ANNUAL REPORT 2022

DRIVING THE FUTURE OF

energy

energy

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ABOUT THE REPORT

The Annual Report 2022 covers the period from July 1, 2021 to June 30, 2022 and significant subsequent events till its issuance.

The report provides the company's stakeholders a comprehensive review of PSO's performance, detailing in particular how PSO has created value over the year. In the current global environment, it is pertinent to appreciate the phenomenal performance of the company. Even though the external backdrop was challenging for the entire industry, PSO further strengthened itself by achieving a historic performance, breaking all previous records in multiple arenas. This report also addresses PSO's approach to sustainability, while highlighting links between the external and internal environment, company strategy, business models, integrated risk management and the corporate governance system.

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. The integrated reporting approach used by PSO builds a thorough understanding about the company, its business lines, strategies, opportunities and risks, governance and performance against strategic objectives, while presenting the company's prospects in a clear, concise and cohesive manner. The report also highlights the company's larger focus on health and safety of its employees, customers and contractors. We are proud to operate with reduced negative impact on the environment, owing to our focus on creating a better world for future generations. Moreover, the company has provided support to the nation in combatting COVID-19, as well as undertaking other community building projects with its 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, 2021.

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

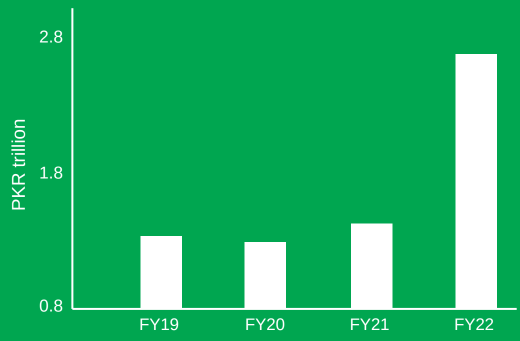
We wish you a pleasant read.

KEY HIGHLIGHTS OF THE YEAR

Highest-ever
sales turnover

PKR 2.7 TRILLION

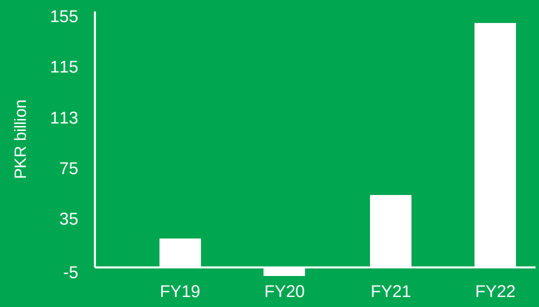
Gross Revenue



Highest-ever profit
before tax

PKR 147.8 BILLION

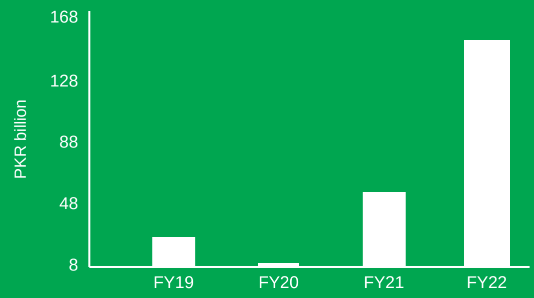
Profit before Tax



Highest-ever
earnings before interest,
taxes, dividend and amortization

PKR 154.8 BILLION

Earnings before Interest, Taxes, Dividend and Amortization



Contribution to
national exchequer

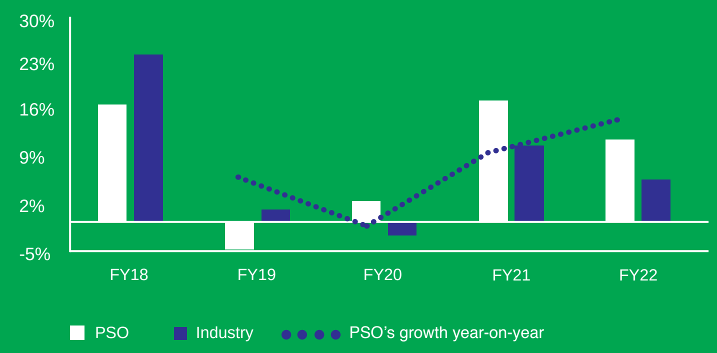
PKR 476.9 BILLION

Contribution to National Exchequer

Volumetric Growth in MoGas

Highest-ever MoGas sales volume

4.0
MILLION TONS



Volumetric Growth in Hi-Cetane Diesel

Highest Hi-Cetane Diesel sales volume in the last 8 years

4.6
MILLION TONS

Volumetric Growth in White Oil

Highest-ever white oil sales volume

9.2
MILLION TONS

KEY HIGHLIGHTS OF THE YEAR

Market share increased by **2.6%** in MoGas, **4.4%** in Hi-Cetane Diesel and **7.9%** in furnace oil

Launched Euro 5 compliant 95 RON fuel

Highest lubricants sales volume of **39.1 thousand tons** in the last 9 years

Highest-ever **LPG** sales volume of **37 thousand tons**

Added around **112.5 thousand tons** of new storage

Added **70 retail outlets** and **21 convenience stores** in the retail network

Rehabilitated **44 thousand tons** of existing storage

Procured **84 LNG** cargoes under **G2G** arrangement

Highest-ever white oil imports of **5.8 million tons**

Initiated MoGas movement through **White Oil Pipeline**

Integrated **400+** retail outlets and **2** terminals with the **command and control system**

Added **3** EV charging stations

Implemented **Vendor Invoice Management System** to improve payment efficiency

CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of the Board of Management, I feel immense pride in presenting my review on the performance of Pakistan State Oil and its subsidiary, Pakistan Refinery Limited (PRL) for the financial year ended June 30, 2022 (FY22).

Despite the numerous challenges experienced during the year, the Group has surpassed expectations once again, achieving commendable success. The Board is pleased with the progress the Group is making. From a strategic perspective, the Group is repositioned into a new phase of development. Our strategy is to ensure that PSO remains a financially viable conglomerate for long-term. The Group steadily moves towards attaining its long-term vision and goals. The Board is confident that the changes undertaken over the past two years will deliver sustainable benefits for all stakeholders, and the Group is well positioned to embark on the next phase of diversification and growth.

Economic Overview

The global and local economic situation witnessed a major set-back amid the Russia-Ukraine conflict, supply chain bottlenecks and unprecedented hikes in commodity prices. Investor's interest in the US dollar increased significantly due to the high rate of return and limited avenues for investment. The strong dollar exerted negative pressure on countries relying heavily on US dollars for imports. Given the current situation, it may be safe to infer that the world is moving towards recession in the short-term.

Pakistan's economy continued to witness expansion during financial year 2021-22 (FY22) with a growth of 5.97 percent. However, economic growth is expected to regress in the short-to-mid-term owing to external factors coupled with fiscal and monetary policies undertaken by the government. The increasing dollar-rupee parity poses a great challenge for the economy. Pakistan is negotiating a staff-level agreement to resume the Extended Fund Facility (EFF) which will greatly help in addressing the trade imbalance.

Group's Performance

PSO continued its outstanding commercial and financial performance, making history once again, achieving an after-tax profit of PKR 86.2 billion. The company maintained strong volumetric growth in all product lines, increasing market shares across major portfolios with a double-digit volumetric growth in liquid fuels of 26.9 percent, resulting in an overall market share of 51.1 percent. PSO attained highest white oil sales and motor gasoline volumes since the inception of the company, closing FY22 with market shares of 49.2 percent and 59.7 percent in white and black oil respectively.

Over the past 2 years, PSO has transformed into an integrated energy company that is focused on delivering solutions for customers through automation and digitization, building scale in low carbon energy alternatives, increasing operational efficiency, enhancing storage infrastructure and re-aligning its organizational structure.

PRL improved its performance through better inventory management, product yield re-configuration, and increased focus on high-margin products. The company has engaged a renowned consultant for the front-end-engineering-design of its expansion project which will enhance sustainability and efficiency and add significant value for the shareholders. I am confident that with the measures and projects undertaken by the management and the Board, PSO's long-term viability is secured.

Performance of the Board

The Board is committed to good corporate governance, ethical business practices and promoting the long-term interests of shareholders. The Board continued its role of overseeing strategic and governance matters by monitoring the management's performance and assessing risks which may impact the company during the year. Moreover, plans and policies were developed and implemented to ensure good corporate governance principles are in place that would create value for shareholders. The Board committees continued to assist the Board in effectively managing corporate governance; exploring, identifying and implementing mechanisms to reduce evolving risks for the business.

Given the significance of performance evaluation, the Board continued to carry-out annual performance evaluations of the Board, its committees, and Board members. The performance of the Board remained effective throughout the year and their collective contributions and efforts allowed the Group to not only achieve but surpass its targets.

Future Outlook

The Group is committed to growing its business and build value for its shareholders, by further strengthening its position in the market, increasing operational efficiency, innovation and diversifying its portfolio to remain relevant and sustainable in the long-term. The country's economic situation, mounting circular debt, global political and economic challenges, may have significant impact on the petroleum products supply chain, demand, and Group's financial capabilities. The Board, in consultation with the management, is devising strategic frameworks to effectively navigate these uncertain times. The Board and the Management are pursuing strategic diversification projects.

On behalf of the Board of Management, I congratulate the management on their impressive results and achievements in FY22. 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 26, 2022
Karachi

MANAGING DIRECTOR & CEO'S LETTER TO SHAREHOLDERS

My Dear Shareholders,

I am honored to present your company's financial report for fiscal year 2022. Over the past few years, we have made significant strides and transformed the company into an agile and future ready organization. We are raising the bar to a new standard of excellence and are building a better and more valuable company for you, our shareholders.

The pandemic has turbocharged an evolution in the operating environment, gradually bringing the fragility of traditional ways of doing business to the surface. More recently, the geo-political situation amplified macroeconomic factors such as inflation and gave rise to numerous challenges including supply chain issues. Despite it all, we continued to weather storms, our ambitions continued to rise, and we remained unabated by the myriad of crises. Our confidence in our ability to build on our FY21 success is reflected in our robust fiscal year 2022 results.

Fiscal year 2022 was a resounding success – PSO has once again made history, achieving an all-time high gross revenue of PKR 2.7 trillion (FY21: PKR 1.4 trillion) and a record profit after tax of PKR 86.2 billion (FY21: PKR 29.1 billion) despite slowing market growth, volatile currency and the turbulent geo-political environment. The net profit translated into an earnings per share of PKR 183.66 (FY21: PKR 62.07).

PSO is a profoundly evolved, much stronger, and more profitable company than it was a few years ago. Our people are transforming the company, working with passion, ownership and commitment to create value. The progress we have made is evidence that the actions we have taken, and the plan we have in place is working. We are executing a winning strategy, we have strong momentum and we are positioned to win.

The company set a new benchmark in white oil sales of 9.2 million tons with a market share of 49.2 percent, accelerating sales growth by a staggering 21.4 percent, the highest since the inception of the company. Sales were driven by significant volume improvements – PSO posted its highest-ever sales volume in motor gasoline (MoGas) of 4.0 million tons with a market share of 44 percent, an increase of 2.6 percent from last year. This is the highest market share in the last 7 years for MoGas. The company also attained the highest market share of 51.6 percent in Hi-Cetane Diesel in the past 8 years, translating into volumes of 4.6 million tons. Building on our leadership position in the jet fuel segment, PSO posted a record market share of 96.5 percent.

The power sector remained a major consumer of black oil due to increased demand of natural gas and uneconomical LNG prices in spot market. The company regained its market share in black oil market to 59.7 percent. Making headway in the lubricant and LPG segments, PSO attained highest lubricant sales volume of 39.1 thousand tons highest in the last 9 years, and highest-ever LPG sales volume of 37 thousand tons.

Meeting the evolving needs of our consumers and moving closer to them by becoming more accessible, 3 EV charging stations were added this year which include 2 on either side of the Lahore-Islamabad Motorway. 70 retail outlets were added to our vast retail footprint along with the revamping of 21 convenience stores. PSO also joined hands with Frontier Works Organization to establish 4 state-of-the-art retail outlets with mini rest areas to promote tourism in the northern areas. Another form of transaction mode in addition to chip-cards has been introduced for corporate customers in the form of near field communication (NFC) stickers along with the launch of the QR code based DIGICASH Wallet for consumers.

We are investing in building our digital capabilities to enable us to accelerate growth and improve productivity. During the past 2 years we have transformed ourselves into a digitally integrated and operationally resilient enterprise, based upon the industry 4.0 business model by developing an ecosystem of people, processes, and technology. Revolutionizing retail, PSO has indigenously designed an exclusive technology - a SAP integrated retail automation system, which has been successfully deployed at more than 400 retail outlets for centralized control and management and will soon spread across the entire retail network.

We have also digitized jet fuel into-plane refueling at 8 airports enabling real-time recording of sales in SAP using explosion-proof tablets thus enhancing data accuracy and credit controls. The digitally integrated terminal management system has been extended to 2 more operational locations. The vendor invoice management system has also been implemented to improve efficiency in the payment process. By leveraging digital tools to synchronize our supply network and automate our operations, we are empowering our people with the flexibility and speed needed to drive strong business results and create value.

Further strengthening our robust supply chain and storage infrastructure, especially in upcountry, we have added 112.5 thousand tons of storage for HSD and MoGas at Machike, Zulfiqarabad Oil Terminal and Juglot. With the addition of 42.7 thousand tons, Machike Terminal has become the single largest storage location in Punjab with a total capacity of around 100 thousand tons. In addition to development of new storages, rehabilitation of storage tanks with a capacity of 44 thousand tons was also completed at Keamari Terminals A & B taking the company's total storage to approx. 1.1 million tons. At present, the development of 90 thousand tons of storage is in process at Faisalabad, Faqirabad and Mehmoodkot and is expected to be complete in FY23.

Owing to the geo-political unrest, our country became vulnerable to an imminent supply chain shock. Staying true to our responsibility as the national flag bearer, we bridged the supply gap by procuring 4 additional cargoes of Hi-Cetane Diesel Euro 5 during peak harvesting season. PSO became the first oil marketing company to provide oil-in for the commencement of the WOP multi-grade project. Through this pipeline system, both diesel and petrol can be transported in an environment friendly and cost-effective manner.

Since its inception, one of PSO's primary purposes has been to cultivate meaningful change for society and make a positive impact on the environment and the communities in which we operate. We understand that as the market leader, we have a responsibility to model the right behaviors and create a strong foundation based on caring and giving. In FY22, PSO contributed around PKR 250 million in numerous health, education and community building projects.

Being at the vanguard of diversity and inclusion in the industry, we are focused on creating an exemplary organization that aligns closely with our purpose and values, empowering women at every level of our organization's hierarchy. Our commitment to inclusive behavior as a company drives exemplary performance outcomes, enabling our reputation to be the company of choice for our internal and external stakeholders alike.

Looking forward, our objective is clear. We are taking bold and decisive steps to consistently deliver stronger, sustainable growth and enhance shareholder value in the years to come through a focused long-term strategy. We are going to make the needed investments in innovation driven strategic projects, diversifying into FinTech, clean energy and renewables to position PSO for success in the short, mid and long-term. Focusing on our coherent multi-business strategy, we are exploring the opportunities and challenges involved in diversifying horizontally and vertically, while discovering new ways to find our company's best vector for growth.

As we close fiscal year 2022, we are where we expected to be. Our business performance is underpinned by our strong organizational design, our culture of innovation and our commitment to the health and safety. Having leveraged our core strengths, we are well-positioned with the right innovation-driven plan, the right structure, and the right strategy in place to deliver results and shareholder value.

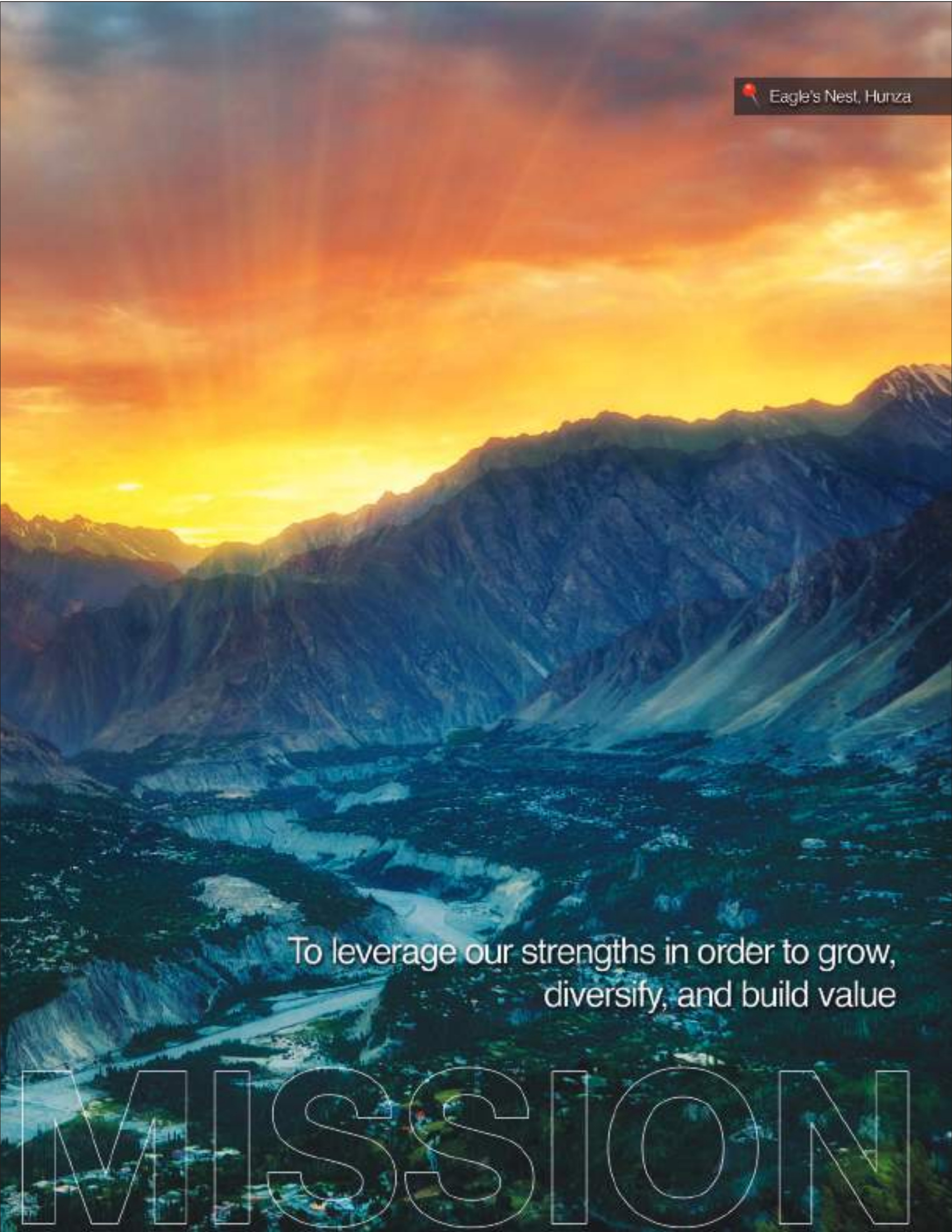
I thank our customers, business partners and stakeholders for their continued support and extend my heartfelt thanks to our employees for their hard work over the past year. This journey would not have been possible without the guidance of Government of Pakistan, especially the Petroleum Division of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

Syed Muhammad Taha
Managing Director & CEO

August 26, 2022
Karachi

VISION

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



MISSION

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

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

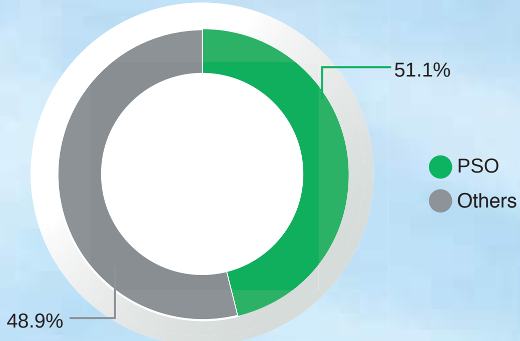
In line with management's effort to maintain the decorum and ensure an environment that is cohesive to the development and success of our people, a Code of Conduct has been put in place where the following activities can result in disciplinary action:

01. Habitual lack of punctuality
02. Unauthorized/habitual absenteeism
03. Unsatisfactory/negligent performance
04. Smoking at any PSO locations/offices
05. Breaking of safety regulations/HSE standards/policies
06. Breach of privacy and/or trust
07. Misuse of confidential information/record
08. Falsification of records
09. Offering/accepting bribes/gifts
10. Intentional damage to company's/any individual's property
11. Reporting for duty drunk, drugged or intoxicated
12. Activities bringing disrepute to the company
13. Use or possession of arms, explosives, alcohol or drugs
14. Negligence causing loss to company's property(ies)
15. Submission of fake/forged testimonial(s)/document(s) at the time or during the course of employment
16. Bullying/intimidation/uncalled for behaviour/mental and gender harassment
17. Giving illegal/unreasonable direction to others/misuse of authority
18. Using influence or external pressure in company affairs
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 the basis of caste, creed, religion and gender
24. Undue patronage/nepotism (favouritism)
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 rumour-mongering
29. Insubordination/failure to obey legitimate instructions
30. Non-disclosure of conflict of interest
31. Misappropriation/misrepresentation of facts and 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, the nation's pride, is the largest energy company of Pakistan. The company is operating in the country with the largest retail network of 3500+ retail outlets, 9 installations, 23 depots, refueling facilities at 10 airports and operations at 2 seaports. The company holds a storage capacity of around 1.1 million tons which is the largest by any single company. Since its inception in 1976, the company has been actively involved in enriching the lives of its patrons by shaping the industry and adding innovative products and services. The company is playing a pivotal role in fueling journeys across land, air and sea.

During FY22, PSO further strengthened its leadership position in the oil marketing industry by closing the year with a market share of 51.1 percent.



Source: Industry data based on Oil Companies Advisory Council (OCAC)

The company is also managing the import of liquefied natural gas (LNG) with an average of 8 cargoes each month, translating into the market share of over 80 percent. Additionally, the company has increased its footprint in ancillary businesses including non-fuel retail and cards. Moreover, the company has lubricant manufacturing plants with a combined blending capacity of 70 thousand tons per annum and several LPG storage and bottling facilities across the country.

PSO has various strategic investments in the oil value chain through shareholding in Pakistan Refinery Limited (PRL), Asia Petroleum Limited (APL), Pak Grease Manufacturing Company (Private) Limited (PGM), Eastern Joint Hydrant Depot (EJHD), Joint Installation of Marketing Companies (JIMCO), Pak-Arab Pipeline Company Limited (PAPCO) and New Islamabad International Airport (NIIAP).

During the year, the company increased its storage capacity by 112.5 thousand tons and rehabilitated 44 thousand tons of existing storages across the country. The new additions include 42.7 thousand tons of mega storage facility at Machike. In addition, 70 retail outlets, 21 convenience stores and 3 electric vehicle chargers were added to enrich customers' experience. The company engaged Frontier Works Organization (FWO) to develop retail outlets on motorways in central and northern parts of the country.

PSO is cognizant of the significance of technology in improving business efficiency. A command and control system has been established to monitor supply chain network. More than 400 retail outlets and 3 terminals, i.e. Keamari Terminal-A, Sihala and Machike, were integrated with the system during the year. Moreover, the company has streamlined its payment processes by implementing the first phase of Vendor Invoice Management System (VIMS).

PSO continued adding value to society by participating in several community development, healthcare and educational projects through its CSR Trust. During the year, the company contributed around PKR 250 million towards these projects.

Our customers are the primary reason for our existence and improving customer experience is always kept paramount. A dedicated customer service center assists customers in promptly resolving their queries and gaining insights. The 'Call and Contribute' initiative of the company enables management to directly interact with customers to learn about their experience and derive insights that are instrumental in enhancing our offerings. For the purpose, the company has also enhanced its presence on social media platforms for better interaction and engagement with our customers. Furthermore, PSO meticulously monitors the complaints received on 'Pakistan Citizen's Portal' to ensure timely resolution.

The company has a dedicated website in place, i.e. www.psopk.com that provides latest updates including price of products, retail network, and other company information. The details of social media pages are hereunder:

- **/psocl**
- **/linkedinPSO**
- **/psopakistan**
- **/psopakistan**
- **Pakistan State Oil**

MARKETS SERVED AND PRODUCT LINES

Brand	Product	Usage/Customer Base	Served Through
Euro 5 Octane+	MoGas 95 RON	Automobile	Retail and Consumer Business (B2B)
Euro 5 Premier	Premier Motor Gasoline (MoGas)	Automobile and Motorcycle	Retail and Consumer Business (B2B)
Euro 5 Hi-Cetane Diesel	Hi-Cetane Diesel (HSD)	Automobile, Industrial and Power Sector	Retail and Consumer Business (B2B)
Jet A-1	Jet Fuel	Aviation Sector	Aviation Business
Furnace Oil	Furnace Oil	Power, Industrial and Marine Sector	Consumer Business (B2B) and Power Projects
SKO	Kerosene Oil	Industrial Domestic	Consumer Business (B2B)
LDO	Light Diesel Oil	Agriculture	Consumer Business (B2B)
LNG	Liquefied Petroleum Gas Liquefied Natural Gas	Domestic, Industrial Power, Domestic and Industrial	Gaseous Fuel Business
Electro Electric Vehicle Charger	Electric Vehicle Charger	Electric Vehicle	Non-Fuel Retail
CARIENT BLAZE 4T DEO	Lubricants	Automobile Motorcycle Industrial	Retail, Hi-street and B2B
Corporate Card Commercial Card Fleet Card DIGICASH	Cards	Automobile and Motorcycle	Retail
SHOP STOP	Convenience Store	Automobile	Retail

GROUP STRUCTURE

The Group consists of Pakistan State Oil Company Limited (the holding company) and Pakistan Refinery Limited (the subsidiary company).

PSO — **63.6%** — PRL

Ownership and Operating Structure

Both PSO and PRL, incorporated and operating in Pakistan, are listed on the Pakistan Stock Exchange Limited. Majority of shares of PRL are owned by the holding company – PSO (63.6 percent), whereas, the goverment holds 22.47 percent direct shareholding in PSO (51 percent direct and indirect). Detailed shareholding structures have been mentioned in pattern of shareholdings of each company.

Nature of Relationship

The acquisition of PRL has provided backward integration to PSO and has further provided with a secured source of purchase. Accordingly, PSO uplifts substantial portion of the refinery's production and has majority representation on its Board of Directors.

BUSINESS MODEL

Planning & Sourcing

Input

Sourcing through local refiners and imports to meet customer demand

Storage & Distribution

Operations

Storage network of around 1.1 million tons supported by fleet of tank lorries, pipeline connectivity and railways

Marketing

Business Activity

Improving customer satisfaction, relations and confidence in our products and services

Sales

Output

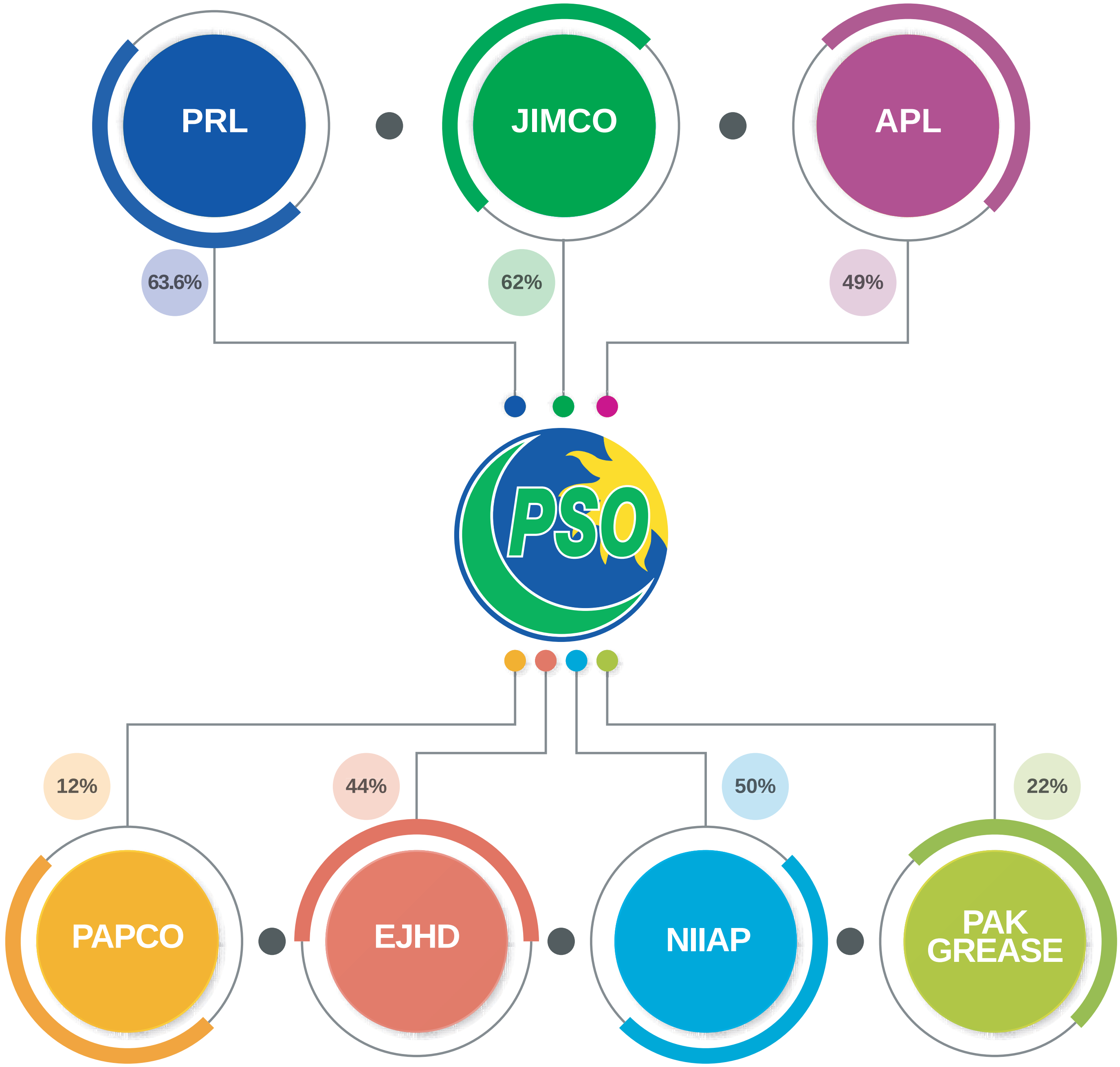
Meeting customer demand through multiple channels including retail, hi-street and B2B segment

STRATEGIC INVESTMENTS

Pakistan Refinery Limited
Others are held by institutions and general public

Joint Installation of Marketing Companies
Others include SPL (25%) & TPPL (13%), managed by PSO

Asia Petroleum Limited
Others include Independent Petroleum Group (12.5%), Veco Int'l (12.5%), Infravest (26%)



Pak-Arab Pipeline Company Limited Others include PARCO (51%), Shell (26%), Chevron/TPPL (11%)

Eastern Joint Hydrant Depot
Others include SPL (25%) & TPPL (13%), managed by PSO

New Islamabad International Airport Fuel Farm
Attock Petroleum Limited (APL) (50%)

Pak Grease Manufacturing Company (Private) Limited
(Associated company)

VALUE CHAIN

The oil industry value chain is segregated into 3 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 petroleum 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	Midstream	Downstream
Exploration	Transportation	Manufacturing
Field Development	Processing	Refining & Petrochemicals
Production Operations	Storage & Distribution	Wholesale & Marketing

HR STRENGTH

GEOGRAPHICAL PRESENCE

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.

TERMINALS	HEAD OFFICE	DIVISIONAL OFFICES
DEPOTS	AVIATION STATIONS	LPG PLANTS

REGULATORY FRAMEWORK

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.

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 and rejection of bids, acceptance of bids, award of procurement contracts and redressal of grievances.

O G R A

Oil & Gas Regulatory Authority

PSO being an oil marketing company, to the extent of its business, is under the regulatory framework of Oil & Gas Regulatory Authority (OGRA). In this regard, the Authority is empowered to regulate the business of PSO through Oil & 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 at 22 locations. The purpose is to ensure uniform selling prices of these products across the country.

SIGNIFICANT CHANGES FROM PRIOR YEARS

Growth in Petroleum Products' Consumption

The country's oil demand continued to witness double-digit growth primarily due to spurring economic activities.

Vehicle Sales

A substantial growth in automobile sales was witnessed during the first half of fiscal year due to macro-economic recovery and single-digit interest rates. However, the sales were marginally affected later in the year owing to increasing policy rates and amendments in prudential regulations.

Increasing Oil and Commodity Prices

Global geo-political events, supply chain disruptions and rebounding economic activities across the globe resulted in exorbitant oil and commodity prices. The global inflation surpassed the overall economic growth rate, leading to recessionary effect on the economies.

Rupee Devaluation

Pakistani rupee has been under pressure owing to soaring oil and commodity prices globally, considerably affecting the country's import bills and foreign currency reserves.

Monetary Policy

With increasing inflation and consistent pressure on local currency, the State Bank of Pakistan increased the policy rate by 675 basis points since September 2021, taking it to 13.8 percent at year-end.

Increasing Oil and Commodity Prices

Exorbitant LNG prices in the spot markets, increase in power demand and low hydel-based generation resulted in high consumption of furnace oil.

SIGNIFICANT EVENTS

During the Year

- Significant increase in circular debt receivables
- Favourable oil price trend
- Commencement of MoGas movement through WOP
- Significant increase in policy rate
- Introduction of pricing subsidy in the latter part of the year
- Imposition of super tax

After the Reporting Period

- Reluctance by banks to increase their exposure to oil industry
- Banks charging exorbitantly high spreads on USD to cover their risk exposures
- Government increased the dealers' margin

MAJOR EVENTS

May 18, 2022
MD & CEO PSO, Syed Taha's interview at the ICAP CFO Conference 2022

June 27, 2022
Dr. Musadik Malik (Minister of State, Petroleum Division) visits PSO House

February 28, 2022
Mr. Ali Raza Bhutta (Federal Secretary for Energy, Petroleum Division) visits PSO House

March 17, 2022
22nd MAP Convention

June 21, 2022
Inauguration of newly constructed storage tanks at Machike Terminal

March 30, 2022
Fuel Supply and Technical Services Agreement with TotalEnergies Aviation

September 23, 2021
WOP multigrade project Throughput Agreement with PAPCO

June 8, 2022
Inauguration of Near Field Communication (NFC) tags for corporate clients

June 21, 2022
Inauguration of EV charging station at Sunshine filling station, Lahore

October 28, 2021
MAP's 36^{th} Corporate Excellence Awards

February 9, 2022
SAFA Best Presented Annual Report Award 2020

September 27, 2022
1^{st} Position (Fuel & Energy)
Best Corporate Report 2021 Award

MAJOR EVENTS

October 14, 2021
Largest taxpayer from import sector (nationwide) award

December 17, 2021
MoU with FWO for the installation of EV chargers

January 24, 2022
MoU with Pakistan Railways

December 22, 2021
MoU with FWO to establish state-of-the-art fuel stations on Lahore-Sialkot Motorway

June 27, 2022
Signing ceremony with FWO to establish state-of-the-art fuel stations in Northern Areas

October 26, 2021
45th Annual General Meeting

June 28, 2022
Corporate briefing session

August 14, 2022
Independence day flag hoisting ceremony

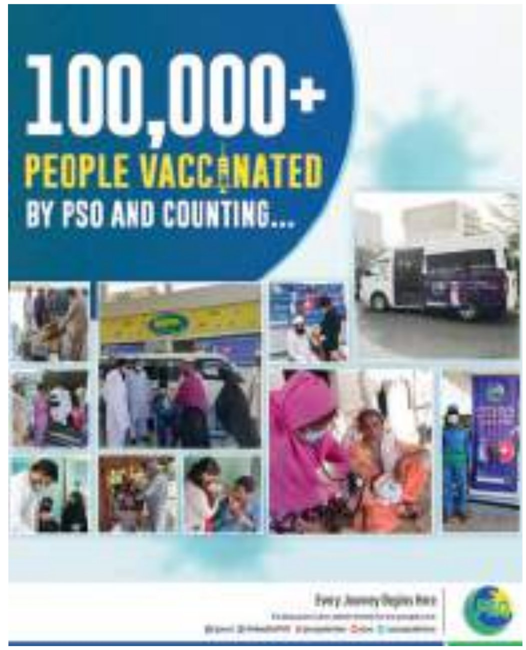
April 8, 2022
Inauguration of forecourt training program

January 27, 2022
Workshop for NH&MP by PSO and OCAC

February 14, 2022
Carient new pack launch ceremony

February 7, 2022
Carient trade event 2022

MARKETING INITIATIVES

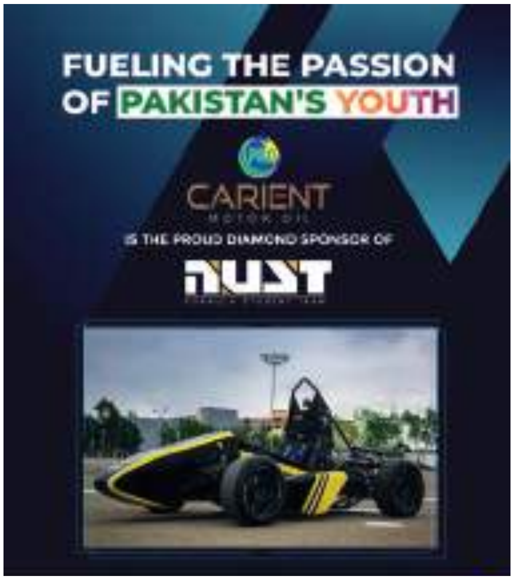



NEW
CARIENT
FOR ENGINES TO OUTPERFORM
Fuel Economy Potential
Extreme Temperature Resistance
Extended Oil Drain Interval
Longer Engine Life
Eco-Friendly
Poly Alpha Olefin
CARIENT
5W-30
AI FORMULA


MERE HAR SAFAR KA AGHAZ MERE
AZM SE HAI
WOMEN'S DAY
8th MARCH

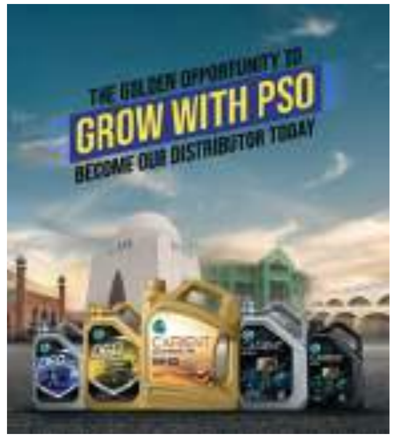

QUICK. CONVENIENT. PROFESSIONAL.
PSO ON WHEELS


OCTOBER
Breast Cancer
Awareness Month
#DrivePink


FUELING THE PASSION
OF PAKISTAN'S YOUTH
CARIENT
IS THE PROUD DIAMOND SPONSOR OF
NUST


INTRODUCING
PSO NFC TAGS
FOR OUR CORPORATE CLIENTS!

MARKETING INITIATIVES




YOU CAN NOW
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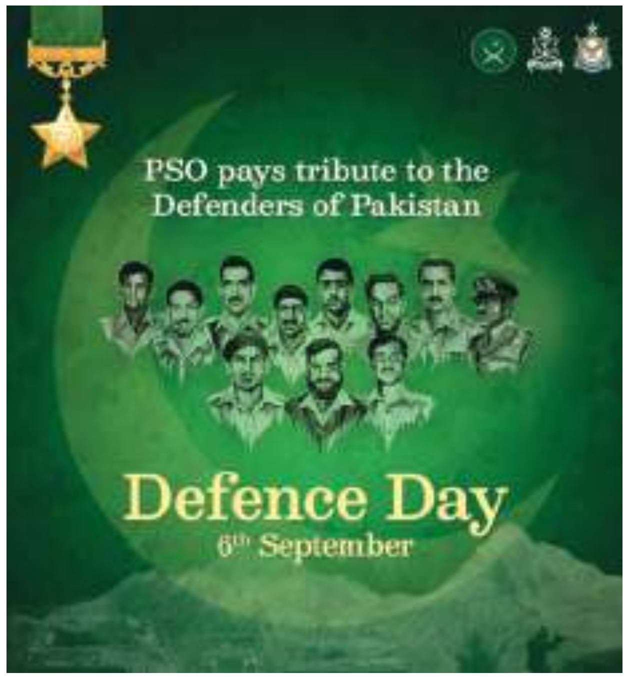
03444-TAALUQ


Celebrating
World Health and Safety
at Work!
Let's Act Together for Better
Health, Safety & Environment


LET'S CHEER TOGETHER FOR
OUR CHAMPIONS IN
Green!
#ITSNOTJUSTAGAME


PSO pays tribute to the
Defenders of Pakistan
Defence Day
6th September


Bumper
Cashback
Offer
For PSO cardholders
10% Cashback
on PSO Carient Fully Synthetic
CARIENT
October 03 till November 01, 2021


CELEBRATING
WORLD
ENVIRONMENT
DAY
5TH JUNE

MANAGEMENT REVIEW & REPRESENTATION

Integrated Business Model

Inputs

Intellectual Capital
- 45 years of leadership experience
- Digital transformation
- Policies and procedures
- Cards business
- Licences and copyrights

Human Capital
- HR policies
- Career development
- Succession planning
- Talent management
- Employee engagement and motivation

Social and Relationship Capital
- Strong relationship with stakeholders
- Shared values and norms
- Sustainable corporate social responsibility
- High quality assurance
- International long-term contracts

Natural Capital
- Focus on health, safety and environment
- Investment in environment conservation

Financial Capital
- Largest corporate treasury of Pakistan
- Appropriate mix of debt and equity
- Cash flow management

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

Activities

- Meeting the nation's demand for petroleum products
- Disaster recovery
- Continued value creation
- Research and development/new product development
- Regular business practices reviews
- Security and vigilance

- Focus on society and environment under CSR Trust
- Metrics to measure and improve customer experience
- Concrete set-up to ensure quality and quantity
- Vendor grievance redressal
- Customer protection measures

- Timely payments to suppliers
- Managing collections and payments of over PKR 5 trillion per annum
- Bank borrowing at competitive rates
- Curtailing circular debt accumulation

Activities

- Skill based rotations/placements
- Succession planning for critical positions
- Career path for high-potential employees
- Continuous professional development
- 13,000+ learning hours
- Performance based evaluation

- Launched environment friendly Octane+ Euro 5
- Relaunch of DEO 8000 pack
- Exploring renewable energy options
- Environmental protection system
- Energy conservation
- HSE audits
- Process safety management drive

- Added 70 new outlets
- Added 112.5 thousand tons of storages
- Added/revamped 21 convenience stores
- Added 3 electric vehicle charging facilities at Islamabad, Lahore and M2 Motorway

Outputs

Intellectual Capital
- Improved shareholder wealth
- Adherence to corporate governance
- Institutionalizing reforms and transformation process
- Implementing the digitalization roadmap/strategy

Human Capital
- Organizational development and competence
- Lower attrition rate
- Exceptional performance
- Ethical leadership

Social and 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
- Sustainability progress
- Renewable projects
- HSE culture

Financial Capital
- Ensuring smooth business operations amid mounting circular debt and rising international oil prices
- Compliance with financial report standards
- Increase in gross sales revenue by 89 percent
- Contribution to national exchequer of PKR 477 billion

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

MANAGEMENT REVIEW & REPRESENTATION

Business Objectives & Strategies

Pakistan's downstream segment is transitioning. Technological advancements and increase in competition are posing challenges for market players. In addition, the economic conditions and uncertainty are necessitating the business to remain agile. A number of measures are undertaken with an aim to add value for the shareholders through product-line extension, integration and diversification, enhanced market presence, digitalization and business process optimization initiatives.

Objectives	Strategy	Nature
Safe business operations	Effective implementation of HSE policies	Short-term objective
Business enhancement and profitability	Maintaining the market leadership and increasing the volumetric growth in petroleum products	Short-term objective
Process optimization	Enhancing efficiency of operations and marginalizing human intervention through digital transformation	Medium-term objective
Diversification	Diversifying business portfolio through investments in new ventures	Medium-long term objective
Investment in human capital	Building a diversified talent pool of required skill sets	Medium-term objective
Reduction in circular debt receivables	Liaisoning with the government for settlement of circular debt receivables	Short to medium-term objective

Resource Allocation Plan

The business planning process effectively addresses the operating budget requirements against the business objectives and key focus areas, whereas, the financial planning process caters to the fund requirement for the business plan.

Significant Changes in Objectives and Strategies from Previous Years

The company is privy to the evolving business environment. Moreover, COVID-19 has further necessitated the business to bring changes in the operational framework to remain sustainable and agile. Keeping the same in perspective, the company is making strides in optimizing and automating its business processes. A comprehensive corporate strategy encompasing product-line extension, integration and diversification plans for value creation and sustainability has been devised, which is in its initial phase of implementation. The recent inflationary impact has necessitated the company to rationalize its business expenditure in a prudent manner.

Strategic Decision Making Process and Organizational Culture

PSO's corporate culture revolves around empowerment, caring & giving, and inclusive leadership, where new and innovative ideas are welcomed at all levels. It enriches employee engagement.

A number of cross functional teams and committees are in place across the organisation for tactical and operational decision making. Strategic decisions are taken in the Management Committee comprising of the company's top management.

Pandemic Recovery Plan by the Management and Policy Statement

During the year, PSO successfully managed to overcome obstacles while keeping business activities fully operational. Employees' wellbeing was maximized without affecting the company's operations. PSO ensured inoculation of COVID-19 vaccines to its employees and their immediate families to reduce spread of the pandemic.

Continual product supply was ensured despite many challenges that enabled PSO to stand distinguished from its competitors. Zero tolerance policy was established by the management in combating the pandemic. The company adopted guidelines and SOPs as issued by global institutions and the government to ensure safe operations. As a responsible corporate citizen, PSO partnered with the government to administer vaccines across the country by setting-up vaccination centers and booths.

The company took all necessary measures for safe and continual business operations.

Significant Changes in the Local and International Political Environment Affecting the Company

The economic factors and consumer purchasing power affect the overall demand of petroleum products. Recent political unrest in the country aggravated the regressing effect on the demand, especially during the last quarter of FY22.

The country is sourcing majority of its energy requirement from international markets. Accordingly, any changes in global political environment have a direct impact on the product availability and pricing. Recent Russia-Ukraine conflict has resulted in sharp escalation of petroleum prices in the global markets. The government subsidized the retail fuel prices to minimize the effect of inflation due to soaring international prices. The said subsidy exerted financial and liquidity stress on the company due to more than a month's lag in the settlement process with respect to price differential claims.

Significant Plans and Decisions

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

- Ensure safe business operations through effective HSE implementation
- Maintain focus on high margin products
- Strive to reduce receivables from government entities
- Expedite ongoing projects to increase capacity and reliability of asset infrastructure
- Optimize operational process through business process re-engineering and digital transformation
- Execute the corporate strategy for value creation and sustainability

MANAGEMENT REVIEW & REPRESENTATION

Key Performance Indicators

PSO has a well-established and robust performance monitoring framework with regular business reviews in line with the strategic plans and objectives. A balanced scorecard system is in place to measure and monitor the progress of the company in many disciplines, and exceptions are reported and reviewed by the management for appropriate actions. The company's Board of Management (BOM) periodically reviews the performance against the set KPIs covering the following key focus areas:

- Health, safety & environment
- Profitability
- Technology
- Organizational development

Strategy to Overcome Liquidity Challenges and Management of Debts

Liquidity Challenges

At the end of FY22, receivables from power sector stood at PKR 87.9 billion as compared to PKR 85.4 billion in FY21 reflecting a slight increase. Whereas, receivables from SNGPL increased steeply from PKR 98.6 billion to PKR 285.4 billion as on June 30, 2022. During FY22, average borrowings of the company stood at PKR 111.3 billion (FY21: PKR 61.3 billion).

Strategy to Overcome Liquidity Challenges

In order to manage the liquidity challenges and debts, the company is taking the following measures:

- Pursuing the government and customers from power sector, PIA and SNGPL for early recovery of receivables. Various proposals were submitted and deliberated with the government for the resolution of circular debt receivables and to avoid any further build-up from SNGPL
- Managing the working capital needs prudently and ensuring availability of adequate credit lines to support our financing needs. The company's total credit limit from banks aggregates to PKR 181.6 billion as of year-end
- Focus on cash generating products

Management of Debts

The company, despite significant increase in receivables from SNGPL in FY22, managed to settle its debts.

Operational Profitability

The company continued its journey of exceptional performance this year which translated into great profitability. The company expects to achieve similar profitable results in future as well, through further increase in market share, concentrating on high-margin products, maintaining optimal finance cost, venturing into innovative models and keeping a check on operational costs.

Significant Factors Affecting External Environment and Company's Response

Petroleum products' demand is dependent on a number of external factors, including influx of cross-border products, technological advancements and government policies. These factors are expected to have a significant impact on consumption patterns. With PSO being the largest oil marketing company in the downstream segment, any regressing effect from external factors is deemed to effect the company.

The downstream segment was impacted by seasonal variations, wherein peak demand of HSD was witnessed during the harvesting season, while demand for furnace oil was highest during the summer season due to rising temperatures and LNG shortages. The country's natural gas demand surged during the winter seasons due to increased consumption in domestic sector, which was met through LNG. A brief overview of external factors impacting the industry as well as the company is herunder:

Political Environment

International and local politics can have a significant influence on Pakistan's oil market. A slight disruption in supply chain can affect the dynamics of oil business. Events like Russia-Ukraine conflict can escalate the oil prices that entice changes in local policies and economic measures.

Economic Environment

The ongoing balance of payment issues, low foreign exchange reserves, increasing cost of funds and commodity prices, and higher taxation are impacting the bottom-line of the company. Moreover, the deteriorating economic conditions can raise the risk-premiums on international transactions. Difficulty in letter of credit confirmation by international banks and lack of availability of funds are further deemed to impact the country's petroleum product supply chain.

Social Environment

Pakistan is amongst the top 10 countries that have the largest labour force in the world. However, there appears a skill gap that needs to be filled-in in order to meet expectations. The government has initiated several development and youth entrepreneurial programs to develop the required skills and bring our youth at par with international standards.

Technological Environment

Technological landscape is evolving at a rapid pace. These advancements are changing the way businesses operate and are providing competitive edge through technology and innovation. The petroleum downstream sector has also been influenced by technology that aids operational efficiency while reducing human intervention. In addition, influx of technologically advanced energy sources is deemed to bring regressing effect on the expected energy demand in future.

Natural Environment

The environmental protection campaigns at global level have led many companies to be ambitious in reducing their carbon footprint. The clean and green energy is becoming quite popular amongst financial and regulatory institutions, which encourages companies to quicken their environment protection endeavors.

Legal Environment

PSO comes under the regulations of Securities & Exchange Commission of Pakistan (SECP), Oil & 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.

The Company's Response

We have taken necessary measures to effectively convert evolving threats and inherent weaknesses into opportunities and strengths. PSO is investing in its human and infrastructure capitals in order to be ready for the future.

The Government's Policies and Impact

The company is operating in a highly regulated environment. The petroleum product prices and marketable specifications are issued by the government. Additionally, the global shift in carbon footprint reduction has further compelled the government to devise relevant policies. These policy shifts are deemed to regress petroleum product demand under medium-to-long term horizon.

Competitive Landscape and Market Positioning

The competitive landscape of Pakistan's downstream segment is highly saturated, comprising of more than 38 players. Embracing the competition, PSO is investing in its infrastructure base, while introducing value-added services and products in retail segment for improved customer experience.

The confidence and trust of customers on the company is evident from its increasing market share, profitability and sustainability over the years.

Adequacy of Capital Structure

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

Steps Taken to Promote Innovation

The company has an open communication environment across the organization, wherein employees are encouraged to share feedback and suggest areas of improvement and innovation.

MANAGEMENT REVIEW & REPRESENTATION

SWOT Analysis

Strengths

- Strong brand recognition
- Largest storage capacity of 1.1 million tons
- Largest retail network with 3500+ outlets
- Leading player in the segment
- Largest importer of petroleum products
- Largest corporate treasury of the country
- Strategic investments in refining, pipeline, storage and lubricants
- 45 years of intellectual property

Weaknesses

- Trapped retained earnings due to long outstanding receivables
- Lack of integration and diversification
- Lengthy procurement process owing to to PPRA rules

Opportunities

- Long-term contracts under G-to-G for gasoline
- Investment in strategic projects including PRL expansion and KKLP
- Infrastructure development for electric vehicle (EV) chargers
- Investment in renewable energy
- Diversification in unrelated businesses

Threats

- Influx of alternates like EVs
- New entrants in market
- Lack of access to financial and commodity markets under abnormal circumstances
- Increase in taxes, cost of fund, oil price fluctuations, inflation and PKR devaluation

Composition of Local versus Imported Material and Sensitivity Analysis

The company is managing its sales through imports and local refinery upliftment. The imports are being managed under spot and long term contracts. During the year, the company uplifted 4.3 million tons from local refineries and imported 7.7 million tons from international suppliers. The refinery upliftment contributed around 36 percent of sales, whereas the rest was managed through imports.

The imports are susceptible to external risks including supply chain disruptions and fluctuations in oil prices and exchange rates. However, the foreign exchange risk on the company's import purchases is passed through pricing, thus substantially minimizing the net foreign exchange exposure on PSO's books.

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. Transactions are approved by the Management team/Board of Management (BOM) as per the limits approved in the Limits of Authority Manual (LAM). The LAM is developed 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 in the short, medium and long terms.

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. PSO's Annual Report 2022 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
- 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 the equity holders
- Separate Report to Shareholders for consolidated accounts

Key Resources and Capabilities that Provide Sustainable Competitive Advantage

PSO is the largest energy company in Pakistan. The company has various key resources and capabilities that provide sustainable competitive advantage to the company over its competitors, which is explicitly illustrated in the SWOT analysis.

The Legitimate Needs, Interests of Key Stakeholders and Industry Trends

The company strives to ensure a congenial and value-driven relationship with all its stakeholders. The interest of each stakeholder is protected through our policies, procedures and focused approach. The company is also aware of its role towards the society. Therefore, efforts are undertaken for extending support to our people and communities through PSO CSR Trust.

Value Creation by the Business Using its Resources

An effective blend of resources and capabilities has assisted us in exhibiting splendid performance year-after-year. In addition, we continuously innovate and add value to our offerings through our widespread infrastructure and retail network. The company is continuously aligning its capabilities and capacity to gain competitive advantage over its rivals, which in turn creates economic value for our shareholders.

MANAGEMENT REVIEW & REPRESENTATION

Adoption of International Integrated Reporting Framework

The Annual Report 2022 is prepared based on International Integrated Reporting Framework (IIRF) and accordingly discloses the following information:

Organizational Overview and External Environment

It is important for the readers to understand what the organization does and the circumstances under which it operates. This has been disclosed mainly in the Corporate Overview section of the Annual Report. The company's profile includes information about its products, brands, activities and markets, vision, mission, values, code of conduct, ownership and operating structure, competitive landscape and market positioning, geographical presence, and more.

This Report further includes regulatory framework under which the company operates, all strategic investments and presentation of marketing initiatives in pictorial form.

Governance

The Corporate Governance section of the report elaborates the company's governance structure and framework. It includes disclosures about organizational leadership structure, responsibilities of CEO and Chairman, significant commitments of Chairman, implementation of governance practices exceeding legal requirements, Board's remuneration, etc.

Business Model

The Management Review and Representation section discusses 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 the Report to Shareholders. A simple model depicting specific purchase sources, activities such as warehousing, transportation and outputs in terms of major products are included in the Corporate Overview section.

Risks and Opportunities

The Annual Report contains a detailed risk and opportunity report in the Management Review and Representation 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 on capital and the specific steps being taken to mitigate or manage the risks or to create value from any opportunities.

Strategy and Resource Allocation

The Annual Report clearly describes where the organization wants to go and how it intends to get there. The Managment Review and Representation clearly describes the organization's strategic objectives, the resource allocation plans, KPIs and changes in strategies from last year.

Performance

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

Outlook

The Report to Shareholders also addresses the forward looking aspects of the company. It includes forward looking statement, performance versus 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 section of the Annual Report. Further, the concept of materiality approach adopted by the management is described in the Management Review and Representation 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 Board of Management's oversight, ensures the existence of and the accountability for an effective and timely risk management across the company. The Board Finance & Risk Management Committee is responsible for ensuring the compliance and efficacy of the risk management framework, supported by the company's management team.

The company's risk management policy is commensurate with international best practices and its business strategy. The policy requires the identification, measurement, monitoring and reporting of all major risks affecting the corporate objectives.

With the passage of time, the risk profile of the company is changing with the underlying risk factors, mainly due to soaring receivables, 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.

Supply-demand imbalances

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

Associated objective: Meeting customer demand at all times

How PSO is managing this risk: It has been very obvious during the pandemic and now currently in Russia-Ukraine conflict that private oil marketing companies maneuver their business strategies and procurement plans in their best interest, thus creating major imbalances in the demand and supply situation of the country; increasing the risk of dry-outs. Such imbalances are addressed by PSO at the financial cost on its books, despite the onus of circular debt receivables; such actions result in liquidity pressures, increase in cost of fund and circular debt receivables of the company. It is pertinent to mention that no meaningful actions are taken against these companies by the regulator to deter such happenings in future.

Increasing liquidity risk

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

Associated objective: Financial optimization and improving cash-cycle

How PSO is managing this risk: Intensifying liquidity crisis owing to increasing receivables from government entities amounted to PKR 429 billion as of June 30, 2022; wherein, that from SNGPL amounted to PKR 292 billion alone. The rising oil prices and price differential claims added to the pressure, exhausting the credit limits, thus increasing the supply chain risk of the country due to high risk of default on international commitments and obligations. The liqudity situation is consistently apprised to the governement for adequate and timely actions to avoid the risk.

Trapped retained earnings owing to soaring receivables

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

Associated objective: Strive to reduce the receivables from government entities

How PSO is managing this risk: PSO is struggling to achieve its strategic plans for product-line extension, integration and diversification owing to its trapped retained earnings in long-outstanding circular debt receivables reaching to PKR 429 billion as of June 30, 2022. PSO is continuously following up with the respective authorities for the settlement of its dues, and has proposed several options to the government for settlement of the same which are under deliberation.

RISK AND OPPORTUNITY REPORT

No LNG contract at buyer's end

Risk type	Affected Capital	Nature	Source	Likelihood	Magnitude
Strategic	Financial	Medium-term	External	High	High

Associated objective: Execution of tri-partite agreement with SNGPL and SSGC

How PSO is managing this risk: PSO is procuring LNG on take-or-pay arrangement from Qatargas under long-term G-to-G contracts, while there is no such arrangement between PSO and SNGPL at the other end. The company is continuously pursuing for the execution of the tri-partite agreement with SNGPL and SSGC to reduce its commercial risk; however, PSO has not been successful so far due to resistence coming from SNGPL.

Severe port congestion at FOTCO

Risk type	Affected Capital	Nature	Source	Likelihood	Magnitude
Strategic	Financial	Medium-term	External	High	Medium

Associated objective: Reduction in demurrage cost

How PSO is managing this risk: Owing to rising demand of petroleum products and multigradation of WOP, most of the load has been shifted to FOTCO, which it is unable to handle due to its capacity and operational contraints. Because of the fact, the average waiting days and the resulting demurrage cost has been increasing significantly over the years, causing unnecessary outlay of foreign exchange from the economy. Attention of the concerned ministries and authorities has been pulled-in to the situation; the matter is under deliberation to find and act upon short, medium and long term measures to resolve the situation. On the other hand, PSO has increased its efforts to commission the KKLP project, connecting both the ports, to ease up the situation.

Increasing competition affecting market share in retail business

Risk type	Affected Capital	Nature	Source	Likelihood	Magnitude
Strategic	Financial	Medium-term	External	High	Medium

Associated objective: Market penetration and focus on high-margin products

How PSO is managing this risk: PSO has embraced the 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 white oil products increased significantly by 4 percent to 49.2 percent in comparison to last year's performance; contributed by improved customer focus, infrastructure enhancements, better communication, logistics, and fuel and non-fuel products and services.

Foreign exchange rate fluctuations impacting profitability

Risk type	Affected Capital	Nature	Source	Likelihood	Magnitude
Financial	Financial	Long-term	External	High	Low

Associated objective: Financial optimization and cost reduction

How PSO is managing this risk: The foreign exchange risk on the company's import purchases is passed through pricing, 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	Affected Capital	Nature	Source	Likelihood	Magnitude
Strategic	Infrastructure	Medium-term	External	Medium	Medium

Associated objective: Ensure completion of supply chain oriented infrastructure projects

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 situation at several locations. PSO and the respective government authorities always strive hard 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. However, a significant reduction in road transmission is observed subsequent to WOP multigrade in the year, henceforth reducing severity of the risk.

Ageing assets increasing reliability risk

Risk type	Affected Capital	Nature	Source	Likelihood	Magnitude
Operational	Infrastructure	Medium-term	Internal	Medium	Low

Associated objective: Enhancing the capacity and reliability of infrastructure

How PSO is managing this risk: The company's infrastructure development and rehabilitation plan is enthusiastically being carried forward, wherein 112.5 thousand tons of new storages were added and 44 thousand tons of existing storages were rehabilitated during the year. It has significantly enhanced the capacity, availability and reliability of the company's infrastructure to meet the nation's demand for petroleum products. Moreover, the company is implementing its de-bottlenecking projects for improvement in operational efficiencies.

Regulatory challenges

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

Associated objective: Enhancing the retail footprint

How PSO is managing this risk: For the past couple of years, OGRA has not issued NOCs and licenses for the development of new retail outlets based on the plea of maintaining less than 20 days of storage in each province other than Sindh. The matter is in legal proceeding in Islamabad High Court.

Natural and man-made disaster events

Risk type	Affected Capital	Nature	Source	Likelihood	Magnitude
Operational	Human & Infrastructure	Short-term	Internal & External	Low	Medium

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 towards complying with health, safety and environmental regulations and best practices, and has always prioritized it 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 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.

RISK AND OPPORTUNITY REPORT

Off-spec product may damage brand image

Risk type	Affected 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 ensure product quality, as per the GoP's specifications across Pakistan. The Quality Assurance team ensures 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 its retail outlets is regularly tested to ensure right quantity is delivered to its valued customers.

Information security breach may disrupt operations

Risk type	Affected 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 are 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 high priority corporate risk matters and activities.The Board is well aware about the most severe concern of the company which is the soaring receivables from SNGPL. We have escalated the matter with the Ministry of Energy and Ministry of Finance for timely and appropriate resolution for temporary and permanent relief. All these risks pose a serious threat to the company's profitability and solvency, and continuous emphasis and every possible effort is being made to reduce their impact on the financial statements.

NOTICE OF MEETING

Notice is hereby given that the 46th Annual General Meeting of Pakistan State Oil Company Limited ("the Company") will be held at Grand Ball Room, Pearl Continental Hotel, Karachi on Wednesday, October 26, 2022 at 11:00 a.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 45th Annual General Meeting held on October 26, 2021.
2. To receive, consider and adopt the Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2022 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 M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors of the Company for the year ending June 30, 2023.
4. To approve payment of final cash dividend of Rs. 10/- per share i.e. 100% for the year ended June 30, 2022, as recommended by the Board of Management.

By Order of the Board

September 29, 2022
Karachi

Rashid Umer Siddiqui
Company Secretary

Notes:

1. Closure of Share Transfer Books

The Share Transfer books of the Company will remain closed from October 19, 2022 to October 26, 2022 (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 18, 2022 will be considered in time for the purposes of attending the Annual General Meeting (AGM).

2. Participation in the AGM via physical presence or through video-link facility

a) A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. A proxy form is enclosed.

b) 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 i.e. latest by Monday, October 24, 2022 at 11:00 am.

c) Shareholders interested in attending the AGM through Zoom application, a video-link facility, are hereby requested to get themselves registered with the Company at least two (2) - days before the time of AGM i.e. by Monday, October 24, 2022, 11:00 a.m. by sending an email with subject: "Registration for PSO AGM" at the given email address cdcsr@cdcsrsl.com or WhatsApp No. 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.

3. Guidelines for CDC Account Holders

CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:

A. For attending the meeting:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the 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) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The Proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) 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.

4. Notification for change in address

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 Account Services.

5. 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.

6. 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.

NOTICE OF MEETING

7. 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 Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

Note: The required information must reach the Company's Share Registrar by Tuesday, October 18, 2022; 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 Taxpayer 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 Tuesday, October 18, 2022.

8 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, 2022, are available on the Company's website (http://www.psopk.com).

9. 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. Accordingly, the Annual Report of PSO for the year ended June 30, 2022 is being dispatched to shareholders through CD. Any member requiring printed copy of the Annual Report 2022 may send a request using a "Standard Request Form" placed on the Company's website (http://www.psopk.com).

10. 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 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.

11. 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 scripless 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.

12. Consent for Video-Link Facility

Members may participate in the meeting via video-link facility. If the Company receives a demand from members holding an aggregate 10% or more shareholding residing at a geographical location outside Karachi, to participate in the meeting through video-link at least 7 days prior to the date of meeting, the Company will arrange video-link facility in that city.

In this regard, members who wish to participate through video-link facility, should send a duly signed request as per the following format to the Registered Address of the Company.

I/We, ________________________________ of ________________________________, being a member of Pakistan State Oil Company Limited, holder of _________________ ordinary share(s) as per Registered Folio/CDC Account No. ___________________________ hereby opt for video-link facility at ________________________

____
Signature of Member

CORPORATE GOVERNANCE

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
Ms. Saira Najeeb Ahmed
Mr. Muhammad Anwer
Mr. Arshad Majeed
Mr. Hassan Mehmood Yousufzai

Managing Director & Chief Executive Officer
Syed Muhammad Taha

Chief Financial Officer
Ms. Gulzar Khoja

Company Secretary
Mr. Rashid Umer Siddiqui

Auditor
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.
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

CORPORATE GOVERNANCE

Mr. Zafar I. Usmani
Chairman, BOM

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, 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 over 3 decades 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 and 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 and 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, CEO & Member, BOM

Syed Taha, capitalizing on his over three decades of cross-industry experience, both local and international, marked the highest ever profits, raising the bar with historic operational and financial performance for the second consecutive year in the approximately five decades of Pakistan's largest energy icon - PSO. Under his leadership, the company has gone from strength to strength, maintaining strong volumetric growth in all product lines and steadily increasing market shares across major portfolios.

Taha has successfully transformed PSO from an oil marketing business to an agile, integrated & future-ready energy company. He spearheaded the clean energy revolution in Pakistan, making PSO the first company to introduce Euro 5 fuels in the country while also building scale in low carbon energy alternatives such EV charging and solarization of locations. He streamlined management and marketing, redesigned the company's internal architecture and unlocked the talent and potential of the organization's human capital with special focus on diversity and inclusion.

Harnessing the power of disruptive and indigenous technologies, he set the wheels for the company's long-term sustainability in motion through business process reengineering, automation & digitization, diversification and new ventures. He increased focus on infrastructural projects, strategic financial management and high margin products with safety and customer-centricity being underpinning drivers of all initiatives.

Taha was appointed as the MD & CEO of PSO in February 2020. Shortly after he took the helm of affairs, the world was hit by the COVID-19 pandemic, followed by a nationwide fuel crisis. He deftly steered the company through troubled waters, successfully overcoming a myriad of challenges, making PSO emerge stronger and more resilient than before while fulfilling the obligation of fueling the nation in an adverse operating environment.

Prior to his current position, he 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 while successfully spearheading and executing multidisciplinary and multimillion-dollar projects. Managing revenues exceeding USD 1.9 billion, Taha catered to 2.4 million customers in Karachi, improving the productivity & effectiveness of 8000+ employees as the Chief Distribution Officer at K-Electric Limited.

Taha has worked for almost a decade at PSO previously as well, where he held several senior positions and led various functions as Head of Corporate Affairs, Retail Fuels, Cards Business and Corporate Planning. Taha also served at Shell Pakistan, Caltex Pakistan (A Chevron Company) and has experience in the steel industry.

Well known as a visionary strategist and respected for his transformational skills in the energy sector with over two decades of executive level experience, Taha has been a key member of the change management and leadership teams in various organizations where he successfully turned around struggling enterprises into highly profitable concerns. He holds an engineering degree with an MBA in Finance from the Institute of Business Administration, Karachi.

CORPORATE GOVERNANCE

Ms. Saira Najeeb Ahmed
Member

Ms. Saira is a career civil servant who joined the Government of Pakistan in 1998. She has experience of working in economic policy and implementation, covering the areas of power and petroleum, fiscal and trade, economic diplomacy, international development, regulation and compliance.

Prior to assuming her responsibilities at the Ministry of Energy (Petroleum Division) in 2020, she has served as Director General-National Electric Power Regulatory Authority, Joint Secretary-Finance Division and Commercial Counselor-Pakistan High Commission, London, United Kingdom. She holds an M.Sc. degree in Finance and Financial Law from School of Oriental and African Studies, University of London, United Kingdom.

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 Goverment teams and represented the country on various international forums to enhance ties and foster economic and technical cooperation with Pakistan.

CORPORATE GOVERNANCE

Mr. Muhammad Hamayun Khan Barakzai
Member

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

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

He was selected as a Social Organizer in Balochistan 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 situation. The philosophy is "Helping people 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.

Ms. Tara Uzra Dawood
Member

Ms. 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 is also President of Dawood Global Foundation and Lean in Pakistan Foundation and Chief Executive Officer of LADIESFUND Energy (Pvt.) Ltd. and LADIESFUND Solar (Pvt.) Ltd. She also currently sits on the boards of Pakistan State Oil - where she chairs the Audit and HR 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 certified in Corporate Governance by Lahore University of Management Sciences (LUMS), Pakistan Institute of Corporate Governance 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. She has 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 was also 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.

CORPORATE GOVERNANCE

Mr. Arshad Majeed
Member

Mr. Arshad Majeed has 25 years of extensive experience in administrative matters and is a notable officer in the civil service of the country. He possesses knowledge in Public Policy formulation and implementation and is considered an expert in handling government affairs.

Mr. Majeed has served in several key positions in Khyber Pakhtunkhwa (KPK) and Balochistan Governments. During last few years, he has been posted as Additional Chief Secretary (Home), Senior Member-Board of Revenue, Secretary-Services and General Administration Department (S&GAD) and Commissioner, Zhob in the Balochistan Government. Mr. Arshad Majeed has also served in administrative posts including Secretary Establishment in KPK Government. He currently serves as Additional Secretary, Power Division, Ministry of Energy.

He holds a Master's degree in the field of Political Science.

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 Planning & Development Department of the 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 was also the Assistant Commissioner in Chitral and Swat.

He passed his CSS Examination in 1995 to join the 24th CTP, in the Pakistan Administrative Service (formerly called DMG). He attained M.A. 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 M.A. 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 Musalihat Anjumans’ for Asian Development Bank and co-authored ‘Towards Understanding Pakhtoon Jirga, an indigenous way of peace building and more’. Mr. Yousufzai is a 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 (PSO) and their various committees as representative from the Government side.

CORPORATE GOVERNANCE

Engagement of Board Members in Business Entities

Sr. No.	Name of Board Member	Other Engagements
1	**Mr. Zafar I. Usmani** Chairman (Independent)	**Director** 1. Strategic Alliancez (Private) Limited
2	**Syed Muhammad Taha** (MD, CEO & Member, BOM)	**Director** 1. Asia Petroleum Limited 2. Pak-Arab Pipeline Company Limited 3. Pakistan Refinery Limited 4. Petroleum Institute of Pakistan
3	**Ms. Saira Najeeb Ahmed** (Non–executive Member)	**Director** 1. Government Holdings (Private) Limited 2. Pakistan Mineral Development Corporation 3. Saindak Metals Limited
4	**Mr. Muhammad Anwer** (Non–executive Member)	**Director** 1. Central Power Purchasing Agency 2. Faisalabad Electric Supply Company 3. Government Holdings (Private) Limited 4. Saindak Metals Limited
5	**Mr. Muhammad Hamayun Khan Barakzai** (Independent Member)	**None**
6	**Ms. Tara Uzra Dawood** (Independent Member)	**Chief Executive Officer** 1. 786 Investments Limited 2. LADIESFUND Energy (Pvt.) Ltd. 3. LADIESFUND Solar (Pvt.) Ltd. **President** 1. Dawood Global Foundation 2. Lean in Pakistan Foundation **Director** 1. Dawood Family Takaful Limited 2. Pakistan Refinery Limited
7	**Mr. Arshad Majeed** (Non–executive Member)	**Director** 1. K-Electric Limited 2. National Power Parks Management Company (Private) Limited 3. Sukkur Electric Power Company
8	**Mr. Hassan Mehmood Yousufzai** (Non–executive Member)	**Director** 1. Government Holdings (Private) Limited 2. Pakistan LNG Limited 3. Pakistan Refinery Limited 4. Sui Southern Gas Company Limited

Board Committees

Board Finance & Risk Management Committee

Mr. Muhammad Anwer	Chairman
Mr. Arshad Majeed	Member
Mr. Hassan Mehmood Yousufzai	Member
Ms. Saira Najeeb Ahmed	Member
Syed Muhammad Taha	Member
Company Secretary	Secretary

Terms of Reference

The Board Finance & 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 Committee's scope of work entails carrying out following activities and duties and recommending their findings to the Board of Management (BOM) 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 BOM.
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 BOM 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 BOM.

Board Human Resource & Remuneration Committee

Ms. Tara Uzra Dawood	Chairperson
Mr. Zafar I. Usmani	Member
Mr. Hassan Mehmood Yousufzai	Member
Mr. Muhammad Hamayun Khan Barakzai	Member
Syed Muhammad Taha	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 the organizational structure periodically to:
   a. Evaluate and recommend for approval of the Board, 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.

CORPORATE GOVERNANCE

3. Compensation and Benefits:
   a. Review data of competitive compensation practices and review and evaluate policies and programs through which the company compensates its employees.
   b. Recommend for approval salary ranges, salaries and other compensation for the CEO and Senior Management reporting to the CEO.

Board Audit & Compliance Committee

Ms. Tara Uzra Dawood	Chairperson
Mr. Arshad Majeed	Member
Mr. Muhammad Anwer	Member
Mr. Muhammad Hamayun Khan Barakzai	Member
Company Secretary	Secretary

Terms of Reference

The committee shall, among other things, be responsible for recommending to the BOM 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 BOM 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 Board 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 BOM, 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 BOM.
11. Instituting special projects, value for money studies or other investigations on any matter specified by the BOM, 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 BOM.

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 Board 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. Arshad Majeed	Member
Mr. Muhammad Anwer	Member
Mr. Muhammad Hamayun Khan Barakzai	Member
Company Secretary	Secretary

Terms of Reference

The Terms of Reference of the Board Procurement Committee are as follows:

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 BOM. Awards requiring urgent approval will be approved through circulation to all members.
3. Recommend procurement of spot cargoes of Liquefied Natural Gas (LNG) for approval of the BOM.
4. Provide advice on procurement related matters and approval processes as and when required.

Board IT & Innovation Committee

Ms. Saira Najeeb Ahmed	Chairperson
Mr. Zafar I. Usmani	Member
Ms. Tara Uzra Dawood	Member
Syed Muhammad Taha	Member
Company Secretary	Secretary

Terms of Reference

The Board IT & Innovation 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 Strategy & Diversification Committee

Mr. Zafar I. Usmani	Chairman
Mr. Hassan Mehmood Yousufzai	Member
Mr. Muhammad Anwer	Member
Ms. Saira Najeeb Ahmed	Member
Syed Muhammad Taha	Member
Company Secretary	Secretary

Terms of Reference

The energy landscape of Pakistan is fast changing and the oil and gas marketing sector in the country has become increasingly competitive over the last few years. In this backdrop, not only oil & gas sector players of the country are required to align themselves with the changing scenario but also additional efforts have to be made by public sector companies to play their due role in the overall development of the energy sector.

