# ENABLING THE FUTURE

ANNUAL REPORT 2021

LOYALTY CARDS
ease
resources
accessibility
ease
SUCCESSION PLANNING
care
QUALITY PRODUCTS
trustworthy
delivery
DEALERSHIP
valued employee
3500 retail outlets
Enhan
Custo
Exper
environmental
preservation
solutions
Stand
Oil terminal
energy
renewable development
building momentum
MARKET LEADERSHIP
evol
partnership
Developing
sustainable de
community building
Clea
evolving
research
marketing
SUPERIOR
FACILITIES
vision
High quality Fuel F
Teamw
reliability
Innovation
Convenience
Business
Digita
Enhancing Customer Ex
Industrial
development
care
fellowship
INCLUSIVE LEADERS
Succession planni
SOCIAL CONTRIBUTION
growth
building value
People E

# ENABLING THE FUTURE

As the world continues to change at a rapid pace, as does Pakistan, we need to stay ahead and constantly innovate. PSO does this by focusing on our future customer needs and the value we can add to their lives. Cleaner fuels, automation, digitization are all efforts in that direction. We also realize that this cannot happen without reinventing ourselves from within. PSO is evolving its structure, developing its people and empowering them to break barriers. What inspires all of this is PSO's commitment to a greater, cleaner and greener Pakistan of tomorrow.

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# ABOUT

# THE REPORT

The Annual Report 2021 covers the period from July 1, 2020 to June 30, 2021 and subsequent events till its issuance.

## Contents and Scope

The report provides the company's stakeholders a comprehensive review of PSO's performance, detailing in particular how PSO has created value over the period under review. In the current global environment, it is more pertinent than ever to appreciate that the performance of the company cannot be seen in isolation, but rather it must be considered in light of the external environment. And even though the external backdrop was challenging for the entire industry, PSO further strengthened itself achieving historic and record performance in multiple arenas.

This report also addresses PSO's approach to sustainability, while highlighting links between the external and internal environment, company strategy, business model, integrated risk management and the corporate governance system at PSO. The financial statements comply with International Financial Reporting Standards (IFRS) as notified under the Companies Act 2017 and provisions of and directives issued under this Act.

PSO continues to utilize the integrated reporting approach, as it has since 2016. The integrated reporting model builds a thorough understanding about the company, its business lines, integrated value created, business strategies, opportunities and risks, business model, governance and performance against strategic objectives, while presenting the company's prospects in a clear, concise and integrated manner.

The report also highlights the evolution of PSO's Vision, Mission and Values, placing a larger focus on health and safety of the organization's members as well as its customers. PSO is proud to operate with reduced negative impact on the environment, owing to its focus on creating a better world for our future generations. Moreover, PSO has provided support to the nation in combatting COVID-19, as well as undertaking other community building projects with PSO's CSR Trust. This report applies principles and concepts that are focused on bringing greater cohesion and efficiency to the reporting process to help improve the quality of information.

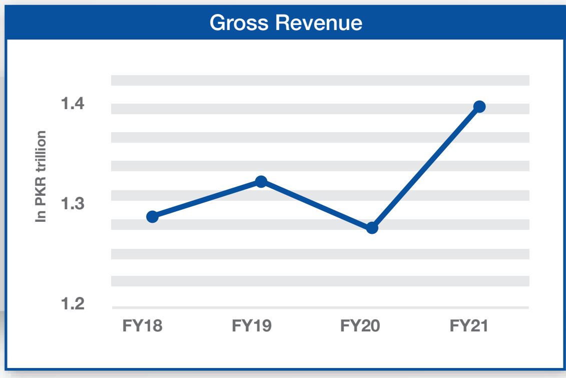
There have not been any significant changes to the scope, boundary and reporting basis since the last reporting date of June 30, 2020.

The online version of this report is available on our corporate website and may be accessed through the following link: https://psopk.com/en/investors/results-reporting/financial-reports

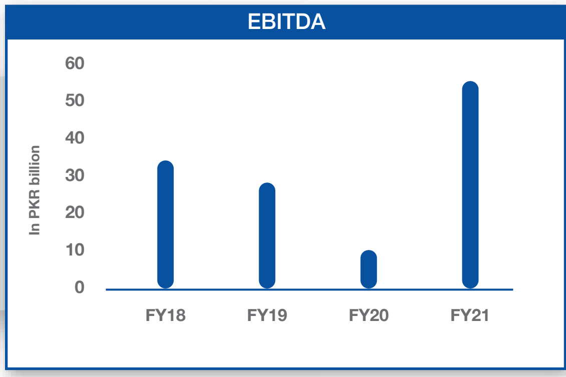
We wish you a pleasant read.

# KEY HIGHLIGHTS OF THE YEAR

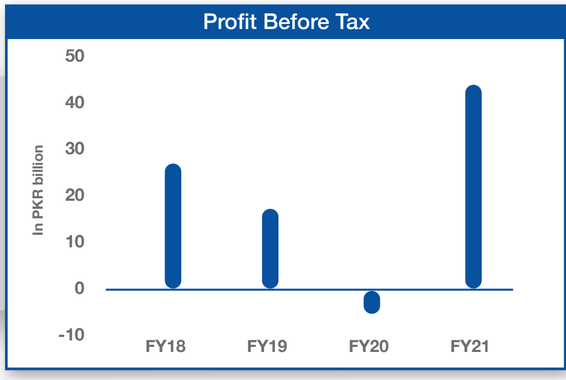
All-time high sales revenue of over **PKR 1.4 trillion**



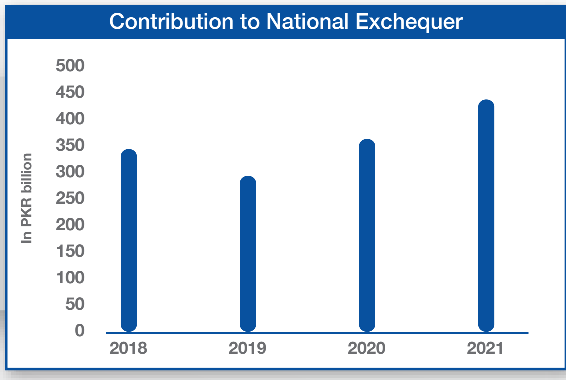

Highest ever Earning before Interest, Taxes, Depreciation & Amortization **PKR 56 billion**




Highest ever profit before tax **PKR 44.1 billion**

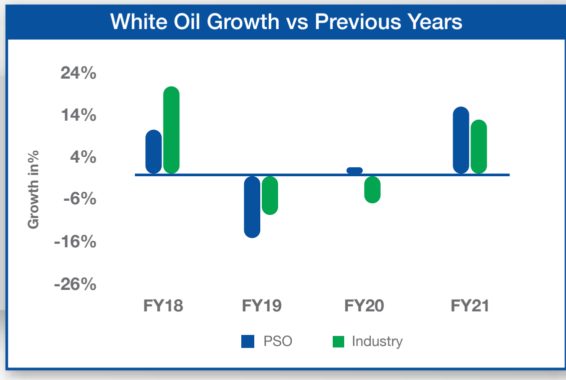



Contribution to national exchequer **PKR 442 billion**



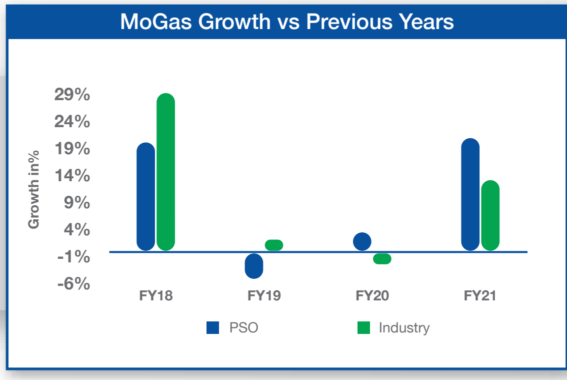
White Oil volumetric growth of 16.6% resulting in highest ever White Oil sales

**7.6 million tons**



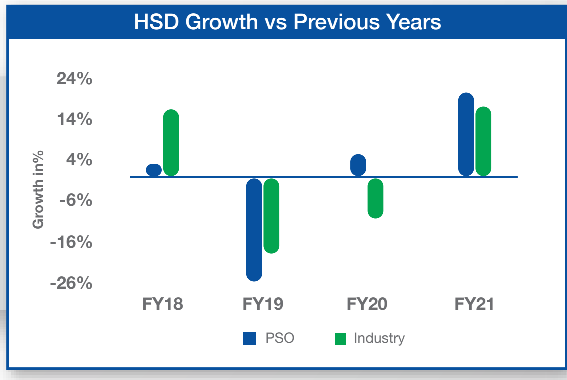

Mogas volumetric growth of 21.2% resulting in highest ever MoGas sales

**3.5 million tons**



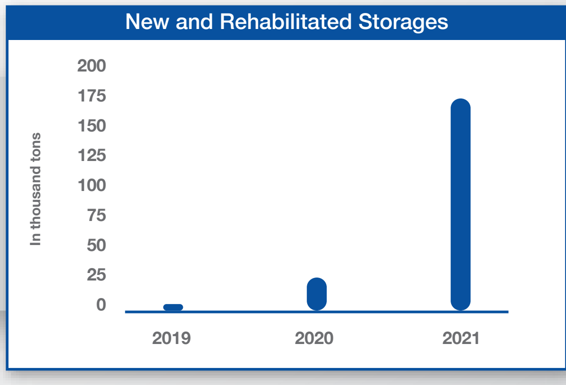

HSD volumetric growth of 21.1% resulting in volumes of

**3.7 million tons**




Completion of new and rehabilitated cumulative storage

**174 thousand tons**



# KEY HIGHLIGHTS OF THE YEAR

Gained 2.6% market share in MoGas, 1.4% in HSD and 5.6% in Furnace Oil

Launched Euro 5 compliant MoGas and HSD

Added 71 Retail Outlets, 30 C-Stores and 13 QSRs to the portfolio

Launched first EV charger in Islamabad

Highest ever White Oil import of 4.9 million tons

Procured 71 LNG cargoes under G2G and spot arrangements

Signed another long-term LNG contract for a period of 10 years

Pipeline connectivity of major terminals with White Oil Pipeline

Launched a fully integrated terminal at Keamari

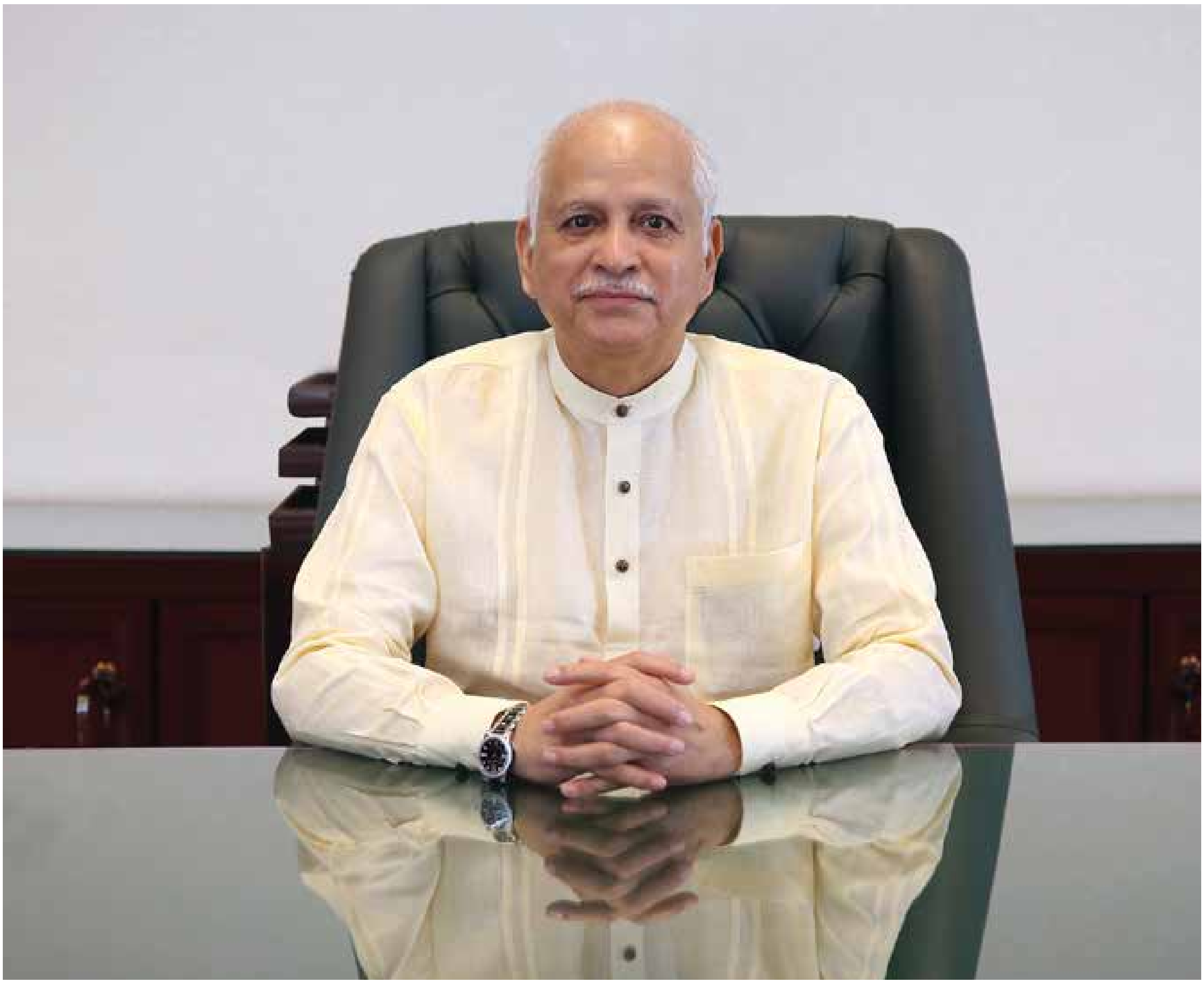
Launched e-procurement through SAP Ariba

Highest ever sales volumes in LPG segment of 33 thousand tons

Increase in cards business, contributing nearly 8% of retail sales

Implementation of “Agility Program” to strategically align internal age structure

# CHAIRMAN'S REVIEW



**Dear Shareholders,**

I feel immense pleasure in putting forth my review on the performance of Pakistan State Oil (PSO) and its subsidiary, Pakistan Refinery Limited (PRL) for the financial year ended June 30, 2021 (FY21).

## Business and COVID-19

Financial year 2020-21 has been unprecedented on more than one front; where global economies struggled to combat the after-effects of COVID-19, the challenges took a different shape for developing economies. During the year under review, the Government took aggressive measures to diminish the negative impact of economic slowdown. Absorbing a continuous rise in commodity prices (over 60% upsurge in Brent) and maintaining USD versus PKR parity were some of the chronic challenges that the Government had to deal with during the year.

## Pakistan's Economic Overview

Pakistan's economy performed extraordinarily well with all major macroeconomic indicators showing a positive trend despite the pandemic. Corrective measures taken by the Government during financial year 2019-20 reaped long lasting benefits, some of which were witnessed during FY21. GDP showed a positive trajectory of 3.9% against -0.5% last year. The automotive policy encouraged 19 automobile companies to manufacture locally. Where the manufacturing sector displayed a positive growth of 3.6% against -3.8% in the previous year, a progression of 4.4% was witnessed in the services sector against -0.6% last year.

Per capita income surged from USD 1,361 to USD 1,543 (advancement of 13%) owing to remedial measures. The agriculture sector witnessed a growth of 2.7% in the year with contributions from wheat (8.1%), rice (13.6%), maize (7.4%), and sugarcane (22%) – where sugarcane registered the second highest-ever production in the country's history. Large Scale Manufacturing surpassed the pre-COVID level of production, registering a cumulative growth of 14.9% in FY21.

## Group's Performance

Despite the negative impact of the recurrent waves of the pandemic on different segments of economy, PSO, owing to the relentless efforts of its employees and its able leadership, made significant progress in all major product lines. Further strengthening its legacy, PSO led the Industry in liquid fuels with a market share of 46.3%, registering market shares of 45.2% and 51.7% in white and black oil respectively. PRL also showed improved performance in FY21 owing to its enhanced operational philosophy. The company used lighter crudes and operated at ~60% capacity, allowing it to increase the production of High Speed Diesel (HSD) and Motor Spirit (MS) and reduce the production of High Sulphur Furnace Oil (HSFO). PRL also made changes in the crude mix during the year and introduced new crudes from Middle East and other sources.

New entrants in the automobile sector coupled with SBP's contractionary monetary policy amplified customers' purchasing power, resulting in automobile growth during the period under review. These two factors played a significant role in the substantial upsurge in demand for white oil.

Reliance on furnace oil to meet the nation's energy requirement increased substantially this year as well owing to the concentration of RLNG to domestic consumer during peak season, additional demand from industrial units and refineries ullage issues.

Realizing the Board's vision of structural transformation to build capacity and meet future challenges, the first phase was successfully completed with the approval of the restructuring plan, new appointments/placements and budget provisioning for regional offices.

## Performance of the Board

The Board performed its duties and responsibilities diligently in strategic and governance matters, playing a key role in the monitoring of management performance and assessing major risk areas during the period under review. Aligning the company with its vision and mission, the Board successfully set the strategic goals of the company. Remaining fully committed and engaged in governance and oversight of the company's strategy and operations, the Board put in place the right mix of plans and policies with the ultimate objective of creating value for shareholders while upholding the principles of good corporate governance.

The Board is cognizant of the fact that well-defined corporate governance processes are vital to enhance corporate accountability and is committed to ensuring high standards of corporate governance while preserving and maintaining stakeholders' value. The Board met thirteen times during the year wherein all Board members participated fully and contributed in the decision making process. The Board Committees provided valuable inputs and assistance to the Board.

An annual performance evaluation of the Board, its members and committees was carried out through a well-defined mechanism. On the basis of the feedback received through this mechanism, the overall role of the Board was found to be effective.

## Future Outlook

The Board is determined to ensure that the group is geared to adapt to changing business dynamics and upcoming challenges. Shifting to renewable and indigenous energy resources will be an area of focus while securing the interests of shareholders will continue to be the prime objective.

Going forward, the Board intends to initiate the second phase of organizational restructuring while maintaining a focused oversight and review of the company's performance to ensure agility. A comprehensive business plan has been approved with focus on regaining market share, infrastructural projects, automation and business process re-engineering.

I would like to thank the Government of Pakistan, especially the Ministry of Energy (Petroleum Division) for their continued support and guidance on our journey of excellence.

**Zafar I. Usmani**
**Chairman**
**Board of Management**

August 23, 2021
Karachi

# MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S LETTER

**Dear Shareholders,**

Financial year 2020-21 (FY21) was a year like no other. For us as a company, this has been a year of milestones achieved. By the grace of the Almighty and the unwavering commitment of our employees nationwide, PSO closed FY21 with a record breaking, all-time high gross revenue of PKR 1.4 trillion and a profit after tax of PKR 29.1 billion compared to a loss after tax of PKR 6.5 billion in the preceding year. The net profit translated into an earnings per share of PKR 62.07 vs. a loss per share of PKR 13.77 in FY20. These results demonstrate PSO's agility and strength across its diverse portfolio despite the challenging economic scenario and recurrent waves of the pandemic.

COVID-19 presents a crisis on a scale many of us have never experienced before. We reacted quickly to the recurrent waves of the pandemic and adjusted our operations to address the situation at hand keeping the safety of our employees, business partners and customers foremost. Through the effective implementation of our business continuity plan, we have emerged from this crisis stronger than before. While we can all be grateful for the recent signs of an upturn thanks to the vaccines, I suspect the next year or two will still hold many challenges.

Creating value for our stakeholders is key to the long-term resilience and value of our business as we keep sustainability as the cornerstone of our corporate strategy. Our values, a focus on safety in all we do and a non-negotiable commitment to ethics guide us as we transform into an integrated energy company focused on delivering solutions for customers by harnessing technology, building scale in low carbon energy alternatives, diversifying and reinventing our internal architecture.

FY21 has been a year of strong accelerated delivery of our strategy. Exhibiting a phenomenal performance over and above the industry average, PSO grew by 21.9% in liquid fuels over last year with volumes reaching 9.2 million tons, attaining a market share of 46.3% in FY21 compared to 44.3% in FY20. In terms of total oil equivalent, we have sold 13.6 million tons that includes LNG (4.4 million tons oil equivalent). We also achieved our highest ever volume of 7.6 million tons in the white oil segment despite the shrinking jet fuel and kerosene oil industry, with a market share of 45.2% in FY21 vs. 44% in FY20 i.e. a growth of 120 basis points (bps).

PSO set an all-time high record in MoGas achieving volumes of 3.5 million tons, an increase of 21.2% from FY20, translating into market share of 41.3% vs. 38.7% last year - an increase of 260 bps. We made a strong closing in Hi-Cetane Diesel as well, achieving a volumetric growth of 21.1% vs. industry growth of 17.5%, translating into volumes of 3.7 million tons in FY21. The volumes contributed in regaining market share, bringing it to 47.2% vs. 45.8% in the preceding year i.e. an increase of 140 bps. PSO attained a volumetric growth of 53.2% in black oil with volumes of 1.7 million tons and a market share of 51.7% vs. 46% in FY20.

Staying true to our promise of fueling the nation come what may, we imported 4.9 million tons of white oil products this year, an all-time high since the inception of the company. PSO also entered into an agreement with Qatar Petroleum under G2G arrangement to supply an additional 3 million tons per annum of LNG for a period of 10 years. This contract shall add additional volumes to an already executed 15-year long term sales purchase agreement (SPA), making PSO the largest supplier of LNG in the country with a supply base of 6.75 million tons per annum.

Our commitment to environmentally friendly energy is longstanding as we accelerate the adoption of cleaner energy alternatives consistent with climate goals. PSO became the first OMC to upgrade the country's fuel standard from Euro 2 to Euro 5 in line with GOP's Clean & Green initiative. The launch of Hi-Octane 97 Euro 5, Premier Euro 5 and Hi-Cetane Diesel Euro 5 proved to be game changers in the industry, bolstering customer's confidence in PSO's products. Building on our value creation model, we prioritized high margin products, adding significant revenues with a volumetric growth of 177.6% and 11.3% in High-Octane 97 Euro 5 and lubricants respectively. Adapting to the global revolution in mobility, PSO launched its first EV charging facility – Electro in Islamabad.

Putting customers at the heart of everything as we do at PSO, we are redefining the non-fuel retail experience by revamping our Shop Stops, adding quick service restaurants and ATMs along with adding 71 new vision retail outlets nationwide to increase accessibility. As a diverse and inclusive company, we hired more than a dozen female pump attendants at our retail outlets to make them self-reliant and contributing members of the society. We also added uniquely-abled pump attendants to our value chain to benefit from their unique perspective and we are increasing their numbers rapidly in all major cities.

We fast tracked our infrastructural projects to gain operational efficiency and added 174,000 tons of new and rehabilitated storages, significantly increasing the number of days cover of petroleum products. Moreover, operational locations have been connected to White Oil Pipeline to make product movement safer and more efficient. To successfully navigate the company through FY21 with the burden of circular debt still large, we switched our financial focus to recovering PKR 25.8 billion from the Power Sector (including late payment surcharge income) and reducing finance cost by PKR 3.2 billion (24%).

The global pandemic enhanced our focus on digital. We took drastic steps to build our digital capability, enable new ways to engage with our stakeholders, create efficiencies, and support new businesses. Making significant strides on our journey of digital transformation, we launched Pakistan's first digitally integrated oil storage and dispatch terminal in Karachi. We also became the first public sector entity to launch e-procurement through SAP Ariba. Other automation initiatives included the launch of PSO Sahulat - an online order management system for dealers, Automated Queue Management System for tank-lorries and various internal applications for fund management and employees.

As a responsible corporate citizen, PSO, through its PSO CSR Trust, extended support of PKR 102 million in the fields of healthcare, education, and community-building nationwide. We also launched a massive nationwide campaign to spread awareness about the vaccination and inoculate citizens in all corners of the country by setting up approx. 500 vaccination centers and mobilizing 100 mobile vaccination vans.

We all hope that 2022 will be the year in which the world can leave the coronavirus pandemic behind. Looking ahead, we continue to anticipate headwinds, however, our purpose of enriching all the lives we touch every day is clear, and so is our firm belief in our potential to grow and create more value, while doing so in a sustainable manner.

I wish to thank our customers, business partners and stakeholders for their continued support. I extend my heartfelt thanks to our 2,400+ employees for their perseverance and hard work over the past year. This historic milestone would not have been possible without the guidance of Government of Pakistan, especially the Petroleum Division of the Ministry of Energy and PSO's Board of Management. Finally, I thank you, our shareholders, for your continued support, trust and confidence.

Please take care and stay healthy.

**Syed Muhammad Taha**
**Managing Director & CEO**

August 23, 2021
Karachi


We enrich lives around the world
just as we do in our country

TRUST PEOPLE

Commitment

Business

SUCCESS

Leader

Solution

Collaboration

# MISSION

Philosophy

Leadership

Training

Trust People

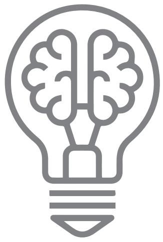
Motivation

Directing

STRENGTH

To leverage our strengths in order to grow, diversify, and build value

# OUR VALUES



## Innovation

We are redefining leadership in Energy to build an agile, creative, and future focused organization

## Integrity

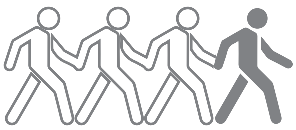
We are unwavering and transparent. Focused on reliable and consistent quality practices in everything we do

## Teamwork

For sustainable productivity and efficiency, we leverage our strengths through coaching and collaboration

## Caring and Giving

We value our customers, employees, community and environment, and take pride in cultivating loyal relationships that foster outreach and cooperation



## Inclusive Leadership

We welcome all voices and points of view to gain understanding and perspective in healthy interactions across our organization

# CODE OF CONDUCT

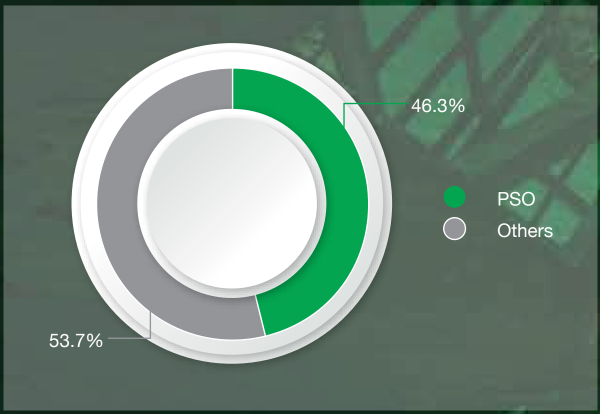
In line with management's effort to maintain the decorum and ensure an environment that is cohesive to the development and success of our people, a Code of Conduct has been put in place where the following activities can result in disciplinary action:

1. Habitual lack of punctuality
2. Unauthorized/Habitual absenteeism
3. Unsatisfactory/negligent performance
4. Smoking at all PSO locations/offices
5. Breaking of safety regulations/HSE Standards/Polices
6. Breach of privacy and/or trust
7. Misusing confidential information/record
8. Falsification of records
9. Offering/Accepting Bribes/Gifts
10. Intentional damage to company/individual property
11. Reporting on duty drunk, drugged or intoxicated
12. Activities bringing disrepute to company
13. Use or possession of arms, explosives, alcohol and drugs
14. Negligence causing loss to company's property(s)
15. Submission of fake/forged testimonial(s)/document(s) at the time or during the course of employment
16. Bullying/intimidation/uncalled for behavior/mental and gender harassment
17. Giving illegal/unreasonable direction to others/Misuse of authority
18. Using influence or external pressure in companyaffairs
19. Conduct that violates decency and morality
20. Theft of any of the properties/assets in/from PSO locations/offices
21. Habitual resting/sleeping in office timings
22. Violation of Policies/SOPs
23. Discrimination on basis of caste, creed, religion & gender
24. Undue patronage/Nepotism (Favoritism)
25. Using office timings for personal use
26. Mishandling/misusing company resources and property
27. Involvement in criminal activity within PSO locations/offices
28. Inappropriate public comment and/or rumor mongering
29. Insubordination/failure to obey legitimate instructions
30. Non-disclosure of conflict of interest
31. Misappropriation/misrepresentation of facts, fraud/financial embezzlement
32. Causing injury to person(s)/loss of life (a) deliberately and/or (b) due to negligence

# COMPANY PROFILE

Pakistan State Oil Company Limited (PSOCL) is the largest oil marketing company of Pakistan with a widespread network comprising of 3,500+ retail outlets, 9 installations, 23 depots, refueling facilities at 10 airports, with two state-of-the-art lubricant manufacturing facilities and LPG storage & bottling facilities. The company has been actively involved in enriching the lives of people since its inception in 1976. PSO has a vast history of shaping the industry and bringing innovative fueling products and services to serve the nation effectively. The company takes pride in fueling the journeys across air, land, and sea for over four decades, and becoming the nation's choice.

During FY21, the company continued its journey of leading oil marketing segment by closing the year with a market share of 46.3%. An overview on downstream sector market participation during the year is hereunder:




*Source: Oil companies advisory council (OCAC) TPPL includes Pearl Parco, others includes OMCs having participation of less than 8%*

The company's business activities involve sourcing (imports and local), storage and marketing of petroleum products along with the import of Re-gasified Liquefied Natural Gas (RLNG). Moreover, the non-liquid fuel businesses such as non-fuel retail, cards, lubricants and gaseous fuels assist the company in adding value to the bottom-line. Additionally, shareholding in various subsidiaries and associates such as Pakistan Refinery Limited, Asia Petroleum Limited, Pak Grease Manufacturing, Eastern Joint Hydrant, Joint Installation of Marketing Companies (JIMCO), Pak Arab Pipeline Company and New Islamabad International Airport assists the company in strengthening its value chain.

As the nation's own company, PSO is striving to conserve the environment through its offerings, which include Hi-Octane 97 Euro 5, Premier Euro 5, and Hi-Cetane Diesel Euro 5 fuels. Moreover, the company is taking strides in electrical vehicle charging business, wherein a charging unit with the brand name of "Electro" has already been installed at Islamabad, while several units are under advanced stages of implementation.

The company ensures that congenial working environment is provided to its people wherein several initiatives are being rolled out. Recently, the company completed vaccine inoculation for its staff, exhibiting the care and value it holds towards the people. Additionally, increasing shareholders' income through profitability has been the prime focus of the company since its inception. Focused approach is being exerted towards ensuring profitability prospects at all times.

Being the nation's pride, the company is striving to add value to the society by participating in several community development, healthcare and educational projects through PSO's CSR trust. During the period under review, the company committed PKR 102 million towards these projects.

The company considers its customers as the nucleus of its business by placing utmost value on receiving customer feedback, resolving queries and increasing customer satisfaction, while a dedicated customer services center and help-line are in place. Additionally, several customer care days are being arranged wherein the company's top management directly interacts with the customers at the forecourt.

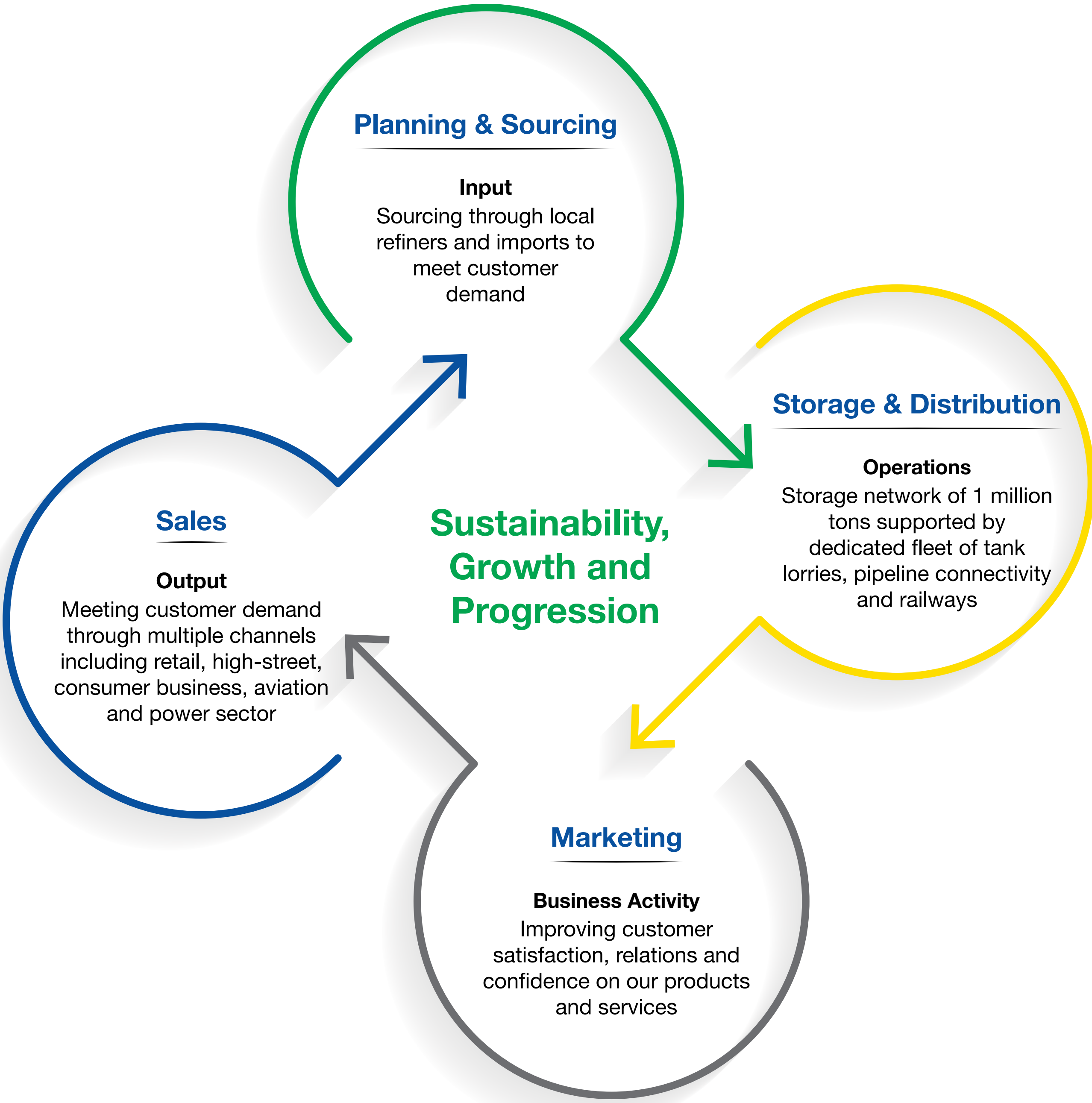
Considering the significance of digital media, the company has developed a strong presence on various social media platforms to directly interact with the customers regarding offerings and business related developments. The presence is significantly assisting the company in understanding customer's needs while adding value by gaining feedback in real time. The company also monitors the complaints received on "Pakistan Citizen Portal" to ensure timely resolution.

The company has a dedicated website in place i.e. www.psopk.com that provides latest updates including prices of products across the country. Moreover, social media page details are hereunder:

- /psocl
- /linkedinPSO
- /@psopakistan

## Markets served and product lines

| Brand | Product | Usage/Customer Base |
|---|---|---|
| Euro 5 Hi-Octane 97 | HOBC | Automobile |
| Euro 5 Premier | PMG | Automobile |
| Euro 5 Hi-Cetane Diesel | HSD | Motorist, Industrial & Power Sector |
| **JP1** | Jet Fuel | Aviation Sector |
| **Furnace Oil** | Furnace Oil | Power, Industrial and Marine Sector |
| **SKO** | Kerosene Oil | Industrial, Domestic |
| **LDO** | Light Diesel Oil | Agriculture |
| PAK GAS | LPG | Domestic, Industrial |
| **LNG** | LNG | Power, Domestic and Industrial |
| Electro Electric Vehicle Charger | Electric Vehicle Charger | Electric Vehicle |
| CARIENT | Lubricants | Automobile |
| BLAZE 4T | Lubricants | Motorist |
| DEO Diesel Engine Oil | Lubricants | Diesel Engines |
| Corporate Card<br>Commercial Card<br>Fleet Card<br>DIGICASH | Cards | Automobile & Motorist |
| SHOP STOP | Retail Outlet | Retail |


Planning & Sourcing
Input
Sourcing through local refiners and imports to meet customer demand
Storage & Distribution
Operations
Storage network of 1 million tons supported by dedicated fleet of tank lorries, pipeline connectivity and railways
Sustainability, Growth and Progression
Sales
Output
Meeting customer demand through multiple channels including retail, high-street, consumer business, aviation and power sector
Marketing
Business Activity
Improving customer satisfaction, relations and confidence on our products and services

# GROUP STRUCTURE

The Group consists of Pakistan State Oil Company Limited (the Holding Company) and Pakistan Refinery Limited (the Subsidiary Company).

PRL became PSO's subsidiary on December 1, 2018 as a result of increase in shareholding of PSO in PRL from 24.11% to 52.68%. During the year ended June 30, 2020, PSO acquired further shareholding in PRL thereby increasing its stake in PRL to 60%, which was further increased to 63.6% in FY21.

**PSO**
**(the Holding Company)**

63.6
Percent

**PRL**
**(the Subsidiary Company)**

## Ownership and Operating Structure

Both PSO and PRL are operating in the public sector, incorporated and operating in Pakistan, and are listed on the Pakistan Stock Exchange Limited. Majority of shares of PRL are owned by the Holding Company – PSO (63.6%). Whereas, GoP holds 25.51% direct shareholding in PSO (51% direct and indirect). Detailed shareholding structures have been mentioned in pattern of shareholdings of each company.

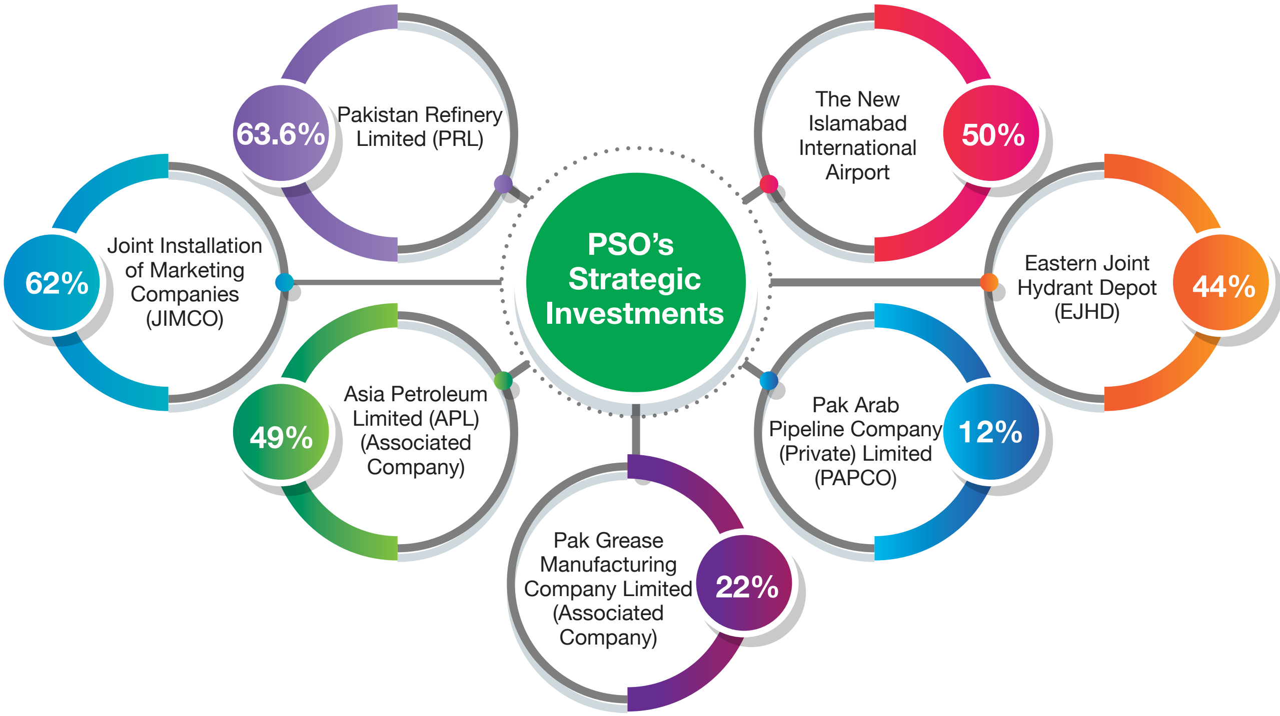
PRL's head office, refinery and storages are located at Karachi. PSO's head office and two lubes manufacturing plants are at Karachi, whereas various retail outlets, storages, and sales offices are distributed throughout the country.

## Nature of Relationship

PRL is engaged in production and sale of petroleum products, whereas PSO is engaged in marketing of petroleum products. The acquisition of PRL has resulted in backward integration for PSO and has provided it with secured source of purchase. PSO has majority of representation on the Board of Directors of PRL.

# STRATEGIC INVESTMENTS

PSO has strategic investments in storage, refining, aviation, lubricants and pipeline businesses.




% Share of PSO
(Rounded off to the nearest Zero)

- Pak Grease Manufacturing Company Ltd (Pak. Grease) – Others include private investors
- Pakistan Refinery Limited (PRL) – Others are listed on Pakistan Stock Exchange and held by the general public
- The New Islamabad International Airport Fuel Farm - Attock Petroleum Limited (APL) (50%)
- Eastern Joint Hydrant Depot (EJHD) - Others include SPL (44%) & TPML (12%), managed by SPL
- Asia Petroleum Limited (APL) - Others include Industrial Petro. Group (12.5%), Veco Int'l (12.5%), Infravest (26%)
- Joint Installation of Marketing Companies (JIMCO) - Others include SPL (25%) & TPML (13%), managed by PSO
- Pak Arab Pipeline Company (Private) Limited (PAPCO) - Others include PARCO (51%), Shell (26%), Chevron/TPML (11%)

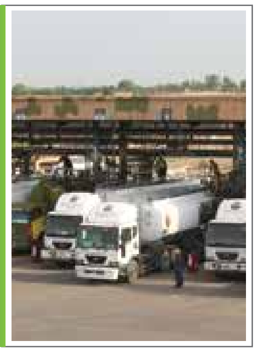
# VALUE CHAIN

The oil industry value chain is segregated into three distinct tiers i.e. upstream, midstream and downstream. PSO holds a position in both mid and downstream of the value chain owing to its strong presence in the oil marketing segment and shareholding in PRL. Additionally, PSO is amongst the major shareholders of PAPCO, a cross country white oil pipeline company.

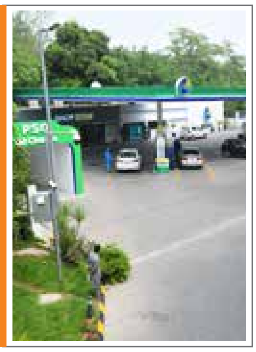
PSO is also the largest importer of POL products with storage facilities and retail outlets in almost every part of the country. Based on its product range and footprint, PSO touches the lives of over 3 million Pakistanis every day.

UPSTREAM

MID STREAM



DOWNSTREAM



| UPSTREAM | MID STREAM | DOWNSTREAM |
|---|---|---|
| Exploration | Transportation | Manufacturing |
| Field Development | Processing | Refining & Petrochemicals |
| Production Operations | Storage & Distribution | Wholesale & Marketing |

# HR STRENGTH

**2,371*** Total number of employees as of June 30, 2021

Average number of employees during the year **2394***

**206** Total number of employees at factory as of June 30, 2021

Average number of employees at factory during the year **199**

*exclusive of 22 trainees/mentees

# GEOGRAPHICAL PRESENCE


PSO INSTALLATIONS / TERMINALS

PSO DEPOTS

DIVISIONAL OFFICES

HEAD OFFICE

REGIONAL OFFICE

AVIATION STATIONS

LPG PLANTS

For details about Head Office, Manufacturing Plants and Sales Offices kindly refer to paras 1.2 & 1.3 of the Notes to the Unconsolidated Financial Statements.

Pakistan State Oil Company Limited (PSO) is a public sector and public limited company functioning under the Companies Act, 2017. The Shares of PSO are listed on Pakistan Stock Exchange (“PSX”) making PSO subject to the relevant provisions of PSX Rule Book. Apart from the regulatory framework, PSO is a “Managed Company” under the provisions of Marketing of Petroleum Products (Federal Control) Act, 1974 (the “1974 Act”). In this regard, through Notification S.R.O.100 (I)/77 dated January 31st, 1977 pursuant to Section 5 of the 1974 Act, the management control of PSO has been taken over by the Federal Government through Ministry of Energy-Petroleum Division, with effect from December 30th, 1976.

SECP

## Securities & Exchange Commission of Pakistan

Being a company, PSO is subject to the regulatory framework of Securities & Exchange Commission of Pakistan (“SECP”). PSO, to the extent of its entity based regulation, is subject to various laws administered by SECP, this includes but is not limited to the Companies Act, 2017, the Securities Act, 2015 and the subordinate legislation administered by SECP. As a company, PSO adheres to full compliance of the regulatory mandate and ensures working in a transparent and efficient manner.

OGRA

## Oil and Gas Regulatory Authority

PSO being an oil marketing company, to the extent of its business, is under the regulatory framework of Oil and Gas Regulatory Authority. In this regard, the Authority is empowered to regulate the business of PSO through Oil and Gas Regulatory Authority Ordinance, 2002, Pakistan Oil (refining, blending, transportation, storage and marketing) Rules, 2016 and respective subordinate legislations on case to case basis. With respect to pricing, domestic oil prices of petroleum products are fixed under Petroleum Products (Petroleum Levy) Ordinance 1961, Petroleum Products (Petroleum Levy) Rules 1967, and OGRA Ordinance, 2002. Similarly, the prices are regulated, reviewed and communicated by OGRA based on PSO’s cumulative landed import cost. The OMC and dealer margins (profits) are also fixed and regulated by the Federal Government. OGRA computes and notifies Inland Freight Equalization Margin (IFEM) for petroleum products such as High Speed Diesel, Motor Gasoline, Kerosene Oil and Light Diesel Oil on every price change. IFEM is an integral component of the final selling price that covers primary transportation cost currently at 22 depots. The purpose is to ensure uniform selling prices of these products across the country.

TRANSPARENCY EFFICIENCY INTEGRITY VALUE FOR MONEY
PPRA

## Public Procurement Regulatory Authority

PSO being a public sector company is required to ensure regulatory compliance with the provisions of Public Procurement Regulatory Authority Ordinance, 2002, and the Rules and Regulations thereof in its procurement processes including inter alia procurement planning, advertisements, pre-qualifications, methods of procurement, opening, evaluation & rejection of bids, acceptance of bids, award of procurement contracts and redressal of grievances.

# SIGNIFICANT CHANGES FROM PRIOR YEARS

## Rebounding Oil Demand

Resumption of economic activities supplemented by smart policies, initiatives and vaccine drives have increased oil demand, globally. Moreover, OPEC+ managed supply have supported the dwindling demand and kept the oil prices from falling.

## Pakistan Rupee against Dollar

Pakistani rupee appreciated against US dollar and emerged as the world's top performing currency during the third quarter of FY21. The rupee strengthened during the year in the wake of excessive foreign currency inflows and limited outflows.



## High Growth in Vehicle Sales

MoGas driven vehicle sales have increased, owing to maintained monetary policy rate at 7%.

## E-procurement

PSO has implemented SAP Ariba to bring efficiency and transparency in the procurement process. This will make tendering process less cumbersome and enhance effective decision making.

## Terminal Automation

The company has implemented terminal automation at one of its key operational locations in Karachi. The automation shall assist the company in increasing efficiency while reducing human intervention in business operations, henceforth adding sustainability.

## Restructuring & Automation

The company has gone through a restructuring process, reallocating its resources to enhance administration and profitability. A new department BPR&PMO has been set up to automate the company's operations and to bring innovative solutions to further digitize the company.


## Maintained Discount Rates

SBP continued to provide respite to the economy by maintaining policy rates at 7% during the year. The reduced policy rates have further assisted the company in reducing financing cost significantly, henceforth adding value to the bottom-line.

# MAJOR EVENTS

June 25, 2021
PSO fuels the world's largest cargo plane

May 02, 2021
PSO signs MoU with PARCO & PAPCO

May 01, 2021
PSO launches digitally integrated oil terminal


April 30, 2021
SAPM Tabish Gauhar visits PSO House

April 01, 2021
PSO celebrates Customer Care Day

March 17, 2021
PSO launches E-Procurement through SAP Ariba

March 11, 2021
PSO Supports IBA National
Talent Hunt Programme

February 17, 2021
PSO supports construction on Doctors'
Lounge at Indus Hospital

January 12, 2021
PSO partners with FoodPanda

December 15, 2020
PSO signs Fuel Supply Agreement with Air Sial

December 31, 2020
PSO launches Pakistan's first Euro 5 diesel


November 16, 2020
PSO wins BCSR Award 2019 from ICMA Pakistan

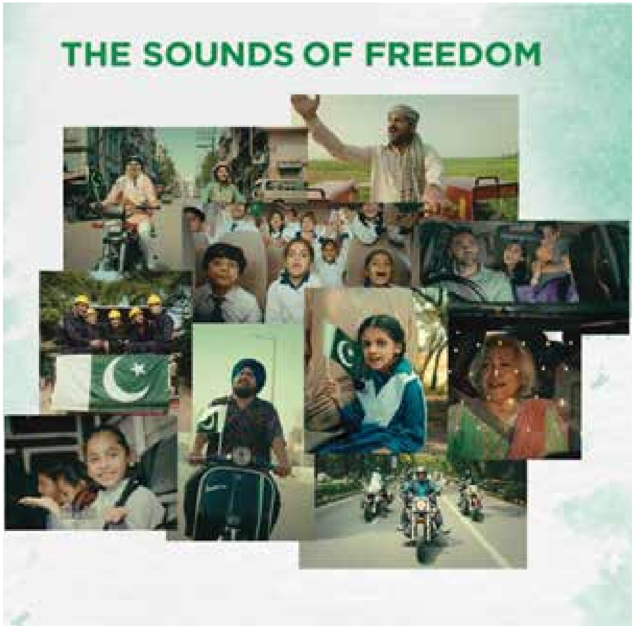
October 21, 2020
PSO's Annual General Meeting

August 18, 2020
Launch of Hi Octane 97 Euro 5

August 14, 2020
Flag hoisting on Independence Day at PSO House

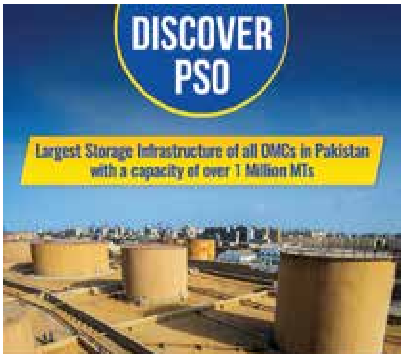
July 08, 2020
PSO joins DUHS against COVID-19

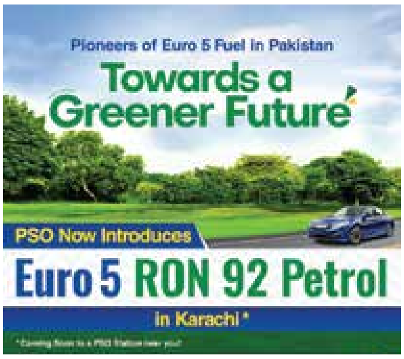
# MARKETING INITIATIVES



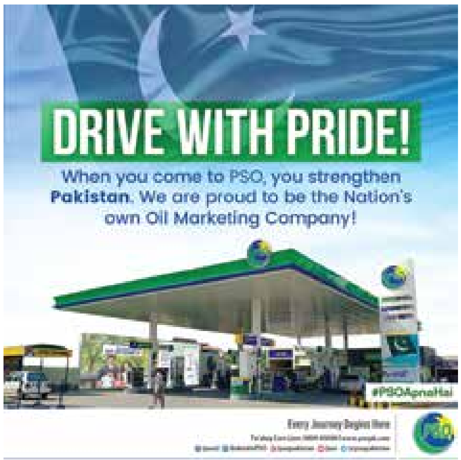


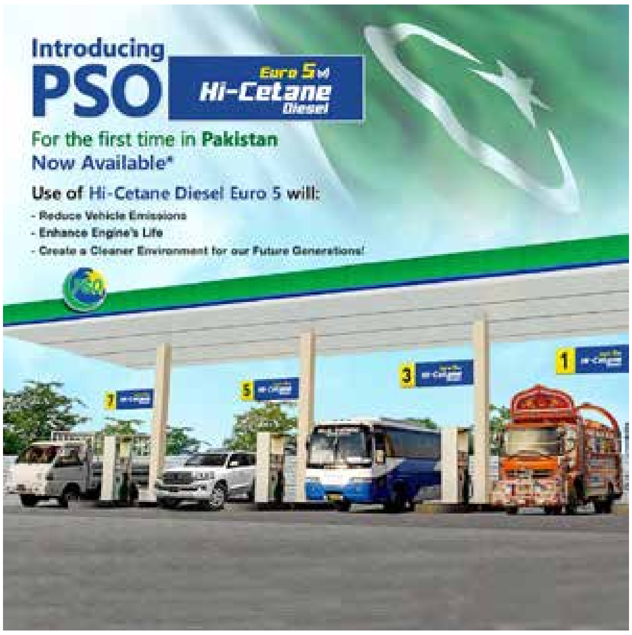





DIGICASH
LIMITED TIME OFFER
CASHBACK OFFER IS HERE
FLAT 15%
UPTO 20%
10%
*T&Cs apply
Every Journey Begins Here


DRIVE WITH PRIDE!
When you come to PSO, you strengthen Pakistan. We are proud to be the Nation's own Oil Marketing Company!
#PSOApnaHai
Every Journey Begins Here

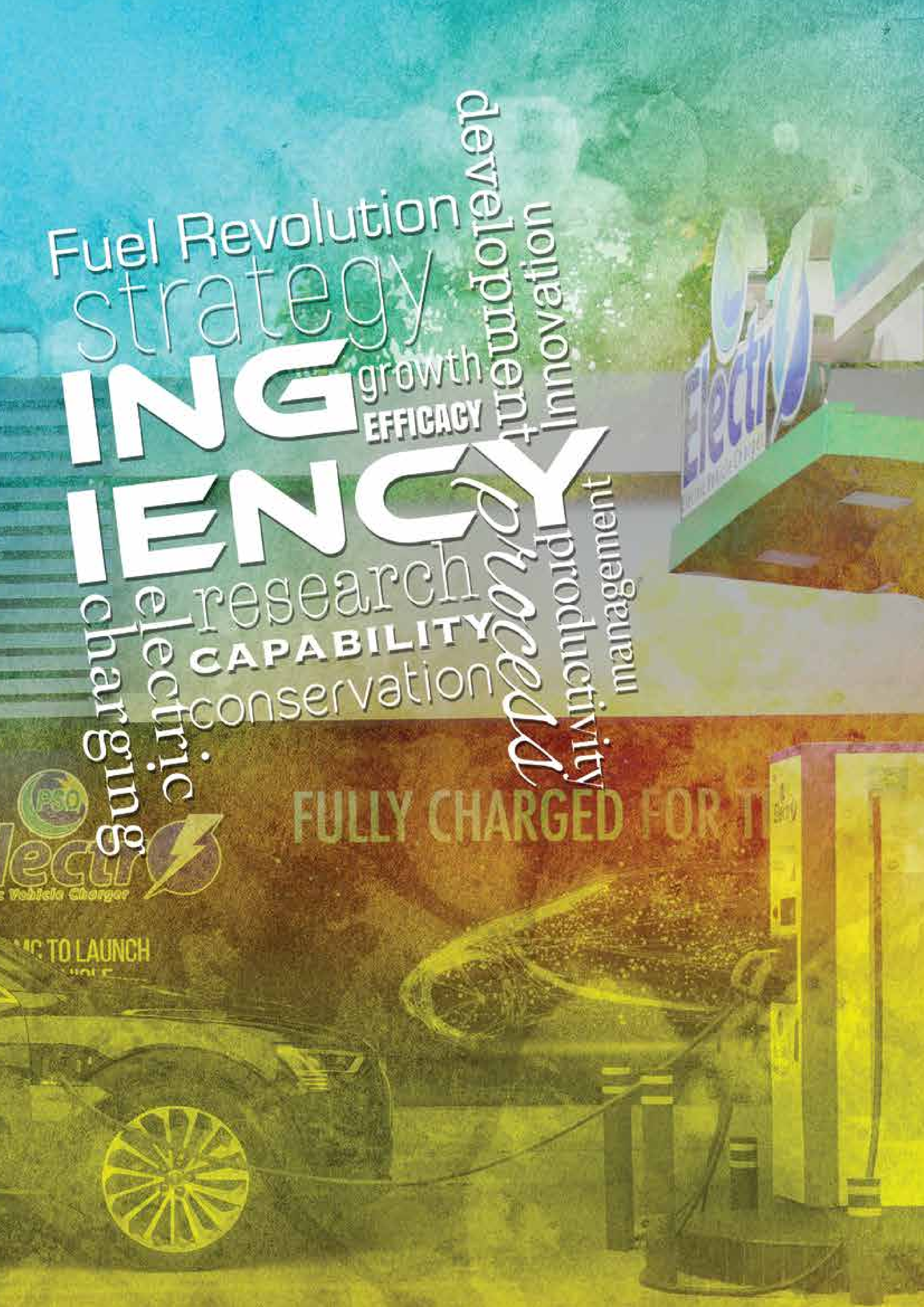

Introducing
PSO
Euro 5
Hi-Cetane Diesel
For the first time in Pakistan
Now Available*
Use of Hi-Cetane Diesel Euro 5 will:
- Reduce Vehicle Emissions
- Enhance Engine's Life
- Create a Cleaner Environment for our Future Generations!


PSO
جلد لا رہا ہے پاکستان میں پہلی بار ـ ـ ـ


CARIENT MOTOR OIL
betway


DEO 8000 آپ کی ہمت کی طرح جاندار
• انجن کو دے زیادہ طاقت اور بھرپور حفاظت • API CI-4 معیار کے مطابق

Digital
evolving
research
marketing
vision
High quality
Teamwork
BUILD
EFFIC
electric
charging
Oil Terminal
expertise
proficiency
dedication
technology
SAFETY
ENSURED
ART PLANET
FUTURE


Fuel Revolution
strategy
ING
growth
EFFICACY
development
Innovation
IENCY
research
CAPABILITY
conservation
electric
charging
productivity
management
PSO
Electro
Vehicle Charger
FULLY CHARGED FOR
TO LAUNCH

# Integrated Business Model

## Inputs

### Intellectual Capital
- 44 years experience and knowledge base
- Technology
- Procedures and protocols
- Cards business
- Licenses & copyrights

2

- Job rotations
- Transfers
- Recruitment
- 33,000+ training hours
- Performance based evaluation

### Human Capital
- Improvement in HR management policies
- Career development and succession planning
- Merit based hiring and promotion
- Employees reassignment

### Social & Relationship Capital
- Strong relationship with stakeholders
- Shared values and norms
- Sustainable Corporate Social Responsibility
- High quality assurance

4

- Launch of environment friendly Hi-Octane 97 Euro 5, Premier Euro 5, Hi-Cetane Diesel Euro 5
- Focusing & exploring renewable energy options
- Environmental Protection System
- HSE Audits
- Process Safety Management Drive

### Natural Capital
- Focus on Health, Safety and Environment (HSE)
- Investment on environment conservation

### Financial Capital
- Largest corporate treasury of Pakistan
- Appropriate mix of debt and equity funding
- Operating cashflow
- Funding from banks

### Infrastructure Capital
- Geographic presence across the country from Karachi to Sost
- Largest retail network
- Strong supply chain
- Well established distribution network
- Largest storage capacity in Pakistan

6

- Development of 71 new outlets
- Storage addition and rehabilitation of 174,000 tons
- 30 C-Stores revamped and 13 QSRs
- First electric vehicle charging facility at Islamabad

- Disaster recovery
- Continued value creation
- Investment in research and development / new product development
- Regular business practices review
- Highest ever sales of MoGas in company's history

1

- Focus on society & environment under CSR Trust
- Measures taken to ensure quality and quantity
- Vendor grievance redressal
- Customer protection measures

3

- Timely payments to suppliers
- Managing collections and payments of over PKR 2.5 trillion per annum
- Bank borrowing at competitive rates
- Curtailing circular debt accumulation

5

# Outputs

## Intellectual Capital

- Adherence to Corporate Governance best practices
- Institutionalizing reforms and transformation process
- State-of-the-art information system

## Human Capital

- Organizational development and growing competence
- Exceptional performance
- Ethical leadership

## Social & Relationship Capital

- Amelioration of healthcare, education and community development
- Enablement of underserved communities and socio economic wellbeing
- Quality enforcement
- Improved customer satisfaction

## Natural Capital

- Environment, water, electricity, fuel, waste and carbon footprint considerations
- HSE culture reinforcement

## Financial Capital

- Ensuring smooth business operations amid mounting circular debt and rising international oil prices
- Awards and recognition for compliance with financial report standards
- Increase in gross sales revenue by 9.4%
- Contribution to national exchequer of PKR 442 billion
- Increased shareholder wealth

## Infrastructure Capital

- Round the clock operations
- Uninterrupted product supply
- Largest OGRA compliant tank lorry fleet

## Business Objectives & Strategies

Pakistan's downstream segment is witnessing a transition, wherein fast paced influx of competition and disruptive technologies have necessitated a shift in business objectives and strategies. The company has also undertaken several initiatives oriented towards recently realigned vision, mission and values. The objectives and strategies are aimed towards adding value for the shareholders from existing product lines with diversification of portfolio for sustainability, increased market participation through key products, enhanced focus towards automation and business process optimization, while adding value to society. All of these objectives are devised with a long-term perspective of bringing enhanced sustainability to the business.

| | Objective | Strategy | Nature |
|---|---|---|---|
| 01 | **Ensure Safe Business Operations** | Zero fatality, safe business operations and effective implementation of HSE policies | Short, mid and long-term objective |
| 02 | **Increase Market Penetration** | Retain leadership position by increasing market share and volumetric growth for MoGas and HSD | Short, mid and long-term objective |
| 03 | **Business Process Automations** | Automation of key business processes to reduce human intervention and add efficiency | Long-term objective |
| 04 | **Infrastructure Project Completion** | Increased days cover adding efficiency and available storages | Mid-term objective |
| 05 | **Explore Diversification Opportunities** | Adding value to the business from multiple portfolios | Long-term objective |

## Management Resource Allocation Plan

The company, subsequent to restructuring of business operations, has identified required resources with respect to intellectual, human, natural and infrastructure capital. A detailed plan has been devised to effectively meet the envisaged objectives.

## Significant Changes in Objectives and Strategies from the Previous Years

COVID-19 has brought about a new set of challenges and opportunities for businesses to maintain their sustainability. Considering the uncertainties brought about by the pandemic, the management had devised a robust Business Continuity Plan (BCP) for implementation during testing times.

The pandemic has further ignited the need for enhanced adoption of business optimization and automation to ensure continuity. Accordingly, the management is adding deep dive focus on adoption of automation in key business operations. Moreover, diversification of business portfolio has also become a key focus area for next year's objectives and strategies. The company is exploring mechansims to reduce mounting circular debt, wherein a robust circular debt settlement plan has been suggested to the Government of Pakistan.

## Strategic Decision Making Process & Organizational Culture

The company has devised a culture that fosters innovation and value addition. The company has a strong focus on keeping an inclusive approach, wherein team members from all tiers and levels are motivated to share ideas.

The ideas are shared across the organization for value addition and consideration. Being a future oriented organization, our strategic decision making process involves a bottom-up approach wherein all business units devise strategic frameworks to formulate pathways for the organization.

A whistle blowing policy and conflict of interest policy is in place to transform and develop ethics as per organizational culture.

## Pandemic Recovery Plan by the Management and Policy Statement

During the year, PSO successfully managed to overcome obstacles while keeping the nation's wheels moving. A balance was struck between employees' wellbeing and uninterrupted operations round the clock. Continual product supply during the peak enabled PSO to stand distinguished from its competitors.

Zero tolerance policy was defined by the management in combating the pandemic. The company has also adopted the guidelines and SOPs given by global institutions and the government to ensure safe toperations.

Following were the major initiatives taken in this regard;

- Invoking Business Continuity Plan (BCP)
- Adherence to GoP's laid down SOPs
- Staff reduced to 50% with encouragement to work from home
- Frequent disinfection activities were conducted at workplaces
- Thermal scanning and disinfection of employees on a daily basis at entrance

## Significant Plans and Decisions

Following are amongst the significant plans and decisions that the company intends to pursue in future:

a) Increase market share in MoGas and HSD
b) Reduction in receivables over last year
c) Adding new electric vehicle charging facilities
d) Timely completion of infrastructural projects to increase capacity and availability
e) Automation of key business processes
f) Taking strides in renewable energy business

## Business Continuity and Disaster Recovery

The unprecedented challenges in the form of global Pandemic of COVID-19 made imperative upon PSO to provide remote work-from-home capability to its employees to avoid any business disruption. In order to achieve this objective, the IT department, in coordination with other business departments, integrated the company-wide Business Continuity Plan (BCP) to incorporate COVID-19 related hybrid working conditions and continued to provide un-interrupted ICT services to the company's operations, both remotely as well as locally on 24x7 basis.

By leveraging technology platforms based on robust communication and collaboration tools, PSO ensured effective implementation of the work-from-home concept. PSO's remote accessibility program was taken to newer heights through the deployment of the Cisco Identity Services Engine (CISE), a next generation identity and access control policy platform having the feature of providing a unified policy for the entire organization.

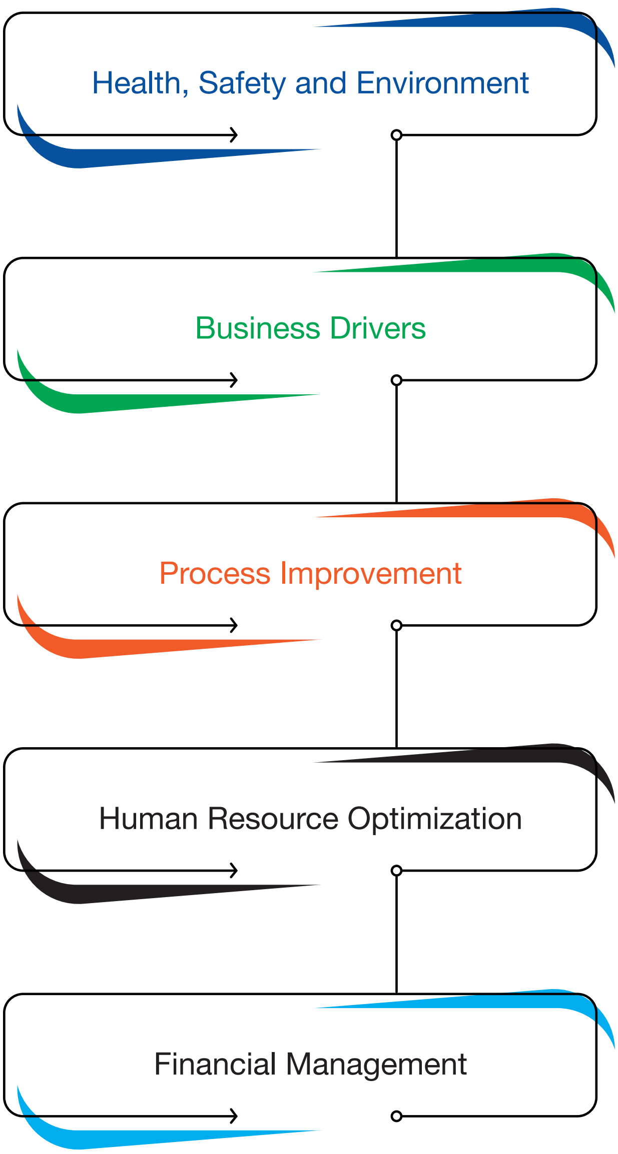
The system provides authentication, authorization, accounting, profiling and other features to safeguard the connectivity of VPN users.

## Key Performance Indicators

The company enjoys a leadership position in downstream petroleum sector. Maintaining leadership position requires developing robust key performance indicators that drive organizational success. Keeping the same in perspective, management has devised key performance indicators that are cascaded throughout the organization with an aim to bring synergized efforts from each member.

The performance matrix is assessed through a balanced scorecard system which is being reviewed regularly by the management as well as BOM.

### The KPIs for FY21 focus on the following focus areas:




These KPIs are considered driving elements for the company's success.

## Strategy to Overcome Liquidity Challenges, Management of Debts and Meet Operational Costs

### Liquidity Challenges

At the end of the financial year 2021, the receivables from Power Sector stood at PKR 85.4 billion against PKR 98.8 billion in FY20 reflecting a reduction of PKR 13.4 billion. However, during the year, receivables from SNGPL increased steeply from PKR 71.2 billion to PKR 98.6 billion as on June 30, 2021. During the year, average borrowings of the company stood at PKR 61.3 billion vs. PKR 105.8 billion in FY20.

### Strategy to Overcome Liquidity Challenges and Management of Debts

To manage the liquidity challenges and manage its debts the company is taking the following measures:

- The company is in constant engagement with GoP and customers from Power Sector, PIA and SNGPL. Various proposals were submitted and detailed sessions were held with GoP for settlement of chronic receivables and to avoid any further build-up of receivable from SNGPL
- The company plans to manage the liquidity requirement by managing the working capital needs prudently and by ensuring availability of adequate credit lines to support its financing needs. The total facility limits available to the company from banks as on June 30, 2021 aggregate to PKR 139.9 billion
- Operational cash flow generation via business growth
- Greater focus on cash customers
- Venturing into new business models / lines

### Debts Servicing

Due to the professional expertise available at PSO, determination of its finance team and aforesaid measures, the company despite the increase in receivables from SNGPL in FY21, managed to discharge its debts on time and believes that it will be able to timely meet its debts' obligations in future as well.

### Operational Losses/Profitability

The company showed a strong performance this year which translated into great profitability for the company as compared to loss in FY20. The company expects to achieve similar profitable results in future as well through further increase in market share, concentrating on higher margin yielding products, maintaining optimal finance cost, venturing into innovative models and by keeping a check on operational costs.

# Significant Factors Affecting External Environment and Company's Response

Pakistan is an energy deficient country. The energy deficiency further exposes the industry to factors ranging from micro to global level. Seasonality is also one of the factors that govern the performance of this sector. Agriculture harvesting season sprouts a surge in demand for HSD, while power production during summer seasons spurs demand for FO and RLNG.

A brief overview on the external factors is here under:

## Political Environment

International and local politics play a significant role in shaping the oil market. Any disruptions in supplies by OPEC+ can create opportunities and challenges. The country is exposed to such situations and needs to have prudence in making prompt decisions.

## Economic Environment

Macro-economic factors of Pakistan are showing signs of recovery. Extended support from global financial institutions and remittances from overseas Pakistanis uplifted the foreign reserve of the country. Moreover, fiscal and monetary tools derived GOP's focus towards spurring economic activities throughout the country. The rebounding economic activities have brought about positive impact on oil sector demand.

## Social Environment

Pakistan is the fifth-most populous country in the world with a population growth rate of 2 percent. Recent trends show that women are participating significantly in the labor force owing to measures actively taken by government, promoting women empowerment. This change has created a new market segment. With the widespread adoption of internet and growing awareness, the social environment is witnessing a rapid shift which necessitates a strong connect with the customers.

## Technological Environment

Heading towards a more digital Pakistan has opened numerous corridors of opportunities and threats. The traditional petroleum business has been revamped as technology progresses; building a new playing field for competitors. The Government of Pakistan has introduced National Electric Vehicle Policy (NEVP), in line with global trends.

## Natural Environment

Global pro-environment advocacy has led towards curtailing carbon emissions from operating activities and petroleum product combustion. Moreover, GOP's 'Clean and Green Pakistan' initiative has further attributed in altering petroleum product specification to Euro 5 standards. The company is cognizant of the evolving environmental regimes and is adequately playing its role in introducing Euro 5 compliant fuels.

The company has taken strides towards safe and secure product transmission by completing its part of pipeline link with PAPCO. Moreover, the company is also exploring opportunities in the renewable energy segment.

## Legal Environment

PSO comes under the regulatory framework of Securities & Exchange of Pakistan (SECP), Oil and Gas Regulatory Authority (OGRA), and Public Procurement Regulatory Authority (PPRA). The company strives to ensure strict compliance with the guidelines and instructions issued by the regulators.

## Company's Response

PSO has devised a robust plan to address the external factors and take initiatives to translate difficulties into opportunities. The company is continously adding innovation in its product line and business operations to adapt to change.

# SWOT Anaylsis

**Strengths**

- Largest network of retail outlets
- Largest storage capacity
- Leading player in petroleum products segment
- Strong brand recognition

**Weaknesses**

- Strong negotiating power of cartage contractors
- Focus only on core business
- Adherence to stringent rules and regulations like PPRA rules
- Substantial level of outstanding receivables with low receivalbe turnover ratio

**Opportunities**

- Ventures in renewable energy
- Diversification in tech business
- Business intergration through investment in energy trading business

**Threats**

- New entrants in market
- Introduction of electric vehicles
- Influx of alternates

## GoP Policies and Impact

The Government of Pakistan has launched 'Clean and Green Pakistan' initiative with a purpose to conserve and protect the environment policies while increasing contribution of indigenous resources in the national energy mix. Several flagship projects, policies such as renewable energy policy, electric vehicle policy and upgraded fuel product specifications are expected to bring significant changes in the downstream segment. Additionally, GOP is offering incentives for electric vehicles and component manufacture to entice customers towards electric vehicles. These initiatives and policy shifts are deemed to bring regressing impact on MoGas demand, while reducing carbon footprint and adding indigenous energy resources.

## Competitive Landscape and Market Positioning

Pakistan's downstream market currently comprises of 34 oil marketing companies, while an additional 33 entities are expected to enter the industry. The mass-scale influx of new players is expected to make the segment highly competitive and saturated.

Pakistan State Oil is a state owned entity and has positioned itself as the leading OMC responsible for moving the wheels of the nation for over four decades. The company has been able to build upon strong brand recognition with the largest retail network, revitalizing millions of lives through its innovative, cleaner and reliable offerings.

## Composition of Local vs Imported Material and Sensitivity Anaylsis

During the period under review, PSO's refinery upliftment stood at 3.9 million tons i.e 41% of sales, while imports of 5.5 million tons were managed i.e a contribution of 59% of sales.

The imports are associated with several external risks including but not limited to fluctuations in foreign currency exchange rates and susceptibility of disruption to supply chain. The company is not materially exposed to foreign currency fluctuations as these fluctuations are allowed for inclusion in consumer pricing by OGRA.

## IT Governance

PSO has achieved significant progress in establishing and maintaining an IT Governance environment using policies, procedures and internal controls that ensure effective and efficient execution of strategies to support continuity of our business mission and vision. A robust system of IT governance has been established through policy framework based on internationally recognized standards such as ISO 27001, which is the benchmark standard in information security management systems. To ensure alignment with corporate goals and objectives, PSO IT has designed and implemented a number of governance related internal controls such as IT Score Card, IT Steering Committee, projects portfolio management, risk management, change & release management, Business Continuity Plan and Disaster Recovery (BCP/DR), customer and supplier engagement portals for seamless and automated transactions without human intervention, IT asset management, continuous monitoring & compliance, and performance management using Information Security Management System (ISMS) framework.

## Materiality Approach Adopted by the Management

Materiality is a concept that includes both qualitative and quantitative aspects. In general, matters are considered to be material if, individually or in aggregate, they are expected to significantly affect the performance and profitability of the company.

Every transaction is approved from the management team / Board of Management (BoM) as per the Limits of Authority Manual (LAM). LAM has been framed keeping in view the Companies Act 2017, the Code of Corporate Governance, the Articles of Association of the Company, the Marketing of Petroleum Products (Federal Control) Act, 1974, the guidelines and frameworks issued by professional bodies and best practices.

The annual report discloses information about matters that substantively affect the organization's ability to create value over the short, medium and long term.

## Disclosures Beyond Best Corporate Reporting Requirements

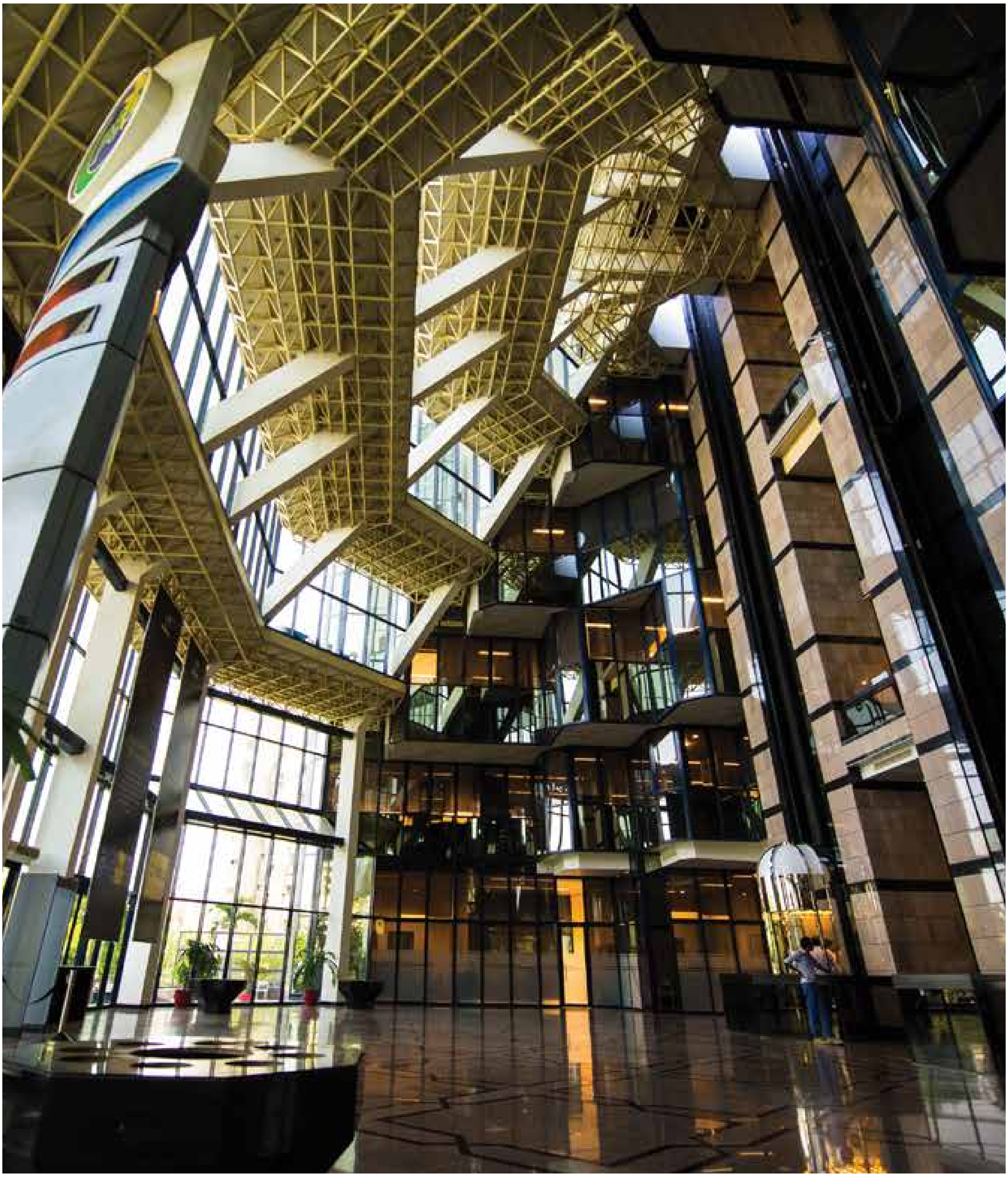
To achieve excellence in corporate reporting, PSO has always endeavored to disclose information that is useful for the analysis of financial statements, relevant to the intended users of the annual report and in accordance with best practices and reporting benchmarks available. Accordingly, PSO's Annual Report 2021 discloses the following additional information which is beyond the minimum requirements for best corporate reporting:

- Detailed terms of reference of Board Committees
- Regulatory framework applicable to the company
- Marketing initiatives in pictorial form
- Strategic investments other than associates, joint ventures and subsidiaries
- Pakistan business and economic review alongside oil industry review to enable the users to understand the performance of PSO in the relevant perspective
- Management committees vested with strategic

decision making powers
- Materiality approach adopted by the management
- Market share information from an independent source
- Debtors turnover ratio
- Creditors turnover ratio
- Free cash flows to the company
- Free cash flows to equity holders
- Separate shareholders report for consolidated accounts

## Steps Taken to Promote Innovation

Considering evolving challenges and opportunities arising in the business arena, the company has selected automation and business process re-engineering as its prime focus. Efforts are being made to promote innovation as part of the organizational culture. The company is also making strides in automating key business processes, while identifying and removing redundant activities.



# Adoption of International Integrated Reporting Framework

The primary purpose of an integrated report is to explain to the providers of financial capital how an organization creates, preserves or erodes value over time. An integrated report benefits all stakeholders interested in an organization's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers.

The Annual Report 2021 is prepared based on International Integrated Reporting Framework (IIRF) and accordingly discloses the following information:

## Organizational Overview and External Environment

It is important for readers to understand what the organization do and the circumstances under which it operates. This has been disclosed mainly in the Corporate Overview section of the annual report. The information has been provided in the annual report vide inclusion of company's profile that includes information about its products, brands, activities & markets, vision, mission, values, code of conduct, ownership and operating structure, competitive landscape and market positioning, geographical presence etc. This information has been further strengthened through inclusion of a complete regulatory framework under which the company operates, all strategic investments and presentation of marketing initiatives in pictorial form.

## Governance

To understand how the organization's governance structure supports its ability to create value in the short, medium and long term, appropriate content has been disclosed in the annual report mainly in the Corporate Governance section. This includes disclosure about organizational leadership structure, responsibilities of CEO / Chairman, significant commitments of Chairman, implementation of governance practices exceeding legal requirement, board remuneration etc.

## Business Model

No one can understand an entity properly unless its business model is understood. Appropriate information has been included in the annual report in the management review and representations section about the organization's business model. The information includes description of the inputs, activities, processes and outputs. Tax payments and CSR activities have been disclosed in Report to Shareholders / Directors' Report. A simple model depicting purchase sources, activities such as warehousing, transportation and outputs in terms of major channels used has also been included in the Corporate Overview section.

## Risks and Opportunities

The annual report contains a detailed risk and opportunity report in the Management Review and Representations Section. The report discloses the specific source of risks and opportunities segregated into internal or external, the organization's assessment of the likelihood that the risk or opportunity will come to fruition, the magnitude of its effect if it does, and the specific steps being taken to mitigate or manage key risks or to create value from key opportunities.

## Strategy and Resource Allocation

The annual report clearly describes where the organization wants to go and how it intends to get there. This has been achieved by disclosing the organization's strategic objectives, the resource allocation plans, KPIs and changes in strategies from last year. This information has been further strengthened through inclusion of strategy to deal with circular debt and information about stake holders' engagement. The relevant information is mainly included in the Management Review and Representations section.

## Performance

The performance of the company has been disclosed in details in the company's performance section in the Shareholders' Report and Financials section. This includes product-wise performance analysis, indicators and performance measures, ratio analysis, statement of value addition and analysis on financial position and performance.

## Outlook

This has been covered mainly in the forward looking section in the Shareholders' Report. It includes forward looking statement, performance vs. forward looking statement of last year, sources of information and assumptions, and how the company is currently equipped to respond to critical challenges and uncertainties that are likely to arise in future.

## Basis of Presentation

The basis of presentation has been disclosed in the About The Report writeup at the start of the annual report. Further, the concept of materiality approach adopted by the management in presenting the annual report has also been described in the Management Review and Representations section.

# RISK AND OPPORTUNITY REPORT

PSO, being the country's leading oil marketer and a Public Sector Entity, has an overall low risk appetite for conducting its business operations. The discipline and core-competence of the company demonstrates that risk management has always been an integral part of its strategic direction and the way of doing business, that has continuously been adding value to its stakeholders, especially its customers, employees and shareholders.

PSO's well-established risk governance structure, under the BoM's oversight, ensures the existence of and the accountability for effective and timely management of risks across the company. Under the authority delegated by the BoM, the Board Finance and Risk Management Committee is responsible for ensuring the compliance and efficacy of the risk management framework, supported by the company's executive management team.

The company's risk management policy is commensurate with international best practices and its business strategy. The policy requires the identification, assessment and measurement, treatment, monitoring and reporting of all major risks affecting the corporate objectives and core values, and entails a sound risk management culture and environment across the company.

With the passage of time, the risk profile of the company is changing with the underlying risk factors, mainly due to ageing of assets, changes in regulatory requirement and market-driven forces. The risks, stated below, in the corporate risk radar, are continuously being assessed, monitored and addressed by the company's executive management and BoM.

## Competitive landscape and market positioning

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Financial | Financial | Long term | External | High | High |

Associated objective: Ensure business sustainability and growth

How PSO is managing this risk: Major imbalance in the industry's supply-demand equilibrium, mainly due to changes in other OMCs' business strategies in pursuit of seizing arbitrage opportunities arising from oil price fluctuations, significantly affect the supply chain management of the company, thus causing strain on its profitability and supply chain. PSO is managing such pressures through effective supply chain management, while increasing storage capacity which will help the company in managing it better.

## Circular debt financing straining profitability

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Financial | Financial | Long term | External | High | High |

Associated objective: Settle the chronic receivables from power sector, GoP, SNGPL and PIA

How PSO is managing this risk: The receipts against the trade receivables from power sector exceeded marginally from the invoiced amount in FY21. Whereas receivable from SNGPL increased owing to lesser receipts against the supplies in the period. The amount received against the Late Payment Surcharge from HUBCO and KAPCO contributed materially in easing the financial strain on the company's cost of fund for the year. PSO is actively following up with the customers and respective authorities for the settlement of long outstanding dues and has proposed several options to the Government for the settlement of the same. Meanwhile, the company is managing its working capital requirement through commercial banks and keeping the spread to a minimum. In addition, the company is striving hard towards the effective execution of long pending tripartite agreement among PSO, SNGPL and SSGC for its LNG business.

## Increasing competition affecting market share in retail business

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Strategic | Financial | Long term | External | High | Medium |

Associated objective: Market penetration with key products with focused approach on high margin products to increase shareholder's value

How PSO is managing this risk: PSO has embraced competition as an opportunity for enhancing its financial and operational efficiencies through rehabilitation, innovation, integration and improving business relations while protecting its intellectual property. During the year, the market share of the company in retail sector improved significantly for MoGas and HSD in comparison to last year's performance.

## Foreign exchange rate fluctuations impacting profitability

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Financial | Financial | Long term | External | High | Medium |

Associated objective: Financial sustainability and enhancement

How PSO is managing this risk: PSO's POL purchases in USD and its FE-25 loans expose the company to foreign exchange risk until settled. However, the GoP has committed to defray any extra cost and risk on such extended duration agreements. Whereas the foreign exchange risk on the company's USD purchases passed through pricing, thus substantially minimizing the net foreign exchange exposure on PSO's books in the year.

## Complete dependency on cartage contractors for transmitting MoGas up-country

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Strategic | Infrastructure | Long term | External | High | Medium |

Associated objective: Ensure completion of supply chain oriented infrastructure projects within the year

How PSO is managing this risk: A single strike call of cartage contractors can halt the movement of MoGas for days, which can lead to dry-out situations in several locations. PSO and the respective government authorities always strive to reduce the impact of such calls through table-talks and negotiations with the concerned parties for quick resolution of their concerns. In such circumstances, NLC's large fleet is used to manage the supply chain in the affected areas of the country. The multi-grading of WOP & MFM, expected to be commissioned by Q1FY22, may reduce the severity of the risk.

## Aging assets increasing reliability risk

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Operational | Infrastructure | Long term | External | Medium | Medium |

Associated objective: Ensure completion of supply chain oriented infrastructure projects within the year

How PSO is managing this risk: All assets are inspected and maintained as per the maintenance plan, whereas asset integrity is assessed on need basis for all critical assets including tankages, gantry, pipelines and pumps, and solutions are developed and implemented in accordance with the study findings. As part of the capacity expansion and rehabilitation plan 174,000 tons of storages have been added and rehabilitated during the year, while a significant portion of the assets rehab is underway.

## Natural and man-made disaster events

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Operational | Human & Infrastructure | Short term | Internal & External | Low | High |

Associated objective: Business process re-engineering, optimization of resources and automation to ensure continuity of business

How PSO is managing this risk: PSO is committed to complying with Health, Safety and Environmental regulations and best practices, and has always kept it on priority within its business strategy and objectives. The company's HSE control environment has significantly improved over the years and its compliance is strictly monitored at every facility and premise. Moreover, the company has an effective disaster recovery plan in place for its critical operations which is periodically tested. In addition, adequate and comprehensive insurance coverage exists for the company's assets (including inventory) against the disaster events. Furthermore, coordinated security measures are in place and periodic mock drills are conducted to test the adequacy of the company's security protocol, especially for its highly sensitive facilities.

## Changing regulatory and legislative environment

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Compliance | Infrastructure | Medium term | External | Medium | Medium |

Associated objective: Adherence to all relevent regulatory requirements and policies

How PSO is managing this risk: The company's executive management, under the supervision and direction of the BoM, has always been pro-actively engaged with the respective authorities at different levels and forums in securing the interest of all the stakeholders. The effect of potential changes is measured and reflected in the company's business strategies and plans accordingly. With the new national EV policy, the petroleum demand is expected to stagnate beyond 2030, creating an opportunity to enter the new market in parallel - PSO is actively pursuing to tap the EV market by installing EV charging booth and exploring further avenues and ventures to ensure sustainability and growth.

## Inability to meet customer demand

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Strategic | Financial | Long term | External | Low | High |

Associated objective: Ensure availability of product at all times and meet customer demand

How PSO is managing this risk: PSO's commitment to its customers is the primary objective of its core existence. Its stringent supply planning process, reliable and diversified sourcing, adequate inventory reserves, reliable infrastructure and efficient logistics across the country are successfully contributing towards meeting customer demand at all times. However, the demand and supply equilibrium is affected when other OMCs maneuver their procurement and sales strategies to take advantage of arbitrage opportunities in the market, thus creating unprecedented onus on the company's supply chain in trying to maintain the equilibrium.

## Off-spec product may damage brand image

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Operational | Relationship | Medium term | Internal | Low | High |

Associated objective: Ensure quality at every stage of the supply chain

How PSO is managing this risk: PSO's state-of-the-art petroleum laboratory network and mobile quality testing units are ensuring the product quality, as per the GoP specifications, across Pakistan. The Quality Assurance team assures the quality of all PSO supplied products at every stage of the company's supply chain. In addition, the accuracy of product dispensing units installed at the company's fueling stations are regularly tested to ensure right quantity is delivered to its valued customers. Following the introduction of Euro 5 fuel, enhanced testing facilities have been made available at Lalpir, Sihala, Machike and Keamari.

## Information security breach may disrupt operations

| Risk type | Effected Capital | Nature | Source | Likelihood | Magnitude |
|---|---|---|---|---|---|
| Operational | Infrastructure | Short term | External | Low | High |

Associated objective: Reliability of IT systems and infrastructure

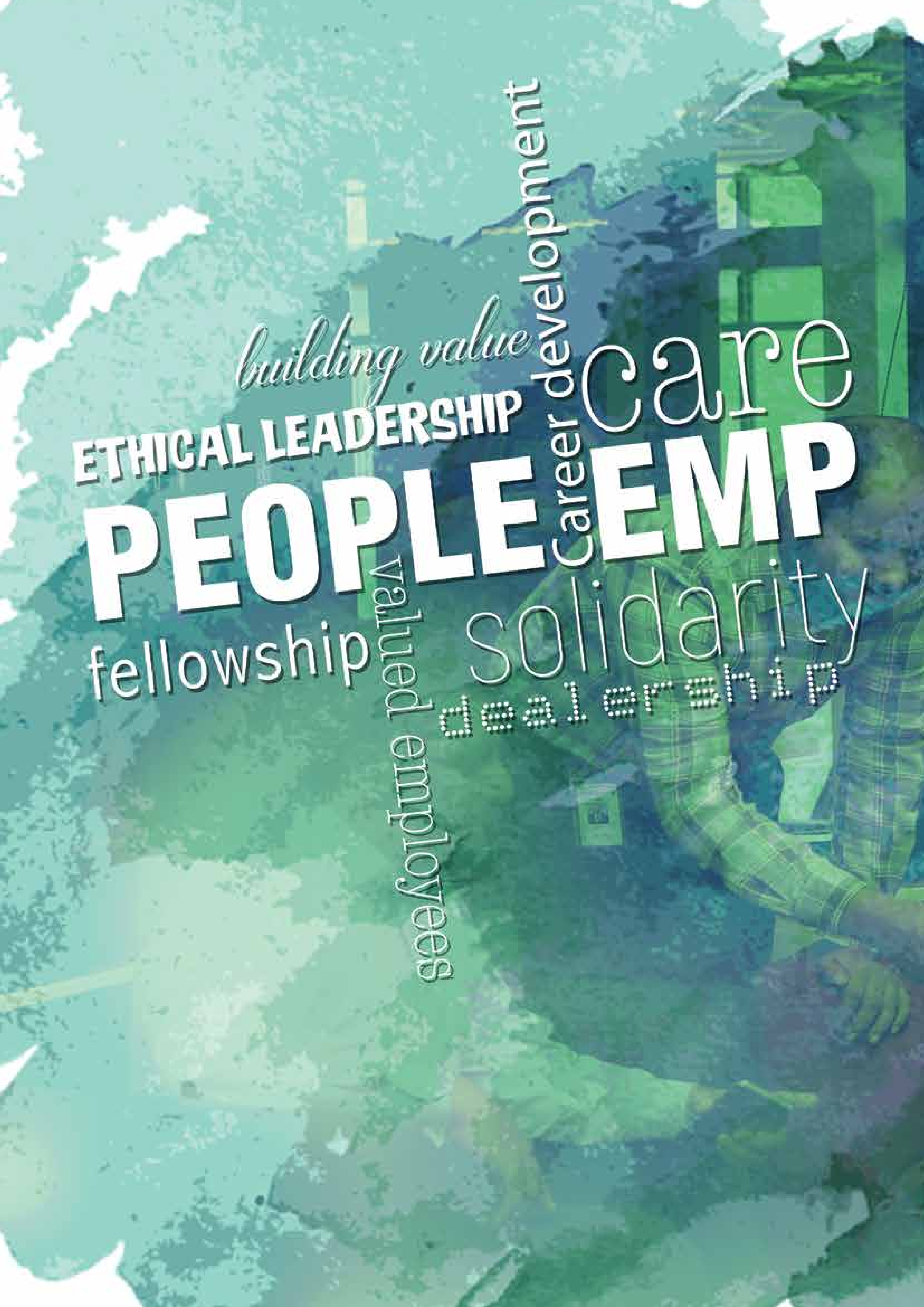
How PSO is managing this risk: PSO has very effective and efficient information security systems, controls and environment which is annually tested by IT security firms to identify and address any vulnerabilities in the same.

### A Statement from the Board of Management

The BoM has an overall oversight on all the high priority corporate risk matters and activities, mainly including the trade receivables from GENCOs, HUBCO, PIA and SNGPL as well as the challenging market dynamics in the white oil business. All these risks pose a serious threat to the company's profitability and solvency, and continuous emphasis and every possible effort is made to reduce their impact on the financial statements.

### Adequacy of Capital Structure

The company's capital structure is adequate enough to absorb the unexpected losses from its risky assets, which is monitored on periodic basis.


building value
ETHICAL LEADERSHIP
Career development
care
PEOPLE
EMP
valued employees
fellowship
solidarity
dealership


SUCCESSION PLANNING
OWERMENT
rising opportunities
cooperation
enriching
lives

# NOTICE OF MEETING

Notice is hereby given that the 45th Annual General Meeting of Pakistan State Oil Company Limited ("the Company") will be held on Tuesday, October 26, 2021 at 11:00 a.m. through video-link facility to transact the following business:

## Ordinary Business:

1. To confirm the minutes of the 44th Annual General Meeting held on October 21, 2020.

2. To receive, consider and adopt the Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2021 together with the Report to the Shareholders and Auditors' Report thereon.

3. To lay information before the members of the Company for the appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants as external auditors of the Company for the year ending June 30, 2022.

4. To approve payment of final cash dividend of Rs. 10/- per share i.e., 100% in addition to the interim cash dividend of Rs. 5/- per share i.e., 50% already paid, thereby making a total cash dividend of Rs. 15/- per share i.e., 150%.

## Special Business:

5. To consider and pass, with or without modification, the following resolution as SPECIAL RESOLUTION.

   "RESOLVED THAT the share capital of the Company be and is hereby increased from Rs. 5,000,000,000/- (Rupees Five Thousand Million) divided into 500,000,000 (Five Hundred Million) Ordinary Shares of Rs. 10/- (Rupees ten) each to Rs. 10,000,000,000/- (Rupees Ten Thousand Million) divided into 1,000,000,000 (One Thousand Million) Ordinary Shares of Rs. 10/- (Rupees ten) each and for this purpose:

   a) the figures and words "Rs. 5,000,000,000/- (Rupees Five Thousand Million) divided into 500,000,000 (Five Hundred Million) Ordinary Shares of Rs. 10/- (Rupees ten) each" appearing in Clause V of the Memorandum of Association of the Company be and are hereby substituted by the figures and words "Rs. 10,000,000,000/- (Rupees Ten Thousand Million) divided into 1,000,000,000 (One Thousand Million) Ordinary Shares of Rs. 10/- (Rupees ten) each" and

   b) the figures and words "Rs. 5,000,000,000/- (Rupees Five Thousand Million) divided into 500,000,000 (Five Hundred Million) Ordinary Shares of Rs. 10/- (Rupees ten) each" appearing in Article 5 of the Articles of Association of the Company be and are hereby substituted by the figures and words "Rs. 10,000,000,000/- (Rupees Ten Thousand Million) divided into 1,000,000,000 (One Thousand Million) Ordinary Shares of Rs. 10/- (Rupees ten) each."

   "FURTHER RESOLVED THAT for the purpose of giving effect to the foregoing, the Managing Director & CEO and / or the Company Secretary, be and are hereby singly or jointly authorised to do all acts, deeds and things and take any and all necessary steps to fulfill the legal, corporate and procedural formalities and to file all documents/returns as deemed necessary, expedient and desirable to give effect to this resolution."

By Order of the Board

September 30, 2021
Karachi

Rashid Umer Siddiqui
Company Secretary

## Notes:

1. The Share Transfer books of the Company will remain closed from October 15, 2021 to October 26, 2021 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi up to the close of business on October 14, 2021 will be considered in time for the purposes of attending the Annual General Meeting (AGM).

2. In view of the prevailing pandemic COVID-19 situation and in line with the directions issued to listed companies by the Securities and Exchange Commission of Pakistan vide its Circular No. 4 dated February 15, 2021 and subsequent Circular No. 6 of 2021 dated March 03, 2021, the Company has decided to hold the AGM through electronic means.

   Special arrangements for attending the AGM through electronic means will be as under:

   a) AGM will be held through Zoom application - a video link facility.

   b) Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company's Share Registrar, M/s CDC Share Registrar Services Limited at least two (2) days before the time of AGM i.e., by Sunday, October 24, 2021, 11:00 a.m. by sending an email with subject: "Registration for PSO AGM" at cdcsr@cdcsrsl.com or WhatsApp at 0321-8200864 along with a valid scanned copy of their CNIC.

   Shareholders are advised to provide the following details:

| Folio / CDS A/c No. | Company | Name of Shareholder | CNIC number | Cell number | Email address |
|---|---|---|---|---|---|
| | Pakistan State Oil Company Limited | | | | |

Video-link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.

Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

c) Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary Office at least two (2) days before the AGM, at the given email address AGM2021@psopk.com or cdcsr@cdcsrsl.com or WhatsApp on 0321-8200864. Shareholders are requested to mention their full name, CNIC # and Folio/CDS Account # for this purpose.

d) Shareholders are encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

3. A member entitled to attend the meeting may appoint any other member as his/her proxy to attend the meeting through video-link. A proxy form is enclosed.

4. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarized attested copy of power of attorney must be deposited at the Registered Office of the Company situated at PSO House, Khayaban-e-Iqbal, Clifton, Karachi at least 48 hours before the time of the AGM excluding holidays i.e. latest by Friday, October 22, 2021 at 11:00 am.

5. Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should get their address updated with their participant or CDC Investor Accounts Services.

6. For appointing proxies, the shareholders will further have to follow the under mentioned guidelines:

i) In case of individuals having physical shareholding or 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 CDC Regulations, shall submit the proxy form accordingly.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.

iii) Notarized copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) In case of a 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.

## 7. Submission of copy of CNIC/NTN (Mandatory)

Individual members who have not yet submitted photocopy of their valid CNIC to the Company/Share Registrar, are once again requested to send their CNIC (copy) at the earliest directly to the Company's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block–B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi. Corporate Entities are requested to provide their National Tax Number (NTN). Please also give Folio Number with the copy of CNIC/NTN details.

## 8. Payment of Cash Dividend Electronically (Mandatory)

In accordance with the provisions of Section 242 of the Companies Act, 2017 and Regulation No. 4 of the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividend directly into their bank account, shareholders are requested to fill in "E-Dividend Mandate Form" available on Company's website (http://www.psopk.com) and send it duly signed along with a copy of CNIC to the Company's Share Registrar, M/s CDC Share Registrar Services Limited, CDC House, 99-B, Block – B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, in case of physical shares.

In case shares are held in CDC then "E-Dividend Mandate Form" must be submitted directly to shareholder's broker/participant/CDC Investor Account Services.

Please note that as per Section 243 of the Companies Act, 2017 and Regulation No. 6 of the Companies (Distribution of Dividends) Regulations, 2017, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by the shareholders.

## 9. Withholding Tax on Dividend Income

The rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 are as follows:

| | | |
|---|---|---|
| 1. | Rate of tax deduction for persons appearing in Active Taxpayer List (ATL) | 15% |
| 2. | Rate of tax deduction for persons not appearing in Active Taxpayer List (ATL) | 30% |

In this regard, all shareholders who hold shares with Joint Shareholder(s) are requested to provide shareholding proportions of Principal Shareholder and Joint Shareholder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

| Folio / CDS A/c No. | Total Shares | Principal Shareholder | | Joint Shareholder | |
|---|---|---|---|---|---|
| | | Name and CNIC Number | Shareholding Proportion (No. of Shares) | Name and CNIC Number | Shareholding Proportion (No. of Shares) |

**Note:** The required information must reach the Company's Share Registrar by Thursday, October 14, 2021; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Shareholder(s).

To enable the Company to make tax deductions on the amount of cash dividend @15% instead of 30%, shareholders are requested to please check and ensure Filer status from Active Taxpayers List ("ATL") available at FBR website http://www.fbr.gov.pk/ as well as ensure that their CNIC/Passport number has been recorded by the Participant/Investor Account Services or by Share Registrar (in case of physical shareholding). Corporate entities (non-individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant/Investor Account Services or in case of physical shareholding by Company's Share Registrar.

Withholding tax exemption from dividend income, shall only be allowed if a copy of valid tax exemption certificate is made available to the Company's Share Registrar by Thursday, October 14, 2021.

## 10. Availability of Annual Audited Financial Statements on the Company's Website

In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2021, are available on the Company's website (http://www.psopk.com).

## 11. Transmission of Annual Audited Financial Statements through CD

SECP, through its SRO 470(I)/2016 dated May 31, 2016 has allowed companies to circulate the annual audited financial statements to their members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses. The Company has obtained shareholders' approval in its 41st Annual General Meeting held on October 20, 2017 in this regard. Accordingly, the Annual Report of PSO for the year ended June 30, 2021 is being dispatched to shareholders through CD. Any member requiring printed copy of the Annual Report 2021 may send a request using a "Standard Request Form" placed on the Company's website (http://www.psopk.com).

## 12. Transmission of Financial Statements to the Members through e-mail

SECP, through its SRO 787 (I)/2014 dated September 08, 2014 has provided an option for shareholders to receive annual audited financial statements along with the Notice of AGM electronically through email. Members who are interested in receiving the annual reports and Notice of AGM electronically in future, are requested to send their email addresses on the "Consent Form" placed on the Company's website (http://www.psopk.com) to the Company's Share Registrar.

## 13. Conversion of Physical Shares into Book Entry Form:

Section 72(2) of the Companies Act, 2017 provides that every existing company shall be required to replace its physical shares with book-entry form within four (4) years from the date of the promulgation of the Act. Further, vide its letter dated March 26, 2021, Securities and Exchange Commission of Pakistan has directed listed companies to pursue their such shareholders who are still holding shares in physical form to convert the same into book entry form. In order to ensure compliance with the aforementioned provision, all shareholders having physical shareholding are encouraged to open a CDC sub-account with any of the brokers or an Investor Account directly with CDC to place their physical shares into scrip-less form. This will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

## Statement under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on October 26, 2021.

## Item 5 of the agenda

## Increase in the authorised share capital:

An increase in the authorised share capital of the Company is required to increase room for further issue of capital. Accordingly, the Board of Management of the Company has recommended that the authorised share capital of the Company be increased by Rupees Five Thousand Million (Rs. 5,000,000,000/-) from the existing Rupees Five Thousand Million (Rs. 5,000,000,000/-) to Rupees Ten Thousand Million (Rs. 10,000,000,000/-) divided into shares of Rupees ten (Rs.10/-) each.

# Company Information

## Board of Management

**Chairman (Independent)**

Mr. Zafar I. Usmani

**Independent Members**

Mr. Muhammad Hamayun Khan Barakzai

Ms. Tara Uzra Dawood

**Non-Executive Members**

Mr. Hassan Mehmood Yousufzai

Mr. Muhammad Anwer

Mr. Shahid Salim Khan

**Managing Director & Chief Executive Officer**

Syed Muhammad Taha

## Chief Financial Officer

Ms. Gulzar Khoja

## Company Secretary

Mr. Rashid Umer Siddiqui

## Auditors

M/s. KPMG Taseer Hadi & Co.

Chartered Accountants

## Legal Advisor

M/s. Orr, Dignam & Co.

Advocates

## Registered Office

Pakistan State Oil Company Limited

PSO House

Khayaban-e-Iqbal, Clifton

Karachi – 75600, Pakistan

UAN: +92 21 111 111 PSO (776)

Fax: +92 21 9920 3721

Website: www.psopk.com

## Share Registrar

CDC Share Registrar Services Limited

CDC House, 99-B

Block B, S.M.C.H.S.

Main Shahrah-e-Faisal

Karachi-74400, Pakistan

Tel.: 0800-CDCPL (23275)

Fax: +92 21 3432 6053

Email: info@cdcsrsl.com

## Bankers

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

Citibank N.A.

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Samba Bank Limited

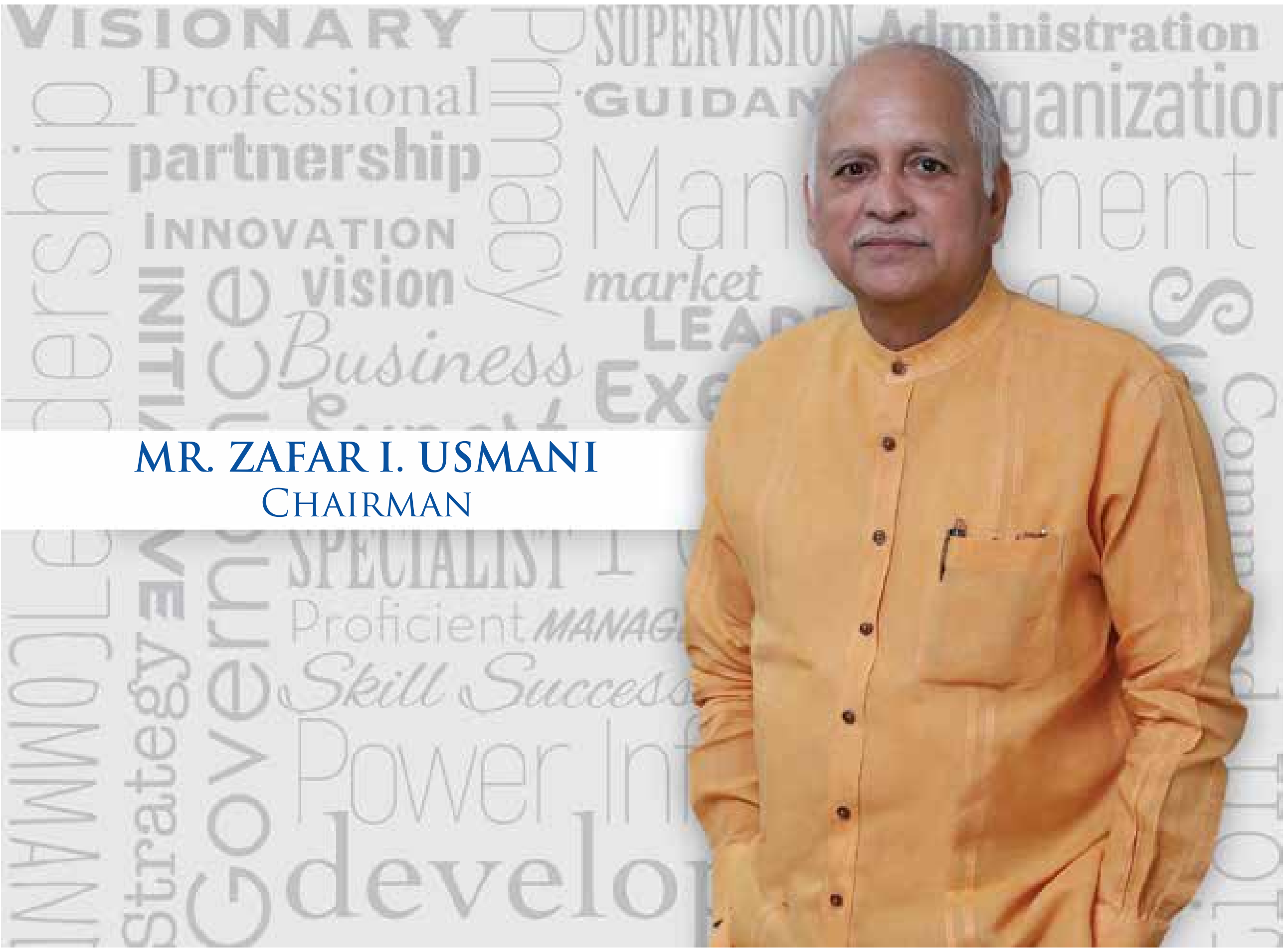
Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

The Bank of Punjab

United Bank Limited

# BOARD OF MANAGEMENT PROFILES




## MR. ZAFAR I. USMANI
CHAIRMAN

Mr. Zafar I. Usmani has held multiple C-level positions with multinational and national companies. He has worked as Chief Operating Officer in Cable & Wireless JV, Paktel; Chief Executive Officer in ExxonMobil JV in Pakistan; Senior Vice President Commercial in Pakistan International Airlines Corporation; Senior Executive Vice President in Pakistan Telecommunication Company Limited and Chief Operating Officer in CM Pak Ltd (Zong). He has overall 33 years of experience with 17 years in C-level positions, with exposure in the areas of management, strategy, planning, marketing, sales, distribution, customer services and finance.

Mr. Usmani's key strength and experience has been in leading the turnaround of struggling and/or financially bleeding companies (ExxonMobil JV in Pakistan), and in accelerating the growth of new and smaller companies to critical mass using technology & out-of-box approach (Zong: China Mobile).

Mr. Usmani has served on the board of directors of Lahore Electric Supply Company Limited (LESCO), Genco Holding Company Limited, Pakistan Telecommunication Company Limited, China Mobile Pakistan, Mobil Askari Lubricants Limited, R&D Fund, and USF under Ministry of Information Technology & Telecommunication. He has also served as member on the Information Technology & Telecom Advisory Board under the Ministry of Information Technology & Telecommunication. He has served on numerous committees of the board of directors in different companies which included Finance, Audit, Procurement, Human Resources, HSE, and Customer Services.

Mr. Usmani holds an MBA degree from Marquette University, Milwaukee, USA under USAID Scholarship and PGD from the Institute of Business Administration, Karachi University, and Chief Operating Officers Program from Cable & Wireless College, Coventry, UK.

## SYED MUHAMMAD TAHA
MD & MEMBER, BOM

Mr. Taha is known and respected for his transformational skills in the energy sector with over two decades of executive level experience in the industry. He was appointed as the Managing Director & Chief Executive Officer of Pakistan State Oil on February 26, 2020. Shortly after he took the helm of affairs, the world was hit by the COVID-19 pandemic. He deftly steered the company through troubled waters, successfully overcoming a myriad of crises while fulfilling the obligation of fueling the nation in an adverse operating environment and emerging stronger than before.

Under his leadership, PSO spearheaded the clean energy revolution in Pakistan by becoming the first oil company to introduce Euro 5 fuels in the country. He streamlined management and marketing, focused energy on human resource, reinvented the company's internal architecture and ensured long term sustainability by leveraging technology through business process reengineering, automation & digitization, infrastructural projects, strategic financial management and focus on high margin products with safety and ethics being underpinning drivers of all initiatives.

Prior to his current position, Mr. Taha worked as an Executive Director in Oasis Energy, heading the Program Management Office of Port Harcourt Electricity Distribution Company, Nigeria, where he led a global team of subject matter experts to provide strategic and operational support to the leadership team of the distressed utility while successfully spearheading and executing multidisciplinary and multimillion dollar projects.

Mr. Taha worked at K-Electric Limited as Chief Distribution Officer and a vital member of the Senior Leadership Team. While effectively managing revenues of USD 1.9 billion, he successfully improved the productivity & effectiveness of 8000+ employees and served 2.4 million customers in Karachi. He has been a key member of the change management team where he was an integral part of the leadership teams that turned around struggling enterprises into highly profitable concerns.

Mr. Taha has also worked for over 9 years at Pakistan State Oil Company Limited (PSO), the country's largest oil marketing company, where he held several senior positions and led various functions as Head of Corporate Affairs, Retail Fuels, Cards Business and Corporate Planning and worked directly under CEOs.

For around 6 years starting from 1993 to 1999, Mr. Taha worked for Shell Pakistan, Caltex Pakistan (A Chevron Company) and Pakistan Steel Mills at various positions. Mr. Taha holds an Engineering degree with an MBA in Finance from the Institute of Business Administration, Karachi.

## MR. HASSAN MEHMOOD YOUSUFZAI
### Member

Mr. Hassan Mehmood Yousufzai is currently serving as Additional Secretary, Petroleum Division, Government of Pakistan. He has served as the Director General, National Institute of Management, Pakistan Academy for Rural Development and Pakistan Provincial Services Academy, Peshawar. In Khyber Pakhtunkhwa (KPK), Mr. Yousufzai has served as Secretary Higher Education Department, Housing Department, Auqaf Department, Law and Order (Merged Area) and Administration (Establishment). Mr. Yousufzai has also served as Commercial Counselor in Frankfurt, Germany, Managing Director Small Industries, KPK and Chief Economist in the P&D Department of KPK government. Outside the Government, he has experience of working as Capacity Development Specialist in Asian Development Bank and Assistant Political Agent in Bajaur Agency. Early in his career, Mr. Yousufzai served as District Coordination Officer, Swat, Additional Secretary, Establishment Department and Personal Staff Officer to the Chief Secretary, and also remained Assistant Commissioner in Chitral and Swat.

He passed his CSS Examination in 1995 to join 24th CTP, in the Pakistan Administrative Service (Formerly called DMG). He attained MA in Conflict Transformation from Eastern Mennonite University, USA as a Fulbright Fellow. Currently, he is enrolled in the PhD program in the Department of International Relations, University of Peshawar. He did his schooling from Cadet College, Petaro, F.Sc from PAF College, Sargodha and also graduated from PAF College of Aeronautical Engineering. Mr. Yousufzai is also an MA in Political Science from Peshawar University and B.Sc. (Aero Sciences) from PAF Academy in Risalpur.

He has participated in diverse professional training courses and promotion exams in PAF, 18-month Common Training Program and Specialized Trading Program at Civil Services Academy, mid-career management course, senior management and national management courses, JICA training on development studies and economic development training in China. Mr. Yousufzai has also participated in numerous domestic and international seminars, certificate courses and non-degree programs on areas related to public sector. He has also drafted 'Manual for MusalihatAnjumans' for Asian Development Bank and co-authored 'Towards Understanding Pakhtoon Jirga, an indigenous way of peace building and more'. Mr. Yousufzai is the member of SSGC's Board, Government Holdings (Private) Limited (GHPL), Pakistan LNG Limited (PLL), Pakistan Refinery Limited (PRL) and Board of Management of Pakistan State Oil Company Limited (PSOCL) and their various committees as representative from the Government side.

