HASCOL PETROLEUM LTD.

2023

ANNUAL REPORT

INSPIRING ENERGY

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18 YEARS OF TOGETHERNESS

Hascol Pakistan Limited is a trailblazing oil marketing company at the forefront of Pakistan's hydrocarbon and energy sector. We have cemented our position as a leading player in the industry by consistently delivering superior-quality, energy-efficient petroleum products to our customers.

With over 650+ retail outlets strategically located throughout Pakistan, we have established a robust presence in the market, catering to the diverse energy needs of our customers.

Our extensive distribution network is complemented by a state-of-the-art storage infrastructure, ensuring that our products are readily available and accessible to our customers at all times.

At Hascol, we take pride in our unwavering commitment to innovation and customer satisfaction. In addition to fuel, we offer a range of non-fuel products and services, including lubricants, car wash, and convenience stores, among others. Our aim is to continuously add value to our customers' lives by providing them with a comprehensive suite of energy solutions under one roof.

Driven by our core values of integrity, innovation, and excellence, Hascol is dedicated to meet the energy needs of the Pakistani people in a sustainable, responsible, and efficient manner. Join us on our journey towards a brighter, more energy-efficient future for Pakistan.


HASCOL
ROCKET DIESEL
SUPER XT
TIGER


HASRON
SUPER XT
TIGER

CORPORATE INFORMATION

Chairman
Sir. Alan Duncan

CEO & Director
Mr. Aqeel Ahmed Khan

Directors
Mr. Farid Arshad Masood
Mr. Abdul Aziz Khalid
Mr. Mustafa Ashraf
Ms. Naheed Memon
Syed Muhammad Mujtaba Jafarey
Mr. Aamir Amin

Chief Financial Officer
Mr. Amad Uddin

Company Secretary
Mr. Farhan Ahmad

Audit Committee
Mr. Mustafa Ashraf (Chairperson)
Mr. Farid Arshad Masood (Member)
Mr. Aamir Amin (Member)

Risk Committee
Ms. Naheed Memon (Chairperson)
Mr. Mustafa Ashraf (Member)
Mr. Abdul Aziz Khalid (Member)

Human Resource & Remuneration Committee
Syed Muhammad Mujtaba Jafarey (Chairperson)
Mr. Aamir Amin (Member)
Mr. Farid Arshad Masood (Member)

Restructuring Committee
Mr. Farid Arshad Masood (Chairperson)
Syed Muhammad Mujtaba Jafarey (Member)
Ms. Naheed Memon (Member)
Mr. Abdul Aziz Khalid (Member)

Auditors
Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th floor, Central Hotel Building,
Civil Lines, Mereweather Road,
Karachi.

Bankers
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Bank of Khyber
The Bank of Punjab
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Sindh Bank Limited
Bank Makramah Limited
United Bank Limited

Share Registrar
CDC Share Registrar Services Limited

Legal Advisor
Mohsin Tayebaly & Co.
(Corporate Legal Consultants - Barristers & Advocates)

Registered Office of the Company
29th Floor, Sky Tower, West Wing (Tower A),
Dolmen City, Abdul SattarEdhi Avenue, Block-4,
Clifton, Karachi. Pakistan.

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Fax: +92-21-35301351UAN: 111-757-757
E-mail: info@hascol.com
Website: www.hascol.com

VISION

To become the leading energy marketing company in Pakistan through operational excellence, talent management, business diversification and sustainable expansion.

MISSION

To become the leader of Pakistan hydrocarbon and energy industry, by maximizing customer satisfaction and shareholder value through continuous improvement, high quality human capital, appropriate technology, and by adhering to the Company's Core Values.

DIRECTOR PROFILES

Sir. James Carter Alan Duncan

Sir. Alan Duncan was elected Chairman of Hascol's Board of Directors in September 2020. He has a long-established track record in the oil sector, having started his career in Shell International. After a few years as an oil trader he became a major petroleum supplier to Pakistan in the early 1990s. Since 2020 he has been a director of Vitol. He served in the UK Parliament for nearly thirty years, during which he was International Development Minister, and then Foreign Minister. Educated at Oxford and Harvard Universities, in 1979 he succeeded his good friend the late Benazir Bhutto as President of the Oxford Union.

Mr. Aqeel Ahmed Khan

Mr. Aqeel Ahmed Khan is the Chief Executive Officer of Hascol Petroleum Limited. He has over 20 years diverse professional experience in oil industry in the areas of Supply chain, Sales and Marketing, Strategic Planning and Business Development. He joined Hascol in 2015 and has held various senior management roles in the company.

Before joining Hascol Petroleum Limited, he was associated with Attock Petroleum Limited where he played an instrumental role in strategic development of the organization through securing various commercial contracts, infrastructure development, retail network expansion and strengthening the supply chain functions.

Mr. Farid Arshad Masood

Mr. Farid Masood is Managing Director of Vitol Dubai having joined Vitol in 2018. Prior to joining Vitol, he has had a number of roles in Middle East, Pakistan and Africa including from 2016 to 2017 as Chief Executive for Kansai Paints Africa where he led the company through a restructuring exercise that reduced the workforce by 20% at the same time expanding the business into East and West Africa to become the largest paint supplier in Africa. From 2011 to 2015, he was responsible for Advisory Services and Asset Management at Islamic Development Bank's private sector arm. During his five year there, he expanded the advisory business from operations in the GCC to assignments in over twenty countries. He also setup the asset management business and grew it to over $800m AUM in private equity, SME and income funds. From 2000 to 2010, he was based in Pakistan where he was primarily focused on bringing foreign investment into the country.

From 2005 to 2010, he was part of the KASB Group (JV partners of Merrill Lynch) where he led the investment banking business and was CEO of KASB Securities in 2010. During his various roles, he was actively involved in bringing over $5bn of investment into the country.

In the early part of his career, he worked as a strategy consultant for Price Waterhouse in the USA, advising energy and telecommunication companies on new venture development and cross-border M&A. He holds a Bachelors and Masters in Systems and Information Engineering from the University of Virginia (USA) and a Masters from the University of Cambridge (UK).

Mr. Abdul Aziz Khalid

Mr. Abdul Aziz Khalid has joined the Board of the Company as nominee Director of Vitol Dubai Limited. Mr. Aziz is working as Business Development Director in Vitol. He possesses a vast experience as being affiliated with oil industry especially in Middle east and has worked for renowned companies such as Libyan Emirates Oil refining company and Al-Ghurair. Mr. Aziz holds a CPA from Australia and completed his Bachelors from Griffith University.

Syed Muhammad Mujtaba Jafarey

Mujtaba Jafarey has over 30 years of global diverse professional experience in the oil and gas mid and down stream industries; and has held senior positions at multinational companies including Total Oil Asia Pacific Pte Ltd, Singapore, Total Parco Pakistan Limited, and Shell Pakistan Limited.

A seasoned professional with sound judgment who has travelled widely and successfully multifunctioned in various capacities in diverse environments and markets including, China, India, Singapore, Indonesia, Philippines, Vietnam, Combodia, Fiji Islands, Bangladesh and France, Mujtaba Jafarey has a broad portfolio that includes green field projects, retail engineering, business development from new market entry to revitalizing existing networks, sales and operations, and petroleum marketing.

In addition to professional management of business operations, expertise includes business development, design and development of strategies for achieving long term organizational goals and competitiveness to create edge over other players; capital project planning, execution and delivery, capability development programs, design and development of training modules, delivery of projects in a safe environment, and management of operations of retail network as a separate business entity to successfully deliver profits from multiple retail operations.

Mr. Aamir Amin

With over two decades of experience in finance, investment and corporate governance, Mr. Aamir Amin brings a wealth of expertise to Hascol Petroleum Limited. As a Chartered Accountant, his credentials underscore his proficiency. Currently holding the role of CFO at National Investment Trust Limited (NITL), a prominent Asset Management Company in Pakistan, his engagement in macroeconomic analysis and fund diversification within the Investment Committee is pivotal.

His dedication to robust corporate governance is highlighted through his role as a Nominee Director for esteemed listed companies. Leading strategy formulation, championing minority stakeholders, and nurturing vital banking relationships showcase his strategic impact. His competencies extend to IT audit, ERP implementation, and data-driven decision-making. He has also successfully spearheaded the restructuring of distressed companies, capitalizing on a nuanced understanding of market dynamics and governance principles.

Furthermore, his experience as a member of audit committees within listed company boards adds another layer to his capabilities. Collaborating in these committees, he's helped ensure accurate financial reporting, robust internal controls, and regulatory compliance. This experience enhances his ability to contribute effectively as an independent director, guiding the organization towards growth and prosperity.

He engages in community support programs extensively. He is a firm believer that an educated Pakistan is the only solution to the deep-rooted problems of Pakistan.

Mr. Mustafa Ashraf

Mr. Mustafa Ashraf is an advocate High Court and former Member of the Federal Board of Revenue (FBR). He has served as the Chief Commissioner of the Large Taxpayers Office (LTO), Lahore, and the Regional Tax Office (RTO), Lahore and Multan. Mr. Ashraf was Director General Inland Revenue Service (IRS) Academy FBR, and the Director General Pakistan Electric Power Company (PEPCO). Mr. Ashraf led several national delegations internationally, and has both field experience as well as at FBR HQ, in the areas of Federal Tax Planning, Dispute Resolution, Audit, Enforcement, Appeals, Revenue Generation and Federal Budgeting. He has been teaching core taxation issues at the IRS Academy and the University of Punjab, Lahore.

Mr. Ashraf is a certified director under the Code of Corporate Governance (CCG). He got trained at the Kennedy School of Government at Harvard University, Strathclyde Business School in Scotland, and Lahore University of Management Sciences (LUMS).

Ms. Naheed Memon

Naheed Memon has had a long and illustrious career spanning public service and private sector in Pakistan and the UK. She is currently the CEO of Oracle Power, a natural resource and power developer listed on the London stock market, developing significant projects in Australia and Pakistan. She is also a director in her family-owned conglomerate, the Kings Group of Companies, in Pakistan, overseeing its growth and operations.

Naheed also serves as the Advisor to the President of Suriname, advising him on investments and special projects. She is also a Special Advisor to a Toronto listed blue carbon vehicle, working on the development of mangrove projects in Suriname. Naheed also serves as a Member of the Board of the Privatization Commission of Pakistan. Naheed has worked in Private Banking for Merrill Lynch, managing books for clients in the MENA region. Naheed has also been the CEO of a public policy think tank in Karachi working in a cross section of sectors, advocating for economic growth through informed policy.

Naheed served as the Chairman of the Sindh Board of Investment, Government of Sindh, for a number of years. In this position she played a pivotal role in setting up SEZs, mobilizing CPEC projects in multiple sectors, and improving the World Bank's Doing Business Ranking as the province's focal person. Naheed is also an adjunct faculty of Economics and Strategy at Pakistan's largest public sector business school, IBA, Karachi. She also sits as an independent director on the boards of public and private companies. Naheed holds an MBA from Imperial College, University of London, a degree in Computer Science from FAST, University of Karachi, and an MSc in Economics from Birkbeck College, University of London.


HASCOL


HASCOL

CHAIRMAN'S REVIEW

On behalf of the Board of Directors of Hascol Petroleum Limited ("Company" or "HPL"), I am pleased to share the annual results of the Company for the year ended December 31, 2023.

Throughout the year, the Country faced unprecedented inflation and a historic depreciation of the Rupee. This resulted in widespread fiscal economic deficit, affecting various sectors and leading to a range of issues including supply chain disruptions, elevated fuel and borrowing costs, and weakened consumer demand. These challenges significantly reduced industry fuel demand and heightened risks to supply security.

Despite facing significant economic challenges and political uncertainty, the Company achieved a gross profit of PKR 4,614 million (2022: PKR 3,183 million), marking a notable improvement. However, the devaluation of the currency and persistently higher interest rates on the Company's financial obligation had a severe impact on the Company's financials. As a result, the Company reported a net loss of PKR 17,814 million (2022: PKR 14,440 million).

Vitol, the major shareholder and key supplier of the Company has been a cornerstone of support throughout the year. Their unwavering commitment and partnership have been crucial in addressing the Company's supply needs, particularly during times of economic and logistical challenges. Their strategic support has also helped the Company mitigate risks associated with supply disruptions, thereby playing an indispensable role in the Company's overall stability and success.

The corporate revival plan, based primarily on the restructuring of its bank debt is on track and is designed to lead to the injection of required fresh equity. It is expected that the Company will be able to conclude its restructuring in the next few months. The aim of this process is to ensure that Company has adequate liquidity and working capital to run smooth operations with optimized profitability and in due course gives regular dividend stream for its shareholders.

During this period, the Board played a pivotal role in steering the Company to ensure compliance with all applicable corporate and sector-specific regulations. The Board of Directors diligently fulfilled their responsibilities, which included rigorous oversight of management performance and the establishment of strategic goals that align with the Company's long-term vision.

The Board is fully aware that robust corporate governance processes are essential for enhancing corporate accountability and transparency. Their commitment to maintaining the highest standards of corporate governance is evident in their continuous efforts to improve governance frameworks, promote ethical conduct, and ensure that decision-making processes are transparent and in the best interest of all stakeholders. This focus on governance not only fosters trust and integrity within the organization but also contributes to its sustainable growth and success.

I would like to extend my heartfelt gratitude to our shareholders, customers, and all other stakeholders for their trust and support throughout our company's revival journey. We are confident that this journey will yield significant benefits for all stakeholders in the years ahead.

Sir Alan Duncan
Chairman
Hascol Petroleum Limited

جائزہ برائے چیئرمین

ہیسکول پیٹرولیم لمیٹڈ (" کمپنی"یا"HPL") کے بورڈ آف ڈائریکٹرز کی جانب سے، مجھے 31 دسمبر 2023 کو اختتام ہونے والے سال کے لیے کمپنی کے سالانہ نتائج کا اشتراک کرتے ہوئے خوشی ہورہی ہے۔

پورے سال کے دوران، ملک کو بے مثال افراط زر اور روپے کی تاریخی گراوٹ کا سامنا کرنا پڑا۔ اس کے نتیجے میں وسیع پیمانے پر مالیاتی اقتصادی خسارہ ہوا، جس سے مختلف شعبوں پر اثر پڑا اور اس کے نتیجے میں سپلائی چین میں خلل، ایندھن اور قرض لینے کی لاگت میں اضافہ، اور صارفین کی مانگ میں کمی سمیت متعدد مسائل پیدا ہوئے۔ ان چیلنجوں نے صنعتی ایندھن کی طلب کو نمایاں طور پر کم کیا اور سیکورٹی کی فراہمی کے خطرات کو بڑھا دیا۔

اہم اقتصادی چیلنجوں اور سیاسی غیر یقینی صورتحال کا سامنا کرنے کے باوجود، کمپنی نے PKR 4,614 ملین (3,183PKR:2022 ملین) کا مجموعی منافع حاصل کیا، جو کہ قابل ذکر بہتری کی نشاندہی کرتا ہے۔ تاہم، کرنسی کی قدر میں کمی اور کمپنی کی مالی ذمہ داری پر مسلسل بلند شرح سود نے کمپنی کے مالیات پر شدید اثر ڈالا۔ نتیجے کے طور پر، کمپنی نے 17,814PKR ملین (14,440PKR:2022 ملین) کا خالص نقصان رپورٹ کیا۔

Vitol، کمپنی کا بڑا شیئر ہولڈر اور کلیدی سپلائر سال بھر سپورٹ کا سنگ بنیاد رہا ہے۔ ان کی غیر متزلزل وابستگی اور شراکت داری کمپنی کی سپلائی کی ضروریات کو پورا کرنے میں بہت اہم رہی ہے، خاص طور پر معاشی اور لاجسٹک چیلنجوں کے وقت۔ ان کی اسٹریٹجک مدد نے کمپنی کو سپلائی میں رکاوٹوں سے منسلک خطرات کو کم کرنے میں بھی مدد کی ہے، اس طرح کمپنی کے مجموعی استحکام اور کامیابی میں ایک ناگزیر کردار ادا کیا ہے۔

کارپوریٹ بحالی کا منصوبہ، بنیادی طور پر اس کے بینک قرض کی تنظیم نو پر مبنی ہے اور اسے مطلوبہ تازہ ایکویٹی کے انجیکشن کی طرف لے جانے کے لیے ڈیزائن کیا گیا ہے۔ امید ہے کہ کمپنی اگلے چند مہینوں میں اپنی تنظیم نو کو مکمل کر لے گی۔ اس عمل کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے پاس مناسب منافع کے ساتھ ہموار آپریشنز چلانے کے لیے کافی لیکویڈیٹی اور ورکنگ کیپٹل موجود ہے اور مقررہ وقت میں اس کے شیئر ہولڈرز کے لیے باقاعدہ ڈیویڈنڈ کا سلسلہ جاری ہے۔

اس مدت کے دوران، بورڈ نے تمام قابل اطلاق کارپوریٹ اور سیکٹر کے مخصوص ضوابط کی تعمیل کو یقینی بنانے کے لیے کمپنی کو چلانے میں اہم کردار ادا کیا۔ بورڈ آف ڈائریکٹرز نے تندہی سے اپنی ذمہ داریاں نبھائیں، جس میں انتظامی کارکردگی کی سخت نگرانی اور کمپنی کے طویل مدتی وژن کے مطابق اسٹریٹجک اہداف کا قیام شامل تھا۔

بورڈ پوری طرح واقف ہے کہ کارپوریٹ گورننس کے مضبوط عمل کارپوریٹ احتساب اور شفافیت کو بڑھانے کے لیے ضروری ہیں۔ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو برقرار رکھنے کے لیے ان کا عزم گورننس کے فریم ورک کو بہتر بنانے، اخلاقی طرز عمل کو فروغ دینے، اور فیصلہ سازی کے عمل کو شفاف اور تمام اسٹیک ہولڈرز کے بہترین مفاد میں یقینی بنانے کی ان کی مسلسل کوششوں سے ظاہر ہوتا ہے۔ گورننس پر یہ توجہ نہ صرف تنظیم کے اندر اعتماد اور دیانت کو فروغ دیتی ہے بلکہ اس کی پائیدار ترقی اور کامیابی میں بھی حصہ ڈالتی ہے۔

میں اپنے شیئر ہولڈرز، صارفین اور دیگر تمام اسٹیک ہولڈرز کا کمپنی کے بحالی کے سفر کے دوران ان کے اعتماد اور تعاون کے لیے تہہ دل سے کا شکریہ ادا کرنا چاہتا ہوں جو آنے والے سالوں میں یقینی طور پر سب کو فوائد فراہم کرے گا۔

Alan Duncan

سر ایلن ڈنکن
چیئرمین
ہیسکول پیٹرولیم لمیٹڈ

HSSE POLICY

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE) IS AN INTEGRAL PART OF THE MANAGEMENT PHILOSOPHY OF HASCOL PETROLEUM LIMITED (HPL). HPL AIMS TO ACHIEVE BUSINESS EXCELLENCE AND STRIVES TO PROTECT PEOPLE, ASSETS, ENVIRONMENT AND REPUTATION.

This commitment is in the best interests of our employees, contractors, customers, stakeholders and the community at large.

In order to contribute to sustainable development, HPL is committed to:

- Providing safe, secure and healthy work environment with a cautionary attitude by exercising responsible care;
- Achieving a generative HSSE culture to prevent incidents and reducing our environmental footprint; and
- Complying with legal requirements, internal standards and adopt best practices.

To realize the above, we hereby declare our intention to:

- Set HSSE targets and goals annually to measure performance for continual improvement
- Reduce HSSE risks arising from our operations to a reasonably acceptable level
- Provide training/awareness to our employees to perform safely
- Maintain high standard of emergency response capability
- Prevent accidents, occupational diseases, fire cases and pollution
- Empower employees and contractors to report non-compliances or unsafe conditions/acts and to take immediate remedial measures to prevent incidents
- Promote pollution prevention, resource conservation, GHG emissions management, and horticulture
- Ensure all activities are carried out in accordance with company HSSE policy
- Ensure that contractors' HSSE performance is in line with our standards

This policy shall be regularly reviewed to ensure ongoing suitability.
Employees and contractors have responsibility to comply with this policy and maintain high level of HSSE standards.

LIFE SAVING RULES

AS PART OF OUR ONGOING EFFORT TO IMPROVE SAFETY CULTURE WITHIN THE ORGANIZATION, HPL HAS ADOPTED 12 LIFE SAVING RULES (LSRS) BASED ON COMMON FAILURES THAT HAVE CONTRIBUTED TO SERIOUS INCIDENTS. THESE LIFE SAVING RULES ARE SIMPLE "DOS" AND "DON'TS" COVERING ACTIVITIES WITH THE HIGHEST POTENTIAL SAFETY RISK AND APPLY TO ALL EMPLOYEES AND CONTRACTORS.

- Wear your seat belt and do not use mobile phone while driving
- Protect yourself against a fall when working at height
- Wear a personal flotation device, when required
- Obtain authorization before entering a confined space
- Follow prescribed lifting plan
- Work with a valid work permit, when required
- SAFE ZONE Position yourself in a safe zone in relation to moving and energized equipment
- Obtain authorization before starting excavation activities
- Verify isolation before work begins and use specified life protecting equipment
- Do not walk under suspended load
- No alcohol or drug while working or driving
- Do not smoke outside designated smoking areas


A STEP TOWARDS PROGRESS!

CORPORATE OBJECTIVES
& BUSINESS STRATEGY

AT HASCOL, OUR FOCUS ON SUSTAINABILITY HEALTHY ETHICS PLAN IS DRIVEN BY OUR LONG-STANDING COMMITMENT TO DOING WHAT IS RIGHT.

Hascol objective is to manage its retail network by catering the fuel needs of its customer base throughout the country; reaching remote areas for domestic consumption and to cater the energy needs of all the industrial clients in an efficient and profitable manner.

Hascol Petroleum Limited recognizes oil and gas as an energy resource integral to future needs for economic development in this era of world globalization.

Our business strategy is devised in a manner that ensures fulfilling energy needs in an environmentally viable and socially responsible conduct. At Hascol Petroleum Limited, our aspiration is to attain a high standard of performance with robust profitability as well as strengthening market position in the competitive environment. We closely liaise with our customers, partners and policy-makers to fulfill everyone's needs. A reputation is not built overnight. But when core values are in place, customers give it recognition for international standards, good governance and fair play.

Hascol Petroleum Limited transacts its business based on the following Business Principles; for which the objectives are stated below:

VALUES OF HASCOL

We at HASCOL, follow a set of business principles that let us achieve remarkable success in every aspect. These values are abide by the set of beliefs as prescribed by our founding father - Unity, Faith and Discipline. We strongly value the importance of trust, openness, teamwork and professionalism, and take great pride in how we do business. Hascol keeps its doors open for feedback/suggestions to the management and human resource and constantly emphasis on employees to demonstrate a high level of discipline in their role, establishing a culture of ingenuity.

COMPETITIVE ENVIRONMENT

HASCOL focuses on building the competitive environment that supports the practical implementation of free and fair competition amongst the industry members. We believe in following honest business practices that are sustainable and rewarding for the business in the long run. We seek to compete ethically abiding by the local and international legislation and within the framework of applicable competition laws in the relevant jurisdiction.

INTEGRITY AND HONESTY

For HASCOL, honesty, integrity, and fairness is what matters the most in all aspects of its business; be it a customers, suppliers, contractors or external partnerships while expecting the same in our interactions. The direct or indirect offer, facilitation payments, soliciting or acceptance of bribes in any form is unacceptable. Employees are expected to avoid conflicts of interest between their private activities and their part in the conduct of company business. Insider trading and passing on sensitive company information is strictly forbidden. HASCOL encourages honesty in all its dealings and business transactions that is reflected in accurate and fair financial statements of the company.

SAFEGUARDING THE HUMAN CAPITAL

HASCOL vigilantly takes care that business functions are performed safely. This is the reason we keep aligned the health, safety, security, and environmental management factors with our business functions to achieve the high potential of our employees. Our HSSE Policy and Life Saving Rules revolve around the contribution and importance our workforce provides in our growth. At HASCOL, we promote an open culture that allows every employee to come forward and address their personal concerns to the human resource on confidential basis or any issue that may affect their performance. In case of personal counselling general management do take notice. HASCOL understand that advancement in these matters will enhance their business operations and keep on exploring the area of improvement.

ECONOMICS

Profitability makes businesses fuelled up with growth, sustainability and prosperity. It speaks about the brand value and customers' commitment to the product & service. Profitability helps us to simplify business processes bringing in innovations to market more effectively. On the other hand, the considerable saving of costs frees up cash for investment for another place or plan, further improving our prospects for growth. HASCOL make sure to invest and realocate the resources in all aspects including, social, economic and environmental on micro and macro level, validating our decision making process and their outcomes.

MEETINGS AND ENGAGEMENTS

HASCOL gives importance to the views of it stakeholders and this makes it obligatory for us to share the right amount of information at right time. We lift the confidence of legitimately interested parties by representing the authentic and reliable information. The regular investor's relations programme of meetings between shareholders, analysts, senior management and directors makes the operations workout smoothly. This helps us to respond to their concern easily, and providing them feedback honestly and responsibly. Our employees also follow a stringent rule of having formal work relations and not to compromise on principles.

COMPLIANCE

We comply with all applicable laws and regulations of the Islamic Republic of Pakistan where we operate. Any breach is a matter of prompt scrutiny and immediate action against the perpetrators. Within our organization, we also have internal procedures which are just as important as our daily tasks. General Management ensures that employees follow the code of conduct and work under the assigned principles without following any shortcuts. Our retail sites ensure the safe disposal of hazardous material and other elements that cause environmental pollution.

BUSINESS BASED ON OUR PRINCIPLES

Hascol's core values of unity, faith and discipline coupled with honesty, integrity and respect for people are the basis for all the work we do and are the foundation of our Business Principles. These rules apply to all transactions, and are the basis of the behavior expected of every employee in Hascol Petroleum Limited at all times. Our reputation is based on our actions and it will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to follow these principles. We persuade our employees to demonstrate leadership, accountability and teamwork, and through these behaviors, to contribute to the overall success of Hascol Petroleum Limited. It is the responsibility of the management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit 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 return, it is the responsibility of the employees to report suspected breaches of the Business Principles to the management. The Business Principles have been fundamental to how we conduct our business and living by them is crucial to our continued success.

COUNTRY POLITICS

a. of Companies

Hascol Petroleum Limited pursues its activities within the laws and statutes of the Islamic Republic of Pakistan whereby our aim is to legitimately accomplish our commercial objectives. The initiatives of Triple Bottom Reporting are gradually evolving among the corporate circles of Pakistan, where the pillars of focus are People, Profit and Planet and Corporate Social Responsibility. Hascol Petroleum Limited as a rule of thumb does not make payments to political parties or organization, or to their affiliates /representatives whatsoever. The Company does not take part in any external/internal affairs with regulatory bodies unless compliance issue arises or authorized instruction permits us to do so. However, with such dealings, Hascol Petroleum Limited has the right to make our position known on any matters which affect us, our employees, our customers, our shareholders or the local communities in which we operate, in a manner which is in accordance with our ethical values and the best practices of our company.

b. of Employees

Hascol Petroleum Limited has encouraged the need of a friendly work environment and identified the ideal conduct for a decent workplace culture and interaction with all stakeholders. Harassment has been explicitly stated and what is unacceptable includes: jokes, insults, threats, and other unwelcome actions about a person's race, gender, age, religion, ancestry, social or economic status or educational background is strictly forbidden. Nor is any employee eligible to verbally or physically conduct himself/herself that upsets another's work performance creating a fearful or hostile work environment. Hascol Petroleum Limited has ensured to provide safe working environment based on our statements in the "Zero Harm Charter". Also, we discourage intoxication or use of illegal substance at work premises and employees violating shall be subjected to disciplinary action. Where individuals wish to engage in political activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate keeping in view the specific circumstances of that particular scenario.

BUSINESS COMPLIANCE, & ETHICS GUIDELINE

We have a Business Ethics Charter by the name of Business, Compliance & Ethics Guideline that dictates our commitment to fair dealing and highlighting ourselves as a professional entity in the oil marketing sector. Our initiative is to avoid any consequential events due to non-conformance of local and foreign legislation and be subjected to penal scrutiny. Apart from General Business Principles; Hascol Petroleum Limited has placed this additional guideline for its operational engagement with the relevant stakeholders.

CUSTOMER RELATION

Hascol Petroleum Limited will compete for business aggressively and honestly in the competitive oil marketing industry, and shall constrict itself in the following ways:

- Will not misrepresent any products, services and prices.
- Will not make false claims about our competitors.
- Product alteration / blending or change in specifications is only allowed if requested by the customer, or permitted by regulation or commercial practice.
- Only supply safe products and services that meet all applicable government standards and regulations.

SUPPLIER RELATION

Hascol Petroleum Limited shall ensure all procurement decisions are based on best value received by us and a supplier analysis needs to be conducted. Base the purchase of goods and services only on the merits of price, quality, performance and suitability.

- Avoid reciprocal agreements or exchange of favors.
- The fee or price paid for goods and services by Hascol Petroleum Limited shall represent the value of the goods or services provided.
- Hascol Petroleum Limited shall ensure its maximum ability to refrain from using suppliers who participate in the following activities:
- Supply unsafe products or services.
- Break laws or regulations.
- Hidden deals and unscrupulous commitments.

ENTERTAINMENT & GIFTS

Gifts, favor or entertainment should not be accepted or provided if it will obligate or appear to obligate the person who receives it. Employees may accept or give gifts, favors and entertainment subject to the following criteria:

- Should not have been requested or asked to be provided.
- Should not affect business relationship in any negative manner.

INFORMATION SHARING

Unless sharing information with external suppliers and customers is against the law or our standard business practise, Hascol Petroleum Limited shall encourage sharing information when it may improve the quality or use of our products. Passing on internal memos and confidential documentation / paperwork is strictly forbidden; if Hascol proprietary information is given outside the company, it has to be ensured that a written confidentiality and non-disclosure agreement is prepared, and that proper controls are established to manage the flow of information. Otherwise, the concerned employee is in serious breach of the business ethics and subject to prosecution.

GENERAL PUBLIC RELATION

Hascol Petroleum Limited considers the general public as its brand ambassador; our brilliance in products and services must outshine that of competitors; thus allow for our market share to rise at our desired optimal level. Dispelling rumours and misinforming about competitors products and services to the public is highly prohibited and any competitor that indulges in such activities must be dealt with the guidelines prescribed by OGRA and other regulations and legislation. Our business ethics guide us to avoid unnecessary comparisons and benchmarking of retrospective performance of competitors.

SOCIETY AND LOCAL COMMUNITIES

Hascol Petroleum Limited aims to be society's best friend and foster healthy relationships within our communities. Our aim is to monitor possible impacts of the actions we pursue and ensure that we create recreational facilities adjacent to our retail outlets with provision of fast food franchise chains. This was an idea provisioned by our marketing team to provide a means of light entertainment to the local residents. In addition, Hascol Petroleum Limited takes a constructive interest in societal matters directly or indirectly related to our business and donation payments for social causes are made on a regular basis. Two well-renowned charities are regular recipients of our donations. Employees can in some instances given time off for appropriate volunteer work and can also refer to legitimate registered.

RESPONSIBILITIES

Hascol Petroleum Limited recognizes its responsibilities towards all the stakeholders. The management is responsible to continuously assess these priorities and discharge them on the basis of its assessment. These responsibilities pertain to:

- Protect shareholders' investment, and provide competitive long-term return; benchmarking other leading companies in the oil marketing industry as well as to create a brand name; and supplement growth of its affiliate brand FUCHS.

- Developing and maintaining a staunch customer base by providing products and services which offer value in terms of price, quality, safety and positive environmental and commercial expertise thereby create a brand loyalty of Hascol in customers by offering the best possible products and services.

- Employees are our most important assets and they receive utmost respect, rights, good and safe working conditions and to commensurate them with competitive terms and conditions of employment. We appreciate innovation and hard work and regular appraisals based on performance are some of the few means which we use to promote the development and best use of the talents of our employees. We recognize that commercial success depends on the full commitment of all employees.
- The external stakeholders are the contractors, dealers and suppliers with whom we seek to transact business which is mutually beneficial. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationship.

- Overall, Hascol Petroleum Limited believes in conducting our business as responsible corporate members of the 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.

General Principles, Business, Compliance and Ethics and HSSE are subject to constant review and updated as per our business requirements. We seek continuous feedback from a variety of stakeholders and vested interest group as the dynamic and unpredictable nature of the oil marketing business demands us to be proactive.

I WELCOME THE SINCERE INITIATIVES OF ANY RESPECTIVE READER OF OUR GENERAL PRINCIPLES AND OVERALL THIS REPORT TO PRESENT HASCOL PETROLEUM LIMITED WITH ANY CLARIFICATION AND CONSTRUCTIVE FEEDBACK THEY DEEM HAS TO BE BROUGHT TO OUR ATTENTION.

DIRECTORS' REPORT

The Directors of your Company are pleased to present the Annual Report of the Company along with audited standalone and consolidated financial statements and auditors' report thereon for the year ended 31 December 2023.

Financial Results

2023 is yet another year presented itself with multiple headwinds from geopolitical tensions, surging inflations, devaluation of currency due to import restrictions. The country's economic development slowed down and cost of doing business increased as a result of higher interest cost, changes in tax regime and other tightening policies to address economic imbalances. These extreme circumstances had profound impact on Pakistan's import-dependent oil industry.

Devaluation of Pakistan Rupee against US Dollar moved exchange rate to Rs. 307.47 on September 06, 2023 with an average exchange rate of Rs. 280.14 during the year and the shortage of foreign reserves with banking sector made it more challenging to maintain the supply of product in the country.

Inflation continued the upward trend and reached up to 37.97% in May. The central bank continued monetary tightening measures thereby increasing interbank interest rates from 17.36% in January to 21.71% in December.

Where the global economy, our Country and particularly oil industry faced such immense challenges which also affected the Company. The Company which is already suffering from liquidity crunch mainly due to outstanding banking obligations, over-due payments towards its creditors and limited working capital facility since last few years; yet with the support of its main shareholder and supplier, support of key banks, its resilient management, was able to withstand and continued to contribute despite the testing circumstances.

The industry volume for Mogas and Diesel dropped by 13% and 21% respectively in 2023 while the Company showed better performance by increasing the sales volume to 465,404 metric tons compared to 265,295 metric tons sold in 2022, reflecting an increase of 75%.

The financial results of the Company for the year ended 31st December 2023 are shown as below:

Particulars	2023	2022
	(Rupees in '000)	
Gross profit	**4,613,765**	3,182,555
Operating Loss	**(352,750)**	(822,831)
Loss after taxation	**(17,814,348)**	(14,439,536)
	(Rupees)	
Loss per share	**(17.83)**	(14.45)

The Company achieved a gross profit of PKR 4,614 million (2022: PKR 3,183 million), making a notable improvement. Despite working capital issues, the Company managed to show improvement in its financial results over last year.

Due to the devaluation of currency against US dollar, current price mechanism for foreign exchange compensation coupled with limited working capital lines, the Company recorded realized exchange loss amounting to PKR 3,861million as compared to PKR 2,073 million in 2022 primarily on settlement of import contracts.

The loss before tax of PKR 17,160 million is mainly driven by the following cost components:

- Financing cost of PKR 11,008 million on overdue loans;
- Exchange loss both realized and unrealized amounting to PKR 5,799 million; and
- Depreciation and amortization (other than ROU Depreciation) being a non-cash cost amounting to PKR 2,130 million

The Company is working towards restructuring of its banking liabilities to address the factors affecting its operational performance. Once these issues are resolved, the company has the potential to generate positive results and show a strong presence in the market.

Auditor's Adverse Opinion in Audit Report:

The auditors of the Company have expressed an adverse opinion on certain points in their audit report on the financial statements of the company. The same are being addressed and the relevant explanations as to Company's view are stated as below:

- The management of the company has prepared the financial statements of the Company on the basis that the Company will continue to operate as a going concern. The management's basis of this view is disclosed in note 1.2 of the financial statements.

- The auditors have referred to the note 8.2 and 8.5 of the financial statements wherein the management has disclosed the fact that investments were not tested for impairment (if any) due to the fact that the investee company's financial statements are not audited. The management is of the view that the same will be ensured in the subsequent annual audits.

- Currently, the Company has various pending litigations. In addition, the SECP and FIA are investigating the affairs of the Company and individuals working for Company including Board of Directors respectively pertaining to historical financial statements till 2019, which has already been disclosed in the financial statements. Present directors of the company who were nominated in the FIA case were exonerated and the proceedings against them have ended. The above remarks from the External Auditor are primarily to draw attention to this matter.

- The other areas forming part of adverse opinions pertains to taxation including unrecognized deferred tax mainly relating to revision of tax returns and defaults in financing facilities.

Cash and Stock Dividends

As the Company has incurred a loss after tax for the year ending 31 December 2023, the Directors have decided not to make any dividend appropriation for this particular year.

Corporate and Financial Reporting Framework

The management of Hascol Petroleum Limited is committed to good corporate governance and complying with best practices. As required under the Code of Corporate Governance, the directors are pleased to state as follows:

(a) The financial statements prepared by the Management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.

(b) The Company has maintained proper books of accounts as required under the Companies Act, 2017, given the management positions on certain matters as highlighted earlier in this report.

(c) The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements. Accounting estimates are on the basis of prudent and reasonable judgement.

(d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and deviation, if any, has been adequately disclosed.

(e) The Board Audit Committee reviews report on the system of internal controls from the external and internal auditors and continuously seeks to improve the same.

(f) As disclosed in note 1.2 of the unconsolidated financial statements of the Company, there are no significant doubts upon the Company's ability to continue as a going concern based on management's views and the proposed restructuring plan being approved and implemented.

Health, Safety, Security & Environment (HSSE)

HSSE is a critical driver for business success and an enabling strategy for Hascol Petroleum Limited. It is defined as "The Systematic Management of Safety, Health, Environment, Reliability, Security and Efficiency to achieve best in class performance". At Hascol, HSSE is not something separate from our business; it is how we must run our business to achieve our vision of success. The Company recorded its 7th Consecutive Year with Zero Lost time Injury (LTI) and achieved 7.78 million Safe Man-Hours. The Company was also engaged with an external Environmental, Social and governance (ESG) Audit by single majority shareholder in November 2023 aiming to focus on the continual improvement and achieving HSSE excellence.

Following objectives facilitate us in systematically managing HSSE at Hascol:

- Achieve an accident-free work place.
- Promote a healthy work place and mitigate significant health risks
- Eliminate spills and environmental incidents.
- Operate incident free with industry leading asset reliability
- Maximize efficient use of resources and assets.

Human Resource

The Company believes in investment in its employees in terms of Training and Development and Employee Engagement activities to reap benefits for both the Company and the employees.
The Company continued its policy of offering internship to promising students and a thriving Trainee Program for engineers, business and accounting graduates.

Employee Engagement initiatives included organizing International Days such as Women's Day, World's Happiness Day, Pinktober, Men's Day, etc.

Corporate Social Responsibility (CSR)

Hascol being a member of the United Nations Global Compact (UNGC) is committed to the guidelines and principles outlined by this institution. The Company has taken steps to implement UNGC protocols and drive positive social impact.

Key Operational and Financial Data

A statement summarizing key operational and financial data for the last six years is given on page 36 of the report.

Contribution to the National Exchequer and Economy

During the year the Company has made a total contribution of PKR 34.8 billion to the national exchequer on account of import duties, general sales tax, income tax and other government levies.

Corporate Governance

The Company remains committed to conducting its business in line with the best practices of the Code of Corporate Governance, the Companies Act 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited. Details are particularly mentioned in the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2019.

Composition of the Board of Directors during the year 2023

The total number of Directors are seven (7) as per the following:

(a)	Male:	6
(b)	Female:	1

The composition of the Board is as follows:

(a) Independent Directors:	Mr. Mustafa Ashraf Syed Muhammad Mujtaba Jafarey Ms. Naheed Memon Mr. Aamir Amin
(b) Non-executive Directors:	Sir. Alan Duncan Mr. Abdul Aziz Khalid Mr. Farid Arshad Masood
(c) Executive Director:	Mr. Aqeel Ahmed Khan
(d) Female Director:	Ms. Naheed Memon

Board of Directors and Meetings of the Board held during the year 2023

During the year, eleven (11) meetings of the Board of Directors were held and the attendance of each Director is given below:

S.No	Director's Name	Meetings Attended
1	Sir. Alan Duncan (Chairman) (a)	11
2	Mr. Aqeel Ahmed Khan (CEO) (b)	10
3	Mr. Farid Arshad Masood	09
4	Mr. Abdul Aziz Khalid	11
5	Mr. Mohammad Zubair (d)	07
6	Mr. Zafar Iqbal Chaudhry (d)	07
7	Mr. Mustafa Ashraf	11
8	Syed Muhammad Mujtaba Jafarey (c)	04
9	Ms. Naheed Memon (c)	04
10	Mr. Aamir Amin (c)	04

(a) Sir Alan Duncan was appointed as Chairman on 22 September 2023.
(b) Mr. Aqeel Ahmed Khan appointed as CEO on 22 September 2023.
(c) Syed Muhammad Mujtaba Jafarey, Mr. Aamir Amin and Ms. Naheed Memon elected as director on 8 September 2023.
(d) Mr. Zafar Iqbal Chaudhry and Mr. Mohammad Zubair were retired on 8 September 2023.

Board Committee Meetings held during the year 2023

During the year, the Audit Committee held Five (5) meetings. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Mr. Mustafa Ashraf (Chairperson) *	5
2	Mr. Mohammad Zubair(Member) **	4
3	Mr. Farid Arshad Masood (Member)	5
4	Mr. Zafar Iqbal Chaudhry (Member) **	4
5	Mr. Aamir Amin (Member) ***	1

* Mr. Mustafa Ashraf was elected Chairperson of Audit Committee with effect from 22 September 2023.
** Mr. Zafar Iqbal Chaudhry and Mr. Mohammad Zubair were retired on 8 September 2023.
*** Mr. Aamir Amin was elected as director with effect from 8 September 2023 and appointed member of Audit Committee with effect from 22 September 2023.

During the year, the Human Resource Committee held Four (04) meetings. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Mr. Zafar Iqbal Chaudhry (Chairperson) *	1
2	Sir. Alan Duncan (Member)	1
3	Mr. Mohammad Zubair (Member) *	1
4	Mr. Mustafa Ashraf (Present By Invitation)	1
5	Syed Muhammad Mujtaba Jafarey (Chairperson) **	3
6	Mr. Farid Arshad Masood (Member) ***	3
7	Ms. Naheed Memon (Member) ***	3

* Mr. Zafar Iqbal Chaudhry and Mr. Mohammad Zubair were retired on 8 September 2023
** Syed Muhammad Mujtaba Jafarey was elected as director with effect from 8 September 2023 and appointed Chairperson of BHRC with effect from 22 September 2023.
*** Mr. Farid Arshad Masood and Ms. Naheed Memon was elected as director with effect from 8 September 2023 and appointed as member of BHRC with effect from 22 September 2023.

During the year, the Risk Committee held Five (05) meetings. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Ms. Naheed Memon (Chairperson) *	1
2	Mr. Mustafa Ashraf (Chairman) / (Member) **	5
3	Mr. Abdul Aziz Khalid (Member)	5
4	Mr. Mohammad Zubair(Member) ***	1
5	Mr. Zafar Iqbal Chaudhry (Present By Invitation) ***	1

* Ms. Naheed Memon was elected as director with effect from 8 September 2023 and appointed as Chairperson of Risk Committee with effect from 22 September 2023.

** Mr. Mustafa Ashraf was elected as director with effect from 8 September 2023 and appointed as member of Risk Committee with effect from 22 September 2023.

*** Mr. Zafar Iqbal Chaudhry and Mr. Mohammad Zubair were retired on 8 September 2023

During the year, the Restructuring Committee held fifteen (15) meetings. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Mr. Farid Arshad Masood (Chairperson) *	15
2	Mr. Abdul Aziz Khalid (Member)	14
3	Ms. Naheed Memon (Member) **	02
4	Syed Muhammad Mujtaba Jafarey (Member) **	02
5	Mr. Mohammad Zubair (Member) ***	13

* Mr. Farid Arshad Masood was elected Chairperson of RC with effect from 22 September 2023.

** Syed Muhammad Mujtaba Jafarey and Ms. Naheed Memon elected as directors on 8 September 2023 and appointed as member of RC with effect from 22 September 2023.

*** Mr. Mohammad Zubair was retired on 8 September 2023

Performance Evaluation of the Board

The Board Performance Evaluation for 2023 was conducted in-house and the results were circulated and shared with the Board on 14 May 2024.

Directors' Remuneration

The Company has a formal and transparent procedure for remuneration of directors in accordance with the Articles of Association of the Company and the Companies Act, 2017. The independent directors, are paid a fee of PKR 150,000 each for attending board meeting and Committee meeting as approved by shareholders in the Company's Annual General Meeting held on 28th April 2016.

Directors Training Program

Presently, four (04) directors of the Company have acquired prescribed certification under the Directors' Training Program by the Pakistan Institute of Corporate Governance (PICG). Following directors have attended the Directors' Training Program:

- Mr. Mustafa Ashraf
- Mr. Farid Arshad Masood
- Ms. Naheed Memon
- Mr. Aamir Amin

External Auditors

The external auditors Messrs. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for the re-appointment.

The Board on the recommendation of the Board Audit Committee has advised the appointment of Messrs. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants as auditors of the Company for the year 2024, subject to Shareholders' approval at the next AGM to be held on 24 July 2024.

Pattern of Shareholding

The statement of Pattern of Shareholding as at 31st December 2023 is given on page 32 of the annual report.

Acknowledgement

The Board acknowledges the dedication, commitment and hard work of all of its employees, and also places on record the gratitude to the shareholders, customers, financial institutions and Government authorities for their continuous support and confidence in the Company.

Future Outlook

A reasonable indication of future prospects is discussed in the Chairman's Review on page 12.

Thanking you all.

