

LCI: Corporate analyst briefing takeaways

Lucky Core Industries (LCI) conducted its corporate briefing today to discuss FY26 performance and outlook. To recall, the company reported consolidated earnings of Rs9.7bn, translating into an EPS of Rs21.11/sh. We present key highlights from the session.

- For FY26, LCI reported consolidated revenue of Rs113.4bn, down 5% YoY. Consolidated earnings also declined 17% to Rs21.11/sh, majorly due to the cheap imports of soda ash and polyester from China and closing of Afghan border impacting their sale of pharmaceuticals. These consolidated results also include Lucky Core PowerGen Ltd.
- The company maintained its historical 50% payout ratio, declaring a Rs10.5/sh dividend for FY26, equivalent to ~50% of earnings. Management indicated that it expects to maintain a similar payout going forward.
- The company's Soda Ash business brought in revenue of Rs36.2bn in FY26, down 9% YoY, while EBIT declined 33% YoY to Rs5.6bn, impacted by aggressive pricing from Chinese producers. Despite the challenging environment, local volumes increased by around 6%, whereas exports declined significantly as Chinese dumping made it difficult for LCI to remain competitive in international markets.
- Management noted that local Soda Ash prices are currently around Rs96k to 100k/ton, with discounts of 12–13% being offered, in higher volume sales. Volumetric sales were 24k tons for FY26.
- Management highlighted that normalization in Soda Ash would largely depend on an improvement in local demand and a reduction in China's share of the market. The previously planned 200k ton expansion remains on hold as current returns are unattractive, although the US\$140mn project remains part of LCI's long-term plans. The company is also engaging with the government regarding anti-dumping measures, which management believes need to be strengthened.
- The Polyester segment recorded turnover of Rs34.5bn, down 13% YoY, while EBIT declined 74% YoY to Rs0.5bn, due to subdued local demand and intense competition from cheaper Chinese imports. Production declined to around 94–97k tons, with the plant currently operating at 70–80% capacity.
- PSF prices stood at around Rs365/kg compared with Rs339/kg for imported material, keeping Chinese imports highly competitive. Polyester volumetric sales were 94k tons.

Bloomberg Code: LCI PA

Market Price: Rs201.49

Market Cap: Rs93bn, US\$336mn

1-yr ADTO: 0.1mn shrs, Rs37bn, US\$0.1mn

1-yr High / Low: Rs332.82 / 201.49

Estimated free float: 92mn shares (20%)

LCI: Key Statistics

(Rs mn)	FY24	FY25	FY26
Sales	120,635	119,941	113,380
YoY Growth	10%	-1%	-5%
Gross Margin	22%	23%	22%
PAT	11,151	11,757	9,748
YoY Growth	-37%	5%	-17%
EPS (Rs)	24.15	25.46	21.11
DPS (Rs)	12.00	13.00	10.50
P/E (x)	6.07	9.39	13.66
DY	8%	5%	4%

*Source: Company accounts, JS Research
 Multiples calculated on average prices for the respective periods*

- Pharma revenue increased 5% YoY to Rs22.2bn, while EBIT rose 16% YoY to Rs5.4bn, with margins remaining strong at around 43 to 44% and expected to sustain in the future. The segment now has six products generating over Rs1bn each, although volumes remained subdued due to weak domestic demand and the closure of the Afghanistan border, with management also focusing on strengthening distribution and achieving economies of scale.
- The full-year impact of the Pfizer asset acquisition was reflected in FY26, with management also focusing on strengthening distribution and achieving economies of scale. The company continues to launch around 2 to 3 new products annually, although management noted that establishing new brands takes time.
- Animal Health segment's net turnover increased 17% YoY to Rs7.2bn, while EBIT rose 20% YoY to Rs1.3bn, driven by volumetric growth across both poultry and livestock, cost optimization and a focus on higher-margin products.
- The company's new Animal Health plant is now operational, which should support further growth, while management continues to invest in brand equity for the Farmer's Choice portfolio and expand farmer outreach.
- The Chemicals and Agri business segment recorded net turnover of Rs13.2bn, down 1% YoY, while EBIT declined 5% YoY to Rs1.9bn. Though Chemicals and Masterbatches witnessed volumetric growth, weak crop cycles and historically low pest pressure weighed on Agri demand. Management noted that disrupted agricultural cycles over the past few years have kept demand for agricultural chemicals subdued.
- Management expects overall domestic demand to remain subdued in 1QFY27 amid geopolitical volatility and an uncertain macroeconomic environment, while low-priced Chinese imports will continue to pressure Soda Ash and Polyester.
- Going forward, management remains focused on strengthening Pharmaceuticals and Animal Health through brand building, distribution expansion and deeper market penetration, while recovery in Soda Ash and Polyester remains dependent on improved local demand and moderation in Chinese competition.

JS Research

research@js.com

+ 9221 111-574-111

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