.23	15.36	21.32	19.43	17.72	11.35	11.23	7.40

2018-19 and 2019-20 includes revision of accouting policy from revaluation to cost model

Ratios	Formula		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Investment / market ratio								**restated**	**restated**			
Earning per share	Profit after taxation/ number of ordinary shares	PKR	18.43	23.02	30.78	35.69	33.13	24.96	33.52	64.52	67.66	149.12
Price earning ratio	Market value per share/ earning per share	times	21.18	18.63	14.46	30.67	24.19	21.34	20.73	13.46	10.71	4.05
Price to book ratio	Market value per share/ book value per share	times	3.21	3.11	2.85	6.25	4.25	2.64	3.17	3.36	2.72	1.55
Dividend yield ratio	Dividend per share/ average market value per share	%	3.05	2.45	3.31	2.00	1.93	1.30	2.71	5.05	4.48	6.77
Dividend payout ratio*	Total dividend payout/ profit after taxation	%	43.41	49.97	50.35	50.44	49.81	36.06	47.73	61.99	51.73	50.34
Cash dividend per share		PKR	8.00	11.50	15.50	18.00	16.50	9.00	16.00	40.00	35.00	43.00
Market value per share at the start of the year		PKR	166.40	390.34	428.87	445.02	1,094.55	801.50	532.47	694.71	868.80	724.55
Market value per share at the end 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
Highest market value per share		PKR	395.71	597.56	566.94	1,219.70	1,092.63	814.90	728.13	911.11	920.58	769.05
Lowest market value per share		PKR	160.99	366.39	410.00	447.92	735.93	516.82	436.57	679.26	679.00	516.31
Break-up value per share	Total equity/total shares outstanding	PKR	121.67	137.69	156.09	175.23	188.52	201.48	219.06	258.55	285.74	409.60
Break-up value per share (with investment)	Total equity+investment/ total shares outstanding	PKR	121.67	137.69	156.09	191.37	198.91	201.48	221.82	264.07	294.08	412.64
Activity / turnover ratio												
Total assets turnover	Net turnover/total assets	times	1.67	1.41	1.21	1.14	1.14	1.34	1.29	1.43	1.45	1.35
Fixed assets turnover	Net turnover/fixed assets	times	3.26	2.63	2.17	2.11	2.28	2.84	2.56	2.94	3.03	3.74
Inventory turnover	Cost of sales/value of average inventory	times	6.53	5.69	4.99	5.02	4.22	4.51	4.17	3.90	4.53	4.21
Current asset turnover	Net turnover/current assets	times	3.66	3.47	3.16	3.14	2.84	3.14	3.18	3.45	3.30	2.26
Capital employed turnover	Net turnover/capital employed	times	2.78	2.65	2.09	2.05	1.96	2.41	2.29	2.66	3.15	2.90
Operating working capital turnover	Net turnover/operating working capital	times	19.88	20.74	16.99	14.65	5.76	6.76	7.57	9.68	5.72	5.27
Inventory turnover ratio	(Value of average inventory/ cost of sales)*365	days	55.83	61.65	69.97	69.52	73.39	76.34	89.65	85.81	80.61	86.77
Debtor turnover ratio	(Average debtors/ net turnover)*365	days	8.23	11.14	15.17	18.48	19.15	15.62	15.93	14.41	13.15	14.69
Creditor turnover ratio	(Average creditors/ cost of sales)*365	days	37.55	50.52	54.08	53.03	36.37	22.21	30.59	34.18	25.69	25.01
Operating cycle	No. Of days in inventory+ no. Of days in receivables- no. Of days in payables	days	26.51	22.27	31.05	34.97	56.17	69.75	74.98	66.04	68.07	76.45
Revenue per employee	Net turnover/number of employees	PKR'000	33,160	30,206	27,890	29,844	29,530	33,736	26,866	30,846	39,859	50,131
Production per employee	Cost of sales/number of employees	PKR'000	29,125	25,544	23,001	24,241	24,386	28,269	21,575	23,778	31,326	39,909
Net income per employee	Profit after tax/number of employees	PKR'000	1,476	1,712	2,146	2,378	1,840	1,333	1,552	2,936	2,864	6,306

Dividend includes both approved and recommended during the year
2018-19 and 2019-20 includes revision of accouting policy from revaluation to cost model
* Profit after tax for 2022-23 excludes one time gain on disposal on investment.

DuPont Analysis

DuPont Analysis	**2022-23**	**2021-22**
Tax burden	37.14%	38.73%
Interest burden	11.62%	7.44%
Operating result margin	13.38%	13.51%
Asset turnover (Times)	1.35	1.45
Gearing (Long term debt/Equity)	15.84%	25.51%
Return on equity	36.41%	23.68%

Commentary on DuPont Analysis

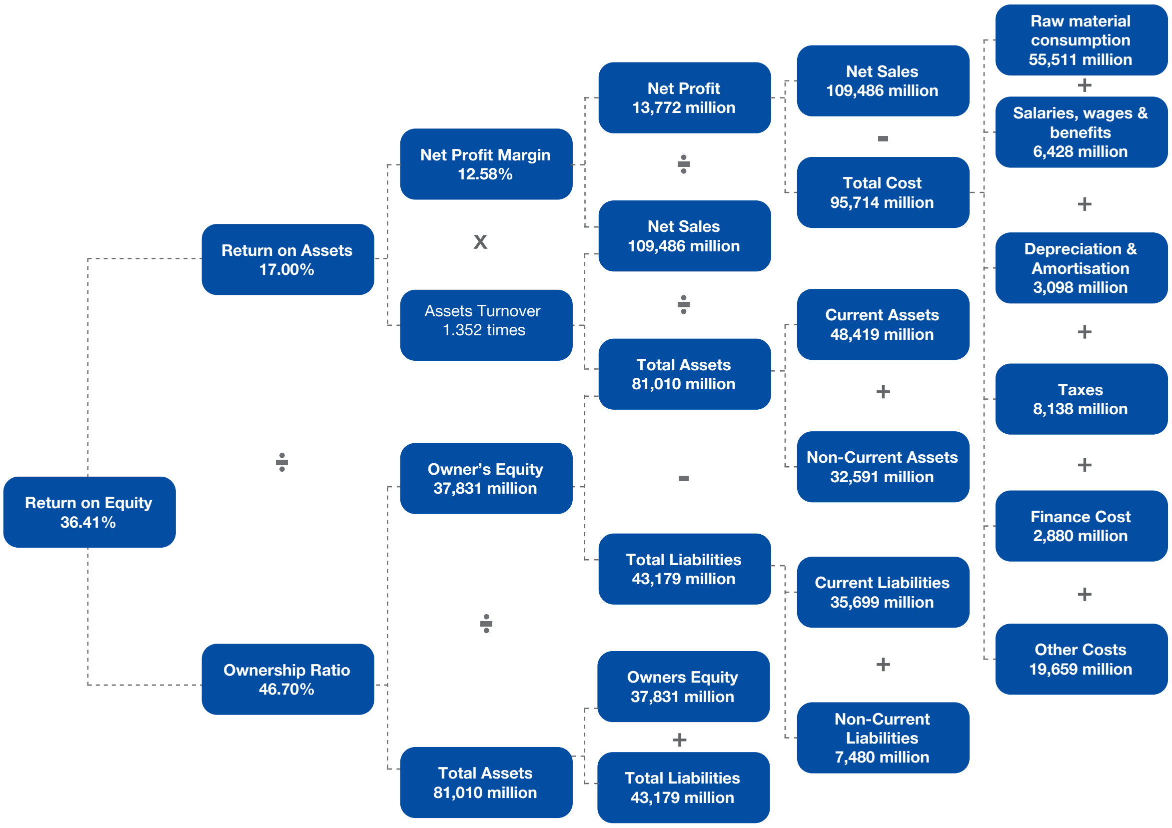
Net Turnover at PKR 109,486 million for the year under review is 26% higher compared to the same period last year (SPLY) primarily resulting from additional volumes from the Soda Ash business following the successful commissioning of the 135,000 tonnes per annum (TPA) Soda Ash expansion project. Additional volumes coupled with cost-push price adjustments, due to inflationary increases on account of the devaluation of the Pak Rupee and higher energy prices, led to higher revenue by 65% versus the SPLY for the Soda Ash business. Revenues of the Animal Health, Polyester, Chemical & Agri Sciences and Pharmaceuticals businesses increased by 22%, 10%, 8% and 3% respectively versus the SPLY.

Operating Results for the year improved by 25% compared to the SPLY. The Soda Ash, Chemicals & Agri Sciences and Animal Health businesses delivered higher Operating Results by 71%, 29% and 23% respectively as compared to the SPLY, whereas the Polyester and Pharmaceuticals businesses posted a decline in Operating Results by 16% and 19% respectively as compared to the SPLY. Details of business wise commentary are available in the Directors Report on page 56 of this report.

Profit after Tax (PAT) at PKR 13,772 million for the year under review is 120% higher than the SPLY primarily on account of higher Operating Results and a sum of PKR 9,842 million on account of 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 NutriCo Morinaga Private Limited ('NMPL') amounting to PKR 2,560 million, slightly offset by an increase in finance costs and higher exchange loss.

The significant increase in finance cost is attributable to an 825 basis point increase in the policy rate compared to the SPLY coupled with an increase in overall debt levels to support higher working capital requirements, mainly on account of the currency devaluation and the capacity expansion at the Soda Ash business. During the year, the Pak Rupee on average lost 41% value against the US Dollar resulting in a significant exchange loss of PKR 965 million. The aforementioned impact was partially alleviated by other income resulting from a dividend income of PKR 300 million received from the wholly owned subsidiary, Lucky Core PowerGen Limited, and a dividend income of PKR 890 million derived from the short-term investments made from the proceeds from NMPL shares divestment.

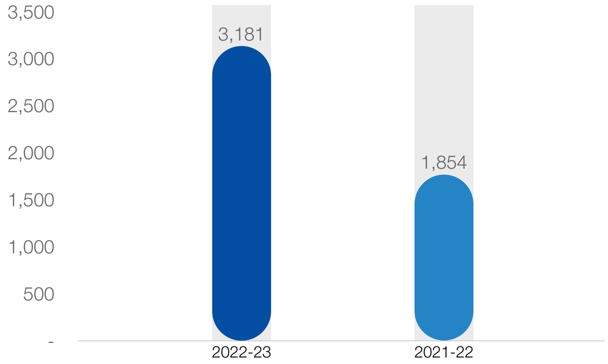
Current Assets of the Company witnessed an increase of 83% primarily on account of short-term investment made from the proceeds from NMPL shares divestment, an increase in inventory owing to a significant devaluation of 41% in the Pak Rupee against the US Dollar and an increase in trade debts which is in line with the growth in sales compared to the SPLY.



Economic Value Added

PKR m

	2022-23	2021-22
NOPAT	9,211	7,201
Less: Cost of Capital	(6,030)	(5,347)
Economic Value Added	3,181	1,854



* does not include short term investments held in mutual funds and cash and bank as the return generated from these investments in not included in NOPAT.

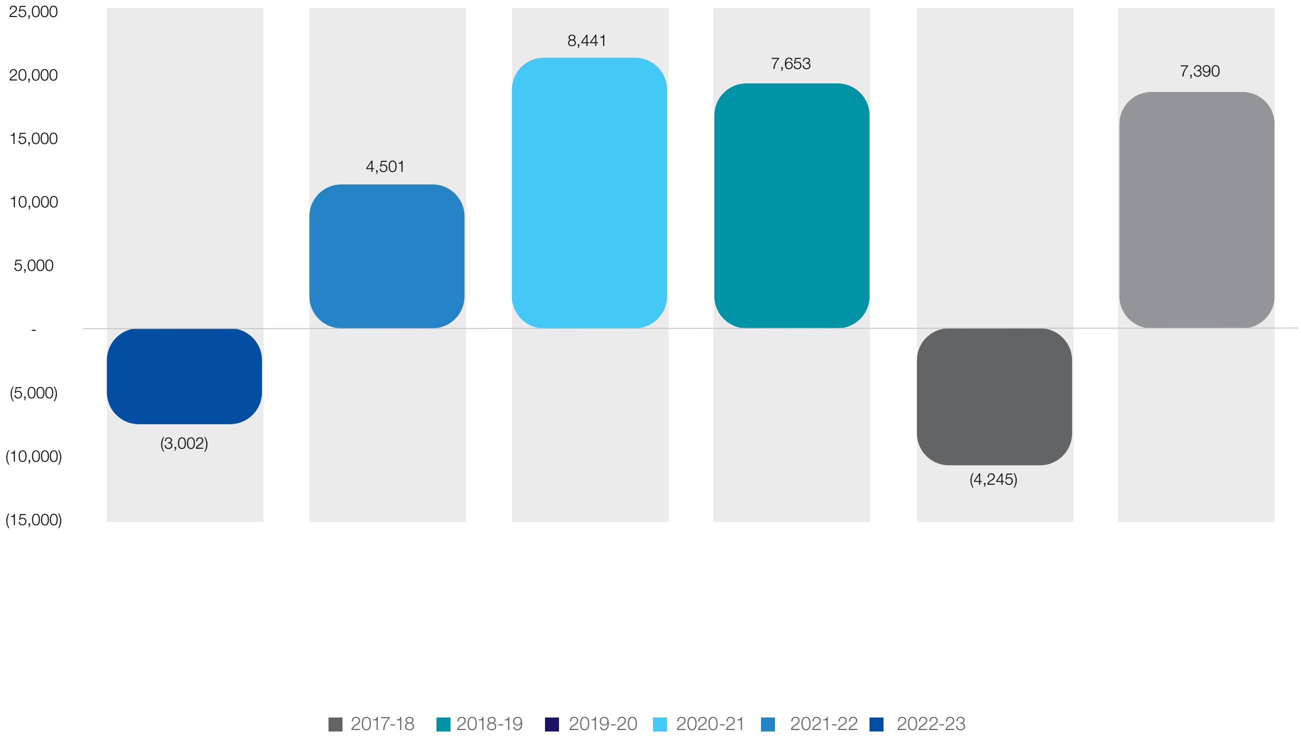
NOPAT - Operating Result x (1 - Tax Rate)

Free Cash Flow

PKR m

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Profit before Taxation	3,650	3,181	4,330	8,229	10,199	21,911
Adjustments for non cash items	2,787	4,060	3,542	2,423	3,248	(5,106)
Changes in working capital	(6,020)	(201)	2,173	(171)	(8,343)	(5,697)
Capital expenditure	(3,419)	(2,539)	(1,604)	(2,828)	(9,349)	(3,718)
Free Cash Flows	(3,002)	4,501	8,441	7,653	(4,245)	7,390

Free Cash Flows



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 loss at PKR 965 million was 77% higher compared to the SPLY, owing to a 41% depreciation of the Pak Rupee (PKR) against the USD. As the Company relies on imports for a major part of its purchases, the devaluation of the PKR results in an increased cost of production and excessive 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 recent years and has successfully switched from imported coal to locally available Afghan coal, thus saving foreign exchange reserves of the country.

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 391 million. As at June 30, 2023, 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, 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)
Pak Rupee	+10%	55,221	4,326	330,637	835
Pak Rupee	-10%	(55,221)	(4,326)	(330,637)	(835)

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 62 billion at the year-end. The share price of LCI as at June 30, 2023 was PKR 604.14 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 volumes due to expansion in the Soda Ash business and cost push price adjustments.

Profitability

LCI's growth in profitability was driven by higher volumes and cost push price adjustment. Profit for the year includes a one-off gain due to the disposal of investment in NMPL. The profitability was adversely impacted by higher finance costs and exchange losses.

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 increased by 825 basis points which resulted in higher finance costs hence adversely impacting LCI's profitability.

Inflation

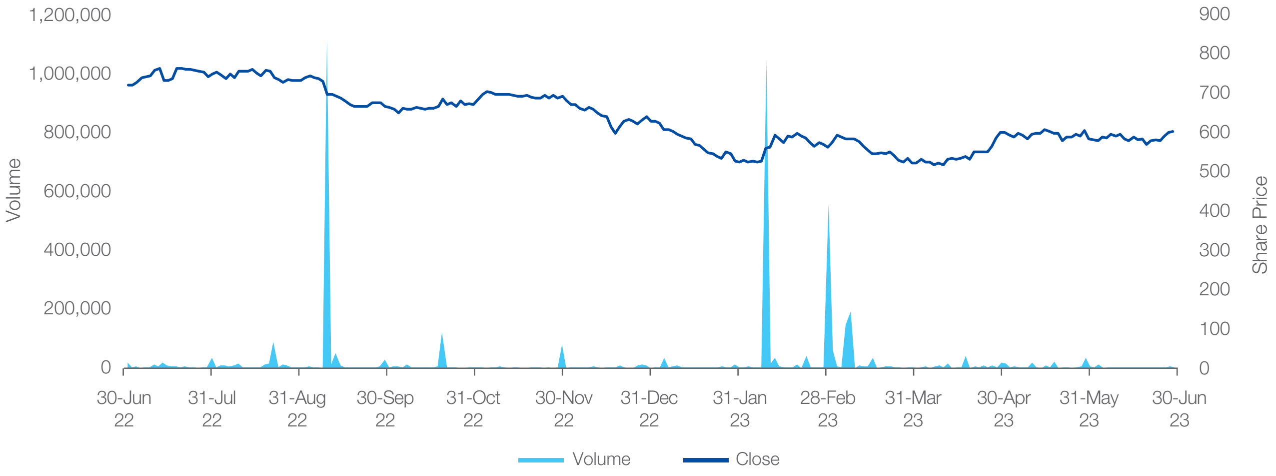
High inflation may lead to higher consumer prices, which can erode consumer's purchasing power and spending, this affecting Company revenues and profitability.

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. Increased exchange loss during the year is primarily attributable to depreciation 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

Going forward, the performance of the Company will largely be shaped by the macroeconomic factors as the coming year is expected to be challenging with the country aiming to achieve fiscal stabilisation to regain macroeconomic stability while complying with the IMF programme conditions. These monetary tightening measures will not only keep industrial activity in check but will also impact the disposable income of consumers and thus will impact demand for the Company's products. Restoration of political stability, the continued implementation of reforms under the standby IMF programme - and flood relief support from the international community for rehabilitation and rebuilding will be imperative to navigate this challenging situation.

For the Polyester business, commodity markets are anticipated to remain under pressure, with Chinese PSF manufacturers actively targeting export markets. Consequently, both the domestic PSF prices and volumes are expected to decline. Further, the arrival of the new cotton crop will also keep PSF prices in check in the short term. On the energy front, the withdrawal of the concessionary tariff by the Government from the textile sector will come into effect from July 2023, and will significantly impact the operating cost of the industry and resultantly is likely to erode margins further. However, the business is committed to withstand the aforesaid impact by optimising cost and leveraging manufacturing efficiencies with a focus on maximum capacity utilisation.

For the Soda Ash business, the domestic market is anticipated to provide substantial headwinds with industries expected to remain under pressure due to prevailing economic conditions, declining purchasing power of consumers owing to record inflation and an uncertain political environment. On the exports front, though margins will remain under pressure, the business will continue to further expand its footprint in the international market by leveraging its incremental capacity on the back of expansion projects completed.

The pharmaceutical industry's value growth is expected to boost after the price increase allowed by the government, but uncertainty prevails around volume growth in the current inflationary environment. However, the Company's Pharmaceutical business will continue to focus on further rationalising costs to remain competitive in the market and ensure a continued supply of high-quality products that cater to the growing needs of Pakistan's market.

The Animal Health and Chemicals & Agri Sciences businesses also anticipate pressure due to macroeconomic conditions and the declining purchasing power of consumers, however, they remain focused on minimising the adverse impacts by creating enduring value for existing and new customers through operational excellence and innovation, cost optimisation and effective margin management, while delivering sustained long-term growth.

Performance on disclosures made in the previous year

During the FY 2021-22, in the 'Future Outlook' section of the Director's Report in the Company's Annual Report, the risks of a global and domestic slowdown in growth, inflationary pressures, high cost of borrowing, uncertainties in the domestic business environment, coupled with the ongoing monetary tightening measures, and the consequent threat of the aforementioned challenges to business demand and profitability in the short to medium-term were highlighted. However, in actuality, the situation proved to be more challenging than what was initially anticipated, with GDP growth plummeting from 6.1% to 0.29% on the back of monetary tightening measures with inflation levels touching all-time high. A slowdown in domestic economic activity was witnessed across most sectors owing to monetary tightening measures. The depletion of foreign exchange reserves to an alarmingly low level, necessitated import restrictions, which impacted the ability of businesses to secure imported raw materials and spares thereby hindering their ability to continue uninterrupted operations. The economic situation was further aggravated by the devastating monsoon rains which led to large-scale flooding, severely impacting livelihoods, food price inflation and an increase in unemployment rates. These challenges, combined with higher energy prices, increased borrowing costs and depreciation of the local currency negatively impacted consumer purchasing power resulting in a significant demand compression across all segments in the economy.

Despite of aforesaid challenges, the Company was able to deliver an Operating Result of PKR 14,653 million for the year under review, which is 25% higher than the SPLY, by leveraging its diverse business operations and product portfolio. Augmented volumes by the Soda Ash business post completion of expansion projects, strong performance by the Chemicals & Agri Sciences business in oil seeds category along with streamlined margin management across its portfolio, continued upward performance by the Animal Health business in its locally manufactured Farmer's Choice portfolio along with cost optimisation and operational efficiencies across all its businesses provide impetus to the Operating Results for the year under review. The Polyester and Pharmaceuticals business faced significant headwinds and were impacted by lower sales volumes and significant cost-push.

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 in-house 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.

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LUCKY CORE INDUSTRIES

Lucky Core Industries
Financial Statements

Building a better
working world

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Independent Auditors' 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 **30 June 2023**, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2023** and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional 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:

Key audit matter	How our audit addressed the key audit matter
1. Revenue recognition	
The Company earns revenue from multiple business lines which operate as distinct business units with significant volume of revenue transactions. The recognition of revenue relating to each business line depends on the nature of contractual arrangements with the customers. Revenue is recorded in accordance with the requirements of IFRS 15 which provides a comprehensive model of revenue recognition and requires the Company to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying the model to contracts with customers.	Our key audit procedures in this area amongst others included the following; - Reviewed the terms and conditions of distinct sale transactions and assessed the appropriateness of the revenue recognition policies and practices followed by the Company. - Obtained an understanding of management's internal controls over the revenue process and tested the effectiveness of those controls for the purposes of our audit, specifically in relation to recognition of revenue and completeness thereof.

Key audit matter	How our audit addressed the key audit matter
We identified revenue recognition as a key audit matter due to significant volume of transactions, and the amount of audit efforts in relation to this area. Please refer notes 1 and 30.1 to the unconsolidated financial statements.	- Performed analytical review procedures and other test of details over various revenue streams including the cut-off procedures to check that revenue has been recognized in the appropriate accounting period; and - Considered the adequacy of the related disclosures in respect of revenues in accordance with the applicable financial reporting standards.

2. Disposal of shareholding in Nutrico Morinaga (Private) Limited

As disclosed in note 36 to the accompanying unconsolidated financial statements, the Company has disposed off its 26.5% shareholding in Nutrico Morinaga (Private) Limited [Nutrico]. Prior to the completion of the transaction, the Company held 51% shareholding in Nutrico. This transaction has resulted in gain of Rs. 9.842 billion.
Due to the significance of the transaction and its impact on the statement of profit or loss of the Company, we identified the same as a key audit matter for our audit.
	Our key audit procedures in this area amongst others included the following;
	- Obtained an understanding of the transaction by
	  - reading the share purchase agreement (the agreement) between the Company and Morinaga Milk Industry Co. Ltd (purchaser), and
	  - reading relevant minutes of the meetings of those charged with governance and the shareholders for discussion in relation to the transaction.
	- Assessed the appropriateness of accounting treatment of the transaction applied in the financial statements and checked the calculation of the gain in accordance with the applicable financial reporting standards.
	- Checked the realization of the sale consideration in respect of disposal of shareholding in Nutrico from the bank statement.
	- Involved an expert to review the tax implication of the transaction on the financial statements; and
	- Considered the adequacy of the disclosures in accordance with the applicable financial reporting standards.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our Auditors' report 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.

Independent Auditors' Report

Responsibilities of Management and Board of Directors for the 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.

Auditors' Responsibilities for the Audit of the 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 Auditors' 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 Auditors' 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 Auditors' 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 Auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent Auditors' report is **Arslan Khalid.**

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants

Date: 01 September 2023
Karachi
UDIN Number: AR2023101919p6rDek1I

Unconsolidated Statement of Financial Position

As at June 30, 2023

Amounts in PKR '000

	Note	**June 30, 2023**	June 30, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	**27,508,258**	26,867,152
Intangible assets	7	**1,663,883**	1,665,268
Right-of-use assets	8	**116,707**	163,074
		29,288,848	28,695,494
Long-term investments	9	**2,687,891**	4,466,958
Long-term loans	10	**535,698**	335,032
Long-term deposits	11	**78,319**	55,250
		3,301,908	4,857,240
		32,590,756	33,552,734
Current assets			
Stores, spares and consumables	12	**4,899,883**	3,965,461
Stock-in-trade	13	**18,731,542**	13,844,444
Trade debts	14	**5,197,491**	3,613,548
Loans and advances	15	**1,085,680**	1,669,938
Short-term deposits and prepayments	16	**2,586,146**	729,034
Other receivables	17	**2,343,406**	2,212,741
Short-term investments	18	**12,674,655**	-
Cash and bank balances	19	**900,255**	352,922
		48,419,058	26,388,088
Total assets		**81,009,814**	59,940,822

Amounts in PKR '000

	Note	**June 30, 2023**	June 30, 2022
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (June 30, 2022: 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	**309,643**	309,643
Revenue reserve - unappropriated profit		**36,597,410**	25,157,888
Total equity		**37,830,644**	26,391,122
Non-current liabilities			
Provision for non-management staff gratuity	22	**119,701**	117,304
Long-term loans	23	**3,962,751**	4,376,278
Lease liabilities	8	**29,064**	88,182
Deferred income - Government grant	24	**1,002,384**	869,805
Deferred tax liability - net	25	**2,366,410**	1,730,364
Contractors' retention money		**-**	198,259
		7,480,310	7,380,192
Current liabilities			
Trade and other payables	26	**14,254,895**	11,387,131
Accrued mark-up		**927,035**	356,841
Short-term financing	27	**15,000,646**	11,325,419
Taxation - net		**4,283,315**	1,403,118
Current portion of long-term loans	23	**820,080**	1,321,942
Current portion of lease liabilities	8	**80,807**	96,117
Current portion of deferred income - Government grant	24	**207,552**	163,440
Unclaimed dividend		**124,530**	115,500
		35,698,860	26,169,508
Total equity and liabilities		**81,009,814**	59,940,822
Contingencies and commitments	28		

The annexed notes 1 to 51 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 Profit or Loss

For the year ended June 30, 2023

Amounts in PKR '000

	Note	**For the year ended June 30, 2023**	For the year ended June 30, 2022
Net turnover	30.1	**109,486,109**	86,972,178
Cost of sales	30.2	**(87,162,114)**	(68,353,133)
Gross profit		**22,323,995**	18,619,045
Selling and distribution expenses	32	**(5,335,599)**	(4,990,237)
Administration and general expenses	33	**(2,334,972)**	(1,875,394)
Operating result		**14,653,424**	11,753,414
Other charges	34	**(803,034)**	(564,901)
Finance costs	35	**(2,880,132)**	(819,834)
Exchange loss		**(964,512)**	(545,028)
		(4,647,678)	(1,929,763)
Gain on sale of investment	9.1 & 36	**9,842,154**	-
Other income	37	**2,062,904**	375,484
Profit before taxation		**21,910,804**	10,199,135
Taxation	38	**(8,138,395)**	(3,950,548)
Profit after taxation		**13,772,409**	6,248,587
Basic and diluted earnings per share (PKR)	39	**149.12**	67.66

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma

Asif Jooma
Chief Executive

Atif Aboobukar
Chief Financial Officer

Unconsolidated Statement of Other Comprehensive Income

For the year ended June 30, 2023

Amounts in PKR '000

	For the year ended June 30, 2023	For the year ended June 30, 2022
Profit after taxation	**13,772,409**	6,248,587
Other comprehensive loss		
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of defined benefit plans - note 22.3.1	**(82,083)**	(82,977)
Income tax effect - note 25.1	**58,173**	40,668
	(23,910)	(42,309)
Total comprehensive income for the year	**13,748,499**	6,206,278

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.

Asif Jooma

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Atif Aboobukar
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2023

Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserve - unappropriated profit	Total
As at July 1, 2021	**923,591**	**309,643**	**22,645,974**	**23,879,208**
Final dividend for the year ended June 30, 2021 @ PKR 20.00 per share	-	-	(1,847,182)	(1,847,182)
Interim dividend for the year ended June 30, 2022 @ PKR 20.00 per share	-	-	(1,847,182)	(1,847,182)
	-	**-**	**(3,694,364)**	**(3,694,364)**
Profit after taxation	-	-	6,248,587	6,248,587
Other comprehensive loss for the year - net of tax	-	-	(42,309)	(42,309)
Total comprehensive income	-	-	**6,206,278**	**6,206,278**
As at June 30, 2022	**923,591**	**309,643**	**25,157,888**	**26,391,122**
Final dividend for the year ended June 30, 2022 @ PKR 15.00 per share	-	-	(1,385,386)	(1,385,386)
Interim dividend for the year ended June 30, 2023 @ PKR 10.00 per share	-	-	(923,591)	(923,591)
	-	**-**	**(2,308,977)**	**(2,308,977)**
Profit after taxation	-	-	13,772,409	13,772,409
Other comprehensive loss for the year - net of tax	-	-	(23,910)	(23,910)
Total comprehensive income	**-**	**-**	**13,748,499**	**13,748,499**
As at June 30, 2023	**923,591**	**309,643**	**36,597,410**	**37,830,644**

The annexed notes 1 to 51 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 Cash Flows

For the year ended June 30, 2023

Amounts in PKR '000

	For the year ended June 30, 2023	For the year ended June 30, 2022
Cash flows from operating activities		
Cash generated from operations - note 40	**10,883,974**	5,365,723
Payments for:		
Staff retirement benefit plans - note 22.3.2	**(67,479)**	(65,848)
Non-management staff gratuity and eligible retired employees' medical scheme	**(42,359)**	(24,255)
Taxation paid	**(4,563,979)**	(1,965,589)
Interest paid	**(1,942,811)**	(432,855)
Net cash generated from operating activities	**4,267,346**	2,877,176
Cash flows from investing activities*		
Capital expenditure	**(3,718,423)**	(9,349,184)
Proceeds from disposal of operating fixed assets	**21,767**	51,436
Interest income received	**209,344**	6,172
Investment in subsidiaries	**(280,600)**	(770,182)
Proceeds from disposal of shares of subsidiary	**11,901,821**	-
Dividend from subsidiary	**300,000**	-
Net cash generated from / (used in) investing activities	**8,433,909**	(10,061,758)
Cash flows from financing activities*		
Payment of lease liabilities - note 8	**(137,297)**	(116,880)
Long-term loans obtained	**684,343**	3,054,045
Long-term loans repaid	**(1,401,593)**	(1,481,788)
Dividends paid	**(2,299,947)**	(3,678,148)
Net cash used in financing activities	**(3,154,494)**	(2,222,771)
Net increase / (decrease) in cash and cash equivalents	**9,546,761**	(9,407,353)
Cash and cash equivalents at the beginning of the year	**(10,972,497)**	(1,565,144)
Cash and cash equivalents at the end of the year	**(1,425,736)**	(10,972,497)
Cash and cash equivalents at the end of the year comprise of:		
Cash and bank balances - note 19	**900,255**	352,922
Short-term investment - note 18	**12,674,655**	-
Short-term financing - note 27	**(15,000,646)**	(11,325,419)
	(1,425,736)	(10,972,497)

*No non-cash items are included in these activities.

The annexed notes 1 to 51 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 the Unconsolidated Financial Statements

For the year ended June 30, 2023

1 The Company and its operations

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 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 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.

These are the separate financial statements of the Company in which investment in subsidiaries and associates are stated at cost less impairment losses, if any.

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
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

1.1 Change of the Company name

The Board of Directors considered and approved the change of name of the Company from ICI Pakistan Limited to Lucky Core Industries Limited in their meeting held on August 01, 2022 and the same has been approved in AGM held on September 27, 2022. This decision has been taken primarily to align the Company's name with its holding Company, Lucky Cement Ltd, which is a part of the Yunus Brothers Group (YBG). The proposed name draws on the strength of the Lucky brand, a leading, progressive, and diversified Pakistani Conglomerate. The proposed name embodies the Company's central role in delivering enduring value for its stakeholders and improving lives across the socio-economic fabric of Pakistan. Revised certificate of incorporation has also been issued by the Securities and Exchange Commission of Pakistan (SECP) on December 23, 2022 in respect of change of name of the Company.

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) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention.

3 Summary of significant accounting policies

3.1 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Capital work-in-progress is 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 charge is based on the straight-line method whereby the cost of an asset less the estimated residual value is written off to unconsolidated statement of 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 equipment are classified as property, plant and equipment under plant and machinery rather than store, spares and loose tools 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 principle 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 recognized prospectively as a change of accounting estimate.

Maintenance and normal repairs are charged to unconsolidated statement of profit or loss as and when incurred. Improvements are capitalized 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.

An item of property, plant and equipment is derecognized 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 unconsolidated statement of profit or loss in the year the asset is derecognized.

3.2 Intangible assets and amortisation

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 amortized over useful lives and assessed for impairment whenever there is indication that the asset may be impaired. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the cash generated 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 residual value. Amortisation is recognised in unconsolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. 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, 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 unconsolidated statement of profit or loss on a straight line basis over the period of the lease 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 decision 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
- Can utilize 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.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss.

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.

i) Financial assets

a) Initial recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets are classified at initial recognition and subsequently measured at amortized cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. With the exception of trade debts, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15 'Revenue from contracts with customers'.

In order for a financial asset to be classified and measured at amortised cost, or fair value through OCI it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the unconsolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its un-listed equity investment under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss.

c) Impairment of financial assets

The Company recognises an allowance for Expected Credit Loss (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate, where applicable. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for Credit Loss that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for Credit Loss expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. The Company has established a provision matrix for portfolio of customer 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.

ii) Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b) Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

iii) Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's unconsolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the unconsolidated financial statements only when the Company has a legally enforceable right to set off and the Company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.7 Stores, spares and consumables

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value (NRV) 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. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost.

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.

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 expense comprises current and deferred tax. Income tax expense is recognised in the unconsolidated statement of 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 unconsolidated statement of other comprehensive income, respectively.

i) Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. 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. 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 realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income.

iii) 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 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 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 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 profit or loss and other 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 management staff. The pension and gratuity schemes are salary schemes providing pension and lump sums, 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 Deed and its rules, whereas, the trustees are responsible for the day to day management of the Funds.

The Company also operates gratuity scheme for non-management staff and the pensioners’ medical scheme which are unfunded. The pension and gratuity plans are final salary plans. The Company recognises expense in accordance with IAS 19 “Employee Benefits”.

An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method.

All past service costs are recognised 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 other 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 unconsolidated statement of profit or loss at the earlier of when the amendments or curtailment occurs and when the Company has recognised related retirement or termination benefits. 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 where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, It is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

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 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, 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 recognized 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 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

Transactions in foreign currencies are accounted for in Pakistan Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange which approximate those prevailing at the reporting date. Exchange differences are recognised in the statement of profit or loss and other comprehensive income.

3.17 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupees, 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 statement 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 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.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

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 normal credit term is 30 to 90 days upon delivery.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

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) Profit on short-term deposits is accounted for using the effective interest rate method.

c) Dividend income is recognised when the right to receive dividend is established.

d) Toll manufacturing income is recognised when services are rendered.

e) Other income is recognised on accrual basis.

3.21 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).

3.22 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 above accounting policy on variable consideration.

3.23 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 equivalent 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.

4 Significant accounting judgments, estimates and assumptions

The preparation of the Company's unconsolidated financial statements requires management to make judgements, 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 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, 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 judgement 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 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 judgement 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 of the retirement benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes 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 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 and stores and spares

The Company reviews the net realisable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values and also review the inventories for obsolescence.

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 approved accounting standards and new interpretations

5.1 Adoption of amendments to approved accounting standards effective during the year

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year, except as described below:

Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IAS 41	Agriculture – Taxation in fair value measurements
IFRS 16	Leases: Lease incentives

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Company's unconsolidated financial statements.

5.2 Standards, amendments and improvements to approved accounting standards that are not yet effective

The following standards, amendments and improvements to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IAS 12	International Tax Reform – Pillar Two Model Rules - Amendments to IAS	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Company expects that above standards, amendments and improvements to approved accounting standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Amounts in PKR '000

		As at June 30, 2023	As at June 30, 2022
6	**Property, plant and equipment**		
	Operating fixed assets - note 6.1	**24,673,221**	20,269,537
	Capital work-in-progress - note 6.5	**2,835,037**	6,597,615
		27,508,258	26,867,152

6.1 Following is the statement of operating fixed assets:

	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				
	Note 6.2			Note 6.2		Note 6.2 and 6.3			
				As at 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 - note 6.1.1	**-**	**-**	**76,916**	**45,932**	**669,377**	**6,527,237**	**275**	**85,574**	**7,405,311**
Disposals at net book value	**-**	**-**	**-**	**-**	**-**	**(313)**	**-**	**-**	**(313)**
Depreciation charge - note 6.4	**-**	**-**	**(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**	
				As at June 30, 2022					
Net carrying value basis									
Opening net book value	437,309	-	352,341	642,592	2,785,647	11,750,461	29,229	349,589	16,347,168
Additions / transfers	171,627	-	96,294	183,616	391,330	5,237,252	30,118	239,595	6,349,832
Disposals at net book value	-	-	-	-	-	(6,431)	(9,501)	(365)	(16,297)
Depreciation charge - note 6.4	-	-	(30,425)	(61,637)	(204,582)	(1,994,315)	(9,602)	(110,605)	(2,411,166)
Closing net book value	608,936	-	418,210	764,571	2,972,395	14,986,967	40,244	478,214	20,269,537
Gross carrying value basis									
Cost	608,936	562,166	697,971	3,267,859	4,975,363	41,767,499	117,629	1,270,272	54,644,598
Accumulated depreciation	-	(562,166)	(279,761)	(2,503,288)	(2,002,968)	(26,780,532)	(77,385)	(792,058)	(34,375,061)
Closing net book value	608,936	-	418,210	764,571	2,972,395	14,986,967	40,244	478,214	20,269,537
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 Majority of additions pertain to Soda Ash expansion project.

As at June 30, 2023	As at June 30, 2022

6.2 **Particulars of immovable asset 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 Plant and machinery including equipment held with Searle Pakistan Limited for toll manufacturing is as follows:

Cost	**-**	5,886
Net book value	**-**	659

Amounts in PKR '000

		For the year ended June 30, 2023	For the year ended June 30, 2022
6.4	Depreciation charge for the year has been allocated as follows:		
	Cost of sales - note 31	**2,927,366**	2,327,802
	Selling and distribution expenses - note 32	**30,605**	36,147
	Administration and general expenses - note 33	**43,343**	47,217
		3,001,314	2,411,166

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

	Civil works and buildings	Plant and machinery	Miscellaneous equipment	Advances to suppliers / contractors	Designing, consultancy and engineering fee	Total
			As at 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 6.5.1	**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**

			As at June 30, 2022			
Opening balance	225,852	1,408,603	128,215	981,177	288,798	3,032,645
Additions during the year - note 6.5.1	472,974	8,671,742	94,816	333,092	83	9,572,707
Transferred to operating fixed assets during the year	(574,946)	(5,153,409)	(144,436)	(134,946)	-	(6,007,737)
Closing balance	123,880	4,926,936	78,595	1,179,323	288,881	6,597,615

		As at June 30, 2023	As at June 30, 2022
6.5.1	This includes interest charged in respect of long-term loans obtained for projects and for general borrowing determined using an average capitalisation rate of 16.13% (June 30, 2022: 6.48%)	**249,963**	322,620

6.6 There were no disposals of operating fixed assets having net book value in excess of PKR 500,000.

Amounts in PKR '000

7 Intangible assets

	Brands	Goodwill	Software	Licenses	Total
			As at 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 - note 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**	
			As at June 30, 2022		
Net carrying value basis					
Opening net book value	1,437,679	206,374	7,552	26,796	1,678,401
Additions	-	-	919	-	919
Amortisation charge - note 7.1	-	-	(7,851)	(6,201)	(14,052)
Closing net book value	1,437,679	206,374	620	20,595	1,665,268
Gross carrying amount					
Cost	1,437,679	206,374	216,444	241,779	2,102,276
Accumulated amortisation	-	-	(215,824)	(221,184)	(437,008)
Closing net book value	1,437,679	206,374	620	20,595	1,665,268
Amortisation rate % per annum	-	-	20	20 to 50	

	For the year ended June 30, 2023	For the year ended June 30, 2022
7.1 Amortisation charge for the year has been allocated as follows:		
Cost of sales - note 31	**2,103**	2,474
Selling and distribution expenses - note 32	**768**	904
Administration and general expenses - note 33	**9,073**	10,674
	11,944	14,052

7.2 Impairment testing of intangibles with indefinite lives

Goodwill and brands acquired through business combinations and intangibles with 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, 2023.