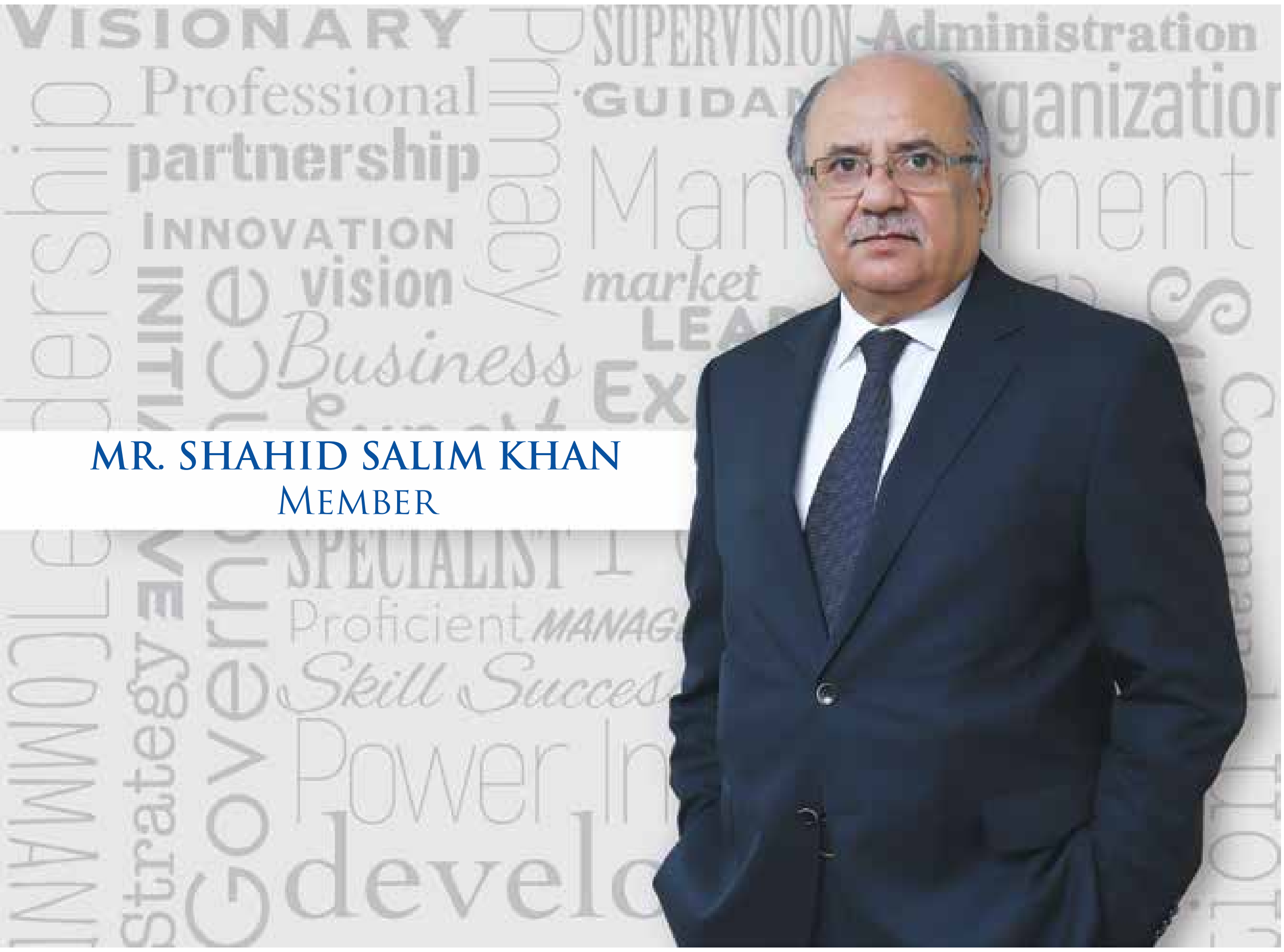

Mr. Muhammad Hamayun Khan Barakzai is a Certified Director from Pakistan Institute of Corporate Governance and holds a bachelors degree in commerce from the University of Karachi.

During the period October 2004 to January 2006, he volunteered his services as social worker in Al-Khaliq Foundation at Quetta and assisted in formation of village councils, survey work and holding health campus etc.

He was selected as a Social Organizer in Baluchistan Rural Support Programme in March 2007. His main objective in this field is community organization; the essence of this process is the attempted adjustment of social as well as economic needs and available resources and potential by the inhabitants in a geographical area, with or without external assistance. He is involved in mobilization which is the process of getting poor people living in rural areas, organized to enable them to improve their own situation. The philosophy is "Helping people to help themselves".

He has worked as Distribution Executive in Express News Channel from January 2009 to November 2018.

He was also involved in flood relief activities in district Bolan for approximately 6 months, which was based on two projects i.e., "World Food Programme" and "Child Protection". In recognition of his services, Mr. Barakzai has received an award from the Chief Minister of Balochistan.

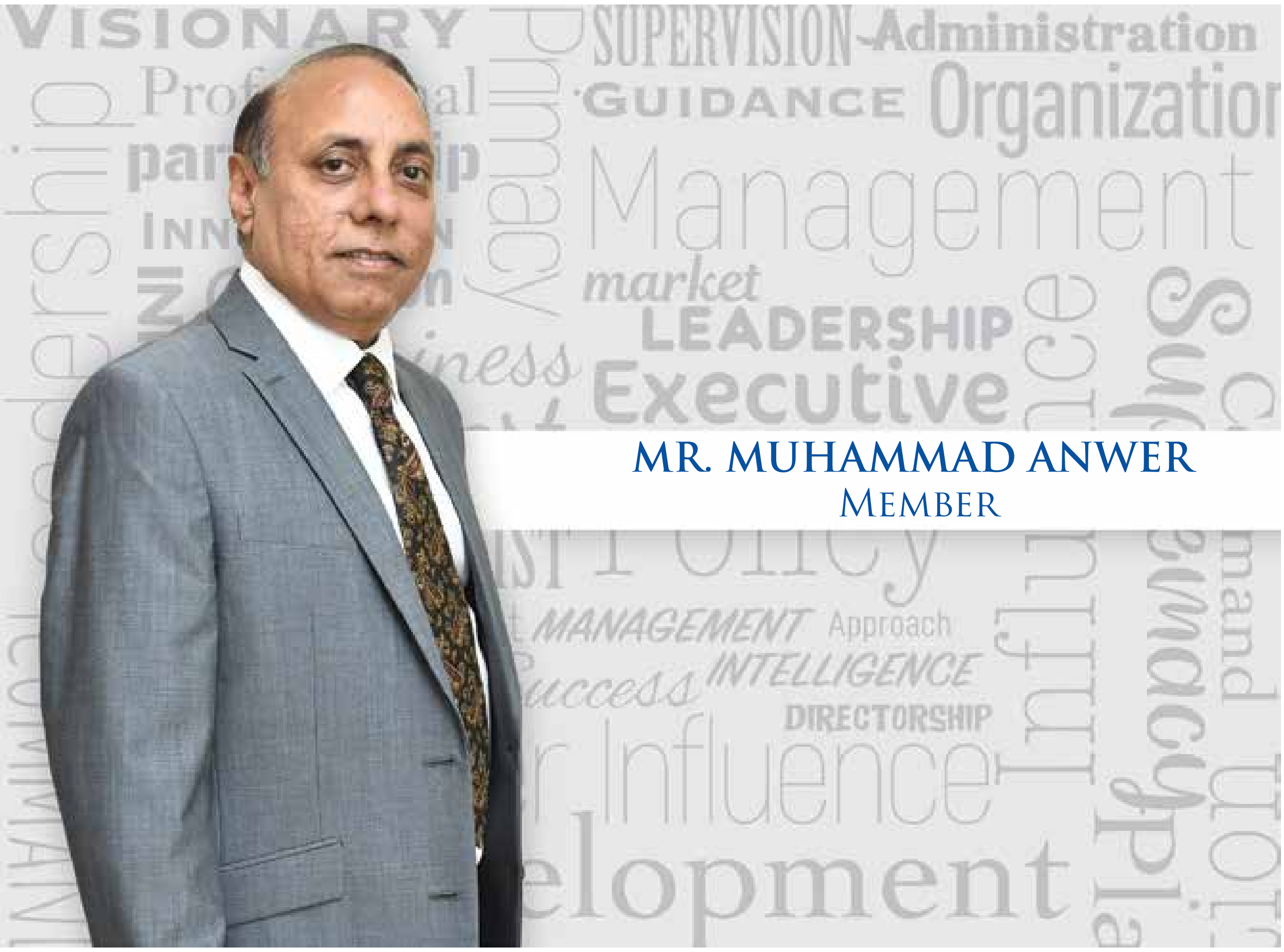


## MR. SHAHID SALIM KHAN
MEMBER

Mr. Shahid Salim Khan is a Petroleum Engineer by profession having MS in Petroleum Engineering from University of Southern California, USA. He has more than 36 years of diversified hands on experience in various disciplines of E&P sector including HSE, petroleum engineering, drilling, production operations, community relations & community development. Mr. Khan has worked in different capacities with Kuwait Foreign Petroleum Exploration Company (KUFPEC), Mari Petroleum Company Limited (MPCL), Eni Pakistan Limited (An Italian Company), LASMO Oil Pakistan (London & Scottish Oil Company) and Oil & Gas Development Company Limited (OGDCL).

Besides having engineering & managerial skills, he had also contributed in other oil & gas industry forums like Pakistan Petroleum Exploration and Production Companies Association (PPEPCA) in capacity of Senior Vice Chairman, Society of Petroleum Engineers (SPE) in various capacities including Chairman Pakistan Chapter (2014-16 and 2020-22) and Director SPE. He has also been Chairman Annual Technical Conference that is jointly organized by SPE and PAPG annually.

He is currently serving as MD/CEO, OGDCL and Director on the board of Mari Petroleum Company Limited (MPCL).



## MR. MUHAMMAD ANWER
Member

Mr. Muhammad Anwer is a senior civil servant, currently posted as Additional Finance Secretary (CF) in the Ministry of Finance and dealing with financial matters of water, power, petroleum and gas sectors. Having a Master's degree in Finance / Management (with distinction), Executive Education Program in Public Financial Management from John. F. Kennedy School, Harvard University, national / international trainings, he possesses over 25 years of experience in public administration, corporate finance, taxation and economic affairs. Mr. Anwer made significant strides in his area of expertise and successfully finalized a number of key bilateral and multilateral financial and technical assistance agreements on infrastructure development, communications and power generation etc.

Mr. Anwer led several GoP teams and represented the country on various international forums to enhance international economic and technical cooperation with Pakistan.

## MS. TARA UZRA DAWOOD
MEMBER

Miss Tara Uzra Dawood is the CEO and Founder of 786 Investments Ltd., one of Pakistan's pioneer asset management companies. It is publicly listed on the Pakistan Stock Exchange. She also currently sits on the boards of Pakistan State Oil - where she chairs the Audit, HR and IT/Innovation committees, Pakistan Refinery Limited, and Dawood Family Takaful Limited, and previously served on the boards of Mutual Funds Association of Pakistan and Lahore Electric Supply Company (LESCO). She is further serving on the Energy Sub-Committee of Advisory Committee of the Planning Commission under Chairmanship of Mr. Asad Umar, Federal Minister for Planning, Development, Reforms and Special Initiatives (PD&SL). She is certified in Corporate Governance by Lahore University of Management Sciences (LUMS), Pakistan Institute of Corporate Governance (PICG) and Harvard Business School.

She holds a Doctorate in Judicial Science from Harvard Law School - where she specialized in shariah law and finance, as well as mergers and acquisitions – and Bachelor of Arts Honors from Cornell University and Oxford University.

She worked for law firms in New York, Toronto, Amsterdam, Brussels and California before launching 786 Investments Ltd. She has served on the Faculty at Danube University Krems (Austria) as recommended by The International Investment Funds Association and EBAMA.

She speaks globally at numerous international mutual fund and banking conferences as an authority on shariah-compliant finance as well as finance for women, and most recently represented Pakistan at ALFI Rentree 2020, the Annual Association of the Luxembourg Fund Industry, where she has previously been a speaker on Islamic finance in both 2013 and 2014. She also was invited to France to assist the Association Française de la Gestion Financière on the launching of their shariah mutual funds industry. She is well known for her philanthropic work for women and children, in partnership with Facebook's internet.org foundation and with the support of the World Bank, as well as distribution of emergency supplies during the SWAT earthquake and most recently, food rations during COVID-19/Sindh floods. Her current passion project is spearheading the distribution of 10,000 wheelchairs across Pakistan to hospitals and individuals in need.

## Engagement of Board Members in Business Entities

| Sr. No. | Name of Board Member | Other Engagements |
|---|---|---|
| 1 | **Mr. Zafar I. Usmani**<br>Chairman (Independent) | **Director**<br>1. Strategic Alliancez (Private) Limited |
| 2 | **Syed Muhammad Taha**<br>(MD & Member, BOM) | **Director**<br>1. Asia Petroleum Limited<br>2. Pak-Arab Pipeline Company Limited<br>3. Pakistan Refinery Limited<br>4. Petroleum Institute of Pakistan |
| 3 | **Mr. Hassan Mehmood Yousufzai**<br>(Non – Executive Member) | **Director**<br>1. Government Holdings (Private) Limited<br>2. Pakistan LNG Limited<br>3. Pakistan Refinery Limited<br>4. Sui Southern Gas Company Limited |
| 4 | **Mr. Muhammad Anwer**<br>(Non – Executive Member) | **Director**<br>1. Central Power Purchasing Agency<br>2. Faisalabad Electric Supply Company<br>3. Government Holdings (Private) Limited<br>4. Islamabad Electric Supply Company |
| 5 | **Mr. Muhammad Hamayun Khan Barakzai**<br>(Independent Member) | **None** |
| 6 | **Mr. Shahid Salim Khan**<br>(Non – Executive Member) | **Managing Director & CEO**<br>1. Oil & Gas Development Company Limited<br><br>**Director**<br>2. Mari Petroleum Company Limited |
| 7 | **Ms. Tara Uzra Dawood**<br>(Independent Member) | **Chief Executive Officer**<br>1. 786 Investments Limited<br><br>**President**<br>1. Dawood Global Foundation<br><br>**Director**<br>1. Dawood Family Takaful Limited<br>2. Pakistan Refinery Limited |

# Board Committees

## Board Finance & Risk Management Committee

| | |
|---|---|
| **Mr. Muhammad Anwer** | Chairman |
| **Mr. Zafar I. Usmani** | Member |
| **Mr. Muhammad Hamayun Khan Barakzai** | Member |
| **Company Secretary** | Secretary |

### Terms of Reference

The Board Finance and Risk Management Committee primarily reviews the financial and operating plans of the company and is responsible for overseeing the risk management activities, approving appropriate risk management procedures and measurement methodologies across the company.

The Finance and Risk Management Committee's scope of work entails carrying out following activities and duties and recommending their findings to the Board of Management for approval:

1. Reviewing Corporate Strategy, Operational Plans and Long term Projections of the company.
2. Reviewing Proposals / Feasibility Studies prepared by the management of all major projects.
3. Review the proposed Annual Business Plan and Budget and endorsing the same for approval of Board of Management.
4. Identification and management of strategic business risks of the company considering the general economic conditions of the country, competitive realities and scenarios and ensuring that risk management processes and cultures are embedded throughout the company.
5. Providing regular update to the Board of Management on key risk management issues and its proposed mitigating factors.
6. Considering investments and disinvestments of funds outside normal conduct of business and reviewing cash and fund management policies and procedures.
7. Consideration of any other issue or matter as may be assigned by the Board of Management.

## Board Human Resource & Remuneration Committee

| | |
|---|---|
| **Ms. Tara Uzra Dawood** | Chairperson |
| **Mr. Zafar I. Usmani** | Member |
| **Mr. Shahid Salim Khan** | Member |
| **Company Secretary** | Secretary |

### Terms of Reference

The Committee will be responsible for making recommendations to the Board for maintaining:

- A sound plan of organization for the company.
- An effective employees' development programme.
- Sound compensation and benefits plans, policies and practices designed to attract and retain the calibre of personnel needed to manage the business effectively.

The terms of reference of the Committee shall also include the following:

1. Review organization structure periodically to:
   a. Evaluate and recommend for approval of changes in the organization, functions and relationships affecting management positions equivalent in importance to those on the management position schedule.
   b. Establish plans and procedures that provide an effective basis for management control over company manpower.
   c. Determine appropriate limits of authority and approval procedures for personnel matters requiring decisions at different levels of management.
2. Review the employees' development system to ensure that it:
   a. Foresees the company's senior management requirements.
   b. Provides for early identification, development, and succession of key personnel and leadership positions.
   c. Brings forward specific succession plans for senior management positions.
   d. Training and development plans.
3. Compensation and Benefits:
   a. Review data of competitive compensation practices and review and evaluate policies and programmes through which the company compensates its employees.
   b. Recommend for approval salary ranges, salaries and other compensation for the CEO and Senior Management / Senior General Managers reporting to the CEO.

## Board Audit & Compliance Committee

| | |
|---|---|
| **Ms. Tara Uzra Dawood** | Chairperson |
| **Mr. Muhammad Anwer** | Member |
| **Mr. Muhammad Hamayun Khan Barakzai** | Member |
| **Mr. Shahid Salim Khan** | Member |
| **Company Secretary** | Secretary |

### Terms of Reference

The Committee shall, among other things, be responsible for recommending to the Board of Management the appointment of external auditors by the company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Management shall act in accordance with the recommendations of the Board Audit & Compliance Committee in all these matters.

The Committee will also assist the Board in overseeing the company's compliance program with respect to: (i) compliance with the laws; and (ii) compliance with the company's Code of Conduct and related policies by employees, officers, directors and other agents and associates of the company.

The terms of reference of the Audit & Compliance Committee shall also include the following:

### Audit

1. Determination of appropriate measures to safeguard the company's assets.
2. Review of preliminary announcements of results prior to publication.
3. Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Management, focusing on:
   - Major judgemental areas;
   - Significant adjustments resulting from the audit;
   - The going-concern assumption;
   - Any changes in accounting policies and practices;
   - Compliance with applicable accounting standards; and
   - Compliance with listing regulations and other statutory and regulatory requirements.
4. Facilitating the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
5. Review of management letter issued by external auditors and management's response thereto.
6. Ensuring coordination between the internal and external auditors of the company.
7. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company.
8. Consideration of major findings of internal investigations and management's response thereto.
9. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
10. Review of the company's statement on internal control systems prior to endorsement by the Board of Management.
11. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Management, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
12. Determination of compliance with relevant statutory requirements.
13. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
14. Recommending or approving the hiring or removal of the chief internal auditor.
15. Overseeing whistle-blowing policy and protection mechanism; and
16. Consideration of any other issue or matter as may be assigned by the Board of Management.

### Compliance

1. Review Code of Conduct and related policies applicable to employees, officers, and directors and other agents and associates of the company at least annually and make recommendations to the Board as appropriate.
2. Provide oversight as needed to ensure that the Compliance program effectively prevents and/or detects violations by company employees, officers, directors and other agents and associates of the Company Law, regulation, company policy, special conditions imposed on the company by any licensing authorities, and the Code of Conduct.
3. The Whistle Blowing Unit will report to the Audit & Compliance Committee.
4. Review and evaluate, at least annually, the performance of the Committee, including compliance by the Committee with this Charter.

5. Review and assess, at least annually, the adequacy of this Charter and submit any proposed changes to the Board for approval.
6. Review resources assigned to the Compliance program to assess their adequacy relative to the program's effectiveness.
7. Receive such reports of relevant conduct, misconduct and other issues as appropriate to the Committee.
8. Perform any other activities consistent with this Charter and the Company's Bylaws and Certificate of Incorporation, as the Committee may deem necessary or appropriate for the fulfilment of its responsibilities under this Charter or as required by applicable law or regulation, or as may be determined by the Board.
9. Do every other act incidental to, arising out of or in connection with, or otherwise related to the authority granted to the Committee hereby or the carrying out of the Committee's duties and responsibilities hereunder.
10. Notwithstanding any of the foregoing, the legal liability of any of the Committee members shall not be greater than that of other members of the Board.

## Board Procurement Committee

| | |
|---|---|
| **Mr. Hassan Mehmood Yousufzai** | Chairman |
| **Mr. Muhammad Anwer** | Member |
| **Mr. Shahid Salim Khan** | Member |
| **Company Secretary** | Secretary |

### Terms of Reference

1. Review and approve Procurement Policy Framework and any subsequent changes to the same.
2. Recommend procurement awards for capital and revenue expenditure for amounts in excess of Rs. 100 million for local procurement and USD 5 million for foreign procurement (other than product procurement) for approval of the Board of Management. Awards requiring urgent approval will be approved through circulation to all members.
3. Provide advice on procurement related matters and approval processes as and when required.

## Board Performance Evaluation Committee

| | |
|---|---|
| **Mr. Hassan Mehmood Yousufzai** | Member |
| **Mr. Muhammad Hamayun Khan Barakzai** | Member |
| **Ms. Tara Uzra Dawood** | Member |
| **Company Secretary** | Secretary |

### Terms of Reference

1. To review and evaluate on regular basis, the commercial and financial performance of the organization as per business plan approved by the Board, for example: sales, market share, operating expenses, projects, programmes etc.
2. To guide & support Management to develop strategy, business plans, initiatives & programmes underlying the business plans and implementation plans.
3. To ensure that clear ownership and timelines are established for each initiatives, programmes and action plans, thus building both responsibility and accountability.
4. To monitor implementation of strategy, business plans, programmes, initiatives etc. to ensure that timelines are met.
5. To play a consultative role in supporting the management in its effort to achieve sustained growth and lead the industry.
6. To complement the efforts of the other committees of the BOM wherever required.
7. Any other items that are necessary to help management achieve the targets set forth in the business plan.

## Board IT & Innovation Committee

| | |
|---|---|
| **Ms. Tara Uzra Dawood** | Chairperson |
| **Mr. Zafar I. Usmani** | Member |
| **Mr. Hassan Mehmood Yousufzai** | Member |
| **Mr. Muhammad Anwer** | Member |
| **Company Secretary** | Secretary |

### Terms of Reference

The Board IT & Innovation Committee (the Committee) has been set up with the objective of:

1. Building Competitive Advantage for PSO in the Industry using Technology.
2. Automation of all company activities and operations wherever possible primarily enabling controls on processes and flow of information for fast and quality decision making.

The Committee shall primarily set the Automation and Digitalization targets of the company. The Committee shall take whatever steps necessary to ensure implementation of Automation and Digitalization initiatives and progress towards company's Digital Transformation. The Committee shall review, recommend for approval to BOM, monitor and enforce implementation of all IT plans, scope, budgets and keep BOM abreast on progress made on execution of all IT projects.

The Committee's scope of work entails carrying out following activities and duties:

1. Set, Review and Monitor Implementation of Automation and Digital Transformation Goals and Strategy of the company.

2. Review and approve short-term, medium-term and long-term plans to fulfil company's Automation and Digital Transformation goals.

3. Establish policies and guidelines to ensure security of all IT and Automation systems, use of systems by all relevant management and employees in the company and build accountability, responsibility and ownership.

4. Review Business Plans, Budgets, Project scopes, Technologies and Proposals/Feasibility Studies prepared by the management for all major Automation and Digital Transformation projects, ensuring alignment with corporate strategy, and endorsing the same for approval of Board of Management.

5. Determine and assign roles and responsibilities of all stakeholders for timely execution of Automation and Digital Integration projects.

6. Review and ensure adequate resources are appropriately placed for the execution of all Automation and Digital Integration initiatives.

7. Review monthly or as the Committee may decide, progress on all Automation and Digital Transformation projects.

8. Provide regular update to the Board of Management on key Automation and Integration hurdles and its proposed mitigating factors.

9. Review exceptions, if any, presented for information and approval in terms of the Automation and Digital Transformation policy guidelines.

10. As necessary, hold meetings separately with senior management, employees or independent advisors in respect of matters pertaining to a Project to ensure implementation of automation projects.

11. Any other tasks as assigned to the Committee by the Board of Management and/or referred by other Committees.

## Board's Operating Style and Delegation to Management

The Board is responsible for setting strategic/overall objectives of the company, effective management/control of the company, oversight on all high priority corporate risk matters and ensuring all policies are in place to manage those risks.

The Board has delegated certain responsibilities to its committees for review and recommendations to the Board through their respective Terms of Reference. Any agenda or matter that requires Board's approval is first presented to respective committees by management, which after thorough deliberations present their final recommendations to the Board for approval.

Moreover, the Board has delegated day to day management of the affairs of the company to the management through the approved Limits of Authority Manual prepared in line with applicable statutory/legal requirements and best practices.

## Role of Chairman and CEO

Chairman of the Board is responsible to ensure that the Board is working properly and all matters relevant to the governance of the company are considered in the Board Meetings. The Chairman conducts the Board meeting and has the responsibility to lead the Board and ensure its effective functioning and continuous development. The Chairman has no involvement in day-to-day operations of the company.

The CEO/Managing Director of the company is responsible for the management of the company, in accordance with all statutory obligations and subject to the oversight and directions of the Board. His responsibilities, inter-alia, include implementation of strategies and policies approved by the Board.

## CEO's Performance Review by the Board

The performance of the CEO/Managing Director is evaluated by the Board on an annual basis based on the business activities performed during the year in line with the corporate strategy. The Board oversees the activities of the company including the corporate performance and advises the Management accordingly. A corporate strategy based on a 3 years rolling plan is set out by the company under the supervision of the CEO/Managing Director. The performance thereof is monitored during the year.

## Evaluation of Board's Performance

In accordance with the requirements of the Public Sector Companies (Corporate Governance) Rules, 2013 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, the evaluation of performance of the Board and its Committees was carried out under self-evaluation mode through third party i.e. Pakistan Institute of Corporate Governance (PICG), an accredited institution by Securities and Exchange Commission of Pakistan (SECP) whereby an online questionnaire is disseminated amongst the Board members for the assessment of their performance. The evaluation exercise is undertaken on an annual basis to enhance effectiveness and better understanding of the roles and responsibilities of the Board.

## Training of the Board Members

During the year, the Company sponsored its Board Members, Mr. Zafar I. Usmani, Mr. Nadeem Irshad Kayani and Mr. Muhammad Hamayun Khan Barakzai for attending Directors' Training Programme. At present, Mr. Zafar I. Usmani, Mr. Muhammad Hamayun Khan Barakzai, Mr. Shahid Salim Khan and Ms. Tara Uzra Dawood are certified directors as per SECP requirements. The rest of the Board Members will acquire the certification in due course.

## Orientation of Board Members

New Board Members were provided with formal orientation about the company and their roles/responsibilities. This helps the incoming Board Members in effective performance of their roles and responsibilities.

## Remuneration of Non-executive (Including Independent) Board Members

The Non-executive BOM Members do not have fixed remuneration per se and are being paid a fixed fee for each meeting attended. The said fees are decided upon by the BOM collectively.

## Policy for Retention of Fee by an Executive Member

MD/CEO, PSO is the only Executive Member on PSO's Board. He also holds Non-Executive Directorship in Asia Petroleum Limited, Pakistan Refinery Limited, Pak-Arab Pipeline Company Limited and Petroleum Institute of Pakistan. He is entitled to retain in full the fee received from the above mentioned entities against his services as Non-Executive Director.

## Board's View on Diversity

PSO has a diversified and experienced Board of Management duly appointed by the Government of Pakistan (GoP) in line with the requirements of the 1974 Act. The members possess a mix of professional expertise in leadership, finance, economics, engineering and business management skills covering areas of PSO's business undertakings along with diversified experience from both the Public and Private sectors.

As of June 30, 2021, the Board consisted of one executive member i.e. the MD/CEO PSO, three independent and four non-executive members. The Board includes one female member.

PSO's Board and Management are committed to encouraging diversity and ensuring equal opportunities for individuals based on merit without any external influence or bias in the form of age, gender, ethnicity etc., which make PSO's pool of employees a unique and diversified blend representing all segments of the society.

## Company's Policy for Safeguarding of Records

Safety of Records is a critical control procedure which requires attention at all levels. The company has a detailed Policy/Standard Operating Procedure (SOP) in respect of Handling, Retention and Destruction of records and documents. The SOP has department-wise details which also takes into account the regulatory requirements for safeguarding/retention of such records. The company's record includes books of accounts, documentations pertaining to taxation, legal, contractual, digital information etc. The records have been kept at secured places with adequate measures in place. Further, the company has a Disaster Recovery Plan which entails necessary backup facilities.

## Conflict of Interest amongst Board Members

Any conflict of interest relating to members of the Board of Management is managed as per provisions of the Company Law and Rules and Regulations of SECP and Pakistan Stock Exchange.

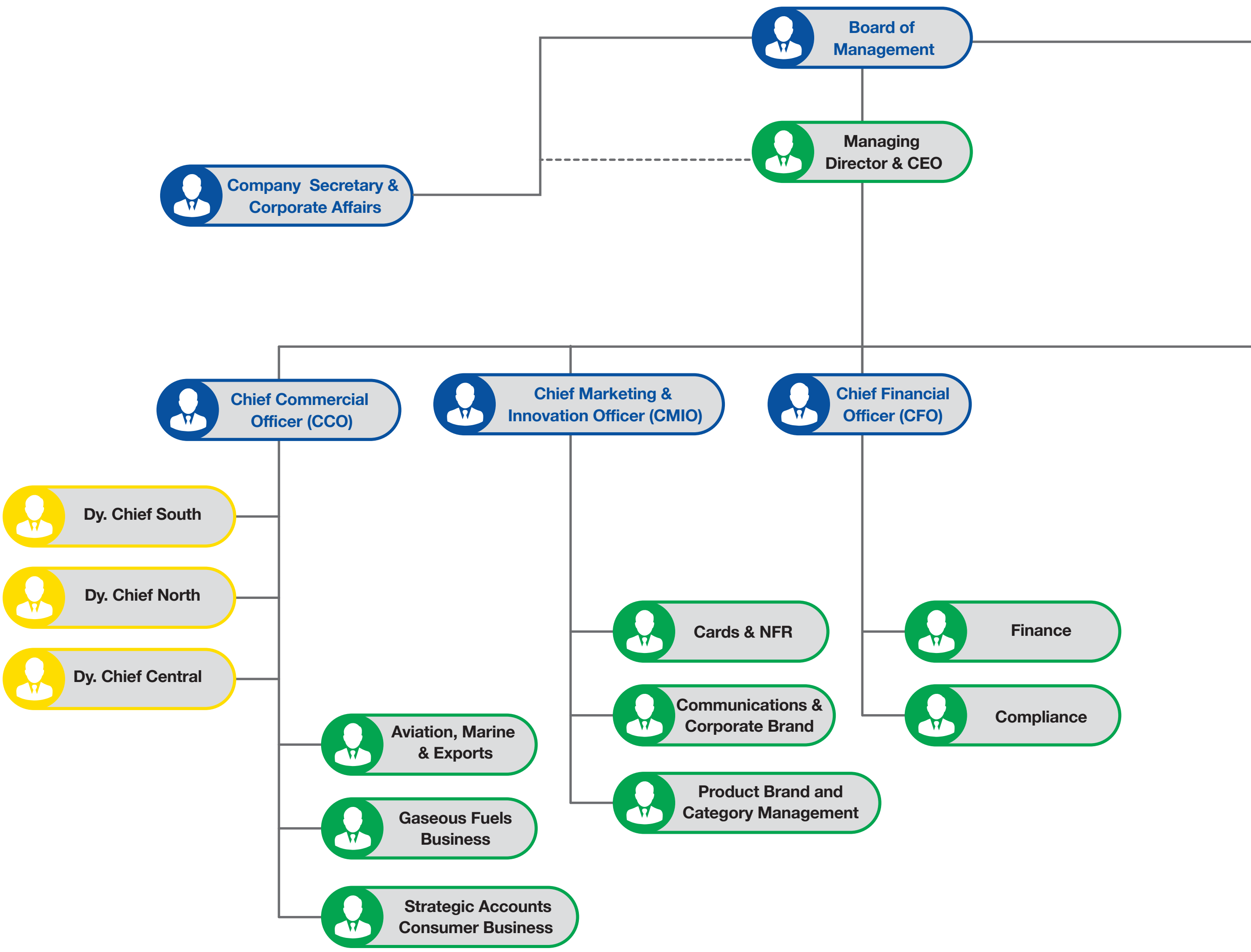
## Compliance with the best Practices of the Code of Corporate Governance

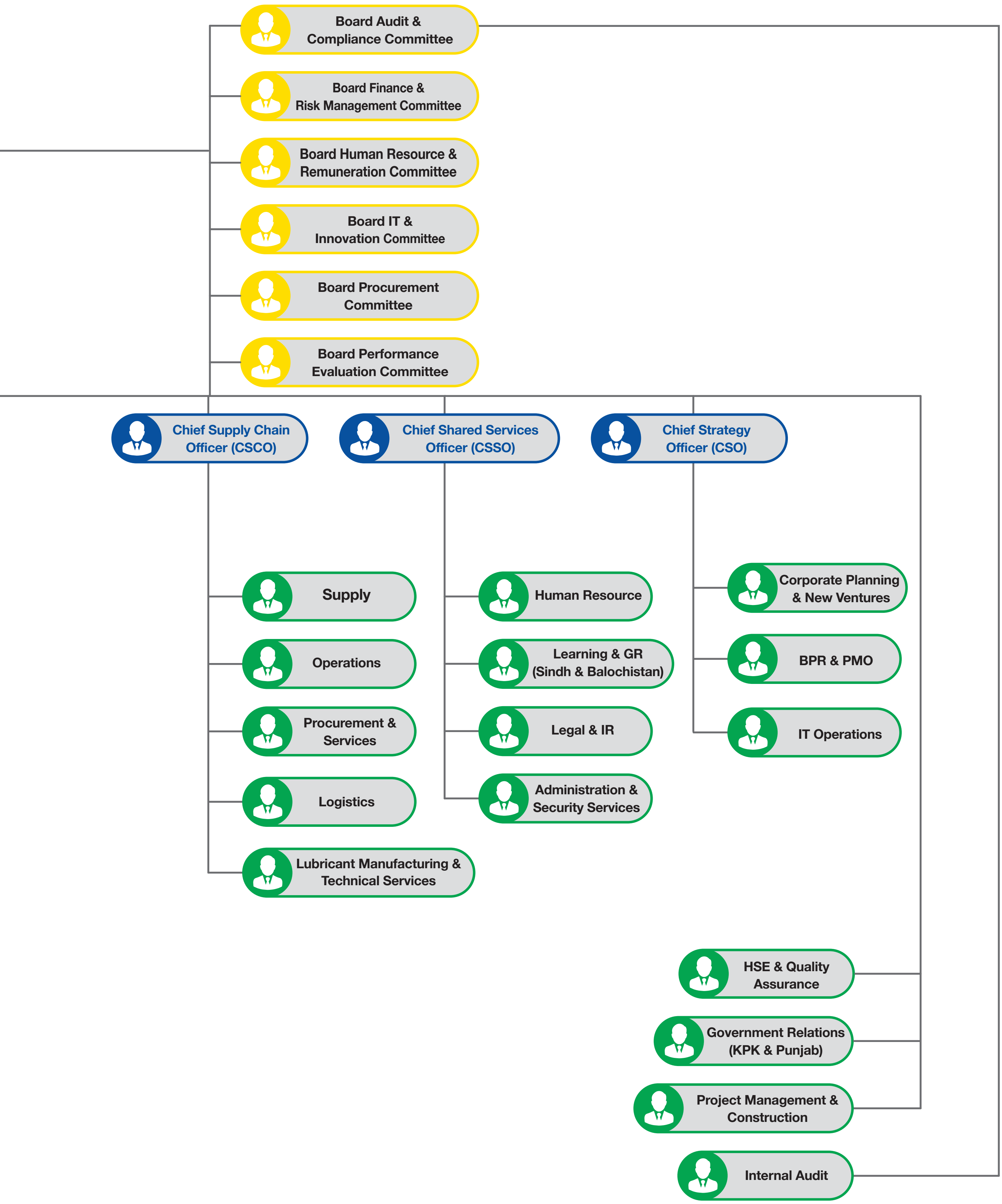
Report of the Board Audit & Compliance Committee on adherence to the Code of Corporate Governance, Statement of Compliance with the Code of Corporate Governance and Auditors' Review Report thereon also form part of this report and are annexed.

## External Oversight of various functions

Internal Controls and systems are the lifeline of an organization. To enhance the credibility of internal controls and systems, external oversight is an important tool that is being used by the management. The Management, considering the importance of Information Technology for business continuity and maintaining its leadership position in the Industry, has always emphasized on digitalization/ optimization of SAP usage and re-engineering of the existing business processes and adopted the same as part of its current and future strategy to achieve its business objectives. Accordingly, during the financial year 2020-21, IT audit of various functions (including core & administrative) was conducted by an external firm duly appointed by the company in order to identify the core areas of improvements, and to further strengthen the IT Security, Governance, Controls and Infrastructure. Further, PSO acquired ISO 14001: Environmental Management System EMS Certification for its Aviation, Marine & Export business and was successfully re-certified against ISO-9001:2015 for business Supply Chain.

## Organization Structure




Board Audit & Compliance Committee
Board Finance & Risk Management Committee
Board Human Resource & Remuneration Committee
Board IT & Innovation Committee
Board Procurement Committee
Board Performance Evaluation Committee
Chief Supply Chain Officer (CSCO)
Chief Shared Services Officer (CSSO)
Chief Strategy Officer (CSO)
Supply
Operations
Procurement & Services
Logistics
Lubricant Manufacturing & Technical Services
Human Resource
Learning & GR (Sindh & Balochistan)
Legal & IR
Administration & Security Services
Corporate Planning & New Ventures
BPR & PMO
IT Operations
HSE & Quality Assurance
Government Relations (KPK & Punjab)
Project Management & Construction
Internal Audit

## Report of the Board Audit & Compliance Committee

The Board Audit & Compliance Committee including its Chairperson comprises two independent members and two non-executive members. The Chairperson of the Committee is an independent member and has relevant financial/accounting background.

The Committee met five (05) times during the year ended June 30, 2021 wherein various matters were taken up as per the Terms of Reference (TOR) of the Committee.

Regular attendees at Committee meetings, on the invitation of the Committee, included the Head of Internal Audit, Managing Director & Chief Executive Officer (MD & CEO) and Chief Financial Officer (CFO).

The Audit Committee believes that it has carried out responsibilities to the full, in accordance with the Terms of Reference approved by the BOM, which included principally the items mentioned below and the actions taken by the Committee in respect of each of these responsibilities.

## Summary Of Key Activities

The key functions performed by the Committee are given below:

### 1. Financial Reporting

- The Committee reviewed and recommended for BOM's approval, the draft annual and interim Unconsolidated and Consolidated Financial Statements of the company. The Committee discussed with the CFO and the external auditors, the significant accounting policies, and significant issues in relation to the financial statements and how these were addressed.

- The Committee also reviews the Management Letter issued by the external auditors wherein control weaknesses are highlighted. Compliance status of highlighted observations by the external auditors is also reviewed and corrective measures are discussed / recommended to improve overall control environment.

### 2. Assessment of Internal Audit Function

- The Committee has an established process to review the effectiveness of the Internal Control system and the Internal Audit Function. The Head of Internal Audit has direct access to the Committee. The Committee also met the Head of Internal Audit in the absence of CEO and CFO in compliance with the requirements of the Code of Corporate Governance.

- The Committee reviewed and approved the risk based internal audit plan covering all the business activities.

- The Committee reviewed the status of planned versus actual audit activities along with major internal audit observations and status of decisions made in the previous Committee meetings.

- The Committee recommends improvements in internal controls and gives directives for corrective actions where required.

### 3. Whistle Blowing

As per the Whistle Blowing Policy approved by BOM, the Committee is entrusted with the responsibility to monitor the effectiveness of the Whistle Blowing Unit. Reports on the Complaints received vis-à-vis the actions taken are presented in the Committee meetings. For the year ended June 30, 2021, one (1) actionable complaint received through Whistle Blowing Unit was reviewed and reported by Internal Audit to the Board Audit and Compliance Committee.

### 4. Review of Compliance With the Code of Corporate Governance

The Committee places great importance on ensuring compliance with the best practices of the Code of Corporate Governance. In this respect, the Committee annually reviews the company's Compliance with the Code of Corporate Governance. The Committee reviewed the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019 to be published in the Annual Report.

### 5. Appointment Of Statutory Auditors

- The statutory auditors of the company, M/s KPMG Taseer Hadi & Co. have completed their audit of the company's financial statements and review of the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2021.

  M/s KPMG Taseer Hadi & Co, being eligible, have been recommended for appointment as statutory auditors of the company for the Financial Year ending June 30, 2022.

- M/s KPMG Taseer Hadi & Co, have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and are fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP.

- The Committee also met the Statutory Auditors separately in the absence of CEO and CFO to get their feedback on the overall control and governance structure within the company.

- The Audit Committee has discussed the audit methodologies being followed by the Statutory Auditors and the observations raised by them in their Board letter regarding the financial statements including compliance with the applicable regulations or any other issues

## 6. Annual Report

- The company has issued a very comprehensive Annual Report which besides presentation of the financial statements and the Member's Report of the company, also discloses other information over and above the regulatory requirements to offer an in-depth understanding about management style, the policies set in place by the company, its performance during the year and future prospects to various stakeholders of the company.

- The information has been disclosed in the form of ratios, trends, graphs, analysis, explanatory notes and statements etc. and the Audit committee believes that the Annual Report gives a detailed view of how the company evolved, its state of affairs and future prospects.

Tara Uzra Dawood
Chairperson – Board Audit & Compliance Committee

August 23, 2021
Karachi

## Statement of Compliance

### With the Public Sector Companies (Corporate Governance) Rules, 2013 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended June 30, 2021

Name of the line ministry: Ministry of Energy (Petroleum Division)

This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "The Rules") and the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") issued by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of establishing a framework of good governance, whereby a listed public sector company is managed in compliance with the best practices of the Rules and the Regulations.

Pakistan State Oil Company Limited (the Company/PSO) is primarily regulated under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the 1974 Act") which takes precedence over the provisions contained in the Companies Act, 2017 ("the Act"). The Rules and the Regulations promulgated by the SECP have laid down certain criteria for the election, functioning and responsibilities of the Board of Directors and related administrative matters, the election of the Chairman and the appointment of the Managing Director. However, the said criteria of the Rules and the Regulations are not considered applicable to the extent of overriding provisions contained in the 1974 Act and Board of Management Regulations, 1974 of the Company.

The Company is managed by the Board of Management (BOM) appointed by the Federal Government under section 7 of the 1974 Act.

In view of the above, the Company applied the principles contained in the Rules and the Regulations in the following manner:

1. The independent members of the BOM meet the criteria of independence, as defined under the Rules.
2. The BOM has at least one-third of its total members as independent members. As at June 30, 2021, the composition of BOM was as follows:

| Category | Names | Date of appointment |
|---|---|---|
| Independent Members | Mr. Zafar I. Usmani | February 21, 2019 |
| | Ms. Tara Uzra Dawood | February 21, 2019 |
| | Mr. Muhammad Hamayun Khan Barakzai | February 21, 2019 |
| Executive Member | Syed Muhammad Taha | February 26, 2020 |
| Non-Executive Members | Mr. Ali Raza Bhutta | September 29, 2021 |
| | Mr. Hassan Mehmood Yousufzai | June 17, 2021 |
| | Mr. Muhammad Anwer | February 21, 2019 |
| | Mr. Shahid Salim Khan | February 10, 2020 |
| Female Member | Ms.Tara Uzra Dawood | February 21, 2019 |

3. The members of the BOM had confirmed that none of them served as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.
4. The chairman of the Board is working separately from the chief executive of the Company.
5. (a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.

   (b) The BOM has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website (www.psopk.com).

   (c) The BOM has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices. The BOM has formed a Compensation Organization and Employee Development Committee whose functions include investigating deviations from the Company's Code of Conduct.
6. The BOM has established a system of sound internal control to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.
7. The BOM has developed and enforced an appropriate conflict of interest policy which lays down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedures for disclosing such interests.
8. The BOM has a whistle blowing policy and a policy against bribery and receiving gifts in place as an anticorruption measure to minimize actual or perceived corruption in the Company.
9. The BOM has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.

10. The BOM ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the Public Procurement Regulatory Authority (PPRA) Rules.

11. The BOM has developed a vision / mission statement and corporate strategy of the Company.

12. The BOM has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.

13. During the year, the Company did not deliver any services or sell any goods as a public service obligation, hence, no submissions of requests for compensation were made to the Government.

14. The BOM has ensured compliance with policy directions requirements received from the Government.

15. (a) The BOM has met thirteen times during the year.

    (b) Written notices of the BOM meetings, along with agenda and working papers, were circulated at least seven days before the meetings except in case of emergency meetings.

    (c) Minutes of the meetings were appropriately recorded and circulated.

16. The BOM has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.

17. The BOM has reviewed and approved the related party transactions placed before it after recommendations of the Board Audit & Compliance Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.

18. (a) The BOM has reviewed and approved the statement of profit or loss for, and the statement of financial position as at the end of the first, second and third quarters of the year as well as for the financial year end including consolidated statement of profit or loss and consolidated statement of financial position.

    (b) The Company has prepared half yearly unconsolidated financial statements and undertaken limited scope review by the external auditors.

    (c) The BOM has placed the annual financial statements on the Company's website.

19. The BOM has formed the requisite committees, as specified in the Rules. The committees were provided with written terms of reference defining their duties and authority. The minutes of the meetings of the committees were circulated to all BOM members. The committees were chaired by the following Independent / non-executive Board Members:

| Committee | No. of Members | Name of Chair |
|---|---|---|
| Board Audit & Compliance Committee | 4 | Ms. Tara Uzra Dawood |
| Board Finance & Risk Management Committee | 4 | Mr. Muhammad Anwer |
| Board Human Resource & Remuneration Committee | 3 | Ms. Tara Uzra Dawood |
| Board Procurement Committee | 4 | Mr. Nadeem Irshad Kayani<br>Mr. Sajid Mehmood Qazi |
| Board Performance Evaluation Committee | 4 | Mr. Mohammad Shahid Khan |
| Board IT & Innovation Committee | 4 | Ms. Tara Uzra Dawood |

20. The BOM has formed Board Audit & Compliance Committee with defined and written terms of reference, having the following members:

| Name | Category | Professional Background |
|---|---|---|
| Ms. Tara Uzra Dawood | Independent Chairperson | Doctorate in Judicial Science |
| Mr. Muhammad Anwer | Non-executive Member | Civil Servant |
| Mr. Muhammad Hamayun Khan Barakzai | Independent Member | Graduate in Commerce |
| Mr. Shahid Salim Khan | Independent Member | MS in Petroleum Engineering |

21. The BOM approved the appointments of the Chief Financial Officer and the Head of Internal Audit during the year with the remuneration and terms and conditions of employment. There was no change in the position of the Company Secretary during the year.

22. The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.

23. The Company has adopted International Financial Reporting Standards as are notified by the Commission in terms of sub-section (1) of section 225 of the Act.

24. The Report to the Shareholders for current year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.

25. The members of the BOM, the Managing Director and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.

26. The responsibility for fixing the remuneration packages of the Managing Director and the Chairman of BOM is the function of the Federal Government under the 1974 Act. Accordingly, this function was performed by the Federal Government. The Non-executive BOM members do not have fixed remuneration per se and are being paid a fixed fee for each meeting attended. The said fees are decided upon by the BOM collectively.

27. The financial statements of the Company were duly endorsed by the Managing Director and Chief Financial Officer before approval of the Board Audit & Compliance Committee and BOM.

28. (a) The Chief Financial Officer, the Head of Internal Audit and representatives of external auditors attended all meetings of the Board Audit & Compliance Committee at which issues relating to accounts and audit were discussed.

(b) The Board Audit & Compliance Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer, the Head of Internal Audit and other executives.

(c) The Board Audit & Compliance Committee met the Head of Internal Audit and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and the external auditors.

29. (a) The BOM has set up an effective internal audit function, which has an audit charter, duly approved by the Board Audit & Compliance Committee.

(b) The Head of Internal Audit has requisite qualification and experience prescribed in the Rules.

(c) The Internal Audit reports have been provided to the external auditors for their review.

30. The external auditors of the Company have confirmed that their firm and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.

31. The external auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

## Additional requirements under the Regulations:

Clause 2(5) of the Public Sector Companies (Corporate Governance Compliance) Guidelines, 2018 issued by the SECP requires that any disclosure required under any other directive, code, regulation or rules shall also be made in the statement of compliance, notwithstanding anything contained in the statement. Accordingly, below are the requirements of the Regulations applicable for listed companies for which parallel provisions do not exist in the Rules.

a) As at June 30, 2021, the total number of Board Members was 08 as follows:

| | | |
|---|---|---|
| (a) | Male | 07 |
| (b) | Female | 01 |

b) The BOM has formed Committees comprising members given below:

| | | |
|---|---|---|
| Board Human Resource & Remuneration Committee | Ms. Tara Uzra Dawood | Chairperson |
| | Mr. Zafar I. Usmani | Member |
| | Mr. Shahid Salim Khan | Member |
| Board Procurement Committee | Mr. Hassan Mehmood Yousufzai | Chairman |
| | Mr. Ali Raza Bhutta | Member |
| | Mr. Muhammad Anwer | Member |
| | Mr. Shahid Salim Khan | Member |
| Board Finance & Risk Management Committee | Mr. Muhammad Anwer | Chairman |
| | Mr. Zafar I. Usmani | Member |
| | Mr. Ali Raza Bhutta | Member |
| | Mr. Muhammad Hamayun Khan Barakzai | Member |
| Board Performance Evaluation Committee | Mr. Ali Raza Bhutta | Member |
| | Mr. Hassan Mehmood Yousufzai | Member |
| | Mr. Muhammad Hamayun Khan Barakzai | Member |
| | Ms. Tara Uzra Dawood | Member |
| Board IT & Innovation Committee | Ms. Tara Uzra Dawoood | Chairperson |
| | Mr. Zafar I. Usmani | Member |
| | Mr. Muhammad Anwer | Member |
| | Mr. Hassan Mehmood Yousufzai | Member |

Details of Board Audit & Compliance Committee are given in paragraph 20.

c) The frequency of meetings (yearly) of the Board Committees was as follows:

| Board Sub-Committee | Frequency |
|---|---|
| Board Audit & Compliance Committee | 5 |
| Board Human Resource & Remuneration Committee | 7 |
| Board Procurement Committee | 3 |
| Board Finance & Risk Management Committee | 1 |
| Board Performance Evaluation Committee | 1 |
| Board IT & Innovation Committee | 2 |

d) The Board has arranged Directors' Training Programme for the following:

- Mr. Zafar I. Usmani
  (Chairman, Board of Management)
- Mr. Nadeem Irshad Kayani
  (Member, Board of Management)
- Mr. Muhammad Hamayun Khan Barakzai
  (Member, Board of Management)

Moreover, another Member, Board of Management, Mr. Shahid Salim Khan has also acquired the certification of Directors' Training Programme.

e) The external auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan, that the partners of the firm involved in the audit are not close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Board member of the Company.

f) All the meetings of the BOM were presided over by the Chairman.

g) All the powers of the BOM were duly exercised and decisions on material transactions were taken by the BOM except for appointment and determination of remuneration and terms and conditions of employment of the Managing Director which is the function of the Federal Government under section 6(1) & (3) of the 1974 Act, hence, this matter was referred to the Federal Government for approval.

h) We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

**Syed Muhammad Taha**
Managing Director & CEO

**Zafar I. Usmani**
Chairman

August 23, 2021
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2, Beamount Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

## Review Report to the Members

### On the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Management (BOM) of Pakistan State Oil Company Limited (the Company) for the year ended June 30, 2021 to comply with the requirements of regulation 36 and rule 24 of Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013 respectively.

The responsibility for compliance with the Codes is that of the BOM of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. 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 Codes.

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 BOM's 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 Codes require the Company to place before the Board Audit and Compliance Committee, and upon recommendation of the Board Audit and Compliance Committee, place before the BOM 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 BOM upon recommendation of the Board Audit and Compliance Committee.

Moreover, the Public Sector Companies (Corporate Governance) Rules, 2013 require the BOM to ensure compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the Public Procurement Regulatory Authority (PPRA) Rules. We have only carried out procedures to check compliance with the above-mentioned rules on a test basis as a part of our audit of the financial statements of the Company.

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 best practices contained in the Codes as applicable to the Company for the year ended June 30, 2021 except that certain clauses are considered inapplicable due to overriding provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 (the 1974 Act) and the Board of Management Regulations, 1974 applicable to the Company, as explained in the enclosed Statement of Compliance.

We draw attention to the Statement of Compliance, which states that the Company is primarily regulated under the provisions of (the 1974 Act) and managed by the BOM appointed by the Federal Government under section 7 of the 1974 Act.

KPMG Taseer Hadi & Co.

Karachi
Date: September 25, 2021

KPMG Taseer Hadi & Co.
Chartered Accountants

# Attendance at Board of Management & Board Committees Meetings

## For the year ended June 30, 2021

| Names of Members | Board of Management | | Board Audit & Compliance Committee | | Board Human Resource & Remuneration Committee | | Board Procurement Committee | | Board Finance & Risk Management Committee | | Board Performance Evaluation Committee | | Board IT & Innovation Committee | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total No. of Meetings* | Number of Meetings Attended | Total No. of Meetings* | Number of Meetings Attended | Total No. of Meetings* | Number of Meetings Attended | Total No. of Meetings* | Number of Meetings Attended | Total No. of Meetings* | Number of Meetings Attended | Total No. of Meetings* | Number of Meetings Attended | Total No. of Meetings* | Number of Meetings Attended | Total No. of Meetings* | Number of Meetings Attended |
| Mr. Zafar I. Usmani | 13 | 13 | - | - | 7 | 7 | - | - | 1 | 1 | 1 | 1 | 2 | 2 | 24 | 24 |
| Syed Muhammad Taha | 13 | 12 | - | - | - | - | - | - | - | - | - | - | - | - | 13 | 12 |
| Mr. Ali Raza Bhutta | 10 | 1 | - | - | - | - | 2 | - | 1 | - | - | - | - | - | 13 | 1 |
| Mr. Hassan Mehmood Yousufzai | 2 | 2 | - | - | - | - | - | - | - | - | - | - | - | - | 2 | 2 |
| Mr. Mohammad Shahid Khan | 6 | 5 | 3 | 3 | 4 | 3 | 2 | 2 | - | - | 1 | 1 | - | - | 16 | 14 |
| Mr. Muhammad Anwer | 13 | 13 | 5 | 5 | 2 | 2 | 3 | 3 | 1 | 1 | - | - | 2 | 2 | 26 | 26 |
| Mr. Muhammad Hamayun Khan Barakzai | 13 | 13 | 5 | 5 | - | - | - | - | 1 | 1 | 1 | 1 | - | - | 20 | 20 |
| Mr. Nadeem Irshad Kayani | 10 | 8 | - | - | - | - | 2 | 2 | - | - | 1 | 1 | 1 | 1 | 14 | 12 |
| Mr. Sajid Mehmood Qazi | 13 | 13 | - | - | 7 | 7 | 1 | 1 | 1 | 1 | - | - | 2 | 2 | 24 | 24 |
| Mr. Shahid Salim Khan | 13 | 12 | 5 | 5 | 7 | 7 | 3 | 3 | - | - | - | - | - | - | 28 | 27 |
| Ms. Tara Uzra Dawood | 13 | 13 | 5 | 5 | 7 | 7 | - | - | - | - | 1 | 1 | 2 | 2 | 28 | 28 |

* Number of meetings held during the period when the concerned Board member was on the Board / Committee.

**Note:** No Board meeting was held outside Pakistan during the year.

## Board Meetings held outside Pakistan

Due to COVID-19 pandemic, various Board meetings were held via video links. Further, during the year no Board meeting was held outside Pakistan.

## Related Parties

Names of Related parties with whom the company has entered into transactions or had agreements and arrangements in place during the financial year along with the basis of relationship are disclosed in note 43 to the financial statements.

Contract or arrangements with related parties were in the ordinary course of business and were at arm's length basis.

The normal policies of the company are applicable on related party transactions as well since these are not at any special terms. i.e. are at the same terms as applicable to transactions with other unrelated parties.

## Management's Responsibility towards 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).

Management is also responsible to implement such internal controls as it determines as necessary to enable the preparation of financial statements that are free from material misstatement.

In preparing the financial statements, management has to make various estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts. The following are areas of significant judgements:

- Valuation of stock in trade
- Valuation/Impairment of Trade debt and other receivables
- Provision for retirement and other service benefits
- Taxation including deferred taxation
- Depreciation /amortization methods and determination of useful lives of items of property, plant and Equipment and Intangibles.
- Right of use assets and corresponding lease liability

Board of Management is responsible for overseeing the company's financial reporting process and approving the financial statements.

## Governance Practices Exceeding Legal Requirements

PSO's management and Board is committed towards adherence to the highest levels of moral and ethical values as demonstrated by voluntary adoption of best business practices in addition to the stipulated regulatory requirements.

Some of the governance practices exceeding legal requirements that have been adopted by the company include:

- Best reporting practices recommended by ICAP / ICMAP and South Asian Federation of Accountants (SAFA)
- Implementation of Health, Safety and Environment practices in line with benchmarks.
- Quality Assurance Dept. at PSO provides independent assurance of compliance with all the prevalent Government of Pakistan regulations.
- Various ISO certifications.

## Appointment of Board Including Chairman

The Federal Government controls the management of affairs of the company under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974. Accordingly, the Chairman, CEO and all BOM members are appointed by the Federal Government.

## Chairman's Significant Commitments

Chairman's significant commitments during the year included:

- Effective conduct of Board meetings and decision making.
- Review of Strategies and way forward for regaining the lost market share in liquid fuels.
- Review of company's progress in strategic infrastructural projects.
- Efforts towards recovery of long outstanding receivables.
- Chairman's engagements other than PSO have been disclosed on page no. 60.

# Management Committee (ManCom)

Management Committee is the prime management body which meets primarily to steer and review key projects from conceptualization to implementation. It also conducts periodic reviews of various business matters in addition to the review of elements in the annual plan that include strategy, performance targets and budgets. 38 ManCom meetings were held during FY21.

# Executive Committee (ExCom)

Executive Committee (ExCom) reviews/discusses the department/business affairs and challenges on regular basis. Ten (10) ExCom meetings were held during FY21.

# Compensation, Organization & Employee Development Committee (COED)

Compensation, Organization & Employee Development Committee reviews matters pertaining to Human Capital Management that include matters related to Organizational Development, Employee Progression & Development, Performance Management & Compensation and HR Governance & Compliance. 37 meetings of the committee were held during FY21.


accessibility
ease
BUILDING
CORPORATE CARDS
ENHANCI
CUSTOM
EXPERIEN
trustworthy
reliability
de
transaction
LO
CA
SUPERIOR
FACILITIES
alerts
QUAL


VALUE
NG
ER
CE
livery
YALTY
RDS ease
ITY PRODUCTS
premium service
CONVENIENCE
resources

# Report to Shareholders (Unconsolidated)

The Board of Management of Pakistan State Oil Company Limited has reviewed the performance of the company and is pleased to present the financial and operational performance for the year ended June 30, 2021.

## Global Business and Economic Environment

Global economic prospects remained highly uncertain during the year. Virus mutations and accumulating death toll in some parts of the world kept pressure on energy markets. However, increased vaccination efforts helped restore the demand for oil and gas substantially. Global growth is projected at 6% in 2021 and subsequently moderating to 4.4% in 2022[1]. The projections are stronger primarily due to additional fiscal support in a few large economies, anticipated vaccine-powered recovery, and continued adaptation of economic activities.

As the recovery strengthens, global trade is projected to increase by 8% in 2021, mainly attributable to restoration in merchandise volume[2]. Cross-border service trade that includes transportation and tourism is expected to remain depressed until the pandemic is managed effectively all over the world. However, travel restrictions between countries is having a daunting effect on the airline and service industries.

Commodity prices are expected to firm up further, increasing the Consumer Price Index (CPI) from record-low levels a year ago.

Commodity markets are witnessing growth owing to the rebound in global economic activities. Inflation is expected to reach its long-term average as the effects from subsidies provided and low commodity prices will gradually diminish. Factors including the supply of labor and higher investment in buildings and infrastructure, are expected to weaken over the next decade. This will be partially offset by a shift towards qualitative growth sources, driven by accelerating digital transformation and productivity improvements. Thus, commodity markets are expected to normalize once supply and demand meet equilibrium.

## Pakistan's Business & Economic Review

Pakistan has been able to effectively manage the pandemic. The consolidated efforts of the federal and provincial governments through smart lockdowns to cordon off hotspots, rigorous surveillance and swift decision-making by the National Command and Operation Center (NCOC) contributed immensely in containing the spread of the virus in the country.

Despite significant challenges, Pakistan’s economy was able to exhibit signs of recovery from the nadir of economic suppression owing to resumption in trading activities and smart measures focused at promoting private consumption. Mobility saw a rise as society adapted to the pandemic.

Based on the consolidated effort from each sector of the economy, Pakistan's GDP has rebounded to 3.9% in FY21 from the suppressed level of negative 0.5% in FY20, exhibiting a 'V' shaped recovery. The economic growth is attributable to the performance from sectors including agriculture that witnessed a growth of 2.8% from last year and large-scale manufacturing surpassing the pre-COVID-19 production level, registering a cumulative growth of 14.9% in FY21[3].

Car sales in FY21 exhibited a growth of 40.2% from last year, with 2.1 million units of automobiles sold in the year compared to 1.5 million last year[4]. This growth not only indicates a revival of the economy from the pandemic but also signifies investors' confidence towards the government's initiatives to attract investment in the automobile market and increase contribution to GDP & employment. Several car manufacturers have already entered the market through CKD production in Pakistan. Moreover, Automotive Industry Development and Export Plan (AIDEP) 2021-26 and the new EV policy for four-wheelers is expected to increase the competition in the market, while benefiting customers with more efficient automobiles. The fiscal incentives offered in the FY22 budget for up to 850 cc vehicles are anticipated to bring positive outcomes for the oil industry. The Pakistan Electric Vehicles Policy 2020-2025 targets electric vehicle market, envisioning 30% and 90% share in light and heavy vehicles sales by 2030 and 2040 respectively. The salient features of the policy include a phased transition of the automobile industry to electric vehicles. These new policies have been introduced with the aim to transform Pakistan's automotive sector and promote sustainable development while preserving the environment.

## Oil Industry Overview (Downstream Segment)

Pakistan is a net importer of crude oil and petroleum products mainly from Kuwait, Qatar, Saudi Arabia and United Arab Emirates. The FY21 oil and gas import bill stood at USD 11.3 billion. The downstream segment has witnessed a growth of 16.6% over last year, translating into white and black oil volumes of 16.7 million tons and 3.2 million tons respectively.

The year witnessed a hike in the demand of fuel oil owing to increase in electricity demand coupled with shortage of natural gas for power generation and dry-docking related issues. The aviation sector of Pakistan felt the most impact due to international travel restrictions. However, considering the government's initiative of promoting tourism, several new players in the aviation sector are expected to bring a positive effect.

The drive for cleaner energy is creating a niche for the downstream segment to compete in electric chargers, batteries, biogas, carbon capture technology and renewable energy. Conducive policies are encouraging investors to reallocate their resources in the fields of electric vehicles and renewable energy.

1. World Economic Outlook, International Monetary Fund April 2021
2. World trade primed for strong but uneven recovery after COVID-19 pandemic shock
3. Pakistan Bureau of Statistics, https://www.pbs.gov.pk/sites/default/files//industry_mining_and_energy/qim/2021/web_note_june_2021.pdf
4. Pakistan Automobile Manufacturers Association

## The Company's Performance

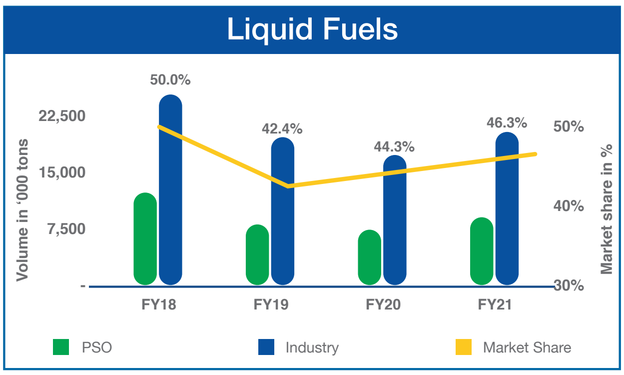
PSO has successfully aligned its business focus to deliver a phenomenal performance over and above the industry average. The company's business strategy of regaining market share, enhancing customer experience, business process reengineering by virtue of digital transformation, and optimization of resources have cumulatively paved the way for such an exemplary performance. The company also won the Management Association of Pakistan (MAP)'s 35th Corporate Excellence Award in the Oil Marketing Companies (OMC) segment and was selected as the winning OMC after a detailed analysis and review of various companies' leadership styles, corporate governance, customer focus, human resource, strategic planning, social responsibility, risk management, IT infrastructure, and other key factors.

The company's operational excellence translated into a very commendable profit after tax of PKR 29.1 billion in FY21 vs. loss after tax of PKR 6.5 billion in FY20. This is the highest ever profit achieved by PSO in its entire history. The net profit translated into healthy earnings per share of PKR 62.07 vs. loss per share of PKR 13.77 in FY20. Factors that resulted in such admirable profit include increase in white oil and black oil sales volumes by 16.6% and 53.2% respectively and reduction in finance cost by PKR 3.2 billion (24%). Additionally, factors like recovery of late payment surcharge and favourable price regime also complemented the profitability of the company.

A brief overview on product-wise performance is hereunder:

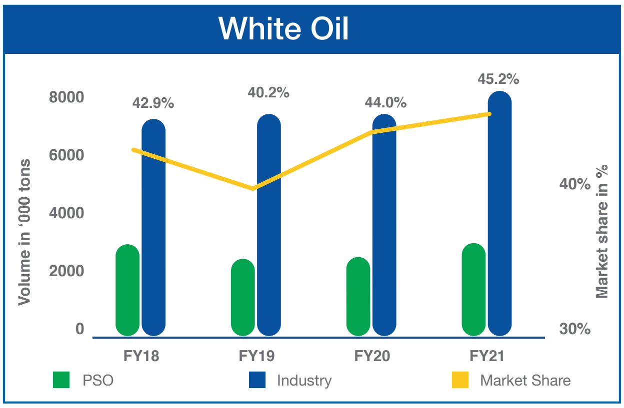
### Liquid Fuels

The company exhibited a growth of 21.9% over last year, attaining a market share of 46.3% in FY21 compared to 44.3% last year, resulting in volumes of 9.2 million tons. The growth in market share and volumes is primarily driven by MoGas, HSD and FO. The company continued its journey of leading the downstream segment by launching Euro 5 standard fuels including High Octane 97, MoGas 92 RON and Hi-Cetane Diesel during the year. These products significantly enhanced customers' confidence in the company, as can be seen in our product-wise performance. A brief overview on each of the product lines is hereunder:



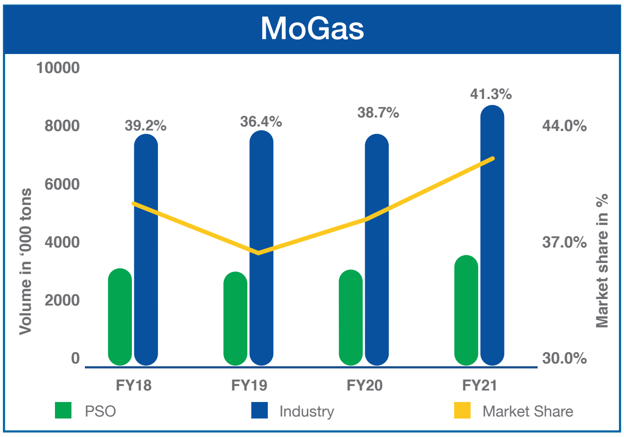

### White Oil

The company achieved its highest ever volume in the white oil segment; 7.6 million tons, with a market share of 45.2% in FY21, i.e. a growth of 120 basis points (bps) over last year. The major portion of white oil sales is achieved through the retail segment. A brief overview on products' performance in the white oil segment is hereunder:



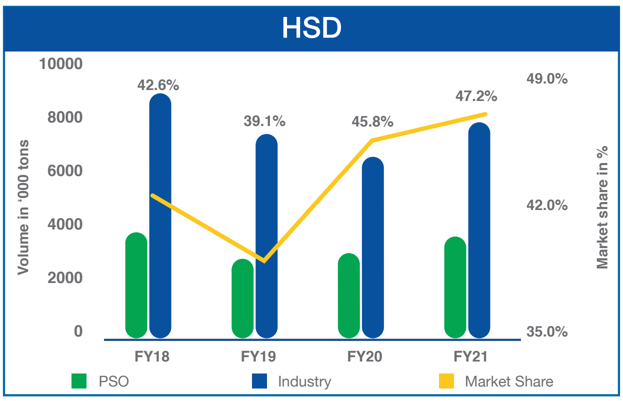

### MoGas

MoGas is primarily being sold through the company's retail fuel business. The company achieved the highest ever sales volume of MoGas in history, i.e. 3.5 million tons in FY21. Moreover, a significant growth of 177.6% was witnessed in the volumes of Hi-Octane Euro5 97 over last year. On a cumulative basis, the company achieved a volumetric growth of 21.2% over last year with a market share of 41.3% in FY21 compared to 38.7% last year.



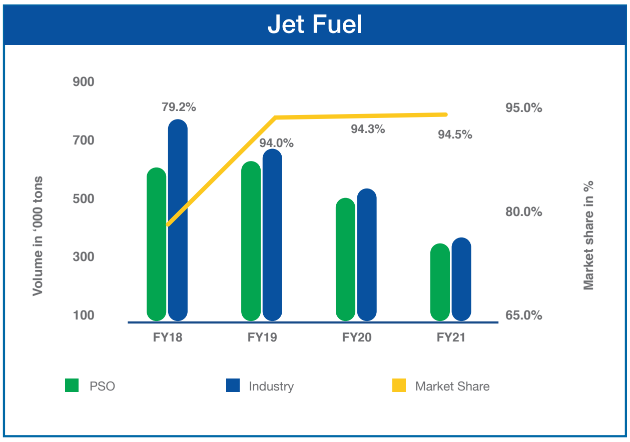

### Hi-Cetane Euro 5 Diesel

The company achieved a volumetric growth of 21.1% vs. industry growth of 17.5%, translating into volumes of 3.7 million tons in FY21. The volumes contributed in regaining market share, bringing it to 47.2%, i.e. a growth of 140 bps over last year.



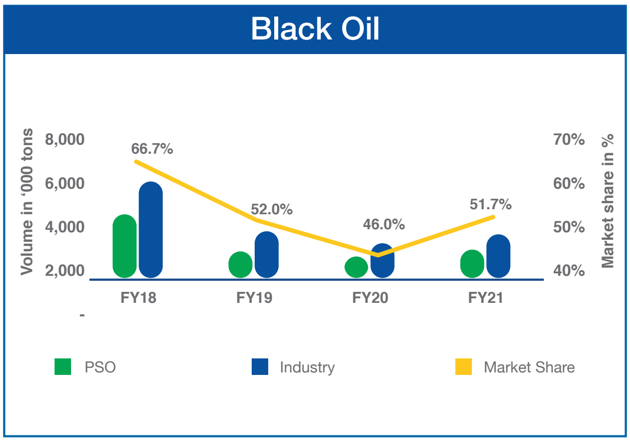
## Jet Fuels

PSO continued to dominate the jet fuel market with a market share of 94.5%. The aviation sector experienced disruption owing to mass-scale lock downs, travel restrictions and curtailed movement globally, resulting in depressed demand for jet fuels. In FY21, jet fuel industry witnessed a decline of 32.4% compared to last year, whereas PSO declined by 32.2% over last year with closing volumes of 331.5 thousand tons.




## Black Oil

Black oil industry is at the verge of decline owing to a shift in the national energy mix. However, the fuel oil industry witnessed a growth of 36.3% over last year due to increased demand from the power sector. PSO, being a major supplier witnessed a growth of 53.2% over last year, with volumes of 1.7 million tons and market share of 51.7%. With an increase in gas fired power plants and GoP's focus on adding indigenous renewable energy sources, the volume is expected to decline in coming years.




## Lubricants

Resumption in economic activities, social mobility and agriculture sector collectively spurred the demand for lubricants, wherein the industry witnessed an estimated growth of 13% over last year. During the year, the company continued to develop its brand recognition through several activations. These factors assisted the company in achieving volumes of 34 thousand tons, with a volumetric growth of 11.3% over last year.

## Liquefied Petroleum Gas

The Liquefied Petroleum Gas (LPG) industry is primarily driven by the domestic, transport and industrial sectors. This segment witnessed a growth of 7.3% over last year with volumes of 1,182 thousand tons, primarily driven by cyclical demand from domestic segment during winter season. The company delivered a volumetric growth of 0.5% over last year, with volumes of 33 thousand tons.

## Liquefied Natural Gas

Pakistan's natural gas demand hovers around 5.5 bcf/day with intermittent spikes in winter season from the domestic sector. Local production for natural gas is depleting, with estimated production of around 2.8 bcf/day. The shortfall is bridged through LNG import. During the year, PSO entered into another agreement with Qatar Petroleum under G2G arrangement to further bridge the supply shortfall. The company imported 4.4 million tons of LNG in FY21 against industry imports of 8.6 million tons.

The company is exploring further avenues of increasing its stakes in the LNG value chain.

# Business Lines

## Retail Fuels Business

PSO added another 71 New Vision Retail Outlets (NVROs) to its network in FY21. The retail business attained the highest ever MoGas and HOBC sales in the history of PSO, achieving volumes of 3.4 million tons and 49.6 thousand tons respectively.

During FY21, the company automated the sales order and payment processes with the objective of providing convenience to dealers and replacing the conventional manual ordering and payment system. Retail dealers can now procure products online and make payments through a fully automated electronic system. Furthermore, the department has shifted to electronic approval processes, thereby improving process efficiency. Keeping up with international quality standards, PSO's Mobile Quality Testing Unit (MQTU) network carried out 14,439 visits at retail outlets against 9,125 that of last year to ensure the provision of excellent quality and accurate quantity of products to customers.

Staying true to the company's core values of inclusivity and caring and giving, PSO has hired more than a dozen female pump attendants at its retail outlets in Karachi, Lahore and Islamabad to make them self-reliant and contributing members of the society. The company also added uniquely-abled pump attendants at its retail outlets to benefit from their unique perspective and foster a diverse company culture.

To strengthen relationships with customers, build trust and earn their loyalty, the Retail Business department organized and conducted 275 Customer Service Days at various retail outlets across the country during the year.


## CNG

Under the franchise model, PSO has more than 140 operating CNG stations across the country. As imported LNG is being utilized at majority of the CNG facilities, the price disparity between MoGas and CNG is no longer as attractive as it was when pricing was based on indigenous gas. Therefore, the CNG industry has been steadily declining. This shift from CNG to transport fuels will continue due to unavailability of indigenous gas for the CNG sector in the foreseeable future.

## Non-Fuel Retail

Non-Fuel Retail (NFR) department has been playing a pivotal role in enhancing customer experience at PSO's retail outlets thus making them a one-stop solution for customers.

### C-Store Remodeling – Shop Stops

To enhance the overall outlook and ambiance of its convenience stores under the brand name "Shop Stop", PSO has revamped 30 Shop Stops this year, bringing the total number to 92 as of June 30, 2021.

These stores add convenience for customers by offering products from a variety of categories including grocery, personal care, beverages, snacks and confectionary.


### Quick Service Restaurants

The introduction of Quick Service Restaurants (QSR) at PSO forecourts has been a tremendous success for the company. Through this concept, PSO has partnered with 9 leading brands and global partners including KFC and Pizza Hut to have a shop-in-shop or stand-alone outlets at its forecourts.

### ATM Services

PSO has partnered with renowned banks for the deployment of ATMs at its retail outlets to provide customers a safe and secure environment to perform financial transactions. There are 150 ATMs at various retail outlets of the company across Pakistan.

### Electric Vehicle Charging Station

To support the Government's 'Clean Green Pakistan' initiative, PSO has deployed an Electric Vehicle Charging Station at Capri Gas Station (F-7 Markaz, Islamabad).

## Cards Business

Capitalizing on the growth in the industry, PSO Cards business recorded a volumetric growth of 27% over last year by improving service quality to customers and thus increasing its customer base. Key statistics on the cards business are as follows:

| | |
|---|---|
| Volumes | +27% Increase |
| Network | +1,400 PSO Outlets |
| Customer Acquisition | +84,000 New Customers |
| Active Cardholders | +360,000 Cardholders |

As the market leader, PSO has always pioneered innovation and process improvement in the industry. With the accelerated growth of mobile phone usage in Pakistan, PSO's focus revolves around building an eco-system via mobile app-based platform for both its customers and dealers.

## Acceptance of Cards at PSO Shop Stops

Customer convenience is a key objective of all new initiatives undertaken by PSO Cards. The acceptance of DIGICASH at PSO Shop Stops was amongst such initiatives. The transactions take place via QR code and the customers get a detailed breakup of their transactions against fuel, Shop Stops and Lubricants purchases on their Fuelink app.

## Mobile top-up payments at PSO Outlets

To offer customers more services and convenience under one roof, the company partnered with a leading Telecom company allowing customers to pay for their postpaid mobile bills and purchase prepaid top-up and various bundled offers round-the-clock at PSO retail outlets.

## Growth in Network

PSO was the first OMC to initiate smart POS terminals from traditional POS. These terminals not only facilitate PSO retail outlet dealers with robust transactions but also provide various data analytics, reports, and notifications regarding payments. During the period, the network of smart terminals grew to 500+ outlets nationwide. PSO is proud to have a record network uptime of 99.9%.

## Integration with 1-link

Offering added convenience to customers to top-up their wallets or pay bills against fuel consumption, the company has integrated with 1-link to provide yet another channel for customers to make payments securely and conveniently to PSO via 31 regular and microfinance banks.

## Reloadable Cards

Reloadable Card for the B2B segment has been a recent addition to the cards portfolio, whereby the customers can choose to customize their card usage as per their requirements. Besides offering analytics and other reports, the Fuelink portal allows reloadable card holders to transfer funds to various cards within an account as required by the customer. The reloadable card achieved business growth of 185% over last year.

## DIGICASH

Launched in 2019, the PSO DIGICASH card is the first of its kind prepaid fuel card for the individual customer. The product offers a complete fuel and vehicle-management system to the customer through Fuelink app, offering fuel consumption analytics, reports, timely maintenance reminders, various rewards, eateries, subsidized insurance, station finder etc. The product managed to expand its customer base by adding more than 80,000 new customers in the year.

+190,000 DIGICASHERS

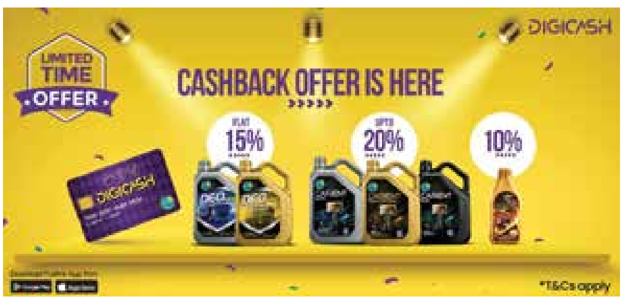
PKR 5.7 Billion Top-up

## Safeer Program

To encourage cross selling, PSO initiated the DIGICASH 'Safeer' program, which aims to identify and reward pump attendants for their efforts each month.

## Discounts and Rewards

Throughout the year DIGICASH has celebrated customer journeys by offering exciting discounts through different campaigns that were well received by customers. Furthermore, dealer specific discounts which allow dealers to offer discounts from their margins, were also launched along with supporting SMS notification system for potential customers based on geo fencing. This scheme will support vibrant dealerships in boosting their sales and enhancing customer loyalty and retention.



# Commercial Fuels

## Aviation, Marine & Export

During the year, the jet fuel market share increased from 94.3% to 94.5%, whereas the jet fuel industry continued to witness a decline due to travel restrictions globally. Despite the lockdowns and operating with minimum staff, PSO managed to fulfill the demand of the defense forces, which registered a growth of 15% over last year.

The company acquired new business from international airlines and customers including Virgin Atlantic, Pegasus Airlines, Istanbul Jet & High Fly Limited, British Airways, Air China, Air Sial and Air Falcon Pvt. Ltd. The Aviation team of Karachi Airport refueled Antonov An-225, the world's biggest plane. 225 thousand liters of Jet fuel was supplied in 3 hours approximately.

Demand of JP-8 in Afghanistan has decreased due to ongoing peace negotiations and withdrawal of foreign troops. During the period, PSO exported 12 thousand tons of JP-8 to cater to NATO/ISAF requirements.

PSO is also the sole supplier of special High-Speed Diesel (HSD) to Pakistan Navy's entire fleet. The company supplied 42 thousand tons of HSD in FY21 with a growth of 9% over last year.

## Special Jet Fuel arrangements at Rahim Yar Khan Airport

PSO Aviation department established a mobile Jet Fuel facility at RYK airport for 88 days to refuel UAE royal flights. PSO refueled 112 flights with a total quantity of 267 thousand liters of jet fuel.

## Consumer Business

Consumer Business is the Industrial Sales wing of the company which caters to the demand of industrial customers across multiple sectors of the economy. Consumer Business sales are primarily driven by economic activities in industrial, agricultural and transport sector. During the period, considerable growth in sales were achieved, wherein High-Speed Diesel, Light Diesel Oil and lubricants registered a growth of 13.5%, 70% and 43.9% over last year respectively.

The company made breakthrough in securing businesses of numerous industrial customers this year with few notables being Shanghai Electric Engineering Consulting Co. Ltd., Thar mining project, Daewoo Pakistan Express Bus service, Frontier Works Organization, Frontier Constabulary etc.

## Power Sector

Fuel Oil (FO) is consumed by the Power and Industrial sectors. In view of the supply situation of natural gas in the country and the Government's strategy of switching priority of existing power plants to LNG/natural gas and alternate energy power plants in the country, FO demand has witnessed a steep decline. GoP has been taking measures to reduce FO consumption by imposing restrictions on imports and assigning load allocation priority to power plants with cheaper fuel source. As a result, fuel oil power plants are expected to run at partial capacity and only during peak summer demand.

During the period, the increase in energy requirement spurred the demand for FO with industry consumption increasing by 36.8% over last year. Whereas, PSO registered a growth of 53.3% with volume of 1.6 million tons. PSO has successfully retained its market leadership position in the sector and increased its market share to 51.8%. PSO and K-Electric successfully entered into Fuel Supply Agreement (FSA) for supply of High-Speed Diesel (HSD) as backup fuel (initial fill and normal supply as & when required) for their upcoming LNG units.

Moreover, PSO expanded its customer base by engaging with IPPs including Liberty Power Tech Limited, Nishat Power Limited, Nishat Chunian Power Limited, and Narowal Energy Limited this year.

## LNG Business

During the year, PSO entered into another agreement with Qatar Petroleum under the G2G arrangement to supply an additional 3 million tons per annum of LNG for a period of 10 years. The contract brings additional volumes to an already executed 15-year long term sales purchase agreement (SPA), making PSO the largest supplier of LNG in the country with a supply base of 6.75 million tons per annum, enabling a low cost and cleaner power generation in the country.

PSO has been playing an instrumental role in bridging the demand and supply gap of natural gas through LNG imports. In FY21, PSO managed to procure 71 LNG vessels with 4.3 million tons. Smooth supply chain operations were ensured through close coordination with all stakeholders.

## LPG

The Liquefied Petroleum Gas (LPG) industry is primarily driven by the domestic, transport and industrial sectors. Due to the continued impact of COVID-19 on commercial activities, such as extended series of lockdowns imposed across the country in various sectors, the LPG industry also experienced difficult business conditions. Despite unstable market conditions, PSO achieved a sales volume of 33.4 thousand tons, the highest ever in a year since inception. However, the industry is facing a challenge due to the influx of unchecked and unregulated inflow of cheap product from land routes. The company is working closely with the Government to address these issues through policy measures.

PSO's LPG brand - PAKGAS has a widespread distribution network, wherein the company appointed 25 new distributors this year, taking the total number of distributors to 283. PAKGAS has been able to increase its penetration in the industrial/commercial sector by adding 11 new customers despite stiff competition from other LPG Marketing Companies. During the year, the company entered into a new hospitality arrangement at Karak thus increasing its infrastructure and distribution network, taking the total number to seven. PSO is also looking at storage enhancement projects to further increase its storage capacity, which is 1,300 tons at present.

## Lubricants

The Lubricant industry is primarily driven by economic activities in agriculture, industrial and transport sectors. During the year, PSO lubricants witnessed an overall growth of 11.3% against last year. PSO launched aggressive marketing campaigns to improve availability and awareness of high tier lubricant brands in the passenger car motor oil (PCMO) category while boosting the diesel engine oil category.

Localized retail forecourt campaigns were also launched in various regions across the country. The activities and campaigns were well received by the market and brought about an increase in sales during the period. High-street channel partners were motivated by various trade marketing offers and incentive plans designed to enhance market coverage and productivity.

In the PCMO category, our top tier brand Carient Fully Synthetic showed an increase in sales volume by 47% whereas, in HDEO and MCO categories, the company witnessed increase in sales volumes by 26% and 67% respectively.


PSO also upgraded product quality to meet the needs of the evolving market.

- Upgraded PCMO Carient Plus from API SG/CD to API SL/CF to meet current market requirements. The product is equally suitable for application where API SG/CD is recommended
- Lubricants Technology department introduced upgraded Brake Fluid that meets DOT 4 specifications to cater to the braking system requirement of modern automobiles
- Successfully developed and conducted trial run of Synthetic Clear Oil, as a modern replacement of conventional Bitumen based Sugar Mill Oil, to meet the latest requirement of Sugar Industry

During the year, PSO has installed new and better equipped oil change facilities at 57 retail outlets across Pakistan. The company aims to expand its footprint of oil change facilities at all major urban retail outlets in the near future.

PSO continued to strengthen its relationship with channel partners as new PSO branded shop boards were installed across high-street markets. PSO conducted a country wide customer engagement activity for PCMO and MCO category to strengthen the relationship with direct consumers by answering their questions about the products and building their confidence.

## Supply & Imports

The oil demand of the country has shown growth over last year, wherein MoGas and HSD witnessed growth of 13.4% and 17.5%, respectively. Most of the increase in demand was catered through imports. Motor Gasoline imports increased by around 10% and High-Speed Diesel imports increased by 30%. This increase in imports of MoGas, HSD and Fuel Oil escalated infrastructure and berthing challenges at ports, which resulted in demurrages.

PSO's white and black oil sourcing increased by 30% over last year. To maintain an uninterrupted supply chain of the country, the company imported 4.9 million tons of white oil products - an all-time high since the inception of the company. During the year, PSO maintained its total refinery share of 40%. This retention of share was due to healthy upliftment of MoGas, HSD and Fuel Oil. This resulted in timely availability of product at various locations nationwide and smoother supply chain across the country. To cater to the fuel oil demand of the power sector, the company primarily focused on refinery upliftment to ensure availability of product.

In line with the Government's initiative of introducing cleaner and greener fuels, PSO was the first oil marketing company to import and launch Euro 5 Motor Gasoline 97 RON in August 2021, followed by Euro 5 Motor Gasoline 92 RON. PSO was also the first oil marketing company to import and launch Euro 5 High-Speed Diesel in December 2020, before the Government's set target of January 1, 2021.

## Logistics

Robust inventory movement plans enabled PSO to transport 9.3 million tons of white oil during the period through road, rail & pipelines, marking a growth of 18% over last year and achieving highest ever MoGas dispatches to upcountry locations from Karachi (over 286 thousand tons) in a single month, i.e. July 2020.

In line with the company's commitment of ensuring safe transportation of hazardous petroleum products by road, PSO has a fleet of over 2,900 state-of-the-art tank lorries that are fully compliant with OGRA's notified technical standards as well as the requirements specified by National Highways Authority (NHA). These compliant tank lorries are equipped with international standard gauges and roll over prevention mechanisms to minimize chances of accidents and rollovers.

Promoting secondary transportation to retail and industrial customers through OGRA and NHA compliant tank lorries, the scope of Fleet Management Tank Lorries (FMTL) mechanism has been augmented. A new FMTL contract was executed for Bahawalpur & Hyderabad division at competitive rates during the year.

PSO has joined hands with Automobile Track Services Pakistan (ATS) to ensure provision of roadside emergency and other allied services to PSO tank lorries.

With the joint efforts of National Highway & Motorway Police (NH&MP), M/S ATS and in-house HSE trainers, regular drivers training/awareness and HSE refresher sessions were conducted at logistics locations throughout Pakistan. More than 3,000 tank lorry drivers were trained with safe/defensive driving techniques to minimize the risk of road accidents and emergency response in case of accidents.

PSO along with ATS has also initiated a medical assessment campaign to ensure deployment of trained and medically fit drivers in PSO's fleet. In this regard, tank lorry drivers were medically assessed for blood pressure, Hepatitis B & C, blood sugar and eyesight.

The most anticipated project of automated tank lorries queue & scheduling system was successfully initiated. This new project has enabled PSO to manage tank lorries queue, and schedule their next loads based on real time geo fencing data received through tracking vendors via technological integration. The automated scheduling / allocation of load will bring more transparency and ensure provision of equal business opportunity to all haulers. As a result of this end-to-end automation, multiple deliveries and loads will be allocated to tank lorries with a single click.

## Infrastructure Constructions & Projects

PSO initiated projects for the construction of storage tanks having cumulative capacity of 198,000 tons. As of June 30, 2021, storage of 43,000 tons has been completed at Shikarpur, Faisalabad and Tarru Jabba depots. Additionally, two tanks of 62,000 ton capacity have been mechanically completed at Zulfiqarabad Oil Terminal (ZOT), whereas four tanks of 47,000 tons are under advanced stages of completion at Machike and Juglot locations. These projects are expected to be operational by the end of 2021. Rehabilitation of 164,000 ton storage is under way at Keamari and ZOT. As of June 30, 2021, a cumulative storage capacity of 131,000 tons was successfully rehabilitated.

PSO has signed multiple infrastructural MoUs of strategic importance with Pak Arab Refinery Limited (PARCO) and Pak Arab Pipeline Company (PAPCO) which aims to safeguard the country’s petroleum product supply chain and enable economical and environment friendly transportation of fuel.

The entities will jointly develop a strategic pipeline link of 20 km between the ports of Keamari and Port Qasim for the transportation of Motor Gasoline and High-Speed Diesel. PSO and PARCO also agreed to explore the option of developing a terminal at Hub having a single point mooring (SPM) system which will allow imports through VLCCs.

Due to heavy rains in the last monsoon season at Sihala, near Rawalpindi, a portion of the Soan Bridge collapsed, resulting in over hanging/unsupported section of pipeline. The protection and rehabilitation of the damaged portion of the pipeline was a great challenge as approximately 8 km section was running along G.T. Road. The company took the task of rerouting the impacted section of this ARL-Sihala pipeline at Layi Bridge, Rawalpindi.

Projects for pipeline connectivity of PSO and PARCO terminals at Mehmoodkot and Faisalabad were completed, enabling the company to receive gasoline through PAPCO multi-grade White Oil Pipeline at Machike, Shikarpur, Mehmoodkot and Faisalabad.

PSO embarked upon a major milestone by completely replacing 3.3 km Tanker Discharge Pipeline at Keamari. This pipeline has critical significance in managing country's supply chain.

## Facilities Maintenance

The company made successful modifications in product receipt and delivery to handle Euro 2 and Euro 5 fuels simultaneously. Moreover, batch controller integration project at Keamari Terminal-A was successfully completed.

## Retail Construction

During the year, 71 new retail outlets were developed across the country. 60 mini-bay oil change canopies were also installed in major cities.

## Operations

PSO's operations network is strategically located to ensure uninterrupted fuel supplies across the country and fulfill the increasing demand of POL products.

During the year, PSO successfully converted 28 thousand tons of storage to meet OGRA's days cover requirement. The company was able to handle 9.1 million tons of products including 5.5 million tons of imported and 3.6 million tons of refinery products. This highest ever volume of product handling (sales and transshipment) was made possible through the untiring efforts of the field force at terminals, depots and seamless coordination among all the key departments, namely: Operations, Supply and Logistics. An unprecedented 27 thousand tons of MoGas and 33 thousand tons of HSD were handled in a single day.

In line with the plan to automate our core business operations at all terminals and depots, as a first step, Keamari Terminal A has recently been upgraded to be the first digitally integrated oil storage and dispatch terminal.

PSO has also arranged a comprehensive training program for skilled and unskilled non-management workers to improve its operational efficiency and effectiveness.

## Information Technology

During the year, the following technology initiatives and projects were successfully completed:

### PSO Sahulat - Mobile Platform for Online Order Management

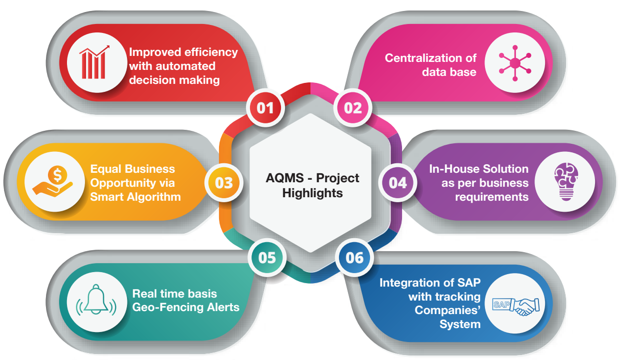
PSO successfully upgraded its current Online Order Management Systems to a new platform, namely "PSO Sahulat". This platform is based on latest generation mobile technology that allows retail customers to order petroleum products online from anywhere in Pakistan. This platform provides PSO a distinctive competitive advantage in the industry. PSO is the pioneer in launching a mobile based platform with real-time integration with all major banks in Pakistan, providing a seamless and hassle-free ordering process.

### Fully Integrated Model Terminal

The company has achieved a major achievement by deploying a smartly integrated system at Keamari Terminal-A. From entry to exit of a tank lorry at the facility, all systems are integrated with SAP. This integration enables the company to manage its terminal operations with integrity and provides data for better decision making. Programmable Logic Controller (PLC) devices have been installed for motor control at location.

### Automated Queue Management System

PSO has successfully developed a home grown solution based smart algorithm which provides equal opportunity to all Tank Lorries for business. AQMS is developed in SAP and is integrated with the tracking companies' alert system on real time basis. With AQMS, the process of Tank Lorries' trip/load assignment is completely automated and streamlined over a digital platform. This system has drastically improved operation of Logistics department and provides functional efficiencies.




### PSO's Digital Transformation to SAP Ariba

PSO leads the public sector in digital transformation with the Go-live of SAP Ariba solutions. PSO is the first public sector company to embrace the digital transformation of its procurement/sourcing system to increase efficiency, transparency and openness to competition.

### SAP Funds Management Module Go Live+

The company has configured the Revenue Budget controlling module (Funds Management-FM) of SAP in order to better manage the revenue expense budgeting. It keeps a track of the budget commitment & payment consumption starting from the point of purchase requisition generation. The module integrates with multiple modules of SAP like Finance and Material Management, to control the flow of funds.

### Digital Transformation through Employee Self Service Apps

PSO has developed and launched mobile apps for Employee Self Service to manage leave and time management processes.

## Business Process Reengineering & Program Management Office

The company took the initiative of establishing the function in October 2020. The core need for introducing this function was to re-align and reengineer business practices, processes and procedures in line with the company's strategy of business growth and competitive landscape to improve efficiency.

Key projects include:

- Integration of Keamari Terminal-A with SAP
- Introduction of automated queue management system for tank-lorries based on smart algorithm utilising geo-coordinates
- Convenient and efficient sales order processing app for retail dealers
- Automation of sales orders and delivery receipts for Aviation customers
- Launching a mobile based self-service leave and time management for employees on SAP Fiori
- Implementation of sourcing (e-procurement) module of SAP Ariba
- Revenue Expense Funds Management for better cost monitoring and control

## Procurement & Services

- Successfully launched e-procurement through SAP Ariba which improved the efficiency of the procurement process with access to greater vendor base, reduced turnaround time, reduction in cost and paperwork, enhanced transparency, decision making and better compliance. It also increased vendor participation
- Strengthened the system of organizing pre-bid meetings and bid openings through virtual meeting platforms for online/paperless procurement process, leading to process efficiency and convenience to prospective vendors

- Tutorials, i.e., manual & videos have been developed and made available on PSO website to facilitate suppliers/vendors to register in the SAP Ariba portal, while exploring bidding problem on SAP Ariba system

## Brand Management

This year the company launched a number of campaigns that ranged from celebrity shout-outs to sponsorships of international cricket events, with marketing campaigns spread across all mediums such as Radio, Digital, TV, and Outdoor.

## Fuel and Cards Campaigns

The company undertook the following marketing initiatives for fuels and cards:

- Rebranded i.e. changed the names, logos, and colors of all the three retail fuel brands, Altron X to Hi-Octane 97 Euro 5, Altron Premier to Premier Euro 5, Action+ Diesel to Hi-Cetane Diesel Euro 5


- Launched a campaign for PSO's new Hi–Octane 97 Euro 5 fuel featuring renowned celebrities to highlight the significance of the Euro 5 standard fuel, thus driving the change for a Cleaner and Greener Pakistan for future generations


- With the introduction of the new and cleaner Euro 5 fuels in Pakistan, PSO re-branded Diesel from Action+ Diesel to Hi-Cetane Diesel Euro 5
- Consumer promotion campaign - to incentivize PSO DigiCash customers and enhance brand recall of PSO Lubricants

## Lubricant Campaigns

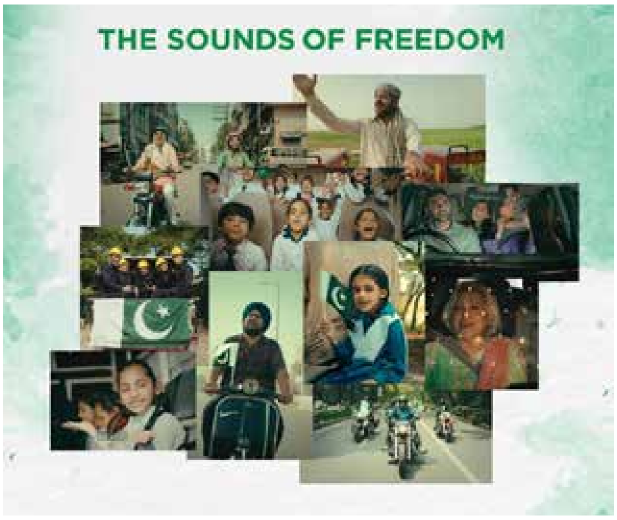
During the year, the company launched aggressive marketing campaigns. These included brand awareness campaigns, trade marketing campaigns in high-street and retail channels, and localized retail forecourt campaigns also launched across the country. Moreover, high-street channel partners were motivated by trade marketing offers and incentives which were designed to support brand visibility. Some key activities are as follows:

- Brand building campaigns were launched during world cricket series of Pakistan vs. South Africa and Pakistan vs. New Zealand where PSO's lubricants were branded in away-series for the first time. Moreover, Pakistan vs. New Zealand series was branded as Carient Cup to enhance brand recall and create brand awareness


- A brand building campaign was conducted in which customers' and vloggers' testimonials were captured to promote PSO Carient Fully Synthetic along with celebrity endorsements
- An awareness campaign was held at retail forecourts with an aim to enhance brand recall for DEO. A merchandizing campaign was launched in high-street oil markets. The objective of the campaign was to ensure visibility and branding of DEO lubricants in diesel engine oil high-street clusters across Pakistan. A DEO Truck Adda/Trade promotion campaign was launched across Pakistan with an objective to provide incentives to high-street retailers on the purchase of DEO 8000 & 6000
- A nationwide consumer engagement campaign was conducted simultaneously in cluster markets of Carient and Blaze. The objective of the activation was to encourage consumers to purchase PSO lubricants, incentivizing them with free fuel and amazing giveaways. The campaign helped improve visibility and availability of Carient & Blaze products in high-street channel

## Corporate Campaigns

- The Sounds of Freedom: On this year's Independence Day, PSO launched a bold, authentic, innovative and patriotic campaign "The Sounds of Freedom" that celebrates a tolerant, diverse and progressive Pakistan while spreading the message of positivity and inclusion. The campaign has sent a strong message of unity and built an instant connection with all Pakistanis, resonating with the spirit of freedom and independence. The ad was successful and earned tremendous popularity & appreciation across industries and borders




- Iqbal Day and Quaid-e-Azam Day Campaigns: To acknowledge the vision and determination of our nation's founding fathers, PSO paid a tribute to Dr. Muhammad Allama Iqbal and Quaid-e-Azam on the occasions of their birth anniversaries through a digital campaign on all of PSO's social media platforms in order to reiterate and spread their message among the masses
- National Day Campaigns: PSO's corporate presence was kept active and engaging throughout the year, encasing the sentiments of the public and leveraging PSO's corporate image by commemorating National Day campaigns on digital mediums
- PSO Day - 44th Anniversary: 2020's PSO Day theme was marked as "44 Years of Excellence". On this occasion, PSO House was decorated and branded to add to the festivity. Complying with the COVID-19 SOPs, an open air event was organized on PSO's rooftop, wherein a cake cutting ceremony also took place
- International Women's Day Campaign: Gender balance is a key component of PSO's diversity and inclusion agenda. To celebrate the empowered women at PSO a digital campaign was launched on International Women's Day 2021. The campaign showcased exceptional women associated with PSO who are leaders in their fields, breaking glass ceilings and excelling in unconventional and challenging roles. The campaign was very well received both internally and externally and was appreciated across industries



## Quality Assurance of Products

Quality Assurance (QA) is a key business objective that ensures customer satisfaction and reinforces the company's brand image as a quality conscious organization through a network of 9 state-of-the-art laboratories and 21 Mobile Quality Testing Units (MQTUs) at 15 different locations across the country. PSO performs Quality and Quantity testing of petroleum products at retail outlets through its dedicated fleet of MQTUs nationwide.

Following the introduction of Euro 5 fuel in the marketplace, enhanced testing facilities have been made available at Lalpir, Sihala, Machike and Keamari in accordance with International ASTM methods for testing of Euro 5 grade fuels. PSO was the first OMC to have a state-of-the-art fuel testing facility for Euro 5 fuel grades.

## Health, Safety & Environment

The health and safety of employees, contractors and customers is PSO's top priority and an integral part of the company's business activities. During the year, the Total Recordable Incident Rate (TRIR) per million man hours was recorded at 0.42. Moreover, the company achieved the target for 'No Major Fire' at PSO Facilities across the country.

## HSE Audits & Inspections

HSE audits of approx. 974 retail outlets, including CNG Stations, and company facilities were conducted during the year.

## Process Safety Management

To ensure that operational risks are adequately covered, PSO has embedded Process Safety within the HSE Management Framework. In FY21, 50+ Management of Change (MOC) cases and 50+ New Specifications were reviewed and approved by the Technical Review Committee. Rigorous efforts were undertaken by Operational, Projects & HSE Teams to effectively implement important PSM systems such as Permit to Work, Risk Assessment, Energy Isolation, Emergency Response, Contractor Safety Management, etc. during various major projects and routine & non-routine tasks at our facilities to ensure No Harm to People, Plant & Processes.

## Employee Engagement Programs

Employees were engaged through various HSE Learning Interventions based on risk assessment and learnings from past incidents such as: 'Earthing Diagnostics for Retail Outlets', 'Working at Height' and 'Defensive Driving'.

## Environmental Protection

Sustainability is an integral part of PSO's business strategy. As a responsible corporate entity, PSO ensures that its operations are conducted in an environment-friendly and responsible manner in compliance with the regulatory framework. All facilities are continuously monitoring environmental parameters of air emissions and effluents as per the National Environmental Quality Standards (NEQS).

This year PSO spearheaded the introduction of Euro 5 MoGas and HSD all across Pakistan, which has drastically reduced the environmental footprint by reducing engine emissions. Additionally, the newly introduced Euro 5 MoGas has 80% less benzene content, which will reduce the exposure level of harmful benzene.

Apart from the above, World H&S and World Environment Days were observed on April 28, 2021 and June 05, 2021 respectively. These days were observed across PSO facilities with awareness sessions, safety walks and environmental pledge (plant a tree).

## PSO's Response to the Pandemic

PSO ensured that all its facilities and offices are compliant to COVID-19 SOPs, including use of face masks, social distancing, hand hygiene, frequent disinfections, and temperature checking at entry, restricted visitors, online meetings, staff rotation through shift management and other precautions.

PSO encouraged its employees to work from home during the pandemic, ensured the provision of COVID-19 testing services through authorized testing labs and is now encouraging its employees for early vaccination against COVID-19, especially employees falling in high risk groups. 100% of employees were inoculated with COVID-19 vaccines.

# Human Resource

The HR strategy of PSO is to optimize its Human Resources through Human Capital Management. While PSO continues to evolve as an organization in line with the best practices, during FY21 HR reforms were undertaken with a focus on Human Resource growth, development, and engagement.

## Organization Structure

HR transformation was undertaken as part of 'The Agility Program', approved by PSO's BOM and endorsed by the external consulting partner, to help PSO evolve into a dynamic organization that thrives in an environment which demands constant change.

The aim was to align strengths, streamline processes, and create synergies through digitization, automation, diversification, and expansion. The commercial side of the business shall be geographically fenced to increase focus on specific geographical business landscape, while empowering teams to take swift action. The changes in the operating model will shift PSO's marketing to drive more growth and put execution closer to customers and consumers, while prioritizing portfolio of strong brands and a disciplined innovation framework.

Accordingly, roles were redefined in terms of commercial activities, cost-effective supply chain for end-to-end product sourcing till delivery, digitization and strategic focus on diversification and expansion. The re-alignment of roles is to be managed through C-level structure comprising Commercial, Marketing & Innovation, Finance, Supply Chain, Shared Services and Strategy & Information.

PSO reconfigured its internal architecture in a strategic manner, crafting modern job titles to indicate a clear career path, clarify reporting relationships, attract and develop top talent with transparency, agility, and innovation being the underpinning drivers. The 'group' structure was changed to 'levels' with new, modern nomenclature enabling efficient interactions (both internally & externally), help employees take ownership, have more decision making power and foster the team's trust and unity.

## HR Management Policies

HR policies are revisited periodically in line with market best practices. Some significant policies that have been revamped/developed include:

- The Recruitment & Selection policy, which articulates policy elements and basic principles, inculcates the concept of Internal Job Postings (IJP), to fill the vacancies within approved organogram and positions in the business by utilizing current employees' skills and experience while developing the employees' career path
- The Employee Disciplinary Policy standardizes the procedures of disciplinary actions while outlining the acts of omission and commission which the company considers as misconduct. The offenses/misconducts are categorized, and the steps are specified for each action
- Revision of the Promotion Policy to introduce the concept of lateral promotion in addition to vertical promotions. The policy aims to ensure transparency and merit in recognizing Management employees having potential to assume higher level responsibilities in terms of career progression
- The Social Media Policy is built around representing the company through social media. The lines between public and private, personal and professional are blurred in online social networks. The policy is designed to help employees understand how to behave online in a way that is positive and healthy for themselves and PSO
- PSO's Mentorship program and CA & ACCA Trainee policies were launched with the objective to foster professional relationships through mentorship and training, offering students and recent graduates the opportunity to gain direct practical experience with the corporate environment and experience the work environment of Pakistan's largest OMC

## HR Services

PSO believes in the wellbeing of its Human Resource and therefore attempts to create a healthy work environment.

Following key initiatives were taken during the year:

- Employee Birthday Greeting Program was launched
- PSO's Management engaged employees by remembering their religious festivities and sending them greetings for the same
- 117 Employees reaching service milestones of 25 years or more were recognized by the Management through long service awards
- In line with PSOs new value system and to promote inclusion, PSO arranged its 2nd women meet up session on April 16, 2021. The theme chosen for this year was "Women - The Power, Force, and Balance!"
- Employees were encouraged to work from home to ensure their safety during the COVID-19 lock down. At various intervals, 50% or less attendance was advised for work from office. Necessary guidelines on working arrangements: periodic disinfection, wearing a mask, use of hand sanitizer, temperature checks and maintaining social distancing
- Facilitating employees and their families during this pandemic, the company arranged free of cost COVID-19 tests for PSO's employees
- PSO, in coordination with NCOC, initiated vaccination drive for its employees across the country, in which 100% were vaccinated

## Industrial Relations

Non-management employees were promoted who had either actively participated in the workshop of basic electrical training, successfully achieved certification or who abided by all company rules and regulations for 10 years or more.

## Learning and Training

PSO upholds a culture of continuous employee development and growth. Various learning programs were initiated and imparted in accordance with our competencies and values. Prominent features of the current year's learning activities included nurturing function-specific and technical competencies related to health, safety & environment, lubricants product knowledge, infrastructure and retail construction, with certification programs on storage tanks inspection, repair, alteration & reconstruction and computer-based project management. Other SAP based programs were arranged on costing and fund management. Service excellence was developed through sessions for customer care staff. Similarly, soft skill programs were arranged in key areas of communication, negotiation skills and leadership development.

PSO focuses on employee development by attaining global certifications. We arranged the Certified Information System Auditor (CISA Certification) program for employees at par with global standards. The company's inclusive culture extends beyond management employees' learning. Vocational training and certification programs for staff in crucial fields like fitters and electricians were arranged for the first time. Other sessions including personal hygiene, driving safety, and first aid & emergency response were also arranged for our staff. PSO provides great support to women, as they are stakeholders in the whole value chain. An exclusive 'Self-Defense' session was arranged for female staff members to empower them in ways that

extend beyond discovering self-protection, i.e. it enhanced their self-esteem and self-improvement.

Keeping in view the significance of customer service, a digital learning platform was used and a series of animated videos on customer services for retail forecourt attendants were developed, which was successfully imparted at retail outlets across the country in regional languages. An extensive learning need analysis activity was conducted to precisely ascertain learning needs and develop a comprehensive learning plan for the upcoming year. POL learning programs have been started for armed forces personnel who will be trained through various advanced courses, engagements and field visits.

## Customer Services

The department at present is a full - fledged inbound/outbound call center that ensures all calls are answered within the pre-defined threshold time. It provides after sales and complaint resolution services to existing and new customers. Customer queries are addressed through different modes of communication, which include outbound/inbound calls, e-mails, etc. to meet with customer satisfaction.

The department successfully managed a service level of 98% through Taáluq Care Line. This further includes cards activations and facilitation to cards customers. The team effectively handled and facilitated customer queries as well.

The department recently increased its touch points by successful integration of Facebook & website chat bot with Customer Services. It continued to contribute in other productive activities, working collaboratively with Marketing.

## Corporate Social Responsibility & Sustainability

PSO utilizes its size and scale of operations to uplift the underprivileged nationwide, especially in geographical locations where PSO has set up a base of operations. With the integration of CSR Trust and corporate philanthropy into its business strategy, PSO is helping to drive shared value among stakeholders and enhance its corporate image in the public.

Sustainability is an integral part of PSO's business strategy. Introduction of Euro 5 MoGas and HSD is a step ahead towards protecting the environment by reducing harmful substances in the fuel while also enabling the use of new emission control technologies in vehicles that minimize air pollution.

### Certifications Acquired and International Standards Adopted

During the period under review, PSO acquired ISO 14001: Environmental Management System (EMS) Certification for its Aviation, Marine & Export business. This certification reiterates PSO's commitment and achievement towards its environmental responsibilities while ensuring a sustainable approach towards its business operations.

PSO has been successfully re-certified against ISO-9001:2015 for Supply Chain function. This certification focused on "Customer Satisfaction" through documented systems and procedures.

### Social Responsibility Policy

The company's CSR and philanthropy activities are managed by PSO CSR Trust. The company contributes 1.0% of its profit before tax for CSR activities, however due to loss in FY20, the Board had approved a budget of PKR 113 million for ongoing and new projects as well. The donations are made in accordance with relevant by-laws and policies, including the Corporate Social Responsibility Voluntary Guidelines, 2013 issued by the Securities & Exchange Commission of Pakistan (SECP) and the objectives of the Trust envisaged in the Trust Deed. The CSR Trust has obtained a certification from the Pakistan Centre of Philanthropy (PCP) to attain the status of NPO from the Federal Board of Revenue.

## Statement of Charity Account Performance Initiatives

PSO CSR Trust and the company employ a comprehensive procedure to process the donation requests from across the country. The funds/aid requests are thoroughly analyzed before reaching a decision of formally accepting the request. A stringent check and balance system is in place to ensure the donation reaches the communities in need in a most transparent way. After the required documentations for donation requests are received and review process is completed, the initial donation requests are reviewed by PSO CSR Trust's sub-committee. The sub-committee reviews the requests in line with the Trust's objectives and on the basis of a predetermined framework. Donation requests that meet the criteria are further reviewed and approved by the Trust.

PSO CSR Trust extended support worth PKR 102 million in FY21 to various causes and organizations nationwide in the area of education, healthcare, community building & environment.

### Education

Education has always been a key focus area of support for PSO CSR Trust. In FY21, approx. PKR 60 million were contributed to help the underprivileged communities. The company's donations have also enabled educational institutions to build and upgrade their infrastructure. During the year, CSR Trust has extended support to organizations like The Citizen Foundation (TCF), Institute of Business Administration (IBA), Lahore University of Management Sciences (LUMS), Professional Education Foundation (PEF), Family Educational Services Foundation (FESF), Akhuwat, etc.

### Healthcare

PSO CSR Trust has made a significant contribution in Healthcare across Pakistan, worth around PKR 15.5 million. The Trust, with collaboration of various reputable healthcare institutions, has provided healthcare facilities to the people of Pakistan. In this regard financial support was extended towards the treatment of eye diseases through the Layton Rahmatulla Benevolent Trust (LRBT), burn patient's treatment through the Friends of Burn Centre (FOBC), and treatment of blood diseases through the Fatimid Foundation, etc.

## Community Building and Environment

With a contribution of PKR 26.7 million, PSO CSR Trust focused on projects of community building. With the collaboration of HANDS, which is a well-known and reputable NGO, the Trust has installed a basic healthcare unit with all the essential requirements for initial diagnosis, medicines, medical investigations and also installed RO Plant for clean water in District Mehmoodkot Muzaffargarh near PSO's Mehmoodkot installation, extending basic healthcare and clean water facilities for local community. Financial support was also extended to support the families of deceased persons who died in a fire incident. Moreover, during holy month of Ramadan, Rations Distribution Drive has also been carried out in the provinces of Sindh and Balochistan through Saylani Welfare International Trust. In order to facilitate the surrounding community, PSO CSR Trust has also reconstructed/reformed a road near PSO House.

The company launched a massive nationwide campaign to spread awareness about the vaccination and to inoculate citizens in all corners of the country by setting up about 500 vaccination centres and mobilizing 100 mobile vaccination vans.

The company administered 114,000 doses of COVID-19 vaccine to the citizens of the country.

# Financial Management

Financial management, especially in wake of COVID-19, has become more critical than ever for organizations. During FY21, Finance Department continued its strategic business partnering role and adopted prudent financial management policies. FY21 remained a challenging year for PSO due to increase in receivables from SNGPL on account of short payments against supplies of LNG, especially post January 2020. However, the liquidity management challenge was slightly reduced compared to FY20, due to lower policy rate maintained by State Bank of Pakistan serving as a stimulus to the economy.

PSO's Treasury Function, being the largest corporate treasury in the country, manages cumulative flows of funds in excess of PKR 2.5 trillion per annum, and has a working relationship with 16 top tier banks of Pakistan. PSO ensured the availability of financing at the least possible spreads that eventually resulted in optimal financing cost for the company. During the year, the team through its strong follow up with the concerned authorities recovered principal amount of PKR 13.4 billion from the Power Sector.

PSO believes in open and transparent Corporate Financial Reporting. The company ensured timely and accurate reporting of financial results to its stakeholders and regulatory authorities in line with the Financial and Corporate Reporting Framework. The team kept itself abreast with the ever developing accounting and reporting guidelines, standards and reporting requirements. A Corporate Briefing session was held in FY21 to keep the shareholders and analysts informed about the developments in the company. The journey of excellence in Financial Reporting went a notch up as PSO improved its position from 3rd to 2nd in Best Corporate Report Awards of 2019, held in FY21 in the Oil and Gas Sector, jointly held by ICAP and ICMAP. The journey of excellence continued, as subsequent to the year-end, PSO won 2nd position in the Best Corporate Report Awards of 2020.

## Contribution to the National Exchequer

The company remains one of the leading tax contributors to the national exchequer as follows:

| | 2020-21 | 2019-20 |
|---|---|---|
| | PKR in billion | |
| Sales Tax | 198 | 174 |
| Petroleum Levy | 191 | 143 |
| Other Duties & Taxes | 53 | 50 |
| **Total** | **442** | **367** |

PSO takes pride in being a tax compliant company and ensures that all taxes, duties, levies etc. are paid by it in accordance with statutory deadlines. Accordingly, the company has no overdue or outstanding statutory payments.

## Credit Rating

The latest ratings of PSO by VIS Credit Rating Company Limited is:

**Short term** A1+
**Long term** AA+

## Dividend and Other Appropriations

Based on the performance of the company, the Board of Management has declared a final cash dividend of PKR 10 per share (100%) which is in addition to the interim cash dividend of PKR 5 per share. The dividend for the financial year 2021 stands at PKR 15 (150%) per share vs. PKR Nil (Nil%) per share in FY 2020 translating into a total payout to the shareholders of PKR 7.04 billion against PKR Nil in FY 2020 to the shareholders.

## Whistle Blowing Policy

The policy provides a platform to PSO employees, Board members, related officers, contractors, service users, customers or any member of the public to highlight any improper conduct or wrong doing.

## Business Principles and Ethics Policy

This policy aims at guiding and encouraging employees to observe the highest ethical standards in the conduct of all their business and professional activities in the interest of the company, in consonance with its core values and to the exclusion of any consideration of personal gain.

## Conflict of Interest Policy

This policy outlines specific situations that clash directly with the interests of the company. An exercise is conducted annually to update records of any possible conflict case. Risk-based audits of business functions provide independent and objective appraisal and analysis of the operations, systems and internal controls.

## Adequacy of Internal Financial Controls

The Board of Management has established efficient and effective system on internal financial controls. Implementation of these controls is regularly monitored by an Independent Internal Audit Function which reports directly to respective Audit Committee. Audit Committee reviews, on a periodic basis, the effectiveness and adequacy of internal controls frameworks and financial statements of the company.

