Shell House, 6 Ch. Khaliquzzaman Road, Karachi-75530.
Tel: +92 (21) 111-888-222 Fax: +92 (21) 3563-0110
Email: generalpublicenquiries-pk@shell.com

Innovation in Energy

Annual Report 2023

Table of Contents

Governance and Compliance

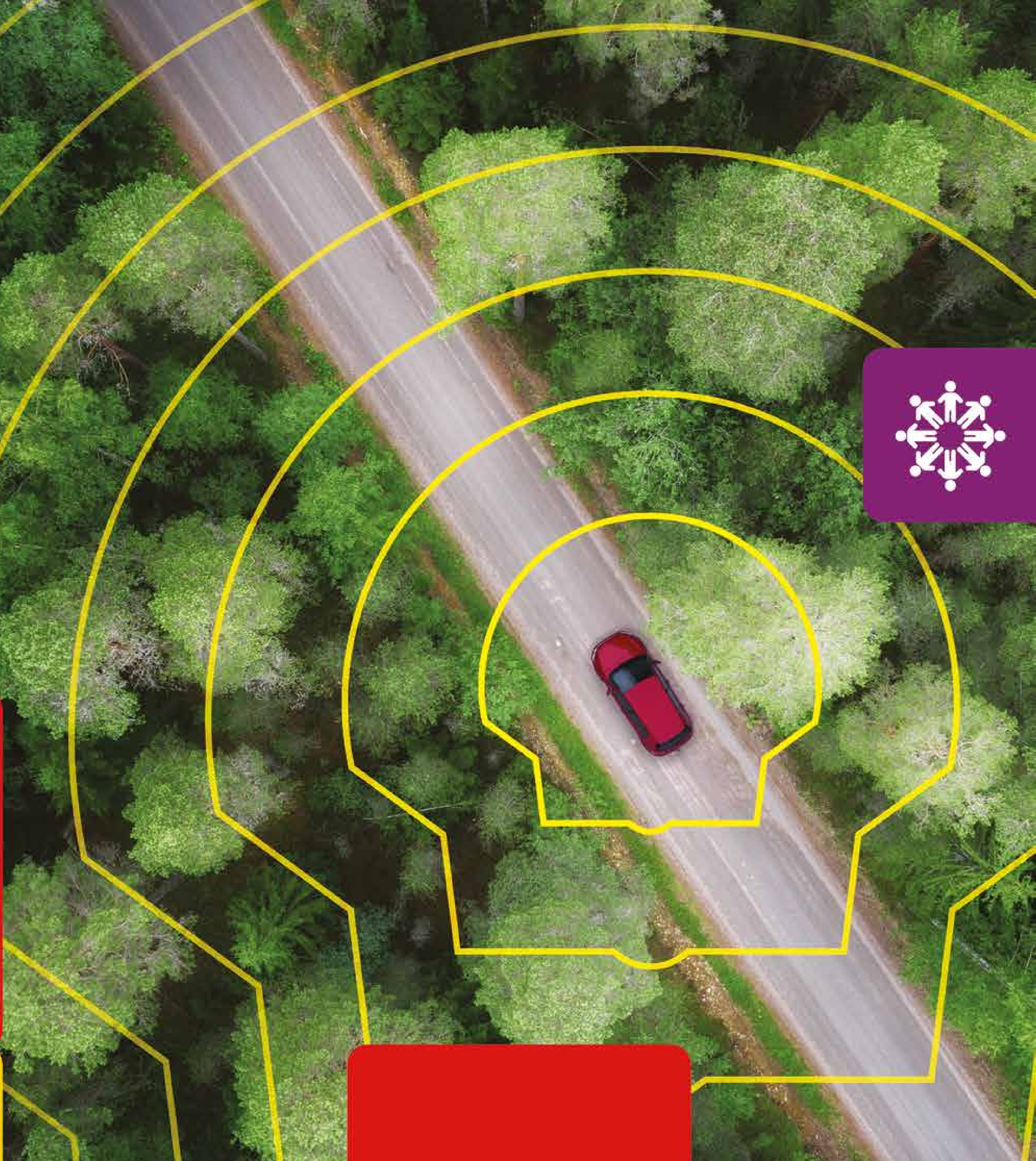
Our Performance

Financials

Innovation to Progress

Built on more than 100 years of technological innovation, our company's future performance depends on the successful development and deployment of new technologies and new products.

With highly-skilled people, Shell invests in Research & Development (R&D) for evolving new solutions that support energy activities. We are able to leverage human ingenuity not only to unlock more, cleaner energy on an ongoing basis, but also to deliver more value through enhanced processes that strengthens our performance in already operating assets.



Company Information

Board of Directors	Zain K. Hak (Chairperson) Waqar I. Siddiqui Rafi H. Basheer Parvez Ghias Imran R. Ibrahim Madiha Khalid Zaffar A. Khan John King Chong Lo Zarrar Mahmud Amir R. Paracha Badaruddin F. Vellani
Chief Executive	Waqar I. Siddiqui
Audit Committee	Imran R. Ibrahim (Chairperson) Rafi H. Basheer Badaruddin F. Vellani
Human Resource and Remuneration Committee	Zaffar A. Khan (Chairperson) Parvez Ghias Zain K. Hak Waqar I. Siddiqui
Company Secretary	Lalarukh Hussain – Shaikh
Registered Office	Shell House 6, Ch. Khaliquzzaman Road Karachi–75530 Pakistan
Auditors	EY Ford Rhodes
Legal Advisors	Vellani & Vellani Advocates & Solicitors
Registrar & Share Registration Office	FAMCO Share Registration Services (Pvt) Ltd. 8-F, next to Hotel Faran, Nursery Block-6, P.E.C.H.S. Shahra-e-Faisal Karachi-75400

Statement of General Business Principles

The Shell General Business Principles govern how each of the Shell companies which make up the Shell Group* conducts its affairs.

*Shell plc and the companies in which it directly or indirectly owns investments are separate and distinct entities. But in this publication, the collective expressions 'Shell' and 'Shell Group' may be used for convenience where reference is made in general to those companies. Likewise, the words 'we', 'us', 'our' and 'ourselves' are used in some places to refer to the companies of the Shell Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.

Living By Our Principles

The objectives of the Shell Group are to engage efficiently, responsibly and profitably in oil, gas, chemicals and other selected businesses and to participate in the search for and development of other sources of energy to meet evolving customer needs and the world's growing demand for energy.

Our shared core values of honesty, integrity and respect for people underpin all the work we do and are the foundation of our Business Principles.

The Business Principles apply to all transactions, large or small, and drive the behaviour expected of every employee in every Shell company in the conduct of its business at all times.

We are judged by how we act. Our reputation will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to live by them or by equivalent principles.

It is the responsibility of management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit as well as with the letter of this statement.

The application of these principles is underpinned by a comprehensive set of assurance procedures, which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In turn, it is the responsibility of Shell employees to report suspected breaches of the Business Principles to Shell.

The Business Principles have for many years been fundamental to how we conduct our business and living by them is crucial to our continued success.

OUR CORE VALUES

Honesty
Integrity
Respect

OUR BUSINESS PRINCIPLES

- Economic
- Competition
- Business Integrity
- Political Activities
- Health, Safety, Security and the Environment
- Local Communities
- Communication and Engagement
- Compliance

Our Values

Shell employees share a set of core values – honesty, integrity and respect for people. We also firmly believe in the fundamental importance of trust, openness, teamwork and professionalism, and pride in what we do.

Sustainable Development

As part of the Business Principles, we commit to contribute to sustainable development. This requires balancing short- and long-term interests, integrating economic, environmental and social considerations into business decision-making.

Responsibilities

Shell companies recognise five areas of responsibility. It is the duty of management continuously to assess the priorities and discharge these inseparable responsibilities on the basis of that assessment.

a. To shareholders
To protect shareholders' investment, and provide a long-term return competitive with those of other leading companies in the industry.

b. To customers
To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by the requisite technological, environmental and commercial expertise.

c. To employees
To respect the human rights of our employees and to provide them with good and safe working conditions, and competitive terms and conditions of employment. To promote the development and best use of the talents of our employees; to create an inclusive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in the planning and direction of their work; to provide them with channels to report concerns. We recognise that commercial success depends on the full commitment of all employees.

d. To those with whom we do business
To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these Shell General Business Principles or equivalent principles in such relationships. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.

e. To society
To conduct business as responsible corporate members of society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

Principles

1. Economic

Long-term profitability is essential to achieving our business goals and to our continued growth. It is a measure both of efficiency and of the value that customers place on Shell products and services. It supplies the necessary corporate resources for the continuing investment that is required to develop and produce future energy supplies to meet customer needs. Without profits and a strong financial foundation, it would not be possible to fulfil our responsibilities.

Criteria for investment and divestment decisions include sustainable development considerations (economic, social and environmental) and an appraisal of the risks of the investment.

2. Competition

Shell companies support free enterprise. We seek to compete fairly and ethically and within the framework of applicable competition laws; we will not prevent others from competing freely with us.

3. Business Integrity

Shell companies insist on honesty, integrity and fairness in all aspects of our business and expect the same in our relationships with all those with whom we do business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable. Facilitation payments are also bribes and must not be made. Employees must avoid conflicts of interest between their private activities and their part in the conduct of company business. Employees must also declare to their employing company potential conflicts of interest. All business transactions on behalf of a Shell company must be reflected accurately and fairly in the accounts of the company in accordance with established procedures and are subject to audit and disclosure.

4. Political Activities

a. **Of companies**

Shell companies act in a socially responsible manner within the laws of the countries in which we operate in pursuit of our legitimate commercial objectives.

Shell companies do not make payments to political parties, organisations or their representatives. Shell companies do not take part in party politics. However, when dealing with governments, Shell companies have the right and the responsibility to make our position known on any matters, which affect us, our employees, our customers, our shareholders or local communities in a manner, which is in accordance with our values and the Business Principles.

b. **Of employees**

Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances.

5. Health, Safety, Security and the Environment

Shell companies have a systematic approach to health, safety, security and environmental management in order to achieve continuous performance improvement.

To this end, Shell companies manage these matters as critical business activities, set standards and targets for improvement, and measure, appraise and report performance externally.

We continually look for ways to reduce the environmental impact of our operations, products and services.

6. Local Communities

Shell companies aim to be good neighbours by continuously improving the ways in which we contribute directly or indirectly to the general wellbeing of the communities within which we work.

We manage the social impacts of our business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from our activities.
In addition, Shell companies take a constructive interest in societal matters, directly or indirectly related to our business.

7. Communication and Engagement

Shell companies recognise that regular dialogue and engagement with our stakeholders is essential. We are committed to reporting of our performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality. In our interactions with employees, business partners and local communities, we seek to listen and respond to them honestly and responsibly.

8. Compliance

We comply with all applicable laws and regulations of the countries in which we operate.

Chairperson's Review

For the year ended December 31, 2023

Dear Shareholders,

I am pleased to present to you the Chairperson's review for the year ended December 31, 2023. The Company successfully delivered a profit after tax of PKR 5,851 million for the year ended December 31, 2023, despite the year being marked with economic challenges and political uncertainty.

During the year, the country experienced its highest ever inflation, and the Rupee dipped to historic lows. The impact was felt across the country, with a decline in economic activity, supply chain disruptions, high fuel and borrowing costs and weak demand. These challenges led to significant reduction in industry fuel demand and heightened risks to supply security. Demand was also suppressed because of widespread availability of smuggled products. The Company remained committed to its strategic priorities of providing safe, efficient, and reliable fuel supply, and maintaining operational excellence in all aspects of its operations. The Company continues to lead the industry by prioritising safe operations throughout its business and playing a prominent role in advocating for safety.

In October 2023, The Shell Petroleum Company Limited signed an agreement to sell its 77.42% majority shareholding in the Company to Wafi Energy LLC. The transaction is expected to be completed in 2024, subject to requisite regulatory approvals, completion of legal requirements and satisfaction of other closing formalities. The Board of Directors continues to remain engaged and play a pivotal role in steering the Company during this period of transition.

Throughout the year, the Board performed its responsibilities diligently, playing a key role in monitoring management performance and successfully setting strategic goals for the Company, in line with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (and all applicable laws). The Board is cognizant of the fact that defined corporate governance processes are important to increase corporate accountability with a focus on ensuring the best standards of corporate governance.

The Board was assisted by relevant sub-committees - the Board Audit Committee and the Human Resource and Remuneration Committee, which operated as per the Code of Corporate Governance guidelines. The committees were instrumental in highlighting areas of improvement in both process and performance.

The Board ensured that there was adequate representation of non-executive and independent directors on the Board and its committees. All significant issues were presented before the Board and its committees to strengthen the corporate decision-making process, and all related party transactions executed by the Company were approved by the Board on the recommendation of the Board Audit Committee.

As we reflect on the journey of Shell Pakistan Limited over the past year, I am proud to acknowledge the unwavering dedication of our esteemed Board members and diligent employees. Their commitment to our vision has been instrumental in driving our progress and achieving our goals.

Despite the continued challenges posed by external factors such as currency devaluation, oil price volatility, and economic uncertainty, our Board of Directors and management team remain resolute in their determination to uphold our foundational principles. Together, we have maintained a steadfast focus on improving the Company's performance across all dimensions, always mindful of the diverse needs of our stakeholders.

Throughout the year, we have actively engaged with relevant government authorities, taking proactive measures to minimise the impact of these challenges and capitalise on emerging opportunities. Our efforts are aimed not only at overcoming obstacles but also at playing a pivotal role in shaping a sustainable energy future for Pakistan.

As we look ahead to the coming year, I extend my heartfelt appreciation to our shareholders, customers, and all stakeholders for their continued support and trust in Shell Pakistan Limited. With your ongoing collaboration, we are confident in our ability to navigate the complexities of the business landscape and continue serving our customers and nation with excellence. Together, let us embrace the opportunities that lie ahead.

Zain K. Hak
Chairperson

چیئرپرسن کا جائزہ

31 دسمبر 2023ء کو اختتام پذیر ہونے والے سال کے لیے

عزیز شیئر ہولڈرز،

میں 31، دسمبر 2023ء کو اختتام پذیر ہونے والے سال کے لیے چیئر پرسن کا تجزیہ پیش کرتے ہوئے مسرور ہوں۔

کمپنی نے 31 دسمبر 2023ء کو ختم ہونے والے سال کے دوران کامیابی کے ساتھ 5,851 ملین روپے کا نفع بعد از ٹیکس حاصل کیا حالانکہ یہ سال معاشی دشواریوں اور سیاسی غیر یقینی صورتِ حال سے دوچار رہا۔

دورانِ سال ملک کو اب تک کی بلند ترین مہنگائی کا سامنا کرنا پڑا اور روپیہ تاریخ کی کم ترین سطح پر پہنچ گیا۔ اقتصادی سرگرمیوں میں کمی، رسدی زنجیر میں خلل، فیول اور قرضوں کی لاگت میں اضافے اور کمزور طلب کے ساتھ ملک بھر میں اس کے اثرات محسوس کیے گئے۔ ان دشواریوں کی وجہ سے صنعت کے فیول کی طلب میں نمایاں کمی آئی اور رسد کی حفاظت سے منسلک خطرات میں اضافہ ہوا۔ اسمگل شدہ مصنوعات کی وسیع پیمانے پر دستیابی کی وجہ سے طلب بھی ماند پڑ گئی تھی۔

کمپنی فیول کی محفوظ، مؤثر اور بھروسامند فراہمی، اور اپنے آپریشنز کے تمام پہلوؤں میں آپریشنل برتری کو برقرار رکھنے کی اپنی اسٹریٹجک ترجیحات پر قائم رہی۔ کمپنی نے اپنے پورے کاروبار میں محفوظ آپریشنز کو یقینی بنانے کے لیے صنعت میں اپنا ممتاز مقام برقرار رکھا اور حفاظت کی تائید کے ضمن میں صنعت میں نمایاں کردار ادا کرتی رہی ہے۔

31 اکتوبر 2023ء کو شیل پیٹرولیم کمپنی لمیٹڈ نے کمپنی میں اپنی 77.42 فیصد کی اکثریتی شیئر ہولڈنگ کی فروخت کے لیے وافی (Wafi) انرجی ایل ایل سی کے ساتھ معاہدے پر دستخط کیے۔ توقع ہے کہ یہ ٹرانزیکشن 2024 میں مکمل ہو جائے گی جو مطلوبہ ضوابطی منظوریوں، قانونی تقاضوں کی تکمیل اور دیگر اختتامی رسمی کارروائیوں کی تکمیل سے مشروط ہے۔ بورڈ آف ڈائریکٹرز بدستور مصروفِ عمل ہیں اور منتقلی کے اس عرصے کے دوران کمپنی کو چلانے میں اہم کردار ادا کرتے رہیں گے۔

پورے سال کے دوران کمپنیز ایکٹ، 2017ء اور فہرستی کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019ء (اور تمام قابل اطلاق قوانین) کے مطابق، بورڈ نے اپنی ذمہ داریوں کو تن دہی سے نبھایا، نیز مینجمنٹ کی کارکردگی کی نگرانی اور کمپنی کے لیے اسٹریٹجک اہداف کے کامیاب حصول میں کلیدی کردار ادا کیا۔ کمپنی اس حقیقت سے بخوبی آگاہ ہے کہ کارپوریٹ نظم و نسق کے بہترین معیارات کو یقینی بنانے پر توجہ مرکوز کرنے کے ساتھ کارپوریٹ احتساب کو بڑھانے کے لیے کارپوریٹ گورننس کے معین پراسس اہمیت کے حامل ہیں۔

بورڈ کو متعلقہ ذیلی کمیٹیوں - بورڈ کی آڈٹ کمیٹی اور کمیٹی برائے افرادی وسائل و معاوضے کی معاونت حاصل رہی، جنھوں نے کوڈ آف کارپوریٹ گورننس کے رہنما خطوط کے مطابق امور انجام دیے۔ کمیٹیوں نے پراسس اور کارکردگی دونوں کے حوالے سے ان شعبوں کی نشان دہی میں اہم کردار ادا کیا جہاں بہتری کی ضرورت تھی۔

بورڈ نے یقینی بنایا کہ بورڈ اور اس کی کمیٹیوں میں نان ایگزیکٹو اور خود مختار ڈائریکٹرز کی مناسب نمائندگی موجود رہے۔ کارپوریٹ فیصلہ سازی کے عمل کو مضبوط بنانے کے لیے بورڈ اور اس کی کمیٹیوں کے سامنے تمام اہم معاملات پیش کیے گئے، اور کمپنی کی جانب سے تمام اسٹیک ہولڈرز کے ساتھ کیے گئے لین دین کو بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ نے منظور کیا۔

گذشتہ ایک سال کے دوران شیل پاکستان لمیٹڈ کے سفر پر غور کرتے ہوئے میں اپنے معزز بورڈ ارکان اور محنتی ملازمین کی غیر متزلزل لگن کا اعتراف کرتے ہوئے فخر محسوس کر رہا ہوں۔ ہمارے نصب العین کے حوالے سے ان کی وابستگی ہماری نمو کو بڑھانے اور ہمارے اہداف کے حصول میں اہم کردار ادا کرتی ہے۔

کرنسی کی قدر میں کمی، تیل کی قیمتوں میں اتار چڑھاؤ اور اقتصادی غیر یقینی صورت حال جیسے بیرونی عوامل سے پیدا ہونے والی مسلسل دشواریوں سے نبرد آزما رہنے کے باوجود ہمارے بورڈ آف ڈائریکٹرز اور مینجمنٹ ٹیم ہمارے بنیادی اصولوں کو برقرار رکھنے کے عزم پر قائم ہیں۔ ہم نے ہمیشہ مل کر اپنے اسٹیک ہولڈرز کی متنوع ضروریات کو مدنظر رکھتے ہوئے تمام جہتوں میں کمپنی کی کارکردگی کو بہتر بنانے پر مستقل توجہ مرکوز رکھی ہے۔

دورانِ سال ہم متعلقہ حکومتی حکام کے ساتھ فعال طور پر رابطے میں رہے ہیں اور ان چیلنجز کے اثرات کو کم سے کم کرنے اور ابھرتے ہوئے مواقع سے استفادے کے لیے پیش بینی اقدامات کیے ہیں۔ ہماری کوششوں کا مقصد صرف رکاوٹوں پر قابو پانا ہی نہیں بلکہ پاکستان کے لیے پائیدار توانائی کے مستقبل کی تشکیل میں اہم کردار بھی ادا کرنا ہے۔

جب ہم اگلے سال کی جانب بڑھ رہے ہیں تو میں شیل پاکستان لمیٹڈ میں مستقل معاونت اور اعتماد پر اپنے شیئر ہولڈرز، صارفین اور تمام اسٹیک ہولڈرز کا تہہ دل سے شکریہ ادا کرتا ہوں۔ آپ کے مسلسل تعاون کے ساتھ، ہم کاروباری منظر نامے کی پیچیدگیوں کو حل کرنے اور اپنے صارفین اور قوم کی بہترین خدمت جاری رکھنے کی اپنی صلاحیت کے لیے پُراعتماد ہیں۔ آیئے مل کر مستقبل کے دامن میں چھپے مواقع سے استفادہ کریں۔

زین کے حق

چیئر پرسن

Board of Directors

Zain Hak

Zain Hak is based in Singapore and is the Global Senior Vice President for Shell looking after the breadth of customer operations across the Global Downstream business. Additionally, Zain serves as Chairman on the board of Shell Pakistan Limited.

Zain brings with him 29 years of deep professional and leadership experience across Refining, Marketing, Trading & Supply and has lived in Pakistan, Singapore, Vietnam, UK, Switzerland and the US. Prior to his current role Zain was Vice President for the Global Lubricants Supply Chain and prior to that Vice President for Agriculture & Forestry. The period before then, saw Zain serve as GM Asia Commercial based in Singapore, GM Pricing Economics & Logistics for the Americas based in Houston and GM Global Licensed Markets based in Switzerland.

Waqar I. Siddiqui

Waqar I Siddiqui is the Chief Executive & Managing Director of Shell Pakistan Limited (SPL).

He has 30 years of energy industry experience. Waqar joined SPL in 2001 and has since held several roles locally and internationally at senior leadership positions. He has successfully guided Shell companies through organizational change, strategy development, mergers & acquisitions and achieving consistent performance delivery. His last role before returning to Pakistan was Managing Director of Shell Downstream Retail in PT Shell Indonesia. Waqar has been a Director on the Board of SPL since 2019.

Waqar is an internationally experienced board level executive with sustained record of business transformation achievement for Shell and other oil majors. He has a solid track record of exemplary stakeholder management experience; recognized as a trusted advisor to government regulator and is regularly consulted on high level business and sustainable development programs.

He holds BS degree in Chemical Engineering and MBA in Marketing. In addition, he holds academic and professional accreditations from Harvard Business School and University of British Columbia.

Rafi H. Basheer

Rafi Basheer is currently the global Vice President of Finance for Shell's Lubricants business and is based in Singapore. Rafi is a career finance professional and has been with Shell for the last 20+ years holding a number of Finance roles focusing on country, regional and global finance responsibilities with various stints based out of Pakistan and Singapore. He is a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and prior to Shell, worked in professional accountancy firms in London and the UAE.

Parvez Ghias

Parvez Ghias is a fellow of the Institute of Chartered Accountants from England & Wales and holds a Bachelor's degree in Economics and Statistics.

He was Chief Executive Officer at Habib University Foundation, a not-for-profit organization engaged in promotion of higher education through its flagship project the Habib University from 2017 to 2022. Prior to that Parvez Ghias was the Chief Executive Officer at Indus Motor Company from 2005 to 2016, a joint venture between the House of Habib, Toyota Motor and Toyota Tsusho Corporations, engaged in the manufacturing and marketing of Toyota brand automobiles.

His earlier career spanning 25+ years was at Engro Corporation (formerly Exxon Chemical Pakistan, an Exxon Mobil affiliate), where he undertook various assignments in Pakistan, Hong Kong and Canada, including CFO and Vice President Corporate Affairs and served as a board member of the Company and its subsidiaries. Parvez Ghias currently serves as an independent director on the boards of Shell Pakistan, Ravi Autos Sundar and HRSG and as a non-executive director on the board of Dawood Hercules Corporation. He is also a member of the advisory board at Al Karam Textile Mills Ltd.

Imran Rashid Ibrahim

Imran Rashid Ibrahim is a graduate from Government College, Lahore, and pursued post graduate studies at the Institute of Business Administration in Karachi. He is an entrepreneur with 46 years of experience in diverse areas of business such as distribution of products for various multinationals as well as cotton ginning and edible oil extraction.

He has served on the Board of Directors of Shell Pakistan Ltd., from 2008 to 2017, during which period he was also a member of the Board Audit Committee. He has also served on the Board of Directors of PICIC Asset Management Company Ltd., from 2010 to 2014.

Madiha Khalid

Madiha Khalid is the Head of Human Resources at Shell Pakistan Limited (SPL). She started her career with ABN AMRO Bank in 2005. She joined SPL in 2006 and has held a variety of local and regional roles ranging from Recruitment, Business Partnering, Change management and Talent. She has been the Head of Human Resources for SPL since 2012 and is the organizational effectiveness HR partner to all businesses in Pakistan, leading a team of HR professionals to provide full range of strategic HR support.

Madiha is a Chartered Member from the Chartered Institute of Personnel and Development (CIPD) UK, and holds an MBA degree in Human Resources.

Zaffar A. Khan

Zaffar A. Khan graduated as a Mechanical Engineer and soon thereafter joined Exxon which following an employee led buyout became known as Engro. He served the Company for 35 years the last 6 years were as the CEO. His career with Exxon included a decade of assignments in Hong Kong, USA and Singapore in the petrochemical division. Upon retirement from Engro he served as Chairman of PTCL, Karachi Stock Exchange & PIA. Currently, he is an Adjunct Professor at IBA where he teaches Human Resource Management.

He completed an Advanced Management Program from the University of Hawaii and has undertaken several short courses from the Harvard Business School & INSEAD.

Zaffar A. Khan has served on a number of diverse Boards in the Private Sector, Public Sector & Civil Society Organization. He has previously served on the Shell Pakistan Board for three terms which ended in 2017. Current Board appointments include Security Printing Corporation of Pakistan, Benazir Income Support Program, Data Check Ltd, Acumen Pakistan & Pakistan Centre for Philanthropy.

He is a recipient of Sitara e Imtiaz.

John King Chong Lo

John has over 30 years experience in the oil & gas and petrochemicals industries and has worked in variety of downstream positions. As General Manager of Trading & Supply, John is responsible to oversee Shell's Global Trading Operations and supply of fuels to customers around the world. Prior to this role, John was the General Manager Operations & Technical for Shell Aviation, where he was responsible for the operations of Shell's Global Aviation business and manages the R&D program on aviation fuels and lubricants development.

John holds a Bachelor's degree in Chemical Engineering from the University of Toronto and a MBA from the University of Durham, Business School, UK.

John also serves as the board member of Shell (Zhejiang) Petroleum Trading Limited and Shell International Shipping Services Pte. Ltd.

John also runs his own NGO called "Read-Cycling" during his personal time.

Zarrar Mahmud

Zarrar Mahmud is the Chief Financial Officer and Finance Director of Shell Pakistan Limited. Zarrar joined Shell in 2008 and has had diverse experience across many geographies such as Singapore, Brunei, Oman, Pakistan, Middle East, Central Asia and Asia Pacific. He has held roles in Integrated Gas and Downstream marketing business namely Lubricants, Retail, Commercial Fuels and Aviation. His roles include Shareholder Finance Manager in Integrated Gas non-operated ventures, Shell Director UAE (Trading & Supply) and Saudi Arabia (Aviation), Regional Finance Manager managing 10 countries, Retail Country Finance Manager for Pakistan and UAE, Lubricants Finance Manager and Pricing Specialist.

Zarrar holds a Bachelor's degree in Accounting from the London School of Economics and a Master's degree in Accounting from Cass Business School London.

Amir Paracha

Amir Paracha serves as the Chairman of the Board and Chief Executive Officer at Unilever Pakistan Limited. He began his journey with Unilever in 2000 as an Assistant Brand Manager, advancing through various Marketing and Sales leadership roles throughout his career in Pakistan and globally.

Currently, Amir spearheads the company's "Unilever for Pakistan" vision, a purpose-driven movement aimed at strengthening Unilever Pakistan's impact on the lives of Pakistani citizens by providing equitable opportunities, fostering meaningful livelihoods, and ensuring living wages. As part of this mission, he is also dedicated to promoting Unilever Pakistan's climate action by emphasizing a clean energy transition, minimizing plastic waste, and accelerating the shift toward a circular economy in Pakistan. Amir has been recognized by the Government as a "Corona War Hero" and was also conferred Shan-e-Pakistan Award by the President of Pakistan for Unilever Pakistan's COVID relief drive in the country.

Committed to collaborating with the broader industry and ecosystem, Amir serves as the President at the Overseas Investors Chamber of Commerce & Industry (OICCI). He is on the boards of Shell Pakistan Limited, Karachi Vocational Training Centre, Habib University Foundation and the Federation of Pakistan Chambers of Commerce & Industry (FPCCI). He also leads the Centre of Excellence for Responsible Business (CERB) under the Pakistan Business Council and is a Male Champion of Change under Australia (MCC)'s Pakistan Coalition

He obtained his Master's in Business Administration (MBA) from the Institute of Business Administration. His professional journey began at The Royal Dutch Shell Oil Company in 1996. Throughout his career, he has attended executive courses at prestigious institutions, including Harvard, INSEAD, and London Business School.

Amir enjoys reading, landscaping, and exploring conceptual architecture in his personal time.

Badaruddin F. Vellani

Badaruddin F. Vellani is an Honours graduate in Chemical Engineering from the Loughborough University of Technology, Leicestershire and a Barrister-at-Law from the Middle Temple (London). He was called to the Bar in 1982 and commenced legal practice in Karachi immediately thereafter.

He is enrolled as an Advocate of the Supreme Court of Pakistan and is the Senior Partner at the law firm, Vellani & Vellani. In addition to his legal practice, he is also member of the Board of Directors in a number of multinational companies and several philanthropic organizations and foundations.

Report of Directors

For the year ended December 31, 2023

Dear Shareholders,

The Directors of the Company present the Annual Report together with the audited financial statements for the year ended December 31, 2023.

The profit for the year ended December 31, 2023, after providing for administrative, marketing and distribution expenses, financial and other charges amounts to:

	Rupees in Million
Profit before taxation	**7,247**
Taxation	(1,395)
Net Profit for the year ended December 31, 2023	**5,851**
	Rupees
Profit per share – basic and diluted	**27.34**

Appropriations and movement in reserves have been disclosed in the Statement of Changes in Equity on page 76 of these financial statements.

An interim dividend of PKR 5 per share was proposed, approved and paid for the nine months ended September 30, 2023, to members whose name were entered in the share register as of October 31, 2023.

As per the announcement made by the Company to the Pakistan Stock Exchange on June 14, 2023, Shell Petroleum Company Limited, United Kingdom (the Immediate Parent of the Company) which is a subsidiary of Shell Plc, (SPCo) informed the Board of Directors of its intent to sell its shareholding of 77.42% in the Company.

On October 31, 2023, SPCo informed the Company that it had entered into a Share Purchase Agreement with Wafi Energy LLC for the sale of its entire shareholding in the Company, which is currently under progress. The completion of the transaction is subject to requisite regulatory approvals, completion of legal requirements and satisfaction of other closing formalities,

Business Review

2023 has been another challenging and volatile year for the country, particularly for the oil industry. The year witnessed an unparalleled depreciation of the Rupee, rising inflation and both macroeconomic and political instability. These economic challenges resulted in a slow-down in economic activity, significant reduction in industry fuel demand and heightened risks to supply security. Demand was suppressed primarily due to elevated prices, coupled with political and economic unrest, and the widespread availability of smuggled products.

Despite the ongoing macroeconomic challenges in the country, the Company successfully delivered a profit after tax of PKR 5,851 million for the year ended December 31, 2023. The Company continued its focus on business performance, safety of people and protection of the environment and remained committed towards operational excellence, while keeping costs at a manageable level. The financial result also reflects the impact of one-off technical service fee relief received from Shell International Petroleum Company.

Lubricants

Shell Lubricants maintains market share despite industry challenges. At the heart of the Company's operations is a constantly evolving product portfolio and services with new ideas to reach the consumers and customers. This year concluded with the iconic Helix Royal Club program, a special loyalty plan for the Company's Helix customers. The Company improved the Shell Helix Ultra portfolio and promoted Shell Lubricants through brand ambassadors. Based on the GFK retail audit study, the Company launched the Bike Chalegi Advance Chalegi campaign to showcase Shell Advance as the No. 1 bike engine oil in Pakistan.

The Company partnered with KFC to promote Helix consumer promotions, celebrated World Mechanics Day to appreciate mechanics in the country, organised workshops for motorcycle mechanics to learn about Advance products and launched a campaign for Rimula at trucking hubs across the country.

In the B2B ambit, the Company performed well in the fleet, construction, and sugar sectors. The Company also secured a big win in the mining sector that helps maintain the Company's top position in providing engine oil in the mining industry.

Mobility (formerly Retail)

The Mobility business continues to lead in providing best-in-class customer value proposition for more customers across the country by introducing 27 new sites and modernizing its existing network, while promoting safe refueling, easy payment solutions and introducing customer-centric programs.

The Company became the first in the industry to introduce Voice of Customer program in Pakistan which enables customers to provide real time feedback through QR codes placed on the sites. So far more than 30,000+ responses have been received that gives the Company valuable insights to continuously keep improving customer service.

Mobility Visual Identify (MVI) is the visual experience for customers that is being introduced globally and the Company is proud to introduce the latest brand identity in Pakistan. MVI is developed to reflect the evolution of the Company's brand through innovation & improved services, it modernizes the sites and conveys a more welcoming guest-centric mindset while also emphasizing on the Company's industry leading Non-Fuel Retailing offers. The Company has introduced the new MVI on 16 new sites during the latter part of the year.

The Company's safety initiative "Ehtiyaat Bunay Hifazat" received nearly 82 million views on television, along with 230 million+ views on social media in what was an industry-leading campaign on safety. OGRA recognised the industry efforts in promoting refuelling safety among two and three wheelers, trailblazed by the Company's initiative.

The campaign, "Keep Driving, Keep Winning" was launched for V-Power and Helix customers across the top 97 retail stations in Pakistan, rewarding customers for choosing the Company.

The Company also joined hands with Jazz Cash & Easypaisa to enable quick and easy payments to accelerate digital payments.

Mobility also demonstrated remarkable growth in its Convenience Retail (CR) business in Pakistan. This success is attributed to the Company's strategic endeavors and commitment to excellence. The Company expanded its network with 30 new Shell Select stores, while further developing its On-Demand Delivery to deliver two times growth versus last year, showcasing relevance and scalability of the CR business in the quick-commerce space. The CR business's focus remains towards developing new value streams for the business and delivering worldclass customer journeys.