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 19% 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 4%. As a result of this analysis, the management did not identify any impairment for the cash generating unit to which goodwill of PKR 206.374 million and intangibles with indefinite useful lives (Brands) of PKR 1,437.679 million are allocated.

Key assumptions used in value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- 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.

- Key business assumptions

These assumptions are based on industry data for growth rates, management assess 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 volume and price.

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. Leases of land and buildings generally have lease terms between 2 to 9 years, while motor vehicles generally have lease terms of between 5 years. 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, warehouses, summer houses and beach huts 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 the movement during the year:

	Motor vehicles	**Land and buildings**	**As at June 30, 2023**	As at June 30, 2022
Net carrying value basis				
Opening balance	**2,447**	**160,627**	**163,074**	234,202
Additions	**19,021**	**18,935**	**37,956**	9,527
Depreciation charge - note 8.1	**(2,533)**	**(81,790)**	**(84,323)**	(80,655)
Closing balance	**18,935**	**97,772**	**116,707**	163,074

Set out below is the carrying amount of lease liabilities and the movement during the year:

	As at June 30, 2023	As at June 30, 2022
Opening balance	**184,299**	265,635
Additions	**35,514**	9,527
Accretion of interest - note 35	**27,355**	26,017
Payments	**(137,297)**	(116,880)
Closing balance	**109,871**	184,299
Current portion of lease liabilities	**80,807**	96,117
Non-current lease liabilities	**29,064**	88,182
	109,871	184,299

	For the year ended June 30, 2023	For the year ended June 30, 2022
The following are the amounts recognised in the unconsolidated statement of profit or loss:		
Depreciation expense of right-of-use assets - note 8.1	**84,323**	80,655
Accretion of interest - note 35	**27,355**	26,017
	111,678	106,672

Amounts in PKR '000

		For the year ended June 30, 2023	For the year ended June 30, 2022
8.1	**Allocation of depreciation expense**		
	Cost of sales - note 31	**51,929**	56,009
	Selling and distribution expenses - note 32	**13,211**	10,974
	Administration and general expenses - note 33	**19,183**	13,672
		84,323	80,655

		As at June 30, 2023	As at June 30, 2022
9	**Long-term investments**		
	Unquoted - at cost		
	Subsidiaries		
	- Lucky Core PowerGen Limited (wholly owned) 7,100,000 ordinary shares (June 30, 2022: 7,100,000 ordinary shares) of face value of PKR 100/- each	**710,000**	710,000
	Provision for impairment loss	**(209,524)**	(209,524)
		500,476	500,476
	- Lucky Core Ventures (Private) Limited (wholly owned) 10,000 ordinary shares (June 30, 2022: nil ordinary shares) of face value of PKR 10/- each	**100**	-
	- Lucky TG (Private) Limited (51% owned) 28,050,000 ordinary shares (June 30, 2022: nil ordinary shares) of face value of PKR 10/- each	**280,500**	-
	Associate (June 30, 2022: Subsidiary)		
	- NutriCo Morinaga (Private) Limited [24.5% holding (June 30, 2022: 51% holding)] - note 9.1 20,121,621 ordinary shares (June 30, 2022: 41,884,746 ordinary shares) of face value of PKR 100/- each	**1,904,315**	3,963,982
	Others		
	Equity		
	-Arabian Sea Country Club Limited 250,000 ordinary shares (June 30, 2022: 250,000) of PKR 10/- each	**2,500**	2,500
		2,687,891	4,466,958

9.1 On September 16, 2022, 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 shareholders in the Annual General Meeting dated 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 Company. The Company continues to hold approximately 24.5% of the share capital of NMPL and NMPL is treated as an associate. Refer also note 36.

9.2 The principal place of business of all the investees is in Pakistan.

		As at June 30, 2023	As at June 30, 2022
10	**Long-term loans**		
	Considered good - secured		
	Due from executives and employees - note 10.1	**535,698**	335,032

10.1 Due from executives and employees

	Motor Vehicle	House building	As at June 30, 2023	As at June 30, 2022
Due from executives - note 10.2	**234,527**	**19,864**	**254,391**	146,537
Receivable within one year	**(97,111)**	**(9,401)**	**(106,512)**	(44,613)
	137,416	**10,463**	**147,879**	101,924
Due from employees - note 10.2			**848,414**	711,325
Receivable within one year			**(460,595)**	(478,217)
			387,819	233,108
			535,698	335,032
Outstanding for period:				
- less than three years but over one year			**116,297**	110,592
- more than three years			**419,401**	224,440
			535,698	335,032

10.2 Loans for purchase of motor cars and house building 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 their terms of employment.

11 Long-term deposits

	2023	2022
Deposits	**78,319**	55,250
	78,319	55,250

12 Stores, spares and consumables

	2023	2022
Stores - note 12.1	**139,975**	97,707
Spares - note 12.1	**1,094,683**	1,010,455
Consumables	**3,783,894**	2,993,290
	5,018,552	4,101,452
Provision for slow moving and obsolete stores and spares - note 12.2	**(118,669)**	(135,991)
	4,899,883	3,965,461

12.1 Includes stores, spares and consumables in transit amounting to:	**2,767,833**	73,967

12.2 Movement of provision for slow moving and obsolete stores and spares is as follows:

	2023	2022
Opening balance	**135,991**	124,402
Charge for the year - note 33	**3,291**	11,589
Write-off during the year	**(20,613)**	-
Closing balance	**118,669**	135,991

13 Stock-in-trade

	2023	2022
Raw and packing material including in-transit PKR 2,449.056 million (June 30, 2022: PKR 1,168.159 million) - note 13.3	**10,047,283**	9,311,224
Work-in-process	**450,271**	329,612
Finished goods including in-transit PKR 291.843 million (June 30, 2022: PKR 278.038 million)	**8,526,811**	4,329,784
	19,024,365	13,970,620
Provision for slow moving and obsolete stock-in-trade - note 13.1	**(292,823)**	(126,176)
	18,731,542	13,844,444

Amounts in PKR '000

		As at June 30, 2023	As at June 30, 2022
13.1	Movement of provision for slow moving and obsolete stock-in-trade is as follows:		
	Opening balance	**126,176**	164,631
	Charge for the year - note 33	**190,871**	17,018
	Write-off during the year	**(24,224)**	(55,473)
	Closing balance	**292,823**	126,176

13.2 Stock at cost amounting to PKR 350.435 million (June 30, 2022: PKR 138.829 million) is measured at net realisable value. The related expense amounting to PKR 195.195 million (June 30, 2022: expense of PKR 21.703 million) has been recognised in statement of profit or loss.

13.3 Includes raw and packing materials held with various toll manufacturers:

Bio-Labs (Private) Limited	**12,942**	19,926
Selmore Pharmaceuticals (Private) Limited	**11,220**	7,016
Aamster Laboratories	**9,044**	5,960
Searle Pakistan Limited	**-**	110,152
NovaMed Pharmaceuticals (Private) Limited	**-**	81,110
CSH Pharmaceutical (Private) Limited	**-**	39,621
Others	**-**	2,426
	33,206	266,211

14 Trade debts

Considered good		
- Secured	**2,084,328**	1,142,162
- Unsecured		
Due from associated companies - note 14.1 and 14.2	**37,355**	25,269
Others	**3,596,055**	2,759,686
	5,717,738	3,927,117
Considered doubtful - note 14.3	**121,640**	160,857
	5,839,378	4,087,974
- Allowance for Expected Credit Loss (ECL) - note 14.3	**(121,640)**	(160,857)
- Provision for price adjustments, discounts and sales returns	**(520,247)**	(313,569)
	(641,887)	(474,426)
	5,197,491	3,613,548

14.1 The above balances include amounts due from the following related parties which are neither past due nor impaired as of the reporting date:

Unsecured		
Lucky Textiles Limited	**16,225**	3,428
Yunus Textile Mills Limited	**13,865**	10,082
Lucky Foods (Private) Limited	**2,913**	5,625
Lucky Cement Limited	**2,260**	3,626
Tabba Kidney Institute	**1,323**	1,608
Lucky Al Shumookh Holdings Limited	**224**	-
Al Mabrooka Cement Manufacturing Company Limited	**438**	-
Tabba Heart Institute	**107**	557
Child Life Foundation	**-**	343
	37,355	25,269

Amounts in PKR '000

		As at June 30, 2023	As at June 30, 2022
14.2	The maximum amount outstanding from related parties at any time during the year with reference to month end balances are as follows:		
	Unsecured		
	Lucky Textiles Limited	**44,859**	16,654
	Yunus Textile Mills Limited	**13,865**	36,946
	Tabba Heart Institute	**7,681**	954
	Lucky Foods (Private) Limited	**6,406**	8,027
	Lucky Cement Limited	**3,994**	13,005
	Tabba Kidney Institute	**2,313**	1,608
	Al Mabrooka Cement Manufacturing Company Limited	**438**	-
	Lucky Al Shumookh Holdings Limited	**224**	-
	Child Life Foundation	**-**	1,354
		79,780	78,548

14.3	Movement of allowance for ECL is as follows:		
	Opening balance	**160,857**	184,106
	Reversal during the year-net	**(1,355)**	(6,719)
	Write-off during the year	**(37,862)**	(16,530)
	Closing balance	**121,640**	160,857

15 Loans and advances

	Considered good		
	Loans due from:		
	Executives - note 15.1	**106,512**	44,613
	Employees	**460,595**	478,217
		567,107	522,830
	Advances to:		
	Executives	**21,418**	21,703
	Employees	**63,193**	22,573
	Contractors and suppliers - note 15.2	**433,962**	1,102,832
		518,573	1,147,108
		1,085,680	1,669,938
	Considered doubtful	**26,508**	26,265
		1,112,188	1,696,203
	Allowance for ECL - note 15.3	**(26,508)**	(26,265)
		1,085,680	1,669,938

15.1	The maximum amount outstanding of loans to executives at any time during the year calculated with reference to month end balances are:	**194,450**	79,700

Amounts in PKR '000

15.2 Includes advances to foreign suppliers, having latest maturity within one year, amounting to PKR 31.455 million (June 30, 2022: 39.061 million), details of which are as follows:

		As at June 30, 2023	
Name	**Jurisdiction**	**Amount in foreign currency**	**Amounts in PKR '000**
Erema	Austria	EUR 2,581	808
Beijing Hanlin Hangyu International Trading Company Ltd	China	USD 3,490	998
Anhui Province Yifan Spice	China	USD 1,225	350
Colorcon Limited	England	USD 12,637	3,614
Augustus Oils Ltd.	England	USD 820	235
SEPPIC	France	EUR 24,473	7,658
Henry Lamotte Oils Gmbh	Germany	EUR 2,698	844
Oerlikon Neumag	Germany	EUR 920	288
Maag Germany Gmbh	Germany	EUR 1,160	363
Peter Greven Nederland C.V.	Netherlands	EUR 3,041	952
Borregaard Industries	Norway	USD 1,000	286
Diversey Kimya Sanayi ve Ticaret AS	Turkey	USD 30,308	8,668
Suez Water Technologies & Solutions	United Arab Emirates	EUR 8,013	2,508
Ro Flo Compressors LLC	United States of America	USD 8,911	2,548
Cleveland Gear Company	United States of America	USD 4,145	1,185
Nuetronics Inc.	United States of America	USD 526	150

15.3 Movement of allowance for ECL is as follows:

	As at June 30, 2023	As at June 30, 2022
Opening balance	**26,265**	17,472
Charge for the year-net	**243**	9,783
Write-off during the year	**-**	(990)
Closing balance	**26,508**	26,265

16 Short-term deposits and prepayments

Short-term deposits		
- Trade deposits	**592,605**	597,363
- Others - note 16.1	**1,800,000**	-
Short-term prepayments	**193,541**	131,671
	2,586,146	729,034

16.1 During January 2023, the Company entered into a Share Purchase Agreement 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, subscribed and paid-up capital of LCPL. As per the agreement, the Company paid an amount in an interest bearing ESCROW account in respect of potential acquisition of LCPL. Subsequently, the Company signed an Assignment and Assumption Agreement with Lucky Core Ventures (Private) Limited (LCV) - wholly owned subsidiary of the Company and LCC, indicating that the proceedings of the purchase transaction will now be completed by LCV and accordingly, the deposit will be released to the Company on completion of the transaction.

17 Other receivables

Considered good		
Sales tax refundable	**1,800,115**	1,661,704
Commission and discounts receivable	**44,349**	134,760
Due from subsidiaries - note 17.1	**1,875**	61,875
Due from associated companies - note 17.1	**49,508**	-
Receivable from principal	**103,811**	101,700
Accrued interest income	**138,408**	-
Others	**205,340**	252,702
	2,343,406	2,212,741
Considered doubtful	**18,273**	10,028
	2,361,679	2,222,769
Allowance for ECL - note 17.3	**(18,273)**	(10,028)
	2,343,406	2,212,741

		As at June 30, 2023	As at June 30, 2022
17.1	Due from subsidiaries and 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**	-
	NutriCo Morinaga (Private) Limited - Subsidiary	**-**	60,000
	Lucky Core PowerGen Limited - Subsidiary	**1,875**	1,875
	Lucky Commodities (Private) Limited - Associated Company	**13,442**	-
		51,383	61,875
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:		
	Un-secured		
	Lucky Foods (Private) Limited - Associated Company	**2,733**	-
	NutriCo Morinaga (Private) Limited - Associate	**33,333**	-
	NutriCo Morinaga (Private) Limited - Subsidiary	**-**	60,000
	Lucky Core PowerGen Limited - Subsidiary	**1,875**	1,875
	Lucky Commodities (Private) Limited - Associated Company	**13,442**	-
		51,383	61,875
17.3	Movement of allowance for ECL is as follows		
	Opening balance	**10,028**	9,007
	Charge for the year	**8,245**	1,021
	Closing balance	**18,273**	10,028
18	**Short-term investments**		
	At fair value through profit or loss		
	Investments in mutual funds - note 18.1	**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 9.1. The amount is invested in units of Shariah Compliant mutual funds, which are readily encashable. Details are as follows:

	As at June 30, 2023		**As at June 30, 2022**	
	Number of units	**Value of investment**	**Number of units**	**Value of investment**
UBL - Al Ameen Islamic Cash Fund	**15,080,190**	**1,508,019**	-	-
Meezan Rozana Amdani Fund	**74,408,020**	**3,720,401**	-	-
MCB - Alhamra Islamic Money Market Fund	**21,375,992**	**2,127,125**	-	-
NBP - Islamic Daily Dividend Fund	**159,492,000**	**1,594,920**	-	-
HBL - Islamic Money Market Fund	**36,811,209**	**3,724,190**	-	-
	307,167,411	**12,674,655**	-	-

		As at June 30, 2023	As at June 30, 2022
19	**Cash and bank balances**		
	Cash at banks:		
	- Short-term deposits - note 19.1	**377,000**	127,000
	- Current accounts - note 19.2	**515,228**	208,501
	Cash in hand	**8,027**	17,421
		900,255	352,922

Amounts in PKR '000

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 11.1% to 18.9% (June 30, 2022: 10% to 11.1%).

19.2 This includes balance held with Bank Al-Habib Limited (a related party) amounting to PKR. 193.62 million.

20 Issued, subscribed and paid-up capital

As at June 30, 2023	As at June 30, 2022		**As at June 30, 2023**	As at June 30, 2022
(Number of shares)				
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 (note 19.1)	**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 (note 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 High Court of Sindh.

20.3 As at June 30, 2023, 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, 2022: 81.54%) while institutions held 7.17% (June 30, 2022: 8.02%) and individuals, Modarabas and Mutual Funds and Others held the balance of 11.29% (June 30, 2022: 10.44%) ordinary shares. Voting rights and other shareholders' rights are in proportion to their shareholding.

	As at June 30, 2023	As at June 30, 2022
21 Capital reserves		
Share premium - note 21.1	**309,057**	309,057
Capital receipts - note 21.2	**586**	586
	309,643	309,643

21.1 Share premium includes the 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 of 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 have 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 the amount received from various overseas ICI plc group companies for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments.

22	**Provision for non-management staff gratuity**	**119,701**	117,304

22.1 As stated in note 3.12 to these unconsolidated financial statements, the Company is operating with 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 pension and gratuity schemes are salary schemes providing pension / commutation of pension and lump sum payments, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Company also operates defined benefit gratuity scheme for non-management staff and the pensioners’ medical scheme which are unfunded. Further, as a part of its defined contribution plan, the Company operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff. Actuarial valuation of defined benefit plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2023.

22.2 Plan assets held in trust are governed by local regulations which mainly includes 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

		2023				2022			
		Funded			**Unfunded**	Funded			Unfunded
		Pension	**Gratuity**	**Total**	**Non management gratuity**	Pension	Gratuity	Total	Non management gratuity
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:**								
	Unconsolidated statement of profit or loss								
	Current service cost	**3,007**	**39,289**	**42,296**	**4,069**	5,917	35,831	41,748	4,339
	Interest cost	**75,335**	**84,286**	**159,621**	**13,995**	64,042	57,290	121,332	10,807
	Expected return on plan assets	**(81,115)**	**(84,529)**	**(165,644)**	**-**	(71,128)	(59,518)	(130,646)	-
	Net (reversal) / charge for the year	**(2,773)**	**39,046**	**36,273**	**18,064**	(1,169)	33,603	32,434	15,146
	Unconsolidated statement of other comprehensive income:								
	Loss / (gain) on obligation	**(38,800)**	**28,956**	**(9,844)**	**6,758**	15,396	32,464	47,860	(2,975)
	Gain on plan assets	**60,811**	**24,358**	**85,169**	**-**	15,894	22,198	38,092	-
	Net loss / (gain) for the year	**22,011**	**53,314**	**75,325**	**6,758**	31,290	54,662	85,952	(2,975)
22.3.2	**Movement in the net assets / (liability) recognised in the unconsolidated statement of financial position are as follows:**								
	Opening balance	**44,468**	**(31,966)**	**12,502**	**(117,304)**	74,589	(9,549)	65,040	(118,587)
	Net charge / (reversal) for the year - note 22.3.1	**2,773**	**(39,046)**	**(36,273)**	**(18,064)**	1,169	(33,603)	(32,434)	(15,146)
	Net (gain) / loss for the year - note 22.3.1	**(22,011)**	**(53,314)**	**(75,325)**	**(6,758)**	(31,290)	(54,662)	(85,952)	2,975
	Contributions / payments during the year	**-**	**67,479**	**67,479**	**22,425**	-	65,848	65,848	13,454
	Closing balance	**25,230**	**(56,847)**	**(31,617)**	**(119,701)**	44,468	(31,966)	12,502	(117,304)
22.3.2.1	**Included in other comprehensive income:**								
	Actuarial gain / loss arising from								
	- financial assumptions	**(54,694)**	**5,994**	**(48,700)**	**562**	(5,937)	(3,517)	(9,454)	(579)
	- experience adjustment	**15,894**	**22,962**	**38,856**	**6,196**	21,333	34,657	55,990	(2,396)
	- investment return	**60,811**	**24,358**	**85,169**	**-**	15,894	23,522	39,416	-
		22,011	**53,314**	**75,325**	**6,758**	31,290	54,662	85,952	(2,975)
22.3.3	**The amounts recognised in the statement of financial position are as follows:**								
	Fair value of plan assets - note 22.3.5	**576,829**	**712,319**	**1,289,148**	**-**	691,405	648,300	1,339,705	-
	Present value of defined benefit obligation - note 22.3.4	**(551,599)**	**(769,166)**	**(1,320,765)**	**(119,701)**	(646,937)	(680,266)	(1,327,203)	(117,304)
	Net asset / (liability)	**25,230**	**(56,847)**	**(31,617)**	**(119,701)**	44,468	(31,966)	12,502	(117,304)
	The recognized asset / liability of funded gratuity is netted off against recognized asset / liability of funded pension and recorded accordingly.								
22.3.4	**Movement in the present value of defined benefit obligation is as follows:**								
	Opening balance	**646,937**	**680,266**	**1,327,203**	**117,304**	786,670	648,943	1,435,613	118,587
	Current service cost	**3,007**	**39,289**	**42,296**	**4,069**	5,917	35,831	41,748	4,339
	Interest cost	**75,335**	**84,286**	**159,621**	**13,995**	64,042	57,290	121,332	10,807
	Benefits paid	**(134,880)**	**(63,631)**	**(198,511)**	**(22,425)**	(225,088)	(94,262)	(319,350)	(13,454)
	Actuarial (gain) / loss	**(38,800)**	**28,956**	**(9,844)**	**6,758**	15,396	32,464	47,860	(2,975)
	Closing balance	**551,599**	**769,166**	**1,320,765**	**119,701**	646,937	680,266	1,327,203	117,304

Amounts in PKR '000

		2023				2022			
		Funded			**Unfunded**	Funded			Unfunded
		Pension	**Gratuity**	**Total**	**Non management gratuity**	Pension	Gratuity	Total	Non management gratuity
22.3.5	**Movement in the fair value of plan assets is as follows:**								
	Opening balance	**691,405**	**648,300**	**1,339,705**	**-**	861,259	639,394	1,500,653	-
	Expected return	**81,115**	**84,529**	**165,644**	**-**	71,128	59,518	130,646	-
	Contributions	**-**	**67,479**	**67,479**	**-**	-	65,848	65,848	-
	Benefits paid	**(134,880)**	**(63,631)**	**(198,511)**	**-**	(225,088)	(94,262)	(319,350)	-
	Actuarial loss	**(60,811)**	**(24,358)**	**(85,169)**	**-**	(15,894)	(22,198)	(38,092)	-
	Closing balance - note 22.3.3	**576,829**	**712,319**	**1,289,148**	**-**	691,405	648,300	1,339,705	-

22.3.6	**Historical information**	June 30				
		2023	2022	2021	2020	2019
	Present value of defined benefit obligation	**1,440,466**	1,444,507	1,554,200	1,552,030	1,450,920
	Fair value of plan assets	**(1,289,148)**	(1,339,705)	(1,500,653)	(1,472,361)	(1,402,917)
	Deficit	**151,318**	104,802	53,547	79,669	48,003

		2023	2022
22.3.7	**Major categories / composition of plan assets are as follows:**		
	Debt instruments	**68.70%**	69.49%
	Equity at market value	**27.74%**	28.53%
	Cash / Others	**3.55%**	1.98%

Fair value of plan asset	**Pension**	**Gratuity**	Pension	Gratuity
	As at June 30, 2023		As at June 30, 2022	
Investment				
National Savings deposits	**-**	**-**	394,800	-
Government bonds	**351,821**	**476,919**	60,080	421,246
Corporate bonds	**-**	**56,918**	-	54,771
Shares	**209,976**	**147,588**	221,105	161,064
Cash and term deposits	**15,032**	**30,894**	14,450	11,355
Income receivable / (benefits due)	**-**	**-**	970	(136)
Total	**576,829**	**712,319**	691,405	648,300

The mortality rates are based on 70% of the EFU (61-66) (June 30, 2022: 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 49.754 million (June 30, 2022: PKR 52.958 million).

	2023	2022
Actual return on plan assets during the year	**80,475**	92,554

22.3.8	**The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:**		
	Discount rate	**15.75%**	13.00%
	Future salary increases - Management	**10.25%**	7.50%
	Future salary increases - Non-management	**11.25%**	8.50%
	Future pension increases	**8.00%**	7.50%

22.3.9 Impact of changes in assumptions on defined benefit scheme is as follows:

Assumption	**1% Increase**	**1% Decrease**
	2023	
Discount rate	67,400	(73,895)
Salary increase	(53,719)	49,303
Pension increase	(24,703)	22,767
	2022	
Discount rate	71,862	(79,713)
Salary increase	(52,063)	47,625
Pension increase	(31,089)	28,352

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.

Amounts in PKR '000

		As at June 30, 2023	As at June 30, 2022
22.3.9.1	Expected maturity analysis of undiscounted defined benefit obligation is as follows:		
	Less than a year	**154,362**	176,746
	Between 1-5 years	**1,017,364**	802,532
	Over 5 years	**1,376,086**	1,208,224
		2,547,812	2,187,502
22.3.10	**During the year, the Company's contribution in the fund is as follows:**		
	Provident fund - note 22.4	**180,038**	167,149
	Defined contribution superannuation fund - note 22.4	**160,940**	144,511

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 impact of asset ceiling in these unconsolidated financial statement. The expected contributions for the financial year ending June 30, 2024 for management staff gratuity PKR 58.867 million.

22.3.12 The weighted average duration of the defined benefit obligation is 5.8 years (2022: 6 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.

		As at June 30, 2023	As at June 30, 2022
23	**Long-term loans**	**3,962,751**	4,376,278
	Loans from banking companies / financial institutions:		
	Interest based arrangement		
	Long-Term Finance Facility (LTFF) - note 23.1	**1,196,775**	1,592,207
	Renewable energy - note 23.2	**81,472**	91,656
	Payroll Finance Scheme	**-**	493,412
	Temporary Economic Refinance Facility (TERF) - note 23.3	**2,779,400**	2,312,024
	Shariah compliant		
	Islamic term finance - note 23.4	**725,184**	1,208,921
		4,782,831	5,698,220
	Current portion shown under current liabilities	**(820,080)**	(1,321,942)
		3,962,751	4,376,278

23.1 The Company has obtained LTFF, extended by 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 02 years grace period and is secured against charge over fixed assets of the Company. Markup is charged at concessionary SBP LTFF rate plus 0.3% to 1.5% per annum (June 30, 2022: SBP LTFF rate plus 0.3% to 1.5% per annum). There is no unutilized amount as of the reporting date.

23.2 The Company has obtained Shariah compliant SBP Islamic Financing Facility for Renewable Energy (IFRE) against the total limit of PKR 232 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. Markup is charged at concessionary SBP rate plus 0.5% per annum.

23.3 The Company has obtained Temporary Economic Refinance Facility - TERF, extended by SBP, for the purpose of plant expansion in Soda Ash and Polyester divisions on different dates from various banks amounting to PKR 3,992 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 Company. The markup is charged at SBP rate + 0.3% to SBP rate + 1.5% (June 30, 2022: SBP rate + 0.3% to SBP rate + 1.5%). There is no unutilized amount as of the reporting date.

Government grant has been recorded in respect of this facility. There are no unfulfilled conditions or contingencies attached to this grant.

23.4 The Company has obtained Shariah compliant loans from a commercial bank. These loans are secured against charge on fixed assets of the Company. Grace period for principal repayment has been availed which entails that the first principal repayment falls in August 2021 and the last repayment will be on August 2024. The principal repayments and mark up to be made on a semi annual basis. Markup is charged at 6 months KIBOR + 0.05%. There is no unutilized amount as of the reporting date.

Amounts in PKR '000

		As at June 30, 2023	As at June 30, 2022
24	**Deferred income - Government grant**		
	Government grant	**1,209,936**	1,033,245
	Current portion of government grant	**(207,552)**	(163,440)
		1,002,384	869,805
	Following is the movement in government grant during the year:		
	Opening balance	**1,033,245**	191,980
	Obtained during the year	**346,780**	986,966
	Amortisation of deferred income - government grant	**(170,089)**	(145,701)
	Closing balance	**1,209,936**	1,033,245

		As at June 30, 2023			As at June 30, 2022		
		Opening	**(Income) / Charge**	**Closing**	Opening	(Income) / Charge	Closing
25	**Deferred tax liability - net**						
	Deductible temporary differences						
	Provisions for retirement benefits, allowance for ECL and others	**(309,601)**	**(171,648)**	**(481,249)**	(267,330)	(42,271)	(309,601)
	Retirement fund provisions - note 25.1	**(158,841)**	**(58,173)**	**(217,014)**	(118,173)	(40,668)	(158,841)
	Taxable temporary differences						
	Property, plant and equipment	**2,198,806**	**865,867**	**3,064,673**	1,748,982	449,824	2,198,806
		1,730,364	**636,046**	**2,366,410**	1,363,479	366,885	1,730,364

25.1 Includes amount PKR 58.173 million (June 30, 2022: PKR 40.668 million) routed through other comprehensive income.

		As at June 30, 2023	As at June 30, 2022
26	**Trade and other payables**		
	Trade creditors - note 26.1	**2,666,913**	3,390,938
	Bills payable	**4,808,585**	1,078,949
	Accrued expenses - note 26.2	**5,284,568**	4,733,011
	Technical service fee / royalty	**-**	1,036
	Workers' Profit Participation Fund - note 26.3	**18,708**	51,131
	Workers' Welfare Fund	**420,314**	201,813
	Distributors' security deposits - payable on termination of distributorship - note 26.4	**134,404**	125,311
	Contractors' earnest / retention money	**19,816**	19,971
	Contract liabilities (Running account with customers) - note 26.5	**553,693**	1,060,603
	Payable for capital expenditure	**101,620**	574,112
	Others	**246,274**	150,256
		14,254,895	11,387,131
26.1	This amount includes payable to Lucky Core PowerGen Limited, a related party on account of purchase of electricity:	**528,508**	638,931

26.2 This includes 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 suit before High Court of Sindh (HCS) 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 HCS granted the Company an interim stay. The Company has followed the relevant accounting standards and guidelines issued by the Institute of Chartered Accountants of Pakistan in this regard.

26.3 Workers' Profit Participation Fund

Opening balance	**51,131**	66,541
Allocation for the year - note 34	**350,078**	312,429
	401,209	378,970
Interest on funds utilised in the Company's businesses at Nil (June 30, 2022: 13.67%) per annum - note 35	**-**	340
Payment to the fund	**(382,501)**	(328,179)
Closing balance	**18,708**	51,131

26.4 Interest on security deposits from certain distributors that are placed with various separate bank account is payable at 17% (June 30, 2022: 10% to 11.1%) per annum as specified in the respective agreements. These security deposits are non utilizable. Further, the Company has not utilized any such deposit for the purpose of its business during the year.

26.5 During the year, contract liabilities as at June 30, 2022 have been recognised as revenue. Contract liabilities as at the year end will be recognised as revenue during next financial year.

		As at June 30, 2023	As at June 30, 2022
27	**Short-term financing**		
	Export refinance facility - note 27.1	**1,879,578**	741,000
	Money market loan - note 27.2	**1,800,000**	-
	Short-term running finance - secured - note 27.3 and 27.4	**11,321,068**	10,584,419
		15,000,646	11,325,419

27.1 The Company has availed Export Refinance Facility (ERF) of SBP Part 2, amounting to PKR 1,880 million (June 30, 2022: PKR 741 million) as at June 30, 2023 from various banks. It is secured against charge on current assets of the Company and carries mark-up at SBP rate + 0.50% to 1.00% per annum (June 30, 2022: SBP rate + 0.15% to 1.00% per annum). This facility is interchangeable with short-term running finance provided by the Banks.

27.2 The Company has availed money market loan, amounting to PKR 1,800 million (June 30, 2022: Nil) as at June 30, 2023 from a commercial bank and carries mark-up of 3-month KIBOR + 0.15% per annum. The loan is secured against charge over fixed assets of the Company.

27.3 It represents short-term financing facilities wherein, Islamic Facilities have a limit of PKR 11,761 million (June 30, 2022: PKR 9,361 million). These facilities carry mark-up ranging from KIBOR + 0.02% to KIBOR + 0.50 % per annum (June 30, 2022: Plain KIBOR to KIBOR + 0.50 % per annum). The conventional short-term facilities, have a limit amounting to PKR 10,450 million (June 30, 2022: PKR 7,250 million). These facilities carry mark-up ranging from KIBOR + 0.05% to KIBOR + 0.30% per annum (June 30, 2022: KIBOR + 0.05% to KIBOR + 0.30% per annum). The aforesaid limits are interchangeable with ERF, Payroll Financing and Bank Guarantees as per arrangements with various banks. The facility is secured against charge on current assets of the Company.

27.4 It includes a short-term facility from Bank Al Habib Limited (a related party) with a total limit of PKR 150 million, carrying mark-up at the rate of 3 month KIBOR + 0.10% and is secured against current assets. There is no outstanding balance as at the reporting date.

28 Contingencies and commitments

Claims against the Company not acknowledged as debts are as follows:

	As at June 30, 2023	As at June 30, 2022
Local bodies	**84,500**	84,500
Others	**1,317,621**	6,192
	1,402,121	90,692

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 Rs. 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 order, till the next date of hearing subject to the deposit of Rs. 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 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 case has been fixed for hearing on January 26, 2022.

28.1.2 Suit for damages amounting to Rs. 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 High Court of Sindh.

28.1.3 The Company, amongst others, has recently received a summon for a suit filed by Pakistan International Bulk Terminal for recovery of an aggregate amount of USD 1,613,440 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 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 this respect has been made in these unconsolidated financial statements.

Amounts in PKR '000

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 finalized 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's 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 capitalization of PTA plant was restricted and additions to income were made. In first appeal, the Commissioner (Appeals) [CIR(A)] decided all the issues in Company's favor except the matter of restriction of cost of capitalization.	Income tax	PKR 79 million	Currently appeals of the company and FBR are pending before the Tribunal.
AY 2002-03 and spillover effect in TYs 2003 to 2010	After the disposal of Company's petition by the Honourable Supreme Court of Pakistan, the assessment proceedings were finalized vide Order dated May 15, 2017. 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 this year. Consequently, in this Order, the Officer proceeded to tax the event of transfer of PTA plant & exchange of shares and restrict the claim of depreciation relating to PTA assets. Other matters included the disallowance of financial charges and other issues. Simultaneously, the orders for the Tax Years 2003 to 2010 were issued, to reflect the reduction in carry forward of depreciation. The significant issues as well as that in the subsequent years 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. During the year, the appeals for Tax Years 2003 to 2010 have been heard and reserved for order by Tribunal. Since these involve a consequential matter, the Company is confident that these will also be favorably decided. With respect to the demand involved, the Company has sought stay from the Honourable Sindh High Court which is valid till the decision of Tribunal.	Income tax	(i) AY 2002-03: PKR 2,143 million, deleted by Tribunal. (ii) TYs 2003 to 2010: PKR 1,915 million in aggregate.	(i) Appeal effect order for AY 2002-03 is pending. (ii) Reserved for order by Tribunal.
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. The CIR(A) had allowed all the issues in Company's favor except for one issue in TY 2010 which has been challenged before Tribunal. 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 High Court.	Income tax	TY 2010: PKR 79 million.	Hearings of appeals are pending.
TY 2016	Monitoring proceedings were finalized vide order dated September 2, 2016 wherein demand was raised on account of alleged non-deduction of income tax on dividends paid to parities 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 finalized assessment proceedings vide order dated February 7, 2022, raising tax demand on certain issues including disallowance of finance cost, write-offs, and 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.

Assessment Year / Tax Year / Tax Period	Brief description	Nature of demand	Estimated Financial impact	Authority / Court and status
July 2012 to June 2013	Sales tax audit was finalized 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. Appeal filed with CIR(A) was decided against the Company which has been challenged before the Tribunal.	Sales tax	PKR 952 million	Hearing of appeal before Tribunal is pending
July 2016 to June 2017	Sales tax audit for July 2016 to June 2017 was finalized 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 have also been finalized against the company on certain issues vide order dated June 22, 2023. The Company has filed an appeal before CIR(A) against the order.	Sales tax	PKR 17 million	Hearing of appeal before CIR(A) is pending.
July 2017 to June 2018	Sales tax audit was finalized 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 cases will be decided in favour of the Company. Accordingly, no provision in this respect has been made in these consolidated financial statements.

		As at June 30, 2023	As at June 30, 2022
28.3	**Commitments**		
28.3.1	Commitments in respect of capital expenditure including various projects :	**606,522**	1,873,196
28.3.2	Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:		
	Year		
	2021-22	**-**	2,123
	2022-23	**5,004**	8,491
	2023-24	**6,693**	9,043
	2024-25	**7,128**	9,630
	2025-26	**7,591**	10,256
	2026-27	**8,084**	-
		34,500	39,543
	Payable not later than one year	**5,004**	2,123
	Payable later than one year but not later than five years	**29,496**	37,420
		34,500	39,543
28.3.3	Outstanding letter of credit - unutilized PKR 12,866 million (June 30, 2022: 11,010.930 million)	**6,415,837**	4,860,121
	This includes outstanding letter of credit with Bank Al-Habib Limited (a related party) amounting to PKR 357.15 million - unutilized PKR 642.85 million.		
28.3.4	Outstanding letter of guarantee - unutilized PKR 146.07 million (June 30, 2022: 278.13 million)	**3,421,355**	2,600,000
	This includes outstanding letter of guarantee with Bank Al-Habib Limited (a related party) amounting to PKR 195.79 million - unutilized PKR 4.21 million.		
28.3.5	Commitments in respect of post dated cheques	**600,656**	552,082

Amounts in PKR '000

29 Operating segment results

		Polyester		Soda Ash		Pharma		Animal Health		Chemicals & Agri Sciences		Company	
		For the year ended June 30, 2023	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022
	Sales:												
	Exports												
	Bangladesh	**275**	-	**2,418,614**	2,213,593	**-**	-	**-**	-	**-**	-	**2,418,889**	2,213,593
	Sri Lanka	**-**	-	**1,131,303**	460,886	**-**	-	**-**	-	**-**	-	**1,131,303**	460,886
	United States	**412,521**	734,575	**-**	-	-	-	-	-	**-**	-	**412,521**	734,575
	UAE	**-**	-	**945,205**	89,713	-	-	-	-	**-**	-	**945,205**	89,713
	Others	**6,197**	-	**1,828,735**	615,808	**185,750**	23,462	**-**	-	**-**	-	**2,020,682**	639,270
		418,993	734,575	**6,323,857**	3,380,000	**185,750**	23,462	**-**	-	**-**	-	**6,928,600**	4,138,037
	Inter-segment	**-**	-	**-**	-	-	-	-	-	**95,736**	77,847	**95,736**	77,847
	Local	**47,071,878**	42,331,779	**42,158,187**	26,588,761	**12,327,407**	13,032,544	**8,825,990**	7,151,967	**14,142,663**	12,873,788	**124,526,125**	101,978,839
		47,490,871	43,066,354	**48,482,044**	29,968,761	**12,513,157**	13,056,006	**8,825,990**	7,151,967	**14,238,399**	12,951,635	**131,550,461**	106,194,723
	Commission / toll income	**-**	-	**-**	-	**-**	-	**9,773**	986	**85,624**	176,530	**95,397**	177,516
	Turnover	**47,490,871**	43,066,354	**48,482,044**	29,968,761	**12,513,157**	13,056,006	**8,835,763**	7,152,953	**14,324,023**	13,128,165	**131,645,858**	106,372,239
	Sales tax	**(6,847,981)**	(6,115,322)	**(6,165,045)**	(3,756,158)	**(136,735)**	(43,290)	**(165,106)**	(52,867)	**(1,319,882)**	(1,367,137)	**(14,634,749)**	(11,334,774)
	Commission	**-**	-	**(388,696)**	(262,600)	**-**	-	**-**	-	**-**	-	**(388,696)**	(262,600)
	Discounts / price adjustments	**(191,008)**	(275,091)	**(511,527)**	(885,533)	**(3,217,348)**	(4,127,136)	**(1,826,928)**	(1,483,107)	**(1,293,757)**	(953,973)	**(7,040,568)**	(7,724,840)
		(7,038,989)	(6,390,413)	**(7,065,268)**	(4,904,291)	**(3,354,083)**	(4,170,426)	**(1,992,034)**	(1,535,974)	**(2,613,639)**	(2,321,110)	**(22,064,013)**	(19,322,214)
	Net turnover	**40,451,882**	36,675,941	**41,416,776**	25,064,470	**9,159,074**	8,885,580	**6,843,729**	5,616,979	**11,710,384**	10,807,055	**109,581,845**	87,050,025
	Cost of sales - note 31	**(36,665,694)**	(32,097,437)	**(31,216,195)**	(18,527,524)	**(6,245,043)**	(5,891,067)	**(4,922,089)**	(3,983,145)	**(8,208,829)**	(7,931,807)	**(87,257,850)**	(68,430,980)
	Gross profit	**3,786,188**	4,578,504	**10,200,581**	6,536,946	**2,914,031**	2,994,513	**1,921,640**	1,633,834	**3,501,555**	2,875,248	**22,323,995**	18,619,045
	Selling and distribution expenses - note 32	**(454,171)**	(629,196)	**(1,272,585)**	(1,024,433)	**(1,475,151)**	(1,445,404)	**(875,537)**	(812,588)	**(1,258,155)**	(1,078,616)	**(5,335,599)**	(4,990,237)
	Administration and general expenses - note 33	**(138,670)**	(142,385)	**(1,293,431)**	(1,036,029)	**(434,651)**	(301,673)	**(113,875)**	(60,615)	**(354,345)**	(334,692)	**(2,334,972)**	(1,875,394)
	Operating result	**3,193,347**	3,806,923	**7,634,565**	4,476,484	**1,004,229**	1,247,436	**932,228**	760,631	**1,889,055**	1,461,940	**14,653,424**	11,753,414
29.1	**Segment assets - note 29.5 and 30.3**	**18,331,780**	15,971,757	**50,438,332**	36,580,893	**9,717,738**	7,480,296	**6,388,454**	5,032,145	**15,123,383**	11,418,054	**99,999,687**	76,483,145
	Inter-segment eliminations											**(21,177,288)**	(20,508,805)
29.2	**Unallocated assets**											**2,187,415**	3,966,482
												81,009,814	59,940,822
29.3	**Segment liabilities - note 29.5 and 30.4**	**16,622,712**	17,906,942	**11,605,768**	7,675,488	**5,525,944**	5,243,715	**990,891**	773,209	**3,282,850**	2,328,549	**38,028,165**	33,927,903
	Inter-segment eliminations											**(21,177,288)**	(20,508,805)
29.4	**Unallocated liabilities**											**26,328,293**	20,130,602
												43,179,170	33,549,700

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

29.6	**Depreciation and amortisation - note 6.4, 7.1 and 8.1**	**658,157**	605,577	**2,077,073**	1,568,677	**169,714**	151,880	**74,716**	70,411	**117,921**	109,328	**3,097,581**	2,505,873
29.6.1	Includes depreciation and amortisation allocated for which corresponding asset is not allocated											**46,078**	46,374
29.7	**Capital expenditure**	**479,207**	1,319,521	**2,926,010**	7,537,724	**197,903**	338,277	**52,019**	67,273	**63,284**	86,389	**3,718,423**	9,349,184

29.8 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.