On behalf of the Board

Aqeel Ahmed Khan
Chief Executive Officer

Farid Arshad Masood
Director


HASCOL
BEST INSTALLATION 2017
MACHIKE


HSD

PATTERN OF SHAREHOLDING

as at December 31, 2023

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children			
MUSTAFA ASHRAF	1	500	0.00
AQEEL AHMED KHAN	1	701	0.00
NAHEED MEMON	1	3,000	0.00
SYED MUHAMMAD MUJTABA JAFFEREY	1	500	0.00
AAMIR AMIN	1	500	0.00
Associated Companies, undertakings and related parties	-	-	-
Sponsers	1	401,697,229	40.21
NIT and ICP	-	-	-
Banks Development Financial Institutions, Non-Banking Financial Institutions	2	2,781,830	0.28
Insurance Companies	1	20,625	0.00
Modarabas and Mutual Funds	4	169,006	0.02
General Public			
a. Local	21,084	564,888,698	56.54
b. Foreign	172	2,488,521	0.25
Foreign Companies	-	-	-
Others	84	27,069,570	2.71
Totals	**21,353**	**999,120,680**	**100.00**

Share holders holding 10% or more	Shares Held	Percentage
VITOL DUBAI LIMITED	**401,697,229**	**40.21**

PATTERN OF SHAREHOLDING

as at December 31, 2023

# of Shareholders	Shareholding's Slabs			Total Shares Held
1,470	1	to	100	50,709
2,338	101	to	500	892,628
2,645	501	to	1000	2,427,025
6019	1001	to	5000	17,616,456
3016	5001	to	10000	22,979,377
1260	10001	to	15000	15,879,688
857	15001	to	20000	15,544,715
568	20001	to	25000	13,287,707
460	25001	to	30000	13,037,172
271	30001	to	35000	8,949,287
217	35001	to	40000	8,354,518
165	40001	to	45000	7,077,944
298	45001	to	50000	14,678,584
107	50001	to	55000	5,672,003
123	55001	to	60000	7,209,928
75	60001	to	65000	4,722,411
70	65001	to	70000	4,794,111
78	70001	to	75000	5,732,125
65	75001	to	80000	5,113,462
62	80001	to	85000	5,165,480
49	85001	to	90000	4,343,134
31	90001	to	95000	2,890,623
206	95001	to	100000	20,547,217
45	100001	to	105000	4,613,468
30	105001	to	110000	3,253,711
27	110001	to	115000	3,050,101
30	115001	to	120000	3,545,261
40	120001	to	125000	4,950,632
24	125001	to	130000	3,076,182
13	130001	to	135000	1,719,716
24	135001	to	140000	3,324,879
13	140001	to	145000	1,849,780
40	145001	to	150000	5,983,961
17	150001	to	155000	2,585,268
10	155001	to	160000	1,590,958
14	160001	to	165000	2,284,998
15	165001	to	170000	2,515,892
19	170001	to	175000	3,301,523
18	175001	to	180000	3,211,470
8	180001	to	185000	1,460,698
7	185001	to	190000	1,320,617
8	190001	to	195000	1,539,157
65	195001	to	200000	12,974,333
17	200001	to	205000	3,433,762
13	205001	to	210000	2,718,397
8	210001	to	215000	1,700,250
10	215001	to	220000	2,186,017
10	220001	to	225000	2,238,966
11	225001	to	230000	2,503,502
6	230001	to	235000	1,399,369
5	235001	to	240000	1,199,589
2	240001	to	245000	488,103
19	245001	to	250000	4,746,500
2	250001	to	255000	510,000
8	255001	to	260000	2,073,201
3	260001	to	265000	795,000
7	265001	to	270000	1,871,621
4	270001	to	275000	1,096,000
4	275001	to	280000	1,115,500
2	280001	to	285000	568,000
1	285001	to	290000	290,000
2	290001	to	295000	585,000
28	295001	to	300000	8,394,400
3	300001	to	305000	909,284
5	305001	to	310000	1,543,000
2	310001	to	315000	624,441
4	315001	to	320000	1,278,000
6	320001	to	325000	1,943,427
5	325001	to	330000	1,642,255

PATTERN OF SHAREHOLDING

as at December 31, 2023

# of Shareholders	Shareholding's Slabs			Total Shares Held
2	330001	to	335000	667,200
6	335001	to	340000	2,031,812
5	340001	to	345000	1,722,319
1	345001	to	350000	345,228
3	350001	to	355000	1,057,383
4	355001	to	360000	1,435,709
4	360001	to	365000	1,452,591
2	365001	to	370000	737,508
5	370001	to	375000	1,872,000
1	375001	to	380000	379,000
1	380001	to	385000	381,400
2	385001	to	390000	778,080
1	390001	to	395000	390,110
11	395001	to	400000	4,397,519
3	400001	to	405000	1,206,517
4	405001	to	410000	1,634,549
4	420001	to	425000	1,700,000
2	425001	to	430000	860,000
1	435001	to	440000	439,500
5	445001	to	450000	2,250,000
1	450001	to	455000	454,000
2	455001	to	460000	920,000
4	460001	to	465000	1,853,500
1	465001	to	470000	470,000
1	475001	to	480000	476,500
1	480001	to	485000	485,000
1	485001	to	490000	490,000
6	490001	to	495000	2,958,112
19	495001	to	500000	9,500,000
4	500001	to	505000	2,006,477
2	505001	to	510000	1,018,000
3	510001	to	515000	1,537,036
1	515001	to	520000	519,026
2	520001	to	525000	1,048,481
2	525001	to	530000	1,051,354
1	535001	to	540000	537,500
6	545001	to	550000	3,300,000
1	550001	to	555000	555,000
2	555001	to	560000	1,115,432
1	575001	to	580000	580,000
1	580001	to	585000	582,000
1	585001	to	590000	589,000
4	595001	to	600000	2,400,000
2	600001	to	605000	1,206,766
2	605001	to	610000	1,220,000
2	610001	to	615000	1,230,000
1	635001	to	640000	640,000
2	645001	to	650000	1,300,000
1	655001	to	660000	656,000
2	670001	to	675000	1,349,000
1	680001	to	685000	685,000
1	695001	to	700000	700,000
1	710001	to	715000	713,610
1	715001	to	720000	718,000
1	720001	to	725000	722,000
1	740001	to	745000	745,000
2	745001	to	750000	1,500,000
1	755001	to	760000	760,000
1	770001	to	775000	775,000
1	775001	to	780000	778,700
1	780001	to	785000	783,028
1	795001	to	800000	799,308
1	815001	to	820000	817,500
1	825001	to	830000	825,750
1	830001	to	835000	835,000
1	845001	to	850000	850,000
1	890001	to	895000	894,000
4	895001	to	900000	3,600,000
1	900001	to	905000	905,000
1	925001	to	930000	928,267
1	930001	to	935000	930,600
1	940001	to	945000	941,000
1	945001	to	950000	950,000

PATTERN OF SHAREHOLDING

as at December 31, 2023

# of Shareholders	Shareholding's Slabs			Total Shares Held
1	975001	To	980000	978,000
7	995001	To	1000000	7,000,000
1	1030001	To	1035000	1,030,900
1	1035001	To	1040000	1,040,000
2	1045001	To	1050000	2,100,000
1	1055001	To	1060000	1,056,830
1	1065001	To	1070000	1,068,500
1	1075001	To	1080000	1,078,000
1	1090001	To	1095000	1,095,000
3	1095001	To	1100000	3,300,000
1	1110001	To	1115000	1,110,243
1	1130001	To	1135000	1,131,844
1	1150001	To	1155000	1,152,500
1	1160001	To	1165000	1,161,792
2	1195001	To	1200000	2,400,000
4	1295001	To	1300000	5,199,825
1	1355001	To	1360000	1,360,000
1	1400001	To	1405000	1,404,500
1	1455001	To	1460000	1,460,000
1	1465001	To	1470000	1,469,500
5	1495001	To	1500000	7,500,000
1	1555001	To	1560000	1,560,000
1	1630001	To	1635000	1,634,000
2	1720001	To	1725000	3,450,000
2	1755001	To	1760000	3,518,000
1	1775001	To	1780000	1,779,519
1	1795001	To	1800000	1,800,000
1	1830001	To	1835000	1,830,126
1	1845001	To	1850000	1,850,000
1	1880001	To	1885000	1,883,000
2	1945001	To	1950000	3,900,000
2	1995001	To	2000000	4,000,000
1	2020001	To	2025000	2,025,000
1	2085001	To	2090000	2,085,500
1	2195001	To	2200000	2,200,000
1	2220001	To	2225000	2,222,003
1	2280001	To	2285000	2,282,000
1	2450001	To	2455000	2,451,971
1	2495001	To	2500000	2,500,000
1	2525001	To	2530000	2,526,709
1	2680001	To	2685000	2,685,000
1	2695001	To	2700000	2,700,000
2	2995001	To	3000000	6,000,000
1	3030001	To	3035000	3,033,000
1	3195001	To	3200000	3,197,125
1	3245001	To	3250000	3,250,000
1	3995001	To	4000000	4,000,000
1	4930001	To	4935000	4,935,000
1	7205001	To	7210000	7,205,159
1	7240001	To	7245000	7,242,792
1	9015001	To	9020000	9,020,000
1	9635001	To	9640000	9,639,685
1	31000001	To	31005000	31,004,563
1	401695001	To	401700000	401,697,229
21,353				**999,120,680**

KEY OPERATIONAL AND FINANCIAL DATA

Six Years Summary

	2023	2022	2021	2020	2019	2018
Profit and Loss Account						
Revenue (Gross)	162,747,628	71,166,729	71,366,378	132,903,803	179,922,956	274,166,545
Revenue (Net)	162,709,607	70,973,746	62,942,277	113,070,621	154,060,227	232,407,681
Cost of product sold	158,312,436	67,928,083	61,153,982	115,296,600	166,744,513	222,537,587
Gross profit / (loss)	4,613,765	3,182,555	1,987,678	(1,378,967)	(12,524,247)	10,706,805
Operating profit / (loss)	(352,750)	(822,831)	1,224,579	(13,018,190)	(21,933,039)	5,718,415
(Loss) / profit before tax	(17,159,874)	(14,058,393)	(7,164,987)	(22,470,645)	(34,237,060)	185,783
(Loss) / profit after tax	(17,814,348)	(14,439,536)	(7,592,131)	(23,321,416)	(35,102,562)	(122,830)
Earnings before interest, taxes, depreciation and amortization	(4,021,024)	(3,319,476)	1,354,525	(11,771,157)	(22,428,290)	2,478,859
Balance Sheet						
Share Capital	9,991,207	9,991,207	9,991,207	9,991,207	1,991,207	1,810,188
Property, plant and equipment	21,073,842	22,773,959	24,742,668	21,899,362	23,155,974	22,179,198
Inventory	12,069,049	8,178,013	10,255,676	11,435,266	19,012,237	22,279,280
Current assets	22,105,654	14,132,149	15,270,445	20,134,453	47,381,594	50,669,367
Current Labilities	116,180,665	90,785,374	78,571,358	76,167,273	97,024,510	64,701,307
Non current assets	27,456,451	29,575,900	32,010,049	39,313,812	49,072,818	24,107,734
Non current liabilities	12,366,154	14,101,685	16,014,742	29,359,449	24,295,629	4,088,488
Surplus on revaluation of fixed assets	12,504,066	13,693,779	6,381,696	3,962,410	4,221,873	4,481,336
Summary of Cash flow statement						
Cash flows from operating activities	4,486,883	(1,551,291)	(5,833,653)	(17,287,200)	(9,197,065)	(7,819,420)
Cash flows from investing activities	105,003	227,420	864,059	559,257	(5,988,504)	(5,516,647)
Cash flows from financing activities	(869,303)	(924,247)	(1,338,954)	10,122,121	(544,809)	1,518,038
Net cash flows during the year	3,722,583	(2,248,118)	(6,308,548)	(6,605,822)	(15,730,378)	(11,818,029)
Investor Information						
Profitability ratios						
Gross profit ratio	2.84%	4.48%	3.16%	-1.22%	-8.13%	4.61%
Net profit ratio	-10.95%	-20.34%	-12.06%	-20.63%	-22.78%	-0.05%
EBITDA margin	-2.47%	-4.68%	2.15%	-10.41%	-14.56%	1.07%
Cost / Income ratio	0.97	0.96	0.97	1.02	1.08	0.96
Liquidity Ratios						
Current ratio	0.19 : 1	0.16 : 1	0.19 : 1	0.26 : 1	0.49 : 1	0.78 : 1
Quick ratio	0.09 : 1	0.07 : 1	0.06 : 1	0.11 : 1	0.29 : 1	0.44 : 1
Cash flows from operations to sales	2.76%	-2.19%	-9.27%	-15.29%	-5.97%	-3.36%
Cash to current liabilities	0.7%	0.9%	1.3%	4.0%	14.1%	13.6%
Investment / Market ratios						
Earning / (loss) per share	(17.83)	(14.45)	(7.60)	(23.46)	(93.30)	(1.08)
Breakup value per share without surplus on revaluation of fixed assets	(91.57)	(74.94)	(53.73)	(50.08)	(146.08)	8.32
Breakup value per share with surplus on revaluation of fixed assets	(79.05)	(61.23)	(47.35)	(46.12)	(124.88)	33.08

NOTICE OF TWENTY SECOND (22ND) ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-Second (22nd) Annual General Meeting of Hascol Petroleum Limited will be held on Wednesday, 24 July 2024 at 11:30 am at ICAP Auditorium, Chartered Accountants Avenue, Clifton Karachi and virtually through video-link facility to transact the following business:

Ordinary Business

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on 08 September 2023.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31 December 2023, together with the Directors' and Auditors' reports thereon and the Review Report of the Chairman.
3. To appoint Auditors and to fix their remuneration for the financial year 2024.
4. To transact any other business with the permission of the Chair.

By Order of the Board

03 July 2024
Karachi

Farhan Ahmad
Company Secretary

NOTES:

1) Participation of Shareholders through Online Facility

Participation in the Annual General Meeting

SECP, through its guidelines, has directed the listed companies to also arrange the provision of video link facility. Accordingly, in the best health interest of our valued shareholders and to ensure maximum participation, the Company has also arranged video link facility for attending this AGM. The shareholders interested in attending AGM through video link are requested to register their following particulars by sending an email at **cdcsr@cdcsrsl.com** or WhatsApp no. **0321-8200864**.

Folio / CDC Account No.	Company Name	No. of shares held	Name	CNIC	Cell No.	Email Address
	Hascol Petroleum Limited					

- The video link and login credentials will be shared with the shareholders whose emails, containing all the requested particulars, are received at the above email address by or before the close of business hours **(5:00 P.M.) on 22 July, 2024**.
- Shareholders can also send their comments / suggestions on **company.secretary@hascol.com** for the agenda items proposed to be conducted at the AGM in the same manner as it is being discussed in the AGM, and later shall be made part of the minutes of the meeting.

- The purpose of the aforementioned arrangements is to ensure maximum participation of the shareholders in the AGM through an online facility. Shareholders are also requested to consolidate their attendance through proxies, so that the quorum requirement may also be fulfilled.

2) Closure of Share Transfer Books

- The Share Transfer Books of the Company shall remain closed from **18 July 2024 to 24 July 2024** (both days inclusive). Transfers in the form of physical transfers / CDS Transaction IDs received in order at the Company's Share Registrar, Messrs CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Shahra-e-Faisal, Karachi, by close of business on **17 July 2024** will be treated in time to attend and vote at the meeting and for the purpose of the above entitlement to the transferees.

3) Participation in the Meeting

- Only those persons, whose names appear in the register of members of the Company as on **17 July 2024**, are entitled to attend, participate in, and vote at the Annual General Meeting.

- A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another person as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of the Meeting and must be duly stamped, signed and witnessed.

4) Requirements for appointing Proxies

- In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement.

- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

- Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.

- The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.

- In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Company along with the proxy form unless the same has been provided earlier.

5) Circulation / Transmission of Annual Financial Statements in Electronic Form

- In compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2023 through email to shareholders whose email addresses are available with the Company's Share Registrar. In those cases, where email addresses are not available with the Company's Share Registrar, printed notice of AGM have been dispatched.

  However, the Company would provide hard copies of the Annual Report to the Shareholders on their demand at their registered addresses, free of cost, within one week of such request. The annual financial statements have also been uploaded on the Company's website and are readily accessible to the shareholders.

6) Conversion of Physical Shares Into Book-Entry Form

- The SECP, through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, has advised all listed companies to adhere to the provisions of Section 72 of the Companies Act, 2017 (the "Act"), which requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. Accordingly, all shareholders of the Company having physical folios / share certificates are requested to convert their physical shares in Book Entry Form at the earliest. For this purpose, shareholders may either open an Investor Account with Central Depository Company of Pakistan Limited or a CDC sub-account with any duly recognized brokerage firm. Shareholders may also contact Company's Share Registrar, Messrs. CDC Share Registrar Services Limited in case they need any further assistance or guidance in this regard.

7) Change of Address

- Members having physical shares are requested to immediately notify the Company's Share Registrar, Messrs. CDC Share Registrar Services Limited of any change in their registered address whereas CDC Account holders shall notify to their respective CDC Participant/Broker/Investor Account Services.

8) Miscellaneous:

- This notice has been sent to all members of the Company in accordance with Section 134(1)(a) of the Companies Act, 2017.

- For any query / information, members may contact the Share Registrar at the following address:

  Messrs. CDC Share Registrar Services Limited,
  CDC House, 99-B, Block-B, S.M.C.H.S.,
  Shahra-e-Faisal,
  Karachi.

9) Statutory Code of Conduct at AGM

Section 215 of the Companies Act, 2017 and Regulation 28 of the Companies (General Provisions and Forms) Regulations 2018, state the Code of Conduct of Shareholders, as follows: Shareholders are not permitted to exert influence or approach the management directly for decisions which may lead to creation of hurdles in the smooth functioning of management. The law states that Shareholders shall not bring material that may cause threat to participants or premises where the AGM is being held, confine themselves to the agenda items covered in the notice of the AGM and shall not conduct themselves in a manner to disclose any political affiliation. Additionally, the Company is not permitted to distribute gifts in any form to its shareholders in its meetings as per Section 185 of Companies Act, 2017.

10) Transmission of the Annual Audited Financial Statements through QR-Enabled Code

The Annual Report, including the Financial Statements of the Company, can be viewed using the following QR-enabled code. The same will be shared via email in case an email address is provided by the members. A printed copy of the above referred statements can be provided to members upon request.

11) Availability of Audited Financial Statement on the Company's Website

The audited financial statement of the Company for the year ended December 31, 2023 has been made available on the Company's website **www.hascol.com** which can be viewed using the following link:
https://www.hascol.com/investor-information/investor-information/annual-reports/

12) Registration Details of Physical Shareholders

As per Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile/telephone number, International Bank Account Number (IBAN), etc. to our Share Registrar at their below address immediately to avoid any non-compliance of law or any inconvenience in future:

CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400.
Tel. Toll Free: **0800-23275**, Email: **info@cdcsrsl.com**, website: **www.cdcsrsl.com**

لیے اپنے آپ کو اس انداز میں نہیں لائیں گے۔ مزید برآں، کمپنی کو کمپنیز ایکٹ، 2017 کے سیکشن 185 کے مطابق اپنی میٹنگوں میں اپنے شیئر ہولڈرز کو کسی بھی شکل میں تحائف تقسیم کرنے کی اجازت نہیں ہے۔

۱۰) QR-فعال کوڈ کے ذریعے سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ترسیل

کمپنی کے مالی بیانات سمیت سالانہ رپورٹ کو درج ذیل QR-فعال کوڈ کا استعمال کرتے ہوئے دیکھا جا سکتا ہے۔ ممبران کے ذریعہ ای میل ایڈریس فراہم کرنے کی صورت میں اسے ای میل کے ذریعے شیئر کیا جائے گا۔ مذکورہ بالا بیانات کی ایک پرنٹ شدہ کاپی اراکین کو درخواست پر فراہم کی جا سکتی ہے۔

۱۱) کمپنی کی ویب سائٹ پر آڈٹ شدہ مالیاتی بیان کی دستیابی

31 دسمبر 2023 کو ختم ہونے والے سال کے لیے کمپنی کا آڈٹ شدہ مالیاتی بیان کمپنی کی ویب سائٹ www.hascol.com پر دستیاب کر دیا گیا ہے جسے درج ذیل لنک سے دیکھا جا سکتا ہے:

https://www.hascol.com/investor-information/investor-information/annual-reports/

۱۲) فزیکل شیئر ہولڈرز کی رجسٹریشن کی تفصیلات

کمپنیز ایکٹ، 2017 کے سیکشن 119 اور کمپنیز (جنرل پروویژنز اینڈ فارمز) ریگولیشنز، 2018 کے ریگولیشن 19 کے مطابق، تمام فزیکل شیئر ہولڈرز کو مشورہ دیا جاتا ہے کہ وہ اپنی لازمی معلومات جیسے CNIC نمبر، پتہ، ای میل ایڈریس، رابطہ موبائل، فون نمبر فراہم کریں۔ بین الاقوامی بینک اکاؤنٹ نمبر (IBAN) وغیرہ ہمارے شیئر رجسٹرار کو ان کے درج ذیل پتے پر فوری طور پر بھیجیں تاکہ قانون کی عدم تعمیل یا مستقبل میں کسی بھی قسم کی تکلیف سے بچا جا سکے۔

سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-بی، بلاک 'بی'، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی 74400۔
ٹیلی فون ٹول فری: 0800-23275، ای میل: info@cdcsrsl.com، ویب سائٹ: www.cdcsrsl.com

کمپنیوں کومشورہ دیا ہے کہ وکمپینز ایکٹ، 2017 کے سیکشن 72 (ایکٹ کی دفعات پر عمل کریں)۔جس کے تحت تمام کمپنیوں کو ایکٹ کے نفاذ کے چار سالوں کے اندر فزیکل فارم میں جاری کردہ شیئرز کو بک انٹری فارم میں تبدیل کرنے کا تقاضہ کر سکتے ہیں۔اس کے مطابق ،فزیکل فولیو/شیئر سرٹیفکیٹ رکھنے والے کمپنی کے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے فزیکل شیئرز کو جلد از جلد بک انٹری فارم میں تبدیل کریں۔اس مقصد کے لیے،شیئر ہولڈرز یا تو سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کے ساتھ ایک سرمایہ کار اکاؤنٹ کھول سکتے ہیں یا کسی بھی تسلیم شدہ بروکریج فرم کے ساتھ سی ڈی سی ذیلی اکاؤنٹ کھول سکتے ہیں۔شیئر ہولڈرز کمپنی کے شیئر رجسٹرار،میسرز سے بھی مزید مدد یا رہنمائی کی ضرورت پڑھنے پر رابطہ کر سکتے ہیں۔

۷) ایڈریس کی تبدیلی

☆ فزیکل شیئرز رکھنے والے ممبران سے درخواست کی جاتی ہے کہ وہ کمپنی کے شیئر کو فوری طور پر مطلع کریں۔رجسٹرار،میسرز ،سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ اپنے رجسٹرڈ ایڈریس میں کسی بھی تبدیلی کے بارے میں جبکہ سی ڈی سی اکاؤنٹ ہولڈرز اپنے متعلقہ سی ڈی سی شرکت کنندہ/ بروکر/ سرمایہ کار اکاؤنٹ سروسز کو مطلع کریں گے۔

۸) متفرق

☆ یہ نوٹس کمپنی کے تمام ممبران کو سیکشن 134(1)(a) کمپنیز ایکٹ،2017 کے مطابق بھیجا گیا ہے۔

☆ کسی بھی سوال/معلومات کے لیے ممبران درج ذیل پتے پر شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ،
CDC ہاؤس،B-99،بلاک-B،.S.M.C.H.S
شاہراہ فیصل،
کراچی۔

۹) AGM میں قانونی ضابطہ اخلاق

☆ کمپنیز ایکٹ 2017 کا سیکشن 215 اور کمپنیز (جنرل پرووِیژنز اینڈ فارمز) ریگولیشنز 2018 کے ریگولیشن 28 میں شیئر ہولڈرز کا ضابطہ اخلاق درج ذیل ہے:

شیئر ہولڈرز کو ایسے فیصلوں کے لیے براہ راست انتظامیہ سے رجوع کرنے یا اثر و رسوخ استعمال کرنے کی اجازت نہیں ہے جس کی وجہ سے انتظامیہ کے ہموار کام کرنے میں رکاوٹیں پیدا ہوں۔قانون میں کہا گیا ہے کہ شیئر ہولڈرز ایسا مواد نہیں لائیں گے جس سے شرکاء یا احاطے کو خطرہ ہو جہاں AGM منعقد ہو رہی ہو،خود کو AGM کے نوٹس میں شامل ایجنڈا آئٹمز تک محدود رکھیں اور کسی سیاسی وابستگی کو ظاہر کرنے کے

لیے اپنا پراکسی مقرر کرسکتا ہے۔ مؤثر ہونے کے لیے پراکسیز میٹنگ کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں موصول ہونی چاہئیں اوران پر با قاعدہ مہر، دستخط اور گواہان کی رضامندی کا ظاہر ہونا ضروری ہے۔

۴) پراکسیوں کی تقرری کے تقاضے

☆ افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر جن کی رجسٹریشن کی تفصیلات سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ ریگولیشنز کے مطابق اپ لوڈ کی گئی ہیں، مندرجہ بالا ضرورت کے مطابق پراکسی فارم جمع کرائیں گے۔

☆ پراکسی فارم پر دو افراد گواہ ہوں گے جن کے نام، پتے اور CNIC نمبر فارم پر درج ہونا لازمی ہوگا، نہ ہونے کی صورت میں فورم جمع نہیں کیا جائے گا۔

☆ پراکسی فارم کے ساتھ مالک کے شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ کاپی لازمی ہے۔

☆ پراکسی سالانہ جنرل میٹنگ کے وقت اپنا درست اصل CNIC یا اصل پاسپورٹ پیش کرے گا۔

☆ کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی، نامزد شخص کے دستخط کے نمونے کے ساتھ، پراکسی فارم کے ساتھ کمپنی کو جمع کرایا جائے گا، چاہے اسے پہلے بھی فراہم کیا گیا ہو۔

۵) سالانہ مالیاتی گوشواروں کی الیکٹرانک شکل میں سرکولیشن/ٹرانسمیشن

☆ کمپنیز ایکٹ 2017 کے سیکشن 223(6) کی تعمیل میں، کمپنی نے الیکٹرانک طور پر سالانہ رپورٹ 2023 کو ای میل کے ذریعے ان شیئر ہولڈرز تک پہنچا دیا ہے جن کے ای میل پتے کمپنی کے شیئر رجسٹرار کے پاس دستیاب ہیں۔ ان معاملات میں، جہاں کمپنی کے شیئر رجسٹرار کے پاس ای میل ایڈریس دستیاب نہیں ہیں، AGM کا پرنٹ شدہ نوٹس بھیج دیا گیا ہے۔
تاہم، کمپنی ایسی درخواست کے ایک ہفتے کے اندر شیئر ہولڈرز کو ان کے مطالبے پر سالانہ رپورٹ کی ہارڈ کاپیاں ان کے رجسٹرڈ پتے پر مفت فراہم کرے گی، سالانہ مالیاتی گوشوارے کمپنی کی ویب سائٹ پر بھی اپ لوڈ کیے گئے ہیں اور شیئر ہولڈرز کے لیے آسانی سے قابل رسائی ہیں۔

۶) فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا

☆ ایس ای سی پی نے اپنے خط نمبر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام فہرست شدہ

ای میل ایڈریس	موبائل نمبر	شناختی کارڈ نمبر	نام	شیئرز کی منعقد تعداد	کمپنی نام	فولیو/ CDC اکاؤنٹ کا نمبر.
					ہیسکول پیٹرولیم لمیٹڈ	

☆ ویڈیو لنک اور لاگ ان کی اسناد کا اشتراک ان شیئر ہولڈرز کے ساتھ کیا جائے گا جن کی ای میلز، تمام درخواست کردہ تفصیلات پر مشتمل، 22 جولائی، 2024 کو کاروباری اوقات (05:00 P.M) کے اختتام تک یا اس سے پہلے مذکورہ ای میل پتے پر موصول ہو جائیں گی۔

☆ حصص یافتگان اپنے تبصرے/تجاویز company.secretary@hascol.com پر بھی بھیج سکتے ہیں جس طرح سے AGM میں منعقد کرنے کی تجویز دی گئی ہے جس طرح AGM میں بحث کی جا رہی ہے، اور بعد میں میٹنگ کے منٹس کا حصہ بنایا جائے گا۔

☆ مذکورہ بالا انتظامات کا مقصد ایک آن لائن سہولت کے ذریعے AGM میں شیئر ہولڈرز کی زیادہ سے زیادہ شرکت کو یقینی بنانا ہے۔ شیئر ہولڈرز سے بھی درخواست ہے کہ وہ پراکسیز کے ذریعے اپنی حاضری کو مستحکم کریں، تا کہ کورم کی ضرورت بھی پوری ہو سکے۔

۲) شیئر ٹرانسفر کتب کی بندش

☆ کمپنی کی حصص کی منتقلی کی کتابیں 18 جولائی 2024 سے 24 جولائی 2024 (دونوں دن سمیت) بند رہیں گی۔ فزیکل ٹرانسفرز/ سی ڈی ایس ٹرانزیکشن آئی ڈی کی شکل میں ٹرانسفرز کمپنی کے شیئر رجسٹرار، میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، 99-B، بلاک-B، S.M.C.H.S، شاہراہ فیصل، کراچی میں ترتیب سے موصول ہوئی ہیں۔ 17 جولائی 2024 کو میٹنگ میں شرکت کرنے اور ووٹ دینے کے لیے اور منتقلی کرنے والوں کے لیے مندرجہ بالا منتقلی استحقاق کے مقصد کے لیے بروقت فور کیا جائے گا۔

۳) اجلاس میں شرکت

☆ صرف وہی افراد، جن کے نام 17 جولائی 2024 کو کمپنی کے ممبران کے رجسٹر میں موجود ہیں، سالانہ جنرل میٹنگ میں شرکت اور ووٹ دینے کے حقدار ہیں۔

☆ سالانہ جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کا حقدار کمپنی کا ممبر اس کے بجائے کسی دوسرے شخص کو شرکت کرنے اور ووٹ دینے کے

بائیسویں (22ویں) سالانہ اجلاس عام کا نوٹس

اطلاع دی جاتی ہے کہ ہیسکول پیٹرولیم لمیٹڈ کا بائیسواں (22واں) سالانہ اجلاس 24 جولائی 2024 بروز بدھ صبح 11:30 بجے ICAP آڈیٹوریم، چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن کراچی میں مندرجہ ذیل کاروبار کو لین دین کرنے کے لیے عملی طور پر ویڈیو لنک کی سہولت کے ذریعے منعقد ہوگا۔

عام کاروبار:

ا) مورخہ 08 ستمبر 2023 کو منعقدہ کمپنی کی ہونے والی سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔

۲) مورخہ 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے ڈائیریکٹرز کی رپورٹس اور چیئر مین کی جائزہ کردہ رپورٹ کو مدِنظر رکھتے ہوئے کمپنی کے سالانہ آڈیٹ شدہ مالیاتی بیانات پر غور وفکر کر کے تشکیل دیا جائے گا۔

۳) مالی سال 2024 کے لیے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کرنا۔

۴) چیئرمین کی اجازت سے کوئی دوسرا کاروبار کرنا۔

بورڈ کے حکم سے

فرحان احمد
کمپنی سیکرٹری

03 جولائی 2024
کراچی

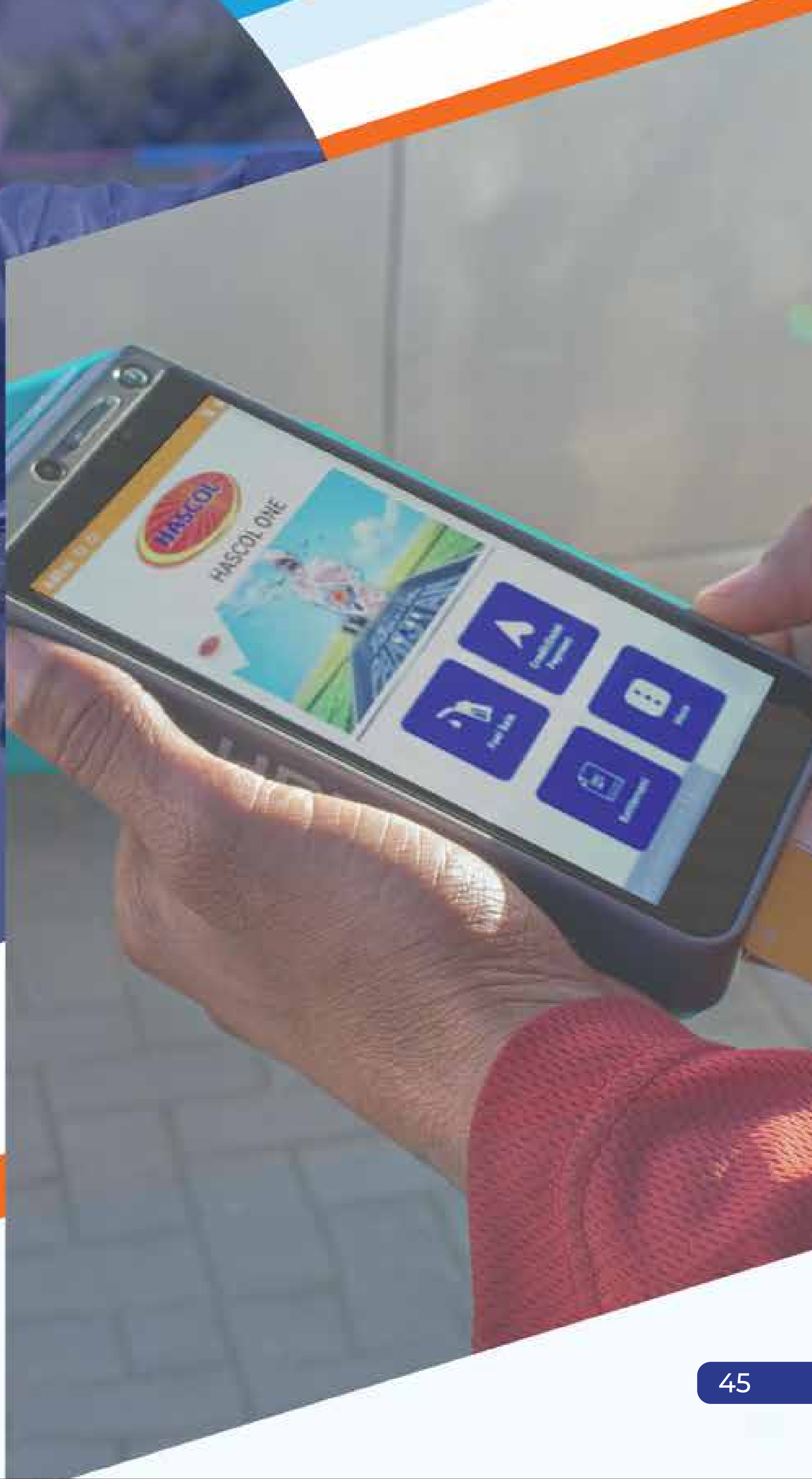
نوٹس:

ا) آن لائن سہولت کے ذریعے شیئر ہولڈرز کی شرکت۔

سالانہ جلسہ عام میں شرکت:

ایس ای سی پی نے اپنی ہدایت کے تحت لسٹڈ کمپنیوں کو ویڈیو لنک کی سہولت کی فراہمی کا بھی بندوبست کرنے کی ہدایت کی ہے۔ اسی مناسبت سے، ہمارے قابل قدر شیئر ہولڈرز کی بہترین مفاد کے لیے اور زیادہ سے زیادہ شرکت کو یقینی بنانے کے لیے، کمپنی نے اس AGM میں شرکت کے لیے ویڈیو لنک کی سہولت کا بھی انتظام کیا ہے۔ ویڈیو لنک کے ذریعے AGM میں شرکت میں دلچسپی رکھنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنی رجسٹریشن کرائیں۔

WhatsApp نمبر 0321-8200864 پر یا ای میل cdcsr@cdcsrsl.com پر بھیج کر تفصیلات درج کریں۔


HASCOL
HASCOL ONE

STATEMENT OF FREE FLOAT OF SHARES

Particulars	Quarter-1 Mar-23	Quarter-2 Jun-23	Quarter-3 Sep-23	Quarter-4 Dec-23
Total Outstanding Shares	999,120,680	999,120,680	999,120,680	999,120,680
Less: Government Holdings	-	-	-	-
Less: Shares held by Directors / Sponsors I Senior Management Officers and their associates	1,201	1,201	5,201	1,201
Less: Shares in Physical Form	3,692,321	3,690,090	3,674,201	3,720,506
Less: Shares held by Associate companies I Group Companies (Cross holdings)	401,697,229	401,697,229	401,697,229	401,697,229
Less: Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
Less: Treasury shares	-	-	-	-
Less: Any other category that are barred from selling at the review date	-	-	-	-
Free Float	**593,729,929**	**593,732,160**	**593,744,049**	**593,749,191**

Farhan Ahmad
Company Secretary

bakertilly

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
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INDEPENDENT REASONABLE ASSURANCE REPORT ON STATEMENT OF FREE FLOAT OF SHARES TO THE CHIEF EXECUTIVE OFFICER OF HASCOL PETROLEUM LIMITED

Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares (the 'Statement') of the Hascol Petroleum Limited (the Company) as of March 31, 2023, June 30, 2023, September 30, 2023 and December 31, 2023.

Applicable Criteria

The criteria against which the Statement is assessed is Regulation No. 5.7.2(b)(ii) of Pakistan Stock Exchange Limited Regulations (PSX Regulations) which requires every listed company to submit directly to Pakistan Stock Exchange (PSX) an annual Free-Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.6.9(a) of the PSX Regulations.

Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of March 31, 2023, June 30, 2023, September 30, 2023 and December 31, 2023. In accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility and summary of the work performed

Our responsibility is to carry out an independent reasonable assurance engagement and to express an opinion as to whether the Statement is prepared in accordance with the applicable criteria, based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the free float of shares and related information in the Statement. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Statement. In making those risk assessments, we considered internal control relevant to the Bank's preparation of the Statement. A reasonable assurance engagement also includes assessing the applicable criteria used and significant estimates made by management, as well as, evaluating the overall presentation of the Statement.

We have carried out the procedures considered necessary for the purpose of providing reasonable assurance on the Statement. Our assurance procedures performed included verification of information in the Statement with the underlying data and record comprising of Central Depository Company statements, forms submitted by the Bank with Securities & Exchange Commission of Pakistan relating to its pattern of shareholding and other related information. Verification that the computation of free float of shares is in accordance with the PSX regulation also forms part of our assurance procedures.

With respect to identification of associates of an individual as defined in section 2 (ii) (a) of the Securities Act, 2015, we have obtained and relied on management's representations that are based on written declarations from individuals (i.e. directors, sponsors and senior management officers of the company) about their associates.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Statement as of March 31, 2023, June 30, 2023, September 30, 2023 and December 31, 2023 is prepared, in all material respects, in accordance with the PSX Regulations.

Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under Regulation No 5.7.2(b)(ii) of the PSX Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachments.

Engagement Partner: Mehmood A. Razzak

Engagement Partner: Mehmood A. Razzak

Karachi.

Date: June 20, 2024

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Hascol Petroleum Limited (hereinafter referred to as 'the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of Directors are seven (7) as per the following:

(a)	Male:	6
(b)	Female:	1

2. The composition of Board as at 31 December 2023 is as follows:

(a)	Independent Directors:	Mr. Mustafa Ashraf Syed Muhammad Mujtaba Jafarey Ms. Naheed Memon Mr. Aamir Amin
(b)	Non-executive Directors:	Sir Alan Duncan Mr. Abdul Aziz Khalid Mr. Farid Arshad Masood
(c)	Executive Directors:	Mr. Aqeel Ahmed Khan
(d)	Female Directors:	Ms. Naheed Memon

* * Syed Muhammad Mujtaba Jafarey, Ms. Naheed Memon and Mr. Aamir Amin were elected as directors in place of Mr. Mohammad Zubair and Mr. Zafar Iqbal Chaudhry in the elections held on 08 September 2023.
* Mr. Aqeel Ahmed Khan was re-appointed as CEO on 22 September 2023 and is a deemed director u/s 188(3) of the Companies Act 2017.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has approved a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Presently, the following four (04) directors of the Company have acquired prescribed certification under the Directors' Training Program:

   - Mr. Mustafa Ashraf
   - Mr. Farid Arshad Masood
   - Ms. Naheed Memon
   - Mr. Aamir Amin

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed four committees comprising of members as given below:

(a) Audit Committee:

Mr. Mustafa Ashraf	Chairperson / Independent Director
Mr. Farid Arshad Masood	Non-Executive Director
Mr. Aamir Amin	Independent Director

(b) Human Resource and Remuneration Committee:

Syed Muhammad Mujtaba Jafarey	Chairperson / Independent Director
Mr. Farid Arshad Masood	Non-Executive Director
Mr. Aamir Amin	Independent Director

(c) Risk Committee:

Ms. Naheed Memon	Chairperson / Independent Director
Mr. Abdul Aziz Khalid	Non-Executive Director
Mr. Mustafa Ashraf	Independent Director

(d) Restructuring Committee:

Mr. Farid Arshad Masood	Chairperson / Non-Executive Director
Mr. Abdul Aziz Khalid	Non-Executive Director
Ms. Naheed Memon	Independent Director
Syed Muhammad Mujtaba Jafarey	Independent Director

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:

a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Half Yearly
c) Risk Committee	Quarterly
d) Restructuring Committee	Fortnightly / Monthly

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

Karachi: March 2024

Aqeel Ahmed Khan
Chief Executive Officer

Farid Arshad Masood
Director

bakertilly

Baker Tilly Mehmood Idrees Qamar
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TO THE MEMBERS OF HASCOL PETROLEUM LIMITED
REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of Hascol Petroleum Limited, for the year ended December 31, 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 unconsolidated 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approvals of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

Engagement Partner: Mehmood A. Razzak

Karachi.

Date: July 02, 2024

UDIN: CR202310151qbC8HGcd7

Statement Of Compliance With The Sukuk (Privately Placed) Regulations, 2017 And Issue of Sukuk Regulations, 2015

This statement is being presented to comply with the requirements under "Issue of Sukuk Regulations, 2015" and "Sukuk (Privately Placed) Regulations, 2017" (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance is for the year ended December 31, 2023.

Hascol Petroleum Limited (the Company) entered into an arrangement for issue of Sukuk amounting to Rs. 2,000 Million inclusive of Green Shoe Option of Rs. 500 Million, on December 31, 2015 for a period of 6 years including a grace period of 1 year. We state that the Company was in compliance with the Sukuk Features and Shari'ah Requirements in accordance with the Regulations up till December 31, 2023. However, the Company has defaulted in subsequent payment of Sukuk Installment which was due in early 2021.

We specifically confirm that:

- The Company has established policies and procedures for all Sukuk related transactions to comply with Sukuk Features and Shari'ah Requirements.
- The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non-compliances of the Sukuk Features and Shari'ah Requirements, whether due to fraud or error;
- The Company has a process to ensure that the management and where appropriate the board of directors, and personnel responsible to ensure the Company's compliance with the Sukuk Features and Shari'ah Requirements are properly trained and systems are properly updated.

The Sukuk Features and Shari'ah Requirements in accordance with issue of the Regulations comprises of the following:

a. Requirements of Shariah Structure and Transaction Documents as stated in the Information Memorandum, with respect to issuance of Sukuk:

i. Trust Deed
ii. Musharka Agreements
iii. Payment Agreements
iv. Purchase Undertaking
v. Asset Purchase Agreement
vi. Investment Agency Agreement
vii. Security Documents

b. Guidelines of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, as notified by the SECP;
c. Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and
d. Other compliances specified in the Regulations as issued by the SECP.

The above Statement has been duly endorsed by the Board of Directors of the Company.

Aqeel Ahmed Khan
Chief Executive Officer

Farid Arshad Masood
Director

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Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF HASCOL PETROLEUM LIMITED ON SHARI'AH COMPLIANCE OF PRIVATELY PLACED SUKUK

Introduction

We were engaged by the Board of Directors ("the Board") of Hascol Petroleum Limited ("the Company") to express an opinion on the annexed Statement of Compliance ("Statement") prepared by management for the year ended December 31, 2023, with Sukuk Features and Shariah Requirements about whether the annexed Statement presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under issue of Sukuk Regulations, 2015 (repealed) and Sukuk (privately placed) Regulations, 2017 (the Regulations) and Shari'ah Opinion (Fatwa) as issued by the Shari'ah Advisor and to the extend applicable, the guidelines of Shari'ah Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the statement) is assessed comprises of the provisions of the Regulations and Shari'ah Opinion (Fatwa) as issued by the Shari'ah Advisor.

Company's Responsibilities for Shari'ah Compliance

The Board and management of the Company are responsible for the preparation of the annexed Statement and to ensure that if is free from material misstatement. It is the responsibility of the Company's Board and management to ensure that all Sukuk related financial arrangements contracts and transactions are in substance and in their legal form, in compliance with the Sukuk Features and Shari'ah Requirements as specified above. The Company's board and management are also responsible for prevention and detection of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its Sukuk related activities and also for designing, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant records and such risk management systems as the management determines is necessary to mitigate the risk of non-compliance of the Sukuk Features and Shari'ah Requirements whether due to fraud or error. They are also responsible for ensuring that personnel involved with the Compliance with the Sukuk Features and Shari'ah requirements are properly trained, and systems are properly updated.

Our Independence and Quality Control

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.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to examine the annexed Statement prepared by management and to report thereon in form of an independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other then Audits or Review of Historical Financial Information, issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This Standard requires that we plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e. about whether the annexed Statement presents fairly the status of compliance with Sukuk Features and Shari'ah Requirement as required Under the Regulation and Shari'ah Opinion (Fatwa) issued by Shari'ah Advisor and to the extent applicable, the guidelines of Shari'ah Standards issued by AAOIFI, in all material respects.

The procedures elected depend on our professional judgment including the assessment of the risk of the Company's non-compliance with Sukuk Features and Shari'ah Requirements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to ensure compliance with Sukuk Features and Shari'ah Requirements, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Company's internal control over ensuring compliance with Sukuk Feature and Shari'ah Requirements.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Sukuk Features and Shahri'ah requirements, and consequently cannot provide absolute assurance that the objective of compliance with Sukuk Features and Shahri'ah Requirement will be met.

The procedures performed included:

- Evaluation of the systems, procedures and practices in place with respect to Sukuk related transactions against the Features and Shari'ah Requirements;
- Verification that payments were made on time and there was no delay;
- Test for a sample of tranactions to help ensure that these are carried out in accordance with the laid down procedures and practices; and
- Review of the statement based on our procedures performed and conclusion reached.

Conclusion

a) As stated in second para to the annexed statement of compliance, the Company has defaulted in payments of principal and profit (for the quarter ended December 31, 2020) due on January 07, 2021. Further, subsequently, no payments were made by the Company till the date of this report.

b) The VIS Credit Rating Company assigned long term credit rating to the Issue (Sukuk) and the Issuer (the Company) as Default (D) and Double C (CC with negative outlook) respectively on March 30, 2021. However, these ratings have subsequently been withdrawn on September 14, 2021 due to non-availability of information.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our conclusion.

In our opinion, except for the effects of the matters stated in para (a) and (b) above, the annexed statement prepared by management, for the year ended December 31, 2023, presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under the Regulation and Shari'ah Opinion (Fatwa) issued by Shari'ah Advisor, and to the extent applicable, the guidelines of Shari'ah Standards issued by AAOIFI, in all material respects.

Engagement Partner: Mehmood A. Razzak

Karachi

Date: July 02, 2024


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AUDITED UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HASCOL PETROLEUM LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Adverse Opinion

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

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

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the "Basis for Adverse Opinion" section of our report, the accompanying unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017) in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the loss, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

a) Due to the reasons stated in note 8.2 and 8.5 to the unconsolidated financial statements, we cannot assess the recoverable amounts of the investments in Hascol Lubricants (Private) Limited (subsidiary) and Karachi Hydrocarbon Terminal Limited (associate) amounting to Rs. 3,150 million (December 31, 2022: Rs. 3,150 million) and Rs. 412.5 million (December 31, 2022: Rs. 412.5 million) respectively, in accordance with the International Financial Reporting Standards (IFRS). Therefore, in the absence of sufficient and appropriate underlying evidence, we cannot determine the amount of adjustments required in opening and closing carrying values of these investments, related taxation including unrecognized deferred tax, loss for the year and retained earnings.

b) The Company engaged a Chartered Accountant firm to resolve the matters pertaining to fixed assets by performing physical verification, tagging, updating fixed asset records, and conducting reconciliation exercises as at the balances of December 31, 2022. Furthermore, the firm undertook reconciliation tasks related to trade debts, advances, other receivables and trade and other payables as at the balances of December 31, 2022 and made adjustments to the records where necessary. However, the tax impact including the impact on unrecognized deferred tax resulting from those adjustments had not been considered in unconsolidated financial statements for the year then ended.

