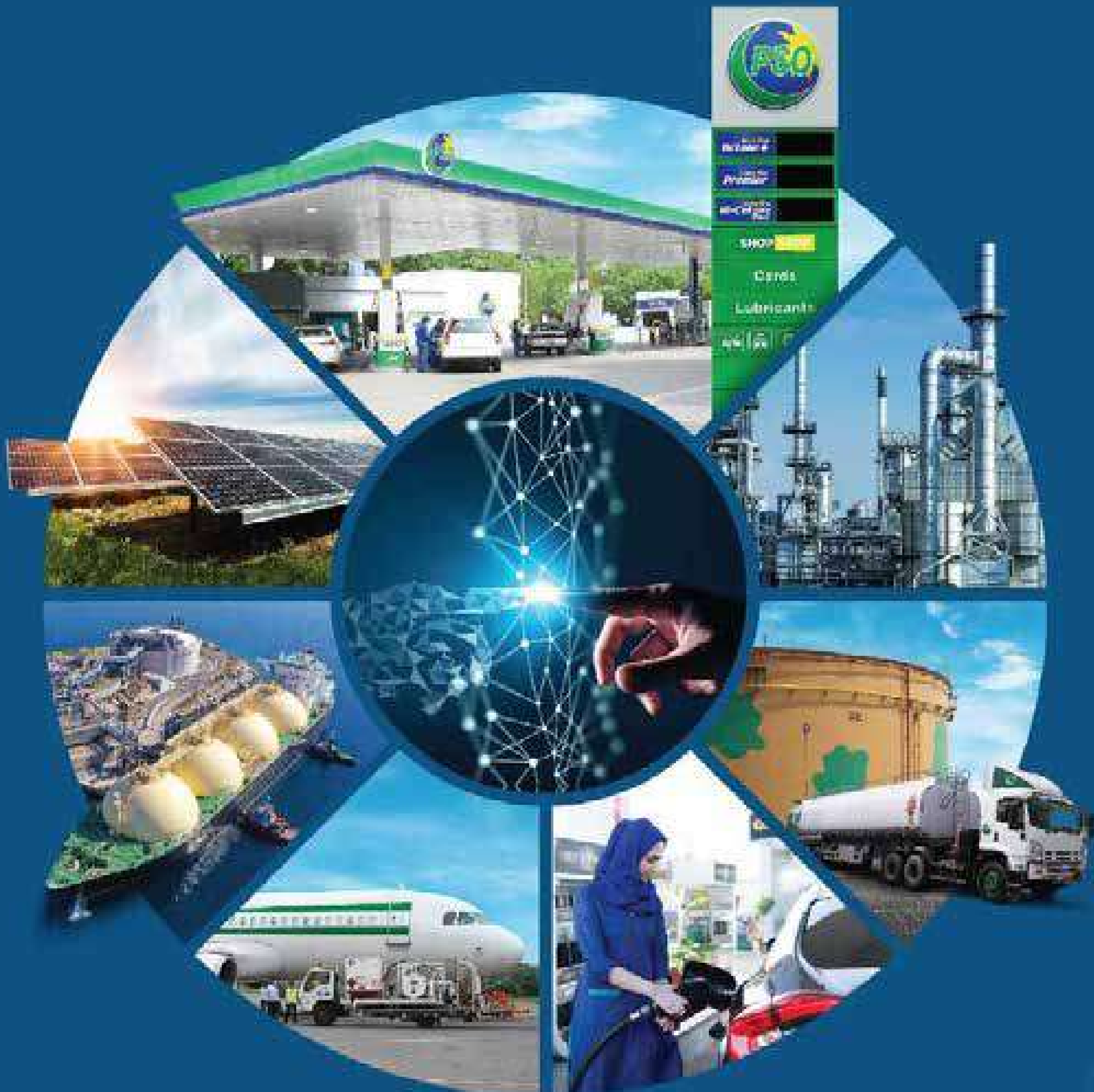


Redefining Energy

ANNUAL REPORT 2023

About The Report

The annual report 2023 covers the period from July 1, 2022 to June 30, 2023 and significant subsequent events till its issuance.

This report provides a comprehensive analysis of PSO's performance, focusing on the value generated throughout the year for the stakeholders. Additionally, the report delves into PSO's sustainability strategy, highlighting the interconnectedness between the company's internal and external environment, company strategy, business model, integrated risk management, and corporate governance structure.

The financial statements adhere to International Financial Reporting Standards, ensuring transparency and accuracy. Through PSO's integrated reporting strategy, the report gives a deep understanding of the business lines, strategies, opportunities, risks, governance, and performance in relation to our strategic objectives. The report presents the information in a clear and concise manner, providing a holistic view of the company's prospects.

Furthermore, this report places emphasis on broader aspects of PSO, such as the health and safety of our workers, clients, and contractors. The company believes in making a meaningful impact on society and the environment. The corporate social responsibility (CSR) initiatives, executed under the CSR trust, span various areas including healthcare, education, environment, and community building, all with the purpose of contributing to the betterment of our nation.

By applying principles and concepts focused on cohesion and efficiency, this report aims to improve the quality of information provided. It is important to note that our reporting scope, boundary, and basis remain largely unchanged since the last reporting date of June 30, 2022.

The report is also available on the corporate website through the following link:

https://www.psopk.com/en/investors/financial

We hope you find this report insightful and informative as you explore PSO's achievements and contributions.

Table of Contents

Key Highlights

Achieved highest-ever LPG sales volume of **40 thousand tons**

Increased market share in White Oil to **51%**, Hi-Cetane Diesel to **54.4%**, MoGas to **44.2%**, Lubricants to **25.2%**

Procured 98 LNG cargoes under G2G arrangement

Perpetual **savings of PKR 300+ Mn** /annum due to reduced MDR on cards

Secured USD 14.6 Mn by winning an **international arbitration**

Inaugurated PSO's 200 KW solar plant at Shikarpur terminal with remote monitoring

Contributed USD 293 Mn to the country's FCY reserves by refuelling international airlines

Digitization of PSO Shop Stops POS for effective inventory management

Implemented AQMS at 3 more locations for tank lorry management

Integrated 600 retail outlets with central system taking the **total to 1000 outlets**

90% availability of storage tanks

200+ convenience stores

Added 49 retail outlets, taking the **total to 3,528**

PSO Electro

Installed 2 EV chargers at Lahore-Islamabad Motorway

Rehabilitated 79 thousand tons of storage

Chairman's Review

Dear Shareholders,

On behalf of the Board of Management, I am pleased to present my review on the performance of PSO and its subsidiary, Pakistan Refinery Limited (PRL) for the financial year ended June 30, 2023.

The past fiscal period has witnessed the Group and especially PSO's resilience in the face of a challenging landscape. Amidst economic uncertainties and global market fluctuations, the company managed to navigate turbulent waters while leveraging the circumstances as opportunities for growth and adaptation. The Board is satisfied with the Group's performance and lauds the diversification initiatives undertaken by PSO as they align with its long-term goals and vision, ensuring value for all stakeholders.

Economic Overview

Global economic growth decelerated sharply due to surging inflation, rising interest rates, reduced investment, and the persistent disruptions stemming from global conflicts. The overlapping shocks of the pandemic, the Russia-Ukraine conflict, and the steep downturn amid tight global financial conditions dealt a setback to development in emerging markets and developing economies (EMDE). This led to widened sovereign risk spreads, currency depreciation, and further constraints on fiscal capacity. Consequently, growth forecasts for these economies have significantly revised downward, with expectations for growth falling below 3 percent in CY23.

Pakistan's economic and operating landscape continued to pose substantial challenges for the energy sector. The catastrophic floods at the start of the year, followed by unprecedented rising inflation and the cost of finance, proliferation of oil products from the western border and the rapid devaluation of currency, all had a significant impact on the oil industry. The country's economic development slowed as a result of policy tightening to address substantial imbalances in fiscal and external factors. Large scale manufacturing declined, however a meagre increase was experienced by the service and agriculture sectors.

Exorbitant global prices resulted in increased food costs and expenses for businesses, simultaneously exerting excessive pressure on the Pakistani Rupee. The implementation of stringent measures, such as high interest rates and restrictions on imports aimed at addressing these imbalances, created challenges for both businesses and consumers.

Group's Performance

In these challenging times, PSO remained committed to securing the country's energy supply chain and attained a profit after tax of PKR 5.7 billion. The Board of Management also announced a dividend of PKR 7.50 per share i.e., 75% for the financial year 2022-23. Additionally, PSO's subsidiary, PRL, reported a profit after tax of PKR 1.8 billion while gross revenue stood at PKR 326 billion. On a consolidated basis, the Group achieved a profit after tax of PKR 9.3 billion.

Building on its leadership position in the energy sector, PSO managed to increase its market share across major portfolios resulting in an overall market share of 50.4%. PSO maintained its dominance in the white oil market with a 51% share along with a remarkable 98% share in jet fuel. The management with guidance from the Board deftly steered the company throughout the year and ensured that the organization remained focused and steadfast in delivering optimal performance and creating value for shareholders.

Over the past few years, PSO has transformed into an agile and progressive energy company, constantly evolving through automation and digitization, enhancing and optimizing its storage infrastructure, diversifying into the fintech space and undertaking sustainability initiatives to reduce its carbon footprint while ensuring energy security by strengthening the nation's supply chain.

Moreover, PSO is accelerating its clean energy initiatives through the integration of cutting-edge technologies, solarization of its facilities, investing in EV charging stations and the promotion of eco-friendly fuel transportation via the White Oil Pipeline (WOP), all with the aim of reducing its ecological impact and ensuring favorable financial outcomes in the long-run. Similarly, PRL is also making forward strides by enhancing its capacity and the sustainability of its refinery through the brownfield policy.

Performance of the Board

The Board stands true to its commitment to ensuring ethical business practices, working towards the interests of its shareholders and upholding good corporate governance. It continued to supervise the strategic and governance affairs by closely monitoring the management's performance and evaluating potential risks that could affect the company. The Board also affirmed the efficiency of the company's planning and decision-making procedures, aided by its sub-committees, which played a pivotal role in identifying areas for enhancement and proposing solutions to optimize performance and facilitate well-informed decision-making.

On May 29, 2023, PSO's Board of Management was reconstituted with 3 outgoing independent members replaced by 4 new independent members including myself. I express my sincere appreciation to the ex-members for their contributions, vision and oversight which is largely responsible for PSO's success today.

During the year, the Board continued to carry out its annual performance evaluation along with its committees and individual Board members evaluation in line with best practices of corporate governance. The performance of the Board remained effective and their collective contributions and efforts allowed the Group to achieve its objectives. PSO remained steadfast in its dedication to harness the remarkable growth opportunities prevailing in its surroundings. However, the company remained in the throes of financial challenges, mainly caused by the increasing circular debt receivables and exorbitantly high cost of finance which strained the company's working capital and liquidity position.

Future Outlook

The Group remains resolute in capitalizing on opportunities for growth and diversification and continuing its role in developing a sustainable energy future for Pakistan, while creating value for shareholders. The current economic scenario coupled with circular debt and geo-political turbulence will continue to impact the demand and supply of petroleum products and the Group's financial capabilities. Together with the management, the Board is proactively working to devise strategies to steer through challenging periods with agility and resilience.

The Board is confident that with the measures undertaken during the year, the Group will deliver sustainable benefits for all stakeholders, and is well-positioned to embark on the next phase of diversification and growth. In line with the long-term strategy of diversification, PSO has formed new companies like Cerisma (Private) Limited, PSO Renewable Energy (Private) Limited and PSO Venture Capital (Private) Limited which open new avenues and opportunities for growth and creating value for our shareholders.

I express sincere thanks to our management for their continued passion and commitment, to all our partners for their unwavering support, and to all our shareholders for their continued trust and confidence. 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.

Asif Baigmohamed
Chairman

August 23, 2023
Karachi

Managing Director & CEO's Letter to Shareholders

My Dear Shareholders,

I am honoured to present your company's financial and operational performance for FY23 and share our vision for the future. In recent years, PSO has undergone remarkable transformation and made significant advancements as a dynamic and progressive organization owing to a well-established organizational design, a culture that encourages innovation and a steadfast focus on health and safety.

The global economic slowdown has had a profound impact on emerging markets, including Pakistan, resulting in heightened macroeconomic challenges such as inflation and currency devaluation. Notwithstanding the economic impact, PSO persevered and made significant progress across various portfolios reporting a gross revenue of PKR 3.6 trillion (compared to PKR 2.7 trillion in FY22) and a market share of 50.4%. Despite an unfavourable price regime that had a negative impact on gross profit and a staggering 754% increase in financial costs amounting to PKR 40 billion, your company closed the year with a profit after tax of PKR 5.7 billion. As a group, PSO & PRL collectively achieved a profit after tax of PKR 9.3 billion.

PSO has further solidified its dominant position in the white oil segment, increasing its market share to 51%, which represents a growth of 1.8% compared to the previous year. Similarly, your company has maintained a strong market presence in motor gasoline, with a market share of 44.2%, selling 3.3 million tons against the industry sales of 7.5 million tons. Despite a significant decline of 29% in diesel consumption, PSO has managed to defy the trend and increase its market share to 54.4%, marking a growth of 2.8% over the previous year. This achievement translates into volumes of 3.4 million tons, showcasing the company's resilience and ability to adapt to market challenges.

Building on its leadership position in the jet fuel segment, your company has expanded its refuelling facilities to encompass 14 airports across Pakistan, achieving a record-breaking market share of 98%. The black oil market experienced a significant 45% decline in industry volumes due to a combination of reduced demand for furnace oil caused by a prolonged monsoon season and a shift in the country's energy mix. Despite these challenges, PSO managed to sell 1.1 million tons during this period.

Despite difficult market conditions, your company successfully increased its market share in lubricants to 25.2%, a testament to its strong performance and customer preference. Furthermore, PSO achieved its highest-ever sales volume in LPG, selling 40.3 thousand tons in FY23 compared to the previous year's 37 thousand tons, representing a growth of 9%.

PSO is making significant strides in the execution of its long-term corporate strategy of diversification by venturing into the dynamic fintech industry with Cerisma (Pvt.) Limited, a non-banking finance company. Cerisma (Pvt.) Limited unlocks a multitude of opportunities for us to explore and capitalize on. By diversifying into fintech, we are poised to effectively manage and mitigate risks while consistently delivering substantial value to our shareholders.

Being at the forefront of clean energy initiatives in Pakistan, your company is actively working to reduce its carbon footprint and promote environmental stewardship. With the establishment of PSO Renewable Energy (Pvt.) Limited, a pioneering entity, we are dedicated to developing and implementing renewable energy assets and commercial projects in alignment with the government's renewable energy policy. As a first step, PSO has commissioned its inaugural solar power plant at the Shikarpur terminal this year.

Pakistan Refinery Limited (PRL) is ready to harness the full potential of the incentives offered by the brownfield refining policy. PRL has enlisted the services of a renowned consultant to perform the front-end-engineering-design (FEED) for its refinery upgrade and expansion project to not only increase the capacity and sustainability of the refinery but also deliver substantial value to shareholders.

Your company's continuous rehabilitation and expansion efforts have further strengthened PSO's robust storage infrastructure, maintaining an impressive operational availability rate of over 90% throughout the year. 79 thousand tons of existing storages have been successfully rehabilitated, and an additional 91 thousand tons of storages at Faisalabad, Faqirabad, and Mehmoodkot terminals are currently under construction. The company is also in process of obtaining lands in KPK and Punjab for further storage enhancement to meet the increasing fueling needs of the nation. These developments will enable PSO to achieve a nationwide storage capacity of 1.23 million tons by year end.

Ensuring greater accessibility and reach, PSO expanded its retail presence by adding 49 new retail outlets, bringing the total to 3,528. With over 200 convenience stores spanning across the country, we ensure that even the most far flung areas and communities have access to our products and services.

PSO is dedicated to ensuring customer satisfaction by continuously evolving and adapting to their changing needs. 3 new and improved products have been introduced this year: PSO CARIENT S-PRO with Opticore Technology, PSO DEO MAX with Oxidation Resistance Technology, and PSO Synthetic SMO Gold. More than 100 customer care days were organized along with comprehensive trainings for our forecourt staff to ensure provision of excellent customer service.

Enabling seamless transfer of funds and points, transactions and rewards can now be managed effortlessly through the improved Fuelink app and DIGICASH along with the facility of pre-ordering new/replacing used LPG cylinders from retail outlets as well as having PSO lubricants delivered at the customer's doorstep. Enhancements including PSO wallet, PSO card, bank cards, and cash on delivery provide customers a hassle-free experience.

As part of PSO's ongoing digital transformation journey, we have successfully automated 5 terminals, integrated 600 retail outlets, bringing the total to 1000, and implemented the Automated Queue Management & Scheduling System (AQMS) for tank lorries at 3 new locations: Faisalabad, Machike, and Sihala, in addition to the existing 4 locations in Karachi.

PSO achieved a momentous victory in a high-profile arbitration case in the London Court of International Arbitration, securing USD 14.6 million. This historic moment marks Pakistan's ground-breaking victory in an international arbitration matter after more than 2 decades.

A testament to PSO's ongoing pursuit of excellence, the company earned several prestigious awards and accolades over the year. PSO won the 1st prize in the Oil & Gas Marketing Companies Sector at the Management Association of Pakistan (MAP)'s 37th Corporate Excellence Awards 2022. The company secured joint 1st position in the fuel and energy sector at the Best Corporate Report Awards for the year 2021 organized by the Joint Committee of ICAP and ICMAP. PSO's high standards of financial reporting and presenting transparent, relevant and integrated information to its stakeholders, earned the company a Silver award at the prestigious South Asian Federation of Accountants (SAFA) for the Best Presented Annual Report 2021 in the category of Public Sector Entities.

PSO is committed to making a lasting and positive difference in the society and communities where we operate. PSO's CSR Trust collaborated with NGOs and other stakeholders in the crucial areas of healthcare, education, community development, disaster management, and environmental preservation, contributing PKR 568 million to enhance wellbeing and overall quality of life.

As we look to the future, our unwavering objective remains unchanged: to achieve strong and sustainable growth while delivering maximum value to our esteemed shareholders. In order to ensure success in the short, mid, and long-term, we will consistently continue to invest in strategic projects that are fuelled by innovation. Moreover, we are dedicated to expanding our presence in the rapidly evolving fields of fintech, clean energy, and renewables.

I extend my sincere appreciation to our valued shareholders for their trust, confidence, and investment in our company. I would also like to thank our valued customers, business partners, and stakeholders for their continued support. I express my heartfelt appreciation to our dedicated employees for their efforts throughout the past year. Without the guidance and support of the Government of Pakistan, particularly the Petroleum Division of the Ministry of Energy, and PSO's Board of Management, this journey would not have been possible.

Syed Muhammad Taha
Managing Director & CEO

August 23, 2023
Karachi

Vision, Mission and Values

Our Vision

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

Our Mission

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

Our Values

INNOVATION

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

INTEGRITY

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

TEAMWORK

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

CARING AND GIVING

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

INCLUSIVE LEADERSHIP

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

Code of Conduct

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

01. Habitual lack of punctuality
02. Unauthorized/habitual absenteeism
03. Unsatisfactory/negligent performance
04. Smoking at any PSO location/office
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

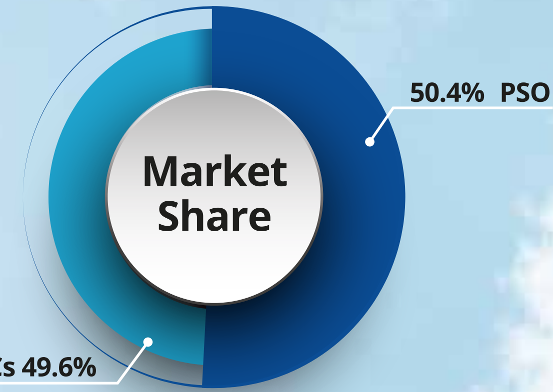
27. Involvement in criminal activity within PSO locations/offices
28. Inappropriate public comment and/or rumour-mongering
29. Insubordination/failure to obey legitimate instructions
30. Non-disclosure of conflict of interest
31. Misappropriation/misrepresentation of facts and fraud/financial embezzlement
32. Causing injury to person(s)/loss of life (a) deliberately and/or (b) due to negligence

PSO at a Glance

Company Profile

PSO, the largest energy company of Pakistan is operating with an extensive country-wide network of 3,528 retail outlets, 9 installations, 19 depots, refuelling facilities at 14 airports and operations at 2 seaports. PSO's storage capacity of 1.14 million tons is the largest in the country.

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. PSO is playing a pivotal role in fuelling journeys across land, air and sea. During FY23, the company further strengthened its leadership position in the oil marketing industry by closing the year with a market share of 50.4%.



PSO has various strategic investments in the oil value chain through shareholding in Pakistan Refinery Limited, Asia Petroleum Limited, Pak Grease Manufacturing Company (Private) Limited, Joint Installation of Marketing Companies, Pak-Arab Pipeline Company Limited and New Islamabad International Airport. PSO also owns subsidiaries like Cerisma (Private) Limited, PSO Renewable Energy (Private) Limited and PSO Venture Capital (Private) Limited.

Additionally, the company's lubricant manufacturing plants have a combined blending capacity of 70 thousand tons per year. PSO has also established 13 LPG storage and bottling facilities across Pakistan to effectively serve its customers. Moreover, as the largest importer of liquefied natural gas (LNG), PSO brings in approximately 6 million tons of LNG annually through Government-to-Government (G2G) contracts with Qatargas. Since inception PSO has played a crucial role in fuelling journeys across land, air, and sea, and enhancing the lives of its patrons. Additionally, the company has increased its footprint in ancillary businesses including non-fuel retail and cards.

Excellent customer service is the cornerstone at PSO and improving customer experience is always kept paramount. The company's state-of-the-art customer service centre is dedicated to promptly resolving customer queries and providing customer satisfaction.

PSO continues to add value to the society by participating in several community development, healthcare, environment and educational projects through its CSR Trust. During the year, the company contributed around PKR 550 million towards these projects.

To stay connected with the latest updates, including product prices, retail network information, and other company details, PSO has a dedicated website at **www.psopk.com.**

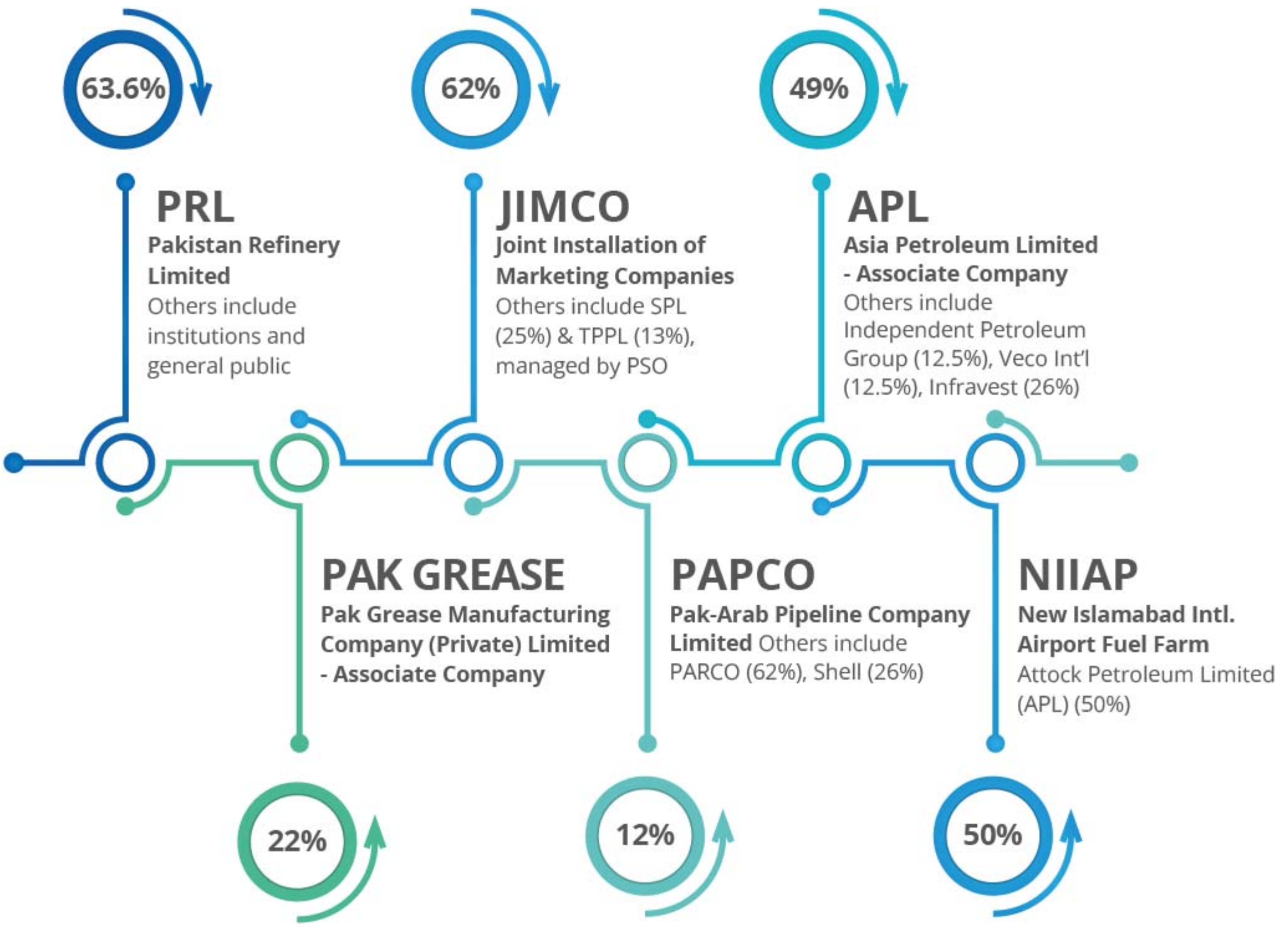
You can find us on social media platforms at:

- **/psocl**
- **/psopakistan**
- **/psopakistan**
- **/psopakistan**
- **psopakistan**

PSO at a Glance

Strategic Investments

With a comprehensive understanding of the evolving energy landscape, PSO has strategically diversified its investments to capitalize on emerging opportunities and mitigate potential risks. These investments have encompassed a wide range of areas, including infrastructure development, renewable energy projects, exploration and production ventures, and technological advancements.



Ownership and Operating Structure

The Government of Pakistan maintains a direct shareholding of 22.47% in PSO, with a total of 51% direct and indirect shares.

PSO holds 63.6% shares in Pakistan Refinery Limited. The company has recently established subsidiaries namely Cerisma (Private) Limited, PSO Renewable Energy (Private) Limited and PSO Venture Capital (Private) Limited. All these new subsidiaries have been incorporated and will be conducting their operations within Pakistan with head offices based in Karachi.

Value Chain

The oil industry value chain is segregated into 3 distinct tiers, i.e. upstream, midstream and downstream. PSO, with its strong presence in the oil marketing segment and shareholding in PRL, has established itself in both the mid and downstream sectors. Moreover, PSO maintains a substantial stake in PAPCO, a cross-country white oil pipeline company.

In addition to its prominent position in the value chain, PSO is also the largest importer of petroleum products in Pakistan. With storage facilities and retail outlets spread across the country, PSO's operations touch the lives of nearly 3.5 million Pakistanis every day.

UPSTREAM	MIDSTREAM	DOWNSTREAM
Exploration	Transportation	Manufacturing
Field Development	Processing	Refining
Production Operations	Storage & Distribution	Retail

Business Lines

Liquid Fuel

Euro 5 Octane+

Euro 5 Premier

Euro 5 Hi-Cetane Diesel

Jet A-1

Furnace Oil

SKO

LDO

Industries Served:

Agriculture | Power | Industrial | Consumer | Automotive | Motorcycle | Marine | Aviation

Gas Fuel

PAK GAS

LNG

Industries Served:

Power | Industrial | Consumer

Lubricants

DEO

CARIENT

BLAZE 4T

Industries Served:

Agriculture | Aviation | Industrial | Automotive | Motorcycle

NFR

PSO Electro
Electric Vehicle Charger

SHOP STOP

PSO ON WHEELS
Oil Change | Wash | Vacuum

Industries Served:

Commercial | Consumer

Cards

Industries Served:

Commercial | Consumer

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 the Marketing of Petroleum Products (Federal Control) Act, 1974 (the "1974 Act"). In this regard, through Notification S.R.O.100 (I)/77 dated January 31, 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 30, 1976.

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.

Public Procurement Regulatory Authority

PSO being a public sector company is required to ensure regulatory compliance with the provisions of Public Procurement Regulatory Authority (PPRA) 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, acceptance and rejection of bids, award of procurement contracts and redressal of grievances.

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 Oil Marketing Company (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, MoGas, 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 23 locations. The purpose is to ensure uniform selling prices of these products across the country.

Geographical Presence

For details about the head office, manufacturing plants and sales offices, kindly refer to paras 1.2 & 1.3 of the Notes to the Unconsolidated Financial Statements.

Head Office
Divisional Offices
Depots
Terminals
Aviation Stations
LPG Plants

Major Events

September 08, 2022
MCB Bank Collaboration for Growth and Future Opportunities

September 15, 2022
Agreement Signing with Jazz Cash for DIGICASH Top-up

October 7, 2022
Corporate Town Hall Meeting for Open and Interactive Communication

October 10, 2022
Annual Delivery Plan Meeting with Key Stakeholders including Qatargas, SNGPL, SSGC & PQA

October 14, 2022
Inauguration of Ta'aluq Care Line's new call centre

October 24, 2022
Breast Cancer Awareness Session

October 26, 2022
46th Annual General Meeting

November 11, 2022
Dr. Musadik Malik (Minister of State, Petroleum Division) visits PSO House

November 18, 2022
Wellness drive to combat Diabetes

December 21, 2022
Microsoft Excel Workshop across Pakistan

December 28, 2022
46th Corporate Anniversary Celebration

February 03, 2023
Hajj Balloting for Employees

Major Events

February 16, 2023
1st Solar Power Plant Inaugurated at Shikarpur Terminal

March 08, 2023
Women's Day Celebration at Retail Forecourts

March 12, 2023
Dr. Musadik Malik (Minister of State, Petroleum Division) visits PSO House

April 07, 2023
Distributor On-boarding for North and Central Regions

April 14, 2023
Inauguration of Chashma Service Station, Karachi

May 02, 2023
Pakistan Army Services School - Nowshera - POL Course

June 5, 2023
World Environment Day Celebration

June 10, 2023
Agreement with PARCO for Mehmoodkot, Faisalabad & Machike pipeline

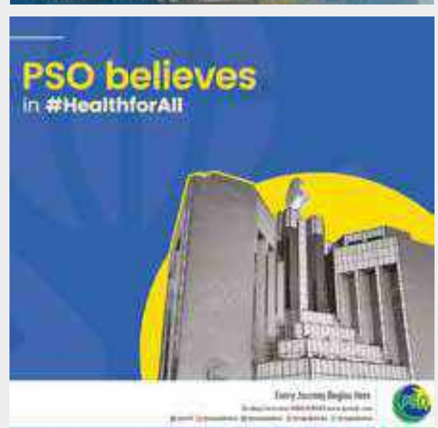
June 22, 2023
Aligning Stakeholders through Corporate Briefing Session

July 27, 2023
MOU signing - Greenfield Refinery project in partnership with Saudi Aramco

August 11, 2023
Commencement of refuelling operations at Skardu International Airport

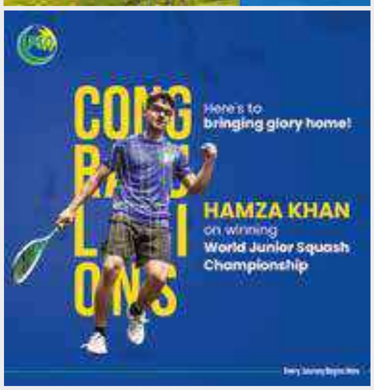
August 20, 2023
Meeting with Kuwait Petroleum Corporation to strengthen Strategic Relationship

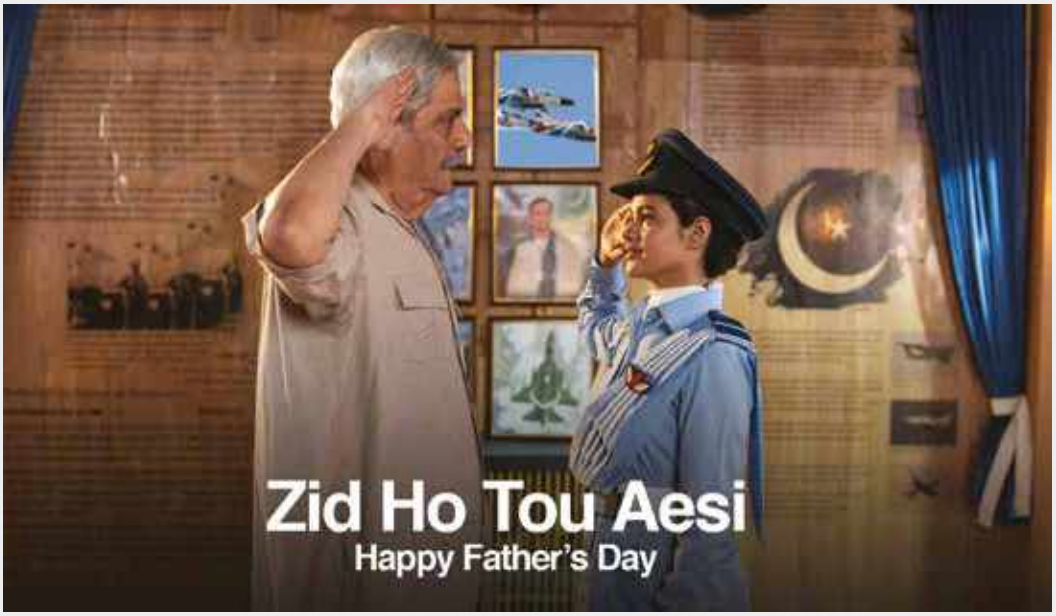
Marketing Initiatives




DEO
MAX
NEW
DEO
MAX

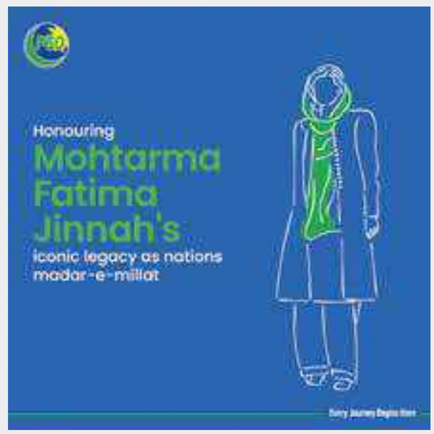

Transitioning towards
greener sources of energy
World Earth Day


CONG RATU L ATI ONS
Here's to bringing glory home!
HAMZA KHAN
on winning
World Junior Squash Championship


Zid Ho Tou Aesi
Happy Father's Day


"SMOOTH DRIVE HO YA HEAVY RIDE,
MERE HAR SAFAR KA AGHAAZ HOTA HAI PSO SE!"


BEGIN YOUR JOURNEY TOWARDS
A SAFER TOMORROW
BREAST CANCER
AWARENESS TIPS


Honouring
Mohtarma Fatima Jinnah's
iconic legacy as nations
madar-e-millat


PAKISTAN'S FIRST
FULLY SYNTHETIC CK4
DIESEL ENGINE OIL
NEW
DEO
MAX
FULLY SYNTHETIC
15W-40
Oxidation


PSO ON WHEELS
TREAT YOUR CAR TO A
WELL-DESERVED
SPA DAY

Integrated Business Model

The integrated business model adopted by PSO stands as a testament to its commitment towards achieving excellence in the energy sector that has remained consistent from the previous year with no material change except for the creation of subsidiaries as already highlighted in the group structure.

PSO has successfully positioned itself as a leading player in the oil and gas industry with a relentless focus on quality, efficiency, and sustainability. The company has established a robust supply chain that spans production, refining, storage, and distribution. Through strategic partnerships, cutting-edge technology, and a customer-centric approach, PSO has not only ensured a steady supply of petroleum products but has also created a robust infrastructure to meet the evolving energy needs of Pakistan.

	Inputs	Activities	Outputs
Intellectual Capital	• 46 years of leadership experience • Information Technology • Cards business • Licenses and copyrights	• Meeting the nation's energy demand • Disaster recovery • Business Process Re-engineering (BPR) • Digital transformation • Research and Development	• Improved shareholder wealth • Market leadership • Enhancement and digitization of PSO's Non-Fuel Retail (NFR) • Introducing premium lubricant products in line with global standards
Human Capital	• Career development • Succession planning • Talent management • Employee engagement and motivation • HR systems and procedures	• Skill based rotations/ placements • Succession planning for critical positions • Career path for high-potential employees • Continuous professional development • 16,000+ learning hours • Performance based evaluation	• Organizational development and competence • Lower attrition rate • Exceptional performance • Ethical leadership
Social and Relationship Capital	• Strong relationship with stakeholders • Shared values and norms • Sustainable corporate social responsibility • High-quality assurance • International long-term contracts	• Vendor grievance redressal • Solarizing facilities and outlets • Environmental protection system • Energy conservation • HSE, quality checks and audits • Process safety management drive • Initiatives through CSR Trust	• Amelioration of healthcare, education and community development • Enablement of underserved communities and socioeconomic well-being • Quality enforcement • Improved customer satisfaction

By leveraging its extensive network, diverse product portfolio, and unwavering dedication to innovation, The company continues to drive economic growth and contribute significantly to the nation's energy security.

	Inputs	Activities	Outputs
Natural Capital	• Focus on health, safety and environment • Focus on alternate energy - Solar energy	• HSE audits • Energy conservation program • Carbon footprint study • Increased use of White Oil Pipeline (WOP)	• Environment, water, electricity, fuel, waste and carbon footprint considerations • Sustainable practices (solar panels, EV charging facilities) • Renewable projects • HSE culture
Financial Capital	• Largest corporate treasury of Pakistan • Appropriate mix of debt and equity • Strong cash flow cycle in White Oil	• Timely payments to suppliers • Managing collections and payments of over PKR 7 trillion per annum • Bank borrowing at competitive rates	• Ensuring smooth business operations amid mounting circular debt and rising international oil prices • Compliance with financial reporting standards • Increase in gross sales revenue by 33% • Contribution to national exchequer of PKR 697 billion
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	• Added 49 outlets • Rehabilitated 79 thousand tons of storage • 200+ convenience stores	• Round-the-clock operations • Uninterrupted product supply • Largest OGRA compliant tank lorry fleet

Significant Factors Affecting the External Environment

The success of organizations is heavily influenced by the external factors that shape the business landscape. This is particularly true for PSO, where a number of significant factors have had a profound impact on its operations.

The demand for fuel is influenced by a number of external factors, including influx of cross-border products and government policies. These factors have a significant effect on consumer behaviour. PSO is particularly vulnerable to any negative effects caused by these external factors, which can directly impact its financial performance.

The industry as a whole has experienced a significant decline in fuel demand due to various factors, including the influx of products from the western border, high fuel prices, and stagflation. Additionally, there has been a considerable decrease in the demand for furnace oil, as there has been a reduction in power generation due to a 10% decrease in electricity production in the country.

To provide a brief overview, there are various external factors that are impacting both the industry and PSO:

Political Environment

The oil market in Pakistan is highly susceptible to the influence of both international and local political factors. A slight disruption in supply chain can have a profound impact and can affect the dynamics of oil business. The Russia-Ukraine conflict has caused international chaos with erratic price movement, enticing changes in local policies and economic measures. As a result, Pakistan, being a developing nation, has been particularly affected, facing economic instability and significant currency devaluation.

Economic Environment

PSO's profitability is being adversely affected by a combination of persistent balance of payment problems, limited foreign exchange reserves, excessively high costs of borrowing and rising commodity prices, as well as increased taxation. These challenging economic conditions have resulted in higher risk premiums for international transactions. Furthermore, obtaining letter of credit confirmation from international banks remains a challenge, as well as dealing with an influx of goods from western border while low FCY reserves have created unprecedented imbalances in demand and supply.

Social Environment

Pakistan ranks among the top 10 countries worldwide with the largest labour force. However, there is an evident skill gap that must be addressed to meet expectations and demands. To tackle this issue, the government has taken proactive measures by launching various developmental and youth entrepreneurial programs. These initiatives aim to cultivate the necessary skills and knowledge among the youth, enabling them to compete at international standards.

Technological Environment

The rapid evolution of the technological landscape is revolutionizing the way businesses operate, giving them a competitive edge through innovative technologies. Within the petroleum downstream sector, technology has also played a crucial role in improving operational efficiency and minimizing the need for human intervention. Moreover, the introduction of advanced energy sources is anticipated to have a significant impact on future energy demand, potentially leading to a decrease in expected consumption.

Natural Environment

Global environmental protection campaigns have urged local companies to adopt ambitious measures in reducing their carbon footprint. The increasing popularity of clean and green energy among financial and regulatory institutions serves as a catalyst for companies to expedite their environmental protection efforts.

Legal Environment

PSO operates within the regulatory framework of the Securities & Exchange Commission of Pakistan (SECP), Oil & Gas Regulatory Authority (OGRA), and Public Procurement Regulatory Authority (PPRA). The company is committed to upholding the highest standards of compliance by diligently adhering to the guidelines and instructions set forth by the regulators.

The Company's Response

The past year presented numerous challenges for PSO. The high cost of finance, along with a rise in circular debt receivables and a substantial decrease in fuel demand, greatly impacted the company's profitability. However, PSO has proposed certain measures to reduce the unwarranted burden of circular debt receivables in its books, which are under deliberation at the government's end.

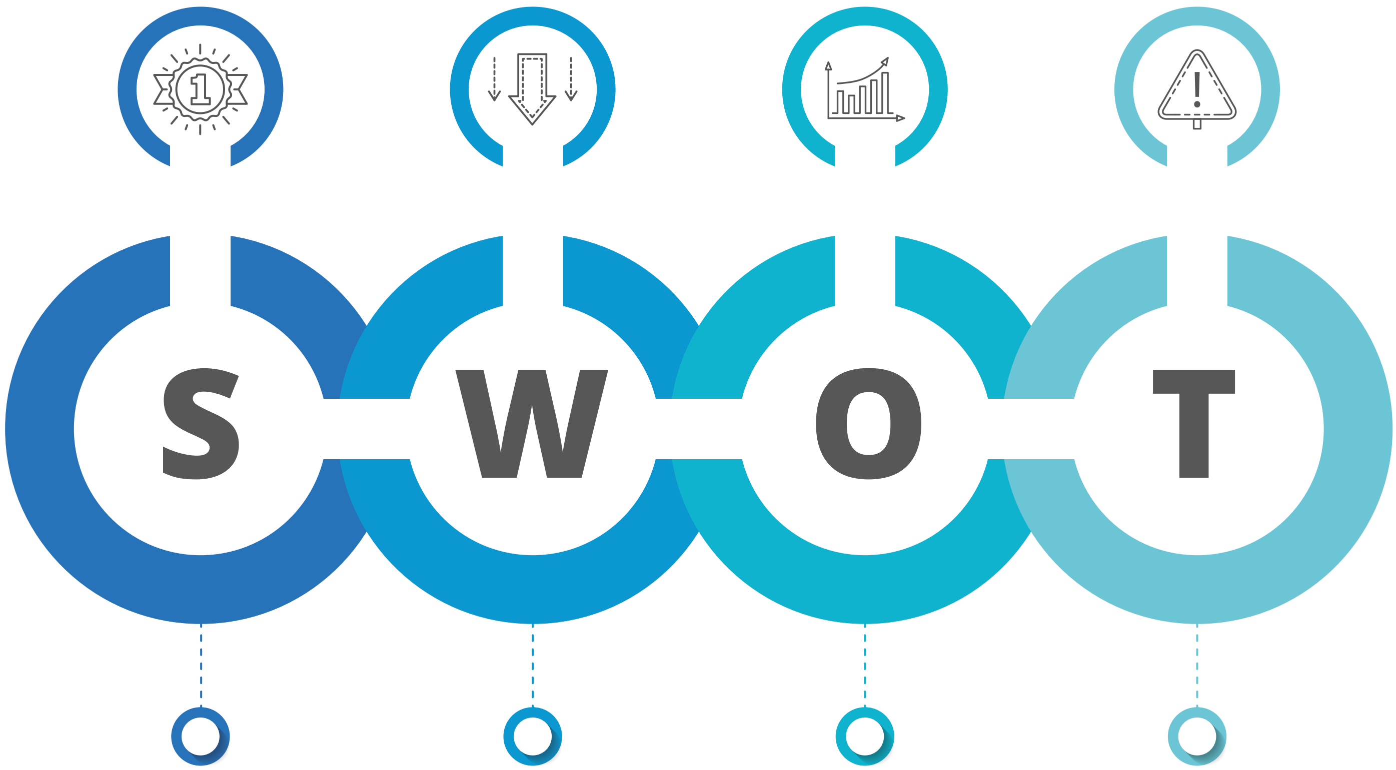
Despite these challenges, the company remains committed to adaptability and responsiveness. PSO is actively investing in its human and infrastructure resources to ensure preparedness for the future.

Significant Events

PSO has encountered numerous significant events throughout the year that have shaped the company's trajectory. To effectively navigate the challenges and opportunities that lie ahead, the company will closely monitor the outlined factors and their impact. This will enable the company to adapt and make informed decisions as PSO moves forward.

SWOT Analysis

It is vital for PSO to leverage the opportunities and strengths to maintain its market leadership while mitigating the threats and managing the weaknesses that the company faces.



Strengths

- Price competitive sourcing of fuel oil through long - term contracts
- 46 years of intellectual property with a strong brand recognition
- Largest storage capacity of 1.14 million tons
- Largest retail network with 3,528 outlets
- Largest importer of petroleum products
- Largest corporate treasury of the country
- Strategic investments in refining, pipeline, storage and lubricants

Weaknesses

- Trapped retained earnings due to long-outstanding receivables
- Lengthy procurement process owing to regulatory rules

Opportunities

- Long-term contracts under G2G for MoGas
- Direct access to international oil markets
- Investment in strategic projects, like PRL expansion
- Diversification in green energy
- Technological advancements

Threats

- Weak POL demand and influx from western border
- High taxes and cost of finance
- Volatile oil price
- Decreasing purchasing power due to inflation
- Currency devaluation

Business Objectives and Strategy

PSO's business objectives and strategies are focused on ensuring sustainable growth and maintaining a prominent position in the energy sector. The company's primary objective is to meet the energy needs of the nation, while simultaneously maximizing shareholder value. To achieve this, PSO has devised a multi-pronged strategy that encompasses operational excellence, customer-centricity, and diversification.

PSO achieves operational excellence by streamlining its supply chain, optimizing logistics, and implementing cutting-edge technology and automation. By doing so, the company strives to enhance its efficiency, reduce costs, and maintain a competitive edge in the market. Additionally, PSO places great emphasis on customer-centricity, recognizing that customer satisfaction is crucial for long-term success. Therefore, the company continually endeavours to provide superior customer service, develop innovative products, and build strong relationships with its customers.

Furthermore, PSO understands the importance of diversification in mitigating risks and capitalizing on emerging opportunities. As a result, the company seeks to expand its business portfolio by venturing into related sectors like renewable energy. This strategy not only ensures a more balanced revenue stream but also aligns with the global shift towards sustainable energy solutions.

PSO seeks to achieve sustainable growth and contribute to the overall development of the energy sector in the country.

	1	2	3	4	5	6
Objectives	**Safe business operations**	**Business enhancement and profitability**	**Reduction in circular debt receivables**	**Process optimization**	**Investment in human capital**	**Diversification**
Strategy	Effective implementation of HSE policies	Maintaining market leadership and increasing volumetric growth in petroleum products	Liaising with the government for settlement of circular debt receivables	Enhancing efficiency of operations and marginalizing human intervention through digital transformation	Building a diversified talent pool of required skill sets	Diversifying business portfolio through investments in new ventures
Nature	Short term	Short term	Short - Medium term	Medium term	Medium - Long term	Medium - Long term

Overview and Strategy

Composition of Local vs. Imported Material and Sensitivity Analysis

PSO effectively manages the supply chain by utilizing a combination of imports and local refinery upliftment. To ensure stability, the imports are carefully arranged through spot and long-term contracts. Throughout the year, PSO obtained 3.3 million tons from local refineries and imported an additional 5.03 million tons from international suppliers. The sales breakdown reveals that approximately 40% originated from refinery upliftment, with the remaining portion accounted for by imports.

It is essential to acknowledge that the import aspect of the company's sales comes with inherent risks. These risks include potential disruptions in the supply chain as well as fluctuations in oil prices and exchange rates. However, the company has implemented a strategy to mitigate foreign exchange risk. By passing the foreign exchange risk onto pricing, the company effectively minimizes its net foreign exchange exposure on PSO's books. This approach ensures greater stability for PSO despite the uncertainties associated with import purchases.

Materiality Approach Adopted by the Management

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

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

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

International Integrated Reporting Framework

PSO rigorously follows the international integrated reporting framework by integrating financial, environmental, social, and governance information to present a more balanced and robust picture of the company’s performance, thereby enabling stakeholders to make informed decisions. By adopting this framework, PSO not only aims to enhance transparency and accountability but also promote a more sustainable and responsible approach to business.

The annual report 2023 is prepared based on International Integrated Reporting Framework (IIRF) and accordingly discloses the following information:

Organizational Overview and External Environment

To ensure clarity and comprehension, it is crucial for readers to understand PSO's operations and the circumstances under which the company operates. The annual report's overview and strategy section serves as the primary source for this information. Within the report, readers will find an extensive profile of the company, encompassing details regarding its products, activities, markets, vision, mission, values, code of conduct, ownership and operating structure, competitive landscape, market positioning, geographical presence, and more.

This report further includes the regulatory framework under which PSO operates, strategic investments and presentation of marketing initiatives in pictorial form, providing readers with an understanding of the landscape within which PSO functions.

Governance

The corporate governance section of the report provides a detailed overview of the company's governance structure and framework. This section covers various aspects, including the organizational leadership structure, the roles and responsibilities of the CEO and Chairman, along with the remuneration of the Board, etc.

Business Model

The overview and strategy section provides a comprehensive overview of the organization's business model. This section delves into the various components of the model, including the inputs, activities, processes, and outputs. Additionally, the report to shareholders also reveals key information about tax payments and CSR initiatives undertaken by the company.

Risks and Opportunities

The annual report includes a comprehensive risk and opportunity report in the overview section. The report discloses the specific source of risks and opportunities, the magnitude of its effect on capital and the specific steps being taken to mitigate the risks or to create value from any opportunities.

Strategy and Resource Allocation

The annual report provides a comprehensive overview of PSO's desired direction and the strategies it will employ to achieve its goals. It presents a clear outline of the company's strategic objectives, resource allocation plans, Key Performance Indicators (KPIs), and any changes made in strategies from the previous year.

Performance

The performance of the company has been disclosed in detail in the report to shareholders and financials section. This comprehensive report includes an analysis of the performance of each product, various indicators and performance measures, ratio analysis, statements regarding value addition, and a comprehensive overview of the company's financial position and performance.

Outlook

In addition to other important information, the report to shareholders provides a comprehensive overview of the company's future prospects. It encompasses forward-looking statements, a comparison of performance to last year's forward-looking projections, sources of information and assumptions, as well as an assessment of the company's readiness to tackle potential challenges and uncertainties that may arise in the future.

Basis of Presentation

The annual report provides detailed information about the basis of presentation, which can be found in the about the report section. Additionally, the overview and strategy section elaborates on the materiality approach adopted by the management.

Value Creation by the Business Using its Resources

PSO has cemented its position in the oil industry by effectively harnessing its resources to create substantial value for both the company and the nation. Through strategic resource utilization, the company has not only contributed to the economic growth of Pakistan but also emerged as a trusted source of energy.

Recognizing the immense potential of its resources, PSO has implemented measures to optimize their utilization by capitalizing on the company’s extensive infrastructure.

One of the primary drivers of PSO's value creation is the company’s unwavering focus on quality. By adhering to stringent quality control measures, PSO ensures that its products consistently meet international standards. This commitment to excellence has not only earned the trust and satisfaction of customers but has also enabled the company to expand its market reach and gain a competitive edge.

By investing in innovative technologies that minimize environmental impact, such as cleaner fuel options and energy-efficient processes, PSO not only contributes to a greener future but also positions itself as an industry leader in sustainability.

Beyond its business operations, PSO plays a pivotal role in advancing social welfare through its corporate social responsibility initiatives. By investing in education, environment, healthcare, and community development programs, the company actively contributes to the well-being of society. This approach not only benefits the communities in which PSO operates but also strengthens the company's reputation and fosters long-term relationships with key stakeholders.

By leveraging its resources effectively, focusing on quality, harnessing technology and innovation along with social responsibility, PSO has become a driving force in the oil industry, contributing to Pakistan's economic growth and sustainable development.

Overview and Strategy

Competitive Landscape and Market Positioning

Pakistan's downstream segment is highly saturated with over 38 players competing for market share. Despite this intense competition, PSO is investing in its infrastructure and introducing value-added services and products in the retail segment to enhance the customer experience. The company's increasing market share, profitability, and sustainability are clear indicators of customer's confidence and trust.

Despite this potential threat, PSO is well-prepared to face the challenges posed by the policy and is determined to maintain its leadership position in the market. With a strong focus on adapting to these changes, the company remains committed to delivering superior value and service to its customers.

Resource Allocation Plan

PSO plays a pivotal role in the country's energy sector. The allocation of resources by the company is a critical aspect that demands careful consideration and efficient management. With a commitment towards maintaining a fair and balanced approach, PSO allocates resources in a manner that ensures the energy needs of the nation are met while promoting sustainability and economic growth.

Through thorough analysis and strategic planning, PSO seeks to optimize the allocation process, considering various factors such as demand patterns, market dynamics, and the overall energy landscape. This approach allows the company to adapt to changing circumstances and effectively distribute fuel across different sectors, ensuring a reliable and consistent supply.

The company allocates maximum amount to infrastructure development for capacity enhancement, replacement and rehabilitation of assets, studies and Engineering, Procurement and Construction (EPC) of strategic projects, procurement of products, operating cost and financial cost.

By employing a professional and conscientious approach, PSO seeks to uphold its responsibility as a key player in the energy sector, contributing to the progress and development of Pakistan.

Key Performance Indicators

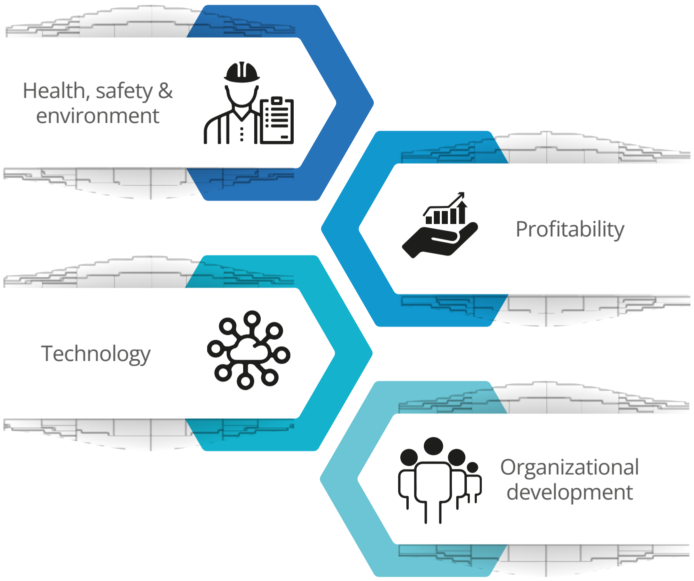
PSO maintains a balanced approach towards achieving its objectives. One of the primary indicators that the company focuses on is its market share in the petroleum industry. By consistently monitoring and improving this metric, PSO ensures its position as a market leader.

Another crucial KPI for PSO is profitability and growth. By maintaining a healthy balance between revenue generation and cost management, the company endeavours to deliver sustainable financial results.

By embracing innovative technologies and environment friendly practices, PSO aspires to contribute to a greener and more sustainable future. The company's key performance indicators showcase its dedication to excellence, innovation, and customer-centricity, all while maintaining a balanced approach towards achieving its goals revolving around HSE, profitability, technology and organizational development.

PSO has implemented a highly effective and reliable performance monitoring framework that aligns seamlessly with the company's strategic plans and objectives. This framework is supported by regular business reviews, ensuring that the company's progress remains on track. A balanced scorecard system is in place to comprehensively measure and monitor the company's achievements across various disciplines. Any deviations or exceptions are promptly reported and thoroughly reviewed by the management to determine the most appropriate actions to be taken.

The company's Board of Management regularly evaluates performance against the KPIs that encompass key focus areas. This professional approach ensures that PSO remains accountable.



The Legitimate Needs, Interests of Key Stakeholders and Industry Trends

PSO is a key player in the energy sector of Pakistan and holds a significant responsibility in meeting the legitimate needs and interests of its stakeholders. The company strives to ensure a congenial and value-driven relationship with all its stakeholders be it the shareholders, employees, or customers. The interest of each stakeholder is protected through the company's policies, procedures and focused approach.

To meet these legitimate needs and interests, PSO closely monitors and adapts to industry trends and needs. The energy sector in Pakistan is experiencing several dynamic shifts, including a growing demand for renewable energy sources, increasing emphasis on environmental sustainability, and evolving customer preferences. PSO stays abreast of these industry trends and actively invests in exploring alternative energy solutions. By diversifying its energy portfolio, PSO is geared to cater to the changing needs of customers while being aligned with the global shift towards clean and sustainable energy sources.

Additionally, PSO also focuses on enhancing operational efficiency, adopting advanced technologies, and implementing effective risk management strategies to remain competitive in the market.

The company can maintain its position as a leading energy company in Pakistan and contribute towards the nation's energy security and sustainable development goals by proactively responding to industry trends.

Key Resources and Capabilities that provide Sustainable Competitive Advantage

PSO being the national flag bearer possesses a combination of resources and capabilities that give the company a sustainable competitive advantage in the petroleum industry. These key factors set PSO apart from its rivals and contribute to the company's ongoing success.

One of the company's primary strengths lies in its extensive infrastructure network. With a vast array of storage facilities, terminals, and pipelines spanning across the country, PSO can efficiently distribute petroleum products to even the most remote regions. This widespread reach ensures that customers across Pakistan have timely access to the energy they need, giving PSO a competitive edge by catering to a diverse customer base.

Furthermore, PSO has forged strong relationships with global oil suppliers. Through strategic partnerships and long-term contracts, PSO secures a consistent and dependable supply of high-quality petroleum products. This reliable supply chain not only safeguards PSO's operations but also enables the company to offer competitive pricing to its customers, enhancing its position in the market.

PSO also leverages advanced technology systems to optimize its operations. From inventory management to logistics and customer service, the company harnesses cutting-edge technology to enhance efficiency, reduce costs, and deliver superior service. This technological prowess distinguishes PSO from its competitors and enables the company to adapt swiftly to evolving market dynamics.

In addition to its infrastructure and technology, PSO has a skilled and experienced workforce. The company invests in comprehensive training and development programs to empower its employees with the necessary expertise that enables PSO to stay ahead of the curve, drive innovation, and provide exceptional customer service. It is this commitment to continuous improvement and customer satisfaction that strengthens PSO's competitive advantage.

Moreover, the company has established a strong brand equity and enjoys unwavering customer loyalty. For more than 4 decades, the company has built trust and confidence among its customers through reliable service and consistent product quality. This deep-rooted customer loyalty serves as a barrier to entry for potential competitors and solidifies PSO's market position.

PSO's sustainable competitive advantage stems from its key resources and capabilities. The company's extensive infrastructure network, strong supplier relationships, utilization of advanced technology, skilled workforce, and trusted brand equity all contribute to its success in the petroleum industry. By leveraging these assets and continuously enhancing them, PSO remains well-equipped to thrive in a fiercely competitive market.

Harnessing Technology

Digital Transformation and Integration

As the digital landscape continues to evolve, organizations around the world are embracing the concept of digital transformation to stay ahead in the competitive market. The company has successfully embarked on this transformative journey, recognizing the need to integrate digital technologies into its existing operations to enhance efficiency, improve customer experience, and streamline overall business processes.

Through a strategic and holistic approach, the company has implemented various digital initiatives that not only revolutionize the way PSO interacts with its customers but has also optimized internal processes, resulting in increased productivity and cost savings.

PSO has successfully enhanced its technological capabilities by fostering an ecosystem that encompasses People, Process, and Technology, all in alignment with the Industry 4.0 Model. The company's digital transformation strategy serves as a comprehensive blueprint, outlining a meticulous plan for constructing data bridges and cultivating a digital ecosystem within its business value chain. This strategic approach enables PSO to generate invaluable business insights, empowering the company to make well-informed decisions.

Technology plays a pivotal role in elevating a company's value. PSO is steadfast in its commitment to harness its power in the operational controls to enhance efficiency and mitigate risks. In line with the company's digital transformation strategy, PSO's initiatives provide a comprehensive digital footprint for its supply chain.

This year, the company has achieved remarkable success through several digital transformation projects including implementation of terminal integration systems at Machike and Sihala, introduction of Automated Queue Management System (AQMS) for transshipment at 3 new locations, and the integration of 500 new retail outlets nationwide. As a result, PSO has witnessed an upsurge in data generation points, seamless systems integration, and improved monitoring capabilities within its supply chain operations.

In the realm of financial technology, PSO has made remarkable strides this year in the pursuit of digitizing financial processes. The company has successfully enhanced and standardized bank statements using the universally recognized format, MT940. This development has enabled seamless transfer of data to the company's SAP ERP system, resulting in heightened efficiency, accuracy, and informed decision-making, all the while eliminating the need for human intervention.

Moreover, PSO's commitment to innovation is evident through the increased utilization of 1-Link services for the esteemed DIGICASH Mobile App. customers. By incorporating top-up functionality through virtual account systems, the company has not only enriched customer experience but also increased operational efficiency, bolstered revenue, and strengthened its competitive position in the market.

As the company moves ahead, PSO's unwavering commitment lies in harnessing its intellectual capabilities to drive innovation and cultivate value, all the while embracing the transformative power of technology and automation. By integrating cutting-edge solutions and leveraging the full potential of its intellectual prowess, PSO endeavours to propel business processes towards unprecedented levels of efficiency.

IT Governance

PSO recognizes the critical role of IT governance in ensuring the effective and efficient management of its technological infrastructure. With the ever-evolving landscape of the oil industry, PSO understands the need for robust IT governance practices to support its strategic objectives while mitigating risks.

By implementing a balanced and structured approach, PSO's IT governance framework enables the alignment of IT initiatives with the organization's overall goals, enhances decision-making processes, and fosters accountability at all levels. Furthermore, this framework ensures compliance with regulatory requirements and industry best practices, thus safeguarding PSO's reputation and maintaining stakeholder confidence.

Through continuous monitoring, evaluation, and adaptation, the company's IT governance framework remains adaptive to technological advancements, enabling PSO to stay agile and responsive in a rapidly changing business environment.

The IT Steering Committee, led by the Managing Director, includes senior management and key stakeholders. The committee provides guidance, direction and oversees all IT-related activities which include prioritizing and approving IT initiatives, ensuring seamless implementation of IT projects, and vigilantly monitoring the performance of IT services. By fostering an environment of collaboration and expertise, the committee endeavours to propel PSO into a future characterized by innovation and efficiency.

Furthermore, the company has implemented a comprehensive IT risk management process to detect, evaluate and effectively minimize the risks associated with the company's IT infrastructure. To maintain the security and resilience of the company's IT systems and processes, PSO conducts regular assessments and reviews to identify any vulnerabilities and safeguard against potential threats.

The IT Policy outlines how the company effectively manages risk factors associated with the system. PSO implements measures such as segregation of duties through authorization control and periodic reviews. Additionally, access to sensitive data is strictly controlled through password management and ID controls.

Moreover, the company prioritizes the training and ongoing development of its software users. Regular training sessions, including on-the-job sessions, are conducted to ensure that users are equipped with the necessary skills and knowledge to effectively utilize and stay updated with the software.

Business Continuity and Disaster Recovery

PSO understands the critical role that business continuity and disaster recovery planning play in maintaining seamless operations during unexpected disruptions. The company is proactively enhancing the capabilities in these areas by consistently reviewing and updating the plans to ensure they stay effective, considering the evolving demands of the business and emerging risks.

To validate the strength of PSO's strategies, the company subjects the business continuity and disaster recovery plans to rigorous simulations and drills which help identify gaps and areas for improvement.

With these proactive measures in place, PSO's ultimate goal is to minimize the impact of disruptions and swiftly restore normal operations.

Cybersecurity Strategy

PSO recognizes the critical importance of implementing a robust cybersecurity strategy to safeguard its operations and protect sensitive information. In this digital era, where cyber threats are evolving rapidly, the company has taken proactive measures to establish a comprehensive framework to combat potential cyber-attacks.

The strategy encompasses a multi-layered approach, incorporating cutting-edge technologies, stringent policies, and continuous monitoring to ensure the highest level of protection across its network infrastructure. The company has invested significantly in advanced threat detection systems, encryption protocols, and employee training programs to enhance awareness and prevent unauthorized access to the systems.

PSO has adapted advanced cybersecurity technologies such as next-generation firewalls, intrusion detection and prevention systems, Security Information and Event Management (SIEM) systems, and endpoint protection. These technologies are regularly updated and monitored to detect and prevent cyber threats and attacks in real-time. By prioritizing cybersecurity, PSO remains committed to maintaining the trust of its stakeholders and safeguarding the integrity of the operations.

As part of the company's comprehensive strategy, PSO has established a Security Operation Centre (SOC) that serves as a specialized security function responsible for monitoring and managing cybersecurity. In order to foster a culture of cybersecurity awareness and education, PSO has organized numerous awareness sessions and training programs for both employees and stakeholders.

These initiatives cover a wide range of critical cybersecurity topics, including phishing, password management, social engineering, and data protection. Through these efforts, PSO has successfully increased awareness regarding cybersecurity practices and has encouraged the adoption of best practices to safeguard its valuable data and information assets.

Furthermore, PSO has forged robust alliances with renowned cybersecurity firms to ensure that the company remains up-to-date about the latest cyber threats and trends, and adopts top-notch cybersecurity practices. Through these partnerships, PSO is able to detect and address potential cyber threats in advance, while constantly enhancing the company's overall cybersecurity posture.

In order to strengthen its cybersecurity measures, PSO took a proactive step during FY23 by engaging the services of an external consultant for a comprehensive cybersecurity audit.

The company's cybersecurity strategy is designed to safeguard PSO's valuable data and information assets, while also enabling the company to operate smoothly and efficiently. PSO is steadfast in the commitment to continuously enhance the cybersecurity posture, constantly staying one step ahead of ever-evolving cyber threats and risks.

ERP System

PSO has successfully integrated its SAP ERP system with multiple business applications, resulting in a significant enhancement of the company's business process and overall

Risk and Opportunity Report

As the leading energy company in the country and a public sector entity, PSO has an overall low risk appetite and has maintained a cautious approach towards risk in business operations. The company's commitment to discipline and core-competence is a testament to PSO's long-standing focus on risk management. This strategic direction and approach to doing business has consistently delivered value to its stakeholders, including shareholders, customers and employees.

PSO's robust risk governance structure, overseen by the Board of Management, guarantees the presence of and accountability for efficient and timely risk management throughout the company. Acting under the delegated authority of the BOM, the Board Finance and Risk Management Committee is tasked with ensuring the adherence and effectiveness of the risk management framework, with full support from the company's management.

PSO's risk management policy aligns with both international best practices and the company's business strategy. This policy mandates the comprehensive handling of major risks that may impact the company's objectives and core values. It involves the systematic identification, assessment, measurement, treatment, monitoring, and reporting of these risks. In addition, the policy promotes a robust risk management culture and environment throughout the entire organization.

The company's risk profile evolves in response to various underlying factors, including the aging of assets, shifts in regulatory requirements, and market-driven influences. The company's management diligently evaluates, monitors, and addresses the risks outlined below in the corporate risk radar.

Increasing liquidity risk

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

How PSO is managing this risk: PSO has implemented effective measures to manage the intensifying liquidity crisis caused by the mounting receivables from government entities, which currently stand at PKR 506 billion as of June 30, 2023. Notably, the receivables from SNGPL alone account for PKR 344 billion. The situation is further exacerbated by rising oil prices and a significant decline in sales demand for MoGas and diesel. Consequently, the credit limits have been exhausted, posing a heightened risk of default on international commitments and obligations.

To mitigate this risk, PSO is proactively keeping the government informed about the liquidity situation. This ensures that adequate and timely actions can be taken to avoid any potential risks. By maintaining open communication and regularly updating the government, PSO is actively trying to find solutions to the liquidity crisis and safeguard its international commitments and obligations.

Trapped retained earnings

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

How PSO is managing this risk: PSO is currently facing a significant risk that is hindering the company's ability to execute the strategic plans for expanding its product line, integrating operations, and diversifying its offerings. This risk stems from the accumulation of long-outstanding circular debt receivables, which have reached an amount of PKR 524 billion as of June 30, 2023.

To address this challenge, PSO has taken proactive measures to manage the risk by relentlessly pursuing discussions with the relevant authorities to settle the outstanding dues. Additionally, PSO has put forth various proposals to the government, which are currently being deliberated upon.

By actively engaging with the concerned entities and presenting viable solutions, PSO is actively working towards resolving this risk and unlocking its trapped retained earnings. Once the circular debt receivables are settled, PSO will be in a better position to realize its strategic plans for expansion, integration, and diversification.

Exorbitantly high cost of finance eroding profitability

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

How PSO is managing this risk: Steep rise in interest rates in FY23, on account of increase in policy rate by 825 basis points by State Bank of Pakistan, resulted in substantial increase in the company's finance cost and severely impacted its profitability. Additionally, reduced sales demand for white oil products due to overall reduction in industry's sales volumes also contributed to this increase in the finance cost for the year which reached PKR 40 billion. To address this issue and reduce the burden on PSO's bottom line, the company is currently exploring various options in collaboration with the government. These discussions aim to find solutions to the circular debt problem and mitigate its impact on PSO's financial position.

No LNG contract at buyer's end

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

How PSO is managing this risk: : To ensure a consistent supply of LNG, PSO has established long-term G2G contracts with Qatargas, which include a take-or-pay arrangement. However, there is a lack of a similar agreement between PSO and SNGPL, the entity responsible for selling the LNG.

To mitigate commercial risk and enhance the overall supply chain reliability, PSO is relentlessly pursuing the activation of a tripartite agreement involving SNGPL and SSGC. This strategic move seeks to minimize uncertainties and strengthen the commercial aspect of the operations.

PSO's progress has been impeded by resistance from SNGPL thus far, which has posed significant obstacles to the advancement of these efforts.

Supply-demand imbalances

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

How PSO is managing this risk: Smaller OMCs are not adhering to monthly import/procurement plans finalised by OGRA to maximize their benefits. This unfortunate practice is causing significant imbalances in the demand and supply dynamics of the country, thereby increasing the risk of fuel shortages. PSO, despite carrying the burden of its circular debt receivables, is taking proactive measures to address these unplanned imbalances.

Risk and Opportunity Report

Increasing competition affecting market share in retail business

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

How PSO is managing this risk: PSO is proactively managing the risk associated with the current competitive landscape by leveraging it as an opportunity to improve its financial and operational efficiencies. Through initiatives such as rehabilitation, innovation, integration, and strengthening business relationships, PSO endeavours to not only enhance its overall performance but also safeguard its valuable intellectual property.

