



LOTTE CHEMICAL
PAKISTAN LTD

25 Years of Excellence



Annual Report 2023

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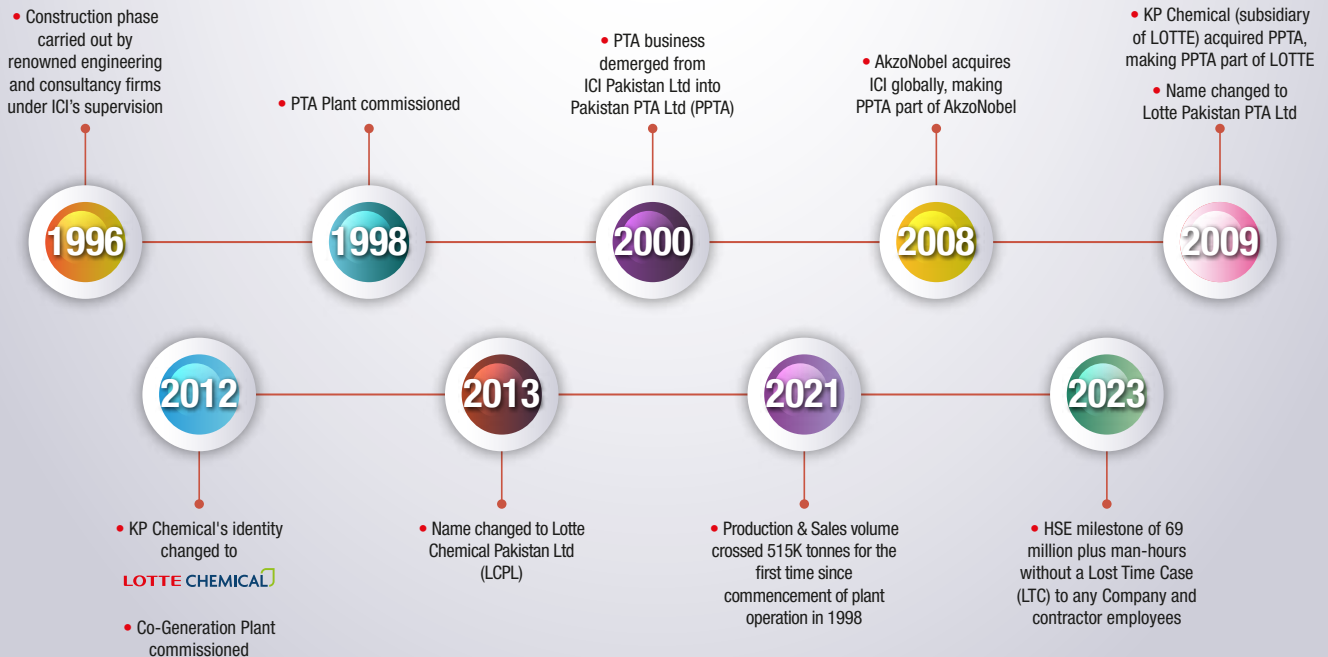
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About Us

Lotte Chemical Pakistan Limited (LCPL) is the only world-class manufacturer and supplier of Purified Terephthalic Acid (PTA) in Pakistan. The Company has the capacity to produce 500,000 tonnes of PTA per year through its state-of-the-art plant located at Port Qasim, Karachi.



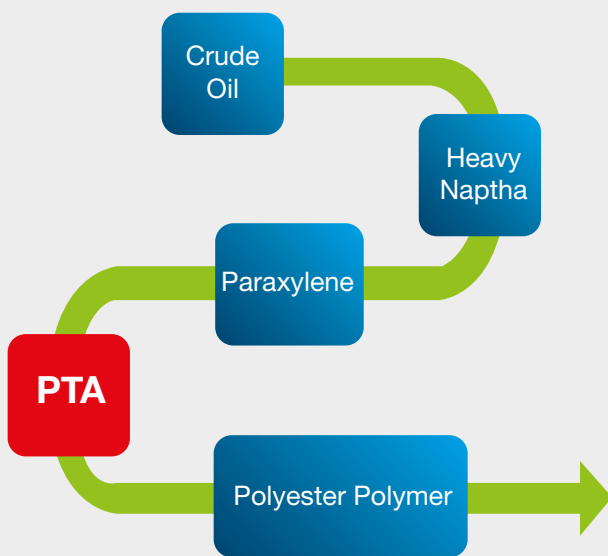
Our Journey



Purified Terephthalic Acid (PTA)

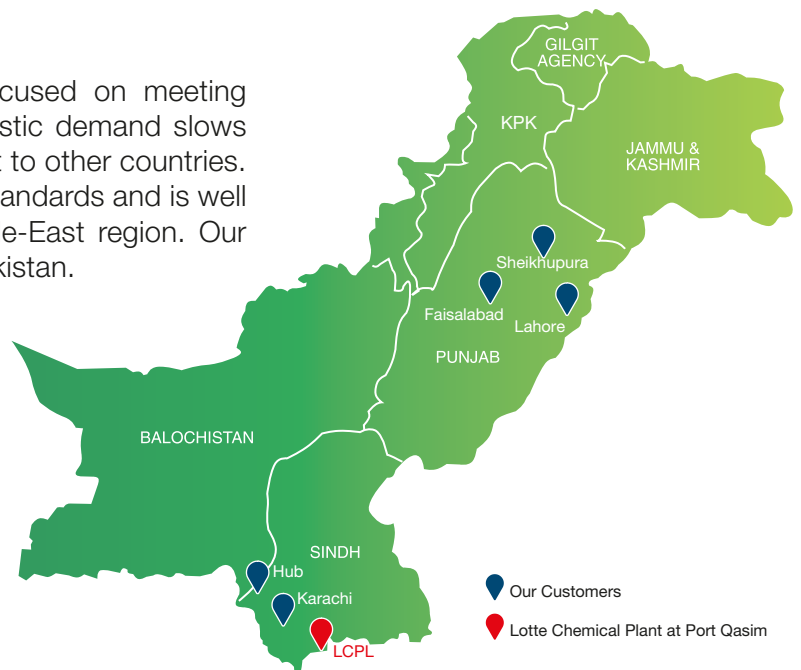
LCPL holds the foundation of the polyester chain in Pakistan and retains its edge by being a local PTA manufacturer and major supplier for the domestic Polyester and PET industries. We maintain major share of the domestic market, and remain the supplier of choice based on our short delivery time, consistent quality and excellent customer service.

For producing PTA we import our feedstock (Paraxylene) from reputable suppliers based in Asia and Middle-East region. Our plant operates under a technology license with IPT (Invista Performance Technologies) which is currently the leading global supplier of PTA technology.



Our Customers

Since its inception, the Company has focused on meeting Pakistan's PTA demand. However, if domestic demand slows down, the Company is well placed to export to other countries. Our product meets all international quality standards and is well accepted by Customers in Asia and Middle-East region. Our domestic Customers are located across Pakistan.



Our Mission

To be supplier of choice to PTA customers in Pakistan and to maximize long-term business value.



Our Vision

The Spirit to Make a Difference through Value, Quality and Excellence

At Lotte Chemical Pakistan Limited, our customer's satisfaction is the driving force behind our spirit to meet challenges and achieve excellence in everything we do. We maximise operating efficiencies and demonstrate best practices in Safety, Health and Environment that add value to our quality product and make a difference in letter and in spirit.



Our Key Strategic Objectives



Maintain a high standard of HSE performance.

Develop and retain talent and improve employee engagement.

Deliver business improvement plan targets.

Achieve more than 95% availability of PTA plant and Cogeneration plant.

Maximize domestic sales and market share.

Optimize raw material procurement.

Our Code of Conduct

From the inception of the Company it has been and continues to be a policy that the Company and all its employees maintain the highest ethical standards in the conduct of the Company's business. Our Code of Conduct constitutes a set of standards and rules which form an integral part of our corporate culture and is a statement of who we are and how we work. They highlight business principles, the Company's responsibilities towards its employees, and employee responsibilities towards your Company. All standards ensure both management and staff work in cohesion towards the smooth functioning of the organisation.

Business Principles

These define our management principles, core values and other specific policy areas which help in creating long-term value with all stakeholders. Specific policy areas include supporting the principles of free enterprise, ethics, integrity and fairness in all aspects of operations, supporting community activities as a socially responsible corporate citizen, communications in an open, factual and timely manner, compliance with the laws in which we operate and protecting the environment with the commitment to contribute to sustainable development. It is the responsibility of the Board through the Chief Executive to ensure that the business principles are communicated to all employees and to oversee implementation thereof.

Company Responsibilities

These define specific policy areas which include adopting a spirit of open communication, providing equal opportunities, a healthy, safe and secure environment, ensuring employee rights are exercised such as freedom to join unions and associations, protecting employees' personal data and engaging in an active performance management system.

Employee Responsibilities

The Code provides guidance to employees on their responsibilities towards media relations, disclosures, inside information, protecting intellectual property, information technology, code of conduct, compliance with business policies which ensure highest ethical standards in the conduct of the Company's business.

Our Management Principles

Lotte Management Policy is a collection of principles and business insights which forms the basis of our business strategy to determine “what, why and how to do.”

Following are our management principles:



Our Core Values

Core Values are the standards that all LOTTE staff should aspire toward so that LOTTE can fulfill its mission and vision.



Beyond Customer Expectation

We do not aim to satisfy customers' needs, but rather to create value beyond their expectations.

Challenge

We focus on the nature of our task and continue to challenge ourselves to accomplish higher goals.

Respect

We respect different opinions, communicate with others and observe general rules to build a bond of trust with our community.

Originality

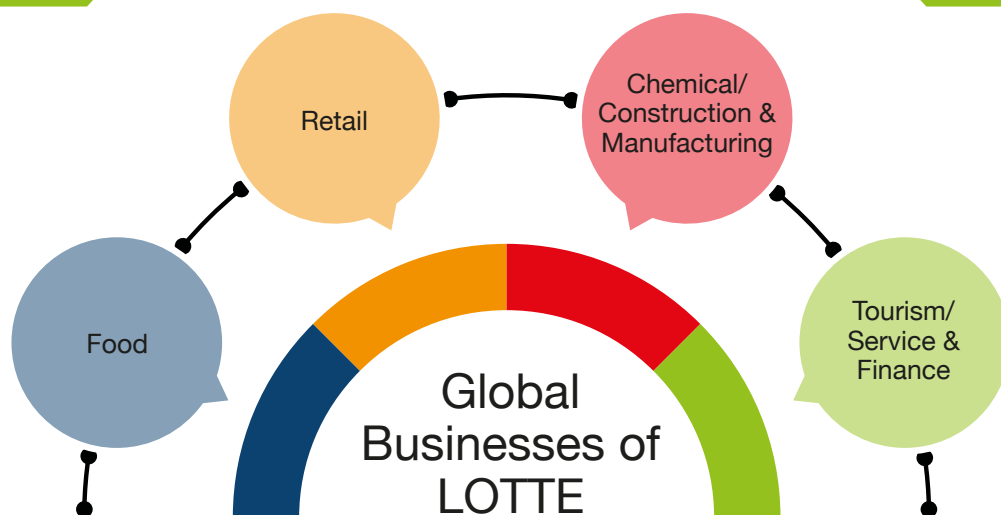
We quickly respond to changes, cooperate with other fields without boundaries, and implement innovations to develop originality inimitable by anyone.

About LOTTE

LOTTE started its business in 1967 with confectionary. Since then LOTTE has grown into one of Korea's largest conglomerate and is trusted by customers all over the world.

Mission

We enrich people's lives by providing superior products and services that our customers love and trust.



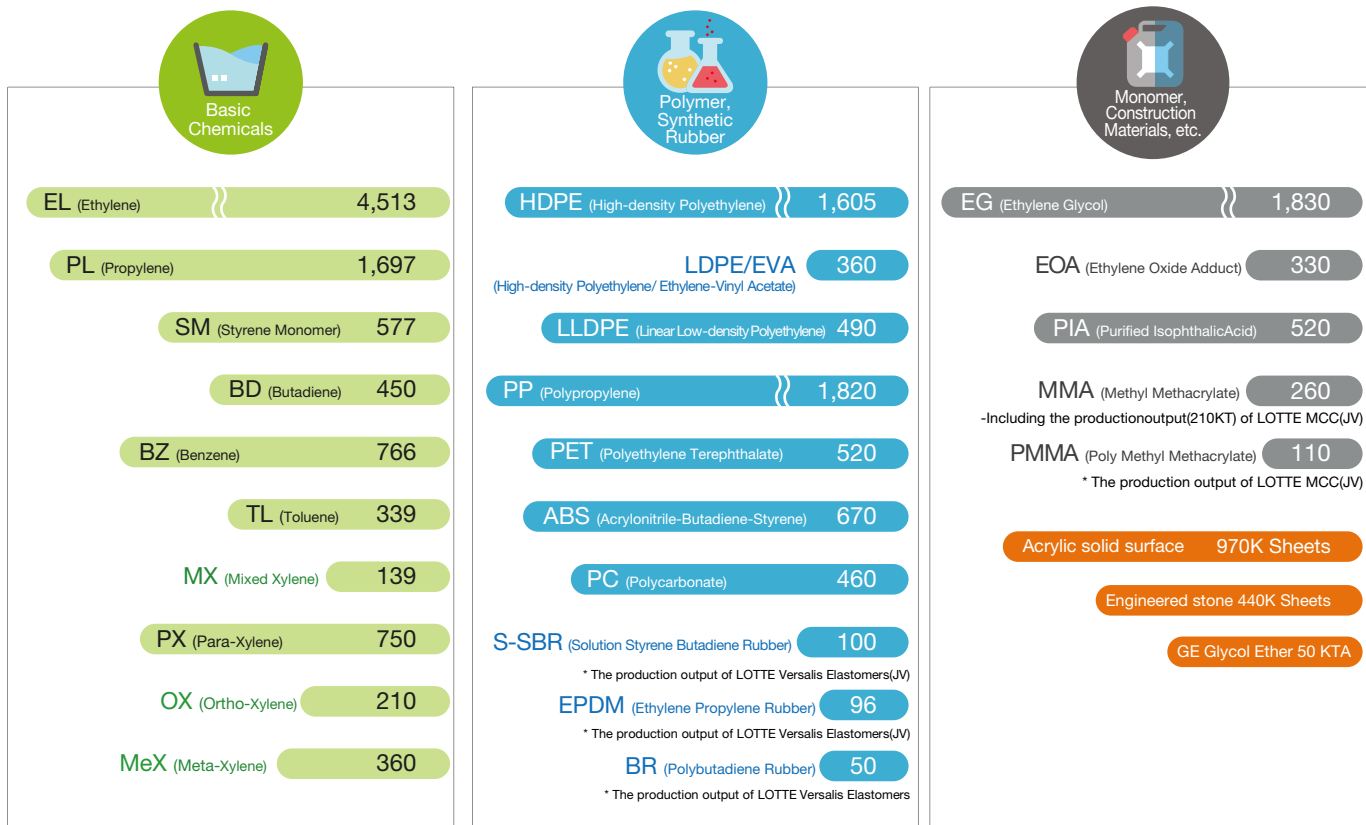
About LOTTE Chemical Corporation

Since its foundation in 1976, LOTTE Chemical, as a general petrochemical Company, has localized cutting-edge petrochemical technologies and has led Korea's heavy and chemical industry technology development. LOTTE Chemical is endeavouring to become a Company that ensures stable growth and contributes to human society.

Production Capacity for Major Products including Overseas Subsidiaries

With the production of the following chemical products, LOTTE Chemical has established a strong foundation overseas in the petrochemical industry.

(unit: thousand tons a year)





LOTTE CHEMICAL PAKISTAN

SAFETY FIRST - AVOID THE WORST

SAFETY IS OUR TOP PRIORITY





TRANSPARENT MANAGEMENT

We believe in transparent and honest management which fulfills its social duties and responsibilities.

We establish systems that our stakeholders can understand clearly and disclose information of the Company correctly and transparently.

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Company Information

As at 21 February 2024

Board of Directors

Sung Soo Bae	Chairman
Young Dae Kim	Chief Executive
IL Kyu Kim	Non-Executive
Jae Sun Park	Non-Executive
Kyung Hoi Yoo	Non-Executive
Shabbir Diwan	Non-Executive
Rashid Ibrahim	Independent
Khurram Rashid	Independent

Audit Committee

Rashid Ibrahim	Chairman
IL Kyu Kim	Member
Khurram Rashid	Member
Faisal Abid	Secretary

HR & Remuneration Committee

Rashid Ibrahim	Chairman
Sung Soo Bae	Member
Young Dae Kim	Member
Waheed U Khan	Secretary

Shares Sub Committee

Young Dae Kim	Chairman
Kyung Hoi Yoo	Member
Khurram Rashid	Member

Executive Management Team

Young Dae Kim	Chief Executive
Tariq Nazir Virk	Director Manufacturing
Waheed U Khan	Director Admin, HR & IT
Ashiq Ali	Chief Financial Officer
Muhammed Talha Khan	General Manager Commercial

Chief Financial Officer

Ashiq Ali

Company Secretary

Faisal Abid

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Citibank NA
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Ltd
Industrial and Commercial Bank of China
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Internal Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

External Auditors

A.F. Ferguson & Co.,
Chartered Accountants

Legal Advisor

Naz Toosy
148, 18th East Street, Phase 1, DHA, Karachi

Registered Office

EZ/I/P-4, Eastern Industrial Zone,
Port Qasim, Karachi

Shares Registrar

FAMCO Share Registration Services (Pvt) Ltd.
8-F, Near Hotel Faran, Nursery,
Block 6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi

Chief Executive's Message to the Stakeholders



The year 2023 has been an extremely challenging year for the business, the economic instability in the country as well as adverse market conditions posed challenges throughout the year. Despite the adverse economic environment, I am pleased to report that we have been able to deliver profitable financial results to our valued stakeholders demonstrating our ability to persevere in the toughest of times.

During the year, there was tremendous pressure due to depletion of foreign exchange reserves in the Country resulting in import restrictions by the State Bank of Pakistan and volatility in exchange rates. Moreover, high inflation in Pakistan as well as the technical global recession forced central banks around the world to raise interest rates which kept consumer spending in check. With spending being diverted towards essential items, businesses were forced to rationalize operations while high inventory levels were observed across the chain.

Despite the economic instability in the Country, the Management made all the efforts for continuation of plant operations and to minimize the impact on the business performance. Additionally, our commitment to Health, Safety, Environment and Security (HSE&S) has remained the top priority as we have successfully completed 69.6 million man-hours on 31st December 2023 without any injury to our employees or contractor staff. I am extremely humbled by the incredible commitment and resilience of each team

member which has helped the Company navigate through these challenging times and remain profitable.

Looking ahead, the new capacities coming online in the domestic downstream Textile and PET sectors will contribute to continued strong demand for PTA going forward. The continued rise in energy costs remains the biggest challenge while we hope and pray for improvement in the economic situation of Pakistan, we remain optimistic on the Government's efforts to support the domestic industries and to boost exports. Our strategy will remain the same, to maintain operational excellence and continue to provide reliable, high quality product and services to our esteemed customers. I am confident that our hard work and commitment to our core values will allow LOTTE Chemical Pakistan Limited to remain as "Lifetime Value Creator".

I take this opportunity to express my commitment and gratitude to all employees and their families, our customers, suppliers, business partners and stakeholders for their kind support and trust.

Sincerely yours,

Young Dae Kim

SWOT Analysis

S

STRENGTHS

- Sole PTA producer in the country.
- Highly skilled and professional team.
- Competitive raw material sourcing.
- Ability to provide better service to customers contrary to imports.
- Strong maintenance and HSE Systems.

W

WEAKNESSES

- Dependence on imported raw material.
- Single product business.
- Overcapacity in the asian market leading to depressed margins.

O

OPPORTUNITIES

- Trends in packaging, directly affecting downstream demand.
- Logistical advantage over imports amid global supply chain crisis.
- Booming trend expected against capacity enhancement in the downstream sectors.
- Strategic alliance with LOTTE global affiliates for further business development and diversification.

T

THREATS

- Volatility in crude oil and raw material pricing.
- Reduction in import tariff.
- Increased price competition with imports due to regional oversupply.
- Limited availability of foreign exchange in Pakistan for the import of raw materials.
- Volatile economic situation of Pakistan.

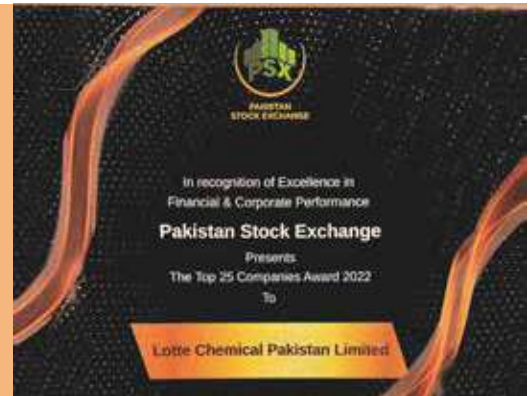
Awards & Accreditations

ISO 9001 – 2015, 14001:2015 & 45001:2018 Re-Certification

We are an ISO 9001: 2015, 14001: 2015 & 45001: 2018 certified company. Accreditation to this system has provided the foundation for better customer satisfaction, staff motivation and continual improvement of our processes. The company re-certifies their certification after the surveillance audit conducted in 2023 during which no major Non-Conformity reported by the auditors.

Pakistan Stock Exchange Top 25 Companies Award

The Pakistan Stock Exchange (PSX) selected LCPL as a recipient of the Pakistan Stock Exchange (PSX) Top 25 Companies Award for 2022. This recognition highlights our Company's outstanding performance and excellence in comparison to its peers, as well as its ability to compete with the best-performing companies globally. It also reflects the strength of our Company's board, governance structure, management, and execution capability. Being included in this prestigious list is a testament to our leadership and contribution to Pakistan's corporate sector.



Annual Environmental Excellence Award 2023

Health, Safety & Environment (HSE) management forms an integral part of our core values. Protecting the environment and preserving natural resources has always been a top priority for us. The Company in a ceremony organised by the National Forum for Environment & Health (NFEH) won the 20th Annual Environment Excellence Award. The Company had also won this award consecutively for ten years from 2014 - 2023.

Best Corporate & Sustainability Report Award 2022

The Company received accreditation for Certification of Merit for Best Corporate Report Awards - Chemical Sector, for its 2022 Annual Report by the Joint Evaluation Committee of Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants (ICMA) International. The Annual Report is the Company's most important strategic communications document and this certificate is the symbol of pride and honour for the Company and the corporate sector. It represents the Company's commitment and transparency in financial reporting for the benefit of all stakeholders of the Company.

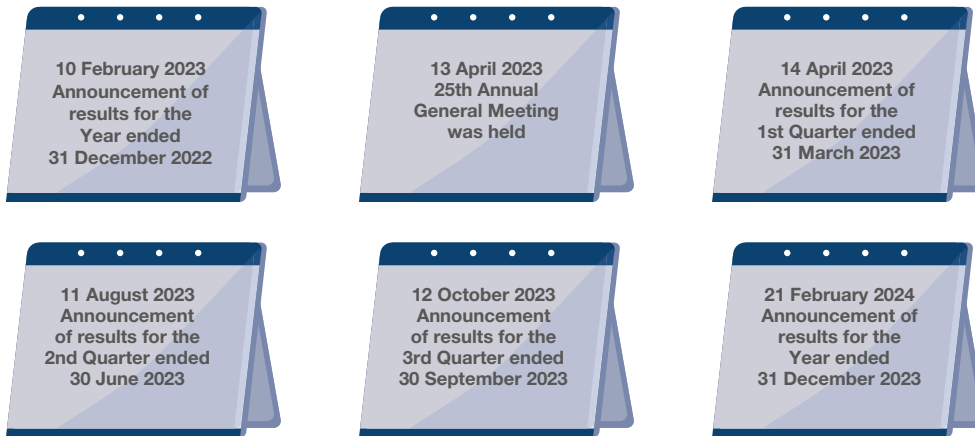


EFP Award in the Category of OSH & Wellbeing

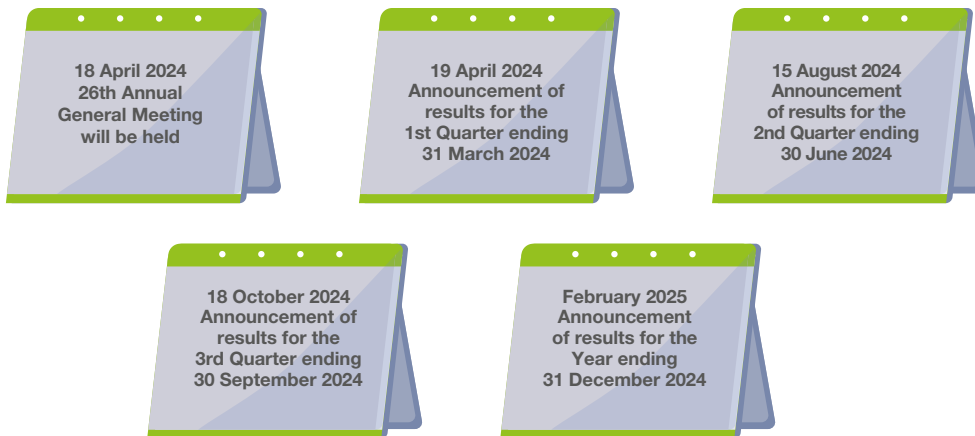
The Employers' Federation of Pakistan honored the Company with a prestigious award for Best Practices. LCPL ranked third in the category of Occupational Safety Health & Environment (OSH&E) for the year 2023.



Financial Calendar



Tentative dates for the announcement of 2024 financial results:



The Company reserves the right to change any of the above dates.

All annual / quarterly reports are regularly posted at the Company's website: www.lottechem.pk

Annual General Meeting

The 26th annual shareholders meeting will be held at 11:00 a.m on 18 April 2024 at the Institute of Chartered Accountants of Pakistan (ICAP) auditorium, Chartered Accountants Avenue, Clifton, Karachi.

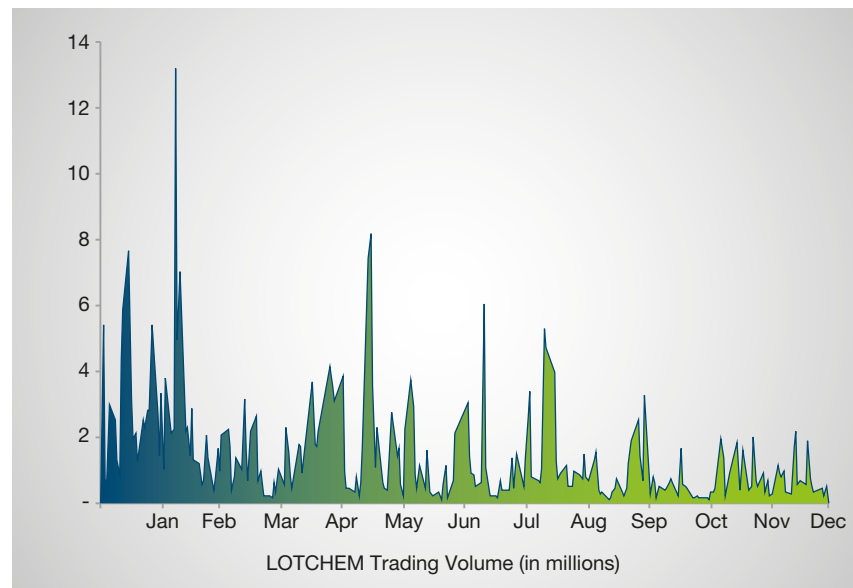
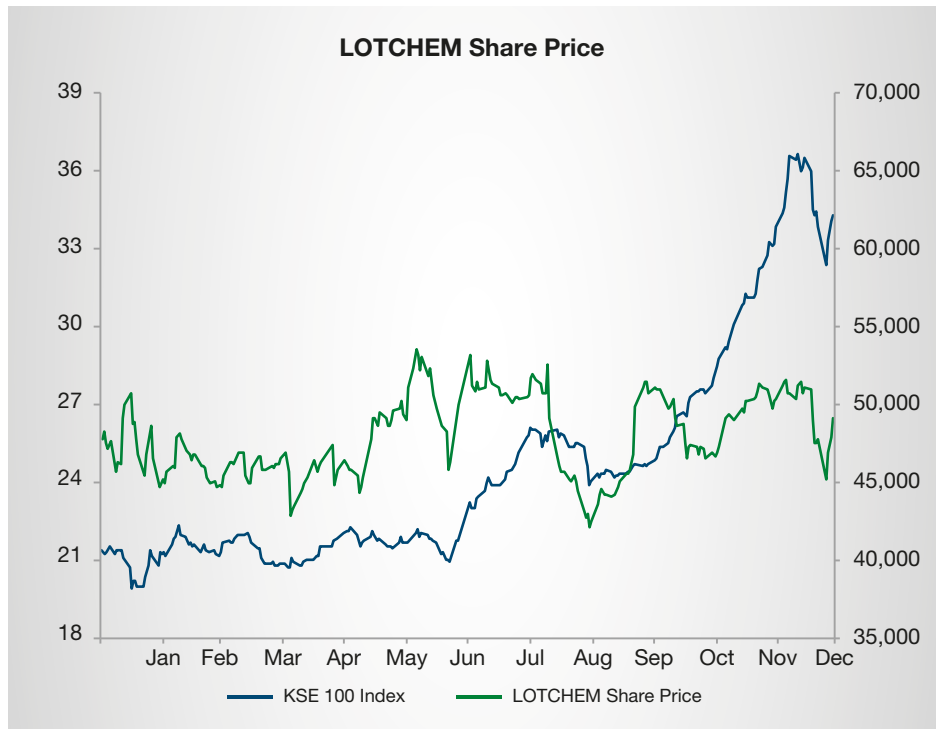


Share Price Analysis

On 31 December 2023, there were 14,861 members on the record of the Company's ordinary shares. Market capitalization of the company's stock as at 31 December 2023 was recorded at Rs. 40.87 billion (2022: Rs 39.22 billion) with the price per share fluctuating from a high of Rs 30.24 to a low of Rs 22.15 and closing the year at Rs 26.99

Trading volumes for the Company's shares remained consistently high during the year and 353.26 million shares were traded at the Pakistan Stock Exchange. The Stock posted a gain of 5.59% during the year as against 53.01% gain of PSX 100 index.

Closely held shares (i.e. those held by the sponsors, investment companies, financial institutions, foreign investors and other corporate bodies) amounted to 89.72% of the total share capital including 75.01% held by the Lotte Chemical Corporation.



Investor Relation Contact

Mr. Waseem Ahmed Siddiqui
 (Manager Legal, Shares & Secretarial)
 Email: waseem.siddiqui@lottechem.pk
 UAN: +92(0)21 111-568-782
 Fax: +92(0)21 34169126

Enquiries concerning cost of share certificate, dividend payments, change of address, verification of transfer deeds and shares transfers should be directed to the Shares Registrar at the following address:

Famco Share Registration Services (Pvt) Ltd.
 8-F, Near Hotel Faran, Nursery, Block-6,
 P.E.C.H.S, Shahrah-e-Faisal,
 Karachi.

Pattern of Shareholding

As at 31 December 2023

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
3,403	1	100	114,262
4,194	101	500	1,213,428
2,139	501	1,000	1,760,162
3,117	1,001	5,000	8,058,696
774	5,001	10,000	6,147,578
278	10,001	15,000	3,597,951
181	15,001	20,000	3,323,656
142	20,001	25,000	3,333,436
90	25,001	30,000	2,545,947
49	30,001	35,000	1,633,820
54	35,001	40,000	2,062,992
31	40,001	45,000	1,339,453
54	45,001	50,000	2,674,952
22	50,001	55,000	1,158,933
17	55,001	60,000	1,005,681
12	60,001	65,000	762,964
15	65,001	70,000	1,027,062
13	70,001	75,000	963,700
12	75,001	80,000	933,843
7	80,001	85,000	575,694
10	85,001	90,000	892,770
1	90,001	95,000	95,000
41	95,001	100,000	4,096,555
4	100,001	105,000	411,379
10	105,001	110,000	1,083,827
8	110,001	115,000	916,604
9	115,001	120,000	1,077,600
3	120,001	125,000	371,480
3	125,001	130,000	385,000
4	130,001	135,000	528,976
7	135,001	140,000	964,741
1	140,001	145,000	145,000
12	145,001	150,000	1,795,500
7	150,001	155,000	1,071,615
6	160,001	165,000	982,500
3	165,001	170,000	505,625
1	170,001	175,000	175,000
1	175,001	180,000	180,000
1	180,001	185,000	182,000

Pattern of Shareholding

As at 31 December 2023

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
4	185,001	190,000	759,441
2	190,001	195,000	386,500
10	195,001	200,000	2,000,000
3	200,001	205,000	606,202
5	205,001	210,000	1,044,925
3	215,001	220,000	653,000
1	220,001	225,000	223,890
1	225,001	230,000	230,000
1	235,001	240,000	237,000
1	240,001	245,000	242,000
3	245,001	250,000	748,520
4	250,001	255,000	1,010,000
2	255,001	260,000	517,100
3	260,001	265,000	788,021
2	270,001	275,000	544,840
2	275,001	280,000	550,916
1	285,001	290,000	285,900
1	290,001	295,000	295,000
5	295,001	300,000	1,500,000
1	300,001	305,000	300,637
1	310,001	315,000	315,000
1	320,001	325,000	325,000
2	330,001	335,000	667,100
1	335,001	340,000	337,000
1	340,001	345,000	345,000
1	350,001	355,000	350,151
1	355,001	360,000	358,572
1	395,001	400,000	400,000
1	400,001	405,000	404,500
1	405,001	410,000	408,824
1	415,001	420,000	415,500
1	420,001	425,000	425,000
2	445,001	450,000	900,000
1	490,001	495,000	490,565
7	495,001	500,000	3,500,000
1	500,001	505,000	500,100
1	510,001	515,000	510,500
1	520,001	525,000	522,500
2	570,001	575,000	1,146,000

Pattern of Shareholding

As at 31 December 2023

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
1	575,001	580,000	576,320
2	595,001	600,000	1,200,000
1	605,001	610,000	605,514
1	655,001	660,000	656,000
2	695,001	700,000	1,397,676
1	740,001	745,000	742,979
1	745,001	750,000	750,000
1	810,001	815,000	814,400
1	855,001	860,000	857,500
1	885,001	890,000	886,226
1	890,001	895,000	891,350
1	970,001	975,000	970,711
3	995,001	1,000,000	3,000,000
1	1,180,001	1,185,000	1,184,345
1	1,195,001	1,200,000	1,200,000
1	1,410,001	1,415,000	1,414,200
1	1,480,001	1,485,000	1,482,782
1	1,495,001	1,500,000	1,500,000
1	1,800,001	1,805,000	1,804,778
1	1,845,001	1,850,000	1,850,000
1	2,245,001	2,250,000	2,250,000
1	2,300,001	2,305,000	2,302,000
1	2,495,001	2,500,000	2,500,000
1	2,930,001	2,935,000	2,931,500
1	2,995,001	3,000,000	3,000,000
1	3,160,001	3,165,000	3,163,500
1	3,605,001	3,610,000	3,608,000
1	4,185,001	4,190,000	4,186,500
1	4,195,001	4,200,000	4,195,500
1	4,995,001	5,000,000	5,000,000
1	5,680,001	5,685,000	5,684,901
1	7,005,001	7,010,000	7,009,188
1	9,385,001	9,390,000	9,389,477
1	12,155,001	12,160,000	12,158,870
1	19,995,001	20,000,000	20,000,000
1	31,840,001	31,845,000	31,842,300
1	149,995,001	150,000,000	150,000,000
1	1,135,860,001	1,135,865,000	1,135,860,105
14,861			1,514,207,208

Categories of Shareholding

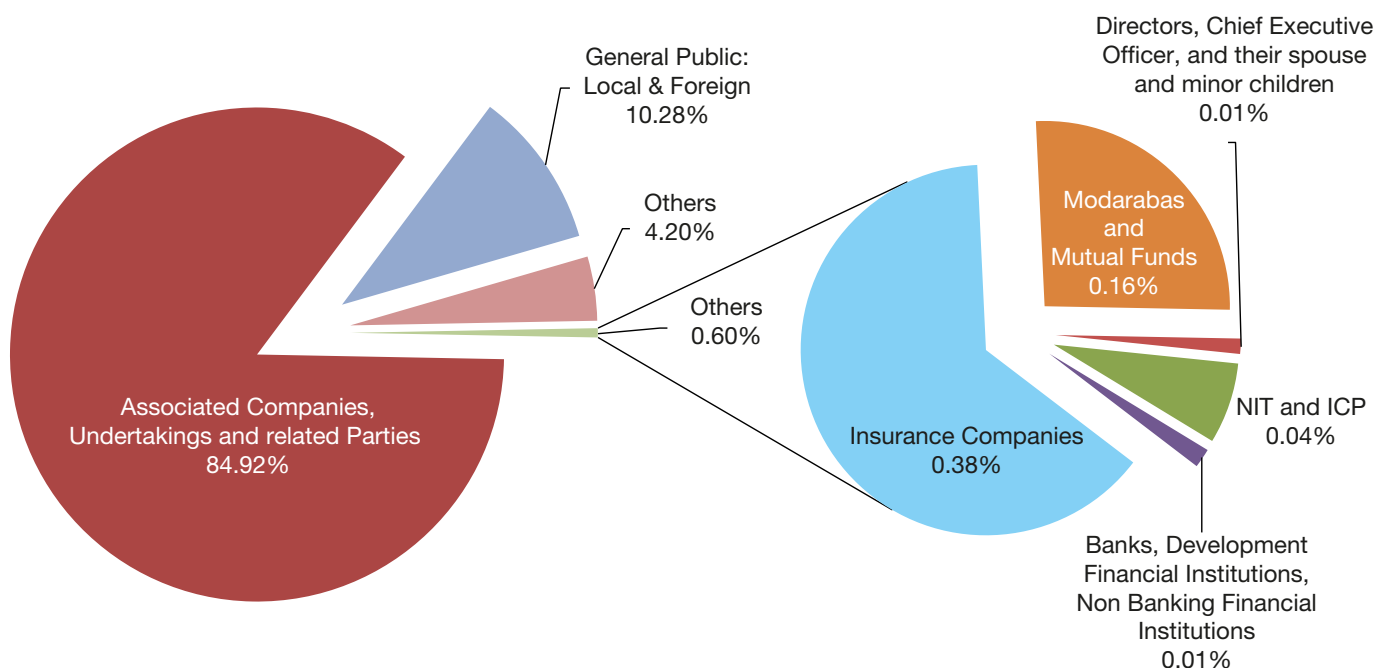
As at 31 December 2023

S.No	Shareholders Category	No. of Shareholders	No. of Shares	Percentage (%)
1	Directors, Chief Executive Officer, and their spouse and minor children	10	121,244	0.01
2	Associated Companies, Undertakings and related Parties	2	1,285,860,105	84.92
3	NIT and ICP	2	644,472	0.04
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	19	152,716	0.01
5	Insurance Companies	7	5,821,912	0.38
6	Modarabas and Mutual Funds	18	2,374,657	0.16
7	General Public: a. local b. Foreign	14,641 1	155,690,151 1594	10.28 0.00
8	Others	161	63,540,357	4.20
	Total	14,861	1,514,207,208	100.00

Shareholders holding ten percent or more voting rights

Lotte Chemical Corporation	1	1,135,860,105	75.01
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Shareholders Categorisation







STRENGTHENING CORE COMPETENCIES

We aim to strengthen our core competencies in the main business and expand its scope to related businesses in order to create synergy.

It is our passion to be the best in the industry by enhancing our core competencies through continuous learning.

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Board of Directors

As at 21 February 2024



Sung Soo Bae
Chairman

Tenure

Appointed to the Board on 14 February 2024 for the term to expire on 22 June 2026.

Board and Committee Activities

- Chairman
- Member HR and Remuneration Committee

Outside Interests

- None

Career

Mr. Bae is currently Senior Director of Aromatic Business division for Lotte Chemical Corporation, South Korea.

He started his career with Honam Petrochemical Corporation in 1990 and became Managing Director of Lotte Chemical (Jiaxing) Corporation in 2013. He has also served as Head of Performance Material Business Unit and PP (Poly Propylene) division at Lotte Chemical Corporation. He was appointed as Managing Director of Lotte Chemical Shanghai Co., Ltd in 2020.

Mr. Bae graduated from Kukmin University, South Korea, majoring in Business Information Systems in 1988.



Young Dae Kim
Chief Executive

Tenure

Appointed to the Board on 23 June 2023 for the term to expire on 22 June 2026.

Board and Committee Activities

- Chairman Shares Sub Committee
- Member HR & Remuneration Committee

Outside Interests

None.

