

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

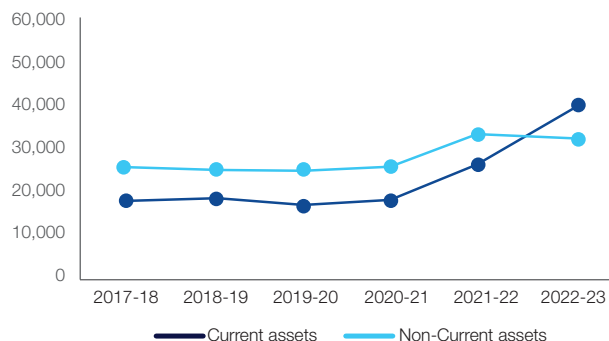
Current Assets, including Inventory and Trade debts, have increased over the last six years at a CAGR of 23% i.e. from PKR 17.266 billion to PKR 48.419 billion.

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.

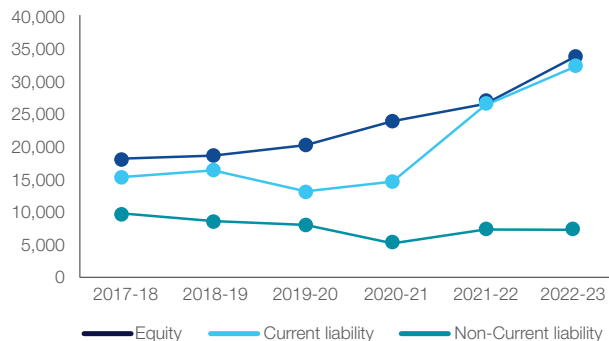
During the current year, non-current liabilities were in line with the SPLY with a decline in Long term loans owing to their reclassification from long term portion to short term, a portion was partially offset by an increase in deferred tax liabilities on account of higher taxable temporary differences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

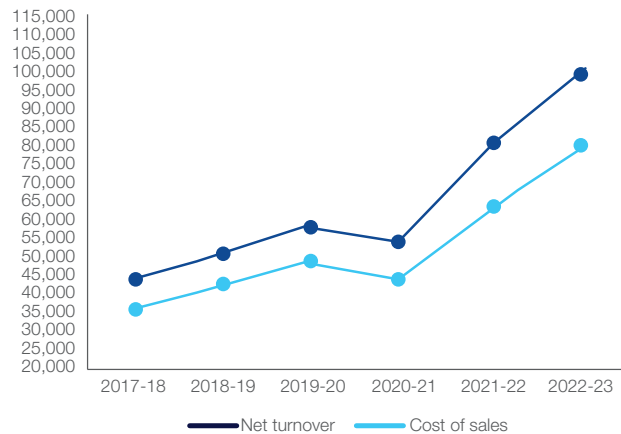
Cost of Sales

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%

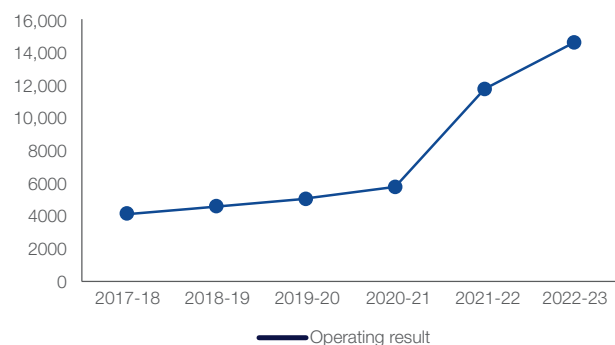


Operating Result

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

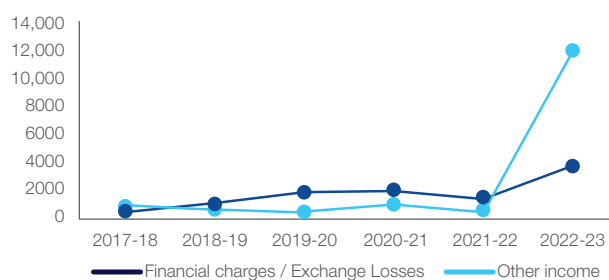
coupled with an increase in overall debt levels to support higher working capital requirements, mainly on account of the currency devaluation and the capacity expansion at the Soda Ash business.