Environmental, Social and Governance

Shell Pakistan initiated plastics reusability in two eco-friendly and sustainable solutions. Shell Pakistan constructed a plastic infused road, 730 feet long and 60 feet wide on which Shell House is in Karachi, by recycling discarded Shell lubricant bottles. This is a purpose-built solution which benefits Shell, neighboring residents, schools, and church community. In second initiative, where Shell Tameer collaborated with Concept Loop, a tech-based start-up converting plastic waste into building materials, deployed pavers at a Shell retail site in Karachi.

Shell Tameer in collaboration with SoS Technical Trade Institute (SoS TTI), organised a grant program- Build the Future, in which 16 participants successfully completed vocational trainings and qualified for the grant. They received tools to expand their micro businesses. Shell Tameer continues to play a keen role in upskilling and recognising young entrepreneurs. We completed 22 sessions across Pakistan engaging universities and incubation centers, training over 700 individuals which included 560 startups. For the 10th Tameer Award 2023, applications stormed in from all over Pakistan including Gilgit Baltistan.

Access to Energy project scaled up this year with introduction of crop enabler named Biochar. Crop stubble burning is one of the biggest contributor of smog in South Asia. Shell Pakistan worked with local farmers in collaboration with National Rural Support Programme (NRSP), to transform agricultural waste into valuable biochar – a product that can potentially improve soil health. This process releases little to no contaminating fumes and soil characteristic improved substantially which led to an increase in crop yield.

Shell Pakistan engaged with fence line community schools of Kemari and Chaklala Installation to share concepts of road safety. Students were engaged in a series of fun activities like storytelling, art contest, quiz competition, distribution of 'Once upon a Road,' a book for young readers published by Shell Pakistan, to raise awareness on road safety.

Macro-economic challenges

The finances and profitability of the Company continue to be impacted by the current economic challenges affecting the country. The Company continues to bear the burden of overdue legacy receivables of PKR 5,200 million from the Government of Pakistan. The year saw an unprecedented 26% depreciation of the Rupee against the US dollar resulting in significant exchange losses for the Company.

Despite these challenges, the Company acknowledges and welcomes the Government's recent decision to increase industry margins and take robust measures to combat black market activities, which are aimed at stabilizing the currency. The Company looks forward to further proactive steps from the Government to support the recovery of the industry and contribute to the overall stabilization of the economy. The Company's management continues its efforts of proactive and regular engagements with the relevant Government authorities for the recovery of receivables and mechanism for minimising foreign exchange losses to ensure an efficient and profitable business.

Corporate Governance

The Directors confirm that:

1. The Board comprises of 11 members, including the Chief Executive, who is a deemed director. The Board comprises of one female and ten male members which is as follows:

Female Member:

1. Madiha Khalid

Male Member:

1. Amir Paracha
2. Badaruddin F. Vellani
3. Imran R. Ibrahim
4. John Lo
5. Parvez Ghias
6. Rafi H. Basheer
7. Waqar I. Siddiqui
8. Zaffar A. Khan
9. Zain K. Hak
10. Zarrar Mahmud

Independent Directors:

1. Amir Paracha
2. Imran R. Ibrahim
3. Parvez Ghias
4. Zaffar A. Khan

Non-Executive Directors:

1. Badaruddin F. Vellani
2. John Lo
3. Rafi H. Basheer
4. Zain K. Hak
5. Waqar I. Siddiqui
6. Zarrar Mahmud

Executive Directors:

1. Madiha Khalid

2. The Board has formed committees comprising of members given below:

A. Audit Committee

a. Imran R. Ibrahim (Chairperson)
b. Badaruddin F. Vellani
c. Rafi H. Basheer

B. Human Resource & Remuneration Committee

a. Zaffar A. Khan (Chairperson)
b. Parvez Ghias
c. Waqar I. Siddiqui
d. Zain K. Hak

3. The financial statements, prepared by the management of the Company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

4. Proper books of account of the Company have been maintained.

5. Appropriate accounting policies have been consistently applied in preparation of the financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards, as stated in note 2.3.1 to these financial statements. Accounting estimates are based on reasonable and prudent judgment.

6. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures, if any, have been adequately disclosed.

7. The system of internal control is sound in design and has been effectively implemented and monitored.

8. There are no significant doubts upon the Company's ability to continue as a going concern.

9. There has been no material departure from the best practices of Code of Corporate Governance, as detailed in the regulations.

10. Key operating and financial data for the last seven years in summarized form is disclosed on page 69. The reasons for profit during the year and significant deviation in operating results of the Company from last year have been discussed above.

11. A reasonable indication of the principle risks and uncertainties as well as the future prospects is discussed above.

12. A statement as to the value of investments of provident, gratuity and pension funds on the basis of un-audited financial statements for the year ended December 31, 2023, is included in note 34.4 to the financial statements.

13. The number of Board and Committees' meetings held during the year and attendance by each Director is disclosed on page 134.

14. The non-executive/independent directors, other than those occupying executive positions in other Shell Group Companies are paid a fee to attend meetings of the board and its committees. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the act and the regulations. Details of remuneration are disclosed on page 123.

15. A formal self-evaluation of the Board and its committees' performance has been carried out for the year 2023, facilitated by the Pakistan Institute of Corporate Governance.

16. Rafi H. Basheer, Parvez Ghias, Badaruddin F. Vellani, Madiha Khalid, Imran R. Ibrahim and Amir R. Paracha have already obtained directors' training certification from the Pakistan Institute of Corporate Governance. Zaffar A. Khan is exempted while the Company has applied for exemption for Zain K. Hak. The Company shall continue to comply with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 to ensure that the required number of directors are duly certified.

17. The pattern of shareholding and additional information regarding pattern of shareholding is disclosed on page 136. The Company is a subsidiary of Shell Petroleum Company Limited, London (immediate holding Company) which is a subsidiary of Shell Plc. [formerly known as Royal Dutch Shell Plc] (ultimate holding Company) incorporated in the United Kingdom.

18. Subsequent to the adaptation by SECP of the revised auditing standards, the auditors are required to communicate key audit matters as part of the auditors' report. These key audit matters are mentioned on page 70 of the Annual Report.

19. The figures in the financial statements for the year ending December 31, 2023, have been audited by external auditors of the Company.

20. The Board, on the recommendation of the Board Audit Committee, has recommended M/S EY Ford Rhodes to be retained as external auditors of the Company for the year ended December 31, 2024.

21. Details of trades in shares of the Company by Directors, CEO, CFO, Company Secretary, Head of Internal Audit, other executives and their spouses and minor children are reported on page 137.

22. Details of the Company's Corporate Social Responsibility and other activities undertaken by the Company during the financial year are disclosed in the paragraphs above.

We thank the Company's shareholders, customers, staff and all other stakeholders for their dedication, sustained support and trust in the Company as we continue the journey in becoming the number one energy Company in Pakistan.

On behalf of the Board of Directors

Zain K. Hak
Chairperson

Waqar I. Siddiqui
Chief Executive

Karachi: March 6, 2024

ڈائریکٹرز کی رپورٹ

31 دسمبر 2023ء کو اختتام پذیر ہونے والے سال کے لیے

عزیز شیئر ہولڈرز

آپ کی کمپنی کے ڈائریکٹران 31 دسمبر 2023ء کو اختتام پذیر ہونے والے سال کے لیے آڈٹ شدہ مالی گوشواروں کے ساتھ اپنی سالانہ رپورٹ پیش کرتے ہیں۔

آپ کی کمپنی کے انتظامی امور، مارکیٹنگ اور تقسیم کاری کے اخراجات، مالی اور دیگر واجبات کی ادائیگی کے بعد 31 دسمبر 2023ء کو اختتام پذیر ہونے والے سال کے لیے نفع درج ذیل تھا:

	روپے ملین میں
نفع قبل از ٹیکس	7,247
ٹیکس	(1,395)
31 دسمبر 2023ء کو ختم ہونے والے سال کا خالص نفع	5,851
	روپے
نفع فی شیئر – بنیادی اور سیال (diluted)	27.34

ذخائر کی کارروائی) موومنٹ (اور تصرفات ان مالی گوشواروں کے صفحہ [-] پر ایکویٹی میں تبدیلیوں کے بیان میں ظاہر کیے گئے ہیں۔

30 ستمبر 2023ء کو اختتام پذیر ہونے والے نو مہینوں کے لیے 5 روپے فی شیئر کا عبوری منقسمہ تجویز کیا گیا، منظور کیا گیا اور ان ارکان کو ادا کیا گیا جن کے نام 31 اکتوبر 2023ء تک شیئر رجسٹر میں 76 درج کیے گئے تھے۔

14 جون 2023ء کو کمپنی کی جانب سے پاکستان اسٹاک ایکسچینج میں اعلان کیا گیا جس کے مطابق شیل پٹرولیم کمپنی لمیٹڈ، برطانیہ (کمپنی کی امیڈیٹ پیرنٹ) جو شیل پٹرولیم کمپنی لمیٹڈ (ایس پی سی او) کا ماتحت ادارہ ہے، نے بورڈ آف ڈائریکٹرز کو کمپنی میں اپنے 77.42 فیصد حصص (شیئرز) فروخت کرنے کے ارادے سے آگاہ کیا۔

31 اکتوبر 2023ء کو ایس پی سی او نے کمپنی کو مطلع کیا کہ اس نے کمپنی میں اپنی تمام تر شیئر ہولڈنگ کی فروخت کے لیے وافی (Wafi) انرجی ایل ایل سی کے ساتھ حصص کی خریداری کا معاہدہ (شیئر پرچیز اگریمنٹ) کیا ہے، جو فی الحال طے پا رہا ہے۔ اس لین دین کی تکمیل مطلوبہ ضوابطی منظوریوں، قانونی تقاضوں کی تکمیل اور دیگر اختتامی رسمی کارروائیوں کی تکمیل سے مشروط ہے۔

کاروباری جائزہ

2023ء ملک، خاص طور پر تیل کی صنعت کے لیے ایک اور دشوار اور غیر مستحکم سال رہا ہے۔ اس سال روپے کی قدر میں غیر معمولی کمی، بڑھتی ہوئی مہنگائی اور کلی معاشی اور

سیاسی غیر یقینی صورت حال دکھائی دی۔ ان اقتصادی دشواریوں کے نتیجے میں معاشی سرگرمیوں میں سست روی، صنعت کے ایندھن کی طلب میں نمایاں کمی اور رسد کی سیکورٹی کے لیے خطرات میں اضافہ ہوا۔ بنیادی طور پر سیاسی اور معاشی بدامنی کے ساتھ بڑھتی ہوئی قیمتوں، اور اسمگل شدہ مصنوعات کی وسیع پیمانے پر دستیابی کی وجہ طلب ماند رہی۔

ملک میں جاری کلی معاشی دشواریوں کے باوجود کمپنی نے 31 دسمبر 2023ء کو ختم ہونے والے سال کے دوران کامیابی کے ساتھ 5,851 ملین روپے کا نفع بعد از ٹیکس حاصل کیا۔ کمپنی نے کاروباری کارکردگی، لوگوں کی حفاظت اور ماحولیات کے تحفظ پر اپنی توجہ برقرار رکھی اور اخراجات کو قابلِ انتظام سطح پر رکھتے ہوئے آپریشنل برتری کے لیے پرعزم رہی ہے۔ مالی نتائج شیل انٹرنیشنل پیٹرولیم کمپنی کی جانب سے ملنے والی تکنیکی سروس فیس میں یک بارگی ریلیف کے اثرات کی بھی عکاسی کرتے ہیں۔

لبریکینٹس

صنعت کے چیلنجوں کے باوجود شیل لبریکنٹس مارکیٹ شیئر برقرار رکھتا ہے۔ کمپنی کے آپریشنز کا نصب العین استعمال کنندگان اور صارفین تک رسائی کے لیے نئے خیالات کے ساتھ ایک مسلسل ارتقا پذیر پروڈکٹ پورٹ فولیو اور خدمات ہیں۔ اس سال کا اختتام مشہور ہیلکس رائل کلب پروگرام کے ساتھ ہوا، جو کمپنی کے ہیلکس صارفین کے لیے ایک خصوصی لائلٹی پلان ہے۔ کمپنی نے شیل ہیلکس الٹرا کے پورٹ فولیو کو بہتر بنایا اور برانڈ ایمبیسیڈرز کے ذریعے شیل لبریکنٹس کو فروغ دیا۔ جی ایف کے کی ریٹیل آڈٹ اسٹڈی کی بنیاد پر کمپنی نے شیل ایڈوانس کو پاکستان میں نمبرون موٹر سائیکل انجن آئل کے طور پر پیش کرنے کے لیے بائیک چلے گی ایڈوانس چلے گی مہم کا آغاز کیا۔

کمپنی نے ہیلکس کے صارفین کی پروموشنز کے لیے کے ایف سی کے ساتھ شراکت داری کی، ملک میں مکینکوں کو خراجِ تحسین پیش کرنے کے لیے عالمی میکینکس ڈے منایا، ایڈوانس پروڈکٹس کے بارے میں جاننے کے لیے موٹر سائیکل مکینکس کے لیے ورکشاپس کا انعقاد کیا اور ملک بھر کے ٹرکوں کے مراکز میں ریمولا کے لیے مہم کا آغاز کیا۔

بی ٹو بی کے دائرہ کار میں کمپنی نے فلیٹ (بیڑے)، تعمیرات، اور چینی جیسے شعبوں میں اچھی کارکردگی کا مظاہرہ کیا۔ کمپنی نے کان کنی کے شعبے میں بھی نمایاں کامیابی حاصل کی جو کان کنی کی صنعت میں انجن آئل فراہم کرنے میں کمپنی کی اولین پوزیشن کو برقرار رکھنے میں مدد کرتا ہے۔

موبلیٹی (قبل ازیں ریٹیل)

موبلیٹی کاروبار نے 27 نئی سائٹس متعارف کروائیں اور اپنے موجودہ نیٹ ورک کو جدید بنا کر ملک بھر میں زیادہ سے زیادہ صارفین کے لیے بہترین صارفی قدر کی پیشکش فراہم کرنے میں قائدانہ کردار ادا کر رہا ہے، جبکہ محفوظ ری فیولنگ، ادائیگی کے آسان حل کو فروغ دینے اور صارف پر مرکوز پروگرام متعارف کرانے کا سلسلہ جاری رکھے ہوئے ہے۔

کمپنی پاکستان میں وائس آف کسٹمر پروگرام متعارف کرانے والی صنعت کی پہلی کمپنی بن گئی ہے جو صارفین کو سائٹس پر رکھے گئے کیو آر کوڈز کے ذریعے بروقت فیڈ بیک فراہم کرنے کے قابل بناتی ہے۔ اب تک 30,000 سے زائد فیڈ بیک موصول ہوئے ہیں جو کمپنی کو کسٹمر سروس کو مسلسل بہتر بنانے کے لیے قیمتی بصیرت فراہم کرتے ہیں۔ موبلیٹی ویژول آئیڈینٹفائی (ایم وی آئی) صارفین کے لیے بصری تجربہ ہے جسے عالمی سطح پر متعارف کرایا جا رہا ہے اور کمپنی پاکستان میں جدید ترین برانڈ شناخت متعارف کرانے پر نازاں ہے۔ ایم وی آئی کو جدت طرازی اور بہتر خدمات کے ذریعے کمپنی کے برانڈ کے ارتقا کی عکاسی کرنے کے لیے تیار کیا گیا ہے، یہ سائٹس کو جدید بناتی ہے اور مہمانوں پر مرکوز ذہنیت کا اظہار کرتی ہے جبکہ کمپنی کی صنعت کی معروف نان فیول ریٹیلنگ آفرز پر بھی زور دیتی ہے۔ کمپنی نے سال کے اواخر میں 16 نئی سائٹوں پر نئی ایم وی آئی متعارف کرائی گئی ہے۔

صارفین کی حفاظت پر توجہ مرکوز کرتے ہوئے، کمپنی نے موٹر سائیکل سواروں اور تین پہیوں والی گاڑیوں کے لیے ری فیولنگ کی سیفٹی کے دوران صارفین کے رویوں اور طرزِ عمل کو بدلنے میں صنعت کی قیادت کی۔ پائیدار ثقافتی تبدیلی کی تعمیر کے لیے، کمپنی نے صارفین، حکومت اور صنعت کے اشتراک سے ایک جامع حفاظتی مہم شروع

کی ہے، جس کا نام ہے "احتیاط بنے حفاظت" ("احتیاط سے حفاظت ہے")۔ کمپنی نے اس اہم اقدام کے لیے آئل اینڈ گیس ریگولیٹری اتھارٹی (اوگرا)، آئل کمپنیز ایڈوائزری کونسل (او سی اے سی) اور صنعت کے ساتھ اشتراک کیا۔

کمپنی کے حفاظتی اقدام "احتیاط بنے حفاظت" کو ٹیلی ویژن پر تقریباً 82 ملین ویوز ملے جبکہ سوشل میڈیا پر 230 ملین سے زائد ویوز ملے۔ اوگرا نے دو اور تین پہیوں والی گاڑیوں کے درمیان ری فیولنگ کی سیفٹی کو فروغ دینے میں صنعت کی کوششوں کا اعتراف کیا۔

' کیپ ڈرائیونگ، کیپ وننگ' نامی مہم پاکستان کے ٹاپ 97 ریٹیل اسٹیشنز پر وی پاور اور ہیلکس کے صارفین کے لیے شروع کی گئی جس میں کمپنی کا انتخاب کرنے والے صارفین کو انعامات سے نوازا گیا۔

کمپنی نے جاز کیش اینڈ ایزی پیسہ کے ساتھ بھی اشتراک کیا ہے تاکہ ڈیجیٹل ادائیگیوں کو تیز کرنے کے لیے فوری اور آسان ادائیگیوں کو ممکن بنایا جا سکے۔

موبیلٹی نے پاکستان میں اپنے کنوینئنس ریٹیل (سی آر) کاروبار میں بھی قابل ذکر نمو کا مظاہرہ کیا۔ یہ کامیابی کمپنی کی اسٹریٹجک کاوشوں اور بہترین کارکردگی کے عزم کی مرہون منت ہے۔ کمپنی نے 30 نئے شیل سلیکٹ اسٹورز کے ساتھ اپنے نیٹ ورک کو وسعت دی، جبکہ گذشتہ سال کے مقابلے میں دوگنا نمو کے لیے اپنی آن ڈیمانڈ ڈلیوری کو مزید ترقی دی، جس سے فوری کامرس کی جگہ میں سی آر کاروبار کی مطابقت اور اسکیل ایبلٹی کا مظاہرہ کیا گیا ہے۔ سی آر کاروبار کی توجہ کاروبار کے لیے نئی ویلیو اسٹریمز تیار کرنے اور عالمی معیار کے صارفی سفر کی فراہمی کی طرف مرکوز رہتی ہے۔

ماحولیات، سماج اور نظم ونسق

شیل پاکستان نے پلاسٹک کو دوبارہ استعمال کے قابل بنانے کے حوالے سے دو ماحول دوست اور پائیدار حل شروع کیے۔ شیل پاکستان نے پلاسٹک سے بھری ایک سڑک تعمیر کی ہے جس کی لمبائی 730 فٹ اور چوڑائی 60 فٹ ہے اس سڑک کے کنارے شیل ہاؤس کراچی واقع ہے۔ یہ ایک بامقصد حل ہے جس سے پڑوس کے رہائشیوں، اسکولوں، چرچ کمیونٹی اور شیل کو فائدہ پہنچا ہے۔

دوسرے اقدام میں، جہاں شیل تعمیر نے پلاسٹک کے فضلے کو تعمیراتی مواد میں تبدیل کرنے والی ٹیکنالوجی پر مبنی اسٹارٹ اپ کانسیپٹ لوپ کے ساتھ اشتراک کیا، اور کراچی میں شیل ریٹیل سائٹ پر پیورز (pavers) نصب کیے۔

شیل تعمیر نے ایس او ایس ٹیکنیکل ٹریڈ انسٹی ٹیوٹ (ایس او ایس ٹی ٹی آئی) کے تعاون سے ایک گرانٹ پروگرام مستقبل کی تعمیر کا انعقاد کیا جس میں 16 شرکا نے کامیابی کے ساتھ پیشہ ورانہ تربیت مکمل کی اور گرانٹ کے لیے کوالیفائی کیا۔ انہوں نے اپنے مائیکرو کاروبار میں توسیع کے لیے اوزار حاصل کیے۔
شیل تعمیر نوجوان کاروباری افراد کو ہنر مند بنانے اور ان کی نشان دہی میں نمایاں کردار ادا کر رہا ہے۔ ہم نے پاکستان بھر میں جامعات اور انکیوبیشن سینٹرز کے ساتھ 22 سیشن مکمل کیے، 700 سے زائد افراد کو تربیت دی جس میں 560 اسٹارٹ اپس شامل تھے۔ 10 ویں تعمیر ایوارڈ 2023ء کے لیے گلگت بلتستان سمیت پاکستان بھر سے درخواستیں موصول ہوئیں۔

توانائی تک رسائی کے منصوبے کے تحت اس سال بائیو چر نامی کھاد کو متعارف کروایا گیا۔ جنوبی ایشیا میں اسموگ کی سب سے بڑی وجہ فصلوں کی پرالی جلانا ہے۔ شیل پاکستان نے نیشنل رورل سپورٹ پروگرام (این آر ایس پی) کے تعاون سے مقامی کاشت کاروں کے ساتھ مل کر زرعی فضلے کو قیمتی بائیو چر میں تبدیل کرنے کے لیے کام

کیا۔ اس عمل سے بہت کم آلودہ دھواں خارج ہوتا ہے اور مٹی کی خاصیت کافی حد تک بہتر ہوتی ہے جس کی وجہ سے فصل کی پیداوار میں اضافہ ہو جاتا ہے۔

شیل پاکستان نے سڑک پر حفاظت کے تصورات کو شیئر کرنے کے لیے کیماڑی اور چکلالہ مین قرب وجوار میں مقیم آبادی کے اسکولوں کے ساتھ کام کیا۔ طلبا میں سڑک پر حفاظت کے بارے میں شعور اجاگر کرنے کے لیے متعدد تفریحی سرگرمیاں انجام دی گئیں جن میں کہانی سنانا، آرٹ مقابلے، کوئز مقابلے، نیز شیل پاکستان کی جانب سے نوجوان قارئین کے لیے شائع کی گئی کتاب 'ونس اپون اے روڈ' کی تقسیم شامل تھی۔

کلی معاشی دشواریاں

ملک کو متاثر کرنے والی موجودہ اقتصادی دشواریوں سے کمپنی کی مالیات اور منافع متاثر ہوتے رہتے ہیں۔ کمپنی حکومتِ پاکستان کی جانب سے واجب الادا 5,200 ملین روپے وصولیوں کے نتیجے میں پیدا ہونے والے بھاری بوجھ سے متاثر رہی ہے۔ رواں سال ڈالر کے مقابلے میں روپے کی قدر میں 26 فیصد کی غیر معمولی کمی آئی، جس سے کمپنی کو بھاری مبادلہ نقصانات کا سامنا کرنا پڑا۔

ان چیلنجوں کے باوجود، کمپنی صنعت کے مارجن میں اضافے اور بلیک مارکیٹ کی سرگرمیوں کا مقابلہ کرنے کے لیے مضبوط اقدامات کرنے کے حکومت کے حالیہ فیصلے کو تسلیم کرتی ہے اور اس کا خیر مقدم کرتی ہے، جس کا مقصد کرنسی کو مستحکم کرنا ہے۔ کمپنی صنعت کی بحالی اور معیشت کے مجموعی استحکام میں کردار ادا کرنے کے لیے حکومت کی جانب سے مزید فعال اقدامات کی منتظر ہے۔ واجبات کی بازیابی، اور مبادلہ نقصانات میں کمی کے طریقہ کار کو بروئے کار لانے کے لیے کمپنی کی انتظامیہ متعلقہ حکام سے فعال اور مستقل رابطہ جاری رکھے ہوئے ہے تاکہ مؤثر اور نفع آور کاروبار یقینی بنایا جا سکے۔

کارپوریٹ نظم ونسق

ڈائریکٹران تصدیق کرتے ہیں کہ:

1. بورڈ 11 ارکان پر مشتمل ہے، جس میں چیف ایگزیکٹو شامل ہیں، جنھیں ڈائریکٹر سمجھا گیا ہے۔ بورڈ ایک خاتون رکن اور دس مرد ارکان پر مشتمل ہے، جس کی ہیئتِ ترکیبی یہ ہے:

خاتون رکن:

1۔ محترمہ مدیحہ خالد

مرد ارکان

1۔ جناب عامر پراچہ
2۔ جناب بدرالدین ایف ویلانی
3۔ جناب عمران ابراہیم
4۔ جناب جان لُو
5۔ جناب پرویز غیاث
6۔ جناب رفیع ایچ بشیر
7۔ جناب وقار آئی صدیقی

خودمختار ڈائریکٹران:

1۔ جناب عامر پراچہ
2۔ جناب عمران ابراہیم
3۔ جناب پرویز غیاث
4۔ جناب ظفر اے خان

نان ایگزیکٹو ڈائریکٹران:

1۔ جناب بدرالدین ایف ویلانی
2۔ جناب جان لُو
3۔ جناب رفیع ایچ بشیر
4۔ جناب زین کے حق

8۔ جناب ظفر اے خان

9۔ جناب زین کے حق

10۔ جناب ضرار محمود

ایگزیکٹو ڈائریکٹران:

1۔ محترمہ مدیحہ خالد

2۔ جناب وقار آئی صدیقی

3۔ جناب ضرار محمود

2. بورڈ نے درج ذیل ارکان پر مشتمل کمیٹیاں تشکیل دی ہیں:

الف۔ آڈٹ کمیٹی

ا۔ جناب عمران ابراہیم (چیئر پرسن)

ب۔ جناب بدرالدین ایف ویلانی

ج۔ جناب رفیع ایچ بشیر

ب۔ کمیٹی برائے افرادی وسائل و معاوضے

ا۔ جناب ظفر اے خان (چیئر پرسن)

ب۔ جناب پرویز غیاث

ج۔ جناب وقار آئی صدیقی

د۔ جناب زین کے حق

3. کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے مالی گوشوارے واضح طور پر اس کے معاملات، اس کے امور کے نتائج، رقوم کا بہاؤ اور ایکویٹی میں تبدیلیوں کو پیش کرتے ہیں۔

4. کمپنی کے تمام مالیاتی کھاتے برقرار رکھے گئے ہیں۔

5. مالیاتی گوشواروں کی تیاری میں مناسب حسابی طریقہ کار کا ہمیشہ اطلاق کیا گیا ہے ماسوا مالی گوشواروں کے نوٹ 2.3.1 میں بیان کی گئی ان تبدیلیوں کے جو معیارات کے ابتدائی اطلاق اور پہلے سے موجود معیارات میں کی گئی ترامیم اور تشریحات کے نتیجے میں عمل میں آئیں۔ حسابی تخمینے مناسب اور محتاط فیصلوں کی بنیاد پر کیے گئے ہیں۔

6. بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ ان کا پاکستان میں اطلاق ہے، ان مالیاتی دستاویزات کی تیاری میں ان پر عمل کیا گیا ہے اور اگر کچھ ترک بھی کیے گئے ہیں تو ان کو ظاہر کیا گیا ہے۔

7. داخلی کنٹرول کا نظام) سسٹم آف انٹرنل کنٹرول (اپنے طور پر بے نقص ہے اور اس پر مستعدی سے عمل درآمد کروایا گیا اور اس کی نگرانی کی گئی ہے۔

8. بلاشبہ کمپنی ایک منافع بخش کاروبار کی حیثیت سے جاری رہنے کی صلاحیت رکھتی ہے۔

9. کارپوریٹ گورننس (Corporate Governance) کے ضابطوں پر مکمل عمل کیا گیا ہے، جو اس کے ضابطوں کی فہرست میں تفصیل سے درج ہیں۔

10. گذشتہ سات سال کے اہم آپریشنز اور مالیاتی ڈیٹا کا خلاصہ صفحہ 69 پر ظاہر کیا گیا ہے۔ دورانِ سال نفع کی وجوہات اور پچھلے سال کمپنی کے امور کے نتائج میں کیے گئے اہم انحراف پر بحث مذکورہ بالا ہے۔

11. اہم خطرات اور غیر یقینی صورتِ حال کے ساتھ ساتھ مستقبل کے امکانات کی مناسب نشاندہی (ریزن ایبل انڈیکیشن) پر مذکورہ بالا میں تبادلہ خیال کیا گیا ہے۔

12. 31 دسمبر 2023ء کو ختم ہونے والے سال کے لیے غیر آڈٹ شدہ مالی گوشواروں کی بنیاد پر پراویڈنٹ، گریچوایٹی اور پنشن فنڈز کی مقدار پر سرمایہ کاری کا بیان مالی گوشواروں کے نوٹ 33.4 میں شامل کیا گیا ہے۔

13. سال بھر کے دوران منعقد ہونے والی بورڈ اور کمیٹیوں کے اجلاس اور ان میں ہر ڈائریکٹر کی شرکت کی تعداد صفحہ 134 پر ظاہر کی گئی ہے۔

14. نان ایگزیکٹو/ خود مختار ڈائریکٹران، ماسوا وہ جو شیل گروپ کی کمپنیوں میں ایگزیکٹو عہدے دار ہیں، ان کو بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت پر ادائیگی کی جاتی ہے۔ ڈائریکٹرز کی تنخواہوں کے لیے بورڈ آف ڈائریکٹرز ایکٹ اور ضوابط سے ہم آہنگ رسمی پالیسی اور شفاف طریقہ کار کے حامل ہیں۔ مشاہروں کی تفصیلات کا انکشاف صفحہ 123 پر کیا گیا ہے۔

15. 2023ء کے لیے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس کی جانب سے دورانِ سال بورڈ اور اس کی کمیٹیوں کی کارکردگی کا ایک رسمی جائزہ لیا گیا۔

16. جناب رفیع ایچ بشیر، جناب پرویز غیاث، جناب بدرالدین ایف ویلانی، محترمہ مدیحہ خالد، جناب عمران آر ابراہیم، جناب عامر آر پراچہ پہلے ہی پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) سے ڈائریکٹرز ٹریننگ سرٹیفکیشن حاصل کر چکے ہیں جبکہ جناب ظفر خان مستثنیٰ ہیں جبکہ جناب زین کے حق کے استثنیٰ کے لیے کمپنی نے درخواست دائر کی ہے۔ کمپنی ڈائریکٹرز کی سرٹیفکیشن کو یقینی بنانے کے لیے فہرستی کمپنیوں کے ضوابط 2019ء (کوڈ آف کارپوریٹ گورننس) کے تقاضوں کی پابندی کرتی رہے گی تاکہ ڈائریکٹران کی مطلوبہ تعداد سند یافتہ ہو۔

17. حصص یافتگی) شیئر ہولڈنگ (کے طریقہ کار) پیٹرن (اور حصص یافتگی کے طریقہ کار سے متعلق اضافی معلومات صفحہ 136 ظاہر کی گئی ہیں۔ یہ کمپنی شیل پیٹرولیم کمپنی لمیٹڈ، لندن) امیڈیٹ ہولڈنگ کمپنی (کا ذیلی ادارہ ہے جو کہ رائل ڈچ شیل) الٹیمیٹ ہولڈنگ کمپنی (کا ایک ذیلی ادارہ ہے جو برطانیہ میں قائم کی گئی تھی۔

18. ایس ای سی پی کی جانب سے گذشتہ برس جاری کیے گئے نظر ثانی شدہ آڈیٹنگ کے معیارات کے نفاذ کے بعد آڈیٹرز کے لیے ضروری ہے کہ وہ آڈٹ کے اہم معاملات کا اپنی آڈیٹرز رپورٹ میں بیان کریں۔ یہ اہم آڈٹ معاملات ان مالیاتی گوشواروں کے صفحہ نمبر 70 پر ظاہر کیے گئے ہیں۔

19. 31 دسمبر 2023ء کو اختتام پذیر ہونے والے سال کے لیے مالی گوشواروں کے اعداد و شمار کا کمپنی کے بیرونی آڈیٹرز کی جانب سے آڈٹ کیا جا چکا ہے۔

20. بورڈ نے بورڈ آڈٹ کمیٹی کی ہدایت پر 31 دسمبر 2023ء کو اختتام پذیر ہونے والے مالی سال کے لیے ایم/ایس ای وائے فورڈ روڈز کو بطور ایکسٹرنل آڈیٹر برقرار رکھنے کی سفارش کی ہے۔

21. ڈائریکٹرز، سی ای او، سی ایف او، کمپنی کے سیکریٹری، انٹرنل آڈٹ کے سربراہ، دیگر ملازمین اور ان کے زوجین، اور نابالغ بچوں کی کمپنی کے حصص (شیئرز) میں تجارت کی تفصیل صفحہ 137 درج ہے۔

22. مالی سال کے دوران کمپنی کی اختیار کردہ کارپوریٹ سماجی ذمہ داری اور دیگر سرگرمیاں مذکورہ بالا اقتباسات میں ظاہر کی گئی ہیں۔

جذبے، مستقل معاونت اور کمپنی پر اعتماد کے لیے ہم اپنے شیئر ہولڈرز، کسٹمرز، عملے اور دیگر فریقوں کے شکر گزار ہیں، اور ہم پاکستان کی سب سے بڑی انرجی کمپنی بننے کا اپنا سفر جاری رکھیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

Zain Haq

زین کے حق

چیئر پرسن

Waqar Siddiqui

وقار آئی صدیقی

چیف ایگزیکٹو

کراچی: 06 مارچ 2024ء

Notice of Annual General Meeting

Notice is hereby given that the 55th Annual General Meeting ('AGM') of Shell Pakistan Limited ('Company') will be held at Pearl Continental Hotel, Ballroom A, Karachi and virtually through video-conference facility, on Thursday, April 25, 2024, at 10:15 a.m. to transact the following business:

1. To receive, consider, adopt and approve the Audited Financial Statements for the year ended December 31, 2023, together with Report of Directors and Auditors thereon.

   As required under section 223(7) of the Companies Act 2017, the Audited Financial Statements of the Company for the year ended December 31, 2023, together with Report of Directors and Auditors thereon and the Chairman's Review Report have been uploaded on the website of the Company which can be downloaded from the following website link and QR Code:

   www.shell.com.pk/investors/financial-reporting/annual-reports-publications

2. To appoint Auditors for the financial year January 1 to December 31, 2024, and to fix their remuneration.

By Order of the Board

Lalarukh Hussain-Shaikh
Secretary

Karachi: March 06, 2024

Shell House
6, Ch. Khaliquzzaman Road
Karachi-75530

Notes:

1. The register of members will remain closed from Wednesday, April 17, 2024 to Thursday, April 25, 2024 (both days inclusive). Transfers received in order at the office of our Share Registrar, FAMCO Share Registration Services (Pvt.) Limited, 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi-75400 by the close of business (5:00 p.m.) on Tuesday, April 16, 2024, will be treated as being in time to attend and vote at the meeting.

