



# ANNUAL REPORT

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# 2024











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## About Us

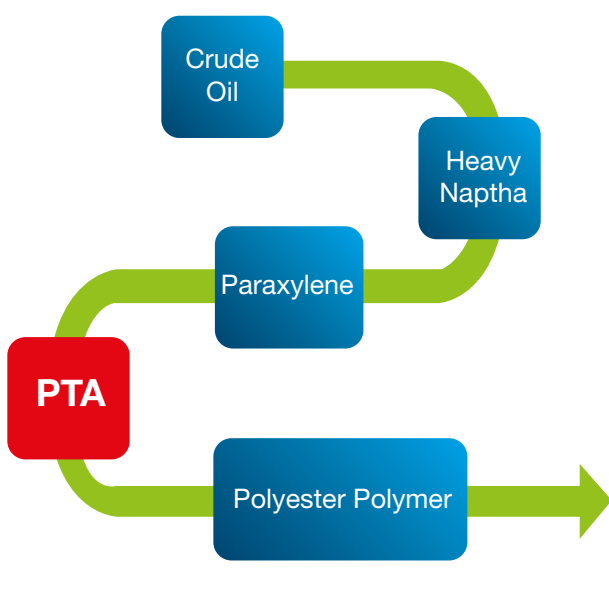
Lotte Chemical Pakistan Limited (LCPL) is the only world-class manufacturer and supplier of Purified Terephthalic Acid (PTA) in Pakistan. The Company has the capacity to produce 500,000 tonnes of PTA per year through its state-of-the-art plant located at Port Qasim, Karachi.



# Purified Terephthalic Acid (PTA)

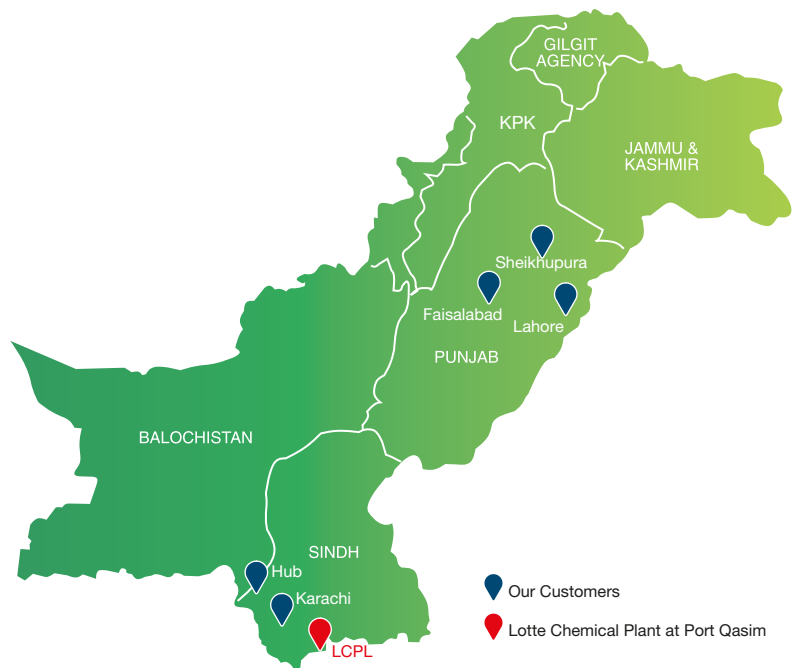
LCPL holds the foundation of the polyester chain in Pakistan and retains its edge by being a local PTA manufacturer and major supplier for the domestic Polyester and PET industries. We maintain major share of the domestic market, and remain the supplier of choice based on our short delivery time, consistent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

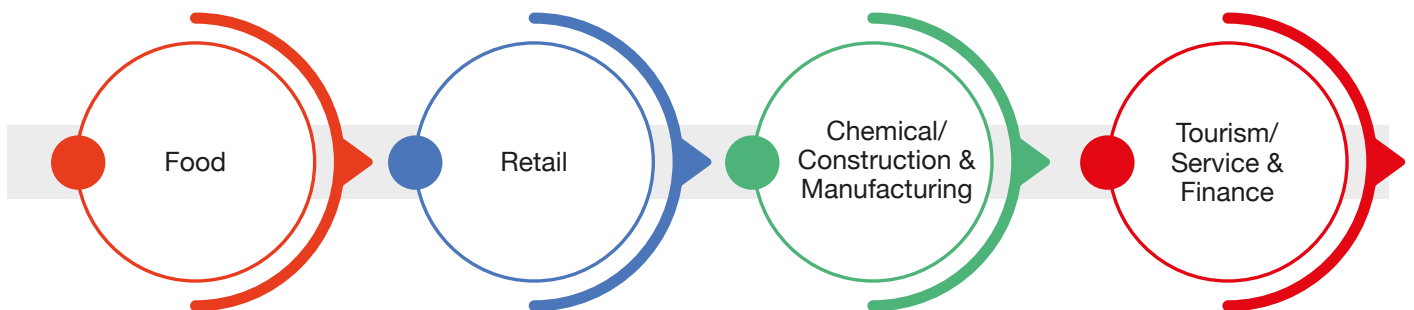
# About LOTTE

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.

## Global Businesses of LOTTE





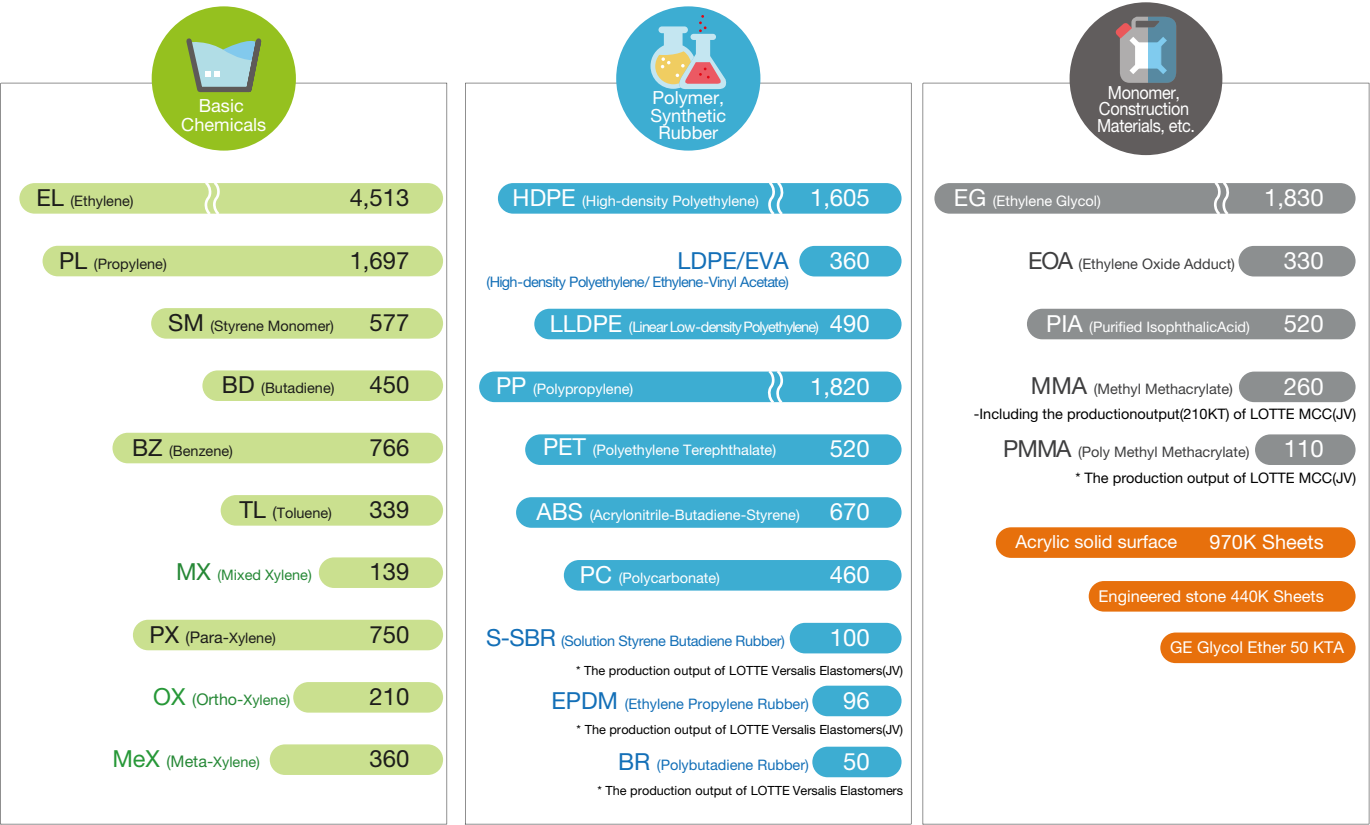
# About LOTTE Chemical Corporation

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)



# Company Information

As at 13 February 2025

## Board of Directors

Jo Hyun Kwoun	Chairman
Young Dae Kim	Chief Executive
Seong Jun Park	Non-Executive
Jae Sun Park	Non-Executive
Cheolsoo Kim	Non-Executive
Shabbir Diwan	Non-Executive
Rashid Ibrahim	Independent
Khurram Rashid	Independent

## Audit Committee

Rashid Ibrahim	Chairman
Seong Jun Park	Member
Khurram Rashid	Member
Faisal Abid	Secretary

## HR & Remuneration Committee

Rashid Ibrahim	Chairman
Jo Hyun Kwoun	Member
Young Dae Kim	Member
Waheed U Khan	Secretary

## Shares Sub Committee

Young Dae Kim	Chairman
Cheolsoo Kim	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  
MCB Islamic Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
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 2024 has served as a testament to both the opportunities and challenges we have encountered collectively as an organization. In an environment characterized by volatile market conditions, we faced numerous obstacles throughout the year. Nevertheless, it is with great pride that I report our successful delivery of profitable financial results. This accomplishment stands as a reflection of our collective resilience, steadfast dedication, and unwavering commitment to excellence.

As we reflect on 2024, we acknowledge that it was a year of both challenges and resilience for businesses in Pakistan and beyond. Rising energy costs significantly impacted the cost of operations, while an influx of cheaper imports across the value chain made maintaining competitiveness and profitability increasingly difficult. Moreover, elevated inventory levels in the polyester chain signaled a cautious market sentiment, further complicating the business landscape. Despite these challenges, the latter part of the year brought signs of stability. Stable exchange rate and declining interest rates provided much-needed relief for local businesses, creating a more favorable economic outlook. On the global stage, regional conflicts remained a key factor influencing market movements, introducing uncertainties that required adaptability and strategic foresight. Through these ups and downs, our collective resilience and commitment have been instrumental in navigating the evolving business landscape. As we move forward, we remain confident in our ability to seize new opportunities, strengthen our operations, and continue delivering value to all our stakeholders.

Despite the numerous challenges encountered, the Company consistently demonstrated a proactive approach in maintaining plant operations and minimizing the impact on overall business performance. Furthermore, the team successfully delivered additional value to the business through the sale of Acetic Acid and various other initiatives, including the completion of a planned plant overhaul, which significantly enhanced the reliability and efficiency of our operations. Our unwavering commitment to Health, Safety, Environment, and Security (HSE&S) continues to be a foremost priority, as evidenced by the successful achievement of 72.2 million man-hours as of December 31, 2024, with no reported injuries to either employees or contractor staff. These accomplishments not only highlight our operational resilience but also underscore the strength and well-being of our workforce—an indispensable foundation for ongoing success. I am profoundly appreciative of the dedication and perseverance demonstrated by our team, whose unwavering commitment has enabled the Company to navigate challenges while maintaining stability and profitability.



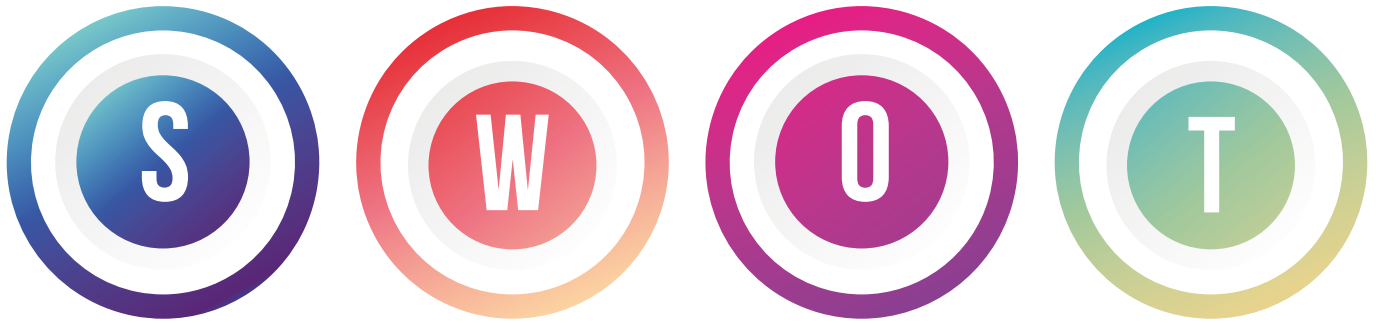
Looking forward, the expansion of domestic downstream capacities within the Textile and PET sectors is anticipated to stimulate sustained demand for PTA. However, escalating energy costs and the persistent ingress of cheaper imports continue to present a significant challenge. While we remain optimistic about potential improvements in Pakistan's economic environment, we are encouraged by the Government's initiatives aimed at supporting local industries and boosting exports. Our strategic focus continues to prioritize operational excellence, alongside the delivery of reliable, high-quality products and services to our esteemed customers. I am confident that our relentless dedication and adherence to our core values will enable LOTTE Chemical Pakistan Limited to maintain its position as a supplier of choice for our valued customers.

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



## STRENGTHS

- **Exclusive Domestic Production:** Sole producer of PTA in the country.
- **Robust Maintenance & HSE Systems:** Well-established systems for maintenance and Health, Safety, and Environment (HSE) standards.
- **Competitive Sourcing:** Strong ability to source raw materials competitively.
- **Superior Service Offering:** Capability to offer better services to customers compared to imported alternatives.
- **Skilled Workforce:** A highly experienced and proficient team.

## WEAKNESSES

- **Limited Product Range:** Single product business model.
- **Raw Material Dependence:** Reliance on imported raw materials.
- **Market Overcapacity:** Overcapacity in the Asian market, resulting in compressed margins.

## OPPORTUNITIES

- **Packaging Trends:** Growing trends in packaging directly driving downstream demand.
- **Logistical Advantage:** Competitive edge over imports amid the global supply chain crisis.
- **Booming Sector:** Anticipated growth in downstream sectors, supporting capacity enhancements.
- **Strategic Partnerships:** Opportunity for further business development and diversification through strategic alliances with LOTTE global affiliates.

## THREATS

- **Price Volatility:** Fluctuations in crude oil and raw material prices.
- **Import Tariff Changes:** Potential reduction in import tariffs.
- **Intensified Price Competition:** Increased competition from imports due to regional oversupply.
- **Foreign Exchange Limitations:** Limited access to foreign exchange in Pakistan for importing raw materials.
- **Economic Instability:** Uncertainty in Pakistan's economic situation.



# 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.



### Best Corporate & Sustainability Report Award 2023

The Company received accreditation for Certification of Merit for Best Corporate Report Awards - Chemical Sector, for its 2023 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.

## 21st Annual Environmental Excellence Award 2024

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 21st Annual Environment Excellence Award. The Company had also won this award consecutively for ten years from 2014 – 2023, this achievement reflects our team's dedication to environmental stewardship and positions LCPL as a leader in sustainability.



### 10th EFP Award 2024

The 10th consecutive Best Employer of the year award in the category of medium multinational companies for OSH & Wellbeing since its inception by the Employers' Federation of Pakistan is an acknowledgement of our implementation of the best practices in the areas of Management, HR Management, OSH&E, and Skill Enhancement and Sustainable development.

## Best Tree Plantation Award 2024

LCPL received the Best Tree Plantation Award for 2024; this recognition was in appreciation of its Go Green Initiatives during the Annual Environmental Excellence Award Ceremony organized by the National Forum for Environment & Health. The evaluation for this award was conducted by an independent panel from the NFEH governing body, ensuring a fair and transparent selection process. The accolade reflects LCPL's unwavering commitment to environmental sustainability and its contributions to fostering a greener future.



### 10th International Award on Environment, Health & Safety

10th International Award on Environment, Health & Safety was organized by The Professionals Network, The evaluation was carried out by an independent panel of TPN governing body and they acknowledged the efforts in the category for Support for Health Care Organizations.

## 16th International CSR Summit and Award 2024

The National Forum for Environment Health honored the Company with a prominent award for its continuous efforts in contributing towards corporate social responsibility and engaging employees in corporate CSR activities.



# Financial Calendar

**21 February 2024**  
Announcement of  
results for the  
Year ended  
31 December 2023

**18 April 2024**  
Announcement of  
results for the 1st  
Quarter ended  
31 March 2024

**18 April 2024**  
26th Annual General  
Meeting was held

**21 August 2024**  
Announcement of  
results for the  
2nd Quarter ended  
30 June 2024

**25 October 2024**  
Announcement of  
results for the 3rd  
Quarter ended  
30 September 2024

**13 February 2025**  
Announcement of  
results for the  
Year ended  
31 December 2024

## Tentative dates for the announcement of 2025 financial results

**17 April 2025**  
27th Annual General  
Meeting will be held

**17 April 2025**  
Announcement of  
results for the 1st  
Quarter ending  
31 March 2025

**February 2026**  
Announcement  
of results for the  
Year ending  
31 December 2025

**18 August 2025**  
Announcement of  
results for the 2nd  
Quarter ending  
30 June 2025

**16 October 2025**  
Announcement of  
results for the 3rd  
Quarter ending  
30 September 2025

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](http://www.lottechem.pk)



## Annual General Meeting

The 27th annual shareholders meeting will be held at 11:00 am on 17 April 2025 at the Institute of Chartered Accountants of Pakistan (ICAP) auditorium, Chartered Accountants Avenue, Clifton, Karachi.

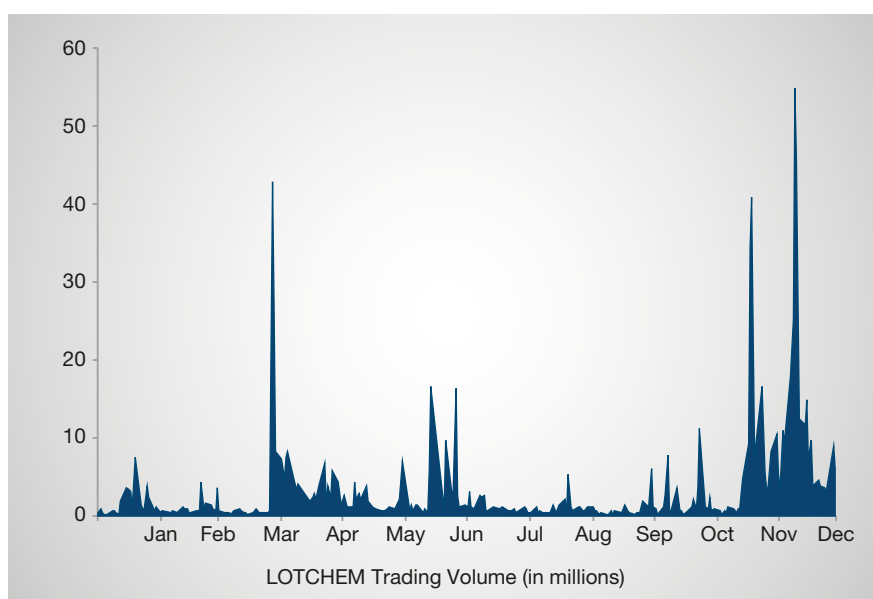
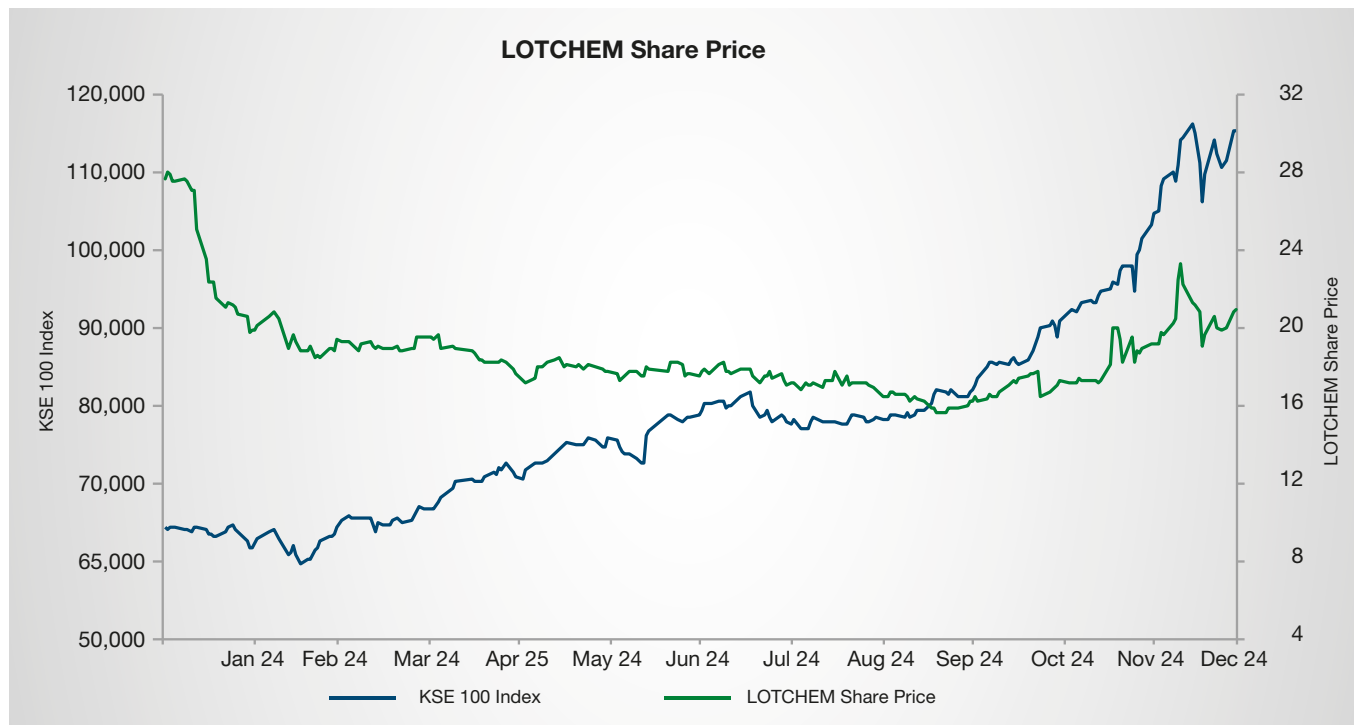




# Share Price Analysis

On 31 December 2024 there were 18,548 members on the record of the Company's ordinary shares. Market capitalization of the company's stock as at 31 December 2024 was recorded at Rs. 31.66 billion (2023: Rs 40.87 billion) with the price per share fluctuating from a high of Rs 28.56 to a low of Rs 15.53 and closing the year at Rs 20.91. Trading volumes for the Company's shares remained consistently high during the year and 875.15 million shares were traded at the Pakistan Stock Exchange. The Stock posted a loss of 19.58% during the year as against 78.04% 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 86.05% of the total share capital including 75.01% held by the Lotte Chemical Corporation.



## Investor Relation Contact

Mr. Waseem Ahmed Siddiqui  
(Manager Shares & Secretarial)  
Email: [waseem.siddiqui@lottechem.pk](mailto: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 2024

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
3,753	1	100	130,614
4,691	101	500	1,385,159
2,583	501	1,000	2,147,283
4,297	1,001	5,000	11,489,813
1,169	5,001	10,000	9,394,830
462	10,001	15,000	5,990,935
333	15,001	20,000	6,196,639
207	20,001	25,000	4,864,375
161	25,001	30,000	4,584,437
77	30,001	35,000	2,555,203
72	35,001	40,000	2,765,718
39	40,001	45,000	1,690,221
117	45,001	50,000	5,791,008
37	50,001	55,000	1,955,192
28	55,001	60,000	1,658,464
22	60,001	65,000	1,389,368
25	65,001	70,000	1,723,727
22	70,001	75,000	1,630,768
15	75,001	80,000	1,169,246
12	80,001	85,000	995,529
15	85,001	90,000	1,326,247
5	90,001	95,000	473,500
79	95,001	100,000	7,883,580
10	100,001	105,000	1,021,132
8	105,001	110,000	862,330
8	110,001	115,000	914,504
11	115,001	120,000	1,310,600
7	120,001	125,000	870,822
7	125,001	130,000	888,938
7	130,001	135,000	934,464
12	135,001	140,000	1,656,941
4	140,001	145,000	575,500
15	145,001	150,000	2,237,264
6	150,001	155,000	927,950
4	155,001	160,000	630,790
6	160,001	165,000	974,536
2	165,001	170,000	335,425
2	170,001	175,000	345,500
2	175,001	180,000	358,015
1	180,001	185,000	182,000
6	185,001	190,000	1,136,974
4	190,001	195,000	773,814
27	195,001	200,000	5,400,000
3	200,001	205,000	606,202
6	205,001	210,000	1,250,425
3	210,001	215,000	641,392
3	215,001	220,000	650,500
1	225,001	230,000	230,000
2	230,001	235,000	465,700
2	235,001	240,000	477,000



# Pattern of Shareholding

As at 31 December 2024

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
2	240,001	245,000	481,669
8	245,001	250,000	2,000,000
2	250,001	255,000	506,000
2	255,001	260,000	518,100
3	260,001	265,000	792,000
1	265,001	270,000	265,513
6	270,001	275,000	1,638,440
1	275,001	280,000	275,532
1	285,001	290,000	285,900
1	290,001	295,000	295,000
10	295,001	300,000	3,000,000
2	300,001	305,000	601,137
1	305,001	310,000	305,700
3	310,001	315,000	942,500
1	320,001	325,000	325,000
3	330,001	335,000	996,798
2	335,001	340,000	673,000
1	340,001	345,000	345,000
1	345,001	350,000	345,500
1	350,001	355,000	350,151
1	355,001	360,000	358,066
1	365,001	370,000	366,862
1	395,001	400,000	400,000
2	410,001	415,000	828,500
1	415,001	420,000	418,000
2	420,001	425,000	846,727
2	430,001	435,000	864,335
2	445,001	450,000	900,000
2	450,001	455,000	906,454
1	475,001	480,000	480,000
1	485,001	490,000	489,431
2	490,001	495,000	981,532
11	495,001	500,000	5,500,000
2	505,001	510,000	1,014,540
1	510,001	515,000	512,596
1	515,001	520,000	516,000
1	520,001	525,000	522,500
1	525,001	530,000	525,421
1	530,001	535,000	532,000
1	570,001	575,000	575,000
1	575,001	580,000	576,320
2	595,001	600,000	1,200,000
1	605,001	610,000	605,514
1	625,001	630,000	625,694
1	645,001	650,000	650,000
1	665,001	670,000	666,000
2	695,001	700,000	1,400,000
1	705,001	710,000	710,000
2	720,001	725,000	1,446,028
1	745,001	750,000	750,000

# Pattern of Shareholding

As at 31 December 2024

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
2	765,001	770,000	1,533,548
1	795,001	800,000	800,000
1	815,001	820,000	817,175
1	835,001	840,000	839,901
1	855,001	860,000	857,500
1	880,001	885,000	882,000
1	890,001	895,000	891,350
1	905,001	910,000	906,366
1	925,001	930,000	928,732
1	970,001	975,000	970,711
2	995,001	1,000,000	2,000,000
1	1,000,001	1,005,000	1,000,500
1	1,015,001	1,020,000	1,016,907
1	1,070,001	1,075,000	1,075,000
1	1,095,001	1,100,000	1,100,000
1	1,140,001	1,145,000	1,143,496
1	1,150,001	1,155,000	1,151,952
1	1,285,001	1,290,000	1,285,911
1	1,335,001	1,340,000	1,335,747
1	1,395,001	1,400,000	1,400,000
1	1,420,001	1,425,000	1,421,382
1	1,480,001	1,485,000	1,482,782
2	1,495,001	1,500,000	3,000,000
1	1,640,001	1,645,000	1,643,167
1	1,750,001	1,755,000	1,752,671
1	1,800,001	1,805,000	1,804,778
1	1,865,001	1,870,000	1,867,632
1	2,185,001	2,190,000	2,189,410
1	2,235,001	2,240,000	2,235,607
1	2,245,001	2,250,000	2,250,000
1	2,300,001	2,305,000	2,302,000
2	2,395,001	2,400,000	4,796,478
1	2,595,001	2,600,000	2,600,000
2	3,065,001	3,070,000	6,131,830
1	3,160,001	3,165,000	3,163,500
1	3,605,001	3,610,000	3,608,000
1	4,060,001	4,065,000	4,062,068
1	4,185,001	4,190,000	4,186,500
2	4,195,001	4,200,000	8,395,500
1	5,565,001	5,570,000	5,566,106
1	5,680,001	5,685,000	5,684,901
1	6,590,001	6,595,000	6,594,404
1	7,230,001	7,235,000	7,234,633
1	7,795,001	7,800,000	7,800,000
1	12,065,001	12,070,000	12,068,033
1	14,295,001	14,300,000	14,295,128
1	18,875,001	18,880,000	18,879,773
1	31,260,001	31,265,000	31,264,800
1	41,165,001	41,170,000	41,168,190
1	1,135,860,001	1,135,865,000	1,135,860,105
<b>18,548</b>			<b>1,514,207,208</b>



# Categories of Shareholding

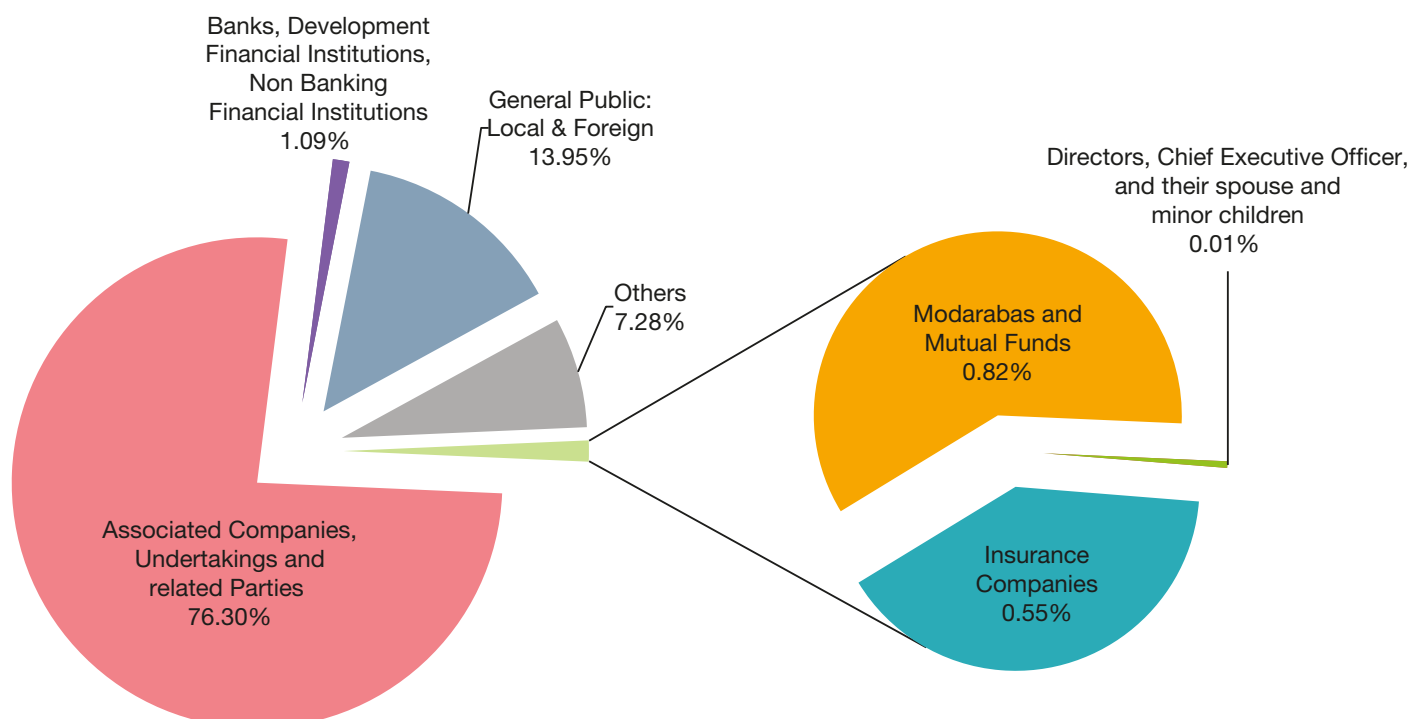
As at 31 December 2024

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	3	1,155,265,299	76.30
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	22	16,518,483	1.09
5	Insurance Companies	11	8,395,791	0.55
6	Modarabas and Mutual Funds	18	12,467,911	0.82
7	General Public: a: Local b: Foreign	18,287 1	211,244,798 1,594	13.95 0.00
8	Others	196	110,192,088	7.28
	<b>Total</b>	<b>18,548</b>	<b>1,514,207,208</b>	<b>100.00</b>

## Shareholders holding ten percent or more voting rights

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



# Board of Directors

As at 13 February 2025



**Jo Hyun Kwoun**  
Chairman

#### Tenure

Appointed to the Board on 3 February 2025 for the term to expire on 22 June 2026.