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%

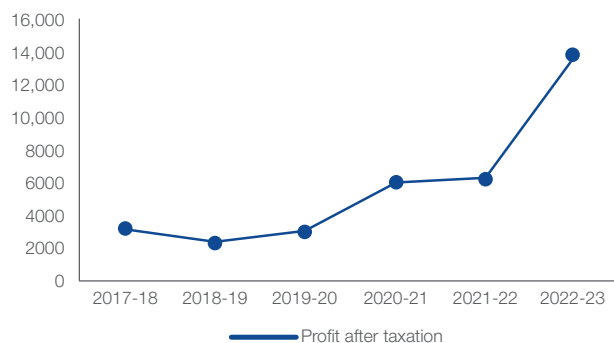


Profit After Tax

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

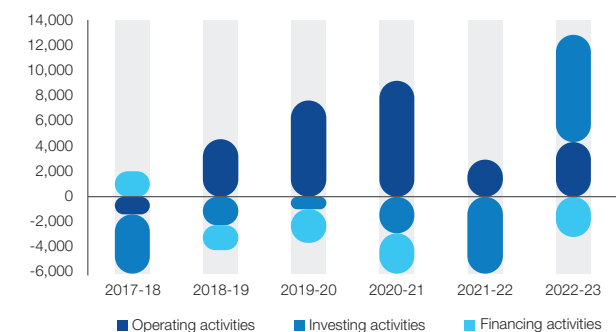
Financing Activities comprise mainly long-term loans obtained / (repaid) offset by dividend payments to shareholders. The Company has financed its expansion requirements partially through Long term loans obtained as explained above.

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

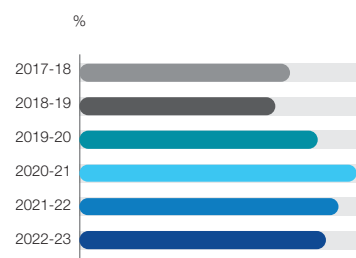
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Operating activities	(1,402)	4,529	7,548	9,067	2,877	4,267
Investing activities	(5,753)	(2,267)	(1,007)	(2,867)	(10,062)	8,434
Financing activities	1,993	(1,943)	(2,617)	(4,613)	(2,223)	(3,154)
	(5,161)	319	3,924	1,587	(9,407)	9,547