Career

Mr Kim has been working with LOTTE Chemical Corporation, South Korea since 1997, spending his first 11 years in Quality Assurance, Logistics and Shift control team at Ulsan Plant. Mr Kim graduated from Ulsan University South Korea, majoring in Chemistry, in 1997.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).



IL Kyu Kim
Non-Executive Director

Tenure

Appointed to the Board on 23 June 2023 for the term to expire on 22 June 2026.

Board and Committee Activities

- Member, Audit Committee

Outside Interests

- None

Career

Mr. IL Kyu Kim is currently Managing Director of Aromatic Business Unit for LOTTE Chemical Corporation, South Korea. Prior to this, he had been associated with Polymer Sales Business Unit for more than 11 years. He has also worked in PC (Poly Carbonate), MMA (Methyl Methacrylate) and PP (Poly Propylene) sales units.

Mr. Kim has a versatile experience of more than 29 years of working with petrochemical companies in South Korea. He holds a Bachelor's degree in International Trade from Dongkuk University in South Korea.



Kyung Hoi Yoo
Non-Executive Director

Tenure

Appointed to the Board on 14 February 2024 for the term to expire on 22 June 2026.

Board and Committee Activities

- Member, Shares Sub Committee

Outside Interests

- None

Career

Mr. Yoo is currently working as Leader, Global Management Team for LOTTE Chemical Corporation, South Korea.

He joined Honam Petrochemical Corporation in 2005. He has been associated with Polymer market planning team and Uzbek Premarketing TFT team. In 2017, he was appointed as Manager, Global Management Team.



Jae Sun Park
Non-Executive Director

Tenure

Appointed to the Board on 23 June 2023 for the term to expire on 22 June 2026.

Outside Interests

- Director, Lotte Chemical Titan, Malaysia

Career

Ms. Jae Sun Park joined Lotte Chemical Corporation, South Korea, as a legal counsel in 2012 and assumed her role as General Counsel of Legal Affairs Team in 2015.

Prior to that, as an in-house legal counsel, she worked for a US based global finance company, AIG Korea from 2009 to 2010. Also, she had experience in a government agency, the Press Arbitration Commission, South Korea, from 2004 to 2007.

Ms Park is a qualified and licensed lawyer in New York State as well as South Korea. She acquired LLB from Yonsei University in 1998, and got LLM Degree in Business Law at UCLA (University of California Los Angeles) in 2011, and got LLM degree in International Commercial Law from University of London in 2009.

Ms Park has previously served as a non-executive Director on the Company's Board from April 2018 to February 2020.



Shabbir Diwan
Non-Executive Director

Tenure

Appointed to the Board on 23 June 2023 for the term to expire on 22 June 2026.

Outside Interests

- Chief Executive, Gatron (Industries) Limited
- Chief Executive, Gatro Power (Pvt) Ltd
- Director, Novatex Limited
- Director, Global Synthetics Limited
- Director, G-Pac Energy (Pvt) Ltd
- Director, Nova Frontiers Limited
- Director, Nova Care (Pvt) Ltd
- Chairman & Director, Pakistan Business Council
- Chief Governor, Gatron Foundation
- Member, Board of Governors – Patients Aid Foundation
- Member, Board of Governors – Memon Health & Education Foundation

Career

Mr. Shabbir Diwan is an MBA from Institute of Business Administration, University of Karachi. He is a member of the Board of Governors of Patients Aid Foundation of JPMC, the 2nd largest Government Hospital in Karachi. He is also the Chairman of the Pakistan Business Council. In addition, he is a member of the Board of Governors of Memon Health and Education Foundation.

He is also an Executive Director of Novatex Limited - producer and exporter of PET Resin, PET Preforms, and BOPET Films.



Rashid Ibrahim
Independent Director

Tenure

Appointed to the Board on 23 June 2023 for the term to expire on 22 June 2026.

Board and Committee Activities

- Chairman Audit Committee
- Chairman HR & Remuneration Committee

Outside Interests

- Director, Saif Textile Mills Limited
- Director, Saif Power Limited
- Director, Human Development Foundation

Career

Mr. Rashid Ibrahim, FCA has more than 40 years of diversified experience of serving various industries as a consultant including but not limited to Electric Power Generation, Telecommunication, Oil and Gas Exploration and Production etc.

He is a Chartered Accountant by Profession and a Fellow member of ICAP. He graduated from Hailey College, Lahore and completed his training with KPMG Taseer Hadi & Co. He remained Partner of various professional firms including Coopers & Lybrand and A.F. Ferguson & Co (a member firm of PwC).

He is at present Senior Partner, Septentrio Global Consulting. He was the Vice President of the ICAP and also served as a council member of ICAP for a 4 years term. He served Rawalpindi Islamabad Tax Bar Associations as a Senior Vice president and a Vice President. His major area of expertise is Taxation and Corporate Consultancy.



Khurram Rashid
Independent Director

Tenure

Appointed to the Board on 23 June 2023 for the term to expire on 22 June 2026.

Board and Committee Activities

- Member Audit Committee

Outside Interests

- None

Career

Mr. Khurram Rashid is a Barrister-at-Law with a strong background in corporate and commercial law, intellectual property, employment law, foreign investment, banking, aviation, admiralty and shipping, and insurance laws. With over 22 years of standing, he has extensive litigation experience at High Court, District Courts, Labour Courts, Services Tribunal, and Banking Courts.

He is currently working as the Lead Counsel at K-Legal Law Firm since July 2016. Prior to that, he served as a Partner at Surridge & Beecheno Law Firm from July 2006 to June 2016 and as an Associate at various law firms, including Surridge & Beecheno Law Firm, Usmani & Iqbal Law Firm, and CR Law Chambers.

In addition to his professional work, Khurram Rashid has also been involved in the academic field as a Visiting Faculty at various prestigious institutions, including the University of Karachi – SM Law College, University of London – Lecole Institute and Themis Institute, and Institute of Business Administration (IBA).

He holds a Bar-at-law qualification from the Honourable Society of the Lincoln's Inn, UK, and an LLB (Hons) degree from the University of Buckingham, UK. He has also completed corporate electives from McGill University, Montreal, Canada, and an Advanced Advocacy Course from Keble College, Oxford University, UK.

Khurram Rashid has worked with numerous clients, including government institutions like the Securities & Exchange Commission of Pakistan and the Competition Commission of Pakistan, as well as prominent companies such as Pakistan Television Corporation, Pakistan Telecommunication Company Limited, Karachi Port Trust, and multinational corporations like Visa Worldwide Singapore Pte and Coca Cola Bottlers Pakistan Limited.

Board Committees with brief terms of reference

As at 21 February 2024

Audit Committee

Members:

Mr. Rashid Ibrahim, Chairman
Mr. IL Kyu Kim
Mr. Khurram Rashid

The Audit Committee assists the Board in effectively discharging its responsibilities with regard to corporate governance, financial reporting and corporate control. The Board draws up the terms of reference of the Audit Committee, which comply with relevant legislations.

The Board acts in accordance with the Committee's recommendations on matters forming its responsibilities. The Audit Committee reviews the system of internal controls, risk management and the financial audit process, as well as assists the Board in reviewing financial statements and announcements to shareholders. In carrying out its duties, the Audit Committee has the authority to discuss any issues within its remit with management, internal auditors or external auditors. If it deems necessary, it may also obtain legal advice on it. The Committee controls and monitors the scope of the internal audit function, including powers and responsibilities encompassing its charter.

The Chairman of the Audit Committee is an Independent Non-Executive Director, while its members include one Non-Executive Director and one Independent Director. The Company Secretary acts as the Secretary of the Committee.

The Audit Committee meets at least once every quarter of the financial year. Its members meet at least once a year with external auditors, without the CFO and the Head of Internal Audit being present. In addition, Committee members also meet Head of Internal Audit and internal auditors at least once a year, without the CFO and external auditors being present.

HR and Remuneration Committee

Members:

Mr. Rashid Ibrahim, Chairman
Mr. Sung Soo Bae
Mr. Young Dae Kim

The HR and Remuneration Committee assists the Company's Board of Directors to administer and develop a fair and transparent procedure for establishing human resource management policies. The Committee is responsible for reviewing the remuneration and benefits of the Chief Executive, Executive Directors and senior managers. Consisting of two Non-Executives and one Executive Director, the Committee is also responsible for reviewing the remuneration budget. The Chairman of the Committee is an Independent Director.

The Director Admin, HR & IT acts as the Secretary and the Committee meets at least once a year.

Shares Sub Committee

Members:

Mr. Young Dae Kim, Chairman
Mr. Kyung Hoi Yoo
Mr. Khurram Rashid

The Shares Sub Committee consists of one Executive and two Non-Executive Directors. This Committee approves registrations, transfers and transmission of the Company's shares. Resolutions passed by this Committee are subsequently placed at Board meetings for ratification.



Executive Management Team

The Executive Management Team consists of functional heads, operating under the Board and the Chief Executive, to ensure smooth operations and achieve strategic objectives. The Team conducts its business under the chairmanship of the Chief Executive with other senior managers. The Team is

responsible for strategic business planning, decision-making, establishing adequacy of the Company's operational, administrative and control policies adopted by the Board and monitoring compliance thereof.



Ashiq Ali

Chief Financial Officer

Tariq Nazir Virk

Director Manufacturing

Young Dae Kim

Chief Executive
Profile on page 26

Waheed U Khan

Director Admin, HR & IT

Muhammed Talha Khan

General Manager Commercial

Ashiq Ali currently holds the position of Chief Financial Officer and also oversees the Legal Function at LOTTE Chemical Pakistan Limited. He has over 36 years of career with the Company and has also served as Head of Internal Audit, Company Secretary and Financial Controller.

He began his career in the corporate sector with Habib Arkady Limited and later joined ICI Pakistan Limited back in 1988. He has an extensive experience in corporate & financial strategy, taxation, internal audit, corporate governance, restructuring and mergers & acquisitions, systems and controls implementation, legal and regulatory matters, commercial and trainings related to internal controls and corporate governance.

During his diverse professional career, he attended various extensive Management and Leadership programs and trainings from local and international institutions. He is also a certified trainer on Corporate Governance from LOTTE Academy South Korea. He is also representing the Company as a member of taxation and legal committees at Overseas Investors Chamber of Commerce and Industry (OICC) and Pakistan Business Council (PBC) and at various professional forums and Government bodies.

Community service has always been a passion – he currently serves as Trustee of the LOTTE Pakistan Foundation and also as Secretary to the five Trusts of LOTTE Pakistan employee Retirement funds.

Mr. Ali is a Commerce graduate, an M.B.A Finance, Certified Accountant from London Chamber of Commerce and Industry, London (LCCI, UK) and is a Certified Director from Pakistan Institute of Corporate Governance (PICG).

Tariq Nazir Virk is a vastly experienced multi skilled professional in Plant maintenance, Operations, Process, and Project management. He has more than 32 years of hands on operational experience with the Petrochemical Industry. He completed his Bachelor's degree in Mechanical Engineering from the University of Engineering and Technology, Lahore in 1990. He started off his career as a maintenance engineer with Dawood Hercules Chemical, one of the most reputable Fertilizer plants of the country.

He joined the Company in 1997 and was the key member of the original team which led to the successful commissioning of the plant. He has served in various roles over the last 26 years of his association with the company. He has challenging some of the most challenging projects to the Business such as Ox Dryer replacement, DCS up-gradation, Process Air Compressor control system up-gradation, Oxidation Reactor agitator modification, Anaerobic effluent treatment project, etc.

Tariq stamped his mark on every function through his leadership that he was assigned to look over, whether it was HSE, Projects, Planning, Workshop, Operations, or Process. Over the years, he has been a major contributor towards enhancing Plant production capacity with reduction in operational costs. He has a special passion to hone young talent and thus has successfully developed a proficient team which is a great mix of youth and old. In the light of his contributions and skills, Tariq was promoted as General Manager Manufacturing in 2016 and was appointed as Director Manufacturing in 2021. He never looked back since then and continued to make huge contributions to reduce fixed costs, enhance safety, reliability, and operational efficiencies of the plant which are second to none vis a vis any International plant of this nature.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).

Waheed Ullah Khan with over three decades of versatile experience commenced his career with Computer-Aided Engineering Services in Descor Engineering Ltd as a designing engineer and progressed to the team responsible for the major BMR project in Dawood Hercules Chemicals to enhance its Production Capacity, Reliability & Efficiency. Commissioned Haldor Topsoe Ammonia Reactor and completed the project successfully. Joined the Company in the PTA commissioning phase. Since then, he has been challenged to deliver in various fields, including Production, Technical, HSE, Product Quality, ISO & Technical Training before becoming HR, Administration & Public Affairs Manager. Based on his continued commitment and experience, he grew with the business and became Director Admin, HR & IT.

He played a pivotal role in nurturing an open, caring & performance oriented culture based on the strong values of the organization. Closely worked with ICI, AkzoNobel and LOTTE Group during the business acquisitions and kept the teams engaged. Implemented strategies to reduce rising employee attrition and increase employee engagement. Over the years, he has established strong talent succession programs to reduce business risks, introduced a job evaluation process to rightly position each role in its competitive range, initiated HR Audits for benchmarking & improvements. He synergized IT with business processes to enhance their efficiency and effectiveness. Developed new systems to bring speed & convenience to the employees. Drives HR strategic planning with business requirements. He is also driving the CSR program for the Company and has delivered various initiatives in the areas of health, education and a green environment. He played a key role in the establishment of LOTTE Pakistan Foundation. Under his leadership, the Company won several awards in recognition of the business HR, HSE, Productivity & CSR endeavors.

Holds a Master's degree in Business from LUMS and a second Master's degree in Engineering from the University of Punjab with the roll of honour & distinction.

Muhammed Talha Khan is a multi skilled professional and has a diversified professional experience in plant maintenance, design, Project management, Procurement, supply Chain and Sales. He completed his Bachelor degree in Mechanical Engineering from NED university of Engineering and Technology Karachi in 1997. He has more than 26 years of hands on experience mostly with Oil & Gas and Petrochemical Industry. He started off his career as a Design and front line Engineer with ENAR, one of the most reputable Process and Engineering design firms of the country and worked on several mega projects in the Oil Gas industry at different remote locations in Pakistan.

He joined the PTA business in Dec 2001. He served in various key roles over the last 24 years of his long association with the company. He was involved in various major projects of the Business such as PTA Dryer replacement, DH Column up-gradation, all the main buildings construction at plant, Catalyst Recovery Project, Cogen Power Project etc.

A major change came in his professional career, when based on his performance and diversity in the career, the company offered him a position in procurement in 2004 and since then he progressed his career in Commercial function. He worked in different roles in purchase function and delivered several mega saving projects for the business and also saved significant value in entire procurement, Contracts and major feed stock. He established several key systems along with IT related to procurement, Contracts supply chain and Sales to improve the processes and efficiency of each section of Commercial function. Under his leadership he not only brought more strength on the quality relationship with all customers but also improved the profitability of the business. His hard work in the entire commercial function has been highly appreciated on several occasions by the business top management.

Based on his tremendous contributions, commitment, dedication for the business and exceptional leadership skills, he was chosen for one of the most sensitive and key roles in the business as Commercial Manager in 2018 and then promoted as General Manager Commercial in 2022.

Management Committees

with brief terms of reference

Executive Committee

Members:

Mr. Young Dae Kim
Mr. Tariq Nazir Virk
Mr. Waheed U Khan
Mr. Sangho Moon
Mr. Ashiq Ali
Mr. Adnan UI Haque
Mr. Syed Qamar Alam
Mr. Yong Min Kim
Mr. Muhammad Talha Khan

The Executive Committee, chaired by the Chief Executive (CE), supports the Executive Management Team in achieving its objectives and is responsible for smooth operations on an ongoing basis. It comprises of the various heads of departments including the Executive Management Team. The Committee reviews all operational and financial aspects, advises improvements to operational policies / procedures and monitors implementation of the same.

BCP Committee

Members:

Mr. Young Dae Kim
Mr. Tariq Nazir Virk
Mr. Ashiq Ali
Mr. Adnan UI Haque
Mr. Syed Qamar Alam
Mr. Muhammad Tabish Ashfaq
Mr. Syed Arif Hussain
Mr. Sohail Abbas

The BCP Committee's objective is to steer the Business Continuity Plan (BCP) by establishing a fit-for-purpose strategic and operational framework to respond to major business interruption situations.

The CE as Business Continuity Manager (BCM) leads the BCP process along with Director Manufacturing and Chief Financial Officer (CFO). A working level BCP Committee, headed by Director Manufacturing is responsible for stewarding the BCP Programme and comprises of representatives of all functions / departments. Each functional head is responsible for current and comprehensive Business Continuity Planning in his respective sphere of operations.

HSE&S Management Committee

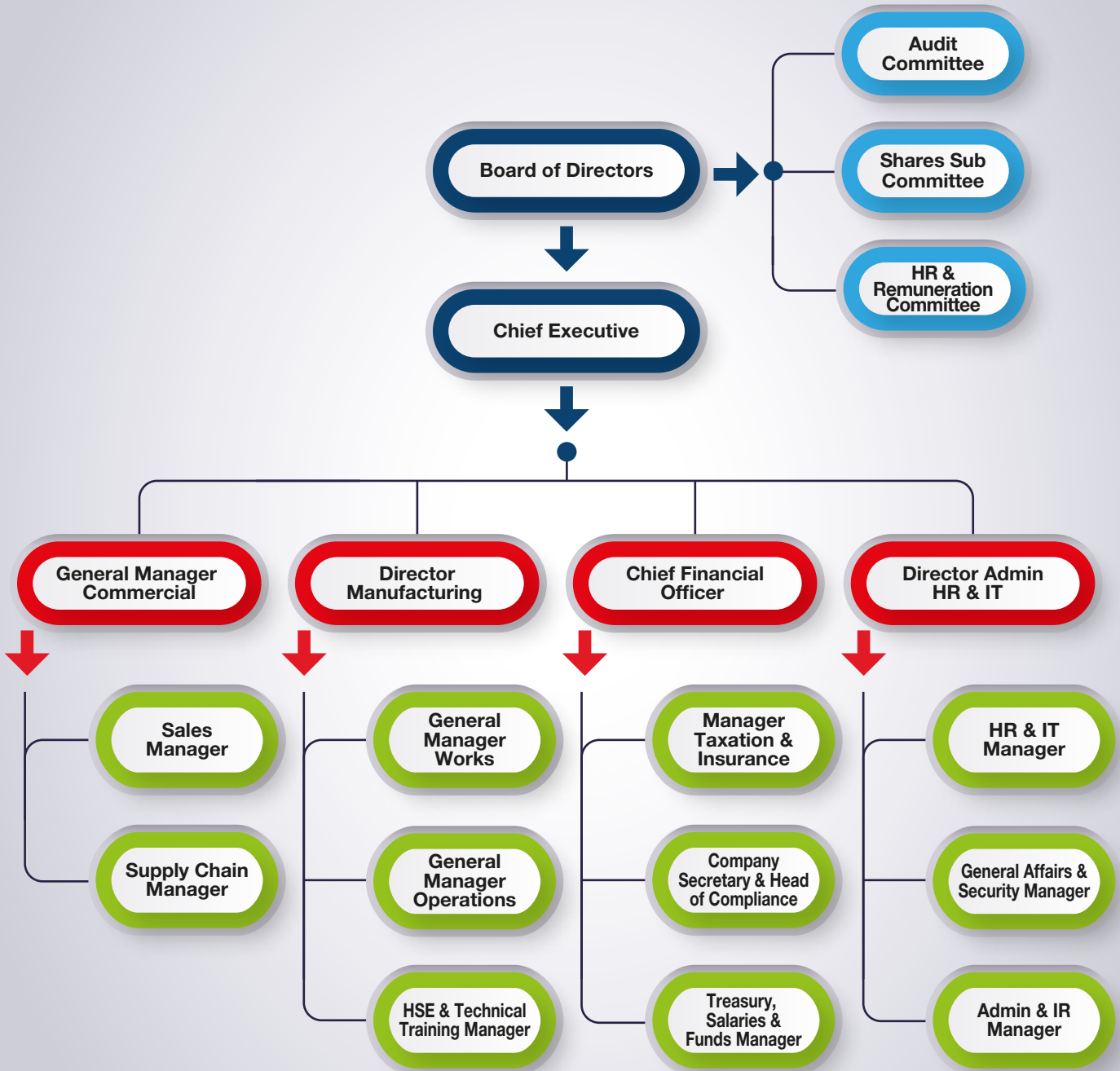
Members:

Mr. Young Dae Kim
Mr. Tariq Nazir Virk
Mr. Waheed U Khan
Mr. Ashiq Ali
Mr. Yong Min Kim
Mr. Adnan UI Haque
Mr. Syed Qamar Alam
Mr. Muhammad Talha Khan
Mr. Sohail Abbas

The HSE&S Committee, chaired by the CE, periodically reviews and monitors Company-wide practices. It oversees the Health, Safety, Environment and Security functions of the Company and is responsible for ensuring that all operations are safe, environment-friendly and compliant with regulatory framework.

The Committee received regular reports from the HS&E function, including quarterly reports prepared for Executive Committee on Company's Health, Safety and Environmental performance and operational integrity. These included quarter-by-quarter measures of personal and process safety, environmental and regulatory compliance and audit findings. Operational risk and performance forms a large part of the Committee's agenda.

Organisational Structure



Corporate Governance and Compliance

Board Governance

The Company's Corporate Governance Structure is based on the requirements of the Companies Act 2017, along with the guidelines issued by the Securities and Exchange Commission of Pakistan (SECP), regulations of the Pakistan Stock Exchange, Listed Companies (Code of Corporate Governance) Regulations, and the Company's Articles of Association. This is further strengthened by several internal procedures, which include a risk management assessment and control system, as well as a system of assurances of compliance with the applicable laws, regulations and the Company's Code of Conduct.

The Company is a public limited company established under the laws of Pakistan. The shares of the Company are listed on the Pakistan Stock Exchange (G) Limited.

Role of the Board

The Board of Directors provides oversight in the governance, management and control of the Company and is responsible for setting the goals, objectives and strategies of the Company and for formulating the policies and guidelines towards achieving those goals and objectives. The Board is accountable to the shareholders for the discharge of its fiduciary function. The Management is responsible for the implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board of Directors. In order to facilitate the smooth running of the day-to-day affairs of the Company, the Board entrusts the Chief Executive with necessary powers and responsibilities who in turn is assisted by an Executive Management Team. The Board is also assisted by Sub Committees comprising mainly Non-Executive / Independent Directors. Specific tasks are delegated to the board sub committees and the Board seeks to set the 'tone from the top' by working with the management to agree on the values of the Company.

The activities of the Board are based on the requirements and duties laid down under relevant laws and the Company's Memorandum and Articles of Association. This compliance assists the Board in safeguarding the interests of all the stakeholders.

Board Composition, Size and Tenure

The structure of the Board reflects an optimum combination of Executive, Non-Executive and Independent Directors. The current Board comprises eight directors which include one Executive Director, five Non-Executive Directors and two Independent Directors. The Chairman of the Board is a Non-Executive Director. The positions of Chairman and Chief Executive are held by

separate individuals with clearly defined roles and responsibilities.

All the Directors are appointed for a term of three years on completion of which they are eligible for re-election under the Company's Articles of Association through a formal election process.

Consent to act as director is obtained from each candidate prior to election. The Company has had an Audit Committee and a HR & Remuneration Committee of the Board much before the introduction of the Code of Corporate Governance.

Roles and Responsibilities of the Chairman and Chief Executive

There is a clear segregation of roles between the Chairman of the Board and the Chief Executive for smooth running of the business. The Company's Articles of Association, relevant laws and the duties assigned by the Board outline the responsibilities and the power of the Chairman of the Board.

The key role and responsibilities of the Chairman includes;

- Provides leadership of the Board.
- Acts as main point of contact between the Board and management.
- Speaks on Board matters to shareholders and other parties.
- Is responsible for the integrity and effectiveness of the Board's system of governance.
- Ensures that systems are in place to provide directors with accurate, timely and clear information to enable the Board to operate effectively.

The Chief Executive functions in accordance with the powers vested in him by law, the Company's Articles of Association and the authorities delegated to him by the Board. The Chief Executive is responsible for framing strategic proposals and formulating business plans for the Board approval. Moreover, the Chief Executive is also responsible for ensuring smooth functioning of the business with optimum utilisation of the Company's resources and effective implementation of internal controls.

Board Meetings

The Board determines the key items for its consideration for the coming financial year. The agenda is set by the Chairman in consultation with the Chief Executive and with support of the Company Secretary. A similar process is used for meetings of Board Committees.

Meetings of the Board of Directors and Sub Committees are held in accordance with an annual schedule circulated before each year end to ensure maximum participation of the directors.

Discussions at Board meetings are open and constructive. All discussions of the Board and their records are maintained in confidence unless there is a specific decision or legal requirement to make disclosure.

When participating in Board discussion, Executive Directors are expected to discharge their responsibilities as directors of the Company and not to act solely as the representatives of that activity for which they bear executive responsibility.

Independence and Conflict of Interest

The Non-Executive and Independent directors are expected to be independent in character and judgment and free from any business or other relationship which would materially interfere with the exercise of that judgment.

The Board is satisfied that there is no compromise to the independence of, and nothing to give rise to conflicts of interest for, those directors who serve together as directors on the boards of outside entities or who have other appointments in outside entities.

Board Induction and Education

All Directors, including foreign resident Directors, as part of their induction package, are provided with sufficient information of their duties and responsibilities under respective laws and the Company's Memorandum and Articles of Association. Directors, being senior professionals and possessing experience of managing various responsibilities, have adequate exposure to corporate matters.

On joining Company's Board, Non-Executive and Independent Directors are given a tailored induction programme. This includes meetings with the management and site visit. Moreover, the Board received briefings on Company's Code of Conduct, Company's values and key business developments including legal updates, the economic outlook and the necessary information under respective laws and the Company's Memorandum and Articles of Association.

Board Evaluation

A comprehensive evaluation with respect to the effectiveness of the Board own performance, members of the board and its committees was carried out in 2023 using an external facilitator, THK Associates (Pvt.) Ltd. The Board evaluation assessment covered specific areas of Board

performance including Board Structure and Composition, Board Compensation, Strategic Planning, Board Procedures, Board Interaction, Board Information, Board Committees and Board Effectiveness. The findings of the evaluation were discussed in detail with the Board of Directors.

The Board also regularly reviews the developments in Corporate Governance to ensure that the Company always remains aligned with the best practices.

CE Performance Review

The Board of Directors of Lotte Chemical Pakistan Limited regularly evaluates performance of the CE based on agreed financial and non-financial KPIs.

The Board has reviewed the performance of the CE for the current financial year and is satisfied with the achievements for the year. The Board has full confidence in his abilities to manage the affairs of the Company in the most professional and competent manner. The CE is also responsible for setting the objectives for his management team and regularly updates the Board about the performance of the management in achieving the desired goals.

Material Interests of Board Members

Directors are required to disclose, at the time of appointment and on an annual basis, the directorships or memberships they hold in other corporations. This is in pursuance with Section 205 of the Companies Act 2017, which also requires them to disclose all material interests.

This information is used to help maintain an updated list of related parties. In case any conflict of interest arises, the matter is referred to the Board's Audit Committee.

None of the directors are either members of any stock exchanges in Pakistan or engaged in the business of stock brokerage. Moreover, they are not involved in external audit and have had no relationship with the Company's external auditors during the preceding two years. Remuneration and benefits of the Board, including the Chief Executive and Executive Directors, are disclosed in note 37 to the financial statements as determined under provisions of the Articles of Association of the Company.

Board & Management Committee

The Board may at any time establish Committees of the Board to assist in carrying out its responsibilities. Any Committee will be subject to the Board Principles and will

speak or act for the Board only when and to the extent so authorised.

The permanent Committees of the Board include the Audit Committee, the HR & Remuneration Committee and Shares Sub Committee.

Each permanent Committee is comprised of those directors the Board considers best suited to serve on that Committee and in accordance with the Code of Corporate Governance.

The Board and Management Committees brief details are covered elsewhere in the Report.



Financial Statements

Periodic financial statements of the Company are circulated to the directors duly endorsed by the Chief Executive and the Chief Financial Officer for approval by the Board before publication, in compliance with the Listed Companies (Code of Corporate Governance) Regulations. After consideration and approval, the Board authorizes the signing of financial statements for issuance and circulation. The half-yearly and annual financial statements are initialed by the external auditors before presentation to the Audit Committee and the Board for their respective approvals.

The publication and circulation to the shareholders, stock exchange and regulators of quarterly unaudited financial

statements along with Directors' Review is done within one month and half-yearly financial statements reviewed by the external auditors within two months, of the respective period end dates.

Annual financial statements together with the Directors' Report, Auditors' Reports and other Statutory Statements / Information are circulated for consideration and approval by the shareholders, within four months from the end of the financial year. These statements are also made available on the Company's website. All other important information considered sensitive for share price determination is transmitted to stakeholders and regulators on a timely basis.

Adequate Disclosure

We believe in best practices in corporate governance by adopting transparency and disclosure as a policy with our stakeholders. This is achieved through disclosure of communications to our shareholders and other stakeholders, including our financial statements. All critical accounting estimates, rules and procedures governing extraordinary transactions, or any changes in accounting policies along with their financial impact, are disclosed in the notes to the financial statements. We follow the Companies Act, 2017 and applicable IAS and IFRS (International Accounting Standards and International Financial Reporting Standards). In addition, we endeavour to provide as much relevant supplementary information in the financial statements as possible.

Annual General Meeting

The Company holds its Annual General Meeting of the shareholders in light of the Companies Act, 2017, Code of Corporate Governance and our Articles of Association. We request all our shareholders to participate. We also ensure that a copy of the Annual Report containing the agenda and notice of AGM is dispatched to every shareholder at his/her registered address.

Issues raised in last AGM: During the 25th AGM of the Company held on 13 April 2023, general clarifications were sought by the shareholders on the financial statements and the market. No significant issues were raised.

Investor Relations

The Company seeks to keep all stakeholders informed on a regular basis. This is done by means of publication on Company's website containing complete financial reports on a quarterly basis and the publication of the annual and interim reports. In addition, the Company communicates with all its shareholders / investors and analysts through

organizing or attending meetings such as AGMs. Meetings are held with stakeholders to ensure that the investment community receives a balanced and complete view of the Company's performance and the issues faced by the business, while always observing applicable rules concerning selective disclosure, equal treatment of shareholders and insider trading.

Pattern of Shareholding

Disclosure of Company's shareholding structure is given in the pattern pursuant to the Companies Act and the Code of Corporate Governance in the printed accounts of the Company. The share capital is comprised of ordinary shares. No other class of shares is issued by the Company. LOTTE Chemical Corporation, Korea holds 75.01% shares, while the balance 24.99% shares are held by individuals and domestic and foreign institutions. The Pattern of Shareholding in the Company, as at 31 December 2023, is given on page 20 of the Annual Report.

Code of Conduct

Even before the introduction of the requirement in the Code of Corporate Governance, the Company had a comprehensive Code of Conduct. In order to apprise the employees of the Code of Conduct, the Company organizes training sessions and induction programmes on a regular basis to ensure compliance at all levels. Besides this, every employee of the Company is required to sign, on an annual basis, a statement to the effect that he or she understands the Code of Conduct and that he or she abides by it at all times while doing business for the Company. Salient features of the Code of Conduct are covered earlier in the Report.

Speak Up

A separate 'Speak Up' policy has been formulated in order to facilitate strict adherence to the Code of Conduct, whereby any Company employee can raise concerns, expose irregularities and help management of the Company in identifying financial malpractices and potential frauds without any fear of reprisal or adverse consequences on a confidential basis through various modes of communication. Complete anonymity of the person using this facility is assured and all complaints are thoroughly investigated either by the Company internally or by assigning it to the Internal Auditors.

Employees of the Company are encouraged to use the guidance provided by the Speak Up Policy for reporting wrongdoing / improper conduct. A separate Speak Up Committee has been formed with a direct reporting line to the Board Audit Committee.

Insider Trading

The Company has a stringent policy on insider trading and securities transactions. The policy paper which is circulated to all the employees of the Company from time to time prohibits all employees of the Company from making use of inside information for direct or indirect transactions in Company shares. Closed periods during which Directors, Chief Executive (CE), Chief Financial Officer (CFO), Company Secretary (CS) and designated Executives, as determined by the Board, and their spouse and minor children were precluded from dealing in Company shares are duly determined. No trading in Company shares is allowed during the closed period announced by the Company.

Related Party Transactions

A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. After review by the Audit Committee, the transactions are placed before the Board for their consideration and approval.

Internal Control

The Company has a sound system of internal control and risk management. The internal audit function, mainly responsible for internal controls, has been outsourced to a Chartered Accountants firm and reports directly to the Chairman of the Audit Committee. As a consequence of regular review over several years, the Company now has an extremely robust system of internal controls which was further strengthened in 2005 when the Company had to go through a comprehensive implementation of the Sarbanes-Oxley Act (SOX) due to listing of its previous parent company's shares on the New York Stock Exchange. Although this requirement is no longer applicable to the Company, the Company continued with the control framework then adopted.

Internal and External Audit

Internal Audit function plays a key role in providing the management and the Board an objective view and reassurance of the effectiveness of the risk management and related control systems throughout the entity. Internal Audits are carried out across all functions by the appointed Internal Audit firm and all findings are reported to the Management and the Audit Committee of the Board.

Action plans are followed up rigorously to ensure that timely corrective action is implemented for the effective functioning of controls. The Board, through the Audit Committee, reviews the assessment of risks, internal and disclosure

controls and procedures and suggests remedial actions where applicable. The role of the Audit Committee is to assist the Board in fulfilling their oversight responsibilities regarding the integrity of Company's financial statements, risk management and internal control, compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, the performance of the internal audit function, and compliance with the Code of Conduct.

The external auditors are appointed by the shareholders on a yearly basis at the Annual General Meeting on the recommendation of the Audit Committee and Board of Directors. The partner in charge of our audit or the audit firm is rotated every five years as per the regulations.

HR Policy & Succession Planning

A comprehensive HR policy is part of terms of employment and is applicable to all the permanent employees. The key objective of the HR policy is to develop a high performance culture providing a critical link between an employee's performance and Company's goals. The policy also supports in maintaining the desired organisational culture. In order to ensure continued business performance, the Company has developed a robust Succession Plan for the positions of Chief Executive, his direct reports in Executive Management Team and business critical roles.

Quality Policy Statement

Lotte Chemical Pakistan Limited operates in an environment which is influenced by global trends. To remain competitive and retain its status as a preferred PTA supplier, it has to produce a world-class product that always meets the expectations of its customers, both local and overseas, in terms of price, product, quality and service.

The Company achieves the above mentioned objectives by delivering a quality service on the principle of "right first time every time".

To support the Quality Policy, the Company ensures ownership at all levels to continually improve the Quality System consistent with the latest standards and provides necessary training & resource to deliver added value to the business.

Risk Management

The Board has an overall responsibility for the risk management process and internal control procedures.

The Audit Committee monitors the Company's risk management process and reviews the adequacy of the risk management framework. The Company's documented and regularly reviewed procedures are designed to safeguard our assets, address risks facing the business, and ensure timely reporting to the Board and senior management. A clear organizational structure with defined delegation of authorities is maintained and the senior management takes the day-to-day responsibility for implementation of procedures, ongoing risk monitoring, and effectiveness of controls.

The risk and control procedure is supported through a Business Continuity Plan and Crisis Management Plan.

Business Continuity Plan / Crisis Management Plan

The Company recognizes the importance of a comprehensive Business Continuity Planning Programme that allows it to plan for and manage major business disruptions. All significant risks, possibilities for control and reduction are identified. The plan is periodically tested in a simulated environment to ensure that it can be implemented in emergency situations and that the management and employees are aware of their respective roles. The range of events considered includes natural disasters, failure of equipment, terrorist action, government/political/legal actions, and changes in the financial and business climate. The controls identified are tested by internal auditors and action plans are followed rigorously to ensure timely corrective action is implemented for the effective functioning of controls. In addition, a Crisis Management Plan is also developed and is regularly reviewed and updated. This focuses on helping management to handle the immediate effects of a major incident and includes instructions on communications both within and outside the Company.



Business Risks & Challenges

The following risks are considered to be relevant in evaluating the overall outlook and business strategy of the Company.

	Risks	Mitigating Factors
STRATEGIC	Changing Economic Conditions & Government Policies	The Board and the Management strive to follow a defined strategy to overcome strategic risks and continuously seek dialogue with the policy makers through various business forums in the overall interest of the domestic industries.
	Non Compliance with Laws & Regulations	Changes in regulatory environment are monitored closely and all significant changes are adapted in a timely manner. We advertise and encourage use of 'Speak Up' policy to all our employees to report irregularities, if any, in relation to our Code of Conduct. We remain committed to compliance with all legal and regulatory requirements with special emphasis on our Code of Conduct.
OPERATIONAL	Critical Equipment Failure	Stringent control measures for all critical equipment are in place which includes, but is not limited to, exhaustive preventive maintenance regimes, availability of all adequate spares, upgrade of technologies and necessary training of related manpower.
	Power Failure	Being the sole producer of PTA in the country, it remains imperative that the PTA plant remains in operation on continuous basis throughout the year and as a result, alternate sources for all its key utility needs are in place. The Company in 1998/1999 invested heavily in the K-Electric network to ensure uninterrupted power supply to the Company and the Company entered into an evergreen power supply agreement with K-Electric based on its investment in the necessary infrastructure. All critical equipment remains connected to standby generators. In addition, the Company invested in a captive co-generation power facility, which became operational in July 2012, to improve the energy economics of the business and to ensure alternate uninterrupted power supply for continuous PTA operations.
	Risk to Health, Safety and Environment	We continue to uphold the highest safety standards, in line with ISO 45001:2018 & internal HSE policies, for both Company and contractor employees which is evident by an excellent safety record spread over 25 years without a Lost Time Injury – more than 69 million man-hours have been completed without a Lost Time Case.
	Inability to attract and retain talent	The Board and the Management put great emphasis on attracting, educating, motivating and retaining staff and the Company continues to support the development of a winning culture through its human resources management policies. Engagement of all our employees remains our key priority.
COMMERCIAL	Key Supplier Failure	The Company aims to use its purchasing power and long-term relationships with the suppliers to ensure continuous availability of raw materials. Maintenance of optimum buffer inventory levels and ensuring alternative sources for key raw materials assists in partially mitigating the risk of abrupt supply interruptions.
	Key Customer Failure	The Company takes pride in the dependable relations developed with its customers over the years and aims to enter into long-term relationships to ensure continuous sale of its product. The Company has demonstrated its ability to export larger volumes, if required. Availability of locally produced PTA and excellent technical support present a strong incentive for local customers to retain the relationship with the Company on a long-term basis.
FINANCIAL	Liquidity Risk	The Company's sales strategy enables maximum volumes to be sold against sight letters of credit and purchasing strategy ensures optimum level of credit days. Adequate modes of financing are available in the form of committed bank facilities. This risk is also mitigated by continuous monitoring of cash flow needs and careful selection of financially strong banks with good credit ratings.
	Fluctuations in Foreign Currency Rates	The Company incurs foreign currency risk on sales, purchases and borrowings that are in a currency other than Pak Rupees. The Company's foreign currency risk arising on sales is minimised through a natural hedge resulting from the pricing mechanism of PTA whereby the price invoiced for PTA domestically is recalculated every month to derive a Rupee price from the international commodity price of PTA in US dollars. To hedge against its foreign currency risk arising on purchase transactions, the Company may enter into forward exchange contracts when considered appropriate. Also, the natural hedge on PTA sales minimises the impact of risk arising on purchase transactions.
	Credit Risk	The Company's exposure to credit risk is influenced by the individual characteristics of each customer. All sales are made against letters of credit and the Board has established a credit policy under which each new customer is analysed individually for credit worthiness. All the major customers have been transacting with the Company for over five years.





VALUE-BASED MANAGEMENT

Our talented team delivers quality products to our customers which creates higher value and sustains profitability.

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Chairman's Review Report

For the year ended 31 December 2023

On Board's overall performance U/S 192 of the Companies Act 2017

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of LOTTE Chemical Pakistan Limited for the year ended 31 December 2023.

Since its acquisition by the LOTTE Group in 2009, the Company has made great strides in expanding its footprint and shareholder value. LOTTE Chemical Pakistan has excelled in delivering growth through investments in Plant efficiency and value addition projects.

The year 2023 has witnessed multiple challenges for the Company including geopolitical risk, unprecedented extreme high level of inflation, huge increase in costs of doing business, import restrictions and changes in the tax regime. Despite challenging economic environment of the Country, your Company managed to achieve turnover of Rs 81.6 billion and profit after tax of Rs 5.1 billion.

