LUCKY CORE INDUSTRIES LIMITED

Analyst:
Javeria Khalid
(javeria.khalid@vis.com.pk)

RATING DETAILS				
RATINGS CATEGORY	Latest Rating		Previous Rating	
	Long-term	Short-term	Long-term	Short-term
ENTITY	AA	A1+	AA	A1+
RATING OUTLOOK/ WATCH	Stable		Positive	
RATING ACTION	Maintained		Maintained	
RATING DATE	April 28, 2026		March 05, 2025	

Shareholding (5% or More)	Other Information
Lucky Cement Limited – 55%	Incorporated in 1952
Yunus Textile Mills Limited – 11.61%	Public Limited Company (Listed)
Gadoon Textile Mills Limited – 7.21%	Chief Executive: Mr. Asif Jooma CE Designate: Mr. Samar Hayat (appointed April'26)
Lucky Textile Mills Limited – 6.23%	External Auditor: A.F. Ferguson & Co., Chartered Accountants
State Life Insurance Corp. of Pakistan – 4.43%	Chariman: Mr. Muhammad Sohail Tabba

Applicable Rating Methodology

VIS Entity Rating Criteria Methodology – Corporates Ratings
https://docs.vis.com.pk/docs/CorporateMethodology.pdf

Rating Scale

https://docs.vis.com.pk/docs/VISRatingScales.pdf

Rating Rationale

Lucky Core Industries Limited (LCI) benefits from its association with the Yunus Brothers Group, diversified business profile, and experienced management team, supporting overall credit strength. The Company maintains a balanced presence across multiple segments, including Soda Ash, Polyester, Pharmaceuticals, Animal Health, and Chemicals, which provides resilience against cyclical downturns in any single segment. While core segments such as Soda Ash and Polyester remain susceptible to macroeconomic pressures, demand cyclicality, and import competition, the growing contribution from higher-margin and relatively stable segment, particularly Pharmaceuticals and Animal Health, has strengthened earnings quality and business stability. Profitability has remained robust, supported by favorable product mix and operational efficiencies, while the balance sheet remains sound with adequate coverage and liquidity indicators. Going forward, the Company's focus on expanding its pharmaceutical and animal health footprint, alongside expected stabilization in core industrial segments will remain important for ratings.

Company Profile

Lucky Core Industries Limited ('LCI' or 'the Company') is a diversified conglomerate listed on Pakistan Stock Exchange with presence across the country.

The Company is engaged in the manufacturing of Polyester Staple Fiber (PSF), POY chips, soda ash, specialty chemicals, sodium bicarbonate, pharmaceuticals and polyurethanes; marketing of seeds, manufacturing and import of 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 has an investment in wholly owned Subsidiary Lucky Core Powergen Limited with investments in NutriCo Morinaga (Private) Limited, an associate Company engaged in manufacturing, marketing, and distributing formula products. In line with its growth strategy, LCI is committed to expanding its operational footprint and enhancing its product offerings across various sectors while navigating the challenges posed by the economic environment.

The Company's head office is located at 5 West Wharf, Karachi and operates 8 manufacturing sites 4 of which are located in Karachi, 1 in Lahore, 1 in Jhelum, 1 in Sheikhupura and 1 in Hattar.

Group Structure:

LCI operates as part of the Yunus Brother Group (YBG), a prominent conglomerate with a strong and diversified presence across multiple sectors. The Company is a subsidiary of Lucky Cement Limited (the Holding Company) which hold 55% of paid-up capital, while the total Group's shareholding stands at 81.20% of the paid-up capital. YBG's business interests span across various sectors including Cement, Textiles, Power Generations, Chemicals, Automobile, Pharmaceuticals, Healthcare, Real estate, Entertainment, Food & Commodities among others.