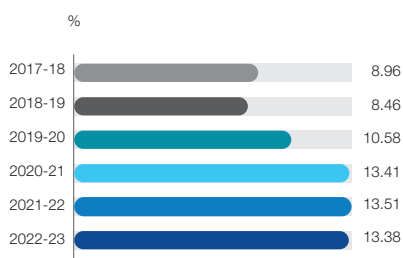
Analysis of Financial Ratios

Profitability ratios

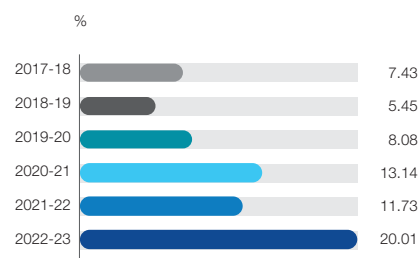
Gross margin



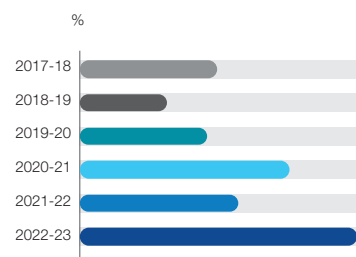
Operating result margin



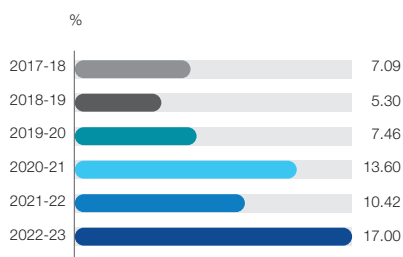
Profit before taxation margin



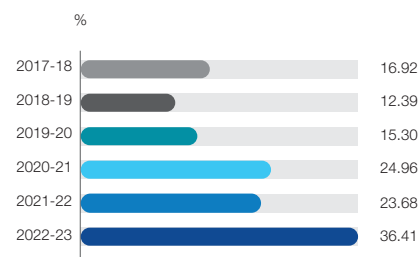
Profit after taxation margin



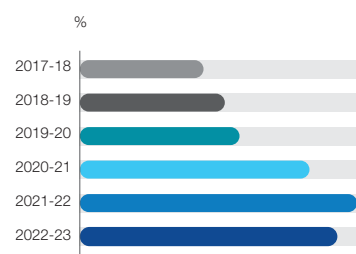
Return on assets



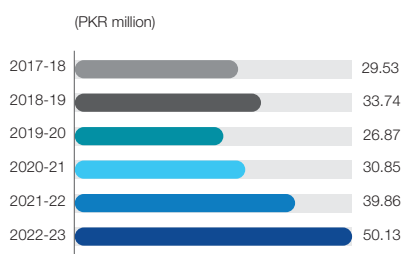
Return on equity



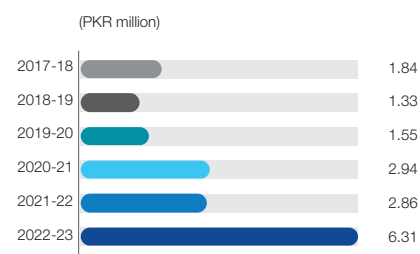
Return on capital employed



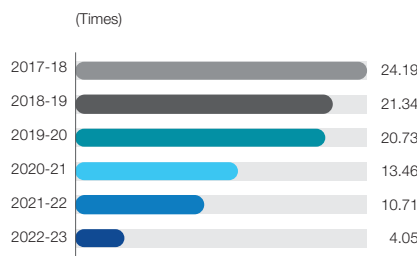
Revenue per employee



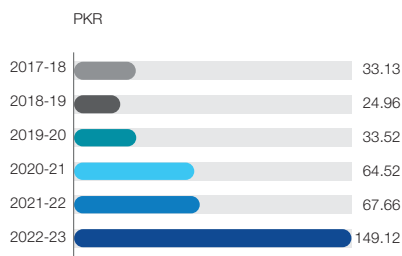
Net income per employee



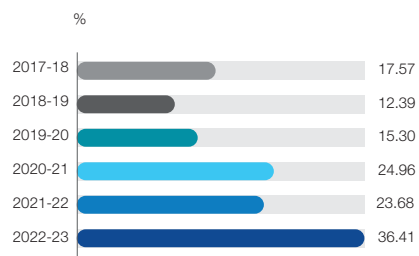
Price earning ratio



Earnings per share