Despite all these challenges, the Company continued to make investments in its production facility, aimed at sustaining continuous reliable operations and to improve plant efficiencies. A complete review of the business performance is described in the annexed Directors' Report.

The Company has an effective governance and legal framework in place that ensures compliance with applicable laws and regulations and is instrumental in achieving long-term sustainability and growth. The Board remained actively engaged with the management to monitor the Company's performance against its established strategy, goals and targets. The Board carried out its fiduciary duties with a sense of objective judgment and in good faith in the best interests of the Company and its stakeholders. The Board and its committees played an active role to oversee critical aspects from governance perspective and adherence to high standards of ethical practices.

During the year, four meetings of the Board of Directors, four Audit Committee and one HR & Remuneration Committee meetings were held.

As required under the Code of Corporate Governance, an annual evaluation of the board's own performance, members of board and of its committees of the Lotte Chemical Pakistan Limited was carried out for the financial year ended 31 December 2023. The online assessment was carried out by engaging external



independent facilitator, THK Associates (Pvt) Ltd. I am pleased to report that the overall performance of the Board was found satisfactory.

The Board has an appropriate mix of skills and experience. The Board comprises members with rich professional experience in various domains, having strong financial and analytical abilities and independent perspectives. The Board keeps abreast of trends and issues affecting the market in which the Company operates and provides appropriate direction and oversight on a timely basis to ensure optimal utilization of resources. All Directors fully participated and contributed in the decision-making process of the Board.

On behalf of the Board, I express my sincere appreciation to our customers, employees, suppliers, the Government and all stakeholders who have supported the Company's business performance.

A handwritten signature in black ink, appearing to read 'Sung Soo Bae'.

Sung Soo Bae
Chairman

Directors' Report

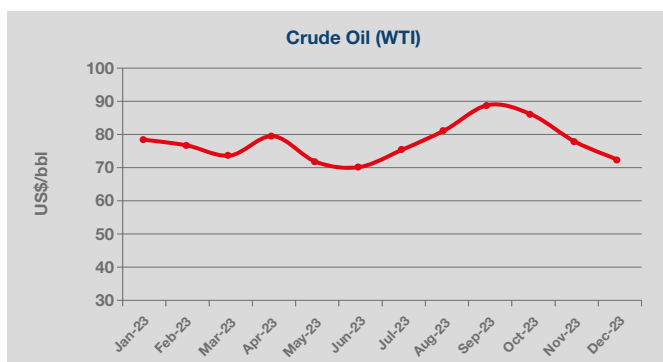
For the year ended 31 December 2023

The Directors are pleased to present their report and the audited financial statements of the Company for the year ended 31 December 2023.

Business Overview

Crude Oil

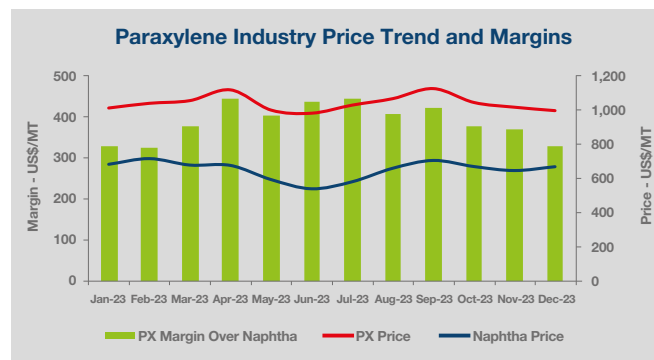
Crude oil (WTI) prices displayed volatility throughout the year with markets reminiscing the post pandemic recovery as well as increased holiday mobility, however prices trended downwards as Global economic growth started to taper off with major central banks raising interest rates resulting in curbed consumer spending. The market intermittently found strength on account of additional and prolonged production cuts announced by OPEC+, however the upward movement was kept in check by persistent inventory builds in the US and resilient Russian production despite sanctions. In the last six months prices trended significantly higher as OPEC+ announced additional production cuts of 1 million barrels per day (bpd), up from the previous 1.66 million bpd till the end of the year. China's efforts to provide stimulus to their economy and higher consumption on account of an extended driving season in the US helped prices maintain this trend. Nevertheless, fears of an over-supplied market and poor market sentiment resulted in prices tumbling towards the end of the year, despite the negative sentiment arising from the ongoing conflict in the Middle East. Crude oil (WTI) prices averaged at US\$ 77.72 per barrel, almost 18% lower than the last year.



Paraxylene (PX) Industry

The Paraxylene (PX) market exhibited bullishness, moving in contrast with the upstream energy prices during the start of the year. The increase was mainly due to planned turnarounds taking place in mainland China and the uptick in demand post Lunar New Year Holidays; however market

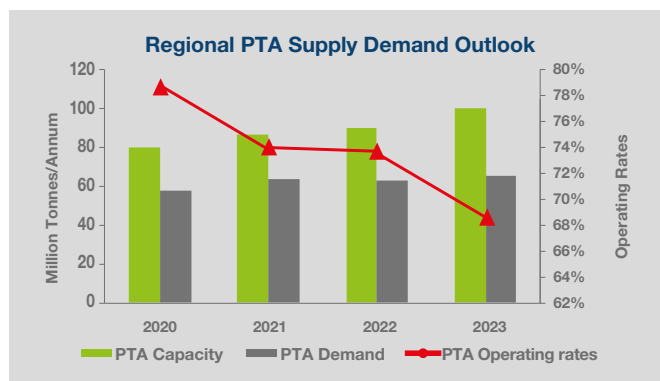
fundamentals normalized eventually with prices retreating, moving in parallel with the upstream energy prices. PX markets in the second half of the year continued to move in tandem to the upstream, with prices rebounding while prompt supply remained tight on account of product being diverted to the Gasoline pool coupled with strong demand observed from the downstream PTA sector in China owing to the start-up of several new PTA facilities. Towards the end of the year prices trended downwards as a result of the pessimistic global macro-economic reports plaguing the sentiment in the entire chain. The average price of PX for the end of 2023 registered at US\$ 1,038/MT, 6% lower than the previous year, while the average PX Margin for the year was US\$ 389 per tonne as compared to US\$ 319 per tonne in 2022.



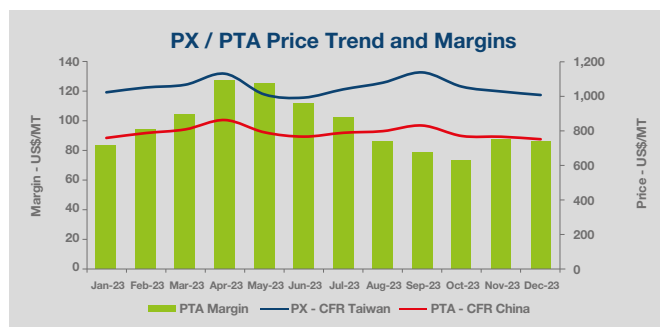
PTA Industry

The PTA prices moved in parallel to the upstream PX prices throughout the year, however, initially the polyester demand failed to recover to seasonal high levels due to the depressed consumerism which resulted in limited price gains. Furthermore, PTA prices began to trend downwards, as market players took a cautious approach on the basis of volatility in the upstream markets, while the uncertainty in the macro-economic environment continued to persist. The last six months, PTA prices trended higher with operations at record high levels in China on account of 13 Million MTs of new capacity being added in the entire year. Strong demand prior to the Golden Week Holidays helped absorb the additional product however PTA-PX margins came under severe

pressure during which only the vertically integrated units remained profitable. Despite the increase in demand, both in the PTA and the downstream markets, the price growth was brief as upstream prices fell due to the strong economic headwinds in the global market and stunted growth in major economies.



The average PTA Operating Rate for the year in the region was 69%, a year on year decline of 4%. The average PTA price for the year was US\$ 780 per metric tonne whereas the average PTA Margin over PX for the year averaged at US\$ 96 per tonne as compared to US\$ 116 per tonne in the previous year.



Domestic Downstream Industry

Despite resilient demand, the Domestic Polyester Industry in the first half of the year faced difficulties in maintaining the operating rates due to disruptions in the supply chain on account of limited availability of Foreign Exchange for establishing Letter of Credits. During the second half of the year the market sentiment was plagued by negative factors such as record high energy prices, volatility in exchange rates as well as poor export and domestic demand due to high inflation. Additionally, the geo-political situation was seemingly having an effect on domestic PET sales as well. The new capacity additions in Q4 – 2023 in the PET and Textile sector added pressure to the existing over supplied domestic market. The domestic polymer industry operated

at around 75% in the year as compared to 81% from the previous year, however reportedly, the downstream closed the year with high inventories in their respective industries.

Operations

The Company had to shut down its plant operations twice during the year - from 15 March till 30 April 2023 due to unavailability of raw material on account of economic conditions prevalent in the country and from 18 October till 12 November 2023 due to lower domestic downstream demand. As a result, Production volume during the year at 327,829 tonnes was 30% lower than last year while Sales volume at 309,654 tonnes was 34% lower than last year.

The Company continued to make investments in its production facility, aimed at sustaining continuous reliable operations and to improve plant efficiencies.

Health, Safety and Environment (HSE)

Lotte Chemical continues to uphold the highest safety standards for its own employees as well as the contractor's staff. It ensures that HSE is embedded as a core value and continuously strives for a safe and secure workplace. This is evident by an outstanding safety record stretching over 25 years without a lost-time injury. The Directors are proud to report that your Company has maintained due focus on HSE and has achieved a major milestone by completing 69 million man-hours as of 31st December 2023, without any injury to own or to contractors' employees.

Your Company actively fosters a culture of training and capacity-building of its employees and invests in state-of-the-art equipments and techniques to ensure safety at all times. During the year, both internal and external audits were carried out to verify compliance with regulations and standards. No major concerns were reported in these audits. In addition to this, the Company's liquid effluent met national environmental quality standards and gaseous emissions also remained within regulatory limits.

A detailed report on HSE performance and development in 2023 is available on page 63 of the Annual Report.

Impact of the Company's Business on Environment

Protection of the environment remains a critical component of our sustainability vision. Energy, water,

waste and resource conservation; biodiversity enhancement; emissions management and regulatory compliance; are all essential areas of focus for us.

We are committed to ensuring that our operations remain environment friendly - taking an avid interest in reducing our carbon footprint. In line with this belief, we maintain a state-of-the-art deep shaft technology Effluent Treatment Plant (ETP) and Anaerobic Reactor to treat liquid effluent and improve our waste management. Being an ISO 14001 certified organization, and believing that long-term economic sustainability depends on ecological sustainability, our focus remains on reducing waste.

A detailed report on Environmental protection is available on page 68 of the Annual Report.

Financial Performance

Amount in Rs million	Year ended 31 December	
	2023	2022
Revenue	81,619	100,266
Gross profit	10,245	17,824
Profit before taxation	9,508	15,757
Taxation	(4,430)	(5,639)
Profit after taxation	5,078	10,118
Earnings per share (in Rupees)	3.35	6.68

Revenue of Rs 81,619 million for the year was lower by 19% compared to Rs 100,266 million of previous year. The Company posted a gross profit of Rs 10,244 million for the year as compared to gross profit of Rs 17,824 million during the same period last year. Distribution and selling expenses were 15% higher while Administrative and general expenses were 9% higher than last year due to overall impact of high inflation.

Other operating expenses were lower than last year mainly due to lower provision for Workers' Profit Participation and Workers' Welfare Funds on the back of lower profit. Other income for the year was higher than last year due to higher income earned on bank deposits.

The taxation charge for the year is based on statutory income tax rate and tax under Final Tax Regime (FTR) as adjusted by the movement in the deferred tax account. The taxation charge also includes prior year tax charge as a result of retrospective increase in the rate of Super tax from 4% to 10% from Tax year 2023.

Earnings per share (EPS) for the year stood at Rs 3.35 per share as compared to Rs 6.68 per share for last year.

Post Balance Sheet Event

The Board has announced a final cash dividend of Rs 1.00 per share for the year ended 31 December 2023, subject to the approval of the shareholders in the annual general meeting. This is in addition to an interim dividend of Rs 2.00 per share (i.e. 20%) already paid to the shareholders of the Company.

Human Resources

Your company remains passionate about promoting and maintaining a culture of employee engagement and inclusiveness where work is meaningful, employees are valued and collaboration is celebrated. Lotte Chemical understands that in order to maintain the Company's market position, attracting, retaining and developing talent across all functions is a crucial and incessant process.

As part of its human capital strategy, the Company advocates equal opportunity employment. While we ensure compliance with the prevailing labor laws, we follow best practices in industrial relations and ensure a productive and positive work environment for all. Throughout 2023, HR standards were held high and untiring efforts were made to increase efficiency and accountability, while improving services to our customers and streamlining our administration.

A detailed report on human resource performance and development in 2023 is available on page 52 of the Annual Report.

Corporate Social Responsibility (CSR) Activities

We have identified Health and Education as the foremost need of our people and strive to improve these areas by supporting and partnering with charitable organizations. As a socially responsible corporate citizen, your Company has committed itself to the uplift of local communities and society. In order to better organize CSR activities the Company has established LOTTE Pakistan Foundation (LPF).

A detailed report on CSR activities undertaken by the Company in 2023 is available on page 70 of the Annual Report.

Future Outlook

Going forward, Crude Oil (WTI) prices are expected to trend higher in the coming year as compared to current levels keeping in view the resilient economic performance reports coming out of the US as well as fears of the current unrest in the Middle East being prolonged and also spreading further into the region. However, the price movement may be limited as the world's biggest economy, China, continues to underperform despite the government's efforts to provide stimulus to their economy.

Paraxylene prices are anticipated to follow the trend of the upstream Crude Oil market, additionally with expectations of product diversion to be continued towards the Gasoline pool and lack of new PX capacities expected in the coming year, we expect the PX supply side to remain tight as well. The PTA market will largely be influenced by the significant new capacities already added in the previous year as well as the expectations of new capacity additions in 2024 of around 9.2 Million MTs. This may result in PTA-PX margins coming under pressure that could force producers, especially stand-alone PTA units to rationalize operations. The continued strong performance of the polyester sector remains to be seen as high inventories in the supply chain will be affected by the positive global macro-economic outlook projected which has painted an abstract picture for the coming year.

The Domestic Polyester Industry is expected to continue struggling on the operational level in the coming year as the increasing cost of doing business in the country will limit growth. The existing high energy prices, high interest rates and soaring inflation may limit producer activities which are already grappling with low priced imports in the chain. However, market anticipations grow for resurgence in local sales and exports in the coming year on the basis of efforts being made by the Government for consistent macro-economic policies and the smooth transfer of power post General Elections planned in the country in February.

Corporate Governance

The Directors are pleased to state as follows:

- The financial statements of the Company, prepared by the management fairly present its state of affairs, the results of its operations, cash flows and the changes in equity.
- Proper books of account have been maintained by the Company.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures there from, if any, have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.

Principal Activities

The Company is engaged in the manufacture and sale of Pure Terephthalic Acid (PTA). There have been no changes in the nature of the principal activities during the financial year.

Risk Management

The Audit Committee monitors the Company's risk management process and reviews the adequacy of the risk management framework. The Board has an overall responsibility for the risk management process and internal control procedures. The Company's documented and regularly reviewed procedures are designed to safeguard our assets, address risks facing the business, and ensure timely reporting to the Board and senior management. A clear organizational structure with defined delegation of authorities is maintained and the senior management takes the day-to-day responsibility for implementation of procedures, ongoing risk monitoring, and effectiveness of controls.

A statement summarizing principal risk and uncertainties faced by the Company is given on page 37 of the Annual Report.

Election of Directors

At the Extraordinary General Meeting of the Company held on 22 June 2023, Mr Sang Hyeon Lee, Mr Young Dae Kim, Mr IL Kyu Kim, Ms Jae Sun Park, Mr Tariq Nazir Virk, Mr Shabbir Diwan, Mr Rashid Ibrahim and Mr Khurram Rashid were elected as Directors of the Company for a three-year term commencing from 23 June 2023.

Following the election of Directors, Mr Sang Hyeon Lee was re-appointed as Chairman and Mr Young Dae Kim as Chief Executive of the Company for a term of three years commencing from 23 June 2023.

Board Changes

Mr Sang Hyeon Lee and Mr Tariq Nazir Virk resigned with effect from 14 February 2024 and Mr Sung Soo Bae and Mr Kyung Hoi Yoo were appointed as Directors with effect from the same day to fill the casual vacancies for the remainder of the term to expire on 22 June 2026.

Following this Mr Sung Soo Bae was appointed as Chairman of the Board in place of outgoing Director Mr Sang Hyeon Lee with immediate effect.

The Board places on record its appreciation for the valuable contributions made by the outgoing Directors, Mr Sang Hyeon Lee and Mr Tariq Nazir Virk and welcomes Mr Sung Soo Bae and Mr Kyung Hoi Yoo as the new Directors of the Company.

Composition of the Board

The total number of directors and composition of the board is as follows:

Total number of Directors	Nos
(a) Male	7
(b) Female	1
	8

Name of Director	Board of Directors meetings	Audit Committee meetings	HR & Remuneration Committee meetings
Mr. Sang Hyeon Lee	4		1
Mr. Young Dae Kim	4		1
Mr. IL Kyu Kim	3	3	
Ms. Jae Sun Park	3		
Mr. Tariq Nazir Virk	4		
Mr. Pervaiz Akhtar (retired w.e.f 22 Jun 2023)	2	2	1
Mr. Adnan Afridi (resigned w.e.f 14 April 2023)	2	2	
Mr. Mohammad Zubair (retired w.e.f 22 Jun 2023)	2		
Mr. Shabbir Diwan (appointed w.e.f 23 June 2023)	2		
Mr. Rashid Ibrahim (appointed w.e.f 23 June 2023)	2	2	
Mr. Khurram Rashid (appointed w.e.f 23 June 2023)	2	2	

Leave of absence was granted to directors who could not attend some of the Board meetings.

Composition of the Board	
Independent Directors	2
Non-Executive Directors	4
Executive Directors	1
Female Director	1

Committees of the Board

The names of members of the Board's committees are given below:

Audit Committee	
Mr. Rashid Ibrahim	Chairman
Mr. IL Kyu Kim	Member
Mr. Khurram Rashid	Member

HR and Remuneration Committee	
Mr. Rashid Ibrahim	Chairman
Mr. Sung Soo Bae	Member
Mr. Young Dae Kim	Member

The names of the persons, who at any time during the financial year ended 31 December 2023, were Members of the Board and its Committees along with their attendance is as follows:

During the year, 4 (four) Board of Directors, 4 (four) Audit Committees and 1 (one) HR & Remuneration Committee meetings were held. All Board meetings were held in Pakistan.

Director's Remuneration

The Board of Directors has approved a policy for remuneration of Non-Executive Directors (excluding the nominees of major shareholder) in respect of attendance at each Board of Directors, its Committee and General meetings of the Company. The policy also provides for reimbursement of reasonable expenses incurred for attending required Board and General meetings of the Company.

A statement summarizing remuneration of Chief Executive and Directors is disclosed in note 37 to the financial statements.

Board Evaluation

As required under the Listed Companies (Code of Corporate Governance) Regulations, evaluation of the board's own performance, members of board and of its committees of the Lotte Chemical Pakistan Limited was completed for the financial year ended 31 December 2023.

The online assessment was carried out by engaging external independent facilitator, THK Associates (Pvt.) Ltd.

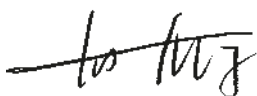
Key Operational and Financial Data

A statement summarizing key operating and financial data for the last six years of the Company is given on page 77 of the Annual Report.

Investment in Retirement Benefits

The value of net assets of the staff retirement funds as per their respective audited financial statements for the year ended 31 December 2022 is as follows:

	Value (Rs '000)
Lotte Chemical Pakistan Management Staff Provident Fund	616,741
Lotte Chemical Pakistan Management Staff Gratuity Fund	361,309
Lotte Chemical Pakistan Management Staff Defined Contribution Superannuation Fund	485,432
Lotte Chemical Pakistan Non-Management Staff Provident Fund	9,233
Lotte Chemical Pakistan Non-Management Staff Gratuity Fund	5,213



Sung Soo Bae
Chairman

Date: 21 February 2024
Karachi

Pattern of Shareholding

The statement of Pattern of Shareholding in the Company as at 31 December 2023 is annexed to this Report.

Adequacy of Internal Financial Controls

The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and control. The Board, through the Audit Committee monitors and reviews the adequacy of the internal controls. The internal control framework has been effectively implemented through outsourcing the internal audit function to KPMG Taseer Hadi & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

Trading in Company Shares

The Directors, Chief Executive, Chief Financial Officer, Company Secretary and Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

Holding Company

Lotte Chemical Corporation, South Korea continues to hold 75.01% shares in Lotte Chemical Pakistan Limited.

Subsequent Events

Subsequent to period end, notice of withdrawal of public announcement of intention has been received from Lucky Core Ventures (Private) Ltd which has been disclosed in Pakistan Stock Exchange (PSX).

Except as disclosed above, no material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company i.e. 31 December 2023 and the date of this report.

External Auditors

The present auditors M/s A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring auditors for the year ending 31 December 2024, as suggested by the Audit Committee, for approval of the shareholders in the forthcoming Annual General Meeting.

Acknowledgement

We acknowledge and are thankful for the continued support of our shareholders, customers, suppliers and employees.



Young Dae Kim
Chief Executive

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

Lotte Chemical Pakistan Limited Year ended 31 December 2023

The Company has complied with Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred as 'the Regulations') in the following manner:

1. The total numbers of directors are eight (8) as per the following:
 - a. Male: 7
 - b. Female: 1
2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Rashid Ibrahim Mr. Khurram Rashid
Non-Executive Directors	Mr. Sang Hyeon Lee (Chairman) Mr. IL Kyu Kim Mr. Shabbir Diwan
Executive Directors	Mr. Young Dae Kim Mr. Tariq Nazir Virk
Female Director	Ms. Jae Sun Park (Non-Executive Director)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company. requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
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.
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 the 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 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
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations.
9. As at 31 December 2023, seven Directors along with the CFO, have either completed the Director's Certification from authorised institutions or have the prescribed qualification and experience as per the Regulations. During the year, no director training program was arranged.
10. The Board has approved appointment of 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. However, no new appointments were made during the year.
11. 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	
Mr. Rashid Ibrahim	Chairman
Mr. Il Kyu Kim	Member
Mr. Khurram Rashid	Member

HR and Remuneration Committee	
Mr. Rashid Ibrahim	Chairman
Mr Sang Hyeon Lee	Member
Mr. Young Dae Kim	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 of the committees were as per following:

Committees	Frequency of meetings
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly

15. The Board had outsourced the internal audit function to M/s KPMG Taseer Hadi & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP 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 Directors 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 Listed Companies (Code of Corporate Governance), 2019 have been complied with from the date of its applicability.

19. With regards to compliance of regulation 6, it is noted that two independent directors were elected at the Board of Directors elections held on June 22, 2023. Given the specialized nature of business whereas the Company is the sole manufacturer of Pure Terephthalic Acid (PTA) in the Country, it was critical to have on board the persons with relevant industry experience, knowledge and understanding to oversee the performance of the businesses and guide the strategy of the Company which needs a majority shareholder reasonable representation in the Board having international expertise in the PTA industry.

The Board was also guided by the fact that rounding up is not a mandatory requirement under regulation 6. The Board is confident that it 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.

20. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is below:

The broad functions of Nomination Committee and Risk Management Committee are already being performed by Board and its sub committees. The Board is therefore of the opinion that separate committees for Nomination and Risk Management are not required.



Sung Soo Bae
Chairman

Date: 21 February 2024
Karachi



Young Dae Kim
Chief Executive



Independent Auditors' Review Report

To the members of Lotte Chemical Pakistan Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of LOTTE Chemical Pakistan Limited for the year ended December 31, 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 Regulations as applicable to the Company for the year ended December 31, 2023.

Date: 18 March 2024
Karachi
UDIN: CR202310059FZaiQ8uwE

A.F. Ferguson & Co.
Chartered Accountants

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ON-SITE MANAGEMENT

We believe in accurate evaluation and quick decision making. We evaluate the business progress through direct communication in the field with customers, executives and partner companies, and include their ideas and suggestions in our strategy.

Functional & Operational Excellence

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Human Resources (HR)

We firmly believe that employees constitute a company's greatest asset and play a pivotal role in ensuring the ongoing success of an organization. Consequently, our focus is directed towards the attraction, development, and retention of talented individuals possessing the essential qualities required contributing to the achievement of both current and future organizational objectives.

Our dedication extends to cultivating a learning-oriented culture, wherein each individual receives adequate training to foster their personal and professional growth. Rooted in our flexible and contemporary Human Resource policies, our organizational culture not only allows employees to realize their full potential but also facilitates its enhancement. We uphold principles of fairness in our treatment of all employees and service providers; ensuring compensation aligns with industry norms and providing a secure working environment for everyone.

Training and Development

We believe that the caliber of training received by our company's employees has a profound effect on their overall performance. Our comprehensive and timely training and development initiatives are designed to equip our employees with the essential skills required for optimal performance. Following a structured approach, we extend opportunities for management

and leadership development to our workforce.

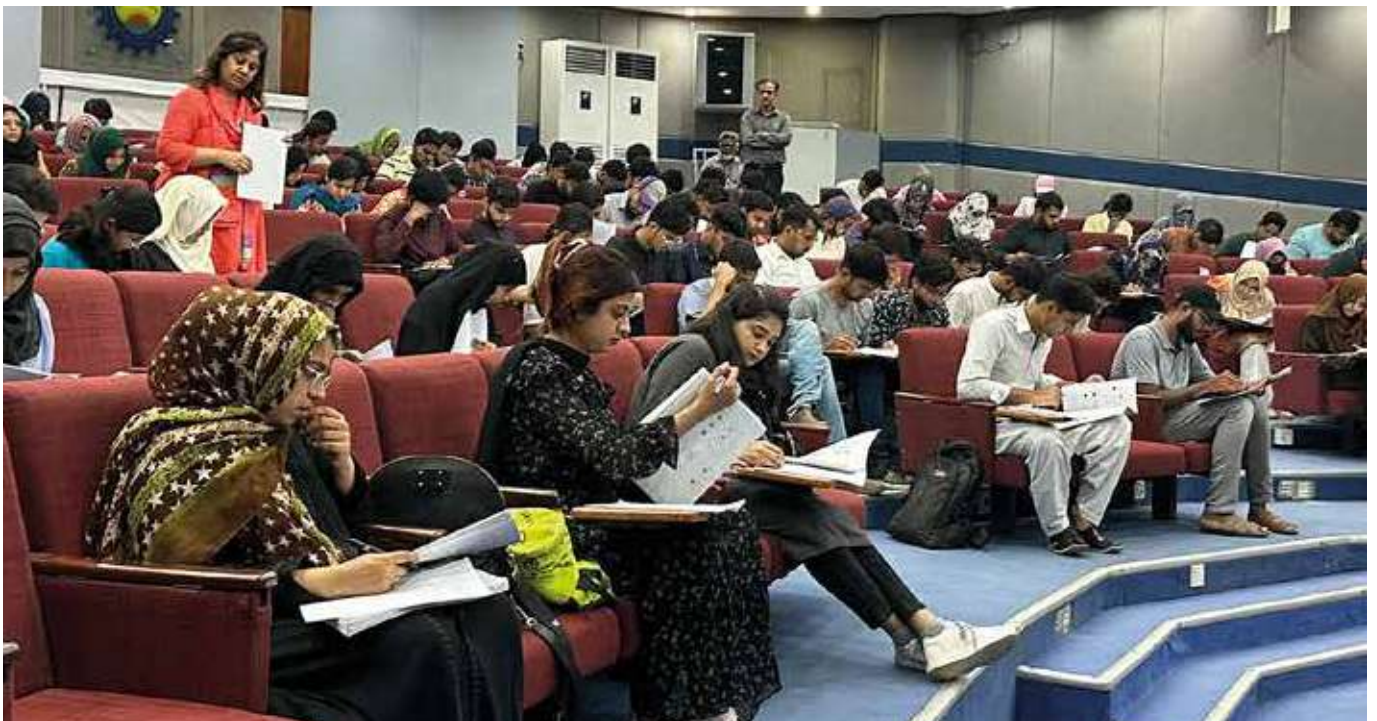
Within the framework of our performance evaluation system, we identify the developmental needs of our employees. By comparing their existing capabilities and competencies to the targeted standards, we pinpoint individual development areas, thus contributing to the Training Need Analysis. This process of employee development is seamlessly aligned with the overarching strategy of our company.

Talent Acquisition

The company strategically recruits promising graduates across diverse professional and academic disciplines, recognizing them as future leaders in the business and industry. We invest in their growth by offering comprehensive training and development opportunities within our organization.

In the year 2023, multiple Graduate Trainee Engineer Recruitment Drives were conducted, adhering to stringent selection criteria that ensure the hiring of young and talented individuals from top engineering universities in Pakistan.

Our commitment extends beyond recruitment, providing our trainees with opportunities to network with leaders



and decision-makers in their respective fields. These interactions serve as invaluable platforms for gaining insights and practical knowledge from seasoned industry practitioners. Additionally, our personnel development plans are tailored to offer necessary support, training, and coaching, ensuring the success of our employees at all levels.

The company also opens its doors to interns from various universities, offering programs in technical and business management. Despite a significant reduction in the internship program compared to previous years due to health and well-being concerns, participating students benefit from gaining exposure to our corporate culture and business practices, working alongside a highly professional and supportive staff.

Our structured Apprenticeship Program, compliant with the rules and regulations of the Government of Pakistan, serves as another avenue for talent acquisition. This program provides apprentices with a 24-month training opportunity, encompassing various areas and functions of the plant. Throughout this period, they not only acquire in-depth technical knowledge of the plant but also develop a comprehensive understanding of processes related to occupational health and safety.

Career Portal

The company is committed to enhancing its recruitment system through the strategic application of technology. In 2023, a new and sophisticated career portal was developed and successfully implemented. This portal enables the HR personnel to seamlessly post job vacancies online and electronically screen through resumes of eligible candidates.

The utilization of this portal not only results in significant cost and time savings but also empowers the HR department to generate comprehensive statistics and reports related to job applications. Furthermore, it facilitates in-depth analyses and enables prompt responses to applicant queries. Additionally, the portal serves as a valuable tool for line managers, providing them direct access to resumes and enhancing their active participation in the recruitment process.

Employee Engagement

We are enthusiastic about fostering open communication with our employees, actively seeking their input, and

addressing any concerns they may have. The Human Resources department has consistently prioritized key HR areas, implementing various initiatives aimed at promoting and enriching employee engagement.

Dialogue Sessions

Communication sessions serve as a valuable platform for employees to interact with management, contributing to improved communication and increased engagement. The annual Young Engineers' and Trainee Engineers' sessions specifically provide a forum for dialogue with senior management, offering an opportunity for meaningful engagement at the early stages of their professional careers.

Recreational Activities

LCPL recognizes the significance of recreational activities in enhancing the overall well-being of employees. These activities play a crucial role in improving physical health, emotional well-being, and cognitive functioning. Throughout the year, the company organized various recreational events, such as the Eid Milan Party and sports activities, which saw enthusiastic participation from employees.

In addition to these events, a comprehensive Health Drive was organized in 2023. This initiative aimed to raise awareness and encourage employees to be more mindful of lifestyle choices that can have both short-term and long-term impacts on their health. The company remains committed to promoting a holistic approach to employee well-being.



Newsletter

We produce a company newsletter called 'Connect,' through which we disseminate important updates to both employees and other stakeholders. This publication covers a range of topics including HR development, social events, business performance, CSR interventions, HSE performance, and continual improvement initiatives. 'Connect' serves as a regular and comprehensive source of information on various aspects of our company's activities and achievements.

Employee Satisfaction

We recognize the significance of employee satisfaction in fostering engagement with the company. To gather valuable insights, we conducted surveys specifically focused on food and transport services, seeking feedback from our employees. Subsequent to these surveys, we proactively implemented actions for improvement based on the received feedback. This commitment to addressing employee concerns contributes to enhancing overall satisfaction and engagement within the company.

Diversity and Inclusion

We embrace diversity across various dimensions, including gender, ethnicity, beliefs, skills, and life experiences, as we firmly believe that a diverse workforce propels our progress. The inclusion of multiple perspectives and experiences within our workplace not only aids in understanding the perspectives of our customers, suppliers, and communities but also contributes to the development of innovative solutions and the enhancement of our Corporate Social Responsibility efforts.

An important focus for us is achieving a balanced gender representation in our organization, recognizing the under-representation of females in the petrochemical industry. We actively encourage and fully support women to join our team, fostering an environment of inclusivity.

Our selection process is designed to be unbiased, with the goal of hiring creative thinkers and innovators who exhibit out-of-the-box thinking. We seek individuals who are adept at multitasking, flexible, and passionate, possessing a progressive perspective that drives continuous improvement and inspiration for themselves and others. These qualities are central to our strengths and, ultimately, the drivers of our business.

To address diversity and equal opportunity, we employ various measures such as strategic workforce planning, along with the development of programs and policies. Recognizing the advantages of a diverse workforce, the company cultivates a culture of respect and tolerance among its employees.

Talent Localization

The company is dedicated to nurturing positive and mutually advantageous relationships with its employees, customers, suppliers, and communities. Our vision is centered on becoming the preferred supplier and employer not only in Pakistan but also in the markets where we operate. In alignment with this vision, our talent management initiatives encompass a range of components aimed at developing the local workforce and harnessing talent within Pakistan. Notably, in 2023, a significant majority of our workforce comprised local talent.

Our commitment extends to recruiting individuals with the right skills to deliver the services and operational excellence our customers require, precisely when and where they need them. Simultaneously, we actively contribute to building and reinforcing local talent pools. To support these endeavors, we provide cutting-edge training and competency development programs, ensuring that our workforce remains equipped with the skills and knowledge necessary to excel in their roles.

Transparency and Ethics

We hold our employees to the highest standards of integrity, discipline, and ethics, recognizing these values as fundamental to our company's success. Our Code of Conduct establishes clear expectations, providing guidance to employees for the implementation of ethical business practices. To further support the adherence to this code, we have implemented a dedicated 'Speak Up' policy. This policy serves as a mechanism for employees to report any concerns or violations related to the Code of Conduct.

Our commitment to transparent business practices and free enterprise is reflected in the establishment and adherence to procedures that comply with applicable laws and regulations. By upholding these principles, we ensure the ethical foundation of our operations and contribute to a culture of integrity within the organization.

Information Technology (IT)

The Company's IT Function is dedicated to enhancing business value through strategic initiatives and optimizing service delivery to achieve maximum process automation while adhering to the latest technology standards. In today's dynamic and competitive business landscape, where efficient processes are paramount to success, the significance of IT has reached unprecedented levels. It is essential for us to harness technology for the seamless integration of all business processes, aligning with business objectives and fostering innovation.

The pervasive influence of Information Technology extends across every facet of our business operations. In the current landscape, IT plays a pivotal role in supplying critical information to enhance productivity, boost performance, reduce costs, elevate the customer experience, streamline communications, and facilitate informed managerial decision-making. Information Technology now stands shoulder to shoulder with other key departments such as Finance, Marketing, Commercial, and Human Resources, firmly establishing itself as an indispensable and integral function within the organization.

IT Steering Committee (ITSC)

Information Technology has evolved into a crucial resource driving business innovation, assuming greater responsibilities than ever in steering the Company towards progress. The IT

Steering Committee is dedicated to addressing strategic IT concerns; aiming to optimize the integration of IT into business operations, enhance overall Company performance, explore avenues to harness the full potential of existing and emerging IT products, and deliver innovative and cost-effective IT solutions.

With a focus on overseeing project statuses, the IT Steering Committee actively monitors and reviews ongoing initiatives. Additionally, the committee contributes valuable insights for shaping future plans, establishing and maintaining a forward-looking vision for the effective utilization of IT resources.

The Company's Business Processes

We consistently engage in mapping and documenting our business processes with the aim of minimizing complexity, optimizing operations, and bolstering controls through the transformation of processes into automated functions. In our pursuit of increased efficiency and productivity, we actively formulate plans and conduct training sessions to introduce automated workflow systems.

Teamwork

Our unified "one team" approach enables effective engagement across all levels, from the c-suite to the front line. Our collaborative work methodology places a strong





emphasis on teamwork, trust, and openness to diverse perspectives. Comprising a team of individuals with diverse skills and talents, we actively collaborate to find solutions to challenges and approach problems with resilience.

Major Projects / Improvements

The commitment to operational excellence remains a fundamental aspect of the IT function. In the year 2023, significant steps were made with the upgrade of two major systems. One in collaboration with the Instrumentation Team, focusing on the Co-Gen DCS and incorporating InfoPlus.21 connectivity and the other with the Engineering Team targeted the enhancement of Process Air Compressor hardware and software.

Numerous new systems were developed, and existing systems undertook improvements to align with evolving business requirements. These systems catered to various business functions across the organization, utilizing platforms such as Oracle, HCL Notes, and Web. The IT infrastructure received notable upgrades, encompassing servers, routers, switches, and internet bandwidth, resulting in minimized system downtime and heightened user productivity. Additionally, enhancements to the video conferencing facility have significantly improved communication while concurrently reducing expenses.

Information Security

At present, information security stands as a critical imperative for the entire organization. It entails safeguarding information, systems, and the hardware

involved in the use, storage, and transmission of that information. Ensuring the efficient and effective use, operation, and management of these systems is vital for maintaining business continuity and meeting organizational requirements. Recognizing the significance of Information Security, LCPL has developed policies and procedures aimed at managing business risks. These measures include defined controls that uphold the confidentiality, integrity, and security of data, along with the continuous availability of business-critical systems and information. To validate the robustness of these policies and procedures, internal and external auditors conduct annual audits.

Value Addition and Future Investment

Our commitment to continual improvement extends across our Company's IT infrastructure, technologies, processes, and procedures. This commitment yields enhanced controls, improved reporting mechanisms, optimized procedures, and ultimately, superior overall performance. Encouraging collaboration, innovation, and creativity, we strive to play a pivotal role in facilitating efficient and effective business processes. Our approach involves exploring innovative ways to leverage technological advances for the benefit of the business.

By consistently demonstrating "out-of-the-box" thinking, we aspire to set a benchmark as a model IT function that plays a critical role in advancing our business. Our overarching goal is to be at the forefront of IT excellence, continually contributing to the success and growth of our organization.

Manufacturing Excellence

At LCPL, the sole PTA manufacturer in Pakistan, we are dedicated to raise the bar continuously in every aspect of our operations. With great pride, we have cultivated a culture and established a system that harnesses employees' potential, while keeping them motivated to work with utmost dedication, commitment, and professionalism. Resultantly, we witness consistent production of a world class quality product, exceeding customer expectations and fostering robust relationships.

LCPL believes in empowering its employees, providing them with the freedom to work creatively and encouraging them to bring forth new ideas and initiatives. Each year, we set ambitious targets that drive our team to strive for excellence and impeccable delivery in manufacturing.

With a focus on employee empowerment, growth, teamwork, and technical capacity building initiatives; LCPL exceed targets that further inspires our team to achieve superior manufacturing performance.

Furthermore, LCPL's efficient plant operations and strict compliance with the highest international safety, health and environment standards not only ensures a high-quality product, but also prioritizes the stakeholder wellbeing, thereby mitigating workplace hazards.

Plant Availability

Plant availability is a critical index to gauge the effectiveness of the maintenance strategies that are established in any manufacturing setup. The prior year was extremely challenging on this front, since external factors including downstream demand outages forced multiple plant shut downs during the year. However, the team had a laser-eye focus on plant reliability, avoiding loss in plant availability during operating months through preventive and predictive maintenance regimes. The team ensured keen surveillance and provided swift response to any foreseeable challenges thorough operating procedures, careful inspections, and timely issue rectifications.

Raw Material Conversion

With decreased demand, LCPL was forced to operate at a lower rate which is not an ideal scenario for variable cost however, LCPL is proud to announce that it has achieved the ever highest conversion efficiency in some of its major raw materials, such as Acetic Acid, Cobalt Acetate and Hydrogen Bromide, thus, setting new benchmarks. This was only possible due to continuous improvement and a

mindful approach of turning adverse situations into improvement opportunities.

Trainings

Investment in human capital remains the most pivotal facet of organizational success. The significance, however, increases manifold in a complex, hazardous petrochemical complex where investment in technical capacity building is almost imperative to ensure safe and smooth plant operation. Aware of this need, the team organized few of the best trainings including Root Cause Analysis, Incident Investigation, and specialized training for radioactive level transmitters, for its staff in 2023, which will definitely add value to the skill set and will further improve team performance. In addition, a comprehensive in-house training program was also organized for transfer of knowledge and skills within the teams.