In line with these efforts, PSO has successfully increased its market share in white oil products by 1.8%, reaching an impressive 51%. PSO remains resolute in its commitment to effectively counter any adversities that may arise as a result. The company is dedicated to implementing strategies and measures that will help mitigate the impact of the policy and ensure its continued success.

Port capacity constraints causing demurrages

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

How PSO is managing this risk: Due to the varying grades of WOP, a significant portion of the load has been redirected to FOTCO's single oil jetty. Unfortunately, this has led to demurrages and unnecessary expenditure of foreign exchange for the country. To address this issue, work on the KKLP II pipeline is underway, which will connect both ports and alleviate the situation.

Regulatory challenges

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

How PSO is managing this risk: PSO has been managing this situation since 2015. As a result of OGRA's restriction, the respective Provincial Administration has stopped issuance of requisite permissions to PSO. The reason for restriction as communicated to PSO is the unilateral formula devised by OGRA based on provincial storage capacity for the establishment of new retail outlets. Besides Provincial Administration, the Department of Explosives has also adopted the restriction and refused to grant Form-K license under the Petroleum Rules in the provinces of KPK and Punjab. This restriction has put PSO at a disadvantage compared to its competitors with relatively less storage.

Apart from other measures including initiation of legal proceedings before the Islamabad High Court, PSO has significantly increased its storage capacity throughout Pakistan and especially in the province of KPK and Punjab.

The stance of PSO has also been appreciated by the Public Accounts Committee of the National Assembly and necessary directions have been passed to OGRA.

Continued reliance on road transport for upcountry transshipment of MoGas

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

How PSO is managing this risk: To effectively manage this risk, PSO has implemented a strategy to transship approximately 30% of the company's upcountry MoGas volume through the WOP system. However, other Oil Marketing Companies (OMCs) have been hesitant to adopt this approach due to the exorbitant cost of financing the working capital required for their line-fill portion, as well as the low inventory levels across the country. As a result, the reliance on road transport for MoGas has remained high throughout the year.

Recognizing the need for a solution, the Oil and Gas Regulatory Authority (OGRA) is currently working on developing a mechanism to address the concerns of OMCs. The aim is to reduce the reliance on road transportation as much as possible, while also ensuring the efficient supply of MoGas to all areas. This initiative will not only help mitigate the financial burden faced by OMCs, but also contribute to a more sustainable and reliable distribution system of MoGas.

Foreign exchange rate fluctuations impacting profitability

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

How PSO is managing this risk: PSO has implemented a robust risk management strategy to mitigate the impact of foreign exchange fluctuations on the import purchases. By factoring in the foreign exchange risk into the pricing decisions, PSO is able to significantly minimize the net exposure to foreign exchange fluctuations on the financial records for the year.

Natural and man-made disaster events

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

How PSO is managing this risk: PSO is dedicated to upholding Health, Safety, and Environmental regulations and best practices, making it a top priority in the business strategy and objectives. Over the years, significant improvements have been made to the company's HSE control environment, with strict monitoring of compliance at all facilities and premises.

To ensure the continuity of critical operations, PSO has implemented an effective disaster recovery plan that undergoes regular testing. PSO also has comprehensive insurance coverage for its assets, including inventory, safeguarding against potential disasters. In addition, PSO has implemented coordinated security measures and conducts periodic mock drills to assess the effectiveness of the company's security protocol, particularly for the highly sensitive facilities.

Notice of Meeting

Notice is hereby given that the 47th Annual General Meeting of Pakistan State Oil Company Limited ("the Company") will be held at Grand Ballroom, Pearl Continental Hotel, Karachi on Thursday, October 26, 2023 at 11:00 a.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 46th Annual General Meeting held on October 26, 2022.

2. To receive, consider and adopt the Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2023 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, 2024.

4. To approve payment of final cash dividend of Rs. 7.50 per share i.e. 75% for the year ended June 30, 2023, as recommended by the Board of Management.

Special Business:

5. To approve transmission of Annual Audited Financial Statements of the Company to members through a QR enabled code and weblink, as allowed by the Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated March 21, 2023 and to pass with or without any amendment/modification the following resolution as an ordinary resolution:

   "RESOLVED that the consent and approval of the members of Pakistan State Oil Company Limited be and is hereby accorded for transmission of the Annual Audited Financial Statements and related documents (included in the Annual Report) along with the Notice of General Meeting through a QR enabled code and weblink instead of transmitting the same in CD/DVD/USB or in hard copies.

   FURTHER RESOLVED THAT the Managing Director & CEO and / or the Company Secretary be and are hereby singly or jointly authorized to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution."

By Order of the Board

October 02, 2023
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, 2023 to October 26, 2023 (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, 2023 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 Tuesday, October 24, 2023 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 Tuesday, October 24, 2023, 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 Wednesday, October 18, 2023; 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 Wednesday, October 18, 2023.

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, 2023, 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, 2023 is being dispatched to shareholders through CD. Any member requiring printed copy of the Annual Report 2023 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

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

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on October 26, 2023.

Item 5 of the Agenda

To give effect to the Notification S.R.O. 389(I)/2023 dated March 21, 2023 of the Securities and Exchange Commission of Pakistan, consent of the members is being sought for transmission of the Annual Audited Financial Statements of the Company and related documents (included in the Annual Report) along with the Notice of General Meeting through a QR enabled code and weblink instead of transmitting the same in CD/DVD/USB or in hard copies. The Company however, shall send the complete financial statements with relevant documents in hard copy to the shareholders, at their registered addresses, free of cost, if a request has been made by the member on the Standard Request Form available on the website of the Company.

None of the Members of the Board of Management has any direct or indirect interest in the above said special business.

Corporate Governance

Company Information

Board of Management

Chairman (Independent)
Mr. Asif Baigmohamed

Independent Members
Mr. Ahmed Jamal Mir
Mr. Mushtaq Malik
Mr. Waheed Ahmed Shaikh

Non-Executive Members
Mr. Arshad Majeed
Mr. Awais Manzur Sumra
Mr. Mohammed Hassan Iqbal
Mr. Shahbaz Tahir Nadeem

Managing Director & Chief Executive Officer
Syed Muhammad Taha

Chief Financial Officer
Ms. Gulzar Khoja

Company Secretary
Mr. Rashid Umer Siddiqui

Auditors
M/s. KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor
M/s. Orr, Dignam & Co. Advocates

Registered Office
Pakistan State Oil Company Limited
PSO House
Khayaban-e-Iqbal, Clifton
Karachi – 75600, Pakistan
UAN: +92 21 111 111 PSO (776)
Fax: +92 21 9920 3721
Website: www.psopk.com

Share Registrar
CDC Share Registrar Services Limited
CDC House, 99-B,
Block B, S.M.C.H.S.,
Main Shahrah-e-Faisal
Karachi-74400
Tel.: 0800-CDCPL (23275)
Fax: +92 21 3432 6053
Email: info@cdcsrsl.com

Bankers
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Citibank N.A.
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

The Board of Management Profile

MR. ASIF BAIGMOHAMED
Chairman, BOM

Mr. Asif Baigmohamed took up the position of Chairman of the Board of Management of Pakistan State Oil Company Limited on May 29, 2023.

Mr. Baigmohamed is the Group Chief Executive Officer of Baigmohamed Group of Companies and Chief Executive Officer of ABM Investment, a private equity firm with diverse interests in sectors such as Oil and Gas, Security, and Construction.

Mr. Baigmohamed was previously Chief Executive Officer of Coca-Cola Southern Pakistan. During his tenure, the company received one of the top ten world positions in plant ratings and sales growth. He has also served as Director of Pakistan Petroleum Limited and Pakistan LNG Limited.

Mr. Baigmohamed graduated from Brown University with Honours in Economics and minor in Applied Mathematics. His academic excellence and prowess were acknowledged by his selection into Omicron Delta Epsilon, a prestigious American national honour society for achievement in the field of economics.

The Board of Management Profile

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 as 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 COVID19 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 fuelling 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.

MR. AHMED JAMAL MIR
Member

Mr. Ahmed Jamal Mir is the CEO of Prestige Communications (Pvt.) Ltd. ("Prestige"). He holds a bachelor's degree in Economics from the University of California, USA. He took over the reins at the advertising business set up by his father in 1986. Prestige is amongst the top agencies of Pakistan which was established in 1960. Over three decades, Mr. Jamal has managed a whole plethora of clients and big names such as British American Tobacco, Proctor & Gamble, GlaxoSmithKline, English Biscuits Manufacturers, Emirates, Sony, Nissan, Nestle Milkpak, Habib Bank Ltd., Jubilee General Insurance, Packages Limited and many others. He believes in building meaningful partnerships locally thus consolidating the legacy of his business. Mr. Jamal was responsible for raising the bar for quality film production by adding value through creative and innovative concepts and insights into brand building.

Mr. Jamal's vision expanded his business through a global affiliation. Prestige was affiliated with Grey Group (a WPP company) for nearly 20 years. Additionally, he has been associated with several global networks working out of the Middle Eastern region, APCO, TD&A DDB, Fortune PromoSeven and several others.

Mr. Jamal's passion for growth has associated him in key leadership roles in many other areas of interest. He has been a member of the American Business Council for over 12 years and was the elected President of the American Business Council during 2018 - 2019. He has also served as a Director of NIB Bank and most recently, he has served as the Chairman of Pakistan Advertising Association. Currently, he is also a member of the Executive Committee for the Pakistan Turkish Business Council at the Federation of Pakistan Chamber of Commerce & Industry. He has also enjoyed a stint as Media Consultant for Pakistan Cricket Board.

Beyond the world of advertising, Mr. Jamal contributes and plays an important role in various charitable foundations like the Agha Khan University Hospital Annual Fundraising Committee, Lady Dufferin Hospital, Layton Rahmatulla Benevolent Trust and the Cardiovascular Foundation.

The Board of Management Profile

MR. ARSHAD MAJEED
Member

Mr. Arshad Majeed has over 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 Master's degree in the field of Political Science.

MR. AWAIS MANZUR SUMRA
Member

Mr. Awais Manzur Sumra is a qualified professional, with nearly 30 years of experience in serving the Federal and Provincial Governments as a member of the Pakistan Administrative Service. He has been working as a Special Secretary at the Ministry of Finance since June 2022.

Since his first posting as Assistant Commissioner in North-West Frontier Province (now Khyber Pakhtunkhwa) in 1995, Mr. Sumra has served on various positions including the Additional Secretary – Ministry of Finance, Additional Secretary - Establishment Division, Joint Secretary - Ministry of Finance, Finance Secretary - Gilgit-Baltistan, Director – Earthquake Reconstruction and Rehabilitation Authority, Deputy General Manager - Pakistan Electronic Media Regulatory Authority, and Deputy Secretary- Ministry of Finance.

Mr. Sumra has also served as Senior Advisor to Executive Director at the World Bank Group in Washington D.C (USA) and as Commercial Counsellor at the Embassy of Pakistan, Athens (Greece).

Mr. Sumra graduated with a Bachelor's Degree in Civil Engineering from the University of Engineering and Technology, Lahore followed by a Bachelors in Arts from the University of Punjab in 1991. Later, he completed his Masters in Finance from London Business School in 2005, and another Master in Business Administration from Stockholm University in 2002.

The Board of Management Profile

MR. MOHAMMAD HASSAN IQBAL
Member

Mr. Mohammad Hassan Iqbal is a distinguished civil servant and an officer of the Pakistan Administrative Service (PAS). Currently, he is serving as an Additional Secretary of the Petroleum Division in the Government of Pakistan. He attained his B.Sc. in Civil Engineering from the University of Engineering & Technology, Lahore, and obtained a Master's Degree in Transport Engineering & Planning from the University of Leeds, United Kingdom. In addition, he has completed several professional training courses, including the Common Training Program, Specialized Training Program, Mid-Career Management Course, Senior Management Course, and National Management Course.

Mr. Hassan has an extensive experience working in various provinces of Pakistan, including Punjab, Balochistan, and Sindh. He has served as Additional Chief Secretary for the Environment, Climate Change, and Coastal Development Department in Sindh; Secretary for the Food Department; as well as Special Secretary for the Home & Tribal Affairs Department in Balochistan. In Punjab, he has held several high-profile positions, including Secretary of Social Welfare & Bait ul Maal, Special Education, Population Welfare, Mines & Minerals, Housing, Urban Development & Public Health Engineering, and Auqaf & Religious Affairs Departments. Early in his career, Mr. Hassan also served as District Coordination Officer in Bahawalnagar and Nankana Sahib Districts, and as Assistant Commissioner in Punjab.

Besides PSO, Mr. Hassan currently serves as a board member of Pakistan LNG Limited (PLL) as well as their various committees as a Government representative.

His expertise, combined with his extensive experience in public service, makes him an invaluable member of the Petroleum Division.

MR. MUSHTAQ MALIK
Member

Mr. Mushtaq Malik holds Master's degree in Economics and in Business Administration from Boston University, USA with specialization in International Business Management and Finance. He has also done Executive Course in Project Evaluation and Management from Harvard University and Marketing Management Diploma from Delft University of Netherland.

Mr. Malik has also attended courses on Macroeconomic Stability and Balance of Payment Management arranged by International Monetary Fund (IMF) at Washington DC and Project Planning, Implementation and Monitoring in Manila. He has worked at the top most positions in some of the important public sector organizations especially Ministry of Finance. He headed the Board of Investment (BOI) as a Federal Secretary and Pakistan Electronic Media Regulatory Authority (PEMRA) as Chairman. He has represented Pakistan at various international forums and has worked as the Economic Minister and Financial Advisor in the Embassy of Pakistan at Washington DC.

Currently Mr. Malik also serves on the boards of Hinopak Motors Limited, Sindh Insurance Limited, Cnergyico Pakistan Limited and as Chairman of MM Management Consultants (Private.) Limited. He has previously served on the boards of Askari Bank Limited, Habib Bank Limited and ECO Bank, Istanbul for six years, five years and two years respectively, and has served for 15 years in the Government of Punjab in various positions such as DG Local Government, Director of Industries and Mineral Development, Secretary Excise and Taxation, Secretary Environment Protection Development, Secretary Population Welfare and Managing Director, Punjab Mineral Development Corporation.

The Board of Management Profile

MR. SHAHBAZ TAHIR NADEEM
Member

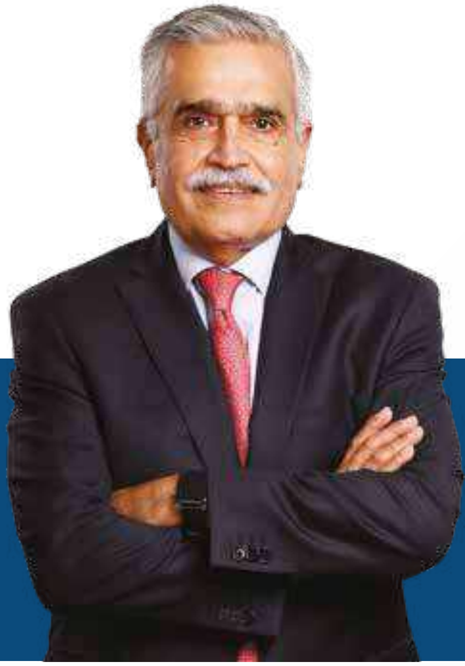
Mr. Shahbaz Tahir Nadeem is a highly experienced civil servant and a member of the Pakistan Administrative Service. He is currently serving as Joint Secretary (Investments/JVs /Development) in the Petroleum Division of the Ministry of Energy, Government of Pakistan. In this role, he oversees international cooperation efforts of the division.

Mr. Shahbaz has a diverse educational background, including a Commonwealth Masters in Business Administration, LLB, and B.Sc. in Computer Sciences. He has also completed numerous professional training courses, both locally and internationally.

Mr. Shahbaz has extensive experience in public sector management, having worked in all three tiers of Government in Pakistan. He has served as the Project Director of the KP Investment in Human Capital (World Bank), Director General of the KP Revenue Authority (Finance Department), and Deputy Commissioner in Gilgit, Diamer, and Hunza districts.

In addition to his public sector roles, Mr. Shahbaz has served as a board member for several organisations, including Pakistan Refinery Limited, Saindak Metals, Government Holdings (Private) Limited (GHPL), Pakistan Mineral Development Corporation (PMDC), Inter State Gas Systems (Private) Limited (ISGS), Sui Northern Gas Pipelines Limited (SNGPL) and Pakistan Petroleum Limited (PPL). He has also held board positions for educational institutions and regulatory authorities in Khyber Pakhtunkhwa.

Mr. Shahbaz is committed to public service and has made significant contributions in the fields of general administration, economic development, and multitier governance.



MR. WAHEED AHMED SHAIKH

Member

With a distinguished career spanning over four decades, Mr. Shaikh has unparalleled expertise in all facets of the downstream oil and gas industry, including acquisition, integration and turnaround of private as well as state-owned companies. A Mechanical Engineer from the University of Engineering & Technology, Lahore and MBA from USA on scholarship, he has served with distinction at Pakistan International Airlines and Pakistan Burmah Shell (PBS) early on in his career. He was a member of the management team that undertook massive transformation of PBS to a leading oil marketing company of Pakistan.

Mr. Shaikh had served in Shell Pakistan as Supply & Transport Manager & Retail Manager before his services were acquired for the position of CEO of a struggling lubricant company in Saudi Arabia. He turned around the business and then led successful acquisition of Petromin from Aramco and merged the two businesses. As an Executive Board Member of Petromin Corporation, the largest downstream oil business in Saudi Arabia, Mr. Shaikh was instrumental in conceptualizing and developing Petromin Express, a lube change retail business, into the 5th largest network in the world today. This successful turnaround of the company is chronicled in the book titled "Omnipreneurship" by Amr Al-Dabbagh. As a result of this successful acquisition and merger, he was promoted to Chief Operating Officer of Dabbagh Group, Saudi Arabia.

Mr. Shaikh's proficiency extends beyond the oil & gas industry, having served as a former Board Member of Supreme Food, the sole supplier of processed chicken to Burger King in the Middle East, and Red Sea Housing Company, a supplier of pre-fabricated housing solutions in remote locations across 55 countries for oil exploration companies and armed forces. He also served as a former Board Member of Greif Plastic, the largest flexible packing company, with manufacturing plants in Turkiye, Ukraine, Romania, and the UK.

Engagement of Board Members in Business Entities

Sr. No.	Name of Board Member	Other Engagements
1	**Mr. Asif Baigmohamed** Chairman (Independent)	**Chief Executive Officer** 1. ABM Investment **Director** 1. Digital Bridge (Pvt.) Limited 2. Iman Construction (Pvt.) Limited 3. Marina City Developers
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	**Mr. Ahmed Jamal Mir** (Independent Member)	**Managing Director & CEO** 1. Prestige Communications (Pvt.) Ltd.
4	**Mr. Arshad Majeed** (Non–executive Member)	**Director** 1. Gujranawala Electric Power Company Limited 2. Islamabad Electric Supply Company 3. K-Electric Limited
5	**Mr. Awais Manzur Sumra** (Non–executive Member)	**Director** 1. Pakistan Petroleum Limited
6	**Mr. Mohammad Hassan Iqbal** (Non–executive Member)	**Director** 1. Pakistan LNG Limited
7	**Mr. Mushtaq Malik** (Independent Member)	**Chairman** 1. MM Management Consultants (Pvt.) Limited **Director** 1. Cynergyico Pakistan Limited 2. Hinopak Motors Limited 3. Sindh Insurance Limited
8	**Mr. Shahbaz Tahir Nadeem** (Non–executive Member)	**Director** 1. Government Holdings (Private) Limited 2. Pakistan Petroleum Limited 3. Sui Northern Gas Pipeline Company Limited
9	**Mr. Waheed Ahmed Shaikh** (Independent Member)	**Advisor** 1. Petromin Corporation – Saudi Arabia

Board Committees

Board Finance & Risk Management Committee

Mr. Awais Manzur Sumra	Chairman
Mr. Ahmed Jamal Mir	Member
Mr. Arshad Majeed	Member
Mr. Asif Baigmohamed	Member
Mr. Mohammad Hassan Iqbal	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

Mr. Waheed Ahmed Shaikh	Chairman
Mr. Awais Manzur Sumra	Member
Mr. Mohammad Hassan Iqbal	Member
Mr. Mushtaq Malik	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.

Board Committees

3. Compensation and Benefits:

   a. Review data of competitive compensation practices and review and evaluate policies and programmes through which the company compensates its employees.

   b. Recommend for approval salary ranges, salaries and other compensation for the CEO and Senior Management reporting to the CEO.

Board Audit & Compliance Committee

Mr. Mushtaq Malik	Chairman
Mr. Ahmed Jamal Mir	Member
Mr. Awais Manzur Sumra	Member
Mr. Shahbaz Tahir Nadeem	Member
Mr. Waheed Ahmed Shaikh	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. Mohammad Hassan Iqbal	Chairman
Mr. Arshad Majeed	Member
Mr. Mushtaq Malik	Member
Mr. Shahbaz Tahir Nadeem	Member
Mr. Waheed Ahmed Shaikh	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. 200 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

Mr. Shahbaz Tahir Nadeem	Chairman
Mr. Ahmed Jamal Mir	Member
Mr. Asif Baigmohamed	Member
Mr. Mushtaq Malik	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

Board Committees

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 BOM.
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 BOM 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 BOM and /or referred by other Committees.

Board Strategy & Diversification Committee

Mr. Asif Baigmohamed	Chairman
Mr. Ahmed Jamal Mir	Member
Mr. Awais Manzur Sumra	Member
Mr. Waheed Ahmed Shaikh	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.

Corporate Governance

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 management. 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 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

Five BOM members have a certification under the Directors' Training Programme and the rest of the Board members will be trained by June 30, 2024.

Orientation of Board Members

All 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 Board 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.

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, 2023, the Board consisted of one Executive Member i.e. the Managing Director & CEO, PSO, four independent and four non-executive 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 the society.

Company's Policy for Safeguarding of Records

Safety of Records is a critical control procedure which requires attention at all levels. The company has a detailed Policy/Standard Operating Procedure (SOP) in respect of handling, retention and destruction of records and documents. The records have been kept at secured places with adequate measures in place. Further, the company has a redefined Information Technology policy that articulates corporate and information security governance, program management and cyber security management. The company also has a Disaster Recovery Plan which entails necessary backup facilities.

Conflict of Interest amongst Board Members

Any conflict of interest relating to members of the Board of Management is managed as per provisions of the company law and rules & regulations of SECP and Pakistan Stock Exchange.

Compliance with the Best Practices of the Code of Corporate Governance

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

External Oversight of Various Functions

Internal Controls and systems are the lifeline of an organization. To enhance the credibility of internal controls and systems, external oversight is an important tool that is being used by the management. The Management, considering the importance of Information Technology for business continuity and maintaining its leadership position in the Industry, has always emphasized on digitalization/ optimization of SAP usage and re-engineering of the existing business processes and adopted the same as part of its current and future strategy to achieve its business objectives. During the FY 23, cyber security audit was carried out by an external firm. Further, PSO acquired ISO 14001: Environmental Management System EMS Certification for its Aviation, Marine & Export business and was successfully re-certified against ISO-9001:2015 for business Supply Chain.

Board Meetings held outside Pakistan

During the year, no board meeting was held outside Pakistan.

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 at any special terms. i.e. are at the same terms as applicable to transactions with other unrelated parties.

The Board members 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 Companies Act, 2017 (XIX of 2017).

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

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

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

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

Appointment of the Board including Chairman

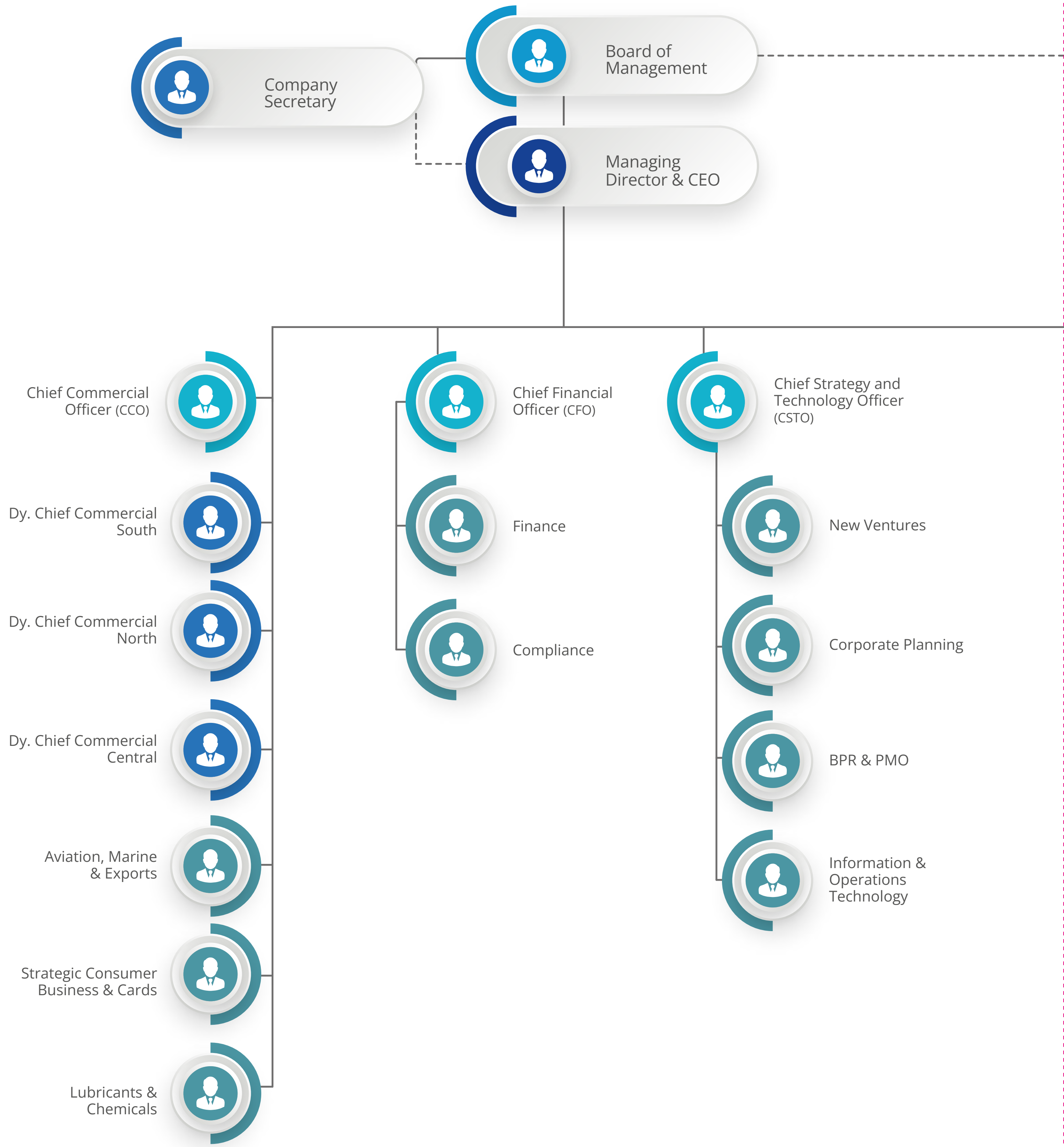
The Federal Government controls the management of affairs of the company under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974. Accordingly, the Chairman, Managing Director & CEO and all BOM members are appointed by the Federal Government.

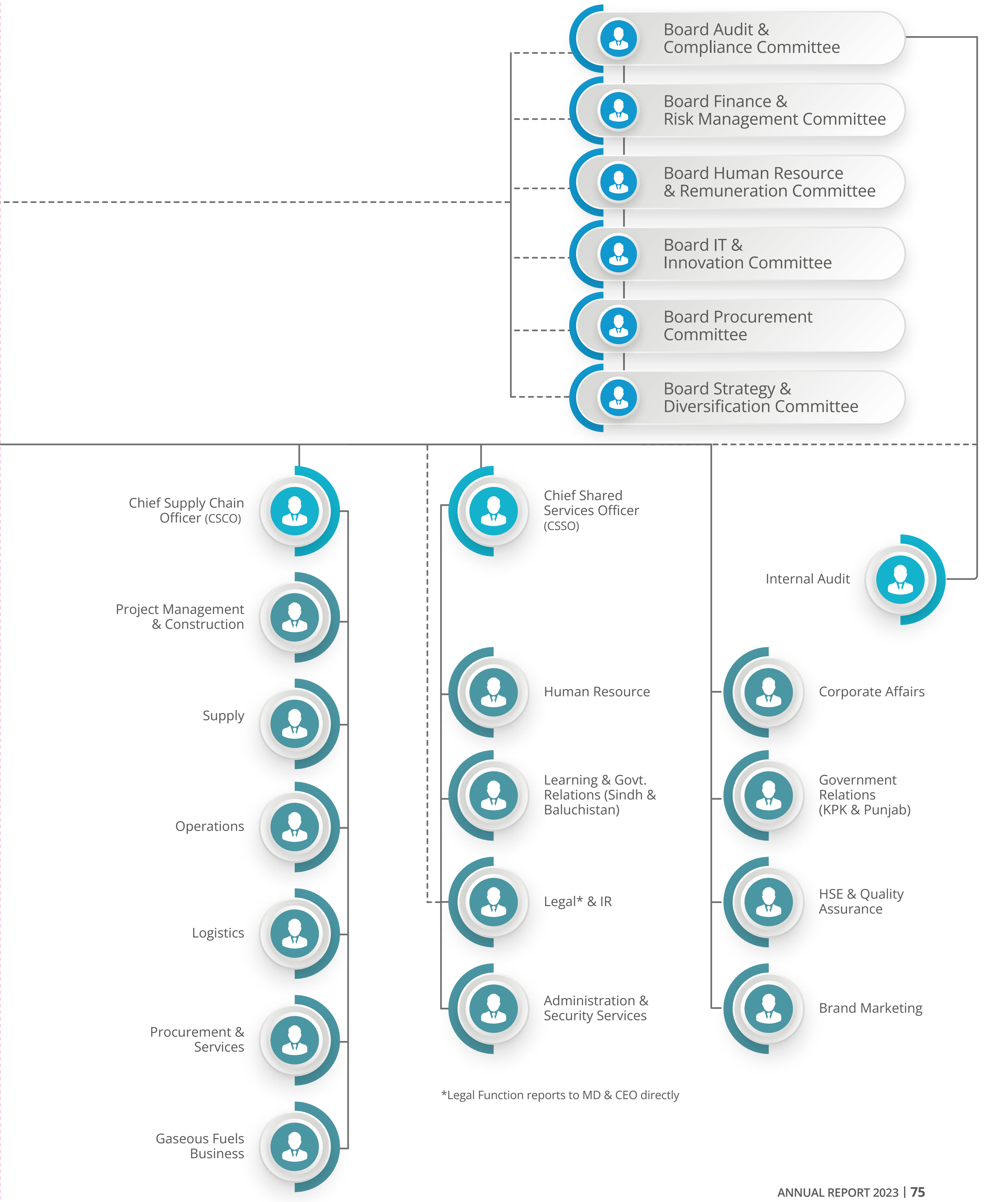
Chairman's Significant Commitments

Chairman's significant commitments during the year included:

- Effective conduct of Board meetings and decision making.
- Review of strategies and way forward for further increasing market share in all major product lines.
- Devising a strategic framework for future diversification projects.
- Review of the company's progress in strategic infrastructural projects.
- Efforts towards recovery of long outstanding receivables.
- Chairman's engagements other than PSO have been disclosed on page no. 66.

Organizational Structure





*Legal Function reports to MD & CEO directly

Report of the Board Audit & Compliance Committee

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

The Committee met four (04) times during the year ended June 30, 2023 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 & Chief Executive Officer, 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 reviewed the Management Letter issued by the statutory auditors wherein control weaknesses were 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.

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, 2023, 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 ap pointed 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 Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013 for the financial year ended June 30, 2023. 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, 2024.

- 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 has 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.

Mushtaq Malik
Chairman – Board Audit & Compliance Committee

August 23, 2023
Karachi

Statement of Compliance

With the Public Sector Companies (Corporate Governance) Rules, 2013 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended June 30, 2023

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, 2023, the composition of BOM was as follows:

Category	Names	Date of appointment
Independent Members	Mr. Asif Baigmohamed	May 29, 2023
	Mr. Ahmed Jamal Mir	May 29, 2023
	Mr. Mushtaq Malik	May 29, 2023
	Mr. Waheed Ahmed Shaikh	May 29, 2023
Executive Member	Syed Muhammad Taha	February 26, 2023
Non-Executive Members	Mr. Arshad Majeed	May 29, 2023
	Mr. Awais Manzur Sumra	May 29, 2023
	Mr. Mohammad Hassan Iqbal	May 29, 2023
	Mr. Shahbaz Tahir Nadeem	May 29, 2023

3. The members of the BOM had confirmed that none of them served as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.

4. The chairman of the Board is working separately from the chief executive of the Company.

5. (a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.

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

   (c) The BOM has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices. The BOM has formed a Compensation Organization and Employee Development Committee whose functions include investigating deviations from the Company's Code of conduct.

6. The BOM has established a system of sound internal control to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.

7. The BOM has developed and enforced an appropriate conflict of interest policy which lays down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedures for disclosing such interests.

8. The BOM has a whistle blowing policy and a policy against bribery and receiving gifts in place as an anticorruption measure to minimize actual or perceived corruption in the Company.

9. The BOM has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.

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

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

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

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

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

15. (a) The BOM has met fourteen 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. All the BOM members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.

20. 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	5	Ms. Tara Uzra Dawood* Mr. Mushtaq Malik
Board Finance & Risk Management Committee	5	Mr. Muhammad Anwer* Mr. Awais Manzur Sumra
Board Human Resource & Remuneration Committee	5	Ms. Tara Uzra Dawood* Mr. Waheed Ahmed Shaikh
Board Procurement Committee	5	Mr. Mohammed Hassan Iqbal
Board IT & Innovation Committee	5	Ms. Saira Najeeb Ahmed* Ms. Tara Uzra Dawood* Mr. Shahbaz Tahir Nadeem
Board Strategy & Diversification Committee	5	Mr. Zafar I. Usmani* Mr. Asif Baigmohamed

* Changed during the year.

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

Name	Category	Professional Background
Mr. Mushtaq Malik	Independent Chairman	Retired Civil Servant
Mr. Ahmed Jamal Mir	Independent Member	Bachelors in Economics
Mr. Awais Manzur Sumra	Non-executive Member	Civil Servant
Mr. Shahbaz Tahir Nadeem	Non-executive Member	Civil Servant
Mr. Waheed Ahmed Shaikh	Independent Member	Mechanical Engineer & MBA

22. There was no change in the position of the Chief Financial Officer, the Head of Internal Audit and Company Secretary during the year.

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

24. 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.

Statement of Compliance

25. 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.

26. 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.

27. 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.

28. 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.

29. (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.

30. (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.

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

32. 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, 2023, the total number of Board Members was 09 as follows:

(i) Male	09
(ii) Female*	-

** From July 01, 2022 to October 27, 2022 there were two female members on the Board and thereafter, one female member continued to be on the Board till reconstitution of BOM on May 29, 2023.*

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

Board Human Resource & Remuneration Committee	Mr. Waheed Ahmed Shaikh	Chairman
	Mr. Awais Manzur Sumra	Member
	Mr. Mohammad Hassan Iqbal	Member
	Mr. Mushtaq Malik	Member
	Syed Muhammad Taha	Member
Board Procurement Committee	Mr. Mohammad Hassan Iqbal	Chairman
	Mr. Arshad Majeed	Member
	Mr. Mushtaq Malik	Member
	Mr. Shahbaz Tahir Nadeem	Member
	Mr. Waheed Ahmed Shaikh	Member
Board Finance & Risk Management Committee	Mr. Awais Manzur Sumra	Chairman
	Mr. Ahmed Jamal Mir	Member
	Mr. Arshad Majeed	Member
	Mr. Asif Baigmohamed	Member
	Mr. Mohammad Hassan Iqbal	Member
Board IT & Innovation Committee	Mr. Shahbaz Tahir Nadeem	Chairman
	Mr. Ahmed Jamal Mir	Member
	Mr. Asif Baigmohamed	Member
	Mr. Mushtaq Malik	Member
	Syed Muhammad Taha	Member
Board Strategy & Diversification Committee	Mr. Asif Baigmohamed	Chairman
	Mr. Ahmed Jamal Mir	Member
	Mr. Awais Manzur Sumra	Member
	Mr. Waheed Ahmed Shaikh	Member
	Syed Muhammad Taha	Member

Details of Board Audit and Compliance Committee are given in paragraph 21.

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

Board Sub-Committee	Frequency
Board Audit & Compliance Committee	4
Board Human Resource & Remuneration Committee	6
Board Procurement Committee	8
Board Finance & Risk Management Committee	-
Board IT & Innovation Committee	3
Board Strategy & Diversification Committee	1

d) Five BOM members have a certification under Directors' Training Programme and the rest of the Board members will be trained by June 30, 2024.

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

Asif Baigmohamed
Chairman

August 23, 2023
Karachi

Corporate Governance

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, 2023 to comply with the requirements of regulation 36 and rule 24 of Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013 respectively.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the BOM's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Codes require the Company to place before the Board Audit and Compliance Committee, and upon recommendation of the Board Audit and Compliance Committee, place before the BOM for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the BOM upon recommendation of the Board Audit and Compliance Committee.

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

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended June 30, 2023 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.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
September 28, 2023

UDIN: CR202310202F7BkpYOI1

Attendance at the Board of Management and Board Committee Meetings

For the year ended June 30, 2023

Names of Members	Board of Management		Board Audit & Compliance Committee		Board Human Resource & Remuneration Committee		Board Procurement Committee		Board IT & Innovation Committee		Board Strategy & Diversification 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. Asif Baigmohamed	1	1	-	-	-	-	-	-	-	-	-	-	1	1
Syed Muhammad Taha	14	14	-	-	6	6	3	3	3	2	1	1	27	26
Mr. Ahmed Jamal Mir	1	1	-	-	-	-	-	-	-	-	-	-	1	1
Mr. Arshad Majeed	14	11	4	3	-	-	8	7	-	-	-	-	26	21
Mr. Awais Manzur Sumra	6	6	1	1	-	-	-	-	1	1	-	-	8	8
Mr. Mohammad Hassan Iqbal	6	6	-	-	2	2	3	3	-	-	-	-	11	11
Mr. Mushtaq Malik	1	1	-	-	-	-	-	-	-	-	-	-	1	1
Mr. Shahbaz Tahir Nadeem	8	8	-	-	-	-	3	3	1	1	-	-	12	12
Mr. Waheed Ahmed Shaikh	1	1	-	-	-	-	-	-	-	-	-	-	1	1
Mr. Zafar I. Usmani	13	13	-	-	6	6	-	-	3	3	1	1	23	23
Mr. Muhammad Anwer	8	7	2	2	-	-	5	5	-	-	1	1	16	15
Mr. Muhammad Hamayun Khan Barakzai	13	12	4	4	6	6	8	8	-	-	-	-	31	30
Ms. Tara Uzra Dawood	13	13	4	4	6	6	-	-	3	3	-	-	26	26
Mr. Hassan Mehmood Yousufzai	8	8	-	-	4	4	5	5	-	-	1	1	18	18
Ms. Saira Najeeb Ahmed	6	6	-	-	-	-	-	-	1	1	-	-	7	7

* 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)

The Management Committee (ManCom) is the prime management body responsible for deciding how the organization will be operated as a whole. The ManCom approves, steers and reviews key projects from conceptualization to implementation; conducts periodic reviews of various business matters and elements of the annual plan that include strategy, performance targets, projects and budgets. 38 ManCom meetings were held in FY23.

Compensation, Organization & Employee Development Committee (COED)

The Compensation, Organization & Employee Development (COED) Committee plays a crucial role in thoroughly examining all facets of Human Capital Management encompassing a wide range of areas such as Organizational Development, Employee Progression & Development, Performance Management, Compensation, and HR Governance. 15 COED meetings were held during FY23.

Report to Shareholders

The Board of Management (BOM) presents the comprehensive financial and operational performance of the company for the year ended June 30, 2023. This report highlights the significant achievements and advancements made by PSO during this period.

Global Economic Environment

In today's fast-paced and interconnected world, the global economic environment plays a pivotal role in shaping the trajectories of businesses. With markets becoming increasingly intertwined and boundaries blurred, it is imperative for stakeholders to keep a pulse on the ever-evolving dynamics of the international economy. The intricate web of trade agreements, geopolitical tensions, technological advancements, and shifting consumer behaviours all contribute to the complex tapestry of the global economic landscape.

The global economy is currently facing significant challenges as growth slows due to factors such as rising inflation, increased interest rates, reduced investment, and ongoing disruptions caused by global conflicts. Furthermore, high food price inflation persists worldwide, exacerbating the situation, while several countries continue to grapple with double-digit inflation rates.

Emerging markets and developing economies (EMDEs) are facing an increasing risk of financial stress due to the impact of elevated global interest rates. The convergence of the pandemic, the Russia-Ukraine conflict, and the challenging global financial conditions have dealt a significant blow to the progress of development in these economies. As a result, growth projections for these economies have been revised downward substantially, now expected to be less than 3% in CY23. Consequently, Pakistan has witnessed a widening of sovereign risk spreads, a depreciation of domestic currencies, and a further reduction in the already limited fiscal space.

Pakistan's Economic Review

Pakistan, like many other developing nations, encountered significant financial vulnerabilities during FY23. In order to tackle substantial imbalances in fiscal and external factors, the government implemented policy tightening measures, which led to a slowdown in the country's economic development.

Real GDP showed a modest growth of 0.3% in the year, however, this was not uniform across sectors. The large scale manufacturing sector faced a significant decline of 10.3%, underscoring the challenges it encountered. On the other hand, the service sector saw a meagre growth of 0.9%, indicating a slower pace of expansion. Despite the adversity of flash floods, the agriculture sector defied the odds and managed to achieve a growth rate of 1.6%.

The exorbitant international prices have caused a significant increase in both food prices and the cost of doing business while exerting excessive pressure on the value of Pak Rupee. The Consumer Price Index (CPI) inflation rate for the year soared to 29.2%, a significant jump from the previous year's 12.2%.

To tackle these challenges, the central bank raised the policy rate by a staggering 825 basis points, bringing it to 22% to manage the imbalances caused by the high inflation rate.

However, these stringent measures, including the high interest rates and import restrictions, have generated headwinds for both businesses and consumers. The increased cost of borrowing and limited access to imported goods have created further challenges for the economy.

Despite facing various hurdles, Pakistan has exhibited resilience and demonstrated promising growth potential. Efforts to diversify the economy, improve infrastructure, and attract foreign investment have yielded positive results. By fostering a conducive business environment, enhancing human capital, and promoting innovation, Pakistan can unlock its true economic potential and embark on a path of inclusive and equitable growth.

Petroleum Industry Overview

The petroleum industry in Pakistan plays a significant role in the country's economy. Pakistan relies heavily on the petroleum industry to meet its energy demands. The petroleum industry in Pakistan faces various challenges including fluctuating global oil prices, geopolitical uncertainties, security concerns, and infrastructure limitations. The country's growing population and increasing energy demands pose additional pressure on the industry to meet the ever-rising needs.

The petroleum industry in Pakistan experienced a significant decrease of 22% in white oil, with MoGas dropping by 17% and diesel by 29%. This decline can be attributed to several factors, including a slowdown in economic activities, rising fuel prices, and the influx of petroleum products from the western border.

Additionally, there was a substantial 45% decrease in the demand for black oil, as a result of reduction in furnace oil-based power generation by 62% on YoY basis. This reduction in furnace oil-based power generation was a result of a 10% decrease in electricity production in the country. The overall liquid fuel consumption in Pakistan was 16.9 million tons reflecting a decrease of 26% compared to the previous year.

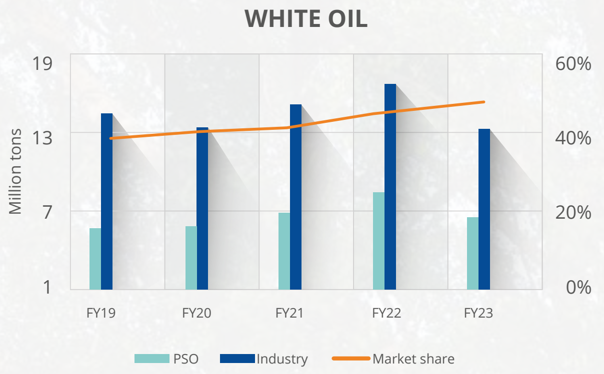
Furthermore, there has been a significant decline in automobile sales, with car sales dropping by nearly 59% compared to the previous year. This decline is part of an overall decrease of 38% in the automotive industry. This trend is expected to continue into the coming year as a result of escalating car prices and the imposition of high interest rates on auto loans.

Report to Shareholders

Company Performance

As the leading energy company, PSO plays a pivotal role in ensuring the energy supply chain of the country.

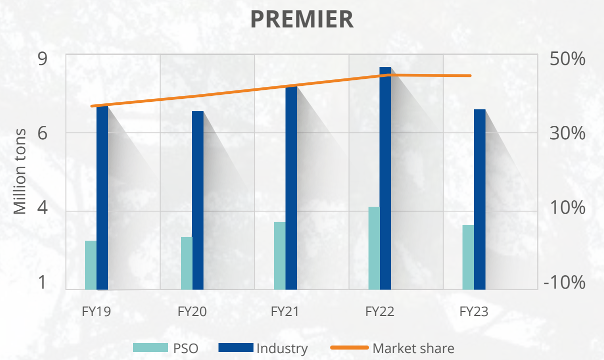
Despite facing adverse challenges, PSO demonstrated remarkable resilience and further strengthened its stronghold in the country's white oil market. In a highly competitive landscape, PSO solidified its position as a dominant player with a 1.8% growth in white oil market share, surpassing its performance from the previous year and allowing the company to capture approximately 51% of the industry's total volume. PSO's positive momentum can be attributed to its performance in the diesel segment, where it witnessed a substantial increase of 2.8% in market share, culminating at 54.4%. The results signify the company's unwavering commitment to excellence and its ability to adapt and prosper amidst challenging circumstances.



Recognizing its leadership and strategic position in fulfilling the fuelling needs of Pakistan, PSO has successfully expanded its retail presence by adding 49 new retail outlets over the course of the year propelling its extensive network to a count of 3,528 outlets, effectively spanning across the nation.

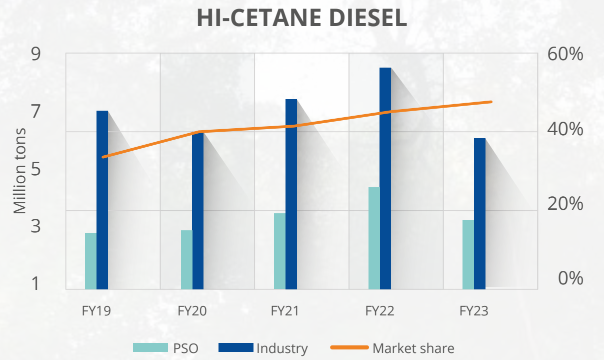
MoGas

With unwavering dedication and effort, PSO successfully retained its position as the market leader in the MoGas industry, maintaining its market share at 44.2%. Despite the prevailing economic challenges, which led to a decline in the country's overall MoGas sales, PSO managed to sell 3.3 million tons during the year. The company's commitment to consistently delivering superior service helped PSO navigate through the turbulent market conditions and emerge as a trusted and reliable partner in the industry.



Diesel

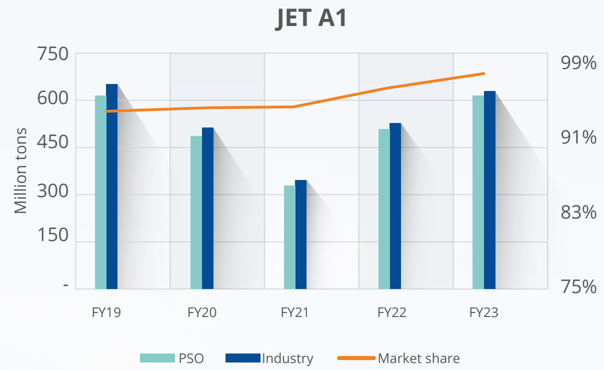
In the industry, diesel sales have undergone a significant decline. This downturn can be attributed to a combination of factors including economic contraction, flash floods, a substantial 48% decline in tractor sales, persistently high fuel prices, and an influx from the western border. As a result, the total diesel sales for the year were limited to 6.4 million tons. The industry experienced a decline of nearly 29%, while PSO witnessed a slightly lower decline of 25%. During the year, PSO sold 3.4 million tons of diesel, capturing a market share of 54.4% -- an increase of 2.8% over previous year.



Report to Shareholders

Jet Fuel

PSO continued to dominate the aviation industry by upholding its leadership position with a market share of 98%. Demonstrating exceptional progress, the company achieved a remarkable growth of 21% compared to the previous year, culminating in a total volume of 621 thousand tons for the year. This significant accomplishment can be attributed to the company's strategic partnership with several new airlines, further expanding its customer base and reinforcing the industry dominance.

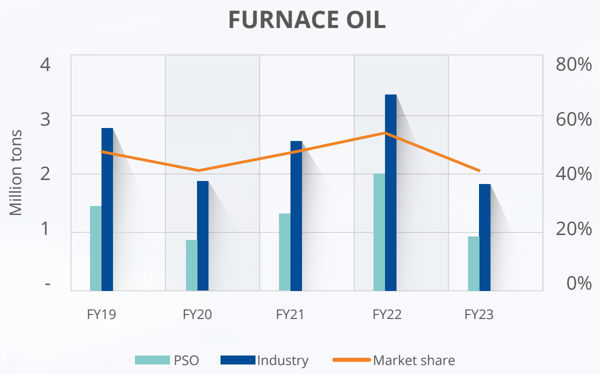


PSO's contribution in the aviation business has played a pivotal role in bolstering Pakistan's foreign exchange reserves. By providing refuelling services to international airlines, PSO has generated a substantial amount of USD 293 million in revenue for the nation.

Furnace Oil

The furnace oil industry experienced a significant downturn, with a 46% decline in consumption primarily attributed to a decrease in demand from the power sector due to a prolonged monsoon season and a shift in the country's energy mix. The addition of nuclear, coal, and hydel power plants has altered the demand dynamics, leading to a reduced reliance on furnace oil.

During the year, the company sold 1.1 million tons of furnace oil. PSO understands the need to adapt to the changing energy landscape and is actively exploring alternative strategies to remain competitive.

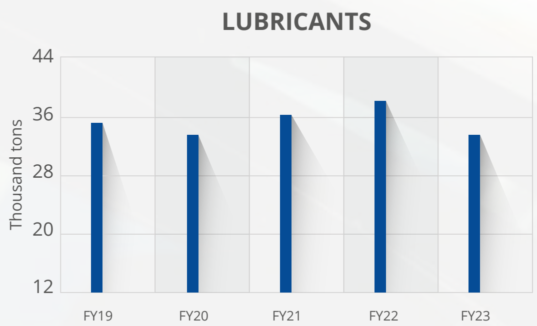


Report to Shareholders

Lubricants

The lubricant industry, much like the overall energy sector, is significantly influenced by various factors. The current landscape of the industry has been shaped by a series of challenges, including soaring inflation, fluctuations in the Pakistani Rupee (PKR) exchange rate, import restrictions, a decline in vehicle sales, rising prices, high financing costs, and market penetration of long drain oil.

As a result, the overall industry witnessed a decline of 16% compared to the previous year, while PSO has been successful in increasing its market share to 25.2% -- an increase of 1.3%.



PSO's commitment lies in continuously developing superior products that consistently fulfil customer demands while conforming to international standards. Throughout the year, PSO has made significant enhancements and upgrades to the lubricant portfolio which include the following:

- Introduced 2 high-tier products in the automotive lubricant range to cater to the evolving needs of its customers:

  1. PSO CARIENT S-PRO – Opticore Technology – API SP (viscosity 0W-20 and 5W-30)

  2. PSO DEO MAX – Oxidation Resistance Technology – API CK-4/SN SAE 15W-40 – Pakistan's first fully synthetic heavy-duty diesel engine oil

- Added synthetic gear oil, PSO Synthetic SMO Gold, for open gear. It has performed successfully in field trials and has consistently demonstrated excellent performance while picking up traction in the sugar industry

- Received OEM approval for PSO DEO 8000 API CI-4/SL SAE 15W-40, from Volvo Group Trucks Technology. This milestone highlights the company's commitment to delivering high-quality products that meet the rigorous standards set by industry leaders like Volvo

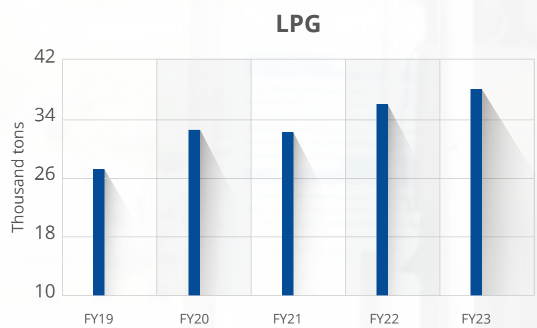
- Obtained API licenses for the following products:
  1. PSO CARIENT FULLY SYNTHETIC API SN SAE 5W-30
  2. PSO CARIENT ULTRA API SN-Resource Conserving-SAE 10W-30
  3. PSO DEO 8000 API CI-4/SL SAE 15W-40

Report to Shareholders

Liquefied Petroleum Gas

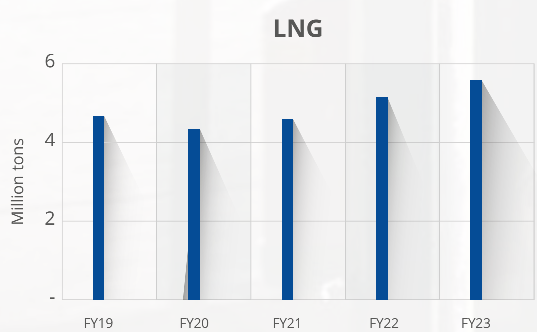
The LPG industry experienced a 6% growth over last year, primarily driven by the shortage of pipeline gas in the country. As a reliable and proven alternative fuel, LPG holds immense growth potential in the domestic, commercial, and industrial sectors of Pakistan.

PSO expanded its business and achieved a record-breaking sales volume of 40.3 thousand tons, marking a 9% growth.



Liquefied Natural Gas

PSO, the largest LNG importer in the country, holds 2 long-term contracts with Qatargas on a G2G basis guaranteeing the supply of a combined 6.75 million tons of LNG annually. During the year, PSO successfully imported 98 LNG vessels, totalling approximately 6 million tons. Smooth supply chain operations were ensured through close coordination with all stakeholders.



In a significant milestone for Pakistan, PSO achieved a momentous victory in a high-profile arbitration case in the London Court of International Arbitration, securing USD 14.6 million. This historic moment marks Pakistan's ground-breaking victory in an international arbitration matter after more than 2 decades.

Report to Shareholders

Fuel Cards & Fuelink

PSO Cards defied the industry trend and achieved a significant milestone with an overall growth of 50% compared to the previous year, resulting in an increase of 56% in gross earnings.

During the year, PSO successfully negotiated a favourable Merchant Discount Rate (MDR) applicable on bank card transactions. This achievement led to significant annual savings of over PKR 300 million, which will continue to benefit the company in the long run.

PSO has revolutionized the Fuelink mobile application to offer unrivalled convenience and deliver a flawless digital journey for its customers. The company's redefined app boasts a host of innovative features, designed to enhance user experience and simplify their interactions with PSO's services. The added features include:

- Facilitating seamless transfer of funds and points within the DIGICASH community
- Conveniently pre-ordering new or replacing used LPG cylinders and collecting them from a nearby PSO retail outlet. The company provides flexible payment options, allowing customers to make advanced payments through the user-friendly mobile app or cash payment at the time of collection
- Improved customer order and delivery experience for PSO lubricants through door step delivery option, facilitating customers in selecting from a variety of PSO lubricants, ensure timely service through online booking along with notifications
- Optimized and convenient payment options including PSO wallet, PSO card, bank cards and cash on delivery

Moreover, PSO has enhanced the utilization of 1-Link services for customers of the DIGICASH app. This enhancement allows for top-up functionality through virtual account systems, providing customers with more convenient ways to add funds to their accounts.

Report to Shareholders

Non-Fuel Retail

PSO's vision is to revolutionize the company's extensive network of retail outlets, transforming them into "Islands of Service Excellence" that go beyond traditional fuel stations. These centres will provide customers with a one-stop solution, offering various value-added services including convenience stores, quick service restaurants, and other amenities.

PSO has become the first OMC to install EV charger infrastructure at one of the busiest inter-city routes at Bhera service area, both in the north and south, along the M-2 Motorway. This addition brings the total to 4 charging stations, with existing 2 stations in the prominent cities of Lahore and Islamabad, ensuring the company's end-to-end conectivity with customers.

Furthermore, the company has increased its presence to over 200 Shop Stops. These convenient and accessible locations are spread across remote and far-flung areas, bringing the convenience store experience to regions like Quetta, Abbottabad, and Swat. This initiative aims to provide essential services and products to customers in these areas, ensuring they have access to high standard facilities just like their urban counterparts.

Customer Service

PSO's call centre is one of the first points of contact for the business and plays a pivotal role in providing exceptional customer care. Recognizing the significance of Ta'aluq Care Line in building and maintaining PSO's brand equity, the company has taken steps to modernize and enhance the call centre operations.

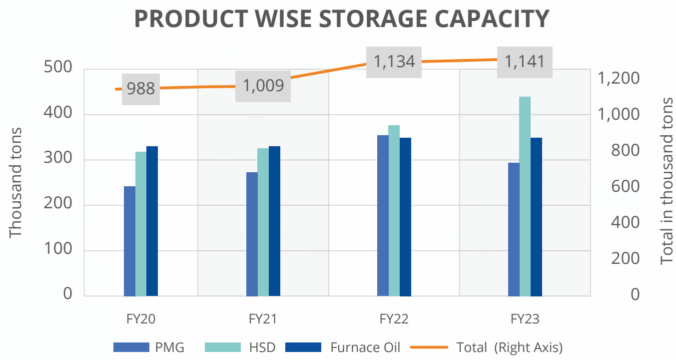
PSO has actively invested in training its forecourt staff, ensuring that they are equipped with the necessary skills to provide excellent customer service. PSO organized over 100 customer service days at retail outlets to reinforce its customer service philosophy.

Report to Shareholders

Operations

PSO has prioritized investments in infrastructure development to strengthen its supply chain and ensure a smooth, efficient, and reliable product supply to customers across the country.

As part of PSO's reliability program, the company has successfully rehabilitated 79 thousand tons of existing storage facilities during this period. Additionally, the company is currently developing new storage capacities of 91 thousand tons at Faisalabad, Faqirabad, and Mehmoodkot terminals. These initiatives will increase the company's overall storage capacity to 1.23 million tons across Pakistan. By expanding its storage capabilities, PSO is able to maintain an operational availability of over 90% throughout the year.



Despite economic challenges and climate-related catastrophes, which have led to a significant decrease in the overall demand for petroleum products, PSO has proactively managed to optimize its inventory by implementing rational import practices and upliftment from local refineries. These measures have helped PSO in avoiding costly demurrages.

Furthermore, PSO remained the only OMC that maintained MoGas transshipment through the White Oil Pipeline, successfully transshipping 834 thousand tons during the year. This accomplishment has not only resulted in significant savings on freight costs but has also contributed to reducing its carbon footprint.

Report to Shareholders

Technology

PSO believes that technology plays a crucial role in enhancing the value of a company. PSO is dedicated to utilizing technology in its operational controls to improve efficiency and minimize risks. The company's digital initiatives are in line with its transformation strategy, aiming to create a comprehensive presence for PSO's supply chain with an end-to-end digital footprint.

In line with the above, PSO has successfully completed several projects this year, resulting in increased data generation, system integration, and improved monitoring of its supply chain operations. These projects include:

- Integration and automation of 2 additional terminals at Machike and Sihala, bringing the total to 5, allowing for smoother operations and ensuring the right quality and quantity of fuel

- Integration of an additional 600 retail outlets with PSO's central command and control system, bringing the total to 1000. This real-time monitoring system enables the company to effectively monitor, control, and plan operations. It also eliminates the need for human intervention in updating prices.

- Implementation of the Automated Queue Management & Scheduling System (AQMS) for tank lorries at 3 additional locations: Faisalabad, Machike, and Sihala. This brings the total number of locations with AQMS to 7, including 4 locations in Karachi. This system automates the allocation of loads and generates filling tokens without the need for human intervention

PSO is revolutionizing its supply chain operations and embracing technology to drive efficiency, transparency, and effectiveness.

Human Resource

Recognizing that a company's employees are its most vital asset, the company focuses on enhancing human resource practices to create a workplace where individuals can thrive, contribute to PSO's success, and ultimately drive growth and development of the energy sector.

During the year, PSO implemented a comprehensive 360° feedback system to evaluate employee effectiveness from a holistic perspective. This process incorporates feedback from subordinates, peers, supervisors, and employees themselves, providing the company with a comprehensive understanding of individual performance.

In line with the company's dedication to employee development and growth, PSO launched a Leadership Acceleration Program to nurture talent. A comprehensive talent mapping exercise was conducted for the management employees across Pakistan. This assessment allowed PSO to identify existing skills and pinpoint areas of improvement, providing a solid foundation for employee development to meet both current and future organizational needs.

To ensure transparency and open communication, PSO organized a corporate town hall meeting that drew over 2,000 employees from across Pakistan. This gathering served as a platform to discuss and share financial results, operational performance, upcoming challenges, and the company's future direction.

In its commitment to equip students with the necessary skills and knowledge for success in the job market, PSO actively participated in career fairs at various universities. By engaging with these events, PSO aims to attract talent and future leaders.

PSO strives to ensure provision of equal opportunities by supporting diversity within its workforce which includes 8% female employees in the management cadre. To empower its employees to maintain a harmonious work-life balance, the company has an on-site daycare facility at its head office that provides a nurturing, safe and healthy environment for children. Additionally, PSO actively seeks to include uniquely-abled employees and individuals from underprivileged areas, fostering an inclusive and diverse work environment.

To enhance learning opportunities for its employees nationwide, the company launched the "PSO Learning Academy." This innovative online learning management system serves as a centralized platform for delivering and managing learning content, ensuring accessible and effective professional development for all PSO employees.

During the year, PSO organized a range of events, including women meetups and employee vitality and well-being programs. These initiatives aim to promote healthy living and foster a supportive and thriving work environment for all.

Report to Shareholders

Whistle Blowing Policy

PSO prioritizes transparency, accountability, and ethical conduct in all aspects of its operations. To ensure that these values are upheld, the company has implemented a robust whistle blowing policy that encourages and protects individuals who raise concerns regarding any wrongdoing or unethical practices within the organization. This policy provides a safe and confidential platform for employees, contractors, suppliers, and other stakeholders to report any misconduct, such as fraud, corruption, or violations of laws and regulations. In order to foster an open culture where individuals feel empowered to speak up, the company is committed to thoroughly investigating all reports in a fair and impartial manner.

PSO believes that whistle blowers play a crucial role in safeguarding the integrity of the company, and are dedicated to providing them with the necessary support and protection. By actively promoting a speak-up culture, PSO is committed to create an environment where ethical behaviour is not only expected but recognized.

Business Principles and Ethics Policy

PSO's Business Principles and Ethics Policy serves as the guiding compass for all employees, setting a definitive standard for the business and professional conduct. With an unwavering commitment to the highest ethical standards, the company aligns itself with its core values and prioritizes PSO's interests above any personal gain.

By adhering to these principles, PSO not only upholds its integrity but also fosters a culture of trust and transparency within the company. This policy establishes a strong foundation that enables employees to make ethical decisions and maintain the company's reputation as a trusted and responsible corporate entity.

Conflict of Interest Policy

The company's policy is designed to proactively identify specific situations that could potentially conflict with the company's interests. In order to maintain transparency and uphold the principles of fairness and impartiality in its decision-making processes, PSO conducts an annual review to update and maintain records of any potential conflicts. This practice guarantees that the employees are well-informed and equipped to address and resolve any conflicts that may arise.

By consistently reviewing and addressing potential conflicts, PSO ensures a harmonious and ethical work environment, where all decisions are made with integrity and in the best interests of the company.

Environmental Social Governance

PSO has embarked on a transformative journey towards Environmental, Social, and Governance (ESG) practices aimed at promoting sustainability and responsible business operations.

Environmental

PSO recognizes that environmental concerns are of utmost importance, and is committed to minimizing its ecological footprint. Through various initiatives, such as energy conservation programs and the adoption of cleaner technologies, the company aims to reduce emissions and promote a greener future.

PSO pledges to adhere to its HSE Policy and has taken the following steps in this regard:

1. PSO has conducted a comprehensive carbon footprint study which involved identifying both direct and indirect sources of emissions and calculating greenhouse gas (GHG) emissions using internationally recognized methods such as those defined in the GHG protocol, PAS 2050, and other footprint calculation standards.

2. As part of its commitment to sustainability, PSO is actively transforming company facilities and retail outlets to rely on clean solar power generation. To kick-start this initiative,

PSO has successfully installed a solar power plant at the Shikarpur Terminal. By harnessing the power of the sun, the company aims to reduce its reliance on traditional energy sources and contribute to a greener future.

Net Zero Emissions

1. As the company continues to prioritize energy investments, PSO's commitment to becoming a net zero emission business by 2050 remains central to its strategic vision. To this end, PSO seeks to reduce carbon emissions from its operations by 50% by 2035.

2. Additionally, PSO has made significant strides by increasing investments in solar energy, electric vehicle charging infrastructure, and other sustainable solutions.

Social

In addition to environmental concerns, PSO also prioritizes social responsibility. The company actively engages with local communities, supporting educational programs, healthcare initiatives, and community development projects. The company believes in creating a positive impact on society and strives to contribute to the well-being of the communities it operates in.

Health and Safety – PSO prioritizes the well-being and safety of its employees, contractors, customers, and the public through a strong HSE Management System.

PSO's dedication lies in building a fair and responsible business that places utmost importance on CSR and ethical practices. In order to achieve this, the company has outlined the following commitments:

1. Foster an inclusive and diverse workplace, where every individual feels valued and respected

2. Uphold human rights in accordance with internationally recognized standards

3. Invest in local communities to contribute towards their growth and development

4. Engage in charitable outreach to make a positive impact on society

5. Sustain a commendable level of ethical business practices to ensure integrity and trust

By adhering to these commitments, the company strives to create an organization that not only excels in business but also actively contributes to the betterment of society.

Governance

PSO understands the significance of good governance practices and has implemented robust systems and processes to ensure transparency, accountability, and ethical conduct. The company adheres to strict compliance standards, promoting fair business practices and fostering trust among its stakeholders.

Business Principles and Ethics Policy is in place which covers:

- Bribery and Corruption
- Conflict of Interest
- Confidentiality
- Public activities
- Proper recording of funds, assets, receipts, disbursements
- Relationship and dealing with govt. officials, media, suppliers, consultants, agents, intermediaries and other parties
- Workplace harassment
- Anti-trust laws, etc.
- Code of Conduct
- Financial/annual report disclosure
- Compliance of PSX and SECP Rules and Regulations

PSO's journey towards ESG is not just a commitment, but a strategic approach that aligns with global best practices. By embracing ESG principles, the company intends to create long-term value for its shareholders, customers, and the society at large.

Report to Shareholders

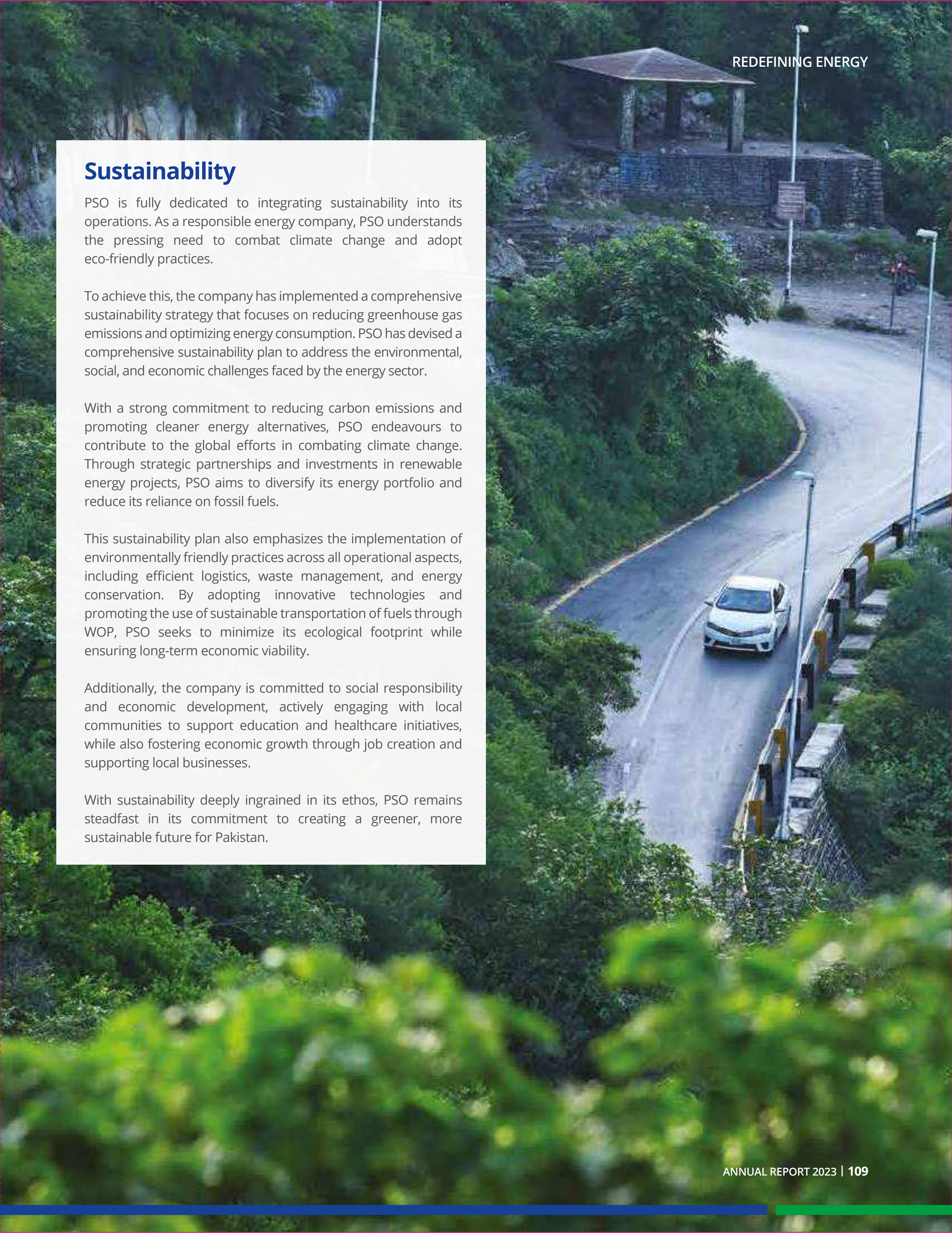
Quality Assurance and HSE

PSO is proud to share the prestigious recognition by BP's International Lab Correlation Program (BP ILCP) 2022-23 where PSO's laboratories at Lube Manufacturing Terminal and Keamari Terminal (KTA) have been evaluated as "Excellent" among 100 global participants through a round-robin cross check program. This international recognition depicts the precision and accuracy of the company's laboratories that ensure the provision of top quality lubricants for its valuable customers.