## Other Matters

The External Auditors considered the following matters as key audit matters as these were most significant in the context of their audit of the financial statements for the financial year 2021:

- Overdue trade receivables and receivables from Government of Pakistan (GoP) (Refer notes 13 and 16 to the unconsolidated financial statements)
- Recognition of Revenue/Income (Refer notes 29 and 31 to the unconsolidated financial statements)

### Auditors

The Board of Management has endorsed the recommendation of the Board Audit & Compliance Committee for the appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the company for the year ending June 30, 2022.

### Changes in the Board of Management

During the year following changes were made in the composition of the Board of Management:

- Mr. Omer Rasul joined the Board of Management on July 08, 2020 in place of Mr. Irfan Ali and held the position of Member of the Board till September 28, 2020
- Mr. Nadeem Irshad Kayani joined the Board of Management on August 20, 2020 and held the position of Member of the Board till June 16, 2021
- Mr. Ali Raza Bhutta joined the Board of Management on September 29, 2020 in place of Mr. Omer Rasul
- Mr. Mohammad Shahid Khan passed away on January 28, 2021
- Mr. Hassan Mehmood Yousufzai joined the Board of Management on June 17, 2021 in place of Mr. Nadeem Irshad Kayani
- Mr. Sajid Mehmood Qazi resigned as Member of the Board of Management with effect from June 28, 2021

The Board wishes to place on record its appreciation for the valuable services rendered by the outgoing Members, Mr. Irfan Ali, Mr. Omer Rasul, Mr. Nadeem Irshad Kayani and Mr. Sajid Mehmood Qazi, and welcomes the new Members.

The Board expresses its deepest condolences to the family of its late Member, Mr. Mohammad Shahid Khan on his sad demise. Mr. Mohammad Shahid Khan was a great contributor to all meetings and his valuable services as Member of the Board will always be remembered.

### Associated and Subsidiary Companies

#### Asia Petroleum Limited – Associate Company

Asia Petroleum Limited (APL) was incorporated in Pakistan as an unlisted public limited company on July 17, 1994. The company has been principally established to transport "Residual Fuel Oil" to the Hub Power Company Limited at Hub, Balochistan. For this purpose, the company laid an underground oil pipeline starting from Pakistan State Oil Company Limited's Zulfiqarabad terminal at Pipri to HUBCO at Hub. PSO holds a 49% equity stake in APL.

#### Pak Grease Manufacturing Company (Private) Limited – Associate Company

Pak Grease Manufacturing Company Limited (PGMCL) was incorporated in Pakistan on March 10, 1965 as a private limited company. The principal activity of the company is to manufacture and sell petroleum grease products. PSO holds a 22% equity stake in PGMCL.

#### Pakistan Refinery Limited – Subsidiary Company

Pakistan Refinery Limited (PRL) was incorporated in Pakistan as a public limited company in May 1960 and is quoted on the Pakistan Stock Exchange. The Refinery is situated on the coastal belt of Karachi, Pakistan and is designed to process various imported and local crude oil to meet the strategic and domestic fuel requirements of the country. PSO currently holds 63.6% equity stake in PRL.

### Corporate and Financial Reporting Framework

PSO's Board is fully cognizant of its responsibility as recognized by Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by Securities and Exchange Commission of Pakistan.

Following are the comments on acknowledgement of PSO's commitment towards high standards of Corporate Governance and continuous improvement:

- Compliance has been made with the relevant principles of Corporate Governance
- The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows, statement of comprehensive income and changes in equity
- Proper books of account of the company have been maintained
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and departure, if any, has been adequately disclosed
- The system of internal controls is sound in design and has been effectively implemented and monitored

- The non-executive BOM members do not havefixed remuneration and are being paid a fixed fee for each meeting attended. The said fees are decided upon by the entire BOM collectively
- There are no significant doubts upon the company's ability to continue as a going concern
- There has been no material departure from the best practices of Corporate Governance, as detailed in Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019
- Key operating and financial data of last six years in a summarized form is annexed

The following is the value of investment of provident, pension and gratuity funds (as per un-audited accounts as of June 30, 2021:

| Fund | PKR in million |
|---|---|
| PSOCL Management Employees' Pension Fund | 4,763 |
| PSOCL Workers' Staff Pension Fund | 4,403 |
| PSOCL Defined Contribution Pension Fund | 5,771 |
| PSOCL Staff Provident Fund | 2,924 |
| PSOCL Employees' Provident Fund | 1,456 |
| PSOCL Employees' Gratuity Fund | 7,059 |

- During the year, thirteen meetings of the Board of Management were held and the attendance by each member is given on page 75.
- As on June 30, 2021, the composition of the Board was as follows:

  Total number of Board Members:

  - Male: 07
  - Female: 01

**Composition:**

| Category | Names |
|---|---|
| Independent Members | Mr. Zafar I. Usmani<br>Mr. Muhammad Hamayun Khan Barakzai |
| Non-Executive Members | Mr. Ali Raza Bhutta<br>Mr. Hassan Mehmood Yousufzai<br>Mr. Muhammad Anwer<br>Mr. Shahid Salim Khan |
| Executive Member | Syed Muhammad Taha |
| Female Member | Ms. Tara Uzra Dawood |

- The names of members of the Board's Committees are given on pages no. 71 & 72
- The pattern of shareholding is annexed on pages no. 310
- Remuneration package of BOM members, Managing Director and CEO has been disclosed in note 33 to the unconsolidated financial statements

## Company's Performance against Forward Looking Disclosures made Last Year

- PSO continued to regain its market share in downstream segment by closing the year with a share of 46.3% in liquid fuels, with 45.2% share in white oil and 51.7% in black oil market. The company has been able to gain market share vis-à-vis volumetric growth in key products including MoGas, HSD and Fuel Oil. During the year, the company has been able to achieve highest ever sales volume of White Oil as well as MoGas in its history
- Phase-I of restructuring has been completed. The restructured phase is designed to add agility to the business while adding operational efficiency in changing business dynamics
- The company delivered 174 thousand tons of new and rehabilitated storages as of June, 2020
- The company is making an all-out effort for earliest settlement of mounting receivables from power sector, PIA and SNGPL. Accordingly, several options have been proposed to the relevant authorities for the settlement of receivables
- Automation and business process re-engineering has been the prime focus of the company. Several projects were completed including implementation of terminal management system and launch e-procurement through SAP Ariba
- The company is privy to the evolving business dynamics arising thereto from renewable energy, electric vehicles influx etc. Accordingly, the company's first electric vehicle charging facility has been developed in Islamabad while several other facilities are under advanced stages of implementation

## Infrastructure Development and Rehabilitation

As of 30 June 2021, PSO successfully completed rehabilitation of storage tanks at ZOT with a capacity of 131,000 tons. Besides, storage of 43,000 tons has been completed at Shikarpur, Faisalabad and Tarru Jabba depots. Pipeline connectivity of PSO and PARCO terminals at Mehmoodkot and Faisalabad were also completed for transshipment of gasoline through PAPCO multi-grade white oil pipeline at Machike, Shikarpur, Mehmoodkot and Faisalabad.

## Critical Challenges and Company's Ability to Respond

A transition is taking place in the retail industry with changing consumer demands and stiff competition. The scenario poses a great challenge for the company to prepare itself for the various technological changes whilst providing superior customer experience for sustainable growth. The Management is cognizant of this shift and is creating new value propositions, offering differentiated products, providing a better forecourt experience, introducing innovative fueling services and providing state-of-the-art non-fuel retail products and services to facilitate customers.

Other external factors that may have a significant impact on the company's performance include movement in international oil prices, geo-political shifts and the changing regional situation, a speed up of EV adoption, regulatory and competitive environment in the oil industry and income/consumption patterns in the country. These factors over the long run may have a significant impact on the overall performance of the country and demand of liquid fuels.

## Forwarding Looking Statement

A number of macro-economic factors, uncertainty in geopolitical environment, technological development, security situation and concerns about climate etc. have the potential of creating an impact on the performance of the company.

The government has envisaged to achieve GDP growth of 4.8% in FY22. Moreover, several policy initiatives have been enacted to supplement GDP growth drive, including a reduction in the duty structure. The recent budget is focused towards reducing duty and tax structure on vehicles under 850 cc horsepower. These measures are expected to positively impact the downstream sector.

Considering these factors, the company aims to continue fulfilling the needs of the nation in an efficient manner while also increasing the wealth of its shareholders. The company goals for next year are as follows:

- HSE goal zero - zero fatalities
- Increase market share of key petroleum products
- Ensure sustainability in business operations while exploring new avenues to add value
- Reduce mounting receivables by 10% over last year
- Automate key business processes
- Complete infrastructural projects to increase live storage
- Initiate phase-II of organizational restructuring
- Take significant strides in renewable energy business to add value for stakeholders

The company is geared to take on the evolving competitive scenarios, wherein the management would maintain strong focus to strike out an optimum balance between market share and earnings. The company is focused on reducing cost of doing business by adding technological frameworks and operations. Customer centric programs and initiatives are designed to increase and enhance customer experience. Additionally, the company is exploring investment plans for vertical integration and diversification of business portfolio to add sustainability. Owing to well-perceived strategic initiatives, the company is well positioned to excel its performance, both in volumetric and financial terms, year after year and would continue to maximize its shareholders' value.

## Source of Information & Assumption

The company uses multiple sources, including publications from notable authorities such as Ministry of Finance, Government of Pakistan, Pakistan Automobile Manufacturers Association, World Bank, International Monetary Fund, and Asian Development Bank. The information is being reviewed and assessed on various models. Additionally, several macro-economic factors having direct correlation with product demand are being considered for long term planning.

**Syed Muhammad Taha**
Managing Director & CEO

**Zafar I. Usmani**
Chairman

August 23, 2021
Karachi

poverty reduction

environmental preservation

donations

funding

SOCIAL CON

sustainable deve

community building clean


ensuring
safety,
healthcare
disaster relief
protection
TRIBUTION
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EDUCATION
enhancing
well-being
and green

The Board of Management of Pakistan State Oil Company Limited (the Holding Company) is pleased to present the consolidated financial and operational performance of the Group for the year ended June 30, 2021.

## Group Structure

PSO, the Holding Company, is a public company incorporated in Pakistan in 1976, and is listed on the Pakistan Stock Exchange Limited. The principal activities of the Holding Company include procurement, storage and marketing of petroleum and related products. It also blends and markets various lubricating oils.

Pakistan Refinery Limited, the Subsidiary Company, is a public limited company incorporated in Pakistan in May 1960, and is listed on the Pakistan Stock Exchange. The Subsidiary Company is engaged in the refining and sale of petroleum products.

During the year, 189 million right shares of PRL were transferred to PSO. As per the undertaking given by PSO, it further subscribed 7.1% (22.5 million shares) of the unsubscribed portion of the right issue pertaining to other shareholders. Resultantly PSO's shareholding in PRL increased from 60% to 63.6%.

## Financial Performance of the Group

The petroleum sector rebounded this year, owing to increase in economic activities and recovery of international oil prices from rock bottom compared to last quarter of FY20. Effective vaccination drives, smart measures and economic policies collectively contributed towards curtailing the effect of the pandemic, resulting in increase in overall fuel demand and sales volumes.

## Financial Performance of PSO

PSO exhibited remarkable performance this year and posted the highest ever profit in its history. The Holding Company posted profit after tax of PKR 29.1 billion in FY21 compared to loss after tax of PKR 6.5 billion last year. The profit after tax translated into earnings per share of PKR 62.1 compared to that of negative PKR 13.8 last year.

Factors that resulted in such exorbitant profit include increase in white oil sales volume by 16.6%, increase in black oil sales volume by 53.2% and reduction in finance cost by PKR 3.2 billion (24% over last year). Additionally, factors like recovery of late payment surcharge and favourable macro-economic conditions complemented the profitability of the Holding Company.

## Financial Performance of PRL

PRL's financial performance also improved in FY21, wherein PRL posted profit after tax of PKR 937 million compared to loss after tax of PKR 7.6 billion last year. The profit after tax translated into earnings per share of PKR 1.52 compared to that of negative PKR 17.54 last year.

The main contributors to PRL's profitability include incremental earnings from sale of MS95/97 RON, favorable pricing of furnace oil, reduction in price differential on account of production and sales of HSD with improved specifications, appreciation of PKR against USD and reduction in finance cost on account of lower policy rates in the year.

## Group Results

The Group earned gross sales revenue of PKR 1,476 billion in FY21 (FY20: PKR 1,356 billion) which translated into a gross profit of PKR 57.3 billion (FY20: PKR 6.9 billion). In view of the strong profitability of both PSO and PRL, the Group reported healthy consolidated profit after tax of PKR 29.6 billion in the year compared to loss after tax of PKR 14.8 billion last year. The profit after tax translated into earnings per share of PKR 62.6 compared to that of negative PKR 23.5 last year.

## Other Financial & Operational Highlights

PSO, the Holding Company;

- Continued on its journey of leading the downstream segment by launching Euro 5 standard fuels including Hi-Octane 97 Euro 5, Premier Euro 5 and Hi-Cetane Diesel Euro 5 during the months of August, September and December 2020 respectively
- Added 71 New Vision retail outlets to its network making a grand total of 3,501 sites as of June 30, 2021
- Installed Electric Vehicle charger at Islamabad in support of the government's 'Clean and Green Pakistan' initiative
- Added 174 thousand tons of new and rehabilitated storages

PRL, the Subsidiary Company;

- Production and sale of Marine Residual Fuel contributed incremental revenue of PKR 193 million
- Successfully commissioned all the pipelines that were washed away due to unusual heavy rains in Karachi in August 2020. The incident resulted in shutdown of the refinery for 12 days
- Written back certain old outstanding liabilities no longer considered payable amounting to PKR 407 million
- Passed a special resolution to eliminate the classes of shares in the Extra-Ordinary General Meeting. Prior to this, the total share capital of PRL was bifurcated in Class 'A' and 'B' shares in the ratio of 40:60
- Election for new Directors of the company were held upon completion of three-year term of previous ones. As a result, ten Directors were elected by the shareholders to form new Board of Directors for a period of three years commencing from October 8, 2020

## Risk and Uncertainties

The Group operates under policy framework of the Government of Pakistan, wherein the pricing of certain products is regulated/monitored by the OGRA/Ministry of Energy (MoE). Factors including change in international oil prices, increase in cost of funds, alternates to petroleum products, product margin decisions and any augmentation in product specifications may have significant impact on the Group's profitability.

## Credit Rating of the Group

The credit ratings of the Group companies have been reassessed by the relevant credit rating agencies and is maintained as follows.

| Company | Long Term | Short Term |
|---|---|---|
| **PSO** | AA+ | A1+ |
| **PRL** | A- | A2 |

The above-mentioned credits ratings depict high credit quality and a low credit risk.

## Adequacy of Internal Financial Controls

Respective Boards of the Holding Company and the Subsidiary Company have established efficient and effective systems on internal controls of financial statements. Adequacy and effectiveness of these controls is regularly monitored and assured by an independent Internal Audit function which reports directly to respective Board Audit Committees. The Audit Committees keep an oversight on the effectiveness of internal control framework and financial statements of the respective companies.

## Corporate and Financial Reporting Framework

The Boards of the companies in the Group are fully cognizant of their responsibilities under the Public Sector Companies (Corporate Governance) Rules 2013 and Listed Companies (Code of Corporate Governance) Regulations 2019 issued by Securities and Exchange Commission of Pakistan.

The following is the acknowledgement of the Group's commitment towards high standards of Corporate Governance and continuous improvement:

- Compliance has been made with the relevant principles of Corporate Governance

- The consolidated financial statements, prepared by the management of the Group, present fairly its state of affairs, the result of its operations, cash flows, statement of comprehensive income and changes in equity

- Proper books of account have been maintained by the Group

- Appropriate accounting policies have been consistently applied in preparation of financial statements of Group Companies. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements and accounting estimates are based on reasonable and prudent judgment

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and departure, if any, has been adequately disclosed

- The system of internal controls is sound in design and has been effectively implemented and monitored

- The non-executive board members do not have fixed remuneration and are being paid a fixed fee for each meeting attended. The said fees are decided upon by the entire BOM collectively in accordance with Articles of Association and Companies Act, 2017 (wherever applicable)

- Disclosure with respect to remuneration package of each of the directors and chief executive has been disclosed in note 36 to the consolidated financial statements

- There are no significant doubts upon the Group's ability to continue as a going concern

- There has been no material departure from the best practices of Corporate Governance, as detailed in Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019

- Key operating and financial data of last 2 years of the group companies are annexed in summarized form in their respective annual report

- The information about the Chairman and Directors, total number and name of Directors, their appointment, committees and its composition, number of Board meetings and attendance have been included in Shareholders' Report on the Unconsolidated Financial Statements and Corporate Governance section of the Annual Report

- The following is the value of Group's investment of provident, pension and gratuity funds based on their respective un-audited accounts as on June 30, 2021

| Fund | PKR in million |
|---|---|
| PSOCL Management Employees' Pension Fund | 4,763 |
| PSOCL Workers' Staff Pension Fund | 4,403 |
| PSOCL Defined Contribution Pension Fund | 5,771 |
| PSOCL Staff Provident Fund | 2,924 |
| PSOCL Employees' Provident Fund | 1,456 |
| PSOCL Employees' Gratuity Fund | 7,059 |
| PRL Provident Fund | 457 |
| PRL Gratuity Fund – Management Staff | 195 |
| PRL Gratuity Fund – Non-management Staff | 110 |
| PRL Pension Fund – Management Staff | 1,308 |
| PRL Pension Fund – Non-management Staff | 157 |

## Dividend and other Appropriations

Based on the performance of the company, the Board of Management has declared final cash dividend of PKR 10 per share (100%) which is in addition to the interim cash dividend of PKR 5 per share. The dividend for the financial year 2021 stands at PKR 15 (150%) per share compared to PKR Nil (Nil%) per share last year, translating into a total payment of PKR 7.04 billion compared to PKR Nil last year.

## Auditors

The Board of Management has endorsed the recommendation of the Board Audit and Compliance Committee for the appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the company for the year ending June 30, 2022.

## Shareholding Pattern

Pattern of shareholding is annexed on page no. 310.

## Contribution to the National Exchequer

The Group takes pride in being a tax compliant group and ensures that all taxes, duties, levies etc. are paid in accordance with the statutory requirements. Accordingly, the group has no overdue or outstanding statutory payments.

During FY21, the Group contributed PKR 490 billion to the national exchequer.

## Health, Safety & Environment

Group is committed towards a better and sustainable future. The Group considers sustainability as one of its main pillars for business growth. The Group ensured compliance with all regulatory HSE parameters and policies.

## Coronavirus Pandemic

COVID-19 pandemic is the global health crisis and the greatest challenge in recent times. The Group has also adopted the guidelines and SOPs given by global institutions and the Government of Pakistan to ensure safe operations. Following were the major initiatives taken in this regard:

- Implementation of Business Continuity Plans
- Adherence to government SOPs
- Encouraged employees to work from home
- Frequent disinfection activities
- Encouraged telecom/virtual meetings

## Subsequent Events

No material changes or commitments affecting the financial position of the Group have taken place between the end of the financial year and the date of the Report.

## Corporate Social Responsibility

The Group ensures that its CSR initiatives have a positive social impact on the economic and social conditions of the people of Pakistan. The Group has been generously supporting sustainable social & economic development through continued philanthropic investment in the fields of education, healthcare, community building, environment & disaster relief. Summary of donations made by the Group during the year is as follows:

| Category | PKR in million |
|---|---|
| Healthcare | 20.5 |
| Education | 60 |
| Community Building and Environment | 26.7 |
| **Total** | **107.2** |

## Forward Looking Statement

A number of macro-economic factors, uncertainty in geopolitical environment, technological development, security situation and concerns about the climate etc. have the potential of creating an impact on the performance of the company.

The government has envisaged to achieve GDP growth of 4.8% in FY22. Moreover, several policy initiatives have been enacted to supplement GDP growth drive, including a reduction in the duty structure. The recent budget is focusing towards reducing duty and tax structure on vehicles under 850 cc horsepower. These measures cumulatively are deemed to bring positive impact on the downstream sector.

A transition is taking place in the retail industry with changing consumer demands and stiff competition. The scenario poses a great challenge for the company to prepare itself for the various technological changes whilst providing superior customer experience for sustainable growth. The Management is cognizant of this shift and is creating new value propositions, offering differentiated products, providing a better forecourt experience, introduction of innovative fueling services and provision of the state-of-the-art non-fuel retail products and services to facilitate customers.

Other external factors that may have a significant impact on the company's performance may include movement in international oil prices, geo-political shifts and the changing regional situation, a speed up of EV adoption, regulatory and competitive environment in the oil industry and income / consumption patterns in the country. These factors over the long run may have a significant impact on the overall performance of the country and demand of liquid fuels.

Considering these factors, the company aims to continue fulfilling the needs of the nation in an efficient manner with a perspective to maximize wealth of its shareholders. Following are the company goals for next year.

- HSE goal zero - zero fatalities
- Increase in market share of key petroleum products
- Ensuring sustainability into business operations, while exploring new avenues to add value
- Reduction in mounting receivable by 10% over last year
- Automation of key business processes
- Completion of infrastructural projects to increase live storage
- Initiating phase-II of organizational restructuring
- Strides in renewable energy business to add value for stakeholders
- Initiate PRL upgradation and capacity enhancement project

| | |
|---|---|
| **Syed Muhammad Taha** | **Zafar I. Usmani** |
| Managing Director & CEO | Chairman |

August 23, 2021
Karachi

46.3% market

# FINAN

21.9% growth in

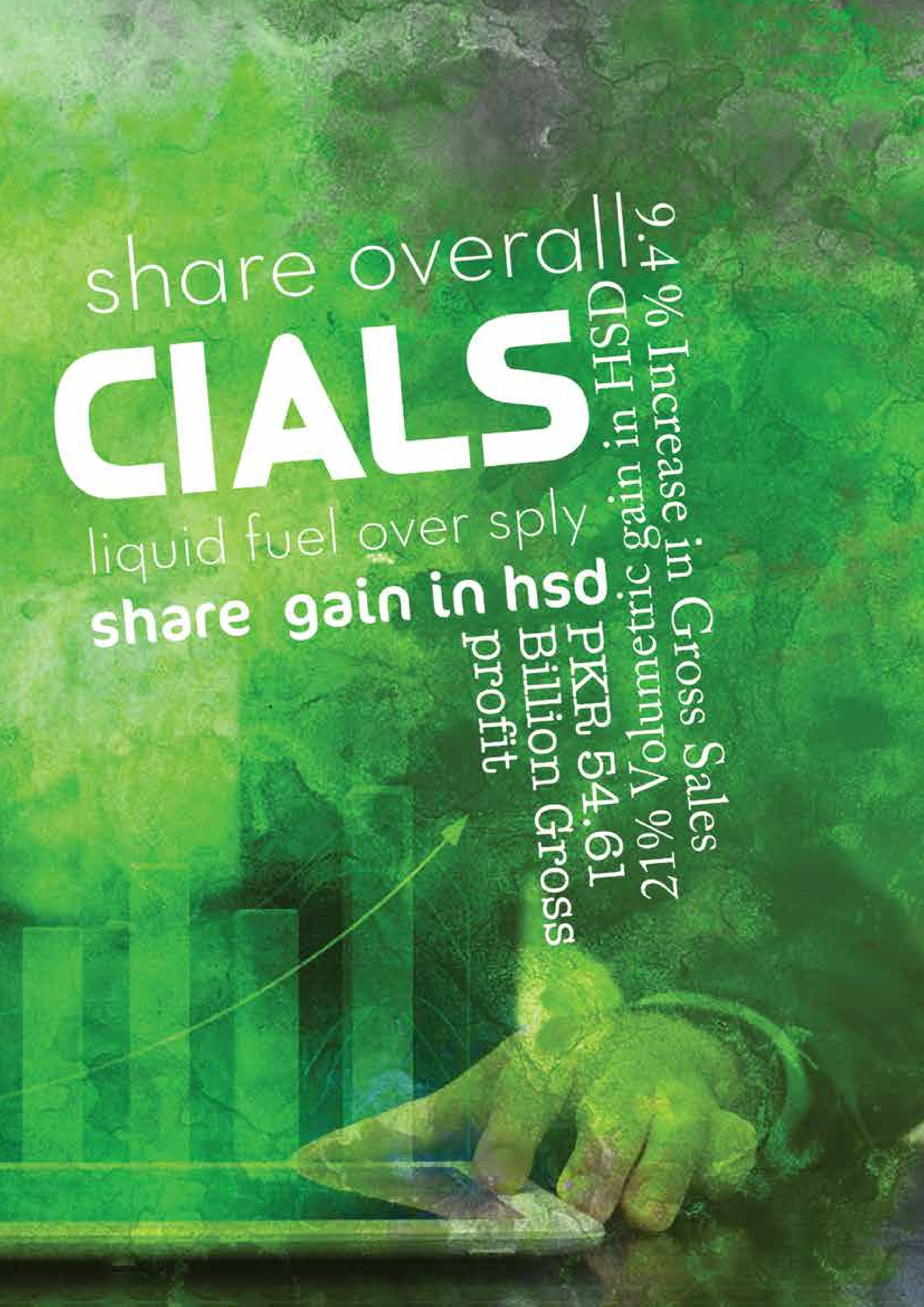
2.6%market

PKR 29.13 BN PROFIT
AFTER TAX

45.2% white oil market share

PKR 1.42 TRILLION
GROSS SALES

51.7% BLACK OIL
MARKET SHARE


share overall
CIALS
liquid fuel over sply
share gain in hsd
9.4 % Increase in Gross Sales
21% Volumetric gain in HSD
PKR 54.61 Billion Gross profit

# RATIOS AND ANALYSIS

For the year ended June 30, 2021

## Dupont Analysis

| | FY21 | FY20 | |
|---|---|---|---|
| Tax Burden / Efficiency (Net Income / PBT) | 66.14% | 125.94% | Improved mainly due to profit before tax vs. loss before tax in same period last year. Last year it was more than 100% as net loss increased in comparison to loss before tax due to tax charge under minimum tax regime. |
| Interest Burden / Efficiency (PBT/EBIT) | 81.14% | -61.91% | Improved mainly due to reduction in finance cost by 23.7% on account of lower average borrowing levels & lower markup rates in FY21 vs FY20. |
| Operating Income Margin (EBIT/Sales) | 4.51% | 0.75% | Improved due to increase in EBIT by 554.7% vs 8.7% increase in sales. EBIT has increased in FY21 due to higher gross margins and higher other income. |
| Asset Turnover (Sales /Assets) | 3.18 | 3.23 | Declined slightly primarily due to increase in total assets by 10.6%, whereas sales have increased by 8.7% only. |
| Leverage Ratio (Assets /Equity) | 2.71 | 3.03 | Decreased due to increase in equity by 23.8 %, whereas the corresponding assets have increased by 10.6%. The equity has increased due to very healthy net income retained during the period. |
| Return on Equity (ROE) | 20.82% | -5.72% | Positive and improved return on equity in FY21 as compared to negative return on equity last year due to net profit in FY21 vs net loss in FY20. |

For the year ended June 30, 2021

## Market Share Information

The product wise market shares of the Company along with analysis is disclosed in Report to the Shareholders (Unconsolidated). The market share data has been obtained from OCAC that is an independent source.

## Share Price Sensitivity Analysis

PSO is a public listed Company and accordingly its shares are traded on Pakistan Stock Exchange. The Company's profitability and performance is exposed to various internal and external factors which can significantly alter the bottom line of the Company and ultimately the share price. Most of these factors are however external, which are beyond the control of the Company's management. The Company's market price was 224.25 as at year end.1% change in market price from that prevailing at year end will result in change in market capitalization by Rs. 1.05 bn.

The Company's share price may respond (but not limited) to the following events and changes in business environment:

### a) Sales Volume

Company's sales volume is primarily dependent on the GDP growth rate and overall economic conditions prevailing in the country. Extent of business activity, smuggling, change in energy mix of the Country due to more availability of LNG and price volatility are important factors that will affect sales volume and will ultimately be reflected in the share price of the Company.

### b) International Oil Prices

The trend of International Oil Prices impacts the financial performance of your Company and consequently the share price. Increasing trend of oil prices may improve your Company's financial performance and vice versa. However, price trend impacts the Company's performance in combination with stock and sales situation.

### c) Margin Revisions

The margins of the company on its major products except FO are regulated by Govt. Any decisions in respect of increase / decrease in margins or deregulation of margins can impact the share price of the Company.

### d) Circular Debt

Your Company's share price is highly sensitive to any development on the circular debt issue prevailing in the Country. The Government's action with respect to circular debt resolution has previously led to share price increase and on the contrary, circular debt pile up has negatively impacted the share price. Accordingly, the decisions taken by the government in this respect are expected to impact share price of the Company.

### e) Bank Borrowings & Finance Cost

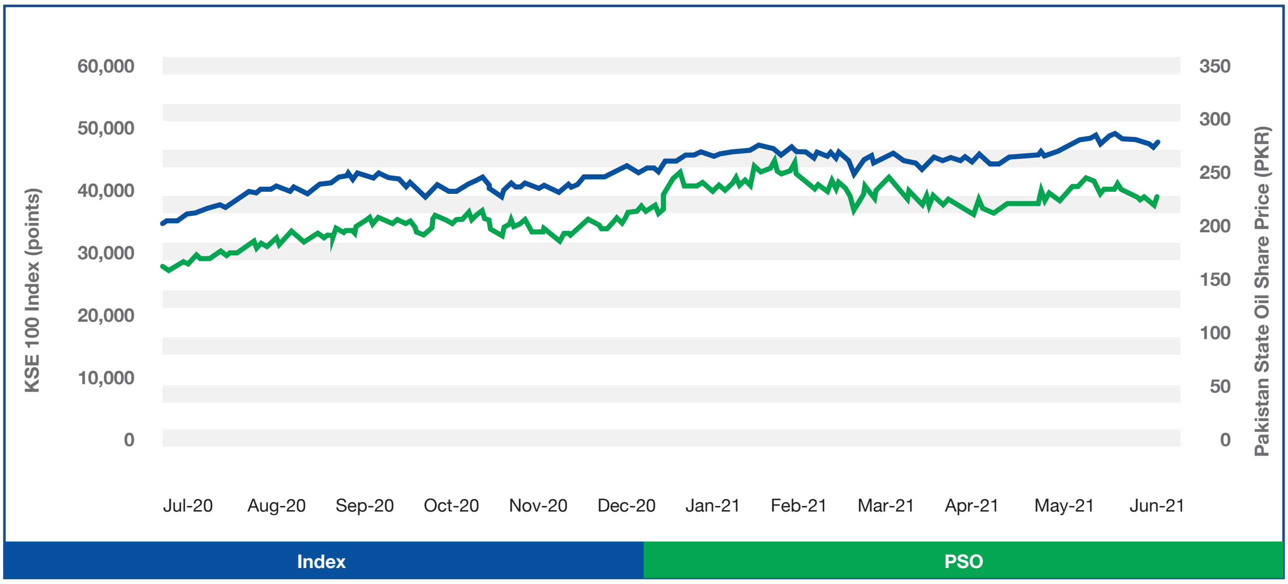
Increase in bank borrowings will lead to higher finance cost and ultimately reduce the bottom line and have a negative impact on the share price of the Company. Further, due to substantial borrowings, PSO's share price is sensitive to any increase or decrease in discount rates announced in the monetary policy statement by the GoP.

## f) Diversification

Any concrete development on diversification into new projects by your Company may lead to a positive impact on its share price.

## g) Regulation and Government Policies

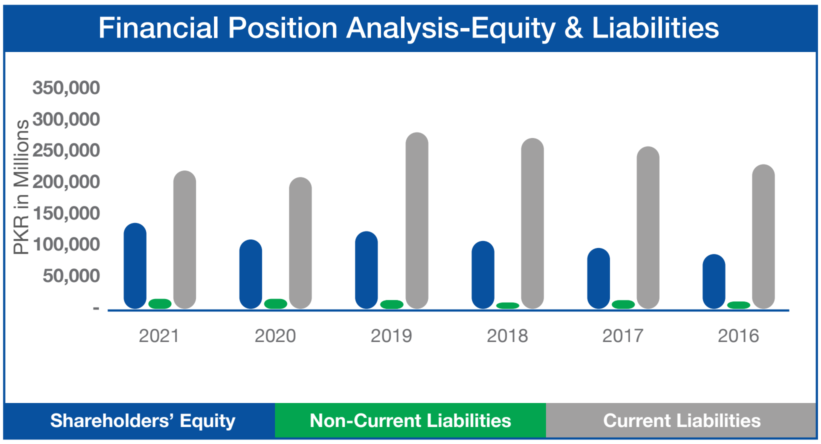
Any change in government policies and regulation including on the taxation front relating to oil marketing sector may affect the Company's share price, positively or negatively, depending on whether the policy is in favor of or against the industry.

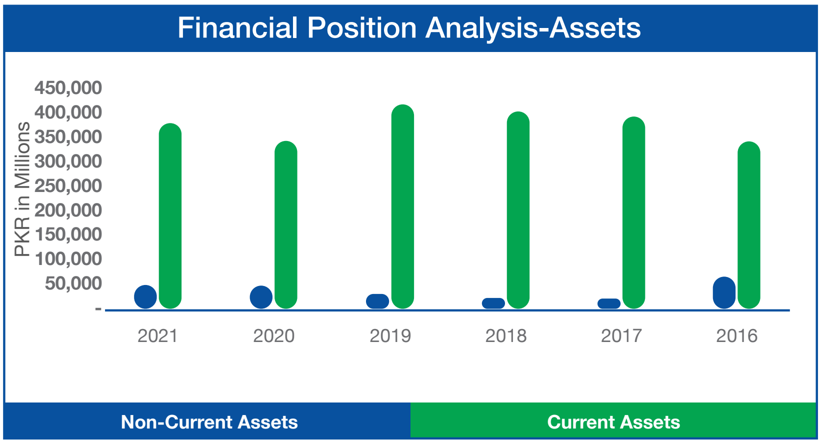


For the year ended June 30, 2021

## Analysis of Financial Position

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| | | | (Rupees in mn) | | | |
| Shareholders' Equity | **139,978** | 113,061 | 119,181 | 110,452 | 102,850 | 91,581 |
| Non-Current Assets | **51,297** | 49,611 | 32,854 | 24,561 | 23,883 | 68,142 |
| Current Assets | **327,962** | 293,261 | 384,225 | 378,001 | 368,560 | 274,174 |
| Non-current liabilities | **12,239** | 12,461 | 7,528 | 5,165 | 8,090 | 6,234 |
| Current liabilities | **227,043** | 217,350 | 290,371 | 286,945 | 281,504 | 244,501 |




### Analysis:

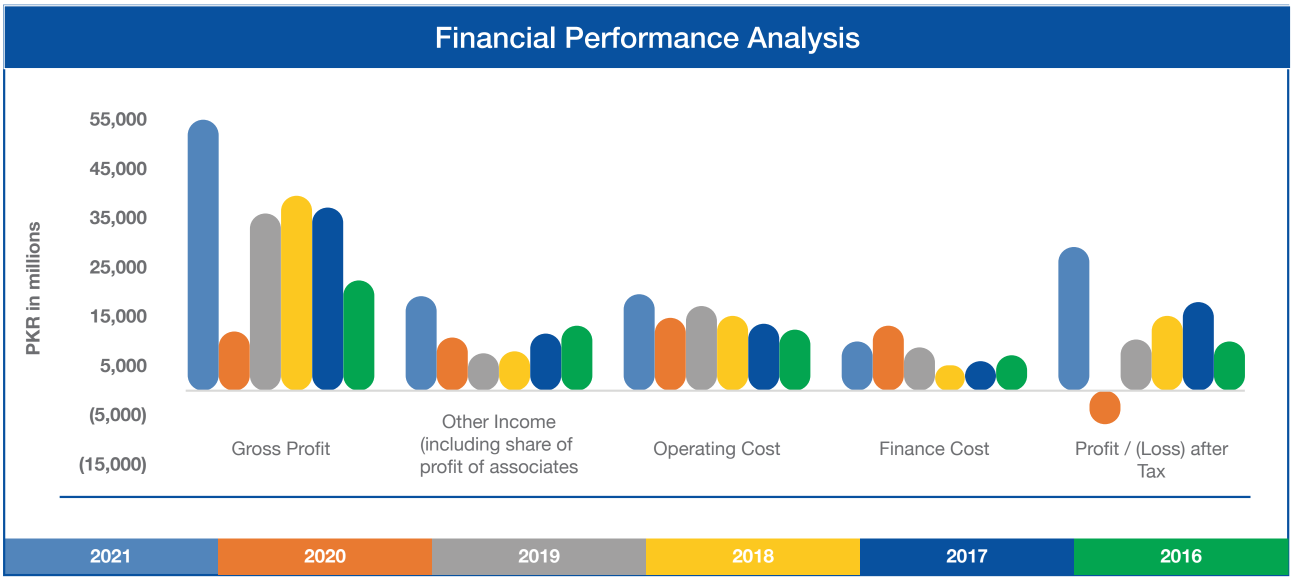
As of June 30, 2021, variation as compared to June 30, 2020 is as follows:

- Shareholders' equity increased by 23.8% primarily due to profit retained during the year.
- Non-current assets increased by 3.4% mainly due to additions in property, plant & equipment.
- Current assets increased by 11.8% primarily due to increase in stock in trade (mainly due to price variance) and trade debts which is partially offset by decline in other receivables, short term deposits and prepayments and cash and bank balances.
- Decrease in non-current liabilities by 1.8% mainly due to reduction in wharfage payable.
- Increase in current liabilities by 4.5% primarily due to increase in trade and other payables mainly on account of increase in cost of purchase which is partially offset by decline in short term borrowings and accrued interest / mark up.

For the year ended June 30, 2021

## Analysis of Financial Performance

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| | | | (Rupees in mn) | | | |
| Gross Sales | **1,424,249** | 1,302,037 | 1,340,978 | 1,312,090 | 1,096,543 | 906,177 |
| Net Sales | **1,204,247** | 1,108,358 | 1,154,298 | 1,063,744 | 878,147 | 677,940 |
| Gross Profit | **54,609** | 12,227 | 36,017 | 39,636 | 37,136 | 22,525 |
| Other Income (including share of profit of associates) | **19,408** | 10,755 | 7,559 | 7,911 | 11,751 | 13,411 |
| Marketing & Administrative Expenses | **14,890** | 14,638 | 12,414 | 11,929 | 11,238 | 10,511 |
| Other Expenses | **4,829** | 51 | 4,699 | 3,334 | 2,378 | 1,986 |
| Operating Profit | **53,717** | 7,749 | 26,257 | 31,870 | 34,662 | 22,826 |
| Finance Cost | **10,242** | 13,427 | 8,987 | 5,123 | 5,923 | 7,150 |
| Profit / (Loss) before Tax | **44,056** | (5,134) | 17,477 | 27,160 | 29,347 | 16,289 |
| Profit / (Loss) after Tax | **29,139** | (6,466) | 10,587 | 15,461 | 18,226 | 10,273 |
| Earning before Interest, Taxes, Depreciation & Amortization (EBITDA) | **56,053** | 9,907 | 27,591 | 33,357 | 36,322 | 24,464 |




### Analysis:

In FY21, Company has reported profit after tax of Rs.29.14 bn. primarily on account of following elements:

- Increase in gross profit by 346.6% on account of higher sales volumes of white oil and black oil products due to rise in industry demand and focused sales strategies adopted by PSO. Gross profit also increased due to favourable pricing conditions on account of rise in international oil prices.

- Increase in other income by 80.5% due to receipt of higher LPS income and exchange gain on account of appreciation of PKR vs USD.

- Decline in finance cost by 23.7% mainly due to lower borrowing levels on account of recovery from power sector and increased white oil sales and lower average markup rates during the period vs. SPLY.

For the year ended June 30, 2021

## Analysis of Performance Against Target

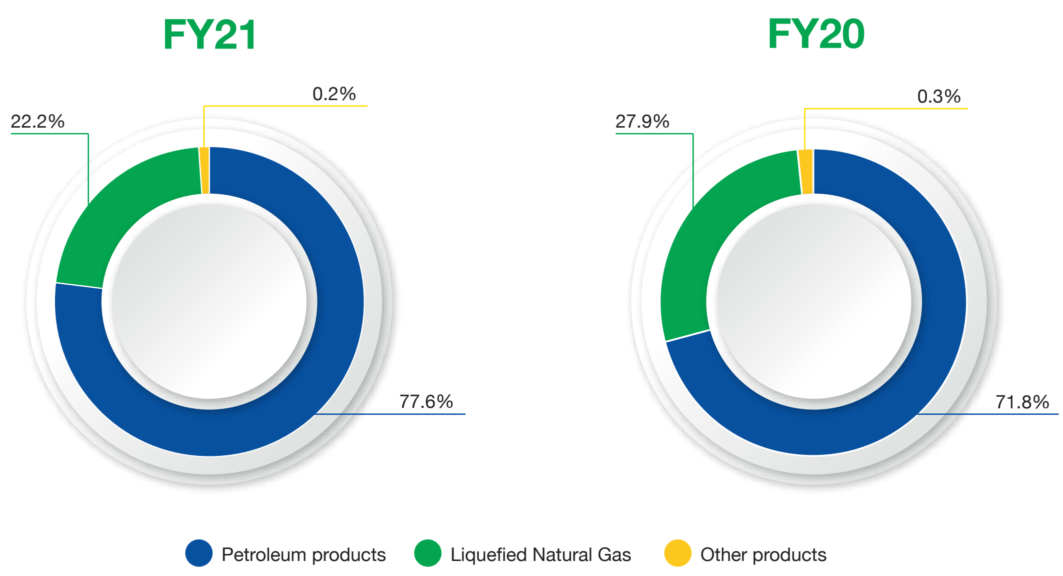
- Gross profit increased by 62.4% vs target.
- Other income (including share of profit from associates) improved vs target by 507.8%.
- Operating cost (including finance cost) went up by 12.4% vs target.
- Profit After Tax went up by 494.8% vs target.

### Analysis:

- Gross profit went up significantly above target mainly due to the higher sales volume and favourable price regime on account of increase in international oil prices during the year.
- Increase in other income vs. target is primarily due to higher recovery of interest income from power sector.
- Operating cost has increased slightly vs. target primarily due to increase in WPPF and WWF due to higher profits earned during the year.
- Higher profit after tax against target is mainly due to higher gross margins, increase in other income and reduction in finance cost.

## Segmental Review of Business Performance

PSO's unconsolidated financial statements comprise three reportable segments namely Petroleum products, Liquefied Natural Gas and Others. The net sales revenue is divided into these categories as follows:

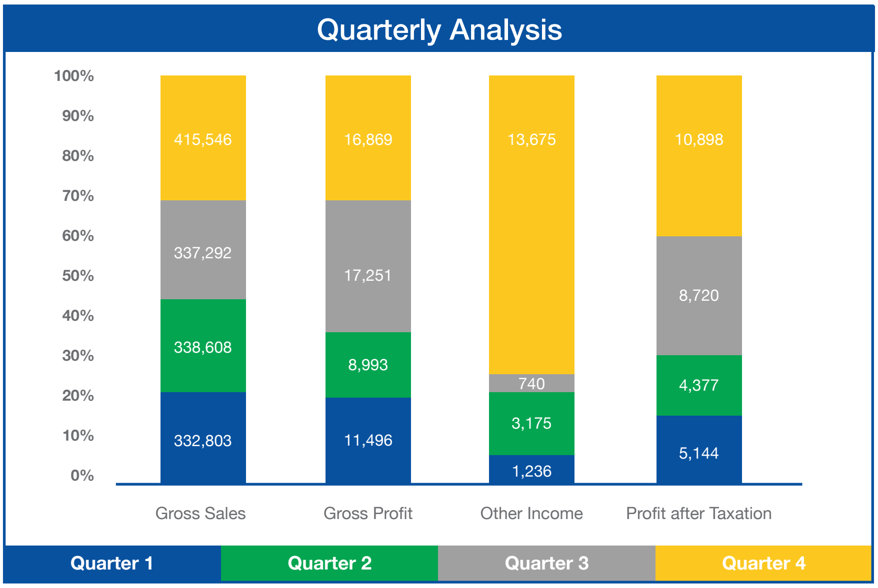



In petroleum products the company has achieved a net profit of PKR 26.5 bn. vs. net loss of PKR 6.02 bn. in FY21 as prices rebounded this year due to increased economic activity compared to sharp decline in last quarter of FY 20. The favorable price regime coupled with organic growth of the company through increased sales volumes resulted in both increase in market share and bottom line of the company. Further, the company also reported a net profit of PKR 0.83 bn. in LNG segment. vs. loss of PKR 2.43 bn. in FY 20 mainly due to decrease in finance cost on account of reduced policy rate maintained by SBP this year to provide stimulus to the economy in times of COVID. The detailed segmental review covering item wise details have been covered in note 40 to the financial statements.

For the year ended June 30, 2021

## Analysis of Variation in Results Reported in Interim Reports

| | Q1 | Q2 | Q3 | Q4 | FY 2021 |
|---|---|---|---|---|---|
| | | | (Rupees in mn) | | |
| Gross Sales | 332,803 | 338,608 | 337,292 | 415,546 | **1,424,249** |
| Gross Profit | 11,496 | 8,993 | 17,251 | 16,869 | **54,609** |
| Other Income | 1,236 | 3,175 | 740 | 13,675 | **18,826** |
| Operating Cost | (4,349) | (5,160) | (4,136) | (6,074) | **(19,719)** |
| Finance Cost | (859) | (579) | (1,064) | (7,740) | **(10,242)** |
| Share of profit of associate - net of tex | 152 | 144 | 134 | 151 | **581** |
| **Profit Before Taxation** | 7,676 | 6,573 | 12,925 | 16,882 | **44,056** |
| Taxation | (2,532) | (2,196) | (4,205) | (5,984) | **(14,917)** |
| **Profit After Taxation** | 5,144 | 4,377 | 8,720 | 10,898 | **29,139** |




### Gross Sales

Gross sales were highest in 4th quarter due to rise in industry sales demand and focused sales strategies adopted by PSO.

### Gross Profit

Gross profit went down in 2nd quarter but it grew in 3rd and 4th quarter due to favourable price regime and higher sales volume.

### Other Income

Other income was highest in 4th quarter primarily due to significant receipt of late payment interest from power sector in that period.

### Finance Cost

Finance cost was low in the first half mainly due to lower average borrowing levels which increased in later part of the year.

For the year ended June 30, 2021

## Summary of Cashflow Statement

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| | | | (Rupees in mn) | | | |
| **Cash and cash equivalents at the beginning of the year** | **(881)** | (16,468) | (7,925) | (41,502) | (30,274) | (39,584) |
| Net Cash inflow / (outflow) from operating activities | **17,766** | 48,260 | (9,232) | 2,580 | (27,965) | (994) |
| Net Cash (outflow) / inflow from investing activities | **(5,294)** | (4,843) | (2,534) | 45,226 | 3,925 | 4,098 |
| Net Cash (outflow) / inflow from financing activities | **(17,507)** | (27,830) | 3,223 | (14,229) | 12,812 | 6,206 |
| | **(5,036)** | 15,587 | (8,543) | 33,577 | (11,228) | 9,310 |
| **Cash and cash equivalents at the end of the year** | **(5,917)** | (881) | (16,468) | (7,925) | (41,502) | (30,274) |

### Analysis

The variation in cash flows as compared to FY2020 is due to the following:

### Operating Activities

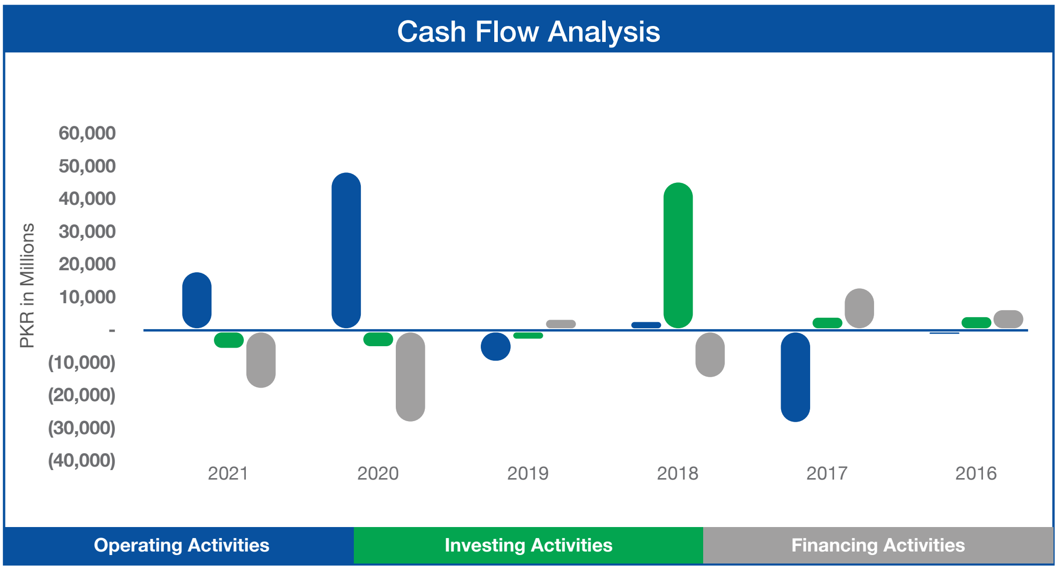
In FY21, Cash flow from operating activities is positive, however, it has decreased as compared to FY 20. The cash flows have decreased in FY21 primarily due to increase in stock in trade and trade debts which is partially offset by increase in trade and other payables.

### Investing Activities

In FY21, Cash outflow from investing activities has increased primarily due to additions in property, plant and equipment.

### Financing Activities

In FY21, Cash flow from financing activities is still negative primarily due to loans repaid during the year.



For the year ended June 30, 2021

## Direct Cash Flow Statement

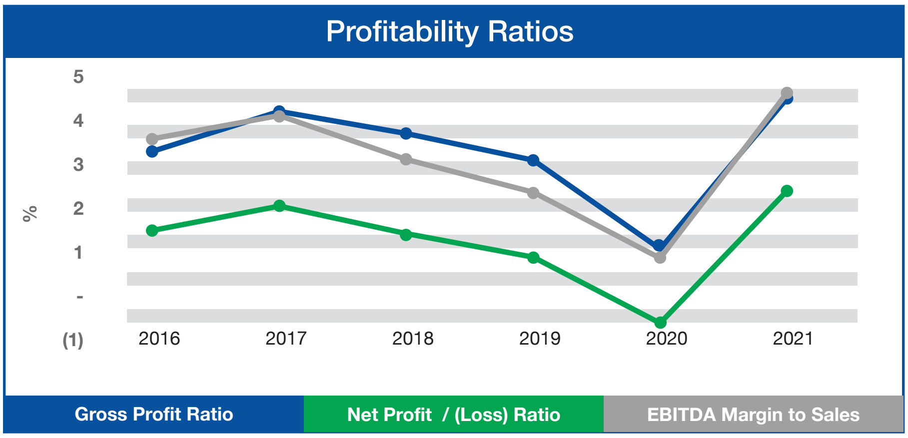
| | 2021 | 2020 |
|---|---|---|
| | (PKR in '000) | |
| **Cash Flows From Operating Activities** | | |
| Receipts from customers | 1,400,832,277 | 1,324,788,849 |
| Cash paid to supplier, services providers and employees | (1,367,700,851) | (1,256,220,385) |
| WPPF paid | (2,461,000) | - |
| Taxes paid | (8,835,497) | (6,253,634) |
| Finance costs paid | (3,602,835) | (11,547,460) |
| Retirement and other service benefits paid | (465,970) | (2,507,849) |
| **Net cash generated from operating activities** | 17,766,124 | 48,259,521 |
| **Cash Flows From Investing Activities** | | |
| Capital expenditure | (5,560,682) | (3,060,038) |
| Proceeds from disposal of operating assets | 47,794 | 34,007 |
| Acquisition of shares in Pakistan Refinery Limited | (224,590) | (210,000) |
| Advance against right issue of Pakistan Refinery Limited | - | (1,890,000) |
| Dividends received | 443,089 | 283,227 |
| **Net cash used in investing activities** | (5,294,389) | (4,842,804) |
| **Cash Flows From Financing Activities** | | |
| Short-term borrowings - net | (14,418,987) | (24,272,505) |
| Lease Payments | (889,255) | (1,113,040) |
| Dividends paid | (2,199,214) | (2,444,232) |
| **Net cash used in financing activities** | (17,507,456) | (27,829,777) |
| **Net (decrease) / increase in cash and cash equivalents** | (5,035,721) | 15,586,940 |
| Cash and cash equivalents at beginning of the year | (880,853) | (16,467,793) |
| **Cash and cash equivalents at end of the year** | (5,916,574) | (880,853) |

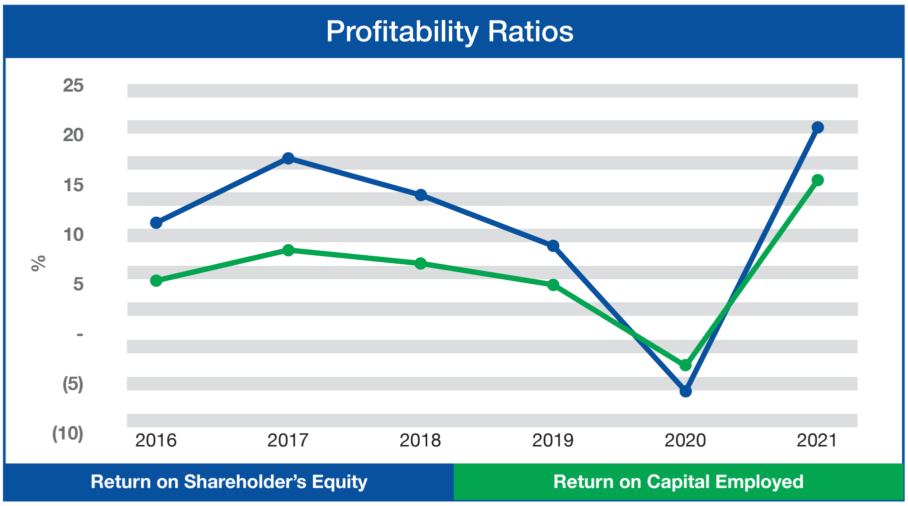
For the year ended June 30, 2021

# Financial Ratios

## Profitability Ratios

| | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| Gross Profit ratio | % | **4.53** | 1.10 | 3.12 | 3.73 | 4.23 | 3.32 |
| Net Profit / (Loss) ratio | % | **2.42** | (0.58) | 0.92 | 1.45 | 2.08 | 1.52 |
| EBITDA Margin to Sales | % | **4.65** | 0.89 | 2.39 | 3.14 | 4.14 | 3.61 |
| Return on Shareholders' Equity | % | **20.82** | (5.72) | 8.88 | 14.00 | 17.72 | 11.22 |
| Return on capital employed | % | **15.52** | (3.19) | 4.97 | 7.13 | 8.48 | 5.39 |
| Operating Leverage Ratio | % | **6,411.86** | 1,725.19 | (211.76) | (40.07) | 170.92 | (6.54) |




## Analysis

The variation in ratios as compared to FY 2021 is because of the following:

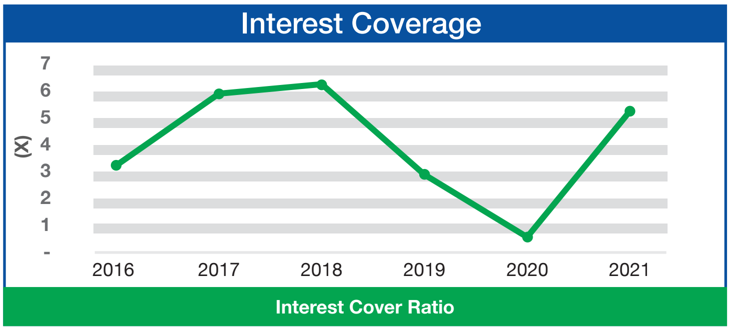
- Gross Profit and EBITDA ratios have increased as compared to last year due to improvement in gross margins.
- Net profit ratio went up due to higher gross margins, increase in other income and reduction in finance cost.
- Positive return on shareholders' equity and capital employed as compared to negative in last year is due to profit earned during the year on account of reasons mentioned above vs loss in last year.
- The increase in operating leverage ratio is due to more proportionate increase in EBIT as compared to sales on account of increase in gross margins and other income.

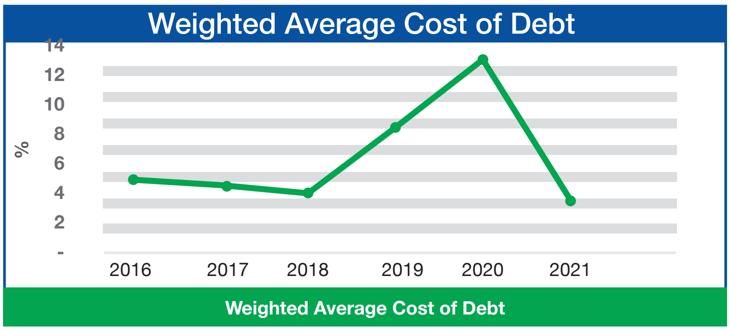
**For the year ended June 30, 2021**

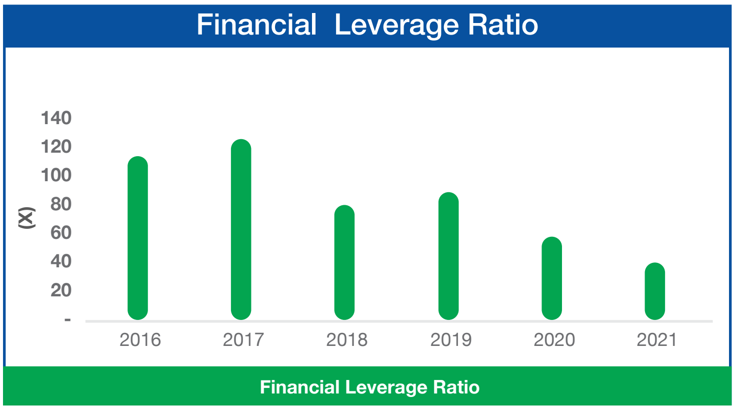
## Capital Structure Ratios

| | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| Interest Cover ratio | (x) | **5.30** | 0.62 | 2.94 | 6.30 | 5.95 | 3.28 |
| Financial Leverage ratio | (x) | **41.00** | 59.00 | 90.00 | 81.00 | 127.00 | 115.00 |
| Weighted Average Cost of Debt | % | **3.69** | 13.19 | 8.58 | 4.10 | 4.66 | 5.02 |
| Economic Value Addition | PKR in Mn. | **10,292** | (32,114) | (14,962) | (8,075) | (4,570) | (9,903) |

Note: D/E ratio has not been calculated as the Company has no long term debt.




## Analysis

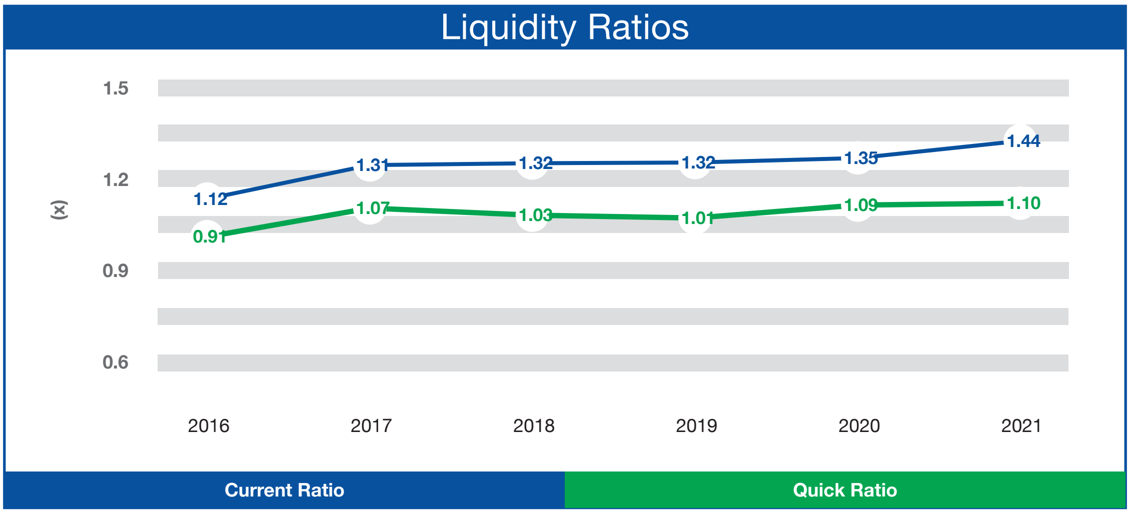
The variation in ratios as compared to FY 2021 is because of the following:

- Interest cover has increased due to decline in finance cost by 23.7% and increase in earning before interest and taxes by 554.7%.
- Financial leverage has decreased during the year mainly on account of decline of short term borrowings by PKR.10.4 bn and increase in shareholder's equity by PKR. 26.9 bn.
- Weighted average cost of debt has decreased significantly due to lower borrowing rates during the period.

For the year ended June 30, 2021

## Liquidity Ratios

| | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| Cash to Current Liabilities | (x) | **(0.026)** | (0.004) | (0.06) | (0.03) | (0.15) | (0.12) |
| Cash Flow from Operating Activity | (x) | **0.08** | 0.21 | (0.04) | 0.01 | (0.12) | (0.004) |
| Cash Flow from Operations to Sales | (x) | **0.01** | 0.04 | (0.01) | 0.002 | (0.03) | (0.001) |
| Current Ratio | (x) | **1.44** | 1.35 | 1.32 | 1.32 | 1.31 | 1.12 |
| Quick Ratio | (x) | **1.10** | 1.09 | 1.01 | 1.03 | 1.07 | 0.91 |
| Free Cash Flows to the Firm | PKR In Mn. | **42,886** | 66,161 | (3,130) | 8,063 | (18,742) | 6,594 |
| Free Cash Flows to the Equity Holders | PKR In Mn. | **23,645** | 27,347 | 386 | (2,464) | (6,191) | 12,091 |




## Analysis

The variation in ratios as compared to FY 2021 is because of the following:

- Cash to current liabilities has decreased due to reduction in cash and cash equivalents during the year whereas the current liabilities have increased by 4.5%.

- Cash flow from operating activity and cash flow from operations to sales both these ratios have decreased due to decrease in cashflow from operations during the year. The cash flows from operating activities have decreased in FY21 primarily due to increase in stock in trade and trade debts which is partially offset by increase in trade and other payables.

- Current ratio has improved slightly due to greater percentage increase in current assets than current liabilities. Current assets have increased mainly due to increase in stock in trade and trade debts.

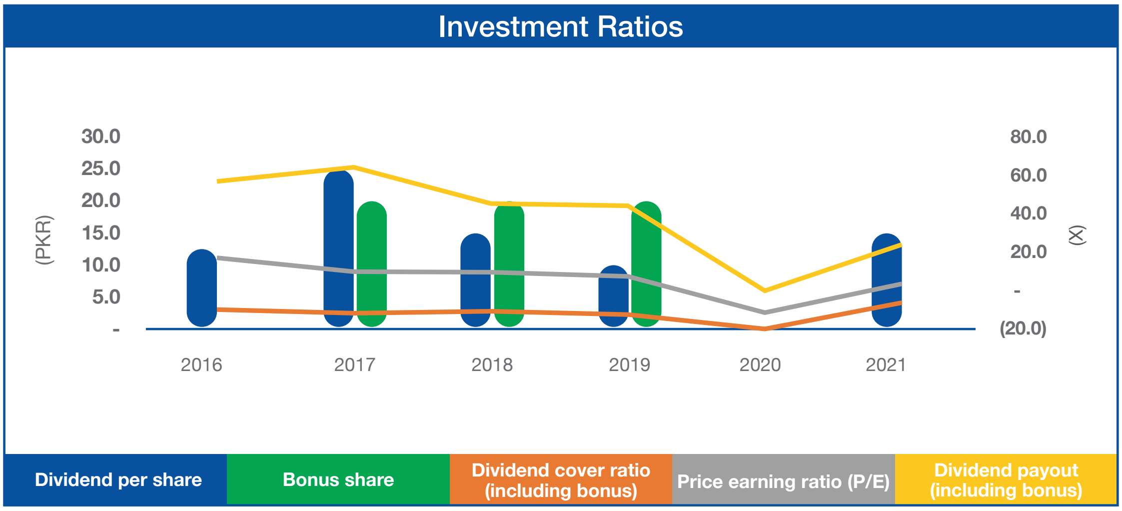
- Quick ratio has also improved slightly due to greater percentage increase in quick assets than increase in current liabililties.

- Decrease in cash flows to the firm and equity holders are primarily due to negative working capital on account of increase in stock in trade and trade debts.

For the year ended June 30, 2021

## Investment Ratios

| | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| Earning / (Loss) per share (basic & diluted) | PKR | **62.1** | (13.8) | 22.5 | 32.9 | 38.8 | 21.9 |
| Market value per share (Year End) | PKR | **224.3** | 158.2 | 169.6 | 318.3 | 387.4 | 375.5 |
| Highest Price | PKR | **259.3** | 216.9 | 352.1 | 466.6 | 486.1 | 399.6 |
| Lowest Price | PKR | **159.4** | 114.0 | 152.0 | 265.2 | 379.9 | 287.0 |
| Break-up value | PKR | **298.2** | 240.8 | 253.9 | 235.3 | 219.1 | 195.1 |
| Price earning ratio (P/E) | (x) | **3.6** | (11.5) | 7.5 | 9.7 | 10.0 | 17.2 |
| Price to Book Ratio | (x) | **0.3** | 0.2 | 0.2 | 0.4 | 0.5 | 0.5 |
| Dividend per share | PKR | **15.0** | - | 10.0 | 15.0 | 25.0 | 12.5 |
| Bonus share | % | **-** | - | 20.0 | 20.0 | 20.0 | - |
| Dividend payout (including bonus) | % | **24.2** | - | 44.3 | 45.5 | 64.4 | 57.1 |
| Dividend yield (including bonus) | % | **6.7** | - | 7.1 | 5.3 | 7.0 | 3.3 |
| Dividend cover ratio (including bonus) | (x) | **4.1** | - | 2.3 | 2.8 | 2.5 | 3.0 |




## Analysis

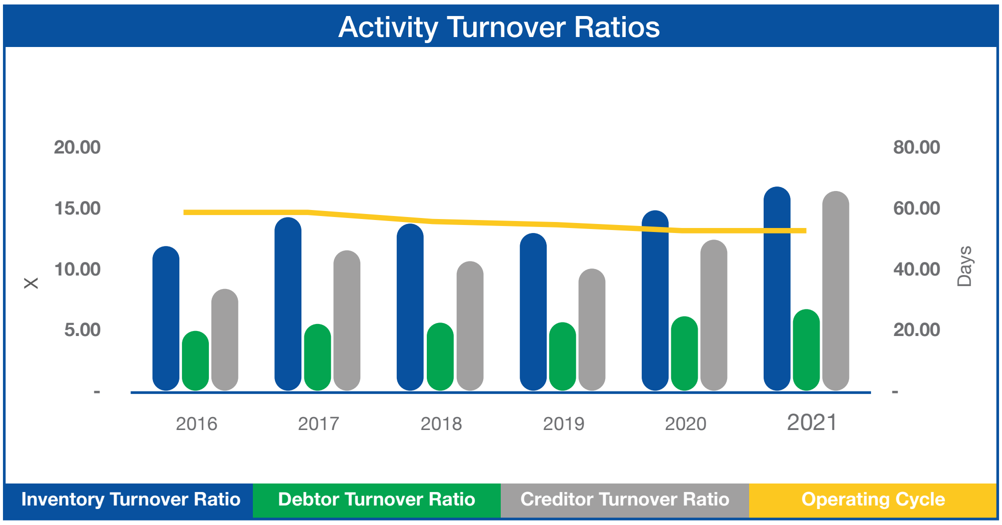
The variation in ratios as compared to FY 2021 is because of the following:

- Price earning ratio has improved due to increase in profitability for the year which is partially offset by increase in market value per share.
- Breakup value of the company has improved due to the profit retained during the year.
- Dividend payout and dividend yield percentages have increased vs FY20 due to declaration of cash dividend of PKR.15.0 per share in FY21 as compared to no dividend last year.
- Dividend cover ratio has increased due to increase in EPS for the year.

For the year ended June 30, 2021

## Activity / Turnover Ratios

| | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| Inventory turnover ratio | (x) | **16.88** | 14.93 | 13.06 | 13.84 | 14.36 | 11.99 |
| No. of days in Inventory | No. | **22.00** | 25.00 | 28.00 | 26.00 | 25.00 | 30.00 |
| Debtor turnover ratio | (x) | **6.83** | 6.25 | 5.77 | 5.73 | 5.61 | 5.05 |
| No. of days in Receivables | No. | **54.00** | 58.00 | 63.00 | 64.00 | 65.00 | 72.00 |
| Creditor turnover ratio | (x) | **16.51** | 12.51 | 10.15 | 10.75 | 11.64 | 8.50 |
| No. of days in Creditors | No. | **23.00** | 30.00 | 36.00 | 34.00 | 31.00 | 43.00 |
| Total asset turnover ratio | (x) | **3.94** | 3.43 | 3.27 | 3.30 | 2.98 | 2.65 |
| Fixed asset turnover ratio | (x) | **116.81** | 142.18 | 172.07 | 183.24 | 160.93 | 138.97 |
| Operating Cycle | No. | **53.00** | 53.00 | 55.00 | 56.00 | 59.00 | 59.00 |




## Analysis

The variation in ratios as compared to FY 2021 is because of the following:

- Inventory turnover has increased as company is coverting its inventory into sales in a quicker time.

- Debtors turnover has increased primarily due to increase in gross revenue by 9.4% whereas average debtors have increased by 0.15% only.

- Creditors turnover has improved primarily due to prompt payments made to suppliers for purchases on credit.

- Operating cycle has remained almost the same.

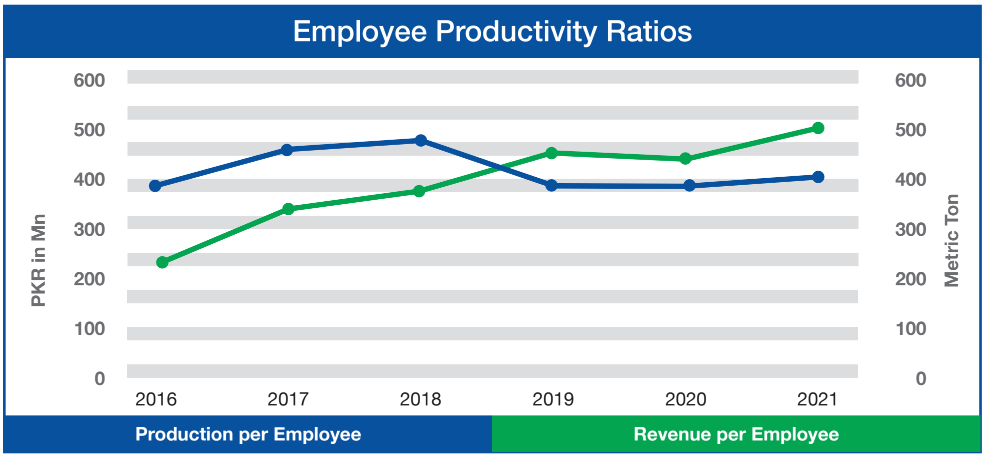
- Total Asset turnover has improved due to more proportionate increase in sales than average total assets. Increase in sales is due to both positive volume and price variance.

For the year ended June 30, 2021

## Employee Productivity Ratio

| | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| *Production per Employee | Metric Ton | **416** | 411 | 412 | 467 | 447 | 405 |
| *Revenue per Employee | PKR in Mn. | **503** | 441 | 446 | 374 | 323 | 241 |
| Staff Turnover Ratio | (X) | **0.06** | 0.05 | 0.04 | 0.05 | 0.06 | 0.04 |

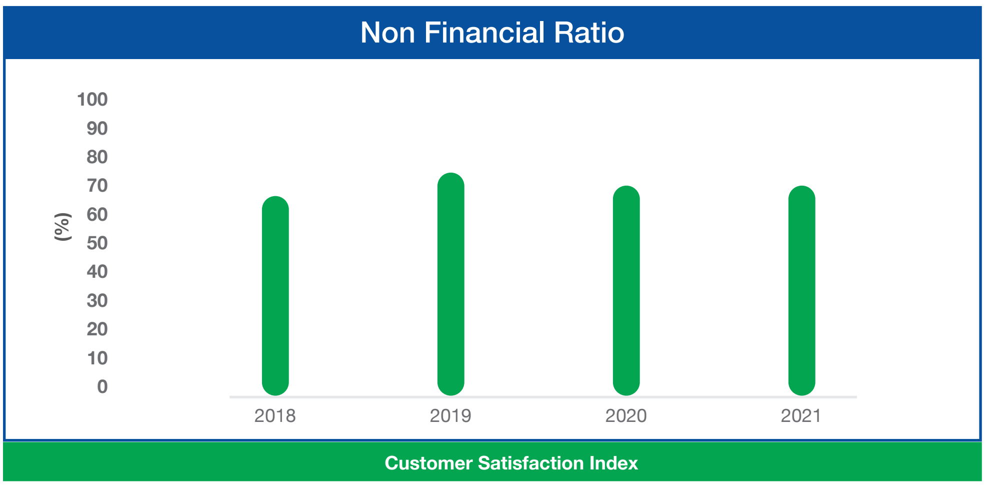
*For consistency purposes, employees number for each year includes outsourced employees who were regularized in FY2018 & FY2019 in accordance with court rulings.




## Non Financial Ratios

| | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| % of Plant Availability | % | **1.16** | 1.16 | 1.14 | 1.08 | 1.08 | 1.06 |
| *Customer Satisfaction Index | % | **70** | 70 | 71 | 66 | | |

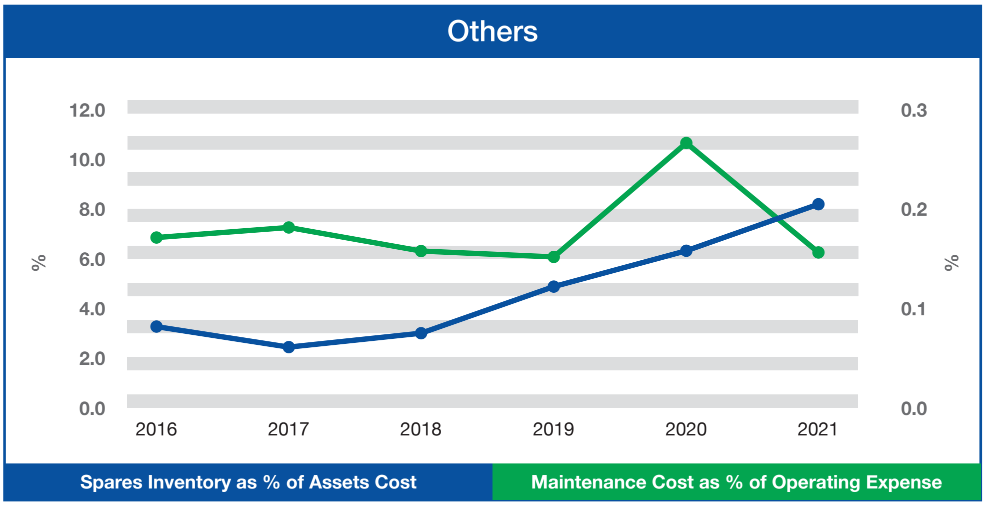
*Customer responses are being formally monitored by Company since FY2018.



For the year ended June 30, 2021

## Others

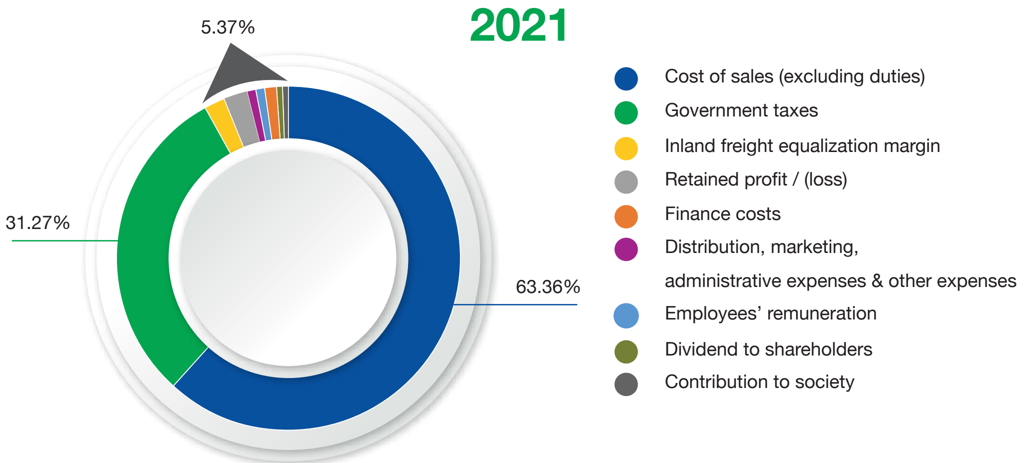
| | | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|
| Spares Inventory as % of Assets Cost | % | **0.2** | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Maintenance Cost as % of Operating Expense | % | **7.3** | 10.6 | 6.1 | 6.3 | 7.4 | 7.1 |

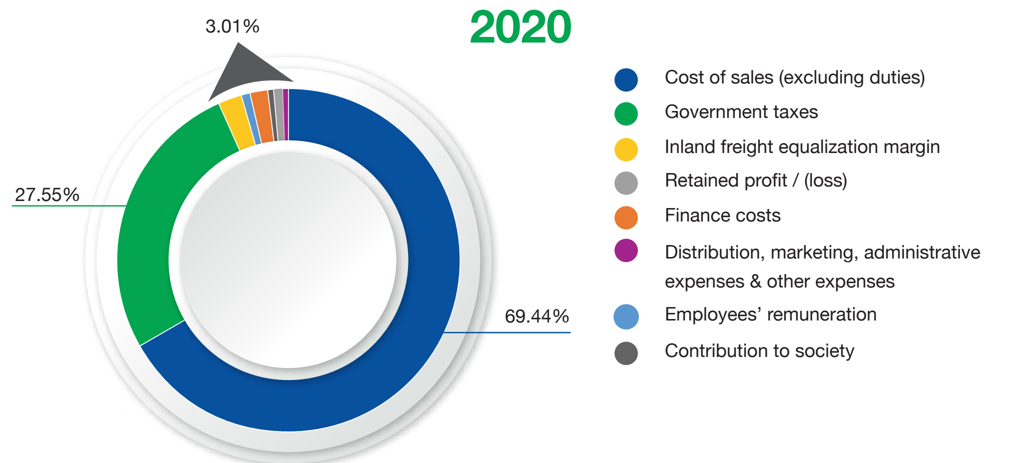


For the year ended June 30, 2021

## Statement of Value Additions

| | 2021 (PKR in mn) | 2021 % | 2020 (PKR in mn) | 2020 % |
|---|---|---|---|---|
| **Wealth Generated** | | | | |
| Sales (Net of discount / allowances) | **1,423,775** | **98.66** | 1,300,447 | 99.18 |
| Other income (including share of profit of associates) | **19,408** | **1.34** | 10,755 | 0.82 |
| | **1,443,183** | **100.00** | 1,311,202 | 100.00 |
| **Distribution of Wealth** | | | | |
| Cost of sales (excluding duties) | **914,382** | **63.36** | 910,438 | 69.44 |
| Government taxes | **451,229** | **31.27** | 361,267 | 27.55 |
| Inland freight equalization margin | **21,691** | **1.50** | 17,846 | 1.36 |
| Retained profit / (loss) | **26,792** | **1.86** | (6,466) | (0.49) |
| Finance costs | **10,242** | **0.71** | 13,427 | 1.02 |
| Distribution, marketing, administrative expenses & other expenses | **7,760** | **0.54** | 5,817 | 0.44 |
| Employees' remuneration | **8,636** | **0.60** | 8,696 | 0.66 |
| Dividend to shareholders | **2,347** | **0.16** | - | - |
| Contribution to society | **102** | **0.01** | 176 | 0.01 |
| | **1,443,183** | **100.00** | 1,311,202 | 100.00 |



For the year ended June 30, 2021

## Horizontal and Vertical Analysis - Statement of Financial Position

| Vertical Analysis | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | **3.73%** | 2.91% | 1.96% | 1.82% | 1.77% | 1.93% |
| Right-of-use assets | **1.38%** | 1.38% | 0.00% | 0.00% | 0.00% | 0.00% |
| Intangibles | **0.04%** | 0.02% | 0.01% | 0.00% | 0.01% | 0.01% |
| Long-term investments | **4.29%** | 4.72% | 2.74% | 1.19% | 1.12% | 14.65% |
| Long-term loans, advances and other receivables | **0.11%** | 0.13% | 0.08% | 0.10% | 0.10% | 0.10% |
| Long-term deposits and prepayments | **0.09%** | 0.06% | 0.08% | 0.08% | 0.05% | 0.06% |
| Deferred tax asset - net | **3.51%** | 5.00% | 3.00% | 2.91% | 3.04% | 3.15% |
| Retirement benefits | **0.38%** | 0.23% | 0.00% | 0.00% | 0.00% | 0.00% |
| **Total non-current assets** | **13.53%** | 14.47% | 7.88% | 6.10% | 6.09% | 19.91% |
| Stores, spares and loose tools | **0.21%** | 0.16% | 0.11% | 0.06% | 0.05% | 0.06% |
| Stock-in-trade | **20.84%** | 16.69% | 21.50% | 20.27% | 16.90% | 14.85% |
| Trade debts | **58.06%** | 57.49% | 52.65% | 61.00% | 54.18% | 52.08% |
| Loans and advances | **0.09%** | 0.12% | 0.06% | 0.48% | 0.48% | 0.55% |
| Short-term deposits and prepayments | **0.06%** | 0.75% | 0.76% | 0.80% | 1.47% | 0.78% |
| Current maturity of long - term investments | **0.00%** | 0.00% | 0.00% | 0.00% | 11.20% | 0.00% |
| Mark-up / interest receivable on investments | **0.00%** | 0.00% | 0.00% | 0.00% | 0.58% | 0.66% |
| Other receivables | **5.04%** | 6.94% | 13.90% | 8.20% | 5.84% | 7.63% |
| Taxation - net | **1.41%** | 2.25% | 2.04% | 1.93% | 2.16% | 1.80% |
| Cash and bank balances | **0.77%** | 1.14% | 1.10% | 1.15% | 1.05% | 1.68% |
| **Total Current assets** | **86.47%** | 85.53% | 92.12% | 93.90% | 93.91% | 80.09% |
| **TOTAL ASSETS** | **100.00%** | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | | | | | | |
| Share capital | **1.24%** | 1.37% | 0.94% | 0.81% | 0.69% | 0.79% |
| Reserves | **35.67%** | 31.61% | 27.64% | 26.63% | 25.52% | 25.96% |
| **Total Share holders' Equity** | **36.91%** | 32.97% | 28.58% | 27.44% | 26.21% | 26.75% |
| **Non-current liabilities** | **3.23%** | 3.63% | 1.80% | 1.28% | 2.06% | 1.82% |
| Trade and other payables | **44.22%** | 43.11% | 43.17% | 47.73% | 37.27% | 39.94% |
| Unclaimed dividend | **0.40%** | 0.40% | 0.44% | 0.91% | 0.76% | 0.34% |
| Provisions | **0.20%** | 0.14% | 0.12% | 0.12% | 0.13% | 0.20% |
| Accrued interest / mark-up | **0.08%** | 0.35% | 0.24% | 0.20% | 0.32% | 0.24% |
| Short - term borrowings | **14.78%** | 19.40% | 25.65% | 22.32% | 33.25% | 30.71% |
| **Total Current liabilities** | **59.86%** | 63.40% | 69.62% | 71.28% | 71.73% | 71.43% |
| **TOTAL EQUITY AND LIABILITIES** | **100.00%** | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |

| Horizontal Analysis | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | **214.27%** | 151.26% | 123.92% | 110.90% | 105.12% | 100.00% |
| Total Non- Current assets | **75.28%** | 72.81% | 48.21% | 36.04% | 35.05% | 100.00% |
| Stock-in-trade | **155.46%** | 112.55% | 176.39% | 160.55% | 130.49% | 100.00% |
| Trade debts | **123.52%** | 110.57% | 123.18% | 137.75% | 119.27% | 100.00% |
| Other receivables | **73.13%** | 91.06% | 221.83% | 126.38% | 87.75% | 100.00% |
| Cash and bank balances | **50.59%** | 68.14% | 80.08% | 80.83% | 72.02% | 100.00% |
| Share capital | **172.79%** | 172.79% | 143.99% | 119.99% | 99.99% | 100.00% |
| Reserves | **152.24%** | 121.95% | 129.71% | 120.63% | 112.68% | 100.00% |
| Total Share holders' Equity | **152.85%** | 123.45% | 130.14% | 120.61% | 112.30% | 100.00% |
| Non-current liabilities | **196.32%** | 199.89% | 120.75% | 82.85% | 129.77% | 100.00% |
| Trade and other payables | **122.66%** | 108.12% | 131.69% | 140.55% | 106.99% | 100.00% |
| Short - term borrowings | **53.32%** | 63.20% | 101.77% | 85.48% | 124.15% | 100.00% |
| Total Current liabilities | **92.86%** | 88.90% | 118.76% | 117.36% | 115.13% | 100.00% |
| Total Equity and Liabilities | **110.79%** | 100.16% | 121.84% | 117.60% | 114.64% | 100.00% |

For the year ended June 30, 2021

## Comments on Horizontal and Vertical Analysis

### Non-Current Assets

Total non-current assets have increased in FY21 vs. FY20 primarily due to increase in property, plant and equipment. It was highest in FY16 as per vertical analysis mainly due to investment in Pakistan investment bonds (long term investment) which got matured in FY18.

### Stock in Trade

Stock in trade balances in FY20 have increased vs. last year, mainly due to rise in international oil prices and stock levels. Further as per horizontal and vertical analysis, it was highest in FY19 mainly due to higher prices.

### Trade Debts

Trade debts went up in FY21 primarily due to lower recoveries from SNGPL. Further, as per horizontal and vertical analysis, it was highest in FY18 due to delay in payments by power sector which receivable started to decline from FY19 due to recoveries.

### Shareholders' Equity

Shareholders' equity increased during the year as compared to last year mainly due to profit retained during the year and was also highest in FY21 due to retention of profits over the years.

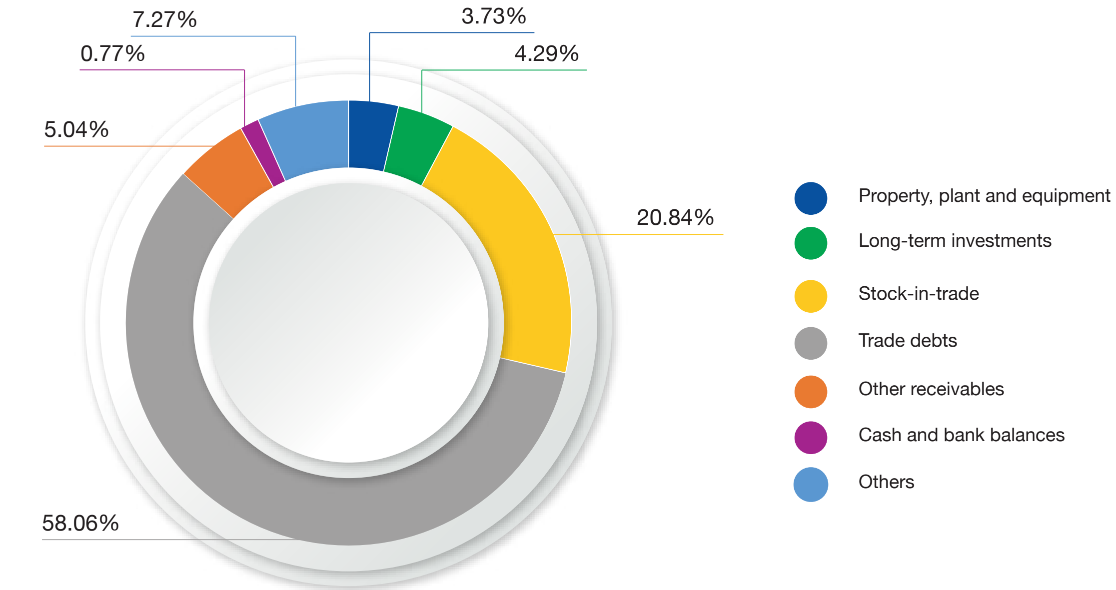
### Trade and Other Payables

Trade and other payables have increased in FY21 primarily due to increase in trade payables on account of rise in international oil prices. However as per horizontal and vertical analysis, it was the highest in FY18 due to rise in liabilities relating to product purchases in FY18 on account of surge in international oil prices.

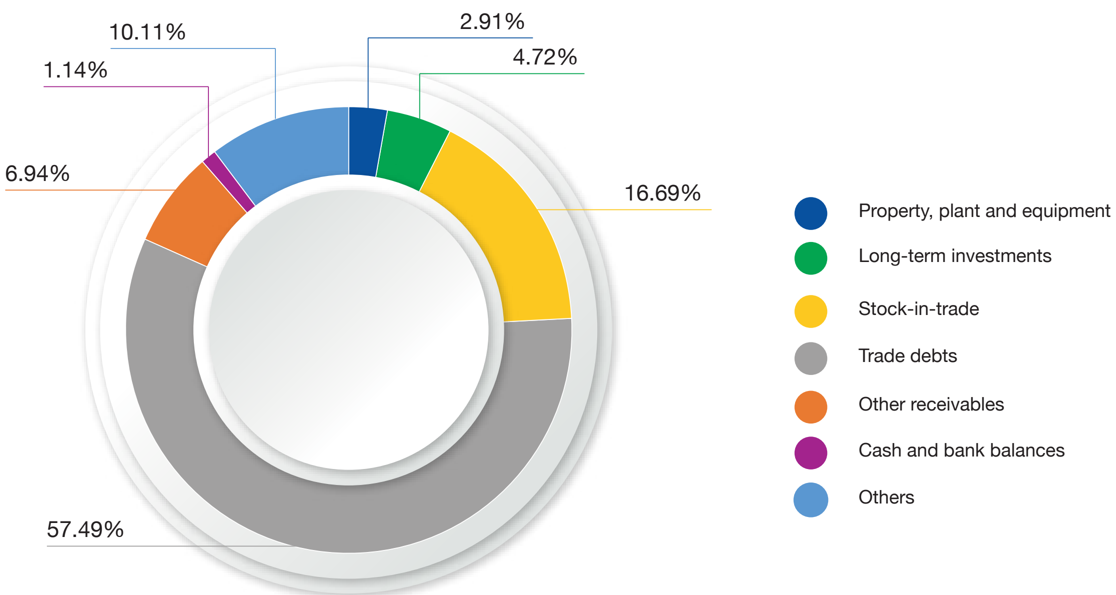
For the year ended June 30, 2021

## Composition of Balance Sheet - Vertical Analysis

### FY21 - Assets



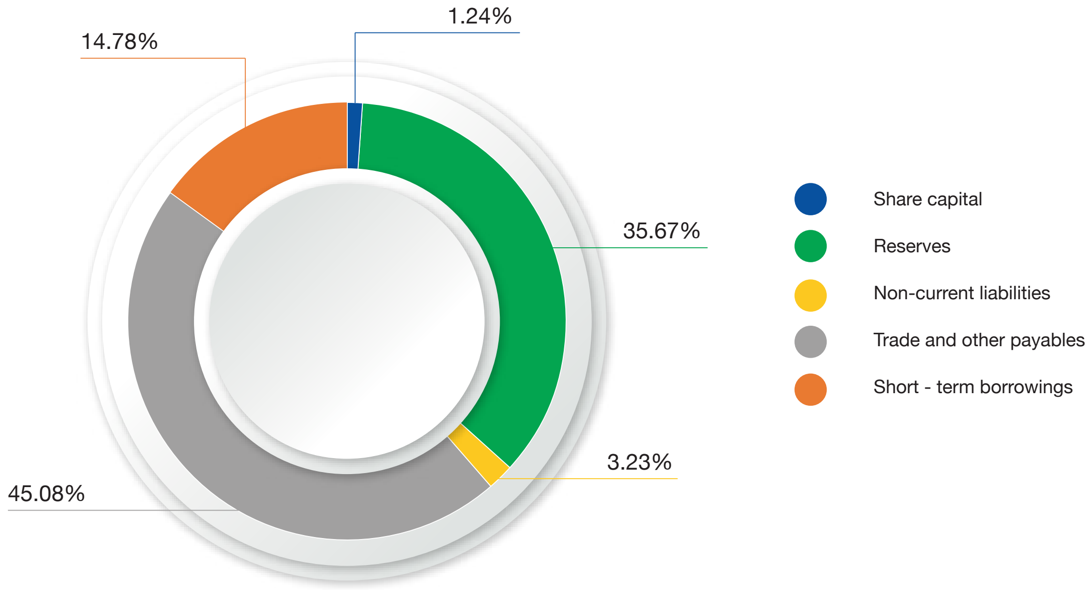

### FY20 - Assets



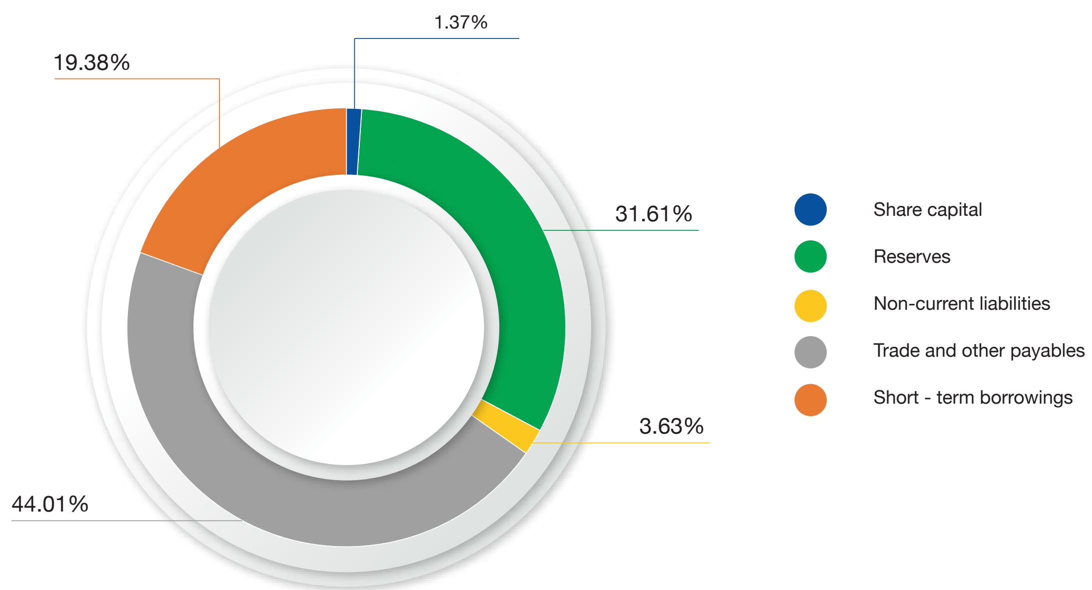
For the year ended June 30, 2021

## Composition of Balance Sheet - Vertical Analysis

### FY21 - Equity and Liabilities




### FY20 - Equity and Liabilities



For the year ended June 30, 2021

# Horizontal and Vertical Analysis - Statement of Profit or Loss

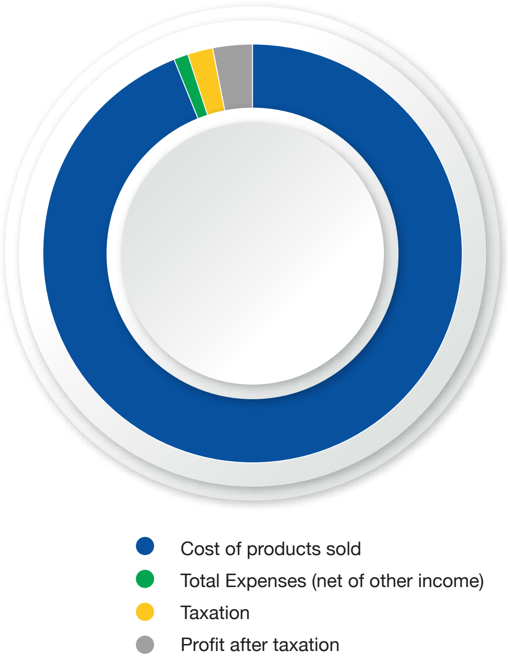
| Vertical Analysis | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| Net Sales | **100.00%** | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Cost of products sold | **-95.47%** | -98.90% | -96.88% | -96.27% | -95.77% | -96.68% |
| **Gross profit** | **4.53%** | 1.10% | 3.12% | 3.73% | 4.23% | 3.32% |
| Other income (including share of profit of associates - net of tax) | **1.61%** | 0.97% | 0.65% | 0.74% | 1.34% | 1.98% |
| Administrative & marketing expenses | **-1.24%** | -1.32% | -1.08% | -1.12% | -1.28% | -1.55% |
| Other expenses | **-0.40%** | 0.00% | -0.41% | -0.31% | -0.27% | -0.29% |
| **Total operating costs** | **-1.64%** | -1.32% | -1.49% | -1.43% | -1.55% | -1.84% |
| Profit from operations | **4.51%** | 0.75% | 2.28% | 3.04% | 4.02% | 3.46% |
| Finance costs | **-0.85%** | -1.21% | -0.78% | -0.48% | -0.67% | -1.05% |
| **Profit / (loss) before taxation** | **3.66%** | -0.46% | 1.50% | 2.56% | 3.35% | 2.41% |
| Taxation | **-1.24%** | -0.12% | -0.60% | -1.10% | -1.27% | -0.89% |
| **Profit / (loss) after taxation** | **2.42%** | -0.58% | 0.90% | 1.46% | 2.08% | 1.52% |

| Horizontal Analysis | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| Net Sales | **177.63%** | 163.49% | 170.27% | 156.91% | 129.53% | 100.00% |
| Cost of products sold | **175.41%** | 167.24% | 170.62% | 156.25% | 128.32% | 100.00% |
| **Gross profit** | **242.44%** | 54.28% | 159.90% | 175.96% | 164.87% | 100.00% |
| Other income (including share of profit of associates - net of tax) | **144.71%** | 80.19% | 56.37% | 58.99% | 87.62% | 100.00% |
| Administrative & marketing expenses | **141.66%** | 139.26% | 118.10% | 113.49% | 106.92% | 100.00% |
| Other expenses | **243.13%** | 2.56% | 236.63% | 167.88% | 119.74% | 100.00% |
| **Total operating costs** | **157.79%** | 117.54% | 136.94% | 122.13% | 108.95% | 100.00% |
| Profit from operations | **231.66%** | 35.38% | 112.90% | 137.74% | 150.48% | 100.00% |
| Finance costs | **143.25%** | 187.79% | 125.69% | 71.65% | 82.84% | 100.00% |
| **Profit / (Loss) before taxation** | **270.46%** | -31.52% | 107.29% | 166.74% | 180.16% | 100.00% |
| Taxation | **247.95%** | 22.13% | 114.53% | 194.46% | 184.86% | 100.00% |
| **Profit / (Loss) after taxation** | **283.65%** | -62.94% | 103.05% | 150.50% | 177.42% | 100.00% |

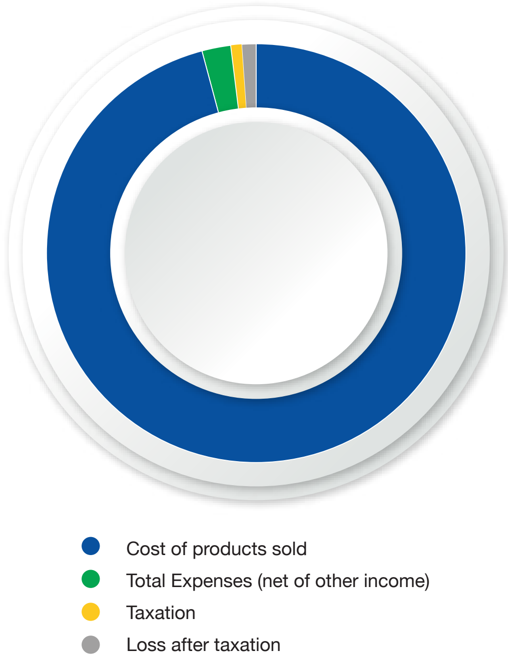
For the year ended June 30, 2021

## Statement of Profit or Loss

### FY21




### FY20




## Comments on Horizontal and Vertical Analysis

### Net Sales

Net sales has increased in FY21 vs. FY20 on account of increase in sales volumes of both white and black oil products. Also, Net sales was the highest in FY21 due to high volumes and was lowest in FY17 due to dip in international oil prices during that period.

### Gross Profit

Gross profit for FY21 is higher vs FY20 and highest in last five years as per vertical and horizontal analysis due to higher volumes, margins and favorable price regime.

### Other Income

Other income has increased vs SPLY primarily due to significant recovery of interest income on delayed payments during the year. Further, as per horizontal analysis, other income is highest in FY21 in all five years.

### Total Operating Cost

Total operating cost has increased in FY21 as compared to FY20 in line with increase in sales and year on year inflation.

### Finance Cost

Finance cost in FY21 has decreased vs last year due to lower borrowing levels and lower average markup rates in FY 21 vs. FY 20. Finance cost is highest in FY20 as per horizontal and vertical analysis mainly due to higher policy rates by SBP.

### Profit / (Loss) after tax

The Company's profitability in FY21 is highest ever in its history mainly due to higher gross margins, favourable price regime, increase in other income and reduction in finance cost.  Further, company also had great results in FY17 as per horizontal and vertical analysis mainly due to strong gross profits and low finance cost.

For the year ended June 30, 2021

# Indicators and Performance Measures

The performance of the Company is gauged by the senior management through various indicators and performance measures. The following are critical indicators:

- Market share
- Earnings per share
- Gross Profit
- Profit after Tax excluding extraordinary items
- Debtors' turnover
- Cash flows from Operating activities

These indicators will continue to be relevant in future as these are critical for the evaluation of the performance.

## Methods/Assumptions Used to Compile the Indicators

### Market Share

Market share of Company's liquid fuels are determined on the basis of OCAC data – independent source.

### Earnings per share

Earnings per share ratio is calculated with reference to the requirements of International Accounting Standards. The Company has no dilutive effects on the Basic Earnings per share.

### Gross Profit

Gross profit is calculated by the company with and without inventory gains/Losses to compare the performance of the company. This is because Inventory gains and losses are mainly outside the control of the Company as these arise due to International price movements and requirement to keep sufficient stocks to meet the country's needs.

### Debtors' turnover

This ratio is calculated by the Company on the basis of the average values at the relevant balance sheet date.

# Major Capital Expenditure/Projects

During the year under review, efforts were drawn to align PSO's capital nature spending in line with overall corporate strategy. Company ensured superior customer forecourt experience through development of well-equipped state of the art retail outlets and also product availability through development and enhancement of storage facilities across Pakistan. Product awareness and reach were primarily the focused areas.

Continuing its legacy of keeping the environment and safety aspect first, an adequate allocation was also made on account for HSE and related projects, this was in addition to budget provisioning for meeting product quality standards.

Regarding future capital investment, PSO endeavours towards enriching its customer's experiences through focused investments in retail outlets development and adding facilities such as revamped C-stores etc. Moreover, company will be adding new storages / rehabilitating existing storages that will allow further flexibility to the Company versus competition. Amid challenges brought by COVID-19, management has decided to increase usage of Information technology with focused approach over automation and Business process re-engineering. Necessary capital investments have been allocated to bring transformation in business processes of the Organization.

# Taxes and Dividends:

PSO takes pride in being a tax compliant company and ensures that all taxes, duties, levies etc. are paid by it in accordance with Statutory deadlines. During FY 21, PSO contributed Rs. 442 bn. to the National exchequer and it has no overdue or outstanding statutory payments.

Based on the profit in FY 21, the Board of Management has declared a final cash dividend of Rs. 10 per share in addition to the interim dividend of Rs. 5 per share.

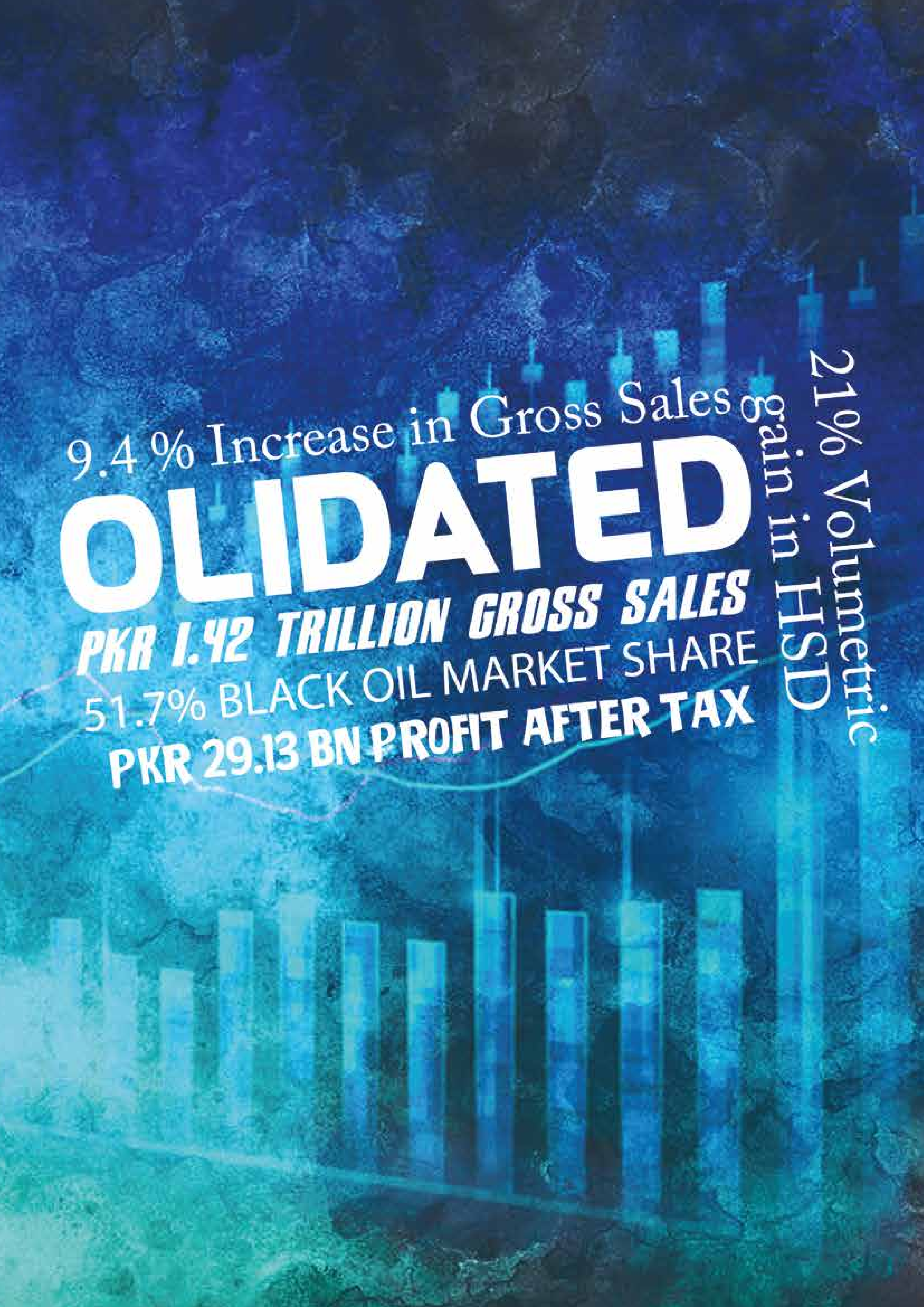
21.9% growth in liquid fuel over sply

# UNCONS

45.2% white oil market share

PKR 54.61 Billion Gross profit

2.6% market share gain in HSD


9.4 % Increase in Gross Sales
OLIDATED
PKR 1.42 TRILLION GROSS SALES
51.7% BLACK OIL MARKET SHARE
PKR 29.13 BN PROFIT AFTER TAX
gain in HSD
21% Volumetric

To the members of Pakistan State Oil Company Limited

## Report on the Audit of Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of **Pakistan State Oil Company Limited** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 June 30, 2021 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 Unconsolidated 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 Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated 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:

| Key audit matters | How the matter was addressed in our audit |
|---|---|
| **Overdue trade receivable customers due to inter-corporate circular debt issue and from Government of Pakistan**<br><br>(Refer notes 13 and 16 to the unconsolidated financial statements)<br><br>As at June 30, 2021, the Company's receivable from Government of Pakistan and customers amounted to Rs. 232,931 million which included trade debts receivables of Rs. 183,896 million from customers including Rs. 71,992 million, Rs. 13,317 million and Rs. 93,511 million which were past due from related parties, GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO) and Sui Northern Gas Pipelines Company Limited (SNGPL) respectively and an amount of Rs. 9,297 million on account of price differential claims. The Government of Pakistan is committed, hence, continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress has been slower than expected resulting in accumulation of the Company's receivable. The Company is also actively pursuing the Government of Pakistan to get budgetary allocation for release of past due price differential claims.<br><br>The Company has recognised a specific provision of Rs. 346.975 million and considers the past due amounts to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector of Pakistan.<br><br>Interest on the past due amounts from customers is recognised by the Company on receipt basis.<br><br>We considered the matter as key audit matter due to significance of the past due amounts and significant judgments made by the management regarding recoverability of the past due amounts and recognition of interest on delayed payments by the customers. | Our audit procedures in respect of receivables, amongst others, included the following:<br><br>• Tested, on a sample basis, receivable aging report classification within the appropriate aging bracket with underlying invoices;<br><br>• Obtained, on a sample basis, direct confirmation from customers and tested reconciliations where differences were identified. In case of no replies from customers, performed alternate procedures;<br><br>• Inspected correspondence with the customers and relevant government authorities and held discussions with the Company and Board Audit and Compliance Committee of the Board of Management (BOM) to assess their views on the timing of settlement and recoverability of trade debts overdue because of inter-corporate circular debt issue and price differential claims overdue from the Government of Pakistan;<br><br>• Discussed with the Company, events during the year and steps taken by management for settlement of the overdue trade debts and price differential claims and inspected minutes of meetings of the BOM and Board Audit and Compliance Committee of the BOM;<br><br>• Evaluated the management's assessment on the ECLs of trade receivables and involved internal expert to assess management's conclusion along with assumptions used for the determination of ECL; and<br><br>• Assessed the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan. |

| Key audit matters | How the matter was addressed in our audit |
|---|---|
| **Recognition of Revenue / Income**<br>(Refer notes 29 and 31 to the unconsolidated financial statements).<br><br>The Company recognises revenue at the transaction price which the Company expects to be entitled to, after deducting sales tax, discounts and applicable levies.<br><br>The Company carries out sale of regulated products on prices notified by Oil and Gas Regulatory Authority (OGRA) which are subject to policy clarification from the Federal Government. Sale of certain de-regulated products is carried out at the margin-based price mechanism and recognises revenue at a point in time when control of product is transferred to customers. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Company at customer premises.<br><br>The Company recognizes interest, if any, on delayed payments from customers having past due balance only to the extent the interest on delayed payments is received by the Company.<br><br>We considered recognition of revenue / income as key audit matter due to the regulatory nature of pricing, significance of amounts requiring significant time and resources to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Company. | Our audit procedures to assess the recognition, amongst others, included the following:<br><br>• Assessed the design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products;<br><br>• Assessing the appropriateness of the Company's accounting policy for recognition of sales and compliance of the policy with International Financial Reporting Standard (IFRS 15- "Revenue from Contracts with Customers");<br><br>• Compared on sample basis, the revenue transactions recorded before and after the reporting period with the underlying support including sales invoices, delivery challans, relevant sales contract and customer acknowledgement to assess if the related revenue was recorded in the appropriate accounting period;<br><br>• Tested on a sample basis, notifications of OGRA for petroleum products price and the Company's margin based price determination for regulated and de-regulated products respectively;<br><br>• Tested journal entries relating to revenue recognized during the year based on identified risk criteria;<br><br>• Assessed reasonableness of management's judgment relating to recoverability of interest on delayed payments from customers; and<br><br>• Assessed the appropriateness of the disclosure made in the unconsolidated financial statements in accordance with requirements of accounting and reporting standards as applicable in Pakistan. |

**Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended June 30, 2021 but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

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

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

In preparing the unconsolidated 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 Management are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Management 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 Management 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 Management, we determine those matters that were of most significance in the audit of the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**Other Matters**

The unconsolidated financial statements of the Company as at and for the year ended June 30, 2020 were audited by other firms of chartered accountants who through their report dated September 25, 2020 expressed an unmodified opinion thereon.

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

KPMG Taseer Hadi & Co.