LCI maintains a diversified presence in several sectors and an expanded footprint through its key subsidiaries and associate which are as follows:

Company	Investment	LCI's Holding
Lucky Core PowerGen Limited	Subsidiary	100%
Lucky Core Ventures (Pvt) Limited	Subsidiary	100%
Lucky TG (Pvt) Limited	Subsidiary	51%
NutriCo Morinaga (Pvt) Limited*	Associate	22.20%

*NutricCo Morinaga (Pvt) Ltd further has 100% shareholding in NutriCo International (Pvt) Limited

Management and Governance

CHAIRMAN/CEO PROFILE

Mr. Muhammad Sohail Tabba is the Chairman of Lucky Core Industries Ltd since 2014. He is a distinguished businessman and philanthropist with leadership across textile, cement, energy and real estate. He serves as the CEO of Gadoon Textile Mills and Lucky Knits, Chairs Lucky Cement and Yunus Energy, and drives Philanthropic initiatives through Aziz Tabba and ChildLife Foundations.

Mr. Asif Jooma is the Chief Executive of Lucky Core Industries Limited. He has extensive experience in senior commercial and leadership roles with different companies including Lucky Core Industries Limited, Pakistan PTA Limited, and Abbott Laboratories Pakistan. He holds directorships in Pakistan Tobacco Company Limited, International Industries Limited, NIFT, and NutriCo Morinaga (Private) Limited. 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, He is on the Board of Governors of the Lahore University of Management Sciences and a Trustee of the Duke of Edinburgh's Awards Program, 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 programs at INSEAD and Harvard Business School thereafter.

BOARD & SENIOR MANAGEMENT

The Board comprises eight seasoned and experienced members, including the Chairman, Vice Chairman, one executive director, two non-executive directors, and three independent directors. Governance is further strengthened by the presence of key board committees, namely the Audit Committee, Human Resource & Remuneration Committee, and Banking Committee.

In addition, the Company has established key management committees, including the Executive Management Team (EMT) and the Health, Safety, Environment & Security (HSE&S) Management Committee, both chaired by the CEO. EMT is led by experienced professionals overseeing the operating segments and corporate functions. A formal succession planning forum is also in place, with periodic reviews conducted across critical functions.

The financial statements of the Company are audited by A.F Ferguson & Co. Chartered Accountants, 'A' category auditors on State Bank of Pakistan (SBP) list of auditors. The auditor has issued an unqualified opinion on financial statements for the year ended June 30, 2025.

Business Risk

INDUSTRY UPDATE

Soda Ash

Soda Ash is a key raw material used in production of glass, paper, detergents and in textile sector. The soda ash industry of Pakistan consists of two key major players namely LCI and Olympia Chemicals Limited which collectively amounts for ~95% of the total production with remaining ~5% comprising of imports. In FY 2024-25, volumes were down on account of slowdown in construction activity impacting demand in key end-use sectors. Local demand remained subdued particularly in glass and paper sectors, while global oversupply made exports commercially unviable. Going forward, industry outlook remains slow with the float glass manufacturers operating at ~50% capacity amid sluggish construction activity. Internationally, excess supply of Soda Ash, especially from China, continues to exert downward pressure on prices which is impacting the margins. However, recent imposition of provisional anti-dumping duties by the National Tariff Commission on imports from countries like Turkey and Kenya is expected to provide some support to local players.

Polyester

The demand for polyester staple fiber (PSF) in Pakistan, largely driven by the textile sector, has seen a 16% rebound in FY25 after three consecutive years of negative growth, however local production, which stands around ~402,000 MT annually has seen steady decline on a timeline basis, hitting a 5-year low during FY25. Around 68% of the country's demand is met through local production (FY25), with the remainder fulfilled by imports, primarily from China. Import penetration has been rising, as imported polyester remains cost-competitive despite the imposition of additional duties. Looking ahead, domestic PSF industry is expected to remain under pressure from persistently low-priced imports. A gradual recovery in the cotton and yarn markets is expected over the medium term, supported by the imposition of 18% GST on imports under the EFS, which restores a level playing field for local producers. However, margins are likely to remain under pressure amid global geopolitical uncertainty and volatility in oil prices, as key raw materials are petrochemical-based, limiting pricing flexibility in a competitive environment.