The company takes great pride in its commitment to quality, health, safety, and the environment. In addition to the already certified facilities at Zulfiqarabad, Machike, and Sihala, 3 facilities at KTA, Mehmoodkot, and Tarujabba have also obtained ISO 45001 Occupational Health & Safety certification. This certification demonstrates PSO's dedication to maintaining a safe and healthy working environment for its employees.

To ensure road safety, PSO prioritized the training of over 3,000 tank lorry drivers in defensive driving and emergency response practices throughout the year. Additionally, the company engaged third-party professionals to inspect 9,500 tank lorries, ensuring compliance with the required safety standards.

PSO remains steadfast in the pursuit of excellence in quality, health, safety, and environmental practices.



Sustainability

PSO is fully dedicated to integrating sustainability into its operations. As a responsible energy company, PSO understands the pressing need to combat climate change and adopt eco-friendly practices.

To achieve this, the company has implemented a comprehensive sustainability strategy that focuses on reducing greenhouse gas emissions and optimizing energy consumption. PSO has devised a comprehensive sustainability plan to address the environmental, social, and economic challenges faced by the energy sector.

With a strong commitment to reducing carbon emissions and promoting cleaner energy alternatives, PSO endeavours to contribute to the global efforts in combating climate change. Through strategic partnerships and investments in renewable energy projects, PSO aims to diversify its energy portfolio and reduce its reliance on fossil fuels.

This sustainability plan also emphasizes the implementation of environmentally friendly practices across all operational aspects, including efficient logistics, waste management, and energy conservation. By adopting innovative technologies and promoting the use of sustainable transportation of fuels through WOP, PSO seeks to minimize its ecological footprint while ensuring long-term economic viability.

Additionally, the company is committed to social responsibility and economic development, actively engaging with local communities to support education and healthcare initiatives, while also fostering economic growth through job creation and supporting local businesses.

With sustainability deeply ingrained in its ethos, PSO remains steadfast in its commitment to creating a greener, more sustainable future for Pakistan.

Report to Shareholders

Corporate Social Responsibility

PSO exemplifies its commitment through its CSR Trust by providing financial assistance of over PKR 1.3 billion over the span of five years to various charitable organizations in Pakistan, primarily focused on healthcare, education, community development, disaster management and environment sectors.

In order to support CSR activities, the company allocates a certain percentage of its profit. These contributions are made in compliance with applicable bylaws and policies, including the Corporate Social Responsibility Voluntary Guidelines, 2013, issued by the Securities & Exchange Commission of Pakistan (SECP), as well as the objectives outlined in the Trust Deed. The CSR Trust has obtained certification from the Pakistan Centre of Philanthropy (PCP), enabling it to achieve the status of a Non-Profit Organization (NPO) recognized by the Federal Board of Revenue.

The spell of heavy monsoon rains in the year created a devastating situation across the country that left around 33 million people vulnerable. Relief activities of approx. PKR 67 million were carried out throughout Pakistan with more than 100 company employee volunteers working on ground in 56 camps all over the country. PSO distributed 27,000 ration bags to the families, provided cooked foods to about 100,000 individuals along with medicine aid, baby food items, tents, mosquito nets, blankets and accommodation to countless flood affectees. With the support of HANDS, the Trust is embarking on the rehabilitation of a village destroyed by floods.

Collaborating with Saylani Welfare International Trust, PSO conducted a ration distribution drive across Pakistan, reaching over 22,000 deprived families by contributing PKR 100 million in 14 different locations. Additionally, due to high inflation, the Trust distributed more than 12,000 ration bags worth PKR 80.6 million, to employees of its contractors working in various parts of the country.

By building partnerships with reputable institutions, PSO CSR Trust plays a pivotal role in improving nationwide healthcare coverage to the people of Pakistan. During the year, PSO CSR Trust made a significant contribution of approx. PKR 73 million to various healthcare providers.

In the education sector, PSO supported underprivileged students at every level, from grassroots to primary, secondary, and professional education with a support of approx. PKR 82 million. The Trust contributed to the operational costs of 6 education campuses run by The Citizen Foundation, empowering 279 visually impaired individuals through the Ida Rieu Welfare Association. By offering free education and related services, PSO believes in enabling these individuals to overcome challenges and achieve their dreams, from early childhood education to postgraduate level.

As part of its commitment to social upliftment and the betterment of society, PSO CSR Trust creates an enabling environment to support deprived individuals who have been neglected. In FY23, PSO contributed approx. PKR 165 Million to build communities through HANDS, Hunar Foundation, Saylani Welfare International Trust, Family Education School System, Karachi Vocational Training Centre etc.

At the very core of PSO lies a deep-rooted ethos of compassion and generosity. PSO's unwavering mission is to create a tangible and uplifting difference in the lives of those who are in need, with the ultimate goal of fostering a brighter and stronger Pakistan.

CSR Achievements

- PSO CSR Trust received recognition for its exceptional efforts at the 12th Annual CSR Summit & Awards organized by The Professional Networks. This prestigious award is not only the first but also the only registered CSR Award in Pakistan, recognized by the Intellecutal Property Organization (IPO) Government of Pakistan
- HANDS, in collaboration with the I-Care Foundation Pakistan, acknowledged PSO for the remarkable contrbution made by PSO CSR Trust in flood relief activities
- Lahore University of Management Sciences (LUMS) presented a prestigious shield to PSO CSR Trust for its support for the National Outreach Programme
- Karachi Vocational Training Institute presented a shield to PSO CSR Trust for continued support in empowering and uplifting differently-abled children

Awards and Accolades

In the Oil & Gas Marketing Companies sector, PSO emerged as the winner of the first prize at the Management Association of Pakistan (MAP)'s 37th Corporate Excellence Awards 2022. This accolade acknowledges PSO's outstanding performance and leadership in the industry.

PSO Carient S-PRO received the esteemed Jury Award for the Best Campaign of the Year at the Pakistan Digital Awards 2023. This award-winning campaign serves as a testament to PSO's ability to set new standards in the digital marketing arena. It showcases PSO's innovative and impactful approach to digital marketing, leaving a lasting impression on the industry.

In the Fuel and Energy sector, PSO secured a joint first position at the Best Corporate Report Awards for the year 2021, organized by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). This recognition highlights PSO's commitment to excellence in corporate reporting.

PSO was honoured with the 'Silver' award at the South Asian Federation of Accountants (SAFA) for The Best Presented Annual Report 2021 in the category of Public Sector Entities. This recognition, held in Nepal, underscores PSO's dedication to transparency and professionalism in the annual report.

Report to Shareholders

Strategic Initiatives

In pursuit of PSO's long-term strategy and diversification plan, the company remains dedicated to creating value for stakeholders. Throughout the year, the company has implemented several strategic initiatives that align with this commitment.

To address the evolving business environment and meet customer needs, PSO has established its presence in the fintech sector with the incorporation of Cerisma (Pvt.) Limited, a non-banking finance company. This entity will be responsible for executing and expanding the existing fintech operations, as well as exploring new ventures. By leveraging its extensive customer base, retail network, and expertise in corporate fund flow management, Cerisma will support PSO in building a robust digital ecosystem.

Recognizing the importance of renewable energy and the government's goal of generating 60% of energy from renewable resources by 2030, PSO has established another new company, PSO Renewable Energy (Pvt.) Limited. This entity will focus on developing, executing, and managing renewable energy assets and commercial projects. By actively contributing to the country's renewable energy policy, PSO aims to make a positive impact on the environment while creating value for the stakeholders.

With the brownfield refining policy in effect, Pakistan Refinery Limited (PRL) is well-positioned to avail the offered incentives. PRL has engaged a renowned consultant to conduct front end engineering-design (FEED) for its refinery upgrade and expansion project. This initiative endeavours to enhance the capacity and sustainability of the refinery, providing significant value for shareholders.

Another strategic project underway is the Keamari Korangi Link-Pipeline (KKLP-II), which will connect the 2 ports of Karachi thus increasing operational manoeuvrability of the ports while curtailing unnecessary outlay of foreign exchange in the form of demurrages. PSO has completed the FEED for KKLP-II and obtained in-principle No Objection Certificates (NOCs) from all stakeholders. Currently, PSO is in the process of formalizing rent agreements for the right of way (ROW).

Financial Management

Despite the significant financial challenges posed by the current economic conditions in the country, PSO has managed to stay afloat while grappling with an exorbitant finance cost of PKR 40 billion, which has surged by a staggering 754% compared to last year.

International oil price volatility has remained one of the key financial risks of the oil industry. The year saw declining prices of Brent crude oil from month-average of US$ 113/b in July 2022 to US$ 75/b in June 2023, causing inventory losses to the oil industry. However, PSO has been successful in restricting the damage with careful and effective management of the supply chain and inventory levels.

The company is grateful for the support of the Government in increasing OMC margins for MoGas and diesel, as this has helped to mitigate the impact of the economic challenges on PSO's financials to some extent.

In terms of financial performance, PSO posted profit after tax of PKR 5.7 billion (FY22: PKR 86.2 billion) translating into earnings per share (EPS) of PKR 12.1 (FY22: PKR 183.7). On a consolidated basis, the group collectively posted profit after tax of PKR 9.3 billion (FY22: PKR 91.2 billion) for the year, translating into an EPS of PKR 19.9 (FY22: PKR 194.4).

Considering the company's performance, the Board of Management has announced a 75% percent cash dividend (equivalent to PKR 7.5 per share), resulting in an overall pay-out of PKR 3.5 billion. The company has transferred PKR 243.7 million (FY22: PKR 1,478.6 million) to PSO venture capital fund.

The circular debt crisis continues to be a serious issue for the company. Average circular debt receivables in the year increased by 56% from last year's average, wherein average receivables from SNGPL increased by 84%. Total receivables stood at PKR 499 billion as of June 30, 2023, wherein, receivables from SNGPL were PKR 344 billion. A number of options are under discussion with the government to resolve the issue and curtail the unwarranted onus on PSO's financials.

Report to Shareholders

Strategy to Overcome Liquidity Challenges and Management of Debts

In order to effectively address liquidity challenges and manage its debts, the company is implementing the following measures:

- PSO is in constant engagement with GoP and customers from the power sector, Pakistan International Airlines (PIA), and Sui Northern Gas Pipelines Limited (SNGPL). Through the submission of various proposals and conducting detailed sessions with the GoP, efforts have been made to resolve circular debt issues and prevent any further accumulation of receivables from SNGPL
- To effectively manage liquidity requirements, PSO has adopted prudent practices in managing working capital needs and ensured the availability of sufficient credit lines to support the company's financing needs. As of June 30, 2023, the company had access to a total facility limit of PKR 514.4 billion from banks
- The company places a strong emphasis on cash customers, recognizing their importance in maintaining financial stability and prompt payments
- Additionally, PSO is exploring new business models and lines of operation to expand its reach and diversify its revenue streams

Payment of Debts

PSO successfully navigated the challenge of increased receivables from SNGPL in FY23 through careful measures and strategic actions. PSO was able to effectively pay off its debts and remains confident in its ability to meet all future financial obligations, both locally and internationally, in a timely manner due to the proactive measures implemented.

Operational Profitability/Losses

Despite facing several challenges such as declining oil prices, high receivables from SNGPL, and an increasing bank rate, PSO managed to remain profitable in FY23. Looking ahead, the company is confident in achieving even stronger results by focusing on key strategies that include increasing market share, prioritizing higher margin yielding products, maintaining optimal finance costs, exploring innovative business models, and exercising stringent cost control.

Other Matters

Changes in the Board of Management

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

- Mr. Arshad Majeed joined the Board on July 13, 2022 in place of Mr. Asim Iqbal
- Capt. (Retd.) Muhammad Anwar Ul Haq Azad joined the Board on October 28, 2022 in place of Ms. Saira Najeeb Ahmed
- Capt. (Retd.) Shahbaz Tahir Nadeem joined the Board on December 09, 2022 in place of Capt. (Retd.) Muhammad Anwar Ul Haq Azad
- Mr. Mohammad Hassan Iqbal joined the Board on February 06, 2023 in place of Mr. Hassan Mehmood Yousufzai
- Mr. Awais Manzur Sumra joined the Board on February 10, 2023 in place of Mr. Muhammad Anwer
- The Federal Government through its Notification dated May 29, 2023, reconstituted the Board of Management of Pakistan State Oil Company Limited with immediate effect

  As a result of the aforesaid change, Mr. Zafar I. Usmani, Ms. Tara Uzra Dawood and Mr. Muhammad Hamayun Khan Barakzai ceased to be members of the Board of Management and the following new members were appointed with immediate effect:

  - Mr. Asif Baigmohamed — Chairman
  - Mr. Ahmed Jamal Mir — Member
  - Mr. Mushtaq Malik — Member
  - Mr. Waheed Ahmed Shaikh — Member

The Board wishes to place on record its appreciation for the valuable services rendered by the outgoing Members, Mr. Asim Iqbal, Ms. Saira Najeeb Ahmed, Capt. (Retd.) Muhammad Anwar Ul Haq Azad, Mr. Hassan Mehmood Yousufzai, Mr. Muhammad Anwer, Mr. Zafar I. Usmani, Ms. Tara Uzra Dawood and Mr. Muhammad Hamayun Khan Barakzai and welcomes the new Members.

Associated and Subsidiary Companies

Pakistan Refinery Limited – Subsidiary Company

Pakistan Refinery Limited (PRL) was established in May 1960 as a public limited company in Pakistan and is now listed on the

Pakistan Stock Exchange. Strategically located on the coastal belt of Karachi, Pakistan, the refinery has been specifically designed to cater to the country's diverse fuel needs by processing both imported and domestic crude oil. Currently, PSO holds a significant 63.6% equity stake in PRL, further strengthening the partnership and its commitment towards meeting Pakistan's energy needs.

Cerisma (Private) Limited – Subsidiary Company

Cerisma (Private) Limited is a fully owned subsidiary of PSO. The company's primary focus lies in the establishment, management, ownership, administration, and operation of an electronic money institution (EMI) in accordance with EMI Regulations. Cerisma' s main place of business is located in Sindh, Pakistan.

PSO Renewable Energy (Private) Limited – Subsidiary Company

PSO Renewable Energy (Private) Limited was established as a wholly owned subsidiary. The company's primary focus is on engaging in the renewable energy sector, encompassing manufacturing, processing, and installation. The company's main base of operations is located in Sindh, Pakistan.

PSO Venture Capital (Private) Limited – Subsidiary Company

PSO Venture Capital (Private) Limited was incorporated as a wholly owned subsidiary. The principal activity of this entity is to carry out the business of a private fund management company and to provide private equity and venture capital fund management services. The registered office of the company is situated in Sindh, Pakistan.

Asia Petroleum Limited – Associated Company

Asia Petroleum Limited (APL) was established in Pakistan as an unlisted public limited company. The company has been principally established to transport "Residual Fuel Oil" to the Hub Power Company Limited located at Hub, Balochistan. To fulfil this purpose, APL has laid an underground oil pipeline connecting PSO's Zulfiqarabad terminal at Pipri to HUBCO at Hub. PSO holds a 49% equity stake in APL, cementing their partnership in this venture.

Pak Grease Manufacturing Company (Private) Limited – Associated Company

Pak Grease Manufacturing Company Limited (PGMCL) was established in Pakistan on March 10, 1965 as a privately held company with the purpose of producing and distributing high-quality petroleum grease products. Notably, PGMCL has forged a strategic partnership with PSO, one of the leading energy companies, which holds a significant 22% equity stake in PGMCL.

Auditors

The external auditors identified certain matters due to their significant impact on the audit of the financial statements for the year 2023. These matters include:

- Overdue trade receivables and receivables from the Government of Pakistan (GoP). (Please refer to notes 13 and 16 in the unconsolidated financial statements for more details.)

- Recognition of revenue/income. (Please refer to notes 30 and 32 in the unconsolidated financial statements for further information)

The Board of Management has approved the appointment of KPMG Taseer Hadi & Co., Chartered Accountants as the auditors for the company for the FY ending on June 30, 2024, based on the recommendation of the Board Audit & Compliance Committee.

Credit Rating

According to the latest ratings provided by VIS Credit Rating Company Limited, the ratings for PSO are as follows:

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

The company successfully maintained its stable outlook and rating by virtue of prudent financial management policies and effective controls.

Contribution to the National Exchequer

PSO continues to be one of the top contributors to the national exchequer in terms of taxes, the details which are given below:

	2022-23	2021-22
	PKR. in Billion	
Sales Tax	208	216
Custom Duty	148	137
Petroleum Levy	302	60
Other duties & Taxes	39	64
Total	**697**	**477**

PSO is dedicated to upholding its commitment to tax compliance. The company takes great pride in ensuring that all taxes, duties, levies, and other financial obligations are promptly paid in accordance with the statutory deadlines.

Report to Shareholders

GoP Policies and Impact

PSO is operating in a regulated environment where the petroleum product prices and marketable specifications are issued by the government. In line with the global shift in carbon footprint reduction, the government is devising relevant policies to regress the petroleum demand under medium-to-long-term horizon.

Risk Management

PSO, as the foremost oil marketer in the country and a public sector entity, maintains a cautious approach towards risk in its business operations. The company's risk management policy is aligned with global best practices and tailored to its business strategy.

A comprehensive evaluation of the primary risks confronting the company has been diligently conducted, encompassing potential threats to the business model, future performance, as well as solvency or liquidity. These risks, along with the company's risk tolerance level and the framework and policies in place to manage these risks, are extensively documented in the detailed risk and opportunity report.

Corporate and Financial Reporting Framework

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

In recognition of PSO's commitment to upholding high standards of corporate governance and continuously improving, the following comments are made:

- 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 accounts have been maintained by the company
- Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment
- The financial statements have been prepared in accordance with the applicable International Financial Reporting Standards in Pakistan, and any deviations have been disclosed appropriately
- The internal control system is well-designed, effectively implemented, and monitored
- The non-executive BOM members do not have fixed remuneration and are being paid a fixed fee for each meeting attended. The fees are determined collectively by the entire BOM
- There are no significant doubts regarding the company's ability to continue as a going concern
- There has been no material departure from the best practices of corporate governance, as outlined in the Public Sector Companies (Corporate Governance) Rules, 2013 and the 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 financial statements as of June 30, 2023)

Fund	PKR in Million.
PSOCL Management Employees' Pension Fund	5,453
PSOCL Workers' Staff Pension Fund	4,998
PSOCL Defined Contribution Pension fund	6,041
PSOCL Staff Provident Fund	3,297
PSOCL Employees' Provident Fund	1,678
PSOCL Employees' Gratuity Fund	6,894

- During the year, 14 meetings of the Board of Management were held and the attendance by each member is given on Page no. 83.
- As on June 30, 2023, the composition of the Board was as follows:

Total number of Board Members:

Male:	09
Female:	-

Composition:

Category	Name
Independent Members	Mr. Asif Baigmohamed Mr. Ahmed Jamal Mir Mr. Mushtaq Malik Mr. Waheed Ahmed Shaikh
Non-Executive Members	Mr. Arshad Majeed Mr. Awais Manzur Sumra Mr. Mohammad Hassan Iqbal Mr. Shahbaz Tahir Nadeem
Executive Member	Syed Muhammad Taha

- The names of members of the Board Committees are given on page no. 79 & 80.
- The pattern of shareholding is annexed on page no. 325.
- Remuneration package of BOM members, Managing Director and CEO has been disclosed in note 34.2 to the unconsolidated financial statements.
- Page no. 42-44 of the report include important disclosures by the Board regarding the utilization of Enterprise Resource Planning (ERP), as well as cyber security measures and associated risks.

Procurement, Waste and Emissions

PSO is currently adopting an effective and transparent approach in managing and reporting its policies related to procurement, waste management, and emissions.

In terms of procurement, PSO has established a robust system that focuses on fair competition, transparency, and integrity. The company follows a rigorous process to select suppliers and vendors, ensuring that only qualified and reliable partners are chosen. This approach not only guarantees the quality and reliability of products and services but also promotes a level playing field for all stakeholders. PSO as a public sector entity is also regulated by PPRA Rules.

PSO is also actively addressing the issue of emissions to mitigate its impact on the environment by continuously improving its emission reduction efforts, exploring innovative solutions, and investing in clean energy alternatives. For this purpose, PSO spearheaded launching Euro 5 Fuels that are formulated with advanced molecular technology resulting in optimum engine performance and fuel economy while reducing harmful emissions, making the fuels cleaner for the environment.

PSO has implemented a strategy to minimize wastage through transshipment. Approximately 30% of the company's upcountry MoGas volume is transferred through the WOP system. The aim is to reduce the reliance on road transportation as much as possible to minimize emissions, while ensuring the efficient supply of MoGas to all areas.

The company ensures utilization of Oil and Gas Regulatory Authority (OGRA)-compliant tank lorries that meet the strict standards set by the authority to transport safely, efficiently, and in full compliance with industry standards to reduce wastage, emissions and human/capital risk.

In conclusion, PSO's approach to managing and reporting policies related to procurement and emissions reflect the company's commitment to sustainable and responsible practices. By prioritizing fairness, environmental stewardship, and transparency, PSO aims to set a benchmark for the industry while contributing to the overall well-being of society and the environment.

Company's Performance Against Forward-Looking Disclosures Made Last Year

Safe Business Operations

HSE is a fundamental part of PSO's corporate DNA and a crucial aspect of the company's core objectives. The company is committed to ensuring safe business operations throughout all facilities, premises, and retail outlets. Unfortunately, FY23 witnessed 2 tragic incidents resulting in fatalities at facilities, which were attributed to negligence on the part of contractors. Based on the incident reports, PSO has identified crucial lessons to effectively prevent the recurrence of similar incidents in the future.

Continued Focus on High Margin Products Including MoGas, Diesel and Lubricants

Despite the challenges, PSO defied all odds and continued its stride of regaining market share in the downstream segment by closing the year with a market participation of 51% in white oil, an increase of 1.8% from the previous year primarily caused by the 2.8% increase in the market share of diesel closing the period at 54.4% while maintaining a 44.2% share in MoGas. PSO successfully captured a 25.2% share in the OMC-based lubricant market.

Report to Shareholders

Execution of the Corporate Strategy Encompassing the Implementation of Identified Projects with Respect to Product-line Extension, Integration and Diversification

Focusing on the company's coherent multi-business long-term corporate strategy, PSO is taking bold and decisive steps to consistently deliver stronger, sustainable growth and enhance shareholder value in the years to come by making the needed investments in innovation driven strategic projects. The company is currently engaged in several projects aimed at expanding its product line, integrating new systems, and diversifying its operations. These projects are at various stages of their development cycle, indicating PSO's commitment to continued growth and innovation. Furthermore, PSO has incorporated 3 new companies - Cerisma (Private) Limited, PSO Renewable Energy (Private) Limited and PSO Venture Capital (Private) Limited, in alignment with its strategic direction to explore the company's best vector for growth.

Addition of New Storages

PSO has further strengthened its robust infrastructure. 79 thousand tons of existing storages have been successfully rehabilitated, and an additional 91 thousand tons of storages at Faisalabad, Faqirabad, and Mehmoodkot terminals are currently under construction. These developments will enable PSO to achieve a nationwide storage capacity of 1.23 million tons by year end. Furthermore, the company is also in process of obtaining lands in KPK and Punjab for further storage enhancement to meet the increasing fueling needs of the nation.

Business Process Re-engineering of High-Impact Areas

PSO's business process re-engineering (BPR) initiative is a major step towards transforming the organization into a more agile, efficient, and customer-centric entity. With BPR, PSO is actively improving its operational efficiency and overall competitiveness. As part of PSO's ongoing process re-engineering initiative, the company has successfully identified areas for improvement in its operations. Currently, PSO is actively working towards digitalizing the supply chain processes within the company.

Implementation of Clean-Energy Strategy

Leading the clean energy initiative, PSO has made significant strides by increasing investments in solar energy, electric vehicle charging infrastructure, and other sustainable solutions and is actively transforming its facilities and retail outlets to rely on clean solar power generation. PSO has successfully installed a solar power plant at the Shikarpur Terminal. By harnessing the power of the sun, the company aims to reduce its reliance on traditional energy sources and contribute to a greener future. The solarization of 2 more terminals is planned in the ensuing year.

Develop Talent Pool to Cater to the Future Needs of the Company

During the year, PSO conducted a comprehensive talent mapping exercise to ascertain existing skills and identify gaps that served as a solid foundation to design development programs for employees, enabling the company to equip its most important asset, its human resource, to meet both current and future organizational requirements and evolve with the ever-changing external environment.

Forward-Looking Statement

Raising the bar to new standards of excellence, PSO has made significant strides over the past few years, transforming into an agile and future ready company. The progress made in diversification, automation, infrastructure enhancement, clean energy, capacity enhancement and increasing market share is evidence that the company is executing a winning strategy, has strong momentum and is positioned to win.

Going forward, the company has renewed focus on improving its financial and operational performance through digitization, automation, process re-engineering, strengthening operational reliability & capacity, enhancing customer experience through value-added services and long-term strategic projects and plans.

To address the challenge of circular debt, PSO has put forth various proposals to the government, which are currently being deliberated upon. The company is optimistic about receiving full support from the government in settling this issue. Resolving PSO's circular debt receivables is crucial for the company's sustainability and growth. With improving economic indicators, dynamic business strategies, coupled with reduction in circular debt receivables, the company anticipates creating significant shareholder value and delivering top quartile business performance in the coming years.

FY23 was marred by high tax rates, exorbitant cost of finance, and rising inflation. The same is expected to continue to pose financial challenges to the company in the next year. However, MoGas and diesel volumes are expected to bounce back to 2022 levels which will help PSO knock off some of these challenges making the company the main beneficiary of volumetric gains.

In the ensuing year, PSO remains focused and committed towards the following goals:

- Maintaining the highest level of efficiency and safety in its business operations throughout the country

- Maintaining its market share in the MoGas and diesel, as well as upholding a strong focus on the growth of the Lubricants and LPG businesses
- Reducing receivables from government entities to improve financial stability
- Increasing the capacity and reliability of its asset infrastructure to prepare for future demand
- Improving the LNG business through the execution of tripartite agreement with SNGPL and SSGC
- Continuing to enhance operational efficiencies by embracing business process re-engineering and digital transformation
- Nurturing talent to make them future ready through structured learning programs
- Forging partnerships and collaborations on strategic projects that will drive the business forward

Source of Information and Assumption

The company has gathered information from a diverse range of reputable sources including publications from notable authorities such as the Government of Pakistan, as well as the Pakistan Automobile Manufacturers Association.

PSO has also relied on information from globally recognized institutions like the World Bank, the International Monetary Fund, and the Asian Development Bank.

We express our gratitude to our shareholders, customers, business partners, and employees for their unwavering support and trust in the company. We are also thankful to the Government of Pakistan, particularly the Ministry of Energy (Petroleum Division), for their guidance and confidence. Moving forward, we are committed to taking PSO to new heights and achieving even greater success.

Syed Muhammad Taha
Managing Director & CEO

Asif Baigmohamed
Chairman

August 23, 2023
Karachi

Ratios and Analysis

For the year ended June 30, 2023

Dupont Analysis

	FY 2023	FY 2022	
Tax Burden / Efficiency (Net Income / PBT)	23.24%	58.32%	The decrease can be attributed primarily to a higher effective tax rate as compared to SPLY.
Interest Burden /Efficiency (PBT/EBIT)	37.66%	96.91%	Deteriorated mainly due to substantial increase in finance cost on account of higher borrowings and interest rates.
Operating Income Margin (EBIT/Sales)	1.91%	6.22%	Decline is due to decrease in EBIT by 57.59 % mainly due to reduction in gross profit by 53.51%.
Asset Turnover (Sales /Assets)	3.45	2.73	Improved primarily due to more increase in sales (38.32%) as compared to increase in total assets (9.33%).
Leverage Ratio (Assets /Equity)	4.54	4.17	Increased due to more increase in assets (9.33%), as compared to increase in shareholders' equity (0.42%).
Return on Equity (ROE)	2.61%	39.98%	Decreased due to decrease in net profit.

Ratios and Analysis

For the year ended June 30, 2023

Market Share Information

The product wise market shares of the company along with analysis is disclosed in Company 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. 111 as at year end. 1% change in market price from that prevailing at year end will result in change in market capitalization by Rs. 0.52 bn.

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

a) Sales Volume

Company's sales volume is primarily dependent on the GDP growth rate and overall economic conditions prevailing in the country. Extent of business activity, smuggling, change in energy mix of the country 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 the 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 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 and 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 rate announced in the monetary policy statement by the government.

Ratios and Analysis

For the year ended June 30, 2023

f) Rupee Devaluation

The company imports majority of the total petroleum products imported in the country, which exposes the end consumer fuel price to currency risk on account of rupee devaluation. It has nominal impact on company's performance as currency risks are generally covered in pricing of its products.

f) Diversification

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

g) Regulation and Government Policies

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

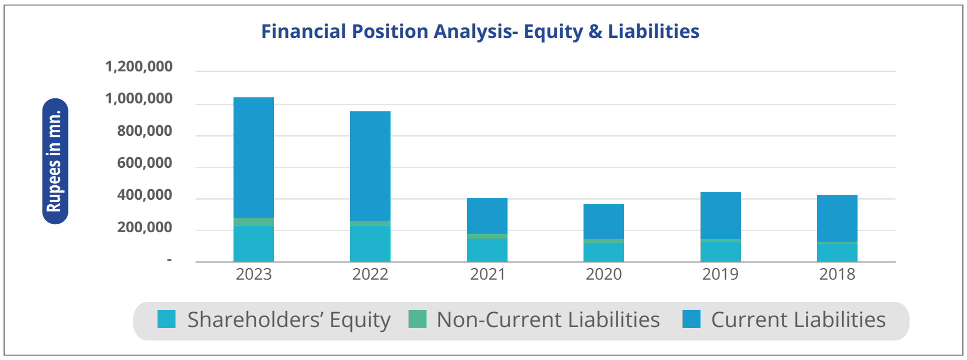
Ratios and Analysis

For the year ended June 30, 2023

Analysis of Financial Position

(Rupees in mn.)

	2023	2022	2021	2020	2019	2018
Shareholders' Equity	**216,560**	215,649	139,978	113,061	119,181	110,452
Non-Current Assets	**60,047**	53,624	51,297	49,611	32,854	24,561
Current Assets	**923,349**	845,830	327,962	293,261	384,225	378,001
Non-Current Liabilities	**18,491**	16,548	12,239	12,461	7,528	5,165
Current Liabilities	**748,345**	667,258	227,043	217,350	290,371	286,945



Analysis:

As of June 30, 2023, variation as compared to June 30, 2022 is as follows:

- Shareholders' equity increased by 0.42% primarily due to profit retained during the year.
- Non-current assets increased by 11.98% mainly due to additions in property, plant & equipment and increase in deferred tax asset due to imposition of super tax.
- Current assets increased by 9.16% primarily due to increase in trade debts on account of increase in receivables from SNGPL.
- Increase in non-current liabilities by 11.74% mainly due to increase in retirement & other service benefits and lease liability.
- Increase in current liabilities by 12.15% mainly due to increase in short-term borrowings to finance working capital needs.

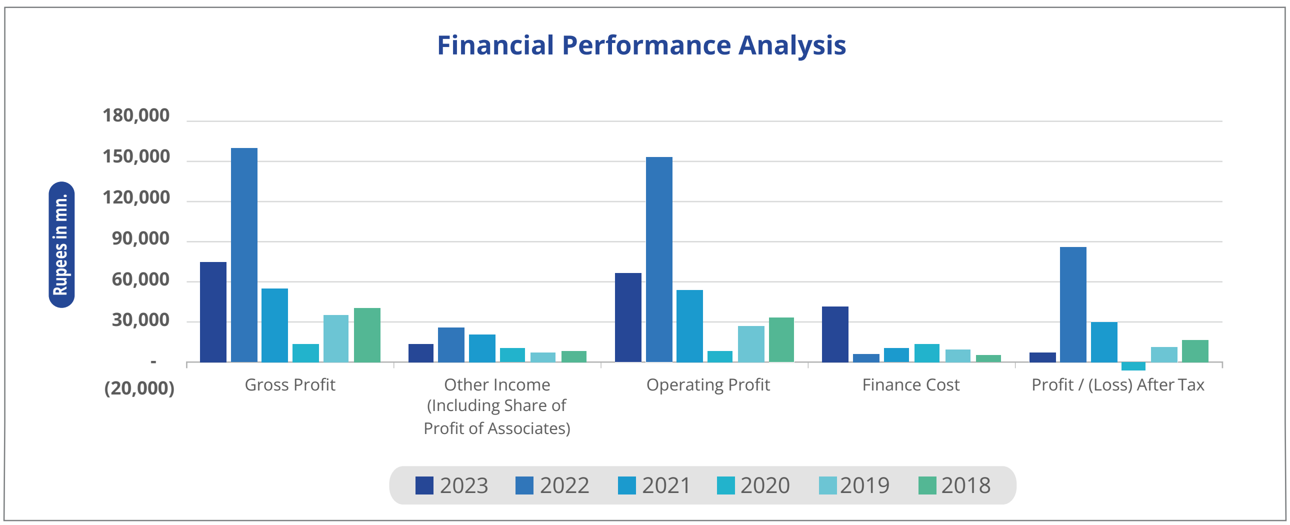
Ratios and Analysis

For the year ended June 30, 2023

Analysis of Financial Performance

(Rupees in mn.)

	2023	2022	2021	2020	2019	2018
Gross Sales	**3,605,464**	2,697,061	1,424,249	1,302,037	1,340,978	1,312,090
Net Sales	**3,391,112**	2,451,581	1,204,247	1,108,358	1,154,298	1,063,744
Gross Profit	**74,847**	160,995	54,609	12,227	36,017	39,636
Other Income (Including Share of (Loss) /Profit of Associates)	**12,648**	25,507	19,408	10,755	7,559	7,911
Marketing & Administrative Expenses	**20,478**	16,812	14,890	14,638	12,414	11,929
Other Expenses	**2,317**	17,114	4,829	51	4,699	3,334
Operating Profit	**65,560**	151,882	53,717	7,749	26,257	31,870
Finance Cost	**40,335**	4,721	10,242	13,427	8,987	5,123
Profit / (Loss) Before Tax	**24,366**	147,855	44,056	(5,134)	17,477	27,160
Profit / (Loss) After Tax	**5,662**	86,223	29,139	(6,466)	10,587	15,461
Earning Before Interest, Taxes, Depreciation & Amortization (EBITDA)	**67,601**	154,819	56,053	9,907	27,591	33,357



Analysis:

In FY 2023, the company has reported profit after tax of Rs. 5.66 bn. primarily on account of following elements:

- Decrease in gross profit by 53.51% primarily due to unfavourable price regime and reduction in overall industry volumes.
- Decrease in other income by 50.41% due to lesser receipt of late payment interest income from power sector in the current year.
- Increase in finance cost substantially as compared to last year is mainly due to higher average policy rate of State Bank of Pakistan (SBP) in FY 2023 and increased borrowings to finance the receivables related to circular debt.

Ratios and Analysis

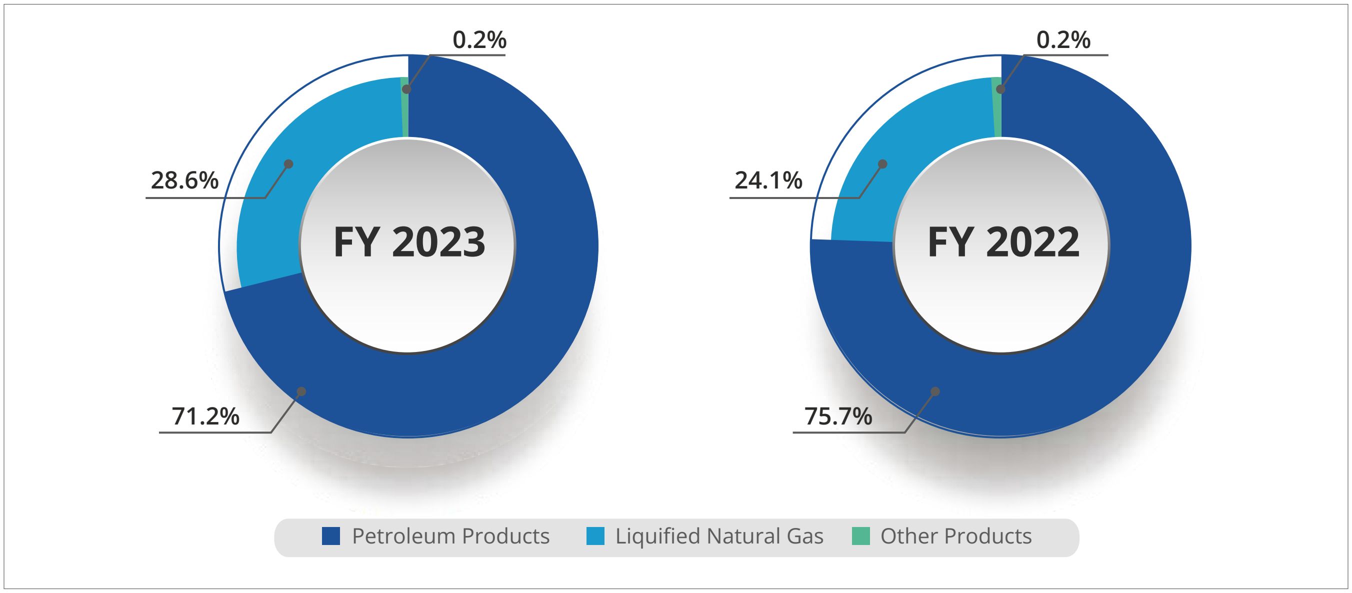
For the year ended June 30, 2023

Analysis of Performance Against Target

- Gross profit went down by 1.8% against target mainly on account of lower sales volume of furnace oil due to shift in energy mix by the government and decrease in white oil sales due to decline in industry volumes.
- Increase in other income against target is primarily due to receipt of late payment interest income from power sector.
- Lower operating cost by 7.2% against target due to strict monitoring of expenses.
- Higher finance cost of 2.15 times against target on account of higher average borrowing levels and a surge in prevailing interest rates on account of increase in discount rate by SBP.
- Decline in profit after tax against target is mainly due to higher finance cost and imposition of super tax.

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. 20 bn. as compared to net profit of Rs. 85.7 bn. in FY 2022. However, the company reported a net loss of Rs. 16.3 bn. in LNG segment. as compared to loss of Rs. 0.6 bn. in FY 2022 mainly due to increase in finance cost in FY 2023 on account of increase in prevailing interest rates and rise in trade receivables from SNGPL. The detailed segmental review covering item wise details have been covered in note 41 to the financial statements.

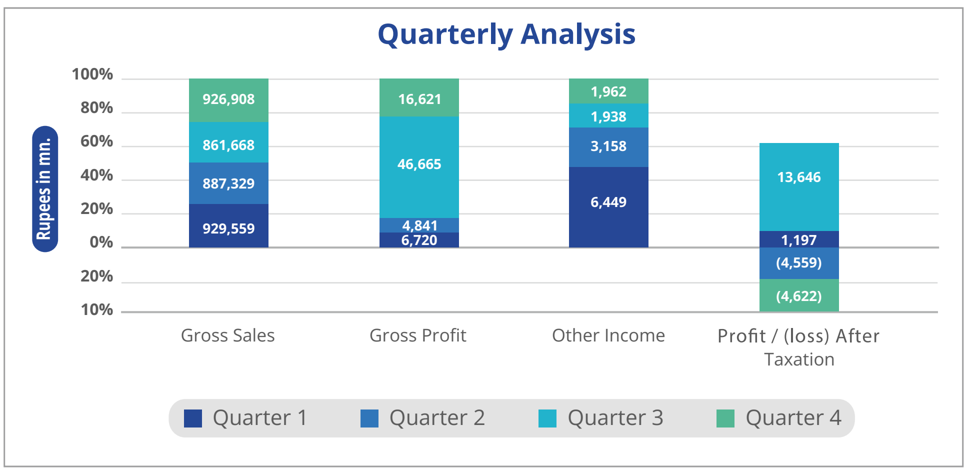
Ratios and Analysis

For the year ended June 30, 2023

Analysis of Variation in Results Reported in Interim Reports

(Rupees in mn.)

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	FY 2023
Gross Sales	929,559	887,329	861,668	926,908	**3,605,464**
Gross Profit	6,720	4,841	46,665	16,621	**74,847**
Other Income	6,449	3,158	1,938	1,962	**13,507**
Operating Cost	(4,598)	(4,458)	(7,692)	(6,046)	**(22,794)**
Finance Cost	(4,796)	(7,665)	(12,682)	(15,192)	**(40,335)**
Share of Profit / (Loss) of Associate - Net of Tax	232	242	(1,486)	153	**(859)**
Profit / (Loss) Before Taxation	**4,007**	**(3,881)**	**26,742**	**(2,502)**	**24,366**
Taxation	(2,810)	(678)	(13,096)	(2,120)	**(18,704)**
Profit / (Loss) After Taxation	1,197	(4,559)	13,646	(4,622)	**5,662**



Gross Sales

Gross sales were highest in 1st quarter due to higher sales volume whereas it was second highest in last quarter due to higher sales prices on account of rise in international oil prices.

Gross Profit

Gross profit remained fluctuating quarter on quarter due to fluctuating international oil prices and sales demand in FY 2023.

Other Income

Other income was higher in 1st and 2nd quarter due to receipt of late payment interest income from power sector in those periods.

Finance Cost

Finance cost continued to rise throughout the quarters mainly due to increase in prevailing interest rates on account of increase in discount rate by SBP and increase in borrowings to finance the receivables related to circular debt.

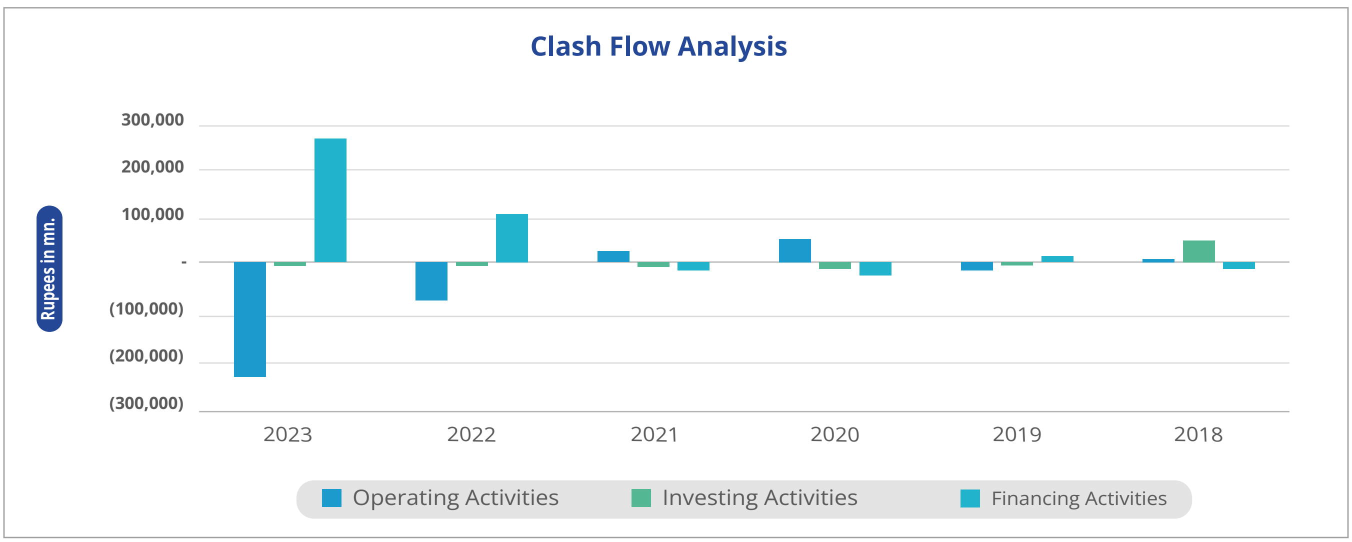
Ratios and Analysis

For the year ended June 30, 2023

Summary of Cash Flow Statement

(Rupees in mn.)

	2023	2022	2021	2020	2019	2018
Cash and Cash Equivalents at the Beginning of the Year	**12,061**	(5,917)	(881)	(16,468)	(7,925)	(41,502)
Net cash (outflow) / inflow from operating activities	**(241,282)**	(80,974)	17,766	48,260	(9,232)	2,580
Net cash (outflow) / inflow from investing activities	**(4,353)**	(2,090)	(5,294)	(4,843)	(2,534)	45,226
Net cash inflow / (outflow) from financing activities	**259,382**	101,042	(17,507)	(27,830)	3,223	(14,229)
	13,748	**17,977**	**(5,036)**	**15,587**	**(8,543)**	**33,577**
Cash and Cash Equivalents at the End of the Year	**25,808**	**12,061**	**(5,917)**	**(881)**	**(16,468)**	**(7,925)**



Analysis:

The variation in cash flows as compared to FY 2022 is due to the following:

Operating Activities

In FY 2023, net cash flow from operating activities remained negative. The cash flows have further decreased in FY 2023 primarily due to decrease in trade and other payables and a significant surge in finance cost paid.

Investing Activities

In FY 2023, net cash outflow from investing activities is due to additions in property, plant and equipment.

Financing Activities

In FY 2023, net cash flow from financing activities is positive primarily due to short term borrowings taken during the year to meet working capital requirements.

Ratios and Analysis

For the year ended June 30, 2023

Direct Cash Flow Statement

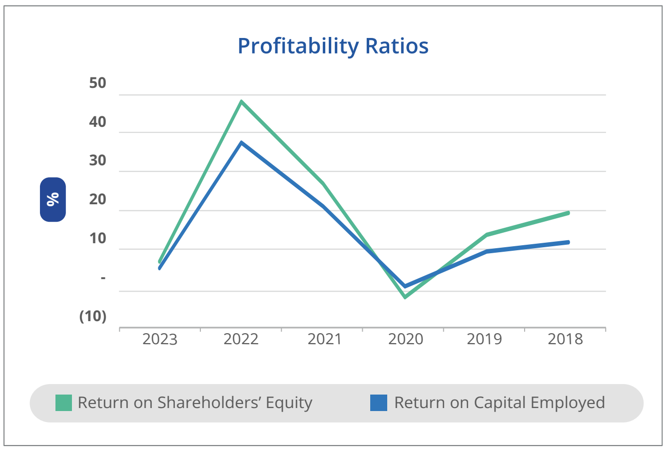
	2023	2022
	----------------(Rupees in '000)----------------	
Cash Flows From Operating Activities		
Receipts from customers	**3,540,305,104**	2,487,015,505
Cash paid to supplier, services providers and employees	**(3,720,021,079)**	(2,509,275,565)
WPPF paid	**133,420**	(9,137,786)
Taxes paid	**(33,167,967)**	(46,247,562)
Finance costs paid	**(27,814,925)**	(3,120,998)
Retirement and other service benefits paid	**(716,467)**	(207,287)
Net Cash Used in Operating Activities	**(241,281,914)**	(80,973,693)
Cash Flows From Investing Activities		
Capital expenditure	**(5,090,713)**	(3,333,889)
Proceeds from disposal of operating assets	**182,036**	122,344
Dividends received	**555,839**	1,121,079
Net Cash Used in Investing Activities	**(4,352,838)**	(2,090,466)
Cash Flows From Financing Activities		
Short-term borrowings - net	**265,572,592**	106,762,412
Lease payments	**(1,578,125)**	(1,001,458)
Dividends paid	**(4,612,011)**	(4,719,432)
Net Cash Generated From Financing Activities	**259,382,456**	101,041,522
Net Increase in Cash and Cash Equivalents	**13,747,704**	17,977,363
Cash and cash equivalents at beginning of the year	**12,060,789**	(5,916,574)
Cash and Cash Equivalents at End of the Year	**25,808,493**	12,060,789

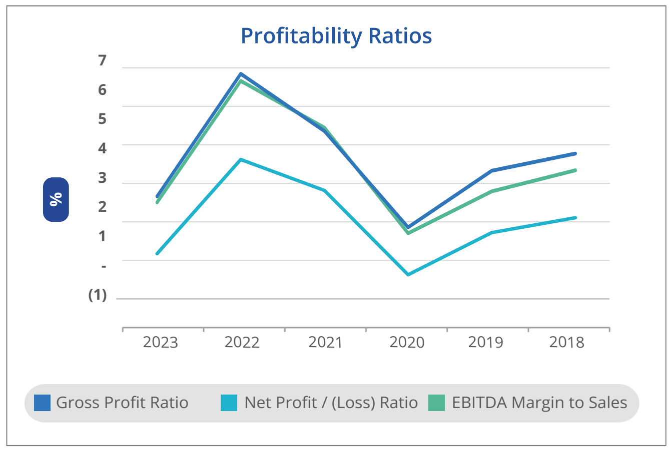
Ratios and Analysis

For the year ended June 30, 2023

Financial Ratios
Profitability Ratios

		2023	2022	2021	2020	2019	2018
Gross Profit Ratio	%	**2.21**	6.57	4.53	1.10	3.12	3.73
Net Profit / (Loss) Ratio	%	**0.17**	3.52	2.42	(0.58)	0.92	1.45
EBITDA Margin to Sales	%	**1.99**	6.32	4.65	0.89	2.39	3.14
Return on Shareholders' Equity	%	**2.61**	39.98	20.82	(5.72)	8.88	14.00
Return on Capital Employed	%	**1.12**	30.39	15.52	(3.19)	4.97	7.13
Operating Leverage Ratio	%	**(150.28)**	174.74	6,411.86	1,725.19	(211.76)	(40.07)
Shareholders' Funds	%	**22.02**	23.98	36.91	32.97	28.58	27.44
Total Shareholder Return	%	**(31.27)**	(19.33)	47.49	(6.79)	(32.38)	9.51





Analysis:

The variation in ratios as compared to FY 2022 is because of the following:

- Gross profit and EBITDA ratios have decreased as compared to last year due to unfavourable price regime and reduction in overall industry's sales volumes.
- Net profit ratio went down primarily due to increase in net sales by 38.32% and decline in net profit by 93.43%.
- Decline in return on shareholders' equity and capital employed is mainly due to decline in net profit by 93.43%
- Negative operating leverage is due to decline of 57.6% in EBIT against an increase of 38.32% in net sales.

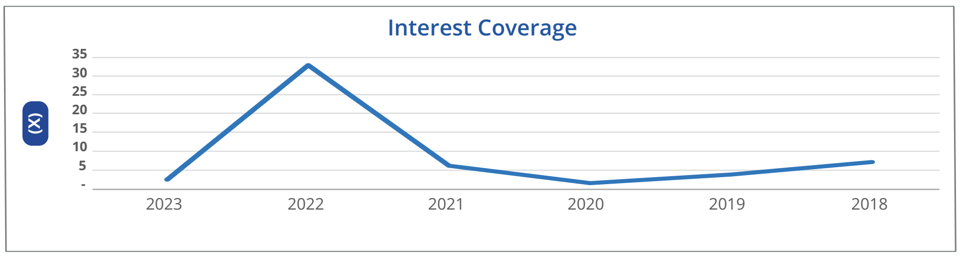
Ratios and Analysis

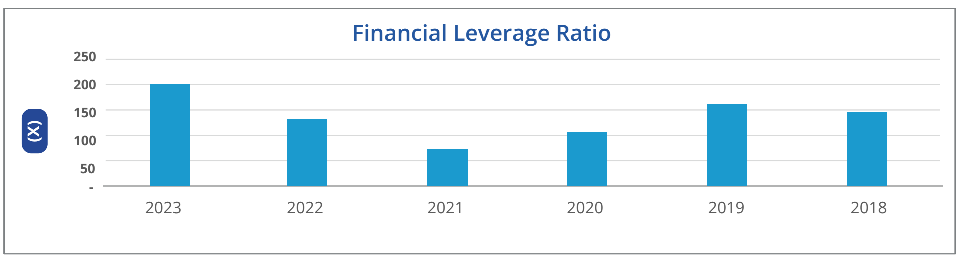
For the year ended June 30, 2023

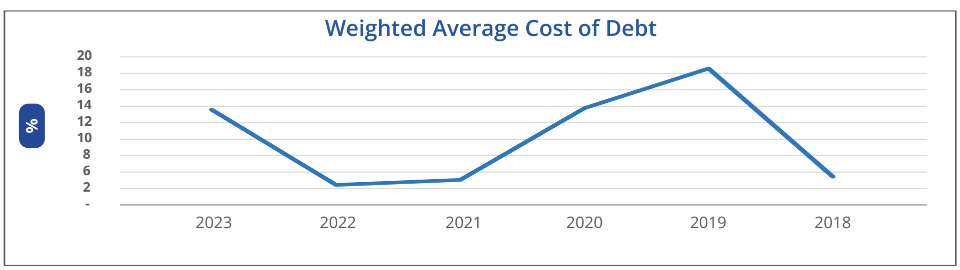
Capital Structure Ratios

		2023	2022	2021	2020	2019	2018
Interest Cover Ratio	(x)	**1.60**	32.32	5.30	0.62	2.94	6.30
Net Asset Per Share	Rs.	**461.28**	459.34	298.16	240.83	253.86	235.27
Financial Leverage Ratio	(x)	**196.00**	73.00	41.00	59.00	90.00	81.00
Weighted Average Cost of Debt	%	**12.97**	3.01	3.69	13.19	18.44	4.10
Economic Value Addition	Rs in mn.	**(26,811)**	27,261	10,292	(32,114)	(14,962)	(8,075)

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 2022 is because of the following:

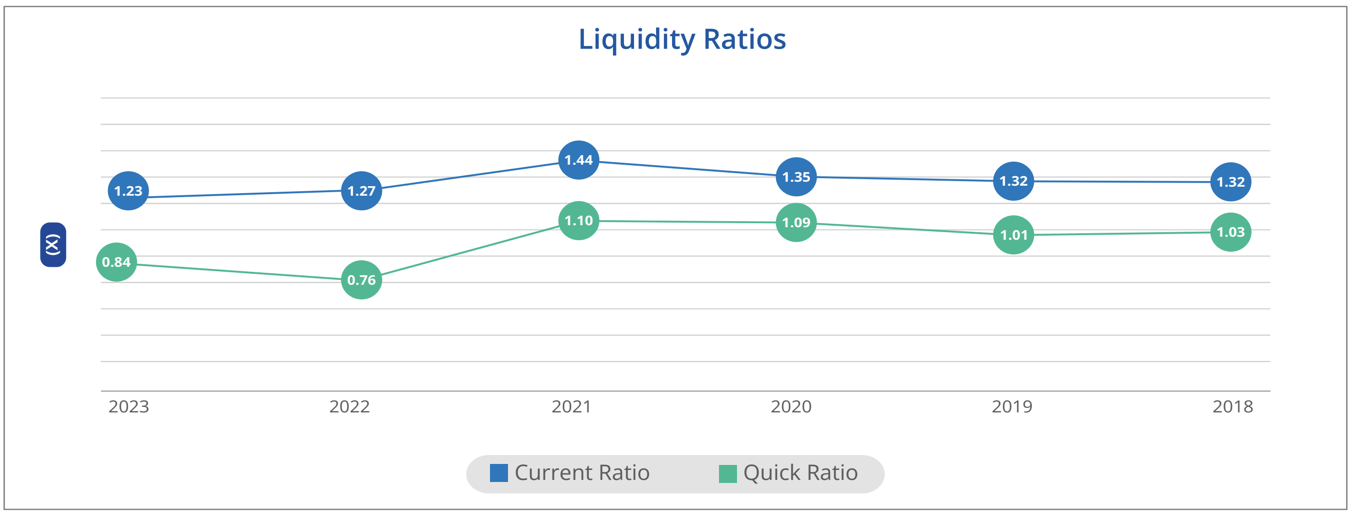
- Interest cover has decreased due to significant surge in finance cost mainly due to increase in interest rates and borrowings to finance the receivables related to circular debt.
- Financial leverage has increased during the year mainly on account of greater percentage increase in short-term borrowings on account of working capital in relation to shareholders' equity. During the year, short-term borrowing has increased by Rs. 267 bn. whereas, shareholder's equity has increased by Rs. 911 mn.
- Weighted average cost of debt has increased mainly due to higher average policy rate of SBP in FY 2023.

Ratios and Analysis

For the year ended June 30, 2023

Liquidity Ratios

		2023	2022	2021	2020	2019	2018
Cash to Current Liabilities	(x)	**0.03**	0.02	(0.03)	(0.004)	(0.06)	(0.03)
Cash Flow From Operating Activity	(x)	**(0.32)**	(0.12)	0.08	0.21	(0.04)	0.01
Cash Flow From Operations to Sales	(x)	**(0.07)**	(0.03)	0.01	0.04	(0.01)	0.00
Cash Flow to Capital Expenditure	(x)	**(47.40)**	(24.29)	3.19	16.04	4.66	1.78
Cashflow Coverage Ratio	(x)	**(0.57)**	(0.52)	0.32	0.73	(5.31)	0.03
Current Ratio	(x)	**1.23**	1.27	1.44	1.35	1.32	1.32
Quick Ratio	(x)	**0.84**	0.76	1.10	1.09	1.01	1.03
Free Cash Flows to the Company	Rs. in mn.	**(137,773)**	23,677	42,886	66,161	(3,130)	8,063
Free Cash Flows to the Equity Holders	Rs. in mn.	**78,634**	126,017	23,645	27,347	386	(2,464)



Analysis:

The variation in ratios as compared to FY 2022 is because of the following:

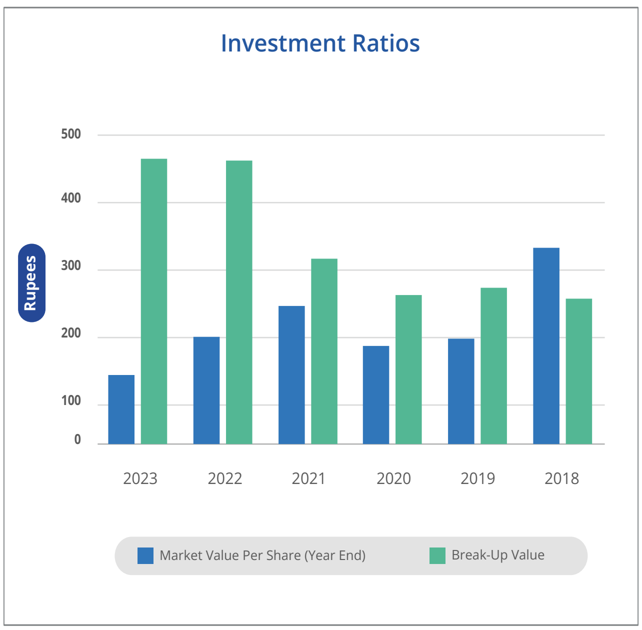
- Cash to current liabilities ratio has increased due to increase in cash and cash equivalents by 114% during the year whereas the current liabilities have increased by 12%.
- Both ratios of cash flow from operating activity and cash flow from operations to sales have remained negative due to negative cash flow from operations during the year. The cash flow from operations is negative in FY 2023 primarily due to increase in trade debts and other receivables.
- Current ratio has reduced slightly due to greater percentage increase in current liabilities than current assets. Current liabilities have increased mainly due to increase in short-term borrowings.
- Quick ratio has also improved slightly due to greater percentage increase in quick assets than increase in current liabilities.
- Significant decline in cash flows to the company is primarily due to negative working capital on account of increase in trade debts and other receivables.
- Decrease in cash flow to equity holders is primarily due to increase in trade debts and other receivables.

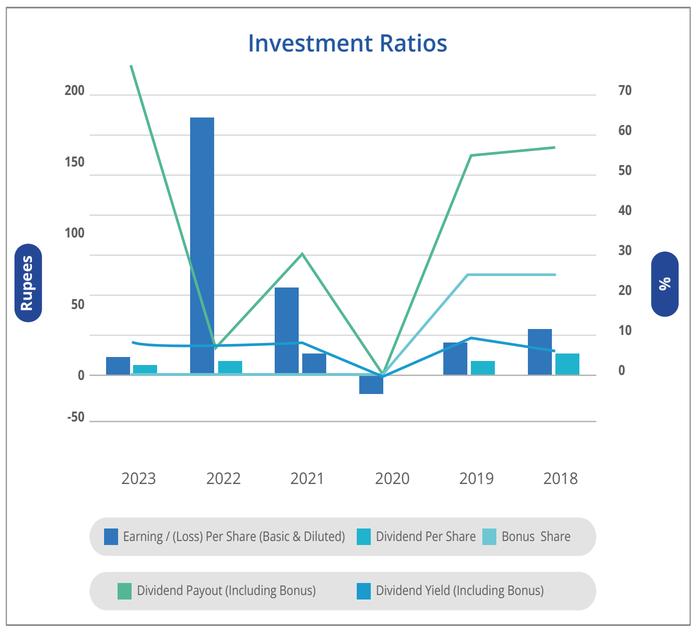
Ratios and Analysis

For the year ended June 30, 2023

Investment Ratios

		2023	2022	2021	2020	2019	2018
Earning / (Loss) Per Share (Basic & Diluted)	Rs.	**12.06**	183.66	62.07	(13.77)	22.55	32.93
Market Value Per Share (Year End)	Rs.	**111.01**	171.84	224.25	158.20	169.63	318.31
Highest Price	Rs.	**192.82**	231.30	259.32	216.90	352.13	466.59
Lowest Price	Rs.	**99.03**	155.63	159.35	114.00	151.96	265.17
Break-up Value	Rs.	**461.28**	459.34	298.16	240.83	253.86	235.27
Price Earning Ratio (P/E)	(x)	**9.20**	0.94	3.61	(11.49)	7.52	9.67
Price to Book Ratio	(x)	**0.05**	0.09	0.28	0.22	0.19	0.37
Dividend Per Share	Rs.	**7.50**	10.00	15.00	-	10.00	15.00
Bonus Share	%	**-**	-	-	-	20.00	20.00
Dividend Payout (Including Bonus)	%	**62.19**	5.44	24.17	-	44.35	45.55
Dividend Yield (Including Bonus)	%	**6.76**	5.82	6.69	-	7.07	5.34
Dividend Cover Ratio (Including Bonus)	(x)	**1.61**	18.37	4.14	-	2.25	2.79





Analysis:

The variation in ratios as compared to FY 2022 is because of the following:

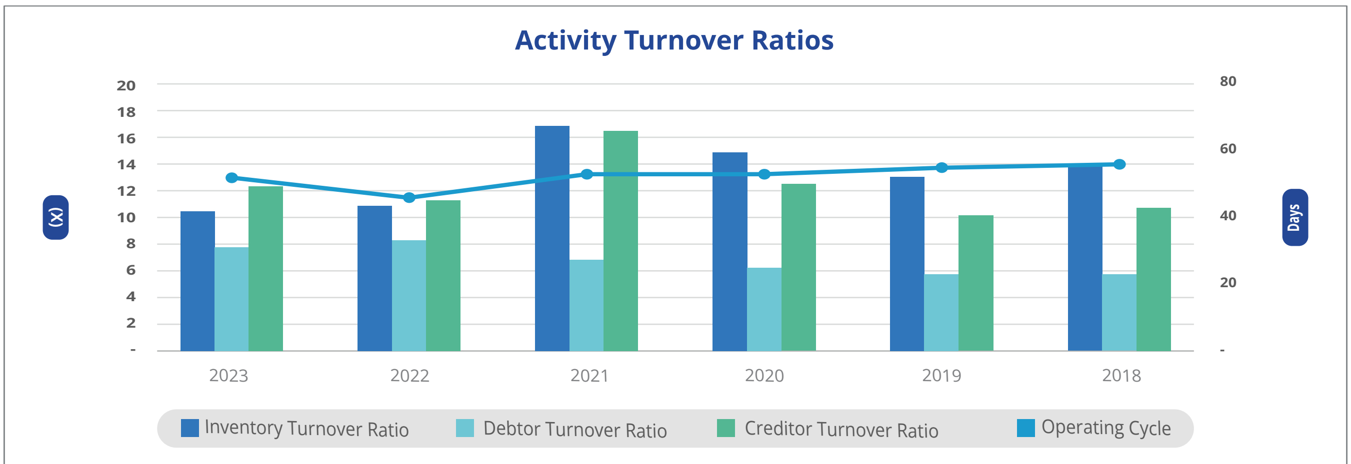
- Price earning ratio has increased primarily due to more proportionate decrease in EPS as compared to market value per share.
- Break-up value of the company has improved due to the profit retained during the year.
- Decline in price to book ratio is primarily due to decline in market value per share by 35%.
- Dividend payout has increased primarily due to decline in EPS by 93% as compared to FY 2022.
- Dividend cover ratio has decreased primarily due to decrease in EPS by 93% as compared to FY 2022.

Ratios and Analysis

For the year ended June 30, 2023

Activity / Turnover Ratios

		2023	2022	2021	2020	2019	2018
Inventory Turnover Ratio	(x)	**10.46**	10.89	16.88	14.93	13.06	13.84
No. of Days in Inventory	No.	**35.00**	34.00	22.00	25.00	28.00	26.00
Debtor Turnover Ratio	(x)	**7.78**	8.28	6.83	6.25	5.77	5.73
No. of Days in Receivables	No.	**47.00**	45.00	54.00	58.00	63.00	64.00
Creditor Turnover Ratio	(x)	**12.36**	11.28	16.51	12.51	10.15	10.75
No. of Days in Creditors	No.	**30.00**	33.00	23.00	30.00	36.00	34.00
Total Asset Turnover Ratio	(x)	**3.83**	4.22	3.94	3.43	3.27	3.30
Fixed Asset Turnover Ratio	(x)	**207.09**	178.31	116.81	142.18	172.07	183.24
Operating Cycle	No.	**52.00**	46.00	53.00	53.00	55.00	56.00



Analysis:

The variation in ratios as compared to FY 2022 is because of the following:

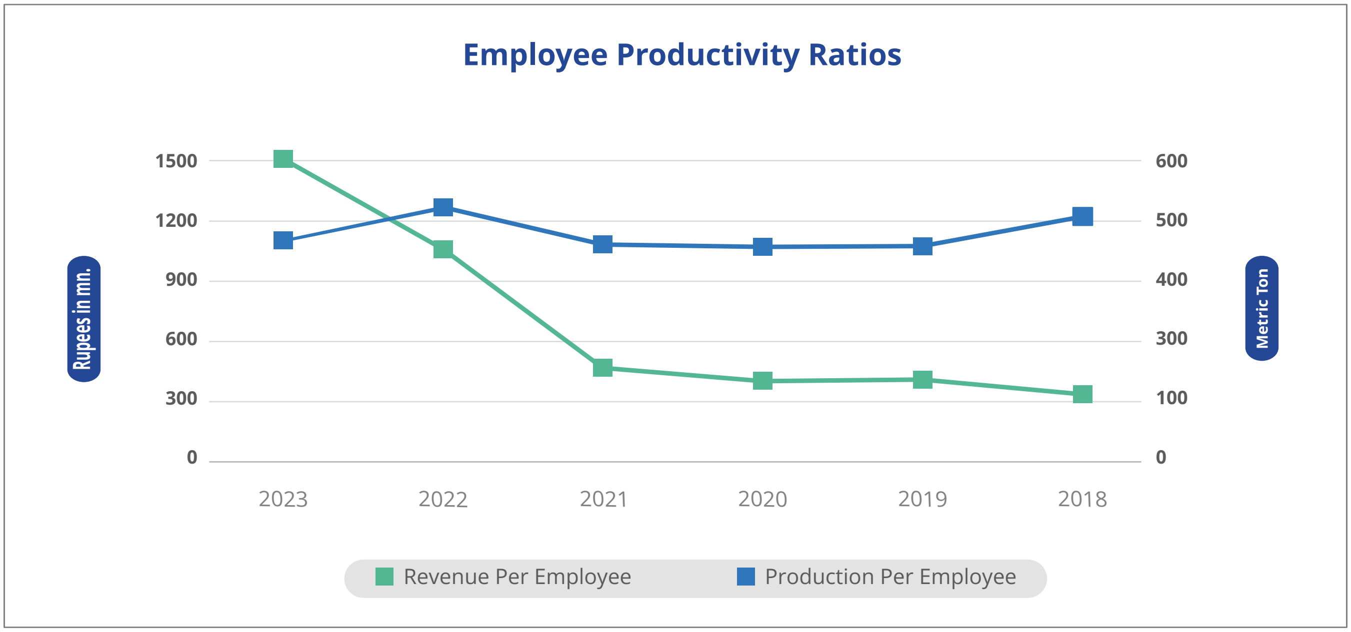
- Inventory turnover has decreased on account of lower than expected volumes due to negative financial environment.
- Debtors turnover has declined due to more proportionate increase in trade debts as compared to sales. During the year, gross revenue increased by 34% whereas average debtors have increased by 42%.
- Creditors turnover has improved primarily due to prompt payments made to suppliers for purchases on credit.
- Operating cycle has decreased primarily due to decrease in creditor days and increase in debtor days.
- Total asset turnover has declined due to more proportionate increase in average total assets i.e. 47% than sales i.e. 34%.

Ratios and Analysis

For the year ended June 30, 2023

Employee Productivity Ratios

		2023	2022	2021	2020	2019	2018
Production Per Employee	Metric Ton	**461**	484	416	411	412	467
Revenue Per Employee	Rs in mn.	**1,526**	1,085	503	441	446	374
Staff Turnover Ratio	(X)	**0.05**	0.06	0.06	0.05	0.04	0.05



Analysis:

The variation in ratios as compared to FY 2022 is because of the following:

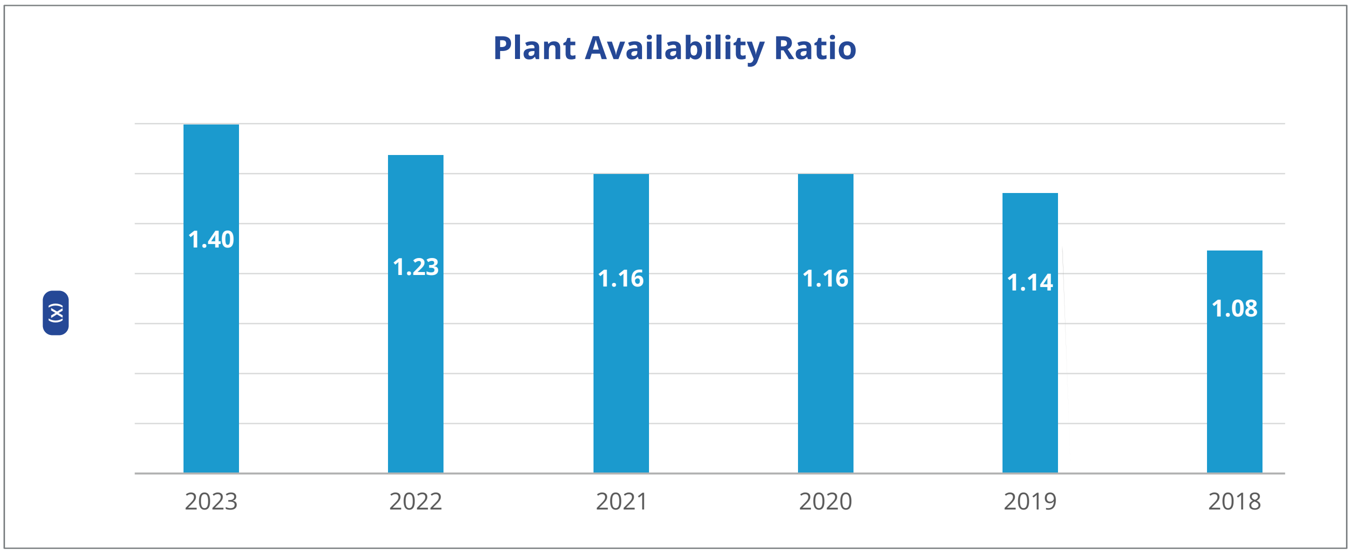
- Production per employee has decreased mainly due to decrease in the production of lube manufacturing plant of the company by 2%.
- Revenue per employee has increased significantly on account of greater percentage increase in net sales than in total number of employees. Sales has increased mainly due to increase in LNG volumes and average prices of petroleum products during FY 2023.