2. Members may attend in person or through video-conference facility arranged by the Company. For attending the meeting through video-conference, members are required to e-mail their name, folio number, valid e-mail address and number of shares held in their name to SHELLPK-CompanySec@shell.com with the subject "Registration for SPL's AGM".

3. A member entitled to attend and vote at the meeting shall be entitled to appoint another person, as his/her proxy to attend the meeting either in-person physically or through video-conference facility. Proxies may demand or join in demanding a poll, speak and vote at the meeting. For a proxy to attend the meeting either physically or through video-conference facility, the proxy form must be received at the registered office of the Company not later than 48 hours before the meeting.

   Proxies may also be appointed by e-mailing a scanned copy of the proxy form signed by the shareholder authorising the proxy along with the e-mail address of proxy and the relevant details (as given below) to SHELLPK-CompanySec@shell.com.

   A proxy need not be a member of the Company.

4. A form of Proxy is enclosed with the Notice of meeting being sent to the members.

5. Confirmation emails to attend the meeting via video-link (with login credentials) will be shared with only those member/proxies whose e-mails containing all the required particulars are received at the given e-mail address by or before the close of business (5:00 p.m.) on April 23, 2024. Shareholders can also provide their comments and questions for the agenda items of the AGM on SHELLPK-CompanySec@shell.com.

6. Members holding physical shares are requested to notify any change in their addresses immediately to our Share Registrar, FAMCO Share Registration Services (Pvt.) Limited, 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi-75400.

7. Members or their proxies are required to present their original CNIC or Passport along with the Participant's I.D. and Account Number(s) or Folio Number at the time of attending the Annual General Meeting in-person at the venue in order to authenticate their identity.

8. Audited Accounts and the Annual Report of the Company for the year ended December 31, 2023 is available on the Company's website.

9. In compliance with section 223(6) of Companies Act 2017, the Company has electronically transmitted the Audited Financial Statements of the Company for the year ended December 31, 2023 together with Report of Directors and Auditors thereon and the Chairman's Review Report through email to shareholders whose email addresses are available with the Company's Share Registrar, FAMCO Share Registration Services (Pvt.) Limited. In those cases, where email addresses are not available with the Company's Share Registrar, printed notices of the AGM which contain the weblink and QR Code for the Audited Financial Statements of the Company for the year ended December 31, 2023 together with Report of Directors and Auditors thereon and the Chairman's Review Report have been dispatched. The Company will also provide hard copies of the Audited Financial Statements of the Company for the year ended December 31, 2023 together with Report of Directors and Auditors thereon and the Chairman's Review Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request.

10. Special Notice to the Shareholders for Conversion of Physical Shares into Book-Entry Form: In compliance with section 72 of the Companies Act, 2017 and SECP's letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021, listed companies are required to replace existing physical shares issued by them into the Book-Entry form. Given the above requirement, shareholders of the Company having physical folios/ share certificates are requested to convert their shares from the physical form into Book-Entry form as soon as possible. Conversion of physical shares into Book-Entry form would facilitate the shareholders in many ways, i.e., safe custody of shares, readily available market for instant sale and purchase of shares, eliminate the risk of loss & damage, easy & secure transfer with lesser formalities as compared to physical shares. The Company's shareholders may contact the Share Registrar of the Company i.e., FAMCO Share Registration service (Pvt.) Limited, for assistance in converting physical shares into Book-Entry Form.

Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations 2019 (the Regulations)

Shell Pakistan Limited (the Company) for the year ended December 31, 2023

The Company has complied with the requirements of the Regulations in the following manner: -

- The total number of directors is (eleven) 11 as per the following:
  a) Male: Ten (10)
  b) Female: One (1)
- The composition of the Board is as follows:

Category	Name
Independent directors	Parvez Ghias Imran R. Ibrahim Amir R. Paracha Zaffar A. Khan
Executive directors	Madiha Khalid Zarrar Mahmud Waqar I. Siddiqu
Non-executive directors	Rafi H. Basheer Zain K. Hak John King Chong Lo Badaruddin F. Vellani
Female director	Madiha Khalid

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;
- The meetings of the Board were presided over by the Chairperson and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board. However, the circularization of minutes of the 332nd meeting was delayed by one day due to non-availability of the Company Secretary.

- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;
- Following directors are certified under the Directors' Training Program:
  1. Rafi H. Basheer
  2. Parvez Ghias
  3. Badaruddin F. Vellani
  4. Madiha Khalid
  5. Imran R. Ibrahim
  6. Amir R. Paracha

  Zaffar A. Khan is exempted from training while Zain K. Hak has successfully completed the Directors Training Program internationally from INSEAD and the Company has applied for an exemption. The Company shall continue to comply with the requirements of the Regulations for certification of remainder directors.
- The Board had approved terms and conditions of employment of the Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and complied with the relevant requirements of the Regulations and there has been no new appointment during the year;
- The financial statements of the Company were duly endorsed by the chief executive officer and the chief financial officer before approval of the Board;
- The Board has formed committees comprising of members given below:

Board Audit Committee (BAC)

1. Imran R. Ibrahim (Chairperson)
2. Badaruddin F. Vellani
3. Rafi H. Basheer

Human Resource and Remuneration Committee (HRRC)

1. Zaffar A. Khan (Chairperson)
2. Parvez Ghias
3. Zain K. Hak
4. Waqar I. Siddiqui

- The Board has not constituted a separate Risk Management Committee and Nomination Committee. The responsibilities are covered by the Board itself, the concerned departments and the HRRC, respectively.
- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
- The frequency of meetings of the committee were as follows:

  1. Audit Committee: Four meetings were held during the year.
  2. Human Resource and Remuneration Committee: Three meetings were held during the year.

- The Board has outsourced the internal audit function to BDO Ebrahim & Co. who are considered to be suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;

- The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
- The statutory auditors or the persons associated with them have not been appointed to provide other services expect in accordance with the Act, there Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
- We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

Zain K. Hak
Chairperson

Date: March 06, 2024

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Independent Auditors' Review Report

To the members of Shell Pakistan Limited Review Report on the Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shell Pakistan Limited (the Company) for the year ended 31 December 2023 in accordance with the requirements of Regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulation as applicable to the Company for the year ended 31 December 2023.

Chartered Accountants
Place: Karachi
Date: March 28, 2024
UDIN Number: CR2023101202e7nhAF94

Innovation in People

According to the United Nations, Pakistan will be among eight countries to account for half of the projected global population growth by 2050. As populations grows, so does the requirement for energy to power the country. A key role for society – and for Shell – is to find ways to meet the growing demand for energy, with less carbon emissions. We need people who dare to think differently – to take part in developing tomorrow's energy solutions today.

We are driven to deliver, partnering with the Government, industry and our customers to build a sustainable energy future for Pakistan.

Mobility

Shell Pakistan remains steadfast in our commitment to deliver high quality customer experience. Our diverse range of products and services, from high-quality fuels like Shell Super Unleaded and Shell Diesel to advanced offerings such as Shell V-Power with Dynaflex Technology, reflects our dedication to enhancing the journeys of our valued customers. Our retail sites provide a comprehensive selection of non-fuel retail facilities, catering to various needs. Additionally, our exclusive lubricant variants, Shell Helix Power and Shell Helix Protect, are engineered to offer exceptional engine performance and protection.

Promoting fuelling safety

In 2023, Mobility continued the safety campaign 'Ehtiyat Banay Hifaazat', focusing on safe refuelling practice within the industry, educating individuals on the importance of switching off their engine, dismounting their bike or rickshaw, taking a few steps back, and staying safe during refuelling. A comprehensive marketing strategy across various media platforms was rolled out to prevent avoidable incidents and foster a safety culture. As a result of these efforts, the campaign earned international recognition and received the Dragons of Asia award. Our targeted influencer marketing efforts yielded a notable reputation score on social channels, with an impressive recall rate among influencers. The effort was acknowledged by the Oil & Gas Regulatory Authority and the Oil Companies Advisory Council. Notably, other oil and gas organisations in the industry launched similar campaigns in emulation, affirming the widespread impact of the safety initiative.

Revolutionising customer experience with digital partnerships

The business created a valuable collaboration with Easy Paisa and Jazz Cash to bring innovative digital solutions and convenience to customers at retail sites. We enabled digital payments (QR) at key locations such as Islamabad and Lahore and successfully agreed on reduced Merchant Discount Rate (MDR) with Bank Alfalah to provide efficient services to our valued patrons.

Collaborations and campaigns driving safety and brand loyalty

We collaborated with Multan Sultans for the third consecutive year to engage with our customers and deliver content focused on safety and vehicle performance. Additionally, our 'Keep Driving, Keep Winning' campaign effectively promoted premiumisation within the motorist segment, rewarding loyal customers.

Bringing excellence in customer experience

Voice of Customer is a channel implemented across 250 sites in Pakistan, designed to gather feedback and insights from customers, received an impressive response from over 40,000 customers. By using Voice of Customer, we can capture valuable feedback from customers to help understand their sentiment and make improvements accordingly. Our customer experience metrics saw remarkable improvement, with a notable 96% Treated Like a Guest score.

Network growth and upgrades

Shell Pakistan made strides towards operational excellence and sustainability. We expanded our network reach by opening 27 new retail sites and renovated 13 retail sites. Additionally, 83 Non-Fuel Retail units were opened to cater to the diverse needs of customers. Furthermore, 1.5 tons of plastic waste were recycled as plastic pavers and used to renovate a retail site.

Upskilling and learning for site staff

We introduced Site Ownership Training Model, empowering over 350 Site Managers across 20+ territories to conduct effective training sessions and emergency response drills for their staff. Additionally, we established an online learning library and rolled out onboarding programs for Retailers and Site Managers to strengthen our training framework. We conducted training on HSSE and operations for new partners, through a blend of on field activities and classroom sessions, and extensive capability building sessions were conducted for Territory Managers.

Safety and well-being at retail sites

To promote workplace safety, we distributed Personal Protective Equipment (PPE) and forecourt safety shoes to all retail sites, making sure all locations are equipped with safety gear. Staff was coached on safety leadership and emergency response drills were conducted so that they can work safely and confidently in their jobs. The initiatives brought a positive change, with service champions assuring to safety and well-being.

In 2023, over 1500 emergency response drills were conducted, building and testing emergency response readiness across our sites and showcasing a culture of continuous learning.

In addition, approximately 4000 Service Champions receive insurance coverage through the Service Champion Health Insurance Program, showcasing our commitment to staff well-being.

Digitalising connection with sites – WorkJam app celebrates a year of growth and excellence

In the dynamic journey from its introduction stage to the thriving growth phase, the WorkJam App has achieved remarkable milestones in the Mobility network, covering over 400 sites. Creative initiatives like 'Bano Shell Super Star', focusing on safe decantation steps, engaged over 135 sites and 1990 staff and also revitalized the app, making it enjoyable. Face-to-face engagements, innovative competitions like 'WorkJam Decantation Champion', have significantly increased usage. Moreover, WorkJam has become a powerful platform for recognition, motivating site staff and facilitating prompt communication within the site community. Through collaborations with Marketing, Convenience Retailing, Commercial Fleet, Learning, Operations, and HSSE, WorkJam has become an integral part of Mobility operations, enhancing engagement, learning, and brand recognition.

Celebrating service excellence at retail sites

At the Smiling Stars 2023 event, Shell Pakistan proudly received remarkable recognitions for Top District Manager of Asia and Top Sales Team Lead for Fleet Solutions. Pakistan was also honored with the prestigious Global HSSE Retailer award, recognising Nazia Nazir from Popular Gas Station Islamabad, for exemplary practices at the retail station for a safe and secure environment.

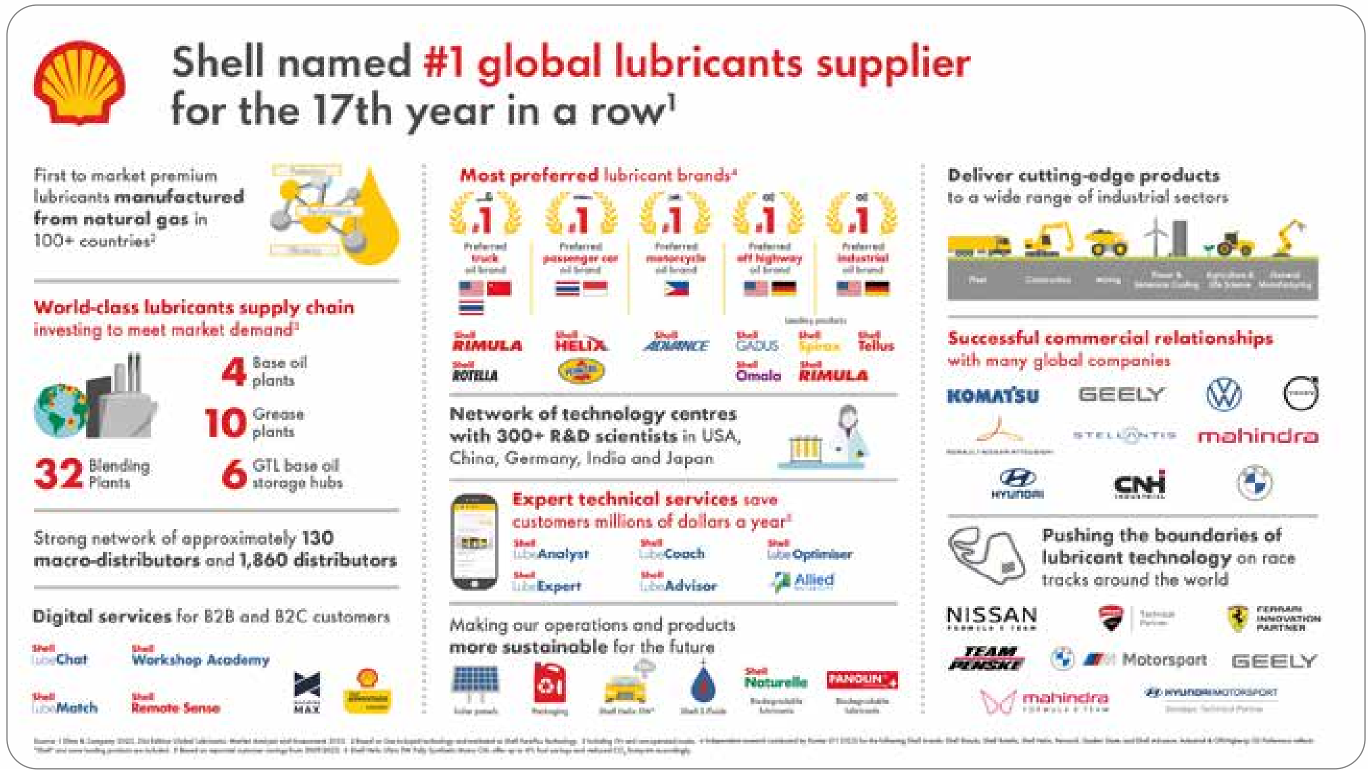
Wins of Shell Fleet Solutions

Shell Pakistan's Fleet Solutions delivered 138 million liters of fuel to over 780 customers with 25,000+ Shell Cards, expanding our reach and fostering partnerships. We onboarded 120 new customers and were able to secure a major supplies deal with Shanghai Electric, which marked a notable win. The business activated a lead generation channel through retail sites, where potential customers can express interest.

To reduce PIN delivery time, the E-PIN system was introduced. We are also providing lubricants on the Shell Card to customers. Furthermore, we proudly welcomed IMPL as Shell Card's first indirect channel partner in Pakistan, enhancing our customer reach and service offerings.

Lubricants

Shell Lubricants has upheld its status as the leading global supplier of finished lubricants for 17 consecutive years. This feat is attributed to the organisation's focus on customer experience and investment in cutting-edge technology, brand development, and marketing excellence.



Shell Helix branded independent workshops making an impression in the industry

In 2023, we established 60 new branded independent workshops across Pakistan, expanding our presence in the high street market. We successfully attracted and converted customers through competitive offerings. This channel is crucial within the industry, as it enables oil changers to stay up to date with evolving automobile standards and requirements, providing end-to-end solutions for customer vehicles.

Empowering frontline excellence

One of the key highlights for the year has been the RISE program, which has been instrumental in enhancing the technical capability of the frontline team. Through a combination of workshops, hands-on training sessions, and on-the-job learning experiences, the RISE program has empowered our frontline team to deliver unparalleled levels of expertise and support to our customers.

Shell B2B Lubricants navigating market challenges and driving growth

Shell B2B Lubricants maintained its market share in a volatile external landscape, amidst challenges in the power sector decline and sluggish automotive production. It saw double-digit growth in the construction, fertilizer, and fleet sectors and made strides in the mining and rental power sectors. The newly established process oil business continued its strong momentum, showing successful market penetration. Exceptional results were seen in the premium lubricants category, reflecting Shell's commitment to quality and efficiency, meeting customer needs for optimal equipment performance and longevity. Demonstrating dedication to innovation, the Lubricants business took their local key customers to the Technology Leadership conference organised by Shell in Hamburg, Germany, showcasing advanced lubricants technology to key industrial sectors such as cement, transport, automotive OEMs, textile and fertilizer.

Shell Helix premium customers enjoy a 'finger lickin' good' offer

In Pakistan, Shell Helix premium customers enjoyed an enticing offer of a free KFC WOW Meal Box with every purchase of Shell Helix Hx7 Plus or Ultra oil change during the months of June and July. The promotion targeted selected high-traffic outlets across the country, significantly boosting Shell Helix premium volume. The campaign did well and effectively drove sales and customer satisfaction.

Shell Advance partners with Fahad Mustafa to celebrate Shell Advance as No.1 bike engine oil in Pakistan

Collaborating with Fahad Mustafa, Pakistan's popular TV and film celebrity, Shell Advance launched its colourful and catchy Bike Chalegi Advance Chalegi campaign. Showcasing Shell Advance as the 'No.1 Bike Engine Oil in Pakistan' (as per Retail Audit data in 20W50 category from October 2022 to August 2023 provided by GfK). With a significant reach in millions, the campaign captured hearts, earning an overwhelmingly positive sentiment.

Shell Lubricants celebrated World Mechanics Day

Shell Lubricants honored World Mechanics Day with a heartwarming campaign named Tum Kamaal Karte Ho. Led by local celebrity Fahad Mustafa, the campaign recognises the challenges mechanics face on a day-to-day basis and appreciates their invaluable contributions. Mechanics were invited to participate in a popular TV game show hosted by Mustafa, where they competed for exciting prizes. This campaign, aimed at highlighting the exceptional work of mechanics, has received significant attention on TV and social media platforms.

Influencer and trade engagements nationwide

Shell Lubricants influencer and trade engagement program Advance Ka Jashan and Aik Sham Rimula Kay Naam successfully targeted top influencers (mechanics) and traders with larger, improved, and more impactful programs. The campaigns, which combined information and entertainment, engaged over 20,000 mechanics across 40 cities, and 10,000 traders nationwide.

HSSE Performance

Shell's Powering Progress strategy is underpinned by our focus on safety. We aim to do no harm to people and to have no leaks across our operations. We call this our Goal Zero ambition. We seek to improve safety by focusing on the three areas where the safety risks associated with our activities are highest: personal, process and transport. We strive to reduce risks and to minimise the potential impact of any incident, with a particular emphasis on the risks with the most serious consequences if something goes wrong.

HSSE in Pakistan

Shell Pakistan has an integrated approach for managing health, safety, security and environment (HSSE) in our operations. We believe that a safe business is a good business. Conducting business safely and ethically, in compliance with local and our internal safety standards and processes is necessary to maintain our license to operate and future growth strategy.

Safety Day

In 2007, the Shell Group established our annual Safety Day as part of our Goal Zero ambition. We run safety awareness programmes, and hold an annual global Safety Day to give employees and contractors time to discuss safety culture on the frontline, reflect on how to prevent incidents, and how to improve performance. In 2023, the focus was on 'failing safely', which means we recognise that people make mistakes and that our barriers need to be capable of managing the impact of those mistakes to prevent harm.

Senior leaders led sessions, continuing the dialogue on the way people, culture, equipment, work systems and processes interact. They also encouraged conversations about how and why errors occur and how we can manage such situations so that if we fail, we 'fail safely'. The participation of many employees and contractors across the whole organisation resulted in meaningful discussions, emphasizing a learner mindset.

Safety and compliance in operation

Shell Pakistan had to increase its storage capacity for petroleum product to meet growing market demand and regulatory requirements. In the Punjab region, there were two options to increase storage capacity; to build a new tank or optimise the existing storage capacity. The project team assessed both options comprehensively and agreed on optimising the existing storage capacity.

At the Machike terminal, there were two identical storage tanks namely MCH-01 and MCH-02 positioned ~6 meters apart. The tank MCH-02 was converted from high-speed diesel storage to motor gasoline storage, making the tank MCH-01 redundant unless relocated to a safe and compliant distance, which was defined as approximately 100 meters away.

Shell Pakistan deployed novel technology to relocate the tank MCH-01 to its new location, certified for use. It was a complex project to move the tank, that weighs 450 tonnes and has product capacity of 15,000 tonnes. The project was completed with a total of 360,000 man-hours without any injury or incident.

Road Safety

Moving products by road, rail, sea and air brings inherent transport safety risks with it. Transportation of hydrocarbons by road forms the backbone of the oil industry in Pakistan. Shell Pakistan continues to work with local authorities to improve industry standards for transportation safety. Extensive engagements for hauliers and drivers on safe delivery of product, route caution and hazards, and emergency preparedness have been carried out across the country.

Emergency response readiness

Developing and maintaining emergency response procedures is an important element of building a robust safety culture. In 2023, we continued to maintain emergency response plans, and made sure we have the necessary resources to respond to spills, leaks, fires or explosions. We routinely prepared and practiced our emergency response to potential incidents. Emergency response plans have been tested in safety exercises and drills together with local services and regulatory agencies that would be involved if an incident took place.

Shell Health

In 2023, Shell Health focused on empowering individuals to take better care of themselves and providing better mental health support.

A health screening was arranged for employees through which they received baseline information on their health. On Blood Donation Day in June, a blood donation drive was arranged, where employees could volunteer and join the effort to save lives.

To provide staff with options to prioritise their mental well-being, a trained doctor was recruited at Shell head office, offering counselling sessions to employees in-person and online. Sessions on mental wellbeing and stress management were arranged so that employees could learn and practice techniques that could help them deal with uncertainty and stress.

Our People

Our people are pivotal to the strategic success of Shell. As we aspire to remain a top-tier company in an evolving energy landscape, we prioritise a collaborative culture that inspires human ingenuity. We emphasise recruiting, developing, and recognising our workforce for healthy competition, organisation productivity, and rapid development. We consistently earn top-quartile scores in the People Engagement Survey, reinforcing our status as an exceptional workplace. In 2023, our focus remained on strong engagement, propelling accelerated people development, fortified leadership capabilities, and sustained employee performance. Shell continues to thrive, driven by the collective efforts of our exceptional people.

Building and sustaining a diverse and inclusive (D&I) environment

At Shell, we believe that fostering a diverse and inclusive environment is not just a strategic imperative but a fundamental value that enhances overall wellbeing and happiness of our workforce. Shell has set an ambitious goal to be recognised as one of the most diverse and inclusive organisations, fostering an environment where everyone feels valued, respected, and has a strong sense of belonging. We provide a safe, caring, and inclusive workplace, allowing individuals to be themselves and reach their full potential.

Embracing diversity and inclusion, we conducted impactful Diversity, Equity & Inclusion (DE&I) sessions that explored one's unconscious bias and micro-behaviors. These sessions facilitated empowering discussions and team building activities, contributing to a more inclusive Shell community

Our strategy is to attract, develop, and retain the best talent while exemplifying equity and inclusion in family-related benefits. We have enhanced our Parental Leave Policy, increasing paternity leave to eight weeks. In our commitment to supporting the well-being of our employees, we introduced the Reproductive Health Leave Policy, providing 12 days of paid leave per annum for female employees to help them prioritise their reproductive health without stigma or worry.

A transformational policy on Assisted Fertility was also introduced. This policy is strategically crafted to provide essential support to employees facing fertility challenges and signifies a crucial step forward in our ongoing efforts to support our employees and their families.

Creating a high-performing workforce

At Shell, our success depends on our ability to attract, retain, and motivate diverse talent. We cultivate an atmosphere that empowers employees to excel. Throughout their journey at Shell, deliverables underpinned by our values and core business principles, are achieved through clear target-setting coupled with coaching and regular reviews. Performance is recognised, and rewarded, with strong emphasis on safety, operational excellence, personal growth, and tangible bottom-line contributions.

In 2023, we successfully onboarded 40 graduates and experienced professionals in diverse roles across the country. Our flagship Management Trainee and Summer Internship program, 'Powering Future Leaders' was executed through a comprehensive marketing campaign on social media, and campus drives, reaching out to eight top universities in Pakistan to engage with students and graduates. Employing a rigorous recruitment process that involved gamified assessments, individual structured interviews, and case studies, 39 summer interns and 9 management trainees were selected from a competitive pool of over 18,000 applications.

Notably, 3 of the 9 management trainees were former interns from our 2022 program, showcasing the success of our talent development initiatives. This program not only enriched our talent pool but also positioned us well to address future resourcing needs effectively.

In the pursuit of nurturing talent, 8 management trainees from the 2022 cohort underwent an accelerated learning and development journey, aptly named 'Powering Leaders'. This strategic initiative is designed to shape our emerging talent into adept professionals, with primary focus on instilling a learner mindset and cultivating essential leadership competencies for sustained success.

Care for employees

In view of high inflation in the country this year, we introduced a special mid-year remuneration increase as part of Shell Pakistan's reward offerings, in addition to the regular merit cycle. This step was taken to alleviate some of the economic pressures that employees faced.

Additionally, Shell partners with a global Employee Assistance program provider which offers a range of support services to employees and their immediate family members. This confidential channel allows employees to receive advice and help resolve issues that contribute to stress, which could adversely affect work performance, health and morale.

We inaugurated the first-ever Shell Select exclusively for staff at the Karachi Head Office. This initiative marks yet another stride in crafting an environment that caters to all needs.

We unveiled a game room at the Karachi Head Office, designed for entertainment and relaxation of employees. We also installed PlayStation 5 setups at multiple locations across our facilities, offering an opportunity to unwind, have fun with colleagues and enjoy latest gaming technology.

Making Shell a great place to work

Shell is proud to be an employer of choice, prioritising core values of honesty, integrity, and respect. Our focus on creating an inclusive environment, fostering individual talent, and promoting collaborative teamwork has led Shell Pakistan to be recognised as the 'Most Preferred Employer 2023' at the Best Place to Work Pakistan Awards. This prestigious accolade stands as a testament to the remarkable dedication, talent, and passion that each member of our organisation contributes daily.

In 2023, we brought our employees together during Ramzan for a heartfelt iftar meal, fostering a sense of community and camaraderie. Additionally, our vibrant Eid celebrations added joy and festivity to the workplace. Recognising the significance of Independence Day, we proudly organised a flag-hoisting ceremony, uniting our team in patriotic spirit. These initiatives reflect our commitment to creating a workplace that goes beyond daily responsibilities, embracing shared moments and celebrations that contribute to the unique and inclusive culture at Shell Pakistan.

We recognised and awarded more than 60 employees in the categories of 5, 10, 15, and up to 40 years of loyal service. At Shell, we fully acknowledge the commitment, and dedication of our long-serving employees and the support of their families through the annual Service Recognition Awards.

Parwaaz – a beacon of positivity and resilience

Prioritising employee wellbeing, development, and engagement has been top focus for Shell Pakistan, especially after divestment announcement in June 2023. Recognising the importance of sustaining employee morale and motivation during this period, we introduced 'Parwaaz' a series of programmes to help employees cope with change and challenges.

In September, Parwaaz organised 'Fit for Future', a dedicated development series fostering personal and professional growth. The series featured captivating sessions by internal and external speakers, empowering employees with essential soft skills. The response was exceptional, with 750+ learning hours and 370+ participation across the organisation. Simultaneously, we introduced self-care sessions with a psychologist to address personal needs and stress among employees.

In October, we focused on team engagement. The Country Leadership Team led 13 thought-provoking sessions across multiple locations, sharing their resilient journeys and inspiring others to contribute.

In November, we celebrated the Month of Kindness. Shell Pakistan joined hands with The Citizens Foundation for community-focused activities across three major cities, embodying our dedication to making a positive impact beyond the workplace. Internally, we encouraged employees to spread positivity and gratitude by acknowledging their peers and colleagues. Heartfelt appreciation cards were passed amongst colleagues. Additionally, this dual initiative not only emphasised the importance of kindness within our team but also extended our outreach to contribute positively to the broader communities we serve.

In December, we organised Winter Wickets League, a thrilling cricket tournament that brought together employees in three major cities, showcasing their sporting skill and fostering camaraderie and team spirit. This initiative provided a platform for friendly competition and collaboration, further strengthening the bond within the Shell community. The Winter Wickets League was not just about cricket; it was a celebration of teamwork, sportsmanship, and the vibrant spirit that defines our workplace culture.

Parwaaz represents our dedication to creating an exceptional employee experience, fostering a positive workplace culture, and contributing meaningfully to the communities we serve. We are proud of the impact this initiative has had in navigating an uncertain environment, highlighting our resilience and commitment to employee wellbeing, development, and engagement.

Social Performance

Shell invests in the communities where we live and operate. Shell's social performance programmes enable us to share with communities the benefits that economic development brings. We tailor our investment in local communities is both to the needs of the community and aligned with Shell's business objectives.

Circular economy

In Karachi, where Shell House is located Shell Pakistan constructed a plastic infused road surface. The road is 730 feet long and 60 feet wide and the surface contains recycled material from discarded Shell lubricant bottles. This is a purpose-built solution which is a benefit for Shell, neighboring residents, schools and the church community.

On another initiative, we collaborated with a Shell Tameer alumni, Concept Loop, a tech-based start-up converting plastic waste into building materials, and set up pavers at a Shell retail site in Karachi. We intend to replicate this successful initiative at other retail sites planned for renovation and construction.

Creating value through Shell Tameer

Shell LiveWIRE is one of Shell´s global social investment programmes which enables young people to start their own business and create employment. In 2003, it was launched in Pakistan with the name Shell Tameer, as part of Shell's commitment to generate prosperity for the communities around the world. Shell Tameer continued to support youth entrepreneurship development. The programme has reached out to around 1.1 million young people (aged 18-35) and engaged around 13,100 young entrepreneurs through enterprise trainings resulting in over 1,360 startups and business expansions.

Here are some of the key highlights of Shell Tameer's progress in 2023.

Supporting livelihoods

Shell Tameer organised a grant programme – Build the Future - in collaboration with the SoS Technical Trade Institute (SoS TTI) to help Shell retail site service champions progress in their lives. In 2023, 16 staff serving at retail stations successfully completed vocational trainings and qualified for the grant. They received equipment and tools for their respective trades to start or expand micro businesses. Successful candidates passing the exam received a certification from the Sindh Board of Technical Education (SBTE).

Strengthening young minds

Shell Tameer sponsored a 3-day bootcamp on climate entrepreneurship and leadership organised in collaboration with Stimulus Private Limited at Arfa Software Technology Park, Lahore. Since 2019, Stimulus runs the annual Climate Launchpad Pakistan program in partnership with EIT (European Institute of Innovation and Technology) Climate-KIC. Entrepreneurs were introduced to different tools and techniques that can help gauge performance of early-stage ventures that have an impact on environment.

Roadshows and collaborations

Shell Tameer engaged young students and entrepreneurs from accredited universities and National Incubation Centres across Pakistan through a 2-day extensive program to introduce entrepreneurship and business modelling.

In 2023, we tapped Gilgit Baltistan and collaborated with various universities and incubation centers. We observed potential and encouraged entrepreneurs and aspiring young minds to participate in the Shell Tameer Award and compete with students of metro cities.

10th Tameer Awards 2023

Shell Tameer continues to play a keen role in upskilling and recognising young entrepreneurs. We completed 22 sessions across Pakistan engaging universities and incubation centers, training over 700 individuals which included 560 startups.

With four themes including, transportation and mobility, empowering women, circular economy, technology innovation and clean energy solution, there were more than 430 applications from all provinces of Pakistan. 30 finalists received one-on-one mentorship by Shell LiveWIRE's international consultants Dalberg, to enable them to deliver investor winning pitches.

A jury panel of 30 renowned business leaders from Shell and across the industry awarded startups for their business plan, uniqueness, relevance, and applicability of business models to the industry. The event was widely acknowledged nationally.

Access to energy

The Access to Energy program in South Punjab has been running since 2019, in collaboration with the National Rural Support Program (NRSP). Around 235 farmers spread across 370 acres of land, are benefitting from solar powered tube wells. For years, around 25 acres of this land was barren and with the installation of tube wells the land turned fertile with significant yield. Additionally, through this program, a solar-powered milk refrigeration plant serves around 40 dairy farmers, who are being supported to diversify their existing business to increase earnings.

In 2023, we have scaled up the project with the introduction of biochar, a crop enabler. Crop stubble burning is one of the biggest contributors of smog in South Asia. In 2018, United Nations reported that agricultural waste burning contributed to 20% of air pollution emissions. Pakistan's economy is heavily dependent on traditional agricultural technology. Shell Pakistan worked with local farmers in collaboration with the National Rural Support Programme (NRSP) to transform agricultural waste into valuable biochar – a product that can potentially improve soil health. Biochar is produced through the process of pyrolysis - thermal decomposition of biomass in an oxygen-controlled environment. This process releases little to no contaminating fumes and is a sustainable way to put agricultural waste to a beneficial use. The results of the pilot project are looking positive: the soil characteristic such as PH levels, organic matter, potassium and phosphorus improved substantially which led to an increase in crop yield.

Road safety awareness campaign

Shell Pakistan engaged with fence line community schools at our terminal locations of Kemari and Chaklala to share concepts of road safety. Students were engaged in a series of fun activities such as storytelling, art contest, quiz competition, distribution of 'Once upon a Road', a book for young readers published by Shell Pakistan, to raise awareness on road safety.

The school management found the engagements highly valuable, that teaches these young minds basic civic sense, a sense of responsibility, empathy for others and respect for other people's rights.