Pharmaceuticals

Pakistan's pharmaceutical sector demonstrated strong performance in 2025, with robust earnings growth driven by price rationalization, lower API costs, and reduced finance expenses. Margin expansion was supported by easing input prices and deregulation of non-essential drugs. A sharp rise in exports was also witnessed which although remains modest reflects increasing penetration into regional and semi-regulated markets backed by compliance upgrades. Looking ahead, the outlook remains positive, supported by CPI-linked price adjustments, portfolio expansion into higher-margin products, continued export momentum, and cost optimization. However, potential volatility in API prices, linked to global oil dynamics, may keep margins sensitive in the near term.

Operational Performance

The Company operates manufacturing facilities in key locations across Pakistan. Its facilities include a Soda Ash plant in Khewra, District Jhelum, Polyester Staple Fiber and related manufacturing units in Sheikhupura, and various other units in Karachi, Lahore, and Haripur.

LCI's operational performance in Soda Ash and Polyester segments witnessed lower production and utilization due to subdued demand and import pressures, while Sodium Bicarbonate showed strong utilization levels. In the Pharma segment, operational capacity meaningfully strengthened following the acquisition of Pfizer Pakistan's manufacturing facility in SITE, Karachi and a portfolio of brands including Ansaid, Ponstan, Lysovit, Deltacortril, Mycitracin, Corex-D, and Basoquin. This has expanded LCI's manufacturing footprint and enhanced its ability to produce a broader range of pharmaceutical products, supporting higher volumes and improved market positioning. Recently on March 30, 2026, LCI inaugurated the new veterinary medicine manufacturing facility in Sheikhupura which is expected to enhance its footprint in the Animal Health segment.

During the year ended June 30, 2025, the Company successfully completed the migration of its pharmaceutical business to SAP S/4HANA, achieving full integration of all business segments and functions onto a unified digital platform.

MT	FY22	FY23	FY24	FY25
		Soda Ash		
Capacity	442,000	560,000	560,000	560,000
Production	443,974	512,002	544,572	462,088
Utilization	100%	91%	97%	83%
		Sodium Bicarbonate		
Capacity	54,000	54,000	54,000	54,000
Production	46,217	42,150	47,250	52,935
Utilization	86%	78%	88%	98%
		Polyester		
Capacity	122,250	122,250	131,000	131,000
Production	139,099	124,866	111,507	99,951
Utilization	114%	102%	85%	76%

PROFITABILITY

During FY25, the Company reported Net sales of PKR 120.013 billion (FY24: PKR 120.460 billion) broadly sustaining last year's levels despite demand softness across key segments. Performance was notably supported by the pharmaceutical segment which recorded a robust growth of 72% YoY, driven by strong market demand and the successful integration of acquired assets from Pfizer Pakistan Limited and other Pfizer group entities. The segment focuses on non-essential, deregulated products which continue to support higher margins and provides flexibility to pass on currency related cost pressures. The Animal health segment also showed modest growth due to Company's strategic focus on high value products and improved cost structures. While the Soda ash segment faced demand side pressures locally and export constraints due to pricing dynamics, the overall impact was partially mitigated by the Company's diversified portfolio. Similarly, the Polyester and the Chemicals & Agri Sciences segments experienced cyclical demand challenges, however, the Chemicals segment showed signs of recovery, particularly in polyresins linked to industrial applications such as automobiles, appliances, and sporting goods.