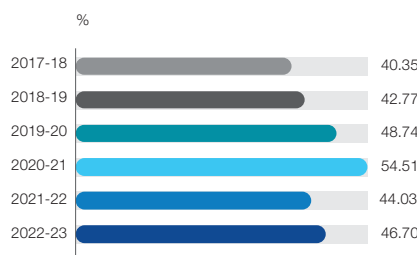


Return on shareholders' fund

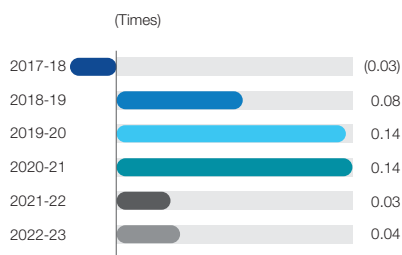


Liquidity and other ratios

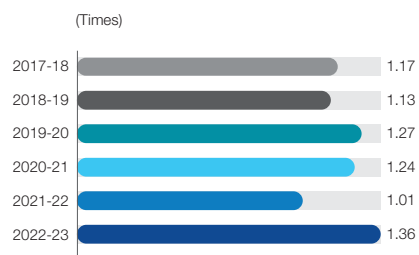
Shareholders' fund



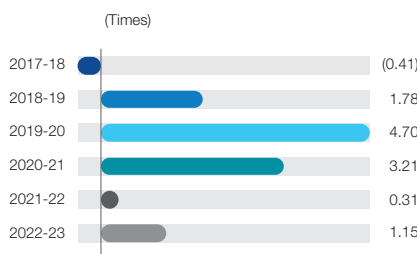
Cash flow from operations to sales



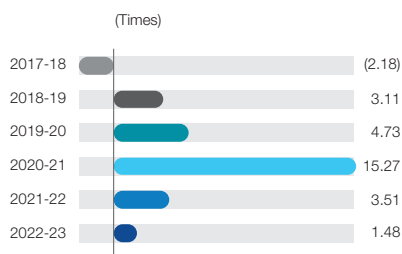
Current ratio



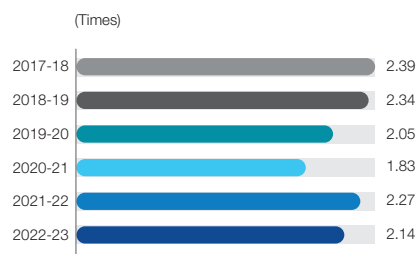
Cash flow to capital expenditure



Cash flow coverage ratio



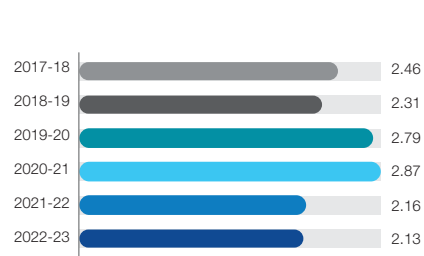
Financial leverage ratio



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

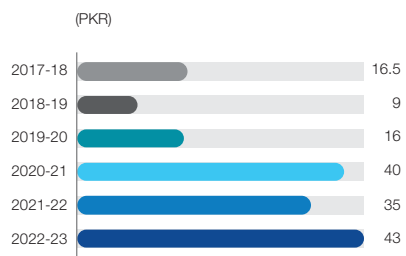
Cost ratios

Administration cost as % of net turnover



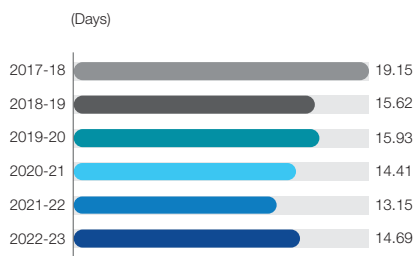
Investors ratios

Dividend per share