#### Board and Committee Activities

- Chairman
- Member HR and Remuneration Committee

#### Outside Interests

- Director, Lotte Versalis Elastomers

#### Career

Mr. Kwoun is currently Managing Director of Monomer Business Group for Lotte Chemical Corporation, South Korea. Prior to joining this unit, he had been on Monomer Business Division for Hyundai Chemical, associated company of Lotte Chemical.

He has been working for Lotte Chemical Corp. in Korea since 1997 and has worked in Production, Technical, Engineering functions in Olefin Basic Chemical and Monomer Business units.

Mr. Kwoun has a versatile experience of more than 28 years of working with petrochemical companies in South Korea. He holds a Bachelor's degree in Chemical Engineering from Hanyang University in South Korea.



**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).



**Seong Jun Park**  
Non-executive Director

#### Tenure

Appointed to the Board on 3 Feb 2025 for the term to expire on 22 June 2026.

#### Board and Committee Activities

- Member, Audit Committee

#### Outside Interests

- Director, Lotte GS Chemical

#### Career

Mr. Park is currently a Managing Director of Olefin Division for Lotte Chemical Corporation, South Korea. Prior to current directorship, he had been on Olefin Feedstock Team for more than seven years.

He has been working for Lotte Chemical Corp. in Korea since 2002 and has worked in Production, Technical Process, Olefin Management and Feedstock units. Mr. Park has a versatile experience of more than 23 years of working with petrochemical companies in South Korea.

He holds a Master's degree in Business Administration from Yonsei University in South Korea and a Bachelor's degree in Chemical Engineering from Sungkyunkwan University in South Korea.



**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 the 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 the 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.



### **Cheolsoo Kim** Non-Executive Director

#### **Tenure**

Appointed to the Board on 3 Feb 2025 for the term to expire on 22 June 2026.

#### **Board and Committee Activities**

- Member, Shares Sub Committee

#### **Outside Interests**

- Director, Lotte UBE Synthetic Rubber Sdn. Bhd.
- Director, UZ-KOR Gas Chemical.

#### **Career**

Mr. Kim is currently a Managing Director of Corporate Planning Division for Lotte Chemical Corporation, South Korea. Prior to current directorship, he had been on Corporate Planning Team for more than seven years.

He has been working for Lotte Chemical Corp. in Korea since 2004 and has worked in Finance, Accounting, and Corporate Planning units. Mr. Kim has a versatile experience of more than 21 years of working with petrochemical companies in South Korea.

Mr. Kim holds a Bachelor's degree in Business Administration from Hanyang University in South Korea.



### **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**

- CE, Gatron (Industries) Ltd
- CE, Gatron Power (Pvt) Ltd
- Director, Novatex Ltd
- Director, Global Synthetics Ltd
- Director, G-Pac Energy (Pvt) Ltd
- Director, Nova Frontiers Ltd
- 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 Ltd
- Director, Saif Power Ltd
- 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.

His recent transactional work includes advising companies on joint ventures, acquisitions, and renewals of liaisons offices. He has also been involved in employment law matters, intellectual property work including trademark and copyright registrations, and handling a wide range of litigation cases for various clients.



# Board Committees with brief terms of reference

As at 13 February 2025



## Audit Committee

### Members:

Mr Rashid Ibrahim, Chairman  
Mr Seong Jun Park  
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 Jo Hyun Kwoun  
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 Cheolsoo Kim  
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.



**Muhammed Talha Khan**  
General Manager  
Commercial

**Tariq Nazir Virk**  
Director Manufacturing

**Young Dae Kim**  
Chief Executive  
Profile on page 22

**Waheed U Khan**  
Director Admin,  
HR & IT

**Ashiq Ali**  
Chief Financial Officer

**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 27 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 25 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, Co-gen 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.

**Tariq Nazir Virk** is a vastly experienced multi skilled professional in Plant maintenance, Operations, Process, and Project management. He has more than 33 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 27 years of his association with the company. He has delivered 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 Descon 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. He 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, and 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.

He 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.

**Ashiq Ali** currently holds the position of Chief Financial Officer and also oversees the Legal Function at LOTTE Chemical Pakistan Limited. He has over 37 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 (OICCI) 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).

# Management Committees

with brief terms of reference

## Executive Committee

### Members:

Mr Young Dae Kim  
Mr Tariq Nazir Virk  
Mr Waheed U Khan  
Mr Sanghoon Lee  
Mr Ashiq Ali  
Mr Adnan Ul 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 Ul 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 Ul Haque  
Mr Syed Qamar Alam  
Mr Muhammad Talha Khan  
Mr Sohail Abbas

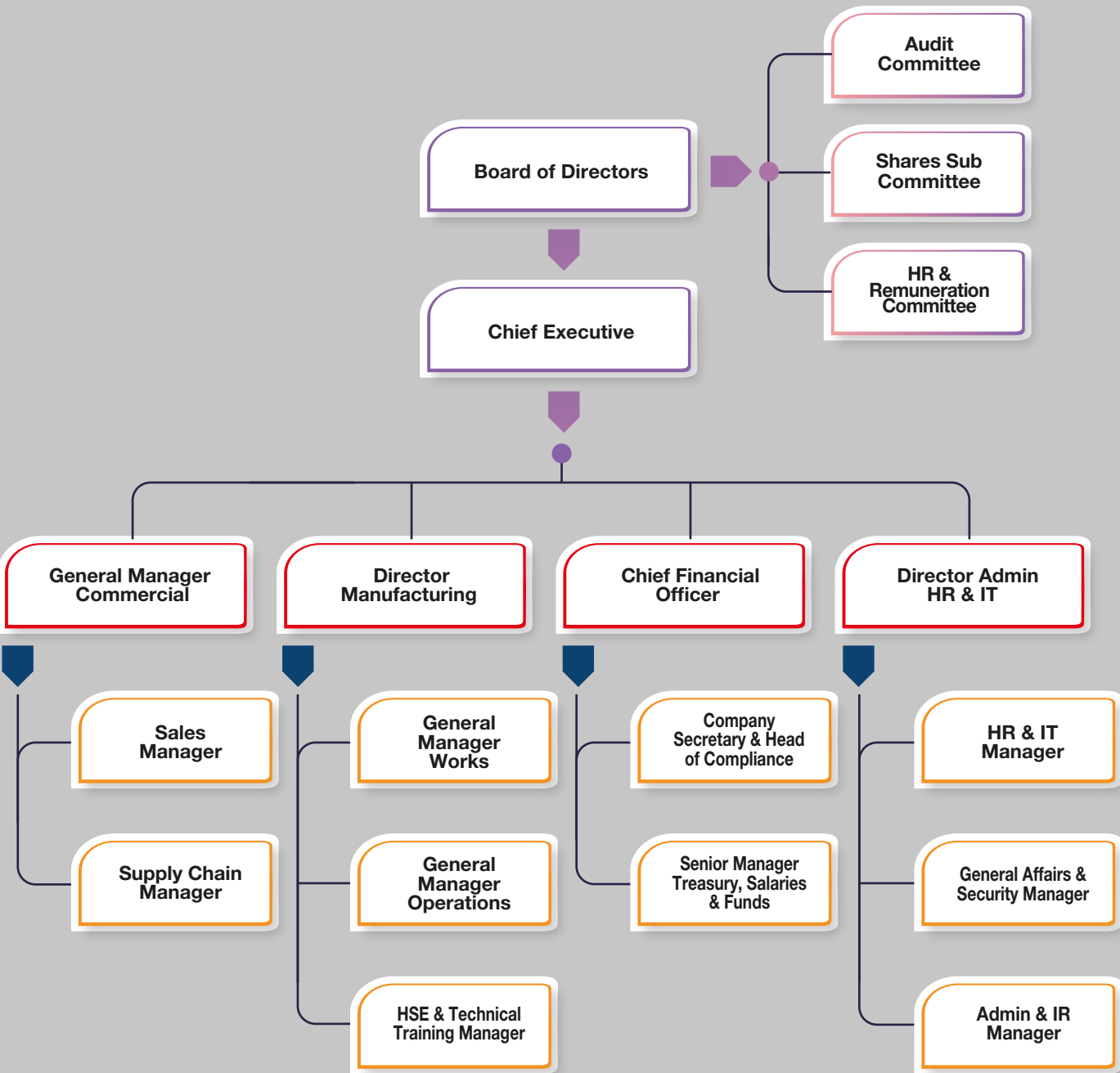
The HSE&S Committee, chaired by the CE, periodically reviews and monitors Company-wide practices. It oversees the Health, Safety, Environment and Security functions of the Company and is responsible for ensuring that all operations are safe, environment-friendly and compliant with regulatory framework.

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.

### **Board Meetings held outside Pakistan**

During the year, no meeting of the Board was held outside Pakistan.

### **Security Clearance of Foreign Directors**

All foreign directors are required to submit relevant documents to facilitate security clearance undertaken by the Ministry of Interior and SECP.

### **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 2024 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 39 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 initiated 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 accessible to every shareholder.

**Presence of the Chairman at General Meetings:** The Chairman of the Board and the Chairman of the Board Audit Committee attended the 26th AGM.

**Issues raised in last AGM:** During the 26th AGM of the Company held on 18 April 2024, 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 2024, is given on page 18 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 26 years without a Lost Time Injury – more than 72 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.

# Chairman's Review Report

For the year ended 31 December 2024

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 2024.

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 2024 has witnessed multiple challenges for the Company including geopolitical risk, unprecedented extreme high level of inflation, huge increase in costs of doing business and changes in the tax regime. Despite challenging economic environment of the Country, your Company managed to achieve turnover of Rs 109.3 billion and profit after tax of Rs 2.6 billion.

Despite all these challenges, we are hopeful that the efforts by the Government of Pakistan towards fiscal stabilization and economic recovery will support the Company for a sustainable growth amid both global and local 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 2024. 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.



**Jo Hyun Kwoun**  
Chairman

# Directors' Report

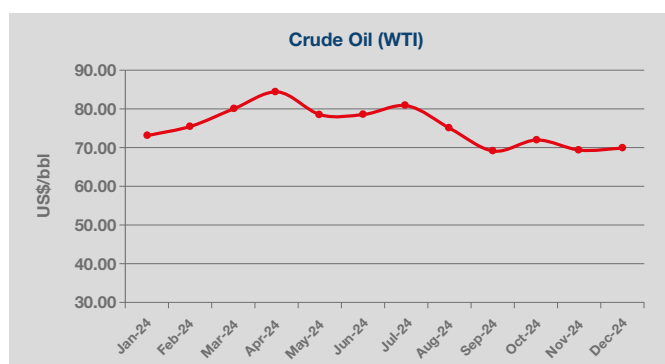
To the shareholders for the year ended 31 December 2024

The Directors are pleased to present their report and the audited financial statements of the Company for the year ended 31 December 2024.

## Business Overview

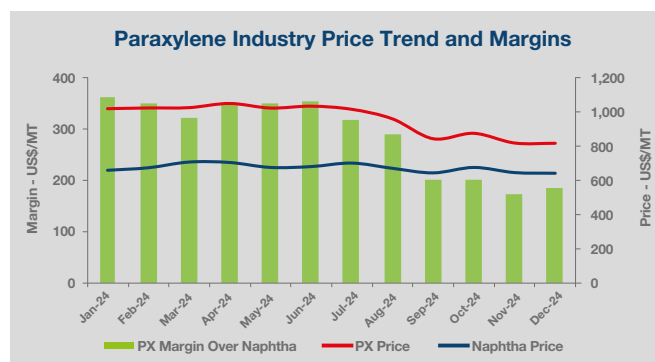
### Crude Oil

Crude oil (WTI) prices exhibited volatility throughout 2024, initially trending upward in the first half of the year due to various geo-political issues, extended OPEC+ production cuts, and China's post-Lunar New Year recovery which drove global demand above pre-pandemic levels. Additionally, peak season demand from the Northern Hemisphere, China's monetary stimulus efforts as well as the positive sentiment stemming from the potential interest rate cuts by the US Federal Reserve fueled the upward price trend. In the second half, Crude Oil markets faced increasing headwinds due to poor economic data coming out of the US and limited positive impact of China's monetary stimulus which kept oil prices subdued. Moreover, the increasing penetration of EVs in the region, coupled with persistent inventory builds in the U.S. and reports of a potential ceasefire in the Middle East, heightened concerns about an over supplied market resulting in added pressure on global Oil prices. Despite the various elements weighing on prices, continued geopolitical challenges and elevated winter heating fuel demand offered a degree of support limiting the downward trend on prices. By the close of the year Crude Oil prices averaged US\$ 75.65 per barrel, 2.67% lower than the previous year.



### Paraxylene (PX) Industry

The Paraxylene (PX) market exhibited bullishness during the first half of 2024, moving in line with upstream energy markets. Prices were supported by strong pre-Lunar New Year demand as well as planned and unplanned

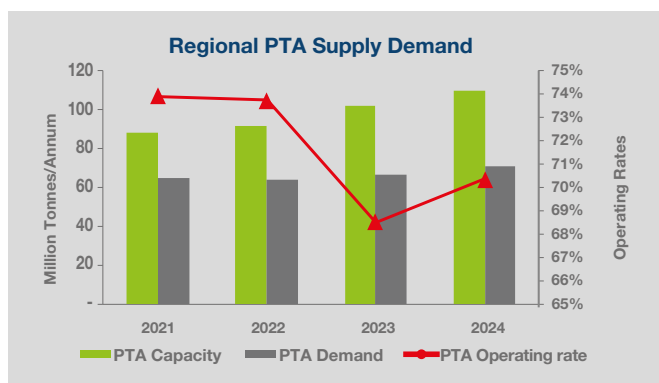


production outages in key regions. Robust demand from the downstream PTA sector, driven by preparations for the summer peak season kept prices elevated. However, by mid-year, higher operating rates and lower than expected diversion of PX to the gasoline pool shifted market fundamentals as oversupply pressures emerged. Moving forward the PX market remained under pressure due to lack of support from the upstream Crude Oil market and limited underlying supply-demand fundamentals resulting in narrowing PX-Naphtha spreads to below breakeven levels. The average price of PX for 2024 was US \$963.50 per metric tonne, 7.23% lower than the previous year. While the average PX Margin over Naphtha for the year was US\$ 289 per tonne as compared to US\$ 389 per tonne in 2023.

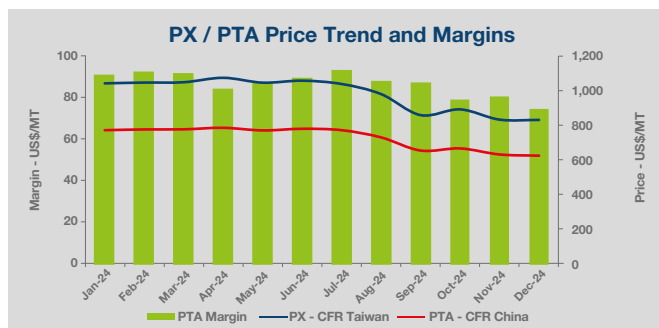
### PTA Industry

PTA prices moved in tandem with upstream PX prices throughout 2024; however the price movement remained sluggish due to an oversupplied a PTA market and lackluster downstream demand which added pressure on PX-PTA margins as the year progressed. In the first half of the year, despite PTA producers opting for disciplined production through rationalization of operations, higher inventories were observed in the PTA market. Capacity additions of almost 4.5 million MTs were observed in China which helped service the downstream demand originating from new PET facilities, however reduced overall consumption due to lower economic activity continued to add pressure, limiting any significant price gains. In the latter half of the year, PTA prices began





trending downward as peak seasonal demand subsided. Elevated inventory levels across the chain, combined with sustained high production levels, dampened market sentiment. Lower consumption during the Golden Week holidays in China and the seasonal lull towards the end of the year further increased PTA inventories adding additional pressure to already weak PX-PTA margins.



The average PTA Operating Rate for the year in the region was 71%, a year on year increase of 2%. The average PTA price for the year was US\$ 721.27 per metric tonne whereas the average PTA Margin over PX for the year averaged at US\$ 85 per tonne as compared to US\$ 96 per tonne in the previous year.

## Domestic Downstream Industry

In 2024, the domestic polyester sector navigated a mix of growth opportunities and persistent challenges. The first half of the year brought steady improvements, supported by optimism surrounding the General Elections, a stable currency, and increased demand ahead of Ramadan. These factors, along with robust seasonal demand from the textile and PET industries, enabled producers to maintain high production levels. In the second half of the year as the peak season demand tapered off, the industry faced challenges such as elevated energy costs, an influx

of low-cost imports, and surging inflation, which weakened consumer spending power. Additionally, the continued boycott of international brands and the incremental ingress of cheaper imports in the entire chain resulted in lower than usual PTA demand. Poor downstream sales resulted in increased inventories across the value chain which was managed by rationalization of operations while average operating rate for the year 2024 stood at 69% as compared to 75% in the previous year.

## Operations

Production volume during the year at 424,771 tonnes was 30% higher than last year. However, production was 16% lower than name-plate capacity as the Company had to shut down plant operations to efficiently manage inventories from 15th to 24th January 2024 and 16th November to 22nd December 2024, while a plant overhaul was successfully completed during the later.

Sales volume during the year at 453,499 tonnes was 46% higher than last year but lower than normal due to reduced domestic demand. Export sales of 3,024 tonnes were made to Oman during the year.

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

## Future Outlook

Regardless of the higher Crude oil (WTI) prices observed at the time of writing, prices are anticipated to experience downward pressures in 2025, driven by OPEC+ plans to gradually roll back production cuts, the pro-oil stance adopted by the newly inaugurated US President as well as the ceasefire agreement in the Middle East. China's oil demand is expected to peak in 2025, which signals an economic recovery and renewed demand, prompting support to oil prices. While, the ongoing tensions in Europe's oil producing regions are expected to keep market sentiment on edge and worries of supply disruptions may continue to persist, limiting any significant drop in oil prices.

The Paraxylene (PX) market in 2025 is expected to remain under pressure, closely tracking upstream crude oil prices in the year. However, the absence of new PX facilities during the year may help alleviate the pressure on prices. Additionally, the expectation of almost 10 million MTs of new PTA capacities in the region is

expected to support prices. Despite these positive drivers, market sentiment will likely remain cautious amid inflationary pressures in China and U.S. policy shifts affecting global petrochemical trade dynamics. PTA prices in 2025 are expected to track upstream PX and energy markets, however, may remain under pressure due to rapid capacity expansions raising oversupply concerns. A potential slowdown in consumer demand may further exacerbate the supply glut, pressuring margins and influencing run rates in the region. Furthermore, sporadic support from the downstream polyester industry on account of seasonal demand may extend limited support as the overall chain struggles to manage high inventories.

Domestic polyester operations are projected to rebound in the coming year, driven by a decline in inflation and ongoing reductions in borrowing costs facilitated by the State Bank of Pakistan. As a result, businesses are optimistic about an economic recovery. Furthermore, the government's initiatives to lower electricity price, along with the implementation of stricter measures to control the influx of cheaper dumped imports, are expected to further enhance domestic operations.

## Financial Performance

Amount in Rs million	Year ended 31 December	
	2024	2023
Revenue	<b>109,299</b>	81,619
Gross profit	<b>5,186</b>	10,245
Profit before taxation	<b>4,323</b>	9,507
Taxation	<b>(1,681)</b>	(4,429)
Profit after taxation	<b>2,643</b>	5,078
Earnings per share (in Rupees)	<b>1.75</b>	3.35

Revenue of Rs 109,299 million for the year was higher by 34% compared to Rs 81,619 million of previous year mainly due to higher volume sold. However, gross profit for the year was 49% lower than last year due to higher cost of sales mainly on account of significant increase in gas prices. Distribution and selling expenses were 21% while Administrative and general expenses were 18% 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 lower than last year due to lower income earned on bank deposits. The taxation charge for the year is based on statutory income

tax rate, tax under Final Tax Regime (FTR) and super tax as adjusted by the movement in the deferred tax account.

Earnings per share (EPS) for the year stood at Rs 1.75 per share as compared to Rs 3.35 per share for last year.

## Dividend

During the year, an interim dividend @ Rs 0.50 per ordinary share (5%) for the year ended 31 December 2024 as approved by Board of Directors, was paid to the shareholders of the Company.

## Sustainability

Sustainability initiatives stand as a cornerstone of Lotte Chemical Pakistan Limited's decision making. We categorize regulatory and environmental challenges as key risks to sustainable operations; the Company however, is well positioned to capitalize on the ever evolving demand for sustainable and innovative solutions.

The Board of Directors through the executive management team remain committed in monitoring internal and external environment by assessing sustainability risks and mitigating them through documented policies and procedures. The management continues to deliver a sustainable footprint through community and employee engagement, cost optimization, operational excellence and resource conservation.

The Company has placed emphasis on environmental conservation, and therefore, diligently pursued energy, water, and resource conservation and waste reduction initiatives. We have also invested on biodiversity, community uplifting and emission management activities.

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 report on Sustainability related initiatives are available on page 51 of the Annual Report.

## Health, Safety and Environment (HSE)

The Directors are proud to report that your Company has maintained due focus on HSE and has achieved a major milestone by completing 72 million man-hours as of 31st December 2024, without any injury to own or to contractors' employees. This is an impeccable record by any global standards. 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 2024 is available on page 56 of the Annual Report.

## Human Resources

Lotte Chemical Pakistan remains deeply committed to nurturing a culture of employee engagement, inclusiveness, and collaboration. Your company believes that meaningful work, valuing employees, and celebrating teamwork are the cornerstones of success. As a forward-thinking organization, your company recognizes that attracting, retaining, and developing talent across all functions is essential to maintaining competitive edge in the market. This is an ongoing priority that drives your company human capital strategy.

LCPL commitment to equal opportunity employment is solid. Your company not only adheres to all prevailing labor laws but also strive to exceed industry standards in industrial relations. By doing so, your company ensure a productive, positive, and supportive work environment for all employees. Throughout 2024, your company maintained high HR standards, focusing on enhancing efficiency, accountability, and service delivery to customers, while streamlining administrative processes.

For a comprehensive overview on human resource performance and development initiatives in 2024, please refer to page 60 of the Annual Report.

## Diversity, Equity and Inclusion (DE&I)

Diversity, equity, and inclusion are integral to our corporate philosophy. LCPL celebrates diversity in all its forms—gender, ethnicity, beliefs, skills, and life experiences because your company believes that a diverse workforce is a catalyst for innovation and progress. By embracing a wide range of perspectives and experiences, your company gain deeper insights into the needs of customers, suppliers, and communities, while also strengthening Corporate Social Responsibility (CSR) initiatives.

A particular focus is achieving gender balance within your organization, especially in the petrochemical industry, where women have historically been underrepresented. Your company is dedicated to creating an inclusive and supportive environment that encourages women to join and thrive in LCPL workforce.

Your company recruitment process is designed to be fair and unbiased, with the goal of attracting creative thinkers and innovators who bring fresh ideas and unconventional approaches. Your company seeks individuals who are adaptable, skilled at multitasking, and passionate about continuous improvement. These qualities are fundamental to company's success and essential for driving business forward.

To promote diversity and equal opportunity, your company implement strategic workforce planning and develop programs and policies that encourage inclusivity. Your company is proud to cultivate a workplace culture rooted in respect, tolerance, and collaboration, ensuring that every employee feels valued and empowered.

## Corporate Social Responsibility (CSR) Activities

As a socially responsible corporate citizen, your company is deeply committed to the well-being and development of the communities it serve. Your company has identified Health and Education as critical areas of need and is actively working to address these through partnerships with charitable organizations and community initiatives.

To better organize and amplify your CSR efforts, your company established the LOTTE Pakistan Foundation (LPF). This foundation serves as a platform to drive impactful projects that uplift local communities and contribute to societal progress.

A detailed report on CSR activities undertaken by the Company in 2024 is available on page 65 of the Annual Report.



## 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 33 of the Annual Report.

## Board Changes

Mr Sung Soo Bae, Mr IL Kyu Kim and Mr Kyung Hoi Yoo resigned with effect from 3 February 2025 and Mr Jo Hyun Kwoun, Mr Seong Jun Park and Mr Cheolsoo Kim 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 Jo Hyun Kwoun was appointed as Chairman of the Board in place of outgoing Director Mr Sung Soo Bae with immediate effect.

The Board places on record its appreciation for the valuable contributions made by the outgoing Directors, Mr Sung Soo Bae, Mr IL Kyu Kim and Mr Kyung Hoi Yoo and welcomes Mr Jo Hyun Kwoun, Mr Seong Jun Park and Mr Cheolsoo Kim 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

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 Seong Jun Park	Member
Mr Khurram Rashid	Member

HR and Remuneration Committee	
Mr Rashid Ibrahim	Chairman
Mr Jo Hyun Kwoun	Member
Mr Young Dae Kim	Member

The names of the persons, who at any time during the financial year ended 31 December 2024, were Members of the Board and its Committees along with their attendance is as follows:

Name of Director	Board of Directors meetings	Audit Committee meetings	HR & Remuneration Committee meetings
Mr. Sung Soo Bae (appointed w.e.f 14 February 2024)	4		1
Mr. Young Dae Kim	4		1
Mr. IL Kyu Kim	2	2	
Ms. Jae Sun Park	4		
Mr. Kyung Hoi Yoo (appointed w.e.f 14 February 2024)	4		
Mr. Shabbir Diwan	4		
Mr. Rashid Ibrahim	4	4	1
Mr. Khurram Rashid	4	4	
Mr. Sang Hyeon Lee (resigned w.e.f 14 February 2024)			
Mr. Tariq Nazir Virk (resigned w.e.f 14 February 2024)			

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

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 39 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 2024.

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 68 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 2023 is as follows:

	Value (Rs '000)
Lotte Chemical Pakistan Management Staff Provident Fund	656,692
Lotte Chemical Pakistan Management Staff Gratuity Fund	400,980
Lotte Chemical Pakistan Management Staff Defined Contribution Superannuation Fund	535,958
Lotte Chemical Pakistan Non-Management Staff Provident Fund	6,908
Lotte Chemical Pakistan Non-Management Staff Gratuity Fund	4,970

## Pattern of Shareholding

The statement of Pattern of Shareholding in the Company as at 31 December 2024 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, except for transfer of one share each to Mr Sung Soo Bae and Mr Kyung Hoi Yoo.