Localization and Cost Optimization Initiatives

In a challenging year when external factors such as import restrictions and inflation that negatively impacted the cost of maintenance, the LCPL team remained committed in contributing to the company's bottom line by playing their part in reducing fixed costs. Exemplary dedication was observed in identifying and completing initiatives, which resulted in execution of repairs on the plant without incurring hefty costs.

LCPL developed a new method to regenerate its Palladium catalyst resulting in improved performance and enhancing its life by eliminating the fine particles, which hinder the performance and quality.

Some of other initiatives included local development of ETP Chiller's Compressor Bearings including rotor refurbishment, refurbishment of Residue Evaporator, repair of Fourth Pre-Heater Bellow and Modification of HP Dissolver Pump's shaft against obsolescence, procurement of high cost spares through alternate suppliers like AMA Filter Cloths, CTA Dryer Bellows, procurement of Cooler bundles of Instrument Air Compressor, local development of boiler FD fan muffler and AMA Filters etc. Another key modification was performed around the routing of Oxidation plant crystallizer condensate stream in order to reduce load on rotary vacuum filters thereby; improving efficiency and additionally, the performance of rotary vacuum filters were significantly enhanced by troubleshooting issues by maintain close collaboration with the vendor. This resulted in improved dryer performance, thereby reducing caustic washing requirement and improving plant capacity.

A modification was implemented on our core plant to extend desiccant media's life. The existing scrubbing system was revamped to scrub off-gases before feeding them into off-gas dryers in order to remove contaminants, primarily Acetic Acid, which can have an impact on desiccant bed performance. After commissioning, a significant improvement was observed and a consistent positive performance was sustained, resulting in a longer lifespan for desiccant alumina.

Thus, this year operational excellence concept was developed under which benchmarks were set for the optimum plant operation at each load and relevant strategies were developed to minimize the losses in shutdowns. Significant savings were generated under the umbrella of operational excellence.

Demonstrated Engineering Competence

LCPL has had a remarkable record of accomplishment in terms of plant reliability and availability. State of the art technology and incredible use of precious engineering metallurgies have afforded the equipment with enhanced useful life and tremendous operational reliability. Additionally, engineering competence of LCPL

team has assisted in maintaining plant's health and integrity that has been in operation for more than 28 years. In year 2023, team has demonstrated its ability to deal with complex issues in an apt manner to ensure plant reliability, integrity, and availability. Fixing CTA dryer shell, E1-1212 expansion below rehabilitation, rotary vacuum filter center grid rectification etc. are few examples where engineering excellence that were demonstrated to streamline plant issues in an economical, and effective manner. While doing so, the team has also invested in specialized tools such as Clamshell cutting and beveling machine, which is the only machine of its type in Pakistan, further enhancing our ability to deal with similar issues in-house in the future.

AAFO Project

LCPL team converted an old RFO tank into an acid storage tank following a thorough engineering assessment and design improvement process with respect to the material compatibility and safe storage of acetic acid in the same. The initiative was taken to increase the storage capacity of acetic acid on-site. Complete engineering support was provided in-house for design, installation and commissioning of AAFO project.



Up gradation of Process Air Compressor Vibration Monitoring System

Process Air Compressor (PAC) is the heart of LCPL PTA plant; it provides compressed air for Oxidation of Paraxylene for the formation of Terephthalic acid. PAC has been equipped with the best in class condition monitor system, i.e. System-1 by Bently Nevada, for its continuous health monitoring to ensure round the clock monitoring and protection of this critical asset. In year 2023, this system has been upgraded from the prior version installed in 2010, i.e. System-1 Classic, to the latest version, i.e. System-1 Evolution (Evo), which brings better options and features in terms of connectivity, compatibility with latest operating systems and carefully designed tools for enhanced monitoring.

Rotary Vacuum Filter (ROVAC) M1-410 A/B Overhauling

Rotary Vacuum Filters are vital equipment for the filtering of CTA from solvent Acetic Acid so that it could be refined to produce PTA. The performance of these rotary filters significantly influences productivity of the plant. Therefore, its smooth operation is critical with respect to the product quality and manufacturing efficiency. One of the major activities during 2023 on Filtration area was overhauling of these ROVAC filters. The overhauling resulted in achieving the benchmark performance values in terms of throughput and moisture on Rovac (A&B).

Cooling Tower Structural Reinforcement

All five cooling tower cells are supported on a wooden structure, till the top deck. This supporting structure is composed of chemically treated wood that is not locally available. Further, there is a possibility of rotting and decaying of wood due to long-term exposure with water. It was decided to reinforce the existing cooling tower structure with pultrusion Fibre Reinforced Plastic (FRP) supports superior durability and offers corrosion resistance from moisture and water. The Cooling Tower Institute (CTI) also recommends the usage of FRP material inside cooling towers due to their above-mentioned advantages. This FRP material is less costly and is available locally. The cooling tower support reinforcement activity with FRP material was carried on each cell until it fills support level and all cells were successfully taken back in service.

GTG Semi-Annual Maintenance and High Pressure Compressor Blades Cleaning:

The 48MW GE LM 6000PD Aero-derivative Gas turbine is a critical asset of LCPL. The Gas Turbine has been instrumental in making LCPL self-reliant in power generation. It has not only been a source of reducing variable costs for LCPL by avoiding power import but has been a source of additional revenue generation by exporting surplus power to K-electric. As per the Gas turbine, preventive Maintenance regime, Bi-Annual inspections of the Gas turbine were performed to ensure the integrity and reliability of the machine for sustained and uninterrupted power supply. In addition, the blade cleaning of its high-pressure compressor (HPC) rotor and stator was carried out by removing the lower and upper halves of the compressor casing to improve the compressor efficiency. The activity improved operating efficiency of the unit and contributed in reducing variable cost of manufacturing.



CoGen DCS Upgradation

The Cogen Plant ABB 800xA Distributed Control System upgraded for reliable operation, essential for GTG & HRSG operation, it was rebuilt by upgrading to latest hardware along with virtualization of servers. It is the first project in Pakistan based on virtualization approach, which will deliver optimal performance on complex systems. By adopting the virtualization approach, significant cost has been saved along with enhanced life, reliability and availability of this critical system.

GTG MW Import/Export Regulation Logic

To optimize MW Import/Export to KE from GTG, a new logic was developed on DCS through local vendor support. Through in-house efforts, this logic was successfully integrated with GTG Controller and successfully

commissioned. Moreover, emergency selector switch was also provided at Cogen DCS Board for overriding this logic incase it was required. PKR 26Mn was saved by executing logic on SCADA system instead of GE system.

Ox 1st Crystallizer (D1-401) Radioactive Level Transmitter Reliability Enhancement

Accurate level Monitoring of first TA Crystallizer D1-401 is critical to meet the maximum production demand and to decrease the likelihood of overflow hazards creating safety and product quality issues. The extreme environment and non-uniform temperature gradients on the vessel made its level measurement highly unreliable. Instrumentation team countered this recurring issue with an excellent idea to replace the traditional detector housing with the new water-cooled housing to improve on the pre-mature failure of electronics; thereby increasing the reliability of level measurement. This up-gradation has highly improved level transmitter's response and allowing Production team to have better process control, meanwhile mitigating the recurring unplanned downtime.

C1-2580A Control System Migration to DCS

ETP Chiller C1-2580A was safely migrated to DCS control and has been smoothly running subsequently. After many years of operation through the old control system, all chillers have now been migrated to DCS control making ETP

operation more efficient and reliable. The modification involved installation of new sensors, specialized modules, development of DCS logic and graphics, so it was an equal challenge to be completed as the previous two chiller units.

RMU Network Rehabilitation including Replacement of 11kV Cables and 400V DBs at Plant Site

The recent RMU (Ring Main Unit) network rehabilitation project at our plant site involved a multifaceted approach to enhance the overall reliability of our electrical infrastructure. A crucial aspect of this initiative was the replacement of 11 kV cables, coupled with in-house terminations, aimed at reinforcing the power distribution system. Simultaneously, rehabilitation effort included the replacement of RMU 400 V Distribution Boards (DBs) at the plant site. The decision to upgrade the DBs was prompted by their deteriorating condition, characterized by extensive corrosion. The corrosion of DBs was primarily a result of prolonged exposure to corrosive environment. Factors such as high humidity, harsh weather conditions, and the presence of corrosive substances contributed to the degradation of its components over time. The comprehensive rehabilitation not only addressed immediate concerns but also underscored our commitment to sustaining a robust and resilient electrical infrastructure within the plant, mitigating risks associated with corrosion and ensuring safety and prolonged operational efficiency.



Technical Training Centre (TTC)



Since 2009, LCPL's Technical Training Centre (TTC) has been providing a systematic method of training to all plant personnel working in various departments. TTC serves as a training resource to enhance professional skills and competencies of all the manufacturing staff, offers training and Orientation sessions on LCPL best HSE practices to neighboring industries and providing road map to incoming apprentices and engineering graduates, in turn playing a key role since its inception to achieve business objectives.

Training centre is equipped with a variety of state-of-the-art facilities. There are number of training rooms of various sizes, to cater to the requirement of individual training/trainer. The display area contains models of plant equipments to facilitate the trainers. Also a number of training manuals, modules, APIs and other forms of technical and safety literature such as videos are regularly updated by staff members at the TTC.

Training KPIs

In 2023, continued focus was maintained on TTC activities. A total of 104 Technical & HSE trainings were conducted at the Company. Overall training man-days (for both LCPL and contractors staff) were 849.87 days.

Orientation Training for Trainee Engineers and Apprentices

A four-week orientation programme has been formulated for fresh graduates who join the company. The aim of the programme is to give graduates an overview of the basic operational and safety procedures of the plant before they start their formal training in their respective sections. In 2023, one batch of 9 Trainee Engineers (TEs) completed their HSE orientation training at TTC, which was conducted by its internal Company staff.

An 8-week orientation program has been developed for apprentices, which provides basic training on different

areas of the plant, during 2023 one batch of apprentices completed their orientation at TTC.

Internal Faculty Recognition Programme

In line with Company's strategy to enhance and hone people's skills and abilities, LCPL has developed a talented pool of in-house trainers through Internal Faculty Recognition Programme (IFRP). Launched in August 2013 by the Sustainability department, the IFRP is driven by the TTC.

The pool of internal trainers conducts various learning and development programmes within the Company, which saves training costs and helps improve a learning-culture based on knowledge sharing.

Job Qualifying Programme (JQP)

Job Qualifying Programme is a structured training programme to enhance competency and skills of the manufacturing staff. JQP is a self-study programme that is followed by a written and practical examination - providing a great avenue for employees who want to sharpen and diversify their skills while working. Candidates are equipped with thorough knowledge throughout their training, be it in the form of quality reading material or regular guidance from line managers. JQP examinations are held twice a year - in April and September.

Core Development Plan for Engineers (CDPE)

The CDPE was designed to enhance the technical skills and knowledge of engineers, and bring them in line with the Company's Standards and Practices. CDPE is designed for graduate engineers of all disciplines-ranging from chemical, mechanical, electrical, Instrumentation etc - who have started their careers or have up to 5 years' work experience with the Company.

Total Productive Management (TPM)

A Decade of Excellence

TPM is a plant improvement methodology, which enables continuous and rapid improvement through use of employee involvement, employee empowerment, and closed-loop measurement of results. It involves individuals working in small-organized teams to create the most efficient working environment and mechanisms, while conforming to the highest safety parameters.

With the goal to achieve global competitiveness through operational excellence, Total Productive Management (TPM) was launched at plant site in October 2013, and this year marked the 10th Anniversary of TPM at our plant. A ceremony was held at plant site to commemorate the leaders, team members who have enabled us to achieve this milestone, and ensured successful implementation of TPM pillars at LCPL.

5S Activities

The 5S process is one of the most fundamental and widely-applied methodologies around the world. It is the foundation of TPM. The guiding principles underlining the 5S system include: organization, cleanliness, and standardization.

The concept behind 5S is simple: minimize waste and improve efficiency by ensuring that workers spend time on productive tasks rather than looking for misplaced tools and sort through waste material. 5S implementation ultimately improves workplace environment and creates a self-sustaining culture within the organization.

A grand 5S activity was held at plant on 26 October 2023, where the complete Manufacturing team participated.

TPM Autonomous Maintenance

The first pillar of TPM, Autonomous Maintenance (AM) is about maintaining one's equipment by oneself through cross functional team efforts. This pillar was started in mid-2016, and is a collaborative activity involving Production, and Technical teams working together to maintain basic conditions on shop floor, optimal performance of machines, and skill enhancement of the staff. The intent is to keep plant operation effective and stable to achieve production targets.

A new chapter of AM was started in 2021, where the core focus has now been shifted to the skill enhancement of

the teams and review of routine activities and operating procedures. In the new AM phase teams are working on resolving long standing waste factors and concerns, and eliminating losses and potential risks.

TPM Planned Maintenance

Planned Maintenance (PM) is the pillar of TPM that aims to achieve zero breakdowns and improve machine reliability. The objective of PM is to improve the effectiveness of operational equipment, in terms of increasing its reliability, maintainability, and performance and reducing maintenance costs and equipment failures. It is the deliberate methodical activity of building and continuously improving maintenance system.

Engineering team has been divided into 8 smaller groups for the implementation of this pillar. The pillar was started at the end of 2020 and all through 2023; we have been able to reap benefits of the system at various levels.

TPM Quality Maintenance

TPM Quality Maintenance (QM) was started at LCPL in September 2016. This pillar is aimed towards customer satisfaction by maintaining highest quality through defect free manufacturing and on eliminating non-conformances in a systematic manner.

During 2023, the teams worked on developing operation and maintenance manuals of laboratory equipment, on skill enhancement of team members, and on development of training materials for individual laboratory equipment. Special focus was on efficient management of storage spaces in Laboratory and lab working area and test benches were improved.

Suggestion & Reward System (SRS)

To improve manufacturing functions at the Company's plant site, a suggestion and Reward System (SRS) was initiated in December 2014. With the help of the IT department, an SRS database was developed, allowing employees to input their suggestions related to plant or process improvement.

This year 258 suggestions were raised in the system, which is the highest ever number of suggestions raised in a year. In 2023, 25 suggestions were implemented, resulting in significant cost saving for business.

Health, Safety and Environment

LCPL's performance of 69.59 million man-hours (as at 31 December 2023) without LTC is a landmark achievement by global standards. It places LCPL amongst the best Petrochemical companies and is a testament to Company's commitment towards compliance to world class safe systems, practices, and core commitment of the employees and & contractors.

Health, Safety and Environment (HSE) management forms an integral part of LCPL's core values and company remains committed to instill these values amongst its employees and contractors. To achieve world class standards, the Company has developed HSE management systems, which comply with international guidelines and local legislative requirements.

Throughout the years, LCPL has maintained exceptional safety records. Currently, amongst petrochemical industry, the LCPL is one of the leaders in terms of maintaining highest standards in Health, Safety and Environmental performance in all aspects of its operations. During its 25 years of operation, LCPL has sustained an excellent safety record. The Company crossed a milestone of 69 million man-hours without Lost

Time Case (LTC) in 2023. The long-term objective of "zero injury" remains unchanged because we believe that every occupational accident is preventable.

The continued success in HSE field is indicative of company management's resolve and the commitment by the teams beneath at all levels. At LCPL, management, non management and contractor staff work together to ensure conformance to highest safety standards. The management's focus on Health, Safety and Environment defines company's vision and success criteria for the future.

LCPL re-emphasizes the importance of safety within its staff by organizing capacity building workshops and hands on trainings to ensure its workforce conducts its business safely, correctly and in tune with world class



safety standards. Use of first aid kits for medical emergencies and CPR are part of its routine training plans. Additionally, LCPL formulates health and hygiene monitoring plans at the beginning of the year that is religiously followed during the course of regular medical examinations in order to ensure occupational illness free environment for its employees and contractors.

HSE Highlights

- Completed 69.59 million man-hours without Lost Time Case (LTC) for our employees and all contractor staff.
- Completed 17 million man-hours without Lost Time Case (LTC) for LCPL Employees.
- LCPL Audit by National Authority Pakistan (CWC) & OPCW Hague was successfully completed from 02 March to 10 March 2023 without any observations.
- Met legislative requirements of sealed radiation sources (SRS) implemented by Pakistan Nuclear Regulatory Authority (PNRA).
- Successfully completed recertification of IMS standards (ISO 9001:2015, 14001:2015 & 45001:2018) without any non-compliance.
- Achieved 20th Annual Environmental Excellence Award from National Forum for Environment and Health (NFEH).
- Received 3rd Position Award on EFP 17th OSHE from Employer Federation of Pakistan.

Occupational Health and Safety Management System

In 2012, Company embarked on aligning its comprehensive HSE&S Management System with the International OHSAS-18001(Now ISO 45001:2018) Health & Safety Management System and ISO-14001 Environment Management System. Independent internal auditors along with HSE department, monitor compliance with the Integrated Management Systems annually.

An ISO 45001:2018 system provides the Company regular updates and benchmarking to Industry's best practices. The ISO 45001:2018 Occupational Health and Safety Management System reduces harm to employees and other personnel, therefore reducing overall liability.

The Company's ISO 45001:2018 Safety Management Systems focus on the following best practices in safety management:

Incident Prevention - Work-related incidents are prevented through several layers of protection, including safe design, work practices, use of personal protective equipment, safe behavior and by using appropriate engineering, operating and administrative controls.

Management Leadership and Accountability - Management establishes clear safety expectations and goals, providing resources, establishing processes and monitoring overall progress.

Employee Involvement - Employees are involved in all aspects of the safety programme, and remain committed to working safely and protecting the safety of others.

Regulatory Compliance - Complying with applicable laws and regulations is an integral part of the Company's safety programme.

Inclusive Scope - Our safety objective is to prevent workplace incidents, injuries and illnesses for employees, contractors, visitors, suppliers and customers. Our ultimate goal is to provide our employees with the skills and attitude to ensure safety remains the number one priority even in their personal lives.

Safety Education - Employees are provided with the knowledge and skills necessary to work safely.

Assessment - Assessment and benchmarking against the world's safety leaders drives continual improvement through adopting best practices.

Emergency Preparedness - Emergency response plans and capabilities are maintained and tested to manage emergencies related to the Company's facilities and operations.

Hazard Control - Hazard studies are a vital component of Company's engineering procedures, which are carried out for new plants, processes, buildings, services and operations. Company identifies assess, control and monitors various hazards at workplace. In 2023, LCPL carried out several hazard studies, including modifications and Projects like Conversion of Fuel oil tank for Acetic Acid storage for process improvement, variable cost reduction, system upgrade and new initiatives.

Accident Prevention

Industrial accidents not only cause suffering and distress amongst the workers and their families, but also represent



a significant material loss to the society. Slips, trips and falls are leading causes of accidents within the workplace. Other hazards, which can lead to accidents, include falling objects, thermal and chemical burns, fires and explosions, dangerous substances and stress. To prevent accidents from occurring, Company has a comprehensive HSE system that incorporates training, risk assessment and monitoring.

LCPL identifies and prioritizes key risks, strengthens control over contractors working at site extends its safety programmes beyond manufacturing facility to the Sales, Administration and Distribution portfolios.

Internal Audits

Company has a thorough internal audit system that monitors possible safety violations and wrong practices and identifies corrective measures. Safety officers conduct daily field audits; ensuring workers are practicing safe working protocols. The safety officers work towards identifying and eliminating immediate safety concerns that could otherwise lead to incidents, or eventually to greater grave accidents.

The safe-unsafe act (SUSA) audit system on the other hand, is a more action-driven audit, involving a team of

managers who visit the plant and identify both safe and unsafe acts that employees may engage in, while performing their duties. Company appreciates and acknowledges safe acts, which are highlighted in weekly communication meetings. Acts, which are deemed unsafe, are corrected on the spot by counseling the concerned individual. Unsafe acts are also brought up in weekly meetings so they serve as learning opportunities for others, in turn avoiding future occurrence.

Process Safety

Company's commitment to protect the environment and the communities begins with operational safety. The Company has extensive processes and procedures to prevent incidents from occurring and if they do occur, to reduce their impact.

Assessing risks and finding ways to reduce them is the prime objective in order to reduce exposure of the employees and communities. Company engages in risk assessment and management – right from design and construction to start-up and operation, to maintenance and training. LCPL measures performance, conduct audits, and improves conditions. This is an ongoing process, requiring advanced management systems and highly skilled manpower to continuously monitor and test equipment.

The Company maintains process safety programmes based on the principle that our facility is safe, designed and built according to effective engineering practices, and operated and maintained in accordance with the highest safety standards. Our comprehensive process safety programme includes the following:

Management of change: A documented process used at each chemical handling site to evaluate any potential hazard associated with process-related changes and incorporates controls in the design.

Root cause analysis: A structured approach to incident investigation allows us to learn from past incidents and prevent future incidents.

Chemical safety testing: A laboratory analysis of chemicals before use to identify potential hazardous properties.

Engineering standards: Using recognized engineering practices in designing and constructing facilities and equipment in accordance with global and local standards.

Management leadership and commitment: There is a Committee responsible for process safety which evaluates and controls hazards associated with reactive, flammable and toxic materials at the site.

Leading indicators: LCPL collects data to ensure safety management systems are consistently updated in order to ensure their efficacy.

Employee Training on HSE

Health and Safety training plays a pivotal role in ensuring that staff is equipped with the required skills and knowledge to conduct daily tasks in a safe manner so the workplace environment is conducive to safety. Our entire workforce is trained, supported and regularly assessed.

Training needs of employees and contractors are identified in consultation with relevant departments. Training schedules and programmes are then developed including ongoing mandatory and refresher trainings. The objective of these trainings is to enhance the knowledge and skills of individuals - enabling them to perform their jobs with minimum risk. Daily, weekly and monthly audit cycles, continuous trainings, effective communications of

HSE incidents (learning events), daily tool box talks, which encompasses talks from supervisors to their staff on any safety topics or learning events from the previous week, all help to improve behavior-based safety and system compliance.

Training involves external as well as internal training. Company has developed its own internal faculty members who are vastly experienced in their respective fields. External subject specialists are also invited to conduct training as per requirement.

HSE Induction Program

The Company has a system to provide HSE induction to employees, contractors and new visitors to the site. HSE induction involves awareness pertaining to Company policy, systems and procedures, relevant hazards present on site, emergency handling, risk assessment, control, as well as behavior-based safety.

Behavior Based Safety Training

Successfully implementing sustainability strategy and HSE standards reflects Company's leadership behavior at the local level. This is why company is particularly concerned about training site managers to detect hazards early and avoid potential accidents.

The programme content ranges from risk assessment, warehousing procedures to emergency management and management systems. Additionally, Company conducts training sessions for contractors' staff working at sites. During 2023, various trainings for LCPL and Contractors staff were conducted to enhance their awareness and understanding on HSE.

Computerized HSE System

LCPL has invested in a computerized HSE database system to report personal as well as process safety, incidents, accidents, injuries, occupational diseases and environmental accidents. This system is very helpful in analyzing data, determining the root cause of incidents and taking necessary preventative measures. The statistics compiled with the help of this advanced system are analyzed and reported to senior management at a pre-defined frequency.

Energy Conservation

Pakistan is suffering from severe energy crisis, affecting the lives of millions of people. To conserve energy, LCPL is always actively trying to optimize and further reduce its processes energy and resource consumption.

LCPL has integrated manufacturing process results in highly-efficient operations, allowing waste heat from one chemical process to be used in a different process. Compared to other facilities which lack comprehensive integration of processes and energy systems, LCPL integrated production process provides:

- Greater opportunities to beneficially use raw materials.
- Better use of thermal energy which would otherwise be lost into the environment.
- Significantly smaller emissions across the supply chain.

LCPL has always focused to operate every equipment at its best efficiency to conserve energy and ultimately minimize the material losses. LCPL has observed and monitored energy consumption on a daily basis and report results to higher management at an agreed frequency. LCPL is also following a company-wide energy saving plan by creating awareness among employees on switching off their office lights and electronic gadgets

when out of office and give up the habit of keeping electronic items on standby mode when they go home. LCPL is gradually replacing fluorescent lights in its office buildings and plant site with energy efficient LED lights.

Keeping in view the constantly depleting natural gas reservoirs, LCPL is proud to announce that this year two major modifications were done which have significantly reduced the consumption of energy in terms of natural gas. LCPL team took some remarkable initiatives to reduce significant volumes of natural gas by modifications and changes in approach, especially at lower plant rate. This achievement was made possible only by continuous operational excellence and a positive mind set with sheer determination, passion and vision to always look for the silver lining. This achievement was unwaveringly supported by vigilant monitoring and strict control of processes.

Furthermore, LCPL also developed in house logic to reduce the unwanted energy losses in terms of power import and export from KE by operating the gas turbine at the most optimum point and this was done without any external support from the vendor which would otherwise have incurred a significant cost.



Environmental Protection

Protection of the environment remains a critical component of LCPL sustainability vision. LCPL ongoing efforts to minimize any impact on the environment, whether it is through operational excellence or innovative plant optimization, remains crucial in minimizing environmental risks. Energy, water, waste and resource conservation; biodiversity enhancement; emissions management and regulatory compliance; are all essential areas of focus for us.

LCPL is committed to ensuring that its operations remain environment friendly - taking an avid interest in reducing its carbon footprint. In line with this belief, we have invested in a state-of-the-art deep shaft technology Effluent Treatment Plant to treat liquid emissions. Additionally, we continue to invest in its operation, believing that it will yield long-term economic and environmental benefits. Our Company has recently installed the project of An-aerobic Reactor on Effluent Treatment Plant that generates bio gas and hence reduces the natural gas consumption on the Plant Site. The project was carried out to convert aerobic effluent treatment plant to an-aerobic effluent treatment plant with the intent of conversion of waste into energy .This will meet 5% of site energy requirements .

Being an ISO 14001 certified organization, and believing that long-term economic sustainability depends on ecological sustainability, LCPL comply with the 3Rs of environment (reduce, recycle and reuse). LCPL focus remains on reducing waste generation, reusing generated waste within the processes, and lastly recycling so that waste output of any operation is minimized.

LCPL has also made great strides in lowering the impact on the environment by reducing greenhouse and acid gases through various modification and process optimization which includes installing a co-generation plant, shutting down one steam boiler, diesel generators, and an incinerator and installing a project for recovering metals. Up gradation of metal recovery unit was also done recently which has further helped in recovery of metals, while commissioning activities of another such module at Utilities Plant was also commissioned this year, which shall have the same function.

Waste Handling

All types of wastes, be it liquid or solid are reported, controlled and monitored according to site procedures and are reported internally and to local authorities as per



legal requirements. Organic waste produced in effluent treatment plant is passed to cement plants as a partial fuel replacement. Clinical waste, on the other hand, is incinerated in line with legal environmental standards.

Water Consumption

Due to a change in global climatic conditions, it is estimated that Pakistan will experience water scarcity in the coming years, making it imperative that water use be minimized, and water recycling initiatives implemented. LCPL water management practices are based on principles including, efficient usage, pollution prevention, and maximizing reusing and recycling.

LCPL continuously monitor its water intake and control its use. LCPL optimize water consumption through modern process optimization by recycling part of the waste water within the plant, as well as using it for horticultural purposes and landscaping - which substantially minimizes water intake.

LCPL also invested in projects which has resulted in significant saving of water consumption. One example is the installation of a process which allowed us to re-use the process water in place of fresh water.

Another initiative was taken to recycle the Reverse Osmosis Plant reject water for resource conservation and financial benefit.

A couple of modifications on the plant were done this year with very little capital expenditure to bring a notable reduction in the water consumption. One of these modifications involved zero expense and only a change in operating procedure and challenging the status quo.

The industrial process that LCPL has in place helps minimize its water usage by treating it to meet specific purposes within the manufacturing cycle, and recycling water where ever possible.

LCPL waste water treatment plants at its manufacturing facilities are designed and operated to meet and exceed environmental standards, securing the health of our employees, communities and the local eco-systems in which we operate.

LCPL water efficiency related best practices help reduce:

- Cost of water and waste water treatment.
- Capital equipment costs.

- Handling and use of potentially hazardous chemicals.
- Carbon footprint - by reducing energy consumption associated with water treatment and distribution.

Biodiversity

LCPL has systems and procedures in place for conserving biodiversity. To maintain a sustainable environment at its plant site and demonstrate best practices in environment management, LCPL try to provide a conducive environment for fauna and flora in surrounding areas.

In the past, LCPL was involved in a tree plantation plan within the site which was aimed at improving the number of flora and fauna in the area. Based on recommendations provided by WWF, we developed around 100,000 trees around the premises and within the vicinity to provide nesting grounds to local birds and enhance greenery. LCPL plantation was also carried out on a three-kilometer portion passing through the Eastern Industrial Zone in Port Qasim, where more than three hundred saplings were planted. Additionally, we have been involved in initiatives to establish organic farming by using waste water from its reverse osmosis plant.

Emissions Management

LCPL operational strategy, post power generation, has reduced thousands of tons of carbon, NO₂ and SO₂, resulting in a substantial reduction in greenhouse gases. LCPL invested US\$ 4 million for a capital project which helped shutdown a unit that used furnace oil as fuel. Additionally, LCPL spent US\$ 50 million in the co-generation power project, resulting in the shutdown of diesel generators and one boiler. When it comes to discharge, LCPL effluent quality meets NEQS limits through state of art deep shaft technology aerobic waste water treatment plant coupled with recently commissioned new anaerobic waste water treatment plant which reflect our dedication to conform to the highest environmental standards.

Regulatory Compliance

LCPL report its processes liquid and gaseous emissions to local authorities at SEPA defined frequency. Since commissioning of the plant in 1998, we continue to comply with all regulatory requirements related to the environment

Societal Responsibility

Addressing the well-being of our constituents stands as a paramount facet of our societal endeavors. Our commitment extends to bolstering healthcare, advancing education, and providing aid in times of disaster, thereby fostering empowerment among underprivileged individuals and charting a course towards a more auspicious future for the most deserving segments of society.

In our pursuit of social responsibility, we endeavor to fortify the bonds between industry and communities. Through the cultivation of a conducive environment for business expansion, we aim to facilitate a symbiotic relationship that mutually benefits both sectors, promoting sustainable growth and development.



Environment Friendly – Go Green Work by LCPL

We actively engage in championing initiatives that advocate for the well-being of Mother Earth, aiming to foster environmental consciousness and underscore the significance of sustainability within our workforce.

Our ongoing efforts are dedicated to mitigating carbon footprints in our surroundings and cultivating a greener

landscape through the planting of new saplings. This initiative extends beyond our organization, reaching out to various sectors, including other industries, schools, universities, and places of worship such as mosques. The inception of the Go Green program at LCPL dates back to 2008, and since its establishment, our dedicated team has been tirelessly working to instill and propagate a culture of environmental responsibility in LCPL and actively promoting it to the external entities as well.

Health

Lotte Pakistan Foundation collaborated with Alkhidmat Fareeda Yaqoob Hospital (AKFYH) Gulshan e Hadeed

Karachi, for assistance towards expansion project of the operation theatre and purchase of equipment and with Memon Medical Institute Hospital to support their patients.



Education

Lotte Pakistan Foundation supported the education sector and provided scholarships to NED University,

SZABIST University Ghara, Holy Mountain School, Dar-UI-Sukun and TCF.



Labour Relations, Freedom of Association and Collective Bargaining

Fostering collaborations with employees and upholding the principles of freedom of association and collective bargaining can enhance the effectiveness of industrial relations.

At Lotte Chemical Pakistan Limited, our organizational culture emphasizes individual responsibility for understanding and adhering to all relevant statutory laws. Over time, our consistent adherence to ethical practices has earned us a well-regarded reputation for honesty, integrity, and equitable dealings with both our employees and government authorities. Our commitment lies in maintaining a harmonious working environment to prevent misunderstandings and promote clarity.

Our management consistently endeavors to establish strong business relationships with non-management personnel, seeking to break down barriers. The successful conclusion of Agreement 2023-2024 serves as a noteworthy example of

how the organization and its employees can coexist harmoniously, achieving a mutually beneficial outcome through negotiation. Workplace security, social protection, enhanced personal development opportunities, and social integration are paramount concerns for our management. During the year social activities has been taken to jointly manage a picnic and sports events.

Furthermore, we extend our appreciation to our outsourcing service providers, viewing them as valued business partners. We ensure the welfare of their workforce in accordance with company policies to mitigate conflicts or discrimination. Our overarching vision is to create enduring value over the course of a lifetime.

Additionally, our commitment to employee well-being is exemplified through events such as the annual workers' picnic held seaside, featuring the participation of senior management to foster camaraderie within the team.

Product Stewardship

Like all our safety processes, we go above and beyond to ensure that we manufacture PTA that is safe for our employees to handle and for our customers to use. We believe Product Stewardship forms an integral part of our sustainability strategy. While maintaining our efforts to offer our customers more value and better performance, we aim to reduce the environmental burden throughout the life cycle of our product including manufacturing, packaging, distribution, usage and eventual disposal.

In order to fulfill our Product Stewardship responsibilities, we ensure that appropriate training and information is provided to all our staff, contractors, haulers and customers for handling our products in a safe and responsible manner. Furthermore, we ensure compliance with applicable laws, regulations and standards.

Product safety

Our product is safe when used as intended. All raw materials and finished product are subjected to numerous assessments and tests to ensure that safety is maintained during manufacturing, packaging distribution, usage and eventual disposal.

All customers and haulers are provided with MSDS (Material Safety Data Sheet) which consists of comprehensive information on the physical and chemical properties of the product, handling instructions, hazards, risks and precautionary measures in case of any mishaps during distribution and usage. This product literature is reviewed periodically and new information on adverse effects, types of use, and circumstances of misuse are taken into account.

Customer Satisfaction and Complaint Management

Customer satisfaction falls under our core value "Beyond Customer Expectation" and plays an integral role in our business. The business sales team conducts regular meetings to maintain business relationships and gauge customer satisfaction. Any concerns and issues are addressed on a priority basis, and systems are in place to ensure that occurrences are not repeated. Moreover, a comprehensive system is in place to handle all complaints, within a defined time frame. Information and status of all complaints are circulated at the highest levels of the organization.

Economic Contribution

A sustainable business plays a pivotal role in delivering economic and social progress. A business which generates substantial revenue to sustain people's quality of life and safeguard the planet is important, but one that ensures that its employees, owners and members of the community remain financially secure, is also critically important.

We contribute economically in a number of ways: we provide employment, buy from local, regional and global suppliers, distribute our products, and contribute to the National exchequer via direct and indirect taxes.

	Amounts in Rs '000	
	2023	2022
Suppliers		
Cost of material, services and facilities	70,492,636	81,671,109
Employees		
Cost of employees' salaries and benefits	1,381,709	1,248,227
Government		
Tax paid, including remittance taxes and excise taxes	21,008,178	25,431,898
Shareholders		
Dividend	4,542,622	9,085,243
To providers of finance		
Finance costs	2,476	-
Community		
Voluntary contributions and investment of funds in the broader community	167	-
Retained within Company		
Depreciation, amortisation and retained earnings	1,756,870	2,263,080
Total Economic Contribution	99,184,658	119,699,557

Transparent Approach to Taxation

We recognise the growing interest in the level of taxes paid by multinational companies. We remain transparent in our dealings and pay appropriate amount of taxes according to country-specific laws and regulations.

In the year, total taxes borne and collected by the Company amounted to Rs 21,008.2 million (2022: Rs 25,431.9 million). This figure includes excise taxes, transactional taxes and taxes incurred by employees. We consider the wider tax footprint to be an appropriate indication of tax contribution from our operations. Our presence in Pakistan is beneficial to the Country as it provides employment to people - affecting income levels and subsequently tax revenues.

Understanding our Role and Responsibilities in our Value Chain

The reach and scale of our business result in us playing a pivotal role in the economic development of the Country.

We remain aware of our influence on our suppliers and the importance of developing long-term relationships with them. Our goal remains to pay fairly for their products, materials and services. In addition, we often work in collaboration with them, to help improve their working practices and conditions, as well as their overall efficiency, which in turn, impacts their income levels.





BEYOND CUSTOMER EXPECTATION

We do not aim to just satisfy customers' needs, but to create value beyond their expectations.