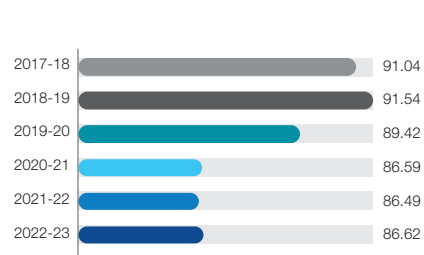


Efficiency ratios

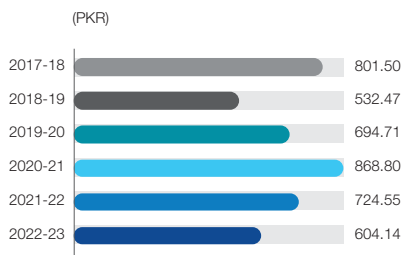
Debtor turnover ratio



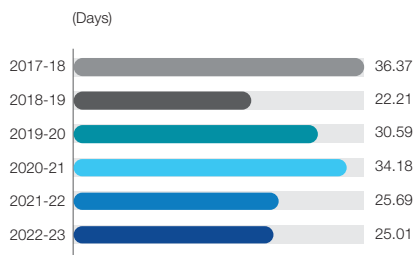
Operating cost as % of net turnover*



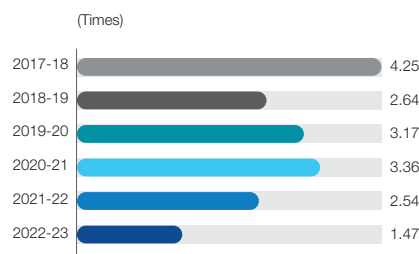
Market value per share



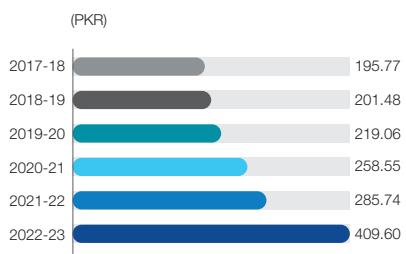
Creditor turnover ratio



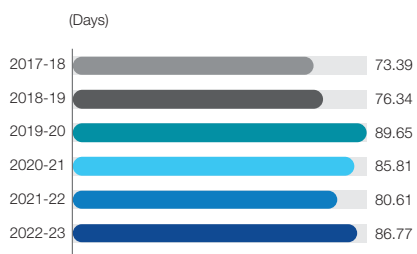
Price to book



Net assets per share



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

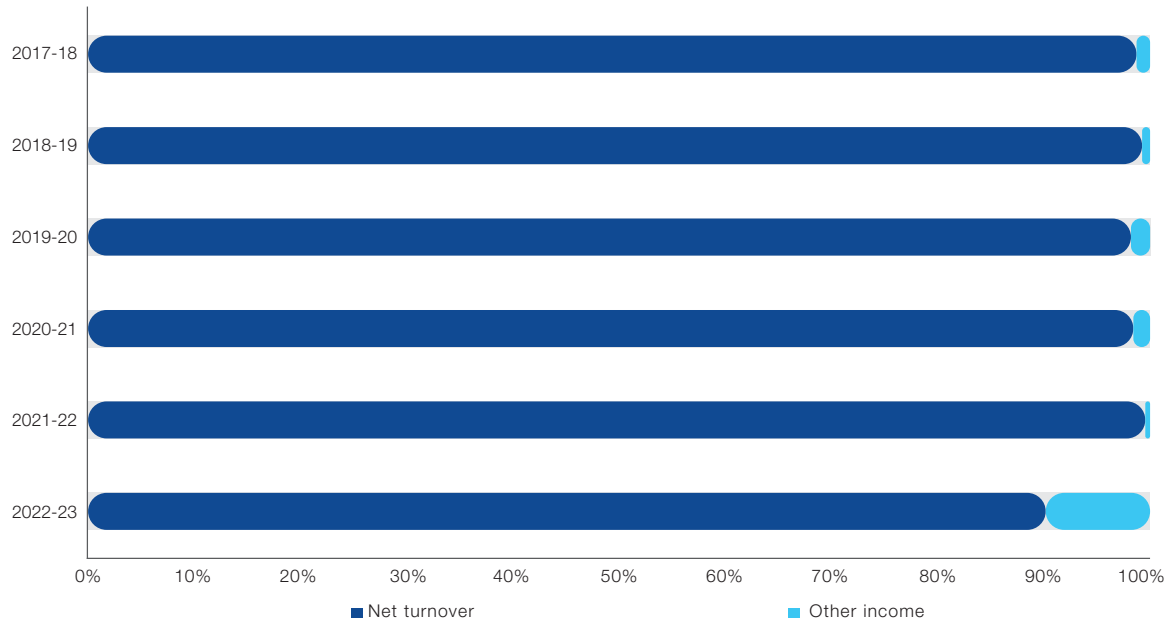
	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
			Restated		Restated							
Net turnover	49,108	100.0	58,329	100.0	53,599	100.0	62,618	100.0	86,972	100.0	109,486	100.0
Cost of Sales	40,553	82.6	48,877	83.8	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