	FY22	FY23	FY24	FY25	HY26
Total Net Sales (Mn)	**86,750**	**109,582**	**120,542**	**120,042**	**56,411**
		Segment Wise % of Sales			
Soda Ash	29%	38%	39%	33%	33%
Polyester	42%	37%	33%	33%	30%
Pharmaceutical	10%	8%	10%	18%	20%
Animal Health	6%	6%	6%	5%	6%
Chemicals & Agri Sciences	12%	11%	11%	11%	11%

Gross margin saw marginal uptick to 23% (FY24: 22%) due to changes in sales mix, with increased contribution from high margin pharmaceuticals segment. Meanwhile, soda ash margins declined, primarily due to pressure from international markets.

Gross Margins	FY22	FY23	FY24	FY25	HY26
Soda Ash	26%	25%	30%	28%	24%
Polyester	12%	9%	5%	6%	3%

Pharmaceutical	34%	32%	39%	38%	42%
Animal Health	29%	28%	27%	35%	32%
Chemicals & Agri Sciences	27%	30%	30%	29%	26%

Finance cost declined by 38% primarily due to lower interest rates, the benefit of which was partially offset by higher overall debt levels resulting from the asset acquisition from Pfizer entities and increased capital expenditures undertaken to support business growth and integration. Net margin for the period reported at 10% (FY24: 9%).

In HY26, the Company reported a topline of PKR 56.3 billion with segment wise performance remaining largely stable. The Agri segment came under pressure due to severe flooding, which dampened demand for agricultural inputs. However, this was partially offset by stronger demand for veterinary medicines to manage post-flood disease outbreaks, while seasonal dynamics supported growth in the poultry segment. Gross margin during the period clocked in at 22%. Consequently, net margin also lowered marginally to 9% with PAT reporting at PKR 4.8 billion.

Looking ahead, the Company anticipates challenges in the Soda Ash and Polyester segments, while pharma and animal health will remain key growth drivers, supporting an overall balanced growth profile.

Financial Risk

CAPITAL STRUCTURE

LCI's capitalization profile remains sound, with a slight uptick observed in FY25 and HY26. Leverage and gearing increased modestly to 0.94x and 0.45x (FY24: 0.92x and 0.39x), and further to 1.0x and 0.47x in HY26, primarily due to borrowings undertaken for the Pfizer asset acquisition and ongoing capex in the Soda Ash and Animal Health segments. The Company has also maintained a relatively high dividend payout, averaging ~50%.

Despite this, the equity base has strengthened to PKR 51bn by end-HY26, supported by consistently strong profitability over the years. Going forward, capitalization metrics are expected to remain stable, underpinned by the absence of major expansion plans and sustained earnings growth.

DEBT COVERAGE & LIQUIDITY

LCI's liquidity profile is considered strong, supported by an improving current ratio, which stood at 1.54x as of FY25 (FY24: 1.47x), and a relatively short cash conversion cycle, steady at 19 days. Funds from Operations (FFO) increased to PKR 12.4 billion (FY24: PKR 11.0 billion), driven by improved profitability margins.

Coverage indicators, also remained sound, with FFO to long-term debt and total debt at 1.1x and 0.6x, respectively (FY24: 2.2x and 0.7x). Concurrently, debt service coverage (DSCR) remained strong at 3.7x (FY24: 3.2x), and further improved to 4.1x by HY26.