Ratios and Analysis

For the year ended June 30, 2023

Non Financial Ratios

		2023	2022	2021	2020	2019	2018
Plant Availability Ratio	(X)	**1.40**	1.23	1.16	1.16	1.14	1.08
Customer Satisfaction Index	%	**62**	74	70	70	71	66



Analysis:

The variation in ratios as compared to FY 2022 is because of the following:

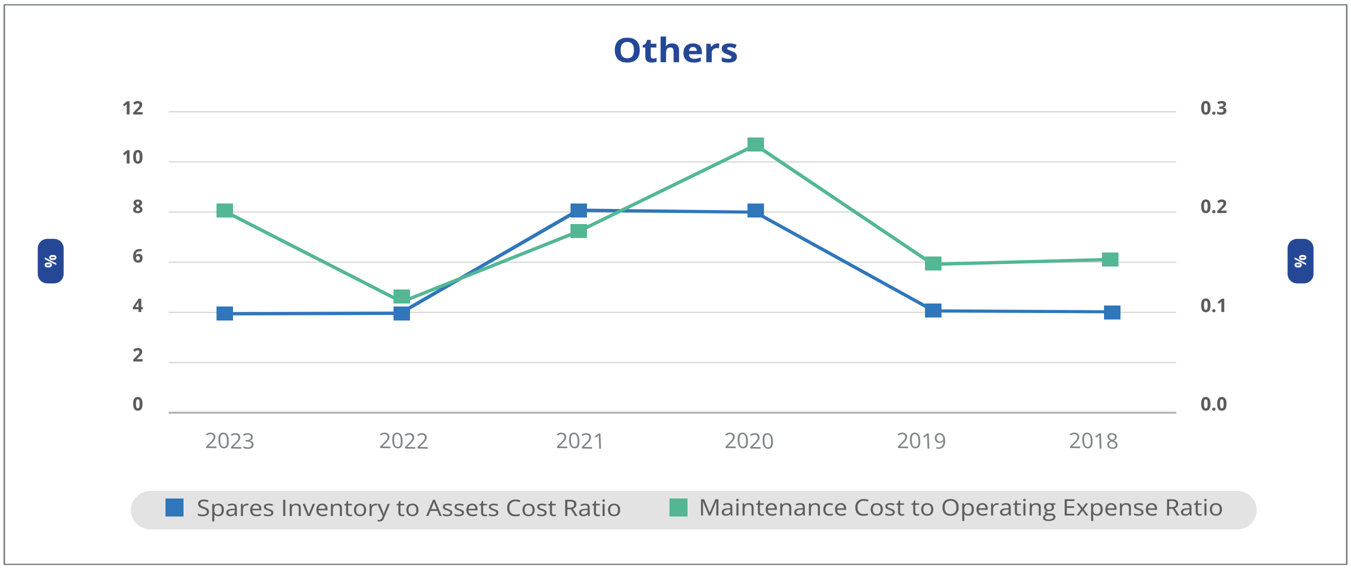
- Plant availability ratio has increased due to a 40% increase in actual production hours compared to planned production.
- Customer satisfaction index is monitored based on customer responses.

Ratios and Analysis

For the year ended June 30, 2023

Others

		2023	2022	2021	2020	2019	2018
Spares Inventory to Assets Cost	%	**0.1**	0.1	0.2	0.2	0.1	0.1
Maintenance Cost to Operating Expense	%	**8.1**	4.7	7.3	10.6	6.1	6.3



Analysis:

The variation in ratios as compared to FY 2022 is because of the following:

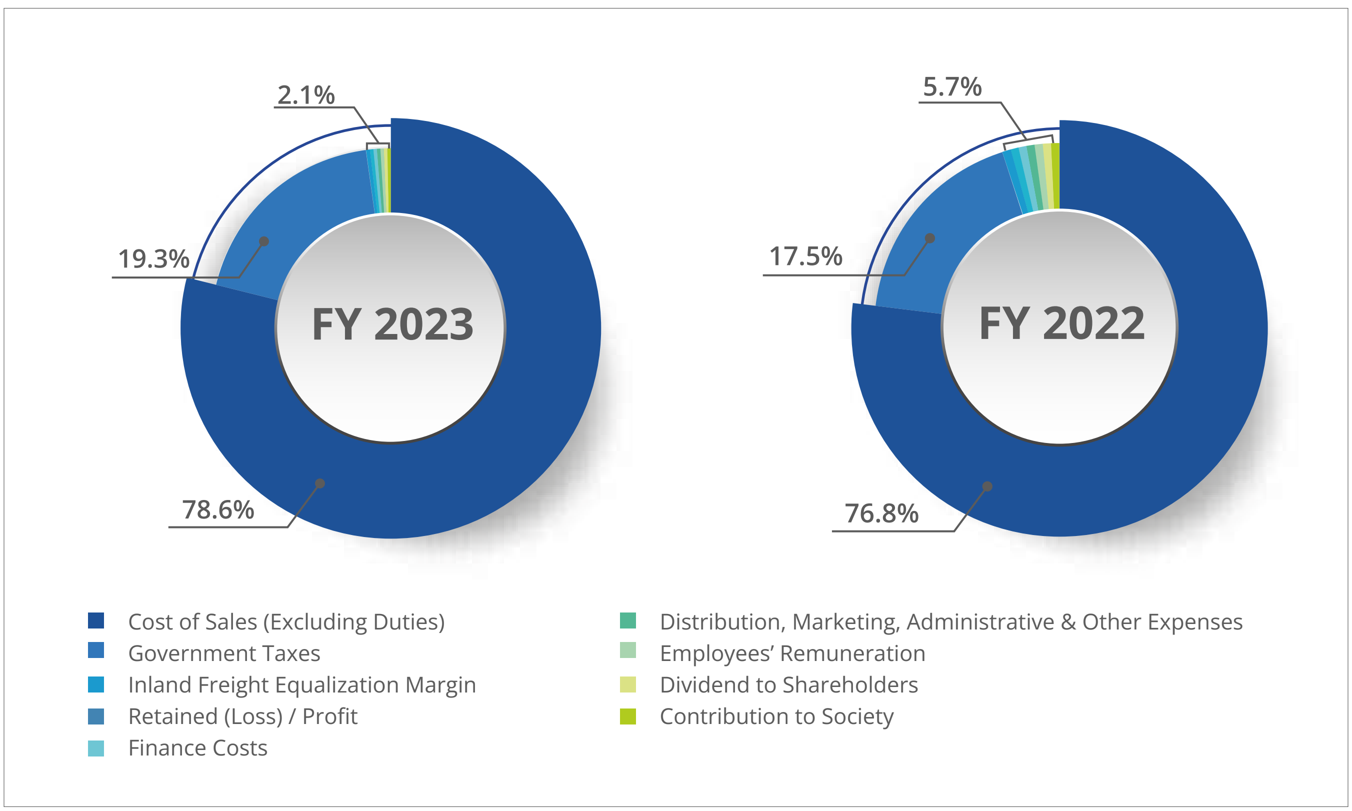
- Spare inventory to asset cost has remained stable.
- Maintenance cost to operating expenses has increased due to decrease in operating cost of the company by 32% mainly due to decrease in company's contribution towards Workers' Profit Participation Fund and Workers' Welfare Fund on account of decrease in profits.

Ratios and Analysis

For the year ended June 30, 2023

Statement of Value Additions

	2023 Rupees in mn.	%	2022 Rupees in mn.	%
Wealth Generated				
Sales (net of discount / allowances)	**3,605,399**	**99.65**	2,696,838	99.06
Other income (including share of profit of associates)	**12,648**	**0.35**	25,507	0.94
	3,618,048	**100.00**	2,722,345	100.00
Distribution of Wealth				
Cost of sales (excluding duties)	**2,845,547**	**78.65**	2,091,402	76.82
Government taxes	**697,082**	**19.27**	476,916	17.52
Inland freight equalization margin	**6,628**	**0.18**	29,157	1.07
Retained profit	**967**	**0.03**	81,528	2.99
Finance costs	**40,335**	**1.11**	4,721	0.17
Distribution, marketing, administrative expenses & other expenses	**11,426**	**0.32**	24,654	0.91
Employees' remuneration	**10,818**	**0.30**	9,024	0.33
Dividend to shareholders	**4,695**	**0.13**	4,695	0.17
Contribution to society	**550**	**0.02**	249	0.01
	3,618,048	**100.00**	2,722,345	100.00



Ratios and Analysis

For the year ended June 30, 2023

Horizontal and Vertical Analysis Statement of Financial Position

Vertical Analysis

	2023	2022	2021	2020	2019	2018
	Percentage (%)					
Property, plant and equipment	**1.9**	1.7	3.7	2.9	2.0	1.8
Right-of-use assets	**0.7**	0.7	1.4	1.4	0.0	0.0
Intangibles	**0.0**	0.0	0.0	0.0	0.0	0.0
Long-term investments	**1.1**	1.4	4.3	4.7	2.7	1.2
Long-term loans, advances and other receivables	**0.1**	0.0	0.1	0.1	0.1	0.1
Long-term deposits and prepayments	**0.0**	0.0	0.1	0.1	0.1	0.1
Deferred tax asset - net	**2.2**	2.0	3.5	5.0	3.0	2.9
Retirement benefits	**0.0**	0.0	0.4	0.2	0.0	0.0
Total Non- Current Assets	**6.1**	6.0	13.5	14.5	7.9	6.1
Stores, spares and loose tools	**0.1**	0.1	0.2	0.2	0.1	0.1
Stock-in-trade	**29.8**	38.0	20.8	16.7	21.5	20.3
Trade debts	**50.4**	47.9	58.1	57.5	52.6	61.0
Loans and advances	**0.1**	0.1	0.1	0.1	0.1	0.5
Short-term deposits and prepayments	**0.1**	0.0	0.1	0.7	0.8	0.8
Other receivables	**10.5**	6.4	5.0	6.9	13.9	8.2
Taxation - net	**0.0**	0.0	1.4	2.3	2.0	1.9
Cash and bank balances	**2.9**	1.5	0.8	1.1	1.1	1.2
Total Current Assets	**93.9**	94.0	86.5	85.5	92.1	93.9
Total Assets	**100.0**	100.0	100.0	100.0	100.0	100.0
Equity and Liabilities						
Equity						
Share capital	**0.5**	0.5	1.2	1.4	0.9	0.8
Reserves	**21.5**	23.5	35.7	31.6	27.6	26.6
Total Share Holders' Equity	**22.0**	24.0	36.9	33.0	28.6	27.4
Non-Current Liabilities	**1.9**	1.8	3.2	3.6	1.8	1.3
Current Liabilities						
Trade and other payables	**31.3**	54.9	44.2	43.1	43.2	47.7
Short - term borrowings	**43.0**	17.3	14.8	19.4	0.4	22.3
Accrued interest / mark-up	**1.2**	0.1	0.1	0.4	0.0	0.2
Provisions	**0.1**	0.1	0.2	0.1	0.1	0.1
Current portion of lease liabilities	**0.0**	0.1	0.2	0.0	0.2	0.0
Taxation - net	**0.3**	1.5	0.0	0.0	25.6	0.0
Unclaimed and unpaid dividend	**0.2**	0.2	0.4	0.4	0.0	0.9
Total Current Liabilities	**76.1**	74.2	59.9	63.4	69.6	71.3
Total Equity and Liabilities	**100.0**	100.0	100.0	100.0	100.0	100.0

Horizontal Analysis

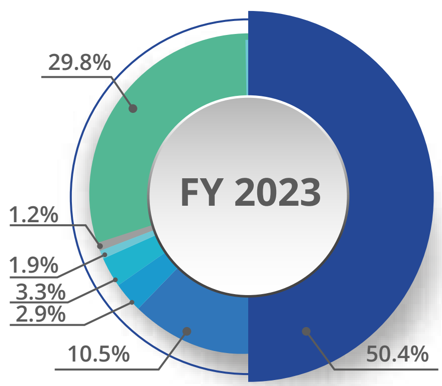
	2023	2022	2021	2020	2019	2018
	Percentage (%)					
Non-current assets						
Property, plant and equipment	**254.4**	214.1	193.2	136.4	111.7	100.0
Total non-current assets	**244.5**	218.3	208.9	202.0	133.8	100.0
Stock-in-trade	**358.5**	418.7	96.8	70.1	109.9	100.0
Trade debts	**201.9**	175.5	89.7	80.3	89.4	100.0
Other receivables	**312.6**	174.1	57.9	72.1	175.5	100.0
Cash and bank balances	**624.5**	300.2	62.6	84.3	99.1	100.0
Share capital	**144.0**	144.0	144.0	144.0	120.0	100.0
Reserves	**197.6**	196.8	126.2	101.1	107.5	100.0
Total share holders' equity	**196.1**	195.2	126.7	102.4	107.9	100.0
Non-current liabilities	**358.0**	320.4	237.0	241.3	145.7	100.0
Trade and other payables	**160.3**	257.0	87.3	76.9	93.7	100.0
Short-term borrowings	**470.5**	173.5	62.4	73.9	1.9	100.0
Total current liabilities	**260.8**	232.5	79.1	75.7	101.2	100.0
Total Equity and Liabilities	**244.3**	223.4	94.2	85.2	103.6	100.0

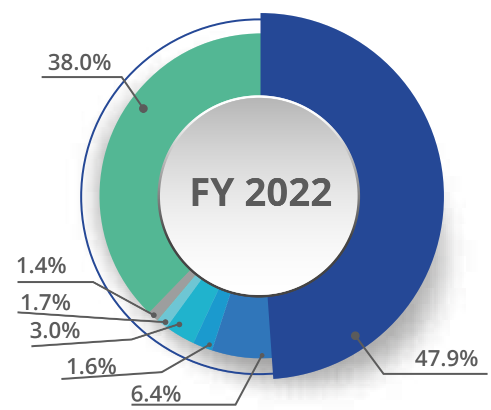
Ratios and Analysis

For the year ended June 30, 2023

Statement of Financial Position - Vertical Analysis

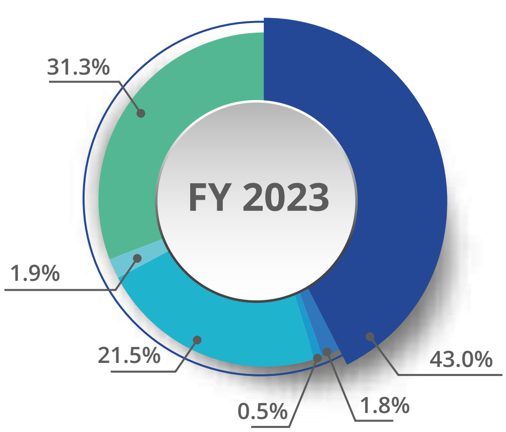
Assets

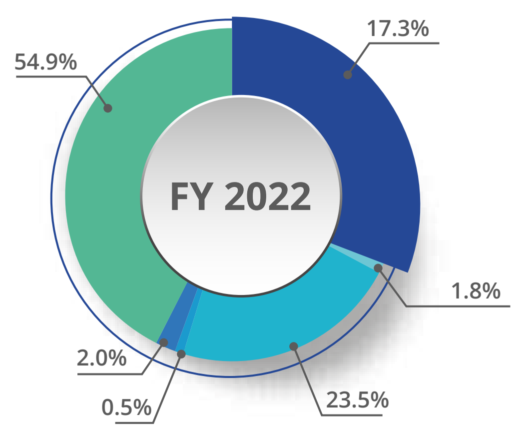




- Property, Plant and Equipment
- Long-term Investments
- Stock-in-Trade
- Trade Debts
- Other Receivables
- Cash and Bank Balances
- Others

Equity and Liabilities





- Short-term Borrowings
- Trade and Other Payables
- Reserves
- Non-Current Liabilities
- Share Capital
- Others

Ratios and Analysis

For the year ended June 30, 2023

Comments on Horizontal and Vertical Analysis

Total Non-Current Assets

Total non-current assets are highest in FY 2023, as per horizontal analysis, primarily due to additions over the periods and increase in right-of-use assets due to increase in retail outlets of the company.

Stock-in-Trade

Stock-in-trade is lower in FY 2023 as compared to FY 2022, as per horizontal analysis, mainly due to reduction in inventory of furnace oil, however, it is still higher as compared to other years due to increased prices in the international market.

Trade Debts

Trade debts are highest in FY 2023, both as per horizontal and vertical analysis, due to increase in receivables from SNGPL.

Shareholders' Equity

Shareholders' equity has increased over the years due to retention of profits. Whereas as per vertical analysis, shareholders' equity as a percentage of total equity and liabilities is lowest as there have been more proportionate increase in total liabilities than in shareholders' equity.

Trade and Other Payables

Trade and other payables have declined in FY 2023 as compared to FY 2022 primarily due to decrease in foreign payables on account of reduced outstanding LCs at year end.

Ratios and Analysis

For the year ended June 30, 2023

Horizontal and Vertical Analysis Statement of Profit or Loss

Vertical Analysis

	2023	2022	2021	2020	2019	2018
	Percentage (%)					
Net sales	**100.0**	100.0	100.0	100.0	100.0	100.0
Cost of products sold	**(97.7)**	(93.4)	(95.5)	(98.9)	(96.9)	(96.3)
Gross Profit	**2.2**	6.6	4.5	1.1	3.1	3.7
Other income (including share of profit of associates - net of tax)	**0.4**	1.0	1.6	1.0	0.7	0.7
Administrative & marketing expenses	**(0.6)**	(0.7)	(1.2)	(1.3)	(1.1)	(1.1)
Other expenses	**(0.1)**	(0.7)	(0.4)	0.0	(0.4)	(0.3)
Total Operating Costs	**(0.7)**	(1.4)	(1.6)	(1.3)	(1.5)	(1.4)
Profit From Operations	**1.9**	6.2	4.5	0.7	2.3	3.0
Finance costs	**(1.2)**	(0.2)	(0.9)	(1.2)	(0.8)	(0.5)
Profit Before taxation	**0.7**	6.0	3.7	(0.5)	1.5	2.6
Taxation	**(0.6)**	(2.5)	(1.2)	(0.1)	(0.6)	(1.1)
Profit After taxation	**0.2**	3.5	2.4	(0.6)	0.9	1.5

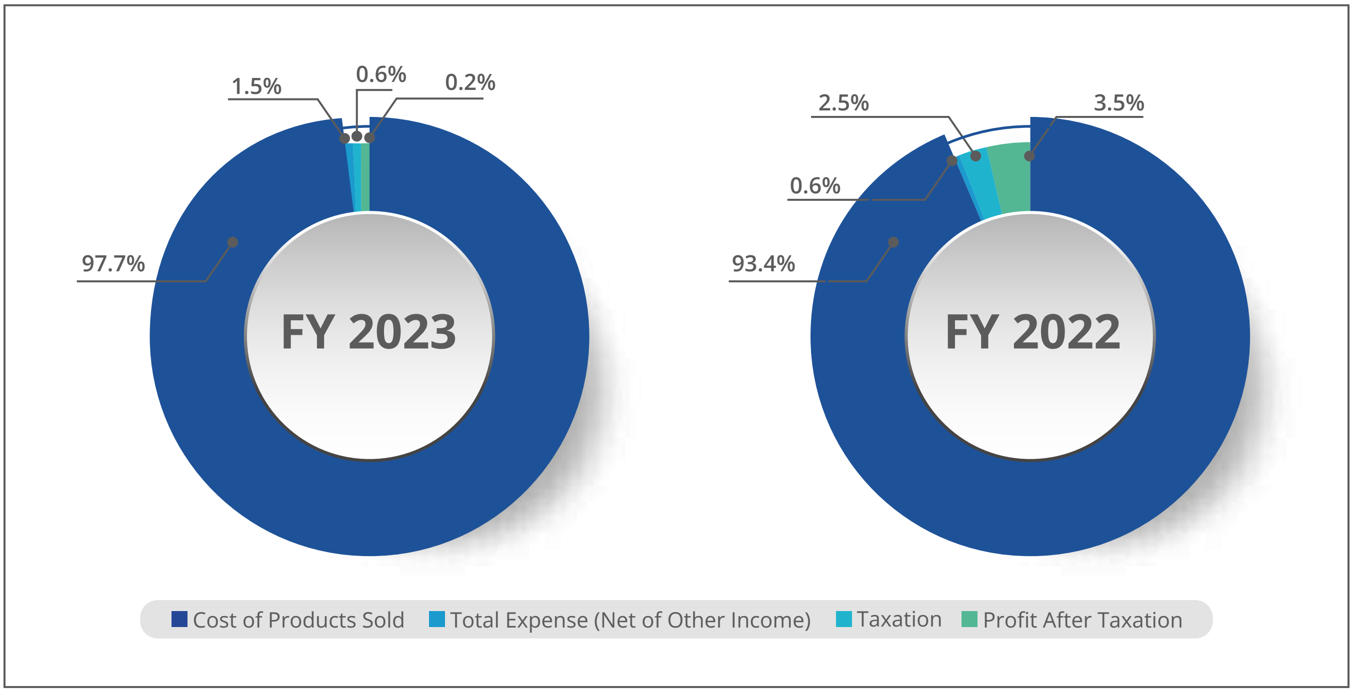
Horizontal Analysis

	2023	2022	2021	2020	2019	2018
	Percentage (%)					
Net sales	**318.8**	230.5	113.2	104.2	108.5	100.0
Cost of products sold	**323.8**	223.7	112.3	107.0	109.2	100.0
Gross Profit	**188.8**	406.2	137.8	30.8	90.9	100.0
Other income (including share of profit of associates - net of tax)	**159.9**	322.4	245.3	135.9	95.6	100.0
Administrative & marketing expenses	**171.7**	140.9	124.8	122.7	104.1	100.0
Other expenses	**69.5**	513.3	144.8	1.5	141.0	100.0
Total Operating Costs	**149.3**	222.3	129.2	96.2	112.1	100.0
Profit From Operations	**200.4**	472.6	168.2	25.7	82.0	100.0
Finance costs	**787.3**	92.1	199.9	262.1	175.4	100.0
(Loss) / Profit Before Taxation	**89.7**	544.4	162.2	(18.9)	64.3	100.0
Taxation	**159.9**	526.8	127.5	11.4	58.9	100.0
(Loss) / Profit After Taxation	**36.6**	557.7	188.5	(41.8)	68.5	100.0

Ratios and Analysis

For the year ended June 30, 2023

Statement of Profit or Loss - Vertical Analysis



Comments on Horizontal and Vertical Analysis

Net Sales Revenue

Net sales revenue is highest in FY 2023 due to higher average sales prices.

Gross Profit

Gross profit was highest in FY 2022 due to highly favourable price regime and reduction in overall industry volumes in FY 2023.

Other Income

Other income was highest in FY 2022 due to higher receipt of interest income on delayed payments in that year.

Total Operating Cost

Total operating cost was highest in FY 2022 due to high charge for WWF/WPPF in that year due to highest profit.

Finance Cost

Finance cost is highest in FY 2023 as compared to last five years due to significant surge in policy rate by SBP and increase in borrowing levels.

Profit / (Loss) After Tax

The company's profitability in FY 2023 is lower mainly due to unfavourable price regime and increase in finance cost.

Ratios and Analysis

For the year ended June 30, 2023

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 the 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.

Ratios and Analysis

For the year ended June 30, 2023

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 Financial Accounting Standards (IFAS) as issued by the Institute of Chartered Accountants of Pakistan 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 statutory deadlines. The company has no overdue or outstanding statutory payments.

Based on the profit in FY 2023, the Board of Management has declared a final cash dividend of Rs. 7.5 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.

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, 2023, 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, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit 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, 2023, the Company's receivable from Government of Pakistan and customers amounted to Rs. 508,135 million which included trade debts receivables of Rs. 433,922 million from customers including Rs. 71,922 million, Rs. 18,135 million and Rs. 298,429 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.

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 de-regulated 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 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 Company's accounting policy for recognition of sales and compliance of the policy with International Financial Reporting Standard (IFRS 15-"Revenue from Contracts with Customers"); • 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, 2023 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 override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Management, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
September 28, 2023

UDIN: AR202310202AnaqR9eFN

Unconsolidated Statement of Financial Position

As at June 30, 2023

	Note	2023	2022
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**18,640,560**	15,689,125
Right-of-use assets	5	**6,898,277**	6,473,649
Intangibles	6	**239,282**	251,337
Long-term investments	7	**11,261,720**	12,556,750
Long-term loans, advances and other receivables	8	**761,044**	333,520
Long-term deposits	9	**370,750**	337,537
Deferred tax asset - net	10	**21,875,045**	17,982,287
		60,046,678	53,624,205
Current Assets			
Stores, spares and loose tools	11	**871,872**	764,664
Stock-in-trade	12	**292,626,142**	341,757,891
Trade debts	13	**495,898,435**	430,941,589
Loans and advances	14	**569,484**	636,421
Short-term deposits and prepayments	15	**1,204,894**	332,773
Other receivables	16	**103,224,248**	57,477,563
Cash and bank balances	17	**28,954,358**	13,919,215
		923,349,433	845,830,116
Net assets in Bangladesh	18	**-**	-
Total Assets		**983,396,111**	899,454,321
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**4,694,734**	4,694,734
Reserves	20	**211,865,173**	210,954,367
		216,559,907	215,649,101
Non-Current Liabilities			
Retirement and other service benefits	21	**11,185,640**	9,930,755
Lease liabilities	22	**6,611,373**	5,842,539
Deferred income - Government grant	23	**100,000**	100,000
Other payable	24	**593,849**	674,319
		18,490,862	16,547,613
Current Liabilities			
Trade and other payables	25	**308,090,800**	493,810,208
Short-term borrowings	26	**422,705,573**	155,845,542
Accrued interest / mark-up	26.5	**11,523,844**	1,029,501
Provisions	27	**639,413**	639,413
Current portion of lease liabilities	22	**483,269**	794,440
Taxation - net		**3,341,201**	13,659,984
Unclaimed dividend	28	**1,561,242**	1,478,519
		748,345,342	667,257,607
Total Liabilities		**766,836,204**	683,805,220
Total Equity and Liabilities		**983,396,111**	899,454,321
Contingencies and Commitments	29		

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

Syed Muhammad Taha	Mushtaq Malik	Gulzar Khoja
Managing Director & CEO	**Member Board of Management**	**Chief Financial Officer**

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in '000)	
Net Sales	30	**3,391,111,978**	2,451,580,833
Cost of products sold	31	**(3,316,265,223)**	(2,290,585,612)
Gross Profit		**74,846,755**	160,995,221
Other income	32	**13,507,431**	24,813,311
Operating Costs			
Distribution and marketing expenses	33	**(15,234,975)**	(12,633,949)
Administrative expenses	34	**(5,242,671)**	(4,178,201)
Provision of impairment on financial assets-net	13.3 & 16.7.1	**(437,160)**	(5,104,188)
Other expenses	35	**(1,879,519)**	(12,010,169)
		(22,794,325)	(33,926,507)
Profit From Operations		**65,559,861**	151,882,025
Finance costs	36	**(40,334,643)**	(4,720,705)
Share of (loss) / profit of associates - net of tax	7.6.1	**(859,121)**	693,752
Profit Before Taxation		**24,366,097**	147,855,072
Taxation	37	**(18,703,952)**	(61,632,544)
Profit for the Year		**5,662,145**	86,222,528
		(Rupees)	
Earnings Per Share - Basic and Diluted	38	**12.06**	183.66

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

Syed Muhammad Taha	Mushtaq Malik	Gulzar Khoja
Managing Director & CEO	**Member Board of Management**	**Chief Financial Officer**

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in '000)	
Profit for the year		**5,662,145**	86,222,528
Other Comprehensive Income / (Loss):			
Items That Will Not be Subsequently Reclassified to Profit or Loss:			
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	7.6.1	**(5,721)**	(38)
Unrealised loss on remeasurement of equity investment classified as fair value through other comprehensive income	7.3	**(214,895)**	(3,666,535)
Taxation thereon		**(116,516)**	421,262
		(331,411)	(3,245,273)
Actuarial gain / (loss) on remeasurement of retirement and other service benefits	21.1.6	**416,485**	(3,226,942)
Taxation thereon		**(135,958)**	615,358
		280,527	(2,611,584)
		(56,605)	(5,856,895)
Total Comprehensive Income for the Year		**5,605,540**	80,365,633

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

Syed Muhammad Taha	Mushtaq Malik	Gulzar Khoja
Managing Director & CEO	**Member Board of Management**	**Chief Financial Officer**

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2023

	Share Capital	Capital Reserves: Surplus on Vesting of Net Assets	Revenue Reserves: 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, 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
Balance as at July 01, 2022	**4,694,734**	**3,373**	**2,240,544**	**25,282,373**	**1,478,551**	**181,949,526**	**210,954,367**	**215,649,101**
Total Comprehensive Income for the Year								
Profit for the year	**-**	**-**	**-**	**-**	**-**	**5,662,145**	**5,662,145**	**5,662,145**
Profit for the year transferred to venture capital reserve	-	-	-	-	**243,661**	**(243,661)**	-	-
Other Comprehensive Income for the Year								
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	**-**	**-**	**(331,411)**	**-**	**-**	**-**	**(331,411)**	**(331,411)**
Actuarial gain on remeasurement of retirement and other service benefits - net of tax	**-**	**-**	**-**	**-**	**-**	**280,527**	**280,527**	**280,527**
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	**-**	**-**	**-**	**-**	**-**	**(5,721)**	**(5,721)**	**(5,721)**
	-	**-**	**(331,411)**	**-**	**-**	**274,806**	**(56,605)**	**(56,605)**
Transactions with the owners of the Company								
Distributions								
Final dividend for the year ended June 30, 2022 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, 2023	**4,694,734**	**3,373**	**1,909,133**	**25,282,373**	**1,722,212**	**182,948,082**	**211,865,173**	**216,559,907**

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

Syed Muhammad Taha	Mushtaq Malik	Gulzar Khoja
Managing Director & CEO	**Member Board of Management**	**Chief Financial Officer**

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in '000)	
Cash Flows From Operating Activities			
Cash used in operations	39	**(179,106,818)**	(31,469,494)
Long-term loans, advances and other receivables		**(427,524)**	73,326
Long-term deposits and prepayments		**(33,213)**	(1,678)
Long-term investments		**(15,000)**	-
Taxes paid		**(33,167,967)**	(46,247,562)
Finance costs paid		**(27,814,925)**	(3,120,998)
Retirement and other service benefits paid		**(716,467)**	(207,287)
Net Cash Used in Operating Activities		**(241,281,914)**	(80,973,693)
Cash Flows From Investing Activities			
Capital expenditure		**(5,090,713)**	(3,333,889)
Proceeds from disposal of property, plant and equipment		**182,036**	122,344
Dividends received		**555,839**	1,121,079
Net Cash Used in Investing Activities		**(4,352,838)**	(2,090,466)
Cash Flows From Financing Activities			
Short-term borrowings - net	26.6	**265,572,592**	106,762,412
Lease payments		**(1,578,125)**	(1,001,458)
Dividend paid		**(4,612,011)**	(4,719,432)
Net Cash Generated From Financing Activities		**259,382,456**	101,041,522
Net Increase in Cash and Cash Equivalents		**13,747,704**	17,977,363
Cash and cash equivalents at beginning of the year		**12,060,789**	(5,916,574)
Cash and Cash Equivalents at End of the Year	40	**25,808,493**	12,060,789

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

Syed Muhammad Taha	Mushtaq Malik	Gulzar Khoja
Managing Director & CEO	**Member Board of Management**	**Chief Financial Officer**

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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. Kemari Oil Terminal, Kemari, Karachi.	Sindh

1.3 Regional marketing, sales offices and invoicing points are located across the country. The Company owns retail operation sites and sites operated through dealers across Pakistan, the details of which is impracticable to disclose in these unconsolidated financial statements as required under the 4th Schedule to the Companies Act, 2017.

1.4 The Board of Management (BoM) nominated by the Federal Government under Section 7 of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the Act") manages the affairs of the Company. The provisions of the Act shall have effect notwithstanding anything contained in the Companies Act, 2017 or any other law for the time being in force or any agreement, contract, Memorandum or Articles of Association of the Company.

1.5 These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

2. Basis of Preparation

2.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial 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:

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 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).

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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 June 30, 2024. 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 01, 2022, however, these do not have any significant impact on the Company's financial statements, therefore have not been detailed here.

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 1st July 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1st January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. 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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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.

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1st January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- 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 1st 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 1st 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 1st January 2023 with earlier application permitted.

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1st January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

  Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend 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.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1st January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) introduce following new disclosure requirements:

  Once tax law is enacted but before top-up tax is effective:

  - Disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

that effect and information about its progress in assessing the Pillar Two exposure.

- After top-up tax is effective: disclose current tax expense related to top-up tax.

These amendments apply from 31st December 2023. No disclosures are required in interim periods ending on or before 31st December 2023.

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 (Petroleum 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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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:

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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 Subsidiaries

Investment in subsidiaries 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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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 customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Assets Covered Under IAS 39

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O 67(I)/2023 dated January 20, 2023 has granted exemption from application of expected credit losses (ECL) method under IFRS 9 'Financial Instruments' on financial assets due from GoP in respect of circular debt till June 30, 2024, provided that the Company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Consequently, the Company has not recorded impact of aforesaid ECL on trade debts of SNGPL, HUBCO, GENCO in these unconsolidated financial statements based on the exemption granted from SECP in this respect. 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 a similar financial assets. Such impairment loss will not be reversed in subsequent periods. For financial asset carried at amortised cost, the amount of impairment loss recognised is difference between carrying amount and present value of estimated cash flow, discounted at effective interest rate.

3.11.2 Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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 converted into Rupees at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Rupees at rates prevailing at the statement of financial position date. Foreign currency gains and losses are recognised in the statement of profit or loss. Foreign exchange differences arising from trading transactions are included in the results of operating activities whereas exchange differences on financing activities are included in finance cost.

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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

- 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 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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 resourses embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

(Amounts in Rs. '000)

	Note	2023	2022
4. Property, Plant and Equipment			
Operating assets	4.1	**14,357,852**	12,429,717
Capital work-in-progress	4.4	**4,282,708**	3,259,408
		18,640,560	15,689,125

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

4.1 Operating Assets

(Amounts in Rs. '000)

	Land		Building		Tanks and Pipelines	Service and Filling Stations (Note 4.1.2)	Plant and Machinery	Furniture and Fittings	Vehicles and Other Rolling Stock	Office Equipment	Railway Sidings	Gas Cylinders / Regulators (Note 4.1.2)	Total
	Freehold	Leasehold	On Freehold Land	On Leasehold Land									
As at July 01, 2022													
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
Year Ended June 30, 2023													
Opening 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**
Additions / transfers	**345,041**	**-**	**97,010**	**102,815**	**1,134,640**	**961,511**	**576,146**	**48,925**	**490,196**	**157,263**	**-**	**53,367**	**3,966,914**
Disposals (Note 4.2)													
Cost	**-**	**-**	**(7,169)**	**(12,304)**	**(687)**	**(463,483)**	**(16,809)**	**(6,686)**	**(80,366)**	**(17,555)**	**-**	**(108,164)**	**(713,223)**
Accumulated depreciation	**-**	**-**	**4,391**	**11,748**	**641**	**462,769**	**16,597**	**6,588**	**73,039**	**17,419**	**-**	**99,187**	**692,379**
	-	**-**	**(2,778)**	**(556)**	**(46)**	**(714)**	**(212)**	**(98)**	**(7,327)**	**(136)**	**-**	**(8,977)**	**(20,844)**
Depreciation charge (Note 4.1.1)	**-**	**(1,263)**	**(36,201)**	**(79,012)**	**(635,360)**	**(596,522)**	**(297,136)**	**(27,670)**	**(157,021)**	**(140,862)**	**(4,435)**	**(42,453)**	**(2,017,935)**
Closing net book value	**943,896**	**79,129**	**601,986**	**887,709**	**5,198,515**	**3,781,957**	**1,518,218**	**129,951**	**638,288**	**285,078**	**18,857**	**274,268**	**14,357,852**
As at June 30, 2023													
Cost	**943,896**	**110,921**	**1,342,638**	**2,024,968**	**10,105,256**	**13,551,916**	**6,000,206**	**502,235**	**2,370,281**	**1,425,231**	**97,555**	**439,001**	**38,914,104**
Accumulated depreciation	**-**	**(31,792)**	**(740,652)**	**(1,137,259)**	**(4,906,741)**	**(9,769,959)**	**(4,481,988)**	**(372,284)**	**(1,731,993)**	**(1,140,153)**	**(78,698)**	**(164,733)**	**(24,556,252)**
Net book value	**943,896**	**79,129**	**601,986**	**887,709**	**5,198,515**	**3,781,957**	**1,518,218**	**129,951**	**638,288**	**285,078**	**18,857**	**274,268**	**14,357,852**
Annual Rate of Depreciation (%)	**-**	**1-7**	**5-10**	**5-10**	**5-20**	**5-33**	**5-33**	**7-33**	**17-20**	**7-33**	**7-10**	**10**	

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
4.1.1 Depreciation Charge for the Year has Been Allocated as Follows:			
Cost of products sold	31.2	**31,189**	33,843
Distribution and marketing expenses	33	**1,788,491**	1,416,668
Administrative expenses	34	**198,255**	166,248
		2,017,935	1,616,759

4.1.2 Service and filling stations include cost of Rs.12,918,653 (2022: Rs.12,521,271) 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 2,112 (2022: 2,151) out of the total 3,528 (2022: 3,500) 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. 439,001 (2022: Rs. 493,798) are not in possession of the Company.

4.1.3 Included in operating assets are fully depreciated assets having cost of Rs.18,037,198 (2022: Rs.17,751,321).

4.1.4 Included in operating assets are assets having net book value of Rs. 899,666 (2022: Rs. 802,259) in respect of Company's share in the joint operation. Certain assets relating to joint operation in New Islamabad International Airport (NIAP) are not in the possession of the Company aggregating to Rs. 245,939 (2022: Rs. 317,006). The possession of these assets at NIAP is with Attock Petroleum Limited. In view of large number of assets, the Company considered 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.

4.2 The details of operating assets disposed off during the year are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Buyers
Vehicle	**2,752**	**776**	**1,976**	**2,109**	**133**	Company Policy	Mr. Zeeshan Haider
Vehicle	**2,973**	**395**	**2,578**	**2,677**	**99**	Company Policy	Ms. Hina Mughal Ex. Employee
Vehicle	**2,745**	**731**	**2,014**	**2,106**	**92**	Company Policy	Mr. OM Perkash
Items having book value of less than Rs. 500 each	**704,753**	**690,477**	**14,276**	**175,144**	**160,868**		
June 30, 2023	**713,223**	**692,379**	**20,844**	**182,036**	**161,192**		
June 30, 2022	558,992	546,860	12,132	122,344	110,212		

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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		
Diamond 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, 2023

(Amounts in Rs. '000)

		Note	2023	2022
4.4	**Capital Work-in-Progress**			
	Tanks and pipelines		**1,737,928**	1,196,585
	Service and filling stations		**178,075**	221,187
	Plant and machinery		**37,048**	56,183
	Furniture, fittings and equipment		**-**	6,575
	Advance to suppliers and contractors		**205,943**	103,877
	Capital spares		**2,123,714**	1,675,001
		4.4.1 & 4.4.2	**4,282,708**	3,259,408
4.4.1	Movement in capital work-in-progress is as follows:			
	Balance at beginning of the year		**3,259,408**	5,363,766
	Additions during the year		**5,090,713**	3,333,888
	Transfers during the year			
	- Operating assets	4.1	**(3,966,914)**	(5,265,820)
	- Intangibles	6	**(100,499)**	(172,426)
			(4,067,413)	(5,438,246)
	Balance at end of the year		**4,282,708**	3,259,408

4.4.2 Includes capital work-in-progress amounting to Rs. 192,987 (2022: Rs. 175,668) in respect of Company's share in joint operation.

5.	**Right-of-Use Assets**	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				
	Net book value as at July 1, 2021		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)
	Net book value as at June 30, 2022		6,473,649	-	6,473,649
	Balance as at June 30, 2022				
	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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	Land	Building	Total
Balance as at July 1, 2022				
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
Movement During the Year				
Opening net book value		6,473,649	-	6,473,649
Additions		913,146	-	913,146
Change due to modifications		281,500	-	281,500
Less: Depreciation charge	5.2	(770,018)	-	(770,018)
Closing net book value		6,898,277	-	6,898,277
Balance at End of the Year				
Cost		9,011,248	50,583	9,061,831
Accumulated depreciation		(2,112,971)	(50,583)	(2,163,554)
Net book value		6,898,277	-	6,898,277

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

	Note	2023	2022
5.2 Depreciation charge for the year has been allocated as follows:			
Distribution and marketing expenses	33	708,417	511,407
Administrative expenses	34	61,601	40,574
		770,018	551,981

5.3 The right-of-use assets comprise land and office premises acquired on lease by the Company for its operations. The Company has also entered into lease of pipelines and tank lorries, however, these do not constitute right-of-use assets on account of variable payments not linked to index or rate.

6. Intangibles

	Note	2023	2022
Net Carrying Value			
Balance at beginning of the year		251,337	153,528
Additions at cost		100,499	172,426
Disposals			
Cost		(1,725)	-
Accumulated amortisation		1,725	-
		-	-
Amortisation charge for the year	6.1 & 34	(112,554)	(74,617)
Balance at end of the year		239,282	251,337
Gross Carrying Value			
Cost	6.2	886,457	787,683
Accumulated amortisation		(647,175)	(536,346)
Net book value		239,282	251,337

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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.

	Note	2023	2022
7. Long-term Investments			
Investment in Related Parties			
Investment Held at Fair Value Through Other Comprehensive Income			
In an Un-Quoted Company			
- Pak-Arab Pipeline Company Limited (PAPCO) Equity held: 12% (2022: 12%) No. of shares: 8,640,000 (2022: 8,640,000) of Rs. 100 each	7.2 & 7.3	**3,993,199**	4,208,094
Investment in Subsidiary - at Cost			
In a Quoted Company			
- Pakistan Refinery Limited (PRL) Equity held 63.56% (2022: 63.56%) No. of shares: 400,459,028 (2022: 400,459,028) of Rs. 10 each		**4,890,680**	4,890,680
In Un-Quoted Companies			
- Cerisma (Private) Limited (CPL) Equity held 100% (2022: Nil) No. of shares: 499,999 (2022: Nil) of Rs. 10 each	7.4	**5,000**	-
- PSO Renewable (Private) Limited (PRE) Equity held 100% (2022: Nil) No. of shares: 999,999 (2022: Nil) of Rs. 10 each	7.5	**10,000**	-
Investment in Associates			
In Un-Quoted Companies			
- Asia Petroleum Limited (APL) Equity held: 49% (2022: 49%) No. of shares: 46,058,570 (2022: 46,058,570) of Rs. 10 each	7.6	**2,325,836**	3,413,175
- Pak Grease Manufacturing Company (Private) Limited (PGMCL) Equity held: 22% (2022: 22%) No. of shares: 686,192 (2022: 686,192) of Rs. 10 each	7.6	**37,005**	44,801
		2,362,841	3,457,976
		11,261,720	12,556,750

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(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:

	2023	2022
- Discount rate	**19.56% - 19.94%**	19.85% - 21.08%
- 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. 331,411 (2022: Rs. 3,245,273) in other comprehensive income / (loss) for the year.

		2023	2022
7.3	**Movement of Investment Classified as FVOCI**		
	Balance at beginning of the year	**4,208,094**	7,874,629
	Remeasurement loss recognised as other comprehensive loss	**(214,895)**	(3,666,535)
	Balance at end of the year	**3,993,199**	4,208,094
7.3.1	**Sensitivity to Unobservable Inputs:**		
	- Discount rate (1% increase)	**(294,970)**	(19,214)
	- Discount rate (1% decrease)	**343,832**	19,945
	- Growth rate of terminal value (1% increase)	**208,593**	124,485
	- Growth rate of terminal value (1% decrease)	**(179,941)**	(107,718)

7.4 CPL was incorporated on September 29, 2022 as private limited company. The principal activity of CPL is to set-up, manage, own, administer and run electronic money institution (EMI) under EMI Regulations. As at June 30, 2023, the Company has subscribed to 499,999 shares of Cerisma.

The principal place of business for CPL is Sindh, Pakistan.

7.5 PRE was incorporated on December 02, 2022 as private limited company. The principal activity of PRE is to carry on businesses of renewable energy, its manufacturing, processing and installation thereof. As at June 30, 2023, the Company has subscribed to 999,999 shares of PRE.

The principal place of business for PRE is Sindh, Pakistan.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

7.6 Investments in Associates

7.6.1 Movement of Investment in Associates

	2023			2022		
	APL	PGMCL	Total	APL	PGMCL	Total
Balance at beginning of the year	3,413,175	44,801	3,457,976	3,453,641	47,558	3,501,199
Share of (loss) / profit of associates - net of tax:						
- current year - unaudited	(855,752)	(8,308)	(864,060)	692,511	(2,051)	690,460
- adjustment for last year profit / (loss) based on prior year audited financial statements	4,831	108	4,939	4,252	(960)	3,292
	(850,921)	(8,200)	(859,121)	696,763	(3,011)	693,752
Share of actuarial (loss) / gain on remeasurement of staff retirement benefits of associates - net of tax	(6,125)	404	(5,721)	(292)	254	(38)
Dividend income	(230,293)	-	(230,293)	(736,937)	-	(736,937)
Balance at end of the year	2,325,836	37,005	2,362,841	3,413,175	44,801	3,457,976

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

	------- (Un-audited) -------		------- (Un-audited) -------	
	2023		2022	
	APL	PGMCL	APL	PGMCL
Revenue	3,406,967	122,670	2,730,843	203,034
(Loss) / profit after taxation for the year	(1,746,433)	(37,764)	1,413,282	(9,324)
Total comprehensive (loss) / income	(1,746,433)	(37,764)	1,413,282	(9,324)
Non-current assets	788,513	39,660	896,213	41,522
Current assets	10,376,668	157,695	7,598,943	189,119
	11,165,181	197,355	8,495,156	230,641
Non-current liabilities	(257,160)	(11,435)	(266,036)	(13,699)
Current liabilities	(6,161,416)	(17,710)	(1,263,465)	(13,298)
	(6,418,576)	(29,145)	(1,529,501)	(26,997)
Net assets	4,746,605	168,210	6,965,655	203,644

7.6.3 Reconciliation of Carrying Amount of Investment

	2023		2022	
	APL	PGMCL	APL	PGMCL
Net assets (Note 7.6.2)	4,746,605	168,210	6,965,655	203,644
Company's holding in % (Note 7)	49%	22%	49%	22%
Company's share of investment in associate	2,325,836	37,005	3,413,175	44,801
Carrying amount of investment	2,325,836	37,005	3,413,175	44,801

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
8. Long-term Loans, Advances and Other Receivables			
Loans - Considered Good			
Executives*	8.1	**386,360**	112,113
Employees		**537,069**	278,960
	8.2	**923,429**	391,073
Current portion shown under current assets	14	**(281,486)**	(150,819)
		641,943	240,254
Advances - Considered Good (Secured)			
Employees	8.4	**140,295**	85,472
Current portion shown under current assets	14	**(43,832)**	(25,911)
		96,463	59,561
Other Receivables			
- Considered good		**22,638**	33,705
- Considered doubtful		**8,143**	8,143
		30,781	41,848
Provision for impairment		**(8,143)**	(8,143)
		761,044	333,520

8.1 Reconciliation of Carrying Amount of Long-Term Loans to Executives*:

	2023	2022
Balance at beginning of the year	**112,113**	153,715
Disbursements made during the year	**422,852**	19,234
Repayments made during the year	**(148,605)**	(60,836)
Balance at end of the year	**386,360**	112,113

*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, and all other loans are also secured against entitlements. 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. 534,948 (2022: Rs. 305,329).

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. 152,050 (2022: Rs. 124,183) paid to related parties.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

10. Deferred Tax Asset - Net

	Balance as at June 30, 2022	Charge for the Year - Profit or Loss	Charge for the Year - Other Comprehensive Income	Balance as at June 30, 2023
Taxable Temporary Difference in Respect of:				
Accelerated tax depreciation	929,058	384,827	-	**1,313,885**
Investment in associates accounted for	563,712	(94,337)	-	**469,375**
Equity investment held as FVOCI	1,103,551	-	116,516	**1,220,067**
Deductible Temporary Difference in Respect of:				
Provision for:				
Tax amortisation	7,527	(11,784)	-	**(4,257)**
Right of use asset net of lease liabilities	(144,585)	(12,895)	-	**(157,480)**
Impairment of stores and spares	(30,695)	(22,478)	-	**(53,173)**
Impairment on trade debts	(903,360)	(183,965)	-	**(1,087,325)**
Impairment on other receivables	(2,979,316)	(633,204)	-	**(3,612,520)**
Retirement and other service benefits	(2,790,298)	(946,707)	135,958	**(3,601,047)**
Excise, taxes and other duties	(24,035)	(4,369)	-	**(28,404)**
Liabilities offered for taxation	(13,711,159)	(2,619,832)	-	**(16,330,991)**
Others	(2,687)	(488)	-	**(3,175)**
	(17,982,287)	(4,145,232)	252,474	**(21,875,045)**

		Note	2023	2022
10.1	Movement in deferred tax asset - net is as follows:			
	Balance at beginning of the year		**17,982,287**	13,304,563
	- recognized in profit or loss	37	**4,145,232**	3,641,104
	- recognized in other comprehensive (loss) / income		**(252,474)**	1,036,620
	Balance at end of the year		**21,875,045**	17,982,287
11.	**Stores, Spares and Loose Tools**			
	Stores, spares and loose tools		**1,008,214**	857,587
	Provision for obsolete / slow moving	11.1	**(136,342)**	(92,923)
			871,872	764,664
11.1	The movement in provision for obsolete / slow moving is as follows:			
	Balance at beginning of the year		**92,923**	71,422
	Provision recognised during the year	35	**43,419**	21,501
	Balance at end of the year		**136,342**	92,923
12.	**Stock-in-Trade**			
	Raw and packing material		**6,552,455**	1,501,602
	Petroleum and other products (gross)	12.1	**124,164,828**	247,220,060
	Less: Stock held on behalf of third parties	12.2	**(5,506,408)**	(7,177,653)
			125,210,875	241,544,009
	In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Company Limited - net of loss		**112,847,307**	98,477,951
			238,058,182	340,021,960
	Add: Charges incurred thereon		**54,567,960**	1,735,931
		31	**292,626,142**	341,757,891

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

12.1 Includes stock-in-transit amounting to Nil (2022: Rs. 83,818,200) and stocks (net of provision) held by:

	2023	2022
Shell Pakistan Limited	-	1,012,935
Byco Petroleum Pakistan Limited	**11,988**	11,584
	11,988	1,024,519

12.2 Includes stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2022: Rs. 23,730). This also includes stock held on behalf of related parties amounting to Rs. 589 (2022: Rs. 66,865).

13. Trade Debts

	Note	2023	2022
Considered Good			
- Due from Government agencies and autonomous bodies			
- Secured	13.1	**77,603**	13,825
- Unsecured	13.2	**436,761,005**	378,441,890
		436,838,608	378,455,715
- Due from other customers			
- Secured	13.1	**6,628,389**	3,439,676
- Unsecured	13.2	**52,431,438**	49,046,198
		59,059,827	52,485,874
		495,898,435	430,941,589
Considered Doubtful		**2,939,979**	2,737,455
Trade debts - gross		**498,838,414**	433,679,044
Provision for impairment	13.2 & 13.3	**(2,939,979)**	(2,737,455)
Trade debts - net		**495,898,435**	430,941,589

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

13.2 These debts include an aggregate amount of Rs. 433,921,957 (2022: Rs. 373,159,772) 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. 71,921,997 (2022: Rs. 74,305,498), Rs. 18,135,551 (2022: Rs. 13,451,137) and Rs. 298,429,214 (2022: Rs. 226,093,429) from GENCO, HUBCO and SNGPL respectively, based on the agreed credit terms. The Company carries a specific provision of Rs. 346,975 (2022: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 388,139,788 (2022: Rs. 313,503,089) 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, 2024 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:

	2023	2022
Balance at beginning of the year	**2,737,455**	3,437,488
Provision recognised during the year	**282,038**	183,668
Reversal of provision made during the year	**(79,514)**	(883,701)
	202,524	(700,033)
Balance at end of the year	**2,939,979**	2,737,455

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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

	Note	2023	2022
Related parties	13.6.2	**851,302**	863,485
Other customers		**2,088,677**	1,873,970
		2,939,979	2,737,455

13.4 As at June 30, 2023, trade debts aggregating to Rs. 110,081,370 (2022: Rs. 121,323,239) are neither past due nor impaired. The remaining trade debts aggregating to Rs. 385,817,065 (2022: Rs. 309,618,350) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2023	2022
Up to 1 month	**92,523,170**	91,046,852
Over 1 month to 3 months	**203,844,034**	137,559,863
Over 3 months to 6 months	**9,689,584**	10,808,343
Over 6 months to 1 year	**17,130,127**	2,335,115
Over 1 year	**62,630,150**	67,868,177
	385,817,065	309,618,350

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	
	2023	2022	2023	2022
Associate				
Asia Petroleum Limited	**4,167**	5,298	**-**	-
Other Related Parties				
GENCO	**71,921,997**	75,119,640	**71,921,997**	74,305,498
SNGPL	**427,744,569**	285,403,136	**343,864,408**	285,403,136
Pakistan International Airlines Corporation	**14,398,626**	13,036,866	**13,616,915**	12,938,574
K-Electric Limited	**18,003,765**	18,203,931	**4,368,287**	13,812,277
Pakistan Railways	**4,035,967**	2,021,660	**4,035,967**	2,021,660
Oil & Gas Development Corporation Limited	**-**	14,901	**-**	4,156
Pakistan Petroleum Limited	**52,924**	58,369	**52,922**	13,461
Sui Southern Gas Company Limited	**4,570**	8,652	**1,267**	-
Pakistan Steel Mills Corporation Limited	**-**	3,236	**-**	-
Pakistan National Shipping Corporation	**2,021**	2,021	**2,021**	2,021
			437,863,784	388,500,783

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(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 2023	Total 2022
Other Related Parties				
GENCO	-	71,921,997	71,921,997	74,305,498
SNGPL	298,429,214	-	298,429,214	226,093,429
Pakistan International Airlines Corporation	12,065,282	1,551,633	13,616,915	10,587,593
Pakistan Railways	4,035,967	-	4,035,967	-
Oil & Gas Development Corporation Limited	-	-	-	4,156
Pakistan National Shipping Corporation	-	2,021	2,021	2,021
	314,530,463	73,475,651	388,006,114	310,992,697
Provision for impairment (notes 13.6.1 & 13.6.2)			(851,302)	(863,485)
			387,154,812	310,129,212

As at June 30, 2022, an amount of Rs. 5,229,441, Rs. 226,093,429, Rs. 10,190,099 & Rs. 4,156 were past due upto 6 months from GENCO, SNGPL, Pakistan International Airlines Corporation and Oil & Gas Development Corporation Limited respectively, whereas Rs. 69,076,057, Rs. 397,494 and Rs. 2,021 were past due for more than 6 months from GENCO, Pakistan International Airlines Corporation 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	2023	2022
Balance at beginning of the year		863,485	1,531,251
Reversal of provision during the year		(12,183)	(667,766)
Balance at end of the year	13.6.2	851,302	863,485

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

	2023	2022
GENCO	346,975	346,975
Pakistan International Airlines Corporation	502,306	514,489
Pakistan National Shipping Corporation	2,021	2,021
	851,302	863,485

14. Loans and Advances

	Note	2023	2022
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 155,788 (2022: Rs. 70,973) to executives	8	325,318	176,730
- Short-term loans and advances		206,952	429,707
		532,270	606,437
Unsecured			
Advance to suppliers		36,745	27,640
Advance for Company-owned filling stations		469	2,344
		37,214	29,984
		569,484	636,421

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
15. Short-Term Deposits and Prepayments			
Deposits - Interest Free			
Duty and development surcharge		**12,749**	25,871
Deposit against court orders		**57,506**	53,006
		70,255	78,877
Prepayments		**1,134,639**	253,896
		1,204,894	332,773
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	**602,604**	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
		9,297,420	9,297,419
Unfavourable exchange differences on FE-25 borrowings due from GoP - a related party	16.5	**61,455,158**	27,755,497
Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty - due from related party	16.6	**259,793**	259,793
Sales tax refundable - due from related party		**29,279,555**	13,450,179
		100,291,926	50,762,888
Provision for impairment	16.7	**(2,202,919)**	(1,902,919)
		98,089,007	48,859,969
Handling and hospitality charges		**689,152**	734,621
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
Inland Freight Equalization Margin (IFEM) including freight equalization receivable		**-**	2,729,665
Provision for impairment	16.7	**-**	(46,000)
		-	2,683,665
Others			
- Considered good		**4,446,089**	3,765,889
- Considered doubtful		**6,969,838**	6,989,202
		11,415,927	10,755,091
Provision for impairment	16.7	**(6,969,838)**	(6,989,202)
		4,446,089	3,765,889
	16.9 & 16.11	**103,224,248**	57,477,563

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(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. The Company has been continouly following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. 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 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 has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

16.3 PDC on Account of Supply of Furnace Oil to KEL at Natural Gas Prices

The Company received a directive from MoP&NR through letter no. NG(1)-7(58)09-LS(Vol-1) dated November 26, 2009 in which the Company was directed to supply furnace oil to KEL at the prices equivalent to natural gas prices plus applicable duties and taxes under the Natural Gas Load Management Program (GLMP) for Winter 2009-2010. As per this arrangement, the differential cost between the natural gas and furnace oil was to be borne by GoP and reimbursed directly to the Company by MoF. The Company was again directed by GoP in May 2010 to supply furnace oil to KEL at natural gas prices. Accordingly, furnace oil was provided to KEL at natural gas price which resulted in PDC of Rs. 5,708,581 out of which Rs. 1,800,000 was received from MoF in June 2010.

The Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. 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.

16.4 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 requested the MoF to make a provision of the said amount in the Federal Budget 2013-2014.

The Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. 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.

16.5 As at June 30, 2023, net unfavourable amount of foreign exchange difference of Rs. 61,455,158 (June 30, 2022: unfavourable exchange difference of Rs. 27,755,497) 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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 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, 2023, receivables aggregating to Rs. 9,262,958 (2022: Rs. 9,028,322) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

	Note	2023	2022
Receivable from GoP		**2,202,919**	1,902,919
Product claims		**90,201**	90,201
Other receivables		**6,969,838**	7,035,202
	16.7.1	**9,262,958**	9,028,322

16.7.1 The movement of provision for impairment is as follows:

		2023	2022
Balance at beginning of the year		**9,028,322**	3,224,101
Provision recognised during the year		**300,000**	5,884,044
Reversal of provision made during the year		**(65,364)**	(79,823)
		234,636	5,804,221
Balance at end of the year		**9,262,958**	9,028,322

16.8 Workers' Profit Participation Fund

	Note	2023	2022
Balance at beginning of the year		**1,433,419**	232,214
Allocation for the year	35	**(1,310,005)**	(7,936,581)
		123,414	(7,704,367)
(Receipts) / Payments during the year		**(133,420)**	9,137,786
Balance at end of the year		**(10,006)**	1,433,419

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

16.9 Includes receivables of Rs. 98,089,007 (2022: Rs. 50,297,182) due from associates and other related parties.

16.10 Financial assets included in other receivables aggregating to Rs. Nil (2022: Rs. 2,186) were neither past due nor impaired. Further, financial assets aggregating to Rs. 8,734,632 (2022: Rs. 11,892,824) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2023	2022
Up to 3 months	**24,471**	4,396,219
3 to 6 months	**1,361**	19,793
More than 6 months	**8,708,800**	7,476,812
	8,734,632	11,892,824

16.11 Includes receivables amounting to Rs.7,354,294 (2022: Rs.7,658,087) 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 2023	Total 2022
Associate					
Asia Petroleum Limited	**455,913**	-	-	-	3,794
Other Related Parties					
Government of Pakistan	**9,557,213**	-	**9,557,213**	**9,557,213**	9,557,212
	9,557,213	-	**9,557,213**	**9,557,213**	9,561,006
Provision for impairment (note 16.11.1)				**(2,202,919)**	(1,902,919)
Net receivable from related parties				**7,354,294**	7,658,087

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

	Note	2023	2022
Balance at beginning of the year		**1,902,919**	1,602,919
Provision recognised during the year		**300,000**	300,000
Balance at the end of the year		**2,202,919**	1,902,919

17. Cash and Bank Balances

	Note	2023	2022
Cash in hand		**13,965**	11,980
Cash at banks in:			
- current accounts	17.1	**2,554,532**	1,030,212
- saving accounts	17.2	**26,385,861**	12,877,023
		28,940,393	13,907,235
	17.3	**28,954,358**	13,919,215

17.1 Includes Rs. 536,050 (2022: Rs. 578,050) 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 10% to 19.50% (2022: 3.90% to 12.25%) per annum.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

17.3 These include balances of Rs. 49,788 (2022: Rs. 26,148) kept in bank accounts under Islamic mode.

	2023	2022
18. Net Assets In Bangladesh		
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)
	-	-

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

2023	2022		2023	2022
----- (Number of shares) -----				
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	**10,000,000**	10,000,000

19.2 Issued, Subscribed and Paid-up Capital

2023	2022		Note	2023	2022
----- (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, 2023, 1,215,648 ordinary shares of Rs. 10 each (2022: 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, 2023, associated undertakings - Government of Pakistan and PSOCL Employees Empowerment Trust held 119,767,702 ordinary shares (2022: 119,767,702 ordinary shares) of Rs. 10 each.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
20. Reserves			
Capital Reserve			
Surplus on vesting of net assets	20.1	**3,373**	3,373
Revenue Reserves			
Unrealised gain on remeasurement of FVOCI investment		**1,909,133**	2,240,544
General reserve		**25,282,373**	25,282,373
PSO venture capital fund	20.2	**1,722,212**	1,478,551
Un-appropriated profit		**182,948,082**	181,949,526
		211,861,800	210,950,994
		211,865,173	210,954,367

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 The BoM unanimously approved the creation of PSO venture capital fund in financial year 2022 to make investments as per the directives of the BoM. Based on the above, the Company has transferred Rs. 243,661 (2022: Rs. 1,478,551) to venture capital reserve.

	2023	2022
21. Retirement and Other Service Benefits		
Medical benefits	**6,889,529**	7,005,415
Compensated absences	**391,148**	355,830
Gratuity	**2,356,829**	1,889,616
Pension	**1,548,134**	679,894
	11,185,640	9,930,755

21.1 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2023 under the Projected Unit Credit Method are as follows:

21.1.1 Financial Position Reconciliation	Note	Gratuity Fund 2023	Gratuity Fund 2022	Pension Funds 2023	Pension Funds 2022	Medical Benefits 2023	Medical Benefits 2022
Present value of defined benefit obligations	21.1.2	**9,186,851**	8,411,645	**11,935,063**	10,152,754	**6,889,529**	7,005,415
Fair value of plan assets	21.1.3 & 21.1.9	**(6,830,022)**	(6,522,029)	**(10,386,929)**	(9,472,860)	**-**	-
Net (asset) / liability at end of the year	21.1.8	**2,356,829**	1,889,616	**1,548,134**	679,894	**6,889,529**	7,005,415

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		Note	Gratuity Fund		Pension Funds		Medical Benefits	
			2023	2022	2023	2022	2023	2022
21.1.2	**Movement in Present Value of Defined Benefit Obligations**							
	Present value of defined benefit obligations at beginning of the year		**8,411,645**	7,399,005	**10,152,754**	8,799,781	**7,005,415**	6,796,866
	Current service cost	21.1.4	**356,831**	298,737	**316,519**	269,224	**-**	4,258
	Past service cost	21.1.4	**-**	6,611	**327,415**	65,327	**16,958**	-
	Interest cost		**1,098,698**	715,909	**1,346,860**	887,314	**932,353**	687,778
	Benefits paid during the year		**(546,221)**	(829,055)	**(352,034)**	(286,122)	**(198,199)**	(173,638)
	Remeasurement: Actuarial (gain) / loss		**(134,102)**	820,438	**143,549**	417,230	**(866,998)**	(309,849)
	Present value of defined benefit obligations at end of the year		**9,186,851**	8,411,645	**11,935,063**	10,152,754	**6,889,529**	7,005,415
21.1.3	**Movement in Fair Value of Plan Assets**							
	Fair value of plan assets at beginning of the year		**6,522,029**	7,738,302	**9,472,860**	9,918,245	**-**	-
	Expected return on plan assets		**858,433**	750,686	**1,269,498**	1,001,956	**-**	-
	Contributions made by the Company		**219,751**	-	**213,701**	-	**-**	-
	Benefits paid during the year		**(546,221)**	(829,055)	**(352,034)**	(286,122)	**-**	-
	Remeasurement: Actuarial (loss) / gain		**(223,970)**	(1,137,904)	**(217,096)**	(1,161,219)	**-**	-
	Fair value of plan assets at end of the year		**6,830,022**	6,522,029	**10,386,929**	9,472,860	**-**	-
21.1.4	**Expense Recognised in Profit or Loss**							
	Current service cost		**356,831**	298,737	**316,519**	269,224	**-**	4,258
	Past service cost		**-**	6,611	**327,415**	65,327	**16,958**	-
	Net interest (income) / expense		**240,265**	(34,777)	**77,362**	(114,642)	**932,353**	687,778
	Expense for the year		**597,096**	270,571	**721,296**	**219,909**	**949,311**	692,036
21.1.5	**Actual Return on Plan Assets**		**419,946**	(149,174)	**725,450**	(159,263)	**-**	**-**
21.1.6	**Remeasurement Loss / (Gain) Recognised in Other Comprehensive Income / (Loss)**							
	Actuarial (gain) / loss on defined benefit obligation	21.1.7	**(134,102)**	820,438	**143,549**	417,230	**(866,998)**	(309,849)
	Actuarial (gain) / loss on fair value of plan assets		**223,970**	1,137,904	**217,096**	1,161,219	**-**	-
	Remeasurement (gain) / loss		**89,868**	1,958,342	**360,645**	1,578,449	**(866,998)**	(309,849)
21.1.7	**The Actuarial Loss / (Gain) on Defined Benefit Obligation Occurred on Account of Following:**							
	- Financial assumptions		**(646,222)**	42,313	**(343,640)**	227,122	**27,560**	50,187
	- Experience adjustments		**512,120**	778,125	**487,189**	190,108	**(894,558)**	(360,036)
			(134,102)	820,438	**143,549**	417,230	**(866,998)**	(309,849)
21.1.8	**Net Recognised (Asset) / Liability**							
	Net (asset) / liability at beginning of the year		**1,889,616**	(339,297)	**679,894**	(1,118,464)	**7,005,415**	6,796,866
	Expense recognised in profit or loss		**597,096**	270,571	**721,296**	219,909	**949,311**	692,036
	Contributions made / benefits paid by the Company		**(219,751)**	-	**(213,701)**	-	**(198,199)**	(173,638)
	Remeasurement loss / (gain) recognised in other comprehensive income / (loss)		**89,868**	1,958,342	**360,645**	1,578,449	**(866,998)**	(309,849)
	Net liability / (asset) at end of the year		**2,356,829**	1,889,616	**1,548,134**	679,894	**6,889,529**	7,005,415

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Gratuity Fund		Pension Funds	
	2023	2022	2023	2022
21.1.9 Plan Assets Comprise of Following				
Regular Income Certificate	-	2,517,569	-	4,515,120
Pakistan Investment Bonds	2,612,761	2,266,626	2,209,264	1,722,574
Mutual Funds	-	1,625,816	-	1,371,564
Treasury Bills	3,660,592	-	7,260,220	816,540
Quoted Shares	-	-	480,336	526,931
Term Finance Certificates	202,080	197,301	222,288	217,032
Cash and cash equivalents	283,702	4,494	137,368	200,127
Other receivables / (payables) - net	70,887	(89,777)	77,453	102,972
Fair value of plan assets at end of the year	6,830,022	6,522,029	10,386,929	9,472,860

21.1.10 Plan assets include the Company's ordinary shares with a fair value of Rs. 86,014 (2022: Rs. 133,147).

21.1.11 The principal assumptions used in the actuarial valuations carried out as of June 30, 2023, using the 'Projected Unit Credit' method, are as follows:

	Gratuity Fund		Pension Funds		Medical Benefits		Compensated Absences	
	2023	2022	2023	2022	2023	2022	2023	2022
Discount rate per annum (%)	15.75	13.50	15.75	13.50	15.75	13.50	15.75	13.50
Expected per annum rate of return on plan assets (%)	15.75	13.50	15.75	13.50	-	-	-	-
Expected per annum rate of increase in future salaries (%)	15.75	13.50	15.75	13.50	-	-	15.75	13.50
Expected per annum rate of increase in medical costs (%):								
- active employees	-	-	-	-	15.75	13.50	-	-
- pensioners	-	-	-	-	15.75	13.50	-	-
Indexation of pension (%)	-	-	11.50	9.25	-	-	-	-
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

21.1.12 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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 2023 consists of Regular income certificates, Pakistan investment bonds, Mutual funds, Treasury bills and Quoted shares.

21.1.13 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.

21.1.14 Expected contributions to gratuity fund, pension funds and medical benefits for the year ending June 30, 2024 are Rs. 727,213, Rs. 600,965 and Rs. 1,068,302 respectively.

21.1.15 Historical Information of Staff Retirement Benefits	**2023**	**2022**	**2021**	**2020**	**2019**
Pension Plan Funded					
Present value of defined benefit obligation	**11,935,063**	10,152,754	8,799,781	8,171,626	6,812,400
Fair value of plan assets	**(10,386,929)**	(9,472,860)	(9,918,245)	(8,968,876)	(5,400,450)
Net (asset) / liability at end of the year	**1,548,134**	679,894	(1,118,464)	(797,250)	1,411,950
Gratuity Plans Funded					
Present value of defined benefit obligation	**9,186,851**	8,411,645	7,399,005	7,339,743	6,031,284
Fair value of plan assets	**(6,830,022)**	(6,522,029)	(7,738,302)	(7,323,039)	(5,793,626)
Net (asset) / liability at end of the year	**2,356,829**	1,889,616	(339,297)	16,704	237,658

21.1.16 Defined Contribution Plans

An amount of Rs. 430,633 (2022: Rs. 416,542) has been charged during the year in respect of defined contribution plan maintained by the Company.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

21.1.17 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)	**(8,583,420)**	**(10,506,186)**	**(6,046,293)**
Discount rate (1% decrease)	**9,867,760**	**13,685,959**	**7,924,572**
Future salary rate (1% increase)	**9,743,320**	**12,308,351**	**-**
Future salary rate (1% decrease)	**(8,682,380)**	**(11,591,999)**	**-**
Future pension rate (1% increase)	**-**	**12,851,707**	**-**
Future pension rate (1% decrease)	**-**	**(10,710,621)**	**-**
Medical cost trend rate (1% increase)	**-**	**-**	**7,751,837**
Medical cost trend rate (1% decrease)	**-**	**-**	**(6,158,678)**

If longevity increases by 1 year, obligation increases by Rs. 15,880 (2022: 608,204)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) is applied as when calculating the liability for gratuity, pension and medical benefits recognised within the statement of financial position. There has been no change in assumptions and methods used in preparing the sensitivity analysis from prior year.