Innovation in Action

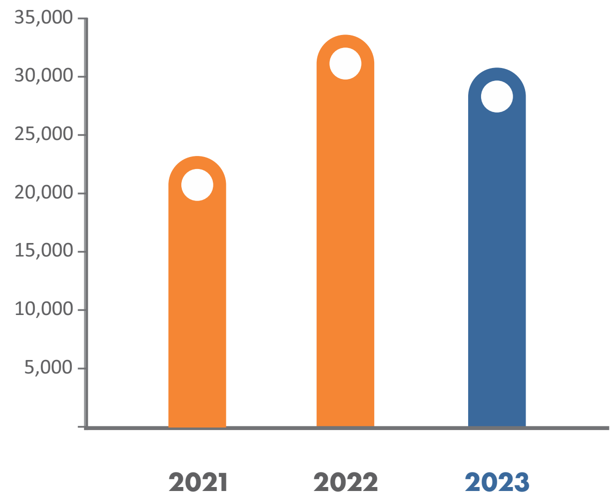
For more than 100 years, Shell has been shaping the energy industry. Today we continue to invest in innovation and entrepreneurship, both inside and outside Shell. In a time of rapid change, it is important to learn from others, make the most of our collective strengths and find the best ways of doing business.

Shell Tameer is our flagship social investment Enterprise Development programme, with the vision to strengthen local economies by promoting entrepreneurship, innovation and meaningful employment.

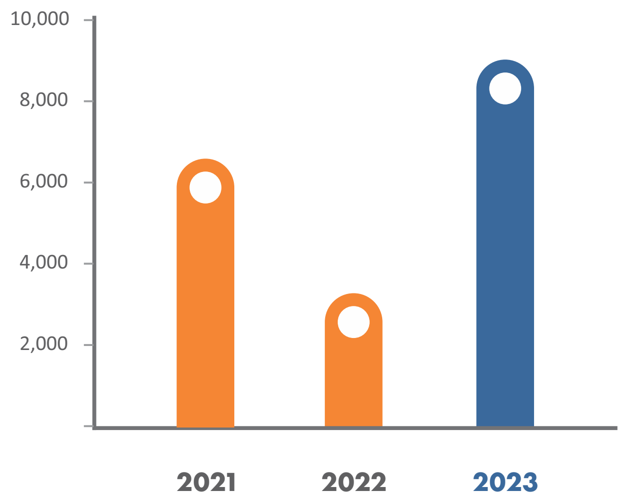
Performance at a Glance

Year Ended December 31, 2023

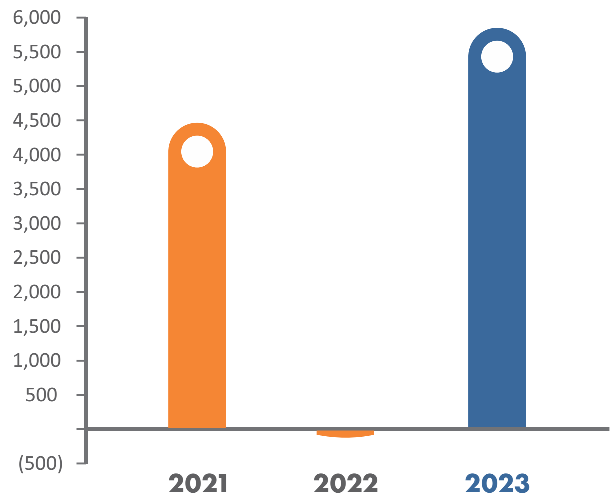
Gross Profit (Rs. Million)



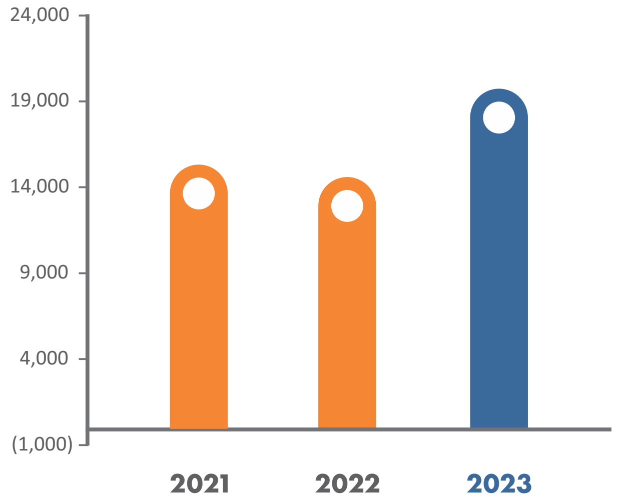
Operating Profit/(Loss) (Rs. Million)



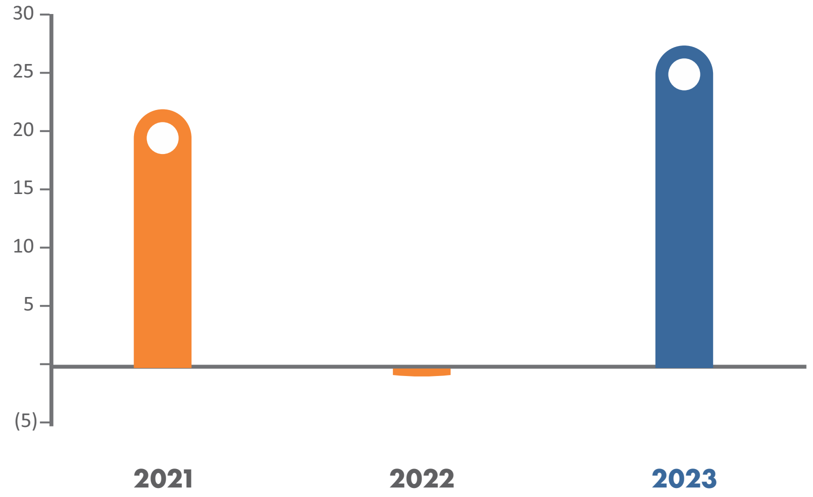
Profit/(Loss) After Tax (Rs. Million)



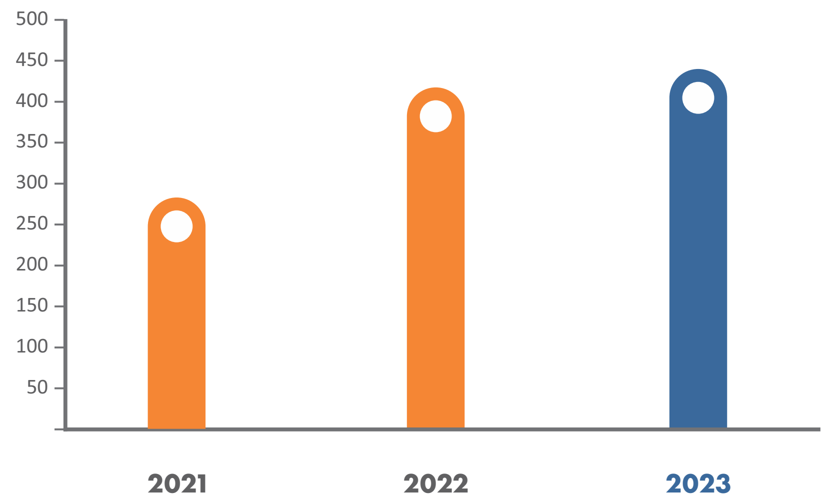
Shareholder's Equity (Rs. Million)



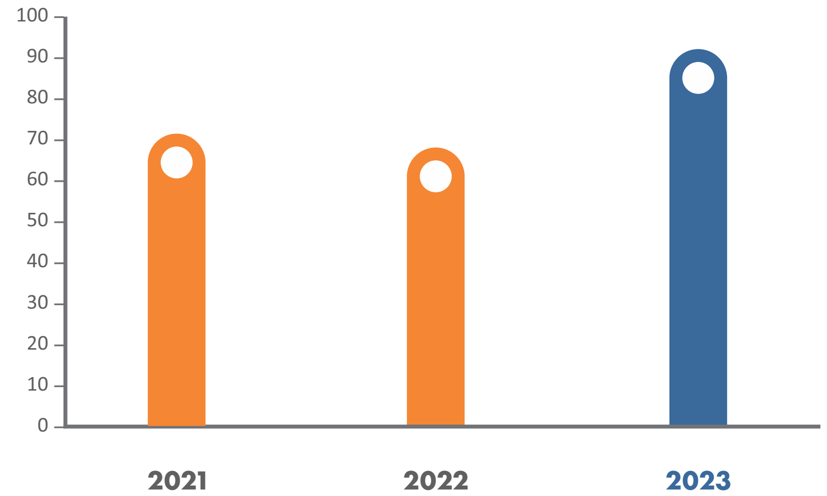
Profit/(Loss) Per Share (Rs.)



Gross Revenue (Rs. Billion)



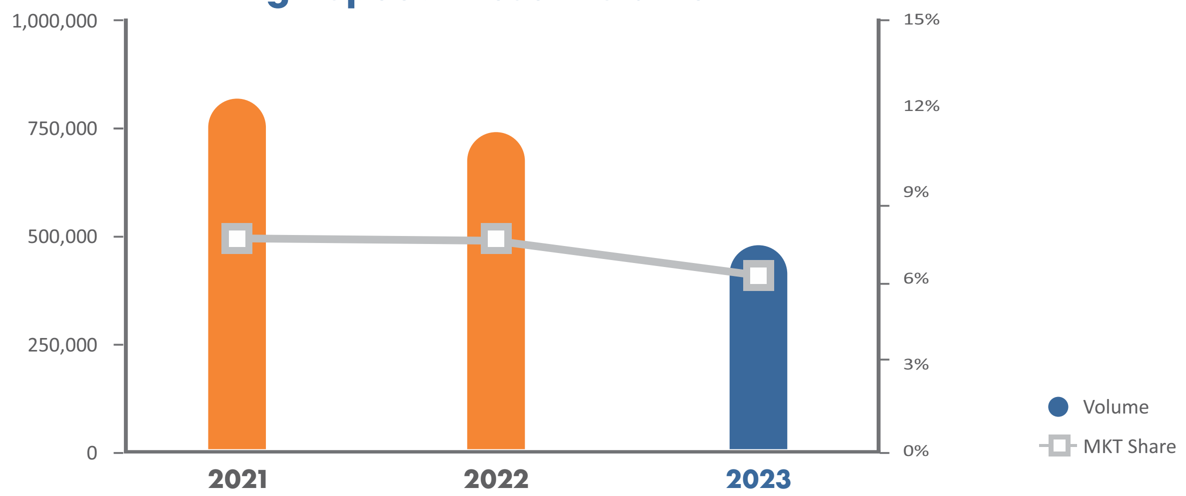
Break Up Value Per Share (Rs.)



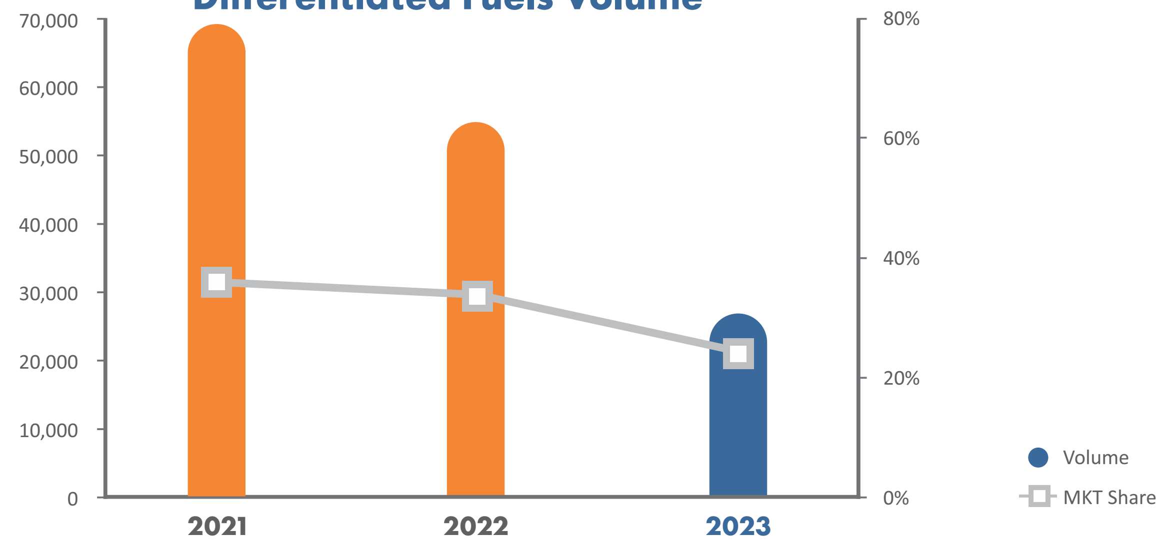
Operating and Financial Highlights

Product Wise Volume (MTs) and Market Share (%)

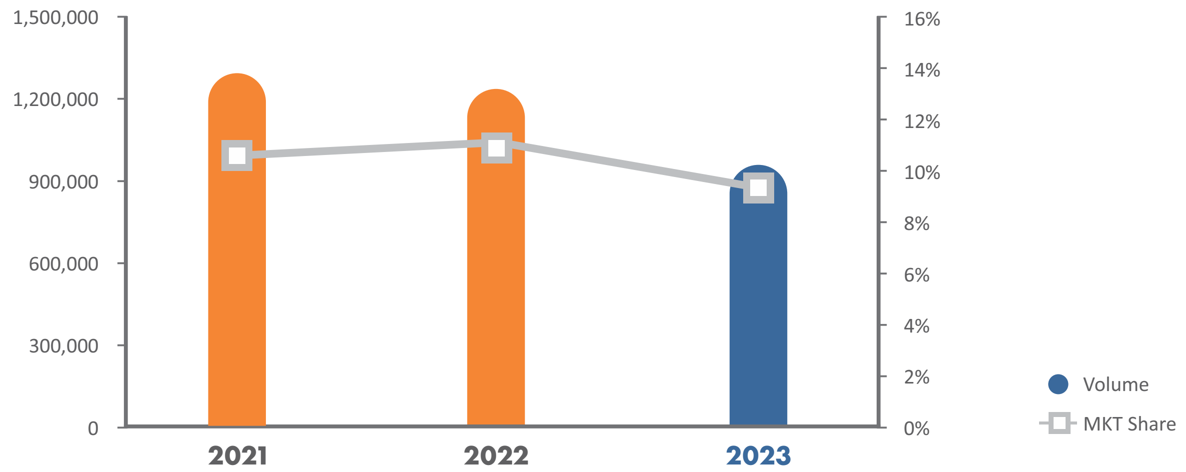
High Speed Diesel Volume



Differentiated Fuels Volume



Motor Gasoline Volume



Year Ended December 31, 2023

Key Highlights		2023	2022
Sales Volume	Tonnes	1,506,813	2,033,325
Sales Revenue	Rs. mn	431,650	412,699
Profit before taxation	Rs. mn	7,247	2,915
Profit / (loss) after taxation	Rs. mn	5,851	(72)
Fixed Capital Expenditure	Rs. mn	4,809	4,811
Shareholders' equity	Rs. mn	19,737	14,597
Profit / (Loss) per share	Rs.	27.34	(0.34)

		Year ended December 31						
Financial Statistical Summary		**2023**	**2022**	**2021**	**2020 (restated)**	**2019**	**2018**	**2017**
Share capital	Rs. mn	**2,140**	2,140	2,140	1,070	1,070	1,070	1,070
Reserves	Rs. mn	**17,597**	12,457	13,181	(1,721)	3,221	5,283	9,128
Shareholders' equity	Rs. mn	**19,737**	14,597	15,321	(651)	4,291	6,353	10,198
Break up value	Rs.	**92**	68	72	(6)	40	59	95
Dividend per share	Rs.	**5**	3	-	-	-	7	24
Bonus	Ratio	**-**	-	-	-	-	-	-
Profit / (Loss) before tax	Rs. mn	**7,247**	2,915	6,609	(4,815)	(140)	(60)	4,323
Profit / (Loss) after Tax	Rs. mn	**5,851**	(72)	4,467	(4,821)	(1,486)	(1,102)	3,183
Earnings / (Loss) per share of Rs. 10	Rs.	**27.34**	(0.34)	21.88	(31.19)	(13.88)	(10.30)	29.74
Working capital								
Current assets to current liabilities	Times	**0.9**	0.9	0.9	0.6	0.7	0.7	0.8
Number of Days stock	Days	**44**	41	59	31	34	32	23
Number of days trade debts	Days	**5**	5	7	9	8	6	7
Performance								
Profit / (Loss) after tax as % of average shareholders' equity	%	**34.1**	(0.5)	60.9	(264.9)	(27.9)	(13.3)	29.9
Cost of Sales as a % of sales	%	**92.9**	91.9	90.5	95.4	92.4	91.7	91.2
Profit / (Loss) before tax as % of sales	%	**1.68**	0.71	2.65	(2.92)	(0.07)	(0.03)	2.6
Profit / (Loss) after tax as % of sales	%	**1.36**	(0.02)	1.79	(2.92)	(0.7)	(0.6)	1.5
Total debt ratio	Ratio	**-**	-	-	1.1	0.7	0.6	0.04

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Independent Auditors' Report

To the members of Shell Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the profit and other comprehensive 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY
Building a better working world

Following is the Key audit matter:

Key audit matter	How our audit addressed the key audit matter
1. Existence and valuation of stock-in-trade	
As disclosed in note 11 to the financial statements, stock-in-trade held by the Company as at 31 December 2023 amounted to Rs. 48,051 million which constitutes 45% of total assets of the Company. This comprise of raw and packing materials and finished products. Stock-in-trade is valued at lower of cost, calculated on a first-in first-out basis, and net realisable value. We have identified existence and valuation of stock in trade as a key audit matter given the relative size of the balance in the statement of financial position.	Our key audit procedures, amongst others, included the following: - obtained an understanding of management's internal controls over the existence and valuation of stock-in-trade and tested effectiveness of controls relevant to such process; - observed physical counts performed by the management for raw and packing materials and finished products held at various locations; - checked that the stock-in-trade as at 31 December 2023 was recorded at the lower of cost and net realisable value by testing a sample of items to the subsequent prices; - performed procedures in respect of stock-in-trade held at third party locations including circularisation of third party confirmations; and - considered the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting framework.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Omer Chughtai.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

UDIN: AR202310120CK7pArLmb

Date: 28 March 2024

Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**23,143,446**	20,579,301
Right-of-use assets	5	**6,696,781**	6,453,393
Intangible assets	6	**-**	2,101
Long-term investments	7	**5,680,940**	5,198,192
Long-term loans	8	**30,653**	51,163
Long-term deposits and prepayments	9	**255,871**	220,100
Deferred taxation	10	**558,665**	780,010
		36,366,356	33,284,260
Current assets			
Stock-in-trade	11	**48,051,486**	42,921,597
Trade debts	12	**6,491,679**	5,910,061
Loans and advances	13	**76,836**	62,784
Short-term deposits and prepayments	14	**573,899**	535,584
Other receivables	15	**7,081,188**	8,216,986
Taxation - net		**1,154,999**	-
Bank balances	16	**6,552,223**	10,801,097
		69,982,310	68,448,109
TOTAL ASSETS		**106,348,666**	101,732,369
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**2,140,246**	2,140,246
Share premium		**11,991,012**	11,991,012
General reserves		**207,002**	207,002
Unappropriated profit		**5,773,614**	807,101
Remeasurement of post-employment benefits – actuarial loss		**(369,884)**	(543,266)
Unrealized loss on remeasurement of equity investment classified as fair value through other comprehensive income		**(5,000)**	(5,000)
		19,736,990	14,597,095
Liabilities			
Non-current liabilities			
Asset retirement obligation	18	**361,826**	321,113
Long-term provisions	19	**2,790,571**	2,923,281
Long-term lease liabilities	20	**6,564,770**	5,945,991
Provision for post-retirement medical benefits	34.2.1	**213,190**	178,788
		9,930,357	9,369,173
Current liabilities			
Trade and other payables	21	**71,898,733**	73,703,492
Advances received from customers (contract liabilities)		**1,857,237**	1,442,366
Unpaid dividend	22	**1,340,138**	508,954
Unclaimed dividend		**238,848**	278,892
Accrued mark-up		**1,552**	2,848
Taxation - net		**-**	882,792
Current portion of asset retirement obligation	18	**45,361**	-
Current portion of long-term provisions	19	**733,171**	236,964
Current portion of long-term lease liabilities	20	**566,279**	709,793
		76,681,319	77,766,101
Contingencies and commitments	24		
TOTAL EQUITY AND LIABILITIES		**106,348,666**	101,732,369

The annexed notes from 1 to 45 form an integral part of these financial statements.

Zarrar Mahmud
Chief Financial Officer

Waqar I. Siddiqui
Chief Executive

Imran R. Ibrahim
Director

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
Sales	25	**438,380,349**	418,592,346
Other revenue		**1,149,102**	750,914
		439,529,451	419,343,260
Sales tax		**(7,879,223)**	(6,644,201)
Net revenue		**431,650,228**	412,699,059
Cost of products sold	26	**(400,881,843)**	(379,106,173)
Gross profit		**30,768,385**	33,592,886
Distribution and marketing expenses	27	**(11,372,968)**	(10,281,744)
Administrative expenses	28	**(9,917,545)**	(7,390,232)
Other expenses	29	**(13,789,957)**	(14,386,220)
Other income	30	**13,338,912**	1,739,760
Operating profit		**9,026,827**	3,274,450
Finance costs	31	**(2,499,147)**	(1,358,252)
		6,527,680	1,916,198
Share of profit of associate - net of tax	7.1	**718,867**	998,905
Profit before taxation		**7,246,547**	2,915,103
Taxation	32	**(1,395,154)**	(2,987,416)
Net profit / (loss) for the year		**5,851,393**	(72,313)
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Actuarial gain on post-employment benefits - net of tax	34.6	**173,382**	55,664
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive income / (loss) of associate - net of tax	7.1	**185,243**	(65,658)
Total comprehensive income / (loss) for the year		**6,210,018**	(82,307)
		(Rupees)	
Earnings / (loss) per share – basic and diluted	33	**27.34**	(0.34)

The annexed notes from 1 to 45 form an integral part of these financial statements.

Zarrar Mahmud
Chief Financial Officer

Waqar I. Siddiqui
Chief Executive

Imran R. Ibrahim
Director

Statement of Changes in Equity

For the year ended December 31, 2023

	Share capital	Share premium (Capital reserve)	General reserves (Revenue reserve)	Unappropriated profit (Revenue reserve)	Remeasurement of post-employment benefits - actuarial (loss) / gain (Revenue reserve)	Unrealized loss on remeasurement of equity investment (Revenue reserve)	Total
	(Rupees in '000)						
Balance as at January 01, 2022	2,140,246	11,991,012	207,002	1,587,146	(598,930)	(5,000)	15,321,476
Net loss for the year	-	-	-	(72,313)	-	-	(72,313)
Other comprehensive (loss) / income for the year - net of tax	-	-	-	(65,658)	55,664	-	(9,994)
Total comprehensive (loss) / income for the year	-	-	-	(137,971)	55,664	-	(82,307)
Interim cash dividend for the period ended September 30, 2022 @ Rs. 3/- per share	-	-	-	(642,074)	-	-	(642,074)
Balance as at December 31 2022	**2,140,246**	**11,991,012**	**207,002**	**807,101**	**(543,266)**	**(5,000)**	**14,597,095**
Net profit for the year	**-**	**-**	**-**	**5,851,393**	**-**	**-**	**5,851,393**
Other comprehensive income for the year - net of tax	**-**	**-**	**-**	**185,243**	**173,382**	**-**	**358,625**
Total comprehensive income for the year	**-**	**-**	**-**	**6,036,636**	**173,382**	**-**	**6,210,018**
Interim cash dividend for the period ended September 30, 2023 @ Rs. 5/- per share	**-**	**-**	**-**	**(1,070,123)**	**-**	**-**	**(1,070,123)**
Balance as at December 31, 2023	**2,140,246**	**11,991,012**	**207,002**	**5,773,614**	**(369,884)**	**(5,000)**	**19,736,990**

The annexed notes from 1 to 45 form an integral part of these financial statements.

Zarrar Mahmud
Chief Financial Officer

Waqar I. Siddiqui
Chief Executive

Imran R. Ibrahim
Director

Statement of Cash Flows

For the year ended December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	**3,305,096**	14,097,248
Finance costs paid		**(23,168)**	(419,953)
Interest portion of lease liabilities paid	31	**(811,738)**	(647,402)
Income tax paid		**(3,203,024)**	(2,636,174)
Long-term loans		**20,510**	(13,723)
Long-term deposits and prepayments		**(35,771)**	45,666
Post-retirement medical benefits paid during the year	34.2.3	**(14,600)**	(11,164)
Payments against long-term provisions	19	**(149,612)**	-
Net cash (used in) / generated from operating activities		**(912,307)**	10,414,498
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure	4.7.1	**(4,809,429)**	(4,810,967)
Proceeds from disposal of operating assets	4.6	**396,650**	60,341
Dividend received from associate	7.1	**421,362**	705,350
Interest on saving accounts	30	**1,080,393**	115,471
Interest on term deposit receipts	30	**484,458**	195,788
Net cash used in investing activities		**(2,426,566)**	(3,734,017)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease liabilities paid		**(631,018)**	(704,667)
Dividends paid		**(278,983)**	(148,134)
Net cash used in financing activities		**(910,001)**	(852,801)
Net (decrease) / increase in cash and cash equivalents		**(4,248,874)**	5,827,680
Cash and cash equivalents at the beginning of the year		**10,801,097**	4,973,417
Cash and cash equivalents at the end of the year	16	**6,552,223**	10,801,097

The annexed notes from 1 to 45 form an integral part of these financial statements.

Zarrar Mahmud
Chief Financial Officer

Waqar I. Siddiqui
Chief Executive

Imran R. Ibrahim
Director

Notes to the Financial Statements

For the year ended December 31, 2023

1 THE COMPANY AND ITS OPERATIONS

1.1 Shell Pakistan Limited (the Company) is a limited liability Company incorporated in Pakistan on June 28, 1969 under the repealed Companies Act, VII of 1913 (now Companies Act, 2017 (the Act)) and is listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Shell Petroleum Company Limited, United Kingdom (Immediate Parent) which is a subsidiary of Shell Plc (formerly known as Royal Dutch Shell Plc.) (Ultimate Parent).

On 14 June, 2023, the Immediate Parent informed the Board of Directors of its intent to sell its entire shareholding in the Company. The same was communicated to the shareholders by the Company on the same day through a public announcement on the Pakistan Stock Exchange.

On October 31, 2023, the Immediate Parent informed the Company that it had entered into a Share Purchase Agreement with Wafi Energy LLC for the sale of its entire shareholding in the Company, comprising 165,700,304 shares and representing 77.42% of the issued share capital of the Company on October 31, 2023, (the Transaction). The completion of the Transaction is subject to receipt of requisite regulatory approvals, completion of legal requirements and satisfaction of other closing formalities.

1.2 The Company markets petroleum products and compressed natural gas. It also blends and markets various kinds of lubricating oils. The registered office of the Company is located at Shell House, 6, Ch. Khaliquzzaman Road, Karachi.

1.3 Geographical location and addresses of business units

Head Office	Shell House, 6, Ch. Khaliquzzaman Road, Karachi
Lube Oil Blending Plant	Plot No. 22, Oil Installation Area, Keamari, Karachi

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 financial statements as required under the Fourth Schedule to the Act.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Act; and

- Provisions of and directives issued under the Act.

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

2.2 Functional and presentation currency

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

2.3 Accounting convention

These financial statements have been prepared under the historical cost convention, except for the Company's investment in Arabian Sea Country Club Limited which is carried at fair value through other comprehensive income.

2.4 Initial application of standards, amendments and improvements to the approved accounting and reporting standards

2.4.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

Amendments to the approved accounting and reporting standards that became effective during the year

The Company has adopted the following amendments to the approved accounting and reporting standards which became effective for the current year:

Amendments to approved accounting standards

IAS 8 Definition of accounting estimates (amendments)

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's financial statements.

IAS 1 and IFRS Practice Statement 2 Disclosure of accounting policies (amendments)

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

IAS 12 Deferred tax related to assets and liabilities arising from a single transaction (amendments)

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Company's financial statements.

IAS 12 International tax reform — Pillar Two model rules (amendments)

The amendments to IAS 12 have been introduced in response to the Organization for Economic Cooperation and Development's Base Erosion and Profit Shifting Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 01, 2023, but not for any interim periods ending on or before December 31, 2023.

The amendments had no impact on the Company's financial statements.

2.4.2 Standards and amendments to the approved accounting standards that are not yet effective

The following standards, amendments and improvements to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

Standards / amendments		Effective date (annual periods beginning on or after)
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 17	Insurance Contracts	January 01, 2026
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

Further, following standard has been issued by IASB which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004

The Company expects that above standards and amendments to the approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

2.5 Significant accounting estimates, assumptions and judgments

The preparation of these financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and judgments that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates, assumptions and judgements made by the management that are subject to risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

- Determination of useful lives, method of depreciation of property, plant and equipment and right-of-use assets (notes 3.1, 3.2, 4.1 and 5);
- Impairment against financial and non-financial assets (notes 3.3, 4.8, 12.3 and 15.9);
- Review of net realizable value of stock-in-trade for diminution in the carrying values and review of stock-in-trade for obsolescence (notes 3.7 and 11.6);
- Provision of asset retirement obligation (notes 3.10.1 and 18);
- Estimates of receivable and payables in respect of retirement and other service benefits (notes 3.9 and 34);
- Provision for current and deferred taxation (notes 3.6, 10 and 32);
- Determination of contingent liabilities (notes 3.14, 15.8 and 24.1);
- Determining the lease term of contracts with renewal and termination options (notes 3.11, 5 and 20);
- Leases - Estimating the incremental borrowing rate (notes 3.11, 5 and 20); and
- Provision for soil and ground water remediation (notes 3.10.2 and 19).

3 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

3.1 Property, plant and equipment

These are carried at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is stated at cost less accumulated impairment losses, if any.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific categories of property, plant and equipment as and when these are available for use.

Subsequent costs are not recognised as assets unless it is probable that future economic benefits associated with these costs will flow to the Company and the cost can be measured reliably. Maintenance and normal repairs are charged to the statement of profit or loss and other comprehensive income as and when incurred.

Depreciation is charged to the statement of profit or loss and other comprehensive income using the straight-line method over the assets' estimated useful life at rates given in note 4.1 to these financial statements. The useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged for the month in which an asset is disposed off.

The gain or loss on disposal or retirement of an asset is recognised as an income or expense in the statement of profit or loss and other comprehensive income in the period of disposal.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When the carrying amount of an asset exceeds its recoverable amount, it is immediately written down to its estimated recoverable amount.

3.2 Right-of-use assets

The Company recognises a right-of-use asset at the commencement date of the lease. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

3.3 Impairment

3.3.1 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors (i.e., gross domestic product and consumer price index) specific to the debtors and the economic environment. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Company considers a financial asset to be at a risk of default when contractual payments are 90 days past due, unless there are factors that might indicate otherwise. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.3.2 Impairment of 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 the statement of profit or loss and other comprehensive income. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

3.4 Investment in associates

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Company's share of its associate's post acquisition profits or losses is recognised in profit or loss and its share in associate's post acquisition other comprehensive income is recognised in other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Dividends received from associate reduce the carrying amount of the investment.

3.5 Financial instruments

3.5.1 Financial assets

Financial assets are classified at initial recognition and subsequently measured at amortized cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVPL).

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

A financial asset is primarily derecognised when the right to receive cash flows from the asset has expired.

3.5.2 Financial liabilities

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.

Gains or losses on financial liabilities are recognised in the statement of profit or loss and other comprehensive income when the liability is derecognised or modified.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

3.6 Taxation

3.6.1 Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.6.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax income or expense is charged in the statement of profit or loss and other comprehensive income.

3.7 Stock-in-trade

These are valued at lower of cost, calculated on first-in first-out basis, and net realizable value except for stock-in-transit. Cost comprises of invoice value, custom duties, other direct costs and similar levies but excludes borrowing cost. Cost for bonded stock of finished goods comprises invoice value and costs incurred to date. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to make the sale.

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon till the reporting date.

Provision is made for obsolete and slow moving stock-in-trade based on management's best estimate and is recognised in the statement of profit or loss and other comprehensive income.

3.8 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise of cash in hand (if any) and accounts held with banks that are subject to an insignificant risk of changes in value.

3.9 Retirement and other service benefits

The below mentioned schemes are managed in conformity with the provisions of the Trust Deeds. The Company is responsible to make contributions to the funds as prescribed under the Trust Deeds and their rules, whereas, the trustees are responsible for the day to day management of the funds. Except for certain expatriates for whom benefits are provided by membership of their respective Shell retirement benefit funds, staff retirement benefits include:

3.9.1 Defined benefit plans

- **Approved funded gratuity and pension schemes**

  The Company operates separate approved funded gratuity schemes and approved funded pension schemes for management and unionized staff. Contributions are made to these schemes on the basis of actuarial recommendations.

- **Un-funded post-retirement medical benefits**

  The Company offers un-funded post-retirement medical benefits for all management staff. Annual provision is made for the scheme on the basis of actuarial recommendations.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in equity through the statement of other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. The Company recognises service costs and net interest expense or income in the statement of profit or loss and other comprehensive income.

3.9.2 Defined contribution plans

- **Approved defined contributory provident funds**

  The Company operates approved defined contributory provident funds for all employees. Equal monthly contributions are made both by the Company and the employee at the rate of 4.5% of basic salary for management employees and 10% of basic salary for non-management employees. The amount contributed is charged in the statement of profit or loss and other comprehensive income.

- **Approved defined contributory pension fund**

  The Company introduced an approved defined contributory pension fund during 2013 for management employees who opted for transfer from defined benefit pension and gratuity fund to defined contributory pension fund and for all new employees joining thereafter. The Company contributes at the rate of 10.5% of basic salary of the employee which is charged to the statement of profit or loss and other comprehensive income.

Retirement benefits are payable to staff on completion of prescribed qualifying periods of service under these schemes.

3.10 Provisions

3.10.1 Provision for asset retirement obligation is based on assumptions and estimates made in relation to discount rates, the expected cost to dismantle and the expected timing of those costs. The liability is recorded at the present value of expected costs, amounts discounted over the useful economic life of the assets. The liability is recognised (together with a corresponding amount as part of the related property, plant and equipment) once an obligation crystallizes in the period when a reasonable estimate can be made. The estimated future costs of dismantling are reviewed annually and adjusted as appropriate. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are incorporated on a prospective basis.

3.10.2 Provision for soil and ground water remediation is based on assumptions and estimates made in relation to discount rates, the expected cost to remediate and the expected timing of those costs. The liability is recorded at the present value of expected costs, amounts discounted over the duration of the remediation activities. The estimated future costs of remediation are reviewed annually and adjusted as appropriate. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are incorporated on a prospective basis.

3.11 Leases

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments at the lease commencement date the Company uses its incremental borrowing rate (IBR). 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 to the right-of-use asset in a similar economic environment. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

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 applies judgement in evaluating whether it is reasonably certain whether or not to exercise the extension, renewal or termination option in a lease contract. 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. The gain or loss on termination of a lease is recognised as an income or expense in the statement of profit or loss and other comprehensive income at the time of termination.