   Due to the absence of adjustments made in the unconsolidated financial statements pertaining to taxes, we were not able to determine the necessary adjustments related to taxation including unrecognized deferred tax, revaluation surplus and impact on retained earnings.

c) As disclosed in note 29.1 to the unconsolidated financial statements, the Company has various pending litigations. Further, the Securities and Exchange Commission of Pakistan (SECP) is investigating the affairs of the Company. The ultimate outcome of these pending litigations and investigations cannot presently be determined and hence, we cannot determine the amount of adjustments required in these unconsolidated financial statements.

   Furthermore, as disclosed in note 29.1 to the unconsolidated financial statements, the Federal Investigation Authority (FIA) is investigating the affairs of the Company.

d) As disclosed in note 21 to the unconsolidated financial statements, the Company has long term financing facilities amounting to Rs. 8,682.206 million (December 31, 2022: Rs. 10,103.537 million). The Company has defaulted in all of its available financing. Accordingly, all the financing facilities should have been classified as current liabilities.

e) As fully disclosed in note 1.2 unconsolidated financial statements, the Company has incurred a net loss of Rs. 17,814.348 million (2022: Rs. 14,439.536 million) during the year ended December 31, 2023, which has resulted in accumulated losses of Rs. 106,119.722 million (2022: Rs. 89,503.731 million) and eroded the equity to Rs. 78,984.714 million (2022: Rs. 61,179.010 million). The Company has also defaulted towards its all major financing arrangements and the liquidity of the Company is dependent upon the proposed restructuring arrangements with the financial institutions and its major shareholder. Furthermore, the situation of the Company may further deteriorate if the possible effects of matters described in Para (a) to (d) above are accounted for in these unconsolidated financial statements. These events indicate a material uncertainty that may cast significant doubts on the Company's ability to continue as a going concern, therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has made an assessment of going concern assumption and provided us the basis of the same. However, we did not consider this evidence sufficient and appropriate to support the going concern assumption. In our opinion, the going concern assumption used in preparation of these unconsolidated financial statements is inappropriate.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the "Basis for Adverse Opinion", we have determined the following to be the key audit matters to be communicated in our report:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	Property, Plant, and Equipment (PPE)	
	As stated in note 5 to the unconsolidated financial statements, the Company has property, plant, and equipment (PPE) amounting to Rs. 21,073.842 million (December 31, 2022: Rs. 22,773.959 million), making it the significant aspect of the unconsolidated financial statements. In the previous years, discrepancies were identified in the recording cycle of PPE including its valuation and existence. Due to this reason the carrying values of PPE along with their revaluation surplus, accumulated depreciation, related provision for taxation and unrecognized deferred tax, retained earnings related restatements and depreciation charge were reported as part of basis of adverse opinion and subsequently rectified. Based on the materiality levels and risk assessments considering historical backgrounds, we have identified the verification of PPE as a key audit matter.	Our key audit procedures, amongst others included the following: • Discussed with management the methodology and process adopted by the management for the recording cycle of PPE; • Performed testing on extended sample of transactions occurred during the year to verify the existence, occurrence, completeness and accuracy of these items through appropriate audit procedures, such as inspection of supporting documents, confirmation with third parties, and recalculations including the process verification. • Reviewed the Company's updated Fixed Asset Register (FAR) and related records, assessing the completeness, accuracy, and validity of the updates made. • Tested the mathematical accuracy of calculations supporting adjustments, such as carrying values, revaluation surplus, accumulated depreciation, provision for taxation and deferred tax, retained earnings, and depreciation charge. • Performed physical inspection of fixed assets on sample basis at year end and identified the items in the fixed assets register with its asset code to verify its valuation and existence. • Obtained written representations from management regarding the completeness and accuracy of the fixed assets register. Confirmed management's responsibility for the unconsolidated financial statements.

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Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the unconsolidated and consolidated financial statements of the Company and our auditor's report thereon.

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. For the matters described in the Basis for Adverse Opinion section of our report, we conclude that the other information is also materially misstated with respect to those matters.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these unconsolidated financial statements in accordance with the International Accounting and Financial Reporting Standards as applicable in Pakistan and the requirements of the Companies Act, 2017, and for such internal control as the management determine is necessary to enable the preparation of the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable, matters relating 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.

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

Auditor's Responsibility for the Audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Report On Other Legal and Regulatory Requirements

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

a) because of the effects of the matters described in Basis for Adverse Opinion section, proper books of accounts have not been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) because of the effects of the matters described in Basis for Adverse Opinion section, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, unconsolidated statement of cash flows and unconsolidated statement of changes in equity together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are not in agreement with the books of account and returns.

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

d) no Zakat was deductible under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mehmood A. Razzak.

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi

Date: July 02, 2024

UDIN: AR202310151QIkGLinac

HASCOL PETROLEUM LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	2023	2022
ASSETS		---------------- Rupees in '000 ----------------	
Non-current assets			
Property, plant and equipment	5	**21,073,842**	22,773,959
Right-of-use assets	6	**2,598,122**	2,896,808
Intangible asset	7	**7,184**	-
Long-term investments	8	**3,675,000**	3,675,000
Deferred taxation - net	9	**-**	-
Long-term deposits	10	**102,303**	230,133
Total non-current assets		**27,456,451**	29,575,900
Current assets			
Stock-in-trade	11	**12,069,049**	8,178,013
Trade debts	12	**954,033**	542,534
Advances	13	**153,420**	239,163
Deposits and prepayments	14	**368,519**	339,664
Other receivables	15		3,961,018
Accrued mark-up and profit	16	**627**	1,368
Short term investments	17	**100,097**	98,700
Cash and bank balances	18	**835,313**	771,689
Total current assets		**22,105,654**	14,132,149
TOTAL ASSETS		**49,562,105**	43,708,049
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	19	**9,991,207**	9,991,207
Reserves	20	**(101,479,987)**	(84,863,996)
Revaluation surplus on property, plant and equipment		**12,504,066**	13,693,779
Total shareholders' deficit		**(78,984,714)**	(61,179,010)
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	21	**8,682,206**	10,103,537
Lease liabilities	22	**3,379,579**	3,513,238
Deferred liabilities	23	**304,369**	484,910
Total non-current liabilities		**12,366,154**	14,101,685
Current liabilities			
Trade and other payables	24	**49,666,442**	31,489,311
Unclaimed dividend	25	**356,928**	356,928
Taxation - net		**1,320,616**	694,740
Accrued mark-up and profit	26	**23,383,120**	14,244,173
Short-term borrowings	27	**35,644,035**	39,302,994
Current portion of non-current liabilities	28	**5,809,524**	4,697,228
Total current liabilities		**116,180,665**	90,785,374
TOTAL LIABILITIES		**128,546,819**	104,887,059
TOTAL EQUITY AND LIABILITIES		**49,562,105**	43,708,049
CONTINGENCIES AND COMMITMENTS	29		

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

	Note	2023	2022
		Rupees in '000	
Sales - net	30	162,747,628	71,166,729
Sales tax		(38,021)	(192,983)
Net sales		162,709,607	70,973,746
Other revenue	31	216,594	136,892
Net revenue		162,926,201	71,110,638
Cost of sales	32	(158,312,436)	(67,928,083)
Gross profit		4,613,765	3,182,555
Distribution and marketing expenses	33	(3,338,416)	(3,375,091)
Administrative expenses	34	(912,369)	(918,715)
Operating expenses		(4,250,785)	(4,293,806)
Allowance for expected credit loss on trade debts	35	(81,007)	-
Other expenses	36	(807,692)	(191,239)
Other income	37	172,969	479,659
Operating loss		(352,750)	(822,831)
Finance cost	38	(11,008,090)	(8,406,119)
Exchange loss - net		(5,799,034)	(4,829,443)
		(16,807,124)	(13,235,562)
Loss before taxation		(17,159,874)	(14,058,393)
Taxation	39	(654,474)	(381,143)
Loss after taxation		(17,814,348)	(14,439,536)
Loss per share - basic and diluted	40	(17.83)	(14.45)

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		Rupees in '000	
Loss after taxation		**(17,814,348)**	(14,439,536)
Items that will not be reclassified subsequently to unconsolidated profit or loss account			
Remeasurement of actuarial gain on defined benefit obligation - net of tax	49.1.6	**8,644**	7
Total comprehensive loss for the year		**(17,805,704)**	(14,439,529)

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

	Share Capital	Capital reserves: Share premium	Revenue reserve: Accumulated loss	Surplus on revaluation of property, plant and equipment	Total shareholders' deficit
	Rupees in '000				
Balance as at January 01, 2022	9,991,207	4,639,735	(68,318,244)	6,381,696	(47,305,606)
Effect of restatement	-	-	(8,047,702)	8,613,827	566,125
	9,991,207	4,639,735	(76,365,946)	14,995,523	(46,739,481)
Total comprehensive loss for the year					
Loss after taxation	-	-	(14,439,536)	-	(14,439,536)
Other comprehensive income					
Remeasurement of actuarial gain on defined benefit obligation-net of tax (note 49.1.6)	-	-	7	-	7
Total comprehensive loss for the year	-	-	(14,439,529)	-	(14,439,529)
Transferred from surplus on revaluation of property, plant and equipment of incremental depreciation	-	-	1,301,744	(1,301,744)	-
	-	-	(13,137,785)	(1,301,744)	(14,439,529)
Balance as at December 31, 2022	9,991,207	4,639,735	(89,503,731)	13,693,779	(61,179,010)
Balance as at January 01, 2023	**9,991,207**	**4,639,735**	**(89,503,731)**	**13,693,779**	**(61,179,010)**
Total comprehensive loss for the year					
Loss after taxation	**-**	**-**	**(17,814,348)**	**-**	**(17,814,348)**
Other comprehensive income					
Remeasurement of actuarial gain on defined benefit obligation-net of tax (note 49.1.6)	**-**	**-**	**8,644**	**-**	**8,644**
Total comprehensive loss for the year	**-**	**-**	**(17,805,704)**	**-**	**(17,805,704)**
Transferred from surplus on revaluation of property, plant and equipment of incremental depreciation	**-**	**-**	**1,189,713**	**(1,189,713)**	**-**
	-	**-**	**(16,615,991)**	**(1,189,713)**	**(17,805,704)**
Balance as at December 31, 2023	**9,991,207**	**4,639,735**	**(106,119,722)**	**12,504,066**	**(78,984,714)**

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

HASCOL PETROLEUM LIMITED
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	Note	2023	2022
		---------------- Rupees in '000 ----------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	43	**6,078,802**	(456,349)
Finance cost paid		**(1,451,638)**	(1,045,859)
Taxes paid		**(32,129)**	(49,083)
Contributions to gratuity fund	49.1.4	**(108,152)**	-
Net cash generated from / (used in) operating activities		**4,486,883**	(1,551,291)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred	5.6.1	**(133,785)**	(61,926)
Additions in intangible assets		**(7,430)**	-
Proceeds from disposal of property, plant and equipment		**17,035**	17,059
Profit / mark-up received on bank deposits and TFC's		**101,353**	56,948
Long-term deposits repaid - net		**127,830**	215,339
Net cash generated from investing activities		**105,003**	227,420
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid - net		**(869,303)**	(924,245)
Dividend paid		**-**	(2)
Net cash used in financing activities		**(869,303)**	(924,247)
Net increase / (decrease) in cash and cash equivalents		**3,722,583**	(2,248,118)
Cash and cash equivalents at the beginning of the year	18 & 27	**(38,531,305)**	(36,283,187)
Cash and cash equivalents at the end of the year	44	**(34,808,722)**	(38,531,305)

The annexed notes from 1 to 53 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

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1. STATUS AND NATURE OF BUSINESS

1.1 Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company and on May 12, 2014 the Company was listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi.

The Company is engaged in the business of procurement, storage and marketing of petroleum, chemicals, LPG and related products. The Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005 and acquired assets of LPG licensed company in the year 2018.

1.2 During the current year, the Company incurred a net loss of Rs. 17.81 billion (2022 - Rs. 14.44 billion), resulting in net shareholders deficit of Rs. 78.98 billion (2022 - Rs. 61.18 billion) as of the statement of financial position date. Further, as of that date the current liabilities of the Company exceeded its current assets by Rs. 94.08 billion (2022 - Rs. 76.65 billion) and has defaulted in majority of its outstanding loans with banks. These conditions may cast significant doubt on the Company's ability to continue as a going concern. However, in order to ensure the Company's ability to operate as a going concern, certain plans and measures have been taken to improve its liquidity and financial position which includes, but not limited to, the following:

a) The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the company for the twelve months following the date of balance, at the date of approval of these financial statements.

b) The expected inflow from the IFEM pool and the assurance of supply continuity was taken into account by the board to arrive at a conclusion that the company will continue to operate as a going concern and there are no current plans to file for liquidation for at least one year (12 months) from the date of the balance sheet being authorised for issue.

c) Except for, where a regulatory action from government department or proceedings of liquidation from a creditor (s) are initiated, wherein , the banking accounts of the company are attached and/ or seized by the relevant action of the regulator or creditor. In such case, the company may face disruptions in its operations and may come to a halt of business operations thus challenging the going concern of the company.

1.3 Geographical location and address of business units

The business unit of the Company include the following:

Business unit	Geographical location
Head Office	29^{th} Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, 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 and Northern areas.

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1.4 Capacity and production

Considering the nature of the Company's business, the information regarding production has no relevance whereas product storage capacities at company's owned facilities during the current year is detailed below:

Description	Storage capacity metric tons	
	HSD	PMG
Daulatpur depot	4,000	2,250
Shikarpur depot	16,200	2,700
Mehmoodkot depot	9,000	4,500
Machike depot	6,000	3,500
Sahiwal depot	6,000	3,500
Kotlajam depot	5,100	4,500
Thalliyan depot	8,000	12,000

2. BASIS OF PREPARATION

2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investment in subsidiary and associate is accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements of the Company are prepared and presented separately.

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case where the provisions and directives issued under the Companies Act 2017 differ, the provisions or directives of the Companies Act, 2017 shall prevail.

These financial statements are being submitted to the shareholders as required under section 223 of the Companies Act 2017 and the Pakistan Stock Exchange Regulations.

2.3 Accounting convention

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Investment at fair value through other comprehensive income	Fair value
Net defined benefit liability	Present value of the defined benefit obligation
Property, plant and equipment	Revalued amounts
Foreign currency monetary liabilities / assets	Spot exchange rates
Lease liability	Present value lease payments

2.3.1 In these financial statements, except for the statement of cash flows, all the transactions have been accounted for on an accrual basis.

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2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

2.5 Standards, Amendments and Interpretations to Published and Approved Accounting Standards

2.5.1 New and amended IFRS Standards with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 01, 2023, have been adopted in these financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after January 01, 2023.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Company accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the statement of financial position. Under the amendments, the Company will recognise a separate deferred tax asset and a deferred tax liability. There will be no impact on retained earnings on adoption of the amendments.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and

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II Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The Board has recently issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

I Requiring companies to disclose their material accounting policies rather than their significant accounting policies;

II Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

III Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

2.5.2 The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2.6 New and revised IFRS issued but not yet effective and not early adopted

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:

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Standards / amendments		Effective date (annual periods beginning on or after)
IAS I	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
IAS 21	Lack of exchangeability - Amendments to IAS 21	January 01, 2025
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 finanlised

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 I	First-time Adoption of International Financial Reporting Standards	January 01, 2004

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of these financial statements in conformity with approved accounting standards as applicable in Pakistan, requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

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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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in these consolidated financial statements:

Control over investments in subsidiaries

Management assesses whether or not the Company has control over its investment in subsidiaries based on whether the Company has the power to direct the relevant activities of the investees unilaterally.

Management consider the Company's absolute size of holding in subsidiaries and relative size of and dispersion of the shareholding owned by the other shareholders. After assessment, the directors, concluded that the Company has a sufficiently dominant voting interest to direct the relevant activities of subsidiaries and therefore Company has control over investment in subsidiaries.

Equity accounting investees

Management assesses whether or not the Company has significant influence over an investee. Management consider the Company's representation on the board of directors or equivalent governing body of the investee, participation in policy making processes, including participation in decisions about dividends or other distributions, material transactions between the investor and the investee, interchange of managerial personnel and provision of essential technical information.

3.2 Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of property, plant and equipment

Carrying value of property, plant and equipment

Management performs impairment reviews on the Company's property, plant and equipment assets at least annually with reference to indicators in IAS 36 'Impairment of Assets'. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to: commodity prices and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets. Assumptions reflect that a market participant would consider when valuing the asset. Judgment is also required in establishing the appropriate grouping of assets into cash generating units.

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Useful life of intangible assets

Amortisation is charged so as to write off the cost of the intangible assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as:

I Expected usage of the assets by the Company;

II Typical product life cycle for the asset and public information on estimates of useful lives of similar type of assets used in similar way.

III Technical, technological, commercial or other types of obsolescence and the period of control over the assets.

IV Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

Useful lives of property, plant and equipment and right of use assets

Depreciation is charged so as to write off the value of assets over their estimated useful lives. In case of ROU assets, depreciation is charged over lower of useful lives and lease term. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Impairment loss on investments in associates

The Company reviews its investments in associates periodically and evaluates the objective evidence of impairment. Objective evidence includes the performance of associate, the future business model, local economic conditions and other relevant factors. Based on the objective evidences, the Company determines the need for impairment loss on investments in associates.

Income tax

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

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Valuation of unquoted investments

Valuation of unquoted equity investments is normally based on one of the following:

I Recent arm's length market transactions;

II Current fair value of another instrument that is substantially the same;

III The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; and

IV Other valuation models.

Impairment loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the creditworthiness of the counterparty, timing and value of anticipated future payments and actions that can be taken to mitigate the risk of non-payment.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Discounting of lease payments

The lease payments are discounted using the Company incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease by inquiring it from local banks. Alternatively the Company estimates IBR by using weighted average cost of short term borrowings at the end of each quarter.

Revaluation of property, plant and equipment

The Company applies revaluation model and revalued its property, plant and equipment every three years. Management has applied judgement and estimates in assessing the fair value of the property, plant and equipment.

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Net realizable value of stock in trade

The Company values inventory at lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Management while estimating the net realisable value take into account the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

Provision and contingencies

The Company recognizes provision when Management is in a position to make reliable estimate of the expenditure required to settle the present obligation and it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation. If the said criteria are not met, then Management reflect the same as contingent liability.

Provision for gratuity

The Company operates funded gratuity scheme whereby Management estimates the liability at reporting date using projected unit credit method. For details please refer note 49.

4. MATERIAL ACCOUNTING POLICIES INFORMATION

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

4.1 Property, plant and equipment

4.1.1 *Initial recognition*

Operating fixed assets

An item of property, plant and equipment is initially recognized at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Operating fixed assets under construction are disclosed as capital work in progress (CWIP). The cost of self constructed assets includes the cost of materials, fixed labour and any other cost directly attributable to bringing the asset into service for its intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

The assets which are available for intended use are initially capitalized at cost as operating fixed asset and depreciated over its useful life. While assets under construction are capitalized to CWIP.

Capital work-in-progress

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction / installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

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4.1.2 *Measurement subsequent to initial recognition*

Carried using revaluation model

Following classes of operating owned assets are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Land lease hold;

- Building on lease hold land;

- Tanks and pipelines;

- Dispensing pumps;

- Plant and machinery;

- Electrical, mechanical and fire fighting equipment;

- Furniture, office equipment and other assets;

- Computer auxiliaries; and

- Motor cars.

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

A revaluation surplus is recorded in statement of comprehensive income and credited to the asset revaluation surplus in equity. However, the increase is recorded in the unconsolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the unconsolidated statement of profit or loss, however, decrease is recorded in statement of comprehensive income to the extent of any credit balance entry in revaluation surplus is respect of the same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit / loss.

Carried using cost model

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Operating fixed assets are generally depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided at the rates as disclosed in note 5.1.

Items of operating fixed assets are measured at cost / revalued amount less accumulated depreciation and impairment losses.

An item of operating fixed assets and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the unconsolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively, if appropriate.

The consideration receivable on disposal of an item of operating fixed assets or an intangible asset is recognised initially at its fair value by the Company. However, if payment for the item is deferred, the consideration receivable is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

Any part of the consideration that is receivable in the form of cash is treated as a financial asset and is accounted for at amortised cost. Useful lives and residual values are reviewed at each reporting date.

Major maintenance, inspection and repairs

Expenditure on major maintenance, refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalised.

Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

4.2 Leases

Company as a lessee

The Company assesses whether contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For such leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

I fixed lease payments (including in-substance fixed payments), less any lease incentives;

II variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

III the amount expected to be payable by the lessee under residual value guarantees;

IV the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

V payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

I The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

II The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in rate in which case a revise discount rate is used).

III A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the statement of financial position. The Company applies IAS-36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the unconsolidated statement of profit or loss. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

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4.3 Intangible asset - computer software

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the unconsolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the unconsolidated statement of profit or loss when the asset is derecognised.

4.4 Financial instruments

In the normal course of business the Company uses financial instruments, principally investments, trade and other receivables, cash and cash equivalents, term deposits, loans and borrowings and trade and other payables.

Classification

Financial assets

The Company classifies its financial assets as follows:

I Financial assets at amortised cost

II Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)

III Financial assets at Fair Value Through Profit or Loss (FVTPL)

To determine their classification and measurement category, all financial assets, except equity instruments and derivatives, is assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test

The Company assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Company reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

Financial liabilities

All financial liabilities are classified as "amortised cost" other than negative fair value of derivatives which are carried at "fair value through profit or loss".

Recognition / derecognition

A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Company has transferred substantially all risks and rewards of ownership and has not retained control. If the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the unconsolidated statement of profit or loss.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the unconsolidated statement of profit or loss or in the statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

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Measurement

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as "at fair value through profit or loss".

Financial assets at amortised cost

A financial asset is measured at amortised cost if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Cash and cash equivalents, trade and receivables and other assets are classified as financial assets at amortised cost.

Financial assets at FVOCI

A debt instrument is measured at FVOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognized in OCI. Interest income calculated using effective interest method, foreign exchange gains / losses and impairment are recognized in the unconsolidated statement of profit or loss. On de-recognition, gains and losses accumulated in the OCI are reclassified to the unconsolidated statement of profit and loss.

For an equity instrument; upon initial recognition, the Company may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Gains and losses on these equity instruments are never recycled to the unconsolidated statement of profit or loss. Dividends are recognised in statement of profit or loss when the right to receive has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the statement of changes in equity.

Financial asset at FVTPL

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the statement of financial position at fair value.

Changes in fair values and dividend income are recorded in the unconsolidated statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

Financial liabilities

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

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Financial guarantees

Financial guarantees are subsequently measured at the higher of the amount initially recognized less any cumulative amortization and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

4.5 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to off-set the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.6 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and equity instrument.

4.7 Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received. Transaction costs directly attributable to the issue of ordinary share are recognized as deduction from equity.

4.8 Share premium reserves

Share premium is recorded on issue of shares in accordance with the requirements of section 83 of the Companies Act, 2017 and Rule 5 of the Companies (Issue of Capital) Rules, 1996 amendment pursuant of S.R.O 34 (I)/2016 dated 19th January 2016. The premium is available for use as per section 81 of the Companies Act, 2017.

4.9 Dividend distribution

Final dividend distribution to the Company's shareholders is recognized as a liability in the financial statement in the period in which the dividends are approved, while interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. However, if these are approved after the reporting period but before the financial statements are authorized for issue, they are disclosed in the notes to the financial statements.

4.10 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is calculated by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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4.11 Investment in subsidiary

A subsidiary is an entity controlled by the Company. The Company controls an investee when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect the return through its power over the investee. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

Investment in subsidiary are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit or loss.

4.12 Investment in associate

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but also neither has control nor joint control over those policies.

Investment in associate are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense.

Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit or loss.

When necessary the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS-36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognized in accordance with IAS-36 to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with an associate profits and losses resulting from the transactions with the associate is recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

4.13 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of the business, if longer. If not, they are presented as non-current liabilities.

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Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities with corresponding impact to profit or loss account.

4.14 Trade and other receivables

Receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case they are recognized at fair value and subsequently measured at amortized cost using effective interest method less loss allowance. Trade debts and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising on translation in respect of trade debts and other receivables in foreign currency are added to the carrying amount of the respective receivables with corresponding impact in the unconsolidated statement of profit or loss.

4.15 Advance and deposits

These are stated at cost less provision for doubtful balances, if any. Deposits represent security deposits from dealers by virtue of agreement and are interest free. These are repayable on cancellation on dealership contract with dealers.

4.16 Stock-in-trade

Inventories are stated at the lower of cost or net realisable value. Costs comprise purchase cost and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in selling. The cost of the inventory is determined using FIFO method.

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon. Provision is made for obsolete / slow moving stocks where necessary and recognized in the unconsolidated statement of profit or loss. Net realizable value represents the estimated selling value price in the ordinary course of business less estimated costs necessary in order to make the sale.

4.17 Impairment of non financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the unconsolidated statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Impairment of financial assets

The Company recognizes ECL for cash and bank balances, due from related parties, and other assets using the general approach and uses the simplified approach for trade receivables as allowed by IFRS 9.

General approach

The Company applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

Simplified approach

The Company applies simplified approach to measuring credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default.

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The Company derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

I when there is a breach of financial covenants by the debtor; or

II information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Company incorporates forward-looking information based on expected changes in macro-economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

4.18 Short term investments

This represent placement in TFCs with financial institution. These are measured at fair value through profit or loss account and any gain or loss on this instrument subsequently measured is recognised in the unconsolidated statement of profit or loss and presented in finance income / cost in the period in which it arises.

4.19 Cash and cash equivalents

Cash and cash equivalents are carried in the financial statement at amortized cost. For the purposes of the statement of cash flows, cash and cash equivalents include cash in hand, demand deposit, bank balances, short term borrowings and other items of current assets and current liabilities which qualify as cash equivalent.

4.20 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of this discounting is recognised as finance cost.

Amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A contingent liability 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 a present obligation that arises from past events but is not recognized because 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. Contingent liabilities are only disclosed and not recognized as liability in the statement of financial position.

4.21 Commitment

Commitments are disclosed in the financial statements at committed amount which is presented in Pakistani Rupees.

4.22 Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Company's financial statements and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by SECP vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ujrah payments made under an Ijarah are charged to the profit or loss account on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

4.23 Foreign currency transactions

Transactions in foreign currencies are translated into Pakistani Rupees at exchange rates ruling at the value dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies (including monetary assets and liabilities considered as a net investment in foreign operation) are translated into Pakistani Rupees at exchange rates ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised costs in the Pakistani Rupees at the beginning of the period, adjusted for effective interest and payments during the period and the amortised costs in foreign currency translated at the exchange rate at the end of the period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Pakistani Rupees at the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

4.24 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the statement of profit or loss except to the extent that it relates to items recognized outside the unconsolidated statement of profit or loss (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside the unconsolidated statement of profit or loss.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustments to tax payable in respect of prior years.

Deferred

Deferred tax is provided for using the financial position method providing the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the financial position date. Deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted. The Company takes into account the current income tax laws and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the profit or loss account, except in the case of items credited or charged to equity or statement of comprehensive income, in which case it is included in equity or statement of comprehensive income as the case may be.

4.25 Revenue recognition

Revenue from sale of oil

The process for applying the requirements of standard is separated into five steps:

I Step 1 – Identify the contract with a customer

II Step 2 – Identify the separate performance obligations in the contract

III Step 3 – Determine the transaction price

IV Step 4 – Allocate the transaction price to the separate performance obligations in the contract

V Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

The Company recognises revenue over time if any one of the following criteria is met:

I The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

II The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

III The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance obligation completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

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Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Company's activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Company and the amount of revenue can be measured reliably and is stated net of sales taxes and discounts. If advances are received from customers for future contractual services, the revenue is deferred until the services are provided.

Where revenue contains a significant financing element, the financing element is shown as a financing item and revenues are adjusted by a corresponding amount.

Other revenue

Non-fuel retail income and other revenue (including license fee) is recognized on an accrual basis.

Handling, storage and other services income is recognized when the services have been rendered.

Other income

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

Return on bank deposits is recognized when it is probable that the economic benefits will flow to the entity and the amount of income can be measured reliably. Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable.

Rental income from short term lease or low value lease is recognized on a straight line basis over the terms of the relevant lease. Initial direct cost incurred in negotiating and arranging a lease are added to the carrying amounts of the leased assets and recognized on a straight line basis over the leased term.

4.26 Retirement and other service benefits

Approved defined benefit funded gratuity plan

Approved defined benefit funded gratuity plan for employees who have completed five years of service. The amount arising as a result of remeasurements of employee retirement benefits are recognised immediately in other comprehensive income. Past service cost and curtailments are recognised in the unconsolidated statement of profit or loss, in the period in which a change takes place.

Annual provision is made on the basis of actuarial valuation carried out by independent actuary using the Projected Unit Credit Method, related details of which are given in note 49 to the financial statements. Latest valuation was conducted as at December 31, 2023.

Contributory provident fund

The Company operates an approved contributory provident fund for all its permanent employees. The contribution to the fund is made by the Company as well as the employees at the rate of 5.72% percent of the basic salary.

4.27 Segmental reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segment results are reviewed regularly by the Company's Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Chief Executive Officer (Chief Operating Decision Maker), in deciding how to allocate resources and in assessing performance.

The accounting policies of the operating segments are the same as the Company's accounting policies described in this note, except that IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the Chief Operating Decision Maker.

4.28 Fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods.

Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

I In the principal market for the asset or liability, or

II In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

I Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

II Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

III Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

4.29 Finance income and expenses

Finance income comprises foreign exchange gains and interest income. Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset at the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are added to the cost of the respective assets. Interest revenue earned on deposits of borrowed funds is netted off against the cost of the borrowed funds added to the cost of the respective assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

4.30 Related party transactions

All transactions with related parties are carried out by the Company at arm's length price using the comparable uncontrolled valuation method.

4.31 Investment income

Investment income comprises dividend income, impairment losses on investments, gains and losses on sale of investments and fair value changes on investments held at fair value through profit and loss and held for trading. Dividend income is recognised when the right to receive the dividend is established.

4.32 Events after the reporting date

The Company financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are disclosed in the financial statements when material.

4.33 Operating expenses

Operating expenses are recognised in the unconsolidated statement of profit or loss upon utilization of the service or as incurred. Expenditure for warranties is recognised when the Company incurs an obligation, which is typically when the related goods are sold.

4.34 Unclaimed dividend

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

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5. PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		Rupees in '000	
Operating fixed assets	5.1	**18,712,213**	20,394,866
Capital work-in-progress	5.6	**2,361,629**	2,379,093
		21,073,842	22,773,959

5.1 Operating fixed assets

	Owned assets										Leased Assets		
								Vehicles			Vehicles		
	Lease hold Land	Building on lease hold	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Tank lorries	Motor cars	Computer auxiliaries	Tank lorries	Motor cars	Total operating fixed assets
	Rupees in '000												
At January 1, 2023													
Cost / revalued amount	4,091,341	7,767,153	4,481,911	3,221,684	1,020,626	2,146,541	312,546	586,174	125,697	56,578	1,323,519	86,793	25,220,563
Accumulated depreciation	-	(1,251,094)	(589,813)	(1,109,087)	(202,089)	(583,423)	(137,992)	(310,333)	(47,950)	(50,054)	(542,415)	(1,447)	(4,825,697)
Net book value	4,091,341	6,516,059	3,892,098	2,112,597	818,537	1,563,118	174,554	275,841	77,747	6,524	781,104	85,346	20,394,866
Year ended December 31, 2023													
Opening net book value	4,091,341	6,516,059	3,892,098	2,112,597	818,537	1,563,118	174,554	275,841	77,747	6,524	781,104	85,346	20,394,866
Addition / transfer from CWIP	8,742	62,214	53,766	3,624	-	16,091	2,366	-	-	4,446	-	-	151,249
Disposals													
Cost	-	-	-	(1,818)	-	-	-	(20,516)	-	(181)	-	-	(22,515)
Accumulated depreciation	-	-	-	556	-	-	-	10,600	-	181	-	-	11,337
	-	-	-	(1,262)	-	-	-	(9,916)	-	-	-	-	(11,178)
Depreciation charge for the year (note 5.4)	-	(500,084)	(283,380)	(383,158)	(78,112)	(305,498)	(45,637)	(60,498)	(17,308)	(1,391)	(130,300)	(17,359)	(1,822,724)
Closing net book value	4,100,083	6,078,189	3,662,484	1,731,801	740,425	1,273,711	131,283	205,427	60,439	9,579	650,804	67,987	18,712,213
At December 31, 2023													
Cost / revalued amount	4,100,083	7,829,367	4,535,677	3,223,490	1,020,626	2,162,632	314,912	565,658	125,697	60,843	1,323,519	86,793	25,349,297
Accumulated depreciation	-	(1,751,178)	(873,193)	(1,491,689)	(280,201)	(888,921)	(183,629)	(360,231)	(65,258)	(51,264)	(672,715)	(18,806)	(6,637,084)
Net book value	4,100,083	6,078,189	3,662,484	1,731,801	740,425	1,273,711	131,283	205,427	60,439	9,579	650,804	67,987	18,712,213
Depreciation rate - %	-	5	5	6.67	5	10	20	10	20	33.33	10	20	

	Owned assets										Leased Assets			
								Vehicles				Vehicles		
	Lease hold Land	Building on lease hold	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Tank lorries	Motor cars	Computer auxiliaries	Plant and machinery	Tank lorries	Motor cars	Total operating fixed assets
	Rupees in '000													
Cost as at January 1, 2022														
Cost / revalued amount	4,179,742	9,712,084	5,175,978	2,730,478	569,898	3,434,321	373,146	329,801	159,954	172,023	125,000	1,891,919	38,869	28,893,213
Reclassification as reported in prior year	(95,792)	(1,972,800)	(694,338)	490,016	450,728	(1,290,854)	(60,229)	256,373	(19,483)	(115,482)	(125,000)	(568,400)	47,924	(3,697,337)
Cost as at January 1, 2022	4,083,950	7,739,284	4,481,640	3,220,494	1,020,626	2,143,467	312,917	586,174	140,471	56,541	-	1,323,519	86,793	25,195,876
Acc. depreciation as at January 1, 2022														
Accumulated depreciation	-	(2,197,752)	(895,610)	(881,859)	(146,399)	(1,113,068)	(267,472)	(56,978)	(108,035)	(155,982)	(43,608)	(713,741)	(26,820)	(6,607,324)
Net impact of restatements	-	1,444,385	573,833	344,813	21,967	834,217	156,941	(194,738)	53,753	111,247	43,608	303,678	26,820	3,720,524
Acc. depreciation as at January 1, 2022 - as restated	-	(753,367)	(321,777)	(537,046)	(124,432)	(278,851)	(110,531)	(251,716)	(54,282)	(44,735)	-	(410,063)	-	(2,886,800)
Net book value as at January 01, 2022 - as restated	4,083,950	6,985,917	4,159,863	2,683,448	896,194	1,864,616	202,386	334,458	86,189	11,806	-	913,456	86,793	22,309,076
Year ended December 31, 2022														
Opening net book value	4,083,950	6,985,917	4,159,863	2,683,448	896,194	1,864,616	202,386	334,458	86,189	11,806	-	913,456	86,793	22,309,076
Addition / transfer from CWIP	7,391	27,869	532	1,190	-	3,074	339	-	370	37	-	-	-	40,802
Disposals														
Cost	-	-	(261)	-	-	-	(710)	-	(15,144)	-	-	-	-	(16,115)
Accumulated depreciation	-	-	10	-	-	-	657	-	10,496	-	-	-	-	11,163
	-	-	(251)	-	-	-	(53)	-	(4,648)	-	-	-	-	(4,952)
Depreciation charge for the year (note 5.4)	-	(497,727)	(268,046)	(572,041)	(77,657)	(304,572)	(28,118)	(58,617)	(4,164)	(5,319)	-	(132,352)	(1,447)	(1,950,060)
Closing net book value	4,091,341	6,516,059	3,892,098	2,112,597	818,537	1,563,118	174,554	275,841	77,747	6,524	-	781,104	85,346	20,394,866
At December 31, 2022														
Cost / revalued amount	4,091,341	7,767,153	4,481,911	3,221,684	1,020,626	2,146,541	312,546	586,174	125,697	56,578	-	1,323,519	86,793	25,220,563
Accumulated depreciation	-	(1,251,094)	(589,813)	(1,109,087)	(202,089)	(583,423)	(137,992)	(310,333)	(47,950)	(50,054)	-	(542,415)	(1,447)	(4,825,697)
Net book value	4,091,341	6,516,059	3,892,098	2,112,597	818,537	1,563,118	174,554	275,841	77,747	6,524	-	781,104	85,346	20,394,866
Depreciation rate - %	-	5	5	6.67	5	10	20	10	20	33.33	5	10	20	

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5.2 Assets not in possession of the Company

Due to large number of dealers, it is impracticable to disclose the name of each person having possession of operating fixed assets, as required under Paragraph 12 of Part II of the 4th Schedule to the Companies Act, 2017.

Operating fixed assets held by dealers of retail outlets of the Company are tanks and pipelines dispensing pumps, plant and machinery, electrical, mechanical and fire fighting equipment's. These assets are not in possession of the Company as these have been provided to dealers of retail outlets to facilitate them to promote and sell the Company's products.

5.3 Details of immovable assets

The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of location	Address	Total area of land in square yards
Depots		
Daulatpur depot	Taluka Qazi Ahmed, District Shaheed Benazirabad, Nawabshah	35,428
Kotlajam depot	Kotlajam Dagar, Tehsil & District Bhakhar, Mianwali	29,040
Machike depot	Chak Dhantpura, Machike, District Sheikhupura	139,584
Mehmood kot depot	Qasba Gujrat, Tehsil Kot Addu, District Muzzafargarh	29,554
Sahiwal depot	Pakpattan Road, Tehsil & District Sahiwal	28,435
Marshal Gas depot	Naclass No.213, Deh Konkar, Gadaptown, Karachi	14,520
Others		
LPG terminal	Plot of land bearing No. B-26, B-27 and G2 situated at North Western Industrial Zone, Port Qasim Authority, Bin Qasim, Karachi	90,508
Retail outlet	Main Raiwind Road, Hadbast Mouza Bhobattian, Tehsil Raiwind, District Lahore	2,118
Karachi office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi	386
Lahore office	Office No. 5-I, measuring 6,010 Sq. Ft., 5th Floor, constructed over Plot No. 19, Khayaban-e-Aiwan-e-Iqbal, Lahore	6,101

5.4 Allocation of depreciation expense

The depreciation charged for the year has been allocated as follows:	Note	2023	2022
		Rupees in '000	
Distribution and marketing expenses	33	**1,760,098**	1,887,148
Administrative expenses	34	**62,626**	62,912
		1,822,724	1,950,060

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5.5 Disposal of assets

During the year written down value of operating fixed assets that have been disposed-off amount to Rs. 11 million (2022: Rs. 4.9 million). Details of operating fixed assets disposed off with WDV above Rs. 500,000 are given below:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
	Rupees in 000						
Dispensing pump	758	190	568	70	(498)	Christopher Electrical Engineering	Outright Sale
Dispensing pump	1,060	379	681	20	(661)		
Tank lorry	20,516	10,771	9,745	16,900	7,155	EFU	Outright Sale
2023	**22,334**	**11,340**	**10,994**	**16,990**	**5,996**		
2022	12,104	7,464	4,640	13,600	8,960		

5.6 Capital work-in-progress

	Note	2023	2022
		Rupees in '000	
Buildings		**294,575**	287,434
Machinery, tanks and pumps		**1,891,075**	1,915,681
Retail sites		**15,420**	15,000
Furniture, office equipment and other assets		**22,221**	22,640
Borrowing cost capitalized		**138,338**	138,338
		2,361,629	2,379,093

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

	Note	2023	2022
Balance at the beginning of the year		**4,430,700**	4,409,576
Additions during the year		**133,785**	61,926
Transfers during the year	5.1	**(151,249)**	(40,802)
		4,413,236	4,430,700
Provisions for CWIP	5.6.2	**(2,051,607)**	(2,051,607)
Balance at the end of the year		**2,361,629**	2,379,093

5.6.2 Movement of provision for CWIP

	2023	2022
Balance at the beginning of the year	**2,051,607**	1,952,797
Impact of restatement as at January 01, 2022	**-**	98,810
Balance at the end of the year	**2,051,607**	2,051,607

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5.6.3 The Capital work in progress (CWIP) carrying amount, provision and its fair value are as follows:

	Carrying amount	Provision	Net carrying amount	Fair value
December 31, 2023	Rupees in '000			
Buildings	**1,021,522**	**726,947**	**294,575**	**287,433**
Machinery, tanks and pumps	**2,713,043**	**821,968**	**1,891,075**	**1,576,917**
Retail sites	**511,528**	**496,108**	**15,420**	**-**
Others	**167,143**	**6,584**	**160,559**	**-**
	4,413,236	**2,051,607**	**2,361,629**	**1,864,350**
December 31, 2022				
Buildings	1,014,381	726,947	287,434	287,433
Machinery, tanks and pumps	2,737,649	821,968	1,915,681	1,576,917
Retail sites	511,108	496,108	15,000	-
Others	167,562	6,584	160,978	-
	4,430,700	2,051,607	2,379,093	1,864,350

Provision of Rs. 2 billion mainly comprise of the following:

a) Management estimates of the recoverable amount for retail sites & others amounting to Rs. 0.5 billion; and

b) Decrease in fair value based on valuation carried out by the independent valuer for Thalian Depot Hub & Machike B & C amounting to Rs. 1.5 billion.

6. RIGHT-OF-USE ASSETS

The Company's leases mainly comprise of storage facilities, Company owned and operated pump sites and offices. Information about leases for which the Company is a lessee is presented below.

	Storage facility	Provision	Offices	Total
	Rupees in '000			
Balance as at January 01, 2023	**92,445**	**2,536,243**	**268,120**	**2,896,808**
Additions during the year (note 22.2.1)	**-**	**9,104**	**-**	**9,104**
Depreciation charge for the year (note 6.2)	**(5,452)**	**(215,734)**	**(86,604)**	**(307,790)**
Balance as at December 31, 2023	**86,993**	**2,329,613**	**181,516**	**2,598,122**
Balance as at January 01, 2022	23,312	2,771,933	351,378	3,146,623
Additions during the year (note 22.2.1)	74,585	58,052	-	132,637
Depreciation charge for the year (note 6.2)	(5,452)	(293,742)	(83,258)	(382,452)
Balance as at December 31, 2022	92,445	2,536,243	268,120	2,896,808

6.1 The right-of-use assets are depreciated on straight line basis on lower of remaining lease term and useful life.

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	Note	2023	2022
6.2 Amounts recognized in statement of profit or loss		---- Rupees in '000 ----	
Depreciation on right-of-use assets			
Cost of sales	32.2	5,452	5,452
Distribution and marketing expenses	33	215,734	293,742
Administrative expenses	34	86,604	83,258
		307,790	382,452
Finance cost			
Interest on lease liabilities	38	417,505	425,696
Amounts recognized in statement of cashflows			
Total cash outflow for leases	22.2.1	536,605	551,920
7. INTANGIBLE ASSET			
Computer software		7,184	-
Net carrying value			
Net book value at beginning of the year		-	286
Addition for the year		7,430	-
Amortization charge for the year	34	(246)	(286)
Net book value at the end of the year		7,184	-
Net book value			
Gross carrying value			
Cost		19,525	12,095
Accumulated amortization		(12,341)	(12,095)
Net book value at the end of the year		7,184	-
Rate of amortization - %		33.33	33.33

7.1 Intangible assets mainly comprise of operational softwares.

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8. LONG-TERM INVESTMENTS	Note	2023	2022
		Rupees in '000	
Investment in subsidiary company - at cost			
Hascombe Lubricant (Private) Limited - unquoted	8.1	-	-
Hascol Lubricant (Private) Limited - unquoted	8.2	3,150,000	3,150,000
Investment in associated companies - at cost			
VAS LNG (Private) Limited - unquoted	8.3	-	-
Magic River Services Limited	8.4	110,000	110,000
Karachi Hydrocarbon Terminal Limited - unquoted (formerly : Hascol Terminal Limited)	8.5	412,500	412,500
		3,672,500	3,672,500
Advance against purchase of shares - with related parties			
Karachi Hydrocarbon Terminal Limited - unquoted (formerly : Hascol Terminal Limited)		2,500	2,500
		3,675,000	3,675,000

	Note	2023	2022
8.1 Investment at cost		30,604	30,604
Movement in provision for impairment			
Balance at the beginning of the year		(30,604)	(30,604)
Provision made during the year		-	-
Balance at the end of the year		(30,604)	(30,604)
Net book value	8.1.1	-	-

8.1.1 This represents investment in wholly owned subsidiary of the Company, incorporated in Pakistan under the repealed Companies Ordinance, 1984. Its shares are not quoted in active market. The Company holds 9.78 million ordinary shares (2022: 9.78 million) of Rs. 10 per share.

8.2 This represents investment in wholly owned subsidiary of the Company and is recognized at cost. Its shares are not quoted in active market. The Company holds 315 million (2022: 315 million) ordinary shares of Rs. 10 per share.

The Management cannot assess the recoverable amount as of December 31, 2023 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

	Note	2023	2022
		Rupees in '000	
8.3 Investment at cost		3,000	3,000
Advance against purchase of shares		1,023	1,023
Movement in provision for impairment			
Balance at the beginning of the year		(4,023)	(4,023)
Provision made during the year		-	-
Balance at the end of the year		(4,023)	(4,023)
Net book value	8.3.1	-	-

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8.3.1 Investment in VAS LNG (Private) Limited (VL) amounts to Rs. 3 million (2022: Rs. 3 million) representing 30% (2022: 30%) equity stake and Advance against issue of shares to VAS LNG (Private) Limited which amounts to Rs. 1.02 (2022: Rs. 1.02) million.

The Company holds 0.3 million ordinary shares (2022: 0.3 million) of Rs. 10 per share which have been provided in the year 2020 as VL has already filed liquidation in the month of October 2020 and the Company is not expecting recoverability of its investment.

8.4 The Company made investment in Magic River Services Limited in the year 2018. It's a joint venture arrangement whereby the Company is entitled for 25% share of profit derived from sale of petroleum products by Magic River. The carrying amount of investments as of 31 December 2023 amounting to Rs. 110 million (2022: Rs. 110 million).

8.5 Investment in Karachi Hydrocarbon Terminals Limited -formerly Hascol Terminal Limited (KHTL) represent 41.3 million shares (2022 : 41.3 million) fully paid ordinary shares of Rs. 10 per share and is recognized at cost.