To effectively address these challenges and sustain progressive growth, the Board Strategy & Diversification Committee has been constituted to formulate business diversification strategy and monitor progress of diversification projects of the company.

- Review company's medium to long-term investment diversification strategy and provide guidance to the management on all matters related to business/risk diversification.
- Formulate Strategic Investment Guidelines for the company.
- Review proposals on business diversification/investment projects in downstream sector.
- Review growth possibilities through new projects in oil and gas sector which includes inter-alia infrastructure development, liquefied natural gas, liquefied petroleum gas, downstream projects, refining, etc.
- Review feasibility studies for special projects to assess possibilities for prospective business expansion and investment.
- Make recommendations to the BOM regarding potential projects and new avenues for diversified investment of the company's capital and financial resources providing attractive returns.
- Review and monitor progress of on-going key strategic & diversification projects in line with Board approvals.
- Considering new business opportunities as may be referred by the BOM or other stakeholders.

Board's Operating Style and Delegation to Management

The Board is responsible for setting strategic/overall objectives of the company, effective management and 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. An agenda or matter that requires Board's approval is first presented to the respective committee by the managment. After thorough deliberations, the final recommendations are presented 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 for ensuring that the Board is working properly and all matters relevant to the governance of the company are considered in 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 Managing Director & CEO 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 Managing Director & CEO 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 year rolling plan is set out by the company under the supervision of the Managing Director & CEO. 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 the effectiveness of the Board.

Training of Board Members

During the year, the company sponsored the Directors' Training Programme for its Board Members, Mr. Hassan Mehmood Yousufzai, Mr. Muhammad Anwer and Syed Muhammad Taha, Managing Director & CEO.

Orientation of Board Members

New Board Members were provided a formal orientation about the company and their roles and 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 Board collectively.

Policy for Retention of Fee by an Executive Member

Managing Director & 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.

CORPORATE GOVERNANCE

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, 2022, the Board consisted of one Executive Member i.e. the Managing Director & CEO, PSO, three independent and four non-executive members. The Board includes two female members.

PSO's Board and Management are committed to encouraging diversity and ensuring equal opportunity 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 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, documentation pertaining to taxation, legal, contractual, digital information etc. The records are kept at secured places with adequate measures in place. Further, the company has a Disaster Recovery Plan which entails necessary backup facilities. Since various records are now in digital form, PSO's Board has approved and redefined Information Technology (IT) policy. The policy articulates corporate and information security governance, risk management, portfolio and program management along with the cybersecurity strategy with broader business goals and objectives.

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 & 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. Further, various ISO certifications are acquired and maintained by the company to enhance credibility of its controls and systems.

The Management, considering the importance of Information Technology (IT) for business continuity, creating strong internal control environment 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, the company has a policy to engage an external firm for IT audit of its systems on a periodic basis. During FY21, IT audit of various functions (including core and administrative) was conducted by an external firm in order to identify the core areas of improvements, and to further strengthen the IT security, governance, controls and infrastructure. The findings of IT audit and follow up report was presented to the Board Audit & Compliance Committee during the year. Further, in order to comply with international standards and continue implementation of our sustainable model, ZOT, Machike and Sihala installations were OHSAS 45001:2018 certified during the year. The company also renewed its ISO certifications for quality, environment and occupational health and safety standards.

Board Meetings held Outside Pakistan

No Board meeting was held outside Pakistan. Due to COVID-19 pandemic, few Board meetings were held via video-link.

Related Parties

Names of Related Parties/transactions with Related Parties along with the basis of relationship are disclosed in note 44 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 on any special terms. i.e. are at the same terms as applicable to transactions with other unrelated parties.

Directors are required to disclose their interest, if any, in Related Party transactions. During the year no conflicts arose that were required to be monitored/managed by the Board.

Management's Responsibility towards 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 the Companies Act, 2017 (XIX of 2017).

Management is also responsible for implementing such internal controls as it deems 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 debts 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

The Board 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 Department at PSO provides independent assurance of compliance with all the prevalent Government of Pakistan's 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, Managing Director & CEO and all BOM members are appointed by the Federal Government.

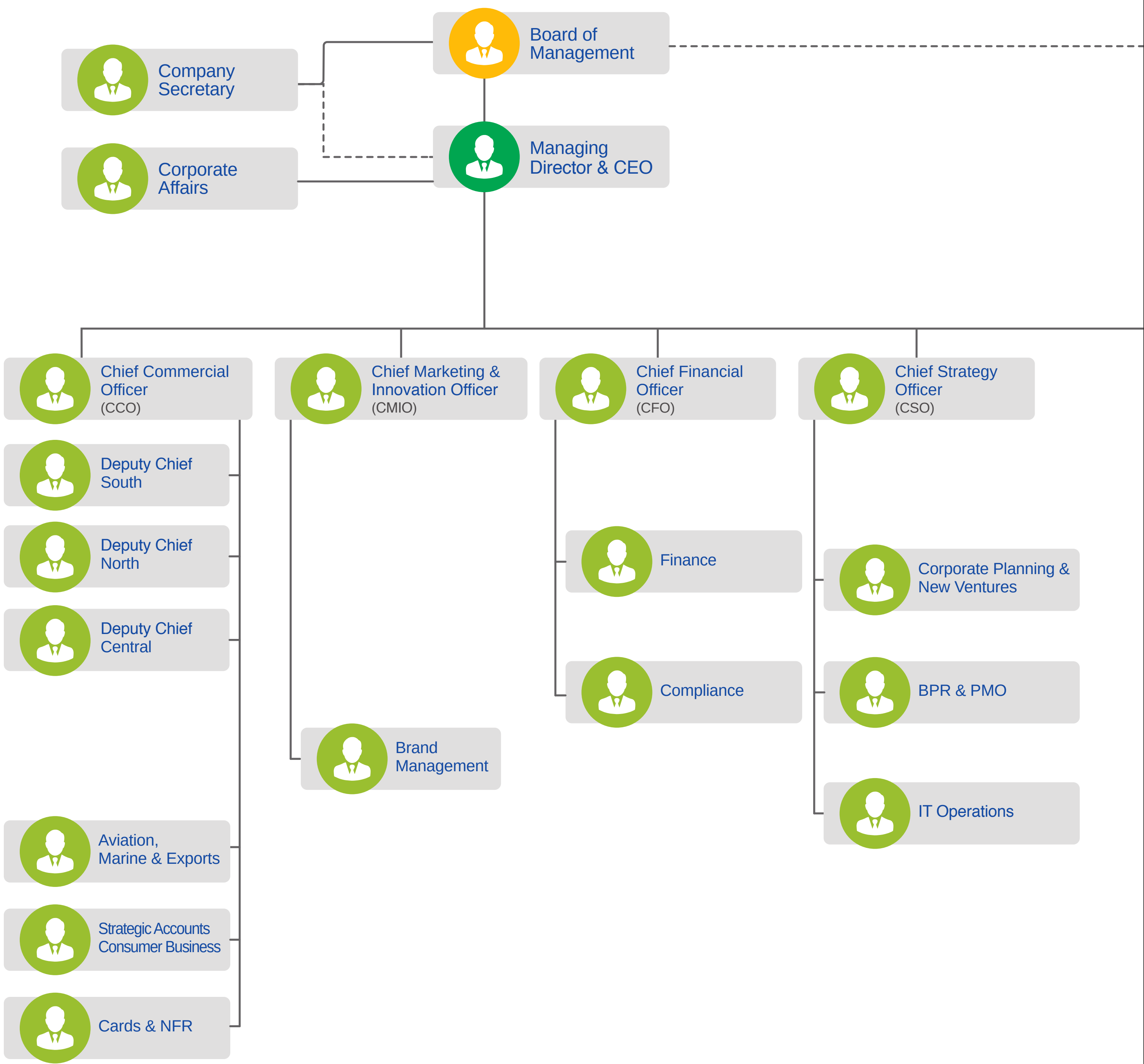
Chairman's Significant Commitments

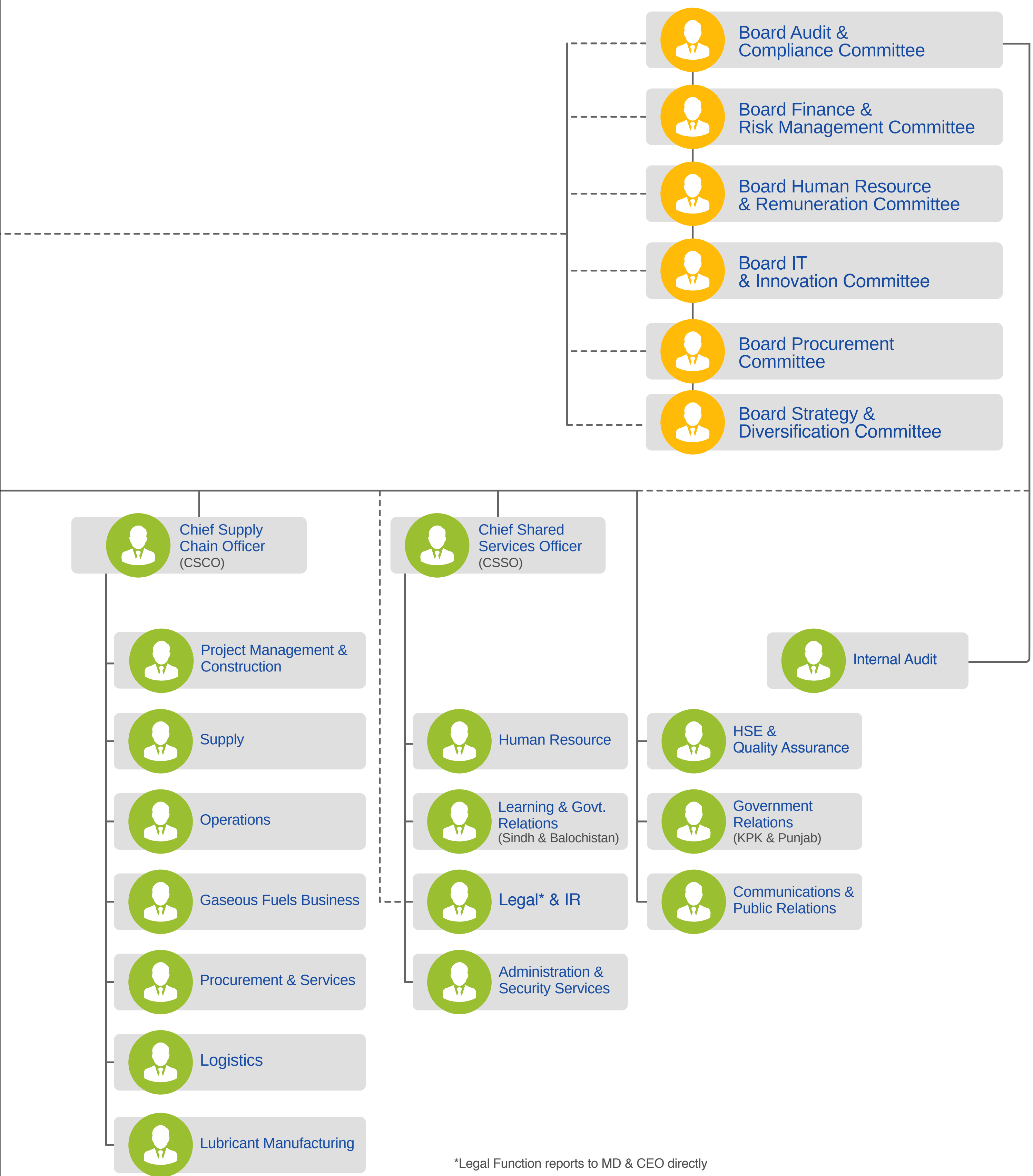
Chairman's significant commitments during the year included:

1. Effective conduct of Board meetings and decision-making
2. Review of strategies and way forward for further increasing market share in all major product lines
3. Devising a strategic framework for future diversification projects
4. Review of the company's progress in strategic infrastructural projects
5. Efforts towards recovery of long outstanding receivables
6. Chairman's engagements other than PSO have been disclosed on page no. 72

CORPORATE GOVERNANCE

Organizational Structure (HoDs and above)





*Legal Function reports to MD & CEO directly

CORPORATE GOVERNANCE

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, 2022 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 Managing Director & CEO, Chief Internal Auditor 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:

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 statutory auditors, the significant changes made in International Financial Reporting Standards, Accounting Policies and Accounting Estimates used in the preparation of Financial Statements along with key audit matters and significant issues in relation to the Financial Statements and their addressal to the satisfaction of statutory auditors.
- The Committee also reviews the Management Letter issued by the statutory auditors wherein control weaknesses are highlighted. Compliance status of highlighted observations by the statutory auditors is also reviewed and corrective measures are discussed/recommended to improve overall control environment.

Assessment of Internal Audit Function

- The Committee has an established process to review and ascertain the effectiveness of the Internal Control system and the Internal Audit Function. While carrying out its responsibilities in line with TOR, the Committee recommended various improvements including financial and operational controls, accounting system and reporting structure.
- The Chief Internal Auditor has direct access to the Committee. The Committee also met the Chief Internal Auditor in the absence of CEO and CFO in compliance with the requirements of the Code of Corporate Governance.
- The Committee reviewed that the Internal Audit function is adequately resourced with suitably, technically qualified and experienced staff for the purpose and are conversant with the policies and procedures of the company.
- The Committee reviewed and approved the risk based internal audit plan covering all business activities.
- The Committee reviewed the status of planned versus actual audit activities along with major internal audit observations and implementation status of decisions made in the previous Committee meetings. The Committee involved the Management in the implementation process with firm deadlines for all action items.
- The Committee also reviewed the major Audit Observations which were highlighted in the internal audit of the ICT Function carried out by Independent Audit firm M/s A. F. Ferguson & Co. (PWC).

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, 2022, one (1) actionable complaint received through Whistle-Blowing Unit was reviewed and reported by Internal Audit to the Board Audit & Compliance Committee.

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.

Appointment of Statutory Auditors

- A separate policy governing audit related and additional services obtained from the Statutory Auditors is in place, which is approved by the Board, and is designed to safeguard Statutory Auditors objectivity and independence. The Committee reviewed the scope of work and fee of all services obtained by Management from the Statutory Auditors of the Company in addition to the audit of its Financial Statements.

  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.
- 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, 2022. 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, 2023.
- 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 letter to the Board regarding the financial statements including compliance with the applicable regulations or any other issues.

Annual Report

- The company has issued a very comprehensive Annual Report which besides presenting 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, assessment of company's position, business model, its performance during the year and future prospects/strategy to various stakeholders of the Company.
- The information has been disclosed in the form of ratios, trends, graphs, analyses, explanatory notes, 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.

Evaluation of BACC 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.

Tara Uzra Dawood
Chairperson – Board Audit & Compliance Committee

August 26, 2022
Karachi

CORPORATE GOVERNANCE

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, 2022

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, 2022, the composition of BOM was as follows:

Category	Name	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. Asim Iqbal	September 20, 2021
	Mr. Hassan Mehmood Yousufzai	June 17, 2021
	Mr. Muhammad Anwer	February 21, 2019
	Ms. Saira Najeeb Ahmed	December 23, 2021
Female Members	Ms. Saira Najeeb Ahmed	December 23, 2021
	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 & 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	5	Mr. Muhammad Anwer
Board Human Resource & Remuneration Committee	5	Ms. Tara Uzra Dawood
Board Procurement Committee	4	Mr. Hassan Mehmood Yousufzai
Board IT & Innovation Committee	4	Ms. Saira Najeeb Ahmed Ms. Tara Uzra Dawood*
Board Strategy & Diversification Committee	5	Mr. Zafar I. Usmani

* Changed during the year.

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. Asim Iqbal	Non-executive Member	Civil Servant
Mr. Muhammad Anwer	Non-executive Member	Civil Servant
Mr. Muhammad Hamayun Khan Barakzai	Independent Member	Graduate in Commerce

CORPORATE GOVERNANCE

21. The BOM approved the appointment of the Chief Financial Officer during the year with the remuneration and terms and conditions of employment. There was no change in the position of the Head of Internal Audit and 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 firms 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, 2022, the total number of Board Members was 08 as follows:

(i)	Male	06
(ii)	Female	02

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

Board Human Resource & Remuneration Committee	Ms. Tara Uzra Dawood	Chairperson
	Mr. Hassan Mehmood Yousufzai	Member
	Mr. Muhammad Hamayun Khan Barakzai	Member
	Mr. Zafar I. Usmani	Member
	Syed Muhammad Taha	Member
Board Procurement Committee	Mr. Hassan Mehmood Yousufzai	Chairman
	Mr. Asim Iqbal	Member
	Mr. Muhammad Anwer	Member
	Mr. Muhammad Hamayun Khan Barakzai	Member

Board Finance & Risk Management Committee	Mr. Muhammad Anwer Mr. Asim Iqbal Mr. Hassan Mehmood Yousufzai Ms. Saira Najeeb Ahmed Syed Muhammad Taha	Chairman Member Member Member Member
Board IT & Innovation Committee	Ms. Saira Najeeb Ahmed Ms. Tara Uzra Dawood Mr. Zafar I. Usmani Syed Muhammad Taha	Chairperson Member Member Member
Board Strategy & Diversification Committee	Mr. Zafar I. Usmani Mr. Hassan Mehmood Yousufzai Mr. Muhammad Anwer Ms. Saira Najeeb Ahmed Syed Muhammad Taha	Chairman Member Member Member 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	6
Board Procurement Committee	6
Board Finance & Risk Management Committee	1
Board IT & Innovation Committee	2
Board Strategy & Diversification Committee	-

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

- Syed Muhammad Taha
  (MD/CEO & Member, Board of Management)
- Mr. Hassan Mehmood Yousufzai
  (Member, Board of Management)
- Mr. Muhammad Anwer
  (Member, Board of Management)

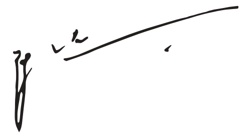
e) The external auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP) and are registered with Audit Oversight Board of Pakistan, that the partners of the firm involved 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 26, 2022
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone: +92 (51) 282 3558, Fax +92 (51) 282 2671

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, 2022 to comply with the requirements of regulation 36 and rule 24 of Listed Companies (Code of Corporate Governance) Regulations, 2019 and provisions of 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, 2022 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 26, 2022

KPMG Taseer Hadi & Co.
Chartered Accountants

UDIN: CR202210202uUJs5DkSL

ATTENDANCE AT BOARD OF MANAGEMENT AND BOARD COMMITTEE MEETINGS

For the year ended June 30, 2022

Names of Members	Board of Management		Board Audit & Compliance Committee		Board Human Resource & Remuneration Committee		Board Procurement Committee		Board Finance & Risk Management 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
Mr. Zafar I. Usmani	13	13	-	-	6	6	-	-	-	-	2	2	21	21
Syed Muhammad Taha	13	13	-	-	4	4	-	-	1	1	1	1	19	19
Mr. Ali Raza Bhutta	5	-	-	-	-	-	1	-	-	-	-	-	6	-
Mr. Asim Iqbal	8	7	4	3	-	-	5	4	1	-	-	-	18	14
Mr. Hassan Mehmood Yousufzai	13	13	-	-	3	3	6	6	1	1	2	2	25	25
Mr. Muhammad Anwer	13	12	5	5	-	-	6	6	1	1	2	2	27	26
Mr. Muhammad Hamayun Khan Barakzai	13	13	5	5	4	4	5	5	-	-	-	-	27	27
Ms. Saira Najeeb Ahmed	6	6	-	-	-	-	2	2	1	1	-	-	9	9
Mr. Shahid Salim Khan	5	4	1	1	2	2	1	1	-	-	-	-	9	8
Ms. Tara Uzra Dawood	13	13	5	5	6	6	-	-	-	-	2	2	26	26

* 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.

CORPORATE GOVERNANCE

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 includes strategy, performance targets and budgets. 47 ManCom meetings were held during FY22.

Compensation, Organization & Employee Development Committee (COED)

Compensation, Organization & Employee Development (COED) Committee reviews matters pertaining to Human Capital Management such as Organizational Development, Employee Progression & Development, Performance Management, Compensation and HR Governance. 28 COED meetings were held during FY2022.

REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

The Board of Management (BOM) 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, 2022.

Global Business and Economic Environment

The global economy was recovering from the pandemic, with normalizing commodity markets, supply chains and financial conditions, until the Russia-Ukraine conflict. The war impeded recovery and deteriorated the economic outlook. Economic prospects seem bleak given the disruption in global energy markets, soaring commodity prices and challenging policy trade-offs. The global GDP growth in CY2022 is estimated to be 2.9 percent and is forecasted to reach 3 percent in CY2023.

Energy importing countries are facing the ramifications of soaring energy prices in the form of reduced real disposable income, rising production costs, tightened financial conditions and constrained policy space, while energy exporting countries are benefiting from the improved terms of trade and increase in production.

Supply disruptions and galloping inflation across the globe caused by the war have significantly increased food prices, worsening food security and pushing developing economies and emerging markets into extreme poverty. Global growth has been decelerating steadily, creating a risk of recession.

Pakistan's Business and Economic Review

Pakistan’s economy regained momentum in the aftermath of the peak pandemic period. GDP grew by around 6.0 percent in 2022 with a 4.4 percent growth in agriculture, 7.2 percent growth in the industrial sector, and 6.2 percent growth in the services sector. The agriculture sector flourished owing to higher yields, attractive output prices, credit and better availability of certified seeds and pesticides.

Macro-economic recovery, an abundance of choices and a single-digit interest rate for most of the year, led to an increase in automobile sales in Pakistan. Car sales spiked by approximately 55 percent compared to the previous year. However, the growth in vehicle sales may decelerate in the ensuing year due to the recent prudential regulations issued by State Bank of Pakistan regarding car financing along with increasing finance cost.

As is the case with many other countries, the Russia-Ukraine conflict has exerted a drag on Pakistan's economy, aggravating the risks and challenges to the country's financial system, hampering economic growth and casting a shadow on the economic outlook. CPI inflation reached 12.2 percent in FY22 compared to 8.8 percent last year. However, the year-on-year CPI inflation for the month of June 2022 rose to 21.3 percent, largely due to soaring energy prices and significant devaluation of PKR against USD. Economic indicators are expected to remain under pressure in the following year as well.

Oil Industry Overview (Downstream Segment)

Pakistan is a net importer of petroleum products with about 85 percent of the national demand catered through imports. The country meets most of its petroleum demand by sourcing from Kuwait, Qatar, Saudi Arabia and United Arab Emirates under different terms and arrangements. With soaring energy prices across the globe, the oil and gas import bill for the year surpassed USD 20 billion.

During the year, the downstream segment witnessed a growth of 14.9 percent over last year, translating into white and black oil volumes of 18.7 million tons and 4.3 million tons respectively. Growth in car sales, agricultural yield, and inland logistics led to an increase in demand for white oil products. Furnace oil demand also continued to grow due to the increase in demand for electricity and high prices of liquefied natural gas (LNG) and coal in the spot market. Relaxation in travelling restrictions worldwide stimulated a growth of around 51.7 percent in the aviation sector after a lapse of one year.

REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

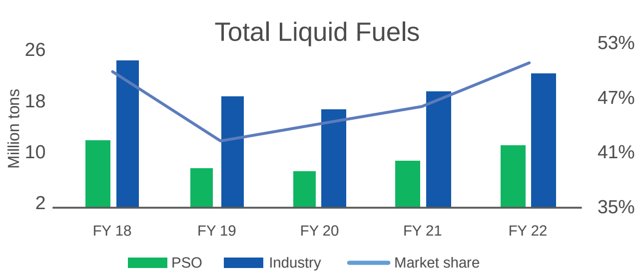
The Company's Performance

The company continued its upward trajectory, exhibiting phenomenal growth and another record-breaking performance for the year ended June 30, 2022. The exceptional performance was driven by a cohesive strategy entailing enhanced customer-centricity, increased operational efficiencies and resource optimization. The company was able to attain volumetric growth over and above the industry in all major petroleum products -- white oil grew by 21.4 percent, while black oil witnessed a growth of 51.6 percent.

PSO achieved an all-time high revenue of PKR 2.7 trillion (FY21: PKR 1.4 trillion) translating into its highest-ever profit before tax of PKR 147.9 billion (FY21: PKR 44.1 billion). The company posted a record profit after tax of PKR 86.2 billion (FY21: PKR 29.1 billion) with an EPS of PKR 183.7 (FY21: PKR 62.1). Despite the severe liquidity challenges and financial constraints faced by the company, the Board of Management announced 100 percent cash dividend (PKR 10 per share) translating into an overall payout of PKR 4.7 billion.

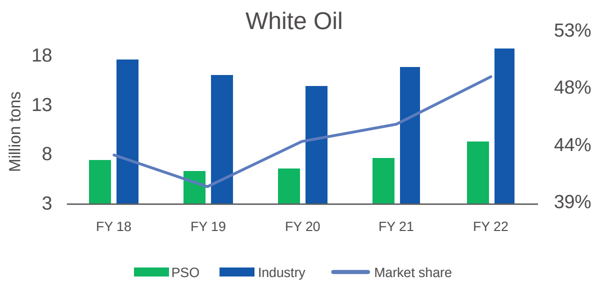
Liquid Fuels

PSO continued to dominate the liquid fuels segment, holding the lion's share of the overall market, the highest in the last 5 years -- 51.1 percent (FY21: 46.3 percent). The company attained a staggering volumetric growth of 26.9 percent over the preceding year due to an increased focus on enhancing customer experience backed by an efficient supply chain, vast infrastructure and retail outlets dotted across the country. The renewed demand for furnace oil from the power sector also added to the company's volumetric growth.



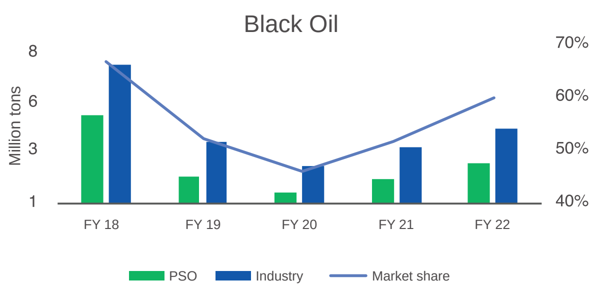
White Oil

The company clocked highest-ever volumes of 9.2 million tons in white oil products, bolstering growth by 21.4 percent over the preceding year. Enhancing its presence and participation at a rapid pace, the company captured a market share of 49.2 percent in FY22, an increase of 4 percent over last year.



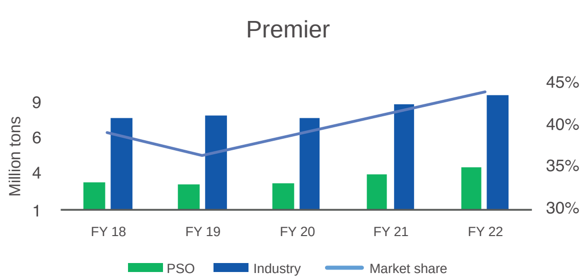
Black Oil

During the year ended June 30, 2022, the company attained an astounding volumetric growth of 51.6 percent over the previous year, translating into volumes of 2.6 million tons. Accordingly, the company increased its market share in the segment by 8 percent to 59.7 percent.



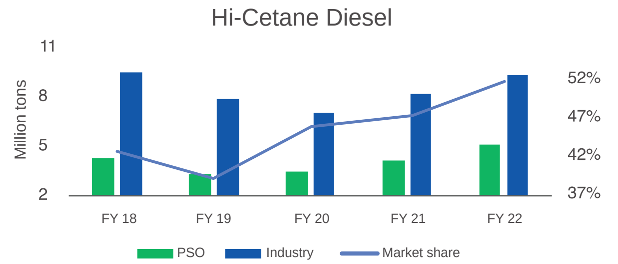
Premier

During the year, PSO sold highest-ever Premier Motor Gasoline (MoGas) volumes of around 4 million tons with a market share of 44 percent, an increase of 2.6 percent from last year, thus demonstrating a volumetric growth of 14.3 percent.



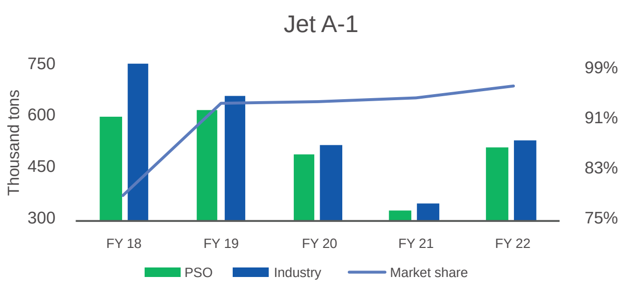
Hi-Cetane Diesel

During the year, the company sold 4.6 million tons translating into a volumetric growth of 25.2 percent against last year. PSO's market share increased from 47.2 percent in FY21 to 51.6 percent in FY22 -- the highest during the last 8 years. Amid the recent Russia-Ukraine conflict, a major supply and energy crisis emerged across the globe which also posed a supply risk for Pakistan as several oil marketing companies defaulted on their commitments. In order to avoid a potential dry-out situation during the 4th quarter of FY22, PSO stood up to its role as the national flag bearer and bridged the supply chain gap by sourcing an additional 350 thousand tons from the international spot market.



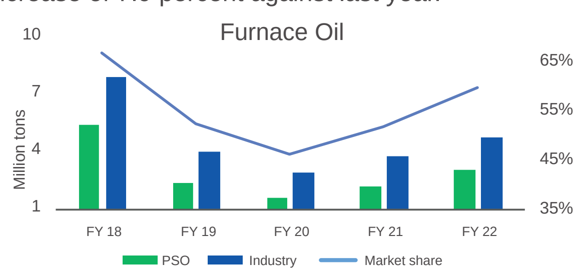
Jet Fuels

Flights resumed after a long period of travel restrictions due to the pandemic, bringing the aviation industry back to life. The company sold 513 thousand tons of jet fuel, a growth of 54.9 percent over last year against industry's growth of 51.7 percent over last year. PSO's market share increased by 2 percent, standing at 96.5 percent in FY22 -- the highest-ever since inception. The company renewed its long-term partnership with 'TotalEnergies' Aviation, France, for fuel supply and technical services agreement. This partnership will aid PSO in ensuring that the company continues to provide the highest quality and international standard products and services to its customers.



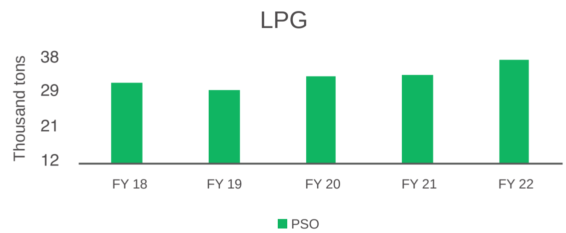
Furnace Oil

The company arranged 2.5 million tons of furnace oil during FY22, a growth of 51.8 percent over last year, due to increase in demand for power generation and reduced availability of LNG. On an overall basis, the company closed FY22 with a market share of 59.7 percent i.e. an increase of 7.9 percent against last year.



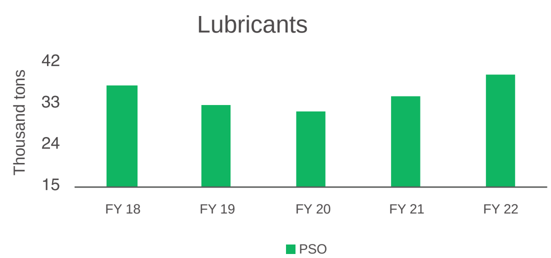
Liquefied Petroleum Gas

During the year, the liquefied petroleum gas (LPG) industry increased by 2.2 percent, translating into volumes of 1,201 thousand tons. Despite the odds, PSO made highest-ever LPG sales in the company's history, selling 37 thousand tons with a volumetric growth of 10.9 percent. The demand was primarily driven by the commercial, domestic and transport sectors in the wake of depleting natural gas supplies to domestic consumers.



Lubricants

PSO registered its highest sales volumes in the last 9 years, attaining volumetric growth of 13.2 percent from last year, translating into volumes of 39.1 thousand tons despite stagnated industry volumes and constrained supply of raw material due to local as well as global supply chain disruptions. PSO's focus on premium lubricant grades resulted in significant growth and profitability. In the passenger car motor oil (PCMO) category, premium grades grew by 20 percent in volume. While, in heavy diesel engine oil (HDEO) category, premium grades grew by 48 percent in volume.



The company launched the new lubricant product guide in October 2021. This guide has been designed to provide stakeholders a one-stop resource with valuable information about the range of automotive oils, stationary diesel engines and industrial lubricants marketed by the company. Lubricants technical awareness sessions for sales staff were also conducted during the year.

Liquefied Natural Gas

The company continued its leadership position in the LNG segment by importing approx. 84 vessels under the government-to-government arrangement with Qatargas, translating into a volume of around 5.2 million tons for the year.

REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

Business Lines

Commercial Sales

In line with PSO's Agility plan, the company rolled-out the new organizational architecture into 3 geographically empowered regions i.e. South, Central and North, each with its own bottom-line responsibility. The aim is to yield dividends to the company in the form of efficiency and effectiveness in the entire decision-making process across the value chain. This has resulted in achieving the highest white oil sales in the history of the company.

Quality assurance has been the cornerstone of PSO's philosophy. During the year, the company conducted more than 27 thousand quality checks and 84 thousand quantity checks to ensure the highest level of customer satisfaction. Customers lie at the heart of everything we do at PSO. During the year, more than 300 Customer Care Days were celebrated at retail forecourts across the country. The company also launched the 'Call and Contribute' initiative to assess, analyse and act upon customer's queries and preferences. Multiple touch points including email, web, and WhatsApp were added to connect with the customers.

PSO's business partners were facilitated through its 'Sahulat App' for complete order-to-payment process. The company entered into an agreement with Frontier Works Organization (FWO) to establish its footprint on motorways and high-tourist areas with the aim of providing convenience and fuelling services to tourists along motorways.

Non-Fuel Retail

The company's non-fuel retail (NFR) initiatives play a pivotal role in enhancing customer experience at our forecourts by making them a one-stop, preferred destination.

ATM Services

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

Quick Service Restaurants

With the aim of becoming a one-stop solution for its customers, PSO partnered with leading brands to have shop-in-shop or stand-alone outlets at its forecourts and established 7 quick service restaurants in the year taking the total to 26. Some of the alliances include McDonalds, Pizza Hut, Burger King and others.

Shop Stop - Convenience Store Remodeling

To enhance customer experience, the company remodelled its convenience stores i.e. Shop Stops with a fresh ambience and design. 21 Shop Stops were revamped in FY22, bringing the total number to 111.

PSO Shop Stops offer a wide range of products from various categories, including grocery, personal care, beverages, snacks and confectionery, through our official partner brands.

Electro - Electric Vehicle Charging Station

In order to promote sustainable and clean energy, the company achieved major milestones in its electric vehicle (EV) business by adding 3 ultra-fast charging stations to its infrastructure under the brand name ‘Electro’. The chargers were installed at North-bound and South-bound Lahore-Islamabad Motorway (M-2).

With the installation of these ultra-fast EV charging stations, PSO has become the first oil marketing company in the country to establish inter-city EV charging infrastructure by covering the Lahore-Islamabad round-trip. Now electric vehicle owners travelling on the country’s busiest motorway, M-2, will be able to recharge their EVs conveniently. The company had installed its first EV charging facility at Capri gas station in Islamabad last year.

Fuel Cards

Customer satisfaction and convenience remain at the core of every company offering. PSO believes in exceeding customers’ expectations through constant improvement and innovation.

Business Growth

The past year offered some remarkable opportunities alongside certain industry-wide challenges. During the year, over 1000 new corporate customers were onboarded, who contributed to approximately 5 percent of the total business. Catering to growing business needs, approximately 100 PSO outlets were added to the PSO Cards network, bringing the tally of card-accepting outlets to 1500. The company plans to expand cards acceptability throughout its retail outlet network in the coming future.

Vehicle Management and Lubricants Doorstep Delivery via PSO FUELINK

FUELINK is a web-based interactive channel for B2B Fleet, Corporate and Commercial card customers. More than 6000 satisfied users from over 3000 organizations are using FUELINK to manage their transactions and payments. In addition to accessing reports, bills and statements, customers can apply for new and replacement cards, revise card limits or change configurations and update card status. This easy-to-use and all-in-one solution portal gives customers a seamless fuel management experience and has opened up a spectrum of opportunities for adding features and value for users.

Being a strong believer in customer services, the company added the following new features in FUELINK for Karachi, Lahore and Islamabad.

- **Vehicle Management:** B2B customers can now add details of their vehicles, group their vehicles into seveal categories depending on different parameters, and receive regular notifications for maintenance and oil changes

- **PSO On Wheels:** This service, launched in Karachi, Lahore and Islamabad, provides doorstep facility for environment friendly car care services such as car wash, wax polish and lubricant change. Customers can now book these services on FUELINK with ease, remotely

Launch of NFC Stickers

Being a future focused organization, the company introduced a contemporary payment method enabling customers to choose their preferred mode of transaction. Near field communication (NFC) sticker is another form of transaction mode in addition to chip cards. Based on chip technology, the NFC stickers are highly secure and offer features such as contactless payment, vehicle identification and financial control.

Introducing DIGICASH Wallets

This e-wallet is set to upgrade fuel card service standards. The seamless process will add agility by allowing our valued customers to set-up their new accounts within minutes. The dynamic QR code makes transactions hassle-free, quick and secure. As part of this service, the company is offering deals and discounts at over 500 retailers, including eateries and apparels, in collaboration with leading brands.

New Alliances

PSO, in collaboration with the Department of Agriculture, Government of Punjab, is working towards bringing an innovative solution which will allow farmers holding the 'Kissan Card' to earn attractive and real-time discounts on PSO lubricants.

In another endeavor aimed at enriching customer experience and satisfaction, PSO has teamed-up with a leading commercial bank for the loyalty program. Under this arrangement, the bank's card customers will be able to redeem their loyalty points at PSO outlets.

REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

Aviation, Marine & Exports

PSO continues to lead the market with a share of 96.5 percent and sales volume of 513 thousand tons in FY22, translating into a volumetric growth of 54.9 percent over last year. The jet fuel industry observed an overall growth of 51.7 percent compared to the previous year mainly due to relaxation in COVID-19 travel restrictions globally and influx of tourists in the country.

PSO Renewed its Partnership with TotalEnergies Aviation

PSO renewed the fuel supply and technical services agreements with 'TotalEnergies' Aviation, the company's partner for over 4 decades. This partnership has enabled the company to maintain the highest international standards while keeping safety, quality and customer experience at the heart of its operations.

Digitization of Jet Fuel Into-Plane Refuelling

PSO has successfully digitized jet fuel sales in Karachi, Lahore, Multan, Faisalabad, Islamabad, Peshawar, Noor Khan Base (the old Islamabad airport) and Sialkot airports enabling real-time recording of transactions in SAP using electronic gadgets. Sale executed right next to the airplanes will be recorded live in SAP. This advancement will provide improved data accuracy and credit controls.

Global Accreditations

The company renewed its ISO certifications for quality, environment and occupational health and safety standards. These certifications enable us to effectively manage risks, minimize operational hazards, cultivate awareness of safe work culture and adhere to best practices.

Strategic Accounts and Consumer Business

PSO delivered phenomenal volumetric growth of 63 percent, 117 percent and 10 percent in Hi-Cetane Diesel, light diesel oil and lubricants respectively, in the consumer business segment.

PSO and Pakistan Railways signed a memorandum of understanding for the supply of petroleum products. In addition, the company resumed the fuel supply to Pakistan Army after several years. PSO entered into a long-term agreement with FWO for the supply of Hi-Cetane Diesel to meet their operational requirements across the country. 11 new customers were on-boarded in the sugar industry and PSO continued to remain the primary lubricant supplier for Millat Tractor with volumes of around 900 tons during the year.

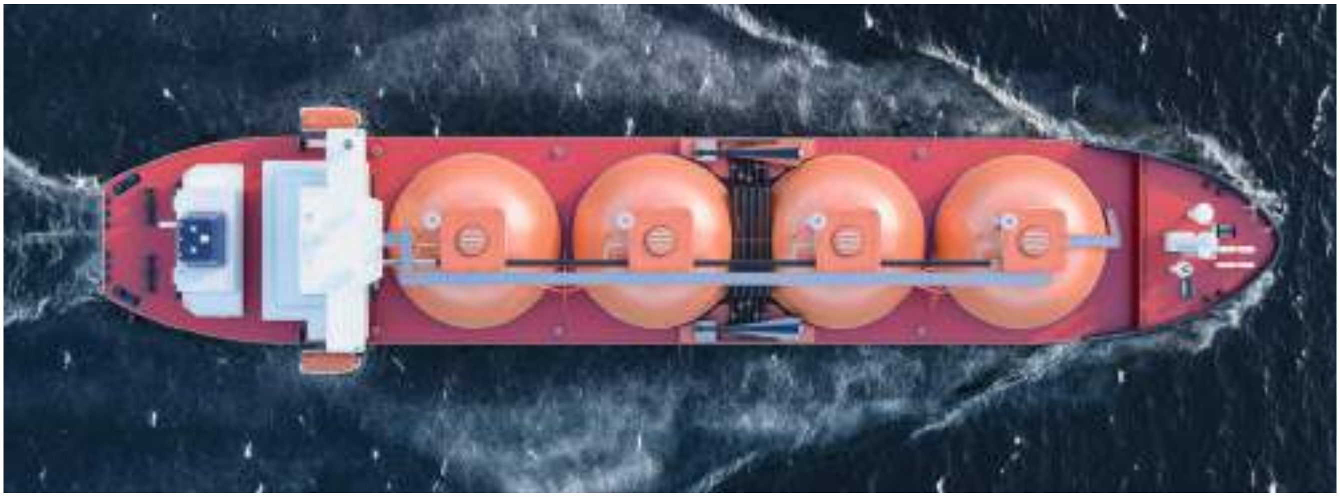
The company sold over 84 thousand tons of Hi-Cetane Diesel to Balloki Kasur and Bhikki Sheikhupura power plants. PSO also signed fuel supply agreements with Power China and Shanghai Electric Consulting Company to sell Hi-Cetane Diesel -- 25 thousand tons and 59 thousand tons per annum respectively.

Gaseous Fuel

PSO sourced approx. two-thirds of the country's LNG imports during the year. Around 5.2 million tons were procured under long-term contracts with Qatargas. To meet the natural gas requirement during winter season, the company went the extra mile and managed to procure 4 cargoes from the second contract commencing from January 2022 in the months of November and December 2021.

Owing to the substantial increase in LPG prices, the industry witnessed a marginal growth of 2.2 percent compared to last year with annual volumes of around 1.2 million tons. PSO on the other hand registered its highest-ever sales of 37 thousand tons with a volumetric growth of 11 percent over prior year.

PAKGAS, our LPG brand, expanded its distribution network by adding 26 new distributors, taking the total to 294. Ten new industrial/commercial customers were added during the year.



REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

Supply

The country's oil demand surged during the year. PSO met the demand through effective and efficient supply chain management, procuring around 12 million tons of petroleum products in FY22. Around 4.3 million tons were procured from local refineries (an increase of 9 percent from last year) and 7.7 million tons were imported from international suppliers (an increase of about 40 percent from the previous year).

White Oil Pipeline

During the year, the WOP was converted to multigrade for the transportation of Premier and Hi-Cetane Diesel. PSO is the first OMC to sign the multigrade WOP agreement with PAPCO on September 22, 2021. This will help the company reduce freight cost substantially and reduce carbon footprint while also minimizing reliance on road transportation.

Introduction of MoGas 95 RON

PSO added MoGas 95 RON to its existing product portfolio with the brand name of 'Octane+ Euro 5'. This product improves the gasoline engine performance and increases vehicle's life.

Operations

During the year, the company handled the highest throughput volume of petroleum product in the last 5 years -- 23.4 million tons. PSO handled 3.7 million tons of black oil and 19.7 million tons of white oil, an increase of 50 percent and 17 percent respectively against last year.

In order to comply with international standards and continue implementation of our sustainable model, ZOT, Machike and Sihala installations were OHSAS 45001:2018 certified during the year.

Logistics

PSO ensured uninterrupted supply of petroleum products through road, railway and pipeline, thus maintaining optimal inventory levels at all operating locations.

The company switched a significant volume of MoGas from road to pipeline, while 524 thousand tons of Hi-Cetane Diesel and furnace oil were transported through railways (an increase of 42 percent from the previous year). The benefit is passed on to the general public through reduced transportation cost.

The company endeavors to comply with Oil and Gas Regulatory Authority (OGRA) and National Highways Authority (NHA) standards for its road-based transshipment. New fleet management tank lorries (FMTL) contracts were executed on competitive rates at 4 additional locations. The company also ensured deployment of trained and medically fit drivers. More than 3000 tank lorry drivers were medically assessed, while more than 4000 drivers were trained in coordination with national highway & motorway police (NH&MP) and automobile track services Pakistan (ATS) for safe driving techniques to minimize the risk of road accidents.

PSO has also joined hands with ATS to compensate tank lorry drivers, cleaners and the families of the deceased in case of an accident resulting in death, permanent disability, accidental injury (hospitalization) or third-party death compensation.

Project Management and Construction

To further enhance the visual identity of PSO's retail outlets and enhance readability for customers, a new monolith tower was designed with digital price display and backlit LEDs. The pilot project was successfully completed at 2 retail outlets in Karachi and Islamabad, while the countrywide rollout is underway.

Equipped with state-of-the-art technology, new storages of 112.5 thousand tons of Hi-Cetane Diesel and MoGas were developed at Machike, ZOT and Juglot facilities. Rehabilitation of storage tanks with a storage capacity of 44 thousand tons at Keamari was also completed during the year. An upgraded firefighting system was commissioned at Mehmoodkot Terminal. The firefighting system will cater to the existing and planned storage requirements of the facility.

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. In addition, 1950 metres of an 8-inch diameter tanker discharge line was rehabilitated between Oil Pier-II and Oil Pier-III. This line is dedicated for the receipt of base oil and allows smooth discharge of cargoes at maximum allowable pressure.

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Procurement and Services

The company implemented SAP Ariba for the procurement of goods and services. This resulted in significant reduction in the procurement cycle from 65 days to 50 days, increased vendor participation, reduced vendor response time and access to worldwide suppliers.

Vendor conferences were also revived after a gap of 5 years to familiarize them with the digitization of the company's procurement process. PSO also developed a Vendor Performance Evaluation System to track vendor performance.

Information Technology

PSO is the pioneer of technological innovations in Pakistan's energy sector. The company has transformed into a digitally integrated and operationally resilient enterprise based on the industry 4.0 business model, by developing an ecosystem of people, processes, and technology to deliver value through end-to-end integrated business processes from vessel to vehicle, smart automation, seamless workflows and self-service business processes for its stakeholders.

IT Governance

The management IS Steering Committee is responsible for planning, strategizing and implementing the Board approved framework and strategy, using well-defined key goal, performance and risk indicators. The Board IT & Innovation Committee (BITIC) oversees, evaluates, and provides direction to develop IT governance and risk management frameworks to achieve broader strategic goals.

PSO's redefined Information Technology (IT) policy articulates corporate and information security governance, risk management, portfolio and program management along with the cybersecurity strategy with broader business goals and objectives. It ensures alignment with organizational, government and international industry regulations. The policy enables effective risk assessment and management in line with our organizational policy, by harnessing internationally recognized standards and frameworks such as ISO 27001.

Moreover, the policy provides guidelines to regulate the behaviour of various stakeholders, who interact with the information systems, by defining a system of internal controls using segregation of duties and limiting exposure to risk in critical business transactions.

The policy provides assurance to internal and external stakeholders (Board of Management, shareholders, customers, business partners, suppliers and employees) that information systems at PSO are effectively governed and managed in alignment with the corporate governance policy of the company.

In line with the IT governance and risk management policies and initiatives, the company also upgraded its technological capabilities, processes, and controls to achieve enhanced operational resilience. Managerial and technical controls comprising of early watch alerts system/early warning systems are used to proactively address risks areas whereas IT policy covers incident response plan (IRP), communication and escalation processes and recovery processes to resume business operations. The IT disaster recovery plan (IT DRP) was upgraded to protect IT systems and data from unforeseen events using internal controls such as hot disaster recovery site and early warning system/incident response plan, along with service level agreements with reputable service providers to ensure business continuity.

The policy also defines guidelines regarding broader organizational level training and awareness of information security at the workplace for all employees.

The company embarked upon an innovation and transformation roadmap to continuously upgrade and enhance its enterprise resource planning (ERP) systems based on industry standard platforms. This will enable seamless integration with line of business applications as the core platform is open, scalable, pluggable, and interoperable with new technologies and applications, which synergize in an ecosystem, thus delivering value to the stakeholders.

Risk factors in ERP projects are managed through the creation of strong general and application controls which are tested on a periodic basis. Furthermore, transactions are only allowed to authorized users after due assessment of the needs of their work. Segregation of duties is also maintained which further enhances security of the ERP systems.

PSO has developed a three-year digital transformation strategy of integrating all operational and commercial functions for real-time data capturing and decision-making.

Digital Transformation and Integration

PSO has taken a lead in digital innovation by leveraging technology to bring in operational efficiencies in its supply chain. The company has mapped out its end-to-end digital transformation strategy to build data bridges for a digital ecosystem of its business value chain in a planned and objective-oriented manner. This digital ecosystem will result in the generation of valuable business insights which will enable informed decision-making.

PSO indigenously designed SAP integrated retail outlet control unit which has been deployed at more than 400 retail outlets for centralized control and management. With the success of this exclusive technology solution, PSO will extend its data capturing footprint across the entire retail network for effective monitoring and control of its supply chain.

The company has integrated 2 additional terminals i.e. Machike and Sihala with the command and control system bringing the total to 3. Plans are underway for expansion of the same to other operational locations.

The company's IT systems have been successfully integrated with 1Link. This enables integration of PSO's system with 27 banks for payment instantly. The system integration is Secure Sockets Layer (SSL) encrypted, thus meeting security standards set by State Bank of Pakistan.

Business Process Reengineering

In order to make PSO a digitally innovative and agile organization, the company conducted an extensive gap analysis to map all 'as-is' processes. For high impact areas, the 'to-be' processes will be designed for greater efficiency, improved turnaround time, better system-based controls and paper-free processes. The Business Process Reengineering Committee reviews the process improvement initiatives for enhanced process efficiencies, cost savings and digital transformation.

The company launched a first-of-its-kind 'Business Partner Onboarding Web Portal' – a complete end-to-end online solution for prospective business partners. The web portal provides an automated tracking and status update mechanism for applicants. During the year, 600 applications were received.

Cyber Security

PSO's cyber security strategy focuses on safeguarding the company's information systems by developing and implementing processes for cyber risk management. The company deployed state-of-the-art integrated technological solutions for cyber risk management including intelligent

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end-point detection and response system to safeguard against cyber threats, malware, intelligent email protection and secure web applications to ensure the security of information systems.

Regular internal and external audits along with network penetration testing exercises are also conducted to review the compliance and effectiveness of information security controls. The security assessment/audit was also carried out in FY22.

Education and Training Efforts to Mitigate Cyber Security Risks

In accordance with the company's IT policy, training is provided on IT security awareness to inculcate cybersecurity hygiene and protect the intellectual & informational assets of the company. These trainings provide guidelines to employees on various aspects such as password management, cybersecurity, etc.

Business Process Optimization – ERP Integration with Business Line Applications

The company's digitalization plan also includes ERP integration with business line applications for seamless operations and greater customer convenience. The initiatives implemented during the year include automated delivery operations at terminals, vendor payment through vendor invoice management system (VIMS) and e-procurement through SAP Ariba.

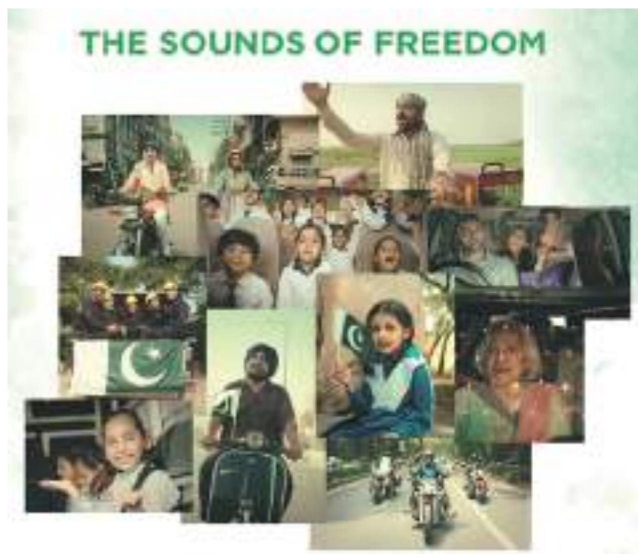
Brand Management

During the year, the company launched a number of marketing campaigns to build brand equity. The activities ranged from sponsorships of multiple events to campaigns spread across on-ground, digital and outdoor mediums.

Corporate Campaigns

Considering the significance of digital media and social platforms, the company actively maintained its presence on social media platforms resulting in incremental 100 thousand plus followers against last year.

Several campaigns and activities were carried out to further strengthen the corporate brand equity. On Pakistan's 74th anniversary, PSO celebrated a diverse and inclusive Pakistan in a unique manner through the campaign, 'Sounds of Freedom'. The ad went viral instantaneously, gaining tremendous popularity within Pakistan and across international borders.



PSO worked with National Command and Operation Centre (NCOC) for a corona-free Pakistan, spreading awareness regarding COVID-19 vaccination from its digital platforms while conducting a nationwide drive at 500 retail outlets and reaching far-flung areas of Pakistan with 245 mobile vaccination vans, inoculating more than 200 thousand citizens.

PSO observed breast cancer awareness month by sharing prevention tips and debunking associated myths through online internal awareness sessions in collaboration with Shaukat Khanum Memorial Hospital.

PSO celebrated T20 World Cup 2021 with fellow Pakistanis. A digital campaign was run with a series of artworks on our social media platforms, promoting sportsmanship and patriotism.

Various national days were celebrated with full zeal and fervor. To acknowledge the vision and determination of our nation's founder, PSO paid a heartfelt tribute to Quaid-e-Azam Muhammad Ali Jinnah on his birth anniversary through a digital campaign on all of PSO's social media platforms. Another heartfelt, patriotic digital campaign #PSODilSeEhad was also executed on Pakistan Day.

As PSO turned 45 in December 2021, PSO Day was celebrated with the theme, '45 Years of Excellence'. A testimonial video was produced for digital platforms where employees shared their thoughts along with a grand event and cake-cutting ceremony in the exquisitely decorated PSO House.

Inclusive leadership is one of the core values that PSO follows in every aspect. On International Women's Day, PSO celebrated a digital campaign named 'Mera Safr Mera Azm', paying tribute to the women who lead the world as they #BreakTheBias with their courage and strength every day.

On World Environment Day, PSO ran a campaign 'Hara Bhara Pakistan', with Tofiq Pasha Mooraj and Anousha Fatima (Founder of TrashIt) to promote plantation and adoption of sustainable habits in daily life. Participants shared 3 sustainable ways to ensure a 'Hara Bhara Pakistan', via PSO's social media platforms. Warm and heartfelt campaigns were also launched on Eid-ul-Fitr and Mother's Day.

PSO launched its new and futuristic, revamped website developed at par with international standards. It has been upgraded in terms of technology, user interface (UI) and user experience (UX) enabling an immersive experience for the valuable customers.

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Fuel Campaign

PSO launched the new premium grade MoGas 95 RON fuel, 'Octane+ Euro 5', which provides powerful engine performance, lower hazardous emissions and a cleaner & greener Pakistan for our future generations.

Lubricant Campaigns

The company launched the Carient Fully Synthetic campaign to build brand awareness. The campaign included internal launch event, trade events, digital amplification, retail activations and 'Buy Display Win' campaign for hi-street markets.

The company conducted a successful consumer promotion for DEO across the country. This was followed by activations across the country wherein 100 truck addas were reached, more than 40 agricultural towns were covered, with interactive activations on floats, and merchandizing of more than 3000 shops on hi-street. The activation achieved over 1500 conversions and more than 10,000 interceptions with consumers.

The lubricant product range is continuously improved to meet the evolving needs of its customers. During the year, PSO upgraded its lubricants by improving the specifications of existing grades (Blaze 4T SAE 20W-40 viscosity variant), launching new grades (Sugar Mill Oil Plus) and introducing new, easy to use, double handle packs.

Quality Assurance of Products

Quality assurance is a fundamental principle for the company. Customer satisfaction is ensured by reinforcing the image of a quality conscious company through an extensive network of 10 state-of-the-art laboratories and 23 mobile quality testing units (MQTUs), the largest fleet in the industry. PSO performs spot checks for quality and quantity measurement of petroleum products at retail outlets across Pakistan through MQTUs to ensure that the customers get the best quality fuel in accurate quantity. Quality checks are also a regular feature at the company's storage depots and installations.

During the year, International Standard ASHRAE 110 certified Automatic Fuming Hoods were installed at KTA and Lubricant Manufacturing Terminal (LMT) laboratories to maintain HSE standards.

Health, Safety and Environment

Health, safety and environment (HSE) is an integral part of the company's DNA. PSO not only prioritizes health and safety of its people and stakeholders to achieve 'Goal Zero Incidents' but also strives continuously for environmental sustainability. The company's robust HSE management system framework constantly endeavors to minimize operational risks 'As Low As Reasonably Practical' (ALARP).

Process Safety Management

In order to protect people, plant and processes, the company effectively implemented important process safety management systems such as permit to work, risk assessment, energy isolation, emergency response, contractor safety management etc. at its facilities.

The company also launched HSE Performance Management System which covers important activities such as emergency drills, awareness sessions, HSE risk assessment, self-inspection, group communication meetings, etc. on a monthly basis.

Road Safety Management

Road transport safety is a major risk area and PSO has taken multiple strategic initiatives to improve road safety parameters. Third-party inspection of tank lorries was initiated which will greatly improve safety and mechanical aspects of road tankers requiring each tank lorry to go through a comprehensive inspection. More than 7000 tank lorries were inspected during the year.

HSE Learning and Capability Enhancement

The company organized HSE leadership sessions for the senior management as refresher programs covering key HSE metrics, scorecard parameters and strategy for HSE cultural improvement across the organization.

Multiple trainings and refreshers were also conducted for internal and external stakeholders to cultivate a positive and shared HSE culture. Employees were also engaged through various HSE learning interventions based on risk assessment and learnings from past incidents.

Environmental Protection

Sustainability being a key focus area for the company as a responsible corporate citizen, PSO is working actively to reduce its carbon footprint. Our facilities are continuously monitoring environmental parameters as per the national environmental quality standards (NEQS) for air emissions and effluents.

Human Resource

Our employees are the key to our success. The company's Human Resource (HR) strategy strengthens positive employee experience to achieve a higher degree of engagement by developing an enabling work environment. The framework for best practices was established through institutionalization of reforms that included a revamp of HR policies and improvement in processes.

Succession Planning and Career Growth

Competency Framework was devised based on level-wise company-wide behavioral competencies demonstrating the company's commitment towards employee development and growth.

Based on the above, the promotion cycle FY21 for management employees was successfully completed. Furthermore, employees were provided with opportunities for enrichment and a diverse functional experience through periodic job rotations based on their competencies. As part of career advancement, vacant positions were internally advertised and internal candidates were placed successfully.

Talent Management

The company encouraged job diversity through periodic job rotations. Top-notch talent was acquired through the launch of mentorship, CA/ACCA trainee, management trainee and DAE trainee programs. As of June 30, 2022, 15 mentees, 5 CA/ACCA trainees and 40 management trainees were working with PSO.

HR Automation and Integration

The company launched an HR helpdesk to provide employees with a seamless connection with relevant personnel for getting their HR related queries addressed in a proficient manner. A quarterly performance assessment application was also introduced to provide them with timely and regular feedback and highlight areas of improvement. Employee integrated profile and employee entitlement dashboard were also introduced to provide relevant information to employees.

Employee Engagement and Wellness

PSO offers employees an engaging and morale-boosting work environment. Key initiatives in FY22 included employee families' vaccination drive conducted at PSO locations, blood donation drive for thalassemia patients, Women's Day celebrations, resumption of PSO's in-house day care service, long service awards, health awareness sessions and launch of the 'Happy to Help' initiative to allow employees to suggest and share improvements related to HR and employee welfare.

Inclusive and Diverse Workforce

PSO makes continuous efforts to support inclusion and diversity based on merit. Opportunities are provided to internal candidates purely on merit to be a part of the leadership. PSO's workforce includes employees from remote and underprivileged areas and 14 uniquely abled employees. Under uniform career growth opportunities, 10 percent of the senior management comprises females, whereas 27 percent of C-minus-1 level staff comprises female. Overall, female representation in management cadre was maintained at 8 percent.

Industrial Relations

The company takes pride in maintaining industrial peace with its labor force, resulting in zero work-hour loss throughout Pakistan with no strike or lock-out during the year. A new workmen union was elected as a result of smooth and transparent CBA elections. During the year, CBA agreement was amicably concluded. Furthermore, the contribution of non-management staff was also acknowledged by elevating 91 personnel to a higher scale based on their performance. IR team automated the calculation of overtime for non-management employees through SAP Fiori.

Learning and Employee Development

PSO believes in promoting a positive and engaging learning environment which fosters employee development, growth, and improvement of skillset and critical competencies.

Key learning programs conducted during the year included an eight-week online learning session on negotiation skills by Harvard Business School. Various lubricant and product knowledge learning programs were also conducted during the year. Health, safety and environment trainings were conducted, including OHSAS 18001, ISO 50001 implementation, diagnostic protective earthing checks, National Examination Board in Occupational Safety and Health (NEBOSH), first-aid, medical emergency response and OGRA tank lorry standards. For exceptional forecourt experience at PSO's retail outlets, WOW training for forecourt attendants was re-launched and conducted during the year. During the year, the company arranged around 12 thousand learning hours for its management employees.

Technical trainings for fitters and electricians were conducted at Machike Installation for Central region staff by Technical Board, Punjab and NED University of Engineering and Technology. Around 1300 hours of learning were arranged for the non-management employees.

The company also conducted training sessions for its external stakeholders that included advanced POL training program for armed forces personnel. A workshop was also conducted for OCAC and NH&MP on post-crash management and was attended by various government and private organizations.

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Customer Services

PSO's Ta'aluq Care Line plays an important role in garnering feedback and ensuring customer satisfaction. During the year, the company successfully interacted with over 204 thousand customers, answering queries and satisfying complaints through Ta'aluq Care Line. Given the emerging needs, PSO enhanced communication avenues for stakeholders using social media platforms and effectively catered to about 13 thousand queries.

An exclusive WhatsApp number was introduced to allow retailers/dealers to convey facility-related complaints and have them addressed efficiently. Cards customers are also facilitated for resolution of queries including card activation, closures, and balance/account details. Realizing the importance of customer engagement, the company introduced geo-fencing-based SMS service to keep its customers informed about its services and ongoing promotional campaigns. For early resolution of customer and business partner complaints, the service is effectively integrated with Customer Services CRM.

Corporate Social Responsibility and Sustainability

As a responsible corporate citizen, the company plays an active role in supporting sustainable community and social development of the country and its people with the aim of creating shared economic and social value across Pakistan.

The PSO CSR Trust gave back to the community, providing financial assistance of around PKR 250 million to various charitable organizations working in healthcare, education, community building, disaster management and environmental sustainability.

Cause Donation

Caring and Giving is one of PSO's core values and an integral part of the company's overall mission. With a countrywide network, PSO utilizes its scale of operations as a strength to uplift the communities where we operate. With the integration of CSR and corporate philanthropy into its business strategy, PSO is helping drive shared-value among all its stakeholders.

Social Responsibility Policy

The company contributes up to one percent of its profit before tax for CSR activities. The donations are made in accordance with relevant by-laws and policies, including the Corporate Social Responsibility Voluntary Guidelines 2013 issued by the Securities and Exchange Commission of Pakistan (SECP) and the objectives of the Trust envisaged in the Trust Deed. The CSR Trust has also 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

Vaccination Drive for COVID-19

PSO CSR Trust in coordination with NCOC actively participated in the vaccination drive. More than 200 thousand citizens were successfully inoculated through 245 mobile vans and vaccination centers. PSO responsibly contributed in spreading the awareness through social media, TV, radio, print releases, awareness messages on website and banners.

Healthcare

PSO CSR Trust made a significant contribution of around PKR 134 million and partnered with various reputable institutions to provide healthcare facilities to the deserving. Support was specifically extended towards vaccination drive, purchase of medical equipment, treatment of needy patients such as cancer treatment, complicated surgical pain management, advanced level eye treatment for the underprivileged strata of society. Prominent entities which received donations from PSO CSR Trust include Health Education and Livelihood Promoters (HANDS) for vaccination drive, SIUT for treatment of prostate cancer patients, LRBT for the purchase of Phacoemulsifier Oertili CataRehx machine, Shaukat Khanum Memorial Cancer Hospital and Research Centre for the construction of ICU room at Karachi, Indus Hospital for the purchase of C Arm machine, Friends of Burns Centre for ventilator, Cancer Care Hospital and Research Centre for mobile X-Ray machine, Begum Noor Memorial Hospital for haemodialysis and anaesthesia machines and many others.

Education

Education has always been a key area of support of PSO CSR Trust. PSO extended significant support of around PKR 60 million to raise literacy levels and provide opportunities to talented but underprivileged communities through organizations like The Citizen Foundation, Institute of Business Administration, Lahore University of Management Science, Professional Education Foundation, Shahid Afridi Foundation, Islamia Public Secondary School, Tehzeeb ul Iqhlaq Trust, etc.

Community Building and Environment

To help the physically impaired become confident and contributing members of society, a contribution of around PKR 55 million was extended through Disabled Welfare Association to provide advanced prosthetic arms. The Trust also supported 10 government girls' schools for the construction of sanitation and hygiene facilities through HANDS in slum and rural areas across the country where no water and sanitation facilities were available. Through HELP, clean drinking water was provided to the people of Harnai Balochistan who were affected during earthquake.

To nurture the youth from underprivileged background and make them skilled and economically empowered citizens, the Trust collaborated with Aman Institute for Vocational Training to provide vocational training to 50 students. The Trust also commissioned free basic healthcare facility providing initial diagnosis, free medicines and lab tests, and installed reverse osmosis water filtration plant at Mehmoodkot Depot (JIMCO) which is benefiting the local community of Mehmoodkot, Muzaffargarh. The trust also supported intellectually challenged students through Karachi Vocational Training Centre to enable them to become competitive individuals who can play an active role in society in spite of their disability. To promote a clean and green environment for our future generations, PSO CSR Trust contributed in the tree plantation drive in collaboration with PNS Raza.

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CSR Achievements/Awards

PSO received various awards and recognitions from different forums during the year for its CSR initiatives including:

- Award from the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) to recognize the efforts of corporate and social sectors in the fight against COVID-19

- Appreciation shield by NCOC to recognize the efforts of our services to the nation in the fight against COVID-19

- Acknowledgement by Shaukat Khanum Memorial Cancer Hospital and Research Centre in recognition of the company's support in treating cancer patients over the years

- Recognition from Lahore University of Management Sciences on commemorating 35-years association with industry partners

Blood Donation Drive

The event was organized at PSO House in association with Indus Hospital, where the company's employees participated enthusiastically to contribute and save lives. Mini medical check-up and free health screening was also conducted.

Awareness Session on Burns Prevention

The session was arranged in association with Friends of Burns Centre at Keamari and LMT to spread awareness on prevention from burns. Approximately 200 individuals attended the session.

Financial Management

FY22 remained a very challenging year for PSO due to steep rise in receivables from SNGPL on account of short payments against supplies of LNG, especially in the second half of the year, coupled with elevated oil and commodity prices which are continuously straining the financial condition of the company. Due to these factors, effective financial management has become more crucial than ever for the company.

PSO's treasury is the largest corporate treasury in the country, managing cumulative cash flows exceeding PKR 5 trillion per annum, having business relations with 15 top-tier banks of the country. The primary objective is the availability of funds at the lowest possible cost at all times.

PSO has always ensured provision of timely and accurate reporting of its financial results to its stakeholders and regulatory authorities. The journey of excellence continued, as PSO triumphed once again, winning 2nd position in the Best Corporate Report Awards of 2020, in the fuel and energy sector. PSO also won the 2nd position in the prestigious South Asian Federation of Accountants' (SAFA) Best Presented Annual Report Awards 2020 in the category of public sector entities. These awards are reminiscent of the high standards of financial reporting practised in the company. Corporate briefing sessions were held in FY22 to keep the shareholders and analysts informed about the developments in the company.

Contribution to the National Exchequer

PSO remained one of the leading tax contributors to the national exchequer as follows:

	2021-22	2020-21
	PKR in Billion	
Sales Tax	216	198
Custom Duty	137	34
Petroleum Levy	60	191
Other duties & Taxes	64	19
TOTAL	**477**	**442**

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

Credit Rating

VIS Credit Rating Company Limited reaffirmed the company's ratings as follows with stable outlook:

Short-term	A1+
Long-term	AA+

Dividend and Other Appropriations

Based on the performance of the company, the Board of Management recommended a final cash dividend of PKR 10 per share (100 percent). The dividend for the financial year 2022 stands at PKR 10 (100 percent) per share translating into a total payout of PKR 4.7 billion to shareholders.

During the year, the BOM approved the creation of PSO venture capital fund to make investments as per the directives of the BOM. Based on the above, the company has transferred PKR 1,478 million (FY21: PKR Nil) to venture capital reserve.

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 wrongdoing.

Business Principles and Ethics Policy

It 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

The 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 an 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 the Board Audit & Compliance Committee, that reviews the effectiveness and adequacy of internal controls and financial statements of the company.

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Other Matters

The following matters were considered as most significant by the external auditor in the context of their audit of the financial statements for the financial year 2022:

- Overdue trade receivables and receivables from Government of Pakistan (Refer notes 13 and 16 to the unconsolidated financial statements)
- Recognition of Revenue/Income (Refer notes 30 and 32 to the unconsolidated financial statements)

Auditors

The Board of Management has endorsed the recommendation of the Board Audit & Compliance Committee for the appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as auditors of the company for the year ending June 30, 2023.

Changes in the Board of Management

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

- Mr. Asim Iqbal joined the Board on September 20, 2021 in place of Mr. Ali Raza Bhutta
- Mr. Shahid Salim Khan resigned as Member Board of Management with effect from October 20, 2021
- Ms. Saira Najeeb Ahmed joined the Board of Management on December 23, 2021

The Board wishes to place on record its appreciation for the valuable services rendered by the outgoing Members, Mr. Ali Raza Bhutta and Mr. Shahid Salim Khan and welcomes the new Members.

Associated and Subsidiary Companies

Pakistan Refinery Limited – Subsidiary Company

It 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 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 a 63.6 percent equity stake in PRL.

Asia Petroleum Limited – Associate Company

It was incorporated in Pakistan as an unlisted public limited company on July 17, 1994 for the transport of 'Residual Fuel Oil' to Hub Power Company Limited (HUBCO) at Hub, Balochistan. For the purpose, APL laid an underground oil pipeline starting from Zulfiqarabad Oil Terminal at Pipri to HUBCO. PSO holds a 49 percent equity stake in APL.

Pak Grease Manufacturing Company (Private) Limited – Associate Company

It 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 percent equity stake in the company.

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 & 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 judgement.
- 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 have fixed remuneration and are being paid a 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 6 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, 2022)

Fund	PKR in Mn
PSOCL Management Employees' Pension Fund	4,888
PSOCL Workers' Staff Pension Fund	4,544
PSOCL Defined Contribution Pension fund	5,823
PSOCL Staff Provident Fund	3,024
PSOCL Employees' Provident Fund	1,644
PSOCL Employees' Gratuity Fund	6,698

- During the year, 13 meetings of the Board of Management were held and the attendance by each member is given on page no. 89.
- As on June 30, 2022, the composition of the Board was as follows:

  Total number of Board Members:

  Male: 06
  Female: 02

Composition:

Category	Name
Independent Members	Mr. Zafar I. Usmani Mr. Muhammad Hamayun Khan Barakzai Ms. Tara Uzra Dawood
Non-Executive Members	Mr. Asim Iqbal Mr. Hassan Mehmood Yousufzai Mr. Muhammad Anwer Ms. Saira Najeeb Ahmed
Executive Member	Syed Muhammad Taha
Female Members	Ms. Saira Najeeb Ahmed Ms. Tara Uzra Dawood

- The names of members of the Board Committees are given on pages no. 85 & 86.
- The pattern of shareholding is annexed on page no. 345.
- Remuneration package of BOM members, Managing Director & CEO has been disclosed in note 34 to the unconsolidated financial statements.

Company's Performance Against Forward Looking Disclosures Made Last Year

Safe Business Operations

HSE is an integral part of the company's corporate DNA. The company strives to ensure that safe business operations are carried out across its facilities, locations and retail outlets. During the year, one fatality incident was recorded due to negligence on part of the contractor's staff. Based on the incident report, the company identified the key lessons to ensure that such incidents do not recur in future.

Increase in Market Share of Key Products

PSO continued its stride of regaining market share in the downstream segment by closing the year with a market participation of 51.1 percent in liquid fuels, 49.2 percent in white oil and 59.7 percent in black oil markets. Notable volumetric growths in key products including Hi-Cetane Diesel and furnace oil were achieved during the year, with highest-ever sales volumes of white oil and MoGas in the history of the company.

Sustainability and New Business Avenues

The company has formulated a long-term corporate strategy, encompassing product-line extension, integration and diversification plans, along with a revised corporate structure comprising of 4 specialized verticals aligned with the strategy; projects in phase-1 of the strategy are in different stages of development.

Automation of Key Business Processes

The company established a command and control system to monitor its supply chain network, 400 retail outlets and 3 terminals have been integrated with the system.

Completion of Infrastructural Projects to Increase Live Storage

The company added around 112.5 thousand tons of new storages. These storages also include 42.7 thousand tons of storage at Machike taking the storage capacity of the installation to 99 thousand tons. In addition, the company rehabilitated 44 thousand tons of existing storages. On an overall basis, the company has been able to increase its storage capacity to around 1.1 million tons.

REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

Strides in Renewable Energy Business

As part of its clean-energy strategy, the company has devised an implementation plan to solarize its retail outlets and key operational locations to reduce its carbon footprint and energy cost.

Receivables from SNGPL

The company's receivables from SNGPL ballooned to PKR 285.4 billion as of year-end June 30, 2022 (FY21: PKR 98.6 billion) i.e. an increase of PKR 186.8 billion. The company kept constant follow-up with the entity as well as Government of Pakistan for the settlement of circular debt receivables. Due to rigorous follow-up with MoE, the government is working on various solutions to curtail the accumulation of circular debt.

Infrastructure Development and Rehabilitation

During the year, 112.5 thousand tons of new storages were added, while 44 thousand tons of existing storages were rehabilitated. The new additions include 42.7 thousand tons of mega storage at Machike. The company initiated the receipt of MoGas through WOP at Machike, Shikarpur, Mehmoodkot and Faisalabad, adding operational efficiency with reduced transportation cost and risk.

Critical Challenges and Company's Ability to Respond

Pakistan downstream oil segment is shifting gradually. Customers' changing perspectives, government regulations for environment protection, technologically advanced automobiles, electric vehicles and influx of competition are reshaping the demand outlook. Moreover, influx of cross-border products, rising product prices and supply chain bottlenecks are all deemed to affect profitability and sustainability. The situation requires us to remain agile, innovative and customer-centric in order to remain relevant and sustainable.