3.12 Unclaimed dividend

Dividend declared and payable prior to the preceding three years from the reporting date are recognised as unclaimed dividend.

3.13 Unpaid dividend

Dividend declared by the Company, in the preceding three years, which remains unclaimed or unpaid as on the reporting date is recognised as unpaid dividend.

3.14 Contingent liabilities

The Company discloses a contingent liability when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.15 Revenue recognition

The Company recognises revenue for supply of petroleum products at a point in time when the control of the products is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. 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 credit limits in contract with customers ranges from 2 to 90 days.

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 transfers control of related goods to the customer.

Other revenue and other income are measured at the fair value of consideration received or receivable on the following basis:

- Other revenue (including franchise fee) is recognised on accrual basis.

- Profit from bank accounts and return on investments is recognised on a time proportionate basis.

- Interest on short-term deposits and shell card income is recognised on accrual basis.

- Dividend income is recognised when the Company's right to receive the dividend is established.

3.16 Foreign currencies

Transactions in foreign currencies are accounted for in Pakistan Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates which approximate those prevailing at the reporting date. Exchange differences are recognised in the statement of profit or loss and other comprehensive income.

3.17 Interest in joint operations

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.

Currently, the Company has only one joint operation. In December 2004, the Company entered into an unincorporated joint arrangement with Pakistan State Oil Company Limited and Total Parco Marketing Limited, for establishment and installation of storage facilities relating to petroleum products at Mehmoodkot. The Company has a 24.6% share in the joint arrangement.

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in these financial statements under the appropriate line items.

3.18 Earnings per share

The Company presents basic 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 period.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		(Rupees in '000)	
Operating assets – at net book value		**18,553,441**	16,329,276
Provision for impairment	4.8	**(250,145)**	(355,725)
	4.1	**18,303,296**	15,973,551
Capital work-in-progress	4.7	**4,840,150**	4,605,750
		23,143,446	20,579,301

4.1 Operating assets

	Note	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Tanks and pipelines	Plant and machinery	Air conditioning plant	Lifts	Dispensing pumps	Rolling stock and vehicles	Electrical, mechanical and fire fighting equipments	Furniture, office equipment and other assets	Computer auxiliaries	Main frame	Total
		(Rupees '000)														
As at January 01, 2023																
Cost		**94,691**	**618,751**	**207,667**	**5,153,881**	**6,132,766**	**3,099,394**	**136,363**	**77,567**	**2,563,371**	**604,524**	**5,360,718**	**4,845,365**	**898,401**	**7**	**29,793,466**
Less: Accumulated depreciation and impairment		**-**	**210,585**	**88,619**	**2,716,621**	**1,936,877**	**1,023,461**	**35,523**	**24,659**	**1,029,938**	**438,224**	**2,808,112**	**2,732,873**	**774,416**	**7**	**13,819,915**
Net book value		**94,691**	**408,166**	**119,048**	**2,437,260**	**4,195,889**	**2,075,933**	**100,840**	**52,908**	**1,533,433**	**166,300**	**2,552,606**	**2,112,492**	**123,985**	**-**	**15,973,551**
Year ended December 31, 2023																
Opening net book value		**94,691**	**408,166**	**119,048**	**2,437,260**	**4,195,889**	**2,075,933**	**100,840**	**52,908**	**1,533,433**	**166,300**	**2,552,606**	**2,112,492**	**123,985**	**-**	**15,973,551**
Additions / revision of asset retirement obligation		**-**	**-**	**667**	**932,349**	**1,072,596**	**892,611**	**101,945**	**13,225**	**183,363**	**355,652**	**459,946**	**523,190**	**101,687**	**-**	**4,637,231**
Less: Disposals / write-offs																
Cost		**-**	**-**	**2,988**	**204,224**	**78,830**	**208,613**	**3,229**	**5,473**	**214,052**	**189,894**	**659,468**	**250,973**	**80,451**	**-**	**1,898,195**
Accumulated depreciation		**-**	**-**	**(2,988)**	**(163,481)**	**(62,958)**	**(85,491)**	**(2,916)**	**(1,964)**	**(119,525)**	**(183,707)**	**(552,858)**	**(166,519)**	**(80,011)**	**-**	**(1,422,418)**
	4.6	**-**	**-**	**-**	**40,743**	**15,872**	**123,122**	**313**	**3,509**	**94,527**	**6,187**	**106,610**	**84,454**	**440**	**-**	**475,777**
Less: Depreciation charge for the year	4.2	**-**	**25,126**	**3,323**	**204,340**	**393,162**	**224,165**	**12,320**	**6,034**	**152,986**	**62,049**	**250,015**	**431,491**	**172,278**	**-**	**1,937,289**
Add: Impairment reversal for the year	4.8	**-**	**-**	**-**	**9,068**	**75,275**	**-**	**-**	**2,039**	**369**	**-**	**12,699**	**6,130**	**-**	**-**	**105,580**
Closing net book value		**94,691**	**383,040**	**116,392**	**3,133,594**	**4,934,726**	**2,621,257**	**190,152**	**58,629**	**1,469,652**	**453,716**	**2,668,626**	**2,125,867**	**52,954**	**-**	**18,303,296**
As at December 31, 2023																
Cost		**94,691**	**618,751**	**205,346**	**5,882,006**	**7,126,532**	**3,783,392**	**235,079**	**85,319**	**2,532,682**	**770,282**	**5,161,196**	**5,117,582**	**919,637**	**7**	**32,532,502**
Less: Accumulated depreciation and impairment		**-**	**235,711**	**88,954**	**2,748,412**	**2,191,806**	**1,162,135**	**44,927**	**26,690**	**1,063,030**	**316,566**	**2,492,570**	**2,991,715**	**866,683**	**7**	**14,229,206**
Net book value		**94,691**	**383,040**	**116,392**	**3,133,594**	**4,934,726**	**2,621,257**	**190,152**	**58,629**	**1,469,652**	**453,716**	**2,668,626**	**2,125,867**	**52,954**	**-**	**18,303,296**
As at January 01, 2022																
Cost		94,691	618,751	195,188	4,568,026	4,262,388	2,636,471	54,327	72,115	2,410,629	619,304	4,676,089	4,425,785	844,820	7	25,478,591
Less: Accumulated depreciation and impairment		-	164,963	85,406	2,667,483	1,628,808	826,868	31,036	19,305	929,176	466,164	2,562,540	2,374,206	434,149	7	12,190,111
Net book value		94,691	453,788	109,782	1,900,543	2,633,580	1,809,603	23,291	52,810	1,481,453	153,140	2,113,549	2,051,579	410,671	-	13,288,480
Year ended December 31, 2022																
Opening net book value		94,691	453,788	109,782	1,900,543	2,633,580	1,809,603	23,291	52,810	1,481,453	153,140	2,113,549	2,051,579	410,671	-	13,288,480
Additions / revision of asset retirement obligation / write ins		-	-	12,479	788,902	1,946,980	484,211	82,672	5,620	214,373	81,042	768,289	460,566	56,467	-	4,901,601
Less: Disposals / write-offs																
Cost		-	-	-	203,047	76,602	21,288	636	168	61,631	95,822	83,660	40,986	2,886	-	586,726
Accumulated depreciation		-	-	-	(139,769)	(36,149)	(5,743)	(617)	(24)	(45,990)	(78,001)	(42,182)	(23,545)	(1,760)	-	(373,780)
	4.6	-	-	-	63,278	40,453	15,545	19	144	15,641	17,821	41,478	17,441	1,126	-	212,946
Less: Depreciation charge for the year	4.2	-	45,622	3,213	171,269	277,327	163,506	5,104	4,919	142,286	50,061	272,158	380,707	342,027	-	1,858,199
Less: Impairment charge for the year	4.8	-	-	-	17,638	66,891	38,830	-	459	4,466	-	15,596	1,505	-	-	145,385
Closing net book value		94,691	408,166	119,048	2,437,260	4,195,889	2,075,933	100,840	52,908	1,533,433	166,300	2,552,606	2,112,492	123,985	-	15,973,551
As at December 31, 2022																
Cost		94,691	618,751	207,667	5,153,881	6,132,766	3,099,394	136,363	77,567	2,563,371	604,524	5,360,718	4,845,365	898,401	7	29,793,466
Less: Accumulated depreciation and impairment		-	210,585	88,619	2,716,621	1,936,877	1,023,461	35,523	24,659	1,029,938	438,224	2,808,112	2,732,873	774,416	7	13,819,915
Net book value		94,691	408,166	119,048	2,437,260	4,195,889	2,075,933	100,840	52,908	1,533,433	166,300	2,552,606	2,112,492	123,985	-	15,973,551
Depreciation rate % per annum		**-**	**4 to 5**	**2.5**	**5**	**3 to 10**	**3 to 20**	**6.67**	**6.67**	**5 to 10**	**5 to 20**	**4 to 20**	**5 to 20**	**20 to 33.33**	**25**	

4.2 Depreciation charge for the year on operating assets has been allocated as follows:

	Note	2023	2022
		(Rupees in '000)	
Cost of products sold	26.1	**158,098**	138,600
Distribution and marketing expenses	27	**1,654,841**	1,539,280
Administrative expenses	28	**124,350**	180,319
		1,937,289	1,858,199

4.3 The Company's assets include assets having a cost of Rs. 17,128,489 thousand (2022: Rs. 12,482,052 thousand) located at dealer operated sites. In view of the large number of retail sites, the Company considers it impracticable to disclose the particulars of the assets not in possession of the Company at these sites as required under the Fourth Schedule to the Act.

4.4 Included in operating assets are assets having net book value of Rs. 432,746 thousand (2022: Rs. 269,391 thousand) in respect of Company's share in the joint operation. Certain assets relating to joint operation at Joint Installation of Marketing Companies (JIMCO) are not in the possession of the Company aggregating to Rs. 432,746 thousand (2022: Rs. 257,312 thousand). The possession of these assets at JIMCO is with Pakistan State Oil Company Limited. In view of large number of assets, the Company considered it impracticable to disclose particulars of assets not in the possession or name of the Company as required under the Fourth Schedule to the Act.

4.5 Particulars of immovable fixed assets of the Company are as follows:

Location	Address	Unit of measurement	Total area
Oil depot / terminals / plant			
Keamari Oil Terminal	Oil Installation Area, Plot No. 1, 3, 4, 7, 8 and 9, Keamari, Karachi.	Sq. yards	143,979
Daulatpur Oil Depot	Shell Pakistan Daulatpur Terminal, Shaheed Benazirabad.	Sq. yards	38,720
Shikarpur Oil Terminal	10km from Khanpur, Opposite PARCO PS-3, Kandhkot Road, District Shikarpur.	Sq. yards	58,080
Machike Oil Terminal	Machike Terminal, 7KM Sheikhupura Sargodha Road, Village Dhantpura, Sheikhupura.	Sq. yards	87,120
Shershah Oil Depot	Shell Shershah Depot, Multan.	Sq. yards	17,424
Vehari Oil Depot	Shell Bulk Oil Depot, Vehari.	Sq. yards	6,675
Sahiwal Oil Depot	Sahiwal Depot, Near railway station, Sahiwal.	Sq. yards	3,649
Bhakkar Oil Depot	Shell Bhakkar Depot, Near WAPDA Complaint Office, Bhakkar.	Sq. yards	6,110
Chaklala Oil Terminal	Shell Oil Terminal, Chaklala, Rawalpindi.	Sq. yards	58,080
Tarujabba Oil Depot	Shell Oil Depot, GT Road, Peshawar.	Sq. yards	53,240
Lube Oil Blending Plant	Plot No. 22, Oil Installation area, Kemari.	Sq. yards	100,118
Service stations			
Marine Drive Service Station	Plot No. DC 5, Block 8, Clifton, Karachi.	Sq. meters	873
Amil Service Station	Plot No. 234, Opposite Mazar-e-Quaid, M.A. Jinnah Road, Karachi.	Sq. meters	1,045
Karachi Service Station	SC-18, Sector 11-H, North Karachi, Karachi.	Sq. meters	836
Central Service Station	ST-1-A, Block 2, Sub Block B, Nazimabad, Karachi.	Sq. meters	1,003
Shell Safari Service Station	Abul Hassan Isphani Road, Plot No. L-1, KDA Scheme 24, Block 7, Gulshan-e-Iqbal, Karachi.	Sq. meters	773
Crescent Petroleum Service Station	Plot No. 6/1, Ghulam Hussain Qasim Quarters, Haris Road, Kharadar, Karachi.	Sq. meters	935
Service stations			
Popular Service Station	Plot No. PP-1, Near Sea Breeze Plaza, Shahrah-e-Faisal, Karachi.	Sq. meters	892
Nawaz Petroleum Service Station	Jhang Shorkot Road, Jhang.	Sq. meters	506
Satellite Town Filling Station	Satellite College Road, Rawalpindi.	Sq. meters	1,587
General			
Head Office	Shell House, 6, Chaudhary Khaliquzzaman Road, Karachi.	Sq. yards	4,907
Connaught House	Unit No. C-V-119, Plot No. 16/FT4 Frere Town Quarters, Mary Road, Karachi.	Sq. yards	5,066

In view of large number of buildings and other immovable assets, the Company considers it impracticable to disclose particulars of such assets of the Company as required under the Fourth Schedule to the Act.

4.6 The details of operating assets disposed / written off during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss / (gain)	Mode of disposal	Particulars of buyer	Relationship
	(Rupees '000)							
Buildings on leasehold land	**104,848**	**67,206**	**37,642**	**-**	**37,642**	**Write-off**	**-**	**-**
Tanks and pipelines	**15,420**	**2,655**	**12,765**	**-**	**12,765**	**Write-off**	**-**	**-**
Plant and machinery	**5,285**	**3,369**	**1,916**	**3,000**	**(1,084)**	**Negotiation**	**J & G Mechanical Works**	**Vendor**
	1,718	**1,074**	**644**	**4,150**	**(3,506)**	**Negotiation**	**Amir Sanitary Engineering Works**	**Vendor**
	1,763	**808**	**955**	**2,000**	**(1,045)**	**Negotiation**	**Allied Engineering & Services**	**Vendor**
	16,185	**10,048**	**6,137**	**1,635**	**4,502**	**Negotiation**	**Khattak Sons Pvt Limited**	**Vendor**
	1,189	**545**	**644**	**2,000**	**(1,356)**	**Negotiation**	**Amir Sanitary Engineering Works**	**Vendor**
	1,514	**694**	**820**	**2,400**	**(1,580)**	**Negotiation**	**Amir Sanitary Engineering Works**	**Vendor**
	1,784	**818**	**966**	**2,150**	**(1,184)**	**Negotiation**	**Virk Traders**	**Vendor**
	2,386	**1,093**	**1,293**	**2,000**	**(707)**	**Negotiation**	**Khattak Sons Pvt Limited**	**Vendor**
	934	**432**	**502**	**1,350**	**(848)**	**Negotiation**	**Amir Sanitary Engineering Works**	**Vendor**
	1,480	**678**	**802**	**3,000**	**(2,198)**	**Negotiation**	**Virk Traders**	**Vendor**
	1,722	**789**	**933**	**4,900**	**(3,967)**	**Negotiation**	**Khattak Sons Pvt Limited**	**Vendor**
	1,162	**532**	**630**	**100**	**530**	**Negotiation**	**Amir Sanitary Engineering Works**	**Vendor**
	1,950	**894**	**1,056**	**2,200**	**(1,144)**	**Negotiation**	**Amir Sanitary Engineering Works**	**Vendor**
	1,113	**510**	**603**	**2,300**	**(1,697)**	**Negotiation**	**Virk Traders**	**Vendor**
	11,061	**6,959**	**4,102**	**7,050**	**(2,948)**	**Negotiation**	**Usman Ali**	**Vendor**
	139,583	**48,955**	**90,628**	**-**	**90,628**	**Write-off**	**-**	**-**
	190,829	**78,198**	**112,631**	**40,235**	**72,396**			

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss / (gain)	Mode of disposal	Particulars of buyer	Relationship
	(Rupees '000)							
Dispensing pumps	65,553	38,239	27,314	55,971	(28,657)	Negotiation	Pakistan State Oil Company Limited	Vendor
	16,759	4,201	12,558	9,805	2,753	Negotiation	Pakistan State Oil Company Limited	Vendor
	2,503	320	2,183	5,600	(3,417)	Negotiation	Amir Sanitary Engineering Works	Vendor
	1,476	812	664	617	47	Negotiation	Amir Sanitary Engineering Works	Vendor
	59,785	13,884	45,901	-	45,901	Write-off	-	-
	146,076	57,456	88,620	71,993	16,627			
Rolling stock and vehicles	2,254	1,178	1,076	564	512	Company policy	Farukh Jamshed	Employee
	2,254	1,178	1,076	564	512	Company policy	Abbas Shah	Employee
	2,254	1,093	1,161	677	484	Company policy	Muhammad Umair Chaudhry	Employee
	3,490	2,850	640	2,033	(1,393)	Company policy	Talha Shabih	Employee
	2,469	1,934	535	992	(457)	Company policy	Osman Shahbaz	Employee
	2,469	1,934	535	956	(421)	Company policy	Ghufran Bala	Employee
	15,190	10,167	5,023	5,786	(763)			
Electrical, mechanical and fire fighting equipments	4,555	3,245	1,310	400	910	Negotiation	JS Scrap dealer	Vendor
	2,435	1,756	679	2,350	(1,671)	Negotiation	Amir Sanitary Engineering Works	Vendor
	2,600	2,071	529	2,500	(1,971)	Negotiation	Amir Sanitary Engineering Works	Vendor
	3,712	2,680	1,032	2,100	(1,068)	Negotiation	Amir Sanitary Engineering Works	Vendor
	3,436	2,826	610	3,500	(2,890)	Negotiation	Virk Trader	Vendor
	17,873	16,470	1,403	1,000	403	Negotiation	Allied Engineering & Services	Vendor
	19,404	18,105	1,299	3,100	(1,801)	Negotiation	Amir Sanitary Engineering Works	Vendor
	117,396	66,890	50,506	-	50,506	Write-off	-	-
	1,701	553	1,148	1,647	(499)	Negotiation	Pakistan State Oil Company Limited	Vendor
	45,422	7,359	38,063	38,782	(719)	Negotiation	Pakistan State Oil Company Limited	Vendor
	218,534	121,955	96,579	55,379	41,200			
Furniture, office equipment and other assets	78,525	32,736	45,789	-	45,789	Write-off	-	-
Items having book value of less than Rs. 500,000/-	1,128,773	1,052,045	76,728	223,257	(146,529)			
December 31, 2023	1,898,195	1,422,418	475,777	396,650	79,127			
December 31, 2022	586,726	373,780	212,946	60,341	152,605			

	Note	2023	2022
		(Rupees in '000)	

4.7 Capital work-in-progress

	Note	2023	2022
Buildings on leasehold land		**2,863,388**	2,487,709
Tanks and pipelines		**1,442,815**	1,095,270
Plant and machinery		**258,358**	473,821
Air conditioning plant		**-**	44,062
Rolling stock and vehicles		**168**	49,057
Electrical, mechanical and fire-fighting equipments		**180,655**	324,137
Furniture, office equipment and other assets		**94,766**	131,694
	4.7.1	**4,840,150**	4,605,750

4.7.1 Movement in capital work-in-progress during the year is as follows:

	Note	2023	2022
Balance at beginning of the year		**4,605,750**	4,553,462
Additions during the year		**4,809,429**	4,810,967
Transfers during the year		**(4,575,029)**	(4,758,679)
Balance at end of the year	4.7.2	**4,840,150**	4,605,750

4.7.2 Includes capital work-in-progress amounting to Rs. 30,865 thousand (2022: Rs. Nil) in respect of Company's share in joint operations.

4.8 Provision for impairment

During the year, the Company in accordance with its accounting policy, reassessed the adequacy of provision for impairment against property, plant and equipment and recorded a net reversal of Rs. 105,580 thousand (2022: net provision of Rs. 145,385 thousand).

	Note	2023	2022
		(Rupees in '000)	
Balance at beginning of the year		**355,725**	210,340
Provision made during the year	4.8.1	**127,721**	150,915
Reversals during the year	4.8.2	**(233,301)**	(5,530)
	30 / 29	**(105,580)**	145,385
Balance at end of the year		**250,145**	355,725

The estimated recoverable amount has been determined using the discounted cash flows over the useful lives of the property, plant and equipment. Key assumptions used in estimation of recoverable amount includes profit forecasts and cashflow projections (based on both internal and external market information and past performance) which are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the property, plant and equipment.

4.8.1 Represents provision made in respect of assets installed at certain retail sites.

4.8.2 Represents reversals due to disposal of Company's Compressed Natural Gas and aviation assets.

	Note	2023	2022
		(Rupees in '000)	
5 RIGHT-OF-USE ASSETS			
As at January 01			
Cost		**9,025,798**	7,796,527
Accumulated depreciation		**(2,572,405)**	(1,899,684)
Net book value		**6,453,393**	5,896,843
Year ended December 31			
Opening net book value		**6,453,393**	5,896,843
Additions during the year		**1,308,794**	1,516,173
Terminations during the year	5.1	**(128,467)**	(147,560)
Depreciation charge for the year	5.2	**(936,939)**	(812,063)
Closing net book value		**6,696,781**	6,453,393
As at December 31			
Cost		**10,134,595**	9,025,798
Accumulated depreciation		**(3,437,814)**	(2,572,405)
Net book value		**6,696,781**	6,453,393

5.1 The cost of right-of-use assets against leases terminated amounted to Rs. 199,997 thousand (2022: Rs. 286,902).

5.2 Depreciation charge for the year on right-of-use assets has been allocated as follows:

	Note	2023	2022
		(Rupees in '000)	
Cost of products sold	26.1	**24,054**	22,426
Distribution and marketing expenses	27	**907,250**	783,520
Administrative expenses	28	**5,635**	6,117
		936,939	812,063

5.3 The right-of-use assets comprise of lands acquired on lease by the Company for its operations.

5.4 The right-of-use assets are depreciated over a life of 2 - 33 years.

6 INTANGIBLE ASSETS

	Cost			Accumulated amortization			Net book value	Amortization
	As at January 01	Additions	As at December 31	As at January 01	For the Year	As at December 31	As at December 31	rate per annum
Computer software			(Rupees '000)		Note 28			
2023	**1,928,331**	**-**	**1,928,331**	**1,926,230**	**2,101**	**1,928,331**	**-**	**20%**
2022	1,928,331	-	1,928,331	1,923,078	3,152	1,926,230	2,101	

Includes intangible assets at a cost of Rs. 1,912,571 thousand (2022: Rs. 1,912,571 thousand) in respect of implementation and deployment of Enterprise Resource Planning (ERP) system as part of its business process transformation and streamline project. Intangible assets of the Company are fully amortized, however, they are still in active use.

	Note	2023 % Holding	2022 % Holding	2023	2022
				(Rupees in '000)	
7 LONG-TERM INVESTMENTS					
Investment in associate – unquoted					
- Pak-Arab Pipeline Company Limited (PAPCO) 18,720,000 (2022: 18,720,000) ordinary shares of Rs. 100/- each	7.1 / 7.3	**26**	26	**5,680,940**	5,198,192
At fair value through other comprehensive income – unquoted (not held for trading)					
- Arabian Sea Country Club Limited 500,000 (2022: 500,000) ordinary shares of Rs. 10/- each		**5**	5	**5,000**	5,000
Less: Unrealized loss on remeasurement of equity investment classified at fair value through other comprehensive income				**(5,000)**	(5,000)
				-	-
				5,680,940	5,198,192

7.1 Movement of investment in associate

	2023	2022
Balance at beginning of the year	**5,198,192**	4,970,295
Share of profit before taxation	**1,379,024**	1,553,225
Share of taxation	**(660,157)**	(554,320)
	718,867	998,905
Share of other comprehensive income / (loss) before taxation	**303,677**	(91,507)
Share of taxation	**(118,434)**	25,849
	185,243	(65,658)
Dividend received	**(421,362)**	(705,350)
Balance at end of the year	**5,680,940**	5,198,192

7.1.1 The principle activity of the associate is to transport petroleum products through its pipeline system.

	2023	2022
	(Rupees in '000)	
7.2 Financial details / position of associate		
Non-current assets	**26,519,416**	26,952,841
Current assets	**15,303,888**	15,394,929
Non-current liabilities	**6,905,875**	9,131,927
Current liabilities	**13,067,659**	13,222,797
Revenue	**11,108,375**	10,156,972
Gross profit	**5,184,253**	5,625,192
Profit after tax	**2,764,874**	3,841,942
Other comprehensive (loss) / income	**712,472**	(252,530)
Total comprehensive income	**3,477,346**	3,589,412

The financial year end for PAPCO is June 30. Assets and liabilities disclosed above are based on unaudited condensed interim financial statements for the half year ended December 31, 2023 and December 31, 2022, whereas revenue, profits and total comprehensive income disclosed above are based on audited financial statements for the years ended June 30, 2023 and June 30, 2022 and unaudited financial statements for the half years ended December 31, 2023, December 31, 2022 and December 31, 2021.

Share of contingent liabilities based on the latest unaudited condensed interim financial statements of PAPCO for the half year ended December 31, 2023 amounts to Rs. 4,281 thousand (2022: Rs. 4,874 thousand).

		Note	2023	2022
			(Rupees in '000)	
7.3	**Reconciliation of carrying amount**			
	Net assets	7.2	**21,849,770**	19,993,046
	Company's holding in %	7	**26%**	26%
	Company's share of investment in associate		**5,680,940**	5,198,192

7.4 The principal place of business of all the investees is Karachi.

		Note	2023	2022
8	**LONG-TERM LOANS - considered good, secured**			
	Due from:			
	- Executive directors	8.1	**3,450**	1,489
	- Executives	8.2	**95,087**	95,208
	- Employees		**-**	17,250
		8.3 / 8.4	**98,537**	113,947
	Less: Receivable within one year			
	- Executive directors		**1,800**	-
	- Executives		**66,084**	51,324
	- Employees		**-**	11,460
		13	**67,884**	62,784
			30,653	51,163

8.1 The loan to executive directors have been made in compliance with the provisions of section 182 of the Act. The maximum aggregate amounts due from executive directors at the end of any month during the year were Rs. 3,450 thousand (2022: Rs. 3,127 thousand). The reconciliation of the carrying amount of loans to executive directors is as follows:

	2023	2022
	(Rupees in '000)	
Balance at beginning of the year	**1,489**	3,276
Disbursements	**3,600**	-
Repayments	**(1,639)**	(1,787)
Balance at end of the year	**3,450**	1,489

8.2 The maximum aggregate amounts due from executives at the end of any month during the year were Rs. 102,149 thousand (2022: Rs. 95,208 thousand). The reconciliation of the carrying amount of loans to executives:

	2023	2022
	(Rupees in '000)	
Balance at beginning of the year	**95,208**	85,158
Disbursements	**95,930**	84,982
Repayments	**(96,051)**	(74,932)
Balance at end of the year	**95,087**	95,208

8.3 Represents interest free loans for purchase of motorcycle and emergency / general purpose loans in accordance with the Company's policy and are repayable over a period of two to five years.

8.4 These are carried at cost as the impact of discounting is not material to these financial statements.

		Note	2023	2022
			(Rupees in '000)	
9	**LONG-TERM DEPOSITS AND PREPAYMENTS**			
	Deposits	9.1	**108,220**	80,625
	Prepayments		**147,651**	139,475
			255,871	220,100

9.1 These are carried at cost as the impact of discounting is not material to these financial statements.

		Note	2023	2022
			(Rupees in '000)	
10	**DEFERRED TAXATION**			
	Taxable temporary difference arising in respect of:			
	- accelerated tax depreciation		**(2,280,236)**	(1,691,095)
	- investment in associate		**(952,235)**	(631,976)
			(3,232,471)	(2,323,071)
	Deductible temporary difference arising in respect of:			
	- provisions		**3,538,627**	2,356,576
	- staff retirement benefits		**83,144**	64,015
	- unabsorbed tax depreciation		**-**	615,701
	- lease liabilities - net		**169,365**	66,789
			3,791,136	3,103,081
		10.1	**558,665**	780,010

10.1 Includes deferred tax income of Rs. 8,576 thousand (2022: deferred tax expense of Rs. 27,417 thousand) routed through other comprehensive income relating to actuarial gain / (loss) on post-employment benefits. All other movements for deferred tax income / expense have been routed through profit or loss.

10.2 Deferred tax asset is recognised for tax losses, tax credits and depreciation available for carry forward to the extent of the realization of the related tax benefit through future taxable profits, based on the projections, is probable. As of the date of statement of financial position, deferred tax asset amounting to Rs. 3,841,451 thousand (2022: Rs. 5,662,497 thousand) in respect of minimum tax credits has not been recognised in these financial statements.

The minimum tax credits would expire in the following accounting years:	Rupees '000
- 2024	288,781
- 2025	2,230,974
- 2026	1,321,696
	3,841,451

		Note	2023	2022
			(Rupees in '000)	
11	**STOCK-IN-TRADE**			
	Raw and packing materials		**6,338,124**	5,853,973
	Provision for obsolete and slow moving stock	11.6	**(52,891)**	(50,577)
		26	**6,285,233**	5,803,396
	Finished products			
	- in hand and in pipeline system		**35,322,306**	28,781,052
	- in White Oil Pipeline	11.4	**6,452,723**	8,721,501
		11.1 / 11.2	**41,775,029**	37,502,553
	Provision for obsolete and slow moving stock	11.6	**(8,776)**	(384,352)
		26	**41,766,253**	37,118,201
		11.3	**48,051,486**	42,921,597

11.1 Includes items costing Rs. 4,262,897 thousand (2022: Rs. Nil) which have been valued at their net realizable value of Rs. 3,276,138 (2022: Rs.Nil).

11.2 Includes bonded stock amounting to Rs. 24,304,453 thousand (2022: Rs. 23,114,776 thousand).

11.3 Includes stock-in-transit amounting to Rs. 1,443,837 thousand (2022: Rs. 5,730,675 thousand).

11.4 Includes high speed diesel and motor gasoline which have been maintained as line fill necessary for the pipeline to operate.

11.5 Details of petroleum products and lubricants held with third parties is as follows:

	Note	2023	2022
		(Rupees in '000)	
Petroleum products			
- PAPCO - an associate		6,452,723	8,721,501
- Pak-Arab Refinery Company Limited		4,082,671	3,415,992
- Karachi Hydrocarbon Terminal Limited		1,847,822	4,719,413
- Fauji Trans Terminal Limited		3,404,737	-
		15,787,953	16,856,906
Lubricants			
- DSV Solutions Private Limited		392,914	338,256
- Raaziq International Private Limited		351,277	243,913
- Union Chemical Industries Pvt. Ltd		488	5,317
- Target Lubricants		9	4,277
- Mehran Logistics Center		9	2,314
		744,697	594,077
		16,532,650	17,450,983

11.6 **Provision for obsolete and slow moving stock is as follows:**

	Note	2023	2022
Balance at beginning of the year		434,929	289,940
Provision made during the year		95,921	434,929
Reversals during the year		(469,183)	(289,940)
		(373,262)	144,989
Balance at end of the year		61,667	434,929

12 TRADE DEBTS

	Note	2023	2022
Considered good			
- Secured	12.1	683,665	505,655
- Unsecured		5,808,014	5,404,406
	12.2	6,491,679	5,910,061
Considered doubtful		531,095	487,657
		7,022,774	6,397,718
Allowance for expected credit losses	12.3 / 12.4	(531,095)	(487,657)
		6,491,679	5,910,061

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

12.2 Includes due from the following associated companies:

2023

	Maximum aggregate outstanding at the end of any month	Neither past due nor impaired	Past due: Up to 90 days	Past due: 91-180 days	Past due: More than 180 days	Total
	(Rupees '000)					
Dawood Hercules Corporation Limited	289	217	-	-	-	217
Vellani & Vellani	2,293	2,013	-	-	-	2,013
Unilever Pakistan Foods Limited	272	-	-	-	-	-
Novartis Pharma (Pakistan) Limited	529	276	-	-	-	276
The Aga Khan Hospital and Medical College Foundation	46,851	3,480	-	-	-	3,480
UBL Fund Managers Limited	346	300	-	-	-	300
Unilever Pakistan Limited	16,928	1,503	-	-	-	1,503
		7,789	-	-	-	7,789

2022

	Maximum aggregate outstanding at the end of any month	Neither past due nor impaired	Past due: Up to 90 days	Past due: 91-180 days	Past due: More than 180 days	Total
	(Rupees '000)					
Dawood Hercules Corporation Limited	273	172	-	-	-	172
Vellani & Vellani	1,814	1,607	-	-	-	1,607
Unilever Pakistan Foods Limited	6,760	272	699	-	-	971
Novartis Pharma (Pakistan) Limited	829	364	-	-	-	364
The Aga Khan Hospital and Medical College Foundation	46,123	16,363	-	-	-	16,363
UBL Fund Managers Limited	416	219	-	-	-	219
Unilever Pakistan Limited	20,702	2,024	-	-	-	2,024
		21,021	699	-	-	21,720

Based on past experience and recoveries, the Company believes that the above past due trade debts, do not require any allowance for expected credit losses except as provided for as at the date of statement of financial position.