The KHTL is engaged in providing storage facilities for imported and locally procured petroleum and related products. The Management cannot assess the recoverable amount as of December 31, 2023 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

9. DEFERRED TAXATION - NET

	Note	2023	2022
		---------------- Rupees in '000 ----------------	
Taxable temporary difference arising in respect of:			
Revaluation of operating fixed assets		**(3,023,983)**	(3,368,999)
Deductible temporary difference arising in respect of:			
Long term investment		**10,038**	10,038
Liabilities against right-of-use assets		**1,227,337**	884,430
Exchange loss		**575,395**	791,226
Provision for :			
- retirement benefit		**27,892**	52,267
- ECL on trade debts		**2,787,832**	2,736,611
- short term investments - TFCs		**1,421**	1,808
- ECL on long term deposits		**14**	14
- against stock		**35,862**	20,068
- suppliers and services advance		**691,371**	643,491
- IFEM, RD and PDC		**491,187**	491,187
Accelerated depreciation		**399,753**	-
Normal tax loss		**23,444,314**	19,148,862
		26,668,433	21,411,003
Unrecognized deferred tax asset	9.1	**(26,668,433)**	(21,411,003)
		-	-

9.1 Deferred tax asset of Rs. 26,668 million (2022: Rs. 21,411 million) has not been recognised in these unconsolidated financial statements due to uncertainty in availability of future taxable profits based on financial projections of future years.

However, in futrue years and based on the availablility of taxable profits, the unutilized deffered tax asset will be recognized.

As at the year end, the Company's tax losses amounted to Rs. 64,113 million (2022: 61,961 million).

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10. LONG-TERM DEPOSITS

	Note	2023	2022
		Rupees in '000	
Lease deposits		128,637	261,429
Current portion of lease deposits	14	(128,637)	(133,599
		-	127,830
Deposits against:			
- retail outlets		70,814	70,814
- others		31,536	31,536
		102,350	102,350
		102,350	230,180
Allowance for ECL on long term deposits	10.1	(47)	(47)
		102,303	230,133

10.1 Allowance for ECL on long term deposits

	2023	2022
Balance at the beginning of the year	47	47
Allowance made during the year	-	-
Balance at the end of the year	47	47

11. STOCK-IN-TRADE

	Note	2023	2022
Finished goods			
- Fuels	11.1	12,192,760	6,661,740
- Petrochemicals		-	2,219
		12,192,760	6,663,959
Stock in transit - fuels		-	1,583,281
Provision against stock	11.2	(123,711)	(69,227)
	32	12,069,049	8,178,013

11.1 Fuels include Rs. 2,012 million (2022: Rs. 1,168 million) of high speed diesel which has been maintained as line fill necessary for the pipeline to operate.

11.2 Movement in provision against stock

	Note	2023	2022
		Rupees in '000	
Balance at the beginning of the year		69,227	69,227
Provisions made during the year	11.2.1	54,484	-
Balance at the end of the year		123,711	69,227

11.2.1 An additional provision of Rs. 54 million has been made for the disputed stock held at a third-party warehouse under the hospitality arrangement.

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12. TRADE DEBTS

	Note	2023	2022
		Rupees in '000	
Unsecured, considered good		954,033	542,534
Considered doubtful		9,617,070	9,536,063
		10,571,103	10,078,597
Allowance for expected credit loss (ECL)	12.1	(9,617,070)	(9,536,063)
		954,033	542,534

12.1 The Company recognises the expected credit losses for trade debts using the simplified approach. As per the simplified approach, the loss allowance as at December 31, 2023 and 2022 as per IFRS 9 is as follows:

Movement of allowance for ECL	Note	2023	2022
		Rupees in '000	
Balance at the beginning of the year		9,536,063	9,894,140
Allowance / (reversal) made during the year	35 & 37	81,007	(313,852)
Write-off during the year		-	(44,225)
Balance at the end of the year		9,617,070	9,536,063

12.1.1 The Board of Directors of the company approved provision of Rs. 9,617 million (2022: Rs. 9,536 million) against doubtful receivables and write off of Rs. Nil (2022: Rs. 44 million) in the financial statements for the year ended December 31, 2023.

13. ADVANCES

Advances - considered good, unsecured	Note	2023	2022
		Rupees in '000	
Supplier & Service provider	13.1	2,497,981	2,428,384
To employees:			
- against expenses	13.2	17,682	17,645
- against salaries	13.2	22,750	12,067
Provision for supplier & services advance	13.3	(2,384,993)	(2,218,933)
		153,420	239,163

13.1 This includes advance to suppliers in the normal course of business as per commercial terms, currently the Company has 82 (2022: 70) suppliers whose advances exceed Rs. 1 million and these are given for procurement of equipment, fleet card operations, monitoring fee, consultancy and storages facilities.

13.2 This includes advance to employees against expenses and salaries as per employment terms, currently the company has 12 (2022: 8) employees whose advance exceed 1 million.

13.3 Movement of provision for suppliers and service provider

	Note	2023	2022
		Rupees in '000	
Balance at the beginning of the year		2,218,933	2,037,036
Provisions made during the year	36	166,060	181,897
Balance at the end of the year		2,384,993	2,218,933

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14. DEPOSITS AND PREPAYMENTS

	Note	2023	2022
		Rupees in '000	
Deposits			
Current portion of long term lease deposits	10	**128,637**	133,599
Other deposits		**184,406**	148,470
		313,043	282,069
Prepayments			
Insurance and others		**28,653**	28,565
Rent		**26,823**	29,030
		55,476	57,595
		368,519	339,664

15. OTHER RECEIVABLES

	Note	2023	2022
Inland freight equalization margin ("IFEM") receivable		**7,966,951**	5,051,152
Miscellaneous receivables	15.1	**18,957**	17,400
Receivable against regulatory duty ("RD")		**25,533**	25,533
Receivable from Hascol Lubricants (Private) Limited	42.2	**37,284**	37,823
Sales tax refundable		**1,262,680**	515,919
Price differential claims ("PDC")	15.2	**7,618**	7,618
Provisioning of IFEM, RD and PDC	15.3	**(1,694,427)**	(1,694,427)
		7,624,596	3,961,018

15.1 This includes amount receivable from Magic River Limited (an associated Company) against share of profit amounting to Rs. 0.7 million (2022: 1.1 million).

15.2 This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources. The Company together with other oil marketing companies is actively perusing the matter with the concerned authorities for the early settlement of the above claims.

15.3 Movement of provision for impairment

	Note	2023	2022
		Rupees in '000	
Balance at the beginning of the year		**1,694,427**	1,694,427
Provisions made during the year		**-**	-
Balance at the end of the year	15.3.1	**1,694,427**	1,694,427

15.3.1 This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM). The provision of IFEM represents management estimate to assess the recoverable amount as of December 31, 2023.

16. ACCRUED MARK-UP AND PROFIT

	Note	2023	2022
		Rupees in '000	
From conventional banks		**627**	1,333
From Islamic banks		**-**	35
		627	1,368

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17. SHORT TERM INVESTMENT

The Company placed investment in fully paid-up, rated, privately placed, perpetual, unsecured, sub-ordinated, non-cumulative and contingent convertible debt instrument from Habib Bank Limited in the nature of Term Finance Certificates ("TFCs"). These carry mark-up at the rate of 3 month KIBOR+1.6% payable quarterly.

18. CASH AND BANK BALANCES

	Note	2023	2022
		Rupees in '000	
Balances with banks - in current accounts:			
- Conventional banks		**172,190**	135,402
- Dividend account		**356,929**	356,929
- Islamic banks		**4**	208
		529,123	492,539
Balances with banks - in saving accounts:			
- Conventional banks		**303,717**	272,448
- Islamic banks		**1,366**	5,781
	18.1	**305,083**	278,229
Cash in hand		**1,107**	921
		835,313	771,689

18.1 These carry mark-up / profit ranging from 10% to 20.50% per annum (2022: Ranging from 7.21% to 13.65% per annum).

19. SHARE CAPITAL

19.1 Authorized share capital

2023	2022	2023	2022
Number of shares		Rupees in '000	
5,000,000,000	5,000,000,000	**50,000,000**	50,000,000

19.2 Issued, subscribed and paid-up share capital

2023	2022		Note	2023	2022
Number of shares				Rupees in '000	
89,540,000	89,540,000	Ordinary shares of Rs. 10 each fully paid in cash		**895,400**	895,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	19.3	**10,600**	10,600
9,966,000	9,966,000	Annual bonus @ 11% December 2014		**99,660**	99,660
20,113,200	20,113,200	Interim bonus @ 20% June 2015		**201,132**	201,132
24,135,840	24,135,840	Right issue @ 20% September 2017		**241,358**	241,358
36,203,760	36,203,760	Bonus issue @ 25% September 2018		**362,038**	362,038
18,101,880	18,101,880	Bonus issue @ 25% December 2018		**181,019**	181,019
800,000,000	800,000,000	Right issue @ 401.77% January 2020	19.4	**8,000,000**	8,000,000
999,120,680	999,120,680			**9,991,207**	9,991,207

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19.3 These were issued on December 8, 2004 for consultancy, feasibility study, travel and other expenses.

19.4 The right shares were issued for the purpose of meeting the working capital requirements of the Company.

19.5 Vitol Dubai Limited an associated Company held 401,697,229 shares (2022: 401,697,229 shares) which represents 40.21% (2022 : 40.21%) of the equity stake in the Company.

19.6 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

20. RESERVES

	Note	2023	2022
		Rupees in '000	
Capital			
Share premium	20.1	**4,639,735**	4,639,735
Revenue			
Accumulated losses		**(106,119,722)**	(89,503,731)
		(101,479,987)	(84,863,996)

20.1 The reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

21. LONG TERM FINANCING - secured

	Note	2023	2022
		Rupees in '000	
Borrowings from conventional banks	21.1	**13,044,558**	13,044,558
Borrowings from Non-Banking Financial Institutions	21.2	**92,857**	92,857
Sukuk certificates	21.3	**500,000**	500,000
		13,637,415	13,637,415
Current portion of long term financing			
Borrowings from conventional banks		**(4,362,352)**	(2,941,021)
Borrowings from Non-Banking Financial Institutions		**(92,857)**	(92,857)
Sukuk certificates		**(500,000)**	(500,000)
	28	**(4,955,209)**	(3,533,878)
Non - current portion of long term financing		**8,682,206**	10,103,537

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Terms and conditions of borrowings are as follows:

	Particulars	Note	Number of installments and commencement month	Grace period	Date of final repayment	Markup rate per annum	Installment amount	Outstanding Principal 2023	Outstanding Principal 2022
								---------- Rupees in '000	---------
21.1	**Borrowings from conventional banks**								
	National Bank of Pakistan Loan-1 Under LTF scheme	21.1.1	16 quarterly March-17	1 year	December 31, 2020	three month Kibor + 2.5% payable quarterly	31,250	**93,750**	93,750
	National Bank of Pakistan Loan-2 Under LTF scheme	21.1.2	16 quarterly August-19	1 year	May 27, 2023	three month Kibor + 1.5% payable quarterly	65,625	**706,875**	706,875
	National Bank of Pakistan Loan-3 Under LTF scheme	21.1.3	16 quarterly August-19	1 year	May 21, 2023	three month Kibor + 1.5% payable quarterly	37,500	**350,500**	350,500
	Syndicated Loan from multiple banks Conversion of Short term financing	21.1.4	28 quarterly September-20	Nil	June 30, 2027	three month Kibor + 1.6% payable quarterly	Step up installment	**11,893,433**	11,893,433
21.2	**Borrowings from Non-Banking Financial Institutions**								
	Pak Oman Investment Company Under LTF scheme Limited Loan 6	21.2.1	42 monthly January-18	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	**16,667**	16,667
	Pak Oman Investment Company Under LTF scheme Limited Loan 7	21.2.2	42 monthly February-18	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	**76,190**	76,190
21.3	**Sukuk certificates**	21.3.1	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	**500,000**	500,000
								13,637,415	13,637,415

21.1.1 This represents term loan facility from National Bank of Pakistan for construction of storage depot at Mehmood Kot - Muzaffar Garh. The facility is secured against exclusive charge / mortgage of Rs. 666.67 million over the entire land and building, installation and machinery of the storage depot, personal guarantee of Mr. Mumtaz Hasan Khan (Ex-Chairman), post dated cheques covering facility amount and corporate guarantee of M/s: Fossil Energy (Private) Limited and M/s: Marshal Gas (Private) Limited.

21.1.2 This represents term finance facility from National Bank of Pakistan for construction of storage depot at Thaliyan for the future expansion plans and working capital requirements of the Company which is secured against exclusive charge over the Company's entire fixed assets, excluding land & building, situated at Thaliyan with 25% margin amounting to Rs. 1,400 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Ex-Chairman), corporate guarantee from M/s: Fossil Energy Pvt. Ltd and M/s: Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Company.

21.1.3 This represents term finance facility from National Bank of Pakistan for the construction of storage depot at Kotla Jam in order to meet the future expansion plans and working capital requirements of the Company which is secured against an exclusive hypothecation / mortgage charge over the Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at the Kolta Jam site with 25% margin amounting to Rs. 800 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Ex-Chairman), corporate guarantee from M/s: Fossil Energy Pvt. Ltd and M/s: Marshal Gas Pvt. Ltd. and post-dated cheques covering the facility obtained by the Company.

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21.1.4 This represents syndicated term finance facility from syndicate lenders and National Bank of Pakistan acts as Security Trustee for the lenders. This facility is secured against :

I First pari passu charge over the Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at (a) Mehmoodkot, (b) Kolta Jam, (c) Sahiwal (d) Machike and (e) Daulatpur in favor of Security Trustee, with 15% margin.

II First pari passu charge over the Company's fixed assets excluding land & building of the storage depot situated at (a) Amangarh, (b) Kemari, (c) Hub, (d) Thaliyan and (e) Shikarpur, in favor of Security Trustee, with 15% margin.

III First pari passu charge over the Company's fixed assets excluding land & building situated at specific 29 retail sites, in favor of Security Trustee, with 15% margin.

IV First equitable mortgage over the Company's land for retail outlet situated at Main Raiwind Road, Tehsil Raiwind, District Lahore, in favor of Security Trustee, with 15% margin.

V Lien on bank accounts maintained with National Bank of Pakistan.

21.2.1 This represents term finance facility from Pak Oman Investment Company Limited for the establishment of Sahiwal depot. The facility was initially secured against first pari passu charge of Rs 533 million on land, building, plant, machinery and equipment of the Company situated at Sahiwal depot with 25% margin. The above first pari passu charge now stands reduced to Rs. 277 million.

21.2.2 This represents term finance facility from Pak Oman Investment Company Limited for the establishment of Sahiwal depot. The facility was secured against exclusive charge on land, building, plant, machinery and equipment of the Company situated at Sahiwal depot with 25% margin maintained all times and personal guarantee of Mr. Mumtaz Hasan Khan (Ex-Chairman) to an aggregate amount of Rs. 150 million.

21.3.1 This represents rated and secured privately placed long term Islamic certificates (Sukuk) amounting to Rs. 2,000 million, issued to meet working capital requirements and future expansion plans of the Company. Bank Makramah Limited was the lead financial advisor and arranger while Meezan Bank Limited is acting as Shari'ah structuring advisor for the Sukuk. The facility was initially secured against first pari-passu charge of Rs. 2,667 million over specific depots and retail outlets of the Company inclusive of 25% margin. The above first pari passu charge now stands reduced to Rs. 1,066 million.

22. LEASE LIABILITIES

	Note	2023	2022
		Rupees in '000	
Finance lease liability	22.1	**-**	-
Lease liability against right-of-use asset	22.2	**3,379,579**	3,513,238
		3,379,579	3,513,238

22.1 Finance lease liability

	Note	2023	2022
Present value of future minimum lease payments		**-**	332,698
Current portion	28	**-**	(332,698
Non-current portion		**-**	-

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22.1.1 The Company has entered into lease agreements with various leasing companies for lease of items of Commercial vehicles. Minimum lease payments, which are payable by the year 2023, have been discounted by using financing rates ranging from relevant KIBOR plus 1.4% to 1.65% (2022 : KIBOR plus 1.4% to 1.6%). Title to the assets acquired under the leasing arrangements are transferable to the Company upon payment of entire lease obligations.

22.1.2 The expected maturity of undiscounted lease payments is as follows:

	Note	2023	2022
		Rupees in '000	
Not later than one year		-	481,411
Later than one year but not later than five years		-	-
		-	481,411

22.2 Lease liability of right-of-use asset

	Note	2023	2022
Present value of future minimum lease payments		**4,233,894**	4,343,890
Current portion	28	**(854,315)**	(830,652)
Non-current portion		**3,379,579**	3,513,238

22.2.1 Movement during the year

	Note	2023	2022
Balance as at January 01		**4,343,890**	4,337,477
Additions during the year	6	**9,104**	132,637
Accretion of interest	38	**417,505**	425,696
Lease rentals paid	6.2	**(536,605)**	(551,920)
		4,233,894	4,343,890
Current portion shown under current liability	28	**(854,315)**	(830,652)
Balance as at December 31		**3,379,579**	3,513,238

22.2.2 Maturity analysis

		2023	2022
Not later than one year		**1,262,494**	1,232,253
Later than one year but not later than five years		**2,077,975**	2,120,994
Later than five years		**5,760,505**	6,232,067
		9,100,974	9,585,314

23. DEFERRED LIABILITIES

	Note	2023	2022
HPL gratuity fund	49	**96,218**	182,132
Non-current portion of other liabilty		**208,151**	302,778
		304,369	484,910

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24. TRADE AND OTHER PAYABLES

	Note	2023	2022
		Rupees in '000	
Trade creditors	24.1	28,275,355	15,407,118
Payable to cartage contractors		1,663,799	933,705
Advance from customers - unsecured	24.2	537,590	808,257
Dealers' and customers' security deposits	24.3	717,732	526,704
Other liabilities	24.4	18,471,966	13,813,527
		49,666,442	31,489,311

24.1 Trade creditors includes procurement of fuel from local refineries and imports, storage charges and associated duties and levies.

24.1.1 This includes Rs. 24,354 million (2022: Rs. 13,594 million) amount payable to M/s: Vitol Bahrain E.C which is a related party. This also includes demurrage amounting to Rs. 3,980 million (2022: Rs. 2,717 million) which will be cleared upon SBP approval.

24.2 This represents advances received from customers pertaining to sale of petroleum products. The carrying amount as of December 31, 2023 amounting to Rs. 538 million (2022: Rs. 808 million).

24.3 The security deposits are non-interest bearing and are refundable on termination of contracts. These security deposits are not kept in separate bank account since the Company can utilize these funds as per terms of the agreements.

24.4 Other liabilities represent payable against repair and maintenance in operation and retail site, litigation claims, storage charges, rentals, insurance and other miscellaneous liabilities. The carrying amount as of December 31, 2023 amounting to Rs. 18,472 million (2022: Rs. 13,813 million).

25. UNCLAIMED DIVIDEND

	2023	2022
	Rupees in '000	
Balance at the beginning of the year	356,928	356,930
Payments during the year	-	(2)
Balance at the end of the year	356,928	356,928

25.1 This includes Rs. 338.319 million (2022: Rs. 338.319 million) amount payable to M/s. Vitol Dubai Limited which is a related party.

26. ACCRUED MARK-UP AND PROFIT

	2023	2022
	Rupees in '000	
Long-term financing	7,330,599	3,629,695
Short-term borrowings	16,052,521	10,564,906
Liabilities against right-of-use assets	-	600
Others	-	48,972
	23,383,120	14,244,173

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27. SHORT-TERM BORROWINGS

	Note	2023	2022
		---------------- Rupees in '000 ----------------	
Borrowings from conventional banks - secured			
Habib Bank Limited		5,076,268	4,946,831
Askari Bank Limited		3,044,000	3,044,000
National Bank of Pakistan		10,433,121	10,433,121
Bank of Punjab		1,999,729	1,999,729
Bank of Khyber		1,806,124	1,806,124
First women bank limited		665,147	665,147
Samba Bank Limited		962,684	972,409
Sindh Bank Limited		2,022,460	2,022,460
Bank Makramah Limited		363,034	367,141
Habib Metropolitan Bank Limited		-	3,600,000
MCB Bank Limited	27.2	290,832	401,147
Faysal Bank Limited		1,751,897	1,756,397
United Bank Limited		687,113	746,862
	27.1	29,102,409	32,761,368
Borrowings from Islamic bank - secured			
Meezan Bank Limited		2,295,000	2,295,000
BankIslami Pakistan Limited		840,025	840,025
Al Baraka Bank (Pakistan) Limited		1,781,500	1,781,500
Dubai Islamic Bank Pakistan Limited		655,900	655,900
Bank Alfalah Limited		969,201	969,201
	27.1	6,541,626	6,541,626
		35,644,035	39,302,994

27.1 These facilities were availed from various commercial banks aggregating to Rs. 35,644 million (2022: Rs. 39,303 million). The rates of mark-up/profit ranges from 1-6 months KIBOR plus 1% to 10% (2022: 1-6 months KIBOR plus 1.30% to 20%). These arrangements are secured against hypothecation charge over the Company's present and future current assets with 25% margin.

27.2 Subsequent to the year-end and prior to the authorization of the financial statements for the year ended December 31, 2023, the Company settled its outstanding loan balance as of December 31, 2023 of Rs. 290 million and write back the principal amount of Rs. 268 million along with reversal of the accrued markup.

The above event trigger as a result of compliance of covenant stated in the settlement agreement signed on February 15, 2023 which require the Company to pay Rs 132 million in thirteen installments starting from February 2023 as full and final settlement. The Company manage to settle the obligation stated in the settlement agreement on February 2024 and thereby legally entitled to reverse the outstanding loan balance and accrued markup.

28. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2023	2022
		---------------- Rupees in '000 ----------------	
Current portion of long term financing	21	4,955,209	3,533,878
Current portion of liabilities subject to finance lease	22.1	-	332,698
Current portion of lease liability of right-of-use assets	22.2	854,315	830,652
		5,809,524	4,697,228

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29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Non-banking contingencies

Workers participation fund:

C.P. No.D-209 of 2019 has been filed by the Company against giving retrospective effects to Sindh Companies Profits Workers Participation Act, 2015 and the Department's demand for payment of workers participation fund for the period from 2011 to 2017 vide Show Cause Notice dated 26th May 2018.

This petition is pending before the Honorable High Court of Sindh at Karachi. The Company seems to have good arguable case.

Income tax assessments/audit proceedings:

Tax year 2022:

The return of Income for tax year 2022 for period ending 31st December, 2021 has been filed with Turnover Tax based upon notified margin of the Petroleum Products, reported deviation in Taxation Base.

The Additional Commissioner (ACIR), Karachi has issued Notice to amend assessment 122(9) read with section 122(5A) of the I.T Ordinance, 2001 on various issues including minimum tax on total turnover, CP No. 5109 of 2023 filed before Sindh High Court (SHC). The Company has requested ACIR to keep the proceeding-initiated u/s 122(9) read with Section 122(5A) of the Income Tax Ordinance, 2001 till the decision of Sindh High Court (SHC).

Tax year 2021:

The return of Income for tax year 2021 for period ending December 31, 2020 has been filed with turnover tax based upon total receipts received against sale of petroleum products, declaring loss at Rs. 15,958,089,784 paying minimum tax at Rs. 620,929,778.

The ACIR, LTO, Karachi has issued Notice to amend assessment 122(9) read with section 122(5A) of the I.T Ordinance, 2001. An Application for Revision of Return of Income to maintain consistency in Tax Base, is pending before the Chief Commissioner IR, LTO, Karachi for decision.

Tax year 2020:

The return for tax year 2020 was filed declaring loss at Rs. 24,776,601,250 paying minimum tax at Rs. 1,052,082,635 and claiming refund of Rs. 330,373,657.

The return of the Company for tax year 2020 has been selected for audit u/s 177 and audit proceedings are open. However, the Company has challenged the audit notice u/s 177 before the learned High Court which has granted interim stay against the audit notice u/s 177.

Thus, the audit proceedings are suspended and, so far, the return filed is the deemed assessment order u/s 120 which remains in the field for tax year 2020 and there is no tax demand created in the tax year.

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Tax year 2019:

The return filed for tax year 2019 has been selected for audit under section 177 of income tax ordinance. The order after completion of audit proceedings under section 177 has been passed by the DCIR under section 122(1)/(5) imposing tax demand of Rs. 645,750,113.

Against this order imposing tax, appeal has been filed with the Commissioner Appeal, decision vide Appeal Order No. 1000000155283732 dated 12-07-2023, mostly in favor of Company except the issue relating to Minimum Tax.

Commissioner IR, Zone III, LTO, Karachi has referred appeal before the ATIR against the Order, which is pending before Tribunal for hearing.

Tax year 2018:

In tax year 2018, the return was not selected for audit but notice under section 122(9) was issued and order under section 122(5A) was passed. In the order, under section 122(5A) minimum tax under section 113 was imposed by including Petroleum Levy of Rs. 21,768,506,000 in the turnover, Exchange loss of Rs. 307,682,807/- on import was disallowed, commission amount of Rs. 227,932,000 was disallowed for not withholding @ 20% under section 156, disallowing of Tax Credit for Enlistment on Stock Exchange claimed under section 65C Rs. 58,771,214/-, taxing franchise fee Rs. 35,210,000 and not allowing refund adjustment of Rs. 85,136,781.

Against this order under section 122(5A), an appeal was filed before Commissioner (Appeals). In the appeal order the Commissioner (Appeals) accepted the Company's appeal on the point of minimum tax u/s113 on account of petroleum levy and as well in respect of disallowance of Commission and partly on the other points.

The Company has filed an appeal on the points the Company's appeal was not accepted by the Commissioner (Appeals) which is pending before the Appellate Tribunal Inland Revenue. Therefore, no tax demand is outstanding.

The department has further initiated audit proceedings under section 177 of the Ordinance which has been challenged by the Company before Sindh High Court (SHC) and SHC has suspended the audit proceeding through interim order.

Tax year 2017:

ACIR passed assessment order dated February 24, 2018 under section 122(5A) of the Ordinance creating additional tax demand of Rs. 231,680,958.

Appeal was filed before the CIRA against the aforesaid assessment order who vide appellate order dated October 29, 2018 decided one issue in favour of the Company whilst other issues were decided in favour of the Department. So far no appeal effect order has been passed.

Appeal has been filed by the Company before the Appellate Tribunal Inland Revenue (ATIR) against CIRA's order on the points on which appeal was not accepted and the appeal is pending for hearing.

The department has initiated audit proceedings under section 177 of the Ordinance which has been challenged by the Company before SHC and SHC has suspended the audit proceeding through interim order.

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Tax year 2016:

The return of income for tax year 2016 was not selected for audit but notice under section 122(9) was issued and order under section 122(5A) was passed in which only expenses (sales promotion/royalty) and others have been disallowed against which appeal was filed before the Commissioner Appeals and in the appeal order, addition of sales promotion expense of Rs. 142,066,3100 was deleted and there was part set aside on other points.

The department has initiated audit proceedings under section 177 of the Ordinance which has been challenged by the Company before Sindh High Court which has suspended the audit proceeding through interim order.

Tax year 2015:

The case was selected for audit and order was passed under section 122(1)/(5) for tax year 2015 in which income has been assessed at Rs. 1,003,956,567 after making the additions of Sales promotion expenses disallowed Rs. 191,639,000/- as well as disallowing first year allowance claimed under section 23A.

In the order minimum tax of Rs. 392,096,071/- plus super tax of Rs. 25,942,290/- has been imposed but minimum tax credit of Rs. 60,790,404/- has been carried forward for adjustment against normal tax in subsequent years against the order under section 122(1) imposing tax for tax year 2015.

Appeal was filed which was decided by the Commissioner Appeal in which the addition of Rs. 191,639,000/- was remanded back and the imposition of super tax was upheld.

Tax Year 2014, 2013, 2011 and 2010:

DCIR initiated proceedings for amendment of assessment under section 122 (1)(5) of the Ordinance for the above tax years which were closed through order dated June 29, 2016, June 30, 2016 and July 18, 2016, respectively creating additional tax demand of Rs. 13,141,481 for tax year 2010, Rs. 5,292,546 for tax year 2011, Rs. 24,184,624 for tax year 2013 and Rs. 126,017,974 for tax year 2014.

Appeal were filed by the Company before CIRA against the aforesaid assessment orders which were decided through combined appellate order dated November 22, 2018 whereby all the additions made by the DCIR were confirmed.

Appeals have been filed by the Company against CIRA's aforesaid order before ATIR which is pending for hearing.

Direct tax - Monitoring proceedings:

Tax Year 2021:

Tax Monitoring proceedings were initiated by the DCIR and order was passed under section 161 imposing tax for assumed default in tax withholding from payments under various heads in tax year 2021.

No Order passed has been passed.

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Tax Year 2020:

Tax Monitoring proceedings were initiated by the DCIR and order was passed under section 161 imposing tax for assumed default in tax withholding from payments under various heads in tax year 2020.

Against the order passed by the Deputy Commissioner Inland Revenue Audit under section 161(1) of the Income Tax Ordinance, 2001 dated 20-07-2022 for tax year 2020, an Appeal filed against the order. Case was remanded back by CIR (Appeals) to DCIR vide Appeal Order No. 100000155444670 dated 14-Jul-2023.

DCIR has repeated the same Order without providing opportunity of being heard. Appeal has been referred before CIR (Appeals) by M/S. OSMANI & AFZAL ASSOCIATES which is pending for hearing.

Tax Year 2019:

Monitoring proceedings under section 161(1A) of the Ordinance has been re-initiated by the DCIR on January 21, 2022 and subsequently order dated February 28, 2022 has passed under section 161/205 of the ordinance.

Appeal has been filed by the Company against the aforesaid order before the CIRA and heard on April 2022, however, no appellate order has passed in this respect. This appeal is filed by M/s. Grant Thornton on behalf of the Company further contested by M/S. OSMANI & AFZAL ASSOCIATES.

Against the order passed by the Deputy Commissioner Inland Revenue Audit under section 161(1) of the Income Tax Ordinance, 2001 dated 20-07-2022 for tax year 2020. Appeal filed against the order. Case was remanded back by CIR (Appeals) to DCIR vide Appeal Order No. 1000000155283732 dated 12-Jul-2023.

DCIR has repeated the same Order without providing opportunity of being heard. Appeal has been referred before CIR (Appeals) by M/S. OSMANI & AFZAL ASSOCIATES which is pending for hearing.

Tax Year 2018:

Monitoring proceedings under section 161(1A) of the Ordinance had been initiated by the DCIR on January 10, 2019. All requisite details and information had been submitted however; no order has been passed.

Tax Year 2015:

Monitoring proceedings were initiated by the DCIR and subsequently order dated May 26, 2016 was passed under section 161/205 of the Ordinance.

Appeal was filed by the Company against the aforesaid order before the CIRA who remanded back the issues to the DCIR for re-adjudication because of non-provision of opportunity of hearing whilst at the same time accepted the Company's stance on all the issues on merit. No appeal effect proceeding has been initiated.

Tax Year 2014:

Monitoring proceedings were initiated by the DCIR and subsequently order dated June 26, 2016 was passed under section 161/205/182 of the Ordinance.

Appeal was filed by the Company against the aforesaid order before the CIRA who deleted the tax imposed, of Rs. 6,539,880 on account of Sales Discount and of Rs. 1,181,661 on account of Purchases, by the DCIR and confirmed the tax imposed of Rs. 45,600 on account of Legal & Professional, Rs. 111,600 on account of Entertainment, Rs. 332,994 on account of Services and Rs. 141,062 on account of Supplies.

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Appeal has been filed by the Company against CIRA's aforesaid order before ATIR where in Tribunal upheld the decision of CIR (Appeals).

Indirect tax:

Against the Sales Tax Order in Original No 02/42/2016 dated 29/06/2016 for the period January 2012 to December 2013 imposing tax on the bunkering oil supply at zero rating / not withholding sales tax and other appeal was filed and Commissioner Appeal vide his order in appeal dated 18/10/2016 set aside the ONO. Against the set aside order of the Commissioner Appeal, the appeal has been filed with ATIR, Case remanded back to DCIR Vide Appeal Order No,. 3049 dated 07-08-2023, there is no tax demand in the field.

Against the department's order in which Company appeal is not accepted by CIRA, the Company has filed various appeals before the Appellate Tribunal against orders passed by the Commissioner Appeals. These appeals are mostly against remanding back of the matter relating to taxability on bunkering activity for the 12-month tax periods ended December 2014, December 2015, December 2016 and December 2017. These appeals are filed by M/s. Grant Thornton on behalf of the Company. No Further Proceeding till the finalization of pending appeal before ATIR for the Period January 2012 to December 2012.

The Company has filed appeal against the order reference 01 of 2020 dated September 30, 2020 and order reference 02 of 2020 dated September 30, 2020 passed by Deputy Commissioner Inland Revenue relating to late filing of sales tax returns for the tax periods April 2020 to June 2020 and July 2020 imposing penalty and default surcharge amounting to Rs. 14 million and Rs. 52.5 million respectively. This appeal is filed by M/s. Grant Thornton on behalf of the Company further contested by M/S. OSMANI & AFZAL ASSOCIATES. Both Orders were annulled by the Commissioner Appeals. Department has filed appeal against the Appeal Order before ATIR. No hearing till to date.

An appeal has been filed against the order reference 011/121/2021 dated October 15, 2021 passed by Deputy Commissioner Inland Revenue relating to claiming input tax twice in the respective Federal sales tax returns for the tax periods April 2018, July 2018, October 2019, December 2019, November 2020, December 2020 and January 2021 amounting to Rs. 37,115,654 along with imposing penalty of Rs. 1,855,783 and default surcharge (to be calculated) respectively on claiming of the input tax twice in respective sales tax return. This appeal is filed by M/s. Grant Thornton on behalf of the Company and further contested by M/S. OSMANI & AFZAL ASSOCIATES. Case Annulled by CIR Appeals II, Karachi with decision of no default & penalty imposed. Department filed appeal before the Appellate Tribunal

In 2023, DCIR passed Order No. 20/30/2023 dated 08-06-2023 against show cause notice No. 3621 dated 04-04-2023 for alleged inadmissible Input Sales Tax Claim. An appeal No. 29/A-1/LTO/2023/92 dated 15-09-2023 has been filed against the order amounting to Rs. 57,606,366 along with imposing penalty and default surcharge. Appeal is filed by M/s. OSMANI & AFZAL ASSOCIATES on behalf of the Company. Case Annulled by CIR Appeals I, Karachi and remanded back to DCIR. No Order has been passed till now.

In 2023, DCIR passed Order No. 24/56/2019 dated 07-02-2019 for alleged inadmissible input sales tax claim. An appeal No. STA/352/LTO/2019/12 dated 27-03-2019 was filed against the order amounting to Rs. 488,746,304 along with imposing penalty and default surcharge. Appeal is filed by M/s. OSMANI & AFZAL ASSOCIATES on behalf of the Company. Case Annulled by CIR Appeals I, Karachi and remanded back to DCIR. No Order has been passed till now.

In 2023, DCIR passed Order No. 2796 for Input Sales Tax Claim against the Contract Carraige & Transportation of Petroleum Products. An appeal No. STA/250/A-I/LTO/2023/91 dated 24-08-2023 was filed against the order amounting to Rs. 343,361,000 along with imposing penalty and default surcharge. Appeal is filed by M/s. OSMANI & AFZAL ASSOCIATES on behalf of the Company. Case Annulled by CIR Appeals I, Karachi and remanded back to DCIR. No Order has been passed till now.

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In 2023, received demand notice of Rs. 24,585,957 against the Order No. 12/55/2018 dated 08-11-2018. No record available, CTC for the order may be applied.

Sindh Revenue Board

a) Period 2013-2019:

One combined Order No. 1139 of 2022 dated 23rd May 2022 u/s 23/47 of the Sindh Sales Tax on Services Act, 2011 has been passed by the Assistant Commissioner in the case of the Company for the 7 years period January 2013 to December 2019.

By this SRB Order no. 1139 Of 2022 dated May 23, 2022, the officer has alleged that the Company has not made payment of the sales tax pertaining to Royalty Fee, Franchise Fee and Joining fee for the tax periods January 2013 to December 2019.

Against this SRB order imposing tax, an appeal has been filed before Commissioner Appeals, SRB which is under hearing.

b) Other SRB Appeals:

The Company is contesting before the Commissioner Appeals SRB the order no 321 of 2021 dated July 02, 2021 amounting Rs. 134,137,132 passed by Assistant Commissioner Sindh Revenue Board primarily imposing liability of withheld Sindh sales tax not deposited by the Company into Sindh government treasury on oil transportation services acquired from specified vendors for the tax periods January 2018 to October 2020. This appeal is filed by M/s. Grant Thornton on behalf of the Company and being contested by M/S. OSMANI & AFZAL ASSOCIATES.

The Company is contesting before the Commissioner Appeals SRB, the imposition of the alleged differential principal withheld sales tax amount liability of Rs. 472,422 pertaining to the oil transportation services received from specified vendors in the tax period November 2020 through the Order no 322 of 2021 dated July 13, 2021 passed by Assistant Commissioner — Sindh Revenue Board. This appeal is filed by M/s. Grant Thornton on behalf of the Company and being contested by M/S. OSMANI & AFZAL ASSOCIATES further contested by M/S. OSMANI & AFZAL ASSOCIATES. Order in Appeal No. 66/2023 dated 06-03-2023 passed with tax liability of balance principal amount of Rs. 472,422 which is paid accordingly whereas the penalty of Rs. 50,000 & default surcharge at Rs. 1,304,286 are unpaid till to date.

The Company is contesting before the Commissioner Appeals SRB, the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 33,662,070/- pertaining to providing Business Support Service to Karachi Hydrocarbon Terminal Limited and Hascol Lubricant (Private) Limited in the tax periods January 2017 to December 2019 through the Order no 808 of 2021 dated November 26, 2021, passed by Assistant Commissioner — Sindh Revenue Board. This appeal is filed by M/s. Grant Thornton on behalf of the Company and being contested by M/S. OSMANI & AFZAL ASSOCIATES.

Punjab Revenue Authority

a) The Company is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 989,229,120/- pertaining to expenditure incurred under the head of Capital Work in Progress in the tax periods January 2017 to December 2018 through the Order no 19 of 2020 dated 30-01-2020, passed by Additional Commissioner — Punjab Revenue Authority. This appeal is filed by M/s. Grant Thornton on behalf of the Company.

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b) The Company is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 108,199,360/- pertaining to Distribution, Selling & Administration Expenses in the tax periods January 2017 to December 2017 through the Order no 15 of 2020 dated 30-12-2019, passed by Additional Commissioner — Punjab Revenue Authority. This appeal is filed by M/s. Grant Thornton on behalf of the Company.

c) The Company contested before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 12,066,400/- pertaining to Business Support Services in the tax periods January 2017 to December 2018 through the Order no 16 of 2019 dated 30-12-2019, passed by Additional Commissioner — Punjab Revenue Authority. This appeal under section 63 of the PSTS'12 was filed by M/s. Grant Thornton on behalf of the Company. Original Order was upheld by the Commissioner Appeal, Punjab Revenue Authority vide Appeal Order No. 72/2020 dated 17-03-2021 which was received much later in Year 2022. The Appeal is being prepared along with Condonation Application to prefer before the Appellate Tribunal under section 66 of the Punjab Sales Tax on Services Act, 2012.

d) The Company is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 86,219,882/- pertaining to Withholding of Sales Tax on Services on Carraige of Petroleum under the Punjab Sales Tax Special Procedure (Transportation or Carraige of Petroleum through Oil Tankers) Rules, 2020 for the tax periods May-2021 to April-2023 through the Order no Eng-V/U-21/07 dated 06-12-2023, passed by Additional Commissioner — Punjab Revenue Authority. Appeal to be filed.

Baluchistan Revenue Authority:

The Company is paying Principal amount of sales tax withholding liability to the tune of Rs. 72,203,862/- on piece meal basis against the Order No. 04/2024 dated 07-11-2023 pertaining to sales tax withholding on Carriage Contractors for the tax periods January 2018 to December 2022, passed by Additional Commissioner — Baluchistan Revenue Authority.

Shams Lubricants Pvt Ltd:

The Company has rented out storage facility in Amangarh, Noshehra KPK from Shams Lubricants and terminated the Lease Agreement on 31-08-2020 after incident of the fire. The Company had handed over few cheques of advance cheques to Shams Lubricants, which are dishonored by Shams Lubricants. Now Shams Lubricants has filed the instant suit on the basis of these dishonored cheques and demanding the rent for one year as per termination clause of the lease agreement which stipulated that either party can terminate the lease agreement by serving one-year prior notice to the other party.

The Company has filed an application for unconditional leave to defend instead of depositing a surety amount of Rs. 45,17,480/-. The case is currently pending for arguments on whether the leave to defend filed by the Company should be allowed or dismissed. The Company is vigorously contesting the case and a favorable order may be expected.

Cantonment Board vs Company

a) Chaklala Cantonment Board:

This is the Intra Court Appeal filed by the Chaklala Cantonment Board in which they have challenged the judgment dated 09.03.2020 passed by Mr. Shamas Mehmood Mirza, Honorable Judge, Lahore High Court Lahore, Rawalpindi Bench.

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The ICA is pending before Division Bench of Honorable Lahore High Court, Rawalpindi Bench. The date of the ICA is 11.10.2023 on which the case is adjourned for arguments and next date of hearing has not been fixed till now.

The financial implication of the litigation on the Company's account is Rs. 1,317,024/- which amount is being claimed as taxes for advertisements within cantonment areas. The Company is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

This is the Intra Court Appeal filed by the Chaklala Cantonment Board in which they have challenged the judgment dated 09.03.2020 passed by Mr. Shamas Mehmood Mirza, Honorable Judge, Lahore High Court Lahore, Rawalpindi Bench.

The ICA is pending before Division Bench of Honorable Lahore High Court, Rawalpindi Bench. The date of the ICA is 11.10.2023 on which the case is adjourned for arguments and next date of hearing has not been fixed till now.

The financial implication of the litigation on the Company's account is Rs. 1,836,786/- which amount is being claimed as taxes for advertisements within cantonment areas. The Company is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

b) Rawalpindi Cantonment Board:

(This is the Intra Court Appeal filed by the Rawalpindi Cantonment Board in which they have challenged the judgment dated 09.03.2020 passed by Mr. Shamas Mehmood Mirza, Honorable Judge, Lahore High Court Lahore. Rawalpindi Bench.

The ICA is pending before Division Bench of Honorable Lahore High Court, Rawalpindi Bench. The date of the ICA is 11.10.2023 on which the case is adjourned for arguments and next date of hearing has not been fixed till now.

The financial implication of the litigation on the Company's account is Rs. 1,050,120/- which amount is being claimed as taxes for advertisements within cantonment areas. The Company is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

Company vs Federation of Pakistan & Others:

Suit no 1980 of 2021:

Office of Auditor General of Pakistan, on institution of MOEP, initiated audit of all OMCs including the Company and issued notices in this regard. Such audit, conducted by AGP is illegal and without any authority, hence challenged by the Company before Court of Law.

Court vide its order dated 13.09.2021 restrained AGP for taking any coercive action against the Company in pursuance of impugned notices and not to finalize or publish any report or if any report / proceeding have been prepared / initiated against the Company in pursuant of the impugned notices, no further steps shall be taken against the Company.

In respect of the likelihood of an unfavorable outcome, we are of the view that it is not easy to predict the outcome of a contested litigation, however it appears that the probability of such an outcome is quite less.

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Company vs Federation of Pakistan and Commissioner Inland Revenue:

The Company filed the said petition bearing C.P. D-6503/2019 being aggrieved by the actions of the Respondent (Inland Revenue) in selection of case for audit under Section 25 of the Sales Tax Act, 1990 for tax period January 2018 to December 2018.

The Company has argued that section 25(2) states that an audit is to take place only once in every three years and an audit had already been called in 2017, and hence the recalling of the same is unlawful and ultra vires.

In this case stay in operating till date with next hearing date is 31.01.2024 and there is a strong likely hood of winning this case.

M/s Malik Enterprises (Pvt.) Limited:

M/s Malik Enterprises (Pvt.) Limited (herein after referred as "Client") is in receipt of notice dated 22.01.2024 from Officer Commanding, PAF Base, Faisal whereby after due reconciliation of accounts our client has been directed to deposit arrears of rent (the "demised premises"), failing which the principal Lease Agreement dated 12.2.2014, granting leasehold proprietary rights of the demised premises to the client, shall deemed to be terminated on account of default and the demised premises shall stand vacated from our possession.

As per clause 2.4 of the License Agreement between the client, the Company is under an obligation to make payment of license fee/ rental payment per month in advance. However, the Company have failed to tender such fee/ rent for three months i.e. November 2023, December 2023 and January 2024, accumulating to PKR 4,685,775/- (Rupees Four Million Six Hundred Eighty-Five Thousand Seven Hundred and Seventy-Five). In order to avoid default and subsequent eviction from the premises the client has made payment to the Principal Lessor amounting to PKR 5,285,775/- which includes clients share of PKR 600,000/- for the period of three months however, Company have failed to reimburse the client its own share accumulating to PKR 4,685,775/-.

The Company is obliged to make payment of the due rental amount. Failure of which the Client will reinitiate eviction proceedings through rent case No. 17 of 2022 before the court of competent jurisdiction against the Licensee along with recovery of arrears at your sole risk and cost.

Muhammad Farook & Others:

This suit was filed by the Company for declaration, recovery of damages amounting to Rs. 2.145 million and profits at the rate of 14 percent along with permanent and mandatory injunctions. There is a strong likelihood that the civil suit filed by the Company will be decreed in its favor by the Honorable Court. The next date of hearing is 13.01.2024.

Federation of Pakistan and others vs Company:

a) Suit no 1008 of 2018:

This is a suit filed by the Company for declaration and permanent injunction in the High Court of Sindh. The Company assailed the letter dated 08.05.2018 issued by the Oil & Gas Regulatory Authority to the Company together with its enclosure being the letter dated 05.03.2018 of the Ministry of Energy directing it to immediately stop operation / activity being carried out at the storage terminal at plot # 43, Oil Installation Area, Keamari-Karachi on the pretext that the newly constructed storage terminals are being operated without NOC from Ministry of Defence. The Court dismissed the stay application vide order dated 01.04.2019 against which the Company has filed High Court Appeal and the suit will not proceed during the pendency of appeal.

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b) High Court Appeal no. 175 Of 2019:

This is an appeal filed by the Company in the High Court of Sindh against the order dated 01.04.2019 passed in Suit No. 1008 of 2018 on CMA No. 7590 of 2018.

The matter relates to ZYCO terminal, in respect of NOC from Ministry of Defence. This is an appeal filed by the Company in the High Court of Sindh against the order dated 01.04.2019 passed in Suit No. 1008 of 2018 on CMA No. 7590 of 2018 whereby the ad interim order passed in favour of the Company on 11.05.2018 has been recalled and the injunction application has been dismissed.

The Court suspended operation of the impugned order dated 01.04.2019 and the matter is at the stage of hearing.

c) Suit 1623 of 2020:

This is a suit for declaration and permanent injunction filed by the Company in the High Court of Sindh challenging the order dated 20.10.2020 passed by OGRA whereby OGRA has

- suspended the marketing activities / sales of the Company at its outlets in KPK;
- directed other oil marketing companies to augment supplied to their retail outlets; and
- imposed a penalty of Rs. 10 million on the Company in respect of Amangarh depot.