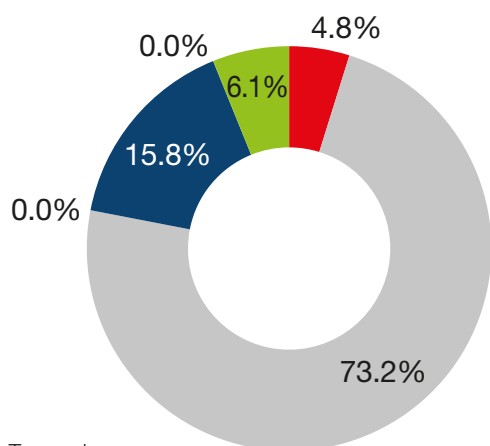
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Statement of Value Addition and Its Distribution

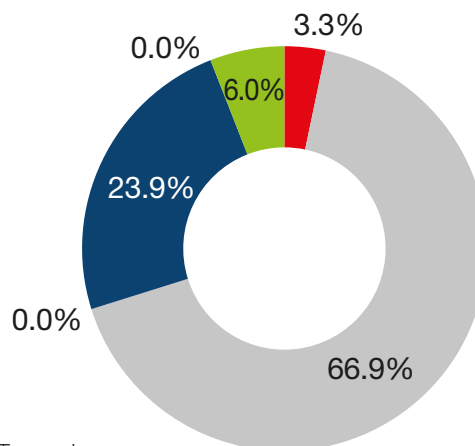
	2023		2022	
	Rs ('000)	%	Rs ('000)	%
Wealth generated				
Total revenue (including other income)	99,184,658		119,699,557	
Bought-in material and services	(70,492,636)		(81,671,109)	
	28,692,022	100.0%	38,028,448	100.0%
Wealth distribution				
To employees				
Salaries, wages and other benefits	1,381,709	4.8%	1,248,227	3.3%
To government				
Income tax, sales tax, excise duty, WWF and WPPF	21,008,178	73.2%	25,431,898	66.9%
To shareholders				
Dividend	4,542,622	15.8%	9,085,243	23.9%
To providers of finance				
Finance costs	2,476	0.0%	-	0.0%
To society as donations				
Donations towards education, health and environment	167	0.0%	-	0.0%
Retained within company				
Depreciation, amortisation and retained earnings	1,756,870	6.1%	2,263,080	6.0%
	28,692,022	100.0%	38,028,448	100.0%

Wealth Distribution 2023



- To employees
- To government
- To shareholders
- To providers of finance
- To society
- Retained within company

Wealth Distribution 2022



- To employees
- To government
- To shareholders
- To providers of finance
- To society
- Retained within company

Key Operational and Financial Data

Six Years at a Glance

		2023	2022	2021	2020	2019	2018
Statement of Financial Position Summary							
Issued, subscribed & paid-up capital	Rs m	15,142	15,142	15,142	15,142	15,142	15,142
Capital reserves	Rs m	2	2	2	2	2	2
Revenue reserves	Rs m	6,868	7,869	3,832	2,605	466	(2,625)
Non-current liabilities	Rs m	1,104	1,859	1,690	3,432	1,838	125
Current liabilities	Rs m	20,460	18,460	14,909	10,315	11,698	8,629
Fixed assets	Rs m	6,137	7,409	7,263	6,439	6,379	5,143
Other non-current assets	Rs m	2,365	1,740	1,056	905	778	561
Current assets	Rs m	35,073	34,184	27,257	24,152	21,989	15,570
Statement of Profit or Loss Summary							
Revenue - net	Rs m	81,619	100,266	67,165	38,965	60,540	57,400
Cost of sales	Rs m	(71,375)	(82,441)	(59,584)	(36,323)	(52,509)	(50,019)
Gross profit	Rs m	10,245	17,824	7,581	2,642	8,030	7,382
Distribution and selling expenses	Rs m	(183)	(158)	(120)	(107)	(104)	(102)
Administrative and general expenses	Rs m	(654)	(603)	(491)	(572)	(423)	(388)
Other operating expenses	Rs m	(927)	(1,193)	(488)	(236)	(643)	(555)
Other income	Rs m	2,567	1,841	990	1,422	1,229	515
Finance costs	Rs m	(1,540)	(1,954)	(974)	(150)	(567)	(505)
Profit before taxation	Rs m	9,508	15,757	6,499	2,999	7,523	6,346
Taxation	Rs m	(4,430)	(5,639)	(1,856)	(874)	(2,163)	(1,914)
Profit after taxation	Rs m	5,078	10,118	4,643	2,125	5,360	4,431
EBITDA	Rs m	12,270	18,941	8,810	4,416	9,166	7,697
Statement of Cash Flow Summary							
Net cash (used in) / generated from operating activities	Rs m	(4,486)	4,404	6,172	5,186	12,123	237
Net cash generated from / (used in) investing activities	Rs m	2,177	(3,940)	(1,455)	1,520	(3,854)	(209)
Net cash used in financing activities	Rs m	(5,708)	(1,987)	(3,785)	(389)	(4,422)	(851)
Cash and cash equivalents at year end	Rs m	5,766	13,783	15,306	14,374	8,057	4,221
Key Ratios							
Gross profit ratio	%	12.55	17.78	11.29	6.78	13.26	12.86
EBITDA margin to sales	%	15.03	18.89	13.12	11.33	15.14	13.41
Net profit margin	%	6.22	10.09	6.91	5.45	8.85	7.72
ROE	%	23.07	43.97	24.47	11.97	34.34	35.39
ROCE	%	22.20	41.01	22.63	10.99	30.96	35.39
Inventory turnover	times	6.52	11.47	11.74	8.27	10.80	11.63
Inventory turnover in days	days	55.97	31.83	31.08	44.12	33.79	31.38
Debtors turnover	times	10.50	17.67	18.41	12.10	17.70	18.46
Average collection period	days	34.75	20.66	19.82	30.16	20.62	19.77
Creditors turnover	times	18.00	15.07	10.40	7.75	19.11	17.70
Payable turnover in days	days	20.28	24.22	35.08	47.11	19.10	20.62
Operating cycle	days	70.44	28.27	15.82	27.17	35.31	30.53
Total asset turnover	times	1.88	2.54	2.00	1.29	2.40	2.75
Fixed asset turnover	times	12.05	13.67	9.80	6.08	10.51	10.63
Current ratio	times	1.71	1.85	1.83	2.34	1.88	1.80
Quick ratio	times	0.96	1.31	1.35	1.83	1.39	1.10
Cash to current liabilities	times	0.06	0.24	0.00	0.00	0.00	0.18
Cash flow from operation to sales	times	(0.05)	0.04	0.09	0.13	0.20	0.00
Interest cover	times	32.60	55.75	27.88	12.44	29.69	225.63
Debt equity ratio	times	1.05	1.08	1.09	1.19	1.12	1.01
Price earnings ratio	times	8.05	3.88	4.45	10.73	3.96	5.77
EPS	Rs	3.35	6.68	3.07	1.40	3.54	2.93
Cash dividend per share	Rs	3.00	6.00	1.50	0.75	1.50	1.50
Dividend yield ratio	%	11.12	23.17	10.98	4.98	10.70	8.88
Dividend payout ratio	%	89.46	89.79	48.92	53.44	42.37	51.26
Dividend cover ratio	times	1.12	1.11	2.04	1.87	2.36	1.95
Breakup value per share	Rs	14.54	15.20	12.53	11.72	10.31	8.27
Market value per share - 31 December	Rs	26.99	25.90	13.66	15.06	14.02	16.89
Market value per share - High	Rs	30.24	35.24	17.48	16.25	18.50	20.67
Market value per share - Low	Rs	22.15	13.75	12.70	8.23	12.90	7.08
Market capitalization	Rs m	40,868.45	39,217.97	20,684.07	22,803.96	21,229.19	25,574.96

Vertical Analysis

2023 2022 2021 2020 2019 2018
-----%-----

Statement of Financial Position

Fixed assets	14.1	17.1	20.4	20.4	21.9	24.2
Other non-current assets	5.4	4.1	3.0	2.9	2.7	2.6
Current assets	80.5	78.8	76.6	76.7	75.4	73.2
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0
Shareholders equity	50.5	53.1	53.3	56.4	53.6	58.8
Non-current liabilities	2.5	4.3	4.8	10.9	6.3	0.6
Current liabilities	47.0	42.6	41.9	32.8	40.1	40.6
Total Equity and Liabilities	100.0	100.0	100.0	100.0	100.0	100.0

Statement of Profit or Loss

Revenue - net	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(87.4)	(82.2)	(88.7)	(93.2)	(86.7)	(87.1)
Gross profit	12.6	17.8	11.3	6.8	13.3	12.9
Distribution and selling expenses	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)	(0.2)
Administrative and general expenses	(0.8)	(0.6)	(0.7)	(1.5)	(0.7)	(0.7)
Other operating expenses	(1.1)	(1.2)	(0.7)	(0.6)	(1.1)	(1.0)
Other income	3.1	1.8	1.5	3.6	2.0	0.9
Finance costs	(1.9)	(1.9)	(1.5)	(0.4)	(0.9)	(0.9)
Profit before taxation	11.6	15.7	9.7	7.7	12.4	11.1
Taxation	(5.4)	(5.6)	(2.8)	(2.2)	(3.6)	(3.3)
Profit after taxation	6.2	10.1	6.9	5.5	8.9	7.7

Horizontal Analysis

Year on Year

	2023 over 2022	2022 over 2021	2021 over 2020	2020 over 2019	2019 over 2018	2018 over 2017
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Statement of Financial Position Analysis

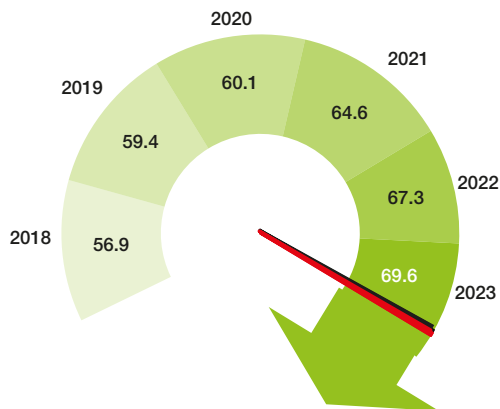
Fixed assets	(17.2)	2.0	12.8	0.9	24.0	(9.0)
Other non-current assets	34.0	67.1	16.7	16.4	38.6	(67.7)
Current assets	2.7	25.3	12.9	9.8	41.2	18.4
Total Assets	0.6	21.8	13.0	8.1	37.0	3.6
Shareholders equity	(4.4)	21.3	6.9	13.7	24.7	17.3
Non-current liabilities	(40.6)	10.0	(50.8)	86.7	1,364.8	27.7
Current liabilities	10.8	23.8	44.5	(11.8)	35.6	(11.6)
Total Equity and Liabilities	0.6	21.8	13.0	8.1	37.0	3.6

Statement of Profit or Loss

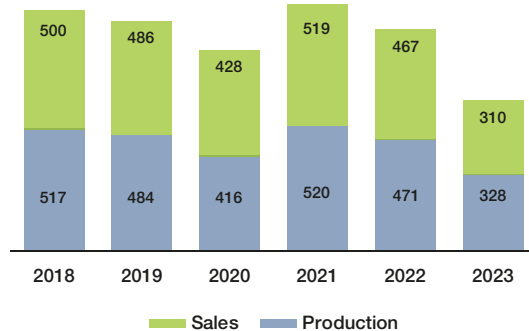
Revenue - net	(18.6)	49.3	72.4	(35.6)	5.5	55.0
Cost of sales	(13.4)	38.4	64.0	(30.8)	5.0	39.6
Gross profit	(42.5)	135.1	186.9	(67.1)	8.8	516.3
Distribution and selling expenses	15.4	32.3	11.6	3.6	1.1	9.6
Administrative and general expenses	8.6	22.7	(14.2)	35.4	9.0	10.5
Other operating expenses	(22.3)	144.7	107.0	(63.4)	15.8	917.4
Other income	39.5	86.0	(30.4)	15.7	138.8	107.0
Finance costs	(21.2)	100.6	548.3	(73.5)	12.3	864.0
Profit before taxation	(39.7)	142.5	116.7	(60.1)	18.6	609.1
Taxation	(21.4)	203.8	112.4	(59.6)	13.0	296.7
Profit after taxation	(49.8)	117.9	118.5	(60.4)	21.0	974.7

Graphical Presentation

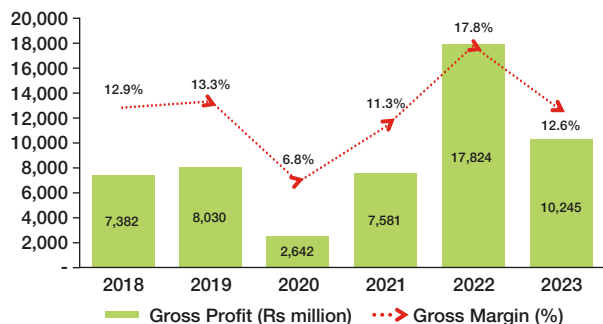
Million man-hours without Lost Time Case (employees + contractors)



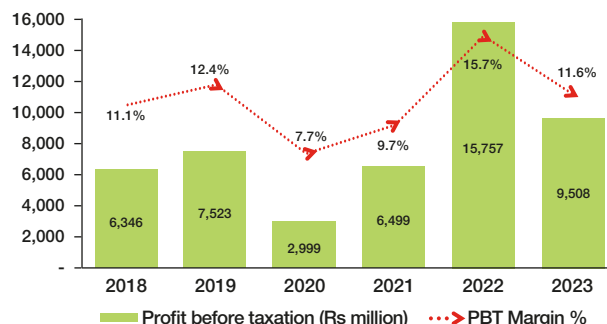
Production & Sales (000 tes)



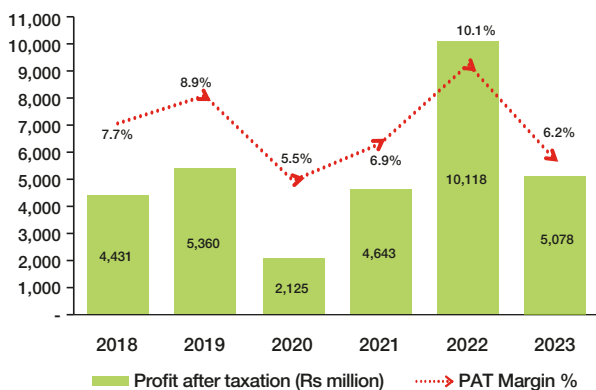
Gross Profit (Rs million) & Gross Margin (%)



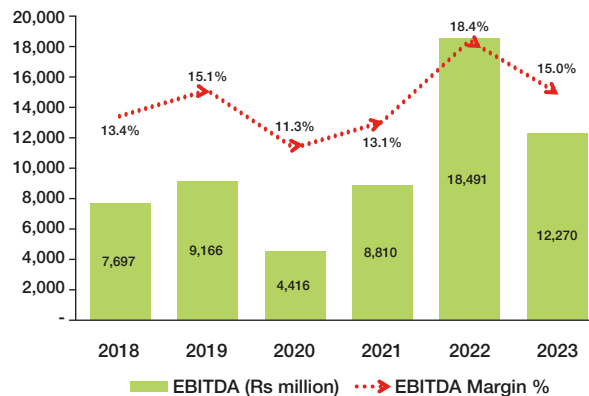
PBT (Rs million) & PBT Margin (%)



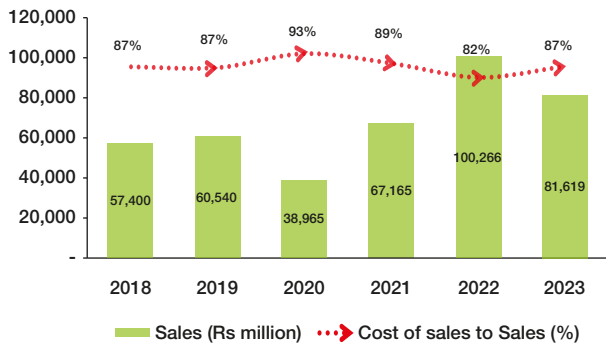
PAT (Rs million) & PAT Margin (%)



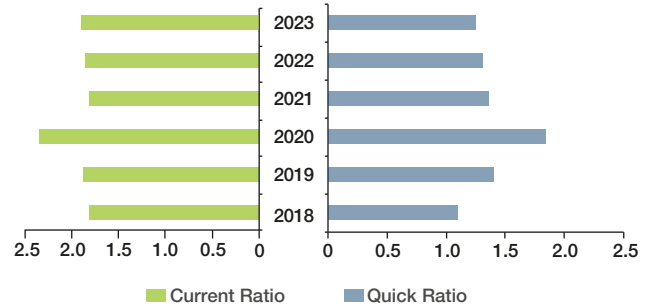
EBITDA (Rs million) & EBITDA Margin (%)



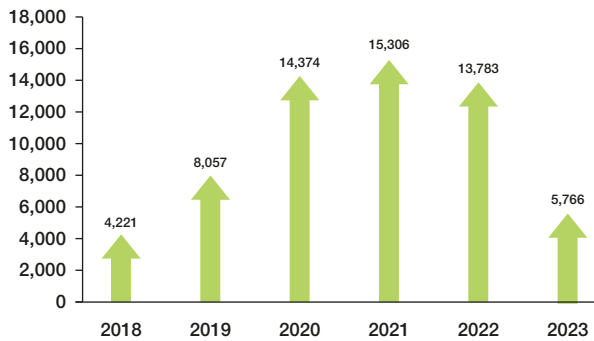
Sales (Rs million) & Cost of sales to Sales (%)



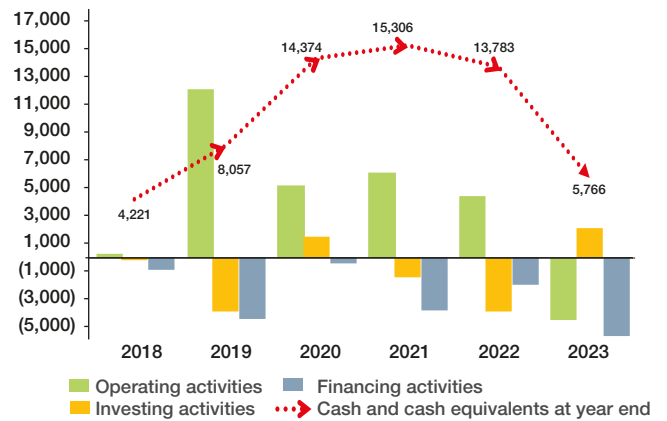
Liquidity Ratios (times)



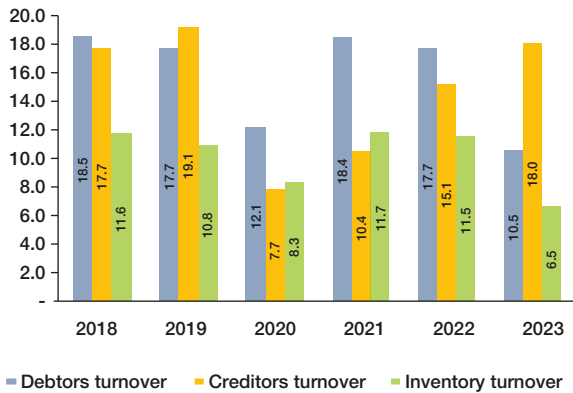
Cash & Cash Equivalents at Year End (Rs million)



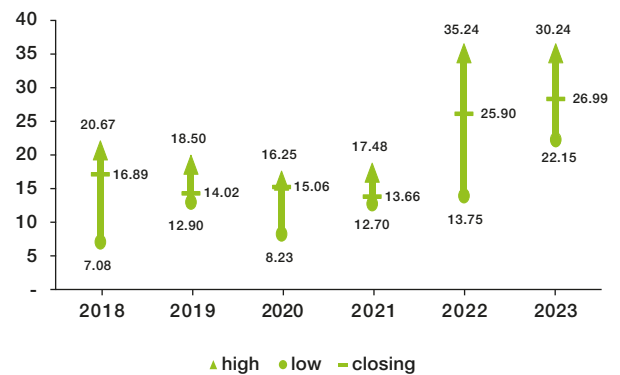
Cash Flow Analysis (Rs million)



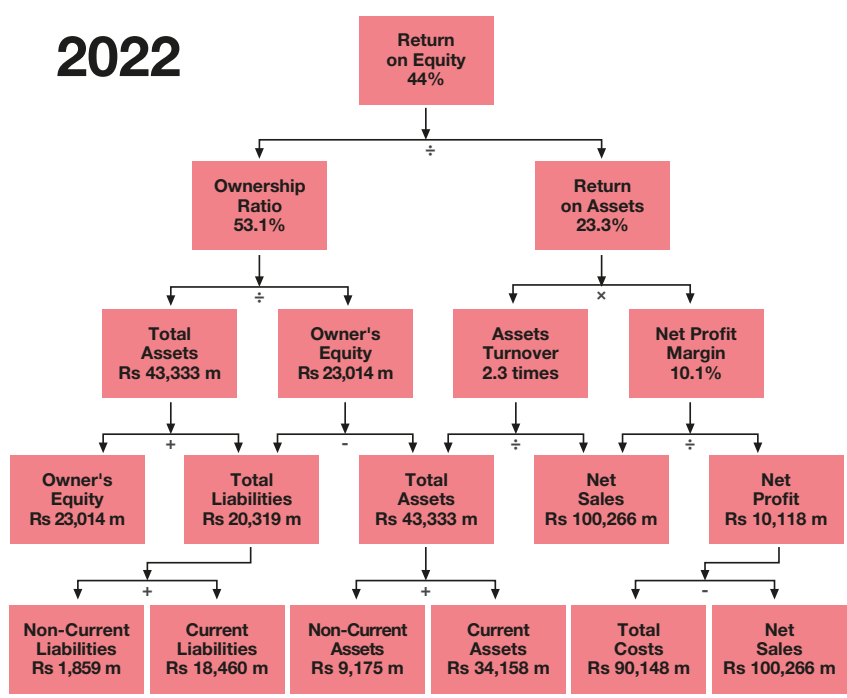
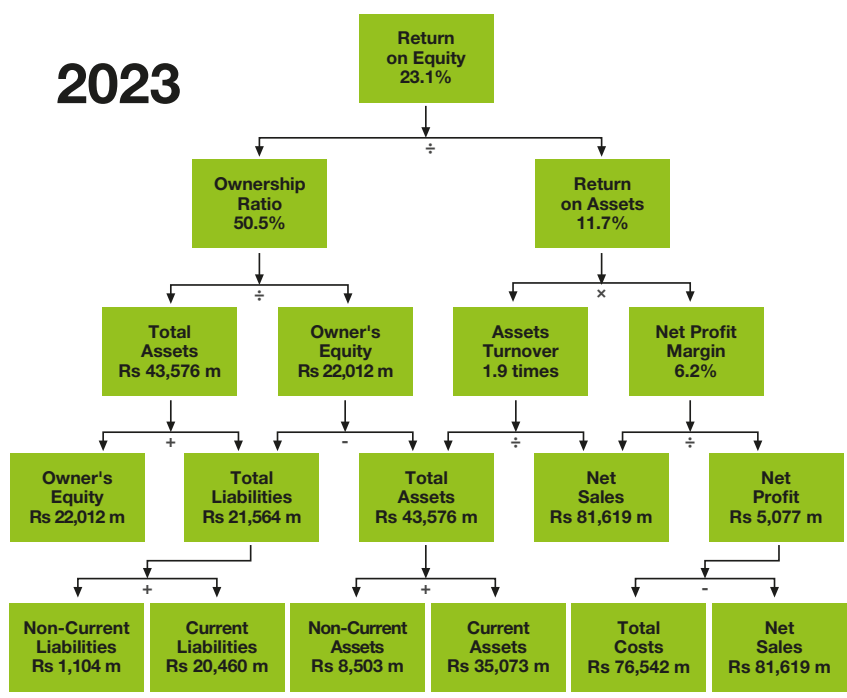
Debtors, Creditors & Inventory Turnover (times)



Market Price per Share (Rs)



DuPont Chart Analysis



Analysis:

Net Sales decreased by 19% mainly due to lower volume sold. This, together with lower PTA margin over PX, decreased the net margin from 10.1% to 6.2%. Reduced Net margin consequently decreased the return on assets to 11.7% from 23.3%. This resulted in 23.1% return on equity as compared to 44.0% in 2022.

Variation Analysis in Quarterly Results

Amounts in Rs '000

	Q1	Q2	Q3	Q4	2023
Revenue	22,112,698	16,429,866	23,592,757	19,484,084	81,619,405
Gross profit	4,438,985	2,000,212	3,416,933	388,440	10,244,570
Profit before taxation	3,782,610	2,094,205	3,214,942	416,310	9,508,067
Profit after taxation	2,542,357	311,372	1,986,549	237,376	5,077,654

Q1	Q2	Q3	Q4
<ul style="list-style-type: none"> Crude Oil (WTI) prices rose on optimistic demand outlook on the back of Chinese economic recovery, and holiday mobility. However, high inflation, interest rate hikes, and ample supply kept prices under pressure. Prices fell further following bank defaults, which amplified recessionary fears, however, the market eventually stabilized due to government interventions. PX prices trended upwards as uptick in demand ahead of the Lunar New Year and easing of COVID-19 restrictions in China boosted prices, but poor recovery in the downstream PTA market resulted in weak market fundamentals. Shutdowns and feedstock diversion to produce gasoline blends kept PX availability tight, raising the PX-Naphtha spread above the US\$ 400 per tonne mark. PTA prices tracked PX market, but lagged as polyester demand remained subdued due to weak consumerism and poor export-related demand. Low PTA-PX spread lead producers to rationalize operations. However, prices rallied at quarter-end due to a PX price hike, surge in polyester demand ahead of peak summer season, and unexpected shutdowns, providing support to the PTA-PX spread. The domestic polyester industry operated at a rate of 63% during the first quarter of 2023. Producers curtailed their operations due to the limited availability of raw material PTA through domestic and the imported supply due to the operational constraints caused by the limited availability of foreign currency in the market. Production volume during the quarter at 82,874 tonnes was 25% lower than the corresponding period last year due to the prevalent economic situation in the country in relation to the Foreign Exchange Reserves and its impact on the banks to open letter of credit for import of raw materials. Sales Volume comprising of domestic sales only, at 91,372 tonnes was 18% lower than the corresponding quarter last year due to lower product availability. 	<ul style="list-style-type: none"> Crude Oil (WTI) prices exhibited bearishness in Q2 as strict monetary policies, global economic slowdown, debt default concerns in the U.S., and slower Chinese economic rebound, raised concerns over weaker Oil demand. However, Oil prices were aided during the quarter by supply disruption from Iraq and North America, and supply curbs by OPEC+. PX market largely lost strength during the quarter following the decline in Oil prices. However planned shutdowns in various facilities and PX producers redirecting their product to the Gasoline pool which offered lucrative margins, limited the spot availability in the market, consequently supporting the prices periodically. Demand for PX within China remained robust on the back of capacity additions in the PTA sector, however poor economics kept the demand subdued in the rest of Asia. The PTA prices trended downwards following the upstream PX market, as major stakeholders adopted a cautious approach due to the volatility in the upstream energy markets and uncertainty in the macroeconomic environment. Despite the peak season, demand for PTA remained relatively depressed as many polyester producers were forced to rationalize operations due to poor margins amid inflationary pressure and lackluster consumerism. The domestic polyester industry re-gained stability during the quarter as producers made alternative arrangements in their supply chains to manage operations and revise their finished goods inventories. Regardless of the peak season, downstream sales remained sub-par due to weak demand resulting from challenging economic conditions and the inflationary pressures within the country. The Company had to keep operations suspended till the end of April after taking the plant offline in mid-March due to unavailability of raw material on account of economic situation prevalent in the country. As a result, Production volume during the quarter at 71,538 tonnes was 46% lower than the corresponding period last year while Sales volume, comprising of domestic sales only, at 62,054 tonnes was 53% lower than the corresponding quarter last year. 	<ul style="list-style-type: none"> Crude oil prices rose in Q3 due to OPEC+ production cuts and strong global fuel demand. The longer driving season in the West increased fuel demand, despite interest rate hikes by major economies. However, weak economic conditions in China hindered price growth. Overall, tight supply outlook and increased demand pushed crude oil prices higher during the quarter. The PX market surged in Q3, driven by higher crude prices. Demand for downstream PTA remained strong due to new startups in China. Prompt supply remained tight with premiums being charged on spot parcels as several PX units underwent maintenance turnarounds and the continued diversion of Aromatics towards the Gasoline pool. PTA prices rose with PX market in China. Despite high rates, PTA-PX spread stayed below breakeven but sustainable for integrated units. Golden Week boosted demand, while winter season supported operations; however, higher feedstock costs pressured margins. The domestic polyester industry operations remained consistent during the third quarter; however the operating rates were positioned in the lower end of the spectrum regardless of the peak season for the Textile and the PET sector. Sales volume for Q3 2023 at 82,427 tonnes was 35% lower than the corresponding quarter last year due to lower demand as well as additional PTA imports planned by the downstream in the previous quarter. Production volume during the quarter at 105,395 tonnes was 17% lower than the corresponding period last year due to curtailment of plant operating rate to match sales. 	<ul style="list-style-type: none"> Crude oil (WTI) witnessed bearishness with prices on back of an oversupplied market and slowing global demand. Crude prices have been restricted from making any gains regardless of the further supply cuts taken by the OPEC+ to balance the energy supply in the market. Furthermore, the crisis in the Middle East and worries of spill over into other regions has negatively affected market sentiment of supply being disrupted and prices of oil moving upwards. Paraxylene (PX) prices have shown bearishness in the final quarter for the year due to the depressed demand globally and moving in line with the upstream crude prices. PX prices rebounded on account of the prompt supply remaining tight due to the product being diverted to the Gasoline pool, coupled with strong demand in the downstream PTA sector in China owing to startup of new facilities. PTA prices have seen depressed prices for the quarter as downstream demand remains quiet, and moving in line with the upstream PX prices. Demand growth for PTA in China has been strong on account of the robust growth in the polyester sector. Strong demand prior to the Golden Week Holidays helped absorb the additional product however PTA/PX margin came under severe pressure during which only the vertically integrated units remained profitable. The Domestic Polyester Industry operations remained consistent during the fourth quarter, however operating rates remained curtailed on account of high inventories across the chain resulting from inconsistent demand and the negative sentiment ensuing from continuous hike in energy prices. Production volume during the quarter at 68,022 tonnes was 34% lower than the corresponding period last year due to curtailed operations on account of lower downstream demand. Sales volume for Q4 2023 at 73,801 tonnes was 24% lower than the corresponding quarter last year.





ORIGINALITY

We quickly respond to changes, cooperate with other fields without boundaries, and implement innovation to develop originality inimitable by anyone.

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INDEPENDENT AUDITORS' REPORT

To the members of Lotte Chemical Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Lotte Chemical Pakistan Limited (the Company), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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 31 December 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 Auditor's 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	Revenue from contract with customers (Refer notes 3.17 and note 27 to the financial statements) The Company's revenue is principally generated from the sale of Purified Terephthalic Acid (PTA). The Company is in the business of sale of goods to customers under the contractual arrangement. Revenue from contracts with customers is recognised 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 concluded that it is the principal in its revenue arrangements. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer i.e. when goods are dispatched and invoice is raised.	Our audit procedures to assess the recognition of revenue included the following: <ul style="list-style-type: none">assessed the design, implementation and operating effectiveness of the key internal controls over the Company's systems which govern the revenue recognition;inspected sales contracts with customers to understand and assess the terms and conditions therein which may affect the recognition of revenue;compared revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and goods delivery notes to assess whether the related revenue was recognized in accordance with the Company's revenue recognition accounting policies;

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Tel: +92 (21) 32426682-6/32426711-5, Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

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S. No. Key audit matters

During the year, there is significant decrease in the volume of sales.

We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and an area of significant audit risk.

(ii) Valuation of Stock-in-trade

(Refer notes 3.6 and 11 to the financial statements)

Stock-in-trade comprise of raw materials and finished goods amounting to Rs. 5.85 billion and Rs. 7.51 billion respectively, which are stated at lower of cost and estimated net realizable value.

We identified the valuation of stock-in-trade as a key audit matter because stock-in-trade is material to the Company's financial statements and the stock has significantly increased from the prior year resulting in increased risk of material misstatement. Further, determining an appropriate write-down as a result of net realizable value (NRV) being lower than their cost involves significant judgement and estimation.

How the matter was addressed in our audit

- compared on a sample basis, revenue transactions recorded just before and after the year end with the underlying goods delivery notes and other relevant documents to assess whether the revenue had been recognized in the appropriate accounting period;
- verified that the debit and credit notes issued for the settlement for differential between provisional and settlement prices are incorporated in the correct and relevant period; and
- assessed the adequacy of the related disclosures in the notes to the financial statements in accordance with the requirement of IFRS 15.

Our audit procedures to assess the valuation of stock-in-trade, amongst others, included the following:

- attended management's stock-in-trade count and observed the process along with employees of the company at material stock-in-trade locations, including the process implemented by management to identify and monitor obsolete stock-in-trade;
- obtained an understanding of and assessed the design and implementation of management's controls designed to identify the net realizable value of stock-in-trade;
- obtained an understanding of and tested the management's determination of NRV and the key estimates adopted, including future selling prices, costs necessary to make the sales and their basis of calculation;
- compared the NRV to the cost of stock-in-trade to assess whether any adjustments are required to value stock-in-trade in accordance with the accounting policy;
- obtained confirmation responses from third-party stockholders to verify the quantity, nature, obsolescence, and completeness of stocks held with third parties.
- assessed the appropriateness of the company's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting and reporting standards; and
- checked that the presentation and disclosure related to stock-in-trade are in accordance with the applicable accounting and reporting standards.



Information Other than the Financial Statements and Auditor's 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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.

Other Matter

The financial statements of the Company for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 27 February 2023.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: 18 March 2024

UDIN: AR202310059VTOzNwM9e

Statement of Financial Position

As at 31 December 2023

Amounts in Rs '000

	Note	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	4	5,744,442	6,259,826
Intangible assets	5	27,637	38,632
Right-of-use assets	6	365,275	1,110,524
Long-term loans	7	160,635	144,006
Long-term deposits and prepayments	8	33,805	31,979
Deferred taxation - net	9	2,170,718	1,589,704
		8,502,512	9,174,671
Current assets			
Stores and spare parts	10	2,101,184	1,416,265
Stock-in-trade	11	13,362,175	8,529,047
Trade debts	12	8,486,031	7,053,875
Loans and advances	13	51,081	54,666
Trade deposits and short-term prepayments	14	176,387	63,787
Accrued interest		32,823	39,996
Other receivables		10,335	5,662
Short-term investments - at amortised cost	15	4,503,595	11,952,850
Sales tax refunds due from government	16	2,413,440	547,221
Taxation - net	17	2,673,353	97,959
Cash and bank balances	18	1,262,827	4,397,066
		35,073,231	34,158,394
Total assets		43,575,743	43,333,065

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


Amounts in Rs '000

	Note	2023	2022
Equity and liabilities			
Share capital and reserves			
Issued, subscribed and paid up capital	19	15,142,072	15,142,072
Capital reserve	20	2,345	2,345
Revenue reserve - Unappropriated profit		6,867,542	7,869,409
Total equity		22,011,959	23,013,826
Liabilities			
Non-current liabilities			
Retirement benefit obligations	21	247,835	198,723
Lease liability	22	855,927	1,660,096
		1,103,762	1,858,819
Current liabilities			
Trade and other payables	23	13,975,321	13,202,137
Lease liability	22	436,403	314,484
Short-term financing	24	1,000,000	-
Accrued interest	25	431,471	344,413
Unclaimed dividend	48	73,387	55,946
Unpaid dividend	45 & 48	4,543,440	4,543,440
		20,460,022	18,460,420
Total liabilities		21,563,784	20,319,239
Contingencies and commitments	26		
Total equity and liabilities		43,575,743	43,333,065

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


Sung Soo Bae
 Chairman


Young Dae Kim
 Chief Executive


Ashiq Ali
 Chief Financial Officer

Statement of Profit or Loss

For the year ended 31 December 2023

		Amounts in Rs '000	
	Note	2023	2022
Revenue - net	27	81,619,405	100,265,555
Cost of sales	28	(71,374,835)	(82,441,344)
Gross profit		10,244,570	17,824,211
Distribution and selling expenses	29	(182,683)	(158,299)
Administrative and general expenses	30	(654,389)	(602,534)
Other operating expenses	31	(926,799)	(1,192,900)
Operating profit		8,480,699	15,870,478
Other income	32	2,566,973	1,840,697
Finance costs	33	(1,539,605)	(1,953,833)
Profit before taxation		9,508,067	15,757,342
Taxation	34	(4,430,413)	(5,638,871)
Profit after taxation		5,077,654	10,118,471
		Rupees	
Earnings per share - basic and diluted	36	3.35	6.68

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


Sung Soo Bae
Chairman


Young Dae Kim
Chief Executive


Ashiq Ali
Chief Financial Officer

Statement of Comprehensive Income

For the year ended 31 December 2023

Amounts in Rs '000

	Note	2023	2022
Profit after taxation for the year		5,077,654	10,118,471
Other comprehensive loss			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement loss on defined benefit plans	21	(37,201)	(36,320)
Related deferred tax	9	14,508	11,985
Other comprehensive loss for the year		(22,693)	(24,335)
Total comprehensive income for the year		5,054,961	10,094,136

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



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

Statement of Changes in Equity

For the year ended 31 December 2023

Amounts in Rs '000

	Share capital	Reserves			Total equity
	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Sub-total	
Balance as at 01 January 2022	15,142,072	2,345	3,832,102	3,834,447	18,976,519
Total comprehensive income for the year ended 31 December 2022					
- Profit for the year	-	-	10,118,471	10,118,471	10,118,471
- Other comprehensive loss	-	-	(24,335)	(24,335)	(24,335)
	-	-	10,094,136	10,094,136	10,094,136
Transactions with owners of the Company					
<i>Distributions</i>					
Interim dividend for the year ended 31 December 2022 @ Rs. 4.00 per share	-	-	(6,056,829)	(6,056,829)	(6,056,829)
Balance as at 31 December 2022	15,142,072	2,345	7,869,409	7,871,754	23,013,826
Total comprehensive income for the year ended 31 December 2023					
- Profit for the year	-	-	5,077,654	5,077,654	5,077,654
- Other comprehensive loss	-	-	(22,693)	(22,693)	(22,693)
	-	-	5,054,961	5,054,961	5,054,961
Transactions with owners of the Company					
<i>Distributions</i>					
Final dividend for the year ended 31 December 2022 @ Rs. 2.00 per share	-	-	(3,028,414)	(3,028,414)	(3,028,414)
Interim dividend for the year ended 31 December 2023 @ Rs. 2.00 per share	-	-	(3,028,414)	(3,028,414)	(3,028,414)
Balance as at 31 December 2023	15,142,072	2,345	6,867,542	6,869,887	22,011,959

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



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

Statement of Cash Flows

For the year ended 31 December 2023

Amounts in Rs '000

	Note	2023	2022
Cash flows from operating activities			
Cash generated from operations	35	2,140,582	10,064,002
Finance costs paid		(198,766)	(54,654)
Payments to retirement benefit obligations		(41,811)	(33,058)
Long-term loans and advances - net		(16,629)	(19,670)
Long-term deposits and prepayments - net		(1,826)	(5,378)
Taxes paid		(8,443,250)	(7,347,844)
Finance income received - conventional		30,473	1,537,627
Finance income received - islamic		2,045,505	262,956
Net cash (used in) / generated from operating activities		(4,485,722)	4,403,981
Cash flows from investing activities			
Payments for capital expenditure		(514,738)	(1,376,312)
Proceeds from disposal of property, plant and equipment		124,738	3,999
Redemption of / (placement in) short-term investments - net		2,567,369	(2,567,369)
Net cash generated from / (used in) investing activities		2,177,369	(3,939,682)
Cash flows from financing activities			
Dividend paid		(6,039,387)	(1,499,054)
Proceeds from short-term financing		1,000,000	-
Payment of lease liability		(668,385)	(488,371)
Net cash used in financing activities		(5,707,772)	(1,987,425)
Net decrease in cash and cash equivalents		(8,016,125)	(1,523,126)
Cash and cash equivalents at beginning of the year		13,782,547	15,305,673
Cash and cash equivalents at end of the year	18.2	5,766,422	13,782,547

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



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

Notes to the Financial Statements

For the year ended 31 December 2023

1 STATUS AND NATURE OF BUSINESS

1.1 Lotte Chemical Pakistan Limited ("the Company") was incorporated in Pakistan on 30 May 1998 under the Companies Ordinance, 1984 (repealed with enactment of the Companies Act, 2017 on 30 May 2017) and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is the manufacture and sale of Pure Terephthalic Acid (PTA).

1.2 The geographical location and addresses of business units are as under:

Location	Address
Registered Office	EZ/1/P-4, Eastern Industrial Zone, Port Qasim, Karachi.
City Office	Al-Tijarah Centre, 14th Floor, 32/1-A, Main Shahrah-e-Faisal, Block 6, P.E.C.H.S., Karachi.

1.3 The Company is a subsidiary of Lotte Chemical Corporation, South Korea and its ultimate parent company is South Korean Conglomerate Lotte.

1.4 The Company had to shut down its plant operations from 15 March 2023 to 30 April 2023 mainly due to economic conditions prevalent in the country, and 18 October 2023 to 12 November 2023 due to decline in downstream demand.

1.5 Lotte Chemical Corporation ("LCC Korea"), the majority shareholder of the Company, entered into Share Purchase Agreement dated 26 January 2023 with Lucky Core Industries Limited for the sale of all of the Company's shares held by LCC Korea.

Subsequently, on 15 May 2023 LCC Korea had signed an Assignment and Assumption Agreement with Lucky Core Industries Limited and Lucky Core Ventures (Private) Limited (a wholly owned subsidiary of the Lucky Core Industries Limited), in respect of Share Purchase Agreement.

On 15 January 2024, the Company has received a notice from Lucky Core Ventures (Private) Limited of withdrawal of Public Announcement of Intention ("PAI") through its Manager to the Offer M/s. Optimus Capital Management (Pvt) Ltd in respect of this transaction.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Notes to the Financial Statements

For the year ended 31 December 2023

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for retirement benefit obligations, which have been measured at the present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional and presentation currency of the Company.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan, requires management to make judgments, estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements and estimates with a significant risk of material adjustment in future years:

- Useful lives and depreciation rates of property, plant and equipment (notes 3.1 and 4);
- Right-of-use asset and its related lease liability (notes 3.2 and 6);
- Provision for Gas Infrastructure Development Cess (notes 3.11 and 23.3);
- Taxation (notes 3.14, 9, and 34);
- Retirement benefits (notes 3.12 and 21); and
- Contingencies (note 26.1).

2.5 Change in accounting standards, interpretations and amendments to published approved accounting standards

a) Standards, interpretations and amendments to published approved accounting standards that are effective.

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on 01 January 2023. However, these do not have any significant impact on the Company's financial reporting.

b) Standard and amendments to approved accounting standards that are not yet effective.

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 01 January 2024. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES

3.1 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation charge is based on the straight-line method whereby the cost of an asset is written off to statement of profit or loss over its estimated useful life, from the date the asset is available for use. When a particular class of asset under property, plant and equipment includes an item having different useful life and is required to be replaced at intervals, the Company depreciates it separately based on its specific useful life. Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal. The rates of depreciation are disclosed in note 4.1 to these financial statements.

Renewals and improvements are included in an asset's carrying amount and are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to statement of profit or loss during the financial period, in which they are incurred.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of assets are taken to the statement of profit or loss.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any, and consists of expenditure incurred in respect of operating property, plant and equipment in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating property, plant and equipment when they are available for use.

3.2 Right-of-use assets

Right of use assets are initially measured at cost being the present value of lease payments, initial direct costs, any lease payments made at or before the commencement of the lease as reduced by any incentives received. These are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged on straight line basis over the shorter of the lease term or the useful life of the asset. Where the ownership of the asset transfers to the Company at the end of the lease term or if the cost of the asset reflects that the Company will exercise the purchase option, depreciation is charged over the useful life of asset.

3.3 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from external financing source and makes certain adjustments, if needed to reflect the terms of the lease and type of the asset leased.

Notes to the Financial Statements

For the year ended 31 December 2023

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.4 Stores and spare parts

Stores and spare parts are valued at lower of cost and net realisable value. Cost is determined using the weighted average method and comprises all costs of purchase and other costs incurred in bringing the stores and spares to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale and is also adjusted through systematic provision for damaged, obsolete and slow moving items.

3.5 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost is determined using the weighted average method, except for in transit which comprises invoice value and the direct charges in respect thereof. Cost of raw material and finished trading goods comprises purchase cost and other incidental charges incurred in bringing the inventories to their present location and condition. Manufactured finished goods include prime cost and an appropriate portion of production overheads based on the normal operating capacity but excluding borrowing costs.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred to make the sale and is also adjusted through systematic provision for damaged, obsolete and slow moving items.