Karachi
Date: September 25, 2021

KPMG Taseer Hadi & Co.
Chartered Accountants

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | **14,156,554** | 9,993,564 |
| Right-of-use assets | 5 | **5,215,782** | 4,735,815 |
| Intangibles | 6 | **153,528** | 82,930 |
| Long-term investments | 7 | **16,266,508** | 16,190,758 |
| Long-term loans, advances and other receivables | 8 | **406,846** | 454,612 |
| Long-term deposits | 9 | **335,859** | 207,272 |
| Deferred tax asset - net | 10 | **13,304,563** | 17,148,771 |
| Retirement benefits | 21.1 | **1,457,761** | 797,250 |
| | | **51,297,401** | 49,610,972 |
| **Current assets** | | | |
| Stores, spares and loose tools | 11 | **793,261** | 538,631 |
| Stock-in-trade | 12 | **79,028,704** | 57,214,768 |
| Trade debts | 13 | **220,195,918** | 197,116,925 |
| Loans and advances | 14 | **348,296** | 414,315 |
| Short-term deposits and prepayments | 15 | **221,959** | 2,559,442 |
| Other receivables | 16 | **19,106,304** | 23,790,569 |
| Taxation - net | | **5,366,102** | 7,718,188 |
| Cash and bank balances | 17 | **2,901,619** | 3,908,652 |
| | | **327,962,163** | 293,261,490 |
| Net assets in Bangladesh | 18 | **-** | - |
| **TOTAL ASSETS** | | **379,259,564** | 342,872,462 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 19 | **4,694,734** | 4,694,734 |
| Reserves | 20 | **135,283,468** | 108,366,267 |
| | | **139,978,202** | 113,061,001 |
| **Non-current liabilities** | | | |
| Retirement and other service benefits | 21 | **7,186,346** | 6,786,597 |
| Lease liabilities | 22 | **4,299,704** | 4,314,789 |
| Other payable | 23 | **752,712** | 1,359,627 |
| | | **12,238,762** | 12,461,013 |
| **Current liabilities** | | | |
| Trade and other payables | 24 | **167,693,826** | 147,817,434 |
| Short-term borrowings | 25 | **56,042,897** | 66,433,196 |
| Accrued interest / mark-up | 25.5 | **297,053** | 1,216,690 |
| Provisions | 26 | **743,436** | 490,972 |
| Current portion of lease liabilities | 22 | **762,171** | 37,092 |
| Unclaimed dividend | 27 | **1,373,428** | 1,355,064 |
| Unpaid dividend | 27.1 | **129,789** | - |
| | | **227,042,600** | 217,350,448 |
| Contingencies and commitments | 28 | | |
| **TOTAL EQUITY AND LIABILITIES** | | **379,259,564** | 342,872,462 |

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

| | | |
|---|---|---|
| Syed Muhammad Taha | Hassan Mehmood Yousufzai | Gulzar Khoja |
| Managing Director & CEO | Member-Board of Management | Chief Financial Officer |

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Net sales** | 29 | **1,204,247,375** | 1,108,357,723 |
| Cost of products sold | 30 | **(1,149,638,324)** | (1,096,130,521) |
| **Gross profit** | | **54,609,051** | 12,227,202 |
| Other income | 31 | **18,826,346** | 10,210,206 |
| **Operating costs** | | | |
| Distribution and marketing expenses | 32 | **(11,832,756)** | (11,489,637) |
| Administrative expenses | 33 | **(3,057,379)** | (3,148,037) |
| (Provision) / reversal of provision of impairment on financial assets-net | 13.3 & 16.6.1 | **(898,265)** | 169,215 |
| Other expenses | 34 | **(3,930,252)** | (220,046) |
| | | **(19,718,652)** | (14,688,505) |
| **Profit from operations** | | **53,716,745** | 7,748,903 |
| Finance costs | 35 | **(10,242,350)** | (13,427,312) |
| Share of profit of associates - net of tax | 7.5.1 | **581,317** | 544,390 |
| **Profit / (loss) before taxation** | | **44,055,712** | (5,134,019) |
| Taxation | 36 | **(14,916,507)** | (1,331,533) |
| **Profit / (loss) for the year** | | **29,139,205** | (6,465,552) |
| | | (Rupees) | |
| **Earnings / (loss) per share - basic and diluted** | 37 | **62.07** | (13.77) |

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

| | | |
|---|---|---|
| Syed Muhammad Taha | Hassan Mehmood Yousufzai | Gulzar Khoja |
| Managing Director & CEO | Member-Board of Management | Chief Financial Officer |

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Profit / (loss) for the year | | **29,139,205** | (6,465,552) |
| **Other comprehensive income / (loss):** | | | |
| **Items that will not be subsequently reclassified to profit or loss:** | | | |
| Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax | 7.5.1 | **3,504** | (4,892) |
| Unrealised (loss) / gain on remeasurement of equity investment classified as fair value through other comprehensive income | 7.3 | **(641,544)** | 2,111,409 |
| Taxation thereon | | **139,535** | (459,231) |
| | | **(502,009)** | 1,652,178 |
| Actuarial gain on remeasurement of retirement and other service benefits | 21.2.6 | **878,687** | 1,273,128 |
| Taxation thereon | | **(254,819)** | (618,409) |
| | | **623,868** | 654,719 |
| | | **125,363** | 2,302,005 |
| **Total comprehensive income / (loss) for the year** | | **29,264,568** | (4,163,547) |

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

| | | |
|---|---|---|
| Syed Muhammad Taha | Hassan Mehmood Yousufzai | Gulzar Khoja |
| Managing Director & CEO | Member-Board of Management | Chief Financial Officer |

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

| | Share capital | Capital reserves: Surplus on vesting of net assets | Revenue reserves: Unrealised gain / (loss) on remeasurement of FVOCI investments | Revenue reserves: General reserve | Revenue reserves: Un-appropriated profit | Sub-total | Total |
|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | |
| | ----- | ----- | ----- | (Rupees in '000) | ----- | ----- | ----- |
| **Balance as at July 01, 2019** | 3,912,278 | 3,373 | 4,335,648 | 25,282,373 | 85,647,015 | 115,268,409 | 119,180,687 |
| **Total comprehensive income for the year** | | | | | | | |
| Loss for the year | - | - | - | - | (6,465,552) | (6,465,552) | (6,465,552) |
| **Other comprehensive income** | | | | | | | |
| Unrealised gain on remeasurement of equity investment classified as FVOCI - net of tax | - | - | 1,652,178 | - | - | 1,652,178 | 1,652,178 |
| Actuarial gain on remeasurement of retirement and other service benefits - net of tax | - | - | - | - | 654,719 | 654,719 | 654,719 |
| Share of actuarial loss on remeasurement of the staff retirement benefits of associates - net of tax | - | - | - | - | (4,892) | (4,892) | (4,892) |
| | - | - | 1,652,178 | - | 649,827 | 2,302,005 | 2,302,005 |
| **Transactions with the owners** | | | | | | | |
| Final dividend for the year ended June 30, 2019 at Rs. 5 per share | - | - | - | - | (1,956,139) | (1,956,139) | (1,956,139) |
| Bonus shares issued for the year ended June 30, 2019 at 20% | 782,456 | - | - | - | (782,456) | (782,456) | - |
| | 782,456 | - | - | - | (2,738,595) | (2,738,595) | (1,956,139) |
| **Balance as at June 30, 2020** | **4,694,734** | **3,373** | **5,987,826** | **25,282,373** | **77,092,695** | **108,366,267** | **113,061,001** |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | - | - | - | - | 29,139,205 | 29,139,205 | 29,139,205 |
| **Other comprehensive income** | | | | | | | |
| Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax | - | - | (502,009) | - | - | (502,009) | (502,009) |
| Actuarial gain on remeasurement of retirement and other service benefits - net of tax | - | - | - | - | 623,868 | 623,868 | 623,868 |
| Share of actuarial gain on remeasurement of the staff retirement benefits of associates - net of tax | - | - | - | - | 3,504 | 3,504 | 3,504 |
| | - | - | (502,009) | - | 627,372 | 125,363 | 125,363 |
| **Transactions with the owners** | | | | | | | |
| Interim dividend for the year ended June 30, 2021 at Rs. 5 per share | - | - | - | - | (2,347,367) | (2,347,367) | (2,347,367) |
| **Balance as at June 30, 2021** | 4,694,734 | 3,373 | 5,485,817 | 25,282,373 | 104,511,905 | 135,283,468 | 139,978,202 |

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

**Syed Muhammad Taha**
Managing Director & CEO

**Hassan Mehmood Yousufzai**
Member-Board of Management

**Gulzar Khoja**
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 38 | **30,751,247** | 68,688,860 |
| Long-term loans, advances and other receivables | | **47,766** | (107,609) |
| Long-term deposits and prepayments | | **(128,587)** | (12,787) |
| Taxes paid | | **(8,835,497)** | (6,253,634) |
| Finance costs paid | | **(3,602,835)** | (11,547,460) |
| Retirement and other service benefits paid | | **(465,970)** | (2,507,849) |
| **Net cash generated from operating activities** | | **17,766,124** | 48,259,521 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure | | **(5,560,682)** | (3,060,038) |
| Proceeds from disposal of property, plant and equipment | | **47,794** | 34,007 |
| Acquisition of shares in Pakistan Refinery Limited | | **(224,590)** | (210,000) |
| Advance against right issue of Pakistan Refinery Limited | | **-** | (1,890,000) |
| Dividends received | | **443,089** | 283,227 |
| **Net cash used in investing activities** | | **(5,294,389)** | (4,842,804) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Short-term borrowings - net | 25.6 | **(14,418,987)** | (24,272,505) |
| Lease payments | | **(889,255)** | (1,113,040) |
| Dividends paid | | **(2,199,214)** | (2,444,232) |
| **Net cash used in financing activities** | | **(17,507,456)** | (27,829,777) |
| **Net (decrease) / increase in cash and cash equivalents** | | **(5,035,721)** | 15,586,940 |
| Cash and cash equivalents at beginning of the year | | **(880,853)** | (16,467,793) |
| **Cash and cash equivalents at end of the year** | 39 | **(5,916,574)** | (880,853) |

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Syed Muhammad Taha
Managing Director & CEO

Hassan Mehmood Yousufzai
Member-Board of Management

Gulzar Khoja
Chief Financial Officer

## 1. LEGAL STATUS AND NATURE OF BUSINESS

**1.1** Pakistan State Oil Company Limited ("the Company") is a public company incorporated in Pakistan in 1976 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is located at PSO House, Khayaban-e-Iqbal, Clifton, Karachi. The principal activities of the Company are procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils.

**1.2** The business units of the Company include the following:

| Business Unit | Address | Geographical Location |
|---|---|---|
| Head Office | PSO House, Khayaban-e-Iqbal<br>Clifton, Karachi. | Sindh |
| Lubes Manufacturing Plant | National Refinery Limited, Korangi, Karachi.<br>Keamari Oil Terminal, Keamari, Karachi. | Sindh |

**1.3** Regional marketing, sales offices and invoicing points are located across the country. The Company owns retail operation sites and sites operated through dealers across Pakistan, the details of which is impracticable to disclose in these unconsolidated financial statements as required under the 4th Schedule to the Companies Act, 2017.

**1.4** The Board of Management (BoM) nominated by the Federal Government under Section 7 of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the Act") manages the affairs of the Company. The provisions of the Act shall have effect notwithstanding anything contained in the Companies Act, 2017 or any other law for the time being in force or any agreement, contract, Memorandum or Articles of Association of the Company.

**1.5** These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These unconsolidated 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 notified under the Companies Act, 2017;

- Islamic Financial Accounitng 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 with the requirements of IFRSs or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for the followings:

- Financial assets at fair value through other comprehensive income;

- Obligations in respect of retirements and other service benefits.

**2.3 Functional and presentation currency**

These unconsolidated financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in PKR.

**2.4 Critical accounting estimates, assumptions and judgments**

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of company's accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other relevant factors, including reasonable expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. The estimates, assumptions and judgements made by the management in the application of accounting and reporting standards as applicable in Pakistan, that are subject to risk of material adjustment to the carrying amounts of assets and liabilities in the subsequent year are as follows:

**2.4.1 Property, plant and equipment and intangibles (Refer note: 4 & 6)**

The Company reviews appropriateness of the method of depreciation / amortisation, useful lives and residual values used in the calculation of depreciation / amortisation of property, plant and equipment and intangible assets on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment at each reporting date.

**2.4.2 Right-of-use assets and corresponding lease liability (Refer note: 5 & 22)**

Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (‘IBR’) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value of the right-of-use asset in a similar economic environment.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

**2.4.3 Impairment of Stock-in-trade (Refer note: 12)**

The Company reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values at each reporting date. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

**2.4.4 Provision for impairment on financial assets**

**Financial assets covered under IFRS 9 - 'Financial Instruments' (IFRS 9): (Refer note 3.11.1)**

The Company uses default rates based on credit rating of customers from which receivable are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customer which have similar characteristics to calculate expected credit losses (ECL) for trade receivables and other receivables.

The default rates are benchmarked and adjusted for forward looking information, cash flow projections discounted using original effective interest rates, and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates which is then adjusted for forward looking information.

The assessment of the correlation between historical observed default rates and the projection of cash flows from customers, forecast economic conditions and resulting ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

**Financial assets covered under IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39)**

The Company assesses the recoverability of its financial assets if there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debts and other receivables are impaired.

**2.4.5 Income taxes (Refer note: 10 & 36)**

Significant judgment is required in determining the provision for income taxes and deferred tax asset and liability. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due taking into account decisions/judgement of appellate authorities on similar tax issues in the past. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made. The recognition of deferred tax is also made taking into these judgements and the best estimate of future results of the Company.

**2.4.6 Provision for retirement and other service benefit obligations (Refer note: 21)**

The present value of these obligations depends on a number of factors and is being calculated on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 21.3 to these unconsolidated financial statements.

**2.4.7 Valuation of un-quoted equity investments other than subsidiary and associates (Refer note: 7)**

The fair value of un-quoted equity investments other than subsidiary and associates is calculated using cash flow projections which are discounted using the required rate of return. These cash flow projections and required rate of return calculation involves number of assumptions as disclosed in note 7.2 of these unconsolidated financial statements. Any changes in these assumptions will impact the carrying amount of the investment.

**2.4.8 Contingencies**

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Company, based on availability of latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of uncertain future event(s).

**2.5 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements**

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Company's financial positions and are therefore not stated in these unconsolidated financial statements.

**2.6 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2021 and these amendments are not likely to have a significant effect over these unconsolidated financial statements.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

- The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

  Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change

  - any reduction in lease payments affects only payments originally due on or before June 30, 2022; and

  - there is no substantive change to the other terms and conditions of the lease.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

  The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether toderecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

    - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

    - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

    - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

    The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendment.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

**2.7 Share based payments and Benazir Employees Stock Option Scheme**

Amendments to IFRS 2 Share-based payment – Group cash-settled Share-based payment transactions became effective from July 01, 2010 which require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for such transaction in its separate or individual unconsolidated financial statements.

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investments. The Scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP vide SRO 587(I)/2011 dated June 07, 2011; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme. Further, in response to this letter, as per the Ministry of Privatization letter dated May 08, 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter Trustees of the Scheme have requested parent ministry for directions / clarification on winding up. The Honourable Supreme Court of Pakistan in its short order dated October 22, 2020, stated in the cases filed by other companies declared that Benazir Employees Stock Option Scheme (BESOS) is unconstitutional and ultra-vires. During the year, the Ministry of Energy (Petroluem Division) through its letter reference F.No. 8(9)/2014/BESOS/D-III (Volume-IV) dated November 25, 2020 directed the Company while referring Finance's Division letter no. F.2 (39) - NTR/2-2-F dated November 19, 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund. The Company awaits the detailed judgment of the honourable Supreme Court (SC), after which it shall take the requisite corporate actions for the transfer of 3.04% shareholding back to the Federal Government and related actions for liquidation of the Trust and crediting the Trust funds in the Federal Consolidated Fund.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### 3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at cost and capital work-in-progress, which is stated at cost less accumulated impairment losses, if any.

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings for financing the projects which takes substantial time for completion, until such projects are available for their intended use. Fixed assets under capital work in-progress are classified to the appropriate categories of property, plant and equipment, when completed and ready for intended use.

Depreciation is charged to profit or loss using straight-line method so as to write off the historical cost of the assets over their estimated useful lives at the rates given in note 4.1 to these unconsolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. Assets' residual value, useful lives and method of depreciation and rates are reviewed, and adjusted prospectively, if appropriate on an annual basis at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. Subsequent costs are included in the assets’ carrying amount or 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. The carrying amount of the replaced part is derecognised.

Maintenance and normal repairs are charged to profit or loss. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

### 3.2 Right-of-use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

### 3.3 Intangibles

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably.

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible asset is amortised and charged to profit or loss from the month when such asset is available for use on straight-line basis over its useful economic life. The estimated useful life and amortisation method are reviewed on an annual basis at each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

**3.4 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i) Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15 'Revenue from Contract with Customers'.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, the Company classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss (FVPL).

**Financial assets at amortised cost (debt instruments)**

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

**Financial assets designated at FVOCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**Financial assets at FVPL**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Company has not designated any financial asset as at FVPL.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**ii) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement**

**Financial liabilities at FVPL**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

**Financial liabilities at amortized cost**

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

**iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.5 Investment in associates**

Associates are all entities over which the Company has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decision of investees. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Company's share of its associates' post acquisition profits or losses is recognised in profit or loss and its share in associates' post acquisition comprehensive income is recognised in other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Dividends received from associates reduce the carrying amount of the investment. When the Company's share of losses in associate equals or exceeds its interest in the associate including any other long term unsecured receivable, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When an FVOCI investment is converted into associated company, the balance in the surplus on revaluation of related asset is transferred to unappropriated profit. Gain on transaction between the Company and its associate are eliminated to the extent of the Company's interest in associates.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use or fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

**3.6 Investment in subsidiary**

Investment in subsidiary is stated at cost less accumulated impairment losses, if any.

**3.7 Stores, spares and loose tools**

These are valued at moving average cost less accumulated impairment loss, if any, except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. Cost comprises invoice value and other direct costs but excludes borrowing cost. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

**3.8 Stock-in-trade**

Stock-in-trade is valued at the lower of average cost or cost on first-in-first-out (FIFO) basis and net realisable value except for stock-in-transit which is stated at cost (invoice value) plus other charges incurred thereon till the reporting date.

The cost formula is dependent on the nature of the stock categories but the same formula is applied to all items of a similar nature. Cost comprises invoice value, charges like excise, custom duties, etc., and other direct costs.

Provision is made for obsolete / slow moving stocks where necessary and recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

**3.9 Deposits, advances and other receivables**

Deposits, advances and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method (EIR).

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to profit or loss.

**3.10 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, with banks in current and deposit accounts, cheques in hand, demand draft and running finance under mark-up arrangements. Running finances under mark-up arrangements are shown within short-term borrowings under current liabilities on the statement of financial position.

**3.11 Impairment**

**3.11.1 Impairment of financial assets**

**Financial assets covered under IFRS 9**

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Financial assets covered under IAS 39**

The Securities and Exchange Commission of Pakistan (SECP) through its SRO No. 985(I)/2019 dated September 02, 2019 has partially modified applicability of IFRS 9 in respect of companies holding financial assets due from the Governnent of Pakistan (GoP). The said SRO states that requirements contained in IFRS 9 'Financial Instruments' with respect to application of expected credit losses (ECL) method on such receivable balances shall not be applicable till June 30, 2021. Consequently, the Company has not recorded impact of aforesaid ECL on the financial assets due from state owned entities (i.e SNGPL, HUBCO and GENCO-II) in the unconsolidated financial statements based on the clarification received from SECP. The Company expects same exemption for another one year from SECP.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss when there is objective evidence as a result of one or more events that occurred after the initial recognition. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial asset carried at cost, the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods. For financial asset carried at amortised cost, the amount of impairment loss recognised is difference between carrying amount and present value of estimated cash flow, discounted at effective interest rate.

**3.11.2 Non-financial assets**

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in profit or loss.

**3.12 Share capital**

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**3.13 Retirement and other service benefits**

**3.13.1 Defined benefit plans**

**Pension funds**

The Company operates approved funded defined benefit pension schemes separately for permanent management and non-management employees except for those employees who joined the Company after December 31, 2012. The scheme is administrated by the trustees nominated under the trust deed. The schemes provide pension based on the employees' last drawn salary. Pensions are payable for life and thereafter 50% to surviving spouses and / or dependent children. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried using the Projected Unit Credit Method. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Actuarial gain or loss (remeasurements) are immediately recognised as 'other comprehensive income/(loss)' as they occur. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

**Gratuity fund**

The Company also operates an approved funded defined benefit gratuity scheme for all its permanent employees. The scheme is administrated by the trustees nominated under the trust deed. The Scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognised in 'Other comprehensive income/(loss)' as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

**Medical benefits**

The Company also provides post retirement defined medical benefits to its permanent employees except for those management and non-management employees who joined the Company after July 01, 2001. Under the unfunded scheme all such employees, their spouses and dependents are entitled to the benefits. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (remeasurements) are immediately recognised in other comprehensive income/(loss) as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

**Compensated absences**

The Company provides for compensated absences on the basis of actuarial valuation carried out in accordance with the requirements of IAS 19 'Employees Benefits'. Actuarial valuation of the scheme is carried out every year. Compensated absences are based on employees' last drawn salary.

**3.13.2 Defined contribution plan**

**Provident fund**

The Company also operates an approved funded defined contributory provident fund separately for its management and non-management employees. Equal monthly contributions are made both by the Company and the employee at the rate of 8.33% per annum of the basic salary. In addition, employees have the option to contribute at the rate of 16.66% per annum, however, the Company's contribution remains at the rate of 8.33% per annum.

**Pension fund**

The Company also operates an approved funded defined contributory pension fund separately for its management and non-management employees. Monthly contribution is made by the Company at the rate of 9.47% per annum of the gross salary.

**3.14 Lease liabilities**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

**3.15 Unclaimed dividend**

The Company recognises unclaimed dividend which was declared and remained unclaimed by the shareholder from the date it was due and payable.

**3.16 Provisions**

Provisions are recognised when the Company has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

**3.17 Contract liabilities**

Contract liability is an obligation of the Company to transfer goods and services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when payment is made or due whichever is earlier. Contract liabilities are recognised in revenue when Company fulfils the performance obligation under the contract.

**3.18 Taxation**

**3.18.1 Current**

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to profit or loss except to the extent it relates to items recognised in other comprehensive income/(loss).

**3.18.2 Deferred**

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences including on investments in associates and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed depreciation, unused tax losses and tax credits can be utilised. Deferred tax assets are remeasured at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss except to the extent it relates to items recognised as other comprehensive income/(loss).

**3.19 Foreign currency transactions and translation**

Transactions in foreign currencies are translated into functional currency (Pakistan Rupees) using exchange rates approximating those ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the rates prevailing at the reporting date are included in profit or loss. Non-monetary items that are measured in terms of a historical cost in a foreign currency are not re-translated.

**3.20 Revenue recognition**

The Company recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Company at customer premises.

The Company generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers ranges from 2 to 90 days.

**3.21 Other income**

Other income is recognised to the extent it is probable that economic benefit will flow to the Company and the amount can be measured reliably. Other income is measured at fair value of the consideration received or receivable and recognised on following basis:

- Dividend income on equity investment is recognised when the Company's right to receive the dividend is established.

- Mark-up / interest on debt securities, return on deposits and other financial assets are recognised on time proportion basis using effective interest rate method.

- Handling, storage and other services income is recognised when the services have been rendered.

- Mark-up receivable on delayed payment is recognised on receipt basis.

**3.22 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capialised as part of the cost of that asset. Borrowing costs eligible for capitalisation are determined using effective interest rate method.

**3.23 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 revenue and incur expenses. An operating segment's operating results are reviewed regularly by the Management Committee of the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BoM includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The business segments are engaged in providing products or services which are subject to risk and rewards which differ from the risk and rewards of other segments. Segments reported are Petroleum products, Liquefied Natural Gas (LNG) and other sources.

**3.24 Interest in joint arrangements**

Joint arrangements are arrangements in which the Company has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement.

The Company classifies a joint arrangement as joint operations when the Company has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operations. The Company classifies a joint arrangement as a joint venture when the Company has rights to the net assets of the arrangement.

The Company currently has joint operations as follows:

- In October 1961, the Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Total Parco Marketing Limited for ownership and operation of the hydrant fuelling facilities known as "Eastern Joint Hydrant System" at Karachi Airport.The Company has a 44% share in this joint arrangement.

- In December 2004, the Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Total Parco Marketing Limited, for establishment and installation of storage facilities relating to petroleum products at Mehmoodkot. The Company has a 62.1% share in the joint arrangement.

- In March 2015, the Company entered into an unincorporated joint arrangement with Attock Petroleum Limited (APL) for establishment, operation and maintenance of a fuel farm and to operate and maintain the hydrant refueling system at the New Islamabad International Airport. Each party has a 50% share in this joint arrangement.

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in these unconsolidated financial statements under the appropriate line items.

**3.25 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognised in the unconsolidated financial statements in the period in which these are approved.

**3.26 Earnings 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.

**3.27 Contingencies**

Contingencies are disclosed when Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resourses embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

**(Amounts in Rs. '000)**

## 4. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2021 | 2020 |
|---|---|---|---|
| Operating assets | 4.1 | **8,792,788** | 7,187,082 |
| Capital work-in-progress | 4.4 | **5,363,766** | 2,806,482 |
| | | **14,156,554** | 9,993,564 |

## 4.1 Operating assets

(Amounts in Rs. '000)

| | Land | | Building | | Tanks and pipelines | Service and filling stations (note 4.1.2) | Plant and machinery | Furniture and fittings | Vehicles and other rolling stock | Office equipments | Railway sidings | Gas cylinders / regulators (note 4.1.2) | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold | Leasehold | On freehold land | On leasehold land | | | | | | | | | |
| **As at July 01, 2019** | | | | | | | | | | | | | |
| Cost | 559,374 | 128,417 | 968,359 | 1,517,025 | 4,403,120 | 11,329,398 | 4,701,115 | 349,822 | 1,724,698 | 961,742 | 97,613 | 372,078 | 27,112,761 |
| Accumulated depreciation | - | (38,926) | (628,299) | (879,093) | (3,642,777) | (8,738,971) | (3,457,752) | (286,858) | (1,300,987) | (807,050) | (60,979) | (157,694) | (19,999,386) |
| Net book value | 559,374 | 89,491 | 340,060 | 637,932 | 760,343 | 2,590,427 | 1,243,363 | 62,964 | 423,711 | 154,692 | 36,634 | 214,384 | 7,113,375 |
| **Year ended June 30, 2020** | | | | | | | | | | | | | |
| Opening net book value | 559,374 | 89,491 | 340,060 | 637,932 | 760,343 | 2,590,427 | 1,243,363 | 62,964 | 423,711 | 154,692 | 36,634 | 214,384 | 7,113,375 |
| Additions / transfers | - | - | 66,913 | 899 | 19,256 | 776,656 | 174,579 | 7,887 | 103,325 | 69,956 | - | 56,114 | 1,275,585 |
| **Disposals (note 4.2)** | | | | | | | | | | | | | |
| Cost | - | - | (801) | (4) | (8,031) | (69,011) | (8,948) | (2,944) | (35,665) | (15,028) | - | - | (140,432) |
| Accumulated depreciation | - | - | 801 | 4 | 7,951 | 68,805 | 8,647 | 2,742 | 26,033 | 15,028 | - | - | 130,011 |
| | - | - | - | - | (80) | (206) | (301) | (202) | (9,632) | - | - | - | (10,421) |
| Depreciation charge (note 4.1.1) | - | (1,705) | (22,921) | (62,359) | (126,255) | (463,331) | (242,635) | (21,869) | (144,279) | (72,633) | (4,469) | (29,001) | (1,191,457) |
| Closing net book value | 559,374 | 87,786 | 384,052 | 576,472 | 653,264 | 2,903,546 | 1,175,006 | 48,780 | 373,125 | 152,015 | 32,165 | 241,497 | 7,187,082 |
| **As at June 30, 2020** | | | | | | | | | | | | | |
| Cost | 559,374 | 128,417 | 1,034,471 | 1,517,920 | 4,414,345 | 12,037,043 | 4,866,746 | 354,765 | 1,792,358 | 1,016,670 | 97,613 | 428,192 | 28,247,914 |
| Accumulated depreciation | - | (40,631) | (650,419) | (941,448) | (3,761,081) | (9,133,497) | (3,691,740) | (305,985) | (1,419,233) | (864,655) | (65,448) | (186,695) | (21,060,832) |
| Net book value | 559,374 | 87,786 | 384,052 | 576,472 | 653,264 | 2,903,546 | 1,175,006 | 48,780 | 373,125 | 152,015 | 32,165 | 241,497 | 7,187,082 |
| **Year ended June 30, 2021** | | | | | | | | | | | | | |
| Opening net book value | **559,374** | **87,786** | **384,052** | **576,472** | **653,264** | **2,903,546** | **1,175,006** | **48,780** | **373,125** | **152,015** | **32,165** | **241,497** | **7,187,082** |
| Additions / transfers | **39,481** | **-** | **75,586** | **205,881** | **1,216,826** | **813,610** | **251,569** | **79,704** | **32,147** | **111,284** | **-** | **70,781** | **2,896,870** |
| **Disposals (note 4.2)** | | | | | | | | | | | | | |
| Cost | **-** | **(17,496)** | **(1,172)** | **(502)** | **(5,355)** | **(106,323)** | **(3,444)** | **(4,311)** | **(37,338)** | **(15,257)** | **-** | **-** | **(191,197)** |
| Accumulated depreciation | **-** | **12,849** | **1,172** | **435** | **5,355** | **105,746** | **3,393** | **4,271** | **29,294** | **15,230** | **-** | **-** | **177,744** |
| | **-** | **(4,647)** | **-** | **(67)** | **-** | **(577)** | **(51)** | **(40)** | **(8,044)** | **(27)** | **-** | **-** | **(13,453)** |
| Depreciation charge (note 4.1.1) | **-** | **(1,484)** | **(25,585)** | **(62,640)** | **(149,772)** | **(512,228)** | **(242,807)** | **(25,372)** | **(140,931)** | **(77,440)** | **(4,446)** | **(35,005)** | **(1,277,711)** |
| Closing net book value | **598,855** | **81,655** | **434,053** | **719,646** | **1,720,318** | **3,204,351** | **1,183,717** | **103,072** | **256,297** | **185,832** | **27,719** | **277,273** | **8,792,788** |
| **As at June 30, 2021** | | | | | | | | | | | | | |
| Cost | **598,855** | **110,921** | **1,108,885** | **1,723,299** | **5,625,816** | **12,744,330** | **5,114,871** | **430,158** | **1,787,167** | **1,112,697** | **97,613** | **498,973** | **30,953,586** |
| Accumulated depreciation | **-** | **(29,266)** | **(674,832)** | **(1,003,653)** | **(3,905,498)** | **(9,539,979)** | **(3,931,154)** | **(327,086)** | **(1,530,871)** | **(926,865)** | **(69,894)** | **(221,700)** | **(22,160,799)** |
| Net book value | **598,855** | **81,655** | **434,053** | **719,646** | **1,720,318** | **3,204,351** | **1,183,717** | **103,072** | **256,297** | **185,832** | **27,719** | **277,273** | **8,792,788** |
| Annual rate of depreciation (%) | **-** | **1-7** | **5-10** | **5-20** | **5-20** | **5-33** | **5-33** | **7-33** | **17-20** | **7-33** | **7-10** | **10** | |

(Amounts in Rs. '000)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **4.1.1 Depreciation charge for the year has been allocated as follows:** | | | |
| Cost of products sold | 30.2 | **27,122** | 33,085 |
| Distribution and marketing expenses | 32 | **1,108,405** | 1,044,353 |
| Administrative expenses | 33 | **142,184** | 114,019 |
| | | **1,277,711** | 1,191,457 |

**4.1.2** Service and filling stations include cost of Rs.12,237,548 (2020: Rs.11,537,703) incurred by the Company on underground storage tanks, dispensing units, other equipment, construction and related work. It also includes cost incurred on modernization and development under the "New Vision Scheme" on approximately 2,131 (2020: 2,067) out of the total 3,501 (2020: 3,463) retail filling stations of dealers and consumer sites. In view of large number of outlets and consumer sites, the management considers it impracticable to disclose particulars of assets not in the possession of the Company as required under the Fourth Schedule to the Companies Act, 2017. Further, gas cylinders amounting to Rs. 498,969 (2020: Rs.428,189) are not in possession of the Company.

**4.1.3** Included in operating assets are fully depreciated assets having cost of Rs.16,826,096 (2020: Rs.16,262,751).

**4.1.4** Included in operation assets are assets having net book value of Rs. 690,216 (2020: Rs. 704,674) in respect of Company's share in the joint operation. Certain assets relating to joint operation Eastern Joint Hydrant System (EJHD) and New Islamabad International Airport (NIAP) are not in the possession or name of the Company aggregating to Rs. 108,122 (2020: Rs. 55,261) and Rs. 381,389 (2020: Rs. 336,747) respectively. The possession of these assets at EJHD and NIAP is with Shell Pakistan Limited and Attock Petroleum Limited respectively. In view of large number of assets, the Company considered it impracticable to disclose particulars of assets not in the possession or name of the Company as required under the Fourth Schedule of the Companies Act, 2017.

**4.2** The details of operating assets disposed off during the year are as follows:

| | Cost | Accumulated depreciation | Net book value | Sale proceeds | Gain | Mode of disposal | Particulars of buyers |
|---|---|---|---|---|---|---|---|
| Vehicle | 2,294 | 1,453 | 841 | 879 | 38 | Company Policy | Syed Jehangir A. Shah<br>Ex. Employee |
| Vehicle | 1,983 | 1,091 | 892 | 976 | 84 | Company Policy | Mr. Imtiaz Jaleel<br>Ex. Employee |
| Vehicle | 1,982 | 1,024 | 958 | 1,024 | 66 | Company Policy | Mr. M. Babar Siddiqui<br>Ex. Employee |
| Vehicle | 1,806 | 777 | 1,029 | 1,806 | 777 | Company Policy | Mr. Rana M Imran<br>Ex. Employee |
| Vehicle | 2,084 | 1,075 | 1,009 | 1,078 | 69 | Company Policy | Mr. Aziz A. Hemani<br>Ex. Employee |
| Vehicle | 1,929 | 930 | 999 | 1,121 | 122 | Company Policy | Mr. Saad Uddin Ahmed<br>Ex. Employee |
| Vehicle | 2,083 | 936 | 1,147 | 1,148 | 1 | Company Policy | Mr. Azfar Yazdani<br>Ex. Employee |
| Items having book value of less than Rs. 500 each | 177,036 | 170,458 | 6,578 | 39,762 | 33,184 | | |
| **June 30, 2021** | **191,197** | **177,744** | **13,453** | **47,794** | **34,341** | | |
| June 30, 2020 | 140,432 | 130,011 | 10,421 | 34,007 | 23,586 | | |

**4.3** The particulars of immovable fixed asset (i.e. land) are as follows:

| Description of Location | Addresses | Total Area of Land Square Yards |
|---|---|---|
| **Installations** | | |
| Machike Installation | Sargodha Road, Sheikhupura | 164,742 |
| Morgah Installation | Caltex Road, New Lalazar, Rawalpindi | 14,913 |
| Pipri Installation (ZOT) | National Highway, Pipri | 460,647 |
| Shikarpur Installation | Deh Ali Murad Kalhoro. Taluka Kanpur. Distt. Shikarpur | 261,965 |
| **Depots** | | |
| Chitral Depot | Mastuj-Dir Road, Chitral | 13,790 |
| Chakpirana Depot | Chakpirana, G.T Road Lala Moosa | 104,091 |
| Daulatpur Depot | Daulatpur, Distt. Nawabshah | 140,360 |
| Faqirabad Depot | Lawrancepur, Distt. Attock | 112,984 |
| Lalpir Depot | Deh Khuhawar & Gujrat,Tehsil Kot Addu Distt, Muzafargarh | 157,179 |
| Habibabad Depot | Near Railway crossing, Habibabad Distt. Kasur | 199,620 |
| Khuzdar Depot | Main R.C.D. Highway Road, Khuzdar | 48,400 |
| Kohat Depot | 13-KM, Kohat/Rawalpindi Road, Kohat | 56,507 |
| Kotlajam Depot | Kotlajam, Distt. Bhakkar | 48,400 |
| New Faisalabad Depot | Village Karari, Chak No 190 RB, Tehsil Saddar, Distt. Faisalabad | 100,611 |
| New Hyderabad Depot | Deh Senhwar, Taluka Distt. Hyderabad | 248,050 |
| Pasni Depot | Pasni Gawadar Road, Opposite Airport Road, Girani | 96,800 |
| Quetta Depot 'C' | Chaman Road,Quetta Cantt | 30,008 |
| Sangi Depot | Deh Mehranpure,Taluka Pano Akil | 48,400 |
| Serai Naurang Depot | Village Nar Hafizabad Tehsil, Distt. Bannu | 48,521 |
| Taru Jabba Depot | G.T Road, Peshawar | 64,523 |
| **Division Office** | | |
| **Retail Outlets** | | |
| Daimond Fuel Station | Jamrud Road, Peshawar | 1,785 |
| Garden Petroleum Station | Opp. Fatima Jinnah Girls High School, Nishter Road, Karachi | 1,056 |
| Madni Petroleum Services | College Road, Peshawar | 1,194 |
| PSO Service Station | Block-A North Nazimabad, Karachi | 1,000 |
| Pak Service Station | Sukkur City, Opposite Hira Medical Center, Sukkur | 833 |
| PSO Service Station | 3A, The Mall, Rawalpindi | 870 |
| **Others** | | |
| Bin Qasim Pak Saudia | South Western Zone, Port Qasim Authority, Karachi | 116,160 |
| Computer Institute, Badin | PSO Computer Institute, Badin | 4,840 |
| Jamshoro Land | Deh Morho Jabbal,Taluka Kotri Distt., Dadu | 968,000 |
| PSO House | PSO House, Clifton, Karachi | 6,535 |
| Railway Marshalling Yard, Pipri | South Western Zone, Port Qasim Authority, Karachi | 484,000 |

(Amounts in Rs. '000)

**4.3.1** In view of large number of buildings and other immoveable assets, the Company considers it impracticable to disclose particulars of such assets of the Company as required under the Fourth Schedule to the Companies Act, 2017.

| **4.4** | **Capital work-in-progress** | **Note** | **2021** | **2020** |
|---|---|---|---|---|
| | Tanks and pipelines | | **3,403,096** | 1,393,509 |
| | Service and filling stations | | **79,606** | 113,685 |
| | Plant and machinery | | **138,003** | 60,125 |
| | Furniture, fittings and equipment | | **15,776** | 813 |
| | Advance to suppliers and contractors | | **119,483** | 99,866 |
| | Capital spares | | **1,607,802** | 1,138,484 |
| | | 4.4.1 & 4.4.2 | **5,363,766** | 2,806,482 |

**4.4.1** Movement in capital work-in-progress is as follows:

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **2,806,482** | 1,073,784 |
| Additions during the year | **5,560,682** | 3,060,038 |
| Transfers during the year | | |
| - Operating assets | **(2,896,870)** | (1,275,585) |
| - Intangibles | **(106,528)** | (51,755) |
| | **(3,003,398)** | (1,327,340) |
| Balance at end of the year | **5,363,766** | 2,806,482 |

**4.4.2** Includes capital work-in-progress amounting to Rs. 269,601 (2020: Rs. 182,269) in respect of Company's share in joint operation.

| **5.** | **RIGHT-OF-USE ASSETS** | **Note** | **Land** | **Building** | **Total** |
|---|---|---|---|---|---|
| | **Balance at the beginning of the year** | | | | |
| | Cost | | 5,086,081 | 50,583 | 5,136,664 |
| | Accumulated depreciation | | (377,488) | (23,361) | (400,849) |
| | **Net book value** | | **4,708,593** | **27,222** | **4,735,815** |
| | **Movement during the year** | | | | |
| | Opening net book value | | 4,708,593 | 27,222 | 4,735,815 |
| | Additions | | 588,383 | - | 588,383 |
| | Change due to modifications | | 333,716 | - | 333,716 |
| | Less: Depreciation charge | 5.2 | (418,422) | (23,361) | (441,783) |
| | Less: Disposals made | | | | |
| | Cost | | (434) | - | (434) |
| | Accumulated depreciation | | 85 | - | 85 |
| | | | (349) | - | (349) |
| | Closing net book value | | **5,211,921** | **3,861** | **5,215,782** |
| | **Balance at the end of the year** | | | | |
| | Cost | | | | |
| | Accumulated depreciation | | 6,007,746 | 50,583 | 6,058,329 |
| | Closing net book value | | (795,825) | (46,722) | (842,547) |
| | **Net book value** | | **5,211,921** | **3,861** | **5,215,782** |

(Amounts in Rs. '000)

**5.1** The annual rate of depreciation for the right-of-use assets ranges between 1% - 20%.

| **5.2** | **Depreciation charge for the year has been allocated as follows:** | **Note** | **2021** | **2020** |
|---|---|---|---|---|
| | Distribution and marketing expenses | 32 | **411,476** | 376,374 |
| | Administrative expense | 33 | **30,307** | 24,475 |
| | | | **441,783** | 400,849 |

**5.3** The right-of-use assets comprise land and office premises acquired on lease by the Company for its operations. The Company has also entered into lease of pipelines and tank lorries, however, these do not constitute right-of-use assets on account of variable payments not linked to index or rate.

## 6. INTANGIBLES

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Net carrying value** | | | |
| Balance at beginning of the year | | **82,930** | 52,193 |
| Additions at cost | | **106,528** | 51,755 |
| Amortisation charge for the year | 6.1 & 33 | **(35,930)** | (21,018) |
| Balance at end of the year | | **153,528** | 82,930 |
| **Gross carrying value** | | | |
| Cost | 6.2 | **615,258** | 508,729 |
| Accumulated amortisation | | **(461,730)** | (425,799) |
| Net book value | | **153,528** | 82,930 |

**6.1** The cost is being amortised over the period of 3 to 5 years.

**6.2** Intangibles include ERP System (SAP), anti-virus softwares and other office related softwares.

(Amounts in Rs. '000)

| 7. LONG-TERM INVESTMENTS | Note | 2021 | 2020 |
|---|---|---|---|
| **Investment in related parties** | | | |
| **Investment held at fair value through other comprehensive income** | | | |
| **In a unquoted company** | | | |
| - Pak-Arab Pipeline Company Limited (PAPCO)<br>Equity held: 12% (2020: 12%)<br>No. of shares: 8,640,000 (2020: 8,640,000) of Rs. 100 each | 7.3 | **7,874,629** | 8,516,173 |
| **Investment in subsidiary - at cost** | | | |
| **In a quoted company** | | | |
| - Pakistan Refinery Limited (PRL)<br>Equity held 63.56% (2020: 60%)<br>No. of shares: 400,459,028 (2020: 189,000,000) of Rs. 10 each | 7.4 | **4,890,680** | 2,776,090 |
| - Advance against issue of share capital | 7.4.1 | **-** | 1,890,000 |
| | | **4,890,680** | 4,666,090 |
| **Investment in associates** | | | |
| **In unquoted companies** | | | |
| - Asia Petroleum Limited (APL)<br>Equity held: 49% (2020: 49%)<br>No. of shares: 46,058,570 (2020: 46,058,570) of Rs. 10/- each | 7.5 | **3,453,641** | 2,955,801 |
| - Pak Grease Manufacturing Company (Private) Limited (PGMCL)<br>Equity held: 22% (2020: 22%)<br>No. of shares: 686,192 (2020: 686,192) of Rs. 10 each | 7.5 | **47,558** | 52,694 |
| | | **3,501,199** | 3,008,495 |
| | | **16,266,508** | 16,190,758 |

**7.1** The principal place of business of all the investees is in Karachi.

**7.2** Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Company. Accordingly, the Company has carried out an exercise to ascertain the fair value of investment as at the year end using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value

| | Note | 2021 | 2020 |
|---|---|---|---|
| - Discount rate | | **16.4% - 17.2%** | 16.8% - 17.8% |
| - Growth rate of terminal value | | **6%** | 5% |

Based on the above fair valuation exercise, the Company has recorded an unrealised loss (net of tax) of Rs. 502,009 (2020: gain of Rs.1,652,178) in other comprehensive (loss) / income for the year.

| 7.3 Movement of investment classified as FVOCI | Note | 2021 | 2020 |
|---|---|---|---|
| Balance at beginning of the year | | **8,516,173** | 6,404,764 |
| Remeasurement (loss) / gain recognised as other comprehensive (loss) / income | | **(641,544** | 2,111,409 |
| Balance at end of the year | | **7,874,629** | 8,516,173 |

(Amounts in Rs. '000)

| | | Note | 2021 | 2020 |
|---|---|---|---|---|
| **7.3.1** | **Sensitivity to unobservable inputs:** | | | |
| | - Discount rate (1% increase) | | **(580,008)** | (619,123) |
| | - Discount rate (1% decrease) | | **705,147** | 737,965 |
| | - Growth rate of terminal value (1% increase) | | **517,028** | 500,839 |
| | - Growth rate of terminal value (1% decrease) | | **(426,608)** | (422,476) |
| **7.4** | **Movement of investment in subsidiary at cost** | | | |
| | Balance at beginning of the year | | **2,776,090** | 2,566,090 |
| | Investment made during the year | 7.4.1 | **2,114,590** | 210,000 |
| | Balance at end of the year | | **4,890,680** | 2,776,090 |

**7.4.1** During the year ended June 30, 2021, 189,000,000 right shares of PRL at Rs. 10 per share categorize as Class B, which was subscribed by the Company during FY 2020 against 'Advance against issue of share capital' has been transferred in the name of the Company. Further, as per the undertaking given by the Company to PRL in FY 2020 for subscribing such remaining portion of 40% of the Right Issue which would remain unsubscribed, the Company, during the year, has subscribed remaining 7.13% unsubscribed portion of Class A shares (22,459,028 shares). The payment for the unsubscribed portion amounting to Rs. 224,590 has been made by the Company on July 23, 2020. Resultantly, the Company's shareholding in PRL has increased to 400,459,028 shares (63.56%) as of June 30, 2021. On Spetember 1, 2020 the PRL through special resolution eliminated separate class of shares.

**7.5 Investments in associates**

**7.5.1 Movement of investment in associates**

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | APL | PGMCL | Total | APL | PGMCL | Total |
| Balance at beginning of the year | **2,955,801** | **52,694** | **3,008,495** | 2,418,932 | 50,065 | 2,468,997 |
| Share of profit / (loss) of associates - net of tax: | | | | | | |
| - current year - unaudited | **589,717** | **(2,987)** | **586,730** | 536,917 | 1,373 | 538,290 |
| - adjustment for last year profit / (loss) based on prior year audited financial statements | **(4,084)** | **(1,329)** | **(5,413)** | 5,423 | 677 | 6,100 |
| | **585,633** | **(4,316)** | **581,317** | 542,340 | 2,050 | 544,390 |
| Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax | **4,324** | **(820)** | **3,504** | (5,471) | 579 | (4,892) |
| Dividend income | **(92,117)** | **-** | **(92,117)** | - | - | - |
| Balance at end of the year | **3,453,641** | **47,558** | **3,501,199** | 2,955,801 | 52,694 | 3,008,495 |

(Amounts in Rs. '000)

**7.5.2** The summarised financial information of the associates, based on their unaudited financial statements is as follows:

| | Un-audited 2021 | | Un-audited 2020 | |
|---|---|---|---|---|
| | APL | PGMCL | APL | PGMCL |
| Revenue | 2,034,623 | 97,362 | 2,061,899 | 108,976 |
| Profit after taxation for the year | 1,203,503 | (13,577) | 1,087,415 | 198 |
| Other comprehensive income | - | - | 8,825 | (3,725) |
| Total comprehensive income | 1,203,503 | (13,577) | 1,096,240 | (3,527) |
| Non-current assets | 1,025,544 | 45,512 | 1,152,515 | 50,079 |
| Current assets | 7,722,687 | 201,093 | 6,052,959 | 207,333 |
| | 8,748,231 | 246,605 | 7,205,474 | 257,412 |
| Non-current liabilities | (359,128) | (14,124) | (385,737) | (14,037) |
| Current liabilities | (1,340,857) | (16,308) | (786,999) | (13,625) |
| | (1,699,985) | (30,432) | (1,172,736) | (27,662) |
| Net assets | 7,048,246 | 216,173 | 6,032,738 | 229,750 |

**7.5.3 Reconciliation of carrying amount of investment**

| | 2021 APL | 2021 PGMCL | 2020 APL | 2020 PGMCL |
|---|---|---|---|---|
| Net assets (Note 7.5.2) | 7,048,246 | 216,173 | 6,032,738 | 229,750 |
| Company's holding in % (Note 7) | 49% | 22% | 49% | 22% |
| Company's share of investment in associate | 3,453,641 | 47,558 | 2,956,042 | 50,545 |
| Adjustments based on audited financial statements | - | - | (241) | 2,149 |
| Carrying amount of investment | 3,453,641 | 47,558 | 2,955,801 | 52,694 |

(Amounts in Rs. '000)

| | | | 2021 | 2020 |
|---|---|---|---|---|
| **8.** | **LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES** | | | |
| | **Loans - considered good** | | | |
| | Executives* | 8.1 | **153,715** | 156,234 |
| | Employees | | **321,388** | 360,711 |
| | | 8.2 | **475,103** | 516,945 |
| | Current portion shown under current assets | 14 | **(171,383)** | (158,931) |
| | | | **303,720** | 358,014 |
| | **Advances - considered good (secured)** | | | |
| | Employees | 8.4 | **80,042** | 57,034 |
| | Current portion shown under current assets | 14 | **(25,303)** | (24,075) |
| | | | **54,739** | 32,959 |
| | **Other receivables** | | | |
| | - Considered good | | **48,387** | 63,639 |
| | - Considered doubtful | | **8,143** | 8,143 |
| | | | **56,530** | 71,782 |
| | Provision for impairment | | **(8,143)** | (8,143) |
| | | | **406,846** | 454,612 |
| **8.1** | **Reconciliation of carrying amount of long-term loans to executives*:** | | | |
| | Balance at beginning of the year | | **156,234** | 114,029 |
| | Disbursements made during the year | | **51,873** | 85,455 |
| | Repayments made during the year | | **(54,392)** | (43,250) |
| | Balance at end of the year | | **153,715** | 156,234 |

*These represent executives as prescribed under the Companies Act, 2017.

**8.2** These represent interest free loans to executives and employees for purchase of motor cars, motor cycles, house building, marriage, umrah and others, in accordance with the Company's policy. Loans for purchase of motor cars and motor cycles are secured against the respective assets, whereas all other loans are unsecured. These loans are recoverable in monthly installments over a period of twenty months to sixty months. Loans to executives and employees have not been discounted as the amount involved is not significant to these unconsolidated financial statements.

**8.3** The maximum aggregate amount of loans due from executives and employees at the end of any month during the year was Rs. 237,612 (2020: Rs. 225,391).

**8.4** These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Company's policy. These advances are secured against respective assets and are recovered through monthly deduction of house allowance until complete repayment is made.

| | | Note | 2021 | 2020 |
|---|---|---|---|---|
| **9.** | **LONG-TERM DEPOSITS** | | | |
| | Long-term deposits | 9.1 | **335,859** | 207,272 |

**9.1** These include interest free deposits amounting to Rs. 117,337 (2020: Rs. 126,290) paid to related parties.

(Amounts in Rs. '000)

## 10. DEFERRED TAX ASSET - NET

| | Balance as at June 30, 2020 | Charge for the year: Profit or loss | Charge for the year: Other comprehensive income | Balance as at June 30, 2021 |
|---|---|---|---|---|
| **Taxable temporary difference in respect of:** | | | | |
| Accelerated tax depreciation | 449,449 | 44,623 | - | **494,072** |
| Investment in associates accounted for under equity method | 378,134 | 73,380 | - | **451,514** |
| Equity investment held as FVOCI | 1,664,348 | - | (139,535) | **1,524,813** |
| Right of use asset net of lease liabilities | 27,252 | (66,725) | - | **(39,473)** |
| others | (2,361) | - | - | **(2,361)** |
| **Deductible temporary difference in respect of:** | | | | |
| **Provision for:** | | | | |
| Tax amortisation | (678) | (691) | - | **(1,369)** |
| Impairment of Stores and spares | (17,553) | (3,160) | - | **(20,713)** |
| Provision for slow moving products | (25,967) | - | - | **(25,967)** |
| Impairment on trade debts | (898,921) | (97,951) | - | **(996,872)** |
| Impairment on other Receivables | (772,443) | (162,546) | - | **(934,989)** |
| Retirement and other service benefits | (1,736,912) | (179,197) | 254,819 | **(1,661,290)** |
| Excise, taxes and other duties | (21,121) | - | - | **(21,121)** |
| Liabilities offered for taxation | (11,986,914) | (83,893) | - | **(12,070,807)** |
| Recoupable carried forward tax loss | (276,587) | 276,587 | - | **-** |
| Recoupable minimum turnover Tax | (3,928,497) | 3,928,497 | - | **-** |
| | **(17,148,771)** | **3,728,924** | **115,284** | **(13,304,563)** |

| | Note | 2021 | 2020 |
|---|---|---|---|
| **10.1** Movement in deferred tax asset - net is as follows: | | | |
| Balance at beginning of the year | | **17,148,771** | 12,496,742 |
| - recognized in profit or loss | 36 | **(3,728,924)** | 6,014,105 |
| - recognized in other comprehensive income / (loss) | | **(115,284)** | (1,362,076) |
| Balance at end of the year | | **13,304,563** | 17,148,771 |

## 11. STORES, SPARES AND LOOSE TOOLS

| | Note | 2021 | 2020 |
|---|---|---|---|
| Stores, spares and loose tools | | **864,683** | 599,158 |
| Provision for obsolete / slow moving | 11.1 | **(71,422)** | (60,527) |
| | | **793,261** | 538,631 |

**11.1** The movement in provision for obsolete / slow moving is as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Balance at beginning of the year | | **60,527** | 36,808 |
| Provision recognised during the year | 34 | **10,895** | 23,719 |
| Balance at end of the year | | **71,422** | 60,527 |

(Amounts in Rs. '000)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **12. STOCK-IN-TRADE** | | | |
| Raw and packing material | | **2,072,009** | 1,816,381 |
| Petroleum and other products (gross) | 12.1 | **54,379,442** | 28,505,530 |
| Less: Stock held on behalf of third parties | 12.2 | **(2,170,735)** | (2,249,211) |
| | | **54,280,716** | 28,072,700 |
| Provision for slow moving products | 12.3 | **-** | (89,543) |
| Provision for write down to net realisable value | | **-** | (304,248) |
| | 12.4 | **54,280,716** | 27,678,909 |
| In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Company Limited - net of loss | | **21,303,048** | 15,518,767 |
| | | **75,583,764** | 43,197,676 |
| Add: Charges incurred thereon | | **3,444,940** | 14,017,092 |
| | 30 | **79,028,704** | 57,214,768 |

**12.1** Includes stock-in-transit amounting to Rs. 10,975,093 (2020: Rs. 16,802,745) and stocks (net of provision) held by:

| | 2021 | 2020 |
|---|---|---|
| Shell Pakistan Limited | **100,898** | 147,411 |
| Byco Petroleum Pakistan Limited | **4,261** | 3,854 |
| | **105,159** | 151,265 |

**12.2** Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2020: Rs. 23,730). This also includes stock held on behalf of related parties amounting to Rs. 32,639 (2020: Rs. 18,602).

**12.3** The movement in provision for slow moving products:

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **89,543** | 21,456 |
| Provision during the year | **-** | 89,543 |
| Reversal of provision during the year | **-** | (21,456) |
| Write off during the year | **(89,543)** | - |
| | **(89,543)** | 68,087 |
| Balance at end of the year | **-** | 89,543 |

**12.4** Includes Rs.Nil (2020: 9,979,857) in respect of stock carried at net realisable value.

(Amounts in Rs. '000)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **13. TRADE DEBTS** | | | |
| **Considered good** | | | |
| - Due from Government agencies and autonomous bodies | | | |
| - Secured | 13.1 | **198,221** | 124,663 |
| - Unsecured | 13.2 | **185,808,652** | 161,751,360 |
| | | **186,006,873** | 161,876,023 |
| - Due from other customers | | | |
| - Secured | 13.1 | **4,157,539** | 1,826,424 |
| - Unsecured | 13.2 | **30,031,506** | 33,414,478 |
| | | **34,189,045** | 35,240,902 |
| | | **220,195,918** | 197,116,925 |
| **Considered doubtful** | | **3,437,488** | 3,099,727 |
| Trade debts - gross | | **223,633,406** | 200,216,652 |
| Provision for impairment | 13.2 & 13.3 | **(3,437,488)** | (3,099,727) |
| Trade debts - net | | **220,195,918** | 197,116,925 |

**13.1** These debts are secured by way of security deposits and bank guarantees.

**13.2** Included in trade debts is an aggregate amount of Rs. 183,895,759 (2020: Rs. 169,989,614) due from GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO), and Sui Northern Gas Pipelines Company Limited (SNGPL). These include past due trade debts of Rs. 71,992,376 (2020: Rs. 75,013,820), Rs. 13,316,559 (2020: Rs. 23,331,012) and Rs. 93,510,930 (2020: Rs. 68,296,465) from GENCO, HUBCO and SNGPL respectively, based on the agreed credit terms.The Company carries a specific provision of Rs. 346,975 (2020: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 178,472,890 (2020: Rs.166,767,780) as doubtful, as the Company based on measures being undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time and therefore, no further provision has been made in these unconsolidated financial statements.

**13.3** The movement in provision for impairment during the year is as follows:

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **3,099,727** | 3,025,523 |
| Provision recognised during the year | **466,541** | 262,952 |
| Reversal of provision during the year | **(128,780)** | (188,748) |
| | **337,761** | 74,204 |
| Balance at end of the year | **3,437,488** | 3,099,727 |

**13.3.1** Provision for impairment has been recognised against trade debts as follows:

| | 2021 | 2020 |
|---|---|---|
| Related parties | **1,531,251** | 1,332,981 |
| Other customers | **1,906,237** | 1,766,746 |
| | **3,437,488** | 3,099,727 |

For the year ended June 30, 2021

(Amounts in Rs. '000)

**13.4** As at June 30, 2021, trade debts aggregating to Rs. 30,366,647 (2020: Rs. 17,312,197) are neither past due nor impaired. The remaining trade debts aggregating to Rs. 189,829,272 (2020: Rs. 179,447,642) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

| | 2021 | 2020 |
|---|---|---|
| Up to 1 month | **27,295,287** | 14,210,201 |
| Over 1 month to 3 months | **70,347,417** | 57,161,879 |
| Over 3 months to 6 months | **2,062,643** | 8,556,297 |
| Over 6 months to 1 year | **1,902,885** | 9,989,199 |
| Over 1 year | **88,221,040** | 89,530,066 |
| | **189,829,272** | 179,447,642 |

**13.5** The details of trade debts due from associates and related parties are as follows:`

| | Maximum aggregate outstanding at the end of any month | | Balance as at 30 June | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| **Associate** | | | | |
| Asia Petroleum Limited | **1,311** | 1,817 | **-** | - |
| **Other Related Parties** | | | | |
| GENCO | **75,174,865** | 86,089,329 | **71,992,376** | 75,013,820 |
| SNGPL | **98,586,824** | 97,609,037 | **98,586,824** | 71,171,325 |
| Pakistan International Airlines Corporation | **13,009,168** | 13,757,761 | **12,872,161** | 12,572,121 |
| K-Electric Limited | **4,970,515** | 8,192,634 | **2,568,617** | 2,295,518 |
| Pakistan Railways | **2,206,207** | 2,353,558 | **1,921,402** | 2,179,349 |
| Oil & Gas Development Corporation Limited | **2,566,143** | 615,685 | **2,285** | 601,456 |
| Pakistan Petroleum Limited | **34,111** | 87,779 | **34,111** | 7,669 |
| Sui Southern Gas Company Limited | **6,702** | 640 | **-** | - |
| Pakistan Steel Mills Corporation Limited | **3,336** | 3,865 | **-** | 1,871 |
| Civil Aviation Authority | **-** | 1,169 | **-** | 677 |
| Pakistan National Shipping Corporation | **2,021** | 2,021 | **2,021** | 2,021 |
| | | | **187,979,797** | 163,845,827 |

**13.6** The details of past due or impaired trade debts from associates and related parties are as follows:

| Name | Up to 6 months | More than 6 months | Total 2021 | Total 2020 |
|---|---|---|---|---|
| **Other Related Parties** | | | | |
| GENCO | **-** | **71,992,376** | **71,992,376** | 75,013,820 |
| SNGPL | **93,510,930** | **-** | **93,510,930** | 68,296,465 |
| Pakistan International Airlines Corporation | **2,539,213** | **9,909,908** | **12,449,121** | 12,318,439 |
| Pakistan Railways | **975,664** | **14,284** | **989,948** | 1,767,577 |
| Oil & Gas Development Corporation Limited | **-** | **2,285** | **2,285** | 380,614 |
| Pakistan Petroleum Limited | **-** | **-** | **-** | 4,124 |
| Pakistan National Shipping Corporation | **-** | **2,021** | **2,021** | 2,021 |
| | **97,025,807** | **81,920,874** | **178,946,681** | 157,783,060 |
| Provision for impairment (notes 13.6.1 & 13.6.2) | | | **(1,531,295)** | (1,332,981) |
| | | | **177,415,385** | 156,450,079 |

As at June 30, 2020, an amount of Rs. 1,302,184, Rs. 68,296,465, Rs. 6,089,402, Rs. 1,763,553, Rs. 380,466 and Rs. 4,124 are past due upto 6 months from GENCO, SNGPL, Pakistan International Airlines Corporation, Pakistan Railways, Oil & Gas Development Corporation Limited, Pakistan Petroleum Limited and Pakistan National Shipping Corporation respectively.

(Amounts in Rs. '000)

**13.6.1** The movement in provision for impairment against due from related parties during the year is as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Balance at beginning of the year | | **1,332,981** | 1,071,117 |
| Provision during the year | 13.6.2 | **198,314** | 261,864 |
| Balance at end of the year | | **1,531,295** | 1,332,981 |

**13.6.2** The provision for impairment has been recognised in respect of following related parties:

| | 2021 | 2020 |
|---|---|---|
| GENCO | **346,975** | 346,975 |
| Pakistan International Airlines Corporation | **1,182,299** | 983,985 |
| Pakistan National Shipping Corporation | **2,021** | 2,021 |
| | **1,531,295** | 1,332,981 |

## 14. LOANS AND ADVANCES

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Secured** | | | |
| Loans and advances to executives and employees | | | |
| - Current portion of long-term loans and advances, including Rs. 83,632 (2020: Rs.72,293) to executives | 8 | **196,686** | 183,006 |
| - Short-term loans and advances | | **129,815** | 77,959 |
| | | **326,501** | 260,965 |
| **Unsecured** | | | |
| Advance to suppliers | | **19,932** | 149,387 |
| Advance for Company-owned filling stations | | **1,863** | 3,963 |
| | | **21,795** | 153,350 |
| | | **348,296** | 414,315 |

## 15. SHORT-TERM DEPOSITS AND PREPAYMENTS

| | 2021 | 2020 |
|---|---|---|
| **Deposits - interest free** | | |
| Duty and development surcharge | **20,605** | 2,086,564 |
| Deposit against court orders | **53,006** | 53,006 |
| | **73,611** | 2,139,570 |
| Prepayments | **148,348** | 419,872 |
| | **221,959** | 2,559,442 |

(Amounts in Rs. '000)

| 16. OTHER RECEIVABLES | Note | 2021 | 2020 |
|---|---|---|---|
| Due from GoP, a related party, on account of: | | | |
| - Price differential claims (PDC) | | | |
| - on imports (net of related liabilities) of Motor gasoline | 16.1 | **1,350,961** | 1,350,961 |
| - on High Speed Diesel (HSD) | 16.2 | **602,603** | 602,603 |
| - on Ethanol E-10 fuel | | **27,917** | 27,917 |
| - on account of supply of Furnace Oil to K-Electric Limited (KEL) at Natural Gas prices | 16.3 | **3,908,581** | 3,908,581 |
| - GENCO receivables | 16.4 | **3,407,357** | 3,407,357 |
| | | **9,297,419** | 9,297,419 |
| Unfavourable exchange differences on FE-25 borrowings due from GoP - a related party | 24.8 | **-** | 1,798,997 |
| Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty - due from related party | 16.5 | **259,793** | 259,793 |
| Sales tax refundable - due from related party | | **757,514** | - |
| | | **10,314,726** | 11,356,209 |
| Provision for impairment | 16.6 | **(1,602,919)** | (718,336) |
| | | **8,711,807** | 10,637,873 |
| Handling and hospitality charges | | **729,644** | 759,482 |
| Product claims - insurance and other - considered doubtful | | **90,201** | 90,201 |
| Provision for impairment | 16.6 | **(90,201)** | (90,201) |
| | | **-** | - |
| Workers' Profit Participation Fund | 16.7 | **232,214** | 89,936 |
| Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party) | | **2,648,016** | 4,582,323 |
| Provision for impairment | 16.6 | **(46,000)** | (46,000) |
| | | **2,602,016** | 4,536,323 |
| Others | | | |
| - Considered good | | **6,830,623** | 7,766,955 |
| - Considered doubtful | | **1,484,981** | 1,809,060 |
| | | **8,315,604** | 9,576,015 |
| Provision for impairment | 16.6 | **(1,484,981)** | (1,809,060) |
| | | **6,830,623** | 7,766,955 |
| | 16.8 & 16.1 | **19,106,304** | 23,790,569 |

### 16.1 Import PDC on motor gasoline

This represents PDC on account of import of motor gasoline by the Company, being the difference between the imported landed costs and the local ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Company as well as other Oil Marketing Companies (OMCs) were asked in the meeting chaired by Director General (Oil) - Ministry of Petroleum and Natural Resources (MoP&NR) to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the MoP&NR, GoP with a proposal for pricing mechanism whereby end consumer price of motor gasoline was proposed to be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Although at that time, no response was received from the MoP&NR, the Company along with another OMC continued to import motor gasoline on behalf of the industry being confident that price differential on motor gasoline will be settled as per previous practice i.e. based on the differential between ex-refinery and import cost as the imports were being made on MoP&NR's instruction.

The Company continued to follow up with MoP&NR for early settlement of these claims and the ministry also confirmed vide its letter no. PL-NP(4)/2010-F&P dated July 28, 2010 that the above mentioned claims are under process. During financial year 2010-2011, MoP&NR - GoP vide its letter no. PL-3(434)/2011Vol XII dated May 31, 2011 implemented the Economic Coordination Committee (ECC's) decision, whereby end consumer price of motor gasoline will be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product, thereby putting an end to any further PDC.

Out of total claim of Rs. 6,350,961, the Company received an amount of Rs. 5,000,000 during the year ended June 30, 2012. MoP&NR vide its letter no. PL-7(4)/2012-13 dated March 01, 2013 informed the Ministry Finance (MoF) regarding the balance amount payable to the Company and advised to include it in budgetary allocation.

(Amounts in Rs. '000)

However, in response to confirmation request sent by the Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit by Auditor General Pakistan (AGPR).

Subsequently MoP&NR through its letter dated March 31, 2017 communicated the directives of Departmental Accounts Committee (DAC) wherein the DAC had advised MoP&NR to allow the PDC claim to the Company based on actual incidental costs incurred rather than being formula based. Accordingly, the Company appointed an independent firm of Chartered Accountants which undertook the assignment of reverification of PSO's PD Claim based on the above directives. The firm issued its final audit report in April 2018 according to which PSO's claim was lower by Rs. 365,294 based on actual cost of incidentals, for which provision for impairment was made during the year ended June 30, 2018. Subsequently, the Company wrote a letter dated May 02, 2018 to MoE, Ministry of Energy (Petroleum Division) and shared the final audit report. During FY 2020, the Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Company took up the matter again with MoE for early settlement of these outstanding receivables vide its letter no PDC.231220 dated December 23, 2020. The Company is confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

**16.2 PDC relating to certain HSD products**

This represents the balance of PDC due from GoP. This PDC originated in 2004 when there were significant increases in international oil prices. The Government of Pakistan, however, provided relief to end consumers by not passing on the entire increase in local prices of petroleum products. This was done by introduction of a price subsidy. As a result of this subsidy to consumers, PSO could not recover its actual cost from the end consumer and the deficit in recovery was to be reimbursed by GoP through payment of subsidy. PSO was asked to claim this subsidy by submitting price differential claims. As a set procedure, PSO used to submit fortnightly claims to the GoP, for the amount of PDC receivable on the sales of petroleum products made by it during the fortnight. Payments were then released against these claims.

The last settlement against this claim was made by GoP in April 2012 when the Company was directed to adjust an amount of Rs. 514,600 against dividends payable to GoP. The Company made the adjustments accordingly.

The Company wrote a letter dated January 26, 2015 to Directorate General (Oil) MoP&NR, requesting for the inclusion of said claim in the Federal Budget 2015-16, however, the said claim was not included in Federal Budget 2015-16. Further, in response to confirmation request sent by the Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit.

MoP&NR through its letter dated March 31, 2017, communicated the directives of DAC meeting dated March 02, 2017 wherein the DAC had advised MoP&NR to provide decision against the summary dated October 09, 2004 submitted by MoP&NR for approval of the Prime Minister, based on which Finance Division had released / approved the above PDC.

During the year ended June 30, 2018, MoP&NR informed the Company vide its letter no. PL-3 (242)/2017 dated August 04, 2017 that the Company's claim of Rs. 602,603 was referred to Government of Pakistan – Finance Division which raised certain reservations. However, the Company in response through its letter to MoP&NR has claimed that the outstanding amount of Rs. 602,603 is authentic and verified by M/s Deloitte Yousuf Adil, Chartered Accountants (M/s Deloitte) and has requested MoP&NR to approach Ministry of Finance (MoF) for reimbursement of same. During FY 2020, the Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Company took up the matter again with MoE for early settlement of these outstanding receivables vide its letter no PDC.231220 dated December 23, 2020. The Company is confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

(Amounts in Rs. '000)

**16.3 PDC on account of supply of furnace oil to KEL at Natural Gas prices**

The Company received a directive from MoP&NR through letter no. NG(1)-7(58)09-LS(Vol-1) dated November 26, 2009 in which the Company was directed to supply furnace oil to KEL at the prices equivalent to natural gas prices plus applicable duties and taxes under the Natural Gas Load Management Program (GLMP) for Winter 2009-2010. As per this arrangement, the differential cost between the natural gas and furnace oil was to be borne by GoP and reimbursed directly to the Company by MoF. The Company was again directed by GoP in May 2010 to supply furnace oil to KEL at natural gas prices. Accordingly, furnace oil was provided to KEL at natural gas price which resulted in PDC of Rs. 5,708,581 out of which Rs. 1,800,000 was received from MoF in June 2010.

The Ministry of Water & Power (MoW&P) vide its letter dated December 24, 2012 requested MoF to settle the above mentioned claims at the earliest. The MoP&NR vide its letter no. DOM-3(17)/2013 dated April 19, 2013 also requested MoF to process the claim of PSO at the earliest. During the year ended June 30, 2013, the Company vide its letter no. PDC/96/13/001 dated December 19, 2013 requested the MoW&P for placing the request with MoF to include this claim in the Federal Budget 2014-2015. Subsequently, MoW&P vide its letter dated March 26, 2014 requested the MoF for inclusion of the said claim in the Federal Budget 2014-15, but the said amount was not included in the budget. The Company again requested MoW&P on May 3, 2016 for recommending this case for inclusion in the Federal Budget 2016-2017

Further, MoP&NR vide its letter no. DOM-3 (17) / 2016 dated September 27, 2016 advised the Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Company would refund the said amount to GoP. In return, the Company furnished the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letter no. DOM-3(17)/2016 dated October 25, 2016 requested MoW&P for budgetary provision of the claim, but it was not included in the budget for FY 2017-18.

During the year ended June 30, 2018, the Company requested MoP&NR vide its letter no. IJ/July 2017/1 dated July 28, 2017 to advice MoF (Budget/Corporate Finance) for early payment/settlement of GLMP PD claim. Subsequently, MoE (Petroleum Division) vide its letter no. DOM-3(17)/2016 dated October 04, 2017 requested MoE (Power Division) for processing the Company`s claim. On February 15, 2018, the Company vide its letter no. PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and release of funds to the Company against the claim. During the year ended June 30, 2019, the Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget of 2019-20. MoE responded vide its letter dated May 7, 2019 that it had already requested Ministry of Finance for inclusion of said claim in Budget 2019-20.

During FY2020, the Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Company took up the matter again with MoF for early settlement of these outstanding receivables vide its letter no PD.2021/1 dated April 26, 2021. The Company is confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

**16.4 GENCO - PDC between the products Low Sulphur Furnace Oil (LSFO) and High Sulphur Furnace Oil (HSFO)**

In 1996, through a decision taken at a meeting of the Privatisation Commission and Finance Division - GoP, the Company was advised to supply LSFO to Kot Addu Power Project at the HSFO price and GENCO was advised to absorb the price differential between the two products. However, later on, in accordance with the decision of ECC dated November 4, 2003, the Company was allowed to recover this amount through a pricing mechanism in addition to recovery of the amount outstanding against its other white oil claims for import price differential. As the validity period for said recovery mechanism expired on December 31, 2004, hence, the Company could not make any recovery on this account through the recovery mechanism as other white oil price differential claims had to be recovered first which also could not be recovered in full through this recovery mechanism. However, the Company continued to follow up the matter with MoP&NR. In 2005, the Company submitted an independent report on the verification of the above claim to MoP&NR, upon their request. In 2006, a joint reconciliation exercise was carried out with GENCO as per the decision taken in a meeting held on May 19, 2006 under the chairmanship of Additional Finance Secretary (GoP) and the final reconciliation statements were submitted to MoF and GENCO. Subsequently, on February 3, 200 Company

(Amounts in Rs. '000)

and GENCO agreed upon the final receivable balance of Rs. 3,407,357. MoP&NR vide its letter no. PL-7(4)/2012-13 dated March 01, 2013 has requested the MoF to make a provision of the said amount in the Federal Budget 2013-2014. The Company vide its letter no. PDC/96/13/001 dated January 27, 2015 requested MoW&P to take up the matter with MoF to settle the claim. MoW&P vide its letter no. PF-5(13)/2012 dated March 9, 2015 sought certain clarifications regarding the claim. The Company vide its letter no. PDC/96/15/001 dated March 31, 2015 replied to the clarification sought by MoW&P and requested for inclusion of the said claim in Federal Budget 2015-2016, however, the said claim was not included in the Federal Budget 2015-16.

Further, MoP&NR vide its letter no. DOM-3 (17) / 2016 dated September 27, 2016 advised the Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Company would refund the said amount to GoP. The Company in return provided the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letters dated November 02, 2016 and May 08, 2017 requested MoF for special budgetary allocation for settlement of this claim, however, it was not included in the budget for FY 2017-18.

During the year ended June 30, 2018, the Company requested MoP&NR vide its letter no. IJ/July 2017/1 dated July 28, 2017 to advice MoF (Budget/Corporate Finance) for early payment/settlement of PD claim between LSFO and HSFO. Subsequently, MoE (Petroleum Division) vide its letter no. DOM-3(17)/2016 dated October 04, 2017 requested MoE (Power Division) for processing the Company's claim. On February 15, 2018 Company vide its letter PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and the release of funds to the Company against the claim. During the year ended June 30, 2019, the Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget 2019-20. MoE responded vide its letter dated May 07, 2019 that it has already requested Ministry of Finance for inclusion of said claim in Budget 2019-20.

During FY 2020, the Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21.The Company took up the matter again with MoF for early settlement of these outstanding receivables vide its letter no PD.2021/1 dated April 26, 2021 The Company is confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

**16.5 Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty**

The Ministry of Finance - GoP (MoF-GoP) through SRO 392(I)/2015 dated April 30, 2015 imposed regulatory duty on import of high speed diesel and motor gasoline. Since the notification of regulatory duty was received on May 04, 2015, the impact of the regulatory duty could not be incorporated in the prices effective from May 01, 2015, which were announced on April 30, 2015 and hence could not be recovered. However, through SRO 603(I)/2015 dated June 30, 2015, the regulatory duty was rescinded and the aforementioned regulatory duty was introduced as custom duty through Finance Act 2015. During the year ended June 30, 2016, the GoP through SRO 1178(1)/2015 dated November 30, 2015 and Finance Act, 2016 increased custom duty by 1%, resulting in a similar situation, whereby, the Company was unable to recover the impact in subsequent pricing being announced by Oil and Gas Regulatory Authority (OGRA).

The Economic Coordination Committee (ECC) of the Cabinet in its meeting dated March 07, 2018 considered the summary submitted by Petroleum Division on the subject of regulatory duty on crude oil and petroleum products and approved reimbursement of claims of OMCs on account of non-recovery of regulatory duty. The amount approved for the Company was Rs. 356,970 and the ECC directed OGRA to allow recovery of the said claims. Consequently, OGRA allowed the reimbursement amounting to Rs. 356,911 to the Company which completed in September 2018. The Company is also pursuing OGRA for reimbursement of the remaining claim on account of increase in custom duty in November 2015 and July 2016. During the year, the company resubmitted its claim to OGRA vide letter no. OGRA/RD/20122019 dated December 20, 2019. The same was forwarded to FBR by OGRA for verification vide its letter no. OGRA-10-12(56)/2018 dated January 8, 2020. The Company is confident of recovering the said claim in due course of time subject to verification by FBR.

(Amounts in Rs. '000)

**16.6** As at June 30, 2021, receivables aggregating to Rs. 3,224,101 (2020: Rs. 2,663,597) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Receivable from GoP | | **1,602,919** | 718,336 |
| IFEM receivables | | **46,000** | 46,000 |
| Product claims | | **90,201** | 90,201 |
| Other receivables | | **1,484,981** | 1,809,060 |
| | 16.6.1 | **3,224,101** | 2,663,597 |

**16.6.1** The movement of provision for impairment is as follows:

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **2,663,597** | 2,907,016 |
| Provision recognised during the year | **884,583** | 37,394 |
| Reversal of provision during the year | **(324,079)** | (280,813) |
| | **560,504** | (243,419) |
| Balance at end of the year | **3,224,101** | 2,663,597 |

**16.7 Workers' Profit Participation Fund**

| | Note | 2021 | 2020 |
|---|---|---|---|
| Balance at beginning of the year | | **89,936** | 89,936 |
| Allocation for the year | 34 | **(2,318,722)** | - |
| | | **(2,228,786)** | 89,936 |
| Payments during the year | | **2,461,000** | - |
| Balance at end of the year | | **232,214** | 89,936 |

**16.8** Includes receivables of Rs.8,723,441 (2020: Rs.10,666,183) due from associates and other related parties.

**16.9** Financial assets included in other receivables aggregating to Rs. Nil (2020: Rs.1,798,997) were neither past due nor impaired. Further, financial assets aggregating to Rs. 14,004,857 (2020: Rs. 17,142,375) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

| | 2021 | 2020 |
|---|---|---|
| Up to 3 months | **93,373** | 516,644 |
| 3 to 6 months | **41,485** | 43,092 |
| More than 6 months | **13,869,999** | 16,582,639 |
| | **14,004,857** | 17,142,375 |

**16.10** Includes receivables amounting to Rs.7,965,927 (2020: Rs. 8,867,186) from related parties which are past due but not impaired:

| | Maximum aggregate outstanding at the end of any month | Up to 6 months | More than 6 months | Total 2021 | Total 2020 |
|---|---|---|---|---|---|
| **Associate** | | | | | |
| Asia Petroleum Limited | **11,634** | - | **11,634** | **11,634** | 11,634 |
| **Other related parties** | | | | | |
| Government of Pakistan | **10,874,338** | - | **9,557,212** | **9,557,212** | 9,557,212 |
| Pak-Arab Refinery Company Limited | - | - | - | - | 16,676 |
| | **10,885,972** | - | **9,568,846** | **9,568,846** | 9,585,522 |
| Provision for impairment (note 16.10.1) | | | | **(1,602,919)** | (718,336) |
| Net receivable from related parties | | | | **7,965,927** | 8,867,186 |

(Amounts in Rs. '000)

As at 30 June 2020, it includes receivables amounting to Rs. 11,634, Rs. 9,557,212 and Rs. 16,676 due from Asia Petroleum Limited, Government of Pakistan and Pak-Arab Refinery Limited respectively which are past due but not impaired and maximum aggregate amount at any time during the year calculated by reference to month-end balance are Rs. 11,634, Rs. 9,557,212 and Rs. 16,676 respectively. This includes aging of amount due from related parties include balance of Rs Nil that is past due upto 6 months and balance of Rs. 9,585,522 was past due by more than 6 months.

**16.10.1** The movement of provision for impairment against due from GoP, related party is as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Balance at beginning of the year | | **718,336** | 999,149 |
| Provision recognised during the year | | **884,583** | - |
| Reversal of provision during the year | | **-** | (280,813) |
| Balance at the end of the year | | **1,602,919** | 718,336 |

## 17. CASH AND BANK BALANCES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Cash in hand | | **10,873** | 9,648 |
| Cash at banks in: | | | |
| - current accounts | 17.1 | **2,506,037** | 3,851,445 |
| - saving accounts | 17.2 | **384,709** | 47,559 |
| | | **2,890,746** | 3,899,004 |
| | | **2,901,619** | 3,908,652 |

**17.1** Includes Rs. 1,414,050 (2020: Rs.1,240,000) kept in a separate bank account in respect of security deposits received from the customers. These security deposits do not carry any interest.

**17.2** These balances carry interest / mark-up ranging from 3.25% to 3.75% (2020: 3.25% to 7.5%) per annum.

## 18. NET ASSETS IN BANGLADESH

| | 2021 | 2020 |
|---|---|---|
| Property, plant and equipment - at cost | **46,968** | 46,968 |
| Accumulated depreciation | **(16,056)** | (16,056) |
| | **30,912** | 30,912 |
| Capital work-in-progress | **809** | 809 |
| Trade debts | **869** | 869 |
| Long-term loans relating to assets in Bangladesh | **(4,001)** | (4,001) |
| | **28,589** | 28,589 |
| Provision for impairment | **(28,589)** | (28,589) |
| | **-** | - |

The Company has no control over these assets and has maintained these in its records at the position as it was in 1971.

## 19. SHARE CAPITAL

### 19.1 Authorised capital

| 2021 (Number of shares) | 2020 (Number of shares) | | 2021 | 2020 |
|---|---|---|---|---|
| **500,000,000** | 500,000,000 | Ordinary shares of Rs. 10/- each | **5,000,000** | 5,000,000 |

(Amounts in Rs. '000)

**19.2 Issued, subscribed and paid-up capital**

| 2021 | 2020 | | Note | 2021 | 2020 |
|---|---|---|---|---|---|
| (Number of shares) | | | | | |
| | | Ordinary shares of Rs. 10/- each | | | |
| **3,000,000** | 3,000,000 | - Issued for cash | | **30,000** | 30,000 |
| **7,694,469** | 7,694,469 | - Issued against shares of the amalgamated companies | | **76,945** | 76,945 |
| **458,778,833** | 458,778,833 | - Issued as bonus shares | | **4,587,789** | 4,587,789 |
| **469,473,302** | 469,473,302 | | 19.3 | **4,694,734** | 4,694,734 |

**19.3** Movement in issued, subscribed and paid-up share capital during the year is as follows:

| 2021 | 2020 | | Note | 2021 | 2020 |
|---|---|---|---|---|---|
| (Number of shares) | | | | | |
| | | Ordinary shares of Rs. 10/- each | | | |
| **469,473,302** | 391,227,752 | At the beginning of the year | | **4,694,734** | 3,912,278 |
| **-** | 78,245,550 | Issued during the year as fully paid bonus shares | | **-** | 782,45 |
| **469,473,302** | 469,473,302 | At the end of the year | 19.4 | **4,694,734** | 4,694,734 |

**19.4** These fully paid ordinary shares carry one vote per share and right to dividend.

**19.5** As at June 30, 2021, 1,215,648 ordinary shares of Rs. 10 each (2020: 1,215,648 ordinary shares) relate to withholding tax on bonus shares. These were not released by the Company to the Government Treasury based on constitutional petitions filed by the shareholders with the Honourable High Court of Sindh.

**19.6** As at June 30, 2021, associated undertakings - Government of Pakistan and PSOCL Employees Empowerment Trust held 119,767,702 ordinary shares (2020: 119,767,702 ordinary shares) of Rs. 10 each.

## 20. RESERVES

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Capital reserve** | | | |
| Surplus on vesting of net assets | 20.1 | **3,373** | 3,373 |
| **Revenue reserves** | | | |
| Unrealised gain on remeasurement of FVOCI investment | | **5,485,817** | 5,987,826 |
| General reserve | | **25,282,373** | 25,282,373 |
| Un-appropriated profit | | **104,511,905** | 77,092,695 |
| | | **135,280,095** | 108,362,894 |
| | | **135,283,468** | 108,366,267 |

**20.1** This represents surplus arising on vesting of net assets of Esso Oil Marketing business in Pakistan under the Esso Undertakings (Vesting) Act, 1976.

## 21. RETIREMENT AND OTHER SERVICE BENEFITS

| | 2021 | 2020 |
|---|---|---|
| Gratuity | **-** | 16,704 |
| Medical benefits | **6,796,866** | 6,378,954 |
| Compensated absences | **389,480** | 390,939 |
| | **7,186,346** | 6,786,597 |

**21.1**

| | 2021 | 2020 |
|---|---|---|
| Gratuity | **(339,297)** | - |
| Pension | **(1,118,464)** | (797,250) |
| | **(1,457,761)** | (797,250) |

(Amounts in Rs. '000)

**21.2** The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2021 under the Projected Unit Credit Method are as follows:

### 21.2.1 Financial position reconciliation

| | Note | Gratuity fund | | Pension funds | | Medical benefits | |
|---|---|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Present value of defined benefit obligations | 21.2.2 | 7,399,005 | 7,339,743 | 8,799,781 | 8,171,626 | 6,796,866 | 6,378,954 |
| Fair value of plan assets | 21.2.3 & 21.2.9 | (7,738,298) | (7,323,039) | (9,918,246) | (8,968,876) | - | - |
| Net (asset) / liability at end of the year | 21.2.8 | (339,293) | 16,704 | (1,118,465) | (797,250) | 6,796,866 | 6,378,954 |

### 21.2.2 Movement in present value of defined benefit obligations

| | Note | Gratuity fund | | Pension funds | | Medical benefits | |
|---|---|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Present value of defined benefit obligations at beginning of the year | | 7,339,743 | 6,031,284 | 8,171,626 | 6,812,400 | 6,378,954 | 5,611,688 |
| Current service cost | 21.2.4 | 272,730 | 247,200 | 258,706 | 216,038 | 17,416 | 14,953 |
| Past service cost | 21.2.4 | 4,685 | - | 24,736 | - | 146,041 | 697,902 |
| Interest cost | | 643,408 | 833,887 | 745,190 | 973,191 | 582,299 | 804,349 |
| Benefits paid during the year | | (767,946) | (560,670) | (231,030) | (201,472) | (144,598) | (128,900) |
| Transfer to defined contribution funds | | - | - | - | - | - | - |
| Remeasurement: Actuarial (gain) / loss | | (93,615) | 788,042 | (169,447) | 371,469 | (183,246) | (621,038) |
| Present value of defined benefit obligations at end of the year | | 7,399,005 | 7,339,743 | 8,799,781 | 8,171,626 | 6,794,866 | 6,378,954 |

### 21.2.3 Movement in fair value of plan assets

| | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|
| Fair value of plan assets at beginning of the year | 7,323,039 | 5,793,626 | 8,968,876 | 5,400,450 | - | - |
| Expected return on plan assets | 654,841 | 834,308 | 826,754 | 901,257 | - | - |
| Contributions made by the Company | 280,590 | 481,109 | 169,045 | 1,831,706 | - | - |
| Benefits paid during the year | (767,946) | (560,670) | (231,030) | (201,472) | - | - |
| Remeasurement: Actuarial gain | 247,774 | 774,666 | 184,601 | 1,036,935 | - | - |
| Fair value of plan assets at end of the year | 7,738,298 | 7,323,039 | 9,918,246 | 8,968,876 | - | - |

### 21.2.4 Expense recognised in profit or loss

| | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|
| Current service cost | 272,730 | 247,200 | 258,706 | 216,038 | 17,416 | 14,953 |
| Past service cost | 4,685 | - | 24,736 | - | 146,041 | 697,902 |
| Net interest (income) / expense | (11,433) | (421) | (81,564) | 71,934 | 582,299 | 804,349 |
| Expense for the year | 265,982 | 246,779 | 201,878 | 287,972 | 745,756 | 1,517,204 |

### 21.2.5 Actual return on plan assets

| | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|
| Actual return on plan assets | 902,615 | 1,608,974 | 1,011,355 | 1,938,192 | - | - |

(Amounts in Rs. '000)

**21.2.6 Remeasurement loss / (gain) recognised in other comprehensive income / (loss)**

| | Note | Gratuity fund | | Pension funds | | Medical benefits | |
|---|---|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Actuarial (gain) / loss on defined benefit obligation | 21.2.7 | (93,615) | 788,042 | (169,447) | 371,469 | (183,246) | (621,038) |
| Actuarial (gain) / loss on fair value of plan assets | | (247,774) | (774,666) | (184,601) | (1,036,935) | - | - |
| Remeasurement (gain) / loss | | (341,389) | 13,376 | (354,048) | (665,466) | (183,246) | (621,038) |

**21.2.7 The actuarial loss / (gain) on defined benefit obligation occurred on account of following:**

| | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|
| - Financial assumptions | 32,891 | 507,520 | 52,284 | 236,012 | 16,808 | (83,909) |
| - Experience adjustments | (126,506) | 280,522 | (221,731) | 135,457 | (200,054) | (537,129) |
| | (93,615) | 788,042 | (169,447) | 371,469 | (183,246) | (621,038) |

**21.2.8 Net recognised liability / (asset)**

| | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|
| Net liability at beginning of the year | 16,704 | 237,658 | (797,250) | 1,411,950 | 6,378,954 | 5,611,688 |
| Expense recognised in profit or loss | 265,982 | 246,779 | 201,878 | 287,972 | 745,756 | 1,517,204 |
| Contributions made / benefits paid by the Company | (280,590) | (481,109) | (169,045) | (1,831,706) | (144,598) | (128,900) |
| Remeasurement loss / (gain) recognised in other comprehensive income / (loss) | (341,389) | 13,376 | (354,048) | (665,466) | (183,246) | (621,038) |
| Net (asset) / liability at end of the year | (339,293) | 16,704 | (1,118,465) | (797,250) | 6,796,866 | 6,378,954 |

**21.2.9 Plan assets comprise of following**

| | Gratuity fund | | Pension funds | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Regular Income Certificate | 2,850,844 | 2,938,608 | 4,894,706 | 5,149,354 |
| Pakistan Investment Bonds | 2,590,188 | 2,749,980 | 1,993,667 | 2,128,411 |
| Mutual Funds | 2,027,433 | 1,344,979 | 1,059,147 | 759,453 |
| Treasury Bills | - | 259,116 | - | - |
| Quoted Shares | - | - | 1,229,947 | 532,031 |
| Term Finance Certificates | 210,586 | 9,681 | 237,547 | 19,361 |
| Sukuk | 11,004 | 18,597 | 22,007 | 37,193 |
| Cash and cash equivalents | 5,748 | 7,966 | 368,875 | 270,617 |
| Other receivables / (payables) - net | 42,494 | (5,888) | 112,350 | 72,456 |
| Fair value of plan assets at end of the year | 7,738,298 | 7,323,039 | 9,918,246 | 8,968,876 |

**21.2.10** Plan assets include the Company's ordinary shares with a fair value of Rs. 173,754 (2020: Rs. 122,547).

(Amounts in Rs. '000)

**21.2.11** The principal assumptions used in the actuarial valuations carried out as of June 30, 2021, using the 'Projected Unit Credit'method, are as follows:

| | Gratuity fund | | Pension funds | | Medical benefits | | Compensated absences | |
|---|---|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| Discount rate per annum (%) | **10.25** | 9.25 | **10.25** | 9.25 | **10.25** | 9.25 | **10.25** | 9.25 |
| Expected per annum rate of return on plan assets (%) | **10.25** | 9.25 | **10.25** | 9.25 | **-** | - | **-** | - |
| Expected per annum rate of increase in future salaries (%) | **10.25** | 9.25 | **10.25** | 9.25 | **-** | - | **10.25** | 9.25 |
| Expected per annum rate of increase in medical costs (%): | | | | | | | | |
| - active employees | **-** | - | **-** | - | **10.25** | 9.25 | **-** | - |
| - pensioners | **-** | - | **-** | - | **10.25** | 9.25 | **-** | - |
| Indexation of pension (%) | **-** | - | **6.00** | 5.00 | **-** | - | **-** | - |
| Expected mortality rate | **SLIC (2001-05) Ultimate Mortality table** | SLIC (2001-05) Ultimate Mortality table | **SLIC (2001-05) Ultimate Mortality table** | SLIC (2001-05) Ultimate Mortality table | **SLIC (2001-05) Ultimate Mortality table** | SLIC (2001-05) Ultimate Mortality table | **SLIC (2001-05) Ultimate Mortality table** | SLIC (2001-05) Ultimate Mortality table |
| Expected withdrawal rate | **Low** | Low | **Age dependent** | Age dependent | **Age dependent** | Age dependent | **Age dependent** | Age dependent |

**21.2.12** The plans expose the Company to the actuarial risks such as:

**Salary increase risks**
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

**Withdrawal risks**
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

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

**Longevity risks**
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.

In case of the funded plans, the investment positions are managed by Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage risks has not been changed from previous periods. Investments are well diversified and a large portion of plan assets in 2021 consists of Regular income certificates, Pakistan investment bonds, Mutual funds, Treasury bills and Quoted shares.

**21.2.13** 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. Expected return on equity investments reflect long-term real rates of return experienced in the market.

**21.2.14** Expected contributions to gratuity fund, pension funds and medical benefits for the year ending June 30, 2022 are Rs. 248,022, Rs. 144,839 and Rs. 727,295 respectively.

(Amounts in Rs. '000)

**21.2.15 Historical information of staff retirement benefits**

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Pension Plan Funded** | | | | | |
| Present value of defined benefit obligation | **8,799,781** | 8,171,626 | 6,812,400 | 15,933,820 | 14,433,857 |
| Fair value of plan assets | **(9,918,246)** | (8,968,876) | (5,400,450) | (15,060,660) | (10,600,613) |
| Net (asset) / liability at end of the year | **(1,118,465)** | (797,250) | 1,411,950 | 873,160 | 3,833,244 |
| **Gratuity Plans Funded** | | | | | |
| Present value of defined benefit obligation | **7,399,005** | 7,339,743 | 6,031,284 | 5,971,943 | 5,533,523 |
| Fair value of plan assets | **(7,738,298)** | (7,323,039) | (5,793,626) | (5,459,310) | (4,973,184) |
| Net (asset) / liability at end of the year | **(339,293)** | 16,704 | 237,658 | 512,633 | 560,339 |

**21.2.16 Defined contribution plans**

An amount of Rs. 356,015 (2020: Rs. 349,726) has been charged during the year in respect of defined contributionplan maintained by the Company.

**21.2.17 Sensitivity analysis for actuarial assumptions**

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

| | Gratuity fund | Pension funds | Medical benefits |
|---|---|---|---|
| Discount rate (1% increase) | (507,412) | (1,133,591) | (977,247) |
| Discount rate (1% decrease) | 575,774 | 1,408,160 | 1,237,257 |
| Future salary rate (1% increase) | 605,581 | 445,388 | - |
| Future salary rate (1% decrease) | (542,338) | (401,696) | - |
| Future pension rate (1% increase) | - | 962,403 | - |
| Future pension rate (1% decrease) | - | (823,771) | - |
| Medical cost trend rate (1% increase) | - | - | 594,388 |
| Medical cost trend rate (1% decrease) | - | - | (522,281) |

If longevity increases by 1 year, obligation increases by Rs. 400,354 (2020: 378,272)

The sensitivity analysis is 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 defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) is applied as when calculating the liability for gratuity, pension and medical benefits recognised within the statement of financial position. There has been no change in assumptions and methods used in preparing the sensitivity analysis from prior year.

**21.2.18** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the funds, at the beginning of the year.

**21.2.19** The expected maturity analysis of undiscounted retirement benefit liability is as follows:

| | Gratuity fund | Pension funds | Medical benefits |
|---|---|---|---|
| Less than a year | 803,891 | 2,252,950 | 2,244,859 |
| Between 1-2 years | 679,279 | 1,858,869 | 2,370,044 |
| Between 2-3 years | 644,915 | 2,364,913 | 2,700,842 |
| Between 3-4 years | 832,286 | 4,261,993 | 3,474,187 |
| Between 4-5 years | 707,620 | 2,491,996 | 2,712,079 |
| Between 6-10 years | 4,270,258 | 17,687,177 | 19,494,239 |
| Over 10 years | 12,269,289 | 37,709,365 | 27,196,315 |

(Amounts in Rs. '000)

## 22. LEASE LIABILITIES

| | 2021 | 2020 |
|---|---|---|
| **Balance at beginning of the year** | **4,351,881** | - |
| Impact of initial application of IFRS 16 | **-** | 4,430,469 |
| Additions during the year | **588,383** | 115,413 |
| Accretion of interest | **677,562** | 618,215 |
| Lease contracts modified during the year | **333,650** | 300,824 |
| Less: Disposal during the year | **(346)** | - |
| Less: Lease rentals paid | **(889,255)** | (1,113,040) |
| **Balance at the end of year** | **5,061,875** | 4,351,881 |
| Less: Current portion shown under current liability | **(762,171)** | (37,092) |
| **Non-Current Balance** | **4,299,704** | 4,314,789 |

**22.1** The Company has recognised charge of Rs. 3,462,572 (2020: Rs. 3,353,666) to those variable lease payments, which do not form a part of leases.

**22.2** Lease rentals payments includes financial charges thereon for the year ended June 30, 2021 amounting to Rs. 211,693 (2020: Rs. 494,825).

**22.3** The expected maturity analysis of undiscounted lease payment is as follows:

| | 2021 | 2020 |
|---|---|---|
| Less than a year | **762,171** | 522,527 |
| Between 1-5 years | **3,902,672** | 2,693,096 |
| Over 5 years | **14,349,141** | 14,322,532 |

## 23. OTHER PAYABLE

Balance relates to wharfage payable to related party on account of import of LNG by the Company. As per the directions of Ministry of Finance - Economic Affairs Division outstanding wharfage has to be paid in 10 equal installments without interest over a period of 10 years. The Company has recognzied this liability at amortized at inception rate prevailing at the time of determining the liability.

(Amounts in Rs. '000)

## 24. TRADE AND OTHER PAYABLES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Local creditors | 24.1 & 24.2 | **25,601,168** | 10,095,178 |
| Foreign creditors | 24.1 & 24.3 | **51,182,728** | 55,003,455 |
| | | **76,783,896** | 65,098,633 |
| Security deposits | 24.4 | **5,237,383** | 4,723,725 |
| Accrued expenses and other liabilities | 24.5, 24.6, 24.7 & 24.8 | **72,498,735** | 58,989,288 |
| Payable to provident funds | | **9,174** | 22 |
| Due to OMCs and refineries | | **379,730** | 299,959 |
| Advances - unsecured | | | |
| - from customers | | **8,699,802** | 5,044,022 |
| - against equipment | | **1,728** | 1,700 |
| | | **8,701,530** | 5,045,722 |
| Taxes and other government dues | | | |
| - Excise, taxes and other duties | | **2,531,105** | 10,087,116 |
| - Octroi | | **51,590** | 51,590 |
| - Sales tax payable - due to related party | | **-** | 3,051,779 |
| - Income tax deducted at source | | **117,619** | 317 |
| | | **2,700,314** | 13,190,802 |
| Workers' Welfare Fund | | **1,279,084** | 377,591 |
| Others | | **103,980** | 91,692 |
| | | **167,693,826** | 147,817,434 |

**24.1** The average credit period on imports is 30 days on White Oil, 60 days on Black Oil and ranges between 14 to 21 days on Liquified Natural Gas (LNG). On local purchases, the Company is availing 13 to 14 days credit. Thereafter, interest is charged in accordance with the terms of agreement on the outstanding balance.

**24.2** This includes amounts payable to the following related parties:

| | 2021 | 2020 |
|---|---|---|
| Pak-Arab Refinery Company Limited | **13,894,354** | 3,963,643 |
| Pakistan Refinery Limited | **4,399,877** | 2,599,576 |
| | **18,294,231** | 6,563,219 |

**24.3** This includes amount of Rs. 4,306,047 (2020: Rs.6,855,172) in respect of import of LNG.

**24.4** Security deposits include deposits received by the Company under the terms of related agreements and are as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Dealers | 24.4.2 | **1,025,406** | 939,074 |
| Equipments | 24.4.3 | **470,320** | 496,546 |
| Cartage contractors | 24.4.4 | **1,060,210** | 953,905 |
| Card holders | 24.4.5 | **2,119,015** | 1,894,255 |
| Suppliers | 24.4.5 | **465,059** | 357,273 |
| Others | 24.4.5 | **97,373** | 82,672 |
| | | **5,237,383** | 4,723,725 |

**24.4.1** Security deposits include:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Utilisable / utilised in business | 24.4.1.1 | **3,823,333** | 3,483,725 |
| Others | 24.4.1.2 | **1,414,050** | 1,240,000 |
| | | **5,237,383** | 4,723,725 |

(Amounts in Rs. '000)

**24.4.1.1** The amount is fully utilised in business in accordance with requirement of written agreements and in terms of section 217 of the Companies Act, 2017.

**24.4.1.2** The amount is kept in separate bank accounts as per terms of agreement.

**24.4.2** These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand.

**24.4.3** These represent interest-free deposits from customers against Liquified Petroleum Gas (LPG) equipments. The deposits are refundable on the return of equipment and are payable on demand.

**24.4.4** These represent interest bearing and interest-free deposits from contractors against the cartage contracts for transportation of petroleum products. The deposits are refundable on cancellation of contracts.

**24.4.5** These represent non-interest bearing security deposits and are repayable on termination of contract / performance of the services.

**24.5** Includes Rs. 2,070,487 (2020: Rs. 2,010,646) payable to Pakistan National Shipping Corporation, a related party, on account of freight and demurrage charges.

**24.6** Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 21,572,599 (2020: Rs.18,917,760).

**24.7** Includes current portion of wharfage payable to related party amounting to Rs. 169,954 (2020: Rs.169,954).

**24.8** Includes net favorable exchange difference of Rs. 615 million arising on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Company recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Company in respect of these long / extended term borrowing arrangements i.e. the Company would not bear any exchange differences on such borrowings.

## 25. SHORT-TERM BORROWINGS

| | Note | 2021 | 2020 |
|---|---|---|---|
| **From National Bank of Pakistan - Related party** | | | |
| Short-term finances in foreign currency | 25.1 | **16,941,787** | 18,110,162 |
| **From other than related party** | | | |
| Short-term finances | | | |
| - local currency | 25.2 & 25.3 | **9,721,005** | 25,140,000 |
| - foreign currency | 25.1 | **20,561,912** | 18,393,529 |
| | | **30,282,917** | 43,533,529 |
| Finances under mark-up arrangements | 25.2 & 25.3 | **8,818,193** | 4,789,505 |
| | 25.4 & 25.5 | **56,042,897** | 66,433,196 |

**25.1** The rate of mark-up for these facilities range from Re. 0.01 to Re. 0.06 (2020: Re. 0.10 to Re. 0.17) per Rs. 1,000 per day. This facility is secured by way of trust receipts of the Company. These finances have been obtained on the directives of MoF via letter dated September 09, 2015.

(Amounts in Rs. '000)

**25.2** The total facility limit of various financing facilities available from banks aggregate to Rs.139,915,000 (2020: Rs.124,535,000) out of which Rs. 121,375,802 (2020: Rs. 94,605,495) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on the Company's stocks, receivables and trust receipts.

**25.3** The rate of mark-up on short-term finance facility is Re. 0.03 to Re. 0.20 (2020: Re.0.03 to Re. 0.24) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re.0.20 to Re.0.23 (2020: Re. 0.23 to Re. 0.32) per Rs. 1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

**25.4** These finances have been obtained for working capital requirements.

**25.5** As at June 30, 2021, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 297,053 (2020: Rs.1,216,690), which includes Rs.32,261 (2020: Rs.241,175) due to National Bank of Pakistan.

**25.6 Movement in short term and foreign Currency loan:**

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **61,643,691** | 85,916,196 |
| Loans obtained during the year | **739,428,759** | 572,282,137 |
| Loans repaid during the year | **(753,847,746)** | (596,734,038) |
| Adjustment during the year | **-** | 179,396 |
| | **(14,418,987)** | (24,272,505) |
| Balance at end of the year | **47,224,704** | 61,643,691 |

## 26. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities against the Company. The outcome of these legal claims are not expected to give rise to material obligations beyond those provided for.

| | Note | 2021 | 2020 |
|---|---|---|---|
| Claim rasied by regulatory authorities | | **490,972** | 490,972 |
| Infrastructure development cess | | **252,464** | - |
| | | **743,436** | 490,972 |
| Movement of provision during the year is as follows: | | | |
| Balance at beginning of the year | | **490,972** | 490,972 |
| Addition during the year | 28.1.4.2 | **252,464** | - |
| Balance at closing of the year | | **743,436** | 490,972 |

## 27. UNCLAIMED DIVIDEND

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **1,355,064** | 1,739,860 |
| Dividend for the year | **2,347,367** | 1,956,139 |
| Unpaid dividend | **(129,789)** | - |
| | **3,572,642** | 3,695,999 |
| Payments made during the year | **(2,199,214)** | (2,340,935) |
| Balance at end of the year | **1,373,428** | 1,355,064 |

(Amounts in Rs. '000)

### 27.1. UNPAID DIVIDEND

Dividend declared during the year (as mentioned in note 27) represents part of interim dividend for the period ended December 31, 2020 which remained unpaid to the Company's non-resident shareholders. The dividend repatriation requires approval from the State Bank of Pakistan which has been obtained subsequently and the dividend has been remitted to the non-resident shareholders

## 28. CONTINGENCIES AND COMMITMENTS

### 28.1 Contingencies

The Company has contingent liabilities in respect of unrecognized late payment surcharge, pending tax matters and other legal claims in the ordinary course of business.

### 28.1.1 Late payment surcharge

Claims amounting to Rs. Nil (2020: Rs.6,836,838) in respect of delayed payment charges were not recognised upto June 30, 2020 on the understanding that these will be payable only when the Company will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Company against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

### 28.1.2 Income Tax

**28.1.2.1** The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2005 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,513,951. These orders were later rectified and amended to Rs. 831,811. The appeal against tax year 2008 is pending before the High Court of Sindh (SHC). During the year ended June 30, 2019, the Appellate Tribunal Inland Revenue (ATIR) passed an order in respect of Tax Year 2005 which was in favour of the Company except one point on which the Company has filed reference before SHC. Last year, ATIR has passed orders in respect of Tax Year 2006 and 2007 which were mostly in favour of the Company. The Company obtained the effect of ATIR order from taxation authorities for the tax years 2005 and 2006 after which demand is further reduced to Rs. 484,459. The appeal effect of Tax Year 2007 is in process while remaining matters of 2006 are currently being heard by Commissioner Inland Revenue (Appeals) [CIR (Appeals)]. Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.2.2** The taxation officer passed assessment orders dated January 31, 2012, April 06, 2012 and May 31, 2012 in respect of tax years 2009 to 2011 and made certain disallowances and additions resulting in total tax demand of Rs. 4,598,246. The Company filed appeals against these orders before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] who decided certain matters in favour of the Company. During the year ended June 30, 2013, the Company received revised orders showing an aggregate demand of Rs. 740,871 after taking into effect for matters decided in favour of the Company by the CIR (Appeals).The Company has filed appeals before the ATIR for remaining points adjudicated against the Company by the CIR (Appeals) which are pending for hearing. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.2.3** Assistant Commissioner Inland Revenue (ACIR) through his orders dated January 29, 2013 and January 28, 2014 made certain additions and disallowances in respect of tax year 2012 and 2013 respectively raising total tax demand of Rs.3,096,173. The Company had filed appeals there against the said orders before the CIR (Appeals), whereby most of the matters have been decided in favour of the Company. For remaining issues, the Company has filed appeals before the ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

(Amounts in Rs. '000)

**28.1.2.4** The ACIR through his orders dated February 09, 2015 and March 22, 2016 made certain additions and disallowances in respect of tax year 2014 and 2015 respectively, thereby creating total tax demand of Rs. 35,992,978. The orders were later rectified and amended to Rs. 3,619,899. Further, through computerised balloting, the Company was selected for audit of tax year 2014 by the Federal Board of Revenue (FBR) and another demand of Rs. 53,023 was created by FBR for tax year 2014. The Company has filed appeals against these orders before the CIR (Appeals) which were decided partially against the Company in 2018 except for audit case of tax year 2014 which was remanded back by CIR (Appeals) to the assessing officer for verification and effect. The Company has filed appeals before ATIR against these CIR (Appeals) orders. During the year 2019, the Company has received an appeal effect on aforesaid CIR (Appeals) orders from Tax authorities after which the demand has been amended to Rs. 2,585,773. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.2.5** The ACIR through his assessment orders dated February 27, 2017 for Tax Year 2016; and assessment order dated December 29, 2017 and February 28, 2018 for Tax Year 2017, made certain additions and disallowances, thereby creating total tax demand of Rs. 2,685,964. The Company filed appeals against these orders before the CIR (Appeals). The appeal relating to tax year 2016 has been decided by CIR (Appeals) in 2018, whereby few issues have been decided in favour of the Company. The Company had received an appeal effect for the tax year 2016 on aforesaid CIR (Appeals) order from tax authorities after which the aforesaid demand has been reduced to Rs. 2,685,818. For remaining issues, the Company has filed appeals before ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.2.6** The ACIR through his order dated January 31, 2019 made certain additions and disallowances in respect of tax year 2018 and raised tax demand of Rs. 207,773. The Company filed an appeal against aforesaid order before CIR (Appeals) which was decided against the Company. Appeal against the said order has been filed before the ATIR by the Company. Based on the views of tax advisor of the Company, the management believes that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.2.7** The Additional Commissioner Inland Revenue through his order dated September 30, 2020 made certain additions and disallowances in respect of Tax Year 2019 and raised tax demand of Rs. 411,567. The Company has filed an appeal on October 28, 2020 before Commissioner Inland Revenue (Appeals). Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.2.8** The ACIR through his order dated June 30, 2021 for Tax Year 2015 raised tax demand of Rs. 45,304 in respect of alleged short deduction of withhholding tax on payments made to various vendors. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) on July 27, 2021. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.3 Sales Tax**

**28.1.3.1** A sales tax order-in-original No. 01/2010 dated March 30, 2010 was issued by Deputy Commissioner Inland Revenue (DCIR), FBR in respect of sales tax audit of the Company for the tax years 2004-2007. Under the said order, a demand of Rs. 883,864 was raised on account of certain transactions and default surcharge of Rs. 512,172 was imposed. The ATIR decided the case in favour of the Company. However, the tax department has filed an appeal against the aforesaid decision of the ATIR in the High Court of Sindh which is pending for hearing. Based on the views of tax and legal advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the favour of the Company. Accordingly, no provision has been made for the said matters in these unconsolidated financial statements.

**28.1.3.2** The DCIR passed an order dated July 02, 2019 in respect of sales tax audit for tax year 2010 giving rise to demand of Rs. 3,586,018 along with penalty of Rs. 179,300 and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR (Appeals), who has annulled the order and has decided the case in the Company's favour through an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided

(Amounts in Rs. '000)

in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.3.2** The DCIR passed an order dated July 02, 2019 in respect of sales tax audit for tax year 2010 giving rise to demand of Rs. 3,586,018 along with penalty of Rs. 179,300 and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR (Appeals), who has annulled the order and has decided the case in the Company's favour through an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.3.3** A sales tax order dated October 27, 2014 regarding alleged non charging of sales tax on supply of fuel to vessels proceeding outside Pakistan for the year 2014 was raised by the DCIR, FBR. Under the said order, the DCIR imposed a sales tax demand of Rs. 6,243,369 along with default surcharge of Rs. 1,375,082 and a penalty of Rs. 312,168. The Company based on the advice of its tax consultants believes that it has correctly treated the aforesaid supplies as being 'zero' rated. The Company filed an appeal against the said order before the CIR (Appeals) which was decided against the Company in decision dated June 29, 2017, received on December 05, 2017. The Company filed an appeal against the order of CIR (Appeals) before ATIR. In FY 2020, the Appeal was decided in favor of Company by ATIR. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.3.4** The DCIR has passed an order dated July 04, 2019 on the matter of non-charging of sales tax on supply of fuel to vessels and aircrafts proceeding outside Pakistan for the year 2014-15. The aforesaid order resulted in demand of sales tax of Rs. 4,579,596 along with penalty of Rs.228,979 and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR - Appeals, who has annulled the order and has decided the case in Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.3.5** A sales tax order No. 01/2012 dated January 16, 2013 was issued by the DCIR (Adjudication), FBR in respect of delayed payment of sales tax due in sales tax return for March 2011. Under the said order, demand of Rs. 437,305 was raised which comprised default surcharge of Rs. 82,265 and penalty of Rs. 355,040 on late payment. The Company filed an appeal against the said order before CIR (Appeals) which was decided against the Company. The Company, accordingly, filed an appeal against the aforesaid order of CIR (Appeals) before the ATIR which vide its order dated September 13, 2013 upheld the imposition of default surcharge, however, vacated penalty imposed for de novo consideration by adjudicating authority. The matter of penalty was again decided against the Company by adjudicating officer and later on by the CIR (Appeals) vide its order dated September 29, 2015 against which the Company has filed an appeal before the ATIR on February 18, 2016. Further, the Company has also filed an appeal before the SHC against the first order of ATIR, which is pending for hearing. Based on the views of tax and legal advisors of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in favour of the Company. Accordingly, no provision in this respect has been made in these unconsolidated financial statements.

**28.1.3.6** The DCIR passed an order dated July 03, 2019 in respect of non-payment of sales tax on PDC / subsidies giving rise to demand of sales tax of Rs. 33,855,642 alongwith penalty of Rs.33,855,642 and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR - Appeals, who has annulled the order and decided the case in Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.3.7** PRA has issued an order dated September 18, 2017, received on November 30, 2017, against the Company demanding Rs. 2,258,235 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on alleged commission paid to petroleum dealers. The Company does not agree with the stance of PRA as the Authority erroneously assumed the dealer's margin allowed to petroleum dealers through OGRA's price notification as "dealer's commission". The Company further collects general sales tax on such dealer's margin and submits the same to government treasury with monthly sales tax return. Accordingly, levy of

(Amounts in Rs. '000)

Punjab service sales tax on the alleged commission would lead to double imposition of sales tax on dealer's margin. The Company challenged the order in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, an appeal has also been filed with Commissioner - Appeals PRA against the subject order. Commissioner -Appeals PRA in his appellate order dated September 5, 2018 decided the case against the Company while waiving levy of penalty thereon. The Company filed an appeal with Appellate Tribunal PRA, which had set-aside the impugned order and remanded it back to Commissioner-Appeals PRA for deciding it afresh, in the order dated December 9, 2019. Based on the view of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.3.8** PRA has issued two Orders dated April 10, 2018, against the Company demanding Rs. 571,933 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on account of distribution, marketing and administrative expenses as illustrated in Annual Audited Accounts of 2014-15 and 2015-16. The orders were raised on an unsubstantiated assumption that distribution, marketing and administrative expenses disclosed by the Company in its financial statements of aforementioned periods are completely taxable and pertains solely to the province of Punjab. The Company has filed appeal with Commissioner - Appeals PRA against the subject orders, which is still pending. Further, PRA has also issued show cause notice dated April 04, 2018 in respect of the year 2016-17 for recovery of sales tax demand of Rs. 409,491 on similar issue against which the Company has obtained stay order from Lahore High Court. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.3.9** PRA has issued a Show Cause Notice dated October 01, 2019 demanding Rs. 8,839,550 claiming certain components of petroleum price (e.g. dealer's margin, OMC margin and IFEM) as subject to levy of Punjab Sales Tax. The Company did not agree with the view of PRA as the whole price of POL products is subject to levy of general sales tax, being part of value of supply. The Company challenged the said show cause notice, against which the Lahore High Court has duly granted stay. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.3.10** The Collector (Adjudication) - Customs House Karachi, issued show-cause notices dated February 04, 2019, February 06, 2019, and August 06, 2019 to the Company for recovery of minimum value added sales tax of Rs. 17,250,015, on import of furnace oil in Pakistan. Similar notices have also been served on other OMCs as well. The Company has challenged the impugned show-cause notice in the SHC, who granted stay against any coercive action by the adjudicating authority. Based on the views of tax advisor of the Company, as well as the amendment introduced by Finance Act, 2019 favoring the Company's view, the management believes that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.3.11** On June 11, 2005, a demand was raised by the Collector of Customs, Sales Tax and Central Excise (Adjudication) in respect of sales tax, central excise duty and petroleum development levy aggregating to Rs. 165,781 inclusive of additional sales tax and central excise duty on exports of POL products to Afghanistan during the period August 2002 to November 2003. The demand was raised on the grounds that the export consignments were not verified by the Pakistan Embassy / Consulate in Afghanistan as required under Export Policy and Procedures, 2000. It is the Company’s contention that this requirement was in suspension as in the aforesaid period the Pakistan Embassy / Consulate was not fully functional. This condition of suspension was removed only on July 22, 2004 through Export Policy Order, 2004 when the Pakistan Embassy / Consulate became fully functional in Afghanistan. Besides the issue of verification, it is also the Company’s contention that export of POL products to Afghanistan can be verified from the relevant documents and therefore, the demand is unwarranted. The Company had been contesting the matter before ATIR who has remanded the case back to adjudication officer vide its order dated February 06, 2012. Based on the view of tax advisor, the Company is confident that the ultimate outcome of the matter would be in its favour and therefore no provision has been made in these unconsolidated financial statements.

**28.1.4 Other Tax Matters**

**28.1.4.1** The Deputy Director / Sr. Excise and Taxation Officer (ETO) C.M.D.I, Karachi Port Trust (KPT) has issued a notice dated January 6, 2020 to PSO. Through the said notice, a demand of Rs.6,438,869 thousand was raised on account of Sindh maintenance & development infrastructure cess (SMDIC) in respect of POL

(Amounts in Rs. '000)

products consignments imported by PSO during the period 01.07.2016 to 15.11.2019 at Keamari.The Company challenged the aforesaid notice in the High Court of Sindh on February 24, 2020. The High Court through its interim order passed on February 26, 2020 restricted the respondents from taking any action against the petitioner as well as creating any hindrance of lawful import / export of POL products. In a recent judgement dated June 4, 2021 in PSO's CP No.D-1311 of 2020, SHC has dismissed PSO's and all other 487 identical appeals and ordered that the Sindh Finance Act, 2017, promulgated retrospectively, is a valid law within the competence of the Provincial Legislature. However, operation of said Judgement, considerting the intricacy and the issue involved has been suspended for a period of 90 days from the date of the order i.e. June 4, 2021. Aggrieved by the decision, PSO, in consultation with lawyer(s), is filing an appeal before the Honorable Supereme Court of Pakistan against the Sindh High Court order dated June 4, 2021. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**28.1.4.2** The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The Company is contesting the levy along with other companies in the High Court of Sindh which was instituted on May 26, 2011. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. On the directive of the Directorate of Excise and Taxation (Taxes-II), up to June 30, 2021, the management has deposited Rs. 126,232 (2020: Rs.115,047) in cash and provided bank guarantee amounting to Rs.126,232 (2020: Rs.115,047) with the Excise and Taxation Department in a recent judgement dated June 4, 2021 in PSO's CP No.D-1311 of 2020, SHC has dismissed PSO's and all other 487 identical appeals and ordered that the Sindh Finance Act, 2017, promulgated retrospectively, is a valid law within the competence of the Provincial Legislature. However, operation of said Judgement, considerting the intricacy and the issue involved has been suspended for a period of 90 days from the date of the order i.e. June 4, 2021. Aggrieved by the decision, PSO, in consultation with lawyer(s), is filing an appeal before the Honorable Supereme Court of Pakistan against the Sindh High Court order dated June 4, 2021.

**28.1.4.3** As per recent judgement of SHC mentioned in above para, PSO's petition has been dismissed and it was ordered that the Sindh Finance Act, 2017, promulgated retrospectively is a valid law within the competence of the Provincial Legislature. Further, it has also been ordered that all bank guarantees furnished on or after 28.12.2006 shall be encashed and paid to department. However, operation of said Judgement, considering the intricacy and the issue involved has been suspended for a period of 90 days from the date of the order i.e. June 4, 2021. The Company, in consultation with its lawyer(s), is in the process of filing an appeal before the Honorable Supereme Court of Pakistan against the Sindh High Court order dated June 4, 2021. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Company's favour. Total amount of possible obligation, if any, cannot be determined with sufficient reliability. Accordingly, no provision has been made against infrastructure fee in these unconsolidated financial statements.

**28.1.4.4** During the year 2011, the Deputy District Officer, Property Division-B, Government of Sindh issued a show cause notice dated February 25, 2011 under the Sindh Immovable Properties Tax Act, 1958 against the Company for payment of property tax amounting to Rs.35,474 in respect of Keamari terminal land rented by the Company from Karachi Port Trust (KPT). The Company has filed a suit in the High Court of Sindh for restraining the relevant authorities from levying and collecting property tax from the Company and against KPT for recovery of property taxes paid on behalf of KPT during earlier periods amounting to Rs.39,782. The decision of the suit is pending and based on the views of its legal advisor, the management believes that the matter will ultimately be decided in favour of the Company. Accordingly, no provision has been made in this respect in these unconsolidated financial statements.