The company is privy to the evolving situation and has accordingly initiated necessary augmentation in its business strategies. Providing better forecourt experience to its customers through innovative offerings while keeping abreast of changing preferences and needs. Moreover, the corporate strategy entails exploring new business ventures along with product-line extension and integration projects. These initiatives will pave the way for sustainability, enhancement, diversification and hence, value creation for many years to come.

Forwarding Looking Statement

We are operating in an environment, wherein macro-economic factors along with geo-political uncertainty, technological advancements and environment protection measures may affect the sustainability and performance of the company.

The recent Russia-Ukraine conflict, global supply chain shocks and soaring commodity prices have cumulatively resulted in recessionary impact in the country. These factors may create a regressive effect on the demand of petroleum products in the short-term. As a result, tough measures are becoming a part of the monetary and fiscal policies of the country in order to arrest the rising inflation and PKR devaluation.

The economic conditions and resulting policy measures require the company to increase its efforts towards creating efficiency in its business processes, reducing the cost of doing business, enhancing customer experience and focusing on implementing its corporate strategy.

For the ensuing year, the company has identified following goals:

- Safe business operations
- Continued focus on high-margin products including MoGas, Diesel and Lubricants
- Execution of the corporate strategy encompassing the implementation of identified projects with respect to product-line extension, integration and diversification
- Addition of 45 thousand tons of new storages
- Automation and digitization of 2 operational locations and 600 retail outlets
- Business process re-engineering of high-impact areas through process re-engineering
- Implementation of clean-energy strategy at 20 retail outlets and 6 operational locations
- Develop talent pool to cater to the future needs of the company through structured learning programs

PSO is gearedup to take on the evolving challenging conditions, wherein the management maintains a strong focus to strike out an optimum balance between market share and earnings. The company is focused on reducing its cost of doing business by adding technological advancements to its operations. Customer-centric programs and initiatives are designed to increase and enhance customer experience. In addition, 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 in terms of volumetric growth and financial performance, year-after-year and would continue to maximize its shareholders' value.

Source of Information and Assumption

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

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman

August 26, 2022
Karachi

REPORT TO SHAREHOLDERS (CONSOLIDATED)

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, 2022.

Group Structure

PSO, a public company incorporated in Pakistan in 1976, is listed on the Pakistan Stock Exchange Limited (PSX). The principal activities of the holding company include procurement, storage and marketing of petroleum and related products.

Pakistan Refinery Limited (PRL), a subsidiary of PSO, is a listed public limited company incorporated in Pakistan in 1960. It is engaged in the refining of crude oil and selling a variety of distilled petroleum products to the domestic market. PSO holds 63.6 percent shares in PRL.

Financial Performance of the Group

The economic momentum of the country observed growth of around 6 percent subsequent to pandemic. All major sectors, including agriculture, industrial and services, contributed to the growth. In addition, automobile sales witnessed growth of around 55 percent against last year primarily due to availability of choices, lower cost of finance in first 3 quarters and tax incentives for locally manufactured cars until their withdrawal through supplementary finance bill in January 2022. These factors cumulatively resulted in rebounding petroleum sector demand, wherein white and black oil sales witnessed reasonable growth. The favorable oil price trend along with demand pull contributed to the Group's profitability.

Financial Performance of PSO

PSO continued delivering phenomenal performance in FY22 by posting the highest-ever profit in its history. The company posted profit after tax of PKR 86.2 billion in FY22 (FY21: PKR 29.1 billion), with earnings per share of PKR 183.66 (FY21: PKR 62.07).

The impressive performance is attributable to highest-ever sales volumes of white and black oils, an increase of 21.4 percent and 51.6 percent from last year respectively. The company achieved highest sales volume of lubricants in the last 9 years, and posted highest-ever sales volume of LPG in its history. The volumetric performance coupled with favorable price trend resulted in exceptional profitability of the holding company.

Financial Performance of PRL

PRL's financial performance improved substantially in FY22, wherein the company posted profit after tax of PKR 12.6 billion (FY21: PKR 0.94 billion), with earnings per share of PKR 19.96 (FY21: PKR 1.52).

The primary contributing factors include yield optimization of high-margin products, favorable oil prices and rebounding product demand. The company is planning to undergo expansion, for which it engaged Wood plc to undertake Front End Engineering Design (FEED) study. In addition, financial advisors have been appointed to arrange for the financing need of project. The FEED study is expected to be completed by August 2023.

Group Results

The Group earned sales revenue of PKR 2,820 billion in FY22 (FY21: 1,476 billion) and posted gross profit of PKR 178 billion (FY21: 57 billion). In view of exceptional performance delivered, the Group reported highest-ever consolidated profit after tax of PKR 95.7 billion in the year (FY21: PKR 29.6 billion), with earnings per share of PKR 194.35 (FY21: PKR 62.63).

Other Financial and Operational Highlights

Key achievements and highlights of the Group companies are mentioned in their respective reports to shareholders.

Risk and Uncertainties

The Group operates under the policy framework of the Government of Pakistan, wherein the pricing of some products are regulated and monitored by OGRA and MoE. There are several factors that can affect the Group's profitability, including change in international oil prices, availability of substitutes and variations in demand, macro-economic factors, changes in margin and product specifications and tax increases.

Credit Rating of the Group

The credit ratings of the Group companies were maintained as follows by the credit rating agencies:

Company	Long-term	Short-term
PSO	AA+	A1+
PRL	A-	A2

These ratings depict high credit quality and low expectation of credit risk, i.e., strong capacity for timely payments of financial commitments.

Adequacy of Internal Financial Controls

The Group has a well-established and effective internal control activities and framework under the supervision of their respective Boards. The controls are regularly evaluated by independent Internal Audit functions which report directly to their respective Board Audit Committees. The said committees review the effectiveness and adequacy of internal control frameworks on the financial reporting process on periodic basis.

Corporate and Financial Reporting Framework

The Boards of the companies in the Group are fully cognizant of their responsibilities as applicable and 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 is the acknowledgement of Group's commitment towards high standards of Corporate Governance and continuous improvement:

- Compliance has been made with the relevant principles of Corporate Governance, and the rules that have not been complied with, have been identified along with the period in which such non-compliance is made and reasons for such non-compliance.
- 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 accounts 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 judgement.
- 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).
- Remuneration package of BOM members, Managing Director & CEO has been disclosed in note 37.2 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 6 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, 2022:

Fund	PKR in Mn
PSOCL Management Employees' Pension Fund	4,888
PSOCL Workers' Staff Pension Fund	4,544
PSOCL Defined Contribution Pension Fund	5,823
PSOCL Staff Provident Fund	3,024
PSOCL Employees' Provident Fund	1,644
PSOCL Employees' Gratuity Fund	6,698
PRL Provident Fund	473

REPORT TO SHAREHOLDERS (CONSOLIDATED)

Fund	PKR in Mn
PRL Gratuity Fund – Management Staff	212
PRL Gratuity Fund – Non-Management Staff	115
PRL Pension Fund – Management Staff	1,299
PRL Pension Fund – Non-Management Staff	174

Dividend and Other Appropriations

Based on the performance of PSO, the Board of Management has recommended a final cash dividend of PKR 10 per share (100 percent). The dividend for FY22 stands at PKR 10 (100 percent) per share, translating into a total payout of PKR 4.7 billion.

Auditors

The Board of Management has endorsed the recommendation of the Board Audit & Compliance Committee for the appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as auditors of the company for the year ending June 30, 2023.

Shareholding Pattern

Pattern of shareholding is annexed on page no. 345.

Contribution to the National Exchequer

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

During FY22, the Group contributed PKR 516 billion to the national exchequer.

Health, Safety and Environment

The Group is committed towards a better and sustainable future. It considers sustainability as one of its main pillars for business growth by adhering to all regulatory HSE parameters and policies.

Coronavirus Pandemic

The Group successfully managed to overcome obstacles while keeping the business activities fully operational. Employees' well-being was maximized by ensuring inoculation of COVID-19 vaccines to the employees and their families.

Zero tolerance policy was defined by the management in combating the pandemic while adopting the guidelines and SOPs given by global institutions and the government to ensure safe operations. PSO partnered with the Government of Pakistan to administer vaccines across the country by setting-up vaccination centres and booths.

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 by generously supporting sustainable social and economic development through continued philanthropic investment in the fields of education, healthcare, community building, environment and disaster relief.

Summary of donations made by the Group during the year is as follows:

Category	PKR in Mn
Healthcare	142
Education	60
Community Building and Environment	55
Total	**257**

Forwarding Looking Statement

The Group is operating in an environment, wherein macro-economic factors along with geo-political uncertainty, technological advancement and environment protection measures are deemed to affect the sustainability and performance of the company.

The recent Russia-Ukraine conflict, global supply chain shocks and soaring commodity prices have cumulatively resulted in stagflation effect on the country. Moreover, the monetary and fiscal policies of the country are taking harsh measures in order to manage and control the rising inflation, foreign exchange reserves and import spending. These measures are deemed to create regressive effect on the demand for petroleum products during the next year. The situation further necessitates the company to adopt a robust approach with a perspective to add efficiency in business processes, reduce cost of doing business, enhance customer experience to attract and retain them with an overall perspective to increase its shareholders' wealth.

For the next year, the company has identified the following goals:

- Safe business operations
- Continued focus on high-margin products including MoGas, Diesel and Lubricants
- Execution of the corporate strategy encompassing the implementation of identified projects with respect to product-line extension, integration and diversification
- Addition of 45 thousand tons of new storage
- Automation and digitization of 2 operational locations and 600 retail outlets
- Business process reengineering of high impact areas through process reengineering
- Implementation of clean energy strategy at 20 retail outlets and 6 operational locations
- Development of talent pool to cater to the future needs of the company
- Ensure timely completion of the FEED study by Q1FY24 with respect to the refinery's expansion

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman

August 26, 2022
Karachi

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Dupont Analysis

	FY 22	FY 21	
Tax Burden / Efficiency (Net Income / PBT)	58.32%	66.14%	Decreased due to higher taxes booked in FY 2022 on account of imposition of super tax.
Interest Burden / Efficiency (PBT / EBIT)	96.91%	81.14%	Improved mainly due to reduction in finance cost by 53.9% due to less reliance on borrowings which is more expensive and less refinery interest.
Operating Income Margin (EBIT / Sales)	6.22%	4.51%	Improved due to increase in EBIT by 181.0% versus 103.6% increase in sales. EBIT has increased in FY 2022 due to higher gross margins and higher other income.
Asset Turnover (Sales / Assets)	2.73	3.18	Declined primarily due to increase in total assets by 137.2% on account of increase in working capital requirements, whereas, sales have increased by 103.6%.
Leverage Ratio (Assets / Equity)	4.17	2.71	Increased due to increase in assets by 137.2 %, whereas, shareholder's equity has increased by 54.1%. The equity has increased due to income retained during the period.
Return on Equity (ROE)	39.98%	20.82%	Increased mainly due to increase in net profit by 195.9% whereas Equity increased by 54.1%

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Market Share Information

The product wise market shares of the company along with analysis is disclosed in “The Company’s Performance” section of the Report to the Shareholders. 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 Rs. 171.84 as at year end. One percent change in market price from that prevailing at year end will result in change in market capitalization by Rs. 0.8 billion.

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 the company and consequently the share price. Increasing trend of oil prices may improve 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 Furnace oil are regulated by government. Any decisions in respect of increase / decrease in margins or deregulation of margins can impact the share price of the company.

d) Circular Debt

The company’s share price is highly sensitive to any development on the circular debt issue (especially relating to the Gas sector) 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) Rupee Devaluation

The company imports majority of the total petroleum products imported in the country, which exposes the company to currency risk on account of rupee devaluation. However, currency risks are generally covered in pricing of its products.

RATIOS AND ANALYSIS

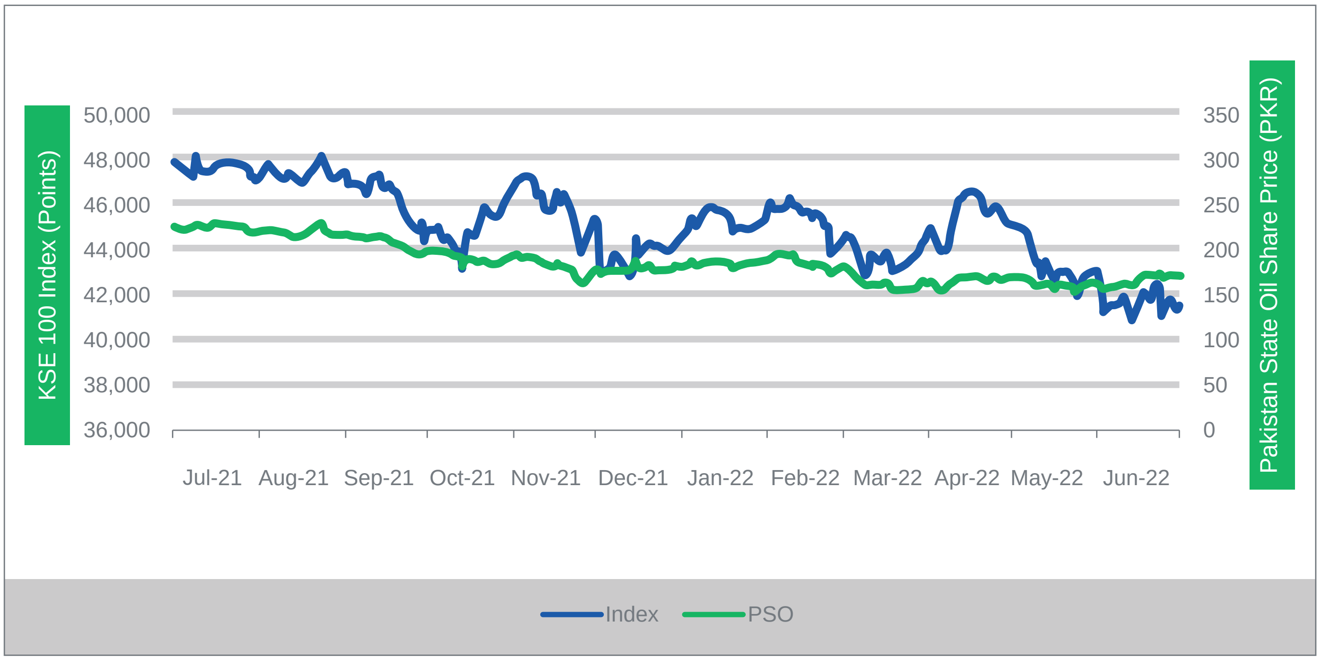
For the year ended June 30, 2022

f) Diversification

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

g) Regulations and Government Policies

Any change in government policies and regulations 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.

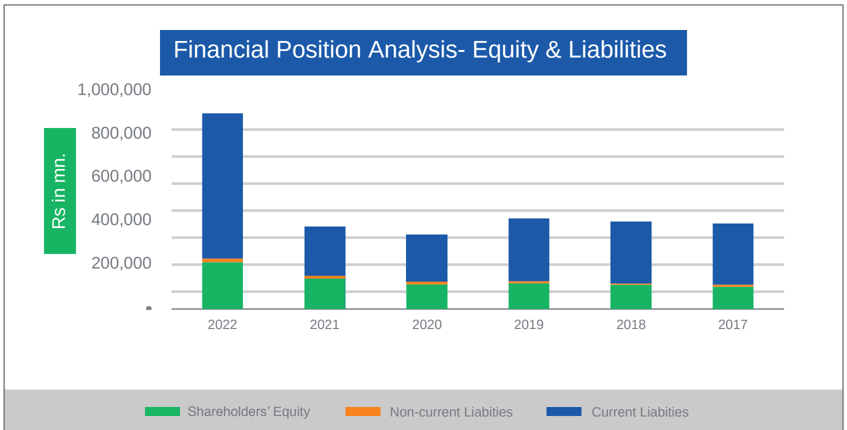


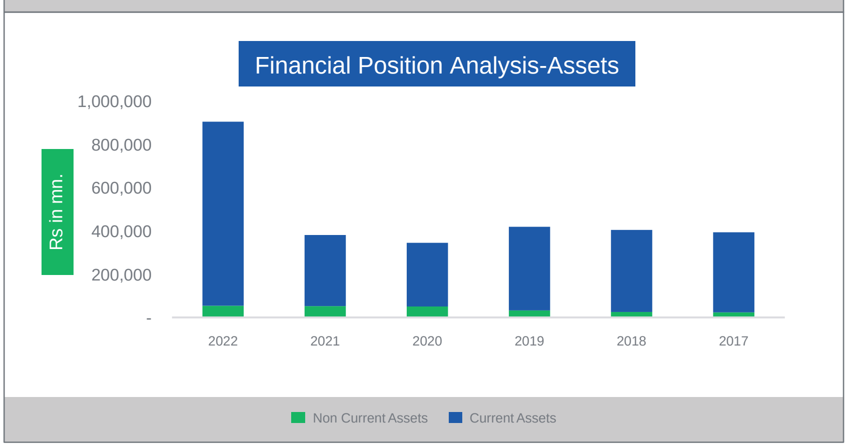
RATIOS AND ANALYSIS

For the year ended June 30, 2022

Analysis of Financial Position

	2022	2021	2020	2019	2018	2017
			(Rupees in mn.)			
Shareholders' Equity	**215,649**	139,978	113,061	119,181	110,452	102,850
Non-current Assets	**53,624**	51,297	49,611	32,854	24,561	23,883
Current Assets	**845,830**	327,962	293,261	384,225	378,001	368,560
Non-current Liabilities	**16,548**	12,239	12,461	7,528	5,165	8,090
Current Liabilities	**667,258**	227,043	217,350	290,371	286,945	281,504





Analysis:

As of June 30, 2022, variation as compared to June 30, 2021 is as follows:

- Shareholders' equity increased by 54.1% primarily due to profit retained during the year.

- Non-current assets increased by 4.5% mainly due to additions in property, plant & equipment and increase in deferred tax asset due to increase in future tax rate on account of imposition of super tax.

- Current assets increased by 157.9% primarily due to increase in stock in trade (mainly due to price variance) and trade debts.

- Increase in non-current liabilities by 35.2% mainly due to increase in retirement & other service benefits and lease liability.

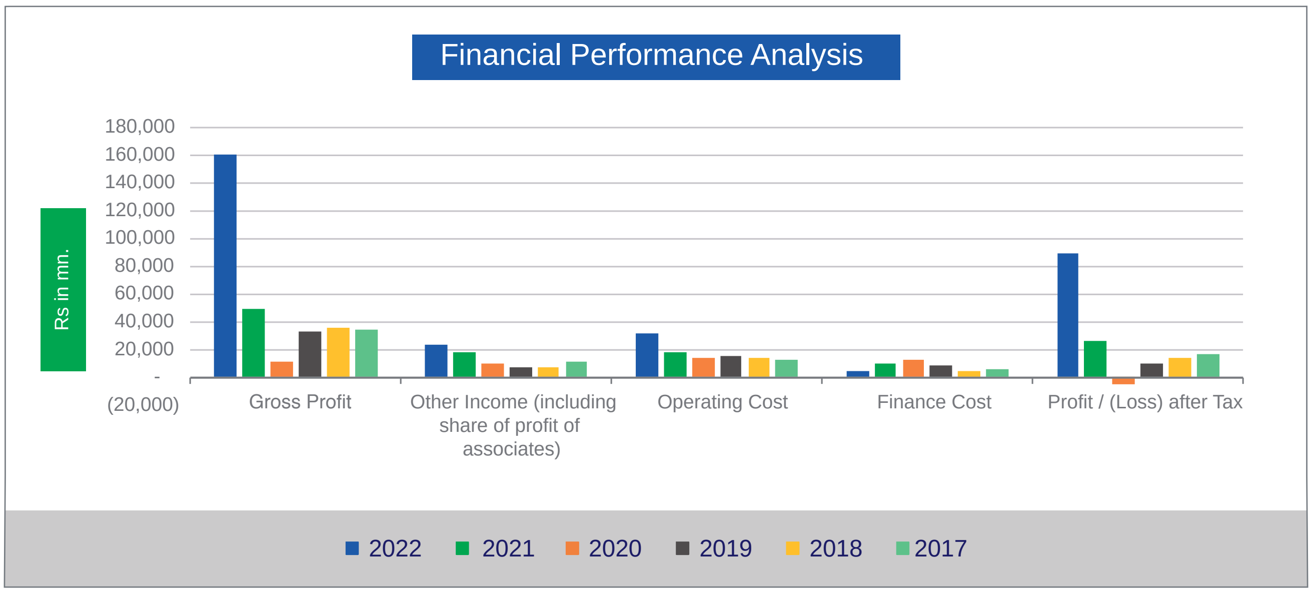
- Increase in current liabilities by 193.9% due to increase in trade and other payables mainly on account of increase in cost of purchase and increase in short term borrowings to finance working capital needs.

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Analysis of Financial Performance

	2022	2021	2020	2019	2018	2017
			(Rupees in mn.)			
Gross Sales	**2,697,061**	1,424,249	1,302,037	1,340,978	1,312,090	1,096,543
Net Sales	**2,451,581**	1,204,247	1,108,358	1,154,298	1,063,744	878,147
Gross Profit	**160,995**	54,609	12,227	36,017	39,636	37,136
Other Income (including share of profit of associates)	**25,507**	19,408	10,755	7,559	7,911	11,751
Marketing & Administrative Expenses	**16,812**	14,890	14,638	12,414	11,929	11,238
Other Expenses	**17,114**	4,829	51	4,699	3,334	2,378
Operating Profit	**151,882**	53,717	7,749	26,257	31,870	34,662
Finance Cost	**4,721**	10,242	13,427	8,987	5,123	5,923
Profit / (Loss) before Tax	**147,855**	44,056	(5,134)	17,477	27,160	29,347
Profit / (Loss) after Tax	**86,223**	29,139	(6,466)	10,587	15,461	18,226
Earning before Interest, Taxes, Depreciation & Amortization (EBITDA)	**154,819**	56,053	9,907	27,591	33,357	36,322



Analysis:

In FY 2022, company has reported profit after tax of Rs. 86.22 bn. primarily on account of following elements:

- Increase in gross profit by 194.8% 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 31.4% due to receipt of higher late payment surcharge and pipeline income.

- Decline in finance cost by 53.9 % mainly due to to less reliance on borrowings which is more expensive and less refinery interest.

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Analysis of Performance against Target

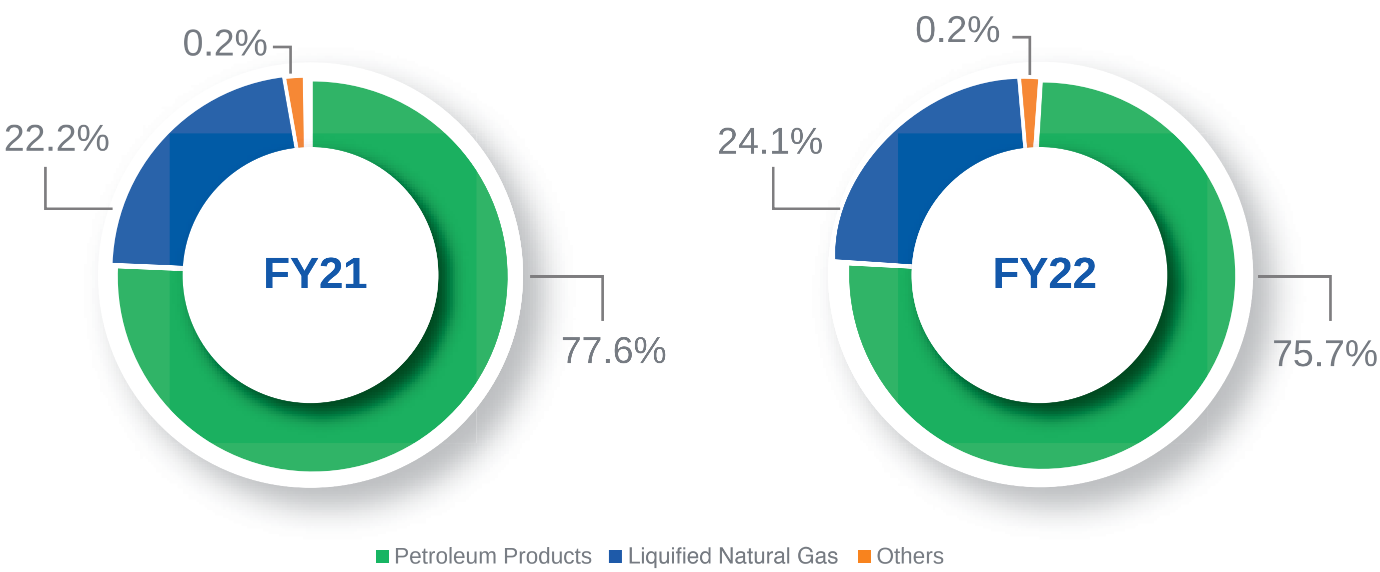
- Gross profit increased by 240.8% versus target.
- Other income (including share of profit from associates) improved versus target by 474.0%.
- Operating cost (including finance cost) went up by 44.0% versus target.
- Profit after tax went up by 417.8% versus target.

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 versus target is primarily due to higher recovery of interest income from power sector.
- Operating cost has increased versus target primarily due to increase in workers' profit participation fund and workers' welfare fund expenses 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 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:



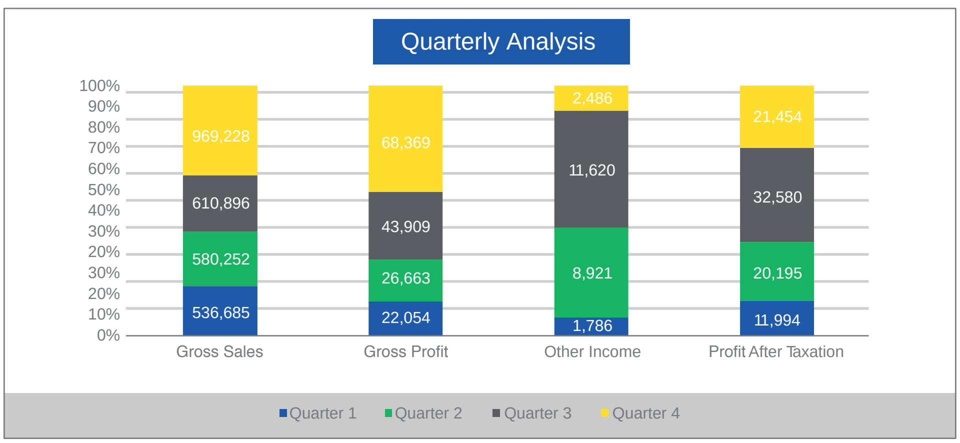
In petroleum products, the company has achieved a net profit of Rs.85.7 bn. versus net profit of Rs. 26.5 bn. in FY 21. The favorable price regime coupled with organic growth of the company through increased sales volumes resulted in both increase in market share and bottom line of the company. However, the company reported a net loss of Rs. 0.62 bn. in LNG segment versus profit of Rs. 0.83 bn. in FY 21 mainly due to increase in finance cost on account of rise in trade receivables from SNGPL this year and increase in tax rate on account of super tax. The detailed segmental review covering item wise details have been covered in note 41 to the financial statements.

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Analysis of Variations in Results Reported in Interim Reports

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	FY 2022
			(Rupees in mn.)		
Gross Sales	536,685	580,252	610,896	969,228	**2,697,061**
Gross Profit	22,054	26,663	43,909	68,369	**160,995**
Other Income	1,786	8,921	11,620	2,486	**24,813**
Operating Cost	(5,525)	(5,560)	(8,316)	(14,526)	**(33,927)**
Finance Cost	(626)	(785)	(1,271)	(2,039)	**(4,721)**
Share of Profit of Associate - net of tax	113	147	299	135	**694**
Profit before Taxation	17,802	29,386	46,241	54,426	**147,855**
Taxation	(5,808)	(9,191)	(13,661)	(32,973)	**(61,633)**
Profit after Taxation	11,994	20,195	32,580	21,454	**86,223**



Gross Sales

Gross sales were highest in 4th quarter due to rise in industry sales demand and sales price.

Gross Profit

Gross profit was also highest in 4th quarter due to higher sales volume and favourable price regime.

Other Income

Other income was higher in 2nd and 3rd quarter primarily due to significant receipt of late payment surcharge income from power sector in that period.

Finance Cost

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

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Summary of Cashflows Statement

	2022	2021	2020	2019	2018	2017
	(Rupees in mn.)					
Cash and cash equivalents at the beginning of the year	**(5,917)**	(881)	(16,468)	(7,925)	(41,502)	(30,274)
Net cash (outflow) / inflow from operating activities	**(80,974)**	17,766	48,260	(9,232)	2,580	(27,965)
Net cash (outflow) / inflow from investing activities	**(2,090)**	(5,294)	(4,843)	(2,534)	45,226	3,925
Net cash inflow / (outflow) from financing activities	**101,042**	(17,507)	(27,830)	3,223	(14,229)	12,812
	17,977	(5,036)	15,587	(8,543)	33,577	(11,228)
Cash and cash equivalents at the end of the year	**12,061**	(5,917)	(881)	(16,468)	(7,925)	(41,502)

Analysis:

The variation in cash flows as compared to FY 2021 is due to the following:

Operating Activities

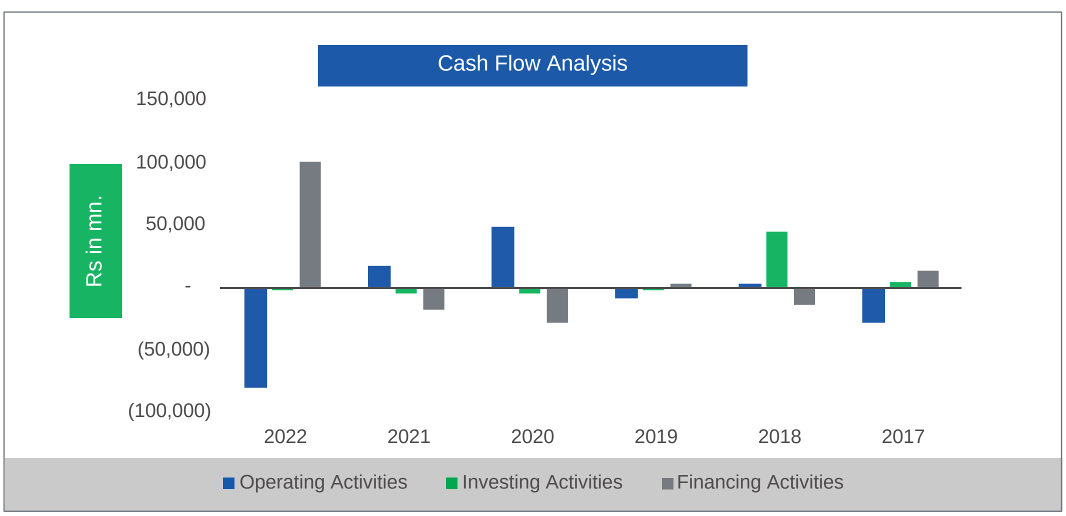
In FY 2022, cash flow from operating activities is negative as compared to positive cashflow from operating activities in FY 2021. The cash flows have decreased in FY 2022 primarily due to increase in stock in trade and trade debts which is partially offset by increase in trade and other payables.

Investing Activities

In FY 2022, there is net cash outflow from investing activities primarily due to additions in property, plant and equipment.

Financing Activities

In FY 2022, cash flow from financing activities is positive primarily due to short term loans taken during the year to meet the working capital requirements.



RATIOS AND ANALYSIS

For the year ended June 30, 2022

Direct Cashflow Statement

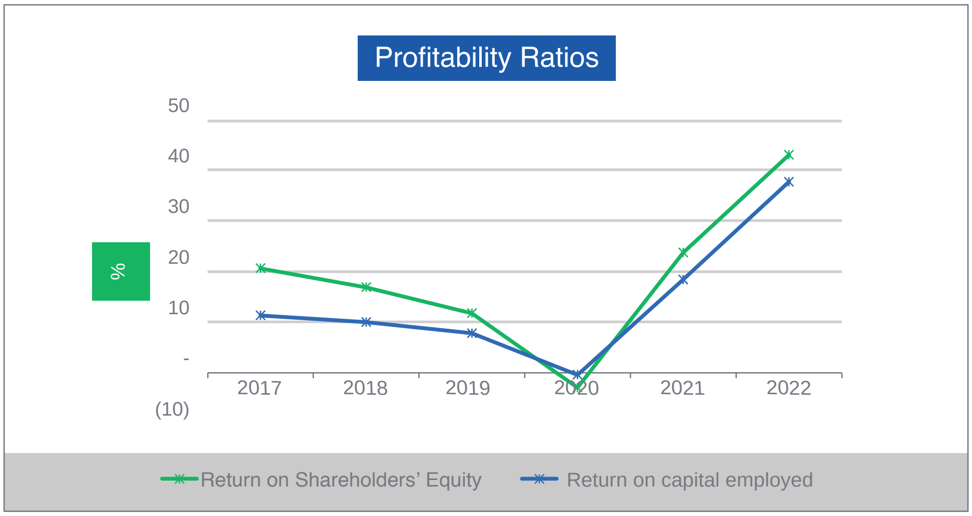
	2022	2021
	-----------(Rupees in '000)-----------	
Cash Flows from Operating Activities		
Receipts from customers	2,487,015,505	1,400,832,277
Cash paid to supplier, services providers and employees	(2,509,275,565)	(1,367,700,851)
WPPF paid	(9,137,786)	(2,461,000)
Taxes paid	(46,247,562)	(8,835,497)
Finance costs paid	(3,120,998)	(3,602,835)
Retirement and other service benefits paid	(207,287)	(465,970)
Net cash (used in) / generated from operating activities	(80,973,693)	17,766,124
Cash Flows from Investing Activities		
Capital expenditure	(3,333,889)	(5,560,682)
Proceeds from disposal of operating assets	122,344	47,794
Acquisition of shares in Pakistan Refinery Limited	-	(224,590)
Dividends received	1,121,079	443,089
Net cash used in investing activities	(2,090,466)	(5,294,389)
Cash Flows from Financing Activities		
Short-term borrowings - net	106,762,412	(14,418,987)
Lease Payments	(1,001,458)	(889,255)
Dividends paid	(4,719,432)	(2,199,214)
Net cash generated from / (used in) financing activities	101,041,522	(17,507,456)
Net increase / (decrease) in cash and cash equivalents	17,977,363	(5,035,721)
Cash and cash equivalents at beginning of the year	(5,916,574)	(880,853)
Cash and cash equivalents at end of the year	12,060,789	(5,916,574)

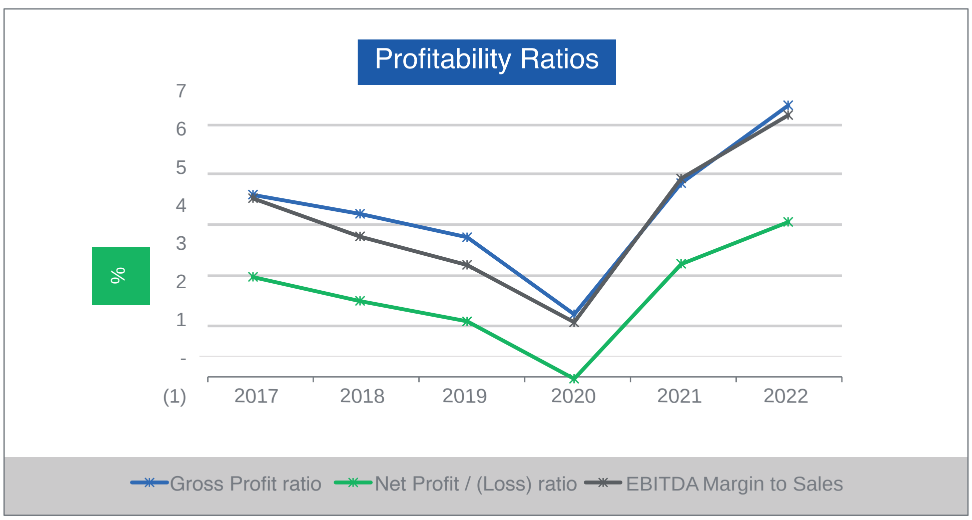
RATIOS AND ANALYSIS

For the year ended June 30, 2022

Financal Ratios
Profitability Ratios

		2022	2021	2020	2019	2018	2017
Gross Profit Ratio	%	**6.57**	4.53	1.10	3.12	3.73	4.23
Net Profit / (Loss) Ratio	%	**3.52**	2.42	(0.58)	0.92	1.45	2.08
EBITDA Margin to Sales	%	**6.32**	4.65	0.89	2.39	3.14	4.14
Return on Shareholders' Equity	%	**39.98**	20.82	(5.72)	8.88	14.00	17.72
Return on Capital Employed	%	**34.71**	15.52	(3.19)	4.97	7.13	8.48
Operating Leverage Ratio	%	**174.74**	6,411.86	1,725.19	(211.76)	(40.07)	170.92





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 on account of higher sales volume and favourable price regime.
- Net profit ratio went up due to higher gross margins, increase in other income and reduction in finance cost.
- Return on shareholders' equity and return on capital employed has increased due to increase in net profit as mentioned above.

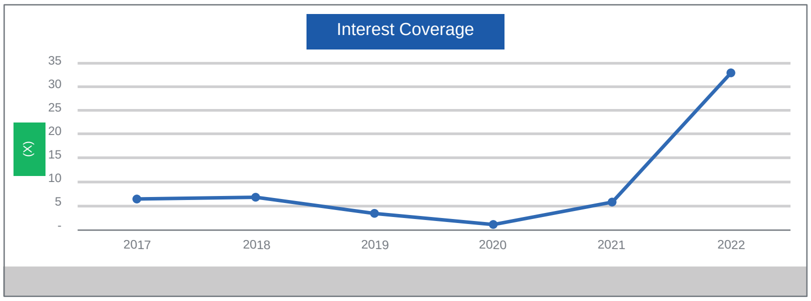
RATIOS AND ANALYSIS

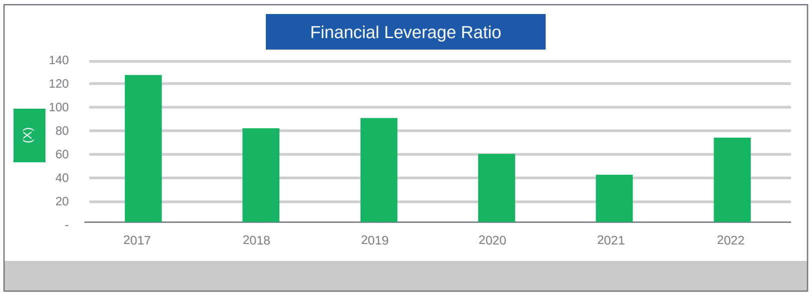
For the year ended June 30, 2022

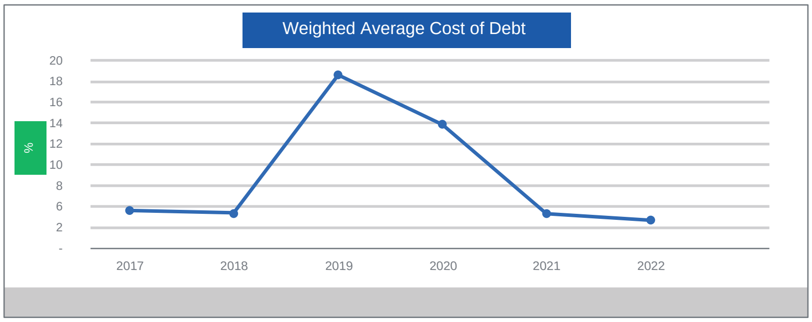
Capital Structure Ratios

		2022	2021	2020	2019	2018	2017
Interest Cover Ratio	(x)	**32.32**	5.30	0.62	2.94	6.30	5.95
Net Assets per Share	Rs.	**459.34**	298.16	240.83	253.86	235.27	219.08
Financial Leverage Ratio	(x)	**73.00**	41.00	59.00	90.00	81.00	127.00
Weighted Average Cost of Debt	%	**3.01**	3.69	13.19	18.44	4.10	4.66
Economic Value Addition	Rs. in mn.	**73,700**	10,292	(32,114)	(14,962)	(8,075)	(4,570)

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 53.9% and increase in earning before interest and taxes by 181.0%.

- Financial leverage has increased during the year mainly on account of greater percentage increase in short term borrowings on account of working capital needs than increase in shareholder's equity. During the year, short term borrowing has increased by Rs. 99.8 bn whereas, shareholder's equity has increased by Rs. 75.7 bn.

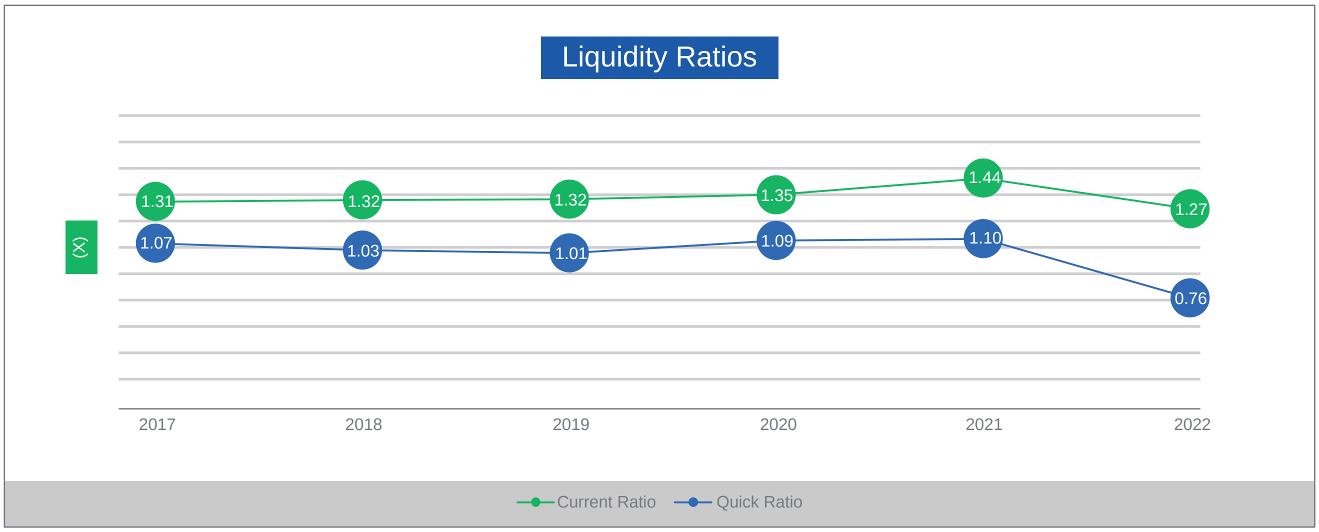
- Weighted average cost of debt has decreased due to decline in borrowing rates due to robust negotiation with the banks and effective borrowing mix.

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Liquidity Ratios

		2022	2021	2020	2019	2018	2017
Cash to Current Liabilities	(x)	**0.018**	(0.026)	(0.004)	(0.06)	(0.03)	(0.15)
Cash Flow Coverage Ratio	(x)	**(0.12)**	0.07	0.21	(0.03)	0.01	(0.10)
Cash Flow from Operations to Sales	(x)	**(0.03)**	0.01	0.04	(0.01)	0.002	(0.03)
Cash Flow to Capital Expenditure	(x)	**(24.29)**	3.19	16.04	4.66	1.78	20.30
Current Ratio	(x)	**1.27**	1.44	1.35	1.32	1.32	1.31
Quick Ratio	(x)	**0.76**	1.10	1.09	1.01	1.03	1.07
Free Cash Flows to the Firm	Rs. in mn.	**23,677**	42,886	66,161	(3,130)	8,063	(18,742)
Free Cash Flows to the Equity Holders	Rs. in mn.	**126,017**	23,645	27,347	386	(2,464)	(6,191)



Analysis:

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

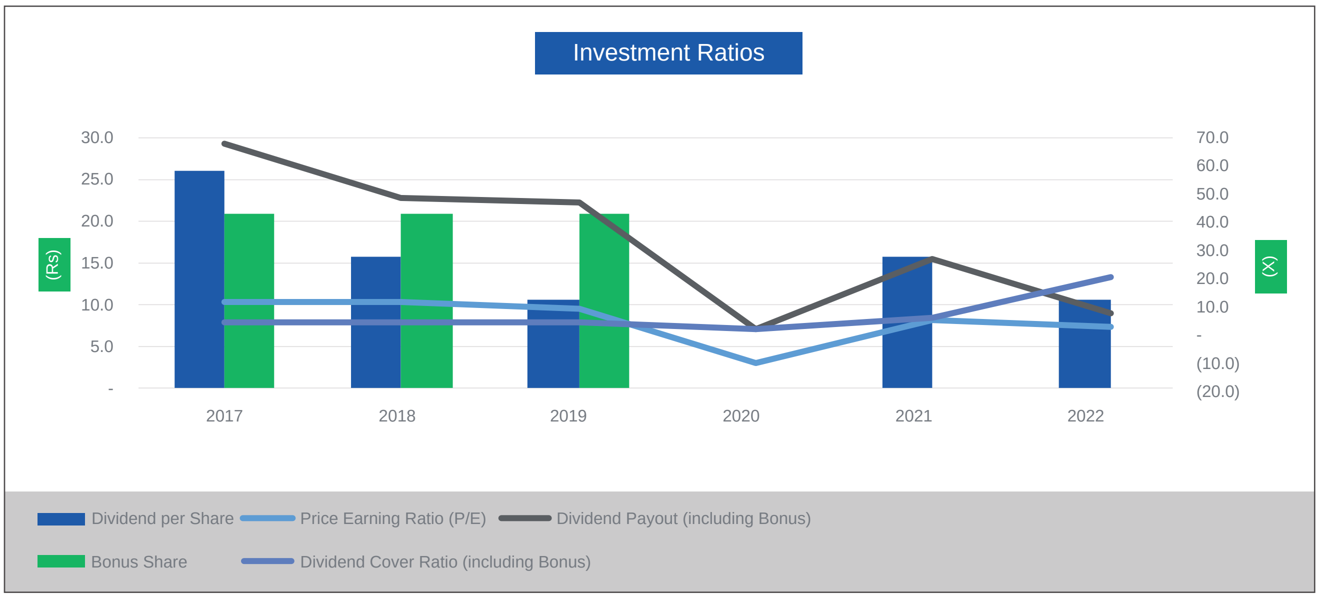
- Cash to current liabilities ratio has increased due to incease in cash and cash equivalents by 304% during the year whereas the current liabilities have increased by 194%.
- Both ratios of cash flow coverage and cash flow from operations to sales are negative due to negative cashflow from operations during the year. The cash flow from operations is negative in FY 2022 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 reduced slightly due to greater percentage increase in current liabilities than current assets. Current assets have increased mainly due to increase in stock in trade and trade debts and current liabilities have increased mainly due to increase in trade and other payables and short term borrowings.
- Quick ratio has also reduced slightly due to greater percentage increase in current liabililties than increase in quick assets.
- Decrease in cash flows to the firm is primarily due to negative working capital on account of increase in stock in trade and trade debts.
- Increase in cash flow to equity holders is primarily due to increase in borrowing levels by 178%.

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Investment Ratios

		2022	2021	2020	2019	2018	2017
Earning / (Loss) per Share (Basic & Diluted)	Rs.	**183.7**	62.1	(13.8)	22.5	32.9	38.8
Market value per Share (Year End)	Rs.	**171.8**	224.3	158.2	169.6	318.3	387.4
Highest Price	Rs.	**231.3**	259.3	216.9	352.1	466.6	486.1
Lowest Price	Rs.	**155.6**	159.4	114.0	152.0	265.2	379.9
Break-up Value	Rs.	**459.3**	298.2	240.8	253.9	235.3	219.1
Price Earning Ratio (P/E)	(x)	**0.94**	3.6	(11.5)	7.5	9.7	10.0
Price to Book Ratio	(x)	**0.1**	0.3	0.2	0.2	0.4	0.5
Dividend per Share	Rs.	**10.0**	15.0	-	10.0	15.0	25.0
Bonus Share	%	**-**	-	-	20.0	20.0	20.0
Dividend Payout (including Bonus)	%	**5.4**	24.2	-	44.3	45.5	64.4
Dividend Yield (including Bonus)	%	**5.8**	6.7	-	7.1	5.3	7.0
Dividend Cover Ratio (including Bonus)	(x)	**18.4**	4.1	-	2.3	2.8	2.5



Analysis:

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

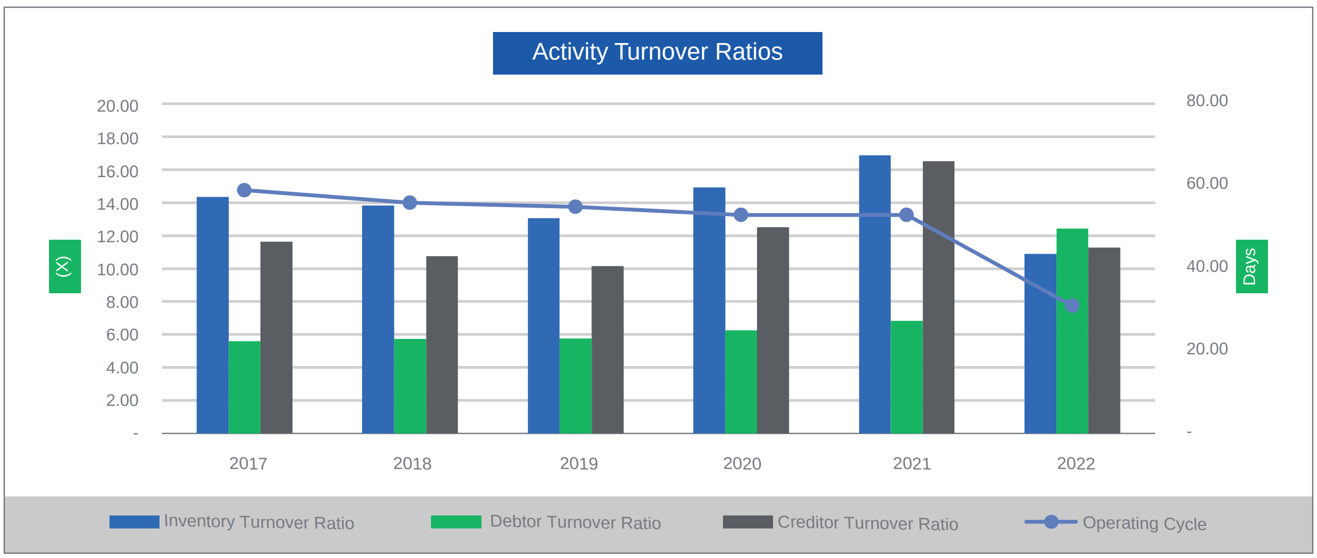
- Price earning ratio has decreased due to decrease in market value per share by 23% whereas EPS has increased by 196%.
- Breakup value of the company has improved due to profit retained during the year.
- Decline in price to book ratio is primarily due to decline in market value per share by 23.4%
- Dividend payout has decreased whereas the dividend cover has increased due to decline in cash dividend from Rs. 15 per share to Rs. 10 per share and increase in earnings from Rs. 62.1 per share to Rs. 183.7 per share.

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Activity / Turnover Ratios

		2022	2021	2020	2019	2018	2017
Inventory Turnover Ratio	(x)	**10.89**	16.88	14.93	13.06	13.84	14.36
No. of Days in Inventory	No.	**34.00**	22.00	25.00	28.00	26.00	25.00
Debtor Turnover Ratio	(x)	**12.43**	6.83	6.25	5.77	5.73	5.61
No. of Days in Receivables	No.	**30.00**	54.00	58.00	63.00	64.00	65.00
Creditor Turnover Ratio	(x)	**11.28**	16.51	12.51	10.15	10.75	11.64
No. of Days in Creditors	No.	**33.00**	23.00	30.00	36.00	34.00	31.00
Total Asset Turnover Ratio	(x)	**4.22**	3.94	3.43	3.27	3.30	2.98
Fixed Asset Turnover Ratio	(x)	**178.31**	116.81	142.18	172.07	183.24	160.93
Operating Cycle	No.	**31.00**	53.00	53.00	55.00	56.00	59.00



Analysis:

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

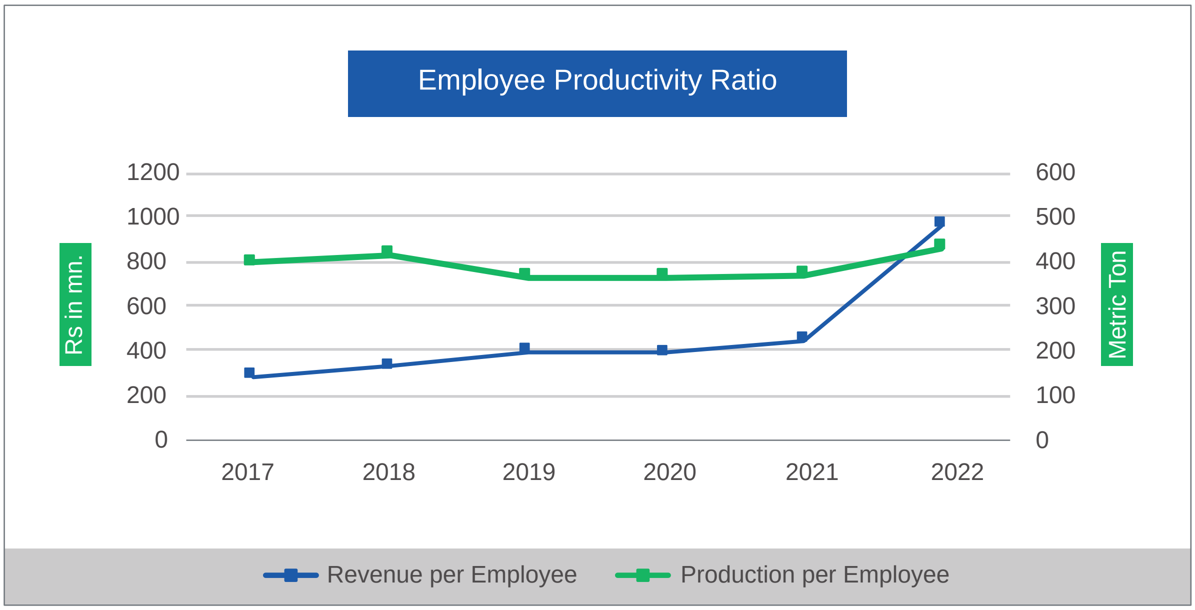
- Inventory turnover has decreased on account of increase in average inventory by 209% due to increase in international oil prices.
- Debtors turnover has improved due to more proportionate increase in sales as compared to trade debts. During the year, gross revenue increased by 89.4% whereas average debtors increased by 56.0%.
- Creditors turnover has decreased primarily due to increase in trade payables on account of increase in international oil prices.
- 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.
- Operating cycle has decreased primarily due to increase in creditor days on account of increase in trade payables and decrease in debtor days.

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Employee Productivity Ratios		2022	2021	2020	2019	2018	2017
Production per Employee*	Metric Ton	**484**	416	411	412	467	447
Revenue per Employee*	Rs. in mn.	**1,085**	503	441	446	374	323
Staff Turnover Ratio	(X)	**0.09**	0.06	0.05	0.04	0.05	0.06

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



Analysis:

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

- Production per employee has increased mainly due to increase in the production of lube manufacturing plant of the company.
- Revenue per employee has increased significantly on account of increase in sales of both white oil and black oil products due to rise in industry demand and focused sales strategies adopted by PSO as well as due to rising international pricing trend.

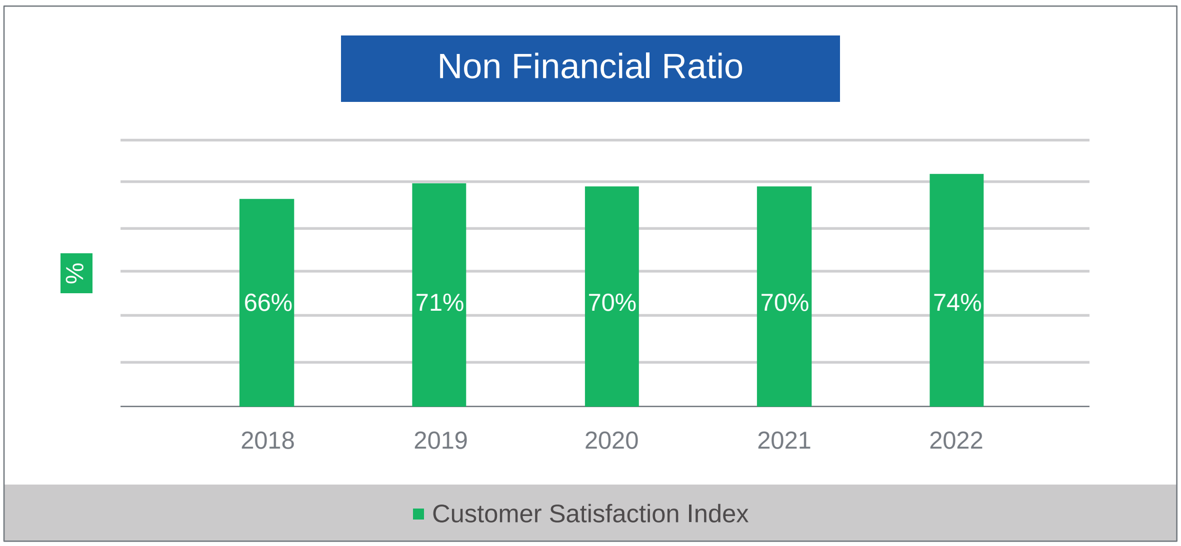
RATIOS AND ANALYSIS

For the year ended June 30, 2022

Non Financial Ratios

		2022	2021	2020	2019	2018	2017
Plant Availability Ratio	%	**1.23**	1.16	1.16	1.14	1.08	1.08
Customer Satisfaction Index *	%	**74**	70	70	71	66	-

*Customer responses are being formally monitored by company since FY 2018.



Analysis:

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

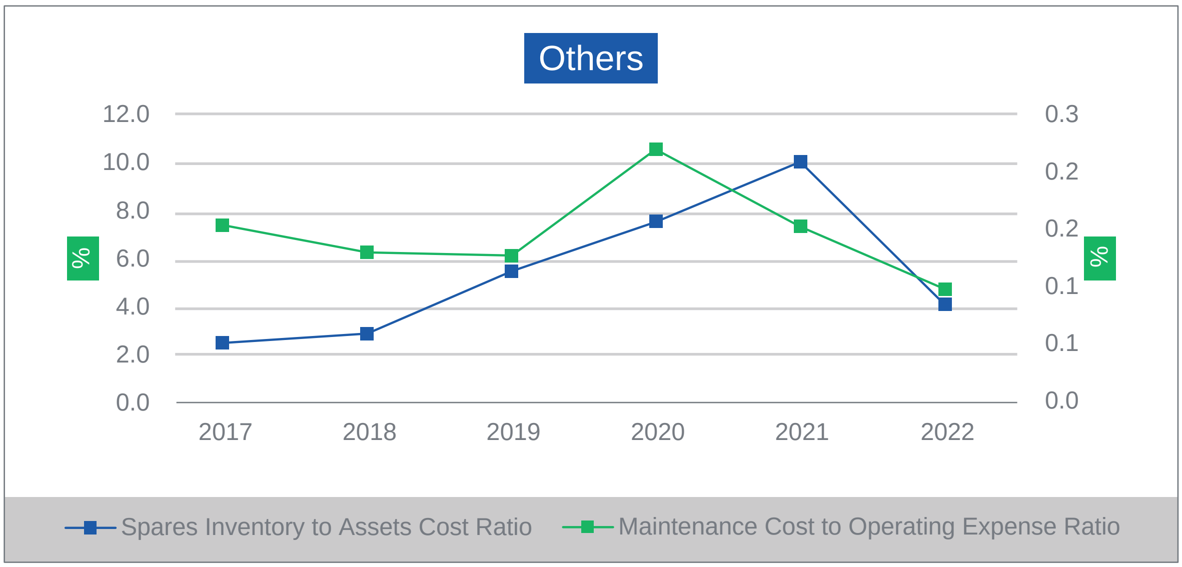
- Plant availability ratio has increased because actual production hours increased from planned production hours due to rise in sales demand.
- Customer satisfaction index has increased due to PSO's continuous efforts on providing best customer services and satisfying customers' needs.

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Others

		2022	2021	2020	2019	2018	2017
Spares Inventory to Assets Cost Ratio	%	**0.1**	0.2	0.2	0.1	0.1	0.1
Maintenance Cost to Operating Expense Ratio	%	**4.7**	7.3	10.6	6.1	6.3	7.4



Analysis:

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

- Spares inventory to assets cost ratio has decreased mainly due to increase in total assets by 137%. Moreover, stores, spares and loose tools has also decreased by 4%.

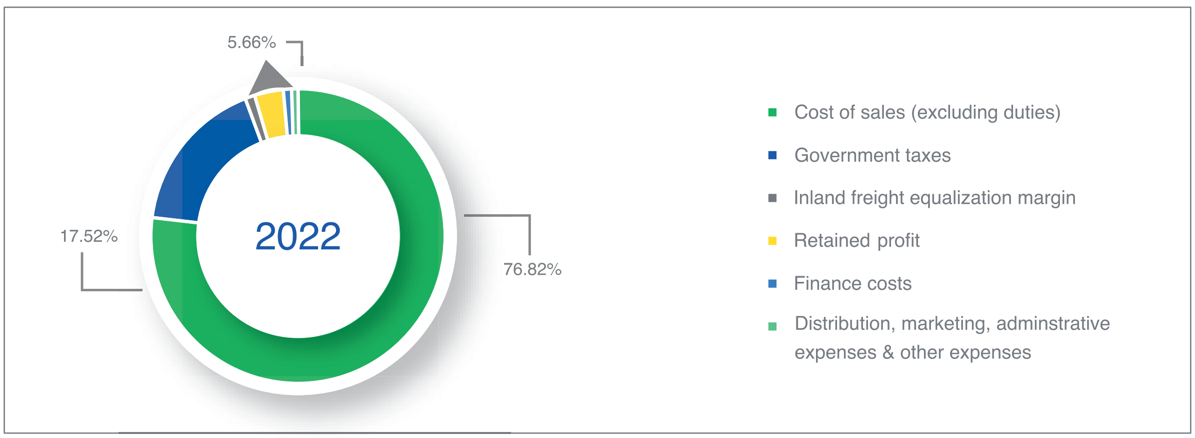
- Maintenance cost to operating expense ratio has reduced due to increase in operating expenses of the company by 72% mainly due to increase in company's contribution towards workers' profit participation fund and workers' welfare fund on account of increase in profits.

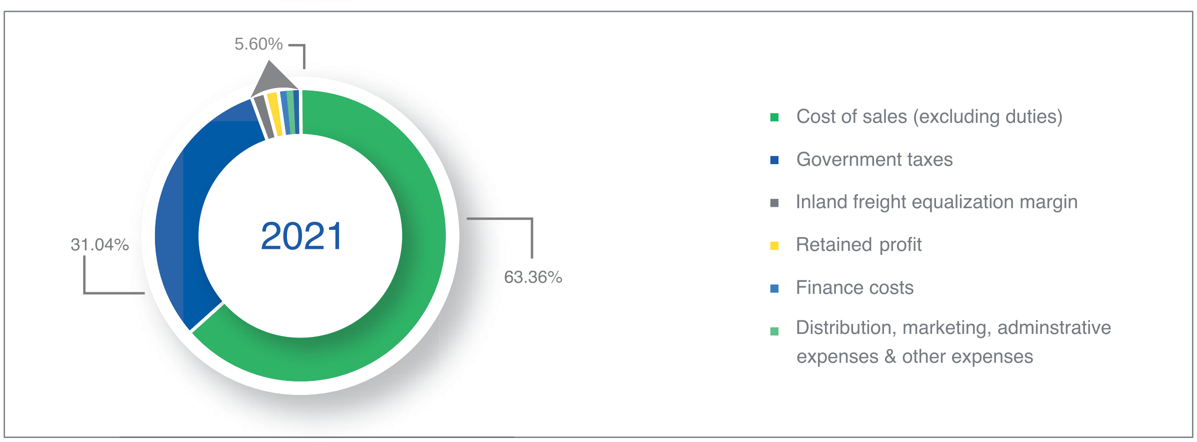
RATIOS AND ANALYSIS

For the year ended June 30, 2022

Statement of Value Additions

	2022		2021	
	Rupees in mn.	%	Rupees in mn.	%
Wealth Generated				
Sales (Net of discount / allowances)	2,696,838	99.06	1,423,775	98.66
Other income (including share of profit of associates)	25,507	0.94	19,408	1.34
	2,722,345	100.00	1,443,183	100.00
Distribution of Wealth				
Cost of sales (excluding duties)	2,091,402	76.82	914,373	63.36
Government taxes	476,916	17.52	448,019	31.04
Inland freight equalization margin	29,157	1.07	21,691	1.50
Retained profit	81,528	2.99	26,792	1.86
Finance costs	4,721	0.17	10,242	0.71
Distribution, marketing, administrative expenses & other expenses	24,654	0.91	10,981	0.76
Employees' remuneration	9,024	0.33	8,636	0.60
Dividend to shareholders	4,695	0.17	2,347	0.16
Contribution to society	249	0.01	102	0.01
	2,722,345	100.00	1,443,183	100.00





RATIOS AND ANALYSIS
For the year ended June 30, 2022

Horizontal and Vertical Analysis - Statement of Financial Position

Vertical Analysis

	2022	2021	2020	2019	2018	2017
Property, plant and equipment	**1.74%**	3.73%	2.91%	1.96%	1.82%	1.77%
Right-of-use assets	**0.72%**	1.38%	1.38%	0.00%	0.00%	0.00%
Intangibles	**0.03%**	0.04%	0.02%	0.01%	0.00%	0.01%
Long-term investments	**1.40%**	4.29%	4.72%	2.74%	1.19%	1.12%
Long-term loans, advances and other receivables	**0.04%**	0.11%	0.13%	0.08%	0.10%	0.10%
Long-term deposits and prepayments	**0.04%**	0.09%	0.06%	0.08%	0.08%	0.05%
Deferred tax asset - net	**2.00%**	3.51%	5.00%	3.00%	2.91%	3.04%
Retirement benefits	**0.00%**	0.38%	0.23%	0.00%	0.00%	0.00%
Total Non-current Assets	**5.96%**	13.53%	14.47%	7.88%	6.10%	6.09%
Stores, spares and loose tools	**0.09%**	0.21%	0.16%	0.11%	0.06%	0.05%
Stock-in-trade	**38.00%**	20.84%	16.69%	21.50%	20.27%	16.90%
Trade debts	**47.91%**	58.06%	57.49%	52.65%	61.00%	54.18%
Loans and advances	**0.07%**	0.09%	0.12%	0.06%	0.48%	0.48%
Short-term deposits and prepayments	**0.04%**	0.06%	0.75%	0.76%	0.80%	1.47%
Current maturity of long - term investments	**0.00%**	0.00%	0.00%	0.00%	0.00%	11.20%
Mark-up / interest receivable on investments	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.58%
Other receivables	**6.39%**	5.04%	6.94%	13.90%	8.20%	5.84%
Taxation - net	**0.00%**	1.41%	2.25%	2.04%	1.93%	2.16%
Cash and bank balances	**1.55%**	0.77%	1.14%	1.10%	1.15%	1.05%
Total Current Assets	**94.04%**	86.47%	85.53%	92.12%	93.90%	93.91%
Total Assets	**100%**	100%	100%	100%	100%	100%
Equity and Liabilities						
Share capital	**0.52%**	1.24%	1.37%	0.94%	0.81%	0.69%
Reserves	**23.45%**	35.67%	31.61%	27.64%	26.63%	25.52%
Total Share holders' Equity	**23.98%**	36.91%	32.97%	28.58%	27.44%	26.21%
Non-current Liabilities	**1.84%**	3.23%	3.63%	1.80%	1.28%	2.06%
Trade and other payables	**54.90%**	44.22%	43.11%	43.17%	47.73%	37.27%
Unclaimed and unpaid dividend	**0.16%**	0.40%	0.40%	0.00%	0.91%	0.76%
Provisions	**0.07%**	0.20%	0.14%	0.12%	0.12%	0.13%
Accrued interest / mark-up	**0.11%**	0.08%	0.35%	0.02%	0.20%	0.32%
Current portion of lease liabilities	**0.09%**	0.20%	0.01%	0.24%	0.00%	0.00%
Taxation - net	**1.52%**	0.00%	0.00%	25.65%	0.00%	0.00%
Short - term borrowings	**17.33%**	14.78%	19.39%	0.42%	22.32%	33.25%
Total Current Liabilities	**74.18%**	59.86%	63.40%	69.62%	71.28%	71.73%
Total Equity and Liabilities	**100%**	100%	100%	100%	100%	100%

Horizontal Analysis

	2022	2021	2020	2019	2018	2017
Property, plant and equipment	**226%**	204%	144%	118%	106%	100%
Total non- current assets	**225%**	215%	208%	138%	103%	100%
Stock-in-trade	**515%**	119%	86%	135%	123%	100%
Trade debts	**203%**	104%	93%	103%	116%	100%
Other receivables	**251%**	83%	104%	253%	144%	100%
Cash and bank balances	**337%**	70%	95%	111%	112%	100%
Share capital	**173%**	173%	173%	144%	120%	100%
Reserves	**211%**	135%	108%	115%	107%	100%
Total share holders' equity	**210%**	136%	110%	116%	107%	100%
Non-current liabilities	**205%**	151%	154%	93%	64%	100%
Trade and other payables	**338%**	115%	101%	123%	131%	100%
Short - term borrowings	**119%**	43%	51%	1%	69%	100%
Total current liabilities	**237%**	81%	77%	103%	102%	100%
Total equity and liabilities	**229%**	97%	87%	106%	103%	100%

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Comments on Horizontal and Vertical Analysis

Non-Current Assets

Non-current assets have increased in FY 2022 versus FY 2021 primarily due to increase in property, plant and equipment. As per vertical analysis, non-current assets as percentage of total assets have decreased significantly versus FY 2021 because in FY 2022, total assets have increased by greater percentage than increase in non-current assets.

Stock in Trade

Stock in trade balance have shown an increasing trend as compared to last year, mainly due to increase in international oil prices and higher inventory in hand. As per vertical & horizontal analysis both, stock in trade is highest in FY 2022 as compared to last five years.

Trade Debts

Trade debts are on higher side in FY 2022 versus FY 2021 primarily due to lower recoveries from SNGPL. However, as per vertical analysis, trade debt as percentage of total assets have declined in FY 2022 because total assets have increased by greater percentage than trade debts.

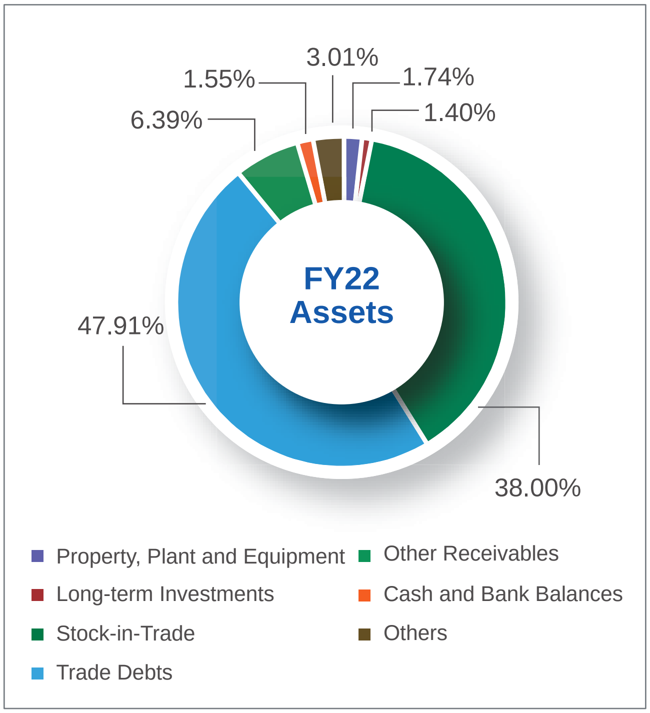
Shareholders' Equity

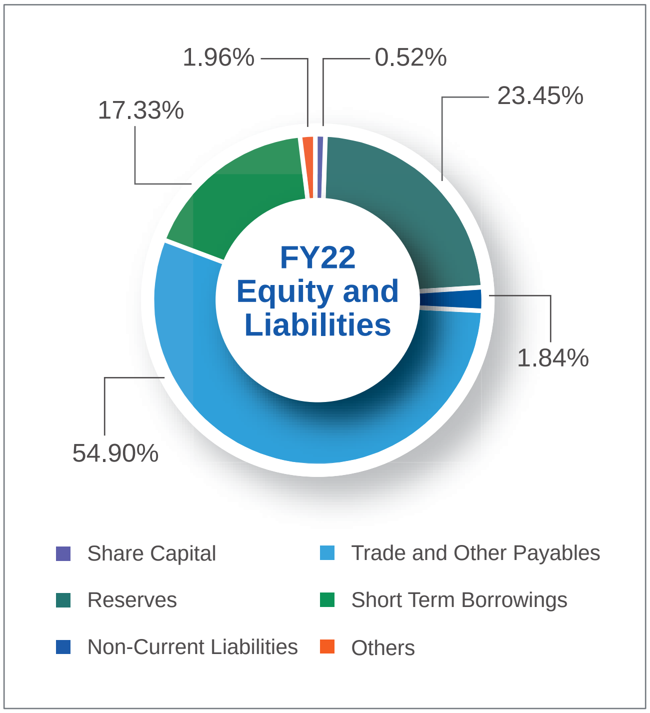
Shareholders' equity has increased in FY 2022 as compared to FY 2021 mainly due to profit retained during the year. As per vertical analysis, shareholders equity as percentage of total equity and liabilities is lowest in FY 2022 because total liabilities have increased more proportionately in FY 2022 due to increase in trade and other payables and short term borrowings.

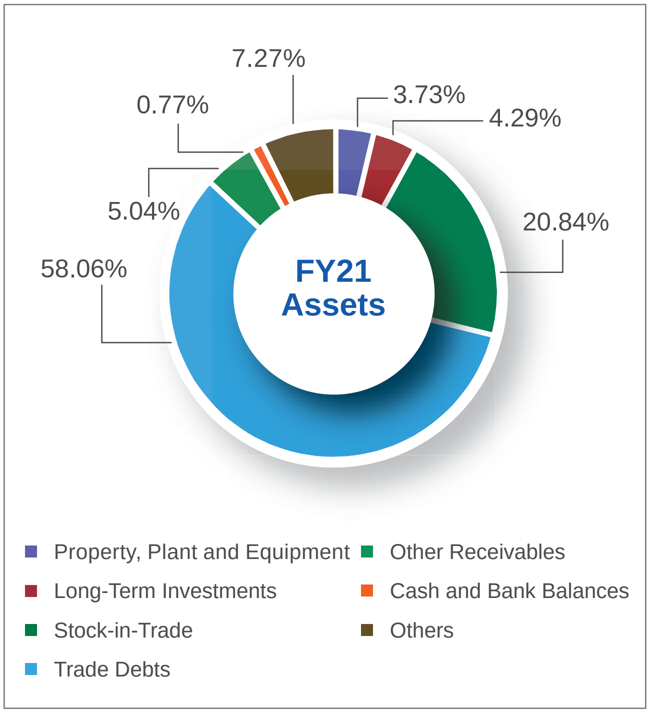
Trade and Other Payables

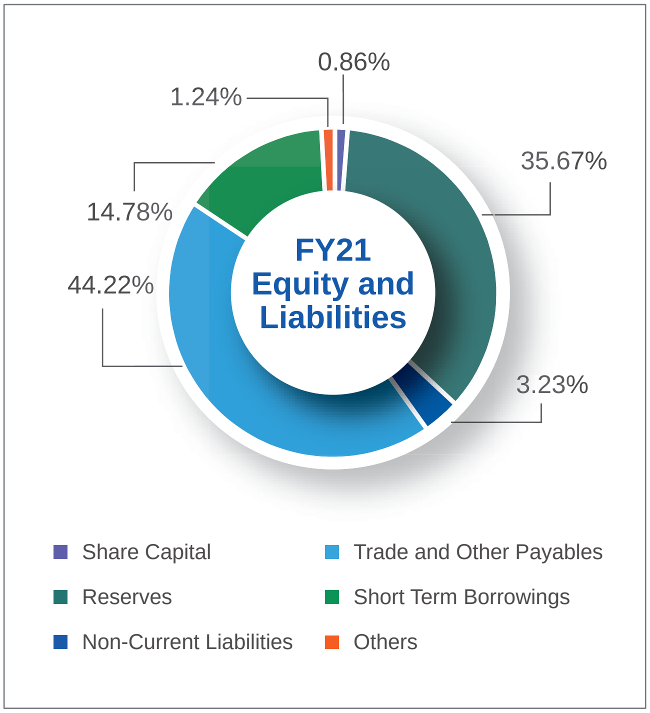
Trade and other payables have increased drastically in FY 2022 primarily on account of rise in international oil prices. As per horizontal and vertical analysis, it is also highest in FY 2022 due to rise in liabilities relating to product purchases in FY 2022 on account of surge in international oil prices.