21.1.18 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.

21.1.19 The expected maturity analysis of undiscounted retirement benefit liability is as follows:

	Gratuity Fund	Pension Funds	Medical Benefits
Less than a year	**1,032,450**	**9,229,050**	**8,967,250**
Between 1-2 years	**985,180**	**18,909,436**	**11,201,750**
Between 2-3 years	**888,140**	**11,334,381**	**10,237,490**
Between 3-4 years	**898,480**	**14,580,537**	**10,408,000**
Between 4-5 years	**1,229,160**	**15,337,912**	**14,107,060**
Between 6-10 years	**7,263,240**	**109,335,599**	**197,225,290**
Over 10 years	**37,891,490**	**319,215,269**	**71,310,860**

22. Lease Liabilities

	Note	2023	2022
Balance at beginning of the year		**6,636,979**	5,061,875
Additions during the year		**913,146**	1,663,654
Accretion of interest	36	**841,142**	768,035
Lease contracts modified during the year		**281,500**	152,261
Less: Disposal during the year		**-**	(7,388)
Less: Lease rentals paid		**(1,578,125)**	(1,001,458)
Balance at the end of year		**7,094,642**	6,636,979
Less: Current portion shown under current liability		**(483,269)**	(794,440)
		6,611,373	5,842,539

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

22.1 The Company has recognised charge of Rs. 5,770,361 (2022: 6,828,788) relating to those variable lease payments, which do not form a part of leases.

	2023	2022
22.2 The expected maturity analysis of undiscounted lease payment is as follows:		
Less than a year	**1,325,699**	1,140,085
Between 1-5 years	**4,896,074**	5,231,883
Over 5 years	**10,275,828**	8,301,026

23. Deferred Income - Government Grant

The Company received grant of Rs. 100,000 in financial year 2022 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.

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 cost at inception rate prevailing at the time of determining the liability.

	Note	2023	2022
25. Trade and Other Payables			
Local creditors	25.1 & 25.2	**65,440,981**	52,240,346
Foreign creditors	25.1 & 25.3	**87,448,393**	323,711,023
		152,889,374	375,951,369
Security deposits	25.4	**7,804,458**	6,316,006
Accrued expenses and other liabilities	25.5, 25.6 & 25.7	**109,216,737**	92,410,133
Subscription money payable		**15,000**	-
Payable to provident funds		**9,934**	21,128
Due to OMCs and refineries		**348,013**	265,396
Inland Freight Equalization Margin (IFEM) including freight equalization payable		**9,613,233**	-
Advances - unsecured			
- from customers	25.8	**6,902,893**	10,348,234
- against equipment		**1,615**	1,728
		6,904,508	10,349,962
Taxes and other government dues			
- Excise, taxes and other duties		**20,216,724**	3,767,994
- Octroi		**-**	51,590
- Income tax deducted at source		**360,231**	122,203
		20,576,955	3,941,787
Workers' Profit Participation Fund	16.8	**10,006**	-
Workers' Welfare Fund		**524,002**	4,453,716
Others		**178,580**	100,711
		308,090,800	493,810,208

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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.

	2023	2022
25.2 This includes amounts payable to the following related parties:		
Pak-Arab Refinery Company Limited	**38,718,429**	30,703,080
Pakistan Refinery Limited	**9,740,812**	9,062,310
Cnergyico PK Limited	**703,557**	2,196,079
	49,162,798	41,961,469

25.3 This includes amount of Rs. 22,568,959 (2022: Rs. 57,516,922) 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	2023	2022
Dealers	25.4.2	**1,230,999**	1,150,780
Equipment	25.4.3	**560,291**	475,807
Cartage contractors	25.4.4	**1,275,367**	1,143,206
Card holders	25.4.5	**4,057,868**	2,928,577
Suppliers	25.4.5	**578,274**	522,067
Others	25.4.5	**101,659**	95,569
		7,804,458	6,316,006
25.4.1 Security deposits include:			
Utilisable / utilised in business	25.4.1.1	**7,268,408**	5,737,956
Others	25.4.1.2	**536,050**	578,050
		7,804,458	6,316,006

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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		2023	2022
25.5	This includes amount payable to the following related parties:		
	Pakistan National Shipping Corporation	**2,070,487**	2,070,487
	Government of Pakistan	**34,635,372**	16,500,182

25.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 26,337,912 (2022: Rs.26,301,795).

25.7 Includes current portion of wharfage payable to related party amounting to Rs. 80,471 (2022: Rs.71,044).

25.8 These represents advances received from customers against supply of petroleum products which are recognized as revenue when the performance obligation is satisfied.

	Note	2023	2022
26. Short-Term Borrowings			
From National Bank of Pakistan - Related party			
Short-term finances in foreign currency	26.1	**115,819,571**	25,757,814
From Other than Related Party			
Short-term finances			
- local currency	26.3	**39,000,000**	578,000
- foreign currency	26.1	**264,740,137**	127,651,302
		303,740,137	128,229,302
Finances under mark-up arrangements	26.3	**3,145,865**	1,858,426
	26.2 , 26.4 & 26.5	**422,705,573**	155,845,542

26.1 The rate of mark-up for these facilities range from Re. 0.19 to Re. 0.44 (2022: Re. 0.06 to Re. 0.29) 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. 514,361,014 (2022: Rs.181,635,000) out of which Rs. 91,655,441 (2022: Rs. 25,789,458) 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 to Re. 0.60 (2022: Re. 0.03) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re.0.39 to Re.0.62 (2022: Re.0.32 to Re.0.41) 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, 2023, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 11,523,844 (2022: Rs. 1,029,501), which includes Rs. 1,585,296 (2022: Rs. 232,377) due to National Bank of Pakistan.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		2023	2022
26.6	Movement in short term and foreign currency loan:		
	Balance at beginning of the year	**153,987,116**	47,224,704
	Loans obtained during the year	**455,566,044**	120,108,092
	Loans repaid during the year	**(189,993,452)**	(13,345,680)
		265,572,592	106,762,412
	Balance at end of the year	**419,559,708**	153,987,116

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.

	2023	2022
Claim raised by regulatory authorities	**386,949**	386,949
Infrastructure development cess	**252,464**	252,464
	639,413	639,413
Movement of provision during the year is as follows:		
Balance at beginning of the year	**639,413**	743,436
(Reversal) / Addition during the year	**-**	(104,023)
Balance at closing of the year	**639,413**	639,413

28. Unclaimed Dividend

	2023	2022
Balance at beginning of the year	**1,478,519**	1,373,428
Dividend for the year	**4,694,734**	4,694,734
Payments made during the year	**(4,612,011)**	(4,589,643)
Balance at end of the year	**1,561,242**	1,478,519

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. During the year ended June 30, 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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

ATIR orders from taxation authorities for the tax years 2005 and 2006 after which demand is reduced to Rs. 232,625. For remaining issues of the tax year 2007, an appeal against the order has been filed before CIR(A). 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 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. During the period, the Company received another appeal effect from taxation authorties for the Tax Year 2014 after which demand is reduced to Rs. 2,532,750. 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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 (AdCIR) 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 has filed appeal before Commissioner Inland Revenue (Appeals) CIR(A) on July 26, 2022. During the period, taxation authorties has further amended the aforsaid order to Rs. 3,520,201 by including WWF demand. The Company has filed appeal before CIR(A) which is partially decided against the company. The Company had received an appeal effect for the tax year 2021 on aforesaid CIR (Appeals) order from tax authorities after which the aforesaid demand has been reduced to Rs. 3,477,249. 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.

29.1.1.9 The Additional Commissioner Inland Revenue through his order dated May 29, 2023 made certain additions and disallowances in respect of Tax Year 2022 and raised tax demand of Rs. 2,557,721 by including WWF. The Company has filed appeal before CIR(A) which is still pending. 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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. CIR (A) has upheld the appeal against which the Company has filed appeal with Appellate Tribunal - Appeal PRA against the subject orders, which is still pending. 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, 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 Hon'ble Sindh High Court, who granted stay against any coercive action by the adjudicating authority. During the period Hon'ble Sindh High Court disposed-off the matter vide order dated November 29, 2022 in favor of the Company as the show-cause notices were issued by Collector (Adjudication) without jurisdiction.

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.

29.1.2.11 During the period, the Company received an order from Sindh Revenue Board (SRB) dated March 8, 2023 for the period July 2016 to June 2017. The aforesaid order resulted in demand for alleged short payment of Sindh Sales Tax amounting to Rs. 186,600, penalty amounting to Rs. 9,400 and default surcharge to be calculated at the time of payment ignoring all submissions made by the Company during the proceedings. Being aggrieved by the said order, the Company has filed appeal before Commissioner (Appeals-I) SRB. Based on the views of the tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the favor of the Company. Hence, no provision has been made in these unconsolidated financial statements.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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 on account of Sindh maintenance & development infrastructure cess (SMDIC) in respect of POL products consignments imported by PSO during the period 01.07.2016 to 15.11.2019 at 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. 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) 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.

29.1.4 Other Legal Claims

29.1.4.1 As at June 30, 2023 certain legal cases amounting to Rs. 8,300,811 (2022: Rs. 8,095,050) have been filed against the Company. However, based on the advice of its legal advisors, the management believes that the outcome of these cases would be decided in the Company's favour. Details of significant legal cases are given below:

Court	Factual Description	Year of Institution	Party	Relief Sought
Sindh High Court	Claim for recovery of pending bills, insurance claims and damages	2019	Mengal Brothers v/s PSO	Recovery of financial charges of Rs.4,564,180
Sindh High Court	Dispute relating to award of IT related projects	2011	Zaqsoft (Shahrukh Qaiser) vs. PSO	Recovery of damages of Rs.1,447,000

29.1.4.2 Claims against the Company not acknowledged as debts amount to Rs. 10,806,297 (2022: Rs. 8,373,253) other than as mentioned in note 29.1.4.1 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. 1,200,155 (2022: Rs. 1,200,167).

		Note	2023	2022
29.2	**Commitments**			
29.2.1	Capital expenditures contracted for but not yet incurred		**6,976,268**	5,454,342
29.2.2	Letters of credit	29.2.6	**68,252,485**	240,944,933
29.2.3	Bank guarantees		**4,113,832**	1,922,186
29.2.4	Standby letters of credit		**84,534,155**	80,255,458
29.2.5	Post-dated cheques		**20,770,881**	46,126,631

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

29.2.6 The Company has total unutilised facility limit against letters of credit aggregating to Rs. 69,853,415 (2022: Rs. 39,571,863) as of reporting date.

29.2.7 The Company's share in associates' commitments as at year end is Rs. 4,174 (2022: Rs. 537).

		Note	2023	2022
30.	**Net Sales**			
	Gross sales	30.1 & 30.2	**3,605,464,474**	2,697,061,143
	- Discount / allowances		**(65,108)**	(223,324)
	- Sales tax		**(207,659,303)**	(216,100,424)
	- Inland Freight Equalization Margin (IFEM)		**(6,628,085)**	(29,156,562)
			(214,352,496)	(245,480,310)
	Net sales		**3,391,111,978**	2,451,580,833

30.1 This represent revenue from contracts with customers.

30.2. Includes export sales amounting to Rs. 7,436,487 (2022: Rs. 6,687,343).

		Note	2023	2022
31.	**Cost of Products Sold**			
	Opening stock		**341,757,891**	79,028,704
	Purchases made during the year		**3,267,133,474**	2,553,314,799
			3,608,891,365	2,632,343,503
	Closing stock	12	**(292,626,142)**	(341,757,891)
			3,316,265,223	2,290,585,612

31.1 Purchases includes cost incurred on manufacturing of lubricants amounting to Rs.15,881,553 (2022: Rs.13,056,392).

31.2 Purchases includes depreciation amounting to Rs. 31,189 (2022: Rs.33,843).

		Note	2023	2022
32.	**Other Income**			
	Income from Financial Assets			
	Interest / mark-up received on delayed payments		**5,174,294**	17,464,141
	Interest / mark-up on saving accounts	32.1	**1,096,444**	2,236,933
	Dividend income from FVOCI investment	32.2	**325,546**	384,142
			6,596,284	20,085,216
	Income from Non-Financial Assets			
	Handling, storage and other services	32.3	**3,447,483**	3,397,197
	Income from Compressed Natural Gas (CNG) operators	32.3	**46,959**	72,574
	Income from non-fuel retail business		**315,237**	271,808
	Income from retail outlets - net		**249,006**	214,480
	Scrap sales		**15,333**	29,627
	Gain on disposal of property, plant and equipment	4.2	**161,192**	110,212
	Penalties and other recoveries		**400,063**	288,694
	Exchange gain		**777,874**	-
	Others		**1,498,000**	343,503
			6,911,147	4,728,095
			13,507,431	24,813,311

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

32.1 Includes mark-up of Rs. 4,873 (2022: Rs. 3,965) 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	2023	2022
33. Distribution and Marketing Expenses			
Salaries, wages and benefits	34.1	**8,017,317**	6,550,533
Transportation costs		**756,693**	576,204
Depreciation on property, plant and equipment	4.1.1	**1,788,491**	1,416,668
Depreciation on right-of-use assets	5.2	**708,417**	511,407
Security and other services		**437,218**	329,186
Rent, rates and taxes		**112,978**	262,753
Repairs and maintenance		**1,559,625**	1,571,301
Insurance		**262,197**	139,495
Travelling and office transport		**413,458**	299,972
Printing and stationery		**28,115**	23,507
Communication		**19,795**	16,679
Utilities		**414,340**	311,911
Storage and technical services		**64,593**	65,143
Sales promotion and advertisement		**597,278**	521,345
Fees and subscription		**54,460**	37,845
		15,234,975	12,633,949
34. Administrative Expenses			
Salaries, wages and benefits	34.1	**2,801,125**	2,473,092
Depreciation on property, plant and equipment	4.1.1	**198,255**	166,248
Depreciation on right-of-use assets	5.2	**61,601**	40,574
Amortisation	6	**112,554**	74,617
Security and other services		**48,198**	34,109
Rent, rates and taxes		**16,185**	6,877
Repairs and maintenance		**285,193**	26,498
Insurance		**272,898**	154,631
Travelling and office transport		**107,524**	71,713
Printing and stationery		**12,122**	9,907
Communication		**31,248**	34,611
Utilities		**129,703**	85,782
Storage and technical services		**139,875**	393,982
Legal and professional		**421,845**	304,721
Auditors' remuneration	34.3	**14,620**	17,803
Contribution towards expenses of Board of Management		**26,870**	25,517
Donations	34.4	**550,000**	249,230
Fees and subscription		**12,855**	8,289
		5,242,671	4,178,201

34.1 Salaries, wages and benefits also include charge of Rs. 120,134 (2022: Rs. 52,284) 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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:

	2023		2022	
	Managing Director	Executives	Managing Director	Executives
Managerial remuneration	**21,121**	**1,527,177**	18,077	1,276,097
Housing and utilities	**11,616**	**849,027**	9,942	707,250
Performance bonus	**5,689**	**391,107**	4,802	235,621
Retirement benefits	**3,986**	**806,655**	3,278	456,410
Leave encashment	**-**	**13,215**	-	12,587
Other allowances and benefits	**13,476**	**1,128,498**	11,650	766,820
	55,888	**4,715,679**	47,749	3,454,785
Number, including those who worked part of the year	**1**	**521**	1	477

34.2.2 The amount charged in respect of fee to 14 (2022: 8) non-executive directors aggregated to Rs.21,875 (2022: Rs.15,600).

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.

34.3 Auditors' Remuneration	2023	2022
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	**5,000**	5,445
Other certifications	**1,510**	4,163
Out of pocket expenses	**1,495**	1,580
	14,620	17,803

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	2023	2022
Workers' Profit Participation Fund	16.8	**1,310,005**	7,936,581
Workers' Welfare Fund		**524,002**	3,174,632
Exchange loss on foreign currency transactions - net		**-**	877,455
Provision against stores, spares and loose tools	11.1	**43,419**	21,501
Others		**2,093**	-
		1,879,519	12,010,169

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
36. Finance Costs			
Interest / mark-up on short-term borrowings in:			
- local currency		**12,283,641**	288,371
- foreign currency	36.1	**23,640,983**	2,879,117
		35,924,624	3,167,488
Mark-up on bank accounts under Islamic mode		**1,604,866**	19,643
Late payment surcharge and other bank charges		**1,865,101**	659,420
		3,469,967	679,063
		39,394,591	3,846,551
Finance cost on wharfage liability		**98,910**	106,119
Finance cost on lease liabilities	22	**841,142**	768,035
	36.2	**40,334,643**	4,720,705

36.1 Includes mark-up amounting to Rs. 4,007,083 (2022: Rs.548,207) on facilities under Islamic mode.

36.2 Includes mark-up and bank charges amounting to Rs. 5,440,134 (2022: Rs. 690,596) on facilities obtained from National Bank of Pakistan - a related party.

	Note	2023	2022
37. Taxation			
Current			
- for the year		**23,497,755**	64,944,218
- for prior years - (net)		**(648,571)**	329,430
		22,849,184	65,273,648
Deferred	10.1	**(4,145,232)**	(3,641,104)
		18,703,952	61,632,544
37.1 Relationship Between Accounting Profit and Taxation			
Accounting profit before taxation		**24,366,097**	147,855,072
Tax at the applicable tax rate of 29% (2022: 29%)		**7,066,168**	42,877,971
Tax effect of:			
- Final tax regime and income subject to lower tax rate		**12,399,430**	5,010,914
- Permanent differences		**-**	72,277
- Adjustments relating to prior years		**(648,571)**	329,430
- Super tax		**(12,485)**	13,271,862
- Others		**(100,590)**	70,090
		18,703,952	61,632,544
Effective tax rate %		**77**	42

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		Note	2023	2022
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:			
	Profit for the year		**5,662,145**	86,222,528
			---- (Number of shares) ----	
	Weighted average number of ordinary shares in issue		**469,473,300**	469,473,300
			-------------- (Rupees) --------------	
	Earnings per share - basic and diluted		**12.06**	183.66
39.	**Cash Generated From Operations**			
	Profit before taxation		**24,366,097**	147,855,072
	Adjustments for:			
	Depreciation of property, plant and equipment	4.1.1	**2,017,935**	1,616,759
	Depreciation of right-of-use assets	5	**770,018**	551,981
	Amortisation of intangibles	6	**112,554**	74,617
	Provision / (reversal) of provision for impairment on trade debts - net	13.3	**202,524**	(700,033)
	Provision for impairment against doubtful other receivables - net	16.7.1	**234,636**	5,804,221
	Provision for impairment against stores, spares and loose tools	11.1	**43,419**	21,501
	Provision for retirement and other services benefits		**2,387,837**	1,182,515
	Gain on disposal of operating assets	32	**(161,192)**	(110,212)
	Share of loss / (profit) from associates - net of tax	7.6.1	**859,121**	(693,752)
	Dividend income from FVOCI Investment	32	**(325,546)**	(384,142)
	Interest on lease payments	36	**841,142**	768,035
	Finance costs	36	**39,493,501**	3,952,670
			46,475,949	12,084,160
	Changes in:			
	Stores, spares and loose tools		**(150,627)**	7,096
	Stock-in-trade		**49,131,749**	(262,729,187)
	Trade debts		**(65,159,370)**	(210,045,638)
	Loans and advances		**66,937**	(288,125)
	Short-term deposits and prepayments		**(872,121)**	(110,814)
	Other receivables		**(45,981,321)**	(44,175,480)
	Trade and other payables		**(186,984,111)**	325,933,422
			(249,948,864)	(191,408,726)
			(179,106,818)	(31,469,494)
40.	**Cash and Cash Equivalents**			
	Cash and cash equivalents includes:			
	- Cash and bank balances	17	**28,954,358**	13,919,215
	- Finances under mark-up arrangements	26	**(3,145,865)**	(1,858,426)
			25,808,493	12,060,789

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

41. Segment Information

41.1 Segment Wise Results are as Follows:

	2023				2022			
	Petroleum Products	LNG	Others	Total	Petroleum Products	LNG	Others	Total
	(Rupees in millions)							
Net sales	2,414,925	969,409	6,778	3,391,112	1,854,762	591,688	5,131	2,451,581
Cost of products sold	(2,366,142)	(943,764)	(6,359)	(3,316,265)	(1,709,355)	(576,353)	(4,878)	(2,290,586)
Gross Profit	48,783	25,645	419	74,847	145,407	15,335	253	160,995
Other income	9,890	-	3,617	13,507	23,252	-	1,561	24,813
Administrative, distribution and marketing expenses	(16,948)	(3,052)	(477)	(20,477)	(14,582)	(1,904)	(326)	(16,812)
(Provision) / Reversal of impairment	(502)	-	65	(437)	700	(5,580)	(224)	(5,104)
Other charges	(2,072)	426	(234)	(1,880)	(12,322)	331	(19)	(12,010)
Operating Cost	(19,522)	(2,626)	(646)	(22,794)	(26,204)	(7,153)	(569)	(33,926)
Finance costs	(11,651)	(28,684)	-	(40,335)	(2,570)	(2,151)	-	(4,721)
Share of (loss) / profit of associates - net of tax	-	-	(859)	(859)	-	-	694	694
Profit / (Loss) Before Taxation	27,500	(5,665)	2,531	24,366	139,885	6,031	1,939	147,855
Taxation	(7,449)	(10,639)	(616)	(18,704)	(54,228)	(6,649)	(756)	(61,633)
Profit / (Loss) For the Year	20,051	(16,304)	1,915	5,662	85,657	(618)	1,183	86,222

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, 99.8% (2022: 99.7%) relates to customers in Pakistan. Further, all non-current assets of the Company as at June 30, 2023 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 40% during the year ended June 30, 2023 (2022: 33%).

41.7 Out of total gross sales of the Company, sales amounting to Rs. 1,201,662,102 (2022: Rs. 811,749,396) relates to circular debt customers.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
42. Financial Instruments by Category			
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	**3,993,199**	4,208,094
At Amortised Cost			
- Loans and advances		**1,196,851**	880,396
- Deposits		**441,005**	416,414
- Trade debts	13	**495,898,435**	430,941,589
- Other receivables		**12,229,742**	11,895,010
- Cash and bank balances	17	**28,954,358**	13,919,215
		538,720,391	458,052,624
		542,713,590	462,260,718
42.2 Financial Liabilities as Per Statement of Financial Position			
At Amortised Cost			
- Lease liabilities	22	**7,094,642**	6,636,979
- Trade and other payables		**266,620,340**	471,827,787
- Unclaimed dividend	28	**1,561,242**	1,478,519
- Accrued interest / mark-up	26.5	**11,523,844**	1,029,501
- Short-term borrowings	26	**422,705,573**	155,845,542
		709,505,641	636,818,328

42.3 Fair Values of Financial Assets and Liabilities

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, 2023, 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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).

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	USD		PKR	
	2023	2022	**2023**	2022
Trade payables	**305,125**	1,581,136	**87,448,393**	323,468,847
Advances	**2,173**	2,901	**622,642**	593,487

The following significant rates were applied during the year:

	Average Rate		Spot Rate	
	2023	2022	**2023**	2022
USD to PKR	**247.90**	180.46	**286.60**	204.58

The Company has incurred exchange losses of Rs. 83,569,576 (2022: Rs. 49,317,950) and exchange gain of Rs. 777,874 (2022: exchange loss of Rs. 877,455) 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, 2023. 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. 461,993,699 (2022: Rs. 195,441,871). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying Amount	
	2023	2022
Variable Rate Instruments		
Financial Assets		
- Saving accounts	**26,385,861**	12,877,023
Financial Liabilities		
- Short-term borrowings	**(422,705,573)**	(155,845,542)
- Local creditors	**(65,440,981)**	(52,240,346)
- Security deposits	**(233,006)**	(233,006)
	(488,379,560)	(208,318,894)
Net financial liabilities at variable interest rates	**(461,993,699)**	(195,441,871)

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. 2,818,162 (2022: Profit for the year and shareholder's equity by Rs. 1,387,637). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed in 2022.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(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, 2023, 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. 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:

	2023		2022	
	Statement of Financial Position	Maximum Exposure	Statement of Financial Position	Maximum Exposure
Financial Assets at Amortized Cost				
- Loans and advances	**1,196,851**	**1,196,851**	880,396	880,396
- Deposits	**441,005**	**441,005**	416,414	416,414
- Trade debts	**495,898,435**	**116,379,696**	430,941,589	54,675,341
- Other receivables	**12,229,742**	**5,135,241**	11,895,010	4,500,510
- Bank balances	**28,940,393**	**28,940,393**	13,907,235	13,907,235
	538,706,426	**152,093,186**	458,040,644	74,379,896

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 436,838,608 (2022: Rs.378,455,715). 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(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 2023	PACRA	A1+	AAA
Askari Bank Limited	June 2023	PACRA	A1+	AA+
Bank Alfalah Limited	June 2023	PACRA	A1+	AA+
Bank Al-Habib Limited	June 2023	PACRA	A1+	AAA
Citibank N.A. - Pakistan Branches	June 2023	Moody's	P-1	Aa3
Faysal Bank Limited	June 2023	PACRA	A1+	AA
Habib Bank Limited	June 2023	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June 2023	PACRA	A1+	AA+
MCB Bank Limited	June 2023	PACRA	A1+	AAA
Meezan Bank Limited	June 2023	VIS	A-1+	AAA
National Bank of Pakistan	June 2023	PACRA	A1+	AAA
Samba Bank Limited	June 2023	VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	June 2023	PACRA	A1+	AAA
United Bank Limited	June 2023	VIS	A-1+	AAA
The Bank of Punjab	June 2023	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.

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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	2023	2022
	Contractual Maturity Up to Three Months	
Financial Liabilities		
Trade and other payables	**266,620,340**	471,827,787
Unclaimed dividend	**1,561,242**	1,478,519
Accrued interest / mark-up	**11,523,844**	1,029,501
Short-term borrowings	**422,705,573**	155,845,542
	702,410,999	630,181,349

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 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(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 2022.

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, 2023 and 2022 were as follows:

	Note	2023	2022
Short-term borrowings	26	**422,705,573**	155,845,542
Bank balances with lenders		**(28,940,393)**	(13,907,235)
Net debt		**393,765,180**	141,938,307
Total equity		**216,559,907**	215,649,101
Total capital		**610,325,087**	357,587,408
Gearing ratio		**64.52%**	39.69%

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
Pakistan Refinery Limited	63.56%	Subsidiary
Cerisma (Private) Limited (Cerisma)	100%	Subsidiary

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

Name of Related Parties	Direct Shareholding	Relationship
PSO Renewable Energy (Private) Limited (PRE)	100%	Subsidiary
Pak Grease Manufacturing Company (Private) Limited	22%	Associate
Asia Petroleum Limited	49%	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%	Government related entity/ Common Directorship
Water and Power Development Authority	N/A	Government related entity
Genco Holding Company Limited	N/A	Government related entity / Common Directorship
Sui Northern Gas Company Limited	N/A	Government related entity / Common Directorship
Sui Southern Gas Company Limited	N/A	Government related entity
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 / Common Directorship
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
ABM Investment	N/A	Common Directorship
Digital Bridge (Pvt.) Limited	N/A	Common Directorship
Marina City Developers	N/A	Common Directorship
Iman Construction (Pvt.) Limited	N/A	Common Directorship
Prestige Communications (Pvt.) Ltd.	N/A	Common Directorship
Gujranawala Electric Power Company Limited	N/A	Common Directorship
MM Management Consultants (Pvt.) Limited	N/A	Common Directorship
Hinopak Limited	N/A	Common Directorship
Sindh Insurance Limited	N/A	Common Directorship
Petromen Corporation - Saudi Arabia	N/A	Common Directorship
Strategic Alliancez (Private) Limited	N/A	Common Directorship
Faisalabad Electric Supply Company	N/A	Government related entity
Islamabad Electric Supply Company	N/A	Common Directorship
Government Holdings (Private) Limited	N/A	Common Directorship
Power Holding (Private) Limited	N/A	Government related entity
National Engineering Services Pakistan (Pvt.) Limited	N/A	Common Directorship
786 Investments Limited	N/A	Common Directorship
Lean in Pakistan Foundation	N/A	Common Directorship
Dawood Global Foundation	N/A	Common Directorship
Cnergyico PK Limited	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
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
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
Shah Mujadad Uddin Jawad	N/A	Key management personnel
Asif Aslam Khan	N/A	Key management personnel

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

Name of Related Parties	Direct Shareholding	Relationship
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
Muhammad Zeeshan Hyder	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
Raja Muhammad Faisal Abdullah	N/A	Key management personnel
Ghulam Murtaza Sheikh	N/A	Key management personnel
Brig. (R) Ghulam Hussain Ghumman	N/A	Key management personnel
Ayesha Afzal	N/A	Key management personnel
Iyshah Faizan	N/A	Key management personnel
Om Perkash	N/A	Key management personnel
Muhammad Anwer	N/A	Director
Arshad Majeed	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
Asif Baigmohamed	N/A	Director
Ahmed Jamal Mir	N/A	Director
Awais Manzur Sumra	N/A	Director
Mohammad Hassan Iqbal	N/A	Director
Mushtaq Malik	N/A	Director
Shahbaz Tahir Nadeem	N/A	Director
Waheed Ahmed Shaikh	N/A	Director

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(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	2023	2022
Subsidiary			
- Pakistan Refinery Limited	Purchases	**139,091,635**	111,585,988
	Income facility charges	**851**	844
	Group relief	**-**	1,238,393
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	**66,337**	130,411
- Asia Petroleum Limited	Income facility charges	**119,096**	475,882
	Pipeline charges	**119,291**	461,847
Retirement Benefit Funds			
- Pension funds	Charge for the year	**721,296**	219,909
	Contributions	**213,701**	-
- Gratuity fund	Charge for the year	**597,096**	270,571
	Contributions	**219,751**	-
- Contributory pension funds	Charge for the year	**225,437**	216,324
	Contributions	**225,437**	216,324
- Provident fund	Charge for the year	**205,196**	200,218
	Contributions	**205,196**	188,265
Key Management Personnel	Managerial remuneration	**230,552**	184,018
	Housing and utilities	**126,804**	101,210
	Performance bonus	**60,674**	48,570
	Other allowances and benefits	**191,636**	128,721
	Retirement benefits	**93,169**	39,378
	Leave encashment	**-**	1,850
	Vehicles having net book value of Rs. 3,990 (2022: Rs. 7,070) transferred under employee car scheme (sale proceeds)	**4,215**	7,389

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

44.3 Related Parties by Virtue of GoP Holdings

The Federal Government of Pakistan directly holds 22.47% 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:

Name of Related Parties	Nature of Transactions	2023	2022
- Government of Pakistan	Dividend paid	**1,055,041**	1,055,041
	Price differential claim received	**-**	125,942,629
- PSOCL Employees Empowerment Scheme	Dividend paid to the trust	**142,636**	142,636
- Board of Management	Contribution	**26,870**	25,517
- Pak-Arab Pipeline Company Limited	Pipeline charges	**7,732,152**	5,752,542
	Dividend received	**325,546**	384,142
- Water and Power Development Authority	Utility charges	**187,647**	167,088
- GENCO	Gross sales	**3,497,652**	29,961,543
- Pakistan Petroleum Limited	Purchases	**99,749**	167,813
- Oil and Gas Development Company	Gross sales	**-**	25,846
	Purchases	**2,117,551**	2,499,782
- Pakistan International Airlines Corporation Limited	Gross sales	**54,381,904**	26,317,293
	Purchases	**4,712**	8,510
- Pakistan Railways	Gross sales	**28,245,674**	20,802,497
- Pak-Arab Refinery Company Limited	Purchases	**531,396,119**	408,270,005
	Pipeline charges	**1,516,857**	1,081,294
- Sui Northern Gas Pipeline Limited	Gross sales	**1,140,232,271**	692,274,963
- K-Electric Limited	Gross sales	**90,792,362**	106,268,504
	Income facility charges	**39,441**	35,915
	Utility charges	**222,649**	126,408

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

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, 2023 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 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.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

46. Events After the Reporting Date

The Board of Management in its meeting held on August 23, 2023 proposed (i) a final cash dividend of Rs. 7.5 per share amounting to Rs. 3,521,050 (ii) Nil % Bonus shares (Nil shares) for approval of the members at the Annual General Meeting.

47. Capacity and Actual Performance

	Metric Ton	
	2023	**2022**
Available capacity	**70,000**	70,000
Actual production	**43,788**	44,507

The above pertains to lube manufacturing plant of the Company and the production is carried out as per sales demand.

	2023	**2022**
48. Number of Employees		
Total employees as at June 30	**2,222**	2,259
Average number of employees during the year	**2,264**	2,333

49. General

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

50. Date of Authorisation for Issue

These unconsolidated financial statements were approved and authorised for issue on August 23, 2023 by the Board of Management.

Syed Muhammad Taha
Managing Director & CEO

Mushtaq Malik
Member Board of Management

Gulzar Khoja
Chief Financial Officer

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, 2023, 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, 2023, 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 separate opinion on these matters.

Following are the key audit matters:

Key Audit Matters	How the Matter was Addressed in Our Audit
Overdue Trade Receivable Customers Due to Inter-Corporate Circular Debt Issue and From Government of Pakistan (Refer notes 14 and 17 to the consolidated financial statements) As at June 30, 2023 the Group's receivable from Government of Pakistan and customers amounted to Rs. 518,341 million which included trade debts receivables of Rs. 433,922 million from customers including GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO) and Sui Northern Gas Pipelines Company Limited (SNGPL) of Rs. 71,922 million, Rs. 18,135 million and Rs. 298,429 million respectively which were past due from related parties and an amount of Rs. 9,297 million on account of price differential claims. The Government of Pakistan is committed, hence, continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress has been slower than expected resulting in accumulation of the Group's receivable. The Group is also actively pursuing the Government of Pakistan to get budgetary allocation for release of past due price differential claims. 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.	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 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.

Independent Auditor's Report

Key Audit Matters	How the Matter was Addressed In Our Audit
Recognition of Revenue / Income (Refer notes 32 and 34 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. Further the group is subject to deductions from revenue of Subsidiary as price differential on the sale of High Speed Diesel (HSD) and Motor Gasoline (MS) calculated in accordance with applicable regulations. The Group 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. Whereas sale of certain de-regulated products is carried out at the margin-based price mechanism as per notification of OGRA 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. We considered recognition of revenue / income as key audit matter due to the regulatory nature of pricing, significance of amounts requiring significant time and resources to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Group.	Our audit procedures to assess the recognition, amongst others, included the following: • Obtained an understanding of the revenue process and evaluated and tested 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 on a sample basis, computation of Surplus Price Differential rates and the amount of respective adjustment against revenue in accordance with mechanism notified by Ministry of Petroleum and Natural Resources; • 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 consolidated financial statements in accordance with requirements of accounting and reporting standards as applicable in Pakistan.

Independent Auditor's Report

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, 2023, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Management is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Management, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 28, 2023

UDIN: AR202310202QIpzas9K0

Consolidated Statement of Financial Position

As at June 30, 2023

	Note	2023	2022
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	**41,030,347**	38,965,563
Right-of-use assets	6	**7,013,623**	6,604,904
Intangibles	7	**253,973**	259,292
Long-term investments	8	**6,396,650**	7,716,340
Long-term loans, advances and other receivables	9	**768,084**	343,234
Long-term deposits	10	**391,932**	358,719
Deferred tax asset - net	11	**22,196,404**	17,719,521
Retirement benefits	22	**19,105**	32,584
		78,070,118	72,000,157
Current Assets			
Stores, spares, chemicals and loose tools	12	**2,648,423**	1,358,052
Stock-in-trade	13	**326,106,697**	362,469,390
Trade debts	14	**505,968,432**	433,138,291
Loans and advances	15	**603,602**	662,454
Short-term deposits and prepayments	16	**1,342,066**	532,309
Other receivables	17	**112,089,504**	59,068,727
Cash and bank balances	18	**40,624,965**	37,457,819
		989,383,689	894,687,042
Net assets in Bangladesh	19	**-**	-
Total Assets		**1,067,453,807**	966,687,199
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**4,694,734**	4,694,734
Reserves	21	**220,313,579**	215,787,009
Equity attributable to the owners of the Holding Company		**225,008,313**	220,481,743
Non-controlling interest	4	**7,335,685**	6,861,546
		232,343,998	227,343,289
Non-Current Liabilities			
Retirement and other service benefits	22	**11,822,158**	10,517,504
Long-term borrowings	23	**2,000,000**	-
Lease liabilities	24	**6,744,426**	5,984,284
Deferred income - Government grant	25	**100,000**	100,000
Other payable	26	**593,849**	674,319
		21,260,433	17,276,107
Current Liabilities			
Trade and other payables	27	**342,187,101**	528,453,924
Unclaimed dividend	28	**1,581,095**	1,498,372
Provisions	29	**639,413**	639,413
Short-term borrowings	30	**452,539,602**	174,746,786
Accrued interest / mark-up	30.5	**11,999,938**	1,142,121
Current portion of lease liabilities	24	**511,430**	821,228
Taxation - net		**4,390,797**	14,765,959
		813,849,376	722,067,803
Total Liabilities		**835,109,809**	739,343,910
Total Equity and Liabilities		**1,067,453,807**	966,687,199
Contingencies and Commitments	31		

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

Syed Muhammad Taha	Mushtaq Malik	Gulzar Khoja
Managing Director & CEO	**Member Board of Management**	**Chief Financial Officer**

Consolidated Statement of Profit or Loss

For the year ended June 30, 2023

	Note	2023	2022
		------------------ (Rupees in '000) ------------------	
Net sales	32	**3,539,155,107**	2,541,730,367
Cost of products sold	33	**(3,454,749,565)**	(2,363,603,161)
Gross Profit		**84,405,542**	178,127,206
Other income	34	**16,796,052**	25,348,138
Operating Costs			
Distribution and marketing expenses	35	**(15,771,091)**	(12,997,810)
Administrative expenses	36	**(6,269,529)**	(4,767,487)
Provision for impairment on financial assets - net		**(437,159)**	(5,104,188)
Other expenses	37	**(4,515,331)**	(14,772,913)
		(26,993,110)	(37,642,398)
Profit From Operations		**74,208,484**	165,832,946
Finance costs	38	**(43,410,380)**	(5,962,595)
Share of profit of associates - net of tax	8.3.1	**(868,781)**	690,334
Profit Before Taxation		**29,929,323**	160,560,685
Taxation	39	**(20,113,178)**	(64,838,014)
Profit for the Year		**9,816,145**	95,722,671
Profit Attributable To:			
Owners of the Holding Company		**9,318,649**	91,243,935
Non-controlling interest		**497,496**	4,478,736
		9,816,145	95,722,671
		--------------------- **(Rupees)** ---------------------	
Earning Per Share - Basic and Diluted	40	**19.85**	194.35

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

Syed Muhammad Taha	Mushtaq Malik	Gulzar Khoja
Managing Director & CEO	**Member Board of Management**	**Chief Financial Officer**

Consolidated Statement Of Comprehensive Income

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in '000)	
Profit for the year		**9,816,145**	95,722,671
Other Comprehensive Income / (Loss):			
Items That Will Not be Subsequently Reclassified to Profit or Loss:			
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	8.3.1	**(5,721)**	(38)
Unrealised loss on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	8.2.1	**(214,895)**	(3,666,535)
Taxation thereon		**(116,516)**	421,262
		(331,411)	(3,245,273)
Actuarial gain / (loss) on remeasurement of retirement and other service benefits	22.1.6 & 22.2.1.7	**352,388**	(3,427,632)
Taxation thereon		**(135,958)**	615,358
		216,430	(2,812,274)
		(120,702)	(6,057,585)
Total Comprehensive Income for the Year		**9,695,443**	89,665,086
Total Comprehensive Income Attributable to:			
Owners of the Holding Company		**9,221,304**	85,259,482
Non-controlling interest		**474,139**	4,405,604
		9,695,443	89,665,086

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

Syed Muhammad Taha	Mushtaq Malik	Gulzar Khoja
Managing Director & CEO	**Member Board of Management**	**Chief Financial Officer**

Consolidated Statement of Changes in Equity

For the year ended June 30, 2023

		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, 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 gain 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)
Profit for the year transferred to special reserve by 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
Balance as at July 01, 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**
Total Comprehensive Income for the Year										
Profit for the year	-	-	-	-	-	-	**9,318,649**	**9,318,649**	**497,496**	**9,816,145**
Profit for the year transferred to venture capital reserve	-	-	-	-	-	**243,661**	**(243,661)**	-	-	-
Other Comprehensive Income										
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	-	**(331,411)**	-	-	-	**(331,411)**	-	**(331,411)**
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	-	**239,787**	**239,787**	**(23,357)**	**216,430**
Share of actuarial loss on remeasurement of the staff retirement benefits of associates - net of tax	-	-	-	-	-	-	**(5,721)**	**(5,721)**	-	**(5,721)**
	-	-	-	**(331,411)**	-	-	**234,066**	**(97,345)**	**(23,357)**	**(120,702)**
Profit for the year transferred to special reserve by Subsidiary Company	-	-	**1,096,389**	-	-	-	**(1,096,389)**	-	-	-
Transactions with the Owners of the Company										
Distributions										
Final dividend for the year ended June 30, 2022 at Rs. 10 per share	-	-	-	-	-	-	**(4,694,734)**	**(4,694,734)**	-	**(4,694,734)**
Balance as at June 30, 2023	**4,694,734**	**3,373**	**9,556,610**	**1,909,133**	**25,282,373**	**1,722,212**	**181,839,878**	**220,313,579**	**7,335,685**	**232,343,998**

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

Syed Muhammad Taha	Mushtaq Malik	Gulzar Khoja
Managing Director & CEO	**Member Board of Management**	**Chief Financial Officer**

Consolidated Statement of Cash Flows

For the year ended June 30, 2023

	Note	2023	2022
		(Rupees in '000)	
Cash Flows From Operating Activities			
Cash used in operations	41	**(198,372,374)**	(5,210,006)
Long-term loans, advances and other receivables		**(424,850)**	69,670
Long-term deposits and prepayments		**(33,213)**	(1,678)
Taxes paid		**(35,217,697)**	(48,111,206)
Finance costs paid		**(30,506,637)**	(4,416,836)
Retirement and other service benefits paid		**(890,625)**	(327,878)
Net Cash Used in Operating Activities		**(265,445,396)**	(57,997,934)
Cash Flows From Investing Activities			
Capital expenditure		**(5,706,118)**	(3,841,048)
Proceeds from disposal of property, plant and equipment	5.2	**186,898**	125,698
Dividends received		**555,839**	1,121,079
Net Cash Used in Investing Activities		**(4,963,381)**	(2,594,271)
Cash Flows From Financing Activities			
Long-term borrowings - net	23.1	**800,000**	(2,900,000)
Short-term borrowings - net	30.6	**272,621,091**	116,346,510
Lease payments		**(1,604,882)**	(1,027,032)
Proceeds from salary refinancing - net		**(101,437)**	(144,160)
Dividends paid		**(4,612,011)**	(4,719,431)
Net Cash Generated From Financing Activities		**267,102,761**	107,555,887
Net (Decrease) / Increase in Cash and Cash Equivalents		**(3,306,016)**	46,963,682
Cash and cash equivalents at beginning of the year		**35,583,684**	(11,379,998)
Cash and Cash Equivalents at end of the Year	42	**32,277,668**	35,583,684

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

Syed Muhammad Taha
Managing Director & CEO

Mushtaq Malik
Member Board of Management

Gulzar Khoja
Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

1. Group Legal Status and Nature of Business

The Group consist of Pakistan State Oil Company Limited ("the Holding Company"), Pakistan Refinery Limited, Cerisma (Private) Limited and PSO Renewable Energy (Private) Limited ("the Subsidiary Companies"). Brief Profiles of the Holding Company and the Subsidiary Companies are 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% (2022: 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	Keamari, Karachi.

1.3 Cerisma (Private) Limited

A wholly owned subsidiary named Cerisma (Private) Limited (Cerisma) was incorporated on September 29, 2022 as private limited company. The principal activity of Cerisma is to set-up, manage, own, administer and run electronic money institution (EMI) under EMI Regulations. As at June 30, 2023, the Company has subscribed to 499,999 shares of Cerisma.

The principal place of business for Cerisma is in Sindh, Pakistan.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

1.4 PSO Renewable Energy (Private) Limited

A wholly owned subsidiary named PSO Renewable Energy (Private) Limited (PRE) was incorporated on December 2, 2022 as private limited company. The principal activity of PRE is to carry on businesses of renewable energy, its manufacturing, processing and installation thereof. As at June 30, 2023, the Company has subscribed to 999,999 shares of PRE.

The principal place of business for PRE is in Sindh, Pakistan.

1.5 These financial statements denote the consolidated financial statements of the Group. Separate financial statements of the Holding Company and its subsidiaries 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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 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 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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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 June 30, 2024. 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 deferred 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

2.5.8 Contingencies

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Group, based on availability of latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of uncertain future event(s).

2.6 New or Amendments / Interpretations to Existing Standards, Interpretations and Forthcoming Requirements

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 1, 2022, however, these do not have any significant impact on the Group's financial statements, therefore have not been detailed here.

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 1 July 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. 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.

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- 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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

- 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.

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend 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.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) introduce following new disclosure requirements:

  Once tax law is enacted but before top-up tax is effective:

  - Disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.

  - After top-up tax is effective: disclose current tax expense related to top-up tax.

  These amendments apply from 31 December 2023. No disclosures are required in interim periods ending on or before 31 December 2023.

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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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 (Petroleum 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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 Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

Financial Liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Assets Covered Under IAS 39

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O 67(I)/2023 dated January 20, 2023 has granted exemption from application of expected credit losses (ECL) method under IFRS 9 ‘Financial Instruments’ on financial assets due from GoP in respect of circular debt till June 30, 2024, provided that the Company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Consequently, the Company has not recorded impact of aforesaid ECL on trade debts of SNGPL, HUBCO, GENCO in these consolidated financial statements based on the exemption granted from SECP in this respect. 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 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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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 separately for its management and non-management employees. Monthly contribution is made by the Holding Company at the rate of 9.47% per annum of the gross salary.

3.13 Lease 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

3.14 Unclaimed Dividend

The Group recognises unclaimed dividend which was declared and remained unclaimed by the shareholder from the date it was due and payable.

3.15 Provisions

Provisions are recognised when the Group has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

3.16 Contract Liabilities

Contract liability is an obligation of the Group to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when payment is made or due whichever is earlier. Contract liabilities are recognised in revenue when Group fulfils the performance obligation under the contract.

3.17 Taxation

3.17.1 Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to profit or loss except to the extent it relates to items recognised in 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 utilized. 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).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

3.18 Foreign Currency Transactions and Translation

Transactions in foreign currencies are converted into Rupees at the rates of exchange prevailing on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Rupees at rates prevailing at the statement of financial position date. Foreign currency gains and losses are recognised in the statement of profit or loss. Foreign exchange differences arising from trading transactions are included in the results of operating activities whereas exchange differences on financing activities are included in finance cost.

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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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.

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 resource embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be resource with sufficient reliability.

4. Non - Controlling Interest

4.1 Non-controlling interest in the Subsidiary Company has been calculated as follows:

	2023	2022
Non-current assets	**28,826,267**	29,231,739
Current assets	**76,645,664**	61,715,187
Non-current liabilities	**(2,769,572)**	(1,012,809)
Current liabilities	**(77,345,091)**	(66,337,719)
Net assets	**25,357,268**	23,596,398
Adjustments for consolidation:		
Fair value adjustment	**8,760,974**	8,977,330
Consistency of accounting policy	**(20,325,928)**	(20,325,928)
Others	**6,338,541**	6,581,905
	(5,226,413)	(4,766,693)
Adjusted Net Assets of the Subsidiary Company	**20,130,855**	18,829,705
Share of NCI @ 36.44% (2022: 36.44%)	**7,335,685**	6,861,546

4.2 Net turnover and profit after tax from the acquired business are as follows:

	2023	2022
Net turnover	**261,860,404**	191,316,055
Profit for the year	**1,824,967**	12,573,450

4.3 During the year, the Holding Company has recorded NCI's share of profit Rs. 497,496 and actuarial loss of Rs. 23,357 in consolidated statement of profit or loss and other comprehensive income respectively.

	Note	2023	2022
5. Property, Plant And Equipment			
Operating assets	5.1	**36,177,940**	35,281,123
Capital work-in-progress	5.4	**4,852,407**	3,684,440
		41,030,347	38,965,563

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(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 Equipments	Railway Sidings	Gas Cylinders / Regulators (note 5.1.2)	Total
	Freehold	Leasehold	On Freehold Land	On Leasehold Land									
As at July 01, 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
Year ended June 30, 2023													
Opening 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**
Additions	**345,038**	**-**	**97,010**	**119,242**	**1,134,640**	**961,511**	**877,884**	**48,925**	**588,345**	**204,840**	**-**	**53,367**	**4,430,802**
Disposals (note 5.2)													
Cost	**-**	**-**	**(7,169)**	**(12,304)**	**(687)**	**(463,483)**	**(16,809)**	**(6,686)**	**(89,501)**	**(29,629)**	**-**	**(108,164)**	**(734,432)**
Accumulated depreciation	**-**	**-**	**4,391**	**11,748**	**641**	**462,769**	**16,597**	**6,588**	**79,673**	**29,492**	**-**	**99,187**	**711,086**
	-	**-**	**(2,778)**	**(556)**	**(46)**	**(714)**	**(212)**	**(98)**	**(9,828)**	**(137)**	**-**	**(8,977)**	**(23,346)**
Depreciation charge (note 5.1.1)	**-**	**(1,263)**	**(36,201)**	**(91,037)**	**(1,065,352)**	**(596,522)**	**(1,303,301)**	**(27,670)**	**(181,953)**	**(160,452)**	**(4,435)**	**(42,453)**	**(3,510,639)**
Closing net book value	**10,236,693**	**79,129**	**606,965**	**977,454**	**6,962,014**	**3,870,847**	**11,600,714**	**433,830**	**821,449**	**295,721**	**18,857**	**274,267**	**36,177,940**
As at June 30, 2023													
Cost	**10,236,693**	**110,921**	**1,351,392**	**2,184,962**	**14,474,601**	**13,838,010**	**21,418,948**	**846,674**	**2,597,341**	**1,490,029**	**97,555**	**439,000**	**69,086,126**
Accumulated depreciation	**-**	**(31,792)**	**(744,427)**	**(1,207,508)**	**(7,512,587)**	**(9,967,163)**	**(9,818,234)**	**(412,844)**	**(1,775,892)**	**(1,194,308)**	**(78,698)**	**(164,733)**	**(32,908,186)**
Net book value	**10,236,693**	**79,129**	**606,965**	**977,454**	**6,962,014**	**3,870,847**	**11,600,714**	**433,830**	**821,449**	**295,721**	**18,857**	**274,267**	**36,177,940**
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, 2023

(Amounts in Rs. '000)

		Note	2023	2022
5.1.1	Depreciation charge for the year has been allocated as follows:			
	Cost of products sold		**1,245,535**	1,303,526
	Distribution and marketing expenses	35	**1,939,638**	1,573,228
	Administrative expenses	36	**325,466**	275,206
			3,510,639	3,151,960

5.1.2 Service and filling stations include cost of Rs. 12,918,653 (2022: Rs.12,521,271) 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 2,112 (2022: 2,151) out of the total 3,528 (2022: 3,500) 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 Group as required under the Fourth Schedule to the Companies Act, 2017. Furthermore, gas cylinders amounting to Rs. 439,001 (2022: Rs.493,798) are not in possession of the Group.

5.1.3 Included in operating assets are fully depreciated assets having cost of Rs. 18,919,503 (2022: Rs. 18,750,857).

5.1.4 Included in operating assets are assets having net book value of Rs. 899,666 (2022: Rs. 802,259) in respect of Group's share in the joint operation. Certain assets relating to joint operation in New Islamabad International Airport are not in the possession of the Group having net book value of Rs. 245,939 (2022: Rs. 317,006), respectively. The possession of these assets is with Attock Petroleum Limited. In view of large number of assets, the Group considers it impracticable to disclose particulars of assets not in the possession of the Group as required under the Fourth Schedule to the Companies Act, 2017.

5.2 The details of operating assets disposed off during the year are as follows:

	Cost	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Buyers
Vehicle	2,752	776	1,976	2,109	133	Group Policy	Mr. Zeeshan Haider
Vehicle	2,973	395	2,578	2,677	99	Group Policy	Ms. Hina Mughal Ex. Employee
Vehicle	2,745	731	2,014	2,106	92	Group Policy	Mr. OM Perkash
Vehicle	3,731	2,073	1,658	1,658	-	Group Policy	Mr. Zahid Mir
Vehicle	1,979	1,332	647	647	-	Group Policy	Mr. Murtaza Illyas Ex. Employee
Items having book value of less than Rs.500 each	720,252	705,779	14,473	177,701	163,228		
June 30, 2023	**734,432**	**711,086**	**23,346**	**186,898**	**163,552**		
June 30, 2022	565,888	550,402	15,486	125,698	110,212		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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		
Diamond 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.

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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		Note	2023	2022
5.4	**Capital Work-in-Progress**			
	Buildings		**-**	10,240
	Tanks and pipelines		**1,806,124**	1,272,879
	Service and filling stations		**178,075**	221,187
	Plant and machinery		**360,428**	190,717
	Office equipments, furniture and fittings		**26,827**	55,818
	Vehicles and other rolling stock		**165**	655
	Advance to suppliers and contractors		**228,058**	155,446
	Capital spares		**2,252,730**	1,777,498
		5.4.1	**4,852,407**	3,684,440
5.4.1	Movement in Capital Work-in-Progress is as Follows:			
	Balance at beginning of the year		**3,708,832**	5,675,825
	Additions during the year		**5,705,556**	3,850,355
	Transfers during the year			
	-Operating assets		**(4,430,802)**	(5,644,922)
	-Intangibles		**(107,349)**	(172,426)
			(4,538,151)	(5,817,348)
			4,876,237	3,708,832
	Provision for impairment	5.4.2	**(23,830)**	(24,392)
	Balance at end of the year		**4,852,407**	3,684,440

5.4.2 During the year, net reversal of Rs. 562 (2022: net charge of Rs. 2,050) was recorded as provision for impairment.

5.4.3 Includes Capital Work-In-Progress amounting to Rs. 192,986 (2022: 175,668) in respect of Holding company's share in joint operation.

6. Right-of-Use Assets

	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	(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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	Land	Building	Total
Balance as at July 1, 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**
Movement During the Year				
Opening net book value		**6,604,904**	**-**	**6,604,904**
Additions		**913,146**	**-**	**913,146**
Change due to modifications during the year		**281,500**	**-**	**281,500**
Less: Depreciation charge for the year	6.2	**(785,927)**	**-**	**(785,927)**
Closing net book value		**7,013,623**	**-**	**7,013,623**
Balance as at June 30, 2023				
Cost		**9,190,233**	**50,583**	**9,240,816**
Accumulated depreciation		**(2,176,610)**	**(50,583)**	**(2,227,193)**
Net book value		**7,013,623**	**-**	**7,013,623**

6.1 The annual rate of depreciation for the right-of-use assets is ranging between 1% - 20%.

	Note	2023	2022
6.2 Depreciation charge for the year has been allocated as follows:			
Cost of products sold		**15,909**	15,910
Distribution and marketing expenses	35	**708,417**	511,407
Administrative expenses	36	**61,601**	40,574
		785,927	567,891

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.

	Note	2023	2022
7. Intangibles			
Net Carrying Value			
Net book value at beginning of the year		**259,292**	161,483
Additions at cost		**107,349**	172,426
Disposals			
Cost		**(1,725)**	-
Accumulated amortisation		**1,725**	-
		-	-
Amortisation charge for the year	7.3	**(112,668)**	(74,617)
Net book value at end of the year		**253,973**	259,292
Gross Carrying Value			
Cost	*7.2*	**923,496**	817,871
Accumulated amortisation		**(669,523)**	(558,579)
Net book value		**253,973**	259,292

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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
7.3 Amortisation Charge for the Year has Been Allocated as Follows:			
Cost of products sold		**114**	-
Administrative expenses	36	**112,554**	35,930
		112,668	35,930

8. Long-Term Investments

	Note	2023	2022
Investment in Related Parties			
Investment Held at Fair Value Through Other Comprehensive Income			
In An Un-Quoted Company			
- Pak-Arab Pipeline Company Limited (PAPCO)			
Equity held: 12% (2022: 12%)			
No. of shares: 8,640,000 (2022: 8,640,000) of Rs. 100/- each	8.2.1	**3,993,199**	4,208,094
Investment in Associates			
In Un-Quoted Companies			
- Asia Petroleum Limited			
Equity held: 49% (2022: 49%)			
No. of shares: 46,058,570 (2022: 46,058,570) of Rs. 10/- each	8.3	**2,325,836**	3,413,175
- Pak Grease Manufacturing Company (Private) Limited			
Equity held: 49.26% (2022: 49.26%)			
No. of shares: 1,536,593 (2022: 1,536,593) of Rs. 10/- each	8.3	**77,615**	95,071
		2,403,451	3,508,246
		6,396,650	7,716,340

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:

	2023	2022
- Discount rate	**19.56% - 19.94%**	19.85% - 21.08%
- 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. 331,411 (2022: Rs. 3,245,273) in other comprehensive (loss) / income for the year.

	2023	2022
8.2.1 Movement of Investment Classified as FVOCI		
Balance at beginning of the year	**4,208,094**	7,874,629
Remeasurement loss recognised as other comprehensive loss	**(214,895)**	(3,666,535)
Balance at the end of the year	**3,993,199**	4,208,094

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	2023	2022
8.2.2 *Sensitivity to Unobservable Inputs:*		
- Discount rate (1% increase)	**(294,970)**	(19,214)
- Discount rate (1% decrease)	**343,832**	19,945
- Growth rate of terminal value (1% increase)	**208,593**	124,485
- Growth rate of terminal value (1% decrease)	**(179,941)**	(107,718)

8.3 Investments in Associates

8.3.1 Movement of Investment in Associates

	2023			2022		
	APL	PGMCL	Total	APL	PGMCL	Total
Balance at beginning of the year	**3,413,175**	**95,071**	**3,508,246**	3,453,641	101,246	3,554,887
Share of profit / (loss) of associates - net of tax:						
- current year - unaudited	**(855,752)**	**(17,968)**	**(873,720)**	692,511	(4,593)	687,918
- adjustment for last year profit / (loss) based on prior year audited financial statements	**4,831**	**108**	**4,939**	4,252	(1,836)	2,416
	(850,921)	**(17,860)**	**(868,781)**	696,763	(6,429)	690,334
Share of actuarial (loss) / gain on remeasurement of staff retirement benefits of associates - net of tax	**(6,125)**	**404**	**(5,721)**	(292)	254	(38)
Dividend income	**(230,293)**	**-**	**(230,293)**	(736,937)	-	(736,937)
Balance at end of the year	**2,325,836**	**77,615**	**2,403,451**	3,413,175	95,071	3,508,246

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

	2023		2022	
	APL	PGMCL	APL	PGMCL
	(Un-audited)			
Revenue	**3,406,967**	**122,670**	2,730,843	203,034
Profit / (loss) after tax for the year	**(1,746,433)**	**(37,764)**	1,413,282	(9,324)
Total comprehensive income / (loss)	**(1,746,433)**	**(37,764)**	1,413,282	(9,324)
Non-current assets	**788,513**	**39,660**	896,213	41,522
Current assets	**10,376,668**	**157,695**	7,598,943	189,119
	11,165,181	**197,355**	8,495,156	230,641
Non-current liabilities	**(257,160)**	**(11,435)**	(266,036)	(13,699)
Current liabilities	**(6,161,416)**	**(17,710)**	(1,263,465)	(13,298)
	(6,418,576)	**(29,145)**	(1,529,501)	(26,997)
Net assets	**4,746,605**	**168,210**	6,965,655	203,644

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	2023		2022	
	APL	PGMCL	APL	PGMCL
	---------------------------------- (Un-audited) ----------------------------------			
8.3.3 Reconciliation of Carrying Amount of Investment				
Net assets (Note 8.3.2)	**4,746,605**	**168,210**	6,965,655	203,644
Group's Holding in % (Note 8)	**49%**	**49.26%**	49%	49.26%
Group share of investment in associate	**2,325,836**	**82,857**	3,413,175	100,313
Fair value adjustment upon acquisition of subsidiary	**-**	**(5,242)**	-	(5,242)
Carrying amount of investment	**2,325,836**	**77,615**	3,413,175	95,071

	Note	2023	2022
9. Long-Term Loans, Advances and Other Receivables			
Loans - Considered Good			
Executives*	9.1	**386,361**	112,113
Employees		**554,909**	299,626
	9.2	**941,270**	411,739
Current portion shown under current assets		**(292,287)**	(161,771)
		648,983	249,968
Advances - Considered Good (Secured)			
Employees	9.4	**140,295**	85,472
Current portion shown under current assets		**(43,832)**	(25,911)
		96,463	59,561
Other Receivables			
- Considered good		**22,638**	33,705
- Considered doubtful		**8,143**	8,143
		30,781	41,848
Provision for impairment		**(8,143)**	(8,143)
		22,638	33,705
		768,084	343,234
9.1 Reconciliation of Carrying Amount of Loans to Executives*:			
Balance at beginning of the year		**112,113**	153,715
Disbursements		**422,852**	19,234
Repayments		**(148,604)**	(60,836)
Balance at end of the year		**386,361**	112,113

* 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, and all other loans are secured against entitlements. 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. 534,948 (2022: Rs. 305,329).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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. 171,896 (2022: Rs. 144,028) paid to related parties.

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	2,111,118	298,526	-	2,409,644
Investment in associates accounted for under equity method	581,747	(94,825)	-	486,922
Equity investment held as FVOCI	1,103,551	-	116,516	1,220,067
Right of use asset net of lease liabilities	1,408,643	(18,167)	-	1,390,476
Tax amortisation	7,527	(11,784)	-	(4,257)
			-	
Deductible Temporary Difference in Respect of:			-	
Provision for:			-	
			-	
Impairment of Stores and spares	-	(23,481)	-	(23,481)
Fair value of net assets acquired on acquisition	(21,549)	-	-	(21,549)
Provision for slow moving products	(51,992)	-	-	(51,992)
Impairment on trade debts	(903,360)	(183,965)	-	(1,087,325)
Impairment on other Receivables	(2,979,316)	(633,204)	-	(3,612,520)
Retirement and other service benefits	(2,790,299)	(946,706)	135,958	(3,601,047)
Excise, taxes and other duties	(24,034)	(4,369)	-	(28,403)
Liabilities offered for taxation	(13,711,159)	(2,619,832)	-	(16,330,991)
Recoupable carried forward tax loss	(213,083)	213,083	-	-
Recoupable ACT	(669,088)	(704,144)	-	(1,373,232)
Lease liabilities	(1,565,540)	-	-	(1,565,540)
Others	(2,687)	(489)	-	(3,176)
	(17,719,521)	(4,729,357)	252,474	(22,196,404)

	Note	2023	2022
11.1 Movement in deferred tax asset - net is as follows:			
Balance at beginning of the year		17,719,521	13,181,951
- recognized in profit or loss	39	4,729,357	3,500,950
- recognized in other comprehensive income / (loss)		(252,474)	1,036,620
Balance at end of the year		22,196,404	17,719,521

12. Stores, Spares, Chemicals and Loose Tools

	Note	2023	2022
Stores, spares, chemicals and loose tools		2,844,686	1,494,183
Provision for impairment	12.1	(196,263)	(136,131)
		2,648,423	1,358,052

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		Note	2023	2022
12.1	The movement in provision for impairment during the year is as follows:			
	Balance at beginning of the year		**136,131**	110,870
	Provision recognised during the year		**60,132**	25,261
	Balance at end of the year		**196,263**	136,131

13. Stock-in-Trade

	Note	2023	2022
Raw and packing material	13.1	**32,330,464**	19,923,598
Petroleum and other products (gross)	13.1	**131,867,374**	249,508,568
Stock held on behalf of third parties	13.2	**(5,506,408)**	(7,176,658)
		158,691,430	262,255,508
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited		**112,847,307**	98,477,951
		271,538,737	360,733,459
Charges incurred thereon		**54,567,960**	1,735,931
	33	**326,106,697**	362,469,390

13.1 Includes stock-in-transit amounting to Rs. 9,610,000 (2022: Rs. 83,825,900) and stocks (net of provision) held by:

	2023	2022
Shell Pakistan Limited	**46,029**	1,061,152
Byco Petroleum Pakistan Limited	**11,988**	11,584
	58,017	1,072,736

13.2 Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2022: Rs. 23,730) recoverable there against. This also includes stock held on behalf of related parties amounting to Rs. Nil (2022: Rs. 65,870).

13.3 Includes Rs. 56,720 (2022: Rs. Nil) in respect of stock carried at net realisable value.

14. Trade Debts

	Note	2023	2022
Considered Good			
- Due from Government agencies and autonomous bodies			
- Secured	14.1	**77,603**	13,825
- Unsecured	14.3	**436,761,005**	378,441,890
		436,838,608	378,455,715
- Due from other customers			
- Secured	14.1	**6,628,389**	3,439,676
- Unsecured	14.3	**62,501,435**	51,242,900
		69,129,824	54,682,576
		505,968,432	433,138,291
Considered Doubtful		**3,074,871**	2,872,347
Trade debts - gross		**509,043,303**	436,010,638
Provision for impairment	14.3 & 14.4	**(3,074,871)**	(2,872,347)
Trade debts - net		**505,968,432**	433,138,291

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. 4,300,000 (2022: Rs. Nil) secured by way of Export Letters of Credit.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

14.3 These debts include an aggregate amount of Rs. 433,921,957 (2022: Rs. 373,159,772) 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. 71,921,997 (2022: Rs. 74,305,498), Rs. 18,135,551 (2022: Rs. 13,451,137) and Rs. 298,429,214 (2022: Rs. 226,093,429) from GENCO, HUBCO and SNGPL respectively, based on the agreed credit terms. The Group carries a specific provision of Rs. 346,975 (2022: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 388,139,788 (2022: Rs. 313,503,089) as doubtful 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 Group'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 2.5.4 to these financial statements, SECP has deferred the applicability of ECL model till June 30, 2024 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

		2023	2022
14.4	The movement in provision for impairment during the year is as follows:		
	Balance at beginning of the year	**2,872,347**	3,572,380
	Provision recognised during the year	**282,038**	183,668
	Reversal of provision during the year	**(79,514)**	(883,701)
		202,524	(700,033)
	Balance at end of the year	**3,074,871**	2,872,347
14.4.1	Provision for impairment has been recognised against trade debts as follows:		
	Related parties	**851,302**	863,485
	Other customers	**2,223,569**	2,008,862
		3,074,871	2,872,347

14.5 As at June 30, 2023, trade debts aggregating to Rs. 114,998,402 (2022: Rs. 123,288,952) are neither past due nor impaired. The remaining debts aggregating to Rs. 390,970,030 (2022: Rs. 309,849,339) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2023	2022
Up to 1 month	**92,523,170**	91,046,852
1 to 3 months	**208,940,523**	137,665,182
3 to 6 months	**9,692,083**	10,848,145
6 months to 1 year	**17,184,104**	2,420,983
Over 1 year	**62,630,150**	67,868,177
	390,970,030	309,849,339

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(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		Balance as at 30 June	
	2023	**2022**	**2023**	**2022**
Associate				
Asia Petroleum Limited	**4,167**	5,298	**-**	-
Other Related Parties				
GENCO	**71,921,997**	75,119,640	**71,921,997**	74,305,498
SNGPL	**427,744,569**	285,403,136	**343,864,408**	285,403,136
Pakistan International Airlines Corporation	**14,398,626**	13,036,866	**13,616,915**	12,938,574
K-Electric Limited	**18,003,765**	18,203,931	**4,368,287**	13,812,277
Pakistan Railways	**4,035,967**	2,021,660	**4,035,967**	2,021,660
Oil & Gas Development Corporation Limited	**-**	14,901	**-**	4,156
Pakistan Petroleum Limited	**52,924**	58,369	**52,922**	13,462
Sui Southern Gas Company Limited	**4,570**	8,652	**1,267**	-
Pakistan Steel Mills Corporation Limited	**-**	3,236	**-**	-
Pakistan National Shipping Corporation	**2,021**	2,021	**2,021**	2,021
			437,863,784	388,500,784

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	
			2023	2022
Other Related Parties				
GENCO	**-**	**71,921,997**	**71,921,997**	74,305,498
Sui Northern Gas Pipeline Limited	**298,429,214**	**-**	**298,429,214**	226,093,429
Pakistan International Airlines Corporation	**12,065,282**	**1,551,633**	**13,616,915**	10,587,592
Pakistan Railways	**4,035,967**	**-**	**4,035,967**	-
Oil & Gas Development Corporation Limited	**-**	**-**	**-**	4,156
Pakistan National Shipping Corporation	**-**	**2,021**	**2,021**	2,021
	314,530,463	**73,475,651**	**388,006,114**	310,992,697
Provision for impairment (notes 14.7.1 & 14.7.2)			**(851,302)**	(863,485)
			387,154,812	310,129,212

As at June 30, 2022, an amount of Rs. 5,229,441, Rs. 226,093,429, Rs. 10,190,099 & Rs. 4,156 were past due upto 6 months from GENCO, SNGPL, Pakistan International Airlines Corporation and Pakistan Railways respectively, whereas Rs. 69,076,057, Rs. 397,494 and Rs. 2,021 were past due for more than 6 months from GENCO, Pakistan International Airlines Corporation 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	**2023**	**2022**
Balance at beginning of the year		**863,485**	1,531,295
(Reversal) / provision during the year		**(12,183)**	(667,810)
Balance at end of the year	14.7.2	**851,302**	863,485

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

	2023	**2022**
GENCO	**346,975**	346,975
Pakistan International Airlines Corporation	**502,306**	514,489
Pakistan National Shipping Corporation	**2,021**	2,021
	851,302	863,485

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
15. Loans and Advances			
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 155,788 (2022: Rs. 70,973) to executives		**333,109**	184,672
- Short-term loans and advances		**206,951**	429,707
		540,060	614,379
Unsecured			
Advance to suppliers		**63,073**	45,731
Advance for the Holding Company - owned filling stations		**469**	2,344
		63,542	48,075
		603,602	662,454
16. Short-Term Deposits and Prepayments			
Deposits - Interest free			
Duty and development surcharge		**12,749**	25,871
Deposit against court orders		**57,506**	53,006
Trade deposits		**112,768**	181,630
		183,023	260,507
Prepayments			
Prepayments		**1,159,043**	271,802
		1,342,066	532,309
17. Other Receivables			
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	**602,604**	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
		9,297,420	9,297,419
Unfavourable exchange differences on FE-25 borrowings due from GoP - a related party	17.5	**70,522,852**	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		**28,717,273**	12,456,104
		108,797,338	51,788,009
Provision for impairment	17.7	**(2,202,919)**	(1,902,919)
		106,594,419	49,885,090
Handling and hospitality charges		**689,152**	734,621
Receivable from refineries	17.8	**25,098**	93,233
Insurance and other claims		**90,201**	90,201
Provision for impairment - considered doubtful	17.7	**(90,201)**	(90,201)
		-	-
Workers' Profits Participation Fund	17.9	**-**	1,622,013
Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party)		**-**	2,729,665
Provision for impairment	17.7	**-**	(46,000)
		-	2,683,665
Others			
- Considered good		**4,780,835**	4,050,105
- Considered doubtful		**6,969,838**	6,989,202
		11,750,673	11,039,307
Provision for impairment	17.7	**(6,969,838)**	(6,989,202)
		4,780,835	4,050,105
	17.10 & 17.11	**112,089,504**	59,068,727

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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 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. The Holding Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. There has been no significant change in the status of these claims. The Holding 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.