## Holding Company

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

## Subsequent Events

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 2024 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 2025, 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



**Jo Hyun Kwoun**  
Chairman

Date: 13 February 2025  
Karachi



**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 2024

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. Sung Soo Bae (Chairman) Mr. IL Kyu Kim Mr. Kyung Hoi Yoo Mr. Shabbir Diwan
Executive Director	Mr. Young Dae Kim
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.
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 requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
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 2024, five Directors along with the CFO and Director Manufacturing, have either completed the Director's Certification from authorised institutions or have the prescribed qualification and experience as per the Regulations.
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.
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 Sung Soo Bae	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:

Requirement	Explanation	Reg. No
The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The board functions of Nomination Committee are already being performed by Board and its sub committees. The Board is therefore of the opinion that separate committee for Nomination is not required.	29
The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The board functions of Risk Management Committee are already being performed by Board and its sub committees. The Board is therefore of the opinion that separate committee for Risk Management is not required.	30
Role of the Board and its members to address sustainability risk and opportunities. The Board is responsible for setting the Company's sustainability strategies, priorities, and targets to create long term corporate value. The Board may establish a dedicated sustainability committee.	At present the Board provides governance and oversight in relation to Company's initiatives on Environmental, Social and Governance (ESG) matters. Nevertheless, the requirements introduced recently by SECP through notification dated June 12, 2024, will be complied with in due course.	10(A)



**Jo Hyun Kwoun**  
Chairman

Date: 13 February 2025  
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, 2024 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, 2024.

Date: 18 March 2025  
Karachi  
UDIN: CR202410059XbiymOw0V

A.F.Ferguson & Co.,  
Chartered Accountants

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State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5, Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>*



# Gender Pay Gap Statement

## **Lotte Chemical Pakistan Limited Gender Pay Gap Statement Under SECP's Circular 10 of 2024**

Following is gender pay gap calculated for the year ended 31 December 2024:

- i. Mean Gender Pay Gap: (5.47%)
- ii. Median Gender Pay Gap: (3.97%)
- iii. The pay gap mentioned above represents the difference in earnings between male and female employees who perform jobs that are either identical or comparable in terms of responsibilities, skills, and qualifications.



**Young Dae Kim**  
Chief Executive

Date: 13 February 2025  
Karachi

# Manufacturing Excellence

At LCPL, the premier PTA manufacturer in Pakistan, we are committed to continuously elevating every aspect of our operations. We take immense pride in fostering a culture and establishing a system that harnesses the full potential of our employees, keeping them motivated to work with unparalleled dedication, commitment, and professionalism. Consequently, we consistently produce world-class quality products that exceed customer expectations and nurture robust relationships.

LCPL is dedicated to empowering its employees, granting them the freedom to work creatively and encouraging the introduction of new ideas and initiatives. Each year, we set ambitious targets that drive our team to strive for excellence and flawless execution in manufacturing.

With a focus on employee empowerment, growth, teamwork, and technical capacity-building initiatives, LCPL surpasses its targets, further inspiring our team to achieve superior manufacturing performance.

Moreover, LCPL's efficient plant operations and strict adherence to the highest international standards of safety, health, and environmental protection not only ensure high-quality products but also prioritize stakeholder well-being, thereby mitigating workplace hazards.

## Plant Availability

The availability of plant operations serves as a vital indicator for assessing the success of maintenance strategies implemented in any manufacturing environment. The previous year posed significant challenges in this regard, particularly due to external factors such as fluctuating downstream demand, which necessitated a month-long shutdown of the plant's operations.

## 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 managed to produce the PTA at a favorable variable cost by means of innovations under the umbrella of Operational and Manufacturing excellence. This was achievable by effective planning and religious monitoring of critical activities during plant outages and maintaining a strict control on consumption of utilities mainly nitrogen.

## Trainings

Investing in human capital is undeniably the cornerstone of organizational success. This importance amplifies significantly in the intricate and high-stakes environment of a petrochemical facility, where developing technical skills is essential for ensuring safe and efficient operations. Recognizing this necessity, the operations team has curated a selection of top-tier training programs for 2024, encompassing sessions on Artificial Intelligence and its applications at LCPL, Power BI, Aspen One Process Explorer (A1Pex), and Aspen Plus. These trainings provide team members with the opportunity to deepen their understanding of various systems across all plants, including Oxidation, Purification, Utilities, and Co- Generation.

## 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.

## Overhaul 2024

Overhaul 2024 exemplifies LCPL's commitment to manufacturing excellence. Effective planning, rigorous monitoring, and teamwork led to its safe and timely completion. This success highlights LCPL's core values and sets a benchmark for future achievements.

A Steering Committee of senior management oversaw preparations, aligning resources and decisions effectively. The Planning team devised a detailed preparation plan, coordinating with section representatives to finalize a 2,326-job work list. Key activities included PAC rotor replacement, CTA dryer inspection, PTA dryer baffles replacement, gas turbine blade cleaning, and paraxylene and raw water tank repairs. Upgrades included a natural gas metering station revamp, nitrogen booster compressor, and Boiler B PLC upgrades.



## Extended CTA Drier Operation

The CTA powder contains a portion of catalyst metals, Cobalt and Manganese, which significantly contribute to the variable costs. This issue was successfully addressed and optimized for a considerable part of the year. The optimization process involved adjusting reactor parameters to produce solvent-rich slurry and using the modified pump from the third crystallizer vent stream for efficient solvent extraction. These actions were taken to ensure the optimal metal content in the CTA powder, reducing the associated costs, and extending the drier operation.

## Reduction in Plant Startup Time

The key parameter for starting up the oxidation plant is preparing the recipe in the Feed Mix Drum (FMD) by using recycled solvent from the Acetic Acid storage tank, which contains high water content. The recipe preparation process typically takes over 12 hours to reduce the water content in the recycled solvent. In OH-2024, a modification was made to the Acetic Acid storage tank, allowing fresh acid to be used for recipe preparation in the FMD with minimal water content. This change enabled the recipe to be prepared within 8 hours, significantly reducing the plant startup time.

## GTG Water Wash Time Reduction

As Co-Gen plant operation is crucial to variable cost, minimizing the outage of Co-Gen is one of the core objectives of Co-Gen team. To achieve this end, Co-Gen team implemented administrative controls that have resulted in optimizing the outage time for Normal and Deep Specialized Offline Water Wash hence reducing the variable cost.

## Strategic Overhaul of Process Air Compressor

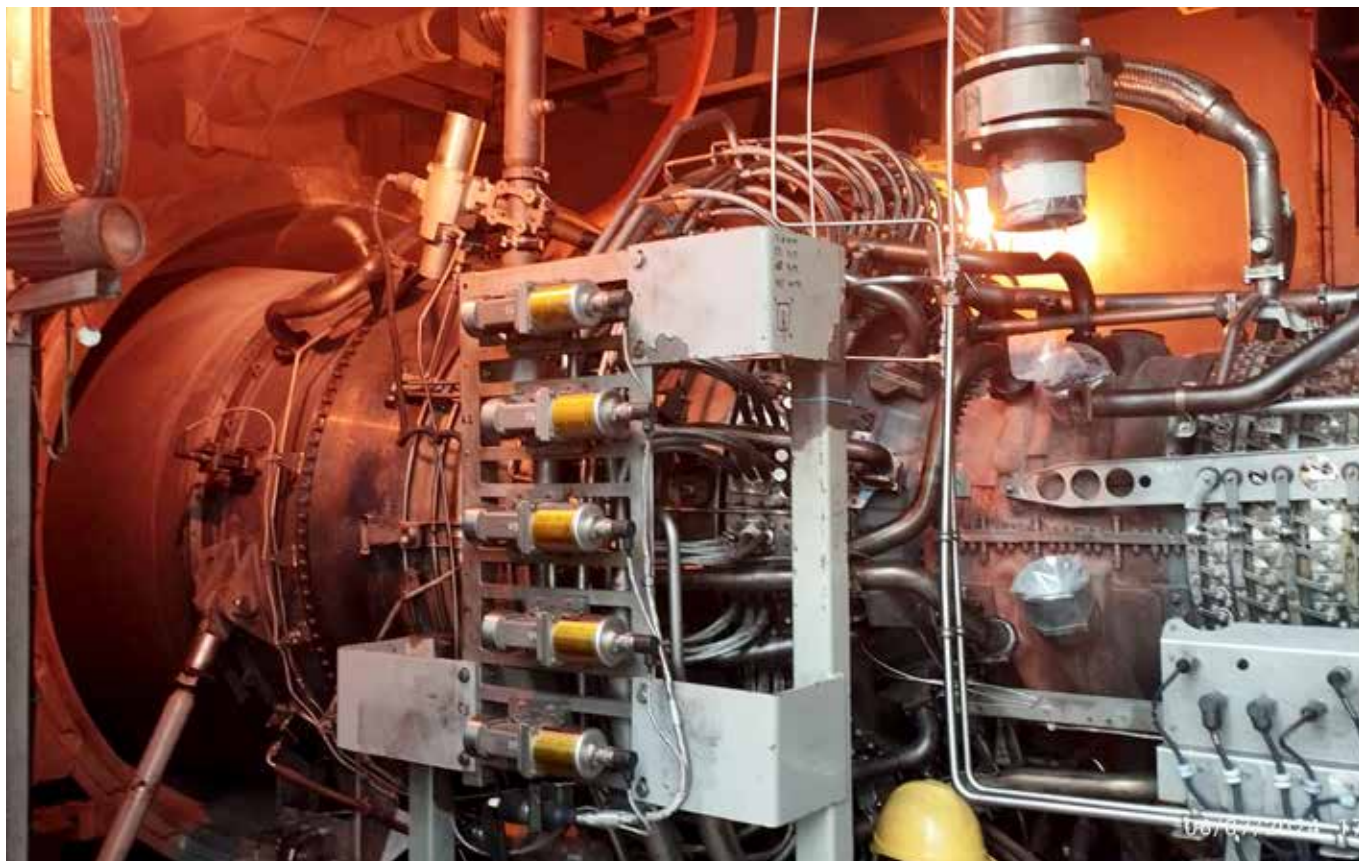
As part of LCPL's commitment to proactive maintenance, the Siemens Process Air Compressor underwent a rotor replacement to enhance operational efficiency and ensure reliability. The project, supervised by OEM experts, involved the replacement of the rotor assembly, including the Bull Gear and Pinions across six stages.

Tasks included disassembling critical components, inspecting seals and bearings, and aligning gears with high precision. The synchronized 24/7 operations enabled efficient resource utilization and seamless project execution. By adhering to its strategy of rotor replacements every seven years, LCPL reinforced its dedication to minimizing downtime and sustaining peak performance. Rigorous inspections post-overhaul validated the machine's readiness, reflecting LCPL's operational excellence.

## GTG Semi-Annual Maintenance

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. This maintenance included replacing Variable Stator Vanes bushings and Variable Bypass Valve bell cranks and bushings. Originally





scheduled for 12 days, the project was completed in just 8 days, showcasing exceptional time management and streamlined processes. This achievement minimized downtime, ensuring the turbine's readiness for future operational demands. The success of this maintenance effort reflects LCPL's focus on resource optimization and operational efficiency.

## Preventive Maintenance of Main Transformers

For the first time since their commissioning, the preventive maintenance of the main transformers TR-01 and TR-02 on Line 01 and Line 02 was successfully carried out in-house. This milestone initiative marked a significant step toward enhancing our maintenance capabilities and ensuring the long-term reliability of our critical electrical infrastructure. The maintenance activities included detailed inspections, oil sampling and testing, rectification and replacement of deteriorated pipes, and cleaning of

transformer components. The proactive approach addressed potential issues before they could escalate, safeguarding the transformers against unexpected failures. The decision to perform these tasks in-house not only reduced dependency on external vendors but also allowed the team to gain valuable technical insights into the condition of these vital assets.

## Cooling Tower Headers FRP coating

Workshop team, in coordination with the TPM team this year, implemented the application of FRP coating on the main cooling water headers and associated piping. This activity is aimed at enhancing the longevity and durability of critical infrastructure to combat corrosion in harsh environmental conditions. This protective coating will ensure safeguard of the cooling water system against environmental adversities, aligning with LCPL's commitment to improving operational efficiency and equipment reliability.



# Total Productive Management (TPM)

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 11th Anniversary of TPM at our plant.

## 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. One such example is the TPM 5S activity that was carried out on 13th August 2024 for the workshop (Seal Room).

On 25th May 2024, TPM team hosted a session to representatives from Engro Fertilizer Limited. The visit provided a valuable opportunity for them to learn about the successful implementation of the Total Productive Management (TPM) system at LCPL, focusing on its structure, benefits, roadmap, and the challenges encountered during its implementation.



Moreover, on 29th May 2024, Lotte GO Green with TPM project was successfully organized to combat climate change. A total of 120 saplings were planted with the assistance of manufacturing staff members to create a greener and more sustainable plant site. A grand 5S activity was held at plant on 4th December 2024, where the complete Manufacturing team participated. All personnel were divided into 10 Small Group Teams (SGTs), each led by Production department (PMs, SSMs, and SMs). The objective was to work in sync and maximize the output to achieve best housekeeping of the plant.

## 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 took an initiative to provide Fibre Reinforced Plastic Coating to the Cooling Tower's pipeline headers at the Utilities Plant Area. The corrosion-resistant coating will reduce maintenance costs in the long-run time period.

### 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 2024; we have been able to reap benefits of the system at various levels.

The TPM team has implemented 5S principles in the engineering department's usable material yard and scrap yard. This ensures that usable materials remain in the

usable material yard through sorting, organized storage, regular cleaning, standardized procedures, and continuous improvement efforts.

### 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 2024, 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. TPM emphasized SRS training this year, conducting a session for QM Lab members to enhance their skills and knowledge.

### 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 508 suggestions were raised in the system, which is the highest ever number of suggestions raised in a year. In 2024, 64 suggestions were implemented, resulting in significant cost saving for business.



# Sustainability

Sustainability initiatives stand as a cornerstone of Lotte Chemical Pakistan Limited's decision making. The management continues to deliver a sustainable footprint through community and employee engagement, cost optimization, operational excellence and resource conservation.

## Highlights & Awards



## Energy Conservation

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 all the 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 have 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, NO<sub>2</sub> and SO<sub>2</sub>, 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.

# Labour Relations, Freedom of Association and Collective Bargaining

At Lotte Chemical Pakistan Limited (LCPL), we believe that nurturing collaboration with employees and upholding the principles of freedom of association and collective bargaining are essential to strengthening industrial relations. Our organizational culture emphasizes individual accountability in understanding and complying with all relevant statutory laws.

Over the years, LCPL's steadfast commitment to ethical practices has earned a reputation for honesty, integrity, and equitable dealings with employees and government authorities alike. We are dedicated to maintaining a harmonious work environment that prevents misunderstandings and promotes clarity.

Our management strives to build strong relationships with non-management personnel by eliminating barriers and encouraging open dialogue. The successful negotiation and conclusion of the Agreement 2023-2024 stands as evidence to this collaborative spirit, demonstrating how mutual respect and cooperation can lead to outcomes that benefit both the organization and its employees.

Workplace security, social protection, personal development opportunities, and social integration are at the core of our values. In alignment with these priorities, we organized social activities, including a joint picnic and sports events, to encourage teamwork and unity among employees.

Additionally, we recognize the critical role of our outsourcing service providers, whom we regard as valued business partners. We ensure the welfare of their workforce through adherence to company policies, striving to minimize conflicts and discrimination.

A highlight of our commitment to employee well-being was the annual picnic, where workers and senior management came together to nurture solidarity and strengthen team bonds. LCPL's vision is to create enduring value for all stakeholders, ensuring an environment of trust, collaboration, and shared success.

## 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	
	2024	2023
<b>Suppliers</b>		
Cost of material, services and facilities	102,171,386	70,492,636
<b>Employees</b>		
Cost of employees' salaries and benefits	1,506,686	1,381,709
<b>Government</b>		
Tax paid, including remittance taxes and excise taxes	22,815,395	21,008,178
<b>Shareholders</b>		
Dividend	757,104	4,542,622
<b>To providers of finance</b>		
Finance costs	2,569	2,476
<b>Community</b>		
Voluntary contributions and investment of funds in the broader community	-	167
<b>Retained within Company</b>		
Depreciation, amortisation and retained earnings	3,069,789	1,756,870
<b>Total Economic Contribution</b>	<b>130,322,929</b>	<b>99,184,658</b>

## 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 22,815.4 million (2023: Rs 21,008.2 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.

# Health, Safety and Environment

LCPL's performance of 72.21 million man-hours as at 31 December 2024 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.

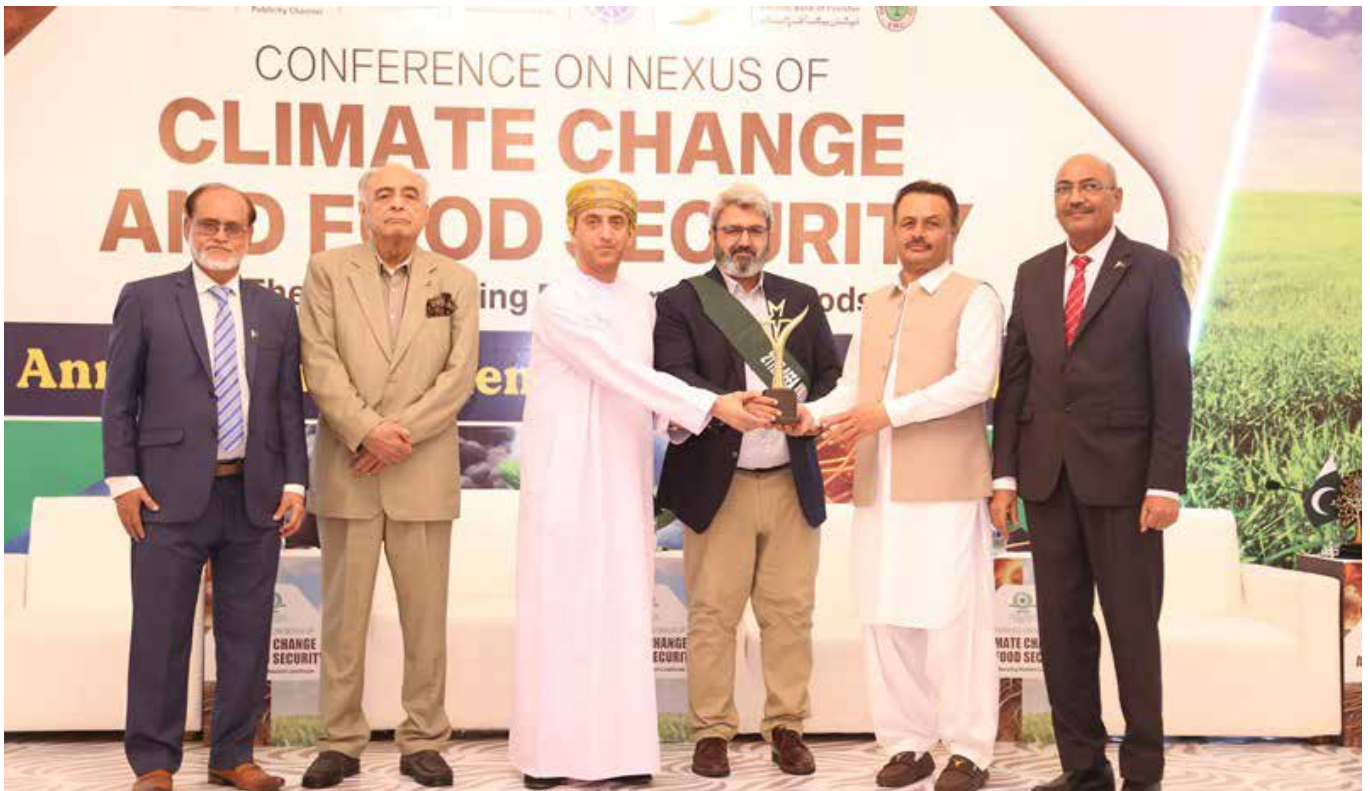
Throughout the years, LCPL has maintained exceptional safety records. Currently, amongst petrochemical industry, the LCPL is one of the leaders in terms of maintaining highest standards in Health, Safety and Environmental performance in all aspects of its operations. During its 26 years of operation, LCPL has sustained an excellent safety record. The Company crossed a milestone of 70 million man-hours without Lost Time Case (LTC) in 2024. 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 72.21 million man-hours without Lost Time Case (LTC) for our employees and all contractor staff.
- 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 Zero injury targets in Overhaul 2024.
- Achieved 21st Annual Environmental Excellence Award from National Forum for Environment and Health (NFEH).

## 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 2024, 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.





# Human Resources (HR)

We firmly believe that employees are the heart of a company, driving its success and shaping its future. As such, we focus on attracting, developing, and retaining talented individuals who possess the qualities necessary to help achieve both current and future goals.

Our commitment includes fostering a learning-focused culture where every individual receives the training and support needed to grow personally and professionally. Supported by our flexible, modern HR policies, our organizational culture empowers employees to reach and enhance their full potential. We also prioritize fairness in how we treat all employees and service providers, ensuring that compensation is competitive and that everyone works in a safe, supportive environment.

## Training and Development

We recognize that the quality of training our employees receive directly impacts their performance. Our thorough and timely training and development programs are designed to equip employees with the skills necessary for peak performance. We follow a structured approach, offering opportunities for management and leadership growth to our team members.

Through our performance evaluation system, we identify the development needs of our employees by comparing their current skills and competencies with

the desired standards. This allows us to pinpoint areas for improvement, contributing to a comprehensive Training Needs Analysis. This ongoing development process is fully aligned with our company's broader strategic goals.

## Talent Acquisition

The Company strategically recruits promising graduates from a range of professional and academic disciplines, recognizing them as the future leaders of the business and industry. We are committed to investing in their growth by offering comprehensive training and development opportunities within our organization.

In 2024, we conducted multiple Management Trainee Recruitment Drives, following strict selection criteria to ensure we hire talented individuals from top engineering universities in Pakistan.

Our commitment to development extends beyond recruitment. We provide our trainees with valuable opportunities to network with leaders and decision-makers in their fields, giving them a platform to gain insights and practical knowledge from experienced industry professionals. Additionally, our personnel development plans are tailored to provide the necessary support, training, and coaching, ensuring the success of our employees at all levels.





The Company also welcomes interns from various universities, offering programs in both technical and business management. Despite challenges in 2024, the internship program continued to provide valuable exposure to our corporate culture and business practices, allowing students to work alongside a highly professional and supportive team.

Our structured Apprenticeship Program, in compliance with the Government of Pakistan's regulations, offers another pathway for talent acquisition. This 24-month program provides apprentices with hands-on training in various areas and functions of the plant. Throughout the program, they not only gain in-depth technical knowledge but also develop a thorough understanding of processes related to occupational health and safety.

## Career Portal

The Company is dedicated to improving its recruitment system through the strategic use of technology. In 2024, we developed and successfully launched a new, advanced career portal. This portal allows HR personnel to easily post job openings and electronically screen resumes of qualified candidates.

The implementation of this portal not only saves significant time and costs but also equips the HR department with the ability to generate detailed statistics and reports on job applications. Additionally, it enables thorough analysis and facilitates quick responses to applicant inquiries. The portal also serves as a valuable resource for line managers, granting them direct access to resumes and encouraging their active involvement in the recruitment process.

## Employee Engagement

We are passionate about fostering open communication with our employees, actively encouraging their feedback, and addressing any concerns they may have. The Human



Resources department has consistently focused on key HR areas, launching a range of initiatives designed to enhance and enrich employee engagement.

## Dialogue Sessions

Communication sessions offer a valuable opportunity for employees to connect with management, fostering better communication and boosting engagement. The annual Young Engineers' and Trainee Engineers' sessions, in particular, create a platform for dialogue with senior management, providing early-career professionals a chance for meaningful interaction and engagement as they begin their careers.

## Recreational Activities

LCPL understands the importance of recreational activities in boosting the overall well-being of employees. These activities are essential for improving physical health, emotional well-being, and cognitive functioning. Throughout the year, the company organized a variety of recreational events, including the Eid Milan Party and sports activities, which saw enthusiastic participation from employees.

In addition to these events, a comprehensive Health Drive was held in 2024. This initiative focused on raising awareness and encouraging employees to adopt healthier lifestyle choices that can positively impact their well-being both in the short and long term. The company is committed to promoting a holistic approach to employee health and wellness.

## Newsletter

We publish a company newsletter called Connect, which serves as a key platform for sharing important updates with employees and stakeholders. This publication covers a wide range of topics, including HR development, social events, business performance, CSR initiatives, HSE achievements, and ongoing improvement efforts. Connect is a regular and comprehensive source of information, keeping everyone informed about various aspects of our company's activities and successes.

## Employee Satisfaction

We understand that employee satisfaction is crucial for fostering strong engagement with the company. To gather valuable insights, we conducted surveys specifically focused on food and transport services, seeking direct feedback from

our employees. Following these surveys, we took proactive steps to implement improvements based on the feedback received. Our commitment to addressing employee concerns plays a key role in enhancing overall satisfaction and engagement within the company.

### Diversity, Equity and Inclusion (DE&I)

We uphold diversity, equity, and inclusion (DE&I) as core pillars of our organizational culture, ensuring a workplace where every individual is valued and empowered, regardless of age, gender, race, ethnicity, or religion. Our commitment to DE&I is reflected in our policies, initiatives, and daily operations. We proudly maintain an inclusive hiring approach based strictly on equal opportunity employment, ensuring fairness in recruitment, career advancement, and compensation. We are also committed to pay equity, ensuring that all employees are compensated fairly based on their skills, experience, and contributions, without bias.

As part of our efforts to cultivate an inclusive culture and reinforce a sense of belonging among our female workforce, we celebrated International Women’s Day, bringing together all female employees to commemorate the occasion. Additionally, we took part in a breast cancer awareness session hosted by a leading organization, inviting female professionals from multiple companies. Beyond promoting self-care, this initiative underscored our dedication to employee well-being and strengthened our role as a responsible employer that prioritizes the well-being and inclusion of its workforce. Furthermore, all female employees were sent to WIBCON (Women in Business Conference), hosted by PSTD, providing them with an opportunity to engage with industry leaders, expand their professional networks, and gain insights into leadership and career growth.



Through such impactful initiatives, we continue to integrate DE&I into our corporate values, fostering a workplace that thrives on fairness, inclusivity, and a strong sense of

community. Our efforts reflect our vision of creating an environment where all employees, regardless of gender or background, have equal opportunities to grow, succeed, and contribute meaningfully to the organization.

Following is the total employees by Gender for the year ended 31 December 2024.

Employees	Male	Female	Total
Management	203	4	207
Mon-Management	11	-	11
Total	214	4	218

### Talent Localization

The company is committed to fostering positive and mutually beneficial relationships with employees, customers, suppliers, and communities. Our vision is to become the preferred supplier and employer, not only in Pakistan but also in the markets where we operate. In line with this vision, our talent management efforts focus on developing the local workforce and harnessing the potential within Pakistan. In 2024, a significant majority of our workforce was made up of local talent.

Our commitment extends to recruiting individuals with the right skills to deliver the services and operational excellence our customers rely on, exactly when and where they need them. At the same time, we actively contribute to strengthening local talent pools. To support these efforts, we offer cutting-edge training and competency development programs, ensuring our workforce are equipped with the skills and knowledge necessary to thrive in their roles.

### Transparency and Ethics

We hold our employees to the highest standards of integrity, discipline, and ethics, recognizing that these values are essential to our company's success. Our Code of Conduct sets clear expectations, guiding employees in the implementation of ethical business practices. To further support adherence to this code, we have introduced a dedicated 'Speak Up' policy, providing a safe 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 evident in the establishment of procedures that align with applicable laws and regulations. By upholding these principles, we ensure the ethical foundation of our operations and foster a culture of integrity within the organization.

# Information Technology (IT)

The IT function at our company is dedicated to driving business value by implementing strategic initiatives, enhancing cybersecurity, and optimizing service delivery to maximize process automation. By staying up to date with the latest technology standards, IT ensures that our organization remains efficient, secure, and competitive in today's fast-paced business environment. Technology plays a critical role in seamlessly integrating business processes, aligning with organizational goals, and promoting innovation. IT supports every aspect of our operations by providing essential data that boosts productivity, enhances performance, reduces costs, improves the customer experience, and strengthens communication.

Additionally, cybersecurity has become a top priority, ensuring that sensitive information remains protected against evolving threats. By implementing robust security measures, IT safeguards company data, maintains compliance, and minimizes risks. As a vital function within the organization, IT collaborates closely with departments like Finance, Commercial, Engineering, Production, and Human Resources. Its role is not just to support but to actively contribute to business growth, resilience, and long-term success.

## Driving Digital Transformation: IT Operational Excellence Committee

The IT Operational Excellence Committee plays a key role in advancing digitization and ensuring that IT strategies align with the organization's broader goals. This committee, led by the Director and key IT team members, focuses on leveraging technology to enhance efficiency, security, and innovation across all operations.



Meetings center on optimizing IT performance, adopting cutting-edge digital solutions, and identifying

opportunities for automation and process improvement. By embracing emerging technologies, refining workflows, and strengthening cybersecurity, the committee ensures that IT operations drive seamless digital transformation and add long-term value to the business.

## Optimizing Processes

We continuously map and document our business processes to streamline operations, enhance cybersecurity, and drive digital transformation. By replacing manual tasks with automated solutions, we reduce complexity, improve efficiency, and strengthen internal controls.

To support this transition, we develop structured implementation plans and conduct training sessions, ensuring seamless adoption of automated workflows and secure digital systems. This approach not only boosts productivity but also reinforces cybersecurity measures, protecting critical business data and operations from evolving threats.

## Stronger Together: The Power of Teamwork

Our "one team" approach cultivates strong collaboration across all levels of the organization, from leadership to the front line. We emphasize teamwork, trust, and openness to diverse perspectives, creating an environment where ideas thrive.

With a team rich in skills and expertise, we work together to overcome challenges, find innovative solutions, and drive continuous improvement. This collective effort strengthens our ability to adapt, grow, and achieve shared success.