29.9 Operating segments as disclosed do not incorporate the results of subsidiaries as these are separate financial statements of the Company.

Amounts in PKR '000

		For the year ended June 30, 2023	For the year ended June 30, 2022
30	**Reconciliations of reportable segments' net turnover, cost of sales, assets and liabilities**		
30.1	**Net turnover**		
	Total net turnover for reportable segments - note 29	**109,581,845**	87,050,025
	Elimination of inter-segment net turnover - note 29	**(95,736)**	(77,847)
	Total net turnover	**109,486,109**	86,972,178
30.2	**Cost of sales**		
	Total cost of sales for reportable segments - note 31	**87,257,850**	68,430,980
	Elimination of inter-segment purchases - note 31	**(95,736)**	(77,847)
	Total cost of sales	**87,162,114**	68,353,133

		As at June 30, 2023	As at June 30, 2022
30.3	**Assets**		
	Total assets for reportable segments	**99,999,687**	76,483,145
	Inter-segment eliminations	**(21,177,288)**	(20,508,805)
	Long-term investments	**2,187,415**	3,966,482
	Total assets	**81,009,814**	59,940,822
30.4	**Liabilities**		
	Total liabilities for reportable segments - note 29.3	**38,028,165**	33,927,903
	Inter-segment eliminations	**(21,177,288)**	(20,508,805)
	Short-term financing - note 27	**15,000,646**	11,325,419
	Long-term loans - note 23	**4,782,831**	5,698,220
	Accrued mark-up	**927,035**	356,841
	Unclaimed dividend	**124,530**	115,500
	Deferred income - Government grant - note 24	**1,209,936**	1,033,245
	Taxation - net	**4,283,315**	1,403,118
	Contractors' retention money	**-**	198,259
	Total liabilities	**43,179,170**	33,549,700

Amounts in PKR '000

31 Cost of Sales

	Polyester		Soda Ash		Pharma		Animal Health		Chemicals & Agri Sciences		Company	
	For the year ended June 30, 2023	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022
Raw and packing materials consumed												
Opening stock	4,192,184	2,281,303	2,273,597	787,658	970,986	1,276,744	570,644	436,891	1,230,954	1,067,759	9,238,365	5,850,355
Purchases												
Inter-segment	95,736	77,476	-	-	-	371	-	-	-	-	95,736	77,847
Others	30,660,870	29,028,456	12,419,465	7,323,292	4,761,049	3,973,452	2,286,787	1,619,236	5,922,691	5,628,243	56,050,862	47,572,679
	30,756,606	29,105,932	12,419,465	7,323,292	4,761,049	3,973,823	2,286,787	1,619,236	5,922,691	5,628,243	56,146,598	47,650,526
	34,948,790	31,387,235	14,693,062	8,110,950	5,732,035	5,250,567	2,857,431	2,056,127	7,153,645	6,696,002	65,384,963	53,500,881
Closing stock - note 13	(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)
Raw material consumed	31,931,014	27,195,051	10,948,021	5,837,353	4,543,060	4,279,581	2,481,233	1,485,483	5,607,794	5,465,048	55,511,122	44,262,516
Salaries, wages and benefits - note 31.1	754,178	696,715	1,606,460	1,276,141	504,296	425,111	88,812	75,014	186,828	167,961	3,140,574	2,640,942
Stores and spares consumed	300,610	230,511	467,910	343,422	135,141	129,726	23,304	17,807	30,949	32,563	957,914	754,029
Conversion fee paid to contract manufacturers	-	-	-	-	131,005	335,770	11,035	1,137	69,442	58,530	211,482	395,437
Oil, gas and electricity	3,664,854	3,008,440	17,320,196	8,560,050	222,541	177,815	17,231	8,604	68,191	48,404	21,293,013	11,803,313
Rent, rates and taxes	2,284	1,965	9,903	7,720	1,455	1,393	939	783	4	(70)	14,585	11,791
Insurance	27,569	19,678	43,005	31,578	3,800	4,644	1,967	1,858	542	499	76,883	58,257
Repairs and maintenance	15,136	25,288	32,998	16,809	4,998	4,854	2,570	3,394	30,110	20,540	85,812	70,885
Depreciation and amortisation charge - note 6.4, 7.1 & 8.1	653,391	600,560	2,036,981	1,525,224	139,883	123,259	57,946	51,480	93,197	85,762	2,981,398	2,386,285
Travelling	102,245	77,826	26,395	21,030	2,992	2,986	2,831	1,106	5,677	2,273	140,140	105,221
Contracted Services	300,588	249,416	379,446	276,456	4,365	7,953	2,355	1,710	12,158	9,459	698,912	544,994
General expenses	59,111	50,281	170,233	112,469	46,569	21,344	18,721	11,003	39,276	23,674	333,910	218,771
Opening stock of work-in-process	179,217	130,765	-	-	61,197	39,187	58,803	17,796	30,395	13,996	329,612	201,744
Closing 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)
Cost of goods manufactured	37,621,770	32,107,279	33,041,548	18,008,252	5,751,065	5,492,426	2,762,643	1,618,372	6,148,060	5,898,244	85,325,086	63,124,573
Opening stock of finished goods	1,170,947	1,313,045	41,118	560,390	476,282	478,103	438,540	413,908	2,149,580	1,751,130	4,276,467	4,516,576
Finished goods purchased	-	(151,940)	-	-	691,279	411,397	3,178,916	2,374,068	2,364,402	2,449,791	6,234,597	5,083,316
	38,792,717	33,268,384	33,082,666	18,568,642	6,918,626	6,381,926	6,380,099	4,406,348	10,662,042	10,099,165	95,836,150	72,724,465
Closing 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)
Provision for slow moving and obsolete stock-in-trade - note 13.1	-	-	-	-	(48,282)	(14,577)	(10,449)	15,337	(132,140)	(17,778)	(190,871)	(17,018)
	36,665,694	32,097,437	31,216,195	18,527,524	6,245,043	5,891,067	4,922,089	3,983,145	8,208,829	7,931,807	87,257,850	68,430,980

31.1 Staff retirement benefits

Salaries, wages and benefits includes amount in respect of staff retirement benefits:	183,761	160,862

Amounts in PKR '000

32 Selling and distribution expenses

	Polyester		Soda Ash		Pharma		Animal Health		Chemicals & Agri Sciences		Company	
	For the year ended June 30, 2023	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022
Salaries and benefits - note 32.1	**79,914**	79,596	**66,875**	58,985	**681,458**	693,719	**442,142**	367,212	**525,461**	460,676	**1,795,850**	1,660,188
Repairs and maintenance	**136**	-	**1,404**	702	**8,407**	5,553	**3,209**	2,170	**16,429**	14,313	**29,585**	22,738
Advertising and publicity expenses	**23,745**	19,555	**12,293**	12,078	**190,981**	255,429	**44,629**	85,700	**80,231**	66,329	**351,879**	439,091
Rent, rates and taxes	**-**	4	**1,250**	472	**6,703**	3,789	**4,114**	8,300	**12,486**	13,597	**24,553**	26,162
Insurance	**-**	-	**-**	407	**9,350**	12,036	**9,576**	8,941	**11,688**	11,619	**30,614**	33,003
Lighting, heating and cooling	**1**	-	**3,148**	2,574	**5,046**	6,795	**3,282**	2,311	**23,957**	15,230	**35,434**	26,910
Depreciation and amortisation charge - note 6.4, 7.1 & 8.1	**-**	-	**-**	-	**12,120**	14,573	**14,094**	16,052	**18,370**	17,400	**44,584**	48,025
Outward freight and handling	**153,312**	237,017	**973,639**	780,686	**136,758**	107,158	**133,364**	174,519	**167,468**	146,808	**1,564,541**	1,446,188
Travelling expenses	**14,581**	16,215	**8,813**	4,144	**270,639**	226,379	**140,312**	90,138	**143,985**	100,255	**578,330**	437,131
Postage, telegram, telephone and telex	**2,743**	2,212	**7,741**	2,523	**20,376**	17,274	**18,863**	8,841	**20,807**	20,596	**70,530**	51,446
Royalty Note - 32.2	**156,882**	240,251	**160,880**	134,749	**-**	-	**-**	-	**-**	-	**317,762**	375,000
Godown expenses	**-**	-	**25,940**	26,047	**64,256**	44,886	**32,052**	26,520	**131,325**	126,761	**253,573**	224,214
General expenses	**22,857**	34,346	**10,602**	1,066	**69,057**	57,813	**29,900**	21,884	**105,948**	85,032	**238,364**	200,141
	454,171	629,196	**1,272,585**	1,024,433	**1,475,151**	1,445,404	**875,537**	812,588	**1,258,155**	1,078,616	**5,335,599**	4,990,237

32.1 Staff retirement benefits

Salaries and benefits includes amount in respect of staff retirement benefits:	**142,023**	122,327

32.2 Royalty amounting to PKR 317.762 million (June 30, 2022: PKR 375.000 million) is charged by Associate namely "Lucky Holdings Limited" registered on the specified address 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi, Pakistan. 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, 2023	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022
Salaries and benefits - note 33.1	**82,577**	93,103	**934,301**	770,085	**173,148**	152,445	**54,871**	49,584	**246,965**	239,469	**1,491,862**	1,304,686
Repairs and maintenance	**100**	69	**15,637**	12,889	**6,726**	4,847	**1,422**	931	**1,587**	2,020	**25,472**	20,756
Advertising and publicity expenses	**316**	76	**59,719**	14,008	**2,242**	758	**1,347**	258	**6,595**	1,464	**70,219**	16,564
Rent, rates and taxes	**1,155**	16	**126**	721	**5**	(148)	**2**	13	**11**	64	**1,299**	666
Insurance	**65**	52	**12,214**	9,750	**2,966**	2,246	**1,471**	1,339	**1,214**	1,006	**17,930**	14,393
Lighting, heating and cooling	**4,695**	3,303	**15,128**	9,671	**19,258**	13,117	**5,254**	2,992	**9,708**	6,327	**54,043**	35,410
Depreciation and amortisation charge - note 6.4, 7.1 & 8.1	**4,766**	5,017	**40,092**	43,453	**17,711**	14,048	**2,676**	2,879	**6,354**	6,166	**71,599**	71,563
Allowance for ECL	**-**	-	**(5,477)**	-	**10,116**	4,061	**1,833**	(643)	**664**	18,362	**7,136**	21,780
Provision / (reversal) of provision for slow moving and obsolete stock-in-trade note 13.1	**-**	-	**-**	-	**48,282**	14,577	**10,449**	(15,337)	**132,140**	17,778	**190,871**	17,018
Provision for slow moving and obsolete stores and spares - note 12.2	**-**	6,479	**3,245**	5,110	**-**	-	**-**	-	**46**	-	**3,291**	11,589
Travelling expenses	**3,846**	2,286	**14,964**	14,399	**6,297**	7,154	**2,777**	1,379	**4,202**	2,376	**32,086**	27,594
Postage, telegram, telephone and telex	**1,405**	834	**7,823**	7,097	**10,756**	5,745	**2,052**	697	**3,248**	3,078	**25,284**	17,451
General expenses	**39,745**	31,150	**195,659**	148,846	**137,144**	82,823	**29,721**	16,523	**(58,389)**	36,582	**343,880**	315,924
	138,670	142,385	**1,293,431**	1,036,029	**434,651**	301,673	**113,875**	60,615	**354,345**	334,692	**2,334,972**	1,875,394

33.1 Staff retirement benefits

Salaries and benefits includes amounts in respect of staff retirement benefits:	**105,971**	105,263

Amounts in PKR '000

		For the year ended June 30, 2023	For the year ended June 30, 2022
34	**Other charges**		
	Auditors' remuneration - note 34.1	**9,475**	8,890
	Donations - note 34.2	**74,738**	62,104
	Workers' Profit Participation Fund - note 26.3	**350,078**	312,429
	Workers' Welfare Fund	**368,743**	181,478
		803,034	564,901
34.1	**Auditors' remuneration**		
	Statutory audit fee	**4,485**	3,900
	Half yearly review	**2,099**	1,825
	Out of pocket expenses	**658**	573
	Other certifications	**2,233**	2,592
		9,475	8,890

34.2 Represents provision in respect of donation to Lucky Core Foundation (Head office, Karachi). Mr. Asif Jooma, Chief executive of the Company, Mr. Muhammad Abid Ganatra, Director of the Company, Mr. Arshaduddin Ahmed, Mr. Aamer Mahmud Malik, Ms. Laila Bhatia Bawany, Mr. Muhammad Farrukh Rasheed and Mr. Atif Aboobukar, Executives of the Company are amongst the Trustees of the Foundation.

35	**Finance costs**		
	Mark-up on financing	**2,766,427**	627,029
	Interest on Workers' Profit Participation Fund - note 26.3	**-**	340
	Discounting charges on receivables	**85,056**	55,750
	Interest expense on staff loans	**-**	99,179
	Accretion of interest on lease liabilities - note 8	**27,355**	26,017
	Guarantee fee and others	**1,294**	11,519
		2,880,132	819,834
36	**Gain on sale of investment**		
	Proceeds from disposal of shares of subsidiary (USD 45,082,657)	**11,901,821**	-
	Cost of investment disposed	**(2,059,667)**	-
		9,842,154	-

36.1 This represents gain on disposal of 26.5% shareholding of NutriCo Morinaga (Private) Limited. Refer note 9.1.

36.2 Above disposal 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 05, 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 (fair value of 26.5% shareholding works out to be ranging between PKR 3.76 billion to PKR 5.46 billion). As per the valuation report, the fair value does not reflect the impact of potential acquirer's synergies i.e. control premium, after having majority control of NMPL. On January 27, 2023, the Company concluded the transaction at an agreed value of USD 45,082,657 equal to PKR 11.902 billion and transferred the controlling interest to Morinaga Milk Industry Co. Ltd Japan.

Amounts in PKR '000

		For the year ended June 30, 2023	For the year ended June 30, 2022
37	**Other income**		
	Income from financial instruments		
	Service fee from related party - note 37.1	**2,089**	1,650
	Interest income on staff loans	**99,883**	-
	Dividend income from mutual funds	**890,219**	-
	Deferred income - Government grant - note 24	**170,089**	145,701
	Interest income	**388,078**	-
		1,550,358	147,351
	Income from non-financial instruments		
	Scrap sales	**175,317**	144,294
	Gain on disposal of property, plant and equipment	**21,454**	35,139
	Liabilities no longer required written back	**-**	17,695
	Dividend from subsidiary	**300,000**	-
	Sundries	**15,775**	31,005
		2,062,904	375,484

37.1 This includes 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.

38	**Taxation**		
	Current - note 38.1	**7,444,176**	3,543,116
	Deferred	**694,219**	407,432
	Net tax charged - note 38.2	**8,138,395**	3,950,548

38.1 This includes Super Tax on high earning persons, which was levied by the Government for tax year 2022 and onwards, in addition to corporate tax rate of 29%. The Company together with other parties challenged it for tax year 2022 before the Sindh High Court who, vide order dated December 22, 2022, decided the matter in favor of the petitioners being ultra vires to the Constitution of Pakistan.

The FBR challenged the said decision before the Supreme Court of Pakistan who, vide interim order dated February 16, 2023, directed that the taxpayers shall deposit the super tax at the rate of 4% who were liable to pay super tax at the rate of 10%. The Company, complying with the directions, provided security of 4% super tax to the Nazir of High Court which was encashed and deposited with the FBR.

The hearing and appeal before the Supreme Court of Pakistan is pending.

38.2	**Tax reconciliation**		
	Profit before taxation	**21,910,804**	10,199,135
	Tax @ 29% (2022: 29%)	**6,354,133**	2,957,749
	Effect of change in tax rate	**364,044**	212,759
	Tax benefit on income covered under final tax regime	**(442,051)**	(143,194)
	Effect of lower rate of dividend income	**(166,631)**	-
	Effect of super tax	**1,956,019**	916,492
	Others	**72,881**	6,742
	Net tax charged	**8,138,395**	3,950,548
	Average effective tax rate	**37.14%**	38.73%

39	**Basic and diluted earnings per share**		
	Profit after taxation	**13,772,409**	6,248,587
	Weighted average number of ordinary shares outstanding during the year	**92,359,050**	92,359,050
		PKR	
	Basic and diluted earnings per share	**149.12**	67.66

Amounts in PKR '000

		For the year ended June 30, 2023	For the year ended June 30, 2022
40	**Cash flows from operating activities**		
	Profit before taxation	**21,910,804**	10,199,135
	Adjustments for:		
	Depreciation and amortisation - note 6.4, 7.1 and 8.1	**3,097,581**	2,505,873
	Gain on disposal of operating fixed assets - note 37	**(21,454)**	(35,139)
	Gain on sale of investment - note 36	**(9,842,154)**	-
	Provision for staff retirement benefit plan - note 22.3.1	**36,273**	32,434
	Provision for non-management staff gratuity and eligible retired employees' medical scheme	**40,723**	38,383
	Deferred income - Government grant - note 24	**(170,089)**	(145,701)
	Dividend income on mutual funds - note 37	**(890,219)**	-
	Interest income on deposits	**(138,408)**	-
	Dividend income from subsidiary - note 37	**(300,000)**	-
	Finance costs - note 35	**2,880,132**	819,834
	Allowance for ECL - note 33	**7,136**	21,780
	Provision for slow moving and obsolete stock-in-trade - note 13.1	**190,871**	17,018
	Provision for slow moving and obsolete stores and spares - note 12.2	**3,291**	11,589
	Liabilities no longer required written back - note 37	**-**	(17,695)
		16,804,487	13,447,511
	Movement in:		
	Working capital - note 40.1	**(5,696,778)**	(8,342,648)
	Long-term loans	**(200,666)**	276,407
	Long-term deposits and prepayments	**(23,069)**	(15,547)
		10,883,974	5,365,723
40.1	**Movement in working capital**		
	(Increase) in current assets		
	Stores, spares and consumables	**(937,713)**	(2,165,167)
	Stock-in-trade	**(5,077,969)**	(3,292,788)
	Trade debts	**(1,591,079)**	(981,524)
	Loans and advances	**584,258**	(927,946)
	Short-term deposits and prepayments	**(1,901,231)**	(288,038)
	Other receivables	**(130,665)**	(710,044)
		(9,054,399)	(8,365,507)
	Increase in current liabilities		
	Trade and other payables	**3,357,621**	22,859
		(5,696,778)	(8,342,648)

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, 2023	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022
Managerial remuneration	**85,532**	77,206	**59,223**	55,479	**1,227,983**	1,087,734	**1,372,738**	1,220,419
Gratuity	**3,627**	3,371	**2,571**	2,380	**51,848**	48,163	**58,046**	53,914
Provident Fund	**4,369**	4,062	**3,098**	2,868	**97,186**	85,591	**104,653**	92,521
Pension	**4,631**	4,306	**3,284**	3,040	**100,446**	87,221	**108,361**	94,567
Rent and house maintenance	**5,178**	3,808	**-**	-	**396,899**	356,531	**402,077**	360,339
Utilities	**2,565**	1,572	**-**	-	**98,761**	87,794	**101,326**	89,366
Medical and others	**233**	326	**-**	34	**57,833**	38,424	**58,066**	38,784
Bonus paid	**52,585**	49,266	**27,873**	26,775	**507,400**	495,757	**587,858**	571,798
	158,720	143,917	**96,049**	90,576	**2,538,356**	2,287,215	**2,793,125**	2,521,708
Number of persons as at the reporting date	**1**	1	**1**	1	**388**	346	**390**	348

Amounts in PKR '000

		For the year ended June 30, 2023	For the year ended June 30, 2022
41.1	Remuneration paid to Chairman during the year:	**-**	-
41.2	During the year, fee paid to six non-executive directors for attending board and other meetings, which is not part of remuneration amounts to:	**5,156**	4,125

		As at and for the year ended June 30, 2023	As at and for the year ended June 30, 2022
41.3	Total number of employees as at the reporting date	**2,184**	2,182
	Average number of employees during the year	**2,183**	2,106
41.4	Total number of factory employees as at the reporting date	**761**	771
	Average number of factory employees during the year	**766**	760

41.5 The Chief Executive, Director 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:

Relationship with the Company	**Nature of transaction**	**For the year ended June 30, 2023**	For the year ended June 30, 2022
Holding company:			
Lucky Cement Limited	Purchase of goods, materials and services	**72,302**	91,730
	Sale of goods and materials	**33,425**	11,527
	Dividend paid	**1,269,950**	2,031,920
	Reimbursement of expenses	**3,390**	-
Subsidiary companies:			
Lucky Core PowerGen Limited	Purchase of electricity	**1,579,088**	1,891,943
	Provision of services	**1,980**	1,980
	Dividend income	**300,000**	-
	Reimbursement of expenses	**158**	-
NutriCo Morinaga (Private) Limited	Sale of goods and material	**136**	137
	Reimbursement of expenses	**2,744**	67,191
	Investment in subsidiary	**-**	770,182
Lucky TG (Private) Limited	Investment in subsidiary	**280,500**	-
Lucky Core Ventures (Private) Limited	Investment in subsidiary	**100**	-
Associated companies	Purchase of goods, materials and services	**1,295,746**	570,337
	Sale of goods, materials and services	**4,669,676**	2,428,386
	Royalty	**317,762**	375,000
	Dividend paid	**612,807**	980,491
	Donations paid	**59,871**	28,709
	Reimbursement of expenses	**35,255**	-
	Charges for supply of consumables	**13,442**	-
Others	Staff retirement benefits	**408,456**	376,425
Key management personnel	Remuneration paid	**579,703**	528,234
	Post employment benefits	**49,102**	44,427
	Dividend paid	**59,187**	102,868
	Director meeting fee	**5,156**	4,125

42.1 Details of related parties of the Company

Details of 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**
Lucky Core PowerGen Limited	Wholly owned subsidiary & common directorship
Lucky TG (Private) Limited	Subsidiary & common directorship
Lucky Core Ventures (Private) Limited	Wholly owned subsidiary & common directorship
NutriCo Morinaga (Private) Limited	Common directorship
Arabian Sea Country Club Limited	Equity investment
Lucky Cement Limited	Holding company & common directorship
Lucky Holdings Limited	Common directorship
Yunus Textile Mills Limited	Common directorship
Lucky Textile Mills Limited	Common directorship
Gadoon Textile Mills Limited	Common directorship
Lucky Motors Corporation Limited	Common directorship
Lucky Foods (Private) Limited	Common directorship
Lucky Core Management Staff Provident Fund	Common directorship
Lucky Core Management Staff Gratuity Fund	Common directorship
Lucky Core Management Staff Defined Contribution Superannuation Fund	Common directorship
Lucky Core Non-Management Staff Provident Fund	Common directorship
Lucky Core Management Staff Pension Fund	Common directorship
Lucky Core Foundation	Common directorship
Lahore University of Management Sciences	Common directorship
Child Life Foundation	Common directorship
Pakistan Business Council	Common directorship
Global Commodities Limited	Common directorship
Tabba Kidney Institute	Common directorship
Tabba Heart Institute	Common directorship
National Bank of Pakistan	Common directorship
YB Pakistan Limited	Common directorship
Lucky Commodities (Private) Limited	Common directorship
Systems Limited	Common directorship
Bank Al Habib Limited	Common directorship
Siemens (Pakistan) Engineering Company Limited	Common directorship
The Kidney Centre Institute	Common directorship
International Industries Limited	Common directorship
Lucky Landmark (Private) Limited	Common directorship
NutriCo Pakistan (Private) Limited Provident Fund	Common directorship
Lucky Al Shumookh Holdings Limited (Republic of Iraq)	Common directorship
Al Mabrooka Cement Manufacturing Company Limited (Republic of Iraq)	Common directorship
Nyumba Ya Akiba S.A. (Democratic Republic of Kongo)	Common directorship
Asif Jooma	Key management personnel
M. Abid Ganatra	Key management personnel
Atif Aboobukar	Key management personnel
Nauman Afzal	Key management personnel
Arshaduddin Ahmed	Key management personnel
Aamer Mahmud Malik	Key management personnel
Muhammad Farrukh Rasheed	Key management personnel
Laila Bhattia Bawany	Key management personnel
Eqan Ali Khan	Key management personnel

43 Plant capacity and annual production

- in metric tonnes:

	For the year ended June 30, 2023		For the year ended June 30, 2022	
	Annual Name Plate Capacity	**Production**	Annual Name Plate Capacity	Production
Polyester	**122,250**	**124,866**	122,250	139,099
Soda Ash - note 43.1	**560,000**	**512,002**	442,000	443,974
Sodium Bicarbonate	**54,000**	**42,150**	54,000	46,217

43.1 Out of total production of 512,002 metric tonnes (June 30, 2022: 443,974 metric tonnes) soda ash, 37,935 metric tonnes (June 30, 2022: 41,595 metric tonnes) was transferred for production of 42,150 metric tonnes (June 30, 2022: 46,217 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 reason for shortfall in the annual production of Sodium bicarbonate against name plate capacity is the prevailing market conditions during the year.

44 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The different levels of fair valuation method have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data.

As of the reporting date, except for the Company's investment in mutual funds (which is valued under Level 1), none of the financial instruments are carried at fair value in these unconsolidated financial statements.

The carrying value of all financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

45 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 minimize potential adverse effects on the Company's financial performance.

45.1 Risk management framework

The Board of Directors has 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 Market risk

Market risk is the risk that the value 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. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

46.1 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 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:

	As at June 30, 2023	As at June 30, 2022
Fixed rate instruments		
Financial assets - note 19	**377,000**	127,000
Financial liabilities	**(6,181,500)**	(5,529,725)
	(5,804,500)	(5,402,725)
Variable rate instruments		
Financial assets - note 16	**1,800,000**	-
Financial liabilities	**(13,846,252)**	(11,793,340)
	(12,046,252)	(11,793,340)

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 1,204.625 million (June 30, 2022: PKR 1,179.334 million).

46.2 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**
		As at June 30, 2023		
Trade debts	**-**	**-**	**1,953,711**	**-**
Other receivables	**-**	**-**	**128,384**	**-**
Cash and bank balances	**-**	**-**	**424,483**	**-**
	-	**-**	**2,506,578**	**-**
Trade and other payables	**(13,920,242)**	**(138,229)**	**(14,067,695)**	**(22,934)**
Gross statement of financial position exposure	**(13,920,242)**	**(138,229)**	**(11,561,117)**	**(22,934)**
		As at June 30, 2022		
Other receivables	-	-	-	-
Cash and bank balances	-	-	108,142	-
	-	-	108,142	-
Trade and other payables	(360,589)	(51,229)	(439,045)	(909)
Gross statement of financial position exposure	(360,589)	(51,229)	(330,903)	(909)

Significant exchange rates applied during the year were as follows:

	Average rate		**Spot rate**	
	For the year ended June 30, 2023	For the year ended June 30, 2022	**As at June 30, 2023**	As at June 30, 2022
PKR per	**PKR**		**PKR**	
EURO	**244.24**	190.75	**312.93**	213.81
USD	**245.30**	177.43	**285.99**	204.85
GBP	**327.11**	235.47	**364.14**	248.48
CNY	**36.56**	27.48	**39.67**	30.60

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 391.019 million (June 30, 2022: PKR 9 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2023, 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, 2023 and June 30, 2022 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)**
2023					
Pak Rupee	**+10%**	**55,221**	**4,326**	**330,637**	**835**
Pak Rupee	**-10%**	**(55,221)**	**(4,326)**	**(330,637)**	**(835)**
2022					
Pak Rupee	+10%	1,103	1,095	6,779	23
Pak Rupee	-10%	(1,103)	(1,095)	(6,779)	(23)

Amounts in PKR '000

47 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:

	As at June 30, 2023	As at June 30, 2022
47.1 Financial assets		
Long-term investments - note 9	**2,500**	2,500
Loans to executives and employees- note 10	**1,102,805**	857,862
Long-term deposits - note 11	**78,319**	55,250
Trade debts - note 14	**5,197,491**	3,613,548
Short-term deposits - note 16	**1,800,000**	-
Other receivables	**543,291**	551,037
Short-term investment - note 18	**12,674,655**	-
Bank balances - note 19	**892,228**	335,501
	22,291,289	5,415,698

47.2 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+ as per the ratings by PACRA / Moody's / JCR-VIS.

47.3 Financial assets		
- Secured	**3,187,133**	2,000,024
- Unsecured	**19,104,156**	3,415,674
	22,291,289	5,415,698

47.4 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**	
	As at June 30, 2023				
Total gross carrying amount	**4,655,002**	**418,288**	**5,121**	**119,080**	**5,197,491**
Expected credit loss	-	-	**(2,561)**	**(119,080)**	**(121,641)**
Expected credit loss effective rate	-	-	**50%**	**100%**	**2%**

	As at June 30, 2022				
Total gross carrying amount	3,037,669	411,087	7,870	156,922	3,613,548
Expected credit loss	-	-	(3,935)	(156,922)	(160,857)
Expected credit loss effective rate	-	-	50%	100%	4%

47.5 There were no past due or impaired receivables from related parties.

47.6 Concentration risk

The sector wise analysis of receivables, comprising trade debts, loans and advances and bank balances are given below:

	As at June 30, 2023	As at June 30, 2022
Textile and Chemicals	**727,179**	829,573
Glass	**917,389**	579,407
Paper and Board	**169,576**	142,489
Pharmaceuticals	**68,306**	132,950
Detergents	**500,628**	285,954
Paints	**193,708**	127,160
Banks	**884,201**	335,501
Others	**3,862,560**	3,373,075
	7,323,547	5,806,109
Allowance for ECL:		
- trade debts - note 14	**(121,640)**	(160,857)
- loans and advances - note 15	**(26,508)**	(26,265)
	(148,148)	(187,122)
	7,175,399	5,618,987

47.7 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.

48 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.

	Carrying amount	Contractual cash flows	Less than one year
		As at June 30, 2023	
Financial liabilities			
Trade creditors - note 26	**2,666,913**	**(2,666,913)**	**(2,666,913)**
Bills payable - note 26	**4,808,585**	**(4,808,585)**	**(4,808,585)**
Accrued mark-up	**927,035**	**(927,035)**	**(927,035)**
Lease liabilities - note 8	**109,871**	**(109,871)**	**(80,807)**
Accrued expenses - note 26	**4,486,080**	**(4,486,080)**	**(4,486,080)**
Distributors' security deposits - payable on termination of distributorship - note 26	**134,404**	**(147,844)**	**(147,844)**
Contractors' earnest / retention money - note 26	**19,816**	**(19,816)**	**(19,816)**
Unclaimed dividends	**124,530**	**(124,530)**	**(124,530)**
Payable for capital expenditure - note 26	**101,620**	**(101,620)**	**(101,620)**
Other payables - note 26	**246,274**	**(246,274)**	**(246,274)**
Long-term loans	**5,992,767**	**(5,992,767)**	**(1,027,632)**
Short-term financing - note 27	**15,000,646**	**(15,000,646)**	**(15,000,646)**
	34,618,541	**(34,631,981)**	**(29,637,782)**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

		As at June 30, 2022	
Financial liabilities			
Trade creditors - note 26	3,390,938	(3,390,938)	(3,390,938)
Bills payable - note 26	1,078,949	(1,078,949)	(1,078,949)
Accrued mark-up	356,841	(356,841)	(356,841)
Lease liabilities - note 8	184,299	(184,299)	(96,117)
Accrued expenses - note 26	3,934,523	(3,934,523)	(3,934,523)
Technical service fee / royalty - note 26	1,036	(1,036)	(1,036)
Distributors' security deposits - payable on termination of distributorship - note 26	125,311	(137,842)	(137,842)
Contractors' earnest / retention money - note 26	19,971	(19,971)	(19,971)
Unclaimed dividends	115,500	(115,500)	(115,500)
Payable for capital expenditure - note 26	574,112	(574,112)	(574,112)
Other payables - note 26	150,256	(150,256)	(150,256)
Long-term loans	6,731,465	(6,731,465)	(1,485,382)
Contractors' retention money	198,259	(198,259)	-
Short-term financing - note 27	11,325,419	(11,325,419)	(11,325,419)
	28,186,879	(28,199,410)	(22,666,886)

49 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, 2023 and June 30, 2022 is as follows:

	As at June 30, 2023	As at June 30, 2022
Long-term loans - note 23	**4,782,831**	5,698,220
Contractors' retention money	**-**	198,259
Short-term financing - note 27	**15,000,646**	11,325,419
Total debt	**19,783,477**	17,221,898
Short-term investments - note 18	**(12,674,655)**	-
Cash and bank balances - note 19	**(900,255)**	(352,922)
Net debt	**6,208,567**	16,868,976
Issued, subscribed and paid up capital - note 20	**923,591**	923,591
Capital reserves - note 21	**309,643**	309,643
Revenue reserve - unappropriated profit	**36,597,410**	25,157,888
Equity	**37,830,644**	26,391,122
Capital	**44,039,211**	43,260,098
Gearing ratio (Net debt / (Net debt + Equity)	**14.10%**	38.99%

50 Subsequent event

50.1 The Directors in their meeting held on August 2, 2023 have recommended a final dividend of PKR 33.00 per share (June 30, 2022: PKR 15.00 per share) in respect of year ended June 30, 2023. This dividend is in addition to interim dividend paid of PKR 10.00 per share during the current year. The unconsolidated financial statements for the year ended June 30, 2023 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

51 General

51.1 Date of authorisation

These unconsolidated financial statements were authorised for issue in the Board of Directors meeting held on August 02, 2023.

Amounts in PKR '000

51.2 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report except as follows:

	Reclassification		
Description	**From**	**To**	**As at June 30, 2022**
Inventory used for energy generation	Stock-in-trade	Stores, spares and consumables	2,824,488

51.3 Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Atif Aboobukar
Chief Financial Officer

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Comparison of Results for Ten Years

As at June 30

	2013-14	2014-15	2015-16
Statement of Financial Position			
Equity	11,237,427	12,717,080	14,416,528
Revaluation Reserves	639,372	576,458	829,645
Total Equity and Revaluation Reserve	11,876,799	13,293,538	15,246,173
Non Current Liability	3,486,365	2,762,532	5,174,242
Current Liability	7,574,254	10,613,713	10,167,615
Total Equity and Liabilities	**22,937,418**	**26,669,783**	**30,588,030**
Non Current Assets	12,500,614	15,843,044	18,909,694
Current Assets	10,436,804	10,826,739	11,678,336
Total Assets	**22,937,418**	**26,669,783**	**30,588,030**
Statement of Profit or Loss			
Turnover	42,698,659	42,593,948	42,689,368
Net Turnover	38,233,477	37,515,328	36,954,437
Cost of Sales	33,581,636	31,725,574	30,475,911
Gross profit	4,651,841	5,789,754	6,478,526
Operating Result	2,225,934	3,044,107	3,478,707
Profit before taxation	1,980,964	2,703,494	3,498,266
Profit after taxation	1,702,216	2,125,708	2,843,186
Summary of Cash Flows			
Cash generated from/(used in) operations	4,818,897	5,015,304	4,788,015
Net cash generated from/(used in) operating activities	3,806,585	3,748,417	3,680,106
Net cash generated from/(used in) investing activities	(2,400,932)	(4,372,472)	(4,138,316)
Net cash generated from/(used in) financing activities	933,274	(1,554,652)	404,044
Cash and cash equivalents at June 30	414,727	(1,763,980)	(1,818,146)

Amounts in PKR '000

2016-17	2017-18	2018-19 Restated	2019-20 Restated	2020-21	2021-22	2022-23
16,183,900	17,411,939	18,608,940	20,231,807	23,879,208	26,391,122	37,830,644
743,948	669,495	-	-	-	-	-
16,927,848	18,081,434	18,608,940	20,231,807	23,879,208	26,391,122	37,830,644
6,243,246	10,248,010	8,539,214	8,024,059	5,288,760	7,380,192	7,480,310
12,984,767	14,818,685	16,366,077	13,253,245	14,635,597	26,169,508	35,698,860
36,155,861	**43,148,129**	**43,514,231**	**41,509,111**	**43,803,565**	**59,940,822**	**81,009,814**
22,996,164	25,881,937	24,938,990	24,650,897	25,640,334	33,552,734	32,590,756
13,159,697	17,266,192	18,575,241	16,858,214	18,163,231	26,388,088	48,419,058
36,155,861	**43,148,129**	**43,514,231**	**41,509,111**	**43,803,565**	**59,940,822**	**81,009,814**
47,548,639	55,591,275	65,383,089	64,781,546	77,481,030	106,294,392	131,550,122
41,363,695	49,107,580	58,328,849	53,598,537	62,617,966	86,972,178	109,486,109
33,598,220	40,553,323	48,877,125	43,042,158	48,269,723	68,353,133	87,162,114
7,765,475	8,554,257	9,451,724	10,556,379	14,348,243	18,619,045	22,323,995
4,043,576	4,397,841	4,935,414	5,669,239	8,398,838	11,753,414	14,653,424
4,394,370	3,650,402	3,180,506	4,329,883	8,228,802	10,199,135	21,910,804
3,296,091	3,059,704	2,304,912	3,095,858	5,959,446	6,248,587	13,772,409
5,569,176	358,766	7,034,995	9,984,563	10,378,489	5,365,723	10,883,974
4,824,855	(1,401,590)	4,528,566	7,547,855	9,067,160	2,877,176	4,267,346
(4,930,518)	(5,752,562)	(2,267,022)	(1,007,464)	(2,866,835)	(10,061,758)	8,433,909
(52,889)	1,993,226	(1,942,919)	(2,616,564)	(4,612,691)	(2,222,771)	(3,154,494)
(1,976,698)	(7,137,624)	(6,818,999)	(3,152,778)	(1,565,144)	(10,972,497)	(1,425,736)

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LUCKY CORE INDUSTRIES

Lucky Core Industries and its Subsidiary Companies

Consolidated Financial Statements

YBG

Report of the Directors

for the year Ended June 30, 2023 (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, 2023. 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, 2023, has been presented separately.

The Net Turnover of PowerGen for the year ended stood at PKR 1,442 million, which is 14% lower as compared to the SPLY. This was mainly due to the lower sale of electricity units by 30% from the SPLY partially offset by an increase in electricity prices backed by higher HFO prices. The Operating Result at PKR 124 million, declined by 19% against the SPLY due to lower volumes and higher cost of sales.

In January 2023, the Company successfully concluded the sale of 21,763,125 ordinary shares of NutriCo Morinaga Private Limited (‘NMPL’) (constituting approximately 26.5% of the issued and paid up share capital of NMPL) at an aggregate price of USD 45,082,657 to Morinaga Milk Industry Co. Ltd Japan. Consequently, an aggregate sum of PKR 9,842 million was recorded in the standalone financial statements of the Company which includes premium for the loss of control amounting to PKR 7,782 million and gain on aforementioned divestment amounting to PKR 2,560 million. The Company continues to hold approximately 24.5% shareholding in NMPL, an ‘Associated Company’, whilst Morinaga Milk’s shareholding has increased to 51% in NMPL.

In accordance with IFRS 5 - Non Current Asset Held for Sale and discontinued operation, investment in NMPL in these consolidated group results was classified as ‘Discontinued Operations’ prior to the divestment of the aforementioned shares (Period from 1 July 2022 to 27 January 2023). Subsequent to divestment, it was classified as an ‘Associate.’ Consequently, the Share of Loss from Associate amounting to PKR 12 million has been recognised in the consolidated financial statements for the period from 28 January 2023 to June 2023 for the year ended 30 June 2023.

On a consolidated basis (including the result of the Company’s subsidiary PowerGen), the Net Turnover for the year under review from continuing operations at PKR 109,544 million is higher by 26% over the SPLY. Whereas the Operating Result from continuing operations at PKR 14,767 million is higher by 24% in comparison to the SPLY.

On a consolidated basis, PAT for the year under review for both continuing and discontinued operations at PKR 17,773 million is 101% higher than the SPLY, whereas EPS attributable to the owners of the holding company for both continuing and discontinued operations at PKR 190.15 is 107% higher than the SPLY. The increase is primarily attributable to the profit after tax from discontinued operations of PKR 10,092 million which mainly includes gain recorded on account of sale of shares of NMPL and remeasurement of the remaining 24.5% shareholding of NMPL in accordance with the relevant IFRS.