**28.1.4.5** During the year ended June 30, 2002, Schedule I to Stamp Duty Act, 1899 was substituted with a revised Schedule vide Stamp (Sindh Amendment) Ordinance, 2002 and stamp duty was levied at the rate of 0.2% of amount of contracts including purchase orders for supply or to undertake cartage of stores and materials. MoP&NR has also approached Chief Minister Sindh vide its letter reference D.O.No.PL-3(413)/2009 dated April 04, 2009 on behalf of the oil marketing companies and refineries and has requested Chief Minister Sindh to direct Board of Revenue, Sindh to withdraw the levy of Stamp Duty on purchases of petroleum products as the pricing of petroleum products is a Federal subject.

(Amounts in Rs. '000)

Management in consultation with its legal advisors evaluated that the purchases of petroleum, oil and lubricants do not fall within the purview of the said Act, however, it may be applicable on the purchase of certain items the impact of which will not be significant. The management of the Company is confident that the merits of the case are in favour of the Company and based on the views of its legal advisor, there will be no financial implication on the Company. Accordingly, no provision has been made in this respect in these unconsolidated financial statements.

**28.1.5 Other legal claims**

**28.1.5.1** As at June 30, 2021 certain legal cases amounting to Rs. 8,052,207 (2020: Rs. 7,682,477) have been filed against the Company. However, based on the advice of its legal advisors, the management believes that the outcome of these cases would be decided in the Company's favour. Details of significant legal cases are given below:

| Court | Factual Description | Year of Institution | Party | Relief Sought |
|---|---|---|---|---|
| Sindh High Court | Claim for recovery of pending bills, insurance claims and damages | 2019 | Mengal Brothers v/s PSO | Recovery of financial charges of Rs.4,564,180 |
| Sindh High Court | Dispute relating to award of IT related projects | 2011 | Zaqsoft (Shahrukh Qaiser) vs. PSO | Recovery of damages of Rs.1,447,000 |
| Sindh High Court | Dispute relating to employment | 2011 | Faiz Mahmood Durrani vs. PSO | Recovery of damages of Rs.263,343 |
| Civil Judge Rawalpindi | Claim for recovery of interest charges | 2007 | ARL v/s PSO | Recovery of financial charges of Rs.206,695 |
| District Court Muzaffargarh | Dispute over theft of oil from Jimco Pipeline | 2012 | KAPCO v/s PSO | Recovery of damages of Rs. 200,000 |
| Sindh High Court | Claim for recovery due to loss of business | 2012 | All Pakistan Oil Tankers Association vs. Mengal Brothers, PSO & Others | Recovery of damages of Rs. 193,717 |

**28.1.5.2** Claims against the Company not acknowledged as debts amount to Rs. 6,675,456 (2020: Rs. 6,801,846) other than as mentioned in note 28.1.5.1 to these unconsolidated financial statements.

**28.1.5.3** The Company's share in associates' contingencies in respect of various tax and legal matters as at year end is Rs. 598,169 (2020: Rs. 597,436).

**28.2 Commitments**

**28.2.1** Commitments in respect of capital expenditures contracted for but not yet incurred are as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Property, plant and equipment | | **3,417,366** | 6,461,609 |
| Intangibles | | **175,288** | 872,588 |
| | | **3,592,654** | 7,334,197 |
| **28.2.2** Letters of credit | 28.2.6 | **49,706,950** | 26,070,442 |
| **28.2.3** Bank guarantees | | **1,956,441** | 1,474,867 |
| **28.2.4** Standby letters of credit | | **18,341,799** | 32,609,446 |
| **28.2.5** Post-dated cheques | | **1,000,000** | 1,300,000 |

(Amounts in Rs. '000)

**28.2.6** The Company has total unutilised facility limit against letters of credit aggregating to Rs. 53,379,625 (2020: Rs.74,409,314) as of reporting date.

**28.2.7** The Company's share in associates' committments as at year end is Rs. 26 (2020: Rs. 26)

## 29. NET SALES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Gross sales | 29.1 & 29.2 | **1,424,249,031** | 1,302,036,560 |
| - Discount / allowances | | **(473,553)** | (1,589,588) |
| - Sales tax | | **(197,836,660)** | (174,243,189) |
| - Inland Freight Equalization Margin (IFEM) | | **(21,691,443)** | (17,846,060) |
| | | **(220,001,656)** | (193,678,837) |
| Net sales | | **1,204,247,375** | 1,108,357,723 |

**29.1** This represent revenue from contracts with customers.

**29.2** Includes export sales amounting to Rs. 1,017,781 (2020: Rs. 4,186,690)

## 30. COST OF PRODUCTS SOLD

| | Note | 2021 | 2020 |
|---|---|---|---|
| Opening stock | | **57,214,768** | 89,665,031 |
| Purchases made during the year | 30.1 & 30.2 | **1,171,452,260** | 1,063,680,258 |
| | | **1,228,667,028** | 1,153,345,289 |
| Closing stock | 12 | **(79,028,704)** | (57,214,768) |
| | | **1,149,638,324** | 1,096,130,521 |

**30.1** Includes cost incurred on manufacturing of lubricants amounting to Rs.6,903,232 (2020: Rs. 5,765,550).

**30.2** Includes depreciation amounting to Rs.27,122 (2020: Rs.33,085).

## 31. OTHER INCOME

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Income from financial assets** | | | |
| Interest / mark-up received on delayed payments | | **12,662,186** | 6,924,061 |
| Interest / mark-up on saving accounts | | **131,762** | 93,600 |
| Discounting of wharfage liability | | **551,543** | - |
| Dividend income from FVOCI investment | 31.1 | **350,972** | 283,227 |
| | | **13,696,463** | 7,300,888 |
| **Income from non-financial assets** | | | |
| Handling, storage and other services | 31.2 | **2,302,720** | 1,950,296 |
| Income from Compressed Natural Gas (CNG) operators | 31.2 | **135,659** | 163,729 |
| Income from non-fuel retail business | | **129,564** | 146,906 |
| Income from retail outlets - net | | **116,604** | 75,310 |
| Scrap sales | | **21,189** | 24,871 |
| Gain on disposal of property, plant and equipment | 4.2 | **34,341** | 23,586 |
| Penalties and other recoveries | | **333,649** | 305,009 |
| Liabilities written back | | **111,473** | - |
| Exchange gain | | **1,719,116** | - |
| Others | | **225,568** | 219,611 |
| | | **5,129,883** | 2,909,318 |
| | | **18,826,346** | 10,210,206 |

(Amounts in Rs. '000)

**31.1** This represents dividend received from Pak-Arab Pipeline Company Limited, a related party.

**31.2** This represents revenue from contracts with customers.

## 32. DISTRIBUTION AND MARKETING EXPENSES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Salaries, wages and benefits | 33.1 | **6,571,241** | 6,532,452 |
| Transportation costs | | **552,850** | 347,478 |
| Depreciation on property, plant and equipment | 4.1.1 | **1,108,405** | 1,044,353 |
| Amortization on right-of-use assets | 5.2 | **411,476** | 376,374 |
| Security and other services | | **283,025** | 330,243 |
| Rent, rates and taxes | | **466,735** | 88,775 |
| Repairs and maintenance | | **1,293,428** | 1,469,475 |
| Insurance | | **119,053** | 92,370 |
| Travelling and office transport | | **241,376** | 303,754 |
| Printing and stationery | | **23,025** | 16,979 |
| Communication | | **28,483** | 25,354 |
| Utilities | | **226,308** | 212,811 |
| Storage and technical services | | **52,010** | 83,040 |
| Sales promotion and advertisement | | **418,773** | 533,845 |
| Fees and subscription | | **36,568** | 32,334 |
| | | **11,832,756** | 11,489,637 |

## 33. ADMINISTRATIVE EXPENSES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Salaries, wages and benefits | 33.1 | **2,064,528** | 2,163,823 |
| Depreciation on property, plant and equipment | 4.1.1 | **142,184** | 114,019 |
| Amortization on right-of-use assets | 5.2 | **30,307** | 24,475 |
| Amortisation | 6 | **35,930** | 21,018 |
| Security and other services | | **34,748** | 36,694 |
| Rent, rates and taxes | | **8,244** | 45,912 |
| Repairs and maintenance | | **151,711** | 81,900 |
| Insurance | | **134,243** | 126,573 |
| Travelling and office transport | | **42,727** | 82,885 |
| Printing and stationery | | **9,886** | 11,587 |
| Communication | | **28,521** | 30,985 |
| Utilities | | **72,373** | 55,354 |
| Storage and technical services | | **99,722** | 56,120 |
| Legal and professional | | **59,977** | 45,270 |
| Auditors' remuneration | 33.3 | **8,614** | 31,639 |
| Contribution towards expenses of Board of Management | | **23,890** | 32,756 |
| Donations | 33.4 | **102,348** | 175,589 |
| Fees and subscription | | **7,426** | 11,438 |
| | | **3,057,379** | 3,148,037 |

**33.1** Salaries, wages and benefits also include charge of Rs. 94,024 (2020: Rs. 190,660) in respect of Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 21.1.4 to these unconsolidated financial statements.

(Amounts in Rs. '000)

**33.2 Remuneration of Managing Director, Directors and Executives**

**33.2.1** The aggregate charge for the year in respect of remuneration and benefits to the Managing Director and Executives are as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Managing Director | Executives | Managing Director / Acting Managing Director | Executives |
| Managerial remuneration | 15,770 | 1,088,575 | 14,831 | 1,005,071 |
| Housing and utilities | 8,674 | 598,717 | 8,157 | 552,789 |
| Performance bonus | 2,760 | 190,501 | 2,608 | 263,515 |
| Retirement benefits | 2,875 | 429,071 | 4,322 | 350,871 |
| Leave encashment | - | 35,217 | - | 4,548 |
| Other allowances and benefits | 9,775 | 648,139 | 12,136 | 604,439 |
| | 39,854 | 2,990,220 | 42,054 | 2,781,233 |
| Number, including those who worked part of the year | 1 | 452 | 2 | 417 |

**33.2.2** The amount charged in respect of fee to 10 (2020: 11) non-executive directors aggregated to Rs.17,800 (2020: Rs.27,200).

**33.2.3** In addition, the Managing Director and certain executives are provided with free use of Company maintained cars. Further, the Managing Director and executives are also entitled to avail medical facilities and other benefits as per the Company's policy.

**33.3 Auditors' remuneration**

| | 2021 | | 2020 | | |
|---|---|---|---|---|---|
| | KPMG Taseer Hadi & Co. | Total | A.F. Ferguson & Co. | EY Ford Rhodes | Total |
| **Fee for the:** | | | | | |
| - audit of consolidated financial statements | 1,495 | 1,495 | 1,495 | 1,495 | 2,990 |
| - audit of unconsolidated financial statements | 3,657 | 3,657 | 3,657 | 3,657 | 7,314 |
| - review of half yearly financial information | 1,463 | 1,463 | 1,463 | 1,463 | 2,926 |
| - audit related specialist services | - | - | 2,500 | 2,500 | 5,000 |
| Other Certification | 589 | 589 | 7,638 | 531 | 8,169 |
| Out of pocket expenses | 1,410 | 1,410 | 2,954 | 2,286 | 5,240 |
| | 8,614 | 8,614 | 19,707 | 11,932 | 31,639 |

(Amounts in Rs. '000)

**33.4** All donations are made to Corporate Social Responsibility (CSR) trust which is an independent entity responsible for payment of donations.

**33.5** During the year, no donations were paid to any donee / party in which any director of company is interested.

| | Note | 2021 | 2020 |
|---|---|---|---|
| **34. OTHER EXPENSES** | | | |
| Workers' Profit Participation Fund | 16.7 | 2,318,722 | - |
| Workers' Welfare Fund | | 901,493 | - |
| Exchange loss on foreign currency transactions - net | | - | 128,240 |
| Provision against stock-in-trade - net | 12.3 | - | 68,087 |
| Provision against stores, spares and loose tools | 11.1 | 10,895 | 23,719 |
| Other provisions | | 252,464 | - |
| CNG receivable adjustment | | 443,000 | - |
| Others | | 3,678 | - |
| | | 3,930,252 | 220,046 |

**35. FINANCE COSTS**

| | Note | 2021 | 2020 |
|---|---|---|---|
| Interest / mark-up on short-term borrowings in: | | | |
| - local currency | | 1,221,718 | 8,841,012 |
| - foreign currency | 35.1 | 504,291 | 1,509,180 |
| | | 1,726,009 | 10,350,192 |
| Mark-up on bank accounts under Islamic mode | | 531,814 | 1,088,230 |
| Late payment surcharge and other bank charges | | 7,192,384 | 1,370,675 |
| | | 7,724,198 | 2,458,905 |
| | | 9,450,207 | 12,809,097 |
| Finance cost on wharfage liability | | 114,581 | - |
| Finance cost on lease liabilities | 22 | 677,562 | 618,215 |
| | 35.2 | 10,242,350 | 13,427,312 |

**35.1** Includes mark-up amounting to Rs.100,467 (2020: Rs.174,085) on facilities under Islamic mode.

**35.2** Includes mark-up and bank charges amounting to Rs. 373,072 (2020: Rs. 2,185,196) on facilities obtained from National Bank of Pakistan - a related party.

| | Note | 2021 | 2020 |
|---|---|---|---|
| **36. TAXATION** | | | |
| Current | | | |
| - for the year | | 10,676,540 | 7,347,376 |
| - for prior years - (net) | | 511,043 | (1,738) |
| | | 11,187,583 | 7,345,638 |
| Deferred | 10.1 | 3,728,924 | (6,014,105) |
| | | 14,916,507 | 1,331,533 |

**36.1** Tax charge for the year June 30, 2020 included minimum tax at the rate of 0.75% on the turnover, in accordance with section 113 of the Income Tax Ordinance, 2001.

(Amounts in Rs. '000)

| | 2021 | 2020 |
|---|---|---|
| **36.2 Relationship between accounting profit and taxation** | | |
| Accounting profit / (loss) before taxation | **44,055,712** | (5,134,019) |
| Tax at the applicable tax rate of 29% (2020: 29%) | **12,776,156** | (1,488,866) |
| Tax effect of: | | |
| - Final tax regime and income subject to lower tax rate | **1,597,899** | 2,963,999 |
| - Permanent differences | **29,739** | 50,921 |
| - Adjustments relating to prior years | **511,043** | (1,738) |
| - Adjustments relating to prior years deferred tax | **-** | (250,049) |
| - Others | **1,670** | 57,266 |
| | **14,916,507** | 1,331,533 |
| Effective tax rate | **33** | 26 |

## 37. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings / (loss) per share of the Company, which is based on:

| | 2021 | 2020 |
|---|---|---|
| Profit /(loss) for the year | **29,139,205** | (6,465,552) |
| | **(Number of shares)** | |
| Weighted average number of ordinary shares in issue | **469,473,302** | 469,473,302 |
| | **(Rupees)** | |
| Earnings / (loss) per share - basic and diluted | **62.07** | (13.77) |

(Amounts in Rs. '000)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **38. CASH GENERATED FROM OPERATIONS** | | | |
| Profit / (loss) before taxation | | **44,055,712** | (5,134,019) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 4.1.1 | **1,277,711** | 1,191,457 |
| Depreciation of right-of-use assets | 5 | **441,783** | 400,849 |
| Amortisation of intangibles | 6 | **35,930** | 21,018 |
| Provision for write down to net realisable value | 12 | **-** | 304,248 |
| Provision for impairment on trade debts - net | 13.3 | **-** | 74,204 |
| (Reversal of provision) / provision for impairment against doubtful other receivables - net | 16.6.1 | **560,504** | (243,419) |
| Provision against stock-in-trade | 12 | **-** | 68,087 |
| Provision for impairment against stores, spares and loose tools | 11.1 | **10,895** | 23,719 |
| Provision for retirement and other services benefits | | **1,083,895** | 2,242,615 |
| Gain on disposal of operating assets | 31 | **(34,341)** | (23,586) |
| Share of profit from associates - net of tax | 7.5.1 | **(581,317)** | (544,390) |
| Dividend income from FVOCI Investment | 31 | **(350,972)** | (283,227) |
| Interest on lease payments | 35 | **677,562** | 618,215 |
| Finance costs | 35 | **9,564,788** | 12,809,097 |
| | | **12,686,438** | 16,658,887 |
| Working capital changes | 38.1 | **(25,990,903)** | 57,163,992 |
| | | **30,751,247** | 68,688,860 |

### 38.1 Working capital changes

| | 2021 | 2020 |
|---|---|---|
| **(Increase) / decrease in current assets:** | | |
| - Stores, spares and loose tools | **(265,525)** | (88,141) |
| - Stock-in-trade | **(21,813,936)** | 32,077,928 |
| - Trade debts | **(23,078,993)** | 22,752,289 |
| - Loans and advances | **66,019** | (179,581) |
| - Short-term deposits and prepayment | **2,337,483** | 477,718 |
| - Other receivables | **4,123,761** | 34,408,621 |
| | **(38,631,191)** | 89,448,834 |
| **Increase /(decrease) in current liability:** | | |
| - Trade and other payables | **12,640,288** | (32,284,842) |
| | **(25,990,903)** | 57,163,992 |

## 39. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes:

| | Note | 2021 | 2020 |
|---|---|---|---|
| - Cash and bank balances | 17 | **2,901,619** | 3,908,652 |
| - Finances under mark-up arrangements | 25 | **(8,818,193)** | (4,789,505) |
| | | **(5,916,574)** | (880,853) |

(Amounts in Rs. '000)

## 40. SEGMENT INFORMATION

**40.1** Segment wise results are as follows:

| | 2021 | | | | 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Petroleum Products | LNG | Others | Total | Petroleum Products | LNG | Others | Total |
| | (Rupees in millions) | | | | | | | |
| Net sales | 934,323 | 267,221 | 2,703 | 1,204,247 | 795,862 | 309,715 | 2,781 | 1,108,358 |
| Cost of products sold | (886,358) | (260,690) | (2,590) | (1,149,638) | (790,601) | (302,975) | (2,555) | (1,096,131) |
| **Gross profit** | 47,965 | 6,531 | 113 | 54,609 | 5,261 | 6,740 | 226 | 12,227 |
| Other income | 14,607 | - | 4,219 | 18,826 | 8,814 | - | 1,396 | 10,210 |
| Administrative, distribution and marketing expenses | (12,855) | (1,495) | (540) | (14,890) | (12,984) | (1,344) | (310) | (14,638) |
| (Provision) / reversal of provision of impairment on financial asset - net | (370) | - | (528) | (898) | (74) | - | 243 | 169 |
| Other charges | (2,815) | (283) | (832) | (3,930) | (128) | - | (92) | (220) |
| **Operating cost** | (16,040) | (1,778) | (1,900) | (19,718) | (13,186) | (1,344) | (159) | (14,689) |
| Finance costs | (9,133) | (994) | (115) | (10,242) | (8,924) | (4,503) | - | (13,427) |
| Share of profit of associates - net of tax | - | - | 581 | 581 | - | - | 544 | 544 |
| **Profit / (loss) before taxation** | 37,399 | 3,759 | 2,898 | 44,056 | (8,035) | 893 | 2,007 | (5,135) |
| Taxation | (10,866) | (2,931) | (1,120) | (14,917) | 2,017 | (3,318) | (31) | (1,332) |
| **Profit / (loss) for the year** | 26,533 | 828 | 1,778 | 29,139 | (6,018) | (2,425) | 1,976 | (6,467) |

**40.2** As referred in note 3.23 to these unconsolidated financial statements, the expenses have been allocated based on the sales volume in metric tons, which is in line with the basis of reporting to Management Committee.

**40.3** Net sales in LNG segment relates to single customer.

**40.4** Out of total sales of the Company, 99.9% (2020: 99.50%) relates to customers in Pakistan. Further, all non-current assets of the Company as at June 30, 2021 are located in Pakistan.

**40.5** The Company sells its products to dealers, government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to five major customers of the Company are approximately 28% during the year ended June 30, 2021 (2020: 30%).

**40.6** Out of total gross sales of the Company, sales amounting to Rs. 336,521,638 (2020: Rs.363,942,438) relates to circular debt customers.

(Amounts in Rs. '000)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **41. FINANCIAL INSTRUMENTS BY CATEGORY** | | | |
| **41.1 Financial assets as per statement of financial position** | | | |
| **Fair value through other comprehensive income** | | | |
| - Long-term investments - Pak-Arab Pipeline Company Limited | 7 | **7,874,629** | 8,516,173 |
| **At amortised cost** | | | |
| - Loans and advances | | **476,966** | 520,908 |
| - Deposits | 9 | **335,859** | 207,272 |
| - Trade debts | 13 | **220,195,918** | 196,759,839 |
| - Other receivables | | **16,906,073** | 19,005,011 |
| - Cash and bank balances | 17 | **2,901,619** | 3,908,652 |
| | | **240,816,435** | 220,401,682 |
| | | **248,691,064** | 228,917,855 |
| **41.2 Financial liabilities as per statement of financial position** | | | |
| **At amortised cost** | | | |
| - Lease liabilities | 22 | **5,061,875** | 4,351,881 |
| - Trade and other payables | | **152,987,208** | 126,830,391 |
| - Unclaimed dividend | 27 | **1,373,428** | 1,355,064 |
| - Unpaid dividend | 28 | **129,789** | - |
| - Accrued interest / mark-up | 25.5 | **297,053** | 1,216,690 |
| - Short-term borrowings | 25 | **56,042,897** | 66,433,196 |
| | | **215,892,250** | 200,187,222 |

### 41.3 Fair values of financial assets and liabilities

(a) A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

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

(b) Fair value estimation

The Company discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2021, except for the Company's investment in Pak-Arab Pipeline Company Limited, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 7.2 of these unconsolidated financial statements.

(Amounts in Rs. '000)

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 42.1 Financial risk factors

**Introduction and overview**

The Company has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Company's management of capital.

**Financial risk factors and risk management framework**

The Company’s overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Company's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Company by the Board of Management through specific directives. These controls and limits reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Company’s finance department oversees the management of the financial risk reflecting changes in the market conditions and also the Company's risk taking activities, and provide assurance that these activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

**(a) Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of the Company's Investment in Pak-Arab Pipeline Company Limited.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

**(I) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports petroleum products, LNG, chemicals and is exposed to currency risk, primarily with respect to foreign creditors for purchase of aforementioned products denominated in US Dollars (US$). As at year end, the total exposure against foreign suppliers amounts to US$ 324,116 (2020: US$ 328,821) equivalent to Rs. 51,182,728 (2020: Rs. 55,003,455) and advances amounting to US$ 4,359 (2020: US$ 6,185) equivalent to Rs. 688,352 (2020: Rs.1,034,596). The average rates applied during the year is Rs.160.04 / US$ (2020: Rs.157.78 / US$) and the spot rate as at June 30, 2021 was Rs.157.92 / US$ (2020: Rs.167.28 / US$).

The Company manages its currency risk by close monitoring of currency markets. As per State Bank of Pakistan regulations, the Company cannot hedge its currency risk exposure. The Company has incurred exchange gain of Rs. 1,719,116 (2020: loss of Rs. 128,240).

At June 30, 2021, if the Pakistan Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, gain for the year would have been higher/lower by Rs. 1,841,423 (2020: loss for the year would have been lower/higher by Rs.1,989,351), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade payables and advances.

(Amounts in Rs. '000)

Further, the Company has also availed foreign currency borrowing (FE-25) as of June 30, 2021. However, there is no foreign currency risk involved on these borrowings as detailed in note 16.5 to these unconsolidated financial statements.

**(ii) 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 Company's interest rate risk arises from local creditors, security deposits and short-term borrowings amounting to Rs. 81,813,796 (2020: Rs.76,698,105). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

| | Carrying amount | |
|---|---|---|
| | **2021** | **2020** |
| **Variable rate instruments** | | |
| **Financial assets** | | |
| - Saving accounts | **384,709** | 47,559 |
| **Financial liabilities** | | |
| - Short-term borrowings | **(56,042,897)** | (66,433,196) |
| - Local creditors | **(25,601,168)** | (10,095,178) |
| - Security deposits | **(233,006)** | (169,731) |
| | **(81,877,071)** | (76,698,105) |
| Net financial liabilities at variable interest rates | **(81,492,362)** | (76,650,546) |

**Cash flow sensitivity analysis for variable rate instrument**

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit for the year and shareholder's equity by Rs. 578,596 (2020: Loss for the year and shareholder's equity by Rs. 544,219). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed in 2020.

**(iii) Equity price risk**

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at June 30, 2021, the Company's investment in Pak-Arab Pipeline Company Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 7.3.

**(b) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

(Amounts in Rs. '000)

The Risk Management function is regularly conducting detailed analysis on Sectors/Industries and identifying the degree by which the Company's customers and their businesses have been impacted amid COVID-19. Keeping in view short term and long term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

Credit risk arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. The maximum exposure to credit risk before any credit enhancement is given below:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Statement of financial position | Maximum exposure | Statement of financial position | Maximum exposure |
| **Financial assets at amortized cost** | | | | |
| - Loans and advances | **476,966** | **476,966** | 520,908 | 520,908 |
| - Deposits | **335,859** | **335,859** | 207,272 | 207,272 |
| - Trade debts | **220,195,918** | **141,173,313** | 196,759,839 | 120,141,907 |
| - Other receivables | **16,906,073** | **7,608,654** | 19,005,011 | 8,590,076 |
| - Bank balances | **2,890,746** | **2,890,746** | 3,899,004 | 3,899,004 |
| | **240,805,562** | **152,485,538** | 220,392,034 | 133,359,167 |

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs.185,825,700 (2020: Rs.161,876,023). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers. Sales to dealers are settled in cash or using short-term financial instruments. However, some of the Company's trade debts are secured by way of bank guarantees and security deposits.

Loans, advances, other receivables and deposits, as mentioned in notes 8, 9 & 14 are neither past due nor impaired.

Based on the past experience, past track records of recoveries and forward looking information, the Company believes that the past due amount included in above trade debts (net of existing provision) do not require any further provision or impairment testing.

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

| Bank | Date of Rating | Rating agency | Rating | |
|---|---|---|---|---|
| | | | Short term | Long term |
| Allied Bank Limited | June 2021 | PACRA | A1+ | AAA |
| Askari Bank Limited | June 2021 | PACRA | A1+ | AA+ |
| Bank Alfalah Limited | June 2021 | PACRA | A1+ | AA+ |
| Bank Al-Habib Limited | June 2021 | PACRA | A1+ | AAA |
| Citibank N.A. - Pakistan Branches | June 2021 | Moody's | P-1 | Aa3 |
| Faysal Bank Limited | June 2021 | PACRA | A1+ | AA |
| Habib Bank Limited | June 2021 | VIS | A-1+ | AAA |
| Habib Metropolitan Bank Limited | June 2021 | PACRA | A1+ | AA+ |
| MCB Bank Limited | June 2021 | PACRA | A1+ | AAA |
| Meezan Bank Limited | June 2021 | VIS | A-1+ | AAA |
| National Bank of Pakistan | June 2021 | PACRA | A1+ | AAA |
| Samba Bank Limited | June 2021 | VIS | A-1 | AA |
| Standard Chartered Bank (Pakistan) Limited | June 2021 | PACRA | A1+ | AAA |
| United Bank Limited | June 2021 | VIS | A-1+ | AAA |
| Soneri Bank Limited | June 2021 | PACRA | A1+ | AA- |
| The Bank of Punjab | June 2021 | PACRA | A1+ | AA+ |

(Amounts in Rs. '000)

**Settlement risk**

Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash or other assets as contractually agreed on sale. The risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

**(C) Liquidity risk**

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the financial liabilities, monitoring of liquidity ratios and maintaining debt financing plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

**Maturity analysis of financial liabilities**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date and represents the undiscounted cash flows.

| | 2021 | 2020 |
|---|---|---|
| | Contractual maturity | |
| **Financial liabilities** | Up to three months | |
| Trade and other payables | **152,987,208** | 126,830,391 |
| Unclaimed dividend | **1,373,428** | 1,355,064 |
| Unpaid dividend | **129,789** | - |
| Accrued interest / mark-up | **297,053** | 1,216,690 |
| Short-term borrowings | **56,042,897** | 66,433,196 |
| | **210,830,375** | 195,835,341 |

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Unclaimed dividend and unpaid dividend are payable as per stipulated time. Further, maturity analysis of lease liabilities has been disclosed in note 22 to these unconsolidated financial statements.

**(d) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

COVID-19 pandemic has created an unprecedented challenge for the Company in terms of Business Continuity Management. The Company is closely monitoring the situation and has invoked required actions to ensure the safety and security of Company's staff and uninterrupted service to customers.

Business Continuity Plans for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that company's information assets are adequately protected from emerging cyber threats.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objectives and generating returns for investors.

(Amounts in Rs. '000)

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

**42.2 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide adequate returns to shareholders and to benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2020.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Company consist of net debt consistent with other companies in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

The gearing ratios as at June 30, 2021 and 2020 were as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Short-term borrowings | 25 | **56,042,897** | 66,433,196 |
| Cash and bank balances with lenders | | **(2,890,746)** | (3,898,965) |
| Net debt | | **53,152,151** | 62,534,231 |
| Total equity | | **139,633,833** | 113,061,001 |
| Total capital | | **192,785,984** | 175,595,232 |
| Gearing ratio | | **27.57%** | 35.61% |

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

## 43. TRANSACTIONS WITH RELATED PARTIES

**43.1** Following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

| Name of Related parties | Direct Shareholding | Relationship |
|---|---|---|
| Government of Pakistan | 25.51% | Controlling Authority |
| Pak-Arab Refinery Company Limited | N/A | Government related entity |
| K-Electric Limited | N/A | Government related entity |
| Pakistan International Airline Corporation Limited | N/A | Government related entity |
| Karachi Port Trust | N/A | State owned / controlled entities |
| Civil Aviation Authority | N/A | State owned / controlled entities |
| Pakistan Railways | N/A | State owned / controlled entities |
| National Insurance Company Limited | N/A | State owned / controlled entities |
| National Bank of Pakistan | N/A | State owned / controlled entities |
| Pakistan Steel Mills Corporation (Pvt.) Limited | N/A | State owned / controlled entities |
| PSO Employees Empowerment Trust | 3.04% | Government related / Common Directorship |
| Pakistan Refinery Limited | 63.56% | Subsidiary |
| Pak Grease Manufacturing Company (Private) Limited | 22% | Associate |
| Asia Petroleum Limited | 49% | Associate |
| Retirement benefit funds namely | | |
| 1. Pension fund | N/A | Post employment benefits |
| 2. Gratuity fund and | N/A | Post employment benefits |
| 3. Provident fund | N/A | Post employment benefits |
| PSO CSR Trust | N/A | Trust Controlled by KMPCharged with governance |
| Board of management - Oil | N/A | Trust Controlled by KMP |
| Pak-Arab Pipeline Company Limited | 12.5% | Government related entity/Common Directorship |
| Water and Power Development Authority | N/A | Government related entity |
| Genco Holding Company Limited | N/A | Government related entity |
| Sui Northern Gas Company Limited | N/A | Government related entity/Common Directorship |
| Sui Southern Gas Company Limited | N/A | Government related entity |
| Oil Companies Advisory Council | N/A | Common Directorship |
| Oil and Gas Development Company | N/A | Government related entity/Common Directorship |
| Pakistan Petroleum Limited | N/A | Common Directorship |
| Oil and Gas Regulatory Authority (OGRA) | N/A | Regulatory Authority - Government related entity/ Common Directorship |
| Federal tax authorities | N/A | Regulatory Authorities - Government related entity |
| Pakistan National Shipping Corporation | N/A | Government related entity |
| Strategic Alliancez (Private) Limited | N/A | Common Directorship |
| Central Power Purchasing Agency | N/A | Common Directorship |
| Faisalabad Electric Supply Company | N/A | Common Directorship |
| Islamabad Electric Supply Company | N/A | Common Directorship |
| Government Holdings (Private) Limited | N/A | Common Directorship |
| Mari Petroleum Company Limited | N/A | Common Directorship |
| Power Holding (Private) Limited | N/A | Common Directorship |
| National Engineering Services Pakistan (Pvt.) Limited | N/A | Common Directorship |
| Pakistan Electrical Power Company | N/A | Common Directorship |
| Private Power & Infrastructure Board | N/A | Common Directorship |
| Alternative Energy Development Board | N/A | Common Directorship |
| 786 Investments Limited | N/A | Common Directorship |
| Dawood Global Foundation | N/A | Common Directorship |
| Petroleum Institute of Pakistan | N/A | Common Directorship |
| Pakistan LNG Limited | N/A | Common Directorship |
| Pakistan LNG Terminals Limited | N/A | Common Directorship |

(Amounts in Rs. '000)

| Name of Related parties | Direct Shareholding | Relationship |
|---|---|---|
| Shehryar Omar | N/A | Key management personnel |
| Mian Muhammad Usman | N/A | Key management personnel |
| Shah Mujadad Uddin Jawad | N/A | Key management personnel |
| Asif Aslam Khan | N/A | Key management personnel |
| Raja Imranullah Khan | N/A | Key management personnel |
| S Khawar Abbas Jillani | N/A | Key management personnel |
| Asad Raza Faiz | N/A | Key management personnel |
| Syed Moinuddin Balkhi | N/A | Key management personnel |
| Babar Hamid Chaudhary | N/A | Key management personnel |
| Hammad Zafar | N/A | Key management personnel |
| Mir Shahzad Khan Talpur | N/A | Key management personnel |
| Shamail Sharaf Shah | N/A | Key management personnel |
| Kashif Siddiqui | N/A | Key management personnel |
| Iqtidar Mustafa Siddiqui | N/A | Key management personnel |
| Rashid Umer Siddiqui | N/A | Key management personnel |
| Brig. (R) Ghulam Hussain Ghumman | N/A | Key management personnel |
| Muhammad Anwer | N/A | Director |
| Ali Raza Bhutta | N/A | Director |
| Shahid Salim Khan | N/A | Director |
| Sajid Mehmood Qazi | N/A | Director |
| Syed Muhammad Taha | N/A | Key management personnel / Director |
| Zafar ul Islam Usmani | N/A | Director |
| Tara Uzra Dawood | N/A | Director |
| Humayun Khan Barakzai | N/A | Director |
| Hassan Mehmood Yousufzai | N/A | Director |

**43.2** Related parties comprise of subsidiary, associates, retirement benefit funds, state owned / controlled entities, GoP and its related entities, and key management personnel. Details of transactions with the related parties during the year is in accordance with accounting and reporting standards. The transactions with related parties other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

| Name of related parties and relationship with the Company | Nature of transactions | 2021 | 2020 |
|---|---|---|---|
| **Subsidiary** | | | |
| - Pakistan Refinery Limited | Purchases | **73,881,104** | 79,144,958 |
| | Income facility charges | **786** | 1,431 |
| | Acquisition of shares in Pakistan Refinery Limited | **224,590** | 2,100,000 |
| | Other expenses | **-** | 28,992 |
| **Associates** | | | |
| - Pak Grease Manufacturing Company (Private) Limited | Purchases | **59,851** | 81,214 |
| - Asia Petroleum Limited | Income facility charges | **1,367** | 193,927 |
| | Pipeline charges | **15,451** | 47,180 |

(Amounts in Rs. '000)

| Name of related parties and relationship with the Company | Nature of transactions | 2021 | 2020 |
|---|---|---|---|
| **Retirement benefit funds** | | | |
| - Pension funds | Charge for the year | **201,878** | 287,972 |
| | Contributions | **169,045** | 1,831,706 |
| - Gratuity fund | Charge for the year | **265,982** | 246,779 |
| | Contributions | **280,590** | 481,109 |
| - Contributory pension funds | Charge for the year | **190,780** | 190,145 |
| | Contribution | **190,780** | 190,145 |
| - Provident fund | Charge for the year | **165,235** | 159,581 |
| | Contribution | **156,061** | 159,559 |
| **Key management personnel** | Managerial remuneration | **124,584** | 144,925 |
| | Housing and utilities | **68,521** | 79,709 |
| | Performance bonus | **35,856** | 36,897 |
| | Other allowances and benefits | **93,086** | 101,597 |
| | Retirement benefits | **27,298** | 43,534 |
| | Leave encashment | **13,363** | 3,868 |
| | Vehicles having net book value of Rs. 6,874 (2020: Rs.1,644) transferred under employee car scheme (sale proceeds) | **8,032** | 3,316 |

**43.3 Related parties by virtue of GoP holdings**

The Federal Government of Pakistan directly holds 25.51% (including shares under Pakistan State Oil Company Limited Employee Empowerment Trust) of the Company's issued share capital and is entitled to appoint members of the Board of Management under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for transactions stated below, which the Company considers are significant:

| | | 2021 | 2020 |
|---|---|---|---|
| - Government of Pakistan | Dividend paid | **527,521** | 439,601 |
| - PSOCL Employees Empowerment Scheme | Dividend paid to the trust | **71,318** | 59,432 |
| - Pak-Arab Pipeline Company Limited | Pipeline charges | **4,014,321** | 3,928,891 |
| | Dividend received | **350,972** | 283,227 |
| - GENCO | Gross sales | **5,304,406** | 6,540,503 |
| | Utility charges | **-** | 96,022 |
| - Pakistan Petroleum Limited | Purchases | **45,345** | 54,689 |
| - Oil and Gas Development Company | Gross sales | **1,138,499** | 4,730,343 |
| | Purchases | **1,081,428** | 1,395,685 |
| - Pakistan International Airlines Corporation Limited | Gross sales | **8,122,529** | 23,771,835 |
| | Purchases | **7,747** | 6,105 |

(Amounts in Rs. '000)

| | | 2021 | 2020 |
|---|---|---|---|
| - Pak-Arab Refinery Company Limited | Purchases | **178,126,287** | 121,662,949 |
| | Pipeline charges | **575,294** | 447,710 |
| | Other expenses | **2,548,522** | 909,874 |
| - Sui Northern Gas Pipeline Limited | Gross sales | **299,286,670** | 346,769,226 |
| - K-Electric Limited | Gross sales | **57,745,965** | 49,491,319 |
| | Income facility charges | **52,382** | 39,828 |
| | Late payment income | **11,711** | 156,705 |
| | Utility charges | **117,031** | 119,787 |

The transactions described below are collectively but not individually significant to these unconsolidated financial statements and therefore have been described below:

**(i)** The Company sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Company, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Company.

**(ii)** The Company collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and custom authorities.

**(iii)** The Company incurs rental charges in respect of storage facilities at Kemari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Company also utilises port facilities of Port Qasim Authority and Karachi Port Trust.

**(iv)** The Company has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.

**(v)** The Company utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Company also uses pipeline of Pak-Arab Refinery Company Limited and Pak-Arab Pipeline Company Limited for delivery / movement of its product.

**(vi)** TThe Company obtains utility services from Civil Aviation Authority, K-Electric, Sui Northern Gas Company Limited and Sui Southern Gas Company Limited on account of utility charges.

**(vii)** The Company has obtained various financing facilities from National Bank of Pakistan.

**(viii)** The Company also pays dividend to various government related entities who are shareholders of the Company.

**43.4** The status of outstanding receivables from and payables to related parties as at June 30, 2020 are included in respective notes to these unconsolidated financial statements.

**43.5** Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.

**43.6** Dividend income is recorded on the basis of dividend / rates declared by the related party. Dividend paid is recorded on the basis of rates declared by the Company.

**43.7** All the transactions with directors have been disclosed in the note 34.2.2 to these unconsolidated financial statements.

(Amounts in Rs. '000)

## 44. PROVIDENT FUND RELATED DISCLOSURES

**44.1** The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

## 45. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of better presentation and / or to comply with requirements of accounting and reporting standards the effects of which are not considered material.

| | Reclassified | | |
|---|---|---|---|
| **Description** | **From** | **To** | **Amount** |
| Discount accrual and Other liabilities | Trade Debts | Accrued Liabilities | 357,086 |
| Reclassification of net defined benefit assets of pension fund | Retirement and other service benefits | Retirement benefits | 797,250 |

## 46. EVENTS AFTER THE REPORTING DATE

**46.1** The Board of Management in its meeting held on August 23, 2021 proposed a final cash dividend of Rs. 10 per share amounting to Rs. 4,694,734 for approval of the members at the Annual General Meeting.

## 47. CAPACITY AND ACTUAL PERFORMANCE

| | Metric Ton | |
|---|---|---|
| | **2021** | **2020** |
| Available capacity | **70,000** | 70,000 |
| Actual production | **39,099** | 37,023 |

The above pertains to lube manufacturing plant of the Company and the production is carried out as per sales demand.

## 48. NUMBER OF EMPLOYEES

| | **2021** | **2020** |
|---|---|---|
| Total employees as at June 30 | **2,393** | 2,513 |
| Average number of employees during the year | **2,443** | 2,558 |

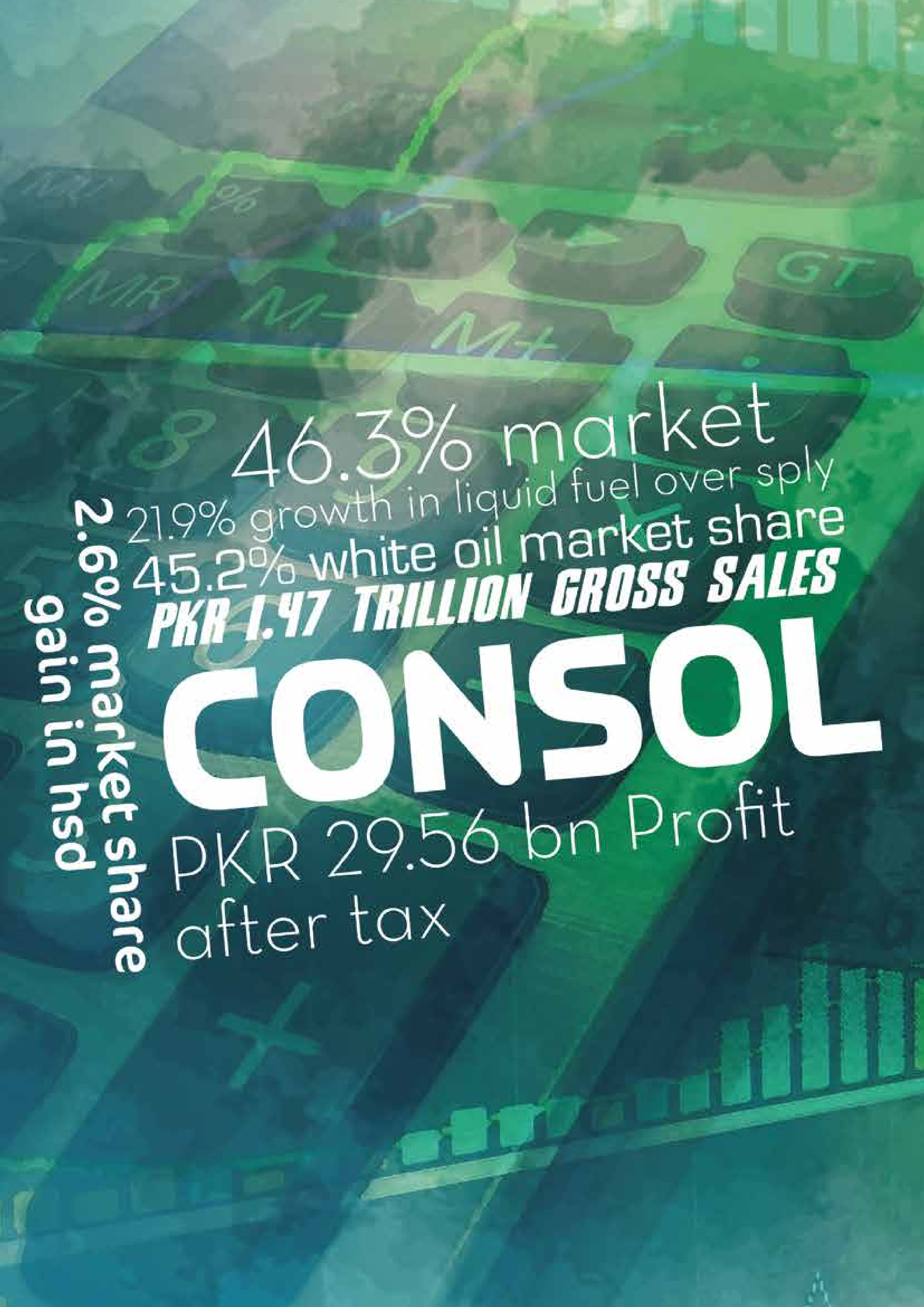
## 49. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

## 50. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved and authorised for issue on August 23, 2021 by the Board of Management.

| Syed Muhammad Taha | Hassan Mehmood Yousufzai | Gulzar Khoja |
|---|---|---|
| Managing Director & CEO | Member-Board of Management | Chief Financial Officer |


46.3% market
21.9% growth in liquid fuel over sply
45.2% white oil market share
PKR 1.47 TRILLION GROSS SALES
CONSOL
PKR 29.56 bn Profit
after tax
2.6% market share
gain in hsd

share overall

**51.7% BLACK OIL MARKET SHARE**

8.8 % Increase in Gross Sales

# IDATED

21% Volumetric gain in HSD

PKR 57.25 Billion Gross profit

# INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan State Oil Company Limited

## Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of **Pakistan State Oil Company Limited** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated position of Group as at June 30, 2021, and of its consolidated financial performance and its consolidated cashflows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

### 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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:

| Key audit matters | How the matter was addressed in our audit |
|---|---|
| **Overdue trade receivable customers due to inter-corporate circular debt issue and from Government of Pakistan**<br><br>(Refer notes 14 and 17 to the consolidated financial statements)<br><br>As at June 30, 2021, the Group's receivable from Government of Pakistan and customers amounted to Rs. 235,254 million which included trade debts receivables of Rs. 183,896 million from customers including GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO) and Sui Northern Gas Pipelines Company Limited (SNGPL) of Rs. 71,992 million, Rs. 13,317 million and Rs. 93,511 million respectively which were past due from related parties and an amount of Rs. 9,297 million on account of price differential claims. The Government of Pakistan is committed, hence, continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress has been slower than expected resulting in accumulation of the Group's receivable. The Group is also actively pursuing the Government of Pakistan to get budgetary allocation for release of past due price differential claims.<br><br>The Group has recognised a specific provision of Rs. 346.975 million and considers the past due amounts to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector of Pakistan.<br><br>Interest on the past due amounts from customers is recognised by the Group on receipt basis.<br><br>We considered the matter as key audit matter due to significance of the past due amounts and significant judgments made by the management regarding recoverability of the past due amounts and recognition of interest on delayed payments by the customers. | Our audit procedures in respect of receivables, amongst others, included the following:<br><br>• Tested, on a sample basis, receivable aging report classification within the appropriate aging bracket with underlying invoices;<br><br>• Obtained, on a sample basis, direct confirmation from customers and tested reconciliations where differences were identified. In case of no replies from customers, performed alternate procedures;<br><br>• Inspected correspondence with the customers and relevant government authorities and held discussions with the management and Board Audit and Compliance Committee of the Board of Management (BOM) to assess their views on the timing of settlement and recoverability of trade debts overdue because of inter-corporate circular debt issue and price differential claims overdue from the Government of Pakistan;<br><br>• Discussed with the management, events during the year and steps taken by management for settlement of the overdue trade debts and price differential claims and inspected minutes of meetings of the BOM and Board Audit and Compliance Committee of the BOM;<br><br>• Evaluated the management's assessment on the ECLs of trade receivables and involved internal expert to assess management's conclusion along with assumptions used for the determination of ECL; and<br><br>• Assessed the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan. |

| Key audit matters | How the matter was addressed in our audit |
|---|---|
| **Recognition of Revenue / Income**<br><br>(Refer notes 32 and 34 to the consolidated financial statements).<br><br>The Group recognises revenue at the transaction price which the Group expects to be entitled to, after deducting sales tax, discounts and applicable levies.<br><br>The Group carries out sale of regulated products on prices notified by Oil and Gas Regulatory Authority (OGRA). Sale of certain de-regulated products is carried out at the margin-based price mechanism and recognises revenue at a point in time when control of product is transferred to customers. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Group at customer premises.<br><br>The Group recognizes interest, if any, on delayed payments from customers having past due balance only to the extent the interest on delayed payments is received by the Group.<br><br>We considered recognition of revenue / income as key audit matter due to the regulatory nature of pricing, significance of amounts requiring significant time and resources to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Group. | Our audit procedures to assess the recognition, amongst others, included the following:<br><br>• Assessed the design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products;<br><br>• Assessing the appropriateness of the Group's accounting policy for recognition of sales and compliance of the policy with International Financial Reporting Standard (IFRS 15- "Revenue from Contracts with Customers");<br><br>• Compared on sample basis, the revenue transactions recorded before and after the reporting period with the underlying support including sales invoices, delivery challans, relevant sales contract and customer acknowledgement to assess if the related revenue was recorded in the appropriate accounting period;<br><br>• Tested on a sample basis, notifications of OGRA for petroleum products price and the Group's margin based price determination for regulated and de-regulated products respectively;<br><br>• Tested journal entries relating to revenue recognized during the year based on identified risk criteria;<br><br>• Assessed reasonableness of management's judgment relating to recoverability of interest on delayed payments from customers; and<br><br>• Assessed the appropriateness of the disclosure made in the consolidated financial statements in accordance with requirements of accounting and reporting standards as applicable in Pakistan. |

**Information Other than the Consolidated and Unconsolidated 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 for the year ended June 30, 2021 but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of Management is responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Management 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 Management 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 Management, we determine those matters that were of most significance in the audit of the consolidated 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.

**Other Matters**

The consolidated financial statements as at and for the year ended June 30, 2020 were audited by other firms of chartered accountants who through their report dated September 25, 2020 expressed an unmodified opinion thereon.

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

KPMG Taseer Hadi & Co.

Karachi
Date: September 25, 2021

KPMG Taseer Hadi & Co.
Chartered Accountants

As at June 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | **38,464,387** | 35,691,707 |
| Right-of-use assets | 6 | **5,362,947** | 4,898,890 |
| Intangibles | 7 | **161,483** | 90,885 |
| Long-term investments | 8 | **11,429,516** | 11,584,720 |
| Long-term loans, advances and other receivables | 9 | **412,904** | 459,376 |
| Long-term deposits | 10 | **357,041** | 228,454 |
| Deferred tax asset - net | 11 | **13,181,951** | 16,848,132 |
| Retirement benefits | 22 | **1,483,341** | 827,507 |
| | | **70,853,570** | 70,629,671 |
| **Current assets** | | | |
| Stores, spares, chemicals and loose tools | 12 | **1,342,481** | 991,583 |
| Stock-in-trade | 13 | **88,934,410** | 64,758,242 |
| Trade debts | 14 | **222,384,954** | 198,134,828 |
| Loans and advances | 15 | **384,136** | 433,797 |
| Short-term deposits and prepayments | 16 | **258,402** | 2,586,292 |
| Other receivables | 17 | **21,334,735** | 23,797,120 |
| Taxation - net | | **5,461,799** | 7,800,728 |
| Cash and bank balances | 18 | **2,974,299** | 6,098,361 |
| | | **343,075,216** | 304,600,951 |
| Net assets in Bangladesh | 19 | **-** | - |
| **TOTAL ASSETS** | | **413,928,786** | 375,230,622 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 20 | **4,694,734** | 4,694,734 |
| Reserves | 21 | **135,527,322** | 107,869,046 |
| Equity attributable to the owners of the Holding Company | | **140,222,056** | 112,563,780 |
| Non-controlling interest | 4 | **2,150,881** | 1,413,801 |
| | | **142,372,937** | 113,977,581 |
| **Non-current liabilities** | | | |
| Retirement and other service benefits | 22 | **7,563,897** | 7,236,920 |
| Long-term borrowings | 23 | **293,924** | 4,215,146 |
| Lease liabilities | 24 | **4,447,941** | 4,488,600 |
| Other payables | 25 | **752,712** | 1,359,627 |
| | | **13,058,474** | 17,300,293 |
| **Current liabilities** | | | |
| Trade and other payables | 26 | **181,342,763** | 161,505,913 |
| Short-term borrowings | 27 | **73,616,445** | 79,032,665 |
| Accrued interest / mark-up | 27.6 | **483,949** | 1,507,806 |
| Provisions | 28 | **743,436** | 490,972 |
| Current portion of lease liabilities | 24 | **787,713** | 40,462 |
| Unclaimed dividend | 29 | **1,393,280** | 1,374,930 |
| Unpaid dividend | 30 | **129,789** | - |
| | | **258,497,375** | 243,952,748 |
| Contingencies and commitments | 31 | | |
| **TOTAL EQUITY AND LIABILITIES** | | **413,928,786** | 375,230,622 |

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

| Syed Muhammad Taha | Hassan Mehmood Yousufzai | Gulzar Khoja |
|---|---|---|
| Managing Director & CEO | Member-Board of Management | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Net sales** | 32 | **1,223,678,351** | 1,121,161,417 |
| Cost of products sold | 33 | **(1,166,423,044)** | (1,114,241,883) |
| **Gross profit** | | **57,255,307** | 6,919,534 |
| Other income | 34 | **19,415,472** | 10,385,641 |
| **Operating costs** | | | |
| Distribution and marketing expenses | 35 | **(12,022,223)** | (11,771,399) |
| Administrative expenses | 36 | **(3,715,366)** | (3,682,218) |
| (Provision) / reversal of provision for impairment on financial assets - net | 14.4 & 17.6.1 | **(898,265)** | 169,215 |
| Other expenses | 37 | **(4,053,521)** | (257,473) |
| | | **(20,689,375)** | (15,541,875) |
| **Profit from operations** | | **55,981,404** | 1,763,300 |
| Finance costs | 38 | **(11,553,734)** | (15,393,332) |
| Share of profit of associates - net of tax | 8.4.1 | **574,953** | 546,931 |
| **Profit / (loss) before taxation** | | **45,002,623** | (13,083,101) |
| Taxation | 39 | **(15,445,368)** | (1,679,384) |
| **Profit / (loss) for the year** | | **29,557,255** | (14,762,485) |
| **Profit / (loss) attributable to:** | | | |
| Owners of the Holding Company | | **29,404,917** | (11,019,655) |
| Non-controlling interest | | **152,338** | (3,742,830) |
| | | **29,557,255** | (14,762,485) |
| | | (Rupees) | |
| **Earnings / (loss) per share - basic and dilute** | 40 | **62.63** | (23.47) |

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

| | | |
|---|---|---|
| Syed Muhammad Taha | Hassan Mehmood Yousufzai | Gulzar Khoja |
| Managing Director & CEO | Member-Board of Management | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Profit / (loss) for the year | | **29,557,255** | (14,762,485) |
| **Other comprehensive income / (loss):** | | | |
| **Items that will not be subsequently reclassified to profit or loss:** | | | |
| Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax | 8.4.1 | **3,504** | (4,175) |
| Unrealised (loss) / gain on remeasurement of equity investment classified as fair value through other comprehensive income | 8.3 | **(641,544)** | 2,111,409 |
| Taxation thereon | | **139,535** | (459,231) |
| | | **(502,009)** | 1,652,178 |
| Actuarial gain on remeasurement of retirement and other service benefits | 22.1.7 & 22.2.8 | **954,791** | 1,195,657 |
| Taxation thereon | | **(254,819)** | (618,409) |
| | | **699,972** | 577,248 |
| | | **201,467** | 2,225,251 |
| **Total comprehensive income / (loss) for the year** | | **29,758,722** | (12,537,234) |
| **Total comprehensive income / (loss) attributable to:** | | | |
| Owners of the Holding Company | | **29,578,652** | (8,763,703) |
| Non-controlling interest | | **180,070** | (3,773,531) |
| | | **29,758,722** | (12,537,234) |

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

| | | |
|---|---|---|
| **Syed Muhammad Taha** | **Hassan Mehmood Yousufzai** | **Gulzar Khoja** |
| Managing Director & CEO | Member-Board of Management | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

| | Share capital | Capital reserves | | Revenue reserves | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | | | |
| | | Surplus on vesting of net assets | Special reserve | Unrealised gain / (loss) on remeasurement of FVOCI investments | General reserve | Un-appropriated profit | Sub-total | Non - Controlling Interest | Total |
| | ----------------------------------------------------------------------------------------------------------------(Rupees in '000)---------------------------------------------------------------------------------------------------------------- | | | | | | | | |
| **Balance as at July 01, 2019** | 3,912,278 | 3,373 | - | 4,335,648 | 25,282,373 | 89,313,371 | 118,934,765 | 5,598,368 | 128,445,411 |
| **Total comprehensive income for the year** | | | | | | | | | |
| Loss for the year | - | - | - | - | - | (11,019,655) | (11,019,655) | (3,742,830) | (14,762,485) |
| Issuance cost against rights issue | - | - | - | - | - | (16,579) | (16,579) | (11,053) | (27,632) |
| **Other comprehensive income** | | | | | | | | | |
| Unrealised gain on remeasurement of equity investment classified as FVOCI - net of tax | - | - | - | 1,652,178 | - | - | 1,652,178 | - | 1,652,178 |
| Actuarial gain / (loss) on remeasurement of retirement and other service benefits - net of tax | - | - | - | - | - | 608,236 | 608,236 | (30,988) | 577,248 |
| Share of actuarial loss on remeasurement of the staff retirement benefits of associates-net of tax | - | - | - | - | - | (4,462) | (4,462) | 287 | (4,175) |
| | - | - | - | 1,652,178 | - | 603,774 | 2,255,952 | (30,701) | 2,225,251 |
| **Transactions with the owners:** | | | | | | | | | |
| Transaction with the non-controlling interest | - | - | - | - | - | 453,158 | 453,158 | (453,158) | - |
| Share deposit money | - | - | - | - | - | - | - | 53,175 | 53,175 |
| Final dividend for the year ended June 30, 2019 at Rs. 5 per share | - | - | - | - | - | (1,956,139) | (1,956,139) | - | (1,956,139) |
| Bonus shares issued for the year ended June 30, 2019 at 20% | 782,456 | - | - | - | - | (782,456) | (782,456) | - | - |
| | 782,456 | - | - | - | - | (2,285,437) | (2,285,437) | (399,983) | (1,902,964) |
| **Balance as at June 30, 2020** | 4,694,734 | 3,373 | - | 5,987,826 | 25,282,373 | 76,595,474 | 107,869,046 | 1,413,801 | 113,977,581 |
| **Total comprehensive income for the year** | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 29,404,917 | 29,404,917 | 152,338 | 29,557,255 |
| Issuance cost against rights issue | - | - | - | - | - | 835 | 835 | 479 | 1,314 |
| **Other comprehensive income** | | | | | | | | | |
| Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax | - | - | - | (502,009) | - | - | (502,009) | - | (502,009) |
| Actuarial gain on remeasurement of retirement and other service benefits - net of tax | - | - | - | - | - | 672,240 | 672,240 | 27,732 | 699,972 |
| Share of actuarial gain on remeasurement of the staff retirement benefits of associates - net of tax | - | - | - | - | - | 3,504 | 3,504 | - | 3,504 |
| | - | - | - | (502,009) | - | 675,744 | 173,735 | 27,732 | 201,467 |
| Profit for the year transfered to special reserve by Subsidiary Company | - | - | 837,156 | - | - | (532,096) | 305,060 | (305,060) | - |
| **Transactions with the owners:** | | | | | | | | | |
| Transaction with the non-controlling interest | - | - | - | - | - | 121,096 | 121,096 | (121,096) | - |
| Issue of right shares | - | - | - | - | - | - | - | 982,687 | 982,687 |
| Interim dividend for the year ended June 30, 2021 at Rs. 5 per share | - | - | - | - | - | (2,347,367) | (2,347,367) | - | (2,347,367) |
| | - | - | - | - | - | (2,226,271) | (2,226,271) | 861,591 | (1,364,680) |
| **Balance as at June 30, 2021** | 4,694,734 | 3,373 | 837,156 | 5,485,817 | 25,282,373 | 103,918,603 | 135,527,322 | 2,150,881 | 142,372,937 |

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

| Syed Muhammad Taha | Hassan Mehmood Yousufzai | Gulzar Khoja |
|---|---|---|
| Managing Director & CEO | Member-Board of Management | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 41 | **29,142,395** | 67,877,330 |
| Long-term loans, advances and other receivables | | **46,472** | (112,759) |
| Long-term deposits and prepayments | | **(128,587)** | 124,604 |
| Taxes paid | | **(9,555,543)** | (6,860,241) |
| Finance costs paid | | **(4,997,483)** | (6,784,958) |
| Retirement and other service benefits paid | | **(803,430)** | (2,629,770) |
| **Net cash generated from operating activities** | | **13,703,824** | 51,614,206 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Capital expenditure | | **(5,857,774)** | (4,392,295) |
| Proceeds from disposal of property, plant and equipment | | **53,079** | 34,089 |
| Dividends received | | **443,089** | 283,227 |
| **Net cash used in investing activities** | | **(5,361,606)** | (4,074,979) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Share subscription money-net of issuance cost | 27.7 | **984,001** | 25,543 |
| Long-term borrowings - net | | **(200,000)** | (268,405) |
| Short-term borrowings - net | | **(12,918,987)** | (27,272,505) |
| Lease payments | | **(913,613)** | (1,136,207) |
| Proceeds from salary refinancing - net | | **99,774** | - |
| Dividends paid | | **(2,199,227)** | (2,446,134) |
| **Net cash used in financing activities** | | **(15,148,052)** | (31,097,708) |
| **Net (decrease) / increase in cash and cash equivalents** | | **(6,805,834)** | 16,441,519 |
| Cash and cash equivalents at beginning of the year | | **(4,574,164)** | (21,015,683) |
| **Cash and cash equivalents at end of the year** | 42 | **(11,379,998)** | (4,574,164) |

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

**Syed Muhammad Taha**
Managing Director & CEO

**Hassan Mehmood Yousufzai**
Member-Board of Management

**Gulzar Khoja**
Chief Financial Officer

## 1. GROUP LEGAL STATUS AND NATURE OF BUSINESS

The Group consists of Pakistan State Oil Company Limited ("the Holding Company") and Pakistan Refinery Limited ("the Subsidiary Company"). Brief Profile of the Holding Company and the Subsidiary Company is given below:

### 1.1 Pakistan State Oil Company Limited

**1.1.1** The Holding Company is a public company incorporated in Pakistan in 1976 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Holding Company is located at PSO House, Khayaban-e-Iqbal, Clifton, Karachi. The principal activities of the Holding Company are procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils.

**1.1.2** The business units of the Holding Company include the following:

| Business Unit | Address | Geographical Location |
|---|---|---|
| Head Office | PSO House, Khayaban-e-Iqbal<br>Clifton, Karachi. | Sindh |
| Lubes Manufacturing Plant | National Refinery Limited, Korangi, Karachi.<br>Keamari Oil Terminal, Keamari, Karachi. | Sindh |

Regional marketing, sales offices and invoicing points are located across the country. The Holding Company owns retail operation sites and sites operated through dealers across Pakistan, the details of which is impracticable to disclose in these consolidated financial statements as required under the 4th Schedule to the Companies Act, 2017.

**1.1.3** The Board of Management (BoM) nominated by the Federal Government under Section 7 of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the Act") manages the affairs of the Holding Company. The provisions of the Act shall have effect notwithstanding anything contained in the Companies Act, 2017 or any other law for the time being in force or any agreement, contract, Memorandum or Articles of Association of the Holding Company.

### 1.2 Pakistan Refinery Limited

**1.2.1** The Subsidiary Company was incorporated in Pakistan as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. The Subsidiary Company is engaged in the production and sale of petroleum products. As on June 30, 2021 the Holding Company controls 63.56% (2020: 60%) shares of the Subsidiary Company.

**1.2.2** The business units of the Subsidiary Company include the following:

| Business Unit | Address | Geographical Location |
|---|---|---|
| Head Office & Refinery Complex | Korangi Creek Road, Karachi | Sindh |
| Storage tanks | Keamari, Karachi | Sindh |

**1.3** These financial statements denote the consolidated financial statements of the Group. Separate financial statements of the Holding Company and its subsidiary have been presented separately.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These consolidated 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 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 with the requirements of IFRSs or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement

**2.2.1** These consolidated financial statements have been prepared under the historical cost convention, except for the followings:

- Financial assets at fair value through other comprehensive income; and

- Obligations in respect of retirements and other service benefits.

### 2.3 Basis of consolidation

Subsidiary is an entity over which the Group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Generally, there is presumption that a majority of voting rights result in control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control.

Subsidiary is consolidated from the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. Income and expenses of a subsidiary acquired or disposed off during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the Subsidiary Company have been changed to conform with accounting policies of the Holding Company, where required.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition is recorded as goodwill, however, if the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

The assets, liabilities, income and expenses of the Subsidiary Company are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the Subsidiary Company's shareholders' equity in the consolidated financial statements.

All material intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends within the Group are eliminated in full.

Non-controlling interest (NCI) is that part of the net results of operations and of net assets of subsidiary attributable interest which are not owned by the Group. The Group measures NCI on proportionate basis of the net assets of subsidiary company.

When the ownership of a subsidiary is less than hundred percent, a NCI exists. The NCI is allocated its share of the total comprehensive income for the year, even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed off of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to non-controlling interests are also recorded in equity.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit and loss, and reclassifies the Holding Company share of components previously recognised in other comprehensive income to profit and loss account or retained earnings, as appropriate.

**2.4 Functional and presentation currency**

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional and presentation currency. All financial information presented in PKR.

**2.5 Critical accounting estimates, assumptions and judgments**

The preparation of these consolidated financial statements is in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affects the application of Group's accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other relevant factors, including reasonable expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. The estimates, assumptions and judgements made by the management in the application of accounting and reporting standards as applicable in Pakistan, that are subject to risk of material adjustment to the carrying amounts of assets and liabilities in the subsequent year are as follows:

**2.5.1 Property, plant and equipment and intangibles (Refer note: 5 & 7)**

The Group reviews appropriateness of the method of depreciation / amortisation, useful lives and residual values used in the calculation of depreciation / amortisation of property, plant and equipment and intangible assets on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment at each reporting date.

**2.5.2 Right-of-use assets and corresponding lease liability (Refer note: 6 & 24)**

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (‘IBR’) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value of the right-of-use asset in a similar economic environment.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

**2.5.3 Impairment of Stock-in-trade (Refer note: 13)**

The Group reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values at each reporting date. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

**2.5.4 Provision for impairment on financial assets**

**Financial assets covered under IFRS 9 - 'Financial Instruments' (IFRS 9) (Refer note 3.10.1)**

The Group uses default rates based on credit rating of customers from which receivables are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customers which have similar characteristics to calculate expected credit losses (ECL) for trade receivables and other receivables.

The default rates are benchmarked and adjusted for forward looking information, cash flow projections are discounted using original effective interest rates, and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates which is then adjusted for forward looking information.

The assessment of the correlation between historical observed default rates and the projection of cash flows from customers, forecast economic conditions and resulting ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

**Financial assets covered under IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39)**

The Group assesses the recoverability of its financial assets if there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debts and other receivables are impaired.

**2.5.5 Income taxes (Refer note: 11 & 39)**

Significant judgment is required in determining the provision for income taxes and deferred tax asset and liability. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due taking into account decisions/judgement of appellate authorities on similar tax issues in the past. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made. The recognition of deferred tax is also made taking into these judgements and the best estimate of future results of the Group.

**2.5.6 Provision for retirement and other service benefit obligations (Refer note: 22)**

The present value of these obligations depends on a number of factors and is being calculated on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 21.3 to these consolidated financial statements.

**2.5.7 Valuation of un-quoted equity investments other than subsidiary and associates (Refer note: 8)**

The fair value of un-quoted equity investments other than subsidiary and associates is calculated using cash flow projections which are discounted using the required rate of return. These cash flow projections and required rate of return calculation involves number of assumptions as disclosed in note 8.2 of these consolidated financial statements. Any changes in these assumptions will impact the carrying amount of the investment.

**2.5.8 Contingencies**

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Group, based on availability of latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of uncertain future event(s).

**2.6 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements**

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Group's financial positions and are therefore not stated in these consolidated financial statements.

**2.7 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2021 and these amendments are not likely to have a significant effect over these consolidated financial statements.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

- The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

  Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
  - any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - there is no substantive change to the other terms and conditions of the lease.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

  The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

**2.8 Share based payments and Benazir Employees Stock Option Scheme**

Amendments to IFRS 2 Share-based payment – Group cash-settled Share-based payment transactions became effective from July 01, 2010 which require a Group receiving goods or services (receiving Group) in either an equity-settled or a cash-settled share-based payment transaction to account for such transaction in its separate or individual consolidated financial statements.

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investments. The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Holding Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP vide SRO 587(I)/2011 dated June 07, 2011; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme. Further, in response to this letter, as per the Ministry of Privatization letter dated May 08, 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter Trustees of the Scheme have requested ministry for directions / clarification on winding up. The Honourable Supreme Court of Pakistan in its short order dated October 22, 2020, stated in the cases filed by other companies declared that Benazir Employees Stock Option Scheme (BESOS) is unconstitutional and ultra-vires. During the year, the Ministry of Energy (Petroleum Division) through its letter reference F.No. 8(9)/2014/BESOS/D-III (Volume-IV) dated November 25, 2020 directed the Holding Company while referring Finance's Division letter no. F.2 (39) - NTR/2-2-F dated November 19, 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund. The Holding Company awaits the detailed judgment of the honourable Supreme Court (SC), after which it shall take the requisite corporate actions for the transfer of 3.04% shareholding back to the Federal Government and related actions for liquidation of the Trust and crediting the Trust funds in the Federal Consolidated Fund.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**3.1 Property, plant and equipment**

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at cost and capital work-in-progress, which are stated at cost less accumulated impairment losses, if any.

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings for financing the projects which takes substantial time for completion, until such projects are available for their intended use. Fixed assets under capital work in-progress are classified to the appropriate categories of property, plant and equipment, when completed and ready for intended use.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when an Group expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation is charged to profit or loss using straight-line method so as to write off the historical cost of the assets over their estimated useful lives at the rates given in note 5.1 to these consolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. Assets' residual value, useful lives and method of depreciation and rates are reviewed, and adjusted prospectively, if appropriate on an annual basis at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Maintenance and normal repairs are charged to profit or loss. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

**3.2 Right-of-use asset**

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

**3.3 Intangibles**

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and that the cost of such asset can also be measured reliably.

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible asset is amortised and charged to profit or loss from the month when such asset is available for use on straight-line basis over its useful economic life. The estimated useful life and amortisation method are reviewed on an annual basis at each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

**3.4 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i) Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15 'Revenue from Contract with Customers'.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, the Group classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss (FVPL).

**Financial assets at amortised cost (debt instruments)**

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

**Financial assets designated at FVOCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**Financial assets at FVPL**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Group has not designated any financial asset as at FVPL.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**ii) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement**

**Financial liabilities at FVPL**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

**Financial liabilities at amortized cost**

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

**iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.5 Investment in associates**

Associates are all entities over which the Group has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decision of investees. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post acquisition profits or losses is recognised in profit or loss and its share in associates' post acquisition comprehensive income is recognised in consolidated statement of other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments.

Dividends received from associates reduce the carrying amount of the investment. When the Group's share of losses in associate equals or exceeds its interest in the associate including any other long term unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When an FVOCI investment is converted into associated Group, the balance in the surplus on revaluation of related asset is transferred to unappropriated profit. Gain on transaction between the Group and its associate are eliminated to the extent of the Group's interest in associates.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use or fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

**3.6 Stores, spares, chemicals and loose tools**

These are valued at moving average cost less accumulated impairment loss, if any, except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. Cost comprises invoice value and other direct costs but excludes borrowing cost. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

**3.7 Stock-in-trade**

Stock-in-trade is valued at the lower of average cost or cost on first-in-first-out (FIFO) basis and net realisable value except for stock-in-transit which is stated at cost (invoice value) plus other charges incurred thereon till the reporting date. The cost formula is dependent on the nature of the stock categories but the same formula is applied to all items of a similar nature. Cost comprises invoice value, charges like excise, custom duties, etc., and other direct costs.

Provision is made for obsolete / slow moving stocks where necessary and recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

**3.8 Deposits, advances and other receivables**

Deposits, advances and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method (EIR).

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to profit or loss.

**3.9 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, with banks in current and deposit accounts, cheques in hand, demand draft and running finance under mark-up arrangements. Running finances under mark-up arrangements are shown within short-term borrowings under current liabilities on the Consolidated statement of financial position.

**3.10 Impairment**

**3.10.1 Impairment of financial assets**

**Financial assets covered under IFRS 9**

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Group applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Group applies a simplified approach where applicable in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Financial assets covered under IAS 39**

The Securities and Exchange Commission of Pakistan through its SRO No. 985(I)/2019 dated September 02, 2019 and clarification dated September 06, 2019 has exempted the applicability of "Expected Credit Losses Method" till June 30, 2021 on financial assets directly due from Government of Pakistan (GoP) or that are ultimately due from GoP, in consequence of circular debt, provided that the Company shall follow relevant requirements of IAS 39. The Group expects same exemption for another one year from SECP.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss when there is objective evidence as a result of one or more events that occurred after the initial recognition. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial asset carried at cost, the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods. For financial asset carried at amortised cost, the amount of impairment loss recognised is difference between carrying amount and present value of estimated cash flow, discounted at effective interest rate.

**3.10.2 Non-financial assets**

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed ceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in profit or loss.

### 3.11 Share capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 3.12 Retirement and other service benefits

#### 3.12.1 Defined benefit plans

**Pension funds**

The Group operates approved funded defined benefit pension schemes separately for permanent management and non-management employees except for those employees who joined the Group after December 31, 2012. The scheme is administrated by the trustees nominated under the trust deed. The schemes provide pension based on the employees' last drawn salary. Pensions are payable for life and thereafter 50% to surviving spouses and / or dependent children. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried using the Projected Unit Credit Method. The amount recognised in the consolidated statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Actuarial gain or loss (remeasurements) are immediately recognised as 'other comprehensive income/(loss)' as they occur. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

**Gratuity fund**

The Group also operates an approved funded defined benefit gratuity scheme for all its permanent employees. The scheme is administrated by the trustees nominated under the trust deed. The Scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognised in 'statement of other comprehensive income' as they occur. The amount recognised in the consolidated statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

**Medical benefits**

The Holding Company also provides post retirement defined medical benefits to its permanent employees except for those management and non-management employees who joined the Group after July 01, 2001. Under the unfunded scheme all such employees, their spouses and dependents are entitled to the benefits. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (remeasurements) are immediately recognised in consolidated statement of other comprehensive income/(loss) as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

**Compensated absences**

The Group provides for compensated absences on the basis of actuarial valuation carried out in accordance with the requirements of IAS 19 'Employees Benefits'. Actuarial valuation of the scheme is carried out every year. Compensated absences are based on employees' last drawn salary.

**3.12.2 Defined contribution plan**

**Provident fund**

The Group also operates an approved funded defined contributory provident fund separately for its management and non-management eligible employees. Equal monthly contributions are made at the rate of 8.33% and 10% per annum of the basic salary by the Holding company along with its employee and Subsidiary Company along with its employee respectively. In addition, employees have the option to contribute at the rate of 16.66% per annum, however, the Group's contribution remains at the rate of 8.33% per annum.

**Pension fund**

The Holding Company also operates an approved funded defined contributory pension fund separately for its management and non-management employees. Monthly contribution is made by the Holding Company at the rate of 9.47% per annum of the gross salary.

**3.13 Lease liabilities**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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 Group's incremental borrowing rate.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

**3.14 Unclaimed dividend**

The Group recognises unclaimed dividend which was declared and remained unclaimed by the shareholder from the date it was due and payable.

**3.15 Provisions**

Provisions are recognised when the Group has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

**3.16 Contract liabilities**

Contract liability is an obligation of the Group to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when payment is made or due whichever is earlier. Contract liabilities are recognised in revenue when Group fulfils the performance obligation under the contract.

**3.17 Taxation**

**3.17.1 Current**

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to profit or loss except to the extent it relates to items recognised in statement of other comprehensive income. The Holding Company and Subsidiary Company are taxed as separate entities. The current and deferred income taxes have been estimated on income of each of the companies according to the applicable law. Accordingly, no adjustment arising solely with respect to the losses unutilized by the subsidiary company.

**3.17.2 Deferred**

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences including on investments in associates and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed depreciation, unused tax losses and tax credits can be utilised. Deferred tax assets are remeasured at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss except to the extent it relates to items recognised in the statement of other comprehensive income.

**3.18 Foreign currency transactions and translation**

Transactions in foreign currencies are translated into functional currency (Pakistan Rupees) using exchange rates approximating those ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the rates prevailing at the reporting date are included in profit or loss. Non-monetary items that are measured in terms of a historical cost in a foreign currency are not re-translated.

**3.19 Revenue recognition**

The Group recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Group at customer premises or pumped in oil marketing companies' tanks. Sale of products loaded through gantry is recognised when the products are loaded into tank lorries and export sales are recognised, on Cost, Insurance and Freight (CIF) basis, at the time when the products are shipped to customers.

The Group generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers ranges from 2 to 90 days.

### 3.20 Other income

Other income is recognised to the extent it is probable that economic benefit will flow to the Group and the amount can be measured reliably. Other income is measured at fair value of the consideration received or receivable and recognised on following basis:

- Dividend income on equity investment is recognised when the Group's right to receive the dividend is established.

- Mark-up / interest on debt securities, return on deposits and other financial assets are recognised on time proportion basis using effective interest rate method.

- Handling, storage and other services income is recognised when the services have been rendered.

- Mark-up receivable on delayed payment is recognised on receipt basis.

### 3.21 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing costs eligible for capitalisation are determined using effective interest rate method. Management exercises judgement when determining which assets are qualifying assets, taking into account the nature of the asset.

### 3.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. An operating segment's operating results are reviewed regularly by the Management Committee of the Group to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BoM includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The business segments are engaged in providing products or services which are subject to risk and rewards which differ from the risk and rewards of other segments. Segments reported are Petroleum products, Liquefied Natural Gas (LNG), refining operations and other sources.

### 3.23 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities.

The Subsidiary Company recognizes government grants when there is reasonable assurance that grants will be received and the Subsidiary Company will be able to comply with conditions associated with grants.

Government grants are recognized at their fair values, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

The loan is initially recognized at fair value - i.e. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit of government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

### 3.24 Interest in joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement.

The Group classifies a joint arrangement as joint operations when the Group has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operations. The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement.

The Holding Company currently has joint operations as follows:

- In October 1961, the Holding Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Total Parco Marketing Limited for ownership and operation of the hydrant fuelling facilities known as "Eastern Joint Hydrant System" at Karachi Airport. The Holding Company has a 44% share in this joint arrangement.

- In December 2004, the Holding Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Total Parco Marketing Limited, for establishment and installation of storage facilities relating to petroleum products at Mehmoodkot. The Holding Company has a 62.1% share in the joint arrangement.

- In March 2015, the Holding Company entered into an unincorporated joint arrangement with Attock Petroleum Limited (APL) for establishment, operation and maintenance of a fuel farm and to operate and maintain the hydrant refueling system at the New Islamabad International Airport. Each party has a 50% share in this joint arrangement.

The Holding Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in these consolidated financial statements under the appropriate line items.

**3.25 Transaction costs**

When a financial asset or financial liability is not measured at FVTPL, transaction costs that are directly attributable to the acquisition or issue are added to or deducted from the initial fair value. For financial assets, such costs are added to the amount originally recognised. For financial liabilities, such costs are deducted from the amount originally recognised. This applies to all financial instruments not carried at FVTPL, including instruments carried at FVTOCI. For debt instruments, the transaction costs are recognised as part of interest income using the effective interest method.

For financial instruments that are measured at FVTPL, transaction costs are not added to or deducted from the initial fair value, but they are immediately recognised in profit or loss on initial recognition.

Transaction costs expected to be incurred on a financial instrument's transfer or disposal are not included in the financial instrument's measurement.

**3.26 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved.

**3.27 Earnings per share**

The Group 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 Holding 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 of the Holding Company. and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**3.28 Contingencies**

Contingencies are disclosed when Group has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Group, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resourses embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

(Amounts in Rs. '000)

**3.29 Non-Controlling Interest - NCI**

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Subsequently, the share in subsidiary's profit or loss and each component of other comprehensive income are allocated between Holding Company and NCI and such allocation are determined on the basis of present ownership interests. NCI represent the portion of profit or loss and net assets that is not held by the Group and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position, separately from Holding Company shareholders' equity. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

## 4. NON - CONTROLLING INTEREST

4.1 Non-controlling interest in the Subsidiary Company has been calculated as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Non-current assets | | **20,673,268** | 21,492,660 |
| Current assets | | **20,320,752** | 13,959,688 |
| Non-current liabilities | | **(824,614)** | (4,827,839) |
| Current liabilities | | **(38,122,408)** | (30,799,362) |
| Net assets | | **2,046,998** | (174,853) |
| Adjustments for consolidation: | | | |
| Fair value adjustment | | **9,260,067** | 9,676,151 |
| Consistency of accounting policy | | **(11,149,288)** | (11,149,288) |
| Issue of right shares / Share deposit money | | **(3,360,452)** | (2,153,175) |
| Special Reserve | | **(837,156)** | - |
| Others | | **7,099,709** | 7,202,729 |
| | | **1,012,880** | 3,576,417 |
| **Adjusted net assets of the Subsidiary Company** | | **3,059,878** | 3,401,564 |
| Share of NCI @ 36.44% (2020: 40%) | | **1,115,020** | 1,360,626 |
| Issue of right shares / Share deposit money of NCI | | **1,035,861** | 53,175 |
| | | **2,150,881** | 1,413,801 |

4.2 Net turnover and Profit / (loss) after tax from the acquired business are as follows:

| | 2021 | 2020 |
|---|---|---|
| Net turnover | **92,084,090** | 90,524,260 |
| Profit / (Loss) for the year | **937,156** | (7,590,726) |

**4.3** During the year, the Holding Company has recorded NCI's Share of Rs 152,338 and Rs 27,732 in consolidated statement of profit or loss and other comprehensive income respectively.

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2021 | 2020 |
|---|---|---|---|
| Operating assets | 5.1 | **32,810,904** | 32,300,480 |
| Capital work-in-progress | 5.4 | **5,653,483** | 3,391,227 |
| | | **38,464,387** | 35,691,707 |

## 5.1 Operating assets

(Amounts in Rs. '000)

| | Land | | Building | | Tanks and pipelines | Service and filling stations (note 5.1.2) | Plant and machinery | Furniture and fittings | Vehicles and other rolling stock | Office equipments | Railway sidings | Gas cylinders / regulators (note 5.1.2) | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold (note 5.3.1) | Leasehold | On freehold land | On leasehold land | | | | | | | | | |
| **As at July 01, 2019** | | | | | | | | | | | | | |
| Cost | 9,852,174 | 128,417 | 968,359 | 1,660,592 | 7,998,215 | 11,329,398 | 17,785,347 | 682,516 | 1,788,349 | 961,742 | 97,613 | 372,078 | 53,624,800 |
| Accumulated depreciation | - | (38,926) | (628,299) | (904,765) | (4,360,649) | (8,738,971) | (4,371,538) | (307,947) | (1,301,988) | (807,050) | (60,979) | (157,694) | (21,678,806) |
| Net book value | 9,852,174 | 89,491 | 340,060 | 755,827 | 3,637,566 | 2,590,427 | 13,413,809 | 374,569 | 486,361 | 154,692 | 36,634 | 214,384 | 31,945,994 |
| **Year ended June 30, 2020** | | | | | | | | | | | | | |
| Opening net book value | 9,852,174 | 89,491 | 340,060 | 755,827 | 3,637,566 | 2,590,427 | 13,413,809 | 374,569 | 486,361 | 154,692 | 36,634 | 214,384 | 31,945,994 |
| Additions / transfers | - | - | 66,913 | 899 | 609,269 | 776,656 | 1,831,155 | 19,632 | 154,575 | 69,956 | - | 56,113 | 3,585,168 |
| **Disposals (note 5.2)** | | | | | | | | | | | | | |
| Cost | - | - | (801) | (4) | (8,031) | (69,011) | (8,948) | (2,944) | (35,665) | (15,204) | - | - | (140,608) |
| Accumulated depreciation | - | - | 801 | 4 | 7,951 | 68,805 | 8,647 | 2,742 | 26,033 | 15,204 | - | - | 130,187 |
| | - | - | - | - | (80) | (206) | (301) | (202) | (9,632) | - | - | - | (10,421) |
| Depreciation charge (note 5.1.1) | - | (1,705) | (22,921) | (75,080) | (797,169) | (463,331) | (1,564,583) | (41,340) | (148,029) | (72,633) | (4,469) | (29,001) | (3,220,261) |
| Closing net book value | 9,852,174 | 87,786 | 384,052 | 681,646 | 3,449,586 | 2,903,546 | 13,680,080 | 352,659 | 483,275 | 152,015 | 32,165 | 241,496 | 32,300,480 |
| **As at June 30, 2020** | | | | | | | | | | | | | |
| Cost | 9,852,174 | 128,417 | 1,034,471 | 1,661,487 | 8,599,453 | 12,037,043 | 19,607,554 | 699,204 | 1,907,259 | 1,016,494 | 97,613 | 428,191 | 57,069,360 |
| Accumulated depreciation | - | (40,631) | (650,419) | (979,841) | (5,149,867) | (9,133,497) | (5,927,474) | (346,545) | (1,423,984) | (864,479) | (65,448) | (186,695) | (24,768,880) |
| Net book value | 9,852,174 | 87,786 | 384,052 | 681,646 | 3,449,586 | 2,903,546 | 13,680,080 | 352,659 | 483,275 | 152,015 | 32,165 | 241,496 | 32,300,480 |
| **Year ended June 30, 2021** | | | | | | | | | | | | | |
| Opening net book value | **9,852,174** | **87,786** | **384,052** | **681,646** | **3,449,586** | **2,903,546** | **13,680,080** | **352,659** | **483,275** | **152,015** | **32,165** | **241,496** | **32,300,480** |
| Additions / transfers | **39,481** | **-** | **84,340** | **205,881** | **1,340,832** | **1,099,704** | **360,775** | **79,704** | **54,863** | **152,627** | **-** | **70,781** | **3,488,988** |
| **Disposals (note 5.2)** | | | | | | | | | | | | | |
| Cost | **-** | **(17,496)** | **(1,172)** | **(502)** | **(8,246)** | **(106,323)** | **(3,444)** | **(4,311)** | **(40,012)** | **(15,257)** | **-** | **-** | **(196,763)** |
| Accumulated depreciation | **-** | **12,849** | **1,172** | **435** | **6,888** | **105,746** | **3,393** | **4,271** | **29,681** | **15,230** | **-** | **-** | **179,665** |
| | **-** | **(4,647)** | **-** | **(67)** | **(1,358)** | **(577)** | **(51)** | **(40)** | **(10,331)** | **(27)** | **-** | **-** | **(17,098)** |
| Write off during the year | - | - | - | - | (3,490) | - | - | - | (1,271) | (89) | - | - | (4,850) |
| Depreciation charge (note 5.1.1) | **-** | **(1,484)** | **(29,360)** | **(70,114)** | **(489,538)** | **(709,432)** | **(1,299,165)** | **(25,372)** | **(154,297)** | **(138,403)** | **(4,446)** | **(35,005)** | **(2,956,616)** |
| Closing net book value | **9,891,655** | **81,655** | **439,032** | **817,346** | **4,296,032** | **3,293,241** | **12,741,639** | **406,951** | **372,239** | **166,123** | **27,719** | **277,272** | **32,810,904** |
| **As at June 30, 2021** | | | | | | | | | | | | | |
| Cost | **9,891,655** | **110,921** | **1,117,639** | **1,866,866** | **9,924,267** | **13,030,424** | **19,964,885** | **774,597** | **1,916,557** | **1,123,583** | **97,613** | **498,972** | **60,317,979** |
| Accumulated depreciation | **-** | **(29,266)** | **(678,607)** | **(1,049,520)** | **(5,628,235)** | **(9,737,183)** | **(7,223,246)** | **(367,646)** | **(1,544,318)** | **(957,460)** | **(69,894)** | **(221,700)** | **(27,507,075)** |
| Net book value | **9,891,655** | **81,655** | **439,032** | **817,346** | **4,296,032** | **3,293,241** | **12,741,639** | **406,951** | **372,239** | **166,123** | **27,719** | **277,272** | **32,810,904** |
| Annual rate of depreciation (%) | **-** | **1-7** | **5-10** | **5-20** | **5-20** | **5-50** | **5-33** | **7-33** | **17-25** | **5-33** | **7-10** | **10** | |

(Amounts in Rs. '000)

**5.1.1 Depreciation charge for the year has been allocated as follows:**

| | Note | 2021 | 2020 |
|---|---|---|---|
| Cost of products sold | 33.1 | **1,432,021** | 1,782,017 |
| Distribution and marketing expenses | 35 | **1,268,549** | 1,191,547 |
| Administrative expenses | 36 | **256,046** | 246,697 |
| | | **2,956,616** | 3,220,261 |

**5.1.2** Service and filling stations include cost of Rs.12,237,548 (2020: Rs.11,537,703) incurred by the Group on underground storage tanks, dispensing units, other equipment, construction and related work. It also includes cost incurred on modernization and development under the "New Vision Scheme" on approximately 2,131 (2020: 2,067) out of the total 3,501 (2020: 3,463) retail filling stations of dealers and consumer sites. In view of large number of outlets and consumer sites, the management considers it impracticable to disclose particulars of assets not in the possession of the Group as required under the Fourth Schedule to the Companies Act, 2017. Further, gas cylinders amounting to Rs. 498,969 (2020: Rs.428,189) are not in possession of the Group.

**5.1.3** Included in operating assets are fully depreciated assets having cost of Rs.16,917,610 (2020: Rs.16,354,265).

**5.1.4** Included in operating assets are assets having net book value of Rs. 690,216 (2020: Rs. 704,674) in respect of Holding Company's share in the joint operation. Certain assets relating to joint operation Eastern Joint Hydrant System (EJHD) and New Islamabad International Airport (NIAP) are not in the possession or name of the Holding Company aggregating to Rs. 108,122 (2020: Rs. 55,261) and Rs. 381,389 (2020: Rs. 336,747) respectively. The possession of these assets at EJHD and NIAP is with Shell Pakistan Limited and Attock Petroleum Limited respectively. In view of large number of assets, the Holding Company considered it impracticable to disclose particulars of assets not in the possession or name of the Holding Company as required under the Fourth Schedule of the Companies Act, 2017.

**5.1.5** During the year, assets of the Subsidiary Company having Net Book Value of Rs 4.85 million were written off.

**5.2** The details of operating assets disposed off during the year are as follows:

| | Cost | Accumulated depreciation | Net book value | Sale proceeds | Gain | Mode of disposal | Particulars of buyers |
|---|---|---|---|---|---|---|---|
| Vehicle | 2,294 | 1,453 | 841 | 879 | 38 | Group Policy | Syed Jehangir A. Shah Ex. Employee |
| Vehicle | 1,983 | 1,091 | 892 | 976 | 84 | Group Policy | Mr. Imtiaz Jaleel Ex. Employee |
| Vehicle | 1,982 | 1,024 | 958 | 1,024 | 66 | Group Policy | Mr. M. Babar Siddiqui Ex. Employee |
| Vehicle | 1,806 | 777 | 1,029 | 1,806 | 777 | Group Policy | Mr. Rana M Imran Ex. Employee |
| Vehicle | 2,084 | 1,075 | 1,009 | 1,078 | 69 | Group Policy | Mr. Aziz A. Hemani Ex. Employee |
| Vehicle | 1,929 | 930 | 999 | 1,120 | 121 | Group Policy | Mr. Saad Uddin Ahmed Ex. Employee |
| Vehicle | 2,083 | 936 | 1,147 | 1,148 | 1 | Group Policy | Mr. Azfar Yazdani Ex. Employee |
| Vehicle | 2,674 | 387 | 2,287 | 2,287 | - | Group Policy | Asad Ali Shah (Ex-Chairman) |
| Items having book value of less than Rs. 500 each | 179,928 | 171,992 | 7,936 | 42,762 | 34,826 | Group Policy | (Various employees/others) |
| **June 30, 2021** | **196,763** | **179,665** | **17,098** | **53,080** | **35,982** | | |
| June 30, 2020 | 140,608 | 130,187 | 10,421 | 34,089 | 23,668 | | |

**5.3** The particulars of immovable fixed asset (i.e. land) are as follows:

| Description of Location | Addresses | Total Area of Land Square Yards |
|---|---|---|
| **Installations** | | |
| Machike Installation | Sargodha Road, Sheikhupura | 164,742 |
| Mehmood Kot Terminal | Railway Station, Mehmood Kot, Multan. | 111,048 |
| Morgah Installation | Caltex Road, New Lalazar, Rawalpindi | 14,913 |
| Pipri Installation (ZOT) | National Highway, Pipri | 460,647 |
| Shikarpur Installation | Deh Ali Murad Kalhoro. Taluka Kanpur. Distt. Shikarpur | 261,965 |
| **Depots** | | |
| Chitral Depot | Mastuj-Dir Road, Chitral | 13,790 |
| Chakpirana Depot | Chakpirana, G.T Road Lala Moosa | 104,091 |
| Daulatpur Depot | Daulatpur, Distt. Nawabshah | 140,360 |
| Faqirabad Depot | Lawrancepur, Distt. Attock | 112,984 |
| Lalpir Depot | Deh Khuhawar & Gujrat,Tehsil Kot Addu Distt, Muzafargarh | 157,179 |
| Habibabad Depot | Near Railway crossing, Habibabad Distt. Kasur | 199,620 |
| Khuzdar Depot | Main R.C.D. Highway Road, Khuzdar | 48,400 |
| Kohat Depot | 13-KM, Kohat/Rawalpindi Road, Kohat | 56,507 |
| Kotlajam Depot | Kotlajam, Distt. Bhakkar | 48,400 |
| New Faisalabad Depot | Village Karari, Chak No 190 RB, Tehsil Saddar, Distt. Faisalabad | 100,611 |
| New Hyderabad Depot | Deh Senhwar, Taluka Distt. Hyderabad | 248,050 |
| Pasni Depot | Pasni Gawadar Road, Opposite Airport Road, Girani | 96,800 |
| Quetta Depot 'C' | Chaman Road,Quetta Cantt | 30,008 |
| Sangi Depot | Deh Mehranpure,Taluka Pano Akil | 48,400 |
| Serai Naurang Depot | Village Nar Hafizabad Tehsil, Distt. Bannu | 48,521 |
| Taru Jabba Depot | G.T Road, Peshawar | 64,523 |
| **Refinery** | | |
| Refinery Complex* | Naclass No. 24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi | 963,160 |
| **Aviation Stations** | | |
| Karachi Aviation Station | Karachi Airport | 9,012 |
| New Terminal Complex, Lahore | Holding Company Aviation Station, New Terminal complex, Lahore | 29,497 |
| Pasni Aviation Station | Pasni Airport. | 2,500 |
| **Division Office** | | |
| Lahore Division | 8, Edward Road, Lahore. | 10,000 |
| **Retail Outlets** | | |
| Chowerangi Service Station | Nazimabad Chowrangi, Karachi. | 743 |
| Daimond Fuel Station | Jamrud Road, Peshawar | 1,785 |
| Garden Petroleum Station | Opp. Fatima Jinnah Girls High School, Nishter Road, Karachi | 1,056 |
| Madni Petroleum Services | College Road, Peshawar | 1,194 |
| Holding Company Service Station | Block-A North Nazimabad, Karachi | 1,000 |
| Pak Service Station | Sukkur City, Opposite Hira Medical Center, Sukkur | 833 |
| Holding Company Service Station | 3A, The Mall, Rawalpindi | 870 |
| Holding Company Service Station | Diplomatic Enclave, Islamabad | 2,000 |
| **Others** | | |
| Bin Qasim Pak Saudia | South Western Zone, Port Qasim Authority, Karachi | 116,160 |
| Computer Institute, Badin | PSO Computer Institute, Badin | 4,840 |
| Jamshoro Land | Deh Morho Jabbal,Taluka Kotri Distt., Dadu | 968,000 |
| LPG Plant, Lahore | Miles Shakapura Road, Shadra, Lahore. | 29,040 |
| Holding Company House | PSO House, Clifton, Karachi | 6,535 |
| Railway Marshalling Yard, Pipri | South Western Zone, Port Qasim Authority, Karachi | 484,000 |

* This includes 4,816 square yards of land leased to President of Pakistan.

**5.3.1** The land of Subsidiary Company is freehold to be used for oil refinery by the Subsidiary Company.

(Amounts in Rs. '000)

**5.3.2** In view of large number of buildings and other immoveable assets, the Group considered it impracticable to disclose particulars of such assets of the Group as required under the Fourth Schedule of the Companies Act, 2017.

| **5.4 Capital work-in-progress** | **Note** | **2021** | **2020** |
|---|---|---|---|
| Tanks and pipelines | | **3,490,359** | 1,750,138 |
| Service and filling stations | | **79,606** | 113,685 |
| Plant and machinery | | **162,150** | 163,748 |
| Office equipments, furniture and fittings | | **47,576** | 28,059 |
| Vehicles and otther rolling stock | | **165** | 1,992 |
| Advance to suppliers and contractors | | **127,401** | 118,527 |
| Capital spares | | **1,746,226** | 1,215,078 |
| | 5.4.1 & 5.4.3 | **5,653,483** | 3,391,227 |

**5.4.1** Movement in capital work-in-progress is as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Balance at beginning of the year | | **3,410,276** | 2,654,904 |
| Additions during the year | | **5,868,576** | 4,425,298 |
| Transfers during the year | | | |
| - Operating assets | | **(3,496,499)** | (3,669,926) |
| - Intangibles | | **(106,528)** | - |
| | | **(3,603,027)** | (3,669,926) |
| | | **5,675,825** | 3,410,276 |
| Provision for impairment | 5.4.1.1 | **(22,342)** | (19,049) |
| Balance at end of the year | | **5,653,483** | 3,391,227 |

**5.4.1.1** During the year, net charge of Rs. 3,290 (2020: net reversal of Rs. 330) was recorded.

**5.4.2** During the year, the Subsidiary Company has capitalised borrowing costs amounting to Rs. 670 (2020: Rs. 67,270). Borrowing costs were capitalised at the current year's weighted average rate of its general borrowings of 8.06% per annum (2020: 13.25%).

**5.4.3** Includes capital work-in-progress amounting to Rs. 269,601 (2020: Rs. 182,269) in respect of Holding Company's share in joint operation.

| **6. RIGHT-OF-USE ASSETS** | **Note** | **Land** | **Building** | **Total** |
|---|---|---|---|---|
| **Balance at the beginning of the year** | | | | |
| Cost | | 5,265,066 | 50,583 | 5,315,649 |
| Accumulated depreciation | | (393,398) | (23,361) | (416,759) |
| **Net book value** | | **4,871,668** | **27,222** | **4,898,890** |
| **Movement during the year** | | | | |
| Opening net book value | | 4,871,668 | 27,222 | 4,898,890 |
| Additions | | 588,383 | - | 588,383 |
| Change due to modifications | | 333,716 | - | 333,716 |
| Less: Depreciation charge | 6.2 | (434,332) | (23,361) | (457,693) |
| Less: Disposals made | | | | |
| Cost | | (434) | - | (434) |
| Accumulated depreciation | | 85 | - | 85 |
| | | (349) | - | (349) |
| **Closing net book value** | | **5,359,086** | **3,861** | **5,362,947** |

(Amounts in Rs. '000)

| Balance at the end of the year | Land | Building | Total |
|---|---|---|---|
| Cost | 6,186,731 | 50,583 | 6,237,314 |
| Accumulated depreciation | (827,645) | (46,722) | (874,367) |
| **Net book value** | **5,359,086** | **3,861** | **5,362,947** |

**6.1** The annual rate of depreciation for the right-of-use assets ranges between 1% - 20%.

**6.2** Depreciation charge for the year has been allocated as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Cost of products sold | 33.1 | **15,910** | 15,910 |
| Distribution and marketing expenses | 35 | **411,476** | 376,374 |
| Administrative expenses | 36 | **30,307** | 24,475 |
| | | **457,693** | 416,759 |

**6.3** The right-of-use assets comprise land and office premises acquired on lease by the Group for its operations. The Group has also entered into lease of pipelines and tank lorries, however, these do not constitute right-of-use assets on account of variable payments not linked to index or rate.

## 7. INTANGIBLES

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Net carrying value** | | | |
| Balance at beginning of the year | | **90,885** | 60,455 |
| Additions at cost | | **106,528** | 51,755 |
| Amortisation charge for the year | 7.3 & 36 | **(35,930)** | (21,325) |
| Balance at end of the year | | **161,483** | 90,885 |
| **Gross carrying value** | | | |
| Cost | 7.2 | **645,447** | 538,918 |
| Accumulated amortisation | | **(483,964)** | (448,033) |
| Net book value | | **161,483** | 90,885 |

**7.1** The cost is being amortised over the period of 3 to 5 years.

**7.2** Intangibles include ERP System (SAP), anti-virus softwares and other office related softwares.

**7.3** Amortisation charge for the year has been allocated as follows:

| | | 2021 | 2020 |
|---|---|---|---|
| Cost of products sold | | **-** | 307 |
| Administrative expenses | 36 | **35,930** | 21,018 |
| | | **35,930** | 21,325 |

(Amounts in Rs. '000)

| 8. LONG-TERM INVESTMENTS | Note | 2021 | 2020 |
|---|---|---|---|
| **Investment in related parties** | | | |
| **Investment held at fair value through other comprehensive income** | | | |
| **In an unquoted company** | | | |
| - Pak-Arab Pipeline Company Limited (PAPCO)<br>Equity held: 12% (2020: 12%)<br>No. of shares: 8,640,000 (2020: 8,640,000) of Rs. 100 each | 8.3 | **7,874,629** | 8,516,173 |
| **Investment in associates** | | | |
| **In unquoted companies** | | | |
| - Asia Petroleum Limited (APL)<br>Equity held: 49% (2020: 49%)<br>No. of shares: 46,058,570 (2020: 46,058,570) of Rs. 10/- each | 8.4 | **3,453,641** | 2,955,801 |
| - Pak Grease Manufacturing Company (Private) Limited<br>Equity held: 49.26% (2020: 49.26%)<br>No. of shares: 1,536,593 (2020: 1,536,593) of Rs. 10/- each | 8.4 | **101,246** | 112,746 |
| | | **3,554,887** | 3,068,547 |
| | | **11,429,516** | 11,584,720 |

**8.1** The principal place of business of all the investees is in Karachi.

**8.2** Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Holding Company. Accordingly, the Holding Company has carried out an exercise to ascertain the fair value of investment as at the year end using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

| | 2021 | 2020 |
|---|---|---|
| - Discount rate | **16.4% - 17.2%** | **16.8% - 17.8%** |
| - Growth rate of terminal value | **6%** | **5%** |

Based on the above fair valuation exercise, the Holding Company has recorded an unrealised loss (net of tax) of Rs. 502,009 (2020: gain of Rs.1,652,178) in other comprehensive income for the year.

| 8.3 Movement of investment classified as FVOCI | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **8,516,173** | 6,404,764 |
| Remeasurement (loss) / gain recognised in the other comprehensive income | **(641,544)** | 2,111,409 |
| Balance at end of the year | **7,874,629** | 8,516,173 |

(Amounts in Rs. '000)

| 8.3.1 | Sensitivity to unobservable inputs: | 2021 | 2020 |
|---|---|---|---|
| | - Discount rate (1% increase) | (580,008) | (619,123) |
| | - Discount rate (1% decrease) | 705,147 | 737,965 |
| | - Growth rate of terminal value (1% increase) | 517,028 | 500,839 |
| | - Growth rate of terminal value (1% decrease) | (426,608) | (422,476) |

**8.4 Investments in associates**

**8.4.1 Movement of investment in associates**

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | APL | PGMCL | Total | APL | PGMCL | Total |
| Balance at beginning of the year | 2,955,801 | 112,746 | 3,068,547 | 2,418,932 | 106,859 | 2,525,791 |
| Share of profit / (loss) of associates - net of tax: | | | | | | |
| - current year - unaudited | 589,717 | (9,351) | 580,366 | 536,917 | 3,075 | 539,992 |
| - adjustment for last year profit / (loss) based on prior year audited financial statements | (4,084) | (1,329) | (5,413) | 5,423 | 1,516 | 6,939 |
| | 585,633 | (10,680) | 574,953 | 542,340 | 4,591 | 546,931 |
| Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates- net of tax | 4,324 | (820) | 3,504 | (5,471) | 1,296 | (4,175) |
| Dividend income | (92,117) | - | (92,117) | - | - | - |
| Balance at end of the year | 3,453,641 | 101,246 | 3,554,887 | 2,955,801 | 112,746 | 3,068,547 |

**8.4.2** The summarised financial information of the associates, based on their unaudited financial statements is as follows:

| | Un-audited | | Un-audited | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | APL | PGMCL | APL | PGMCL |
| Revenue | 2,034,623 | 97,362 | 2,061,899 | 108,976 |
| Profit after taxation for the year | 1,203,503 | (13,577) | 1,087,415 | 198 |
| Other comprehensive income | - | - | 8,825 | (3,725) |
| Total comprehensive income | 1,203,503 | (13,577) | 1,096,240 | (3,527) |
| Non-current assets | 1,025,544 | 45,512 | 1,152,515 | 50,079 |
| Current assets | 7,722,687 | 201,093 | 6,052,959 | 207,333 |
| | 8,748,231 | 246,605 | 7,205,474 | 257,412 |
| Non-current liabilities | (359,128) | (14,124) | (385,737) | (14,037) |
| Current liabilities | (1,340,857) | (16,308) | (786,999) | (13,625) |
| | (1,699,985) | (30,432) | (1,172,736) | (27,662) |
| Net assets | 7,048,246 | 216,173 | 6,032,738 | 229,750 |

(Amounts in Rs. '000)

**8.4.3 Reconciliation of carrying amount of investment**

| | Un-audited 2021 APL | Un-audited 2021 PGMCL | Un-audited 2020 APL | Un-audited 2020 PGMCL |
|---|---|---|---|---|
| Net assets (Note 8.4.2) | **7,048,246** | **216,173** | 6,032,738 | 229,750 |
| Group's holding in % (Note 8) | **49%** | **49.26%** | 49% | 49.26% |
| Group's share of investment in associate | **3,453,641** | **106,488** | 2,956,042 | 113,175 |
| Fair value adjustment upon acquisition of subsidiary | **-** | **(5,242)** | - | (5,242) |
| Adjustments based on audited financial statements | **-** | **-** | (241) | 4,813 |
| Carrying amount of investment | **3,453,641** | **101,246** | 2,955,801 | 112,746 |

## 9. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Loans - considered good** | | | |
| Executives* | 9.1 | **153,715** | 156,234 |
| Employees | | **332,323** | 371,250 |
| | 9.2 | **486,038** | 527,484 |
| Current portion shown under current assets | 15 | **(176,260)** | (164,706) |
| | | **309,778** | 362,778 |
| **Advances - considered good (secured)** | | | |
| Employees | 9.4 | **80,042** | 57,034 |
| Current portion shown under current assets | 15 | **(25,303)** | (24,075) |
| | | **54,739** | 32,959 |
| **Other receivables** | | | |
| - Considered good | | **48,387** | 63,639 |
| - Considered doubtful | | **8,143** | 8,143 |
| | | **56,530** | 71,782 |
| Provision for impairment | | **(8,143)** | (8,143) |
| | | **48,387** | 63,639 |
| | | **412,904** | 459,376 |

**9.1 Reconciliation of carrying amount of long-term loans to executives*:**

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **156,234** | 114,029 |
| Disbursements made during the year | **51,873** | 85,455 |
| Repayments made during the year | **(54,392)** | (43,250) |
| Balance at end of the year | **153,715** | 156,234 |

*These represent executives as prescribed under the Companies Act, 2017.

**9.2** These represent interest free loans to executives and employees for purchase of motor cars, motor cycles, house building, marriage, umrah, to defray personal expenditure and others, in accordance with the policy. Loans for purchase of motor cars and motor cycles are secured against the respective assets, whereas all other loans are unsecured except for those which are secured against the retirement fund balances of the employees. These loans are recoverable in monthly installments over a period of twenty months to sixty months.

(Amounts in Rs. '000)

**9.3** The maximum aggregate amount of loans due from executives and employees at the end of any month during the year was Rs. 237,612 (2020: Rs. 225,391).

**9.4** These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Group's policy. These advances are secured against respective assets and are recovered through monthly deduction of house allowance until complete repayment is made.

**9.5** Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these consolidated financial statements.

| **10. LONG-TERM DEPOSITS** | **Note** | **2021** | **2020** |
|---|---|---|---|
| Long-term deposits | 10.1 | **357,041** | 228,454 |

**10.1** These include interest free deposits amounting to Rs.126,313 (2020: Rs. 135,266) paid to related parties.

| **11. DEFERRED TAX ASSET - NET** | **Balance as at June 30, 2020** | **Charge for the year** | | **Balance as at June 30, 2021** |
|---|---|---|---|---|
| | | **Profit or loss** | **Other comprehensive income** | |
| **Taxable temporary difference in respect of:** | | | | |
| Accelerated tax depreciation | (1,595,522) | (7,862) | - | **(1,603,384)** |
| Investment in associates accounted for under equity method | (392,147) | (71,997) | - | **(464,144)** |
| Equity investment held as FVOCI | (1,664,348) | - | 139,535 | **(1,524,813)** |
| Right-of-use assets | (1,289,299) | (229,041) | - | **(1,518,340)** |
| Fair value of net assets acquired on acquisition | (290,717) | 173,007 | - | **(117,710)** |
| **Deductible temporary difference in respect of:** | | | | |
| **Provision for:** | | | | |
| Tax amortisation | 678 | 691 | - | **1,369** |
| Lease Liabilities | 1,266,137 | 299,403 | - | **1,565,540** |
| Impairment of Stores and spares | 17,553 | 3,160 | - | **20,713** |
| Provision for slow moving products | 25,967 | - | - | **25,967** |
| Impairment on trade debts | 898,921 | 97,951 | - | **996,872** |
| Impairment on other Receivables | 772,443 | 162,546 | - | **934,989** |
| Retirement and other service benefits | 1,736,912 | 179,197 | (254,819) | **1,661,290** |
| Excise, taxes and other duties | 21,121 | - | - | **21,121** |
| Liabilities offered for taxation | 11,986,914 | 83,893 | - | **12,070,807** |
| Recoupable carried forward tax loss | 1,422,661 | (313,348) | - | **1,109,313** |
| Recoupable minimum turnover Tax | 3,928,497 | (3,928,497) | - | **-** |
| others | 2,361 | - | - | **2,361** |
| | **16,848,132** | **(3,550,897)** | **(115,284)** | **13,181,951** |

(Amounts in Rs. '000)

**11.1** Movement in deferred tax asset - net is as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Balance at beginning of the year | | **17,148,771** | 11,709,058 |
| Impact of change in accounting policy | | **-** | (1,548,647) |
| Balance at beginning of the year | | **(16,848,132)** | 11,854,947 |
| - recognized in profit or loss | 39 | **3,550,897** | 6,355,261 |
| - recognized in other comprehensive income / (loss) | | **(115,284)** | (1,362,076) |
| Balance at end of the year | | **(13,412,519)** | 16,848,132 |

Deferred tax debit balances of Rs. 3,260,000 (2020: Rs. 1,360,000) in respect of unabsorbed depreciation, tax losses and deductible temporary differences have not been recognised as their recoverability will be dependent on improved profitability of the Subsidiary Company.

## 12. STORES, SPARES, CHEMICALS AND LOOSE TOOLS

| | Note | 2021 | 2020 |
|---|---|---|---|
| Stores, spares, chemicals and loose tools | | **1,453,351** | 1,075,038 |
| Provision for obsolete / slow moving | 12.1 | **(110,870)** | (83,455) |
| | | **1,342,481** | 991,583 |

**12.1** The movement in provision for obsolete / slow moving is as follows:

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **83,455** | 61,707 |
| Provision recognised during the year | **27,415** | 21,748 |
| Balance at end of the year | **110,870** | 83,455 |

## 13. STOCK-IN-TRADE

| | Note | 2021 | 2020 |
|---|---|---|---|
| Raw and packing material | | **9,385,377** | 7,867,223 |
| Petroleum and other products (gross) | 13.1 | **56,966,018** | 30,052,301 |
| Less: Stock held on behalf of third parties | 13.2 | **(2,164,973)** | (2,249,211) |
| | | **64,186,422** | 35,670,313 |
| Provision for slow moving products | 13.3 | **-** | (89,543) |
| Provision for write down to net realisable value | | **-** | (358,387) |
| | 13.4 | **64,186,422** | 35,222,383 |
| In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Company Limited - net of loss | | **21,303,048** | 15,518,767 |
| | | **85,489,470** | 50,741,150 |
| Add: Charges incurred thereon | | **3,444,940** | 14,017,092 |
| | 33 | **88,934,410** | 64,758,242 |

**13.1** Includes stock-in-transit amounting to Rs. 10,975,093 (2020: Rs. 19,762,745) and stocks (net of provision) held by:

| | 2021 | 2020 |
|---|---|---|
| Shell Pakistan Limited | **122,196** | 155,377 |
| Byco Petroleum Pakistan Limited | **4,261** | 3,854 |
| Others | **-** | 1,224 |
| | **126,457** | 160,455 |

**13.2** Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs.23,730 (2020: Rs. 23,730) recoverable there against. This also includes stock held on behalf of related parties amounting to Rs. 26,877 (2020: Rs. 15,698).

(Amounts in Rs. '000)

| 13.3 The movement in provision for slow moving products: | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **89,543** | 21,456 |
| Provision during the year | **-** | 89,543 |
| Reversal of provision during the year | **-** | (21,456) |
| Write off during the year | **(89,543)** | - |
| | **(89,543)** | 68,087 |
| Balance at end of the year | **-** | 89,543 |

**13.4** Includes Rs.Nil (2020: 10,369,044) in respect of stock carried at net realisable value.

## 14. TRADE DEBTS

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Considered good** | | | |
| - Due from Government agencies and autonomous bodies | | | |
| - Secured | 14.1 & 14.2 | **198,221** | 124,663 |
| - Unsecured | 14.3 | **185,808,652** | 159,102,110 |
| | | **186,006,873** | 159,226,773 |
| - Due from other customers | | | |
| - Secured | 14.1 & 14.2 | **4,157,539** | 1,826,424 |
| - Unsecured | 14.3 | **32,220,542** | 37,081,631 |
| | | **36,378,081** | 38,908,055 |
| | | **222,384,954** | 198,134,828 |
| **Considered doubtful** | | **3,572,380** | 3,234,619 |
| Trade debts - gross | | **225,957,334** | 201,369,447 |
| Provision for impairment | 14.3 & 14.4 | **(3,572,380)** | (3,234,619) |
| Trade debts - net | | **222,384,954** | 198,134,828 |

**14.1** These debts are secured by way of security deposits and bank guarantees.

**14.2** This also include trade debts on account of export sales made by the Subsidiary Company amounting to Rs. 989.8 million (2020: Rs. 484.8 million) secured by way of Export Letters of Credit.

**14.3** Included in trade debts is an aggregate amount of Rs. 183,895,759 (2020: Rs. 169,989,614) due from GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO), and Sui Northern Gas Pipelines Company Limited (SNGPL). These include past due trade debts of Rs. 71,992,376 (2020: Rs. 75,013,820), Rs. 13,316,559 (2020: Rs. 23,331,012) and Rs. 93,510,930 (2020: Rs. 68,296,465) from GENCO, HUBCO and SNGPL respectively, based on the agreed credit terms. The Holding Company carries a specific provision of Rs. 346,975 (2020: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 178,472,890 (2020: Rs.166,767,780) as doubtful, as the Holding Company based on measures being undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time and therefore, no further provision has been made in these consolidated financial statements.