## Driving Innovation: Key IT Projects & Enhancements

Operational excellence remains a core focus of our IT function. In 2024, we prioritized enhancing efficiency and digital transformation by developing new systems and refining existing ones. These improvements spanned all business functions, leveraging cutting-edge technologies such as Oracle, Oracle APEX, HCL Notes, and WordPress to meet specific operational needs.

Throughout the year, the IT department successfully implemented key system enhancements and optimizations across multiple departments. By upgrading servers, routers, switches, and internet bandwidth, we significantly reduced



system downtime and improved user productivity. Additionally, advancements in video conferencing infrastructure have strengthened communication while reducing costs, fostering a more efficient and cost-effective work environment.

## IT Governance and Cybersecurity

Protecting sensitive data and ensuring the security of our IT infrastructure is a top priority. Information security encompasses safeguarding systems, networks, and hardware used for storing, transmitting, and processing data. Maintaining a secure and resilient digital environment is essential for business continuity and achieving organizational goals.

To mitigate risks effectively, Lotte Chemical Pakistan has implemented comprehensive security policies and procedures designed to protect the confidentiality, integrity, and availability of critical information. These policies enforce strict security controls to defend against cyber threats while ensuring seamless system operations.

To further strengthen our security posture, regular cybersecurity training sessions are provided to employees to raise awareness about phishing attacks, password security, safe internet practices, and data protection. These training programs equip users with the knowledge to identify and respond to potential threats, fostering a culture of cybersecurity awareness across the organization.

Additionally, internal and external audits are conducted annually to assess compliance, risk management, and overall security posture. This proactive approach reinforces our commitment to cyber resilience and operational excellence.

## Innovate, Secure, and Evolve: The Future of IT

Our commitment to continuous improvement and technological advancement spans every aspect of our IT infrastructure, processes, and governance. By implementing stronger controls, enhanced reporting, and streamlined operations, we drive efficiency and elevate overall business performance. We embrace innovation and creative problem-solving, leveraging emerging technologies to create tangible value for the organization. Our forward-thinking approach enables us to stay ahead of industry trends, ensuring IT remains a key enabler of business success.

In addition to system enhancements, cybersecurity remains a top priority. We continuously strengthen our defenses through advanced security protocols, employee awareness training, and proactive threat management to protect critical business data and IT assets.

With a focus on long-term growth and digital transformation, we aim to establish IT excellence—promoting agility, resilience, and adaptability to meet future challenges while positioning the company for sustained success.



# Corporate Social Responsibility (CSR)

Our mission is to prioritize the well-being of our people. We focus on improving healthcare, expanding access to education, and providing support during crises. We also work to create opportunities for economic growth, promote social welfare, and empower communities with the resources they need to thrive. By supporting underserved individuals and encouraging inclusive development, we strive to build a better and fairer future for everyone.

We are committed to social responsibility by building strong ties between industry and local communities. We support business growth, create job opportunities, and encourage community involvement to ensure shared success. By working together, we aim to create a positive partnership that benefits everyone and drives lasting progress and sustainable development.

## Community Health Initiatives – Free Eye Camp

Lotte Pakistan Foundation is dedicated to supporting communities through meaningful initiatives. As part of this commitment, we organized a free eye camp near the Ghaggar area to help local residents with vision-related health issues. Eye checkups and surgeries were conducted at LRBT Landhi Hospital, with all costs fully covered by Lotte Pakistan Foundation. This initiative reflects our ongoing efforts to improve the health and well-being of the community.

## Green Energy Initiative – Solar System Installation

As part of our commitment to sustainability, Lotte Pakistan Foundation has taken a step toward promoting green energy. We installed a solar energy system at a charity school in Taiser Town, on the outskirts of Karachi. This project not only encourages the use of renewable energy but also provides a reliable and eco-friendly power source for the school, helping create a brighter and more sustainable future for the community.



## Ongoing Support for Health and Education

Lotte Pakistan Foundation is dedicated to making a positive impact by supporting health and education initiatives. Through continuous efforts and strong partnerships, we aim to improve access to quality healthcare and education, ensuring long-term benefits for communities. Our contributions help provide medical care, educational resources, and opportunities for a better future.

We actively support hospitals, healthcare organizations, and educational institutions to uplift underserved communities. By funding medical treatments, educational programs, and infrastructure development, we strive to create a healthier and more knowledgeable society.

### Health Partners:

- Indus Hospital
- Memon Medical Institute & Hospital
- Behbud Association of Pakistan
- LRBT - The Layton Rahmatulla Benevolent Trust

### Education Partners:

- The Citizen Foundation –TCF
- The Holy Mountain School
- Shaheed Zulfikar Ali Bhutto Institute of Science and Technology

Through these initiatives, Lotte Pakistan Foundation continues to invest in the well-being and future of the people we serve.

## Environmentally Friendly – LCPL's Go Green Initiative

At Lotte Chemical Pakistan, we are committed to protecting the environment through our Go Green initiative. This program promotes sustainability, raises awareness about environmental conservation, and encourages responsible use of natural resources within our organization and beyond.

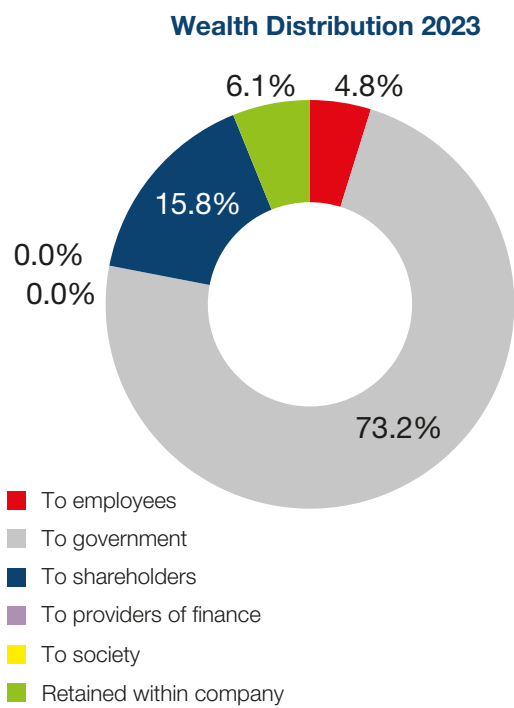
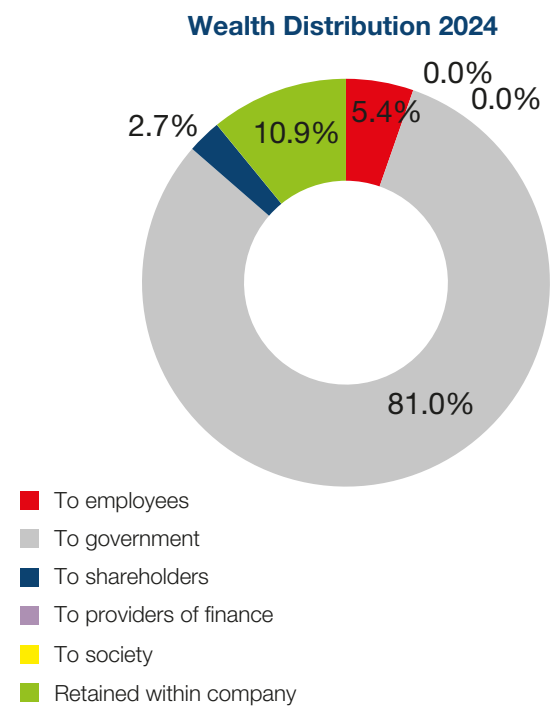
Our efforts focus on reducing carbon footprints and creating greener spaces by planting trees. We actively involve schools, universities, industries, and places of worship, such as mosques, to spread awareness and encourage a culture of environmental responsibility.

Since its launch in 2008, the Go Green program has been a key part of our sustainability efforts. Our team continues to work hard to promote eco-friendly values within Lotte Chemical Pakistan while inspiring others to join us in building a greener, more sustainable future.



# Statement of Value Addition and Its Distribution

	2024		2023	
	Rs ('000)	%	Rs ('000)	%
<b>Wealth generated</b>				
Total revenue (including other income)	130,322,929		99,184,658	
Bought-in material and services	(102,171,386)		(70,492,636)	
	<b>28,151,543</b>	100.0%	<b>28,692,022</b>	100.0%
<b>Wealth distribution</b>				
<b>To employees</b>				
Salaries, wages and other benefits	1,506,686	5.4%	1,381,709	4.8%
<b>To government</b>				
Income tax, sales tax, excise duty,WWF and WPPF	22,815,395	81.0%	21,008,178	73.2%
<b>To shareholders</b>				
Dividend	757,104	2.7%	4,542,622	15.8%
<b>To providers of finance</b>				
Finance costs	2,569	0.0%	2,476	0.0%
<b>To society as donations</b>				
Donations towards education,health and environment	-	0.0%	167	0.0%
<b>Retained within company</b>				
Depreciation, amortisation and retained earnings	3,069,789	10.9%	1,756,870	6.1%
	<b>28,151,543</b>	100.0%	<b>28,692,022</b>	100.0%





# Key Operational and Financial Data

## Six Years at a Glance

		2024	2023	2022	2021	2020	2019
<b>Statement of Financial Position Summary</b>							
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	7,269	6,868	7,869	3,832	2,605	466
Non-current liabilities	Rs m	523	1,104	1,859	1,690	3,432	1,838
Current liabilities	Rs m	19,105	20,460	18,460	14,909	10,315	11,698
Fixed assets	Rs m	6,546	6,137	7,409	7,263	6,439	6,379
Other non-current assets	Rs m	2,550	2,365	1,740	1,056	905	778
Current assets	Rs m	32,945	35,073	34,184	27,257	24,152	21,989
<b>Statement of Profit or Loss Summary</b>							
Revenue from contracts with customers - net	Rs m	109,299	81,619	100,266	67,165	38,965	60,540
Cost of sales	Rs m	(104,113)	(71,375)	(82,441)	(59,584)	(36,323)	(52,509)
Gross profit	Rs m	5,186	10,245	17,824	7,581	2,642	8,030
Distribution and selling expenses	Rs m	(222)	(183)	(158)	(120)	(107)	(104)
Administrative and general expenses	Rs m	(772)	(654)	(603)	(491)	(572)	(423)
Other operating expenses	Rs m	(334)	(927)	(1,193)	(488)	(236)	(643)
Other income	Rs m	1,199	2,567	1,841	990	1,422	1,229
Finance costs	Rs m	(731)	(1,540)	(1,954)	(974)	(150)	(567)
Profit before taxation and levies	Rs m	4,328	9,508	15,757	6,499	2,999	7,523
Levies	Rs m	(5)	(1)	-	-	-	-
Profit before taxation	Rs m	4,323	9,507	15,757	6,499	2,999	7,523
Taxation	Rs m	(1,681)	(4,429)	(5,639)	(1,856)	(874)	(2,163)
Profit after taxation	Rs m	2,642	5,078	10,118	4,643	2,125	5,360
EBITDA	Rs m	6,243	12,270	18,941	8,810	4,416	9,166
<b>Statement of Cash Flow Summary</b>							
Net cash generated from / (used in) operating activities	Rs m	13,514	(4,486)	4,404	6,172	5,186	12,123
Net cash (used in) / generated from investing activities	Rs m	(1,555)	2,177	(3,940)	(1,455)	1,520	(3,854)
Net cash used in financing activities	Rs m	(8,477)	(5,708)	(1,987)	(3,785)	(389)	(4,422)
Cash and cash equivalents at year end	Rs m	9,248	5,766	13,783	15,306	14,374	8,057
<b>Key Ratios</b>							
Gross profit ratio	%	4.75	12.55	17.78	11.29	6.78	13.26
EBITDA margin to sales	%	5.71	15.03	18.89	13.12	11.33	15.14
Net profit margin	%	2.42	6.22	10.09	6.91	5.45	8.85
ROE	%	11.79	23.07	43.97	24.47	11.97	34.34
ROCE	%	11.63	22.20	41.01	22.63	10.99	30.96
Inventory turnover	times	10.36	6.52	11.47	11.74	8.27	10.80
Inventory turnover in days	days	35.25	55.97	31.83	31.08	44.12	33.79
Debtors turnover	times	18.08	10.50	17.67	18.41	12.10	17.70
Average collection period	days	20.19	34.75	20.66	19.82	30.16	20.62
Creditors turnover	times	19.37	18.00	15.07	10.40	7.75	19.11
Payable turnover in days	days	18.84	20.28	24.22	35.08	47.11	19.10
Operating cycle	days	36.59	70.44	28.27	15.82	27.17	35.31
Total asset turnover	times	2.55	1.88	2.54	2.00	1.29	2.40
Fixed asset turnover	times	17.24	12.05	13.67	9.80	6.08	10.51
Current ratio	times	1.72	1.71	1.85	1.83	2.34	1.88
Quick ratio	times	1.25	0.96	1.31	1.35	1.83	1.39
Cash to current liabilities	times	0.46	0.06	0.24	0.00	0.00	0.00
Cash flow from operation to sales	times	0.12	(0.05)	0.04	0.09	0.13	0.20
Interest cover	times	14.83	19.70	55.75	27.88	12.44	29.69
Debt equity ratio	times	1.02	1.05	1.08	1.09	1.19	1.12
Price earnings ratio	times	11.98	8.05	3.88	4.45	10.73	3.96
EPS	Rs	1.75	3.35	6.68	3.07	1.40	3.54
Cash dividend per share	Rs	0.50	3.00	6.00	1.50	0.75	1.50
Dividend yield ratio	%	2.39	11.12	23.17	10.98	4.98	10.70
Dividend payout ratio	%	28.65	89.46	89.79	48.92	53.44	42.37
Dividend cover ratio	times	3.49	1.12	1.11	2.04	1.87	2.36
Breakup value per share	Rs	14.80	14.54	15.20	12.53	11.72	10.31
Market value per share - 31 December	Rs	20.91	26.99	25.90	13.66	15.06	14.02
Market value per share - High	Rs	28.56	30.24	35.24	17.48	16.25	18.50
Market value per share - Low	Rs	15.53	22.15	13.75	12.70	8.23	12.90
Market capitalization	Rs m	31,662.07	40,868.45	39,217.97	20,684.07	22,803.96	21,229.19



# Vertical Analysis

	2024	2023	2022	2021	2020	2019
	-----%					

## Statement of Financial Position

Fixed assets	15.6	14.1	17.1	20.4	20.4	21.9
Other non-current assets	6.1	5.4	4.1	3.0	2.9	2.7
Current assets	78.4	80.5	78.8	76.6	76.7	75.4
<b>Total Assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Shareholders equity	53.3	50.5	53.1	53.3	56.4	53.6
Non-current liabilities	1.2	2.5	4.3	4.8	10.9	6.3
Current liabilities	45.4	47.0	42.6	41.9	32.8	40.1
<b>Total Equity and Liabilities</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Statement of Profit or Loss

Revenue from contracts with customers - net	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(95.3)	(87.4)	(82.2)	(88.7)	(93.2)	(86.7)
<b>Gross profit</b>	<b>4.7</b>	<b>12.6</b>	<b>17.8</b>	<b>11.3</b>	<b>6.8</b>	<b>13.3</b>
Distribution and selling expenses	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	(0.2)
Administrative and general expenses	(0.7)	(0.8)	(0.6)	(0.7)	(1.5)	(0.7)
Other operating expenses	(0.3)	(1.1)	(1.2)	(0.7)	(0.6)	(1.1)
Other income	1.1	3.1	1.8	1.5	3.6	2.0
Finance costs	(0.7)	(1.9)	(1.9)	(1.5)	(0.4)	(0.9)
<b>Profit before taxation and levies</b>	<b>4.0</b>	<b>11.6</b>	<b>15.7</b>	<b>9.7</b>	<b>7.7</b>	<b>12.4</b>
Levies	(0.0)	(0.0)	-	-	-	-
<b>Profit before taxation</b>	<b>4.0</b>	<b>11.6</b>	<b>15.7</b>	<b>9.7</b>	<b>7.7</b>	<b>12.4</b>
Taxation	(1.5)	(5.4)	(5.6)	(2.8)	(2.2)	(3.6)
<b>Profit after taxation</b>	<b>2.4</b>	<b>6.2</b>	<b>10.1</b>	<b>6.9</b>	<b>5.5</b>	<b>8.9</b>

# Horizontal Analysis

Year on Year

<b>2024 over 2023</b>	2023 over 2022	2022 over 2021	2021 over 2020	2020 over 2019	2019 over 2018
-----%-----					

## Statement of Financial Position Analysis

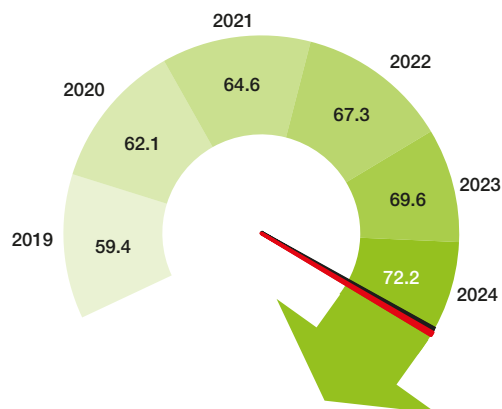
Fixed assets	<b>6.7</b>	(17.2)	2.0	12.8	0.9	24.0
Other non-current assets	<b>7.8</b>	34.0	67.1	16.7	16.4	38.6
Current assets	<b>(6.1)</b>	2.7	25.3	12.9	9.8	41.2
<b>Total Assets</b>	<b>(3.5)</b>	0.6	21.8	13.0	8.1	37.0
Shareholders equity	<b>1.8</b>	(4.4)	21.3	6.9	13.7	24.7
Non-current liabilities	<b>(52.7)</b>	(40.6)	10.0	(50.8)	86.7	1,364.8
Current liabilities	<b>(6.6)</b>	10.8	23.8	44.5	(11.8)	35.6
<b>Total Equity and Liabilities</b>	<b>(3.5)</b>	0.6	21.8	13.0	8.1	37.0

## Statement of Profit or Loss

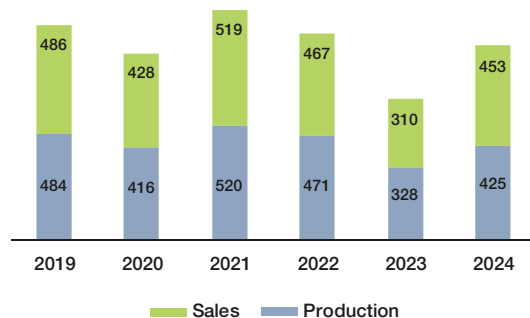
Revenue from contracts with customers - net	<b>33.9</b>	(18.6)	49.3	72.4	(35.6)	5.5
Cost of sales	<b>45.9</b>	(13.4)	38.4	64.0	(30.8)	5.0
<b>Gross profit / (loss)</b>	<b>(49.4)</b>	(42.5)	135.1	186.9	(67.1)	8.8
Distribution and selling expenses	<b>21.3</b>	15.4	32.3	11.6	3.6	1.1
Administrative and general expenses	<b>17.9</b>	8.6	22.7	(14.2)	35.4	9.0
Other operating expenses	<b>(64.0)</b>	(22.3)	144.7	107.0	(63.4)	15.8
Other income	<b>(53.3)</b>	39.5	86.0	(30.4)	15.7	138.8
Finance (costs) / income	<b>(52.5)</b>	(21.2)	100.6	548.3	(73.5)	12.3
<b>Profit / (loss) before taxation and levies</b>	<b>(54.5)</b>	(39.7)	142.5	116.7	(60.1)	18.6
Levies	<b>324.9</b>	-	-	-	-	-
<b>Profit / (loss) before taxation</b>	<b>(54.5)</b>	(39.7)	142.5	116.7	(60.1)	18.55
Taxation	<b>(62.1)</b>	(21.5)	203.8	112.4	(59.6)	13.0
<b>Profit / (loss) after taxation</b>	<b>(48.0)</b>	(49.8)	117.9	118.5	(60.4)	21.0

# Graphical Presentation

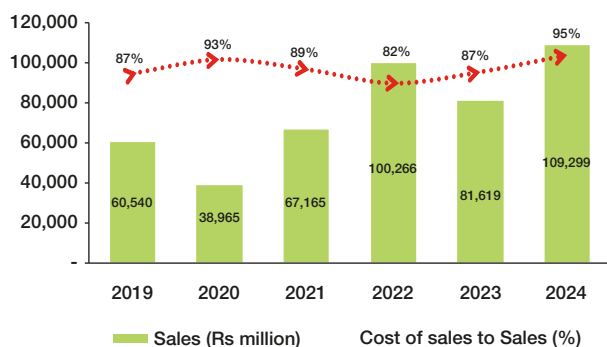
**Million man-hours without Lost Time Case (employees + contractors)**



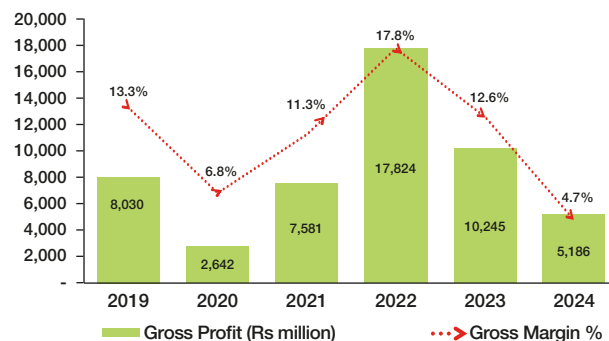
**Production & Sales (000 tes)**



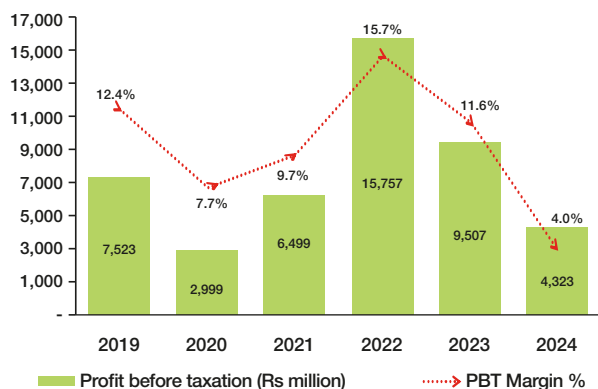
**Sales (Rs million) & Cost of sales to Sales (%)**



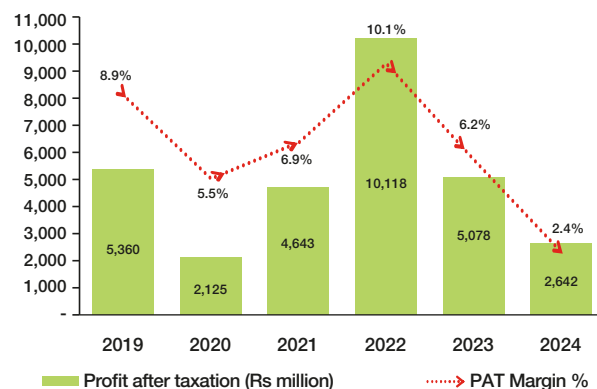
**Gross Profit (Rs mmillion) & Gross Margin (%)**



**PBT (Rs million) & PBT Margin (%)**



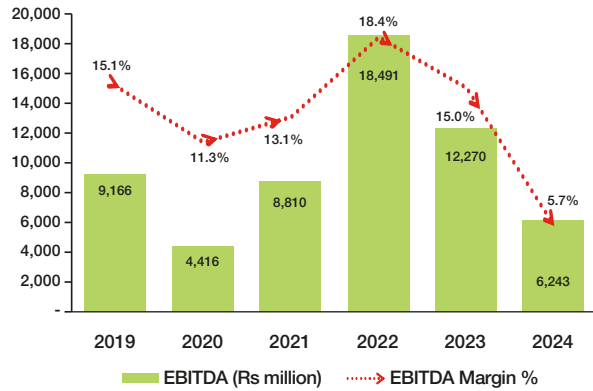
**PAT (Rs million) & PAT Margin (%)**



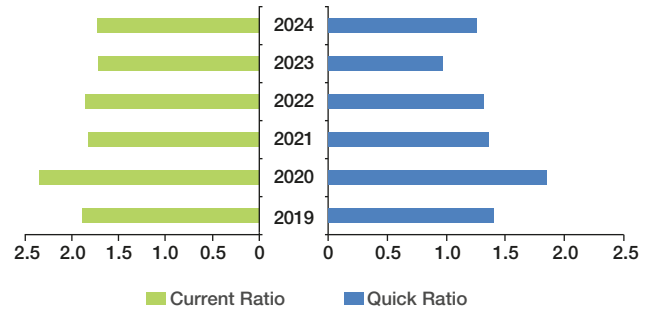


# Graphical Presentation

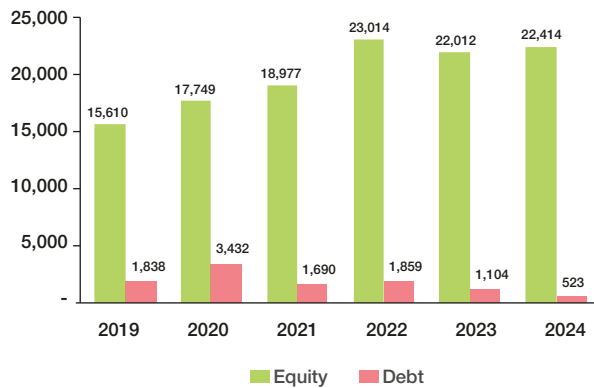
**EBITDA (Rs million) & EBITDA Margin (%)**



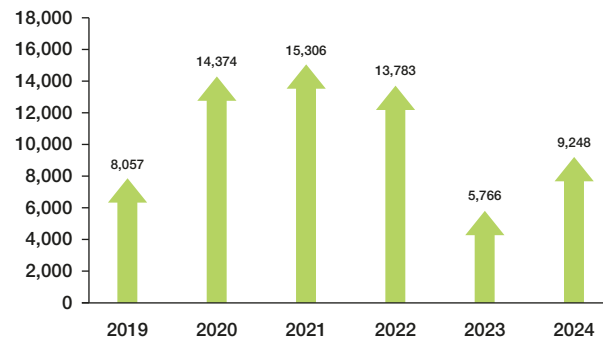
**Liquidity Ratios (times)**



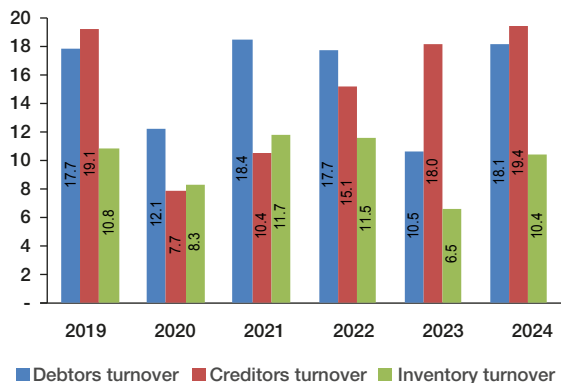
**Debt to Equity (Rs million)**



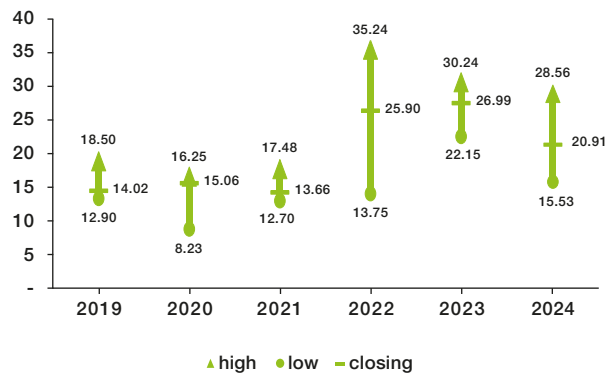
**Cash & Cash Equivalents at Year End (Rs million)**



**Debtors, Creditors & Inventory Turnover (times)**

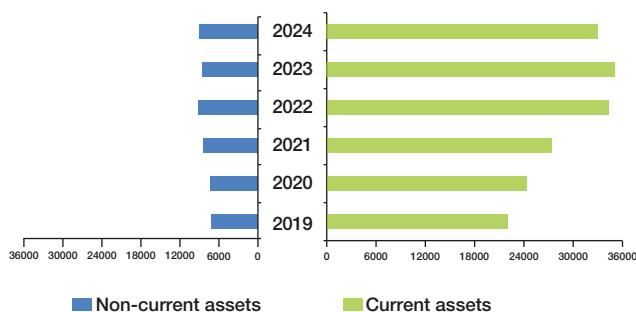


**Market Price per Share (Rs)**

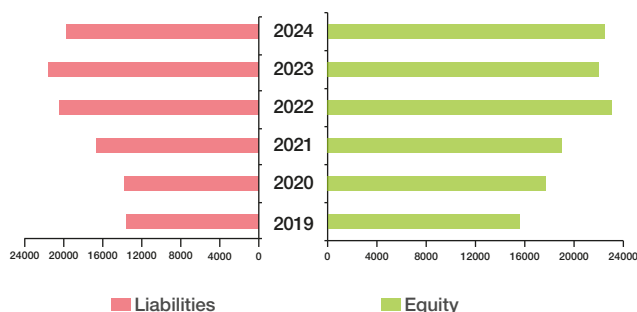


# Graphical Presentation

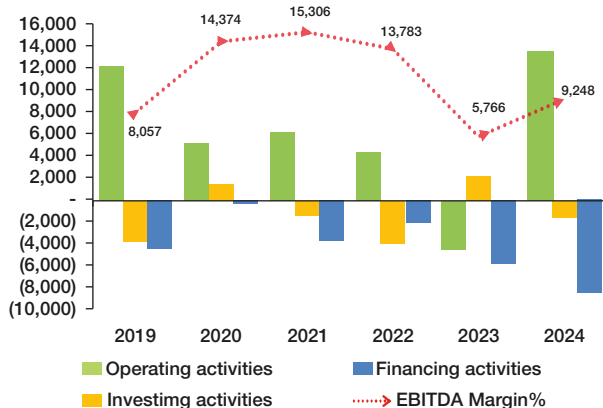
**Statement of Financial Position  
Analysis - Assets (Rs million)**