Muhammad Sohail Tabba
Chairman

Asif Jooma
Chief Executive

Dated: August 02, 2023

Karachi

Building a better
working world

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Independent Auditors' Report

To the members of Lucky Core Industries Limited

Report on the Audit of Consolidated Financial Statements

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 **30 June 2023**, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at **30 June 2023**, 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 *Auditors' 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:

Key audit matter	How our audit addressed the key audit matter
1. Revenue recognition	
The Group earns revenue from multiple business lines which operate as distinct business units with significant volume of revenue transactions. The recognition of revenue relating to each business line depends on the nature of contractual arrangements with the customers. Revenue is recorded in accordance with the requirements of IFRS 15 which provides a comprehensive model of revenue recognition and requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying the model to contracts with customers. We identified revenue recognition as a key audit matter due to significant volume of transactions, and the amount of audit efforts in relation to this area. Please refer notes 1 and 30.1 to the consolidated financial statements.	Our key audit procedures in this area amongst others included the following; - Reviewed the terms and conditions of distinct sale transactions and assessed the appropriateness of the revenue recognition policies and practices followed by the Group. - Obtained an understanding of management's internal controls over the revenue process and tested the effectiveness of those controls for the purposes of our audit, specifically in relation to recognition of revenue and completeness thereof. - Performed analytical review procedures and other test of details over various revenue streams including the cut-off procedures to check that revenue has been recognized in the appropriate accounting period; and - Considered the adequacy of the related disclosures in respect of revenues in accordance with the applicable financial reporting standards.

Key audit matter	How our audit addressed the key audit matter
2. Disposal of Nutrico Morinaga business segment	
As disclosed in note 37 to the consolidated financial statements, the Group has disposed off its 26.5% shareholding in Nutrico Morinaga (Private) Limited [Nutrico]. Prior to the completion of the transaction, the Group held 51% shareholding in Nutrico. This transaction has resulted in deconsolidation of Nutrico with effect from 27 January 2023. Due to the significance of the transaction and its impact on the statement of profit or loss of the Group, we identified the same as a key audit matter for our audit.	Our key audit procedures in this area amongst others included the following; - Obtained an understanding of the transaction by - reading the share purchase agreement (the agreement) between the Group and Morinaga Milk Industry Co. Ltd (purchaser), and - reading relevant minutes of the meetings of those charged with governance and the shareholders for discussion in relation to the transaction. - Assessed the appropriateness of accounting treatment of the transaction applied in the financial statements and checked the calculation of the gain in accordance with the applicable financial reporting standards. - Checked the realization of the sale consideration in respect of disposal of shareholding in Nutrico from the bank statement. - Involved an expert to review the tax implication of the transaction on the financial statements; and - Considered the adequacy of the disclosures in accordance with the applicable financial reporting standards.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our Auditors' report 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 Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 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.

Board of directors are responsible for overseeing the Group's financial reporting process.

Auditors’ 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 Auditors’ 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 Auditors’ 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 Auditors’ 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. 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.
- 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 auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent Auditors’ report is **Arslan Khalid.**

EY Ford Rhodes

Date: 01 September 2023
Karachi
UDIN Number: AR202310191u4kiLIMEY

EY Ford Rhodes
Chartered Accountants

Consolidated Statement of Financial Position

As at June 30, 2023

Amounts in PKR '000

	Note	**June 30, 2023**	June 30, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	**27,598,290**	32,296,855
Intangible assets	7	**1,663,883**	9,440,221
Right-of-use assets	8	**116,707**	163,074
		29,378,880	41,900,150
Long-term investments	9	**10,994,914**	2,500
Long-term loans	10	**536,961**	360,011
Long-term deposits	11	**78,319**	55,445
		11,610,194	417,956
		40,989,074	42,318,106
Current assets			
Stores, spares and consumables	12	**4,988,109**	4,060,122
Stock-in-trade	13	**18,785,237**	16,860,674
Trade debts	14	**5,197,027**	4,820,447
Loans and advances	15	**1,608,251**	1,844,931
Short-term deposits and prepayments	16	**2,586,442**	793,520
Other receivables	17	**2,379,569**	3,738,493
Short-term Investments	18	**12,674,655**	-
Cash and bank balances	19	**1,027,727**	693,356
		49,247,017	32,811,543
Total assets		**90,236,091**	75,129,649

Amounts in PKR '000

	Note	**June 30, 2023**	June 30, 2022
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (June 30, 2022: 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	**309,643**	309,643
Revenue reserve - unappropriated profit		**42,458,096**	27,229,297
Attributable to the equity holders of the Holding Company		**43,691,330**	28,462,531
Non-controlling interests		**262,906**	4,828,721
Total equity		**43,954,236**	33,291,252
Non-current liabilities			
Provision for non-management staff gratuity	22	**121,266**	118,869
Long-term loans	23	**3,962,751**	6,044,640
Lease liabilities	8	**29,064**	88,182
Deferred Income - Government grant	24	**1,002,384**	870,055
Deferred tax liability - net	25	**5,910,788**	2,812,745
Contractor's retention money		**-**	198,259
		11,026,253	10,132,750
Current liabilities			
Taxation - net		**4,295,469**	1,085,812
Trade and other payables	26	**13,799,483**	14,317,974
Accrued mark-up		**927,035**	441,018
Short-term financing	27	**15,000,646**	13,705,104
Current portion of long-term loans	23	**820,080**	1,779,682
Current portion of lease liabilities	8	**80,807**	96,117
Current portion of deferred income - Government grant	24	**207,552**	164,440
Unclaimed dividend		**124,530**	115,500
		35,255,602	31,705,647
Total equity and liabilities		**90,236,091**	75,129,649
Contingencies and commitments	28		

The annexed notes 1 to 51 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, 2023

Amounts in PKR '000

	Note	**For the year ended June 30, 2023**	For the year ended June 30, 2022
Net turnover	30.1	**109,543,700**	86,972,171
Cost of sales	30.2	**(87,092,689)**	(68,148,208)
Gross profit		**22,451,011**	18,823,963
Selling and distribution expenses	32	**(5,335,599)**	(4,990,238)
Administration and general expenses	33	**(2,348,875)**	(1,926,248)
Operating result		**14,766,537**	11,907,477
Other charges	34	**(613,086)**	(574,406)
Finance costs	35	**(2,880,132)**	(817,147)
Exchange loss		**(965,876)**	(545,755)
		(4,459,094)	(1,937,308)
Other income	36	**1,761,950**	2,221,909
Share of loss from associate	9.1	**(11,701)**	-
Profit before taxation from continuing operations		**12,057,692**	12,192,078
Taxation	38	**(4,377,035)**	(4,137,145)
Profit after taxation from continuing operations		**7,680,657**	8,054,933
Discontinued operations			
Profit after taxation from discontinued operations	37.1 & 37.4	**10,092,201**	805,089
Profit after taxation		**17,772,858**	8,860,022
Attributable to:			
Equity holders of the Holding Company		**17,561,686**	8,465,529
Non-controlling interests		**211,172**	394,493
		17,772,858	8,860,022
Basic and diluted earnings per share (PKR)	39		
- continuing operations		**83.16**	87.21
- discontinued operations		**106.99**	4.45
		190.15	91.66

The annexed notes 1 to 51 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 Other Comprehensive Income

For the year ended June 30, 2023

Amounts in PKR '000

	For the year ended June 30, 2023	For the year ended June 30, 2022
Profit after taxation	**17,772,858**	8,860,022
Other comprehensive loss		
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement of defined benefit plans	**(82,083)**	(82,977)
Income tax effect	**58,173**	40,667
	(23,910)	(42,310)
Total comprehensive income for the year	**17,748,948**	8,817,712
Attributable to:		
Equity holders of the Holding Company	**17,537,776**	8,423,219
Non-controlling interests	**211,172**	394,493
	17,748,948	8,817,712

The annexed notes 1 to 51 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 Changes in Equity

For the year ended June 30, 2023

Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserve - unappropriated profit	Total reserves	Non-controlling interests	Total equity
As at July 1, 2021	**923,591**	**309,643**	**22,500,442**	**22,810,085**	**1,665,538**	**25,399,214**
Final dividend for the year ended June 30, 2021 @ PKR 20.00/- per share	-	-	(1,847,182)	(1,847,182)	-	(1,847,182)
Interim dividend for the year ended June 30, 2022 @ PKR 20.00/- per share	-	-	(1,847,182)	(1,847,182)	-	(1,847,182)
	-	-	(3,694,364)	(3,694,364)	-	(3,694,364)
Non-controlling interest arising on step acquisition including issuance of shares	-	-	-	-	2,768,690	2,768,690
Profit after tax	-	-	8,465,529	8,465,529	394,493	8,860,022
Other comprehensive loss for the year - net of tax	-	-	(42,310)	(42,310)	-	(42,310)
Total comprehensive income	-	-	8,423,219	8,423,219	394,493	8,817,712
As at June 30, 2022	**923,591**	**309,643**	**27,229,297**	**27,538,940**	**4,828,721**	**33,291,252**
Final dividend for the year ended June 30, 2022 @ PKR 15.00/- per share	-	-	(1,385,386)	(1,385,386)	-	(1,385,386)
Interim dividend for the year ended June 30, 2023 @ PKR 10.00/- per share	-	-	(923,591)	(923,591)	-	(923,591)
	-	**-**	**(2,308,977)**	**(2,308,977)**	**-**	**(2,308,977)**
Derecognition due to disposal of subsidiary	-	-	-	-	(5,046,487)	(5,046,487)
Acquisition of subsidiary	**-**	**-**	**-**	**-**	269,500	269,500
Profit after tax	-	-	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	**-**	**-**	**17,537,776**	**17,537,776**	**211,172**	**17,748,948**
As at June 30, 2023	**923,591**	**309,643**	**42,458,096**	**42,767,739**	**262,906**	**43,954,236**

The annexed notes 1 to 51 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, 2023

Amounts in PKR ’000

	For the year ended June 30, 2023	For the year ended June 30, 2022
Cash flows from operating activities		
Cash generated from operations - note 40	**11,283,479**	6,527,200
Payments for :		
Staff retirement benefit plans - note 22.3.2	**(67,679)**	(66,110)
Non-management staff gratuity and eligible retired employees' medical scheme	**(42,359)**	(24,900)
Taxation	**(4,947,496)**	(2,486,621)
Interest	**(2,231,749)**	(824,391)
Net cash generated from operating activities	**3,994,196**	3,125,178
Cash flows from investing activities*		
Capital expenditure	**(3,775,145)**	(9,709,550)
Proceeds from disposal of operating fixed assets	**25,217**	57,533
Interest income received	**228,412**	29,499
Acquisition of 11% interest of NutriCo Pakistan	**-**	(770,182)
Proceeds from disposal of shares of subsidiary	**11,901,821**	-
Transfer upon acquisition	**-**	289,159
Net cash generated from / (used) in investing activities	**8,380,305**	(10,103,541)
Cash flows from financing activities*		
Issuance of shares to non-controlling interests	**269,500**	-
Long-term loans obtained	**687,206**	3,252,303
Long-term loans repaid	**(1,732,070)**	(1,942,739)
Payment of lease liabilities - note 8	**(137,297)**	(116,880)
Dividends paid	**(2,299,947)**	(3,763,650)
Net cash used in financing activities	**(3,212,608)**	(2,570,966)
Net increase / (decrease) in cash and cash equivalents	**9,161,893**	(9,549,329)
Cash and cash equivalents at the beginning of the year	**(13,011,748)**	(3,462,419)
Cash and cash equivalents of subsidiary at disposal date	**2,551,591**	-
Cash and cash equivalents at the end of the year	**(1,298,264)**	(13,011,748)
Cash and cash equivalents at the end of the year comprise of:		
Cash and bank balances - note 19	**1,027,727**	693,356
Short-term investments - note 18	**12,674,655**	-
Short-term financing - note 27	**(15,000,646)**	(13,705,104)
	(1,298,264)	(13,011,748)

*No non-cash items are included in these activities.

The annexed notes 1 to 51 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

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 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 manuafaturing 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 - refer note 37.

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

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

1.1 Change of the Holding Company name

The Board of Directors considered and approved the change of name of the Holding Company from ICI Pakistan Limited to Lucky Core Industries Limited in their meeting held on August 01, 2022 and the same has been approved in AGM held on September 27, 2022. This decision has been taken primarily to align the Holding Company's name with its holding Company, Lucky Cement Ltd, which is a part of the Yunus Brothers Group (YBG). The proposed name draws on the strength of the Lucky brand, a leading, progressive, and diversified Pakistani Conglomerate. The proposed name embodies the Holding Company's central role in delivering enduring value for its stakeholders and improving lives across the socio-economic fabric of Pakistan. Revised certificate of incorporation has also been issued by the Securities and Exchange Commission of Pakistan (SECP) on December 23, 2022 in respect of change of name of the Holding Company.

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) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

2.2 Accounting convention

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

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 Company 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 Company. 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

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 Summary of significant accounting policies

3.1 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Capital work-in-progress is 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 charge is based on the straight-line method whereby the cost of an asset less the estimated residual value is written off to consolidated statement of 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 loose tools 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 principle 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 recognized prospectively as a change of accounting estimate.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Improvements are capitalized 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.

An item of property, plant and equipment is derecognized 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 consolidated statement of profit or loss in the year the asset is derecognized.

3.2 Intangible assets and amortisation

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 amortized over useful lives and assessed for impairment whenever there is indication that the asset may be impaired. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the cash generated 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 residual value. Amortisation is recognised in consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. 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 the 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, 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 consolidated statement of profit or loss on a straight line basis over the period of the lease 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 decision of investees. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group’s investment in its associate is accounted for using the equity method of accounting. Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group’s share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment.

The Group’s share of its associate’s post-acquisition profits or losses is recognised in the consolidated statement of profit or loss, and its share of profit of post-acquisition movements in reserve is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the investment. When the Group’s share of losses in the associate equals or exceeds its interest in associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group’s interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3.5 Advances, deposits, prepayments and other receivables excluding financial assets

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

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss.

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.

i) Financial assets

a) Initial recognition and measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets are classified at initial recognition and subsequently measured at amortized cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debts, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15 'Revenue from contracts with customers'.

In order for a financial asset to be classified and measured at amortised cost, or fair value through OCI it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its un-listed equity investment under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

c) Impairment of financial assets

The Group recognises an allowance for Expected Credit Loss (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate, where applicable. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for Credit Loss that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for Credit Loss expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts, the Group applies a simplified approach where applicable in calculating ECL. The Group has established a provision matrix for portfolio of customer 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.

ii) Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b) Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

iii) Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements only when the Group has a legally enforceable right to set off and the Group intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.7 Stores, spares and consumables

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value (NRV) 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. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost.

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.

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 expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of 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 consolidated statement of other comprehensive income, respectively.

i) Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. 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. 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 realized or the liability is settled, based on tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income.

iii) 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 recoverable 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 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 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 statement of profit or loss and other 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 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 management staff. The pension and gratuity schemes are salary schemes providing pension and lump sums, 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 its rules, whereas, the trustees are responsible for the day to day management of the Funds.

The Group also operates gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. The pension and gratuity plans are final salary plans. The Group recognises expense in accordance with IAS 19 "Employee Benefits".

An actuarial valuation of all defined benefit schemes is conducted every year. The valuation uses the Projected Unit Credit method.

All past service costs are recognised 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 other 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 consolidated statement of profit or loss at the earlier of when the amendments or curtailment occurs and when the Group has recognised related retirement or termination benefits. 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 where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, It is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

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 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 recognized 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 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

Transactions in foreign currencies are accounted for in Pakistan Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rates of exchange which approximate those prevailing at the reporting date. Exchange differences are recognised in the statement of profit or loss and other comprehensive income.

3.17 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, 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 financial statement 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 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.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

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 normal credit term is 30 to 90 days upon delivery.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

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 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 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) Profit on short-term deposits is accounted for using the effective interest rate method.

c) Dividend income is recognised when the right to receive dividend is established.

d) Toll manufacturing income is recognised when services are rendered.

e) Other income is recognised on accrual basis.

3.21 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).

3.22 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 above accounting policy on variable consideration.

3.23 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 equivalent 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.

4 Significant accounting judgments, estimates and assumptions

The preparation of the Group’s consolidated financial statements requires management to make judgements, 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 Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, 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 judgement 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 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 judgement 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 of the retirement benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes 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 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 and stores and spares

The Group reviews the net realisable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values and also review the inventories for obsolescence.

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 different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 7.2.

5 New standards, amendments to approved accounting standards and new interpretations

5.1 Adoption of amendments to approved accounting standards effective during the year

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, except as described below:

Amendments to approved accounting standards

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IAS 41	Agriculture – Taxation in fair value measurements
IFRS 16	Leases: Lease incentives

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Group's consolidated financial statements.

5.2 Standards, amendments and improvements to approved accounting standards that are not yet

The following standards, amendments and improvements to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Amendments		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IAS 12	International Tax Reform – Pillar Two Model Rules - Amendments	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Group expects that above standards, amendments and improvements to approved accounting standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

Amounts in PKR '000

		As at June 30, 2023	As at June 30, 2022
6	**Property, plant and equipment**		
	Operating fixed assets - note 6.1	**24,736,363**	25,652,445
	Capital work-in-progress - note 6.5	**2,861,927**	6,644,410
		27,598,290	32,296,855

6.1 Following is a statement of operating fixed assets:

	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				
	Note 6.2			Note 6.2		Note 6.2 and 6.3			
					As at 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 - note 6.1.1	**-**	**-**	**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 - note 6.4	**-**	**-**	**(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 50**	**3 to 33**	**3 to 50**	**10 to 33**	**10 to 50**	
					As at June 30, 2022				
Net carrying value basis									
Opening net book value	790,799	-	352,342	2,535,779	2,785,646	14,903,639	29,542	408,705	21,806,452
Additions / transfers - note 6.1.1	210,502	-	96,294	187,538	391,330	5,265,032	58,777	247,326	6,456,799
Acquisition of subsidiary	-	102,656	-	-	14,632	-	73,316	9,324	199,928
Disposals at net book value	-	-	-	-	-	(6,431)	(15,013)	(365)	(21,809)
Depreciation charge - note 6.4	-	(1,075)	(30,425)	(163,827)	(205,806)	(2,243,649)	(16,402)	(127,741)	(2,788,925)
Closing 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
Gross carrying value basis									
Cost	1,001,301	664,823	697,970	5,493,349	5,230,091	47,197,402	256,917	1,384,203	61,926,056
Accumulated depreciation	-	(563,242)	(279,759)	(2,933,859)	(2,244,289)	(29,278,811)	(126,697)	(846,954)	(36,273,611)
Closing 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
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 50	3 to 33	3 to 50	10 to 33	10 to 50	

6.1.1 Majority of the additions pertain to Soda Ash expansion project.

6.2 Particulars of immovable assets of the Group

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

Amounts in PKR '000

		As at June 30, 2023	As at June 30, 2022
6.3	Plant and machinery including equipment held with Searle Pakistan Limited for toll manufacturing is as follows:		
	Cost	**-**	5,886
	Net book value	**-**	659

		For the year ended June 30, 2023	For the year ended June 30, 2022
6.4	The depreciation charge for the year has been allocated as follows:		
	Cost of sales - note 31	**2,955,366**	2,342,702
	Selling and distribution expenses - note 32	**30,605**	36,019
	Administration and general expenses - note 33	**43,342**	45,713
	Related to discontinued operations	**193,001**	364,491
		3,222,314	2,788,925

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

	Civil works and buildings	Plant and machinery	Miscellaneous equipment	Advances to suppliers / contractors	Designing, consultancy and engineering fee	Total
			As at 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 6.5.1	**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, 2022			
Opening balance	225,852	1,411,280	132,545	981,177	288,798	3,039,652
Additions during the year - note 6.5.1	475,213	8,735,843	100,793	333,092	2,479	9,647,420
Transferred to operating fixed assets during the year	(574,946)	(5,188,334)	(144,436)	(134,946)	-	(6,042,662)
Closing balance	126,119	4,958,789	88,902	1,179,323	291,277	6,644,410

		As at June 30, 2023	As at June 30, 2022
6.5.1	This includes interest charged in respect of long-term loans obtained for projects, determined using an average capitalisation rate of 16.13% (June 30, 2022: 6.48%) amounting to:	**249,963**	322,620

6.6 There were no disposals of operating fixed assets having net book value in excess of PKR 500,000.

7 Intangible assets

	Goodwill	Distribution Rights	Brands	Software	Licenses	Total
			As at 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 - note 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**	
			As at June 30, 2022			
Net carrying value basis						
Opening net book value	206,374	**-**	1,437,679	35,798	26,795	1,706,646
Additions / transfers	-	**-**	-	919	-	919
Acquisation of subsidiary	689,146	7,059,543	-	813	-	7,749,502
Amortisation charge - note 7.1	-	**-**	-	(10,645)	(6,201)	(16,846)
Closing net book value	895,520	7,059,543	1,437,679	26,885	20,594	9,440,221
Gross carrying amount						
Cost	895,520	7,059,543	1,437,679	242,708	241,779	9,877,229
Accumulated amortisation	-	**-**	-	(215,823)	(221,185)	(437,008)
Closing net book value	895,520	7,059,543	1,437,679	26,885	20,594	9,440,221
Amortisation rate % per annum	-		-	20	20 to 50	

	For the year ended June 30, 2023	For the year ended June 30, 2022
7.1 The amortisation charge for the year has been allocated as follows:		
Cost of sales - note 31	**2,103**	2,823
Selling and distribution expenses - note 32	**768**	1,032
Administration and general expenses - note 33	**9,073**	12,178
	11,944	16,033

7.2 Impairment testing of goodwill, intangibles with indefinite lives

Goodwill acquired through business combinations and intangibles with indefinite useful lives have been allocated and monitored at the Pharma division of the Group. Intangible assets with indefinite useful lives include Brands. The Group has performed its annual impairment test as at June 30, 2023.

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 19% 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 4%. As a result of this analysis, the management did not identify any impairment for the cash generating unit to which goodwill of PKR 206.374 million and intangibles with indefinite useful lives (Brands) of PKR 1,437.679 million are allocated.

Key assumptions used in value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- 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.

- Key business assumptions

These assumptions are based on industry data for growth rates, management assess 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 volume and price.

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. Leases of land and buildings generally have lease terms between 2 to 9 years, while motor vehicles generally have lease terms of between 4 to 5 years. 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, warehouses, summer houses and beach huts 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 the movement during the year:

	Motor vehicles	**Land and buildings**	**As at June 30, 2023**	As at June 30, 2022
Net carrying value basis				
Opening balance	**2,447**	**160,627**	**163,074**	234,202
Additions	**19,021**	**18,935**	**37,956**	9,527
Depreciation charged - note 8.1	**(2,533)**	**(81,790)**	**(84,323)**	(80,655)
Closing balance	**18,935**	**97,772**	**116,707**	163,074

	For the year ended June 30, 2023	For the year ended June 30, 2022
Set out below is the carrying amount of lease liabilities and the movement during the year:		
Opening balance	**184,299**	265,635
Additions	**35,514**	9,527
Accretion of interest - note 35	**27,355**	26,017
Payments	**(137,297)**	(116,880)
Closing balance	**109,871**	184,299
Current portion of lease liabilities	**80,807**	96,117
Non-current lease liabilities	**29,064**	88,182
	109,871	184,299

Amounts in PKR '000

		As at June 30, 2023	As at June 30, 2022
	Following are the amounts recognised in the consolidated statement of profit or loss:		
	Depreciation expense of right-of-use asset - note 8.1	**84,323**	80,655
	Accretion of interest - Note 35	**27,355**	26,017
		111,678	106,672
8.1	**Allocation of depreciation expense**		
	Cost of sales - note 31	**51,929**	56,009
	Selling and distribution expenses - note 32	**13,211**	10,974
	Administration and general expenses - note 33	**19,183**	13,672
		84,323	80,655
9	**Long-term investments**		
	Unquoted		
	Associate		
	NutriCo Morinaga (Private) Limited - note 9.1	**10,992,414**	-
	Others		
	Equity		
	Arabian Sea Country Club Limited 250,000 ordinary shares (June 30, 2022: 250,000 ordinary shares) of PKR 10/- each	**2,500**	2,500
		10,994,914	2,500
9.1	**NutriCo Morinaga (Private) Limited (NMPL)**		
	Fair value of investment on date of recognition - Equity held 20,121,621 shares (June 30, 2022: 41,884,746 shares) of face value of PKR 100/- each	**11,004,115**	-
	Share of loss for the year	**(11,701)**	-
		10,992,414	-

		As at and for the year ended June 30, 2023	As at and for the year ended June 30, 2022
9.2.1	**The Group's interest in NMPL's assets and liabilities is as follows:**		
	Total assets	**16,058,276**	14,584,602
	Total liabilities	**9,115,321**	8,038,312
	Total equity and reserves	**6,942,955**	6,546,290
	Turnover - net	**14,607,025**	13,894,657
	Profit for the year	**396,665**	805,089

		As at June 30, 2023	As at June 30, 2022
9.2	The principal place of business of all investees is in Pakistan.		
10	**Long-term loans**		
	Considered good - secured		
	Due from executives and employees - note 10.1	**536,961**	360,011

10.1 Due from executives and employees

	Motor vehicle	House building	As at June 30, 2023	As at June 30, 2022
Due from executives - note 10.2	**234,527**	**19,864**	**254,391**	169,548
Receivable within one year	**(97,111)**	**(9,401)**	**(106,512)**	(54,811)
	137,416	**10,463**	**147,879**	114,737
Due from employees - note 10.2			**850,914**	727,701
Receivable within one year			**(461,832)**	(482,427)
			389,082	245,274
			536,961	360,011
Outstanding for period:				
- less than three years but over one year			**116,297**	118,837
- more than three years			**420,664**	241,174
			536,961	360,011

10.2 Loans for purchase of motor cars and house building 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 their terms of employment.

		As at June 30, 2023	As at June 30, 2022
11	**Long-term deposits**		
	Deposits	**78,319**	55,445
		78,319	55,445
12	**Stores, spares and consumables**		
	Stores - note 12.1	**184,242**	147,193
	Spares - note 12.1	**1,153,486**	1,069,500
	Consumables - note 12.1	**3,791,757**	3,002,127
		5,129,485	4,218,820
	Provision for slow moving and obsolete stores and spares - note 12.2	**(141,376)**	(158,698)
		4,988,109	4,060,122
12.1	Include stores, spares and consumables in transit amounting to:	**2,812,100**	81,511
12.2	Movement of provision for slow moving and obsolete stores and spares is as follows:		
	Opening balance	**158,698**	145,102
	Charge for the year - note 33	**3,291**	13,596
	Write-off during the year	**(20,613)**	-
	Closing balance	**141,376**	158,698
13	**Stock-in-trade**		
	Raw and packing material including in-transit PKR 2,449.056 million (June 30, 2022: PKR 1,168.159 million) - note 13.2 & 13.3	**10,100,978**	9,662,989
	Work-in-process	**450,271**	329,612
	Finished goods including in-transit PKR 291.843 million (June 30, 2022: PKR 278.038 million) - note 13.2	**8,526,811**	6,994,249
		19,078,060	16,986,850
	Provision for slow moving and obsolete stock-in-trade - note 13.1	**(292,823)**	(126,176)
		18,785,237	16,860,674

Amounts in PKR ’000

		As at June 30, 2023	As at June 30, 2022
13.1	Movement of provision for slow moving and obsolete stock-in-trade is as follows		
	Opening balance	**126,176**	164,631
	Charge for the year - note 33	**190,871**	17,018
	Write-off during the year	**(24,224)**	(55,473)
	Closing balance	**292,823**	126,176

13.2 Stock at cost amounting to PKR 350.435 million (June 30, 2022: PKR 138.829 million) is measured at net realisable value. The related expense amounting to PKR 195.195 million (June 30, 2022: expense of PKR 21.703 million) has been recognised in the consolidated statement of profit or loss.

		As at June 30, 2023	As at June 30, 2022
13.3	Includes raw and packing materials held with various toll manufacturers:		
	Bio-Labs (Private) Limited	**12,942**	19,926
	Selmore Pharmaceuticals (Private) Limited	**11,220**	7,016
	Aamster Laboratories	**9,044**	5,960
	Searle Pakistan Limited	**-**	110,152
	NovaMed Pharmaceuticals (Private) Limited	**-**	81,110
	CSH Pharmaceutical (Private) Limited	**-**	39,621
	Others	**-**	2,426
		33,206	266,211

		As at June 30, 2023	As at June 30, 2022
14	**Trade debts**		
	Considered good		
	- Secured	**2,084,328**	2,349,163
	- Unsecured		
	Due from associated companies - note 14.1 and 14.2	**37,355**	25,269
	Others	**3,595,591**	2,759,584
		5,717,274	5,134,016
	Considered doubtful	**121,640**	160,857
		5,838,914	5,294,873
	Allowance for Expected credit loss (ECL) - note 14.3	**(121,640)**	(160,857)
	Provision for price adjustments and discounts	**(520,247)**	(313,569)
		(641,887)	(474,426)
		5,197,027	4,820,447

14.1 The above balances include amounts due from the following related parties which are neither past due nor impaired as of the reporting date:

	As at June 30, 2023	As at June 30, 2022
Unsecured		
Lucky Textiles Mills Limited	**16,225**	3,428
Yunus Textile Mills Limited	**13,865**	10,082
Lucky Foods (Private) Limited	**2,913**	5,625
Lucky Cement Limited	**2,260**	3,626
Tabba Kidney Institute	**1,323**	1,608
Lucky Al Shumookh Holdings Limited	**224**	-
Al Mabrooka Cement Manufacturing Company Limited	**438**	-
Tabba Heart Institute	**107**	557
Child Life Foundation	**-**	343
	37,355	25,269

		As at June 30, 2023	As at June 30, 2022
14.2	The maximum amount outstanding from related parties at any time during the year with reference to month end balances are as follows:		
	Unsecured		
	Lucky Textiles Mills Limited	**44,859**	16,654
	Yunus Textile Mills Limited	**13,865**	36,946
	Tabba Heart Institute	**7,681**	954
	Lucky Foods (Private) Limited	**6,406**	8,027
	Lucky Cement Limited	**3,994**	13,005
	Tabba Kidney Institute	**2,313**	1,608
	Lucky Al Shumookh Holdings Limited	**224**	-
	Al Mabrooka Cement Manufacturing Company Limited	**438**	-
	Child Life Foundation	**-**	1,354
		79,780	78,548

14.3	Movement of allowance for ECL is as follows:		
	Opening balance	**160,857**	184,106
	Reversal during the year - net	**(1,355)**	(6,719)
	Write-off during the year	**(37,862)**	(16,530)
	Closing balance	**121,640**	160,857

15 Loans and advances

Considered good		
Loans due from:		
Executives - note 15.1	**106,512**	54,811
Employees	**461,832**	482,427
	568,344	537,238
Advances to:		
Executives	**21,418**	21,703
Employees	**63,288**	49,622
Contractors and suppliers - note 15.2	**458,739**	1,236,368
Others - note 15.3 & 15.4	**496,462**	-
	1,039,907	1,307,693
	1,608,251	1,844,931
Considered doubtful	**26,508**	26,265
	1,634,759	1,871,196
Allowance for ECL - note 15.4	**(26,508)**	(26,265)
	1,608,251	1,844,931

15.1	The maximum amount outstanding of loans to executives at any time during the year calculated with reference to month end balances are as follows.	**194,450**	54,177

15.2 Includes advances to foreign suppliers, having latest maturity within one year, amounting to PKR 31.455 million (June 30, 2022: 39.061 million), details of which are as follows:

Amounts in PKR '000

Name	Jurisdiction	Amount in foreign currency	Amounts in PKR '000
Erema	Austria	EUR 2,581	808
Beijing Hanlin Hangyu International Trading Company Limited	China	USD 3,490	998
Anhui Province Yifan	China	USD 1,225	350
Colorcon Limited	England	USD 12,637	3,614
Augustus Oils Ltd.	England	USD 820	235
SEPPIC	France	EUR 24,473	7,658
Henry Lamotte Oils Gmbh	Germany	EUR 2,698	844
Oerlikon Neumag	Germany	EUR 920	288
Maag Germany	Germany	EUR 1,160	363
Peter Greven	Netherlands	EUR 3,041	952
Borregaard Industries	Norway	USD 1,000	286
Diversey Kimya Sanayi ve Ticaret	Turkey	USD 30,308	8,668
Suez Water Technologies & Solutions	United Arab Emirates	EUR 8,013	2,508
Ro Flo Compressors LLC	United States of America	USD 8,911	2,548
Cleveland Gear	United States of America	USD 4,145	1,185
Nuetronics Inc.	United States of America	USD 526	150

	As at June 30, 2023	As at June 30, 2022

15.3 Includes advance paid for purchase of land for setting up float glass manufacturing facility.

15.4 Movement of allowance for ECL is as follows:

Opening balance	**26,265**	17,472
Charge for the year-net	**243**	9,780
Write-off during the year	**-**	(987)
Closing balance	**26,508**	26,265

16 Short-term deposits and prepayments

Short-term deposits		
- Trade deposits	**592,605**	648,807
- Others - note 16.1	**1,800,000**	-
Short-term prepayments	**193,837**	144,713
	2,586,442	793,520

16.1 During January 2023, the Holding Company entered into a Share Purchase Agreement 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, subscribed 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 potential acquisition of LCPL. Subsequently, the Holding Company signed an Assignment and Assumption Agreement with Lucky Core Ventures (Private) Limited (LCV) - wholly owned subsidiary of the Company and LCC, indicating that the proceedings of the purchase transaction will now be completed by LCV and accordingly, the deposit will be released to the Holding Company on completion of the transaction.

17 Other receivables

Considered good

Sales tax refundable	**1,835,583**	3,115,928
Commission and discounts receivable	**44,349**	134,760
Due from associated companies - note 17.1 & 17.2	**49,508**	-
Receivable from principal	**103,811**	101,700
Accrued interest income	**138,408**	
Others	**207,910**	386,105
	2,379,569	3,738,493
Considered doubtful	**65,506**	57,261
	2,445,075	3,795,754
Allowance for ECL - note 17.3	**(65,506)**	(57,261)
	2,379,569	3,738,493

Amounts in PKR '000

		As at June 30, 2023	As at June 30, 2022
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	-
17.2	The maximum amount outstanding from associated companies at any time during the year calculated by reference to month end balances are as follows.		
	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	-
17.3	Movement of allowance for ECL is as follows:		
	Opening balance	**57,261**	9,007
	Charge for the year	**8,245**	48,254
	Closing balance	**65,506**	57,261
18	**Short-term investments**		
	At fair value through profit or loss		
	Investment in mutual funds - note 18.1	**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 9.1. The amount is invested in units of Shariah Compliant mutual funds, which are readily encashable. Details are as follows:

	As at June 30, 2023		As at June 30, 2022	
	Number of units	**Value of investment**	Number of units	Value of investment
UBL - Al Ameen Islamic Cash Fund	**15,080,190**	**1,508,019**	-	-
Meezan Rozana Amdani Fund	**74,408,020**	**3,720,401**	-	-
MCB - Alhamra Islamic Money Market Fund	**21,375,992**	**2,127,125**	-	-
NBP - Islamic Daily Dividend Fund	**159,492,000**	**1,594,920**	-	-
HBL - Islamic Money Market Fund	**36,811,209**	**3,724,190**	-	-
	307,167,411	**12,674,655**	-	-

		As at June 30, 2023	As at June 30, 2022
19	**Cash and bank balances**		
	Cash at bank:		
	- Short-term deposits - note 19.1	**377,000**	127,000
	- Current accounts	**642,255**	466,929
	- Saving accounts - note 19.2	**-**	81,535
	Cash in hand	**8,472**	17,892
		1,027,727	693,356

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 11.1% to 18.9% (June 30, 2022: 10% to 11.1%).

19.2 This includes balance held with Bank Al-Habib Limited (a related party) amounting to PKR. 193.62 million.

Amounts in PKR '000

20 Issued, subscribed and paid-up capital

As at June 30, 2023	As at June 30, 2022		As at June 30, 2023	As at June 30, 2022
(Number of shares)				
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 - (note 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 (note 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 High Court of Sindh.

20.3 As at June 30, 2023, Lucky Cement Limited, 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 7.17% (June 30, 2022: 8.02%) and individuals, Modarabas and Mutual Funds and Others held the balance of 11.29% (June 30, 2022: 10.44%) ordinary shares. Voting rights and other shareholders' rights are in proportion to their shareholding.

	As at June 30, 2023	As at June 30, 2022
21 Capital reserves		
Share premium - note 21.1	**309,057**	309,057
Capital receipts - note 21.2	**586**	586
	309,643	309,643

21.1 Share premium includes the 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 of 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 and the number of shares that have 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 Represent the amount received from various overseas ICI plc group companies for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments.

		As at June 30, 2023	As at June 30, 2022
22	**Provisions for non-management staff gratuity**	**121,266**	118,869

22.1 As stated in note 3.12 to these consolidated financial statements, the Group is operating with 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 pension and gratuity schemes are salary schemes providing pension / commutation of pension and lump sum payments, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Group also operates defined benefit gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. Further, as a part of its defined contribution plan, the Group operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff. Actuarial valuation of defined benefit plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2023.

22.2 Plan assets held in trust are governed by local regulations which mainly includes 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

	2023				2022			
	Funded			Unfunded	Funded			Unfunded
	Pension	Gratuity	Total	Non - management gratuity	Pension	Gratuity	Total	Non - management gratuity

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:

	2023 Pension	2023 Gratuity	2023 Total	2023 Non - management gratuity	2022 Pension	2022 Gratuity	2022 Total	2022 Non - management gratuity
Consolidated statement of profit or loss								
Current service cost	3,007	39,489	42,496	4,069	5,917	36,091	42,008	4,340
Interest cost	75,335	84,286	159,621	13,995	64,042	57,290	121,332	10,806
Expected return on plan assets	(81,115)	(84,529)	(165,644)	-	(71,128)	(59,518)	(130,646)	-
Net (reversal) / charge for the year	(2,773)	39,246	36,473	18,064	(1,169)	33,863	32,694	15,146
Consolidated statement of other comprehensive income:								
Loss / (gain) on obligation	(38,800)	28,956	(9,844)	6,758	15,396	31,097	46,493	(2,975)
Gain on plan assets	60,811	24,358	85,169	-	15,894	23,522	39,416	-
Net loss / (gain) for the year	22,011	53,314	75,325	6,758	31,290	54,619	85,909	(2,975)

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

	2023 Pension	2023 Gratuity	2023 Total	2023 Non - management gratuity	2022 Pension	2022 Gratuity	2022 Total	2022 Non - management gratuity
Opening balance	44,468	(31,966)	12,502	(118,869)	74,589	(9,594)	64,995	(120,797)
Net (reversal) / charge for the year - note 22.3.1	2,773	(39,246)	(36,473)	(18,064)	1,169	(33,863)	(32,694)	(15,146)
Net (loss) / gain for the year - note 22.3.1	(22,011)	(53,314)	(75,325)	(6,758)	(31,290)	(54,619)	(85,909)	2,975
Contributions / payments during the year	-	67,679	67,679	22,425	-	66,110	66,110	14,099
Closing balance	25,230	(56,847)	(31,617)	(121,266)	44,468	(31,966)	12,502	(118,869)

22.3.2.1 Included in other comprehensive income:

	2023 Pension	2023 Gratuity	2023 Total	2023 Non - management gratuity	2022 Pension	2022 Gratuity	2022 Total	2022 Non - management gratuity
Actuarial gain / loss arising from								
- financial assumptions	(54,694)	5,994	(48,700)	562	(5,937)	(3,517)	(9,454)	(579)
- experience adjustment	15,894	22,962	38,856	6,196	21,333	34,657	55,990	(2,396)
- investment return	60,811	24,358	85,169	-	15,894	23,522	39,416	-
	22,011	53,314	75,325	6,758	31,290	54,662	85,952	(2,975)

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

	2023 Pension	2023 Gratuity	2023 Total	2023 Non - management gratuity	2022 Pension	2022 Gratuity	2022 Total	2022 Non - management gratuity
Fair value of plan assets - note 22.3.5	576,829	712,319	1,289,148	-	691,405	648,300	1,339,705	-
Present value of defined benefit obligation - note 22.3.4	(551,599)	(769,166)	(1,320,765)	(121,266)	(646,937)	(680,266)	(1,327,203)	(118,869)
Net asset / (liability)	25,230	(56,847)	(31,617)	(121,266)	44,468	(31,966)	12,502	(118,869)

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

22.3.4 Movement in the present value of defined benefit obligation is as follows:

	2023 Pension	2023 Gratuity	2023 Total	2023 Non - management gratuity	2022 Pension	2022 Gratuity	2022 Total	2022 Non - management gratuity
Opening balance	646,937	680,266	1,327,203	118,869	786,670	650,312	1,436,982	120,797
Current service cost	3,007	39,489	42,496	4,069	5,917	36,091	42,008	4,340
Interest cost	75,335	84,286	159,621	13,995	64,042	57,290	121,332	10,806
Benefits paid	(134,880)	(63,831)	(198,711)	(22,425)	(225,088)	(94,524)	(319,612)	(14,099)
Actuarial loss / (gain)	(38,800)	28,956	(9,844)	6,758	15,396	31,097	46,493	(2,975)
Closing balance	551,599	769,166	1,320,765	121,266	646,937	680,266	1,327,203	118,869

Amounts in PKR '000

	Funded			**Unfunded**	Funded			Unfunded
	Pension	**Gratuity**	**Total**	**Non - management gratuity**	Pension	Gratuity	Total	Non - management gratuity
22.3.5 Movement in the fair value of plan assets is as follows:								
Opening balance	**691,405**	**648,300**	**1,339,705**	**-**	861,259	640,718	1,501,977	-
Expected return	**81,115**	**84,529**	**165,644**	**-**	71,128	59,518	130,646	-
Contributions	**-**	**67,679**	**67,679**	**-**	-	66,110	66,110	-
Benefits paid	**(134,880)**	**(63,831)**	**(198,711)**	**-**	(225,088)	(94,524)	(319,612)	-
Actuarial loss	**(60,811)**	**(24,358)**	**(85,169)**	**-**	(15,894)	(23,522)	(39,416)	-
Closing balance - note 22.3.7	**576,829**	**712,319**	**1,289,148**	**-**	691,405	648,300	1,339,705	-

22.3.6 Historical information			**June 30**		
	2023	2022	2021	2020	2019
Present value of defined benefit obligation	**1,442,031**	1,446,072	1,557,779	1,555,609	1,471,266
Fair value of plan assets	**(1,289,148)**	(1,339,705)	(1,501,977)	(1,473,686)	(1,404,191)
Net (asset) / liability	**152,883**	106,367	55,802	81,923	67,075

22.3.7 Major categories / composition of plan assets are as follows:	**2023**	2022
Debt instruments	**68.70%**	69.49%
Equity at market value	**27.74%**	28.53%
Cash / Others	**3.56%**	1.99%

Fair value of plan asset	**Pension**	**Gratuity**	Pension	Gratuity
	As at June 30, 2023		As at June 30, 2022	
Investment				
National savings deposits	**-**	**-**	394,800	-
Government bonds	**351,821**	**476,919**	60,080	421,246
Corporate bonds	**-**	**56,918**	-	54,771
Shares	**209,976**	**147,588**	221,105	161,064
Cash and term deposits	**15,032**	**30,894**	14,450	11,355
Income receivable / (Benefit due)	**-**	**-**	970	(136)
Total	**576,829**	**712,319**	691,405	648,300

The mortality rates are based on 70% of the EFU (61-66) (June 30, 2022: 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 49.754 million (June 30, 2022: PKR 52.958 million).