Composition of Balance Sheet - Vertical Analysis









RATIOS AND ANALYSIS

For the year ended June 30, 2022

Horizontal and Vertical Analysis - Statement of Profit or Loss

Vertical Analysis

	2022	2021	2020	2019	2018	2017
Net Sales	**100.00%**	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of products sold	**-93.43%**	-95.47%	-98.90%	-96.88%	-96.27%	-95.77%
Gross profit	**6.57%**	4.53%	1.10%	3.12%	3.73%	4.23%
Other income (including share of profit of associates-net of tax)	**1.04%**	1.61%	0.97%	0.65%	0.74%	1.34%
Administrative & marketing expenses	**-0.69%**	-1.24%	-1.32%	-1.08%	-1.12%	-1.28%
Other expenses	**-0.70%**	-0.40%	-0.005%	-0.41%	-0.31%	-0.27%
Total operating costs	**-1.38%**	-1.64%	-1.32%	-1.49%	-1.43%	-1.55%
Profit from operations	**6.22%**	4.51%	0.75%	2.28%	3.04%	4.02%
Finance costs	**-0.19%**	-0.85%	-1.21%	-0.78%	-0.48%	-0.67%
Profit / (loss) before taxation	**6.03%**	3.66%	-0.46%	1.50%	2.56%	3.35%
Taxation	**-2.51%**	-1.24%	-0.12%	-0.60%	-1.10%	-1.27%
Profit / (loss) after taxation	**3.52%**	2.42%	-0.58%	0.90%	1.46%	2.08%

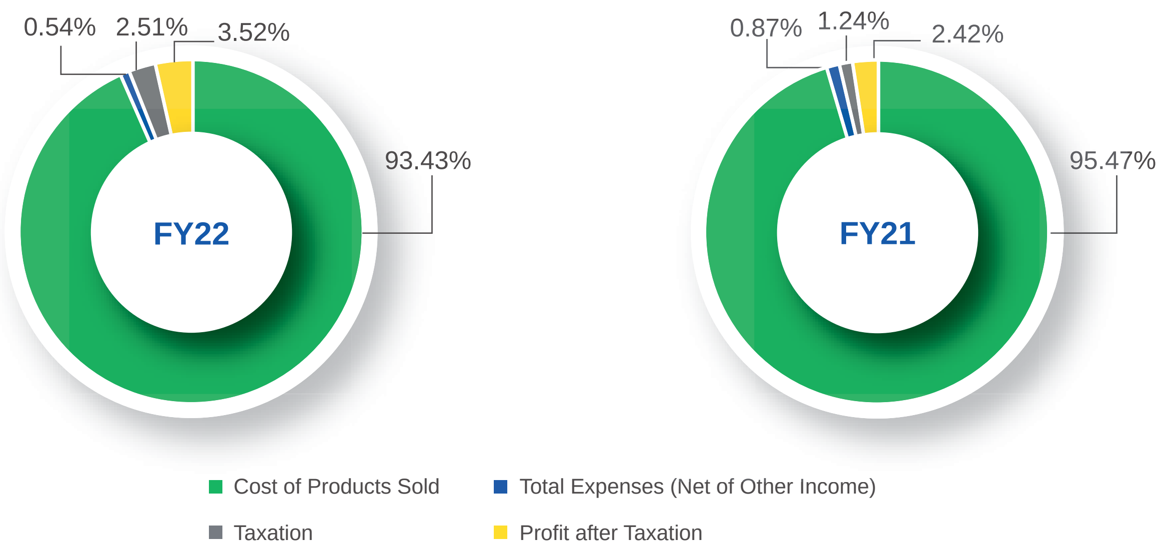
Horizontal Analysis

	2022	2021	2020	2019	2018	2017
Net Sales	**279%**	137%	126%	131%	121%	100%
Cost of products sold	**272%**	137%	130%	133%	122%	100%
Gross profit	**434%**	147%	33%	97%	107%	100%
Other income (including share of profit of associates-net of tax)	**217%**	165%	92%	64%	67%	100%
Administrative & marketing expenses	**150%**	132%	130%	110%	106%	100%
Other expenses	**720%**	203%	2%	198%	140%	100%
Total operating costs	**249%**	145%	108%	126%	112%	100%
Profit from operations	**433%**	154%	24%	75%	92%	100%
Finance costs	**80%**	173%	227%	152%	86%	100%
Profit / (loss) before taxation	**504%**	150%	-17%	60%	93%	100%
Taxation	**554%**	134%	12%	62%	105%	100%
Profit / (loss) after taxation	**473%**	160%	-35%	58%	85%	100%

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Statement of Profit or Loss



Comments on Horizontal and Vertical Analysis

Net Sales

Net sales revenue has increased in FY 2022 versus FY 2021 on account of increase in sales volumes of both white and black oil products. Also, Net sales was highest in FY 2022 due to high volumes and was lowest in FY 2017 due to dip in international oil prices during that period.

Gross Profit

Gross profit for FY 2022 is higher versus FY 2021 and highest in last five years as per both vertical and horizontal analysis due to higher volumes, margins and favorable price regime.

Other Income

In FY 2022, other income has increased versus FY 2021 primarily due to significant recovery of interest income on delayed payments. Further, as per horizontal analysis, other income is also highest in FY 2022 in all six years.

Total Operating Cost

Total operating cost has increased in FY 2022 as compared to FY 2021 in line with increase in sales, profitablity and year on year inflation but as per vertical analysis, operating cost as percentage of sales is lower in FY 2022 as compared to FY 2021 because sales in FY 2022 has increased by greater percentage than operating expenses.

Finance Cost

Finance cost in FY 2022 has decreased versus last year due to lower refinery interest and less reliance on expensive borrowings in FY 2022 versus FY 2021. Finance cost is highest in FY 2020 as per horizontal and vertical analysis mainly due to higher policy rates by SBP.

Profit / (Loss) after Tax

The company's profitability in FY 2022 is highest in six years mainly due to higher gross margins, favourable price regime, increase in other income and reduction in finance cost.

RATIOS AND ANALYSIS
For the year ended June 30, 2022

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 the 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

The company has implemented a framework oriented towards aligning capital expenditure with the overall company's strategy. The framework focuses towards ensuring that the capital expenditures are incurred for projects that are aligned with the long-term vision, mission and objectives of the company. Accordingly, the budget is primarily incurred in development of new vision retail outlets to enhance and enrich customer's experience, development, enhancement and rehabilitation of existing storages to increase national days-cover, increasing quality standards, and projects related to increase safety standards of operational and non-operational locations. The company is further focused towards adding ease for customer through revamping and development of new convenience stores at retail forecourt. The company has further invested in technological adoption by increasing its focus towards digitization and digitalization of business process. For future, the company is committed to ensure capital expenditure are incurred in line with the strategic framework.

RATIOS AND ANALYSIS

For the year ended June 30, 2022

Change in Accounting Policies, Judgements, Estimates and Assumptions

The company reviews its accounting policies, judgements, estimates and assumptions on a periodic basis to consider if any revision / change is needed due to change in circumstances, requirements etc. During the year there were no significant changes in accounting Policies, judgements, estimates and assumptions.

Compliance of Financial Accounting and Reporting Standards

The Board has approved the financial statements of the company that fully comply with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Finacial Accounting Standards (IFAS) as notified 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.

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 the statutory deadlines. During FY 2022, PSO contributed Rs. 477 bn. to the national exchequer and it has no overdue or outstanding statutory payments.

Based on the profit in FY 2022, the Board of Management has declared a final cash dividend of Rs. 10 per share. In addition to profitability, the company's future expectation of dividend declaration will also depend on the liquidity position of the company which is a derivative of developments on the circular debt front currently prevailing in the oil and gas sector.

UNCONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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, 2022, 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, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 Matters

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.

INDEPENDENT AUDITOR'S REPORT

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 (Refer notes 13 and 16 to the unconsolidated financial statements) As at June 30, 2022, the Company's receivable from Government of Pakistan and customers amounted to Rs. 442,976 million which included trade debts receivables of Rs. 373,160 million from customers including Rs. 74,305 million, Rs. 13,451 million and Rs. 226,093 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. The Company has recognised a specific provision of Rs. 347 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. Interest on the past due amounts from customers is recognised by the Company on receipt basis. 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: • Tested, on a sample basis, receivable aging report classification within the appropriate aging bracket with underlying invoices; • 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; • 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; • 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: • 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 • 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.

INDEPENDENT AUDITOR'S REPORT

Key audit matters	How the matter was addressed in our audit
Recognition of Revenue / Income (Refer notes 30 and 32 to the unconsolidated financial statements) The Company recognises revenue at the transaction price which the Company expects to be entitled to, after deducting sales tax, discounts and applicable levies. 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 deregulated products is carried out at the margin-based price mechanism and the Company 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. 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. 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 recognition, amongst others, included the following: • Assessed the design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products; • Assessed the appropriateness of the Company's accouning policy for recognition of sales and compilance of the policy with international Financial Reporting Standard (IFRS "Revenue from Contracts with Customers"); • 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; • 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; • Tested journal entries relating to revenue recognized during the year based on identified risk criteria; • Assessed reasonableness of management's judgment relating to recoverability of interest on delayed payments from customers; and • 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.

INDEPENDENT AUDITOR'S REPORT

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, 2022 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 is 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 overide 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

The engagement partner on the audit resulting in this independent auditor's report is Inam Ullah Kakra.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
September 26, 2022

UDIN: AR2022102022yDGsfLzM

Unconsolidated Statement of Financial Position

As at June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**15,689,125**	14,156,554
Right-of-use assets	5	**6,473,649**	5,215,782
Intangibles	6	**251,337**	153,528
Long-term investments	7	**12,556,750**	16,266,508
Long-term loans, advances and other receivables	8	**333,520**	406,846
Long-term deposits	9	**337,537**	335,859
Deferred tax asset - net	10	**17,982,287**	13,304,563
Retirement and other service benefits	21	**-**	1,457,761
		53,624,205	51,297,401
Current assets			
Stores, spares and loose tools	11	**764,664**	793,261
Stock-in-trade	12	**341,757,891**	79,028,704
Trade debts	13	**430,941,589**	220,195,918
Loans and advances	14	**636,421**	348,296
Short-term deposits and prepayments	15	**332,773**	221,959
Other receivables	16	**57,477,563**	19,106,304
Taxation - net		**-**	5,366,102
Cash and bank balances	17	**13,919,215**	2,901,619
		845,830,116	327,962,163
Net assets in Bangladesh	18	**-**	-
TOTAL ASSETS		**899,454,321**	379,259,564
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**4,694,734**	4,694,734
Reserves	20	**210,954,367**	135,283,468
		215,649,101	139,978,202
Non-current liabilities			
Retirement and other service benefits	21	**9,930,755**	7,186,346
Lease liabilities	22	**5,842,539**	4,299,704
Deferred income - Government grant	23	**100,000**	-
Other payable	24	**674,319**	752,712
		16,547,613	12,238,762
Current liabilities			
Trade and other payables	25	**493,810,208**	167,693,826
Short-term borrowings	26	**155,845,542**	56,042,897
Accrued interest / mark-up	26.5	**1,029,501**	297,053
Provisions	27	**639,413**	743,436
Current portion of lease liabilities	22	**794,440**	762,171
Taxation - net		**13,659,984**	-
Unclaimed dividend	28	**1,478,519**	1,373,428
Unpaid dividend	28.1	**-**	129,789
		667,257,607	227,042,600
TOTAL LIABILITIES		**683,805,220**	239,281,362
TOTAL EQUITY AND LIABILITIES		**899,454,321**	379,259,564
CONTINGENCIES AND COMMITMENTS	29		

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Syed Muhammad Taha	**Zafar I. Usmani**	**Gulzar Khoja**
Managing Director & CEO	**Chairman - Board of Management**	**Chief Financial Officer**

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Net sales	30	**2,451,580,833**	1,204,247,375
Cost of products sold	31	**(2,290,585,612)**	(1,149,638,324)
Gross profit		**160,995,221**	54,609,051
Other income	32	**24,813,311**	18,826,346
Operating costs			
Distribution and marketing expenses	33	**(12,633,949)**	(11,832,756)
Administrative expenses	34	**(4,178,201)**	(3,057,379)
Provision of impairment on financial assets-net	13.3 & 16.7.1	**(5,104,188)**	(898,265)
Other expenses	35	**(12,010,169)**	(3,930,252)
		(33,926,507)	(19,718,652)
Profit from operations		**151,882,025**	53,716,745
Finance costs	36	**(4,720,705)**	(10,242,350)
Share of profit of associates - net of tax	7.5.1	**693,752**	581,317
Profit before taxation		**147,855,072**	44,055,712
Taxation	37	**(61,632,544)**	(14,916,507)
Profit for the year		**86,222,528**	29,139,205
		(Rupees)	
Earnings per share - basic and diluted	38	**183.66**	62.07

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Syed Muhammad Taha	Zafar I. Usmani	Gulzar Khoja
Managing Director & CEO	Chairman - Board of Management	Chief Financial Officer

Unconsolidated Statement Of Comprehensive Income

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Profit for the year		**86,222,528**	29,139,205
Other comprehensive income / (loss):			
Items that will not be subsequently reclassified to profit or loss:			
Share of actuarial (loss) / gain on remeasurement of staff retirement benefits of associates - net of tax	7.5.1	**(38)**	3,504
Unrealised loss on remeasurement of equity investment classified as fair value through other comprehensive income	7.3	**(3,666,535)**	(641,544)
Taxation thereon		**421,262**	139,535
		(3,245,273)	(502,009)
Actuarial (loss) / gain on remeasurement of retirement and other service benefits	21.2.6	**(3,226,942)**	878,687
Taxation thereon		**615,358**	(254,819)
		(2,611,584)	623,868
		(5,856,895)	125,363
Total comprehensive income for the year		**80,365,633**	29,264,568

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Syed Muhammad Taha	**Zafar I. Usmani**	**Gulzar Khoja**
Managing Director & CEO	**Chairman - Board of Management**	**Chief Financial Officer**

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2022

		Reserves						
		Capital reserves	Revenue reserves					
	Share capital	Surplus on vesting of net assets	Unrealised gain / (loss) on remeasurement of FVOCI investments	General reserve	PSO venture capital fund	Un-appropriated profit	Sub-total	Total
	---------- (Rupees in '000) ----------							
Balance as at July 01, 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 for the year								
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 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 of the Company								
Distributions								
Interim dividend for the year ended June 30, 2021 at Rs. 5 per share	-	-	-	-	-	(2,347,367)	(2,347,367)	(2,347,367)
Total distributions	-	-	-	-	-	(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
Balance as at July 01, 2021	**4,694,734**	**3,373**	**5,485,817**	**25,282,373**	**-**	**104,511,905**	**135,283,468**	**139,978,202**
Total comprehensive income for the year								
Profit for the year	**-**	**-**	**-**	**-**	**-**	**86,222,528**	**86,222,528**	**86,222,528**
Profit for the year transferred to venture capital reserve	**-**	**-**	**-**	**-**	**1,478,551**	**(1,478,551)**	**-**	**-**
Other comprehensive income for the year								
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	**-**	**-**	**(3,245,273)**	**-**	**-**	**-**	**(3,245,273)**	**(3,245,273)**
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	**-**	**-**	**-**	**-**	**-**	**(2,611,584)**	**(2,611,584)**	**(2,611,584)**
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	**-**	**-**	**-**	**-**	**-**	**(38)**	**(38)**	**(38)**
	-	**-**	**(3,245,273)**	**-**	**-**	**(2,611,622)**	**(5,856,895)**	**(5,856,895)**
Transactions with the owners of the Company								
Distributions								
Final dividend for the year ended June 30, 2021 at Rs. 10 per share	**-**	**-**	**-**	**-**	**-**	**(4,694,734)**	**(4,694,734)**	**(4,694,734)**
Total distributions	**-**	**-**	**-**	**-**	**-**	**(4,694,734)**	**(4,694,734)**	**(4,694,734)**
Balance as at June 30, 2022	**4,694,734**	**3,373**	**2,240,544**	**25,282,373**	**1,478,551**	**181,949,526**	**210,954,367**	**215,649,101**

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman - Board of Management

Gulzar Khoja
Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	39	(31,469,494)	30,751,247
Long-term loans, advances and other receivables		73,326	47,766
Long-term deposits and prepayments		(1,678)	(128,587)
Taxes paid		(46,247,562)	(8,835,497)
Finance costs paid		(3,120,998)	(3,602,835)
Retirement and other service benefits paid		(207,287)	(465,970)
Net cash (used in) / generated from operating activities		(80,973,693)	17,766,124
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(3,333,889)	(5,560,682)
Proceeds from disposal of property, plant and equipment		122,344	47,794
Acquisition of shares in Pakistan Refinery Limited		-	(224,590)
Dividends received		1,121,079	443,089
Net cash used in investing activities		(2,090,466)	(5,294,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net	26.6	106,762,412	(14,418,987)
Lease payments		(1,001,458)	(889,255)
Dividend paid		(4,719,432)	(2,199,214)
Net cash generated from / (used in) financing activities		101,041,522	(17,507,456)
Net increase / (decrease) in cash and cash equivalents		17,977,363	(5,035,721)
Cash and cash equivalents at beginning of the year		(5,916,574)	(880,853)
Cash and cash equivalents at end of the year	40	12,060,789	(5,916,574)

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman - Board of Management

Gulzar Khoja
Chief Financial Officer

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2022

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, Clifton, Karachi.	Sindh
Lubes Manufacturing Plant	National Refinery Limited, Korangi, Karachi.	Sindh
	Kemari Oil Terminal, Kemari, Karachi.	

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 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

These unconsolidated financial statements have been prepared under the historical cost convention, except for the following:

- Financial assets at fair value through other comprehensive income; and

- 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 is presented in PKR.

2.4 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 relevant to the financial statements that may result in adjustments in subsequent years 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 respectively 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, contract assets 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 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 Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly/ ultimately from Government of Pakistan (GoP) till 30 June 2022. Accordingly, the Company reviews the recoverability of its trade debts, lease receivables and investments that are due directly/ ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Company has overdue receivables on account of inter-corporate circular debt. These overdue balances are receivable from gas supply and power companies. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress is slower than expected resulting in accumulation of Company's debts. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; GoP either directly or through its direct/indirect ownership of entities within energy sector supply chain is at the core of circular debt issue.

Settlement of the Company's receivables is slower than the contractual terms primarily because circular debt is a macro economic level issue in Pakistan and its level at any given time is dependent on policies and/or priorities of the GoP, the level of subsidies offered by GoP to certain domestic and industrial consumers, exchange rate fluctuations, global crude oil prices and certain other systemic issues within energy sector (tariffs, losses, non / delayed recoveries).

The Company's assessment of objective evidence of impairment with respect to over due amounts on account of inter-corporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of inter-corporate circular debt.

2.4.5 Income taxes (Refer note: 10 & 37)

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 account 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 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 (Refer note: 29)

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

The following are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2021.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

These amended standards and interpretations are considered not to be relevant or do not have any significant effect on the Company's 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, 2022 and these amendments are not likely to have a significant effect over these unconsolidated financial statements.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 1, 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. 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 1, 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. This amendment enables the fair value measurement of biological assets on a post-tax basis.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 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 January 1, 2022.

- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after January 1, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. 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 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) 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 an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, 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) 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 recognize 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 recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized 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 1 January 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. 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 now awaits the specific instructions from the Ministry of Energy (Petroleum Division) regarding the winding up of the Trust, 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 assets' 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 and contract assets, 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 and contract assets 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 and contract assets, 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 expects 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 and contract assets, 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 customers 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

SECP through S.R.O. 985 (I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Under the said S.R.O, the disclosure of the impacts of ECL was not required. Further, SECP through S.R.O 1177(I)/2021 dated September 13, 2021 extended the exemption period till June 30, 2022. Earlier to the aforesaid S.R.O. dated September 2, 2019, SECP in a press release dated August 22, 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon of circular debt need to be given due consideration. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from government, due to uncertain cash recovery patterns of circular debt, carry weight. In accordance with the exemption granted by SECP, ECL has not been recognised in respect of financial assets due directly /ultimately from GoP (i.e SNGPL, HUBCO and GENCO) in the unconsolidated financial statements based on the clarification received from SECP. The Company expects same exemption for another one year from SECP.

Financial assets,on which ECL model is not applicable as per the aforesaid notification of SECP, are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually 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 statement of profit or loss . 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 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 assets 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.
- Return on deposits and other financial assets is recognised on accrual 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 capitalised 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.

The Company currently does not have any joint venture.

3.25 Government Grant

Government grants are recognised at the fair value of the consideration received. A grant without specified future performance conditions is recognised in income when the grant proceeds are received. A grant that imposes specified future performance conditions is recognised in statement of profit or loss when all those conditions are met. Government grants received before the income recognition criteria are satisfied are presented as a separate liability in the statement of financial position. Government grants are recognised in the statement of profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Further, the Company does not recognise those forms of government assistance for which a reasonable value cannot be placed.

3.26 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.

3.27 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.

3.28 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 resources 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)

	Note	2022	2021
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	**12,429,717**	8,792,788
Capital work-in-progress	4.4	**3,259,408**	5,363,766
		15,689,125	14,156,554

(Amounts in Rs. '000)

4.1 Operating assets

	Land		Building										
	Freehold	Leasehold	On freehold land	On leasehold land	Tanks and pipelines	Service and filling stations (Note 4.1.2)	Plant and machinery	Furniture and fittings	Vehicles and other rolling stock	Office equipment	Railway sidings	Gas cylinders / regulators (Note 4.1.2)	Total
As at July 01, 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	2,896,869
Disposals (Note 4.2)													
Cost	-	(17,496)	(1,172)	(502)	(5,355)	(106,323)	(3,444)	(4,311)	(37,338)	(15,257)	-	-	(191,198)
Accumulated depreciation	-	12,849	1,172	435	5,355	105,746	3,393	4,271	29,294	15,230	-	-	177,745
	-	(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)	(1,277,710)
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	30,953,585
Accumulated depreciation	-	(29,266)	(674,832)	(1,003,653)	(3,905,498)	(9,539,979)	(3,931,154)	(327,086)	(1,530,870)	(926,865)	(69,894)	(221,700)	(22,160,797)
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
Year ended June 30, 2022													
Opening 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**
Additions / transfers	**-**	**-**	**144,272**	**217,849**	**3,352,549**	**758,919**	**335,423**	**32,917**	**202,810**	**184,064**	**-**	**37,017**	**5,265,820**
Disposals (Note 4.2)													
Cost	**-**	**-**	**(360)**	**(6,691)**	**(7,062)**	**(449,361)**	**(9,425)**	**(3,079)**	**(29,526)**	**(11,238)**	**(58)**	**(42,192)**	**(558,992)**
Accumulated depreciation	**-**	**-**	**353**	**6,306**	**7,062**	**448,759**	**8,831**	**2,948**	**21,750**	**11,238**	**58**	**39,555**	**546,860**
	-	**-**	**(7)**	**(385)**	**-**	**(602)**	**(594)**	**(131)**	**(7,776)**	**-**	**-**	**(2,637)**	**(12,132)**
Depreciation charge (Note 4.1.1)	**-**	**(1,263)**	**(34,363)**	**(72,648)**	**(373,586)**	**(544,986)**	**(279,126)**	**(27,064)**	**(138,891)**	**(101,083)**	**(4,427)**	**(39,322)**	**(1,616,759)**
Closing net book value	**598,855**	**80,392**	**543,955**	**864,462**	**4,699,281**	**3,417,682**	**1,239,420**	**108,794**	**312,440**	**268,813**	**23,292**	**272,331**	**12,429,717**
As at June 30, 2022													
Cost	**598,855**	**110,921**	**1,252,797**	**1,934,457**	**8,971,303**	**13,053,888**	**5,440,869**	**459,996**	**1,960,451**	**1,285,523**	**97,555**	**493,798**	**35,660,413**
Accumulated depreciation	**-**	**(30,529)**	**(708,842)**	**(1,069,995)**	**(4,272,022)**	**(9,636,206)**	**(4,201,449)**	**(351,202)**	**(1,648,011)**	**(1,016,710)**	**(74,263)**	**(221,467)**	**(23,230,696)**
Net book value	**598,855**	**80,392**	**543,955**	**864,462**	**4,699,281**	**3,417,682**	**1,239,420**	**108,794**	**312,440**	**268,813**	**23,292**	**272,331**	**12,429,717**
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	2022	2021
4.1.1	Depreciation charge for the year has been allocated as follows:			
	Cost of products sold	31.2	**33,843**	27,122
	Distribution and marketing expenses	33	**1,416,668**	1,108,405
	Administrative expenses	34	**166,248**	142,184
			1,616,759	1,277,711

4.1.2 Service and filling stations include cost of Rs.12,521,271 (2021: Rs.12,237,548) 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 2,151 (2021: 2,131) out of the total 3,500 (2021: 3,501) 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 costing Rs. 493,798 (2021: Rs. 498,969) are not in possession of the Company.

4.1.3 Included in operating assets are fully depreciated assets having cost of Rs.17,751,321 (2021: Rs.16,826,096).

4.1.4 Included in operating assets are assets having net book value of Rs. 802,259 (2021: Rs. 690,216) 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. 99,160 (2021: Rs. 108,122) and Rs. 317,006 (2021: Rs. 381,389) 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	**1,923**	**1,218**	**705**	**705**	**-**	Company Policy	Mr. Raja Imran Ullah
Vehicle	**1,982**	**1,421**	**561**	**759**	**198**	Company Policy	Mr. Hammad Zaffar Ex. Employee
Vehicle	**1,929**	**1,349**	**580**	**644**	**64**	Company Policy	Mr. Nasir Khan Ex. Employee
Vehicle	**2,083**	**1,317**	**766**	**766**	**-**	Company Policy	Mr. Nadeem Afridi
Vehicle	**2,543**	**1,055**	**1,488**	**1,530**	**42**	Company Policy	Mr. Syed Sajjad
Vehicle	**4,006**	**456**	**3,550**	**3,629**	**79**	Company Policy	Mr. Mian Usman
Items having book value of less than Rs. 500 each	**544,526**	**540,044**	**4,482**	**114,311**	**109,829**		
June 30, 2022	**558,992**	**546,860**	**12,132**	**122,344**	**110,212**		
June 30, 2021	191,197	177,744	13,453	47,794	34,341		

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
Skardu Land (Refer note 23)	Thorgo, Skardu	235,950
Railway Marshalling Yard, Pipri	South Western Zone, Port Qasim Authority, Karachi	484,000

4.3.1 In view of large number of buildings and other immoveable assets, the Company considered it impracticable to disclose particulars of such assets of the Company as required under the Fourth Schedule of the Companies Act, 2017.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2022

(Amounts in Rs. '000)

		Note	2022	2021
4.4	**Capital work-in-progress**			
	Tanks and pipelines		**1,196,585**	3,403,096
	Service and filling stations		**221,187**	79,606
	Plant and machinery		**56,183**	138,003
	Furniture, fittings and equipment		**6,575**	15,776
	Advance to suppliers and contractors		**103,877**	119,483
	Capital spares		**1,675,001**	1,607,802
		4.4.1 & 4.4.2	**3,259,408**	5,363,766
4.4.1	Movement in capital work-in-progress is as follows:			
	Balance at beginning of the year		**5,363,766**	2,806,482
	Additions during the year		**3,333,888**	5,560,682
	Transfers during the year			
	- Operating assets	4.1	**(5,265,820)**	(2,896,870)
	- Intangibles	6	**(172,426)**	(106,528)
			(5,438,246)	(3,003,398)
	Balance at end of the year		**3,259,408**	5,363,766

4.4.2 Includes capital work-in-progress amounting to Rs. 175,668 (2021: Rs. 269,601) in respect of Company's share in joint operation.

5. RIGHT-OF-USE ASSETS

	Note	Land	Building	Total
Balance as at July 1, 2020				
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				
Net book value as at July 1, 2020		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)
Net book value as at June 30, 2021		5,211,921	3,861	5,215,782
Balance as at June 30, 2021				
Cost		6,007,746	50,583	6,058,329
Accumulated depreciation		(795,825)	(46,722)	(842,547)
Net book value		5,211,921	3,861	5,215,782

(Amounts in Rs. '000)

	Note	Land	Building	Total
Balance as at July 1, 2021				
Cost		6,007,746	50,583	6,058,329
Accumulated depreciation		(795,825)	(46,722)	(842,547)
Net book value		5,211,921	3,861	5,215,782
Movement during the year				
Opening net book value		5,211,921	3,861	5,215,782
Additions		1,663,654	-	1,663,654
Change due to modifications		152,261	-	152,261
Less: Depreciation charge	5.2	(548,120)	(3,861)	(551,981)
Less: Disposals made				
Cost		(7,059)	-	(7,059)
Accumulated depreciation		992	-	992
		(6,067)	-	(6,067)
Closing net book value		6,473,649	-	6,473,649
Balance at end of the year				
Cost		7,816,602	50,583	7,867,185
Accumulated depreciation		(1,342,953)	(50,583)	(1,393,536)
Net book value		6,473,649	-	6,473,649

5.1 The annual rate of depreciation for the right-of-use assets ranges between 1% - 20%.

		Note	2022	2021
5.2	Depreciation charge for the year has been allocated as follows:			
	Distribution and marketing expenses	33	511,407	411,476
	Administrative expenses	34	40,574	30,307
			551,981	441,783

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.

(Amounts in Rs. '000)

6. INTANGIBLES

	Note	2022	2021
Net carrying value			
Balance at beginning of the year		**153,528**	82,930
Additions at cost		**172,426**	106,528
Amortisation charge for the year	6.1 & 34	**(74,617)**	(35,930)
Balance at end of the year		**251,337**	153,528
Gross carrying value			
Cost	6.2	**787,683**	615,258
Accumulated amortisation		**(536,346)**	(461,730)
Net book value		**251,337**	153,528

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.

7. LONG-TERM INVESTMENTS

	Note	2022	2021
Investment in related parties			
Investment held at fair value through other comprehensive income			
In an unquoted company			
- Pak-Arab Pipeline Company Limited (PAPCO) Equity held: 12% (2021: 12%) No. of shares: 8,640,000 (2021: 8,640,000) of Rs. 100 each	7.2 & 7.3	**4,208,094**	7,874,629
Investment in subsidiary - at cost			
In a quoted company			
- Pakistan Refinery Limited (PRL) Equity held 63.56% (2021: 63.56%) No. of shares: 400,459,028 (2021: 400,459,028) of Rs. 10 each	7.4	**4,890,680**	4,890,680
Investment in associates			
In unquoted companies			
- Asia Petroleum Limited (APL) Equity held: 49% (2021: 49%) No. of shares: 46,058,570 (2021: 46,058,570) of Rs. 10 each	7.5	**3,413,175**	3,453,641
- Pak Grease Manufacturing Company (Private) Limited (PGMCL) Equity held: 22% (2021: 22%) No. of shares: 686,192 (2021: 686,192) of Rs. 10 each	7.5	**44,801**	47,558
		3,457,976	3,501,199
		12,556,750	16,266,508

(Amounts in Rs. '000)

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:

	2022	2021
- Discount rate	19.85% - 21.08%	16.40% - 17.20%
- Growth rate of terminal value	6%	6%

Based on the above fair valuation exercise, the Company has recorded an unrealised loss (net of tax) of Rs. 3,245,273 (2021: loss of Rs. 502,009) in other comprehensive (loss) / income for the year.

		2022	2021
7.3	**Movement of investment classified as FVOCI**		
	Balance at beginning of the year	7,874,629	8,516,173
	Remeasurement loss recognised as other comprehensive loss	(3,666,535)	(641,544)
	Balance at end of the year	4,208,094	7,874,629
7.3.1	**Sensitivity to unobservable inputs:**		
	- Discount rate (1% increase)	(19,214)	(580,008)
	- Discount rate (1% decrease)	19,945	705,147
	- Growth rate of terminal value (1% increase)	124,485	517,028
	- Growth rate of terminal value (1% decrease)	(107,718)	(426,608)
7.4	**Movement of investment in subsidiary at cost**		
	Balance at beginning of the year	4,890,680	2,776,090
	Investment made during the year	-	2,114,590
	Balance at end of the year	4,890,680	4,890,680

(Amounts in Rs. '000)

7.5 Investments in associates

7.5.1 Movement of investment in associates

	2022			2021		
	APL	PGMCL	Total	APL	PGMCL	Total
Balance at beginning of the year	3,453,641	47,558	3,501,199	2,955,801	52,694	3,008,495
Share of profit / (loss) of associates - net of tax:						
- current year - unaudited	692,511	(2,051)	690,460	589,717	(2,987)	586,730
- adjustment for last year profit / (loss) based on prior year audited financial statements	4,252	(960)	3,292	(4,084)	(1,329)	(5,413)
	696,763	(3,011)	693,752	585,633	(4,316)	581,317
Share of actuarial (loss) / gain on remeasurement of staff retirement benefits of associates - net of tax	(292)	254	(38)	4,324	(820)	3,504
Dividend income	(736,937)	-	(736,937)	(92,117)	-	(92,117)
Balance at end of the year	3,413,175	44,801	3,457,976	3,453,641	47,558	3,501,199

7.5.2 The summarised financial information of the associates, based on their unaudited financial statements is as follows:

	------- (Un-audited) ------- 2022		------- (Un-audited) ------- 2021	
	APL	PGMCL	APL	PGMCL
Revenue	2,730,843	203,034	2,034,623	97,362
Profit / (loss) after taxation for the year	1,413,282	(9,324)	1,203,503	(13,577)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	1,413,282	(9,324)	1,203,503	(13,577)
Non-current assets	896,213	41,522	1,025,544	45,512
Current assets	7,598,943	189,119	7,722,687	201,093
	8,495,156	230,641	8,748,231	246,605
Non-current liabilities	(266,036)	(13,699)	(359,128)	(14,124)
Current liabilities	(1,263,465)	(13,298)	(1,340,857)	(16,308)
	(1,529,501)	(26,997)	(1,699,985)	(30,432)
Net assets	6,965,655	203,644	7,048,246	216,173

7.5.3 Reconciliation of carrying amount of investment

Net assets (Note 7.5.2)	6,965,655	203,644	7,048,246	216,173
Company's holding in % (Note 7)	49%	22%	49%	22%
Company's share of investment in associate	3,413,175	44,801	3,453,641	47,558
Carrying amount of investment	3,413,175	44,801	3,453,641	47,558

(Amounts in Rs. '000)

8. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES	Note	2022	2021
Loans - considered good			
Executives*	8.1	112,113	153,715
Employees		278,960	321,388
	8.2	391,073	475,103
Current portion shown under current assets	14	(150,819)	(171,383)
		240,254	303,720
Advances - considered good (secured)			
Employees	8.4	85,472	80,042
Current portion shown under current assets	14	(25,911)	(25,303)
		59,561	54,739
Other receivables			
- Considered good		33,705	48,387
- Considered doubtful		8,143	8,143
		41,848	56,530
Provision for impairment		(8,143)	(8,143)
		333,520	406,846

8.1 Reconciliation of carrying amount of long-term loans to executives*:	2022	2021
Balance at beginning of the year	153,715	156,234
Disbursements made during the year	19,234	51,873
Repayments made during the year	(60,836)	(54,392)
Balance at end of the year	112,113	153,715

*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. 305,329 (2021: Rs. 237,612).

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.

9. LONG-TERM DEPOSITS

These include interest free deposits amounting to Rs. 124,183 (2021: Rs. 117,337) paid to related parties.

(Amounts in Rs. '000)

10. DEFERRED TAX ASSET - NET

	Balance as at June 30, 2021	Charge for the year - Profit or loss	Charge for the year - Other comprehensive income	Balance as at June 30, 2022
Taxable temporary difference in respect of:				
Accelerated tax depreciation	494,072	**434,986**	**-**	**929,058**
Investment in associates accounted for under equity method	451,514	**112,198**	**-**	**563,712**
Equity investment held as FVOCI	1,524,813	**-**	**(421,262)**	**1,103,551**
Tax amortisation	(1,369)	**8,896**	**-**	**7,527**
Deductible temporary difference in respect of:				
Provision for:				
Right of use asset net of lease liabilities	(39,473)	**(105,112)**	**-**	**(144,585)**
Impairment of stores and spares	(20,713)	**(9,982)**	**-**	**(30,695)**
Provision for slow moving products	(25,967)	**25,967**	**-**	**-**
Impairment on trade debts	(996,872)	**93,512**	**-**	**(903,360)**
Impairment on other receivables	(934,989)	**(2,044,327)**	**-**	**(2,979,316)**
Retirement and other service benefits	(1,661,290)	**(513,652)**	**(615,358)**	**(2,790,300)**
Excise, taxes and other duties	(21,121)	**(2,914)**	**-**	**(24,035)**
Liabilities offered for taxation	(12,070,807)	**(1,640,352)**	**-**	**(13,711,159)**
Others	(2,361)	**(326)**	**-**	**(2,687)**
	(13,304,563)	**(3,641,104)**	**(1,036,620)**	**(17,982,287)**

	Note	2022	2021
10.1 Movement in deferred tax asset - net is as follows:			
Balance at beginning of the year		**13,304,563**	17,148,771
- recognized in profit or loss	37	**3,641,104**	(3,728,924)
- recognized in other comprehensive income / (loss)		**1,036,620**	(115,284)
Balance at end of the year		**17,982,287**	13,304,563

11. STORES, SPARES AND LOOSE TOOLS

	Note	2022	2021
Stores, spares and loose tools		**857,587**	864,683
Provision for obsolete / slow moving	11.1	**(92,923)**	(71,422)
		764,664	793,261
11.1 The movement in provision for obsolete / slow moving is as follows:			
Balance at beginning of the year		**71,422**	60,527
Provision recognised during the year	35	**21,501**	10,895
Balance at end of the year		**92,923**	71,422

12. STOCK-IN-TRADE

	Note	2022	2021
Raw and packing material		**1,501,602**	2,072,009
Petroleum and other products (gross)	12.1	**247,220,060**	54,379,442
Less: Stock held on behalf of third parties	12.2	**(7,177,653)**	(2,170,735)
		241,544,009	54,280,716
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Company Limited - net of loss		**98,477,951**	21,303,048
		340,021,960	75,583,764
Add: Charges incurred thereon		**1,735,931**	3,444,940
	31	**341,757,891**	79,028,704

(Amounts in Rs. '000)

12.1 Includes stock-in-transit amounting to Rs. 83,818,200 (2021: Rs. 10,975,093) and stocks (net of provision) held by:

	2022	2021
Shell Pakistan Limited	**1,012,935**	100,898
Byco Petroleum Pakistan Limited	**11,584**	4,261
	1,024,519	105,159

12.2 Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2021: Rs. 23,730). This also includes stock held on behalf of related parties amounting to Rs. 66,865 (2021: Rs. 32,639).

13. TRADE DEBTS

	Note	2022	2021
Considered good			
- Due from Government agencies and autonomous bodies			
- Secured	13.1	**13,825**	198,221
- Unsecured	13.2	**378,441,890**	185,808,652
		378,455,715	186,006,873
- Due from other customers			
- Secured	13.1	**3,439,676**	4,157,539
- Unsecured	13.2	**49,046,198**	30,031,506
		52,485,874	34,189,045
		430,941,589	220,195,918
Considered doubtful		**2,737,455**	3,437,488
Trade debts - gross		**433,679,044**	223,633,406
Provision for impairment	13.2 & 13.3	**(2,737,455)**	(3,437,488)
Trade debts - net		**430,941,589**	220,195,918

13.1 These debts are secured by way of security deposits and bank guarantees.

13.2 These debts include an aggregate amount of Rs. 373,159,772 (2021: Rs. 183,895,759) due from GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO), and Sui Northern Gas Pipelines Company Limited (SNGPL) on account of Inter-corporate circular debt. These include past due trade debts of Rs. 74,305,498 (2021: Rs. 71,992,376), Rs. 13,451,137 (2021: Rs. 13,316,559) and Rs. 226,093,429 (2021: Rs. 93,510,930) from GENCO, HUBCO and SNGPL respectively, based on the agreed credit terms. The Company carries a specific provision of Rs. 346,975 (2021: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 313,503,089 (2021: Rs. 178,472,890) as doubtful based on measures being undertaken by the Government of Pakistan (GoP) to resolve circular debt issue. The Company is committed, hence continuously pursuing for satisfactory settlement of Inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of the Company's trade debts. The Company considers this amount to be fully recoverable because the GoP has been assuming the responsibility to settle the Inter-corporate circular debt in the energy sector. As disclosed in note 2.4.4 to these financial statements, SECP has deferred the applicability of ECL model till June 30, 2022 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

13.3 The movement in provision for impairment during the year is as follows:

	2022	2021
Balance at beginning of the year	**3,437,488**	3,099,727
Provision recognised during the year	**183,668**	466,541
Reversal of provision made during the year	**(883,701)**	(128,780)
	(700,033)	337,761
Balance at end of the year	**2,737,455**	3,437,488

(Amounts in Rs. '000)

13.3.1 Provision for impairment has been recognised against trade debts is as follows:

	Note	2022	2021
Related parties	13.6.2	**863,485**	1,531,251
Other customers		**1,873,970**	1,906,237
		2,737,455	3,437,488

13.4 As at June 30, 2022, trade debts aggregating to Rs. 121,323,239 (2021: Rs. 30,366,646) are neither past due nor impaired. The remaining trade debts aggregating to Rs. 309,618,350 (2021: Rs. 189,829,272) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2022	2021
Up to 1 month	**91,046,852**	27,295,287
Over 1 month to 3 months	**137,559,863**	70,347,417
Over 3 months to 6 months	**10,808,343**	2,062,643
Over 6 months to 1 year	**2,335,115**	1,902,885
Over 1 year	**67,868,177**	88,221,040
	309,618,350	189,829,272

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	
	2022	2021	2022	2021
Associate				
Asia Petroleum Limited	**5,298**	1,311	**-**	-
Other Related Parties				
GENCO	**75,119,640**	75,174,865	**74,305,498**	71,992,376
SNGPL	**285,403,136**	98,586,824	**285,403,136**	98,586,824
Pakistan International Airlines Corporation	**13,036,866**	13,009,168	**12,938,574**	12,872,161
K-Electric Limited	**18,203,931**	4,970,515	**13,812,277**	2,568,617
Pakistan Railways	**2,021,660**	2,206,207	**2,021,660**	1,921,402
Oil & Gas Development Corporation Limited	**14,901**	2,566,143	**4,156**	2,285
Pakistan Petroleum Limited	**58,369**	34,111	**13,461**	34,111
Sui Southern Gas Company Limited	**8,652**	6,702	**-**	-
Pakistan Steel Mills Corporation Limited	**3,236**	3,336	**-**	-
Pakistan National Shipping Corporation	**2,021**	2,021	**2,021**	2,021
			388,500,783	187,979,797

(Amounts in Rs. '000)

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 2022	Total 2021
Other Related Parties				
GENCO	5,229,441	69,076,057	74,305,498	71,992,376
SNGPL	226,093,429	-	226,093,429	93,510,930
Pakistan International Airlines Corporation	10,190,099	397,494	10,587,593	12,449,121
Pakistan Railways	-	-	-	989,948
Oil & Gas Development Corporation Limited	4,156	-	4,156	2,285
Pakistan National Shipping Corporation	-	2,021	2,021	2,021
	241,517,125	69,475,572	310,992,697	178,946,681
Provision for impairment (notes 13.6.1 & 13.6.2)			(863,485)	(1,531,251)
			310,129,212	177,415,430

As at June 30, 2021, an amount of Rs. 93,510,930, Rs. 2,539,213 & Rs. 975,664 were past due upto 6 months from SNGPL, Pakistan International Airlines Corporation and Pakistan Railways and Rs. 71,992,376, Rs. 9,909,908, Rs. 14,284, Rs. 2,285 and Rs. 2,021 from GENCO, Pakistan International Airlines Corporation, Pakistan Railways, Oil and gas Development Corporation Limited and Pakistan National Shipping Corporation respectively.

13.6.1 The movement in provision for impairment against due from related parties during the year is as follows:

	Note	2022	2021
Balance at beginning of the year		1,531,251	1,332,981
Provision during the year		(667,766)	198,270
Balance at end of the year	13.6.2	863,485	1,531,251

13.6.2 The provision for impairment has been recognised in respect of following related parties:

	2022	2021
GENCO	346,975	346,975
Pakistan International Airlines Corporation	514,489	1,182,255
Pakistan National Shipping Corporation	2,021	2,021
	863,485	1,531,251

13.6.2.1 The provision for impairment from Pakistan International Airlines Corporation has decreased during the year as per the methodology used by the Company to compute provision for impairment on past due debts.

14. LOANS AND ADVANCES

	Note	2022	2021
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 70,973 (2021: Rs. 83,632) to executives	8	176,730	196,686
- Short-term loans and advances		429,707	129,815
		606,437	326,501
Unsecured			
Advance to suppliers		27,640	19,932
Advance for Company-owned filling stations		2,344	1,863
		29,984	21,795
		636,421	348,296

(Amounts in Rs. '000)

	Note	2022	2021
15. SHORT-TERM DEPOSITS AND PREPAYMENTS			
Deposits - interest free			
Duty and development surcharge		25,871	20,605
Deposit against court orders		53,006	53,006
		78,877	73,611
Prepayments		253,896	148,348
		332,773	221,959
16. OTHER RECEIVABLES			
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	16.5	27,755,497	-
Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty	16.6	259,793	259,793
Sales tax refundable - due from related party		13,450,179	757,514
		50,762,888	10,314,726
Provision for impairment	16.7	(1,902,919)	(1,602,919)
		48,859,969	8,711,807
Handling and hospitality charges		734,621	729,644
Product claims - insurance and other - considered doubtful		90,201	90,201
Provision for impairment	16.7	(90,201)	(90,201)
		-	-
Workers' Profit Participation Fund	16.8	1,433,419	232,214
Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party)		2,729,665	2,648,016
Provision for impairment	16.7	(46,000)	(46,000)
		2,683,665	2,602,016
Others			
- Considered good		3,765,889	6,830,623
- Considered doubtful		6,989,202	1,484,981
		10,755,091	8,315,604
Provision for impairment	16.7	(6,989,202)	(1,484,981)
		3,765,889	6,830,623
	16.9 & 16.11	57,477,563	19,106,304

(Amounts in Rs. ’000)

16.1 Import price differential claim (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 MoP&NR 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 of Finance (MoF) regarding the balance amount payable to the Company and advised to include it in budgetary allocation. 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 reduced 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 Ministry of Energy (Petroleum Division) (MoE) 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 and PDC/27062022 dated June 27, 2022. There has been no significant change in the status of these claims. The Company is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant 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 GoP, 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

(Amounts in Rs. '000)

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 and PDC/27062022 dated June 27, 2022. There has been no significant change in the status of these claims. The Company is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

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

(Amounts in Rs. '000)

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 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 and FN/MF/008 dated February 8, 2022. 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, 2007 the 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 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

(Amounts in Rs. '000)

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, the 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 and FN/MF/008 dated February 8, 2022. 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 As at June 30, 2022, net unfavourable amount of foreign exchange difference of Rs. 27,755,497 (June 30, 2021: favourable exchange difference of Rs. 615,313) was receivable 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.

16.6 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

(Amounts in Rs. '000)

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 ended June 30, 2019, 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.

16.7 As at June 30, 2022, receivables aggregating to Rs. 9,028,229 (2021: Rs. 3,224,101) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

	Note	2022	2021
Receivable from GoP		**1,902,919**	1,602,919
IFEM receivables		**46,000**	46,000
Product claims		**90,201**	90,201
Other receivables		**6,989,202**	1,484,981
	16.7.1	**9,028,322**	3,224,101

16.7.1 The movement of provision for impairment is as follows:

		2022	2021
Balance at beginning of the year		**3,224,101**	2,663,597
Provision recognised during the year		**5,884,044**	884,583
Reversal of provision made during the year		**(79,823)**	(324,079)
		5,804,221	560,504
Balance at end of the year		**9,028,322**	3,224,101

16.8 Workers' Profit Participation Fund

	Note	2022	2021
Balance at beginning of the year		**232,214**	89,936
Allocation for the year	35	**(7,936,581)**	(2,318,722)
		(7,704,367)	(2,228,786)
Payments during the year		**9,137,786**	2,461,000
Balance at end of the year		**1,433,419**	232,214

16.9 Includes receivables of Rs. 50,297,182 (2021: Rs. 8,723,441) due from associates and other related parties.

16.10 Financial assets included in other receivables aggregating to Rs. 2,186 (2021: Rs.Nil) were neither past due nor impaired. Further, financial assets aggregating to Rs. 11,892,824 (2021: Rs. 14,004,857) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2022	2021
Up to 3 months	**4,396,219**	93,373
3 to 6 months	**19,793**	41,485
More than 6 months	**7,476,812**	13,869,999
	11,892,824	14,004,857

(Amounts in Rs. '000)

16.11 Includes receivables amounting to Rs.7,658,087 (2021: Rs.7,965,927) 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 2022	Total 2021
Associate					
Asia Petroleum Limited	455,913	-	3,794	3,794	11,634
Other related parties					
Government of Pakistan	44,900,413	-	9,557,212	9,557,212	9,557,212
	45,356,326	-	9,561,006	9,561,006	9,568,846
Provision for impairment (note 16.11.1)				(1,902,919)	(1,602,919)
Net receivable from related parties				7,658,087	7,965,927

16.11.1 The movement of provision for impairment against due from GoP, related party is as follows:

	Note	2022	2021
Balance at beginning of the year		1,602,919	718,336
Provision recognised during the year		300,000	884,583
Balance at the end of the year		1,902,919	1,602,919

17. CASH AND BANK BALANCES

	Note	2022	2021
Cash in hand		11,980	10,873
Cash at banks in:			
- current accounts	17.1	1,030,212	2,506,037
- saving accounts	17.2	12,877,023	384,709
		13,907,235	2,890,746
	17.3	13,919,215	2,901,619

17.1 Includes Rs. 578,050 (2021: Rs. 1,414,050) 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 3.90% to 12.25% (2021: 3.25% to 3.75%) per annum.

17.3 These include balances of Rs. 26,148 (2021: Rs. 4,238) kept in bank accounts under Islamic mode.

18. NET ASSETS IN BANGLADESH

	2022	2021
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)
	-	-

(Amounts in Rs. '000)

18.1 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

2022	2021		Note	2022	2021
----- (Number of shares) -----					
1,000,000,000	500,000,000	Ordinary shares of Rs. 10 each	19.1.1	10,000,000	5,000,000

19.1.1 The members in the 45th Annual General Meeting held on October 26, 2021 have resolved via special resolution that the authorised share capital of the Company is increased from Rs 5,000,000 divided into 500,000 shares of Rs. 10 each to Rs. 10,000,000 divided into 1,000,000 shares of Rs. 10 each.

19.2 Issued, subscribed and paid-up capital

2022	2021		Note	2022	2021
----- (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
458,778,831	458,778,831	- Issued as bonus shares		4,587,789	4,587,789
469,473,300	469,473,300		19.3	4,694,734	4,694,734

19.3 These fully paid ordinary shares carry one vote per share and right to dividend.

19.4 As at June 30, 2022, 1,215,648 ordinary shares of Rs. 10 each (2021: 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.

19.5 As at June 30, 2022, associated undertakings - Government of Pakistan and PSOCL Employees Empowerment Trust held 119,767,702 ordinary shares (2021: 119,767,702 ordinary shares) of Rs. 10 each.

20. RESERVES

	Note	2022	2021
Capital reserve			
Surplus on vesting of net assets	20.1	3,373	3,373
Revenue reserves			
Unrealised gain on remeasurement of FVOCI investment		2,240,544	5,485,817
General reserve		25,282,373	25,282,373
Venture capital fund	20.2	1,478,551	-
Un-appropriated profit		181,949,526	104,511,905
		210,950,994	135,280,095
		210,954,367	135,283,468

(Amounts in Rs. '000)

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.

20.2 During the year, the BoM unanimously approved the creation of PSO venture capital fund to make investments as per the directives of the BoM. Based on the above, the Company has transferred Rs. 1,478,551 (2021: Rs. Nil) to venture capital reserve.

21. RETIREMENT AND OTHER SERVICE BENEFITS

		2022	2021
	Medical benefits	**7,005,415**	6,796,866
	Compensated absences	**355,830**	389,480
	Gratuity	**1,889,616**	-
	Pension	**679,894**	-
		9,930,755	7,186,346
21.1	Gratuity	**-**	(339,297)
	Pension	**-**	(1,118,464)
		-	(1,457,761)

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, 2022 under the Projected Unit Credit Method are as follows:

		Note	Gratuity fund		Pension funds		Medical benefits	
			2022	2021	2022	2021	2022	2021
21.2.1	**Financial position reconciliation**							
	Present value of defined benefit obligations	21.2.2	**8,411,645**	7,399,005	**10,152,754**	8,799,781	**7,005,415**	6,796,866
	Fair value of plan assets	21.2.3 & 21.2.9	**(6,522,029)**	(7,738,302)	**(9,472,860)**	(9,918,245)	**-**	-
	Net (asset) / liability at end of the year	21.2.8	**1,889,616**	(339,297)	**679,894**	(1,118,464)	**7,005,415**	6,796,866
21.2.2	**Movement in present value of defined benefit obligations**							
	Present value of defined benefit obligations at beginning of the year		**7,399,005**	7,339,743	**8,799,781**	8,171,626	**6,796,866**	6,378,954
	Current service cost	21.2.4	**298,737**	272,730	**269,224**	258,706	**4,258**	17,416
	Past service cost	21.2.4	**6,611**	4,685	**65,327**	24,736	**-**	146,041
	Interest cost		**715,909**	643,408	**887,314**	745,190	**687,778**	582,299
	Benefits paid during the year		**(829,055)**	(767,946)	**(286,122)**	(231,030)	**(173,638)**	(144,598)
	Remeasurement: Actuarial (gain) / loss		**820,438**	(93,615)	**417,230**	(169,447)	**(309,849)**	(183,246)
	Present value of defined benefit obligations at end of the year		**8,411,645**	7,399,005	**10,152,754**	8,799,781	**7,005,415**	6,796,866
21.2.3	**Movement in fair value of plan assets**							
	Fair value of plan assets at beginning of the year		**7,738,302**	7,323,039	**9,918,245**	8,968,876	**-**	-
	Expected return on plan assets		**750,686**	654,845	**1,001,956**	826,753	**-**	-
	Contributions made by the Company		**-**	280,590	**-**	169,045	**-**	-
	Benefits paid during the year		**(829,055)**	(767,946)	**(286,122)**	(231,030)	**-**	-
	Remeasurement: Actuarial (loss) / gain		**(1,137,904)**	247,774	**(1,161,219)**	184,601	**-**	-
	Fair value of plan assets at end of the year		**6,522,029**	7,738,302	**9,472,860**	9,918,245	**-**	-

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2022

(Amounts in Rs. '000)

		Note	Gratuity fund		Pension funds		Medical benefits	
			2022	2021	2022	2021	2022	2021
21.2.4	**Expense recognised in profit or loss**							
	Current service cost		298,737	272,730	269,224	258,706	4,258	17,416
	Past service cost		6,611	4,681	65,327	24,736	-	146,041
	Net interest (income) / expense		(34,777)	(11,433)	(114,642)	(81,564)	687,778	582,299
	Expense for the year		270,571	265,978	219,909	201,878	692,036	745,756
21.2.5	**Actual return on plan assets**		(149,174)	902,615	(159,263)	1,011,355	-	-
21.2.6	**Remeasurement loss / (gain) recognised in other comprehensive income / (loss)**							
	Actuarial (gain) / loss on defined benefit obligation	21.2.7	820,438	(93,615)	417,230	(169,447)	(309,849)	(183,246)
	Actuarial (gain) / loss on fair value of plan assets		1,137,904	(247,774)	1,161,219	(184,601)	-	-
	Remeasurement (gain) / loss		1,958,342	(341,389)	1,578,449	(354,048)	(309,849)	(183,246)
21.2.7	**The actuarial loss / (gain) on defined benefit obligation occurred on account of following:**							
	- Financial assumptions		42,313	32,891	227,122	52,284	50,187	16,808
	- Experience adjustments		778,125	(126,506)	190,107	(221,731)	(360,036)	(200,054)
			820,438	(93,615)	417,229	(169,447)	(309,849)	(183,246)
21.2.8	**Net recognised (asset) / liability**							
	Net (asset) / liability at beginning of the year		(339,297)	16,704	(1,118,464)	(797,250)	6,796,866	6,378,954
	Expense recognised in profit or loss		270,571	265,978	219,909	201,879	692,036	745,756
	Contributions made / benefits paid by the Company		-	(280,590)	-	(169,045)	(173,638)	(144,598)
	Remeasurement loss / (gain) recognised in other comprehensive income / (loss)		1,958,342	(341,389)	1,578,449	(354,048)	(309,849)	(183,246)
	Net liability / (asset) at end of the year		1,889,616	(339,297)	679,894	(1,118,464)	7,005,415	6,796,866

		Gratuity fund		Pension funds	
		2022	2021	2022	2021
21.2.9	**Plan assets comprise of following**				
	Regular Income Certificate	2,517,569	2,850,844	4,515,120	4,894,706
	Pakistan Investment Bonds	2,266,626	2,590,188	1,722,574	1,993,667
	Mutual Funds	1,625,816	2,027,433	1,371,564	1,059,147
	Treasury Bills	-	-	816,540	-
	Quoted Shares	-	-	526,931	1,229,947
	Term Finance Certificates	197,301	210,586	217,032	237,547
	Sukuk	-	11,004	-	22,007
	Cash and cash equivalents	4,494	5,748	200,127	368,875
	Other receivables / (payables) - net	(89,777)	42,498	102,972	112,349
	Fair value of plan assets at end of the year	6,522,029	7,738,302	9,472,860	9,918,245

(Amounts in Rs. '000)

21.2.10 Plan assets include the Company's ordinary shares with a fair value of Rs. 133,147 (2021: Rs. 173,754).

21.2.11 The principal assumptions used in the actuarial valuations carried out as of June 30, 2022, using the 'Projected Unit Credit' method, are as follows:

	Gratuity fund		Pension funds		Medical benefits		Compensated absences	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Discount rate per annum (%)	**13.50**	10.25	**13.50**	10.25	**13.50**	10.25	**13.50**	10.25
Expected per annum rate of return on plan assets (%)	**13.50**	10.25	**13.50**	10.25	**-**	-	**-**	-
Expected per annum rate of increase in future salaries (%)	**13.50**	10.25	**13.50**	10.25	**-**	-	**13.50**	10.25
Expected per annum rate of increase in medical costs (%):								
- active employees	**-**	-	**-**	-	**13.50**	10.25	**-**	-
- pensioners	**-**	-	**-**	-	**13.50**	10.25	**-**	-
Indexation of pension (%)	**-**	-	**9.25**	6.00	**-**	-	**-**	-
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 2022 consists of Regular income certificates, Pakistan investment bonds, Mutual funds, Treasury bills and Quoted shares.

(Amounts in Rs. '000)

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, 2023 are Rs. 511,624, Rs. 390,019 and Rs. 654,163 respectively.

21.2.15 Historical information of staff retirement benefits	**2022**	**2021**	**2020**	**2019**	**2018**
Pension Plan Funded					
Present value of defined benefit obligation	**10,152,754**	8,799,781	8,171,626	6,812,400	15,933,820
Fair value of plan assets	**(9,472,860)**	(9,918,245)	(8,968,876)	(5,400,450)	(15,060,660)
Net (asset) / liability at end of the year	**679,894**	(1,118,464)	(797,250)	1,411,950	873,160
Gratuity Plans Funded					
Present value of defined benefit obligation	**8,411,645**	7,399,005	7,339,743	6,031,284	5,971,943
Fair value of plan assets	**(6,522,029)**	(7,738,302)	(7,323,039)	(5,793,626)	(5,459,310)
Net (asset) / liability at end of the year	**1,889,616**	(339,297)	16,704	237,658	512,633

21.2.16 Defined contribution plans

An amount of Rs. 416,542 (2021: Rs. 356,015) has been charged during the year in respect of defined contribution plan 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)	**(7,829,100)**	**(8,872,178)**	**(6,069,914)**
Discount rate (1% decrease)	**9,071,850**	**11,741,644**	**8,171,047**
Future salary rate (1% increase)	**9,079,340**	**10,659,549**	**-**
Future salary rate (1% decrease)	**(7,812,900)**	**(9,699,047)**	**-**
Future pension rate (1% increase)	**-**	**11,238,202**	**-**
Future pension rate (1% decrease)	**-**	**(9,224,787)**	**-**
Medical cost trend rate (1% increase)	**-**	**-**	**7,917,369**
Medical cost trend rate (1% decrease)	**-**	**-**	**(6,236,695)**

If longevity increases by 1 year, obligation increases by Rs. 608,204 (2021: 400,354)

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.

(Amounts in Rs. '000)

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	**828,365**	**3,948,774**	**3,596,222**
Between 1-2 years	**705,768**	**4,927,352**	**4,301,136**
Between 2-3 years	**958,365**	**9,783,541**	**5,710,109**
Between 3-4 years	**837,325**	**5,552,698**	**4,524,033**
Between 4-5 years	**830,206**	**7,597,253**	**4,963,370**
Between 6-10 years	**6,040,025**	**49,700,472**	**114,256,844**
Over 10 years	**25,719,654**	**145,209,713**	**48,931,853**

22. LEASE LIABILITIES

	Note	2022	2021
Balance at beginning of the year		**5,061,875**	4,351,881
Additions during the year		**1,663,654**	588,383
Accretion of interest	36	**768,035**	677,562
Lease contracts modified during the year		**152,261**	333,650
Less: Disposal during the year		**(7,388)**	(346)
Less: Lease rentals paid		**(1,001,458)**	(889,255)
Balance at the end of year		**6,636,979**	5,061,875
Less: Current portion shown under current liability		**(794,440)**	(762,171)
		5,842,539	4,299,704

22.1 The Company has recognised charge of Rs. 6,828,788 (2021: 3,462,572) to those variable lease payments, which do not form a part of leases.

22.2 Lease rental payments include financial charges thereon for the year ended June 30, 2022 amounting to Rs. 233,457 (2021: Rs. 211,693).

22.3 The expected maturity analysis of undiscounted lease payment is as follows:

	2022	2021
Less than a year	**1,140,085**	762,171
Between 1-5 years	**5,231,883**	3,902,672
Over 5 years	**8,301,026**	14,349,141

23. DEFERRED INCOME - GOVERNMENT GRANT

During the year, the Company received grant of Rs. 100,000 (2021: Rs. Nil) from Government of Gilgit Baltisitan (GoGB) for establishment of bulk oil depot at Skardu. Moreover, the GoGB has also alloted land to the Company for this purpose.

(Amounts in Rs. '000)

24. 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.

25. TRADE AND OTHER PAYABLES

	Note	2022	2021
Local creditors	25.1 & 25.2	**52,240,346**	25,601,168
Foreign creditors	25.1 & 25.3	**323,711,023**	51,182,728
		375,951,369	76,783,896
Security deposits	25.4	**6,316,006**	5,237,383
Accrued expenses and other liabilities	25.5, 25.6 & 25.7	**92,410,133**	72,498,735
Payable to provident funds		**21,128**	9,174
Due to OMCs and refineries		**265,396**	379,730
Advances - unsecured			
- from customers		**10,348,234**	8,699,802
- against equipment		**1,728**	1,728
		10,349,962	8,701,530
Taxes and other government dues			
- Excise, taxes and other duties		**3,767,994**	2,531,105
- Octroi		**51,590**	51,590
- Income tax deducted at source		**122,203**	117,619
		3,941,787	2,700,314
Workers' Welfare Fund		**4,453,716**	1,279,084
Others		**100,711**	103,980
		493,810,208	167,693,826

25.1 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.

25.2 This includes amounts payable to the following related parties:

	2022	2021
Pak-Arab Refinery Company Limited	**30,703,080**	13,894,354
Pakistan Refinery Limited	**9,062,310**	4,399,877
	39,765,390	18,294,231

25.3 This includes amount of Rs. 57,516,922 (2021: Rs. 4,306,047) in respect of import of LNG.

25.4 Security deposits include deposits received by the Company under the terms of related agreements and are as follows:

	Note	2022	2021
Dealers	25.4.2	**1,150,780**	1,025,406
Equipment	25.4.3	**475,807**	470,320
Cartage contractors	25.4.4	**1,143,206**	1,060,210
Card holders	25.4.5	**2,928,577**	2,119,015
Suppliers	25.4.5	**522,067**	465,059
Others	25.4.5	**95,569**	97,373
		6,316,006	5,237,383

(Amounts in Rs. '000)

		Note	2022	2021
25.4.1	Security deposits include:			
	Utilisable / utilised in business	25.4.1.1	**5,737,956**	3,823,333
	Others	25.4.1.2	**578,050**	1,414,050
			6,316,006	5,237,383

25.4.1.1 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.

25.4.1.2 The amount is kept in separate bank accounts as per terms of agreement.

25.4.2 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.

25.4.3 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.

25.4.4 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.

25.4.5 These represent non-interest bearing security deposits and are repayable on termination of contract / performance of the services.

		2022	2021
25.5	This includes amount payable to the following related parties:		
	Pakistan National Shipping Corporation	**2,070,487**	2,070,487
	Government of Pakistan	**16,500,182**	12,569

25.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 26,301,795 (2021: Rs. 21,572,599).

25.7 Includes current portion of wharfage payable to related party amounting to Rs. 71,044 (2021: Rs.62,721).

		Note	2022	2021
26.	**SHORT-TERM BORROWINGS**			
	From National Bank of Pakistan - Related party			
	Short-term finances in foreign currency	26.1	**25,757,814**	16,941,787
	From other than related party			
	Short-term finances			
	- local currency	26.2 & 26.3	**578,000**	9,721,005
	- foreign currency	26.1	**127,651,302**	20,561,912
			128,229,302	30,282,917
	Finances under mark-up arrangements	26.2 & 26.3	**1,858,426**	8,818,193
		26.4 & 26.5	**155,845,542**	56,042,897

(Amounts in Rs. '000)

26.1 The rate of mark-up for these facilities range from Re. 0.06 to Re. 0.29 (2021: Re. 0.01 to Re. 0.06) 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.

26.2 The total facility limit of various financing facilities available from banks aggregate to Rs.181,635,000 (2021: Rs.139,915,000) out of which Rs. 179,029,890 (2021: Rs. 121,375,802) 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.

26.3 The rate of mark-up on short-term finance facility is Re. 0.03 (2021: Re. 0.03 to Re. 0.20) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re.0.32 to Re.0.41 (2021: Re.0.20 to Re.0.23) per Rs. 1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

26.4 These finances have been obtained for working capital requirements.

26.5 As at June 30, 2022, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 1,029,501 (2021: Rs. 297,053), which includes Rs. 232,377 (2021: Rs.32,261) due to National Bank of Pakistan.

26.6 Movement in short term and foreign currency loan:

	2022	2021
Balance at beginning of the year	**47,224,704**	61,643,691
Loans obtained during the year	**120,108,092**	739,428,759
Loans repaid during the year	**(13,345,680)**	(753,847,746)
	106,762,412	(14,418,987)
Balance at end of the year	**153,987,116**	47,224,704

27. 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.

	2022	2021
Claim raised by regulatory authorities	**386,949**	490,972
Infrastructure development cess	**252,464**	252,464
	639,413	743,436
Movement of provision during the year is as follows:		
Balance at beginning of the year	**743,436**	490,972
(Reversal) / Addition during the year	**(104,023)**	252,464
Balance at closing of the year	**639,413**	743,436

28. UNCLAIMED DIVIDEND

	2022	2021
Balance at beginning of the year	**1,373,428**	1,355,064
Dividend for the year	**4,694,734**	2,347,367
Unpaid dividend	**-**	(129,789)
	6,068,162	3,572,642
Payments made during the year	**(4,589,643)**	(2,199,214)
Balance at end of the year	**1,478,519**	1,373,428

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For the year ended June 30, 2022

(Amounts in Rs. '000)

28.1 UNPAID DIVIDEND

Unpaid dividend represented part of interim dividend for the period ended December 31, 2020 which remained unpaid to the Company's non-resident shareholders as at June 30, 2021. The dividend repatriation required approval from the State Bank of Pakistan which has been obtained during the year and the dividend has been remitted to the non-resident shareholders.

29. CONTINGENCIES AND COMMITMENTS

29.1 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.

29.1.1 Income Tax

29.1.1.1 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. In FY 2020, 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 tax year 2006 are currently being heard by ATIR. 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.

29.1.1.2 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.

29.1.1.3 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 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.

29.1.1.4 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

(Amounts in Rs. '000)

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.

29.1.1.5 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 this these unconsolidated financial statements.

29.1.1.6 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 this these unconsolidated financial statements.

29.1.1.7 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 filed an appeal before Commissioner Inland Revenue (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 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 this these unconsolidated financial statements.

29.1.1.8 The Additional Commissioner Inland Revenue through his order dated June 28, 2022 made certain additions and disallowances in respect of Tax Year 2021 and raised tax demand of Rs. 3,014,870. The Company is in process of filing of appeal 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 this these unconsolidated financial statements.

29.1.1.9 The Additional Commissioner Inland Revenue through his order dated 30 September 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 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 this these unconsolidated financial statements.

(Amounts in Rs. '000)

29.1.1.10 The Assistant Commissioner Inland Revenue through his order dated 30 June 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 vendors. The Company is in process of filing an appeal before Commissioner Inland Revenue (Appeals). Company's 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 this these unconsolidated financial statements.

29.1.1.11 The DCIR through his order dated May 31, 2022 for Tax Year 2019 raised tax demand of Rs. 202,322 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 June 17, 2022. 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 this these unconsolidated financial statements.

29.1.2 Sales Tax

29.1.2.1 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 SHC 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.

29.1.2.2 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.

29.1.2.3 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.

29.1.2.4 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

(Amounts in Rs. '000)

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.

29.1.2.5 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.

29.1.2.6 Punjab Revenue Authority (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 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 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.

29.1.2.7 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 (LHC). 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.

29.1.2.8 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 LHC 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.

29.1.2.9 The Collector (Adjudication) - Customs House Karachi, issued show-cause notices dated February 04, 2019,

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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.

29.1.2.10 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.

29.1.3 Other tax matters

29.1.3.1 The Deputy Director / Sr. Excise and Taxation Officer (ETO) C.M.D.I, Karachi Port Trust (KPT) had issued a demand notice of Rs.6,438,869 thousand on account of Sindh maintenance & development infrastructure cess (SMDIC) in respect of POL products consignments imported by PSO during the period July 1, 2016 to November 15, 2019 at Keamari. The Company challenged the aforesaid notice in SHC, which dismissed PSO's and all other 487 identical appeals and ordered that the The Sindh Development and Maintenance of Infrastructure Cess 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), filed an appeal before the Honorable Supreme Court of Pakistan (SCP) against the SHC's above order dated June 4, 2021. The SCP vide Judgment dated September 1, 2021, has suspended SHC's Judgment dated June 4, 2021 (Impugned Judgment) in CPLA No. 5080 of 2021 filed by PSO before the SCP against SHC order No. 1311 of 2020 (imported POL Products), and granted interim relief and directed that till further orders, operation of the Impugned Judgment will be suspended and also restrained the respondents i.e. Excise & Taxation department, Government of Sindh for recovery of impugned infrastructure cess levy as mentioned above. 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.

(Amounts in Rs. '000)

29.1.4 Other legal claims

29.1.4.1 As at June 30, 2022 certain legal cases amounting to Rs. 8,095,050 (2021: Rs. 8,052,207) 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) v/s PSO	Recovery of damages of Rs.1,447,000
Sindh High Court	Dispute relating to employment	2011	Faiz Mahmood Durrani v/s PSO	Recovery of damages of Rs. 263,000
Lahore High Court	Claim for recovery of interest charges	2013	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 v/s Mengal Brothers, PSO & Others	Recovery of damages of Rs. 193,717

29.1.4.2 Claims against the Company not acknowledged as debts amount to Rs. 8,373,253 (2021: Rs. 6,675,456) other than as mentioned in note 28.1.5.1 to these unconsolidated financial statements.

29.1.4.3 The Company's share in associates' contingencies in respect of various tax and legal matters as at year end is Rs. 1,200,167 (2021: Rs. 598,169).

29.2 Commitments

29.2.1 Commitments in respect of capital expenditures contracted for but not yet incurred are as follows:

		Note	2022	2021
	Property, plant and equipment		**5,278,901**	3,417,366
	Intangibles		**175,441**	175,288
			5,454,342	3,592,654
29.2.2	Letters of credit	29.2.6	**240,933,416**	49,706,950
29.2.3	Bank guarantees		**1,922,186**	1,956,441
29.2.4	Standby letters of credit		**80,255,458**	18,341,799
29.2.5	Post-dated cheques		**46,126,631**	1,000,000

(Amounts in Rs. '000)

29.2.6 The Company has total unutilised facility limit against letters of credit aggregating to Rs. 39,571,863 (2021: Rs. 53,379,625) as of reporting date.

29.2.7 The Company's share in associates' committments as at year end is Rs. 537 (2021: Rs. 26).

	Note	2022	2021
30. NET SALES			
Gross sales	30.1 & 30.2	**2,697,061,143**	1,424,249,031
- Discount / allowances		**(223,324)**	(473,553)
- Sales tax		**(216,100,424)**	(197,836,660)
- Inland Freight Equalization Margin (IFEM)		**(29,156,562)**	(21,691,443)
		(245,480,310)	(220,001,656)
Net sales		**2,451,580,833**	1,204,247,375

30.1 This represent revenue from contracts with customers.

30.2 Includes export sales amounting to Rs. 6,687,343 (2021: Rs. 1,017,781).

31. COST OF PRODUCTS SOLD

	Note	2022	2021
Opening stock		**79,028,704**	57,214,768
Purchases made during the year		**2,553,314,799**	1,171,452,260
		2,632,343,503	1,228,667,028
Closing stock	12	**(341,757,891)**	(79,028,704)
		2,290,585,612	1,149,638,324

31.1 Purchases includes cost incurred on manufacturing of lubricants amounting to Rs.13,056,392 (2021: Rs.6,903,232).

31.2 Purchases includes depreciation amounting to Rs. 33,843 (2021: Rs.27,122).

31.3 During the year, the Company received directives from MoP&NR through letter No.PL-3(457)/2021-73 dated October 31, 2021, PL-3(457)/2021-74 dated February 28, 2022 and PL-3(457)/2021-74 dated March 15, 2022 through which the Company was directed to supply Motor Gasoline and High Speed Diesel at prices directed by the Ministry. The MoP&NR through letter No. PL-3(242)/2021/PDC dated March 9, 2022 introduced the mechanism for reimbursement of these Price Differential Claims (PDCs) to oil marketing companies and refineries. The Company received the entire amount of PDCs of Rs. 125,942,629 during the current year through the mechanism defined by MoP&NR which interalia included submission of certified claims by the external auditors. The aforesaid amount is included in the cost of products sold.