	Note	2023	2022
		(Rupees in '000)	
12.3 Allowance for expected credit losses:			
Balance at beginning of the year		487,657	791,350
Allowance for the year		90,136	17,260
Reversals during the year		(30,933)	(26,430)
	29 / 30	59,203	(9,170)
Write offs during the year		(15,765)	(294,523)
Balance at end of the year		531,095	487,657

12.4 As at December 31, 2023, trade debts of Rs. 531,095 thousand (2022: Rs. 487,657 thousand) were impaired and provided for. The ageing of these trade debts is as follows:

	Note	2023	2022
		(Rupees in '000)	
Not yet due		**20,282**	2,570
Upto 90 days		**2,611**	278
91 to 180 days		**459**	5,412
More than 180 days		**507,743**	479,397
		531,095	487,657

12.5 As at December 31, 2023, trade debts aggregating to Rs. 1,032,523 thousand (2022: 902,435 thousand) were past due but not impaired. These relate to a number of independent customers for whom there is no or some recent history of default, however, no losses have incurred. The ageing analysis of trade debts not provided for is as follows:

	Note	2023	2022
		(Rupees in '000)	
Up to 90 days		**702,911**	676,705
91 to 180 days		**123,422**	112,059
More than 180 days		**206,190**	113,671
		1,032,523	902,435

13 LOANS AND ADVANCES - considered good, secured

	Note	2023	2022
Current portion of long-term loans	8	**67,884**	62,784
Advances to employees	13.1	**8,952**	-
		76,836	62,784

13.1 Represents advances given to employees against business expenses.

14 SHORT-TERM DEPOSITS AND PREPAYMENTS

	Note	2023	2022
Deposits		**521,600**	468,702
Prepayments		**52,299**	66,882
		573,899	535,584

15 OTHER RECEIVABLES

	Note	2023	2022
Petroleum development levy and other duties	15.1	**1,380,029**	1,380,029
Price differential claims			
- on imported purchases	15.2	**295,733**	295,733
- on high speed diesel	15.3	**343,584**	343,584
- on imported motor gasoline	15.4	**1,961,211**	1,961,211
Customs duty receivable	15.5	**44,413**	44,413
Sales tax refundable		**1,689,029**	2,020,988
Inland freight equalization margin		**60,365**	414,687
Receivable from related parties	15.6	**2,990,515**	1,749,834
Service cost receivable from PAPCO - an associate		**30,707**	18,386
Workers' profits participation fund	15.7	**81,385**	94,500
Staff retirement benefit schemes	34.1.13	**130,743**	-
Receivable from Oil Marketing Companies		**45,483**	96,350
Taxes recoverable	15.8 / 24.1.2	**1,297,979**	1,020,214
Margin held against letter of credit		**375**	211,517
Others		**996,606**	720,729
		11,348,157	10,372,175
Provision for impairment	15.9	**(4,266,969)**	(2,155,189)
		7,081,188	8,216,986

15.1 Includes petroleum development levy amounting to Rs. 1,369,560 thousand (2022: Rs. 1,369,560 thousand) recoverable from the Government of Pakistan (GoP) on account of export sales from June 2007. In 2011, the Company approached the GoP and Federal Board of Revenue (FBR) for settlement thereof. The GoP sought certain information which was duly provided by the Company. The FBR through the Large Taxpayers Unit (LTU) completed the verification exercise for claims amounting to Rs. 938,866 thousand, which was then paid in the year 2014. During 2015, verification exercise of claims amounting to Rs. 182,004 thousand was completed by the authorities. Further, during 2016, FBR through Customs station Torkham completed verification exercise of claims amounting to Rs. 851,330 thousand. Furthermore, the remaining claims are under verification and the Company is confident of recovery of the amount in full on completion of the verification exercise by the FBR.

15.2 Represents amount receivable from GoP on account of price differential on imports and the ex-refinery price on direct and retail sales during the period 1990-2001.

15.3 Represents price differential claim from GoP on local / imported purchases of high speed diesel which was based on rates notified by GoP to subsidize petroleum prices by restricting the increase in prices in order to reduce the burden of rising oil prices on the end consumers.

15.4 Represents the Company's share of price differential claims on account of import of motor gasoline by the Company, being the difference between the landed cost and 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 a meeting chaired by the Director General Oil to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the Ministry of Petroleum and Natural Resources (MoPNR) 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. Despite no response from the MoPNR, 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 at the time of filing of cargo with Customs, as imports were being made on MoPNR instructions.

The Company submitted audit reports for claims till May 31, 2011 amounting to Rs. 2,411,661 thousand against which the Company received an amount of Rs. 454,000 thousand. The remaining claims amounting to Rs. 1,957,661 thousand are still outstanding as on the reporting date.

In 2012, to meet the increasing local demand, OMCs again resorted to import motor gasoline on the instruction of MoPNR. The Company again along with OMCs approached the GoP with a proposal to include the high premium on the gallop cargo in the pricing mechanism. MoPNR accepted the OMCs' proposal and directed OGRA through its directive PL-3 (457) / 2012 - 43 dated June 30, 2012 to adjust the actual premium differential of the imported motor gasoline through the Inland Freight Equalization Margin (IFEM). In 2013, the Company approached MoPNR through letter dated May 20, 2013 requesting to expedite settlement of the claim amounting to Rs. 109,896 thousand in respect of the above import. On June 06, 2013, MoPNR requested that an audited claim be submitted to allow further consideration and resolution of the matter. Accordingly, the Company submitted audit report thereafter in respect of this claim. In 2017 and 2018, claims aggregating to Rs. 71,844 thousand and Rs. 38,052 thousand were adjusted through the IFEM respectively, as per the directive of MoPNR stated above.

The Company along with other OMCs and Oil Companies Advisory Council (OCAC) continues to follow up the aforementioned matters (note 15.1 to 15.4) with MoPNR and is confident of recovering these balances.

15.5 This includes receivable in respect of increase in rate of customs duty effective June 25, 2016, imposed by the MoF through Finance Act, 2016 dated June 24, 2016, on import of crude oil, high speed diesel and motor gasoline. Under the product pricing formula, the OMCs are required to recover similar cost elements and duties from customers on sale of petroleum products through prices notified on monthly basis. However, impact of increase in rate of customs duty was not incorporated in the price notification issued by OGRA for July 2016 which resulted in a receivable balance on customs duty to be recovered from the GoP. The Company has taken up this matter with OCAC to demand recovery of the aforesaid balance from the GoP and expects to receive the amount in due course.

15.6 The maximum aggregate amounts outstanding from related parties at any time during the year calculated by reference to month end balances and the ageing of receivables from related parties are as follows:

	2023					
			Past due			
	Maximum aggregate outstanding at the end of any month	Neither past due nor impaired	Upto 90 days	91-180 days	More than 180 days	Total
		(Rupees '000)				
Shell International Petroleum Company Limited	**1,925,325**	**43,368**	**-**	**4,118**	**1,877,839**	**1,925,325**
Shell Petroleum Company Limited	**734,282**	**734,282**	**-**	**-**	**-**	**734,282**
Shell International Limited	**262,356**	**-**	**-**	**-**	**262,356**	**262,356**
Shell International B.V.	**39,566**	**-**	**-**	**-**	**39,566**	**39,566**
PT. Shell Indonesia	**15,032**	**-**	**-**	**-**	**14,214**	**14,214**
Shell Information Technology International B.V.	**12,827**	**12,827**	**-**	**-**	**-**	**12,827**
Shell Oman Marketing Company	**1,945**	**-**	**-**	**-**	**1,945**	**1,945**
		790,477	**-**	**4,118**	**2,195,920**	**2,990,515**

	2022					
			Past due			
	Maximum aggregate outstanding at the end of any month	Neither past due nor impaired	Up to 90 days	91-180 days	More than 180 days	Total
		(Rupees '000)				
Shell International Petroleum Company Limited	1,590,095	-	562,695	-	932,375	1,495,070
Shell International Limited	80,115	-	29,942	-	45,388	75,330
Shell Nederland B.V.	467	-	-	-	467	467
Shell International B.V.	28,260	6,252	6,970	-	15,037	28,259
Shell Eastern Trading (Pte) Limited	8,308	-	8,308	-	-	8,308
Shell Eastern Petroleum (Pte) Limited	6,092	-	6,092	-	-	6,092
Shell Oman Marketing Company SAOG	1,558	-	-	-	1,558	1,558
The Shell Company of Thailand Limited	972	-	972	-	-	972
Shell Energy Pakistan (Private) Limited	74,239	-	-	-	-	-
Shell International Trading Middle East Limited	133,778	-	-	-	133,778	133,778
		6,252	614,979	-	1,128,603	1,749,834

	Note	2023	2022
		(Rupees in '000)	
15.7 The movement of Workers' Profit Participation Fund is as follows:			
Balance at beginning of the year		**94,500**	63,977
Charge for the year	29	**(350,592)**	(108,304)
Payments during the year		**337,477**	138,827
Balance at end of the year		**81,385**	94,500

15.8 In 2013, the Deputy Commissioner Inland Revenue (DCIR) in compliance with the directions of Appellate Tribunal Inland Revenue (ATIR), completed denovo proceedings in respect of tax year 2006 and raised a demand of Rs. 425,514 thousand. The demand primarily relates to disallowance of a pricing component paid to Shell International Trading Middle East (SITME) on imports of high speed diesel while treating the same as payment to non-resident on which the Company failed to deduct tax under section 152 of the Income Tax Ordinance, 2001. The Company in response to the aforementioned order deposited an amount of Rs. 301,167 thousand while an amount of Rs. 111,785 thousand was adjusted against sales tax refund. In addition, a rectification application was also filed for correction of certain mistakes apparent in the order which has been accepted and given effect. The Company also filed an appeal against the aforementioned order before CIR (A) which in its order dated February 02, 2015 has upheld the order passed by the DCIR. The Company has filed an appeal there against before the ATIR which is pending for hearing. The Company, based on the advice of its tax consultant expects a favorable outcome of appellate levels and considers the possibility of any liability arising under the aforementioned order to be remote.

	Note	2023	2022
		(Rupees in '000)	
15.9 Provision for impairment			
Balance at beginning of the year		**2,155,189**	1,112,254
Provision made during the year		**2,111,780**	1,300,428
Reversal made during the year		**-**	(257,493)
	29	**2,111,780**	1,042,935
Balance at end of the year		**4,266,969**	2,155,189
16 BANK BALANCES			
Current accounts		**2,502,209**	2,404,970
Saving accounts	16.1	**4,050,014**	8,396,127
	16.3	**6,552,223**	10,801,097

16.1 These carry interest at the rates ranging from 14.50% to 20.50% (2022: 7.25% to 14.50%) per annum.

16.2 Term deposit receipts were fully matured as of the reporting date. These carried interest at the rates ranging from 7.50% to 20.50% (2022: 8.20% to 13.80%) per annum.

16.3 Includes balances held in current and savings accounts with Standard Chartered Bank Pakistan Limited - a related party amounting to Rs. 1,645,482 thousand and Rs. 500,000 thousand (2022: Rs. 584,919 thousand and Rs. 7,643,936 thousand) respectively.

17 SHARE CAPITAL

Authorized share capital

2023	2022		2023	2022
(Number of shares)			(Rupees in '000)	
		Ordinary shares of Rs. 10/- each		
300,000,000	300,000,000		**3,000,000**	3,000,000

Issued, subscribed and paid-up share capital

2023	2022		2023	2022
(Number of shares)		Ordinary shares of Rs. 10/- each		
130,493,331	130,493,331	Fully paid in cash	**1,304,933**	1,304,933
83,531,331	83,531,331	Issued as fully paid bonus shares	**835,313**	835,313
214,024,662	214,024,662		**2,140,246**	2,140,246

17.1 The Immediate Parent held 165,700,304 (2022: 165,700,304) ordinary shares of Rs. 10/- each, constituting 77.42% (2022: 77.42%) of issued share capital of the Company, as at the reporting date.

17.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

18 ASSET RETIREMENT OBLIGATION

	Note	2023	2022
		(Rupees in '000)	
Balance at beginning of the year		**321,113**	173,550
Reversal of liability	30	**-**	(3,364)
Estimates adjustments	18.2	**62,202**	142,922
Accretion expense	18.3 / 31	**23,872**	8,005
		86,074	150,927
Balance at end of the year		**407,187**	321,113
Current portion of asset retirement obligation		**45,361**	-
Long-term asset retirement obligation		**361,826**	321,113

18.1 Asset retirement obligation relates to the restoration of retail sites to their original condition at the end of the useful economic life of the assets.

18.2 Represents the effect of adjustment in discount rates, inflation rates and the future outflows of resources required to settle the asset retirement obligation.

18.3 Represents unwinding of the discount which is recognised as incurred in the statement of profit or loss and other comprehensive income.

19 LONG-TERM PROVISIONS

	Note	2023	2022
		(Rupees in '000)	
Balance at beginning of the year		**3,160,245**	432,768
Estimates adjustments	19.2	**513,109**	2,727,477
Payments made during the year		**(149,612)**	-
Balance at end of the year		**3,523,742**	3,160,245
Current portion of long-term provisions		**733,171**	236,964
Long-term provisions		**2,790,571**	2,923,281

19.1 In 2022, the Company initiated the process of Soil and Ground Water (SGW) remediation in accordance with the its Health, Safety, Security, Environment and Social Performance Policy at certain terminals and retail sites. In view of the above, the Company in accordance with the requirements of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', recorded the present value of SGW provision, on the basis of the assessment performed by internal and external experts.

19.2 Assumptions used to calculate the provision are based on future outflows of resources required for the voluntary remediation which are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the provision. It is expected that the costs will be incurred over the duration of the remediation activities.

20 LONG-TERM LEASE LIABILITIES

	Note	2023	2022
		(Rupees in '000)	
Balance at beginning of the year		**6,655,784**	6,046,877
Additions during the year		**1,308,794**	1,516,173
Accretion of interest	31	**811,738**	647,402
Lease rentals paid		**(1,442,756)**	(1,352,069)
Terminations during the year		**(202,511)**	(202,599)
Balance at end of the year	20.1	**7,131,049**	6,655,784
Current portion of long-term lease liabilities		**566,279**	709,793
Long-term lease liabilities		**6,564,770**	5,945,991

20.1 Maturity analysis

	Note	2023	2022
		(Rupees in '000)	
Gross lease liabilities - minimum lease payments is as follows:			
Not later than one year		**1,105,790**	987,725
Later than one year but not later than five years		**5,441,218**	4,721,952
Later than five years		**7,836,104**	7,903,941
		14,383,112	13,613,618
Future finance charge		**(7,252,063)**	(6,957,834)
Present value of finance lease liabilities		**7,131,049**	6,655,784

21 TRADE AND OTHER PAYABLES

	Note	2023	2022
Creditors	21.1	**60,611,234**	65,036,991
Accrued liabilities	21.2	**9,823,795**	7,407,648
Security deposits	21.3	**532,552**	470,820
Staff retirement benefit schemes	34.1.13	**-**	70,529
Workers' Welfare Fund		**411,561**	554,693
Provision for staff redundancy plan	21.4	**511,228**	155,071
Other liabilities		**8,363**	7,740
		71,898,733	73,703,492

21.1 Includes amounts due to the following associated companies:

	2023	2022
Brunei Shell Petroleum Company Sendirian Berhad	**690**	593
Equilon Enterprises LLC	**1,571**	693
Euroshell Cards B.V.	**144,659**	61,762
Pennzoil-Quaker State Company	**5,661**	4,536
Pilipinas Shell Petroleum Corporation	**816**	654
Saudi Arabian Markets and Shell Lubricants Company Limited	**474**	1,255
Shell & Turcas Petrol A.S.	**121,562**	80,082
Shell Aviation Limited	**3,992,249**	4,625,140
Shell Brands International AG	**1,787,194**	1,251,130
Shell Canada Products Limited	**779**	2,062
Shell Companies of Indonesia	**3**	3
Shell Deutschland Oil GmbH	**16,587**	46,273
Shell Downstream South Africa (Pty) Limited	**962**	2,547
Shell Eastern Petroleum (Pte) Limited	**394**	316
Shell Eastern Trading (Pte) Limited	**3,887,524**	2,738,179
Shell Global Solutions (Malaysia) Sdn. Bhd.	**8,596**	6,888
Shell Global Solutions International B.V.	**266,587**	185,906
Shell Hong Kong Limited	**4,042**	-
Shell India Markets Private Limited	**1,616**	1,295
Shell Information Technology International B.V.	**685,449**	485,968
Shell Information Technology International Sdn. Bhd.	**1,037**	2,747
Shell International B.V.	**3,968,634**	2,475,891
Shell International Exploration and Production B.V.	**4,555**	1,134
Shell International Limited	**720,282**	401,295
Shell International Petroleum Company Limited	**20,788,918**	22,925,673
Shell International Trading Middle East Limited	**2,716,667**	8,487,015
Shell Lubricants Supply Company B.V.	**1,224,778**	614,398
Shell Malaysia Trading Sendirian Berhad	**62,524**	50,744
Shell Markets (Middle East) Limited	**38,859**	33,775
Shell Nederland Verkoopmaatschappij B.V.	**2,932**	8,979
Shell Oil Company	**130,384**	89,863
Shell Oman Marketing Company SAOG	**4,451**	7,204
Shell People Services Asia Sdn. Bhd.	**170,646**	136,743
Shell Polska Sp. Z o.o. Oddzial w Krakowie	**5,723**	4,423
Shell Treasury Centre East (Pte) Limited	**19,235**	38,265
Shell UK Oil Products Limited	**5,897**	4,725
SIETCO Trading Singapore	**10,124,458**	11,162,322
The Shell Company of Thailand Limited	**120,975**	69,629
	51,038,370	56,010,107

21.2 Includes Rs.4,014,552 thousand (2022: Rs.1,009,768 thousand) accrued in respect of associated companies.

21.3 The security deposits are non-interest bearing and are refundable on termination of contracts and include deposits received by the Company under the terms of related agreements and are as follows:

	Note	2023	2022
		(Rupees in '000)	
Dealers on retail sites		121,552	126,967
Shell card holders		411,000	343,853
	21.3.1 / 21.3.2	532,552	470,820

21.3.1 As per the terms of the agreement, the Company can utilise the deposits in the normal course of business in terms of section 217 of the Act.

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

21.4 This is based on management assessment of staff redundancy provision. This includes an amount of Rs. 478,633 thousand (2022: Rs. Nil) reimbursable from the Immediate Parent.

22 UNPAID DIVIDEND

Includes Rs. 1,325,602 thousand (2022: Rs. 497,101) payable to the Immediate Parent on account of interim dividends for the periods ended September 30, 2022, and September 30, 2023.

23 SHORT-TERM BORROWINGS – secured

Represents facilities obtained from various commercial banks aggregating to Rs. 23,680,000 thousand (2022: Rs. 22,680,000 thousand) including facility obtained from Standard Chartered Bank Pakistan Limited - a related party amounting to Rs, 1,000,000 thousand (2022: 1,000,000 thousand). The short-term borrowings during the year were obtained under the same facilities and there were no outstanding short-term borrowings as at reporting date. These carry mark-up ranging from 1 month KIBOR plus 0.10% to 0.35% (2022: 1 month KIBOR plus 0.10% to 0.35%). These arrangements are secured by hypothecation of the Company's present and future stock-in-trade, trade debts and other receivables.

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Infrastructure fee

The Sindh Finance Act, 1994, prescribed the imposition of an infrastructure fee at the rate of 0.5% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. Subsequently, Sindh Assembly had amended the Sindh Finance Act, 1994 through legislation of Sindh Finance Act, 2013 according to which infrastructure fee will range from 0.90% to 0.95% of total value of goods against various slabs of net weight of goods as assessed by the Customs Authorities plus one paisa per kilometer.

The Company and several others challenged the levy in constitutional petitions before the High Court of Sindh. These petitions were dismissed as, during their pendency, the nature of the levy was changed by the Government of Sindh through an Ordinance. The Company and others therefore filed civil suits in the High Court of Sindh challenging the amended Ordinance. However, these suits were also dismissed in October 2003. All the plaintiffs preferred intra-court appeals against the dismissal. The intra-court appeals were decided by the High Court of Sindh in September 2008 wherein it was held that the levy is valid and collectable only from December 12, 2006, onwards and not prior to this date. Being aggrieved by the said judgment, both the Company and the Government of Sindh filed separate appeals before the Honorable Supreme Court of Pakistan.

In 2011, the Government of Sindh unconditionally withdrew its appeals on the plea that the Sindh Assembly had legislated the Sindh Finance (Amendment) Act, 2009, levying infrastructure fee with retrospective effect from 1994. However, the Honorable Supreme Court, in view of the new legislation, directed the Company and others to file fresh petitions to challenge the same before the High Court of the Sindh and set aside the earlier order of the High Court of Sindh.

The High Court of Sindh on fresh petitions filed, passed an interim order directing that any bank guarantee / security furnished for consignments cleared up to December 27, 2006, are to be returned and for period thereafter guarantees or securities furnished for consignments cleared are to be encashed to the extent of 50% and the remaining balance is to be retained till the disposal of petitions. For future clearances, the Company is required to clear the goods on paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount.

In 2017, Sindh Assembly passed the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (the SDMI Act) with retrospective effect from July 01, 1994. Through this SDMI Act, the range of infrastructure fee was increased from 1.10% to 1.15% on the value of goods against various slabs of net weight as assessed by the Custom Authorities plus one paisa per kilometre. The SDMI Act replaced the infrastructure cess levied under the Sindh Finance Act, 1994 and subsequent amendments thereof. To comply with the earlier interim order of the High Court of Sindh granted against the cess as levied through the Sindh Finance Act 1994 and its amendments, the Company continues to pay 50% of the cess amount involved and furnishes bank guarantee for the balance amount.

In 2018, the Company filed a writ petition before the High Court of Sindh to challenge the levy of cess under the SDMI Act, against which a stay order has been granted.

In 2020, the Company received demand notices issued by the relevant authority for levy or collection of cess on imported petroleum products under the SDMI Act. The Company along with others challenged the levy of cess in Constitutional Petitions before the High Court of Sindh on the basis, inter alia, that the SDMI Act is inapplicable to petroleum products whose prices are fixed under the Federal laws and, alternatively, no cess can lawfully be levied or collected under the SDMI Act on the import or export of petroleum products regulated by the Federal laws. The High Court of Sindh has passed an interim order directing that the respondents may not take adverse action against the Company pursuant to impugned demand/penalty notice and may not create hindrance in the lawful import/export of petroleum products of the Company.

In 2021, the High Court of Sindh dismissed all connected petitions, vacating the stay orders granted earlier. The High Court of Sindh in its judgement on June 04, 2021, held that the imposition and collection of the impugned levy with effect from July 01, 1994, is valid and provided an exemption to Companies who were a party to the earlier case wherein the first four versions of the law were struck down by the High Court of Sindh. The High Court of Sindh directed that all bank guarantees furnished by the petitioners up to December 27, 2006, who were appellants in the earlier case shall stand discharged; whereas those furnished on or after December 28, 2006, shall be encashed and paid. The High Court of Sindh also decided that the judgment would remain suspended for a period of ninety days (September 2021) and the interim arrangement of paying 50% of the cess and furnishing bank guarantee for the balance amount would continue. The Company filed an appeal before the Honorable Supreme Court of Pakistan and in a judgement passed, stay was granted against the order of High Court of Sindh with the direction that bank guarantees already submitted shall be kept operative and fresh bank guarantees to be furnished equivalent to the amount of levy claimed by the Company against release of all future consignments of imported goods.

The Company has reviewed its position and without acknowledging it as a debt, estimates the accumulated levy up to December 31, 2023, at Rs. 446,793 thousand (December 31, 2022: Rs. 244,793 thousand). However, the eventual obligation on account of the aggregate fee, if any, cannot be ascertained presently because of uncertainty in relation to the extent of its application to the Company.

Management, based on the opinion of its legal advisor, is confident of a favorable outcome and accordingly no provision has been made in these financial statements against the levy.

24.1.2 Taxation

24.1.2.1 In 2011, the Company received a demand order from the tax authorities in respect of tax year 2008 amounting to Rs. 735,109 thousand. The demand principally arose due to addition made by assessing officer in respect of allocation of common expenses and taxing the reversal of provision for impairment in trade and other receivables. Further, assessing officer had also disallowed the credit for minimum tax amounting to Rs. 482,685 thousand paid in earlier year and set-off against tax liability for the tax year 2008. The Company thereafter filed an application against the order for rectification of certain mistakes apparent from the record. The tax officer rectified the order accepting the Company's contention and reduced the demand to Rs. 527,150 thousand. The Company in response to the demand deposited an amount of Rs. 120,000 thousand under protest and filed an appeal with the Commissioner Inland Revenue (Appeals) – CIR (A) and thereafter with Appellate Tribunal Inland Revenue –

ATIR. The remaining demand had been adjusted by the taxation authorities from sales tax refundable. In 2012, both CIR (A) and ATIR have decided the case against the Company. The Company in response to this order of ATIR filed an appeal before the High Court of Sindh which is pending for hearing.

In 2013, the High Court of Sindh, in respect of another Company, overturned the interpretation of the ATIR on Sec 113(2)© of the Income Tax Ordinance, 2001 and decided that the minimum tax could not be carried forward where there was no tax paid on account of loss for the year or carried forward losses. The Company's management is however of the view, duly supported by the legal advisor that the above order is not correct and would not be maintained by the Honorable Supreme Court of Pakistan which the Company intends to approach, if same decision is awarded to the Company in appeal to the High Court of Sindh. Therefore, the Company has continued to consider the adjustment made against the demand and the deposit of Rs. 120,000 thousand as recoverable and the same is included in 'Other Receivables'.

24.1.2.2 In 2015, the tax authorities after finalizing the income tax audit for the tax year 2011 raised a demand of Rs. 1,694,921 thousand. The demand principally arose due to the disallowance of premium paid to Shell International Trading Middle East (SITME) on imports, disallowance of fee for technical services and other associated company payments for alleged non-withholding of tax and allocation of expenses. Additionally, unutilised tax losses of previous years were not adjusted in computing the tax liability. The Company in response to the order filed a rectification application and an appeal with the CIR (A). The tax officer rectified the order allowing the unutilised tax losses for previous years thereby reducing the demand to Rs. 250,144 thousand. The revised rectified order still contained certain mistakes for which the Company filed another rectification application with the authorities which was rejected by the authorities. However, on the Company's appeal, CIR (A) vide appellate order dated September 9, 2015, has decided most of the issues including disallowance of premium paid to SITME and fee for technical services in favor of the Company, whereas disallowance of bad debts written off was confirmed. The Company and the department both have filed appeals against the decision of CIR (A). The ATIR vide its judgement dated April 6, 2017, disposed-off both the appeals maintaining the issue of allocation of expenses while setting aside the issue of premium paid to SITME on imports and loss on disposal of fixed assets. A reference application against the said judgment has been filed by the Company before the High Court of Sindh.

24.1.2.3 In 2016, the tax authorities after finalizing the income tax audit for the tax year 2010 raised a demand of Rs. 2,212,170 thousand. The demand principally arose due to the disallowance of premium paid to SITME on imports, disallowance on account of allocation of expenses and disallowance of fee for technical services due to non-withholding of tax. Additionally, unutilised tax losses of previous years have not been adjusted in computing the tax liability. The Company has filed a rectification application and an appeal with the CIR (A). The CIR (A) vide appellate order dated August 31, 2016, has given a favorable decision on most of the issues except for bad debts written off and legal issues against which appeal before the ATIR has been filed by the Company.

24.1.2.4 In 2019, the Deputy Commissioner Inland Revenue – DCIR passed an order under section 122(5A) of the Income Tax Ordinance, 2001 dated January 26, 2019, for tax year 2013 increasing the tax liability by Rs. 471,493 thousand by disallowing certain expenses. The Company filed an application for rectification before DCIR and an appeal with the CIR (A) against the order of DCIR. CIR (A) vide order dated October 04, 2019, has decided the case in favour of the Company allowing certain expenses. Thereafter, the DCIR filed an appeal before ATIR against the order of CIR (A) which is still pending.

24.1.2.5 In 2020, the tax authorities whilst finalizing the assessment proceedings for tax year 2014 vide order dated April 30, 2020, disallowed adjustment of brought forward business losses, fee for technical services, salary expense and Global Infrastructure Desktop Charges resulting in an aggregate demand of Rs. 499,879 thousand. The Company filed an appeal against the same with the CIR (A) and simultaneously filed a rectification application with the department for adjustment of brought forward business losses, since its disallowance was never confronted to the Company at the time of notice issuance. In 2021, CIR (A) vide order dated November 30, 2021, decided the matters of brought forward business losses, fee for technical services and Global Infrastructure Desktop Charges in favour of the Company while remanded back the issue of salary expense to ACIR.

24.1.2.6 In 2021, the Company received an assessment order from the tax authorities in respect of tax year 2017 wherein demand of Rs. 1,296,007 thousand was raised. The demand principally arose due to disallowance of fee for technical services and other payments to associated company as well as disallowance of depreciation on assets installed at dealer operated retail sites. Further, the assessing officer also disallowed the credit for minimum tax amounting to Rs. 533,288 thousand paid in earlier years along with disallowance of outstanding liabilities which have been unpaid for more than three years. The Company, in response to the order, filed an appeal with the CIR (A).

During the year, the Company's appeal to CIR (A) in respect of its income tax assessment for tax year 2017 was decided vide appellate order dated January 26, 2022, whereby matters of fee for technical services and other associated company payments as well as disallowance of depreciation on assets installed at dealer operated retail sites were decided in favour of the Company. However, disallowance of credit for minimum tax was maintained while certain items including tax credit under section 65B were remanded back to the DCIR. The Company filed an appeal before the ATIR against the issues maintained by CIR (A). Additionally, the Company also filed a rectification application to allow adjustment of minimum tax carry forward arising in tax year 2016 against the tax liability of tax year 2017.

The DCIR vide appeal effect order dated August 25, 2022, reduced the demand to Rs. 196,714 thousand. However, the tax credit under section 65B was allowed only to the extent of Rs. 95,391 thousand out of total additions of Rs. 867,918 thousand against which an appeal has been filed with CIR (A) by the Company. Further, the DCIR accepted Company's rectification application and allowed the adjustment of minimum tax thereby resulting in tax refundable of Rs. 447,382 thousand.

During the year, CIR (A) vide order dated March 2, 2023, has further allowed tax credit under section 65B to the extent of Rs. 66,188 thousand leaving disallowed amount to Rs. 706,339 for which the Company has filed an appeal before ATIR.

24.1.2.7 In 2022, the Company received a demand order from tax authorities in respect of tax year 2016 amounting to Rs. 106,493 thousand. The demand principally arose due to disallowance of fee for technical services and liabilities outstanding for more than three years, cumulatively amounting to Rs. 1,284,140 thousand. Additionally, foreign tax credit and refund adjustment for tax years 2012 and 2013 were also disallowed. Subsequently, the Additional Commissioner Inland Revenue – ACIR issued a further amended assessment thereby disallowing the depreciation and initial allowance mainly on assets installed at dealer operated retail sites amounting to Rs. 207,827 thousand and WWF levied under federal law amounting to Rs. 10,692 thousand. These disallowances resulted in an additional demand of Rs. 66,904 thousand. The Company filed an appeal with CIR (A).

During the year, CIR(A) through order dated March 2, 2023, deleted the demand arising on disallowance of the fee for technical services and depreciation on dealer operated retail sites. The department issued appeal effect order dated October 27, 2023, which did not allow foreign tax credit. Upon filing rectification application by the Company, a revised order dated November 14, 2023, has been received thereby reducing the demand to Rs. 17,759 thousand.

24.1.2.8 In 2022, the Company received a demand order from tax authorities in respect of tax year 2018 amounting to Rs. 859,524 thousand wherein the ACIR disallowed fee for technical services, ageing for creditors and accruals, tax loss on disposals and write-offs of various assets and exchange loss, collectively amounting to Rs. 3,541,496 thousand. The Company filed an appeal before CIR (A) and paid Rs. 99,095 thousand under section 137(2) thereby reducing the outstanding demand to Rs. 760,428 thousand.

During the year, CIR(A) vide order dated January 23, 2023, maintained the disallowance of unrealized exchange gain / loss against which the Company has filed an appeal before ATIR. The issue of ageing for creditors and accruals was remanded back while rest of the matters were decided in favour of the Company. The DCIR issued appeal effect dated October 5, 2023 which did not allow the relief on realized exchange loss. Upon filing rectification application by the Company, a revised order dated December 28, 2023, has been received thereby reducing the demand to nil.

24.1.2.9 In 2022, the DCIR passed an order for monitoring of taxes for tax year 2019 in which the Company was assessed to be in default for not deducting and paying withholding taxes on on-invoice and off-invoice discounts, third party cost of salaries, wages and benefits and other related party expenses, including default surcharge collectively amounting to Rs. 805,970 thousand. The Company filed an appeal before CIR (A) against the order of the DCIR and paid the demand for off-invoice discounts amounting to Rs. 73,745 thousand thereby reducing the outstanding demand to Rs. 732,224 thousand.

CIR (A) vide appellate order dated March 18, 2022, decided the issue of on-invoice discounts in favour of the Company. However, the issue of off-invoice discounts was maintained while the matters of salaries, wages, benefits and other related party expenses were remanded back to DCIR. The Company filed an appeal with ATIR which is still pending for hearing.

24.1.2.10 In 2022, the Company received a demand order from the ACIR in respect of tax year 2021 amounting to Rs. 492,727 thousand. The demand principally arose from disallowance of fee for technical services, ageing for creditors and accruals, tax loss on disposals and write-offs of various assets and exchange loss, collectively amounting to Rs. 3,899,822 thousand. Further, the refund of tax year 2017 which had been used while filing the return was also disallowed. The Company filed an appeal before CIR (A).

CIR (A) vide appellate order dated June 29, 2022, decided the issues of fee for technical services and tax loss on disposals and write-offs of various assets in favour of the Company while confirming the issue of ACIR on exchange loss and remanding back the issue of reconciliation of net losses. The Company filed an appeal with ATIR against the issues maintained by CIR (A).

During the year, ACIR issued order dated June 19, 2023, giving appeal effect to the aforementioned appellate order of CIR (A).

24.1.2.11 During the year, the Company received a demand order dated June 19, 2023, from ACIR in respect of tax year 2020 amounting to Rs 129,797 thousand. The demand pertained to disallowance of depreciation and initial allowance on assets at dealer operated sites, tax loss on write-offs of assets, ageing for creditors and accrued liabilities, and fee for technical services, among other disallowances collectively amounting to Rs. 3,084,536 thousand. The company filed an appeal before CIR (A).

CIR (A) vide appellate order dated October 25, 2023, decided the matters of disallowance of depreciation and initial allowance on assets at dealer operated sites, fee for technical services and tax loss on write-offs of assets in favour of the Company while maintaining or remanding back other issues against which an appeal has been filed before ATIR.

24.1.2.12 During the year, the Company received a demand order from ACIR dated August 16, 2023, for tax year 2022 through which disallowances were made in respect of depreciation on assets at dealer operated sites, tax loss on write-offs of assets, ageing for creditors and accrued liabilities, unrealized exchange loss and fee for technical service among other disallowances collectively amounting to Rs. 4,942,780 thousand. In addition, super tax was levied at 10% which is already contested in the Supreme Court. The order raised a cumulative demand of Rs. 1,077,099 thousand. The Company filed an appeal before CIR (A).

The CIR(A) through its order dated September 15, 2023, decided the matters of depreciation on assets at dealer operated sites, tax loss on write-offs of assets and fee for technical services in favour of the Company while maintaining or remanding back other issues to the tax department. Appeal effect order dated September 26, 2023, reduced the outstanding demand to Rs. 555,392 out of which Rs. 505,479 has been stayed on account of super tax as per the judgement of the Supreme Court leaving payable of Rs. 49,914.

In respect of matters maintained or remanded back by CIR (A), the Company has filed an appeal before ATIR.

24.1.2.13 The Company based on the merits of the aforementioned matters (note 24.1.2.1 to note 24.1.2.12) and as per the advice of its tax consultant and legal advisors, expects a favorable outcome on these matters and accordingly, no provision has been made in this respect in these financial statements.

24.1.3 Sales tax, Federal Excise Duty (FED) and Custom duty

24.1.3.1 In 2011, the tax authorities after conducting sales tax and FED audit for the period July 2008 to June 2009 raised sales tax and FED demands amounting to Rs. 1,519,073 thousand. These demands primarily arose on account of disallowing input tax against zero rated supplies, levying FED on license fee, group service fee and trademarks and manifestation fee, levying sales tax on difference in output sales tax as per return and financial statements, sales tax on lubricants paid on the value of supply instead of retail price as mentioned on packs, unlawful adjustment of input sales tax, and non-charging of sales on supply of jet fuel to various airlines.