(Amounts in Rs. '000)

**14.4** The movement in provision for impairment during the year is as follows:

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **3,234,619** | 3,160,415 |
| Provision recognised during the year | **466,541** | 262,952 |
| Reversal of provision made during the year | **(128,780)** | (188,748) |
| | **337,761** | 74,204 |
| Balance at end of the year | **3,572,380** | 3,234,619 |

**14.4.1** Provision for impairment has been recognised against trade debts is as follows:

| | 2021 | 2020 |
|---|---|---|
| Related parties | **1,531,295** | 1,332,981 |
| Other customers | **2,041,085** | 1,901,638 |
| | **3,572,380** | 3,234,619 |

**14.5** As at June 30, 2021, trade debts aggregating to Rs. 36,876,275 (2020: Rs. 18,245,454) are neither past due nor impaired. The remaining trade debts aggregating to Rs. 185,508,679 (2020: Rs. 179,532,288) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

| | 2021 | 2020 |
|---|---|---|
| Up to 1 month | **22,895,410** | 14,250,614 |
| Over 1 month to 3 months | **70,370,327** | 57,197,223 |
| Over 3 months to 6 months | **2,067,538** | 8,556,387 |
| Over 6 months to 1 year | **1,954,364** | 9,997,998 |
| Over 1 year | **88,221,040** | 89,530,066 |
| | **185,508,679** | 179,532,288 |

**14.6** The details of trade debts due from associates and related parties are as follows:

| | Maximum aggregate outstanding at the end of any month | | Balance as at 30 June | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **Associate** | | | | |
| Asia Petroleum Limited | **1,311** | 1,817 | **-** | - |
| **Other Related Parties** | | | | |
| GENCO | **75,174,865** | 86,089,329 | **71,992,376** | 75,013,820 |
| SNGPL | **98,586,824** | 97,609,037 | **98,586,824** | 71,171,325 |
| Pakistan International Airlines Corporation | **13,009,168** | 13,757,761 | **12,872,161** | 12,572,121 |
| K-Electric Limited | **4,970,515** | 8,192,634 | **2,568,617** | 2,295,518 |
| Pakistan Railways | **2,206,207** | 2,353,558 | **1,921,402** | 2,179,349 |
| Oil & Gas Development Corporation Limited | **2,566,143** | 615,685 | **2,285** | 601,456 |
| Pakistan Petroleum Limited | **34,111** | 87,779 | **34,111** | 7,669 |
| Sui Southern Gas Company Limited | **6,702** | 640 | **-** | - |
| Pakistan Steel Mills Corporation Limited | **3,336** | 3,865 | **-** | 1,871 |
| Civil Aviation Authority | **-** | 1,169 | **-** | 677 |
| Pakistan National Shipping Corporation | **2,021** | 2,021 | **2,021** | 2,021 |
| | | | **187,979,797** | 163,845,827 |

(Amounts in Rs. '000)

**14.7** The details of past due or impaired trade debts from associates and related parties are as follows:

| Name | Up to 6 months | More than 6 months | Total 2021 | Total 2020 |
|---|---|---|---|---|
| **Other Related Parties** | | | | |
| GENCO | - | 71,992,376 | 71,992,376 | 75,013,820 |
| SNGPL | 93,510,930 | - | 93,510,930 | 68,296,465 |
| Pakistan International Airlines Corporation | 2,539,213 | 9,909,908 | 12,449,121 | 12,318,439 |
| Pakistan Railways | 975,664 | 14,284 | 989,948 | 1,767,577 |
| Oil & Gas Development Corporation Limited | - | 2,285 | 2,285 | 380,614 |
| Pakistan Petroleum Limited | - | - | - | 4,124 |
| Pakistan National Shipping Corporation | - | 2,021 | 2,021 | 2,021 |
| | 97,025,807 | 81,920,874 | 178,946,681 | 157,783,060 |
| Provision for impairment (notes 14.7.1 & 14.7.2) | | | (1,531,295) | (1,332,981) |
| | | | 177,415,385 | 156,450,079 |

As at June 30, 2020, An amount of Rs. 1,302,184, Rs. 68,296,465, Rs. 6,089,402, Rs. 1,763,553, Rs. 380,466 and Rs. 4,124 are past due upto 6 months and receivable from GENCO, SNGPL, Pakistan International Airlines Corporation, Pakistan Railways, Oil & Gas Development Corporation Limited, Pakistan Petroleum Limited and Pakistan National Shipping Corporation respectively.

**14.7.1** The movement in provision for impairment against due from related parties during the year is as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Balance at beginning of the year | | 1,332,981 | 1,071,117 |
| Provision during the year | 14.7.2 | 198,314 | 261,864 |
| Balance at end of the year | | 1,531,295 | 1,332,981 |

**14.7.2** The provision for impairment has been recognised in respect of following related parties:

| | 2021 | 2020 |
|---|---|---|
| GENCO | 346,975 | 346,975 |
| Pakistan International Airlines Corporation | 1,182,299 | 983,985 |
| Pakistan National Shipping Corporation | 2,021 | 2,021 |
| | 1,531,295 | 1,332,981 |

## 15. LOANS AND ADVANCES

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Secured** | | | |
| Loans and advances to executives and employees | | | |
| - Current portion of long-term loans and advances, including Rs. 83,632 (2020: Rs.72,293) to executives | 9 | 201,563 | 188,781 |
| - Short-term loans and advances | | 129,815 | 77,960 |
| | | 331,378 | 266,741 |
| **Unsecured** | | | |
| Advance to suppliers | | 50,895 | 163,093 |
| Advance for Holding Company-owned filling stations | | 1,863 | 3,963 |
| | | 52,758 | 167,056 |
| | | 384,136 | 433,797 |

(Amounts in Rs. '000)

| 16. SHORT-TERM DEPOSITS AND PREPAYMENTS | Note | 2021 | 2020 |
|---|---|---|---|
| **Deposits - interest free** | | | |
| Duty and development surcharge | | **20,605** | 2,086,564 |
| Deposit against court orders | | **53,006** | 53,006 |
| Trade deposits | | **19,180** | 12,147 |
| | | **92,791** | 2,151,717 |
| Prepayments | | **165,611** | 434,575 |
| | | **258,402** | 2,586,292 |

| 17. OTHER RECEIVABLES | Note | 2021 | 2020 |
|---|---|---|---|
| Due from GoP, a related party, on account of: | | | |
| - Price differential claims (PDC) | | | |
| - on imports (net of related liabilities) of Motor gasoline | 17.1 | **1,350,961** | 1,350,961 |
| - on High Speed Diesel (HSD) | 17.2 | **602,603** | 602,603 |
| - on Ethanol E-10 fuel | | **27,917** | 27,917 |
| - on account of supply of Furnace Oil to K-Electric Limited (KEL) at Natural Gas prices | 17.3 | **3,908,581** | 3,908,581 |
| - GENCO receivables | 17.4 | **3,407,357** | 3,407,357 |
| | | **9,297,419** | 9,297,419 |
| Unfavourable exchange differences on FE-25 borrowings due from GoP - a related party | 26.9 | **-** | 1,798,998 |
| Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty - due from related party | 17.5 | **259,793** | 259,793 |
| | | **9,557,212** | 11,356,210 |
| Provision for impairment | 17.6 | **(1,602,919)** | (718,336) |
| | | **7,954,293** | 10,637,874 |
| Handling and hospitality charges | | **729,644** | 759,477 |
| Receivable from refineries | 17.7 | **2,928,136** | 6,556 |
| Insurance and other claims | 17.8 | **234,827** | 90,201 |
| Provision for impairment- considered doubtful | 17.6 | **(90,201)** | (90,201) |
| | | **144,626** | - |
| Workers' Profit Participation Fund | 17.9 | **145,397** | 89,936 |
| Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party) | | **2,648,016** | 4,582,323 |
| Provision for impairment | 17.6 | **(46,000)** | (46,000) |
| | | **2,602,016** | 4,536,323 |
| Others | | | |
| - Considered good | | **6,830,623** | 7,766,954 |
| - Considered doubtful | | **1,484,981** | 1,809,060 |
| | | **8,315,604** | 9,576,014 |
| Provision for impairment | 17.6 | **(1,484,981)** | (1,809,060) |
| | | **6,830,623** | 7,766,954 |
| | 17.12 | **21,334,735** | 23,797,120 |

(Amounts in Rs. '000)

**17.1 Import PDC on motor gasoline**

This represents PDC on account of import of motor gasoline by the Holding Company, being the difference between the imported landed costs and the local ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Holding Company as well as other Oil Marketing Companies (OMCs) were asked in the meeting chaired by Director General (Oil) - Ministry of Petroleum and Natural Resources (MoP&NR) to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the MoP&NR, GoP with a proposal for pricing mechanism whereby end consumer price of motor gasoline was proposed to be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Although at that time, no response was received from the MoP&NR, the Holding Company along with another OMC continued to import motor gasoline on behalf of the industry being confident that price differential on motor gasoline will be settled as per previous practice i.e. based on the differential between ex-refinery and import cost as the imports were being made on MoP&NR's instruction.

The Holding Company continued to follow up with MoP&NR for early settlement of these claims and the ministry also confirmed vide its letter no. PL-NP(4)/2010-F&P dated July 28, 2010 that the above mentioned claims are under process. During financial year 2010-2011, MoP&NR - GoP vide its letter no. PL-3(434)/2011Vol XII dated May 31, 2011 implemented the Economic Coordination Committee (ECC's) decision, whereby end consumer price of motor gasoline will be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product, thereby putting an end to any further PDC.

Out of total claim of Rs. 6,350,961, the Holding Company received an amount of Rs. 5,000,000 during the year ended June 30, 2012. MoP&NR vide its letter no. PL-7(4)/2012-13 dated March 01, 2013 informed the Ministry of Finance (MoF) regarding the balance amount payable to the Holding Company and advised to include it in budgetary allocation. However, in response to confirmation request sent by the Holding Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit by Auditor General Pakistan (AGPR).

Subsequently MoP&NR through its letter dated March 31, 2017 communicated the directives of Departmental Accounts Committee (DAC) wherein the DAC had advised MoP&NR to allow the PDC claim to the Holding Company based on actual incidental costs incurred rather than being formula based. Accordingly, the Holding Company appointed an independent firm of Chartered Accountants which undertook the assignment of reverification of Holding Company's PD Claim based on the above directives. The firm issued its final audit report in April 2018 according to which Holding Company's claim was lower by Rs. 365,294 based on actual cost of incidentals, for which provision for impairment was made during the year ended June 30, 2018. Subsequently, the Holding Company wrote a letter dated May 02, 2018 to MoE, Ministry of Energy (Petroleum Division) and shared the final audit report. During FY 2020, the Holding Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Holding Company took up the matter again with MoE for early settlement of these outstanding receivables vide its letter no PDC.231220 dated December 23, 2020. The Holding Company is confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

**17.2 PDC relating to certain HSD products**

This represents the balance of PDC due from GoP. This PDC originated in 2004 when there were significant increases in international oil prices. The Government of Pakistan, however, provided relief to end consumers by not passing on the entire increase in local prices of petroleum products. This was done by introduction of a price subsidy. As a result of this subsidy to consumers, Holding Company could not recover its actual cost from the end consumer and the deficit in recovery was to be reimbursed by GoP through payment of subsidy. Holding Company was asked to claim this subsidy by submitting price differential claims. As a set procedure, Holding Company used to submit fortnightly claims to the GoP, for the amount of PDC receivable on the sales of petroleum products made by it during the fortnight. Payments were then released against these claims.

The last settlement against this claim was made by GoP in April 2012 when the Holding Company was directed to adjust an amount of Rs. 514,600 against dividends payable to GoP. The Holding Company made the adjustments accordingly.

(Amounts in Rs. '000)

The Holding Company wrote a letter dated January 26, 2015 to Directorate General (Oil) MoP&NR, requesting for the inclusion of said claim in the Federal Budget 2015-16, however, the said claim was not included in Federal Budget 2015-16. Further, in response to confirmation request sent by the Holding Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit.

MoP&NR through its letter dated March 31, 2017, communicated the directives of DAC meeting dated March 02, 2017 wherein the DAC had advised MoP&NR to provide decision against the summary dated October 09, 2004 submitted by MoP&NR for approval of the Prime Minister, based on which Finance Division had released / approved the above PDC.

During the year ended June 30, 2018, MoP&NR informed the Holding Company vide its letter no. PL-3 (242)/2017 dated August 04, 2017 that the Holding Company's claim of Rs. 602,603 was referred to Government of Pakistan – Finance Division which raised certain reservations. However, the Holding Company in response through its letter to MoP&NR has claimed that the outstanding amount of Rs. 602,603 is authentic and verified by M/s Deloitte Yousuf Adil, Chartered Accountants (M/s Deloitte) and has requested MoP&NR to approach Ministry of Finance (MoF) for reimbursement of same. During FY 2020, the Holding Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Holding Company took up the matter again with MoE for early settlement of these outstanding receivables vide its letter no PDC.231220 dated December 23, 2020. The Holding Company is confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

**17.3 PDC on account of supply of furnace oil to KEL at Natural Gas prices**

The Holding Company received a directive from MoP&NR through letter no. NG(1)-7(58)09-LS(Vol-1) dated November 26, 2009 in which the Holding Company was directed to supply furnace oil to KEL at the prices equivalent to natural gas prices plus applicable duties and taxes under the Natural Gas Load Management Program (GLMP) for Winter 2009-2010. As per this arrangement, the differential cost between the natural gas and furnace oil was to be borne by GoP and reimbursed directly to the Holding Company by MoF. The Holding Company was again directed by GoP in May 2010 to supply furnace oil to KEL at natural gas prices. Accordingly, furnace oil was provided to KEL at natural gas price which resulted in PDC of Rs. 5,708,581 out of which Rs. 1,800,000 was received from MoF in June 2010.

The Ministry of Water & Power (MoW&P) vide its letter dated December 24, 2012 requested MoF to settle the above mentioned claims at the earliest. The MoP&NR vide its letter no. DOM-3(17)/2013 dated April 19, 2013 also requested MoF to process the claim of Holding Company at the earliest. During the year ended June 30, 2013, the Holding Company vide its letter no. PDC/96/13/001 dated December 19, 2013 requested the MoW&P for placing the request with MoF to include this claim in the Federal Budget 2014-2015. Subsequently, MoW&P vide its letter dated March 26, 2014 requested the MoF for inclusion of the said claim in the Federal Budget 2014-15, but the said amount was not included in the budget. The Holding Company again requested MoW&P on May 3, 2016 for recommending this case for inclusion in the Federal Budget 2016-2017.

Further, MoP&NR vide its letter no. DOM-3 (17) / 2016 dated September 27, 2016 advised the Holding Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Holding Company would refund the said amount to GoP. In return, the Holding Company furnished the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letter no. DOM-3(17)/2016 dated October 25, 2016 requested MoW&P for budgetary provision of the claim, but it was not included in the budget for FY 2017-18.

During the year ended June 30, 2018, the Holding Company requested MoP&NR vide its letter no. IJ/July 2017/1 dated July 28, 2017 to advice MoF (Budget/Corporate Finance) for early payment/settlement of GLMP PD claim. Subsequently, MoE (Petroleum Division) vide its letter no. DOM-3(17)/2016 dated October 04, 2017 requested MoE (Power Division) for processing the Holding Company`s claim. On February 15, 2018, the Holding Company vide its letter no. PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and release of funds to the Holding Company against the claim. During the year ended June 30, 2019, the Holding Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget of 2019-20. MoE responded vide its letter dated May 7, 2019 that it had already requested Ministry of Finance for inclusion of said claim in Budget 2019-20.

(Amounts in Rs. '000)

During FY2020, the Holding Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Holding Company took up the matter again with MoF for early settlement of these outstanding receivables vide its letter no PD.2021/1 dated April 26, 2021. The Holding Company is confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

**17.4 GENCO - PDC between the products Low Sulphur Furnace Oil (LSFO) and High Sulphur Furnace Oil (HSFO)**

In 1996, through a decision taken at a meeting of the Privatisation Commission and Finance Division - GoP, the Holding Company was advised to supply LSFO to Kot Addu Power Project at the HSFO price and GENCO was advised to absorb the price differential between the two products. However, later on, in accordance with the decision of ECC dated November 4, 2003, the Holding Company was allowed to recover this amount through a pricing mechanism in addition to recovery of the amount outstanding against its other white oil claims for import price differential. As the validity period for said recovery mechanism expired on December 31, 2004, hence, the Holding Company could not make any recovery on this account through the recovery mechanism as other white oil price differential claims had to be recovered first which also could not be recovered in full through this recovery mechanism. However, the Holding Company continued to follow up the matter with MoP&NR. In 2005, the Holding Company submitted an independent report on the verification of the above claim to MoP&NR, upon their request. In 2006, a joint reconciliation exercise was carried out with GENCO as per the decision taken in a meeting held on May 19, 2006 under the chairmanship of Additional Finance Secretary (GoP) and the final reconciliation statements were submitted to MoF and GENCO. Subsequently, on February 3, 2007 the Holding Company and GENCO agreed upon the final receivable balance of Rs. 3,407,357. MoP&NR vide its letter no. PL-7(4)/2012-13 dated March 01, 2013 has requested the MoF to make a provision of the said amount in the Federal Budget 2013-2014.

The Holding Company vide its letter no. PDC/96/13/001 dated January 27, 2015 requested MoW&P to take up the matter with MoF to settle the claim. MoW&P vide its letter no. PF-5(13)/2012 dated March 9, 2015 sought certain clarifications regarding the claim. The Holding Company vide its letter no. PDC/96/15/001 dated March 31, 2015 replied to the clarification sought by MoW&P and requested for inclusion of the said claim in Federal Budget 2015-2016, however, the said claim was not included in the Federal Budget 2015-16.

Further, MoP&NR vide its letter no. DOM-3 (17) / 2016 dated September 27, 2016 advised the Holding Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Holding Company would refund the said amount to GoP. The Holding Company in return provided the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letters dated November 02, 2016 and May 08, 2017 requested MoF for special budgetary allocation for settlement of this claim, however, it was not included in the budget for FY 2017-18.

During the year ended June 30, 2018, the Holding Company requested MoP&NR vide its letter no. IJ/July 2017/1 dated July 28, 2017 to advice MoF (Budget/Corporate Finance) for early payment/settlement of PD claim between LSFO and HSFO. Subsequently, MoE (Petroleum Division) vide its letter no. DOM-3(17)/2016 dated October 04, 2017 requested MoE (Power Division) for processing the Holding Company's claim. On February 15, 2018 Holding Company vide its letter PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and the release of funds to the Holding Company against the claim. During the year ended June 30, 2019, the Holding Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget 2019-20. MoE responded vide its letter dated May 07, 2019 that it has already requested Ministry of Finance for inclusion of said claim in Budget 2019-20.

During FY 2020, the Holding Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21.The Holding Company took up the matter again with MoF for early settlement of these outstanding receivables vide its letter no PD.2021/1 dated April 26, 2021 The Holding Company is confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

(Amounts in Rs. '000)

**17.5 Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty**

The Ministry of Finance - GoP (MoF-GoP) through SRO 392(I)/2015 dated April 30, 2015 imposed regulatory duty on import of high speed diesel and motor gasoline. Since the notification of regulatory duty was received on May 04, 2015, the impact of the regulatory duty could not be incorporated in the prices effective from May 01, 2015, which were announced on April 30, 2015 and hence could not be recovered. However, through SRO 603(I)/2015 dated June 30, 2015, the regulatory duty was rescinded and the aforementioned regulatory duty was introduced as custom duty through Finance Act 2015. During the year ended June 30, 2016, the GoP through SRO 1178(1)/2015 dated November 30, 2015 and Finance Act, 2016 increased custom duty by 1%, resulting in a similar situation, whereby, the Holding Company was unable to recover the impact in subsequent pricing being announced by Oil and Gas Regulatory Authority (OGRA).

The Economic Coordination Committee (ECC) of the Cabinet in its meeting dated March 07, 2018 considered the summary submitted by Petroleum Division on the subject of regulatory duty on crude oil and petroleum products and approved reimbursement of claims of OMCs on account of non-recovery of regulatory duty. The amount approved for the Holding Company was Rs. 356,970 and the ECC directed OGRA to allow recovery of the said claims. Consequently, OGRA allowed the reimbursement amounting to Rs. 356,911 to the Holding Company which completed in September 2018. The Holding Company is also pursuing OGRA for reimbursement of the remaining claim on account of increase in custom duty in November 2015 and July 2016. During the year, the Holding Company resubmitted its claim to OGRA vide letter no. OGRA/RD/20122019 dated December 20, 2019. The same was forwarded to FBR by OGRA for verification vide its letter no. OGRA-10-12(56)/2018 dated January 8, 2020. The Holding Company is confident of recovering the said claim in due course of time subject to verification by FBR.

**17.6** As at June 30, 2021, receivables aggregating to Rs. 3,224,101 (2020: Rs. 2,663,597) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Receivable from GoP | | 1,602,919 | 718,336 |
| IFEM receivables | | 46,000 | 46,000 |
| Product claims | | 90,201 | 90,201 |
| Other receivables | | 1,484,981 | 1,809,060 |
| | 17.6.1 | 3,224,101 | 2,663,597 |

**17.6.1** The movement of provision for impairment is as follows:

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | 2,663,597 | 2,907,016 |
| Provision recognised during the year | 884,583 | 37,394 |
| Reversal of provision made during the year | (324,079) | (280,813) |
| | 560,504 | (243,419) |
| Balance at end of the year | 3,224,101 | 2,663,597 |

**17.7** This includes amount due from Pak-Arab Refinery Limited - (related party) in respect of sharing of crude oil, freight and other charges and National Refinery Limited in respect of pipeline charges. Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

**17.8** It includes insurance claim on account of replacement cost for damaged components of the pile bridge and estimated inventory losses of the Subsidiary Company on account of unusual heavy rain in Karachi in August 2020, which is accepted by the insurance company and subsequently an amount of Rs. 50 million has been received by the Subsidiary Company.

| **17.9 Workers' Profit Participation Fund** | Note | 2021 | 2020 |
|---|---|---|---|
| Balance at beginning of the year | | 89,936 | 89,936 |
| Allocation for the year | 37 | (2,405,539) | - |
| | | (2,315,603) | 89,936 |
| Payments during the year | | 2,461,000 | - |
| Balance at end of the year | | 145,397 | 89,936 |

(Amounts in Rs. '000)

**17.10** Includes receivables of Rs. 11,642,805 (2020: Rs.10,671,960) due from associates and other related parties.

**17.11** Financial assets included in other receivables aggregating to Rs. Nil (2020: Rs.1,798,997) were neither past due nor impaired. Further, financial assets aggregating to Rs. 17,222,245 (2020: Rs. 17,148,926) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

| | 2021 | 2020 |
|---|---|---|
| Up to 3 months | **3,166,135** | 516,644 |
| 3 to 6 months | **41,485** | 43,092 |
| More than 6 months | **14,014,625** | 16,589,190 |
| | **17,222,245** | 17,148,926 |

**17.12** Includes receivables amounting to Rs.7,965,927 (2020: Rs. 8,867,186) from related parties which are past due but not impaired:

| | Maximum aggregate outstanding at the end of any month | Up to 6 months | More than 6 months | Total 2021 | Total 2020 |
|---|---|---|---|---|---|
| **Associate** | | | | | |
| Asia Petroleum Limited | **11,634** | **-** | **11,634** | **11,634** | 11,634 |
| **Other related parties** | | | | | |
| Government of Pakistan | **10,874,338** | **-** | **9,557,212** | **9,557,212** | 9,557,212 |
| Pak-Arab Refinery Company Limited | **6,137,181** | **2,928,136** | **-** | **2,928,136** | 16,676 |
| | **17,023,153** | **2,928,136** | **9,568,846** | **12,496,982** | 9,585,522 |
| Provision for impairment (note 17.12.1) | | | | **(1,602,919)** | (718,336) |
| Net receivable from related parties | | | | **10,894,063** | 8,867,186 |

As at 30 June 2020, it includes receivables amounting to Rs. 11,634, Rs. 9,557,212 and Rs. 16,676 due from Asia Petroleum Limited, Government of Pakistan and Pak-Arab Refinery Limited respectively which are past due but not impaired and maximum aggregate amount at any time during the year calculated by reference to month-end balance are Rs. 11,634, Rs. 9,557,212 and Rs. 16,676 respectively. This includes aging of amount due from related parties include balance of Rs Nil that is past due upto 6 months and balance of Rs. 9,585,522 was past due by more than 6 months.

**17.12.1** The movement of provision for impairment against due from GoP, related party is as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Balance at beginning of the year | | **718,336** | 999,149 |
| Provision recognised during the year | | **884,583** | - |
| Reversal of provision made during the year | | **-** | (280,813) |
| Balance at the end of the year | | **1,602,919** | 718,336 |

## 18. CASH AND BANK BALANCES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Cash in hand | | **10,970** | 9,929 |
| Cash at banks in: | | | |
| - current accounts | 18.1 | **2,507,394** | 5,796,275 |
| - saving accounts | 18.2 | **455,935** | 292,157 |
| | | **2,963,329** | 6,088,432 |
| | | **2,974,299** | 6,098,361 |

**18.1** Includes Rs. 1,414,050 (2020: Rs.1,240,000) kept in a separate bank account in respect of security deposits received from the customers. These security deposits do not carry any interest.

(Amounts in Rs. '000)

**18.2** These balances carry interest / mark-up ranging from 3.25% to 6.25% (2020: 3.25% to 11.75%) per annum.

## 19. NET ASSETS IN BANGLADESH

| | 2021 | 2020 |
|---|---|---|
| Property, plant and equipment - at cost | **46,968** | 46,968 |
| Accumulated depreciation | **(16,056)** | (16,056) |
| | **30,912** | 30,912 |
| Capital work-in-progress | **809** | 809 |
| Trade debts | **869** | 869 |
| Long-term loans relating to assets in Bangladesh | **(4,001)** | (4,001) |
| | **28,589** | 28,589 |
| Provision for impairment | **(28,589)** | (28,589) |
| | **-** | - |

The Holding Company has no control over these assets and has maintained these in its records at the position as it was in 1971.

## 20. SHARE CAPITAL

**20.1 Authorised capital**

| 2021 (Number of shares) | 2020 (Number of shares) | | Note | 2021 | 2020 |
|---|---|---|---|---|---|
| **500,000,000** | 500,000,000 | Ordinary shares of Rs. 10 each | | **5,000,000** | 5,000,000 |

**20.2 Issued, subscribed and paid-up capital**

| 2021 (Number of shares) | 2020 (Number of shares) | | Note | 2021 | 2020 |
|---|---|---|---|---|---|
| | | Ordinary shares of Rs. 10 each | | | |
| **3,000,000** | 3,000,000 | - Issued for cash | | **30,000** | 30,000 |
| **7,694,469** | 7,694,469 | - Issued against shares of the amalgamated companies | | **76,945** | 76,945 |
| **458,778,833** | 458,778,833 | - Issued as bonus shares | | **4,587,789** | 4,587,789 |
| **469,473,302** | 469,473,302 | | 20.3 | **4,694,734** | 4,694,734 |

**20.3 Movement in issued, subscribed and paid-up share capital during the year is as follows:**

| 2021 (Number of shares) | 2020 (Number of shares) | | Note | 2021 | 2020 |
|---|---|---|---|---|---|
| | | Ordinary shares of Rs. 10/- each | | | |
| **469,473,302** | 391,227,752 | At the beginning of the year | | **4,694,734** | 3,912,278 |
| **-** | 78,245,550 | Issued during the year as fully paid bonus shares | | **-** | 782,456 |
| **469,473,302** | 469,473,302 | At the end of the year | 20.4 | **4,694,734** | 4,694,734 |

**20.4** These fully paid ordinary shares carry one vote per share and right to dividend.

**20.5** As at June 30, 2021, 1,215,648 ordinary shares of Rs. 10 each (2020: 1,215,648 ordinary shares) relate to withholding tax on bonus shares. These were not released by the Holding Company to the Government Treasury based on constitutional petitions filed by the shareholders with the Honourable High Court of Sindh.

**20.6** As at June 30, 2021, associated undertakings - Government of Pakistan and PSOCL Employees Empowerment Trust held 119,767,702 ordinary shares (2020: 119,767,702 ordinary shares) of Rs. 10 each.

(Amounts in Rs. '000)

| 21. RESERVES | Note | 2021 | 2020 |
|---|---|---|---|
| **Capital reserve** | | | |
| Surplus on vesting of net assets | 21.1 | **3,373** | 3,373 |
| Special reserve | 21.2 | **837,156** | - |
| **Revenue reserves** | | | |
| Unrealised gain on remeasurement of FVOCI investment | | **5,485,817** | 5,987,826 |
| General reserve | | **25,282,373** | 25,282,373 |
| Un-appropriated profit | | **103,918,603** | 76,595,474 |
| | | **134,686,793** | 107,865,673 |
| | | **135,527,322** | 107,869,046 |

**21.1** This represents surplus arising on vesting of net assets of Esso Oil Marketing business in Pakistan under the Esso Undertakings (Vesting) Act, 1976.

**21.2 Special Reserve**

Under directive from the Ministry of Energy (MoE), any profit after taxation above 50% of the paid-up capital as on July 1, 2002 is required to be transferred to a "Special Reserve" to offset any future losses or to make investment for expansion or upgradation of the refineries, and is not available for distribution to shareholders. The formula under which deemed duty was built into the import parity based prices of some of the products, was introduced in order to enable certain refineries, including the Subsidiary Company, to operate on a self financing basis.

On March 27, 2013, the Government of Pakistan (GoP) issued a policy framework for up-gradation and expansion of refinery projects, amended through a letter dated April 25, 2016, which interalia states that:

- till completion of the projects, refineries will not be allowed to offset losses, if any, for the year ended June 30, 2013 or subsequent years against the amount of profit above 50% accumulated or to be accumulated in the Special Reserve Account as per current pricing formula; and

- the refineries are required to install Diesel Hydro Desulphurisation (DHDS) plant by June 30, 2017. If any refinery fails to install DHDS by June 30, 2017 then the ex-refinery price of High Speed Diesel (HSD) based on Import Parity Price (IPP) formula will be adjusted / reduced due to higher sulphur content.

Based on the above, the Subsidiary Company has transferred profit amounting to Rs. 837 million (2020: nil) to Special Reserve.

| 22. RETIREMENT AND OTHER SERVICE BENEFITS | 2021 | 2020 |
|---|---|---|
| **Retirement and other service benefits - Net Liabilities** | | |
| **Holding Company** | | |
| Gratuity | **-** | 16,704 |
| Medical benefits | **6,796,866** | 6,378,954 |
| Compensated absences | **389,480** | 390,939 |
| | **7,186,346** | 6,786,597 |
| **Subsidiary Company** | | |
| Management Pension Scheme | **266,940** | 346,480 |
| Non management Pension Scheme | **97,568** | 90,802 |
| Management Gratuity Scheme | **13,043** | 13,041 |
| | **7,563,897** | 7,236,920 |
| **Retirement benefits - Asset** | | |
| **Holding Company** | | |
| Gratuity | **(339,297)** | - |
| Pension | **(1,118,464)** | (797,250) |
| **Subsidiary Company** | | |
| Non management Gratuity Scheme | **(25,580)** | (30,257) |
| | **(1,483,341)** | (827,507) |

(Amounts in Rs. '000)

## 22.1. Holding Company's - Retirement Benefit Obligations

**22.1.1** The details of employee retirement and other service benefit obligations of Holding Company based on actuarial valuations carried out by an independent actuary as at June 30, 2021 under the Projected Unit Credit Method are as follows:

| **22.1.2 Financial position reconciliation** | Note | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|---|
| Present value of defined benefit obligations | 22.1.3 | **7,399,005** | 7,339,743 | **8,799,781** | 8,171,626 | **6,796,866** | 6,378,954 |
| Fair value of plan assets | 22.1.4 & 22.1.10 | **(7,738,298)** | (7,323,039) | **(9,918,246)** | (8,968,876) | **-** | - |
| Net (asset) / liability at end of the year | 22.1.9 | **(339,293)** | 16,704 | **(1,118,465)** | (797,250) | **6,796,866** | 6,378,954 |

**22.1.3 Movement in present value of defined benefit obligations**

| | Note | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|---|
| Present value of defined benefit obligations at beginning of the year | | **7,339,743** | 6,031,284 | **8,171,626** | 6,812,400 | **6,378,954** | 5,611,688 |
| Current service cost | 22.1.5 | **272,730** | 247,200 | **258,706** | 216,038 | **17,416** | 14,953 |
| Past service cost | 22.1.5 | **4,685** | - | **24,736** | - | **146,041** | 697,902 |
| Interest cost | | **643,408** | 833,887 | **745,190** | 973,191 | **582,299** | 804,349 |
| Benefits paid during the year | | **(767,946)** | (560,670) | **(231,030)** | (201,472) | **(144,598)** | (128,900) |
| Transfer to defined contribution funds | | **-** | - | **-** | - | **-** | - |
| Remeasurement: Actuarial (gain) / loss | | **(93,615)** | 788,042 | **(169,447)** | 371,469 | **(183,246)** | (621,038) |
| Present value of defined benefit obligations at end of the year | | **7,399,005** | 7,339,743 | **8,799,781** | 8,171,626 | **6,796,866** | 6,378,954 |

**22.1.4 Movement in fair value of plan assets**

| | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|
| Fair value of plan assets at beginning of the year | **7,323,039** | 5,793,626 | **8,968,876** | 5,400,450 | **-** | - |
| Expected return on plan assets | **654,841** | 834,308 | **826,754** | 901,257 | **-** | - |
| Contributions made by the Group | **280,590** | 481,109 | **169,045** | 1,831,706 | **-** | - |
| Benefits paid during the year | **(767,946)** | (560,670) | **(231,030)** | (201,472) | **-** | - |
| Remeasurement: Actuarial (loss) / gain | **247,774** | 774,666 | **184,601** | 1,036,935 | **-** | - |
| Fair value of plan assets at end of the year | **7,738,298** | 7,323,039 | **9,918,246** | 8,968,876 | **-** | - |

**22.1.5 Expense recognised in profit or loss**

| | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|
| Current service cost | **272,730** | 247,200 | **258,706** | 216,038 | **17,416** | 14,953 |
| Past service cost | **4,685** | - | **24,736** | - | **146,041** | 697,902 |
| Net interest (income) / expense | **(11,433)** | (421) | **(81,564)** | 71,934 | **582,299** | 804,349 |
| Expense for the year | **265,982** | 246,779 | **201,878** | 287,972 | **745,756** | 1,517,204 |

| | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|
| **22.1.6 Actual return on plan assets** | **902,615** | 1,608,974 | **1,011,355** | 1,938,192 | **-** | - |

**22.1.7 Remeasurement loss / (gain) recognised in other comprehensive income / (loss)**

| | Note | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|---|
| Actuarial (gain) / loss on defined benefit obligation | 22.1.8 | **(93,615)** | 788,042 | **(169,447)** | 371,469 | **(183,246)** | (621,038) |
| Actuarial (gain) / loss on fair value of plan assets | | **(247,774)** | (774,666) | **(184,601)** | (1,036,935) | **-** | - |
| Remeasurement (gain) / loss | | **(341,389)** | 13,376 | **(354,048)** | (665,466) | **(183,246)** | (621,038) |

**22.1.8 The actuarial loss / (gain) on defined benefit obligation occurred on account of following:**

| | Gratuity fund 2021 | Gratuity fund 2020 | Pension funds 2021 | Pension funds 2020 | Medical benefits 2021 | Medical benefits 2020 |
|---|---|---|---|---|---|---|
| - Financial assumptions | **32,891** | 507,520 | **52,284** | 236,012 | **16,808** | (83,909) |
| - Experience adjustments | **(126,506)** | 280,522 | **(221,731)** | 135,457 | **(200,054)** | (537,129) |
| | **(93,615)** | 788,042 | **(169,447)** | 371,469 | **(183,246)** | (621,038) |

(Amounts in Rs. '000)

**22.1.9 Net recognised liability / (asset)**

| | Gratuity fund | | Pension funds | | Medical benefits | |
|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| Net liability at beginning of the year | **16,704** | 237,658 | **(797,250)** | 1,411,950 | **6,378,954** | 5,611,688 |
| Expense recognised in profit or loss | **265,982** | 246,779 | **201,878** | 287,972 | **745,756** | 1,517,204 |
| Contributions made / benefits paid by the Holding Company | **(280,590)** | (481,109) | **(169,045)** | (1,831,706) | **(144,598)** | (128,900) |
| Remeasurement loss / (gain) recognised in other comprehensive income / (loss) | **(341,389)** | 13,376 | **(354,048)** | (665,466) | **(183,246)** | (621,038) |
| Net (asset) / liability at end of the year | **(339,293)** | 16,704 | **(1,118,465)** | (797,250) | **6,796,866** | 6,378,954 |

**22.1.10 Plan assets comprise of following**

| | Gratuity fund | | Pension funds | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| Regular Income Certificate | **2,850,844** | 2,938,608 | **4,894,706** | 5,149,354 |
| Pakistan Investment Bonds | **2,590,188** | 2,749,980 | **1,993,667** | 2,128,411 |
| Mutual Funds | **2,027,433** | 1,344,979 | **1,059,147** | 759,453 |
| Treasury Bills | **-** | 259,116 | **-** | - |
| Quoted Shares | **-** | - | **1,229,947** | 532,031 |
| Term Finance Certificates | **210,586** | 9,681 | **237,547** | 19,361 |
| Sukuk | **11,004** | 18,597 | **22,007** | 37,193 |
| Cash and cash equivalents | **5,748** | 7,966 | **368,875** | 270,617 |
| Other receivables / (payables) - net | **42,495** | (5,888) | **112,350** | 72,456 |
| Fair value of plan assets at end of the year | **7,738,298** | 7,323,039 | **9,918,246** | 8,968,876 |

**22.1.11** Plan assets include the Holding Company's ordinary shares with a fair value of Rs. 173,754 (2020: Rs. 122,547).

**22.1.12** The principal assumptions used in the actuarial valuations carried out as of June 30, 2021, using the 'Projected Unit Credit' method, are as follows:

| | Gratuity fund | | Pension funds | | Medical benefits | | Compensated absences | |
|---|---|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| Discount rate per annum (%) | **10.25** | 9.25 | **10.25** | 9.25 | **10.25** | 9.25 | **10.25** | 9.25 |
| Expected per annum rate of return on plan assets (%) | **10.25** | 9.25 | **10.25** | 9.25 | **-** | - | **-** | - |
| Expected per annum rate of increase in future salaries (%) | **10.25** | 9.25 | **10.25** | 9.25 | **-** | - | **10.25** | 9.25 |
| Expected per annum rate of increase in medical costs (%): | | | | | | | | |
| - active employees | **-** | - | **-** | - | **10.25** | 9.25 | **-** | - |
| - pensioners | **-** | - | **-** | - | **10.25** | 9.25 | **-** | - |
| Indexation of pension (%) | **-** | - | **6.00** | 5.00 | **-** | - | **-** | - |
| Expected mortality rate | **SLIC (2001-05) Ultimate Mortality table** | SLIC (2001-05) Ultimate Mortality table | **SLIC (2001-05) Ultimate Mortality table** | SLIC (2001-05) Ultimate Mortality table | **SLIC (2001-05) Ultimate Mortality table** | SLIC (2001-05) Ultimate Mortality table | **SLIC (2001-05) Ultimate Mortality table** | SLIC (2001-05) Ultimate Mortality table |
| Expected withdrawal rate | **Low** | Low | **Age dependent** | Age dependent | **Age dependent** | Age dependent | **Age dependent** | Age dependent |

(Amounts in Rs. '000)

**22.1.13 The plans expose the Company to the actuarial risks such as:**

**Salary increase risks**
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability

**Discount risks**
The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/ age distribution and the benefit accordingly.

**Withdrawal risks**
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

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

**Longevity risks**
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.

In case of the funded plans, the investment positions are managed by Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage risks has not been changed from previous periods. Investments are well diversified and a large portion of plan assets in 2021 consists of Regular income certificates, Pakistan investment bonds, Mutual funds, Treasury bills and Quoted shares.

**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. Expected return on equity investments reflect long-term real rates of return experienced in the market.

Expected contributions to gratuity fund, pension funds and medical benefits for the year ending June 30, 2022 are Rs. 248,022, Rs. 144,839 and Rs 727,295 respectively.

| **22.1.15 Historical information of staff retirement benefits** | **2021** | **2020** | **2019** | **2018** | **2017** |
|---|---|---|---|---|---|
| **Pension Plan Funded** | | | | | |
| Present value of defined benefit obligation | **8,799,781** | 8,171,626 | 6,812,400 | 15,933,820 | 14,433,857 |
| Fair value of plan assets | **(9,918,246)** | (8,968,876) | (5,400,450) | (15,060,660) | (10,600,613) |
| Net (asset) / liability at end of the year | **(1,118,465)** | (797,250) | 1,411,950 | 873,160 | 3,833,244 |
| **Gratuity Plans Funded** | | | | | |
| Present value of defined benefit obligation | **7,399,005** | 7,339,743 | 6,031,284 | 5,971,943 | 5,533,523 |
| Fair value of plan assets | **(7,738,298)** | (7,323,039) | (5,793,626) | (5,459,310) | (4,973,184) |
| Net (asset) / liability at end of the year | **(339,293)** | 16,704 | 237,658 | 512,633 | 560,339 |

**22.1.16 Sensitivity analysis for actuarial assumptions**

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

| | **Gratuity fund** | **Pension funds** | **Medical benefits** |
|---|---|---|---|
| Discount rate (1% increase) | (507,412) | (1,133,591) | (977,247) |
| Discount rate (1% decrease) | 575,774 | 1,408,160 | 1,237,257 |
| Future salary rate (1% increase) | 605,581 | 445,388 | - |
| Future salary rate (1% decrease) | (542,338) | (401,696) | - |
| Future pension rate (1% increase) | - | 962,403 | - |
| Future pension rate (1% decrease) | - | (823,771) | - |
| Medical cost trend rate (1% increase) | - | - | 594,388 |
| Medical cost trend rate (1% decrease) | - | - | (522,281) |

(Amounts in Rs. '000)

If longevity increases by 1 year, obligation increases by Rs. 400,354 (2020: 378,272)

The sensitivity analysis is 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 defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) is applied as when calculating the liability for gratuity, pension and medical benefits recognised within the statement of financial position. There has been no change in assumptions and methods used in preparing the sensitivity analysis from prior year.

**22.1.17** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the funds, at the beginning of the year.

**22.1.18** The expected maturity analysis of undiscounted retirement benefit liability is as follows:

| | **Gratuity fund** | **Pension funds** | **Medical benefits** |
|---|---|---|---|
| Less than a year | 803,891 | 2,252,950 | 2,244,859 |
| Between 1-2 years | 679,279 | 1,858,869 | 2,370,044 |
| Between 2-3 years | 644,915 | 2,364,913 | 2,700,842 |
| Between 3-4 years | 832,286 | 4,261,993 | 3,474,187 |
| Between 4-5 years | 707,620 | 2,491,996 | 2,712,079 |
| Between 6-10 years | 4,270,258 | 17,687,177 | 19,494,239 |
| Over 10 years | 12,269,289 | 37,709,365 | 27,196,315 |

**22.2 Subsidiary Company's - Retirement Benefit Obligations**

**22.2.1** The Subsidiary Company operates recognised funded gratuity and pension schemes (the Schemes) for its eligible management and non-management employees. Actuarial valuation of these Schemes is carried out every year and the latest actuarial valuation was carried out as at June 30, 2021.

**22.2.2** Assets of these schemes are held in separate trusts (the Funds), which are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Funds, including investment decisions and contribution schedules, lies with the Board of Trustees. The Subsidiary Company appoints the trustees and all trustees are employees of the Subsidiary Company

**22.2.3** The latest actuarial valuation of the Schemes as at June 30, 2021 was carried out using the Projected Unit Credit Method, details of which as per the actuarial valuation are stated in note 23.3.4.

(Amounts in Rs. '000)

### 22.2.4 Financial position reconciliation

| | Pension Schemes | | | | Gratuity Schemes | | | |
|---|---|---|---|---|---|---|---|---|
| | Management | | Non-Management | | Management | | Non-Management | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Present value of defined benefit obligations | 1,575,208 | 1,543,285 | 254,664 | 226,204 | 208,084 | 179,686 | 84,105 | 69,728 |
| Fair value of plan assets | (1,308,268) | (1,196,805) | (157,096) | (135,402) | (195,041) | (166,645) | (109,685) | (99,985) |
| Net (asset)/liability at end of the year | 266,940 | 346,480 | 97,568 | 90,802 | 13,043 | 13,041 | (25,580) | (30,257) |

### 22.2.5 Movement in present value of defined benefit obligations

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Opening balance | 1,543,285 | 1,132,758 | 226,204 | 191,865 | 179,686 | 154,357 | 69,728 | 69,636 |
| Benefits paid by the plan | (59,113) | (60,641) | (3,510) | (6,433) | (3,671) | (5,832) | (215) | (3,859) |
| Benefits payable to outgoing members | - | - | - | - | (936) | - | - | - |
| Current service cost | 52,407 | 40,451 | 8,383 | 7,880 | 12,727 | 11,218 | 3,051 | 3,154 |
| Past service cost | - | - | - | - | 4,650 | - | - | - |
| Interest cost | 141,973 | 162,344 | 21,134 | 27,694 | 16,756 | 22,544 | 6,560 | 9,962 |
| Remeasurement on obligation | (103,344) | 268,373 | 2,453 | 5,198 | (1,128) | (2,601) | 4,981 | (9,165) |
| Closing balance | 1,575,208 | 1,543,285 | 254,664 | 226,204 | 208,084 | 179,686 | 84,105 | 69,728 |

### 22.2.6 Movement in fair value of plan assets

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Opening balance | 1,196,805 | 879,879 | 135,402 | 98,587 | 166,645 | 133,424 | 99,985 | 87,258 |
| Contributions paid into the plan | 88,290 | 83,855 | 11,169 | 23,246 | 16,404 | 14,054 | 374 | 766 |
| Benefits paid by the plan | (59,113) | (60,641) | (3,510) | (6,433) | (3,671) | (5,832) | (215) | (3,859) |
| Benefits payable to outgoing members | - | - | - | - | (936) | - | - | - |
| Interest income | 108,617 | 124,353 | 12,462 | 13,788 | 15,602 | 19,708 | 9,237 | 12,350 |
| Remeasurement of plan assets | (26,331) | 169,359 | 1,573 | 6,214 | 997 | 5,291 | 304 | 3,470 |
| Closing balance | 1,308,268 | 1,196,805 | 157,096 | 135,402 | 195,041 | 166,645 | 109,685 | 99,985 |

### 22.2.7 Expense recognised in profit or loss

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Current service cost | (52,407) | 40,451 | 8,383 | 7,880 | 12,727 | 11,218 | 3,051 | 3,154 |
| Past service cost | - | - | - | - | 4,650 | - | - | - |
| Net interest cost / (income) | (33,356) | 37,991 | 8,672 | 13,906 | 1,154 | 2,836 | (2,677) | (2,388) |
| | (85,763) | 78,442 | 17,055 | 21,786 | 18,531 | 14,054 | 374 | 766 |

### 22.2.8 Remeasurement loss / (gain recognised in other comprehensive income / (loss)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Actuarial (gain) / loss on defined benefit obligation | (103,344) | (268,373) | 2,453 | 5,198 | (1,128) | (2,601) | 4,981 | (9,165) |
| Actuarial (gain) / loss on fair value of plan assets | 26,331 | 169,359 | (1,573) | (6,214) | (997) | (5,291) | (304) | (3,470) |
| Remeasurement (gain) / loss | (77,013) | 99,014 | 880 | (1,016) | (2,125) | (7,892) | 4,677 | (12,635) |

### 22.2.9 Net recognised liability / (asset)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net liability at beginning of the year | 346,480 | 252,879 | 90,802 | 93,278 | 13,041 | 20,933 | (30,257) | (17,622) |
| Expense recognised in profit or loss | 85,763 | 78,442 | 17,055 | 21,786 | 18,531 | 14,054 | 374 | 766 |
| Contributions made / benefits paid by the Subsidiary Company | (88,290) | (83,855) | (11,169) | (23,246) | (13,881) | (14,054) | (374) | (766) |
| Remeasurement loss / (gain) recognised in other comprehensive income / (loss) | (77,013) | 99,014 | 880 | (1,016) | (4,648) | (7,892) | 4,677 | (12,635) |
| Net (asset) / liability at end of the year | 266,940 | 346,480 | 97,568 | 90,802 | 13,043 | 13,041 | (25,580) | (30,257) |

(Amounts in Rs. '000)

**22.2.10 Major categories / composition of plan assets are as follows:**

| | Pension Schemes | | | | Gratuity Schemes | | | |
|---|---|---|---|---|---|---|---|---|
| | Management | | Non-Management | | Management | | Non-Management | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Equity securities | 14.93% | 11.18% | 15.14% | 9.24% | 14.96% | 11.18% | 0.00% | 0.00% |
| Debt securities | 82.54% | 85.92% | 84.54% | 79.77% | 82.30% | 82.46% | 99.52% | 98.06% |
| Others | 2.53% | 2.90% | 0.31% | 10.99% | 2.75% | 6.36% | 0.48% | 1.94% |
| **Actuarial assumptions** | | | | | | | | |
| Discount rate at June 30 | 10.25% | 9.25% | 10.25% | 9.25% | 10.25% | 9.25% | 10.25% | 9.25% |
| Future salary increases | | | | | | | | |
| - First year following the valuation | 8.00% | 9.25% | 10.00% | 10.00% | 8.00% | 9.25% | 10.00% | 10.00% |
| - Second year following the valuation | 10.25% | 9.25% | 5.00% | 5.00% | 10.25% | 9.25% | 5.00% | 5.00% |
| - Third year following the valuation | 10.25% | 9.25% | 10.25% | 9.25% | 10.25% | 9.25% | 10.25% | 9.25% |
| - Long term increase | 10.25% | 9.25% | 10.25% | 9.25% | 10.25% | 9.25% | 10.25% | 9.25% |
| Expected retirement age | 60 years | 60 years | 60 years | 60 years | 60 years | 60 years | 60 years | 60 years |
| Pension increase rate | | | | | | | | |
| - First year following the valuation | 5.00% | 5.00% | 5.00% | 5.00% | - | - | - | - |
| - Long term pension increase rate | 3.00% | 3.00% | 3.00% | 3.00% | - | - | - | - |

Mortality was assumed to be SLIC (2001-05) table.

The Subsidiary Company ensures that the investment positions are managed under 'Liability Driven Investment Approach' that has been developed to achieve long term investments that are in line with the obligations under the retirement benefit scheme. Within this framework, the objective is to match assets to the retirement benefit obligations by investing in long-term securities with maturities that match the benefit payments as they fall due. The retirement benefit funds have appointed a third party advisor who 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 process used to manage its risk from previous periods. The Company does not use derivatives to manage its risk. Investments are 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 for the year ended June 30, 2021 consists of government securities.

The expected return on plan assets has been 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 statement of financial position date.

The Subsidiary Company's contributions to gratuity and pension funds for the year ending June 30, 2022 is expected to amount to Rs. 18.41 million and Rs. 103.6 million respectively.

(Amounts in Rs. '000)

**22.2.11 Sensitivity analysis for actuarial assumptions**

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

| | | Impact on defined benefit obligation | |
|---|---|---|---|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate at June 30 | 0.5% | (108,113) | 111,046 |
| Future salary increases | 0.5% | 52,783 | (56,755) |
| Future pension increases | 0.5% | (237,358) | (343,265) |

**22.2.12** 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 and pension benefit liability recognised within the statement of financial position.

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

**22.2.14 Historical information of staff retirement benefits**

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Management Pension Fund** | | | | | |
| Present value of defined benefit obligation | 1,575,208 | 1,543,285 | 1,132,758 | 1,236,899 | 1,234,935 |
| Fair value of plan assets | (1,308,268) | (1,196,805) | (879,879) | (994,202) | (1,031,937) |
| Net (asset) / liability at end of the year | 266,940 | 346,480 | 252,879 | 242,697 | 202,998 |
| **Experience adjustments** | | | | | |
| (Gain) / loss on obligation | (103,344) | 268,373 | (185,462) | (15,125) | 36,168 |
| (Loss) / gain on plan assets | (23,804) | 169,359 | (194,028) | (49,633) | (10,878) |
| **Non-Management Pension Fund** | | | | | |
| Present value of defined benefit obligation | 254,664 | 226,204 | 191,865 | 173,373 | 161,569 |
| Fair value of plan assets | (157,096) | (135,402) | (98,587) | (86,212) | (71,740) |
| Net (asset) / liability at end of the year | 97,568 | 90,802 | 93,278 | 87,161 | 89,829 |
| **Experience adjustments** | | | | | |
| (Gain) / loss on obligation | 2,453 | 5,198 | (2,925) | (7,460) | 18,255 |
| (Loss) / gain on plan assets | 1,573 | 6,214 | (9,471) | (3,469) | (1,461) |
| **Management Gratuity Fund** | | | | | |
| Present value of defined benefit obligation | 208,084 | 179,686 | 154,357 | 143,686 | 150,225 |
| Fair value of plan assets | (195,041) | (166,645) | (133,424) | (130,559) | (143,131) |
| Net (asset) / liability at end of the year | 13,043 | 13,041 | 20,933 | 13,127 | 7,094 |
| **Experience adjustments** | | | | | |
| (Gain) / loss on obligation | (1,128) | (2,601) | (2,326) | 1,140 | 4,636 |
| (Loss) / gain on plan assets | 3,520 | 5,291 | (9,640) | (3,999) | 7,941 |
| **Non-Management Gratuity Fund** | | | | | |
| Present value of defined benefit obligation | 84,105 | 69,728 | 69,636 | 57,869 | 54,974 |
| Fair value of plan assets | (109,685) | (99,985) | (87,258) | (81,895) | (81,964) |
| Net (asset) / liability at end of the year | (25,580) | (30,257) | (17,622) | (24,026) | (26,990) |
| **Experience adjustments** | | | | | |
| (Gain) / loss on obligation | 4,981 | (9,165) | 5,158 | (2,036) | 8,259 |
| (Loss) / gain on plan assets | 304 | 3,470 | (984) | (4,626) | 110 |

(Amounts in Rs. '000)

**22.2.15 The weighted average duration of the plans are as follows:**

| | No. of years |
|---|---|
| Management Pension fund | **10.75** |
| Non-management Pension fund | **11.00** |
| Management Gratuity fund | **7.35** |
| Non-management Gratuity fund | **7.40** |

Figures in this note are based on the latest actuarial valuation carried out as at June 30, 2021.

**22.3 Defined contribution plans**

An amount of Rs. 390,816 (2020: Rs. 349,726) has been charged during the year in respect of defined contribution plan maintained by the Group.

## 23. LONG-TERM BORROWINGS

| | Note | 2021 | 2020 |
|---|---|---|---|
| Diminishing Musharika / long - term borrowing | 23.2 & 23.3 | **4,100,000** | 4,300,000 |
| Less: Current portion of Diminishing Musharika | | **(3,900,000)** | (200,000) |
| | | **200,000** | 4,100,000 |
| Salary Refinancing | 23.4 | **231,369** | 131,595 |
| Less: Current portion of Salary Refinancing | | **(137,445)** | (16,449) |
| | | **93,924** | 115,146 |
| | | **293,924** | 4,215,146 |

**23.1** Following are the changes in the long-term borrowings (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **4,431,595** | 4,700,000 |
| Salary refinancing (repaid)/ obtained during the year | **99,774** | 131,595 |
| Less: Long-term borrowings repaid during the year | **(200,000)** | (400,000) |
| | **(100,226)** | (268,405) |
| Less: Current portion of long - term borrowings | **(4,037,445)** | (216,449) |
| Balance at end of the year | **293,924** | 4,215,146 |

**23.2** During the year ended June 30, 2015, the Subsidiary Company obtained a syndicated long term loan under mark-up arrangement through NIB Bank Limited (now MCB Islamic Bank Limited) amounting to Rs. 2 billion at a mark-up of 6 month KIBOR + 1.75% per annum for a tenor of 7 years (including 2 years grace period). The loan was repayable in 10 semi-annual installments beginning from July 2017 and was secured by way of hypothecation of present and future raw materials and finished products, trade receivables and property, plant and equipment (excluding land). During the year ended June 30, 2018, the Subsidiary Company renegotiated the terms and reduced the mark-up to 6 months KIBOR + 1% per annum, which was further re-negotiated and converted from conventional loan into Diminishing Musharika at a mark-up of 6 months KIBOR + 0.75% per annum for the remaining tenure of 4 years with all other terms and conditions remaining constant.

During the year ended June 30, 2020, SBP circular letter no 13 of 2020 dated March 26, 2020 was issued to support businesses during COVID-19 pandemic, thereby the repayment of loan is deferred by one year, without any change in markup rates. The Subsidiary Company availed the opportunity of deferment of principal loans repayment under this circular by one year.

(Amounts in Rs. '000)

**23.3** During the year ended June 30, 2018, the Subsidiary Company obtained term finance facilities under mark-up arrangements through Askari Bank Limited and Bank Alfalah Limited amounting to Rs. 1 billion and Rs. 2.5 billion respectively at a mark-up of 3 month KIBOR + 0.5% per annum for a tenor of 3 years (including 2.5 years grace period). The loan is repayable by way of bullet payment after expiry of 3 years whereas markup is to be paid on a quarterly basis starting from September 2018. These loans are secured by way of hypothecation of property, plant and equipment (excluding land and building). During the year ended June 30, 2020, taking advantage of SBP circular referred in note 15.2, these loans were deferred by one year and are now repayable by way of bullet payment on June 28, 2022, and June 30, 2022, respectively.

**23.4** This represents salary financing obtained under SBP payroll refinance facility as a part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic. The loan will be repaid in eight equal quarterly instalments starting from April 2021 along with a quarterly mark up at a discounted rate of 3% per annum.

## 24. LEASE LIABILITIES

| | 2021 | 2020 |
|---|---|---|
| **Balance at beginning of the year** | **4,529,062** | - |
| Impact of initial application of IFRS 16 | **-** | 4,609,454 |
| Additions during the year | **588,383** | 115,413 |
| Accretion of interest | **698,518** | 639,578 |
| Lease contracts modified during the year | **333,650** | 300,824 |
| Less: Disposal during the year | **(346)** | - |
| Less: Lease rentals paid | **(913,613)** | (1,136,207) |
| **Balance at the end of year** | **5,235,654** | 4,529,062 |
| Less: Current portion shown under current liability | **(787,713)** | (40,462) |
| **Non-Current Balance** | **4,447,941** | 4,488,600 |

**24.1** The Holding Company has recognised charge of Rs. 3,462,572 (2020: Rs. 3,353,666) to those variable lease payments, which do not form a part of leases in accordance with IFRS 16.

**24.2** Lease rentals payments includes financial charges thereon for the year ended June 30, 2021 amounting to Rs. 215,095 (2020: Rs. 496,360).

**24.3** The expected maturity analysis of undiscounted lease payment is as follows:

| | 2021 | 2020 |
|---|---|---|
| Less than a year | **787,713** | 546,853 |
| Between 1-5 years | **4,018,267** | 2,803,186 |
| Over 5 years | **14,499,553** | 14,503,991 |

## 25. OTHER PAYABLE

Balance relates to wharfage payable to related party on account of import of LNG by the Holding Company. As per the directions of Ministry of Finance - Economic Affairs Division outstanding wharfage has to be paid in 10 equal installments without interest over a period of 10 years. The Holding Company has recognzied this liability at amortized cost at inception rate prevailing at the time of determining the liability.

(Amounts in Rs. '000)

## 26. TRADE AND OTHER PAYABLES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Local creditors | 26.1 & 26.2 | **28,572,249** | 13,404,454 |
| Foreign creditors | 26.1 & 26.3 | **57,887,627** | 59,328,669 |
| | | **86,459,876** | 72,733,123 |
| Security deposits | 26.4 | **5,237,383** | 4,723,725 |
| Retention money | | **14,762** | 99,644 |
| Accrued expenses and other liabilities | 26.5, 26.6, 26.7, 26.8, 26.9 & 26.10 | **73,562,758** | 60,917,567 |
| Surplus price differential payable | 32.4 | **1,348,204** | 1,553,896 |
| Payable to the Government | 26.11 | **202,905** | 1,456,967 |
| Payable to provident funds | | **9,174** | 22 |
| Due to OMCs and refineries | | **379,730** | 299,959 |
| Advances - unsecured | | | |
| - from customers | | **8,954,142** | 5,223,475 |
| - against equipment | | **1,728** | 1,700 |
| | | **8,955,870** | 5,225,175 |
| Taxes and other government dues | | | |
| - Excise, taxes and other duties | | **2,531,105** | 10,087,116 |
| - Octroi | | **51,590** | 51,590 |
| - Sales tax payable - due to related party | | **1,054,927** | 3,818,592 |
| - Income tax deducted at source | | **117,898** | 1,856 |
| | | **3,755,520** | 13,959,154 |
| Workers' Welfare Fund | | **1,297,515** | 407,488 |
| Unearned Income | 26.12 | **15,084** | 37,475 |
| Others | | **103,982** | 91,718 |
| | | **181,342,763** | 161,505,913 |

**26.1** The average credit period on imports is 30 days on White Oil, 60 days on Black Oil and ranges between 14 to 21 days on Liquified Natural Gas (LNG). On local purchases, the Holding Company is availing 13 to 14 days credit. Thereafter, interest is charged in accordance with the terms of agreement on the outstanding balance.

**26.2** This includes amounts payable to the following related parties:

| | 2021 | 2020 |
|---|---|---|
| Pak-Arab Refinery Company Limited | **13,894,354** | 3,963,643 |
| K- Electric Limited | **-** | 42,512 |
| Oil and Gas Development Company Limited | **2,535,607** | - |
| Government Holdings (Pvt) Limited | **780,683** | 602,894 |
| Pakistan Petroleum Limited | **936,735** | 1,125,173 |
| | **18,147,379** | 5,734,222 |

**26.3** This includes amount of Rs. 4,306,047 (2020: Rs.6,855,172) in respect of import of LNG.

**26.4** Security deposits include deposits received by the Holding Company under the terms of related agreements and are as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Dealers | 26.4.2 | **1,025,406** | 939,074 |
| Equipment | 26.4.3 | **470,320** | 496,546 |
| Cartage contractors | 26.4.4 | **1,060,210** | 953,905 |
| Card holders | 26.4.5 | **2,119,015** | 1,894,255 |
| Suppliers | 26.4.5 | **465,059** | 357,273 |
| Others | 26.4.5 | **97,373** | 82,672 |
| | | **5,237,383** | 4,723,725 |

**26.4.1** Security deposits include:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Utilisable / utilised in business | 26.4.1.1 | **3,823,333** | 3,483,725 |
| Others | 26.4.1.2 | **1,414,050** | 1,240,000 |
| | | **5,237,383** | 4,723,725 |

(Amounts in Rs. '000)

**26.4.1.1** The amount is fully utilised in business in accordance with requirement of written agreements and in term of section 217 of the Companies Act, 2017.

**26.4.1.2** The amount is kept in separate bank accounts as per terms of agreement.

**26.4.2** These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand.

**26.4.3** These represent interest-free deposits from customers against Liquified Petroleum Gas (LPG) equipments. The deposits are refundable on the return of equipment and are payable on demand.

**26.4.4** These represent interest bearing and interest-free deposits from contractors against the cartage contracts for transportation of petroleum products. The deposits are refundable on cancellation of contracts.

**26.4.5** These represent non-interest bearing security deposits and are repayable on termination of contract / performance of the services.

**26.5** Included in accrued liabilities is an amount of Rs. 2,143,679 (2020: Rs. 3,503,268) payable to Pakistan National Shipping Corporation, a related party, on account of freight and demurrage charges.

**26.6** Included in accrued liabilities is an amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs.14,852,607 (2020: Rs. 9,519,543).

**26.7** Included in accrued liabilities is an amount of Rs. 396,100 (exchange gains of Rs. 618,950 net of exchange losses of Rs 222,850) (2020: Rs. 396,100) in respect of foreign currency loans (FC loans) taken by the Subsidiary Company for retirement of LCs of crude oil based on discussions with Ministry of Finance (MoF). During the year ended June 30, 2016, MoF proposed a mechanism for calculation of such gains and losses on the FC loans by the oil importing companies and invited views / comments thereupon. The Subsidiary Company, alongwith other oil importing companies had discussions with MoF and State Bank of Pakistan (SBP) in this respect, outcome of which is still pending.

**26.8** Included in accrued liabilities is an amount of current portion with respect to wharfage payable of related party amounting to Rs. 169,954 (2020: Rs.169,954).

**26.9** Included in accrued liabilities is an amount of Rs. 615 million arising on foreign currency borrowings (i.e net favorable exchange difference under FE-25 arrangement with GoP), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Holding Company recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Holding Company in respect of these long / extended term borrowing arrangements i.e. the Holding Company would not bear any exchange differences on such borrowings.

**26.10** Included in accrued liabilities an amount with respect to differential of regulatory / custom duty levied amounting to Rs. 730,000 (June 30, 2020: Rs. 1,240,000) on import of crude oil consumed in the production and recovered on sale of regulated products based on SROs issued by Government of Pakistan and Ministry of Energy (MoE). During the year ended June 30, 2018, OGRA in compliance with the directives of MoE had finalised a recovery mechanism for regulated products through which refineries would operate on no gain / loss basis on this account. OGRA directed Oil Companies Advisory Committee (OCAC) to ensure the implementation of the said mechanism.

During the year ended June 30,2019, as per approved regulatory duty mechanism, Refinery Regulatory Duty (RRD) committee of OCAC determined RRD factors per litre applicable for 5 months from August 2018 to December 2018, which were adjusted in monthly ex-refinery prices.

However, after preliminary implementation of the said mechanism, due to practical implications, a revised procedure was devised by OGRA, whereby recovery is made directly from refinery through payment to Inland Freight Equalisation Margin (IFEM) pool without any adjustment of RRD factors in ex-refinery prices.

(Amounts in Rs. '000)

**26.11** This includes GoP's share in the value of local crude purchased and petroleum levy on sale of petroleum products. This represents receivable from Government in respect of price differential claims as a result of restricting the ex-refinery prices charged by the Subsidiary Company to the oil marketing companies on instructions from MoE. During the year ended June 30, 2018, the Subsidiary Company received a report from MoE through Oil Companies Advisory Council (OCAC) highlighting certain aspects of the above claims.

The management is of the view that the report contains certain factual inaccuracies and is taking up the matter along with other refineries with the MoE.

**26.12** As detailed in note 23.4 to these Consolidated financial statements, the Subsidiary Company availed salary refinance facility on the pretext of COVID-19 pandemic at a discounted rate of 3% per annum while the prevailing market rate was 8% per annum. This differential in mark-up rate is treated in accordance with IAS 20 - Government Grant and a deferred income amounting to Rs. 23.70 million is recognised thereon and is being amortised on straight line basis over the tenure of the loan.

During the period June 27 to 30, 2020, the Subsidiary Company earned additional revenue on sale of petroleum products consequent to increase in ex-refinery prices by the GoP effective June 27, 2020. The Ministry of Energy Petroleum Division Government of Pakistan (MEPD) through its letter dated July 28, 2020 interalia advised OGRA to adjust such additional revenue against loss of revenue suffered by refineries due to reduced ex-refinery prices for July 2020 under instructions of GoP.

## 27. SHORT-TERM BORROWINGS

| | Note | 2021 | 2020 |
|---|---|---|---|
| **From National Bank of Pakistan - Related party** | | | |
| Short-term finances in foreign currency | 27.1 | **16,941,787** | 18,110,162 |
| Finances under mark-up arrangements | 27.2 & 27.3 | **490,353** | 481,334 |
| | | **17,432,140** | 18,591,496 |
| **From other than related party** | | | |
| Short-term finances | | | |
| - local currency | 27.2, 27.3 & 27.4 | **17,721,004** | 31,640,000 |
| - foreign currency | 27.1 | **20,561,912** | 18,393,529 |
| | | **38,282,916** | 50,033,529 |
| Current portion of long - term borrowings | | **4,037,445** | 216,449 |
| Finances under mark-up arrangements | 27.5 & 27.6 | **13,863,944** | 10,191,191 |
| | | **73,616,445** | 79,032,665 |

**27.1** The rate of mark-up for these facilities range from Re. 0.01 to Re. 0.06 (2020: Re. 0.10 to Re. 0.17) per Rs. 1,000 per day. This facility is secured by way of trust receipts of the Holding Company. These finances have been obtained on the directives of MoF via letter dated September 09, 2015.

**27.2** The total facility limit of various financing facilities available from banks aggregate to Rs. 156,365,000 (2020: Rs140,985,000) out of which Rs. 124,289,699 (2020: Rs.98,540,878) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on Group's stocks, receivable and trust receipts.

**27.3** The rate of mark-up on short-term finance facility is Re. 0.03 to Re. 0.22 (2020: Re.0.03 to Re. 0.24) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re.0.20 to Re.0.27 (2020: Re. 0.23 to Re. 0.32) per Rs. 1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

**27.4** This includes subsidiary Company's mark-up based short-term finance from commercial banks repayable in 5 to 84 (2020: 13 to 34) days from the date of statement of financial position and these are secured by way of first joint pari passu charge on Subsidiary Company's inventory and trade receivables.

**27.5** These finances have been obtained for working capital requirements.

**27.6** As at June 30, 2021, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 483,949 (2020: Rs.1,507,806), which includes Rs. 41,578 (2020: Rs. 247,760 ) due to National Bank of Pakistan, a related party.

(Amounts in Rs. '000)

The rates of mark-up range between three months KIBOR+0.50% to one month KIBOR+2.5% per annum as at June 30, 2021 (2020: three months KIBOR+0.50% to one month KIBOR+3% per annum). Purchase prices are payable on demand.

| | | Note | 2021 | 2020 |
|---|---|---|---|---|
| 27.7 | Movement in short term and foreign currency loan: | | | |
| | Balance at beginning of the year | | **68,143,691** | 95,416,196 |
| | Loans obtained during the year | | **740,928,759** | 681,398,659 |
| | Loans repaid during the year | | **(753,847,746)** | (708,850,560) |
| | Adjustment made during the year | | **-** | 179,396 |
| | | | **(12,918,987)** | (27,272,505) |
| | Balance at end of the year | | **55,224,704** | 68,143,691 |

## 28. PROVISIONS

| | Note | 2021 | 2020 |
|---|---|---|---|
| Claim raised by regulatory authorities | | **490,972** | 490,972 |
| Infrastructure development cess | | **252,464** | - |
| | | **743,436** | 490,972 |
| Movement of provision during the year is as follows: | | | |
| Balance at beginning of the year | | **490,972** | 490,972 |
| Addition during the year | 31.1.4.2 | **252,464** | - |
| Payment / (reversal) during the year | | **-** | - |
| Balance at closing of the year | | **743,436** | 490,972 |

## 29. UNCLAIMED DIVIDEND

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **1,374,930** | 1,761,628 |
| Dividend for the year | **2,347,367** | 1,956,139 |
| Unpaid dividend | **(129,789)** | - |
| | **3,592,508** | 3,717,767 |
| Payments made during the year | **(2,199,228)** | (2,342,837) |
| Balance at end of the year | **1,393,280** | 1,374,930 |

## 30. UNPAID DIVIDEND

Dividend declared during the year (as mentioned in note 29) represents part of interim dividend for the period ended December 31, 2020 which remained unpaid to the Holding Company's non-resident shareholders. The dividend repatriation requires approval from the State Bank of Pakistan which has been obtained subsequently and the dividend has been remitted to the non-resident shareholders.

## 31. CONTINGENCIES AND COMMITMENTS

### 31.1 Contingencies

The Group has contingent liabilities in respect of unrecognized late payment surcharge, pending tax matters and other legal claims in the ordinary course of business.

### 31.1.1 Late payment surcharge (Holding Company & Subsidiary Company)

Claims amounting to Rs. 717,000 (2020: Rs.6,836,838) in respect of delayed payment charges were not recognised upto June 30, 2020 on the understanding that these will be payable only when the Group will fully realize delayed payment 'charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Group against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

(Amounts in Rs. '000)

**31.1.2 Income Tax**

**Holding Company**

**31.1.2.1** The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, August 31, 2010 and January 29, 2011in respect of tax years 2005 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,513,951. These orders were later rectified and amended to Rs. 831,811. The appeal against tax year 2008 is pending before the High Court of Sindh (SHC). During the year ended June 30, 2019, the Appellate Tribunal Inland Revenue (ATIR) passed an order in respect of Tax Year 2005 which was in favour of the Holding Company except one point on which the Holding Company has filed reference before SHC. Last year, ATIR has passed orders in respect of Tax Year 2006 and 2007 which were mostly in favour of the Holding Company. The Holding Company obtained the effect of ATIR order from taxation authorities for the tax years 2005 and 2006 after which demand is further reduced to Rs. 484,459. The appeal effect of Tax Year 2007 is in process while remaining matters of 2006 are currently being heard by Commissioner Inland Revenue (Appeals) [CIR (Appeals)]. Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.2.2** The taxation officer passed assessment orders dated January 31, 2012, April 06, 2012 and May 31, 2012 in respect of tax years 2009 to 2011 and made certain disallowances and additions resulting in total tax demand of Rs. 4,598,246. The Holding Company filed appeals against these orders before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] who decided certain matters in favour of the Holding Company. During the year ended June 30, 2013, the Holding Company received revised orders showing an aggregate demand of Rs. 740,871 after taking into effect for matters decided in favour of the Holding Company by the CIR (Appeals).The Holding Company has filed appeals before the ATIR for remaining points adjudicated against the Holding Company by the CIR (Appeals) which are pending for hearing. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.2.3** Assistant Commissioner Inland Revenue (ACIR) through his orders dated January 29, 2013 and January 28, 2014 made certain additions and disallowances in respect of tax year 2012 and 2013 respectively raising total tax demand of Rs.3,096,173. The Holding Company had filed appeals there against the said orders before the CIR (Appeals), whereby most of the matters have been decided in favour of the Holding Company. For remaining issues, the Holding Company has filed appeals before the ATIR. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.2.4** The ACIR through his orders dated February 09, 2015 and March 22, 2016 made certain additions and disallowances in respect of tax year 2014 and 2015 respectively, thereby creating total tax demand of Rs. 35,992,978. The orders were later rectified and amended to Rs. 3,619,899. Further, through computerised balloting, the Holding Company was selected for audit of tax year 2014 by the Federal Board of Revenue (FBR) and another demand of Rs. 53,023 was created by FBR for tax year 2014. The Holding Company has filed appeals against these orders before the CIR (Appeals) which were decided partially against the Holding Company in 2018 except for audit case of tax year 2014 which was remanded back by CIR (Appeals) to the assessing officer for verification and effect. The Holding Company has filed appeals before ATIR against these CIR (Appeals) orders. During the year 2019, the Holding Company has received an appeal effect on aforesaid CIR (Appeals) orders from Tax authorities after which the demand has been amended to Rs. 2,585,773. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.2.5** The ACIR through his assessment orders dated February 27, 2017 for Tax Year 2016; and assessment order dated December 29, 2017 and February 28, 2018 for Tax Year 2017, made certain additions and disallowances, thereby creating total tax demand of Rs. 2,685,964. The Holding Company filed appeals against these orders before the CIR (Appeals). The appeal relating to tax year 2016 has been decided by CIR (Appeals) in 2018, whereby few issues have been decided in favour of the Holding Company. The Holding Company had received an appeal effect for the tax year 2016 on aforesaid CIR (Appeals) order from tax authorities after which the aforesaid demand has been reduced to Rs. 2,685,818. For remaining issues, the Holding Company has filed appeals before ATIR. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

(Amounts in Rs. '000)

**31.1.2.6** The ACIR through his order dated January 31, 2019 made certain additions and disallowances in respect of tax year 2018 and raised tax demand of Rs. 207,773. The Holding Company filed an appeal against aforesaid order before CIR (Appeals) which was decided against the Holding Company. Appeal against the said order has been filed before the ATIR by the Holding Company. Based on the views of tax advisor of the Holding Company, the management believes that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.2.7** The Additional Commissioner Inland Revenue through his order dated September 30, 2020 made certain additions and disallowances in respect of Tax Year 2019 and raised tax demand of Rs. 411,567. The Holding Company has filed an appeal on October 28, 2020 before Commissioner Inland Revenue (Appeals). Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provisionhas been made in these consolidated financial statements.

**31.1.2.8** The ACIR through his order dated June 30, 2021 for Tax Year 2015 raised tax demand of Rs. 45,304 inrespect of alleged short deduction of withholding tax on payments made to various vendors. The Holding Company has filed an appeal before Commissioner Inland Revenue (Appeals) on July 27, 2021. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.3 Sales Tax and Custom Duty**

**Holding Company**

**31.1.3.1** A sales tax order-in-original No. 01/2010 dated March 30, 2010 was issued by Deputy Commissioner Inland Revenue (DCIR), FBR in respect of sales tax audit of the Holding Company for the tax years 2004-2007. Under the said order, a demand of Rs. 883,864 was raised on account of certain transactions and default surcharge of Rs. 512,172 was imposed. The ATIR decided the case in favour of the Holding Company. However, the tax department has filed an appeal against the aforesaid decision of the ATIR in the High Court of Sindh which is pending for hearing. Based on the views of tax and legal advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made for the said matters in these consolidated financial statements.

**31.1.3.2** The DCIR passed an order dated July 02, 2019 in respect of sales tax audit for tax year 2010 giving rise to demand of Rs. 3,586,018 along with penalty of Rs. 179,300 and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before CIR (Appeals), who has annulled the order and has decided the case in the Holding Company's favour through an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.3.3** A sales tax order dated October 27, 2014 regarding alleged non charging of sales tax on supply of fuel to vessels proceeding outside Pakistan for the year 2014 was raised by the DCIR, FBR. Under the said order, the DCIR imposed a sales tax demand of Rs. 6,243,369 along with default surcharge of Rs. 1,375,082 and a penalty of Rs. 312,168. The Holding Company based on the advice of its tax consultants believes that it has correctly treated the aforesaid supplies as being 'zero' rated. The Holding Company filed an appeal against the said order before the CIR (Appeals) which was decided against the Holding Company in decision dated June 29, 2017, received on December 05, 2017. The Holding Company filed an appeal against the order of CIR (Appeals) before ATIR. In FY 2020, the Appeal was decided in favor of Holding Company by ATIR. Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.3.4** The DCIR has passed an order dated July 04, 2019 on the matter of non-charging of sales tax on supply of fuel to vessels and aircrafts proceeding outside Pakistan for the year 2014-15. The aforesaid order resulted in demand of sales tax of Rs. 4,579,596 along with penalty of Rs.228,979 and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before CIR - Appeals, who has annulled the order and has decided the case in Holding Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

(Amounts in Rs. '000)

**31.1.3.5** A sales tax order No. 01/2012 dated January 16, 2013 was issued by the DCIR (Adjudication), FBR in respect of delayed payment of sales tax due in sales tax return for March 2011. Under the said order, demand of Rs. 437,305 was raised which comprised default surcharge of Rs. 82,265 and penalty of Rs. 355,040 on late payment. The Holding Company filed an appeal against the said order before CIR (Appeals) which was decided against the Holding Company. The Holding Company, accordingly, filed an appeal against the aforesaid order of CIR (Appeals) before the ATIR which vide its order dated September 13, 2013 upheld the imposition of default surcharge, however, vacated penalty imposed for de novo consideration by adjudicating authority. The matter of penalty was again decided against the Holding Company by adjudicating officer and later on by the CIR (Appeals) vide its order dated September 29, 2015 against which the Holding Company has filed an appeal before the ATIR on February 18, 2016. Further, the Holding Company has also filed an appeal before the SHC against the first order of ATIR, which is pending for hearing. Based on the views of tax and legal advisors of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in favour of the Holding Company. Accordingly, no provision in this respect has been made in these consolidated financial statements.

**31.1.3.6** The DCIR passed an order dated July 03, 2019 in respect of non-payment of sales tax on PDC / subsidies giving rise to demand of sales tax of Rs. 33,855,642 alongwith penalty of Rs. 33,855,642 and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before CIR - Appeals, who has annulled the order and decided the case in Holding Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.3.7** PRA has issued an order dated September 18, 2017, received on November 30, 2017, against the Holding Company demanding Rs. 2,258,235 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on alleged commission paid to petroleum dealers. The Holding Company does not agree with the stance of PRA as the Authority erroneously assumed the dealer's margin allowed to petroleum dealers through OGRA's price notification as "dealer's commission". The Holding Company further collects general sales tax on such dealer's margin and submits the same to government treasury with monthly sales tax return. Accordingly, levy of Punjab service sales tax on the alleged commission would lead to double imposition of sales tax on dealer's margin. The Holding Company challenged the order in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, an appeal has also been filed with Commissioner - Appeals PRA against the subject order. Commissioner -Appeals PRA in his appellate order dated September 5, 2018 decided the case against the Holding Company while waiving levy of penalty thereon. The Holding Company filed an appeal with Appellate Tribunal PRA, which had set-aside the impugned order and remanded it back to Commissioner-Appeals PRA for deciding it afresh, in the order dated December 9, 2019. Based on the view of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.3.8** PRA has issued two Orders dated April 10, 2018, against the Holding Company demanding Rs. 571,933 along with penalty and default surcharge on alleged non-recovery of Punjab sales tax on account of distribution, marketing and administrative expenses as illustrated in Annual Audited Accounts of 2014-15 and 2015-16. The orders were raised on an unsubstantiated assumption that distribution, marketing and administrative expenses disclosed by the Holding Company in its financial statements of aforementioned periods are completely taxable and pertains solely to the province of Punjab. The Holding Company has filed appeal with Commissioner - Appeals PRA against the subject orders, which is still pending. Further, PRA has also issued show cause notice dated April 04, 2018 in respect of the year 2016-17 for recovery of sales tax demand of Rs. 409,491 on similar issue against which the Holding Company has obtained stay order from Lahore High Court. Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.3.9** PRA has issued a Show Cause Notice dated October 01, 2019 demanding Rs. 8,839,550 claiming certain components of petroleum price (e.g. dealer's margin, OMC margin and IFEM) as subject to levy of Punjab Sales Tax. The Holding Company did not agree with the view of PRA as the whole price of POL products is subject to levy of general sales tax, being part of value of supply. The Holding Company challenged the said show cause notice, against which the Lahore High Court has duly granted stay. Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

(Amounts in Rs. '000)

**31.1.3.10** The Collector (Adjudication) - Customs House Karachi, issued show-cause notices dated February 04, 2019,February 06, 2019, and August 06, 2019 to the Holding Company for recovery of minimum value added sales tax of Rs. 17,250,015, on import of furnace oil in Pakistan. Similar notices have also been served on other OMCs as well. The Holding Company has challenged the impugned show-cause notice in the SHC, who granted stay against any coercive action by the adjudicating authority. Based on the views of tax advisor of the Holding Company, as well as the amendment introduced by Finance Act, 2019 favoring the Holding Company's view, the management believes that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.3.11** On June 11, 2005, a demand was raised by the Collector of Customs, Sales Tax and Central Excise (Adjudication) in respect of sales tax, central excise duty and petroleum development levy aggregating to Rs. 165,781 inclusive of additional sales tax and central excise duty on exports of POL products to Afghanistan during the period August 2002 to November 2003. The demand was raised on the grounds that the export consignments were not verified by the Pakistan Embassy / Consulate in Afghanistan as required under Export Policy and Procedures, 2000. It is the Holding Company’s contention that this requirement was in suspension as in the aforesaid period the Pakistan Embassy / Consulate was not fully functional. This condition of suspension was removed only on July 22, 2004 through Export Policy Order, 2004 when the Pakistan Embassy / Consulate became fully functional in Afghanistan. Besides the issue of verification, it is also the Holding Company’s contention that export of POL products to Afghanistan can be verified from the relevant documents and therefore, the demand is unwarranted. The Holding Company had been contesting the matter before ATIR who has remanded the case back to adjudication officer vide its order dated February 06, 2012. Based on the view of tax advisor, the Holding Company is confident that the ultimate outcome of the matter would be in its favour and therefore no provision has been made in these consolidated financial statements.

**31.1.4 Other tax matters**

**Holding Company**

**31.1.4.1** The Deputy Director / Sr. Excise and Taxation Officer (ETO) C.M.D.I, Karachi Port Trust (KPT) has issued a notice dated January 6, 2020 to PSO. Through the said notice, a demand of Rs.6,438,869 thousand was raised on account of Sindh maintenance & development infrastructure cess (SMDIC) in respect of POL products consignments imported by PSO during the period 01.07.2016 to 15.11.2019 at Kimarite Holding Company challenged the aforesaid notice in the High Court of Sindh on February 24, 2020. The High Court through its interim order passed on February 26, 2020 restricted the respondents from taking any action against the petitioner as well as creating any hindrance of lawful import / export of POL products. In a recent judgement dated June 4, 2021 in PSO's CP No.D-1311 of 2020, SHC has dismissed PSO's and all other 487 identical appeals and ordered that the Sindh Finance Act, 2017, promulgated retrospectively, is a valid law within the competence of the Provincial Legislature. However, operation of said Judgement, considering the intricacy and the issue involved has been suspended for a period of 90 days from the date of the order i.e. June 4, 2021. Aggrieved by the decision, PSO, in consultation with lawyer(s), is filing an appeal before the Honorable Supreme Court of Pakistan against the Sindh High Court order dated June 4, 2021. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Holding Company’s favour. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.4.2** The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The Holding Company is contesting the levy along with other companies in the High Court of Sindh which was instituted on May 26, 2011. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. On the directive of the Directorate of Excise and Taxation (Taxes-II), up to June 30, 2021, the management has deposited Rs. 126,232 (2020: Rs.115,047) in cash and provided bank guarantee amounting to Rs.126,232 (2020: Rs.115,047) with the Excise and Taxation Department In a recent judgement dated June 4, 2021 in PSO's CP No.D-1311 of 2020, SHC has dismissed PSO's and all other 487 identical appeals and ordered that the Sindh Finance Act, 2017, promulgated retrospectively, is a valid law within the competence of the Provincial Legislature. However, operation of said Judgement, considering the intricacy and the issue involved has been suspended for a period of 90 days from the date of the order i.e. June 4, 2021. Aggrieved by the decision, PSO, in consultation with lawyer(s), is filing an appeal before the Honorable Supreme Court of Pakistan against the Sindh High Court order dated June 4, 2021.

(Amounts in Rs. '000)

**31.1.4.3** As per recent judgement of SHC mentioned in above para, PSO's petition has been dismissed and it was ordered that the Sindh Finance Act, 2017, promulgated retrospectively is a valid law within the competence of the Provincial Legislature. Further, it has also been ordered that all bank guarantees furnished on or after 28.12.2006 shall be encashed and paid to department. However, operation of said Judgement, considering the intricacy and the issue involved has been suspended for a period of 90 days from the date of the order i.e. June 4, 2021. The Holding Company, in consultation with its lawyer(s), is in the process of filing an appeal before the Honorable Supreme Court of Pakistan against the Sindh High Court order dated June 4, 2021. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Holding Company's favour. Total amount of possible obligation, if any, cannot be determined with sufficient reliability. Accordingly, no provision has been made against infrastructure fee in these consolidated financial statements.

**31.1.4.4** During the year 2011, the Deputy District Officer, Property Division-B, Government of Sindh issued a show cause notice dated February 25, 2011 under the Sindh Immovable Properties Tax Act, 1958 against the Holding Company for payment of property tax amounting to Rs.35,474 in respect of Keamari terminal land rented by the Holding Company from Karachi Port Trust (KPT). The Holding Company has filed a suit in the High Court of Sindh for restraining the relevant authorities from levying and collecting property tax from the Holding Company and against KPT for recovery of property taxes paid on behalf of KPT during earlier periods amounting to Rs.39,782. The decision of the suit is pending and based on the views of its legal advisor, the management believes that the matter will ultimately be decided in favour of the Holding Company. Accordingly, no provision has been made in this respect in these consolidated financial statements.

**31.1.4.5** During the year ended June 30, 2002, Schedule I to Stamp Duty Act, 1899 was substituted with a revised Schedule vide Stamp (Sindh Amendment) Ordinance, 2002 and stamp duty was levied at the rate of 0.2% of amount of contracts including purchase orders for supply or to undertake cartage of stores and materials. MoP&NR has also approached Chief Minister Sindh vide its letter reference D.O.No.PL-3(413)/2009 dated April 04, 2009 on behalf of the oil marketing companies and refineries and has requested Chief Minister Sindh to direct Board of Revenue, Sindh to withdraw the levy of Stamp Duty on purchases of petroleum products as the pricing of petroleum products is a Federal subject.

Management in consultation with its legal advisors evaluated that the purchases of petroleum, oil and lubricants do not fall within the purview of the said Act, however, it may be applicable on the purchase of certain items the impact of which will not be significant. The management of the Holding Company is confident that the merits of the case are in favour of the Holding Company and based on the views of its legal advisor, there will be no financial implication on the Holding Company.Accordingly, no provision has been made in this respect in these consolidated financial statements.

(Amounts in Rs. '000)

**31.1.5 Other legal claims**

**31.1.5.1** As at June 30, 2021 certain legal cases amounting to Rs. 8,052,207 (2020: Rs. 7,859,942) have been filed against the Group. However, based on the advice of its legal advisors, the management believes that the outcome of these cases would be decided in the Company's favour. Details of significant legal cases are given below:

| Court | Factual Description | Year of Institution | Party | Relief Sought |
|---|---|---|---|---|
| **Holding Company** | | | | |
| Sindh High Court | Claim for recovery of pending bills, insurance claims and damages | 2019 | Mengal Brothers v/s PSO | Recovery of financial charges of Rs.4,564,180 |
| Sindh High Court | Dispute relating to award of IT related projects | 2011 | Zaqsoft (Shahrukh Qaiser) vs. PSO | Recovery of damages of Rs.1,447,000 |
| Sindh High Court | Dispute relating to employment | 2011 | Faiz Mahmood Durrani vs. PSO | Recovery of damages of Rs.263,343 |
| Civil Judge Rawalpindi | Claim for recovery of interest charges | 2007 | ARL v/s PSO | Recovery of financial charges of Rs.206,695 |
| District Court Muzaffargarh | Dispute over theft of oil from Jimco Pipeline | 2012 | KAPCO v/s PSO | Recovery of damages of Rs. 200,000 |
| Sindh High Court | Claim for recovery due to loss of business | 2012 | All Pakistan Oil Tankers Association vs. Mengal Brothers, PSO & Others | Recovery of damages of Rs. 193,717 |

| Court | Factual Description | Year of Institution | Party | Relief Sought |
|---|---|---|---|---|
| **Subsidiary Company** | | | | |
| FBR | Claim for Income tax on undistributed profit under section 5A, of Income Tax Ordinance, for the year 2017 and 2018 | 2019 | ACIR, CIR (A) vs. PRL | Recovery of income tax of Rs. 108,070 and Rs. 62,160. |

**31.1.5.2** Claims against the Holding Company not acknowledged as debts amount to Rs. 6,675,456 (2020: Rs. 6,926,195) other than as mentioned in note 31.1.1 to these consolidated financial statements.

**31.1.5.3** The Group's share in associates' contingencies in respect of various tax and legal matters as at year end is Rs. 602,031 (2020: Rs. 600,389)

**31.2 Commitments**

**31.2.1** Commitments in respect of capital expenditures contracted for but not yet incurred are as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| Property, plant and equipment | | **3,453,346** | 6,591,609 |
| Intangibles | | **175,288** | 872,588 |
| | | **3,628,634** | 7,464,197 |
| **31.2.2** Letters of credit | 31.2.6 | **49,706,950** | 26,070,442 |
| **31.2.3** Bank guarantees | 31.2.3.1 | **2,081,071** | 1,598,867 |

(Amounts in Rs. '000)

**31.2.3.1** This includes guarantees of Rs. 124.63 million (2020: Rs. 124.63 million) were issued by the Subsidiary Company in favour of Sui Southern Gas Company Limited.

| | | 2021 | 2020 |
|---|---|---|---|
| **31.2.4** | Standby letters of credit | **18,341,799** | 32,609,446 |
| **31.2.5** | Post-dated cheques | **1,000,000** | 1,300,000 |

**31.2.6** The Group has total unutilised facility limit against letters of credit aggregating to Rs. 73,069,625 (2020: Rs.106,534,314) as of reporting date.

**31.2.7** The Group's share in associates' contingencies in respect of various tax and legal matters as at year end is Rs. 58 (2020: Rs. 58)

## 32. NET SALES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Gross sales | 32.1, 32.2 & 32.3 | **1,476,359,151** | 1,356,051,406 |
| - Discount / allowances | | **(473,553)** | (1,589,588) |
| - Sales tax | | **(202,486,841)** | (192,920,276) |
| - Excise duty and petroleum levy | | **(23,205,951)** | (18,153,166) |
| - Surplus price differential | 32.4 & 32.5 | **(1,407,174)** | (1,332,664) |
| - Custom duty | 26.10 & 32.6 | **(3,415,838)** | (3,048,235) |
| - Inland Freight Equalization Margin (IFEM) | | **(21,691,443)** | (17,846,060) |
| | | **(252,680,800)** | (234,889,989) |
| Net sales | | **1,223,678,351** | 1,121,161,417 |

**32.1** This represent revenue from contracts with customers.

**32.2** Includes export sales amounting to Rs. 6,209,794 (2020: Rs. 7,621,854).

**32.3** Sales of regulated products are based on prices notified by OGRA which are subject to policy clarification from the Federal Government. Sales of certain de-regulated products (Motor Spirit, High Octane Blending Component, High Speed Diesel, Light Diesel Oil and Aviation Fuels) are based on prices set under notifications of the MoE.

**32.4** This includes price differential amounting to Rs. 1,120,000 (2020: Rs. 1,030,000) on sale of High Speed Diesel (HSD) as per the import parity pricing formula determined in the Economic Coordination Committee's decision dated February 26, 2013 and November 17, 2020 and price differential amounting to Rs. 290,000 (2020: Rs. 300,000 ) on sale of 90 RON Motor Gasoline, calculated as per the mechanism notified by MoE dated September 5, 2016.

**32.5** During the year ended June 30, 2020, the Subsidiary Company sold HSD at a price lower than the PSO's benchmark price, such determination of price is permitted by ECC as interalia stated in ECC decision No. ECC-51/05/2013 dated February 26, 2013 together read with earlier ECC decision No. ECC – 113/12/2012 dated September 4, 2012. Consequently, the price differential in April 2020 on HSD is less than the price differential had the Subsidiary Company sold HSD at PSO's benchmark price. In response of OGRA letter, the Subsidiary Company has submitted its response alongwith working of price differential for April 2020 on the basis of PSO's benchmark price however no response has been received from OGRA to date. The Subsidiary Company has obtained independent legal opinion also, which opined that the Subsidiary Company has correctly determined the price of HSD in April 2020 and the resultant price differential in pursuance of aforementioned ECC decisions.

**32.6** This represents custom duty recovered on sale of products subject to custom duty.

(Amounts in Rs. '000)

## 33. COST OF PRODUCTS SOLD

| | Note | 2021 | 2020 |
|---|---|---|---|
| Opening stock | | **64,758,242** | 98,847,665 |
| Purchases made during the year | 33.1,33.2 & 33.3 | **1,190,599,212** | 1,080,152,460 |
| | | **1,255,357,454** | 1,179,000,125 |
| Closing stock | 13 | **(88,934,410)** | (64,758,242) |
| | | **1,166,423,044** | 1,114,241,883 |

**33.1** Includes depreciation amounting to Rs.1,432,021 (2020: Rs 1,782,017).

**33.2** Includes cost incurred by the Group on refining of crude oil and manufacturing of lubricants amounting to Rs. 94,750,395 (2020: Rs.94,750,395 ) and Rs. 5,765,550 (2020: Rs. 5,765,550 ), respectively.

## 34. OTHER INCOME

| | Note | 2021 | 2020 |
|---|---|---|---|
| **Income from financial assets** | | | |
| Interest / mark-up received on delayed payments | | **12,663,513** | 6,930,514 |
| Interest / mark-up on saving accounts | | **185,243** | 142,175 |
| Discounting of wharfage liability | | **551,543** | - |
| Dividend income from FVOCI investment | 34.1 | **350,972** | 283,227 |
| | | **13,751,271** | 7,355,916 |
| **Income from non-financial assets** | | | |
| Handling, storage and other services | 34.2 | **2,331,827** | 1,961,105 |
| Income from Compressed Natural Gas (CNG) operators | 34.2 | **135,659** | 163,729 |
| Income from non-fuel retail business | | **129,564** | 146,906 |
| Income from retail outlets - net | | **116,604** | 75,310 |
| Insurance claims | 34.3 | **-** | 75,782 |
| Scrap sales | | **72,630** | 44,056 |
| Gain on disposal of property, plant and equipment | 5.2 | **35,981** | 23,668 |
| Penalties and other recoveries | | **333,649** | 305,009 |
| Liabilities written back | | **470,948** | - |
| Exchange gain | | **1,763,791** | - |
| Others | | **273,548** | 234,160 |
| | | **5,664,201** | 3,029,725 |
| | | **19,415,472** | 10,385,641 |

**34.1** This represents dividend received from Pak-Arab Pipeline Company Limited, a related party.

**34.2** This represents revenue from contracts with customers.

**34.3** This represents insurance claim from insurance companies in relation to ocean loss on crude oil imports as per the contract. These claims pertain to prior years and are settled in the current year.

## 35. DISTRIBUTION AND MARKETING EXPENSES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Salaries, wages and benefits | | **6,653,535** | 6,611,266 |
| Transportation costs | | **560,740** | 352,140 |
| Depreciation on property, plant and equipment | | **1,268,549** | 1,191,547 |
| Amortization on right-of-use assets | 36.1 | **411,476** | 376,374 |
| Security and other services | | **289,699** | 336,168 |
| Rent, rates and taxes | 5.1.1 | **497,903** | 105,224 |
| Repairs and maintenance | 6.2 | **1,171,386** | 1,479,525 |
| Insurance | | **135,421** | 103,996 |
| Travelling and office transport | | **241,376** | 305,413 |
| Printing and stationery | | **23,025** | 16,979 |
| Communication | | **28,483** | 25,354 |
| Utilities | | **231,456** | 218,027 |
| Storage and technical services | | **52,010** | 81,609 |
| Sales promotion and advertisement | | **418,773** | 533,845 |
| Fees and subscription | | **38,168** | 33,932 |
| Other expenses | | **223** | - |
| | | **12,022,223** | 11,771,399 |

(Amounts in Rs. '000)

| 36. ADMINISTRATIVE EXPENSES | Note | 2021 | 2020 |
|---|---|---|---|
| Salaries, wages and benefits | 36.1 | **2,300,952** | 2,370,479 |
| Depreciation on property, plant and equipment | 5.1.1 | **256,046** | 246,697 |
| Amortization on right-of-use assets | 6.2 | **30,307** | 24,475 |
| Amortisation | 7 | **35,930** | 21,018 |
| Security and other services | | **44,037** | 44,410 |
| Rent, rates and taxes | | **13,697** | 56,593 |
| Repairs and maintenance | | **306,494** | 104,570 |
| Insurance | | **165,746** | 158,731 |
| Travelling and office transport | | **46,454** | 96,369 |
| Printing, stationery and advertisements | | **17,397** | 17,292 |
| Communication | | **65,311** | 36,392 |
| Utilities | | **72,373** | 55,568 |
| Storage and technical services | | **99,722** | 89,069 |
| Legal and professional | | **65,966** | 68,165 |
| Auditors' remuneration | 36.3 | **18,685** | 38,210 |
| Contribution towards expenses of Board of Management | | **46,757** | 48,481 |
| Donations | 36.4 | **107,348** | 180,517 |
| Fees and subscription | | **22,144** | 25,182 |
| | | **3,715,366** | 3,682,218 |

**36.1** Salaries, wages and benefits also include charge of Rs. 94,024 (2020: Rs. 190,660) in respect of Holding Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 22.1.4 to these consolidated financial statements.

**36.2 Remuneration of Managing Director, Directors and Executives**

**36.2.1** The aggregate charge for the year in respect of remuneration and benefits to the Managing Director and Executives are as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Managing Director | Executives | Managing Director / Acting Managing Director | Executives |
| Managerial remuneration | **15,770** | **1,336,889** | 14,831 | 1,263,975 |
| Housing and utilities | **8,674** | **715,987** | 8,157 | 653,756 |
| Performance bonus | **2,760** | **190,501** | 2,608 | 263,515 |
| Retirement benefits | **2,875** | **501,354** | 4,322 | 413,106 |
| Leave encashment | **-** | **68,919** | - | 31,179 |
| Other allowances and benefits | **9,775** | **686,738** | 12,136 | 639,345 |
| | **39,854** | **3,500,388** | 42,054 | 3,264,876 |
| Number, including those who worked part of the year | **1** | **530** | 2 | 502 |

**36.2.2** The amount charged in respect of fee to 10 (2020: 11) non-executive directors aggregated to Rs.17,800 (2020: Rs.27,200). Moreover, Rs. 3,522 (2020: Rs. 3,600) has been charged in respect of Honorarium to the Chairman of the Board of Directors of the Subsidiary Company, as approved by the Board of Directors of the Subsidiary Company during the year.

**36.2.3** In addition, the Managing Director and certain executives are provided with free use of the Group maintained cars. Further, the Managing Director and Executives are also entitled to avail medical facilities and other benefits as per the respective policies of the Holding Company and the Subsidiary Company. In addition, certain executives of Subsidiary Company are provided furnished accommodation within refinery premises according to their respective terms of employment.

**36.2.4** In addition, certain Executives of the Subsidiary Company are provided furnished accommodation within refinery premises according to their respective terms of employment.

(Amounts in Rs. '000)

**36.3 Auditors' remuneration**

| | 2021 | | 2020 | | |
|---|---|---|---|---|---|
| **Fee for the:** | **KPMG Taseer Hadi & Co.** | **Total** | **A.F. Ferguson & Co.** | **EY Ford Rhodes** | **Total** |
| - audit of consolidated financial statements | **1,495** | **1,495** | 1,495 | 1,495 | 2,990 |
| - audit of separate financial statements | **5,557** | **5,557** | 5,557 | 3,657 | 9,214 |
| - review of half yearly financial information | **2,003** | **2,003** | 2,003 | 1,463 | 3,466 |
| - audit related specialist services | **-** | **-** | 2,500 | 2,500 | 5,000 |
| Certification of claims, tax and other advisory services | **7,281** | **7,281** | 11,024 | 531 | 11,555 |
| Out of pocket expenses | **2,349** | **2,349** | 3,699 | 2,286 | 5,985 |
| | **18,685** | **18,685** | 26,278 | 11,932 | 38,210 |

**36.4** All donations are made to Corporate Social Responsibility (CSR) trust which is an independent entity responsible for payment of donations. As part of CSR initiative, beds worth Rs. 5 million were donated to Indus Hospital by the Subsidiary Company. During the year, no donations has paid to any donee / party in which any director of Holding Company and Subsidiary Company are interested.

## 37. OTHER EXPENSES

| | Note | 2021 | 2020 |
|---|---|---|---|
| Research cost on refinery upgradation | 37.1 | **32,638** | 28,958 |
| Penalties | 37.2 | **10,500** | 21 |
| Workers' Profit Participation Fund | 17.9 | **2,405,539** | - |
| Workers' Welfare Fund | | **889,958** | 9,132 |
| Exchange loss on foreign currency transactions - net | | **-** | 127,555 |
| Provision against stock-in-trade - net | 13.3 | **-** | 68,087 |
| Provision against stores, spares, chemical and loose tools including capital spares | 12.1 | **10,895** | 23,720 |
| Other provisions | | **252,464** | - |
| CNG receivable adjustment | | **443,000** | - |
| Fixed assets written-off | | **4,849** | - |
| Others | | **3,678** | - |
| | | **4,053,521** | 257,473 |

**37.1** This represents cost in relation to pre-qualification study carried by the Subsidiary Company in respect of Refinery Upgrade Project including the installation of Diesel Hydrodesulphurisation Unit (DHDS).

**37.2** This represents an amount of Rs. 10 million imposed by OGRA as a penalty on the Subsidiary Company alleging that one of the product sample independently tested by OGRA did not meet the required specifications. The Subsidiary Company is of the opinion that the penalty is in non-compliance with OGRA Rules 2016 and has challenged the Order by filing a review petition with the Office of Chairman OGRA. It also includes a penalty amounting to Rs 0.5 million, imposed on the Subsidiary Company on account of late payment of stamp duty on purchase orders by Sindh Board of Revenue.

(Amounts in Rs. '000)

| 38. FINANCE COSTS | Note | 2021 | 2020 |
|---|---|---|---|
| Interest / mark-up on short-term borrowings in: | | | |
| - local currency | | **2,165,635** | 10,159,343 |
| - foreign currency | 38.1 | **504,291** | 1,509,180 |
| | | **2,669,926** | 11,668,523 |
| Mark-up on bank accounts under Islamic mode | | **853,974** | 1,667,491 |
| Markup on salary refinancing | | **20,070** | 180 |
| Late payment surcharge and other bank charges | | **7,196,665** | 1,417,560 |
| | | **8,070,709** | 3,085,231 |
| | | **10,740,635** | 14,753,754 |
| Finance cost on wharfage liability | | **114,581** | - |
| Finance cost on lease liabilities | 24 | **698,518** | 639,578 |
| | 38.2 | **11,553,734** | 15,393,332 |

**38.1** Includes mark-up amounting to Rs.148,306 (2020: Rs.236,720) on facilities under Islamic mode.

**38.2** Includes mark-up and bank charges amounting to Rs. 408,355 (2020: Rs. 2,231,519) on facilities obtained from National Bank of Pakistan - a related party.

| 39. TAXATION | Note | 2021 | 2020 |
|---|---|---|---|
| Current | | | |
| - for the year | | **11,383,428** | 8,036,383 |
| - for prior years - (net) | | **511,043** | (1,738) |
| | | **11,894,471** | 8,034,645 |
| Deferred | 11.1 | **3,550,897** | (6,355,261) |
| | | **15,445,368** | 1,679,384 |

**39.1.** Tax charge for the year June 30, 2020 included minimum tax at the rate of 0.75% on the turnover, in accordance with section 113 of the Income Tax Ordinance, 2001.

| 39.2 Relationship between accounting profit and taxation | Note | 2021 | 2020 |
|---|---|---|---|
| Accounting profit / (loss) before taxation | | **45,002,623** | (13,083,101) |
| Tax at the applicable tax rate of 29% (2020: 29%) | | **13,050,761** | (3,794,099) |
| Tax effect of: | | | |
| - Non-recognition of deferred tax on tax loss and deductible temporary differences of the Subsidiary Company | | **(278,433)** | 1,916,972 |
| - Final tax regime and income subject to lower tax rate | | **1,561,936** | 3,080,191 |
| - minimum tax | | **652,746** | 653,505 |
| - Permanent differences | | **(54,354)** | 52,356 |
| - Adjustments relating to prior years | | **511,043** | (1,738) |
| - Adjustments relating to prior years deferred tax | | **-** | (250,049) |
| - Others | | **1,669** | 22,246 |
| | | **15,445,368** | 1,679,384 |
| Effective tax rate % | | **34.32%** | -13% |

(Amounts in Rs. '000)

## 40. EARNINGS PER SHARE - BASIC AND DILUTED

| | 2021 | 2020 |
|---|---|---|
| Profit attributable to the Owners of the Holding Company | **29,404,917** | (11,019,655) |
| | (Number of shares) | |
| Weighted average number of ordinary shares in issue | **469,473,302** | 469,473,302 |
| | (Rupees) | |
| Earnings / (loss) per share - basic and diluted | **62.63** | (23.47) |

**40.1.** There is no dilutive effect on the basic earnings / (loss) per share of the Holding Company.

## 41. CASH GENERATED FROM OPERATIONS

| | Note | 2021 | 2020 |
|---|---|---|---|
| Profit / (loss) before taxation | | **45,002,623** | (13,083,101) |
| Adjustments for: | | | |
| Depreciation of Property, plant and equipment | 5.1.1 | **2,956,616** | 3,220,261 |
| Depreciation of Right-of-use assets | 6 | **457,693** | 416,759 |
| Amortisation of Intangibles | 7 | **35,930** | 21,325 |
| Provision for write down to net realisable value | | **-** | 358,387 |
| Provision for impairment on trade debts - net | | **337,761** | 74,204 |
| Provision / (Reversal) for impairment against doubtful other receivables - net | | **560,504** | (243,419) |
| Provision against stock-in-trade | 13 | **-** | 68,087 |
| Provision for impairment against stores, spares, chemicals and loose tools | 12.1 | **27,415** | 21,748 |
| Provision for retirement and other services benefits | 17.6.1 | **1,429,363** | 2,357,664 |
| Provision of Infratsrtucture development cess | | **252,464** | - |
| Gain on disposal of operating assets | | **(35,982)** | (23,668) |
| Assets written off | 5.1 | **4,850** | - |
| Liability written back | | **(470,948)** | - |
| Share of (profit) / loss of associates - net of tax | | **(574,953)** | (546,931) |
| Dividend income from FVOCI | 8.4.1 | **(350,972)** | (283,227) |
| Finance costs | 38 | **11,553,734** | 15,393,332 |
| | | **16,183,475** | 20,834,522 |
| Working capital changes | 41.1 | **(32,043,703)** | 60,125,909 |
| | | **29,142,395** | 67,877,330 |

### 41.1 Working capital changes

| | 2021 | 2020 |
|---|---|---|
| **(Increase) / decrease in current assets:** | | |
| - Stores, spares and loose tools | **(378,313)** | (124,036) |
| - Stock-in-trade | **(24,176,168)** | 33,662,949 |
| - Trade debts | **(24,944,973)** | 25,945,098 |
| - Loans and advances | **49,661** | (42,888) |
| - Short-term deposits and prepayments | **2,327,890** | 335,595 |
| - Other receivables | **1,901,885** | 33,244,207 |
| | **(45,220,018)** | 93,020,925 |
| **Increase /(decrease) in current liability:** | | |
| - Trade and other payables | **13,176,315** | (32,895,016) |
| | **(32,043,703)** | 60,125,909 |

(Amounts in Rs. '000)

## 42. CASH AND CASH EQUIVALENTS

| | Note | 2021 | 2020 |
|---|---|---|---|
| Cash and cash equivalents includes: | | | |
| - Cash and bank balances | 18 | 2,974,299 | 6,098,361 |
| - Finances under mark-up arrangements | 27 | (14,354,297) | (10,672,525) |
| | | (11,379,998) | (4,574,164) |

## 43. SEGMENT INFORMATION

**43.1** Segment wise results are as follows:

(Rupees in millions)

| 2021 | Petroleum Products | LNG | Refining Operation | Others | Intergroup elimination | Total |
|---|---|---|---|---|---|---|
| Net sales | 934,323 | 267,221 | 91,981 | 2,703 | (72,550) | 1,223,678 |
| Cost of products sold | (886,358) | (260,690) | (89,335) | (2,590) | 72,550 | (1,166,423) |
| **Gross profit** | 47,965 | 6,531 | 2,646 | 113 | - | 57,255 |
| Other income | 14,607 | - | 637 | 4,219 | (48) | 19,415 |
| Administrative, distribution and marketing expenses | (12,855) | (1,495) | (842) | (540) | (5) | (15,738) |
| (Provision) / reversal of financial assets-net | (370) | - | - | (528) | - | (898) |
| Other expenses | (2,815) | (283) | (176) | (833) | 54 | (4,054) |
| **Operating cost** | (16,040) | (1,778) | (1,018) | (1,901) | 48 | (20,689) |
| Profit from operations | 46,532 | 4,753 | 2,265 | 2,431 | - | 55,981 |
| Finance costs | (9,133) | (994) | (1,311) | (115) | - | (11,554) |
| Share of profit of associates - net of tax | - | - | (7) | 581 | - | 575 |
| **Profit / (loss) before taxation** | 3,7399 | 3,759 | 947 | 2,897 | - | 45,002 |
| Taxation | (10,866) | (2,931) | (527) | (1,121) | - | (15,445) |
| **Profit / (loss) for the year** | 26,533 | 828 | 420 | 1,776 | - | 29,557 |

| 2020 | Petroleum Products | LNG | Refining Operation | Others | Intergroup elimination | Total |
|---|---|---|---|---|---|---|
| Net sales | 795,862 | 309,715 | 90,627 | 2,781 | (77,824) | 1,121,161 |
| Cost of products sold | (790,601) | (302,975) | (95,934) | (2,556) | 77,824 | (1,114,242) |
| **Gross profit** | 5,261 | 6,740 | (5,307) | 225 | - | 6,919 |
| Other income | 8,814 | - | 178 | 1,394 | - | 10,386 |
| Administrative, distribution and marketing expenses | (12,984) | (1,344) | (811) | (315) | - | (15,454) |
| (Provision) / reversal of financial assets-net | - | - | - | - | - | - |
| Other expenses | (202) | - | (37) | 151 | - | (88) |
| **Operating cost** | (13,186) | (1,344) | (848) | (164) | - | (15,542) |
| Profit from operations | 889 | 5,396 | (5,977) | 1,455 | - | 1,763 |
| Finance costs | (8,924) | (4,503) | (1,966) | - | | (15,393) |
| Share of profit of associates - net of tax | - | - | 3 | 544 | - | 547 |
| **Profit / (loss) before taxation** | (8,035) | 893 | (7,940) | 1,999 | - | (13,083) |
| Taxation | 2,017 | (3,318) | (347) | (31) | - | (1,679) |
| **Profit / (loss) for the year** | (6,018) | (2,425) | (8,287) | 1,968 | - | (14,762) |

**43.2** As referred in note 3.23 to these consolidated financial statements, the expenses have been allocated based on the sales volume in metric tons, which is in line with the basis of reporting to Management Committee.

**43.3** Net sales in LNG segment relates to single customer.

**43.4** Out of total sales of the Group, 99.9% (2020: 99.27%) relates to customers in Pakistan. Further, all non-current assets of the Group as at June 30, 2021 are located in Pakistan.

**43.5** The Group sells its products to dealers, OMCs, government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to five major customers of the Group are approximately 28% during the year ended June 30, 2021 (2020: 29%).

(Amounts in Rs. '000)

**43.6** Out of total gross sales of the Group, sales amounting to Rs. 336,521,638 (2020: Rs.363,942,438 ) relates to circular debt customers.

## 44. FINANCIAL INSTRUMENTS BY CATEGORY

| | Note | 2021 | 2020 |
|---|---|---|---|
| **44.1 Financial assets as per statement of financial position** | | | |
| **Fair value through other comprehensive income** | | | |
| - Long-term investments - Pak-Arab Pipeline Company Limited | 8 | **7,874,629** | 8,516,173 |
| **At amortised cost** | | | |
| - Loans and advances | | **487,901** | 531,447 |
| - Deposits | 10 & 16 | **376,221** | 240,601 |
| - Trade debts | 14 | **222,384,954** | 197,777,742 |
| - Other receivables | | **18,452,728** | 19,011,562 |
| - Cash and bank balances | 18 | **2,974,299** | 6,098,361 |
| | | **244,676,103** | 223,659,713 |
| | | **252,550,732** | 232,175,886 |

| | Note | 2021 | 2020 |
|---|---|---|---|
| **44.2 Financial liabilities as per statement of financial position** | | | |
| **At amortised cost** | | | |
| - Long-term borrowings | 23 | **293,924** | 4,215,146 |
| - Lease liabilities | 24 | **5,235,654** | 4,529,062 |
| - Trade and other payables | | **163,741,975** | 138,020,106 |
| - Unclaimed dividend | 29 | **1,393,280** | 1,374,930 |
| - Unpaid dividend | 30 | **129,789** | - |
| - Accrued interest / mark-up | 27.6 | **483,949** | 1,507,806 |
| - Short-term borrowings | 27 | **73,616,445** | 79,032,665 |
| | | **244,895,016** | 228,679,715 |

### 44.3 Fair values of financial assets and liabilities

(a) A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

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

(b) Fair value estimation

The Group discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2021, except for the Holding Company's investment in Pak-Arab Pipeline Holding Company Limited, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 8.2 of these consolidated financial statements.

(Amounts in Rs. '000)

## 45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 45.1 Financial risk factors

**Introduction and overview**

The Group has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Group's management of capital.

**Financial risk factors and risk management framework**

The Group's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Group's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Group's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Group by the Board of Management through specific directives. These controls and limits reflect the business strategy and market environment of the Group as well as the level of the risk that the Group is willing to accept.

The Group's finance department oversees the management of the financial risk reflecting changes in the market conditions and also the Group's risk taking activities, and provide assurance that these activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the Group's policies and risk appetite.

**(a) Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Group's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of the Group's Investment in Pak-Arab Pipeline Group Limited.

Under market risk the Group is exposed to currency risk, interest rate risk and other price risk (equity price risk).

**(I) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group imports petroleum products, LNG, chemicals and is exposed to currency risk, primarily with respect to foreign creditors for purchase of aforementioned products denominated in US Dollars (US$). As at year end, the total exposure against foreign suppliers amounts to US$ 366,575 (2020: US$ 354,667) equivalent to Rs. 57,887,627 (2020: Rs.59,328,669) and advances amounting to US$ 4,359 (2020: US$ 6,185) equivalent to Rs. 688,351 (2020: Rs. 1,034,596). The average rates applied during the year is Rs.160.04 / US$ (2020: Rs.157.78 / US$) and the spot rate as at June 30, 2021 was Rs.157.92 / US$ (2020: Rs.167.28 / US$).

The Group manages its currency risk by close monitoring of currency markets. As per State Bank of Pakistan regulations, the Group cannot hedge its currency risk exposure. The Group has incurred exchange gain of Rs. 2,222,891 (2020: Loss of Rs. 265,616).

At June 30, 2021, if the Pakistan Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, gain for the year would have been higher/lower by Rs. 2,079,447 (2020: loss for the year would have been lower/higher by Rs 2,142,896), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade payables and advances.

(Amounts in Rs. '000)

Further, the Group has also availed foreign currency borrowing (FE-25) as of June 30, 2021. However, there is no foreign currency risk involved on these borrowings as detailed in note 26.9 to these consolidated financial statements.

**(ii) 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 Group's interest rate risk arises from local creditors, security deposits and short-term borrowings amounting to Rs. 102,715,624 (2020: Rs.96,821,996). These are benchmarked to variable rates which exposes the Group to cash flow interest rate risk only.

| | Note | Carrying amount | |
|---|---|---|---|
| | | **2021** | **2020** |
| **Variable rate instruments** | | | |
| **Financial assets** | | | |
| - Saving accounts | 18 | **455,935** | 292,157 |
| **Financial liabilities** | | | |
| - Long-term borrowings | 27 | **(293,924)** | (4,215,146) |
| - Short-term borrowings | | **(73,616,445)** | (79,032,665) |
| - Local creditors | 26 | **(28,572,249)** | (13,404,454) |
| - Security deposits | | **(233,006)** | (169,731) |
| | | **(102,715,624)** | (96,821,996) |
| Net financial liabilities at variable interest rates | | **(102,259,689)** | (96,529,839) |

**Cash flow sensitivity analysis for variable rate instrument**

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit for the year and shareholder's equity by Rs. 726,044 (2020: Loss for the year and shareholder's equity by Rs.655,434). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed in 2020.

**(iii) Equity price risk**

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at June 30, 2021, the Group's investment in Pak-Arab Pipeline Group Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 7.3.