3.6 Trade and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements

For the year ended 31 December 2023

3.7 Finance income and finance cost

Finance income or finance cost is recognised using the effective interest rate method which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

In calculating finance income or finance cost, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, finance income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of finance income reverts to the gross basis.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, short-term fixed deposits having original maturity up to three months and current accounts held with commercial banks. Running finance and 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 statement of cash flows.

3.9 Financial Instruments - Initial recognition and subsequent measurement

3.9.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

3.9.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is 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 that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

Notes to the Financial Statements

For the year ended 31 December 2023

By default, all other financial assets are subsequently measured at FVTPL.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

3.9.3 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.9.4 Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

3.9.5 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Notes to the Financial Statements

For the year ended 31 December 2023

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.9.6 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.10 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which is approximately fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

3.11 Provisions

A provision is recognised when the Company has a present (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 of that can be made. Provisions are reviewed at each reporting date and accordingly adjusted to reflect current best estimate.

3.12 Staff retirement benefits

3.12.1 Defined benefit plans

The Company operates an approved funded defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Company.

The Company also has an unfunded medical scheme to provide post retirement medical benefits for all of its full-time management staff, who joined the Company on or before 01 October 2012 and are also the members of defined contribution superannuation fund.

Contributions to all schemes are made periodically on the basis of recommendations of the actuary and in line with the provisions of the Income Tax Ordinance, 2001.

The liability recognised in the Statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Notes to the Financial Statements

For the year ended 31 December 2023

When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.12.2 Defined contribution plans

The Company operates a provident fund scheme for all its permanent employees. Equal monthly contributions are made to the fund, both by the Company and the employees at the rate of 10 percent of basic salary and cost of living allowance wherever applicable. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Company also operates a defined contribution superannuation fund for its management staff who joined the Company on or before 01 October 2012. Contributions are made at the rate of 10.6 percent of basic salary of the members of the fund.

3.13 Dividend

Dividend distribution to the Company's shareholders and appropriation to reserve is recognised in the financial statements as a liability in the period in which these dividend are approved i.e. interim dividend by the board of directors and final dividend by shareholders in the Annual General Meeting. However, if these are approved after the reporting period but before the financial statements are authorised for issue, they are disclosed in the notes to the financial statements.

3.14 Taxation

Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in statement of profit or loss and other comprehensive income or directly in equity. In this case, the tax is also recognised in Statement of other comprehensive income or directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if certain criteria are met.

Notes to the Financial Statements

For the year ended 31 December 2023

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner, which the Company expects at the reporting date to recover or to settle carrying amount of its assets and liabilities. Deferred tax assets and liabilities are off set only if certain criteria are met.

3.15 Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in statement of profit or loss and presented within finance cost.

3.16 Revenue from contracts with customers

The Company is in the business of sale of goods to customers under the contractual arrangement. Revenue from contracts with customers is recognised when control of the goods are 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 concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer i.e. when goods are dispatched and invoice is raised. 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 (i.e. discounts and volume rebates). 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 customers, if any.

Revenue contracts for Pure Terephthalic Acid (PTA), provides for provisional pricing at the time of shipment (dispatch) with final pricing based on the international market prices of the same month. Any difference between the provisional and final price is recognized as price settlement which forms part of revenue in the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2023

3.17 Contingencies

3.17.1 Contingent liabilities

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
- there is 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

3.17.2 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realisation become virtually certain.

3.18 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, whose results are regularly reviewed by the segment to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The segment information is not generated by the Company and the Chief Executive reviews the Company as a single entity. Hence, segment disclosures are not included in these financial statements.

3.19 Earning per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

4	PROPERTY, PLANT AND EQUIPMENT	Note	2023	2022
	Operating property, plant and equipment	4.1	5,487,083	5,591,103
	Capital work-in-progress	4.2	257,359	668,723
			<u>5,744,442</u>	<u>6,259,826</u>

4.1 Operating property, plant and equipment

The following is a statement of property, plant and equipment:

	Leasehold land	Buildings on leasehold land	Plant and machinery	Motor vehicles	Furniture and equipment	Total
31 December 2023						
Net carrying value basis						
Opening net book value (NBV)	36,275	46,829	5,446,324	1,024	60,651	5,591,103
Additions* (at cost)	-	5,322	878,434	533	38,686	922,975
Disposal at NBV	-	-	(2,573)	-	(84)	(2,657)
Depreciation charge - note 28	(1,422)	(5,652)	(989,466)	(515)	(27,283)	(1,024,338)
Closing net book value (NBV)	<u>34,853</u>	<u>46,499</u>	<u>5,332,719</u>	<u>1,042</u>	<u>71,970</u>	<u>5,487,083</u>
Gross carrying value basis						
Cost	90,278	1,017,456	37,171,782	48,008	317,665	38,645,189
Accumulated depreciation and impairment	(55,425)	(970,957)	(31,839,063)	(46,966)	(245,695)	(33,158,106)
Net book value (NBV)	<u>34,853</u>	<u>46,499</u>	<u>5,332,719</u>	<u>1,042</u>	<u>71,970</u>	<u>5,487,083</u>
Depreciation % per annum	<u>2</u>	<u>3 - 25</u>	<u>4 - 50</u>	<u>25</u>	<u>10 - 50</u>	
31 December 2022						
Net carrying value basis						
Opening net book value (NBV)	37,697	52,035	5,457,591	933	60,427	5,608,683
Additions* (at cost)	-	-	947,159	529	24,152	971,840
Disposal / written off (at NBV)	-	-	-	-	-	-
Depreciation charge - note 28	(1,422)	(5,206)	(958,426)	(438)	(23,928)	(989,420)
Closing net book value (NBV)	<u>36,275</u>	<u>46,829</u>	<u>5,446,324</u>	<u>1,024</u>	<u>60,651</u>	<u>5,591,103</u>
Gross carrying value basis						
Cost	90,278	1,012,134	36,398,704	47,475	279,311	37,827,902
Accumulated depreciation and impairment	(54,003)	(965,305)	(30,952,380)	(46,451)	(218,660)	(32,236,799)
Net book value (NBV)	<u>36,275</u>	<u>46,829</u>	<u>5,446,324</u>	<u>1,024</u>	<u>60,651</u>	<u>5,591,103</u>
Depreciation % per annum	<u>2</u>	<u>3 - 25</u>	<u>4 - 50</u>	<u>25</u>	<u>10 - 50</u>	

* Included herein assets of Rs. 902.13 million (2022: Rs. 953.41 million) transferred from capital work-in-progress (note 4.2.1).

4.1.1 Particulars of immovable operating property, plant and equipment

The details of immovable operating property, plant and equipment i.e. leasehold land and buildings on leasehold land of the Company are as follows:

Location and Address	Usage	Total area in acres
EZ/I/P-4, Eastern Industrial Zone, Port Qasim, Karachi	Manufacturing Plant	<u>150.975</u>

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

4.1.2 The cost of fully depreciated assets of the Company are as follows:

	Leasehold land	Buildings on leasehold land	Plant and machinery	Motor vehicles	Furniture and equipment	Total
As at 31 December 2023	-	565,665	6,178,752	45,725	185,548	6,975,690
As at 31 December 2022	-	561,681	6,112,622	45,725	177,994	6,898,022

4.1.3 The operating property, plant and equipment disposed off during the period include items having book value exceeding Rs. 500,000 are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sales proceeds	Mode of disposal	Particulars of buyers / others	Relationship with Purchaser
Plant and machinery							
T-Type Suspension Towers	105,356	102,783	2,573	124,581	As per Company policy	M/s. Rafiq Traders/ Bismillah Metal Impex	None

4.2 Capital work-in-progress

Note	2023	2022
	244,805	648,018
	7,605	-
	4,949	20,705
4.2.1	257,359	668,723

4.2.1 Capital work-in-progress - movement

Balance as at 01 January		668,723	433,919
Capital expenditure		493,893	1,188,214
Transferred to operating property, plant and equipment	4.1	(902,130)	(953,410)
Transferred to intangible assets	5	(3,127)	-
Balance as at 31 December		257,359	668,723

5 INTANGIBLE ASSETS

5.1 Net carrying value basis

Balance as at 1 January		38,632	2,615
Additions during the year	5.1.1	3,127	36,579
Amortisation charge	28	(14,122)	(562)
Balance as at 31 December		27,637	38,632

5.1.1 This includes asstes transfered from CWIP amounting to Rs. 3.13 million (2022: Nil).

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

5.2	Gross carrying value basis		2023	2022
	Cost		258,555	255,428
	Accumulated amortisation		(230,918)	(216,796)
	Net book value		27,637	38,632
	Amortisation % per annum		20	20

5.3 The cost of fully amortised intangible assets of the Company amounted to Rs. 216.05 million (2022: Rs. 216.05 million).

5.4 The intangible assets represent software and licenses held by the Company.

6 RIGHT-OF-USE ASSETS

The Company leases its office premises and storage capacity at Engro Vopak Terminal. The leases provide the Company with the option to extend the lease term. Lease payments are renegotiated after every lease term to reflect prevailing market rentals.

6.1	Net carrying value basis	Note	2023	2022
	Balance as at 1 January		1,110,524	1,217,305
	Additions during the year		-	133,089
	Depreciation charge	6.3	(183,378)	(239,870)
	Reduction due to lease modification		(561,871)	-
	Balance as at 31 December	6.2	365,275	1,110,524

6.2	Gross carrying value basis			
	Cost		1,374,155	1,936,026
	Accumulated depreciation		(1,008,880)	(825,502)
	Net book value		365,275	1,110,524
	Depreciation - Life in years		3 - 3.5	3.5 - 9

6.3 Depreciation charge has been allocated as follows:

	Cost of sales	28	134,982	200,326
	Administrative and general expenses	30	48,396	39,544
			183,378	239,870

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

7 LONG-TERM LOANS - considered good

	Note	2023			2022
		Motor car and Personal assistance loan	House building assistance	Total	Total
Due from executives	7.1	90,650	20,775	111,425	84,026
Less: receivable within one year	13	(12,412)	(9,917)	(22,329)	(18,751)
		78,238	10,858	89,096	65,275
Due from employees		77,243	6,187	83,430	92,078
Less: receivable within one year	13	(10,170)	(1,721)	(11,891)	(13,347)
		67,073	4,466	71,539	78,731
		145,311	15,324	160,635	144,006

7.1 Loans for personal assistance, motor cars and house building assistance are repayable between two to ten years in equal monthly installments. All the loans are interest free and are secured, where applicable, against respective assets granted to the employees of the Company in accordance with their terms of employment.

7.2 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 115.77 million (2022: Rs. 85.13 million).

8 LONG-TERM DEPOSITS AND PREPAYMENTS

	Note	2023	2022
Deposits - unsecured and considered good	8.1 & 48	25,939	25,939
Prepayments		7,866	6,040
		33,805	31,979

8.1 This includes Rs. 24.27 million (2022: Rs. 24.27 million) paid to K-Electric Limited.

9 DEFERRED TAXATION - NET

9.1 Deferred tax comprises of:

Taxable temporary difference arising in respect of property, plant and equipment **(558,463)** (487,349)

Deductible temporary difference arising in respect of:

- Right-of-use assets (net)	385,145	321,073
- Provisions for:		
- Sales tax refundable	72,771	61,576
- Retirement benefit obligations	46,086	35,944
- Unrealised exchange loss	35,148	64,920
- Slow moving, obsolete and rejected items of stores and spare parts	874	-
- Gas and Infrastructure Development Cess	2,189,157	1,593,540
	2,729,181	2,077,053
	2,170,718	1,589,704

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

9.2 Analysis of change in deferred tax

	2023				2022			
	Balance at 01 January	Recognized in profit or loss (Note 34)	Recognized in OCI	Balance at 31 December	Balance at 01 January	Recognized in profit or loss (Note 34)	Recognized in OCI	Balance at 31 December
(Taxable) / deductible temporary differences								
- Property, plant and equipment	(487,349)	(71,114)	-	(558,463)	(431,776)	(55,573)	-	(487,349)
- Right-of-use assets (net)	321,073	64,072	-	385,145	154,252	166,821	-	321,073
- Sales tax refundable	61,576	11,195	-	72,771	42,993	18,583	-	61,576
- Retirement benefit obligations	35,944	(4,366)	14,508	46,086	27,988	(4,029)	11,985	35,944
- Unrealised exchange loss	64,920	(29,772)	-	35,148	24,829	40,091	-	64,920
- slow moving, obsolete and rejected items of stores and spare parts	-	874	-	874	-	-	-	-
- Gas Infrastructure Development Cess	1,593,540	595,617	-	2,189,157	1,113,084	480,456	-	1,593,540
	<u>1,589,704</u>	<u>566,506</u>	<u>14,508</u>	<u>2,170,718</u>	<u>931,370</u>	<u>646,349</u>	<u>11,985</u>	<u>1,589,704</u>

9.3 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. As per Finance Act, 2022, companies operating in certain sectors, including chemicals, are liable to pay super tax at 10% for tax year 2022 and upto 4% for tax year 2023 and onwards. However Finance Act, 2023 has introduced progressive rate on high earning persons ranging from 1% to 10% whereas on companies having income in excess of Rs. 500 million 10% super tax will be applicable. Such higher rate of tax has been made perpetual thus substantially increasing the overall tax costs for the businesses. Accordingly, deferred tax assets and liabilities have been recognized using the expected applicable rate.

10 STORES AND SPARE PARTS

	Note	2023	2022
Stores		318,050	146,718
Spare parts		1,785,376	1,269,547
		<u>2,103,426</u>	<u>1,416,265</u>
Provision for slow moving, obsolete, and rejected items	10.1	(2,242)	-
		<u>2,101,184</u>	<u>1,416,265</u>

10.1 This includes in-transit stores and spares amounting to Rs. 31.4 million (2022: 106.4 million).

10.2 Provision for slow moving, obsolete and rejected items

	2023	2022
Provision at 1 January	-	-
Charge for the year	2,242	1,910
Write-offs	-	(1,910)
Provision at 31 December	<u>2,242</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

11 STOCK-IN-TRADE	Note	2023	2022
Raw and packing materials	11.1	5,852,346	6,237,395
Finished goods			
- Manufactured goods	11.2	7,176,790	2,123,326
- Trading goods		333,039	168,326
		7,509,829	2,291,652
		13,362,175	8,529,047

11.1 This includes in-transit raw material amounting to Rs. 3,061.51 million (2022: 2,476.32 million).

11.2 This includes in-transit trading goods amounting to Rs. 273.47 million (2022: Nil).

11.3 Cost of stock-in-trade held with third parties include the following:	Note	2023	2022
Paraxylene and Acetic acid held for consumption			
- Engro Vopak Terminal Limited		960,633	1,628,808
Acetic acid held for trading			
- Chempro Pakistan (Private) Limited		5,724	5,163
- Engro Vopak Terminal Limited		53,842	163,163
		59,566	168,326
Cobalt held for consumption			
- Chempro Pakistan (Private) Limited		157,475	119,437
		1,177,674	1,916,571

12 TRADE DEBTS

Trade receivables - PTA and other products	12.2 & 12.3	8,486,031	7,010,116
Trade receivable - electricity		-	43,759
		8,486,031	7,053,875

12.1 All of the Company's trade debts are secured by letters of credit of 30 to 120 days issued by various banks and receivable from K-Electric against the sale of electricity is secured against post dated cheques. These balances are neither past due nor impaired and are considered good.

12.2 This includes receivable from related party amounting to Rs. 2,943.48 million (2022: Nil).

12.3 The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 2,943.48 million (2022: Nil).

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

13	LOANS AND ADVANCES - considered good	Note	2023	2022
	Loans due from:			
	- Executives	7	22,329	18,751
	- Employees	7	11,891	13,347
			<u>34,220</u>	<u>32,098</u>
	Advances to:			
	- Executives		13,452	8,754
	- Employees		1,186	856
	- Contractors and suppliers		2,223	12,958
			<u>16,861</u>	<u>22,568</u>
			<u>51,081</u>	<u>54,666</u>

13.1 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 15.90 million (2022: Rs. 10.46 million).

13.2 All of the above loans and advances are secured against retirement benefit funds, except for advances to contractors and suppliers.

14	TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	Note	2023	2022
	Trade deposits			
	Deposits - unsecured and considered good		5,753	4,928
	Margin on import letters of credit		137,460	28,934
			<u>143,213</u>	<u>33,862</u>
	Short-term prepayments		33,174	29,925
		48	<u>176,387</u>	<u>63,787</u>

15 SHORT-TERM INVESTMENTS - at amortised cost

Conventional

Term deposit receipts	15.1	414,499	5,190,831
Treasury Bills		-	2,567,369
		<u>414,499</u>	<u>7,758,200</u>

Islamic

Term deposit receipts	15.1	4,089,096	4,194,650
		<u>4,503,595</u>	<u>11,952,850</u>

15.1 The interest rates on term deposit receipts ranged from 14.38% to 21.50% (2022: 14.35% to 15.00%) per annum and had original maturities of less than three months.

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

16 SALES TAX REFUNDS DUE FROM GOVERNMENT	Note	2023	2022
Sales tax refundable	16.1	2,600,033	733,814
Provision for impairment	16.2	<u>(186,593)</u>	<u>(186,593)</u>
		<u>2,413,440</u>	<u>547,221</u>

16.1 This includes Rs. 21.94 million (2022: Rs. 27.65 million) on account of input tax arising from sales tax charged to the Company under the Sindh Sales Tax on Services Act, 2011 which is administered by the Sindh Revenue Board with effect from 01 July 2011. This is being deferred due to procedural issues between Federal and Provincial Tax collecting agencies, resulting in lack of verification by the refund issuing authority i.e. the Federal Board of Revenue (FBR). The Company had approached Federal Tax Ombudsman (FTO) for resolution of the matter. The FTO in its Order dated 02 May 2013 have directed FBR, with certain recommendations, to resolve the issue. The Company has filed a Suit No. 537 of 2014 before the Sindh High Court (SHC) to resolve this issue as per the prevailing Sales Tax Law. The SHC passed an Order dated 14 January 2015 directing the FBR to verify exact amount of refund of sales tax to which plaintiff is entitled and submit their report accordingly.

16.2 Reconciliation of provision for impairment	2023	2022
Balance as at 1 January	186,593	156,053
Provision for the year	-	30,540
Balance as at 31 December	<u>186,593</u>	<u>186,593</u>

17 TAXATION - NET

17.1 This includes provision in respect of super tax for the following previous tax years:

Tax Year 2017 - 2019

The Company has filed an appeal against the judgment passed by the Honorable Sindh High Court (SHC) with regard to the imposition of super tax u/s Section 4B of the Income Tax Ordinance, 2001 for tax years 2017-2019 in the Honourable Supreme Court of Pakistan (SCP) which is pending adjudication. Full provision amounting to Rs. 262.56 million has been recorded and 50% payment against assessed super tax liability has been paid as per SCP directives.

Tax Year 2022 & 2023

The Honourable Sindh High Court (SHC) in its Order dated 22 December 2022 has declared that Section 4C and 1st proviso to Division IIB of Part I of the First Schedule of the ITO, 2001 as discriminatory, hence, ultra vires to the Constitution while maintaining the levy as constitutional for tax year 2023 onwards. The Honourable Supreme Court of Pakistan (SCP) in its interim Order dated 16th February 2023, maintained the levy of super tax at 4% and directed the Company to deposit the remaining 6% with Nazir SHC. The Company has duly complied with court orders. Additionally, Finance Act 2023 has amended the increase in rate of super tax u/s 4C, whereby the rate of 10% is applicable as opposed to 4% as per Finance Act, 2022. The Company along with other industries has challenged the vires of Section 4C and 1st proviso to Division IIB of Part I of the First Schedule of the ITO, 2001 in the Honorable Islamabad High Court (IHC). IHC in its interim order struck down the increase in rate. The Department however, has challenged IHC decision in the SCP. The Company on a prudent basis has made full provisions against super tax amounting to Rs. 690.83 million and Rs. 1,704.86 million for tax year 2022 and 2023 respectively in these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

18	CASH AND BANK BALANCES	Note	2023	2022
	Cash in hand - foreign currency		95	65
	Cash at bank - local currency			
	Conventional			
	Current accounts		480,162	158,551
	Savings account	18.1	576,317	9,404
			1,056,479	167,955
	Islamic			
	Current accounts		65,255	4,136,869
	Cheques in hand		140,998	92,177
			<u>1,262,827</u>	<u>4,397,066</u>
18.1	This carry interest at 20.50% per annum (2022:14.50% per annum).			
18.2	Cash and cash equivalents			
	Cash and bank balances		1,262,827	4,397,066
	TDRs with banks having maturity less than three months	15	4,503,595	9,385,481
			<u>5,766,422</u>	<u>13,782,547</u>
19	SHARE CAPITAL			
19.1	Authorised share capital			
	Authorised capital 2,000,000,000 ordinary shares of Rs. 10 each		<u>20,000,000</u>	<u>20,000,000</u>
19.2	Issued, subscribed and paid up capital			
	504,735,636 ordinary shares of Rs 10 each fully paid-up issued pursuant to the Scheme for consideration other than cash	19.3	5,047,356	5,047,356
	1,009,471,572 ordinary shares of Rs 10 each fully paid-up in cash		10,094,716	10,094,716
		19.5	<u>15,142,072</u>	<u>15,142,072</u>
19.3	With effect from 1 October 2000, the PTA business of ICI Pakistan Limited was demerged under a Scheme of Arrangement (Scheme), dated 12 December 2000, as approved by the shareholders and sanctioned by the Honorable High Court of Sindh, in consideration for ordinary shares of the Company.			
19.4	Lotte Chemical Corporation, South Korea holds 1,135,860,105 ordinary shares of Rs 10 each representing 75.01% shareholding of the Company.			
19.5	These fully paid ordinary shares carry one vote per share and right to dividend.			
19.6	Each nominee director hold one share and no dividends were paid during the year to them.			

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

20 CAPITAL RESERVE

Capital reserve represent the amount received from various overseas companies of AkzoNobel Group (then group companies), for purchase of property, plant and equipment. The remitting companies have no claim to their repayments.

21 Retirement benefit obligations

21.1 Staff retirement benefits

21.1.1 As stated in note 3.12 to these financial statements, the Company operates two retirement benefit plans (the Plans) namely approved funded gratuity scheme for all its permanent employees and unfunded medical scheme to provide post retirement medical benefits to all full-time management staff employees who are also the members of defined contribution superannuation fund. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at 31 December 2023.

21.1.2 Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 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 and all trustees are employees of the Company.

21.1.3 Valuation Results

The latest actuarial valuations of the Fund as at 31 December 2023 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	Note	2023			2022		
		Funded Gratuity	Unfunded Medical	Total	Funded Gratuity	Unfunded Medical	Total
21.1.4 Statement of financial position							
Present value of defined benefit obligation at 31 December	21.1.5	(532,730)	(118,169)	(650,899)	(452,296)	(108,922)	(561,218)
Fair value of plan assets at 31 December	21.1.6	403,064	-	403,064	362,495	-	362,495
		<u>(129,666)</u>	<u>(118,169)</u>	<u>(247,835)</u>	<u>(89,801)</u>	<u>(108,922)</u>	<u>(198,723)</u>
21.1.5 Movement in the present value of defined benefit obligations							
Balances as at 1 January		452,296	108,922	561,218	448,952	101,590	550,542
Benefits paid by the plan		(53,974)	(2,675)	(56,649)	(54,642)	(2,345)	(56,987)
Current service costs		25,714	3,558	29,272	26,047	3,880	29,927
Interest cost		58,480	14,793	73,273	48,487	11,548	60,035
Change in mortality assumptions		-	-	-	-	-	-
Transfers from non-mgmt to mgmt		-	-	-	-	-	-
Remeasurement loss / (gain)		50,214	(6,429)	43,785	(16,548)	(5,751)	(22,299)
Balance as at 31 December		<u>532,730</u>	<u>118,169</u>	<u>650,899</u>	<u>452,296</u>	<u>108,922</u>	<u>561,218</u>

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

	Note	2023			2022		
		Funded Gratuity	Unfunded Medical	Total	Funded Gratuity	Unfunded Medical	Total
21.1.6		Movement in the fair value of plan assets					
		362,495	-	362,495	400,376	-	400,376
		39,136	-	39,136	30,713	-	30,713
		(53,974)	-	(53,974)	(54,642)	-	(54,642)
		48,823	-	48,823	44,667	-	44,667
		6,584	-	6,584	(58,619)	-	(58,619)
		<u>403,064</u>	<u>-</u>	<u>403,064</u>	<u>362,495</u>	<u>-</u>	<u>362,495</u>
21.1.7		Expense recognised in Statement of profit or loss					
		25,714	3,558	29,272	26,047	3,880	29,927
		9,657	14,793	24,450	3,820	11,548	15,368
		<u>35,371</u>	<u>18,351</u>	<u>53,722</u>	<u>29,867</u>	<u>15,428</u>	<u>45,295</u>
21.1.8		Remeasurement (gain) / loss recognised in Statement of comprehensive income					
		50,214	(6,429)	43,785	(16,548)	(5,751)	(22,299)
		(6,584)	-	(6,584)	58,619	-	58,619
		<u>43,630</u>	<u>(6,429)</u>	<u>37,201</u>	<u>42,071</u>	<u>(5,751)</u>	<u>36,320</u>
21.1.9		Net recognised liability					
		89,801	108,922	198,723	48,576	101,590	150,166
	21.1.7	35,371	18,351	53,722	29,867	15,428	45,295
		(39,136)	(2,675)	(41,811)	(30,713)	(2,345)	(33,058)
	21.1.8	43,630	(6,429)	37,201	42,071	(5,751)	36,320
		<u>129,666</u>	<u>118,169</u>	<u>247,835</u>	<u>89,801</u>	<u>108,922</u>	<u>198,723</u>
21.1.10		Principal Actuarial assumptions used					
		<u>15.00%</u>	<u>15.00%</u>		<u>13.75%</u>	<u>13.75%</u>	
		<u>13.00%</u>	<u>-</u>		<u>11.75%</u>	<u>-</u>	
		<u>-</u>	<u>9.50%</u>		<u>-</u>	<u>8.25%</u>	

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

21.1.11 Plan assets comprise of following	Note	2023	2022
31 December			
Government bonds		138,751	137,154
National Savings deposits		161,666	143,855
Shares of listed companies		88,980	68,875
Term deposits		13,667	12,611
Total as at 31 December		403,064	362,495

21.1.12 Mortality was assumed to be 70% of the EFU (61-66) Table.

21.1.13 Funding

In case of the funded plans, the Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the retirement benefit plan. Within this framework, the Company's ALM objective is to match assets to the retirement benefit obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2023 consist of term finance certificates, government bonds and national savings deposits. The Company believes that term finance certificates and government bond offer the best returns over the long term with an acceptable level of risk.

21.1.14 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date.

The Company's contribution to the gratuity funds in 2024 is expected to be Rs. 45.93 million.

The actuary conducts valuations for calculating contribution rate and the Company contributes to the gratuity fund according to the actuary's advice. Expense of the defined benefit plan is calculated by the actuary.

21.1.15 The defined benefit plans expose the Company to the actuarial risks such as:

Withdrawal and mortality risks - Withdrawal risk is the risk of higher or lower withdrawal experience than assumed. Mortality risk is the risk that the actual mortality experience is different. Both risks depend on the beneficiaries' service / age distribution and the benefit.

Investment risk - The risk arises when the actual performance of the investment is lower than expectation and thus creating a shortfall in the funding objectives.

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

Salary increase risk - The risk arise when the actual salary increases are higher than expectations and impacts the liability accordingly.

Medical cost escalation risk - The risk that the cost of post-retirement medical benefits could be higher than what we assumed.

Longevity risk - The risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

21.2 Sensitivity analysis / risk for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on retirement benefit obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate at 31 December	1%	(43,318)	49,542
Future salary increases	1%	33,804	(30,857)
Medical cost trend	1%	16,769	(14,049)

If longevity increases by 1 year, obligation increases by Rs. 1.22 million.

The above sensitivity analysis 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 statement of financial position.

A sensitivity analysis was conducted to determine the impact of a 1% change in the medical cost trend, which was not material.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

21.3 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at the beginning of the period, for returns over the entire life of related obligation.

21.4 The Company's contributions towards the provident fund and defined contribution superannuation fund for the year ended 31 December 2023 amounted to Rs. 38.57 million (2022: Rs. 36.91 million) and Rs. 30.59 million (2022: Rs. 29.96 million) respectively.

Notes to the Financial Statements

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Amounts in Rs '000

21.5 The weighted average duration of the defined benefit obligations is 8.4 years.

Maturity analysis

Expected maturity analysis of undiscounted retirement benefit plans.

<u>At 31 December 2023</u>	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Retirement benefit plans	<u>19,165</u>	<u>135,833</u>	<u>298,275</u>	<u>552,494</u>	<u>1,005,767</u>

22	LEASE LIABILITIES	Note	2023	2022
22.1	Lease liability			
	Balance as at 01 January		1,974,580	1,759,885
	Interest on lease liability	33	306,704	232,981
	Payments made during the year		(668,385)	(488,371)
	Impact of lease modification	22.2	(743,730)	-
	Re-measurement of lease liability - exchange loss		423,161	470,085
	Balance as at 31 December	22.3	<u>1,292,330</u>	<u>1,974,580</u>

22.2 During the year, the lease agreement for storage tanks between Engro VoPak Terminal Limited (Lessor) and Company (Lessee) was revised. The revision has resulted in the reduction of the lease term, hence the lease has been modified.

22.3 The amount of future lease payments and the period in which these become due are as follows:

	2023			2022		
	Future minimum lease payments	Interest expense on lease liability	Present value of minimum lease payments	Future minimum lease payments	Interest expense on lease liability	Present value of minimum lease payments
Not later than one year	672,389	235,986	436,403	539,784	225,300	314,484
Later than one year but not later than five years	1,008,585	152,658	855,927	2,159,136	499,040	1,660,096
	<u>1,680,974</u>	<u>388,644</u>	<u>1,292,330</u>	<u>2,698,920</u>	<u>724,340</u>	<u>1,974,580</u>

22.4	Amounts recognised in the statement of profit or loss	Note	2023	2022
	Interest expense on lease liabilities	33	306,704	232,981
	Expense related to exchange loss on remeasurement of lease liability	22.1	423,161	470,085
	Impact of lease modification	32	(743,730)	-
			<u>(13,865)</u>	<u>703,066</u>

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

22.5 Extension option

The Company has a lease contract that includes an extension option. The option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs.

Management exercises significant judgment in determining whether the extension option is reasonably certain to be exercised (see Note 3.3).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension option that are not included in the lease term:

	<u>With in five years</u>	<u>More than five years</u>	<u>Total</u>
2023			
Extension option expected to be exercised	1,680,974	1,680,974	3,361,948
2022			
Extension option expected to be exercised	-	-	-
	<u>1,680,974</u>	<u>1,680,974</u>	<u>3,361,948</u>

23 TRADE AND OTHER PAYABLES	Note	2023	2022
Trade creditors including bills payable	23.1	3,685,360	4,244,858
Infrastructure Cess	23.2	5,233,974	4,371,509
Provision for Gas Infrastructure Development Cess (GIDC)	23.3	3,113,744	3,113,744
Provision for Captive Gas Tariff rate differential	23.4	214,630	233,501
Accrued expenses		1,277,945	627,636
Workers' Profit Participation Fund	23.5	29,358	45,660
Workers' Welfare Fund	23.6	226,249	363,864
Contract liabilities - advances from customers		37,833	42,673
Retention money payable		2,111	6,880
Withholding tax payable		5,207	3,300
Others	23.7	148,910	148,512
		<u>13,975,321</u>	<u>13,202,137</u>

23.1 This includes payable related to stock in transit amounting to Rs. 3,334.98 million (2022: 2,476.32 million).

23.2 This pertains to levy of Infrastructure Cess under the Sindh Finance Act, 1994 and subsequently Sindh Development and Maintenance of Infrastructure Cess Act, 2017. In the year 2021, the appeal filed by the Company at Honorable Sindh High Court (SHC) in respect of the Development and Maintenance of Infrastructure Cess was dismissed by the SHC on 04 June 2021 in favor of the Government of Sindh. An appeal has been filed in the Honorable Supreme Court of Pakistan (SCP) on 28 July 2021. Leave to appeal and stay order was granted by the SCP on 01 September 2021, subject to the furnishing of bank guarantees to the minimum of the extent of the amount involved therein which is as stated in note 26.2.4 to these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

	2023	2022
Balance as at 1 January	4,371,509	3,364,687
Charge for the year	862,465	1,006,822
Balance as at 31 December	<u>5,233,974</u>	<u>4,371,509</u>

23.3 On 6th November 2020, the Honorable Supreme Court of Pakistan (SCP) provided a relief for payment of Gas Infrastructure Development Cess (GIDC) in 48 installments and applicability of section 8(2) of the Gas Infrastructure Development Cess Act, 2015. In 2021, SSGC revised the billing based on 24 monthly installments in line with the notification issued by the Ministry of Energy based on legal grounds.

In view of the above judgment of SCP, the Company filed a suit in the Honorable Sindh High Court (SHC) to allow the benefit of provision 8(2) of the Gas Infrastructure Development Cess Act, 2015, which is related to the Government waiving its right to collect GIDC for the period from 2011 to 2015 from industries where the same was not passed on through supply chain. The appeal of the Company is pending in the SHC and there has been no change in the status of GIDC. Therefore, as a matter of abundant caution, full amount of provision has been recorded in these financial statements in this respect.

23.4 This includes provision recognized for the following matters:

23.4.1 The Company along with the industry challenged the increase in gas tariff as notified by Oil and Gas Regulatory Authority (OGRA) effective 31 August 2015. The case was decided by the Honorable Sindh High Court (SHC) in favor of the consumers in order dated 18 May 2016. The Sui Southern Gas Company (SSGC) has filed an appeal in the Honorable Supreme Court of Pakistan (SCP) on 13 December 2017, the Company has therefore made full provision amounting to Rs. 114.82 million on a prudent basis.

23.4.2 During the year, OGRA, through its notification dated 15 February 2023, announced an increase in gas tariff effective from 1 January 2023. In response, the Company along with the industry have contested the retrospective application of this notification in Honourable High Court of Sindh (SHC). The SHC issued an ad-interim stay order on 5 June 2023, prohibiting coercive action against the plaintiff for the recovery of the increased tariff. The Company has carried provision amounting to Rs. 86.98 million in this regard.

23.5 Reconciliation of Workers' Profit Participation Fund	Note	2023	2022
Balance as at 1 January		45,660	39,290
Allocation for the year	31	509,394	845,696
Interest on funds utilised	33	499	180
Amount paid to the Fund		<u>(526,195)</u>	<u>(839,506)</u>
Balance as at 31 December		<u>29,358</u>	<u>45,660</u>

23.6 Reconciliation of Workers' Welfare Fund

Balance as at 1 January		363,864	156,489
Allocation for the year	31	207,626	347,204
Amount paid to the Fund		<u>(345,241)</u>	<u>(139,829)</u>
Balance as at 31 December		<u>226,249</u>	<u>363,864</u>

23.7 This includes stale cheques amounting to Rs. 141.82 million (2022: Rs. 141.10 million).

Notes to the Financial Statements

For the year ended 31 December 2023

		Amounts in Rs '000		
24	SHORT-TERM FINANCING	Note	2023	2022
	Short-term financing	24.1	<u>1,000,000</u>	<u>-</u>
24.1	The short-term financing available from Allied Bank Limited as at 31 December 2023 amounted to Rs. 1,000 million (2022: Rs Nil). This represents utilized amount of running finance facility with a sanctioned limit of Rs. 1,000 million. The facility carries mark up at the rate of 1 week KIBOR + 0.05% per annum of the utilized amount, payable on weekly basis. The facility is secured against hypothecation charge over all present and future assets of the Company with 25% margin. The loan was obtained on 28 December 2023 and repaid on 02 January 2024.			
25	ACCRUED INTEREST	Note	2023	2022
	Interest payable on long-term loans	25.1	429,023	344,413
	Short-term financing	24.1	2,448	-
			<u>431,471</u>	<u>344,413</u>

25.1 This represents interest payable to Mortar Investments International Limited amounting to USD 1.52 million (2022: USD 1.52 million) on long-term loans previously repaid by ICI Pakistan Limited. The amount is still unpaid due to certain legal and procedural complexities with respect to foreign remittance.

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 Income tax matters

Tax year 2015 - Lotte Powergen

In respect of tax year 2015, an Assessment Order was passed whereby an amount of Rs. 1,717.54 million relating to the unabsorbed brought forward depreciation losses of amalgamated entity Lotte Powergen (Pvt) Limited were disallowed by Commissioner Inland Revenue (Appeals) [CIR(A)]. The Company has preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR). The consequential liability if any would be approximately Rs. 515.26 million. However, the Company is confident that the decision will be in its favour and hence, no provision has been recognized in these financial statements.

Tax years 2002-03 to 2012

On 14 December 2021, Appeal Order effects for tax years 2002-03 to 2012 was received in favour of the Company creating a net refundable of Rs. 363.52 million. However, the Department has filed an appeal before Honorable Sindh High Court (SHC) which is pending adjudication.

Tax Years 2016 - 2020

On 29 April 2021, Assessment Orders were passed in respect of tax years 2016 to 2020 which created additional tax liability of Rs. 1,446.88 million.

The Company has filed appeals for tax years 2016-2020, before the Commissioner Inland Revenue (Appeal) [CIR(A)] in respect of aforementioned Orders. Application to fix the date of hearing of appeal remains pending in CIR(A).

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

Tax Year 2021

On 31 March 2022, an Assessment Order was passed in respect of tax year 2021 which created additional tax liability of Rs. 95.86 million, which is mainly on account of disallowance of WPPF / WWF payments to Sindh Revenue Board (SRB). The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on 28 April 2022. The CIR(A) through its order dated 26 April 2023 agreed with the Company's position on all matters except allowance for WPPF & WWF, which were duly challenged in ATIR. The Company is confident that decision will be in its favour and hence, no provision has been recognized in the financial statements.

Undistributed profits - Tax Year 2017

On 30 April 2021, the Honorable Sindh High Court (SHC) has passed the Order in favor of tax payers. Appeal has been filed by the Department in the Honorable Supreme Court of Pakistan (SCP). The potential exposure for the Company is Rs. 35.28 million.

26.1.2 Sales tax

The Company has received show-cause notices in respect of certain tax periods against the apportionment of input between taxable and exempt supplies in the sales tax returns filed. Replies to the said show cause notices had been made along with supporting evidences but no order has been received yet. Further, the contingency relating to sales tax has been disclosed in note 16.1 of these financial statements.

26.2 Commitments and Guarantees

26.2.1 Commitments for capital expenditure as at 31 December 2023 amounted to Rs. 157.42 million (2022: Rs. 221.97 million).

26.2.2 Commitments for rentals under Ijarah contracts for vehicles as at 31 December are as follows:

	2023	2022
Not later than 1 year	73,250	52,392
Later than 1 year and not later than 5 years	199,672	150,619
	<u>272,922</u>	<u>203,011</u>

26.2.3 Commitments for rentals under agreement in respect of services are priced in foreign currency and converted at exchange rate at 31 December are as follows:

	2023	2022
Not later than 1 year	1,027,316	115,668
Later than 1 year and not later than 5 years	1,860,725	-
	<u>2,888,041</u>	<u>115,668</u>

26.2.4 Outstanding guarantees of the Company as at 31 December 2023 were Rs. 5,944.15 million (2022: Rs. 5,114.15 million).

26.2.5 Letters of credit issued on behalf of the Company as at 31 December 2023 were Rs. 8,153.11 million (2022: Rs. 2,705.02 million).

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

27 REVENUE - NET

	2023				2022			
	Manufactured goods	Trading goods	Sale of electricity	Total	Manufactured goods	Trading goods	Sale of electricity	Total
Local sales	95,748,130	2,884,816	252,464	98,885,410	116,979,714	2,475,686	1,621,730	121,077,130
Less: Sales tax and excise duty	(14,518,339)	(438,637)	(41,304)	(14,998,280)	(16,997,052)	(359,715)	(236,538)	(17,593,305)
Less: Price settlements and discounts / rebates	(2,245,965)	(21,760)	-	(2,267,725)	(3,199,786)	(18,484)	-	(3,218,270)
	<u>78,983,826</u>	<u>2,424,419</u>	<u>211,160</u>	<u>81,619,405</u>	<u>96,782,876</u>	<u>2,097,487</u>	<u>1,385,192</u>	<u>100,265,555</u>

27.1 The Company has not entered into any export sales contract during the year.

27.2 Included herein revenue recognized of Rs. 41.27 million (2022: Rs. 23.73 million) from amounts included in advance from customers.