	2023	2022
Actual return on plan assets during the year:	**80,475**	91,230

22.3.8 The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	**15.75%**	13.00%
Future salary increases - Management	**10.25%**	7.50%
Future salary increases - Non - Management	**11.25%**	8.50%
Future pension increases	**8.00%**	7.50%

22.3.9 Impact of changes in assumptions on defined benefit obligation is as follows:

Assumption	**1% Increase**	**1% Decrease**
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.

		As at June 30, 2023	As at June 30, 2022
22.3.9.1	Expected maturity analysis of undiscounted defined benefit obligation is as follows:		
	Less than a year	**154,362**	176,746
	Between 1-5 years	**1,017,364**	802,532
	Over 5 years	**1,376,086**	1,208,224
		2,547,812	2,187,502
22.3.10	**During the year, the Group's contribution in fund is as follows:**		
	Provident fund - note 22.4	**180,038**	167,149
	Defined contribution superannuation fund - note 22.4	**160,940**	144,511

22.3.11 The Group 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 Group takes a contribution holiday, accordingly, there is no impact of asset ceiling in these consolidated financial statement. The expected contributions for the financial year ending June 30, 2024 for management staff gratuity PKR 58.867 million.

22.3.12 The weighted average duration of the defined benefit obligation is 5.8 years (2022: 6 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.

23	**Long-term loans**	**3,962,751**	6,044,640
	Loans from banking companies / financial institutions:		
	Interest based arrangement		
	Long-Term Finance Facility (LTFF) - note 23.1	**1,196,775**	1,592,207
	Renewable energy - note 23.2	**81,472**	91,656
	Payroll Finance Scheme	**-**	493,412
	Temporary Economic Refinance Facility (TERF) - note 23.3	**2,779,400**	2,312,024
	Shariah compliant		
	Islamic term finance - note 23.4	**725,184**	3,335,023
		4,782,831	7,824,322
	Current portion shown under current liabilities	**(820,080)**	(1,779,682)
		3,962,751	6,044,640

23.1 The Group has obtained LTFF, extended by 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 02 years grace period and is secured against charge over fixed assets of the Group. Markup is charged at concessionary SBP LTFF rate plus 0.3% to 1.5% per annum (June 30, 2022: SBP LTFF rate plus 0.3% to 1.5% per annum). There is no unutilized amount as of the reporting date.

23.2 The Group has obtained Shariah compliant SBP Islamic Financing Facility for Renewable Energy (IFRE) against the total limit of PKR 232 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 Group. Markup is charged at concessionary SBP rate plus 0.5% per annum.

23.3 The Group has obtained TERF, extended by SBP, for the purpose of plant expansion in Soda Ash and Polyester divisions on different dates from various banks amounting to PKR 3,992 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 Group. The markup is charged at SBP rate + 0.3% to SBP rate + 1.5% (June 30, 2022: SBP rate + 0.3% to SBP rate + 1.5%). There is no unutilized amount as of the reporting date.

Government grant has been recorded in respect of this facility. There are no unfulfilled conditions or contingencies attached to this grant.

23.4 The Group has obtained Shariah compliant loans from a commercial bank. These loans are secured against charge on fixed assets of the Group. Grace period for principal repayment has been availed which entails that the first principal repayment falls in August 2021 and the last repayment will be on August 2024. The principal repayments and mark up to be made on a semi annual basis. Markup is charged at 6 months KIBOR + 0.05%. There is no unutilized amount as of the reporting date.

		As at June 30, 2023	As at June 30, 2022
24	**Deferred income - Government grant**		
	Government grant	**1,209,936**	1,034,495
	Current portion of government grant	**(207,552)**	(164,440)
		1,002,384	870,055
	Following is the movement in government grant during the year:		
	Opening balance	**1,034,495**	193,230
	Obtained during the year	**345,530**	980,795
	Amortisation of deferred income - government grant	**(170,089)**	(139,530)
	Closing balance	**1,209,936**	1,034,495

		As at June 30, 2023				As at June 30, 2022			
		Opening	**Charge / (Income)**	**Disposal of subsidiary**	**Closing**	Opening	Charge / (Income)	Business combination	Closing
25	**Deferred tax liability - net**								
	Deductible temporary differences								
	Provisions for retirement benefits, doubtful debts and others	**(305,186)**	**(171,648)**	**(4,415)**	**(481,249)**	(262,915)	(42,271)	-	(305,186)
	Retirement fund provisions - note 25.1	**(158,884)**	**(58,173)**	**43**	**(217,014)**	(118,216)	(40,668)	-	(158,884)
	Business Loss	**(1,035,869)**	**-**	**1,035,869**	**-**	(833,551)	(202,318)	-	(1,035,869)
	Minimum Tax	**(34,513)**	**-**	**34,513**	**-**	-	(34,513)	-	(34,513)
	Taxable temporary differences								
	Property, plant and equipment	**2,809,548**	**865,867**	**(610,742)**	**3,064,673**	2,176,514	582,160	50,874	2,809,548
	Intangible assets	**1,537,649**	**-**	**(1,537,649)**	**-**	-	186,382	1,351,267	1,537,649
	Investment in associate - note 25.2	**-**	**3,544,378**	**-**	**3,544,378**	-	-	-	-
		2,812,745	**4,180,424**	**(1,082,381)**	**5,910,788**	961,832	448,772	1,402,141	2,812,745

25.1 Includes amount PKR 58.173 million (2022: PKR 40.668 million) routed through consolidated statement of other comprehensive income.

25.2 Represents taxation on remeasurement of retained interest in Nutrico Morinaga (Private) Limited upon disposal of controlling interest (discontinued operations - refer note 37.4).

		As at June 30, 2023	As at June 30, 2022
26	**Trade and other payables**		
	Trade creditors	**2,173,269**	3,327,113
	Bills payable	**4,812,005**	3,479,911
	Accrued expenses - note 26.1	**5,296,466**	4,995,981
	Technical service fee / royalty	**-**	1,036
	Workers' Profit Participation Fund - note 26.2	**24,378**	58,369
	Workers' Welfare Fund	**433,700**	236,914
	Distributors' security deposits - payable on termination of distributorship - note 26.3	**134,404**	125,311
	Contractors' earnest / retention money	**19,816**	25,142
	Contract liability (running account with customers) - note 26.4	**555,101**	1,273,968
	Payable for capital expenditure	**102,082**	575,382
	Others	**248,262**	218,847
		13,799,483	14,317,974

26.1 This includes 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 Group has filed suit before High Court of Sindh (HCS) 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 HCS granted the Group an interim stay. The Group has followed the relevant accounting standards and guidelines issued by the Institute of Chartered Accountants of Pakistan in this regard.

26.2	**Workers' Profit Participation Fund**		
	Opening balance	**58,369**	66,115
	Allocation for the year - note 33	**355,991**	320,094
		414,360	386,209
	Interest on funds utilised in the Group's businesses at Nil (June 30, 2022: 13.67%) per annum	**-**	340
	Payment to the fund	**(389,982)**	(328,180)
	Closing balance	**24,378**	58,369

26.3 Interest on security deposits from certain distributors that are placed with various separate bank account is payable at 17% (June 30, 2022: 10% to 11.1%) per annum as specified in the respective agreements. These security deposits are non utilizable. Further, the Group has not utilized any such deposit for the purpose of its business during the year.

26.4 During the year, contract liabilities as at June 30, 2022 have been recognised as revenue. Contract liabilities as at the year end will be recognised as revenue during next financial year.

		As at June 30, 2023	As at June 30, 2022
27	**Short-term financing**		
	Export refinance facility - note 27.1	**1,879,578**	741,000
	Money market loan - note 27.2	**1,800,000**	-
	Short-term running finance - secured - note 27.3 and 27.4	**11,321,068**	12,964,104
		15,000,646	13,705,104

27.1 The Group has availed Export Refinance Facility (ERF) of SBP Part 2, amounting to PKR 1,880 million as at June 30, 2023 (June 30, 2022: PKR 741 million) from various banks. It is secured against charge on current assets of the Group and carries mark-up at SBP rate + 0.50% to 1.00% per annum (June 30, 2022: SBP rate + 0.15% to 1.00% per annum). This facility is interchangeable with short-term running finance provided by the Banks.

27.2 The Group has availed money market loan, amounting to PKR 1,800 million as at June 30, 2023 (June 30, 2022: Nil) from a commercial bank and carries mark-up of 3-month KIBOR + 0.15% per annum. The loan is secured against charge over fixed assets of the Group.

27.3 It represents short-term financing facilities wherein, Islamic Facilities have a limit of PKR 11,761 million (June 30, 2022: PKR 9,361 million). These facilities carry mark-up ranging from KIBOR + 0.02% to KIBOR + 0.50 % per annum (June 30, 2022: Plain KIBOR to KIBOR + 0.50 % per annum). The conventional short-term facilities, have a limit amounting to PKR 10,450 million (June 30, 2022: PKR 7,250 million). These facilities carry mark-up ranging from KIBOR + 0.05% to KIBOR + 0.30% per annum (June 30, 2022: KIBOR + 0.05% to KIBOR + 0.30% per annum). The aforesaid limits are interchangeable with ERF, Payroll Financing and Bank Guarantees as per arrangements with various banks. The facility is secured against charge on current assets of the Group.

27.4 It includes a short-term facility from Bank Al Habib Limited (a related party) with a total limit of PKR 150 million, carrying mark-up at the rate of 3 month KIBOR + 0.10% and is secured against current assets. There is no outstanding balance as at the reporting date.

28 Contingencies and commitments

Claims against the Group not acknowledged as debts are as follows:

Local bodies	**84,500**	84,500
Others	**1,317,621**	6,192
	1,402,121	90,692

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 Rs. 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 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 order, till the next date of hearing subject to the deposit of Rs. 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 case has been fixed for hearing on January 26, 2022.

28.1.2 Suit for damages amounting to Rs. 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 High Court of Sindh.

28.1.3 The Holding Company, amongst others, has recently received a summon for a suit filed by Pakistan International Bulk Terminal for recovery of an aggregate amount of USD 1,613,440 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 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 this respect 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 finalized 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's 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 capitalization of PTA plant was restricted and additions to income were made. In first appeal, the Commissioner (Appeals) [CIR(A)] decided all the issues in Company's favor except the matter of restriction of cost of capitalization.	Income tax	PKR 79 million	Currently appeals of the company and FBR are pending before the Tribunal.
AY 2002-03 and spillover effect in TYs 2003 to 2010	After the disposal of Company's petition by the Honourable Supreme Court of Pakistan, the assessment proceedings were finalized vide Order dated May 15, 2017. 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 this year. Consequently, in this Order, the Officer proceeded to tax the event of transfer of PTA plant & exchange of shares and restrict the claim of depreciation relating to PTA assets. Other matters included the disallowance of financial charges and other issues. Simultaneously, the orders for the Tax Years 2003 to 2010 were issued, to reflect the reduction in carry forward of depreciation. The significant issues as well as that in the subsequent years 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. During the year, the appeals for Tax Years 2003 to 2010 have been heard and reserved for order by Tribunal. Since these involve a consequential matter, the Company is confident that these will also be favorably decided. With respect to the demand involved, the Company has sought stay from the Honourable Sindh High Court which is valid till the decision of Tribunal.	Income tax	(i) AY 2002-03: PKR 2,143 million, deleted by Tribunal. (ii) TYs 2003 to 2010: PKR 1,915 million in aggregate.	(i) Appeal effect order for AY 2002-03 is pending. (ii) Reserved for order by Tribunal.
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. The CIR(A) had allowed all the issues in Company's favor except for one issue in TY 2010 which has been challenged before Tribunal. 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 High Court.	Income tax	TY 2010: PKR 79 million.	Hearings of appeals are pending.
TY 2016	Monitoring proceedings were finalized vide order dated September 2, 2016 wherein demand was raised on account of alleged non-deduction of income tax on dividends paid to parities 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 finalized assessment proceedings vide order dated February 7, 2022, raising tax demand on certain issues including disallowance of finance cost, write-offs, and 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.

Assessment Year / Tax Year / Tax Period	Brief description	Nature of demand	Estimated Financial impact	Authority / Court and status
July 2012 to June 2013	Sales tax audit was finalized 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. Appeal filed with CIR(A) was decided against the Holding Company which has been challenged before the Tribunal.	Sales tax	PKR 952 million	Hearing of appeal before Tribunal is pending
July 2016 to June 2017	Sales tax audit for July 2016 to June 2017 was finalized 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 have also been finalized against the company on certain issues vide order dated June 22, 2023. The Holding Company has filed an appeal before CIR(A) against the order.	Sales tax	PKR 17 million	Hearing of appeal before CIR(A) is pending.
July 2017 to June 2018	Sales tax audit was finalized 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 cases will be decided in favour of the Group. Accordingly, no provision in this respect has been made in these consolidated financial statements.

		As at June 30, 2023	As at June 30, 2022
28.3	**Commitments**		
28.3.1	Commitments in respect of capital expenditure including various projects	**606,522**	1,950,771
28.3.2	Commitments for rentals under Ijarah contracts in respect of vehicles are as follows:		
	Year		
	2021-22	**-**	2,123
	2022-23	**5,004**	8,491
	2023-24	**6,693**	9,043
	2024-25	**7,128**	9,630
	2025-26	**7,591**	10,256
	2026-27	**8,084**	-
		34,500	39,543
	Payable not later than one year	**5,004**	2,123
	Payable later than one year but not later than five years	**29,496**	37,420
		34,500	39,543
28.3.3	Outstanding letter of credit - unutilized PKR 12,866 million (June 30, 2022: PKR 9,392.174 million)	**6,415,837**	10,392,915
	This includes outstanding letter of credit with Bank Al-Habib Limited (a related party) amounting to PKR 357.15 million - unutilized PKR 642.85 million.		
28.3.4	Outstanding letter of guarantee - unutilized PKR 146.07 million (June 30, 2022: 278.13 million)	**3,421,355**	2,600,000
	This includes outstanding letter of guarantee with Bank Al-Habib Limited (a related party) amounting to PKR 195.79 million - unutilized PKR 4.21 million.		
28.3.5	Commitments in respect of post dated cheques	**600,656**	552,082

Amounts in PKR '000

29 Operating segment results

	Polyester		Soda Ash		Pharma		Animal Health		Chemicals & Agri Sciences		NutriCo Morinaga		Others		Group	
	For the year ended June 30, 2023	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022
Sales																
Exports																
Bangladesh	**275**	-	**2,418,614**	2,213,593	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**2,418,889**	2,213,593
Sri Lanka	**-**	-	**1,131,303**	460,886	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,131,303**	460,886
United States	**412,521**	734,575	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**412,521**	734,575
UAE	**-**	-	**945,205**	89,713	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**945,205**	89,713
Others	**6,197**	-	**1,828,735**	615,808	**185,750**	23,462	**-**	-	**-**	-	**-**	-	**-**	-	**2,020,682**	639,270
	418,993	734,575	**6,323,857**	3,380,000	**185,750**	23,462	**-**	-	**-**	-	**-**	-	**-**	-	**6,928,600**	4,138,037
Inter-segment	**-**	-	**-**	-	**-**	-	**-**	-	**95,736**	77,847	**-**	-	**1,341,383**	1,540,036	**1,437,119**	1,617,883
Local	**47,071,878**	42,331,779	**42,158,187**	26,588,761	**12,327,407**	13,032,544	**8,825,990**	7,151,967	**14,142,663**	12,873,788	**-**	-	**351,797**	432,989	**124,877,922**	102,411,828
	47,490,871	43,066,354	**48,482,044**	29,968,761	**12,513,157**	13,056,006	**8,825,990**	7,151,967	**14,238,399**	12,951,635	**-**	-	**1,693,180**	1,973,025	**133,243,641**	108,167,748
Commission / Toll income	**-**	-	**-**	-	**-**	-	**9,773**	986	**85,624**	176,530	**-**	-	**-**	-	**95,397**	177,516
Turnover	**47,490,871**	43,066,354	**48,482,044**	29,968,761	**12,513,157**	13,056,006	**8,835,763**	7,152,953	**14,324,023**	13,128,165	**-**	-	**1,693,180**	1,973,025	**133,339,038**	108,345,264
Sales tax	**(6,847,981)**	(6,115,322)	**(6,165,045)**	(3,756,158)	**(136,735)**	(43,290)	**(165,106)**	(52,867)	**(1,319,882)**	(1,367,137)	**-**	-	**(250,715)**	(286,679)	**(14,885,464)**	(11,621,453)
Commission	**-**	-	**(388,696)**	(262,600)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(388,696)**	(262,600)
Discounts / price adjustment	**(191,008)**	(275,091)	**(511,527)**	(885,533)	**(3,217,348)**	(4,127,136)	**(1,826,928)**	(1,483,107)	**(1,293,757)**	(953,973)	**-**	-	**-**	-	**(7,040,568)**	(7,724,840)
	(7,038,989)	(6,390,413)	**(7,065,268)**	(4,904,291)	**(3,354,083)**	(4,170,426)	**(1,992,034)**	(1,535,974)	**(2,613,639)**	(2,321,110)	**-**	-	**(250,715)**	(286,679)	**(22,314,728)**	(19,608,893)
Net turnover	**40,451,882**	36,675,941	**41,416,776**	25,064,470	**9,159,074**	8,885,580	**6,843,729**	5,616,979	**11,710,384**	10,807,055	**-**	-	**1,442,465**	1,686,346	**111,024,310**	88,736,371
Cost of sales - note 31	**(36,665,694)**	(32,097,437)	**(31,216,195)**	(18,527,524)	**(6,245,043)**	(5,891,067)	**(4,922,089)**	(3,983,145)	**(8,208,829)**	(7,931,807)	**-**	-	**(1,317,519)**	(1,482,838)	**(88,575,369)**	(69,913,818)
Gross profit	**3,786,188**	4,578,504	**10,200,581**	6,536,946	**2,914,031**	2,994,513	**1,921,640**	1,633,834	**3,501,555**	2,875,248	**-**	-	**124,946**	203,508	**22,448,941**	18,822,553
Selling and distribution expenses - note 32	**(454,171)**	(629,196)	**(1,272,585)**	(1,024,433)	**(1,475,151)**	(1,445,404)	**(875,537)**	(812,588)	**(1,258,155)**	(1,078,617)	**-**	-	**-**	-	**(5,335,599)** **-**	(4,990,238) -
Administration and general expenses - note 33	**(138,670)**	(142,385)	**(1,293,431)**	(1,036,029)	**(434,651)**	(301,673)	**(113,875)**	(60,615)	**(354,344)**	(334,692)	**-**	-	**(13,904)**	(49,605)	**(2,348,875)**	(1,924,999)
Operating result	**3,193,347**	3,806,923	**7,634,565**	4,476,484	**1,004,229**	1,247,436	**932,228**	760,631	**1,889,056**	1,461,939	**-**	-	**111,042**	153,903	**14,764,467**	11,907,316
29.1 **Segment assets - note 29.5 and 30.3**	**18,331,780**	15,971,757	**50,438,332**	36,580,893	**9,717,738**	7,480,296	**6,388,454**	5,032,162	**15,123,383**	11,418,255	**-**	13,799,380	**1,326,028**	907,757	**101,325,715**	91,190,500
Inter-segment eliminations															**(22,084,538)**	(16,063,351)
29.2 **Unallocated assets**															**10,994,914**	2,500
															90,236,091	75,129,649
29.3 **Segment liabilities - note 29.5 and 30.4**	**16,622,712**	17,907,421	**11,605,768**	7,675,381	**5,525,944**	5,343,936	**990,891**	773,209	**3,282,850**	2,328,549	**-**	2,992,347	**453,403**	124,559	**38,481,568**	33,497,238
Inter-segment eliminations															**(22,084,538)**	(16,063,351)
29.4 **Unallocated liabilities**															**29,884,825**	24,404,510
															46,281,855	41,838,397

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

	Polyester		Soda Ash		Pharma		Animal Health		Chemicals & Agri Sciences		NutriCo Morinaga		Others		Group	
29.6 **Depreciation and amortisation charge note 6.4, 7.1 and 8.1**	**658,157**	605,577	**2,077,073**	1,568,677	**169,714**	151,880	**74,716**	70,411	**117,920**	109,328	**-**	-	**27,998**	15,249	**3,125,578**	2,521,122
28.6.1 Depreciation and amortisation allocated for which corresponding asset is not allocated																
29.7 **Capital expenditure**	**479,207**	1,319,521	**2,926,010**	7,735,983	**197,903**	338,277	**52,019**	67,273	**63,284**	86,389	**-**	119,657	**52,617**	42,450	**3,771,040**	9,709,550

29.8 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.

30 Reconciliations of reportable segment net turnover, cost of sales, assets and liabilities

30.1 Net turnover

	For the year ended June 30, 2023	For the year ended June 30, 2022
Total net turnover for reportable segments - note 29	**111,024,310**	88,736,371
Elimination of inter-segment net turnover - note 29	**(95,736)**	(77,847)
Elimination of inter-group net turnover from the subsidiary	**(1,384,874)**	(1,686,353)
Total net turnover	**109,543,700**	86,972,171

30.2 Cost of sales

	For the year ended June 30, 2023	For the year ended June 30, 2022
Total cost of sales for reportable segments - note 29	**88,575,369**	69,913,818
Elimination of inter-segment purchases - note 29	**(95,736)**	(77,847)
Elimination of inter-group purchases from the subsidiary	**(1,386,944)**	(1,687,763)
Total cost of sales	**87,092,689**	68,148,208

30.3 Assets

	As at June 30, 2023	As at June 30, 2022
Total assets for reportable segments	**101,325,715**	91,190,500
Inter-segment eliminations	**(22,084,538)**	(16,063,351)
Long-term investments	**10,994,914**	2,500
Total assets	**90,236,091**	75,129,649

30.4 Liabilities

	As at June 30, 2023	As at June 30, 2022
Total liabilities for reportable segments	**38,481,568**	33,497,238
Inter-segment eliminations	**(22,084,538)**	(16,063,351)
Short-term financing - note 27	**15,000,646**	13,705,104
Long-term loans - note 23	**4,782,831**	7,824,322
Accrued mark-up	**927,035**	441,018
Unclaimed dividend	**124,530**	115,500
Deferred Income - Government grant - note 24	**1,209,936**	1,034,495
Taxation - net	**4,295,469**	1,085,812
Deferred tax liability	**3,544,378**	-
Contractors' retention money	**-**	198,259
Total liabilities	**46,281,855**	41,838,397

Amounts in PKR '000

31 Cost of sales

	Polyester		Soda Ash		Pharma		Animal Health		Chemicals & Agri Sciences		NutriCo Morinaga		Others		Group	Group
	For the year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2023	For the year ended June 30, 2022	For the year ended June 30, 2022	For the year ended June 30, 2021
Raw and packing materials consumed																
Opening stock	4,192,184	2,281,303	2,273,597	787,658	970,986	1,276,744	570,644	436,891	1,230,954	1,067,759	-	-	94,549	39,397	9,332,914	5,889,752
Purchases																
Inter-segment	1,437,119	1,617,512	-	-	-	371	-	-	-	-	-	-	-	-	1,437,119	1,617,883
Others	29,319,487	27,488,420	12,419,465	7,323,292	4,761,049	3,973,452	2,286,787	1,619,236	5,922,691	5,628,243	-	-	1,175,611	1,453,300	55,885,090	47,485,943
	30,756,606	29,105,932	12,419,465	7,323,292	4,761,049	3,973,823	2,286,787	1,619,236	5,922,691	5,628,243	-	-	1,175,611	1,453,300	57,322,209	49,103,826
	34,948,790	31,387,235	14,693,062	8,110,950	5,732,035	5,250,567	2,857,431	2,056,127	7,153,645	6,696,002	-	-	1,270,160	1,492,697	66,655,123	54,993,578
Closing stock - note 13	(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)
Raw and packing material consumed	31,931,014	27,195,051	10,948,021	5,837,353	4,543,060	4,279,581	2,481,233	1,485,483	5,607,794	5,465,048	-	-	1,216,464	1,398,148	56,727,586	45,660,664
Salaries, wages and benefits - note 31.1	754,178	696,715	1,606,460	1,276,141	504,296	425,111	88,812	75,014	186,828	167,961	-	-	18,124	14,722	3,158,698	2,655,664
Stores and spares consumed	300,610	230,511	467,910	343,422	135,141	129,726	23,304	17,807	30,949	32,563	-	-	37,082	33,171	994,996	787,200
Conversion fee paid to contract manufacturers	-	-	-	-	131,005	335,770	11,035	1,137	69,442	58,530	-	-	-	-	211,482	395,437
Oil, gas and electricity	3,664,854	3,008,440	17,320,196	8,560,050	222,541	177,815	17,231	8,604	68,191	48,404	-	-	512	744	21,293,525	11,804,057
Rent, rates and taxes	2,284	1,965	9,903	7,720	1,455	1,393	939	783	4	(70)	-	-	420	420	15,005	12,211
Insurance	27,569	19,678	43,005	31,578	3,800	4,644	1,967	1,858	542	499	-	-	624	1,485	77,507	59,742
Repairs and maintenance	15,136	25,288	32,998	16,809	4,998	4,854	2,570	3,394	30,110	20,540	-	-	120	120	85,932	71,005
Depreciation and amortisation charge - note 6.4, 7.1 and 8.1	653,391	600,560	2,036,981	1,525,224	139,883	123,259	57,946	51,480	93,197	85,762	-	-	27,998	15,249	3,009,396	2,401,534
Write-offs - inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excise duty	-	-	-	-	-	-	-	-	-	-	-	-	14,282	16,696	14,282	16,696
Technical fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travelling	102,245	77,826	26,395	21,030	2,992	2,986	2,831	1,106	5,677	2,273	-	-	-	142	140,140	105,363
Contracted services	300,588	249,416	379,446	276,456	4,365	7,953	2,355	1,710	12,158	9,459	-	-	540	540	699,452	545,534
General expenses	59,111	50,281	170,233	112,469	46,569	21,344	18,721	11,003	39,276	23,674	-	-	1,353	1,401	335,263	220,172
Opening stock of work-in-process	179,217	130,765	-	-	61,197	39,187	58,803	17,796	30,395	13,996	-	-	-	-	329,612	201,744
Closing 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)
Cost of goods manufactured	37,621,770	32,107,279	33,041,548	18,008,252	5,751,065	5,492,426	2,762,643	1,618,372	6,148,060	5,898,244	-	-	1,317,519	1,482,838	86,642,605	64,607,411
Opening stock of finished goods	1,170,947	1,313,045	41,118	560,390	476,282	478,103	438,540	413,908	2,149,580	1,751,130	-	-	-	-	4,276,467	4,516,576
Finished goods purchased	-	(151,940)	-	-	691,279	411,397	3,178,916	2,374,068	2,364,402	2,449,791	-	-	-	-	6,234,597	5,083,316
	38,792,717	33,268,384	33,082,666	18,568,642	6,918,626	6,381,926	6,380,099	4,406,348	10,662,042	10,099,165	-	-	1,317,519	1,482,838	97,153,669	74,207,303
Closing 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)
Reversal for slow moving and obsolete stock-in-trade - note 13.1	-	-	-	-	(48,282)	(14,577)	(10,449)	15,337	(132,140)	(17,778)	-	-	-	-	(190,871)	(17,018)
	36,665,694	32,097,437	31,216,195	18,527,524	6,245,043	5,891,067	4,922,089	3,983,145	8,208,829	7,931,807	-	-	1,317,519	1,482,838	88,575,369	69,913,818

31.1 Staff retirement benefits

Salaries, wages and benefits include amounts in respect of staff retirement benefits:	183,761	161,954

32 Selling and distribution expenses

	Polyester		Soda Ash		Pharma		Animal Health		Chemicals & Agri Sciences		NutriCo Morinaga		Others		Group	Group
	For the year ended June 30, 2023	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2022**	For the year ended June 30, 2021
Salaries and benefits - note 32.1	**79,914**	79,596	**66,875**	58,985	**681,458**	693,719	**442,142**	367,212	**525,461**	460,676	**-**	-	**-**	-	**1,795,850**	1,660,188
Repairs and maintenance	**136**	-	**1,404**	702	**8,407**	5,553	**3,209**	2,170	**16,429**	14,313	**-**	-	**-**	-	**29,585**	22,738
Advertising and publicity expenses	**23,745**	19,555	**12,293**	12,078	**190,981**	255,429	**44,629**	85,700	**80,231**	66,329	**-**	-	**-**	-	**351,879**	439,091
Rent, rates and taxes	**-**	4	**1,250**	472	**6,703**	3,789	**4,114**	8,300	**12,486**	13,597	**-**	-	**-**	-	**24,553**	26,162
Insurance	**-**	-	**-**	407	**9,350**	12,036	**9,576**	8,941	**11,688**	11,619	**-**	-	**-**	-	**30,614**	33,003
Lighting, heating and cooling	**1**	-	**3,148**	2,574	**5,046**	6,795	**3,282**	2,311	**23,957**	15,230	**-**	-	**-**	-	**35,434**	26,910
Depreciation and amortisation charge - note 6.4, 7.1 and 8.1	**-**	-	**-**	-	**12,120**	14,573	**14,094**	16,052	**18,370**	17,400	**-**	-	**-**	-	**44,584**	48,025
Outward freight and handling	**153,312**	237,017	**973,639**	780,686	**136,758**	107,158	**133,364**	174,519	**167,468**	146,808	**-**	-	**-**	-	**1,564,541**	1,446,188
Travelling expenses	**14,581**	16,215	**8,813**	4,144	**270,639**	226,379	**140,312**	90,138	**143,985**	100,255	**-**	-	**-**	-	**578,330**	437,131
Postage, telegram, telephone and telex	**2,743**	2,212	**7,741**	2,523	**20,376**	17,274	**18,863**	8,841	**20,807**	20,596	**-**	-	**-**	-	**70,530**	51,446
Royalty - note 32.2	**156,882**	240,251	**160,880**	134,749	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**317,762**	375,000
Godown expenses	**-**	-	**25,940**	26,047	**64,256**	44,886	**32,052**	26,520	**131,325**	126,761	**-**	-	**-**	-	**253,573**	224,214
General expenses	**22,857**	34,346	**10,602**	1,066	**69,057**	57,813	**29,900**	21,884	**105,948**	85,033	**-**	-	**-**	-	**238,364**	200,142
	454,171	629,196	**1,272,585**	1,024,433	**1,475,151**	1,445,404	**875,537**	812,588	**1,258,155**	1,078,617	**-**	-	**-**	-	**5,335,599**	4,990,238

32.1 Staff retirement benefits

Salaries and benefits includes amount in respect of staff retirement benefits:	**142,023**	122,327

32.2 Royalty amounting to PKR 317.762 million (June 30, 2022: PKR 375.000 million) is charged by Associate namely "Lucky Holdings Limited" registered on the specified address 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi, Pakistan. The agreement expired on December 28, 2022.

33 Administration and general expenses

	Polyester		Soda Ash		Pharma		Animal Health		Chemicals & Agri Sciences		NutriCo Morinaga		Others		Group	
	For the year ended June 30, 2023	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2022**	For the year ended June 30, 2021
Salaries and benefits - note 33.1	**82,577**	93,103	**934,301**	770,085	**173,148**	152,445	**54,871**	49,584	**246,965**	239,469	**-**	-	**-**	-	**1,491,862**	1,304,686
Repairs and maintenance	**100**	69	**15,637**	12,889	**6,726**	4,847	**1,422**	931	**1,587**	2,020	**-**	-	**-**	-	**25,472**	20,756
Advertising and publicity expenses	**316**	76	**59,719**	14,008	**2,242**	758	**1,347**	258	**6,595**	1,464	**-**	-	**-**	-	**70,219**	16,564
Rent, rates and taxes	**1,155**	16	**126**	721	**5**	(148)	**2**	13	**11**	64	**-**	-	**-**	-	**1,299**	666
Insurance	**65**	52	**12,214**	9,750	**2,966**	2,246	**1,471**	1,339	**1,214**	1,006	**-**	-	**-**	-	**17,930**	14,393
Lighting, heating and cooling	**4,695**	3,303	**15,128**	9,671	**19,258**	13,117	**5,254**	2,992	**9,708**	6,327	**-**	-	**-**	-	**54,043**	35,410
Depreciation and amortisation charge - note 6.4, 7.1 and 8.1	**4,766**	5,017	**40,092**	43,453	**17,711**	14,048	**2,676**	2,879	**6,353**	6,166	**-**	-	**-**	-	**71,598**	71,563
Allowance / (reversal) of allowance for ECL on trade debts/ Loans and advances / Other receivable	**-**	-	**(5,477)**	-	**10,116**	4,061	**1,833**	(643)	**664**	18,362	**-**	-	**-**	47,233	**7,136**	69,013
Provision / (reversal) of provision for slow moving and obsolete stock-in-trade - note 13.1	**-**	-	**-**	-	**48,282**	14,577	**10,449**	(15,337)	**132,140**	17,778	**-**	-	**-**	-	**190,871**	17,018
Provision for slow moving and obsolete stores and spares - note 12.2	**-**	6,479	**3,245**	5,110	**-**	-	**-**	-	**46**	-	**-**	-	**-**	2,007	**3,291**	13,596
Travelling expenses	**3,846**	2,286	**14,964**	14,399	**6,297**	7,154	**2,777**	1,379	**4,202**	2,376	**-**	-	**-**	-	**32,086**	27,594
Postage, telegram, telephone and	**1,405**	834	**7,823**	7,097	**10,756**	5,745	**2,052**	697	**3,248**	3,078	**-**	-	**4**	-	**25,288**	17,451
General expenses	**39,745**	31,150	**195,659**	148,846	**137,144**	82,823	**29,721**	16,523	**(58,389)**	36,582	**-**	-	**13,900**	1,614	**357,780**	317,538
	138,670	142,385	**1,293,431**	1,036,029	**434,651**	301,673	**113,875**	60,615	**354,344**	334,692	**-**	-	**13,904**	50,854	**2,348,875**	1,926,248

33.1 Staff retirement benefits

Salaries and benefits includes amount in respect of staff retirement benefits:	**105,971**	105,263

Amounts in PKR '000

		For the year ended June 30, 2023	For the year ended June 30, 2022
34	**Other charges**		
	Auditors' remuneration - note 34.1	**10,168**	10,714
	Donations - note 34.2	**74,738**	62,105
	Workers' profit participation fund - note 26.2	**355,991**	320,094
	Workers' welfare fund	**171,922**	181,493
	Others	**267**	-
		613,086	574,406

34.1	**Auditors' remuneration**		
	Statutory audit fee	**5,677**	5,957
	Half yearly review	**2,099**	1,825
	Out of pocket expenses	**778**	778
	Other certifications	**1,614**	2,154
		10,168	10,714

34.2 Represents provision in respect of donation to Lucky Core Foundation (Head office, Karachi). Mr. Asif Jooma, Chief Executive of the Company, Mr. Muhammad Abid Ganatra, Director of the Company, Mr. Arshaduddin Ahmed, Mr. Aamer Mahmud Malik, Ms. Laila Bhatia Bawany, Mr. Muhammad Farrukh Rasheed and Mr. Atif Aboobukar, Executives of the Company are amongst the Trustees of the Foundation.

35	**Finance costs**		
	Mark-up on financing	**2,766,427**	624,613
	Interest on workers' profit participation fund - note 26.2	**-**	340
	Discounting charges on receivables	**85,056**	55,480
	Interest expense on staff loans	**-**	99,179
	Accretion of interest on lease liabilities - note 8	**27,355**	26,017
	Guarantee fee and others	**1,294**	11,518
		2,880,132	817,147

36	**Other income**		
	Income from financial instruments		
	Interest income on staff loans	**100,144**	-
	Dividend income from mutual funds	**890,219**	-
	Interest income	**388,078**	86
	Gain on remeasurement of existing interest in NutriCo Pakistan (Private) Limited	**-**	1,847,321
		1,378,441	1,847,407
	Income from non-financial instruments		
	Deferred income - Government grant	**170,089**	145,701
	Scrap sales	**176,412**	134,279
	Sales from scrap raw materials	**-**	10,767
	Gain on disposal of property, plant & equipment	**21,454**	35,725
	Liabilities no longer required written back	**-**	17,695
	Sundries	**15,554**	30,335
		1,761,950	2,221,909

37 Discontinued operations

37.1 On September 16, 2022, the Group 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 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 Group held 51% shareholding in NutriCo Morinaga. The transaction was approved by shareholders in the Annual General Meeting dated September 27, 2022 and by the Competition Commission of Pakistan on December 08, 2022. The transaction was concluded on January 27, 2023, after which NutriCo Morinaga ceased to be treated as a subsidiary of the Group. The Group continues to hold approximately 24.5% of the share capital of NutriCo Morinaga and NutriCo Morinaga is treated as an associate. This has resulted in a gain of PKR 17,150.672 million.

37.2 The portion of gain attributable to measuring the investment retained in the former subsidiary at its fair value, at the date when control is lost, is PKR 8,239.260 million.