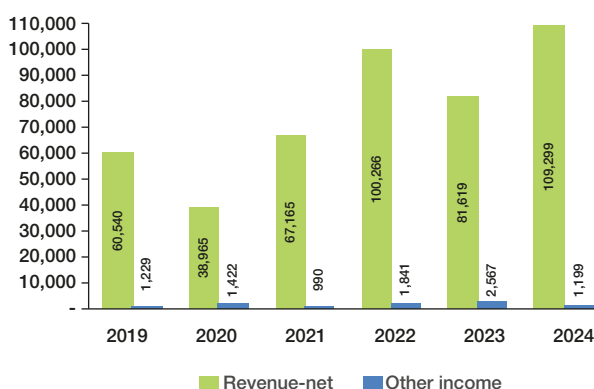
**Statement of Financial Position Analysis  
Equity and Liabilities (Rs million)**



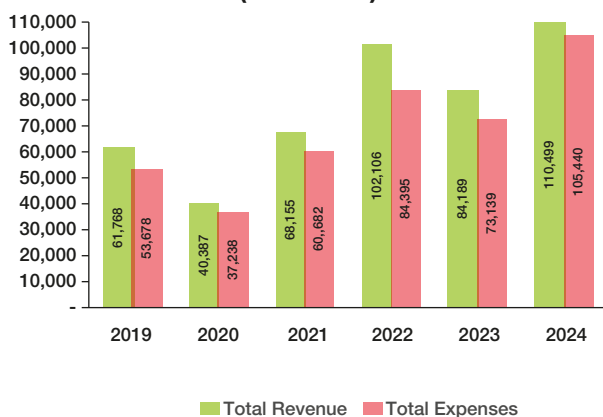
**Cash Flow Analysis  
(Rs million)**



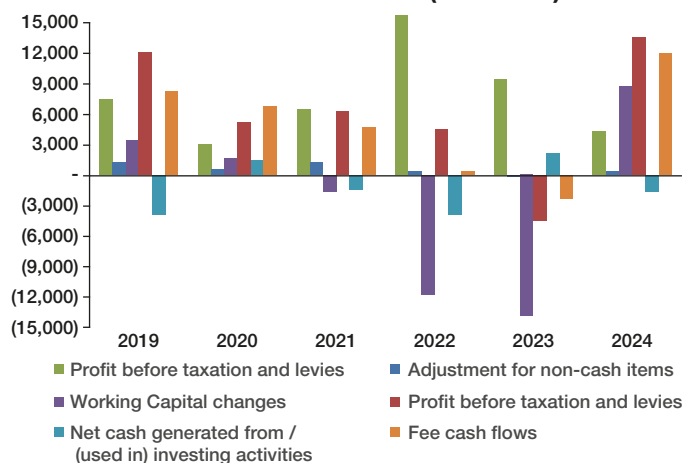
**Revenue and Other Income  
(Rs million)**



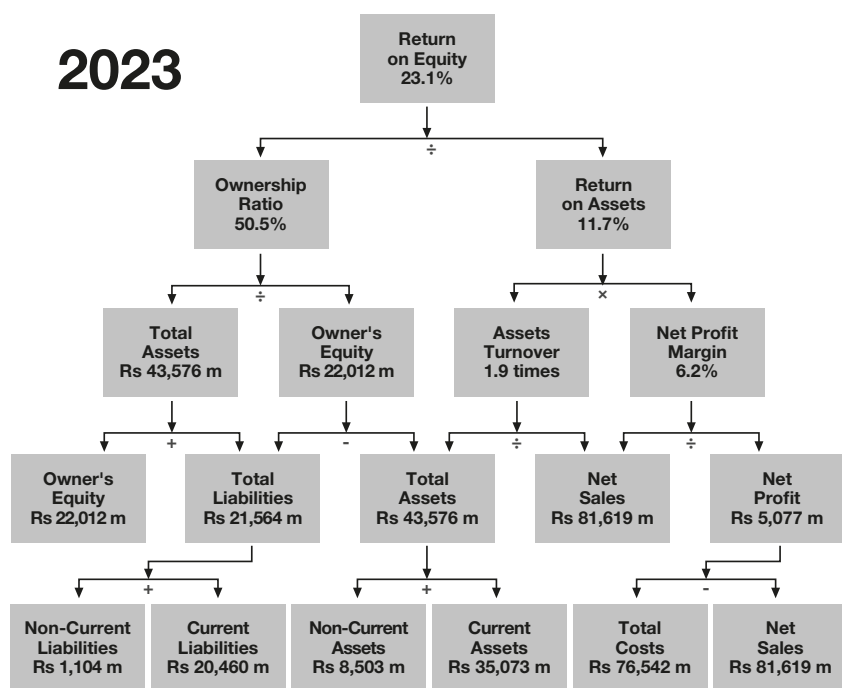
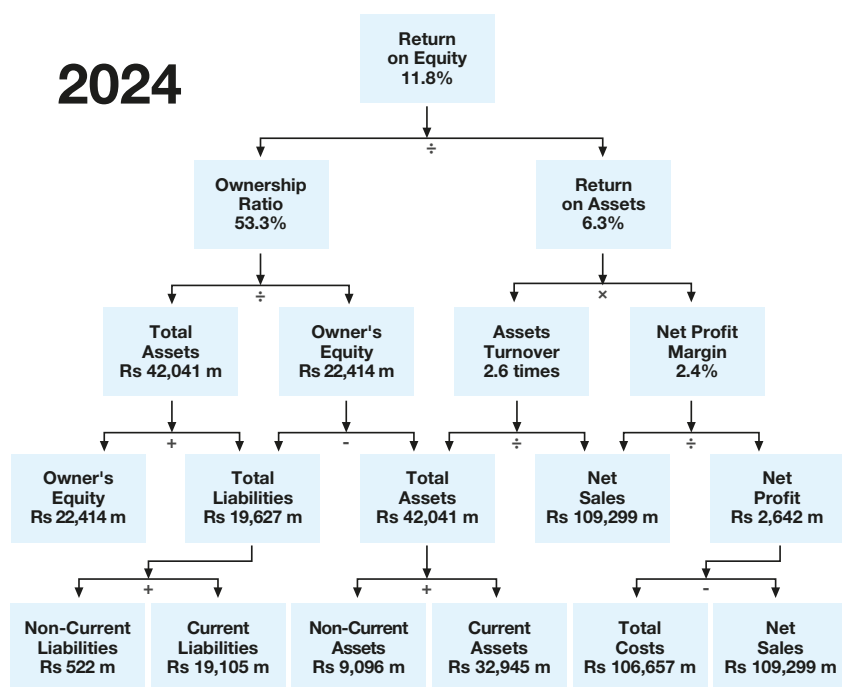
**Total Revenue & Total Expenses  
(Rs million)**



**Free Cash Flows (Rs million)**



# DuPont Chart Analysis



## Analysis:

Net Sales increased by 34% mainly due to higher volume sold. However, with higher cost of sales mainly on account of significant increase in gas prices, the net margin decreased from 6.2% to 2.4%. Total assets decreased by 4% due to lower stock-in-trade and trade debts at year end, which consequently decreased the return on assets from 11.7% to 6.3%. This resulted in 11.8% return on equity as compared to 23.1% in 2023.

# Variation Analysis in Quarterly Results

Amounts in Rs '000

	Q1	Q2	Q3	Q4	2024
Revenue	32,276,924	32,101,958	24,597,854	20,322,441	109,299,177
Gross profit	1,683,981	2,300,343	1,045,025	157,148	5,186,497
Profit / (loss) before taxation	1,469,309	2,074,845	819,012	(35,153)	4,328,013
Profit / (loss) after taxation	897,126	1,269,529	494,942	(19,124)	2,642,473

## Q1

- Crude Oil (WTI) prices showed a strong upward trend, driven by geopolitical tensions in the Middle East that raised concerns about supply disruptions. Market sentiment was further reinforced by China's economic recovery after the Lunar New Year, which led to higher oil consumption. Additionally, OPEC+ extended its production cuts, maintaining supply constraints and supporting the bullish trend. Toward the end of the quarter, market confidence weakened due to attacks on Russian refineries, which led to export reductions and signaled further tightening in the crude oil market.
- Paraxylene (PX) prices followed the upward trend of crude oil, supported by strong demand ahead of the Lunar New Year and planned plant outages that kept supply tight. However, as the quarter progressed, rising inventories in the downstream PTA and polyester sector limited price movement, weakening market sentiment. Additionally, the lack of PX diversion into the gasoline pool further slowed price momentum, putting pressure on PX-Naphtha margins.
- PTA prices moved higher in early 2024, following the trend of feedstock markets. However, lower downstream activity around the Lunar New Year led to rising inventories, prompting producers to adjust operations. Later in the quarter, improved demand was observed as downstream production recovered in addition to new PET capacities coming online, supporting improved PTA-PX spreads.
- The domestic polyester industry operated at around 72%, benefiting from market optimism following the General Elections, stable exchange rates, and seasonal demand ahead of Ramadan. However, overall demand remained weaker than in previous years due to persistent high inflation and increased competition from cheaper imports under the EFS scheme.
- Production Volume during the quarter at 107,581 tonnes was 30% higher than the corresponding period last year due to better economic indicators present, despite a planned plant outage to efficiently manage inventories.
- Sales Volume comprising of domestic sales only, at 127,624 tonnes was 40% higher than the corresponding quarter last year due to higher product availability and consistent downstream demand.

## Q2

- Crude Oil (WTI) prices remained volatile in Q2, initially declining on reports of a potential ceasefire in Gaza, increased output from Non-OPEC members, and weak economic data from China and the US, which raised concerns about global demand. However, geopolitical tensions, including attacks on vessels in the Red Sea and the ongoing Ukraine-Russia conflict, helped prevent a sharper decline, while prices found support from rising demand ahead of the summer driving season, expectations of a US interest rate cut, and China's continued monetary support which strengthened the market outlook.
- Paraxylene (PX) prices remained volatile but within a narrow range, initially declining due to weak demand from China and an oversupplied market that offset the impact of regional plant turnarounds. However, later in the quarter, prices found intermittent support from rising energy markets and strong seasonal demand from the PTA sector, as limited diversion of PX to the gasoline pool allowed producers to meet market needs.
- PTA prices moved in line with upstream energy and feedstock markets but faced downward pressure due to weak downstream demand. Planned plant outages helped limit the decline, though the market remained oversupplied as idle PTA units restarted to support new polyester and PET capacities in China. Toward the end of the quarter, as peak season demand eased, PTA price movement lagged behind PX, leading to weaker PX-PTA margins.
- The domestic polyester industry operated at 76% in Q2 2024, driven by peak season demand from the textile and PET sectors. However, overall performance remained weaker than in previous years due to high energy costs, inflation, and increased competition from cheaper imports. Additionally, the PET industry continued to face lower demand, further impacted by the ongoing boycott of foreign brands.
- Production and Sales volume during the quarter at 126,045 tonnes and 127,093 tonnes respectively, during the quarter was significantly higher than the corresponding period last year as the Company had to keep operations suspended from 15th March till 30th April due to unavailability of raw materials on account of the economic situation prevalent in the country.

## Q3

- Crude Oil (WTI) prices remained bearish in Q3 due to weak economic data from the US and China, along with rising crude inventories that signaled ample supply. However, prices found occasional support from supply disruptions in Libya and weather-related impacts on production in the Gulf of Mexico. Toward the end of the quarter, market sentiment improved following a US interest rate cut, China's economic recovery efforts, and a delayed production increase by OPEC+.
- Paraxylene (PX) prices followed the bearish trend of crude oil in Q3, with weak supply-demand fundamentals failing to provide support. The return of several PX facilities from turnarounds and lower diversion to the gasoline pool increased market supply kept prices under pressure. Despite strong PTA production, PX-Naphtha margins dropped to their lowest levels since early 2022.
- PTA prices remained bearish in Q3, pressured by the end of peak season demand and high production, which led to elevated inventories across the supply chain. Despite capacity expansions in the PET sector, prices struggled to recover due to weather-related disruptions and reduced operations around China's mid-autumn festival.
- The domestic polyester industry operated at a reduced rate of 70%, as demand in the textile and PET sectors declined with the end of the peak season. Local manufacturing continued to struggle due to high energy costs, an influx of cheaper imports, and the ongoing boycott of foreign brands.
- Production Volume during the quarter at 119,965 tonnes was 14% higher than the corresponding quarter last year.
- Sales Volume for Q3 2024 at 104,484 tonnes was 26.7% higher than the corresponding quarter last year. Export sales of 3,024 tonnes were made to Oman during the quarter.

## Q4

- In Q4 2024, Crude oil (WTI) prices trended downward due to continued weak economic data from the US and China, raising concerns about global demand. Rising US crude inventories and increased domestic production further pressured prices, while OPEC's downward revision of oil demand growth reinforced fears of a supply glut. Although geopolitical tensions in the Middle East temporarily elevated prices, however the overall market remained bearish due to persistent oversupply and subdued demand.
- The Paraxylene (PX) prices tracked the movements of the upstream energy markets, declining due to weak downstream demand and ample supply. The market faced downward pressure as the Chinese futures market weakened and polyester consumption slowed. A destocking phase after the peak summer season further added pressure on prices, while supply remained stable despite some plants running at lower rates due to squeezed margins.
- PTA prices declined throughout Q4 2024, driven by weak upstream PX prices and subdued demand from the polyester sector. Ample supply from high plant run rates kept the market under pressure, while seasonal demand slowdowns led to cautious trading and inventory build-up resulting in narrowing PTA-PX spreads reflecting overall bearish sentiment. Limited spot trade and high supply levels reinforced the weak market outlook.
- The Domestic Polyester Industry continued to face significant challenges, including elevated energy costs, persistent inflation as well as consistent influx of low-cost imports led to intensified competition for locally produced products. Additionally, subdued demand in the PET sector, partly driven by an ongoing boycott of international brands, contributed to weaker market sentiment.
- Production Volume during Q4 2024 at 71,180 tonnes was 4.65% higher than the corresponding quarter last year. Sales Volume during the quarter at 94,299 tonnes was 27.8% higher than the corresponding period last year on account of improved downstream demand.



# INDEPENDENT AUDITORS' REPORT

To the members of Lotte Chemical Pakistan Limited

## Report on the Audit of 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 2024, 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 2024 and of the profit and other comprehensive income, 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 matter	How the matter was addressed in our audit
(i)	<b>Revenue from contract with customers</b>  (Refer notes 3.18 and note 28 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 recognized when the control of the goods is transferred to the customer at an amount that	Our audit procedures to assess the recognition of revenue included the following: <ul style="list-style-type: none"><li>assessed the design, implementation and operating effectiveness of the key internal controls over the Company's systems which govern the revenue recognition;</li></ul>

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5, Fax: +92 (21) 32415007/32427938/32424740; <[www.pwc.com/pk](http://www.pwc.com/pk)>

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**S. No. Key audit matter**
**How the matter was addressed in our audit**

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 recognized 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.

During the year, there is significant increase 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.

- 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;
- 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 the 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.

**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.

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



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**A. F. Ferguson & Co.,**  
Chartered Accountants

Karachi

Date: 17 March 2025

UDIN: AR2O24100593qco4GWB2



# Statement of Financial Position

As at 31 December 2024

Amounts in Rs '000

	Note	2024	2023
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	6,320,304	5,744,442
Intangible assets	5	13,542	27,637
Right-of-use assets	6	211,733	365,275
Long-term loans	7	169,738	160,635
Long-term deposits and prepayments	8	32,432	33,805
Deferred taxation - net	9	2,347,857	2,170,718
		<b>9,095,606</b>	<b>8,502,512</b>
<b>Current assets</b>			
Stores and spare parts	10	2,302,911	2,101,184
Stock-in-trade	11	6,746,190	13,362,175
Trade debts	12	3,602,907	8,486,031
Loans and advances	13	68,112	51,081
Trade deposits and short-term prepayments	14	115,552	176,387
Accrued interest		99,089	32,823
Other receivables	15	23,319	10,335
Short-term investments - at amortised cost	16	414,499	4,503,595
Sales tax refunds due from government	17	3,913,275	2,413,440
Taxation - payments less provision	18	6,826,435	2,673,353
Cash and bank balances	19	8,833,047	1,262,827
		<b>32,945,336</b>	<b>35,073,231</b>
<b>Total assets</b>		<b>42,040,942</b>	<b>43,575,743</b>

Amounts in Rs '000

	Note	2024	2023
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid up capital	20	15,142,072	15,142,072
Capital reserve	21	2,345	2,345
Revenue reserve - Unappropriated profit		7,269,198	6,867,542
<b>Total equity</b>		<b>22,413,615</b>	<b>22,011,959</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Retirement benefit obligations	22	208,591	247,835
Lease liability	23	314,039	855,927
		<b>522,630</b>	<b>1,103,762</b>
<b>Current liabilities</b>			
Trade and other payables	24	18,062,263	13,975,321
Lease liability	23	542,777	436,403
Short-term financing	25	-	1,000,000
Accrued interest	26	424,189	431,471
Unclaimed dividend		75,468	73,387
Unpaid dividend		-	4,543,440
		<b>19,104,697</b>	<b>20,460,022</b>
<b>Total liabilities</b>		<b>19,627,327</b>	<b>21,563,784</b>
<b>Contingencies and commitments</b>			
	27		
<b>Total equity and liabilities</b>		<b>42,040,942</b>	<b>43,575,743</b>

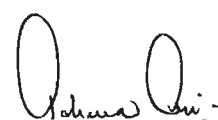
The annexed notes 1 to 51 form an integral part of these financial statements.



Jo Hyun Kwoun  
Chairman



Young Dae Kim  
Chief Executive



Ashiq Ali  
Chief Financial Officer

# Statement of Profit or Loss

## For the year ended 31 December 2024

Amounts in Rs '000

	Note	2024	2023 (Restated)
Revenue from contracts with customers - net	28	109,299,177	81,619,405
Cost of sales	29	(104,112,680)	(71,374,835)
<b>Gross profit</b>		<b>5,186,497</b>	<b>10,244,570</b>
Distribution and selling expenses	30	(221,620)	(182,683)
Administrative and general expenses	31	(771,719)	(654,389)
Other operating expenses	32	(333,685)	(926,799)
<b>Operating profit</b>		<b>3,859,473</b>	<b>8,480,699</b>
Other income	33	1,199,362	2,566,973
Finance costs	34	(730,822)	(1,539,605)
<b>Profit before taxation and levies</b>		<b>4,328,013</b>	<b>9,508,067</b>
Levies	35	(5,039)	(1,186)
<b>Profit before taxation</b>		<b>4,322,974</b>	<b>9,506,881</b>
Taxation	36	(1,680,501)	(4,429,227)
<b>Profit after taxation</b>		<b>2,642,473</b>	<b>5,077,654</b>
<b>Rupees</b>			
<b>Earnings per share - basic and diluted</b>	38	<b>1.75</b>	<b>3.35</b>

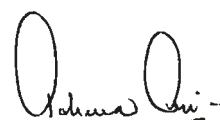
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Jo Hyun Kwoun  
Chairman



Young Dae Kim  
Chief Executive



Ashiq Ali  
Chief Financial Officer

# Statement of Comprehensive Income

For the year ended 31 December 2024

Amounts in Rs '000

	Note	2024	2023
<b>Profit after taxation for the year</b>		<b>2,642,473</b>	5,077,654
<b>Other comprehensive income / (loss):</b>			
Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plans	22	49,990	(37,201)
Related deferred tax	9.1	(19,496)	14,508
Other comprehensive income / (loss) for the year		30,494	(22,693)
<b>Total comprehensive income for the year</b>		<b>2,672,967</b>	5,054,961

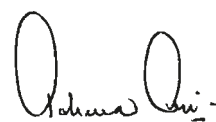
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**Jo Hyun Kwoun**  
Chairman



**Young Dae Kim**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer



# Statement of Changes in Equity

For the year ended 31 December 2024

Amounts in Rs '000

	Share capital	Reserves			
	Issued, subscribed and paid-up capital	Capital reserves	Unappropriated profit	Sub- total	Total equity
<b>Balance as at 01 January 2023</b>	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
<b>Transactions with owners of the Company</b>					
<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)
<b>Balance as at 31 December 2023</b>	<b>15,142,072</b>	<b>2,345</b>	<b>6,867,542</b>	<b>6,869,887</b>	<b>22,011,959</b>
Total comprehensive income for the year ended 31 December 2024					
- Profit for the year	-	-	2,642,473	2,642,473	2,642,473
- Other comprehensive income	-	-	30,494	30,494	30,494
	-	-	2,672,967	2,672,967	2,672,967
<b>Transactions with owners of the Company</b>					
<i>Distributions</i>					
Final dividend for the year ended 31 December 2023 @ Rs. 1.00 per share	-	-	(1,514,207)	(1,514,207)	(1,514,207)
Interim dividend for the year ended 31 December 2024 @ Rs. 0.50 per share	-	-	(757,104)	(757,104)	(757,104)
<b>Balance as at 31 December 2024</b>	<b>15,142,072</b>	<b>2,345</b>	<b>7,269,198</b>	<b>7,271,543</b>	<b>22,413,615</b>

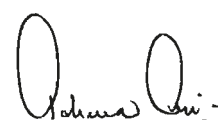
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Jo Hyun Kwoun  
Chairman



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Chief Executive



Ashiq Ali  
Chief Financial Officer

# Statement of Cash Flows

## For the year ended 31 December 2024

Amounts in Rs '000

	Note	2024	2023
<b>Cash flows from operating activities</b>			
Cash generated from operations	37	19,169,598	2,140,582
Finance costs paid - conventional		(111,369)	(198,766)
Payments to retirement benefit obligations		(54,922)	(41,811)
Long-term loans and advances - net		(9,103)	(16,629)
Long-term deposits and prepayments - net		1,373	(1,826)
Taxes and levies paid		(6,512,148)	(8,443,250)
Finance income received - conventional		852,427	30,473
Finance income received - islamic		178,127	2,045,505
Net cash generated from / (used in) operating activities		13,513,983	(4,485,722)
<b>Cash flows from investing activities</b>			
Payments for capital expenditure		(1,555,386)	(514,738)
Proceeds from disposal of property, plant and equipment		-	124,738
Redemption of short-term investments - net		-	2,567,369
Net cash (used in) / generated from investing activities		(1,555,386)	2,177,369
<b>Cash flows from financing activities</b>			
Dividend paid		(6,812,670)	(6,039,387)
(Repayment of) / proceeds from short-term financing		(1,000,000)	1,000,000
Payment of lease liability		(664,803)	(668,385)
Net cash used in financing activities		(8,477,473)	(5,707,772)
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>3,481,124</b>	<b>(8,016,125)</b>
Cash and cash equivalents at beginning of the year		5,766,422	13,782,547
<b>Cash and cash equivalents at end of the year</b>	19.2	<b>9,247,546</b>	<b>5,766,422</b>

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



**Jo Hyun Kwoun**  
Chairman



**Young Dae Kim**  
Chief Executive



**Ashiq Ali**  
Chief Financial Officer

# Notes to the Financial Statements

For the year ended 31 December 2024

## 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 to 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/II/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.

## 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.

### 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.

# Notes to the Financial Statements

For the year ended 31 December 2024

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);
- Provisions (notes 3.12 and 24.3);
- Taxation (notes 3.16, 9, 18 and 36);
- Retirement benefits (notes 3.14 and 22); and
- Contingencies (note 27.1).

## 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 January 1, 2024. 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.

The following amendment and standard are effective for the accounting periods beginning on or after January 1, 2025 and have not been early adopted by the Company:

#### **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments:**

These amendments

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cashflows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI)

## 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.



# Notes to the Financial Statements

For the year ended 31 December 2024

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.

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.

# Notes to the Financial Statements

For the year ended 31 December 2024

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.

## **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.

# Notes to the Financial Statements

For the year ended 31 December 2024

## 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.

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.

# Notes to the Financial Statements

For the year ended 31 December 2024

## 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.

### *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.

## 3.10 Impairment

### 3.10.1 Financial Assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs: - debt securities that are determined to have low credit risk at the reporting date; and - other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. Loss allowances for trade debts are always measured at an amount equal to lifetime ECLs. The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the debts. The Company has identified the Gross Domestic Product (GDP) and the inflation rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected



# Notes to the Financial Statements

For the year ended 31 December 2024

life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovery of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

A financial asset is considered irrecoverable (default event) when the counterparty fails to make contractual payments within one year of when they fall due.

## 3.10.2 Non financial assets

The carrying amounts of the Company's non-financial assets, other than stores and spares, stock in trade and deferred tax are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

## 3.11 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.

## 3.12 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.

## 3.13 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.

## 3.14 Staff retirement benefits

### 3.14.1 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.

# Notes to the Financial Statements

For the year ended 31 December 2024

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.

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.

## 3.14.2 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.

## 3.15 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.

## 3.16 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.

# Notes to the Financial Statements

For the year ended 31 December 2024

## *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.

## *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.

## *Levies*

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 21/IAS 37.

### **3.17 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.

### **3.18 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 and services 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.

# Notes to the Financial Statements

For the year ended 31 December 2024

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.

## **3.19 Contingencies**

### **3.19.1 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.

### **3.19.2 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 realization become virtually certain.

## **3.20 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.

## **3.21 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.

## **3.22 Restatement**

During the year the Institute of Chartered Accountant of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of tax paid under minimum tax (which is not adjustable against future income tax liability) and final tax regime to be shown separately as a levy instead of showing it in current tax.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) — 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of financial position, the statement of changes in equity, the statement of cash flows and earning per share as a result of this change.



# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

	Had there been change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting
<b>For the year ended December 31, 2024</b>			
Levies	-	(5,039)	(5,039)
Profit before taxation	4,328,013	(5,039)	4,322,974
Taxation	(1,685,540)	5,039	(1,680,501)
<b>For the year ended December 31, 2023</b>			
Levies	-	(1,186)	(1,186)
Profit before income tax	9,508,067	(1,186)	9,506,881
Taxation	(4,430,413)	1,186	(4,429,227)

4. PROPERTY, PLANT AND EQUIPMENT	Note	2024	2023
Operating property, plant and equipment	4.1	5,762,835	5,487,083
Capital work-in-progress	4.2	557,469	257,359
		<b>6,320,304</b>	<b>5,744,442</b>

## 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
<b>31 December 2024</b>						
<b>Net carrying value basis</b>						
Opening net book value (NBV)	34,853	46,499	5,332,719	1,042	71,970	5,487,083
Additions* (at cost)	-	5,330	1,187,168	8,100	54,277	1,254,875
Disposal (at NBV)	-	-	-	-	-	-
Depreciation charge - note 29	(1,422)	(6,914)	(930,450)	(1,181)	(39,156)	(979,123)
Closing net book value (NBV)	33,431	44,915	5,589,437	7,961	87,091	5,762,835
<b>Gross carrying value basis</b>						
Cost	90,278	1,022,786	38,358,950	56,108	371,942	39,900,064
Accumulated depreciation and impairment	(56,847)	(977,871)	(32,769,513)	(48,147)	(284,851)	(34,137,229)
Net book value (NBV)	33,431	44,915	5,589,437	7,961	87,091	5,762,835
Depreciation % per annum	2	3 - 25	4 - 50	25	10 - 50	
<b>31 December 2023</b>						
<b>Net carrying value basis</b>						
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 29	(1,422)	(5,652)	(989,466)	(515)	(27,283)	(1,024,338)
Closing net book value (NBV)	34,853	46,499	5,332,719	1,042	71,970	5,487,083
<b>Gross carrying value basis</b>						
Cost	90,278	1,017,456	37,171,782	48,008	317,665	38,645,189
Accumulated depreciation impairment	(55,425)	(970,957)	(31,839,063)	(46,966)	(245,695)	(33,158,106)
Net book value (NBV)	34,853	46,499	5,332,719	1,042	71,970	5,487,083
Depreciation % per annum	2	3 - 25	4 - 50	25	10 - 50	

\* Included herein assets of Rs 1,204.53 million (2023: Rs 902.13 million) transferred from capital work-in-progress (note 4.2.1).

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

## 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/1/P-4, Eastern Industrial Zone, Port Qasim, Karachi	Manufacturing Plant	150.975

## 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 2024	-	568,082	6,682,506	46,506	200,189	7,497,283
As at 31 December 2023	-	565,665	6,178,752	45,725	185,548	6,975,690

## 4.2 Capital work-in-progress

	Note	2024	2023
Plant and machinery		540,674	244,805
Civil works and buildings		-	7,605
Other equipment		-	4,949
Advances to suppliers		16,795	-
	4.2.1	557,469	257,359

## 4.2.1 Capital work-in-progress - movement

Balance as at 01 January		257,359	668,723
Capital expenditure		1,504,640	493,893
Transferred to operating property, plant and equipment	4	(1,204,530)	(902,130)
Transferred to intangible assets	5	-	(3,127)
Balance as at 31 December		557,469	257,359

## 5. INTANGIBLE ASSETS

### 5.1 Net carrying value basis

Balance as at 01 January		27,637	38,632
Additions during the year		402	3,127
Amortisation charge	29	(14,497)	(14,122)
Balance as at 31 December		13,542	27,637

5.1.1 This includes assets transferred from CWIP amounting to Nil (2023: Rs. 3.13 million).

### 5.2 Gross carrying value basis

Cost		258,957	258,555
Accumulated amortisation		(245,415)	(230,918)
Net book value		13,542	27,637
Amortisation % per annum		20	20

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

**5.3** The cost of fully amortised intangible assets of the Company amounted to Rs. 216.05 million (2023: Rs. 216.05 million).

**5.4** The intangible assets represents 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. Lease payments are renegotiated after every lease term to reflect prevailing market rentals.