Appeal for July 2008 to June 2009 was decided in favor of the Company by CIR (A) except for issue of FED on dealers joining fee and income from Company Owned Company Operated (COCO) sites. Tax department filed an appeal before ATIR against the order of CIR (A) while Company also filed an appeal before ATIR on account of FED matter which was set aside for de novo consideration. During the year, while hearing departmental appeal, ATIR has decided all the matters in favour of the Company.

24.1.3.2 In 2012, the tax authorities conducted sales tax and FED audit for period July 2009 to December 2009 and raised additional sales tax and FED demands amounting to Rs. 1,004,046 thousand. These demands primarily arose on account of disallowing input tax against zero rated supplies, levying sales tax on difference in output sales tax as per return and financial statements, sales tax on lubricants paid on the value of supply instead of retail price as mentioned on packs, unlawful adjustment of input sales tax, and non-charging of sales tax on supply of jet fuel to various airlines. The Company filed appeals before CIR (A) against the demand.

In 2013, CIR (A) decided the matter in favour of the Company for all the major claims. The department filed an appeal before ATIR against the order of CIR (A). During the year, while hearing departmental appeal, ATIR has decided all the matters in favour of the Company.

24.1.3.3 In 2011, the tax authorities after conducting post refund audit for the period September and October 2008 raised sales tax and FED demands respectively amounting to Rs. 150,657 thousand and Rs. 173,799 thousand including penalty. These demands primarily arose on account of non-charging of sales on supply of jet fuel to various airlines.

In 2012, the tax authorities adjusted sales tax demand of Rs. 173,799 thousand pertaining to September 2008 against sales tax refundable. The Company in response to the aforementioned orders filed appeals and sought stay against the demands with the CIR (A), ATIR and High Court of Sindh. The appeals for September and October 2008 relating to non-charging of sales on supply of jet fuel were decided in favor of the Company by the ATIR. However, the tax department filed a reference application before the High Court of Sindh which is still pending.

Additionally, in 2012, the tax authorities conducted sales tax and FED audit for period July 2009 to December 2009 and raised additional sales tax and FED demands amounting to Rs. 89,324 thousand. The demand primarily arose on account of levying FED on license fee, technical service fee and trademarks and manifestation fee. The Company filed appeals before CIR (A) against the demand.

In 2013, CIR (A) decided the matter in favour of the Company for all major claims. The department filed an appeal before ATIR against the order of CIR (A). In 2015, ATIR while setting aside CIR (A)'s order remanded back all the matters to the tax department which initiated the hearing soon after. The Company has furnished the required documents and is yet to receive any further notice.

Further, in 2013, the tax authorities also conducted sales tax and FED audit for period January to December 2011 and raised additional sales tax and FED demands amounting to Rs. 2,793,564 thousand and Rs. 108,922 thousand including penalty. The demands principally pertained to sales tax on lubricants paid on the value of supply instead of retail price as mentioned on packs, unlawful adjustment of input sales tax, non-charging of sales on supply of jet fuel, and levy of FED technical service fee. The Company filed an appeal before CIR (A) which set aside the proceeding with certain directions. The Company has obtained a stay from the High Court of Sindh as well.

In 2014, the tax authorities issued a notice proposing to levy sales tax on the value of supply of jet fuel to various airlines during the period July 2012 to June 2013 thereby proposing to raise tax demand of Rs. 2,558,997 thousand. The Company filed an application with the High Court of Sindh, which passed an ad-interim order restraining the tax authorities from passing an order.

In 2015, the tax authorities whilst finalizing sales tax audit for the period January 2012 to December 2012 issued a show cause notice inter alia proposing to levy sales tax on the value of supply of jet fuel during the period January 2012 to June 2012, thereby proposing to raise a demand of Rs. 1,046,760 thousand. The Company filed an application with the High Court of Sindh, which passed an order restraining the tax authorities from passing an order.

In 2019, ACIR whilst finalizing the sales tax audit for the financial year ended 2014 passed an order dated February 20, 2019, raising a demand of Rs. 5,656,135 thousand primarily disallowing input tax adjustment on zero rated supplies of Jet Fuel to international flights and levy of FED on trademarks and manifestation fee and group fee. The Company filed a rectification application before the ACIR for correction of some apparent errors in the aforesaid order. The ACIR passed a rectification order reducing the aforesaid demand to Rs. 3,118,389 thousand. The Company being aggrieved, filed an appeal with the CIR (A), where the hearing is pending adjudication. However, CIR (A) has granted stay against the recovery of the rectified order. Further, the Company simultaneously obtained stay order from the High Court of Sindh.

Further, the Commissioner finalised the audit for financial year ended 2012 and raised a demand of Rs. 4,531,352 thousand primarily disallowing input tax adjustment on zero-rated supplies of jet fuel to international flights and levied FED on group fee. The Company being aggrieved, filed an appeal with the CIR (A). The CIR (A) passed an order dated September 18, 2019, deciding the matter of zero-rating of jet fuels amounting to Rs. 4,345,152 thousand in favour of the Company, whilst maintaining the Commissioner’s position on FED amounting to Rs. 186,201 thousand on group fee. The Company has filed an appeal with the ATIR on the latter.

Furthermore, the Commissioner issued a show cause notice dated November 11, 2019, raising sales tax demand on Price Differential Claims for the tax periods 2004 to 2011 amounting to Rs. 8,800,143 thousand which was taken up in petition by the Company with the High Court of Sindh. During the year, the High Court has allowed the petition and invalidated the show cause notice.

24.1.3.4 In 2012, the Company received an order from Model Customs Collectorate, Hyderabad raising sales tax demand of Rs. 46,838 thousand, on imported goods, without specifying the basis of computation by levying value addition sales tax at 2% representing minimum value addition under sub-section 5 of section 3 read with section 7A of the Sales Tax Act, 1990 and Chapter X of the Sales Tax Special Procedure Rules, 2007. Further, the Company received show cause notices from Model Customs Collectorates Faisalabad, Lahore and Multan with a potential demand of Rs. 4,775,814 thousand, the basis of computation of which has not been specified. The Company is of the view that the sales tax on minimum value addition is not applicable as the Oil Marketing Companies (OMCs) are manufacturers of lubricants and other products and the prices of Petroleum, Oil and Lubricants (POL) products imported by them for sale in the country are administered under a special pricing arrangement agreed with the Government of Pakistan.

The Federal Board of Revenue (FBR) has issued directives restricting Collectorates from any recovery actions and has also issued a notification dated February 10, 2012, confirming that value addition sales tax was not to be charged on POL products whose prices are regulated under special pricing arrangement by the government or regulatory authority working under the government. Further, Model Customs Adjudication quashed the show cause notices of Faisalabad, Lahore and Multan Collectorates based on the notification. The Company is also of the view that OMCs will not be required to pay the tax on deregulated products / exports retrospectively since directive of FBR was available at that time and is confident that revised notification in this respect will be issued by FBR if considered necessary. Furthermore, in the event the Company is required to make a payment in this respect, it is Company's contention that it will be able to claim the amount paid as input tax except for default surcharge, which cannot be computed at this stage. Accordingly, no provision has been made in this respect in these financial statements.

24.1.3.5 In 2018, the Company received a show cause notice vide letter no. PRA/18/0251 from Additional Commissioner Punjab Revenue Authority (PRA) against taxable services received by the Company for the period from July 2015 to June 2016 attracting provincial sales tax as per Punjab Sales Tax on Services Act, 2012 (the Services Act) based on the audited financial statements of the Company for the year ended December 31, 2015, and 2016. The Company in response to the above referred notice, contended that the provisions of the Services Act relating to withholding tax on services relating to telecommunication, banking, courier and insurance services became effective from July 01, 2016, and that the notice was issued without requiring information and ascertaining the facts. However, the Additional Commissioner, PRA raised a demand order dated July 23, 2018, amounting to Rs. 813,520 thousand. On September 24, 2018, the Company filed an appeal before the CIR (A), PRA against the aforesaid order. In August 2020, recovery notice was received against which a stay order from Lahore High Court was obtained. Furthermore, after conducting the hearing, CIR (A) without sufficiently considering the evidence submitted during the course of the appeal, adversely decided the matter through order dated October 28, 2020. The Company filed an appeal against the same with the Appellate Tribunal. During the year, the Appellate Tribunal, while acknowledging that the expenses were incurred throughout Pakistan instead of only in Punjab, set aside the matter for denovo proceedings. However, the order of the ATIR did not address the issue of inapplicability of the various sections for the period of the original demand. Therefore, the Company has filed a reference application before the Lahore High Court.

24.1.3.6 In 2018, the Company received a show cause notice from DCIR, against discrepancy in Annexure-J of the sales tax returns for the period from November 2016 to February 2018 and proceed to suspend the sales tax registration. The Company in response to the above notice, contended that the DCIR is neither empowered nor has the jurisdiction to issue show cause notice. Further, a reconciliation was provided to reconcile the discrepancies in the sales tax returns filed by the Company during the aforesaid period. The Company further contended that the discrepancies did not result in loss of revenue of the tax department as the sales tax was discharged on correct sales reported in Annexure-C of the sales tax return for the aforesaid period. However, the DCIR issued an order dated October 15, 2018, raising a demand amounting to Rs. 2,077,912 thousand. On October 25, 2018, the Company filed an appeal before the CIR (A), who passed an order setting aside the matter with specific directions to the tax department for verification of the facts of the case. In 2020, the tax officer issued show cause notice to the Company for verification of data in line with the directions of CIR (A), after which it proceeded to pass an order on the same on December 24, 2020, without considering the details already submitted by the Company. The Company has preferred an appeal with the CIR (A) and has also obtained a stay against recovery of the same. In 2021, the High Court of Sindh had favorably disposed-off the case that was filed in 2018 against ultra vires suspension of Company's sales tax registration.

24.1.3.7 In 2019, the Company received a show cause notice from Punjab Revenue Authority requiring explanation of non-payment of sales tax of Rs. 1,857,097 thousand imposed by the authority on the Inland Freight Equalization Margin, OMC's and dealer's margin for the period July 2017 to June 2018. The Company challenged the notice in the Lahore High Court against which a stay has been granted by the Court.

24.1.3.8 In 2021, the Company received a show cause notice from DCIR for conducting audit of the period January to December 2018. Post verification of documents and submission of our replies, a demand order was issued wherein the major disallowances pertained to zero-rating of jet fuel supplied to airlines for their international flight consumption, reconciliation of purchases with the sales tax return and sales tax discharge against discount offered to customers amounting to Rs. 2,646,915 thousand. The matter has been taken up in appeal with the CIR (A) and stay is in place thereagainst.

In 2022, the CIR (A) decided the appeal in favour of the Company except for default surcharge imposed for delayed payment of sales tax on advance from customers amounting to Rs. 19,817 thousand. The Company, in response to the order, filed an appeal with the Appellate Tribunal Inland Revenue where the matter is pending adjudication.

24.1.3.9 In 2022, the Company received a letter from Collectorate of Customs demanding to pay regulatory duty at 10% on certain consignments of motor gasoline imported during the period from April to June 2022. The demand had been raised in accordance with SRO 806(I)/2022 dated June 20, 2022. The Company filed a petition in Lahore High Court contending that the consignments were exempt under the aforesaid SRO since the Letters of Credit for these consignments were opened before the date of the SRO. The court ordered the release of the consignments subject to submission of bank guarantees equal to the demanded regulatory duty. During the year, the High Court decided the case in favour of the Company. However, the department has filed an appeal against the judgement of the High Court, which is pending adjudication.

The Company has reviewed its position and without acknowledging it as a debt has furnished bank guarantees in respect of the claim raised by the custom authorities. The matter is still pending adjudication.

24.1.3.10 The Company based on the merits of the aforementioned matters (notes 24.1.3.1 to 24.1.3.9) and as per the advice of its tax consultant and legal advisor, expects a favorable outcome on these matters and accordingly, no provision has been made in this respect in these financial statements.

24.1.4 Others

Claims against the Company not acknowledged as debt as at December 31, 2023 amounted to Rs. 4,081,355 thousand (2022: Rs. 3,129,605 thousand) comprising of various legal claims.

	Note	2023	2022
		(Rupees in '000)	
24.2 Commitments			
Commitments for capital expenditure		**2,063,961**	2,214,706
Outstanding letters of credit	24.2.1	**12,667,447**	3,530,472
Outstanding bank guarantees	24.2.1 / 24.2.2	**3,353,286**	3,440,528
Outstanding bank contracts		**2,092,703**	3,979,213
Post-dated cheques	24.2.3	**56,437,060**	24,529,122

24.2.1 Total facilities for letters of credit amount to Rs. 68,865,125 thousand (2022: Rs. 41,831,545 thousand) and for bank guarantees amount to Rs. 28,367,463 thousand (2022: Rs. 23,378,781 thousand).

24.2.2 Include bank guarantees in respect of super tax for prior year and claim raised by custom authorities.

24.2.3 These have been deposited with the Collector of Customs Port Qasim and Karachi Port Trust in accordance with the Customs' Act, 1969 as an indemnity to adequately discharge the liability for the duties and taxes leviable on imports, as required under the Finance Act, 2005. The maturity dates of these cheques extend to July 24, 2024.

24.2.4 Includes the following from Standard Chartered Bank (Pakistan) Limited - a related party:

	Note	2023	2022
		(Rupees in '000)	
Outstanding letters of credit		**1,972,189**	50,042
Total facilities for letter of credits		**9,865,125**	11,321,545
Outstanding bank guarantees		**2,849,649**	2,936,891
Total facilities for bank guarantees		**3,000,000**	3,000,000
Outstanding bank contracts		**2,092,703**	866,984

25 SALES

	Note	2023	2022
Gross sales, inclusive of sales tax		**444,428,059**	422,812,147
Trade discounts		**(6,047,710)**	(4,219,801)
	25.1 / 25.2	**438,380,349**	418,592,346

25.1 As described in note 1.2 to these financial statements, the Company markets petroleum products and compressed natural gas. It also blends and markets various kinds of lubricating oils. Revenues (inclusive of sales tax) from external customers for products of the Company are as follows:

	2023	2022
	(Rupees in '000)	
- Petroleum products	**438,359,246**	418,561,336
- Others	**21,103**	31,010
	438,380,349	418,592,346

25.2 Includes all contract liabilities as at December 31, 2022, which were realized during the year.

26 COST OF PRODUCTS SOLD

	Note	2023	2022
		(Rupees in '000)	
Opening stock of raw and packing materials		**5,803,396**	2,462,100
Raw and packing materials purchased		**19,272,076**	17,530,348
Manufacturing expenses	26.1	**811,945**	700,793
Closing stock of raw and packing materials	11	**(6,285,233)**	(5,803,396)
Cost of products manufactured		**19,602,184**	14,889,845
Opening stock of finished products		**37,118,201**	34,166,724
Finished products purchased		**292,477,579**	322,036,027
Duties, levies and freight	26.2	**93,450,132**	45,131,778
Closing stock of finished products	11	**(41,766,253)**	(37,118,201)
Cost of finished products sold		**381,279,659**	364,216,328
		400,881,843	379,106,173

26.1 Includes depreciation charge on operating assets of Rs. 158,098 thousand (2022: Rs. 138,600 thousand), depreciation charge on right-of-use assets of Rs. 24,054 thousand (2022: Rs. 22,426 thousand) and charge in respect of staff retirement benefits amounting to Rs. 8,418 thousand (2022: Rs. 8,573 thousand).

26.2 Duties, levies and freight

	Note	2023	2022
		(Rupees in '000)	
Petroleum development levy		**75,580,280**	28,115,360
Customs and excise duty		**15,121,736**	11,662,374
Inland freight equalization margin		**2,004,474**	4,605,235
Freight on non-equalized products		**442,585**	505,302
Others		**301,057**	243,507
		93,450,132	45,131,778

27 DISTRIBUTION AND MARKETING EXPENSES

	Note	2023	2022
Salaries, wages and benefits	27.1	**2,682,151**	2,770,437
Stores and materials		**14,664**	37,195
Fuel and power		**140,182**	150,882
Rent, taxes and utilities		**40,201**	137,281
Repairs and maintenance		**1,110,489**	898,714
Depreciation on operating assets	4.2	**1,654,841**	1,539,280
Depreciation on right-of-use assets	5.2	**907,250**	783,520
Insurance		**13,515**	8,032
Legal and professional charges		**202,710**	206,212
Training and travelling		**452,801**	291,363
Advertising and publicity		**1,329,213**	1,248,295
Communication and stationery		**141,399**	94,054
Computer expenses		**319,223**	129,780
Storage and other charges		**363,352**	261,601
Others		**474,899**	191,530
		9,846,890	8,748,176
Handling and storage charges recovered		**(11,648)**	(75,363)
Secondary transportation expenses		**1,537,726**	1,608,931
		11,372,968	10,281,744

27.1 Includes charge of Rs. 151,114 thousand (2022: Rs. 153,905 thousand) in respect of staff retirement benefits.

28 ADMINISTRATIVE EXPENSES

	Note	2023	2022
		(Rupees in '000)	
Salaries, wages and benefits	28.1	**1,015,391**	1,069,046
Stores and materials		**1,077**	3,836
Fuel and power		**37,960**	22,754
Rent, taxes and utilities		**10,053**	26,844
Repairs and maintenance		**133,849**	64,787
Depreciation on operating assets	4.2	**124,350**	180,319
Depreciation on right-of-use assets	5.2	**5,635**	6,117
Insurance		**29,404**	17,475
Legal and professional charges		**1,083,706**	809,203
Training and travelling		**301,209**	106,935
Advertising and publicity		**74,885**	46,134
Technical service fee	36.1	**5,071,695**	3,499,378
Trade-marks and manifestations license fee	28.2	**643,789**	678,722
Communication and stationery		**77,855**	77,318
Computer expenses		**1,288,823**	778,212
Amortization	6	**2,101**	3,152
Others		**15,763**	-
		9,917,545	7,390,232

28.1 Includes charge of Rs. 90,435 thousand (2022: Rs. 92,105 thousand) in respect of staff retirement benefits.

28.2 The Company has a trade-marks and manifestation license agreement with Shell Brands International AG - a group company, incorporated and having its registered office in Switzerland.

29 OTHER EXPENSES

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
Workers' Welfare Fund		**133,562**	115,807
Workers' Profit Participation Fund	15.7	**350,592**	108,304
Exchange loss		**10,212,867**	9,902,421
Soil and ground water remediation cost	19	**513,109**	2,792,974
Provision for impairment on other receivables - net	15.9	**2,111,780**	1,042,935
Allowance for expected credit losses on trade debts - net	12.3	**59,203**	-
Write-off of trade debts		**6,829**	-
Write-off of operating assets		**356,074**	197,133
Provision for impairment on operating assets - net	4.8	**-**	145,385
Auditors' remuneration	29.1	**11,305**	15,682
Donations	29.2 / 29.3	**34,636**	65,579
		13,789,957	14,386,220

29.1 Auditors' remuneration

	2023	2022
Fee for audit, half yearly review and review of compliance with code of corporate governance	**7,720**	6,772
Audit of retirement benefit funds	**798**	753
Other certifications	**897**	6,305
Out of pocket expenses	**1,890**	1,852
	11,305	15,682

29.2 Interest of the Directors or their spouses in the donations made during the year is as follows:

Name of donee and address	Names of interested directors and nature of interest	2023 (Rupees in '000)	2022 (Rupees in '000)
Shell LiveWIRE Trust (Shell House, 6 Ch. Khaliquzzaman Road, Karachi)	Waqar I. Siddiqui - Chairperson	**17,300**	14,200
The Kidney Centre Post Graduate Training Institute (172/R, Rafiqui Shaheed Road, Karachi)	Waqar I. Siddiqui - Member Board of Governors	**1,500**	4,650

29.3 Donations to parties exceeding higher of Rs. 1 million or 10% of total donations are as follows:

	2023 (Rupees in '000)	2022 (Rupees in '000)
Care Foundation	**3,613**	3,534
National Rural Support Programme	**10,863**	27,525
The Kidney Centre Post Graduate Training Institute	**1,500**	4,650
Shell LiveWIRE Trust	**17,300**	14,200
Health and Nutrition Development Society	**-**	13,900
SOS Children's Villages	**1,360**	-
The Citizens Foundation	**-**	1,770
	34,636	65,579

30 OTHER INCOME

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
Income from financial assets			
Interest on term deposit receipts		**484,458**	195,788
Interest on saving accounts		**1,080,393**	115,471
Reversal of allowance for expected credit losses on trade debts - net	12.3	**-**	9,170
		1,564,851	320,429
Income from non-financial assets			
Gain on disposal of operating assets		**276,947**	44,528
Gain on termination of leases		**74,044**	55,039
Scrap sales		**-**	10,043
Reversal of provision for impairment on operating assets - net	4.8	**105,580**	-
Reversal of asset retirement obligation	18	**-**	3,364
Shell card income		**164,002**	141,137
Liabilities no longer payable written back	30.1	**11,090,422**	1,028,420
Others		**63,066**	136,800
		11,774,061	1,419,331
		13,338,912	1,739,760

30.1 Includes Rs. 10,699,550 thousand (2022: Rs. Nil) in respect of credit notes issued by Shell International Petroleum Company Limited - group company, for waiver of technical service fee and other costs.

31 FINANCE COSTS

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
Bank charges		**1,641,665**	281,231
Accretion expense on asset retirement obligation	18	**23,872**	8,005
Mark-up on short-term borrowings and running finance		**21,872**	421,614
Accretion of interest on lease liabilities	20	**811,738**	647,402
		2,499,147	1,358,252

32 TAXATION

	2023	2022
Current		
- for the year	**955,813**	2,359,697
- for prior year	**209,420**	681,413
	1,165,233	3,041,110
Deferred	**229,921**	(53,694)
	1,395,154	2,987,416

32.1 The return of income for the tax year 2023 has been filed by the Company. The said return, as per the provisions of Section 120 of the Income Tax Ordinance, 2001 has been deemed to be an assessment order passed by the Commissioner of Inland Revenue.

	Note	2023	2022
		(Rupees in '000)	

32.2 Relationship between accounting profit and taxation

		2023	2022
Accounting profit before taxation		7,246,547	-
Tax at the applicable tax rate of 29%		2,101,499	-
Tax effect of:			
- Adjustments relating to prior years		209,420	-
- Adjustment of minimum taxes brought forward		(1,821,046)	-
- Effect of change in tax rate		226,487	-
- Effect of super tax		892,609	-
- Tax benefit on income covered under final tax regime		(145,267)	-
- Permanent differences		(36,425)	-
- Others		(32,123)	-
		1,395,154	-
Effective tax rate %		19.25	-

32.3 During the prior year, provision for current tax was based on minimum tax and final tax regime. Accordingly, comparative for tax reconciliation has not been presented in these financial statements.

	Note	2023	2022
		(Rupees in '000)	

33 EARNINGS / (LOSS) PER SHARE - basic and diluted

	Note	2023	2022
Net profit / (loss) for the year		5,851,393	(72,313)
		(Number of shares)	
Weighted average number of ordinary shares		214,024,662	214,024,662
		(Rupees)	
Earnings / (loss) per share	33.1	27.34	(0.34)

33.1 There is no dilutive effect on the basic earnings / (loss) per share of the Company.

34 EMPLOYEE BENEFITS

34.1 Pension and gratuity

As mentioned in note 3.9.1 to the financial statements, the Company operates funded gratuity and pension schemes for all its employees. Contributions are made to these schemes on the basis of actuarial recommendations. The latest actuarial valuation was carried out as at December 31, 2023. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

34.1.1 Statement of financial position reconciliation

	2023					2022				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Fair value of plan assets - note 34.1.2	1,918,987	-	34,763	32,198	1,985,948	1,712,844	-	43,326	37,377	1,793,547
Present value of defined benefit obligations - note 34.1.3	(1,574,267)	(99,563)	-	(125,935)	(1,799,765)	(1,600,895)	(88,838)	-	(119,013)	(1,808,746)
Asset / (liability) in respect of staff retirement benefit schemes	344,720	(99,563)	34,763	(93,737)	186,183	111,949	(88,838)	43,326	(81,636)	(15,199)

34.1.2 Movement in the fair value of plan assets

	2023					2022				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Fair value of plan assets at the beginning of the year	1,712,844	-	43,326	37,377	1,793,547	1,834,345	-	38,593	98,166	1,971,104
Expected return on plan assets	237,464	-	6,405	4,054	247,923	207,198	-	4,673	8,449	220,320
Contribution by the Company	20,188	4,631	1,701	14,160	40,680	22,971	4,680	2,353	2,073	32,077
Contribution by the employees	2,544	-	-	-	2,544	2,887	-	-	-	2,887
Benefits due but not paid	-	(15,023)	-	(4,289)	(19,312)	-	-	-	(11,853)	(11,853)
Benefits paid during the year	(173,039)	(1,830)	-	(32,995)	(207,864)	(167,777)	(26,936)	-	(54,597)	(249,310)
Inter-fund transfer	(12,222)	12,222	(15,093)	15,093	-	(22,736)	22,736	-	-	-
Remeasurement of plan assets	131,208	-	(1,576)	(1,202)	128,430	(164,044)	(480)	(2,293)	(4,861)	(171,678)
Fair value of plan assets at the end of the year	1,918,987	-	34,763	32,198	1,985,948	1,712,844	-	43,326	37,377	1,793,547

34.1.3 Movement in the present value of defined benefit obligations

	2023					2022				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Present value of obligation at the beginning of the year	1,600,895	88,838	-	119,013	1,808,746	1,840,316	78,427	-	148,908	2,067,651
Current service cost	16,968	4,597	-	3,835	25,400	18,844	4,219	-	4,651	27,714
Interest cost	219,586	11,660	-	14,554	245,800	206,380	7,633	-	13,593	227,606
Benefits due but not paid	-	(15,023)	-	(4,289)	(19,312)	-	-	-	(11,853)	(11,853)
Benefits paid during the year	(173,039)	(1,830)	-	(32,995)	(207,864)	(167,777)	(26,936)	-	(54,597)	(249,310)
(Gain) / loss arising on plan settlements	(8,110)	13,471	-	-	5,361	-	-	-	-	-
Remeasurement on obligation	(82,033)	(2,150)	-	25,817	(58,366)	(296,868)	25,495	-	18,311	(253,062)
Present value of obligation at the end of the year	1,574,267	99,563	-	125,935	1,799,765	1,600,895	88,838	-	119,013	1,808,746

34.1.4 Amount recognised in profit or loss

	2023					2022				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Current service cost	16,968	4,597	-	3,835	25,400	18,844	4,219	-	4,651	27,714
Interest cost	219,586	11,660	-	14,554	245,800	206,380	7,633	-	13,593	227,606
Expected return on plan assets	(237,464)	-	(6,405)	(4,054)	(247,923)	(207,198)	-	(4,673)	(8,449)	(220,320)
Contribution by the employees	(2,544)	-	-	-	(2,544)	(2,887)	-	-	-	(2,887)
(Gain) / loss arising on plan settlements	(8,110)	13,471	-	-	5,361	-	-	-	-	-
(Reversal) / expense for the year	(11,564)	29,728	(6,405)	14,335	26,094	15,139	11,852	(4,673)	9,795	32,113

34.1.5 Remeasurement recognised in other comprehensive income

	2023					2022				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
(Gain) / loss from changes in financial assumptions	**(119,248)**	**(1,385)**	**-**	**7,120**	**(113,513)**	(314,008)	2,488	-	(6,373)	(317,893)
Experience loss / (gain)	**37,215**	**(765)**	**-**	**18,697**	**55,147**	17,140	23,007	-	24,684	64,831
Remeasurement on obligation	**(82,033)**	**(2,150)**	**-**	**25,817**	**(58,366)**	(296,868)	25,495	-	18,311	(253,062)
(Gain) / loss due to remeasurement of plan assets	**(131,208)**	**-**	**1,576**	**1,202**	**(128,430)**	164,044	480	2,293	4,861	171,678
	(213,241)	**(2,150)**	**1,576**	**27,019**	**(186,796)**	(132,824)	25,975	2,293	23,172	(81,384)

34.1.6 Movement in the asset / (liability) recognised in the statement of financial position

	2023					2022				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Balance at the beginning of the year	**111,949**	**(88,838)**	**43,326**	**(81,636)**	**(15,199)**	(5,971)	(78,427)	38,593	(50,742)	(96,547)
Net reversal / (charge) for the year	**224,805**	**(27,578)**	**4,829**	**(41,354)**	**160,702**	117,685	(37,827)	2,380	(32,967)	49,271
Contributions by the Company	**20,188**	**4,631**	**1,701**	**14,160**	**40,680**	22,971	4,680	2,353	2,073	32,077
Inter-fund transfers	**(12,222)**	**12,222**	**(15,093)**	**15,093**	**-**	(22,736)	22,736	-	-	-
Asset / (liability) in respect of staff retirement benefit schemes	**344,720**	**(99,563)**	**34,763**	**(93,737)**	**186,183**	111,949	(88,838)	43,326	(81,636)	(15,199)

34.1.7 Composition of plan assets

	2023					2022				
	Management		Non-Management		Total	Management		Non-Management		Total
	Pension	Gratuity	Pension	Gratuity		Pension	Gratuity	Pension	Gratuity	
	(Rupees in '000)									
Equity instruments	**345,321**	**69,790**	**7,546**	**-**	**422,657**	256,681	44,838	7,139	8,268	316,926
Debt instruments	**882,031**	**214,730**	**24,511**	**26,807**	**1,148,079**	1,102,121	295,872	35,417	37,687	1,471,097
Bank deposits	**302,287**	**122,356**	**2,706**	**9,680**	**437,029**	10,386	4,284	770	3,275	18,715
Inter-fund dues	**391,372**	**(391,372)**	**-**	**(4,289)**	**(4,289)**	344,514	(344,514)	-	-	-
Benefits due	**(2,024)**	**(15,504)**	**-**	**-**	**(17,528)**	(858)	(480)	-	(11,853)	(13,191)
	1,918,987	**-**	**34,763**	**32,198**	**1,985,948**	1,712,844	-	43,326	37,377	1,793,547

34.1.8 Actuarial assumptions

	2023				2022			
	Management		Non-Management		Management		Non-Management	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)							
Short-term expected rate of increase in future salaries	**10.0**	**10.0**	**-**	**15.5**	10.0	10.0	-	10.0
Long-term expected rate of increase in future salaries	**13.5**	**13.5**	**-**	**15.5**	12.5	12.5	-	13.5
Discount rate	**15.5**	**15.5**	**-**	**15.5**	14.5	14.5	-	14.5
Expected rate of increase in pensions	**5.0**	**-**	**-**	**-**	5.0	-	-	-
Expected rate of return on plan assets	**15.5**	**15.5**	**-**	**15.5**	14.5	14.5	-	14.5

The mortality rates are based on State Life Insurance Corporation (SLIC) 2001-05 ultimate mortality rates, rated down by one year.

34.1.9 Sensitivity analysis

	2023				2022			
	Management		Non-Management		Management		Non-Management	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)							
Present value of obligation at the end of the year	**1,574,267**	**99,563**	**-**	**125,935**	1,600,895	88,838	-	119,013
Following shall be the present values under various sensitivities:								
Discount rate + 1%	**1,450,280**	**89,774**	**-**	**123,839**	1,498,976	84,181	-	116,845
Discount Rate - 1%	**1,667,491**	**99,387**	**-**	**128,102**	1,728,759	93,936	-	121,267
Salary increase rate + 1%	**1,571,120**	**99,617**	**-**	**128,121**	1,622,334	94,168	-	121,365
Salary increase rate - 1%	**1,533,368**	**89,487**	**-**	**123,784**	1,580,985	83,892	-	116,713
Pension increase rate + 1%	**1,663,285**	**-**	**-**	**-**	1,722,659	-	-	-
Pension increase rate - 1%	**1,451,284**	**-**	**-**	**-**	1,492,195	-	-	-

If mortality increases by 1 year, the resultant increase in the defined benefit obligation is insignificant.

The above sensitivity analyses 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 determining the defined benefit obligation in 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.

34.1.10 Expected maturity analysis of undiscounted cashflows

	2023				2022			
	Management		Non-Management		Management		Non-Management	
	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)							
Less than a year	**168,568**	**7,454**	**-**	**47,421**	163,752	6,634	-	33,102
Between 1-2 years	**352,030**	**17,687**	**-**	**46,991**	342,196	13,584	-	58,477
Between 2-5 years	**597,802**	**95,476**	**-**	**86,930**	555,678	39,015	-	83,877
Over 5 years	**16,719,064**	**363,058**	**-**	**-**	15,721,433	384,886	-	-
	17,837,464	**483,675**	**-**	**181,342**	16,783,059	444,119	-	175,456
Weighted average duration of the defined benefit obligation (years)	**7.0**	**5.0**	**-**	**2.0**	7.5	5.0	-	2.0

34.1.11 The Company contributes to the pension and gratuity funds on the advice of the funds' actuary. The contributions are equal to the current service cost with adjustment for any surplus or deficit. There is no impact of asset ceiling in these financial statements. As per the recommendations of the actuary, expected charge and expected return for the year ending December 31, 2024 is as follows:

	Management		Non-Management	
	Pension	Gratuity	Pension	Gratuity
Current service cost	**16,487**	**4,729**	**-**	**3,980**
Interest cost	**230,947**	**14,855**	**-**	**17,359**
Expected return on plan assets	**(286,141)**	**-**	**(5,520)**	**(2,935)**
	(38,707)	**19,584**	**(5,520)**	**18,404**

34.1.12 The balances due to the Company from the funds are interest free and repayable on demand.

34.1.13 The break-up of balance receivable / (payable) in respect of staff retirement benefit schemes are:

	Note	2023	2022
		(Rupees in '000)	
Total balance receivable / (payable) in respect of defined benefit schemes	34.1.1	**186,183**	(15,199)
Total balance payable in respect of defined contribution schemes	15 / 21	**(55,440)**	(55,330)
		130,743	(70,529)

34.2 Post-retirement medical benefits

The Company also provides post-retirement medical benefits to its management staff. Actuarial valuation of the scheme is carried out annually. The amount recognised in the statement of financial position is based on a valuation carried out as at the statement of financial position date and is as follows:

	Note	2023	2022
		(Rupees in '000)	
34.2.1 Amount recognised in the statement of financial position			
Present value of defined benefit obligation	34.2.2	**213,190**	178,788
Fair value of plan assets		**-**	-
Liability recognised at end of the year		**213,190**	178,788
34.2.2 Movement in the present value of defined benefit obligation			
Present value of obligation at beginning of the year		**178,788**	170,543
Current service cost	34.2.4	**2,146**	1,723
Interest cost	34.2.4	**24,866**	19,383
Benefits paid during the year		**(14,600)**	(11,164)
Remeasurement on obligation	34.2.5	**21,990**	(1,697)
Present value of obligation at end of the year		**213,190**	178,788
34.2.3 Movement in the liability recognised in the statement of financial position			
Balance at beginning of the year		**178,788**	170,543
Charge for the year	34.2.4 / 34.2.5	**49,002**	19,409
Benefits paid during the year		**(14,600)**	(11,164)
Balance at end of the year		**213,190**	178,788
34.2.4 Amount recognised in profit or loss			
Current service cost		**2,146**	1,723
Interest cost		**24,866**	19,383
		27,012	21,106
34.2.5 Remeasurement recognised in other comprehensive income			
Loss from changes in financial assumptions		**1,851**	4,464
Experience loss / (gain)		**20,139**	(6,161)
		21,990	(1,697)

34.2.6 Actuarial assumptions

The following significant assumptions were used in the valuation of this scheme:

	2023	2022
	(% per annum)	
- Pre-retirement medical inflation	**11.5**	10.50
- Post-retirement medical inflation	**11.5**	7.75
- Discount rate	**15.5**	14.50

The mortality rates are based on State Life Insurance Corporation (SLIC) 2001-05 ultimate mortality rates, rated down by one year.