(Amounts in Rs. '000)

		Note	2022	2021
32.	**OTHER INCOME**			
	Income from financial assets			
	Interest / mark-up received on delayed payments		**17,464,141**	12,662,186
	Interest / mark-up on saving accounts	32.1	**2,236,933**	131,762
	Discounting of wharfage liability		**-**	551,543
	Dividend income from FVOCI investment	32.2	**384,142**	350,972
			20,085,216	13,696,463
	Income from non-financial assets			
	Handling, storage and other services	32.3	**3,397,197**	2,302,720
	Income from Compressed Natural Gas (CNG) operators	32.3	**72,574**	135,659
	Income from non-fuel retail business		**271,808**	129,564
	Income from retail outlets - net		**214,480**	116,604
	Scrap sales		**29,627**	21,189
	Gain on disposal of property, plant and equipment	4.2	**110,212**	34,341
	Penalties and other recoveries		**288,694**	333,649
	Liabilities written back		**-**	111,473
	Exchange gain		**-**	1,719,116
	Others		**343,503**	225,568
			4,728,095	5,129,883
			24,813,311	18,826,346

32.1 Includes mark-up of Rs. 3,965 (2021: Rs. 490) from bank accounts under Islamic mode.

32.2 This represents dividend received from Pak-Arab Pipeline Company Limited, a related party.

32.3 This represents revenue from contracts with customers.

		Note	2022	2021
33.	**DISTRIBUTION AND MARKETING EXPENSES**			
	Salaries, wages and benefits	34.1	**6,550,533**	6,571,241
	Transportation costs		**576,204**	552,850
	Depreciation on property, plant and equipment	4.1.1	**1,416,668**	1,108,405
	Depreciation on right-of-use assets	5.2	**511,407**	411,476
	Security and other services		**329,186**	283,025
	Rent, rates and taxes		**262,753**	466,735
	Repairs and maintenance		**1,571,301**	1,293,428
	Insurance		**139,495**	119,053
	Travelling and office transport		**299,972**	241,376
	Printing and stationery		**23,507**	23,025
	Communication		**16,679**	28,483
	Utilities		**311,911**	226,308
	Storage and technical services		**65,143**	52,010
	Sales promotion and advertisement		**521,345**	418,773
	Fees and subscription		**37,845**	36,568
			12,633,949	11,832,756

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(Amounts in Rs. '000)

	Note	2022	2021
34. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	34.1	**2,473,092**	2,064,528
Depreciation on property, plant and equipment	4.1.1	**166,248**	142,184
Depreciation on right-of-use assets	5.2	**40,574**	30,307
Amortisation	6	**74,617**	35,930
Security and other services		**34,109**	34,748
Rent, rates and taxes		**6,877**	8,244
Repairs and maintenance		**26,498**	151,711
Insurance		**154,631**	134,243
Travelling and office transport		**71,713**	42,727
Printing and stationery		**9,907**	9,886
Communication		**34,611**	28,521
Utilities		**85,782**	72,373
Storage and technical services		**393,982**	99,722
Legal and professional		**304,721**	59,109
Auditors' remuneration	34.3	**17,803**	9,482
Contribution towards expenses of Board of Management		**25,517**	23,890
Donations	34.4	**249,230**	102,348
Fees and subscription		**8,289**	7,426
		4,178,201	3,057,379

34.1 Salaries, wages and benefits also include charge of Rs. 52,284 (2021: Rs. 94,024) in respect of Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 21.2.4 to these unconsolidated financial statements.

34.2 Remuneration of Managing Director, Directors and Executives

34.2.1 The aggregate charge for the year in respect of remuneration and benefits to the Managing Director and Executives are as follows:

	2022		2021	
	Managing Director	**Executives**	**Managing Director**	**Executives**
Managerial remuneration	**18,077**	**1,276,097**	15,770	1,088,575
Housing and utilities	**9,942**	**707,250**	8,674	598,717
Performance bonus	**4,802**	**235,621**	2,760	190,501
Retirement benefits	**3,278**	**456,410**	2,875	429,071
Leave encashment	**-**	**12,587**	-	35,217
Other allowances and benefits	**11,650**	**766,820**	9,775	648,139
	47,749	**3,454,785**	39,854	2,990,220
Number, including those who worked part of the year	**1**	**477**	1	452

34.2.2 The amount charged in respect of fee to 8 (2021: 10) non-executive directors aggregated to Rs.15,600 (2021: Rs.17,800). Moreover, the amount charged in respect of Chairman's Honorarium is Rs. 300 (2021: Rs. 300).

34.2.3 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.

(Amounts in Rs. '000)

34.3 Auditors' remuneration	2022	2021
Fee for the:		
- audit of consolidated financial statements	**1,495**	1,495
- audit of unconsolidated financial statements	**3,657**	3,657
- review of half yearly financial information	**1,463**	1,463
Tax certifications	**5,445**	868
Other certifications	**4,162**	589
Out of pocket expenses	**1,580**	1,410
	17,803	9,482

34.4 All donations are made to Corporate Social Responsibility (CSR) trust which is an independent entity responsible for payment of donations.

34.5 During the year, no donations has paid to any donee / party in which any director of company is interested.

35. OTHER EXPENSES

	Note	2022	2021
Workers' Profit Participation Fund	16.8	**7,936,581**	2,318,722
Workers' Welfare Fund		**3,174,632**	901,493
Exchange loss on foreign currency transactions - net		**877,455**	-
Provision against stores, spares and loose tools	11.1	**21,501**	10,895
Provision against foreign exchange differences		**-**	252,464
CNG receivable adjustment		**-**	443,000
Others		**-**	3,678
		12,010,169	3,930,252

36. FINANCE COSTS

	Note	2022	2021
Interest / mark-up on short-term borrowings in:			
- local currency		**288,371**	1,221,718
- foreign currency	36.1	**2,879,117**	504,291
		3,167,488	1,726,009
Mark-up on bank accounts under Islamic mode		**19,643**	531,814
Late payment surcharge and other bank charges		**659,420**	7,192,384
		679,063	7,724,198
		3,846,551	9,450,207
Finance cost on wharfage liability		**106,119**	114,581
Finance cost on lease liabilities	22	**768,035**	677,562
	36.2	**4,720,705**	10,242,350

36.1 Includes mark-up amounting to Rs.548,207 (2021: Rs.100,467) on facilities under Islamic mode.

36.2 Includes mark-up and bank charges amounting to Rs. 690,596 (2021: Rs. 373,072) on facilities obtained from National Bank of Pakistan - a related party.

(Amounts in Rs. '000)

37. TAXATION

	Note	2022	2021
Current			
- for the year		**64,944,218**	10,676,540
- for prior years - (net)		**329,430**	511,043
		65,273,648	11,187,583
Deferred	10.1	**(3,641,104)**	3,728,924
		61,632,544	14,916,507

37.1 Relationship between accounting profit and taxation

	2022	2021
Accounting profit before taxation	**147,855,072**	44,055,712
Tax at the applicable tax rate of 29% (2021: 29%)	**42,877,971**	12,776,156
Tax effect of:		
- Final tax regime and income subject to lower tax rate	**5,010,914**	1,597,899
- Permanent differences	**72,277**	29,739
- Adjustments relating to prior years	**329,430**	511,043
- Super tax	**13,271,862**	-
- Others	**70,090**	1,670
	61,632,544	14,916,507
Effective tax rate %	**42**	33

38. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2022	2021
Profit for the year	**86,222,528**	29,139,205
	------- (Number of shares) --------	
Weighted average number of ordinary shares in issue	**469,473,300**	469,473,300
	---------------- (Rupees) ----------------	
Earnings per share - basic and diluted	**183.66**	62.07

(Amounts in Rs. '000)

39. CASH GENERATED FROM OPERATIONS

	Note	2022	2021
Profit before taxation		**147,855,072**	44,055,712
Adjustments for:			
Depreciation of property, plant and equipment	4.1.1	**1,616,759**	1,277,711
Depreciation of right-of-use assets	5	**551,981**	441,783
Amortisation of intangibles	6	**74,617**	35,930
Reversal of provision for impairment on trade debts - net	13.3	**(700,033)**	-
Provision for impairment against doubtful other receivables - net	16.7.1	**5,804,221**	560,504
Provision for impairment against stores, spares and loose tools	11.1	**21,501**	10,895
Provision for retirement and other services benefits		**1,182,515**	1,083,895
Gain on disposal of operating assets	32	**(110,212)**	(34,341)
Share of profit from associates - net of tax	7.5.1	**(693,752)**	(581,317)
Dividend income from FVOCI Investment	32	**(384,142)**	(350,972)
Interest on lease payments	36	**768,035**	677,562
Finance costs	36	**3,952,670**	9,564,788
		12,084,160	12,686,438
Changes in:			
Stores, spares and loose tools		**7,096**	(265,525)
Stock-in-trade		**(262,729,187)**	(21,813,936)
Trade debts		**(210,045,638)**	(23,078,993)
Loans and advances		**(288,125)**	66,019
Short-term deposits and prepayments		**(110,814)**	2,337,483
Other receivables		**(44,175,480)**	4,123,761
Trade and other payables		**325,933,422**	12,640,288
		(191,408,726)	(25,990,903)
		(31,469,494)	30,751,247

40. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes:

	Note	2022	2021
- Cash and bank balances	17	**13,919,215**	2,901,619
- Finances under mark-up arrangements	26	**(1,858,426)**	(8,818,193)
		12,060,789	(5,916,574)

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2022

(Amounts in Rs. '000)

41. SEGMENT INFORMATION

41.1 Segment wise results are as follows:

	2022				2021			
	Petroleum Products	LNG	Others	Total	Petroleum Products	LNG	Others	Total
	---------------- (Rupees in millions) ----------------				---------------- (Rupees in millions) ----------------			
Net sales	1,854,762	591,688	5,131	2,451,581	934,323	267,221	2,703	1,204,247
Cost of products sold	(1,709,355)	(576,353)	(4,878)	(2,290,586)	(886,358)	(260,690)	(2,590)	(1,149,638)
Gross profit	145,407	15,335	253	160,995	47,965	6,531	113	54,609
Other income	23,252	-	1,561	24,813	14,607	-	4,219	18,826
Administrative, distribution and marketing expenses	(14,582)	(1,904)	(326)	(16,812)	(12,855)	(1,495)	(540)	(14,890)
Provision of impairment	700	(5,580)	(224)	(5,104)	(370)	-	(528)	(898)
Other charges	(12,322)	331	(19)	(12,010)	(2,815)	(283)	(832)	(3,930)
Operating cost	(26,204)	(7,153)	(569)	(33,926)	(16,040)	(1,778)	(1,900)	(19,718)
Finance costs	(2,570)	(2,151)	-	(4,721)	(9,133)	(994)	(115)	(10,242)
Share of profit of associates - net of tax	-	-	694	694	-	-	581	581
Profit / (loss) before taxation	139,885	6,031	1,939	147,855	37,399	3,759	2,898	44,056
Taxation	(54,228)	(6,649)	(756)	(61,633)	(10,866)	(2,931)	(1,120)	(14,917)
Profit / (loss) for the year	85,657	(618)	1,183	86,222	26,533	828	1,778	29,139

41.2 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.

41.3 Net sales in LNG segment relates to single customer.

41.4 Receivables and payables balances pertaining to LNG segment have been disclosed in notes 13.5 and 25.3 respectively. Moreover, majority of the remaining assets and liabilities pertains to the petroleum segment.

41.5 Out of total sales of the Company, 99.7% (2021: 99.9%) relates to customers in Pakistan. Further, all non-current assets of the Company as at June 30, 2022 are located in Pakistan.

41.6 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 33% during the year ended June 30, 2022 (2021: 28%).

41.7 Out of total gross sales of the Company, sales amounting to Rs. 811,749,396 (2021: Rs. 336,521,638) relates to circular debt customers.

(Amounts in Rs. '000)

42. FINANCIAL INSTRUMENTS BY CATEGORY	Note	2022	2021
42.1 Financial assets as per statement of financial position			
Fair value through other comprehensive income			
- Long-term investments - Pak-Arab Pipeline Company Limited	7	**4,208,094**	7,874,629
At amortised cost			
- Loans and advances		**880,396**	476,966
- Deposits	9	**416,414**	335,859
- Trade debts	13	**430,941,589**	220,195,918
- Other receivables		**11,895,010**	16,906,073
- Cash and bank balances	17	**13,919,215**	2,901,619
		458,052,624	240,816,435
		462,260,718	248,691,064

42.2 Financial liabilities as per statement of financial position	Note	2022	2021
At amortised cost			
- Lease liabilities	22	**6,636,979**	5,061,875
- Trade and other payables		**471,827,787**	152,987,208
- Unclaimed dividend	28	**1,478,519**	1,373,428
- Unpaid dividend	28.1	**-**	129,789
- Accrued interest / mark-up	26.5	**1,029,501**	297,053
- Short-term borrowings	26	**155,845,542**	56,042,897
		636,818,328	215,892,250

42.3 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.

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, 2022, 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)

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

43.1 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$ or USD).

(Amounts in Rs. '000)

	USD		PKR	
	2022	2021	2022	2021
Trade payables	**1,581,136**	324,116	**323,468,847**	51,182,728
Advances	**2,901**	4,359	**593,487**	688,352

The following significant rates were applied during the year:

	Average rates		Spot rate	
	2022	2021	2022	2021
USD to PKR	**180.46**	160.04	**204.58**	157.92

The Company has incurred exchange losses of Rs. 49,317,950 (2021: Rs. 1,840,570) and Rs. 877,455(2021: Gain of Rs. 1,719,116) that have recognized as part of cost of products sold and other expenses respectively. Exchange losses recognized as part of cost of products sold have been recovered through the pricing mechanism.

Further, the Company has also availed foreign currency borrowing (FE-25) as of June 30, 2022. 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. 195,289,782 (2021: Rs. 81,813,796). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
	2022	2021
Variable rate instruments		
Financial assets		
- Saving accounts	**12,877,023**	384,709
Financial liabilities		
- Short-term borrowings	**(155,845,542)**	(56,042,897)
- Local creditors	**(52,240,346)**	(25,601,168)
- Security deposits	**(233,006)**	(233,006)
	(208,318,894)	(81,877,071)
Net financial liabilities at variable interest rates	**(195,441,871)**	(81,492,362)

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. 1,387,637 (2021: Profit for the year and shareholder's equity by Rs. 578,596). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed in 2021.

(Amounts in Rs. '000)

(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, 2022, 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.

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:

	2022		2021	
	Statement of financial position	Maximum exposure	Statement of financial position	Maximum exposure
Financial assets at amortized cost				
- Loans and advances	**880,396**	**880,396**	476,966	476,966
- Deposits	**416,414**	**416,414**	335,859	335,859
- Trade debts	**430,941,589**	**54,675,341**	220,195,918	141,173,313
- Other receivables	**11,895,010**	**4,500,510**	16,906,073	7,608,654
- Bank balances	**13,907,235**	**13,907,235**	2,890,746	2,890,746
	458,040,644	**74,379,896**	240,805,562	152,485,538

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs.378,455,715 (2021: Rs.185,825,700). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts and the company does not expect these companies to fail to meet their obligations. 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.

(Amounts in Rs. '000)

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 2022	PACRA	A1+	AAA
Askari Bank Limited	June 2022	PACRA	A1+	AA+
Bank Alfalah Limited	June 2022	PACRA	A1+	AA+
Bank Al-Habib Limited	June 2022	PACRA	A1+	AAA
Citibank N.A. - Pakistan Branches	June 2022	Moody's	P-1	Aa3
Faysal Bank Limited	June 2022	PACRA	A1+	AA
Habib Bank Limited	June 2022	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June 2022	PACRA	A1+	AA+
MCB Bank Limited	June 2022	PACRA	A1+	AAA
Meezan Bank Limited	June 2022	VIS	A-1+	AAA
National Bank of Pakistan	June 2022	PACRA	A1+	AAA
Samba Bank Limited	June 2022	VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	June 2022	PACRA	A1+	AAA
United Bank Limited	June 2022	VIS	A-1+	AAA
Soneri Bank Limited	June 2022	PACRA	A1+	AA-
The Bank of Punjab	June 2022	PACRA	A1+	AA+

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.

(Amounts in Rs. '000)

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.

	2022	2021
	Contractual maturity	
	Up to three months	
Financial liabilities		
Trade and other payables	**471,827,787**	152,987,208
Unclaimed dividend	**1,478,519**	1,373,428
Unpaid dividend	**-**	129,789
Accrued interest / mark-up	**1,029,501**	297,053
Short-term borrowings	**155,845,542**	56,042,897
	630,181,349	210,830,375

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.

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 objective and generating returns for investors.

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.

(Amounts in Rs. '000)

43.2 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 2021.

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, 2022 and 2021 were as follows:

	Note	2022	2021
Short-term borrowings	26	**155,845,542**	56,042,897
Cash and bank balances with lenders		**(13,907,235)**	(2,890,746)
Net debt		**141,938,307**	53,152,151
Total equity		**215,649,101**	139,633,833
Total capital		**357,587,408**	192,785,984
Gearing ratio		**39.69%**	27.57%

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.

44. TRANSACTIONS WITH RELATED PARTIES

44.1 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	22.47%	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%	State owned / controlled entities

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2022

Name of Related parties	Direct Shareholding	Relationship
Pakistan Refinery Limited	63.56%	Subsidiary
Pak Grease Manufacturing Company (Private) Limited	22%	Associate
Asia Petroleum Limited	49%	Associate
Retirement benefit funds namely	N/A	Post employment benefits
PSO CSR Trust	N/A	Trust Controlled by KMP
Board of management - Oil	N/A	Charged with governance
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
Sui Southern Gas Company Limited	N/A	Government related entity / Common Directorship
National Power Parks Management Company (Private) Limited	N/A	Common Directorship
Oil Companies Advisory Council	N/A	Government related entity
Oil and Gas Development Company	N/A	Government related entity
Pakistan Petroleum Limited	N/A	Government related entity
Oil and Gas Regulatory Authority (OGRA)	N/A	Regulatory Authority - Government related entity
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
Power Holding (Private) Limited	N/A	Common Directorship
National Engineering Services Pakistan (Pvt.) Limited	N/A	Government related entity
Pakistan Electrical Power Company	N/A	Government related entity
Private Power & Infrastructure Board	N/A	Government related entity
Alternative Energy Development Board	N/A	Government related entity
786 Investments Limited	N/A	Common Directorship
Lean in Pakistan Foundation	N/A	Common Directorship
Dawood Global Foundation	N/A	Common Directorship
Petroleum Institute of Pakistan	N/A	Common Directorship
Ladiesfund Energy (Pvt.) Limited	N/A	Common Directorship
Ladiesfund Solar (Pvt.) Limited	N/A	Common Directorship
Pakistan Mineral Development Corporation	N/A	Common Directorship
Saindak Metals Limited	N/A	Common Directorship
Dawood Family Takaful Limited	N/A	Common Directorship
Pakistan LNG Limited	N/A	Government related entity / Common Directorship
Pakistan LNG Terminals Limited	N/A	Government related entity
Shehryar Omar	N/A	Key management personnel
Gulzar G Khoja	N/A	Key management personnel
Abdus Sami	N/A	Key management personnel
Rashid Umer Siddiqui	N/A	Key management personnel
Mohsin Ali Mangi	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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2022

Name of Related parties	Direct Shareholding	Relationship
Mansoor Ismail	N/A	Key management personnel
Nadeem Afridi	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
Muhammad Ali	N/A	Key management personnel
Hammad Zafar	N/A	Key management personnel
Mir Shahzad Khan Talpur	N/A	Key management personnel
Brig. (R) Rizwan Ahmed	N/A	Key management personnel
Syed Sajjad	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
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
Saira Najeeb Ahmed	N/A	Director
Asim Iqbal	N/A	Director
Hassan Mehmood Yousufzai	N/A	Director

(Amounts in Rs. '000)

44.2 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	2022	2021
Subsidiary			
- Pakistan Refinery Limited	Purchases	**111,585,988**	73,881,104
	Income facility charges	**844**	786
	Acquisition of shares in Pakistan Refinery Limited	**-**	224,590
	Group relief	**1,238,393**	-
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	**130,411**	59,851
- Asia Petroleum Limited	Income facility charges	**475,882**	1,367
	Pipeline charges	**461,847**	15,451
Retirement benefit funds			
- Pension funds	Charge for the year	**219,909**	201,878
	Contributions	**-**	169,045
- Gratuity fund	Charge for the year	**270,571**	265,982
	Contributions	**-**	280,590
- Contributory pension funds	Charge for the year	**216,324**	190,780
	Contributions	**216,324**	190,780
- Provident fund	Charge for the year	**200,218**	165,235
	Contributions	**188,265**	156,061
Key management personnel	Managerial remuneration	**184,018**	124,584
	Housing and utilities	**101,210**	68,521
	Performance bonus	**48,570**	35,856
	Other allowances and benefits	**128,721**	93,086
	Retirement benefits	**39,378**	27,298
	Leave encashment	**1,850**	13,363
	Vehicles having net book value of Rs. 7,070 (2021: Rs.6,874) transferred under employee car scheme (sale proceeds)	**7,389**	8,032

(Amounts in Rs. '000)

44.3 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:

		2022	2021
- Government of Pakistan	Dividend paid	1,055,041	527,521
	Price differential claim received	125,942,629	-
- PSOCL Employees Empowerment Scheme	Dividend paid to the trust	142,636	71,318
- Board of Management	Contribution	25,517	23,890
- Pak-Arab Pipeline Company Limited	Pipeline charges	5,752,542	4,014,321
	Dividend received	384,142	350,972
- Water and Power Development Authority	Utility charges	167,088	114,494
- GENCO	Gross sales	29,961,543	5,304,406
- Pakistan Petroleum Limited	Purchases	167,813	45,345
- Oil and Gas Development Company	Gross sales	25,846	1,138,499
	Purchases	2,499,782	1,081,428
- Pakistan International Airlines Corporation Limited	Gross sales	26,317,293	8,122,529
	Purchases	8,510	7,747
- Pakistan Railways	Gross sales	20,802,497	15,361,668
- Pak-Arab Refinery Company Limited	Purchases	408,270,005	178,126,287
	Pipeline charges	1,081,294	575,294
	Other expense	-	2,548,522
- Sui Northern Gas Pipeline Limited	Gross sales	692,274,963	299,286,670
- K-Electric Limited	Gross sales	106,268,504	57,745,965
	Income facility charges	35,915	52,382
	Late payment income	-	11,711
	Utility charges	126,408	117,031

(Amounts in Rs. '000)

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) The 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.

44.4 The status of outstanding receivables from and payables to related parties as at June 30, 2022 are included in respective notes to these unconsolidated financial statements.

44.5 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.

44.6 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.

44.7 All the transactions with directors have been disclosed in the note 34.2.2 to these unconsolidated financial statements.

45. 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.

46. EVENTS AFTER THE REPORTING DATE

The Board of Management in its meeting held on August 26, 2022 proposed (i) a final cash dividend of Rs. 10 per share amounting to Rs. 4,694,734 (ii) Nil % Bonus shares (Nil shares) for approval of the members at the Annual General Meeting.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2022

(Amounts in Rs. '000)

47. CAPACITY AND ACTUAL PERFORMANCE

	Metric Ton	
	2022	**2021**
Available capacity	**70,000**	70,000
Actual production	**44,507**	39,099

The above pertains to lube manufacturing plant of the Company and the production is carried out as per sales demand.

48. NUMBER OF EMPLOYEES

	2022	**2021**
Total employees as at June 30	**2,259**	2,393
Average number of employees during the year	**2,333**	2,443

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 26, 2022 by the Board of Management.

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman - Board of Management

Gulzar Khoja
Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS

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, 2022, 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, 2022, 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 Matters

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 seperate 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 (Refer notes 14 and 17 to the consolidated financial statements) As at June 30, 2022 the Group's receivable from Government of Pakistan and customers amounted to Rs. 442,976 million which included trade debts receivables of Rs. 373,160 million from customers including GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO) and Sui Northern Gas Pipelines Company Limited (SNGPL) of Rs. 74,305 million, Rs.13,451 million and Rs.226,093 million respectively which were past due from related parties and	Our audit procedures in respect of receivables, amongst others, included the following: • Tested, on a sample basis, receivable aging report classification within the appropriate aging bracket with underlying invoices; • 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; • Inspected correspondence with the customers and relevant government authorities and held discussions with the management and Board Audit and Compliance

Key audit matters	How the matter was addressed in our audit
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. The Group has recognised a specific provision of Rs. 347 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. Interest on the past due amounts from customers is recognised by the Group on receipt basis. 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.	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; • 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; • 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 • 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.
Recognition of Revenue / Income (Refer notes 33 and 35 to the consolidated financial statements). The Group recognises revenue at the transaction price which the Group expects to be entitled to, after deducting sales tax, discounts and applicable levies. 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. 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.	Our audit procedures to assess the recognition, amongst others, included the following: • Assessed the design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products; • Assessed 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”); • 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; • 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; • Tested journal entries relating to revenue recognized during the year based on identified risk criteria;

Key audit matters	How the matter was addressed in our audit
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.	• Assessed reasonableness of management's judgment relating to recoverability of interest on delayed payments from customers; and • 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, 2022, 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.

INDEPENDENT AUDITOR'S REPORT

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.

The engagement partner on the audit resulting in this independent auditor's report is Inam Ullah Kakra.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
September 26, 2022

UDIN: AR202210202PtARa6qYs

Consolidated Statement of Financial Position

As at June 30, 2022

	Note	2022	2021
ASSETS		------------- (Rupees in '000)	-------------
Non-current assets			
Property, plant and equipment	5	**38,965,563**	38,464,387
Right-of-use assets	6	**6,604,904**	5,362,947
Intangibles	7	**259,292**	161,483
Long-term investments	8	**7,716,340**	11,429,516
Long-term loans, advances and other receivables	9	**343,234**	412,904
Long-term deposits	10	**358,719**	357,041
Deferred tax asset - net	11	**17,719,521**	13,181,951
Retirement benefits	22	**32,584**	1,483,341
		72,000,157	70,853,570
Current assets			
Stores, spares, chemicals and loose tools	12	**1,358,052**	1,342,481
Stock-in-trade	13	**362,469,390**	88,934,410
Trade debts	14	**433,138,291**	222,384,954
Loans and advances	15	**662,454**	384,136
Short-term deposits and prepayments	16	**532,309**	258,402
Other receivables	17	**59,068,727**	21,334,735
Taxation - net		**-**	5,461,799
Cash and bank balances	18	**37,457,819**	2,974,299
		894,687,042	343,075,216
Net assets in Bangladesh	19	**-**	-
TOTAL ASSETS		**966,687,199**	413,928,786
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**4,694,734**	4,694,734
Reserves	21	**215,787,009**	135,527,322
Equity attributable to the owners of the Holding Company		**220,481,743**	140,222,056
Non-controlling interest	4	**6,861,546**	2,150,881
		227,343,289	142,372,937
Non-current liabilities			
Retirement and other service benefits	22	**10,517,504**	7,563,897
Long-term borrowings	23	**-**	293,924
Lease liabilities	24	**5,984,284**	4,447,941
Deferred income - Government grant	25	**100,000**	-
Other payable	26	**674,319**	752,712
		17,276,107	13,058,474
Current liabilities			
Trade and other payables	27	**528,453,924**	181,342,763
Unclaimed dividend	28	**1,498,372**	1,393,280
Unpaid dividend	29	**-**	129,789
Provisions	30	**639,413**	743,436
Short-term borrowings	31	**174,746,786**	73,616,445
Accrued interest / mark-up	31.5	**1,142,121**	483,949
Current portion of lease liabilities	24	**821,228**	787,713
Taxation - net		**14,765,959**	-
		722,067,803	258,497,375
TOTAL LIABILITIES		**739,343,910**	271,555,849
TOTAL EQUITY AND LIABILITIES		**966,687,199**	413,928,786
CONTINGENCIES AND COMMITMENTS	32		

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Syed Muhammad Taha	**Zafar I. Usmani**	**Gulzar Khoja**
Managing Director & CEO	**Chairman - Board of Management**	**Chief Financial Officer**

Consolidated Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Net sales	33	**2,541,730,367**	1,223,678,351
Cost of products sold	34	**(2,363,603,161)**	(1,166,423,044)
Gross profit		**178,127,206**	57,255,307
Other income	35	**25,348,138**	19,415,472
Operating costs			
Distribution and marketing expenses	36	**(12,997,810)**	(12,022,223)
Administrative expenses	37	**(4,767,487)**	(3,715,366)
Provision for impairment on financial assets - net	14.4 & 17.7.1	**(5,104,188)**	(898,265)
Other expenses	38	**(14,772,913)**	(4,053,521)
		(37,642,398)	(20,689,375)
Profit from operations		**165,832,946**	55,981,404
Finance costs	39	**(5,962,595)**	(11,553,734)
Share of profit of associates - net of tax	8.3.1	**690,334**	574,953
Profit before taxation		**160,560,685**	45,002,623
Taxation	40	**(64,838,014)**	(15,445,368)
Profit for the year		**95,722,671**	29,557,255
Profit attributable to:			
Owners of the Holding Company		**91,243,935**	29,404,917
Non-controlling interest		**4,478,736**	152,338
		95,722,671	29,557,255
		(Rupees)	
Earning per share - basic and diluted	41	**194.35**	62.63

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Syed Muhammad Taha	Zafar I. Usmani	Gulzar Khoja
Managing Director & CEO	Chairman - Board of Management	Chief Financial Officer

Consolidated Statement Of Comprehensive Income

For the year ended June 30, 2022

	Note	2022	2021
		------------- (Rupees in '000) -------------	
Profit for the year		**95,722,671**	29,557,255
Other comprehensive income / (loss):			
Items that will not be subsequently reclassified to profit or loss:			
Share of actuarial (loss) / gain on remeasurement of staff retirement benefits of associates - net of tax	8.3.1	**(38)**	3,504
Unrealised loss on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	8.2.1	**(3,666,535)**	(641,544)
Taxation thereon		**421,262**	139,535
		(3,245,273)	(502,009)
Actuarial (loss) / gain on remeasurement of retirement and other service benefits	22.1.6 & 22.2.1.7	**(3,427,632)**	954,791
Taxation thereon		**615,358**	(254,819)
		(2,812,274)	699,972
		(6,057,585)	201,467
Total comprehensive income for the year		**89,665,086**	29,758,722
Total comprehensive income attributable to:			
Owners of the Holding Company		**85,259,482**	29,578,652
Non-controlling interest		**4,405,604**	180,070
		89,665,086	29,758,722

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Syed Muhammad Taha	**Zafar I. Usmani**	**Gulzar Khoja**
Managing Director & CEO	**Chairman - Board of Management**	**Chief Financial Officer**

Consolidated Statement of Changes in Equity

For the year ended June 30, 2022

		Reserves								
		Capital reserves		Revenue reserves						
	Share capital	Surplus on vesting of net assets	Special Reserve	Unrealised (loss) / gain on remeasurement of FVOCI investments	General reserve	PSO venture capital fund	Un-appropriated profit	Sub-total	Non - controlling interest	Total
	(Rupees in '000)									
Balance as at July 01, 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 of the Company										
Distributions										
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)
Total distributions	-	-	-	-	-	-	(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
Balance as at July 01, 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**
Total comprehensive income for the year										
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**91,243,935**	**91,243,935**	**4,478,736**	**95,722,671**
Profit for the year transferred to venture capital reserve	**-**	**-**	**-**	**-**	**-**	**1,478,551**	**(1,478,551)**	**-**	**-**	**-**
Other comprehensive income										
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	**-**	**-**	**-**	**(3,245,273)**	**-**	**-**	**-**	**(3,245,273)**	**-**	**(3,245,273)**
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**(2,739,143)**	**(2,739,143)**	**(73,131)**	**(2,812,274)**
Share of actuarial loss on remeasurement of the staff retirement benefits of associates - net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**(38)**	**(38)**	**-**	**(38)**
	-	**-**	**-**	**(3,245,273)**	**-**	**-**	**(2,739,181)**	**(5,984,454)**	**(73,131)**	**(6,057,585)**
Transfer to / (from) special reserve relating to Subsidiary Company	**-**	**-**	**7,623,065**	**-**	**-**	**-**	**(7,928,125)**	**(305,060)**	**305,060**	**-**
Transactions with the owners of the Company										
Distributions										
Final dividend for the year ended June 30, 2021 at Rs. 10 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(4,694,734)**	**(4,694,734)**	**-**	**(4,694,734)**
Balance as at June 30, 2022	**4,694,734**	**3,373**	**8,460,221**	**2,240,544**	**25,282,373**	**1,478,551**	**178,321,947**	**215,787,009**	**6,861,546**	**227,343,289**

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Syed Muhammad Taha
Managing Director & CEO

Zafar I. Usmani
Chairman - Board of Management

Gulzar Khoja
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2022

	Note	2022	2021
		------------- (Rupees in '000) -------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	42	**(5,210,006)**	29,142,395
Long-term loans, advances and other receivables		**69,670**	46,472
Long-term deposits and prepayments		**(1,678)**	(128,587)
Taxes paid		**(48,111,206)**	(9,555,543)
Finance costs paid		**(4,416,836)**	(4,997,483)
Retirement and other service benefits paid		**(327,878)**	(803,430)
Net cash (used in) / generated from operating activities		**(57,997,934)**	13,703,824
.			
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(3,841,048)**	(5,857,774)
Proceeds from disposal of property, plant and equipment	5.2	**125,698**	53,079
Dividends received		**1,121,079**	443,089
Net cash used in investing activities		**(2,594,271)**	(5,361,606)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share subscription money-net of issuance cost		**-**	984,001
Long-term borrowings - net	23.1	**(2,900,000)**	(200,000)
Short-term borrowings - net	31.6	**116,346,510**	(12,918,987)
Lease payments		**(1,027,032)**	(913,613)
Proceeds from salary refinancing - net		**(144,160)**	99,774
Dividends paid		**(4,719,431)**	(2,199,227)
Net cash generated from / (used in) financing activities		**107,555,887**	(15,148,052)
Net increase / (decrease) in cash and cash equivalents		**46,963,682**	(6,805,834)
Cash and cash equivalents at beginning of the year		**(11,379,998)**	(4,574,164)
Cash and cash equivalents at end of the year	43	**35,583,684**	(11,379,998)

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Syed Muhammad Taha	**Zafar I. Usmani**	**Gulzar Khoja**
Managing Director & CEO	**Chairman - Board of Management**	**Chief Financial Officer**

Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

1. GROUP LEGAL STATUS AND NATURE OF BUSINESS

The Group consist 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	Geographical Location
Head Office	PSO House, Khayaban-e-Iqbal, Clifton, Karachi.
Lubes Manufacturing Plant	National Refinery Limited, Korangi, Karachi. Kemari Oil Terminal, Kemari, Karachi.

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 Fourth 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, 2022 the Holding Company controls 63.56% (2021: 63.56%) shares of the Subsidiary Company.

1.2.2 The business units of the Subsidiary Company include the following:

Business Unit	Geographical Location
Head Office & Refinery Complex	Korangi Creek Road, Karachi.
Storage tanks	Kemari, Karachi.

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 notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These consolidated financial statements have been prepared on the basis of 'historical cost' convention, except for the following:

- 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-assess 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 continue 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 Accounting estimates, assumptions and judgments

The preparation of these consolidated 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 relevant to the financial statements that may result in adjustments in subsequent years are as follows:

2.5.1 Property, plant and equipment and intangibles

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

Where the Group cannot readily determine the interest rate implicit in the lease, therefore, 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 Holding Company has several lease contracts that include extension and termination options. The Holding Comapny 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

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)

The Group 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 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 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 Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly/ ultimately from Government of Pakistan (GoP) till 30 June 2022. Accordingly, the Group reviews the recoverability of its trade debts, lease receivables and investments that are due directly/ ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

The Group has overdue receivables on account of inter-corporate circular debt. These overdue balances are receivable from gas supply and power companies. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress is slower than expected resulting in accumulation of Group's debts. Inter-corporate circular debt in Pakistan arises due to delayed payments in the energy sector supply chain; GoP either directly or through its direct/indirect ownership of entities within energy sector supply chain is at the core of circular debt issue.

Settlement of the Group's receivables is slower than the contractual terms primarily because circular debt is a macro economic level issue in Pakistan and its level at any given time is dependent on policies and/or priorities of the GoP, the level of subsidies offered by GoP to certain domestic and industrial consumers, exchange rate fluctuations, global crude oil prices and certain other systemic issues within energy sector (tariffs, losses, non / delayed recoveries).

The Group's assessment of objective evidence of impairment with respect to over due amounts on account of inter-corporate circular debt takes into account commitment made by the GoP, contractual rights to receive compensation for delayed payments and plans of the GoP to address the issue of inter-corporate circular debt.

2.5.5 Income taxes

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. 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 deffered tax is also made, by taking into account, these judgements and the best estimates of future results of the Group.

2.5.6 Provision for retirement and other service benefit obligations

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 22 to these consolidated financial statements.

2.5.7 Valuation of un-quoted equity investments other than associates

The fair value of un-quoted equity investments other than 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

The following are new and amended standards and interpretations that are mandatory for accounting periods beginning July 01, 2021.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

These amended standards and interpretations are considered not to be relevant or do not have any significant effect on the Group's 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, 2022 and these amendments are not likely to have a significant effect over these consolidated financial statements.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after January 1, 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. 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 1, 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 percent' test in paragraph B 3.3.6 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. This amendment enables the fair value measurement of biological assets on a post-tax basis.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 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.

- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. 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 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) 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 an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January

2023, with earlier application permitted, 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) 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 recognize 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 recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized 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 1 January 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 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 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 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 Group now awaits the specific instructions from the Ministry of Energy (Petroleum Division) regarding the winding up of the Trust, 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 including major spare parts and stand-by equipments, 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 entity 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 (OCI) 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 FVOCI, it needs to give rise to cash flows that are 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 (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, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI 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 listed 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 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 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 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 other comprehensive income is recognised in the Group's 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 FVOCI investment is converted into associated company, the balance in the surplus on revaluation of related asset is transferred to un-appropriated 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 and fair value less costs to sell) with its carrying amount and loss, if any, is recognised in the 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 of completion and 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.

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 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

SECP through S.R.O. 985 (I)/2019 dated September 2, 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till June 30, 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Under the said S.R.O, the disclosure of the impacts of ECL was not required. Further, SECP through S.R.O 1177(I)/2021 dated September 13, 2021 extended the exemption period till June 30, 2022. Earlier to the aforesaid S.R.O. dated September 2, 2019, SECP in a press release dated August 22, 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon of circular debt need to be given due consideration. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from government, due to uncertain cash recovery patterns of circular debt, carry weight. In accordance with the exemption granted by SECP, ECL has not been recognised in respect of financial assets due directly /ultimately from GoP (i.e SNGPL, HUBCO and GENCO) in the consolidated financial statements based on the clarification received from SECP. The Group expects same exemption for another one year from SECP.

Financial assets,on which ECL model is not applicable as per the aforesaid notification of SECP, are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually 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 statement of profit or loss . 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 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 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 approved funded defined benefit gratuity schemes for all its eligible 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 gains or losses (remeasurements) are immediately recognised in 'Other Comprehensive Income' as they occur. The amount recognised in the 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 medical benefits to its permanent employees except for those management and non-management employees who joined the Holding 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 as they occur. The amount recognised in the 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 contributory provident funds for its eligible employees. Equal monthly contributions are made both by the Group and the employee at the rate of 8.33% and 10% per annum of the basic salary by the Holding Company and the Subsidiary Company, respectively. In addition, employees of the Holding Company have the option to contribute at the rate of 16.66% per annum, however, the Holding Company's contribution remains at the rate of 8.33% per annum.

Pension fund

The Holding Company also operates an approved funded contributory pension fund saperately 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 liability

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, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. 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 seprate 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 other comprehensive income / (loss).

3.17.2 Deferred

Deferred tax is accounted for using the balance sheet 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 other comprehensive income / (loss).

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 (in case of export on CIF basis, at the time when the products are shipped to customer) or it is pumped in the customer's tanks or at customer premises.

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 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.
- Return on deposits and other financial assets is recognised on accrual basis.

3.21 Borrowing costs

Borrowing costs are recognised as 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 include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. 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 Holding 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), Refining operations and others.

3.23 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 Group 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 Group 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.

The Group currently does not have any joint venture.

3.24 Government Grant

Government grants are recognised at the fair value of the consideration received. A grant without specified future performance conditions is recognised in income when the grant proceeds are received. A grant that imposes specified future performance conditions is recognised in statement of profit or loss when all those conditions are met. Government grants received before the income recognition criteria are satisfied are presented as a separate liability in the statement of financial position. Government grants are recognised in the statement of profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Further, the Group does not recognise those forms of government assistance for which a reasonable value cannot be placed.

3.25 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.

3.26 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.

(Amounts in Rs. '000)

3.27 Contingencies

Contingencies are disclosed when the 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 entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

4. NON - CONTROLLING INTEREST

4.1 Non-controlling interest in the Subsidiary Company has been calculated as follows:

	2022	2021
Non-current assets	**29,231,739**	20,673,268
Current assets	**61,715,187**	20,320,752
Non-current liabilities	**(1,012,809)**	(824,614)
Current liabilities	**(66,337,719)**	(38,122,408)
Net assets	**23,596,398**	2,046,998
Adjustments for consolidation:		
Fair value adjustment	**8,977,330**	9,260,067
Consistency of accounting policy	**(20,325,928)**	(11,149,288)
Others	**6,581,905**	5,744,749
	(4,766,693)	3,855,528
Adjusted net assets of the Subsidiary Company	**18,829,705**	5,902,526
Share of NCI @ 36.44% (2021: 36.44%)	**6,861,546**	2,150,881

4.2 Net turnover and profit after tax from the acquired business are as follows:

	2022	2021
Net turnover	**191,316,055**	92,084,090
Profit for the year	**12,573,450**	937,156

4.3 During the year, the Holding Company has recorded NCI's share of profit Rs. 4,478,736 and actuarial loss of Rs. 73,131 in consolidated statement of profit or loss and other comprehensive income respectively.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
Operating assets	5.1	**35,281,123**	32,810,904
Capital work-in-progress	5.4	**3,684,440**	5,653,483
		38,965,563	38,464,387

(Amounts in Rs. '000)

5.1 Operating assets

	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 equipment	Railway sidings	Gas cylinders / regulators (Note 5.1.2)	Total
	Freehold	Leasehold	On freehold land	On leasehold land									
As at July 01, 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	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
Year ended June 30, 2022													
Opening 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**
Additions	**-**	**-**	**144,272**	**217,849**	**3,423,443**	**758,919**	**602,413**	**32,917**	**218,362**	**202,473**	**-**	**37,017**	**5,637,665**
Disposals (note 5.2)													
Cost	**-**	**-**	**(360)**	**(6,691)**	**(7,062)**	**(449,361)**	**(9,425)**	**(3,079)**	**(36,422)**	**(11,238)**	**(58)**	**(42,192)**	**(565,888)**
Accumulated depreciation	**-**	**-**	**353**	**6,306**	**7,062**	**448,759**	**8,831**	**2,948**	**25,292**	**11,238**	**58**	**39,555**	**550,402**
	-	**-**	**(7)**	**(385)**	**-**	**(602)**	**(594)**	**(131)**	**(11,130)**	**-**	**-**	**(2,637)**	**(15,486)**
Depreciation charge (note 5.1.1)	**-**	**(1,263)**	**(34,363)**	**(85,005)**	**(826,703)**	**(544,986)**	**(1,317,115)**	**(27,064)**	**(154,586)**	**(117,126)**	**(4,427)**	**(39,322)**	**(3,151,960)**
Closing net book value	**9,891,655**	**80,392**	**548,934**	**949,805**	**6,892,772**	**3,506,572**	**12,026,343**	**412,673**	**424,885**	**251,470**	**23,292**	**272,330**	**35,281,123**
As at June 30, 2022													
Cost	**9,891,655**	**110,921**	**1,261,551**	**2,078,024**	**13,340,648**	**13,339,982**	**20,557,873**	**804,435**	**2,098,497**	**1,314,818**	**97,555**	**493,797**	**65,389,756**
Accumulated depreciation	**-**	**(30,529)**	**(712,617)**	**(1,128,219)**	**(6,447,876)**	**(9,833,410)**	**(8,531,530)**	**(391,762)**	**(1,673,612)**	**(1,063,348)**	**(74,263)**	**(221,467)**	**(30,108,633)**
Net book value	**9,891,655**	**80,392**	**548,934**	**949,805**	**6,892,772**	**3,506,572**	**12,026,343**	**412,673**	**424,885**	**251,470**	**23,292**	**272,330**	**35,281,123**
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**	

Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

(Amounts in Rs. '000)

5.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2022	2021
Cost of products sold	34.2	**1,303,526**	1,432,021
Distribution and marketing expenses	36	**1,573,228**	1,268,549
Administrative expenses	37	**275,206**	256,046
		3,151,960	2,956,616

5.1.2 Service and filling stations include cost of Rs. 12,521,271 (2021: Rs.12,237,548) 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 2,151 (2021: 2,131) out of the total 3,500 (2021: 3,501) retail filling station of dealers and consumer sites. In view of large number of outlets and consumer sites, the group considers it impracticable to disclose particulars of assets not in the possession of the Holding Company as required under the Fourth Schedule to the Companies Act, 2017. Furthermore, gas cylinders amounting to Rs. 493,798 (2021: Rs.498,969) are not in possession of the Group.

5.1.3 Included in operating assets are fully depreciated assets having cost of Rs. 18,750,857 (2021: Rs. 16,917,610).

5.1.4 Included in operating assets are assets having net book value of Rs. 802,259 (2021: Rs. 690,216) in respect of Group's share in the joint operation. Certain assets relating to joint operation (Eastern Joint Hydrant System and New Islamabad International Airport) are not in the possession or name of the Group having net book value of Rs. 99,160 (2021: Rs. 108,122) and Rs. 317,006 (2021: Rs. 381,389), 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 Group considers it impracticable to disclose particulars of assets not in the possession or name of the Group as required under the Fourth Schedule to the Companies Act, 2017.

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	**1,923**	**1,218**	**705**	**705**	**-**	Group Policy	Mr. Raja Imran Ullah
Vehicle	**1,982**	**1,421**	**561**	**759**	**198**	Group Policy	Mr. Hammad Zaffar Ex. Employee
Vehicle	**1,929**	**1,349**	**580**	**644**	**64**	Group Policy	Mr. Nasir Khan Ex. Employee
Vehicle	**2,083**	**1,317**	**766**	**766**	**-**	Group Policy	Mr. Nadeem Afridi
Vehicle	**2,543**	**1,055**	**1,488**	**1,530**	**42**	Group Policy	Mr. Syed Sajjad
Vehicle	**4,006**	**456**	**3,550**	**3,629**	**79**	Group Policy	Mr. Mian Usman Ex. Employee
Vehicle	**2,426**	**801**	**1,625**	**1,625**	**-**	Group Policy	Mr. Mustafa Saleemi Ex. Employee
Vehicle	**1,979**	**817**	**1,162**	**1,162**	**-**	Group Policy	Mr. Hassan Abu Bakr Ex. Employee
Items having book value of less than Rs.500 each	**547,017**	**541,968**	**5,049**	**114,878**	**109,829**		
June 30, 2022	**565,888**	**550,402**	**15,486**	**125,698**	**110,212**		
June 30, 2021	196,763	179,665	17,098	53,080	35,982		

5.3 The details of immovable fixed assets (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
Refinery		
Refinery Complex*	Naclass No. 24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi	968,000
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
Skardu Land (Refer note 25)	Thorgo, Skardu	235,950
PSO House	PSO House, Clifton, Karachi.	6,535
Railway Marshalling Yard, Pipri	South Western Zone, Port Qasim Authority, Karachi.	484,000

* This includes 4,840 and 23,861 square yards of land leased to President of Pakistan and M/s Burshane LPG Ltd (Burshane) respectively.

For the year ended June 30, 2022

(Amounts in Rs. '000)

5.3.1 In view of large number of buildings and other immoveable assets, the Group considers it impracticable to disclose particulars of such assets of the Group as required under the Fourth Schedule to the Companies Act, 2017.

		Note	2022	2021
5.4	**Capital work-in-progress**			
	Buildings		**10,240**	-
	Tanks and pipelines		**1,272,879**	3,490,359
	Service and filling stations		**221,187**	79,606
	Plant and machinery		**190,717**	162,150
	Office equipments, furniture and fittings		**55,818**	47,576
	Vehicles and other rolling stock		**655**	165
	Advance to suppliers and contractors		**155,446**	127,401
	Capital spares		**1,777,498**	1,746,226
		5.4.1	**3,684,440**	5,653,483
5.4.1	Movement in capital work-in-progress is as follows:			
	Balance at beginning of the year		**5,675,825**	3,410,276
	Additions during the year		**3,850,355**	5,868,576
	Transfers during the year			
	-Operating assets		**(5,644,922)**	(3,496,499)
	-Intangibles		**(172,426)**	(106,528)
			(5,817,348)	(3,603,027)
			3,708,832	5,675,825
	Provision for impairment	5.4.2	**(24,392)**	(22,342)
	Balance at end of the year		**3,684,440**	5,653,483

5.4.2 During the year, net charge of Rs. 2,050 (2021: Rs. 3,290) was recorded as provision for impairment.

5.4.3 Includes Capital Work-In-Progress amounting to Rs. 175,668 (2021: 269,601) in respect of Holding company's share in joint operation.

(Amounts in Rs. '000)

6. RIGHT-OF-USE ASSETS

	Note	Land	Building	Total
Balance as at July 1, 2020				
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 during the year		333,716	-	333,716
Less: Depreciation charge for the year		(434,332)	(23,361)	(457,693)
Less: Disposals during the year		(349)	-	(349)
Cost		(434)	-	(434)
Accumulated depreciation		85	-	85
Closing net book value		5,359,086	3,861	5,362,947
Balance as at June 30, 2021				
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

	Note	Land	Building	Total
Balance as at July 1, 2021				
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**
Movement during the year				
Opening net book value		**5,359,086**	**3,861**	**5,362,947**
Additions		**1,663,654**	**-**	**1,663,654**
Change due to modifications during the year		**152,261**	**-**	**152,261**
Less: Depreciation charge for the year	6.2	**(564,030)**	**(3,861)**	**(567,891)**
Less: Disposals during the year		**(6,067)**	**-**	**(6,067)**
Cost		**(7,059)**	**-**	**(7,059)**
Accumulated depreciation		**992**	**-**	**992**
Closing net book value		**6,604,904**	**-**	**6,604,904**
Balance as at June 30, 2022				
Cost		**7,995,587**	**50,583**	**8,046,170**
Accumulated depreciation		**(1,390,683)**	**(50,583)**	**(1,441,266)**
Net book value		**6,604,904**	**-**	**6,604,904**

(Amounts in Rs. '000)

6.1 The annual rate of depreciation for the right-of-use assets is ranging between 1% - 20%.

6.2 Depreciation charge for the year has been allocated as follows:

	Note	2022	2021
Cost of products sold	34.2	**15,910**	15,910
Distribution and marketing expenses	36	**511,407**	411,476
Administrative expenses	37	**40,574**	30,307
		567,891	457,693

6.3 The right-of-use assets mainly comprise lands and office premises acquired on lease by the Group for its operations. The Group have also entered into lease of pipelines, and tank lorries, however, these do not form a part of right-of-use assets on account of variable payments not linked to index or rate.

7. INTANGIBLES

	Note	2022	2021
Net carrying value			
Net book value at beginning of the year		**161,483**	90,885
Additions at cost		**172,426**	106,528
Amortisation charge for the year		**(74,617)**	(35,930)
Net book value at end of the year		**259,292**	161,483
Gross carrying value			
Cost	7.2	**817,871**	645,447
Accumulated amortisation		**(558,579)**	(483,964)
Net book value		**259,292**	161,483

7.1 The cost is being amortised over a period of 3 to 5 years.

7.2 Intangibles include ERP System - SAP, anti-virus softwares and other office related softwares.

8. LONG-TERM INVESTMENTS

	Note	2022	2021
Investment in related parties			
Investment held at fair value through other comprehensive income			
In an unquoted company			
- Pak-Arab Pipeline Company Limited (PAPCO)			
Equity held: 12% (2021: 12%)			
No. of shares: 8,640,000 (2021: 8,640,000) of Rs. 100/- each	8.2.1	**4,208,094**	7,874,629
Investment in associates			
In unquoted companies			
- Asia Petroleum Limited			
Equity held: 49% (2021: 49%)			
No. of shares: 46,058,570 (2021: 46,058,570) of Rs. 10/- each	8.3	**3,413,175**	3,453,641
- Pak Grease Manufacturing Company (Private) Limited			
Equity held: 49.26% (2021: 49.26%)			
No. of shares: 1,536,593 (2021: 1,536,593) of Rs. 10/- each	8.3	**95,071**	101,246
		3,508,246	3,554,887
		7,716,340	11,429,516

(Amounts in Rs. '000)

8.1 The principal place of business of all the investees is Karachi.

8.2 Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Group. Accordingly, the Group 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:

	2022	2021
- Discount rate	19.85% - 21.08%	16.40% - 17.20%
- Growth rate of terminal value	6%	6%

Based on the above fair valuation exercise, the Group has recorded an unrealised loss (net of tax) of Rs. 3,245,273 (2021: Loss of Rs. 502,009) in other comprehensive (loss) / income for the year.

8.2.1 Movement of investment classified as FVOCI

	2022	2021
Balance at beginning of the year	7,874,629	8,516,173
Remeasurement loss recognised as other comprehensive loss	(3,666,535)	(641,544)
Balance at the end of the year	4,208,094	7,874,629

8.2.2 Sensitivity to unobservable inputs:

	2022	2021
- Discount rate (1% increase)	(19,214)	(580,008)
- Discount rate (1% decrease)	19,945	705,147
- Growth rate of terminal value (1% increase)	124,485	517,028
- Growth rate of terminal value (1% decrease)	(107,718)	(426,608)

8.3 Investments in associates

8.3.1 Movement of investment in associates

	2022			2021		
	APL	PGMCL	Total	APL	PGMCL	Total
Balance at beginning of the year	3,453,641	101,246	3,554,887	2,955,801	112,746	3,068,547
Share of profit / (loss) of associates - net of tax:						
- current year - unaudited	692,511	(4,593)	687,918	589,717	(9,351)	580,366
- adjustment for last year profit / (loss) based on prior year audited financial statements	4,252	(1,836)	2,416	(4,084)	(1,329)	(5,413)
	696,763	(6,429)	690,334	585,633	(10,680)	574,953
Share of actuarial (loss) / gain on remeasurement of staff retirement benefits of associates - net of tax	(292)	254	(38)	4,324	(820)	3,504
Dividend income	(736,937)	-	(736,937)	(92,117)	-	(92,117)
Balance at end of the year	3,413,175	95,071	3,508,246	3,453,641	101,246	3,554,887

(Amounts in Rs. '000)

8.3.2 The summarised financial information of the associates, based on their financial statements is as follows:

	2022		2021	
	APL	PGMCL	APL	PGMCL
	---------(Un-audited)---------		------- (Un-audited) -------	
Revenue	2,730,843	203,034	2,034,623	97,362
Profit / (loss) after tax for the year	1,413,282	(9,324)	1,203,503	(13,577)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	1,413,282	(9,324)	1,203,503	(13,577)
Non-current assets	896,213	41,522	1,025,544	45,512
Current assets	7,598,943	189,119	7,722,687	201,093
	8,495,156	230,641	8,748,231	246,605
Non-current liabilities	(266,036)	(13,699)	(359,128)	(14,124)
Current liabilities	(1,263,465)	(13,298)	(1,340,857)	(16,308)
	(1,529,501)	(26,997)	(1,699,985)	(30,432)
Net assets	6,965,655	203,644	7,048,246	216,173

8.3.3 Reconciliation of carrying amount of investment

Net assets (Note 8.3.2)	6,965,655	203,644	7,048,246	216,173
Group's Holding in % (Note 8)	49%	49.26%	49%	49.26%
Group share of investment in associate	3,413,175	100,313	3,453,641	106,488
Fair value adjustment upon acquisition of subsidiary	-	(5,242)	-	(5,242)
Carrying amount of investment	3,413,175	95,071	3,453,641	101,246

Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

(Amounts in Rs. '000)

	Note	2022	2021
9. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES			
Loans - considered good			
Executives*	9.1	112,113	153,715
Employees		299,626	332,323
	9.2	411,739	486,038
Current portion shown under current assets	15	(161,771)	(176,260)
		249,968	309,778
Advances - considered good (secured)			
Employees	9.4	85,472	80,042
Current portion shown under current assets	15	(25,911)	(25,303)
		59,561	54,739
Other receivables			
- Considered good		33,705	48,387
- Considered doubtful		8,143	8,143
		41,848	56,530
Provision for impairment		(8,143)	(8,143)
		33,705	48,387
		343,234	412,904

9.1 Reconciliation of carrying amount of loans to executives*:

	2022	2021
Balance at beginning of the year	153,715	156,234
Disbursements	19,234	51,873
Repayments	(60,836)	(54,392)
Balance at end of the year	112,113	153,715

* 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 and others, in accordance with the Group'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 consolidated financial statements.

9.3 The maximum aggregate amount of loans due from executives and employees at the end of any month during the year was Rs. 305,329 (2021: Rs. 237,612).

9.4 These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Holding Company's policy. These advances are secured against respective assets and are recovered through monthly deduction of house allowance until complete repayment is made.

10. LONG-TERM DEPOSITS

These include interest free deposits amounting to Rs. 144,028 (2021: Rs. 126,313) paid to related parties.

(Amounts in Rs. '000)

11. DEFERRED TAX ASSET - NET

	Opening Balance	Charge for the year: Profit or loss	Charge for the year: Other comprehensive income	Closing Balance
Taxable temporary difference in respect of:				
Accelerated tax depreciation	1,603,384	**507,734**	**-**	**2,111,118**
Investment in associates accounted for under equity method	464,144	**117,603**	**-**	**581,747**
Equity investment held as FVOCI	1,524,813	**-**	**(421,262)**	**1,103,551**
Right of use asset net of lease liabilities	1,518,340	**(109,697)**	**-**	**1,408,643**
Tax amortisation	(1,369)	**8,896**	**-**	**7,527**
Deductible temporary difference in respect of:				
Provision for:				
Fair value of net assets acquired on acquisition	117,710	**(139,259)**	**-**	**(21,549)**
Provision for slow moving products	(46,680)	**(5,312)**	**-**	**(51,992)**
Impairment on trade debts	(996,872)	**93,512**	**-**	**(903,360)**
Impairment on other receivables	(934,989)	**(2,044,327)**	**-**	**(2,979,316)**
Retirement and other service benefits	(1,661,290)	**(513,651)**	**(615,358)**	**(2,790,299)**
Excise, taxes and other duties	(21,121)	**(2,913)**	**-**	**(24,034)**
Liabilities offered for taxation	(12,070,807)	**(1,640,352)**	**-**	**(13,711,159)**
Recoupable carried forward tax loss	(1,109,313)	**896,230**	**-**	**(213,083)**
Recoupable ACT	-	**(669,088)**	**-**	**(669,088)**
Lease liabilities	(1,565,540)	**-**	**-**	**(1,565,540)**
Others	(2,361)	**(326)**	**-**	**(2,687)**
	(13,181,951)	**(3,500,950)**	**(1,036,620)**	**(17,719,521)**

	Note	2022	2021
11.1 Movement in deferred tax asset - net is as follows:			
Balance at beginning of the year		**13,181,951**	16,848,132
- recognized in profit or loss	40	**3,500,950**	(3,550,897)
- recognized in other comprehensive income / (loss)		**1,036,620**	(115,284)
Balance at end of the year		**17,719,521**	13,181,951

12. STORES, SPARES, CHEMICALS AND LOOSE TOOLS

	Note	2022	2021
Stores, spares, chemicals and loose tools		**1,494,183**	1,453,351
Provision for impairment	12.1	**(136,131)**	(110,870)
		1,358,052	1,342,481

12.1 The movement in provision for impairment during the year is as follows:

	2022	2021
Balance at beginning of the year	**110,870**	83,455
Provision recognised during the year	**25,261**	27,415
Balance at end of the year	**136,131**	110,870

Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

(Amounts in Rs. '000)

13. STOCK-IN-TRADE

	Note	2022	2021
Raw and packing material	13.1	19,923,598	9,385,377
Petroleum and other products (gross)	13.1	249,508,568	56,966,018
Stock held on behalf of third parties	13.2	(7,176,658)	(2,164,973)
		262,255,508	64,186,422
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited		98,477,951	21,303,048
		360,733,459	85,489,470
Charges incurred thereon		1,735,931	3,444,940
	34	362,469,390	88,934,410

13.1 Includes stock-in-transit amounting to Rs. 83,825,900 (2021: Rs. 10,985,793) and stocks (net of provision) held by:

	2022	2021
Shell Pakistan Limited	1,061,152	122,196
Byco Petroleum Pakistan Limited	11,584	4,261
	1,072,736	126,457

13.2 Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2021: Rs. 23,730) recoverable there against. This also includes stock held on behalf of related parties amounting to Rs. 65,870 (2021: Rs. 26,877).

14. TRADE DEBTS

	Note	2022	2021
Considered good			
- Due from Government agencies and autonomous bodies			
- Secured	14.1	13,825	198,221
- Unsecured	14.3	378,441,890	185,808,652
		378,455,715	186,006,873
- Due from other customers			
- Secured	14.1	3,439,676	4,157,539
- Unsecured	14.3	51,242,900	32,220,542
		54,682,576	36,378,081
		433,138,291	222,384,954
Considered doubtful		2,872,347	3,572,380
Trade debts - gross		436,010,638	225,957,334
Provision for impairment	14.3 & 14.4	(2,872,347)	(3,572,380)
Trade debts - net		433,138,291	222,384,954

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. Nil (2021: Rs. 989,800) secured by way of Export Letters of Credit.

(Amounts in Rs. '000)

14.3 These debts include an aggregate amount of Rs. 373,159,772 (2021: Rs. 183,895,759) due from GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO), and Sui Northern Gas Pipelines Company Limited (SNGPL) on account of Inter-corporate circular debt. These include past due trade debts of Rs. 74,305,498 (2021: Rs. 71,992,376), Rs. 13,451,137 (2021: Rs. 13,316,559) and Rs. 226,093,429 (2021: Rs. 93,510,930) from GENCO, HUBCO and SNGPL respectively, based on the agreed credit terms. The Group carries a specific provision of Rs. 346,975 (2021: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs.313,503,089 (2021: Rs. 178,472,890) as doubtful, as the Group based on measures being undertaken by the Government of Pakistan (GoP) to resolve circular debt issue. The Group is committed, hence continuously pursuing for satisfactory settlement of Inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of the Company's trade debts. The Group considers this amount to be fully recoverable because the GoP has been assuming the responsibility to settle the Inter-corporate circular debt in the energy sector. As disclosed in note 2.4.4 to these financial statements, SECP has deferred the applicability of ECL model till June 30, 2022 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

14.4 The movement in provision for impairment during the year is as follows:

	2022	2021
Balance at beginning of the year	**3,572,380**	3,234,619
Provision recognised during the year	**183,668**	466,541
Reversal of provision during the year	**(883,701)**	(128,780)
	(700,033)	337,761
Balance at end of the year	**2,872,347**	3,572,380

14.4.1 Provision for impairment has been recognised against trade debts as follows:

	2022	2021
Related parties	**863,485**	1,531,295
Other customers	**2,008,862**	2,041,085
	2,872,347	3,572,380

14.5 As at June 30, 2022, trade debts aggregating to Rs. 123,288,952 (2021: Rs. 36,876,275) are neither past due nor impaired. The remaining debts aggregating to Rs. 309,849,339 (2021: Rs. 185,508,679) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2022	2021
Up to 1 month	**91,046,852**	22,895,410
1 to 3 months	**137,665,182**	70,370,327
3 to 6 months	**10,848,145**	2,067,538
6 months to 1 year	**2,420,983**	1,954,364
Over 1 year	**67,868,177**	88,221,040
	309,849,339	185,508,679

(Amounts in Rs. '000)

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 2022	Maximum aggregate outstanding at the end of any month 2021	Balance as at 30 June 2022	Balance as at 30 June 2021
Associate				
Asia Petroleum Limited	**5,298**	1,311	**-**	-
Other Related Parties				
GENCO	**75,119,640**	75,174,865	**74,305,498**	71,992,376
SNGPL	**285,403,136**	98,586,824	**285,403,136**	98,586,824
Pakistan International Airlines Corporation	**13,036,866**	13,009,168	**12,938,574**	12,872,161
K-Electric Limited	**18,203,931**	4,970,515	**13,812,277**	2,568,617
Pakistan Railways	**2,021,660**	2,206,207	**2,021,660**	1,921,402
Oil & Gas Development Corporation Limited	**14,901**	2,566,143	**4,156**	2,285
Pakistan Petroleum Limited	**58,369**	34,111	**13,462**	34,111
Sui Southern Gas Company Limited	**8,652**	6,702	**-**	-
Pakistan Steel Mills Corporation Limited	**3,236**	3,336	**-**	-
Pakistan National Shipping Corporation	**2,021**	2,021	**2,021**	2,021
			388,500,784	187,979,797

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 2022	Total 2021
Other Related Parties				
GENCO	**5,229,441**	**69,076,057**	**74,305,498**	71,992,376
Sui Northern Gas Pipeline Limited	**226,093,429**	**-**	**226,093,429**	93,510,930
Pakistan International Airlines Corporation	**10,190,099**	**397,494**	**10,587,592**	12,449,121
Pakistan Railways	**-**	**-**	**-**	989,948
Oil & Gas Development Corporation Limited	**4,156**	**-**	**4,156**	2,285
Pakistan National Shipping Corporation	**-**	**2,021**	**2,021**	2,021
	241,517,125	**69,475,572**	**310,992,697**	178,946,681
Provision for impairment (notes 14.7.1 & 14.7.2)			**(863,485)**	(1,531,295)
			310,129,212	177,415,386

As at June 30, 2021, an amount of Rs. 93,510,930, Rs. 2,539,213 & Rs. 975,664 were past due upto 6 months from SNGPL, Pakistan International Airlines Corporation and Pakistan Railways respectively and Rs. 71,992,376, Rs. 9,909,908, Rs. 14,284, Rs. 2,285 and Rs. 2,021 were past due more than 6 months from GENCO, Pakistan International Airlines Corporation, Pakistan Railways, Oil and gas Development Corporation 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	2022	2021
Balance at beginning of the year		**1,531,295**	1,332,981
(Reversal) / provision during the year		**(667,810)**	198,314
Balance at end of the year	14.7.2	**863,485**	1,531,295

(Amounts in Rs. '000)

	2022	2021
14.7.2 The provision for impairment has been recognised in respect of following related parties:		
GENCO	**346,975**	346,975
Pakistan International Airlines Corporation	**514,489**	1,182,299
Pakistan National Shipping Corporation	**2,021**	2,021
	863,485	1,531,295

14.7.3 The provision for impairment from Pakistan International Airlines Corporation has decreased during the year as per the methodology used by the Group to compute provision for impairment on past due debts.

15. LOANS AND ADVANCES

	Note	2022	2021
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 70,973 (2021: Rs. 83,632) to executives	9	**184,672**	201,563
- Short-term loans and advances		**429,707**	129,815
		614,379	331,378
Unsecured			
Advance to suppliers		**45,731**	50,895
Advance for the Holding Company - owned filling stations		**2,344**	1,863
		48,075	52,758
		662,454	384,136

16. SHORT-TERM DEPOSITS AND PREPAYMENTS

	2022	2021
Deposits - interest free		
Duty and development surcharge	**25,871**	20,605
Deposit against court orders	**53,006**	53,006
Trade deposits	**181,630**	19,180
	260,507	92,791
Prepayments		
Prepayments	**271,802**	165,611
	532,309	258,402

(Amounts in Rs. '000)

17. OTHER RECEIVABLES	Note	2022	2021
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	17.5	**29,774,693**	-
Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty - due from a related party	17.6	**259,793**	259,793
Sales tax refundable - due to related party		**12,456,104**	-
		51,788,009	9,557,212
Provision for impairment	17.7	**(1,902,919)**	(1,602,919)
		49,885,090	7,954,293
Handling and hospitality charges		**734,621**	729,644
Receivable from refineries	17.8	**93,233**	2,928,136
Insurance and other claims		**90,201**	234,827
Provision for impairment - considered doubtful	17.7	**(90,201)**	(90,201)
		-	144,626
Workers' Profits Participation Fund	17.9	**1,622,013**	145,397
Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party)		**2,729,665**	2,648,016
Provision for impairment	17.7	**(46,000)**	(46,000)
		2,683,665	2,602,016
Others			
- Considered good		**4,050,105**	6,830,623
- Considered doubtful		**6,989,202**	1,484,981
		11,039,307	8,315,604
Provision for impairment	17.7	**(6,989,202)**	(1,484,981)
		4,050,105	6,830,623
	17.10 & 17.11	**59,068,727**	21,334,735

17.1 Import price differential 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

(Amounts in Rs. '000)

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 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 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 and PDC/27062022 dated June 27, 2022. There has been no significant change in the status of these claims. The Company is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant 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, 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 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 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 and PDC/27062022 dated June 27, 2022. There has been no significant change in the status of these claims. The Company is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant 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 PSO 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.

(Amounts in Rs. '000)

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.

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 and FN/MF/008 dated February 8, 2022. 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 - Price differential 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.

(Amounts in Rs. '000)

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 and FN/MF/008 dated February 8, 2022. 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.

17.5 As at June 30, 2022, net unfavourable amount of foreign exchange difference of Rs. 29,774,693 (2021: favourable exchange difference of Rs. 1,011,413) was receivable 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 Group 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 Group in respect of these long / extended term borrowing arrangements i.e. the Group would not bear any exchange differences on such borrowings.

17.6 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.

(Amounts in Rs. '000)

17.7 As at June 30, 2022, receivables aggregating to Rs. 9,028,229 (2021: Rs. 3,224,101) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

	2022	2021
Receivable from GoP	**1,902,919**	1,602,919
IFEM receivables	**46,000**	46,000
Product claims	**90,201**	90,201
Other receivables	**6,989,202**	1,484,981
	9,028,322	3,224,101

17.7.1 The movement of provision for impairment is as follows:

	2022	2021
Balance at beginning of the year	**3,224,101**	2,663,597
Provision recognised during the year	**5,884,044**	884,583
Reversal of provision during the year	**(79,823)**	(324,079)
	5,804,221	560,504
Balance at end of the year	**9,028,322**	3,224,101

17.8 This includes amount due from Pak-Arab Refinery Limited (PARCO) - (related party) in respect of sharing of crude oil, freight and other charges and National Refinery Limited in respect of pipeline charges by the Subsidiary company. Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

17.9 Workers' Profit Participation Fund	Note	2022	2021
Balance at beginning of the year		**145,397**	89,936
Allocation for the year	38	**(8,747,987)**	(2,405,539)
		(8,602,590)	(2,315,603)
Payments during the year		**10,224,603**	2,461,000
Balance at end of the year		**1,622,013**	145,397

17.10 Includes receivables of Rs. 52,726,599 (2021: Rs.11,642,805) due from associates and other related parties.

17.11 Financial assets included in other receivables aggregating to Rs. 2,186 (2021: Rs. Nil) were neither past due nor impaired. Further, financial assets aggregating to Rs. 12,270,273 (2021: Rs.17,222,245) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2022	2021
Up to 3 months	**4,758,335**	3,166,135
3 to 6 months	**28,464**	41,485
More than 6 months	**7,483,474**	14,014,625
	12,270,273	17,222,245

Includes Rs. 7,733,375 (2021: Rs. 10,894,063) receivable from associates and related parties which are past due but not impaired:

(Amounts in Rs. '000)

	Maximum aggregate outstanding at the end of any month	Up to 6 months	More than 6 months	Total 2022	Total 2021
Associates					
Asia Petroleum Limited	455,913	-	3,794	3,794	11,634
Other related parties					
Government of Pakistan	44,900,413	-	9,557,212	9,557,212	9,557,212
Pak-Arab Refinery Limited	75,288	68,626	6,662	75,288	2,928,136
	45,431,614	68,626	9,567,668	9,636,294	12,496,982
Provision for impairment (note 17.11.1)				(1,902,919)	(1,602,919)
Net receivable from related parties				7,733,375	10,894,063

17.11.1 The movement of provision for impairment against due from GoP, related party is as follows:

	Note	2022	2021
Balance at beginning of the year		1,602,919	718,336
Provision recognised during the year		300,000	884,583
Balance at the end of the year		1,902,919	1,602,919

18. CASH AND BANK BALANCES

	Note	2022	2021
Cash in hand		12,140	10,970
Cash at banks in:			
- current accounts	18.1	1,061,574	2,507,394
- saving accounts	18.2	22,984,105	455,935
- term deposit	18.3	13,400,000	-
		37,445,679	2,963,329
	18.4	37,457,819	2,974,299

18.1 Includes Rs. 578,050 (2021: Rs. 1,414,050) kept in a separate bank account in respect of security deposits received from the customers. These balances do not carry any interest.

18.2 These balances carry interest / mark-up ranging from 3.90% to 12.76% (2021: 3.25% to 6.25%) per annum.

18.3 This represents short term deposits maintained with different commercial banks at a mark-up rate ranging from 10.75% to 13.00% per annum (2021: Nil).

18.4 These include balances of Rs. 26,148 (2021: Rs. 4,238) kept in bank accounts under Islamic mode.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

(Amounts in Rs. '000)

19. NET ASSETS IN BANGLADESH

	2022	2021
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 Group 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

2022 (Number of shares)	2021 (Number of shares)		Note	2022	2021
1,000,000,000	500,000,000	Ordinary shares of Rs. 10 each	20.1.1	**10,000,000**	5,000,000

20.1.1 The members of the Holding Company in the 45th Annual General Meeting held on October 26, 2021 have resolved via special resolution that the authorised share capital of the Company is increased from Rs 5,000,000 divided into 500,000 shares of Rs. 10 each to Rs. 10,000,000 divided into 1,000,000 shares of Rs. 10 each.

20.2 Issued, subscribed and paid-up capital

2022 (Number of shares)	2021 (Number of shares)		Note	2022	2021
		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
458,778,831	458,778,831	- Issued as bonus shares		**4,587,789**	4,587,789
469,473,300	469,473,300		20.3	**4,694,734**	4,694,734

20.3 These fully paid ordinary shares carry one vote per share and right to dividend.

20.4 As at June 30, 2022, 1,215,648 ordinary shares of Rs. 10/- each (2021: 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.

20.5 As at June 30, 2022, associated undertakings - Government of Pakistan and PSOCL Employees Empowerment Trust held 119,767,702 ordinary shares (2021: 119,767,702 ordinary shares) of Rs. 10 each.

(Amounts in Rs. '000)

21. RESERVES

	Note	2022	2021
Capital reserve			
Surplus on vesting of net assets	21.1	**3,373**	3,373
Special reserve	21.3	**8,460,221**	837,156
Revenue reserves			
Unrealised gain on remeasurement of FVOCI investment		**2,240,544**	5,485,817
General reserve		**25,282,373**	25,282,373
PSO venture capital fund		**1,478,551**	-
Un-appropriated profit		**178,321,947**	103,918,603
		207,323,415	134,686,793
		215,787,009	135,527,322

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 During the year, the BoM unanimously approved the creation of PSO venture capital fund to make investments as per the directives of the BoM. Based on the above, the Company has transferred Rs. 1,478,551 (2021: Rs. Nil) to venture capital reserve.

21.3 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. 12,473,450 (2021: 837,156) to Special Reserve.