The Court passed ad interim order restraining the defendants from taking any coercive action against the Company in pursuance of impugned order dated October 20, 2020. The case is at the stage of hearing of applications.

d) Suit 1663 of 2020:

This is a suit for declaration and injunction filed by the Company in the High Court of Sindh challenging the action of OGRA in sending the Notice bearing No. OGRA-App-26-2(222)/2020 dated 26.10.2020 directing the Company to deposit 100% penalty for consideration of the review pending before OGRA whereas 50% of the penalty amount has already been deposited which was imposed on the basis of a letter bearing No. OGRA-OIL-19-3(51)2017 Vol-17 dated 22.05.2018 in respect of insufficient supplies of petroleum products. The Court passed ad interim order that OGRA shall not pass an adverse order on the Company's review application solely on the basis of non-deposit. The case is at the stage of hearing of applications.

e) Suit 655 of 2021:

This is a suit filed by the Company in the High Court of Sindh for Declaration and Permanent Injunction challenging the constitution of the Commission comprising the defendants No. 3 to 17 as its members to probe into the alleged hoarding of petroleum products, its proceedings, and the report dated 01.12.2020 published by them. Therefore, sought declaration that the impugned Commission has been constituted without legal sanction and authority and all actions taken by it including the impugned report dated 01.12.2020 are liable to be set aside. The Court passed ad interim order dated granting the Company the same relief as granted to another OMC in Suit No. 2063 of 2020 in the terms that "the business operation of the plaintiff's refinery and oil Company should not be halted without adopting due course of law and giving a fair opportunity to the plaintiff of being heard in terms of Article 10-A of the Constitution of Islamic Republic of Pakistan and principle of natural justice." The matter is at the stage of hearing of applications.

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Securities and Exchange Commission of Pakistan:

a) Appeal to SECP Appellate Bench:

This is an appeal filed against an order passed by a Commissioner of the Securities & Exchange Commission of Pakistan (SECP) whereby a forensic investigation of the Company was ordered under Section 258(1) of the Companies Act, 2017. The Company appealed this order as the SECP had already concluded an investigation immediately preceding the passing of the order. The subject appeal was listed for a preliminary hearing on March 18, 2022, wherein it was pointed out that the Commissioner who passed the initial order was sitting on the Appellate Bench which is contrary to natural justice. Hence, the matter was adjourned, and a further date of hearing has not been fixed.

b) Appeal to SECP Appellate Bench:

This Appeal was preferred against the order dated 12.04.2022 passed by the Appellate Bench of the Securities & Exchange Commission of Pakistan ("SECP") in Appeal No. 4(13) Misc/ABR/22 ("Initial Appeal"). The Initial Appeal was filed against order dated 19.01.2022 passed by the Commissioner, Onsite Department, Supervision Division, SECP communicated to the Appellant vide the cover letter bearing number EMD/I&I/233/770/2019 whereby a forensic investigation of the Company was ordered under Section 258(1) of the Companies Act, 2017. The Company appealed this order as the SECP had already concluded an investigation immediately preceding the passing of the order. The Appeal was presented to the learned Single Judge of the Honorable High Court of Sindh at Karachi on 27.04.2022 who was pleased to suspend the operation of both the order dated 19.01 2022 and 12.04.2022.

J. C. M. Petition No. 31 of 2022:

The Petitioner No. 1 Company has filed this Petition before the High Court of Sindh at Karachi for sanction of the Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017, dated September 27, 2022, between the Company, its secured creditors and members (the "Scheme"). The object to the petition is to, inter alia, obtain the sanction of the Court to the Scheme for the envisaged compromise and arrangement envisaged between the Company and its secured creditors, involving the rehabilitation of the Company by restructuring and settling the existing financial obligations / liabilities of the Company towards its secured creditors. Legal formalities are in the process of being carried out and after completion of the same, the matter will be fixed for hearing of the main petition. At this time, the secured creditors have sought modifications to the Scheme, which is being considered by the Company, after which the modified Scheme (if deemed appropriate) will be filed before the Court and presented to the creditors and members of the Company for seeking approval in accordance with the applicable laws.

Suit no 934/2022 and 935/2022:

Both suits have been filed by the past employees of the Company claiming the amount of final settlement payable to them on leaving the employment. The Company, to substantial extent, admits the financial claims of the plaintiffs however, it has taken stance that it is entitled to withhold the payment of those benefits owing to ongoing criminal proceedings by FIA.

In Suit No. 934/2022 the court has passed the decree to the extent of Rs. 10.01 million while the suit is pending for the remaining amount. As per our knowledge, appeal has not been filed against the said decree.

As the entitlement of Plaintiffs is not substantially disputed and only the payment is deferred so we understand that the Company would already have recorded the liability in its books of accounts. Accordingly, any outcome of the matters is not likely to affect financial liability of the Company.

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Allah Ditto vs Company:

The instant case is filed for recovery of amount 8,00,000/ against the Company with respect to MOU dated 17-07-2018. The Company had filed our written statement denying their claims and matter is fixed on 21.02.2024 for evidence.

Mr. Shahnawaz vs Company:

The instant case is filed for recovery of amount 1,100,000/ and damages 500,000/ against the Company with respect to MOU dated 22-10-2018 with reference to operating a filling station under the franchise of the Company on land measuring 12,000 Sq. ft bearing Survey No.228 situated at Kot Bungalow City, Nara Road Taluka Kotdiji District Khairpur. The Company have filed our written statement denying their claims followed by the proposed issues and matter is fixed on 15.02.2024 for framing of issues."

Suit no 430 of 2022 vs Company:

The Plaintiff has filed instant suit for recovery of sum of Rs 79,538,150/- in lieu of retail signage services. The Company has denied the claim and has challenged the suit on maintainability. The suit is pending for hearing of interlocutory applications.

Mr. Rehmat Khan Wardag:

A Suit has been filed on April 10, 2019 by Mr. Rehmat Khan Wardag (Contractor & Dealer of Hascol) for recovery of amount of Rs. 53 million and damages of Rs. 50 million against the Company. Mr. Rehmat Khan claims that his receivable amount of carriage bills was unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. Suit is pending in Court for hearing of application. Legal counsel is of the considered view that there is no merit in the claims of the dealer and hence, there is no possibility that there is any liability being attributed towards the Company.

The Company vs Province of Sindh & Others:

The Company filed a CP. No. 7569/2019 against demand notice amounting to Rs. 259,664,859/- on 08-11-2019 under Sindh Development and Maintenance of Infrastructure Cess Act 2017. The same was dismissed by Sindh High Court and the Company along with other companies filed special leave to appeal against this judgment before Supreme Court of Pakistan (""SCP""). The Company is seeking stay order against demand notice as an instant relief and get infrastructure cess as illegal, void ab-initio.

CPLA is filed before SCP and SCP is pleased to suspend the operation of impugned judgment and directed the Company and other companies to furnish fresh bank guarantees equivalent to amount of levy claimed by the Respondents against resale of all future consignments of imported goods.

The Company filed a CP. No. 797/2020 against demand notice amounting to Rs. 3,929,866,620/- on 06.01.2020 under Sindh Development and Maintenance of Infrastructure Cess Act 2017. The same was dismissed by Sindh High Court and the Company along with other companies filed special leave to appeal against this judgment before Supreme Court of Pakistan. The Company is seeking stay order against demand notice as an instant relief and get infrastructure cess as illegal, void-ab-initio.

C.P is filed before Supreme Court of Pakistan and is pending for its listing.

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Motorway Operations & Rehabilitation Engineering (Private) Limited ('MORE') vs Company:

The matter pertains to the Agreement between the Parties with respect to the management and operation of fuel stations and ancillary facilities on the Lahore Islamabad Motorway Service Areas ('Sites'). MORE first sought unilateral amendments to the agreement and then adverse to the interest of the Company initiated negotiation with other companies. This was violation of the terms of the Agreement as the Company has 'exclusive' rights on M2 for twenty years. Therefore, Arbitration Clause of the agreement was invoked and Arbitration Application was filed. The Court was pleased to restrain MORE, inter alia, from dispossessing the Company.

The matter is now being negotiated and is at the final stage of settlement. Such statement was made before the Civil Court by lawyers of both parties. Even otherwise, the Company has good prospect of winning this case. There is, however, no immediate financial impact of this litigation on the Company. The next date of hearing is fixed for April 04, 2024.

Federal Investigation Agency (FIA):

During the second half of 2021, the Federal Investigation Agency (FIA) started a formal inquiry to probe the defaults incurred at banks on account of the Company. This inquiry focusses on individuals working for the Company (both Management and Board of Directors) and primarily National Bank of Pakistan. A formal First Investigation Report (FIR) was launched in January 2022 followed by a preliminary challan in High Court under the Anti Money Laundering act against thirty two (32) individuals. The Company is complying with the FIA to facilitate this investigation via provision of information. It is of extreme importance that the inquiry nor the challan is against the Company and the Company expects no outflow of economic benefit as a result of this case.

On September 25th, 2023 , certain present directors of the company who were nominated in this case were exonerated and the proceedings against them ended. Thus, no present director or official of the company is involved in this case any longer.

Sales contract:

In 2020, The Company entered into sales contract with Pakistan Army and Pakistan Airforce. The contracts were secured with bank guarantee issued by one of the financial institution in favour of the two customer. As per the terms and condition of the contracts; delay or not fulfilling the contract will result in encashment of the bank guarantee, liquidated damages and the ancillary risk and expenses.

During the year ended December 31, 2021, the Company due to shortage of working capital was unable to honor the partial sales commitment of the counter parties. As A result of this, the counter parties have offset the outstanding advances with receivables and bank guarantee. The contracts closure and the exact settlement amount is still under discussion. As of December 31, 2023 the Company recorded and estimated liability amounting to Rs. 934 million approximately.

CP No. 5188/2022 - The Company vs Federation of Pakistan & others:

The Petition by the Company challenges the illegal action of the Customer Authorities. The Collectorate of Customs (Adjudication-I) on 30.08.2022 issued a show cause notice, through which they raised a demand to pay Additional Custom Duty on import of motor spirit for the period from 01.01.2020 to 30.06.2022 to the tune of Rs. 171,946,298/-. As this show cause was issued to all Oil Marketing Companies (""OMC"") so the Company along with one other OMC assailed / challenged the said Show Cause Notice before the Sindh High Court. The High Court has instructed the Department not to decide on the contested show-cause notice issued vide order dated 12.10.2022, while the petition is still undergoing final adjudication. The matter is at the hearing stage and the Company is expecting likelihood of a favorable outcome in the matter.

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CP No. 4446/2022 - Regulatory duty

Federal Board of Revenue (""FBR"") on 20.06.22 issued SRO 806(I)/2022 ('SRO 806') through which regulatory duty was levied at the rate of 10% ('RD') on the import of motor spirit, however it provided that the RD shall not be applicable on cargoes for which letter of credits had already been issued, or were already on the high seas. On 30.06.22, the FBR issued SRO 966(I)/2022 ('SRO 966') which levied regulatory duty on the import of a number of goods, and by way of Entry No. 128 also levied regulatory duty at the rate of 10% on motor spirits. The Custom authority refused to give any benefit to the Company under SRO 806.

On 12.02.2023, the arguments were led by the lawyer on behalf of the Petitioners and the Court heard the arguments at length. Our main argument was based on second contingency in the subject SRO related to ships on open seas. The Custom's lawyer opposed the contention on the ground that LC's were not opened till June 30, 2022, but same were opened in July and August, which is not the case of the Petitioners, however the Bench has directed the Petitioners to file the details of GDs & LCs and fixed the case on 14th March 2023, at 11am.

The matter is pending in the High Court of Sindh and the learned counsel submits that the Company is required to pay full amount of Petroleum levy and secure regulatory duty at 10% by way of bank guarantee or pay order to the extent of consignment taken out of tanks, with the collector of customs as to release the consignment. In case, petition is decided in favour of the Company, such deposited P/O shall be released and the Company legal counsel is of firm opinion of success of case in favour of the Company.

29.1.2 Banking contingencies

United Bank Limited:

A suit under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (the Ordinance) was filed against the Company and its former CEO/Director, in his personal capacity as a guarantor of the Company's liabilities, for the recovery of PKR 776,768,111.37.

The aforementioned amount was claimed against the allegedly outstanding finance facility, amounting to PKR 746,862,015.77 including markup amounting to PKR 29,906,095.90.

An application under Section 10 of the Ordinance was filed on behalf of the Company seeking leave to defend the suit. The grounds raised in the application were, inter alia, the Plaintiff's failure to comply with the mandatory requirements of Section 9 of the Ordinance, which would render the suit liable to be dismissed, as well as the Plaintiff's failure to disclose the cause of action, the particular finance(s) (as the term is defined in the Ordinance) and facility on which the suit is founded, whether any finance or facility was ever extended or disbursed to or availed by the Company, the terms and conditions of the finance/facility availed, if any and its repayment date.

The Company further contended therein that it has a constitutionally guaranteed right of trial under Article 10-A of the Constitution of the Islamic Republic of Pakistan, 1973 (the Constitution) and therefore, the requirement to obtain leave to appear and defend the suit under Section 10 of the Ordinance is ultra vires of the Constitution.

In response to the Company's leave to defend application, the Plaintiff submitted a replication requesting the Court to dismiss the Company's application for leave to defend.

The Plaintiff had simultaneously with the suit, filed an application under Section 16 of the Ordinance praying for the Court to restrict the Company from creating any third-party interest/rights on the immoveable properties owned by the Company, to which the Company has filed its counter-affidavit objecting inter alia that the application for attachment of property is not maintainable under Section 16 of the Ordinance for failing to satisfy the necessary ingredients mandated by law for grant of relief.

In response to the above application for attachment of properties, the Company filed its counter-affidavit objecting inter alia that the lawsuit was not properly instituted and the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff bank, and for failing to disclose any apprehension with regards to the disposal of properties.

The suit was withdrawn by order dated 20 September 2023, in terms of an out- of-court settlement reached between the Plaintiff and the Company.

MCB Bank Limited:

The Plaintiff filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of PKR 478,002,798.04, along with costs, cost of funds from the date of default till realization of the decretal amount, charges, expense etc. against the alleged finance facilities availed by the Company. The Plaintiff also prayed for the Court to grant a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Company.

The Company, in response to the suit, filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it falls foul of the requirements of Section 9 of the Ordinance inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff, and the cause of action alleged to occur is time-barred. The statement of accounts attached as an annexure to the suit by the Plaintiff bank fail to comply with the requirements of the Bankers Book Evidence Act, 1891, (Bankers Evidence Act).

Simultaneously with the suit, the Plaintiff filed an application under Section 16 of the Ordinance for attachment of the property owned by the Company till the final decision of the recovery suit; thereby seeking to restrain the Company from inter alia, selling, transferring, alienating, or mortgaging its property, which the Plaintiff has alleged would cause irreparable loss and gravely prejudice its interests.

In response to the above application for attachment of properties, the Company filed its counter-affidavit objecting inter alia that the lawsuit was not properly instituted and the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff bank, and the absence of a basis for apprehension with regards to the disposal of properties. An order was passed on this application on 1 October 2021 directing the Company to not create any third-party interest on its immovable properties till the next date of hearing.

The suit was withdrawn by order dated 18 April 2023, in terms of an out-of-court settlement reached between the Plaintiff and the Company.

The Bank of Punjab (BOP)

a) Suit no B39 of 2021:

The Plaintiff filed a suit under Section 9 of the Ordinance for the payment and recovery of PKR 2,192,841,925.01 along with cost of funds from the date of default, and for the sale of the Company's hypothecated assets/goods/attached assets/properties. The aforementioned outstanding amount was claimed against the following facilities:

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An application under Section 10 of the Ordinance for leave to defend the suit was filed on behalf of the Company claiming that the instant suit is liable to be rejected as it has not been validly instituted and fails to comply with the mandatory requirements of the Ordinance and does not disclose a cause of action. The grounds raised in the application are, inter alia. the particular finance(s) (as the term is defined in the Ordinance) on which the suit is found as due and payable by the Company is unidentified and not shown to be extended to the Company within the statement of accounts attached by the Plaintiff, and the suit has been instituted without a valid power of attorney. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act.

In response to the Company's leave to defend application, the Plaintiff submitted a replication requesting the Court to dismiss the Company's application for leave to defend.

Alongside the suit, the Plaintiff also filed an application under Section 16 of the Ordinance seeking to restrain the Company from creating any third-party interest in the immovable properties owned by the Company as well as passing an order for attachment of those properties till the disposal of the suit.

The Plaintiff subsequently filed another application under Section 16 of the Ordinance for the attachment of certain other immovable properties belonging to the Company and prayed for the Company to be restrained from creating any third-party interest in these properties as well.

The Company filed its counter-affidavits to the two applications for injunction and attachment, denying the averments made by the Plaintiff, highlighting that the necessary ingredients for the grant of any relief under the provisions of the Ordinance had not been met. The Company has submitted that in the absence of the suit establishing a valid cause of action or a failure to show the Company's intent to dispose of or remove the property over which a security has been created, the attachment application of the Plaintiff cannot be granted.

On 20 September 2021, the Honorable Court passed an order restraining the Company from creating any third-party interests in immovable properties owned by the Company. The second application was pending hearing.

The suit was decided against the Company, granting all of the reliefs sought in the Suit, by judgment dated 6 February and decree dated 21 February 2023. The Company has filed an appeal against the said judgment and decree (see Appeal no 60 of 2023).

b) Appeal no 60 of 2023:

The Company has filed an appeal against the judgment and decree passed in Suit No. B-39 of 2021, on the grounds inter alia that: the Learned Judge failed at all to consider that the Suit was not maintainable; there was impropriety in the conduct of the proceedings and a proper hearing was not given to the Company; that the Learned Judge has failed to appreciate that the Suit falls foul of the mandatory provisions of section 9(2) and section 9(3) of the Ordinance; the Learned Judge has erroneously found that the so-called statements of accounts correspond precisely with the so-called finances itemized in the judgment; the Learned Judge has failed to determine whether any amounts were disbursed to or for the benefit of the Company under or pursuant to any of the so-called finance agreements attached in support of the Plaint and has instead based his findings on the basis merely that such so-called finance agreements were executed, incorrectly deeming the fact of execution to constitute "admissions" of disbursement and of liability on the part of the Company; the Learned Judge has failed to consider that the documents provided in respect of the purported letters of credit do not substantiate the bank's entitlement to the Suit amount; and the Learned Judge has failed to consider whether the bank is entitled to the benefit of the securities created under the hypothecation agreement.

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The bank has filed a reply to the appeal along with an application alleging perjury on the part of the Company's officers. By way of order dated 29 March 2023, the bank's perjury application was dismissed and the parties were directed to maintain status quo. The writ of attachment issued in the execution proceedings of the decree is also not to affect the day-to-day operations of the Company (refer Execution no 18 of 2023). As such, the decree in the Suit is not presently proceeding to execution, as the said orders continue to operate to date.

The appeal is currently pending hearing and, in our view, the Company has a strong chance of success.

c) Execution no 18 of 2023:

The Decree Holder bank has instituted proceedings for the execution of the decree dated 21 February 2023 passed in Suit No. B-39 of 2021 (see point (a) above). A writ of attachment was issued for the attachment of the properties allegedly hypothecated in favor of the bank. However, by order dated 19 April 2023 passed in the appeal (see point (b) above), the writ of attachment shall not affect the day-to-day operations of the Company.

By order of the Additional Registrar dated 10 April 2023, certain properties of the Company were sought to be attached, although such properties were not awarded by way of the decree passed in the Suit. Hence the Company has filed an application seeking to exclude the said properties from the scope of the execution proceedings. The Company's application will be heard on the next date of hearing and is, in our view, likely to succeed.

Further, it is our view that the decree will be set aside in the appeal and as such the execution proceedings will become infructuous.

a) Suit no B-45 of 2022:

The Plaintiff has filed a suit for recovery of PKR 1,088,188,268 against the Company under Section 9 of the Ordinance. The Plaintiff has also prayed for a decree for recovery of the allegedly outstanding amount through the sale of hypothecated/charged properties and assets of the Company, attachment of the Company's immovable properties and other properties and for cost of funds in terms of Section 3 of the Ordinance from the date of default till satisfaction of the decretal amount, if granted.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Company; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to meaningfully defend itself; and the attached documents do not support the Plaintiffs assertions regarding the Company's alleged liability.

The Plaintiff has, simultaneously with the suit, filed an application under Section 23 (1) of the Ordinance seeking to restrain the Company from transferring or selling the hypothecated assets and mortgaged properties, to which the Company has filed its counter-affidavit objecting inter a/la that the application for attachment of property is not maintainable under Section 23 of the Ordinance.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

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Samba Bank Limited

A suit under Section 9 of the Ordinance was filed against the Company and its former CEO/Director, Mr. Mumtaz Hasan Khan, (in his personal capacity as a guarantor of the Company's liabilities) for the recovery of PKR 1,018,709,744.57 against several finance facilities allegedly availed by the Company from the Plaintiff bank.

Additionally, during the pendency of the suit, the Company's assets were prayed to be attached for the settlement of the allegedly outstanding amount. However, separate applications seeking an interim injunction or attachment of the properties have not been filed by the Plaintiff.

In response, the Company filed its application for leave to defend under Section 10 of the Ordinance praying that the suit is liable to be rejected inter alia the following grounds, which renders it impossible for the Company to know the case that has to be met by it: no cause of action has been disclosed by the Plaintiff against the Company, the Plaintiff has failed to disclose or identify any particular finance(s) or finance facility(ies) (as defined in the Ordinance) on which the suit is founded, the attached documents do not support the Plaintiffs assertions especially since the liability they allegedly establish has not lapsed as of the date of the institution of the suit and that it falls foul of the disclosure requirements to be strictly met under the Ordinance. Since the statement of accounts attached as an annexure in the suit itself fail to establish any nexus with the alleged facilities in question or any disbursements to the Company of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'.

The Company has also highlighted that the Plaintiff failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder by way of this suit. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act.

The suit was withdrawn by order dated 2 January 2024, in terms of an out-of- court settlement reached between the Plaintiff and the Company.

Sindh Bank Limited:

The Plaintiff has filed a suit under Section 9 of the Ordinance for the recovery of PKR 2,334,776,939.97 along with cost of funds.

The Plaintiff also prayed for permanent injunction to restrain the Company, its employees, agents or anv other persons acting for and, on its behalf, directly and/or indirectly, from selling, alienating, disposing of or creating third party rights in any manner whatsoever in respect of the allegedly hypothecated assets as well as moveable and immoveable properties. Additionally, it was prayed that a judgement and decree for attachment and sale of all other assets and properties of the Company is passed to recover the outstanding amount. However, separate applications seeking an interim injunction or attachment of the properties during the pendency of the proceedings have not been filed by the Plaintiff.

An application under Section 10 of the Ordinance for leave to defend the suit has been filed on behalf of the Company contesting the allegations averred against the Company. The grounds raised in the application are, inter alia, the Plaintiff's failure to comply with the mandatory requirements of the Ordinance or to establish that: the Company as its 'customer', there is a cause of action against the Company, the particular finance(s) (as the term is defined in the Ordinance) on which the suit is found as due and payable by the Company, and/or whether any finance facility was actually disbursed to the Company pursuant to the so- called facility letters. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act. The documents attached as supporting documents to the Plaintiff's suit, inter alia the promissory notes and letter(s) of lien/setoff, suggest that certain claims are also time barred under the Ordinance.

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It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Bank Makramah Limited:

The Plaintiff filed a suit for recovery of PKR 547,253,184.24 against the Company under Section 9 of the Ordinance. In addition, the Plaintiff bank also prayed for the Company's assets to be attached for sale to cover the outstanding costs. A separate application under Section 16 of the Ordinance seeking such attachment during the pendency of proceedings was not been filed by the Plaintiff.

In response to the Plaintiff's suit, a leave to defend application under Section 10 of the Ordinance was filed by the Company notwithstanding any prejudice to the Plaintiff's contention that the provisions of the Ordinance are contrary to Article 10-A of the Constitution. In its application, the Company argued that the Plaintiffs suit is not valid and maintainable for the following reasons, for which it is liable to be dismissed: the suit has been instituted without a valid power of attorney, no cause of action has been established against the Company by the Plaintiff, the Plaintiff's assertions that the finance facilities (the term as defined in the Ordinance) were obtained by or recovered from the Company is not supported by any evidence, and the suit fails to comply with the mandatory provisions of the Ordinance.

The suit was withdrawn by order dated 1 January 2024, in terms of an out-of- court settlement reached between the Plaintiff and the Company.

National Bank of Pakistan:

a) National Bank of Pakistan vs Karachi Hydrocarbon Terminal Limited and another:

A suit of recovery under Section 9 of the Ordinance for PKR 4,019,323,714 along with liquidated damages, cost of funds, charges and costs till realization was instituted by the National Bank of Pakistan in respect of the term finance facility of PKR 4,000,000,000 allegedly extended by the Plaintiff to Karachi Hydro Carbon Terminal Limited (Defendant No.1), a subsidiary of the Company, and the Company as Defendant No. 2 acting as the guarantor in respect of the finance facility.

An application for leave to defend the suit under Section 10 of the Ordinance has been filed on behalf of the Company. The grounds raised therein include inter alia: the Plaintiff's failure to show any cause of action against the Company or comply with the mandatory requirements of the Ordinance, the suit being barred by limitation or otherwise premature with respect to other amounts claimed, absence of true and correct statements of accounts in support of the contention and the Plaintiff's failure to disclose the extension or disbursement of particular finances (the term as defined in the Ordinance) on the basis of which the suit is founded.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

b) Suit no B-47 of 2022:

The Plaintiff has filed a suit under Section 9 of the Ordinance against the Company and its former CEO/ Director, Mr. Mumtaz Hasan Khan (in his personal capacity as a guarantor of the Company's liabilities), for the recovery of PKR 23,669,132,888 against several finance facilities allegedly availed by the Company from the Plaintiff bank. The Plaintiff has prayed for the award of liquidated damages payable by the Company at the rate of; (i) 20% per annum from the due date to the date of recovery pursuant to the Term Finance Agreement dated March 9, 2016; (ii) 1.75% per annum from the due date to the date of recovery pursuant to the Term Finance Agreement dated May 22, 2018; (iii) 2% per annum from the seventh business day of the due date to the date of recovery pursuant to the Term Finance Agreement dated May 21, 2018; and (iv) 2% per annum from the seventh business day of due date to the date of recovery pursuant to the Finance Agreement dated October 18, 2018. Furthermore, the Plaintiff has also prayed for the attachment of the Company's properties including but not limited to all properties attached as security under the finance facilities availed by the Company.

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In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on inter a/io the following grounds: no cause of action has been disclosed by the Plaintiff against the Company; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Company's alleged liability.

Along with the Plaint, the Plaintiff has filed (i) an application under Order 38 Rule 5 read with Section 151 of the Code of Civil Procedure, 1908 ("CPC") for the attachment of certain immovable properties of the Company (ii) an application under Order 39 Rules 1 and 2 read with Section 151 of the CPC, seeking to restrain the Company from inter alia, selling, transferring, alienating, or mortgaging its property, which the Plaintiff has alleged would cause irreparable loss and gravely prejudice its interests, and (iii) an application under Order 18 Rule 18 read with Section 151 of the CPC, requesting the Court to appoint the Nazir to prepare an inventory of all the assets available at various properties owned by the Company.

Ex parte ad interim orders were passed by the Court on 27 October 2022 directing the parties to maintain status quo.

The Company has filed its counter-affidavits to each of the above applications denying the averments made by the Plaintiff. It has been highlighted that the necessary ingredients for the grant of the relief being sought have not been met, particularly as the Plaintiff has not alleged any anticipated threat of removal or disposal of the Company's properties.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Bank Alfalah Limited (BAFL)

a) Suit no B-09 of 2022

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of PKR 1,130,340,813.09, along with costs, cost of funds, compensatory charges and liquidated damages from the date of default till realization. The Plaintiff has also prayed for the Court to grant a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Company.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Company; the Plaintiff has failed to disclose or appropriately identify the particular finance(s) or finance facility(ies) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to know the case that has to be met by it; and the attached documents do not support the Plaintiff's assertions and fall foul of the disclosure requirements to be strictly met under the Ordinance. It has further been stated that since the statements of accounts attached as annexures in the suit fail to establish any nexus with the alleged facilities in question or any disbursements to the Company of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'. Additionally, the statements of accounts attached by the Plaintiff are not certified according to the Bankers Evidence Act.

Simultaneously with the suit, the Plaintiff has filed an application under Section 16 of the Ordinance for attachment of the property owned by the Company till the final decision of the recovery suit, thereby seeking to restrain the Company from inter alia, selling, transferring, alienating, or mortgaging its property, which the Plaintiff has alleged would cause irreparable loss and gravely prejudice its interests.

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In response to the above application for attachment of properties, a counter- affidavit has been filed on behalf of the Company on the grounds that the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff. Notwithstanding this, the Plaintiff has not provided any basis for apprehension of disposal of the properties.

In response to the Company's leave to defend application, the Plaintiff has submitted a replication requesting the Court to dismiss the Company's application for leave to defend.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed; and the Plaintiff will not succeed at the inter partes hearing to attach or otherwise adversely affect the Company's properties.

b) Suit no B-22 of 2023

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance of an amount of PKR 1,029,360,639.95 along with mark-up and cost of funds, under a Diminishing Musharaka Finance facility allegedly availed by the Company from the Plaintiff bank. The Plaintiff has also prayed for a permanent injunction against the disposal or creation of third-party interests on certain mortgaged and hypothecated properties; and the sale and attachment of specified mortgaged and hypothecated properties of the Company.

The Company has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance for inter o1io the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Meezan Bank Limited

The Plaintiff has filed a suit under Section 9 of the Ordinance against the Company and its former CEO/ Director, Mr. Mumtaz Hasan Khan (in his personal capacity as a guarantor of the Company's liabilities), for the recovery of PKR 4,580,304,393 against several finance facilities allegedly availed by the Company from the Plaintiff bank. The Plaintiff has also prayed for the attachment of the Company's properties for the settlement of the alleged outstanding amount (a separate application seeking an interim injunction or attachment of the properties has not been filed).

In response, the application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on the grounds, inter alia, that: no cause of action has been disclosed by the Plaintiff against the Company; the Plaintiff has failed to disclose the particulars of the amounts claimed and finance (s) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to know the case that has to be met by it; and the attached documents do not support the Plaintiff's assertions. Since the statement of accounts attached as an annexure in the suit itself fail to establish any nexus with the alleged facilities in question or any disbursements to the Company of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'. Additionally, the statement of accounts attached by the Plaintiff are not certified according to the Bankers Evidence Act. It has also been highlighted that the Plaintiff has failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder in the suit.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

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Bank Islami Pakistan Limited

The Plaintiff has filed a suit for recovery of PKR 1,867,797,823.80 against the Company under Section 9 of the Ordinance. The Plaintiff has also prayed for a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Company. However, a separate application seeking an interim injunction or attachment of the property has not been filed by the Plaintiff.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Company; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Company's alleged liability. It has also been highlighted that the Plaintiff has failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder in the suit.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Bank of Khyber

The Plaintiff has filed a suit for recovery of PKR 2,307,039,435 against the Company under Section 9 of the Ordinance under a LC finance facility and Running Finance facility allegedly availed by the Company from the Plaintiff bank. The Plaintiff has also prayed for a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Company and a permanent injunction from selling, disposing, alienating or creating third party rights in respect of the hypothecated/ charged properties and assets. Additionally, the Plaintiff has also prayed for the payment of cost of funds in terms of Section 3 of the Ordinance from the date of default till the date of realization.

An application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Company; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Company's alleged liability.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Dubai Islamic Bank

The Plaintiff has filed a suit for recovery of PKR 1,482,545,295 against the Company under Section 9 of the Ordinance. The Plaintiff has prayed for a permanent injunction from selling, disposing, alienating or creating third party rights in respect of the hypothecated assets and mortgaged properties, as well as for sale of the mortgaged properties and the hypothecated assets and attachment of the Company's bank accounts. Furthermore, the Plaintiff has prayed for the payment of cost of funds in terms of Section 3 of the Ordinance from the date of default till the date of realization.

An application for leave to defend has been filed on behalf of the Company. However, the Plaintiff is yet to file its replication.

In our view, the application for leave to defend filed on behalf of the Company is likely to succeed.

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First Women Bank Limited

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance of an amount of PKR 853,540,095.2, along with cost of funds, under a LC finance facility and Running Finance facility allegedly availed by the Company from the Plaintiff bank. The Plaintiff has also prayed for a decree for the recovery of the outstanding amount through the sale of the hypothecated and immovable and other assets of the Company.

The Company has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance for inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

The Company's application was filed along with an application for condonation of delay, as the Additional Registrar had incorrectly observed that the leave to defend application was not filed with the prescribed 30 days' period under the Ordinance. The condonation application has been filed on the grounds that notice of the suit was never validly served on the Company under Section 9 (5) of the Ordinance and therefore, the question of limitation does not arise. Even otherwise, the leave to defend application was filed within time for being submitted within 30 days of actual notice of the suit.

A full inter partes hearing of the Company's condonation application has concluded and orders are reserved by the Court.

It is our view that the application for condonation as well as leave to defend filed on behalf of the Company are likely to succeed.

Habib Bank Limited

The Plaintiff filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of PKR 5,822,624,391.84, along with future mark-up, cost of funds costs of the Suit, and liquidated damages at the rate of 20% per annum in respect of finance facilities alleged to have been availed by the Company. The Plaintiff also prayed for the Court to grant a decree for recovery of the outstanding amount through the sale of moveable and immoveable assets of the Company.

The Company has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

No replication has as yet been filed on behalf of the Plaintiff and therefore the Company's application is yet to be heard. It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

29.1.3 Commitments

I The facility for opening letters of credit (LCs) acceptances as at December 31, 2023 amounted to Rs. 36,068 (2022: Rs. 36,261) million of which the amount remaining unutilized as at that date was Rs. 14 (2022: Rs. 2) million.

II There are no commitments for the purchases from Vitol Bahrain E.C, a party related to the Company.

III Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:

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	Note	2023	2022
		---------------- Rupees in '000 ----------------	
Property, plant and equipment		**181,911**	138,289
IV Commitments for rentals of assets under operating lease / Ijarah :			
Not later than one year		**17,403**	300,474
Later than one year and not later than five years		**-**	17,403
		17,403	317,877

30. SALES - NET

		2023	2022
Sale of petroleum products inclusive of sales tax		**163,704,562**	71,351,573
Sales discount		**(956,934)**	(184,844)
		162,747,628	71,166,729

31. OTHER REVENUE

		2023	2022
Owned tank lorries - net		**50,970**	-
Franchise fee		**108,948**	60,485
Joining fee for petrol pump operators		**1,590**	1,548
Non fuel retail and lubricants		**55,086**	74,859
		216,594	136,892

32. COST OF SALES

	Note	2023	2022
Opening stock - fuel		**8,178,013**	10,255,676
Fuel purchased	32.1	**126,952,148**	57,441,879
Duties, levies and depreciation	32.2	**35,251,324**	8,408,541
Closing stock - fuel and petrochemical	11	**(12,069,049)**	(8,178,013)
		158,312,436	67,928,083

32.1 This includes fuel purchased from local refineries, imports and provision of inventory.

32.1.1 This also includes shipping cost charged by supplier amounting to Rs. 612 (2022: Rs. 393) million.

32.2 Duties, levies and depreciation

	Note	2023	2022
		---------------- Rupees in '000 ----------------	
Petroleum development levy	32.2.1	**32,893,889**	7,104,103
Inland freight equalization margin		**1,285,831**	793,220
Storage and handling charges		**601,809**	194,313
Depreciation on right-of-use asset (Storage & handling)	6.2	**5,452**	5,452
Freight		**464,343**	311,453
		35,251,324	8,408,541

32.2.1 This includes additional petroleum development levy on direct sales.

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33. DISTRIBUTION AND MARKETING EXPENSES

	Note	2023	2022
		Rupees in '000	
Salaries, wages and other benefits	34.1	**463,013**	356,202
Depreciation on property, plant and equipment	5.4	**1,760,098**	1,887,148
Depreciation on right-of-use asset	6.2	**215,734**	293,742
Rent, rates and taxes		**280,657**	252,776
Fuel and power		**156,731**	166,038
Traveling and conveyance		**84,598**	67,919
Repairs and maintenance		**185,227**	149,494
Insurance		**103,429**	83,671
Commission		**32,951**	-
Advertising and publicity		**17,026**	6,478
Printing, communication and stationery		**21,824**	8,138
Fees and subscription		**9,966**	13,866
Owned tank lorries - net		**-**	40,490
Legal and professional charges		**7,162**	49,129
		3,338,416	3,375,091

34. ADMINISTRATIVE EXPENSES

	Note	2023	2022
Salaries, allowances and other benefits	34.1	**507,265**	431,428
Fee and subscription		**15,158**	16,690
Legal and professional charges		**105,161**	231,437
Traveling and conveyance		**59,703**	32,634
Insurance		**6,765**	5,564
Repairs and maintenance		**36,507**	18,708
Depreciation on right-of-use asset	6.2	**86,604**	83,258
Depreciation on property, plant and equipment	5.4	**62,626**	62,912
Rent, rates and taxes		**3,524**	4,594
Printing, communication and stationery		**11,693**	15,982
Advertising and publicity		**1,175**	358
Fuel and power		**6,425**	5,074
Donation		**57**	-
Auditor's remuneration	34.2	**9,460**	9,790
Amortization	7	**246**	286
		912,369	918,715

34.1 Salaries and other benefits relating to distribution and administrative expense include:

	Note	2023	2022
Gratuity	49.1.5	**59,989**	48,770
Contribution to provident fund		**25,101**	19,773

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34.2 Auditor's remuneration

	Note	2023	2022
		Rupees in '000	
Statutory audit		**5,200**	4,500
Special purpose audit		**-**	1,800
Certifications		**900**	750
Shari'ah audit fee		**850**	700
Half yearly review		**1,000**	700
Out of pocket expenses		**860**	890
Consolidation		**650**	450
		9,460	9,790

35. ALLOWANCE FOR EXPECTED CREDIT LOSS ON TRADE DEBTS

	Note	2023	2022
ALLOWANCE FOR EXPECTED CREDIT LOSS ON TRADE DEBTS	12.1	**81,007**	-

36. OTHER EXPENSES

	Note	2023	2022
Provisioning of advance to supplier	13.3	**166,060**	181,897
Provision against breach of contract	29.1.1	**633,920**	-
Penalty	36.1	**7,712**	9,342
		807,692	191,239

36.1 This represents penalty paid to Oil and Gas Regulatory Authority, Federal Board of Revenue and Collector of Customs.

37. OTHER INCOME

	Note	2023	2022
		Rupees in '000	
Income from financial assets			
Markup / profit on:			
deposit with conventional banks		**80,665**	40,015
TFCs		**19,947**	15,678
Fair value change of TFC		**1,397**	-
		102,009	55,693
Income from non-financial assets			
Gain on disposal of operating fixed assets		**5,857**	12,107
Reversal of allowance for ECL	12.1	**-**	313,852
Scrap sales		**7,454**	3,742
Rental income and others		**57,649**	94,265
		70,960	423,966
		172,969	479,659

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38. FINANCE COST

	Note	2023	2022
		Rupees in '000	
Conventional			
Short term borrowings		**5,503,175**	4,829,921
Letter of credit / import contract		**12,872**	14,458
Long term borrowings		**2,922,607**	1,261,155
Interest cost on lease liability on right of use asset	22.2.1	**417,505**	425,696
Unwinding of discount		**49,265**	235,055
Bank charges		**95,701**	102,907
		9,001,125	6,869,192
Islamic			
Short term borrowings		**782,098**	749,726
Long term borrowings		**1,209,292**	752,217
Assets obtained under finance lease		**15,575**	34,984
		2,006,965	1,536,927
		11,008,090	8,406,119

39. TAXATION

	2023	2022
Current	**654,474**	381,143

39.1 During the year ended December 31, 2023 and 2022, provision for current tax is based on minimum tax and final tax regime. Accordingly, tax reconciliation has not been presented in these unconsolidated financial statements.

40. LOSS PER SHARE - basic and diluted

	2023	2022
Loss for the year (Rupees in thousand)	**(17,814,348)**	(14,439,536)
Weighted average number of ordinary shares (in thousand)	**999,121**	999,121
Loss per share from continued operations - basic and diluted (Rupees)	**(17.83)**	(14.45)

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2023			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in '000					
Director's fee	**-**	**15,158**	**-**	-	15,460	-
Managerial remuneration	**48,600**	**-**	**347,366**	48,600	-	266,909
Cost of living allowance	**5,400**	**-**	**38,596**	5,400	-	29,657
Reimbursement of medical expenses	**509**	**-**	**9,287**	671	-	6,014
Retirement benefits	**2,780**	**-**	**19,968**	2,780	-	14,020
	57,289	**15,158**	**415,217**	57,451	15,460	316,600
Number of person(s)	**1**	**10**	**105**	1	7	80

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41.1 The Chief Executive Officer and certain executives are also provided with free use of Company maintained cars and cellular connections. In addition, the Chief Executive Officer is provided with free security services in accordance with the terms of employment.

42. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprises of associated undertakings, directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and staff retirement fund. Significant transactions with related parties, other than those disclosed elsewhere in this unconsolidated statement of financial position, are as follows:

42.1 Transactions with related parties

Name of related party	Nature of relationship	Nature of transaction	Percentage of shareholding	2023	2022
				Rupees in '000	
Karachi Hydrocarbon Terminal Limited	Common directorship	Rendering of services	9.07%	475,167	145,741
Magic River Serivces Limited	Shareholding	Share of profit	25%	8,677	11,632
Hascol Lubricants (Private) Limited	Shareholding	Sale, purchase and others	100%	57,508	90,830
Hascol Lubricants (Private) Limited	Shareholding	Procurement	100%	5,596	7,143
Vitol Bahrain E.C	Common directorship	Procurement	N/A	79,943,724	37,634,448

42.2 Balances with related parties

Name of related party	Nature of relationship	Nature of transaction	Percentage of shareholding	2023	2022
				Rupees in '000	
Karachi Hydrocarbon Terminal Limited	Common directorship	Advance against issue of shares	9.07%	2,500	2,500
Karachi Hydrocarbon Terminal Limited	Common directorship	Investments	9.07%	412,500	412,500
Karachi Hydrocarbon Terminal Limited	Common directorship	Rendering of services	9.07%	1,573,981	1,392,194
Magic River Serivces Limited	Shareholding	Investments	25%	110,000	110,000
Magic River Serivces Limited	Shareholding	Share of profit	25%	722	1,125
Hascol Lubricants (Private) Limited	Shareholding	Sale, purchase and others	100%	37,284	37,823
VAS LNG (Private) Limited	Shareholding	Advance against issue of shares	30%	1,023	1,023
VAS LNG (Private) Limited	Shareholding	Investments	30%	3,000	3,000
Vitol Bahrain E.C	Common directorship	Procurement	N/A	24,354,830	13,428,337

43. CASH USED IN OPERATIONS

	Note	2023	2022
		Rupees in '000	
Loss before taxation		(17,159,874)	(14,058,393)
Adjustment for:			
Depreciation on property, plant and equipment	5.4	1,822,724	1,950,060
Depreciation on right-of-use asset	6.2	307,790	382,452
Amortization	7	246	286
Provision / (Reversal) of allwance for ECL	12.1	81,007	(313,852)
Exchange loss - unrealized		1,937,611	2,757,125
Provision for gratuity	49.1.5	58,055	46,852
Gain on disposal of operating fixed assets	37	(5,857)	(12,107)
Provision of advance to supplier	36	166,060	181,897
Provision against breach of contract	36	633,920	-
Provision against stock	11.2	54,484	-
Unrealised gain on TFC	37	(1,397)	-
Markup / profit on bank deposits	37	(100,612)	(55,693)
Markup charged on lease liability	38	417,505	425,696
Finance cost	38	10,590,585	7,980,423
Changes in working capital	43.1	7,276,555	258,905
Cash generated from / (used in) operations		6,078,802	(456,349

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43.1 Changes in working capital

	Note	2023	2022
		Rupees in '000	
Current assets			
Stock-in-trade	11	(3,945,520)	2,077,663
Trade debts	12	(492,506)	443,425
Advances	13	(80,317)	(125,127)
Deposits and prepayments	14	(28,855)	(131,425)
Other receivables	15	(3,663,578)	(1,221,599)
		(8,210,776)	1,042,937
Current liabilities			
Trade and other payables	24	15,487,331	(784,032)
Changes in working capital		7,276,555	258,905

44. CASH AND CASH EQUIVALENTS

	Note	2023	2022
Cash and bank balances	18	835,313	771,689
Short-term borrowings	27	(35,644,035)	(39,302,994)
		(34,808,722)	(38,531,305)

45. OPERATING SEGMENTS

These unconsolidated financial statements have been prepared on the basis of a single reportable segment.

- Sales from petroleum products represent 99.63% (2022: 99.34%) of total revenues of the Company.
- Out of total sales of the Company 100% (2022: 100%) related to customers in Pakistan.
- All non-current assets of the Company as at December 31, 2023 are located in Pakistan.

The Company sells its product to dealers, government agencies and autonomous bodies, independent power projects and other corporate customers.

Sales to ten major customers of the Company are around 11.53% during the year ended December 31, 2023 (2022: 9.21%).

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46. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2023	2022
		---------------- Rupees in '000 ----------------	
Financial assets as per statement of financial position			
Fair value through profit or loss			
Short term investments	17	**100,097**	98,700
At cost			
Long term investments	8	**3,709,627**	3,709,627
At amortized cost - gross values			
Deposits	14 & 10	**286,756**	378,650
Trade debts	12	**10,571,103**	10,078,597
Other receivables	15	**8,023,192**	5,106,375
Accrued mark-up and profit	16	**627**	1,368
Cash and bank balances	18	**835,313**	771,689
		19,716,991	16,336,679
Total financial assets		**23,526,715**	20,145,006
Financial liabilities as per statement of financial position			
At amortized cost - gross values			
Long-term financing	21	**13,637,415**	13,637,415
Unclaimed dividend	25	**356,928**	356,928
Trade and other payables	24	**49,128,852**	30,681,054
Accrued mark-up and profit	26	**23,383,120**	14,244,173
Short-term borrowings	27	**35,644,035**	39,302,994
Total financial liabilities		**122,150,350**	98,222,564

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the unconsolidated statement of financial position are as follows:

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	------------------------ Rupees in '000		------------------------	
Financial assets				
Long term investments	**3,709,627**	**3,709,627**	3,709,627	3,709,627
Deposits	**286,756**	**286,756**	378,650	378,650
Trade debts	**10,571,103**	**10,571,103**	10,078,597	10,078,597
Other receivables	**8,023,192**	**8,023,192**	5,106,375	5,106,375
Short term investment	**100,097**	**100,097**	98,700	98,700
Accrued mark-up and profit	**627**	**627**	1,368	1,368
Cash and bank balances	**835,313**	**835,313**	771,689	771,689
	23,526,715	**23,526,715**	20,145,006	20,145,006

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	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees in '000			
Financial liabilities				
Long-term financing	**13,637,415**	**13,637,415**	13,637,415	13,637,415
Unclaimed dividend	**356,928**	**356,928**	356,928	356,928
Trade and other payables	**49,128,852**	**49,128,852**	30,681,054	30,681,054
Accrued mark-up and profit	**23,383,120**	**23,383,120**	14,244,173	14,244,173
Short-term borrowings	**35,644,035**	**35,644,035**	39,302,994	39,302,994
	122,150,350	**122,150,350**	98,222,564	98,222,564

b) Valuation of financial instruments

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

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c) Financial assets

	2023				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Short term investments	**100,097**	**100,097**	**-**	**-**	**100,097**
Long term investments at cost	**3,709,627**	**-**	**-**	**3,709,627**	**3,709,627**
Total	**3,809,724**	**100,097**	**-**	**3,709,627**	**3,809,724**

	2022				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	3,709,627	-	-	3,709,627	3,709,627
Total	3,808,327	98,700	-	3,709,627	3,808,327

d) Non-financial assets

	2023				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Building on lease hold land	**6,078,189**	**-**	**-**	**6,078,189**	**6,078,189**
Tanks and pipelines	**3,662,484**	**-**	**-**	**3,662,484**	**3,662,484**
Dispensing pumps	**1,731,801**	**-**	**-**	**1,731,801**	**1,731,801**
Plant and machinery	**740,425**	**-**	**-**	**740,425**	**740,425**
Electrical, mechanical and fire fighting equipment	**1,273,711**	**-**	**-**	**1,273,711**	**1,273,711**
Furniture, office equipment and other assets	**131,283**	**-**	**-**	**131,283**	**131,283**
Vehicles	**265,866**	**-**	**-**	**265,866**	**265,866**
Computer auxiliaries	**9,579**	**-**	**-**	**9,579**	**9,579**
	13,893,339	**-**	**-**	**13,893,339**	**13,893,339**

	2022				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Building on lease hold land	6,516,059	-	-	6,516,059	6,516,059
Tanks and pipelines	3,892,098	-	-	3,892,098	3,892,098
Dispensing pumps	2,112,597	-	-	2,112,597	2,112,597
Plant and machinery	818,537	-	-	818,537	818,537
Electrical, mechanical and fire fighting equipment	1,563,118	-	-	1,563,118	1,563,118
Furniture, office equipment and other assets	174,554	-	-	174,554	174,554
Vehicles	353,588	-	-	353,588	353,588
Computer auxiliaries	6,524	-	-	6,524	6,524
	15,437,075	-	-	15,437,075	15,437,075

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48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to the following risks from its use of financial instruments:

	Note
- Market risk	48.1.1
- Credit risk and concentration of credit risk	48.1.2
- Liquidity risk	48.1.3

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring any increase in risk, and the Company's management of capital.