<b>6.1 Net carrying value basis</b>	Note	<b>2024</b>	<b>2023</b>
Balance as at 01 January		<b>365,275</b>	1,110,524
Depreciation charge	6.3	<b>(190,801)</b>	(183,378)
Increase / (reduction) due to lease modification		<b>37,259</b>	(561,871)
Balance as at 31 December	6.2	<b>211,733</b>	365,275

## 6.2 Gross carrying value basis

Cost		<b>1,411,414</b>	1,374,155
Accumulated amortization		<b>(1,199,681)</b>	(1,008,880)
Net book value		<b>211,733</b>	365,275
Depreciation - Life in years		<b>3 - 3.5</b>	3 - 3.5

## 6.3 Depreciation charge has been allocated as follows:

Cost of sales	29	<b>142,405</b>	134,982
Administrative and general expenses	31	<b>48,396</b>	48,396
		<b>190,801</b>	183,378

## 7. LONG-TERM LOANS - considered good

	Note	<b>2024</b>			<b>2023</b>
		<b>Motor car and Personal assistance loan</b>	<b>House building assistance</b>	<b>Total</b>	<b>Total</b>
Due from executives	7.1	<b>114,151</b>	<b>21,974</b>	<b>136,125</b>	111,425
Less: receivable within one year	13	<b>(19,813)</b>	<b>(11,121)</b>	<b>(30,934)</b>	(22,329)
		<b>94,338</b>	<b>10,853</b>	<b>105,191</b>	89,096
Due from employees		<b>73,844</b>	<b>6,140</b>	<b>79,984</b>	83,430
Less: receivable within one year	13	<b>(12,264)</b>	<b>(3,173)</b>	<b>(15,437)</b>	(11,891)
		<b>61,580</b>	<b>2,967</b>	<b>64,547</b>	71,539
		<b>155,918</b>	<b>13,820</b>	<b>169,738</b>	160,635

**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. 136.12 million (2023: Rs. 115.77 million).

# Notes to the Financial Statements

For the year ended 31 December 2024

		Amounts in Rs '000		
8.	LONG-TERM DEPOSITS AND PREPAYMENTS	Note	2024	2023
	Deposits - unsecured and considered good	8.1	25,939	25,939
	Prepayments		6,493	7,866
			32,432	33,805

8.1 This includes Rs. 24.27 million (2023: Rs. 24.27 million) paid to K-Electric Limited.

## 9. DEFERRED TAXATION - NET

9.1 Deferred tax asset comprises (deductible) / taxable temporary differences in respect of the following:

	2024				2023			
	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
<b>(Taxable) / deductible temporary differences</b>								
- Property, plant and equipment	(558,463)	783	-	(557,680)	(487,349)	(71,114)	-	(558,463)
- Right-of-use assets (net)	385,145	(128,844)	-	256,301	321,073	64,072	-	385,145
- Sales tax refundable	72,771	(5,169)	-	67,602	61,576	11,195	-	72,771
- Retirement benefit obligations	46,086	22,720	(19,496)	49,310	35,944	(4,366)	14,508	46,086
- Unrealised exchange loss	35,148	44,995	-	80,143	64,920	(29,772)	-	35,148
- slow moving, obsolete and rejected items of stores and spare parts	874	(675)	-	199	-	874	-	874
- Gas Tariff	-	91,533	-	91,533	-	-	-	-
- Gas Infrastructure Development Cess	2,189,157	171,292	-	2,360,449	1,593,540	595,617	-	2,189,157
	<b>2,170,718</b>	<b>196,635</b>	<b>(19,496)</b>	<b>2,347,857</b>	<b>1,589,704</b>	<b>566,506</b>	<b>14,508</b>	<b>2,170,718</b>

9.2 As per Finance Act, 2023 progressive rates have been introduced 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	2024	2023
	Stores		259,674	318,050
	Spare parts	10.1	2,043,748	1,785,376
			<b>2,303,422</b>	<b>2,103,426</b>
	Provision for slow moving, obsolete, and rejected items	10.2	(511)	(2,242)
			<b>2,302,911</b>	<b>2,101,184</b>

10.1 This includes in-transit stores and spares amounting to Rs. 5.4 million (2023: Rs. 31.4 million).



# Notes to the Financial Statements

For the year ended 31 December 2024

		Amounts in Rs '000	
		2024	2023
<b>10.2 Provision for slow moving, obsolete and rejected items</b>	<b>Note</b>		
Provision at 01 January		2,242	-
Charge for the year		511	2,242
Write-offs		(2,242)	-
Provision at 31 December		<u>511</u>	<u>2,242</u>
<b>11. STOCK-IN-TRADE</b>			
Raw and packing materials	11.1	6,101,430	5,852,346
<b>Finished goods</b>			
- Manufactured goods	11.2	332,132	7,176,790
- Trading goods		312,628	333,039
		<u>644,760</u>	<u>7,509,829</u>
		<u>6,746,190</u>	<u>13,362,175</u>
<b>11.1</b>	This includes in-transit raw material amounting to Rs. 53.77 million (2023: Rs. 3,061.51 million).		
<b>11.2</b>	This includes in-transit trading goods amounting to Rs. 215.09 million (2023: Rs. 273.47 million).		
<b>11.3</b>	Cost of stock-in-trade held with third parties include the following:		
	<b>Note</b>	<b>2024</b>	<b>2023</b>
Paraxylene and Acetic acid held for consumption			
- Engro Vopak Terminal Limited		4,549,505	960,633
Acetic acid held for trading			
- Chempro Pakistan (Private) Limited		3,950	5,724
- Engro Vopak Terminal Limited		93,589	53,842
		<u>97,539</u>	<u>59,566</u>
Cobalt held for consumption			
- Chempro Pakistan (Private) Limited		134,064	157,475
		<u>4,781,108</u>	<u>1,177,674</u>
<b>12. TRADE DEBTS</b>			
Trade receivables - PTA and other products	12.2 & 12.3	3,602,907	8,486,031
<b>12.1</b>	All of the Company's trade debts are secured by letters of credit of 30 to 120 days issued by various banks. These balances are neither past due nor impaired and are considered good.		
<b>12.2</b>	This includes receivable from Gatron Industries Limited and Novatex Limited.- related parties amounting to Rs. 658.14 million (2023: Nil) and Rs. 251.33 million (2023: Rs. 2,943.44 million) respectively.		
<b>12.3</b>	The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 6,535.50 million (2023: Rs. 2,943.48 million).		

# Notes to the Financial Statements

For the year ended 31 December 2024

		Amounts in Rs '000		
13.	LOANS AND ADVANCES - considered good	Note	2024	2023
	Loans due from:			
	- Executives	7	30,934	22,329
	- Employees	7	15,437	11,891
			46,371	34,220
	Advances to:			
	- Executives		19,114	13,452
	- Employees		1,377	1,186
	- Contractors and suppliers		1,250	2,223
			21,741	16,861
			68,112	51,081
13.1	The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 19.82 million (2023: Rs. 15.90 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	2024	2023
	Trade deposits			
	Deposits - unsecured and considered good		4,254	5,753
	Margin on import letters of credit		58,990	137,460
			63,244	143,213
	Short-term prepayments		52,308	33,174
			115,552	176,387
15.	OTHER RECEIVABLES			
	- Commission receivable		16,730	-
	- Workers Profit Participation Fund	15.1	2,451	-
	- Others		4,138	10,335
			23,319	10,335
15.1	Reconciliation of Workers' Profit Participation Fund			
	Balance as at 01 January		(29,358)	(45,660)
	Allocation for the year	32	(235,585)	(509,394)
	Interest on funds utilised	34	(291)	(499)
	Amount paid to the Fund		267,685	526,195
	Balance as at 31 December		2,451	(29,358)
16.	SHORT-TERM INVESTMENTS - AT AMORTISED COST			
	Conventional			
	Term deposit receipts	16.1	414,499	414,499
	Islamic			
	Term deposit receipts	16.1	-	4,089,096
			414,499	4,503,595
16.1	The interest rate on term deposit receipt at 9.50% (2023: 14.38% to 21.50%) per annum and had original maturities of less than three months.			

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

17.	SALES TAX REFUNDS DUE FROM GOVERNMENT	Note	2024	2023
	Sales tax refundable	17.1	4,086,613	2,600,033
	Provision for impairment	17.2	(173,338)	(186,593)
			<u>3,913,275</u>	<u>2,413,440</u>

**17.1** The increase is mainly due to the amendments introduced through Finance Act, 2022; whereby the listed companies were restricted to adjust input tax in excess of 90% of the output tax under Section 8B of the Sales Tax Act, 1990.

17.2	Reconciliation of provision for impairment	Note	2024	2023
	Balance as at 01 January		186,593	186,593
	Reversal of provision against receipt of sales tax refunds	33	(13,255)	-
	Balance as at 31 December		<u>173,338</u>	<u>186,593</u>

## 18. TAXATION - PAYMENTS LESS PROVISION

Opening	2,673,353	97,959
Section 147 - Advance tax	4,346,143	5,909,531
Section 148 - Imports	1,221,876	873,117
Section 151 - Profit on debt	154,583	340,664
Section 153 - Sale of goods	247,915	-
Other sections - various	36,096	38,224
Advance tax payments during the year	6,006,613	7,161,535
Demanded tax payments - various years	28,547	410,777
Gross receivable	8,708,513	7,670,272
Income tax current year	(1,883,322)	(4,004,974)
Effect of prior year tax reversal / (charge)	1,244	(991,944)
	<u>(1,882,078)</u>	<u>(4,996,918)</u>
Closing	<u>6,826,435</u>	<u>2,673,353</u>

**18.1** The advance tax payment is based on tax to turnover ratio for latest assessed tax year. This is significantly higher in comparison to the tax estimate submitted by the Company.

**18.2** During 2024, the advance tax payment includes amounting Rs. 2.30 billion for TY 2026 (2023:Rs. 2 Billion for TY 2025) under section 147(4) of ITO, 2001.

**18.3** 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. Provision amounting to Rs. 124.82 million is recorded and balance 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

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

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, which has remanded the case back to IHC, where arguments of FBR and industry are being heard via an intra court appeal. The Company on a prudent basis has made full provisions against super tax amounting to Rs. 414.50 million and Rs. 1,704.86 million for tax year 2022 and 2023 respectively in these financial statements.

19.	CASH AND BANK BALANCES	Note	2024	2023
	Cash in hand - foreign currency		-	95
	<b>Cash at bank - local currency</b>			
	<b>Conventional</b>			
	Current accounts		9,224	480,162
	Savings accounts	19.1	8,756,487	576,317
			8,765,711	1,056,479
	<b>Islamic</b>			
	Current accounts		67,336	65,255
	<b>Cheques in hand</b>		-	140,998
			8,833,047	1,262,827
19.1	These carry mark-up at 13.50% per annum (2023: 20.50% per annum).			
19.2	<b>Cash and cash equivalents</b>			
	Cash and bank balances		8,833,047	1,262,827
	TDRs with banks having maturity of less than three months	16	414,499	4,503,595
			9,247,546	5,766,422
20.	<b>SHARE CAPITAL</b>			
20.1	<b>Authorised share capital</b>			
	Authorised capital 2,000,000,000 ordinary shares of Rs. 10 each		20,000,000	20,000,000
20.2	<b>Issued, subscribed and paid up capital</b>			
	504,735,636 ordinary shares of Rs. 10 each fully paid-up issued pursuant to the Scheme for consideration other than cash	20.3	5,047,356	5,047,356
	1,009,471,572 ordinary shares of Rs 10 each fully paid-up in cash	20.5	10,094,716	10,094,716
			15,142,072	15,142,072
20.3	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.			
20.4	Lotte Chemical Corporation, South Korea holds 1,135,860,105 ordinary shares of Rs. 10 each representing 75.01% shareholding of the Company.			
20.5	These fully paid ordinary shares carry one vote per share and right to dividend.			
20.6	Each nominee director hold one share and no dividends were paid during the year.			



# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

## 21. 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.

## 22 RETIREMENT BENEFIT OBLIGATIONS

### 22.1 Staff retirement benefits

**22.1.1** 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 2024.

**22.1.2** 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.

### 22.1.3 Valuation results

The latest actuarial valuations of the Fund as at 31 December 2024 was carried out using the Projected Unit Credit Method. Details of the Fund as per the actuarial valuation are as follows:

	Note	2024			2023		
		Funded Gratuity	Unfunded Medical	Total	Funded Gratuity	Unfunded Medical	Total
<b>22.1.4 Statement of financial position</b>							
Present value of defined benefit obligation at 31 December	22.1.5	(613,974)	(126,435)	(740,409)	(532,730)	(118,169)	(650,899)
Fair value of plan assets at 31 December	22.1.6	531,818	-	531,818	403,064	-	403,064
		<u>(82,156)</u>	<u>(126,435)</u>	<u>(208,591)</u>	<u>(129,666)</u>	<u>(118,169)</u>	<u>(247,835)</u>
<b>22.1.5 Movement in the present value of defined benefit obligations</b>							
Balances as at 01 January		532,730	118,169	650,899	452,296	108,922	561,218
Benefits paid by the plan		(57,602)	(3,564)	(61,166)	(53,974)	(2,675)	(56,649)
Current service costs		29,536	3,075	32,611	25,714	3,558	29,272
Interest cost		75,590	17,458	93,048	58,480	14,793	73,273
Remeasurement loss / (gain)		33,720	(8,703)	25,017	50,214	(6,429)	43,785
Balance as at 31 December		<u>613,974</u>	<u>126,435</u>	<u>740,409</u>	<u>532,730</u>	<u>118,169</u>	<u>650,899</u>

# Notes to the Financial Statements

For the year ended 31 December 2024

		Amounts in Rs '000					
		2024			2023		
	Note	Funded Gratuity	Unfunded Medical	Total	Funded Gratuity	Unfunded Medical	Total
<b>22.1.6 Movement in the fair value of plan assets</b>							
Fair value of plan assets at 01 January		403,064	-	403,064	362,495	-	362,495
Contributions paid into the plan		51,358	-	51,358	39,136	-	39,136
Benefits paid by the plan		(57,602)	-	(57,602)	(53,974)	-	(53,974)
Interest income		59,991	-	59,991	48,823	-	48,823
Remeasurement gain / (loss)		75,007	-	75,007	6,584	-	6,584
Fair value of plan assets at 31 December		531,818	-	531,818	403,064	-	403,064
<b>22.1.7 Expense recognised in Statement of profit or loss</b>							
Current service costs		29,536	3,075	32,611	25,714	3,558	29,272
Net interest cost		15,599	17,458	33,057	9,657	14,793	24,450
Expense recognised in Statement of profit or loss		45,135	20,533	65,668	35,371	18,351	53,722
<b>22.1.8 Remeasurement (gain) / loss recognised in Statement of comprehensive income</b>							
Experience loss / (gain)		33,720	(8,703)	25,017	50,214	(6,429)	43,785
Remeasurement of fair value of plan assets		(75,007)	-	(75,007)	(6,584)	-	(6,584)
Remeasurement (gain) / loss		(41,287)	(8,703)	(49,990)	43,630	(6,429)	37,201
<b>22.1.9 Net recognised liability</b>							
Net liability at beginning of the year		129,666	118,169	247,835	89,801	108,922	198,723
Charge for the year	22.1.7	45,135	20,533	65,668	35,371	18,351	53,722
Contribution made during the year to the fund		(51,358)	(3,564)	(54,922)	(39,136)	(2,675)	(41,811)
Remeasurement (gain) / loss recognised in statement of comprehensive income	22.1.8	(41,287)	(8,703)	(49,990)	43,630	(6,429)	37,201
Net liability at end of the year		82,156	126,435	208,591	129,666	118,169	247,835
<b>22.1.10 Principal Actuarial assumptions used</b>							
Discount rate at 31 December		12.25%	12.25%		15.00%	15.00%	
Future salary increases		10.25%	-		13.00%	-	
Medical cost trend rate		-	7.00%		-	9.50%	
<b>22.1.11 Plan assets comprise of following</b>							
<b>31 December</b>					<b>2024</b>	<b>2023</b>	
Government bonds					251,219	138,751	
National Savings deposits					126,824	161,666	
Shares of listed companies					146,829	88,980	
Term deposits					6,946	13,667	
Total as at 31 December					531,818	403,064	

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

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

## **22.1.13 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 2024 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.

**22.1.14** 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. 42.31 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.

**22.1.15** 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.

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.

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

## 22.2 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 assumption	Increase in assumptions	Decrease in assumptions
Discount rate as at 31 December	1%	(47,037)	53,637
Future salary increases	1%	37,122	(33,891)
Medical cost trend	1%	17,596	(14,756)

If longevity increases by 1 year, obligation increases by Rs. 1.54 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.

**22.3** 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.

**22.4** The Company's contributions towards the provident fund and defined contribution superannuation fund for the year ended 31 December 2024 amounted to Rs. 43.94 million (2023: Rs. 38.57 million) and Rs. 33.94 million (2023: Rs. 30.59 million) respectively.

**22.5** The weighted average duration of the defined benefit obligations is 7.8 years.

### Maturity analysis

Expected maturity analysis of undiscounted retirement benefit plans.

<u>At 31 December 2024</u>	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Retirement benefit plans	<u>35,066</u>	<u>201,958</u>	<u>236,126</u>	<u>625,969</u>	<u>1,099,119</u>

## 23. LEASE LIABILITIES

Note 2024 2023

### 23.1 Lease liability

Balance as at 01 January		<b>1,292,330</b>	1,974,580
Interest on lease liability	34	<b>203,743</b>	306,704
Payments made during the year		<b>(664,803)</b>	(668,385)
Impact of lease modification		<b>37,259</b>	(743,730)
Re-measurement of lease liability - exchange (gain) / loss		<b>(11,713)</b>	423,161
Balance as at 31 December	23.2	<u><b>856,816</b></u>	<u>1,292,330</u>



# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

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

	2024			2023		
	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	664,813	122,036	542,777	672,389	235,986	436,403
Later than one year but not later than five years	332,407	18,368	314,039	1,008,585	152,658	855,927
	<u>997,220</u>	<u>140,404</u>	<u>856,816</u>	<u>1,680,974</u>	<u>388,644</u>	<u>1,292,330</u>

**23.3** Amounts recognised in the statement of profit or loss

	Note	2024	2023
Interest expense on lease liabilities	34	203,743	306,704
Expense related to exchange loss on remeasurement of lease liability	23.1	(11,713)	423,161
Impact of lease modification	23.1	-	(743,730)
		<u>192,030</u>	<u>(13,865)</u>

## 24. TRADE AND OTHER PAYABLES

Trade creditors including bills payable	24.1	7,064,563	3,685,360
Sindh Infrastructure Development Cess (SIDC)	24.2	6,205,754	5,233,974
Gas Infrastructure Development Cess (GIDC)	24.3	3,113,744	3,113,744
Captive Gas Tariff rate differential	24.4	201,802	214,630
Accrued expenses		1,195,680	1,277,945
Workers' Profit Participation Fund	15.1	-	29,358
Workers' Welfare Fund	24.5	114,852	226,249
Contract liabilities - advances from customers		387	37,833
Retention money		276	2,111
Withholding tax payable		4,706	5,207
Others	24.6	160,499	148,910
		<u>18,062,263</u>	<u>13,975,321</u>

**24.1** This includes payable related to stock in transit amounting to Rs. 268.86 million (2023: Rs. 3,334.98 million).

**24.2** 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 4 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 1 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 27.2.4 to these financial statements.

	2024	2023
Balance as at 01 January	5,233,974	4,371,509
Charge for the year	971,780	862,465
Balance as at 31 December	<u>6,205,754</u>	<u>5,233,974</u>

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

- 24.3** 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.

- 24.4** This includes liability recognized for the following matters:

- 24.4.1** 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 recorded full liability amounting to Rs. 114.82 million on a prudent basis.

- 24.4.2** OGRA, through its notification dated 15 February 2023, announced an increase in gas tariff effective from 01 January 2023. In response, the Company along with the industry have contested the retrospective application of this notification in Honourable Sindh High Court (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 recorded liability amounting to Rs. 86.98 million in this regard.

<b>24.5</b>	<b>Reconciliation of Workers' Welfare Fund</b>	Note	<b>2024</b>	<b>2023</b>
	Balance as at 01 January		<b>226,249</b>	363,864
	Allocation for the year	32	<b>98,100</b>	207,626
	Amount paid to the Fund		<b>(209,497)</b>	(345,241)
	Balance as at 31 December		<b>114,852</b>	226,249

- 24.6** This includes stale cheques amounting to Rs. 141.50 million (2023: Rs. 141.82 million).

## **25. SHORT-TERM FINANCING**

Short-term financing	25.1	<b>-</b>	<b>1,000,000</b>
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- 25.1** The short-term financing was obtained on 28 December 2023 and repaid on 2 January 2024.

## **26. ACCRUED INTEREST**

Short-term financing	25.1	<b>-</b>	<b>2,448</b>
Interest payable on long-term loans	26.1	<b>424,189</b>	<b>429,023</b>
		<b>424,189</b>	<b>431,471</b>

- 26.1** This represents interest payable to Mortar Investments International Limited amounting to USD 1.52 million (2023: 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.

# Notes to the Financial Statements

For the year ended 31 December 2024

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## 27. CONTINGENCIES AND COMMITMENTS

### 27.1 Contingencies

#### 27.1.1 Income tax matters

##### Tax year 2015 - Lotte Powergen

In respect of tax year 2015, an Assessment Order was passed whereby an amount of Rs. 1,717.5 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 on account of allowance of unrealized exchange loss amounting to Rs. 363.5 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. 1,446.9 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).

##### 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. 35.3 million.

##### 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. 95.9 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.

##### Tax Year 2022:

On 4 January 2024, an Assessment Order was passed in respect of tax year 2022 which created an additional liability of Rs. 12.6 million, mainly on account of other admissible deductions. The Company has filed an appeal before CIR(A) on 2 February, 2024, which is pending.

##### Tax Year 2023:

On 27 November 2024, an Assessment Order was passed in respect of tax year 2023 which created an additional liability of Rs. 78.6 million mainly on account of remeasurement loss on funded gratuity plan, and unrealized exchange losses. The Company has filed appeal in ATIR on 26 December 2024, which is pending.

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

## 27.1.2 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.

## 27.2 Commitments and Guarantees

**27.2.1** Commitments for capital expenditure as at 31 December 2024 amounted to Rs. 88.39 million (2023: Rs. 157.42 million).

**27.2.2** Commitments for rentals under ljarah contracts for vehicles as at 31 December are as follows:

	2024	2023
Not later than 1 year	79,731	73,250
Later than 1 year and not later than 5 years	183,275	199,672
	<u>263,006</u>	<u>272,922</u>

**27.2.3** 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:

	2024	2023
Not later than 1 year	1,015,740	1,027,316
Later than 1 year and not later than 5 years	584,050	1,860,725
	<u>1,599,790</u>	<u>2,888,041</u>

**27.2.4** The facilities for guarantees from banks as at December 31, 2024 amounted to Rs. 12,200 million (2023: Rs 8,700 million). Outstanding guarantees of the Company as at December 31, 2024 were Rs. 8,158.44 million (2023: Rs. 5,944.15 million).

**27.2.5** The facilities for opening letters of credit from banks as at December 31, 2024 amounted to Rs. 50,800 million (2023: Rs. 40,800 million). Letters of credit issued on behalf of the Company as at December 31, 2024 were Rs. 2,826.96 million (2023: Rs. 8,153.11 million).

## 28 REVENUE FROM CONTRACT WITH CUSTOMERS - NET

	2024				2023			
	Manufactured goods	Trading goods	Sale of electricity	Total	Manufactured goods	Trading goods	Sale of electricity	Total
Local sales	128,458,116	3,088,553	-	131,546,669	95,748,130	2,884,816	252,464	98,885,410
Export sales	711,901	-	-	711,901	-	-	-	-
Less: Sales tax and excise duty	(19,353,255)	(471,135)	-	(19,824,390)	(14,518,339)	(438,637)	(41,304)	(14,998,280)
Less: Price settlements and discounts / rebates	(3,113,309)	(21,694)	-	(3,135,003)	(2,245,965)	(21,760)	-	(2,267,725)
	<u>106,703,453</u>	<u>2,595,724</u>	<u>-</u>	<u>109,299,177</u>	<u>78,983,826</u>	<u>2,424,419</u>	<u>211,160</u>	<u>81,619,405</u>

**28.1** The Company has entered into export sales contract during the year.

**28.2** Included herein revenue recognized of Rs. 23.74 million (2023: Rs. 41.27 million) from amounts included in advance from customers.



# Notes to the Financial Statements

For the year ended 31 December 2024

		Amounts in Rs '000		
29.	COST OF SALES	Note	2024	2023
	<b>Manufactured goods</b>			
	Raw and packing materials consumed:			
	Opening stock	11	5,852,346	6,237,395
	Purchases		83,735,292	66,545,687
	Closing stock	11	(6,101,430)	(5,852,346)
			<b>83,486,208</b>	<b>66,930,736</b>
	Salaries, wages and benefits	29.1	996,634	906,635
	Stores and spares consumed		443,147	354,669
	Rentals under ijarah arrangements	29.2	31,444	29,476
	Insurance		247,676	143,243
	Oil, gas and electricity		7,842,725	4,043,880
	Travelling		145,312	128,054
	Depreciation and amortisation	4.1, 5.1 & 6.3	1,136,024	1,173,442
	Repairs and maintenance		709,263	668,326
	Others		92,282	83,538
	Cost of goods manufactured		<b>95,130,715</b>	<b>74,461,999</b>
	Opening stock of manufactured goods	11	7,176,790	2,123,326
			<b>102,307,505</b>	<b>76,585,325</b>
	Closing stock of manufactured goods	11	(332,132)	(7,176,790)
	Cost of goods manufactured sold		<b>101,975,373</b>	<b>69,408,535</b>
	<b>Trading goods</b>			
	Opening stock	11	333,039	168,326
	Purchases		2,116,896	1,907,275
	Closing stock	11	(312,628)	(333,039)
	Cost of trading goods sold		<b>2,137,307</b>	<b>1,742,562</b>
	Cost to produce electricity		-	223,738
			<b>104,112,680</b>	<b>71,374,835</b>
29.1	Salaries, wages and benefits include Rs. 48.23 million (2023: Rs. 92.24 million) and Rs. 53.90 million (2023: Rs. 47.57 million) in respect of defined benefit and defined contribution plans respectively.			
29.2	The Company has entered into Ijarah Agreement with 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.			
30.	<b>DISTRIBUTION AND SELLING EXPENSES</b>	Note	2024	2023
	Salaries and benefits	30.1	123,166	111,716
	Outward freight and handling		45,374	21,385
	Rentals under Ijarah arrangements	29.2	7,448	6,802
	Repairs and maintenance		10,730	6,919
	Travelling		8,366	13,617
	Postage and telephone		2,045	2,088
	Advertising and sales promotion		1,100	983
	Others		23,391	19,173
			<b>221,620</b>	<b>182,683</b>
30.1	Salaries and benefits include Rs. 6.03 million (2023: Rs. 12.23 million) and Rs. 8.12 million (2023: Rs. 7.04 million) in respect of defined benefit and defined contribution plans respectively.			

# Notes to the Financial Statements

For the year ended 31 December 2024

		Amounts in Rs '000		
31.	ADMINISTRATIVE AND GENERAL EXPENSES	Note	2024	2023
	Salaries and benefits	31.1	329,035	311,573
	Legal, professional and consultancy		15,236	11,146
	Rentals under ijarah arrangements	29.2	18,959	15,507
	Travelling		40,992	39,480
	Depreciation on right of use asset	6.3	48,396	48,396
	Repairs and maintenance		57,145	40,043
	IT related expenses		25,426	20,577
	Security		47,157	31,157
	Rent, rates and taxes		33,052	23,463
	Publication and subscriptions		4,947	4,237
	Postage and telephone		7,765	7,691
	Printing and stationary		5,201	4,959
	Auditors' remuneration	31.2	16,675	9,364
	Donations		-	167
	Obsolete and slow moving stores and spare parts - provision	10.2	511	2,242
	Others		121,222	84,387
			771,719	654,389
31.1	Salaries and benefits include Rs. 11.41 million (2023: Rs. 23.65 million) and Rs. 15.86 million (2023: Rs. 14.55 million) in respect of defined benefit and defined contribution plans respectively.			
31.2	Auditors' remuneration		2024	2023
	Audit fee		3,350	2,950
	Limited scope review, code of corporate governance, certifications and review and audit of group reporting packages and taxation services etc.		12,555	5,946
	Out of pocket expenses		770	468
			16,675	9,364
31.3	This includes fee pertaining to taxation services provided to the Company amounting to Rs. 7.4 million (2023: Rs. 3.67 million)			
32.	OTHER OPERATING EXPENSES	Note	2024	2023
	Workers' Profit Participation Fund	15.1	235,585	509,394
	Workers' Welfare Fund	24.5	98,100	207,626
	Others		-	209,779
			333,685	926,799
33.	OTHER INCOME			
	Income from financial assets			
	Income on term deposit receipts - conventional		649,163	709,758
	Income on savings account - conventional		298,434	108,000
	Income on term deposit receipts - islamic		149,223	1,251,047
			1,096,820	2,068,805
	Income from non-financial assets			
	Scrap sales		47,061	18,295
	Indenting commission - net		39,678	113,243
	Reversal of provision against receipt of sales tax refunds		13,255	-
	Gain on disposal of property, plant and equipment		-	122,081
	Gain on lease modification		-	181,859
	Rental income from tower on leasehold land		1,008	969
	Others		1,198	309
			102,200	436,756
	Liabilities no longer payable written back		342	61,412
			1,199,362	2,566,973

# Notes to the Financial Statements

For the year ended 31 December 2024

		Amounts in Rs '000		
34.	FINANCE COSTS	Note	2024	2023
	Interest / mark-up on:			
	- Short-term financing		2,569	2,476
	- Interest on lease liability	23.1	203,743	306,704
	- Markup on LC discounting		29,504	143,770
	Exchange loss - net		417,867	1,031,188
	Bank, LCs and other charges		76,848	54,968
	Interest on Workers' Profit Participation Fund	15.1	291	499
			<u>730,822</u>	<u>1,539,605</u>
35.	LEVIES			
	Minimum tax u/s 154		4,783	-
	Final tax u/s 154A		256	1,186
			<u>5,039</u>	<u>1,186</u>
36.	TAXATION			
	Current - for the year	36.2	1,878,380	4,003,789
	- for prior year		(1,244)	991,944
			<u>1,877,136</u>	<u>4,995,733</u>
	Deferred	9.1	(196,635)	(566,506)
		36.1	<u>1,680,501</u>	<u>4,429,227</u>
36.1	Reconciliation of income tax expense for the year			
	Profit before taxation and levies		4,328,013	9,508,067
	Applicable normal tax rate		29%	29%
	Applicable super tax rate		10%	10%
			<u>39%</u>	<u>39%</u>
	Tax calculated at the applicable tax rate		1,687,925	3,708,146
	Tax effect of :			
	- income chargeable to tax under FTR basis		(10,435)	(42,979)
	- prior year tax charge	36.3	(1,244)	991,944
	- prior year deferred tax charge		-	61,763
	- impact of rate differentials on deferred tax		-	(289,037)
	- others		9,294	576
			<u>1,685,540</u>	<u>4,430,413</u>
	Effective tax rate		<u>39%</u>	<u>47%</u>
36.2	This includes a provision for super tax, for tax year 2024 amounting to Rs. 481.03 million (2023: Rs. 1,026.92 million) at 10% (2023: 10%) in accordance with the provisions of the Finance Act, 2023.			