The Holding Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. There has been no significant change in the status of these claims. The Holding Company is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

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 Holding Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. There has been no significant change in the status of these claims. The Holding Company is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant 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 has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. There has been no significant change in the status of these claims. The Holding Company is fully confident of recoveries against these receivables and is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

17.5 As at June 30, 2023, net unfavourable amount of foreign exchange difference of Rs. 70,522,852 (2022: unfavourable exchange difference of Rs. 29,774,693) 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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.

17.7 As at June 30, 2023, receivables aggregating to Rs. 9,262,958 (2022: Rs. 9,028,322) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

	2023	2022
Receivable from GoP	**2,202,919**	1,902,919
Product claims	**90,201**	90,201
Other receivables	**6,969,838**	7,035,202
	9,262,958	9,028,322

17.7.1 The movement of provision for impairment is as follows:

	2023	2022
Balance at beginning of the year	**9,028,322**	3,224,101
Provision recognised during the year	**300,000**	5,884,044
Reversal of provision during the year	**(65,364)**	(79,823)
	234,636	5,804,221
Balance at end of the year	**9,262,958**	9,028,322

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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		Note	2023	2022
17.9	**Workers' Profit Participation Fund**			
	Balance at beginning of the year		**1,622,013**	145,397
	Allocation for the year	37	**(1,482,398)**	(8,747,987)
			139,615	(8,602,590)
	(Receipts) / Payments during the year		**(322,014)**	10,224,603
	Balance at end of the year		**(182,399)**	1,622,013

17.10 Includes receivables of Rs. 107,227,518 (2022: Rs.52,726,599) due from associates and other related parties.

17.11 Financial assets included in other receivables aggregating to Rs. Nil (2022: Rs. 2,186) were neither past due nor impaired. Further, financial assets aggregating to Rs. 9,076,040 (2022: Rs.12,270,273) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2023	2022
Up to 3 months	**359,217**	4,758,335
3 to 6 months	**1,361**	28,464
More than 6 months	**8,715,462**	7,483,474
	9,076,040	12,270,273

Includes Rs. 7,365,288 (2022: Rs. 7,733,375) receivable from associates and 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	
				2023	2022
Associates					
Asia Petroleum Limited	-	-	-	-	3,794
Other Related Parties					
Government of Pakistan	**9,557,212**	-	**9,557,212**	**9,557,212**	9,557,212
Pak-Arab Refinery Limited	**10,995**	**4,333**	**6,662**	**10,995**	75,288
	9,568,207	**4,333**	**9,563,874**	**9,568,207**	9,636,294
Provision for impairment (note 17.11.1)				**(2,202,919)**	(1,902,919)
Net receivable from related parties				**7,365,288**	7,733,375

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

		Note	2023	2022
	Balance at beginning of the year		**1,902,919**	1,602,919
	Provision recognised during the year		**300,000**	300,000
	Balance at the end of the year		**2,202,919**	1,902,919
18.	**Cash and Bank Balances**			
	Cash in hand		**14,234**	12,140
	Cash at banks in:			
	- current accounts	18.1	**2,712,153**	1,061,574
	- saving accounts	18.2	**28,446,578**	22,984,105
	- term deposit	18.3	**9,452,000**	13,400,000
			40,610,731	37,445,679
		18.4	**40,624,965**	37,457,819

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

18.1 Includes Rs. 536,050 (2022: Rs. 578,050) 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 10% to 19.50% (2022: 3.90% to 12.76%) per annum.

18.3 This represents short term deposits maintained with different commercial banks at a mark-up rate ranging from 12.255% to 18.85% per annum (2022: 10.75% to 13.00%).

18.4 These include balances of Rs. 49,788 (2022: Rs. 26,148) kept in bank accounts under Islamic mode.

19. Net Assets in Bangladesh

	2023	2022
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)
	-	-

19.1 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

2023	2022		2023	2022
(Number of shares)				
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	**10,000,000**	10,000,000

20.2 Issued, Subscribed and Paid-up Capital

2023	2022		Note	2023	2022
(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		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, 2023, 1,215,648 ordinary shares of Rs. 10/- each (2022: 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, 2023, associated undertakings - Government of Pakistan and PSOCL Employees Empowerment Trust held 119,767,702 ordinary shares (2022: 119,767,702 ordinary shares) of Rs. 10 each.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
21. Reserves			
Capital Reserve			
Surplus on vesting of net assets	21.1	**3,373**	3,373
Special reserve	21.3	**9,556,610**	8,460,221
Revenue Reserves			
Unrealised gain on remeasurement of FVOCI investment		**1,909,133**	2,240,544
General reserve		**25,282,373**	25,282,373
PSO venture capital fund		**1,722,212**	1,478,551
Un-appropriated profit		**181,839,878**	178,321,947
		210,753,596	207,323,415
		220,313,579	215,787,009

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 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. 243,661 (2022: Rs. 1,478,551) 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. 1,724,967 (2022: 12,473,450) to Special Reserve.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	2023	2022
22. Retirement and Other Service Benefits		
Holding Company		
Gratuity	-	-
Pension	-	-
	-	-
Subsidiary Company		
Non management Gratuity Scheme	(19,105)	(32,584)
Retirement and Other Benefits - Asset	(19,105)	(32,584)
Gratuity	2,356,829	1,889,616
Pension	1,548,134	679,894
Medical benefits	6,889,529	7,005,415
Compensated absences	391,148	355,830
	11,185,640	9,930,755
Subsidiary Company		
Management Pension Scheme	467,303	465,903
Non management Pension Scheme	123,535	83,353
Management Gratuity Scheme	45,680	37,493
	636,518	586,749
Retirement and Other Benefits Liability	11,822,158	10,517,504
Retirement and Other Benefits - Net Liability	11,803,053	10,484,920

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, 2023 under the Projected Unit Credit Method for the Holding Company are as follows:

22.1.1 Financial Position Reconciliation	Note	Gratuity Fund 2023	Gratuity Fund 2022	Pension Funds 2023	Pension Funds 2022	Medical Benefits 2023	Medical Benefits 2022
Present value of defined benefit obligations	22.1.2	9,186,851	8,411,645	11,935,063	10,152,754	6,889,529	7,005,415
Fair value of plan assets	22.1.3 & 22.1.9	(6,830,022)	(6,522,029)	(10,386,929)	(9,472,860)	-	-
Net (asset) / liability at end of the year	22.1.8	2,356,829	1,889,616	1,548,134	679,894	6,889,529	7,005,415

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		Note	Gratuity Fund		Pension Funds		Medical Benefits	
			2023	2022	2023	2022	2023	2022
22.1.2	**Movement in Present Value of Defined Benefit Obligations**							
	Present value of defined benefit obligations at beginning of the year		**8,411,645**	7,399,005	**10,152,754**	8,799,781	**7,005,415**	6,796,866
	Current service cost	22.1.4	**356,831**	298,737	**316,519**	269,224	**-**	4,258
	Past service cost	22.1.4	**-**	6,611	**327,415**	65,327	**16,958**	-
	Interest cost		**1,098,698**	715,909	**1,346,860**	887,314	**932,353**	687,778
	Benefits paid during the year		**(546,221)**	(829,055)	**(352,034)**	(286,122)	**(198,199)**	(173,638)
	Remeasurement: Actuarial loss / (gain)		**(134,102)**	820,438	**143,549**	417,230	**(866,998)**	(309,849)
	Present value of defined benefit obligations at end of the year		**9,186,851**	8,411,645	**11,935,063**	10,152,754	**6,889,529**	7,005,415
22.1.3	**Movement in Fair Value of Plan Assets**							
	Fair value of plan assets at beginning of the year		**6,522,029**	7,738,302	**9,472,860**	9,918,245	**-**	-
	Expected return on plan assets		**858,433**	750,686	**1,269,498**	1,001,956	**-**	-
	Contributions made by the Group		**219,751**	-	**213,701**	-	**-**	-
	Benefits paid during the year		**(546,221)**	(829,055)	**(352,034)**	(286,122)	**-**	-
	Remeasurement: Actuarial gain / (loss)		**(223,970)**	(1,137,904)	**(217,096)**	(1,161,219)	**-**	-
	Fair value of plan assets at end of the year		**6,830,022**	6,522,029	**10,386,929**	9,472,860	**-**	-
22.1.4	**Expense Recognised in Profit or Loss**							
	Current service cost		**356,831**	298,737	**316,519**	269,224	**-**	4,258
	Past service cost		**-**	6,611	**327,415**	65,327	**16,958**	-
	Net interest expense		**240,265**	(34,777)	**77,362**	(114,642)	**932,353**	687,778
	Expense for the year		**597,096**	270,571	**721,296**	219,909	**949,311**	692,036
22.1.5	**Actual Return on Plan Assets**		**419,946**	(149,174)	**725,450**	(159,263)	**-**	-
22.1.6	**Remeasurement (Gain) / Loss Recognised in Other Comprehensive (Income) / Loss**							
	Actuarial (gain) / loss on defined benefit obligation	22.1.7	**(134,102)**	820,438	**143,549**	417,230	**(866,998)**	(309,849)
	Actuarial (gain) / loss on fair value of plan assets		**223,970**	1,137,904	**217,096**	1,161,219	**-**	-
	Remeasurement (gain) / loss		**89,868**	1,958,342	**360,645**	1,578,449	**(866,998)**	(309,849)
22.1.7	**The Actuarial Loss / (Gain) Occurred on Defined Benefit Obligation on Account of Following:**							
	- Financial assumptions		**(646,222)**	42,313	**(343,640)**	227,122	**27,560**	50,187
	- Experience adjustments		**512,120**	778,125	**487,189**	190,108	**(894,558)**	(360,036)
			(134,102)	820,438	**143,549**	417,230	**(866,998)**	(309,849)
22.1.8	**Net (Asset) / Recognised Liability**							
	Net liability at beginning of the year		**1,889,616**	(339,297)	**679,894**	(1,118,464)	**7,005,415**	6,796,866
	Expense recognised in profit or loss		**597,096**	270,571	**721,296**	219,909	**949,311**	692,036
	Contributions made by the Group		**(219,751)**	-	**(213,701)**	-	**(198,199)**	(173,638)
	Remeasurement (gain) / loss recognised in other comprehensive (income) / loss		**89,868**	1,958,342	**360,645**	1,578,449	**(866,998)**	(309,849)
	Net (asset) / liability at end of the year		**2,356,829**	1,889,616	**1,548,134**	679,894	**6,889,529**	7,005,415

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Gratuity Fund		Pension Funds	
	2023	2022	**2023**	2022
22.1.9 Plan Assets Comprise of Following				
Regular Income Certificate	**-**	2,517,569	**-**	4,515,120
Pakistan Investment Bonds	**2,612,761**	2,266,626	**2,209,264**	1,722,574
Mutual Funds	**-**	1,625,816	**-**	1,371,564
Treasury Bills	**3,660,592**	-	**7,260,220**	816,540
Quoted Shares	**-**	-	**480,336**	526,931
Term Finance Certificates	**202,080**	197,301	**222,288**	217,032
Accrued income	**-**	-	**-**	-
Sukuk	**-**	-	**-**	-
Cash and cash equivalents	**283,702**	4,494	**137,368**	200,127
Other receivables / (payables) - net	**70,887**	(89,777)	**77,453**	102,972
Fair value of plan assets at end of the year	**6,830,022**	6,522,029	**10,386,929**	9,472,860

22.1.9.1 Plan assets include the Company's ordinary shares with a fair value of Rs. 86,014 (2022: Rs. 133,147).

22.1.10 The principal assumptions used in the actuarial valuations carried out as of June 30, 2023, using the 'Projected Unit Credit' method for the Holding Company are as follows:

	Gratuity Fund		Pension Funds		Medical Benefits		Compensated Absences	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Discount rate per annum (%)	**15.75**	13.50	**15.75**	13.50	**15.75**	13.50	**15.75**	13.50
Expected per annum rate of return on plan assets (%)	**15.75**	13.50	**15.75**	13.50	**-**	-	**-**	-
Expected per annum rate of increase in future salaries (%)	**15.75**	13.50	**15.75**	13.50	**-**	-	**15.75**	13.50
Expected per annum rate of increase in medical costs (%):								
- active employees	**-**	-	**-**	-	**15.75**	13.50	**-**	-
- pensioners	**-**	-	**-**	-	**15.75**	13.50	**-**	-
Indexation of pension (%)	**-**	-	**11.50**	9.25	**-**	-	**-**	-
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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(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 2023 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, 2024 are Rs. 727,213, Rs. 600,965 and Rs. 1,068,302 respectively.

	2023	2022	2021	2020	2019
	(Rupees)				
22.1.14 Historical Information of Staff Retirement Benefits					
Pension Plan Funded					
Present value of defined benefit obligation	**11,935,063**	10,152,754	8,799,781	8,171,626	6,812,400
Fair value of plan assets	**(10,386,929)**	(9,472,860)	(9,918,245)	(8,968,876)	(5,400,450)
Net liability / (asset) at end of the year	**1,548,134**	679,894	(1,118,464)	(797,250)	1,411,950
Gratuity Plans Funded					
Present value of defined benefit obligation	**9,186,851**	8,411,645	7,399,005	7,339,743	6,031,284
Fair value of plan assets	**(6,830,022)**	(6,522,029)	(7,738,302)	(7,323,039)	(5,793,626)
Net liability / (asset) at end of the year	**2,356,829**	1,889,616	(339,297)	16,704	237,658

22.1.15 Defined Contribution Plans

An amount of Rs. 430,633 (2022: Rs. 416.542) 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)	**(8,583,420)**	**(10,506,186)**	**(6,046,293)**
Discount rate (1% decrease)	**9,867,760**	**13,685,959**	**7,924,572**
Future salary rate (1% increase)	**9,743,320**	**12,308,351**	**-**
Future salary rate (1% decrease)	**(8,682,380)**	**(11,591,999)**	**-**
Future pension rate (1% increase)	**-**	**12,851,707**	**-**
Future pension rate (1% decrease)	**-**	**(10,710,621)**	**-**
Medical cost trend rate (1% increase)	**-**	**-**	**7,751,837**
Medical cost trend rate (1% decrease)	**-**	**-**	**(6,158,678)**

If longevity increases by 1 year, obligation increases by Rs. 15,880 (2022: 608,204)

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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	**1,032,450**	**9,229,050**	**8,967,250**
Between 1-2 years	**985,180**	**18,909,436**	**11,201,750**
Between 2-3 years	**888,140**	**11,334,381**	**10,237,490**
Between 3-4 years	**898,480**	**14,580,537**	**10,408,000**
Between 4-5 years	**1,229,160**	**15,337,912**	**14,107,060**
Between 6-10 years	**7,263,240**	**109,335,599**	**197,225,290**
Over 10 years	**37,891,490**	**319,215,269**	**71,310,860**

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, 2023 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, 2023, using the Projected Unit Credit Method, details of which as per the actuarial valuation are stated in note 22.2.10.

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Present value of defined benefit obligation at June 30 - note 22.2.1.4	**1,846,774**	1,764,747	**308,814**	257,305	**282,607**	249,485	**99,312**	82,568
Fair value of plan assets at June 30 - note 22.2.1.5	**(1,379,471)**	(1,298,844)	**(185,279)**	(173,952)	**(236,927)**	(211,992)	**(118,417)**	(115,152)
Deficit / (surplus)	**467,303**	465,903	**123,535**	83,353	**45,680**	37,493	**(19,105)**	(32,584)
22.2.1.4 Movement in the Present Value of Defined Benefit Obligation								
Opening balance	**1,764,747**	1,575,208	**257,305**	254,664	**249,485**	208,084	**82,568**	84,105
Benefits paid by the plan	**(101,539)**	(75,021)	**(15,926)**	(9,804)	**(16,129)**	(10,898)	**(7,051)**	(4,017)
Benefits payable to outgoing members	**-**	-	**-**	-	**-**	(795)	**-**	-
Current service cost	**63,600**	55,074	**8,965**	9,323	**19,995**	16,233	**3,280**	3,456
Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
Interest cost	**236,932**	159,607	**34,349**	26,055	**34,019**	21,265	**10,877**	8,536
Remeasurement on obligation	**(116,966)**	49,879	**24,121**	(22,933)	**(4,763)**	15,596	**9,638**	(9,512)
Closing balance	**1,846,774**	1,764,747	**308,814**	257,305	**282,607**	249,485	**99,312**	82,568
22.2.1.5 Movement in the Fair Value of Plan 'Assets								
Opening balance	**1,298,844**	1,308,268	**173,952**	157,096	**211,992**	195,041	**115,152**	109,685
Contributions paid into the plan	**128,824**	83,336	**20,638**	19,656	**24,746**	17,506	**-**	62
Benefits paid by the plan	**(101,539)**	(75,021)	**(15,926)**	(9,804)	**(16,129)**	(10,898)	**(7,051)**	(4,017)
Benefits payable to outgoing members	**-**	-	**-**	-	**-**	(795)	**-**	-
Interest income	**171,708**	130,738	**22,676**	15,722	**29,268**	19,992	**15,006**	11,033
Remeasurement of plan assets	**(118,366)**	(148,477)	**(16,061)**	(8,718)	**(12,950)**	(8,854)	**(4,690)**	(1,611)
Closing balance	**1,379,471**	1,298,844	**185,279**	173,952	**236,927**	211,992	**118,417**	115,152

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		Pension Schemes				Gratuity Schemes			
		Management		Non-Management		Management		Non-Management	
		2023	2022	2023	2022	2023	2022	2023	2022
22.2.1.6	**Expense Recognised in Statement of Profit or Loss and Other**								
	Current service cost	**63,600**	55,074	**8,965**	9,323	**19,995**	16,233	**3,280**	3,456
	Past service cost	**-**	-	**-**	-	**-**	-	**-**	-
	Net interest cost / (income)	**65,224**	28,869	**11,673**	10,333	**4,751**	1,273	**(4,129)**	(2,497)
	Expense recognised in statement of profit or loss and other comprehensive	**128,824**	83,943	**20,638**	19,656	**24,746**	17,506	**(849)**	959
22.2.1.7	**Remeasurement Recognised in Other Comprehensive Income**								
	Remeasurement of present value of defined benefit obligation	**(116,966)**	49,879	**24,121**	(22,933)	**(4,763)**	15,596	**9,638**	(9,512)
	Remeasurement of fair value of plan assets	**118,366**	148,477	**16,061**	8,718	**12,950**	8,854	**4,690**	1,611
	Remeasurements	**1,400**	198,356	**40,182**	(14,215)	**8,187**	24,450	**14,328**	(7,901)
22.2.1.8	**Net Recognised Liability / (Asset)**								
	Net liability at the beginning of the year	**465,903**	266,940	**83,353**	97,568	**37,493**	13,043	**(32,584)**	(25,580)
	Expense recognised in statement of profit or loss and other comprehensive income	**128,824**	83,943	**20,638**	19,656	**24,746**	17,506	**(849)**	959
	Contribution made to the fund during the year	**(128,824)**	(83,336)	**(20,638)**	(19,656)	**(24,746)**	(17,506)	**-**	(62)
	Remeasurements recognised in other comprehensive income	**1,400**	198,356	**40,182**	(14,215)	**8,187**	24,450	**14,328**	(7,901)
	Recognised liability / (asset) as at June 30	**467,303**	465,903	**123,535**	83,353	**45,680**	37,493	**(19,105)**	(32,584)
22.2.1.9	**Major Categories / Composition of Plan Assets are as Follows:**								
	Equity securities	**20.49%**	17.33%	**16.36%**	16.12%	**19.71%**	18.74%	**0.00%**	0.00%
	Debt securities	**73.21%**	77.89%	**65.77%**	82.13%	**68.36%**	77.61%	**85.95%**	98.61%
	Others	**6.31%**	4.78%	**17.87%**	1.75%	**11.93%**	3.65%	**14.05%**	1.39%
22.2.1.10	**Actuarial Assumptions**								
	Discount rate at June 30	**16.25%**	13.50%	**16.25%**	13.50%	**16.25%**	13.50%	**16.25%**	13.50%
	Future salary increases								
	- One time salary increase	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
	- First year following the valuation	**15.00%**	19.00%	**5.00%**	6.00%	**15.00%**	19.00%	**6.00%**	6.00%
	- Second year following the valuation	**16.25%**	13.50%	**13.25%**	13.50%	**16.25%**	13.50%	**16.25%**	13.50%
	Expected retirement age	**60 years**	60 years	**60 years**	60 years	**60 years**	60 years	**60 years**	60 years
	Pension increase rate								
	- First year following the valuation	**5.00%**	8.00%	**5.00%**	8.00%				
	- Long term pension increase rate	**7.50%**	6.00%	**7.50%**	6.00%				

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, 2023 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

The Company's contributions to gratuity and pension funds for the year ending June 30, 2023 is expected to amount to Rs. 32.41 million and 174.33 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%	(106,855)	115,516
Future salary increases	0.50%	56,851	(54,311)
Future pension increases	0.50%	(327,010)	(433,448)

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	2023	2022	2021	2020	2019
Management Pension Fund					
Present value of defined benefit obligation	**1,846,774**	1,764,747	1,575,208	1,543,285	1,132,758
Fair value of plan assets	**(1,379,471)**	(1,298,844)	(1,308,268)	(1,196,805)	(879,879)
Deficit in the plan	**467,303**	465,903	266,940	346,480	252,879
Experience Adjustments					
(Gain) / loss on obligation	**(116,966)**	49,879	(103,344)	268,373	(185,462)
(Loss) / gain on plan assets	**(118,366)**	(148,477)	(23,804)	169,359	(194,028)
Non-Management Pension Fund					
Present value of defined benefit obligation	**308,814**	257,305	254,664	226,204	191,865
Fair value of plan assets	**(185,279)**	(173,952)	(157,096)	(135,402)	(98,587)
Deficit in the plan	**123,535**	83,353	97,568	90,802	93,278
Experience Adjustments					
Loss / (gain) on obligation	**24,121**	(22,933)	2,453	5,198	(2,925)
Gain / (loss) on plan assets	**(16,061)**	(8,718)	1,573	6,214	(9,471)
Management Gratuity Fund					
Present value of defined benefit obligation	**282,607**	249,485	208,084	179,686	154,357
Fair value of plan assets	**(236,927)**	(211,992)	(195,041)	(166,645)	(133,424)
Deficit in the plan	**45,680**	37,493	13,043	13,041	20,933

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	2023	2022	2021	2020	2019
Experience Adjustments					
(Gain) / loss on obligation	**(4,763)**	15,596	(1,128)	(2,601)	(2,326)
Gain / (loss) on plan assets	**(12,950)**	(8,854)	3,520	5,291	(9,640)
Non-Management Gratuity Fund					
Present value of definedbenefit obligation	**99,312**	82,568	84,105	69,728	69,636
Fair value of plan assets	**(118,417)**	(115,152)	(109,685)	(99,985)	(87,258)
Surplus in the plan	**(19,105)**	(32,584)	(25,580)	(30,257)	(17,622)
Experience Adjustments					
Loss / (gain) on obligation	**9,638**	(9,512)	4,981	(9,165)	5,158
Gain / (loss) on plan assets	**(4,690)**	(1,611)	304	3,470	(984)

22.2.1.14 **The Weighted Average Duration of the Plans are as Follows:**

	No. of years
Management Pension fund	9.16
Non-management Pension fund	9.37
Management Gratuity fund	6.20
Non-management Gratuity fund	6.29

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.

	Note	2023	2022
23. Long-Term Borrowings			
Diminishing Musharika / long - term borrowing	23.2	**2,000,000**	1,200,000
Less: Current portion of Diminishing Musharika / long - term borrowing		**-**	(1,200,000)
		2,000,000	-
Salary Refinancing		**-**	101,437
Less: Current portion of Salary Refinancing		**-**	(101,437)
		-	-
	23.1	**2,000,000**	-
23.1 Movement in long-term borrowings is as follows:			
Balance at beginning of the year		**1,301,437**	4,331,369
Salary refinancing (repaid) during the year		**(101,437)**	(129,932)
Long-term borrowings obtained / (repaid) during the year - net		**800,000**	(2,900,000)
		698,563	(3,029,932)
Less: Current portion of long - term borrowings		**-**	(1,301,437)
Balance at end of the year		**2,000,000**	**-**

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

23.2 During the year, the Subsidiary company obtained long term project finance facility of Rs. 3 billion under mark-up arrangements through Askari Bank Limited (ABL) out of which Rs. 2 billion disbursed during the year at a mark-up of 1 month KIBOR + 1% per annum for a tenor of 3 years (including 2.5 year grace period). The loan is repayable in Equal Monthly Installments commencing from 31st month from drawdown date, whereas markup is to be paid on a quarterly basis. These loans are secured by way of hypothecation of property, plant and equipment (excluding land and buildings).

24. Lease Liabilities

	2023	2022
Balance at the Beginning of the Year	**6,805,512**	5,235,654
Additions during the year	**913,146**	1,663,654
Accretion of interest	**860,580**	788,363
Lease contracts modified during the year	**281,500**	152,261
Less: Disposal during the year	**-**	(7,388)
Less: Lease rentals paid	**(1,604,882)**	(1,027,032)
Balance at the End of the Year	**7,255,856**	6,805,512
Less: Current portion shown under current liability	**(511,430)**	(821,228)
Non-Current Balance	**6,744,426**	5,984,284

24.1. The Holding company has recognised a charge of Rs. 5,770,361 (2022: 6,828,788) 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:

	2023	2022
Less than a year	**1,353,860**	1,166,904
Between 1-5 years	**5,059,458**	5,387,487
Over 5 years	**10,323,472**	8,384,610

25. Deferred Income - Government Grant

The Holding Company has received grant of Rs. 100,000 (2022: Rs. 100,000) from Government of Gilgit Baltisitan (GoGB) for establishment of bulk oil depot at Skardu. Moreover, the GoGB has also allotted land to the Holding Company for this purpose.

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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
27. Trade and Other Payables			
Local creditors	27.1 & 27.2	**70,755,380**	48,263,489
Foreign creditors	27.1 & 27.3	**107,727,228**	350,740,429
		178,482,608	399,003,918
Security deposits	27.4	**7,804,458**	6,316,006
Retention money		**8,359**	8,194
Accrued expenses and other liabilities	27.5 to 27.9	**110,617,337**	96,924,930
Payable to the Government	27.9	**4,628,420**	-
Surplus price differential payable	32.4	**1,975,856**	5,650,720
Payable to provident funds		**9,934**	21,128
Due to OMCs and refineries		**348,013**	265,396
Inland Freight Equalization Margin (IFEM) including freight equalization payable from GoP (related party)		**9,613,233**	-
Advances - unsecured			
- from customers	27.10	**7,169,446**	11,449,096
- against equipments		**1,615**	1,728
		7,171,061	11,450,824
Taxes and other government dues			
- Excise, taxes and other duties		**20,216,724**	3,767,994
- Octroi		**-**	51,590
- Sales tax Payable - due to related party		**-**	-
- Income tax deducted at source		**365,019**	122,483
		20,581,743	3,942,067
Workers' Welfare Fund		**585,100**	4,763,646
Workers' Profits Participation Fund	17.9	**182,399**	-
Unearned Income		**-**	6,464
Others		**178,580**	100,711
		342,187,101	528,453,924

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.

27.2 This includes amounts payable to the following related parties:

	2023	2022
Pak-Arab Refinery Company Limited	**38,718,429**	30,758,562
K- Electric Limited	**71,495**	21,236
Oil and Gas Development Company Limited	**3,605,452**	2,401,053
Government Holdings (Pvt) Limited	**1,363,246**	637,111
Pakistan Petroleum Limited	**843,001**	621,779
Mari Petroleum Company Limited	**18,558**	32,750
Pakistan National Shipping Corp.	**788,713**	141,474
Cnergyico PK Limited	**703,557**	2,196,079
	46,112,451	36,810,045

27.3 This includes amount of Rs. 22,568,959 (2022: Rs. 57,516,922) in respect of import of LNG.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

27.4 Security deposits includes deposits received by the Holding company under the terms of related agreements and are as follows:

	Note	2023	2022
Dealers	27.4.2	**1,230,999**	1,150,780
Equipments	27.4.3	**560,291**	475,807
Cartage contractors	27.4.4	**1,275,367**	1,143,206
Card holders	27.4.5	**4,057,868**	2,928,577
Suppliers	27.4.5	**578,274**	522,067
Others	27.4.5	**101,659**	95,569
		7,804,458	6,316,006

27.4.1 Security deposits include:

	Note	2023	2022
Utilisable / utilised in business	27.4.1.1	**7,268,408**	5,737,956
Others	27.4.1.2	**536,050**	578,050
		7,804,458	6,316,006

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.

27.5 This includes amount payable to the following related parties:

	2023	2022
Pakistan National Shipping Corporation	**2,070,487**	2,211,961
Government of Pakistan	**34,635,372**	16,500,182

27.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 19,617,920 (2022: Rs. 19,581,803).

27.7 This includes differential of regulatory / custom duty levied amounting to Rs. 100,000 (2022: Rs. 2,980,000) 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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. 80,471 (2022: Rs. 71,044).

27.9 This represents payable to Government of Pakistan (GoP) in respect of price differential claims as a result of restricting the ex-refinery prices charged by the Company to the oil marketing companies on instructions from Ministry of Energy (MoE). This is net of GoP's share in the value of local crude purchased and petroleum levy on sale of petroleum products. During the year ended June 30, 2018, the Company received a report from MoE through Oil Companies Advisory Council (OCAC) highlighting certain aspects of the above claims. The management is of the view that the report contains certain factual inaccuracies and is taking up the matter along with other refineries with the MoE.

27.10 These represents advances received from customers against supply of petroleum products which are recognized as revenue when the performance obligation is satisfied.

28. Unclaimed Dividend

	2023	2022
Balance at the beginning of the year	**1,498,372**	1,393,280
Dividend for the year	**4,694,734**	4,694,734
	6,193,106	6,088,014
Payments made during the year	**(4,612,011)**	(4,589,642)
Balance at the end of the year	**1,581,095**	1,498,372

29. 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:

	2023	2022
Claim raised by regulatory authorities	**386,949**	386,949
Infrastructure development cess	**252,464**	252,464
	639,413	639,413
Movement of provision during the year is as follows:		
Balance at beginning of the year	**639,413**	743,436
(Reversal) / addition during the year	**-**	(104,023)
Balance at closing of the year	**639,413**	639,413

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
30. Short-Term Borrowings			
From National Bank of Pakistan - Related party			
Short-term finances in foreign currency	30.1	**115,819,571**	25,757,814
From Other than Related Party			
Short-term finances			
- local currency	30.3	**39,000,000**	578,000
- foreign currency	30.1	**289,372,734**	145,235,400
		328,372,734	145,813,400
Current portion of long - term borrowing		**-**	1,301,437
Finances under mark-up arrangements	30.3	**8,347,297**	1,874,135
	30.2,30.4 & 30.5	**452,539,602**	174,746,786

30.1 The rate of mark-up for these facilities range from Re. 0.19 to Re. 0.44 (2022: Re. 0.03 to Re. 0.33) 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.

30.2 The total facility limit of various financing facilities available from banks aggregate to Rs. 548,943,611 (2022: Rs. 195,585,000) out of which Rs. 96,404,009 (2022: Rs. 192,964,181) 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.

30.3 The rate of mark-up on short-term finance facility is Re. 0.03 to Re. 0.60 (2022: Re. 0.03) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re.0.39 to Re.0.68 (2022: Re. 0.22 to Re. 0.46) per Rs.1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

30.4 These finances have been obtained for working capital requirements.

30.5 As at June 30, 2023, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 11,999,938 (2022: Rs. 1,142,121), which includes Rs. 1,585,296 (2022: Rs. 232,377) due to National Bank of Pakistan, a related party.

	2023	2022
30.6 Movement in short term and foreign currency loans:		
Balance at beginning of the year	**171,571,214**	55,224,704
Loans obtained during the year	**462,614,543**	137,972,579
Loans repaid during the year	**(189,993,452)**	(21,626,069)
	272,621,091	116,346,510
Balance at end of the year	**444,192,305**	171,571,214

31. Contingencies and Commitments

31.1 Contingencies

The Group has contingent liabilities in respect of unrecognized late payment surcharge, pending tax matters and other legal claims in the ordinary course of business.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

31.1.1 Late Payment Surcharge (Subsidiary Company)

Claims amounting to Rs. 1,900,000 (2022: Rs. 1,450,000) 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.

31.1.2 Income Tax

Holding Company

31.1.2.1 The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, August 31, 2010 and January 29, 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. During the year ended June 30, 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 orders from taxation authorities for the tax years 2005 and 2006 after which demand is reduced to Rs. 232,625. For remaining issues of the tax year 2007, an appeal against the order has been filed before CIR(A). Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.2 The taxation officer passed assessment orders dated January 31, 2012, April 06, 2012 and May 31, 2012 in respect of tax years 2009 to 2011 and made certain disallowances and additions resulting in total tax demand of Rs. 4,598,246. The Holding Company filed appeals against these orders before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] who decided certain matters in favour of the Holding Company. During the year ended June 30, 2013, the Holding Company received revised orders showing an aggregate demand of Rs. 740,871 after taking into effect for matters decided in favour of the Holding Company by the CIR (Appeals).The Holding Company has filed appeals before the ATIR for remaining points adjudicated against the Holding Company by the CIR (Appeals) which are pending for hearing. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.3 Assistant Commissioner Inland Revenue (ACIR) through his orders dated January 29, 2013 and January 28, 2014 made certain additions and disallowances in respect of tax year 2012 and 2013 respectively raising total tax demand of Rs. 3,096,173. The Holding Company had filed appeals against the said orders before the CIR (Appeals), whereby most of the matters have been decided in favour of the Holding Company. For remaining issues, the Holding Company has filed appeals before the ATIR. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.4 The ACIR through his orders dated February 09, 2015 and March 22, 2016 made certain additions and disallowances in respect of tax year 2014 and 2015 respectively, thereby creating total tax demand of Rs. 35,992,978. The orders were later rectified and amended to Rs. 3,619,899. Further, through computerised balloting, the Holding Company was selected for audit of tax year 2014 by the Federal Board of Revenue (FBR) and another demand of Rs. 53,023 was created by FBR for tax year 2014. The Holding Company has filed appeals against these orders before the CIR

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(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. During the period, the Holding Company received another appeal effect from taxation authorities for the Tax Year 2014 after which demand is reduced to Rs. 2,532,750. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.5 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, 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 this these consolidated financial statements.

31.1.2.6 The ACIR through his order dated January 31, 2019 made certain additions and disallowances in respect of tax year 2018 and raised tax demand of Rs. 207,773. The Holding Company filed an appeal against aforesaid order before CIR (Appeals) which was decided against the Holding Company. Appeal against the said order has been filed before the ATIR by the Holding Company. Based on the views of tax advisor, the management believes that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in this these consolidated financial statements.

31.1.2.7 The Additional Commissioner Inland Revenue through his order dated September 30, 2020 made certain additions and disallowances in respect of Tax Year 2019 and raised tax demand of Rs. 411,567. The Holding Company 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 this these consolidated financial statements.

31.1.2.8 The Additional Commissioner Inland Revenue (AdCIR) 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 has filed appeal before Commissioner Inland Revenue (Appeals) CIR(A) on July 26, 2022. During the period, taxation authorities has further amended the aforesaid order to Rs. 3,520,201 by including WWF demand. The Holding Company has filed appeal before CIR(A) which is partially decided against the Holding Company. The Holding Company had received an appeal effect for the tax year 2021 on aforesaid CIR (Appeals) order from tax authorities after which the aforesaid demand has been reduced to Rs. 3,477,249. For remaining issues, the Holding Company has filed appeals before ATIR. Based on the views of 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 this these consolidated financial statements.

31.1.2.9 The Additional Commissioner Inland Revenue through his order dated May 29, 2023 made certain additions and disallowances in respect of Tax Year 2022 and raised tax demand of Rs. 2,557,721 by including WWF. The Holding

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Company has filed appeal before CIR(A) which is still pending. Based on the views of 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 this these consolidated financial statements.

31.1.3 Sales Tax and Custom Duty

Holding Company

31.1.3.1 A sales tax order-in-original No. 01/2010 dated March 30, 2010 was issued by Deputy Commissioner Inland Revenue (DCIR), FBR in respect of sales tax audit of the Holding Company for the tax years 2004-2007. Under the said order, a demand of Rs. 883,864 was raised on account of certain transactions and default surcharge of Rs. 512,172 was imposed. The ATIR decided the case in favour of the Holding Company. However, the tax department has filed an appeal against the aforesaid decision of the ATIR in the 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.

31.1.3.2 The DCIR passed an order dated July 02, 2019 in respect of sales tax audit for tax year 2010 giving rise to demand of Rs. 3,586,018 along with penalty of Rs. 179,300 and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before CIR (Appeals), who has annulled the order and has decided the case in the Holding Company's favour through an order dated September 09, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.3 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 09, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.4 A sales tax order No. 01/2012 dated January 16, 2013 was issued by the DCIR (Adjudication), FBR in respect of delayed payment of sales tax due in sales tax return for March 2011. Under the said order, demand of Rs. 437,305 was raised which comprised default surcharge of Rs. 82,265 and penalty of Rs. 355,040 on late payment. The Holding Company filed an appeal against the said order before CIR (Appeals) which was decided against the Holding Company. The Holding Company, accordingly, filed an appeal against the aforesaid order of CIR (Appeals) before the ATIR which vide its order dated September 13, 2013 upheld the imposition of default surcharge, however, vacated penalty imposed for de novo consideration by adjudicating authority. The matter of penalty was again decided against the Holding Company by adjudicating officer and later on by the CIR (Appeals) vide its order dated September 29, 2015 against which the Holding Company has filed an appeal before the ATIR on February 18, 2016. Further, the Holding Company has also filed an appeal before the SHC against the first order of ATIR, which is pending for hearing. Based on the views of tax and legal advisors, 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

31.1.3.5 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 along with 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 09, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.6 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 along with 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 05, 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.

31.1.3.7 PRA has issued two Orders dated April 10, 2018, against the Holding Company demanding Rs.571,933 along with penalty and default surcharge on alleged non-recovery of Punjab sales tax on account of distribution, marketing and administrative expenses as illustrated in Annual Audited Accounts of 2014-15 and 2015-16. The orders were raised on an unsubstantiated assumption that distribution, marketing and administrative expenses disclosed by the Holding Company in its financial statements of aforementioned periods are completely taxable and pertains solely to the province of Punjab. CIR (A) has upheld the appeal against which the Holding Company has filed appeal with Appellate Tribunal - Appeal PRA against the subject orders, which is still pending. 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 Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.8 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, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.9 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 Hon'ble Sindh High Court, who granted stay against any coercive action by the adjudicating authority. During the period Hon'ble Sindh High Court disposed-off the matter vide order dated November 29, 2022 in favor of the Holding Company as the show-cause notices were issued by Collector (Adjudication) without jurisdiction.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

31.1.3.10 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.

31.1.3.11 During the period, the Holding Company received an order from Sindh Revenue Board (SRB) dated March 08, 2023 for the period July 2016 to June 2017. The aforesaid order resulted in demand for alleged short payment of Sindh Sales Tax amounting to Rs. 186,600, penalty amounting to Rs. 9,400 and default surcharge to be calculated at the time of payment ignoring all submissions made by the Holding Company during the proceedings. Being aggrieved by the said order, the Holding Company has filed appeal before Commissioner (Appeals-I) SRB. Based on the views of the tax advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the favor of the Holding Company. Hence, no provision has been made in these consolidated financial statements.

31.1.4 Other Matters

Holding Company

31.1.4.1 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 01.07.2016 to 15.11.2019 at Keamari.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. 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 04, 2021. The SCP vide Judgment dated September 01, 2021, has suspended SHC's Judgment dated June 04, 2021 (Impugned Judgment) 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 Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.5 Other Legal Claims (Holding and Subsidiary Company)

31.1.5.1 As at June 30, 2023 certain legal cases amounting to Rs. 8,574,091 (2022: Rs. 8,325,050) 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:

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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) vs. PSO	Recovery of damages of Rs.1,447,000

31.1.5.2 Claims against the Group not acknowledged as debts amount to Rs. 10,806,297 (2022: Rs. 8,373,253) other than as mentioned in note 31.1.5.2 to these consolidated financial statements

31.1.5.3 The Group's share in associates' contingencies in respect of various tax and legal matters as at year end is Rs. 1,204,002 (2022: Rs. 1,204,029).

31.2 Commitments

31.2.1 Commitments in respect of capital expenditures contracted for but not as yet incurred is as follows:

		Note	2023	2022
	Capital expenditures contracted for but not yet incurred		**13,916,268**	10,684,342
31.2.2	Letters of credit	31.2.7	**68,301,655**	240,933,416
31.2.3	Bank guarantees		**4,238,462**	2,046,816

32.2.3.1 This includes bank guarantees of Rs. 124,630 (2022: Rs. 124,630) were issued by the Subsidiary company in favour of Sui Southern Gas Company Limited - a related party.

		2023	2022
31.2.4	Standby letters of credit	**84,534,155**	80,255,458
31.2.5	Post-dated cheques	**20,770,881**	46,126,631

31.2.7 The Group has total unutilised facility limit against letters of credit aggregating to Rs. 74,353,415 (2022: Rs. 56,111,863) as of reporting date.

31.2.8 The Group's share in associates' commitments in respect of various tax and legal matters as at year end is Rs. 9,346 (2022: Rs. 1,204).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		Note	2023	2022
32.	**Net Sales**			
	Gross sales	32.1	**3,817,177,578**	2,819,748,014
	- Discounts / allowances		**(65,108)**	(223,324)
	- Sales tax		**(214,860,952)**	(229,584,402)
	- Excise duty and petroleum levy		**(33,739,249)**	(4,857,728)
	- Surplus price differential	32.4	**(13,803,054)**	(7,848,410)
	- Custom duty	32.5	**(8,926,023)**	(6,347,221)
	- Inland Freight Equalization Margin (IFEM)		**(6,628,085)**	(29,156,562)
			(278,022,471)	(278,017,647)
	Net sales		**3,539,155,107**	2,541,730,367

32.1 This represents revenue from contracts with customers.

32.2 Includes export sales amounting to Rs. 28,512,843 (2022: Rs. 13,910,051).

32.3 Sales of regulated products are based on prices notified by OGRA which are subject to policy clarification from the Federal Government. Sales of certain de-regulated products are based on prices set under notifications of the MoE.

32.4 This includes price differential amounting to Rs. 13,010,000 (2022: Rs. 8,450,000) 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. 790,000 (2022: Rs. 620,000) on sale of 90 RON Motor Gasoline, calculated as per the mechanism notified by MoE dated: September 5, 2016.

32.5 This represents custom duty recovered on sale of products subject to custom duty.

33.	**Cost of Products Sold**	Note	2023	2022
	Opening stock		**362,469,390**	88,934,410
	Purchases made during the year	33.1 & 33.2	**3,418,386,872**	2,637,138,141
			3,780,856,262	2,726,072,551
	Closing stock	13	**(326,106,697)**	(362,469,390)
			3,454,749,565	2,363,603,161

33.1 Includes cost incurred by the Group on refining of crude oil and manufacturing of lubricants amounting to Rs 254,848,999 (2022: Rs. 171,446,677) and Rs. 15,881,553 (2022: Rs.13,056,392), respectively.

33.2 Includes depreciation of property, plant & equipment, ammortization of Intangibles and right of use assets amounting to Rs. 1,261,558 (2022: Rs. 1,319,436).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		Note	2023	2022
34.	**Other Income**			
	Income From Financial Assets			
	Interest / mark-up received on delayed payments		**6,273,612**	17,464,141
	Interest / mark-up on saving accounts		**3,269,541**	2,666,669
	Dividend income from FVOCI investments	34.2	**325,546**	384,142
			9,868,699	20,514,952
	Income From Non-Financial Assets			
	Handling, storage and other services	34.1	**3,486,818**	3,419,239
	Income from Compressed Natural Gas (CNG) operators	34.1	**46,959**	72,574
	Income from non-fuel retail business		**315,237**	271,808
	Income from retail outlets - net		**249,006**	214,480
	Exchange gain		**-**	-
	Scrap sales		**16,693**	29,733
	Gain on disposal of property, plant and equipment	5.2	**163,552**	110,212
	Penalties and other recoveries		**400,063**	288,694
	Others		**2,249,025**	426,446
			6,927,353	4,833,186
			16,796,052	25,348,138

34.1 This represents revenue from contracts with customers.

34.2 This represents dividend received from Pak-Arab Pipeline Company Limited; a related party.

		Note	2023	2022
35.	**Distribution and Marketing Expenses**			
	Salaries, wages and benefits	36.1	**8,118,374**	6,634,586
	Transportation costs		**885,109**	597,424
	Depreciation on property, plant and equipment	5.1.1	**1,939,638**	1,573,228
	Depreciation on right-of-use assets	6.2	**708,417**	511,407
	Security and other services		**446,509**	336,199
	Rent, rates and taxes		**171,904**	294,063
	Repairs and maintenance		**1,597,750**	1,605,685
	Insurance		**292,568**	158,757
	Travelling and office transport		**418,438**	301,572
	Printing and stationery		**28,115**	23,507
	Communication		**19,795**	16,679
	Utilities		**423,861**	318,938
	Storage and technical services		**64,593**	65,143
	Sales promotion and advertisement		**597,278**	521,345
	Fees and subscription		**57,860**	38,995
	Other expenses		**882**	282
			15,771,091	12,997,810

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

36. Administrative Expenses

	Note	2023	2022
Salaries, wages and benefits	36.1	**3,275,105**	2,727,047
Depreciation on property, plant and equipment	5.1.1	**325,466**	275,206
Depreciation on right-of-use assets	6.2	**61,601**	40,574
Amortisation	7.3	**112,554**	74,617
Security and other services		**60,572**	43,923
Rent, rates and taxes		**46,173**	9,364
Repairs and maintenance		**426,818**	89,533
Insurance		**319,538**	190,899
Travelling and office transport		**159,906**	82,141
Printing, stationery and advertisements		**32,447**	19,793
Communication		**43,065**	43,692
Utilities		**129,703**	85,782
Storage and technical services		**139,875**	393,982
Legal and professional		**458,858**	326,144
Auditors' remuneration	36.3	**25,590**	26,426
Contribution towards expenses of Board of Management / Board of Directors		**47,900**	54,759
Donations	36.4	**569,763**	256,730
Fees and subscription		**34,595**	26,875
		6,269,529	4,767,487

36.1 Salaries, wages and benefits also include charge of Rs. 120,134 (2022: Rs. 52,284) 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.

36.2 Remuneration of Managing Director, Directors and Executives

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

	2023		2022	
	Managing Director	**Executives**	Managing Director	Executives
Managerial remuneration	**21,121**	**1,858,142**	18,077	1,515,884
Housing and utilities	**11,616**	**1,012,367**	9,942	839,118
Performance bonus	**5,689**	**487,085**	4,802	283,973
Retirement benefits	**3,986**	**902,432**	3,278	535,829
Leave encashment	**-**	**59,237**	-	50,546
Other allowances and benefits	**13,476**	**1,213,675**	11,650	807,297
	55,888	**5,532,938**	47,749	4,032,647
Number, including those who worked part of the year	**1**	**633**	1	565

36.2.2 The amount charged in respect of fee to 14 (2022: 8) non-executive directors aggregated to Rs. 21,875 (2022: Rs. 15,600).

36.2.3 In addition, the Managing Director and certain executives are provided with free use of the Group maintained cars. Further, the Managing Director and Executives are also entitled to avail medical facilities and other benefits as per the respective policies of the Holding Company and the Subsidiary Company. In addition, certain executives of Subsidiary Company are provided furnished accommodation within refinery premises according to their respective terms of employment.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	2023	2022
36.3 Auditors' Remuneration		
Fee for the:		
- audit of consolidated financial statements	**1,495**	1,495
- audit of unconsolidated financial statements	**7,757**	5,557
- review of half yearly financial information	**2,063**	2,003
Tax certifications	**7,686**	9,203
Other certifications	**3,698**	5,634
Out of pocket expenses	**2,891**	2,534
	25,590	26,426

36.4 All donations are made to Corporate Social Responsibility (CSR) trust which is an independent entity responsible for payment of donations except for Rs. 19,763 donated by subsidiary company to Pakistan Rangers for provision of emergency relief medicines to flood affected areas and to The Citizens Foundation for provision of quality education. 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.

37. Other Expenses

	Note	2023	2022
Research cost on refinery upgradation	37.1	**2,175,700**	80,505
Penalties		**-**	1,230
Workers' Profit Participation Fund	17.9	**1,482,398**	8,747,987
Workers' Welfare Fund		**599,334**	3,484,469
Exchange loss arising on currency transactions - net		**212,387**	1,214,898
Provision against stores, spares, chemicals and loose tools including capital stores		**43,419**	21,501
Others		**2,093**	1,222,323
		4,515,331	14,772,913

37.1 This represents costs incurred in respect of planning phase and other related studies for future upgradation and expansion of refinery.

38. Finance Costs

	Note	2023	2022
Interest / mark-up on short-term borrowings in:			
- local currency	38.1	**12,558,699**	1,069,677
- foreign currency		**26,398,269**	3,299,881
		38,956,968	4,369,558
Mark-up on bank accounts under Islamic mode		**1,604,866**	19,643
Mark-up on salary refinancing		**6,355**	14,228
Late payment surcharge and other charges		**1,882,701**	664,684
		3,493,922	698,555
		42,450,890	5,068,113
Finance cost on wharfage liability		**98,910**	106,119
Finance cost on lease liabilities		**860,580**	788,363
	38.2	**43,410,380**	5,962,595

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

38.1 Includes mark-up amounting to Rs. 4,007,083 (2022: Rs. 548,207) on facilities under Islamic mode.

38.2 Includes mark-up and bank charges amounting to Rs. 6,452,399 (2022: Rs. 715,395) on facilities obtained from National Bank of Pakistan - a related party.

	Note	2023	2022
39. Taxation			
Current			
- for the year		**25,436,258**	69,247,927
- for prior years - (net)		**(593,723)**	(908,963)
		24,842,535	68,338,964
Deferred	11.1	**(4,729,357)**	(3,500,950)
	39.1	**20,113,178**	64,838,014

39.1 Relationship Between Accounting Profit and Tax Expense

	2023	2022
Accounting profit before taxation	**29,929,323**	160,560,685
Tax at the applicable tax rate of 29% (2022: 29%)	**8,679,504**	46,562,599
Tax effect of:		
- Final tax regime and income subject to lower tax rate	**12,339,389**	4,916,345
- Non-recognition of deferred tax on tax loss and deductible temporary differences of the Subsidiary Company	**156,390**	(1,447,045)
- Permanent differences	**(134,487)**	72,634
- Adjustments relating to prior years	**(593,723)**	213,511
- Super tax	**540,326**	14,880,319
- surrender of prior year tax losses to parent entity	**-**	(1,238,393)
- Others	**(874,221)**	878,045
	20,113,178	64,838,014
Effective tax rate	**67%**	40%

40. Earning Per Share - Basic and Diluted

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

	2023	2022
Profit for the year attributable to the owners of the Holding Company	**9,318,649**	91,243,935
	(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	**19.85**	194.35

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
41. Cash Generated From Operations			
Profit before taxation		**29,929,323**	160,560,685
Adjustments for:			
Depreciation of Property, plant and equipment	5.1.1	**3,510,639**	3,151,960
Depreciation of Right-of-use assets	6.2	**785,927**	567,891
Amortisation of Intangibles	7	**112,668**	74,617
Provision for write down to net realisable value	13	**56,720**	-
(Reversal) / Provision for impairment on trade debts - net	14.4	**202,524**	(700,033)
Provision for impairment against doubtful other receivables - net	17.7.1	**234,636**	5,804,221
Provision for impairment against stores, spares, chemicals and loose tools	12.1	**60,132**	25,261
Provision for retirement and other services benefits		**2,561,146**	1,304,610
Gain on disposal of operating assets	34	**(163,552)**	(110,212)
Assets written off			
Share of profit of associates - net of tax	8.3.1	**868,781**	(690,334)
Dividend income from FVOCI / AFS Investment	34	**(325,546)**	(384,142)
Finance cost on leases	38	**860,580**	788,363
Finance costs	38	**42,549,800**	5,174,232
		51,314,455	15,006,434
41 Cash Generated From Operations (Continued)			
Changes in:			
- Stores, spares, chemicals and loose tools		**(1,350,503)**	(40,832)
- Stock-in-trade		**36,305,973**	(273,534,980)
- Trade debts		**(73,032,665)**	(210,053,304)
- Loans and advances		**58,852**	(278,318)
- Short - term deposits and prepayments		**(809,757)**	(273,907)
- Other receivables		**(53,255,413)**	(43,538,213)
- Trade and other payables		**(187,532,639)**	346,942,429
		(279,616,152)	(180,777,125)
		(198,372,374)	(5,210,006)

42. Cash and Cash Equivalents

Cash and cash equivalents comprise of the following items included in the statement of financial position:

	Note	2023	2022
- Cash and bank balances	18	**40,624,965**	37,457,819
- Finances under mark-up arrangements	30	**(8,347,297)**	(1,874,135)
		32,277,668	35,583,684

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

43. Segment Information

43.1 Segment Wise Results are as Follows:

	2023						2022					
	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	2,414,925	969,409	261,860	6,778	(113,817)	3,539,155	1,854,762	591,688	191,316	5,131	(101,167)	2,541,730
Cost of products sold	(2,366,142)	(943,764)	(254,849)	(6,359)	116,364	(3,454,750)	(1,709,355)	(576,353)	(171,394)	(4,878)	98,377	(2,363,603)
Gross Profit	48,783	25,645	7,011	419	2,547	84,405	145,407	15,335	19,922	253	(2,790)	178,127
Other income	9,111	-	4,068	3,617	-	16,796	23,252	-	535	1,561	-	25,348
Administrative, distribution and marketing expenses	(16,950)	(3,052)	(1,562)	(477)	-	(22,041)	(14,582)	(1,904)	(953)	(326)	-	(17,765)
Reversal / (provision) for impairment on financial assets - net	(502)	-	-	65	-	(437)	700	(5,580)	-	(224)	-	(5,104)
Other expenses	(1,293)	426	(3,414)	(234)	-	(4,515)	(12,322)	331	(2,763)	(19)	-	(14,773)
Operating Cost	(18,745)	(2,626)	(4,976)	(646)	-	(26,993)	(26,204)	(7,153)	(3,716)	(569)	-	(37,642)
Profit from operations	39,149	23,019	6,103	3,390	2,547	74,208	142,455	8,182	16,741	1,245	(2,790)	165,833
Finance cost	(11,651)	(28,684)	(3,075)	-	-	(43,410)	(2,570)	(2,151)	(1,242)	-	-	(5,963)
Share of profit of associates - net of tax	-	-	(10)	(859)	-	(869)	-	-	(3)	694	-	691
Profit Before Tax	27,498	(5,665)	3,018	2,531	2,547	29,929	139,885	6,031	15,496	1,939	(2,790)	160,561
Taxation	(7,449)	(10,639)	(1,409)	(616)	-	(20,113)	(54,826)	(6,649)	(3,205)	(158)	-	(64,838)
Profit / (Loss) for the Year	20,049	(16,304)	1,609	1,915	2,547	9,816	85,059	(618)	12,291	1,781	(2,790)	95,723

43.2 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.

43.3 Net sales in LNG segment relates to single customer.

43.4 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.

43.5 Out of total sales of the Group, 99.3% (2022: 99.5%) relates to customers in Pakistan. Further, all non-current assets of the Group as at June 30, 2023 are located in Pakistan.

43.6 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 35% during the year ended June 30, 2023 (2022: 32%).

43.7 Out of total gross sales of the Company, sales amounting to Rs. 1,201,662,102 (2022: Rs. 811,749,396) relates to circular debt customers.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	Note	2023	2022
44. Financial Instruments by Category			
44.1 Financial Assets as Per Statement of Financial Position			
Fair Value Through Other Comprehensive Income			
- Long-term investments - Pak-Arab Pipeline Company Limited	8	**3,993,199**	4,208,094
At Amortised Cost			
- Loans and advances		**1,211,681**	898,052
- Deposits		**574,955**	619,226
- Trade debts	14	**505,968,432**	433,138,291
- Other receivables		**12,589,586**	12,272,459
- Cash and bank balances	18	**40,624,965**	37,457,819
		560,969,619	484,385,847
		564,962,818	488,593,941
44.2 Financial Liabilities as Per Statement of Financial Position			
At Amortised Cost			
- Long-term borrowings	23	**2,000,000**	-
- Lease liabilities	24	**7,255,856**	6,805,512
- Trade and other payables		**293,607,533**	499,403,327
- Unclaimed dividend	28	**1,581,095**	1,498,372
- Accrued interest / mark-up	30.5	**11,999,938**	1,142,121
- Short-term borrowings	30	**452,539,602**	174,746,786
		768,984,024	683,596,118

44.3 Fair Values of Financial Assets and Liabilities

(a) A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

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

(b) Fair Value Estimation

The Group discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2023, except for the Holding Company's investment in Pak-Arab Pipeline Holding Company Limited, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 8.2 of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

45. Financial Risk Management Objectives and Policies

45.1 Financial Risk Factors

Introduction and Overview

The Group has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Group's management of capital.

Financial Risk Factors and Risk Management Framework

The Group’s overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Group's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Group's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Group by the Board of Management 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.

(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).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	USD		PKR	
	2023	**2022**	**2023**	**2022**
Trade payables	**375,882**	1,714,441	**107,727,228**	350,740,429
Advances	**2,173**	2,901	**622,642**	593,487

	Average Rate		Spot Rate	
	2023	**2022**	**2023**	**2022**
USD to PKR	**247.90**	180.46	**286.60**	204.58

The Group has incurred exchange losses of Rs. 89,786,052 (2022: Rs. 53,226,696) and Rs. 212,387 (2022: Rs. 1,214,898) that have been 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. 83,569,576 (2022: Rs. 49,317,950) have been recovered through the pricing mechanism.

Further, the Group has also availed foreign currency borrowing (FE-25) as of June 30 2023. 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, borrowings and running finance facilities amounting to Rs. 525,527,988 (2022: Rs. 223,243,281). These are benchmarked to variable rates which exposes the Group to cash flow interest rate risk only.

	Carrying Amount	
	2023	**2022**
Variable Rate Instruments		
Financial Assets		
- Saving accounts	**28,446,578**	22,984,105
Financial Liabilities		
- Long-term borrowings	**(2,000,000)**	-
- Short-term borrowings	**(452,539,602)**	(174,746,786)
- Local creditors	**(70,755,380)**	(48,263,489)
- Security deposits	**(233,006)**	(233,006)
	(525,527,988)	(223,243,281)
Net financial liabilities at variable interest rates	**(497,081,410)**	(200,259,176)

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. 3,032,197 (2022: Rs. 1,221,581). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed in 2022.

(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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

As at June 30, 2023, 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:

	2023		2022	
	Statement of Financial Position	Maximum Exposure	Statement of Financial Position	Maximum Exposure
Financial Assets at Amortized Cost				
- Loans and advances	1,211,681	1,211,681	898,052	898,052
- Deposits	574,955	574,955	619,226	619,226
- Trade debts	505,968,432	126,449,643	433,138,291	56,871,993
- Other receivables	12,589,586	5,495,085	12,272,459	4,877,959
- Bank balances	40,610,731	40,610,731	37,445,679	37,445,679
	560,955,385	174,342,095	484,373,707	100,712,909

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 436,896,122 (2022: Rs.378,437,715). 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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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 2023	PACRA	A1+	AAA
Askari Bank Limited	June 2023	PACRA	A1+	AA+
Bank Alfalah Limited	June 2023	PACRA	A1+	AA+
Bank Al-Habib Limited	June 2023	PACRA	A1+	AAA
Citibank N.A. - Pakistan Branches	June 2023	Moody's	P-1	Aa3
Faysal Bank Limited	June 2023	PACRA	A1+	AA
Habib Bank Limited	June 2023	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June 2023	PACRA	A1+	AA+
MCB Bank Limited	June 2023	PACRA	A1+	AAA
Meezan Bank Limited	June 2023	VIS	A-1+	AAA
National Bank of Pakistan	June 2023	PACRA	A1+	AAA
Samba Bank Limited	June 2023	VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	June 2023	PACRA	A1+	AAA
United Bank Limited	June 2023	VIS	A-1+	AAA
Soneri Bank Limited	June 2023	PACRA	A1+	AA-
The Bank of Punjab	June 2023	PACRA	A1+	AA+
JS Bank Limited	June 2023	PACRA	AA-	A1+
MCB Islamic Bank Limited	June 2023	PACRA	A	A1

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.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

	2023	2022
	Contractual Maturity Up to Three Months	
Financial Liabilities		
Trade and other payables	**293,607,533**	499,403,327
Unclaimed dividend	**1,581,095**	1,498,372
Accrued interest / mark-up	**11,999,938**	1,142,121
Short-term borrowings	**452,539,602**	174,746,786
	759,728,168	676,790,606

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Further, maturity analysis of long-term borrowings and lease liabilities has been disclosed in note 23 and 24 respectively 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.

The Group’s objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

45.2 Capital Risk Management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide adequate returns to shareholders and to benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements. The Group's overall strategy remains unchanged from 2022.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

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, 2023 and 2022 were as follows:

	Note	2023	2022
Long-term borrowings	23	**2,000,000**	-
Short-term borrowings	30	**452,539,602**	174,746,786
Cash and bank balances with lenders		**(40,610,731)**	(37,445,679)
Net debt		**413,928,871**	137,301,107
Total equity		**232,343,998**	227,343,289
Total capital		**646,272,869**	364,644,396
Gearing ratio		**64.05%**	37.65%

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

46. Transactions with Related Parties

46.1 Following are the related parties with whom the Group had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	22.47%	Controlling Authority
Pak-Arab Refinery Company Limited	N/A	Government related 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
Gas & Oil Pakistan Limited	N/A	Common Directorship
Meezan Bank Limited	N/A	Common Directorship
Overseas Investors Chamber of Commerce and Industry	N/A	Common Directorship
Pak Grease Manufacturing Company (Private) Limited	22%	Associate
Asia Petroleum Limited	49%	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 / Common Directorship

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

Name of Related Parties	Direct Shareholding	Relationship
Sui Northern Gas Company Limited	N/A	Government related entity / Common Directorship
Sui Southern Gas Company Limited	N/A	Government related entity
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 / Common Directorship
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
ABM Investment	N/A	Common Directorship
Digital Bridge (Pvt.) Limited	N/A	Common Directorship
Marina City Developers	N/A	Common Directorship
Iman Construction (Pvt.) Limited	N/A	Common Directorship
Prestige Communications (Pvt.) Ltd.	N/A	Common Directorship
Gujranawala Electric Power Company Limited	N/A	Common Directorship
MM Management Consultants (Pvt.) Limited	N/A	Common Directorship
Hinopak Limited	N/A	Common Directorship
Sindh Insurance Limited	N/A	Common Directorship
Petromen Corporation - Saudi Arabia	N/A	Common Directorship
Strategic Alliancez (Private) Limited	N/A	Common Directorship
Faisalabad Electric Supply Company	N/A	Government related entity
Islamabad Electric Supply Company	N/A	Common Directorship
Government Holdings (Private) Limited	N/A	Common Directorship
Power Holding (Private) Limited	N/A	Government related entity
National Engineering Services Pakistan (Pvt.) Limited	N/A	Common Directorship
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
Cnergyico PK 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
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
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
Muhammad Zeeshan Hyder	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
Ayesha Afzal	N/A	Key management personnel
Iyshah Faizan	N/A	Key management personnel
Om Perkash	N/A	Key management personnel

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

Name of Related Parties	Direct Shareholding	Relationship
Muhammad Anwer	N/A	Director
Arshad Majeed	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
Asif Baigmohamed	N/A	Director
Ahmed Jamal Mir	N/A	Director
Awais Manzur Sumra	N/A	Director
Mohammad Hassan Iqbal	N/A	Director
Mushtaq Malik	N/A	Director
Shahbaz Tahir Nadeem	N/A	Director
Waheed Ahmed Shaikh	N/A	Director

46.2 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	2023	2022
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	**66,337**	8,650,259
	Services Received	**-**	1,890
	Sale of goods - Net	**-**	2,696,885
	Services rendered	**-**	30,716
- Asia Petroleum Limited	Income facility charges	**119,096**	475,882
	Pipeline charges	**119,291**	461,847
- Overseas Investors Chamber of Commerce and Industry	Services received	**300**	-
- Meezan Bank Limited	Services received	**2**	-
Retirement Benefit Funds			
- Pension funds - Holding Company	Charge for the year	**721,296**	219,909
	Contributions	**213,700**	-
- Gratuity fund - Holding Company	Charge for the year	**597,096**	270,571
	Contributions	**219,750**	-
- Provident fund - Holding Company	Charge for the year	**205,196**	200,218
	Contributions	**205,196**	188,265
- Contributory pension funds - Holding Company	Charge for the year	**225,437**	216,324
	Contributions	**225,437**	216,324
- Management Pension Scheme - Subsidiary	Charge for the year	**128,824**	83,943
	Contributions	**128,824**	83,336

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		2023	2022
- Non Management Pension Scheme - Subsidiary	Charge for the year	**20,638**	19,656
	Contributions	**20,638**	19,656
- Management Gratuity Scheme - Subsidiary	Charge for the year	**24,746**	17,506
	Contributions	**24,746**	17,506
- Non Management Gratuity Scheme - Subsidiary	(Reversal) / Charge for the year	**(849)**	959
	Contributions	**-**	62
- Management Provident Scheme - Subsidiary	Charge for the year	**103,220**	91,463
	Contributions	**103,220**	91,463
Key Management Personnel	Managerial remuneration	**439,681**	277,318
	Housing and utilities	**126,804**	128,649
	Performance bonus	**60,674**	64,553
	Other allowances and benefits	**198,606**	134,959
	Retirement benefits	**106,815**	51,302
	Leave encashment	**-**	9,333
	Vehicles having net book value of Rs. 3,990 (2022: Rs.7,070) transferred under employee car scheme (sale proceeds)	**5,873**	7,578

46.3 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 22.47% 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:

		2023	2022
- Government of Pakistan	Dividend paid	**1,055,041**	1,055,041
- PSOCL Employees Empowerment Scheme	Dividend paid to the trust	**142,636**	142,636
- Board of Management	Contribution	**26,870**	25,517
- Pak-Arab Pipeline Company Limited	Pipeline charges	**7,732,152**	5,752,542
	Dividend received	**325,546**	384,142
- Water and Power Development Authority	Utility charges	**187,647**	167,088
- Gas & Oil Pakistan Limited	Gross sales	**1,634,941**	-
- Oil and Gas Development Company Limited	Gross sales	**-**	25,846
	Purchases	**2,117,551**	13,218,655
- Pakistan Petroleum Limited	Purchases	**99,749**	3,101,733
- GENCO	Gross Sales	**3,497,652**	29,961,543

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

		2023	2022
- Pakistan International Airlines Corporation Limited	Gross Sales	**54,381,904**	26,317,293
	Purchases	**4,712**	8,510
- Pakistan Railways	Gross sales	**28,245,674**	20,802,497
- Pak-Arab Refinery Company Limited	Gross Sales	**5,586,849**	2,518,348
	Purchases	**537,374,553**	413,279,449
	Pipeline charges	**1,516,857**	1,081,294
	Services rendered	**31,330**	30,716
- Government Holdings (Private) Limited	Purchases	**1,612,540**	2,948,834
- Sui Northern Gas Pipelines Limited	Gross Sales	**1,140,232,271**	692,274,963
- Sui Southern Gas Company Limited	Purchases	**306,432**	561,569
- Petroleum Institute of Pakistan	Services received	**6,055**	-
- K-Electric Limited	Gross Sales	**90,792,362**	106,268,504
	Income facility charges	**39,441**	35,915
	Utility charges	**222,649**	222,752

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.

46.4 The status of outstanding receivables from and payables to related parties as at June 30, 2023 are included in respective notes to these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2023

(Amounts in Rs. '000)

46.5 Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.

46.6 Dividend income is recorded on the basis of dividend / rates declared by the related party. Dividend paid is recorded on the basis of rates declared by the Group.

46.7 All the transactions with directors have been disclosed in the note 36.2 to these consolidated financial statements.

47. 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.

48. Events After the Reporting Date

The Board of Management of the Holding Company in its meeting held on August 23, 2023 proposed (i) a final cash dividend of Rs. 7.5 per share amounting to Rs. 3,521,050 (ii) Nil % Bonus shares (Nil shares) for approval of the members at the Annual General Meeting.

49. Capacity and Actual Performance

	Lube Manufacturing Plant		Crude Refining Plant	
	---------- Metric Ton		----------	
	2023 (Note 49.1)	2022	2023 (Note 49.2)	2022
Available capacity	**70,000**	70,000	**2,133,705**	2,133,705
Actual production	**43,788**	44,507	**1,342,207**	1,338,500

49.1 The above pertains to production from Lube manufacturing plant of the Group and the production is carried out as per sales demand.

49.2 The production from the Crude refining plant of the Group is carried at the level which gives optimal yield of products.

50. Number of Employees

	2023	2022
Total employees as at June 30	**2,506**	2,579
Average number of employees during the year	**2,545**	2,608

51. General

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

52. Date of Authorisation for Issue

These consolidated financial statements were approved and authorised for issue on August 23, 2023 by the Board of Management.

Syed Muhammad Taha	Mushtaq Malik	Gulzar Khoja
Managing Director & CEO	**Member Board of Management**	**Chief Financial Officer**

Stakeholders' Information

Stakeholders' Identification

PSO's success is attributed to the support and collaboration of various key stakeholders. These stakeholders play a crucial role in shaping the company's operations, strategies, and overall performance. The wide stakeholder community includes but is not limited to following:

Government of Pakistan

As the majority shareholder, the Government of Pakistan holds a significant stake in PSO. It actively participates in decision-making processes, provides policy direction, and ensures the company's compliance with regulatory frameworks.

Employees

PSO's dedicated workforce is a vital stakeholder. The employees' skills, expertise, and commitment contribute to the company's day-to-day operations and long-term success. Their satisfaction, motivation, and well-being are essential for maintaining a positive work environment.

The company prioritizes maintaining an open and inclusive work environment through its open-door policy, which encourages ongoing communication and collaboration among employees at all levels. Central to PSO's human resource strategy is fostering a motivated and skilled workforce. Recognizing that employee engagement is crucial to achieving high performance, the company actively promotes regular interactions with its employees.

PSO demonstrates its commitment to employee well-being by investing in a health and recreation club as well as a fortified medical center. These facilities are designed to address the health and fitness needs of its employees, ensuring their overall well-being.

The company places a strong emphasis on employee development through various training programs and cross-functional engagements. By providing opportunities for growth and learning, the company equips its workforce with the skills and knowledge needed to excel in their roles.

Ultimately, a motivated workforce plays a vital role in helping PSO achieve its strategic objectives. By prioritizing employee satisfaction and investing in their development, the company ensures that its employees are motivated, engaged, and able to contribute to the company's success.

Customers

PSO operates in the business to business and business to consumer segments, serving a diverse range of customers. Understanding and fulfilling customer needs is crucial to maintaining their loyalty and trust. By providing high-quality products and services at competitive prices, PSO can retain and attract customers.