37.3 An analysis of assets and liabilities attributable to discontinued operations as at the disposal date is as below:

	As at January 27, 2023
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 loan	**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	**1,022,700**
	10,480,693
Net assets attributable to discontinued operations	**10,801,751**

Amounts in PKR '000

37.4 Financial performance of the discontinued operations till the date of disposal is as follows:

	For the period ended January 27, 2023	For the year ended June 30, 2022
Turnover - net	**8,536,961**	13,894,657
Cost of sales	**(6,531,073)**	(10,764,249)
Gross profit	**2,005,888**	3,130,408
Selling and distribution expenses	**(522,791)**	(924,024)
Administrative and general expenses	**(159,828)**	(288,857)
Operating profit	**1,323,269**	1,917,527
Other charges	**(882)**	(6,284)
Financial charges	**(373,892)**	(425,738)
Exchange loss - net	**(294,777)**	(215,658)
Other income	**9,602**	30,884
Profit before taxation	**663,320**	1,300,731
Taxation	**(218,899)**	(495,642)
Profit after taxation	**444,421**	805,089
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 / gain after taxation from discontinued operations	**10,092,201**	805,089

37.5 Cash flows attributable to discontinued operations till the date of disposal:

Net cash generated from operating activities	**341,898**	**433,027**
Net cash generated from / (used in) investing activities	**4,745**	**(74,898)**
Net cash used in financing activities	**(616,552)**	**(7,362)**
Net cash (used in) / generated from discontinued operations	**(269,909)**	**350,767**

38 Taxation

Current	**3,682,816**	3,543,331
Deferred	**694,219**	593,814
Net tax charged - note 38.1	**4,377,035**	4,137,145

38.1 Tax reconciliation

Profit before tax	**12,057,692**	12,192,078
Tax @ 29% (2022: 29%)	**3,496,731**	3,535,703
Effect of exempt income	**(33,737)**	(42,158)
Effect of change in tax rate	**364,044**	212,760
Effect of super tax	**991,488**	916,492
Effect of lower rate of dividend income	**(166,631)**	-
Tax benefit on income covered under final tax regime	**(442,051)**	(141,119)
Others	**167,190**	(344,533)
Net tax charged	**4,377,035**	4,137,145
Average effective tax rate	**36.30%**	33.93%

39 Basic and diluted earnings per share

Profit after taxation attributable to equity holders of the Holding Company	**17,561,686**	8,465,529
Weighted average number of ordinary shares outstanding during the year	**92,359,050**	92,359,050
	PKR	
Basic and diluted earnings per share (EPS)	**190.15**	91.66

Amounts in PKR ’000

		For the year ended June 30, 2023	For the year ended June 30, 2022
40	**Cash flows from operating activities**		
	Profit before taxation - continuing operations	**12,057,692**	12,192,078
	Profit before taxation - discontinued operations - note 37.5	**17,617,149**	1,300,731
		29,674,841	13,492,809
	Adjustments for:		
	Depreciation and amortization	**3,318,581**	2,903,068
	Gain on disposal of operating fixed assets	**(22,795)**	(35,725)
	Provision for staff retirement benefit plan - note 22.3.1	**36,473**	32,694
	Provisions for non-management staff gratuity and eligible retired employees' medical scheme	**40,725**	38,383
	Deferred income - Government grant - note 24	**(170,089)**	(145,701)
	Gain on partial disposal of NutriCo Morinaga (Pvt) Limited - note 37.4	**(17,150,672)**	-
	Interest income on advances	**(157,252)**	(23,328)
	Dividend income from mutual funds - note 36	**(890,219)**	-
	Gain on remeasurement of existing interest in NutriCo Pakistan	**-**	(1,847,321)
	Share of loss from associate - note 9.1	**11,701**	-
	Finance cost	**3,197,967**	1,242,885
	Allowance for ECL - note 33	**7,136**	51,315
	Provision for slow moving and obsolete stock-in-trade - note 13.1	**190,871**	17,018
	Provision for slow moving and obsolete stores and spares - note 12.2	**3,291**	13,596
	Liabilities no longer required written back - note 35	**-**	(17,695)
		18,090,559	15,721,998
	Movement in:		
	Working capital - note 40.1	**(6,584,311)**	(9,457,569)
	Long-term loans	**(199,697)**	278,353
	Long-term deposits and prepayments	**(23,072)**	(15,582)
		11,283,479	6,527,200

40.1	**Movement in working capital**		
	Increase in current assets		
	Stores, spares and consumables	**(221,982)**	(91,974)
	Stock-in-trade	**(5,163,382)**	(5,947,044)
	Trade debts	**(1,585,894)**	(1,476,929)
	Loans and advances	**(1,604,642)**	(1,068,386)
	Trade deposits and short-term prepayments	**(300,709)**	(351,840)
	Other receivables	**(1,160,854)**	(773,406)
		(10,037,463)	(9,709,579)
	Increase in current liabilities		
	Trade and other payables	**3,453,152**	252,010
		(6,584,311)	(9,457,569)

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 Group are as follows:

	Chief Executive		**Director**		**Other Executives**		**Total**	
	For the year ended June 30, 2023	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022	**For the year ended June 30, 2023**	For the year ended June 30, 2022
Managerial remuneration	**85,532**	77,206	**59,223**	55,479	**1,227,983**	1,087,734	**1,372,738**	1,220,419
Gratuity	**3,627**	3,371	**2,571**	2,380	**51,848**	48,163	**58,046**	53,914
Provident Fund	**4,369**	4,062	**3,098**	2,868	**97,186**	85,591	**104,653**	92,521
Pension	**4,631**	4,306	**3,284**	3,040	**100,446**	87,221	**108,361**	94,567
Rent and house maintenance	**5,178**	3,808	**-**	-	**396,899**	356,531	**402,077**	360,339
Utilities	**2,565**	1,572	**-**	-	**98,761**	735,012	**101,326**	736,584
Medical and others	**233**	326	**-**	34	**57,833**	1,000,580	**58,066**	1,000,940
Bonus paid	**52,585**	49,266	**27,873**	26,775	**507,400**	495,757	**587,858**	571,798
	158,720	143,917	**96,049**	90,576	**2,538,356**	3,896,589	**2,793,125**	4,131,082
Number of persons as at the reporting date	**1**	1	**1**	1	**388**	389	**390**	391

41.1	Remuneration paid to Chairman during the year:	**-**	-
41.2	During the year fee paid to six non-executive directors for attending board and other meetings, which is not part of remuneration amounts to:	**5,156**	4,125

Amounts in PKR '000

		As at and for the year ended June 30, 2023	As at and for the year ended June 30, 2022
41.3	Total number of employees as at the reporting date	**2,189**	2,198
	Average number of employees during the year	**2,194**	2,124
41.4	Total number of factory employees as at the reporting date	**766**	785
	Average number of factory employees during the year	**776**	774

41.5 The Chief Executive, Director and certain other Executives have been provided with company maintained cars and housing facilities

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 employees (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:

		For the year ended June 30, 2023	For the year ended June 30, 2022
Relationship with the Group	**Nature of transaction**		
Parent Company			
Lucky Cement Limited	Purchase of goods, materials and services	**75,692**	91,730
	Sale of goods and materials	**33,425**	11,527
	Reimbursement of expenses	**3,390**	-
	Dividend	**1,269,950**	2,031,920
Associated companies	Purchase of goods, materials and services	**3,887,638**	6,199,654
	Sale of goods and materials	**4,669,754**	2,428,386
	Dividend paid to associates	**612,807**	980,491
	Royalty	**317,762**	423,750
	Donations paid	**59,871**	28,709
	Reimbursement of expenses	**33,333**	132,539
	Charges for supply of consumables	**13,442**	-
	Investment in subsidiary	**-**	770,182
Others	Staff retirement benefits	**409,050**	377,509
Key management personnel	Remuneration paid	**593,614**	545,023
	Post employment benefits	**49,102**	55,347
	Dividends paid	**59,187**	102,868
	Director meeting fee	**5,156**	4,125

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	**Basis of relationship**
Lucky Cement Limited	Holding company and common directorship
Arabian Sea Country Club Limited	Equity investment
NutriCo Morinaga (Private) Limited	Common directorship and Associate
Lucky Holdings Limited	Common directorship
Yunus Textile Mills Limited	Common directorship
Lucky Textile Mills Limited	Common directorship
Gadoon Textile Mills Limited	Common directorship
Lucky Motors Corporation Limited	Common directorship
Lucky Foods (Private) Limited	Common directorship
Lucky Core Foundation	Common directorship

Name of related party	**Basis of relationship**
Lucky Core Management Staff Provident Fund	Common directorship
Lucky Core Management Staff Gratuity Fund	Common directorship
Lucky Core Management Staff Defined Contribution Superannuation Fund	Common directorship
Lucky Core Non-Management Staff Provident Fund	Common directorship
Lucky Core Management Staff Pension Fund	Common directorship
Lahore University of Management Sciences	Common directorship
Child Life Foundation	Common directorship
Pakistan Business Council	Common directorship
Global Commodities Limited	Common directorship
Tabba Kidney Institute	Common directorship
Tabba Heart Institute	Common directorship
National Bank of Pakistan	Common directorship
YB Pakistan Limited	Common directorship
Lucky Commodities (Private) Limited	Common directorship
Systems Limited	Common directorship
Bank Al Habib Limited	Common directorship
Siemens (Pakistan) Engineering Company Limited	Common directorship
The Kidney Centre Institute	Common directorship
International Industries Limited	Common directorship
Lucky Landmark (Private) Limited	Common directorship
NutriCo Pakistan (Private) Limited Provident Fund	Common directorship
Lucky Al Shumookh Holdings Limited (Republic of Iraq)	Common directorship
Al Mabrooka Cement Manufacturing Company Limited (Republic of Iraq)	Common directorship
Nyumba Ya Akiba S.A. (Democratic Republic of Kongo)	Common directorship
Asif Jooma	Key management personnel
M. Abid Ganatra	Key management personnel
Atif Aboobukar	Key management personnel
Nauman Afzal	Key management personnel
Arshaduddin Ahmed	Key management personnel
Aamer Mahmud Malik	Key management personnel
Muhammad Farrukh Rasheed	Key management personnel
Laila Bhattia Bawany	Key management personnel
Eqan Ali Khan	Key management personnel

43 Plant capacity and annual production

- in metric tonnes except PowerGen which is in thousands of Megawatt hours:

	For the year ended June 30, 2023		For the year ended June 30, 2022	
	Annual Name Plate Capacity	**Production**	Annual Name Plate Capacity	Production
Polyester	**122,250**	**124,866**	122,250	139,099
Soda Ash - note 43.1	**560,000**	**512,002**	442,000	443,974
NutriCo Morinaga (Private) Limited	**-**	**-**	12,000	1,542
Sodium Bicarbonate - note 43.1	**54,000**	**42,150**	54,000	46,217
PowerGen - note 43.3	**122,640**	**46,800**	122,640	47,077

43.1 Out of total production of 512,002 metric tonnes (June 30, 2022: 443,974 metric tonnes) soda ash, 37,935 metric tonnes (June 30, 2022: 41,595 metric tonnes) was transferred for production of 42,150 metric tonnes (June 30, 2022: 46,217 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 reason for shortfall in the annual production of Sodium bicarbonate against name plate capacity is the prevailing market conditions during the year.

43.3 Electricity by PowerGen is produced as per demand of the Group.

44 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The different levels of fair valuation method have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data.

As of the reporting date, except for the Group's investment in mutual funds (which is valued under Level 1), none of the financial instruments are cared at fair value in these unconsolidated financial statements.

The carrying value of all financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

45 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 minimize potential adverse effects on the Group's financial performance.

45.1 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.

46 Market risk

Market risk is the risk that the value 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. There has been no change in the Group's exposure to market risk or the manner in which this risk is managed and measured.

Under market risk the Group is exposed to currency risk, interest rate risk and other price risk (equity price risk).

46.1 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:

	Carrying Amount	
	As at June 30, 2023	As at June 30, 2022
Fixed rate instruments		
Financial assets - note 19	**377,000**	208,535
Financial liabilities	**(6,181,500)**	(5,529,725)
	(5,804,500)	(5,321,190)
Variable rate instruments		
Financial assets - note 16	**1,800,000**	-
Financial liabilities	**(13,846,252)**	(11,793,340)
	(12,046,252)	(11,793,340)

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: PKR 1,204.625 million (June 30, 2022: PKR 1,179.334 million).

46.2 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
			As at June 30, 2023		
Trade debts	**-**	**-**	**1,953,711**	**-**	**-**
Other receivables	**-**	**-**	**128,384**	**-**	**-**
Cash and bank balances	**-**	**-**	**424,483**	**-**	**-**
	-	**-**	**2,506,578**	**-**	**-**
Trade and other payables	**(13,920,242)**	**(138,389)**	**(14,067,695)**	**(22,934)**	**(1,522,685)**
Gross statement of financial position exposure	**(13,920,242)**	**(138,389)**	**(11,561,117)**	**(22,934)**	**(1,522,685)**
			As at June 30, 2022		
Cash and bank balances	-	-	108,142	-	-
	-	-	108,142	-	-
Trade and other payables	(360,589)	(51,389)	(439,045)	(909)	(23,155)
Gross statement of financial position exposure	(360,589)	(51,389)	(330,903)	(909)	(23,155)

Amounts in PKR '000

Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended June 30, 2023	For the year ended June 30, 2022	**As at June 30, 2023**	As at June 30, 2022
PKR per	**PKR**		**PKR**	
EURO	**244.24**	190.75	**312.93**	213.81
USD	**245.30**	177.43	**285.99**	204.85
GBP	**327.11**	235.47	**364.14**	248.48
CNY	**36.56**	27.48	**39.67**	30.60
JPY	**1.23**	1.51	**1.99**	1.50

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 391.327 million (June 30, 2022: PKR 9.007 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2023, 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, 2023 and June 30, 2022 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)**
2023						
Pak Rupee	**+10%**	**55,221**	**4,331**	**330,637**	**835**	**303**
Pak Rupee	**-10%**	**(55,221)**	**(4,331)**	**(330,637)**	**(835)**	**(303)**
2022						
Pak Rupee	+10%	(1,103)	(1,099)	(6,779)	(23)	(3)
Pak Rupee	-10%	1,103	1,099	6,779	23	3

47 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:

		As at June 30, 2023	As at June 30, 2022
47.1	**Financial assets**		
	Long-term investments - note 9	**2,500**	2,500
	Loans to executives and employees- note 10	**1,105,305**	897,249
	Long-term deposits - note 11	**78,319**	55,445
	Trade debts - note 14	**5,197,027**	4,820,447
	Short-term deposits - note 16	**1,800,000**	-
	Other receivables - note 17	**543,986**	622,565
	Short-term investment - note 18	**12,674,655**	-
	Bank balances - note 19	**1,019,255**	675,464
		22,421,047	7,073,670

47.2 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, 2023	As at June 30, 2022
47.3	**Financial assets**		
	- Secured	**3,189,633**	2,981,577
	- Unsecured	**19,231,414**	4,092,093
		22,421,047	7,073,670

47.4 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	
			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%**
			As at June 30, 2022		
Total gross carrying amount	4,244,568	411,087	7,870	156,922	4,820,447
Expected credit loss	-	-	(3,935)	(156,922)	(160,857)
Expected credit loss effective rate	-	-	50%	100%	3%

47.5 There were no past due or impaired receivables from related parties.

47.6 Concentration risk

The sector wise analysis of receivables, comprising trade debts, loans and advances and bank balances are given below:

	As at June 30, 2023	As at June 30, 2022
Textile and chemicals	**727,179**	829,573
Glass	**917,389**	579,407
Paper and board	**169,576**	142,489
Pharmaceuticals	**68,306**	132,950
Detergents	**500,628**	285,954
Paints	**193,708**	127,160
Banks	**1,019,255**	352,922
Others	**4,896,887**	5,391,078
	8,492,928	7,841,533
Allowance for ECL:		
- trade debts - note 14	**(121,640)**	(160,857)
- loans and advances - note 15	**(26,508)**	(26,265)
	(148,148)	(187,122)
	8,344,780	7,654,411

47.7 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.

48 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.

	Carrying amount	Contractual cash flows	Less than one year
		As at June 30, 2023	
Financial liabilities			
Trade creditors - note 26	**2,173,269**	**(2,173,269)**	**(2,173,269)**
Bills payable - note 26	**4,812,005**	**(4,812,005)**	**(4,812,005)**
Accrued mark-up	**927,035**	**(927,035)**	**(927,035)**
Accrued expenses - note 26	**4,497,978**	**(4,497,978)**	**(4,497,978)**
Distributors' security deposits - payable on termination of distributorship - note 26	**134,404**	**(147,844)**	**(147,844)**
Contractors' earnest / retention money - note 26	**19,816**	**(19,816)**	**(19,816)**
Unclaimed dividends	**124,530**	**(124,530)**	**(124,530)**
Payable for capital expenditure - note 26	**102,082**	**(102,082)**	**(102,082)**
Other payables - note 26	**248,262**	**(248,262)**	**(248,262)**
Long-term loans - note 23	**4,782,831**	**(4,782,831)**	**(3,962,751)**
Lease liabilities - note 8	**109,871**	**(109,871)**	**80,807**
Short-term financing - note 27	**15,000,646**	**(15,000,646)**	**(15,000,646)**
	32,932,729	**(32,946,169)**	**(31,935,411)**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

		As at June 30, 2022	
Financial liabilities			
Trade creditors - note 26	3,327,113	(3,327,113)	(3,327,113)
Bills payable - note 26	3,479,911	(3,479,911)	(3,479,911)
Accrued mark-up	441,018	(441,018)	(441,019)
Accrued expenses - note 26	4,197,493	(4,197,493)	(4,197,493)
Technical service fee / Royalty - note 26	1,036	(1,036)	(1,036)
Distributors' security deposits - payable on termination of distributorship - note 26	125,311	(137,842)	(137,842)
Contractors' earnest / retention money - note 26	25,142	(25,142)	(25,142)
Unclaimed dividends	115,500	(115,500)	(115,500)
Payable for capital expenditure - note 26	575,382	(575,382)	(575,382)
Other payables - note 26	218,847	(218,847)	(218,847)
Long-term loans - note 23	7,824,322	(7,824,322)	(6,044,640)
Lease liabilities - note 8	184,299	(184,299)	96,117
Contractors' retention money	198,259	(198,259)	-
Short-term financing - note 27	13,705,104	(13,705,105)	(13,705,104)
	34,418,737	(34,431,269)	(32,172,912)

49 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, 2023 and June 30, 2022 is as follows:

	As at June 30, 2023	As at June 30, 2022
Long-term loans - note 23	**4,782,831**	7,824,322
Contractors' retention money	**-**	198,259
Short-term financing - note 27	**15,000,646**	13,705,104
Total debt	**19,783,477**	21,727,685
Short-term investments - note 18	**(12,674,655)**	-
Cash and bank balances - note 19	**(1,027,727)**	(693,356)
Net debt	**6,081,095**	21,034,329
Issued, subscribed and paid-up capital - note 20	**923,591**	923,591
Capital reserves - note 21	**309,643**	309,643
Revenue reserve - unappropriated profit	**42,458,096**	27,229,297
Equity	**43,691,330**	28,462,531
Capital	**49,772,425**	49,496,860
Gearing ratio (Net debt / (Net debt + Equity)	**12.22%**	42.50%

50 Subsequent event

50.1 The Directors in their meeting held on August 2, 2023 have recommended a final dividend of PKR 33.00 per share (June 30, 2022: PKR 20.00 per share). This dividend is in addition to interim dividend paid of PKR 20.00 per share during the current year. The consolidated financial statements for the year ended June 30, 2023 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

51 General

51.1 Date of authorisation

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on August 02, 2023.

51.2 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. Further, comparative information of statement of profit or loss has been reclassified to reflect results of discontinued operations separately. However, there has been no material reclassification to report except as follows:

	Reclassification		
Description	**From**	**To**	**As at June 30, 2022**
Inventory used for energy generation	Stock-in-trade	Stores, spares and consumables	2,824,488

51.3 Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Atif Aboobukar
Chief Financial Officer

Pattern of Shareholding

as at June 30, 2023

NO OF SHAREHOLDERS	CATEGORIES FROM	 TO	NO. OF SHARES
6,011	1	100	193,447
2,230	101	500	528,998
511	501	1,000	373,809
494	1,001	5,000	1,064,972
85	5,001	10,000	638,184
35	10,001	15,000	436,804
15	15,001	20,000	266,650
9	20,001	25,000	195,688
8	25,001	30,000	216,517
4	30,001	35,000	134,445
2	35,001	40,000	72,278
3	40,001	45,000	127,650
3	45,001	50,000	145,090
1	65,001	70,000	67,186
2	80,001	85,000	168,300
1	95,001	100,000	99,395
1	115,001	120,000	119,687
1	125,001	130,000	126,420
1	130,001	135,000	134,531
1	140,001	145,000	145,000
1	155,001	160,000	160,000
1	170,001	175,000	172,422
1	215,001	220,000	219,695
1	245,001	250,000	250,000
1	250,001	255,000	250,898
1	305,001	310,000	307,281
1	370,001	375,000	374,000
1	400,001	405,000	400,850
1	605,001	610,000	606,701
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	2,335,001	2,340,000	2,335,420
1	4,020,001	4,025,000	4,020,838
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
9,437			**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	3	2,335,620	2.53
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	20	2,153,976	2.33
5	Insurance Companies	14	4,468,197	4.84
6	Modarabas and Mutual Funds	25	1,354,188	1.47
7	Shareholders holding 5% or more	4	74,292,254	80.44
8	General Public :			
	a. local	9,192	5,298,683	5.74
	b .Foreign			
9	Others	178	1,438,102	1.55
Total (excluding shareholders holding 5% or more)		**9,437**	**92,359,050**	**100.00**

Pattern of Shareholding
as at June 30, 2023

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	03277-84403	ASIF JOOMA	2,335,420	2.53
			2,335,620	**2.53**

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**

NIT and ICP	-	-

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	00695-32	STANDARD CHARTERED BANK (PAKISTAN) LIMITED	74	0.00
14	02618-20	HABIB METROPOLITAN BANK LIMITED	250,898	0.27
15	02832-32	MEEZAN BANK LIMITED	219,695	0.24
16	03525-100145	ESCORTS INVESTMENT BANK LIMITED	1,346	0.00
17	03889-28	NATIONAL BANK OF PAKISTAN	59	0.00
18	03889-44	NATIONAL BANK OF PAKISTAN	895,610	0.97
19	04127-28	MCB BANK LIMITED - TREASURY	400,850	0.43
20	05132-26	ASKARI BANK LIMITED	374,000	0.41
			2,153,976	**2.33**

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	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	4,020,838	4.35
7	03277-2184	EFU GENERAL INSURANCE LIMITED	15,000	0.02
8	03277-4255	PAKISTAN REINSURANCE COMPANY LIMITED	307,281	0.33
9	03277-7330	RELIANCE INSURANCE COMPANY LTD.	26,659	0.03
10	03277-8372	GHAF LIMITED	12,039	0.01
11	03277-90405	DAWOOD FAMILY TAKAFUL LIMITED	34,550	0.04
12	03277-90406	DAWOOD FAMILY TAKAFUL LIMITED	29,800	0.03
13	03277-90408	DAWOOD FAMILY TAKAFUL LIMITED	6,190	0.01
14	07450-1792	DAWOOD FAMILY TAKAFUL LIMITED	15,032	0.02
			4,468,197	**4.84**

Modarabas and Mutual Funds

SNO.	FOLIO	NAME	HOLDING	PERCENTAGE
1	87169	GOLDEN ARROW SELECTED STOCKS 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	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	172,422	0.19
8	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	36,416	0.04
9	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	3,738	0.00
10	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	134,531	0.14
11	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	606,701	0.66
12	07450-521	B.R.R. GUARDIAN MODARABA	8,208	0.01
13	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	67,186	0.07
14	09456-24	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	67	0.00
15	09480-21	CDC - TRUSTEE NBP STOCK FUND	99,395	0.11
16	10397-29	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	126,420	0.14
17	10603-21	CDC - TRUSTEE APF-EQUITY SUB FUND	9,300	0.01
18	10801-27	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	4,766	0.01
19	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	9,950	0.01
20	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	33,569	0.04
21	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	50	0.00
22	15974-23	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	9,722	0.01
23	16501-27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	9,400	0.01
24	17210-22	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	11,200	0.01
25	17681-26	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	10,600	0.01
			1,354,188	**1.47**

Shareholders Holding 5% or More

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	7.21
3	03277-81888	LUCKY TEXTILE MILLS LIMITED	5,751,130	6.23
4	03277-86250	LUCKY CEMENT LIMITED	50,798,000	55.00
			74,292,254	**80.44**

General Public	**5,298,683**	**5.74**
Others	**1,438,102**	**1.55**

Total (excluding shareholders holding 5% or more)	**92,359,050**	**100.00**

Notice of 72nd Annual General Meeting

Notice is hereby given that the 72nd Annual General Meeting ("AGM") of Lucky Core Industries Limited (the "Company") will be held on Tuesday, September 26, 2023 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, 2023, along with the Directors' and Auditors' Reports thereon.

   In accordance with Section 223 of the Companies Act, 2017 and pursuant to the 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, 2023, 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, 2023.

3. To appoint auditors of the Company for the financial year 2023-24 and to fix their remuneration. The Board of Directors, on the recommendation of the Board Audit Committee of the Company, has proposed appointment of M/s. A.F. Ferguson & Co. as auditors in place of retiring auditors EY Ford Rhodes, Chartered Accountants for the year ending June 30, 2024.

SPECIAL BUSINESS:

4. To consider and if deemed fit, authorize the Board of Directors of the Company to reclassify an amount from the revenue reserve / unappropriated profits of the Company to capital reserve, and in that connection to pass the following resolution as ordinary resolution (with or without modification):

   "RESOLVED THAT the Board of Directors of the Company be and are hereby authorized, without limitation, to reclassify any amounts standing to the credit of revenue reserve / unappropriated profits of the Company to capital reserve to the extent of available sum in the revenue reserve / unappropriated profits as may be determined by the Board of Directors at its discretion, at any point in time and as the Board deems necessary from time to time in the interest of the Company."

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 11,649,936,000/- (Pak Rupees Eleven Billion Six Hundred Forty Nine Million Nine Hundred Thirty Six Thousand) during the year ended June 30, 2023 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 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, 2024. The Members have noted that for the aforesaid arrangements and transactions some or a majority of the Directors may 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 quantums 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, 2024, 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.

By Order of the Board

September 05, 2023
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, 2023 to September 26, 2023 (both days inclusive). Share transfers received in order at the office of our Share Registrar, FAMCO Associates (Private) Limited, 8-F, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, by the close of business on September 19, 2023, 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 appearing in the Register of Members as of September 19, 2023, 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 Associates (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 Associates (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 2023:**
   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 2023 through weblink, QR enabled code and through email to Members whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (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 2023 (containing the financial statements), have been dispatched.

Notwithstanding the above, the Company will provide hard copies of the Annual Report 2023, 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 Associates (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 Associates (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 Associates (Private) Limited before the close of business on September 19, 2023, 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 Associates (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 Associates (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 72nd AGM of the Company.

Through this agenda item an authorization is being sought from the Members to empower the Board of Directors, without limitation, to potentially reclassify any amount from the revenue reserves of the Company to capital reserve which the Board considers necessary in better interest of the Company. The amounts that would be reclassified would primarily include funds which have already been utilized by the Company for investments and growth projects/expansions ultimately creating value for the Members and are not available for distribution by way of dividend. Amounts classified as capital reserve would, therefore, not be available for distribution by way of dividend.

The Board of Directors shall be empowered to reclassify at any given point in time, as may be deemed necessary by the Board of Directors in the interest of the Company and the Members.

None of the Directors of the Company have any interest in the aforesaid special businesses, except in their capacity as Directors and Members (where applicable) 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 72nd 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 71st AGM of the Company, held on September 27, 2022, 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, 2023. All the related party transactions have been disclosed in Note 42 to the unconsolidated financial statements for the year ended June 30, 2023.

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, 2023.

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, 2024. 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, 2024 (irrespective of composition of the Board and interest of the Directors). The related party transactions as aforesaid for the year ending June 30, 2024 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 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, 2024; 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 who may be deemed to be interested, to the extent applicable based on shareholdings and / or common directorships, are currently as follows:

1. Mr Muhammad Sohail Tabba
2. Mr Muhammad Ali Tabba
3. Mr Jawed Yunus Tabba
4. Mr Asif Jooma
5. Ms Amina A. Aziz Bawany
6. Mr Muhammad Abid Ganatra

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, 2023 at 10:00 a.m. and at any adjournment thereof.

As witness my / our hand / seal this ________________ day of ________________ 2023.

Signed by the said ____

in the presence of 1. ____

____

2. ____

____

Signature

Folio / CDC Account No.

☐

☐

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

LCI

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 Associates (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

LCI

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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Postage

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 کورانڈسٹریز 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 ستمبر 2023 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)2023،

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 بعد اجلاس کے وقت سے کم از کم 48 گھنٹے 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 2 افراد 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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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 اپنی سی این آئی سی یا این ٹی این (کارپوریٹ ادارے کی صورت میں) فراہم نہیں کیئے ان کی ادائیگی روکی جاسکتی ہے۔ اس لئے شیئر ہولڈر اپنے موثر سی این آئی سی کی فوٹو کاپی (اگر پہلے فراہم نہیں کی) کمپنی کے شیئر رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پاس جمع کرائیں۔ ممبر کے موثر سی این آئی سی کی غیر موجودگی میں، کمپنی ممبران کے ڈیویڈنڈ روکنے کے لیے 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 لیے 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، اپنے بینک اکاؤنٹ میں براہ راست منافع منقسمہ وصول کرنے کے لیے، آپ سے گزارش کی جاتی ہے کہ کمپنی کی ویب سائٹ http://luckycore.com پر موجود فارم میں درج معلومات (اگر پہلے فراہم نہیں کی) فراہم کریں، الیکٹرانک فارم میں شیئرز رکھنے والے اپنے 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 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، ایف بی آر 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 ان کے شیئر ہولڈنگ تناسب کی بنیاد پر ایکٹیو اور نان ایکٹیو اسٹیٹس پر علیحدہ سے ہوگا۔

جوائنٹ شیئر ہولڈرز کی صورت میں 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 فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پاس ذیل میں درج طریقہ کار کے تحت 19 ستمبر 2023 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 قیمت پر کٹوتی کے اہل ہیں ان سے گزارش کی جاتی ہے کہ وہ ٹیکس سے استثنیٰ کا موثر 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 موثر حلف نامہ جمع کرائیں۔

9۔ کمپنیز ایکٹ 2017 کے سیکشن 244 کے تحت غیر دعویٰ شدہ ڈیویڈنڈ/شیئرز

غیر دعویٰ شدہ ڈیویڈنڈز/شیئرز کی اپ ڈیٹڈ لسٹ کمپنی کی ویب سائٹ https://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 شیئر ہولڈرز کی جانب سے دعویٰ داخل کیا جاسکتا ہے۔ کلیم فارم لازمی طور پر کمپنی کے شیئر رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے پاس ڈیویڈنڈ/شیئرز کی وصولی کے لیے 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 عندیہ دیا 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 لیے 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 لیے مطلوبہ لوازمات سے بھی محفوظ رہیں گے۔ مزید معلومات اور معاونت کے لیے، شیئر ہولڈرز ہمارے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (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 فزیکل فولیو کے لئے اپ ڈیٹ شدہ ای میل اور موبائل فون نمبر فراہم کریں اور الیکٹرانک شکل میں شیئرز کی صورت میں اپنے 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 2023 تا 26 ستمبر 2023 (دونوں دن شامل ہیں) تک بند رہیں گی۔ ہمارے شیئر رجسٹرارز میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کے آفس میں 19 ستمبر 2023 کو کاروبار کے اختتام تک وصول ہونے والی منتقلیوں کو حتمی نقد منافع منقسمہ کی منتقلی کے حقدار اور سالانہ اجلاسِ عام میں شرکت اور ووٹ دینے کے لیے بروقت تصور کیا جائے گا۔

2۔ بذاتِ خود یا ویڈیو کانفرنسنگ کے ذریعے اجلاس میں شرکت:

19 ستمبر 2023 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 لیے کسی کو بطور نمائندہ (پراکسی) مقرر کرنے کا حق حاصل ہو گا۔

ممبران کو اجلاس کے لیے موثر 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 http://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 یا وہ تصدیق شدہ ہے، یا ایسے کسی پاور یا مختار نامے کی تصدیق شدہ کاپی فعال صورت میں ہی، سالانہ اجلاس عام سے کم از کم 48 گھنٹے قبل (چھٹیوں کے علاوہ) generalmeetings@luckycore.com پر ای میل کئے جاسکتے ہیں۔ یا کمپنی کے شیئر رجسٹرار 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 ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کے رجسٹرڈ ایڈریس پر جمع کرائیں۔

الف) ویڈیو کانفرنسنگ کی سہولت کے ذریعے سالانہ اجلاس عام میں شرکت کے لیے، 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) لاگ ان کی سہولت صبح 09:45 سے سالانہ اجلاس عام کے اختتام تک جاری رہے گی۔

د) ممبران سالانہ اجلاس عام کے ایجنڈا 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 لیے ہدایات

سی ڈی سی انویسٹر اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکولر نمبر 1 بتاریخ 26 جنوری 2000 کے مطابق درج ذیل ہدایات پر عمل کرنا ہو گا:

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 نمونہ کے ساتھ اجلاس کے وقت پیش کرنا ہو گا۔

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 لیے 2 گواہ ضروری ہیں، جن کے نام ایڈریس اور سی این آئی سی نمبر فارم پر درج ہوں۔

(III) بینفیشل 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 نمونہ کے ساتھ کمپنی کو فراہم کرنے ہوں گے (اگر پہلے فراہم نہ کیا گیا ہو)۔

4۔ سالانہ رپورٹ 2023 کی الیکٹرانک ترسیل

کمپنیز ایکٹ 2017 کے سیکشن (6)223 اور ایس آر او 2023/(1)389 بتاریخ 21 مارچ 2023 کی تعمیل میں کمپنی نے شیئر ہولڈرز کو سالانہ رپورٹ 2023 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 ایسوسی ایٹس (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 اجلاس عام کی اطلاع کے نوٹس کی پرنٹ شدہ کاپیاں بشمول سالانہ رپورٹ 2023 (جس میں مالیاتی گوشوارے درج ہیں) ڈاؤن لوڈ کرنے کے لیے QR کا حامل کوڈ/ ویب لنک بھیج دیئے گئے ہیں۔

اس کے باوجود کمپنی سالانہ رپورٹ 2023 کی ہارڈ کاپی، کسی بھی ممبر کی جانب سے درخواست بھیجنے پر، ان کے رجسٹرڈ ایڈریس پر ایسی درخواست موصول ہونے کے ایک ہفتے کے اندر مفت میں فراہم کرے گی۔ مزید براں فزیکل فارم میں شیئرز رکھنے والے ممبران سے گزارش کی جاتی ہے کہ براہ مہربانی اپنا موثر ای میل ایڈریس (اپنے موثر CNIC کی کاپی کے ہمراہ) کمپنی کے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو فراہم کریں جبکہ بک انٹری فارم میں شیئرز رکھنے والے ممبران اپنے متعلقہ پارٹیسپنٹ/انویسٹر اکاؤنٹ سروسز کو فراہم کریں۔

72 ویں سالانہ اجلاسِ عام کی اطلاع

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ لکی کور انڈسٹریز لمیٹڈ ('' کمپنی '') کا 72 واں سالانہ اجلاسِ عام بروز منگل، 26 ستمبر 2023 کو صبح 10 بجے، 5 ویسٹ وہارف، کراچی 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 کی تعمیل یقینی بنائی جائے گی۔

سالانہ اجلاسِ عام درج ذیل کاروبار کی انجام دہی کے لیے منعقد کیا جا رہا ہے۔

عمومی کاروبار

1۔ 30 جون 2023 کو ختم شدہ سال کے لیے کمپنی کے آڈٹ شدہ سالانہ مالیاتی گوشواروں بشمول ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، غور و خوص اور عمل درآمد کو یقینی بنانا۔

کمپنیز ایکٹ 2017 کے سیکشن 223 اور ایس آر او 389(1)/2023 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 2023 کو ختم شدہ سال کے لیے 10 روپے کے ہر عمومی شیئر کا حتمی نقد منافع منقسمہ 33 روپے بحساب 330 فیصد کا اعلان اور منظوری دینا، منافع منقسمہ کی ادائیگی ان ممبرز کو ہو گی جن کے نام 19 ستمبر 2023 کو ممبران کے رجسٹر میں درج ہوں گے۔

3۔ مالی سال 2023-24 کے لیے کمپنی کے آڈیٹرز کی تعیناتی اور ان کے مشاہرے کا تعین۔ بورڈ آف ڈائریکٹرز نے کمپنی کی آڈٹ کمیٹی کی تجویز پر میسرز اے ایف فرگوسن اینڈ کو، کو EY فورڈ رہوڈز چارٹرڈ اکاؤنٹنٹس کی جگہ آڈیٹرز کے طور پر تعینات کرنے کی تجویز دی ہے۔

خصوصی کاروبار

4۔ کمپنی کے ریوینیو ریزرو/غیر خرچ شدہ منافع کی رقم کو کیپٹل ریزرو کے طور پر منتقل کرنے کے لیے کمپنی کے بورڈ آف ڈائریکٹرز کو غور و خوص اور مناسب سمجھنے پر منظوری کا اختیار دینا، اور اس حوالے سے درج ذیل قرارداد (ترمیم یا بغیر ترمیم) کو عمومی قرارداد کے طور پر منظور کرنا۔

'' قرار پایا کہ کمپنی کے بورڈ آف ڈائریکٹرز کو کسی بھی حد کے بغیر کوئی بھی رقم جو کہ کمپنی کے ریوینیو ریزرو/غیر خرچ شدہ منافع کے طور پر کمپنی میں موجود ہو، اسے کسی بھی وقت بورڈ آف ڈائریکٹرز کو کمپنی کے مفاد میں وقتاً فوقتاً ضروری سمجھنے پر کیپٹل ریزرو میں منتقل کرنے کا اختیار دیا جاتا ہے۔ ''

5۔ کمپنیز ایکٹ 2017 کے سیکشن 207 اور/یا 208 کے تحت (جہاں تک لاگو ہوں) متعلقہ پارٹی ٹرانزیکشنز کے حوالے سے درج ذیل قراردادوں پر خصوصی قرارداد کے ذریعے (ترمیم یا بغیر ترمیم) غور و خوص کرنا اور مناسب سمجھنے پر توثیق اور منظوری دینا۔

'' قرار پایا کہ کمپنی کی جانب سے مختلف متعلقہ پارٹیوں کے ساتھ، 30 جون 2023 کو ختم شدہ سال کے دوران 11,649,936,000 روپے (گیارہ بلین چھ سو انچاس ملین نو سو چھتیس ہزار روپے) کی متعلقہ پارٹی ٹرانزیکشنز جس کی تفصیل متعلقہ مدت کے مالیاتی گوشواروں میں درج ہے، کی توثیق اور منظوری دی جاتی ہے۔

مزید قرار پایا کہ کمپنی کو مجاز بنایا جاتا ہے کہ وہ وقتاً فوقتاً گڈز، کموڈیٹیز اور مختلف میٹریلز کی خرید و فروخت بشمول کیمیکلز، سوڈا ایش، پولیسٹر، بجلی، سیمنٹ، گاڑیوں یا خدمات انجام دینے یا وصول کرنے یا شیئرز سبسکرپشن کے لیے متعلقہ پارٹیوں کے ساتھ لین دین انجام دے سکتی ہے، اس میں لکی سیمنٹ لمیٹڈ، یونس ٹیکسٹائل ملز لمیٹڈ، گدون ٹیکسٹائل ملز لمیٹڈ، YB پاکستان لمیٹڈ، لکی ٹیکسٹائل ملز لمیٹڈ، لکی موٹرز کارپوریشن لمیٹڈ، لکی فوڈز (پرائیویٹ) لمیٹڈ، لکی کموڈیٹیز (پرائیویٹ) لمیٹڈ، لکی لینڈمارک (پرائیویٹ) لمیٹڈ، ٹبہ ہارٹ انسٹیٹیوٹ، ٹبہ کڈنی انسٹیٹیوٹ، عزیز ٹبہ فاؤنڈیشن، گلوبل کموڈیٹیز لمیٹڈ، لکی کور پاور جن لمیٹڈ، لکی TG (پرائیویٹ) لمیٹڈ، لکی کور وینچرز (پرائیویٹ) لمیٹڈ اور دیگر اس طرح کی متعلقہ پارٹیز کے ساتھ 30 جون 2024 کو ختم ہونے والے مالی سال کے دوران ٹرانزیکشنز شامل ہو سکتی ہیں جتنا کہ ڈائریکٹرز مناسب سمجھیں اور منظوری دیں۔ ممبران کے علم میں ہے کہ مذکورہ بالا ٹرانزیکشنز کے لیے ڈائریکٹرز کی اکثریت دلچسپی کی حامل 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 2024 کو ختم ہونے والی مدت کے لیے مذکورہ بالا متعلقہ پارٹی ٹرانزیکشنز بعد ازاں آئندہ سالانہ اجلاس عام میں ممبران کو توثیق اور تصدیق کے لیے پیش کی جائیں گی۔ ''

کمپنیز ایکٹ 2017 کے سیکشن 134(3) کے تحت مذکورہ بالا خصوصی قرارداد پر مشتمل اصل حقائق پر مبنی اسٹیٹمنٹ اس نوٹس کے ساتھ منسلک کی جا رہی ہے۔

حسب الحکم بورڈ

5 ستمبر 2023
کراچی

لیلیٰ بھاٹیہ باوانی
کمپنی سیکریٹری

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2023 (مشترکہ)

ڈائریکٹرز 30 جون 2023ء کو ختم ہونے والے سال کے لئے لکی کور انڈسٹریز لمیٹڈ کے آڈٹ شدہ گروپ کے نتائج کے ساتھ اپنی رپورٹ بمسرت پیش کرتے ہیں۔ لکی کور انڈسٹریز گروپ میں لکی کور انڈسٹریز لمیٹڈ، اس کے ماتحت 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 2023 کو ختم ہونے والے سال کے لئے لکی کور انڈسٹریز لمیٹڈ کی غیر مربوط کارکردگی کا جائزہ فراہم کرتی ہے، علیحدہ طور پر پیش کیا گیا ہے۔

ختم ہونے والے سال کے لیے پاور جن کی خالص آمدنی 1,442 ملین روپے رہی، جو پچھلے سال کے مقابلے میں 14 فیصد کم ہے۔ یہ بنیادی طور پر پچھلے سال کے مقابلے میں بجلی کے یونٹوں کی 30 فیصد تک کم فروخت کی وجہ سے ہوا، جس کی جزوی تلافی HFO کی اونچی قیمتوں کے تناظر میں بجلی کے نرخوں میں اضافے کی وجہ سے ہوگئی۔ کاروباری منافع 124 ملین روپے رہا جس میں کم حجم اور فروخت کی زیادہ لاگت کی وجہ سے پچھلے سال کے مقابلے میں 19 فیصد کی کمی واقع ہوئی۔