(Amounts in Rs. '000)

	2022	2021
22. RETIREMENT AND OTHER SERVICE BENEFITS		
Holding Company		
Gratuity	-	(339,297)
Pension	-	(1,118,464)
	-	(1,457,761)
Subsidiary Company		
Non management Gratuity Scheme	(32,584)	(25,580)
Retirement and other benefits - Asset	(32,584)	(1,483,341)
Gratuity	1,889,616	-
Pension	679,894	-
Medical benefits	7,005,415	6,796,866
Compensated absences	355,830	389,480
	9,930,755	7,186,346
Subsidiary Company		
Management Pension Scheme	465,903	266,940
Non management Pension Scheme	83,353	97,568
Management Gratuity Scheme	37,493	13,043
	586,749	377,551
Retirement and Other Benefits Liability	10,517,504	7,563,897
Retirement and Other Benefits - Net Liability	10,484,920	6,080,556

22.1 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2022 under the Projected Unit Credit Method for the Holding Company are as follows:

	Note	Gratuity fund		Pension funds		Medical benefits	
		2022	2021	2022	2021	2022	2021
22.1.1 Financial position reconciliation							
Present value of defined benefit obligations	22.1.2	8,411,645	7,399,005	10,152,754	8,799,781	7,005,415	6,796,866
Fair value of plan assets	22.1.3 & 22.1.9	(6,522,029)	(7,738,302)	(9,472,860)	(9,918,245)	-	-
Net (asset) / liability at end of the year	22.1.8	1,889,616	(339,297)	679,894	(1,118,464)	7,005,415	6,796,866

(Amounts in Rs. '000)

		Note	Gratuity fund 2022	Gratuity fund 2021	Pension funds 2022	Pension funds 2021	Medical benefits 2022	Medical benefits 2021
22.1.2	**Movement in present value of defined benefit obligations**							
	Present value of defined benefit obligations at beginning of the year		7,399,005	7,339,743	8,799,781	8,171,626	6,796,866	6,378,954
	Current service cost	22.1.4	298,737	272,730	269,224	258,706	4,258	17,416
	Past service cost	22.1.4	6,611	4,685	65,327	24,736	-	146,041
	Interest cost		715,909	643,408	887,314	745,190	687,778	582,299
	Benefits paid during the year		(829,055)	(767,946)	(286,122)	(231,030)	(173,638)	(144,598)
	Remeasurement: Actuarial loss / (gain)		820,438	(93,615)	417,230	(169,447)	(309,849)	(183,246)
	Present value of defined benefit obligations at end of the year		8,411,645	7,399,005	10,152,754	8,799,781	7,005,415	6,796,866
22.1.3	**Movement in fair value of plan assets**							
	Fair value of plan assets at beginning of the year		7,738,302	7,323,039	9,918,245	8,968,876	-	-
	Expected return on plan assets		750,686	654,845	1,001,956	826,753	-	-
	Contributions made by the Group		-	280,590	-	169,045	-	-
	Benefits paid during the year		(829,055)	(767,946)	(286,122)	(231,030)	-	-
	Remeasurement: Actuarial gain / (loss)		(1,137,904)	247,774	(1,161,219)	184,601	-	-
	Fair value of plan assets at end of the year		6,522,029	7,738,302	9,472,860	9,918,245	-	-
22.1.4	**Expense recognised in profit or loss**							
	Current service cost		298,737	272,730	269,224	258,706	4,258	17,416
	Past service cost		6,611	4,681	65,327	24,736	-	146,041
	Net interest expense		(34,777)	(11,433)	(114,642)	(81,564)	687,778	582,299
	Expense for the year		270,571	265,978	219,909	201,878	692,036	745,756
22.1.5	**Actual return on plan assets**		(149,174)	902,615	(159,263)	1,011,355	-	-
22.1.6	**Remeasurement (gain) / loss recognised in other comprehensive (income) / loss**							
	Actuarial (gain) / loss on defined benefit obligation	22.1.7	820,438	(93,615)	417,230	(169,447)	(309,849)	(183,246)
	Actuarial (gain) / loss on fair value of plan assets		1,137,904	(247,774)	1,161,219	(184,601)	-	-
	Remeasurement (gain) / loss		1,958,342	(341,389)	1,578,449	(354,048)	(309,849)	(183,246)
22.1.7	**The actuarial loss / (gain) occurred on defined benefit obligation on account of following:**							
	- Financial assumptions		42,313	32,891	227,122	52,284	50,187	16,808
	- Experience adjustments		778,125	(126,506)	190,107	(221,731)	(360,036)	(200,054)
			820,438	(93,615)	417,229	(169,447)	(309,849)	(183,246)
22.1.8	**Net (asset) / recognised liability**							
	Net liability at beginning of the year		(339,297)	16,704	(1,118,464)	(797,250)	6,796,866	6,378,954
	Expense recognised in profit or loss		270,571	265,978	219,909	201,879	692,036	745,756
	Contributions made by the Group		-	(280,590)	-	(169,045)	(173,638)	(144,598)
	Remeasurement (gain) / loss recognised in other comprehensive (income) / loss		1,958,342	(341,389)	1,578,449	(354,048)	(309,849)	(183,246)
	Net (asset) / liability at end of the year		1,889,616	(339,297)	679,894	(1,118,464)	7,005,415	6,796,866

(Amounts in Rs. '000)

22.1.9 Plan assets comprise of following	Gratuity fund 2022	Gratuity fund 2021	Pension funds 2022	Pension funds 2021
Regular Income Certificate	**2,517,569**	2,850,844	**4,515,120**	4,894,706
Pakistan Investment Bonds	**2,266,626**	2,590,188	**1,722,574**	1,993,667
Mutual Funds	**1,625,816**	2,027,433	**1,371,564**	1,059,147
Treasury Bills	**-**	-	**816,540**	-
Quoted Shares	**-**	-	**526,931**	1,229,947
Term Finance Certificates	**197,301**	210,586	**217,032**	237,547
Sukuk	**-**	11,004	**-**	22,007
Cash and cash equivalents	**4,494**	5,748	**200,127**	368,875
Other receivables / (payables) - net	**(89,777)**	42,498	**102,972**	112,349
Fair value of plan assets at end of the year	**6,522,029**	7,738,302	**9,472,860**	9,918,245

22.1.9.1 Plan assets include the Company's ordinary shares with a fair value of Rs. 133,147 (2021: Rs. 173,754).

22.1.10 The principal assumptions used in the actuarial valuations carried out as of June 30, 2021, using the 'Projected Unit Credit' method for the Holding Company are as follows:

	Gratuity fund 2022	Gratuity fund 2021	Pension funds 2022	Pension funds 2021	Medical benefits 2022	Medical benefits 2021	Compensated absences 2022	Compensated absences 2021
Discount rate per annum (%)	**13.50**	10.25	**13.50**	10.25	**13.50**	10.25	**13.50**	10.25
Expected per annum rate of return on plan assets (%)	**13.50**	10.25	**13.50**	10.25	**-**	-	**-**	-
Expected per annum rate of increase in future salaries (%)	**13.50**	10.25	**13.50**	10.25	**-**	-	**13.50**	10.25
Expected per annum rate of increase in medical costs (%):								
- active employees	**-**	-	**-**	-	**13.50**	10.25	**-**	-
- pensioners	**-**	-	**-**	-	**13.50**	10.25	**-**	-
Indexation of pension (%)	**-**	-	**9.25**	6.00	**-**	-	**-**	-
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

22.1.11 The plan exposes the Group to the actuarial risk 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.

(Amounts in Rs. '000)

Longevity risks

The risk arises when the actual lifetime of retirees is longer then 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.

22.1.12 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.

22.1.13 Expected contributions to gratuity fund, pension funds and medical benefits for the year ending June 30, 2023 are Rs. 511,624, Rs. 390,019 and Rs. 654,163 respectively.

22.1.14 Historical information of staff retirement benefits	**2022**	**2021**	**2020**	**2019**	**2018**
Pension plan funded					
Present value of defined benefit obligation	**10,152,754**	8,799,781	8,171,626	6,812,400	15,933,820
Fair value of plan assets	**(9,472,860)**	(9,918,245)	(8,968,876)	(5,400,450)	(15,060,660)
Net liability / (asset) at end of the year	**679,894**	(1,118,464)	(797,250)	1,411,950	873,160
Gratuity plans funded					
Present value of defined benefit obligation	**8,411,645**	7,399,005	7,339,743	6,031,284	5,971,943
Fair value of plan assets	**(6,522,029)**	(7,738,302)	(7,323,039)	(5,793,626)	(5,459,310)
Net liability / (asset) at end of the year	**1,889,616**	(339,297)	16,704	237,658	512,633

22.1.15 Defined contribution plans

An amount of Rs. 416,542 (2021: Rs. 356,015) has been charged during the year in respect of defined contribution plan maintained by the Company.

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)	**(7,829,100)**	**(8,872,178)**	**(6,069,914)**
Discount rate (1% decrease)	**9,071,850**	**11,741,644**	**8,171,047**
Future salary rate (1% increase)	**9,079,340**	**10,659,549**	**-**
Future salary rate (1% decrease)	**(7,812,900)**	**(9,699,047)**	**-**
Future pension rate (1% increase)	**-**	**11,238,202**	**-**
Future pension rate (1% decrease)	**-**	**(9,224,787)**	**-**
Medical cost trend rate (1% increase)	**-**	**-**	**7,917,369**
Medical cost trend rate (1% decrease)	**-**	**-**	**(6,236,695)**

If longevity increases by 1 year, obligation increases by Rs. 608,204 (2021: 400,354)

(Amounts in Rs. '000)

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	**828,365**	**3,948,774**	**3,596,222**
Between 1-2 years	**705,768**	**4,927,352**	**4,301,136**
Between 2-3 years	**958,365**	**9,783,541**	**5,710,109**
Between 3-4 years	**837,325**	**5,552,698**	**4,524,033**
Between 4-5 years	**830,206**	**7,597,253**	**4,963,370**
Between 6-10 years	**6,040,025**	**49,700,472**	**114,256,844**
Over 10 years	**25,719,654**	**145,209,713**	**48,931,853**

22.2 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2022 under the Projected Unit Credit Method for the Subsidiary Company are as follows:

22.2.1.1 The 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, 2022, using the Projected Unit Credit Method, details of which as per the actuarial valuation are stated in note 18.1.3.

22.2.1.2 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 Company appoints the trustees and all trustees are employees of the Company.

22.2.1.3 Statement of financial position

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2022	2021	2022	2021	2022	2021	2022	2021
Present value of defined benefit obligation at June 30 - note 22.2.1.4	**1,764,747**	1,575,208	**257,305**	254,664	**249,485**	208,084	**82,568**	84,105
Fair value of plan assets at June 30 - note 22.2.1.5	**(1,298,844)**	(1,308,268)	**(173,952)**	(157,096)	**(211,992)**	(195,041)	**(115,152)**	(109,685)
Deficit / (Surplus)	**465,903**	266,940	**83,353**	97,568	**37,493**	13,043	**(32,584)**	(25,580)

(Amounts in Rs. '000)

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2022	2021	2022	2021	2022	2021	2022	2021
22.2.1.4 Movement in the present value of defined benefit obligation								
Opening balance	**1,575,208**	1,543,285	**254,664**	226,204	**208,084**	179,686	**84,105**	69,728
Benefits paid by the plan	**(75,021)**	(59,113)	**(9,804)**	(3,510)	**(10,898)**	(3,671)	**(4,017)**	(215)
Benefits payable to outgoing members	**-**	-	**-**	-	**(795)**	(936)	**-**	-
Current service cost	**55,074**	52,407	**9,323**	8,383	**16,233**	12,727	**3,456**	3,051
Past service cost	**-**	-	**-**	-	**-**	4,650	**-**	-
Interest cost	**159,607**	141,973	**26,055**	21,134	**21,265**	16,756	**8,536**	6,560
Remeasurement on obligation	**49,879**	(103,344)	**(22,933)**	2,453	**15,596**	(1,128)	**(9,512)**	4,981
Closing balance	**1,764,747**	1,575,208	**257,305**	254,664	**249,485**	208,084	**82,568**	84,105
22.2.1.5 Movement in the fair value of plan assets								
Opening balance	**1,308,268**	1,196,805	**157,096**	135,402	**195,041**	166,645	**109,685**	99,985
Contributions paid into the plan	**83,336**	88,290	**19,656**	11,169	**17,506**	13,881	**62**	374
Benefits paid by the plan	**(75,021)**	(59,113)	**(9,804)**	(3,510)	**(10,898)**	(3,671)	**(4,017)**	(215)
Benefits payable to outgoing members	**-**	-	**-**	-	**(795)**	(936)	**-**	-
Interest income	**130,738**	108,617	**15,722**	12,462	**19,992**	15,602	**11,033**	9,237
Remeasurement of plan assets	**(148,477)**	(26,331)	**(8,718)**	1,573	**(8,854)**	3,520	**(1,611)**	304
Closing balance	**1,298,844**	1,308,268	**173,952**	157,096	**211,992**	195,041	**115,152**	109,685
22.2.1.6 Expense recognised in statement of profit or loss and other comprehensive income								
Current service cost	**55,074**	52,407	**9,323**	8,383	**16,233**	12,727	**3,456**	3,051
Past service cost	**-**	-	**-**	-	**-**	4,650	**-**	-
Net interest cost / (income)	**28,869**	33,356	**10,333**	8,672	**1,273**	1,154	**(2,497)**	(2,677)
Expense recognised in statement of profit or loss and other comprehensive income	**83,943**	85,763	**19,656**	17,055	**17,506**	18,531	**959**	374
22.2.1.7 Remeasurement recognised in Other comprehensive income								
Remeasurement of present value of defined benefit obligation	**49,879**	(103,344)	**(22,933)**	2,453	**15,596**	(1,128)	**(9,512)**	4,981
Remeasurement of fair value of plan assets	**148,477**	23,331	**8,718**	(1,573)	**8,854**	(3,520)	**1,611**	(304)
Remeasurements	**198,356**	(77,013)	**(14,215)**	880	**24,450**	(4,648)	**(7,901)**	4,677
22.2.1.8 Net recognised liability / (asset)								
Net liability at the beginning of the year	**266,940**	346,480	**97,568**	90,802	**13,043**	13,041	**(25,580)**	(30,257)
Expense recognised in statement of profit or loss and other comprehensive income	**83,943**	85,763	**19,656**	17,055	**17,506**	18,531	**959**	374
Contribution made to the fund during the year	**(83,336)**	(88,290)	**(19,656)**	(11,169)	**(17,506)**	(13,881)	**(62)**	(374)
Remeasurements recognised in other comprehensive income	**198,356**	(77,013)	**(14,215)**	880	**24,450**	(4,648)	**(7,901)**	4,677
Recognised liability / (asset) as at June 30	**465,903**	266,940	**83,353**	97,568	**37,493**	13,043	**(32,584)**	(25,580)

(Amounts in Rs. '000)

22.2.1.9 Major categories / composition of plan assets are as follows:

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2022	2021	2022	2021	2022	2021	2022	2021
Equity securities	**17.33%**	14.93%	**16.12%**	15.14%	**18.74%**	14.96%	**0.00%**	0.00%
Debt securities	**77.89%**	82.54%	**82.13%**	84.54%	**77.61%**	82.30%	**98.61%**	99.52%
Others	**4.78%**	2.53%	**1.75%**	0.31%	**3.65%**	2.75%	**1.39%**	0.48%

22.2.1.10 Actuarial assumptions

	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2022	2021	2022	2021	2022	2021	2022	2021
Discount rate at June 30	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%
Future salary increases								
- One time salary increase	**N/A**	N/A	**N/A**	10.00%	**N/A**	N/A	**N/A**	10.00%
- First year following the valuation	**19.00%**	8.00%	**6.00%**	5.00%	**19.00%**	8.00%	**6.00%**	5.00%
- Second year following the valuation	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%
- Third year following the valuation	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%
- Long term increase	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%	**13.50%**	10.25%
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	**8.00%**	5.00%	**8.00%**	5.00%	**-**	-	**-**	-
- Long term pension increase rate	**6.00%**	3.00%	**6.00%**	3.00%	**-**	-	**-**	-

22.2.1.11 Mortality was assumed to be SLIC (2001-05) table.

The 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, 2022 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 Company's contributions to gratuity and pension funds for the year ending June 30, 2023 is expected to amount to Rs. 23.9 million and Rs. 149.46 million respectively.

22.2.1.12 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	0.50%	(109,653)	119,361
Future salary increases	0.50%	57,891	(55,144)
Future pension increases	0.50%	(274,618)	(385,690)

(Amounts in Rs. '000)

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.

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

22.2.1.13 Historical information	2022	2021	2020	2019	2018
Management Pension Fund					
Present value of defined benefit obligation	**1,764,747**	1,575,208	1,543,285	1,132,758	1,236,899
Fair value of plan assets	**(1,298,844)**	(1,308,268)	(1,196,805)	(879,879)	(994,202)
Deficit in the plan	**465,903**	266,940	346,480	252,879	242,697
Experience adjustments					
(Gain) / loss on obligation	**49,879**	(103,344)	268,373	(185,462)	(15,125)
(Loss) / gain on plan assets	**(148,477)**	(23,804)	169,359	(194,028)	(49,633)
Non-Management Pension Fund					
Present value of defined benefit obligation	**257,305**	254,664	226,204	191,865	173,373
Fair value of plan assets	**(173,952)**	(157,096)	(135,402)	(98,587)	(86,212)
Deficit in the plan	**83,353**	97,568	90,802	93,278	87,161
Experience adjustments					
Loss / (gain) on obligation	**(22,933)**	2,453	5,198	(2,925)	(7,460)
Gain / (loss) on plan assets	**(8,718)**	1,573	6,214	(9,471)	(3,469)
Management Gratuity Fund					
Present value of defined benefit obligation	**249,485**	208,084	179,686	154,357	143,686
Fair value of plan assets	**(211,992)**	(195,041)	(166,645)	(133,424)	(130,559)
Deficit in the plan	**37,493**	13,043	13,041	20,933	13,127
Experience Adjustments					
(Gain) / loss on obligation	**15,596**	(1,128)	(2,601)	(2,326)	1,140
Gain / (loss) on plan assets	**(8,854)**	3,520	5,291	(9,640)	(3,999)
Non-Management Gratuity Fund					
Present value of defined benefit obligation	**82,568**	84,105	69,728	69,636	57,869
Fair value of plan assets	**(115,152)**	(109,685)	(99,985)	(87,258)	(81,895)
Surplus in the plan	**(32,584)**	(25,580)	(30,257)	(17,622)	(24,026)
Experience adjustments					
Loss / (gain) on obligation	**(9,512)**	4,981	(9,165)	5,158	(2,036)
Gain / (loss) on plan assets	**(1,611)**	304	3,470	(984)	(4,626)

(Amounts in Rs. '000)

22.2.1.14 The weighted average duration of the plans are as follows:

	No. of years
Management Pension fund	10.18
Non-management Pension fund	10.25
Management Gratuity fund	6.75
Non-management Gratuity fund	6.75

22.2.1.15 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

23. LONG-TERM BORROWINGS

	Note	2022	2021
Diminishing Musharika / long - term borrowing	23.2 & 23.3	**1,200,000**	4,100,000
Less: Current portion of Diminishing Musharika / long - term borrowing		**(1,200,000)**	(3,900,000)
		-	200,000
Salary Refinancing	23.4	**101,437**	231,369
Less: Current portion of Salary Refinancing		**(101,437)**	(137,445)
		-	93,924
	23.1	**-**	293,924

23.1 Movement in long-term borrowings is as follows:

	2022	2021
Balance at beginning of the year	**4,331,369**	4,431,595
Salary refinancing (repaid)/ obtained during the year	**(129,932)**	99,774
Less: Long-term borrowings repaid during the year - net	**(2,900,000)**	(200,000)
	(3,029,932)	(100,226)
Less: Current portion of long - term borrowings	**(1,301,437)**	(4,037,445)
Balance at end of the year	**-**	293,924

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. 2,000,000 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 is 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 month 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, State Bank of Pakistan (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 mark-up rates. The Subsidiary Company availed the opportunity of deferment of principal loans repayment under this circular by one year. Subsequent to the year end, the loan was fully repaid on July 5, 2022.

(Amounts in Rs. '000)

23.3 During the year, the subsidiary company obtained long term finance facility under mark-up arrangements through Faysal Bank Limited (FBL) amounting to Rs. 1,000,000 at a mark-up of 6 month KIBOR + 0.75% per annum for a tenor of 1.5 years (including 1 year grace period). The loan is repayable in two equal quarterly installments after the grace period whereas markup is to be paid on a quarterly basis starting from November 2022. These loans are secured by way of hypothecation of property, plant and equipment (excluding land and building).

In addition to the above, the Subsidiary Company repaid a long term loan during the year which was obtained during the year ended June 30, 2018, under mark-up arrangements through Askari Bank Limited and Bank Alfalah Limited amounting to Rs. 1,000,000 and Rs. 2,500,000 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 was repayable by way of bullet payment after expiry of 3 years whereas markup was to be paid on a quarterly basis starting from September 2018. These loans were 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 were repaid by way of bullet payment on June 28, 2022, and June 29, 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

	2022	2021
Balance at the beginning of the year	**5,235,654**	4,529,062
Additions during the year	**1,663,654**	588,383
Accretion of interest	**788,363**	698,518
Lease contracts modified during the year	**152,261**	333,650
Less: Disposal during the year	**(7,388)**	(346)
Less: Lease rentals paid	**(1,027,032)**	(913,613)
Balance at the end of the year	**6,805,512**	5,235,654
Less: Current portion shown under current liability	**(821,228)**	(787,713)
Non-Current Balance	**5,984,284**	4,447,941

24.1 The Holding company has recognised a charge of Rs. 6,828,788 (2021: 3,462,572) to those variable lease payments, which do not form a part of leases in accordance with IFRS 16.

24.2 The expected maturity analysis of undiscounted lease payment is as follows:

	2022	2021
Less than a year	**1,166,904**	787,713
Between 1-5 years	**5,387,487**	4,018,267
Over 5 years	**8,384,610**	14,499,553

25. DEFERRED INCOME - GOVERNMENT GRANT

During the year, the Holding Company received grant of Rs. 100,000 (2021: Rs. Nil) from Government of Gilgit Baltisitan (GoGB) for establishment of bulk oil depot at Skardu. Moreover, the GoGB has also alloted land to the Holding Company for this purpose.

(Amounts in Rs. '000)

26. 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 the rate prevailing at the time of determining the liability.

27. TRADE AND OTHER PAYABLES

	Note	2022	2021
Local creditors	27.1 & 27.2	**48,263,489**	28,572,249
Foreign creditors	27.1 & 27.3	**350,740,429**	57,887,627
		399,003,918	86,459,876
Security deposits	27.4	**6,316,006**	5,237,383
Retention money		**8,194**	14,762
Accrued expenses and other liabilities	27.5, 27.6, 27.7	**96,924,930**	73,562,758
Surplus price differential payable	33.4	**5,650,720**	1,348,204
Payable to the Government		**-**	202,905
Payable to provident funds		**21,128**	9,174
Due to OMCs and refineries		**265,396**	379,730
Advances - unsecured			
- from customers		**11,449,096**	8,954,142
- against equipments		**1,728**	1,728
		11,450,824	8,955,870
Taxes and other government dues			
- Excise, taxes and other duties		**3,767,994**	2,531,105
- Octroi		**51,590**	51,590
- Sales tax Payable - due to related party		**-**	1,054,927
- Income tax deducted at source		**122,483**	117,898
		3,942,067	3,755,520
Workers' Welfare Fund		**4,763,646**	1,297,515
Unearned Income		**6,464**	15,084
Others		**100,711**	103,982
		528,453,924	181,342,763

27.1 The average credit period on imports is 30 days on White Oil and Crude, 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.

(Amounts in Rs. '000)

27.2 This includes amounts payable to the following related parties:

	2022	2021
Pak-Arab Refinery Company Limited	**30,758,562**	13,894,354
K- Electric Limited	**21,236**	-
Oil and Gas Development Company Limited	**2,401,053**	2,535,607
Government Holdings (Pvt) Limited	**637,111**	780,683
Pakistan Petroleum Limited	**621,779**	936,735
Mari Petroleum Company Limited	**32,750**	-
Pakistan National Shipping Corporation	**141,474**	-
	34,618,975	18,147,379

27.3 This includes amount of Rs. 57,516,922 (2021: Rs. 4,306,047) in respect of import of LNG.

27.4 Security deposits includes deposits received by the Holding company under the terms of related agreements and are as follows:

	Note	2022	2021
Dealers	27.4.2	**1,150,780**	1,025,406
Equipments	27.4.3	**475,807**	470,320
Cartage contractors	27.4.4	**1,143,206**	1,060,210
Card holders	27.4.5	**2,928,577**	2,119,015
Suppliers	27.4.5	**-**	465,059
Others	27.4.5	**-**	97,373
		5,698,370	5,237,383

27.4.1 Security deposits include:

	Note	2022	2021
Utilisable / utilised in business	27.4.1.1	**5,737,956**	3,823,333
Others	27.4.1.2	**578,050**	1,414,050
		6,316,006	5,237,383

27.4.1.1 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.

27.4.1.2 The amount is kept in separate bank accounts as per terms of agreement.

27.4.2 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.

27.4.3 These represent interest-free deposits from customers against Liquefied Petroleum Gas (LPG) equipments. The deposits are refundable on the return of equipments and are payable on demand.

27.4.4 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 these contracts.

27.4.5 These represent non-interest bearing security deposits and are repayable on termination of contract / performance of the services.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

(Amounts in Rs. ’000)

		2022	2021
27.5	This includes amount payable to the following related parties:		
	Pakistan National Shipping Corporation	**2,211,961**	2,143,679
	Government of Pakistan	**16,500,182**	12,569

27.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 19,581,803 (2021: Rs. 14,852,607).

27.7 This includes differential of regulatory / custom duty levied amounting to Rs. 2,980,000 (2021: Rs. 730,000) 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.

27.8 Includes current portion of wharfage payable to related party amounting to Rs. 71,044 (2021: Rs. 62,721).

28. UNCLAIMED DIVIDEND

	Note	2022	2021
Balance at the beginning of the year		**1,393,280**	1,374,930
Dividend for the year		**4,694,734**	2,347,367
Unpaid dividend	29	**-**	(129,789)
		6,088,014	3,592,508
Payments made during the year		**(4,589,642)**	(2,199,228)
Balance at the end of the year		**1,498,372**	1,393,280

29. UNPAID DIVIDEND

Unpaid dividend represented part of interim dividend for the period ended December 31, 2020 which remained unpaid to the Holding Company’s non-resident shareholders as at June 30, 2021. The dividend repatriation required approval from the State Bank of Pakistan which has been obtained during the year and the dividend has been remitted to the non-resident shareholders.

30. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities against the Group. The outcome of these legal claims are not expected to give rise to material obligations beyond those provided for:

(Amounts in Rs. '000)

	Note	2022	2021
Claim rasied by regulatory authorities		**386,949**	490,972
Infrastructure development cess		**252,464**	252,464
		639,413	743,436
Movement of provision during the year is as follows:			
Balance at beginning of the year		**743,436**	490,972
(Reversal) / addition during the year		**(104,023)**	252,464
Balance at closing of the year		**639,413**	743,436

31. SHORT-TERM BORROWINGS

	Note	2022	2021
From National Bank of Pakistan - Related party			
Short-term finances in foreign currency	31.1	**25,757,814**	16,941,787
Finances under mark-up arrangements	31.2 & 31.3	**-**	490,353
		25,757,814	17,432,140
From other than related party			
Short-term finances			
- local currency	31.2 & 31.3	**578,000**	17,721,004
- foreign currency	31.1	**145,235,400**	20,561,912
		145,813,400	38,282,916
Current portion of long - term borrowing		**1,301,437**	4,037,445
Finances under mark-up arrangements	31.2 & 31.3	**1,874,135**	13,863,944
	31.4 & 31.5	**174,746,786**	73,616,445

31.1 The rate of mark-up for these facilities range from Re. 0.03 to Re. 0.33 (2021: Re. 0.01 to Re. 0.06) 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.

31.2 The total facility limit of various financing facilities available from banks aggregate to Rs. 195,585,000 (2021: Rs. 156,365,000) out of which Rs. 192,964,181 (2021: Rs. 124,289,699) 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.

31.3 The rate of mark-up on short-term finance facility is Re. 0.03 (2021: 0.03 to Re. 0.22) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re. 0.22 to 0.46 (2021: Re. 0.20 to 0.27) per Rs.1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

31.4 These finances have been obtained for working capital requirements.

31.5 As at June 30, 2022, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 1,142,121 (2021: Rs. 483,949), which includes Rs. 232,377 (2021: Rs. 41,578) due to National Bank of Pakistan, a related party.

(Amounts in Rs. '000)

31.6 Movement in short term and foreign currency loans:	2022	2021
Balance at beginning of the year	**55,224,704**	68,143,691
Loans obtained during the year	**137,972,579**	740,928,759
Loans repaid during the year	**(21,626,069)**	(753,847,746)
	116,346,510	(12,918,987)
Balance at end of the year	**171,571,214**	55,224,704

32. CONTINGENCIES AND COMMITMENTS

32.1 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.

32.1.1 Late payment surcharge (Subsidiary Company)

Claims amounting to Rs. 1,450,000 (2021: Rs. 717,000) in respect of delayed payment charges are not recognised 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.

32.1.2 Income Tax

Holding Company

32.1.2.1 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 Holding Company except one point on which the Holding Company has filed reference before SHC. In FY 2020, 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 ATIR. 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.

32.1.2.2 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.

(Amounts in Rs. '000)

32.1.2.3 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 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.

32.1.2.4 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.

32.1.2.5 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.

32.1.2.6 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 Company. Accordingly, no provision has been made in these consolidated financial statements.

32.1.2.7 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 filed an appeal before Commissioner Inland Revenue (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 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)

32.1.2.8 The Additional Commissioner Inland Revenue through his order dated June 28, 2022 made certain additions and disallowances in respect of Tax Year 2021 and raised tax demand of Rs. 3,014,870. The Holding Company is in process of filing of appeal 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 provision has been made in these consolidated financial statements.

32.1.2.9 The DCIR through his order dated May 31, 2022 for Tax Year 2019 raised tax demand of Rs. 202,322 in respect of alleged short deduction of withhholding tax on payments made to various vendors. The Holding Company has filed an appeal before Commissioner Inland Revenue (Appeals) on June 17, 2022. 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.

32.1.3 Sales tax and Custom Duty

Holding Company

32.1.3.1 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 SHC 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.

32.1.3.2 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.

32.1.3.3 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.

32.1.3.4 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

(Amounts in Rs. '000)

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.

32.1.3.5 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.

32.1.3.6 Punjab Revenue Authority (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 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.

32.1.3.7 PRA has issued two Orders dated April 10, 2018, against the Holding 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 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 (LHC). 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)

32.1.3.8 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 LHC 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.

32.1.3.9 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.

32.1.3.10 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.

32.1.4 Other tax matters

Holding Company

32.1.4.1 The Deputy Director / Sr. Excise and Taxation Officer (ETO) C.M.D.I, Karachi Port Trust (KPT) had issued a demand notice of Rs. 6,438,869 on account of Sindh maintenance & development infrastructure cess (SMDIC) in respect of POL products consignments imported by PSO during the period July 1, 2016 to November 15, 2019 at Kemari.The Holding Company challenged the aforesaid notice in SHC, which dismissed PSO's and all other 487 identical appeals and ordered that the Sindh Development and Maintenance of Infrastructure Cess 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), filed an appeal before the Honorable Supreme Court of Pakistan (SCP) against the SHC's above order dated June 4, 2021. The SCP vide judgment dated September 1, 2021, has suspended SHC's judgment dated June 4, 2021 (Impugned Judgment) in CPLA No.5080 of 2021 filed by PSO before the SCP against SHC order No.1311 of 2020 (Imported POL Products), and granted interim relief and directed that till further orders, operation of the Impugned Judgment will be suspended and also restrained the respondents i.e. Excise &

(Amounts in Rs. '000)

Taxation department, Government of Sindh for recovery of impugned infrastructure cess levy as mentioned above. 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.

32.1.5 Other legal claims (Holding and Subsidiary Company)

32.1.5.1 As at June 30, 2022 certain legal cases amounting to Rs. 8,325,050 (2021: Rs. 8,052,207) 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 Groups's favour. Details of significant legal cases are given below:

Holding Company

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) v/s PSO	Recovery of damages of Rs. 1,447,000
Sindh High Court	Dispute relating to employment	2011	Faiz Mahmood Durrani v/s PSO	Recovery of damages of Rs. 263,000
Lahore High Court	Claim for recovery of interest charges	2013	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 v/s Mengal Brothers, PSO & Others	Recovery of damages of Rs. 193,717

Subsidiary Company

Court	Factual Description	Year of Institution	Party	Relief Sought
Federal Board of revenue (FBR)	Claim for Income tax on unditributed 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.

(Amounts in Rs. '000)

32.1.5.2 Claims against the Group not acknowledged as debts amount to Rs. 8,373,253 (2021: Rs. 6,675,456) other than as mentioned in note 32.1.1 to these consolidated financial statements.

32.1.5.3 The Group's share in associates' contingencies in respect of various tax and legal matters as at year end is Rs. 1,204,029 (2021: Rs. 602,031).

32.2 Commitments

32.2.1 Commitments in respect of capital expenditures contracted for but not as yet incurred is as follows:

		Note	2022	2021
	Property, plant and equipment		**10,508,901**	3,453,346
	Intangibles		**175,441**	175,288
			10,684,342	3,628,634
32.2.2	Letters of credit	32.2.7	**240,933,416**	49,706,950
32.2.3	Bank guarantees		**2,046,816**	2,081,071

32.2.3.1 This includes bank guarantees of Rs. 124,630 (2021: Rs. 124,630) were issued by the Subsidiary Company in favour of Sui Southern Gas Company Limited - a related party.

		2022	2021
32.2.4	Standby letters of credit	**80,255,458**	18,341,799
32.2.5	Post-dated cheques	**46,126,631**	1,000,000

32.2.6 The Group has total unutilised facility limit against letters of credit aggregating to Rs. 56,111,863 (2021: Rs. 73,069,625) as of reporting date.

32.2.7 The Group's share in associates' committments in respect of various tax and legal matters as at year end is Rs. Nil (2021: Rs. 1,204).

33. NET SALES

	Note	2022	2021
Gross sales	33.1	**2,819,748,014**	1,476,359,151
- Discounts / allowances		**(223,324)**	(473,553)
- Sales tax		**(229,584,402)**	(202,486,841)
- Excise duty and petroleum levy		**(4,857,728)**	(23,205,951)
- Surplus price differential	33.4	**(7,848,410)**	(1,407,174)
- Custom duty	33.5	**(6,347,221)**	(3,415,838)
- Inland Freight Equalization Margin (IFEM)		**(29,156,562)**	(21,691,443)
		(278,017,647)	(252,680,800)
Net sales		**2,541,730,367**	1,223,678,351

Notes to the Consolidated Financial Statements

For the year ended June 30, 2022

(Amounts in Rs. '000)

33.1 This represents revenue from contracts with customers.

33.2 Includes export sales amounting to Rs. 13,910,051 (2021: Rs. 6,209,794)

33.3 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 are based on prices set under notifications of the MoE.

33.4 This includes price differential amounting to Rs. 8,450,000 (2021: Rs. 1,120,000) 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. 620,000 (2021: Rs. 290,000) on sale of 90 RON Motor Gasoline, calculated as per the mechanism notified by MoE dated: September 5, 2016.

33.5 This represents custom duty recovered on sale of products subject to custom duty.

34. COST OF PRODUCTS SOLD

	Note	2022	2021
Opening stock		**88,934,410**	64,758,242
Purchases made during the year	34.1 & 34.2	**2,637,138,141**	1,190,599,212
		2,726,072,551	1,255,357,454
Closing stock	13	**(362,469,390)**	(88,934,410)
		2,363,603,161	1,166,423,044

34.1 Includes cost incurred by the Group on refining of crude oil and manufacturing of lubricants amounting to Rs. 171,446,677 (2021: Rs. 94,750,395) and Rs. 13,056,392 (2021: Rs. 5,765,550), respectively.

34.2 Includes depreciation of property, plant & equipment and right of use assets amounting to Rs. 1,319,436 (2021: Rs. 1,432,021).

34.3 During the year, the Company received directives from MoP&NR through letter No.PL-3(457)/2021-73 dated October 31, 2021, PL-3(457)/2021-74 dated February 28, 2022 and PL-3(457)/2021-74 dated March 15, 2022 through which the Company was directed to supply Motor Gasoline and High Speed Diesel at prices directed by the Ministry. The MoP&NR through letter No. PL-3(242)/2021/PDC dated March 9, 2022 introduced the mechanism for reimbursement of these Price Differential Claims (PDCs) to oil marketing companies and refineries. The Company received the entire amount of PDCs of Rs. 125,995,864 during the current year through the mechanism defined by MoP&NR which interalia included submission of certified claims by the external auditors. The aforesaid amount is included in the cost of products sold.

(Amounts in Rs. '000)

35. OTHER INCOME

	Note	2022	2021
Income from financial assets			
Interest / mark-up received on delayed payments		**17,464,141**	12,663,513
Interest / mark-up on saving accounts		**2,666,669**	185,243
Discounting of wharfage liability		**-**	551,543
Dividend income from FVOCI investments	35.2	**384,142**	350,972
		20,514,952	13,751,271
Income from non-financial assets			
Handling, storage and other services	35.1	**3,419,239**	2,331,827
Income from Compressed Natural Gas (CNG) operators	35.1	**72,574**	135,659
Income from non-fuel retail business		**271,808**	129,564
Income from retail outlets - net		**214,480**	116,604
Exchange gain		**-**	1,763,791
Scrap sales		**29,733**	72,630
Gain on disposal of property, plant and equipment	5.2	**110,212**	35,981
Penalties and other recoveries		**288,694**	333,649
Liabilities written back		**-**	470,948
Others	35.4	**426,446**	273,548
		4,833,186	5,664,201
		25,348,138	19,415,472

35.1 This represents revenue from contracts with customers.

35.2 This represents dividend received from Pak-Arab Pipeline Company Limited; a related party.

36. DISTRIBUTION AND MARKETING EXPENSES

	Note	2022	2021
Salaries, wages and benefits	37.1	**6,634,586**	6,653,535
Transportation costs		**597,424**	560,740
Depreciation on property, plant and equipment	5.1.1	**1,573,228**	1,268,549
Depreciation on right-of-use assets	6.2	**511,407**	411,476
Security and other services		**336,199**	289,699
Rent, rates and taxes		**294,063**	497,903
Repairs and maintenance		**1,605,685**	1,171,386
Insurance		**158,757**	135,421
Travelling and office transport		**301,572**	241,376
Printing and stationery		**23,507**	23,025
Communication		**16,679**	28,483
Utilities		**318,938**	231,456
Storage and technical services		**65,143**	52,010
Sales promotion and advertisement		**521,345**	418,773
Fees and subscription		**38,995**	38,168
Other expenses		**282**	223
		12,997,810	12,022,223

(Amounts in Rs. '000)

37. ADMINISTRATIVE EXPENSES

	Note	2022	2021
Salaries, wages and benefits	37.1	**2,727,047**	2,300,952
Depreciation on property, plant and equipment	5.1.1	**275,206**	256,046
Depreciation on right-of-use assets	6.2	**40,574**	30,307
Amortisation	7.3	**74,617**	35,930
Security and other services		**43,923**	44,037
Rent, rates and taxes		**9,364**	13,697
Repairs and maintenance		**89,533**	306,494
Insurance		**190,899**	165,746
Travelling and office transport		**82,141**	46,454
Printing, stationery and advertisements		**19,793**	17,397
Communication		**43,692**	65,311
Utilities		**85,782**	72,373
Storage and technical services		**393,982**	99,722
Legal and professional		**326,144**	65,966
Auditors' remuneration	37.3	**26,426**	18,685
Contribution towards expenses of Board of Management / Board of Directors		**54,759**	46,757
Donations	37.4	**256,730**	107,348
Fees and subscription		**26,875**	22,144
		4,767,487	3,715,366

37.1 Salaries, wages and benefits also include charge of Rs. 52,284 (2021: Rs. 94,024) in respect of Holding Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 22 to these consolidated financial statements.

37.2 Remuneration of Managing Director, Directors and Executives

37.2.1 The aggregate charge for the year in respect of remuneration and benefits to the Managing Director and Executives are as follows:

	2022		2021	
	Managing Director	Executives	Managing Director	Executives
Managerial remuneration	**18,077**	**1,515,884**	15,770	1,336,889
Housing and utilities	**9,942**	**839,118**	8,674	715,987
Performance bonus	**4,802**	**283,973**	2,760	190,501
Retirement benefits	**3,278**	**535,829**	2,875	501,354
Leave encashment	**-**	**50,546**	-	68,919
Other allowances and benefits	**11,650**	**807,297**	9,775	686,738
	47,749	**4,032,647**	39,854	3,500,388
Number, including those who worked part of the year	**1**	**565**	1	530

37.2.2 The amount charged in respect of fee to 8 (2021: 10) non-executive directors aggregated to Rs. 15,600 (2021: Rs. 17,800). Moreover, the amount charged in respect of Holding Company's Chairman's Honorarium is Rs. 300 (2021: Rs. 300).

(Amounts in Rs. '000)

37.2.3 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.

37.3 Auditors' remuneration

	2022	2021
Fee for the:		
- audit of consolidated financial statements	**1,495**	1,495
- audit of unconsolidated financial statements	**5,557**	5,557
- review of half yearly financial information	**2,003**	2,003
Tax certifications	**9,203**	5,656
Other certifications	**5,634**	1,625
Out of pocket expenses	**2,534**	2,349
	26,426	18,685

37.4 All donations are made to Corporate Social Responsibility (CSR) trust which is an independent entity responsible for payment of donations except for Rs. 7,500 donated by Subsidiary Company to The Indus Hospital. During the year, no donations have been paid to any donee / party in which any director of the Holding Company or Subsidiary Company is interested.

38. OTHER EXPENSES

	Note	2022	2021
Research cost on refinery upgradation	38.1	**80,505**	32,638
Penalties	38.2	**1,230**	10,500
Workers' Profit Participation Fund	17.9	**8,747,987**	2,405,539
Workers' Welfare Fund		**3,484,469**	889,958
Exchange loss arising on currency transactions - net		**1,214,898**	-
Provision against stores, spares, chemicals and loose tools including capital stores		**21,501**	10,895
CNG receivable adjustment		**-**	443,000
Fixed assets written-off		**-**	4,849
Others		**1,222,323**	256,142
		14,772,913	4,053,521

38.1 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).

38.2 This represents late fee charges imposed by the Explosive Department in accordance with Rule 119 of Petroleum Rules, 1937, in respect of renewal of licenses of petroleum product storage tanks situated at Korangi and Keamari Terminal.

(Amounts in Rs. '000)

39. FINANCE COSTS

	Note	2022	2021
Interest / mark-up on short-term borrowings in:			
- local currency	39.1	**1,069,677**	2,165,635
- foreign currency		**3,299,881**	504,291
		4,369,558	2,669,926
Mark-up on bank accounts under Islamic mode		**19,643**	853,974
Mark-up on salary refinancing		**14,228**	20,070
Late payment surcharge and other charges		**664,684**	7,196,665
		698,555	8,070,709
		5,068,113	10,740,635
Finance cost on wharfage liability		**106,119**	114,581
Finance cost on lease liabilities		**788,363**	698,518
	39.2	**5,962,595**	11,553,734

39.1 Includes mark-up amounting to Rs. 548,207 (2021: Rs. 148,306) on facilities under Islamic mode.

39.2 Includes mark-up and bank charges amounting to Rs. 715,395 (2021: Rs. 408,355) on facilities obtained from National Bank of Pakistan - a related party.

40. TAXATION

	Note	2022	2021
Current			
- for the year	40.1	**69,247,927**	11,383,428
- for prior years - (net)		**(908,963)**	511,043
		68,338,964	11,894,471
Deferred	11.1	**(3,500,950)**	3,550,897
		64,838,014	15,445,368

40.1 Relationship between accounting profit and tax expense

	2022	2021
Accounting profit before taxation	**160,560,685**	45,002,627
Tax at the applicable tax rate of 29% (2021: 29%)	**46,562,599**	13,050,762
Tax effect of:		
- Final tax regime and income subject to lower tax rate	**4,916,345**	1,561,936
- Non-recognition of deferred tax on tax loss and deductible temporary differences of the Subsidiary Company	**(1,447,045)**	(278,433)
- Permanent differences	**72,634**	(54,354)
- Adjustments relating to prior years	**213,511**	511,043
- Super tax	**14,880,319**	-
- Minimum tax	**-**	652,746
- Surrender of prior year tax losses to parent entity	**(1,238,393)**	-
- Others	**878,045**	1,669
	64,838,014	15,445,368
Effective tax rate	**40%**	34%

40.2 The Government through Finance Act, 2022, introduced section 4C in Income Tax Ordinance, 2001, and imposed Super Tax at the rate of 10% on taxable income as defined in the said section, for Tax Year 2022.

(Amounts in Rs. '000)

41. EARNING PER SHARE - BASIC AND DILUTED

	Note	2022	2021
There is no dilutive effect on the basic earnings per share of the Holding Company, which is based on:			
Profit for the year attributable to the owners of the Holding Company		91,243,935	29,404,920
		---------(Number of shares)--------	
Weighted average number of ordinary shares in issue during the year		469,473,300	469,473,300
		------------------(Rupees)----------------	
Earning per share - basic and diluted		194.35	62.63

42. CASH GENERATED FROM OPERATIONS

	Note	2022	2021
		------------- (Rupees in '000) -------------	
Profit before taxation		160,560,685	45,002,623
Adjustments for:			
Depreciation of Property, plant and equipment	5.1.1	3,151,960	2,956,616
Depreciation of Right-of-use assets	6.2	567,891	457,693
Amortisation of Intangibles	7	74,617	35,930
(Reversal) / Provision for impairment on trade debts - net	14.4	(700,033)	337,761
Provision for impairment against doubtful other receivables - net	17.7.1	5,804,221	560,504
Provision for impairment against stores, spares, chemicals and loose tools	12.1	25,261	27,415
Provision for retirement and other services benefits		1,304,610	1,429,363
Provision for infrastructure development cess		-	252,464
Liabilities written back	35	-	(470,948)
Gain on disposal of operating assets	35	(110,212)	(35,982)
Assets written off		-	4,850
Share of profit of associates - net of tax	8.3.1	(690,334)	(574,953)
Dividend income from FVOCI / AFS Investment	35	(384,142)	(350,972)
Finance cost on leases	39	788,363	698,518
Finance costs	39	5,174,232	10,855,216
		15,006,434	16,183,475
Changes in:			
- Stores, spares, chemicals and loose tools		(40,832)	(378,313)
- Stock-in-trade		(273,534,980)	(24,176,168)
- Trade debts		(210,053,304)	(24,944,973)
- Loans and advances		(278,318)	49,661
- Short - term deposits and prepayments		(273,907)	2,327,890
- Other receivables		(43,538,213)	1,901,885
- Trade and other payables		346,942,429	13,176,315
		(180,777,125)	(32,043,703)
		(5,210,006)	29,142,395

(Amounts in Rs. '000)

		Note	2022	2021
43.	**CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents comprise of the following items included in the statement of financial position:			
	- Cash and bank balances	18	**37,457,819**	2,974,299
	- Finances under mark-up arrangements	31	**(1,874,135)**	(14,354,297)
			35,583,684	(11,379,998)

44. SEGMENT INFORMATION

44.1 Segment wise results are as follows:

	2022						2021					
	Petroleum Products	LNG	Refining Operation	Others	Intergroup elimination	Total	Petroleum Products	LNG	Refining Operation	Others	Intergroup elimination	Total
	(Rupees in millions)						(Rupees in millions)					
Net sales	1,854,762	591,688	191,316	5,131	(101,167)	2,541,730	934,323	267,221	91,981	2,703	(72,550)	1,223,678
Cost of products sold	(1,709,355)	(576,353)	(171,394)	(4,878)	98,377	(2,363,603)	(886,358)	(260,690)	(89,335)	(2,590)	72,550	(1,166,423)
Gross profit	145,407	15,335	19,922	253	(2,790)	178,127	47,965	6,531	2,646	113	-	57,255
Other income	23,252	-	535	1,561	-	25,348	14,607	-	637	4,219	(48)	19,415
Administrative, distribution and marketing expenses	(14,582)	(1,904)	(953)	(326)	-	(17,765)	(12,855)	(1,495)	(842)	(540)	(5)	(15,737)
Reversal / (provision) for impairment on financial assets - net	700	(5,580)	-	(224)	-	(5,104)	(370)	-	-	(528)	-	(898)
Other expenses	(12,322)	331	(2,763)	(19)	-	(14,773)	(2,815)	(283)	(176)	(833)	53	(4,054)
Operating cost	(26,204)	(7,153)	(3,716)	(569)	-	(37,642)	(16,040)	(1,778)	(1,018)	(1,901)	48	(20,689)
Profit from operations	142,455	8,182	16,741	1,245	(2,790)	165,833	46,532	4,753	2,265	2,431	-	55,981
Finance cost	(2,570)	(2,151)	(1,242)	-	-	(5,963)	(9,133)	(994)	(1,311)	(115)	-	(11,554)
Share of profit of associates - net of tax	-	-	(3)	694	-	691	-	-	(7)	581	-	575
Profit before tax	139,885	6,031	15,496	1,939	(2,790)	160,561	37,399	3,759	947	2,897	-	45,002
Taxation	(54,826)	(6,649)	(3,205)	(158)	-	(64,838)	(10,866)	(2,931)	(527)	(1,121)	-	(15,445)
Profit / (loss) for the year	85,059	(618)	12,291	1,781	(2,790)	95,723	26,533	828	420	1,776	-	29,557

44.2 As referred in note 3.22 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.

44.3 Net sales in LNG segment relates to single customer.

44.4 Receivables and payables balances pertaining to LNG segment have been disclosed in notes 14.6 and 27.3 respectively. Moreover, majority of the remaining assets and liabilities pertains to the petroleum segment.

44.5 Out of total sales of the Group, 99.5% (2021: 99.9%) relates to customers in Pakistan. Further, all non-current assets of the Group as at June 30, 2022 are located in Pakistan.

(Amounts in Rs. '000)

44.6 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 32% during the year ended June 30, 2022 (2021: 28%).

44.7 Out of total gross sales of the Company, sales amounting to Rs. 811,749,396 (2021: Rs. 336,521,638) relates to circular debt customers.

45. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2022	2021
45.1 Financial assets as per statement of financial position			
Fair value through other comprehensive income			
- Long-term investments - Pak-Arab Pipeline Company Limited	8	**4,208,094**	7,874,629
At amortised cost			
- Loans and advances	9 & 15	**898,052**	487,901
- Deposits	10 & 16	**619,226**	376,221
- Trade debts	14	**433,138,291**	222,384,954
- Other receivables		**12,272,459**	18,452,728
- Cash and bank balances	18	**37,457,819**	2,974,299
		484,385,847	244,676,103
		488,593,941	252,550,732
45.2 Financial liabilities as per statement of financial position			
At amortised cost			
- Long-term borrowings	23	**-**	293,924
- Lease liabilities	24	**6,805,512**	5,235,654
- Trade and other payables		**499,403,327**	163,741,975
- Unclaimed dividend	28	**1,498,372**	1,393,280
- Unpaid dividend	29	**-**	129,789
- Accrued interest / mark-up	31.5	**1,142,121**	483,949
- Short-term borrowings	31	**174,746,786**	73,616,445
		683,596,118	244,895,016

45.3 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:

(Amounts in Rs. '000)

- 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, 2022, except for the Holding 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 8.2 of these consolidated financial statements.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

46.1 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 of the Holding Company and Board of Directors of the Subsidiary Company 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.

(Amounts in Rs. '000)

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in foreign exchange rates, market interest 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 Group's Investment in Pak-Arab Pipeline Company 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 crude oil, 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$ or USD).

	USD		PKR	
	2022	**2021**	**2022**	**2021**
Trade payables	**1,714,441**	366,575	**350,740,429**	57,887,627
Advances	**2,901**	4,359	**593,487**	688,351

	Average rates		Spot rate	
	2022	**2021**	**2022**	**2021**
USD to PKR	**180.46**	160.04	**204.58**	157.92

The Group has incurred exchange losses of Rs. 53,226,696 (2021: Rs. 1,379,470) and Rs. 1,214,898 (2021: Gain of Rs. 1,763,791) that have recognized as part of cost of products sold and other expenses respectively. Exchange losses recognized as part of cost of products sold of the Holding Company of Rs. 49,317,950 (2021: Rs. 1,840,570) have been recovered through the pricing mechanism.

Further, the Group has also availed foreign currency borrowing (FE-25) as of June 30, 2022. However, there is no foreign currency risk involved on these borrowings as detailed in note 17.5 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, short-term borrowing and running finance facilities amounting to Rs. 223,243,281 (2021: Rs. 102,715,624). These are benchmarked to variable rates which exposes the Group to cash flow interest rate risk only.

(Amounts in Rs. '000)

Variable rate instruments	Carrying amount 2022	2021
Financial assets		
- Saving accounts	**22,984,105**	455,935
Financial liabilities		
- Long-term borrowings	**-**	(293,924)
- Short-term borrowings	**(174,746,786)**	(73,616,445)
- Local creditors	**(48,263,489)**	(28,572,249)
- Security deposits	**(233,006)**	(233,006)
	(223,243,281)	(102,715,624)
Net financial liabilities at variable interest rates	**(200,259,176)**	(102,259,689)

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. 1,221,581 (2021: Profit for the year and shareholder's equity by Rs. 726,044). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed in 2021.

(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, 2022, Group's investment in Pak-Arab Pipeline Company Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 8.2.2.

(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.

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:

(Amounts in Rs. '000)

	2022		2021	
	Statement of financial position	Maximum exposure	Statement of financial position	Maximum exposure
Financial assets at amortized cost				
- Loans and advances	**898,052**	**898,052**	487,901	487,901
- Deposits	**619,226**	**619,226**	376,221	376,221
- Trade debts	**433,138,291**	**56,871,993**	222,384,954	143,362,349
- Other receivables	**12,272,459**	**4,877,959**	18,452,728	9,155,309
- Bank balances	**37,445,679**	**37,445,679**	2,963,329	2,963,329
	484,373,707	**100,712,909**	244,665,133	156,345,109

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 378,437,715 (2021: Rs.186,006,873). 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, deposits, and other receivables as mentioned in notes 9, 10, 15, 16 and 17 other than those provided in these notes are neither past due nor impaired.

Based on the past experience, past track record 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 2022	PACRA	A1+	AAA
Askari Bank Limited	June 2022	PACRA	A1+	AA+
Bank Alfalah Limited	June 2022	PACRA	A1+	AA+
Bank Al-Habib Limited	June 2022	PACRA	A1+	AAA
Citibank N.A. - Pakistan Branches	June 2022	Moody's	P-1	Aa3
Faysal Bank Limited	June 2022	PACRA	A1+	AA
Habib Bank Limited	June 2022	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June 2022	PACRA	A1+	AA+
MCB Bank Limited	June 2022	PACRA	A1+	AAA
Meezan Bank Limited	June 2022	VIS	A-1+	AAA
National Bank of Pakistan	June 2022	PACRA	A1+	AAA
Samba Bank Limited	June 2022	VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	June 2022	PACRA	A1+	AAA
United Bank Limited	June 2022	VIS	A-1+	AAA
Soneri Bank Limited	June 2022	PACRA	A1+	AA-
The Bank of Punjab	June 2022	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 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.

	2022	2021
	Contractual maturity	
	Up to three months	
Financial liabilities		
Trade and other payables	**499,403,327**	163,741,975
Unclaimed dividend	**1,498,372**	1,393,280
Unpaid dividend	**-**	129,789
Accrued interest / mark-up	**1,142,121**	483,949
Short-term borrowings	**174,746,786**	73,616,445
	676,790,606	239,365,438

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Unclaimed dividend is payable as per stipulated time. Further, maturity analysis of lease liabilities has been disclosed in note 24 to the 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.

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.

(Amounts in Rs. '000)

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.

46.2 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 2021.

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.

The gearing ratios as at June 30, 2022 and 2021 were as follows:

	Note	2022	2021
Long-term borrowings	23	-	293,924
Short-term borrowings	31	174,746,786	73,616,445
Cash and bank balances with lenders		(37,445,679)	(2,963,329)
Net debt		137,301,107	70,947,040
Total equity		227,343,289	142,372,937
Total capital		364,644,396	213,319,977
Gearing ratio		37.65%	33.26%

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.

47. TRANSACTIONS WITH RELATED PARTIES

47.1 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 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%	State owned / controlled entities
Pak Grease Manufacturing Company (Private) Limited	49.26%	Associate
Asia Petroleum Limited	49.00%	Associate
Retirement benefit funds namely 1. Pension fund 2. Gratuity fund and 3. Provident fund	N/A	Post employment benefits
PSO CSR Trust	N/A	Trust Controlled by KMP
Board of management - Oil	N/A	Charged with governance
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
Sui Southern Gas Company Limited	N/A	Government related entity / Common Directorship
National Power Parks Management Company (Private) Limited	N/A	Common Directorship
Oil Companies Advisory Council	N/A	Government related entity
Oil and Gas Development Company	N/A	Government related entity
Pakistan Petroleum Limited	N/A	Government related entity
Oil and Gas Regulatory Authority (OGRA)	N/A	Regulatory Authority - Government related entity
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
Power Holding (Private) Limited	N/A	Common Directorship
National Engineering Services Pakistan (Pvt.) Limited	N/A	Government related entity
Pakistan Electrical Power Company	N/A	Government related entity
Private Power & Infrastructure Board	N/A	Government related entity
Alternative Energy Development Board	N/A	Government related entity
786 Investments Limited	N/A	Common Directorship
Lean in Pakistan Foundation	N/A	Common Directorship
Dawood Global Foundation	N/A	Common Directorship
Petroleum Institute of Pakistan	N/A	Common Directorship
Ladies fund Energy (Pvt.) Limited	N/A	Common Directorship
Ladies fund Solar (Pvt.) Limited	N/A	Common Directorship
Pakistan Mineral Development Corporation	N/A	Common Directorship
Saindak Metals Limited	N/A	Common Directorship
Dawood Family Takaful Limited	N/A	Common Directorship
Pakistan LNG Limited	N/A	Government related entity / Common Directorship
Pakistan LNG Terminals Limited	N/A	Government related entity
Shehryar Omar	N/A	Key management personnel
Gulzar G Khoja	N/A	Key management personnel
Abdus Sami	N/A	Key management personnel
Rashid Umer Siddiqui	N/A	Key management personnel

Name of Related parties	Direct Shareholding	Relationship
Mohsin Ali Mangi	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
Mansoor Imsail	N/A	Key management personnel
Nadeem Afridi	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
Muhammad Ali	N/A	Key management personnel
Hammad Zafar	N/A	Key management personnel
Mir Shahzad Khan Talpur	N/A	Key management personnel
Brig. (R) Rizwan Ahmed	N/A	Key management personnel
Syed Sajjad	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
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
Saira Najeeb Ahmed	N/A	Director
Asim Iqbal	N/A	Director
Hassan Mehmood Yousufzai	N/A	Director
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
Tariq Kirmani	N/A	Subsidiary’s Director
Abid S. Zuberi	N/A	Subsidiary’s Director
Syed Asad Ali Shah	N/A	Subsidiary’s Director
Abdul Aleem	N/A	Subsidiary’s Director
Aftab Hussain	N/A	Subsidiary’s Director
Nadeem Safdar	N/A	Subsidiary’s Director
Syed Jehangir Ali Shah	N/A	Subsidiary’s Director
Zahid Mir	N/A	Subsidiary’s Director

(Amounts in Rs. '000)

47.2 Related parties comprise of 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 Company	Nature of transactions	2022	2021
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	**8,650,259**	11,513,020
	Services Received	**1,890**	519,367
	Sale of goods - Net	**2,696,885**	13,618,023
	Services rendered	**30,716**	26,683
- Asia Petroleum Limited	Income facility charges	**475,882**	1,367
	Pipeline charges	**461,847**	15,451
Retirement benefit funds			
- Pension funds - Holding Company	Charge for the year	**219,909**	201,878
	Contributions	**-**	169,045
- Gratuity fund - Holding Company	Charge for the year	**270,571**	265,982
	Contributions	**-**	280,590
- Provident fund - Holding Company	Charge for the year	**200,218**	165,235
	Contributions	**188,265**	156,061
- Contributory pension funds - Holding Company	Charge for the year	**216,324**	190,780
	Contributions	**216,324**	190,780
- Management Pension Scheme - Subsidiary	Charge for the year	**83,943**	85,763
	Contributions	**83,336**	88,290
- Non Management Pension Scheme - Subsidiary	Charge for the year	**19,656**	17,055
	Contributions	**19,656**	11,169
- Management Gratuity Scheme - Subsidiary	Charge for the year	**17,506**	18,531
	Contributions	**17,506**	13,881
- Non Management Gratuity Scheme - Subsidiary	Charge for the year	**959**	374
	Contributions	**62**	374
- Management Provident Scheme - Subsidiary	Charge for the year	**91,463**	374
	Contributions	**91,463**	374
Key management personnel	Managerial remuneration	**277,318**	272,871
	Housing and utilities	**128,649**	68,521
	Performance bonus	**64,553**	35,856
	Other allowances and benefits	**134,959**	93,086
	Retirement benefits	**51,302**	38,059
	Leave encashment	**9,333**	13,363
	Vehicles having net book value of Rs. 7,070 (2021: Rs.6,874) transferred under employee car scheme (sale proceeds)	**7,578**	8,032

(Amounts in Rs. '000)

47.3 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.

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:

		2022	2021
- Government of Pakistan	Dividend paid	**1,055,041**	527,521
- PSOCL Employees Empowerment Scheme	Dividend paid to the trust	**142,636**	71,318
- Board of Management	Contribution	**25,517**	23,890
- Pak-Arab Pipeline Company Limited	Pipeline charges	**5,752,542**	4,014,321
	Dividend received	**384,142**	350,972
- Water and Power Development Authority	Utility charges	**167,088**	114,494
- Oil and Gas Development Company Limited	Gross sales	**25,846**	1,138,499
	Purchases	**13,218,655**	6,403,401
- Pakistan Petroleum Limited	Purchases	**3,101,733**	1,938,728
- GENCO	Gross Sales	**29,961,543**	5,304,406
- Pakistan International Airlines Corporation Limited	Gross Sales	**26,317,293**	8,122,529
	Purchases	**8,510**	7,747
- Pakistan Railways	Gross sales	**20,802,497**	15,361,668
- Pak-Arab Refinery Company Limited	Gross Sales	**2,518,348**	13,618,023
	Purchases	**413,279,449**	189,579,456
	Pipeline charges	**1,081,294**	575,294
	Services rendered	**30,716**	26,683
	Other expense	**-**	2,548,522
- Sui Northern Gas Pipelines Limited	Gross Sales	**692,274,963**	299,286,670
- Sui Southern Gas Company Limited	Purchases	**561,569**	465,547
- Pakistan National Shipping Corporation	Services received	**-**	1,385,635
- Government Holdings (Private) Limited	Purchases	**2,948,834**	1,508,844
- K-Electric Limited	Gross Sales	**106,268,504**	57,745,965
	Income facility charges	**35,915**	52,382
	Late payment income	**-**	11,711
	Utility charges	**222,752**	213,375

(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 Group 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 Group, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Group.

(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 Group has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.

(v) The Group utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products.

(vi) The Group obtains utility services from Civil Aviation Authority, Sui Northern Gas Pipeline 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.

47.4 The status of outstanding receivables from and payables to related parties as at June 30, 2022 are included in respective notes to these consolidated financial statements.

47.5 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.

47.6 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.

47.7 All the transactions with directors have been disclosed in the note 34.2 to these consolidated financial statements.

48. 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.

49. EVENTS AFTER THE REPORTING DATE

The Board of Management of the Holding Company in its meeting held on August 26, 2022 proposed (i) 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.

(Amounts in Rs. '000)

50. CAPACITY AND ACTUAL PERFORMANCE

	Lube Manufacturing Plant		Crude Refining Plant	
	---------------------------- Metric Ton		----------------------------	
	2022 (Note 50.1)	2021	2022 (Note 50.2)	2021
Available capacity	**70,000**	70,000	**2,133,705**	2,133,705
Actual production	**44,507**	39,099	**1,338,500**	1,302,136

50.1 The above pertains to production from 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 Group is carried at the level which gives optimal yield of products.

51. NUMBER OF EMPLOYEES

	2022	2021
Total employees as at June 30	**2,579**	2,669
Average number of employees during the year	**2,608**	2,719

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 26, 2022 by the Board of Management.

Syed Muhammad Taha	**Zafar I. Usmani**	**Gulzar Khoja**
Managing Director & CEO	**Chairman - Board of Management**	**Chief Financial Officer**

STAKEHOLDERS' INFORMATION

STAKEHOLDERS' INFORMATION

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 the company but are somehow affected by the actions and outcomes of the business. Suppliers, creditors, and public groups are all considered external stakeholders.

The 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. The company has 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 stakeholders are in line with the regulatory considerations.

The large stakeholder community includes but is not limited to the following:

a) Institutional investors
b) Customers and suppliers
c) Banks
d) Media
e) Regulators
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 Meetings and analyst briefing sessions where they can raise their queries and concerns. Further, the 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 ensures customer satisfaction through its dedicated Ta'aluq Care Line by interacting with customers and answering their queries. The company's customers include dealers, distributors, industries and end consumers. 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.

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 the company's requirements.

Banks

PSO's treasury department engages with banks on a continuous basis to explore borrowings and trade financing options. PSO enjoys working relationship with 15 top tier banks of the country. Due to high receivables from Power Sector and SNGPL, PSO has to resort to 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. PSO's senior management is in close liaison with government officials on various company and oil industry related issues.

Media

Over the years media management has assumed a very vital role in the success of organizations. PSO maintains a consistent and strong presence on media. It engages with the print, electronic and digital media through regular press releases, TVCs, DVCs, social media and website to apprise general public about 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 FY22.

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 recreation club and fortified medical center to cater to the health and fitness needs of its employees. During FY22, due to ongoing pandemic, the 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 reduce 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 the 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. One Analyst meeting was held in FY22 instead of holding these on a quarterly basis due to COVID-19.

The following is the summary of important discussions that took place during the briefing session:

- Company explained major variations versus 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
- The prospects of SNGPL receivable were discussed
- Company shared prospects of increase in market share with the audience

During FY22, the company held a corporate briefing session (CBS) virtually through Zoom on the financial results of 3rd quarter of FY22 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 include company's brief, group structure, business lines, industry's highlights, company's operational and financial highlights, Group's financial highlights and PSO's future outlook.

STAKEHOLDERS' INFORMATION

Resolution of Concerns Raised at Last AGM

Safeguarding and maximizing 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 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 updates its website timely with respect to all notices of general meetings.

Presence of Chairperson of the Board Audit & Compliance Committee at AGM

Chairperson Board Audit & Compliance Committee attended the AGM for the financial year 2021 to answer questions on the committee's activities, matters within the scope of the committee's responsibilities and any other related question.

Redressal of Investors' Grievances

Company Secretariat continuously engages with investors, responds to their queries and requests for information and addresses 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.

PATTERN OF SHAREHOLDING

As at June 30, 2022

No. of Shareholders	Having Shares From	To	Shares Held
5,713	1	100	201,098
5,107	101	500	1,476,470
2,672	501	1,000	2,113,274
5,149	1,001	5,000	12,598,485
1,234	5,001	10,000	8,864,511
507	10,001	15,000	6,389,549
233	15,001	20,000	4,101,751
167	20,001	25,000	3,797,770
111	25,001	30,000	3,083,193
58	30,001	35,000	1,898,645
66	35,001	40,000	2,481,028
48	40,001	45,000	2,027,388
57	45,001	50,000	2,746,858
55	50,001	55,000	2,866,175
33	55,001	60,000	1,901,615
16	60,001	65,000	1,004,225
11	65,001	70,000	747,773
21	70,001	75,000	1,542,755
15	75,001	80,000	1,169,115
19	80,001	85,000	1,576,498
10	85,001	90,000	879,188
10	90,001	95,000	921,200
10	95,001	100,000	973,261
10	100,001	105,000	1,019,395
5	105,001	110,000	539,927
7	110,001	115,000	784,825
4	115,001	120,000	478,662
3	120,001	125,000	362,004
1	125,001	130,000	130,000
12	130,001	135,000	1,592,398
4	135,001	140,000	553,359
4	140,001	145,000	568,361
6	145,001	150,000	897,600
4	150,001	155,000	607,217
4	155,001	160,000	630,878
2	160,001	165,000	327,869
3	165,001	170,000	507,719
5	170,001	175,000	866,634
2	175,001	180,000	352,897
3	180,001	185,000	549,385
5	185,001	190,000	935,921
2	190,001	195,000	383,257
8	195,001	200,000	1,591,389
4	210,001	215,000	849,065
2	215,001	220,000	435,503
2	220,001	225,000	447,168
1	225,001	230,000	225,100
2	230,001	235,000	465,484

PATTERN OF SHAREHOLDING

As at June 30, 2022

No. of Shareholders	Having Shares From	To	Shares Held
3	235,001	240,000	712,626
1	240,001	245,000	242,624
1	245,001	250,000	250,000
2	255,001	260,000	517,200
1	260,001	265,000	261,500
2	265,001	270,000	535,551
2	270,001	275,000	550,000
1	275,001	280,000	278,319
4	285,001	290,000	1,147,399
1	295,001	300,000	300,000
1	305,001	310,000	309,657
3	315,001	320,000	949,703
2	320,001	325,000	646,853
1	325,001	330,000	330,000
2	330,001	335,000	665,752
1	335,001	340,000	340,000
2	345,001	350,000	697,906
1	350,001	355,000	353,902
2	355,001	360,000	713,836
1	375,001	380,000	378,233
1	385,001	390,000	390,000
1	390,001	395,000	395,000
2	395,001	400,000	800,000
2	400,001	405,000	806,000
1	405,001	410,000	406,048
2	420,001	425,000	849,146
1	445,001	450,000	448,934
1	455,001	460,000	457,200
1	465,001	470,000	469,500
1	475,001	480,000	475,360
1	485,001	490,000	488,789
4	495,001	500,000	1,994,501
2	535,001	540,000	1,076,425
1	540,001	545,000	542,868
1	545,001	550,000	550,000
1	575,001	580,000	575,141
1	585,001	590,000	588,703
1	590,001	595,000	591,924
1	600,001	605,000	602,511
1	620,001	625,000	620,273
1	665,001	670,000	666,188
1	675,001	680,000	675,555
1	680,001	685,000	681,308
1	685,001	690,000	685,840
1	710,001	715,000	711,345
2	735,001	740,000	1,475,544
1	760,001	765,000	761,630
1	765,001	770,000	769,377

PATTERN OF SHAREHOLDING

As at June 30, 2022

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
1	790,001	795,000	793,624
1	805,001	810,000	807,013
1	840,001	845,000	844,792
1	845,001	850,000	850,000
1	900,001	905,000	900,463
1	910,001	915,000	912,295
1	1,045,001	1,050,000	1,047,277
1	1,070,001	1,075,000	1,074,800
1	1,075,001	1,080,000	1,076,190
1	1,080,001	1,085,000	1,081,762
1	1,100,001	1,105,000	1,102,387
1	1,210,001	1,215,000	1,213,722
1	1,215,001	1,220,000	1,215,674
1	1,230,001	1,235,000	1,231,018
1	1,235,001	1,240,000	1,235,198
1	1,270,001	1,275,000	1,272,117
1	1,295,001	1,300,000	1,297,746
1	1,300,001	1,305,000	1,301,019
2	1,470,001	1,475,000	2,948,081
1	1,495,001	1,500,000	1,500,000
1	1,515,001	1,520,000	1,515,677
1	1,585,001	1,590,000	1,587,600
1	1,735,001	1,740,000	1,738,561
1	1,765,001	1,770,000	1,766,483
1	1,800,001	1,805,000	1,803,254
1	1,935,001	1,940,000	1,935,129
1	1,985,001	1,990,000	1,985,076
1	2,065,001	2,070,000	2,066,851
1	2,115,001	2,120,000	2,117,325
1	2,320,001	2,325,000	2,322,991
2	2,495,001	2,500,000	5,000,000
1	2,500,001	2,505,000	2,502,942
1	2,565,001	2,570,000	2,568,672
2	3,245,001	3,250,000	6,497,951
1	3,500,001	3,505,000	3,501,825
1	4,045,001	4,050,000	4,050,000
1	4,250,001	4,255,000	4,253,486
1	4,460,001	4,465,000	4,463,131
1	4,870,001	4,875,000	4,872,022
1	7,255,001	7,260,000	7,259,640
1	10,145,001	10,150,000	10,148,193
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
21,547			469,473,300

PATTERN OF SHAREHOLDING

As at June 30, 2022

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	4	291,305	0.06
Banks, Development Financial Institutions, Non-Banking Financial Institutions	43	23,924,439	5.10
Insurance Companies	21	45,180,286	9.62
Modarabas and Mutual Funds	93	62,686,981	13.36
Shareholders holding 10% or more:			
NBP, Trustee Department	1	69,879,558	14.88
General Public:			
Resident	20,348	91,114,711	19.41
Non-resident	609	758,204	0.16
Others:			
Non-Resident Companies	75	17,313,017	3.69
Public Sector Companies & Corporations and Joint Stock Companies	189	27,390,040	5.83
Employee Trusts/Funds etc.	161	11,166,457	2.38
	21,547	469,473,300	100.00

PATTERN OF SHAREHOLDING

As at June 30, 2022

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	86	62,552,241
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	78	69,733,826

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

SHAREHOLDERS' AND INVESTORS' INFORMATION

Annual General Meeting

The annual shareholders' meeting will be held at 11:00 a.m. on October 26, 2022 at Grand Ballroom, Pearl Continental Hotel, Karachi.

Managing Director & CEO's Interview

MD & CEO's presentation regarding PSO's performance, business overview, strategy and outlook may be viewed on the company's website https://www.psopk.com/en/investors/financial.