The company's customer service department is dedicated to providing exceptional after-sales support and addressing any concerns or inquiries from both current and potential customers. At PSO, the importance of customer service is paramount as it directly contributes to the sustainability and success of the company.

Suppliers

PSO relies on a network of suppliers and vendors for the procurement of crude oil, petroleum products, and other essential resources. Building and maintaining strong relationships with suppliers help PSO ensure a secure and reliable supply chain, enabling smooth operations and product availability.

The company's sustained growth can be attributed to its careful selection of reputable and reliable suppliers as business partners. To foster strong relationships and effectively communicate the company's requirements, PSO engages in ongoing interactions with its suppliers. This includes organizing vendor conferences, conducting various pre-bid meetings, and facilitating informal gatherings. Through these initiatives, PSO aims to strengthen its connections with suppliers and ensure alignment with the company's needs.

Shareholders/Investors

Besides the government, PSO has private shareholders who have invested in the company. Their financial support and confidence in PSO's performance contributes to the company's growth and stability. Regular communication and transparency with shareholders help in maintaining their trust and maximizing their returns.

To better serve its shareholders/investors, PSO strives to provide them with easy access to all relevant company information on PSO's website. This information is regularly updated to ensure accuracy and timeliness. The quarterly/annual financial statements and notices are uploaded on the stock exchange website to keep the shareholders informed.

As part of the commitment to good governance, PSO actively encourages institutional shareholders/investors to participate in its Annual General Meeting and analysts briefing sessions. These platforms allow them to voice their queries and concerns, promoting transparency and open communication.

By adopting these practices, PSO aims to create a conducive environment for investors, fostering trust and collaboration in its relationships.

Regulatory Authorities

PSO operates within a regulated industry and is subject to oversight by various regulatory bodies. Compliance with regulations and maintaining positive relationships with regulatory authorities are vital for PSO's operations and reputation.

The company maintains consistent communication with the Government of Pakistan, OGRA, Ministries, and other regulatory bodies at local, provincial, and federal levels. PSO's senior management maintains a close working relationship with government officials to address various issues concerning the company and the oil industry. This collaboration enables the company to have its perspectives and recommendations considered and included in various regulatory directives.

Local Communities

PSO's operations impact the communities in which it operates. Engaging with local communities through corporate social responsibility initiatives, environmental sustainability efforts, and community development projects helps PSO build a positive reputation and foster goodwill.

Stakeholders' Engagement

By actively engaging with these key stakeholders, PSO can effectively manage the relationships, address concerns, and align the strategies with the expectations and interests of all parties involved. This collaborative approach ultimately enhances PSO's performance and contributes to the sustainable growth of the company.

The company actively interacts with its stakeholders through various channels, including formal and informal means, on a periodic and regular basis. PSO strongly values transparent and open communication with all stakeholders, recognizing that consistent, coherent, and clear communication plays a crucial role in establishing a solid reputation for both the company and its management. Moreover, these communication efforts align with regulatory requirements and prioritize the maintenance of corporate confidentiality.

Analyst and Corporate Briefings

PSO recognizes the value of corporate and security analyst briefings to disseminate important information about announced results and address analysts' inquiries regarding future prospects. The management acknowledges the significance of analysts' perspectives on the company's future outlook.

During the briefing session conducted in FY23, a range of important topics were discussed which included the 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.

Additionally, the following is a summary of the significant discussions that took place during the session:

- Company explained why sales of Furnace Oil has decreased.
- Company gave details of exchange loss adjustment mechanism in pricing.
- The prospects and way forward of circular debt resolution were discussed.
- The prospects of SNGPL receivable was discussed.

By addressing these important topics, the briefing session allowed for a comprehensive understanding of the company's performance, challenges, and future prospects.

Resolution of Concerns raised at the Last AGM

Safeguarding and maximizing the shareholders' value is an important goal of the company. Our Annual General Meeting is one of the most effective ways to engage our shareholders, wherein all queries and concerns of our shareholders are addressed and their advice for future actions is encouraged. No significant issues were raised at the last AGM.

Encouragement of the Shareholders to attend the General Meetings

PSO actively encourages its shareholders to participate in the general meetings, recognizing the value of their attendance. To ensure transparency and compliance, the notice of these meetings is circulated well within the regulatory time frame.

The company publishes the notice in prominent Urdu and English newspapers that reach a large audience across the nation. As part of its commitment to keeping shareholders informed, PSO diligently updates the company's website with all relevant notices pertaining to the general meetings.

Stakeholders' Information

Presence of Chairperson of Board Audit & Compliance Committee at AGM

The Chairperson Board Audit & Compliance Committee attended the AGM for the FY22 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

The Company Secretariat actively engages with investors by promptly addressing their queries, responding to their requests for information, and resolving 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, 2023

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
6,584	1	100	234,929
5,821	101	500	1,684,584
3,158	501	1,000	2,521,348
5,896	1,001	5,000	14,465,614
1,373	5,001	10,000	9,889,353
578	10,001	15,000	7,194,053
285	15,001	20,000	5,032,125
183	20,001	25,000	4,175,739
127	25,001	30,000	3,525,983
70	30,001	35,000	2,294,691
68	35,001	40,000	2,558,608
45	40,001	45,000	1,904,982
55	45,001	50,000	2,654,269
58	50,001	55,000	3,045,349
37	55,001	60,000	2,130,540
12	60,001	65,000	756,810
19	65,001	70,000	1,290,588
21	70,001	75,000	1,544,426
20	75,001	80,000	1,556,394
18	80,001	85,000	1,485,263
8	85,001	90,000	705,052
10	90,001	95,000	928,564
18	95,001	100,000	1,767,336
9	100,001	105,000	921,643
9	105,001	110,000	971,714
5	110,001	115,000	564,875
3	115,001	120,000	356,652
1	120,001	125,000	121,000
2	125,001	130,000	256,145
5	130,001	135,000	664,596
6	135,001	140,000	828,031
6	140,001	145,000	854,525
6	145,001	150,000	897,416
4	150,001	155,000	606,590
5	155,001	160,000	791,963
4	165,001	170,000	675,483
5	170,001	175,000	865,763
3	175,001	180,000	531,910
4	180,001	185,000	729,434
6	185,001	190,000	1,127,446
1	190,001	195,000	193,000
8	195,001	200,000	1,597,696
3	200,001	205,000	610,527
2	205,001	210,000	412,968
5	210,001	215,000	1,064,465
2	215,001	220,000	435,503
1	220,001	225,000	222,768
1	230,001	235,000	231,094
4	235,001	240,000	953,392

Pattern of Shareholding

As at June 30, 2023

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
1	240,001	245,000	240,613
1	245,001	250,000	250,000
2	250,001	255,000	504,477
2	255,001	260,000	517,200
2	260,001	265,000	520,549
1	265,001	270,000	268,307
1	270,001	275,000	275,000
1	280,001	285,000	282,317
1	285,001	290,000	287,760
4	295,001	300,000	1,200,000
2	300,001	305,000	605,513
1	305,001	310,000	309,657
1	315,001	320,000	320,000
2	320,001	325,000	646,853
1	325,001	330,000	330,000
1	335,001	340,000	340,000
1	340,001	345,000	343,200
1	355,001	360,000	356,662
1	370,001	375,000	372,500
1	390,001	395,000	395,000
2	395,001	400,000	800,000
1	400,001	405,000	405,000
1	405,001	410,000	405,949
1	420,001	425,000	425,000
1	425,001	430,000	427,680
1	435,001	440,000	439,000
1	440,001	445,000	444,146
1	445,001	450,000	448,934
1	480,001	485,000	483,686
6	495,001	500,000	2,991,168
1	505,001	510,000	506,023
1	535,001	540,000	536,425
1	540,001	545,000	542,868
1	545,001	550,000	547,100
1	550,001	555,000	552,500
1	585,001	590,000	588,703
1	600,001	605,000	602,511
2	620,001	625,000	1,244,950
1	645,001	650,000	650,000
1	665,001	670,000	666,188
1	690,001	695,000	693,277
1	695,001	700,000	700,000
1	705,001	710,000	709,512
2	735,001	740,000	1,475,544
1	745,001	750,000	750,000
1	780,001	785,000	781,192
1	790,001	795,000	793,624
1	795,001	800,000	797,971
1	810,001	815,000	812,159

No. of Shareholders	Having Shares From	To	Shares Held
1	845,001	850,000	850,000
1	855,001	860,000	855,190
1	910,001	915,000	912,295
1	945,001	950,000	950,000
1	990,001	995,000	993,262
1	995,001	1,000,000	1,000,000
1	1,030,001	1,035,000	1,031,500
1	1,100,001	1,105,000	1,102,387
1	1,140,001	1,145,000	1,141,411
1	1,215,001	1,220,000	1,215,674
1	1,235,001	1,240,000	1,235,198
1	1,295,001	1,300,000	1,297,746
1	1,310,001	1,315,000	1,313,722
1	1,470,001	1,475,000	1,474,416
1	1,495,001	1,500,000	1,500,000
1	1,585,001	1,590,000	1,587,600
1	1,610,001	1,615,000	1,614,846
1	1,775,001	1,780,000	1,780,000
1	1,825,001	1,830,000	1,827,903
1	1,845,001	1,850,000	1,849,608
1	1,860,001	1,865,000	1,860,129
1	1,905,001	1,910,000	1,908,576
1	1,970,001	1,975,000	1,972,884
1	1,995,001	2,000,000	1,998,665
1	2,035,001	2,040,000	2,037,366
1	2,100,001	2,105,000	2,100,966
1	2,150,001	2,155,000	2,151,627
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	2,504,000
2	2,565,001	2,570,000	5,134,114
1	2,770,001	2,775,000	2,770,156
1	2,960,001	2,965,000	2,963,515
1	3,680,001	3,685,000	3,684,200
1	4,460,001	4,465,000	4,463,131
1	4,810,001	4,815,000	4,810,602
1	5,075,001	5,080,000	5,078,210
1	10,145,001	10,150,000	10,148,193
1	11,995,001	12,000,000	12,000,000
1	12,670,001	12,675,000	12,673,295
1	13,050,001	13,055,000	13,054,539
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	44,150,001	44,155,000	44,151,724
1	105,500,001	105,505,000	105,504,134
24,687			**469,473,300**

Pattern of Shareholding

As at June 30, 2023

Shareholders' Categories

	No. of Shareholders	No. of Shares Held	%
Members - Board of Management, Chief Executive Officer and their spouse and minor children	-	-	-
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	5	12,964,600	2.76
Banks, Development Financial Institutions, Non-Banking Financial Institutions	32	78,679,319	16.76
Insurance Companies	22	39,315,736	8.37
Modarabas and Mutual Funds	81	55,242,595	11.77
Shareholders holding 10% or more voting rights	-	-	-
General Public:			
Resident	23,372	105,166,329	22.40
Non-resident	773	1,217,188	0.26
Others:			
Non-Resident Companies	71	19,056,169	4.06
Public Sector Companies & Corporations and Joint Stock Companies	159	15,919,833	3.39
Employee Trusts/Funds etc.	170	22,143,829	4.72
	24,687	**469,473,300**	**100.00**

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	75	55,109,905
Members - Board of Management and their spouse and minor children	-	-
Executives	1	400
Public Sector Companies & Corporations, Banks, DFIs, NBFIs, Insurance Companies, Takaful Companies and Modarabas	63	118,330,801

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	44,151,724
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 am on October 26, 2023 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 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

PSO's Annual Report serves as a comprehensive overview of the company's performance throughout the year, while offering valuable insights into the future prospects.

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)
Environment Social Governance (ESG)
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)
Keamari Terminal A (KTA)
Key Performance Indicator (KPI)
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 maintaining the highest levels of transparency and accountability has been instrumental in driving our success in annual reporting. We welcome any questions or concerns you may have regarding the contents of this report and encourage you to contact us using the following information:

Tell: +92 21 111 111 776 (PSO), Ext.: 2845 | Ta'aluq Care Line: 0800-03000 | Website : www.psopk.com
Email: brand.management@psopk.com

معلومات اور مفروضات کے ذرائع

کمپنی نے مختلف معتبر ذرائع سے بڑے پیمانے پر معلومات جمع کی ہیں جن میں حکومت پاکستان کے ساتھ ساتھ پاکستان آٹوموبائل مینوفیکچررز ایسوسی ایشن جیسے نمایاں اداروں کی اشاعتیں بھی شامل ہیں۔ مزید برآں، پی ایس او نے عالمی بینک، بین الاقوامی مالیاتی فنڈ اور ایشیائی ترقیاتی بینک جیسے عالمی سطح پر تسلیم شدہ اداروں کی معلومات پر بھی انحصار کیا ہے۔

ہم پر اعتماد اور مسلسل حمایت کے لئے اپنے شیئر ہولڈرز، صارفین، کاروباری شراکت داروں اور ملازمین کا شکریہ ادا کرتے ہیں۔ ہم رہنمائی اور اعتماد کے لیے حکومت پاکستان، بالخصوص وزارت توانائی (پٹرولیم ڈویژن) کے بھی شکر گزار ہیں۔

مستقبل میں، ہم پی ایس او کو نئی بلندیوں پر لے جانے اور مزید نمایاں کامیابیاں حاصل کرنے کے لیے پرعزم ہیں۔

سید محمد طٰہٰ	**آصف بیگ محمد**
مینیجنگ ڈائریکٹر اور سی ای او	چیئرمین

23 اگست 2023ء
کراچی

رپورٹ برائے شیئر ہولڈرز

گہرے اثرات کے حامل ری انجینئرنگ کے کاروباری پروسس

پی ایس او کے جاری ری انجینئرنگ اقدام کے ایک حصے کے طور پر، کمپنی نے آپریشنز میں بہتری کے متقاضی شعبوں کی کامیابی کے ساتھ نشاندہی کی ہے۔ فی الحال، پی ایس او کمپنی کے اندر سپلائی چین کے عمل کو ڈیجیٹلائز کرنے کے لیے فعال طور پر کام کر رہی ہے۔

صاف توانائی کی حکمتِ عملی کا نفاذ

صاف توانائی کی حکمت عملی کے نفاذ کے لئے پی ایس او نے نمایاں پیش رفت کا مظاہرہ کیا ہے۔ شمسی توانائی، الیکٹرک وہیکل چارجنگ انفراسٹرکچر میں سرمایہ کاری میں اضافہ اور دیگر پائیدار حل کے علاوہ اپنی سہولیات اور ریٹیل آؤٹ لیٹس کو شمسی توانائی پر منتقل کرنے کا سلسلہ جاری رکھا ہے۔ پی ایس او نے کامیابی کے ساتھ شکارپور ریزرو میں پر سولر پاور پلانٹ کی تنصیب کی ہے۔ شمسی توانائی کے حصول کا مقصد توانائی کے روایتی ذرائع پر سے انحصار کم کرتا ہے اور ایک سرسبز مستقبل کی بنیاد رکھتا ہے۔ آئندہ سال مزید دو ٹرمینلز کو شمسی توانائی پر منتقل کرنے کا منصوبہ ہے۔

کمپنی کی مستقبل کی ضروریات پوری کرنے کے لئے ٹیلنٹ پول کا قیام

دورانِ سال، ہم نے موجودہ مہارتوں اور نقائص کی نشاندہی کرنے کے لیے ٹیلنٹ میپنگ مشق کا انعقاد کیا، جو ملازمین کی ترقی کے ضمن میں پی ایس او کے لیے ایک ٹھوس بنیاد کے طور پر کام کرتے ہیں، جس سے کمپنی کو موجودہ اور مستقبل کی تنظیمی ضروریات دونوں کو پورا کرنے کے قابل بنایا جاتا ہے۔

آئندہ کے لائحہ عمل کا بیانیہ

بہترین کارکردگی کے نئے معیارات کو مزید بلند کرتے ہوئے، پی ایس او نے گزشتہ چند سالوں میں نمایاں پیش رفت کی ہے، جس سے کمپنی ایک مستعد اور مستقبل کے لیے پوری طرح تیار ادارے میں تبدیل ہو رہی ہے۔ تنوع، آٹومیشن، بنیادی ڈھانچے میں اضافے، صاف و شفاف توانائی، استعداد کے فروغ اور مارکیٹ شیئرز میں اضافے سے اس بات کا ثبوت ملتا ہے کہ کمپنی ایک کامیاب حکمتِ عملی پر عمل پیرا ہے، مستحکم رفتار کی حامل ہے اور مزید کامیابیوں کے لئے تیار ہے۔ آگے بڑھتے ہوئے، کمپنی نے ڈیجیٹائزیشن، آٹومیشن، پروسیس ری انجینئرنگ، عملی ساکھ اور صلاحیت کو مضبوط بنانے، ویلیو ایڈڈ سروسز اور طویل مدتی اسٹریٹجک منصوبوں اور منصوبہ سازی کے ذریعے کسٹمر کے تجربے اور احساس میں اضافے کے ذریعے اپنی مالی اور عملی کارکردگی کو بہتر بنانے پر اپنی توجہ مرکوز کی ہے۔ گردشی قرضے کے چیلنج سے نمٹنے کے لیے، پی ایس او نے حکومت کو مختلف تجاویز پیش کی ہیں، جن پر فی الحال غور کیا جا رہا ہے۔ کمپنی اس مسئلے کو حل کرنے میں حکومت کی طرف سے مکمل تعاون حاصل کرنے کے بارے میں پُرامید ہے۔ پی ایس او کے گردشی قرضوں کی وصولیوں کو حل کرنا کمپنی کی پائیداری اور ترقی کے لیے بہت ضروری ہے۔ معاشی اشاریوں، متحرک کاروباری حکمتِ عملی میں بہتری سے، گردشی قرضوں کی وصولی میں کمی کے ذریعے، کمپنی آنے والے سالوں میں حصص یافتگان کے لئے قدر میں اضافہ اور بہترین کاروباری کارکردگی پیش کرنے کے لئے پرعزم ہے۔ مالی سال 23 میں، پالیسی کی بلند شرحوں، قرضوں کی بے تحاشہ لاگت اور بڑھتی ہوئی افراطِ زر کی وجہ سے متاثر ہوا۔ یہی توقع ہے کہ آئندہ سال میں بھی کمپنی کو مالی چیلنجز کا سامنا کرنا پڑے گا۔ تاہم، موگیس اور ڈیزل کے حجم سال 2022 کی سطح پر واپس آنے کی اُمید ہے جس سے پی ایس او کو ان میں سے کچھ چیلنجوں کو ختم کرنے میں مدد ملے گی جس سے کمپنی کو والیومیٹرک فوائد کا بنیادی فائدہ ہوگا۔ آنے والے سال میں، پی ایس او مندرجہ ذیل اہداف کی طرف توجہ مرکوز رکھتے ہوئے پرعزم ہے:

- پورے ملک میں اپنے کاروباری آپریشنز میں کارکردگی اور حفاظت کی اعلیٰ ترین سطح کو برقرار رکھنا
- موگیس اور ڈیزل میں اپنے مارکیٹ شیئرز کو برقرار رکھنے کے ساتھ ساتھ لبریکنٹس اور ایل پی جی کے کاروبار کی ترقی پر بھرپور توجہ مرکوز رکھنا
- مالیاتی استحکام کو بہتر بنانے کے لیے سرکاری اداروں سے واجب وصولیوں کو کم کرنا
- مستقبل کی طلب کی تکمیل کی تیاری کے لیے اس کے اثاثہ جاتی بنیادی ڈھانچے کی صلاحیت اور استعداد میں اضافہ کرنا
- ایس این جی پی ایل اور ایس ایس جی سی کے ساتھ سہ فریقی معاہدے پر عمل درآمد کے ذریعے ایل این جی کے کاروبار کو بہتر بنانا
- کاروباری عمل کی ری انجینئرنگ اور ڈیجیٹل تبدیلی کو اپناتے ہوئے آپریشنل افادیت میں مسلسل اضافے کو جاری رکھنا
- اسٹرکچرڈ لرننگ پروگرامز کے ذریعے ٹیلنٹ کو پروان چڑھاتے ہوئے انہیں مستقبل کے لیے تیار کرنا
- اسٹریٹجک منصوبوں میں شراکت داری اور تعاون کو فروغ دینا جس سے کاروبار کو آگے بڑھایا جائیگا

پی ایس او نے ٹرانس شپمنٹ کے ذریعے فضلے (فاضل مادوں) میں کمی کی حکمتِ عملی کا آغاز کیا ہے۔ ملک کے بالائی علاقوں کو بھیجے جانے والے پٹرول کا تقریباً 30 فیصد وائٹ آئل پائپ لائن کے ذریعے منتقل کیا گیا۔ تمام علاقوں میں پٹرول کی موثر سپلائی کو یقینی بناتے ہوئے بذریعہ سڑک منتقلی پر انحصار میں کمی کرنا ہمارا ہدف ہے تاکہ اخراج کو ہر ممکن حد تک کم کیا جا سکے۔

پی ایس او نے آئل اور گیس اتھارٹی (اوگرا) کے ضوابط سے ہم آہنگ ٹینک لاریاں استعمال کرنے کو یقینی بنایا ہے تاکہ اتھارٹی کی جانب سے وضع کیے گئے با حفاظت، موثر نقل و حمل کے تحت معیارات اور فضلے، اخراج اور انسانی/سرمائے کے خطرے میں کمی کے صنعت کے معیارات پر پورا اترا جا سکے۔

الغرض، خریداری اور اخراج سے متعلق انتظامی اور رپورٹنگ کی پالیسیوں کا پی ایس او کا طریقہ کار کمپنی کے پائیدار اور ذمہ دار طریقوں کے عزم کی عکاسی کرتا ہے۔ منصفانہ پن، ماحولیاتی معاونت اور شفافیت کو ترجیح دیتے ہوئے، پی ایس او کا مقصد صنعت کے لیے معیارات کا تعین کرنا ہے، تاکہ معاشرے اور ماحول کی مجموعی فلاح و بہبود میں حصہ لیا جا سکے۔

گزشتہ سال کی توقعات پر کیے گئے اقدامات کے تحت کمپنی کی کارکردگی

محفوظ کاروباری آپریشنز

صحت، تحفظ، اور ماحولیات (ایچ ایس ای) ہماری کمپنی کے بنیادی مقاصد کا ایک بنیادی پہلو ہے۔ پی ایس او کا غیر متزلزل عزم ہماری تمام سہولتوں، احاطے اور ریٹیل شاپس میں ہمارے کاروباری آپریشنز کی حفاظت کی ضمانت دینے میں مضمر ہے۔ بدقسمتی سے گزشتہ برس 2 المناک حادثات پیش آئے، جن کی وجہ ہمارے ٹھیکیداروں کی غفلت تھی، جن کے نتیجے میں ہماری جمعیات میں ہلاکتیں ہوئیں۔

ان حادثات کی رپورٹس کی بنیاد پر پی ایس او نے اہم اسباق کی نشاندہی کی ہے، تاکہ مستقبل میں اس طرح کے واقعات کے دوبارہ وقوع پذیر ہونے کا موثر طریقے سے سدِ باب کیا جا سکے۔

پٹرول، ڈیزل، اور لبریکینٹس سمیت بلند مارجن والی پروڈکٹس پر مسلسل توجہ

پی ایس او نے تمام چیلنجز کے باوجود اپنا سفر جاری رکھا اور ڈاؤن اسٹریم سیگمنٹ میں وائٹ آئل میں 51 فیصد شیئر کے ساتھ سال کا اختتام کیا جو گزشتہ سال کے مقابلے میں 1.8 فیصد زیادہ ہے، جس کا بنیادی سبب ڈیزل میں 2.8 فیصد اضافے کے ساتھ 54.4 فیصد مارکیٹ شیئر کا حصول تھا جبکہ موگیس میں 44.2 فیصد مارکیٹ شیئر برقرار رکھا گیا۔ پی ایس او نے کامیابی کے ساتھ او ایم سی ہیوی لبریکینٹس مارکیٹ میں 25.2 فیصد شیئر حاصل کیا۔

کارپوریٹ حکمت عملی پر تعمیل جس میں پروڈکٹ لائن میں توسیع، انضمام اور تنوع کے حوالے سے نشان دہی کردہ منصوبوں پر عمل درآمد شامل ہے

طویل مدتی کارپوریٹ حکمت عملی کے نفاذ کے لیے پی ایس او کی جاری کوششوں کے ایک حصے کے طور پر، کمپنی فی الوقت متعدد منصوبوں میں مصروف ہے جن کا مقصد ہماری مصنوعات کی لائن کو بڑھانا، نئے نظاموں کو مربوط کرنا اور آپریشنز کو متنوع بنانا ہے۔ یہ منصوبے اپنے ترقیاتی سائیکل (cycle) کے مختلف مراحل میں ہیں جو پی ایس او کی مسلسل ترقی اور جدت طرازی کے عزم کے عکاس ہیں۔

مزید برآں، پی ایس او یہ اعلان کرتے ہوئے پرجوش ہے کہ حال ہی میں 3 نئی کمپنیوں مریسما (پرائیویٹ) لمیٹڈ، پی ایس او ری نیو ایبل انرجی (پرائیویٹ) لمیٹڈ اور پی ایس او وینچر کیپٹل (پرائیویٹ) لمیٹڈ کو ہمارے ادارے میں شامل کیا گیا ہے، جو ہماری اسٹریٹجک سمت سے ہم آہنگ ہیں۔

نئی ذخیرہ گاہوں کی تعمیر

پی ایس او نے اپنے مضبوط انفرااسٹرکچر کو مزید مستحکم کرنے کا سلسلہ جاری رکھا ہے۔ 79 ہزار ٹن موجودہ اسٹوریج کی کامیابی سے بحالی اور فیصل آباد، دولتپور آباد اور محمود کوٹ میں 91 ہزار ٹن مزید گنجائش کے اسٹوریجز زیرِ تعمیر ہیں۔ یہ پیش رفت پی ایس او کو سال کے آخر تک ملک بھر میں 1.23 ملین ٹن گنجائش کی اسٹوریج کی حامل بنا دے گی۔ مزید برآں، کمپنی ملک کی ایندھن کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لئے پنجاب اور خیبر پختونخوا میں اسٹوریجز کی تعمیر کے لئے زمینوں کے حصول کے لئے بھی کوشاں ہے۔

رپورٹ برائے شیئر ہولڈرز

فنڈ	روپے (ملین)
پی ایس او سی ایل مینجمنٹ ایمپلائیز پنشن فنڈ	5,453
پی ایس او سی ایل ورکرز اسٹاف پنشن فنڈ	4,998
پی ایس او سی ایل ڈیفائنڈ کنٹری بیوشن پنشن فنڈ	6,041
پی ایس او سی ایل اسٹاف پراویڈنٹ فنڈ	3,297
پی ایس او سی ایل ایمپلائیز پراویڈنٹ فنڈ	1,678
پی ایس او سی ایل ایمپلائز گریجویٹی فنڈ	6,894

- دوران سال، بورڈ آف مینجمنٹ کے 14 اجلاس منعقد ہوئے اور ہر رکن کی حاضری صفحہ 83 پر دی گئی ہے۔
- 30 جون 2023 تک، بورڈ کی ساخت مندرجہ ذیل تھی:

بورڈ ارکان کی کل تعداد:

مرد:	09
خواتین:	-

ترتیب و تشکیل

درجہ بندی	نام
خود مختار ارکان:	• جناب آصف بیگ محمد
	• جناب احمد جمال میر
	• جناب مشتاق ملک
	• جناب وحید احمد شیخ
نان ایگزیکٹو ارکان:	• جناب ارشد مجید
	• جناب اویس منظور سمرا
	• جناب محمد حسن اقبال
	• جناب شہباز طاہر ندیم
ایگزیکٹو ارکان:	• سید محمد طہٰ

- بورڈ کمیٹیوں کے ارکان کے نام صفحہ نمبر 79 اور 80 پر دیے گئے ہیں۔
- شیئر ہولڈنگ کا پیٹرن صفحہ نمبر 325 پر منسلک ہے۔
- بورڈ آف مینجمنٹ کے ارکان، مینیجنگ ڈائریکٹر اور سی ای او کے معاوضہ پیکیج کو نوٹ 34.2 میں غیر مربوط مالی بیانات میں ظاہر کیا گیا ہے۔

کمپنی کی رپورٹ کے صفحہ 44-42 پر بورڈ کی جانب سے انٹرپرائز ریسورس پلاننگ (ای آر پی) سے استفادے کے ساتھ ساتھ سائبر سیکورٹی کے اقدامات اور منسلک خطرات سے متعلق اہم اظہار شامل کیے گئے ہیں۔

خریداری، فاضل مادے اور اخراج

پی ایس او فی الوقت خریداری، فاضل مادوں کے انتظام اور آلودگی کے اخراج سے متعلق اپنی پالیسیوں کے انتظام اور رپورٹنگ میں موثر اور شفاف طریقہ کار اپنا رہی ہے۔

خریداری کے لحاظ سے، پی ایس او نے ایک مخصوص نظام تشکیل دیا ہے جو منصفانہ مسابقت، شفافیت، اور دیانت پر توجہ مرکوز کرتا ہے۔ کمپنی سپلائرز اور وینڈرز کے انتخاب میں سخت پروسس پر عمل درآمد کرتی ہے تاکہ صرف قابل اور بھروسا مند شراکت داروں کو انتخاب کیا جا سکے۔ یہ طریقہ کار نہ صرف مصنوعات اور خدمات کے معیار اور پائیداری کی ضمانت دیتا ہے بلکہ تمام اسٹیک ہولڈر کے لیے معیاری سطح کو فروغ دیتا ہے۔ ایک سرکاری ادارہ ہونے کے ناتے پی ایس او وینڈر سے خریداری اور ٹینڈر دینے کے ضمن میں پی پی آر اے رولز کا پابند ہے۔

پی ایس او آلودگی کے اخراج کے مسئلے سے نمٹنے اور ماحولیات پر اس کے اثرات میں تخفیف کے لیے، اخراج میں کمی کی اپنی کوششوں کو مسلسل بہتر بنا رہی ہے اور توانائی کے صاف متبادلات پر سرمایہ کر رہی ہے۔ اس مقصد کے لیے پی ایس او نے یورو 5 فیولز کا افتتاح کیا ہے جو ایڈوانس مالیکیولر ٹیکنالوجی سے تیار کیے گئے ہیں اور ان کے نتیجے میں انجن کی کارکردگی اور فیول کی کھپت بہتر ہوتی ہے، نیز ہوا میں اس کا اخراج بھی کم ہوتا ہے۔

پی ایس او ٹیکس کی ادائیگی کے حوالے سے اپنے عزم پر کاربند ہے۔ کمپنی تمام ٹیکسز، ڈیوٹیز، لیویز، اور دیگر مالی ذمہ داریوں کو قانونی میعادوں کے مطابق فوری طور پر ادا کرنے کو یقینی بنانے میں بہت فخر محسوس کرتی ہے۔

حکومتِ پاکستان کی پالیسیاں اور اثرات

پی ایس او ایک باضابطہ ماحول میں کام کرتی ہے جہاں پٹرولیم مصنوعات کی قیمتیں اور مارکیٹ کے لائق خصوصیات کا تعین حکومتِ پاکستان کرتی ہے۔ کاربن کے اثرات میں کمی کے عالمی منظرنامے کی بنا پر حکومت نے متعلقہ پالیسیاں وضع کی ہیں۔ پالیسیوں میں ان تبدیلیوں سے پٹرولیم مصنوعات کی طلب کو وسط تا طویل مدتی لحاظ سے کم ہونے کا امکان ہے۔

رسک مینجمنٹ

کمپنی کو لاحق بنیادی خطرات کے جامع جائزے کا سرگرمی سے انعقاد کیا گیا، جس میں ممکنہ خطرات، کاروباری ماڈل، مستقبل کی کارکردگی کے ساتھ ساتھ ادائیگی قرض یا لیکوئڈیٹی کا احاطہ کیا گیا۔ یہ خطرات نیز کمپنی کی خطرے کو برداشت کرنے کی سطح نیز خطرات کے انتظام کے فریم ورک اور پالیسیوں کو خطرے اور مواقع کی تفصیلی رپورٹ میں دستاویزی طور پر محفوظ کرلیا گیا۔

کارپوریٹ اور مالی رپورٹنگ فریم ورک

پی ایس او کا بورڈ، پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013ء اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء میں بیان کردہ اپنی ذمہ داریوں سے بخوبی آگاہ ہے۔

کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے اور اس میں مسلسل بہتری کے پی ایس او کے عزم کے اعتراف میں مندرجہ ذیل تبصرے کیے گئے ہیں

- کارپوریٹ گورننس کے متعلقہ اصولوں کی تعمیل کی گئی ہے
- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی بیانات، اس کی مالی صورتحال، آپریٹنگ نتائج، نقد بہاؤ، جامع آمدنی کا بیان، اور ایکویٹی میں تبدیلیوں کی درست عکاسی کرتے ہیں
- کمپنی کی جانب سے اکاؤنٹنگ کا مناسب ریکارڈ برقرار رکھا گیا ہے
- مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مستقل طور پر اطلاق کیا گیا ہے۔ جس میں معقول اور دانشمندانہ فیصلے پر مبنی اکاؤنٹنگ کے تخمینے شامل کیے گئے ہیں
- مالی بیانات کو پاکستان میں قابلِ اطلاق بین الاقوامی مالی رپورٹنگ معیارات کے مطابق تیار کیا گیا ہے، اور کسی بھی انحراف کو مناسب طریقے سے ظاہر کیا گیا ہے۔
- داخلی انضباط کا نظام اچھی طرح سے وضع کیا گیا ہے، جس کا مؤثر طریقے سے نفاذ اور نگرانی کی گئی ہے
- بورڈ آف مینجمنٹ کے نان ایگزیکٹو ارکان کے لیے کوئی مشاہرہ طے نہیں کیا گیا ہے اور ہر اجلاس میں شرکت کے لیے مقررہ فیس ادا کی جاتی ہے۔ فیس کا تعین بورڈ آف مینجمنٹ اجتماعی طور پر کرتا ہے۔
- کمپنی کے ایک منافع بخش کاروبار کے طور پر جاری رہنے کی صلاحیت کے بارے میں کوئی اہم خدشات نہیں ہیں
- پی ایس او نے کارپوریٹ گورننس کے بہترین طریقوں سے مادی طور پر انحراف نہیں کیا ہے، جیسا کہ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز، 2013ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء میں بیان کیا گیا ہے۔
- گزشتہ 6 برسوں کے کلیدی آپریٹنگ اور مالی اعداد و شمار خلاصے کی شکل میں منسلک کیے گئے ہیں

پراویڈنٹ، پنشن اور گریجویٹی فنڈز کی سرمایہ کاری کی مالیت درج ذیل ہے (30 جون 2023ء تک غیر آڈٹ شدہ کھاتوں کے مطابق)

رپورٹ برائے شیئر ہولڈرز

پی ایس او وینچر کیپٹل (پرائیویٹ) لمیٹڈ

پی ایس او وینچر کیپٹل (پرائیویٹ) لمیٹڈ (پی وی سی) کے نام سے ایک مکمل ملکیتی ماتحت ادارہ پرائیویٹ لمیٹڈ کمپنی کے طور پر شامل کیا گیا۔ پی وی سی کی بنیادی سرگرمی نجی فنڈ مینجمنٹ کمپنی کے کاروبار کو انجام دینا اور نجی ایکویٹی اور وینچر کیپٹل فنڈ (Venture Capital Fund) کے انتظام کی خدمات فراہم کرنا ہے۔ پی وی سی کا رجسٹرڈ دفتر سندھ، پاکستان میں واقع ہے۔

ایشیا پٹرولیم لمیٹڈ-معاون کمپنی

ایشیا پٹرولیم لمیٹڈ (اے پی ایل) کا قیام پاکستان میں ایک غیر فہرستی، پبلک لمیٹڈ کمپنی کے طور پر کیا گیا تھا۔ کمپنی بنیادی طور پر حب، بلوچستان میں واقع حب پاور کمپنی لمیٹڈ کو "ریزیڈیول فیول آئل" کی نقل و حمل کے لیے قائم کی گئی ہے۔ اس مقصد کو پورا کرنے کے لیے اے پی ایل نے پیپری میں پی ایس او کے ذوالفقار آباد ٹرمینل کو حب کے مقام پر حبکو سے ملانے کے لیے زیر زمین آئل پائپ لائن بچھائی ہے۔ یہ بات قابل ذکر ہے کہ پی ایس او کے پاس اے پی ایل میں 49 فیصد ایکویٹی اسٹیک ہیں، جو اس منصوبے میں ان کی شراکت داری کو مستحکم کرتے ہیں۔

پاک گریس مینوفیکچرنگ کمپنی (پرائیویٹ) لمیٹڈ-معاون کمپنی

پاک گریس مینوفیکچرنگ کمپنی لمیٹڈ (پی جی ایم سی ایل) پاکستان میں ایک نجی کمپنی کے طور پر قائم کی گئی تھی، جس کا مقصد اعلیٰ معیار کی پٹرولیم گریس مصنوعات کی تیاری اور تقسیم تھا۔ اہم بات یہ ہے کہ پی جی ایم سی ایل نے توانائی کی معروف کمپنیوں میں سے ایک پی ایس او کے ساتھ اسٹریٹجک شراکت داری قائم کی ہے، جو پی جی ایم سی ایل میں 22 فیصد ایکویٹی اسٹیک کی حامل ہے۔

آڈیٹرز

بیرونی آڈیٹرز نے کچھ امور کی نشاندہی کی جن کے سال 2023ء کے مالی بیانات کے آڈٹ پر نمایاں اثرات تھے۔ ان امور میں مندرجہ ذیل شامل ہیں:

- حکومت پاکستان کی جانب سے واجب الادا تجارتی وصولیاں اور واجبات۔ (مزید تفصیلات کے لیے براہ مہربانی غیر جامع مالی بیانات میں نوٹ 13 اور 16 ملاحظہ فرمائیں۔
- محاصل / آمدنی کی شناخت۔ (مزید معلومات کے لیے براہ مہربانی غیر جامع مالی بیانات میں نوٹ 30 اور 32 ملاحظہ فرمائیں)

بورڈ آڈٹ اینڈ کمپلائنس کمیٹی کی سفارشات کی بنیاد پر بورڈ آف مینجمنٹ نے 30 جون 2024ء کو اختتام پذیر ہونے والے مالی سال کے لیے کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو کمپنی کا آڈیٹر مقرر کرنے کی منظوری دی ہے۔

کریڈٹ ریٹنگ

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے فراہم کردہ تازہ ترین ریٹنگ کے مطابق پی ایس او کی درجہ بندی حسب ذیل ہے:

قلیل مدتی	A1+
طویل مدتی	AA+

کمپنی نے کامیابی کے ساتھ اپنے مستحکم آؤٹ لک کو مالیاتی انتظام کی پالیسیوں کی بنیاد پر درجہ بندی اور موثر کنٹرول کے ذریعے برقرار رکھا۔

قومی خزانے میں حصہ

ٹیکس ادائیگی کے لحاظ سے پی ایس او قومی خزانے میں سب سے زیادہ حصہ ڈالنے والے اداروں میں سے ایک ہے:

	2022-23ء	2021-22ء
	پاکستانی روپے ارب میں	
سیلز ٹیکس	208	216
کسٹم ڈیوٹی	148	137
پٹرولیم لیوی	302	60
دیگر ڈیوٹیاں اور ٹیکس	39	64
کل	**697**	**477**

دیگر امور

بورڈ آف مینجمنٹ میں تبدیلیاں

دوران سال، بورڈ آف مینجمنٹ کی ہیئت میں مندرجہ ذیل تبدیلیاں کی گئیں:

- 13 جولائی 2022ء کو جناب عاصم اقبال کی جگہ جناب ارشد مجید نے بورڈ میں شمولیت اختیار کی
- 28 اکتوبر 2022ء کو محترمہ سائرہ نجیب احمد کی جگہ کیپٹن (ر) محمد انوار الحق آزاد بورڈ کے رکن بن گئے
- 09 دسمبر 2022ء کو کیپٹن (ر) محمد انوار الحق آزاد کی جگہ کیپٹن (ر) شہباز طاہر ندیم نے بورڈ میں شمولیت اختیار کی
- 06 فروری 2023ء کو جناب محمد حسن اقبال نے جناب حسن محمود یوسف زئی کی جگہ بورڈ میں شمولیت اختیار کی
- 10 فروری 2023ء کو جناب محمد انور کی جگہ جناب اویس منظور سمرا نے بورڈ میں شمولیت اختیار کی
- 26 فروری 2023ء سے ایم ڈی اور سی ای او سید محمد طٰہٰ کی مدت ملازمت میں مزید 3 سال کی توسیع کی گئی
- 29 مئی 2023ء کو حکومت پاکستان نے ایک اعلامیہ (نوٹیفکیشن) کے ذریعے پی ایس او کے بورڈ آف مینجمنٹ کی فوری نفاذ کے ساتھ تشکیل نو کی

مذکورہ تبدیلی کے نتیجے میں جناب ظفر آئی عثمانی، محترمہ تارا عذرا داؤد اور جناب محمد ہمایوں خان بارکزئی بورڈ آف مینجمنٹ کے رکن نہیں رہے ہیں۔ ان کی جگہ نئے ارکان کا فوری نفاذ کے ساتھ تقرر کیا گیا ہے:

جناب آصف بیگ محمد	چیئرمین
جناب احمد جمال میر	رکن
جناب مشتاق ملک	رکن
جناب وحید احمد شیخ	رکن

بورڈ جناب عاصم اقبال، محترمہ سائرہ نجیب احمد، کیپٹن (ر) محمد انوار الحق آزاد، جناب حسن محمود یوسف زئی، جناب محمد انور، جناب ظفر آئی عثمانی، محترمہ تارا عذرا داؤد اور جناب محمد ہمایوں خان بارکزئی کی شاندار خدمات کو خراج تحسین پیش کرتا ہے۔ ان کی غیر متزلزل لگن اور گراں قدر خدمات نے بورڈ کی کامیابی میں اہم کردار ادا کیا ہے۔

مزید برآں، بورڈ آنے والے ارکان کا گرم جوشی سے خیر مقدم کرتا ہے۔ ہمیں امید ہے کہ ان کی غیر معمولی مہارت اور مہارت بلاشبہ ٹیم کو مزید بہتر بنائے گی۔ بورڈ ان کی معاونت کا منتظر ہے اور مشترکہ مقاصد کے حصول کے لیے مل کر کام کرنے کے حوالے سے پرجوش ہے۔

معاون اور ذیلی کمپنیاں

پاکستان ریفائنری لمیٹڈ - معاون کمپنی

پاکستان ریفائنری لمیٹڈ (پی آر ایل) کا پاکستان میں قیام ایک پبلک لمیٹڈ کمپنی کے طور پر کیا گیا تھا اور اب یہ پاکستان اسٹاک ایکسچینج میں مندرج ہے۔ اسٹریٹجک طور پر کراچی، پاکستان کی ساحلی پٹی پر واقع اس ریفائنری کو بالخصوص درآمدی اور ملکی خام تیل دونوں کی پروسیسنگ کے ذریعے ملک کی متنوع ایندھن کی ضروریات کو پورا کرنے کے لیے وضع کیا گیا ہے۔ اس وقت پی آر ایل میں پی ایس او 63.6 فیصد ایکویٹی اسٹیک رکھتی ہے جو شراکت داری اور پاکستان کی توانائی کی ضروریات کو پورا کرنے کے عزم کو مزید مستحکم کرتا ہے۔

سیریسما (پرائیویٹ) لمیٹڈ

سیریسما (پرائیویٹ) لمیٹڈ ایک مکمل ملکیتی ماتحت ادارہ ہے، جسے ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا۔ کمپنی کی بنیادی توجہ ای ایم آئی ضوابط کے مطابق الیکٹرانک منی انسٹی ٹیوٹ (ای ایم آئی) کے قیام، انتظام، ملکیت، انتظامیہ اور آپریشن پر مرکوز ہے۔ سیریسما کی مرکزی جائے کار سندھ، پاکستان میں واقع ہے۔

پی ایس او ری نیوایبل انرجی (پرائیویٹ) لمیٹڈ

پی ایس او ری نیوایبل انرجی (پرائیویٹ) لمیٹڈ (پی آر ای) کے نام سے ایک پرائیویٹ لمیٹڈ کمپنی کو مکمل ملکیتی ماتحت ادارے کے طور پر قائم کیا گیا تھا۔ پی آر ای کی بنیادی توجہ قابل تجدید توانائی کے شعبے پر ہے، جس میں مینوفیکچرنگ، پروسیسنگ اور تنصیب شامل ہے۔ کمپنی کے آپریشنز کی بنیادی اساس سندھ، پاکستان میں قائم ہے۔

رپورٹ برائے شیئر ہولڈرز

جبکہ ایس این جی پی ایل کے اوسط واجبات میں 84 فیصد اضافہ ہوا۔ 30 جون 2023ء تک ہمارے کل واجبات 499 ارب روپے تھے۔ جس میں ایس این جی پی ایل کے واجبات 344 ارب روپے ہیں۔ اس مسئلے کو حل کرنے اور پی ایس او کے مالی امور پر غیر ضروری بوجھ کو کم کرنے کے لیے حکومت کے ساتھ متعدد آپشنز زیر غور ہیں۔

کمپنی کی کارکردگی کو مدنظر رکھتے ہوئے بورڈ آف مینجمنٹ نے 75 فیصد نقد منافع منقسمہ (7.5 روپے فی حصص کے مساوی) کا اعلان کیا ہے جس کے نتیجے میں مجموعی طور پر 3.5 ارب روپے کی ادائیگی ہوگی۔ کمپنی نے 243.7 ملین روپے (مالی سال 22ء: 1,478.6 ملین روپے) پی ایس او ویلفیئر کیپٹل فنڈ میں منتقل کیے ہیں۔

لیکویڈیٹی چیلنجز

مالی سال 2023ء کے اختتام تک پاور سیکٹر کے واجبات بڑھ کر 90.3 ارب روپے ہوگئے جبکہ مالی سال 22ء میں یہ 87.9 ارب روپے تھے۔ دوسری جانب ایس این جی پی ایل کے واجبات میں نمایاں اضافہ دیکھنے میں آیا، جو 285.4 ارب روپے سے بڑھ کر 30 جون 2023ء تک 343.9 ارب روپے تک پہنچ گئے۔ مالی سال 2023ء کے دوران کمپنی کے اوسط قرضے 292.3 ارب روپے ہوگئے، جو مالی سال 2022ء کے 111.3 ارب روپے کے مقابلے میں نمایاں اضافہ ہے۔

لیکویڈیٹی چیلنجز پر قابو پانے اور قرضوں کے انتظام کی حکمت عملی

لیکویڈیٹی کے چیلنجز سے مؤثر طور پر نمٹنے اور اپنے قرضوں کا انتظام کرنے کے لیے، کمپنی مندرجہ ذیل اقدامات پر عمل درآمد کر رہی ہے:

- پی ایس او حکومت پاکستان اور پاور سیکٹر، پاکستان انٹرنیشنل ایئر لائنز (پی آئی اے) اور سوئی ناردرن گیس پائپ لائنز لمیٹڈ (ایس این جی پی ایل) کے صارفین کے ساتھ مسلسل رابطے میں ہے۔ مختلف تجاویز پیش کرنے اور حکومت پاکستان کے ساتھ تفصیلی اجلاس منعقد کرنے کے ذریعے گردشی قرضوں کے مسائل کو حل کرنے اور ایس این جی پی ایل کے واجبات کو مزید بڑھنے سے روکنے کی کوششیں کی گئی ہیں۔
- لیکویڈیٹی کی ضروریات کے مؤثر طریقے سے انتظام کے لیے پی ایس او نے جاری سرمائے کی ضروریات کے انتظام میں محتاط طریقوں کو اپنایا ہے اور کمپنی کی مالیاتی ضروریات کو پورا کرنے کے لیے کریڈٹ لائنز کی مناسب دستیابی کو یقینی بنایا ہے۔ 30 جون 2023ء تک کمپنی کو بینکوں سے 514.4 ارب روپے تک کے قرضے کی مجموعی سہولت حاصل ہے۔
- مالی استحکام اور فوری ادائیگیوں کو برقرار رکھنے میں نقد ادائیگی والے صارفین کی اہمیت کو تسلیم کرتے ہوئے کمپنی ایسے صارفین پر زیادہ توجہ مرکوز کرتی ہے۔
- مزید برآں، پی ایس او اپنی رسائی کو بڑھانے اور اپنی آمدنی کے ذرائع کو متنوع بنانے کے لیے نئے کاروباری ماڈلز اور عمل درآمد کے خطوط کی تلاش میں ہے۔

قرضوں کی ادائیگی

محتاط اقدامات اور اسٹریٹجک کارروائیوں کے ذریعے پی ایس او مالی سال 23 میں ایس این جی پی ایل کے بڑھتے ہوئے واجبات کے اثرات کو محدود کرنے میں کامیاب رہی۔ پی ایس او اپنے قرضوں کی مؤثر طور پر ادائیگی میں کامیاب رہی اور غیر متزلزل عزم اور فعال اقدامات کے تفاذ کی وجہ سے مقامی اور بین الاقوامی دونوں سطح پر مستقبل کی تمام مالی ذمہ داریوں کو بروقت پورا کرنے کی کمپنی کی صلاحیت کے لیے پر اعتماد ہے۔

آپریشنل نفع/نقصانات

تیل کی گرتی ہوئی قیمتوں، ایس این جی پی ایل کی جانب سے بلند واجبات اور بینک شرح میں اضافے جیسی متعدد دشواریوں کا سامنا کرنے کے باوجود پی ایس او مالی سال 23ء کے دوران نفع آوری کے حصول میں کامیاب رہی۔ مستقبل میں، کمپنی کلیدی حکمت عملیوں، جن میں مارکیٹ شیئر میں اضافہ، بلند مارجن کی حامل مصنوعات کو ترجیح، مناسب مالی اخراجات کو برقرار رکھنا، جدید کاروباری ماڈلز کی تلاش اور آپریشنل اخراجات کی بغور نگرانی جیسے امور پر توجہ مرکوز کرکے اور بھی مستحکم نتائج حاصل کرنے کے لیے پر اعتماد ہے۔

اسٹریٹجک اقدامات

پی ایس او کی طویل مدتی حکمت عملی اور عروج کے منصوبے پر عمل کرتے ہوئے، کمپنی اپنے اسٹیک ہولڈرز کے لیے قدر میں اضافے کے لئے کوشاں ہے۔ دوران سال، پی ایس او نے متعدد اسٹریٹجک اقدامات کا نفاذ کیا ہے جو اس عزم سے ہم آہنگ ہیں۔

ارتقاپذیر کاروباری ماحول میں اور صارفین کی ضروریات کو پورا کرنے کے لیے، پی ایس او فن ٹیک کے شعبے میں اپنے قدم جما رہی ہے۔ اس مقصد کے لیے، ہم نے سیریسا (پرائیویٹ) لمیٹڈ کے نام سے ایک نئی کمپنی قائم کی ہے۔ یہ ادارہ ہمارے موجودہ فن ٹیک آپریشنز کو عملی جامہ پہنانے اور توسیع دینے کے ساتھ ساتھ نئے منصوبوں کی تلاش کا ذمہ دار ہوگا۔ اپنی وسیع کسٹمر بیس، ریٹیل نیٹ ورک اور کارپوریٹ فنڈ کے بہاؤ کے انتظام میں مہارت سے استفادہ کرتے ہوئے سیریسا (سی ای آر آئی ایس ایم اے) ایک مضبوط ڈیجیٹل ایکو سسٹم کی تعمیر میں پی ایس او کی مدد کرے گا۔

قابل تجدید توانائی کی اہمیت تسلیم کرتے ہوئے اور 2030ء تک قابل تجدید وسائل سے 60 فیصد توانائی پیدا کرنے کے حکومتی ہدف کو پورا کرنے کے لیے پی ایس او نے ایک اور نئی کمپنی پی ایس او رینیوایبل انرجی (پرائیویٹ) لمیٹڈ قائم کی ہے۔ یہ ادارہ قابل تجدید توانائی کے اثاثوں اور تجارتی منصوبوں کی تیاری، عمل درآمد اور انتظام پر توجہ مرکوز کرے گا۔ ملک کی قابل تجدید توانائی کی پالیسی میں فعال کردار ادا کرتے ہوئے پی ایس او کا مقصد اسٹیک ہولڈرز کے لیے قدر پیدا کرتے ہوئے ماحولیات پر مثبت اثرات مرتب کرنا ہے۔

براؤن فیلڈ ریفائننگ پالیسی کے نفاذ کے ساتھ پاکستان ریفائنری لمیٹڈ (پی آر ایل) پیش کردہ مراعات سے فائدہ اٹھانے کے لیے پوری طرح تیار ہے۔ پی آر ایل نے اپنے ریفائنری کی تازہ کاری اور توسیع کے منصوبے کے لیے فرنٹ اینڈ انجینئرنگ ڈیزائن (فیڈ) کرنے کے لیے ایک معروف کنسلٹنٹ کی خدمات حاصل کی ہیں۔ اس اقدام کا مقصد ریفائنری کی صلاحیت اور استحکام کو بڑھانا ہے، جس سے شیئر ہولڈرز کو نمایاں قدر فراہم کی جا سکتی ہے۔ مزید برآں، پی آر ایل نے روسی یورال خام تیل کی خریداری اور پروسیسنگ میں قدم رکھا ہے، جس سے ممکنہ طور پر پاکستان کے لیے خام تیل کی فراہمی کا ایک نیا متنوع ماخذ حاصل ہوگا۔

ایک اور اسٹریٹجک منصوبہ کیماڑی کورنگی لنک پائپ لائن (کے کے ایل پی ٹو) ہے جو کراچی کی 2 بندرگاہوں کو آپس میں جوڑے گا، جس سے بندرگاہوں کی آپریشنل صلاحیت میں اضافہ ہوگا جبکہ ہرجانوں کی صورت میں ہونے والے زرمبادلہ کے غیر ضروری اخراجات میں کمی آئے گی۔ پی ایس او نے کے ایل پی ٹو کے لیے لیز مکمل کرلیا ہے اور تمام اسٹیک ہولڈرز سے اصولی طور پر این او سی حاصل کرلیا ہے۔ فی الحال، پی ایس او رائٹ آف وے (آر او ڈبلیو) کے لیے کرایہ داری معاہدوں کو باضابطہ بنانے کے عمل میں ہے۔

مالی انتظام

ملک کے موجودہ معاشی حالات کی وجہ سے درپیش متعدد مالی دشواریوں کے باوجود، پی ایس او 40 ارب روپے کی خطیر مالی لاگت سے نبرد آزما ہوتے ہوئے، اپنی پوزیشن برقرار رکھنے میں کامیاب رہی ہے، جس میں گزشتہ برس کے مقابلے میں 754 فیصد کا حیرت انگیز اضافہ ہوا ہے۔ تیل کی بین الاقوامی قیمتوں میں اتار چڑھاؤ بدستور انڈسٹری کے لیے نمایاں رسک کا ایک کلیدی جزو رہا ہے۔ سال میں برینٹ خام تیل کی قیمتوں میں کمی دیکھی گئی جو جولائی 2022ء میں ماہانہ اوسط 113/b امریکی ڈالر اور جون 2023ء میں 75/b امریکی ڈالر تھی جس نے انڈسٹری کو انوینٹری کے نقصانات سے دوچار کیا۔ تاہم پی ایس او نے سپلائی چین اور انوینٹری کی سطح کی محتاط اور مستعد مینجمنٹ کے ذریعے نقصانات کے اثرات کو کامیابی کے ساتھ محدود کیا ہے۔

کمپنی پٹرول اور ڈیزل کے لیے او ایم سی مارجن بڑھانے کے حوالے سے حکومتی معاونت کے لیے شکرگزار ہے، کیونکہ اس سے پی ایس او کی مالیات پر معاشی دشواریوں کے اثرات کو کم کرنے میں کسی قدر مدد ملی ہے۔

مالی کارکردگی کے لحاظ سے، پی ایس او نے 5.7 ارب روپے (مالی سال 22ء: 86.2 ارب روپے) کا بعد از ٹیکس منافع حاصل کیا، جس کے نتیجے میں فی شیئر آمدنی (ای پی ایس) 12.1 روپے (مالی سال 22ء: 183.7 روپے) رہی۔ مجموعی بنیاد پر گروپ نے 9.3 ارب روپے (مالی سال 22ء: 91.2 ارب روپے) کا بعد از ٹیکس منافع کمایا، یعنی 19.9 روپے (مالی سال 22ء: 194.4 روپے) آمدنی فی شیئر۔

گردشی قرضوں کا بحران کمپنی کے لیے ایک سنگین مسئلہ بنا ہوا ہے۔ دوران سال گردشی قرضوں کے واجبات میں گزشتہ برس کی اوسط کے مقابلے میں 56 فیصد اضافہ ہوا،

رپورٹ برائے شیئر ہولڈرز

کی پیش کش کے ذریعے، پی ایس او ان افراد کو بچپن کی ابتدائی تعلیم سے لے کر پوسٹ گریجویٹ سطح تک دشواریوں پر قابو پانے اور اپنے خوابوں کو حاصل کرنے کے قابل بنانے پر یقین رکھتی ہے۔

سماجی ترقی اور معاشرے کی بہتری کے عزم کے پیشِ نظر، پی ایس او سی ایس آر ٹرسٹ سہولتوں سے محروم افراد کی مدد کے لیے ایک سازگار ماحول پیدا کرتا ہے۔ مالی سال 23ء میں پی ایس او نے چینڈز، ہنر فاؤنڈیشن، سیلانی ویلفیئر انٹرنیشنل ٹرسٹ، فیملی ایجوکیشن اسکول سسٹم، کراچی ووکیشنل ٹریننگ سینٹر کے ذریعے کمیونٹیز کی تعمیر کے لیے تقریباً 165 ملین روپے فراہم کیے۔

ضرورت مندوں کی زندگیوں میں ایک ٹھوس اور حوصلہ افزا تبدیلی پیدا کرنا ہمارا غیر متزلزل مشن ہے، جس کا حتمی مقصد ایک روشن اور مضبوط پاکستان کو فروغ دینا ہے۔

سی ایس آر کامیابیاں

- 12 ویں سالانہ سی ایس آر ٹرسٹ اینڈ ایوارڈز میں پی ایس او سی ایس آر ٹرسٹ کی غیر معمولی کارپوریٹ سماجی ذمہ داری (سی ایس آر) کی کوششوں کا اعتراف کیا گیا۔ یہ باوقار ایوارڈ نہ صرف پہلا بلکہ پاکستان کا واحد رجسٹرڈ سی ایس آر ایوارڈ بھی ہے جسے آئی پی او حکومت پاکستان نے تسلیم کیا ہے۔

- چینڈز نے آئی کیئر فاؤنڈیشن پاکستان کے اشتراک سے پی ایس او سی ایس آر ٹرسٹ کی جانب سے سیلاب سے بچاؤ کی سرگرمیوں کے ضمن میں پی ایس او کی غیر معمولی کاوشوں کا اعتراف کیا۔

- لاہور یونیورسٹی آف مینجمنٹ سائنسز (لمز) نے پی ایس او سی ایس آر ٹرسٹ کو ایک اعزازی شیلڈ پیش کی۔

- کراچی ووکیشنل ٹریننگ انسٹی ٹیوٹ نے معذور بچوں کو بااختیار بنانے اور ان کی بہتری میں مسلسل تعاون پر پی ایس او سی ایس آر ٹرسٹ کو شیلڈ پیش کی۔

اعزازات اور ایوارڈز

پی ایس او نے اپنی کامیابیوں کی بنا پر مختلف ایوارڈز اور صنعت میں نمایاں مقام حاصل کیا ہے۔

آئل اینڈ گیس مارکیٹنگ کمپنیوں کے شعبے میں، پی ایس او نے مینجمنٹ ایسوسی ایشن آف پاکستان (ایم اے پی) کے 37 ویں کارپوریٹ ایکسی لینس ایوارڈز 2022ء میں پہلا انعام جیتا۔ یہ اعزاز صنعت میں پی ایس او کی شاندار کارکردگی اور قیادت کا اعتراف ہے۔

پاکستان ڈیجیٹل ایوارڈز 2023ء میں سال کی بہترین مہم کے لیے پی ایس او کیریکٹ ایس پی آر او نے جیوری ایوارڈ حاصل کیا۔ یہ ایوارڈ یافتہ مہم ڈیجیٹل مارکیٹنگ کے میدان میں نئے معیارات قائم کرنے کی پی ایس او کی صلاحیت کا ثبوت ہے۔ یہ صنعت پر اپنے دیرپا اثرات ثبت کرتے ہوئے، ڈیجیٹل مارکیٹنگ کے لیے پی ایس او کے جدید اور موثر نقطہ نظر کو ظاہر کرتی ہے۔

ایندھن اور توانائی کے شعبے میں، انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی) اور انسٹی ٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس آف پاکستان (آئی سی ایم اے پی) کی مشترکہ کمیٹی کے زیر اہتمام بیسٹ کارپوریٹ رپورٹ ایوارڈز برائے 2021ء میں پی ایس او نے مشترکہ طور پر پہلی پوزیشن حاصل کی۔ یہ اعتراف کارپوریٹ رپورٹنگ میں بہترین کارکردگی کے پی ایس او کے عزم کو اجاگر کرتا ہے۔

پی ایس او کو ساؤتھ ایشین فیڈریشن آف اکاؤنٹنٹس (ایس اے ایف اے) کی جانب سے سرکاری شعبے کے اداروں کے سیگمنٹ میں دی بیسٹ پریزنٹڈ اینول رپورٹ 2021ء (سال کی بہترین پیش کردہ رپورٹ 2021ء) کے لیے سلور ایوارڈ سے نوازا گیا۔ نیپال میں منعقد ہونے والا یہ اعزاز سالانہ رپورٹ میں شفافیت اور پیشہ ورانہ مہارت کے ضمن میں پی ایس او کی لگن کا اظہار ہے۔

کاربن کے اخراج کو کم کرنے اور صاف توانائی کے متبادلات کو فروغ دینے کے مضبوط عزم کے ساتھ، موسمیاتی تبدیلی سے نمٹنے کی عالمی کوششوں میں حصہ ڈالنا پی ایس او کا مقصد ہے۔ پی ایس او کا مقصد قابل تجدید توانائی کے منصوبوں میں اسٹریٹجک شراکت داری اور سرمایہ کاری کے ذریعے اپنے انرجی پورٹ فولیو کو متنوع بنانا اور فوسل ایندھنوں پر اپنا انحصار کم کرنا ہے۔ یہ پائیداری کا منصوبہ مؤثر اخراجات، فضلے کے انتظام، اور توانائی کے تحفظ سمیت تمام آپریشنل پہلوؤں میں ماحول دوست طریقوں کے نفاذ پر بھی زور دیتا ہے۔ جدید ٹیکنالوجیز کو اپنانے اور وائٹ آئل پائپ لائن (ڈبلیو او پی) کے ذریعے ایندھن کی پائیدار نقل و حمل کے استعمال کو فروغ دیتے ہوئے، پی ایس او کا مقصد طویل مدتی اقتصادی نمو پذیری کو یقینی بناتے ہوئے اپنے ماحولیاتی اثرات کو کم کرنا ہے۔

مزید برآں، کمپنی سماجی ذمہ داری اور معاشی ترقی کے لیے پرعزم ہے، تعلیم اور صحت کی دیکھ بھال کے اقدامات کی حمایت کے لیے مقامی برادریوں کے ساتھ فعال طور پر کام کر رہی ہے، جبکہ روزگار کی تخلیق اور مقامی کاروباری اداروں کی معاونت کے ذریعے معاشی ترقی کو بھی فروغ دیتی ہے۔

پائیداری ہماری اقدار میں بہت گہرائی میں پیوست ہے اور پی ایس او پاکستان کے لیے سرسبز اور زیادہ پائیدار مستقبل تخلیق کرنے کے عزم پر کاربند رہتی ہے۔

کارپوریٹ سماجی ذمہ داری

پی ایس او نے سماجی فلاح و بہبود کے لئے اپنے عزم کو پی ایس آر ٹرسٹ کے ذریعے تقویت دی ہے اور گزشتہ 5 سال کے عرصے کے دوران تقریباً 1.3 بلین روپے ملک میں فلاحی تنظیموں کو بطور عطیہ دیے ہیں جن کا بنیادی مرکز توجہ صحت، تعلیم، کیمونٹی بلڈنگ، قدرتی آفات سے تحفظ اور ماحولیات کے شعبے ہیں۔

کمپنی کے سی ایس آر اور فلاحی اقدامات کی نگرانی پی ایس او سی ایس آر ٹرسٹ کے ذریعے کی جاتی ہے۔ سی ایس آر سرگرمیوں کی معاونت کے لیے، کمپنی اپنے منافع کی ایک مخصوص شرح مختص کرتی ہے۔ یہ عطیات قابل اطلاق حتمی قوانین اور پالیسیوں کی تعمیل میں دیے جاتے ہیں، جن میں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے جاری کیے گئے کارپوریٹ سماجی ذمہ داری رضاکارانہ رہنما خطوط، 2013ء کے ساتھ ساتھ ٹرسٹ ڈیڈ میں بیان کردہ مقاصد شامل ہیں۔ سی ایس آر ٹرسٹ نے پاکستان سینٹر آف فلانتھروپی (پی سی پی) سے سرٹیفکیشن حاصل کرلی ہے، جس سے اسے وفاقی دفتر محاصل کی جانب سے غیر منافع بخش ادارے کا درجہ حاصل کرنے میں مدد ملی ہے۔

سال کے دوران مون سون کی شدید بارشوں نے ملک بھر میں تباہ کن صورت حال پیدا کردی جس نے تقریباً 33 ملین افراد کو نقصان پہنچایا۔ پاکستان بھر میں تقریباً 67 ملین روپے کی امدادی سرگرمیاں انجام دی گئیں، جس میں کمپنی کے 100 سے زائد ملازمین رضاکاروں نے ملک بھر میں 56 کیمپوں میں کام کیا۔ پی ایس او نے متاثرہ خاندانوں میں 27 ہزار راشن بیگ تقسیم کیے، ادویات، بچوں کے کھانے پینے کی اشیا، خیمے، مچھردانیاں، کمبل اور رہائش کی فراہمی کے ساتھ ساتھ تقریباً ایک لاکھ افراد کو پکا ہوا کھانا فراہم کیا۔ پیٹنرز کے ساتھ اشتراک کرتے ہوئے پی ایس او سیلاب سے تباہ شدہ گاؤں کی بحالی کے منصوبے پر کام کر رہا ہے۔

سیلانی ویلفیئر انٹرنیشنل ٹرسٹ کے تعاون سے پی ایس او نے پاکستان بھر میں راشن کی تقسیم کی مہم چلائی جس میں 14 مختلف مقامات پر 22 ہزار سے زائد مستحق خاندانوں تک رسائی حاصل کی گئی۔ 12,000 سے زائد راشن بیگ جن کی مالیت تقریباً 80.6 ملین روپے تھی۔

پاکستان کے عوام کو صحت کی سہولتوں کی فراہمی کے لیے پی ایس او سی ایس آر ٹرسٹ معتبر اداروں کے ساتھ شراکت داری قائم کرکے ملک بھر میں نگہداشت صحت کی کوریج کو بہتر بنانے میں اہم کردار ادا کرتا ہے۔ پی ایس او سی ایس آر ٹرسٹ نے انڈس اسپتال، شوکت خانم میموریل ٹرسٹ اینڈ کینسر اسپتال، محمدی بلڈ بینک، ہیماٹولوجی ایسوسی ایشن، بیت السکون کینسر اسپتال، فاطمید فاؤنڈیشن بلڈ بینک اور صوابی تھیلیسیمیا سینٹر میں تقریباً 73 ملین روپے کے عطیات دیے۔

تعلیم کے شعبے میں، پی ایس او نے نچلی سطح سے لے کر ہر سطح پر پسماندہ طالب علموں کی پرائمری، ثانوی اور پیشہ ورانہ تعلیم کے لیے تقریباً 82 ملین روپے کی رقم عطیہ کی۔ کمپنی نے سٹیزن فاؤنڈیشن کی جانب سے چلائے جانے والے 6 تعلیمی اداروں (campuses) کے آپریشنل اخراجات میں حصہ ڈالا، ایدھی ویلفیئر ایسوسی ایشن

رپورٹ برائے شیئر ہولڈرز

کاروباری اصولوں اور اخلاقی پالیسی کو تیار کیا گیا ہے جو مندرجہ ذیل پہلوؤں کا احاطہ کرتی ہے:

- رشوت اور بدعنوانی
- مفادات کا تصادم
- رازداری
- عام سرگرمیاں
- رقوم، اثاثوں، وصولیوں، ادائیگیوں کا مناسب ریکارڈ
- سرکاری افسران، میڈیا، سپلائرز، مشاورت کاروں، ایجنٹوں، ثالثوں اور دیگر فریقوں سے تعلق اور معاملات
- جائے کار پر ہراسانی
- اعتماد شکنی کے قوانین وغیرہ
- ضابطہ کار (کوڈ آف کنڈکٹ)
- مالی سالانہ رپورٹ کا اظہار
- پاکستان اسٹاک ایکسچینج کمیشن کے قواعد وضوابط کی تعمیل

ای ایس جی کی جانب پی ایس او کا سفر صرف ایک عہد نہیں بلکہ یہ ایک اسٹریٹجک طریقہ کار ہے جو بہترین عالمی طریقوں سے ہم آہنگ ہے۔ ای ایس جی کے اصولوں کو اپناتے ہوئے، پی ایس او کا مقصد اپنے اسٹیک ہولڈرز، صارفین، اور بحیثیت مجموعی معاشرے کے لیے دیرپا قدر کی تخلیق ہے۔

معیار، صحت، تحفظ اور ماحول

پی ایس او، بی پی کے انٹرنیشنل لیب کوریلیشن پروگرام (بی پی آئی ایل سی پی) 2022-23، کی جانب سے دیے گئے اس باوقار اعزاز کے بارے میں بتاتے ہوئے فخر محسوس کرتی ہے، جس کے مطابق، لیوب مینوفیکچرنگ ٹرمینل اور کیماڑی ٹرمینل کے ٹی اے میں قائم پی ایس او کی لیبارٹریوں کو راؤنڈ رابن کراس چیک پروگرام (round-robin cross check program) کے ذریعے 100 عالمی شرکا میں "بہترین" کے طور پر جانچا گیا ہے۔ یہ بین الاقوامی شناخت کمپنی کی لیبارٹریوں کی جامعیت اور درستگی کی عکاسی کرتی ہے جو ہمارے قیمتی صارفین کے لیے اعلیٰ معیار کے لبریکنٹس کو یقینی بناتی ہیں۔

مزید برآں، پی ایس او معیار، صحت، حفاظت اور ماحولیات کے حوالے سے اپنے عزم پر فخر محسوس کرتی ہے۔ ذوالفقار آباد، ماچھیکے اور سہالہ میں پہلے سے تصدیق شدہ سہولت مراکز کے علاوہ کیماڑی (ٹرمینل اے)، محمود کوٹ اور تارو جبہ میں قائم 3 سہولت مراکز نے بھی آئی ایس او 45001 پیشہ ورانہ صحت اور سیفٹی کی سرٹیفکیشن حاصل کی ہے۔ یہ سرٹیفکیشن ہمارے ملازمین کے لیے کام کے محفوظ اور صحت مند ماحول کو برقرار رکھنے کے لیے پی ایس او کی لگن کو ظاہر کرتی ہے۔