48.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities.

The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board oversee how management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Company.

48.1.1 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

(a) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 126.392 million (2022: USD 101.342 million) having PKR equivalent amount of Rs. 35,625 million (2022: Rs. 22,947 million). The average rates applied during the year is Rs. 283.0750 per USD (2022: Rs. 204.5162 per USD) and the spot rate as at December 31, 2023 is Rs. 281.8607 per USD (2022: Rs. 226.4309 per USD).

The Company manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Company cannot hedge its currency risk exposure. Consequently, the Company recorded exchange loss amounting to Rs. 5,799 million (2022: Rs. 4,829 million) during the year.

Sensitivity analysis

As at December 31, 2023, if the Pakistani Rupee had weakened / strengthened by 5% against USD with all other variables held constant, loss / profit for the year would have been lower / higher by Rs. 1,784 million (2022: Rs. 1,147 million).

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(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises due to long-term financing and short term borrowings. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is summarized as follows:

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would effect on profit or loss before tax is shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

Cash flow sensitivity of variable rate instruments

	Profit or (loss)		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
(Expense) / income	------------------------ Rupees in '000	-------------------------		
As at December 31, 2023	**(107,289)**	**107,289**	**(76,175)**	**76,175**
As at December 31, 2022	(81,188)	81,188	(57,643)	57,643

b) Interest / profit rate risk (continued)

	2023							
	Effective yield/ interest/ profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
		------------------------------ Rupees. in '000					------------------------------	
Financial assets at gross values								
Long term investments	-	-	-	-	-	3,709,627	3,709,627	3,709,627
Deposits	-	-	-	-	313,043	102,350	415,393	415,393
Trade debts	-	-	-	-	10,571,103	-	10,571,103	10,571,103
Other receivables	-	-	-	-	8,023,192	-	8,023,192	8,023,192
Accrued mark-up and profit	-	-	-	-	627	-	627	627
Short term investments	18.66-24.20	100,097	-	100,097	-	-	-	100,097
Cash and bank balances	14.05-20.50	305,083	-	305,083	530,230	-	530,230	835,313
		405,180	-	405,180	19,438,195	3,811,977	23,250,172	23,655,352
Financial liabilities at gross values								
Long term finances	9.00-25.14	4,955,209	8,682,206	13,637,415	-	-	-	13,637,415
Unclaimed dividend	-	-	-	-	356,928	-	356,928	356,928
Trade and other payables	-	-	-	-	49,128,852	-	49,128,852	49,128,852
Accrued mark-up and profit	-	-	-	-	23,383,120	-	23,383,120	23,383,120
Short-term borrowings	9.00-24.87	35,644,035	-	35,644,035	-	-	-	35,644,035
		40,599,244	8,682,206	49,281,450	72,868,900	-	72,868,900	122,150,350
On financial position gap		(40,194,064)	(8,682,206)	(48,876,270)	(53,430,705)	3,811,977	(49,618,728)	(98,494,998)

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	2022								
	Effective yield/ interest/ profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
		Rupees. in '000						
Financial assets at gross values								
Long term investments	-	-	-	-	-	3,709,627	3,709,627	3,709,627
Deposits	-	-	-	-	282,069	230,180	512,249	512,249
Trade debts	-	-	-	-	10,078,597	-	10,078,597	10,078,597
Other receivables	-	-	-	-	5,106,375	-	5,106,375	5,106,375
Accrued mark-up and profit	-	-	-	-	1,368	-	1,368	1,368
Short term investments	11.97 - 17.68	98,700	-	98,700	-	-	-	98,700
Cash and bank balances	7.21 - 13.65	278,229	-	278,229	493,460	-	493,460	771,689
		376,929	-	376,929	15,961,869	3,939,807	19,901,676	20,278,605
Financial liabilities at gross values								
Long term finances	9.85-18.55	3,533,878	10,103,537	13,637,415	-	-	-	13,637,415
Unclaimed dividend	-	-	-	-	356,928	-	356,928	356,928
Trade and other payables	-	-	-	-	30,681,054	-	30,681,054	30,681,054
Accrued mark-up and profit	-	-	-	-	14,244,173	-	14,244,173	14,244,173
Short-term borrowings	9.06-20.0	39,302,994	-	39,302,994	-	-	-	39,302,994
		42,836,872	10,103,537	52,940,409	45,282,155	-	45,282,155	98,222,564
On financial position gap		(42,459,943)	(10,103,537)	(52,563,480)	(29,320,286)	3,939,807	(25,380,479)	(77,943,959)

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The Company is not exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. Nil (2022: Rs. Nil) at the unconsolidated statement of financial position date. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

48.1.2 Credit risk and concenteration of credit risk:

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

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The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. The Company manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers. The gross carrying values of financial assets which are neither past due nor impaired are as under:

	2023	2022
	Rupees in '000	
Long term investments	**3,709,627**	3,709,627
Deposits	**415,393**	512,249
Trade debts - unsecured	**10,571,103**	10,078,597
Other receivables	**8,023,192**	5,106,375
Accrued mark-up and profit	**627**	1,368
Short term investments	**100,097**	98,700
Cash and bank balances	**835,313**	771,689
	23,655,352	20,278,605

	2023		2022	
	Gross	Impaired	Gross	Impaired
	Rupees in '000			
Aging analysis of trade debts:				
Past due 1-30 days	**834,134**	**187**	446,591	100
Past due 31-90 days	**120,113**	**27**	96,065	22
Past due 91-180 days	**90,643**	**90,643**	20,878	20,878
Past due 181-365 days	**86,422**	**86,422**	25,691	25,691
Over 1 year	**9,439,791**	**9,439,791**	9,489,372	9,489,372
	10,571,103	**9,617,070**	10,078,597	9,536,063

The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

	Rating agency	Short term	Long term
Islamic Banks			
Al Baraka Bank Pakistan Limited	JCR- VIS	A-1	A+
Bank Islami Pakistan Limited	PACRA	A1	AA-
Meezan Bank Limited	JCR- VIS	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Dubai Islamic Bank Pakistan	JCR- VIS	A-1+	AA
Conventional banks			
Askari Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Bank Al Falah Limited	PACRA	A1+	AA+
Bank of Khyber	JCR-VIS	A-1	A+
Bank of Punjab	PACRA	A1+	AA+
Faysal Bank Limited	JCR-VIS	A-1+	AA
First Women Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AAA

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National Bank of Pakistan	JCR- VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AAA
SAMBA Bank Limited	JCR- VIS	A-1	AA
Silk Bank Limited	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1	A+
Bank Makramah Limited	JCR- VIS	Suspended	
United Bank Limited	JCR- VIS	A-1+	AAA
Pak Oman Investment Company Limited	JCR- VIS	A-1+	AA+

48.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Company's financial liabilities have contractual maturities as summarized below:

	2023		
	Within one year	Over one year	Total
	------------- Rupees in '000 -------------		
Long term finances	**4,955,209**	**8,682,206**	**13,637,415**
Trade and other payable	**49,128,852**	**-**	**49,128,852**
Unclaimed dividend	**356,928**	**-**	**356,928**
Mark-up accrued	**23,383,120**	**-**	**23,383,120**
Short-term borrowings	**35,644,035**	**-**	**35,644,035**
	113,468,144	**8,682,206**	**122,150,350**

	2022		
	Within one year	Over one year	Total
	------------- Rupees in '000 -------------		
Long term finances	3,533,878	10,103,537	13,637,415
Trade and other payables	30,681,054	-	30,681,054
Accrued mark-up and profit	14,244,173	-	14,244,173
Unclaimed dividend	356,928	-	356,928
Short-term borrowings	39,302,994	-	39,302,994
	88,119,027	10,103,537	98,222,564

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	Long term financing	Short term borrowing	Finance lease	Letter of credit	Total principal	Accrued mark-up	Total exposure including mark-up
	Rupees. in '000						
December 31, 2023							
Financial Institutions exposure							
National Bank of Pakistan	8,251,682	10,433,121	-	-	18,684,803	9,242,313	27,927,116
Habib Metropolitan Bank Ltd	-	-	-	3,584,077	3,584,077	775,983	4,360,060
Habib Bank Ltd	-	5,076,268	-	-	5,076,268	1,092,090	6,168,358
Meezan Bank Ltd	1,775,139	2,295,000	-	-	4,070,139	1,572,897	5,643,036
Askari Bank Ltd	-	3,044,000	-	-	3,044,000	729,500	3,773,500
Bank of Punjab	887,570	1,999,729	-	-	2,887,299	1,429,334	4,316,633
Sindh Bank Ltd	-	2,022,460	-	-	2,022,460	1,119,941	3,142,401
Faysal Bank Ltd	-	1,751,897	-	-	1,751,897	1,201,434	2,953,331
Bank of Khyber	-	1,806,124	-	-	1,806,124	939,773	2,745,897
Bank Alfalah Ltd	798,813	969,201	-	-	1,768,014	680,068	2,448,082
Al Baraka Bank Ltd	-	1,781,500	-	-	1,781,500	805,435	2,586,935
BankIslami Pakistan Ltd	710,056	840,025	-	-	1,550,081	680,397	2,230,478
Dubai Islamic Bank Pakistan Ltd	621,298	655,900	-	-	1,277,198	678,864	1,956,062
Samba Bank Ltd	-	962,684	-	-	962,684	444,216	1,406,900
United Bank Ltd	-	687,113	-	-	687,113	360,170	1,047,283
First Women Bank Ltd	-	665,147	-	-	665,147	287,175	952,322
Bank Makramah Ltd	-	363,034	-	-	363,034	207,803	570,837
MCB Bank Ltd	-	290,832	-	-	290,832	266,646	557,478
Pakoman Investment Co. Ltd	92,857	-	-	-	92,857	41,080	133,937
Sukuk	500,000	-	-	-	500,000	243,331	743,331
	13,637,415	35,644,035	-	3,584,077	52,865,527	22,798,450	75,663,977
December 31, 2022							
Financial Institutions exposure							
National Bank of Pakistan	8,251,682	10,433,121	52,553	-	18,737,356	5,934,314	24,671,670
Habib Metropolitan Bank Ltd	-	3,600,000	-	-	3,600,000	904,458	4,504,458
Habib Bank Ltd	-	4,946,831	78,808	145,178	5,170,817	428,869	5,599,686
Meezan Bank Ltd	1,775,139	2,295,000	-	-	4,070,139	939,437	5,009,576
Askari Bank Ltd	-	3,044,000	15,453	-	3,059,453	198,542	3,257,995
Bank of Punjab	887,570	1,999,729	-	-	2,887,299	887,331	3,774,630
Sindh Bank Ltd	-	2,022,460	-	-	2,022,460	700,696	2,723,156
Faysal Bank Ltd	-	1,756,397	-	-	1,756,397	851,920	2,608,317
Bank of Khyber	-	1,806,124	-	-	1,806,124	523,017	2,329,141
Bank Alfalah Ltd	798,813	969,201	-	-	1,768,014	411,294	2,179,308
Al Baraka Bank Ltd	-	1,781,500	-	-	1,781,500	582,999	2,364,499
Bank Islami Pakistan Ltd	710,056	840,025	-	-	1,550,081	426,508	1,976,589
Dubai Islamic Bank Pakistan Ltd	621,298	655,900	-	-	1,277,198	382,073	1,659,271
Samba Bank Ltd	-	972,409	-	-	972,409	219,344	1,191,753
United Bank Ltd	-	746,862	-	-	746,862	194,358	941,220
First Women Bank Ltd	-	665,147	-	-	665,147	129,165	794,312
Bank Makramah Ltd	-	367,141	-	-	367,141	126,298	493,439
MCB Bank Ltd	-	401,147	-	-	401,147	205,049	606,196
First Habib Modaraba	-	-	52,150	-	52,150	-	52,150
Pak Oman Investment Co. Ltd	92,857	-	-	-	92,857	19,122	111,979
Sukuk	500,000	-	-	-	500,000	129,807	629,807
	13,637,415	39,302,994	198,964	145,178	53,284,551	14,194,601	67,479,152

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48.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- operational and qualitative track record of the plant and equipment supplier and related service providers.

49. STAFF RETIREMENT BENEFITS

	Note	2023	2022
		Rupees in '000	
HPL gratuity fund	49.1	96,218	182,132
HPL provident fund	49.2	-	-

49.1 The Company operates an approved gratuity fund for its employees who have completed the employment period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in fund are 216 (2022: 184).

49.1.1 Movement in liability recognized in unconsolidated statement of financial position

	Note	2023	2022
		Rupees in '000	
Present value of defined benefit obligations	49.1.2	207,263	183,208
Fair value of plan assets	49.1.4	(111,045)	(1,077)
Statement of financial position liability		**96,218**	182,131

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49.1.2 Movement in liability recognized in unconsolidated statement of financial position

	Note	2023	2022
		Rupees in '000	
Net liability as at January 01,		183,208	141,024
Expense recognized in statement of profit or loss	49.1.5	59,989	48,770
Benefits payable to outgoing members		(23,641)	(2,785)
Benefits paid		(6,961)	(4,278)
Remeasurement loss recognized in statement of other comprehensive income	49.1.3	(5,332)	477
Net liability as at December 31,		207,263	183,208

49.1.3 Movement in present value of the defined benefit obligation

	2023	2022
Present value of defined obligation as at January 01,	183,208	141,024
Current service cost	31,769	30,067
Interest cost	28,220	18,703
Benefits payable to outgoing members	(23,641)	(2,785)
Benefits payable to outgoing members by the fund	(6,961)	(4,278)
	212,595	182,731
Remeasurement gain	(5,332)	477
Present value of defined obligation as at December 31,	207,263	183,208

49.1.4 Movement in fair value of plan assets

	2023	2022
Fair value of plan assets at the beginning of the year	1,077	2,950
Expected return on plan assets	1,934	1,918
Contributions made by the company	108,152	-
Benefits paid during the year	(6,961)	(4,278)
Benefits payable from the fund during the year	-	-
Remeasurements: Actuarial Gain	6,843	487
Fair value of plan assets at the end of the year	111,045	1,077

49.1.5 Expense recognized in the unconsolidated statement of profit or loss account

	2023	2022
Current service cost	31,769	30,067
Interest cost	28,220	18,703
Expected return on plan assets	(1,934)	(1,918)
	58,055	46,852

49.1.6 Remeasurement recognized in unconsolidated statement of comprehensive income

	2023	2022
Gain on remeasurement of defined benefit obligation	(12,175)	(10)
Impact of deferred tax	3,531	3
	(8,644)	(7)

HASCOL PETROLEUM LIMITED
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49.1.7 Analysis of present value of defined benefit obligation

	2023	2022
	Rupees in '000	
Split by vested / non - vested		
(i) Vested benefits	**167,728**	153,326
(ii) Non-vested benefits	**39,535**	29,881
Split by benefits earned to date		
(i) Present value of guaranteed benefits	**63,678**	57,198
(ii) Present value of benefits attributable to future salary increase	**143,584**	126,009
Expected distribution of timing of benefit payments time in years		
Within first year from the end of financial year	**7,437**	8,143
Within second years from the end of financial year	**9,622**	8,752
Within third years from the end of financial year	**22,936**	11,377
Within fourth years from the end of financial year	**66,986**	24,574
Within five years from the end of financial year	**31,423**	67,441
Within six to ten years from the end of financial year	**264,464**	242,713
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	**189,470**	167,088
Discount rate -1%	**227,821**	201,838
Expected rate of salary increase +1%	**228,614**	202,544
Expected rate of salary increase -1%	**188,504**	166,226

Maturity profile of present value of defined benefit obligation	2023	2022
	Percentage	
Weighted average duration of the present value of defined benefit obligation (years)	**9.44**	9.44

	2023	2022
Key statistics		
Average age (time in years)	**40.78**	42.61
Average service (time in years)	**5.21**	5.80
Average entry age (time in years)	**35.57**	36.81
Retirement assumption age (time in years)	**60**	60
Mortality rates	**SLIC (2001-05)-1**	SLIC (2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

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49.1.8 Historical information of staff retirement benefits

	2023	2022	2021	2020	2019
	Rupees in '000				
Present value of gratuity	**96,218**	182,132	138,075	130,046	257,281

49.1.9 The expected gratuity expense for the year ending December 31, 2024 works out to be Rs. 54.481 million.

49.1.10 Actuarial assumptions

The following significant assumptions were used in the valuation carried out at the balance sheet date using the projected unit credit method:

	2023	2022
	% per annum	
- Expected long-term rate of increase in salary level	**15.50**	14.50
- Discount rate	**15.50**	14.50

49.2 The Company operates approved provident fund for its eligible employees as of December 31, 2023. Details of assets and investments of the fund is as follows:

	Note	2023 Unaudited	2022 Unaudited
Size of fund - total net assets (Rupees in '000)		**245,362**	172,814
Number of members		**195**	181
Cost of investments made (Rupees in '000)		**255,213**	192,931
Percentage of investments made		**100%**	100%
Fair value of investments (Rupees in '000)	49.2.1	**250,777**	181,735

49.2.1 The break-up of fair value of investments is as follows:

	2023 Unaudited		2022 Unaudited	
	Investments (Rs. in '000)	% of investment	Investments (Rs. in '000)	% of investment
Saving bank accounts	**160,213**	**64**	77,931	43
Term finance certificate	**90,564**	**36**	89,300	49
Mutual fund	**-**	**-**	14,504	8
	250,777	**100**	181,735	100

49.2.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

HASCOL PETROLEUM LIMITED
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50. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to “All Shares Islamic Index”.

S.No.	Description	Explanation
(i)	Loans and advances	Non-interest bearing as disclosed in note 13.
(ii)	Deposits	Non-interest bearing as disclosed in note 10 and 14.
(iii)	Segment revenue	Disclosed in note 45.
(iv)	Bank balances	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 18.
(v)	Income on bank deposits	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 37.
(vi)	All sources of income	Disclosed in note 30, 31 and 37.
(vii)	Exchange gain	Not applicable during the year.
(viii)	Mark up paid on Islamic mode of financing	Disclosed in note 38.
(ix)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:

S.No.	Names of Islamic bank
1	Al Baraka Bank Pakistan Limited
2	Bank Islami Pakistan Limited
3	Meezan Bank Limited
4	MCB Islamic Bank Limited
5	Dubai Islamic Bank Pakistan

51. COMPARATIVE FIGURES

Items presented in these unconsolidated statement of financial position as at December 31, 2022 have been reclassified to confirm to current year’s presentation.

52. NUMBER OF EMPLOYEES

	2023	2022
Total number of employees as at year end	**299**	283
Average number of employees during the year	**295**	295

53. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue on 28 June, 2024 by the Board of Directors of the Company.

Chief Executive Officer	Chief Financial Officer	Director

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023


may
june
july

bakertilly

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HASCOL PETROLEUM LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Adverse Opinion

We have audited the annexed consolidated financial statements of Hascol Petroleum Limited ("the parent) and its subsidiary (together referred as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including summary of significant accounting policies and other explanatory information.

In our opinion, because of the significance of the matters described in the "Basis for Adverse Opinion" section of our report, the annexed consolidated financial statements of the Group do not give true and fair view of the consolidated financial position of the Group as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standard as applicable in Pakistan.

Basis for Adverse Opinion

a) Due to the reasons mentioned in note no. 8.3 to the consolidated financial statements, we cannot assess the recoverable amount of the investments in Karachi Hydrocarbon Terminal Limited (associate) amounting to Rs. 399.890 million (2022: Rs. 399.890 million), in accordance with the International Financial Reporting Standards (IFRS). Therefore, in the absence of sufficient and appropriate underlying evidence, we cannot determine the amount of adjustments required in opening and closing carrying values of these investments, related taxation including unrecognized deferred tax, loss for the year and retained earnings.

b) The Group engaged a Chartered Accountant firm to resolve the matters pertaining to fixed assets by performing physical verification, tagging, updating fixed asset records, and conducting reconciliation exercises as at the balances of December 31, 2022. Furthermore, the firm undertook reconciliation tasks related to trade debts, advances, other receivables and trade and other payables as at the balances of December 31, 2022 and made adjustments to the records where necessary. However, the tax impact including the impact on unrecognized deferred tax resulting from those adjustments had not been considered in unconsolidated financial statements for the year then ended.

Due to the absence of adjustments made in the consolidated financial statements pertaining to taxes, we were not able to determine the necessary adjustments related to taxation including unrecognized deferred tax, revaluation surplus and impact on retained earnings.

c) As disclosed in note no. 29.1 to the consolidated financial statements, the Group has various pending litigations. Further, the Securities and Exchange Commission of Pakistan (SECP) is investigating the affairs of the Group. The ultimate outcome of these pending litigations and investigations cannot presently be determined and hence, we cannot determine the amount of adjustments required in these consolidated financial statements.

Furthermore, as disclosed in note no. 29.1 to the consolidated financial statements, the Federal Investigation Authority (FIA) is investigating the affairs of the Group.

d) As disclosed in note no. 21 to the consolidated financial statements, the Group has defaulted in all its available financing facilities. Accordingly, all the financing facilities disclosed in note no. 21, amounting to Rs. 8,682.206 million (December 31, 2022: Rs. 10,103.537 million) should have been classified as current liabilities.

e) As fully disclosed in note no. 1.2 consolidated financial statements, the Group has incurred a net loss of Rs. 18,203.355 million (2022: Rs. 14,498.321 million) during the year ended December 31, 2023, which has resulted in accumulated losses of Rs. 106,752.991 million (2022: Rs. 89,747.995 million) and eroded the equity to Rs. 79,612.166 million (2022: Rs. 61,417.457 million). The Group has also defaulted towards its all major financing arrangements and the liquidity of the Group is dependent upon the proposed restructuring arrangements with the financial institutions and its major shareholder. Furthermore, the situation of the Group may further deteriorate if the possible effects of matters described in Para (a) to (d) above are accounted for in these consolidated financial statements. These events indicate a material uncertainty that may cast significant doubts on the Group's ability to continue as a going concern, therefore the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Group has made an assessment of going concern assumption and provided us the basis of the same. However, we did not consider this evidence sufficient and appropriate to support the going concern assumption. In our opinion, the going concern assumption used in preparation of these consolidated financial statements is inappropriate.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the "Basis for Adverse Opinion", we have determined the following to be the key audit matters to be communicated in our report:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	Property, Plant, and Equipment (PPE)	
	As stated in note 5 to the consolidated financial statements, the Group has property, plant, and equipment (PPE) amounting to Rs. 22,803.213 million (December 31, 2022: Rs. 24,703.086 million), making it the significant aspect of the consolidated financial statements. In the previous years, discrepancies were identified in the recording cycle of PPE including its valuation and existence. Due to this reason the carrying values of PPE along with their revaluation surplus, accumulated depreciation, related provision for taxation and unrecognized deferred tax, retained earnings related restatements and depreciation charge were reported as part of basis of adverse opinion and subsequently rectified. Based on the materiality levels and risk assessments considering historical backgrounds, we have identified the verification of PPE as a key audit matter.	Our key audit procedures, amongst others included the following: • Discussed with management the methodology and process adopted by the management for the recording cycle of PPE; • Performed testing on extended sample of transactions occurred during the year to verify the existence, occurrence, completeness and accuracy of these items through appropriate audit procedures, such as inspection of supporting documents, confirmation with third parties, and recalculations including the process verification. • Reviewed the Groups' updated Fixed Asset Register (FAR) and related records, assessing the completeness, accuracy, and validity of the updates made. • Tested the mathematical accuracy of calculations supporting adjustments, such as carrying values, revaluation surplus, accumulated depreciation, provision for taxation and deferred tax, retained earnings, and depreciation charge. • Performed physical inspection of fixed assets on sample basis at year end and identified the items in the fixed assets register with its asset code to verify its valuation and existence. • Obtained written representations from management regarding the completeness and accuracy of the fixed assets register. Confirmed management's responsibility for the unconsolidated financial statements.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the consolidated financial statements of the Group and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. For the matters described in the Basis for Adverse Opinion section of our report, we conclude that the other information is also materially misstated with respect to those matters.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Accounting and Financial Reporting Standards as applicable in Pakistan and the requirements of the Companies Act, 2017, and for such internal control as the management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Other matter

We did not audit the financial statements of Hascol Lubricants (Private) Limited, a wholly owned subsidiary of Hascol Petroleum Limited whose financial statements reflect total assets of Rs. 2,978.839 million (2022: Rs. 3,504.118 million) and net assets of Rs. 2,534.131 million (2022: Rs. 2,921.894 million) as at December 31, 2023, net loss of Rs. 376.358 million (2022 : Rs. 60.118 million) and net cash outflows amounting to Rs. 29.023 million (2022 : Rs. 12.278 million) for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management of the Group, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report to the aforesaid subsidiary is based solely on such unaudited financial statements. According to the information and explanations given to us by the Management of the Group, these financial statements are not material to the Group.

The engagement partner on the audit resulting in this independent auditor's report is Mehmood A. Razzak.

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi

Date: July 02, 2024

UDIN: AR202310151PHkR23JhZ

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

	Note	2023	2022
ASSETS		---------------- Rupees in '000 ----------------	
Non-current assets			
Property, plant and equipment	5	22,803,213	24,703,086
Right-of-use assets	6	2,603,289	2,908,710
Intangible asset	7	7,213	1,530
Long-term investments	8	514,135	514,663
Deferred taxation - net	9	-	-
Long-term deposits	10	102,303	230,133
Total non-current assets		26,030,153	28,358,122
Current assets			
Stock-in-trade	11	12,599,212	8,734,464
Trade debts	12	1,157,270	816,701
Advances	13	374,478	540,941
Deposits and prepayments	14	401,193	359,355
Other receivables	15	7,629,102	4,000,402
Accrued mark-up and profit	16	627	1,368
Short term investment	17	100,097	98,700
Cash and bank balances	18	915,699	1,094,928
Total current assets		23,177,678	15,646,859
TOTAL ASSETS		49,207,831	44,004,981
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	19	9,991,207	9,991,207
Reserves	20	(102,107,439)	(85,102,443)
Revaluation surplus on property, plant and equipment		12,504,066	13,693,779
Total shareholders' deficit		(79,612,166)	(61,417,457)
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	21	8,682,206	10,103,537
Lease liabilities	22	3,386,290	3,522,786
Deferred liabilities	23	309,569	522,470
Total non-current liabilities		12,378,065	14,148,793
Current liabilities			
Trade and other payables	24	50,061,952	31,983,297
Unclaimed dividend	25	356,928	356,928
Taxation - net		1,186,373	685,719
Accrued mark-up and profit	26	23,383,120	14,244,173
Short-term borrowings	27	35,644,035	39,302,994
Current portion of non-current liabilities	28	5,809,524	4,700,534
Total current liabilities		116,441,932	91,273,645
TOTAL LIABILITIES		128,819,997	105,422,438
TOTAL EQUITY AND LIABILITIES		49,207,831	44,004,981
CONTINGENCIES AND COMMITMENTS	29		

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

	Note	2023	2022
		Rupees in '000	
Sales - net	30	164,980,887	72,922,852
Sales tax		(428,765)	(469,379)
Net sales		164,552,122	72,453,473
Other revenue	31	225,836	136,892
Net revenue		164,777,958	72,590,365
Cost of sales	32	(159,992,701)	(69,110,595)
Gross profit		4,785,257	3,479,770
Distribution and marketing expenses	33	(3,453,469)	(3,405,698)
Administrative expenses	34	(1,253,777)	(1,252,010)
Operating expenses		(4,707,246)	(4,657,708)
Allowance for ECL on trade debts	35	(164,824)	-
Other expenses	36	(807,692)	(191,239)
Other income	37	178,204	476,014
Operating loss		(716,301)	(893,163)
Finance cost	38	(11,014,241)	(8,406,186)
Exchange loss - net		(5,827,016)	(4,829,461)
Share of profit from associates		8,677	11,632
		(16,832,580)	(13,224,015)
Loss before taxation		(17,548,881)	(14,117,178)
Taxation	39	(654,474)	(381,143)
Loss after taxation		(18,203,355)	(14,498,321)
Loss per share - basic and diluted	40	(18.22)	(14.51)

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023	2022
		---------------- Rupees in '000 ----------------	
Loss after taxation		**(18,203,355)**	(14,498,321)
Items that will not be reclassified subsequently to consolidated statement of profit or loss			
Remeasurement of actuarial gain on defined benefit obligation - net of tax	49.1.6	**8,646**	7
Total comprehensive loss for the year		**(18,194,709)**	(14,498,314)

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

	Share Capital	Capital reserves		Revenue reserve	Surplus on revaluation of property, plant and equipment	Total share holders' deficit
		Share premium	Unrealized gain on remeasurement of FVTOCI investments	Accumulated loss		
	------ Rupees in '000 ------					
Balance as at January 01, 2022	9,991,207	4,639,735	5,817	(68,503,723)	6,381,696	(47,485,268)
Effect of restatement	-	-	-	(8,047,702)	8,613,827	566,125
	9,991,207	4,639,735	5,817	(76,551,425)	14,995,523	(46,919,143)
Total comprehensive loss for the year						
Loss after taxation	-	-	-	(14,498,321)	-	(14,498,321)
Other comprehensive income						
Remeasurement of actuarial gain on defined benefit obligation-net of tax (note 49.1.6)	-	-	-	7	-	7
Total comprehensive loss for the year	-	-	-	(14,498,314)	-	(14,498,314)
Transferred from surplus on revaluation of property, plant and equipment of incremental depreciation	-	-		1,301,744	(1,301,744)	-
	-	-	-	(13,196,570)	(1,301,744)	(14,498,314)
Balance as at December 31, 2022	9,991,207	4,639,735	5,817	(89,747,995)	13,693,779	(61,417,457)
Balance as at January 01, 2023	**9,991,207**	**4,639,735**	**5,817**	**(89,747,995)**	**13,693,779**	**(61,417,457)**
Total comprehensive loss for the year						
Loss after taxation	**-**	**-**	**-**	**(18,203,355)**	**-**	**(18,203,355)**
Other comprehensive income						
Remeasurement of actuarial gain on defined benefit obligation-net of tax (note 49.1.6)	**-**	**-**	**-**	**8,646**	**-**	**8,646**
Total comprehensive loss for the year	**-**	**-**	**-**	**(18,194,709)**	**-**	**(18,194,709)**
Transferred from surplus on revaluation of property, plant and equipment	**-**	**-**	**-**	**1,189,713**	**(1,189,713)**	**-**
	-	**-**	**-**	**(17,004,996)**	**(1,189,713)**	**(18,194,709)**
Balance as at December 31, 2023	**9,991,207**	**4,639,735**	**5,817**	**(106,752,991)**	**12,504,066**	**(79,612,166)**

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

	Note	2023	2022
		---------------- Rupees in '000 ----------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	43	5,987,884	(481,032)
Finance cost paid		(1,455,744)	(1,045,926)
Taxes paid		(157,351)	(49,083)
Contributions to gratuity fund	49.1.4	(140,510)	(1)
Net cash generated from / (used in) operating activities		4,234,279	(1,576,042)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred	5.6.1	(140,731)	(67,606)
Additions in intangible assets		(7,430)	-
Proceeds from disposal of property, plant and equipment		16,910	17,059
Investment redeemed during the year		9,205	18,154
Profit / mark-up received on bank deposits and TFC's		117,158	56,948
Long-term deposits repaid - net		127,830	215,338
Net cash generated from investing activities		122,942	239,893
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid - net		(877,491)	(924,245)
Dividend paid		-	(2)
Net cash used in financing activities		(877,491)	(924,247)
Net increase / (decrease) in cash and cash equivalents		3,479,730	(2,260,396)
Cash and cash equivalents at the beginning of the year	18 & 27	(38,208,066)	(35,947,670)
Cash and cash equivalents at the end of the year	44	(34,728,336)	(38,208,066)

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

Name of the Company	Status in the Group	Percentage of holding
Hascol Petroleum Limited	Holding Company	-
Hascol Lubricants (Private) Limited	Subsidiary Company	100%
Hascombe Lubricants (Private) Limited	Subsidiary Company	100%

1.1 Group Companies

1.1.1 Holding Company

Hascol Petroleum Limited

Hascol Petroleum Limited (the Holding Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company and on May 12, 2014 the Company was listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi.

The Holding Company is engaged in the business of procurement, storage and marketing of petroleum, chemicals, LPG and related products. The Holding Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005 and acquired assets of LPG licensed company in the year 2018.

1.1.2 Subsidiaries

Hascol Lubricants (Private) Limited

Hascol Lubricants (Private) Limited (the Subsidiary Company) was incorporated on January 31, 2017 as a private limited company under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at "29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi". The Company is formed to carry on the business of blending and producing of lubricating oils, greases and other petroleum products. The company is a wholly owned subsidiary of Hascol Petroleum Limited.

Hascombe Lubricants (Private) Limited

Hascombe Lubricants (Private) Limited (the Subsidiary Company) was incorporated on December 27, 2001 as a private limited company under the repealed Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. Principal activity of the Subsidiary Company was marketing and selling imported and locally produced automobile and industrial lubricants. The company is a wholly owned subsidiary of Hascol Petroleum Limited.

The Subsidiary Company has ceased to be as a going concern and therefore the financial statements of the Subsidiary Company has not been prepared on a going concern basis. The group management has not prepared the financial statements of Hascombe Lubricants (Private) Limited as at December 31, 2023 and December 31, 2022. The consolidation has been made on the basis of last available audited financial statements of Hascombe Lubricants (Private) Limited as at December 31, 2018. The group management considers the subsidiary as insignificant component based on the following balances at December 31, 2018:

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

	2018 Rupees
Share capital	97,798,000
Total accumulated losses	(106,576,339)
Net assets	**(8,778,339)**
Total assets	-
Total liabilities	(8,778,339)
Total amount of net assets	**(8,778,339)**

1.2 During the current year, the Group incurred a net loss of Rs. 18.2 billion (2022 - Rs. 14.5 billion), resulting in net shareholders deficit of Rs. 79.6 billion (2022 - Rs. 61.4 billion) as of the consolidated statement of financial position date. Further, as of that date the current liabilities of the Group exceeded its current assets by Rs. 93.3 billion (2022 - Rs. 75.6 billion) and has defaulted in majority of its outstanding loans with banks. These conditions may cast significant doubt on the Company's ability to continue as a going concern. However, in order to ensure the Company's ability to operate as a going concern, certain plans and measures have been taken to improve its liquidity and financial position which includes, but not limited to, the following:

a) The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the company for the twelve months following the date of balance, at the date of approval of these financial statements.

b) The expected inflow from the IFEM pool and the assurance of supply continuity was taken into account by the board to arrive at a conclusion that the company will continue to operate as a going concern and there are no current plans to file for liquidation for at least one year (12 months) from the date of the balance sheet being authorised for issue.

c) Except for, where a regulatory action from government department or proceedings of liquidation from a creditor (s) are initiated, wherein , the banking accounts of the company are attached and/ or seized by the relevant action of the regulator or creditor. In such case, the company may face disruptions in its operations and may come to a halt of business operations thus challenging the going concern of the company.

1.3 Geographical location and address of business units

The business unit of the Group include the following:

Business unit	Geographical location
Head Office	29th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi.

Regional marketing, sales offices and invoicing points are located across the country. the Group owns retail operation sites and sites operated through dealers across Pakistan and Northern areas.

1.4 Capacity and production

Considering the nature of the Group's business, the information regarding production has no relevance whereas product storage capacities at Group's owned facilities during the current year is detailed below:

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

Description	Storage capacity metric tons	
	HSD	PMG
Daulatpur depot	4,000	2,250
Shikarpur depot	16,200	2,700
Mehmoodkot depot	9,000	4,500
Machike depot	6,000	3,500
Sahiwal depot	6,000	3,500
Kotlajam depot	5,100	4,500
Thalliyan depot	8,000	12,000

2. BASIS OF PREPARATION

2.1 Basis of consolidation

The consolidated financial statements includes the financial statement of Holding Company and its subsidiaries, comprising together 'the Group'. Control is achieved when the Holding Company:

- has a power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Holding Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the Holding Company obtains control over the subsidiary and ceases when the Holding Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Holding Company gains control until the date when the Holding Company ceases to control the subsidiary. These consolidated financial statements include Hascol Petroleum Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or controlling interest or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiary).

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

The assets, liabilities, income and expenses of the subsidiaries have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Company has been eliminated against corresponding Holding in subsidiaries' shareholders' equity in the consolidated financial statements. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The financial statements of subsidiary are prepared for the same reporting period as Holding Company, using accounting policies that are generally consistent with those of the holding company.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

2.1.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Holding Company.

2.1.2 Loss of control

When the Group losses control of a subsidiary, a gain or loss is recognized in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable IFRSs). If the Group retained any investment retained in previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for an equity-accounted investee or as an investment at fair value through other comprehensive income depending on the level of influence retained.

2.1.3 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. In case where the provisions and directives issued under the Companies Act 2017 differ, the provisions or directives of the Companies Act, 2017 shall prevail.

These consolidated financial statements are being submitted to the shareholders as required under section 223 of the Companies Act 2017 and the Pakistan Stock Exchange Regulations.

2.3 Accounting convention

These consolidated financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Investment at fair value through other comprehensive income	Fair value
Net defined benefit liability	Present value of the defined benefit obligation
Property, plant and equipment	Revalued amounts
Foreign currency monetary liabilities / assets	Spot exchange rates
Lease liability	Present value lease payments

2.3.1 In these consolidated financial statements, except for the consolidated statement of cash flows, all the transactions have been accounted for on an accrual basis.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is also the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

2.5 Standards, Amendments and Interpretations to Published and Approved Accounting Standards

2.5.1 New and amended IFRS Standards with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 01, 2023, have been adopted in these financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after January 01, 2023.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Company accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the statement of financial position. Under the amendments, the Company will recognise a separate deferred tax asset and a deferred tax liability. There will be no impact on retained earnings on adoption of the amendments.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

I Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and

II Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The Board has recently issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures.

The key amendments to IAS 1 include:

I Requiring companies to disclose their material accounting policies rather than their significant accounting policies;

II Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

III Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

2.5.2 The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

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2.6 New and revised IFRS issued but not yet effective and not early adopted

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 I	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 - Amendmentsto IFRS 16	January 01, 2024
IAS 21	Lack of exchangeability - Amendments to IAS 21	January 01, 2025
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 finanlised

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 I	First-time Adoption of International Financial Reporting Standards	January 01, 2004

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in these consolidated financial statements:

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Control over investments in subsidiaries

Management assesses whether or not the Group has control over its investment in subsidiaries based on whether the Group has the power to direct the relevant activities of the investees unilaterally.

Management consider the Group's absolute size of holding in subsidiaries and relative size of and dispersion of the shareholding owned by the other shareholders. After assessment, the directors, concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of subsidiaries and therefore Group has control over investment in subsidiaries.

Equity accounting investees

Management assesses whether or not the Group has significant influence over an investee. Management consider the Group's representation on the board of directors or equivalent governing body of the investee, participation in policy making processes, including participation in decisions about dividends or other distributions, material transactions between the investor and the investee, interchange of managerial personnel and provision of essential technical information.

3.2 Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of property, plant and equipment

Carrying value of property, plant and equipment

Management performs impairment reviews on the Group's property, plant and equipment assets at least annually with reference to indicators in IAS 36 'Impairment of Assets'. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to commodity prices and the long-term corporate economic assumptions thereafter, discount rates that are adjusted to reflect risks specific to individual assets. Assumptions reflect that a market participant would consider when valuing the asset. Judgment is also required in establishing the appropriate grouping of assets into cash generating units.

Useful life of intangible assets

Amortisation is charged so as to write off the cost of the intangible assets over their estimated useful lives. The calculation of useful lives is based on management's assessment of various factors such as:

I Expected usage of the assets by the Group;

II Typical product life cycle for the asset and public information on estimates of useful lives of similar type of assets used in similar way.

III Technical, technological, commercial or other types of obsolescence and the period of control over the assets.

IV Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

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Useful lives of property, plant and equipment and right of use assets

Depreciation is charged so as to write off the value of assets over their estimated useful lives. In case of ROU assets, depreciation is charged over lower of useful lives and lease term. The calculation of useful lives is based on management's assessment of various factors such as the operating cycles, the maintenance programs, and normal wear and tear using its best estimates.

Impairment loss on investments in associates

The Group reviews its investments in associates periodically and evaluates the objective evidence of impairment. Objective evidence includes the performance of associate, the future business model, local economic conditions and other relevant factors. Based on the objective evidences, the Group determines the need for impairment loss on investments in associates.

Income tax

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Group. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Valuation of unquoted investments

Valuation of unquoted equity investments is normally based on one of the following:

I Recent arm's length market transactions;

II Current fair value of another instrument that is substantially the same;

III The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; and

IV Other valuation models.

Impairment loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

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Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the creditworthiness of the counterparty, timing and value of anticipated future payments and actions that can be taken to mitigate the risk of non-payment.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Discounting of lease payments

The lease payments are discounted using the Group incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease by inquiring it from local banks. Alternatively the Group estimates IBR by using weighted average cost of short term borrowings at the end of each quarter.

Revaluation of property, plant and equipment

The Group applies revaluation model and revalued its property, plant and equipment every three years. Management has applied judgement and estimates in assessing the fair value of the property, plant and equipment.

Net realizable value of stock in trade

The Group values inventory at lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Management while estimating the net realisable value take into account the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

Provision and contingencies

The Group recognizes provision when Management is in a position to make reliable estimate of the expenditure required to settle the present obligation and it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation. If the said criteria are not met, then Management reflect the same as contingent liability.

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Provision for gratuity

The Group operates funded gratuity scheme whereby Management estimates the liability at reporting date using projected unit credit method. For details please refer note 49.1.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

4.1.1 Initial recognition

Operating fixed assets

An item of operating fixed assets is initially recognized at cost.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Operating fixed assets under construction are disclosed as capital work in progress (CWIP). The cost of self constructed assets includes the cost of materials, fixed labour and any other cost directly attributable to bringing the asset into service for its intended use including, where applicable, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

The assets which are available for intended use are initially capitalized at cost as operating fixed assets and depreciated over its useful life. While assets under construction are capitalized to CWIP.

Capital work-in-progress (CWIP)

CWIP is stated at cost less accumulated impairment losses, if any. All expenditure in connection with specific assets incurred during construction / installation period are carried to CWIP. These expenditures are transferred to operating fixed assets as and when these are available for intended use.

4.1.2 *Measurement subsequent to initial recognition*

Carried using revaluation model

Following classes of operating owned assets are subsequently measured under revaluation model (i.e. fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses).

- Land lease hold;
- Building on lease hold land;
- Tanks and pipelines;
- Dispensing pumps;
- Plant and machinery;
- Electrical, mechanical and fire fighting equipment;
- Furniture, office equipment and other assets;
- Computer auxiliaries; and
- Motor cars.

Fair value is determined by external professional valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date.

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A revaluation surplus is recorded in consolidated statement of comprehensive income and credited to the asset revaluation surplus in equity. However, the increase is recorded in the consolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognized in the consolidated statement of profit or loss, however, decrease is recorded in consolidated statement of comprehensive income to the extent of any credit balance entry in revaluation surplus is respect of the same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revaluation of carrying amount of the asset and the depreciation based on asset's original cost. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit / loss.

Carried using cost model

Fixed assets other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Operating fixed assets are generally depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided at the rates as disclosed in note 5.1.

Items of operating fixed assets are measured at cost / revalued amount less accumulated depreciation and impairment losses.

An item of operating fixed assets and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively, if appropriate.

The consideration receivable on disposal of an item of property, plant and equipment or an intangible asset is recognised initially at its fair value by the Group. However, if payment for the item is deferred, the consideration receivable is recognised initially at the cash price equivalent. The difference between the nominal amount of the consideration and the cash price equivalent is recognised as interest revenue.

Any part of the consideration that is receivable in the form of cash is treated as a financial asset and is accounted for at amortised cost. Useful lives and residual values are reviewed at each reporting date.

Major maintenance, inspection and repairs

Expenditure on major maintenance, refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised.

Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

4.2 Leases

Group as a lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For such leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

I fixed lease payments (including in-substance fixed payments), less any lease incentives;

II variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

III the amount expected to be payable by the lessee under residual value guarantees;

IV the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

V payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

I The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

II The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in rate in which case a revise discount rate is used).

III A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS-36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. the Group has not used this practical expedient.

4.3 Intangible asset - computer software

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

4.4 Financial instruments

In the normal course of business the Group uses financial instruments, principally investments, trade and other receivables, cash and cash equivalents, term deposits, loans and borrowings and trade and other payables.

Classification

Financial assets

The Group classifies its financial assets as follows:

I Financial assets at amortised cost

II Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)

III Financial assets at Fair Value Through Profit or Loss (FVTPL)

To determine their classification and measurement category, all financial assets, except equity instruments and derivatives, is assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'Sell' business model. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Contractual cash flow characteristics test

The Group assesses whether the financial instruments' cash flows represent Solely for Payments of Principal and Interest (the 'SPPI'). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

The Group reclassifies a financial asset only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

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Financial liabilities

All financial liabilities are classified as "amortised cost" other than negative fair value of derivatives which are carried at "fair value through profit or loss".

Recognition / derecognition

A financial asset or a financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (in whole or in part) is derecognized when the contractual rights to receive cash flows from the financial asset has expired or the Group has transferred substantially all risks and rewards of ownership and has not retained control. If the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of a new liability.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of profit or loss.

All regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognized in the statement of profit or loss or in the statement of comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Measurement

All financial assets or financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added except for those financial instruments classified as "at fair value through profit or loss".

Financial assets at amortised cost

A financial asset is measured at amortised cost if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Cash and cash equivalents, trade receivables and other assets are classified as financial assets at amortised cost.

Financial assets at FVOCI

A debt instrument is measured at FVOCI if it satisfies the SPPI test and is held within a business model whose objective is to hold assets to collect contractual cash flows and to sell. These assets are subsequently measured at fair value, with change in fair value recognized in OCI. Interest income calculated using effective interest method, foreign exchange gains / losses and impairment are recognized in the consolidated statement of profit or loss. On de-recognition, gains and losses accumulated in the OCI are reclassified to the consolidated statement of profit or loss.