28 COST OF SALES

	Note	2023	2022
Manufactured goods			
Raw and packing materials consumed:			
Opening stock	11	6,237,395	4,489,456
Purchases		66,545,687	76,666,402
Closing stock	11	(5,852,346)	(6,237,395)
		<u>66,930,736</u>	<u>74,918,463</u>
Salaries, wages and benefits	28.1	906,635	845,555
Stores and spares consumed		354,669	302,123
Rentals under ijarah arrangements	28.2	29,476	20,653
Insurance		143,243	119,213
Oil, gas and electricity		4,043,880	2,581,957
Travelling		128,054	100,587
Depreciation and amortisation	4,1,5,1 & 63	1,173,442	1,190,308
Repairs and maintenance		668,326	451,121
Others		83,538	70,376
Cost of goods manufactured		<u>74,461,999</u>	<u>80,600,356</u>
Opening stock of manufactured goods	11	2,123,326	899,009
		<u>76,585,325</u>	<u>81,499,365</u>
Closing stock of manufactured goods	11	(7,176,790)	(2,123,326)
Cost of goods manufactured sold		<u>69,408,535</u>	<u>79,376,039</u>
Trading goods			
Opening stock	11	168,326	460,127
Purchases		1,907,275	1,427,221
Closing stock	11	(333,039)	(168,326)
Cost of trading goods sold		<u>1,742,562</u>	<u>1,719,022</u>
Cost to produce electricity		223,738	1,346,283
		<u>71,374,835</u>	<u>82,441,344</u>

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

28.1 Salaries, wages and benefits include Rs. 92.24 million (2022: Rs. 84.87 million) and Rs. 47.57 million (2022: Rs. 45.53 million) in respect of defined benefit and defined contribution plans respectively.

28.2 The Company entered into Ijarah Agreement with Askari Bank Limited and Meezan Bank Limited for acquisition of vehicles. Under the agreement, the term of Ijarah is 5 years and Ijarah payments are payable quarterly in arrears.

29	DISTRIBUTION AND SELLING EXPENSES	Note	2023	2022
	Salaries and benefits	29.1	111,716	101,556
	Outward freight and handling		21,385	26,575
	Rentals under Ijarah arrangements	28.2	6,802	2,737
	Repairs and maintenance		6,919	6,034
	Travelling		13,617	6,631
	Postage and telephone		2,088	1,364
	Advertising and sales promotion		983	856
	Others		19,173	12,546
			182,683	158,299

29.1 Salaries and benefits include Rs. 12.23 million (2022: Rs. 10.80 million) and Rs. 7.04 million (2022: Rs. 6.60 million) in respect of defined benefit and defined contribution plans respectively.

30	ADMINISTRATIVE AND GENERAL EXPENSES	Note	2023	2022
	Salaries and benefits	30.1	311,573	269,391
	Legal, professional and consultancy		11,146	21,158
	Rentals under ijarah arrangements	28.2	15,507	8,335
	Travelling		39,480	18,145
	Depreciation on ROUA	6.3	48,396	39,544
	Repairs and maintenance		40,043	35,757
	IT related expenses		20,577	23,797
	Security		31,157	25,616
	Rent, rates and taxes		23,463	15,557
	Publication and subscriptions		4,237	3,799
	Postage and telephone		7,691	6,717
	Printing and stationary		4,959	4,503
	Auditors' remuneration	30.2	9,364	7,775
	Provision for sales tax receivable		-	30,540
	Obsolete and slow moving stores and spare parts	10.2		
	- provision		2,242	-
	- write off		-	1,910
	Security deposit written off		-	14,418
	Donation		167	-
	Others		84,387	75,572
			654,389	602,534

Notes to the Financial Statements

For the year ended 31 December 2023

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30.1 Salaries and benefits include Rs. 23.65 million (2022: Rs. 22.27 million) and Rs. 14.55 million (2022: Rs. 14.73 million) in respect of defined benefit and defined contribution plans respectively.

30.2	Auditors' remuneration	2023	2022
	Audit fee	2,950	2,365
	Limited scope review, code of corporate governance, certifications, review and audit of group reporting packages and taxation services etc	5,946	4,867
	Out of pocket expenses	468	543
		9,364	7,775

30.3 This includes fee pertaining to taxation services provided to the Company amounting to Rs. 3.67 million (2022: Nil).

31	OTHER OPERATING EXPENSES	Note	2023	2022
	Workers' Profit Participation Fund	23.5	509,394	845,696
	Workers' Welfare Fund	23.6	207,626	347,204
	Others	31.1	209,779	-
			926,799	1,192,900

31.1 This represents arrears and markup on such arrears paid by the Company with respect to revision in the land rentals, maintenance charges and right of way charges to Port Qasim Authority, pertaining to the period from 01 July 2011 to 31 December 2023.

32	OTHER INCOME	Note	2023	2022
	Income from financial assets			
	Income on term deposit receipts - conventional		709,758	1,533,447
	Income on savings account - conventional		108,000	11,349
	Income on term deposit receipts - islamic		1,251,047	249,829
			2,068,805	1,794,625
	Income from non-financial assets			
	Indenting commission - net		113,243	10,252
	Gain on disposal of property, plant and equipment		122,081	3,999
	Scrap sales		18,295	20,418
	Gain on lease modification	22.2	181,859	-
	Income from sale of water		-	10,459
	Rental income from tower on leasehold land		969	932
	Others		309	12
			436,756	46,072
	Liabilities no longer payable written back		61,412	-
			2,566,973	1,840,697

Notes to the Financial Statements

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Amounts in Rs '000

33	FINANCE COSTS	Note	2023	2022
	Interest / mark-up on:			
	- Short-term financing		2,476	-
	- Interest on lease liability	22.1	306,704	232,981
	- Markup on LC discounting		143,770	5,188
	Exchange loss - net		1,031,188	1,666,018
	Bank, LCs and other charges		54,968	49,466
	Interest on Workers' Profit Participation Fund	23.5	499	180
			<u>1,539,605</u>	<u>1,953,833</u>
34	TAXATION			
	Current - for the year	34.2	4,004,975	5,658,662
	- for prior year	34.3	991,944	626,558
			<u>4,996,919</u>	<u>6,285,220</u>
	Deferred	9.2	(566,506)	(646,349)
		34.1	<u>4,430,413</u>	<u>5,638,871</u>
34.1	Reconciliation of income tax expense for the year			
	Profit before taxation		9,508,067	15,757,342
	Applicable normal tax rate		29%	29%
	Applicable super tax rate		10%	4%
			<u>39%</u>	<u>33%</u>
	Tax calculated at the applicable tax rate		3,708,146	5,199,923
	Tax effect of :			
	- income chargeable to tax under FTR basis		(42,979)	(3,007)
	- prior year tax charge	34.3	991,944	626,558
	- prior year deferred tax charge		61,763	-
	- impact of rate differentials on deferred tax		(289,037)	(135,226)
	- impact of change in FTR income on deferred tax		-	(48,666)
	- others		576	(711)
			<u>4,430,413</u>	<u>5,638,871</u>
	Effective tax rate		<u>47%</u>	<u>36%</u>
34.2	This includes a provision for super tax, for tax year 2024 amounting to Rs. 1,026.92 million (2022: 685.89 million) at 10% (2022: 4%) in accordance with the provisions of the Finance Act, 2023.			
34.3	This represents super tax as a result of retrospective increase in the rate from 4% to 10% for tax year 2023 vide Finance Act, 2023.			

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

35	CASH GENERATED FROM OPERATIONS	Note	2023	2022
	Profit before taxation		9,508,067	15,757,342
	Adjustments for non-cash charges and other items:			
	Depreciation and amortisation	28 & 30	1,221,838	1,229,852
	Provision for obsolete and slow moving stores and spare parts	30	2,242	-
	Gain on disposal of property, plant and equipment	32	(122,081)	(3,999)
	Provision for sales tax receivable	30	-	30,540
	Provision for retirement benefit obligations	21.1.7	53,722	45,295
	Finance cost		1,015,689	833,562
	Income from financial assets	32	(2,068,805)	(1,794,625)
	Gain on lease modification		(181,859)	-
			(79,254)	340,625
			9,428,813	16,097,967
	Effect on cash flows due to working capital changes			
	(Increase) / decrease in current assets			
	Stores and spare parts		(687,161)	(171,638)
	Stock-in-trade		(4,833,128)	(2,680,455)
	Trade debts		(1,432,156)	(2,757,914)
	Loans and advances		3,585	(4,050)
	Trade deposits and short-term prepayments		(112,600)	(9,548)
	Other receivables		(4,673)	33,919
	Tax refunds due from government - sales tax		(1,866,219)	(246,843)
			(8,932,352)	(5,836,529)
	Increase / (decrease) in trade and other payables		1,644,121	(197,436)
	Cash generated from operations		2,140,582	10,064,002

36 EARNINGS PER SHARE - BASIC AND DILUTED

36.1 Basic earnings per share

The calculation of basic earnings per share has been based on the profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	2023	2022
Profit after taxation	5,077,654	10,118,471
	Number of shares	
Weighted average ordinary shares in issue during the year	1,514,207,208	1,514,207,208
	Rupees	
Earnings per share	3.35	6.68

36.2 There is no dilutive effect on the basic earnings per share of the Company.

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company were as follows:

	Chief Executive		Executive Director		Executives	
	2023	2022	2023	2022	2023	2022
Managerial remuneration	16,501	14,552	18,997	15,756	346,766	365,140
Retirement benefits	-	1,276	4,824	3,263	120,149	109,182
Group insurance	8	7	8	10	946	1,003
House rent and maintenance	2,964	1,265	-	1,122	121,037	117,122
Utilities	-	-	-	-	27,689	26,331
Medical	25	133	3,493	300	28,444	26,233
	19,498	17,233	27,322	20,451	645,031	645,011
Number of persons	1	1	1	1	124	121

37.1 The Company has provided furnished accommodation to the Expats.

37.2 Fees and allowances paid for board meetings & committees

S. No.	Name of Director	Board and General meetings		Audit Committee meetings		HR & Remuneration Committee meeting	
		2023	2022	2023	2022	2023	2022
1	Mr. Rashid Ibrahim	150	-	150	-	-	-
2	Mr. Khurram Rashid	150	-	150	-	-	-
3	Mr. Shabbir Diwan	150	-	-	-	-	-
4	Mr. Pervaiz Akhtar	300	375	150	300	75	75
5	Mr. Adnan Afridi	225	375	150	300	-	-
6	Mr. Muhammad Zubair	300	375	-	-	-	-
		1,275	1,125	600	600	75	75

37.3 An amount of Rs. 183.85 million (2022: Rs. 180.78 million) on account of variable pay (i.e. bonus) has been recognised in these financial statements. This amount is payable in 2024 after verification of target achievements.

Out of variable pay recognised for 2022 and 2021, following payments were made:

	Paid in 2023 relating to 2022	Paid in 2022 relating to 2021
Chief Executive	4,612	10,525
Executives	162,764	125,114
Other employees	38,940	49,248
	206,316	184,887

Notes to the Financial Statements

For the year ended 31 December 2023

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37.4 The Chief Executive, Executive Director and certain Executives are provided with free use of Company maintained cars in accordance with their entitlements.

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of parent company, related group companies, directors of the Company, companies where directors also hold directorships, key management personnel and staff retirement funds. All transactions with related parties are entered into at agreed terms. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Relationship	Nature of Transactions	2023	2022
Parent company	Dividend payable	<u>4,543,440</u>	<u>4,543,440</u>
Associates - Common Directorship	Sale of goods to Novatex Limited - gross sales	<u>17,624,647</u>	<u>-</u>
Key management personnel	Salaries and other short term benefits	<u>90,323</u>	<u>70,666</u>
	Retirement benefits	<u>12,524</u>	<u>9,490</u>
	Loans repaid	<u>-</u>	<u>9,800</u>
Others	Payment to retirement benefit funds	<u>148,156</u>	<u>138,804</u>

38.1 The following are the related parties with whom the Company had entered into transaction or have arrangement / agreement in place:

Name of the Related Party:	Lotte Chemical Corporation
Basis of association:	Parent Company
Country of incorporation:	South Korea
Shareholding in the Company:	75.01% (2022: 75.01%)
Name of the Related Party:	Novatex Limited
Basis of association:	Common Directorship
Country of incorporation:	Pakistan
Associate shareholding in the Company:	9.91% (2022: Nil)
Name of the Related Party:	Lotte Pakistan Foundation
Basis of association:	Trust controlled by the Company
Country of incorporation:	Pakistan
Associate shareholding in the Company:	Nil (2022: Nil)
Names of the Key management personnel (as defined in Related Party Transactions and Maintenance of Related Records Regulations, 2018)	Mr. Young Dae Kim (Chief Executive) Mr. Tariq Nazir Virk (Executive Director) Mr. Ashiq Ali (Chief Financial Officer) Mr. Faisal Abid (Company Secretary)

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For the year ended 31 December 2023

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39 CAPACITY AND PRODUCTION / GENERATION	Note	Annual name plate capacity		Actual production / generation	
		2023	2022	2023	2022
Pure Terephthalic Acid - in metric tonnes	39.1	<u>506,750</u>	<u>506,750</u>	<u>327,829</u>	<u>471,171</u>
Electricity - in thousands of Kw	39.2	<u>421,356</u>	<u>421,356</u>	<u>168,959</u>	<u>250,723</u>

39.1 The actual production is based on 75% plant availability which is as per the requirements / demand of the Company's product.

39.2 Actual generation of electricity is as per the requirements / demand of the Company.

40 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2023			Total
	Lease liability	Unclaimed dividend	Unpaid dividend	
Balance as at 1 January 2023	1,974,580	55,946	4,543,440	6,573,966
Changes from financing cash flows				
Payment of lease rentals	(668,385)	-	-	(668,385)
Dividend paid	-	17,441	(6,056,828)	(6,039,387)
	(668,385)	17,441	(6,056,828)	(6,707,772)
Liability - related other changes				
Interest on lease liability	306,704	-	-	306,704
Dividend declared	-	-	6,056,828	6,056,828
Disposal due to ROU EVTL modification	(743,730)	-	-	(743,730)
Exchange loss	423,161	-	-	423,161
Total liability - related other changes	(13,865)	-	6,056,828	6,042,963
Balance at 31 December 2023	<u>1,292,330</u>	<u>73,387</u>	<u>4,543,440</u>	<u>5,909,157</u>
	2022			Total
	Lease liability	Unclaimed dividend	Unpaid dividend	
Balance as at 1 January 2022	1,759,885	11,014	30,597	1,801,496
Changes from financing cash flows				
Payment of lease rentals	(488,371)	-	-	(488,371)
Dividend paid	-	(32)	(1,499,022)	(1,499,054)
	(488,371)	(32)	(1,499,022)	(1,987,425)
Liability - related other changes				
Interest on lease liability	232,981	-	-	232,981
Dividend declared	-	-	6,056,829	6,056,829
Dividend reclassification	-	44,964	(44,964)	-
Exchange loss	470,085	-	-	470,085
Total liability - related other changes	703,066	44,964	6,011,865	6,759,895
Balance at 31 December 2022	<u>1,974,580</u>	<u>55,946</u>	<u>4,543,440</u>	<u>6,573,966</u>

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

41 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency, interest rate and other price risks). 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. No changes were made in the risk management framework and capital management of the Company during the year ended 31 December 2023.

41.1 Risk management framework

The Board of Directors have overall responsibility for the 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 meets regularly and any change 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.

Financial assets and liabilities by category and their respective maturities:

	As at 31 December 2023						Total
	Interest bearing			Non-Interest bearing			
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
Financial assets							
Loans*	-	-	-	34,220	160,635	194,855	194,855
Trade debts	-	-	-	8,486,031	-	8,486,031	8,486,031
Deposits**	-	-	-	143,213	-	143,213	143,213
Interest accrued	-	-	-	32,823	-	32,823	32,823
Other receivables	-	-	-	10,335	-	10,335	10,335
Short-term investments	4,503,595	-	4,503,595	-	-	-	4,503,595
Cash and bank balances	576,317	-	576,317	686,510	-	686,510	1,262,827
31 December	5,079,912	-	5,079,912	9,393,132	160,635	9,553,767	14,633,679
Financial liabilities							
Trade and other payables***	-	-	-	5,114,326	-	5,114,326	5,114,326
Accrued interest	-	-	-	431,471	-	431,471	431,471
Short-term financing	1,000,000	-	1,000,000	-	-	-	1,000,000
Unclaimed dividend	-	-	-	73,387	-	73,387	73,387
Unpaid dividend	-	-	-	4,543,440	-	4,543,440	4,543,440
Lease liability	436,403	855,927	1,292,330	-	-	-	1,292,330
31 December	1,436,403	855,927	2,292,330	10,162,624	-	10,162,624	12,454,954

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	As at 31 December 2022						Total
	Interest bearing			Non-Interest bearing			
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
Financial assets							
Loans*	-	-	-	32,098	144,006	176,104	176,104
Trade debts	-	-	-	7,053,875	-	7,053,875	7,053,875
Deposits**	-	-	-	33,862	-	33,862	33,862
Interest accrued	-	-	-	39,996	-	39,996	39,996
Other receivables	-	-	-	5,662	-	5,662	5,662
Short-term investments	11,952,850	-	11,952,850	-	-	-	11,952,850
Cash and bank balances	9,404	-	9,404	4,387,662	-	4,387,662	4,397,066
31 December	11,962,254	-	11,962,254	11,553,155	144,006	11,697,161	23,659,415
Financial liabilities							
Trade and other payables***	-	-	-	5,027,886	-	5,027,886	5,027,886
Accrued interest	-	-	-	344,413	-	344,413	344,413
Short-term financing	-	-	-	-	-	-	-
Unclaimed dividend	-	-	-	55,946	-	55,946	55,946
Unpaid dividend	-	-	-	4,543,440	-	4,543,440	4,543,440
Lease liability	314,484	1,660,096	1,974,580	-	-	-	1,974,580
31 December	314,484	1,660,096	1,974,580	9,971,685	-	9,971,685	11,946,265
On Statement of Financial position date gap							
31 December 2023	3,643,509	(855,927)	2,787,582	(769,492)	160,635	(608,857)	2,178,725
31 December 2022	11,647,770	(1,660,096)	9,987,674	1,581,470	144,006	1,725,476	11,713,150

	2023	2022
Off Statement of Financial position date gap		
Letter of credits / guarantees	3,659,562	3,659,562
Ijarah and service contracts	3,160,963	318,679

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

* Advances that are not financial assets amounting to Rs. 16.86 million (2022: Rs. 22.61 million) are not included.

** Short term prepayments that are not financial assets amounting to Rs. 33.17 million (2022: Rs. 29.92 million) are not included.

*** Trade and other payables that are not financial liabilities (infrastructure cess, provision for GIDC, captive power rate differential, Workers' Profit Participation Fund, Workers' Welfare Fund, contract liabilities, withholding tax payable amounting to Rs. 5,233.97 million (2022: Rs. 4,371.51 million), Rs. 3,113.74 million (2022: Rs. 3,113.74 million), Rs. 214.63 million (2022: Rs. 233.50 million), Rs. 29.36 million (2022: Rs. 45.66 million), Rs. 226.25 million (2022: Rs. 363.86 million), Rs. 37.83 million (2022: Rs. 42.67 million) and Rs. 5.21 million (2022: Rs. 3.30 million) respectively) are not included.

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41.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers, loans and advances, short-term investments and deposits with banks.

Trade debts and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To reduce exposure to credit risk, substantially all the sales are made against letters of credit. Approximately 32% (2022: 34%) of the Company's revenue is attributable to sales to single customer. However, geographically there is no concentration of credit risk.

The Board has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available.

The maximum exposure to credit risk as at 31 December was:

Financial assets	Note	2023	2022
Loans	7 & 13	194,855	176,104
Trade debts	12	8,486,031	7,053,875
Deposits	14	143,213	33,862
Interest accrued		32,823	39,996
Other receivables		10,335	5,662
Short-term investments	15	4,503,595	9,385,481
Bank balances	18	1,121,734	4,304,824
		<u>14,492,586</u>	<u>20,999,804</u>
Secured		8,680,886	7,186,220
Unsecured		5,811,700	13,813,584
		<u>14,492,586</u>	<u>20,999,804</u>
Not past due		<u>14,492,586</u>	<u>20,999,804</u>

The maximum exposure to credit risk for trade debts as at 31 December by geographic region was:

	2023	2022
Domestic	<u>8,486,031</u>	<u>7,053,875</u>

The Company has placed its funds (i.e. term deposits receipts and bank balances) with banks having sound credit ratings. The credit quality of company's major balances can be assessed with reference of external credit ratings as follows:

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Bank	Rating Agency	Short term rating	Long term rating
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Citibank NA	Fitch ratings	F1	A+
Deutsche Bank	Fitch ratings	F2	A-
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR VIS	A1+	AAA
Habib Metropolitan Bank Ltd	PACRA	A1+	AA+
Industrial & Commercial Bank of China	Fitch ratings	F1+	A
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR VIS	A1+	AA+
National Bank of Pakistan	PACRA	A1+	AAA
Standard Chartered Bank Pakistan Limited	PACRA	A1+	AAA
United Bank Limited	JCR VIS	A1+	AAA

41.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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.

	2023					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-3 years	More than 3 years
Financial liabilities						
Trade and other payables	5,114,326	5,114,326	5,114,326	-	-	-
Accrued interest	431,471	431,471	431,471	-	-	-
Short-term financing	1,000,000	1,000,000	1,000,000	-	-	-
Unclaimed dividend	73,387	73,387	73,387	-	-	-
Unpaid dividend	4,543,440	4,543,440	4,543,440	-	-	-
Lease liability	1,292,330	1,680,974	672,389	672,389	336,196	-
	<u>12,454,954</u>	<u>12,843,598</u>	<u>11,835,013</u>	<u>672,389</u>	<u>336,196</u>	<u>-</u>
Off balance sheet						
Ijarah / service contracts	-	3,160,963	1,100,566	1,252,342	792,786	15,269

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	2022					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-3 years	More than 3 years
Financial liabilities						
Trade and other payables	5,027,886	5,027,886	5,027,886	-	-	-
Accrued interest	344,413	344,413	344,413	-	-	-
Short-term financing	-	-	-	-	-	-
Unclaimed dividend	55,946	55,946	55,946	-	-	-
Unpaid dividend	4,543,440	4,543,440	4,543,440	-	-	-
Lease liability	1,974,580	2,698,920	539,784	539,784	539,784	1,079,568
	<u>11,946,265</u>	<u>12,670,605</u>	<u>10,511,469</u>	<u>539,784</u>	<u>539,784</u>	<u>1,079,568</u>
Off balance sheet						
Ijarah / service contracts	-	318,679	168,060	47,049	81,990	21,580

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The Company manages liquidity risk by maintaining sufficient cash in bank accounts. At 31 December 2023, the Company had financial assets of Rs. 14,633.77 million (2022: Rs. 23,659.48 million), which include Rs. 5,766.33 million (2022: Rs. 13,782.48 million) of cash placed in bank accounts.

As at reporting date, the facilities amounting to Rs. 5,280 million (2022: Rs. 2,280 million) for running finance available from various banks remain unutilised. These facilities carry mark-up at rates ranging from 1 month KIBOR plus 0.50 percent per annum to 3 months KIBOR plus 1.75 percent per annum and are secured by joint pari-passu hypothecation charge over all the present and future stock and book debts of the Company.

As at reporting date, the foreign currency import and export finance facilities / loan against trust receipt available from a local bank amounting to USD 8.11 million (2022: USD 13.23 million) remain unutilised. These facilities are available at interest rates to be negotiated at the time of booking and are secured against trust receipts and / or joint pari-passu hypothecation charge over all the present and future stock and book debts of the Company.

41.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market price. Market risk comprise of three types of risks: currency risk, interest rate risk and other price risk.

41.4.1 Foreign currency risk

Currency risk arises mainly where receivables and payables exist due to transactions based on currencies other than Pakistani Rupees. The Company is exposed to currency risk on receivables and payables that are in a currency other than Pakistani Rupees.

The currency exposure at the year end was as follows:

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	2023			2022		
	GBP	Euro	US\$	GBP	Euro	US\$
Financial liabilities						
Trade payables	(22,975)	(73,034)	(11,977,918)	(5,665)	(237,826)	(21,473,490)
Lease liability	-	-	(4,574,349)	-	-	(8,706,261)
Accrued interest	-	-	(1,518,576)	-	-	(1,518,576)
	<u>(22,975)</u>	<u>(73,034)</u>	<u>(18,070,843)</u>	<u>(5,665)</u>	<u>(237,826)</u>	<u>(31,698,327)</u>
Service contract (off balance sheet)	-	-	(10,222,550)	-	-	(510,000)
	<u>-</u>	<u>-</u>	<u>(10,222,550)</u>	<u>-</u>	<u>-</u>	<u>(510,000)</u>
	----- Equivalent Rs '000 -----					
Financial liabilities						
Trade payables	(8,282)	(22,842)	(3,383,962)	(1,547)	(57,439)	(4,870,188)
Lease liability	-	-	(1,292,330)	-	-	(1,974,580)
Accrued interest	-	-	(429,023)	-	-	(344,413)
	<u>(8,282)</u>	<u>(22,842)</u>	<u>(5,105,315)</u>	<u>(1,547)</u>	<u>(57,439)</u>	<u>(7,189,181)</u>
Service contract (off balance sheet)	-	-	(2,888,041)	-	-	(115,668)
	<u>-</u>	<u>-</u>	<u>(2,888,041)</u>	<u>-</u>	<u>-</u>	<u>(115,668)</u>

Significant exchange rates applied during the year were as follows:

	Average rate for the year		Spot rate as at 31 December	
	2023	2022	2023	2022
PKR / US Dollar	280.83	205.20	282.52	226.80
PKR / Great Britain Pound Sterling	353.97	254.48	360.48	273.10
PKR / Euro	307.38	217.56	312.76	241.52

Sensitivity analysis

Every 1% increase or decrease in exchange rate, with all other variables held constant, will decrease or increase profit before tax for the period by Rs. 51.4 million (2022: Rs. 72.5 million).

41.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from bank balances, lease liability and investments in term deposit receipts (TDRs) and T-Bills in profit or loss.

At the reporting date, the interest rate profile of Company's interest-bearing financial instruments are as follows:

Fixed rate instruments	Note	2023	2022
Investment in TDRs and T-Bills	15	4,503,595	11,952,850
Lease liability	22	1,292,330	1,974,580
		<u>5,795,925</u>	<u>13,927,430</u>
Variable rate instruments			
Saving account	18	576,317	9,404
		<u>576,317</u>	<u>9,404</u>

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Amounts in Rs '000

a) 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 rate at the reporting date would not have affected the after tax profit of the Company.

b) Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for December 2022.

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
As at 31 December 2023				
Cash flow sensitivity - variable rate instruments	<u>5,763</u>	<u>(5,763)</u>	<u>5,763</u>	<u>(5,763)</u>
As at 31 December 2022				
Cash flow sensitivity - variable rate instruments	<u>94</u>	<u>(94)</u>	<u>94</u>	<u>(94)</u>

41.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of the financial instruments 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 investments securities. As at reporting date, the Company is not exposed to other price risk.

42 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal structure to reduce the cost of capital. Capital includes issued capital and reserves.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

The net debt to equity ratio at 31 December 2023 and 2022 is as follows:

	2023	2022
Total borrowing	1,000,000	-
Less: cash and cash equivalents	<u>(5,766,422)</u>	<u>(13,782,547)</u>
Net debt	<u>(4,766,422)</u>	<u>(13,782,547)</u>
Total equity	<u>22,011,959</u>	<u>23,013,826</u>

Since the Company has no net debt position as at 31 December, therefore net debt to equity ratio has not been presented.

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

43 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

As at 31 December 2023, the estimated fair value of all financial assets and financial liabilities are approximate to their carrying values, as the items are either short term in nature or periodically repriced, except for short term investments which are carried at level 2 of fair value hierarchy.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

43.1 Accounting classifications and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Note	2023					Fair value			
	Carrying amount					Level 1	Level 2	Level 3	Total
	Financial assets 'at fair value through other comprehensive income	Financial assets 'at fair value through profit or loss	Financial assets 'at fair value through amortised cost	Other financial liabilities	Total				
Financial assets - not measured at fair value									
Loans	43.1.1	-	-	194,855	-	-	-	-	194,855
Trade deposits	43.1.1	-	-	143,213	-	-	-	-	143,213
Trade debts	43.1.1	-	-	8,486,031	-	-	-	-	8,486,031
Other receivables	43.1.1	-	-	10,335	-	-	-	-	10,335
Short-term investments									
- TDRs	43.1.1	-	-	4,503,595	-	-	-	-	4,503,595
- T-Bills		-	-	-	-	-	-	-	-
Interest accrued	43.1.1	-	-	32,823	-	-	-	-	32,823
Cash and bank balances	43.1.1	-	-	1,262,827	-	-	-	-	1,262,827
		-	-	14,633,679	-	-	-	-	14,633,679
Financial liabilities - not measured at fair value									
Trade and other payables	43.1.1	-	-	-	5,114,326	-	-	-	5,114,326
Accrued interest	43.1.1	-	-	-	431,471	-	-	-	431,471
Short-term financing	43.1.1	-	-	-	1,000,000	-	-	-	1,000,000
Unclaimed dividend	43.1.1	-	-	-	73,387	-	-	-	73,387
Unpaid dividend	43.1.1	-	-	-	4,543,440	-	-	-	4,543,440
Lease liability	43.1.1	-	-	-	1,292,330	-	-	-	1,292,330
		-	-	-	12,454,954	-	-	-	12,454,954

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

		2022				Fair value			
		Carrying amount				Level 1	Level 2	Level 3	Total
Note	Financial assets 'at fair value through other comprehensive income	Financial assets 'at fair value through profit or loss	Financial assets 'at amortised cost	Other financial liabilities	Total				
Financial assets - not measured at fair value									
	Loans	43.1.1	-	-	176,104	-	-	-	176,104
	Trade deposits	43.1.1	-	-	33,862	-	-	-	33,862
	Trade debts	43.1.1	-	-	7,053,875	-	-	-	7,053,875
	Other receivables	43.1.1	-	-	5,662	-	-	-	5,662
	Short-term investments								
	- TDRs	43.1.1	-	-	9,385,481	-	-	-	9,385,481
	- T-Bills						2,537,974		2,537,974
	Interest accrued	43.1.1	-	-	39,996	-	-	-	39,996
	Cash and bank balances	43.1.1	-	-	4,397,066	-	-	-	4,397,066
			-	-	23,659,415	-	-	-	23,659,415
Financial liabilities - not measured at fair value									
	Trade and other payables	43.1.1	-	-	-	5,027,886	-	-	5,027,886
	Accrued interest	43.1.1	-	-	-	344,413	-	-	344,413
	Short-term financing	43.1.1	-	-	-	-	-	-	-
	Unclaimed dividend	43.1.1	-	-	-	55,946	-	-	55,946
	Unpaid dividend	43.1.1	-	-	-	4,543,440	-	-	4,543,440
	Lease liability	43.1.1	-	-	-	1,974,580	-	-	1,974,580
			-	-	-	11,946,265	-	-	11,946,265

43.1.1 The Company has not disclosed fair values for these financial assets and financial liabilities because their carrying amounts are reasonable approximation of fair value.

43.1.2 Valuation techniques used in determination of fair values within level 2:

Investments in Market Treasury Bills are valued on the basis of the PKRVs announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

44 INFORMATION ABOUT OPERATING SEGMENT

For management purposes, the activities of the Company are organised into one operating segment i.e. manufacture and sale of chemicals. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure and internal financial reporting systems. The operating interests of the Company are confined to Pakistan in terms of production/generation capacity. Accordingly, the information and figures reported in these financial statements are related to the Company's only reportable segment in Pakistan.

Geographically, all the sales were carried out in Pakistan. Non-current assets of the Company are confined within Pakistan.

45 UNPAID DIVIDEND

This includes dividend payable to Lotte Chemical Corporation (the Parent Company). The Company has submitted duly certified application for remittance to authorized dealer for onward approval of regulator which is still awaited.

Notes to the Financial Statements

For the year ended 31 December 2023

Amounts in Rs '000

46 PROVIDENT AND OTHER CONTRIBUTORY FUNDS RELATED DISCLOSURES

The investments out of provident fund and contributory fund (Gratuity) have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2023	2022
47 NUMBER OF EMPLOYEES		
Number of employees at 31 December	226	222
Average number of employees during the year	222	227
Employees working in the factory at 31 December	177	174
Average employees working in the factory during the year	173	178

48 CORRESPONDING FIGURES

Corresponding figures have been reclassified/rearranged, wherever necessary for better presentation. Following major reclassifications have been made during the year:

Reclassified from	Reclassified to	2022 Balance (Rupees in '000)
Long-term deposits and prepayments	Long-term loans	60,075
Trade deposits and short-term prepayments	Loans and Advances	17,495
Trade deposits and short-term prepayments	Long-term deposits and prepayments	25,939
Unpaid Dividend	Unclaimed Dividend	30,293

49 GENERAL

Figures have been rounded-off to the nearest thousand rupees except as stated otherwise.

50 SUBSEQUENT EVENT

50.1 The Company suspended its plant operations from 15 January 2024 to 24 January 2024 in order to efficiently manage its inventory.

50.2 The Board of Directors in their meeting held on 21 February 2024 have proposed dividend of Rs. 1.00 per share (2022: Rs. 2 per share) amounting to Rs. 1,514.21 million (2022: Rs. 3,028.41 million) subject to the approval of the members of the Company in the forthcoming annual general meeting.

51 DATE OF AUTHORISATION

These financial statements were authorised for issue in the Board of Directors meeting held on 21 February 2024.



Sung Soo Bae
Chairman



Young Dae Kim
Chief Executive



Ashiq Ali
Chief Financial Officer

Glossary / List of Abbreviations

AGM	Annual General Meeting
ATIR	Appellate Tribunal Inland Revenue
ATL	Active Tax Payer List
BAC	Board Audit Committee
BCM	Business Continuity Manager
BCP	Business Continuity Planning
Board	Board of Directors
CCG	Code of Corporate Governance
CDC	Central Depository Company of Pakistan
CE	Chief Executive
CFO	Chief Financial Officer
CIR	Commissioner Inland Revenue
The Company	Lotte Chemical Pakistan Limited
CBA	Collective Bargaining Agent
CSR	Corporate Social Responsibility
DCIR	Deputy Commissioner Inland Revenue
EFP	Employees' Federation of Pakistan
EPS	Earning Per Share
FBR	Federal Board of Revenue
FPAP	Fire Protection Association of Pakistan
FTO	Federal Tax Ombudsman
FTR	Final Tax Regime
GIDC	Gas Infrastructure Development Cess
HR	Human Resource
HSE	Health, Safety and Environment
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
IPT	Invista Performance Technologies
ISO	International Organisation for Standardization
ITAT	Income Tax Appellate Tribunal
IT	Information Technology
KIBOR	Karachi Interbank Offer Rate
KT	Kilo Ton
LTC	Lost Time Case
MT	Metric Ton
NBV	Net Book Value
NEPRA	National Electric Power Regulatory Authority
NFEH	National Forum for Environment and Health
OHSAS	Occupational Health and Safety Assessment System
OPEC	Organisation of the Petroleum Exporting Countries
PACRA	Pakistan Credit Rating Agency
PET	Polyethylene Terephthalate
PFY	Polyester Filament Yarn
PICG	Pakistan Institute of Corporate Governance
PSF	Polyester Staple Fibre
PSX	Pakistan Stock Exchange
PTA	Pure Terephthalic Acid
PX	Paraxylene
Rs.	Rupees
SECP	Securities and Exchange Commission of Pakistan
SOX	Sarbanes-Oxley Act
SSGC	Sui Southern Gas Company Limited
US\$	United States Dollar
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund
WTI	West Texas Intermediate, also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing

Notice of 26th Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting (AGM) of Lotte Chemical Pakistan Limited (“the Company”) will be held on Thursday, 18 April 2024 at 11:00 a.m. at the Institute of Chartered Accountants of Pakistan (ICAP) auditorium, Chartered Accountants Avenue, Clifton, Karachi to transact the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the Company’s audited financial statements together with Directors’ and Auditors’ reports for the year ended 31 December 2023.
2. To consider and approve a final cash dividend @ 10% i.e. Rs 1.00 per share for the year ended 31 December 2023 as recommended by the Directors of the Company.
3. To appoint the Auditors of the Company for the year ending 31 December 2024 and to fix their remuneration.

26 March 2024
Karachi

By Order of the Board
Faisal Abid
Company Secretary

Notes:

1. **Book closure.** The Share Transfer books of the Company will remain closed from Tuesday, 9 April 2024 to Thursday, 18 April 2024 (both days inclusive). Transfers received in order at the office of Company’s Share Registrar, FAMCO Share Registration Services (Pvt) Ltd, 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, by the close of business on 8 April 2024, will be treated in time for the purpose of attending the AGM and entitlement of dividend.
2. **2.Participation in AGM through video-conferencing.** Members interested in attending the AGM virtually are requested to register themselves by providing the following information through email at companysecretary@lottechem.pk at least 48 hours before the time of AGM.

Name of Shareholder	CNIC/ NTN Number	Folio Number / CDC Account No.	Mobile Number	Email Address

Members will be registered, after necessary verification as per the above requirement and will be provided a video-link by the Company via email. The login facility will remain open from 10:30 a.m till the end of AGM. Members can also share their comments and suggestions on the agenda by email at companysecretary@lottechem.pk

3. A member entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of the holding of the Meeting. In calculating the aforesaid period, no account shall be taken of any day that is not a working day. Proxy Form may also be downloaded from the Company’s website: www.lottechem.pk

GDC Account Holders will have to follow further undermentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

Notice of 26th Annual General Meeting

a) For attending the meeting:

- i. In case of individuals, the 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 Regulation, shall authenticate his / her identity by showing his / her original valid Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

b) For appointing proxies:

- i. In case of individuals, the 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. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his / her original valid CNIC or original passport at the time of the meeting.
- v. 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 to the Company.

4. **Access and Transmission of Annual Report 2023.** In compliance with section 223 of the Companies Act, 2017, and pursuant to S.R.O. 389(I)/2023 dated 21 March 2023, the Company has circulated the notice of AGM along with QR enabled code and web link address to view and download the Annual Report 2023 through email to Members whose email addresses are available with the Company's Share Registrar. In cases, where email addresses are not available, printed copies of the notice of AGM containing QR enabled code and web link address have been dispatched.

The Annual Report 2023 of the Company can be accessed through the following web link and QR enabled code.



<https://www.lottechem.pk/financial-documents/>

5. **Payment of Cash Dividend through electronic mode.** In accordance with the provisions of Section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is **mandatory** for a listed company to pay cash dividend to its shareholder only through electronic mode directly into the bank account designated by the entitled shareholder. Accordingly, shareholders are requested to fill in "Electronic Credit Bank Mandate Form" available on Company's website and send it duly signed along with a copy of valid CNIC/NTN to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. FAMCO Share Registration Services (Pvt) Ltd (in case of shareholding in Physical Form).
6. **Tax on Dividend.** The applicable rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from payment of dividend is 15% for persons appearing on Active Taxpayer List (ATL) and 30% for persons not appearing on active tax payer list.

Notice of 26th Annual General Meeting

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30% all the shareholders whose names are not appearing in the Active Taxpayer List (ATL) provided on the website of the Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are appearing on ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Further, according to clarification received from FBR, withholding tax will be determined separately on 'Active/Non-active' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to Company's Share Registrar latest by 8 April 2024, in writing as follows.

Folio/CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

Shareholders are advised to ensure that they have provided their CNIC/NTN to their respective Participant/CDC Investor Account Services (if shareholding in Book Entry Form) or Company Share Registrar (if shareholding in Physical Form) for checking the tax status as per the ATL issued by FBR from time to time.

To avail exemption shareholders must provide valid Tax Exemption Certificate to Company's Share Registrar before book closure otherwise tax will be deducted on dividend as per applicable rates.