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

	2023	2022
	(Rupees in '000)	
Present value of obligation at the end of the year	**213,190**	178,788
Pre-retirement medical inflation + 1%	**215,203**	181,000
Pre-retirement medical inflation - 1%	**211,346**	176,761
Post-retirement medical inflation + 1%	**234,761**	197,665
Post-retirement medical inflation - 1%	**194,558**	162,569
Discount rate + 1%	**194,710**	162,330
Discount Rate - 1%	**235,150**	198,507

If mortality increases by 1 year, the resultant increase in the defined benefit obligation is insignificant.

34.2.8 Weighted average duration of the post-retirement medical benefit scheme is 10.1 years.

34.3 Five-year data on deficit of the plans

The following table shows the total pension, gratuity and post-retirement medical benefit obligation and the total pension and gratuity plan assets at the end of each year.

	2023	2022	2021	2020	2019
	(Rupees '000)				
Fair value of plan assets	**1,985,948**	1,793,547	1,971,104	1,967,529	1,814,105
Present value of defined benefit obligation	**(2,012,955)**	(1,987,534)	(2,238,194)	(2,223,225)	(2,004,366)
Deficit	**(27,007)**	(193,987)	(267,090)	(255,696)	(190,261)

34.4 The value of investments made by the staff retirement funds operated by the Company as per their financial statements are as follows:

	2023	2022
	(Rupees in '000)	
Shell Pakistan Management Staff Provident Fund	**1,139,529**	1,245,259
Shell Pakistan Labour Provident Fund	**106,015**	123,716
Shell Pakistan Management Staff Gratuity Fund	**284,520**	340,710
Shell Pakistan Labour and Clerical Staff Gratuity Fund	**26,807**	45,955
Shell Pakistan Management Staff Pension Fund	**1,227,352**	1,358,802
Shell Pakistan Staff Pension Fund	**32,057**	42,556
Shell Pakistan Defined Contribution Pension Fund	**1,996,310**	2,058,482
	4,812,590	5,215,480

34.5 Aggregate amount recognized in profit or loss in respect of the staff retirement benefit schemes is as follows:

	2023	2022
	(Rupees in '000)	
in respect of:		
- pension and gratuity scheme	**26,094**	32,113
- defined contribution funds	**196,861**	201,364
- post-retirement medical benefit scheme	**27,012**	21,106
	249,967	254,583

34.6 Aggregate amount recognized in other comprehensive income in respect of the staff retirement benefit schemes is as follows:

	2023	2022
	(Rupees in '000)	
in respect of:		
- pension and gratuity scheme	**186,796**	81,384
- post-retirement medical benefit scheme	**(21,990)**	1,697
	164,806	83,081
Related deferred tax impact	**8,576**	(27,417)
	173,382	55,664

34.7 Risks on account of defined benefit plans

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases proportionately with the increase in salary.

Asset volatility

A significant portion of the plan assets is invested in Government bonds which are not subject to volatility. However, investment in equity instruments is subject to adverse fluctuations as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate determined by reference to market yields (at the reporting date) on government bonds. A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Withdrawal risk

The risk that the actual withdrawal experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and entitled benefits of the beneficiary.

Inflation risk

The salary inflation is the major risk that the funds carry. In a general economic sense and in the long-term view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted benefit obligations. However, viewed with the fact that asset values will also decrease, the salary inflation does, as an overall affect, increase the net liability of the Company.

Investment risk

The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

The risk that the assets will not be sufficient to meet the liabilities. This is managed by making regular contribution to the schemes as advised by the actuary.

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2023			2022		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees '000)					
Short-term benefits						
Directors' fee (note 35.2)	**-**	**14,047**	**-**	-	7,618	-
Managerial remuneration (including bonus)	**51,769**	**50,139**	**2,096,255**	42,612	57,644	2,332,920
- House rent	**20,046**	-	-	16,038	-	-
- Fuel	**1,491**	**1,890**	**196,303**	441	1,386	100,953
Medical expenses	**650**	**240**	**68,046**	279	126	56,940
	73,956	**66,316**	**2,360,604**	59,370	66,774	2,490,813
Post-employment benefits						
Company's contribution to pension, gratuity and provident funds	**5,518**	**5,687**	**206,782**	4,569	4,761	190,570
	79,474	**72,003**	**2,567,386**	63,939	71,535	2,681,383
Number of persons including those who worked part of the year	**1**	**10**	**366**	1	10	382

35.1 As at December 31, 2023, the total number of Directors were 10 (2022: 10), excluding Chief Executive.

35.2 Aggregate amount charged in these financial statements in respect of fee to Non-Executive Directors amounts to Rs. 14,047 thousand (2022: Rs. 7,618 thousand).

35.3 In addition, the Chief Executive and some of the Executives were also provided with free use of Company maintained work related cars.

35.4 As per the Act, an executive means an employee, other than the chief executive and director, whose salary exceeds twelve hundred thousand rupees in a financial year.

36 RELATED PARTY TRANSACTIONS

The related parties of the Company comprise of Ultimate and Immediate Parent and its subsidiaries, companies with common directorship, associates, employees' retirement funds, directors and key management personnel. All transactions with related parties are executed at agreed terms duly approved by the Board of Directors of the Company. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

Nature of relationship	Nature of transactions	Note	2023	2022
			(Rupees in '000)	
Associate	Pipeline charges		**641,112**	1,229,203
	Dividend received	7.1	**421,362**	705,350
	Others		**15,580**	12,999
Employees' retirement funds				
Defined benefit pension funds	Contribution	34.1.2	**21,889**	25,324
Defined contribution pension fund	Contribution		**131,266**	142,845
Defined benefit gratuity funds	Contribution	34.1.2	**18,791**	6,753
Provident funds	Contribution		**65,595**	58,519
Key management personnel	Salaries and other short term employee benefits		**125,421**	120,164
	Post-employment benefits		**13,321**	10,994
	Medical		**1,110**	1,363
	Loan to Director		**3,612**	-
	Dividend paid		**709**	426
Non-executive Directors	Fee for attending meetings	35	**14,047**	7,618
Others	Purchases		**144,667,186**	204,534,163
	Sales		**367,255**	363,578
	Collection for sales made in Pakistan from customers of the associated company		**273,698**	2,474,449
	Technical service fee charged	28 / 36.1	**5,071,695**	3,499,378
	Trade-marks and manifestations license fee charged	28	**643,789**	678,722
	Insurance		**2,573**	-
	Bank charges		**221,563**	-
	Interest on saving accounts		**344,423**	-
	Expenses recovered from related parties - net		**684,428**	133,435
	Other expenses charged by related Parties	36.2	**2,209,378**	1,955,002
	Donations	29.2	**18,800**	18,850
	Legal charges		**4,838**	1,594
	Commission income - net		**715**	40,837
	Subscription paid		**360**	2,406

36.1 Technical services include advice and assistance to the Company in its operations. The fee for these services has been determined on the basis of an agreement between the Company and a related Shell Group company based on an agreed methodology.

36.2 Include charges net of reversals amounting to Rs. 576,504 thousand (2022: Rs. 493,900 thousand) in respect of services obtained from Shell Shared Business Service Centre companies under agreements entered into with them by the Company.

36.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The Company considers its Chief Executive, Company Secretary, Executive Directors and Chief Financial Officer to be key management personnel. Particulars of transactions entered into with key management personnel are as per their terms of employment as are disclosed in notes 8, 13 and 35 to these financial statements.

36.4 Amounts receivable from / payable to related parties have been disclosed in relevant notes to these financial statements.

36.5 Following are the associated companies incorporated outside Pakistan with whom the Company has entered into transactions or has an arrangement / agreement in place:

S. No.	Company Name	Basis of association	Country of Incorporation
1	Shell plc (formerly known as Royal Dutch Shell Plc.)	Ultimate Parent	United Kingdom
2	Shell Petroleum Company Limited	Immediate Parent	United Kingdom
3	Shell Deutschland Oil GmbH	Group Company	Germany
4	Shell Lubricants Egypt	Group Company	Egypt
5	Société des Pétroles Shell SAS	Group Company	France
6	The Shell Company of Thailand Limited	Group Company	United Kingdom
7	Shell International Petroleum Company Limited	Group Company	United Kingdom
8	Shell Aviation Limited	Group Company	United Kingdom
9	Shell Hong Kong Limited	Group Company	Hong Kong
10	Shell Global Solutions (Malaysia) Sdn. Bhd.	Group Company	Malaysia
11	Shell Global Solutions International B.V.	Group Company	Netherlands
12	Shell Lubricants Supply Company B.V.	Group Company	Netherlands
13	Euroshell Cards B.V.	Group Company	Netherlands
14	Pilipinas Shell Petroleum Corporation	Group Company	Philippines
15	Shell Polska Sp. Z o.o. Oddzial w Krakowie	Group Company	Poland
16	Shell Eastern Trading (Pte) Limited	Group Company	Singapore
17	Shell & Turcas Petrol A.S.	Group Company	Turkey
18	Shell Shared Services (Asia) B.V.	Group Company	Netherlands
19	Shell People Services Asia Sdn. Bhd.	Group Company	Malaysia
20	Shell Shared Service Centre - Glasgow Limited	Group Company	United Kingdom
21	Shell Information Technology International B.V.	Group Company	Netherlands
22	Shell International Trading Middle East Limited	Group Company	Bermuda
23	Shell International Limited	Group Company	United Kingdom
24	Shell International B.V.	Group Company	Netherlands
25	Shell Business Service Centre Sdn. Bhd.	Group Company	Malaysia
26	Shell Brands International AG	Group Company	Switzerland
27	Solen Versicherungen AG	Group Company	Switzerland
28	Shell Markets (Middle East) Limited	Group Company	Bermuda
29	Shell Oman Marketing Company SAOG	Group Company	Oman
30	Shell Oil Company	Group Company	United States
31	Shell India Markets Private Limited	Group Company	India
32	Shell Treasury Centre East (Pte) Limited	Group Company	Singapore
33	Shell Information Technology International Sdn. Bhd.	Group Company	Malaysia
34	Hankook Shell Oil Company	Group Company	South Korea
35	Shell Malaysia Trading Sendirian Berhad	Group Company	Malaysia
36	Pennzoil-Quaker State Company	Group Company	United States

37	SIETCO Trading Singapore	Group Company	Singapore
38	Shell U.K. Limited	Group Company	United Kingdom
39	Belgian Shell S.A.	Group Company	Belgium
40	Shell China Limited	Group Company	China
41	Brunei Shell Petroleum Company Sendirian Berhad	Group Company	Brunei
42	Saudi Arabian Markets and Shell Lubricants Company Limited	Group Company	Saudi Arabia
43	Shell Canada Products Limited	Group Company	Canada
44	Shell Companies of Indonesia	Group Company	Indonesia
45	Shell Downstream South Africa (Pty) Limited	Group Company	South Africa
46	Shell Nederland Verkoopmaatschappij B.V.	Group Company	Netherlands
47	Shell International Exploration and Production B.V.	Group Company	Netherlands
48	Shell Eastern Petroleum (Pte) Limited	Group Company	Singapore
49	Shell UK Oil Products Limited	Group Company	United Kingdom
50	Shell Nederland B.V.	Group Company	Netherlands
51	Equilon Enterprises LLC	Group Company	United States
52	Shell USA, Inc.	Group Company	United States
53	PT. Shell Indonesia	Group Company	Indonesia

36.6 Following are the associated companies incorporated in Pakistan with whom the Company has entered into transactions or has an arrangement / agreement in place:

S. No.	Company Name	Basis of association
1	Pakistan Energy Gateway Limited	Common Directorship
2	Shell LiveWire Trust	Common Directorship
3	Standard Chartered Bank (Pakistan) Limited	Common Directorship
4	Jubilee General Insurance Company Limited	Common Directorship
5	Pak-Arab Pipeline Company Limited	Associate (Refer note 7)
6	The Aga Khan Hospital and Medical College Foundation	Common Directorship
7	Vellani & Vellani	Common Directorship
8	The Aga Khan University Foundation	Common Directorship
9	Petroleum Institute of Pakistan	Common Directorship
10	Pakistan Human Development Fund	Common Directorship
11	Pakistan Centre For Philanthropy	Common Directorship
12	The Kidney Centre Post Graduate Training Institute	Common Directorship
13	Oil Companies Advisory Council	Common Directorship
14	Dawood Hercules Corporation Limited	Common Directorship
15	Pakistan Board of The Acumen Fund	Common Directorship
16	Wyeth Pakistan Limited	Common Directorship
17	Roche Pakistan Limited	Common Directorship
18	Novartis Pharma (Pakistan) Limited	Common Directorship
19	Esso Pakistan (Private) Limited	Common Directorship
20	Hisaar Foundation	Common Directorship
21	Unilever Pakistan Foods Limited	Common Directorship
22	Gizri Corporation (Private) Ltd.	Common Directorship
23	Pakistan Security Printing Corporation	Common Directorship
24	Unilever Pakistan Limited	Common Directorship
25	Petroleum Packages (Private) Limited	Common Directorship
26	UBL Fund Managers Limited	Common Directorship
27	Stylers International	Common Directorship
28	Data Check Private Limited	Common Directorship
29	Gizri Cotton (Private) Limited	Common Directorship
30	Habib University Foundation	Common Directorship
31	Shell Energy Pakistan (Private) Limited	Common Directorship
32	Overseas Investors Chamber of Commerce & Industry	Common Directorship

		Note	2023	2022
			(Rupees in '000)	
37	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**7,246,547**	2,915,103
	Adjustment for non-cash charges and other items:			
	Depreciation charge for the year on operating assets	4.2	**1,937,289**	1,858,199
	Write-off of operating assets	29	**356,074**	197,133
	(Reversal) / provision for impairment on operating assets - net	4.8	**(105,580)**	145,385
	Gain on disposal of operating assets	30	**(276,947)**	(44,528)
	Depreciation charge for the year on right-of-use assets	5.2	**936,939**	812,063
	Gain on termination of leases	30	**(74,044)**	(55,039)
	Amortization charge for the year	6	**2,101**	3,152
	(Reversal) / provision for obsolete and slow moving stock - net	11.6	**(373,262)**	144,989
	Allowance / (reversal) for expected credit losses on trade debts - net	12.3	**59,203**	(9,170)
	Write-off of trade debts	29	**6,829**	-
	Provision for impairment on other receivables - net	15.9	**2,111,780**	1,042,935
	Accretion expense in respect of asset retirement obligation	18	**23,872**	8,005
	Accretion of interest on lease liabilities	20	**811,738**	647,402
	Provision for post-retirement medical benefits	34.2.4	**27,012**	21,106
	Reversal of liability in respect of asset retirement obligation	18	**-**	(3,364)
	Soil and ground water remediation cost	19	**513,109**	2,727,477
	Liabilities no longer payable written back	30	**(11,090,422)**	(1,028,420)
	Share of profit of associate - net of tax	7.1	**(718,867)**	(998,905)
	Interest on term deposit receipts	30	**(484,458)**	(195,788)
	Interest on savings accounts	30	**(1,080,393)**	(115,471)
	Mark-up on short-term borrowings and running finance	31	**21,872**	421,614
	Working capital changes	37.1	**3,454,704**	5,603,370
			3,305,096	14,097,248
37.1	**Working capital changes**			
	(Increase) / decrease in current assets			
	Stock-in-trade		**(4,756,627)**	(6,437,762)
	Trade debts		**(647,650)**	(1,233,423)
	Loans and advances		**(14,052)**	29,376
	Short-term deposits and prepayments		**(38,315)**	(8,337)
	Other receivables		**(789,186)**	(1,070,441)
			(6,245,830)	(8,720,587)
	Increase in current liabilities			
	Trade and other payables		**9,285,663**	13,987,544
	Advances received from customers (contract liabilities)		**414,871**	336,413
			3,454,704	5,603,370

38 PROVIDENT FUND RELATED DISCLOSURES

The investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

39 FINANCIAL ASSETS AND LIABILITIES

39.1 The Company's exposure to interest rate risk along with categorization as financial assets and financial liabilities in accordance with IFRS 9 is summarized as follows:

	2023						
	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
	(Rupees '000)						
Financial assets							
Amortized cost							
Loans	**-**	**-**	**-**	**67,884**	**30,653**	**98,537**	**98,537**
Trade debts	**-**	**-**	**-**	**6,491,679**	**-**	**6,491,679**	**6,491,679**
Other receivables	**-**	**-**	**-**	**6,768,992**	**-**	**6,768,992**	**6,768,992**
Bank balances	**4,050,014**	**-**	**4,050,014**	**2,502,209**	**-**	**2,502,209**	**6,552,223**
	4,050,014	**-**	**4,050,014**	**15,830,764**	**30,653**	**15,861,417**	**19,911,431**
Financial liabilities							
Amortized cost							
Trade and other payables	**-**	**-**	**-**	**70,975,944**	**-**	**70,975,944**	**70,975,944**
Unclaimed dividend	**-**	**-**	**-**	**238,848**	**-**	**238,848**	**238,848**
Unpaid dividend	**-**	**-**	**-**	**1,340,138**	**-**	**1,340,138**	**1,340,138**
Accrued mark-up	**-**	**-**	**-**	**1,552**	**-**	**1,552**	**1,552**
Lease liabilities	**1,105,790**	**13,277,322**	**14,383,112**	**-**	**-**	**-**	**14,383,112**
	1,105,790	**13,277,322**	**14,383,112**	**72,556,482**	**-**	**72,556,482**	**86,939,594**

	2022						
	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	Subtotal	
	(Rupees '000)						
Financial assets							
Amortized cost							
Loans	-	-	-	62,784	51,163	113,947	113,947
Trade debts	-	-	-	5,910,061	-	5,910,061	5,910,061
Other receivables	-	-	-	5,856,444	-	5,856,444	5,856,444
Bank balances	8,396,127	-	8,396,127	2,404,970	-	2,404,970	10,801,097
	8,396,127	-	8,396,127	14,234,259	51,163	14,285,422	22,681,549
Financial liabilities							
Amortized cost							
Trade and other payables	-	-	-	72,923,199	-	72,923,199	72,923,199
Unclaimed dividend	-	-	-	278,892	-	278,892	278,892
Unpaid dividend	-	-	-	508,954	-	508,954	508,954
Accrued mark-up	-	-	-	2,848	-	2,848	2,848
Lease liabilities	987,725	12,625,893	13,613,618	-	-	-	13,613,618
	987,725	12,625,893	13,613,618	73,713,893	-	73,713,893	87,327,511

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in the respective notes to these financial statements.

39.1.1 Changes in liabilities from financing activities is as follows:

	January 1, 2023	Cash flows	Non-cash flow	December 31, 2023
	(Rupees '000)			
Lease liabilities	**6,655,784**	**(631,018)**	**1,106,283**	**7,131,049**
Unpaid and unclaimed dividend	**787,846**	**(278,983)**	**1,070,123**	**1,578,986**
	7,443,630	**(910,001)**	**2,176,406**	**8,710,035**

	January 1, 2022	Cash flows	Non-cash flow	December 31, 2022
	(Rupees '000)			
Lease liabilities	6,046,877	(704,667)	1,313,574	6,655,784
Unpaid and unclaimed dividend	293,906	(148,134)	642,074	787,846
	6,340,783	(852,801)	1,955,648	7,443,630

39.2 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks namely credit risk, market risk and liquidity risk. The Company finances its operations through equity, borrowings and management of working capital with a view of maintaining an appropriate mix between various sources of finance to minimize risk and provide maximum return to shareholders.

39.2.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if the counterparties do not meet their obligations under a financial instrument or a customer contract.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. The maximum credit risk is equal to the carrying amount of financial assets. Out of the financial assets aggregating Rs. 19,911,431 thousand (2022: Rs. 22,681,549 thousand) the financial assets subject to credit risk amount to Rs. 19,911,431 thousand (2022: Rs. 22,681,549 thousand). For banks and financial institutions, only independently rated parties with reasonably high credit rating are accepted. For trade receivables, internal risk assessment process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored.

Concentrations of credit risk arise when a number of counterparties 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 most significant financial assets exposed to credit risk are trade debts and other receivables of the Company. The utilization of credit limits is regularly monitored.

The carrying values of financial assets which are neither past due nor impaired are as follows:

	Note	2023	2022
		(Rupees in '000)	
Loans	8	**98,537**	113,947
Trade debts	12	**5,459,156**	5,007,626
Other receivables	15	**6,768,992**	5,856,444
Bank balances	16	**6,552,223**	10,801,097
		18,878,908	21,779,114

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	Rating	
		Short-term	Long-term
Allied Bank Limited	PACRA	A1+	AAA
Askari Commercial Bank Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank of China Limited (Pakistan Operations)	Fitch	F1+	A
Citibank N.A.	Moody's	P1	Aa3
Deutsche Bank AG	Moody's	P1	A1
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	VIS	A1+	AAA
Industrial and Commercial Bank of China	Moody's	P-1	A-1
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	VIS	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	VIS	A1+	AAA

39.2.2 Market risk

Market risk is the risk that the value of the financial instruments may fluctuate as a result of changes in market currency rates, 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 Company's exposure to market risk or the manner in which this risk is managed and measured.

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 of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where payables exist due to imports of goods and transactions with foreign related parties as well as receivables from foreign related parties. The Company primarily has foreign currency exposures in US Dollar (USD), Great Britain Pounds (GBP) and Euro (EUR).

As at December 31, 2023, had the exchange rates of USD, GBP and EUR appreciated or depreciated against the currency with all other variables held constant, the change in post-tax profit / loss would have been as follows:

Currency	Profit / Loss	2023		2022	
		%	Rs. '000	%	Rs. '000
USD	lower / higher	5%	**2,444,025**	5%	2,176,242
GBP	lower / higher	5%	**22,139**	5%	38,752
EUR	lower / higher	5%	**30,023**	5%	28,222

The Company manages its currency risk by close monitoring of currency markets. As per State Bank of Pakistan regulations, the Company cannot hedge its currency risk exposure.

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 exposure to interest rate risk arises primarily from savings accounts held with banks, term deposit receipts, short-term borrowings and running finance facilities. Loans and running finance obtained at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

At December 31, 2023, had interest rates on Company's borrowings been 1% higher / lower with all other variables held constant, pre-tax profit for the year would have been lower / higher by Rs. 93,948 thousand (2022: Rs. 27,064 thousand).

iii) Equity price risk

Price risk represents the risk that the fair value or future cash flows of financial instruments 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 instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk as currently the Company has no investments in listed securities.

As at December 31, 2023, the Company's investment in Arabian Sea Country Club Limited is measured at fair value. Sensitivity related to this risk is not material to these financial statements.

39.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments.

Through its treasury function, the Company continually monitors its liquidity position and ensures availability of funds by maintaining flexibility in funding by keeping committed credit lines available.

The maturity profile of the Company's liabilities based on contractual maturities is disclosed in note 39.1.1 to these financial statements.

39.3 Capital risk management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structure in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as proportion of borrowings to equity at year end.

The proportion of borrowings to equity as at reporting date was:

	Note	2023	2022
		(Rupees in '000)	
Total borrowings		**-**	-
Total equity		**19,736,990**	14,597,095
		19,736,990	14,597,095
Gearing ratio		**0%**	0%

The Company finances its operations through equity, borrowings and management of its working capital with a view of maintaining an appropriate mix between various sources of finance to minimise risk.

40 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The different levels of fair valuation method have been defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data.

As at December 31, 2023, except for the Company's investment in Arabian Sea Country Club Limited (which is valued under level 3 using the discounted cashflow technique), none of the financial instruments are carried at fair value in these financial statements.

The major assumptions and inputs used by the management and related sensitivity have not been disclosed as the amounts are not material to these financial statements.

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

41 OPERATING SEGMENTS

For management purposes, the activities of the Company are organized into one reportable operating segment i.e. marketing of petroleum products including lubricating oils since Chief Operating Decision Maker monitors the operating results of the entity. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in the financial statements are related to the Company’s only reportable segment.

All the sales of the Company relate to petroleum products including lubricating oils.

Total sales of the Company relating to customers in Pakistan were 100% during the year ended December 31, 2023 (December 31, 2022: 100%).

All non-current assets of the Company as at December 31, 2023 and 2022 are located in Pakistan.

Sales to twenty major customers of the Company are approximately 17% during the year ended December 31, 2023 (December 31, 2022: 15%).

42 CAPACITY AND ACTUAL PERFORMANCE

	2023	2022
	Metric Ton	
Available capacity	**94,870**	94,870
Actual production	**51,569**	53,287

The above pertains to lubricant manufacturing plant of the Company and the production is carried out as per sales demand.

43 NUMBER OF EMPLOYEES

	2023	2022
Total employees as at December 31	**360**	397
Average number of employees during the year	**377**	383

44 GENERAL

44.1 Figures have been rounded off to the nearest thousand, unless otherwise stated.

44.2 Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions. However there has been no material reclassification to report.

45 DATE OF AUTHORIZATION

These financial statements were authorized for issue on March 6, 2024 by the Board of Directors of the Company.

Zarrar Mahmud	**Waqar I. Siddiqui**	**Imran R. Ibrahim**
Chief Financial Officer	Chief Executive	Director

Attendance of the Board and Committee Meetings

For the year ended December 31, 2023

Board of Directors

During the year, five meetings of the Board of Directors were held, and the attendance of each Director is given below:

Name of Director	Number of Meetings Held	Number of meetings attended
Zain K. Hak	5	5
Waqar I. Siddiqui	5	5
Rafi H. Basheer	5	3
Parvez Ghias	5	5
Imran R. Ibrahim	5	5
Madiha Khalid	5	4
Zaffar A. Khan	5	5
John King Chong Lo	5	4
Zarrar Mahmud	5	5
Amir R. Paracha	5	4
Badaruddin F. Vellani	5	5

Board Audit Committee

During the year, four meetings of the Board Audit Committee were held, and the attendance of each Director is given below:

Name of Director	Number of Meetings Held	Number of meetings attended
Imran R. Ibrahim	4	4
Rafi H. Basheer	4	3
Badaruddin F. Vellani	4	4

Human Resource and Remuneration Committee

During the year, three meetings of the Human Resource and Remuneration Committee were held, and the attendance of each director is given below:

Name of Director	Number of Meetings Held	Number of meetings attended
Zaffar A. Khan	3	3
Parvez Ghias	3	3
Zain K. Hak	3	3
Waqar I. Siddiqui	3	2

Pattern of Shareholding

Year Ended December 31, 2023

Number of Shareholders	Shareholding		Total Number of Shares Held
	From	To	
2,356	1	100	101,263
2,447	101	500	748,410
1,801	501	1,000	1,390,984
2,168	1,001	5,000	5,094,226
465	5,001	10,000	3,373,274
164	10,001	15,000	2,034,557
93	15,001	20,000	1,633,243
63	20,001	25,000	1,436,466
26	25,001	30,000	720,076
23	30,001	35,000	753,816
13	35,001	40,000	494,904
17	40,001	45,000	720,685
11	45,001	50,000	535,898
10	50,001	55,000	530,943
7	55,001	60,000	401,355
5	60,001	65,000	316,957
5	70,001	75,000	363,616
7	75,001	80,000	551,074
6	80,001	85,000	502,783
3	85,001	90,000	263,769
3	90,001	95,000	273,118
2	95,001	100,000	197,680
2	100,001	105,000	202,589
1	110,001	115,000	114,990
2	115,001	120,000	239,575
2	120,001	125,000	245,202
2	125,001	130,000	256,558
1	130,001	135,000	130,700
2	135,001	140,000	277,000
2	140,001	145,000	281,260
2	145,001	150,000	296,330
1	155,001	160,000	156,374
2	160,001	165,000	328,514
1	175,001	180,000	179,177
2	195,001	200,000	400,000
2	245,001	250,000	500,000
1	270,001	275,000	270,100
1	275,001	280,000	278,500
1	340,001	345,000	341,400
1	375,001	380,000	377,802
1	385,001	390,000	387,854
1	395,001	400,000	399,000
1	415,001	420,000	417,540
1	560,001	565,000	561,800
1	690,001	695,000	690,248
1	805,001	810,000	805,516
1	920,001	925,000	924,916
1	1,065,001	1,070,000	1,070,000
1	1,350,001	1,355,000	1,351,500
1	1,615,001	1,620,000	1,616,022
1	1,995,001	2,000,000	2,000,000
1	3,400,001	3,405,000	3,400,300
1	7,380,001	7,385,000	7,384,494
1	165,700,001	165,705,000	165,700,304
9,737			**214,024,662**

Pattern of Shareholding

Year Ended December 31, 2023

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (name wise details)			
The Shell Petroleum Company Limited	1	165,700,304	77.42
NIT AND ICP			
National Bank of Pakistan	1	102	0.00
Mutual Funds (name wise details)			
CDC - Trustee Akd Index Tracker Fund	1	2,000	0.00
CDC - Trustee Faysal Mts Fund - Mt	1	15,202	0.01
CDC - Trustee Hbl Financial Sector Income Fund Plan I - Mt	1	316	0.00
CDC - Trustee Hbl Investment Fund	1	84,127	0.04
CDC - Trustee Hbl Ipf Equity Sub Fund	1	7,850	0.00
CDC - Trustee Hbl Islamic Asset Allocation Fund	1	5,050	0.00
CDC - Trustee Nit-Equity Market Opportunity Fund	1	341,400	0.16
Tri-Star Mutual Fund Limited	1	1,300	0.00
Directors			
Zaffar A. Khan	1	200	0.00
Badaruddin F. Vellani	1	390	0.00
Imran R. Ibrahim	1	140,886	0.07
Parvez Ghias	1	100	0.00
Amir R. Paracha	1	162	0.00
Directors' spouses			
Mrs. Ayesha Zeba Gias w/o Parvez Ghias	1	100	0.00
Mrs. Samina Ibrahim w/o Imran R Ibrahim	1	387,854	0.18
Executives	8	3,602	0.00
Public Sector Companies and Corporations	1	7,384,494	3.45
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	17	1,782,761	0.83
General Public			
a. Local	9,570	28,379,534	13.26
b. Foreign	2	13,240	0.01
Others	122	9,773,688	4.57
	9,737	214,024,662	100.00
Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)			
The Shell Petroleum Company Limited	1	165,700,304	77.42

Pattern of Shareholding

Year Ended December 31, 2023

Trade In Shares by Executives Through CDC

Name of holders	Category	Transaction's date	No. of shares	Nature	Rate
Hamza Kholia	Executive	19-01-2023	1000	Sold	103.04
Zarrar Jamali	Executive	17-08-2022	32	Bought	127.00
Hamza Kholia	Executive	14-06-2023	9500	Bought	84.35
Hamza Kholia	Executive	14-06-2023	9500	Sold	87.00
Asif Zahoor	Executive	25-07-2023	1000	Bought	137.92
Asif Zahoor	Executive	26-07-2023	1000	Sold	143.30
M. Ahmed Saleem	Executive	26-07-2023	810	Bought	136.50
Mohammad Aamir	Executive	27-07-2023	2000	Bought	147.25
Mohammad Aamir	Executive	04-08-2023	2000	Sold	148.00
M. Ahmed Saleem	Executive	30-08-2023	200	Bought	133.00
M. Ahmed Saleem	Executive	31-08-2023	200	Bought	131.00
M. Ahmed Saleem	Executive	31-08-2023	300	Bought	129.00
M. Ahmed Saleem	Executive	31-08-2023	10	Bought	125.75
M. Ahmed Saleem	Executive	31-08-2023	5	Bought	126.00
M. Ahmed Saleem	Executive	31-08-2023	50	Bought	128.00
Asfandyar Ahmed Afandi	Executive	24-10-2023	670	Bought	163.03
Anum Khawaja	Executive	26-10-2023	486	Bought	128.00
Yasir Effendi	Executive	30-10-2023	99	Bought	154.45
Yasir Effendi	Executive	31-10-2023	95	Bought	161.95
Danish Mukarram	Executive	31-10-2023	200	Bought	165.61
Danish Mukarram	Executive	31-10-2023	100	Bought	165.31
Syed Mamoon Ali Kazmi	Executive	01-11-2023	1000	Bought	155.00
Syed Mamoon Ali Kazmi	Executive	16-11-2023	1000	Sold	173.44

Form of Proxy

The Secretary
Shell Pakistan Limited
Shell House
6, Ch. Khaliquzzaman Road
P. O. Box No.3901
Karachi - 75530

I/We____

of ______________________ in the district of___________________________________

being a member of Shell Pakistan Limited and holder of ___________________________________

____Ordinary Shares as per Share Register Folio

(No. of Shares)

No. _________________________ and/or CDC Participant I.D.No. ______________________

and Sub Account No. ___________________ hereby appoint __________________________

of in the district of ____ or failing

him/her____________________________________ of _________________________

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of Shell Pakistan Limited to be held at Pearl Continental Hotel, Karachi and virtually through video-conference facility on April 25, 2024, at 10:15 a.m.

Signed this __________ day of _______ 2024.

WITNESSES:

1. Signature ________________

Name ________________

Address ________________

____

CNIC or ________________

Passport No. ________________

2. Signature ________________

Name ________________

Address ________________

____

CNIC or ________________

Passport No ________________

Signature

(Signature should agree with the specimen signature registered with the Company)

Notes:

1. A member entitled to attend and vote at the meeting may appoint another person, as his/her proxy to attend, demand or join in demanding a poll, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxies may also be appointed by e-mailing a scanned copy of signed letter by shareholder authorising proxy along with e-mail address of proxy and the relevant details (as mentioned in the Notice) to SHELLPK-CompanySec@shell.com.
2. Proxies in order to be effective must be received at the registered office of the Company not later than 48 hours before the meeting.
3. A Proxy need not be a member of the Company.
4. Shareholders and their proxies must attach an attested photocopy of their CNIC or Passport with this Proxy Form.