**(b) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Risk Management function is regularly conducting detailed analysis on sectors/Industries and identifying the degree by which the Group's customers and their businesses have been impacted amid COVID-19. Keeping in view short term and long term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

(Amounts in Rs. '000)

Credit risk arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. The maximum exposure to credit risk before any credit enhancement is given below:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| **Financial assets at amortized cost** | **Statement of financial position** | **Maximum exposure** | **Statement of financial position** | **Maximum exposure** |
| - Loans and advances | **487,901** | **487,901** | 531,447 | 531,447 |
| - Deposits | **376,221** | **376,221** | 240,601 | 240,601 |
| - Trade debts | **222,384,954** | **143,362,349** | 197,777,742 | 121,159,810 |
| - Other receivables | **18,452,728** | **9,155,309** | 19,011,562 | 8,596,626 |
| - Bank balances | **2,963,329** | **2,963,329** | 6,088,432 | 6,088,432 |
| | **244,665,133** | **156,345,109** | 223,649,784 | 136,616,916 |

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs.186,006,873 (2020: Rs.161,876,023). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers. Sales to dealers are settled in cash or using short-term financial instruments. However, some of the Group's trade debts are secured by way of bank guarantees and security deposits.

Loans, advances, other receivables and deposits, as mentioned in notes 8, 9 & 14 are neither past due nor impaired.

Based on the past experience, past track records of recoveries and forward looking information, the Group believes that the past due amount included in above trade debts (net of existing provision) do not require any further provision or impairment testing.

The credit quality of the Holding Company's bank balances can be assessed with reference to external credit ratings as follows:

| **Bank** | **Date of Rating** | **Rating agency** | **Rating** | |
|---|---|---|---|---|
| | | | **Short term** | **Long term** |
| Allied Bank Limited | June 2021 | PACRA | A1+ | AAA |
| Askari Bank Limited | June 2021 | PACRA | A1+ | AA+ |
| Bank Alfalah Limited | June 2021 | PACRA | A1+ | AA+ |
| Bank Al-Habib Limited | June 2021 | PACRA | A1+ | AAA |
| Citibank N.A. - Pakistan Branches | June 2021 | Moody's | P-1 | Aa3 |
| Faysal Bank Limited | June 2021 | PACRA | A1+ | AA |
| Habib Bank Limited | June 2021 | VIS | A-1+ | AAA |
| Habib Metropolitan Bank Limited | June 2021 | PACRA | A1+ | AA+ |
| MCB Bank Limited | June 2021 | PACRA | A1+ | AAA |
| Meezan Bank Limited | June 2021 | VIS | A-1+ | AAA |
| National Bank of Pakistan | June 2021 | PACRA | A1+ | AAA |
| Samba Bank Limited | June 2021 | VIS | A-1 | AA |
| Standard Chartered Bank (Pakistan) Limited | June 2021 | PACRA | A1+ | AAA |
| United Bank Limited | June 2021 | VIS | A-1+ | AAA |
| Soneri Bank Limited | June 2021 | PACRA | A1+ | AA- |
| The Bank of Punjab | June 2021 | PACRA | A1+ | AA+ |

(Amounts in Rs. '000)

The credit quality of the Subsidiary Company's bank balances can be assessed with reference to external credit ratings as follows:

| Bank | Date of Rating | Rating agency | Rating Short term | Rating Long term |
|---|---|---|---|---|
| Askari Bank Limited | June 2021 | PACRA | AA+ | A1+ |
| Bank Al Falah Limited | June 2021 | PACRA | AA+ | A1+ |
| Bank Al-Habib Limited | June 2021 | PACRA | AA+ | A1+ |
| Citi Bank N.A | June 2021 | MOODY | AA3 | P1 |
| Faysal Bank Limited | June 2021 | PACRA | AA | A1+ |
| Habib Bank Limited | June 2021 | JCR - VIS | AAA | A-1+ |
| Habib Metropolitan Bank Limited | June 2021 | PACRA | AA+ | A1+ |
| JS Bank Limited | June 2021 | PACRA | AA- | A1+ |
| MCB Bank Limited | June 2021 | PACRA | AAA | A1+ |
| MCB Islamic Bank Limited | June 2021 | PACRA | A | A1 |
| Meezan Bank Limited | June 2021 | JCR - VIS | AAA | A-1+ |
| National Bank of Pakistan | June 2021 | JCR - VIS | AAA | A1+ |
| Soneri Bank Limited | June 2021 | PACRA | AA- | A1+ |
| Standard Chartered Bank (Pakistan) Limited | June 2021 | PACRA | AAA | A1+ |
| United Bank Limited | June 2021 | JCR - VIS | AAA | A-1+ |

**Settlement risk**

Settlement risk is the risk of loss due to the failure a Group to honour its obligations to deliver cash or other assets as contractually agreed on sale. The risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

**(c) Liquidity risk**

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the financial liabilities, monitoring of liquidity ratios and maintaining debt financing plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

**Maturity analysis of financial liabilities**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date and represents the undiscounted cash flows.

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | Contractual maturity Up to three months | |
| **Financial liabilities** | | | |
| Trade and other payables | | **163,741,975** | 138,020,106 |
| Unclaimed dividend | 29 | **1,393,280** | 1,374,930 |
| Unpaid dividend | 30 | **129,789** | - |
| Accrued interest / mark-up | 27.6 | **483,949** | 1,507,806 |
| Short-term borrowings | 27 | **73,616,445** | 79,032,665 |
| | | **239,365,438** | 219,935,507 |

(Amounts in Rs. '000)

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Unclaimed dividend and unpaid dividend are payable as per stipulated time. Further, maturity analysis of lease liabilities has been disclosed in note 22 to these consolidated financial statements.

**(d) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities along with refinery segment.

COVID-19 pandemic has created an unprecedented challenge for the Group in terms of Business Continuity Management. The Group is closely monitoring the situation and has invoked required actions to ensure the safety and security of Group's staff and uninterrupted service to customers.

Business Continuity Plans for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Group's information assets are adequately protected from emerging cyber threats.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

**45.2 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide adequate returns to shareholders and to benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements. The Group's overall strategy remains unchanged from 2020.

The Group manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Group consist of net debt consistent with other companies in the industry, the Group monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

(Amounts in Rs. '000)

The gearing ratios as at June 30, 2021 and 2020 were as follows:

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Long-term borrowings | 23 | **293,924** | 4,215,146 |
| Short-term borrowings | 27 | **73,616,445** | 79,032,665 |
| Cash and bank balances with lenders | | **(2,963,329)** | (6,088,432) |
| Net debt | | **70,947,040** | 77,159,379 |
| Total equity | | **142,372,937** | 113,977,581 |
| Total capital | | **213,319,977** | 191,136,960 |
| Gearing ratio | | **33.26%** | 40.37% |

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

## 46. TRANSACTIONS WITH RELATED PARTIES

**46.1** Following are the related parties with whom the Group had entered into transactions or had agreements and / or arrangements in place during the year:

| Name of Related parties | Direct Shareholding | Relationship |
|---|---|---|
| Government of Pakistan | 22.47% | Controlling Authority |
| Pak-Arab Refinery Company Limited | N/A | Government related Group |
| K-Electric Limited | N/A | Government related Group |
| Pakistan International Airline Corporation Limited | N/A | Government related Group |
| Karachi Port Trust | N/A | State owned / controlled entities |
| Civil Aviation Authority | N/A | State owned / controlled entities |
| Pakistan Railways | N/A | State owned / controlled entities |
| National Insurance Company Limited | N/A | State owned / controlled entities |
| National Bank of Pakistan | N/A | State owned / controlled entities |
| Pakistan Steel Mills Corporation (Pvt.) Limited | N/A | State owned / controlled entities |
| Holding Company Employees Empowerment Trust | 3.04% | Government related / Common Directorship |
| Pak Grease Manufacturing Company (Private) Limited | 49.26% | Associate |
| Asia Petroleum Limited | 49% | Associate |
| Retirement benefit funds namely | N/A | |
| 1. Pension fund | | |
| 2. Gratuity fund and | N/A | Post employment benefits |
| 3. Provident fund | | |
| Holding Company CSR Trust | N/A | Trust Controlled by KMP |
| Board of management - Oil | N/A | Charged with governance |
| Pak-Arab Pipeline Company Limited | 12% | Government related Group/ Common Directorship |
| Water and Power Development Authority | N/A | Government related Group |
| Genco Holding Company Limited | N/A | Government related Group |
| Sui Northern Gas Company Limited | N/A | Government related Group/ Common Directorship |
| Sui Southern Gas Company Limited | N/A | Government related Group |
| Oil Companies Advisory Council | N/A | Common Directorship |
| Oil and Gas Development Company | N/A | Government related Group/ Common Directorship |
| Pakistan Petroleum Limited | N/A | Common Directorship |
| Oil and Gas Regulatory Authority (OGRA) | N/A | Regulatory Authority - Government related Group/ Common Directorship |
| Federal tax authorities | N/A | Government related Group/ Common Directorship |
| Pakistan National Shipping Corporation. | N/A | Government related Group |
| Strategic Alliancez (Private) Limited | N/A | Common Directorship |
| Central Power Purchasing Agency | N/A | Common Directorship |

| Name of Related parties | Direct Shareholding | Relationship |
|---|---|---|
| Faisalabad Electric Supply Company | N/A | Common Directorship |
| Islamabad Electric Supply Company | N/A | Common Directorship |
| Government Holdings (Private) Limited | N/A | Common Directorship |
| Mari Petroleum Company Limited | N/A | Common Directorship |
| Power Holding (Private) Limited | N/A | Common Directorship |
| National Engineering Services Pakistan (Pvt.) Limited | N/A | Common Directorship |
| Pakistan Electrical Power Company | N/A | Common Directorship |
| Private Power & Infrastructure Board | N/A | Common Directorship |
| Alternative Energy Development Board | N/A | Common Directorship |
| 786 Investments Limited | N/A | Common Directorship |
| Dawood Global Foundation | N/A | Common Directorship |
| Petroleum Institute of Pakistan | N/A | Common Directorship |
| Pakistan LNG Limited | N/A | Common Directorship |
| Pakistan LNG Terminals Limited | N/A | Common Directorship |
| Shehryar Omar | N/A | Key management personnel |
| Mian Muhammad Usman | N/A | Key management personnel |
| Shah Mujadad Uddin Jawad | N/A | Key management personnel |
| Asif Aslam Khan | N/A | Key management personnel |
| Raja Imranullah Khan | N/A | Key management personnel |
| S Khawar Abbas Jillani | N/A | Key management personnel |
| Asad Raza Faiz | N/A | Key management personnel |
| Syed Moinuddin Balkhi | N/A | Key management personnel |
| Babar Hamid Chaudhary | N/A | Key management personnel |
| Hammad Zafar | N/A | Key management personnel |
| Mir Shahzad Khan Talpur | N/A | Key management personnel |
| Shamail Sharaf Shah | N/A | Key management personnel |
| Kashif Siddiqui | N/A | Key management personnel |
| Iqtidar Mustafa Siddiqui | N/A | Key management personnel |
| Rashid Umer Siddiqui | N/A | Key management personnel |
| Brig. (R) Ghulam Hussain Ghumman | N/A | Key management personnel |
| Muhammad Anwer | N/A | Director |
| Ali Raza Bhutta | N/A | Director |
| Shahid Salim Khan | N/A | Director |
| Sajid Mehmood Qazi | N/A | Director |
| Syed Muhammad Taha | N/A | Key management personnel / Director |
| Zafar ul Islam Usmani | N/A | Director |
| Tara Uzra Dawood | N/A | Director |
| Humayun Khan Barakzai | N/A | Director |
| Hassan Mehmood Yousufzai | N/A | Director |
| Muhammad Khalid | N/A | Key management personnel |
| Asad Hasan | N/A | Key management personnel |
| Shehrzad Aminullah | N/A | Key management personnel |
| Najam Mahmud | N/A | Key management personnel |
| Muhammad Azhar | N/A | Key management personnel |
| Muhammad Ali Mirza | N/A | Key management personnel |
| Muhammad Naman Shah | N/A | Key management personnel |
| Abdul Majid | N/A | Key management personnel |
| Imran Ahmad Mirza | N/A | Key management personnel |
| Naseem Ahmed | N/A | Director |
| Tariq Kirmani | N/A | Subsidiary's Director |
| Aftab Hussain | N/A | Subsidiary's Director |
| Abid S. Zuberi | N/A | Subsidiary's Director |
| Tara Uzra Dawood | N/A | Subsidiary's Director |
| Muhammad Abdul Aleem | N/A | Subsidiary's Director |

(Amounts in Rs. '000)

| Name of Related parties | Direct Shareholding | Relationship |
|---|---|---|
| Nadeem Safdar | N/A | Subsidiary's Director |
| Hassan Mehmood Yousufzai | N/A | Subsidiary's Director |
| Syed Muhammad Taha | N/A | Subsidiary's Director |
| Syed Jehangir Ali Shah | N/A | Subsidiary's Director |
| Zahid Mir | N/A | Subsidiary's Director |
| Mohsin Ali Mangi | N/A | Subsidiary's Director |

**46.2** Related parties comprise of subsidiary, associates, retirement benefit funds, state owned / controlled entities, GoP and its related entities, and key management personnel. Details of transactions with the related parties during the year is in accordance with accounting and reporting standards. The transactions with related parties other than those disclosed elsewhere in these consolidated financial statements, are as follows:

| Name of related parties and relationship with the Group | Nature of transactions | 2021 | 2020 |
|---|---|---|---|
| **Associates** | | | |
| - Pak Grease Manufacturing Company (Private) Limited | Purchases | 11,513,020 | 2,938,496 |
| | Services Received | 519,367 | 1,498,008 |
| | Sales of goods - Net | 13,618,023 | - |
| | Services rendered | 26,683 | - |
| - Asia Petroleum Limited | Income facility charges | 1,367 | 193,927 |
| | Pipeline charges | 15,451 | 47,180 |
| **Retirement benefit funds** | | | |
| - Pension funds | Charge for the year | 201,878 | 287,972 |
| | Contributions | 169,045 | 1,831,706 |
| - Gratuity fund | Charge for the year | 265,982 | 246,779 |
| | Contributions | 280,590 | 481,109 |
| - Contributory pension funds | Charge for the year | 190,780 | 190,145 |
| | Contributions | 190,780 | 190,145 |
| - Provident fund | Charge for the year | 165,235 | 159,581 |
| | Contributions | 156,061 | 159,559 |
| - Management Pension scheme - Subsidiary | Charge for the year | 85,763 | 78,442 |
| | Contributions | 88,290 | 83,855 |
| - Non Managmement Pension scheme - Subsidiary | Charge for the year | 17,055 | 21,786 |
| | Contributions | 11,169 | 23,246 |
| - Managmement Gratuity scheme - Subsidiary | Charge for the year | 18,531 | 14,054 |
| | Contributions | 13,881 | 14,054 |
| - Non Managmement Gratuity scheme - Subsidiary | Charge for the year | 374 | 766 |
| | Contributions | 374 | 766 |
| **Key management personnel** | Managerial remuneration | 272,871 | 304,674 |
| | Housing and utilities | 68,521 | 79,709 |
| | Performance bonus | 35,856 | 36,897 |
| | Other allowances and benefits | 93,086 | 101,597 |
| | Retirement benefits | 38,059 | 53,122 |
| | Leave encashment | 13,363 | 3,868 |
| | Vehicles having net book value of Rs. 6,874 (2020: Rs.1,644) transferred under employee car scheme (sale proceeds) | 8,032 | 3,316 |

(Amounts in Rs. '000)

### 46.3 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 25.51% (including shares under Pakistan State Oil Company Limited Employee Empowerment Trust) of the Holding Company's issued share capital and is entitled to appoint members of the Board of Management under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Holding Company. The Holding Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties of the Group.

The Group has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for transactions stated below, which the Group considers are significant:

| | | 2021 | 2020 |
|---|---|---|---|
| - Government of Pakistan | Dividend paid | **527,521** | 439,601 |
| - Holding Company Employees Empowerment Scheme | Dividend paid to the trust | **71,318** | 59,432 |
| - Pak-Arab Pipeline Company Limited | Pipeline charges | **4,014,321** | 3,928,891 |
| | Dividend received | **350,972** | 283,227 |
| - GENCO | Gross sales | **5,304,406** | 6,540,503 |
| | Utility charges | **-** | 96,022 |
| - Oil and Gas Development Company | Gross sales | **1,138,499** | 4,730,343 |
| | Purchases | **6,403,401** | 7,988,694 |
| - Pakistan International Airlines Corporation Limited | Gross sales | **8,122,529** | 23,771,835 |
| | Purchases | **7,747** | 6,105 |
| - Pakistan Petroleum Limited | Purchases | **1,938,728** | 2,666,179 |
| - Pak-Arab Refinery Company Limited | Gross sales | **13,618,023** | - |
| | Purchases | **189,579,456** | 129,027,624 |
| | Pipeline charges | **575,294** | 447,710 |
| | Services Rendered | **26,683** | - |
| | Other expense | **2,548,522** | 909,874 |
| - Sui Northern Gas Pipeline Limited | Gross sales | **299,286,670** | 346,769,226 |
| - Sui Southern Gas Company Limited | Purchases | **465,547** | 194,058 |
| - Oil and Gas Regulatory Authority | Penalties | **10,000** | - |
| - Pakistan National Shipping Corporation | Services Received | **1,385,635** | 1,498,008 |
| - Government Holdings (Private) Limited | Purchases | **1,508,844** | - |
| - K-Electric Limited | Gross sales | **57,745,965** | 49,491,319 |
| | Income facility charges | **52,382** | 39,828 |
| | Late payment income | **11,711** | 156,705 |
| | Utility charges | **213,375** | 163,729 |

(Amounts in Rs. '000)

The transactions described below are collectively but not individually significant to these consolidated financial statements and therefore have been described below:

(i) The Holding Company sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Holding Company, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Holding Company.

(ii) The Group collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Group also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and custom authorities.

(iii) The Group incurs rental charges in respect of storage facilities at Kemari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Group also utilises port facilities of Port Qasim Authority and Karachi Port Trust.

(iv) The Holding Company has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.

(v) The Holding Company utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Holding Company also uses pipeline of Pak-Arab Refinery Company Limited and Pak-Arab Pipeline Company Limited for delivery / movement of its product.

(vi) The Group obtains utility services from Civil Aviation Authority, K-Electric, Sui Northern Gas Company Limited and Sui Southern Gas Company Limited on account of utility charges.

(vii) The Group has obtained various financing facilities from National Bank of Pakistan.

(viii) The Group also pays dividend to various government related entities who are shareholders of the Group.

**46.4** The status of outstanding receivables from and payables to related parties as at June 30, 2021 are included in respective notes to these consolidated financial statements.

**46.5** Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.

**46.6** Dividend income is recorded on the basis of dividend / rates declared by the related party. Dividend paid is recorded on the basis of rates declared by the Group.

**46.7** All the transactions with directors have been disclosed in the note 35.2.1 to these consolidated financial statements.

## 47. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of better presentation and / or to comply with requirements of accounting and reporting standards the effects of which are not considered material.

| | Reclassified | | |
|---|---|---|---|
| **Description** | **From** | **To** | **Amount** |
| Discount accrual and Other liabilities | Trade Debts | Accrued Liabilities | 357,086 |
| *Reclassification of net defined benefit assets of pension fund | Retirement and other service benefits | Retirement benefits | 827,507 |

(Amounts in Rs. '000)

*As at June 30, 2020, retirement benefits assets and liabilities were presented on net basis. As at June 30, 2021, retirement and other service benefits assets of pension and gratuity and retirement and other service benefits liabilities are presented as seperate line item under non-current assets and non-current liabilites respectively in the statement of financial position. Accordingly, comparitive retirement and other benefit assets of pension has been re-classified and presented as seperate line item under non-current assets to reflect the fair position.

## 48. EVENTS AFTER THE REPORTING DATE

The Board of Management in its meeting held on August 23, 2021 proposed a final cash dividend of Rs. 10 per share amounting to Rs. 4,694,734 for approval of the members at the Annual General Meeting.

## 49. PROVIDENT FUND RELATED DISCLOSURES

The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

## 50. CAPACITY AND ACTUAL PERFORMANCE

| | Lube Manufacturing Plant | | Crude Refining Plant | |
|---|---|---|---|---|
| | Metric Ton | | | |
| | 2021 | 2020 | 2021 | 2020 |
| Available capacity | **70,000** | 70,000 | **2,133,705** | 2,133,705 |
| Actual production | **39,099** | 37,023 | **1,302,136** | 1,264,830 |

**50.1** The above pertains to lube manufacturing plant of the Group and the production is carried out as per sales demand.

**50.2** The production from the Crude refining plant of the Subsidiary Company is carried at the level which gives optimal yield of products.

## 51. NUMBER OF EMPLOYEES

| | 2021 | 2020 |
|---|---|---|
| Total employees as at June 30 | **2,669** | 2,789 |
| Average number of employees during the year | **2,719** | 2,837 |

## 52. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

## 53. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue on August 23,2021 by the Board of Management.

| Syed Muhammad Taha | Hassan Mehmood Yousufzai | Gulzar Khoja |
|---|---|---|
| Managing Director & CEO | Member-Board of Management | Chief Financial Officer |

46.3% market share overall

liquid fuel over sply

PKR 29.13 BN PROFIT AFTER TAX

2.6% market share gain in hsd

PKR 54.61 Billion Gross profit

21.9% growth

45.2% white oil market share

51.7% BLACK OIL MARKET SHARE

PKR 29.13 bn Profit after tax

PKR 54.61 Billion Gross profit

9.4 % Increase in Gross Sales

21% Volumetric gain in HSD

51.7% BLACK OIL

46.3% MARKET SHARE

21% Volumetric gain in HSD

PKR 1.42 TRILLION GROSS SALES

9.4 % Increase in Gross Sales

2.6% market share gain in hsd

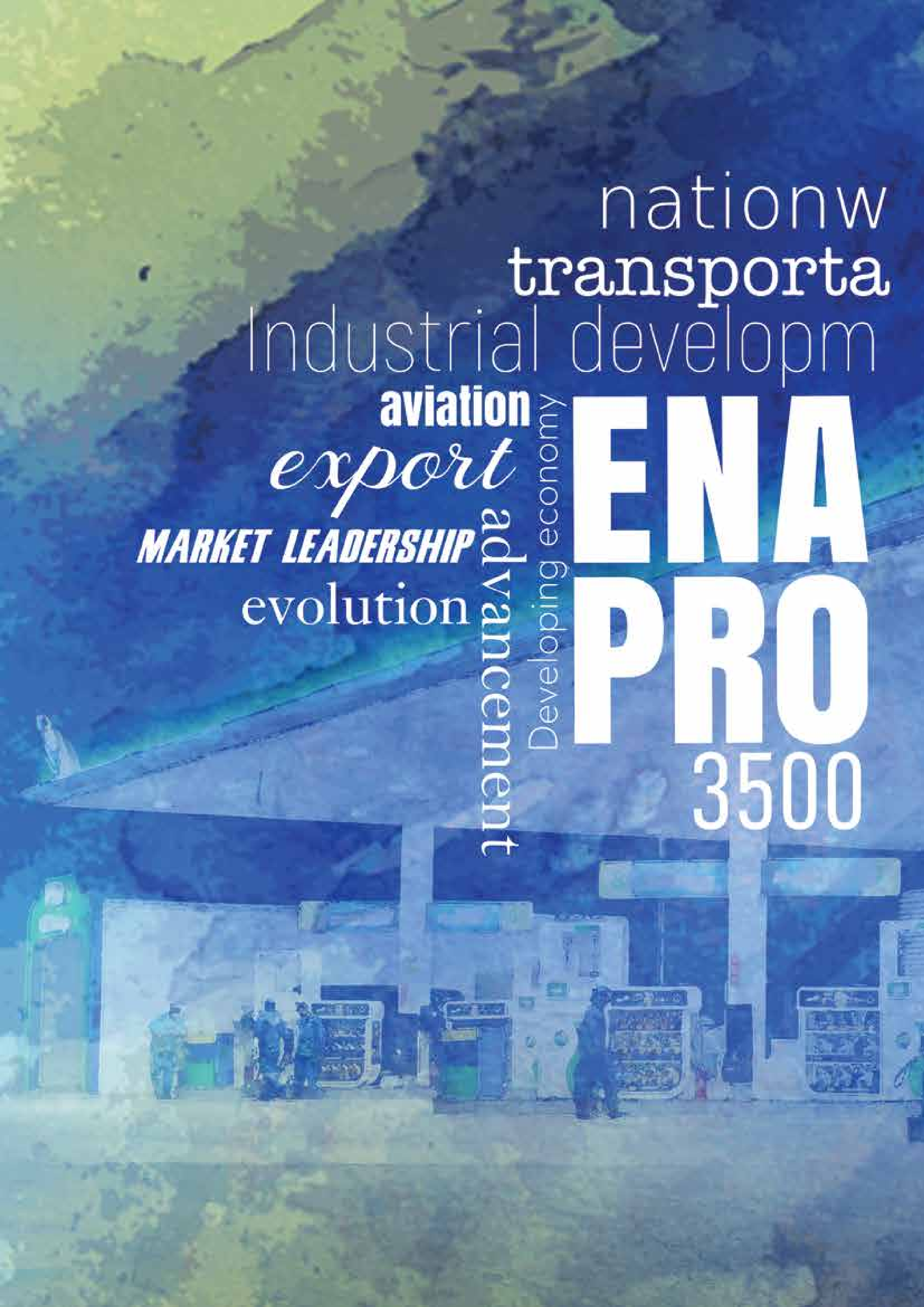
46.3% market share overall

45.2% white oil market share

PKR 1.42 TRILLION GROSS SALES

liquid fuel over sply

21.9% growth


nationw
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export
MARKET LEADERSHIP
evolution
advancement
Developing economy
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3500


ide
tion
ent
marine
High taxpayers
partnership
investment
BLING
GRESS
Making
strides
Prosperity
energy
renewable
growth
building momentum
Business
retail outlets
agricultural cultivation

## Stakeholders' Identification

A stakeholder is a party that has an interest in a company and can either affect or be affected by the business. Stakeholders can be internal or external to an organization.

Internal stakeholders are people whose interest in a company comes through a direct relationship, such as employment, ownership, or investment. External stakeholders are those who do not directly work with a company but are affected somehow by the actions and outcomes of the business. Suppliers, creditors, and public groups are all considered external stakeholders.

Company uses its channels, touch points and research studies to identify and manage its relationship with its stakeholders. The prime focus is to maintain these relations in such a way that there is a win - win situation for the Company and its stakeholders. Company has also identified its key stakeholders.

## Stakeholders' Engagement

PSO engages with its stakeholders both formally and informally, periodically and regularly. PSO believes in transparent and open communications with all its stakeholders and acknowledges that consistent, coherent and clear communications help to establish sound reputation of the Company and its management. Such communications with the stake holders are in line with the regulatory considerations and ensure maintenance of corporate confidentiality.

The wide stakeholder community includes but is not limited to following:

a) Institutional Investors
b) Customers and Suppliers
c) Banks
d) Regulators
e) Media
f) Analysts
g) Employees

### Institutional Investors / Shareholders

The Company maintains healthy relationships with institutional investors, corporations and other shareholders. In order to facilitate investors, it is ensured that all Company related relevant information is uploaded on PSO's website and is updated on a regular basis. Further, quarterly/annual financial statement and notices are also uploaded on the website of stock exchange. The Company as a matter of good governance encourages active participation of the institutional investors in Annual General Meeting and analyst briefing sessions where they can raise their queries and concerns. Further, Company also conducts corporate briefing sessions with its shareholders. These well informed investors help the Company in achieving its plans and targets and in improving its performance by sharing their ideas, matters of concern and pinpointing specific actions of the Company which could have been managed in a different way.

### Customer and Suppliers

PSO's Customer Service Department provides after sales complaint and query services to existing and prospective customers. At PSO, customer services is at the forefront. The satisfied customers are the real assets of an organization and makes PSO a sustainable entity. The Company's customers include dealers, distributors and industries. The customer engagements are ongoing in nature, however, specific periodic engagements are held with dealers and distributors through dealer/distributor conferences to identify customer needs and expectations. These engagements help the Company in knowing customers' preferences and tailoring its products to their needs, wherever possible.

PSO's continued growth is also attributable to selection of reputable and dependable suppliers as business partners. The suppliers' interactions are ongoing in nature, however, various pre-bid and informal meetings are held with suppliers to strengthen relationships and to communicate Company's requirements.

### Banks

PSO's treasury department engages with banks on a continuous basis to explore borrowings and trade financing options. PSO has working relationship with 16 top tiered banks of the country. Due to high receivables from Power Sector and SNGPL, PSO has to resort on borrowings from banks. Healthy working relationship with banks helps the Company to negotiate lower interest rates, better financing terms and effective customer services thereby improving its EPS.

### Regulators

The Company operates in a regulated market and accordingly it continually engages with Government of Pakistan, OGRA, Ministries and other regulatory bodies at local, provincial and federal levels. The PSO's senior management is in close liaison with government officials on various issues with respect to the Company and oil industry. This helps the Company in getting its views and inputs incorporated in various directives from the regulators.

### Media

Over the years, media management has assumed a very vital role in the success of organization. Your Company enjoys a strong presence on Media. It engages with the print and visual media through regular press releases, TVCs, social media and website to apprise general public on its key achievements, periodical results, CSR activities and other corporate events.

This creates awareness in public about Company's products and services resulting in overall positive brand image of the Company.

### Analysts

The company conducts security analyst briefings in order to share details pertaining to results announced and to respond to any queries of analysts relating to results and future prospects. The management realizes the role of analysts and their views on the future outlook of the company. The interactions with investors help the company in attracting potential investors, getting insights of financial markets and competitors, getting a feel of market buzz and looking at matters from a different lens. COVID 19, however, impacted the regular conduct of these activities in FY 21.

### Employees

The company has an open door policy for its employees which ensures continuous interactions of employees at all levels. A motivated and competent work force is at the core of PSO's human resource strategy. The company concentrates on regular employee engagements as it is a key to performance. PSO has invested in health & recreation club and fortified medical center to cater the health and fitness needs of its employees. During FY 21, due to ongoing pandemic, company specifically focused on policies and procedures that ensured employees medical wellbeing. PSO focuses on employee development through trainings and cross functional engagements. Motivated work force helps the company in meeting its strategic objectives.

## Analysts' and Corporate Briefings

Informed stakeholders reduces chances of speculation and wrong guess work about a company. PSO supports the philosophy of keeping its stakeholders educated about their company. To achieve this purpose it has developed various points of interaction on social media such as facebook, linkedin, twitter etc. The management shares details pertaining to various developments, achievements and social messages through these points of interactions. Further, PSO also conducts regular Analysts' Briefing Sessions on a quarterly basis. The company discusses on results announced, responds to queries relating to results and also discusses future prospects. PSO also encourages Shareholders to attend such meetings so that they also become more knowledgeable about their company. Such meetings were however disrupted during the year due to COVID.

During FY 21, the company held a Corporate Briefing Session (CBS) virtually through Zoom on the financial results of March quarter 2021 in which PSO's shareholders and analysts participated with zeal and fervor. The meeting was a great opportunity for its stake holders to interact with the company's most senior management. The topics discussed in CBS include company's profile, group structure, business lines, Industry's highlights, company's operational and financial highlights and PSO's future outlook.

The following is the summary of important discussions that took place during the briefing session:

- company shared the quarterly performances and explained major variations vs same period last year.
- company gave details of work in process on its plan to increase its storage capacity.
- The prospects and way forward of circular debt resolution were discussed.
- PSO clarified that no developments have been made in respect of deregulation of HSD.
- The prospects of FO were discussed. PSO informed the participants about EURO 5 fuels and their impacts on environment.
- company shared prospects of increase in market share with the audience.

## Resolution of Concerns Raised at Last AGM

Safeguarding and maximizing the shareholders' value is an important goal of the company. Our Annual General Meeting is one of the most effective ways to engage our shareholders, wherein all queries and concerns of our shareholders are addressed and their advice for future actions is encouraged. No significant issues were raised at the last AGM.

## Encouragement of the Minority Shareholders to Attend the General Meetings

The company encourages its shareholders to attend the general meetings. It circulates the notice of general meetings well within regulatory timeframe. Moreover, the notice of general meetings is published in leading Urdu and English newspapers having nationwide circulation. The company timely updates its website with respect to all notices of general meetings.

## Presence of Chairman at AGM

Chairman attended the AGM meeting for the financial year 2020 to answer questions on the Audit committee's activities, matters within the scope of the Audit Committee's responsibilities and any other related question.

## Redressal of Investors' Grievances

Company Secretariat continuously engages with the investors and responds to their queries and requests for information and their grievances through PSO's Share Registrar.

## Investors' Relations Section on PSO's Website

The company disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website, maintained in both English and Urdu Languages under the applicable regulatory framework. The website is updated regularly to provide detailed and latest company information including but not limited to financial highlights, investor information, dividend and other requisite information.

As at June 30, 2021

| No. of Shareholders | Having Shares From | To | Shares Held |
|---|---|---|---|
| 4,810 | 1 | 100 | 159,093 |
| 4,351 | 101 | 500 | 1,233,668 |
| 2,301 | 501 | 1,000 | 1,800,714 |
| 4,661 | 1,001 | 5,000 | 11,408,402 |
| 1,049 | 5,001 | 10,000 | 7,465,341 |
| 450 | 10,001 | 15,000 | 5,588,195 |
| 247 | 15,001 | 20,000 | 4,344,217 |
| 166 | 20,001 | 25,000 | 3,775,984 |
| 96 | 25,001 | 30,000 | 2,654,997 |
| 61 | 30,001 | 35,000 | 2,008,777 |
| 73 | 35,001 | 40,000 | 2,740,130 |
| 39 | 40,001 | 45,000 | 1,655,585 |
| 38 | 45,001 | 50,000 | 1,833,350 |
| 53 | 50,001 | 55,000 | 2,757,562 |
| 33 | 55,001 | 60,000 | 1,889,063 |
| 11 | 60,001 | 65,000 | 689,314 |
| 12 | 65,001 | 70,000 | 821,460 |
| 22 | 70,001 | 75,000 | 1,619,151 |
| 15 | 75,001 | 80,000 | 1,167,569 |
| 19 | 80,001 | 85,000 | 1,579,434 |
| 11 | 85,001 | 90,000 | 963,268 |
| 10 | 90,001 | 95,000 | 921,915 |
| 10 | 95,001 | 100,000 | 973,877 |
| 9 | 100,001 | 105,000 | 917,496 |
| 4 | 105,001 | 110,000 | 434,907 |
| 5 | 110,001 | 115,000 | 564,889 |
| 2 | 115,001 | 120,000 | 236,567 |
| 12 | 120,001 | 125,000 | 1,477,663 |
| 8 | 130,001 | 135,000 | 1,061,396 |
| 5 | 135,001 | 140,000 | 690,494 |
| 6 | 140,001 | 145,000 | 849,829 |
| 8 | 145,001 | 150,000 | 1,185,948 |
| 3 | 150,001 | 155,000 | 456,869 |
| 4 | 155,001 | 160,000 | 631,138 |
| 2 | 160,001 | 165,000 | 325,967 |
| 5 | 165,001 | 170,000 | 839,228 |
| 4 | 170,001 | 175,000 | 693,683 |
| 4 | 175,001 | 180,000 | 712,722 |
| 2 | 180,001 | 185,000 | 366,475 |
| 5 | 185,001 | 190,000 | 935,727 |
| 4 | 190,001 | 195,000 | 770,645 |
| 5 | 195,001 | 200,000 | 992,139 |
| 1 | 200,001 | 205,000 | 201,000 |
| 4 | 210,001 | 215,000 | 851,887 |
| 3 | 215,001 | 220,000 | 650,995 |
| 4 | 220,001 | 225,000 | 891,182 |
| 1 | 225,001 | 230,000 | 226,692 |
| 2 | 230,001 | 235,000 | 465,076 |
| 3 | 235,001 | 240,000 | 712,816 |
| 1 | 240,001 | 245,000 | 244,701 |
| 4 | 245,001 | 250,000 | 993,341 |
| 1 | 255,001 | 260,000 | 257,200 |
| 1 | 265,001 | 270,000 | 268,307 |
| 1 | 270,001 | 275,000 | 270,084 |

As at June 30, 2021

| No. of Shareholders | Having Shares From | Having Shares To | Shares Held |
|---|---|---|---|
| 1 | 275,001 | 280,000 | 278,500 |
| 3 | 280,001 | 285,000 | 848,475 |
| 1 | 285,001 | 290,000 | 289,000 |
| 3 | 295,001 | 300,000 | 896,410 |
| 3 | 300,001 | 305,000 | 908,963 |
| 1 | 305,001 | 310,000 | 309,657 |
| 1 | 315,001 | 320,000 | 319,000 |
| 2 | 320,001 | 325,000 | 642,441 |
| 2 | 325,001 | 330,000 | 657,282 |
| 1 | 330,001 | 335,000 | 332,284 |
| 2 | 345,001 | 350,000 | 695,600 |
| 2 | 355,001 | 360,000 | 714,708 |
| 1 | 365,001 | 370,000 | 367,167 |
| 1 | 375,001 | 380,000 | 378,233 |
| 2 | 395,001 | 400,000 | 800,000 |
| 2 | 400,001 | 405,000 | 805,650 |
| 1 | 410,001 | 415,000 | 412,265 |
| 3 | 420,001 | 425,000 | 1,269,306 |
| 1 | 435,001 | 440,000 | 439,850 |
| 2 | 440,001 | 445,000 | 884,197 |
| 1 | 445,001 | 450,000 | 448,934 |
| 2 | 455,001 | 460,000 | 917,200 |
| 1 | 460,001 | 465,000 | 461,012 |
| 1 | 470,001 | 475,000 | 474,448 |
| 2 | 495,001 | 500,000 | 995,168 |
| 1 | 510,001 | 515,000 | 511,105 |
| 1 | 515,001 | 520,000 | 517,810 |
| 1 | 525,001 | 530,000 | 526,100 |
| 1 | 535,001 | 540,000 | 540,000 |
| 1 | 540,001 | 545,000 | 542,868 |
| 1 | 545,001 | 550,000 | 550,000 |
| 1 | 560,001 | 565,000 | 562,759 |
| 1 | 565,001 | 570,000 | 569,377 |
| 1 | 570,001 | 575,000 | 572,633 |
| 1 | 585,001 | 590,000 | 588,703 |
| 1 | 590,001 | 595,000 | 591,924 |
| 2 | 595,001 | 600,000 | 1,195,089 |
| 2 | 600,001 | 605,000 | 1,204,644 |
| 1 | 610,001 | 615,000 | 610,935 |
| 1 | 645,001 | 650,000 | 647,153 |
| 2 | 735,001 | 740,000 | 1,475,544 |
| 2 | 745,001 | 750,000 | 1,500,000 |
| 1 | 785,001 | 790,000 | 788,786 |
| 1 | 790,001 | 795,000 | 793,624 |
| 1 | 795,001 | 800,000 | 797,592 |
| 1 | 825,001 | 830,000 | 828,820 |
| 1 | 865,001 | 870,000 | 868,523 |
| 1 | 885,001 | 890,000 | 889,501 |
| 1 | 890,001 | 895,000 | 890,762 |
| 1 | 910,001 | 915,000 | 912,295 |
| 1 | 935,001 | 940,000 | 938,722 |
| 1 | 940,001 | 945,000 | 944,998 |
| 1 | 1,050,001 | 1,055,000 | 1,052,987 |
| 1 | 1,070,001 | 1,075,000 | 1,071,190 |

As at June 30, 2021

| No. of Shareholders | Having Shares From | Having Shares To | Shares Held |
|---|---|---|---|
| 1 | 1,095,001 | 1,100,000 | 1,100,000 |
| 1 | 1,160,001 | 1,165,000 | 1,161,526 |
| 1 | 1,170,001 | 1,175,000 | 1,174,119 |
| 1 | 1,175,001 | 1,180,000 | 1,176,050 |
| 1 | 1,215,001 | 1,220,000 | 1,215,674 |
| 1 | 1,235,001 | 1,240,000 | 1,235,198 |
| 1 | 1,450,001 | 1,455,000 | 1,453,177 |
| 2 | 1,470,001 | 1,475,000 | 2,948,081 |
| 1 | 1,480,001 | 1,485,000 | 1,484,325 |
| 1 | 1,495,001 | 1,500,000 | 1,500,000 |
| 2 | 1,585,001 | 1,590,000 | 3,173,905 |
| 1 | 1,965,001 | 1,970,000 | 1,966,076 |
| 1 | 2,060,001 | 2,065,000 | 2,060,421 |
| 1 | 2,095,001 | 2,100,000 | 2,100,000 |
| 1 | 2,320,001 | 2,325,000 | 2,322,991 |
| 1 | 2,490,001 | 2,495,000 | 2,492,942 |
| 1 | 2,540,001 | 2,545,000 | 2,544,897 |
| 1 | 2,565,001 | 2,570,000 | 2,568,672 |
| 1 | 2,610,001 | 2,615,000 | 2,611,941 |
| 1 | 2,660,001 | 2,665,000 | 2,663,971 |
| 1 | 2,815,001 | 2,820,000 | 2,816,418 |
| 1 | 3,145,001 | 3,150,000 | 3,150,000 |
| 1 | 4,870,001 | 4,875,000 | 4,872,022 |
| 1 | 5,090,001 | 5,095,000 | 5,090,416 |
| 1 | 5,500,001 | 5,505,000 | 5,503,183 |
| 1 | 7,735,001 | 7,740,000 | 7,736,468 |
| 1 | 10,145,001 | 10,150,000 | 10,148,193 |
| 1 | 11,330,001 | 11,335,000 | 11,333,011 |
| 1 | 11,995,001 | 12,000,000 | 12,000,000 |
| 1 | 14,260,001 | 14,265,000 | 14,263,568 |
| 1 | 27,135,001 | 27,140,000 | 27,136,862 |
| 1 | 31,825,001 | 31,830,000 | 31,827,178 |
| 1 | 69,875,001 | 69,880,000 | 69,879,558 |
| 1 | 105,500,001 | 105,505,000 | 105,504,134 |
| 18,772 | | | 469,473,300 |

As at June 30, 2021

## Shareholders' Categories

| | No. of Shareholders | No. of Shares Held | % |
|---|---|---|---|
| Members - Board of Management, Chief Executive Officer and their spouse and minor children | 1 | 600 | 0.00 |
| **Associated companies, undertakings and related parties:** | | | |
| Government of Pakistan | 1 | 105,504,134 | 22.47 |
| GoP's indirect holding:- PSOCL Employees Empowerment Trust | 1 | 14,263,568 | 3.04 |
| NIT and ICP | 3 | 291,274 | 0.06 |
| Banks, Development Financial Institutions, Non-Banking Financial Institutions | 38 | 21,131,254 | 4.50 |
| Insurance Companies | 19 | 53,416,705 | 11.38 |
| Modarabas and Mutual Funds | 107 | 67,579,591 | 14.40 |
| **Shareholders holding 10% or more:** | | | |
| NBP, Trustee Department | 1 | 69,879,558 | 14.88 |
| **General Public:** | | | |
| Resident | 17,165 | 70,600,032 | 15.04 |
| Non-resident | 982 | 3,671,273 | 0.78 |
| **Others:** | | | |
| Non-Resident Companies | 122 | 24,912,359 | 5.31 |
| Public Sector Companies & Corporations and Joint Stock Companies | 194 | 31,136,291 | 6.63 |
| Employee Trusts / Funds etc. | 138 | 7,086,661 | 1.51 |
| | 18,772 | 469,473,300 | 100.00 |

As at June 30, 2021

## Additional Information

Information on shareholding required under reporting framework of the Public Sector Companies (Corporate Governance) Rules, 2013 is as follows:

| Categories of Shareholders | No. of Shareholders | No. of Shares Held |
|---|---|---|
| Associated Companies, undertakings and related parties: | | |
| Government of Pakistan | 1 | 105,504,134 |
| GoP's indirect holding:- PSOCL Employees Empowerment Trust | 1 | 14,263,568 |
| Mutual Funds | 101 | 67,482,610 |
| Members - Board of Management and their spouse and minor children: | | |
| Ms. Tara Uzra Dawood | 1 | 600 |
| Public Sector Companies & Corporations, Banks, DFIs, NBFIs, Insurance Companies ,Takaful Companies and Modarabas | 66 | 74,847,996 |

| Shareholders holding five percent or more voting rights | No. of Shareholders | No. of Shares Held |
|---|---|---|
| Government of Pakistan | 1 | 105,504,134 |
| National Bank of Pakistan (Trustee Wing) | 1 | 69,879,558 |
| State life Insurance Corporation of Pakistan | 1 | 31,827,178 |
| CDC Trustee PICIC Growth Fund | 1 | 27,136,862 |

## Annual General Meeting

The annual shareholders' meeting will be held at 11:00 am on October 26, 2021 through video-link facility.

## Managing Director & CEO's Interview

MD & CEO's presentation regarding PSO's performance, business overview, strategy and outlook is placed at the following link: https://psopk.com/en/investors/overview

## Shareholders' Enquiries

Enquiries about the shareholding, dividends should be directed either to the Company's Registered Office or Share Registrar at the following address:

M/s. CDC Share Registrar Services Limited, CDC House, 99 - B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400.
Tel: (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

## Quarterly Reports

The company publishes interim reports at the end of the first, second and third quarters of the financial year. The interim reports for the preceding year can be accessed at PSO's website www.psopk.com or printed copies may be obtained by writing to the Company Secretary.

## Annual Report

The Annual Report of the company summarizes the company's performance during the year and provides an outlook in the future.

The Annual Report may be downloaded from the company's website www.psopk.com or printed copies may be obtained by writing to the Company Secretary.

## Stock Exchange Listing

Pakistan State Oil's shares are traded on Pakistan Stock Exchange. The symbol code for dealing in shares of Pakistan State Oil Company Limited is "PSO".

# GLOSSARY

Automated Teller Machines (ATMs)
Board of Management (BoM)
Capital Expenditure (Capex)
Company-owned and Company-operated (Co-Co)
Compressed Natural Gas (CNG)
Consumer Price Index (CPI)
Corporate Social Responsibility (CSR)
Managing Director (MD)
Earnings Before Interest, depreciation and amortisation (EBITDA)
Economic Coordination Committee (ECC)
National Bank of Pakistan (NBP)
Financial Year (FY)
Furnace Oil (FO)
Government of pakistan (GOP)
Gross Domestic Product (GDP)
Gross Profit (GP)
Habib Bank Limited (HBL)
High Speed Diesel (HSD)
Independent Power Producers (IPPs)
International Monetary Fund (IMF)
Jet Fuel (JP-1)
Liquefied Natural Gas (LNG)
Memorandum of Understanding (MoU)
Million British Thermal Unit (MMBTU)
Million Metric Tons (MMTs) Metric Tons (MTs)
Mobile quality Testing Units (MQTUs)
Motor Gasoline (MoGas)
Net profit (NP)
New Vision Retail Outlet (NVRO)
Non-Fuel Retail (NFR)
Oil Companies Advisory Council (OCAC)
Oil and Gas Regulatory Authority (OGRA)
Oil Marketing Company (OMC)
Pakistan Investment Bonds (PIBs)
Pakistan State Oil (PSO)
Feedback
Petroleum, Oil and Lubricant (POL)
Price Earning Ratio(P/E)
Profit after tax (PAT)
Quarter (Qtr)
Prior Year (PY)
Same Period Last Year (SPLY)
Superior Kerosene Oil (SKO)

## FEEDBACK

Our commitment to maintain highest level of transparency and accountability continues to take us to the next level in reporting year on year. In case, you have any concerns about this report and its contents, please feel free to contact us at following:

Corporate.Communications@psopk.com
Tell: +92 21 111 111 776 (PSO) 248 / 2405
Ta'aluq Toll free 0800-03000

- اہم ترین پٹرولیم مصنوعات کے مارکیٹ شیئر میں اضافہ کرنا۔
- ویلیو میں اضافے کے لیے نئے مواقع کی دریافت کے ساتھ ساتھ کاروباری آپریشنز میں استحکام کو یقینی بنانا۔
- واجب الادا رقومات میں گزشتہ سال سے 10 فیصد کمی کرنا۔
- بنیادی کاروباری پروسیسز کو خودکار بنانا۔
- براہِ راست اسٹوریج میں اضافے کے لیے انفراسٹرکچر کے منصوبوں کو مکمل کرنا۔
- ادارہ جاتی تنظیمِ نو کے دوسرے مرحلے کا آغاز کرنا۔
- اسٹیک ہولڈرز کے لیے قدر میں اضافے کی خاطر قابلِ تجدید توانائی کے کاروبار میں مزید پیش رفت کرنا۔
- پی آر ایل کی اپ گریڈیشن اور گنجائش میں اضافے کے منصوبے کا آغاز کرنا۔

ظفر.آئی.عثمانی
چیئرمین

سید محمد طٰہٰ
سی ای او اور مینجنگ ڈائریکٹر

23 اگست 2021
کراچی

- کاروباری تسلسل کے منصوبوں کا نفاذ
- حکومت کی جانب سے جاری کردہ ایس او پیز کی تعمیل
- ملازمین کے گھر سے کام کرنے کی حوصلہ افزائی
- جراثیم کش سرگرمیوں کی مسلسل انجام دہی
- ٹیلی کام/ ورچوئل میٹنگز کی حوصلہ افزائی

## مابعد واقعات

مالی سال کے اختتام اور رپورٹ کی تاریخ کے دوران گروپ کی مالیاتی حیثیت پر اثر انداز ہونے والی کوئی نمایاں تبدیلیاں واقع نہیں ہوئیں۔

## کاروباری سماجی ذمہ داری

گروپ نے اس امر کو یقینی بنایا ہے کہ اس کے سی ایس آر یعنی سماجی ذمہ داری کے اقدامات پاکستانی عوام کے معاشی اور معاشرتی حالات پر مثبت اثرات مرتب کریں۔ گروپ نے تعلیم، صحتِ عامہ، سماجی تعمیر و ترقی، ماحولیات کی بہتری اور آفات سے بچاؤ کے شعبوں میں مسلسل عطیات کی فراہمی کے ذریعے مستحکم سماجی و معاشی ترقی میں فراخ دلانہ کردار ادا کیا ہے۔ دورانِ سال، گروپ کی جانب سے دیے گئے عطیات کا خلاصہ درج ذیل ہے۔

| شعبہ | پاکستانی روپے ملین میں |
|---|---|
| صحتِ عامہ | 20.5 |
| تعلیم | 60 |
| سماجی تعمیر و ترقی اور ماحولیات | 26.7 |
| **مجموعی عطیات** | 107.2 |

## آئندہ کے لائحہ عمل کا بیانیہ

کئی کُلی معاشی عوامل، جغرافیائی سیاسی ماحول میں عدم یقینی کی کیفیت، ٹیکنالوجی کے شعبے میں پیش رفت، سیکیورٹی کی صورتحال اور آب و ہوا کے حوالے سے خدشات وغیرہ کمپنی کی کارکردگی پر اثر انداز ہونے کی قوت رکھتے ہیں۔

حکومت نے مالی سال 2022 کے لیے 4.8 فیصد کی جی ڈی پی گروتھ کے حصول کا عندیہ دیا ہے۔ مزید برآں، جی ڈی پی کی اس گروتھ کے حصول کے لیے کئی پالیسی اقدامات وضع کیے گئے ہیں، جن میں ڈیوٹی اسٹرکچر میں تخفیف بھی شامل ہے۔ حالیہ بجٹ کی ساری توجہ 850 سی سی ہارس پاور سے کم کی گاڑیوں پر ڈیوٹی اور ٹیکس اسٹرکچر میں تخفیف پر مرکوز ہے۔ ان اقدامات سے توقع ہے کہ ڈاؤن اسٹریم کے شعبے پر مثبت اثرات مرتب ہوں گے۔

صارفین کی بدلتی ہوئی طلب اور سخت مسابقت کے باعث ریٹیل انڈسٹری میں بتدریج تبدیلی کا عمل وقوع پذیر ہو رہا ہے۔ یہ صورتحال کمپنی کے لیے بہت بڑا چیلنج پیدا کرتی ہے کہ یہ مستحکم نشونما کے لیے خود کو مختلف ٹیکنالوجیکل تبدیلیوں کے لیے تیار کرے اور ساتھ ہی ساتھ کسٹمرز کو دوسروں سے بہتر استفادہ مہیا کرے۔ مینجمنٹ اس تبدیلی سے آگاہ ہے اور نئی تخصیصات تخلیق کر رہی ہے، ممتاز مصنوعات پیش کر رہی ہے، اپنے ریٹیل آؤٹ لیٹ کے احاطے میں موجود افراد کے لیے بہتر تجربہ فراہم کر رہی ہے، اس کے ساتھ ساتھ کسٹمرز کی سہولت کے لیے نئی فیولنگ سروسز اور جدید ترین نان فیول ریٹیل مصنوعات اور خدمات فراہم کر رہی ہے۔

کمپنی کی کارکردگی پر نمایاں اثرات مرتب کرنے والے دیگر خارجی عوامل میں بین الاقوامی تیل کی قیمتوں میں اتار چڑھاؤ، جغرافیائی سیاسی حالات کی تبدیلی اور بدلتی ہوئی علاقائی صورتحال، الیکٹریکل وہیکلز کی ایڈاپشن میں تیزی، تیل کی صنعت میں انتظامی اور مسابقتی ماحول اور ملک میں آمدنی / صَرف کے انداز شامل ہیں۔ یہ عوامل طویل المیعاد سطح پر کمپنی کی مجموعی کارکردگی اور مائع ایندھن کی طلب پر نمایاں اثرات مرتب کر سکتے ہیں۔

ان عوامل پر غور کرتے ہوئے، کمپنی مستعد و مؤثر انداز میں ملکی ضروریات کی تکمیل مسلسل جاری و ساری رکھنے کے ساتھ ساتھ اپنے اسٹیک ہولڈرز کے سرمائے میں اضافے کا بھی عزم رکھتی ہے۔ اگلے سال کے لیے کمپنی کے اہداف درج ذیل ہیں:

- HSE کا ہدف صفر - صفر حادثاتی اموات۔

- گروپ کمپنیوں کے گزشتہ 2 سال کے کلیدی عملی اور مالی اعداد وشمار ان کی متعلقہ سالانہ رپورٹ میں خلاصے کے طور پر منسلک کیے گئے ہیں۔
- چیئرمین اور ڈائریکٹرز، ڈائریکٹرز کی مجموعی تعداد اور ان کے نام، ان کی تقرری، کمیٹیاں اور ان کی تشکیلی ساخت، بورڈ کے اجلاس کی تعداد اور اس میں حاضری کے بارے میں معلومات غیر مجموعی مالیاتی گوشواروں میں شیئر ہولڈرز کی رپورٹ میں اور سالانہ رپورٹ کے کارپوریٹ گورننس کے سیکشن میں شامل کی گئی ہیں۔

ذیل میں پروویڈنٹ فنڈ، پینشن اور گریجوئٹی فنڈز میں گروپ کی سرمایہ کاری کی مالیت دی گئی ہے جو کہ 30 جون 2021 کو ان کے غیر آڈٹ شدہ اکاؤنٹس پر مبنی ہے۔

| فنڈ | پاکستانی روپے ملین میں |
|---|---|
| پی ایس او ایل منیجمنٹ ایمپلائز پینشن فنڈ | 4,763 |
| پی ایس او ایل ورکرز اسٹاف پینشن فنڈ | 4,403 |
| پی ایس او ایل ڈیفائنڈ کنٹری بیوشن پینشن فنڈ | 5,771 |
| پی ایس او ایل اسٹاف پروویڈنٹ فنڈ | 2,924 |
| پی ایس او ایل ایمپلائز پروویڈنٹ فنڈ | 1,456 |
| پی ایس او ایل ایمپلائز گریجوئٹی فنڈ | 7,059 |
| پی آر ایل پروویڈنٹ فنڈ | 457 |
| پی آر ایل گریجوئٹی فنڈ - منیجمنٹ اسٹاف | 195 |
| پی آر ایل گریجوئٹی فنڈ - نان منیجمنٹ اسٹاف | 110 |
| پی آر ایل پنشن فنڈ - منیجمنٹ اسٹاف | 1,308 |
| پی آر ایل پنشن فنڈ - نان منیجمنٹ اسٹاف | 157 |

### ڈیویڈنڈ اور دیگر تخصیصات

کمپنی کی کارکردگی کی بنیاد پر، بورڈ آف منیجمنٹ نے 10 روپے فی شیئر (100 فیصد) کے حتمی کیش ڈیویڈنڈ کا اعلان کیا ہے جو کہ 5 روپے فی شیئر کے عبوری کیش ڈیویڈنڈ کے علاوہ ہے۔ مالی سال 2021 کے لیے ڈیویڈنڈ 15 روپے (150 فیصد) فی شیئر ہے جو کہ گزشتہ سال صفر روپے (صفر فیصد) تھا۔ نتیجتاً، گزشتہ سال کی صفر ادائیگیوں کے مقابلے میں موجودہ سال 7.04 بلین روپے کی مجموعی ادائیگیاں کی گئیں۔

### آڈیٹرز

30 جون 2022 میں اختتام پذیر ہونے والے مالی سال کے لیے بورڈ آف منیجمنٹ نے بورڈ آڈٹ اینڈ کمپلائنس کمیٹی کی تجویز پر کمپنی کے لیے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی بطور آڈیٹر تقرری کی توثیق کی ہے۔

### شیئر ہولڈنگ کا نمونہ

شیئر ہولڈنگ کا نمونہ صفحہ نمبر 313 پر منسلک ہے۔

### قومی خزانے میں معاونت

گروپ بروقت اور مکمل ٹیکس دہندہ گروپ ہونے پر فخر محسوس کرتا ہے اور ہمیشہ اس بات کو یقینی بناتا ہے کہ تمام ٹیکسز، ڈیوٹیاں، محصولات وغیرہ آئینی میعاد کے مطابق ادا کر دیے جائیں۔ چنانچہ، گروپ کے ذمے کوئی بھی قرضہ جاتی یا واجب الادا قانونی ادائیگیاں نہیں ہیں۔

مالی سال 2021 کے دوران، گروپ نے قومی خزانے میں 490 بلین روپے جمع کیے۔

### صحت، تحفظ اور ماحولیات

گروپ ایک بہتر اور مستحکم مستقبل کے لیے پُرعزم ہے۔ گروپ کاروباری ترقی کے لیے استحکام کو بنیادی ستون سمجھتا ہے۔ گروپ نے تمام ریگولیٹری HSE معیارات اور پالیسیوں کی تعمیل کو یقینی بنایا ہے۔

### کورونا وائرس کی وباء (COVID-19)

کورونا وائرس (COVID-19) ایک عالمی وباء ہے جس نے پوری دنیا میں صحت کے بحران کو جنم دیا ہے اور اس وقت دنیا بھر کے لیے ایک چیلنج ثابت ہو رہی ہے۔ گروپ نے عالمی اداروں اور حکومتِ پاکستان کی طرف سے جاری کردہ ہدایات اور ایس او پیز کو اپنایا تا کہ محفوظ آپریشنز کو یقینی بنایا جاسکے۔ اس سلسلے میں مندرجہ ذیل اہم اقدامات کیے گئے:

اوپر بیان کردہ کریڈٹ ریٹنگ بلند کریڈٹ معیار اور پست کریڈٹ خطرات کو ظاہر کرتی ہے۔

## داخلی مالیاتی کنٹرولز کی موزونیت

ہولڈنگ کمپنی اور ذیلی کمپنی کے متعلقہ بورڈز نے مالیاتی گوشواروں کے داخلی کنٹرولز پر مستعد و موثر سسٹمز تشکیل دیے ہیں۔ ان کنٹرولز کی موزونیت اور موثر پذیری کی باقاعدگی سے نگرانی کی جاتی ہے اور ایک خودمختار آڈٹ کا شعبہ اس کی تصدیق کرتا ہے جو براہِ راست متعلقہ بورڈ آڈٹ کمیٹیوں کو رپورٹ کرتا ہے۔ آڈٹ کمیٹیاں داخلی کنٹرول کے فریم ورکس اور متعلقہ کمپنیوں کے مالیاتی گوشواروں کی موثر پذیری پر نظر رکھتی ہے۔

## کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

گروپ میں کمپنیوں کے بورڈز اپنی اُن تمام ذمہ داریوں سے مکمل طور پر واقف ہیں جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) کے قوانین برائے 2013 اور لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطۂ اخلاق) کے ضوابط برائے 2019 کے تحت ان پر لاگو ہوتی ہیں۔

مندرجہ ذیل نکات کارپوریٹ گورننس کے اعلیٰ معیار کے حصول اور مسلسل بہتری لانے کے عمل سے گروپ کی وابستگی کا اظہار کرتے ہیں۔

- کارپوریٹ گورننس کے متعلقہ قوانین کی تعمیل کی گئی ہے۔
- گروپ کی مینجمنٹ کی جانب سے تیار کردہ مجموعی مالیاتی گوشوارے اس کے معاملات، اس کے آپریشنز کے نتائج، کیش فلوز، جامع آمدنی کے گوشوارے اور ایکوئٹی میں تبدیلیوں کی درست عکاسی کرتے ہیں۔
- گروپ کی جانب سے درست بہی کھاتے برقرار رکھے گئے ہیں۔
- گروپ کمپنیوں کے مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے۔ حسبِ موقع، اکاؤنٹنگ کی پالیسیوں میں کی گئی تبدیلیوں کو مالیاتی گوشواروں میں واضح طور پر ظاہر کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلہ سازی پر مبنی ہیں۔
- پاکستان میں قابلِ اطلاق، بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر مالیاتی گوشواروں کی تیاری میں عمل درآمد کیا گیا ہے اور اگر کسی سبب سے کسی اصول پر عمل نہیں کیا گیا تو اس کے بارے میں واضح طور پر بیان کر دیا گیا ہے۔
- داخلی کنٹرولز کا نظام مستحکم ہے اور اس کا موثر نفاذ اور نگرانی کی جارہی ہے۔
- نان ایگزیکٹیو بورڈ اراکین کو کوئی مقررہ مشاہرہ ادا نہیں کیا جاتا اور ہر اجلاس میں شرکت پر انہیں مقررہ فیس ادا کی جارہی ہے۔ مذکورہ فیسوں کا فیصلہ آرٹیکلز آف ایسوسی ایشن اور کمپنیز ایکٹ 2017 (حسبِ اطلاق) کے مطابق پورے بورڈ آف مینجمنٹ کی جانب سے مشترکہ طور پر کیا جاتا ہے۔
- ہر ڈائریکٹر اور چیف ایگزیکٹیو کے مشاہرہ پیکیج کے حوالے سے تفصیلات مجموعی مالیاتی گوشواروں کے نوٹ 36 میں ظاہر کی گئی ہیں۔
- کاروباری سرگرمیاں جاری رکھنے کے لیے گروپ کی اہلیت کے حوالے سے کوئی نمایاں شبہات نہیں پائے جاتے۔
- کارپوریٹ گورننس کے بہترین عملی طریقوں سے کوئی نمایاں انحراف نہیں کیا گیا ہے، ان عملی طریقوں کی وضاحت پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) کے قوانین برائے 2013 اور لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطۂ اخلاق) کے ضوابط برائے 2019 میں تفصیل سے کی گئی ہے۔

صل ہوا (مالی سال 2020: 1,356 بلین روپے) جس کا نتیجہ 57.3 بلین روپے کے مجموعی منافع کی صورت میں ظاہر ہوا (مالی سال 2020: 6.9 بلین روپے)۔ پی ایس او اور پی آر ایل کی عمدہ منافع پذیری کے تناظر میں، گروپ نے اس سال 29.6 بلین روپے کے بعد از ٹیکس خاطر خواہ مجموعی منافع کا اعلان کیا ہے جبکہ گزشتہ سال 14.8 بلین روپے بعد از ٹیکس خسارہ ہوا تھا۔ اس سال بعد از ٹیکس منافع کا نتیجہ فی شیئر 62.6 روپے آمدنی کی صورت میں ظاہر ہوا جبکہ گزشتہ سال یہ رقم منفی 23.5 روپے تھی۔

## مالیاتی اور عملی کارکردگی کے دیگر نمایاں پہلو

پی ایس او، ہولڈنگ کمپنی نے؛

- یورو 5 معیاری فیولز بشمول ہائی اوکٹین 97 یورو 5، پریمیئر یورو 5 اور ہائی سپیڈ ڈیزل یورو 5 بالترتیب اگست، ستمبر اور دسمبر 2020 میں متعارف کرواتے ہوئے ڈاؤن اسٹریم کے شعبے میں اپنی بالادستی کا سفر جاری رکھا۔

- اپنے نیٹ ورک میں 71 نیو وژن ریٹیل آؤٹ لیٹس شامل کیے جس کے بعد 30 جون 2021 تک ان سائٹس کی مجموعی تعداد 3,501 ہوگئی۔

- حکومت کے 'صاف سرسبز پاکستان' کے اقدام میں معاونت کے لیے اسلام آباد میں الیکٹرک گاڑیوں کا چارجر نصب کیا۔

- 174,000 ٹن کے نئے اور بحال کردہ اسٹوریجز شامل کیے۔

پی آر ایل، ذیلی کمپنی نے؛

- میرین ریزیڈوئل فیول کی پیداوار اور فروخت نے 193 ملین روپے کا اضافی ریوینو دیا۔

- اگست 2020 میں ان تمام پائپ لائنوں کو کامیابی سے بنوایا جو کراچی میں ہونے والی غیر معمولی بارشوں کے باعث ٹوٹ پھوٹ کا شکار ہوگئی تھیں۔ اس واقعے کے نتیجے میں ریفائنری 12 دن تک بند رہی تھی۔

- 407 ملین روپے کے ایسے مخصوص پرانے واجبات کو رائٹ بیک کیا جو واجب الادا نہیں رہے تھے۔

- غیر معمولی عومی اجلاس میں شیئرز کے درجوں کے اخراج کے لیے ایک خصوصی قرارداد پاس کی۔ اس سے قبل، پی آر ایل کے مجموعی شیئر کیپٹل کو 40:60 کے تناسب سے درجہ 'A' اور 'B' میں تقسیم کیا۔

- سابقہ ڈائریکٹرز کی تین سالہ میعاد مکمل ہونے پر کمپنی کے نئے ڈائریکٹرز کے انتخابات منعقد کیے۔ نتیجتاً 8 اکتوبر 2020 سے تین سال کی مدت کے لیے نیا بورڈ آف ڈائریکٹرز تشکیل دینے کے لیے شیئر ہولڈرز کی جانب سے دس ڈائریکٹرز کا انتخاب کیا گیا۔

## خطرات اور غیر یقینی صورتحال

- گروپ حکومتِ پاکستان کے پالیسی فریم ورک کے تحت اپنی سرگرمیاں انجام دیتا ہے، چنانچہ مخصوص مصنوعات کی نرخ بندی اوگرا / وزارت برائے توانائی (MoE) کے زیرِ انتظام / زیرِ نگرانی ہوتی ہے۔ مختلف عوامل بشمول تیل کی بین الاقوامی قیمتوں میں تبدیلی، فنڈ کی لاگت میں اضافہ، پٹرولیم مصنوعات کے متبادلات، مصنوعاتی مارجن کے فیصلے اور مصنوعہ کی تخصیصات میں کوئی بھی اضافہ گروپ کی منافع پذیری پر نمایاں اثرات مرتب کرسکتے ہیں۔

## گروپ کی کریڈٹ ریٹنگ:

گروپ کمپنیز کی کریڈٹ ریٹنگ کو متعلقہ کریڈٹ ریٹنگ ایجنسیوں کی جانب سے جانچا گیا ہے، جو درج ذیل ہے:

| کمپنی | طویل المیعاد | مختصر المیعاد |
|---|---|---|
| پی ایس او | AA+ | A1+ |
| پی آر ایل | A- | A2 |

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ (پی ایس او، ہولڈنگ کمپنی) کا بورڈ آف مینجمنٹ، 30 جون 2021 کو اختتام پذیر ہونے والے مالی سال میں گروپ کی مجموعی مالیاتی اور عملی کارکردگی کے حوالے سے رپورٹ آپ کی خدمت میں پیش کرتے ہوئے انتہائی مسرت محسوس کررہا ہے۔

## گروپ کا ڈھانچہ

پی ایس او، ہولڈنگ کمپنی، ایک پبلک لمیٹڈ کمپنی ہے۔ جس کا قیام پاکستان میں 1976 میں عمل میں آیا اور یہ پاکستان اسٹاک ایکسچینج لمیٹڈ میں اندراج شدہ ہے۔ اس ہولڈنگ کمپنی کی بنیادی سرگرمیوں میں پیٹرولیم اور اس سے متعلقہ مصنوعات کی خریداری، ذخیرہ کاری اور مارکیٹنگ ہے۔ اس کے علاوہ یہ مختلف لبریکیٹنگ آئلز کے مرکبات کی تیاری اور ترویج کا کام بھی سرانجام دیتی ہے۔

پاکستان ریفائنری لمیٹڈ (پی آر ایل) ایک ذیلی کمپنی ہے۔ جسے مئی 1960 میں پاکستان میں پبلک لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا اور یہ پاکستان اسٹاک ایکسچینج میں اندراج کی حامل ہے۔ یہ ذیلی کمپنی پیٹرولیم مصنوعات کی ریفائننگ اور فروخت کا کام کرتی ہے۔

دورانِ سال، پی آر ایل کے 189 ملین استحقاقی شیئرز پی ایس او منتقل کیے گئے۔ پی ایس او کی جانب سے دی گئی ضمانت کے مطابق، اس نے دیگر شیئر ہولڈرز سے متعلقہ استحقاقی اجراء کے غیر سبسکرائب کردہ حصے کا 7.1 فیصد (22.5 ملین شیئرز) مزید سبسکرائب کیا۔ جس کے نتیجے میں پی آر ایل میں پی ایس او کی شیئر ہولڈنگ 60 فیصد سے بڑھ کر 63.6 فیصد ہوگئی۔

## گروپ کی مالیاتی کارکردگی

اس سال پیٹرولیم کے شعبے میں خاصی بہتری آئی جس کی وجہ معاشی سرگرمیوں میں اضافہ اور مالی سال 2020 کے مقابلے میں تیل کی بین الاقوامی قیمتوں میں آنے والی بہتری تھی جو کہ پچھلے سال کی آخری سہ ماہی میں بالکل تنزلی کا شکار ہوگئی تھیں۔ ویکسینیشن کی مؤثر مہمیں، دوراندیش اقدامات اور معاشی پالیسیوں نے مجموعی طور پر اس عالمگیر وباء کے اثرات کم کرنے میں مدد دی، نتیجتاً فیول کی مجموعی طلب اور سیلز کے حجم میں اضافہ ہوا۔

## پی ایس او کی مالیاتی کارکردگی

پی ایس او نے اس سال شاندار کارکردگی کا مظاہرہ کیا اور اپنی تاریخ کا سب سے زیادہ منافع حاصل کیا۔ ہولڈنگ کمپنی نے مالی سال 2021 میں 29.1 بلین روپے کا منافع بعد از ٹیکس حاصل کیا جبکہ گزشتہ سال 6.5 بلین روپے کا خسارہ بعد از ٹیکس تھا۔ منافع بعد از ٹیکس کے نتیجے میں فی شیئر آمدنی 62.01 روپے ہوگئی جو کہ گزشتہ سال منفی 13.8 روپے تھی۔

اس شاندار منافع کا سبب بننے والے عوامل میں وائٹ آئل کی فروخت کے حجم میں 16.6 فیصد کا اضافہ، بلیک آئل کے فروخت کے حجم میں 53.2 فیصد کا اضافہ اور مالیاتی لاگت میں 3.2 بلین روپے کی کمی (گزشتہ سال کے مقابلے میں 24 فیصد) کے عوامل کارفرما رہے۔ مزید برآں، دیگر عوامل جیسے کہ تاخیر سے ادائیگی کے سرچارج کی مد میں وصول یابی اور معاون ملکی معاشی صورتحال نے ہولڈنگ کمپنی کے منافع کے حصول میں اپنا کردار ادا کیا۔

## پی آر ایل کی مالیاتی کارکردگی

مالی سال 2021 میں پی آر ایل کی مالیاتی کارکردگی میں بہتری دیکھنے میں آئی۔ اس سال 937 ملین روپے کا منافع بعد از ٹیکس حاصل ہوا جبکہ گزشتہ سال 7.6 بلین روپے کا بعد از ٹیکس خسارہ ہوا تھا۔ اس سال منافع بعد از ٹیکس کے نتیجے میں فی شیئر آمدنی 1.52 روپے ہوگئی جو کہ گزشتہ سال منفی 17.54 روپے تھی۔

پی آر ایل کے منافع کا باعث بننے والے بنیادی عوامل میں دورانِ سال MS95/97 RON کی فروخت سے حاصل شدہ اضافی آمدنی، فرنس آئل کی موافق نرخ، پہلے سے بہتر تخصیصات کے ساتھ HSD کی پیداوار اور فروخت کے حوالے سے قیمت کے فرق میں تخفیف، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں بہتری اور پالیسی ریٹ کے کم نرخوں کے باعث مالیاتی لاگت میں کمی جیسے عوامل شامل تھے۔

## گروپ کے نتائج

گروپ کو مالی سال 2021 میں 1,476 بلین روپے کا مجموعی سیلز ریونیو حا

ان عوامل پر غور کرتے ہوئے، کمپنی مستعد و مؤثر انداز میں ملکی ضروریات کی تکمیل مسلسل جاری و ساری رکھنے کے ساتھ ساتھ اپنے اسٹیک ہولڈرز کے سرمائے میں اضافے کا بھی عزم رکھتی ہے۔ اگلے سال کے لیے کمپنی کے اہداف درج ذیل ہیں:

- HSE کا ہدف صفر - صفر حادثاتی اموات۔
- اہم ترین پٹرولیم مصنوعات کے مارکیٹ شیئر میں اضافہ کرنا۔
- ویلیو میں اضافے کے لیے نئے مواقع کی دریافت کے ساتھ ساتھ کاروباری آپریشنز میں استحکام کو یقینی بنانا۔
- بڑھتی ہوئی واجب الوصول رقوم کو گزشتہ سال سے 10% کم کرنا
  بنیادی کاروباری پروسیسز کو خودکار بنانا۔
- براہِ راست اسٹوریج میں اضافے کے لیے انفراسٹرکچر کے منصوبوں کو مکمل کرنا۔
- ادارہ جاتی تنظیم نو کے دوسرے مرحلے کا آغاز کرنا۔
- اسٹیک ہولڈرز کے لیے ویلیو میں اضافے کی خاطر قابلِ تجدید توانائی کے کاروبار میں نمایاں و اہم اقدامات کرنا۔

کمپنی پیش آمدہ مسابقتی صورتحال کے مقابلے کے لیے بالکل تیار ہے، جبکہ مینجمنٹ مارکیٹ شیئر اور آمدنی کے درمیان بہترین توازن پیدا کرنے کے لیے بھرپور توجہ برقرار رکھے گی۔ کمپنی ٹیکنالوجیکل فریم ورکس کی شمولیت اور موثر آپریشنز کے ذریعے کاروباری عملداری کی لاگت کم کرنے پر توجہ مرکوز کیے ہوئے ہے۔ کسٹمر کی سہولت کاری میں اضافے اور فوقیت کے لیے کسٹمرز کے لیے تخصیصی پروگرامز اور اقدامات مرتب کیے گئے ہیں۔ علاوہ ازیں، کمپنی استحکام میں اضافے کی غرض سے عمودی یکجائی اور کاروباری پورٹ فولیو کے تنوع کے لیے سرمایہ کاری کے منصوبے تلاش کر رہی ہے۔ عمدہ حکمتِ عملی کے حامل اقدامات کی بدولت، کمپنی، حجم اور مالیات دونوں لحاظ سے، سال بہ سال اپنی کارکردگی کو بلندی پر لے جانے کو تیار ہے اور اپنے اسٹیک ہولڈرز کی ویلیو میں اضافہ کرنے کی کوشش بھی جاری رکھے گی۔

### معلومات اور مفروضہ جات کے ذرائع

کمپنی متعدد ذرائع استعمال کرتی ہے جن میں معروف اداروں جیسے کہ وزارتِ مالیات، حکومتِ پاکستان، پاکستان آٹوموبائل مینوفیکچررز ایسوسی ایشن (PAMA)، عالمی بینک، بین الاقوامی مالیاتی فنڈ (IMF)، ایشیائی ترقیاتی بینک (ADB) وغیرہ کی اشاعتیں شامل ہیں۔ ان معلومات کا جائزہ اور تجزیہ مختلف نمونوں پر کیا جارہا ہے۔ علاوہ ازیں، پروڈکٹ کی طلب سے براہِ راست تعلق کے حامل متعدد معاشی عوامل کو طویل المیعاد منصوبہ بندی کے لیے زیرِ غور لایا جارہا ہے۔

سید محمد طٰہٰ
سی ای او اور مینیجنگ ڈائریکٹر
23 اگست 2021
کراچی

ظفر آئی عثمانی
چیئرمین

اس طرح ڈیزائن کیا گیا ہے جو کاروباری مستعدی میں اضافے کے ساتھ ساتھ کاروباری محرکات کی تبدیلی میں عملی مؤثر پذیری کا بھی اضافہ کرے۔

- کمپنی نے 1 لاکھ 74 ہزار ٹن نئے اور بحال شدہ اسٹوریجز فراہم کیے۔
- کمپنی توانائی کے شعبے، پی آئی اے اور ایس این جی پی ایل سے بڑھتی ہوئی واجب الوصول رقوم کے فوری تصفیے کے لیے بھرپور کوششیں بروئے کار لا رہی ہے۔ اس سلسلے میں، ان وصولیوں کے تصفیے کے لیے متعلقہ اداروں کو کئی آپشنز کی تجویز دی گئی ہے۔
- خود کاریت اور کاروباری پراسیس کی تشکیلِ نو کمپنی کے لیے بنیادی توجہ کا حامل امر رہا ہے۔ کئی منصوبے بشمول ٹرمینل مینجمنٹ سسٹم اور SAP اریبا کا نفاذ مکمل کیے گئے۔
- کمپنی قابلِ تجدید توانائی، برقی گاڑیوں کی درآمد وغیرہ سے پیدا ہونے والے مسلسل ارتقاء پذیر کاروباری محرکات پر نظر رکھتی ہے۔ اس سلسلے میں،

کمپنی کی پہلی الیکٹرک وہیکل چارجنگ کی سہولت اسلام آباد کے ریٹیل آوٹ لیٹ پر نصب کی جا چکی ہے جبکہ دیگر کئی سہولیات نفاذ کے اگلے مرحل میں ہیں۔

## انفراسٹرکچر کی ترقی اور بحالی

پی ایس او نے 30 جون 2021 تک، ZOT میں 131,000 ٹن کی گنجائش والے اسٹوریج ٹینکوں کی بحالی کامیابی کے ساتھ مکمل کر لی ہے۔ اس کے ساتھ ساتھ، شکار پور، فیصل آباد اور تارو جبہ ڈپو میں 43,000 ٹن کا اسٹوریج کا کام مکمل ہو چکا ہے۔ محمود کوٹ اور فیصل آباد میں پی ایس او اور پارکو ٹرمینلز کی پائپ لائن کنکٹیویٹی بھی پیکو ملٹی گریڈ وائٹ آئل پائپ لائن کے ذریعے ماچھیکے، شکار پور، محمود کوٹ اور فیصل آباد میں پیٹرول کی منتقلی کے لیے مکمل کر لی گئی ہے۔

## اہم چیلنجز اور کمپنی کے ردِعمل کی صلاحیت

ریٹیل انڈسٹری میں صارفین کے بدلتے ہوئے مطالبات اور سخت مقابلے کے ساتھ تبدیلی واقع ہو رہی ہے۔ یہ منظر نامہ کمپنی کے لیے ایک بڑا چیلنج ہے کہ وہ خود کو مختلف تکنیکی تبدیلیوں کے لیے تیار کرے اور ساتھ ہی پائیدار ترقی کے لیے صارفین کو اعلیٰ تجربہ فراہم کرے۔ مینجمنٹ ان تبدیلیوں سے باخبر ہے اور صارفین کے لیے مزید قدر افزوں خدمات فراہم کرنے کی تجاویز پر کام کر رہی ہے، ساتھ ہی مختلف مصنوعات کی پیشکش، ایک بہتر فورکورٹ کا تجربہ، متنوع فیولنگ سروسز کے ساتھ ساتھ صارفین کو سہولت فراہم کرنے کے لیے جدید ترین نان فیول ریٹیل پروڈکٹس اور خدمات بھی پیش کر رہی ہے۔

دیگر بیرونی عوامل جو کمپنی کی کارکردگی پر نمایاں اثر ڈال سکتے ہیں ان میں تیل کی بین الاقوامی قیمتوں میں اتار چڑھاو، جغرافیائی سیاسی تبدیلی اور تبدیل ہوتی علاقائی صورت حال، EV کو اپنانے کی رفتار، تیل کی صنعت میں ریگولیٹری اور مسابقتی ماحول اور ملک میں آمدنی/کھپت کے نمونے شامل ہیں۔ یہ عوامل ملک کی مجموعی کارکردگی اور لیکوئیڈ فیولز کی طلب پر طویل عرصے تک نمایاں اثر ڈال سکتے ہیں۔

## آئندہ کے لائحۂ عمل کا بیانیہ

متعدد معاشی عوامل، جغرافیائی سیاسی ماحول میں عدم یقینی کی کیفیت، ٹیکنالوجی کے شعبے میں پیش رفت، سیکیورٹی کی صورتحال اور آب و ہوا کے حوالے سے خدشات وغیرہ کمپنی کی کارکردگی پر اثر انداز ہونے کی قوت رکھتے ہیں۔

حکومت نے مالی سال 2022 کے لیے 4.8 فیصد کی جی ڈی پی گروتھ کے حصول کا عندیہ دیا ہے۔ مزید برآں، جی ڈی پی کی اس گروتھ کے حصول کے لیے کئی پالیسی اقدامات وضع کیے گئے ہیں، جن میں ڈیوٹی اسٹرکچر میں تخفیف بھی شامل ہے۔ حالیہ بجٹ کی ساری توجہ 850 سی سی ہارس پاور سے کم کی گاڑیوں پر ڈیوٹی اور ٹیکس اسٹرکچر میں تخفیف پر مرکوز ہے۔ ان اقدامات سے توقع ہے کہ ڈاؤن اسٹریم کے شعبے پر مثبت اثرات مرتب ہوں گے۔

- مسلسل اطلاق کیا جاتا ہے اور اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلہ سازی پر مبنی ہوتے ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات جن کا پاکستان پر اطلاق ہوتا ہے، مالیاتی گوشواروں کی تیاری میں ان سب پر عمل درآمد کیا گیا ہے اور اگر کسی سبب سے کسی اصول پر عمل نہیں کیا گیا تو اس کے بارے میں واضح طور پر بیان کر دیا گیا ہے۔
- داخلی کنٹرول کا نظام مستحکم ہے اور اس کا موثر نفاذ اور نگرانی کی جا رہی ہے۔
- نان ایگزیکٹیو بورڈ آف مینجمنٹ اراکین کو کوئی مقررہ مشاہرہ ادا نہیں کیا جاتا بلکہ اجلاس میں شرکت پر انہیں مقررہ فیس ادا کی جاتی ہے۔ مذکورہ فیسوں کا فیصلہ بورڈ آف مینجمنٹ کی جانب سے مشترکہ طور پر کیا جاتا ہے۔
- کاروباری سرگرمیاں جاری رکھنے کے لیے کمپنی کی اہلیت کے حوالے سے کسی قسم کے شبہات نہیں پائے جاتے۔
- کارپوریٹ گورننس کے بہترین عملی طریقوں سے کوئی نمایاں انحراف نہیں کیا گیا ہے، ان عملی طریقوں کی وضاحت پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) کے قوانین برائے 2013 اور لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطۂ اخلاق) کے ضوابط برائے 2019 میں تفصیل سے کی گئی ہے۔
- گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار خلاصے کے طور پر منسلک کیے گئے ہیں۔

ذیل میں پروویڈنٹ فنڈ، پینشن اور گریجوئٹی فنڈز کی سرمایہ کاری کی مالیت دی گئی ہے (بمطابق غیر آڈٹ شدہ اکاؤنٹس از 30 جون، 2021)

| فنڈ | ملین روپوں میں |
|---|---|
| پی ایس او سی ایل مینجمنٹ ایمپلائز پینشن فنڈ | 4,763 |
| پی ایس او سی ایل ورکرز اسٹاف پینشن فنڈ | 4,403 |
| پی ایس او سی ایل ڈیفائنڈ کنٹری بیوشن پینشن فنڈ | 5,771 |
| پی ایس او سی ایل اسٹاف پروویڈنٹ فنڈ | 2,924 |
| پی ایس او سی ایل ایمپلائز پروویڈنٹ فنڈ | 1,456 |
| پی ایس او سی ایل ایمپلائز گریجوئٹی فنڈ | 7,059 |

دورانِ سال، مینجمنٹ بورڈ کے تیرہ اجلاس منعقد کیے گئے تھے اور ہر رکن کی حاضری صفحہ 75 پر دی گئی ہے۔

30 جون، 2021 کو بورڈ کی تشکیلی ساخت مندرجہ ذیل تھی:

بورڈ کے اراکین کی مجموعی تعداد:

| | |
|---|---|
| مرد | 07 |
| خاتون | 01 |

تشکیلی ساخت:

| درجہ بندی | نام |
|---|---|
| خود مختار اراکین: | جناب ظفر آئی۔ عثمانی<br>جناب محمد ہمایوں خان بارکزئی |
| نان ایگزیکٹیو اراکین: | جناب علی رضا بھٹہ<br>جناب حسن محمود یوسف زئی<br>جناب محمد انور<br>جناب شاہد سلیم خان |
| ایگزیکٹیو رکن: | سید محمد طٰہٰ |
| خاتون رکن: | محترمہ تارہ عذرا داؤد |

- بورڈ کی کمیٹیوں کے ارکان کی تعداد صفحات نمبر 71 اور 72 پر دی گئی ہے۔
- شیئر ہولڈنگ کا نمونہ صفحہ نمبر 313 اور 314 پر منسلک ہے۔
- بورڈ آف مینجمنٹ ارکان، مینیجنگ ڈائریکٹر اور سی ای او کا مشاہرہ پیکیج غیر مجتمع مالیاتی گوشواروں کے نوٹ 33 میں ظاہر کیا گیا ہے۔

## گزشتہ سال کی توقعات پر کیے گئے اقدامات کے تحت کمپنی کی کارکردگی

- پی ایس او نے مائع ایندھن میں 46.3 فیصد شیئر، وائٹ آئل میں 45.2 فیصد شیئر اور بلیک آئل کی مارکیٹ میں 51.7 فیصد شیئر کے ساتھ سال کے اختتام پر ڈاؤن اسٹریم کے شعبے میں اپنے مارکیٹ شیئر کا مکرر حصول جاری رکھا۔ علاوہ ازیں، کمپنی بنیادی مصنوعات بشمول موگیس، ایچ ایس ڈی اور فیول آئل کے والیوم میں اضافے کے حوالے سے مارکیٹ شیئر کے حصول میں کامیاب رہی۔ دورانِ سال، کمپنی اپنی تاریخ میں موگیس اب سے زیادہ سیلز والیوم حاصل کرنے میں کامیاب رہی۔
- ساخت میں تبدیلی کا پہلا مرحلہ مکمل ہو گیا ہے۔ تبدیل شدہ مرحلہ

## بورڈ آف مینجمنٹ میں تبدیلیاں

دورانِ سال بورڈ آف مینجمنٹ کی تشکیلی ساخت میں درج ذیل تبدیلیاں عمل میں لائی گئیں:

- جناب عمر رسول نے جناب عرفان علی کی جگہ 8 جولائی، 2020 کو بورڈ میں شمولیت اختیار کی اور 28 ستمبر 2020ء تک بورڈ کی رکنیت کے حامل رہے۔
- جناب ندیم ارشاد کیانی 20 اگست، 2020 کو بورڈ آف مینجمنٹ میں شامل ہوئے اور 16 جون، 2021 تک بورڈ کی رکنیت کے حامل رہے۔
- جناب علی رضا بھٹہ نے 29 ستمبر، 2020 کو جناب عمر رسول کی جگہ بورڈ آف مینجمنٹ میں شمولیت اختیار کی۔
- بورڈ آف مینجمنٹ کے رکن، جناب محمد شاہد خان 28 جنوری، 2021 کو وفات پا گئے۔
- جناب حسن محمود یوسف زئی 17 جون، 2021 کو جناب ندیم ارشاد کیانی کی جگہ بورڈ میں شامل ہوئے۔
- جناب ساجد محمود قاضی نے بحیثیت بورڈ رکن 28 جون 2021ء کو بورڈ کی رکنیت سے استعفیٰ دیا۔

بورڈ رخصت ہونے والے ارکان جناب عرفان علی، جناب عمر رسول، جناب ندیم ارشاد کیانی اور ساجد محمود قاضی کی قابلِ قدر خدمات کو سراہتا ہے اور نئے ارکان کو خوش آمدید کہتا ہے۔

بورڈ مرحوم رکن بورڈ جناب محمد شاہد خان کے اہل خانہ سے تعزیت کا اظہار کرتا ہے۔ محمد شاہد خان تمام اجلاسوں میں بھرپور شرکت کرتے تھے اور بطور بورڈ کے رکن ان کی خدمات ہمیشہ یاد رکھی جائیں گی۔

## معاون اور ذیلی کمپنیاں

### ایشیاء پٹرولیم لمیٹڈ - ایسوسی ایٹ کمپنی

ایشیاء پٹرولیم لمیٹڈ (اے پی ایل) پاکستان میں ایک غیر فہرست شدہ (اَن لسٹڈ) پبلک لمیٹڈ کمپنی کے طور پر 17 جولائی 1994 کو شامل ہوئی۔ بنیادی طور پر کمپنی کا قیام حب، بلوچستان میں واقع حب پاور کمپنی لمیٹڈ کو ''بعد از استعمال اضافی ایندھن'' کی ترسیل کے لیے عمل میں آیا تھا۔ کمپنی نے اس مقصد کے لیے حب میں پاکستان اسٹیٹ آئل کمپنی کے پیپری میں قائم ذوالفقار آباد ٹرمینل سے حبکو (حب) تک زیرِ زمین تیل کی پائپ لائن بچھائی۔ اے پی ایل میں پی ایس او کا ایکوئٹی شیئر 49 فیصد ہے۔

### پاک گریس مینوفیکچرنگ کمپنی (پرائیویٹ) لمیٹڈ - ایسوسی ایٹ کمپنی

پاک گریس مینوفیکچرنگ کمپنی لمیٹڈ (پی جی ایم سی ایل) 10 مارچ 1965 کو پاکستان میں ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم ہوئی۔ اس کمپنی کی بنیادی سرگرمی پٹرولیم گریس مصنوعات کی تیاری اور فروخت ہے۔ پی جی ایم سی ایل میں پی ایس او 22 فیصد ایکوئٹی کی حصہ دار ہے۔

### پاکستان ریفائنری لمیٹڈ - ذیلی کمپنی

پاکستان ریفائنری لمیٹڈ (پی آر ایل) مئی 1960 میں پاکستان میں بطور پبلک لمیٹڈ کمپنی قائم ہوئی اور یہ پاکستان اسٹاک ایکسچینج میں اندراج کی حامل ہے۔ یہ ریفائنری کراچی، پاکستان کی ساحلی پٹی پر واقع ہے اور اسے ملک کی اسٹریٹیجک اور مقامی فیول کی ضروریات کو پورا کرنے کے لیے مختلف درآمد شدہ اور مقامی خام تیل کو پراسیس کرنے کے لیے ڈیزائن کیا گیا ہے۔ پی ایس او فی الحال پی آر ایل میں 63.6 فیصد ایکوئٹی کی حصہ دار ہے۔

## کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

پی ایس او کا بورڈ اپنی اُن تمام ذمہ داریوں سے مکمل طور پر واقف ہے جو سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) کے قوانین برائے 2013 اور لسٹڈ کمپنیز (کارپوریٹ گورننس کا ضابطۂ اخلاق) کے ضوابط برائے 2019 کے تحت اس پر لاگو ہوتی ہیں۔

مندرجہ ذیل نکات پی ایس او کے کارپوریٹ گورننس کے اعلیٰ معیار کے حصول اور مسلسل بہتری لانے کے عمل سے وابستگی کا اظہار کرتے ہیں:

- کارپوریٹ گورننس کے متعلقہ قوانین کی تعمیل کی گئی ہے۔
- کمپنی کی مینجمنٹ کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے معاملات، اس کے آپریشنز کے نتائج، کیش فلوز، جامع آمدنی کے گوشوارے اور ایکوئٹی میں تبدیلیوں کی درست عکاسی کرتے ہیں۔
- کمپنی کے بہی کھاتے موزوں طور پر برقرار رکھے گئے ہیں۔

پی ایس او کو ایک بروقت اور مکمل ٹیکس دہندہ کمپنی ہونے پر فخر ہے اور ہمیشہ اس بات کو یقینی بناتا ہے کہ تمام ٹیکسز، ڈیوٹیاں، محصولات وغیرہ آئینی میعاد کے مطابق ادا کردیے جائیں۔ چنانچہ، کمپنی کے ذمے کوئی بھی قرضہ جاتی یا واجب الادا قانونی ادائیگیاں نہیں ہیں۔

### کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کے مطابق پی ایس او کی تازہ ترین درجہ بندی یہ ہے:

| | |
|---|---|
| مختصر میعاد | A1+ |
| طویل میعاد | AA+ |

### ڈیویڈنڈ اور دیگر تخصیصات

کمپنی کی کارکردگی کی بنیاد پر، بورڈ آف مینجمنٹ نے 10 روپے فی شیئر (100%) کے حتمی کیش ڈیویڈنڈ کا اعلان کیا ہے جو کہ 5 روپے فی شیئر کے عبوری کیش ڈیوڈنڈ کے علاوہ ہے۔ مالی سال 2021 کے لیے ڈویڈنڈ 15 روپے (150%) فی شیئر ہے جو کہ مالی سال 2020 میں صفر روپے (صفر %) تھا۔ نتیجتاً، مالی سال 2020 میں شیئر ہولڈرز کو کی جانے والی صفر ادائیگیوں کے مقابلے میں موجودہ سال 7.04 بلین روپے کی مجموعی ادائیگیاں کی گئیں۔

### وسل بلوئنگ پالیسی

اس پالیسی کے تحت پی ایس او اپنے ملازمین، بورڈ کے ارکان، متعلقہ افسران، کنٹریکٹرز، خدمت سے استفادہ حاصل کرنے والے افراد، کسٹمرز یا کسی بھی عام شہری کو ایک ایسا پلیٹ فارم مہیا کرتی ہے جہاں کسی بھی نامناسب حرکت یا غلط فعل کی نشاندہی کی جاسکتی ہے۔

### کاروباری اصول اور ضابطۂ اخلاق کی پالیسی

اس پالیسی کا مقصد ملازمین کو اپنی تمام کاروباری اور پیشہ ورانہ سرگرمیاں کمپنی کے مفاد میں انجام دینے کے لیے اخلاقیات کے اعلیٰ ترین معیار کی پاسداری کے سلسلے میں رہنمائی اور ترغیب مہیا کرنا ہے جو کمپنی کے کلیدی اقدار سے ہم آہنگ ہو اور اس سے کسی ذاتی فائدے کو پیشِ نظر نہ رکھا جائے۔

### مفادات کے تصادم کی پالیسی

اس میں وہ مخصوص حالات بیان کیے گئے ہیں جو براہِ راست کمپنی کے مفادات سے متصادم ہوں۔ تصادم کے کسی بھی ممکنہ معاملے کا ریکارڈ اپ ڈیٹ کرنے کے لیے ہر سال ایک مشق کی جاتی ہے۔ کاروباری امور کے خطرات پر مبنی آڈٹ میں آپریشنز، سسٹمز اور داخلی کنٹرولز کا آزادانہ اور بامقصد تجزیہ کیا جاتا ہے۔

### داخلی مالیاتی کنٹرولز کی موزونیت

بورڈ آف مینجمنٹ نے داخلی مالیاتی کنٹرولز پر مستعد و مؤثر سسٹم تخلیق کیا ہے۔ ان کنٹرولز کے نفاذ کی نگرانی باقاعدگی کے ساتھ خودمختار انٹرنل آڈٹ کا شعبہ عمل میں لاتا ہے جو براہِ راست متعلقہ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ آڈٹ کمیٹی میعادی بنیاد پر داخلی کنٹرولز کے فریم ورکس اور کمپنی کے مالیاتی گوشواروں کی مؤثر پذیری اور موزونیت کا جائزہ لیتی ہے۔

### دیگر امور

ایکسٹرنل آڈیٹرز کی جانب سے درج ذیل امور کو بطورِ خاص کلیدی امور کے طور پر زیرِ غور لایا گیا کیونکہ یہ مالی سال 2021 کے لیے مالیاتی گوشواروں کے آڈٹ کے حوالے سے سب سے زیادہ اہمیت کے حامل تھے:

- ☆ حکومتِ پاکستان سے بعد از میعاد تجارتی اور دیگر وصولیاں (بحوالہ نوٹس 13 اور 16 از غیر مجتمع مالیاتی گوشوارے)۔
- ☆ ریونیو/ آمدنی کی وصول یابی (بحوالہ نوٹس 29 اور 31 از غیر مجتمع مالیاتی گوشوارے)۔

### آڈیٹرز

30 جون 2022 میں اختتام پذیر ہونے والے مالی سال کے لیے بورڈ آف مینجمنٹ نے بورڈ آڈٹ اینڈ کمپلائنس کمیٹی کی تجویز پر کمپنی کے لیے میسرز کے پی ایم جی تاثیر اینڈ ہادی کمپنی، چارٹرڈ اکاؤنٹس کی بطور آڈیٹر تقرری کی توثیق کی ہے۔

کے قریب ضلع محمود کوٹ مظفر گڑھ میں ابتدائی تشخیص، ادویات، طبی تحقیقات کے لیے بنیادی لوازمات کا حامل ایک بنیادی صحتِ عامہ کا یونٹ اور اس کے علاوہ صاف پانی کے لیے آر او پلانٹ بھی لگایا، تاکہ گردونواح کے علاقے صحتِ عامہ اور صاف پانی کی بنیادی سہولیات سے بہرہ مند ہوسکیں۔ آتشزدگی کے حادثے میں جاں بحق ہونے والے افراد کے گھرانوں کے ساتھ مالی معاونت بھی کی گئی۔ مزید برآں، رمضان شریف میں، سیلانی ویلفیئر ٹرسٹ کے ذریعے سندھ اور بلوچستان کے صوبوں میں راشن تقسیم کرنے کی مہم انجام دی گئی۔ گردونواح کے علاقے کو سہولیات سے آراستہ کرنے کے لیے، پی ایس او سی ایس آر ٹرسٹ نے پی ایس او ہاؤس کے نزدیک ایک سڑک کی تعمیر نو/ مرمت بھی کی ہے۔

کمپنی نے عوام میں بیداری پیدا کرنے کے لیے ملک گیر پیمانے پر ویکسینیشن سے متعلق آگاہی مہم چلائی اور ملک کے مختلف مقامات پر تقریباً 500 ویکسینیشن سینٹرز کا قیام اور 100 موبائل ویکسینیشن وین متحرک کرنے کا قدم اٹھایا۔ کمپنی اب تک کوویڈ-19 کی ویکسینیشن کی 114,000 ڈوز شہریوں کو فراہم کرچکی ہے۔

## مالیاتی انتظام کاری

COVID-19 کی صورتحال میں، تمام ہی اداروں کے لیے مالیاتی انتظام کاری پہلے سے کہیں زیادہ اہمیت اختیار کرگئی ہے۔ مالی سال 2021 کے دوران، شعبۂ مالیات نے اسٹریٹیجک شراکت داری کا اپنا کردار جاری رکھا اور محتاط مالیاتی انتظام کاری کی پالیسیاں اپنائیں۔ مالی سال 2021 پی ایس او کے لیے ایک مشکل سال رہا جس کی وجہ، خصوصاً جنوری 2020 کے بعد سے، ایل این جی کی فراہمی کے عوض جزوی ادائیگیوں کے باعث SNGPL سے واجب الوصول رقوم میں اضافہ تھا۔ تاہم، دورانِ سال کم شرح پر قرضوں کی دستیابی کے نتیجے میں نقد پذیری کے انتظامی مسائل میں مالی سال 2020 کے مقابلے میں نسبتاً کمی آئی، جس کی وجہ یہ تھی کہ اسٹیٹ بینک آف پاکستان نے معیشت کو ضروری تحریک دینے کے لیے پالیسی کی کم شرح کو برقرار رکھا تھا۔

پی ایس او کا ٹریژری ڈیپارٹمنٹ، جو ملک کا سب سے بڑا کاروباری شعبہ ہے، سالانہ 2.5 ٹریلین روپے سے زائد رقوم کے مجموعی فلوز منظم کرتا ہے اور پاکستان کے 16 صفِ اول کے بینکوں کے ساتھ کاروباری تعلقات رکھتا ہے۔ پی ایس او نے کم سے کم ممکنہ اسپریڈز پر سرمایہ کاری کی دستیابی یقینی بنائی جس کا نتیجہ بالآخر کمپنی کے لیے بہترین سرمایہ کارانہ لاگت کی صورت میں برآمد ہوا۔ دورانِ سال، کمپنی نے متعلقہ اداروں کے ساتھ اپنے مسلسل فالو اپ کے ذریعے توانائی کے شعبے سے 13.4 بلین روپے وصول کیے۔

پی ایس او آزادانہ اور شفاف کاروباری مالیاتی رپورٹنگ پر یقین رکھتی ہے۔ کمپنی نے اپنے اسٹیک ہولڈرز اور انتظامی اداروں کو مالیاتی اور کاروباری رپورٹنگ فریم ورک کے مطابق کمپنی کے نتائج کی بروقت اور درست رپورٹنگ کو یقینی بنایا۔ ٹیم نے خود کو مسلسل ارتقاء پذیر اکاؤنٹنگ اور رپورٹنگ کی ہدایات، معیارات اور رپورٹنگ کے لوازمات سے ہم آہنگ رکھا۔ کمپنی نے شیئر ہولڈرز اور تجزیہ کاروں کو کمپنی میں ہونے والی تمام تر پیش رفت سے آگاہ رکھنے کے لیے مالی سال 2021 میں ایک کاروباری بریفنگ سیشن بھی منعقد کیا۔ مالیاتی رپورٹنگ میں شاندار سفر اُس وقت اپنے عروج پر پہنچا جب پی ایس او نے ICAP اور ICMAP کی جانب سے مشترکہ طور پر منعقد کردہ، تیل اور گیس کے شعبے میں بہترین کارپوریٹ رپورٹ ایوارڈز برائے 2019 کے مقابلے میں تیسری سے دوسری پوزیشن پر پہنچ کر اپنی پوزیشن بہتر بنائی۔

مہارت کا یہ سفر جاری رہا اور اس سال کے اختتام پر پی ایس او نے بہترین کارپوریٹ رپورٹ ایوارڈز برائے 2020 میں دوسری پوزیشن حاصل کی۔

## قومی خزانے میں معاونت

کمپنی ہمیشہ کی طرح قومی خزانے کے لیے صفِ اول کے ٹیکس ادا کنندگان میں شامل ہے، جس کی تفصیل یہ ہے:

| | 2020-21 | 2019-20 |
|---|---|---|
| | بلین پاکستانی روپوں میں | |
| سیلز ٹیکس | 198 | 174 |
| پیٹرولیم محصول | 191 | 143 |
| دیگر ڈیوٹیاں اور ٹیکسز | 53 | 50 |
| میزان | 442 | 367 |

کو اس کی ماحولیاتی ذمہ داریوں اور اس کے کاروباری آپریشنز کے لیے پائیدار نقطہ نظر کو یقینی بنانے کے کا اعادہ کرتا ہے۔

پی ایس او نے بزنس سپلائی چین کے لیے آئی ایس او 9001:2015 کامیابی کے ساتھ دوبارہ سرٹیفکیٹ حاصل کیا۔ یہ سرٹیفکیشن دستاویزی نظام اور طریقہ کار کے ذریعے "کسٹمر کے اطمینان" پر توجہ مرکوز کرتا ہے۔

## سوشل ریسپانسیبلیٹی پالیسی

کمپنی کی سی ایس آر اور خدمتِ خلق کی سرگرمیاں پی ایس او سی ایس آر ٹرسٹ کے زیرِ انتظام عمل میں آتی ہیں۔ کمپنی سی ایس آر سرگرمیوں کے لیے اپنا 1 فیصد منافع قبل از ٹیکس (PBT) جمع کرواتی ہے، تاہم مالی سال 2020 میں خسارے کے باوجود، بورڈ نے نہ صرف جاری بلکہ نئے منصوبوں کے لیے بھی 113 ملین روپے کا بجٹ منظور کیا تھا۔ عطیات متعلقہ قوانین اور پالیسیوں، بشمول سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے جاری کردہ کاروباری سماجی ذمہ داری کی رضاکارانہ ہدایات برائے 2013 اور ٹرسٹ کے معاہدے میں درج ٹرسٹ کے مقاصد کے مطابق ادا کیے جاتے ہیں۔ سی ایس آر ٹرسٹ نے فیڈرل بورڈ آف ریونیو سے این پی او کا اسٹیٹس حاصل کرنے کے لیے پاکستان سینٹر برائے خدمتِ خلق (PCP) سے سند حاصل کر لی ہے۔

## عطیاتی اکاؤنٹ کی کارکردگی کے اقدامات کا گوشوارہ

پی ایس او سی ایس آر ٹرسٹ اور کمپنی ملک بھر سے عطیات کی درخواستوں پر عمل درآمد کے لیے ایک جامع دستور العمل اختیار کرتے ہیں۔ کسی بھی درخواست کی باضابطہ قبولیت کے فیصلے تک پہنچنے سے پہلے فنڈز/امداد کی درخواستوں کا بھرپور تجزیہ کیا جاتا ہے۔ اس حوالے سے جانچ پڑتال کا ایک کڑا نظام نافذ العمل ہے تاکہ اس بات کو یقینی بنایا جائے کہ عطیات سب سے زیادہ ضرورت مند طبقوں میں شفاف ترین طریقے سے پہنچیں۔ عطیات کی درخواستوں کے لیے مطلوبہ دستاویزات وصول ہوجانے اور ان پر تجزیاتی عمل مکمل ہوجانے کے بعد، عطیے کی ابتدائی درخواستوں پر پی ایس او سی ایس آر ٹرسٹ کی ذیلی کمیٹی کی جانب سے نظر ثانی کی جاتی ہے۔ ذیلی کمیٹی ٹرسٹ کے مقاصد کے مطابق اور پیشگی متعین شدہ فریم ورک کی بنیاد پر درخواستوں کا جائزہ لیتی ہے۔ اہلیت پر پورا اترنے والی درخواستوں پر ٹرسٹ کی جانب سے مزید نظر ثانی کی جاتی ہے اور پھر انہیں منظور کیا جاتا ہے۔

مالی سال 2021 میں پی ایس او سی ایس آر ٹرسٹ نے تعلیم، صحتِ عامہ، معاشرتی تعمیر و ترقی اور ماحول کے شعبوں میں ملک بھر میں مختلف مقاصد اور اداروں کے ساتھ 102 ملین روپے کی مالیت کا تعاون کیا۔

## تعلیم

تعلیم پی ایس او سی ایس آر ٹرسٹ کے لیے ہمیشہ سے ہی ایک بنیادی توجہ کا حامل شعبہ رہا ہے۔ مالی سال 2021 میں، پسماندہ علاقوں کی مدد کے لیے اندازاً 60 ملین روپے کے عطیات دیے گئے۔ مالی سال 2021 میں کمپنی کے عطیات کی بدولت بہت سے تعلیمی اداروں کو اپنے انفراسٹرکچر کی تعمیر اور اسے جدید بنانے میں بھی مدد ملی۔ سی ایس آر ٹرسٹ نے مختلف اداروں جیسے کہ دی سٹیزن فاؤنڈیشن (TCF)، انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن (IBA)، لاہور یونیورسٹی آف مینجمنٹ سائنسز (LUMS)، پروفیشنل ایجوکیشن فاؤنڈیشن (PEF)، فیملی ایجوکیشن سروسز فاؤنڈیشن (FESF)، اخوت وغیرہ کے لیے اپنا تعاون پیش کیا۔

## صحتِ عامہ

پی ایس او سی ایس آر ٹرسٹ نے پاکستان بھر میں صحتِ عامہ کے شعبے میں 15.5 ملین روپے کا عطیہ دیا۔ ٹرسٹ نے، صحتِ عامہ کے مختلف معروف اداروں کے ساتھ مل کر، پاکستان کے عوام کو صحتِ عامہ کی سہولیات فراہم کیں۔ اس سلسلے میں امراضِ چشم کے علاج کے لیے لٹن رحمت اللہ بینیولینٹ ٹرسٹ (LRBT)، آگ سے متاثرہ مریضوں کے علاج کے لیے فرینڈز آف برن سینٹر (FOBC)، اور امراضِ خون کے علاج کے لیے فاطمید فاؤنڈیشن وغیرہ کے ساتھ مالی تعاون کیا۔

## کمیونٹی بلڈنگ اور انوائرمنٹ

26.7 ملین روپے کے عطیے کے ساتھ، پی ایس او سی ایس آر ٹرسٹ نے معاشرے کی تعمیر کے منصوبوں پر توجہ مرکوز کی۔ مشہور و معروف این جی او، HANDS کے اشتراک سے، ٹرسٹ نے پی ایس او کی محمود کوٹ تنصیب

کیے گئے۔

پی ایس او کا مطمعِ نظر عالمی اسناد کے حصول کے ذریعے ملازمین کا پیشہ ورانہ مہارت کو فروغ ہے۔ اس سلسلے میں نے ملازمین کے لیے عالمی معیارات سے ہم آہنگ سرٹیفائیڈ انفارمیشن سسٹم آڈیٹر (CISA سرٹیفکیشن) پروگرام کا اہتمام کیا گیا۔ اہم ترین شعبوں جیسے کہ فٹرز اور الیکٹریشنز کے اسٹاف کے لیے پہلی مرتبہ پیشہ ورانہ تربیت اور سرٹیفکیشن پروگرامز منعقد کیے گئے۔ اسٹاف کے لیے ذاتی حفظانِ صحت، ڈرائیونگ کے تحفظ اور ابتدائی طبی امداد اور ہنگامی ردعمل کے حامل دیگر سیشنز کا بھی اہتمام کیا گیا۔ پی ایس او خواتین کی بھرپور حمایت کرتا ہے، کیونکہ وہ پوری ویلیو چین میں اسٹیک ہولڈرز ہیں۔ خواتین اسٹاف ممبرز کے لیے ایک خصوصی 'ذاتی دفاع' کا سیشن منعقد کیا گیا تاکہ انہیں ایسے طریقوں سے آراستہ کیا جاسکے جو ذاتی تحفظ سے کہیں آگے بڑھ کر انہیں قوت عطا کرے، یعنی اُن کی خوداعتمادی اور ذاتی ترقی میں اضافے کا پیش خیمہ بنے۔

کسٹمر سروس کی اہمیت کو سمجھتے ہوئے، ایک ڈیجیٹل پلیٹ فارم استعمال کیا گیا اور احاطے میں موجود حاضرین کے لیے کسٹمر سروسز پر متحرک ویڈیوز کی ایک سیریز تخلیق کی گئی جسے ملک بھر کے ریٹیل آؤٹ لیٹس پر علاقائی زبانوں میں کامیابی سے پیش کیا گیا۔ علمی ضروریات کے تجزیے کی ایک کثیرالجہت سرگرمی منعقد کی گئی تاکہ آئندہ سال کے لیے علمی ضروریات کا تخصیصی جائزہ لیا جائے اور ایک جامع علمی منصوبہ تشکیل دیا جائے۔ مسلح افواج کے جوانوں کے لیے پی او ایل کے علمی پروگرامز شروع کردیے گئے ہیں جنھیں مختلف جدید کورسز، ملاقاتوں اور فیلڈ وزٹس کے ذریعے تربیت دی جائے گی۔

### کسٹمر سروسز

یہ شعبہ اس وقت بھرپور انداز میں کام کرتا ہوا ایک اِن باؤنڈ/آؤٹ باؤنڈ کال سینٹر ہے جو اس بات کو یقینی بناتا ہے کہ تمام کالز کا جواب پہلے سے متعین کردہ وقت کی ابتدائی حد کے اندر دے دیا جائے۔ یہ موجودہ اور نئے کسٹمرز کو بعد از فروخت اور شکایات کے حل کی خدمات فراہم کرتا ہے۔ کسٹمر کے سوالات اور مسائل کو کسٹمر کے اطمینان کی حد تک، ابلاغ کے مختلف ذرائع سے حل کیا جاتا ہے جن میں اِن باؤنڈ/آؤٹ باؤنڈ کالز، ای میلز وغیرہ شامل ہیں۔

اس شعبے نے تعلق کیئر لائن کے ذریعے 98 فیصد سروس کی سطح کامیابی سے حاصل کی۔ اس کے علاوہ اس میں کارڈز کی فعالیت اور کارڈز کسٹمرز کے لیے سہولیات کی فراہمی بھی شامل ہے۔ ٹیم نے کسٹمرز کے سوالات و مسائل پر مؤثر عمل درآمد کیا اور ان کا حل فراہم کیا۔

اس شعبے نے حال ہی میں اپنے رابطے کے ذرائع میں اضافہ کرتے ہوئے فیس بک اور ویب سائٹ چیٹ بوٹ کو کسٹمر سروسز کے ساتھ کامیابی سے یکجا کردیا ہے۔ یہ مارکیٹنگ کے ساتھ ہم آہنگی سے کام کرتے ہوئے دیگر پیداواری سرگرمیوں میں بھی اپنا کردار ادا کررہا ہے۔

### کارپوریٹ سوشل ریسپانسیبلیٹی اور سسٹینیبلیٹی

پی ایس او ملک بھر میں پسماندہ علاقوں کی بہتری کے لیے اپنے آپریشن کا دائرہ کار اور حجم کا استعمال کرتا ہے، خاص طور پر جغرافیائی مقامات پر جہاں پی ایس او نے آپریشنز کا ایک بیس قائم کیا ہے۔ اپنی کاروباری حکمت عملی میں سی ایس آر ٹرسٹ اور کاروباری خدمت خلق کے انضمام کے ساتھ، پی ایس او اسٹیک ہولڈر کے درمیان مشترکہ اقدار کو بڑھانے میں مدد دے رہا ہے اور کے ساتھ ساتھ ہی عوامی سطح پر اپنی کاروباری ساکھ کو بہتر بنا رہا ہے۔

پائیداری پی ایس او کاروباری حکمت عملی کا لازمی جز ہے۔ یورو 5 MOGAS اور HSD کا آغاز ایندھن میں نقصان دہ مادوں کو کم کرنے کے ذریعے ماحول کی حفاظت کی جانب ایک مثبت قدم ہے، جبکہ ساتھ ہی گاڑیوں میں نئی ایمیشن کنٹرول ٹیکنالوجیز کا استعمال فضائی آلودگی کو کم کرنے میں معاون ثابت ہوگی۔

### حاصل کردہ سرٹیفکیشنز اور منتخب کردہ بین الاقوامی معیارات

زیر جائزہ مدت کے دوران، پی ایس او نے اپنے ایوی ایشن، میرین اینڈ ایکسپورٹ بزنس کے لیے آئی ایس او 14001: انوائرمینٹل مینجمنٹ سسٹم EMS سرٹیفکیشن حاصل کی ہے۔ یہ سرٹیفکیشن پی ایس او کے عزم اور کامیابی

ہیں۔ پالیسی ملازمین کو یہ سمجھنے میں مدد کے لیے مرتب کی گئی ہے کہ آن لائن رہتے ہوئے کیسا طرزِ عمل اپنایا جائے جو نہ صرف خود اُن کے بلکہ پی ایس او کے لیے بھی مثبت اور صحت مندانہ ہو۔

- پی ایس او کا مینٹورشپ پروگرام اور سی اے اور اے سی سی اے ٹرینی کی پالیسیاں اس مقصد کو ذہن میں رکھ کر متعارف کروائی گئیں کہ مینٹورشپ اور تربیت کے ذریعے پیشہ ورانہ تعلقات کو فروغ دیا جائے، طلبہ اور حالیہ گریجویٹس کو یہ موقع دیا جائے کہ وہ کاروباری ماحول میں براہِ راست عملی تجربہ حاصل کریں اور پاکستان کی سب سے بڑی آئل مارکیٹنگ کمپنی میں کام کے ماحول سے آشنا ہوں۔

**ہیومن ریسورس سروسز**

پی ایس او اپنی افرادی قوت کی فلاح و بہبود پر یقین رکھتا ہے چنانچہ اسی نسبت سے ان کے لیے ایک صحت مند ماحول کی تخلیق کے لیے کوشاں ہے۔ سال کے دوران مندرجہ ذیل اہم اقدامات عمل میں لائے گئے:

- ملازمین کے لیے سالگرہ کی مبارکباد کا پروگرام متعارف کروایا گیا۔

- پی ایس او کی مینجمنٹ نے ملازمین کے مذہبی تہواروں پر انہیں تہنیتی پیغامات بھیج کر ہم آہنگی کو فروغ دیا۔

- 117 ملازمین جو اپنی ملازمت میں 25 سال یا اس سے زائد عرصہ مکمل کر چکے تھے انہیں مینجمنٹ کی جانب سے طویل سروس ایوارڈز کے ذریعے سراہا گیا۔

- پی ایس او کے نئے ویلیو سسٹم سے ہم آہنگ رہتے ہوئے اور شرکتِ عمل کے فروغ کے لیے، پی ایس او نے 16 اپریل، 2021 کو خواتین کے دوسرے اجتماعی سیشن کا انعقاد کیا۔ اس سال کے لیے منتخب کردہ موضوع تھا ''عورت - اختیار، طاقت اور توازن!''۔