7. **Zakat Deductions.** To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar. In case shares are held in scripless form such Zakat Declaration Form (CZ -50) must be uploaded in the CDC account of the shareholder, through their participant / Investor Account Services. Further, Non-Muslim shareholders are also required to file Solemn Affirmation (on format available on Company's website) with the Share Registrar of the Company in case of shares are held in physical certificates or with CDC Participant / Investor Account Services in case shares are in scripless form. No exemption from deduction of zakat will be allowed unless the above documents complete in all respects have been made available as above.
8. **Unclaimed/Unpaid Dividend and Share Certificates.** As per the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable (list available at Company's website) required to be deposited with SECP for the credit of Federal Government after issuance of notices to the shareholders to file their claim. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

بیٹرن آف شیئر ہولڈنگ

کمپنی میں بیٹرن آف شیئر ہولڈنگ سے متعلق اسٹیٹمنٹ برائے 31 دسمبر 2023 اس سالانہ رپورٹ سے منسلک ہے۔

انٹرنل فنانشل کنٹرولز کا جائزہ

بورڈ، آڈٹ کمیٹی کے ذریعے انٹرنل کنٹرول کا جائزہ اور نگرانی انجام دیتا ہے۔ کمپنی کا اپنا ضابطے کا نظام مضبوط ہے اور اس کے موثر ہونے اور نافذ ہونے سے متعلق جانچ جاری رہتی ہے۔ اندرونی ضابطے کے نظام کو جانچنے کے لیے باہر سے انٹرنل آڈٹ کرانے کے لیے میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی خدمات حاصل کی گئیں جنہیں ان امور کی انجام دہی کے لیے مناسب تصور کیا جاتا ہے اور یہ کمپنی کی پالیسیوں اور عملدرآمد کے امور سے واقف بھی ہوتے ہیں۔

کمپنی کے شیئرز میں کاروبار

زیر جائزہ سال کے دوران کمپنی کے شیئرز میں ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ہیڈ آف انٹرنل آڈٹ اور ان کے شریک حیات اور بچوں نے کوئی لین دین نہیں کی۔

ہولڈنگ کمپنی

Lotte کیمیکل کارپوریشن، ساؤتھ کوریا، Lotte کیمیکل پاکستان لمیٹڈ میں 75.01 فیصد شیئرز کی مالک ہے۔

متعلقہ واقعات

مدت کے اختتام کے بعد، لکی کورونہ شیئرز (پرائیویٹ) لمیٹڈ کی جانب سے عوامی اعلان کو واپس لینے کا نوٹس موصول ہوا ہے جس کو پاکستان اسٹاک ایکسچینج (PSX) میں شائع کیا گیا ہے۔

مذکورہ بالا کے علاوہ، کمپنی کے مالی سال کے اختتام یعنی 31 دسمبر 2023 اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں۔

31 دسمبر 2023 کو ختم شدہ سال اور اس رپورٹ کی اشاعت کے درمیان مذکورہ بالا ایگزیکٹو کے علاوہ کمپنی کی مالیاتی پوزیشن میں کسی طرح کی کوئی قابل ذکر تبدیلی یا کوئی اثر انداز ہونے والی صورت حال پیش نہیں آئی۔

بیرونی آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز اے. ایف. فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کمپنی کے آڈیٹرز کے طور پر رہنمائی ہوئے ہیں اور اہلیت کی بنیاد پر خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔ بورڈ نے آڈٹ کمیٹی کی سفارش پر میسرز اے. ایف. فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2024 پر ختم ہونے والے مالی سال کے لیے توثیق کی ہے جس کی آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز سے منظوری لی جائے گی۔

اظہار تشکر

ہم اپنے شیئر ہولڈرز، کسٹمرز، سپلائرز اور ملازمین کا ان کے مستقل تعاون اور اعتماد پر اظہار تشکر کے طور پر شکریہ ادا کرتے ہیں۔

یگ ڈے کم
چیف ایگزیکٹو

یگ سو بی
چیرمین

تاریخ: 21 فروری 2024
کراچی

بورڈ کی کمیٹیاں

بورڈ کمیٹیوں کے ممبرز کے نام درج ذیل ہیں:

آڈٹ کمیٹی	
جناب راشد ابراہیم	چیئر مین
جناب ال کیو کم	ممبر
جناب خرم رشید	ممبر

ایچ آر اینڈ ریویژن کمیٹی	
جناب راشد ابراہیم	چیئر مین
جناب سنگ سوبے	ممبر
جناب ینگ ڈے کم	ممبر

31 دسمبر 2023 کو ختم ہونے والے مالیاتی سال کے دوران جو افراد بورڈ اور کمیٹیوں کے ممبران رہ چکے ہیں ان کے نام درج ذیل ہیں:

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کے اجلاس	آڈٹ کمیٹی کے اجلاس	ایچ آر اینڈ ریویژن کمیٹی کے اجلاس
جناب سانگ ہون لی	4		1
جناب ینگ ڈے کم	4		1
جناب ال کیو کم	3	3	
محترمہ جے سن پارک	3		
جناب طارق نذیر ورک	4		
جناب پرویز اختر (22 جون 2023 کو رٹائر ہوئے)	2	2	1
جناب عدنان آفریدی (14 اپریل 2023 کو مستعفی ہو گئے)	2	2	
جناب محمد زبیر (22 جون 2023 کو رٹائر ہوئے)	2	2	
جناب شبیر دیوان (23 جون 2023 کو منتخب ہوئے)	2	2	
جناب راشد ابراہیم (23 جون 2023 کو منتخب ہوئے)	2	2	
جناب خرم رشید (23 جون 2023 کو منتخب ہوئے)	2	2	

ان ممبران کی غیر حاضری کی درخواست منظوری کی گئی جو بورڈ میٹنگ میں شرکت نہ کر سکے۔

دوران سال بورڈ آف ڈائریکٹرز کی 4، آڈٹ کمیٹی کی 4، ایچ آر اینڈ ریویژن کمیٹی کی 1 میٹنگ منعقد ہوئی۔ تمام بورڈ میٹنگز پاکستان میں منعقد کی گئیں۔

ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کے بورڈ نے نان ایگزیکٹو ڈائریکٹرز (اکثریتی شیئر ہولڈر کی نامزدگیوں کے علاوہ) کا مشاہرہ بورڈ اجلاس، اس کی کمیٹیوں اور اجلاس عام میں حاضری کے حوالے سے منظور کیا ہے۔ پالیسی میں کمیٹی بورڈ کے اجلاس اور کمیٹیوں میں شرکت پر ہونے والے مناسب اخراجات ادا کرنے کی سہولت بھی دی گئی ہے۔

چیف ایگزیکٹو اور ڈائریکٹرز کے مشاہرے کی تفصیلات پر مبنی اسٹیٹمنٹ مالیاتی گوشواروں کے نوٹ نمبر 37 پر ملاحظہ کریں۔

بورڈ کا جائزہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز کے تحت مطلوب، بورڈ کے اپنے جائزے، بورڈ ممبران اور Lotte کیمیکل پاکستان لیٹیڈ کی کمیٹیوں کا جائزہ برائے سال ختم شدہ 31 دسمبر 2023 کے لیے مکمل کر لیا گیا ہے۔

آن لائن جائزے کا انتظام بیرونی آزاد ادارے، THK ایسوسی ایٹس (پرائیویٹ) لیٹیڈ کی جانب سے انجام دیا گیا۔

اہم انتظامی و مالیاتی ڈیٹا

انتظام اور مالیات کی تفصیل سے متعلق کمیٹی کی گزشتہ 6 سال پر مبنی اہم معلومات سالانہ رپورٹ کے صفحہ نمبر 77 پر درج کی گئی ہے۔

ریٹائرمنٹ فوائڈ میں سرمایہ کاری

ملازمین کے ریٹائرمنٹ فنڈ سے متعلق سرمایہ کاریوں کے آڈٹ شدہ مالیاتی گوشوارے 31 دسمبر 2022 کو ختم شدہ سال کی تفصیل درج ذیل ہے:

(قدر 000 روپے)	
616,741	Lotte کیمیکل پاکستان مینجمنٹ اسٹاف پروویڈنٹ فنڈ
361,309	Lotte کیمیکل پاکستان مینجمنٹ اسٹاف گریجویٹ فنڈ
485,432	Lotte کیمیکل پاکستان مینجمنٹ اسٹاف ڈیفائنڈ کسٹری بوشن سپر انویسٹمنٹ فنڈ
9,233	Lotte کیمیکل پاکستان نان مینجمنٹ اسٹاف پروویڈنٹ فنڈ
5,213	Lotte کیمیکل پاکستان نان مینجمنٹ اسٹاف گریجویٹ فنڈ

کمپنی کو درپیش ممکنہ خطرات کی تفصیلات اور غیر یقینی کے پیش نظر اٹھائے جانے والے اقدامات سے متعلق بیانیہ سالانہ رپورٹ کے صفحہ نمبر 37 پر ملاحظہ کریں۔

ڈائریکٹرز کا انتخاب

22 جون 2023 کو منعقدہ کمپنی کی غیر معمولی اجلاس میں، جناب سانگ ہیون لی، جناب ہینگ ڈے کم، جناب آئی لہل کیو کم، محترمہ جے سن پارک، جناب طارق نذیر ورک، جناب شبیر دیوان، جناب راشد ابراہیم اور جناب خرم رشید 23 جون 2023 سے شروع ہونے والی تین سالہ مدت کے لیے کمپنی کے ڈائریکٹرز کے طور پر منتخب ہوئے۔

ڈائریکٹرز کے انتخاب کے بعد جناب سانگ ہیون لی کو 23 جون 2023 سے شروع ہونے والی تین سالہ مدت کے لیے دوبارہ چیئر مین اور جناب ہینگ ڈے کم کو کمپنی کا چیف ایگزیکٹو مقرر کیا گیا۔

بورڈ کی تبدیلیاں

جناب سانگ ہیون لی اور جناب طارق نذیر ورک نے 14 فروری 2024 سے استعفیٰ دے دیا اور جناب سنگ سو بے اور جناب کیونگ ہوئی یو کو اسی دن سے ڈائریکٹر مقرر کیا گیا تاکہ باقی ماندہ اسامیوں کو پُر کیا جاسکے جس کی میعاد 22 جون 2026 کو ختم ہوگی۔

اس کے بعد مسٹر سنگ سو بے کو فوری طور پر سبکدوش ہونے والے ڈائریکٹر مسٹر سانگ ہیون لی کی جگہ بورڈ کا چیئر مین مقرر کیا گیا۔

بورڈ سبکدوش ہونے والے ڈائریکٹرز، جناب سانگ ہیون لی اور جناب طارق نذیر ورک کی گرانقدر خدمات کو سراہتا ہے اور کمپنی کے نئے ڈائریکٹرز جناب سنگ سو بے اور جناب کیونگ ہوئی کو خوش آمدید کہتا ہے۔

ڈائریکٹرز کی کل تعداد	مرد	خواتین
7	7	1
8	7	1

بورڈ کی تفصیل	آزاد ڈائریکٹرز	نان ایگزیکٹو ڈائریکٹرز	ایگزیکٹو ڈائریکٹرز	خاتون ڈائریکٹر
2	2	4	1	1
4	2	2	1	1
1	1	1	1	1
1	1	1	1	1

توقع ہے کہ ڈویسٹنک پولیسٹر انڈسٹری آنے والے سال میں آپریشنل سطح پر جدوجہد جاری رکھے گی کیونکہ ملک میں کاروبار کرنے کی بڑھتی ہوئی لاگت ترقی کو محدود کر دے گی۔ توانائی کی زائد قیمتیں، بلند شرح سود اور بڑھتی ہوئی افراط زر پروڈیوسر کی سرگرمیوں کو محدود کر سکتی ہے جو پہلے ہی کم قیمت کی ایکسپورٹس سے دوچار ہیں۔ تاہم، حکومت کی طرف سے مسلسل میکرو اکنامک پالیسیوں اور عام انتخابات کے بعد اقتدار کی ہموار منتقلی سے آنے والے سال میں مقامی فروخت اور برآمدات میں بحالی کے پیش نظر مارکیٹ کی توقعات بڑھ رہی ہیں۔

کارپوریٹ گورننس

ڈائریکٹرز درج ذیل امور بیان کرتے ہوئے خوش ہیں:

- انتظامیہ کی جانب سے تیار کردہ کمپنی کے مالیاتی گوشوارے، کمپنی کے معاملات، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کی شفاف صورتحال پیش کر رہے ہیں۔
- کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں اور اکاؤنٹنگ تخمینے کی تیاری مناسب اور محتاط انداز کی بنیاد پر متعلقہ اکاؤنٹنگ پالیسیوں کے تحت کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ کے معیار کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔
- انٹرنل کنٹرول کا نظام بہترین ہے اور اس پر موثر انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک و شبہ کی کوئی گنجائش نہیں۔
- کارپوریٹ گورننس پر موثر انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔

پرنسپل سرگرمیاں

کمپنی PTA کی پیداوار اور فروخت کے کام میں مصروف ہے۔ مالیاتی سال کے دوران کمپنی کی اصل سرگرمیوں میں کسی طرح کی کوئی تبدیلی واقع نہیں ہوئی۔

خطرات پر قابو پانے کا نظام

آڈٹ کمیٹی کی طرف سے کمپنی کے رسک مینجمنٹ انتظام کی نگرانی اور رسک مینجمنٹ فریم ورک کی فعالیت کا جائزہ لیا جاتا ہے۔ بورڈ خطرات کے انتظام اور انٹرنل کنٹرول کے ضوابط کا مکمل ذمہ دار ہے۔ کمپنی کے درج شدہ اور مستقل بنیاد پر برزیر جائزہ دینے والے ضوابط اس انداز سے مرتب کردہ ہیں کہ ہمارے اثاثہ جات اور کاروبار کو درپیش خطرات پر قابو پایا جاسکے، اور اس طرح وقت پر بورڈ اور اعلیٰ انتظامیہ کو رپورٹ دینا بھی یقینی بنایا جائے۔ ادارے کے ڈھانچے سے متعلق ایک شفاف نظام کے ساتھ حکام کی ذمہ داریاں واضح کردہ ہیں اور اعلیٰ انتظامیہ روزمرہ کی بنیاد پر ان طریقہ کاروں، خطرات سے آگہی کے نظام اور کنٹرولز کے موثر ہونے کی ذمہ دار ہے۔

مالیاتی کارکردگی

Lotte سیکمیل اس بات کو سمجھتی ہے کہ کمپنی کی مارکیٹ پوزیشن کو برقرار رکھنے کے لیے، تمام امور میں ٹیلٹ کو اچھی طرح نکھارنا، اس کو برقرار رکھنا اور ترقی دینا ایک اہم اور لازمی عمل ہے۔

انسانی سرمایہ کاری کی حکمت عملی کے حصے کے طور پر، کمپنی روزگار کے مساوی مواقع کی حوصلہ افزائی کرتی ہے۔ جبکہ ہم مروجہ لیبر قوانین کی تعمیل کو یقینی بناتے ہیں، ہم صنعتی تعلقات میں بہترین طریقوں کی پیروی کرتے ہیں اور سب کے لیے ایک معیاری اور مثبت کام کے ماحول کو یقینی بناتے ہیں۔ 2023 کے دوران، کارکردگی اور احساس ذمہ داری کو بڑھانے کے لیے HR اسٹینڈرڈز کی تعمیل پر توجہ مرکوز رہی جس سے ہمارے صارفین کے لیے خدمات کو بہتر بنایا گیا اور انتظامی امور کو بڑھایا گیا۔

ہیومن ریسورسز کی کارکردگی اور بہتری سے متعلق تفصیلی رپورٹ برائے سال 2023 کے لیے سالانہ رپورٹ کا صفحہ نمبر 52 ملاحظہ کریں۔

نقص شدہ سال 31 دسمبر		(روپے لاکھ میں)
2022	2023	
100,266	81,619	آمدنی
17,824	10,245	مجموعی منافع
15,757	9,508	منافع قبل از ٹیکس
(5,639)	(4,430)	ٹیکسیشن
10,118	5,078	منافع بعد از ٹیکس
6.68	3.35	ہر ایک شیئر پر منافع (روپے میں)

کاروباری سماجی بہبود (CSR) کے اقدامات

کاروباری طور پر سماجی ادارے کی حیثیت سے، ہم نے اپنے معاشرے میں تعلیم اور صحت کے مسائل کی نشاندہی کی ہے اور انہی شعبہ جات میں کام کرنے کے لیے فلاحی اداروں کے ساتھ شراکت داری کر رکھی ہے۔ سماجی بہبود کے اقدامات کو مزید منظم کرنے کے پیش نظر، کمپنی نے Lotte پاکستان فاؤنڈیشن (LPF) قائم کی ہے۔

کاروباری سماجی بہبود (CSR) کے اقدامات سے متعلق تفصیلی رپورٹ برائے سال 2023 کے لیے سالانہ رپورٹ کا صفحہ نمبر 70 ملاحظہ کریں۔

مستقبل پر نظر

مستقبل میں کروڈ آئل (WTI) کی قیمتوں میں تیزی کے امکانات ہیں کیونکہ امریکہ کی پائیدار اقتصادی کارکردگی کی رپورٹوں کے ساتھ ساتھ مشرق وسطیٰ میں موجودہ انتشار کے طویل ہونے کے خدشات ہیں اور خطے میں مزید بد امنی ہو سکتی ہے۔ تاہم، قیمتوں میں ردوبدل محدود ہو سکتی ہے کیونکہ دنیا کی سب سے بڑی معیشت China، اپنی معیشت کو محرک راہ فراہم کرنے کی حکومت کی کوششوں کے باوجود دست روی کا شکار ہے۔

PX کی قیمتیں اپ اسٹریم کروڈ آئل مارکیٹ کے رجحان کے ساتھ رہنے کی توقع کی جاتی ہیں، اس کے علاوہ گیسولین پول کی طرف مصنوعات کی منتقلی کی توقعات اور آنے والے سال میں متوقع نئی PX صلاحیتوں کی کمی کے ساتھ، ہم توقع کرتے ہیں کہ PX سپلائی سخت رہے گی۔ PTA مارکیٹ بڑی حد تک پچھلے سال میں پہلے سے شامل کی گئی نئی صلاحیتوں کے ساتھ ساتھ 2024 میں تقریباً 9.2 ملین میٹرک ٹن کی نئی صلاحیتوں میں اضافے کی توقعات سے متاثر ہوگی۔ اس کے نتیجے میں PX-PTA مارجنز دباؤ میں آسکتے ہیں جو پروڈیوسرز، خاص طور پر انفرادی PTA پلانٹس کو آپریشنز محدود کرنے پر مجبور کر سکتے ہیں۔ پالیسٹریکٹر کی مسلسل مضبوط کارکردگی کو دیکھا جانا باقی ہے کیونکہ سپلائی چین میں مثبت انویسٹمنٹ عالمی میکرو اکنامک آؤٹ لک کے پیش نظر متاثر ہوں گی یہی آنے والے سال کے لیے مستقبل کا خلاصہ بنتا ہے۔

اس سال کے لیے 81,619 ملین روپے آمدنی گزشتہ سال کے 100,266 ملین روپے کے مقابلے میں 19 فیصد کم رہی۔ کمپنی نے اس سال کے لیے 10,244 ملین روپے کا مجموعی منافع حاصل کیا جبکہ گزشتہ سال کی اسی مدت کے دوران 17,824 ملین روپے کے مجموعی منافع کے مقابلے میں مہنگائی کے مجموعی اثرات سے ڈسٹری بیوٹن اور سیلز کے اخراجات 15% بڑھ گئے جبکہ انتظامی اور عمومی اخراجات گزشتہ سال کے مقابلے میں 9% زائد رہے۔

دیگر اخراجات، ورکرز پرفارمنس پارٹنر شپ اور ورکرز ویلفیئر فنڈز کے لیے کم پروویژن کی وجہ سے آپریٹنگ اخراجات گزشتہ سال کے مقابلے میں کم تھے۔ بینک ڈپازٹس پر حاصل ہونے والی زیادہ آمدنی کی وجہ سے سال کے لیے دیگر آمدنی پچھلے سال کے مقابلے میں زائد رہی۔

سال کے لیے ٹیکسیشن چارج لازمی انکم ٹیکس کی شرح اور فائنل ٹیکس رجیم (FTR) کے تحت ٹیکس پر بنی ہے جیسا کہ موخر ٹیکس اکاؤنٹ میں تحریک کے ذریعے ایڈجسٹ کیا گیا ہے۔ اس میں گزشتہ سال کے چارجز بھی شامل ہیں نتیجے میں ٹیکس سال 2023 سے سپرنٹیکس کی شرح 4% سے 10% تک بڑھ گئی۔

سال کے لیے ہر ایک شیئر پر منافع (EPS) گزشتہ سال کے ہر ایک شیئر کے منافع 6.68 روپے کے مقابلے میں کم ہو کر 3.35 روپے فی شیئر ہو گیا۔

سیلنس شیٹ کے بعد کے واقعات

بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2023 کو ختم شدہ سال کے لیے ہر ایک شیئر کے لیے حتمی نقد منافع منقسمہ 1.00 روپے دینے کا اعلان کیا ہے جو کہ آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔ اس کے علاوہ 2.00 روپے فی شیئر (یعنی 20% عبوری منافع منقسمہ پہلے ہی ادا کیا جا چکا ہے۔

ہیومن ریسورسز

آپ کی کمپنی ملازمین کی مصروفیت اور شمولیت کے کلچر کو فروغ دینے اور برقرار رکھنے کے بارے میں پرعزم ہے جہاں کام با معنی ہو، ملازمین کی قدر کی جاتی ہو اور لوگوں کی حوصلہ افزائی کی جاتی ہو۔

سے دو بار اپنا پلانٹ آپریشن بند کرنا پڑا۔ نتیجتاً، سال کے دوران پیداوار کا حجم 327,829 ٹن رہا جو گزشتہ سال کے مقابلے میں 30% کم ہے جبکہ فروخت کا حجم 309,654 ٹن رہا جو گزشتہ سال کے مقابلے میں 34% کم ہے۔

کمپنی نے اپنی پیداواری سہولت میں سرمایہ کاری جاری رکھی، جس کا مقصد مسلسل قابل اعتماد آپریشنز کو برقرار رکھنا اور پلانٹ کی کارکردگی کو بہتر بنانا ہے۔

ہیلتھ، سیفٹی اینڈ انوائرنمنٹ (HSE)

Lotte کیمیکل اپنے ملازمین کے ساتھ ساتھ کنٹریکٹرز کے عملے کے لیے اعلیٰ ترین حفاظتی معیاروں کو برقرار رکھے ہوئے ہے۔ یہ یقینی بناتا ہے کہ HSE ایک بنیادی قدر کے طور پر سرایت کرتا ہے اور ایک محفوظ اور صحت مند کام کی جگہ کے لیے مسلسل کوشش کرتا ہے۔ یہ ایک شاندار حفاظتی ریکارڈ سے ظاہر ہوتا ہے کہ کمپنی 25 سال سے زائد مدت تک کام کے دوران بغیر کسی حادثے کے گزری ہے۔ ڈائریکٹرز کو یہ اطلاع دیتے ہوئے فخر محسوس ہو رہا ہے کہ آپ کی کمپنی نے HSE پر توجہ مرکوز رکھتی ہے اور 31 دسمبر 2023 تک 69 ملین آؤرز مکمل کر کے ایک اہم سنگ میل حاصل کر لیا ہے، اس میں ہمارے ملازمین اور کنٹریکٹرز کی ورک فورس کسی قابل ذکر حادثے یا زخمی ہونے سے محفوظ رہی۔

آپ کی کمپنی اپنے ملازمین کی تربیت اور صلاحیتوں کی ترقی کے کلچر کو فعال طور پر فروغ دیتی ہے اور ہر وقت حفاظت کو یقینی بنانے کے لیے جدید ترین آلات اور ٹیکنیک میں سرمایہ کاری کرتی ہے۔ سال کے دوران، قوانین اور معیارات کی تصدیق کے لیے اندرونی اور بیرونی دونوں آڈٹ کیے گئے تھے۔ ان آڈٹس میں کسی قابل ذکر خلاف ورزی یا سانسے نہیں آئی۔ اس کے علاوہ، کمپنی سے نکلنے والا گندہ پانی ماحولیاتی معیار کے نیشنل اسٹینڈرڈز پر پورا اترتا ہے اور گیسوں کا اخراج بھی قوانین کے اندر رہا۔

2023 میں HSE کی کارکردگی اور ترقی پر ایک تفصیلی رپورٹ سالانہ رپورٹ کے صفحہ 63 پر دستیاب ہے۔

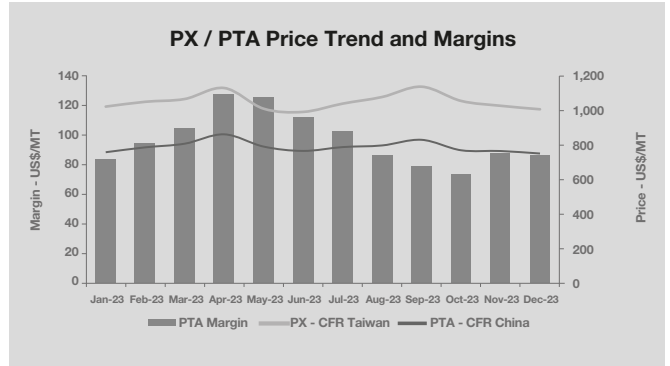
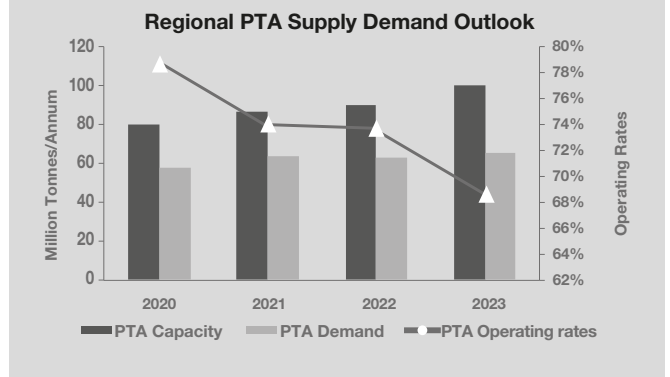
ماحول پر کمپنی بزنس کے اثرات

ماحول کا تحفظ ہمارے کاروباری استحکام کا ایک اہم جز ہے۔ توانائی، پانی، فضلہ اور وسائل کا استعمال، حیاتیاتی ماحول میں اضافہ، اخراج کا انتظام اور قانونی تعمیل، ہماری توجہ کا مرکز ہے۔

ہم اپنے کاربن فوٹ پرنٹ کو کم کرنے میں بھرپور دلچسپی لینے ہوئے اس بات کو یقینی بنانے کے لیے پرعزم ہیں کہ ہمارے آپریشنز ماحول دوست رہیں۔ اسی یقین کے مطابق، ہم ایک جدید ترین ڈیپ شائف ٹیکنالوجی ایپلوئیٹ ٹریٹمنٹ پلانٹ (ETP) اور ایناایرو بک ری ایکٹرز کو فعال رکھتے ہیں تاکہ مائع نکاسی کی ٹریٹمنٹ اور فضلہ کے انتظام کو بہتر بنایا جاسکے۔ ISO 14001 سے تصدیق شدہ ادارے کے طور پر ہم یہ یقین رکھتے ہیں کہ طویل مدتی معاشی استحکام کا انحصار ماحولیاتی استحکام پر ہے، ہماری توجہ فضلے کو کم کرنے پر مرکوز ہے۔

ماحولیاتی تحفظ پر ایک تفصیلی رپورٹ سالانہ رپورٹ کے صفحہ 68 پر دستیاب ہے۔

خطے میں سال کے لیے PTA کی اوسط آپریٹنگ شرح 69% رہی جو سال کے اعتبار سے 4% کی کمی کا شکار ہے۔ اس سال کے لیے پی ٹی اے کی اوسط قیمت 780 ڈالرنی میٹرک ٹن تھی جبکہ اس سال کے لیے PX پر اوسط PTA مارجن 96 ڈالرنی ٹن رہا جو پچھلے سال 116 ڈالرنی ٹن تھا۔



مقامی ڈاؤن اسٹریم انڈسٹری

مستحکم طلب کے باوجود، سال کی پہلی ششماہی میں مقامی پولیسٹر انڈسٹری کاروباری منافع برقرار رکھنے میں مشکلات کا شکار ہی کیونکہ لیٹر آف کریڈٹ حاصل کرنے کے لیے فارن ایکسیچ کی محدود دستیابی کی وجہ سے سپلائی چین میں رکاوٹوں کا سامنا تھا۔ سال کی دوسری ششماہی کے دوران بجلی کی قیمتوں میں اضافے، شرح مبادلہ میں اتار چڑھاؤ کے ساتھ ساتھ ناقص برآمدات اور ہوشربا مہنگائی سے ملکی طلب شدید متاثر رہی۔ مزید برآں، علاقائی سیاسی صورتحال کی غیر یقینی سے بھی مقامی PET سیلز پر منفی اثرات مرتب ہوئے۔ PET اور ٹیکسٹائل سیکٹرز میں 2023 کی چوتھی سہ ماہی میں صلاحیت میں نئے اضافے سے موجودہ مقامی مارکیٹ پر زیادہ سپلائی کا دباؤ بڑھا۔ مقامی پولیسٹر انڈسٹری نے دوران سال 75 فیصد کی اوسط شرح کے ساتھ کام جاری رکھا جو کہ گزشتہ سال کے دوران 81 فیصد تھی، تاہم مینڈ طور پر، ڈاؤن اسٹریم نے اپنی متعلقہ صنعتوں میں انویسٹمنٹ کے اضافے سے سال کا اختتام کیا۔

آپرییشنز

کمپنی کو سال کے دوران 15 مارچ سے 30 اپریل 2023 تک ملک میں موجودہ معاشی بحران کی وجہ سے خام مال کی عدم دستیابی کے سبب اور 18 اکتوبر سے 12 نومبر 2023 تک کم مقامی طلب کی وجہ

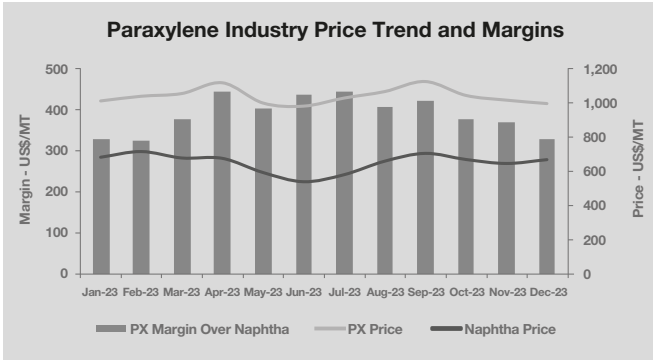
ڈائریکٹرز 31 دسمبر 2023 کو ختم شدہ سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بشمول اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کاروباری جائزہ

کرود آئل

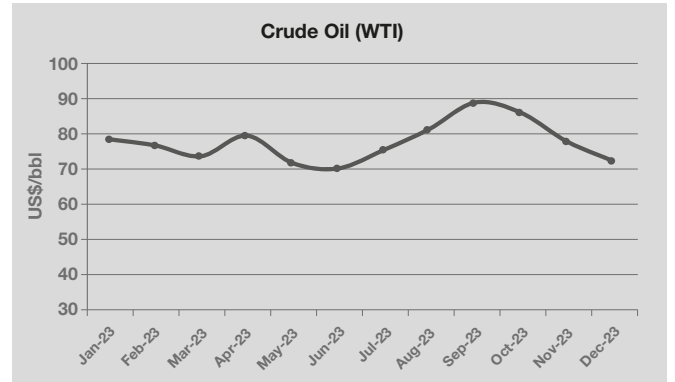
کرود آئل (WTI) کی قیمتوں میں سال بھر اتار چڑھاؤ کا رجحان رہا، مارکیٹوں نے کورونا کے بعد کی بحالی اور تعطیلات کے بعد بڑھتی ہوئی نقل و حمل کی یاد تازہ کر دی، تاہم قیمتیں گراوٹ کی طرف آئیں کیونکہ بڑے مرکزی بینکوں کی جانب سے شرح سود میں اضافے کے ساتھ قیمتیں کم ہونا شروع ہوئیں، نتیجے میں صارفین کے خرچ کرنے کی صلاحیت میں کمی آئی۔ OPEC پلس کی طرف سے اعلان کردہ اضافی اور طویل پروڈکشن کی کٹوتیوں کے سبب مارکیٹ کو وقفے وقفے سے تقویت ملی، تاہم پابندیوں کے باوجود امریکہ میں انویسٹری بڑھنے کے تسلسل اور روسی پروڈکشن میں لچک سے تیزی کو روکا گیا۔ پچھلے 6 مہینوں میں قیمتوں میں نمایاں طور پر اضافہ ہوا کیونکہ OPEC پلس نے 1 ملین بیرل پومیہ (bpd) کی اضافی پیداوار میں کمی کا اعلان کیا، جو سال کے آخر تک پچھلے 1.66 ملین بی پی ڈی سے زیادہ ہے۔ China کی اپنی معیشت کو بحال کرنے کی کوششوں اور امریکہ میں طویل ڈرائیو تگ سیزن کی وجہ سے زیادہ کھپت نے قیمتوں کے اس رجحان کو برقرار رکھنے میں مدد کی۔ اس کے باوجود، ضرورت سے زیادہ سپلائی کے خدشات اور کمزور مارکیٹ کے نتیجے میں قیمتیں سال کے آخر تک گرنے لگیں، حالانکہ مشرق وسطیٰ میں جاری تنازعات سے منفی رجحانات پیدا ہوئے ہیں۔ کرود آئل (WTI) کی قیمتیں اوسطاً 77.72 امریکی ڈالرنی بیرل رہی، جو گزشتہ سال کے مقابلے میں تقریباً 18 فیصد کم ہے۔

ششماہی میں PX مارکیٹوں میں تیزی کا رجحان جاری رہا۔ پروڈکٹس کو پٹرول پمپ کی طرف موڑنے کی وجہ سے فوری سپلائی مشکل رہی اور ساتھ ہی China میں ڈاؤن اسٹریم PTA سیکٹر کی مضبوط مانگ اور پی ٹی اے کی کئی نئی سہولیات کا آغاز سے قیمتوں میں تیزی سے اضافہ ہوا۔ عالمی میکرو اکنامک رپورٹس میں غیر یقینی سے سال کے آخر تک قیمتوں میں گراوٹ کے رجحان کے نتیجے میں پوری کاروباری چین متاثر ہوئی۔ 2023 کے آخر میں پیرازائلین کی اوسط قیمت 1,038 امریکی ڈالرنی میٹرک ٹن پر برقرار تھی، جو پچھلے سال کے مقابلے میں 6% کم ہے، جبکہ سال کے لیے پیرازائلین کا اوسط منافع 389 امریکی ڈالرنی ٹن تھا جو کہ 2022 میں 319 امریکی ڈالرنی ٹن تھا۔



PTA انڈسٹری

جہلی سہ ماہی کے دوران PTA کی قیمتوں میں تیزی کا رجحان رہا کیونکہ چین میں پولیسٹر کے ڈاؤن PTA کی قیمتیں پورے سال کے دوران اپ اسٹریم PX قیمتوں کے برابر رہیں، تاہم، ابتدائی طور پر پولیسٹر کی مایوس کن طلب سے سیزل تیزی بحال نہ ہونے کے نتیجے میں قیمتوں میں محدود اضافہ ہوا۔ مزید برآں، پی ٹی اے کی قیمتیں گراوٹ کا شکار رہیں کیونکہ مارکیٹ پلیسز نے اپ اسٹریم مارکیٹوں میں اتار چڑھاؤ کی بنیاد پر محتاط رویہ اختیار کیا دوسری جانب میکرو اکنامک ماحول میں غیر یقینی صورتحال برقرار رہی۔ سال کے دوران 13 ملین میٹرک ٹن نئی صلاحیت کے اضافے کی وجہ سے China میں ریکارڈ ہائی لیول پر آپریشنز کے ساتھ پچھلے 6 مہینوں میں پی ٹی اے کی قیمتوں میں اضافے کا رجحان رہا۔ گولڈن ویک ہالیدیوں سے قبل شاندار مانگ نے اضافی پروڈکٹ کی فروخت میں مدد کی تاہم PX-PTA مارجن شدید دباؤ میں رہے کیونکہ صرف مربوط یونٹس ہی منافع بخش رہے۔ طلب میں اضافے کے باوجود، پی ٹی اے اور ڈاؤن اسٹریم مارکیٹ دونوں میں، قیمتوں میں اضافہ مختصر تھا کیونکہ عالمی منڈی میں معاشی سرگرمیوں اور بڑی معیشتوں کی سست روی سے بڑھی ہوئی قیمتیں گر گئیں۔



پیرازائلین (PX) انڈسٹری

پیرازائلین (PX) مارکیٹ میں تیزی کا رجحان دیکھا گیا، جو سال کے آغاز کے دوران اپ اسٹریم توانائی کی قیمتوں کے برعکس تھا۔ یہ اضافہ بنیادی طور پر خاص China میں زیر نگر ن ٹرن اراؤنڈ ز اور نئے سال کی تعطیلات کے بعد مانگ میں اضافے کی وجہ سے ہوا۔ تاہم قیمتوں کے کم ہوتے ہی مارکیٹ معمول پر آگئی اور صورتحال توانائی کی اپ اسٹریم قیمتوں کے برابر آگئی۔ سال کی دوسری

پراکسی فارم

26واں سالانہ اجلاس عام

میں / ہم _____ ساکن _____

بحیثیت ممبر Lotte کیمیکل پاکستان لمیٹڈ _____ کے عمومی شیئرز رکھتا ہوں / رکھتی ہوں، لہذا

بذریعہ ہذا _____ ساکن _____ یا ان کی عدم موجودگی کی صورت میں

_____ ساکن _____ جو کہ Lotte کیمیکل پاکستان لمیٹڈ کے

ممبر ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 26 ویں سالانہ اجلاس عام جو کہ 18 اپریل 2024 بروز جمعرات منعقد ہو رہا ہے میں اور اس کے کسی ملٹوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

میں / ہم بروز _____ بتاریخ _____ کو اپنے دستخط / امہر کے ساتھ اس امر کی تصدیق کرتا / کرتی ہوں / کرتے ہیں۔

مذکورہ بالا کے دستخط:

ان گواہان کی موجودگی میں: 1. _____

2. _____

مناسب قدر کی ریوینیو ممبر پر دستخط

یہ دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخط کے مطابق ہونے چاہئیں۔

فولیو / CDC اکاؤنٹ نمبر:

اہم نکات:

1. باضابطہ، مکمل شدہ اور دستخط کردہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس بمقام EZ/1/P-4، ایسٹرن انڈسٹریل زون، پورٹ قاسم کراچی میں اجلاس کے وقت سے 48 گھنٹے قبل پہنچ جانا چاہئے۔
2. کمپنی کا ممبر نہ ہونے کی صورت میں کسی فرد کو بطور پراکسی مقرر نہیں کیا جاسکتا، ماسوائے کارپوریشن جو ممبر کے علاوہ دوسرے فرد کو پراکسی نامزد کر سکتی ہے۔
3. کسی ممبر کی جانب سے ایک سے زیادہ پراکسی مقرر کئے جانے اور ممبر اگر کمپنی کو ایک سے زائد پراکسی انسٹرومنٹس داخل کرائے، تو وہ سب غیر مؤثر تصور کئے جائیں گے۔

برائے CDC اکاؤنٹ ہولڈرز / کاپوریت ادارے:

درج بالا کے علاوہ درج ذیل تقاضے بھی لازمی ہیں:-

- (i) پراکسی فارم دو افراد کی جانب سے گواہی کے ہمراہ ہونا چاہئے جن کے نام، پتہ اور سی این آئی سی نمبر فارم پر درج ہوں۔
- (ii) بینیفیشل مالکان اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ پیش کرنا ہوں گی۔
- (iii) پراکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (iv) کاپوریت ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نمونہ دستخط، پراکسی فارم کے ساتھ کمپنی کو پیش کئے جائیں (اگر وہ پہلے پیش نہ کئے گئے ہوں)۔

Form of Proxy

26th Annual General Meeting

I / We _____

of _____

being member(s) of Lotte Chemical Pakistan Limited holding _____

ordinary shares hereby appoint _____

of _____ or failing him / her _____

of _____ who is / are also member (s) of Lotte Chemical Pakistan Limited as my / our proxy in absence to attend and vote for me / us and on my / our behalf at the 26th Annual General Meeting of the Company to be held on Thursday, 18 April 2024 and at any adjournment thereof.

As witness my / our hand / seal this _____ day of _____

Signed by the said _____

in the presence of 1. _____

2. _____

Folio / CDC Account No.

Signature on
Revenue Stamp of
Appropriate Value

This Signature should agree with the specimen registered with the Company

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at EZ/I/P-4, Eastern Industrial Zone, Port Qasim, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoint 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 numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
- iv) 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 to the Company.

Registered Office

EZ/I/P-4, Eastern Industrial Zone,
Port Qasim Authority, Bin Qasim,
Karachi - 75020, Pakistan
UAN: +92 (0) 21 111 782 111
Fax: +92 (0) 21 3472 6004
URL: www.lottechem.pk

City Office

Al-Tijarah Centre, 14th Floor, 32/1-A,
Main Shahrah-e-Faisal,
Block 6, P.E.C.H.S.,
Karachi-75400, Pakistan
UAN: +92 (0) 21 111 568 782