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 (http://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 (http://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

As Low As Reasonably Practical (ALARP)
Automated Teller Machines (ATMs)
Automobile Track Services Pakistan (ATS)
Board of Management (BOM)
Business to business (B2B)
Business to consumer (B2C)
Calendar Year (CY)
Capital expenditure (Capex)
Chief Executive Officer (CEO)
Company owned and company operated (CoCo)
Compressed Natural Gas (CNG)
Corporate Social Responsibility (CSR)
Collective Bargaining Agent (CBA)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)
Economic Coordination Committee (ECC)
Enterprise resource planning (ERP)
Financial Year (FY)
Fleet management tank lorries (FMTL)
Furnace Oil (FO)
Government of Pakistan (GoP)
Gross Domestic Product (GDP)
Gross profit (GP)
Habib Bank Limited (HBL)
Heavy diesel engine oil (HDEO)
Health, safety and environment (HSE)
Hi-Cetane Diesel/High Speed Diesel (HSD)
Human Resource (HR)
Incident response plan (IRP)
Independent Power Producers (IPPs)
Industrial Relations (IR)
Information Technology (IT)
International Monetary Fund (IMF)
IT disaster recovery plan (IT DRP)
Jet Fuel (JP-1)
Keamari Korangi Link Pipeline (KKLP)
Liquefied Natural Gas (LNG)
Liquefied Natural Gas (LNG)
Liquefied Petroleum Gas (LPG)
Lubricant Manufacturing Terminal (LMT)
Managing Director (MD)
Memorandum of Understanding (MoU)
Million British Thermal Unit (MMBTU)
Ministry of Energy (MoE)
Mobile quality testing units (MQTUs)
Motor Gasoline (MoGas)
Mobile quality testing units (MQTUs)
National Bank of Pakistan (NBP)
National environmental quality standards (NEQS)
National Examination Board in Occupational Safety and Health (NEBOSH)
National Highways Authority (NHA)
National Highways & Motorway Police (NH&MP)
National Command and Operation Centre (NCOC)
Near field communication (NFC)
Net profit (NP)
Oil Companies Advisory Council (OCAC)
Oil & Gas Regulatory Authority (OGRA)
Oil Marketing Company (OMC)
Pakistan Investment Bonds (PIBs)
Pakistani Rupee (PKR)
Pakistan State Oil (PSO)
Pakistan Stock Exchange Limited (PSX)
Passenger car motor oil (PCMO)
Price Earning Ratio (P/E)
Profit after tax (PAT)
Premier Motor Gasoline (PMG)
Quarter (Qtr)
Quick Response (QR)
Research octane number (RON)
Secrities & Exchange Commission of Pakistan (SECP)
Secure Sockets Layer (SSL)
US Dollar (USD)
User experience (UX)
User interface (UI)
Vendor Invoice Management System (VIMS)
White Oil Pipeline (WOP)
Zulfiqarabad Oil Terminal (ZOT)

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:

Email: brand.management@psopk.com
Tell: +92 21 111 111 776 (PSO) Ext.: 2761
Ta’aluq Toll free 0800-03000

اس صورتحال کے پیشِ نظر ضرورت اس امر کی ہے کہ کمپنی اپنے کاروباری افعال میں مزید مستعدی پیدا کرے، کاروباری اخراجات کی لاگت کو کم کرے، کسٹمرز کی وفاداری برقرار رکھنے کیلئے انھیں مزید اچھے تجربات فراہم کرے اور شیئر ہولڈرز کے سرمائے کی قدر میں اضافے کیلئے بھرپور کوشش کرے۔ اگلے سال کے لیے کمپنی نے درج ذیل اہداف مقرر کیے ہیں:

- محفوظ کاروباری عمل
- موگیس، ڈیزل اور لبریکنٹس سمیت زیادہ مارجن والی مصنوعات پر مسلسل توجہ
- ادارہ جاتی حکمتِ عملی پر عملدرآمد جس میں پروڈکٹ لائن کی توسیع، انضمام اور تنوع کے حوالے سے شناخت شدہ منصوبوں کے نفاذ کو شامل کیا گیا ہے
- 45ہزار ٹن نئے اسٹور یجز کا اضافہ
- 2 آپریشنل مقامات اور 600 ریٹیل آؤٹ لیٹس کی آٹو میشن اور ڈیجیٹائزیشن
- پروسیس ری انجینئرنگ کے ذریعے زیادہ واثر والے علاقوں کی کاروباری عمل کی ری انجینئرنگ
- 20 ریٹیل آؤٹ لیٹس اور 6 آپریشنل مقامات پر صاف توانائی کی حکمتِ عملی کا نفاذ
- کمپنی کی مستقبل کی ضروریات کو پورا کرنے کیلئے ٹیلنٹ پول کا فروغ
- ریفائنری کی توسیع کے حوالے سے مالی سال 24ء کی پہلی سہ ماہی تک FEED مطالعہ کی بروقت تکمیل کو یقینی بنانا

سید محمد طٰہٰ
مینیجنگ ڈائریکٹر اور سی ای او

ظفر آئی عثمانی
چیئرمین

26 اگست 2022ء
کراچی

رپورٹ برائے شیئر ہولڈرز (مجموعی)

شیئر ہولڈنگ کا نمونہ

شیئر ہولڈنگ کا پیٹرن صفحہ نمبر 345 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 ٹیکسیز، ڈیوٹیاں، محصولات وغیرہ قانونی طور پر مقرر کردہ معیار کے اندر ادا کر دیے جائیں۔ چنانچہ گروپ کے ذمے کوئی بھی قانونی طور پر واجب الادا ادائیگی نہیں ہے۔

مالی سال 22ء کے دوران، گروپ نے قومی خزانے میں 516 ارب روپے جمع کروائے۔

صحت، حفاظت اور ماحولیات

گروپ ایک بہتر اور پائیدار مستقبل کے لیے پرعزم ہے۔ یہ تمام ریگولیٹری HSE پیرامیٹرز اور پالیسیز پر عمل کرتے ہوئے پائیداری کو کاروباری ترقی کے لیے ایک بنیادی ستون سمجھتا ہے۔

کورونا وائرس کی وبا (Covid-19)

گروپ نے کاروباری سرگرمیوں کو مکمل طور پر فعال رکھتے ہوئے رکاوٹوں پر قابو پانے میں زبردست طریقے سے کامیابی حاصل کی۔ ملازمین اور ان کے اہل خانہ کو COVID-19 ویکسین کے ٹیکے لگانے کو یقینی بنا کر ملازمین کی فلاح و بہبود کو زیادہ سے زیادہ ممکن بنایا۔

انتظامیہ کی جانب سے وبائی مرض سے نمٹنے کیلئے زیرو ٹالرنس پالیسی اپنائی گئی جبکہ عالمی اداروں اور حکومت کی جانب سے دی گئی گائیڈ لائنز اور ایس او پیز کو اپناتے ہوئے محفوظ آپریشنز کو یقینی بنایا گیا۔ پی ایس او نے حکومتِ پاکستان کے ساتھ ملک بھر میں ویکسینیشن مراکز اور بوتھ قائم کر کے ویکسین کی مہم میں اپنا بھرپور کردار ادا کیا۔

مابعد واقعات:

مالی سال کی اختتام اور رپورٹ کی تاریخ کے دوران گروپ کی مالی حیثیت پر اثر انداز ہونے والی نمایاں تبدیلیاں واقع نہیں ہوئیں۔

کاروباری سماجی ذمے داری:

گروپ اس امر کو یقینی بناتا ہے کہ سی ایس آر یعنی سماجی ذمے 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۔

سال کے دوران گروپ کی طرف سے دیے گئے عطیات کا خلاصہ درج ذیل ہے:

شعبہ	پاکستانی روپے ملین میں
صحتِ عامہ	142
تعلیم	60
سماجی تعمیر و ترقی اور ماحولیات	55
مجموعی عطیات	**257**

آئندہ کے لائحہ عمل کا بیانیہ

گروپ ایک ایسے ماحول میں کام کر رہا ہے، جہاں میکرو اکنامک عوامل کے ساتھ جغرافیائی سیاسی غیر یقینی صورتحال، تکنیکی ترقی اور ماحولیات کے تحفظ کے اقدامات کو کمپنی کی پائیداری اور کارکردگی پر اثر انداز سمجھا جاتا ہے۔

حالیہ روس-یوکرائن تصادم، عالمی سپلائی چین کے دھچکے اور اجناس کی بڑھتی ہوئی قیمتوں نے مجموعی طور پر ملک پر جمود کے اثرات مرتب کیے ہیں۔ مزید برآں، ملک کی زری اور مالیاتی پالیسیز بڑھتے ہوئے افراطِ زر، زرِمبادلہ کے ذخائر اور درآمدی اخراجات کو کم کرنے اور کنٹرول کرنے کیلئے سخت اقدامات کر رہی ہیں۔ ان اقدامات سے اگلے سال کے دوران پیٹرولیم مصنوعات کی طلب پر کساد بازاری کے اثرات مرتب ہونے کا امکان ہے۔

- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہیں، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور انحراف، اگر کوئی ہے، تو اسے مناسب طور پر ظاہر کیا گیا ہے۔

- اندرونی کنٹرول کا نظام ڈیزائن میں دُرست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

- نان ایگزیکٹیو بورڈ ممبران کا کوئی مقررہ مشاہرہ نہیں ہے اور انھیں ہر اجلاس کیلئے ایک مقررہ فیس ادا کی جا رہی ہے۔ مذکورہ فیس کا فیصلہ تمام بورڈ ممبران کے ذریعے اجتماعی طور پر آرٹیکلز آف ایسوی ایشن اینڈ کمپنیز ایکٹ 2017، (جہاں بھی قابلِ اطلاق ہو) کے مطابق کیا جاتا ہے۔

- بورڈ آف مینجمنٹ کے اراکین، منیجنگ ڈائریکٹر اینڈ سی ای او کے معاوضے کے پیکج کا انکشاف نوٹ 37.2 میں مجموعی مالیاتی گوشواروں میں کیا گیا ہے۔

- کاروباری سرگرمیاں جاری رکھنے کیلئے گروپ کی اہلیت کے حوالے سے کوئی نمایاں شبہات نہیں پائے جاتے۔

- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی نمایاں انحراف نہیں ہے، جیسا کہ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013، اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019، میں تفصیل سے بتایا گیا ہے۔

- گروپ کمپنیز کے گزشتہ 6 سالوں کے کلیدی آپریٹنگ اور مالیاتی ڈیٹا کو ان کی متعلقہ سالانہ رپورٹ میں خلاصے کی شکل میں منسلک کیا گیا ہے۔

- چیئرمین اور ڈائریکٹرز کے بارے میں معلومات، ڈائریکٹرز کی کل تعداد اور نام، ان کی تقرری، کمیٹیز اور اس کی تشکیل، بورڈ کے اجلاسوں کی تعداد اور حاضری کو سالانہ رپورٹ کے غیر مجموعی مالیاتی گوشواروں اور کارپوریٹ گورننس سیکشن میں شیئر ہولڈرز کی رپورٹ میں شامل کیا گیا ہے۔

ذیل میں پروویڈنٹ فنڈ، پنشن اور گریجویٹی فنڈز میں گروپ کی سرمایہ کاری کی مالیت دی گئی ہے جو 30 جون 2022، کو ان کے غیر آڈٹ شدہ اکاؤنٹس پر مبنی ہے:

فنڈ	پاکستانی روپے (ملین میں)
پی ایس او ایل مینجمنٹ ایمپلائز پنشن فنڈ	4,888
پی ایس او ایل ورکرز اسٹاف پنشن فنڈ	4,544
پی ایس او ایل ڈیفائنڈ کنٹری بیوشن پنشن فنڈ	5,823
پی ایس او ایل اسٹاف پروویڈنٹ فنڈ	3,024
پی ایس او ایل ایمپلائز پروویڈنٹ فنڈ	1,644
پی ایس او ایل ایمپلائز گریجویٹی فنڈ	6,698
پی آر ایل پروویڈنٹ فنڈ	473
پی آر ایل گریجویٹی فنڈ – مینجمنٹ اسٹاف	212
پی آر ایل گریجویٹی فنڈ – نان مینجمنٹ اسٹاف	115
پی آر ایل پنشن فنڈ – مینجمنٹ اسٹاف	1,299
پی آر ایل پنشن فنڈ – نان مینجمنٹ اسٹاف	174

منافع منقسمہ (ڈیویڈنڈ) اور دیگر تخصیصات

پی ایس او کی کارکردگی کی بنیاد پر، بورڈ آف مینجمنٹ نے 10 روپے فی شیئر (100 فیصد) کے حتمی نقد منافع کا اعلان کیا ہے۔ مالی سال 22ء کا ڈیویڈنڈ 10 روپے فی شیئر (100 فیصد) ہے جس کی کل ادائیگی 4.7 ارب روپے ہے۔

آڈیٹرز

بورڈ آف مینجمنٹ نے 30 جون 2023ء کو ختم ہونے والے مالی سال کیلئے KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کے طور پر تقرری کیلئے بورڈ آڈٹ اینڈ کمپلائنس کمیٹی کی سفارش کی توثیق کی ہے۔

رپورٹ برائے شیئر ہولڈرز (مجموعی)

گروپ کے نتائج

گروپ نے مالی سال 22ء میں 2,820 ارب روپے کا سیلز ریوینیو حاصل کیا (مالی سال 21ء میں 1,476 ارب روپے) جس کا نتیجہ 178 ارب روپے کے مجموعی منافع کی صورت میں ظاہر ہوا۔ (مالی سال 21ء میں 57 ارب روپے)۔ اس غیر معمولی کارکردگی کے پیش نظر، گروپ نے اس سال بلند ترین مجموعی منافع بعد از ٹیکس 95.7 ارب روپے کا اعلان کیا ہے۔ (مالی سال 21ء میں 29.6 ارب روپے) جبکہ فی شیئر منافع 194.35 روپے رہا (مالی سال 21ء میں 62.63 روپے فی شیئر)

مالیاتی اور عملی کارکردگی کے دیگر نمایاں پہلو

گروپ کمپنیز کی اہم کامیابیاں اور نمایاں باتیں شیئر ہولڈرز کو ان کی متعلقہ رپورٹس میں بھیجی جاتی ہیں۔

خطرات اور غیر یقینی صورتحال

یہ گروپ حکومتِ پاکستان کے پالیسی فریم ورک کے تحت کام کرتا ہے، جس میں بعض مصنوعات کی قیمتوں کا تعین OGRA اور وزارت توانائی کے ذریعے کیا جاتا ہے۔ کئی عوامل ہیں جو گروپ کے منافع کو متاثر کر سکتے ہیں، جن میں بین الاقوامی تیل کی قیمتوں میں تبدیلی، مبادلہ کی دستیابی اور طلب میں تغیرات، میکرو اکنامک عوامل، مارجن اور مصنوعات کی تفصیلات میں تبدیلی اور ٹیکس میں اضافہ جیسے عوامل شامل ہیں۔

گروپ کی کریڈٹ ریٹنگ

کریڈٹ ریٹنگ ایجنسیز کی طرف سے گروپ کمپنیز کی کریڈٹ ریٹنگ کو اس طرح برقرار رکھا گیا تھا:

کمپنی	طویل مدت	قلیل مدت
پی ایس او	AA+	A1+
پی آر ایل	A-	A2

یہ درجہ بندی اعلیٰ کریڈٹ کوالٹی اور کریڈٹ رسک کی کم توقع یعنی مالی وعدوں کی بروقت ادائیگی کی مستحکم صلاحیت کو ظاہر کرتی ہے۔

داخلی مالیاتی کنٹرولز کی موزونیت

کمپنیز کے پاس اپنے متعلقہ بورڈز کی نگرانی میں ایک اچھی طرح سے قائم اور مؤثر اندرونی کنٹرول سرگرمیاں اور فریم ورک موجود ہے۔ ان کنٹرولز کی موزونیت اور اثر پذیری کی ایک خودمختار انٹرنل آڈٹ کے ذریعے باقاعدگی سے جانچ پڑتال کی جاتی ہے جو براہِ راست اپنی متعلقہ بورڈ آڈٹ کمیٹیز کو رپورٹ کرتے ہیں۔ مذکورہ کمیٹیز وقتاً فوقتاً مالیاتی رپورٹنگ کے عمل پر اندرونی کنٹرول کے فریم ورک کی تاثیر اور مناسبت کا جائزہ لیتی ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

گروپ میں موجود کمپنیز کے بورڈز اپنی ذمے داریوں سے پوری طرح واقف ہیں جیسا کہ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کے ذریعے جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعے جاری کیا گیا ہے، ان کا اطلاق ہوتا ہے۔

درج 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 اصولوں کے ساتھ تعمیل کی گئی ہے، اور جن قواعد کی تعمیل نہیں کی گئی ہے، ان کی اس مدت کے ساتھ نشاندہی کی گئی ہے جس میں ایسی عدم تعمیل کی گئی ہے اور اس طرح کی عدم تعمیل کی وجوہات بھی بتائی گئی ہیں۔
- گروپ کی انتظامیہ کی طرف سے تیار کیے گئے جامع مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، کیش فلو، جامع آمدنی کا بیان اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔
- گروپ کے بہی کھاتے موزوں طور پر برقرار رکھے گئے ہیں۔
- گروپ کمپنیز کے مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کو مسلسل لاگو کیا گیا ہے۔ اکاؤنٹنگ پالیسیز میں تبدیلیاں، جہاں کہیں بھی کی گئی ہیں، مالیاتی گوشواروں میں مناسب طور پر ظاہر کی گئی ہیں اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

رپورٹ برائے شیئر ہولڈرز (مجموعی)

ہولڈنگ کمپنی، پاکستان اسٹیٹ آئل کمپنی لمیٹڈ کا بورڈ آف مینجمنٹ 30 جون 2022ء 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 کر رہا ہے۔

گروپ کا ڈھانچہ

پی ایس او ایک پبلک لمیٹڈ کمپنی ہے جس کا قیام پاکستان میں 1976ء 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، اسٹوریج اور مارکیٹنگ ہے۔

پاکستان ریفائنری لمیٹڈ (پی آر ایل) پی ایس او کی ایک ذیلی کمپنی ہے جو پاکستان میں 1960ء میں پبلک لمیٹڈ کمپنی کے طور پر قائم ہوئی اور پاکستان اسٹاک ایکسچینج میں اندراج شدہ ہے۔ یہ کمپنی مقامی مارکیٹ کیلئے خام تیل کی ریفائننگ اور کشید شدہ پیٹرولیم مصنوعات کی فروخت کے کاروبار سے منسلک ہے۔

پی ایس او کے پاس پی آر ایل کے 63.6% شیئرز موجود ہیں۔

گروپ کی مالیاتی کارکردگی

عالمی وبا کے بعد ملک کی معاشی رفتار نے لگ بھگ 6% کی نمو کا مشاہدہ کیا۔ تمام بڑے شعبوں، جس میں زراعت، صنعت اور خدمات شامل ہیں، نے اس ترقی و نمو میں اپنا کردار ادا کیا۔ اس کے علاوہ، پچھلے سال کے مقابلے میں آٹو موبائل فروخت میں تقریباً 55% اضافہ دیکھا گیا جس کی بنیادی وجہ امکان و انتخاب کی دستیابی، پہلی تین سہ ماہیوں میں فنانس کی کم لاگت اور مقامی طور پر تیار شدہ گاڑیوں کیلئے ٹیکس کی ترغیبات جو جنوری 2022ء میں ایک ضمنی بل کے ذریعے واپس لے لی گئیں۔ یہ عوامل مجموعی طور پر پیٹرولیم شعبے میں طلب کے اضافے پر منتج ہوئے، جبکہ وائٹ اور بلیک آئل کی فروخت میں بھی معقول اضافہ دیکھا گیا۔ تیل کی قیمتوں میں سازگار رجحان اور طلب نے گروپ کے منافع میں معاونت کی۔

پی ایس او کی مالیاتی کارکردگی

پی ایس او نے مالی سال 22ء میں غیر معمولی کارکردگی کے مظاہرے کو جاری رکھتے ہوئے اپنی تاریخ کا بلند ترین منافع حاصل کیا ہے۔ کمپنی نے 86.2 ارب روپے کا منافع بعد از ٹیکس (سال 21ء: 29.1 ارب روپے) حاصل کیا جس کا نتیجہ 183.66 روپے فی شیئر منافع (سال 21ء: 62.07 روپے فی شیئر) کی صورت میں نکلا۔

اس متاثر کن کارکردگی کا سبب بننے والے عوامل میں وائٹ اور بلیک آئل کے بلند ترین سیلز والیوم گزشتہ سال کے مقابلے میں بالترتیب 21.4% اور 51.6% اضافہ شامل ہیں۔ کمپنی نے لبریکنٹس کا بلند ترین سیلز والیوم حاصل کیا ہے جو گزشتہ نو سال کی مدت کے دوران سب سے زیادہ ہے۔ اس کے علاوہ، ایل پی جی میں تاریخ کا بلند ترین سیلز والیوم حاصل کیا۔ اس والیومیٹرک گروتھ اور قیمتوں کے سازگار رجحان کے باعث ہولڈنگ کمپنی کو غیر معمولی منافع حاصل ہوا۔

پی آر ایل کی مالیاتی کارکردگی

مالی سال 22ء میں پی آر ایل کی مالیاتی کارکردگی میں کافی بہتری آئی۔ اس سال 12.6 ارب روپے کا منافع بعد از ٹیکس حاصل ہوا جو گزشتہ سال 0.94 ارب روپے تھا۔ فی شیئر منافع 19.96 روپے رہا جو گزشتہ مالی سال میں 1.52 روپے فی شیئر تھا۔

اس منافع کے بنیادی عوامل میں زیادہ مارجن والی مصنوعات میں فروغ پذیری، تیل کی سازگار قیمتیں اور مصنوعات کی طلب میں دوبارہ اضافہ بھی شامل ہیں۔ کمپنی اب توسیع کی منصوبہ بندی میں مصروف ہے، جس کیلئے ادارے نے Wood plc کو فرنٹ اینڈ انجینیئرنگ ڈیزائن کے مطالعے کیلئے سرگرم عمل کر دیا ہے۔ اس کے علاوہ، مالیاتی مشیران کی تقرری بھی کر دی گئی ہے تا کہ وہ اس منصوبے کے لیے مالیاتی ضروریات کا انتظام کریں۔ فیڈ مطالعے کی تکمیل اگست 2023ء میں متوقع ہے۔

رپورٹ برائے شیئر ہولڈرز (غیر مجموعی)

پی ایس او اُبھرتے ہوئے چیلنجنگ حالات کا مقابلہ کرنے کے لیے پوری طرح تیار ہے، جس میں انتظامیہ مارکیٹ شیئر اور آمدنی کے درمیان ایک بہترین توازن قائم کرنے پر بھرپور توجہ مرکوز رکھتی ہے۔ کمپنی اپنے کاموں میں تکنیکی ترقی کو شامل کر کے کاروبار کرنے کی لاگت کو کم کرنے پر توجہ مرکوز رکھے ہوئے ہے۔ کسٹمر سینٹرک پروگرام اور اقدامات، کسٹمر کے تجربے میں اضافہ کرنے کے لیے تشکیل دیے گئے ہیں۔ اس کے علاوہ، کمپنی عمودی انضمام اور پائیداری کو بڑھانے کے لیے کاروباری پورٹفولیو کے تنوع اور رنگارنگی کے لیے سرمایہ کاری کے منصوبے تلاش کر رہی ہے۔ واضح اسٹریٹجک اقدامات کی وجہ سے، کمپنی سال بہ سال والیومیٹرک گروتھ اور مالیاتی کارکردگی کے لحاظ سے بہترین پوزیشن میں ہے اور اپنے شیئر ہولڈرز کی سرمایہ کاری کی قدر و قیمت میں اضافے کے لیے مسلسل سرگرم عمل رہے گی۔

معلومات اور مفروضات کا ذریعہ

کمپنی متعدد ذرائع، جس میں وزارت خزانہ، حکومت پاکستان، پاکستان آٹوموبائل مینوفیکچررز ایسوسی ایشن، ورلڈ بینک، انٹرنیشنل مانیٹری فنڈ، اور ایشیائی ترقیاتی بینک جیسے قابل ذکر حکام کی اشاعتیں شامل ہیں، استعمال کرتی ہے۔ مختلف ماڈلز میں معلومات کا جائزہ لیا جا رہا ہے۔ مزید برآں، طویل مدتی منصوبہ بندی کے لیے مصنوعات کی طلب کے ساتھ براہ راست تعلق رکھنے والے متعدد میکرو اکنامک عوامل پر غور کیا جاتا ہے۔

سیّد محمد طٰہٰ
مینجنگ ڈائریکٹر اور سی ای او

ظفر آئی عثمانی
چیئرمین

26 اگست 2022ء
کراچی

SNGPL سے قابلِ وصول ادائیگیاں

ایس این جی پی ایل سے قابلِ وصول ادائیگیاں 30 جون 2022ء کو 285.4 ارب روپے تک پہنچ گئیں جو گزشتہ سال 2021ء میں 98.6 ارب روپے تھی یعنی 186.8 ارب روپے کا اضافہ ہوا۔ کمپنی نے سرکلر ڈیٹ کی وصولی کے لیے ادارے کے ساتھ ساتھ حکومتِ پاکستان کے ساتھ مسلسل رابطہ رکھا ہوا ہے۔ وزارتِ توانائی کے ساتھ مسلسل رابطے کے باعث، حکومت گردشی قرضے کم کرنے کے لیے مختلف تجاویز پر کام کر رہی ہے۔

بنیادی ڈھانچے کی ترقی اور بحالی

سال کے دوران 112.5 ہزار ٹن گنجائش میں اضافہ کیا گیا، جبکہ 44 ہزار ٹن موجودہ ذخیرہ کو بحال کیا گیا۔ نئے اضافے میں ماچھی کے میں 42.7 ہزار ٹن میگا اسٹوریج شامل ہے۔ کمپنی نے ماچھی کے، شکارپور، محمود کوٹ اور فیصل آباد میں وائٹ آئل پائپ لائن کے ذریعے موگیس کی وصولی شروع کی، جس سے نقل و حمل کی لاگت اور خطرے میں کمی کے ساتھ آپریشنل کارکردگی میں اضافہ ہوا۔

اہم چیلنجز اور کمپنی کے ردعمل کی صلاحیت

پاکستان کا آئل کا ڈاؤن اسٹریم سیگمنٹ بتدریج بدل رہا ہے۔ صارفین کے بدلتے ہوئے نقطۂ نظر، ماحولیاتی تحفظ کے لیے حکومتی ضوابط، تکنیکی طور پر جدید آٹوموبائل، الیکٹرک گاڑیاں اور مسابقت کی آمد، طلب کے نقطۂ نظر کو نئی شکل دے رہی ہے۔ مزید برآں، سرحد پار مصنوعات کی آمد، مصنوعات کی بڑھتی ہوئی قیمتیں اور سپلائی چین کی رکاوٹیں ان سب عوامل کو منافع اور پائیداری پر اثر انداز سمجھا جاتا ہے۔ متعلق اور پائیدار رہنے کے لیے صورتحال ہم سے مستعد، اختراعی اور صارف پر مرکوز رہنے کا تقاضا کرتی ہے۔

کمپنی بدلتی ہوئی صورتحال سے واقف ہے اور اس کے مطابق اس نے اپنی کاروباری حکمتِ عملیوں میں ضروری اضافہ شروع کر دیا ہے۔ بدلتی ترجیحات اور ضروریات سے باخبر رہتے ہوئے اختراعی پیشکشوں کے ذریعے اپنے صارفین کو بہتر فورکورٹ کا تجربہ فراہم کرنا اور کارپوریٹ حکمتِ عملی میں پروڈکٹ لائن کی توسیع اور انضمام کے منصوبوں کے ساتھ نئے کاروباری منصوبوں کو تلاش کرنا شامل ہیں۔ یہ اقدامات پائیداری، افزائش، تنوع کی راہ ہموار کریں گے اور اس وجہ سے آنے والے کئی سالوں کے لیے قدر و خوبی پیدا کریں گے۔

آئندہ کے لائحہ عمل کا بیانیہ

ہم ایک ایسے ماحول میں کام کر رہے ہیں، جہاں میکرو اکنامک عوامل کے ساتھ جغرافیائی سیاسی غیر یقینی صورتحال، تکنیکی ترقی اور ماحولیاتی تحفظ کے اقدامات کمپنی کی پائیداری اور کارکردگی کو متاثر کر سکتے ہیں۔

حالیہ روس یوکرائن تنازعہ، عالمی سپلائی چین کے دھچکوں اور اشیا کی بڑھتی ہوئی قیمتوں نے مجموعی طور پر ملک میں کساد بازاری کے اثرات مرتب کیے ہیں۔ یہ عوامل قلیل مدت میں پیٹرولیم مصنوعات کی مانگ پر رجعتی اثر پیدا کر سکتے ہیں۔ نتیجتاً، بڑھتی ہوئی مہنگائی اور پاکستانی روپے کی قدر میں کمی کو روکنے کے لیے سخت اقدامات ملک کی مالی اور مالیاتی پالیسیز کا حصہ بن رہے ہیں۔

معاشی حالات اور اس کے نتیجے میں پالیسی اقدامات کے لیے کمپنی کو اپنے کاروباری عمل میں مستعدی پیدا کرنے، کاروبار کرنے کی لاگت کو کم کرنے، صارف کے تجربے کو بڑھانے اور اپنی کارپوریٹ حکمتِ عملی کو نافذ کرنے پر توجہ مرکوز کرنے کی غرض سے مسلسل کوشاں رہنے کی ضرورت ہے۔

آئندہ برس کے لیے، کمپنی نے درج ذیل اہداف کی نشاندہی کی ہے:

- محفوظ کاروباری آپریشن
- موگیس، ڈیزل اور لبریکنٹس سمیت زیادہ مارجن والی مصنوعات پر مسلسل توجہ
- کارپوریٹ حکمتِ عملی پر عملدرآمد جس میں پروڈکٹ لائن کی توسیع، انضمام اور تنوع کے حوالے سے شناخت شدہ منصوبوں کے نفاذ کو شامل کیا گیا ہے۔
- 45 ہزار ٹن نئے اسٹوریجز کا اضافہ
- 2 آپریشنل مقامات اور 600 ریٹیل آؤٹ لیٹس کی آٹومیشن اور ڈیجیٹائزیشن
- پروسیس ری انجینئرنگ کے ذریعے اعلیٰ اثر والے علاقوں کی کاروباری عمل کی دوبارہ انجینئرنگ
- 20 ریٹیل آؤٹ لیٹس اور 6 آپریشنل مقامات پر صاف توانائی کی حکمتِ عملی کا نفاذ
- اسٹرکچرڈ لرننگ پروگرامز کے ذریعے کمپنی کی مستقبل کی ضروریات کو پورا کرنے کے لیے ٹیلنٹ پول تیار کرنا۔

رپورٹ برائے شیئر ہولڈرز (غیر مجموعی)

نان ایگزیکٹیو اراکین:	جناب عاصم اقبال جناب حسن محمود یوسف زئی جناب محمد انور محترمہ سائرہ نجیب احمد
ایگزیکٹیو رکن:	سید محمد طٰہٰ
خاتون اراکین:	محترمہ سائرہ نجیب احمد محترمہ تارا عذرا داؤد

- بورڈ کمیٹیز کے ممبران کے نام صفحہ نمبر 85 اور 86 پر دیے گئے ہیں۔
- شیئر ہولڈنگ کا پیٹرن صفحہ نمبر 345 پر منسلک ہے۔
- بورڈ آف مینجمنٹ کے اراکین، مینجنگ ڈائریکٹر اینڈ سی ای او کے معاوضے کے پیکج کا انکشاف نوٹ 34 میں غیر منتقہ مالیاتی گوشواروں میں کیا گیا ہے۔

گزشتہ سال کی توقعات پر کیے گئے اقدامات کے تحت کمپنی کی کارکردگی

محفوظ کاروباری آپریشن

HSE کمپنی کے کارپوریٹ DNA کا ایک لازمی حصہ ہے۔ کمپنی اس بات کو یقینی بنانے کی کوشش کرتی ہے کہ اس کی سہولیات، مقامات اور ریٹیل آؤٹ لیٹس پر محفوظ کاروباری سرگرمیاں انجام دی جائیں۔ سال کے دوران ٹھیکیدار کے عملے کی غفلت کے باعث ایک ہلاکت کا واقعہ ریکارڈ کیا گیا۔ واقعہ کی رپورٹ کی بنیاد پر، کمپنی نے اس بات کو یقینی بنانے کے لیے اہم اسباق کی نشاندہی کی کہ مستقبل میں ایسے واقعات دوبارہ نہ ہوں۔

کلیدی مصنوعات کے مارکیٹ شیئر میں اضافہ

پی ایس او نے ڈاؤن اسٹریم سیگمنٹ میں اپنی پیش قدمی جاری رکھتے ہوئے سال کا اختتام وائٹ آئل میں 49.2% اور بلیک آئل میں 59.7% مارکیٹ شیئر کے ساتھ لیکویڈ فیولز میں 51.1% مارکیٹ شیئر کے حصول پر کیا۔

سال کے دوران ہائی سپیڈ ڈیزل اور فرنس آئل سمیت کمپنی کی تاریخ میں وائٹ آئل اور موگیس کی اب تک کی سب سے زیادہ فروخت کے والیوم کے ساتھ کلیدی مصنوعات میں نمایاں والیومیٹرک گروتھ حاصل کی گئی۔

پائیداری اور کاروبار کے نئے مواقع

کمپنی نے ایک طویل المدتی کارپوریٹ حکمت عملی تیار کی ہے، جس میں پروڈکٹ لائن کی توسیع، انضمام اور تنوع کے منصوبے شامل ہیں، اور اس کے ساتھ ایک نظرثانی شدہ کارپوریٹ ڈھانچہ جس میں حکمتِ عملی کے ساتھ چار خصوصی عمودی ڈھانچے تشکیل دیے گئے ہیں۔ حکمتِ عملی کے پہلے مرحلے میں منصوبے ترقی کے مختلف مراحل میں ہیں۔

اہم کاروباری عمل کی آٹومیشن

کمپنی نے اپنے سپلائی چین نیٹ ورک کی نگرانی کے لیے کمانڈ اینڈ کنٹرول سسٹم قائم کیا ہے، جسے 400 ریٹیل آؤٹ لیٹس اور 3 ڈپو سسٹم کے ساتھ مربوط کر دیا گیا ہے۔

لائیو اسٹوریج کو بڑھانے کے لیے انفرا اسٹرکچر کے منصوبوں کی تکمیل

کمپنی نے تقریباً 112.5 ہزار ٹن نئے اسٹوریج کا اضافہ کیا۔ ان ذخیروں میں ماچھی کے میں 42.7 ہزار ٹن ذخیرہ بھی شامل ہے جس کی تنصیب کی گنجائش 99 ہزار ٹن تک پہنچ گئی ہے۔ اس کے علاوہ، کمپنی نے 44 ہزار ٹن موجودہ اسٹوریج کی بحالی کی۔ مجموعی طور پر، کمپنی اپنی ذخیرہ کرنے کی صلاحیت کو تقریباً 1.1 ملین ٹن تک بڑھانے میں کامیاب رہی ہے۔

قابلِ تجدید توانائی کے کاروبار میں ترقی

صاف توانائی کی حکمتِ عملی کے ایک حصے کے طور پر، کمپنی نے اپنے کاربن فٹ پرنٹ اور توانائی کی لاگت کو کم کرنے کے لیے اپنے ریٹیل آؤٹ لیٹس اور اہم آپریشنل مقامات کو سولرائز کرنے کے لیے ایک منصوبے پر عمل درآمد کی تیاری کر لی ہے۔

درج 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 اصولوں کی تعمیل کی گئی ہے۔
- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کی حالت، اس کے کام کے نتائج، نقد بہاؤ، جامع آمدنی کا بیان اور ایکویٹی میں تبدیلیوں کی مناسب عکاسی کرتے ہیں۔
- کمپنی کے بہی کھاتے موزوں طور پر برقرار رکھے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیز کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی گوشواروں کی تیاری میں پیروی کی گئی ہے اور انحراف، اگر کوئی ہے، مناسب طور پر ظاہر کیا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- نان ایگزیکٹیو BOM ممبران کے لیے مقررہ مشاہرہ نہیں ہے اور انہیں ہر میٹنگ میں شرکت کے لیے ایک مقررہ فیس ادا کی جارہی ہے۔ مذکورہ فیس کا فیصلہ پورے BOM کے ذریعے اجتماعی 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 طور طریقوں سے کوئی نمایاں انحراف نہیں ہوا ہے، جیسا کہ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز، 2013 ، اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 ، میں تفصیل سے بتایا گیا ہے۔
- پچھلے چھ سالوں کے اہم آپریٹنگ اور مالیاتی ڈیٹا کو خلاصے کے طور پر منسلک کیا گیا ہے۔

پروویڈنٹ، پنشن اور گریجویٹی فنڈز کی سرمایہ کاری کی قیمت درج ذیل ہے (30 جون 2022 تک غیر آڈٹ شدہ اکاؤنٹس کے مطابق):

فنڈ	پاکستانی روپے ملین میں
پی ایس او ایل مینجمنٹ ایمپلائز پنشن فنڈ	4,888
پی ایس او ایل ورکرز سٹاف پنشن فنڈ	4,544
پی ایس او ایل ڈیفائنڈ کنٹری بیوشن پنشن فنڈ	5,823
پی ایس او ایل اسٹاف پروویڈنٹ فنڈ	3,024
پی ایس او ایل ایمپلائز پروویڈنٹ فنڈ	1,644
پی ایس او ایل ایمپلائز گریجویٹی فنڈ	6,698

- سال کے دوران، بورڈ آف مینجمنٹ کے 13 اجلاس منعقد ہوئے اور ہر ممبر کی حاضری صفحہ 89 پر دی گئی ہے۔

- 30 جون 2022 تک بورڈ کی ساخت حسب ذیل تھی:

بورڈ ممبران کی کل تعداد:

- مرد: 06
- خواتین: 02

ترتیب و تشکیل:

درجہ بندی	نام
خودمختار اراکین:	جناب ظفر آئی عثمانی
	جناب محمد ہمایوں خان بارکزئی
	محترمہ ستارا عذرا داؤد

رپورٹ برائے شیئر ہولڈرز (غیر مجموعی)

داخلی مالیاتی کنٹرول کی موزونیت

بورڈ آف مینجمنٹ نے داخلی مالیاتی کنٹرول پر ایک مؤثر اور مستعد نظام قائم کیا ہے۔ ان کنٹرولز کے نفاذ کی باقاعدگی سے ایک آزاد انٹرنل آڈٹ فنکشن کے ذریعے نگرانی کی جاتی ہے جو براہِ راست بورڈ آڈٹ اور کمپلائنس کمیٹی کو رپورٹ کرتا ہے، جو کمپنی کے اندرونی کنٹرولز اور مالی بیانات کی تاثیر اور موزونیت کا جائزہ لیتا ہے۔

دیگر معاملات

مالی سال 2022ء کے مالیاتی گوشواروں کے آڈٹ کے تناظر میں بیرونی آڈیٹر کی طرف سے درج ذیل امور کو انتہائی اہم سمجھا گیا:

- حکومتِ پاکستان کی طرف سے واجب الوصول تجارتی رقوم اور دیگر رقوم (غیر منتقلہ مالیاتی گوشواروں کے لیے نوٹس 13 اور 16 سے رجوع کریں)
- ریوینیو/آمدنی کی توثیق (نوٹ 30 اور 32 کو غیر منتقلہ مالی گوشواروں سے رجوع کریں)

آڈیٹرز

بورڈ آف مینجمنٹ نے 30 جون 2023ء کو ختم ہونے والے سال کے لیے KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کے طور پر تقرری کے لیے بورڈ آڈٹ اینڈ کمپلائنس کمیٹی کی سفارش کی توثیق کی ہے۔

بورڈ آف مینجمنٹ میں تبدیلیاں

سال کے دوران بورڈ آف مینجمنٹ کی تشکیل میں درج ذیل تبدیلیاں کی گئیں:

- جناب عاصم اقبال نے 20 ستمبر 2021ء کو علی رضا بھٹہ کی جگہ بورڈ میں شمولیت اختیار کی
- جناب شاہد سلیم خان نے 20 اکتوبر 2021ء بطور ممبر بورڈ آف مینجمنٹ کے عہدے سے استعفیٰ دے دیا
- محترمہ سائرہ نجیب احمد نے 23 دسمبر 2021ء کو بورڈ آف مینجمنٹ میں شمولیت اختیار کی

بورڈ سبکدوش ہونے والے ممبران جناب علی رضا بھٹہ اور جناب شاہد سلیم خان کی گرانقدر خدمات کو سراہتا ہے اور نئے ممبران کو خوش آمدید کہتا ہے۔

معاون اور ذیلی کمپنیز

پاکستان ریفائنری لمیٹڈ - ذیلی کمپنی

پی آر ایل پاکستان میں مئی 1960ء میں ایک پبلک لمیٹڈ کمپنی کے طور پر قائم ہوئی اور پاکستان اسٹاک ایکسچینج میں اس کا اندراج ہے۔ یہ ریفائنری کراچی کی ساحلی پٹی پر واقع ہے اور اسے ملک کی اسٹریٹجک اور گھریلو ایندھن کی ضروریات کو پورا کرنے کے لیے مختلف درآمدی اور مقامی خام تیل کو پروسیس کرنے کے لیے ڈیزائن کیا گیا ہے۔ پی ایس او اس وقت پی آر ایل میں 63.6% ایکویٹی اسٹیک کی حامل ہے۔

ایشیا پیٹرولیم لمیٹڈ - ایسوسی ایٹ کمپنی

ایشیا پیٹرولیم لمیٹڈ پاکستان میں 17 جولائی 1994ء میں ایک (اَن لسٹڈ) پبلک لمیٹڈ کمپنی کے طور پر قائم 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 ذوالفقار آباد آئل ٹرمینل (پیپری) سے ایک زیرِ زمین پائپ لائن بچھائی۔ اے پی ایل میں پی ایس او کا 49% ایکویٹی اسٹیک ہے۔

پاک گریس مینوفیکچرنگ کمپنی (پرائیویٹ) لمیٹڈ - ایسوسی ایٹ کمپنی

اسے پاکستان میں 10 مارچ 1965ء کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر شامل کیا گیا تھا۔ کمپنی کی بنیادی سرگرمی پیٹرولیم گریس کی مصنوعات تیار کرنا اور فروخت کرنا ہے۔ پی ایس او کے پاس کمپنی میں 22% ایکویٹی اسٹیک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

پی ایس او کا بورڈ اپنی ذمے داری سے پوری طرح واقف ہے جیسا کہ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز، 2013ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے تحت لاگو ہوتی ہے۔

(SAFA) کے بہترین پیش کردہ سالانہ رپورٹ ایوارڈز 2020ء میں پبلک سیکٹر اداروں کے زمرے میں دوسری پوزیشن بھی حاصل کی۔ یہ ایوارڈز کمپنی میں رائج مالیاتی رپورٹنگ کے اعلیٰ معیارات کی تصدیق کرتے ہیں۔ شیئر ہولڈرز اور تجزیہ کاروں کو کمپنی میں ہونے والی پیشرفت سے آگاہ رکھنے کے لیے مالی سال 22ء میں کارپوریٹ بریفنگ سیشن منعقد کیے گئے۔

قومی خزانے میں معاونت

کمپنی ہمیشہ کی طرح قومی خزانے کے لیے صفِ اول کے ٹیکس دہندگان میں شامل ہے، جس کی تفصیل یہ ہے:

	2021-22	2020-21
	پاکستانی روپے بلین میں	
سیلز ٹیکس	216	198
کسٹم ڈیوٹی	137	34
پیٹرولیم لیوی	60	191
دیگر ڈیوٹیز اور ٹیکس	64	19
کل میزان	**477**	**442**

پی ایس او کو ایک بروقت اور مکمل ٹیکس دہندہ کمپنی ہونے پر فخر ہے اور اس بات کو یقینی بنایا جاتا ہے کہ تمام ٹیکسز، ڈیوٹیز اور لیویز کی ادائیگی قانونی ڈیڈ لائن کے مطابق کی جائے۔ اس کے مطابق، کمپنی کے ذمّے کوئی واجب الادا یا بقایا قانونی ادائیگی نہیں ہے۔

کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے مستحکم آؤٹ لک کے ساتھ کمپنی کی درج ذیل درجہ بندی کی توثیق کی ہے:

قلیل مدتی	A1+
طویل مدتی	AA+

ڈیویڈنڈ اور دیگر تخصیصات

کمپنی کی کارکردگی کی بنیاد پر، بورڈ آف مینجمنٹ نے 10 روپے فی شیئر (100%) کے حتمی نقد منافع کی سفارش کی ہے۔ مالی سال 2022ء کے لیے ڈیویڈنڈ 10 روپے (100%) فی شیئر ہے جو کہ شیئر ہولڈرز کو 4.7 بلین روپے کی کل ادائیگی کو ظاہر کرتا ہے۔

سال کے دوران، بورڈ آف مینجمنٹ نے متفقہ طور پر بورڈ کی ہدایات کے مطابق سرمایہ کاری کرنے کے لیے پی ایس او وینچر کیپٹل فنڈ کے قیام کی منظوری دی۔ درج بالا کی بنیاد پر، کمپنی نے 1,478 ملین روپے (مالی سال 21ء، صفر روپے) کو وینچر کیپٹل ریزرو میں منتقل کیا ہے۔

وسل بلوئنگ پالیسی

یہ پالیسی پی ایس او کے ملازمین، بورڈ ممبران، متعلقہ افسران، ٹھیکیداروں، سروس صارفین، صارفین یا عوام کے کسی بھی رکن کو کسی بھی نامناسب طرزِ عمل یا غلط کام کو اجاگر کرنے کے لیے ایک پلیٹ فارم مہیا کرتی 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 کی کلیدی اقدار سے ہم آہنگ ہو اور اس میں کسی ذاتی فائدے کو پیشِ نظر نہ رکھا جائے۔

مفادات کے تصادم کی پالیسی

یہ پالیسی ان مخصوص حالات کا خاکہ پیش کرتی ہے جو کمپنی کے مفادات سے براہِ راست ٹکراتے ہیں۔ کسی بھی ممکنہ تنازعہ کیس کے ریکارڈ کو اپ ڈیٹ کرنے کے لیے ایک سالانہ مشق کی جاتی ہے۔ رسک پر مبنی کاروباری افعال کے آڈٹ آپریشنز، سسٹمز اور اندرونی کنٹرولز کی آزادانہ اور معروضی تشخیص اور تجزیہ فراہم کرتے ہیں۔

فراہم کرنے کے لیے تقریباً 55 ملین روپے کا عطیہ پیش کیا گیا۔ ٹرسٹ نے ملک بھر کی کچی آبادیوں اور دیہی علاقوں میں جہاں پانی اور صفائی کی سہولیات میسر نہیں تھیں، ہینڈز کے ذریعے صفائی اور حفظان صحت کی سہولیات کی تعمیر کے لیے لڑکیوں کے 10 سرکاری اسکولز کی بھی مدد کی۔ ہیلپ کے ذریعے ہرنائی بلوچستان کے زلزلے کے دوران متاثر ہونے والے لوگوں کو پینے کا صاف پانی فراہم کیا گیا۔

پسماندہ پس منظر سے تعلق رکھنے والے نوجوانوں کی پرورش اور انھیں ہنر مند اور معاشی طور پر بااختیار شہری بنانے کے لیے، ٹرسٹ نے امن انسٹیٹیوٹ فار ووکیشنل ٹریننگ کے ساتھ مل کر 50 طلباء کو پیشہ ورانہ تربیت فراہم کی۔ ٹرسٹ نے ابتدائی تشخیص، مفت ادویات اور لیب ٹیسٹ فراہم کرنے والی مفت بنیادی صحت کی سہولت بھی شروع کی، اور محمود کوٹ ڈپو (JIMCO) میں ریورس اوسموس واٹر فلٹریشن پلانٹ لگایا جس سے محمود کوٹ، مظفر گڑھ کی مقامی کمیونٹی مستفید ہو رہی ہے۔ ٹرسٹ نے کراچی ووکیشنل ٹریننگ سینٹر کے ذریعے ذہنی طور پر معذور طلباء کی بھی مدد کی تاکہ وہ بہتر شہری بننے کے قابل بن سکیں اور اپنی معذوری کے باوجود معاشرے میں فعال کردار ادا کر سکیں۔ ہماری آنے والی نسلوں کے لیے صاف ستھرا اور سرسبز ماحول کے فروغ کی غرض سے، پی ایس او سی ایس آر ٹرسٹ نے پی این ایس رضا کی اعانت کرتے ہوئے شجر کاری مہم میں اپنا حصہ ڈالا۔

سی ایس آر کامیابیاں/ ایوارڈز

پی ایس او نے اپنے سی ایس آر اقدامات کے لیے سال کے دوران مختلف فورمز سے متعدد ایوارڈز اور سرٹیفکیٹس حاصل کیے جن میں درج ذیل شامل ہیں:

- COVID-19 کے خلاف جنگ میں کارپوریٹ اور سماجی شعبے کی کوششوں کو تسلیم کرنے کے لیے اقوام متحدہ کے دفتر برائے رابطہ برائے انسانی امور (UNOCHA) سے ایوارڈ
- COVID-19 کے خلاف جنگ میں قوم کے لیے ہماری خدمات کی کوششوں کو تسلیم کرتے ہوئے NCOC کی جانب سے تعریفی شیلڈ
- شوکت خانم میموریل کینسر ہسپتال اور ریسرچ سینٹر کی طرف سے گزشتہ سالوں میں کینسر کے مریضوں کے علاج میں کمپنی کے تعاون کا اعتراف
- لاہور یونیورسٹی آف مینجمنٹ سائنسز کی جانب سے انڈسٹری پارٹنرز کے ساتھ 35 سالہ رفاقت کی یادگاری شیلڈ

خون عطیہ کرنے کی مہم

اس مہم کا آغاز پی ایس او ہاؤس میں انڈس ہسپتال کے اشتراک سے کیا گیا تھا، جہاں کمپنی کے ملازمین نے لوگوں کی جان بچانے کے لیے خون عطیہ کرنے کی مہم میں جوش و خروش سے حصہ لیا۔ منی میڈیکل چیک اَپ اور فری ہیلتھ اسکریننگ بھی کی گئی۔

جل جانے کی روک تھام پر آگاہی سیشن

اس سیشن کا اہتمام فرینڈز آف برنس سینٹر کیماڑی اور ایل ایم ٹی کے اشتراک سے کیا گیا تھا تاکہ جلنے سے بچاؤ کے بارے میں آگاہی فراہم کی جائے۔ سیشن میں تقریباً 200 افراد نے شرکت کی۔

مالیاتی انتظام کاری

مالی سال 22ء، پی ایس او کے لیے ایک بہت مشکل سال رہا جس کی وجہ ایل این جی کی فراہمی کے عوض جزوی ادائیگی کے باعث ایس این جی پی ایل سے واجب الادا رقم میں اضافہ تھا اور خاص طور پر سال کی دوسری ششماہی میں، آئل اور اجناس کی قیمتوں میں اضافہ جس نے کمپنی کی مالیاتی حالت کو مسلسل دباؤ کی کیفیت میں مبتلا رکھا۔ ان عوامل کی وجہ سے، مؤثر مالیاتی انتظام کمپنی کے لیے پہلے سے کہیں زیادہ اہم ہو گیا ہے۔

پی ایس او کا ٹریژری ملک کا سب سے بڑا کارپوریٹ ٹریژری ہے، جو کہ 5 ٹریلین روپے سالانہ سے زیادہ کے مجموعی کیش فلو کا انتظام کرتا ہے، جس کے ملک کے 15 اعلیٰ درجے کے بینکس کے ساتھ کاروباری تعلقات ہیں۔ بنیادی مقصد ہر وقت کم سے کم لاگت پر فنڈز کی دستیابی ہے۔

پی ایس او نے ہمیشہ اپنے اسٹیک ہولڈرز اور ریگولیٹری اتھارٹیز کو اپنے مالیاتی نتائج کی بروقت اور درست رپورٹنگ کو یقینی بنایا ہے۔ بہترین کارکردگی کا سفر جاری رہا، کیونکہ پی ایس او ایک بار پھر فاتح کی حیثیت سے ظاہر ہوئی ہے، فیول اور توانائی کے شعبے میں 2020ء کے بہترین کارپوریٹ رپورٹ ایوارڈز میں دوسری پوزیشن حاصل کی۔ پی ایس او نے ساؤتھ ایشین فیڈریشن آف اکاؤنٹنٹس

اور سماجی قدر پیدا کرنے کے مقصد کے ساتھ ملک اور اس کے لوگوں کے مستقبل کے استحکام اور سماجی ترقی کے لیے ایک فعال کردار ادا کرتی ہے۔

پی ایس او سی ایس آر ٹرسٹ نے صحت عامہ کی دیکھ بھال، تعلیم، کمیونٹی کی تعمیر، ڈیزاسٹر مینجمنٹ اور ماحولیاتی استحکام میں کام کرنے والی مختلف این جی اوز کو تقریباً 250 ملین روپے کی مالی امداد فراہم کی۔

عطیات کا مقصد

خیال رکھنا اور دینا، پی ایس او کی بنیادی اقدار میں سے ایک ہے اور کمپنی کے مجموعی مشن کا ایک لازمی حصہ ہے۔ پی ایس او ملک بھر میں اپنے آپریشنز کے دائرہ کار اور والیم کو مختلف علاقوں میں آباد کمیونٹیز کی فلاح و بہبود کے لیے استعمال کرتی ہے۔ اپنی کاروباری حکمتِ عملی میں سی ایس آر اور کارپوریٹ فلینتھراپی کے اشتراک سے پی ایس او اپنے تمام اسٹیک ہولڈرز کے درمیان شراکت کردہ قدر کو متحرک رکھنے میں مدد کر رہا ہے۔

سماجی ذمے داری کی پالیسی

کمپنی سی ایس آر سرگرمیوں کے لیے قبل از ٹیکس منافع کا ایک فیصد دیتی ہے۔ عطیات متعلقہ ضمنی قوانین اور پالیسیز کے مطابق دیے جاتے ہیں، جس میں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے جاری کردہ کارپوریٹ سوشل ریسپانسبلٹی رضاکارانہ رہنما اصول 2013ء اور ٹرسٹ ڈیڈ میں ٹرسٹ کے مقاصد شامل ہیں۔ سی ایس آر ٹرسٹ نے فیڈرل بورڈ آف ریونیو سے NPO کا درجہ حاصل کرنے کے لیے پاکستان سینٹر آف فلینتھراپی (PCP) سے ایک سرٹیفکیشن بھی حاصل کیا ہے۔

عطیات اکاؤنٹ کی کارکردگی کے اقدامات کا گوشوارہ

COVID-19 کے لیے ویکسینیشن مہم

قوم کی اپنی کمپنی ہونے کے ناتے پی ایس او نے NCOC کے ساتھ ویکسینیشن مہم میں فعال طور پر حصہ لیا۔ 245 موبائل ویز اور ویکسینیشن مراکز کے ذریعے 200 ہزار سے زائد شہریوں کو حفاظتی ٹیکے لگائے گئے۔ پی ایس او نے ذمے داری کے ساتھ سوشل میڈیا، ٹی وی، ریڈیو، پرنٹ ریلیز، ویب سائٹ پر آگاہی پیغامات اور بینرز کے ذریعے آگاہی پھیلانے میں اپنا کردار ادا کیا۔

صحت عامہ

پی ایس او سی ایس آر ٹرسٹ نے تقریباً 134 ملین روپے صحتِ عامہ کے شعبے میں صرف کیے اور مستحق افراد کو صحت کی سہولیات فراہم کرنے کے لیے مختلف معروف اداروں کے ساتھ تعاون کیا۔ خصوصی طور پر ویکسینیشن مہم، طبی آلات کی خریداری، مستحق مریضوں کے علاج مثلاً کینسر کا علاج، پیچیدہ سرجیکل پین مینجمنٹ اور معاشرے کے پسماندہ طبقے سے تعلق رکھنے والے افراد کی آنکھوں کے جدید ترین علاج کے حصول میں مدد فراہم کی گئی۔ پی ایس او سی ایس آر ٹرسٹ سے جن نمایاں اداروں نے عطیات وصول کیے ان میں ویکسینیشن مہم کے لیے ہیلتھ ایجوکیشن اینڈ لائیولی ہڈ پروموٹرز (ہیلپرز)، پروسٹیٹ کینسر کے مریضوں کے علاج کے لیے ایس آئی یو ٹی، قیلو ایسلسیفائر اور ٹیلی کیبا آر ایچ ایکس مشین کی خریداری کے لیے ایل آر بی ٹی، کراچی میں آئی سی یو روم کی تعمیر کے لیے شوکت خانم میموریل کینسر ہسپتال اینڈ ریسرچ سینٹر، سی آرم مشین کی خریداری کے لیے انڈس ہاسپٹل، وینٹی لیٹر کے لیے فرینڈز آف برنس سینٹر، موبائل ایکسرے مشین کے لیے کینسر کیئر ہسپتال اینڈ ریسرچ سینٹر، ہیموڈائیلیسز اور اینستھیسیا مشینز کے لیے بیگم نور میموریل ہسپتال اور دیگر بہت سے ادارے شامل ہیں۔

تعلیم

تعلیم ہمیشہ سی ایس آر کی جانب سے معاونت کیا جانے والا ایک اہم شعبہ ہے۔ پی ایس او نے دی سٹیزن فاؤنڈیشن، انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن، لاہور یونیورسٹی آف مینجمنٹ سائنس، پروفیشنل ایجوکیشن فاؤنڈیشن، شاہد آفریدی فاؤنڈیشن، اسلامیہ پبلک سیکنڈری اسکول، تہذیب الاخلاق ٹرسٹ وغیرہ جیسی تنظیموں کے ذریعے خواندگی کی سطح کو بلند کرنے اور باصلاحیت لیکن پسماندہ کمیونٹیز کو مواقع فراہم کرنے کے لیے تقریباً 60 ملین روپے کی امداد فراہم کی۔

کمیونٹی بلڈنگ اور انوائرنمنٹ

جسمانی طور پر معذور افراد کو معاشرے کے پراعتماد اور خود مختار ارکان بننے میں مدد کرنے کے لیے، ڈس ایبل ویلفیئر ایسوسی ایشن کے ذریعے جدید مصنوعی اعضاء

رپورٹ برائے شیئر ہولڈرز (غیر مجموعی)

انڈسٹریل ریلیشنز

کمپنی اپنی لیبر فورس کے ساتھ صنعتی امن کو برقرار رکھنے پر فخر محسوس کرتی ہے، جس کے نتیجے میں پورے ملک میں پی ایس او کی لوکیشنز پر کوئی ہڑتال یا لاک آؤٹ نہیں ہوا (یعنی صفر رہا) اور کام کے اوقات کا نقصان نہیں ہوا۔ ہموار اور شفاف سی بی اے انتخابات کے نتیجے میں ایک نئی ورک مین یونین کا انتخاب کیا گیا۔ سال کے دوران، سی بی اے سے معاہدہ خوش اسلوبی سے طے پایا۔ مزید برآں، 91 اہلکاروں کو ان کی کارکردگی کی بنیاد پر اعلیٰ پیمانے پر ترقی دے کر نان مینجمنٹ عملے کی شراکت کا بھی اعتراف کیا گیا۔ انڈسٹریل ریلیشنز ٹیم نے SAP Fiori کے ذریعے نان مینجمنٹ ملازمین کے اوور ٹائم کے حساب کتاب کو خودکار بنایا۔

لرننگ اور ایمپلائی ڈیولپمنٹ

پی ایس او ایک مثبت اور تعمیری ماحول کو فروغ دینے پر یقین رکھتی ہے جو ملازمین کی نشوونما، ترقی اور مہارتوں میں بہتری لانے کا ضامن ہے۔

سال کے دوران منعقد کیے گئے ٹریننگ کے کلیدی پروگرامز میں ہارورڈ بزنس اسکول کے ذریعے مذاکرات کی مہارت پر آٹھ ہفتے کا آن لائن لرننگ سیشن شامل تھا۔ سال کے دوران مختلف موضوعات کے بارے میں علم سیکھنے کے پروگرام بھی منعقد کیے گئے۔ صحت، حفاظت اور ماحولیات کی تربیت دی گئی جس میں OHSAS 18001، ISO 50001 کا نفاذ، تشخیصی حفاظتی ارتھنگ چیک، نیشنل ایگزامینیشن بورڈ ان آکیوپیشنل سیفٹی اینڈ ہیلتھ (NEBOSH)، ابتدائی طبی امداد، طبی ایمرجنسی ریسپانس اور اوگرا ٹینک لاری کے معیارات شامل ہیں۔ سال کے دوران، پی ایس او کے ریٹیل آؤٹ لیٹس پر فورکورٹ کے غیر معمولی تجربے کے لیے فورکورٹ اٹینڈنٹس کے لیے WOW ٹریننگ دوبارہ شروع کی گئی اور اس سال کے دوران کمپنی نے اپنے مینجمنٹ ملازمین کے لیے ٹریننگ سیشنز کا انتظام کیا جس کا مجموعی دورانیہ 12 ہزار گھنٹوں سے زائد تھا۔

ٹیکنیکل بورڈ، پنجاب اور این ای ڈی یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی کے ذریعے سینٹرل ریجن کے عملے کے لیے مشقی تنصیب میں فٹر اور الیکٹریشن کے لیے تکنیکی تربیت کا انعقاد کیا گیا۔ ملازمین کے لیے تربیت کا انتظام کیا گیا جس کا کل دورانیہ تقریباً 1300 گھنٹے تھا۔

کمپنی نے اپنے بیرونی اسٹیک ہولڈرز کے لیے تربیتی سیشنز بھی منعقد کیے جن میں مسلح افواج کے اہلکاروں کے لیے ایڈوانس پی او ایل ٹریننگ پروگرام شامل تھا۔ او سی اے سی اور نیشنل ہائی ویز اور ایم پی کے لیے پوسٹ کرائسز مینجمنٹ پر ایک ورکشاپ بھی منعقد کی گئی اور اس میں مختلف سرکاری اور نجی اداروں نے شرکت کی۔

کسٹمر سروسز

پی ایس او کی "تعلق کیئر لائن" فیڈ بیک حاصل کرنے اور صارفین کے اطمینان کو یقینی بنانے میں اہم کردار ادا کرتی ہے۔ سال کے دوران، کمپنی نے 204 ہزار سے زائد صارفین سے کامیابی کے ساتھ تعلق کیئر لائن کے ذریعے سوالات کے جوابات اور شکایات کو مطمئن کیا۔ بڑھتی ہوئی ضروریات کے پیش نظر، پی ایس او نے سوشل میڈیا پلیٹ فارمز کا استعمال کرتے ہوئے اسٹیک ہولڈرز کے لیے رابطے کے مواقع کو بڑھایا اور تقریباً 13 ہزار سوالات کو مؤثر طریقے سے پایۂ تکمیل تک پہنچایا۔

ریٹیلرز / ڈیلرز کی خاطر ایک خصوصی واٹس ایپ نمبر متعارف کروایا گیا جو سہولت سے متعلق شکایات کے اندراج اور مؤثر ازالے کیلئے استعمال کیا جا سکتا ہے۔ کارڈز کے صارفین کو کارڈز ایکٹیویشن، بندش، اور بیلنس / اکاؤنٹ کی تفصیلات سمیت سوالات کے حل کے لیے بھی سہولت فراہم کی جاتی ہے۔ صارفین کی مصروفیت کی اہمیت کو سمجھتے ہوئے، کمپنی نے جیو فینسنگ پر مبنی ایس ایم ایس سروس متعارف کروائی تاکہ اپنے صارفین کو اس کی خدمات اور جاری پروموشنل مہموں کے بارے میں آگاہ رکھا جا سکے۔ کسٹمر اور بزنس پارٹنر کی شکایات کے جلد از جلد ازالے کے لیے، سروس کو کسٹمر سروسز CRM کے ساتھ مؤثر طریقے سے مربوط کر دیا گیا ہے۔

کارپوریٹ سوشل ریسپانسبلٹی اینڈ سسٹینیبلٹی

ایک ذمے دار کارپوریٹ شہری کے طور پر، کمپنی ملک بھر میں ایک مشترکہ اقتصادی

ماحولیاتی تحفظ

ایک ذمے دار کارپوریٹ شہری کے طور پر کمپنی کے لیے پائیداری ایک کلیدی توجہ کا مرکز ہونے کے ناتے، پی ایس او اپنے ماحولیاتی اثرات کو کم کرنے کے لیے فعال طور پر کام کر رہی ہے۔ ہماری سہولیات ہوا کے اخراج اور اخراج کے لیے قومی ماحولیاتی کسوٹی کے معیارات (NEQS) کے مطابق ماحولیاتی پیرامیٹرز کی مسلسل نگرانی کر رہی ہیں۔

ہیومن ریسورسز

ہمارے ملازمین ہماری کامیابی کی کلید ہیں۔ کمپنی کی ہیومن ریسورس (HR) حکمتِ عملی ایک قابلِ عمل ماحول تیار کر کے عمدہ درجے کی سرگرمی حاصل کرنے کے لیے ملازم کے مثبت تجربے کو استحکام دیتی ہے۔ بہترین طور طریقوں کا فریم ورک، ادارہ جاتی اصلاحات کے ذریعے قائم کیا گیا تھا جس میں HR پالیسیز کی اصلاح اور عمل میں بہتری شامل تھی۔

جانشینی کی منصوبہ بندی اور کیریئر کی ترقی

اہلیت کا فریم ورک کمپنی کی سطح کے مطابق طرزِ عمل کی صلاحیتوں کی بنیاد پر وضع کیا گیا تھا جو ملازمین کی ترقی اور گروتھ کے لیے کمپنی کے عزم کو ظاہر کرتا ہے۔

درج بالا کی بنیاد پر، انتظامی ملازمین کے لیے پروموشن سائیکل مالی سال 21ء کامیابی کے ساتھ مکمل ہو گیا۔ مزید برآں، ملازمین کو ان کی قابلیت کی بنیاد پر متواتر مختلف شعبوں میں تبدیلی کے ذریعے اُن کی تربیت اور کیریئر کی نشوونما کے لیے عملی تجربات فراہم کیے گئے۔ کیریئر کی ترقی کے ایک حصے کے طور پر خالی اسامیوں کو اندرونی طور پر مشتہر کیا گیا اور کامیاب ہونے والے داخلی امیدواروں کو متعین کیا گیا۔

ٹیلنٹ مینجمنٹ

کمپنی نے متواتر ملازمت کی گردشوں کے ذریعے ملازمت کے تنوع کی حوصلہ افزائی کی۔ مینٹورشپ، CA / ACCA ٹرینی، مینجمنٹ ٹرینی اور DAE ٹرینی پروگرام کے آغاز کے ذریعے اعلیٰ درجے کا ٹیلنٹ حاصل کیا گیا۔

30 جون 2022ء تک، 15 مینٹیز، 05 CA/ACCA ٹرینیز اور 40 مینجمنٹ ٹرینیز پی ایس او کے ساتھ کام کر رہے تھے۔

HR آٹومیشن اور انٹیگریشن

کمپنی نے HR ہیلپ ڈیسک کا آغاز کیا تاکہ ملازمین کو متعلقہ اہلکاروں کے ساتھ بغیر کسی رکاوٹ کے رابطے کی سہولت فراہم کی جا سکے تاکہ ان کے HR سے متعلق سوالات کا تسلی بخش طریقے سے جواب دیا جا سکے۔ ملازمین کو بروقت اور باقاعدہ فیڈ بیک فراہم کرنے اور بہتری کے شعبوں کو اُجاگر کرنے کے لیے سہ ماہی کارکردگی کی تشخیص کا سلسلہ بھی متعارف کروایا گیا۔ ملازمین کو متعلقہ معلومات فراہم کرنے کے لیے ایمپلائی انٹیگریٹڈ پروفائل اور ایمپلائی انگیجمنٹ ڈیش بورڈ بھی متعارف کروایا گیا۔

ملازم کی فلاح و بہبود

پی ایس او اپنی افرادی قوت کی فلاح و بہبود پر یقین رکھتی ہے اور اُن کے لیے ایک صحتمندانہ ماحول تخلیق کرنے کے لیے کوشاں ہے۔ مالی سال 22ء کے اہم اقدامات میں پی ایس او لوکیشنز پر ملازمین کے اہلِ خانہ کے لیے ویکسینیشن مہم، تھیلیسیمیا کے مریضوں کے لیے خون کے عطیے کی مہم، خواتین کے دن کی تقریبات، پی ایس او کی ان ہاؤس ڈے کیئر سروس کا دوبارہ آغاز، طویل سروس ایوارڈز، صحت سے متعلق آگاہی سیشن اور "پی ایس او ہیلپ" کا آغاز شامل تھے تاکہ HR سے متعلق ملازمین کی رائے اور تجاویز کا اشتراک کر کے انھیں مزید بہتر بنایا جا سکے۔

مشمولہ اور متنوع افرادی قوت

پی ایس او میرٹ کی بنیاد پر شمولیت اور تنوع کے لیے مسلسل کوشش کرتی ہے۔ اندرونی امیدواروں کو خالصتاً میرٹ پر قیادت کا حصہ بننے کے مواقع فراہم کیے جاتے ہیں۔ پی ایس او کی افرادی قوت میں دُور دراز اور پسماندہ علاقوں سے تعلق رکھنے والے ملازمین اور 14 منفرد طور پر خصوصی افراد بطور ملازمین شامل ہیں۔ کیریئر میں ترقی کے یکساں مواقع کے تحت سینئر مینجمنٹ کا 10% خواتین پر مشتمل ہے، جبکہ C-minus-1 سطح کے عملے کا 27% خواتین پر مشتمل ہے۔ مجموعی طور پر مینجمنٹ کیڈر میں خواتین کی نمائندگی 8% پر برقرار رہی۔

رپورٹ برائے شیئر ہولڈرز (غیر مجموعی)

صارف مبنی کمپنی ہونے کے ناتے، لبریکنٹ کی مصنوعات کی رینج کو اپنے صارفین کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے مسلسل بہتر بنایا جا رہا ہے۔ سال کے دوران، پی ایس او نے موجودہ گریڈز (Blaze4TSAE 20W-40 viscosity variant) کی خصوصیات کو بہتر بنا کر، نئے گریڈز (Sugar Mill Oil Plus) متعارف کرواتے ہوئے اور نئے، استعمال میں آسان، ڈبل ہینڈل پیک متعارف کروا کر اپنے لبریکنٹس کو اپ گریڈ کیا۔

کوالٹی اشورنس آف پروڈکٹس

کوالٹی اشورنس کمپنی کے لیے ایک بنیادی اصول ہے۔ 10 جدید ترین لیبارٹریز اور 23 موبائل کوالٹی ٹیسٹنگ یونٹس (MQTUs) جو کہ صنعت کا سب سے بڑا فلیٹ ہے، کے ایک وسیع نیٹ ورک کے ذریعے صارفین کے اطمینان کو یقینی بنایا جاتا ہے۔ پی ایس او، ایم کیو ٹی یوز کے ذریعے پاکستان بھر میں اپنے ریٹیل آؤٹ لیٹس پر پیٹرولیم مصنوعات کے معیار اور مقدار کی پیمائش کے لیے اچانک جانچ پڑتال کرتی ہے تاکہ صارفین کو بہترین کوالٹی کا فیول درست مقدار میں ملے۔ کمپنی کے اسٹوریج ڈپو اور تنصیبات میں معیار کی جانچ بھی ایک باقاعدہ عمل ہے۔

سال کے دوران، HSE کے معیار کو برقرار رکھنے کے لیے کیماڑی ٹرمینل اے اور لبریکنٹ مینوفیکچرنگ ٹرمینل (LMT) لیبارٹریز میں انٹرنیشنل اسٹینڈرڈ ASHRAE110 تصدیق شدہ آٹومیٹک فیومنگ ہڈز نصب کیے گئے۔

صحت، حفاظت اور ماحول (HSE)

صحت، حفاظت اور ماحولیات (HSE) کمپنی کی DNA کا ایک لازمی حصہ ہے۔ پی ایس او نہ صرف اپنے لوگوں اور اسٹیک ہولڈرز کی صحت اور حفاظت کو "زیرو انسیڈنٹس گول" حاصل کرنے کے لیے ترجیح دیتی ہے بلکہ ماحولیاتی استحکام کے لیے بھی مسلسل کوشش کرتی ہے۔ کمپنی کا مضبوط ایچ ایس ای مینجمنٹ سسٹم فریم ورک آپریشنل خطرات کو مسلسل کم کرنے کی کوشش کرتا ہے اس سلسلے میں "کم سے کم۔ معقول حد تک قابل عمل (ALARP)" کے نظریے پر عمل کیا جاتا ہے۔

پروسیسنگ سیفٹی مینجمنٹ

لوگوں، پلانٹ اور عمل کی حفاظت کے لیے، کمپنی نے اپنی سہولیات میں اہم پروسیس سیفٹی مینجمنٹ سسٹم جیسے کام کرنے کی اجازت، خطرے کی تشخیص، توانائی کی علیحدگی، ہنگامی ردعمل، ٹھیکیدار کی حفاظت کا انتظام وغیرہ کو مؤثر طریقے سے نافذ کیا۔

کمپنی نے HSE پرفارمنس مینجمنٹ سسٹم بھی شروع کیا جس میں ماہانہ بنیادوں پر اہم سرگرمیوں جیسے ہنگامی مشقیں، آگاہی سیشن، HSE رسک اسیسمنٹ، خود معائنہ، گروپ کمیونیکیشن میٹنگز وغیرہ شامل ہیں۔

روڈ سیفٹی مینجمنٹ

روڈ ٹرانسپورٹ سیفٹی ایک بڑا رسک ایریا ہے اور پی ایس او نے روڈ سیفٹی کے پیرامیٹرز کو بہتر بنانے کے لیے متعدد اسٹریٹجک اقدامات کیے ہیں۔ ٹینک لاریوں کا تیسرے فریق سے معائنہ شروع کیا گیا جس سے سڑک کے ٹینکروں کی حفاظت اور مکینیکل پہلوؤں میں بہت بہتری آئے گی۔ اس عمل میں ہر ٹینک لاری کو ایک جامع معائنے سے گزرنے کی ضرورت ہوتی ہے۔ سال کے دوران 7000 سے زائد ٹینک لاریوں کا معائنہ کیا گیا۔

HSE کے علم اور صلاحیت میں اضافہ

کمپنی نے سینئر مینجمنٹ کے لیے HSE لیڈرشپ سیشنز کا اہتمام کیا جس میں ریفریشر پروگرام شامل ہیں جس میں HSE میٹرکس، سکور کارڈ کے پیرامیٹرز اور HSE کی ثقافتی بہتری کے لیے حکمت عملی شامل ہے۔

ایک مثبت اور مشترکہ HSE ثقافت کو فروغ دینے کے لیے اندرونی اور بیرونی اسٹیک ہولڈرز کے لیے متعدد ورکشاپس اور ریفریشرز کا انعقاد بھی کیا گیا جس کے تحت ملازمین کو خطرات کی تشخیص اور ماضی کے واقعات سے فہم و آگہی پر مبنی مختلف پہلوؤں کو اُجاگر کیا گیا۔

پاکستان کے دور دراز علاقوں تک پہنچی جہاں 200 ہزار سے زائد شہریوں کو حفاظتی ٹیکہ لگایا گیا۔

پی ایس او نے شوکت خانم میموریل ہسپتال کے ساتھ مل کر آن لائن اندرونی آگاہی سیشنز کے ذریعے بچاؤ کی تجاویز کا اشتراک کر کے اور اس سے منسلک غلط تصورات کو ختم کر کے چھاتی کے کینسر سے آگاہی کا مہینہ منایا۔

پی ایس او نے اپنے ہم وطنوں کے ساتھ T20 ورلڈ کپ 2021ء کو سلیبریٹ کیا۔ ہمارے سوشل میڈیا پلیٹ فارمز پر فن پاروں کی ایک سیریز کے ساتھ ایک ڈیجیٹل مہم چلائی گئی، جس میں کھیل کو داور حب الوطنی کو فروغ دیا گیا۔

مختلف قومی دن پورے جوش وخروش سے منائے گئے۔ ہماری قوم کے بانی کے وژن اور عزم کے اعتراف کے طور پر، پی ایس او نے اپنے تمام سوشل میڈیا پلیٹ فارمز پر ایک ڈیجیٹل مہم کے ذریعے قائداعظم محمد علی جناح کو ان کے یوم پیدائش پر دل کی گہرائیوں سے خراج عقیدت پیش کیا۔ یوم پاکستان پر ایک اور دل چھو لینے والی، حب الوطنی پر مبنی ڈیجیٹل مہم #PSODilSeEhad بھی چلائی گئی۔

دسمبر 2021ء میں کمپنی کے قیام کے 45 سال پورے ہونے پر، پی ایس او ڈے ''45Years of Excellence'' تھیم کے ساتھ منایا گیا۔ ڈیجیٹل پلیٹ فارمز کے لیے ایک ویڈیو تیار کی گئی جس میں ملازمین نے کمپنی کے حوالے سے اپنے خیالات کا اظہار کیا۔ اس کے ساتھ ساتھ کیک کاٹنے کی تقریب خوبصورتی سے آراستہ کیے گئے پی ایس او ہاؤس میں منعقد کی گئی۔