- COVID-19 لاک ڈاؤن کے دوران ملازمین کے تحفظ کو یقینی بنانے کے لیے انہیں گھر سے کام کرنے کی ترغیب دی گئی۔ مختلف وقفوں میں، 50 فیصد یا اس سے کم افراد کو دفتر سے کام کرنے کی ہدایت دی گئی۔ کام کے دوران دی جانے والی ضروری ہدایات میں میعادی بنیاد پر جراثیم کش اسپرے، ماسک پہننا، ہینڈ سینیٹائزر کا استعمال، درجۂ حرارت کی پیمائش اور سماجی فاصلہ برقرار رکھنا شامل تھا۔

- اس عالمگیر وبا کے دوران، ملازمین اور ان کے افرادِ خانہ کو سہولت مہیا کرتے ہوئے، کمپنی نے پی ایس او کے ملازمین کے لیے COVID-19 کے بلامعاوضہ ٹیسٹس کا انتظام کیا۔

- پی ایس او نے محکمۂ صحت، حکومتِ سندھ کے تعاون سے ویکسینیشن مہم کا آغاز کیا جس کی شروعات پی ایس او ہاؤس اور اس کے ڈپوز اور تنصیبات سے کی گئی۔ اور اس مہم کے ذریعے 100٪ ملازمین ویکسینیٹڈ ہو چکے ہیں۔

**انڈسٹریل ریلیشنز**

ایسے نان مینجمنٹ ملازمین کو ترقی دی گئی جنہوں نے یا تو بنیادی برقی تربیت کی ورکشاپ میں فعال انداز میں شرکت کر کے کامیابی کے ساتھ سند حاصل کی تھی یا جنہوں نے 10 سال یا اس سے زائد عرصے تک کمپنی کے تمام قوانین کی تعمیل کی تھی۔

**لرننگ اور ٹریننگ**

پی ایس او ملازمین کی مسلسل ترقی و نشوونما کی روایت کا علمبردار ہے۔ مختلف اہلیتوں اور اقدار کے مطابق متعدد تربیتی پروگرامز کی ابتدا کی گئی۔ موجودہ سال کی سرگرمیوں میں صحت، تحفظ اور ماحول کے حوالے سے مخصوص افعالی اور ٹیکنیکی اہلیتوں کا فروغ، لبریکینٹس مصنوعہ کا علم، انفراسٹرکچر اور ریٹیل کی تعمیر، بمعہ اسٹوریج ٹینکس کا معائنہ، مرمت، تبدیلی اور تعمیر نو اور کمپیوٹر پر مبنی پروجیکٹ مینجمنٹ۔ لاگت سازی اور فنڈ مینجمنٹ پر SAP پر مبنی دیگر پروگرامز کا اہتمام کیا گیا۔ کسٹمر کیئر اسٹاف کے لیے سیشنز کے ذریعے لاجواب سروس کو فروغ دیا گیا۔ اسی طرح، ابلاغ، گفتگو کی صلاحیتوں اور لیڈرشپ کی تشکیل کے بنیادی شعبوں میں سافٹ اسکلز کے پروگرام منعقد

ادارے کے طور پر مسلسل ترقی کے سفر پر گامزن ہے، لہٰذا مالی سال 2021 کے دوران افرادی قوت کی بہتری، ترقی اور شرکتِ عمل پر توجہ مرکوز کرتے ہوئے ہیومن ریسورس اصلاحات عمل میں لائی گئیں۔

### ادارے کا تنظیمی ڈھانچہ

HR میں کی جانے والی انقلابی تبدیلی 'مستعدی پروگرام' کے تحت عمل میں لائی گئی، جسے پی ایس او کے بورڈ آف مینجمنٹ نے منظور کیا تھا اور جسے بیرونی مشاورتی پارٹنر کی تائید حاصل تھی، تاکہ پی ایس او کو ایک ایسے متحرک ادارے میں ڈھالا جائے جو مسلسل تبدیلی کی ضرورت کے حامل ماحول میں بھی ترقی کا سفر جاری رکھے۔

اس کا مقصد یہ تھا کہ ڈیجیٹائزیشن، خودکاریت، تنوع اور توسیع کی بدولت خوبیوں کو یکجا کیا جائے، عملی طریقوں کو باقاعدگی عطا کی جائے اور ہم آہنگیاں پیدا کی جائیں۔ کاروبار کے تجارتی پہلو کو جغرافیائی تحفظ دیا جائے گا تاکہ کاروبار کے مخصوص جغرافیائی منظرنامے پر توجہ کو بڑھایا جائے اور ساتھ ساتھ فوری اور باسہولت اقدام کے لیے ٹیموں کو اختیار دیا جائے۔ آپریٹنگ ماڈل میں کی جانے والی تبدیلیاں مضبوط برانڈز کے پورٹ فولیو اور جدید منظم فریم ورک کو ترجیح دیتے ہوئے، پی ایس او مارکیٹنگ کو مزید پیش رفت کی جانب گامزن کرنے کے ساتھ ساتھ اس کی تکمیل کسٹمرز اور صارفین کے لیے مزید ممکن بنائے گی۔

اسی طرح، تجارتی سرگرمیوں، پروڈکٹ کی سورسنگ سے لے کر فراہمی تک موثر بلحاظ لاگت رسدی سلسلے، ڈیجیٹائزیشن اور تنوع و توسیع پر اسٹریٹیجک توجہ کے ساتھ ذمہ داریوں کا ازسرِ نو تعین کیا گیا۔ ذمہ داریوں کی ترتیبِ نو کو تجارتی، مارکیٹنگ اور اختراع، مالیات، رسدی سلسلے اور حکمتِ عملی پر مشتمل سی-لیول اسٹرکچر کے ذریعے منظم کیا جارہا ہے۔

پی ایس او نے واضح کیریئر پاتھ کے اظہار کے لیے جدید طرز پر عہدوں کو تشکیل دینے، رپورٹنگ تعلقات کو واضح کرنے، شفافیت کے ساتھ بہترین ٹیلنٹ کو سامنے لانے اور فروغ دینے، مستعدی، اور جدت انگیزی جیسے محرکات پر اپنی بنیادیں استوار کرنے کے ذریعے اسٹریٹیجک طریقے سے اپنے اندرونی آرکیٹیکچر کو ازسرِ نو تشکیل دیا۔ 'گروپ' اسٹرکچر کو ایک نئی، جدید اصطلاح 'لیول' میں تبدیل کردیا گیا جس سے موثر باہمی روابط (داخلی اور خارجی دونوں) کی اہلیت میں اضافہ ہوا اور ملازمین میں ذمہ داری و اختیار کا بھرپور احساس پیدا کرنے، فیصلہ سازی کی زیادہ قوت دینے اور ٹیم کے اعتماد اور اتحاد کو فروغ دینے میں بھی مدد ملی۔

### ہیومن ریسورس مینجمنٹ کی پالیسیاں

HR پالیسیوں پر مارکیٹ کے بہترین عملی طریقوں کے مطابق میعادی بنیاد پر نظرِ ثانی کی جاتی ہے۔ بعض اہم پالیسیاں جنہیں تبدیل کیا گیا/ فروغ دیا گیا، یہ ہیں:

- بھرتی اور انتخاب کی پالیسی، جو ملازم کے کیریئر کو فروغ دینے کے ساتھ ساتھ اس کی موجودہ صلاحیتوں اور تجربے سے استفادہ کرتے ہوئے کاروباری ادارے میں منظور شدہ ادارتی چارٹ اور عہدوں میں اسامیاں پُر کرنے کے لیے پالیسی کے اجزاء اور بنیادی اصولوں کی وضاحت کرتی ہے اور داخلی ملازمتی تعیناتیوں (IJP) کا تصور سمجھاتی ہے۔

- ملازم کی تادیبی پالیسی ارتکاب و فروگزاشت کے ان افعال کو نمایاں کرتے ہوئے تادیبی اقدامات کے دستورالعمل کی پیمانہ بندی کرتی ہے جنہیں کمپنی کی جانب سے ناشائستہ فعل سمجھا جاتا ہو۔ ناجائز/ ناشائستہ افعال کی درجہ بندی کی جاتی ہے اور ہر اقدام کے لیے مراحل مخصوص ہیں۔

- کیریئر میں ترقی کی پالیسی پر نظرثانی تاکہ عمودی ترقی کے ساتھ ساتھ افقی ترقی کے تصور کو متعارف کروایا جائے۔ پالیسی کا مقصد اس بات کی نشاندہی میں شفافیت اور اور اہلیتی معیار کو یقینی بنانا ہے کہ مینجمنٹ کے ملازمین کیریئر میں ترقی کے حوالے سے اعلیٰ تر درجے کی ذمہ داریاں نبھانے کے اہل ہوں۔

- سماجی میڈیا کی پالیسی اس بات کو مدِ نظر رکھ کر بنائی گئی ہے کہ کمپنی کی نمائندگی سماجی میڈیا کے ذریعے سے کی جائے۔ آن لائن سماجی نیٹ ورکس میں عوامی اور نجی، ذاتی اور پیشہ ورانہ کی درمیانی لکیریں غیر اہم ہوجاتی

سہولیاتی مراکز پر 'بڑی آتشزدگی سے تحفظ' کا ہدف بھی حاصل کیا۔

### HSE آڈٹس اور معائنے

دورانِ سال، تقریباً 974 ریٹیل آؤٹ لیٹس، بشمول سی این جی اسٹیشنز اور کمپنی کے سہولیاتی مراکز کے HSE آڈٹس کیے گئے۔

### پروسیس سیفٹی مینجمنٹ

عملی خطرات کے مناسب حل کو یقینی بنانے کے لیے، پی ایس او نے HSE مینجمنٹ فریم ورک میں پروسیس سیفٹی کو متعین کیا ہے۔ مالی سال 2021 میں، تیکنیکی جائزہ کمیٹی کی جانب سے 50 سے زائد مینجمنٹ آف چینج (MOC) معاملات اور 50 سے زائد نئی تخصیصات کا جائزہ لیا گیا اور ان کی منظوری دی گئی۔ ہمارے سہولیاتی مراکز میں کئی بڑے پروجیکٹس اور روزمرہ وغیر روزمرہ کاموں کے دوران اہم پی ایس ایم سسٹمز جیسے کہ کام کی اجازت، خطرات کا تجزیہ، توانائی کا انقطاع، ہنگامی امداد، کنٹریکٹر سیفٹی مینجمنٹ وغیرہ سے مؤثر طور پر عہدہ برآ ہونے کے لیے آپریشنل، پروجیکٹس اور HSE ٹیموں کی جانب سے بھرپور کاوشیں عمل میں لائی گئیں تاکہ لوگوں، پلانٹ اور پروسیسز کو کسی بھی نقصان سے بچایا جاسکے۔

### ملازمین کی شرکتِ عمل کے پروگرامز

ملازمین کو خطرات کے تجزیے اور ماضی کے حادثات سے سیکھے ہوئے سبق کی بنیاد پر مختلف HSE تعلیمی مواد کے ذریعے شرکتِ عمل کا حامل بنایا گیا جیسے کہ 'ریٹیل آؤٹ لیٹس کے لیے ارتھنگ تشخیصات'، 'بلندی پر کام کرنا' اور 'دفاعی ڈرائیونگ' وغیرہ۔

### ماحولیاتی تحفظ

استحکام پی ایس او کی کاروباری حکمتِ عملی کا ایک بنیادی جزو ہے۔ ایک ذمہ دار کاروباری ادارے کی حیثیت سے، پی ایس او اس بات کو یقینی بناتی ہے کہ اس کی تمام کاروباری سرگرمیاں انتظامی ڈھانچے کی تعمیل کے مطابق ماحول دوست اور ذمہ دارانہ انداز میں انجام پائیں۔ تمام سہولیاتی مراکز میں دھوئیں کے اخراج اور فاضل مائعات کے ماحولیاتی پیمانوں کی مسلسل نگرانی قومی ماحولیاتی معیارات (NEQS) کے مطابق کی جاتی ہے۔

اس سال پی ایس او نے پورے پاکستان میں یورو 5 موگیس اور ہائی اسپیڈ ڈیزل کو متعارف کیا، جس نے انجن سے دھوئیں کے کم اخراج کے باعث ماحولیات پر پڑنے والے منفی اثرات کو انتہائی کم کردیا۔ اس کے علاوہ، نئے متعارف کردہ یورو 5 موگیس میں بینزین کی مقدار 80 فیصد کم ہے، جس سے مضرِ صحت بینزین کے اثرات سے خاصی حد تک محفوظ رہا جاسکے گا۔

ان سب باتوں کے علاوہ، بالترتیب 28 اپریل 2021 اور 05 جون 2021 کو صحت وحفاظت اور ماحولیات کے عالمی دن منائے گئے۔ یہ دن پی ایس او کے تمام سہولیاتی مراکز میں آگاہی سیشنز، واک اور ماحولیاتی عزم (شجرکاری) کے ساتھ منائے گئے۔

### COVID-19 کی عالمگیر وبا کے حوالے سے پی ایس او کے اقدامات

گزشتہ مالی سال سے اسمارٹ لاک ڈاؤنز کی حکمتِ عملی کو جاری رکھتے ہوئے، پی ایس او نے اس امر کو یقینی بنایا کہ اس کے تمام سہولیاتی مراکز اور دفاتر COVID-19 کے ایس او پیز بشمول ماسک، سماجی فاصلہ، ہاتھوں کی صفائی، باقاعدگی سے جراثیم کش اسپرے، داخلے کے وقت درجۂ حرارت کی پیمائش، غیر متعلقہ افراد کے داخلے کی عدم اجازت، آن لائن میٹنگز، شفٹ مینجمنٹ کے ذریعے اسٹاف کی روٹیشن اور دیگر اقدامات پر عمل پیرا ہیں۔

پی ایس او نے اس وبا کے دوران اپنے ملازمین کو گھر سے کام کرنے کی بھی اجازت دی، منظور شدہ ٹیسٹنگ لیبارٹریز سے COVID-19 کی ٹیسٹنگ کی خدمات کی فراہمی ان کے لیے یقینی بنائی اور اب وہ اپنے ملازمین کو COVID-19 کے خلاف ویکسینیشن کی ترغیب دے رہی ہے، خصوصاً اُن ملازمین کو جو زیادہ خطرات کے حامل گروپ میں ہیں۔ اب تک 100 فیصد ملازمین COVID-19 ویکسین سے فیضیاب ہوچکے ہیں۔

### ہیومن ریسورس

پی ایس او کی ہیومن ریسورس حکمتِ عملی یہ ہے کہ افرادی سرمائے کی مینجمنٹ کے ذریعے اپنے افرادی وسائل سے زیادہ سے زیادہ استفادہ کیا جائے۔ جیسا کہ پی ایس او بہترین عملی اقدامات سے ہم آہنگ رہتے ہوئے ایک

اسٹریٹ چینل میں Carient اور Blaze کی موجودگی کے پہلے سے بہتر ادراک اور دستیابی میں مدد دی۔

## کارپوریٹ مہمات:

- آزادی کا ترانہ: اس سال یومِ آزادی پر، پی ایس او نے ایک شاندار، مستند، جدت انگیز اور حب الوطنی سے بھرپور مہم "آزادی کا ترانہ" کا انعقاد کیا جس میں مثبت سوچ اور شرکتِ عمل کے پیغام کو عام کرتے ہوئے ایک روادار، متنوع اور ترقی کی راہ پر گامزن پاکستان کا جشن منایا گیا۔ اس مہم نے آزادی اور خودمختاری کے جذبے کو عام کرتے ہوئے، اتحاد کا بھرپور پیغام دیا اور تمام پاکستانیوں کے ساتھ ایک فوری رابطہ تخلیق کیا۔ یہ اشتہاری مہم کامیاب رہی اور اس نے تمام صنعتوں اور دنیا بھر سے بے پناہ مقبولیت اور تعریف و توصیف سمیٹی۔

- یومِ اقبال اور یومِ قائداعظم: اپنی قوم کے بانیان کے نصب العین اور خلوصِ محنت کو سراہنے کے لیے پی ایس او نے ڈاکٹر محمد علامہ اقبال اور قائداعظم کو ان کے یومِ پیدائش کے موقع پر ایک ڈیجیٹل مہم کے ذریعے خراجِ تحسین پیش کیا۔ اس مہم کو پی ایس او کے سماجی میڈیا پلیٹ فارمز پر چلایا گیا تاکہ اپنے پیغام کو ہم وطنوں کے ذہنوں میں راسخ اور عام کیا جائے۔

قومی دن: ڈیجیٹل ذرائع پر منائی جانے والی قومی دن کی مہموں نے عوام کے جذبات کو جلا بخشنے اور پی ایس او کی کارپوریٹ ساکھ میں اضافے کا کردار ادا کرتے ہوئے، پی ایس او کی کارپوریٹ موجودگی کو پورا سال فعال اور شرکتِ عمل کا حامل رکھا۔

- یومِ پی ایس او - 44 واں یومِ تاسیس: 2020 کے یومِ پی ایس او کا عنوان تھا "شاندار معیار کے 44 سال"۔ اس موقع پر، جشن کی خوشیوں کو مزید دوبالا کرنے کے لیے پی ایس او ہاؤس کو سجایا گیا اور اس کی برانڈنگ کی گئی۔ COVID-19 کے ایس او پیز پر عمل کرتے ہوئے، پی ایس او کی چھت پر ایک اوپن ایئر ایونٹ کا اہتمام کیا گیا جہاں کیک کاٹنے کی رسم بھی ادا کی گئی۔

- خواتین کے عالمی دن کی مہم: پی ایس او کے تنوع اور شرکتِ عمل کے لائحہ عمل میں صنفی توازن کو بنیادی حیثیت حاصل ہے۔ پی ایس او میں خودمختار خواتین کو خراجِ تحسین پیش کرنے کے لیے، خواتین کے عالمی دن برائے 2021 کے موقع پر ایک ڈیجیٹل مہم کا اہتمام کیا گیا۔ اس مہم نے پی ایس او سے منسلک باکمال خواتین کو نمایاں کیا جو اپنے اپنے شعبوں میں لیڈرز ہیں، اپنی ترقی کی راہ میں ہر رکاوٹ کو عبور کر رہی ہیں، اور غیر روایتی اور چیلنج کی حامل سرگرمیوں میں شاندار کردار ادا کر رہی ہیں۔ اس مہم کو نہ صرف داخلی بلکہ بیرونی طور پر بھی خوب دیکھا گیا اور تمام تر صنعتی سطح پر سراہا گیا۔

## کوالٹی ایشورنس

معیار کی یقین دہانی وہ بنیادی کاروباری مقصد ہے جسے ملک بھر میں 15 مختلف مقامات پر 9 جدید ترین لیبارٹریوں اور 21 موبائل کوالٹی ٹیسٹنگ یونٹس (MQTUs) کے نیٹ ورک کے ذریعے یقینی بنانے کی کوشش جاری ہے۔ یہ یقین دہانی کسٹمر کے اطمینان کو یقینی بنانے کے ساتھ ساتھ معیار پر کوئی سمجھوتہ نہ کرنے والے ادارے کے طور پر کمپنی کی ساکھ کو قائم کرنے میں اہم کردار ادا کرتا ہے۔ پی ایس او ملک بھر میں اپنے موبائل کوالٹی ٹیسٹنگ یونٹس کے ذریعے ریٹیل آؤٹ لیٹس پر پیٹرولیم مصنوعات کے معیار اور مقدار کی ٹیسٹنگ عمل میں لاتی ہے۔

مارکیٹ میں یورو 5 فیول متعارف کیے جانے کے بعد، یورو 5 گریڈ فیولز کی ٹیسٹنگ کے لیے بین الاقوامی ASTM طریقوں کے مطابق لال پیر، سہالہ، ماچھی کے اور کیماڑی میں ٹیسٹنگ کی مزید بہتر سہولیات دستیاب بنائی گئی ہیں۔ پی ایس او پہلی آئل مارکیٹنگ کمپنی تھی جس نے یورو 5 فیول گریڈز کے لیے جدید ترین فیول ٹیسٹنگ کی سہولت اختیار کی۔

## صحت، تحفظ اور ماحول (HSE)

ملازمین، کنٹریکٹرز اور کسٹمرز کی صحت اور تحفظ پی ایس او کی اولین ترجیح اور کمپنی کی کاروباری سرگرمیوں کا بنیادی جزو ہے۔ دورانِ سال، فی ملین افرادی گھنٹوں کے لحاظ سے مجموعی قابلِ اندراج حادثات کی شرح (TRIR) 0.42 ریکارڈ کی گئی۔ علاوہ ازیں، کمپنی نے ملک بھر میں پی ایس او کے

شفافیت، فیصلہ سازی اور بہتر تعمیل کے ساتھ پروکیورمنٹ کی عملی کارکردگی کو فروغ دیا۔ اس کی بدولت وینڈرز کی شرکتِ عمل میں بھی نمایاں اضافہ ہوا۔

- ورچوئل میٹنگ پلیٹ فارمز کے ذریعے بولی سے قبل میٹنگز کے انعقاد اور بولی کے افتتاح کے سسٹم کو مستحکم کیا۔
- بولی کے عمل میں شرکت کا طریقہ کار سکھانے کے لیے مینوئل اور ویڈیوز پی ایس او کی ویب سائٹ پر پر لگائی گئیں تا کہ وینڈرز/ سپلائرز کو بولی کے عمل میں شرکت کرنے کے لیے SAP اریبا میں رجسٹر ہونے میں مدد فراہم کی جاسکے۔

## برانڈ مینجمنٹ

اس سال کمپنی نے بے شمار تشہیری مہمیں متعارف کروائیں جن میں مشہور و معروف شخصیات کے براہ راست بیانیوں سے لے کر بین الاقوامی کرکٹ کے مقابلوں کی اسپانسرشپس شامل تھیں۔ مارکیٹنگ کی ان مہموں کو ابلاغ کے تمام ذرائع جیسے کہ ریڈیو، ڈیجیٹل، ٹی وی اور آؤٹ ڈور پر نشر کیا گیا۔

## فیول اور کارڈز کی مہمات

کمپنی نے فیولز اور کارڈز کے لیے مارکیٹنگ کے درج ذیل اقدامات کیے:

- ازسرِ نو برانڈنگ کی گئی یعنی تینوں ریٹیل فیول برانڈز کے ناموں، لوگوز اور رنگوں کو تبدیل کیا گیا۔ آلٹرون X کو ہائی اوکٹین 97 یورو 5، آلٹرون پریمیئر کو پریمیئر یورو5، ایکشن + کو ہائی سیٹین ڈیزل یورو5 کر دیا گیا۔
- پی ایس او کے نئے ہائی اوکٹین 97 یورو5 فیول کے لیے ایک تشہیری مہم کا انعقاد کیا گیا جس میں معروف شخصیات نے یورو5 اسٹینڈرڈ فیول کی اہمیت کو اجاگر کیا اور یوں آئندہ نسلوں کے لیے صاف اور سرسبز پاکستان کے لیے تبدیلی کا پیغام عام کیا گیا۔
- پاکستان میں نئے اور پہلے سے زیادہ صاف یورو 5 فیولز متعارف کروانے کے ساتھ، پی ایس او نے ڈیزل کو ایکشن + ڈیزل سے ہائی سیٹین ڈیزل یورو5 کی برانڈنگ سے تبدیل کیا۔
- صارف کے لیے پروموشن مہم - تا کہ پی ایس او کے DigiCash کسٹمرز کو مراعات دی جائیں اور پی ایس او لبریکینٹس برانڈ کی شناخت کو فروغ دیا جائے۔

## لبریکینٹ کی مہمات

دورانِ سال، کمپنی نے جارحانہ مارکیٹنگ مہمات کا انعقاد کیا۔ ان میں ملک بھر میں برانڈ سے آگاہی کی مہمیں، ہائی اسٹریٹ اور ریٹیل کے مراکز پر ٹریڈ مارکیٹنگ مہمیں اور اندرونِ احاطہ مقامی ریٹیل مہمیں شامل تھیں۔ مزید برآں، ہائی اسٹریٹ چینل پارٹنرز کو ٹریڈ مارکیٹنگ کی اُن پیشکشوں اور مراعات سے ترغیب ملی جنہیں برانڈ کی موجودگی کا ادراک بڑھانے کے لیے ڈیزائن کیا گیا تھا۔ ان میں سے چند بنیادی سرگرمیاں یہ ہیں:

- پاکستان بمقابلہ جنوبی افریقہ اور پاکستان بمقابلہ نیوزی لینڈ کی عالمی کرکٹ سیریز کے دوران برانڈ کے فروغ کی حامل ایک مہم متعارف کروائی گئی جس میں پی ایس او کے لبریکینٹس کی برانڈنگ پہلی مرتبہ بیرونِ ملک منعقدہ سیریز میں کی گئی۔ مزید برآں، برانڈ کو روشناس کروانے اور برانڈ کی آگاہی میں اضافے کے لیے پاکستان بمقابلہ نیوزی لینڈ کرکٹ سیریز کی برانڈنگ Carient کپ کے عنوان سے کی گئی۔
- برانڈ کے فروغ کے لیے ایک مہم کا انعقاد کیا گیا جس میں معروف شخصیات کے تصدیقی اظہارات کے ہمراہ پی ایس او Carient مکمل طور پر سنتھیٹک کو فروغ دینے کے لیے کسٹمرز اور Vلاگرز کے تعریفی بیانات ریکارڈ کیے گئے۔
- DEO برانڈ کے تعارف میں اضافے کے لیے ریٹیل آؤٹ لیٹس کے احاطوں میں ایک آگاہی مہم منعقد کی گئی۔ ہائی اسٹریٹ آئل مارکیٹس میں مرچنڈائزنگ کی ایک مہم کا آغاز کیا گیا۔ اس مہم کا مقصد پاکستان بھر میں ڈیزل انجن آئل ہائی اسٹریٹ کی بہتات میں DEO لبریکینٹس کی شاندار موجودگی اور برانڈنگ کو یقینی بنانا تھا۔ پورے پاکستان میں ایک DEO ٹرک اڈہ/ تجارتی فروغ کی مہم کا آغاز کیا گیا جس کا مقصد DEO 8000 اور DEO 6000 کی خریداری پر ہائی اسٹریٹ ریٹیلرز کو مراعات فراہم کرنا تھا۔
- اسی کے ساتھ ساتھ ملک بھر میں Carient اور Blaze کی بہتاتی مارکیٹس میں صارف کی شرکتِ عمل کی حامل مہم منعقد کی گئی۔ اس سرگرمی کا مقصد صارفین کو مفت فیول اور شاندار تحائف کی فراہمی کے ذریعے، انہیں پی ایس او لبریکینٹس کی خریداری کی ترغیب دینا تھا۔ اس مہم نے ہائی

کرتا ہے۔اے کیو ایم ایس کو ایس اے پی میں تشکیل دیا گیا ہے اور یہ ریئل ٹائم کی بنیاد پر ٹریکنگ کمپنیز الرٹ سسٹم کے ساتھ مربوط ہے،، اے کیو ایم ایس کے ساتھ ٹینک لاریز کے ٹرپ کو تفویض کرنے کا عمل مکمل طور پر خود کار اور ڈیجیٹل پلیٹ فارم کے ساتھ طے کردہ ہے۔اس سسٹم سے لاجسٹکس ڈپارٹمنٹ کے آپریشن میں نمایاں بہتری اور کارکردگی میں برق رفتاری آئی ہے۔

**اے کیو ایم ایس ۔ پروجیکٹ کے کلیدی نکات**


**پی ایس او کی ڈیجیٹل ٹرانسفارمیشن برائے ایس اے پی اریبا**

پی ایس او عوامی سطح پر ایس اے پی اریبا سولوشنز کی گو۔ لائیو کے ساتھ ڈیجیٹل ٹرانسفارمیشن کرنے میں سرکردہ کمپنی ہے۔ پی ایس او پبلک سیکٹر کی پہلی کمپنی ہے جو اپنی کارکردگی میں اضافے ،شفافیت اور مسابقت کو کھلی رکھنے کے ضمن میں اپنی پروکیورمنٹ/سورسنگ سسٹم کی ڈیجیٹل ٹرانسفارمیشن لاگو کر چکی ہے۔

**ایس اے پی فنڈز مینجمنٹ ماڈیول گولائیو+**

کمپنی نے ایس اے پی کے ریونیو بجٹ کنٹرولنگ ماڈیول (فنڈز مینجمنٹ ۔ ایف ایم) کو لاگو کر دیا گیا تاکہ اخراجات کا بجٹ بنانے میں بہتر انتظام کیا جاسکے۔ اس نظام سے بجٹ کے معاہدوں، ادائیگی کے استعمال کے ٹریک کو خریداری کی درخواست دینے کا مرحلہ شروع ہونے سے ٹریک پر رکھا جاسکے گا۔ ماڈیول ایس اے پی کے کثیر ماڈیولز مثلاً فنانس اور میٹریل مینجمنٹ کے ساتھ منسلک ہے تاکہ فنڈز کے بہاؤ کو کنٹرول کیا جاسکے۔

**ایمپلائی سیلف سروس ایپس کے ذریعے ڈیجیٹل ٹرانسفارمیشن**

پی ایس او نے چھٹیوں اور اوقات کار کے انتظام کیلیے ایمپلائی سیلف سروس کی غرض سے موبائل ایپس متعارف کرا کے اس پر عمل درآمد شروع کر دیا ہے۔

**بزنس پروسیس کی ری انجینئرنگ اور پروگرام مینجمنٹ آفس**

کمپنی نے اکتوبر 2020 میں بزنس پروسیس ری انجینئرنگ (بی پی آر) اور پروگرام مینجمنٹ آفس (پی ایم او) قائم کرنے کا اقدام اٹھایا ہے، بی پی آر اور پی ایم او فنکشن متعارف کرانے کی بنیادی ضرورت کاروباری طریقہ کار، افعال اور پروسیجرز کو کاروباری فروغ اور مسابقتی فضا میں کارکردگی کو بہتر بنانے کے ساتھ دوبارہ منظم اور ازسرنو ترتیب دینے کے سبب محسوس کی گئی۔

کلیدی پروجیکٹس میں درج ذیل شامل ہیں:

- ایس اے پی کے ساتھ براہ راست منسلک رہنے کے لیے کیماڑی ٹرمینل اے کی آٹومیشن۔
- کسی بھی مینوئل چیکنگ اور عملے کی مداخلت سے گریز کے لیے ٹینک لاریز کے لیے خودکار قطار کی مینجمنٹ کے سسٹم کا تعارف۔
- ریٹیل ڈیلرز کے لیے سیلز کے آرڈر دینے کی سہولت کا آغاز۔
- ایوی ایشن صارفین کے لیے سیلز آرڈرز اور ڈیلیوری کی رسیدوں کی آٹومیشن۔
- ملازمین کے لیے اپنی چھٹیوں اور ٹائم مینجمنٹ کے لیے SAP Fiori پر موبائل بیسڈ لیف سروس۔
- SAP اریبا موڈیول پر ای پروکیورمنٹ سورسنگ کا اطلاق۔
- اخراجات کے بہتر کنٹرول اور جائزہ کے لیے ریونیو اخراجات فنڈز کا بندوبست۔

**پروکیورمنٹ اور سروسز**

دورانِ سال، درج ذیل اقدامات عمل میں لائے گئے:

- SAP اریبا کے ذریعے ای۔پروکیورمنٹ کا کامیابی سے آغاز کیا گیا جس نے زیادہ سے زیادہ وینڈرز تک رسائی، عمل درآمد کے دورانیے میں تخفیف، لاگت اور کاغذی کارروائیوں میں کمی، پہلے سے بہتر کارکردگی،

اور فیصل آباد میں پارکو ملٹی گریڈ وائٹ آئل پائپ لائن کے ذریعے گیسولین وصول کرنے کی صلاحیت حاصل ہوگئی ہے۔

پی ایس او نے کیماڑی 3.3 کلومیٹر ٹینکر ڈسچارج پائپ لائن پورشن کی تبدیلی کے ذریعے ایک اور اہم سنگ میل عبور کرلیا ہے۔ یہ پائپ لائن ملک کی سپلائی چین کے بندوبست میں ایک نمایاں اہمیت کی حامل ہے۔

### فیسلیٹیز مینٹیننس

کمپنی نے بیک وقت یورو2 اور یورو5 کو ہینڈل کرنے کے لیے پروڈکٹ کی وصولی اور ڈلیوری میں کامیاب ترامیم بھی کیں۔ مزید برآں کیماڑی ٹرمنل۔ اے میں پیچ انٹیگریشن پروجیکٹ بھی کامیابی کے ساتھ مکمل کرلیا گیا۔

### ریٹیل کنسٹرکشن

سال کے دوران 71 نئے ریٹیل آؤٹ لیٹس ملک بھر میں قائم کیے گئے۔ اس کے علاوہ 60 منی۔ بے آئل چینج کنوپیز بھی ملک کے بڑے شہروں میں نصب کی گئیں۔

### آپریشنز

پی ایس او کے آپریشنز کا نیٹ ورک اسٹریٹیجک طور پر مستحکم مقامات پر کام کر رہا ہے تاکہ ملک بھر میں فیول کی بلارکاوٹ فراہمی کو یقینی بنایا جائے اور پی او ایل پروڈکٹس کی بڑھتی ہوئی طلب کو پورا کیا جائے۔ سال کے دوران پی ایس او نے کامیابی کے ساتھ 28 ہزار ٹن کی اسٹوریج کی منتقلی کا کام سر انجام دیا تاکہ اوگرا کی مطلوبہ دن کی کوریج اسٹاک کے ضابطے کی تکمیل کو مزید یقینی بنایا جاسکے۔ کمپنی 9.1 ملین ٹن پروڈکٹس بشمول 5.5 ٹن درآمدشدہ اور 3.6 ملین ٹن ریفائنری پروڈکٹس کو ہینڈل کرنے کی صلاحیت کی حامل تھی، اس برس بلند ترین پروڈکٹ ہینڈلنگ (سیلز اور ٹرانسپورٹیشن) دیکھنے میں آئی، جس میں 27 ہزار ٹن موگیس اور 33 ہزار ٹن ایچ ایس ڈی ایک روز میں ہینڈل کیا گیا۔

تمام ٹرمینلز اور ڈپوز پر اپنے بنیادی کاروباری آپریشنز کو خودکار بنانے کے منصوبے پر عمل درآمد کرتے ہوئے پہلے مرحلے کے طور پر کیماڑی ٹرمنل ''اے'' کو حالیہ دنوں میں پہلے ڈیجیٹل مربوط آئل اسٹوریج اور ڈسپیچ ٹرمنل کے طور پر اپ گریڈ کردیا گیا ہے۔ مزید برآں پی ایس او نے اسکلڈ اور نان اسکلڈ غیر انتظامی ملازمین کے لیے ان کی کارکردگی اور مہارت میں اضافے کے لیے بھی ایک جامع تربیتی پروگرام کا انتظام کیا ہے۔

### انفارمیشن ٹیکنالوجی

سال کے دوران ٹیکنالوجی سے متعلق درج ذیل اقدامات اور پروجیکٹس کامیابی کے ساتھ مکمل کیے گئے:

### پی ایس او سہولت (آن لائن آرڈر مینجمنٹ کے لیے موبائل پلیٹ فارم)

پی ایس او نے کامیابی کے ساتھ اپنے موجودہ آن لائن آرڈر مینجمنٹ سسٹم کو ایک نئے پلیٹ فارم بنام ''پی ایس او سہولت'' پر اپ گریڈ کیا ہے۔ یہ پلیٹ فارم جدید ترین جنریشن موبائل ٹیکنالوجی پر مبنی ہے جو کہ ہمارے صارفین کو پاکستان میں کسی بھی مقام سے پٹرولیم پروڈکٹس کے آن لائن آرڈر دینے کی سہولت فراہم کرتی ہے۔ یہ پلیٹ فارم پی ایس او کو صنعت میں ایک امتیازی مسابقتی مقام فراہم کرتا ہے، پی ایس او پاکستان میں تمام مرکزی بینکوں کے ساتھ بروقت مربوط رہنے کے ساتھ ایک موبائل رابطے پر مبنی پلیٹ فارم کو متعارف کرنے کا بانی ہے جس سے ایک ہموار اور بلا رکاوٹ آرڈر کا عمل سہولت سے کیا جاسکتا ہے۔

### مکمل مربوط ماڈل ٹرمنل

کمپنی نے کیماڑی ٹرمنل۔ اے میں ایک اسمارٹ مربوط سسٹم نافذ کرنے کے ذریعے ایک اور اہم کامیابی حاصل کرلی ہے۔ فیسلیٹی میں کسی ٹینک کے داخلے سے اخراج تک تمام ٹرمنل سسٹمز ایس اے پی (SAP) کے ساتھ مربوط کردیئے گئے ہیں۔ اس مستحکم نظام سے کمپنی اپنے ٹرمنل آپریشنز کو استحکام کے ساتھ چلانے کے ساتھ بہتر فیصلہ کن صلاحیت کے لیے ڈیٹا کی فراہمی کی حامل ہوچکی ہے۔ پروگرام ایبل لاجک کنٹرولر (پی ایل سی) ڈیوائسز لوکیشن پر موثر کنٹرول کے لیے نصب کردی گئی ہیں۔

### خودکار قطار کے انتظام کا سسٹم

پی ایس او داخلی طور پر تیار کردہ اسمارٹ الگورتھم پر مبنی سولوشن متعارف کرنے میں کامیاب رہا ہے جو کاروبار کے لیے تمام ٹینک لاریز کو مساوی مواقع فراہم

لیے مسابقتی ریٹس پر کیا گیا۔

پی ایس او نے آٹو موبائیل ٹریک سروسز پاکستان (اے ٹی ایس) کے ساتھ اشتراک کیا ہے تاکہ پی ایس او ٹینک لاریز کے لیے روڈ سائیڈ ایمرجنسی اور دیگر منسلکہ سروسز کی فراہمی کو یقینی بنایا جاسکے۔ نیشنل ہائی وے اینڈ موٹروے پولیس (NH&MP) کی مشترکہ کوششوں کے ساتھ میسرز اے ٹی ایس اور ان۔ ہاؤس ایچ ایس ای ٹرینرز، ڈرائیورز کی باقاعدگی سے تربیت/ آگاہی اور ایچ ایس سی ریفریشر سیشنز پاکستان بھر میں تمام تر لاجسٹکس مقامات پر منعقد کیے جاتے ہیں۔ ان ٹریننگ پروگراموں کے ذریعے تین ہزار سے زائد ٹینک لاری ڈرائیورز کو محفوظ/ محتاط ڈرائیونگ کے طریقوں کے ساتھ تربیت دی جاچکی ہے تاکہ سڑکوں پر حادثات کے خطرات کو کم سے کم کیا جاسکے اور حادثات کی صورت میں ہنگامی امداد دی جاسکے۔

پی ایس او نے اے ٹی ایس کے ساتھ پی ایس او کے فلیٹ میں تربیت یافتہ اور طبی لحاظ سے موزوں ڈرائیورز کی تعیناتی کو یقینی بنانے کے لیے طبی تشخیص کی مہم کا آغاز بھی کیا۔ اس سلسلے میں ٹینک لاری ڈرائیورز کے بلڈ پریشر، ہیپاٹائٹس بی اور سی، بلڈ شوگر اور آنکھوں کی بینائی کی طبی جانچ کی گئی۔

خودکار ٹینک لاریز کی قطار اور شیڈولنگ کے نظام کے منصوبے کا کامیابی کے ساتھ آغاز کردیا گیا ہے، یہ نیا پروجیکٹ پی ایس او کو ٹینک لاریز سسٹم اور شیڈول کے انتظام کے لیے تیکنیکی طور پر مربوط نظام کے تحت ٹریکنگ وینڈرز کے ذریعے موصولہ درست وقت کے جیوفینسنگ ڈیٹا پر مبنی ان کے اگلے لوڈز کے بندوبست کی صلاحیت فراہم کرچکا ہے۔ لوڈ کی خودکار شیڈولنگ /ایلوکیشن سے نظام میں مزید شفافیت آئے گی اور تمام ہالرز کو کاروبار کے مساوی مواقع فراہم ہوں گے۔ ابتدا سے آخر تک اس خودکار نظام کے نتیجے میں ایک سنگل کلک کے ساتھ ٹینک لاریز کو کیئر ڈیلوریز اور لوڈ مختص کیے جائیں گے۔

## انفرااسٹرکچر، کنسٹرکشن اور پروجیکٹس

پی ایس او نے مجموعی طور پر 198,000 ٹن کی گنجائش رکھنے والے اسٹوریج ٹینک کی تعمیرات کا آغاز کردیا ہے۔ 30 جون 2021 تک 43,000 ٹن کی گنجائش کے حامل اسٹوریج شکارپور، فیصل آباد اور تارو جبہ ڈپوز پر مکمل کرلیے گئے۔ مزید برآں 62,000 ٹن گنجائش کے حامل دو ٹینکس ذوالفقار آباد آئل ٹرمینل (ZOT) پر میکینیکل طور پر مکمل ہوچکے ہیں جبکہ 47,000 ٹن کے چار ٹینکس ماچھیکے اور جنگلوٹ لوکیشنز پر تکمیل کے مراحل میں ہیں۔ یہ پروجیکٹس توقع کے مطابق 2021 کے آخر تک آپریشنل ہوجائیں گے۔

کیماڑی اور زیڈ او ٹی میں 164,000 ٹن اسٹوریج کی بحالی کا کام بھی تیزی سے جاری ہے۔ 30 جون 2021 تک 131,000 ٹن کی مجموعی اسٹوریج گنجائش کی بحالی کامیابی سے مکمل کرلی گئی تھی۔

پی ایس او نے پاک عرب ریفائنری کمپنی (PARCO) اور پاک عرب پائپ لائن کمپنی (PAPCO) کے ساتھ اسٹریٹیجک اہمیت کے حامل کئی انفراسٹرکچرل ایم او یوز پر دستخط کیے ہیں جن کا مقصد ملک کی پٹرولیم مصنوعات کے سپلائی نظام کو محفوظ تر بنانا اور ایندھن کی باکفایت اور ماحول دوست نقل وحرکت کو یقینی بنانا ہے۔ یہ ادارے مشترکہ طور پر کیماڑی اور پورٹ قاسم کی بندرگاہوں کے درمیان 20 کلومیٹر طویل ایک اسٹریٹیجک پائپ لائن لنک موٹر گیسولین اور ہائی اسپیڈ ڈیزل کی ٹرانسپورٹیشن کے لیے بچھائیں گے۔ پی ایس او اور پارکو نے حب میں ایک ٹرمینل کے قیام کیلیے مواقع تلاش کرنے پر بھی رضامندی ظاہر کی ہے جو ایک سنگل پوائنٹ مورنگ (SPM) کا حامل ہوگا جس سے وی ایل سی سیز (.VLCCs) کے ذریعے درآمدات ممکن ہوسکے گی۔

گزشتہ مون سون میں راولپنڈی کے نزدیک سہالہ میں طوفانی بارشوں کے باعث سواں پل کا ایک حصہ منہدم ہوگیا جس کے نتیجے میں پائپ لائن کی اس کے مذکورہ سیکشن کی سپورٹ ختم ہوگئی۔ پائپ لائن کے متاثرہ حصے کا تحفظ اور بحالی ایک کٹھن چیلنج تھا کیونکہ لگ بھگ آٹھ کلومیٹر سیکشن جی ٹی روڈ کے ساتھ ساتھ چل رہا تھا۔ کمپنی نے اس اے آر ایل۔ سہالہ پائپ لائن کے متاثرہ سیکشن کی ری روٹنگ کا ٹاسک لئی پل راولپنڈی کے ذریعے پورا کیا۔

محمود کوٹ اور فیصل آباد میں پی ایس او اور پارکو ٹرمینلز کی پائپ لائن کو منسلک کرنے کے پروجیکٹس مکمل ہونے سے کمپنی کو ماچھیکے، شکارپور، محمود کوٹ

انڈسٹری کی جدید ضروریات کو پورا کیا جاسکے۔

سال کے دوران پی ایس او نے پاکستان بھر میں 57 ریٹیل آؤٹ لیٹس پر آئل کی تبدیلی کے لیے جدید ترین اور بہتر آراستہ سہولتوں کی تنصیب کی۔ کمپنی کا مقصد مستقبل قریب میں تمام بڑے شہروں میں اپنے ریٹیل آؤٹ لیٹس پر آئل کی تبدیلی کے لیے قائم سہولتوں کو توسیع دینا ہے۔

پی ایس او نے اپنے چینل شراکت داروں کے ساتھ تعلقات کار کو مستحکم بنانے کا سلسلہ جاری رکھا تمام ہائی ۔ اسٹریٹ مارکیٹس میں پی ایس او کے نئے برانڈڈ شاپ بورڈز نصب کیے گئے۔ پی ایس او نے پی سی ایم او(PCMO) اور ایم سی او(MCO) کیٹیگری کے لیے ملک گیر سطح پر صارفین کی توجہ مبذول کرانے کے لیے سرگرمی کا انعقاد کیا تا کہ پروڈکٹس کے بارے میں براہ راست صارفین کے ساتھ اپنے تعلقات کو مضبوط بنایا جائے اور اپنی مصنوعات کے حوالے سے ان کے سوالات کے جوابات دے کر صارفین کے اعتماد کو مستحکم کیا جائے۔

## سپلائی اور امپورٹ

ملک میں تیل کی طلب میں گزشتہ برس کے مقابلے اضافہ ہوا ہے، جس میں موگیس اور ایچ ایس ڈی کی طلب بالترتیب 13.4% اور 17.5% تک بڑھی ہے۔ طلب میں بیشتر اضافے کو درآمدات کے ذریعے پورا کیا گیا۔ موٹر گیسولین کی درآمدات لگ بھگ 10% تک جبکہ ہائی اسپیڈ ڈیزل کی درآمدات .30% تک بڑھ گئیں۔ موگیس، ایچ ایس ڈی اور فیول آئل کی درآمدات میں اس اضافے سے بڑھتے ہوئے انفرااسٹرکچر اور بندرگاہوں پر برتھنگ کے چیلنجز کا سامنا کرنا پڑا، جس کا نتیجہ ڈیمرجز کی صورت میں نکلا۔

پی ایس او کے وائٹ اور بلیک آئل کی سورسنگ گزشتہ برس کے مقابلے میں 30% تک بڑھ گئی۔ ملک میں بلا رکاوٹ سپلائی چین کو برقرار رکھنے کے لیے کمپنی نے 4.9 ملین ٹن وائٹ آئل پروڈکٹس درآمد کیں جو کمپنی کے قیام سے اب تک سب سے زیادہ مقدار ہے۔ سال کے دوران پی ایس او نے اپنا 40% کا مجموعی ریفائنری شیئر برقرار رکھا۔ شیئر کو اس سطح پر برقرار رکھنا موگیس، ایچ ایس ڈی اور فیول آئل کی مثبت اپ لفٹمینٹ کی بدولت ممکن ہوا۔ اس کے نتیجے میں ملک بھر میں مختلف مقامات پر پروڈکٹ کی بروقت دستیابی اور ملک کے تمام شہروں میں مسلسل اور ہموار طریقے سے سپلائی ممکن ہوئی۔ پاور سیکٹر کو فیول آئل کی طلب پوری کرنے کے لیے کمپنی نے بنیادی طور پر ریفائنری کی ترقی پر توجہ دی تا کہ پروڈکٹ کی دستیابی کو یقینی بنایا جائے۔

حکومت کے کلین اینڈ گرین فیولز کو متعارف کرنے کے وژن کے تحت پی ایس او پہلی آئل مارکیٹنگ کمپنی تھی جس نے یورو فائیو موٹر گیسولین 92 RON کے بعد اگست 2020 میں یورو 5 موٹر گیسولین 97 RON درآمد کیا اور متعارف کرایا۔ پی ایس او دسمبر 2020 میں یورو فائیو ہائی اسپیڈ ڈیزل کو درآمد کرنے اور متعارف کرانے والی بھی پہلی کمپنی تھی جس نے حکومت کی جانب سے یکم جنوری 2021 کے طے کردہ ہدف سے پہلے یہ ممکن کر دکھایا۔

## لاجسٹکس

مستحکم انوینٹری موومینٹ کے منصوبوں نے پی ایس او کو سڑکوں، ریل اور پائپ لائنز کے ذریعے 9.3 ملین ٹن وائٹ آئل کی ترسیل کرنے کا اہل بنایا جو گذشتہ سال کے مقابلے میں 18 % زیادہ ہے۔ اور صرف ایک مہینے جولائی 2020 میں کیماڑی سے ملک کے بالائی علاقوں میں (286 ہزار ٹن سے زائد) موگیس فراہم کر کے ترسیل کا ایک نیا ریکارڈ قائم کیا۔

سڑک کے ذریعے پٹرولیم مصنوعات کی محفوظ نقل وحرکت کو یقینی بنانے کے لیے کمپنی کے عزم کی عکاسی پی ایس او کے 2,900 سے زائد جدید ترین ٹینک لاریوں کے فلیٹ سے ہوتی ہے جو کہ اوگرا کے مقرر کردہ ٹیکنیکل اسٹینڈرڈز اور نیز نیشنل ہائی وے اتھارٹی (این ایچ اے) کی جانب سے شرائط کے عین مطابق ہیں۔ یہ جدید ٹینک لاریز بین الاقوامی معیار کے آلات سے آراستہ اور حادثات کے کم سے کم امکانات کے حامل حفاظتی میکنزم رکھتے ہیں۔

اوگرا اور این ایچ اے کے مروجہ معیار کے مطابق ٹینک لاریز کے ذریعے ریٹیل اور صنعتی صارفین کے لیے ثانوی ٹرانسپورٹیشن کو فروغ دیتے ہوئے فلیٹ مینجمنٹ ٹینک لاریز (FMTL) میکنزم کے اسکوپ کو بڑھا دیا گیا ہے۔ ایک نیا ایف ایم ٹی ایل کنٹریکٹ سال کے دوران دو اضافی شہروں کے

سال 2021 میں پی ایس او نے 4.3 ملین ٹن کے ساتھ 71 ایل این جی جہازوں کی فراہمی کا انتظام کیا۔ تمام اسٹیک ہولڈرز کے ساتھ قریبی روابط کے ذریعے ہموار اور باسہولت سپلائی کے سلسلے کو جاری رکھنے کو بھی یقینی بنایا گیا۔

## ایل پی جی

لیکویفائیڈ پٹرولیم گیس (ایل پی جی) کی صنعت بنیادی طور پر مقامی، ٹرانسپورٹ اور صنعتی شعبوں کے ذریعے چلائی جارہی ہے۔ تجارتی سرگرمیوں پر کووڈ-19 کے مستقل اثرات مثلاً ملک بھر میں مختلف سیکٹرز پر لاک ڈاؤنز میں بار بار توسیع کے سبب ایل پی جی کی صنعت کو بھی کٹھن کاروباری صورتحال کا سامنا کرنا پڑا۔ مارکیٹ کی غیر یقینی صورتحال کے باوجود پی ایس او نے 33.4 ہزار ٹن کا سیلز والیوم حاصل کیا جو اس کے قیام سے لے کر اب تک کسی بھی ایک برس میں بلند ترین سطح ہے۔ تاہم صنعت کو لینڈ روٹس سے سستی پروڈکٹ کی غیر قانونی اور ان چیکڈ آمد کے باعث چیلنج کا سامنا کرنا پڑا۔ کمپنی اس حوالے سے حکومت کے ساتھ پالیسی اقدامات کے ذریعے ان مسائل سے نمٹنے کے لیے مستقل رابطے میں ہے۔

پی ایس او کا ایل پی جی برانڈ - پاک گیس (PAKGAS) ایک وسیع تر ڈسٹری بیوشن نیٹ ورک ہے، جس میں کمپنی نے اس برس 25 نئے ڈسٹری بیوٹر کا تقرر کیا ہے، جس سے ڈسٹری بیوٹرز کی مجموعی تعداد 283 ہوگئی ہے، پاک گیس دیگر ایل پی جی مارکیٹنگ کمپنیوں کے ساتھ سخت مسابقت کے باوجود 11 نئے صارفین کے اضافے کے ذریعے صنعتی/تجارتی سیکٹر میں اپنے قدم مزید مضبوط کرچکی ہے۔ سال کے دوران کمپنی نے کرک میں ایک نئی معاہدے کے انتظامات کا معاہدہ کیا ہے جس سے اس کے انفرااسٹرکچر اور ڈسٹری بیوشن نیٹ ورک میں اضافے کے ساتھ اس کی مجموعی تعداد سات ہوگئی ہے۔ پی ایس او اپنے ذخائر میں اضافے کے منصوبوں پر بھی توجہ دے رہی ہے تاکہ اسٹوریج کی گنجائش بڑھائی جائے جو اس وقت 1,300 ٹن ہے۔

## لبریکنٹس

لبریکنٹس کی صنعت بنیادی طور پر زرعی، صنعتی اور ٹرانسپورٹ کے شعبوں میں معاشی سرگرمیوں کے ذریعے رواں دواں ہے۔ سال کے دوران پی ایس او لبریکنٹس نے گزشتہ برس کے برخلاف 11.3% کی مجموعی گروتھ حاصل کی۔ پی ایس او نے پی سی ایم او کیٹیگری میں لبریکنٹ برانڈز کی دستیابی اور اس کے بارے میں آگاہی کو بہتر بنانے اور ڈیزل انجن آئل کیٹیگری کے فروغ کے لیے انتہائی فعال اور جارحانہ مارکیٹنگ مہمات شروع کی گئیں۔

ملک کے مختلف حصوں میں مقامی سطح پر ریٹیل فورکورٹ کمپین بھی متعارف کرائی گئیں۔ ان سرگرمیوں اور کمپین کو مارکیٹ کی جانب سے خوب پذیرائی حاصل ہوئی اور اس مدت کے دوران فروخت میں بھی نمایاں اضافہ دیکھنے میں آیا۔ ہائی اسٹریٹ چینل شراکت کاروں کو مختلف تجارتی مارکیٹنگ پیشکشوں اور مراعاتی منصوبوں کے ذریعے فعال اور متحرک کیا گیا جو مارکیٹ کوریج اور پیداواری صلاحیت میں اضافے کے لیے تیار کی گئی تھیں۔

پی ایم سی او کیٹیگری میں ہمارے اول درجے کے برانڈ کیریئنٹ فلی سنتھیٹک (Carient Fully Synthetic) کے سیلز والیوم میں 47% تک اضافہ ہوا جبکہ ایچ ڈی ای او (HDEO) اور ایم سی او (MCO) کیٹیگریز میں کمپنی کے سیلز والیوم میں بالترتیب 26% اور 67% اضافہ ہوا۔

پی ایس او نے موجودہ مارکیٹ کی ضروریات کو پورا کرنے کے لیے پروڈکٹ کے معیار کو بھی اپ گریڈ کیا۔

- اپ گریڈ کیے گئے پی سی ایم او کیریئنٹ پلس کو موجودہ مارکیٹ کی ضروریات کے مطابق API SG/CD سے API SL/CF میں اپ گریڈ کیا گیا۔ یہ پروڈکٹ مساوی طور پر اس وقت استعمال کے لیے موزوں ہے جہاں API SG/CD کی سفارش کی گئی ہو۔

- لبریکنٹس ٹیکنالوجی ڈپارٹمنٹ نے اپ گریڈ کردہ بریک فلیوڈ متعارف کرایا جو کہ جدید ترین گاڑیوں کے بریکنگ سسٹم کی ضرورت کو پورا کرنے کے لیے DOT 4 تصریحات کے عین مطابق ہے۔

- سنتھیٹک گلیسر آئل کو شوگر مل آئل پر مبنی روایتی بٹیومین کی جدید تر تبدیلی کے طور پر آزمائشی بنیاد پر کامیابی کے ساتھ تیار اور پیش کیا گیا تاکہ شوگر

تقریباً تین گھنٹوں میں فراہم کیا گیا۔

افغانستان میں JP-8 کی طلب وہاں پر جاری امن مذاکرات اور فوجوں کی واپسی کے سبب کم ہو چکی ہے۔ اس مدت کے دوران پی ایس او نے نیٹو/ ایساف کی ضروریات کو پورا کرنے کے لیے 12 ہزار ٹن JP-8 برآمد کیا۔

پی ایس او پاکستان نیوی کے مکمل بحری بیڑے کے لیے اسپیشل ہائی اسپیڈ ڈیزل (ایچ ایس ڈی) کا واحد سپلائر بھی ہے۔ کمپنی نے مالی سال 2021 میں گزشتہ برس کے مقابلے میں 9% کی گروتھ کے ساتھ 42 ہزار ٹن ایچ ایس ڈی سپلائی کیا۔

**رحیم یار خان ائیر پورٹ پر اسپیشل جیٹ فیول کے انتظامات**

پی ایس او کے ایوی ایشن ڈپارٹمنٹ نے رحیم یار خان ائیر پورٹ پر متحدہ عرب امارات کی شاہی پروازوں میں دوبارہ ایندھن بھرنے کے لیے 88 ایام کے لیے ایک موبائل جیٹ فیول فیسلیٹی قائم کی۔ پی ایس او نے 112 پروازوں کو 267 ہزار لیٹرز جیٹ فیول کی مجموعی مقدار کے ساتھ ری فیول کیا۔

**کنزیومر بزنس**

کنزیومر بزنس کمپنی کا انڈسٹریل سیلز ونگ ہے جس کے تحت صنعتی صارفین کی طلب کو پورا کیا جاتا ہے۔ کنزیومر بزنس بنیادی طور پر صنعت، زراعت اور ٹرانسپورٹ کے شعبوں میں معاشی سرگرمیوں پر انحصار کرتا ہے۔ اس مدت کے دوران سیلز میں قابل قدر افزائش ہوئی جس میں ہائی اسپیڈ ڈیزل، لائٹ ڈیزل اور لبریکنٹس میں گزشتہ برس کے مقابلے میں بالترتیب 13.5%، 70% اور 43.9% کا اضافہ ہوا۔

کمپنی نے اس سال متعدد نئے انڈسٹریل کنزیومرز سے بزنس حاصل کر کے نمایاں کارکردگی کا مظاہرہ کیا، جس میں شنگھائی الیکٹرک انجینیئرنگ کنسلٹنگ کمپنی لمیٹڈ، تھر مائننگ پروجیکٹ، ڈائیوو پاکستان ایکسپریس بس سروس، فرنٹیئر ورکس آرگنائزیشن فرنٹیئر کانسٹیبلری وغیرہ شامل ہیں۔

**پاور سیکٹر**

فیول آئل (ایف او) پاور اور صنعتی شعبوں میں استعمال کیا جاتا ہے ملک میں قدرتی گیس کی سپلائی کی صورتحال کے پیش نظر اور حکومت کی پاور پلانٹس کو ایل این جی/قدرتی گیس پر منتقلی کی ترجیحی حکمت عملی اور ملک میں متبادل انرجی پلانٹس کے قیام کے سبب فیول آئل کی طلب میں نمایاں حد تک کمی دیکھنے میں آئی۔

اس مدت کے دوران انرجی کی ضروریات میں اضافے کے باعث ایف او کی طلب بڑھی اور گزشتہ برس کے مقابلے میں ایف او کی صنعتی کھپت میں 36.8% تک اضافہ ہوا۔ جبکہ پی ایس او نے 1.6 ملین ٹن کے حجم کے ساتھ 53.3% کی نمو رجسٹرڈ کی۔ پی ایس او نے سیکٹر میں مارکیٹ میں اپنی قیادت کو کامیابی کے ساتھ برقرار رکھا اور اس کا مارکیٹ شیئر 51.8% بڑھ گیا۔ پی ایس او اور کے الیکٹرک نے ایل این جی یونٹس کے لیے ہائی اسپیڈ ڈیزل (ایچ ایس ڈی) کی بطور بیک اپ فیول سپلائی کے لیے (جب اور جہاں کی بنیاد پر اور ابتدائی بھرائی اور نارمل سپلائی) کے لیے فیول سپلائی ایگریمنٹ پر دستخط کیے۔

مزید برآں آئی پی پیز بشمول لبرٹی پاور ٹیک لمیٹڈ، نشاط پاور لمیٹڈ، نشاط چونیاں پاور لمیٹڈ اور نارووال انرجی لمیٹڈ کے ساتھ اشتراک کے ذریعے صارفین کا دائرہ وسیع کرنے کی کامیاب کوشش کی گئیں۔

**ایل این جی بزنس**

سال کے دوران پی ایس او نے G2G انتظامات کے تحت قطر پٹرولیم کے ساتھ دس برسوں کی مدت کے لیے اضافی تین ملین ٹن ایل این جی کی سپلائی کے سلسلے میں ایک اور معاہدہ کیا۔ یہ معاہدہ پہلے سے موجود پندرہ سالہ طویل مدتی سیلز پرچیز ایگریمنٹ (ایس پی اے) کے لیے اضافی حجم بڑھائے گا اور اس سے پی ایس او 6.75 ملین ٹن سالانہ کی سپلائی بنیاد کے ساتھ ملک میں ایل این جی کا سب سے بڑا اسپلائر بن جائے گا۔

پی ایس او نے ایل این جی کی درآمدات کے ذریعے قدرتی گیس کی طلب اور رسد کے درمیان خلا کو پر کرنے میں ایک فعال کردار ادا کیا ہے۔ مالی

اس مدت کے دوران اسمارٹ ٹرمینلز کا نیٹ ورک ملک گیر سطح پر 500 سے زائد آؤٹ لیٹس تک بڑھ گیا۔ پی ایس او. 99.9% کے اپ ٹائم ریکارڈ نیٹ ورک کا حامل ہونے پر فخر کرتا ہے۔

**ون-لنک کے ساتھ مربوط**

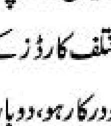
ٹاپ-اپ کے لیے صارفین کو ان کے والٹس یا فیول کے استعمال کے تحت بلوں کی ادائیگی کے سلسلے میں مزید سہولت فراہم کرتے ہوئے کمپنی نے ون لنک کے ساتھ مربوط کرتے ہوئے صارفین کو 31 ریگولر اور مائیکروفنانس بینکوں کے ذریعے پی ایس او کو محفوظ اور باسہولت ادائیگی کا چینل فراہم کردیا ہے۔

**ری لوڈ ایبل کارڈز**

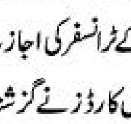
B2B شعبے کے لیے ری لوڈ کے حامل کارڈز کے پورٹ فولیو میں ایک تازہ ترین اضافہ ہے، جس کے ذریعے صارفین اپنی ضروریات کے مطابق اپنے کارڈ کے استعمال کا انتخاب کرسکتے ہیں۔ جائزے اور دیگر رپورٹس کی پیشکش کے ساتھ فیول لنک پورٹل دوبارہ لوڈ کے حامل کارڈ ہولڈرز کو ایک اکاؤنٹ کے اندر مختلف کارڈز کے لیے فنڈز کے ٹرانسفر کی اجازت بھی دیتا ہے جیسا کہ صارف کو درکار ہو، دوبارہ لوڈ کے حامل کارڈز نے گزشتہ برس کے مقابلے میں 185% کاروباری نمو حاصل کی ہے۔

**ڈیجی کیش**

2019 میں اپنے آغاز کے بعد پی ایس او ڈیجی کیش کارڈ کسی بھی انفرادی صارف کے لیے اپنی نوعیت کا پہلا پری پیڈ فیول کارڈ تھا۔ یہ صارف کو فیول لنک ایپ کے ذریعے ایک مکمل فیول اور وہیکل مینجمنٹ سسٹم کی پیشکش کرتا ہے جس میں فیول کی کھپت کا جائزہ، رپورٹس، بروقت مینٹی نینس کی یاددہانی، مختلف انعامات، اشیائے خورونوش، رعایتی بیمہ، اسٹیشن فائنڈر وغیرہ شامل ہیں۔ پروڈکٹ نے اس برس میں 80,000 سے زائد نئے صارفین کے اضافے کے ذریعے اپنے کسٹمرز بیس کو توسیع دی ہے۔



+190,000
ڈیجی کیشرز



5.7 بلین (پاکستانی روپے)
ٹاپ اپ

**سفیر پروگرام**

کراس سیلنگ کی حوصلہ افزائی کے لیے پی ایس او نے ڈیجی کیش ''سفیر'' پروگرام کا آغاز کیا جس کا مقصد ہر مہینے پمپ اٹینڈنٹس ان کی محنت کی بنیاد پر شناخت کرکے ان کی حوصلہ افزائی کرنا ہے۔

**رعایتیں اور انعامات**

سال بھر ڈیجی کیش نے مختلف مہموں کے ذریعے زبردست رعایتوں کی پیشکش کی جن کو صارفین کی جانب سے بے حد پذیرائی حاصل ہوئی۔ مزید برآں ڈیلرز کے خصوصی ڈسکاؤنٹس جو ڈیلرز کو ان کے شرح منافع سے رعایتوں کی پیشکش کی اجازت دیتے ہیں، کی بھی جیوفینسنگ پر مبنی متوقع صارفین کے لیے ایس ایم ایس نوٹیفکیشن سسٹم کے ساتھ متعارف کرائے گئے۔ اس اسکیم سے ڈیلرشپس فعال رکھنے، ان کی فروخت میں مزید فروغ اور صارفین کی وابستگی اور ان کے اعتماد کو برقرار رکھنے میں معاونت حاصل ہوگی۔

## تجارتی ایندھن

### ایوی ایشن، میرین اور ایکسپورٹ

مذکورہ سال کے دوران جیٹ فیول مارکیٹ شیئر 94.3% سے بڑھ کر 94.5% ہوگیا، جبکہ جیٹ فیول انڈسٹری نے عالمی سفری پابندیوں کے باعث مستقل طور پر کمی کا سامنا کیا۔ لاک ڈاؤن اور کم سے کم اسٹاف کے کام کرنے کے باوجود پی ایس او نے دفاعی افواج کی طلب کو پورا کرنے کا بندوبست کیا جس میں گزشتہ برس کے مقابلے میں 15% نمو رجسٹرڈ کی گئی۔

کمپنی نے بین الاقوامی فضائی کمپنیوں اور صارفین بشمول ورجن اٹلانٹک، پیگاسیس ایئرلائنز، استنبول جیٹ اور ہائی فلائی لمیٹڈ، برٹش ایئرویز، ایئر چائنا، ایئر سیال اور ایئر فیلکن پرائیویٹ لمیٹڈ سے بھی نیا بزنس حاصل کیا۔ کراچی ایئرپورٹ کی ایوی ایشن ٹیم نے دنیا کے سب سے بڑے جہاز انتونوف An-225 میں ایندھن بھرا۔ 225 ہزار لیٹرز جیٹ فیول

جون 2021 تک ری ماڈل کیے گئے شاپ اسٹاپس کی مجموعی تعداد 92 ہوگئی۔

ان اسٹورز نے صارفین کو مختلف نوعیت کی اشیاء بشمول گروسری، ذاتی استعمال کی اشیاء، بیوریجز، اسنیکس اور کنفیکشنری سمیت دیگر مصنوعات کی پیشکش کے تحت سہولتوں میں اضافہ کیا ہے۔

### کوئیک سروس ریسٹورنٹس (فوری سروس کے حامل ریستوران)

پی ایس او فورکورٹس میں کوئیک سروس ریسٹورنٹس (QSRS) کا تعارف کمپنی کے لیے زبردست کامیاب ثابت ہوا ہے، اس تصور کے ذریعے پی ایس او نے اپنے فورکورٹس میں کے ایف سی اور پیزاہٹ سمیت نو (9) سرکردہ برانڈز اور عالمی شراکت کاروں کے ساتھ پارٹنرشپ کی ہے۔

### اے ٹی ایم سروسز

پی ایس او نے نمایاں اور معروف بینکوں کے ساتھ اپنے ریٹیل آؤٹ لیٹس پر اے ٹی ایمز کی تنصیب کے لیے شراکت داری کی ہے تاکہ صارفین کو اپنے مالیاتی امور نمٹانے کے لیے بھی ایک محفوظ ماحول فراہم کیا جائے۔ پاکستان بھر میں کمپنی کے مختلف فورکورٹس میں 150 سے زائد اے ٹی ایمز کی تنصیب کردی گئی ہے۔

### الیکٹرک وہیکل چارجنگ اسٹیشن

حکومت کے "شفاف و سرسبز پاکستان" (Clean Green Pakistan) اقدام میں معاونت کی غرض سے پی ایس او کیپری گیس اسٹیشن (ایف سیون مرکز، اسلام آباد) میں الیکٹرک وہیکل چارجنگ اسٹیشن قائم کردیا گیا ہے۔

## کارڈز بزنس

صنعت میں مزید فروغ کی غرض سے پی ایس کارڈ بزنس نے صارفین کے لیے سروس معیار کو بہتر بنانے کے ذریعے گزشتہ برس کے مقابلے میں اس برس 27% کی شرح نمو ریکارڈ کی اور اس طرح اس کے صارفین کا دائرہ کار بھی وسیع ہوا، کارڈ بزنس کے کلیدی اعداد و شمار درج ذیل ہیں:

| | |
|---|---|
| حجم | 27% + اضافہ |
| نیٹ ورک | 1400 + پی ایس او آؤٹ لیٹس |
| صارفین کا حصول | 84,000 + نئے صارفین |
| ایکٹو کارڈ ہولڈرز | 360,000 + ایکٹو کارڈ ہولڈرز |

مارکیٹ لیڈر کی حیثیت سے پی ایس او نے اس صنعت میں انفرادیت اور افعال کو بہتر بنانے میں فوقیت حاصل کی ہے، تیز رفتار افزائش اور پاکستان میں موبائل فون کے استعمال کے ساتھ پی ایس او کی توجہ اپنے صارفین اور ڈیلرز دونوں کے لیے موبائل ایپ پر مبنی پلیٹ فارم کے ذریعے ایک ایکو سسٹم تشکیل دینے پر مرکوز رہی ہے۔

### پی ایس او شاپ اسٹاپس پر کارڈز کی قبولیت

پی ایس او کارڈز کے ذریعے کیے جانے والے تمام تر نئے اقدامات کا کلیدی مقصد صارفین کو سہولتیں بہم پہنچانا ہے۔ پی ایس او شاپ اسٹاپس پر ڈیجی کیش کی قبولیت ان اقدامات میں سے ایک تھا۔ کیو آر کوڈ کے ذریعے کی جانے والی ٹرانزیکشنز اور صارفین فیول، شاپ اسٹاپس اور ان کے فیول لنک ایپ پر لبریکنٹس سمیت دیگر خریداروں کی مفصل بریک اپ حاصل کرتے ہیں۔

### پی ایس او آؤٹ لیٹس پر موبائل ٹاپ۔اپ کی ادائیگیاں

ایک چھت تلے صارفین کو مزید خدمات اور سہولتوں کی پیشکش کی غرض سے کمپنی نے ایک معروف ٹیلی کام کمپنی کے ساتھ اشتراک کیا ہے جس کے تحت پی ایس او ریٹیل آؤٹ لیٹس پر چوبیس گھنٹے ان کے پوسٹ پیڈ موبائل فون بلز کی ادائیگی اور پری پیڈ ٹاپ۔اپ خریدنے سمیت مختلف بنڈلز آفرز کے لیے صارفین کو پیشکش کی جارہی ہے۔

### نیٹ ورک میں فروغ

پی ایس او پہلی آئل مارکیٹنگ کمپنی تھی جس نے روایتی پی او ایس سے اسمارٹ پی او ایس ٹرمینلز کا آغاز کیا۔ یہ ٹرمینلز نہ صرف پی ایس او ریٹیل آؤٹ لیٹ ڈیلرز کو تیز رفتار ٹرانزیکشنز کے ساتھ سہولت فراہم کررہے ہیں بلکہ ادائیگیوں سے متعلق مختلف ڈیٹا جائزے، رپورٹس اور نوٹیفکیشنز بھی فراہم کرتے ہیں۔

پٹرولیم کے ساتھ سپلائی کے اس شارٹ فال کو مزید کم کرنے کے لیے G2G انتظامات کے تحت ایک اور معاہدہ کیا، کمپنی نے 8.6 ملین ٹن کی صنعتی درآمدات کے تحت مالی سال 2021 میں 4.4 ملین ٹن ایل این جی درآمد کی۔

کمپنی ایل این جی کی ویلیو چین میں اپنی شراکت مزید بڑھانے کے لیے مزید راستے تلاش کر رہی ہے۔

## کاروباری شعبے

### ریٹیل فیول بزنس

پی ایس او نے اپنے نیٹ ورک میں مزید 71 نیو وژن ریٹیل آؤٹ لیٹس (NVROs) کا اضافہ کیا ہے ریٹیل بزنس پی ایس او کی تاریخ میں موگیس اور ایچ او بی سی کی بلند ترین سطح پر موجود ہے اور اس نے بالترتیب 3.4 ملین ٹن اور 49.6 ہزار ٹن کے حجم حاصل کیے۔

مالی سال 2021 کے دوران کمپنی نے ڈیلرز کو سہولت فراہم کرنے کے ساتھ ساتھ سیلز آرڈر اور ادائیگی کے طریقہ کار کو خود کار بنایا اور آرڈر دینے اور ادائیگی کرنے کے روایتی مینوئل نظام کو تبدیل کر دیا، اب ریٹیل ڈیلرز پروڈکٹس کی خریداری آن لائن کر سکتے ہیں اور ادائیگیاں بھی ایک مکمل خود کار الیکٹرونک سسٹم کے ذریعے کی جاسکتی ہیں، مزید برآں ڈیپارٹمنٹ کی منظوری کے نظام کو الیکٹرونک نظام میں منتقل کر دیا گیا ہے جس کے تحت کارکردگی میں تیزی اور بہتری آرہی ہے، بین الاقوامی کوالٹی کے معیار کو مدنظر رکھتے ہوئے پی ایس او کے موبائل کوالٹی ٹیسٹنگ یونٹ (MQTU) نیٹ ورک نے ریٹیل آؤٹ لیٹس پر 14,439 وزٹس کیے جب کہ گزشتہ برس 9,125 وزٹس کیے گئے تھے، اس کا مقصد نظام کو موثر بنانے کے ساتھ پروڈکٹس کے معیار اور درست مقدار کو برقرار رکھنا اور اپنے صارفین کو بہترین اور درست مقدار میں مصنوعات کی فراہمی کو یقینی بنانا ہے۔

کمپنی نے اپنی بنیادی اقدار شمولیت، احساس اور دوسروں کا خیال رکھنا، پر عمل پیرا ہوتے ہوئے کراچی، لاہور اور اسلام آباد میں اپنے ریٹیل آؤٹ لیٹس میں ایک درجن سے زائد خواتین پمپ اٹینڈنٹس مقرر کی ہیں تاکہ معاشرے میں ان کی خود انحصاری اور بھرپور شراکت کو فروغ دیا جائے۔ کمپنی نے منفرد اہلیت کے حاصل (معذور افراد) کو بھی بطور پمپ اٹینڈنٹس اپنی ویلیو چین میں شامل کیا ہے تاکہ ان کے منفرد انداز سے کسٹمرز کو خدمت کا نیا تجربہ حاصل ہو اور کمپنی کے کلچر میں تنوع کو فروغ حاصل ہو۔

صارفین کے ساتھ تعلقات کار کو مستحکم بنانے، اعتماد بڑھانے اور ان کا بھروسہ حاصل کرنے کے لیے ریٹیل بزنس ڈیپارٹمنٹ نے سال کے دوران ملک بھر میں اپنے مختلف ریٹیل آؤٹ لیٹس پر 275 کسٹمر سروس ڈیز کا انعقاد بھی کیا۔

### سی این جی

فرنچائز ماڈل کے تحت پی ایس او نے ملک بھر میں 140 سے زائد سی این جی اسٹیشنز بھی قائم کیے ہیں۔ جیسا کہ درآمد شدہ ایل این جی بیشتر سی این جی فیسیلٹیز پر استعمال کی جارہی ہے، تو موگیس اور سی این جی کے درمیان نرخوں کا بہت زیادہ فرق نہیں نہیں جیسا کہ مقامی گیس کی بنیاد پر قیمتوں میں فرق ہو سکتا تھا اور لہذا سی جی این کی صنعت اب آہستہ آہستہ مختصر ہوتی جارہی ہے، سی این جی سے ٹرانسپورٹ فیولز کی یہ منتقلی جاری رہے گی جس کی وجہ سے سی این جی سیکٹر کے لیے مقامی گیس کی عدم دستیابی مستقبل قریب میں مزید بڑھتی ہوئی دکھائی دے رہی ہے۔

### نان۔فیول ریٹیل

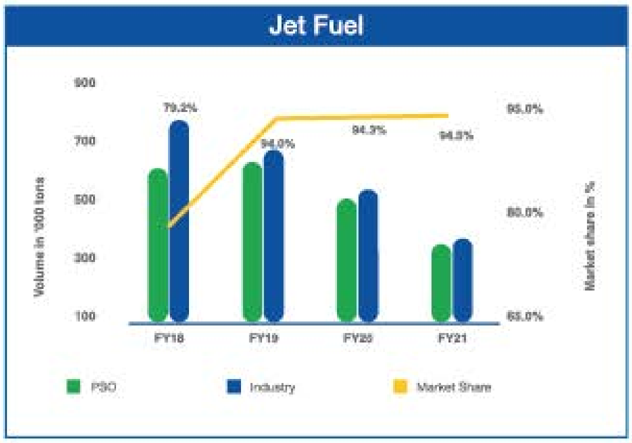
نان۔فیول ریٹیل (این ایف آر) ڈیپارٹمنٹ پی ایس او کے ریٹیل آؤٹ لیٹس پر صارفین کے تجربات کو بڑھانے کے ضمن میں اہم کردار ادا کر رہا ہے اور اپنے صارفین کے لیے ون اسٹاپ سلوشنز کے تحت پی ایس او کے ریٹیل آؤٹ لیٹس پر مزید سہولتیں بڑھانے کے لیے متعدد اقدامات بروئے کار لا رہا ہے۔

#### سی۔اسٹور ری ماڈلنگ۔شاپ اسٹاپس

پی ایس او نے ''شاپ اسٹاپ'' کے برانڈ نام تحت اپنے اسٹورز کو مزید فروغ دینے اور جدت طرازی کے سلسلے کو بڑھانے کی کوششیں جاری رکھتے ہوئے اس برس 30 شاپ اسٹاپس ری ویمپ کیے جس کے بعد 30

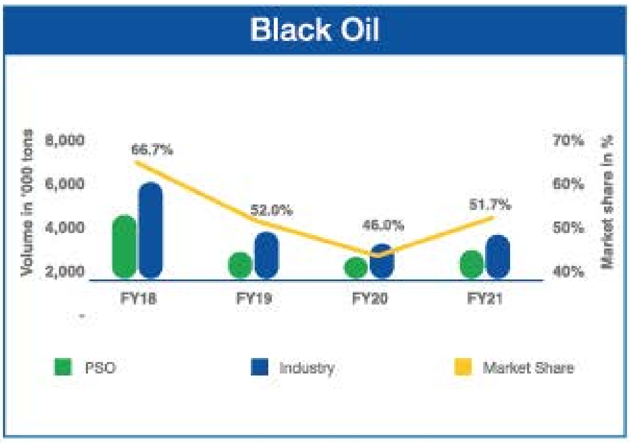
## جیٹ فیول

پی ایس او نے 94.5% کے بلند تر مارکیٹ شیئر کے ساتھ جیٹ فیول مارکیٹ میں اپنی سبقت برقرار رکھتے ہوئے مارکیٹ میں اپنی قیادت قائم رکھی۔ ایوی ایشن سیکٹر کو بڑے پیمانے پر لاک ڈاؤن، سفری پابندیوں اور عالمی نقل وحرکت میں نمایاں کمی آجانے کی وجہ سے کافی رکاوٹوں کا سامنا رہا، جس کے نتیجے میں جیٹ فیول کی طلب بھی شدید متاثر ہوئی۔ مالی سال 2021 میں جیٹ فیول کی صنعت میں گزشتہ برس کے مقابلے میں 32.4% کی کمی دیکھی گئی جبکہ پی ایس او کو گزشتہ برس کے مقابلے میں 32.2% تک کمی ہوئی اور اس کا اختتامی حجم 331.5 ہزار ٹن رہا۔




## بلیک آئل

بلیک آئل انڈسٹری قومی توانائی کے شعبے میں ایک بڑی تبدیلی کے باعث میں زوال کے دہانے پر ہے، تاہم فیول آئل انڈسٹری نے پاور سیکٹر میں بڑھتی ہوئی طلب کے پیش نظر گزشتہ برس 36.3% کی شرح نمو حاصل کی۔ پی ایس او نے بحیثیت ایک کلیدی سپلائر گزشتہ برس کے مقابلے میں 53.2% کی نمو 1.7 ملین ٹن کے والیوم اور 51.7% کے مارکیٹ شیئر کے ساتھ حاصل کی۔ گیس فائرڈ پاور پلانٹس میں اضافے اور حکومت پاکستان کی مقامی قابل تجدید توانائی کے وسائل پر خصوصی توجہ دینے کے ساتھ توقع کے آنے والے برسوں میں والیوم کم ہوجائے گا۔




## لبریکنٹس

معاشی سرگرمیوں، سماجی تحرک اور زرعی شعبے کی بحالی نے مشترکہ طور پر لبریکنٹس کے شعبے میں طلب بڑھانے میں نمایاں کردار ادا کیا اور اس صنعت نے گزشتہ برس کے مقابلے میں لگ بھگ 13% کی شرح نمو حاصل کی۔ سال کے دوران کمپنی نے متعدد سرگرمیوں کے ذریعے اپنے برانڈ کو مقبول تر بنانے کے لیے کوششیں جاری رکھیں۔ ان عناصر کی وجہ سے کمپنی نے 34 ہزار ٹن والیوم کے ساتھ گزشتہ برس کے مقابلے میں 11.3% کی نمو حاصل کی۔

## لیکویفائیڈ پٹرولیم گیس (ایل پی جی)

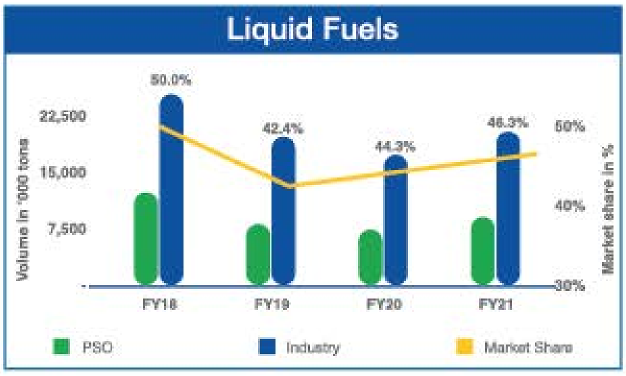
لیکویفائیڈ پٹرولیم گیس بنیادی طور پر ٹرانسپورٹ اور صنعتی شعبوں کی بدولت رواں دواں ہے۔ اس شعبے نے گزشتہ برس کے مقابلے میں 7.3٪ کی شرح نمو کے ساتھ 1,182 ہزار ٹن کا حجم حاصل کیا۔ جس کی بنیادی وجہ موسم سرما کے دوران مقامی شعبے سے مختلف دورانیوں میں طلب ہے، کمپنی نے گزشتہ برس کے مقابلے میں 0.5٪ کی شرح نمو 33 ہزار ٹن کے حجم کے ساتھ حاصل کی۔

## لیکویفائیڈ نیچرل گیس (ایل این جی)

پاکستان کی قدرتی گیس کی طلب لگ بھگ 5.5 بی سی ایف/ فی دن ہوتی ہے۔ اس کے ساتھ مقامی سیکٹر سے موسم سرما میں وقفے وقفے سے اضافہ ہوتا ہے، قدرتی گیس کے لیے مقامی پیداوار ختم ہورہی ہے اور اس کی تخمینی پیداوار کا اندازہ لگ بھگ 2.8 بی سی ایف/ فی دن ہے۔ اس شارٹ فال کو ایل این جی کی درآمد کے ذریعے پورا کیا جاتا ہے، سال کے دوران پی ایس او نے قطر

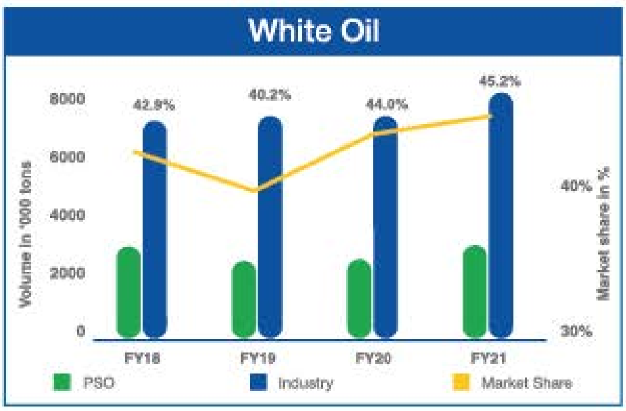
## لیکویڈ فیولز

کمپنی نے گزشتہ برس کے مقابلے میں 21.9% کی گروتھ ظاہر کرتے ہوئے مالیاتی سال 2021 میں 46.3% کا مارکیٹ شیئر حاصل کیا جو گزشتہ برس 44.3% تھا، جس کا نتیجہ میں 9.2 ملین ٹن حجم کی صورت میں نکلا۔ مارکیٹ شیئر اور حجم میں شرح نمو موگیس، ایچ ایس ڈی اور فرنس آئل کی بدولت حاصل ہوئی۔ کمپنی نے سال کے دوران ڈاؤن اسٹریم سیکٹر میں اپنی قیادت کا سفر یورو فائیو کے اسٹینڈرڈ فیولز بشمول ہائی آکٹین 97، موگیس 92 RON اور ہائی۔سیٹین ڈیزل کو متعارف کرانے کے ذریعے جاری رکھا۔ ان مصنوعات نے کمپنی پر صارفین کا اعتماد نمایاں حد تک بڑھایا ہے، تمام پروڈکٹس پر ایک مختصر جائزہ ذیل میں دیا جا رہا ہے:



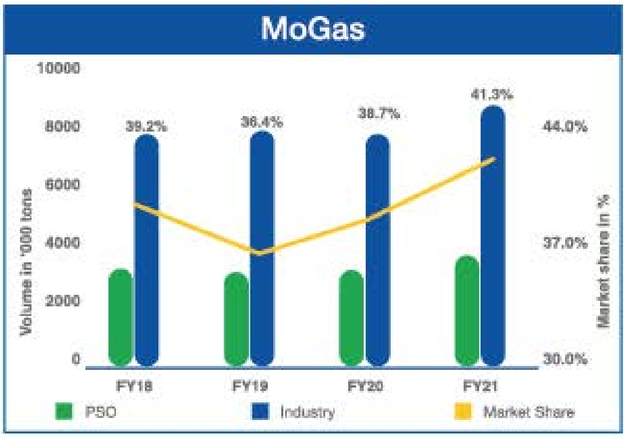

## وائٹ آئل

کمپنی نے مالی سال 2021 میں وائٹ آئل کے شعبے میں 45.2% کے مارکیٹ شیئر کے ساتھ اپنا بلند ترین حجم یعنی 7.6 ملین ٹن حاصل کیا یعنی گزشتہ برس کے مقابلے میں 120 بی پی ایس گروتھ حاصل کی۔ وائٹ آئل کی فروخت کا نمایاں حصہ ریٹیل کے شعبے کے ذریعے حاصل کیا گیا۔ وائٹ آئل کے شعبے میں پروڈکٹس کی کارکردگی کا ایک مختصر جائزہ ذیل میں دیا گیا ہے:



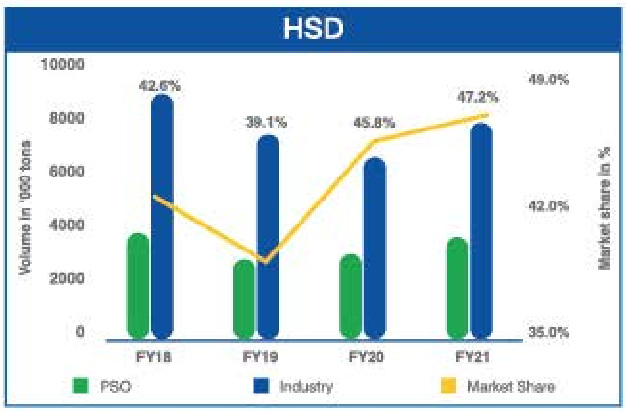

## موگیس (MoGas)

موگیس (MoGas) بنیادی طور پر کمپنی کے ریٹیل فیول بزنس کے ذریعے فروخت کی جاری ہے۔ کمپنی نے مالی سال 2021 میں موگیس کے شعبے میں تاریخ کا بلند ترین فروخت کا حجم یعنی 3.5 ملین ٹن حاصل کیا، مزید برآں ہائی اوکٹین یورو فائیو 97 کے حجم میں 177.6% کی نمایاں گروتھ دیکھنے میں آئی اور یہ گزشتہ برس کے مقابلے میں بڑھ گیا۔ مجموعی بنیاد پر کمپنی نے مالی سال 2021 میں گزشتہ برس کے مقابلے میں 21.2% والیومیٹرک اضافے کے ساتھ 41.3% مارکیٹ شیئر حاصل کیا جو گزشتہ سال 38.7% تھا۔




## ہائی۔سیٹین یورو فائیو ڈیزل

کمپنی نے مالی سال 2021 میں 17.5% کی انڈسٹری گروتھ کے مقابلے میں 21.1% کی ایک نمایاں شرح نمو حاصل کی جس کے نتیجے میں حجم 3.7 ملین ٹن رہا۔ اس حجم نے کمپنی کے مارکیٹ شیئر کو دوبارہ حاصل کرنے میں بھرپور شراکت کی اور گزشتہ برس کے مقابلے میں 140 کی بی پی ایس شرح نمو کے ساتھ یہ 47.2% پر آ گیا۔



کے اعتماد کا مظہر بھی ہے اور اس صورتحال سے جی ڈی پی اور روزگار کے مواقع بھی بڑھے۔ متعدد کار مینوفیکچررز پاکستان میں سی کے ڈی پروڈکشن کے ذریعے پہلے ہی مارکیٹ میں داخل ہو چکے ہیں۔ مزید برآں آٹو انڈسٹری ڈیولپمنٹ اینڈ ایکسپورٹ پلان (AIDEP) 2021-26 اور فور وہیلرز والی گاڑیوں کے لیے نئی ای وی پالیسی سے توقع ہے کہ مارکیٹ میں مسابقت بڑھے گی جبکہ صارفین کو مزید بہتر اور مستعد آٹو موبائیلز کے ساتھ دیگر فوائد حاصل ہوں گے۔ مالیاتی سال 22 کے بجٹ میں 850 سی سی کی گاڑیوں کے لیے پیش کردہ مالی مراعات سے امکان ظاہر کیا گیا ہے کہ آئل کی صنعت پر اس کے مثبت اثرات ظاہر ہوں گے۔ پاکستان الیکٹرک وہیکل پالیسی 2020-2025 کے اہداف الیکٹرک وہیکل مارکیٹ کے تحت 2030 اور 2040 تک بالترتیب ہلکی اور بھاری گاڑیوں میں 30% اور 90% سیلز پر مشتمل ہے۔ پالیسی کی نمایاں خصوصیات میں آٹو موبائیل کی صنعت کی مرحلہ وار الیکٹرک وہیکل میں منتقلی شامل ہے۔ یہ نئی پالیسیاں پاکستان کے آٹو موٹیو سیکٹر کو ایک نئے سانچے میں ڈھالنے اور پائیدار ترقی کے مقاصد کے ساتھ ماحولیات کو تحفظ دینے کی غرض سے متعارف کرائی گئی ہیں۔

## آئل انڈسٹری کا جائزہ (ڈاؤن اسٹریم)

پاکستان بنیادی طور پر کویت، قطر، سعودی عرب اور متحدہ عرب امارات سے کروڈ آئل اور پٹرولیم مصنوعات کا بڑا درآمد کنندہ ہے۔ مالیاتی سال 2021 میں آئل اور گیس کا درآمدی بل 11.3 ارب امریکی ڈالر پر تھا، ڈاؤن اسٹریم سیکٹر نے گزشتہ برس کے مقابلے میں اس سال 16.6% کی شرح نمو ظاہر کی جس کے نتیجے میں وائٹ اور بلیک آئل کا حجم بالترتیب 16.7 اور 3.2 ملین ٹن رہا۔

اس برس بجلی کی طلب میں دگنے اضافے کے ساتھ بجلی کی پیداوار کے لیے قدرتی گیس کی قلت اور ڈرائی ڈاکنگ کے معاملات کی وجہ سے فرنس آئل کی طلب میں نمایاں اضافہ دیکھنے میں آیا۔ پاکستان میں ایوی ایشن سیکٹر پر بین الاقوامی سفری پابندیوں کے باعث انتہائی منفی اثرات مرتب ہوئے۔ تاہم حکومت کی جانب سے سیاحت کو فروغ دینے کے اقدامات کی وجہ سے یہ امکان پیدا ہوگیا ہے کہ چند نئی کمپنیوں کے میدان میں آنے سے مثبت اثرات ظاہر ہوں گے۔

صاف توانائی کے لیے مہم سے ڈاؤن اسٹریم شعبے کے لیے بجلی، چارجرز، بیٹریز، بائیو گیس، کاربن سے چلنے والی ٹیکنالوجی اور قابل تجدید انرجی میں مسابقت کا رجحان پیدا ہو رہا ہے۔ مربوط پالیسیوں کی وجہ سے سرمایہ کاروں کی حوصلہ افزائی ہو رہی ہے کہ الیکٹرک گاڑیوں اور قابل تجدید انرجی کے شعبوں میں اپنے وسائل کو از سر نو مختص کریں۔

## کمپنی کی کارکردگی

پی ایس او نے انتہائی کامیابی کے ساتھ اپنے کاروباری اہداف کے حصول کے ساتھ ساتھ انڈسٹری کی عمومی سطح سے بلند کارکردگی کا مظاہرہ کیا ہے۔ کمپنی کی کاروباری حکمت عملی مارکیٹ شیئر کو دوبارہ بحال کرنے، صارفین کے تجربے کو بڑھانے، ڈیجیٹل ٹرانسفارمیشن کے استعمال کے ذریعے کاروباری افعال کی ری انجینئرنگ اور وسائل کے بہتر استعمال پر مرکوز ہے تاکہ اس کے مجموعی نتائج ایک مثالی کارکردگی کا بہترین مظہر ثابت ہوں۔ کمپنی مینجمنٹ ایسوسی ایشن آف پاکستان (ایم اے پی) کی جانب سے آئل مارکیٹنگ کمپنیز کے شعبے میں 35th کارپوریٹ ایکسیلینس ایوارڈ بھی حاصل کر چکی ہے اور مختلف کمپنیوں میں لیڈرشپ اسٹائل، کارپوریٹ گورننس، صارفین کو توجہ، ہیومن ریسورس، بہترین حکمت عملی کی منصوبہ بندی، سماجی ذمے داری، رسک مینجمنٹ، آئی ٹی انفرا اسٹرکچر، اور دیگر کلیدی عناصر کے مفصل جائزے اور مشاہدے کے بعد فاتح آئل مارکیٹنگ کمپنی کے طور پر منتخب کی گئی تھی۔

بہترین کارکردگی کی بدولت مالی سال 21 میں بعد از ٹیکس 29.1 بلین روپے کا تاریخ ساز منافع حاصل ہوا ہے جبکہ گزشتہ سال 2020 میں 6.5 بلین روپے بعد از ٹیکس خسارہ ہوا تھا۔ اس سال فی شیئر آمدنی میں 62.07 روپے کا اضافہ ہوا جبکہ مالی سال 20 میں فی شیئر خسارہ 13.77 روپے تھا۔ ایسے عوامل جن کے نتیجے میں قابل قدر منافع ہوا ان میں وائٹ آئل اور بلیک آئل کی فروخت کے حجم میں 16.6% اور 53.2% بالترتیب اضافہ اور مالیاتی لاگت میں 3.2 بلین روپے (24%) کی کمی شامل ہیں۔ مزید برآں عوامل جیسا کہ تاخیر سے ادائیگی کے سرچارج کی وصولی اور سازگار قیمت کے نظام نے بھی کمپنی کے منافع میں اضافہ کرنے میں اہم کردار ادا کیا۔

پروڈکٹ کے لحاظ سے ایک مختصر جائزہ ذیل میں دیا جا رہا ہے:

پاکستان اسٹیٹ آئل کے بورڈ آف مینجمنٹ نے 30 جون 2020 کو ختم ہونے والے مالی سال کے دوران کمپنی کی کارکردگی کا جائزہ لیا اور اس حوالے سے کمپنی کے عملی اور مالیاتی امور کی رپورٹ انتہائی مسرت کے ساتھ پیش کی جارہی ہے۔

## عالمی کاروباری اور معاشی صورتحال

سال کے دوران عالمی معاشی امکانات بہت زیادہ بے یقینی کا شکار رہے اور دنیا کے کچھ مقامات پر وائرس کی شدت اور بڑے پیمانے پر اموات نے انرجی مارکیٹس پر دباؤ برقرار رکھا، تاہم زیادہ سے زیادہ ویکسی نیشن کی کوششوں سے آئل وگیس کے لیے طلب کو بحال رکھنے میں بڑی حد تک مدد کی۔ 2021 میں عالمی شرح نمو 6% رہنے کا امکان ہے، اور 2022 میں 4.4% تک برقرار رہنے کی توقع ہے۔ بنیادی طور پر چند بڑی معیشتوں میں اضافی مالی معاونت، متوقع ویکسین سے ہونے والی بحالی اور اقتصادی سرگرمیوں کی مسلسل مطابقت کے باعث قوی امکانات موجود ہیں۔

بحالی مستحکم ہونے پر، 2021 میں عالمی تجارت میں 8% اضافے کی توقع ہے، جس کی بنیادی وجہ تجارتی مال کے حجم 2 کی بحالی ہے۔ سرحد پار سروس کی تجارت جس میں نقل وحمل اور سیاحت شامل ہیں ان کے متاثر رہنے کی توقع ہے۔ جب تک کہ دنیا بھر میں پھیلے وبائی مرض کا موثر انداز میں حل نہیں کیا جاتا۔ تاہم، ممالک کے درمیان سفری پابندیوں کے باعث ایئر لائن اور سروس انڈسٹریز کو مشکلات درپیش ہیں۔

تجارتی اشیاء کی قیمتوں میں مزید اضافے کی توقع کی جارہی ہے، جس سے کنزیومر پرائس انڈیکس (CPI) گزشتہ سال کے نچلی سطح کے ریکارڈ سے بڑھ گیا ہے۔

عالمی معاشی سرگرمیوں میں اضافے کے سبب کموڈٹی مارکیٹس میں اضافہ دیکھا جارہا ہے۔ جبکہ افراط زر کے طویل مدتی اوسط پر پہنچنے کی توقع کی جارہی ہے جس کے باعث سبسڈیز کی فراہمی اور ارزاں کموڈٹی پرائس کے بتدریج کم ہونے کے امکانات ہیں۔ عوامل جن میں لیبر کی فراہمی، عمالات اور انفراسٹرکچر میں بھاری سرمایہ کاری اگلی دہائیوں تک کمزور رہنے کے امکانات ہیں۔ جسے ڈیجیٹل ٹرانسفارمیشن اور پیداواری صلاحیتوں میں بہتری کی وجہ سے جزوی طور پر معیاری ترقی کے ذرائع کی طرف منتقل کیا جائے گا۔ اس طرح، توقع کی جاتی ہے کہ ایک بار سپلائی اور ڈیمانڈ میں توازن پیدا ہونے کے بعد کموڈٹی مارکیٹس معمول پر آجائیں گی۔

## پاکستان کا کاروباری و معاشی جائزہ

پاکستان اس وبائی صورتحال سے موثر طور پر نمٹنے کی صلاحیت کا حامل ہوچکا ہے۔ وفاقی اور صوبائی حکومتوں کی جانب سے اسمارٹ لاک ڈاؤن اور ہاٹ اسپاٹس ایریاز کو بند کرنے، نیشنل کمانڈ اینڈ آپریشن سینٹر (این سی او سی) کی جانب سے کڑی نگرانی اور مربوط فیصلوں کے مثبت نتائج نے ملک میں وائرس کے پھیلاؤ کو بڑی حد تک کنٹرول کرنے کی کوششوں کو کامیاب بنایا ہے۔

کئی بڑے چیلنجوں کے باوجود پاکستان کی معیشت میں تجارتی سرگرمیوں کی بحالی اور نجی کھپت کو فروغ دینے کے لیے اسمارٹ اقدامات پر توجہ مرکوز رکھنے کی بدولت معیشت کی بحالی کے امکانات ظاہر ہونا شروع ہوگئے ہیں۔ وبائی صورتحال سے نمٹنے کے لیے سوسائٹی میں شعور بھی بڑھا ہے۔

معیشت کے ہر ایک شعبے سے کی جانے والی مربوط کوششوں کی بدولت پاکستان کا جی ڈی پی مالیاتی سال 21 میں 3.9% تک دوبارہ بحال ہوگیا جو مالی 20 میں منفی 0.5% کی نچلی سطح پر تھا اور اس سے ''وی'' کی شکل میں بحالی ظاہر ہوئی۔ معاشی ترقی زراعت سمیت ان شعبوں کی کارکردگی سے منسوب ہے جن میں گزشتہ سال کے مقابلے میں 2.8% اضافہ دیکھنے میں آیا اور بڑے پیمانے پر مینوفیکچرنگ نے کووڈ-19 سے پہلے کی پیداواری سطح کو پیچھے چھوڑ دیا، جس کے بعد مالی سال 21 میں 14.9% اضافے کے ساتھ مجموعی شرح نمو ریکارڈ کی گئی۔

مالیاتی سال 2021 میں کاروں کی فروخت گزشتہ برس کے مقابلے میں 40.2% بڑھ گئی اور اس سال 2.1 ملین گاڑیاں فروخت کی گئیں جبکہ گزشتہ سال یہ تعداد 1.5 ملین تھی۔ یہ شرح نمو نہ صرف وبائی صورتحال کے بعد معیشت کی بحالی کی جانب اشارہ کرتی ہے بلکہ آٹو موبائل مارکیٹ میں سرمایہ کاری کو پرکشش بنانے کے لیے حکومت کے اقدامات پر سرمایہ کاروں

کی بنیاد پر بورڈ کا مجموعی کردار تسلی بخش پایا گیا۔

## مستقبل کے خدوخال

بورڈ اس بات کو یقینی بنانے کے لیے پُرعزم ہے کہ گروپ تبدیل ہوتے کاروباری منظرنامے اور درپیش چیلنجز سے نمٹنے کے لیے تیار رہے۔ اس کے علاوہ قابل تجدید اور ملکی توانائی کے وسائل کی طرف توجہ مرکوز رکھنے کے ساتھ شیئر ہولڈرز کے مفادات کو محفوظ بنانا بنیادی مقصد رہے گا۔

مستقبل میں بورڈ تنظیمی تعمیر نو کے دوسرے مرحلے کو شروع کرنے کا ارادہ رکھتا ہے اور اس ساتھ ساتھ سبک رفتاری کو یقینی بنانے کے لیے کمپنی کی کارکردگی کا جائزہ لیتا رہے گا۔ مارکیٹ شیئر کے دوبارہ حصول، انفراسٹرکچر پروجیکٹس، آٹومیشن اور کاروباری عمل کی دوبارہ انجینئرنگ کو توجہ کا مرکز بناتے ہوئے ایک جامع کاروباری منصوبہ منظور کیا گیا ہے۔

میں حکومت پاکستان، بالخصوص وزارت توانائی (پیٹرولیم ڈویژن) کا ان کے مسلسل تعاون اور رہنمائی کے لیے شکریہ ادا کرتا ہوں۔

ظفر آئی عثمانی

چیئرمین

بورڈ آف مینجمنٹ

23 اگست 2021

کراچی

ایس او نے وائٹ اور بلیک آئل انڈسٹری میں بالترتیب 45.2% اور 51.7% مارکیٹ شیئر حاصل کیے۔ پی آر ایل نے بھی اپنی آپریشنل حکمت عملی کی وجہ سے مالی سال 21 میں بہتر کارکردگی کا مظاہرہ کیا۔ کمپنی نے ہلکے خام تیل کا استعمال کیا اور 60% صلاحیت کے ساتھ آپریشن کو برقرار رکھا، جس نے کمپنی کو ہائی اسپیڈ ڈیزل (HSD) اور موٹر اسپرٹ (MS) کی پیداوار بڑھانے اور ہائی سلفر فرنس آئل کی پیداوار کم کرنے میں مدد دی۔ پی آر ایل نے سال کے دوران خام مکس میں بھی تبدیلیاں کیں اور مشرق وسطیٰ اور دیگر ذرائع سے نئے خام متعارف کروائے۔

آٹوموبائل سیکٹر میں نئے آنے والوں کی آمد اور اسٹیٹ بینک آف پاکستان کی جانب سے تخفیفی مالیاتی پالیسی کے باعث صارفین کی قوت خرید میں اضافہ ہوا جس کے نتیجے میں زیر جائزہ مدت کے دوران آٹوموبائل کے شعبے میں ترقی دیکھی گئی۔ یہ دو عوامل بنیادی طور پر پرائٹ آئل کی مصنوعات کی طلب میں اضافہ کرتے ہیں۔

اس سال بھی، ملکی توانائی کی ضروریات کو پورا کرنے کے لیے فرنس آئل پر انحصار میں خاطر خواہ اضافہ ہوا۔ جس کے بنیادی اسباب میں سیزن کے عروج کے دوران ایل این جی مقامی صارفین کی طرف منتقل کرنے، انڈسٹریل یونٹس سے اضافی ڈیمانڈ اور ریفائنریز سے متعلقہ مسائل شامل ہیں۔

استعداد بڑھانے اور مستقبل کے چیلنجز سے نمٹنے کے لیے بورڈ کے ساختی تبدیلیوں کے وژن کا ادراک کرتے ہوئے پہلے مرحلے کو تنظیم نو کی منظوری کے ساتھ کامیابی کے ساتھ مکمل کیا گیا جس میں علاقائی دفاتر کے لیے نئی تقرریاں/تعیناتیاں اور بجٹ کی فراہمی شامل ہیں۔

## بورڈ کی کارکردگی

بورڈ نے اسٹریٹیجک اور گورننس کے معاملات میں اپنے فرائض اور ذمہ داریاں مستقل مزاجی اور محنت کے ساتھ سرانجام دیں، اور زیر جائزہ مدت کے دوران انتظامی کارکردگی کی نگرانی اور ممکنہ خطرات سے دوچار ہونے والے شعبوں کا جائزہ لینے میں اہم کردار ادا کیا۔ کمپنی کو اس کے وژن اور مشن کے ساتھ ہم آہنگ کرتے ہوئے بورڈ نے کامیابی سے کمپنی کے اسٹریٹیجک اہداف طے کیے۔ سال کے دوران، بورڈ انتہائی عزم کے ساتھ گورننس اور کمپنی کی حکمت عملی اور آپریشنز کی نگرانی میں مصروف رہا، جس نے شیئر ہولڈرز کے لیے قدر میں اضافے کے مقصد کے ساتھ حکمت عملی اور پالیسیوں کا صحیح امتزاج پیش کیا اور اچھے کارپوریٹ گورننس کے اصولوں کو برقرار رکھا۔

بورڈ اس حقیقت سے واقف ہے کہ واضح کردہ کارپوریٹ گورننس کے طریقہ عمل کارپوریٹ احتساب کو بہتر کرنے کے لیے معاون ہیں اور بورڈ اسٹیک ہولڈرز کی قدر کو محفوظ اور برقرار رکھنے کے لیے کارپوریٹ گورننس کی اعلیٰ معیار کو یقینی بنانے کے لیے پرعزم ہے۔ سال میں تیرہ بار بورڈ کا اجلاس منعقد کیا گیا جس میں تمام بورڈ ارکان نے بھرپور شرکت کی اور بورڈ کے فیصلہ سازی کے عمل میں اپنا کردار ادا کیا۔ بورڈ کمیٹیوں نے بھی اپنی قیمتی رائے سے کمپنی کو قابل قدر معاونت فراہم کی۔

بورڈ، بورڈ کے اراکین اور اس کی کمیٹیوں کی سالانہ کارکردگی کا جائزہ باضابطہ طریقہ کار کی مدد سے لیا گیا ہے۔ اس طریقہ کار کے ذریعے موصول ہونے والے تاثرات

معزز شیئر ہولڈرز،

میں نہایت مسرت کے ساتھ 30 جون 2021 کو ختم ہونے والے مالی سال کے دوران پاکستان اسٹیٹ آئل (پی ایس او) اور اس کے ذیلی ادارے پاکستان ریفائنری لمیٹڈ (پی آر ایل) کی کارکردگی کا ایک جائزہ آپ کے سامنے پیش کر رہا ہوں۔

## کاروبار اور کووڈ-19

مالی سال 21-2020 ایک سے زائد محاذوں کے حوالے سے غیر معمولی رہا۔ جہاں عالمی معیشتیں کووڈ-19 کے اثرات سے نمٹنے کے لیے جدوجہد کر رہی تھی، وہیں ترقی پذیر معیشتوں کے لیے چیلنجز نے ایک مختلف شکل اختیار کی۔ زیر جائزہ سال کے دوران، حکومت نے معاشی سست روی کے منفی اثرات کو کم کرنے کے لیے جارحانہ اقدامات کیے۔ اشیاء کی قیمتوں میں مسلسل اضافے کو جذب کرنے کے اقدام (برینٹ میں 60% سے زیادہ اضافہ)، امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں استحکام جیسے چند دیرینہ چیلنجز ایسے تھے جن سے حکومت کو دوران سال نمٹنا پڑا۔

## پاکستان کی معیشت کا جائزہ

پاکستان کی معیشت نے تمام بڑے معاشی اشاریوں کے ساتھ غیر معمولی کارکردگی کا مظاہرہ کیا جس نے عالمی وبا کووڈ-19 کے دوران مثبت رجحان ظاہر کیا۔ مالی سال 20-2019 کے دوران حکومت کی جانب سے کیے گئے اصلاحی اقدامات نے دیرپا فوائد حاصل کئے، جن میں کچھ رواں مالی سال کے دوران دیکھے گئے۔ مجموعی ترقیاتی پیداوار (GDP) میں گزشتہ سال -0.5% کے مقابلے میں 3.94% کی مثبت نمو دیکھنے میں آئی۔ آٹو موٹیو پالیسی نے 19 آٹو موبائل کمپنیز کی مقامی مینوفیکچرنگ کے لیے حوصلہ افزائی کی۔ جہاں مینوفیکچر سیکٹر نے گزشتہ سال -3.8% کے مقابلے میں 3.6% کی مثبت نمو ظاہر کی، وہیں سروسز سیکٹر میں بھی گزشتہ سال -0.6% کی نسبت 4.4% فیصد کا اضافہ دیکھا گیا۔

اصلاحی اقدامات کے نتیجے میں فی کس آمدنی 1,361 امریکی ڈالر سے بڑھ کر 1,543 امریکی ڈالر ہوگئی ہے (13% فیصد اضافہ)۔ زراعت کے شعبے میں گندم (8.1%)، چاول (13.6 %)، مکئی (7.4%) اور گنا (22%) کی شراکت کے ساتھ سال میں 2.7% کا اضافہ دیکھنے آیا، جبکہ گنے نے ملکی تاریخ میں دوسری بڑی پیداوار (22%) کا ریکارڈ بنایا ہے۔ مزید یہ کہ، بڑے پیمانے پر مینوفیکچرنگ نے کووڈ-19 سے قبل کی پیداواری سطح کو پیچھے چھوڑ دیا، اور مالی سال 21 میں 14.9% کا مجموعی اضافہ ہوا ہے۔

## گروپ کی کارکردگی

معیشت کے مختلف شعبوں میں عالمی وبا کووڈ-19 کے منفی اثرات کے باوجود، پی ایس او نے اپنے ملازمین اور قابل قیادت کی انتھک محنت کی بدولت تمام بڑی مصنوعات میں نمایاں پیش رفت کی۔ اپنی روایت کو برقرار رکھتے ہوئے، پی ایس او نے لیکویڈ فیولز میں 46.3% مارکیٹ شیئر کے ساتھ انڈسٹری کی قیادت کی، پی

# E-DIVIDEND MANDATE FORM

Date: ____________________

Dear Shareholder

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a public listed company to pay cash dividend to its shareholders, ONLY through electronic mode, directly into the bank account designated by the shareholder.

In order to receive your dividends directly in your bank account, please fill-in the particulars as mentioned below and send the duly filled and signed form along with clear copy of your valid CNIC to the Share Registrar of the Company, CDC Share Registrar Services Limited, CDC House, 99-B, Block – B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400. [Tel.: (Toll Free) 0800-CDCPL (23275)]

**In case your shares are held in CDC then please submit this dividend mandate form directly to your Broker/Participant/ CDC Investors Account Services.**

Yours sincerely
for Pakistan State Oil Company Limited

Company Secretary

## SHAREHOLDERS PARTICULARS FOR ELECTRONIC CREDIT OF CASH DIVIDENDS

I/We/Messrs.,____________________________________________, being a/the shareholder(s) of Pakistan State Oil Company Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividends declared by it, from time to time in future, in my/our bank account as detailed below:

**Shareholder's details:**

Name of Shareholder ____________________

Folio No. /CDC Participant ID & A/c No. ____________________

CNIC No. **(Please attach copy)** ____________________

NTN (in case of corporate entity) ____________________

Contact Number Land Line ____________________ Cell No. ____________________

Email address ____________________

**Shareholder's Bank Account details:**

Title of Bank Account ____________________

Name of Bank ____________________

IBAN Number **(see note below)**

| | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | | | | | | | | | | |

Bank Branch & Code No. ____________________

Bank Branch's Mailing Address ____________________

It is stated that the above particulars provided by me/us are correct to the best of my/our knowledge and I/we shall keep the Company/Participant/CDC Investor Account Services informed in case of any change in the said particulars in future.

____________________

**Signature of Shareholder**

(Please affix company stamp in case of a corporate entity)

**Note:** Please provide complete IBAN, after checking with your concerned bank branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed on the basis of the IBAN alone. Pakistan State Oil Company Limited is entitled to rely on the IBAN information as per your instructions (provided by you). The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and / or due to any event beyond the control of the Company.

# PAKISTAN STATE OIL COMPANY LIMITED

Forty-Fifth Annual General Meeting – 2021

## Form of Proxy

I / We ____________________________________________

of ____________________________________________ (full address)

being a member of Pakistan State Oil Company Limited and holder of ________________ ordinary shares

as per Registered Folio No. ________________ and / or CDC Participant I.D. No. ________________

and Sub Account No. ________________ hereby appoint ________________

of ____________________________________________ (full address)

or failing him ____________________________________________

of ____________________________________________ (full address)

as my/our proxy to attend and vote for me/us and on my/our behalf at the 45th Annual General Meeting of the Company to be held on Tuesday, October 26, 2021 at 11:00 am and at any adjournment thereof.

Signed by me/us this ________________ day of ________________ 2021.

Witnesses:

1.Signature: ________________

Name: ________________

CNIC No.: ________________

Address: ________________

________________

2.Signature: ________________

Name: ________________

CNIC No.: ________________

Address: ________________

________________

Please affix Revenue Stamp of Rs.5

________________

**Signature of Member**
(Signature should agree with the specimen signature registered with the Company)

**Important:**

1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. Such proxy must be a member of the Company.

2) The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Company situated at PSO House, Khayaban-e-Iqbal, Clifton, Karachi at least 48 hours before the time of the meeting excluding holidays.

3) CDC shareholders or their Proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this Proxy Form before submission to the Company.

# پاکستان اسٹیٹ آئل کمپنی لمیٹڈ

پینتالیسواں سالانہ اجلاس عام - 2021

## پراکسی فارم

میں/ہم ______________________________

ساکن ______________________________ (مکمل پتہ)

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ کے ممبر کی حیثیت سے ______________ عمومی شیئرز کی تحویل رکھتا ہوں/رکھتے ہیں،

رجسٹرڈ فولیونمبر ______________ کے مطابق اور/یا سی ڈی سی شریک آئی ڈی نمبر ______________ اور ذیلی اکاؤنٹ نمبر ______________ ہے

میں/ہم بذریعہ ہٰذا جناب/محترمہ ______________________________

ساکن ______________________________ (مکمل پتہ)

یا ان کی جگہ جناب/محترمہ ______________________________

ساکن ______________________________ (مکمل پتہ)

کا تقرر کرتا/کرتی ہوں/کرتے ہیں کہ وہ بروز منگل 26 اکتوبر، 2021 کو صبح 11:00 بجے یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 45 ویں سالانہ اجلاس عام میں میرے/ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ہماری طرف سے ______________ 2021 کو دستخط کئے گئے۔

گواہان:

1) دستخط: ______________

نام: ______________

شناختی کارڈ نمبر: ______________

پتہ: ______________

______________

2) دستخط: ______________

نام: ______________

شناختی کارڈ نمبر: ______________

پتہ: ______________

______________

5 روپے کا رسیدی ٹکٹ چسپاں کریں

______________

ممبر کے دستخط

(یہ دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

اہم نوٹ:

1) اجلاس ہٰذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر اپنی جانب سے شرکت اور ووٹ دینے کے لئے کسی دوسرے فرد کو اپنا پراکسی مقرر کرسکتا ہے۔ پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔

2) پراکسی دستاویز اور پاور آف اٹارنی جس کے تحت اس پراکسی پر دستخط کئے گئے ہوں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل، اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس بمقام پی ایس او ہاؤس، خیابانِ اقبال، کلفٹن، کراچی میں جمع کروائی جائیں۔

3) CDC شیئرز ہولڈرز یا ان کے پراکسیز اپنے اصل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل ساتھ منسلک کریں۔