FINANCIAL SUMMARY (*amounts in PKR millions)* *Appendix I*

BALANCE SHEET	FY21 A	FY22 A	FY23 A	FY24 A	FY25 A	HYFY26 M
Property and Equipment	19,380	26,867	27,508	29,767	38,638	38,917
Long term investments	3,697	4,467	2,688	2,412	2,412	2,412
Stock-in Trade	11,286	13,844	18,732	15,395	16,937	21,452
Trade debts	2,654	3,614	5,197	5,575	5,043	4,814
Other receivables	1,503	2,213	2,343	2,210	1,378	2,301
Short term investments	-	-	12,675	14,985	18,711	20,121
Cash and bank balance	234	353	900	2,265	1,224	402
Total Assets	43,804	59,940	81,066	83,566	95,079	102,042
Long term debt (inc. lease & current portion)	5,238	5,883	5,015	5,092	11,503	11,315
Short term debt	1,799	11,325	15,001	11,735	10,507	12,717
Total debt	7,037	17,208	20,016	16,826	22,010	24,032
Trade and other payables	10,991	11,387	14,255	14,878	15,973	17,915
Total Liabilities	19,924	33,550	43,236	39,990	46,087	51,065
Paid up capital	924	924	924	924	924	924
Revenue Reserve	22,646	25,158	36,597	24,343	29,759	31,744
Capital Reserve	310	310	310	18,310	18,310	18,310
Total Equity	23,879	26,391	37,831	43,576	48,992	50,977
INCOME STATEMENT	FY21 A	FY22 A	FY23 A	FY24 A	FY25 A	HYFY26 M
Net Sales	62,618	86,972	109,486	120,460	120,013	56,376
Gross Profit	14,348	18,619	22,133	26,891	27,340	12,500
Operating Profit	8,399	11,753	14,653	17,151	17,920	7,740
Finance Costs	(594)	(820)	(2,880)	(3,537)	(2,210)	(1,119)
Profit Before Tax	8,229	10,199	19,848	16,501	18,505	7,728
Profit After Tax	5,959	6,249	11,710	11,140	11,638	4,848
RATIO ANALYSIS	FY21 A	FY22 A	FY23 A	FY24 A	FY25 A	HYFY26 M
Gross Margin (%)	22.9%	21.4%	20.2%	22.3%	22.8%	22.2%
Operating Margin (%)	13.4%	13.5%	13.4%	14.2%	14.9%	13.7%
Net Margin (%)	9.5%	7.2%	10.7%	9.2%	9.7%	8.6%
Funds from Operation (FFO) (PKR Mn)	9,278	11,244	9,830	11,071	12,413	7,862
FFO to Total Debt (x)*	1.3	0.7	0.5	0.7	0.6	0.7
FFO to Long Term Debt (x)*	1.8	1.9	2.0	2.2	1.1	1.4
Gearing (x)	0.3	0.7	0.5	0.4	0.4	0.5
Leverage (x)	0.8	1.3	1.1	0.9	0.9	1.0
Debt Servicing Coverage Ratio (x)*	4.6	5.2	3.1	3.2	3.7	4.1
Current Ratio (x)	1.2	1.0	1.4	1.5	1.5	1.5
(Stock in trade + trade debts) / STD (x)	7.7	1.8	1.6	1.8	2.1	2.1
Return on Average Assets (%) *	13.6%	12.0%	16.6%	13.5%	13.0%	9.8%
Return on Average Equity (%) *	25.0%	24.9%	36.5%	27.4%	25.1%	19.4%
Cash Conversion Cycle (days)*	18	28	36	19	19	30

**Annualized, if required*
A - Audited Accounts
M - Management Accounts

REGULATORY DISCLOSURES	Appendix II
Name of Rated Entity	Lucky Core Industries Limited
Sector	Chemicals
Type of Relationship	Solicited
Purpose of Rating	Entity Ratings

Rating History

Rating Date	Medium to Long Term	Short Term	Outlook / Rating Watch	Rating Action
RATING TYPE: ENTITY				
04/28/2026	AA	A1+	Stable	Maintained
03/05/2025	AA	A1+	Positive	Maintained
02/28/2024	AA	A1+	Stable	Maintained
07/10/2023	AA	A1+	RW- Developing	Maintained
06/30/2022	AA	A1+	Stable	Reaffirmed
04/09/2021	AA	A1+	Stable	Initial

Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.
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Due Diligence Meetings Conducted

S.No.	Name	Designation	Date
1.	Mr. Farhan Patel	GM Finance	06-Apr-26
2.	Mr. Deepak Kumar	Head of Planning & Treasury	