جنوری 2023 میں کمپنی نے کامیابی کے ساتھ نیوٹری کو مورینا گا پرائیویٹ لمیٹڈ ('این ایم پی ایل') کے 21,763,125 عام حصص (جو 'این ایم پی ایل' کے جاری کردہ اور ادا شدہ حصص کے سرمائے کا تقریباً 26.5 فیصد بنتا ہے) کو 45,082,657 امریکی ڈالرز کی مجموعی قیمت پر مورینا گا ملک انڈسٹری کمپنی لمیٹڈ جاپان ('مورینا گا ملک') کو فروخت کردیا۔ اس کے نتیجے میں کمپنی کے انفرادی مالیاتی گوشواروں میں 9,842 ملین روپے کی رقم ریکارڈ کی گئی۔ جس میں کنٹرول کے جانے کے پریمیم کی مد میں 7782 ملین روپے اور فروخت سے حاصل گین کی مد میں 2560 ملین روپے شامل ہیں۔

کمپنی 'این ایم پی ایل' میں اب بھی تقریباً 24.5 فیصد حصص رکھتی ہے، جو کہ ایک 'ایسوسی ایٹڈ کمپنی' ہے، جبکہ مورینا گا ملک کی 'این ایم پی ایل' میں شیئر ہولڈنگ بڑھ کر 51 فیصد ہوگئی ہے۔

آئی ایف آر ایس 5 کے مطابق، این ایم پی ایل میں سرمایہ کاری کی درجہ بندی مذکورہ بالا حصص کی فروخت (یکم جولائی 2022 سے 27 جنوری 2023 کی مدت) سے پہلے 'غیر جاری آپریشنز' کے طور پر کی گئی تھی۔ فروخت کے بعد اسے 'ایسوسی ایٹ' کے طور پر درجہ بند کیا گیا ہے، جس کے نتیجے میں 30 جون 2023 کو ختم ہونے والے سال کے لیے ایسوسی ایٹ سے ہونے والے نقصانات کے حصہ کے طور پر 12 ملین روپے کے نقصان کی نشاندہی کی گئی ہے جو 28 جنوری 2023 سے جون 2023 تک کی مدت کے لیے ہے۔

مجموعی بنیادوں پر (بشمول کمپنی کے ماتحت ادارے پاور جن کے نتائج) زیر جائزہ سال کے لئے 109,544 ملین روپے کے جاری آپریشنز سے خالص آمدنی پچھلے سال کے مقابلے میں 26 فیصد زیادہ ہے جبکہ 14,767 ملین روپے کے جاری آپریشنز سے کاروباری منافع پچھلے سال کے مقابلے میں 24 فیصد زیادہ ہے۔

زیر جائزہ سال کے دوران جاری اور غیر جاری آپریشنز سے مجموعی بنیادوں پر بعد از ٹیکس منافع 17,773 ملین روپے رہا، جو پچھلے سال کے مقابلے میں 101 فیصد زیادہ ہے، جبکہ ہولڈنگ کمپنی کے مالکان کی جانب سے 190.15 روپے کی فی شیئر آمدنی پچھلے سال کے مقابلے میں 107 فیصد زیادہ ہے۔ یہ اضافہ بنیادی طور پر 10,092 ملین روپے کے غیر جاری آپریشنز سے بعد از ٹیکس منافع کی وجہ سے ہوا، جس میں بنیادی طور پر ''این ایم پی ایل'' کے حصص کی فروخت سے حاصل شدہ آمدنی اور متعلقہ ''آئی ایف آر ایس'' کے مطابق ''این ایم پی ایل'' کے بقیہ 24.5 فیصد حصص کی دوبارہ پیمائش (Remeasurement) شامل ہے۔

محمد سہیل ٹبہ
چیئرمین

آصف جمعہ
چیف ایگزیکٹو

بتاریخ 2 اگست 2023

کراچی

ایچ آر اینڈ ریمونریشن کمیٹی

جناب عدنان آفریدی	چیئرمین
جناب محمد سہیل ٹبہ	رکن
جناب محمد علی ٹبہ	رکن
جناب جاوید یونس ٹبہ	رکن
جناب آصف جمعہ	رکن

بینکنگ کمیٹی

جناب آصف جمعہ	چیئرمین
جناب محمد عابد گناترا	رکن
جناب عدنان آفریدی	رکن

شیئرز ٹرانسفر کمیٹی

جناب جاوید یونس ٹبہ	چیئرمین
جناب آصف جمعہ	رکن
جناب محمد عابد گناترا	رکن

ڈائریکٹرز کی حاضری

مالی سال 23-2022ء کے دوران چھ (6) بورڈ میٹنگز، چار (04) آڈٹ کمیٹی کے اجلاس اور دو (02) ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HR&R) کے اجلاس منعقد ہوئے۔ متعلقہ بورڈ/ذیلی کمیٹیوں کے اجلاسوں میں ہر ڈائریکٹر کی حاضری حسب ذیل تھی:

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز میٹنگز	آڈٹ کمیٹی میٹنگز	ہیومن ریسورس اینڈ ریمونریشن کمیٹی میٹنگز
جناب محمد سہیل ٹبہ	6	-	2
جناب محمد علی ٹبہ	6	4	2
جناب جاوید یونس ٹبہ	5	3	2
مسز امینہ اے عزیز باوانی	2	-	-
جناب آصف جمعہ	6	-	2
جناب خواجہ اقبال حسن*	5	4	2
جناب عدنان آفریدی**	1	-	-
جناب محمد عابد گناترا	6	-	-
سید محمد شبر زیدی	6	4	-

*جناب خواجہ اقبال حسن 11 مئی 2023 کو بورڈ سے ریٹائر ہو گئے۔

** جناب عدنان آفریدی 11 مئی 2023 کو آزاد ڈائریکٹر منتخب ہوئے تھے۔ ان کے انتخاب کے بعد سال کے دوران صرف ایک (1) 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 کی مناسب معلومات مالیاتی گوشواروں کے نوٹ 41 میں دی گئی ہیں۔

بورڈ کا جائزہ

CCG تقاضوں کے تحت بورڈ کی کارکردگی کا جائزہ سالانہ بنیادوں پر لیا جاتا ہے۔ بورڈ آف ڈائریکٹرز یقین رکھتے ہیں 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، ایکشن پلان تیار کیے جاتے ہیں اور ان پر عمل کیا جاتا ہے۔

ڈائریکٹرز کی ٹریننگ

کمپنی کے بورڈ کی تشکیل نو 11 مئی 2023ء کو کی گئی، جس کے تحت بورڈ میں آٹھ (8) ڈائریکٹرز کا انتخاب کیا گیا۔ بورڈ ممبران کی اکثریت نے یا تو ڈائریکٹر کی تربیت حاصل کی ہے یا پھر وہ CCG کے ضابطہ 19 کے تحت ڈائریکٹرز کے تربیتی پروگراموں سے استثنیٰ کے لیے مطلوبہ 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 کی مناسب تفصیل صفحہ نمبر 72 تا صفحہ نمبر 79 پر درج ہے۔

شیئر ہولڈنگ کی تفصیلات

کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f) کے تحت 30 جون 2023 کا کمپنی کی شیئر ہولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔

محمد سہیل ٹبہ
چیئرمین

آصف جمعہ
چیف ایگزیکٹو

بتاریخ 2 اگست 2023
کراچی۔

متعلقہ فریقوں سے لین دین

سال کے دوران، کمپنی نے اپنے متعلقہ فریقوں کے ساتھ لین دین کیا۔ اس لین دین کی تفصیلات منسلک غیر مربوط مالی گوشواروں کے نوٹ 42 میں میں ظاہر کی گئی ہیں۔

کارپوریٹ گورننس کوڈ کی تعمیل

کمپنی نے بہترین کارپوریٹ گورننس کو یقینی بنانے کے لیے تمام لازمی اقدامات اٹھائے ہیں۔

ڈائریکٹرز درج ذیل کے بیان پر خوش ہیں:

- کمپنی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشواروں میں معاملات کی واضح صورت، اس کے انتظامی نتائج، کیش فلوز اور ایکویٹی کی تبدیلیوں کو واضح انداز میں پیش کیا گیا ہے۔
- کمپنی کے اکاؤنٹ بکس درست انداز میں برقرار رکھے گئے ہیں۔
- مالیاتی گوشواروں اور اکاؤنٹنگ تخمینوں کی تیاری مناسب اور محتاط انداز میں متعلقہ اکاؤنٹنگ پالیسیز کے تحت کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (I-FRS) کے معیاروں کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔
- انٹرنل کنٹرول کا سسٹم اپنے ڈیزائن میں بہترین ہے اور اس پر بہترین انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک وشبے کی کوئی گنجائش نہیں۔
- کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔
- انتظام اور مالیات سے متعلق گزشتہ 10 سال کی اہم معلومات صفحہ نمبر 185-184 پر درج کی گئی ہے۔
- بقایہ ٹیکسز اور محاصل کی معلومات فنانشل اسٹیٹمنٹس کے نوٹس میں دی گئی ہیں۔
- کمپنی کی انتظامیہ بہتر کارپوریٹ گورننس کے لیے پر عزم ہے اور بہترین تجربات پر عمل درآمد کے لئے مناسب اقدامات اٹھا رہی ہے۔
- متعلقہ پارٹی ٹرانزیکشنز آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی جانب سے منظور یا توثیق شدہ ہیں۔

ریٹائرمنٹ فوائد میں سرمایہ کاری

	30 جون 2023	30 جون 2022
	(ملین روپے)	(ملین روپے)
1۔ لکی کور مینجمنٹ اسٹاف پراویڈنٹ فنڈ	**1,300.6**	**1,281.8**
2۔ لکی کور مینجمنٹ اسٹاف پینشن فنڈ	**572.0**	**688.9**
3۔ لکی کور مینجمنٹ اسٹاف گریجویٹی فنڈ	**697.5**	**639.2**
4۔ لکی کور مینجمنٹ اسٹاف ڈیفائنڈ کنٹری بیوشن فنڈ	**1,487.1**	**1,346.2**
5۔ لکی کور نان مینجمنٹ اسٹاف پراویڈنٹ فنڈ	**494.1**	**558.8**
کل	**4,551.2**	**4,514.9**

ڈائریکٹرز کا انتخاب

11 مئی 2023 کو ایک غیر معمولی اجلاس عام (EOGM) منعقد ہوا، جس میں آٹھ (8) ڈائریکٹرز بشمول دو (2) آزاد ڈائریکٹرز 11 مئی 2023 سے تین (3) سال کی مدت کے لیے بلا مقابلہ منتخب ہوئے۔ آزاد ڈائریکٹرز قابل اطلاق قوانین اور ضوابط کے مطابق منتخب کئے گئے۔

بورڈ کی تشکیل

CCG کے تقاضوں کے مطابق، کمپنی اپنے بورڈ میں آزاد اور نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صنفی تنوع کے لیے بھی پر عزم ہے۔ بورڈ کی موجودہ تشکیل حسب ذیل ہے:

ڈائریکٹرز کی کل تعداد:

(ا) مرد	7
(ب) خاتون	1

ساخت

(i) **آزاد ڈائریکٹرز: 2**
جناب سید محمد شبر زیدی
جناب عدنان آفریدی

(ii) **نان ایگزیکٹو ڈائریکٹرز: 4**
جناب محمد سہیل ٹبہ
جناب محمد علی ٹبہ
جناب جاوید یونس ٹبہ
محترمہ امینہ اے عزیز باوانی

(iii) **ایگزیکٹو ڈائریکٹرز: 2**
جناب آصف جمعہ
جناب محمد عابد گناترا

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

جناب سید محمد شبر زیدی	چیئرمین
جناب عدنان آفریدی	رکن
جناب محمد علی ٹبہ	رکن
جناب جاوید یونس ٹبہ	رکن

آگے بڑھتے ہوئے متذکرہ بالا میکرو اکنامک چیلنجز کے ساتھ ساتھ جاری پالیسی کی غیر یقینی صورتحال، کاروباری تسلسل کے لیے ایک سنگین خطرہ ہے۔ تاہم کیمیکلز اور ایگری سائنسز بزنس کی توجہ، طویل مدتی ترقی کو جاری رکھتے ہوئے، منفی اثرات کو کم کرنے، آپریشنل کارکردگی اور جدت کے ذریعے موجودہ اور نئے صارفین کے لیے پائیدار منفعت کا سبب بننے پر مرکوز ہے۔

مالیات

30 جون 2023ء پے کمپنی کی بیلنس شیٹ 81.0 بلین روپے (بلین روپے 2022:59.9) مالیت کے اثاثوں کی مستحکم بنیاد پر قائم ہے، جس کا کرنٹ ریشو 1.36 (2022:1.01) اور کوئیک ریشو 0.69 (2022:0.03) ہے۔

زیر جائزہ سال کے لیے 109,486 ملین کی خالص آمدنی پچھلے سال کے مقابلے میں 26 فیصد زیادہ ہے، جس کی وجہ تمام کاروباروں کی آمدنی میں اضافہ ہے۔

زیر نظر سال کا کاروباری منافع پچھلے سال سے 25 فیصد زیادہ ہے، جو کہ زیادہ آمدنی، مینوفیکچرنگ کی زائد استعداد اور مؤثر مارجن مینجمنٹ کی وجہ سے حاصل ہوا ہے۔

زیر جائزہ سال کے لیے سیلز اور ڈسٹری بیوشن کے اخراجات پچھلے سال سے 7 فیصد زیادہ ہیں، جب کہ سال کے انتظامی اور عمومی اخراجات پچھلے سال سے 25 فیصد زیادہ ہیں۔ سیلز اور ڈسٹری بیوشن کے اخراجات میں اضافہ بنیادی طور پر سست رفتار اور متروک اسٹاک پر پروویژن اور دیگر اخراجات پر افراط زر کے اثرات کی وجہ سے ہوا۔

سال کے دوران پالیسی ریٹ میں 825 فیصد اضافے کی وجہ سے ورکنگ کیپیٹل میں بڑھتی ہوئی سرمایہ کاری اور قرض لینے کی زیادہ لاگت کے باعث قرض کی سطح بڑھ جانے کی وجہ سے مالیاتی اخراجات میں اضافے کے باعث آپریٹنگ نتائج میں اضافے کے اثرات کو جزوی دھچکا لگا۔ اس کی وجہ سے مالیاتی اخراجات میں SPLY کے مقابلے میں 251 فیصد اضافہ ہوا۔ اس کے علاوہ SPLY میں 545 ملین روپے کے شرح تبادلہ نقصان کے مقابلے میں زیر جائزہ سال کے دوران 965 ملین روپے کے شرح تبادلہ نقصان نے بھی کمپنی کے منافع کو متاثر کیا۔

سال کے لیے دیگر آپریٹنگ آمدنی پچھلے سال سے 449 فیصد زیادہ ہے جس کی بنیادی وجہ لکی کور پاور جن لمیٹڈ (مکمل ملکیت والی ذیلی کمپنی) سے حاصل شدہ 300 ملین روپے کی ڈیویڈنڈ آمدنی کے علاوہ NMPL کے حصص کی فروخت سے حاصل ہونے والی رقم کی مختصر مدت کے لیے سرمایہ کاری سے حاصل ہونے والی 890 ملین روپے کے منافع کی آمدنی بھی ہے۔ اس کے علاوہ سال کے دوران 9,842 ملین روپے کی رقم بھی ملی، جس میں سے 7,282 ملین روپے "لاس آف کنٹرول" کے پریمیم کی مد میں حاصل ہوئے جبکہ 2,560 ملین روپے نیوٹری کو مورینا گا پرائیویٹ لمیٹڈ ('NMPL') کے جاری شدہ 26.5 فیصد حصص کی فروخت سے ہونے والے گین کی مد میں ملے۔

سال کے لیے بعداز ٹیکس منافع (PAT) اور فی شیئر آمدنی (EPS) بالترتیب 13,772 ملین روپے اور 149.12 روپے پچھلے سال سے 120 فیصد زیادہ ہے۔

مستقبل کا منظر نامہ

بلند افراط زر، سپلائی چین میں رکاوٹوں، اجناس کی قیمتوں میں اتار چڑھاؤ اور روس۔ یوکرین تنازع کے نتیجے میں پیدا ہونے والی غیر یقینی صورتحال کے درمیان عالمی منظر نامے میں سال بھر خرابی ہی دیکھی گئی۔ خوراک اور توانائی کی بڑھتی ہوئی قیمتوں نے حقیقی آمدنی کو کم کر دیا، جس کی وجہ سے روزمرہ کے اخراجات کا عالمی بحران پیدا ہوا، جس سے نمٹنے کے لیے سخت مالیاتی اقدامات متعارف کرانے سے عالمی معیشت میں تیزی سے سست روی آئی کیونکہ عالمی نمو کے بنیادی انجنوں یعنی امریکا، یورپ اور چین میں اقتصادی سرگرمیوں میں کمی دیکھی گئی۔ تاہم افراط زر کے دباؤ میں بتدریج کمی کے ساتھ مالی سال 24-2023ء میں سابقہ تخمینوں کے مقابلے میں بہتر معاشی کارکردگی کی توقعات ہیں۔

مندرجہ بالا چیلنجوں نے عالمی معیشت پر منفی اثر ڈالنے کے ساتھ ساتھ بیرونی اور مالیاتی کھاتوں کے خسارے اور اونچی افراط زر سے متعلق پاکستان کی معاشی مشکلات میں مزید اضافہ کر دیا، جو غیر معمولی سیلاب اور آئی ایم ایف پروگرام کے جائزوں کی تکمیل میں تاخیر کی وجہ سے مزید بڑھ گئیں۔ بڑھتے ہوئے معاشی عدم توازن اور افراط زر پر قابو پانے کے لیے، دیگر عالمی معیشتوں کی طرح پالیسی ریٹ میں اضافہ، میکرو پروڈنشل پالیسی ایڈجسٹمنٹ اور انتظامی اقدامات سمیت معاشی استحکام کی غرض سے مختلف اقدامات کیے گئے۔ اگرچہ حالیہ مالیاتی سختی، توانائی پر سبسڈی کے خاتمے اور غیر رسمی شرح مبادلہ کی حد کو ہٹانے سے عدم توازن کو کم کرنے میں مدد ملی ہے لیکن درآمدات اور غیر ملکی کرنسی کے حوالے سے عائد پابندیوں، زیادہ قرض لینے اور ایندھن کے بڑھتے ہوئے اخراجات اور پالیسی کی مسلسل غیر یقینی صورتحال کے نتیجے میں بے روزگاری میں اضافہ ہوا ہے، علاوہ ازیں شرح نمو اور صارفین کی قوت خرید میں تیزی سے کمی آئی ہے۔

آئی ایم ایف کے ساتھ تازہ ترین اسٹینڈ بائی ارینجمنٹ اور دوست ممالک کی جانب سے غیر ملکی کرنسی کے ڈیپوزٹ ملنے سے بیرونی محاذ پر انتہائی ضروری استحکام حاصل ہوگا۔ مستحکم پالیسی پر عمل درآمد پاکستان کے لیے اہم ہوگا اور پروگرام کی کامیابی کے لیے زیادہ مالیاتی نظم و ضبط، بیرونی دباؤ کو جذب کرنے کے لیے مارکیٹ کے لیے طے شدہ شرح مبادلہ اور توانائی کے شعبے سے متعلق اصلاحات پر مزید پیش رفت کی ضرورت ہوگی۔ مالیاتی محاذ پر کیے گئے یہ تمام اقدامات طویل مدتی استحکام کے لیے ناگزیر ہیں لیکن مختصر مدت میں پاکستان میں کارپوریٹس پر کم مانگ، کاروبار کرنے کی زیادہ لاگت اور ٹیکس کی شرح میں اضافے کی صورت میں مزید بوجھ پڑے گا جس کے نتیجے میں شیئر ہولڈرز کا منافع متاثر ہوگا۔

امکان ہے کہ آنے والا سال بھی وطن عزیز کے لیے مشکل ثابت ہوگا کیونکہ پاکستان کا مقصد آئی ایم ایف پروگرام کی شرائط کی تعمیل کرتے ہوئے میکرو اکنامک اسٹیبلٹی دوبارہ پانے کی خاطر مالی استحکام حاصل کرنا ہے۔ آگے بڑھتے ہوئے سیاسی استحکام کی بحالی، IMF پروگرام کے تحت اصلاحات کے مسلسل نفاذ اور بحالی و تعمیر نو کے لیے بین الاقوامی برادری کی طرف سے دی گئی سیلاب سے متعلق امداد سے اقتصادی منظر نامے کی تشکیل متوقع ہے۔

اس کے نتیجے میں مالیاتی سختی کے اقدامات مختصر مدت میں جاری رہیں گے جو 'بوم بسٹ' سائیکل سے بچنے کے لیے صنعتی سرگرمیوں پر روک لگائے رکھیں گے اور اس طرح کمپنی کی مصنوعات کی طلب متاثر ہوگی۔ لکی کور انڈسٹریز لمیٹڈ منفی اثرات کو کم کرنے اور پائیدار نتائج فراہم کرنے کے لیے اپنے متنوع پروڈکٹ پورٹ فولیو اور لاگت کو معقول بنانے کی کوششوں سے استفادہ کرنے کے لیے پرعزم ہے۔

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 EY فورڈ رہوڈز، چارٹرڈ اکائونٹنٹس، نے 30 جون 2023 کو ختم شدہ سال کے لیے کمپنی کے مالیاتی گوشواروں کے آڈٹ کی ذمہ داری نبھائی ہے۔

بورڈ آڈٹ کمیٹی کی تجویز پر، بورڈ نے میسرز اے ایف فرگوسن اینڈ کو، کو 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر تقرری تجویز کی ہے۔ یہ پیش قدمی اعلیٰ انتظامی معیار کو قائم رکھنے کے کمپنی کے عزم کا ثبوت ہے۔ آڈیٹرز کی تبدیلی کے فیصلے سے نئی اور موثر سوچ کے ساتھ آڈٹ، انٹرنل کنٹرول اور رسک مینجمنٹ کے عمل میں مزید بہتری اور مستعدی کا حصول یقینی ہوگا۔ مذکورہ تعیناتی کمپنی کے آئندہ سالانہ اجلاس عام میں ممبران کی منظوری سے مشروط ہے۔

بورڈ آف ڈائریکٹرز اور انتظامیہ ریٹائر ہونے والے آڈیٹرز کی خدمات کے لیے متمنی اور مشکور ہیں۔

فارماسیوٹیکلز بزنس

خالص آمدنی (ملین روپے)

کاروباری منافع (ملین روپے)

ادویہ سازی کی صنعت کو زیر جائزہ سال کے دوران کافی مشکلات کا سامنا کرنا پڑا۔ خام مال اور پیکنگ میٹریل کی قیمتوں میں اضافے، روپے کی قدر میں کمی، سیلز ٹیکس کے نفاذ، توانائی کے زیادہ اخراجات اور غیر معمولی افراط زر کے نتیجے میں صنعت کی پیداواری لاگت آسمان کو چھو رہی ہے۔ فارماسیوٹیکلز انڈسٹری کے ریگولیٹری کنٹرولز کی وجہ سے لاگت میں اضافے کا اثر صارفین تک نہیں پہنچ سکا، جس کے نتیجے کے طور پر ان چیلنجوں نے ادویات کی فروخت کے قابل عمل ہونے اور صارفین کی قوت خرید دونوں پر منفی اثر ڈالا، چنانچہ پچھلے سال کے مقابلے میں سیلز گروتھ میں کمی واقع ہوئی۔

مذکورہ بالا چیلنجوں کے باوجود فارماسیوٹیکلز بزنس نے مریضوں کے فائدے کے لیے زندگی بچانے والی ادویات کی بلاتعطل فراہمی جاری رکھی اور پچھلے سال کے مقابلے میں خالص آمدنی میں 3 فیصد کا اضافہ ہوا۔ بہتر کارکردگی نے لاگت میں اضافے کو کسی حد تک پورا کرنے میں مدد کی لیکن مجموعی طور پر کافی زیادہ پیداواری لاگت کے نتیجے میں پچھلے سال کے مقابلے میں بزنس کے کاروباری منافع میں 19 فیصد کمی واقع ہوئی۔

جون 2023 میں ادویہ سازی کی صنعت کو قیمتوں میں اضافے کے ذریعے حکومت سے کچھ ریلیف ملا۔ تاہم یہ ریلیف زیر جائزہ سال کے دوران ہونے والے اخراجات میں اضافے کو پورا کرنے کے لیے کافی نہیں تھا۔ حکومت کی مسلسل حمایت نہ صرف ادویہ سازی کی ملکی صنعت کی بقاء کے لیے ضروری ہے بلکہ مارکیٹ میں زندگی بچانے والی سستی ادویات کی مسلسل فراہمی کو یقینی بنانے کے لیے بھی لازم ہے۔ جس میں ناکامی سے مریض زیادہ مہنگے متبادل علاج پر مجبور ہوں گے اور ملازمتوں سے ممکنہ محرومی لوگوں کی معاشی مشکلات میں مزید اضافہ کرے گی۔

مستقبل میں غیر متوقع مالیاتی ماحول کے تناظر میں کمپنی کا فارماسیوٹیکلز بزنس، مارکیٹ میں مسابقتی کھلاڑی کے طور پر برقرار رہنے اور پاکستانی مارکیٹ کی بڑھتی ہوئی ضروریات کو پورا کرنے والی اعلیٰ معیار کی مصنوعات کی مسلسل فراہمی کو یقینی بنانے کے لیے اپنی لاگت کو مزید معقول بنانے پر اپنی توجہ مرکوز رکھے گا۔

اینیمل ہیلتھ بزنس

خالص آمدنی (ملین روپے)

کاروباری منافع (ملین روپے)

زیر جائزہ سال کے دوران مشکل معاشی حالات نے اینیمل ہیلتھ بزنس کے حجم کو منفی طور پر متاثر کیا۔ ضروری خام مال کی کمی، بڑھتی ہوئی مہنگائی، روپے کی قدر میں کمی اور بڑھتی ہوئی پیداواری لاگت کو صارفین تک منتقل کرنے میں مشکلات کی وجہ سے پیداواری لاگت میں اضافہ ہوا، جس کے نتیجے میں نہ صرف منافع کی شرح کم ہوئی بلکہ مارکیٹ کے حجم میں بھی مجموعی طور پر نمایاں کمی واقع ہوئی۔

آپریشنل کارکردگی میں قابل ذکر اضافہ، ایک سازگار پروڈکٹ مکس اور مقامی طور پر فارمرز چوائس پورٹ فولیو میں نمو کی وجہ سے، کمپنی کے اینیمل ہیلتھ بزنس نے جو خالص آمدنی اور کاروباری منافع فراہم کیا، وہ پچھلے سال کے مقابلے میں بالترتیب 22 فیصد اور 23 فیصد زیادہ رہا۔

پروڈکشن، توانائی، جانوروں کے چارے اور دیگر اشیاء کی لاگت میں اضافے کی وجہ سے فیڈ کی قیمتیں بڑھ گئیں، جس کے نتیجے میں مرغیوں اور مویشیوں کے فارمرز کو مارجن اور لیکویڈیٹی کی کمی کا سامنا کرنا پڑا۔ اس کے جواب میں کسان مارکیٹ میں مقامی طور پر تیار کردہ سستے متبادل تلاش کر رہے ہیں، جو کمتر معیار کے ہیں۔ اس کے علاوہ بینکوں کی طرف سے LC کھولنے میں مسلسل تاخیر نے اہم خام مال حاصل کرنے کی صلاحیت کو محدود کر دیا، اس کے ساتھ ہی سیلز ٹیکس میں 1 فیصد اضافہ نے کاروباری آپریشن اور منافع کو متاثر کیا ہے۔

بڑھتے ہوئے اخراجات اور غیر یقینی میکرو اکنامک پالیسیوں کو مدنظر رکھتے ہوئے، مستقبل قریب میں بھی مشکلات پیش آنے کا امکان ہے۔ مہنگائی میں اضافے اور صارفین کی قوت خرید میں کمی کے ساتھ، دودھ اور گوشت کی مانگ میں کمی متوقع ہے، جس کے نتیجے میں اینیمل ہیلتھ انڈسٹری پر مجموعی لحاظ سے منفی اثرات مرتب ہوں گے۔ LCI کا اینیمل ہیلتھ بزنس صورتحال کی فعال طور پر نگرانی کرتا رہے گا اور مذکورہ چیلنجوں کو کم کرنے اور اپنے صارفین کو اعلیٰ معیار کی مصنوعات اور فارم سروسز فراہم کرنے کے لیے ضروری اقدامات جاری رکھے گا۔

کیمیکلز اینڈ ایگری سائنسز بزنس

خالص آمدنی (ملین روپے)

کاروباری منافع (ملین روپے)

امپورٹ پابندیاں، سیلاب کی وجہ سے ہونے والی تباہی، مہنگائی اور سیاسی بے یقینی مجموعی طور پر طلب میں کمی کا باعث بنی۔ روپے کی قدر میں نمایاں کمی، اب تک کی سب سے زیادہ شرح سود اور فنانس ایکٹ 2023 کے ذریعے عائد کردہ اضافی ٹیکس، مالی سال 23-2022ء کے دوران ملکی کیمیکلز اور ایگری سائنسز کے شعبے کو درپیش بنیادی چیلنجز تھے۔

مالی سال 23-2022ء کے دوران تمام کاروباری شعبوں میں اسٹریٹجک امپرووائزیشن اور مؤثر مارجن مینجمنٹ کی مدد سے، LCI کے کیمیکلز اینڈ ایگری سائنسز کے کاروبار نے پچھلے سال کے مقابلے میں 8 فیصد زیادہ خالص آمدنی حاصل کی۔ اس کے علاوہ کاروباری منافع میں پچھلے سال کے مقابلے میں 29 فیصد اضافہ ہوا۔

زیر جائزہ سال کے دوران کیمیکلز کے شعبے نے طلب میں سست روی کے باوجود مارجن کو بہتر بنانے اور آپریٹنگ اخراجات کو کنٹرول کرنے پر توجہ مرکوز کی، جس کے باوجود پچھلے سال کے مقابلے میں کاروباری منافع میں 7 فیصد کی کمی واقع ہوئی۔ ایگری سائنسز کے کاروبار کے کاروباری نتیجے میں پچھلے سال کے مقابلے میں 67 فیصد اضافہ ہوا۔ ایگری بزنس نے سورج مکھی کے بیجوں کی اضافی فروخت کی وجہ سے شاندار کارکردگی دکھائی۔ ماسٹر بیچز سیگمنٹ نے اپنی مثبت رفتار کو جاری رکھا اور پچھلے سال کے مقابلے میں اس کے کاروباری منافع میں 187 فیصد اضافہ دیکھنے کو ملا۔

کاروباری جائزہ

پولیسٹر بزنس(PSF)

خالص آمدنی (ملین روپے)

کاروباری منافع (ملین روپے)

زیر جائزہ سال کے دوران، خاص طور پر پہلی ششماہی میں، روس اور یوکرین کے جاری تنازع کی وجہ سے عالمی سپلائی چین میں رکاوٹوں کے باعث مصنوعات کی قلت پیدا ہوئی اور توانائی کی قیمتوں ہیں نمایاں اضافہ ہوا، جس کی وجہ سے دنیا بھر میں مشکل معاشی حالات پیدا ہوئے۔ اس کے نتیجے میں ٹیکسٹائل کی صنعت کو بڑی عالمی معیشتوں میں طلب میں کمی کا بھی سامنا کرنا پڑا، جو افراط زر بڑھنے اور صارفین کی حقیقی آمدنی میں کمی کا نتیجہ تھا۔

زیر جائزہ سال کے لیے پولیسٹر بزنس کی خالص آمدنی گزشتہ سال کے مقابلے میں 10 فیصد زیادہ رہی۔ یہ اضافہ روپے کی قدر میں کمی اور فیڈ اسٹاک کی زیادہ قیمتوں کی وجہ سے پی ایس ایف کی قیمتیں بڑھ جانے کے سبب ہوا۔ فروخت کے کم حجم کے سبب فروخت کی زائد قیمتوں کا اثر زائل ہو گیا کیونکہ مقامی اور بین الاقوامی سطح پر مشکل اقتصادی حالات کی وجہ سے ڈاؤن اسٹریم مارکیٹوں میں نمایاں مندی دیکھنے میں آئی۔

خام تیل کی اوسط قیمت پچھلے سال کے مقابلے میں 4 فیصد کم رہی۔ خام تیل کی قیمتوں میں ردوبدل کے نتیجے میں PX اور PTA کی اوسط قیمتوں میں پچھلے سال کے مقابلے میں بالترتیب 0.2 فیصد اور 0.1 فیصد کی کمی واقع ہوئی۔ تاہم، سپلائی میں اضافے کی وجہ سے، MEG کی اوسط قیمتوں میں SPLY کے مقابلے میں 27 فیصد کمی واقع ہوئی۔ اس کے علاوہ PKR نے USD کے مقابلے میں کافی حد تک قدر میں کمی دیکھی اور پچھلے سال کے مقابلے میں اس کی قدر اوسطاً 41 فیصد کم ہو گئی۔ کرنسی کی قدر میں کمی اور علاقائی درآمدات کی ڈمپنگ کے باعث ملکی PSF انڈسٹری دباؤ میں رہی، نتیجتاً مقامی PSF کی اوسط قیمت میں پچھلے سال کے مقابلے میں صرف 26 فیصد اضافہ ہوا۔

کپاس کے حوالے سے، عالمی سطح پر فلیٹ مانگ کے باعث کپاس کی قیمت کم ہوتی رہی۔ کپاس کی اوسط بین الاقوامی قیمت پچھلے سال کے مقابلے میں 25 فیصد کم رہی۔ پاکستان میں سیلاب کے نتیجے میں کپاس کی پیداوار میں کمی کی وجہ سے مقامی کپاس کی قیمتوں میں پچھلے سال کے مقابلے میں 9 فیصد اضافہ ہوا۔

سال کے دوران، توانائی کی قیمتوں میں پچھلے سال کے مقابلے میں 33 فیصد اضافہ ہوا۔ جس کی بنیادی وجہ پاکستانی روپے کی قدر میں کمی اور گیس، فرنس آئل اور کوئلے کی قیمتوں میں بالترتیب 55 فیصد، 16 فیصد اور 6 فیصد اضافہ تھا۔ حکومت کی طرف سے ٹیکسٹائل سیکٹر کے لیے توانائی سبسڈی میں کمی سے توانائی لاگت مزید بڑھ گئی۔ اس کے نتیجے میں ٹیکسٹائل سیکٹر کے لیے گیس کی قیمت 6.5 ڈالر فی MMBtu سے بڑھا کر 9 ڈالر فی MMBtu کر دی گئی، نتیجتاً بزنس کا کاروباری منافع پچھلے سال کے مقابلے میں 16 فیصد کم رہا، جس کی وجہ ڈیمانڈ میں کمی اور توانائی و دیگر اخراجات میں اضافے کی وجہ سے مارجن میں ہونے والی کمی ہے۔

جیسے جیسے عالمی کساد بازاری کے اثرات بتدریج کم ہوتے جا رہے ہیں، کموڈیٹی مارکیٹوں کے دباؤ میں رہنے کی توقع ہے کیونکہ چینی PSF مینوفیکچررز برآمدی منڈیوں کو فعال طور پر نشانہ بنا رہے ہیں، جس کے نتیجے میں ملکی PSF کی قیمتوں اور حجم دونوں میں کمی متوقع ہے۔ مزید یہ کہ کپاس کی نئی فصل کی آمد قلیل مدت کے لیے پی ایس ایف کی قیمتوں کو کنٹرول میں رکھے گی۔

توانائی کے محاذ پر، IMF پروگرام کی شرائط کے مطابق مالیاتی نظم و ضبط کے حصول کے لیے جولائی 2023 سے ٹیکسٹائل سیکٹر کے لیے حکومت کی طرف سے ٹیرف میں رعایت کا خاتمہ، انڈسٹری کی آپریٹنگ لاگت پر نمایاں اثر ڈالے گا اور اس کے نتیجے میں مارجن مزید کم ہونے کا امکان ہے۔

سوڈاایش بزنس

خالص آمدنی (ملین روپے)

کاروباری منافع (ملین روپے)

ملکی سوڈا ایش مارکیٹ، زیر جائزہ سال کے دوران مقامی کرنسی کی قدر میں غیر معمولی کمی، افراط زر اور اجناس کی غیر مستحکم قیمتوں کے علاوہ شرح سود میں اضافے کی وجہ سے دباؤ میں رہی۔ مذکورہ بالا مشکلات کے نتیجے میں کاروباری لاگت میں اضافہ ہوا، جس سے خام مال اور توانائی دونوں کی لاگت متاثر ہوئی جو تیار سامان کی قیمت فروخت میں اضافہ کا سبب بنی۔

سوڈاایش کے کاروبار نے موجودہ چیلنجوں کا سامنا کرتے ہوئے سیلز کے حجم میں 6 فیصد اضافہ درج کیا، ملکی اور برآمدی سیلز کے حجم میں بالترتیب 6 فیصد اور 4 فیصد اضافہ ہوا۔ پچھلے سال کے مقابلے میں زیر جائزہ سال کے دوران درآمدی پابندیوں کی وجہ سے ملکی حجم میں اضافہ ہوا۔ شیشے اور کاغذ کی صنعت کو فروخت میں پچھلے سال کے مقابلے میں اضافہ ہوا، تاہم بازار اور ٹیکسٹائل سیکٹر میں موجودہ معاشی غیر یقینی صورتحال اور سال کی دوسری ششماہی میں ٹیکسٹائل برآمدات میں مندی کی وجہ سے بتدریج کمی دیکھی گئی۔

زیر جائزہ مدت کے دوران بزنس کا کاروباری منافع پچھلے سال سے 71 فیصد زیادہ رہا۔ بہتر نتائج بنیادی طور پر جون 2022 میں مکمل ہونے والی 75,000 ٹی پی اے کی توسیع اور مارچ 2023 میں مکمل ہونے والی 60,000 ٹی پی اے کی توسیع، پلانٹ کے موثر آپریشنز اور زیادہ ان پٹ لاگت کی وجہ سے زیادہ قیمت فروخت کے سبب حاصل ہوئے۔ توسیعی منصوبے کی کامیاب تکمیل، جس کے نتیجے میں پلانٹ کی گنجائش بڑھ کر مجموعی طور پر 560,000 ٹی پی اے تک جا پہنچی ہے جو بزنس کے لیے ایک نیا سنگ میل ہے۔

مستقبل کے حوالے سے ملک کے مجموعی اقتصادی منظر نامے سے پتہ چلتا ہے کہ ملکی صنعتیں دباؤ میں رہیں گی۔ سیاسی غیر یقینی صورتحال کے ساتھ ریکارڈ مہنگائی کی وجہ سے صارفین کی کم ہوتی ہوئی قوت خرید کے باعث مقامی مارکیٹ کو مشکلات کا سامنا رہے گا۔ برآمدات کے محاذ پر سوڈاایش کے کاروبار کا مقصد بین الاقوامی مارکیٹ میں اپنا حصہ مزید بڑھانا ہے۔ تاہم، چین کے قدرتی سوڈاایش پلانٹ، جس نے جون 2023 میں کام شروع کیا تھا، کی وجہ سے توقع ہے کہ قیمتوں میں کمی کا دباؤ بڑھے گا۔

ہیومن ریسورسز

لکی کور انڈسٹریز کے لیے اس کا انتہائی پر عزم اور مصروف ٹیلنٹ پول، کمپنی کی اپنے اسٹیک ہولڈرز کے لیے مسلسل اعلیٰ درجے کی کارکردگی پیش کرنے کی صلاحیت کی پشت پر موجود کلیدی اہمیت کے حامل عوامل میں سے ایک ہے۔ اپنی افرادی قوت کی نمو و ترقی اور انہیں آگے بڑھنے اور کامیابی کے لیے سازگار ماحول فراہم کرنا کمپنی کی اولین ترجیح ہے۔ مالی سال 23-2022ء کے دوران کمپنی کو درپیش اہم اقتصادی مشکلات کے باوجود LCI اپنے ملازمین کی لگن اور کوششوں کی وجہ سے انہیں ان کی کاوشوں کے قابل قدر نتائج فراہم کرنے میں کامیاب رہا۔

تنظیمی ثقافت اور مشغولیت

کمپنی کی ثقافت کا سنگ بنیاد اس کی بنیادی اقدار اور ایک جامع ضابطہ اخلاق ہے، جو کاروباری سرگرمیوں کے ہر پہلو کی گہرائی میں موجود ہیں۔ ضابطہ اخلاق کے ذریعے کمپنی نے تمام ملازمین کے لیے ایک رہنما فریم ورک کے تحت کام کرتے ہوئے اخلاقی رویے کے لیے ان سے شفاف توقعات قائم کی ہیں۔