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For an equity instrument; upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by- instrument basis. Gains and losses on these equity instruments are never recycled to statement of profit or loss. Dividends are recognised in statement of profit or loss when the right to receive has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment. Upon disposal cumulative gains or losses may be reclassified from fair value reserve to retained earnings in the consolidated statement of changes in equity.

Financial asset at FVTPL

Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. This also includes equity instruments held-for-trading and are recorded and measured in the consolidated statement of financial position at fair value.

Changes in fair values and dividend income are recorded in the consolidated statement of profit or loss according to the terms of the contract, or when the right to receive has been established.

Financial liabilities

Financial liabilities "other than at fair value through profit or loss" are subsequently measured and carried at amortized cost using the effective yield method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Equity interests are classified as financial liabilities if there is a contractual obligation to deliver cash or another financial asset.

Financial guarantees

Financial guarantees are subsequently measured at the higher of the amount initially recognized less any cumulative amortization and the best estimate of the present value of the amount required to settle any financial obligation arising as a result of the guarantee.

4.5 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off set and the net amount is reported in the consolidated statement of financial position if the Group has a legally enforceable right to off-set the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.6 Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of a financial liability and equity instrument.

4.7 Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received. Transaction costs directly attributable to the issue of ordinary share are recognized as deduction from equity.

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4.8 Share premium reserves

Share premium is recorded on issue of shares in accordance with the requirements of section 83 of the Companies Act, 2017 and Rule 5 of the Companies (Issue of Capital) Rules, 1996 amendment pursuant of S.R.O 34 (I)/2016 dated 19th January 2016. The premium is available for use as per section 81 of the Companies Act, 2017.

4.9 Dividend distribution

Final dividend distribution to the Group's shareholders is recognized as a liability in the consolidated financial statement in the period in which the dividends are approved, while interim dividend distributions are recognized in the period in which the dividends are declared by the Group Board of Directors. However, if these are approved after the reporting period but before the consolidated financial statements are authorized for issue, they are disclosed in the notes to the consolidated financial statements.

4.10 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

4.11 Investment in associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but also neither has control nor joint control over those policies.

Investment in associate are initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense.

Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit or loss.

When necessary the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS-36 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognized in accordance with IAS-36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with an associate profits or losses resulting from the transactions with the associates are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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4.12 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within one year or less or in the normal operating cycle of the business, if longer. If not, they are presented as non-current liabilities.

Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities with corresponding impact to consolidated statement of profit or loss.

4.13 Trade and other receivables

Receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case they are recognized at fair value and subsequently measured at amortized cost using effective interest method less loss allowance. Trade debts and other receivables considered irrecoverable are written-off.

Exchange gains and losses arising on translation in respect of trade debts and other receivables in foreign currency are added to the carrying amount of the respective receivables with corresponding impact in the consolidated statement of profit or loss.

4.14 Advance and deposits

These are stated at cost less provision for doubtful balances, if any. Deposits represent security deposits from dealers by virtue of agreement and are interest free. These are repayable on cancellation on dealership contract with dealers.

4.15 Stock-in-trade

Inventories are stated at the lower of cost or net realisable value. Costs comprise purchase cost and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to be incurred in selling. The cost of the inventory is determined using FIFO method.

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon. Provision is made for obsolete/slow moving stocks where necessary and recognized in the consolidated statement of profit or loss. Net realizable value represents the estimated selling value price in the ordinary course of business less estimated costs necessary in order to make the sale.

4.16 Impairment of non financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Impairment of financial assets

The Group recognizes ECL for cash and bank balances, due from related parties, and other assets using the general approach and uses the simplified approach for trade receivables as allowed by IFRS 9.

General approach

The Group applies three-stage approach to measuring ECL. Assets migrate through the three stages based on the change in credit quality since initial recognition. Financial assets with significant increase in credit risk since initial recognition, but not credit impaired, are transitioned to stage 2 from stage 1 and ECL is recognized based on the probability of default (PD) of the counter party occurring over the life of the asset. All other financial assets are considered to be in stage 1 unless it is credit impaired and an ECL is recognized based on the PD of the customer within next 12 months. Financial assets are assessed as credit impaired when there is a detrimental impact on the estimated future cash flows of the financial asset.

Simplified approach

The Group applies simplified approach to measuring credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

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ECL is the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default.

The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

I when there is a breach of financial covenants by the debtor; or

II information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group incorporates forward-looking information based on expected changes in macro- economic factors in assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

4.17 Short term investments

This represent placement in TFCs with financial institution. These are measured at fair value through consolidated statement of profit or loss and any gain or loss on this instrument subsequently measured is recognised in the consolidated statement of profit or loss and presented in finance income / cost in the period in which it arises.

4.18 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated financial statement at amortised cost. For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash in hand, demand deposit, bank balances, short term borrowings and other items of current assets and current liabilities which qualify as cash equivalent.

4.19 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of this discounting is recognised as finance cost.

Amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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A contingent liability 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 Group, or a present obligation that arises from past events but is not recognized because 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. Contingent liabilities are only disclosed and not recognized as liability in the consolidated statement of financial position.

4.20 Commitment

Commitments are disclosed in the consolidated financial statements at committed amount which is presented in Pakistani Rupees.

4.21 Ijarah

Leased assets which are obtained under Ijarah agreement are not recognized in the Group's consolidated financial statements and are treated as operating lease based on IFAS 2 issued by the ICAP and notified by SECP vide S.R.O. 43(1) / 2007 dated 22 May 2007. Ujrah payments made under an Ijarah are charged to the consolidated statement of profit or loss on a straight line basis over the Ijarah term unless another systematic basis is representative of time pattern of the user's benefit even if the payment are not on that basis.

4.22 Foreign currency transactions

Transactions in foreign currencies are translated into Pakistani Rupees at exchange rates ruling at the value dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies (including monetary assets and liabilities considered as a net investment in foreign operation) are translated into Pakistani Rupees at exchange rates ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised costs in the Pakistani Rupees at the beginning of the period, adjusted for effective interest and payments during the period and the amortised costs in foreign currency translated at the exchange rate at the end of the period. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Pakistani Rupees at the exchange rate at the date that the fair value was determined. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of profit or loss as part of the fair value gain or loss.

4.23 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the consolidated statement of profit or loss except to the extent that it relates to items recognized outside consolidated statement of profit or loss (whether in consolidated other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside the consolidated statement of profit or loss.

Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the consolidated statement of financial position date, and any adjustments to tax payable in respect of prior years.

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Deferred

Deferred tax is provided for using the financial position method providing the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the financial position date. Deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available and credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted. The Group takes into account the current income tax laws and decisions taken by the taxation authorities.

Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to equity or consolidated statement of comprehensive income, in which case it is included in equity or consolidated statement of comprehensive income as the case may be.

4.24 Revenue recognition

Revenue from sale of oil

The process for applying the requirements of standard is separated into five steps:

I Step 1 – Identify the contract with a customer

II Step 2 – Identify the separate performance obligations in the contract

III Step 3 – Determine the transaction price

IV Step 4 – Allocate the transaction price to the separate performance obligations in the contract

V Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue over time if any one of the following criteria is met:

I The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

II the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

III the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Group's activities. Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably and is stated net of sales taxes and discounts. If advances are received from customers for future contractual services, the revenue is deferred until the services are provided.

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Where revenue contains a significant financing element, the financing element is shown as a financing item and revenues are adjusted by a corresponding amount.

Other revenue

Non-fuel retail income and other revenue (including license fee) is recognized on an accrual basis.

Handling, storage and other services income is recognized when the services have been rendered.

Other income

Dividend income is recognized when the Group's right to receive the dividend is established.

Return on bank deposits is recognized when it is probable that the economic benefits will flow to the entity and the amount of income can be measured reliably. Interest income is accrued on a timely basis by reference to the principal outstanding and at the effective interest rate applicable.

Rental income from short term lease or low value lease is recognized on a straight line basis over the terms of the relevant lease.

4.25 Retirement and other service benefits

Approved defined benefit funded gratuity plan

Approved defined benefit funded gratuity plan for employees who have completed five years of service. The amount arising as a result of remeasurements of employee retirement benefits are recognised immediately in other comprehensive income. Past service cost and curtailments are recognised in the consolidated statement of profit or loss, in the period in which a change takes place.

Annual provision is made on the basis of actuarial valuation carried out by independent actuary using the Projected Unit Credit Method, related details of which are given in note 49 to the consolidated financial statements. Latest valuation was conducted as at December 31, 2023.

Contributory provident fund

The Group operates an approved contributory provident fund for all its permanent employees. The contribution to the fund is made by the Group as well as the employees at the rate of 5.72% percent of the basic salary.

4.26 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segment results are reviewed regularly by the Group Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group's operating segments are established on the basis of those components of the Group that are evaluated regularly by the Chief Executive Officer (Chief Operating Decision Maker), in deciding how to allocate resources and in assessing performance.

The accounting policies of the operating segments are the same as the Group's accounting policies described in this note, except that IFRS requires that the measure of profit or loss disclosed for each operating segment is the measure that is provided regularly to the Chief Operating Decision Maker.

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4.27 Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on a number of accounting policies and methods.

Where applicable, information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

I In the principal market for the asset or liability, or

II In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

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 Group 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

I Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

II Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

III Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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4.28 Finance income and expenses

Finance income comprises foreign exchange gains and interest income. Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset at the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are added to the cost of the respective assets. Interest revenue earned on deposits of borrowed funds is netted off against the cost of the borrowed funds added to the cost of the respective assets. All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

4.29 Related party transactions

All transactions with related parties are carried out by the Group at arm's length price using the comparable uncontrolled valuation method.

4.30 Investment income

Investment income comprises dividend income, impairment losses on investments, gains and losses on sale of investments and fair value changes on investments held at fair value through profit or loss and held for trading. Dividend income is recognised when the right to receive the dividend is established.

4.31 Events after the reporting date

The Group financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are disclosed in the consolidated financial statements when material.

4.32 Operating expenses

Operating expenses are recognised in the consolidated statement of profit or loss upon utilization of the service or as incurred. Expenditure for warranties is recognised when the Group incurs an obligation, which is typically when the related goods are sold.

4.33 Unclaimed dividend

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

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5. PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		Rupees in '000	
Operating fixed assets	5.1	**20,436,525**	22,176,288
Capital work-in-progress	5.6	**2,366,688**	2,526,798
		22,803,213	24,703,086

5.1 Operating fixed assets

	Owned assets										Leased Assets		
								Vehicles			Vehicles		
	Lease hold Land	Building on lease hold	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Tank lorries	Motor cars	Computer auxiliaries	Tank lorries	Motor cars	Total operating fixed assets
	Rupees in '000												
At January 1, 2023													
Cost / revalued amount	4,221,292	8,287,869	4,839,560	3,221,684	1,727,175	2,410,204	346,299	618,040	129,145	62,967	1,323,519	86,793	27,274,547
Accumulated depreciation	-	(1,314,248)	(634,000)	(1,109,087)	(294,684)	(634,854)	(148,838)	(315,104)	(51,398)	(52,184)	(542,415)	(1,447)	(5,098,259
Net book value	4,221,292	6,973,621	4,205,560	2,112,597	1,432,491	1,775,350	197,461	302,936	77,747	10,783	781,104	85,346	22,176,288
Year ended December 31, 2023													
Opening net book value	4,221,292	6,973,621	4,205,560	2,112,597	1,432,491	1,775,350	197,461	302,936	77,747	10,783	781,104	85,346	22,176,288
Addition / transfer from CWIP	8,742	23,386	207,409	3,624	27,565	21,075	2,366	-	61	6,613	-	-	300,841
Disposals													
Cost	-	-	-	(1,818)	-	(107)	-	(20,516)	-	(298)	-	-	(22,739)
Accumulated depreciation	-	-	-	556	-	12	-	10,600	-	252	-	-	11,420
	-	-	-	(1,262)	-	(95)	-	(9,916)	-	(46)	-	-	(11,319)
Depreciation charge for the year (note 5.4)	-	(521,614)	(353,391)	(383,158)	(121,705)	(350,431)	(47,294)	(60,498)	(36,962)	(6,573)	(130,300)	(17,359)	(2,029,285)
Closing net book value	4,230,034	6,475,393	4,059,578	1,731,801	1,338,351	1,445,899	152,533	232,522	40,846	10,777	650,804	67,987	20,436,525
At December 31, 2023													
Cost / revalued amount	4,230,034	8,311,255	5,046,969	3,223,490	1,754,740	2,431,172	348,665	597,524	129,206	69,282	1,323,519	86,793	27,552,649
Accumulated depreciation	-	(1,835,862)	(987,391)	(1,491,689)	(416,389)	(985,273)	(196,132)	(365,002)	(88,360)	(58,505)	(672,715)	(18,806)	(7,116,124)
Net book value	4,230,034	6,475,393	4,059,578	1,731,801	1,338,351	1,445,899	152,533	232,522	40,846	10,777	650,804	67,987	20,436,525
Depreciation rate - %	-	5	5	6.67	5	10	20	10	20	33.33	10	20	

	Owned assets										Leased Assets			
								Vehicles				Vehicles		
	Lease hold Land	Building on lease hold	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Tank lorries	Motor cars	Computer auxiliaries	Plant and machinery	Tank lorries	Motor cars	Total operating fixed assets
	Rupees in '000													
Cost as at January 1, 2022														
Cost / revalued amount	4,309,693	10,232,800	5,533,627	2,730,478	1,276,447	3,697,984	406,844	361,667	163,402	178,366	125,000	1,891,919	38,869	30,947,096
Reclassification as reported in prior year	(95,792)	(1,972,800)	(694,338)	490,016	450,728	(1,290,854)	(60,229)	256,373	(19,483)	(115,482)	(125,000)	(568,400)	47,924	(3,697,337)
Cost as at January 1, 2022	4,213,901	8,260,000	4,839,289	3,220,494	1,727,175	2,407,130	346,615	618,040	143,919	62,884	-	1,323,519	86,793	27,249,759
Acc. depreciation as at January 1, 2022														
Accumulated depreciation	-	(2,234,870)	(921,915)	(881,859)	(203,667)	(1,143,981)	(271,567)	(46,300)	(123,745)	(153,904)	(49,856)	(713,741)	(26,820)	(6,772,225)
Net impact of restatements	-	1,444,385	573,833	344,813	21,967	834,217	156,941	(207,000)	66,015	111,247	43,608	303,678	26,820	3,720,524
Acc. depreciation as at January 1, 2022 - as restated	-	(790,485)	(348,082)	(537,046)	(181,700)	(309,764)	(114,626)	(253,300)	(57,730)	(42,657)	(6,248)	(410,063)	-	(3,051,701)
Net book value as at January 01, 2022 - as restated	4,213,901	7,469,515	4,491,207	2,683,448	1,545,475	2,097,366	231,989	364,740	86,189	20,227	(6,248)	913,456	86,793	24,198,058
Year ended December 31, 2022														
Opening net book value	4,213,901	7,469,515	4,491,207	2,683,448	1,545,475	2,097,366	231,989	364,740	86,189	20,227	(6,248)	913,456	86,793	24,198,058
Addition / transfer from CWIP	7,391	27,869	532	1,190	-	3,074	394	-	370	83	-	-	-	40,903
Disposals														
Cost	-	-	(261)	-	-	-	(710)	-	(15,144)	-	-	-	-	(16,115)
Accumulated depreciation	-	-	10	-	-	-	657	-	10,496	-	-	-	-	11,163
	-	-	(251)	-	-	-	(53)	-	(4,648)	-	-	-	-	(4,952)
Depreciation charge for the year (note 5.4)	-	(523,763)	(285,928)	(572,041)	(112,984)	(325,090)	(34,869)	(61,804)	(4,164)	(9,527)	6,248	(132,352)	(1,447)	(2,057,721)
Closing net book value	4,221,292	6,973,621	4,205,560	2,112,597	1,432,491	1,775,350	197,461	302,936	77,747	10,783	-	781,104	85,346	22,176,288
At December 31, 2022														
Cost / revalued amount	4,221,292	8,287,869	4,839,560	3,221,684	1,727,175	2,410,204	346,299	618,040	129,145	62,967	-	1,323,519	86,793	27,274,547
Accumulated depreciation	-	(1,314,248)	(634,000)	(1,109,087)	(294,684)	(634,854)	(148,838)	(315,104)	(51,398)	(52,184)	-	(542,415)	(1,447)	(5,098,259)
Net book value	4,221,292	6,973,621	4,205,560	2,112,597	1,432,491	1,775,350	197,461	302,936	77,747	10,783	-	781,104	85,346	22,176,288
Depreciation rate - %	-	5	5	6.67	5	10	20	10	20	33.33	5	10	20	

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5.2 Assets not in possession of the Group

Due to large number of dealers, it is impracticable to disclose the name of each person having possession of operating fixed assets, as required under Paragraph 12 of Part II of the 4th Schedule to the Companies Act, 2017.

Operating fixed assets held by dealers of retail outlets of the Group are tanks and pipelines dispensing pumps, plant and machinery, electrical, mechanical and fire fighting equipment's. These assets are not in possession of the Group as these have been provided to dealers of retail outlets to facilitate them to promote and sell the Group's products.

5.3 Details of immovable assets

The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of location	Address	Total area of land in square yards
Depots		
Daulatpur depot	Taluka Qazi Ahmed, District Shaheed Benazirabad, Nawabshah	35,428
Kotlajam depot	Kotlajam Dagar, Tehsil & District Bhakhar, Mianwali	29,040
Machike depot	Chak Dhantpura, Machike, District Sheikhupur	139,584
Mehmood kot depot	Qasba Gujrat, Tehsil Kot Addu, District Muzzafargarh	29,554
Sahiwal depot	Pakpattan Road, Tehsil & District Sahiwal	28,435
Marshal Gas depot	Naclass No.213, Deh Konkar, Gadaptown, Karachi	14,520
Lubricant oil blending plant	Chemical Area, Eastern Industrial Zone, Port Qasim Authority, Karachi.	29,040
Others		
LPG terminal	Plot of land bearing No. B-26, B-27 and G2 situated at North Western Industrial Zone, Port Qasim Authority, Bin Qasim, Karachi	90,508
Retail Outlet	Main Raiwind Road, Hadbast Mouza Bhobattian, Tehsil Raiwind, District Lahore	2,118
Karachi office	Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi	386
Lahore office	Office No. 5-I, measuring 6,010 Sq. Ft., 5th Floor, constructed over Plot No. 19, Khayaban-e-Aiwan-e-Iqbal, Lahore	6,101

5.4 Allocation of depreciation expense

The depreciation charged for the year has been allocated as follows:

	Note	2023	2022
		Rupees in '000	
Distribution and marketing expenses	33	**1,760,098**	1,887,148
Administrative expenses	34	**75,307**	170,573
Cost of sales	32	**193,880**	-
		2,029,285	2,057,721

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5.5 Disposal of assets

During the year written down value of operating fixed assets that have been disposed-off amount to Rs. 11 million (2022: Rs. 4.9 million). Details of operating fixed assets disposed off with WDV above Rs. 500,000 are given below:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
	---------- Rupees in 000 ----------						
Dispensing pump	758	190	568	70	(498)	Christopher Electrical Engineering	Outright Sale
Dispensing pump	1,060	379	681	20	(661)		
Tank lorry	20,516	10,771	9,745	16,900	7,155	EFU	Outright Sale
2023	**22,334**	**11,340**	**10,994**	**16,990**	**5,996**		
2022	12,104	7,464	4,640	13,600	8,960		

5.6 Capital work-in-progress

	Note	2023	2022
		Rupees in '000	
Buildings		**294,575**	287,433
Machinery, tanks and pumps		**1,891,075**	2,059,342
Retail sites		**15,420**	15,000
Furniture, office equipment and other assets		**27,280**	26,685
Borrowing cost capitalized		**138,338**	138,338
		2,366,688	2,526,798

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

	Note	2023	2022
Balance at the beginning of the year		**4,578,405**	4,551,701
Additions during the year		**140,731**	67,607
Transfers during the year	5.1	**(300,841)**	(40,903)
		4,418,295	4,578,405
Provisions for CWIP	5.6.2	**(2,051,607)**	(2,051,607)
Balance at the end of the year		**2,366,688**	2,526,798

5.6.2 Movement of provision for CWIP

	2023	2022
Balance at the beginning of the year	**2,051,607**	1,952,797
Impact of restatement as at January 01, 2022	**-**	98,810
Balance at the end of the year	**2,051,607**	2,051,607

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5.6.3 The Capital work in progress (CWIP) carrying amount, provision and its fair value are as follows:

	Carrying amount	Provision	Net carrying amount	Fair value
December 31, 2023	---------- Rupees in '000	----------	----------	----------
Buildings	**1,021,522**	**726,947**	**294,575**	**287,433**
Machinery, tanks and pumps	**2,713,043**	**821,968**	**1,891,075**	**1,576,917**
Retail sites	**511,528**	**496,108**	**15,420**	**-**
Others	**172,202**	**6,584**	**165,618**	**-**
	4,418,295	**2,051,607**	**2,366,688**	**1,864,350**
December 31, 2022				
Buildings	1,014,379	726,947	287,432	287,433
Machinery, tanks and pumps	2,881,310	821,968	2,059,342	1,576,917
Retail sites	511,108	496,108	15,000	-
Others	171,608	6,584	165,024	-
	4,578,405	2,051,607	2,526,798	1,864,350

Provision of Rs. 2 billion mainly comprise of the following:

a) Management estimates of the recoverable amount for retail sites & others amounting to Rs. 0.5 billion; and

b) Decrease in fair value based on valuation carried out by the independent valuer for Thalian Depot Hub & Machike B & C amounting to Rs. 1.5 billion.

6. RIGHT-OF-USE ASSETS

The Group's leases mainly comprise of storage facilities, Group owned and operated pump sites and offices. Information about leases for which the Group is a lessee is presented below.

	Storage facility	Pumpsites	Offices	Total
	---------- Rupees in '000	----------	----------	----------
Balance as at January 01, 2023	**107,138**	**2,536,243**	**265,329**	**2,908,710**
Additions during the year (note 22.2.1)	**-**	**9,104**	**-**	**9,104**
Depreciation charge for the year (note 6.2)	**(12,187)**	**(215,734)**	**(86,604)**	**(314,525)**
Balance as at December 31, 2023	**94,951**	**2,329,613**	**178,725**	**2,603,289**
Balance as at January 01, 2022	38,005	2,771,933	348,587	3,158,525
Additions during the year (note 22.2.1)	74,585	58,052	-	132,637
DepreciatIon charge for the year (note 6.2)	(5,452)	(293,742)	(83,258)	(382,452)
Balance as at December 31, 2022	107,138	2,536,243	265,329	2,908,710

6.1 The right-of-use assets are depreciated on straight line basis on lower of remaining lease term and useful life.

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		Note	2023	2022
6.2	**Amounts recognized in consolidated statement of profit or loss**		Rupees in '000	
	Depreciation on right-of-use assets			
	Cost of sales	32.2	**12,187**	5,452
	Distribution and marketing expenses	33	**215,734**	293,742
	Administrative expenses	34	**86,604**	83,258
			314,525	382,452
	Finance cost			
	Interest on lease liabilities	38	**419,550**	425,696
	Amounts recognized in consolidated statement of cashflows			
	Total cash outflow for leases	22.2.1	**544,793**	551,920
7.	**INTANGIBLE ASSET**			
	Computer software		**7,184**	-
	Net carrying value			
	Net book value at beginning of the year		**1,530**	1,816
	Addition for the year		**7,430**	-
	Amortization charge for the year	34	**(1,747)**	(286)
	Net book value at the end of the year		**7,184**	1,530
	Net book value			
	Gross carrying value			
	Cost		**21,948**	14,518
	Accumulated amortization		**(14,735)**	(12,988)
	Net book value at the end of the year		**7,213**	1,530
	Rate of amortization - %		**33.33**	33.33

7.1 Intangible assets mainly comprise of operational softwares.

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8. LONG-TERM INVESTMENTS

	Note	2023	2022
		Rupees in '000	
Investment in associated companies - unquoted			
VAS LNG (Private) Limited - unquoted	8.1	-	-
Magic River Services Limited - unquoted	8.2	110,722	111,250
Karachi Hydrocarbon Terminal Limited - unquoted	8.3	399,890	399,890
		510,612	511,140
Advance against purchase of shares - with related parties			
Karachi Hydrocarbon Terminal Limited - unquoted		2,500	2,500
VAS LNG (Private) Limited - unquoted		1,023	1,023
		514,135	514,663

8.1 Summarized aggregated financial information of the Holding Company's share in VAS LNG (Private) Limited is as follows:

	2023	2022
	Rupees in '000	
Total accumulated losses	5,107	5,107
Total assets	6,317	6,317
Total liabilities	(5,294)	(5,294)
Advance against issue of shares	(1,023)	(1,023)
	-	-
% share in net assets	30%	30%
Total amount of net assets	-	-

8.2 Investment in Magic River Services Limited represents 25% shareholding in the business amounting to Rs. 110 million.

	2023	2022
	Rupees in '000	
Balance at the beginning of the year	111,250	117,772
Share of profit for the year	8,677	11,632
Profit received during the year	(9,205)	(18,154)
Balance at the end of the year	110,722	111,250

8.3 Investment in Karachi Hydrocarbon Terminals Limited (formerly Hascol Terminal Limited) represent 41.3 million shares (2022: 41.3 million) fully paid ordinary shares of Rs. 10 each and is recognized at cost. The Group is engaged in providing storage facilities for imported and locally procured petroleum and related products.

	2023	2022
	Rupees in '000	
Balance at the beginning of the year	399,890	399,890
Share of loss for the year	-	-
Balance at the end of the year	399,890	399,890

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8.3.1 Summarized aggregated financial information of the Holding Company's share in Karachi Hydrocarbon Terminals Limited (formerly Hascol Terminal Limited) is as follows:

	2023	2022
	Rupees in '000	
Total assets	7,674,239	7,674,239
Total liabilities	(4,982,957)	(4,982,957)
Advance against issue of shares	(25,348)	(25,348)
	2,665,934	2,665,934
% share in net assets	9.07%	15%
Total amount of net assets	241,800	399,890

8.4 Investments in associated companies and undertakings have been made in accordance with the requirements of the Act. The Management cannot assess the recoverable amount as of December 31, 2023, in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entities are still in process.

9. DEFERRED TAXATION - NET

	2023	2022
	Rupees in '000	
Taxable temporary difference arising in respect of :		
Revaluation of operating fixed assets	(3,023,983)	(3,368,999)
Deductible temporary difference arising in respect of :		
Long term investment	10,038	10,038
Liabilities against right-of-use assets	1,227,337	884,430
Exchange loss	575,395	791,226
Provision for :		
- retirement benefit	27,892	52,267
- ECL on trade debts	2,787,832	2,736,611
- short term investments - TFCs	1,421	1,808
- ECL on long term deposits	14	14
- against stock	35,862	20,068
- suppliers and services advance	691,371	643,491
- IFEM, RD and PDC	491,187	491,187
Accelerated depreciation	399,753	-
Normal tax loss	23,444,314	19,148,862
	26,668,433	21,411,003
Unrecognized deferred tax asset	(26,668,433)	(21,411,003)
	-	-

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9.1 Deferred tax asset of Rs. 26,668 million (2022: Rs. 21,411 million) has not been recognised in these consolidated financial statements due to uncertainty in availability of future taxable profits based on financial projections of future years.

However, in futrue years and based on the availablility of taxable profits, the unutilized deffered tax asset will be recognized.

As at the year end, the Group's tax losses amounted to Rs. 64,113 million (2022 : 61,961 million).

10. LONG-TERM DEPOSITS

	Note	2023	2022
		Rupees in '000	
Lease deposits		128,637	261,429
Current portion of lease deposits	14	(128,637)	(133,599)
		-	127,830
Deposits against:			
- retail outlets		70,814	70,814
- others		31,536	31,536
		102,350	102,350
		102,350	230,180
Provision for ECL on long term deposits	10.1	(47)	(47)
		102,303	230,133

10.1 Provision for ECL on Long Term Deposits

	2023	2022
Balance at the beginning of the year	47	47
Provisions made during the year	-	-
Balance at the end of the year	47	47

11. STOCK-IN-TRADE

	Note	2023	2022
Raw and packing materials		318,865	245,967
Finished goods			
- fuels	11.1	12,192,760	6,661,740
- lubricants		211,298	310,484
- petrochemicals		-	2,219
		12,404,058	6,974,443
Stock in transit - fuels		-	1,583,281
Provision against stock	11.2	(123,711)	(69,227)
		12,599,212	8,734,464

11.1 Fuels include Rs. 2,012 million (2022: Rs. 1,168 million) of high speed diesel which has been maintained as line fill necessary for the pipeline to operate.

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11.2 Movement in provision against stock

	Note	2023	2022
		Rupees in '000	
Balance at the beginning of the year		69,227	69,227
Provision made during the year	11.2.1	54,484	-
Balance at the end of the year		123,711	69,227

11.2.1 An additional provision of Rs. 54 million has been made for the disputed stock held at a third-party warehouse under the hospitality arrangement.

12. TRADE DEBTS

	Note	2023	2022
		Rupees in '000	
Unsecured, considered good		1,157,270	756,939
Considered doubtful		9,719,763	9,614,701
		10,877,033	10,371,640
Allowance for expected credit loss (ECL)	12.1	(9,719,763)	(9,554,939)
		1,157,270	816,701

12.1 The Group recognises the expected credit losses for trade debts using the simplified approach. As per the simplified approach, the loss allowance as at December 31, 2023 and 2022 as per IFRS-9 is as follows:

Movement of allowance for ECL

	Note	2023	2022
		Rupees in '000	
Balance at the beginning of the year		9,554,939	9,913,016
Allowance / (reversal) made during the year	35 & 37	164,824	(313,852)
Write-off during the year		-	(44,225)
Balance at the end of the year		9,719,763	9,554,939

12.1.1 The Board of Directors of the Group approved provision of Rs. 9,720 million (2022: Rs. 9,555 million) against doubtful receivables and write off of Rs. Nil (2022: Rs. 44 million) in the consolidated financial statements for the year ended December 31, 2023.

13. ADVANCES

Advances - considered good, unsecured

	Note	2023	2022
		Rupees in '000	
To employees :			
- against expenses	13.1	19,139	20,518
- against salaries	13.1	23,019	19,069
Supplier & service provider	13.2	2,717,313	2,720,287
Provision for supplier & services advance	13.3	(2,384,993)	(2,218,933)
		374,478	540,941

13.1 This includes advance to employees against expenses and salaries as per employment terms, currently the Group has 12 (2022: 8) employees whose advance exceed 1 million.

13.2 This includes advance to suppliers in the normal course of business as per commercial terms, currently the Group has 83 (2022: 70) suppliers whose advances exceed Rs. 1 million and these are given for procurement of equipment, fleet card operations, monitoring fee, consultancy and storages facilities.

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13.3 Movement of provision for suppliers and service provider

	Note	2023	2022
		Rupees in '000	
Balance at the beginning of the year		**2,218,933**	2,037,036
Provisions made during the year	36	**166,060**	181,897
Balance at the end of the year		**2,384,993**	2,218,933

14. DEPOSITS AND PREPAYMENTS

	Note	2023	2022
Deposits			
Current portion of long term lease deposits	10	**128,637**	133,599
Other deposits		**222,081**	160,009
		350,718	293,608
Prepayments			
Insurance and others		**22,937**	35,452
Rent		**27,538**	30,295
		50,475	65,747
		401,193	359,355

15. OTHER RECEIVABLES

	Note	2023	2022
Inland freight equalization margin ("IFEM") receivable		**7,966,951**	5,051,152
Miscellaneous receivables	15.1	**49,712**	94,607
Receivable against regulatory duty ("RD")		**25,533**	25,533
Sales tax refundable		**1,273,715**	515,919
Price differential claims ("PDC")	15.2	**7,618**	7,618
Provisioning of IFEM, RD and PDC	15.3	**(1,694,427)**	(1,694,427)
		7,629,102	4,000,402

15.1 This includes amount receivable from Magic River Limited (an associated Company) against share of profit amounting to Rs. 0.7 million (2022: 1.1 million).

15.2 This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources. the Group together with other oil marketing companies is actively pursuing the matter with the concerned authorities for the early settlement of the above claims.

15.3 Movement of provision for impairment

	Note	2023	2022
		Rupees in '000	
Balance at the beginning of the year		**1,694,427**	1,694,427
Provisions made during the year		**-**	-
Balance at the end of the year	15.3.1	**1,694,427**	1,694,427

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15.3.1 This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM). The provision of IFEM represents management estimate to assess the recoverable amount as of December 31, 2023.

16. ACCRUED MARK-UP AND PROFIT

	2023	2022
	Rupees in '000	
From conventional banks	627	1,333
From Islamic banks	-	35
	627	1,368

17. SHORT TERM INVESTMENT

The Group placed investment in fully paid-up, rated, privately placed, perpetual, unsecured, sub-ordinated, non-cumulative and contingent convertible debt instrument from Habib Bank Limited in the nature of Term Finance Certificates ("TFCs"). These carry mark-up at the rate of 3 month KIBOR+1.6% payable quarterly.

18. CASH AND BANK BALANCES

	Note	2023	2022
		Rupees in '000	
Balances with banks - in current accounts:			
- Conventional banks		195,457	305,216
- Dividend account		414,048	356,929
- Islamic banks		4	208
		609,509	662,353
Balances with banks - in saving accounts:			
- Conventional banks		303,717	425,713
- Islamic banks		1,366	5,781
	18.1	305,083	431,494
Cash in hand		1,107	1,081
		915,699	1,094,928

18.1 These carry mark-up / profit ranging from 10% to 20.50% per annum (2022: Ranging from 7.21% to 13.65% per annum).

19. SHARE CAPITAL

19.1 Authorized share capital

2023	2022	2023	2022
Number of shares		Rupees in '000	
5,000,000,000	5,000,000,000	50,000,000	50,000,000

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19.2 Issued, subscribed and paid-up share capital

2023	2022			2023	2022
Number of shares			Note	Rupees in '000	
89,540,000	89,540,000	Ordinary shares of Rs. 10 each fully paid in cash		**895,400**	895,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	19.3	**10,600**	10,600
9,966,000	9,966,000	Annual bonus @ 11% December 2014		**99,660**	99,660
20,113,200	20,113,200	Interim bonus @ 20% June 2015		**201,132**	201,132
24,135,840	24,135,840	Right issue @ 20% September 2017		**241,358**	241,358
36,203,760	36,203,760	Bonus issue @ 25% September 2018		**362,038**	362,038
18,101,880	18,101,880	Bonus issue @ 25% December 2018		**181,019**	181,019
800,000,000	800,000,000	Right issue @ 401.77% January 2020	19.4	**8,000,000**	8,000,000
999,120,680	999,120,680			**9,991,207**	9,991,207

19.3 These were issued on December 8, 2004 for consultancy, feasibility study, travel and other expenses.

19.4 The right shares were issued for the purpose of meeting the working capital requirements of the Group.

19.5 Vitol Dubai Limited an associated Company held 401,697,229 shares (2022: 401,697,229 shares) which represents 40.21% (2022 : 40.21%) of the equity stake in the Group.

19.6 The Group has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Group. All shares rank equally with regard to the Group's residual assets.

20. RESERVES

	Note	2023	2022
		Rupees in '000	
Capital			
Share premium	20.1	**4,639,735**	4,639,735
Unrealized gain on remeasurement of FVTOCI investment		**5,817**	5,817
		4,645,552	4,645,552
Revenue			
Accumulated losses		**(106,752,991)**	(89,747,995)
		(102,107,439)	(85,102,443

20.1 The reserve can be utilized by the Group only for the purpose specified in section 81 of the Companies Act, 2017.

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21. LONG TERM FINANCING - secured

	Note	2023	2022
		Rupees in '000	
Borrowings from conventional banks	21.1	**13,044,558**	13,044,558
Borrowings from Non-Banking Financial Institutions	21.2	**92,857**	92,857
Sukuk certificates	21.3	**500,000**	500,000
		13,637,415	13,637,415
Current portion of long term financing			
Borrowings from conventional banks		**(4,362,352)**	(2,941,021)
Borrowings from Non-Banking Financial Institutions		**(92,857)**	(92,857)
Sukuk certificates		**(500,000)**	(500,000)
	28	**(4,955,209)**	(3,533,878)
Non - current portion of long term financing		**8,682,206**	10,103,537

Terms and conditions of borrowings are as follows:

Particulars	Note	Number of installments and commencement month	Grace period	Date of final repayment	Markup rate per annum	Installment amount	Outstanding Principal 2023	Outstanding Principal 2022
							------- Rupees in '000 -------	
21.1 Borrowings from conventional banks								
National Bank of Pakistan Loan-1 Under LTF scheme	21.1.1	16 quarterly March-17	1 year	December 31, 2020	three month Kibor + 2.5% payable quarterly	31,250	**93,750**	93,750
National Bank of Pakistan Loan-2 Under LTF scheme	21.1.2	16 quarterly August-19	1 year	May 27, 2023	three month Kibor + 1.5% payable quarterly	65,625	**706,875**	706,875
National Bank of Pakistan Loan-3 Under LTF scheme	21.1.3	16 quarterly August-19	1 year	May 21, 2023	three month Kibor + 1.5% payable quarterly	37,500	**350,500**	350,500
Syndicated Loan from multiple banks Conversion of Short term financing	21.1.4	28 quarterly September-20	Nil	June 30, 2027	three month Kibor + 1.6% payable quarterly	Step up installment	**11,893,433**	11,893,433
21.2 Borrowings from Non-Banking Financial Institutions								
Pak Oman Investment Company Under LTF scheme Limited Loan 6	21.2.1	42 monthly January-18	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	**16,667**	16,667
Pak Oman Investment Company Under LTF scheme Limited Loan 7	21.2.2	42 monthly February-18	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	**76,190**	76,190
21.3 Sukuk certificates	21.3.1	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	**500,000**	500,000
							13,637,415	13,637,415

21.1.1 This represents term loan facility from National Bank of Pakistan for construction of storage depot at Mehmood Kot - Muzaffar Garh. The facility is secured against exclusive charge / mortgage of Rs. 666.67 million over the entire land and building, installation and machinery of the storage depot, personal guarantee of Mr. Mumtaz Hasan Khan (Ex-Chairman), post dated cheques covering facility amount and corporate guarantee of M/s: Fossil Energy (Private) Limited and M/s: Marshal Gas (Private) Limited.

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21.1.2 This represents term finance facility from National Bank of Pakistan for construction of storage depot at Thaliyan for the future expansion plans and working capital requirements of the Group which is secured against exclusive charge over the Group's entire fixed assets, excluding land & building, situated at Thaliyan with 25% margin amounting to Rs. 1,400 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Ex-Chairman), corporate guarantee from M/s: Fossil Energy Pvt. Ltd and M/s: Marshal Gas Pvt. Ltd. and a post dated cheque covering the facility obtained by the Group.

21.1.3 This represents term finance facility from National Bank of Pakistan for the construction of storage depot at Kotla Jam in order to meet the future expansion plans and working capital requirements of the Group which is secured against an exclusive hypothecation / mortgage charge over the Group's land & building, Plant & Equipment, installations and equipment of the storage depot situated at the Kolta Jam site with 25% margin amounting to Rs. 800 million, with personal guarantee of Mr. Mumtaz Hasan Khan (Ex-Chairman), corporate guarantee from M/s: Fossil Energy Pvt. Ltd and M/s: Marshal Gas Pvt. Ltd. and post-dated cheques covering the facility obtained by the Group.

21.1.4 This represents syndicated term finance facility from syndicate lenders and National Bank of Pakistan acts as Security Trustee for the lenders. This facility is secured against :

I First pari passu charge over the Group's land & building, Plant & Equipment, installations and equipment of the storage depot situated at (a) Mehmoodkot, (b) Kolta Jam, (c) Sahiwal (d) Machike and (e) Daulatpur in favor of Security Trustee, with 15% margin.

II First pari passu charge over the Group's fixed assets excluding land & building of the storage depot situated at (a) Amangarh, (b) Keamari, (c) Hub, (d) Thaliyan and (e) Shikarpur, in favor of Security Trustee, with 15% margin.

III First pari passu charge over the Group's fixed assets excluding land & building situated at specific 29 retail sites, in favor of Security Trustee, with 15% margin.

IV First equitable mortgage over the Group's land for retail outlet situated at Main Raiwind Road, Tehsil Raiwind, District Lahore, in favor of Security Trustee, with 15% margin.

V Lien on bank accounts maintained with National Bank of Pakistan.

21.2.1 This represents term finance facility from Pak Oman Investment Company Limited for the establishment of Sahiwal depot. The facility was initially secured against first pari passu charge of Rs 533 million on land, building, plant, machinery and equipment of the Group situated at Sahiwal depot with 25% margin. The above first pari passu charge now stands reduced to Rs. 277 million.

21.2.2 This represents term finance facility from Pak Oman Investment Company Limited for the establishment of Sahiwal depot. The facility was secured against exclusive charge on land, building, plant, machinery and equipment of the Group situated at Sahiwal depot with 25% margin maintained all times and personal guarantee of Mr. Mumtaz Hasan Khan (Ex-Chairman) to an aggregate amount of Rs. 150 million.

21.3.1 This represents rated and secured privately placed long term Islamic certificates (Sukuk) amounting to Rs. 2,000 million, issued to meet working capital requirements and future expansion plans of the Group. Summit Bank Limited was the lead financial advisor and arranger while Meezan Bank Limited is acting as Shari'ah structuring advisor for the Sukuk. The facility was initially secured against first pari-passu charge of Rs. 2,667 million over specific depots and retail outlets of the Group inclusive of 25% margin. The above first pari passu charge now stands reduced to Rs. 1,066 million.

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22. LEASE LIABILITIES

	Note	2023	2022
		Rupees in '000	
Finance lease liability	22.1	-	-
Lease liability against right-of-use asset	22.2	**3,386,290**	3,522,786
		3,386,290	3,522,786

22.1 Finance lease liability

	Note	2023	2022
Present value of future minimum lease payments		-	332,698
Current portion	28	-	(332,698)
Non-current portion		-	-

22.1.1 The Group has entered into lease agreements with various leasing companies for lease of items of Commercial vehicles. Minimum lease payments, which are payable by the year 2023, have been discounted by using financing rates ranging from relevant KIBOR plus 1.4% to 1.6% (2022 : KIBOR plus 1.4% to 2.75%). Title to the assets acquired under the leasing arrangements are transferable to the Group upon payment of entire lease obligations.

22.1.2 The expected maturity of undiscounted lease payments are as follows:

	Note	2023	2022
		Rupees in '000	
Not later than one year		-	481,411
Later than one year but not later than five years		-	-
		-	481,411

22.2 Lease liability of right-of-use asset

	Note	2023	2022
Present value of future minimum lease payments		**4,240,605**	4,356,744
Current portion	28	**(854,315)**	(833,958)
Non current portion		**3,386,290**	3,522,786

22.2.1 Movement during the year

	Note	2023	2022
Balance as at January 01		**4,356,744**	4,350,331
Additions during the year	6	**9,104**	132,637
Accretion of interest	38	**419,550**	425,696
Lease rentals paid	6.2	**(544,793)**	(551,920)
		4,240,605	4,356,744
Current portion shown under current liability	28	**(854,315)**	(833,958)
Balance as at December 31		**3,386,290**	3,522,786

22.2.2 Maturity analysis

	Note	2023	2022
Not later than one year		**1,266,798**	1,253,153
Later than one year but not later than five years		**2,077,975**	2,231,179
Later than five years		**5,760,505**	6,226,559
		9,105,278	9,710,891

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23. DEFERRED LIABILITIES

	Note	2023	2022
		Rupees in '000	
HPL gratuity fund	49	101,418	219,692
Non-current portion of other liability		208,151	302,778
		309,569	522,470

24. TRADE AND OTHER PAYABLES

	Note	2023	2022
Trade creditors	24.1	28,568,752	15,684,605
Payable to cartage contractors		1,668,045	938,516
Advance from customers - unsecured	24.2	572,118	808,257
Dealers' and customers' security deposits	24.3	717,732	526,704
Other liabilities	24.4	18,535,305	14,025,215
		50,061,952	31,983,297

24.1 Trade creditors includes procurement of fuel from local refineries and imports, storage charges and associated duties and levies.

24.1.1 This includes Rs. 24,354 million (2022: Rs. 13,594 million) amount payable to M/s: Vitol Bahrain E.C which is a related party. This also includes demurrage amounting to Rs. 3,980 million (2022: Rs. 2,717 million) which will be cleared upon SBP approval.

24.2 This represents advances received from customers pertaining to sale of petroleum products. The carrying amount as of December 31, 2023 amounting to Rs. 572 million (2022: Rs. 808 million).

24.3 The security deposits are non-interest bearing and are refundable on termination of contracts. These security deposits are not kept in separate bank account since the Group can utilize these funds as per terms of the agreements.

24.4 Other liabilities represent payable against repair and maintenance in operation and retail site, litigation claims, storage charges, rentals, insurance and other miscellaneous liabilities. The carrying amount as of December 31, 2023 amounting to Rs. 18,535 million (2022: Rs. 14,025 million).

25. UNCLAIMED DIVIDEND

	2023	2022
	Rupees in '000	
Balance at the beginning of the year	356,928	356,930
Payments during the year	-	(2)
Balance at the end of the year	356,928	356,928

25.1 This includes Rs. 338.319 million (2022: Rs. 338.319 million) amount payable to M/s Vitol Dubai Limited which is a related party.

26. ACCRUED MARK-UP AND PROFIT

	2023	2022
	Rupees in '000	
Long-term financing	7,330,599	3,629,695
Short-term borrowings	16,052,521	10,564,906
Liabilities against assets subject to finance lease	-	600
Others	-	48,972
	23,383,120	14,244,173

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27. SHORT-TERM BORROWINGS

	Note	2023	2022
		---- Rupees in '000 ----	
Borrowings from conventional banks - secured			
Habib Bank Limited		**5,076,268**	4,946,831
Askari Bank Limited		**3,044,000**	3,044,000
National Bank of Pakistan		**10,433,121**	10,433,121
Bank of Punjab		**1,999,729**	1,999,729
Bank of Khyber		**1,806,124**	1,806,124
First women bank limited		**665,147**	665,147
Samba Bank Limited		**962,684**	972,409
Sindh Bank Limited		**2,022,460**	2,022,460
Bank Makramah Limited		**363,034**	367,141
Habib Metropolitan Bank Limited		**-**	3,600,000
MCB Bank Limited		**290,832**	401,147
Faysal Bank Limited		**1,751,897**	1,756,397
United Bank Limited		**687,113**	746,862
	27.1	**29,102,409**	32,761,368
Borrowings from Islamic bank - secured			
Meezan Bank Limited		**2,295,000**	2,295,000
BankIslami Pakistan Limited		**840,025**	840,025
Al Baraka Bank (Pakistan) Limited		**1,781,500**	1,781,500
Dubai Islamic Bank Pakistan Limited		**655,900**	655,900
Bank Alfalah Limited		**969,201**	969,201
	27.1	**6,541,626**	6,541,626
		35,644,035	39,302,994

27.1 These facilities were availed from various commercial banks aggregating to Rs. 35,644 million (2022: Rs. 39,303 million). The rates of mark-up / profit ranges from 1-6 months KIBOR plus 1% to 10% (2022: 1-6 months KIBOR plus 1.30% to 20%). These arrangements are secured against hypothecation charge over the Group's present and future current assets with 25% margin.