''شمولیتی قیادت'' ان بنیادی اقدار میں سے ایک ہے جس کی پی ایس او ہر پہلو سے پیروی کرتی ہے۔ خواتین کے عالمی دن پر، پی ایس او نے ''میرا سفر میرا عزم'' کے عنوان سے ایک ڈیجیٹل مہم چلائی، جس میں ان خواتین کو خراج تحسین پیش کیا گیا جو دنیا کی قیادت کرتی ہیں کیونکہ وہ ہر روز اپنی ہمت اور طاقت سے #Break The Bias کرتی ہیں۔

ماحولیات کے عالمی دن کے موقع پر، پی ایس او نے توفیق پاشا موراج اور انوشہ فاطمہ (بانی TrashIt) کے ساتھ مل کر ایک مہم ''ہرا بھرا پاکستان'' چلائی تاکہ شجرکاری کو فروغ دیا جا سکے اور روزمرہ کی زندگی میں ایسی مستقل عادات کو اپنایا جا سکے۔ شرکاء نے پی ایس او کے سوشل میڈیا پلیٹ فارمز کے ذریعے 3 پائیدار طریقوں کا اشتراک کیا جس کے ذریعے وہ ''ہرا بھرا پاکستان'' کو یقینی بناتے ہیں۔ عیدالفطر اور یوم مادر یعنی مدرز ڈے کے موقع پر بھی گرم جوشی سے بھرپور مہم چلائی گئی۔

پی ایس او نے بین الاقوامی معیار کے مطابق اپنی نئی ویب سائٹ کا آغاز کیا۔ اسے ٹیکنالوجی، یوزر انٹرفیس (UI) اور صارف کے تجربے (UX) کے لحاظ سے اپ گریڈ کیا گیا ہے جو صارفین کے لیے ایک قابل قدر تجربہ فراہم کرتی ہے۔

فیول کی مہم

پی ایس او نے نیا پریمیم گریڈ MoGas 95 RON فیول، ''Octane+Euro5'' متعارف کروایا، جس کا مقصد انجن کی کارکردگی کو بڑھانا اور دھوئیں کے کم اخراج کے ساتھ آنے والی نسلوں کو ایک صاف ستھرا اور سرسبز پاکستان دینا ہے۔

لبریکنٹ کی مہم

کمپنی نے برانڈ آگہی پیدا کرنے کے لیے کیرینٹ فلی سنتھیٹک مہم کا آغاز کیا۔ مہم میں انٹرنل لانچ ایونٹ، تجارتی واقعات، ڈیجیٹل ایمپلیفیکیشن، ریٹیل ایکٹیویشنز اور ہائی اسٹریٹ مارکیٹس کے لیے ''بائے ڈیپلے ون'' مہم شامل تھی۔

کمپنی نے ملک بھر میں DEO کے لیے ایک کامیاب کنزیومر پروموشن کا انعقاد کیا۔ اس کے بعد ملک بھر میں 100 ٹرک اڈوں کو فعال کیا گیا، 40 سے زائد زرعی قصبوں کا احاطہ کیا گیا، فلوٹس پر انٹرا ایکٹیو ایکٹیویشن، اور ہائی اسٹریٹ پر 3000 سے زائد دکانوں پر تجارت کی۔ ایکٹیویشن نے 1500 سے زیادہ تبادلوں اور 10,000 سے زائد صارفین کے ساتھ رابطہ قائم کرنے میں کامیاب رہی۔

بہتری کے اقدامات کا جائزہ لیتی ہے تاکہ عمل کی افادیت میں اضافہ، لاگت کی بچت اور ڈیجیٹل تبدیلی کی جا سکے۔

کمپنی نے اپنی نوعیت کا پہلا "بزنس پارٹنرز آن بورڈنگ ویب پورٹل" شروع کیا جو ممکنہ کاروباری شراکت داروں کے لیے ایک مکمل اینڈ ٹو اینڈ آن لائن حل ہے۔ ویب پورٹل درخواست دہندگان کے لیے خودکار ٹریکنگ اور اسٹیٹس اپ ڈیٹ کا طریقہ کار فراہم کرتا ہے۔ سال کے دوران 600 درخواستیں موصول ہوئیں۔

سائبر سیکورٹی

پی ایس او کی سائبر سیکورٹی حکمت عملی، سائبر رسک مینجمنٹ کے لیے پراسیس معیار اور لاگو کر کے کمپنی کے انفارمیشن سسٹم کی حفاظت پر توجہ مرکوز کرتی ہے۔ کمپنی نے سائبر رسک مینجمنٹ کے لیے جدید ترین مربوط تکنیکی حل تعینات کیے ہیں جن میں سائبر خطرات، مالویئر، انٹیلی جنٹ ای میل پروٹیکشن اور انفارمیشن سسٹمز، ویب ایپلیکیشنز کی حفاظت اور رسپانس سسٹم کو یقینی بنانا شامل ہیں۔

انفارمیشن سیکورٹی کنٹرولز کی تعمیل اور تاثیر کا جائزہ لینے کے لیے نیٹ ورک پینیٹریشن ٹیسٹنگ مشقوں کے ساتھ باقاعدہ اندرونی اور بیرونی آڈٹ بھی کیے جاتے ہیں۔ سیکورٹی اسسمنٹ/آڈٹ مالی سال 22، میں بھی کیا گیا تھا۔

سائبر سیکورٹی کے خطرات کو کم کرنے کے لیے تعلیم اور تربیت کی کوششیں

کمپنی کی آئی ٹی پالیسی کے مطابق، سائبر سیکورٹی حفظان صحت کو فروغ دینے اور کمپنی کے انٹیلیکچو ل اور انفارمیشن اثاثوں کی حفاظت کے لیے آئی ٹی سیکورٹی سے متعلق آگاہی فراہم کی جاتی ہے۔ یہ تربیت ملازمین کو مختلف پہلوؤں جیسے کہ پاس ورڈ کے انتظام، سائبر سیکورٹی وغیرہ کے بارے میں رہنما اصول فراہم کرتی ہیں۔

کاروباری عمل کی اصلاح - کاروباری لائن ایپلی کیشنز کے ساتھ ERP کا انضمام

کمپنی کے ڈیجیٹلائزیشن پلان میں بغیر کسی رکاوٹ کے آپریشنز اور صارفین کی زیادہ سہولت کے لیے بزنس لائن ایپلی کیشنز کے ساتھ ERP انضمام بھی شامل ہے۔ سال کے دوران نافذ کیے گئے اقدامات میں ٹرمینلز پر خودکار ڈیلیوری آپریشن، وینڈر انوائس مینجمنٹ سسٹم (VIMS) کے ذریعے وینڈر کی ادائیگی اور SAP Ariba کے ذریعے ای پروکیورمنٹ شامل ہیں۔

برانڈ مینجمنٹ

سال کے دوران، کمپنی نے برانڈ ایکویٹی کی تشکیل کے لیے متعدد مارکیٹنگ مہمات کا آغاز کیا۔ متعدد ایونٹس کی اسپانسرشپ سے لے کر آن گراؤنڈ، ڈیجیٹل اور آؤٹ ڈور میڈیم میں پھیلی ہوئی مہمات تک کے لیے سرگرمیاں منعقد کی گئیں۔

کارپوریٹ مہمات

ڈیجیٹل میڈیا اور سوشل پلیٹ فارمز کی اہمیت کو مدنظر رکھتے ہوئے، کمپنی نے سوشل میڈیا پلیٹ فارمز پر اپنی موجودگی کو فعال طور پر برقرار رکھا جس کے نتیجے میں پچھلے سال کے مقابلے میں 100 ہزار سے زیادہ فالوورز میں اضافہ ہوا۔

کارپوریٹ برانڈ ایکویٹی کو مزید مضبوط بنانے کے لیے کئی مہمات اور سرگرمیاں منعقد کی گئیں۔ پاکستان کی 74 ویں سالگرہ کے موقع پر، پی ایس او نے "ساؤنڈز آف فریڈم" مہم کے ذریعے ایک متنوع اور منفرد پاکستان کی عکاسی کی۔ یہ اشتہار فوری طور پر وائرل ہوگیا، جس نے پاکستان کے اندر اور بین الاقوامی سرحدوں پر زبردست مقبولیت حاصل کی۔

پی ایس او نے کورونا سے پاک پاکستان کے لیے نیشنل کمانڈ اینڈ آپریشن سینٹر (NCOC) کے ساتھ کام کیا، اپنے ڈیجیٹل پلیٹ فارمز سے COVID19 ویکسینیشن کے حوالے سے آگاہی پھیلانے کے ساتھ ساتھ 500 ریٹیل آؤٹ لیٹس پر ملک گیر مہم چلاتے ہوئے اور 245 موبائل ویکسینیشن وینز کے ساتھ

استعمال کیے جاتے ہیں جبکہ آئی ٹی پالیسی واقعاتی ردعمل کے منصوبے (IRP)، مواصلات اور اضافے کے عمل اور کاروباری کارروائیوں کو دوبارہ شروع کرنے کے لیے بحالی کے عمل کا احاطہ کرتی ہے۔ IT ڈیزاسٹر ریکوری پلان (DRPIT) کو IT سسٹمز اور ڈیٹا کو غیر متوقع واقعات سے بچانے کے لیے اپ گریڈ کیا گیا تھا تاکہ اندرونی کنٹرولز جیسا کہ ہاٹ ڈیزاسٹر ریکوری سائٹ اور قبل از وقت وارننگ سسٹم/ واقعے کے ردعمل کا منصوبہ، معروف سروس فراہم کنندگان کے ساتھ سروس لیول کے معاہدوں کے ذریعے کاروبار کے تسلسل کو یقینی بنایا جائے۔

یہ پالیسی تمام ملازمین کے لیے کام کی جگہ پر ادارے کی سطح پر وسیع تر تربیت اور معلومات کی حفاظت کے بارے میں آگاہی کے حوالے سے رہنما اصولوں کی بھی وضاحت کرتی ہے۔

کمپنی نے انڈسٹری کے معیاری پلیٹ فارم پر مبنی اپنے انٹرپرائز ریسورس پلاننگ (ERP) سسٹم کو مسلسل اپ گریڈ کرنے اور بڑھانے کے لیے ایک جدت اور تبدیلی کا روڈ میپ شروع کیا۔ یہ کاروباری ایپلی کیشنز کی لائن کے ساتھ ہموار انضمام کو قابل بنائے گا کیونکہ بنیادی پلیٹ فارم کھلا، توسیع پذیر، پلگ ایبل، اور نئی ٹیکنالوجیز اور ایپلی کیشنز کے ساتھ انٹرآپریبل ہے، جو ماحولیاتی نظام میں ہم آہنگی پیدا کرتی ہے، اس طرح اسٹیک ہولڈرز کو قدر و قیمت فراہم کرتی ہے۔

ERP منصوبوں میں خطرے کے عوامل کا انتظام مستحکم جنرل اور ایپلیکیشن کنٹرولز کی تخلیق کے ذریعے کیا جاتا ہے جن کا وقتاً فوقتاً تجزیہ کیا جاتا ہے۔ مزید برآں، لین دین کی اجازت صرف مجاز صارفین کو ان کے کام کی ضروریات کے جائزے کے بعد دی جاتی ہے۔ فرائض کی علیحدگی کو بھی برقرار رکھا جاتا ہے جس سے ERP سسٹم کی حفاظت میں مزید اضافہ ہوتا ہے۔

پی ایس او نے ریئل ٹائم ڈیٹا کیپچرنگ اور فیصلہ سازی کے لیے تمام آپریشنل اور کمرشل فنکشنز کو مربوط کرنے کی تین سالہ ڈیجیٹل تبدیلی کی حکمتِ عملی تیار کی ہے۔

ڈیجیٹل ٹرانسفارمیشن اور انضمام

پی ایس او نے اپنی سپلائی چین میں آپریشنل افادیت لانے کے لیے ٹیکنالوجی کا فائدہ اٹھاتے ہوئے ڈیجیٹل اختراع میں برتری حاصل کی ہے۔ کمپنی نے منصوبہ بند اور معروضی انداز میں اپنے کاروباری ویلیو چین کے ڈیجیٹل ایکو سسٹم کے لیے ڈیٹا ایبل بنانے کے لیے اینڈ ٹو اینڈ ڈیجیٹل تبدیلی کی حکمتِ عملی تیار کی ہے۔ اس ڈیجیٹل ماحولیاتی نظام کے نتیجے میں قیمتی کاروباری بصیرتیں پیدا ہوں گی جو باخبر فیصلہ سازی کو ممکن بنائے گی۔

پی ایس او نے SAP انٹیگریٹڈ ریٹیل آؤٹ لیٹ کنٹرول یونٹ مقامی طور پر ڈیزائن کیا جسے مرکزی کنٹرول اور انتظام کے لیے 400 سے زیادہ ریٹیل آؤٹ لیٹس پر تعینات کیا گیا ہے۔ اس خصوصی ٹیکنالوجی کے حل کی کامیابی کے ساتھ، پی ایس او اپنی سپلائی چین کی مؤثر نگرانی اور کنٹرول کے لیے اپنے ڈیٹا کیپچرنگ فٹ پرنٹ یعنی نقش قدم کو پورے ریٹیل نیٹ ورک پر پھیلا دے گا۔

کمپنی نے دو اضافی ٹرمینلز یعنی ماچھی کے اور سہالہ کو کمانڈ اینڈ کنٹرول سسٹم کے ساتھ ضم کر دیا ہے جس سے کل تعداد 3 ہو گئی ہے۔ ان کو دیگر آپریشنل مقامات تک وسعت دینے کے منصوبے پر کام جاری ہے۔

کمپنی کے IT سسٹم کو 1Link کے ساتھ کامیابی کے ساتھ مربوط کیا گیا ہے۔ یکجائی کا یہ عمل پی ایس او کے نظام کو 27 بینکس کے ساتھ فوری طور پر ادائیگی کے قابل بناتا ہے۔ یہ سسٹم انٹیگریشن، سکیور ساکٹس لیئر (SSL) انکرپٹڈ ہے، اس طرح اسٹیٹ بینک آف پاکستان کے مقرر کردہ سکیورٹی معیارات پر پورا اترتا ہے۔

بزنس پروسیس ری انجینئرنگ

پی ایس او کو ڈیجیٹل طور پر اختراعی اور مستعد ادارہ بنانے کے لیے، کمپنی نے مکمل "ایز از" کی بنیاد پر اپنے کاروباری پروسیسز کی از سر نو نقشہ بندی کرنے کے لیے تجزیہ کا انتظام کیا ہے۔ زیادہ اثر والے علاقوں کے لیے، "ہونے والے" عمل کو زیادہ کارکردگی، بہتر تبدیلی کے وقت، بہتر نظام پر مبنی کنٹرولز اور کاغذ سے پاک عمل کے لیے ڈیزائن کیا جائے گا۔ بزنس پروسیس ری انجینئرنگ کمیٹی عمل میں

رپورٹ برائے شیئر ہولڈرز (غیر مجموعی)

پی ایس او نے کیماڑی میں 3.3 کلومیٹر طویل ٹینکر ڈسچارج پائپ لائن کو مکمل طور پر تبدیل کر کے ایک اہم سنگ میل عبور کیا۔ یہ پائپ لائن ملک کی سپلائی چین کے انتظام میں اہم اہمیت رکھتی ہے۔ اس کے علاوہ، آئل پیئر II- اور آئل پیئر III- کے درمیان 1950 میٹر کی 8 انچ قطر کی ٹینکر ڈسچارج لائن کی بحالی کی گئی۔ یہ لائن میں آئل کی وصولی کے لیے وقت ہے اور زیادہ سے زیادہ قابلِ اجازت دباؤ پر کارگوز کو باسہولت ڈسچارج فراہم کرتی ہے۔

پروکیورمنٹ اور سروسز

کمپنی نے سامان اور خدمات کی خریداری کے لیے SAP Ariba کا نفاذ کیا۔ اس کے نتیجے میں پروکیورمنٹ سائیکل 65 دن سے کم ہو کر 50 دن تک پہنچ گیا، وینڈرز کی شرکت میں اضافہ، وینڈرز کے جوابی وقت میں کمی اور دنیا بھر میں سپلائرز تک رسائی ممکن ہوئی۔

کمپنی کے پروکیورمنٹ کے عمل کی ڈیجیٹلائزیشن سے واقف کروانے کے لیے 5 سال کے وقفے کے بعد وینڈر کانفرنس کو بھی بحال کیا گیا۔ پی ایس او نے وینڈر کی کارکردگی کو ٹریک کرنے کے لیے وینڈر پرفارمنس ایویلیوایشن سسٹم بھی تیار کیا۔

انفارمیشن ٹیکنالوجی

پی ایس او پاکستان کے توانائی کے شعبے میں تکنیکی اختراعات کی علمبردار ہے۔ کمپنی نے صنعت 4.0 بزنس ماڈل کی بنیاد پر ڈیجیٹل طور پر مربوط اور آپریشنل طور پر لچکدار انٹرپرائز میں تبدیل کیا ہے، جس نے لوگوں، عمل اور ٹیکنالوجی کا ایک ماحولیاتی نظام تیار کیا ہے تاکہ جہاز سے لے کر گاڑی تک، اسمارٹ آٹومیشن تک اینڈ ٹو اینڈ انٹیگریٹڈ کاروباری عمل کے ذریعے اس کے اسٹیک ہولڈرز کے لیے ہموار ورک فلو اور سیلف سروس کی قابلِ قدر خدمات مہیا کی جاسکیں۔

آئی ٹی گورننس

پی ایس او گورننس یعنی نظم و نسق کی سختی سے پیروی کرتی ہے۔ مینجمنٹ آئی ایس اسٹیئرنگ کمیٹی منصوبہ بندی، حکمتِ عملی اور بورڈ کے منظور شدہ فریم ورک اور حکمتِ عملی کو لاگو کرنے کے لیے ذمے دار ہے، واضح طور پر متعین کلیدی ہدف، کارکردگی اور خطرے کے اشارے کا استعمال کرتے ہوئے، بورڈ آئی ٹی اینڈ انوویشن کمیٹی (BITIC) وسیع تر اسٹریٹجک اہداف کے حصول کے لیے IT گورننس اور مینجمنٹ فریم ورک تیار کرنے کے لیے نگرانی، جائزہ اور ہدایت فراہم کرتی ہے۔

پی ایس او کی نئی وضاحت شدہ انفارمیشن ٹیکنالوجی (IT) پالیسی، کارپوریٹ اور انفارمیشن سیکیورٹی گورننس، رسک مینجمنٹ، پورٹ فولیو اور پروگرام مینجمنٹ کے ساتھ ساتھ سائبر سیکیورٹی کی حکمتِ عملی کو وسیع تر کاروباری اہداف اور مقاصد کے ساتھ بیان کرتی ہے۔

یہ ادارہ جاتی، حکومتی اور بین الاقوامی صنعت کے ضوابط کے ساتھ ہم آہنگی کو یقینی بناتی ہے۔ پالیسی بین الاقوامی سطح پر تسلیم شدہ معیارات اور فریم ورک جیسے ISO27001 کو بروئے کار لاتے ہوئے ہماری ادارہ جاتی پالیسی کے مطابق مؤثر خطرے کی تشخیص اور انتظام کو ممکن بناتی ہے۔

مزید برآں، پالیسی مختلف اسٹیک ہولڈرز کے رویے کو منظم کرنے کے لیے رہنما خطوط فراہم کرتی ہے، فرائض کو علیحدہ علیحدہ کر کے اندرونی کنٹرول کے نظام کی وضاحت کرتے ہوئے اہم کاروباری لین دین میں خطرے کو محدود کرتے ہوئے معلومات کے نظام کے ساتھ تعامل کرتے ہیں۔

یہ پالیسی اندرونی اور بیرونی اسٹیک ہولڈرز (بورڈ آف مینجمنٹ، شیئر ہولڈرز، کسٹمرز، بزنس پارٹنرز، سپلائرز اور ملازمین) کو یقین دہانی کرواتی ہے کہ پی ایس او میں انفارمیشن سسٹم کمپنی کی کارپوریٹ گورننس پالیسی کے مطابق مؤثر طریقے سے چلائے جاتے ہیں اور ان کی نظم و ترتیب کی جاتی ہے۔

آئی ٹی گورننس اور رسک مینجمنٹ کی پالیسیز اور اقدامات کے مطابق، کمپنی نے بہتر آپریشنل پیک حاصل کرنے کے لیے اپنی تکنیکی صلاحیتوں، عمل اور کنٹرول کو بھی اپ گریڈ کیا۔ انتظامی اور تکنیکی کنٹرول جس میں ابتدائی واچ الرٹس کے نظام/ابتدائی انتباہی نظام شامل ہیں خطرات کے علاقوں کو فعال طور پر حل کرنے کے لیے

دستخط کرنے والی پہلی آئل مارکیٹنگ کمپنی بن گئی۔ اس سے کمپنی کی فریٹ لاگت کو خاطر خواہ طور پر کم کرنے اور کاربن فٹ پرنٹ کو کم کرنے میں مدد ملے گی جبکہ سڑک کے ذریعے نقل و حمل کو بھی کم کیا جاسکے گا۔

MoGas 95 RON کا آغاز

پی ایس او نے اپنے موجودہ پروڈکٹ پورٹفولیو میں MoGas95RON کو ''Octane+Euro5'' کے برانڈ نام کے ساتھ شامل کیا۔ یہ پروڈکٹ پیٹرول انجن کی کارکردگی کو بہتر بناتی ہے اور گاڑی کی زندگی میں اضافہ کرتی ہے۔

آپریشنز

اس سال کے دوران، کمپنی نے گزشتہ 5 برسوں میں پیٹرولیم مصنوعات کا والیوم کے لحاظ سے سب سے زیادہ والیوم 23.4 ملین ٹن ہینڈل کیا۔ پی ایس او نے 3.7 ملین ٹن بلیک آئل اور 19.7 ملین ٹن وائٹ آئل ہینڈل کیا، جو گزشتہ سال کے مقابلے میں بالترتیب 50% اور 17% زیادہ ہے۔

بین الاقوامی معیارات کی تعمیل کرنے اور ہمارے پائیدار ماڈل کے نفاذ کو جاری رکھنے کے لیے، زوٹ، ماچھی کے اور سہالہ تنصیبات کو سال کے دوران OHSAS 45001:2018 کی سند دی گئی۔

لاجسٹکس

پی ایس او نے سڑک، ریلوے اور پائپ لائن کے ذریعے پیٹرولیم مصنوعات کی بلاتعطل فراہمی کو یقینی بنایا، اس طرح تمام آپریٹنگ مقامات پر انوینٹری کی بہترین سطح کو برقرار رکھا گیا۔

کمپنی نے کامیابی کے ساتھ موگیس کے ایک بڑے والیوم کی ترسیل سڑک سے پائپ لائن کو منتقل کردی، جبکہ 524 ہزار ٹن ہائی اسپیڈ ڈیزل اور فرنس آئل (گزشتہ سال کے مقابلے میں 42% زیادہ) کو ریلوے کے ذریعے منتقل کیا گیا۔ نقل و حمل کی کم لاگت کا فائدہ عام لوگوں کو پہنچایا گیا۔

کمپنی سڑکوں کے ذریعے ہونے والی ترسیل کے لیے آئل اینڈ گیس ریگولیٹری اتھارٹی (OGRA) اور نیشنل ہائی وے اتھارٹی (NHA) کے معیارات کی تعمیل کرتی ہے۔ نئے فلیٹ مینجمنٹ ٹینک لاریز (FMTL) کے معاہدے 4 اضافی مقامات پر مسابقتی نرخوں پر کیے گئے۔ کمپنی نے تربیت یافتہ اور طبی لحاظ سے موزوں ڈرائیورز کی تعیناتی کو بھی یقینی بنایا۔

3000 سے زیادہ ٹینک لاری ڈرائیوروں کا طبی معائنہ کیا گیا، جبکہ 4000 سے زیادہ ڈرائیوروں کو نیشنل ہائی وے اینڈ موٹروے پولیس (NH&MP) اور آٹوموبائل ٹریک سروسز پاکستان (ATS) کے ساتھ مل کر محفوظ ڈرائیونگ تکنیک کے لیے تربیت دی گئی تاکہ سڑک پر حادثات کے خطرے کو کم کیا جا سکے۔

پی ایس او نے اے ٹی ایس کے ساتھ بھی اشتراک عمل کیا ہے تاکہ ٹینک لاری ڈرائیوروں، کلینرز اور کسی حادثے کے نتیجے میں موت، مستقل معذوری، حادثاتی چوٹ (اسپتال میں داخلہ) یا تیسرے فریق کی موت کے معاوضے کی صورت میں مرنے والوں کے اہل خانہ کو معاوضہ دیا جائے۔

پروجیکٹ مینجمنٹ اور کنسٹرکشن

پی ایس او کے ریٹیل آؤٹ لیٹس کی بصری شناخت کو مزید بڑھانے اور صارفین کے لیے پڑھنے کی اہلیت کو بڑھانے کے لیے، ڈیجیٹل قیمت ڈسپلے اور بیک لِٹ ایل ای ڈی کے ساتھ ایک نیا موتو لیتھ تا ور ڈیزائن کیا گیا تھا۔ پائلٹ پروجیکٹ کراچی اور اسلام آباد میں 2 ریٹیل آؤٹ لیٹس پر کامیابی سے مکمل کیا گیا، جبکہ ملک بھر میں اس پر کام جاری ہے۔

جدید ترین ٹیکنالوجی سے لیس، ماچھی کے، زوٹ اور جنگوٹ کی سہولیات میں 112.5 ہزار ٹن ہائی اسپیڈ ڈیزل اور موگیس کے نئے اسٹوریج تیار کیے گئے ہیں۔ کیماڑی میں 44 ہزار ٹن ذخیرہ کرنے کی گنجائش والے اسٹوریج ٹینکوں کی بحالی بھی سال کے دوران مکمل کی گئی۔ محمود کوٹ ٹرمینل پر آگ بجھانے کا ایک اپ گریڈ سسٹم لگایا گیا۔ آگ بجھانے کا نظام سہولت کی موجودہ اور منصوبہ بند اسٹوریج کی ضروریات کو پورا کرے گا۔

رپورٹ برائے شیئر ہولڈرز (غیر مجموعی)

کامیابی کے ساتھ ڈیجیٹائز کیا ہے، جس سے الیکٹرونک گیجس کا استعمال کرتے ہوئے SAP میں ٹرانزیکشنز کی ریئل ٹائم ریکارڈنگ ممکن ہے۔ ہوائی جہازوں کے بالکل ساتھ کی گئی فروخت SAP میں لائیو ریکارڈ کی جائے گی۔ یہ پیشرفت بہتر ڈیٹا کی درستگی اور کریڈٹ کنٹرول فراہم کرے گی۔

عالمی منظوری

کمپنی نے معیار، ماحولیات اور پیشہ ورانہ صحت اور حفاظت کے معیارات کے لیے اپنے ISO سرٹیفکیشنز کی تجدید کی ہے۔ یہ سرٹیفکیشن ہمیں مؤثر طریقے سے خطرات کا انتظام کرنے، آپریشنل خطرات کو کم کرنے، محفوظ کام کے کلچر کے بارے میں آگاہی پیدا کرنے اور بہترین طریقوں پر عمل کرنے کے قابل بناتے ہیں۔

اسٹریٹجک اکاؤنٹس اور کنزیومر بزنس

پی ایس او نے کنزیومر بزنس کے شعبے میں ہائی سپیڈ ڈیزل، لائٹ ڈیزل آئل اور لبریکنٹس میں بالترتیب 63%، 117% اور 10% کی غیر معمولی والیومیٹرک گروتھ کا مظاہرہ کیا ہے۔

پی ایس او اور پاکستان ریلوے نے پیٹرولیم مصنوعات کی فراہمی کے لیے مفاہمت کی یادداشت پر دستخط کیے ہیں۔ اس کے علاوہ، کمپنی نے کئی سالوں کے بعد پاک فوج کو ایندھن کی فراہمی کا کنٹریکٹ بھی حاصل کیا۔ پی ایس او نے FWO کے ساتھ ملک بھر میں اپنی آپریشنل ضروریات کو پورا کرنے کے لیے ہائی سپیڈ ڈیزل کی فراہمی کے لیے ایک طویل مدتی معاہدہ کیا۔ شوگر انڈسٹری میں 11 نئے صارفین شامل ہوئے اور پی ایس او سال کے دوران 897 ٹن سے زائد والیوم کے ساتھ ملت ٹریکٹرز کے لیے لبریکنٹ کا بنیادی فراہم کنندہ رہی۔

کمپنی نے بلوکی، قصور اور بھکی، شیخوپورہ پاور پلانٹس کو 84 ہزار ٹن سے زائد ہائی سپیڈ ڈیزل فروخت کیا۔ پی ایس او نے پاور چائنا اور شنگھائی الیکٹرک کنسلٹنگ کمپنی کے ساتھ بالترتیب 25 ہزار ٹن اور 59 ہزار ٹن سالانہ ہائی سپیڈ ڈیزل فروخت کرنے کے لیے فیول کی فراہمی کے معاہدے پر دستخط کیے ہیں۔

گیسیس فیول

پی ایس او نے سال کے دوران ملک کی ضروریات کا دو تہائی حصہ ایل این جی درآمد کی۔ تقریباً 5.2 ملین ٹن قطر گیس کے ساتھ معاہدوں کے تحت درآمد کی۔ موسم سرما میں ملکی ضروریات کو پورا کرنے کے لیے کمپنی نے ایک قدم اور آگے بڑھاتے ہوئے دوسرے معاہدے کے تحت جس کے مطابق کارگوز کی آمد جنوری 2022ء میں شروع ہونی تھی مگر کمپنی نے نومبر اور دسمبر 2021ء میں ہی چار کارگوز منگوا لیے۔

ایل پی جی کی قیمتوں میں خاطر خواہ اضافے کی وجہ سے صنعت نے گزشتہ سال کے مقابلے میں 2.2% کی معمولی گروتھ دیکھی جس کا سالانہ والیوم تقریباً 1.2 ملین ٹن تھا۔ دوسری طرف پی ایس او نے گزشتہ سال کے مقابلے میں 11% کی والیومیٹرک گروتھ کے ساتھ 37 ہزار ٹن کی اب تک کی سب سے زیادہ فروخت ریکارڈ کی۔

ہمارے ایل پی جی برانڈ پاک گیس نے 26 نئے ڈسٹری بیوٹرز کو شامل کرکے اپنے ڈسٹری بیوشن نیٹ ورک کو وسعت دی، جس سے مجموعی تعداد 294 ہو گئی۔ سال کے دوران 10 نئے صنعتی/تجارتی صارفین شامل کیے گئے۔

سپلائی

سال کے دوران ملک میں آئل کی طلب میں اضافہ ہوا۔ پی ایس او نے مؤثر اور مستعد سپلائی چین مینجمنٹ کے ذریعے طلب کو پورا کیا، مالی سال 22ء میں تقریباً 12 ملین ٹن پیٹرولیم مصنوعات کی خریداری کی۔ مقامی ریفائنریز سے تقریباً 4.3 ملین ٹن خریدے گئے (گزشتہ سال کے مقابلے میں 9% زیادہ) اور 7.7 ملین ٹن بین الاقوامی سپلائرز سے درآمد کیے گئے (گزشتہ سال کے مقابلے میں تقریباً 40% زیادہ)۔

وائٹ آئل پائپ لائن

سال 22ء کے دوران، وائٹ آئل پائپ لائن (WOP) کو پریمیئر اور ہائی سپیڈ ڈیزل کی نقل و حمل کے لیے ملٹی گریڈ میں تبدیل کیا گیا۔ پی ایس او ستمبر 2021ء میں PAPCO کے ساتھ ملٹی گریڈ WOP معاہدے پر

بغیر کسی رکاوٹ فیول مینجمنٹ کا تجربہ فراہم کرتا ہے اور صارفین کے لیے قابل قدر خدمات اور سہولیات کی فراہمی کے نئے در کھولتا ہے۔

کسٹمر سروسز پر پختہ یقین رکھتے ہوئے، کمپنی نے کراچی، لاہور اور اسلام آباد کے لیے FUELINK میں درج ذیل نئی خصوصیات شامل کی ہیں:

- وہیکل مینجمنٹ: B2B صارفین اب اپنی گاڑیوں کی تفصیلات شامل کر سکتے ہیں، مختلف پیرامیٹرز کے لحاظ سے اپنی گاڑیوں کو کئی زمروں میں گروپ کر سکتے ہیں، اور دیکھ بھال اور آئل کی تبدیلی کے لیے باقاعدہ اطلاعات وصول کر سکتے ہیں۔

- پی ایس او آن وہیلز: کراچی، لاہور اور اسلام آباد میں شروع کی گئی یہ سہولت ماحول دوست کار کیئر کی خدمات کسٹمر کی دہلیز پر فراہم کرتی ہے جیسے کار واش، ویکس پالش اور لبریکنٹ کی تبدیلی کے لیے صارف اب ان خدمات کو آسانی کے ساتھ FUELINK پر بک کر سکتے ہیں۔

NFC اسٹیکرز کا اجرا

مستقبل پر توجہ مرکوز کرنے والا ادارہ ہونے کے ناتے، کمپنی نے ادائیگی کا ایک جدید طریقہ متعارف کروایا ہے جس سے صارفین اپنے ترجیحی لین دین کا طریقہ منتخب کر سکتے ہیں۔ نیئر فیلڈ کمیونیکیشن (NFC) اسٹیکر چپ کارڈز کے علاوہ ٹرانزیکشن موڈ کی ایک اور شکل ہے۔ چپ ٹیکنالوجی کی بنیاد پر، NFC اسٹیکرز انتہائی محفوظ ہیں اور کونٹیکٹ لیس ادائیگی، گاڑی کی شناخت اور مالیاتی کنٹرول جیسی خصوصیات پیش کرتے ہیں۔

DIGICASH Wallets کا آغاز

یہ ای والیٹ فیول کارڈ سروس کے معیارات کو اپ گریڈ کرنے کے لیے ترتیب دیا گیا ہے۔ یہ سہل عمل ہمارے قابل قدر صارفین کو چند منٹوں میں اپنے نئے اکاؤنٹس قائم کرنے کی اجازت دے کر مستعدی میں اضافہ کرے گا۔ متحرک QR کوڈ لین دین کو پریشانی سے پاک، تیز رفتار اور محفوظ بناتا ہے۔ اس سروس کے ایک حصے کے طور پر، کمپنی معروف شراکت داروں کے ساتھ مل کر 500 سے زیادہ ریٹیلرز بشمول کھانے پینے کی اشیا، ملبوسات وغیرہ پر خریداری اور رعایت کی پیشکش کر رہی ہے۔

نئے اتحاد

پی ایس او، محکمۂ زراعت، حکومت پنجاب کے ساتھ مل کر ایک جدید حل متعارف کروانے کے لیے کام کر رہی ہے جس سے کسان کارڈ رکھنے والے کسان پی ایس او لبریکنٹس پر پرکشش اور ریئل ٹائم رعایت حاصل کر سکیں گے۔

ایک اور کوشش میں جس کا مقصد صارفین کے تجربے اور اطمینان کو بڑھانا ہے، پی ایس او نے وفاداری پروگرام کے لیے ایک معروف کمرشل بینک کے ساتھ مل کر کام کیا ہے۔ اس انتظام کے تحت، بینک کے کارڈ صارفین پی ایس او آؤٹ لیٹس پر اپنے لائلٹی پوائنٹس کو ری ڈیم کر سکیں گے۔

ایوی ایشن، میرین اور ایکسپورٹس

پی ایس او نے مالی سال 22ء میں 96.5% کے مارکیٹ شیئر اور 513 ہزار ٹن فروخت کے والیوم کے ساتھ مارکیٹ کی قیادت جاری رکھی جو گزشتہ سال کے مقابلے میں 54.9% کی والیومیٹرک گروتھ کو ظاہر کرتا ہے۔ جیٹ ایندھن کی صنعت نے گزشتہ سال کے مقابلے میں مجموعی طور پر 51.7% اضافہ دیکھا جس کی بنیادی وجہ عالمی سطح پر COVID-19 کے بعد سفری پابندیوں میں نرمی اور ملک میں سیاحوں کی آمد ہے۔

پی ایس او اور ٹوٹل انرجیز ایوی ایشن کی شراکت داری کی تجدید

پی ایس او نے "ٹوٹل انرجیز" ایوی ایشن کے ساتھ جو کمپنی کی 4 دہائیوں سے زائد عرصے سے شراکت دار ہے فیول سپلائی اور تکنیکی خدمات کے معاہدوں کی تجدید کی ہے۔ اس شراکت داری نے کمپنی کو اپنے آپریشنز کی حفاظت، معیار اور کسٹمر کے تجربے کو مدنظر رکھتے ہوئے اعلیٰ ترین بین الاقوامی معیارات کو برقرار رکھنے کے قابل بنایا ہے۔

جیٹ فیول ان ٹو پلین ری فیولنگ ڈیجیٹائزیشن

پی ایس او نے کراچی، لاہور، ملتان، فیصل آباد، اسلام آباد، پشاور، نور خان بیس (پرانا اسلام آباد ایئرپورٹ) اور سیالکوٹ ایئرپورٹس میں جیٹ فیول کی فروخت کو

رپورٹ برائے شیئر ہولڈرز (غیر مجموعی)

اے ٹی ایم سروسز

پی ایس او نے اپنے ریٹیل آؤٹ لیٹس پر اے ٹی ایمز کو بروئے کار لانے کے لیے معروف بینکس کے ساتھ شراکت داری کی ہے تاکہ صارفین کو مالی لین دین کرنے کے لیے محفوظ اور مامون ماحول فراہم کیا جاسکے۔ پاکستان بھر میں کمپنی کے مختلف ریٹیل آؤٹ لیٹس پر لگ بھگ 150 اے ٹی ایم موجود ہیں۔

شاپ اسٹاپ - کنوینینس اسٹور ری ماڈلنگ

صارف کے تجربے کو بڑھانے کے لیے، کمپنی نے اپنی شاپ اسٹاپ کو نئے ماحول اور ڈیزائن کے ساتھ دوبارہ بنایا ہے۔ مالی سال 22ء میں 21 شاپس ری ویمپ کی گئیں جس سے اُن کی کل تعداد 111 ہوگئی۔

پی ایس او شاپ اسٹاپس ہمارے آفیشل پارٹنر برانڈز کے ذریعے گروسری، ذاتی نگہداشت، مشروبات، اسنیکس، کنفیکشنری وغیرہ سمیت مختلف مصنوعات کی ایک وسیع رینج پیش کرتی ہیں۔

کوئیک سروس ریسٹورنٹس

اپنے صارفین کے لیے ون اسٹاپ سلوشن بننے کے مقصد کے تحت پی ایس او نے اپنے فورکورٹس پر شاپ ان شاپ یا اسٹینڈ الون آؤٹ لیٹس کے لیے سرکردہ برانڈز کے ساتھ شراکت کی اور سال میں 7 کوئیک سروس ریسٹورنٹس قائم کیے جن کی مجموعی تعداد اب 26 ہوگئی ہے۔ ان تجارتی شراکت داروں میں میکڈونلڈز، پیزا ہٹ، برگر کنگ وغیرہ شامل ہیں۔

الیکٹرو-الیکٹرک وہیکل چارجنگ اسٹیشن

پائیدار اور شفاف توانائی کو فروغ دینے کے لیے، کمپنی نے اپنے الیکٹرک وہیکل (EV) کے کاروبار میں "الیکٹرو" کے برانڈ نام کے تحت اپنے بنیادی ڈھانچے میں 3 انتہائی تیز رفتار چارجنگ اسٹیشنز کو شامل کرکے اہم سنگ میل حاصل کیا ہے۔ چارجرز شمال اور جنوب کی طرف لاہور اسلام آباد موٹروے (M-2) پر نصب کیے گئے ہیں۔

ان الٹرا فاسٹ ای وی چارجنگ اسٹیشنز کی تنصیب کے ساتھ، پی ایس او ملک کی پہلی آئل مارکیٹنگ کمپنی بن گئی ہے جس نے لاہور-اسلام آباد روڈ ٹرپ کا احاطہ کرتے ہوئے انٹرسٹی ای وی چارجنگ انفرااسٹرکچر قائم کیا ہے۔ اب ملک کی مصروف ترین موٹروے M-2 پر سفر کرنے والے الیکٹرک گاڑیوں کے مالکان اپنی ای وی کو آسانی سے ری چارج کرسکیں گے۔ کمپنی نے گزشتہ سال اسلام آباد کے کیپری گیس اسٹیشن پر اپنی پہلی ای وی چارجنگ کی سہولت نصب کی تھی۔

فیول کارڈز

کمپنی کے ہر عمل کا مرکز کسٹمرز کا اطمینان اور انھیں سہولت بہم پہنچانا ہے۔ پی ایس او مسلسل بہتری اور جدت کے ذریعے صارفین کو اُن کی توقعات سے بڑھ کر خدمات فراہم کرنے کیلئے کوشاں ہے۔

کاروباری نشوونما

گزشتہ سال نے انڈسٹری کو درپیش چیلنجز کے ساتھ ساتھ کچھ نمایاں کاروباری مواقع بھی فراہم کیے۔ سال کے دوران، 1000 سے زیادہ نئے کارپوریٹ صارفین آن بورڈ ہوئے، جنھوں نے کل کاروبار میں تقریباً 5% حصہ ڈالا۔ بڑھتی ہوئی کاروباری ضروریات کو پورا کرتے ہوئے، کارڈز کے نیٹ ورک میں تقریباً 100 پی ایس او آؤٹ لیٹس شامل کیے گئے، جس سے کارڈ قبول کرنے والے آؤٹ لیٹس کی تعداد 1500 ہوگئی۔ کمپنی مستقبل قریب میں اپنے نئے وژن ریٹیل آؤٹ لیٹ نیٹ ورک میں کارڈز کی قبولیت کو بڑھانے کا ارادہ رکھتی ہے۔

بذریعہ پی ایس او فیول لنک وہیکل مینجمنٹ اور لبریکنٹس ڈور اسٹیپ ڈیلیوری

فیول لنک B2B فلیٹ، کارپوریٹ اور کمرشل کارڈ صارفین کے لیے ایک ویب پر مبنی انٹرایکٹو چینل ہے۔ 3000 سے زیادہ اداروں کے 6000 سے زائد مطمئن صارفین اپنے لین دین اور ادائیگیوں کو منظم کرنے کے لیے FUELINK کا استعمال کررہے ہیں۔ رپورٹس، بلز اور اسٹیٹمنٹس تک رسائی کے علاوہ، صارفین نئے اور متبادل کارڈز کے لیے درخواست دے سکتے ہیں، کارڈ کی حدود پر نظر ثانی کرسکتے ہیں یا کنفگریشنز کو تبدیل کرسکتے ہیں اور کارڈ کی حیثیت کو اپ ڈیٹ کرسکتے ہیں۔ یہ استعمال میں آسان اور تمام مسائل کا ایک حل پورٹل ہے جو صارفین کو

بزنس لائنز

کمرشل سیلز

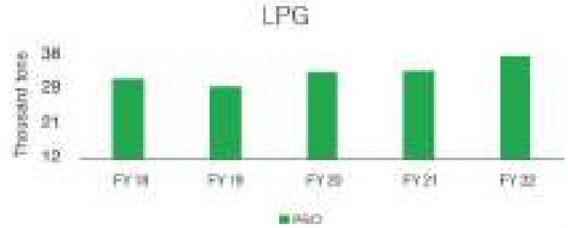
پی ایس او کے اسٹریٹجک پلان کے مطابق، کمپنی نے اپنے تنظیمی ڈھانچے کو تین جغرافیائی طور پر بااختیار علاقوں یعنی جنوبی، وسطی اور شمالی کی بنیاد پر ازسرِ نو تشکیل دیا۔ اس کا مقصد ویلیو چین میں فیصلہ سازی کے عمل میں کارکردگی اور اثر پذیری کو برقرار رکھتے ہوئے کمپنی کے منافع کو مزید بڑھانا ہے۔ اس عمل کے نتیجے میں کمپنی کی تاریخ میں سب سے زیادہ وائٹ آئل کی فروخت ہوئی ہے۔

کوالٹی اشورنس پی ایس او کے فلسفے کا بنیادی ستون رہا ہے۔ سال کے دوران، کمپنی نے 27 ہزار سے زیادہ کوالٹی چیک اور 84 ہزار کوانٹٹی چیک کیے تاکہ صارفین کے اطمینان کی بلند ترین سطح کو یقینی بنایا جا سکے۔ پی ایس او میں ہر عمل کا مرکز صارفین ہیں۔ سال کے دوران، ملک بھر میں ریٹیل فورکورٹ میں 300 سے زائد کسٹمر کیئر ڈے منائے گئے۔ کمپنی نے گاہک کے سوالات اور ترجیحات کا جائزہ لینے، تجزیہ کرنے اور ان پر عمل کرنے کے لیے ''کال کریں اور حصہ ڈالیں'' اقدام بھی شروع کیا۔ صارفین سے رابطہ قائم کرنے کے لیے ای میل، ویب اور واٹس ایپ سمیت متعدد ٹچ پوائنٹس شامل کیے گئے۔

پی ایس او کے کاروباری شراکت داروں کو اس کی ''سہولت ایپ'' کے ذریعے آرڈر ٹو ممنٹ کے مکمل عمل کے لیے سہولت فراہم کی گئی۔ کمپنی نے فرنٹیئر ورکس آرگنائزیشن (FWO) کے ساتھ ایک معاہدہ کیا تاکہ موٹرویز اور سیاحت کے اہم مقامات پر ریٹیل آؤٹ لیٹس قائم کیے جائیں جن کا مقصد موٹرویز پر سیاحوں کو فیول اور دیگر سہولیات فراہم کرنا ہے۔

نان فیول ریٹیل

کمپنی کے نان فیول ریٹیل کے اقدامات ہمارے فورکورٹس پر صارفین کے تجربات میں اضافہ کرنے اور انھیں ون اسٹاپ سلوشنز کے طور پر فروغ دینے کے لیے اہم کردار ادا کر رہے ہیں۔



لبریکنٹس

پی ایس او نے گزشتہ 9 سالوں میں پچھلے سال سب سے زیادہ سیلز والیوم حاصل کیے جو گزشتہ سال کی والیومیٹرک گروتھ کے مقابلے میں 13.2% زیادہ ہے اور صنعت کے جمود اور مقامی اور عالمی سطح پر سپلائی چین میں رکاوٹوں کی وجہ سے خام مال کی محدود فراہمی کے باوجود 39.1 ہزار ٹن کا والیوم حاصل کیا۔ پریمیم لبریکنٹ گریڈز پر پی ایس او کی توجہ کے نتیجے میں نمایاں گروتھ اور منافع ہوا۔ پیسنجر کار موٹر آئل (PCMO) کے زمرے میں، پریمیم گریڈ کے والیوم میں 20% اضافہ ہوا، جبکہ ہیوی ڈیزل انجن آئل (HDEO) کے زمرے میں، پریمیم گریڈ کے والیوم میں 48% اضافہ ہوا۔

کمپنی نے اکتوبر 2021ء میں لبریکنٹ پروڈکٹ کی نئی گائیڈ شروع کی تھی۔ اس گائیڈ کو اسٹیک ہولڈرز کے لیے آٹوموٹیو آئلز، اسٹیشنری ڈیزل انجنز اور کمپنی کی جانب سے مارکیٹ کیے جانے والے صنعتی لبریکنٹس کی رینج کے بارے میں قیمتی معلومات کے ساتھ ون اسٹاپ ریسورس فراہم کرنے کے لیے ڈیزائن کیا گیا ہے۔ سال کے دوران سیلز اسٹاف کے لیے لبریکنٹس تکنیکی آگاہی کے سیشن بھی منعقد کیے گئے۔

لیکویفائیڈ نیچرل گیس (ایل این جی)

کمپنی نے ایل این جی کے شعبے میں اپنی قیادت کو برقرار رکھا اور قطر گیس کے ساتھ حکومت تا حکومت معاہدوں کے تحت تقریباً 84 کارگوز درآمد کیے جس کا والیوم سال میں تقریباً 5.2 ملین ٹن تھا۔

رپورٹ برائے شیئر ہولڈرز (غیر مجموعی)

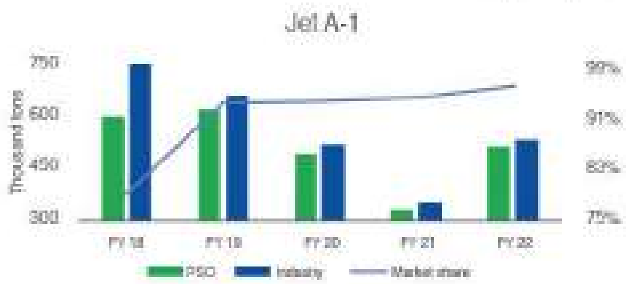
ہائی-سیٹین ڈیزل

سال کے دوران، کمپنی نے 4.6 ملین ٹن ڈیزل فروخت کیا جس میں پچھلے سال کے مقابلے میں 25.2% اضافہ ہوا۔ پی ایس او کا مارکیٹ شیئر مالی سال 21ء میں 47.2% سے بڑھ کر مالی سال 22ء میں 51.6% ہو گیا جو کہ گزشتہ 8 سالوں میں سب سے زیادہ ہے۔

روس اور یوکرائن کی حالیہ جنگ کے دوران، پوری دنیا میں سپلائی اور توانائی کا ایک بڑا بحران ابھرا جس نے پاکستان کے لیے سپلائی کا خطرہ بھی پیدا کر دیا کیونکہ کئی آئل مارکیٹنگ کمپنیز نے اپنے وعدوں پر عمل نہ کیا۔ مالی سال 22ء کی چوتھی سہ ماہی کے دوران ممکنہ قلت کی صورت حال سے بچنے کے لیے، پی ایس او نے ایک قومی پرچم بردار کمپنی کی حیثیت سے اپنا کردار بھرپور طور پر ادا کیا اور بین الاقوامی اسپاٹ مارکیٹ سے اضافی 350 ہزار ٹن حاصل کر کے سپلائی چین کے خلا کو پر کیا۔

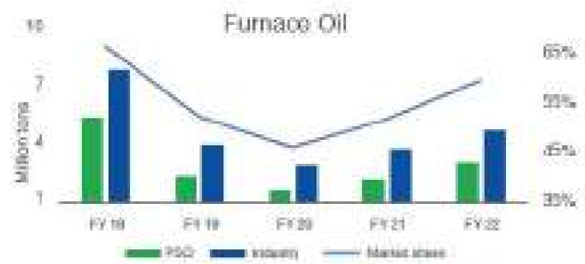
جیٹ فیولز

وبائی مرض کی وجہ سے طویل عرصے تک سفری پابندیاں نرم ہونے کے بعد پروازیں دوبارہ شروع ہوئیں، جس سے ہوابازی کی صنعت میں دوبارہ جان آ گئی۔ کمپنی نے 513 ہزار ٹن جیٹ فیول فروخت کیا، جو گزشتہ سال کے مقابلے میں 54.9% زیادہ ہے جبکہ گزشتہ سال کی صنعت کی گروتھ میں 51.7% اضافہ ہوا تھا۔ پی ایس او مارکیٹ شیئر 2% کے اضافے کے ساتھ مالی سال 22ء میں 96.5% پر پہنچ گیا جو کمپنی کے قیام کے بعد سے اب تک کے عرصے میں سب سے زیادہ ہے۔ کمپنی نے فیول کی فراہمی اور تکنیکی خدمات کے معاہدے کے لیے "ٹوٹل انرجیز" ایوی ایشن، فرانس کے ساتھ اپنی طویل مدتی شراکت کی تجدید کی۔ اس شراکت داری سے پی ایس او کو اس بات کو یقینی بنانے میں مدد ملے گی کہ کمپنی اپنے صارفین کو اعلیٰ ترین اور بین الاقوامی معیار کی مصنوعات اور خدمات فراہم کرتی رہے گی۔



فرنس آئل

کمپنی نے مالی سال 22ء کے دوران 2.5 ملین ٹن فرنس آئل کا بندوبست کیا، جو کہ گزشتہ سال کے مقابلے میں 51.8% زیادہ ہے، جس کی وجہ بجلی کی پیداوار کی طلب میں اضافہ اور ایل این جی کی کم دستیابی ہے۔ مجموعی طور پر، کمپنی نے مالی سال 22ء کا اختتام 59.7% کے مارکیٹ شیئر کے ساتھ کیا، یعنی گزشتہ سال کے مقابلے میں 7.9% اضافہ ہوا۔



لیکویفائیڈ پیٹرولیم گیس (ایل پی جی)

سال کے دوران، لیکویفائیڈ پیٹرولیم گیس (ایل پی جی) کی صنعت میں 2.2% اضافہ ہوا، جس کا نتیجہ 1,201 ہزار ٹن والیوم کی صورت میں ظاہر ہوا۔ مشکلات کے باوجود، پی ایس او نے کمپنی کی تاریخ میں ایل پی جی کی اب تک کی سب سے زیادہ فروخت کی یعنی 10.9% والیومیٹرک گروتھ کے ساتھ 37 ہزار ٹن فروخت کی۔ گھریلو صارفین کو قدرتی گیس کی سپلائی میں کمی کے باعث یہ طلب بنیادی طور پر تجارتی، گھریلو اور ٹرانسپورٹ کے شعبوں کی طرف سے متحرک رہی۔

اضافے کا باعث بنا۔ اسپاٹ مارکیٹ میں بجلی کی طلب میں اضافے اور ایل این جی اور کوئلے کی بلند قیمتوں کی وجہ سے فرنس آئل کی طلب میں بھی اضافہ ہوتا رہا۔ دنیا بھر میں سفری پابندیوں میں نرمی کی بدولت ہوابازی کے شعبے میں ایک سال کے وقفے کے بعد تقریباً 51.7% گروتھ دیکھنے میں آئی۔

کمپنی کی کارکردگی

کمپنی نے 30 جون 2022ء کو ختم ہونے والے مالی سال کے لیے غیر معمولی گروتھ کے ساتھ ریکارڈ ساز کارکردگی کا مظاہرہ کرتے ہوئے بلندی کی طرف اپنی پرواز جاری رکھی۔ غیر معمولی کارکردگی کی بنیاد ایک مربوط حکمتِ عملی تھی جس میں صارفین کی مرکزیت میں اضافہ، آپریشنل مستعدی میں اضافہ اور وسائل کا بہترین استعمال شامل تھا۔ کمپنی تمام کلیدی پیٹرولیم مصنوعات میں انڈسٹری سے کہیں زیادہ والیومیٹرک گروتھ حاصل کرنے میں کامیاب رہی۔ وائٹ آئل میں 21.4% اضافہ ہوا، جبکہ بلیک آئل میں 51.6% اضافہ ہوا۔

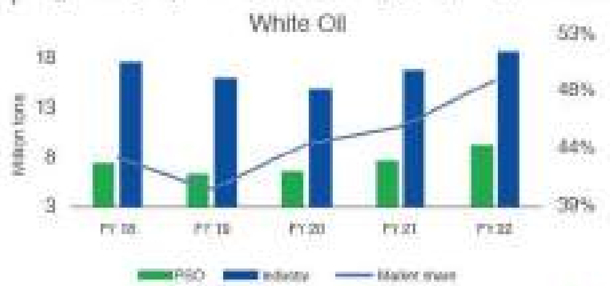
پی ایس او نے اب تک سب سے زیادہ ریونیو 2.7 کھرب روپے (مالی سال 21: 1.4 کھرب روپے) حاصل کیا ہے جو کہ اب تک کے بلندترین منافع قبل از ٹیکس 147.9 ارب روپے (مالی سال 21: 44.1 ارب روپے) میں ظاہر ہوا اور کمپنی نے ریکارڈ منافع بعد از ٹیکس 86.2 ارب روپے (مالی سال 21: 29.1 ارب روپے) حاصل کیا جبکہ فی شیئر منافع 183.7 روپے رہا (مالی سال 21: 62.1 روپے فی شیئر)۔ کمپنی کو درپیش شدید لیکویڈیٹی چیلنجز اور مالی رکاوٹوں کے باوجود، بورڈ آف مینجمنٹ نے 100% نقد منافع منقسمہ (10 روپے فی شیئر) کا اعلان کیا ہے، جس کی مجموعی ادائیگی 4.7 ارب روپے ہے۔

لیکویڈ فیولز

پی ایس او نے لیکویڈ فیولز کے شعبے کی قیادت کو جاری رکھا اور مجموعی مارکیٹ کا بڑا حصہ 51.1% (مالی سال 21: 46.3%) حاصل کرلیا، جو پچھلے 5 سالوں میں سب سے زیادہ ہے۔ کمپنی نے گزشتہ سال کے مقابلے میں 26.9% کی حیران کن والیومیٹرک گروتھ حاصل کی جس کی وجہ ایک موثر سپلائی چین، وسیع انفرااسٹرکچر اور ملک بھر میں پھیلے ہوئے ریٹیل آؤٹ لیٹس کی بدولت صارفین کے تجربے کو بڑھانے پر توجہ مرکوز کرنا ہے۔ پاور سیکٹر سے فرنس آئل کی ازسرِ نو طلب نے بھی کمپنی کی والیومیٹرک گروتھ میں اضافہ کیا۔

وائٹ آئل

کمپنی نے وائٹ آئل کی مصنوعات میں اب تک کا سب سے زیادہ والیوم 9.2 ملین ٹن حاصل کیا، جس میں پچھلے سال کے مقابلے میں 21.4% اضافہ ہوا۔ اپنی موجودگی اور شرکت کو تیز رفتاری سے بڑھاتے ہوئے، کمپنی نے مالی سال 22ء میں 49.2% مارکیٹ شیئر حاصل کیا، جو کہ گزشتہ سال کے مقابلے میں 4% زیادہ ہے۔



بلیک آئل

30 جون 2022ء کو ختم ہونے والے سال کے دوران، کمپنی نے پچھلے سال کے مقابلے میں 51.6% کی حیران کن والیومیٹرک گروتھ حاصل کی، جس کا والیوم 2.6 ملین ٹن ہے اور کمپنی نے اس سیگمنٹ میں اپنا مارکیٹ شیئر 8% بڑھا کر 59.7% تک پہنچا دیا۔

پریمیئر

سال کے دوران، پی ایس او نے 44% کے مارکیٹ شیئر کے ساتھ بلندترین تقریباً 4 ملین ٹن پریمیئر موٹر گیسولین (MoGas) کے والیومز فروخت کیے، جو کہ گزشتہ سال کے مقابلے میں 2.6% زیادہ ہے اور 14.3% والیومیٹرک گروتھ کو ظاہر کرتا ہے۔

رپورٹ برائے شیئر ہولڈرز (غیر مجموعی)

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ کے بورڈ آف مینجمنٹ (BOM) نے کمپنی کی کارکردگی کا جائزہ لیا ہے اور 30 جون 2022ء کو ختم ہونے والے مالی سال کے لیے مالی اور عملی کارکردگی کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

عالمی کاروباری اور معاشی صورتحال

عالمی معیشت کووڈ کی وبا کے بعد اجناس کی منڈیوں، سپلائی چین اور مالی حالات کو معمول پر لانے سے بحال ہو رہی تھی کہ روس۔یوکرائن تصادم ہو گیا، اس جنگ نے بحالی کے عمل میں رکاوٹ پیدا کر دی اور پورے معاشی منظرنامے کو خراب کر کے رکھ دیا۔ توانائی کی عالمی منڈیوں میں خلل، اجناس کی بڑھتی ہوئی قیمتوں اور چیلنجنگ پالیسی ٹریڈ آف کی وجہ سے معاشی امکانات تاریک نظر آتے ہیں۔ کیلنڈر سال 2022ء میں عالمی طور پر گروتھ کی شرح 2.9% رہنے کا امکان ہے اور جبکہ کیلنڈر سال 2023ء میں 3% تک پہنچنے کی پیش گوئی کی گئی ہے۔

توانائی درآمد کرنے والے ممالک کو توانائی کی بڑھتی ہوئی قیمتوں کے نتیجے میں حقیقی قابل خرچ آمدنی میں کمی، بڑھتی ہوئی پیداواری لاگت، سخت مالی حالات کا سامنا ہے، جبکہ توانائی برآمد کرنے والے ممالک تجارت کی بہتر شرائط اور پیداوار میں اضافے سے فائدہ اٹھا رہے ہیں۔

جنگ کی وجہ سے دنیا بھر میں سپلائی میں رکاوٹ اور تیزی سے بڑھتے ہوئے افراط زر نے خوراک کی قیمتوں میں نمایاں اضافہ کیا ہے، غذائی تحفظ کو خطرات سے دوچار کیا ہے اور ترقی پذیر معیشتوں اور اُبھرتی ہوئی منڈیوں کو انتہائی غربت کی طرف دھکیل دیا ہے۔ عالمی ترقی میں مسلسل کمی آ رہی ہے، جس سے کساد بازاری کا خطرہ پیدا ہو رہا ہے۔

پاکستان کا کاروباری اور اقتصادی جائزہ

پاکستان کی معیشت نے وبائی امراض کے عروج کے دور کے بعد دوبارہ رفتار حاصل کی۔ زراعت میں 4.4%، صنعتی شعبے میں 7.2% اور خدمات کے شعبے میں 6.2% گروتھ کے ساتھ 2022ء میں جی ڈی پی میں تقریباً 6.0% اضافہ ہوا۔ زیادہ پیداوار، پرکشش پیداواری قیمتیں، قرضے اور تصدیق شدہ بیجوں اور کیڑے مار ادویات کی بہتر دستیابی کی وجہ سے زراعت کے شعبے نے فروغ پایا۔

میکرو اکنامک ریکوری، انتخاب کی کثرت اور سال کے بیشتر حصے کے لیے واحد ہندسے کی شرح سود، پاکستان میں آٹوموبائل کی فروخت میں اضافے کا باعث بنی۔ گزشتہ سال کے مقابلے میں کاروں کی فروخت میں تقریباً 55% اضافہ ہوا ہے۔ تاہم، گاڑیوں کی فروخت میں اضافہ آنے والے سال میں سست ہو سکتا ہے جس کا سبب اسٹیٹ بینک آف پاکستان کی جانب سے کار فنانسنگ کے ساتھ ساتھ مالیاتی لاگت میں اضافے کے حوالے سے جاری کیے گئے حالیہ احتیاطی ضوابط ہیں۔

بہت سے دیگر ممالک کی طرح، روس اور یوکرائن کے تنازع نے پاکستان کی معیشت کو متاثر کیا ہے، جس سے ملک کے مالیاتی نظام کے لیے خطرات اور چیلنجز میں اضافہ ہوا ہے، اقتصادی ترقی میں رکاوٹ پیدا ہوئی ہے اور اقتصادی منظرنامے پر برے اثرات مرتب ہو رہے ہیں۔ سی پی آئی افراط زر گزشتہ مالی سال 21ء کے 8.6% کے مقابلے میں 12.2% تک پہنچ گیا۔ تاہم جون 2022ء کے مہینے میں سال بہ سال سی پی آئی افراط زر بڑھ کر 21.3% ہو گیا، جس کی بڑی وجہ توانائی کی قیمتوں میں اضافہ اور روپے کی قدر میں امریکی ڈالر کے مقابلے میں نمایاں کمی ہے۔ توقع ہے کہ اگلے سال بھی اقتصادی اشاریے دباؤ میں رہیں گے۔

آئل انڈسٹری کا جائزہ (ڈاؤن اسٹریم سیگمنٹ)

پاکستان پیٹرولیم مصنوعات کا خالص درآمد کنندہ ہے اور قومی طلب کا تقریباً 85% درآمدات کے ذریعے پورا کیا جاتا ہے۔ ملک اپنی پیٹرولیم کی زیادہ تر طلب کو کویت، قطر، سعودی عرب اور متحدہ عرب امارات سے مختلف شرائط اور انتظامات کے تحت پورا کرتا ہے۔ دنیا بھر میں توانائی کی بڑھتی ہوئی قیمتوں کے ساتھ، سال کے لیے آئل اور گیس کا درآمدی بل 20 ارب امریکی ڈالر سے تجاوز کر گیا ہے۔

سال کے دوران ڈاؤن اسٹریم کے شعبے میں گزشتہ سال کے مقابلے میں 14.9% اضافہ دیکھا گیا، جس میں وائٹ اور بلیک آئل کی مقدار بالترتیب 18.7 ملین ٹن اور 4.3 ملین ٹن تھی۔ کاروں کی فروخت، زرعی پیداوار، اور اندرون ملک لاجسٹکس میں اضافہ وائٹ آئل کی مصنوعات کی مانگ میں

حل کی فراہمی، کم کاربن والی توانائی کے متبادل کی تشکیل وترتیب، عملی استعدادِ کار میں اضافے، ذخائر کے انفراسٹرکچر کو بڑھانے اور اپنے ادارے کی بناوٹ کی ازسرِ نو ترتیب وتشکیل پر توجہ مرکوز رکھتی ہے۔ پی آر ایل نے بہتر انوینٹری مینجمنٹ، مصنوعات کی پیداوار کی دوبارہ تشکیل اور زیادہ منافع بخش مصنوعات پر توجہ کے ذریعے اپنی کارکردگی کو بہت بہتر بنالیا ہے۔ کمپنی نے اپنے فرنٹ اینڈ انجینئرنگ ڈیزائن اور اس کے توسیعی منصوبے کے لیے جو کمپنی کی پائیداری اور استعدادِ کار میں اور شیئر ہولڈرز کی قدر میں اضافے کا باعث بنے گا، ایک معروف کنسلٹنٹ کی خدمات حاصل کی ہیں۔ مجھے یقین ہے کہ انتظامیہ اور بورڈ کی جانب سے کیے گئے اقدامات اور منصوبے، پی ایس او کی طویل مدتی منفعت کو یقینی بنائیں گے۔

بورڈ کی کارکردگی

بورڈ اچھے ادارہ جاتی نظم ونسق، اخلاقی کاروباری طور طریقوں اور شیئر ہولڈرز کے طویل مدتی مفادات کو فروغ دینے کے لیے پرعزم ہے۔ بورڈ نے انتظامیہ کی کارکردگی کی نگرانی کے ذریعے امورِ حکمت ونظم ونسق کی دیکھ بھال اور خطرات کی تخمینہ کاری کے اپنے کردار کو جاری رکھا جس سے پورے سال کے دوران کمپنی پر اثر پڑ سکتا ہے۔ علاوہ ازیں، منصوبے اور حکمتِ ہائے عملی تیار کیے گئے اور انھیں نافذ کیا گیا تاکہ اچھے ادارہ جاتی نظم ونسق کے اصولوں کو بروئے کار لایا جائے جس سے شیئر ہولڈرز کے لیے قدر میں اضافہ ہوگا۔ بورڈ کمیٹیز نے ادارہ جاتی نظم ونسق میں مؤثر طور پر مدد کرنے، جستجو کرنے، نشاندہی کرنے اور اس کاروبار کے لیے نمودار ہونے والے خطرات کو کم کرنے کے لیے طریقہ کار کو نافذ کرنے کے عمل کو جاری رکھا۔ کارکردگی کی جانچ پڑتال کی اہمیت کے پیشِ نظر، بورڈ نے بورڈ کی کمیٹیز اور بورڈ ممبرز کی سالانہ کارکردگی کی جانچ کے عمل کو جاری رکھا۔

مستقبل کے خدوخال

گروپ اپنے کاروبار کی ترقی وفروغ کے لیے پرعزم ہے اور مارکیٹ میں اپنی پوزیشن کو مزید مستحکم، عملی استعدادِ کار میں اضافہ، جدت اور اپنے پورٹ فولیو میں تنوع پیدا کرتے ہوئے اپنے شیئر ہولڈرز کے لیے قدر میں اضافے کے لیے کوشاں ہے تاکہ طویل مدت تک استحکام کو برقرار رکھا جاسکے۔ ملک کی معاشی صورتحال، بڑھتے ہوئے گردشی قرضے، عالمی سیاسی ومعاشی چیلنجز، پیٹرولیم مصنوعات کی سپلائی چین، طلب، اور گروپ کی مالی حالت پر نمایاں اثرات مرتب کرسکتے ہیں۔ بورڈ انتظامیہ کی مشاورت سے، ان غیر یقینی حالات سے مؤثر طور پر نمٹنے کے لیے ایک منظم ومربوط فریم ورک تشکیل دے رہا ہے۔ میں بورڈ آف مینجمنٹ کی طرف سے، مالی سال 22ء میں کمپنی کے متاثر کن نتائج اور کامیابیوں پر انتظامیہ کو مبارکباد پیش کرتا ہوں۔ میں حکومتِ پاکستان خصوصاً وزارتِ توانائی (پیٹرولیم ڈویژن) کا ان کے مسلسل تعاون اور رہنمائی کے لیے بے حد شکرگزار ہوں۔

ظفر آئی عثمانی

چیئرمین

بورڈ آف مینجمنٹ

26 اگست 2022ء،

کراچی

چیئرمین کی جانب سے ایک جائزہ

معزز شیئر ہولڈرز،

بورڈ آف مینجمنٹ کی جانب سے مجھے 30 جون 2022 کو ختم ہونے والے مالی سال 22ء کے دوران پاکستان اسٹیٹ آئل (پی ایس او) اور اس کے ذیلی ادارے، پاکستان ریفائنری لمیٹڈ (PRL) کی کارکردگی پر اپنا تجزیہ پیش کرتے ہوئے انتہائی فخر محسوس ہو رہا ہے۔

اس سال متعدد چیلنجز درپیش ہونے کے باوجود، گروپ نے ایک بار پھر توقعات سے بڑھ کر قابل تحسین کامیابیاں حاصل کی ہیں۔ یہ بورڈ گروپ کی ترقی و عروج پر مسرت محسوس کرتا ہے۔ حکمتِ عملی کے تناظر سے، گروپ ترقی کے ایک نئے مرحلے میں داخل ہوا چاہتا ہے۔ ہماری حکمتِ عملی اس بات کو یقینی بناتا ہے کہ پی ایس او ایک طویل عرصے کے لیے مالیاتی طور پر ایک مستحکم ادارہ رہے۔ گروپ عزم و استقلال کے ساتھ طویل المدت وژن اور اہداف کے حصول کی طرف گامزن ہے۔ بورڈ کو کامل اعتماد ہے کہ گزشتہ دو برسوں میں بروئے کار لائی گئی تبدیلیاں تمام اسٹیک ہولڈرز کے لیے پائیدار فوائد فراہم کریں گی، اور گروپ تنوع اور ترقی کے آئندہ مراحل تک پہنچنے کی مکمل صلاحیتوں سے بہرہ مند ہے۔

معیشت کا جائزہ

عالمی و مقامی اقتصادی صورتحال نے روس-یوکرائن تصادم کے باعث بہت دھچکے برداشت کیے ہیں اور سلسلہ ہائے رسد کے سکڑنے اور اشیائے صرف کی قیمتوں میں بے مثال اضافے کا سامنا بھی کیا ہے۔ سرمایہ کاروں کی امریکی ڈالر میں دلچسپی بہت بڑھ گئی ہے جو کہ بلند شرح منافع اور سرمایہ کاری کے محدود مواقع کے سبب ہے۔ مستحکم ڈالر نے درآمدات کے لیے امریکی ڈالرز پر بھاری انحصار رکھنے والے ممالک پر شدید منفی اثرات مرتب کیے ہیں۔ موجودہ صورتحال میں، یہ نتیجہ اخذ کیا جا سکتا ہے کہ دنیا قلیل مدتی کساد بازاری کی جانب بڑھ رہی ہے۔

پاکستان کی معیشت 5.97% کی شرح نمو کے ساتھ مالی سال 2021-22 کے دوران فروغ پذیر رہی۔ تاہم قلیل مدتی سے وسط مدتی عرصے میں معاشی نمو میں واپسی کی توقع ہے کیونکہ بیرونی عوامل کے ساتھ ساتھ حکومت کی جانب سے مالی و مالیاتی پالیسیز کے لیے بھی اقدامات کیے گئے ہیں۔ ڈالر اور روپے کے درمیان بڑھتے فرق نے معیشت کے لیے بہت بڑے چیلنجز کھڑے کر دیے ہیں۔ پاکستان اسٹاف لیول معاہدے پر بات چیت کر رہا ہے تاکہ توسیع کردہ سہولت قرضہ (EFF) کو بحال کیا جائے جس سے تجارتی عدم توازن کو سنبھالنے میں بڑی مدد ملے گی۔

گروپ کی کارکردگی

پی ایس او نے اپنی عمدہ تجارتی اور مالی کارکردگی کے تسلسل کو جاری رکھا اور 86.2 ارب روپے کا منافع بعد از ٹیکس حاصل کر کے ایک بار پھر تاریخ رقم کر دی ہے۔ کمپنی نے تمام پروڈکٹس میں مستحکم والیومیٹرک گروتھ کو برقرار رکھا۔ سب کلیدی پروڈکٹس کے مارکیٹ شیئر میں اضافہ، لیکویڈ فیولز میں 26.9% کی ڈبل ڈیجیٹ والیومیٹرک گروتھ کا نتیجہ مجموعی طور پر 51.1% مارکیٹ شیئر کی صورت میں ظاہر ہوا۔ پی ایس او نے اپنے قیام کے بعد سے اب تک کے عرصے میں سب سے زیادہ وائٹ آئل سیلز اور بلند ترین موٹر گیسولین والیومز کے حصول کا امتیاز حاصل کیا جس کے نتیجے میں مالی سال 22ء کے اختتام پر وائٹ اور بلیک آئل میں علی الترتیب 49.2% اور 59.7% مارکیٹ شیئر حاصل کیا۔ گزشتہ دو برسوں سے، پی ایس او خود کو ایک جامع انرجی کمپنی کی شکل میں ڈھال چکی ہے جو کہ اپنی تمام تر توجہ آٹومیشن اور ڈیجیٹائزیشن کے ذریعے صارفین کے لیے

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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 **(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 Investors 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.

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ

چھیالیسواں سالانہ اجلاس عام - 2022

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 فولیو نمبر ____________________ کے مطابق اور/یا سی ڈی سی شریک آئی ڈی نمبر ____________________ اور ذیلی اکاؤنٹ نمبر ____________________ ہے

میں/ہم بذریعہ ہذا جناب/محترمہ ____________________

ساکن ____________________ (مکمل پتہ)

یا ان کی جگہ جناب/محترمہ ____________________

ساکن ____________________ (مکمل پتہ)

کا تقرر کرتا/کرتی ہوں/کرتے ہیں کہ وہ بروز بدھ 26 اکتوبر، 2022 کو صبح 11:00 بجے یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 46 ویں سالانہ اجلاس عام میں میرے/ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ہماری طرف سے ____________________ 2022 کو دستخط کیے گئے۔

گواہان:

1) دستخط: ____________________
نام: ____________________
شناختی کارڈ نمبر: ____________________
پتہ: ____________________
____

5 روپے کا رسیدی ٹکٹ چسپاں کریں

2) دستخط: ____________________
نام: ____________________
شناختی کارڈ نمبر: ____________________
پتہ: ____________________
____

____
ممبر کے دستخط
(یہ دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

اہم نوٹ:

1) اجلاس ہذا 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 کیے 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، خیابان 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۔

PAKISTAN STATE OIL COMPANY LIMITED

Forty-Sixth Annual General Meeting - 2022

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 46th Annual General Meeting of the company to be held on Wednesday, October 26, 2022 at 11:00 am and at any adjournment thereof.

Signed by me/us this ______________ day of ______________ 2022.

Witnesses:

1. Signature: ____________________

   Name: ____________________

   CNIC No.: ____________________

   Address: ____________________

   ____

Please affix Revenue Stamp of Rs. 5

2. Signature: ____________________

   Name: ____________________

   CNIC No.: ____________________

   Address: ____________________

   ____

____

Signature of Member
(Signature should agree with the specimen signature registered with the company)

Important:

1) A member entitled to attend and vote at this 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.

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.