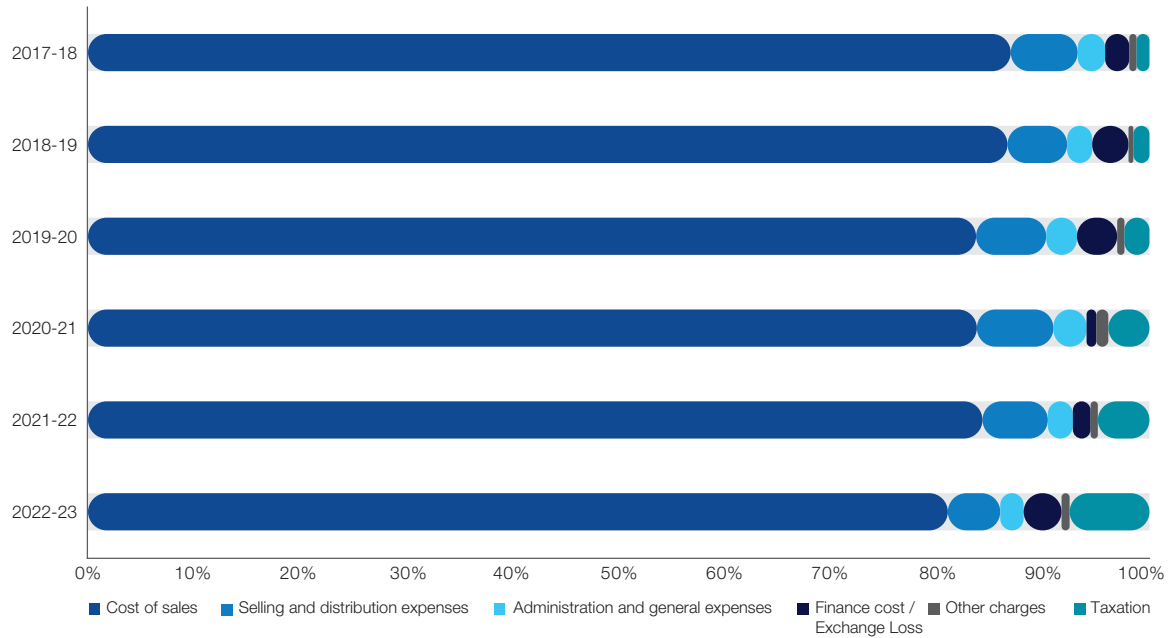
	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
			Restated		Restated							
Net turnover	49,108	18.7	58,329	18.8	53,599	(8.1)	62,618	16.8	86,972	38.9	109,486	25.9
Cost of Sales	40,553	20.7	48,877	20.5	43,042	(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 accounting 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

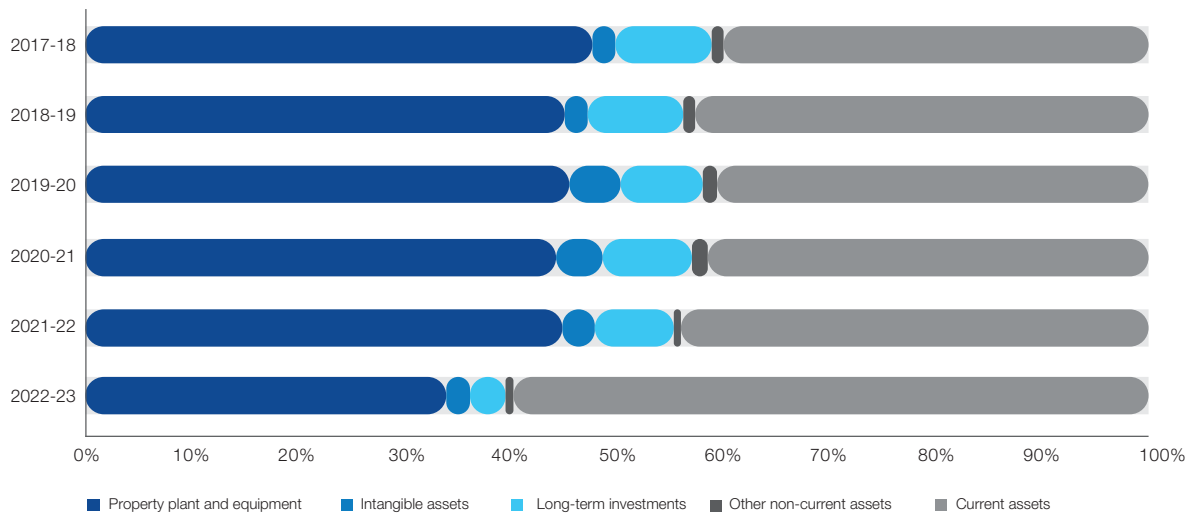
	2017-18	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
			Restated		Restated							
Total Equity and Revaluation Reserve	18,081	42	18,609	42	20,232	49	23,879	55	26,391	44	37,831	47
Non Current Liability	10,248	24	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 accounting policy from revaluation to cost model

**Statement of Financial Position Analysis
(Assets)
(%)**



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