# Notes to the Financial Statements

For the year ended 31 December 2024

		Amounts in Rs '000		
37.	CASH GENERATED FROM OPERATIONS	Note	2024	2023
	Profit before taxation and levies		4,328,013	9,508,067
	Adjustments for non-cash charges and other items:			
	Depreciation and amortisation	29 & 31	1,184,420	1,221,838
	Provision for obsolete and slow moving stores and spare parts	31	511	2,242
	Gain on disposal of property plant and equipment	33	-	(122,081)
	Provision for retirement benefit obligations	22.1.7	65,668	53,722
	Finance cost		296,116	1,015,689
	Income from financial assets	33	(1,096,820)	(2,068,805)
	Gain on lease modification		-	(181,859)
			449,895	(79,254)
			4,777,908	9,428,813
	Effect on cash flows due to working capital changes			
	Decrease / (increase) in current assets:			
	Stores and spare parts		(202,238)	(687,161)
	Stock-in-trade		6,615,986	(4,833,128)
	Trade debts		4,883,124	(1,432,156)
	Loans and advances		(17,031)	3,585
	Trade deposits and short-term prepayments		60,835	(112,600)
	Other receivables		(12,984)	(4,673)
	Tax refunds due from government - sales tax		(1,499,835)	(1,866,219)
			9,827,857	(8,932,352)
	Increase in trade and other payables		4,563,833	1,644,121
	Cash generated from operations		19,169,598	2,140,582
38.	EARNINGS PER SHARE - BASIC AND DILUTED			
38.1	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.			
			2024	2023
	Profit after taxation		2,642,473	5,077,654
			Number of shares	
	Weighted average ordinary shares in issue during the year		1,514,207,208	1,514,207,208
			(Rupees)	
	Earnings per share		1.75	3.35
38.2	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 2024

Amounts in Rs '000

## 39. 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	
	2024	2023	2024	2023	2024	2023
Managerial remuneration	19,633	16,501	-	18,997	462,872	346,766
Retirement benefits	-	-	-	4,824	71,597	120,149
Group insurance	8	8	-	8	1,013	946
House rent and maintenance	2,896	2,964	-	-	140,079	121,037
Utilities	-	-	-	-	30,122	27,689
Medical	13	25	-	3,493	40,422	28,444
	<u>22,550</u>	<u>19,498</u>	<u>-</u>	<u>27,322</u>	<u>746,105</u>	<u>645,031</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>130</u>	<u>124</u>

39.1 The Company has provided furnished accommodation to the Expats.

## 39.2 Fees and allowances paid for board meetings & committees

S. No.	Name of Director	Board and General meetings		Audit Committee meetings		HR & Remuneration Committee meeting	
		2024	2023	2024	2023	2024	2023
1	Mr. Rashid Ibrahim	375	150	300	150	75	-
2	Mr. Khurram Rashid	375	150	300	150	-	-
3	Mr. Shabbir Diwan	300	150	-	-	-	-
4	Mr. Pervaiz Akhtar	-	300	-	150	-	75
5	Mr. Adnan Afridi	-	225	-	150	-	-
6	Mr. Mohammad Zubair	-	300	-	-	-	-
		<u>1,050</u>	<u>1,275</u>	<u>600</u>	<u>600</u>	<u>75</u>	<u>75</u>

39.3 An amount of Rs. 177.76 million (2023: Rs. 183.85 million) on account of variable pay (i.e. bonus) has been recognised in these financial statements. This amount is payable in 2025 after verification of target achievements.

Out of variable pay recognised for 2023 and 2022, following payments were made

	Paid in 2024 relating to 2023	Paid in 2023 relating to 2022
Chief Executive	4,390	4,612
Executives	164,060	162,764
Other employees	22,744	38,940
	<u>191,194</u>	<u>206,316</u>

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

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

## 40. 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	2024	2023
Parent company	Dividend payable	-	4,543,440
Associates	Purchase of goods from Lotte Kolson (Private) Limited	884	600
	Purchase of goods - Nova Care (Pvt.) Ltd	446	409
	Purchase of services - The Pakistan Business Council	2,500	2,500
Associates	Sale of goods to Novatex Limited - gross sales	36,187,480	17,624,647
	Sale of goods to Gatron Industries Limited - gross sales	4,252,983	-
Key management personnel	Salaries and other short term benefits	58,669	90,323
	Retirement benefits	1,403	12,524
Others	Payment to retirement benefit funds	81,728	148,156

### 40.1 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% (2023: 75.01%)
Name of the Related Party:	Lotte Kolson (Private) Limited
Basis of association:	Group Company
Country of incorporation:	Pakistan
Associate shareholding in the Company:	Nil (2023: Nil)
Name of the Related Party:	Novatex Limited
Basis of association:	Associate Company
Country of incorporation:	Pakistan
Associate shareholding in the Company:	0.3% (2023: 9.91%)
Name of the Related Parties:	Gatron Industries Limited, Nova Care (Pvt.) Ltd & The Pakistan Business Council
Basis of association:	Associate Company
Country of incorporation:	Pakistan
Associate shareholding in the Company:	Nil (2023: 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. Ashiq Ali (Chief Financial Officer) Mr. Faisal Abid (Company Secretary)

## 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 2024.

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

## 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 regularly meet 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 2024							
	Interest bearing			Non-Interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
<b>Financial assets</b>							
Loans*	-	-	-	46,371	169,738	216,109	216,109
Trade debts	-	-	-	3,602,907	-	3,602,907	3,602,907
Deposits**	-	-	-	63,244	-	63,244	63,244
Interest accrued	-	-	-	99,089	-	99,089	99,089
Other receivables	-	-	-	23,319	-	23,319	23,319
Short-term investments	414,499	-	414,499	-	-	-	414,499
Cash and bank balances	8,756,487	-	8,756,487	76,560	-	76,560	8,833,047
<b>31 December 2024</b>	<b>9,170,986</b>	<b>-</b>	<b>9,170,986</b>	<b>3,911,490</b>	<b>169,738</b>	<b>4,081,228</b>	<b>13,252,214</b>
<b>Financial liabilities</b>							
Trade and other payables***	-	-	-	8,421,018	-	8,421,018	8,421,018
Accrued interest	-	-	-	424,189	-	424,189	424,189
Unclaimed dividend	-	-	-	75,468	-	75,468	75,468
Lease liability	542,777	314,039	856,816	-	-	-	856,816
<b>31 December 2024</b>	<b>542,777</b>	<b>314,039</b>	<b>856,816</b>	<b>8,920,675</b>	<b>-</b>	<b>8,920,675</b>	<b>9,777,491</b>
As at 31 December 2023							
	Interest bearing			Non-Interest bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
<b>Financial assets</b>							
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
<b>31 December 2023</b>	<b>5,079,912</b>	<b>-</b>	<b>5,079,912</b>	<b>9,393,132</b>	<b>160,635</b>	<b>9,553,767</b>	<b>14,633,679</b>
<b>Financial liabilities</b>							
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
<b>31 December 2023</b>	<b>1,436,403</b>	<b>855,927</b>	<b>2,292,330</b>	<b>10,162,624</b>	<b>-</b>	<b>10,162,624</b>	<b>12,454,954</b>
<b>On Statement of Financial position date gap</b>							
<b>31 December 2024</b>	<b>8,628,209</b>	<b>(314,039)</b>	<b>8,314,170</b>	<b>(5,009,185)</b>	<b>169,738</b>	<b>(4,839,447)</b>	<b>3,474,723</b>
31 December 2023	3,643,509	(855,927)	2,787,582	(769,492)	160,635	(608,857)	2,178,725

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

Off Statement of Financial position date gap	2024	2023
Letter of credits / guarantees	4,688,859	3,659,562
Ijarah and service contracts	1,862,796	3,160,963

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. 21.74 million (2023: Rs. 16.86 million) are not included.

\*\* Short term prepayments that are not financial assets (short term prepayments and amortization of loans amounting to Rs. 52.31 million (2023: Rs. 33.17 million) are not included.

\*\*\* Trade and other payables that are not financial liabilities ( infrastructure cess, provision for GIDC, captive power rate differential, Workers' Welfare Fund, contract liabilities, withholding tax payable amounting to Rs. 6,205.75 million (2023: Rs. 5,233.97 million), Rs. 3,113.74 million (2023: Rs. 3,113.74 million), Rs. 201.80 million (2023: Rs. 214.63 million), Rs. 114.85 million (2023: Rs. 226.25 million), Rs. 0.38 million (2023: Rs. 37.83 million) and Rs. 4.71 million (2023: Rs. 5.21 million) respectively) are not included.

## 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 33% (2023: 32%) 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	2024	2023
Loans	7 & 13	216,109	194,855
Trade debts	12	3,602,907	8,486,031
Deposits	14	63,244	143,213
Interest accrued		99,089	32,823
Other receivables		23,319	10,335
Short-term investments	16	414,499	4,503,595
Bank balances	19	8,833,047	1,121,734
		13,252,214	14,492,586
Secured		3,819,016	8,680,886
Unsecured		9,433,198	5,811,700
		13,252,214	14,492,586
Not past due		13,252,214	14,492,586

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

	2024	2023
Domestic	3,602,907	8,486,031

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

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:

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+	AAA
Citibank NA	Fitch ratings	F1	A+
Deutsche Bank	Fitch ratings	F2	A-
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR VIS	A-1+	AAA
Habib Metropolitan Bank Ltd	PACRA	A1+	AA+
Industrial & Commercial Bank of China	Fitch ratings	F1+	A
MCB Bank Limited	PACRA	A1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A+
Meezan Bank Limited	JCR VIS	A-1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank Pakistan Limited	PACRA	A1+	AAA
United Bank Limited	JCR VIS	A-1+	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.

	2024					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-3 years	More than 3 years
<b>Financial liabilities</b>						
Trade and other payables	8,421,018	8,421,018	8,421,018	-	-	-
Accrued interest	424,189	424,189	424,189	-	-	-
Short-term financing	-	-	-	-	-	-
Unclaimed dividend	75,468	75,468	75,468	-	-	-
Unpaid dividend	-	-	-	-	-	-
Lease liability	856,816	997,220	664,813	332,407	-	-
	<u>9,777,491</u>	<u>9,917,895</u>	<u>9,585,488</u>	<u>332,407</u>	<u>-</u>	<u>-</u>
<b>Off balance sheet</b>						
Ijarah / service contracts	-	1,862,796	1,095,471	658,531	95,780	13,015



# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

	2023					
	Carrying amount	Contractual cash flows	Less than one year	1-2 years	2-3 years	More than 3 years
<b>Financial liabilities</b>						
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>
<b>Off balance sheet</b>						
Ijarah / service contracts	<u>-</u>	<u>3,160,963</u>	<u>1,100,566</u>	<u>1,252,342</u>	<u>792,786</u>	<u>15,269</u>

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 2024, the Company had financial assets of Rs. 13,249.76 million (2023: Rs. 14,633.77 million), which include Rs. 9,247.55 million (2023: Rs. 5,766.33 million) of cash placed in bank accounts.

As at reporting date, the facilities amounting to Rs. 5,780 million (2023: Rs. 5,280 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 8.20 million (2023: USD 8.11 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.

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

The currency exposure at the year end was as follows:

	2024			2023		
	GBP	Euro	US\$	GBP	Euro	US\$
<b>Financial liabilities</b>						
Trade payables	(15,269)	(83,778)	(24,249,497)	(22,975)	(73,034)	(11,977,918)
Lease liability	-	-	(3,067,361)	-	-	(4,574,349)
Accrued interest	-	-	(1,518,577)	-	-	(1,518,576)
	<u>(15,269)</u>	<u>(83,778)</u>	<u>(28,835,435)</u>	<u>(22,975)</u>	<u>(73,034)</u>	<u>(18,070,843)</u>
Service contract (off balance sheet)	-	-	(5,727,173)	-	-	(10,222,550)
<b>Financial liabilities</b>						
Trade payables	(5,352)	(24,348)	(6,773,692)	(8,282)	(22,842)	(3,383,962)
Lease liability	-	-	(856,816)	-	-	(1,292,330)
Accrued interest	-	-	(424,189)	-	-	(429,023)
	<u>(5,352)</u>	<u>(24,348)</u>	<u>(8,054,697)</u>	<u>(8,282)</u>	<u>(22,842)</u>	<u>(5,105,315)</u>
Service contract (off balance sheet)	-	-	(1,599,790)	-	-	(2,888,041)

Significant exchange rates applied during the year were as follows:

	Average rate for the year		Spot rate as at 31 December, 2024	
	2024	2023	2024	2023
PKR / US Dollar	279.33	280.83	279.33	282.52
PKR / Great Britain Pound Sterling	357.00	353.97	350.51	360.48
PKR / Euro	301.53	307.38	290.63	312.76

## 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. 80.8 million (2023: Rs. 51.4 million). This analysis assumes that all other variables, in particular interest rates, remain constant and the analysis is performed on the same basis as done in prior year.

### 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:

	Note	2024	2023
<b>Fixed rate instruments</b>			
Investment in TDRs	16	414,499	4,503,595
Lease liability	23	856,816	1,292,330
		<u>1,271,315</u>	<u>5,795,925</u>
<b>Variable rate instruments</b>			
Saving account	19	8,756,487	576,317

# Notes to the Financial Statements

For the year ended 31 December 2024

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 2023.

	Profit or loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
<b>As at 31 December 2024</b>				
Cash flow sensitivity				
- variable rate instruments	<u>87,565</u>	<u>(87,565)</u>	<u>87,565</u>	<u>(87,565)</u>
<b>As at 31 December 2023</b>				
Cash flow sensitivity				
- variable rate instruments	<u>5,763</u>	<u>(5,763)</u>	<u>5,763</u>	<u>(5,763)</u>

## 41.4.3 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2024			Total
	Lease liability	Unclaimed dividend	Unpaid dividend	
<b>Balance as at 01 January 2024</b>	1,292,330	73,387	4,543,440	5,909,157
<b>Changes from financing cash flows</b>				
Payment of lease rentals	(664,803)	-	-	(664,803)
Dividend paid	-	2,081	(6,814,751)	(6,812,670)
	(664,803)	2,081	(6,814,751)	(7,477,473)
<b>Liability - related other changes</b>				
Interest on lease liability	203,743	-	-	203,743
Dividend declared	-	-	2,271,311	2,271,311
Addition due to ROU EVTL modification	37,259	-	-	37,259
Exchange gain	(11,713)	-	-	(11,713)
<b>Total liability - related other changes</b>	229,289	-	2,271,311	2,500,600
<b>Balance at 31 December 2024</b>	<u>856,816</u>	<u>75,468</u>	<u>-</u>	<u>932,284</u>

# Notes to the Financial Statements

For the year ended 31 December 2024

	Amounts in Rs '000			Total
	2023			
	Lease liability	Unclaimed dividend	Unpaid dividend	
<b>Balance as at 01 January 2023</b>	1,974,580	55,946	4,543,440	6,573,966
<i>Changes from financing cash flows</i>				
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)
<b>Liability - related other changes</b>				
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
<b>Total liability - related other changes</b>	(13,865)	-	6,056,828	6,042,963
<b>Balance at 31 December 2023</b>	<u>1,292,330</u>	<u>73,387</u>	<u>4,543,440</u>	<u>5,909,157</u>

## 41.4.4 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 2024 and 2023 is as follows.

	2024	2023
Total borrowing	-	1,000,000
Less: cash and cash equivalents	<u>(9,247,546)</u>	<u>(5,766,422)</u>
<b>Net debt</b>	<u>(9,247,546)</u>	<u>(4,766,422)</u>
<b>Total equity</b>	<u>22,413,615</u>	<u>22,011,959</u>

Since the Company has no net debt position as at 31 December, therefore net debt to equity ratio has not been presented.

## 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.

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

As at 31 December 2024, 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.

		2024								
		Carrying amount				Total	Fair value			
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		Level 1	Level 2	Level 3	Total
<b>Financial assets - not measured at fair value</b>										
Loans	43.1.1	-	-	216,109	-	216,109				
Trade deposits	43.1.1	-	-	63,244	-	63,244				
Trade debts	43.1.1	-	-	3,602,907	-	3,602,907				
Other receivables	43.1.1	-	-	23,319	-	23,319				
Short-term investments - TDRs	43.1.1	-	-	414,499	-	414,499				
Interest accrued	43.1.1	-	-	99,089	-	99,089				
Cash and bank balances	43.1.1	-	-	8,833,047	-	8,833,047				
		-	-	13,252,214	-	13,252,214				
<b>Financial liabilities - not measured at fair value</b>										
Trade and other payables	43.1.1	-	-	-	8,421,018	8,421,018				
Accrued interest	43.1.1	-	-	-	424,189	424,189				
Short-term financing	43.1.1	-	-	-	-	-				
Unclaimed dividend	43.1.1	-	-	-	75,468	75,468				
Unpaid dividend	43.1.1	-	-	-	-	-				
Lease liability	43.1.1	-	-	-	856,816	856,816				
		-	-	-	9,777,491	9,777,491				



# Notes to the Financial Statements

## For the year ended 31 December 2024

Amounts in Rs '000

		2023								
		Carrying amount					Fair value			
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	Level 1	Level 2	Level 3	Total
<b>Financial assets - not measured at fair value</b>										
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				
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				
<b>Financial liabilities - not measured at fair value</b>										
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				

**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.

#### 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. 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.

# Notes to the Financial Statements

For the year ended 31 December 2024

		Amounts in Rs '000		
46.	SHARIAH COMPLIANCE STATUS DISCLOSURE	Note	2024	2023
Statement of financial position				
1	Short or long term financing as per Islamic mode		-	-
2	Accrued mark-up on a conventional loan	26	424,189	429,023
3	Short term investments that are shariah compliant		-	-
4	Bank balances that are Shariah compliant	19	67,336	65,350
Statement of comprehensive income				
5	Revenue earned from Shariah-compliant business segment	28	109,299,177	81,619,405
6	Profit earned from Shariah compliant TDRs	33	149,223	1,251,047
7	Exchange loss on actual currency	34	417,867	1,031,188
8	Break-up of Other income excluding profits in bank deposits and TDRs	33		
Shariah compliant Income				
	Scrap sales		47,061	18,295
	Indenting Commision		39,678	113,243
	Reversal of provision against receipts of sales tax refunds		13,255	-
	Gain on disposal of property, plant and equipment		-	122,081
	Rental income from tower on leasehold land		1,008	969
	Liabilities no longer payable written back		342	61,412
	Others		1,198	309
Non-compliant Income				
	Income on savings account - conventional		298,434	108,000
	Income on term deposit receipts - conventional		649,163	709,758
	Gain on lease modification		-	181,859

## 9 Relationship with Shariah-compliant financial institutions

### Islamic banks

The Company has facilities with Islamic Banks for running finance , letter of guarantees, letter of Credit and Ijarah lease for non- commercial vehicle amounting to Rs. 1,000 million , Rs. 1,000 million, Rs 4,500 million and Rs. 300 million respectively.

### Takaful operators

The company has no relationship with takaful operators.

		Note	Annual name plate capacity		Actual production /generation	
47.	CAPACITY AND PRODUCTION/ GENERATION		2024	2023	2024	2023
	Pure Terephthalic Acid - in metnic tonnes	41.1	506,750	506,750	424,771	327,829
	Electricity - in thousands of Kw	41.2	421,356	421,356	194,765	168,959
47.1	The actual production capacity utilization is 83% of available plant capacity, which is as per the requirements / demand of the Company's product.					
47.2	Actual generation of electricity is as per the requirements / demand of the Company.					

# Notes to the Financial Statements

For the year ended 31 December 2024

Amounts in Rs '000

## 48. NUMBER OF EMPLOYEES

2024

2023

Number of employees at 31 December

218

226

Average number of employees during the year

222

222

Employees working in the factory at 31 December

169

177

Average employees working in the factory during the year

174

173

## 49. GENERAL

49.1 Figures have been rounded-off to the nearest thousand rupees except as stated otherwise.

## 50. SUBSEQUENT EVENT

50.1 The Board of Directors in their meeting held on 13 February 2025 have proposed dividend of Rs. Nil per share (2023: Rs. 1 per share) amounting to Rs. Nil (2023: Rs. 1,541.21 million) subject to the approval of the members of the Company in the forthcoming annual general meeting.

## 51. DATE OF AUTHORISATION

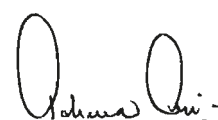
These financial statements were authorised for issue in the Board of Directors meeting held on 13 February 2025.



Jo Hyun Kwoun  
Chairman



Young Dae Kim  
Chief Executive



Ashiq Ali  
Chief Financial Officer

# Glossary / List of Abbreviations

AGM	Annual General Meeting
ATIR	Appellate Tribunal Inland Revenue
BCM	Business Continuity Manager
BCP	Business Continuity Planning
Board	Board of Directors
CDC	Central Depository Company of Pakistan
CE	Chief Executive
CFO	Chief Financial Officer
CIR	Commissioner Inland Revenue
The Company	Lotte Chemical Pakistan Limited
CSR	Corporate Social Responsibility
EFP	Employees' Federation of Pakistan
EPS	Earning Per Share
FBR	Federal Board of Revenue
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
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
SRB	Sindh Revenue Board
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 27th Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting (AGM) of Lotte Chemical Pakistan Limited ("the Company") will be held on Thursday, 17 April 2025 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 2024.
2. To appoint the Auditors of the Company for the year ending 31 December 2025 and to fix their remuneration.

26 March 2025  
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 Thursday, 10 April 2025 to Thursday, 17 April 2025 (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 9 April 2025, will be treated in time for the purpose of attending the AGM.
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](mailto: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](mailto: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](http://www.lottechem.pk)

CDC 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 27th 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 2024.** 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 2024 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 2024 of the Company can be accessed through the following web link and QR enabled code.



<https://www.lottechem.pk/financial-documents/>

5. **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.

## بورڈ کا جائزہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز کے تحت مطلوب، بورڈ کے اپنے جائزے، بورڈ ممبران اور Lotte کیمیکل پاکستان لمیٹڈ کی کمیٹیوں کا جائزہ برائے سال ختم شدہ 31 دسمبر 2024 کے لیے مکمل کر لیا گیا ہے۔

آن لائن جائزے کا انتظام بیرونی آزاد ادارے، THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کی جانب سے انجام دیا گیا۔

## انٹرنل 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 Taseer Hadi & Co. 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 کیا، سوائے جناب سنگ سوبے اور جناب کیونگ ہوئی یو دونوں کے لیے ایک ایک شیئر منتقل کیا گیا۔

## اہم انتظامی و مالیاتی ڈیٹا

انتظام اور مالیات کی تفصیل سے متعلق کمپنی کی گزشتہ 6 سال پر مبنی اہم معلومات سالانہ رپورٹ کے صفحہ نمبر 68 پر درج کی گئی ہے۔

## ریٹائرمنٹ فوائد میں سرمایہ کاری

ملازمین کے ریٹائرمنٹ فنڈ سے متعلق سرمایہ کاریوں کے آڈٹ شدہ مالیاتی گوشوارے 31 دسمبر 2023 کو ختم شدہ سال کی تفصیل درج ذیل ہے

(قدر '000 روپے)	
656,692	Lotte کیمیکل پاکستان مینجمنٹ اسٹاف پراویڈنٹ فنڈ
400,980	Lotte کیمیکل پاکستان مینجمنٹ اسٹاف گریجویٹ فنڈ
535,958	Lotte کیمیکل پاکستان مینجمنٹ اسٹاف ڈیفائنڈ کسٹری بوشن سپرائیویشن فنڈ
6,908	Lotte کیمیکل پاکستان نان مینجمنٹ اسٹاف پراویڈنٹ فنڈ
4,970	Lotte کیمیکل پاکستان نان مینجمنٹ اسٹاف گریجویٹ فنڈ

## متعلقہ واقعات

کمپنی کے مالی سال کے اختتام یعنی 31 دسمبر 2024 اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں۔

## بیرونی آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز A. F. Ferguson & Co.، چارٹرڈ اکاؤنٹنٹس کمپنی کے آڈیٹرز کے طور پر ریٹائرڈ ہوئے ہیں اور اہلیت کی بنیاد پر خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔ بورڈ نے آڈٹ کمیٹی کی سفارش پر میسرز A. F. Ferguson & Co.، چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2025 پر ختم ہونے والے مالی سال کے لیے تقرری کی توثیق کی ہے جس کی آئندہ سالانہ اجلاس عام میں شیئرز ہولڈرز سے منظوری لی جائے گی۔

## اظہار تشکر

ہم اپنے شیئرز ہولڈرز، کسٹمرز، سپلائرز اور ملازمین کے مستقل تعاون اور اعتماد پر اظہار تشکر کے طور پر شکریہ ادا کرتے ہیں۔



یگ ڈے کم  
چیف ایگزیکٹو



جو ہون کو اؤن

چیئرمین

تاریخ: 13 فروری 2025  
کراچی

## بورڈ کی تبدیلیاں

جناب سنگ سوبے، جناب ال کیو کم اور جناب کیونگ ہوئی یونے 3 فروری 2025 سے استعفی دے دیا اور جناب جوہیون کو اؤن، جناب سیونگ جن پارک اور جناب چیو لوسوم کو اسی دن سے ڈائریکٹر مقرر کیا گیا تاکہ خالی شدہ اسامیوں کو پُر کیا جاسکے ان کی میعاد 22 جون 2026 کو ختم ہوگی۔

اس کے بعد جناب جوہیون کو اؤن کو فوری طور پر سبکدوش ہونے والے ڈائریکٹر جناب سانگ سوبے کی جگہ بورڈ کا چیئر مین مقرر کیا گیا۔

بورڈ سبکدوش ہونے والے ڈائریکٹر، جناب سنگ سوبے، جناب کیونگ ہوئی یو اور جناب ال کیو کم کی گرانفدر خد متوں کو سہا ہے اور کمپنی کے نئے ڈائریکٹر جناب جوہیون کو اؤن، جناب سیونگ جن پارک اور جناب چیو لوسوم کو خوش آمدید کہتا ہے۔

## بورڈ کی تشکیل

ڈائریکٹر کی کل تعداد اور بورڈ کی تشکیل درج ذیل ہے:

ڈائریکٹر کی کل تعداد	
مرد	7
خواتین	1
	8

بورڈ کی تشکیل	
آزاد ڈائریکٹر	2
نان ایگزیکٹو ڈائریکٹر	4
ایگزیکٹو ڈائریکٹر	1
خاتون ڈائریکٹر	1

## بورڈ کی کمیٹیاں

بورڈ کمیٹیوں کے ممبرز کے نام درج ذیل ہیں

آڈٹ کمیٹی	
جناب راشد ابراہیم	چیئر مین
جناب سیونگ جن پارک	ممبر
جناب خرم رشید	ممبر

## ایچ آر اینڈ ریویژن کمیٹی

جناب راشد ابراہیم	چیئر مین
جناب جوہیون کو اؤن	ممبر
جناب ینگ ڈے کم	ممبر

دسمبر 2024 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 ڈائریکٹر کے اجلاس	آڈٹ کمیٹی کے اجلاس	ایچ آر اینڈ ریویژن کمیٹی کے اجلاس
جناب سنگ سوبے (14 فروری 2024 کو مقرر ہوئے)	4	-	1
جناب ینگ ڈے کم	4	-	1
جناب ال کیو کم	2	2	-
محترمہ جے سن پارک	4	-	-
جناب کیونگ ہوئی یو (14 فروری 2024 کو مقرر ہوئے)	4	-	-
جناب شبیر دیوان	4	-	-
جناب راشد ابراہیم	4	4	1
جناب خرم رشید	4	4	-
جناب سانگ ہیون لی (14 فروری 2024 کو مستفی ہوئے)	-	-	-
جناب طارق نذیر ورک (14 فروری 2024 کو مستفی ہوئے)	-	-	-

ان ممبران کی غیر حاضری کی درخواست منظوری کی گئی جو بورڈ میٹنگ میں شرکت نہ کر سکے۔

دوران سال بورڈ آف ڈائریکٹر کی چار، آڈٹ کمیٹی کی چار، ایچ آر اینڈ ریویژن کمیٹی کی ایک میٹنگ منعقد ہوئی۔ تمام بورڈ میٹنگز پاکستان میں منعقد کی گئیں۔

## ڈائریکٹر کا معاوضہ

ڈائریکٹر کے بورڈ نے نان ایگزیکٹو ڈائریکٹر (بڑے شیئر ہولڈر کی نامزدگیوں کے علاوہ) کا معاوضہ بورڈ اجلاسوں، اس کی کمیٹیوں اور اجلاس عام میں حاضری کے حوالے سے منظور کیا ہے۔ پالیسی میں کمپنی بورڈ کے اجلاسوں اور کمیٹیوں میں شرکت پر ہونے والے مناسب اخراجات ادا کرنے کی سہولت بھی دی گئی ہے۔