گزشتہ سال، ضابطہ اخلاق کی پابندی کو یقینی بنانے کے لیے، کمپنی نے انٹرنل آڈٹ فنکشن کے ساتھ مل کر ریفریشر سیشنز کا انعقاد کیا۔ زیر جائزہ سال اس رفتار کو آگے بڑھاتے ہوئے کمپنی کی بنیادی اقدار پر ایک مربوط رابطہ مہم شروع کی گئی، جس میں ملازمین کے بچوں پر مشتمل ایک کارپوریٹ وڈیو شامل تھی، اس وڈیو میں ایسے قابل تعریف ملازمین کی خدمات کو تسلیم کیا گیا تھا جنہوں نے مستقل طور پر اپنے طرز عمل، روزمرہ کے عملی معاملات اور کام میں بنیادی اقدار کا مظاہرہ کیا۔ خاندانی دوستانہ ماحول کو فروغ دینے کے لئے تمام اہم مقامات پر تفریح سے بھرپور ”کڈز ایٹ ورک“ ایونٹ کا اہتمام بھی کیا گیا تھا۔

کام کی جگہ پر تنوع، مساوات اور شمولیت کو بڑھانے کے لیے، کمپنی کے اہم مقامات پر صنفی حساسیت سے متعلق سیشنز کا انعقاد کیا گیا۔ ان سیشنز میں ملازمین کو کام کی جگہ (ورک پلیس) پر ہم آہنگی کو فروغ دینے کے متعلق جامع تربیت فراہم کی گئی۔ کمپنی نے ”یس شی کین- ویمن ریٹرن شپ پروگرام“ بھی شروع کیا، جس کا مقصد ان باصلاحیت پروفیشنل خواتین کی واپسی ہے، جنہوں نے قبل ازیں ”کیریئر بریک“ لے لیا تھا۔ اس سال، تنوع کے ساتھ LCI کی وابستگی کے مثبت نتائج برآمد ہوئے ہیں اور خواتین کی صنفی نمائندگی SPLY کے %6.1 کے مقابلے میں 7.4 فیصد تک بڑھ گئی ہے۔ اس کے علاوہ فروغ آگہی، مکالمے کی حوصلہ افزائی اور مزید شمولیت کے لیے ملازمین کے تہواروں کے موقع پر رابطہ کاری سمیت مختلف سرگرمیوں کا اہتمام کیا گیا۔

ادارے کے اندر ملازمین کی مشغولیت کو بڑھانے کی خاطر کمپنی نے ملازمین کی فلاح و بہبود کے لیے متعدد اندرونی و بیرونی سرگرمیوں میں منظم اور فعال طور پر حصہ لیا۔ ان میں کارپوریٹ فٹسال لیگ، YB کرکٹ ٹورنامنٹ اور کارپوریٹ فٹنس چیلنج میں شرکت کے علاوہ معلومات افزا ”ویل بینگ“ سیشنز کی میزبانی شامل ہے۔ اس کے علاوہ ملازمین کے اہل خانہ سے ملنے والی بھرپور حمایت کے اعتراف میں کمپنی کے PRAISE پلیٹ فارم کے تحت ایک انگیجمنٹ مہم چلائی گئی۔

زیر جائزہ سال کے دوران ملازمین کی مشغولیت (انگیجمنٹ) کا سکور 8.04 سے بڑھ کر 8.2 ہو گیا۔ ملازمین کی انگیجمنٹ کے ساتھ ادارے کی وابستگی کے اعتراف کے طور پر LCI کو غیر جانب دار ادارے کی جانب سے ”ایمپلائر آف چوائس“ کے اعزاز سے نوازا گیا۔

ٹیلنٹ مینجمنٹ

7 دہائیوں پر مشتمل لیگیسی کے ساتھ کمپنی نے خود کو ایک مستحکم اور پائیدار ٹیلنٹ پائپ لائن بنانے کے لیے وقف کیا ہے۔ کمپنی میں بھرتی کے سخت عمل کے علاوہ ٹیلنٹ کو اپنی طرف راغب کرنے کے لیے متعدد انٹری لیول پروگرام موجود ہیں۔ اس سال جونیئر اور سینئر، دونوں دونوں سطحوں پر علمی صلاحیت، شخصی خصوصیات اور طرز عمل کے رجحانات کا جائزہ لینے کے لیے ایک نیا معیاری تشخیصی پیمانہ متعارف کرایا گیا۔ یہ تشخیصی پیمانہ باصلاحیت امیدواروں کو شامل کرنے اور ادارے کے اندر ان کی ترقی کے لیے ایک واضح روڈمیپ فراہم کرنے کے حوالے سے قابل قدر ثابت ہوا ہے۔

سینٹر آف ایکسیلنس ٹیم کی قیادت میں لرننگ اور ڈویلپمنٹ پروگراموں کو مزید بہتر بنانا، اس سال کی اہم کامیابیوں میں سے ایک تھا۔ اندرونی اور بیرونی تربیتی سیشنز کی ایک سیریز کے ذریعے تقریباً 51,000 تربیتی گھنٹے لاگ ان کیے گئے، جس سے کمپنی کی افرادی قوت کو پیشہ ورانہ نشو و نما کے لیے کافی مواقع ملے۔ اس کے علاوہ کمپنی کی اندرونی تجربہ کار فیکلٹی نے بھی تبدیل شدہ لرننگ لاؤنج پلیٹ فارم کے تحت ملازمین کے لیے آن لائن اور ذاتی شرکت والے تربیتی سیشنز منعقد کیے۔

ٹیلنٹ ڈویلپمنٹ کے عزم کے مطابق ٹیم نے 'اندر سے فروغ دینے' اور کیریئر کی ترقی کے مواقع فراہم کرنے کے فلسفے کے مطابق ایک مستحکم شخصی متبادل یا جانشینی منصوبہ بنانے کے لئے کوششیں کیں۔ فورم ہر ملازم کی ترقی اور صلاحیت کا جائزہ لیتا ہے اور اسی کے مطابق انہیں متعلقہ عہدوں پر فائز کرتا چلا جاتا ہے۔ مالی سال 23-2022ء کے دوران کمپنی کے اندر ٹیلنٹ موومنٹ 18 فیصد ریکارڈ کی گئی۔

تنظیمی کارکردگی بڑھانا، ڈیجیٹائزیشن، تنظیم نو اور انعامات

لکی کور انڈسٹریز میں جدت ایک کلیدی قدر ہے جو چابکدستی، موثر کارکردگی اور عمدگی کے لیے نظام اور طریقہ کار میں مسلسل تبدیلی کی حوصلہ افزائی کرتی ہے۔ اس سلسلے میں کمپنی نے 13 بڑے HR پراسیسز کو آسان اور ڈیجیٹائز کر کے ملازمین کے لیے طریقہ کار اور خدمات کے معیار کو مزید بڑھایا۔ اس کے علاوہ ٹرانسفارمیشن 2.0 پروجیکٹ کو زیر جائزہ سال کے دوران شروع کیا گیا تھا، جس کا بنیادی مقصد تنظیمی ڈھانچے کو بہتر بنا کر ادارے کی کارکردگی کو بڑھانا تھا۔

مالی سال 23-2022ء کے دوران مشکل معاشی حالات کے مدِ نظر لیڈرشپ کے علاوہ تمام ملازمین کے لئے مہنگائی الاؤنس کا اعلان کر دیا گیا تھا۔

یہ کوششیں اجتماعی طور پر مثبت تبدیلی لانے، ملازمین کی فلاح و بہبود، طریقہ کار اور خدمات کو مسلسل بہتر بنانے کے لیے ادارے کے عزم کی عکاسی کرتی ہیں۔

رسک مینجمنٹ

رسک (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 اس کا سالانہ جائزہ لیا جاتا ہے۔ شناخت شدہ خطرات، جو ممکنہ طور پر کمپنی کے اسٹریٹجک، آپریشنل، مالیاتی اور/یا کمپلائنس 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 رسک سے نمٹنے کے علاوہ کاروبار کے تسلسل کو یقینی بنایا جا سکے۔

LCI میں ایک جامع تنظیمی ڈھانچہ موجود ہے جس میں ذمہ داریوں کا تعین کر دیا گیا ہے تاکہ رسک کی نگرانی اور ان سے متعلقہ کنٹرولز کی افادیت اور ان کے موثر ہونے کو یقینی بنایا جا سکے۔

LCI میں ایک مضبوط اور مربوط انٹرپرائز رسک مینجمنٹ (ERM) فریم ورک موجود ہے تاکہ رسک کی شناخت، تشخیص اور ان کے ازالے کو یقینی بنایا جا سکے۔ ان رسک سے نمٹنے کے لیے ان رسک کے ممکنہ امکانات اور اثرات کی بنیاد پر ان کی درجہ بندی کی جاتی ہے اور اسی کی مناسبت سے ان کے تدارک کے اقدامات کئے 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 72 تا صفحہ نمبر 79 پر دستیاب ہے۔

سسٹینابلٹی

مالی سال 23-2022 کے دوران LCI نے سسٹینابلٹی کے اپنے ایجنڈے کے ساتھ اپنی مستحکم وابستگی کا مظاہرہ جاری رکھا۔ LCI کے سسٹینابلٹی سے متعلق تقاضوں پر عملدرآمد اور کمپنی کے دائرہ کار میں ان کی تعمیل، جغرافیائی موجودگی اور کاروبار کی رہنمائی LCI کے مجموعی HSE&S مینجمنٹ سسٹم کے ذریعے کی جاتی ہے۔ سسٹینابلٹی سے متعلق سوچ کمپنی کی تنظیمی اسکیم میں مکمل طور پر شامل ہے اور کمپنی کی ترقی کے تسلسل سے متعلق اقدامات سسٹین ایبلٹی کونسل کے ساتھ مطابقت رکھتے ہیں، جو تسلسل کے اہداف اور کارکردگی سے متعلق معاملات کے حوالے سے ایک گورننگ باڈی کے طور پر کام کرتی ہے۔

سسٹینابلٹی اور کارکردگی کے مشعل بردار کے طور پر ایگزیکیٹو مینجمنٹ ٹیم (EMT) سسٹینابلٹی اور کارکردگی پر تبادلہ خیال کے لیے باقاعدگی سے اجلاس کرتی ہے۔ HSE&S کے میدان میں عالمی پیش رفت کے تناظر میں صحت، حفاظت، ماحول اور سلامتی (HSE&S) کے اہم طریقہ کار کا جائزہ لیا جاتا ہے۔

زیر جائزہ سال کے دوران کمپنی کی فلیگ شپ سسٹین ایبلٹی مہم 'STEP' پورے جوش و خروش کے ساتھ جاری رہی۔ اس کے علاوہ زندگیوں کو مالا مال کرنے کے اپنے سفر میں LCI اپنے مختلف آپریشنز میں فطرت اور سائنس پر مبنی حل اپنا کر اپنے گیسوں کے اخراج کو کم سے کم کرنے کے لئے فعال اقدامات کر رہا ہے۔ اس کوشش کو آگے بڑھانے کے لیے کمپنی نے 'Catalyst' کے نام سے اپنا ماحولیاتی ایکشن پلان شروع کیا ہے۔ اس اقدام کا مقصد LCI کے کاروبار اور سرگرمیوں کو اجتماعی طور پر کرہ ارض کی مدد کرنے اور موسمی تبدیلیوں کا مقابلہ کرنے کے لئے یکجا کرنا ہے۔

کمپنی اقوام متحدہ کے پائیدار ترقی کے اہداف (SDGs) کے تقاضوں کو اپنا کر ان کی تعمیل کی سب سے پہلے اطلاع دینے والوں میں سے ایک ہے۔ زیر جائزہ سال کے دوران شروع کیے گئے سسٹین ایبلٹی پروجیکٹس ''ایس جی ڈی'' کے تقاضوں کے عین مطابق رکھے گئے تھے۔

صحت، حفاظت، ماحول اور سلامتی

کمپنی اپنے HSE&S ایجنڈے پر کامیابی کے ساتھ عملدرآمد کو اپنے عملے اور عوام کے حادثات اور خراب صحت سے تحفظ کو یقینی بنانے کی کلید کے طور پر دیکھتی ہے اور یہ HSE&S کو بنیادی ترجیح کے طور پر برقرار رکھنے کے LCI کے عزم کا واضح اشارہ ہے۔ LCI اپنی عمارتوں میں موجود متعلقہ اسٹیک ہولڈرز کے لیے صحت اور حفاظت کے بہترین معیارات حاصل کرنے کے لیے لاگو کیے گئے HSE&S اصولوں کی پابندی کو یقینی بناتا ہے، اور جن کمیونٹیز میں یہ کام کرتا ہے، ان کے ماحولیاتی تحفظ کو یقینی بناتا ہے۔ اس کی وجہ سے زیر جائزہ سال کے دوران LCI نے ریگولیٹری فریم ورک کی افادیت اور کاروبار کے اندر رکاوٹوں وخطرات کے طریقوں کا جائزہ لینے پر خاص توجہ مرکوز رکھی۔

کمپنی نے سیفٹی کے معاملے میں اعلیٰ کارکردگی کا مظاہرہ جاری رکھا۔ تمام کاروباروں کو ملا کر کمپنی نے 30 جون 2023ء تک تقریباً 39.4 ملین گھنٹوں پر مشتمل (انسانوں کے لیے) محفوظ اوقات کار کو لاگو کیا۔ زیر جائزہ سال کے دوران سوڈا ایش، فارماسیوٹیکل، اینمل ہیلتھ، کیمیکلز اینڈ ایگری سائنسز اور پولیسٹر کے کاروبار نے کوئی قابل ذکر چوٹ یا زخم رپورٹ کیے بغیر بالترتیب 30.7، 4.16، 1.07، 0.36، 0.20 ملین گھنٹوں پر مشتمل محفوظ اوقات کار کی HSE&S کارکردگی پیش کی، جب کہ کارپوریٹ دفاتر کے محفوظ اوقات کار 2.88 ملین گھنٹے رہے۔

موثر انوائرنمنٹ پرفارمنس مینجمنٹ (EPM) فریم ورک صحت، حفاظت، ماحول اور توانائی کے حوالے سے KPIs کی رپورٹنگ کے لیے وسیع پیمانے پر استعمال ہوتا ہے۔ کارکردگی رپورٹس کی ماہانہ اور سہ ماہی بنیادوں پر نگرانی کی جاتی ہے۔ اہداف سے انحراف کو فوری طور پر اجاگر کیا جاتا ہے، اس کا تجزیہ کیا جاتا ہے اور ہر کاروباری ادارے سے تبادلہ خیال کیا جاتا ہے۔ توانائی کی بچت، فضلے (ویسٹیج) میں کمی، آبی ذخائر کے تحفظ اور قومی ماحولیاتی معیارات (NEQS) کی تعمیل، تسلسل کے منصوبوں کے نفاذ کے ذریعے سال بھر جاری رہی۔

ہیلتھ اسیسمنٹ پرفارمنس انڈیکس (HAPI) اور ہائیجین پرفارمنس اڈیکس (HYP-I) ایسے 2 پروگرام ہیں جو کمپنی کی تمام سائٹس پر لاگو ہوتے ہیں۔ ان کا تعلق صحت کی نگرانی اور ملازمین کو لاحق خطرات کی نگرانی سے ہے جس کا مقصد پیشہ ورانہ امراض کے خطرات کو کم کرنا ہے۔ جمع کیے گئے ڈیٹا کو ملازمین کی ریٹائرمنٹ کے بعد بھی مانیٹر کیا جاتا ہے۔ ملازمین کی صحت کا سالانہ / دوسالہ جائزہ پورے سال جاری رہا۔ مالی سال 23-2022ء کے دوران کسی پیشہ ورانہ مرض کی اطلاع نہیں ملی۔

HSE&S کی ہر سطح پر تربیت ملازمین کی ترقی کے لیے بنیادی اہمیت کی حامل ہے۔ اس سال بھی مختلف تربیتی کورس کا انعقاد کیا گیا ہے جنکے ذریعے ملازمین کے علم اور انکی مہارت کو بڑھایا گیا۔

HSE&S کے شعبے میں ان کی کوششوں کے اعتراف میں، سوڈا ایش اور پولیئسٹر کے کاروبار کو ان کے ہیلتھ اینڈ سیفٹی مینجمنٹ سسٹم کی مکمل جانچ پڑتال کے بعد برٹش سیفٹی کونسل کی طرف سے بین الاقوامی سیفٹی ایوارڈز سے نوازا گیا۔ فارماسیوٹیکلز کے کاروبار نے دی پروفیشنل نیٹ ورک اور پاکستان سیفٹی کونسل کے زیر اہتمام بہترین HSE کارکردگی کے زمرے میں 8ویں بین الاقوامی EHS ایوارڈز جیتے جبکہ کیمیکلز اینڈ ایگری سائنسز کے کاروبار نے نیشنل فورم برائے ماحولیات وصحت کا انوائرمینٹل ایکسیلنس ایوارڈ 2022ء حاصل کیا۔

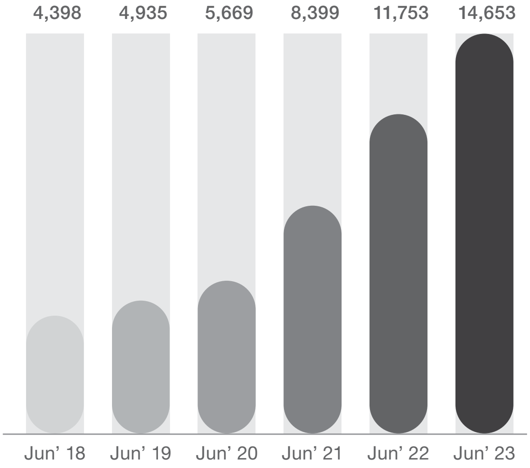
HSE&S کی اہمیت کو مزید بڑھانے کے لیے کیمیکلز اینڈ ایگری سائنسز کے کاروبار کا ایک تفصیلی HSE&S مینجمنٹ آڈٹ، کارپوریٹ HSE&S ٹیم کے ذریعے کرایا گیا، جس کے دوران تربیت یافتہ سیفٹی پروفیشنلز نے آڈٹ کا عمل انجام دیا، جس کے بعد ایک تفصیلی رپورٹ متعلقہ کاروباری ادارے کے ساتھ شیئر کی گئی اور اس کی ایگزیکٹو ٹیم کو ان شعبوں کے بارے میں آگاہ کیا گیا، جہاں بہتری لانے کی گنجائش دیکھی گئی۔

کمیونٹی سرمایہ کاری

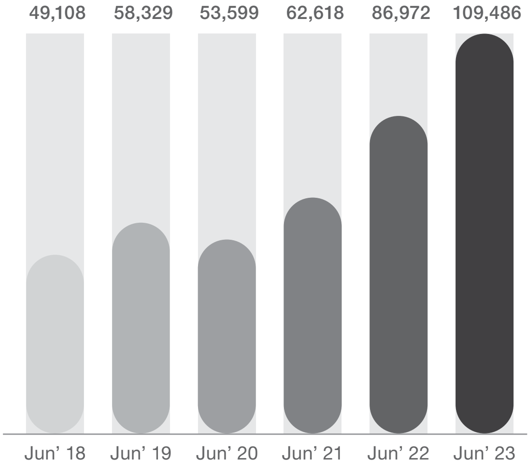
لکی کور انڈسٹریز کمیونٹیز کی فلاح وبہبود پر بھرپور توجہ مرکوز رکھتی ہے، اس کے زیادہ تر کمیونٹی سرمایہ کاری کے اقدامات لکی کور فاؤنڈیشن (دی فاؤنڈیشن) کے ذریعے کیے جاتے ہیں، جس کا انتظام فاؤنڈیشن کے بورڈ آف ٹرسٹیز کے پاس ہے۔ اپنی CSR پالیسی کی رہنمائی میں لکی کور فاؤنڈیشن صحت، تعلیم، خواتین کو بااختیار بنانے، کمیونٹی کی ترقی اور ماحول کے شعبوں میں فلاحی سرمایہ کاری کے ذریعے پائیدار سماجی واقتصادی ترقی کی جدوجہد جاری رکھے ہوئے ہے۔ یہ سرمایہ کاری ''سی ایس آر'' کے پارٹنرز جیسے لیٹن رحمت اللہ بینوولینٹ ٹرسٹ، میری ایڈیلیڈ لپروسی سینٹر، دی کرن فاؤنڈیشن، چائلڈ لائف فاؤنڈیشن، دی سٹیزن فاؤنڈیشن اور تبہ کڈنی انسٹی ٹیوٹ کے ساتھ شراکت میں کی گئی ہے۔ اس سال کمپنی نے اپنے CSR ایجنڈے کے لیے 64.2 ملین روپے کا عطیہ دیا۔ اس کے علاوہ متعدد کمیونٹی سرگرمیاں براہ راست کمپنی خود انجام دیتی ہے۔

کمپنی کی سسٹینابلٹی سے متعلق کارکردگی کی تفصیلات بشمول HSE&S کی تفصیلات اور کمیونٹی سرمایہ کاری کی اپ ڈیٹس صفحہ نمبر 150 پر سسٹینابلٹی رپورٹ میں پیش کی گئی ہیں۔

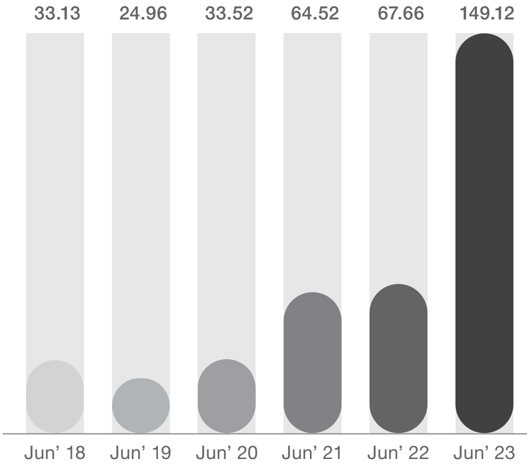
مالیاتی کارکردگی پر ایک نظر



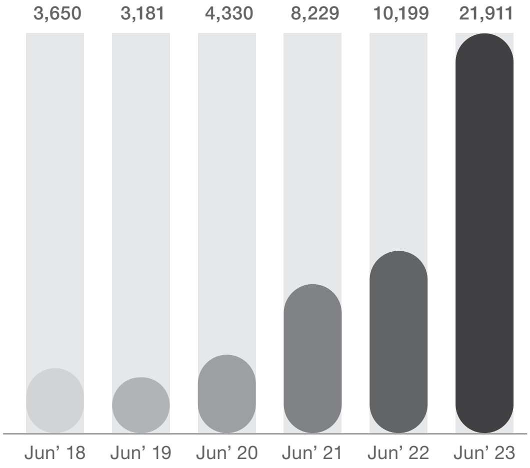
کاروباری منافع (روپے ملین میں)



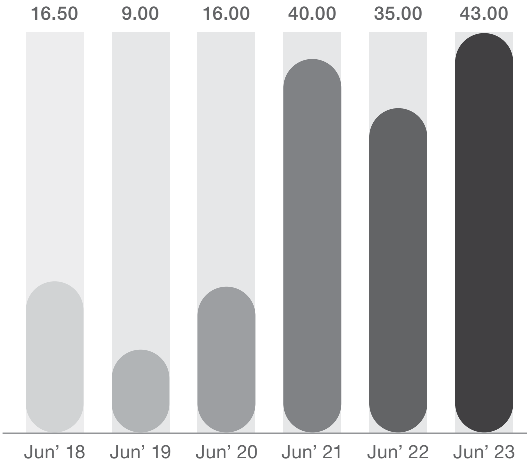
خالص آمدنی (روپے ملین میں)



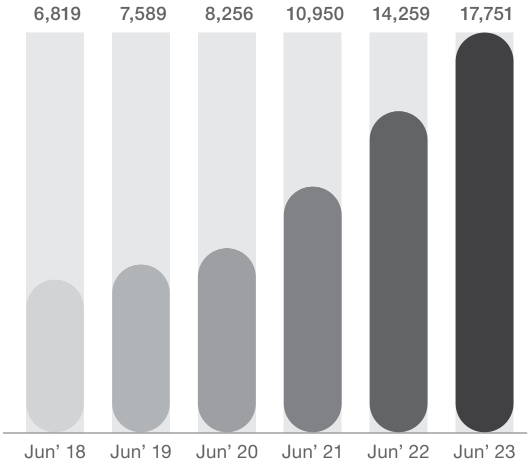
فی شیئر منافع (روپے)



قبل از ٹیکس منافع (روپے ملین میں)



منافع منقسمہ (روپے فی شیئر)



ایبٹڈا (روپے ملین میں)

ساتھ ملا کر یہ 30 جون 2023ء کو ختم ہونے والے پورے سال کے لیے 43 روپے فی حصص کا مجموعی ڈیویڈنڈ بنتا ہے۔ کمپنی کے جاری آپریشنز سے حاصل ہونے والے منافع سے ادائیگی کا تناسب 50.3 فیصد بنتا ہے۔

ترقی اور توسیع

جنوری 2023 میں کمپنی نے کامیابی کے ساتھ نیوٹری کو مورینا گا پرائیویٹ لمیٹڈ ('این ایم پی ایل') کے 21,763,125 عام حصص (جو 'این ایم پی ایل' کے جاری کردہ اور ادا شدہ حصص کے سرمائے کا تقریباً 26.5 فیصد بنتا ہے) کو 45,082,657 امریکی ڈالرز کی مجموعی قیمت پر مورینا گا ملک انڈسٹری کمپنی لمیٹڈ جاپان ('مورینا گا ملک') کو فروخت کر دیا۔ اس کے نتیجے میں کمپنی کے انفرادی مالیاتی گوشواروں میں 9,842 ملین روپے کی رقم ریکارڈ کی گئی۔ جس میں کنٹرول کے جانے کے پریمیم کی مد میں 7782 ملین روپے اور فروخت سے حاصل گین کی مد میں 2560 ملین روپے شامل ہیں۔

کمپنی 'این ایم پی ایل' میں اب بھی تقریباً 24.5 فیصد حصص رکھتی ہے، جو کہ ایک 'ایسوسی ایٹڈ کمپنی' ہے، جبکہ مورینا گا ملک کی 'این ایم پی ایل' میں شیئر ہولڈنگ بڑھ کر 51 فیصد ہو گئی ہے، جس کے نتیجے میں کنٹرول اب 'مورینا گا ملک' کو حاصل ہو گئے ہیں۔ مورینا گا برانڈ کے مالکان مصنوعات سازی بخوبی جانتے ہیں، اس کے علاوہ تحقیق و ترقی کے حوالے سے بھی بہترین صلاحیتوں کے حامل ہیں، لہٰذا اکثریتی شیئر ہولڈنگ انہیں مل جانے پر توقع کی جا سکتی ہے کہ 'این ایم پی ایل' کی ترقی کی رفتار تیز ہو جائے گی، جس سے تمام شیئر ہولڈرز کو فائدہ پہنچے گا۔

زیر جائزہ سال کے دوران کمپنی نے 26 جنوری 2023 کو LOTTE کیمیکلز کارپوریشن کے ساتھ حصص کی خریداری کا معاہدہ کیا، جس کے تحت لوٹے کیمیکلز پاکستان لمیٹڈ کے 1,135,860,105 عام حصص حاصل کئے جائیں گے جو اس کمپنی کے جاری شدہ حصص سرمائے کا تقریباً 75.01 فیصد بنتا ہے۔ اس معاہدے کو بعد میں لکی کور وینچرز (پرائیویٹ) لمیٹڈ (مکمل ملکیت والے ماتحت ادارے) کو تفویض کر دیا گیا۔ اس سودے کی تکمیل سیل پرچیز ایگریمنٹ کی شرائط سے مشروط ہے، جن میں مطلوبہ منظوریوں کا حصول اور دیگر اختتامی شرائط کی تکمیل شامل ہے۔ یہ ٹرانزیکشن لکی کور وینچرز (پرائیویٹ) لمیٹڈ کے ذریعے مکمل کی جائے گی۔

کمپنی کی ترقی اور کارکردگی میں اضافے کے اقدامات کے تناظر میں، بورڈ آف ڈائریکٹرز نے سوڈا ایش کے کاروبار کے لیے 1.55 بلین روپے کی مزید سرمایہ کاری کی منظوری دی ہے۔ مزید برآں، کمپنی کے بورڈ آف ڈائریکٹرز نے اینمل ہیلتھ بزنس کے لیے گرین فیلڈ ویٹرنری میڈیسن مینوفیکچرنگ مرکز کے قیام کی بھی منظوری دی ہے، جو کہ لیز پر لی گئی فیسلٹی میں موجودہ مینوفیکچرنگ آپریشنز کی جگہ کام کرے گا۔ تجارتی آپریشنز مالی سال 2025-26 میں شروع ہونے کی توقع ہے اور یہ کمپنی کی ترقی کے عزم کو آگے بڑھانے والا ایک اور اسٹریٹجک قدم ہوگا۔ کمپنی نے 10 روپے فی شیئر مالیت والے 28.05 ملین عام حصص سبسکرائب کر کے لکی ٹی جی (پرائیویٹ) لمیٹڈ میں 280.5 ملین روپے کی ایکویٹی سرمایہ کاری بھی کی ہے، جو کمپنی اور طارق گلاس انڈسٹریز لمیٹڈ کی ایک جوائنٹ وینچر کمپنی ہے۔ لکی ٹی جی (پرائیویٹ) لمیٹڈ میں ایکویٹی سرمایہ کاری کے حوالے سے اراکین کی منظوری 21 مارچ 2022ء کو منعقدہ ایک غیر معمولی اجلاس کے دوران طلب کی گئی تھی۔

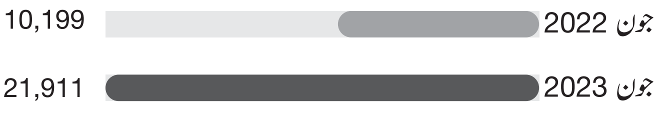
گروپ کی مجموعی کارکردگی پر ڈائریکٹرز رپورٹ کو سالانہ رپورٹ کے صفحہ نمبر F68 پر کور کیا گیا ہے۔

مالیاتی کارکردگی

پاکستانی روپے ملین میں	جون 2023	جون 2022	اضافہ (کمی) کا تناسب
خالص آمدنی	109,486	86,972	26%
مجموعی منافع	22,324	18,619	20%
کاروباری منافع	14,653	11,753	25%
قبل از ٹیکس منافع	21,911	10,199	115%
بعد از ٹیکس منافع	13,772	6,249	120%
فی شیئر منافع (روپے)	149.12	67.66	120%

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 2023

ڈائریکٹرز 30 جون 2023ء کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے 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۔

کمپنی نے 23 دسمبر 2022 سے اپنا نام آئی سی آئی پاکستان لمیٹڈ سے لکی کور انڈسٹریز کے طور پر تبدیل کر لیا۔ کمپنی کی اصل طاقت اور استحکام کی عکاسی کرتے ہوئے، برانڈ کے نئے نام سے کمپنی کے مرکزی کردار کو تقویت ملتی ہے جس کی بدولت بہت ہی اہمیت کی حامل پروڈکٹس کے وسیع پورٹ فولیو کے ذریعے پائیدار ترقی کی یقین دہانی ہوتی ہے۔ یہ پروڈکٹس تقریباً ہر صنعت کے لئے نمایاں اہمیت کے ساتھ پاکستان کے ہر گھر کی ضرورت ہے۔ نئی پہچان سے کمپنی کے اکثریتی شیئر ہولڈرز کے ساتھ یکسانیت اور اپنی پیرنٹ کمپنی لکی سیمنٹ لمیٹڈ کے برانڈ کے تقویت میں اضافہ بھی یقینی ہے جو کہ پاکستان کے ایک بہت بڑے ادارے یونس برادرز گروپ (YBG) کا حصہ ہے۔

معیشت اور مالیاتی کارکردگی کا جائزہ

زیر جائزہ سال کے لیے 109,486 ملین روپے کی خالص آمدنی گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 26 فیصد زیادہ ہے، جو بنیادی طور پر 135,000 ٹن سالانہ ٹی پی اے (TPA) گنجائش کے حامل سوڈا ایش توسیعی پراجیکٹ کی کامیابی سے تکمیل کے بعد سوڈا ایش کے کاروبار کے اضافی حجم کے سبب ممکن ہوئی۔ 135,000 ٹی پی اے کے اس توسیعی منصوبہ میں سے 60,000 ٹی پی اے کی تکمیل مارچ 2023 میں ہوئی، جبکہ 75,000 ٹی پی اے کی توسیع اس سے قبل جون 2022 میں کی گئی تھی۔

سوڈا ایش کی خالص آمدنی پچھلے سال کے مقابلے میں 65 فیصد زائد رہی جس کی بنیادی وجہ اضافی حجم کے ساتھ ساتھ، قیمت فروخت میں ہونے والا اضافہ تھی جو پاکستانی روپے کی قدر میں کمی، توانائی کی لاگت میں اضافہ اور اسکی بدولت ہونے والی مہنگائی کے سبب تھی۔ اینیمل ہیلتھ، پولیسٹر، کیمیکل اینڈ ایگری سائنسز اور فارماسیوٹیکلز کے کاروبار کی خالص آمدنی میں پچھلے سال کے مقابلے میں بالترتیب 22 فیصد، 10 فیصد، 8 فیصد اور 3 فیصد کا اضافہ ہوا۔

زیر جائزہ سال کے لیے 14,653 ملین روپے کا کاروباری منافع پچھلے سال سے 25 فیصد زیادہ ہے۔ سوڈا ایش، کیمیکلز اینڈ ایگری سائنسز اور اینیمل ہیلتھ کے بزنس نے پچھلے سال کے مقابلے میں بالترتیب 71 فیصد، 29 فیصد اور 23 فیصد زائد کاروباری منافع دیا، جب کہ پولیسٹر اور فارماسیوٹیکلز کے کاروبار نے پچھلے سال کے مقابلے میں بالترتیب 16 فیصد اور 19 فیصد کم کاروباری منافع دیا۔

سوڈا ایش بزنس کی شاندار آپریٹنگ کارکردگی بنیادی طور پر توسیعی منصوبوں کی تکمیل کے بعد بڑھے ہوئے حجم کے سبب ممکن ہوئی۔ کیمیکلز اینڈ ایگری سائنسز کے کاروبار نے آئل سیڈز کیٹیگری میں اچھی کارکردگی اور اپنے پورے پورٹ فولیو میں مارجن مینجمنٹ کو بہتر کرنے کی وجہ سے مضبوط نتائج فراہم کیے۔ اینیمل ہیلتھ بزنس کے آپریٹنگ نتائج نے اپنے مقامی طور پر تیار کردہ فارمرز چوائس پورٹ فولیو کی مضبوط کارکردگی کی وجہ سے اپنی بلند پرواز جاری رکھی۔ ٹیکسٹائل کی صنعت کو بالعموم اور پولیسٹر کے کاروبار کو خاص طور پر فروخت کے کم حجم کی وجہ سے مشکلات کا سامنا کرنا پڑا کیونکہ مشکل معاشی حالات کی وجہ سے مارکیٹوں میں نمایاں مندی دیکھنے میں آئی۔

فارماسیوٹیکلز بزنس کو پرائس ریگولیٹڈ صنعت ہونے کے سبب، روپے کی قدر میں کمی اور مہنگائی کی وجہ سے دباؤ کا سامنا رہا۔

کمپنی کے کاروباری آپریشنز نے پچھلے سال کے مقابلے میں زیر جائزہ سال کے دوران اہم میکرو اکنامک چیلنجز کا سامنا کیا۔ کاروبار کرنے کی لاگت میں نمایاں اضافہ، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی، شرح سود میں اضافہ، درآمدی پابندیاں، ٹیکس نظام میں تبدیلی اور اشیاء کی عالمی قیمتوں میں اتار چڑھاؤ سال کے دوران نمایاں چیلنجز رہے۔

زیر نظر مالی سال کے آغاز میں لاگو کیے جانے والے سخت مالیاتی اقدامات کی وجہ سے زیادہ تر شعبوں میں ملکی اقتصادی سرگرمیوں میں سست روی دیکھی گئی، جو سال کے بیشتر حصے میں جاری رہی۔ زرمبادلہ کے ذخائر میں خطرناک حد تک کمی کے باعث درآمدی پابندیاں عائد کرنا ضروری ہو گیا تھا، ان پابندیوں نے کاروباری اداروں کی خام مال اور فاضل پرزہ جات وغیرہ کے حصول کی صلاحیت کو متاثر کیا، جس سے پیداوار کو بلا تعطل جاری رکھنے میں رکاوٹ پڑی۔ مون سون کی تباہ کن بارشوں کی وجہ سے معاشی صورتحال مزید بگڑ گئی، جس کے باعث بڑے پیمانے پر سیلاب آیا، جس سے ذرائع آمدن بری طرح متاثر ہوئے، خوراک کی قیمتوں اور بے روزگاری کی شرح میں اضافہ ہو گیا۔ ان چیلنجوں کے ساتھ ساتھ توانائی کی قیمتوں میں اضافہ، قرضوں کی بڑھتی ہوئی لاگت اور مقامی کرنسی کی قدر میں کمی نے صارفین کی قوت خرید کو منفی طور پر متاثر کیا، جس کے نتیجے میں معیشت کے تمام شعبوں میں طلب میں نمایاں کمی واقع ہوئی۔

زیر جائزہ سال کے لیے 13,772 ملین روپے کا بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے مقابلے میں 120 فیصد زائد رہا جس کی بنیادی وجہ اچھے آپریٹنگ نتائج اور نیوٹری کو مورینا گا پرائیویٹ لمیٹڈ (این ایم پی ایل) کے 26.5 فیصد حصص کی فروخت سے حاصل شدہ 9,842 ملین روپے کے مجموعی فائدہ کی وجہ سے ہے جس میں 7782 ملین روپے، کنٹرول چلے جانے کے پریمیم کی مد میں ہیں جبکہ 2,560 ملین روپے گین کی مد میں ہیں۔ مذکورہ اضافہ میں کچھ تلافی، فنانس کی لاگت اور تبادلہ کے نقصان میں اضافہ کے سبب ہوئی۔ فنانس کی لاگت میں نمایاں اضافے کی وجہ پچھلے سال کے مقابلے میں پالیسی ریٹ میں 825 بیسس پوائنٹس کا اضافہ ہے جس کے ساتھ ساتھ ورکنگ کیپیٹل کی زائد ضروریات کو پورا کرنے کے لئے مجموعی قرض کی سطح میں بھی اضافہ ہوا، جس کی بنیادی وجہ کرنسی کی قدر میں کمی اور سوڈا ایش کی کاروباری صلاحیت میں توسیع تھی۔ سال کے دوران، پاکستانی روپے نے امریکی ڈالر کے مقابلے میں اوسطاً 41 فیصد قدر کھو دی جس کے نتیجے میں 965 ملین روپے کا نمایاں نقصان ہوا۔ مذکورہ بالا اثر کو جزوی طور پر دیگر ذرائع آمدن کی مدد سے کم کیا گیا، ان میں مکمل ملکیتی ذیلی کمپنی “لکی کور پاور جن لمیٹڈ” سے حاصل ہونے والی 300 ملین روپے کی ڈیویڈنڈ آمدنی اور NMPL کے حصص کی جزوی فروخت سے حاصل شدہ رقم سے کی جانے والی مختصر مدت کی سرمایہ کاری سے ملنے والی 890 ملین روپے کی ڈیویڈنڈ آمدنی شامل تھی۔

زیر نظر سال کے لیے 149.12 روپے فی شیئر آمدنی (EPS) گزشتہ سال کے مقابلے میں 120 فیصد زیادہ ہے۔

ڈیویڈنڈ

کمپنی کے منافع کے تناظر میں بورڈ آف ڈائریکٹرز نے 30 جون 2023ء کو ختم ہونے والے مالی سال کے لیے 10 روپے مالیت کے ہر شیئر کے لیے 330 فیصد یعنی 33 روپے فی شیئر کی شرح سے حتمی نقد منافع کی سفارش کی ہے جو اگلے سالانہ عام اجلاس میں شیئر ہولڈرز کی منظوری کے ساتھ مشروط ہے۔ پہلے سے ادا شدہ 10 روپے فی شیئر کے عبوری ڈیویڈنڈ کے

Glossary

AGM	Annual General Meeting
APCMA	All Pakistan Cement Manufacturing Association
ATF	Aziz Tabba Foundation
BET	Business Executive Teams
BOI	Board of Investment
CCG	Code of Corporate Governance
CDC	Central Depository Company of Pakistan Limited
CLF	Child Life Foundation
CMGHS	Community Managed Girls High School
CO2	Carbon Dioxide
CSR	Corporate Social Responsibility
CSRCP	Corporate Social Responsibility Centre Pakistan
DBN	Debottleneck
DE&I	Diversity Equity and Inclusion
EMT	Executive Management Team
EOGM	Extraordinary General Meeting
EPM	Environmental Performance Management
EPS	Earnings per Share
ERM	Enterprise Risk Management
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
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on climate change
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
PTC	Pakistan Textile Council
PU	Polyurethanes
R&D	Research and Development
RLCC	Ra'ana Liaquat Craftsmen Colony
ROI	Return on Investment
RSB	Refined Sodium Bicarbonate
SASB	Sustainability Accounting Standards Board
SBP	State Bank of Pakistan
SC	Specialty Chemicals
SECP	Securities and Exchange Commission of Pakistan
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
VC	Virtual Clinic
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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