روڈ سیفٹی کو یقینی بنانے کے لیے پی ایس او نے سال بھر کے دوران 3000 سے زائد ٹینک لاری ڈرائیورز کو دفاعی ڈرائیونگ اور ہنگامی ردعمل کے طریقوں کی تربیت کو ترجیح دی۔ مزید برآں، کمپنی نے 9500 ٹینک لاریوں کا معائنہ کرنے کے لیے تھرڈ پارٹی پریکٹیشنرز کی خدمات حاصل کیں، تاکہ ضروری حفاظتی معیارات کی تعمیل کو یقینی بنایا جاسکے۔

ماحولیاتی اثرات کو کم کرنے کے لیے پی ایس او کی مستقل کوششوں کے ایک حصے کے طور پر، کمپنی نے شکارپور ٹرمینل پر شمسی توانائی کی پیداوار کا منصوبہ شروع کیا ہے۔ اس منصوبے سے نہ صرف لاگت میں بچت پیدا ہوتی ہے بلکہ یہ توانائی کے صاف اور پائیدار ذرائع کو استعمال کرتے ہوئے ہمارے کاربن فٹ پرنٹ کو کم کرنے کے پی ایس او کے عزم میں بھی حصہ لیتا ہے۔

پی ایس او معیار، صحت، حفاظت اور ماحولیاتی طریقوں میں بہترین کارکردگی کے حصول میں ثابت قدم ہے۔

پائیداری

پی ایس او اپنے آپریشنز میں پائیداری کی شمولیت کے لیے پوری طرح سرگرم ہے۔ ایک ذمہ دار توانائی کمپنی کی حیثیت سے پی ایس او موسمیاتی تبدیلی سے نمٹنے اور ماحول دوست طریقوں کو اپنانے کی اشد ضرورت کو سمجھتی ہے۔

اس کے حصول کے لیے، ہم نے پائیداری کی ایک جامع حکمت عملی نافذ کی ہے جو گرین ہاؤس گیسوں کے اخراج کو کم کرنے اور توانائی کی کھپت کو بہتر بنانے پر توجہ مرکوز کرتی ہے۔ پی ایس او نے توانائی کے شعبے کو درپیش ماحولیاتی، سماجی اور معاشی دشواریوں سے نمٹنے کے لیے ایک جامع پائیداری منصوبہ تیار کیا ہے۔

ہم ایچ ایس ای پالیسی برقرار رکھنے کا عزم رکھتے ہیں اور مندرجہ ذیل اقدامات کر چکے ہیں:

1۔ پی ایس او نے میسرز پٹکو (PITCO) پرائیویٹ لمیٹڈ کی معاونت سے کاربن کے اثرات پر ایک جامع تحقیق کا انعقاد کیا۔ اس تحقیق سے کاربن کے اخراج کے بلاواسطہ اور بالواسطہ ذرائع کی نشاندہی اور بین الاقوامی طریقے، جو جی ایچ جی پروٹوکول، پی اے ایس 2050 اور تخمینے کے دیگر معیارات استعمال کرتے ہوئے گرین ہاؤس گیس کے اخراج کا تخمینہ لگایا گیا ہے۔

2۔ پائیداری کے ہمارے عزم کے حصے کے طور پر پی ایس او نے صاف شمسی توانائی پر انحصار کرتے ہوئے کمپنی کی سہولتوں اور ریٹیل آؤٹ لیٹس کو سرگرم طور پر تبدیل کر دیا۔ اس اقدام کے باقاعدہ آغاز کے لیے پی ایس او نے ہمارے شکارپور ٹرمینل پر سولر پاور پلانٹ نصب کیا۔ سورج کی طاقت سے استفادہ کرتے ہوئے، ہم توانائی کے روایتی ذرائع پر انحصار کم کرنے اور سبز تر مستقبل کی تعمیر میں حصہ لینے کا ارادہ رکھتے ہیں۔

نیٹ زیرو اخراج

1۔ جیسا کہ کمپنی توانائی پر سرمایہ کاری کو ترجیح دیتی رہی ہے، لہٰذا، 2050ء تک ایک نیٹ زیرو اخراج والا کاروبار بننا ہمارے اسٹریٹجک نصب العین کا مرکزی نکتہ ہے۔ اس ضمن میں پی ایس او کا ارادہ ہے کہ 2035ء تک اس کے آپریشنز میں کاربن کے اخراج کو 50 فیصد تک کم کر دیا جائے۔

2۔ مزید برآں، پی ایس او نے سولر توانائی میں سرمایہ کاری بڑھاتے ہوئے برقی گاڑیوں کی چارجنگ کا انفرااسٹرکچر اور پائیدار حل تیار کرتے ہوئے اخراج میں کمی کی اپنے صارفین کی کوششوں میں نمایاں معاونت کی ہے۔

سماجی اقدامات:

ماحولیات کے تحفظ کے خیال کے ساتھ ساتھ پی ایس او سماجی ذمہ داری کو بھی ترجیح دیتی ہے۔ کمپنی مقامی آبادیوں کے ساتھ تعلیمی پروگراموں کی معاونت، نگہداشتِ صحت کے اقدامات اور کمیونٹی کی ترقی کے منصوبوں کے لیے سرگرمی سے منسلک رہتی ہے۔ پی ایس او سماج پر مثبت اثرات مرتب کرنے میں یقین رکھتی ہے اور جن آبادیوں میں یہ کام کرتی ہے ان کی بہبود کی کاوشوں میں حصہ لیتی ہے۔

1۔ صحت اور تحفظ — پی ایس او میں ہم ایچ ایس ای مینجمنٹ سسٹم کے ذریعے اپنے ملازمین، ٹھیکیداروں، صارفین، اور عوام کی بہبود اور تحفظ کو ترجیح دیتے ہیں۔ کمپنی اپنے کاروبار اور سرگرمیوں کے تمام پہلوؤں میں صحت اور تحفظ کی کارکردگی کو بنیادی اہمیت دیتے ہوئے ایچ ایس ای پالیسی پر من وعن عمل کرنے کا عزم رکھتی ہے۔

پی ایس او میں ہماری کوششوں کا مرکز منصفانہ اور ذمہ دار کاروبار کا فروغ ہے جس میں کارپوریٹ سماجی ذمہ داری اور اخلاقی طریقوں کو سب سے زیادہ اہمیت دی جاتی ہے۔ اس مقصد کے لیے ہم نے مندرجہ ذیل عہد کیے ہیں:

i. ایک جامع اور متنوع جائے کار کا فروغ جہاں ہر فرد کو اہمیت اور تکریم کا احساس ملے۔
ii. بین الاقوامی سطح پر تسلیم شدہ معیارات کے مطابق انسانی حقوق کا خیال رکھنا۔
iii. مقامی آبادیوں کی نمو اور ترقی میں حصہ لینے کے لیے مقامی آبادیوں میں سرمایہ کاری
iv. معاشرے پر مثبت اثرات کی تعمیر کے لیے رفاہی سرگرمیوں سے منسلک ہونا۔
v. دیانت داری اور بھروسے کو یقینی بنانے کے لیے اخلاقی کاروباری طریقوں کی قابلِ تحسین سطح کو برقرار رکھنا۔

اس عہد کی پاسداری کرتے ہوئے، کمپنی ایک ایسی تنظیم کی تشکیل کی کوشش کرتی ہے جہاں نہ صرف کاروباری برتری حاصل کی جائے بلکہ معاشرے کی بہتری میں بھی سرگرمی سے حصہ لیا جائے۔

نظم ونسق:

پی ایس او اچھے نظم ونسق کے طریقوں کی اہمیت کو سمجھتی ہے اور شفافیت، احتساب اور اخلاقی برتاؤ کو یقینی بنانے کے لیے ٹھوس نظام اور پروسس کا نفاذ کر چکی ہے۔ کمپنی کمپلائنس کے سخت معیارات پر قائم رہتی ہے، شفاف کاروباری طریقوں کا فروغ دیتی ہے اور اپنے متعلقہ فریقوں (اسٹیک ہولڈرز) میں اعتماد کو پروان چڑھاتی ہے۔

رپورٹ برائے شیئر ہولڈرز

زندگی کو فروغ دینا اور سب کے لیے کام کے معاون اور سازگار ماحول کو فروغ دینا ہے۔

وسل بلوئنگ پالیسی

پی ایس او اپنے آپریشنز کے تمام پہلوؤں میں شفافیت، احتساب اور اخلاقی طرزِ عمل کو ترجیح دیتی ہے۔ ان اقدار کی برقراری کو یقینی بنانے کے لیے، کمپنی نے ایک وسل بلوئنگ پالیسی نافذ کی ہے جو ان افراد کی حوصلہ افزائی اور حفاظت کرتی ہے جو ہمارے ادارے کے اندر کسی بھی غلط کام یا غیر اخلاقی طرزِ عمل کے بارے میں خدشات کا اظہار کرتے ہیں۔ پی ایس او کی وسل بلوئنگ پالیسی ملازمین، ٹھیکیداروں، سپلائرز اور دیگر اسٹیک ہولڈرز کو دھوکہ دہی، بدعنوانی یا قوانین اور ضوابط کی خلاف ورزیوں جیسی کسی بھی بدانتظامی کی اطلاع دینے کے لیے ایک محفوظ اور خفیہ پلیٹ فارم فراہم کرتی ہے۔ کمپنی ایک ایسے کلچر کو فروغ دینے کی اہمیت کو سمجھتی ہے جہاں افراد آواز اٹھانے کے لیے بااختیار محسوس کرتے ہیں، اور ہم منصفانہ اور غیر جانبدارانہ انداز میں تمام رپورٹس کی مکمل تحقیقات کرنے کے لیے پرعزم ہیں۔

پی ایس او اس بات پر یقین رکھتی ہے کہ وسل بلوئرز (آواز اٹھانے والے) کمپنی کی سالمیت کے تحفظ میں اہم کردار ادا کرتے ہیں، اور انہیں ضروری مدد اور تحفظ فراہم کرنے کے لیے وقف ہیں۔ بولنے کی ثقافت کو فعال طور پر فروغ دے کر، پی ایس او کا مقصد ایک ایسا ماحول پیدا کرنا ہے جہاں اخلاقی رویے کی نہ صرف توقع کی جاتی ہے بلکہ اسے تسلیم کیا جاتا ہے۔

کاروباری اصول اور اخلاقیات کی پالیسی

پی ایس او کے کاروباری اصول اور اخلاقیات کی پالیسی تمام ملازمین کے لیے رہنما قطب نما کے طور پر کام کرتی ہے، جو ان کے کاروباری اور پیشہ ورانہ سرگرمیوں کو انجام دینے کے لیے ایک حتمی معیار قائم کرتی ہے۔ اعلیٰ ترین اخلاقی معیارات سے غیر متزلزل وابستگی کے ساتھ کمپنی خود کو اپنی بنیادی اقدار سے ہم آہنگ کرتی ہے اور پی ایس او کے مفادات کو کسی بھی ذاتی فائدے پر ترجیح دیتی ہے۔

ان اصولوں پر قائم رہتے ہوئے پی ایس او نہ صرف اپنی سالمیت کو برقرار رکھتی ہے بلکہ کمپنی کے اندر اعتماد اور شفافیت کے کلچر کو بھی فروغ دیتی ہے۔ یہ پالیسی ایک مضبوط اساس قائم کرتی ہے جو ملازمین کو اخلاقی فیصلے کرنے اور ایک قابلِ اعتماد اور ذمہ دار کارپوریٹ ادارے کے طور پر کمپنی کی ساکھ کو برقرار رکھنے کے قابل بناتی ہے۔

مفادات کے تصادم کی پالیسی

کمپنی کی پالیسی کو مخصوص حالات کی فعال طور پر نشاندہی کرنے کے لیے وضع کیا گیا ہے جو ممکنہ طور پر کمپنی کے مفادات سے متصادم ہو سکتے ہیں۔ شفافیت کو برقرار رکھنے اور ہمارے فیصلہ سازی کے عمل میں منصفانہ برتاؤ اور غیر جانبداری کے اصولوں کو برقرار رکھنے کے لیے، پی ایس او کسی بھی ممکنہ تنازعات کے ریکارڈ کو اپ ڈیٹ اور برقرار رکھنے کے لیے سالانہ جائزہ لیتی ہے۔ یہ عمل اس بات کی ضمانت دیتا ہے کہ ہمارے ملازمین کسی بھی نوع کے تنازعات سے نمٹنے اور ان کے تصفیے کے لیے پوری طرح سے باخبر اور لیس ہیں۔

ممکنہ تنازعات کا مستقل جائزہ لے کر اور ان سے نمٹنے کے ذریعے، پی ایس او کام کے ایک ہم آہنگ اور اخلاقی ماحول کو یقینی بناتی ہے، جہاں تمام فیصلے ایمانداری اور کمپنی کے بہترین مفاد میں کیے جاتے ہیں۔

ماحولیاتی سماجی نظم و نسق

پی ایس او ماحولیاتی، سماجی اور نظم و نسق کے بہترین طریقے اپنانے کے سفر کی جانب گامزن ہو چکی ہے جس کا مقصد پائیداری اور ذمہ دار کاروباری آپریشنز کا فروغ ہے۔

ماحولیات

پی ایس او اس بات کو تسلیم کرتی ہے کہ ماحولیاتی مسائل انتہائی اہمیت کے حامل ہیں اور ہم ماحولیاتی منفی اثرات میں کمی کے عزم پر قائم ہیں۔ مختلف اقدامات، جیسے توانائی کو محفوظ کرنے کے پروگرام (انرجی کنزرویشن پروگرامز)، اور صاف ترٹیکنالوجیوں کو اپنانے کے ذریعے، پی ایس او آلودگی کے اخراج میں کمی اور سبز تر مستقبل کو فروغ دینے کا ارادہ رکھتی ہے۔

ہم پی ایس ای پالیسی برقرار رکھنے کا عزم رکھتے ہیں اور مندرجہ ذیل اقدامات کر چکے ہیں:

- پی ایس او کے مرکزی کمانڈ اینڈ کنٹرول سسٹم کے ساتھ اضافی 600 ریٹیل شاپس کا انضمام، جس سے مجموعی تعداد 1000 تک پہنچ گئی۔ بروقت نگرانی کا یہ نظام کمپنی کو موثر نگرانی، کنٹرول اور آپریشنز کی منصوبہ بندی کرنے کے قابل بناتا ہے۔ یہ قیمتوں کو اپ ڈیٹ کرنے میں انسانی مداخلت کی ضرورت کو بھی ختم کرتا ہے۔
- 3 اضافی مقامات: فیصل آباد، ماچھیکے اور سہالہ میں ٹینک لاریوں کے لیے آٹومیٹڈ کیو مینجمنٹ اینڈ شیڈولنگ سسٹم (اے کیو ایم ایس) کا نفاذ۔ اس طرح اے کیو ایم ایس کے حامل کل مقامات کی تعداد 7 ہوگئی ہے، جس میں کراچی کے 4 مقامات بھی شامل ہیں۔ یہ نظام اوزان کی تقسیم کو خودکار بناتا ہے اور انسانی مداخلت کی ضرورت کے بغیر بھرنے (فلنگ) کے لیے ٹوکن تیار کرتا ہے۔

ان اقدامات کے ذریعے، ہم اپنے سپلائی چین آپریشنز میں انقلاب لا رہے ہیں اور کارکردگی، شفافیت اور تاثیر کو بڑھانے کے لیے جدید ٹیکنالوجی کو اپنا رہے ہیں۔

انسانی وسائل (ہیومن ریسورسز)

پی ایس او تسلیم کرتی ہے کہ ہمارے ملازمین ہمارا سب سے بڑا اثاثہ ہیں۔ انسانی وسائل کے انتظام کے طریقوں کو بہتر بنانے پر توجہ مرکوز کرتے ہوئے ہمارا مقصد ایک ایسی جائے کار تشکیل دینا ہے جہاں افراد ترقی کر سکیں، کمپنی کی کامیابی میں حصہ لے سکیں، اور بالآخر پاکستان میں توانائی کی صنعت کی نمو اور ترقی کو آگے بڑھا سکیں۔

دوران سال، پی ایس او نے ملازمین کی کارکردگی کا جامع نقطہ نظر سے جائزہ لینے کے لیے ایک جامع 360 ڈگری فیڈ بیک سسٹم کا نفاذ کیا۔ اس عمل میں ماتحتوں، ساتھیوں، سپر وائزرز اور خود ملازمین کی آرا شامل ہیں، جو کمپنی کو انفرادی کارکردگی کی جامع تفہیم فراہم کرتی ہیں۔

ملازمین کی ترقی اور نمو کے لیے، پی ایس او نے ان کی صلاحیتوں کو فروغ دینے کے لیے پاکستان بھر میں ہمارے مینجمنٹ ملازمین کے لیے ایک ٹیلنٹ میپنگ کی مشق کا انعقاد کیا گیا۔ اس جائزے سے پی ایس او کو موجودہ مہارتوں کی نشاندہی کرنے اور بہتری کے شعبوں کی شناخت کرنے کا موقع ملا، جس نے جانشینی کی منصوبہ بندی کو ہموار کرتے ہوئے موجودہ اور مستقبل کی تنظیمی ضروریات کو پورا کرنے کے لیے ملازمین کی ترقی کے لیے ایک ٹھوس اساس فراہم کی۔

شفافیت اور باہمی بات چیت کو یقینی بنانے کے لیے پی ایس او نے ایک کارپوریٹ ٹاؤن ہال اجلاس کا انعقاد کیا جس میں پاکستان بھر سے دو ہزار سے زائد ملازمین نے شرکت کی۔ اس اجتماع نے مالی نتائج، آپریشنل کارکردگی، آنے والے چیلنجوں، اور کمپنی کی مستقبل کی سمت کے بارے میں تبادلہ خیال اور باہمی اشتراک کے لیے ایک پلیٹ فارم کے طور پر کام کیا۔

جاب مارکیٹ میں کامیابی کے لیے طلبا کو ضروری مہارتوں اور علم سے لیس کرنے کے ہمارے عزم کے لیے، پی ایس او نے مختلف یونیورسٹیوں میں منعقدہ کیریئر میلوں میں حصہ لیا۔ ان تقریبات میں فعال شرکت سے پی ایس او کا مقصد ہنرمند اور قابل افرادی قوت کی ترقی میں اپنا کردار ادا کرنا ہے۔

پی ایس او اپنی افرادی قوت میں جس میں مینجمنٹ کیڈر میں 8 فیصد خواتین شامل ہیں، تنوع اور مساوی مواقع کی فراہمی کو یقینی بنانے کے لئے کوشاں ہے۔ ان ملازمین کی پیشہ ورانہ اور گھریلو زندگی میں توازن برقرار رکھنے کے لئے، کمپنی نے اپنے ہیڈ آفس میں ایک ڈے کیئر فیسیلیٹی قائم کر رکھی ہے جہاں بچوں کی نشوونما کے لئے ایک محفوظ اور صحت مندانہ ماحول پایا جاتا ہے۔ اس کے علاوہ، منفرد صلاحیتوں کے حامل اور کم سہولت یافتہ پس منظر سے تعلق رکھنے والے افراد کو بھی اپنی افرادی قوت میں شامل کرنے کی بھرپور کوشش کی جاتی ہے، جس کے نتیجے میں کام کے لئے ایک متنوع اور جامع ماحول تشکیل پاتا ہے۔

ملک بھر میں اپنے ملازمین کے لیے سیکھنے کے مواقع کو بڑھانے کے لیے، پی ایس او نے "پی ایس او لرننگ اکیڈمی" کا آغاز کیا۔ یہ جدید آن لائن لرننگ مینجمنٹ سسٹم سیکھنے کے مواد کی فراہمی اور انتظام کے لیے ایک مرکزی پلیٹ فارم کے طور پر کام کرتی ہے، اور تمام پی ایس او ملازمین کے لیے قابل رسائی اور موثر پیشہ ورانہ ترقی کو یقینی بناتی ہے۔

دوران سال، پی ایس او نے متعدد تقریبات کا اہتمام کیا، جس میں ویمنز ڈے اور ملازمین کی فلاح و بہبود کے دیگر پروگرام شامل ہیں۔ ان اقدامات کا مقصد صحت مند

رپورٹ برائے شیئر ہولڈرز

آپریشنز

پی ایس او نے اپنی سپلائی چین کو مستحکم بنانے اور ملک بھر میں اپنے صارفین کو ہموار، مؤثر اور قابلِ بھروسا مصنوعات کی فراہمی کو یقینی بنانے کے لیے انفرا اسٹرکچر کی تشکیل میں سرمایہ کاری کو ترجیح دی ہے۔

پی ایس او کے ریا بلیٹی پروگرام کے ایک حصے کے طور پر، کمپنی نے زیرِ جائزہ مدت کے دوران 79 ہزار ٹن کی ذخیرہ کاری (اسٹوریج) کی سہولتوں کو کامیابی کے ساتھ بحال کیا ہے۔ مزید برآں، کمپنی اس وقت فیصل آباد، تخت آباد اور محمود کوٹ ٹرمینلز پر 91 ہزار ٹن کی نئی اسٹوریج کی استعداد تیار کر رہی ہے۔ ان اقدامات سے کمپنی کی پاکستان بھر میں اسٹوریج کی مجموعی صلاحیت 1.23 ملین ٹن تک بڑھ جائے گی۔ اسٹوریج کی صلاحیتوں کو بڑھانے سے پی ایس او سال بھر میں 90 فیصد سے زائد آپریشنل دستیابی برقرار رکھنے کے قابل ہو جائے گی۔

اقتصادی دشواریوں اور آب و ہوا سے متعلق درپیش آفات، جس کی وجہ سے پٹرولیم مصنوعات کی مجموعی طلب میں نمایاں کمی واقع ہوئی ہے، کے باوجود پی ایس او نے معقول درآمدی طریقہ کار اور مقامی ریفائنریوں کی اصلاح کے ذریعے ذخیرہ اندوزی کو کم سے کم کرنے میں کامیابی حاصل کی ہے۔ ان اقدامات سے نہ صرف ذخیرہ اندوزی کے مالی اثرات میں کمی آئی ہے بلکہ پی ایس او کو بھاری ہرجانوں سے بچنے میں بھی مدد ملی ہے۔

مزید برآں، پی ایس او واحد آئل مارکیٹنگ کمپنی تھی، جس نے وائٹ آئل پائپ لائن (ڈبلیو او پی) کے ذریعے موگیس کی ٹرانس شپمنٹ کو برقرار رکھا ہے۔ صرف گزشتہ ایک سال کے دوران کمپنی نے اس پائپ لائن کے ذریعے 834 ہزار ٹن موگیس کو کامیابی سے منتقل کیا ہے۔ اس کامیابی کے نتیجے میں نہ صرف مال برداری کے اخراجات میں نمایاں بچت ہوئی ہے بلکہ ہمارے کاربن کے اثرات (فٹ پرنٹ) کو کم کرنے کے عزم کو تقویت ملی ہے۔

انفرا اسٹرکچر میں مسلسل سرمایہ کاری، ہماری انوینٹری (ذخیرے) کو مؤثر طریقے سے منظم کرنے اور وائٹ آئل پائپ لائن جیسے جدید نقل و حمل کے طریقوں کو استعمال کرتے ہوئے، پی ایس او اپنے صارفین کو پٹرولیم مصنوعات کی قابلِ اعتماد اور ماحولیاتی طور پر باشعور رسد فراہم کرنے کے لیے پرعزم ہے۔

ٹیکنالوجی

پی ایس او اس بات پر یقین رکھتی ہے کہ ٹیکنالوجی ہماری کمپنی کی قدر کو بڑھانے میں ایک اہم کردار ادا کرتی ہے۔ کارکردگی کو بہتر بنانے اور خطرات کو کم سے کم کرنے کے لیے کمپنی اپنے آپریشنل کنٹرول میں ٹیکنالوجی کا استعمال کرنے کے لیے پرعزم ہے۔ ہمارے ڈیجیٹل اقدامات ہماری ڈیجیٹل ٹرانسفارمیشن کی حکمتِ عملی سے ہم آہنگ ہیں اور اس کا مقصد اینڈ ٹو اینڈ ڈیجیٹل فٹ پرنٹ کے ساتھ ہماری سپلائی چین کے لیے ایک جامع ڈیجیٹل رسائی پیدا کرتا ہے۔

مسلسل ڈیجیٹل ٹرانسفارمیشن کے اس سفر کے ایک حصے کے طور پر، ہم نے رواں برس متعدد منصوبوں کو کامیابی سے مکمل کیا ہے، جس کے نتیجے میں ڈیٹا کی پیداوار، نظام میں انضمام (سسٹم انٹیگریشن)، اور ہماری سپلائی چین کے آپریشنز کی بہتر نگرانی میں اضافہ ہوا ہے۔ ان منصوبوں میں مندرجہ ذیل امور شامل ہیں:

- ماچھیکے اور سہالہ ٹرمینلز کو خودکار نظام سے منسلک کر دیا گیا جس کے نتیجے میں آٹومیٹڈ ٹرمینلز کی تعداد 5 ہو گئی ہے اور اس کے ذریعے ایک ہموار آپریشن اور پروڈکٹس کے صحیح معیار اور مقدار کو یقینی بنانے میں مدد ملی ہے۔

- ڈیجی کیش (ڈیجیٹل کیش استعمال کرنے والی) کیمونٹی میں فنڈز اور پوائنٹس کی بلاتعطل منتقلی کو آسان بنانا۔

- با آسانی، نئے سلنڈروں کو پیشگی آرڈر کرنا یا ایل پی جی سلنڈروں کو تبدیل کرنا اور انہیں قریبی پی ایس او ریٹیلر شاپ سے وصول کرنا۔ کمپنی ادائیگی کے لچک دار اختیارات (آپشنز) فراہم کرتی ہے، جس سے صارفین صارف دوست موبائل ایپ کے ذریعے پیشگی ادائیگیاں یا وصولی کے وقت نقد ادائیگی کا انتخاب کر سکتے ہیں۔

- دروازے پر ترسیل (ڈلیوری) کے انتخاب کے ذریعے، پی ایس او لبریکنٹس کے لیے کسٹمر آرڈرز اور ڈلیوری کے تجربے کو بہتر بنانا، صارفین کو مختلف قسم کے پی ایس او لبریکنٹس کے انتخاب میں سہولت فراہم کرنا، بروقت ٹیکنیشنز کے ساتھ آن لائن بکنگ کے ذریعے بروقت سروس کو یقینی بنانا۔

- پی ایس او والٹ، پی ایس او کارڈ، بینک کارڈز اور کیش آن ڈلیوری (ترسیل پر ادائیگی) سمیت بہتر اور آسان ادائیگی کے آپشنز

مزید برآں، پی ایس او نے ڈیجی کیش ایپ کے صارفین کے لیے ون لنک خدمات کے استعمال کو بہتر بنایا ہے۔ اس بہتری سے ورچوئل اکاؤنٹ سسٹم کے ذریعے ٹاپ اپ (top-up) فعالیت کی سہولت دی گئی ہے، جس سے صارفین کو اپنے اکاؤنٹس میں رقوم ڈالنے کے زیادہ آسان طریقے فراہم کیے گئے ہیں۔

نان فیول ریٹیل

پی ایس او میں، ہمارا نصب العین ہے کہ ریٹیل آؤٹ لیٹس کے وسیع نیٹ ورک میں انقلاب لایا جائے، انہیں صارفین کے لیے "تجربے کے مراکز (Experience Centers)" میں تبدیل کیا جائے، جو روایتی فیول اسٹیشنوں سے کہیں بڑھ کر ہوں۔ یہ مراکز صارفین کو ون اسٹاپ سولیوشن فراہم کریں گے مختلف قدر افزائی کی خدمات کی پیش کش کی جائے گی جس میں کنوینئنس اسٹورز، کوئیک سروس ریسٹورنٹس اور دیگر سہولتیں شامل ہیں۔

پی ایس او پہلی آئل مارکیٹنگ کمپنی (او ایم سی) بن گئی ہے جس نے لاہور اور اسلام آباد کو ملانے والے ملک کے مصروف ترین انٹرسٹی روٹس میں سے ایک پر ای وی چارجر انفرااسٹرکچر کی تنصیب کی ہے۔ یہ 2 جدید ترین ای وی چارجرز اہم تزویراتی طور پر شمال اور جنوب میں بھیرہ سروس ایریا میں اسٹریٹجک طور پر نصب کیے گئے ہیں۔ مزید برآں لاہور اور اسلام آباد کے اہم شہروں میں مزید 2 چارجرز نصب کیے گئے ہیں جس سے ان کی کل تعداد 4 ہو گئی ہے جو ای وی مالکان کے لیے چارجنگ کی سہولتوں کی دستیابی کو یقینی بناتے ہیں۔

مزید برآں، پی ایس او نے 200 سے زائد پی ایس او شاپ اسپیس قائم کر کے اپنی رسائی کو بڑھانے میں نمایاں پیش رفت کی ہے۔ یہ آسان اور قابل رسائی مقامات، دور دراز علاقوں دور افتادہ مقامات تک پھیلے ہوئے ہیں، اور جو کوئٹہ، ایبٹ آباد اور سوات جیسے خطوں میں کنوینئنس اسٹور کا تجربہ فراہم کرتے ہیں۔ اس اقدام کا مقصد ان علاقوں میں صارفین کو ضروری خدمات اور مصنوعات فراہم کرتے ہوئے اس بات کو یقینی بنانا ہے کہ انہیں اپنے دیگر شہروں میں بسنے والے لوگوں کی طرح اعلیٰ معیار کی سہولتوں تک رسائی حاصل ہو۔

کسٹمر سروس

پی ایس او کا کال سینٹر ہمارے کاروبار کے لیے رابطے کا اولین مقام ہے اور غیر معمولی کسٹمر کیئر فراہم کرنے میں اہم کردار ادا کرتا ہے۔ پی ایس او کی برانڈ ایکویٹی کو تشکیل دینے اور اسے برقرار رکھنے میں متعلق کیئر لائن کی اہمیت کو تسلیم کرتے ہوئے، کمپنی نے کال سینٹر آپریشنز کو جدید اور بہتر بنانے کے لیے اقدامات کیے ہیں۔

مزید برآں، ہم نے اپنے فورکورٹ عملے کی تربیت میں فعال طور پر سرمایہ کاری کی ہے، تاکہ اس بات کو یقینی بنایا جائے کہ وہ بہترین خدمت فراہم کرنے کے لیے ضروری مہارتوں سے لیس ہیں۔ پی ایس او نے ریٹیل آؤٹ لیٹس پر 100 سے زائد کسٹمر کیئر ڈیز کا اہتمام کیا، جو صارف کے مجموعی تجربے کو بہتر بنانے کے لیے منائے گئے تھے۔

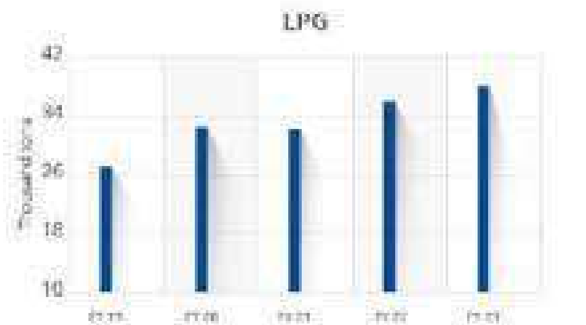
رپورٹ برائے شیئر ہولڈرز

1. پی ایس او کیریئنٹ مکمل طور پر مصنوعی اے پی آئی ایس این ایس اے ای 5ڈبلیو-30
2. پی ایس او کیریئنٹ الٹرا اے پی آئی ایس این-ریسورس کنزرونگ-ایس اے ای 10ڈبلیو-30
3. پی ایس او ڈی ای او 8000 اے پی آئی سی آئی-4/ ایس ایل ایس اے ای 15ڈبلیو-40

مائع پٹرولیم گیس (ایل پی جی)

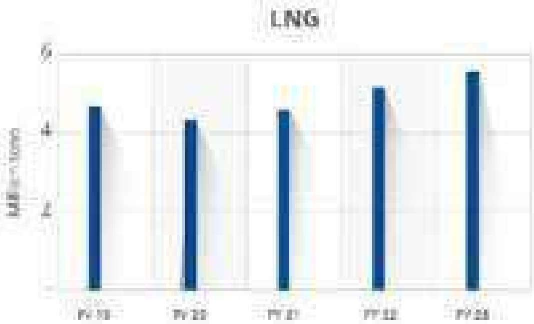
ایل پی جی کی صنعت پاکستان میں گیس کے مقامی وسائل کی قلت اور ترسیل وتقسیم کے انفرااسٹرکچر کی کمی سے دوچار ہے۔ ایک قابلِ اعتماد اور ثابت شدہ متبادل ایندھن کی حیثیت سے ایل پی جی ملک کے گھریلو، تجارتی اور صنعتی شعبوں میں نمو کی بے پناہ صلاحیت رکھتی ہے۔ قابلِ ذکر بات یہ ہے کہ گزشتہ برس کے مقابلے میں صنعت نے 6 فیصد نمو حاصل کی، جس کی بنیادی وجہ ملک میں پائپ لائن گیس کی قلت ہے۔

اس پروڈکٹ میں پی ایس او نے اپنے کاروبار کو وسعت دی اور 9 فیصد نمو کے ساتھ 40.3 ہزار ٹن کی ریکارڈ فروخت کی۔



مائع قدرتی گیس (ایل این جی)

ملک میں ایل این جی درآمد کرنے والے سب سے بڑے ادارے کی حیثیت سے پی ایس او نے قطر گیس کے ساتھ حکومتی بنیادوں پر 2 طویل مدتی معاہدے کیے ہیں، جو مجموعی طور پر سالانہ 6.75 ملین ٹن ایل این جی کی فراہمی کی ضمانت دیتے ہیں۔ دورانِ سال پی ایس او نے کامیابی کے ساتھ 98 ایل این جی جہاز درآمد کیے جن کی مجموعی مقدار تقریباً 6 ملین ٹن رہی۔ تمام متعلقہ فریقوں کے ساتھ قریبی رابطے کے ذریعے سپلائی چین کی ہموار کارروائیوں کو یقینی بنایا گیا۔



پاکستان کے لیے ایک اہم سنگ میل کے طور پر، پی ایس او نے لندن کی بین الاقوامی ثالثی عدالت میں گوونر (Guvnor) کے خلاف ایک ہائی پروفائل مقدمے میں اہم کامیابی حاصل کرتے ہوئے 14.6 ملین ڈالر ریکور کیے۔ یہ کامیابی پاکستان کی تقریباً دو دہائی کے بعد بین الاقوامی ثالثی کیس میں تاریخی فتح کی علامت ہے۔

فیول کارڈز اور فیول لنک

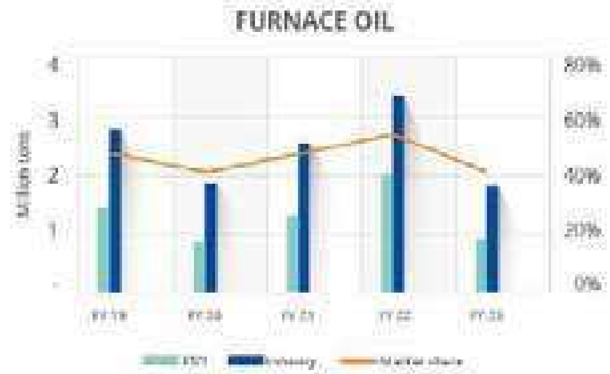
صنعت بھر میں حجم کی کھپت میں کمی کے باوجود، پی ایس او کارڈز نے صنعت کے رجحان کا مقابلہ کیا اور گزشتہ برس کے مقابلے میں 50 فیصد سے زائد کی متاثر کن مجموعی نمو حاصل کی، نتیجتاً، مجموعی آمدنی میں 56 فیصد اضافہ ہوا۔

دورانِ سال، پی ایس او نے بینک کارڈز کے لین دین پر قابلِ اطلاق، ایک سازگار مرچنٹ ڈسکاؤنٹ ریٹ (ایم ڈی آر) کے حوالے سے کامیابی سے بات چیت کی۔ اس کامیابی سے سالانہ 300 ملین روپے سے زائد کی بچت ہوئی جس سے کمپنی طویل عرصے تک مستفید ہوتی رہے گی۔

پی ایس او نے اپنے صارفین کے لیے بے مثال سہولت پیش کرنے اور ایک ہموار ڈیجیٹل عمل کے لیے اپنی موبائل ایپلی کیشن فیول لنک کے ذریعے ایک انقلابی قدم اٹھایا ہے۔ کمپنی کی نئے خطوط پر استوار ایپ میں متعدد جدید خصوصیات موجود ہیں، جو صارفین کے تجربے کو بہتر بنانے اور پی ایس او کی خدمات کے ساتھ ان کے باہمی رابطے کو آسان بنانے کے لیے ڈیزائن کی گئی ہیں۔ اضافی خصوصیات میں مندرجہ ذیل امور شامل ہیں:

فرنس آئل

فرنس آئل کی صنعت کو نمایاں سست روی کا سامنا کرنا پڑا۔ مون سون کے طویل موسم نیز ملک کے انرجی مکس میں تبدیلی کی وجہ سے پاور سیکٹر کی جانب سے طلب میں کمی کو فروخت میں 46 فیصد کمی کی بنیادی وجہ قرار دیا جا سکتا ہے۔ نیوکلیئر، کوئلے اور ہائیڈل پاور پلانٹس کی شمولیت نے طلب کی حرکیات کو تبدیل کر دیا ہے، جس کے نتیجے میں فرنس آئل پر انحصار کم ہوا ہے۔



دوران سال، کمپنی نے 1.1 ملین ٹن فرنس آئل فروخت کیا۔ پی ایس او بدلتے ہوئے توانائی کے منظر نامے کی ضروریات کو سمجھتی ہے اور اس سے ہم آہنگ ہونے اور مسابقت برقرار رکھنے کے لیے فعال طور پر متبادل حکمت عملی تلاش کر رہی ہے۔

لبریکنٹس

توانائی کے شعبے کی مجموعی صورت حال کی طرح، لبریکینٹ کی صنعت بھی مختلف عوامل سے نمایاں طور پر متاثر ہوئی ہے۔ صنعت کا موجودہ منظر نامہ کئی دشواریوں سے متاثر ہوا ہے، جن میں بڑھتی ہوئی مہنگائی، پاکستانی روپے کی شرح مبادلہ میں اتار چڑھاؤ، درآمدی پابندیاں، گاڑیوں کی فروخت میں کمی، بڑھتی ہوئی قیمتیں اور بلند مالی لاگتیں شامل ہیں۔

نتیجتاً، لبریکینٹ کی فروخت میں گزشتہ برس کے مقابلے میں 16 فیصد کی نمایاں کمی دکھائی دی۔ تاہم پی ایس او کا مارکیٹ شیئر 25.2 فیصد تک پہنچ گیا یعنی 1.3 فیصد اضافہ ہوا۔

پی ایس او میں، ہمارا عزم عالمی معیارات کے مطابق بہتر مصنوعات کی تسلسل سے تیاری میں مضمر ہے، تاکہ مستقل طور پر صارفین کی ضروریات کو پورا کیا جا سکے۔ دوران سال، پی ایس او نے لبریکینٹ کے پورٹ فولیو میں نمایاں اضافے اور اپ گریڈ کیے ہیں، جن میں درج ذیل شامل ہیں:

- ہمارے صارفین کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے گاڑیوں کے لبریکینٹ کی رینج میں 2 اعلیٰ درجے کی مصنوعات متعارف کرائی گئیں:
  1. پی ایس او کیرینٹ ایس-پرو- آپٹی کور ٹیکنالوجی- اے پی آئی ایس پی (وسکوسٹی 0ڈبلیو-20 اور 5ڈبلیو-30)
  2. پی ایس او ڈیوٹیکس- آکسیڈیشن ریزسٹنس ٹیکنالوجی- اے پی آئی سی کے-4 / ایس اے ای 15 ڈبلیو-40- یہ پاکستان کا پہلا مکمل طور پر مصنوعی ہیوی ڈیوٹی ڈیزل انجن آئل ہے۔
- اوپن گیئرز کے لیے مصنوعی گیئر آئل، پی ایس او سنتھیٹک ایس ایم او گولڈ کو شامل کیا گیا۔ اس نے چینی کی صنعت میں اپنی جگہ بناتے ہوئے، حقیقی ماحول میں جانچ (فیلڈ ٹرائلز) میں کامیاب کارکردگی کا مظاہرہ کیا ہے۔
- ہمارے لبریکنٹس میں سے ایک، پی ایس او ڈی ای او 8000 اے پی آئی سی آئی-4 / ایس اے ای 15 ڈبلیو-40 کے لیے والوو گروپ ٹرک ٹیکنالوجی کی جانب سے او ای ایم منظوری حاصل کی۔ یہ سنگ میل اعلیٰ معیار کی مصنوعات، جو والوو جیسے صنعت کے سرکردہ اداروں کے طے کردہ سخت معیارات پر پوری اترتی ہیں، کی فراہمی کے لیے ہمارے عزم کو اجاگر کرتا ہے۔
- مندرجہ ذیل مصنوعات کے لیے اے پی آئی لائسنس حاصل کیا گیا:

رپورٹ برائے شیئر ہولڈرز

موگیس

غیر متزلزل لگن اور کوشش کے ساتھ موگیس کی صنعت میں اپنے مارکیٹ شیئر کو 44.2 فیصد پر برقرار رکھتے ہوئے پی ایس او نے کامیابی کے ساتھ اپنی قائدانہ حیثیت کو برقرار رکھا۔ موجودہ اقتصادی دشواریوں کے باوجود، جن کی وجہ سے ملک میں پٹرول کی مجموعی فروخت میں کمی واقع ہوئی، دوران سال پی ایس او 3.3 ملین ٹن فروخت میں کامیاب رہا۔ کمپنی کی بہترین خدمت اور اعلیٰ معیار کی مصنوعات کی مسلسل فراہمی کے عزم نے پی ایس او کو مارکیٹ کے کشیدہ حالات سے گزرنے اور ایندھن کی صنعت میں ایک قابلِ اعتماد اور بھروسہ مند شراکت دار کے طور پر ابھرنے میں مدد کی۔

ڈیزل

حالیہ رجحانات کے مطابق، صنعت میں ڈیزل کی فروخت میں نمایاں کمی واقع ہوئی ہے۔ اس تنزلی کی وجہ معاشی تخفیف، سیلاب، ٹریکٹروں کی فروخت میں 48 فیصد کی نمایاں کمی، ایندھن کی قیمتوں میں مسلسل اضافہ اور مغربی سرحد سے (پٹرولیم مصنوعات کی) آمد شامل ہیں۔ اس کے نتیجے میں، سال کے لیے ڈیزل کی کل فروخت 6.4 ملین ٹن تک محدود رہی۔ قابلِ ذکر بات یہ ہے کہ صنعت میں تقریباً 29 فیصد کی کمی دیکھی گئی جبکہ پی ایس او میں 25 فیصد کی معمولی کمی دیکھی گئی۔ دوران سال پی ایس او نے 3.4 ملین ٹن ڈیزل فروخت کیا اور 54.4 فیصد مارکیٹ شیئر حاصل کیا جو گزشتہ سال کے مقابلے میں 2.8 فیصد زیادہ ہے۔

جیٹ فیول

پی ایس او نے جیٹ فیول کی صنعت میں 98 فیصد کے مارکیٹ شیئر کے ساتھ اپنی قائدانہ حیثیت کو برقرار رکھا۔ غیر معمولی پیش رفت کا مظاہرہ کرتے ہوئے، کمپنی نے گزشتہ برس کے مقابلے میں 21 فیصد کی نمایاں نمو حاصل کی، جس کے نتیجے میں دوران سال 621 ہزار ٹن کے مجموعی حجم کی فروخت ہوئی۔ متعدد نئی ایئرلائنز کے ساتھ کمپنی کی اسٹریٹجک شراکت داری کو اس اہم کامیابی کی وجہ قرار دیا جاسکتا ہے، جس نے صارفی اساس کو مزید وسعت دی اور اس صنعت میں کمپنی کی قائدانہ حیثیت کو تقویت دی۔

واضح رہے کہ ایوی ایشن کے کاروبار میں پی ایس او کی شمولیت نے پاکستان کے زرمبادلہ کے ذخائر کو بڑھانے میں اہم کردار ادا کیا ہے۔ بین الاقوامی ایئرلائنز کو ایندھن کی فراہمی کی خدمات سے پی ایس او نے محاصل کی مد میں ملک کے لیے 293 ملین ڈالر حاصل کیے۔

ہیں۔ سازگار کاروباری ماحول کو فروغ دے کر، انسانی سرمائے میں اضافے اور جدت طرازی کو فروغ دے کر، پاکستان اپنی حقیقی معاشی صلاحیتوں سے استفادہ کر سکتا ہے اور جامع اور مساوی ترقی کی راہ پر گامزن ہو سکتا ہے۔

پٹرولیم کی صنعت کا عمومی جائزہ

پاکستان میں پٹرولیم کی صنعت ملکی معیشت میں اہم کردار ادا کرتی ہے۔ پاکستان اپنی توانائی کی ضروریات کو پورا کرنے کے لیے پٹرولیم کی صنعت پر بہت زیادہ انحصار کرتا ہے۔ پاکستان میں پٹرولیم کی صنعت کو مختلف چیلنجز کا سامنا ہے، جن میں عالمی سطح پر تیل کی قیمتوں میں اتار چڑھاؤ، جغرافیائی سیاسی غیر یقینی صورت حال، سلامتی کو لاحق خدشات اور انفرااسٹرکچر کی رکاوٹیں شامل ہیں۔ مزید برآں، ملک کی بڑھتی ہوئی آبادی اور توانائی کی روز افزوں طلب، ہر دم بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے صنعت پر اضافی دباؤ ڈالتی ہے۔

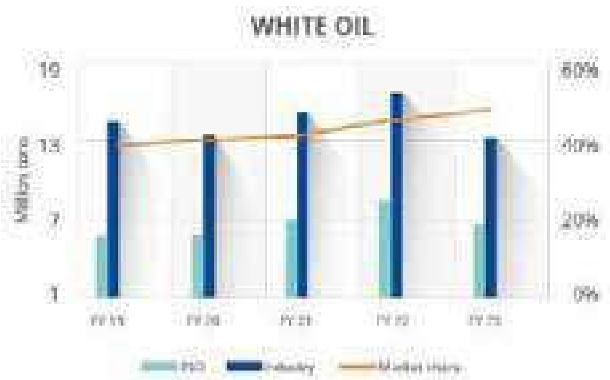
پٹرول کی فروخت میں 17 فیصد اور ڈیزل کی فروخت میں 29 فیصد کمی کے ساتھ پاکستان میں پٹرولیم کی صنعت کو وائٹ آئل کی فروخت میں 22 فیصد کی نمایاں کمی کا سامنا کرنا پڑا۔ اس کمی کی متعدد وجوہات ہو سکتی ہیں جن میں اقتصادی سرگرمیوں میں سست روی، ایندھن کی قیمتوں میں اضافہ اور مغربی سرحد سے پٹرولیم مصنوعات کی آمد شامل ہیں۔ مزید برآں، بلیک آئل کی طلب میں 45 فیصد کی نمایاں کمی واقع ہوئی، جس کی بنیادی وجہ فرنس آئل پر مبنی توانائی کی پیداوار میں 62 فیصد کی سال بہ سال کمی تھی۔ توانائی کی پیداوار میں اس کمی کی وجہ ملک کے اندر بجلی کی پیداوار میں آنے والی 10 فیصد کمی تھی۔ مجموعی طور پر پاکستان میں مائع ایندھن کی کھپت 16.9 ملین ٹن رہی جو گزشتہ برس کے مقابلے میں 26 فیصد کم ہے۔

مزید برآں، کاروں کی فروخت میں گزشتہ برس کے مقابلے میں تقریباً 59 فیصد کمی کے ساتھ گاڑیوں کی فروخت نمایاں طور پر گھٹ گئی۔ اس کمی کے ساتھ گاڑیوں کی صنعت میں 38 فیصد کی مجموعی کمی آئی۔ کاروں کی بڑھتی ہوئی قیمتوں اور گاڑیوں کے قرضوں پر بلند شرح سود کے نفاذ کے نتیجے میں اس رجحان کے آئندہ سال تک جاری رہنے کا امکان ہے۔

کمپنی کی کارکردگی

ملک میں صفِ اوّل کی توانائی کمپنی کی حیثیت سے پی ایس او ملک بھر میں ایندھن کی دستیابی اور تقسیم کو یقینی بنانے میں اہم کردار ادا کرتی ہے۔

درپیش متعدد دشواریوں کے باوجود، پی ایس او نے غیر معمولی لچک کا مظاہرہ کیا اور ملک کی وائٹ آئل مارکیٹ میں اپنی مضبوط حیثیت کو مزید مستحکم کیا۔ انجمالی مسابقتی منظرنامے میں، پی ایس او نے وائٹ آئل مارکیٹ کے شیئر میں 1.8 فیصد اضافے کے ساتھ ایک غالب پلیئر کے طور پر اپنی پوزیشن کو مزید مستحکم کیا، اور اپنی گزشتہ برس کی کارکردگی کو پیچھے چھوڑتے ہوئے صنعت کے کل حجم کا تقریباً 51 فیصد حاصل کیا۔ قابلِ ذکر بات یہ ہے کہ کمپنی کی مثبت رفتار کو ڈیزل کے سیگمنٹ میں اس کی کارکردگی سے منسوب کیا جا سکتا ہے، جہاں اس کا مارکیٹ شیئر 2.8 فیصد کے نمایاں اضافے سے 54.4 فیصد ہو گیا۔ یہ نتائج پی ایس او کے غیر متزلزل عزم اور دشوار گزار حالات میں کمپنی کی خود کو بدلنے اور کامیابی حاصل کرنے کی صلاحیت کی عکاسی کرتے ہیں۔



پاکستان کی ایندھن کی ضروریات کو پورا کرنے کے ہمارے عزم کے تحت پی ایس او نے دورانِ سال اپنے نیٹ ورک میں 49 نئے ریٹیل آؤٹ لیٹس کی شمولیت سے کامیابی کے ساتھ اپنی ریٹیل کی رسائی کو بڑھایا ہے، جس سے کمپنی کے وسیع نیٹ ورک کے آؤٹ لیٹس کی تعداد بڑھ کر 3,528 تک پہنچ گئی ہے، جو ملک بھر میں پھیلے ہوئے ہیں۔

رپورٹ برائے شیئر ہولڈرز

پاکستان اسٹیٹ آئل (پی ایس او) کے بورڈ آف مینجمنٹ کی جانب سے 30 جون 2023 کو ختم ہونے والے مالی سال کے لیے کمپنی کی جامع مالی اور آپریشنل کارکردگی پیش خدمت ہے۔ اس رپورٹ میں زیر جائزہ مدت کے دوران پی ایس او کی کامیابیوں اور نمایاں پیش رفت پر روشنی ڈالی گئی ہے۔

عالمی اقتصادی ماحول

آج کی تیز رفتار اور باہم مربوط دنیا میں عالمی اقتصادی ماحول کاروباری اداروں کے لیے کامیابی کی راہ کو متعین کرنے میں اہم کردار ادا کرتا ہے۔ چونکہ مارکیٹس متواتر باہم پیوست ہو رہی ہیں اور سرحدیں دھندلی ہوتی جا رہی ہیں، اس لیے متعلقہ فریقوں (اسٹیک ہولڈرز) کے لیے ضروری ہے کہ وہ بین الاقوامی معیشت کی مسلسل بدلتی ہوئی حرکیات پر نظر رکھیں۔ تجارتی معاہدوں کا پیچیدہ جال، جغرافیائی سیاسی تناؤ، تکنیکی پیش رفتیں، اور صارفین کے بدلتے ہوئے رویے یہ سب عالمی اقتصادی منظر نامے کی پیچیدہ بنت میں کردار ادا کرتے ہیں۔

عالمی معیشت کو اس وقت متعدد چیلنجز درپیش ہیں، کیونکہ بڑھتی ہوئی مہنگائی، شرح سود میں اضافے، سرمایہ کاری میں کمی اور عالمی تنازعات کے باعث مسلسل تعطل جیسے عوامل کی وجہ سے نمو سست روی کا شکار ہے۔ مزید برآں، دنیا بھر میں اشیائے خورونوش کی قیمتوں میں مہنگائی کی بلند شرح برقرار ہے، جس سے صورت حال مزید ابتر ہو رہی ہے، جبکہ کئی ممالک مہنگائی کی دو ہندسی شرح سے دوچار ہیں۔

ابھرتی ہوئی مارکیٹس اور ترقی پذیر معیشتوں (ای ایم ڈی ایز) کو عالمی شرح سود میں اضافے کے اثرات کی وجہ سے مالی دباؤ کے بڑھتے ہوئے خطرے کا سامنا ہے۔ وبائی مرض، یوکرین پر روسی حملے اور دشوار عالمی مالی حالات نے ان معیشتوں میں نمو کی پیش رفت کو نمایاں دھچکا پہنچایا ہے۔ نتیجتاً، پاکستان میں مطلق خطرے کے پھیلاؤ میں اضافہ، مقامی کرنسیوں کی قدر میں کمی، اور پہلے سے محدود مالی گنجائش میں مزید کمی دکھائی دی ہے۔ نتیجتاً، ان معیشتوں کے لیے نمو کے تخمینوں میں کافی حد تک ردوبدل کی گئی ہے، جو کیلنڈر سال 2023ء میں 3 فیصد سے بھی کم ہونے کی توقع ہے۔

پاکستان کا اقتصادی جائزہ

دیگر ترقی پذیر ممالک کی طرح پاکستان کو بھی مالی سال 23 کے دوران مالی خدشات کا سامنا کرنا پڑا۔ مالیاتی اور بیرونی عوامل میں بہت زیادہ عدم توازن سے نمٹنے کے لیے، حکومت نے سخت پالیسی اقدامات کا نفاذ کیا، جس کی وجہ سے ملک کی اقتصادی نمو میں سست روی آئی۔

دوران سال جی ڈی پی میں 0.3 فیصد کی معمولی نمو دکھائی دی۔ تاہم یہ صورت حال تمام شعبوں میں یکساں نہیں تھی۔ لارج اسکیل مینوفیکچرنگ سیکٹر کو 10.3 فیصد کی نمایاں کمی کا سامنا کرنا پڑا جو درپیش چیلنجز کی نشاندہی کرتی ہے۔ دوسری جانب سروس سیکٹر میں 0.9 فیصد کی معمولی نمو دیکھنے میں آئی جو توسیع کی سست رفتاری کی نشاندہی کرتی ہے۔ شدید سیلاب کی تباہ کاریوں کے باوجود زرعی شعبے نے مشکلات کا مقابلہ کیا اور 1.6 فیصد کی قابل ستائش شرح نمو حاصل کرنے میں کامیاب رہا۔

عالمی قیمتوں میں بے تحاشا اضافے کی وجہ سے غذائی اجناس کی قیمتوں اور کاروبار کرنے کی لاگت دونوں میں نمایاں اضافہ ہوا ہے جبکہ پاکستانی روپے کی قدر پر بہت زیادہ دباؤ پڑا ہے۔ صارف اشاریہ قیمت (کنزیومر پرائس انڈیکس - سی پی آئی) مہنگائی کی شرح گزشتہ برس کے 12.2 فیصد سے بڑھ کر 29.2 فیصد ہو گئی۔

ان چیلنجوں سے نمٹنے کے لیے، مرکزی بینک نے پالیسی ریٹ میں 825 بیسس پوائنٹس کا اضافہ کیا اور مہنگائی کی بلند شرح کے باعث پیدا ہونے والے عدم توازن سے نمٹنے کے لیے اسے 22 فیصد تک پہنچا دیا۔

تاہم بلند شرح سود اور درآمدی پابندیوں سمیت ان سخت اقدامات نے کاروباری اداروں اور صارفین دونوں کے لیے مشکلات پیدا کر دی ہیں۔ قرضوں کی بڑھتی ہوئی لاگت اور درآمدی اشیا تک محدود رسائی نے معیشت کے لیے مزید دشواریاں پیدا کر دی ہیں۔

مختلف مشکلات کا سامنا کرنے کے باوجود، پاکستان نے استقامت کا مظاہرہ کیا ہے اور امید افزا نمو کے امکان کا اظہار کیا ہے۔ معیشت کو متنوع بنانے، انفراسٹرکچر کو بہتر بنانے اور بیرونی سرمایہ کاری کو راغب کرنے کی کوششوں کے مثبت نتائج برآمد ہوئے

چیئرمین کی جانب سے ایک جائزہ

چارجنگ میں سرمایہ کاری اور وائٹ آئل پائپ لائن کے ذریعے ماحول دوست ایندھن کی نقل وحمل کے فروغ سے پائیداری کے لیے پرعزم ہے جس کا مقصد یہ ہے کہ ان سب چیزوں کا ماحولیاتی اثر کم سے کم ہو اور طویل مدت کے پیمانے پر سازگار مالیاتی نتائج کو یقینی بنایا جاسکے۔

اسی طرح، پی آر ایل بھی اپنی صلاحیتوں کو بڑھاتے ہوئے آگے بڑھنے کے سفر پر گامزن ہے اور براؤن فیلڈ پالیسی کے ذریعے اپنی ریفائنری کی پائیداری کو مستحکم کر رہی ہے۔

بورڈ کی کارکردگی

بورڈ کاروبار کی اخلاقی اور باضابطہ اقدار اور طرزِ عمل کو یقینی بنانے کیلئے مکمل طور پر پرعزم ہے اور گڈ کارپوریٹ گورننس کے تحت اپنے شیئر ہولڈرز کے مفاد میں کام کر رہا ہے۔ یہ انتظامیہ کی کارکردگی کی بطور نگرانی اور ممکنہ خطرات جو کہ کمپنی کو متاثر کر سکتے ہیں، کی تخمینہ کاری کے ذریعے اسٹریٹیجک اور نظم و نسق کے امور کی لگاتار جانچ پڑتال کرتا رہا ہے۔ یہ بورڈ کمپنی کی منصوبہ بندی اور فیصلہ سازی کے طریقہ کار کی کارکردگی و استعداد، جس کی اعانت اس کی سب کمیٹیاں کرتی ہیں، کی توثیق کرتا ہے، جو منطقی عمل کو بڑھانے اور تجویز کرنے کے لیے مختلف شعبوں کی نشاندہی کی غرض سے بنیادی کردار ادا کرتے رہے ہیں اور باخبر فیصلہ سازی میں سہولیات بھی بہم پہنچاتے رہے ہیں۔

29 مئی 2023ء کو تین آزاد اراکین کے سبکدوش ہونے کے بعد بورڈ آف مینجمنٹ از سرِ نو تشکیل دیا گیا جس میں مجھ سمیت 4 نئے آزاد اراکین شامل کیے گئے۔ میں سابق اراکین کی شراکت، وژن اور نگرانی کے لیے ان کا شکر گزار ہوں جنہوں نے پی ایس او کی کامیابی کے لئے اپنا کردار ادا کیا۔

رواں سال، بورڈ نے کارپوریٹ گورننس کے بہترین طور طریقوں کے مطابق اپنی کمیٹیوں اور بورڈ کے انفرادی ممبران کے ساتھ اپنی سالانہ کارکردگی کا جائزہ لینا جاری رکھا۔ بورڈ کی کارکردگی موثر رہی اور ان کی اجتماعی شراکت اور کوششوں نے گروپ کو اپنے مقاصد حاصل کرنے کا موقع دیا۔ پی ایس او اپنے گروپ میں ترقی کے قابلِ ذکر مواقع سے فائدہ اٹھانے کے لیے اپنی لگن میں ثابت قدم رہی۔ تاہم، کمپنی مالیاتی چیلنجز کی زد میں رہی ہے، خاص طور پر بڑھتے ہوئے گردشی قرضوں کی وصولی، قرضوں کی بہت زیادہ لاگت، کمپنی کے ورکنگ کیپٹل اور لیکویڈیٹی کی پوزیشن کو دباؤ میں رکھا ہوا ہے۔

مستقبل کی صورتحال

گروپ تنوع و ترقی کیلئے موجودہ مواقع اچھی طرح بروئے کار لانے کیلئے پرعزم ہے اور پاکستان کے لیے توانائی کے پائیدار مستقبل کے فروغ کے سلسلے میں اپنا کردار مسلسل ادا کرتا رہے گا جبکہ اپنی مارکیٹ لیڈرشپ کو مستحکم کرتے ہوئے اپنے شیئر ہولڈرز کیلئے قدر میں اضافہ جاری رکھے گا۔ موجودہ اقتصادی منظرنامہ مع گردشی قرضہ جات اور عالمی سیاسی ہلچل سے ممکن ہے کہ پیٹرولیم مصنوعات کی طلب و رسد اور گروپ کی مالی صلاحیتوں پر کوئی اثر مرتب ہو جائے۔ بورڈ، انتظامیہ کے ساتھ مل کر حکمت عملی مرتب کرنے کے لئے کوشاں ہے تا کہ ان دشوار اوقات میں پوری مستعدی اور استقامت کے ساتھ چیلنجز کا سامنا کیا جاسکے۔

بورڈ اس امر پر بھروسہ رکھتا ہے کہ دوران سال جو اقدامات اٹھائے گئے، گروپ تمام اسٹیک ہولڈرز کے لئے مستحکم فوائد کو یقینی بنائے گا اور یہ تنوع اور ترقی کے سفر کے اگلے مرحلے کے آغاز کے لئے بالکل تیار ہے۔ تنوع کی طویل المدت حکمت عملی کے تحت پی ایس او نے نئی کمپنیاں تشکیل دی ہیں جن میں سیرےسا (پرائیویٹ) لمیٹڈ، پی ایس او ری نیو ایبل انرجی (پرائیویٹ) لمیٹڈ اور پی ایس او وینچر (پرائیویٹ) لمیٹڈ شامل ہیں جو شیئر ہولڈرز کے سرمایہ کی قدر میں اضافے اور امکانات کے نئے در کھولیں گی۔

میں اپنی انتظامیہ سے ان کے عزم و حوصلے کے لیے اظہار تشکر کرتا ہوں، اپنے پارٹنرز کے تعاون کے لئے شکر گزار ہوں، اور اپنے تمام اسٹیک ہولڈرز کا بھی شکریہ ادا کرتا ہوں جنہوں نے اپنے بھرپور اعتماد اور بھروسے سے نوازا۔ میں حکومتِ پاکستان خاص طور پر وزارت توانائی (پیٹرولیم ڈویژن) کے مسلسل تعاون اور کارکردگی کے ہمارے سفر میں رہنمائی کے لیے بھی شکریہ ادا کرتا ہوں۔

آصف بیگ محمد

چیئرمین

23 اگست 2023ء

کراچی

چیئرمین کی جانب سے ایک جائزہ

معزز شیئر ہولڈرز،

بورڈ آف مینجمنٹ کی جانب سے مجھے پی ایس او اور اس کے ذیلی ادارے، پاکستان ریفائنری لمیٹڈ کی 30 جون 2023، کو ختم ہونے والے مالی سال کی کارکردگی پیش کرتے ہوئے خوشی ہو رہی ہے۔

گزشتہ مالیاتی مدت میں گروپ اور خاص طور پر پی ایس او نے ایک چیلنجنگ پس منظر کا سامنا کرتے ہوئے استقامت کا مظاہرہ کیا ہے۔ معاشی غیر یقینی صورتحال اور عالمی منڈی کے اتار چڑھاؤ کے ہنگامہ خیز حالات میں بھی اپنے سفر کو جاری و ساری رکھنے میں کامیاب رہی ہے۔ بورڈ گروپ کی کارکردگی سے مطمئن ہے اور پی ایس او کی جانب سے شروع کیے گئے متنوع کے اقدامات کو سراہتا ہے کیونکہ وہ تمام اسٹیک ہولڈرز کے لیے قدر کو یقینی بناتے ہوئے اس کے طویل مدتی اہداف اور وژن کے ساتھ مکمل ہم آہنگی رکھتے ہیں۔

معاشی جائزہ

بڑھتے ہوئی افراط زر، بڑھتی ہوئی شرح سود، سرمایہ کاری میں کمی اور عالمی تنازعات سے پیدا ہونے والی مسلسل رکاوٹوں کی وجہ سے عالمی اقتصادی ترقی میں تیزی سے کمی واقع ہوئی۔ وبائی امراض کے جاری جھٹکوں، روس-یوکرین تنازعہ، اور سخت عالمی مالیاتی حالات کے درمیان شدید مندی نے ابھرتی ہوئی منڈیوں اور ترقی پذیر معیشتوں (EMDE) کی ترقی کو دھچکا پہنچایا۔ اس سے خطرات کے آزادانہ پھیلاؤ، کرنسی کی قدر میں کمی، اور مالیاتی صلاحیت پر مزید دباؤ پیدا ہوا ہے۔ نتیجتاً ان معیشتوں کے لیے ترقی کی پیشن گوئیں میں نمایاں طور پر نیچے کی طرف اشارہ کیا گیا ہے، 2023 میں ترقی کی توقعات 3% سے نیچے آ جائیں گی۔

پاکستان کا معاشی اور عملی منظر نامہ توانائی کے شعبے کے لیے کافی چیلنجز کا باعث بن رہا ہے۔ سال کے آغاز میں آنے والے تباہ کن سیلاب اس کے بعد بے انتہا بڑھتی ہوئی مہنگائی اور مالیاتی لاگت، مغربی سرحد سے تیل کی مصنوعات کا پھیلاؤ اور کرنسی کی قدر میں تیزی سے کمی، ان سب کا تیل کی صنعت پر نمایاں اثر پڑا ہے۔ مالیاتی اور بیرونی عوامل میں اچھے خاصے عدم توازن کو دور کرنے کے لیے پالیسی سخت کرنے کے نتیجے میں ملک کی اقتصادی ترقی سست پڑ گئی۔ لارج اسکیل مینوفیکچرنگ میں کمی آئی، تاہم سروس اور زراعت کے شعبوں میں معمولی اضافہ دیکھنے میں آیا۔

حد سے زیادہ عالمی قیمتوں کے نتیجے میں خوراک کی قیمتوں اور کاروباری اداروں کے اخراجات میں اضافہ ہوا، جس کے ساتھ ساتھ پاکستانی روپے پر ضرورت سے زیادہ دباؤ پڑا۔ ان عدم توازن کو دور کرنے کے لیے بلند شرح سود اور درآمدات پر پابندی جیسے سخت اقدامات کے نفاذ نے کاروبار اور صارفین دونوں کے لیے چیلنجز پیدا کیے ہیں۔

گروپ کی کارکردگی

ان مشکل حالات میں بھی، پی ایس او ملک کی انرجی سپلائی چین کے تحفظ کیلئے پرعزم رہی ہے اور 5.7 ارب روپے کا بعد از ٹیکس منافع حاصل کر لیا۔ بورڈ آف مینجمنٹ نے بھی مالی سال 23-2022ء کیلئے 7.50 روپے فی حصص یعنی 75% منافع منقسمہ کا اعلان کیا ہے۔ اس کے علاوہ، پی ایس او کے ذیلی ادارے، پی آر ایل نے 1.8 ارب روپے کے بعد از ٹیکس کا منافع حاصل کیا جبکہ مجموعی ریونیو 326 ارب روپے کی سطح تک پہنچ گئے۔ مجموعی طور پر گروپ کا کل بعد از ٹیکس منافع 9.3 ارب روپے رہا۔

توانائی کے شعبے میں اپنے قائدانہ مقام کو تقویت دیتے ہوئے، کمپنی 50.4% کے مجموعی مارکیٹ شیئر کے نتیجے کے حصول میں تمام بڑے پورٹ فولیوز کے اپنے مارکیٹ شیئرز کو بڑھانے میں بھی کامیاب رہی۔ پی ایس او 51% شیئرز کے ساتھ وائٹ آئل مارکیٹ میں اپنا غلبہ برقرار رکھا اور اس کے ساتھ 98% جیٹ فیول کا شاندار مارکیٹ شیئر بھی قائم رکھا۔ بورڈ کی رہنمائی کے ساتھ مینجمنٹ نے دوران سال کمپنی کو سرگرم و مستعد رکھا اور اس بات کو یقینی بنایا کہ کمپنی بہتر سے بہتر کارکردگی کا مظاہرہ کرے اور شیئر ہولڈرز کیلئے قدر افزودگی کیلئے کوشاں اور منظم رہے۔

گزشتہ چند برسوں کے دوران، پی ایس او ایک مستعد اور پروگریسو توانائی کمپنی میں تبدیل ہو چکی ہے اور آٹومیشن و ڈیجیٹلائزیشن اپنے اسٹوریج انفرااسٹرکچر کی توسیع و بہتری، فن ٹیک کے میدان میں تنوع اور کاربن فٹ پرنٹ میں کمی کے لیے پائیداری کے اقدامات کے آغاز کے ذریعے تسلسل کے ساتھ ارتقاء پذیر رہی ہے جبکہ قوم کے لئے سپلائی چین کو مستحکم بناتے ہوئے انرجی سیکیورٹی کو بھی یقینی بنایا ہے۔ اس کے علاوہ انتہائی جدید ترین ٹیکنالوجیز کو یکجا کر کے اپنی فیسلیٹیز کی سولرائزیشن، الیکٹرک وہیکل

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ

سینتالیسواں سالانہ اجلاس عام-2023

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 ہٰذا جناب/محترمہ ________________________________

ساکن ________________________________ (مکمل پتہ)

یا ان کی جگہ جناب/محترمہ ________________________________

ساکن ________________________________ (مکمل پتہ)

کا تقرر کرتا / کرتی ہوں / کرتے ہیں کہ وہ بروز جمعرات 26 اکتوبر، 2023 کو صبح 11:00 بجے یا التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے سینتالیسویں سالانہ اجلاس عام میں میرے/ ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ ہماری طرف سے ____________ 2023 کو دستخط کئے گئے۔

گواہان:

1) دستخط: ________________

نام: ________________

شناختی کارڈ نمبر: ________________

پتہ: ________________

____

2) دستخط: ________________

نام: ________________

شناختی کارڈ نمبر: ________________

پتہ: ________________

____

5 روپے کا رسیدی ٹکٹ چسپاں کریں

____

ممبر کے دستخط

(یہ دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

اہم نوٹ:

1) اجلاس ہٰذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر اپنی جانب سے شرکت اور ووٹ دینے کے لئے کسی دوسرے فرد کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔

2) پراکسی دستاویز اور پاور آف اٹارنی جس کے تحت اس پراکسی پر دستخط کئے گئے ہوں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل، اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس بمقام پی ایس او ہاؤس، خیابانِ اقبال، کلفٹن، کراچی میں جمع کروائی جائیں۔

3) CDC شیئرز ہولڈرز یا ان کے پراکسیز اپنے اصل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل ساتھ منسلک کریں۔

Pakistan State Oil Company Limited

Forty-Seventh Annual General Meeting - 2023

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 47th Annual General Meeting of the company to be held on Thursday, October 26, 2023 at 11:00 am and at any adjournment thereof.

Signed by me/us this ______________ day of ______________ 2023.

Witnesses:

1. Signature: ______________
   Name: ______________
   CNIC No.: ______________
   Address: ______________
   ____

2. Signature: ______________
   Name: ______________
   CNIC No.: ______________
   Address: ______________
   ____

Please affix Revenue Stamp of Rs. 5

____

Signature of Member

(Signature should agree with the specimen signature registered with the company)

Important:

1. A member entitled to attend and vote at 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. This 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.

PSO House, Khayaban-e-Iqbal, Clifton, Karachi-75600, Pakistan.
UAN: (92-21) 111-111-PSO (776) | Ta'aluq Care Line: 0800-03000 | Website: www.psopk.com

NIKMAT