چیف ایگزیکٹو اور ڈائریکٹر کے معاوضے کی تفصیلات پر مبنی اسٹیٹمنٹ مالیاتی گوشواروں کے نوٹ نمبر 39 پر ملاحظہ کریں۔

LCPL روزگار کے مساوی مواقع کی حوصلہ افزائی کرتا ہے۔ آپ کی کمپنی 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۔ 2024 کے دوران، کارکردگی اور احساس ذمہ داری کو بڑھانے کے لیے IHR اسٹینڈرڈز کی تعمیل پر توجہ رہی جس سے ہمارے صارفین کے لیے خدمات کو بہتر بنایا گیا اور ہماری انتظامیہ کو متعلق کیا گیا۔

ہیومن ریسورسز کی کارکردگی اور بہتری سے متعلق تفصیلی رپورٹ برائے سال 2024 کے لیے سالانہ رپورٹ کا صفحہ نمبر 60 ملاحظہ کریں۔

## تنوع، مساوات اور شمولیت (DE&I)

تنوع، مساوات، اور شمولیت ہمارے کارپوریٹ فلسفے کے لیے لازم و ملزوم ہیں۔ LCPL اپنی تمام شکلوں میں تنوع اور شمولیت کو قدر کی نگاہ سے دیکھتا ہے۔ آپ کی کمپنی کا خیال ہے صنف، نسل، عقائد، مہارت، اور زندگی کے تجربات کیونکہ کہ متنوع افرادی قوت جدت اور ترقی کا ذریعہ بنتی ہے۔ وسیع تناظر اور تجربات کو اپناتے ہوئے، آپ کی کمپنی کارپوریٹ سماجی ذمہ داری (CSR) کے اقدامات کو مضبوط بنانے کے ساتھ ساتھ صارفین، سپلائرز اور کمیونٹی کی ضروریات کے بارے میں گہری نظر رکھتی ہے۔

آپ کی کمپنی کا خاص فوکس ادارے میں صنفی توازن حاصل کرنا ہے، خاص طور پر پیٹر و کیمیکل صنعت میں، جہاں خواتین کی تاریخی طور پر کم نمائندگی کی گئی ہے۔ آپ کی کمپنی ایک جامع اور معاون ماحول بنانے کے لیے کوشاں ہے جو خواتین کو LCPL افرادی قوت میں شامل ہونے اور ترقی کی منازل طے کرنے کی ترغیب دیتی ہے۔

آپ کی کمپنی کی بھرتی کا عمل منصفانہ اور غیر جانبدارانہ ہونے کے لیے ڈیزائن کیا گیا ہے، جس کا مقصد تخلیقی مفکرین اور اختراع کاروں کو اپنی طرف متوجہ کرنا ہے جو نئے خیالات اور غیر روایتی نقطہ نظر لاتے ہیں۔ آپ کی کمپنی ایسے افراد کی تلاش کرتی ہے جو موافقت پذیر ہوں، ملٹی ٹالسٹک میں ماہر ہوں، اور مسلسل بہتری کے لیے پرجوش ہوں۔ یہ خصوصیات کمپنی کی کامیابی کے لیے بنیادی ہیں اور کاروبار کو آگے بڑھانے کے لیے ضروری ہیں۔

تنوع اور مساوی مواقع کو فروغ دینے کے لیے، آپ کی کمپنی اسٹریٹجک افرادی قوت کی منصوبہ بندی کو نافذ کرتی ہے اور ایسے پروگرام اور پالیسیاں تیار کرتی ہے جو شمولیت کی حوصلہ افزائی کرتی ہیں۔ آپ کی کمپنی کو عزت، رواداری اور تعاون پر مبنی کام کی جگہ کی ثقافت پروان چڑھانے پر فخر ہے، اس بات کو یقینی بناتے ہیں کہ ہر ملازم قابل قدر اور باختیار محسوس کرے۔

## کاروباری سماجی بہبود (CSR) کے اقدامات

کاروباری طور پر سماجی ادارے کی حیثیت میں، آپ کی کمپنی ان کمیونٹی کی فلاح و بہبود اور ترقی کے لیے پرعزم ہے۔ آپ کی کمپنی نے صحت اور تعلیم کو بنیادی ضرورت کے طور پر تسلیم کیا ہے اور فلاحی تنظیموں اور کمیونٹی کے اقدامات کے ساتھ شراکت داری کے ذریعے فعال طور پر کام کر رہی ہے۔

CSR کی کوششوں کو بہتر طریقے سے انجام دینے اور بڑھانے کے لیے، آپ کی کمپنی نے Lotte پاکستان فاؤنڈیشن (LPF) قائم کی ہے۔ یہ فاؤنڈیشن متاثر کن منصوبوں کو چلانے کے لیے ایک پلیٹ فارم کے طور پر کام کرتی ہے جو مقامی کمیونٹی کی فلاح و بہبود اور سماجی ترقی میں اپنا کردار ادا کرتا ہے۔

کاروباری سماجی بہبود (CSR) کے اقدامات سے متعلق تفصیلی رپورٹ برائے سال 2024 کے لیے سالانہ رپورٹ کا صفحہ نمبر 65 ملاحظہ کریں۔

## کارپوریٹ گورننس

ڈائریکٹر ز 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 فلو ز 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۔
- انٹرئل 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۔

## رиск مینجمنٹ

آڈٹ کمیٹی کی طرف سے کمپنی کے ریسک مینجمنٹ انتظام کی نگرانی اور ریسک مینجمنٹ فریم ورک کی فعالیت کا جائزہ لیا جاتا ہے۔ بورڈ خطرات کے انتظام اور انٹرئل کنٹرول کے ضوابط کا مکمل ذمہ دار ہے۔ کمپنی کے درج شدہ اور مستقل بنیادوں پر زیر جائزہ رہنے 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۔

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 33 پر ملاحظہ کریں۔

## مالیاتی کارکردگی

(روپے لین میں)	ختم شدہ سال 31 دسمبر	
	2023	2024
آمدنی	81,619	109,299
مجموعی منافع	10,245	5,186
منافع قبل از ٹیکس	9,507	4,323
ٹیکسیشن	(4,429)	(1,681)
منافع بعد از ٹیکس	5,078	2,643
ہر ایک شیئر پر منافع (روپے میں)	3.35	1.75

اس سال کے لیے 109,299 ملین روپے آمدنی پچھلے سال کے 81,619 ملین روپے کے مقابلے میں 34 فیصد زیادہ ہے جس کی بنیادی وجہ فروخت کی زیادہ مقدار رہی۔ تاہم، گیس کی قیمتوں میں نمایاں اضافے کی وجہ سے سال کے لیے مجموعی منافع گزشتہ سال کے مقابلے میں 49 فیصد کم رہا۔ مہنگائی کے مجموعی اثرات کی وجہ سے ڈسٹری بیوشن اور سیلز کے اخراجات 21 فیصد ہو گئے جبکہ انتظامی اور عمومی اخراجات گزشتہ سال کے مقابلے میں 18 فیصد زیادہ تھے۔

دیگر آپریٹنگ اخراجات پچھلے سال کے مقابلے میں کم رہے کیونکہ کم منافع کی وجہ سے ورکرز پرافٹ پارٹنیشن اور ورکرز ویلفیئر فنڈز کے لیے کم پروویژن رکھے گئے۔ بینک ڈپازٹس پر کم آمدنی کی وجہ سے سال کے لیے دیگر آمدنی گزشتہ سال کے مقابلے میں کم تھی۔ سال کے لیے ٹیکسیشن چارج انکم ٹیکس کی شرح، فائنل ٹیکس ریجیم (FTR) کے تحت ٹیکس اور موخر ٹیکس اکاؤنٹ میں تحریک کے ذریعے ایڈجسٹ کردہ سپر ٹیکس پر مبنی ہے۔

سال کے لیے فی شیئر آمدنی (EPS) 1.75 روپے فی شیئر رہی جو پچھلے سال 3.35 روپے فی شیئر تھی۔

## ڈیویڈنڈ

اس سال کے دوران، بورڈ آف ڈائریکٹرز کا 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے منظور کردہ 0.50 روپے فی عمومی شیئر (5%) پر عبوری ڈیویڈنڈ کمپنی کے شیئر ہولڈرز کو ادا کیا گیا۔

## Sustainability

کیمیکل پاکستان لمیٹڈ کی فیصلہ سازی کی بنیاد ہیں۔ ہم ریگولیٹری اور ماحولیاتی چیلنجز کو پائیدار آپریشنز کے لیے اہم خطرات کے طور پر درج بندی کرتے ہیں۔ تاہم، کمپنی پائیدار اور جدید سلسلوں کی مسلسل بڑھتی ہوئی طلب سے فائدہ اٹھانے کے لیے اچھی پوزیشن میں ہے۔

ایگزیکٹو مینجمنٹ ٹیم کے ذریعے بورڈ آف ڈائریکٹرز ماحولیاتی پائیداری کو لاحق ممکنہ خطرات کا اندازہ لگا کر، دستاویزی پالیسیوں اور طریقہ کار کے ذریعے ان کو کم کر کے اندرونی اور بیرونی ماحول کی نگرانی کے لیے پر عزم ہے۔ انتظامیہ کمیونٹی اور ملازمین کی شمولیت، لاگت کی بہتری، عملی برتری اور وسائل کے تحفظ کے ذریعے ایک پائیدار ماحول پیش کرتی ہے۔

کمپنی ماحولیاتی تحفظ کے لیے پر عزم ہے اور اس لیے توانائی، پانی، اور وسائل کے تحفظ اور فضلہ میں کمی کے اقدامات کو دلچسپی سے جاری رکھا ہے۔ ہم نے حیاتیاتی تنوع، کمیونٹی کی بہتری اور اخراج کے انتظام کے امور پر بھی سرمایہ کاری کی ہے۔

ہم اس بات کو یقینی بنانے کے لیے پر عزم ہیں کہ ہمارے آپریشنز ماحول دوست رہیں۔ اپنے کاربن فوٹ پرنٹ کو کم کرنے میں بھرپور دلچسپی لیتے ہوئے، اپنے نظریہ کے مطابق، ہم ایک جدید ترین ڈیپ شافٹ ٹیکنالوجی ایٹمو سٹریٹجی پلانٹ (ETP) اور اینرو ویکری ایکیٹر کو برقرار رکھتے ہیں تاکہ مائع کے اخراج کے انتظام اور اپنے فضلے کے انتظام کو بہتر بنایا جاسکے۔ ایک ISO 14001 سرٹیفائیڈ ادارے کے طور پر، طویل مدتی اقتصادی استحکام کا انحصار ماحولیاتی استحکام پر ہے، اس لیے ہماری توجہ فضلے کو کم کرنے پر مرکوز ہے۔

پائیداری سے متعلق اقدامات پر ایک رپورٹ سالانہ رپورٹ کے صفحہ 51 پر دستیاب ہے۔

## صحت، حفاظت اور ماحولیات (HSE)

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 2024 تک 72 ملین مین آؤرز مکمل کر کے ایک اہم سنگ میل حاصل کر لیا ہے، اس میں ہمارے ملازمین اور کنٹریکٹرز کا ورک فورس کسی قابل ذکر واقعے یا زخمی ہونے سے محفوظ رہا۔ آپ کی کمپنی اپنے ملازمین کی تربیت اور مہارت کے 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۔

اس سال کے دوران، قوانین اور معیارات کی تعمیل کی تصدیق کے لیے، اندرونی اور بیرونی دونوں آڈٹ کیے گئے تھے۔ ان آڈٹس میں کسی بڑے خدشات کی اطلاع نہیں دی گئی۔ اس کے علاوہ، کمپنی سے نکلنے والا مائع پانی ماحولیاتی معیار کے نیشنل اسٹینڈرڈز پر پورا اترتا ہے اور گیسوں کا اخراج بھی ریگولیٹری حدود کے اندر رہا۔

2024 میں HSE کی کارکردگی اور ترقی پر ایک تفصیلی رپورٹ سالانہ رپورٹ کے صفحہ 56 پر دستیاب ہے۔

## ہیومن ریسورسز

Lotte کیمیکل پاکستان ملازمین کی مصروفیت اور شمولیت کے کلچر کو فروغ دینے اور برقرار رکھنے کے بارے میں پر عزم ہے جہاں کام کا معنی ہو، ملازمین کی قدر کی جاتی ہو اور لوگوں کی حوصلہ افزائی کی جاتی ہو۔ مستقبل کے پیش نظر کمپنی اس بات کو سمجھتی ہے کہ کمپنی کی مارکیٹ پوزیشن کو برقرار رکھنے کے لیے، تمام امور میں ٹیلنٹ کو اپنی طرف متوجہ کرنا، برقرار رکھنا اور ترقی دینا ایک اہم اور لازمی عمل ہے۔



سال کے دوران سبز کا حجم 453,499 ٹن رہا جو گزشتہ سال کے مقابلے میں 46% زیادہ ہے لیکن مقامی طلب میں کمی کی وجہ سے معمول سے کم تھا۔ سال کے دوران Oman کے لیے 3,024 ٹن کی برآمدات کی گئیں۔

کمپنی نے اپنی پیداواری صلاحیت میں سرمایہ کاری جاری رکھی، جس کا مقصد مسلسل قابل اعتماد آپریشنز کو برقرار رکھنا اور پلانٹ کی کارکردگی کو بہتر بنانا ہے۔

### مستقبل کا جائزہ

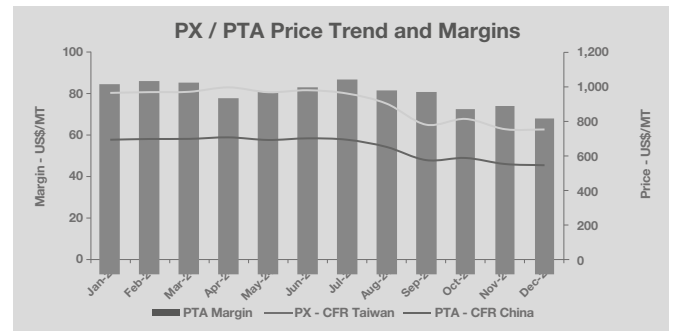
خام تیل (WTI) کی زائد قیمتوں سے قطع نظر، 2025 میں، OPEC+ کی پیداوار میں کمی کو بتدریج واپس لانے کے منصوبے، تیل کے حامی موقف کے ساتھ نئے آنے والے امریکی صدر کے موقف اور ساتھ ہی مشرق وسطیٰ میں جنگ بندی کے معاہدے کے نتیجے میں قیمتوں میں کمی آنے کی توقع ہے۔ China میں تیل کی طلب 2025 میں عروج پر ہونے کی توقع ہے جو کہ اقتصادی بحالی اور طلب کی بحالی کا اشارہ ہے، جس سے تیل کی قیمتوں میں مدد ملتی ہے۔ جبکہ، یورپ کے تیل پیدا کرنے والے علاقوں میں جاری کشیدگی سے مارکیٹ کا رجحان اسی طرح رہنے کی توقع ہے اور تیل کی قیمتوں میں کمی بھی نمایاں کمی کو دور کرنے کے لیے سپلائی میں خلل کے خدشات برقرار رکھتے ہیں۔

2025 میں پیرازائلین (PX) مارکیٹ دباؤ میں رہنے کی توقع ہے کیونکہ سال میں خام تیل کی قیمتوں سے ہی مارکیٹ صورتحال رہتی ہے۔ تاہم، سال کے دوران نئی PX سہولیات کی عدم موجودگی قیمتوں پر دباؤ کو کم کرنے میں مدد کر سکتی ہے۔ مزید برآں، خطے میں تقریباً 10 ملین میٹرک ٹن کی نئی PTA صلاحیتوں کی توقع ہے اس سے قیمتوں کو سہارا ملے گا۔ ان مثبت رجحانات کے باوجود، چین میں مہنگائی کے دباؤ اور عالمی پیٹر و کیمیکل تجارتی محرکات کو متاثر کرنے والی امریکی پالیسی کی تبدیلیوں کے درمیان مارکیٹ کی سوچ ممکنہ طور پر محتاط رہے گی۔ 2025 میں پی ٹی اے کی قیمتیں اپ سٹریم PX اور توانائی کی منڈیوں کے مطابق رہنے کی توقع کی جارہی ہے، تاہم، پروڈکشن میں توسیع کی وجہ سے زیادہ سپلائی کے خدشات سے دباؤ رہ سکتا ہے۔ صارفین کی طلب میں ممکنہ سست روی سپلائی میں مزید اضافہ اور مارجن پر دباؤ ڈال سکتی ہے اور خطے میں منافع کی شرح کو متاثر کر سکتی ہے۔ مزید برآں، سیزنل طلب کی وجہ سے ڈاؤن اسٹریم پولیسٹر انڈسٹری کی طرف سے فوری اور محدود مدد کر سکتی ہے کیونکہ پوری چین میں زائد انوینٹری کے انتظام کے لیے جدوجہد جاری ہے۔

مہنگائی میں کمی اور اسٹیٹ بینک آف پاکستان کی جانب سے قرض لینے کے اخراجات میں کمی کی وجہ سے آنے والے سال میں گھریلو پولیسٹر آپریشنز کی بحالی کا امکان ہے۔ نتیجے میں، بزنسز اقتصادی بحالی کے بارے میں پر امید ہیں۔ مزید برآں، بجلی کی قیمت کو کم کرنے کے حکومتی اقدامات، سستی درآمدات پر قابو پانے کے لیے سخت اقدامات کے نفاذ کے ساتھ، توقع کی جاتی ہے کہ ملکی آپریشنز میں مزید اضافہ ہو گا۔

بھی اہم اضافہ کی توقع نہ رہی۔ سال کی دوسری ششماہی میں، PTA کی قیمتیں نیچے کی طرف آنے لگیں کیونکہ سیزنل مانگ کم ہو گئی تھی۔ مسلسل زائد پیداوار کے ساتھ مل کر پوری چین میں انوینٹری کی زیادہ سطح نے مارکیٹ کو سست کر دیا۔ China میں گولڈن ویک کی تعطیلات کے دوران کم کھپت اور سال کے آخر میں کاروباری رجحان کی صورت حال نے PTA انوینٹریز میں مزید اضافہ کیا جس سے پہلے سے ہی کمزور PTA-PX مارجن پر مزید دباؤ آیا۔

خطے میں سال کے لیے PTA کی اوسط آپریٹنگ شرح 71% رہی جو سال کے اعتبار سے 2% اضافہ کی عکاسی ہے۔ اس سال کے لیے پی ٹی اے کی اوسط قیمت 721.27 ڈالر فی میٹرک ٹن تھی جبکہ اس سال کے لیے PX پر اوسط PTA مارجن 85 ڈالر فی ٹن رہا جو پچھلے سال 96 ڈالر فی ٹن تھا۔



### مقامی ڈاؤن اسٹریم انڈسٹری

2024 میں، مقامی پولیسٹر انڈسٹری نے ترقی کے مواقع اور مستقل چیلنجز کا سامنا کیا۔ سال کی پہلی ششماہی میں مسلسل بہتری دیکھی گئی، کیونکہ عام انتخابات کے آس پاس کی امید، ایک مستحکم کرنسی اور ماہ رمضان سے قبل بڑھتی ہوئی طلب سے فائدہ پہنچا۔ ٹیکسٹائل اور PET صنعتوں میں سیزنل مانگ میں اضافے نے پروڈیوسرز کو پیداوار کی زیادہ سطح کو برقرار رکھنے کے قابل بنایا۔ سال کی دوسری ششماہی میں جب پیک سیزن میں طلب میں کمی آئی، انڈسٹری کو بجلی کی زائد قیمت، سستی درآمدات کی آمد اور بڑھتی ہوئی مہنگائی جیسے چیلنجز کا سامنا کرنا پڑا، جس نے صارفین کی خرچ کرنے کی طاقت کو کمزور کیا۔ مزید برآں، بین الاقوامی برانڈز کے مسلسل بائیکاٹ اور پوری چین میں سستی درآمدات کے بڑھتے ہوئے رجحان کے نتیجے میں PTA کی معمول کی طلب بھی شدید متاثر ہے۔ ناقص ڈاؤن اسٹریم سائز کے نتیجے میں ویلو چین میں انوینٹریز کا اضافہ ہوا جس کا انتظام آپریشنز کی سمجھ بوجھ سے کیا گیا، جبکہ سال 2024 کے لیے اوسط آپریٹنگ ریٹ 69% رہا جو پچھلے سال کے 75% تھا۔

### آپریشنز

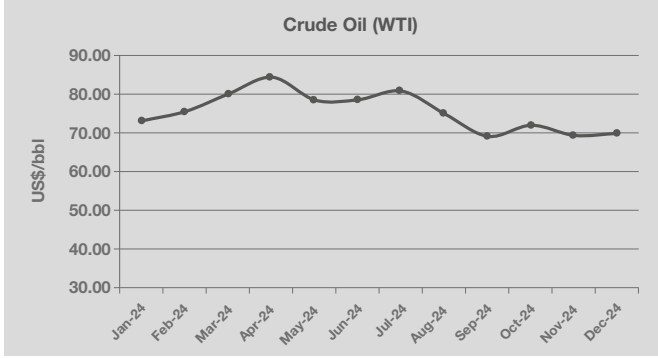
سال کے دوران پیداوار کا حجم 424,771 ٹن رہا جو گزشتہ سال کے مقابلے میں 30 فیصد زیادہ ہے۔ تاہم، پروڈکشن اصل گنجائش سے 16% کم تھی کیونکہ کمپنی کو 15 سے 24 جنوری 2024 اور 16 نومبر سے 22 دسمبر 2024 تک انوینٹریز کا موثر طریقے سے انتظام کرنے کے لیے پلانٹ آپریشن بند کرنا پڑا، جب کہ پلانٹ کی اوور ہالنگ کامیابی سے مکمل کی گئی۔

ڈائریکٹر زکا 31 دسمبر 2024 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

### کروڈ آئل

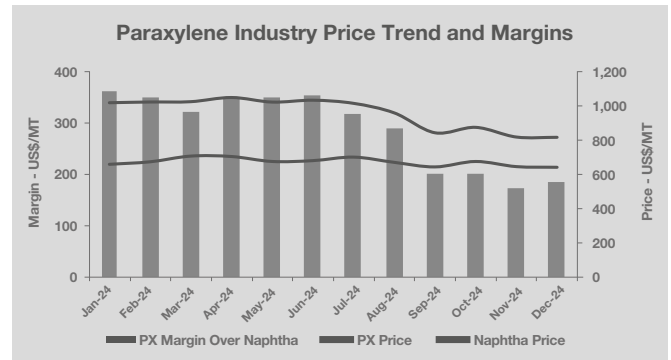
کروڈ آئل (WTI) کی قیمتوں میں 2024 کے دوران اتار چڑھاؤ رہا، بنیادی طور پر مختلف جغرافیائی سیاسی مسائل، OPEC+ کی پیداوار میں توسیع اور China کی نئے قمری سال کے بعد کی بحالی کی وجہ سے سال کی پہلی ششماہی میں تیزی کار رجحان رہا جس نے عالمی طلب کو کرنا سے پہلے کی سطح سے برابر کیا۔ مزید برآں، کاروباری عروج کے سبب شمالی کرہ ارض سے بڑھتی ہوئی طلب، China کی مالیاتی کوششوں کے ساتھ امریکی فیڈرل ریزرو کی جانب سے شرح سود میں ممکنہ کمی سے پیدا ہونے والے مثبت رجحان نے قیمتوں میں اضافے کی نوید سنائی۔ دوسری ششماہی میں، کروڈ آئل مارکیٹس کو امریکہ سے آنے والے ناقص معاشی اعداد و شمار اور China محدود مانیٹری مثبت اثرات کی وجہ سے پریشانیوں کا سامنا کرنا پڑا جس نے تیل کی قیمتوں کو نیچے رکھا۔ مزید برآں، خطے میں EVs کی بڑھتی ہوئی رسائی، امریکہ میں مسلسل ذخیرہ اندوزی اور مشرق وسطیٰ میں ممکنہ جنگ بندی کی اطلاعات کے ساتھ، زیادہ سپلائی شدہ مارکیٹ کے بارے میں خدشات بڑھ گئے، نتیجے میں تیل کی عالمی قیمتوں پر اضافی دباؤ پڑا۔ قیمتوں کو بڑھانے والے مختلف عناصر کے باوجود، مسلسل جغرافیائی سیاسی چیلنجز اور سردیوں میں فیول کی بڑھتی ہوئی طلب نے قیمتوں میں کمی کے رجحان کو محدود کرنے کے لیے ایک حد تک فائدہ پہنچایا۔ سال کے اختتام تک کروڈ آئل کی قیمت اوسطاً 75.65 امریکی ڈالر فی بیرل رہی جو پچھلے سال کے مقابلے میں 2.67 فیصد کم ہے۔



آئل مارکیٹ سے حمایت نہ ملنے اور رسد اور طلب کے محدود ہونے کی وجہ سے PX مارکیٹ کی تیزی دباؤ میں رہی، نتیجے میں PX-Naptha اسپریڈ زبری طرح متاثر ہوئے۔ 2024 میں پیرازاٹک لین کی اوسط قیمت 963.50 امریکی ڈالر فی میٹرک ٹن پر برقرار تھی، جو پچھلے سال کے مقابلے میں 7.23% کم ہے، جبکہ سال کے لیے Naptha کا اوسط منافع 1289 امریکی ڈالر فی ٹن تھا جو کہ 2023 میں 389 امریکی ڈالر فی ٹن تھا۔

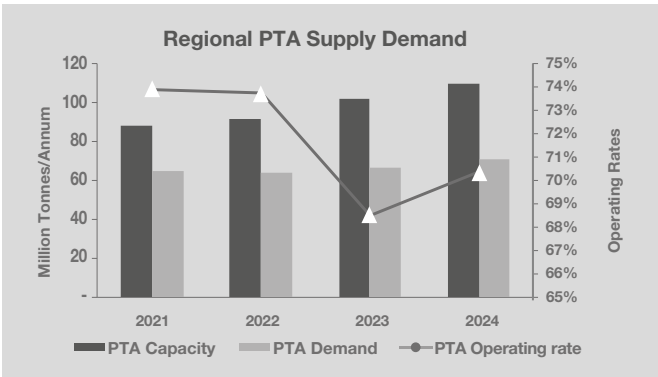
### PTA انڈسٹری

PTA کی قیمتیں 2024 کے دوران اپ اسٹریم PX قیمتوں کے برابر رہیں۔ تاہم PTA مارکیٹ کی ضرورت سے زیادہ سپلائی کی وجہ سے قیمتیں سست رہیں اور ڈاؤن اسٹریم کی کم مانگ نے سال کے دوران PX-PTA مارجن پر دباؤ بڑھایا۔ سال کی پہلی ششماہی میں، PTA کے پروڈیوسرز کی جانب سے آپریشنز کے ذریعے نظم و ضبط کے ساتھ پیداوار کا انتخاب کرنے کے باوجود، PTA مارکیٹ میں زیادہ انویسٹری دیکھی گئی۔ China میں تقریباً 4.5 ملین میٹرک ٹن کی صلاحیت میں اضافہ دیکھا گیا جس نے نئی PET سہولیات سے شروع ہونے والی ڈاؤن اسٹریم طلب کو پورا کرنے میں مدد کی، تاہم کم اقتصادی سرگرمیوں کی وجہ سے مجموعی کھپت میں کمی نے دباؤ جاری رکھا، جس سے قیمتوں میں کمی



### پیرازاٹک لین (PX) انڈسٹری

پیرازاٹک لین (PX) مارکیٹ نے 2024 کی پہلی ششماہی کے دوران تیزی کار رجحان رہا اور صورتحال اپ اسٹریم انرجی مارکیٹس کے مطابق رہی۔ قیمتوں کو نئے قمری سال سے پہلے کی مضبوط مانگ کے ساتھ ساتھ اہم خطوں میں پروڈکشن کی منصوبہ بندی اور غیر منصوبہ بندش سے بھی مدد ملی۔ موسم گرما کے پیک سیزن کی تیاریوں سے ڈاؤن اسٹریم PTA سیلکٹر کی مضبوط مانگ نے قیمتوں کو اوپر رکھا۔ تاہم، سال کے وسط تک، زیادہ آپریٹنگ ریٹ اور PX کے پٹرول پول میں متوقع تبدیلی نے مارکیٹ کے بنیادی اصولوں کو متاثر کر دیا کیونکہ ضرورت سے زیادہ سپلائی کا دباؤ سامنے آیا۔ اپ اسٹریم کروڈ





# پراکسی فارم

## 27 واں 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 27 ویں سالانہ اجلاس عام جو کہ 17 اپریل 2025 بروز جمعرات منعقد ہو رہا ہے میں اور اس کے کسی ملوثی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

میں / ہم بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ کو اپنے دستخط / مہر 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 ریونیو مہر پر دستخط

فولیو / CDC اکاؤنٹ نمبر:

یہ دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخط کے مطابق ہونے چاہئیں۔

اہم نکات:

1. بضابطہ 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 انسٹرکشنز داخل کرائے، تو وہ سب غیر مؤثر تصور کئے جائیں گے۔

برائے CDC اکاؤنٹ ہولڈرز / کارپوریٹ ادارے:

درج بالا کے علاوہ درج ذیل تقاضے بھی لازمی ہیں:-

- پراکسی فارم دو افراد کی جانب سے گواہی کے ہمراہ ہونا چاہئے جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج ہوں۔
- بینیفیشل مالکان اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ پیش کرنا ہوں گی۔
- پراکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔
- کارپوریٹ 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

## 27th 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 my absence to attend and vote for me / us and on my / our behalf at the 27th Annual General  
Meeting of the Company to be held on Thursday, 17 April 2025 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](http://www.lottechem.pk)

**City Office**

Al-Tijarah Centre, 14th Floor, 32/1-A,  
Main Shahr-e-Faisal,  
Block 6, P.E.C.H.S.,  
Karachi-75400, Pakistan  
UAN: +92 (0) 21 111 568 782