27.2 Subsequent to the year-end and prior to the authorization of the financial statements for the year ended December 31, 2023, the Group settled its outstanding loan balance as of December 31, 2023 of Rs. 290 million and write back the principal amount of Rs. 268 million along with reversal of the accrued markup.

The above event trigger as a result of compliance of covenant stated in the settlement agreement signed on February 15, 2023 which require the Group to pay Rs 132 million in thirteen installments starting from February 2023 as full and final settlement. the Group manage to settle the obligation stated in the settlement agreement on February 2024 and thereby legally entitled to reverse the outstanding loan balance and accrued markup.

28. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2023	2022
		---- Rupees in '000 ----	
Current portion of long term financing	21	**4,955,209**	3,533,878
Current portion of liabilities subject to finance lease	22.1	**-**	332,698
Current portion of lease liability of right-of-use assets	22.2	**854,315**	833,958
		5,809,524	4,700,534

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29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Non-banking contingencies

Workers participation fund:

C.P. No.D-209 of 2019 has been filed by the Group against giving retrospective effects to Sindh Companies Profits Workers Participation Act, 2015 and the Department's demand for payment of workers participation fund for the period from 2011 to 2017 vide Show Cause Notice dated 26th May 2018.

This petition is pending before the Honorable High Court of Sindh at Karachi. the Group seems to have good arguable case.

Income tax assessments / audit proceedings:

Tax year 2022:

The return of Income for tax year 2022 for period ending December 31, 2021 has been filed with Turnover Tax based upon notified margin of the Petroleum Products, reported deviation in Taxation Base.

The Additional Commissioner (ACIR), Karachi has issued Notice to amend assessment 122(9) read with section 122(5A) of the I.T Ordinance, 2001 on various issues including minimum tax on total turnover, CP No. 5109 of 2023 filed before Sindh High Court (SHC). The Group has requested ACIR to keep the proceeding-initiated u/s 122(9) read with Section 122(5A) of the Income Tax Ordinance, 2001 till the decision of Sindh High Court (SHC).

Tax year 2021:

The return of Income for tax year 2021 for period ending December 31, 2020 has been filed with turnover tax based upon total receipts received against sale of petroleum products, declaring loss at Rs. 15,958,089,784 paying minimum tax at Rs. 620,929,778.

The ACIR, LTO, Karachi has issued Notice to amend assessment 122(9) read with section 122(5A) of the I.T Ordinance, 2001. An Application for Revision of Return of Income to maintain consistency in Tax Base, is pending before the Chief Commissioner IR, LTO, Karachi for decision.

Tax year 2020:

The return for tax year 2020 was filed declaring loss at Rs. 24,776,601,250 paying minimum tax at Rs. 1,052,082,635 and claiming refund of Rs. 330,373,657.

The return of the Group for tax year 2020 has been selected for audit u/s 177 and audit proceedings are open. However, the Group has challenged the audit notice u/s 177 before the learned High Court which has granted interim stay against the audit notice u/s 177.

Thus, the audit proceedings are suspended and, so far, the return filed is the deemed assessment order u/s 120 which remains in the field for tax year 2020 and there is no tax demand created in the tax year.

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Tax year 2019:

The return filed for tax year 2019 has been selected for audit under section 177 of income tax ordinance. The order after completion of audit proceedings under section 177 has been passed by the DCIR under section 122(1)/(5) imposing tax demand of Rs. 645,750,113.

Against this order imposing tax, appeal has been filed with the Commissioner Appeal, decision vide Appeal Order No. 1000000155283732 dated 12-07-2023, mostly in favor of Company except the issue relating to Minimum Tax.

Commissioner IR, Zone III, LTO, Karachi has referred appeal before the ATIR against the Order, which is pending before Tribunal for hearing.

Tax year 2018:

In tax year 2018, the return was not selected for audit but notice under section 122(9) was issued and order under section 122(5A) was passed. In the order, under section 122(5A) minimum tax under section 113 was imposed by including Petroleum Levy of Rs. 21,768,506,000 in the turnover, Exchange loss of Rs. 307,682,807/- on import was disallowed, commission amount of Rs. 227,932,000 was disallowed for not withholding @ 20% under section 156, disallowing of Tax Credit for Enlistment on Stock Exchange claimed under section 65C Rs. 58,771,214/-, taxing franchise fee Rs. 35,210,000 and not allowing refund adjustment of Rs. 85,136,781.

Against this order under section 122(5A), an appeal was filed before Commissioner (Appeals). In the appeal order the Commissioner (Appeals) accepted the Group's appeal on the point of minimum tax u/s113 on account of petroleum levy and as well in respect of disallowance of Commission and partly on the other points.

The Group has filed an appeal on the points the Group's appeal was not accepted by the Commissioner (Appeals) which is pending before the Appellate Tribunal Inland Revenue. Therefore, no tax demand is outstanding.

The department has further initiated audit proceedings under section 177 of the Ordinance which has been challenged by the Group before Sindh High Court (SHC) and SHC has suspended the audit proceeding through interim order.

Tax year 2017:

ACIR passed assessment order dated February 24, 2018 under section 122(5A) of the Ordinance creating additional tax demand of Rs. 231,680,958.

Appeal was filed before the CIRA against the aforesaid assessment order who vide appellate order dated October 29, 2018 decided one issue in favour of the Group whilst other issues were decided in favour of the Department. So far no appeal effect order has been passed

Appeal has been filed by the Group before the Appellate Tribunal Inland Revenue (ATIR) against CIRA's order on the points on which appeal was not accepted and the appeal is pending for hearing.

The department has initiated audit proceedings under section 177 of the Ordinance which has been challenged by the Group before SHC and SHC has suspended the audit proceeding through interim order.

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Tax year 2016:

The return of income for tax year 2016 was not selected for audit but notice under section 122(9) was issued and order under section 122(5A) was passed in which only expenses (sales promotion/royalty) and others have been disallowed against which appeal was filed before the Commissioner Appeals and in the appeal order, addition of sales promotion expense of Rs. 142,066,3100 was deleted and there was part set aside on other points.

The department has initiated audit proceedings under section 177 of the Ordinance which has been challenged by the Group before Sindh High Court which has suspended the audit proceeding through interim order.

Tax year 2015:

The case was selected for audit and order was passed under section 122(1)/(5) for tax year 2015 in which income has been assessed at Rs. 1,003,956,567 after making the additions of Sales promotion expenses disallowed Rs. 191,639,000/- as well as disallowing first year allowance claimed under section 23A.

In the order minimum tax of Rs. 392,096,071/- plus super tax of Rs. 25,942,290/- has been imposed but minimum tax credit of Rs. 60,790,404/- has been carried forward for adjustment against normal tax in subsequent years against the order under section 122(1) imposing tax for tax year 2015.

Appeal was filed which was decided by the Commissioner Appeal in which the addition of Rs. 191,639,000/- was remanded back and the imposition of super tax was upheld.

Tax Year 2014, 2013, 2011 and 2010:

DCIR initiated proceedings for amendment of assessment under section 122 (1)(5) of the Ordinance for the above tax years which were closed through order dated June 29, 2016, June 30, 2016 and July 18, 2016, respectively creating additional tax demand of Rs. 13,141,481 for tax year 2010, Rs. 5,292,546 for tax year 2011, Rs. 24,184,624 for tax year 2013 and Rs. 126,017,974 for tax year 2014.

Appeal were filed by the Group before CIRA against the aforesaid assessment orders which were decided through combined appellate order dated November 22, 2018 whereby all the additions made by the DCIR were confirmed.

Appeals have been filed by the Group against CIRA's aforesaid order before ATIR which is pending for hearing.

Direct tax - Monitoring proceedings:

Tax Year 2021:

Tax Monitoring proceedings were initiated by the DCIR and order was passed under section 161 imposing tax for assumed default in tax withholding from payments under various heads in tax year 2021.

No Order passed has been passed.

Tax Year 2020:

Tax Monitoring proceedings were initiated by the DCIR and order was passed under section 161 imposing tax for assumed default in tax withholding from payments under various heads in tax year 2020.

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Against the order passed by the Deputy Commissioner Inland Revenue Audit under section 161(1) of the Income Tax Ordinance, 2001 dated 20-07-2022 for tax year 2020, an Appeal filed against the order. Case was remanded back by CIR (Appeals) to DCIR vide Appeal Order No. 100000155444670 dated 14-Jul-2023.

DCIR has repeated the same Order without providing opportunity of being heard. Appeal has been referred before CIR (Appeals) by M/S. OSMANI & AFZAL ASSOCIATES which is pending for hearing.

Tax Year 2019:

Monitoring proceedings under section 161(1A) of the Ordinance has been re-initiated by the DCIR on January 21, 2022 and subsequently order dated February 28, 2022 has passed under section 161/205 of the ordinance.

Appeal has been filed by the Group against the aforesaid order before the CIRA and heard on April 2022, however, no appellate order has passed in this respect. This appeal is filed by M/s. Grant Thornton on behalf of the Group further contested by M/S. OSMANI & AFZAL ASSOCIATES.

Against the order passed by the Deputy Commissioner Inland Revenue Audit under section 161(1) of the Income Tax Ordinance, 2001 dated 20-07-2022 for tax year 2020. Appeal filed against the order. Case was remanded back by CIR (Appeals) to DCIR vide Appeal Order No. 1000000155283732 dated 12-Jul-2023.

DCIR has repeated the same Order without providing opportunity of being heard. Appeal has been referred before CIR (Appeals) by M/S. OSMANI & AFZAL ASSOCIATES which is pending for hearing.

Tax Year 2018:

Monitoring proceedings under section 161(1A) of the Ordinance had been initiated by the DCIR on January 10, 2019. All requisite details and information had been submitted however; no order has been passed.

Tax Year 2015:

Monitoring proceedings were initiated by the DCIR and subsequently order dated May 26, 2016 was passed under section 161/205 of the Ordinance.

Appeal was filed by the Group against the aforesaid order before the CIRA who remanded back the issues to the DCIR for re-adjudication because of non-provision of opportunity of hearing whilst at the same time accepted the Group's stance on all the issues on merit. No appeal effect proceeding has been initiated.

Tax Year 2014:

Monitoring proceedings were initiated by the DCIR and subsequently order dated June 26, 2016 was passed under section 161/205/182 of the Ordinance.

Appeal was filed by the Group against the aforesaid order before the CIRA who deleted the tax imposed, of Rs. 6,539,880 on account of Sales Discount and of Rs. 1,181,661 on account of Purchases, by the DCIR and confirmed the tax imposed of Rs. 45,600 on account of Legal & Professional, Rs. 111,600 on account of Entertainment, Rs. 332,994 on account of Services and Rs. 141,062 on account of Supplies.

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Appeal has been filed by the Group against CIRA's aforesaid order before ATIR where in Tribunal upheld the decision of CIR (Appeals).

Indirect tax:

Against the Sales Tax Order in Original No 02/42/2016 dated 29/06/2016 for the period January 2012 to December 2013 imposing tax on the bunkering oil supply at zero rating / not withholding sales tax and other appeal was filed and Commissioner Appeal vide his order in appeal dated 18/10/2016 set aside the ONO. Against the set aside order of the Commissioner Appeal, the appeal has been filed with ATIR, Case remanded back to DCIR Vide Appeal Order No,. 3049 dated 07-08-2023, there is no tax demand in the field.

Against the department's order in which Company appeal is not accepted by CIRA, the Group has filed various appeals before the Appellate Tribunal against orders passed by the Commissioner Appeals. These appeals are mostly against remanding back of the matter relating to taxability on bunkering activity for the 12-month tax periods ended December 2014, December 2015, December 2016 and December 2017. These appeals are filed by M/s. Grant Thornton on behalf of the Group. No Further Proceeding till the finalization of pending appeal before ATIR for the Period January 2012 to December 2012.

The Group has filed appeal against the order reference 01 of 2020 dated September 30, 2020 and order reference 02 of 2020 dated September 30, 2020 passed by Deputy Commissioner Inland Revenue relating to late filing of sales tax returns for the tax periods April 2020 to June 2020 and July 2020 imposing penalty and default surcharge amounting to Rs. 14 million and Rs. 52.5 million respectively. This appeal is filed by M/s. Grant Thornton on behalf of the Group further contested by M/S. OSMANI & AFZAL ASSOCIATES. Both Orders were annulled by the Commissioner Appeals. Department has filed appeal against the Appeal Order before ATIR. No hearing till to date.

An appeal has been filed against the order reference 011/121/2021 dated October 15, 2021 passed by Deputy Commissioner Inland Revenue relating to claiming input tax twice in the respective Federal sales tax returns for the tax periods April 2018, July 2018, October 2019, December 2019, November 2020, December 2020 and January 2021 amounting to Rs. 37,115,654 along with imposing penalty of Rs. 1,855,783 and default surcharge (to be calculated) respectively on claiming of the input tax twice in respective sales tax return. This appeal is filed by M/s. Grant Thornton on behalf of the Group and further contested by M/S. OSMANI & AFZAL ASSOCIATES. Case Annulled by CIR Appeals II, Karachi with decision of no default & penalty imposed. Department filed appeal before the Appellate Tribunal.

In 2023, DCIR passed Order No. 20/30/2023 dated 08-06-2023 against show cause notice No. 3621 dated 04-04-2023 for alleged inadmissible Input Sales Tax Claim. An appeal No. 29/A-1/LTO/2023/92 dated 15-09-2023 has been filed against the order amounting to Rs. 57,606,366 along with imposing penalty and default surcharge. Appeal is filed by M/s. OSMANI & AFZAL ASSOCIATES on behalf of the Group. Case Annulled by CIR Appeals I, Karachi and remanded back to DCIR. No Order has been passed till now.

In 2023, DCIR passed Order No. 24/56/2019 dated 07-02-2019 for alleged inadmissible input sales tax claim. An appeal No. STA/352/LTO/2019/12 dated 27-03-2019 was filed against the order amounting to Rs. 488,746,304 along with imposing penalty and default surcharge. Appeal is filed by M/s. OSMANI & AFZAL ASSOCIATES on behalf of the Group. Case Annulled by CIR Appeals I, Karachi and remanded back to DCIR. No Order has been passed till now.

In 2023, DCIR passed Order No. 2796 for Input Sales Tax Claim against the Contract Carriage & Transportation of Petroleum Products. An appeal No. STA/250/A-I/LTO/2023/91 dated 24-08-2023 was filed against the order amounting to Rs. 343,361,000 along with imposing penalty and default surcharge. Appeal is filed by M/s. OSMANI & AFZAL ASSOCIATES on behalf of the Group. Case Annulled by CIR Appeals I, Karachi and remanded back to DCIR. No Order has been passed till now.

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In 2023, received demand notice of Rs. 24,585,957 against the Order No. 12/55/2018 dated 08-11-2018. No record available, CTC for the order may be applied.

Sindh Revenue Board

a) Period 2013-2019:

One combined Order No. 1139 of 2022 dated 23rd May 2022 u/s 23/47 of the Sindh Sales Tax on Services Act, 2011 has been passed by the Assistant Commissioner in the case of the Group for the 7 years period January 2013 to December 2019.

By this SRB Order no. 1139 Of 2022 dated May 23, 2022, the officer has alleged that the Group has not made payment of the sales tax pertaining to Royalty Fee, Franchise Fee and Joining fee for the tax periods January 2013 to December 2019.

Against this SRB order imposing tax, an appeal has been filed before Commissioner Appeals, SRB which is under hearing.

b) Other SRB Appeals:

The Group is contesting before the Commissioner Appeals SRB the order no 321 of 2021 dated July 02, 2021 amounting Rs. 134,137,132 passed by Assistant Commissioner Sindh Revenue Board primarily imposing liability of withheld Sindh sales tax not deposited by the Group into Sindh government treasury on oil transportation services acquired from specified vendors for the tax periods January 2018 to October 2020. This appeal is filed by M/s. Grant Thornton on behalf of the Group and being contested by M/S. OSMANI & AFZAL ASSOCIATES.

The Group is contesting before the Commissioner Appeals SRB, the imposition of the alleged differential principal withheld sales tax amount liability of Rs. 472,422 pertaining to the oil transportation services received from specified vendors in the tax period November 2020 through the Order no 322 of 2021 dated July 13, 2021 passed by Assistant Commissioner — Sindh Revenue Board. This appeal is filed by M/s. Grant Thornton on behalf of the Group and being contested by M/S. OSMANI & AFZAL ASSOCIATES further contested by M/S. OSMANI & AFZAL ASSOCIATES. Order in Appeal No. 66/2023 dated 06-03-2023 passed with tax liability of balance principal amount of Rs. 472,422 which is paid accordingly whereas the penalty of Rs. 50,000 & default surcharge at Rs. 1,304,286 are unpaid till to date.

The Group is contesting before the Commissioner Appeals SRB, the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 33,662,070/- pertaining to providing Business Support Service to Karachi Hydrocarbon Terminal Limited and Hascol Lubricant (Private) Limited in the tax periods January 2017 to December 2019 through the Order no 808 of 2021 dated November 26, 2021, passed by Assistant Commissioner — Sindh Revenue Board. This appeal is filed by M/s. Grant Thornton on behalf of the Group and being contested by M/S. OSMANI & AFZAL ASSOCIATES.

Punjab Revenue Authority

a) The Group is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 989,229,120/- pertaining to expenditure incurred under the head of Capital Work in Progress in the tax periods January 2017 to December 2018 through the Order no 19 of 2020 dated 30-01-2020, passed by Additional Commissioner — Punjab Revenue Authority. This appeal is filed by M/s. Grant Thornton on behalf of the Group.

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b) The Group is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 108,199,360/- pertaining to Distribution, Selling & Administration Expenses in the tax periods January 2017 to December 2017 through the Order no 15 of 2020 dated 30-12-2019, passed by Additional Commissioner — Punjab Revenue Authority. This appeal is filed by M/s. Grant Thornton on behalf of the Group.

c) The Group contested before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 12,066,400/- pertaining to Business Support Services in the tax periods January 2017 to December 2018 through the Order no 16 of 2019 dated 30-12-2019, passed by Additional Commissioner — Punjab Revenue Authority. This appeal under section 63 of the PSTS'12 was filed by M/s. Grant Thornton on behalf of the Group. Original Order was upheld by the Commissioner Appeal, Punjab Revenue Authority vide Appeal Order No. 72/2020 dated 17-03-2021 which was received much later in Year 2022. The Appeal is being prepared along with Condonation Application to prefer before the Appellate Tribunal under section 66 of the Punjab Sales Tax on Services Act, 2012.

d) The Group is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 86,219,882/- pertaining to Withholding of Sales Tax on Services on Carriage of Petroleum under the Punjab Sales Tax Special Procedure (Transportation or Carriage of Petroleum through Oil Tankers) Rules, 2020 for the tax periods May-2021 to April-2023 through the Order no Eng-V/U-21/07 dated 06-12-2023, passed by Additional Commissioner — Punjab Revenue Authority. Appeal to be filed.

Baluchistan Revenue Authority:

The Group is paying Principal amount of sales tax withholding liability to the tune of Rs. 72,203,862/- on piece meal basis against the Order No. 04/2024 dated 07-11-2023 pertaining to sales tax withholding on Carriage Contractors for the tax periods January 2018 to December 2022, passed by Additional Commissioner — Baluchistan Revenue Authority.

Shams Lubricants Pvt Ltd:

The Group has rented out storage facility in Amangarh, Noshehra KPK from Shams Lubricants and terminated the Lease Agreement on 31-08-2020 after incident of the fire. the Group had handed over few cheques of advance cheques to Shams Lubricants, which are dishonored by Shams Lubricants. Now Shams Lubricants has filed the instant suit on the basis of these dishonored cheques and demanding the rent for one year as per termination clause of the lease agreement which stipulated that either party can terminate the lease agreement by serving one-year prior notice to the other party.

The Group has filed an application for unconditional leave to defend instead of depositing a surety amount of Rs. 45,17,480/-. The case is currently pending for arguments on whether the leave to defend filed by the Group should be allowed or dismissed. the Group is vigorously contesting the case and a favorable order may be expected.

Cantonment Board vs Company

a) Chaklala Cantonment Board:

This is the Intra Court Appeal filed by the Chaklala Cantonment Board in which they have challenged the judgment dated 09.03.2020 passed by Mr. Shamas Mehmood Mirza, Honorable Judge, Lahore High Court Lahore, Rawalpindi Bench.

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The ICA is pending before Division Bench of Honorable Lahore High Court, Rawalpindi Bench. The date of the ICA is 11.10.2023 on which the case is adjourned for arguments and next date of hearing has not been fixed till now.

The financial implication of the litigation on the Group's account is Rs. 1,317,024/- which amount is being claimed as taxes for advertisements within cantonment areas. the Group is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

This is the Intra Court Appeal filed by the Chaklala Cantonment Board in which they have challenged the judgment dated 09.03.2020 passed by Mr. Shamas Mehmood Mirza, Honorable Judge, Lahore High Court Lahore, Rawalpindi Bench.

The ICA is pending before Division Bench of Honorable Lahore High Court, Rawalpindi Bench. The date of the ICA is 11.10.2023 on which the case is adjourned for arguments and next date of hearing has not been fixed till now.

The financial implication of the litigation on the Group's account is Rs. 1,317,024/- which amount is being claimed as taxes for advertisements within cantonment areas. the Group is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

b) Rawalpindi Cantonment Board:

(This is the Intra Court Appeal filed by the Rawalpindi Cantonment Board in which they have challenged the judgment dated 09.03.2020 passed by Mr. Shamas Mehmood Mirza, Honorable Judge, Lahore High Court Lahore. Rawalpindi Bench.

The ICA is pending before Division Bench of Honorable Lahore High Court, Rawalpindi Bench. The date of the ICA is 11.10.2023 on which the case is adjourned for arguments and next date of hearing has not been fixed till now.

The financial implication of the litigation on the Group's account is Rs. 1,050,120/- which amount is being claimed as taxes for advertisements within cantonment areas. the Group is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

Company vs Federation of Pakistan & Others:

Suit no 1980 of 2021:

Office of Auditor General of Pakistan, on institution of MOEP, initiated audit of all OMCs including the Group and issued notices in this regard. Such audit, conducted by AGP is illegal and without any authority, hence challenged by the Group before Court of Law.

Court vide its order dated 13.09.2021 restrained AGP for taking any coercive action against the Group in pursuance of impugned notices and not to finalize or publish any report or if any report / proceeding have been prepared / initiated against the Group in pursuant of the impugned notices, no further steps shall be taken against the Group.

In respect of the likelihood of an unfavorable outcome, we are of the view that it is not easy to predict the outcome of a contested litigation, however it appears that the probability of such an outcome is quite less.

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Company vs Federation of Pakistan and Commissioner Inland Revenue:

The Group filed the said petition bearing C.P. D-6503/2019 being aggrieved by the actions of the Respondent (Inland Revenue) in selection of case for audit under Section 25 of the Sales Tax Act, 1990 for tax period January 2018 to December 2018.

The Group has argued that section 25(2) states that an audit is to take place only once in every three years and an audit had already been called in 2017, and hence the recalling of the same is unlawful and ultra vires.

In this case stay in operating till date with next hearing date is 31.01.2024 and there is a strong likely hood of winning this case.

M/s Malik Enterprises (Pvt.) Limited:

M/s Malik Enterprises (Pvt.) Limited (herein after referred as "Client") is in receipt of notice dated 22.01.2024 from Officer Commanding, PAF Base, Faisal whereby after due reconciliation of accounts our client has been directed to deposit arrears of rent (the "demised premises"), failing which the principal Lease Agreement dated 12.2.2014, granting leasehold proprietary rights of the demised premises to the client, shall deemed to be terminated on account of default and the demised premises shall stand vacated from our possession.

As per clause 2.4 of the License Agreement between the client, the Group is under an obligation to make payment of license fee/ rental payment per month in advance. However, the Group have failed to tender such fee/ rent for three months i.e. November 2023, December 2023 and January 2024, accumulating to Rs. 4,685,775/- (Rupees Four Million Six Hundred Eighty-Five Thousand Seven Hundred and Seventy-Five). In order to avoid default and subsequent eviction from the premises the client has made payment to the Principal Lessor amounting to Rs. 5,285,775/- which includes clients share of Rs. 600,000/- for the period of three months however, Company have failed to reimburse the client its own share accumulating to Rs. 4,685,775/-.

The Group is obliged to make payment of the due rental amount. Failure of which the Client will reinitiate eviction proceedings through rent case No. 17 of 2022 before the court of competent jurisdiction against the Licensee along with recovery of arrears at your sole risk and cost.

Muhammad Farook & Others:

This suit was filed by the Group for declaration, recovery of damages amounting to Rs. 21.450 million and profits at the rate of 14 percent along with permanent and mandatory injunctions. There is a strong likelihood that the civil suit filed by the Group will be decreed in its favor by the Honorable Court. The next date of hearing is 13.01.2024.

Federation of Pakistan and others vs Company:

a) Suit no 1008 of 2018:

This is a suit filed by the Group for declaration and permanent injunction in the High Court of Sindh. the Group assailed the letter dated 08.05.2018 issued by the Oil & Gas Regulatory Authority to the Group together with its enclosure being the letter dated 05.03.2018 of the Ministry of Energy directing it to immediately stop operation / activity being carried out at the storage terminal at plot # 43, Oil Installation Area, Keamari-Karachi on the pretext that the newly constructed storage terminals are being operated without NOC from Ministry of Defence. The Court dismissed the stay application vide order dated 01.04.2019 against which the Group has filed High Court Appeal and the suit will not proceed during the pendency of appeal.

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b) High Court Appeal no. 175 Of 2019:

This is an appeal filed by the Group in the High Court of Sindh against the order dated 01.04.2019 passed in Suit No. 1008 of 2018 on CMA No. 7590 of 2018.

The matter relates to ZYCO terminal, in respect of NOC from Ministry of Defence. This is an appeal filed by the Group in the High Court of Sindh against the order dated 01.04.2019 passed in Suit No. 1008 of 2018 on CMA No. 7590 of 2018 whereby the ad interim order passed in favour of the Group on 11.05.2018 has been recalled and the injunction application has been dismissed.

The Court suspended operation of the impugned order dated 01.04.2019 and the matter is at the stage of hearing.

c) Suit 1623 of 2020:

This is a suit for declaration and permanent injunction filed by the Group in the High Court of Sindh challenging the order dated 20.10.2020 passed by OGRA whereby OGRA has

- suspended the marketing activities / sales of the Group at its outlets in KPK;
- directed other oil marketing companies to augment supplied to their retail outlets; and
- imposed a penalty of Rs. 10 million on the Group in respect of Amangarh depot.

The Court passed ad interim order restraining the defendants from taking any coercive action against the Group in pursuance of impugned order dated October 20, 2020. The case is at the stage of hearing of applications.

d) Suit 1663 of 2020:

This is a suit for declaration and injunction filed by the Group in the High Court of Sindh challenging the action of OGRA in sending the Notice bearing No. OGRA-App-26-2(222)/2020 dated 26.10.2020 directing the Group to deposit 100% penalty for consideration of the review pending before OGRA whereas 50% of the penalty amount has already been deposited which was imposed on the basis of a letter bearing No. OGRA-OIL-19-3(51)2017 Vol-17 dated 22.05.2018 in respect of insufficient supplies of petroleum products. The Court passed ad interim order that OGRA shall not pass an adverse order on the Group's review application solely on the basis of non-deposit. The case is at the stage of hearing of applications.

e) Suit 655 of 2021:

This is a suit filed by the Group in the High Court of Sindh for Declaration and Permanent Injunction challenging the constitution of the Commission comprising the defendants No. 3 to 17 as its members to probe into the alleged hoarding of petroleum products, its proceedings, and the report dated 01.12.2020 published by them. Therefore, sought declaration that the impugned Commission has been constituted without legal sanction and authority and all actions taken by it including the impugned report dated 01.12.2020 are liable to be set aside. The Court passed ad interim order dated granting the Group the same relief as granted to another OMC in Suit No. 2063 of 2020 in the terms that "the business operation of the plaintiff's refinery and oil Company should not be halted without adopting due course of law and giving a fair opportunity to the plaintiff of being heard in terms of Article 10-A of the Constitution of Islamic Republic of Pakistan and principle of natural justice." The matter is at the stage of hearing of applications.

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Securities and Exchange Commission of Pakistan:

a) Appeal to SECP Appellate Bench:

This is an appeal filed against an order passed by a Commissioner of the Securities & Exchange Commission of Pakistan (SECP) whereby a forensic investigation of the Group was ordered under Section 258(1) of the Companies Act, 2017. the Group appealed this order as the SECP had already concluded an investigation immediately preceding the passing of the order. The subject appeal was listed for a preliminary hearing on March 18, 2022, wherein it was pointed out that the Commissioner who passed the initial order was sitting on the Appellate Bench which is contrary to natural justice. Hence, the matter was adjourned, and a further date of hearing has not been fixed.

b) Appeal to SECP Appellate Bench:

This Appeal was preferred against the order dated 12.04.2022 passed by the Appellate Bench of the Securities & Exchange Commission of Pakistan ("SECP") in Appeal No. 4(13) Misc/ABR/22 ("Initial Appeal"). The Initial Appeal was filed against order dated 19.01.2022 passed by the Commissioner, Onsite Department, Supervision Division, SECP communicated to the Appellant vide the cover letter bearing number EMD/I&I/233/770/2019 whereby a forensic investigation of the Group was ordered under Section 258(1) of the Companies Act, 2017. the Group appealed this order as the SECP had already concluded an investigation immediately preceding the passing of the order. The Appeal was presented to the learned Single Judge of the Honorable High Court of Sindh at Karachi on 27.04.2022 who was pleased to suspend the operation of both the order dated 19.01 2022 and 12.04.2022.

J. C. M. Petition No. 31 of 2022:

The Petitioner No. 1 Company has filed this Petition before the High Court of Sindh at Karachi for sanction of the Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017, dated September 27, 2022, between the Group, its secured creditors and members (the "Scheme"). The object to the petition is to, inter alia, obtain the sanction of the Court to the Scheme for the envisaged compromise and arrangement envisaged between the Group and its secured creditors, involving the rehabilitation of the Group by restructuring and settling the existing financial obligations / liabilities of the Group towards its secured creditors. Legal formalities are in the process of being carried out and after completion of the same, the matter will be fixed for hearing of the main petition. At this time, the secured creditors have sought modifications to the Scheme, which is being considered by the Group, after which the modified Scheme (if deemed appropriate) will be filed before the Court and presented to the creditors and members of the Group for seeking approval in accordance with the applicable laws.

Suit no 943/2022 and 935/2022:

Both suits have been filed by the past employees of the Group claiming the amount of final settlement payable to them on leaving the employment. the Group, to substantial extent, admits the financial claims of the plaintiffs however, it has taken stance that it is entitled to withhold the payment of those benefits owing to ongoing criminal proceedings by FIA.

In Suit No. 934/2022 the court has passed the decree to the extent of Rs. 10.01 million while the suit is pending for the remaining amount. As per our knowledge, appeal has not been filed against the said decree.

As the entitlement of Plaintiffs is not substantially disputed and only the payment is deferred so we understand that the Group would already have recorded the liability in its books of accounts. Accordingly, any outcome of the matters is not likely to affect financial liability of the Group.

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Allah Ditto vs Company:

The instant case is filed for recovery of amount 8,00,000/ against the Group with respect to MOU dated 17-07-2018. the Group had filed our written statement denying their claims and matter is fixed on 21.02.2024 for evidence.

Mr. Shahnawaz vs Company:

The instant case is filed for recovery of amount 1,100,000/ and damages 500,000/ against the Group with respect to MOU dated 22-10-2018 with reference to operating a filling station under the franchise of the Group on land measuring 12,000 Sq. ft bearing Survey No.228 situated at Kot Bungalow City, Nara Road Taluka Kotdiji District Khairpur. the Group have filed our written statement denying their claims followed by the proposed issues and matter is fixed on 15.02.2024 for framing of issues.

Suit no 430 of 2022 vs Company:

The Plaintiff has filed instant suit for recovery of sum of Rs 79,538,150/- in lieu of retail signage services. the Group has denied the claim and has challenged the suit on maintainability. The suit is pending for hearing of interlocutory applications.

Mr. Rehmat Khan Wardag:

A Suit has been filed on April 10, 2019 by Mr. Rehmat Khan Wardag (Contractor & Dealer of Hascol) for recovery of amount of Rs. 53 million and damages of Rs. 50 million against the Group. Mr. Rehmat Khan claims that his receivable amount of carriage bills was unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. Suit is pending in Court for hearing of application. Legal counsel is of the considered view that there is no merit in the claims of the dealer and hence, there is no possibility that there is any liability being attributed towards the Group.

The Group vs Province of Sindh & Others:

The Group filed a CP. No. 7569/2019 against demand notice amounting to Rs. 259,664,859/- on 08-11-2019 under Sindh Development and Maintenance of Infrastructure Cess Act 2017. The same was dismissed by Sindh High Court and the Group along with other companies filed special leave to appeal against this judgment before Supreme Court of Pakistan (“”SCP””). the Group is seeking stay order against demand notice as an instant relief and get infrastructure cess as illegal, void ab-initio.

CPLA is filed before SCP and SCP is pleased to suspend the operation of impugned judgment and directed the Group and other companies to furnish fresh bank guarantees equivalent to amount of levy claimed by the Respondents against resale of all future consignments of imported goods.

The Group filed a CP. No. 797/2020 against demand notice amounting to Rs. 3,929,866,620/- on 06.01.2020 under Sindh Development and Maintenance of Infrastructure Cess Act 2017. The same was dismissed by Sindh High Court and the Group along with other companies filed special leave to appeal against this judgment before Supreme Court of Pakistan. the Group is seeking stay order against demand notice as an instant relief and get infrastructure cess as illegal, void-ab-initio.

C.P is filed before Supreme Court of Pakistan and is pending for its listing.

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Motorway Operations & Rehabilitation Engineering (Private) Limited ('MORE') vs Company:

The matter pertains to the Agreement between the Parties with respect to the management and operation of fuel stations and ancillary facilities on the Lahore Islamabad Motorway Service Areas ('Sites'). MORE first sought unilateral amendments to the agreement and then adverse to the interest of the Group initiated negotiation with other companies. This was violation of the terms of the Agreement as the Group has 'exclusive' rights on M2 for twenty years. Therefore, Arbitration Clause of the agreement was invoked and Arbitration Application was filed. The Court was pleased to restrain MORE, inter alia, from dispossessing the Group.

The matter is now being negotiated and is at the final stage of settlement. Such statement was made before the Civil Court by lawyers of both parties. Even otherwise, the Group has good prospect of winning this case. There is, however, no immediate financial impact of this litigation on the Group. The next date of hearing is fixed for April 04, 2024.

Federal Investigation Agency (FIA):

During the second half of 2021, the Federal Investigation Agency (FIA) started a formal inquiry to probe the defaults incurred at banks on account of the Company. This inquiry focusses on individuals working for the Company (both Management and Board of Directors) and primarily National Bank of Pakistan. A formal First Investigation Report (FIR) was launched in January 2022 followed by a preliminary challan in High Court under the Anti Money Laundering act against thirty two (32) individuals. The Company is complying with the FIA to facilitate this investigation via provision of information. It is of extreme importance that the inquiry nor the challan is against the Company and the Company expects no outflow of economic benefit as a result of this case.

On September 25th, 2023 , certain present directors of the company who were nominated in this case were exonerated and the proceedings against them ended. Thus, no present director or official of the company is involved in this case any longer.

Sales contract:

In 2020, the Group entered into sales contract with Pakistan Army and Pakistan Airforce. The contracts were secured with bank guarantee issued by one of the financial institution in favour of the two customer. As per the terms and condition of the contracts; delay or not fulfilling the contract will result in encashment of the bank guarantee, liquidated damages and the ancillary risk and expenses.

During the year ended December 31, 2021, the Group due to shortage of working capital was unable to honor the partial sales commitment of the counter parties. As A result of this, the counter parties have offset the outstanding advances with receivables and bank guarantee. The contracts closure and the exact settlement amount is still under discussion. As of December 31, 2023 the Group recorded and estimated liability amounting to Rs. 934 million approximately.

CP No. 5188/2022 - the Group vs Federation of Pakistan & others:

The Petition by the Group challenges the illegal action of the Customer Authorities. The Collectorate of Customs (Adjudication-I) on 30.08.2022 issued a show cause notice, through which they raised a demand to pay Additional Custom Duty on import of motor spirit for the period from 01.01.2020 to 30.06.2022 to the tune of Rs. 171,946,298/-. As this show cause was issued to all Oil Marketing Companies (""OMC"") so the Group along with one other OMC assailed / challenged the said Show Cause Notice before the Sindh High Court. The High Court has instructed the Department not to decide on the contested show-cause notice issued vide order dated 12.10.2022, while the petition is still undergoing final adjudication. The matter is at the hearing stage and the Group is expecting likelihood of a favorable outcome in the matter.

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CP No. 4446/2022 - Regulatory duty

Federal Board of Revenue (""FBR"") on 20.06.22 issued SRO 806(I)/2022 ('SRO 806') through which regulatory duty was levied at the rate of 10% ('RD') on the import of motor spirit, however it provided that the RD shall not be applicable on cargoes for which letter of credits had already been issued, or were already on the high seas. On 30.06.22, the FBR issued SRO 966(I)/2022 ('SRO 966') which levied regulatory duty on the import of a number of goods, and by way of Entry No. 128 also levied regulatory duty at the rate of 10% on motor spirits. The Custom authority refused to give any benefit to the Group under SRO 806.

On 12.02.2023, the arguments were led by the lawyer on behalf of the Petitioners and the Court heard the arguments at length. Our main argument was based on second contingency in the subject SRO related to ships on open seas. The Custom's lawyer opposed the contention on the ground that LC's were not opened till June 30, 2022, but same were opened in July and August, which is not the case of the Petitioners, however the Bench has directed the Petitioners to file the details of GDs & LCs and fixed the case on 14th March 2023, at 11am.

The matter is pending in the High Court of Sindh and the learned counsel submits that the Group is required to pay full amount of Petroleum levy and secure regulatory duty at 10% by way of bank guarantee or pay order to the extent of consignment taken out of tanks, with the collector of customs as to release the consignment. In case, petition is decided in favour of the Group, such deposited P/O shall be released and the Group legal counsel is of firm opinion of success of case in favour of the Group.

29.1.2 Banking contingencies

United Bank Limited:

A suit under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (the Ordinance) was filed against the Group and its former CEO/Director, in his personal capacity as a guarantor of the Group's liabilities, for the recovery of Rs. 776,768,11.37.

The aforementioned amount was claimed against the allegedly outstanding finance facility, amounting to Rs. 746,862,015.77 including markup amounting to Rs. 29,906,095.90.

An application under Section 10 of the Ordinance was filed on behalf of the Group seeking leave to defend the suit. The grounds raised in the application were, inter alia, the Plaintiff's failure to comply with the mandatory requirements of Section 9 of the Ordinance, which would render the suit liable to be dismissed, as well as the Plaintiff's failure to disclose the cause of action, the particular finance(s) (as the term is defined in the Ordinance) and facility on which the suit is founded, whether any finance or facility was ever extended or disbursed to or availed by the Group, the terms and conditions of the finance/facility availed, if any and its repayment date.

The Group further contended therein that it has a constitutionally guaranteed right of trial under Article 10-A of the Constitution of the Islamic Republic of Pakistan, 1973 (the Constitution) and therefore, the requirement to obtain leave to appear and defend the suit under Section 10 of the Ordinance is ultra vires of the Constitution.

In response to the Group's leave to defend application, the Plaintiff submitted a replication requesting the Court to dismiss the Group's application for leave to defend.

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The Plaintiff had simultaneously with the suit, filed an application under Section 16 of the Ordinance praying for the Court to restrict the Group from creating any third-party interest/rights on the immoveable properties owned by the Group, to which the Group has filed its counter-affidavit objecting inter alia that the application for attachment of property is not maintainable under Section 16 of the Ordinance for failing to satisfy the necessary ingredients mandated by law for grant of relief.

In response to the above application for attachment of properties, the Group filed its counter-affidavit objecting inter alia that the lawsuit was not properly instituted and the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff bank, and for failing to disclose any apprehension with regards to the disposal of properties.

The suit was withdrawn by order dated 20 September 2023, in terms of an out- of-court settlement reached between the Plaintiff and the Group.

MCB Bank Limited:

The Plaintiff filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of Rs. 478,002,798.04, along with costs, cost of funds from the date of default till realization of the decretal amount, charges, expense etc. against the alleged finance facilities availed by the Group. The Plaintiff also prayed for the Court to grant a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Group.

The Group, in response to the suit, filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it falls foul of the requirements of Section 9 of the Ordinance inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff, and the cause of action alleged to occur is time-barred. The statement of accounts attached as an annexure to the suit by the Plaintiff bank fail to comply with the requirements of the Bankers Book Evidence Act, 1891, (Bankers Evidence Act).

Simultaneously with the suit, the Plaintiff filed an application under Section 16 of the Ordinance for attachment of the property owned by the Group till the final decision of the recovery suit; thereby seeking to restrain the Group from inter alia, selling, transferring, alienating, or mortgaging its property, which the Plaintiff has alleged would cause irreparable loss and gravely prejudice its interests.

In response to the above application for attachment of properties, the Group filed its counter-affidavit objecting inter alia that the lawsuit was not properly instituted and the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff bank, and the absence of a basis for apprehension with regards to the disposal of properties. An order was passed on this application on 1 October 2021 directing the Group to not create any third-party interest on its immovable properties till the next date of hearing.

The suit was withdrawn by order dated 18 April 2023, in terms of an out-of-court settlement reached between the Plaintiff and the Group.

The Bank of Punjab (BOP)

a) Suit no B39 of 2021:

The Plaintiff filed a suit under Section 9 of the Ordinance for the payment and recovery of Rs. 2,192,841,925.01 along with cost of funds from the date of default, and for the sale of the Group's hypothecated assets/goods/attached assets/properties. The aforementioned outstanding amount was claimed against the following facilities:

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An application under Section 10 of the Ordinance for leave to defend the suit was filed on behalf of the Group claiming that the instant suit is liable to be rejected as it has not been validly instituted and fails to comply with the mandatory requirements of the Ordinance and does not disclose a cause of action. The grounds raised in the application are, inter alia. the particular finance(s) (as the term is defined in the Ordinance) on which the suit is found as due and payable by the Group is unidentified and not shown to be extended to the Group within the statement of accounts attached by the Plaintiff, and the suit has been instituted without a valid power of attorney. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act.

In response to the Group's leave to defend application, the Plaintiff submitted a replication requesting the Court to dismiss the Group's application for leave to defend.

Alongside the suit, the Plaintiff also filed an application under Section 16 of the Ordinance seeking to restrain the Group from creating any third-party interest in the immovable properties owned by the Group as well as passing an order for attachment of those properties till the disposal of the suit.

The Plaintiff subsequently filed another application under Section 16 of the Ordinance for the attachment of certain other immovable properties belonging to the Group and prayed for the Group to be restrained from creating any third-party interest in these properties as well

The Group filed its counter-affidavits to the two applications for injunction and attachment, denying the averments made by the Plaintiff, highlighting that the necessary ingredients for the grant of any relief under the provisions of the Ordinance had not been met. the Group has submitted that in the absence of the suit establishing a valid cause of action or a failure to show the Group's intent to dispose of or remove the property over which a security has been created, the attachment application of the Plaintiff cannot be granted.

On 20 September 2021, the Honorable Court passed an order restraining the Group from creating any third-party interests in immovable properties owned by the Group. The second application was pending hearing.

The suit was decided against the Group, granting all of the reliefs sought in the Suit, by judgment dated 6 February and decree dated 21 February 2023. the Group has filed an appeal against the said judgment and decree (see Appeal no 60 of 2023).

b) Appeal no 60 of 2023:

The Group has filed an appeal against the judgment and decree passed in Suit No. B-39 of 2021, on the grounds inter alia that: the Learned Judge failed at all to consider that the Suit was not maintainable; there was impropriety in the conduct of the proceedings and a proper hearing was not given to the Group; that the Learned Judge has failed to appreciate that the Suit falls foul of the mandatory provisions of section 9(2) and section 9(3) of the Ordinance; the Learned Judge has erroneously found that the so-called statements of accounts correspond precisely with the so-called finances itemized in the judgment; the Learned Judge has failed to determine whether any amounts were disbursed to or for the benefit of the Group under or pursuant to any of the so-called finance agreements attached in support of the Plaint and has instead based his findings on the basis merely that such so-called finance agreements were executed, incorrectly deeming the fact of execution to constitute "admissions" of disbursement and of liability on the part of the Group; the Learned Judge has failed to consider that the documents provided in respect of the purported letters of credit do not substantiate the bank's entitlement to the Suit amount; and the Learned Judge has failed to consider whether the bank is entitled to the benefit of the securities created under the hypothecation agreement.

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The bank has filed a reply to the appeal along with an application alleging perjury on the part of the Group's officers. By way of order dated 29 March 2023, the bank's perjury application was dismissed and the parties were directed to maintain status quo. The writ of attachment issued in the execution proceedings of the decree is also not to affect the day-to-day operations of the Group (refer Execution no 18 of 2023). As such, the decree in the Suit is not presently proceeding to execution, as the said orders continue to operate to date.

The appeal is currently pending hearing and, in our view, the Group has a strong chance of success.

c) Execution no 18 of 2023:

The Decree Holder bank has instituted proceedings for the execution of the decree dated 21 February 2023 passed in Suit No. B-39 of 2021 (see point (a) above). A writ of attachment was issued for the attachment of the properties allegedly hypothecated in favor of the bank. However, by order dated 19 April 2023 passed in the appeal (see point (b) above), the writ of attachment shall not affect the day-to-day operations of the Group.

By order of the Additional Registrar dated 10 April 2023, certain properties of the Group were sought to be attached, although such properties were not awarded by way of the decree passed in the Suit. Hence the Group has filed an application seeking to exclude the said properties from the scope of the execution proceedings. the Group's application will be heard on the next date of hearing and is, in our view, likely to succeed.

Further, it is our view that the decree will be set aside in the appeal and as such the execution proceedings will become infructuous.

a) Suit no B-45 of 2022:

The Plaintiff has filed a suit for recovery of Rs. 1,088,188,268 against the Group under Section 9 of the Ordinance. The Plaintiff has also prayed for a decree for recovery of the allegedly outstanding amount through the sale of hypothecated/charged properties and assets of the Group, attachment of the Group's immovable properties and other properties and for cost of funds in terms of Section 3 of the Ordinance from the date of default till satisfaction of the decretal amount, if granted.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Group; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to meaningfully defend itself; and the attached documents do not support the Plaintiffs assertions regarding the Group's alleged liability.

The Plaintiff has, simultaneously with the suit, filed an application under Section 23 (1) of the Ordinance seeking to restrain the Group from transferring or selling the hypothecated assets and mortgaged properties, to which the Group has filed its counter-affidavit objecting inter alia that the application for attachment of property is not maintainable under Section 23 of the Ordinance.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

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Samba Bank Limited

A suit under Section 9 of the Ordinance was filed against the Group and its former CEO / Director, Mr. Mumtaz Hasan Khan, (in his personal capacity as a guarantor of the Group's liabilities) for the recovery of Rs. 1,018,709,744.57 against several finance facilities allegedly availed by the Group from the Plaintiff bank.

Additionally, during the pendency of the suit, the Group's assets were prayed to be attached for the settlement of the allegedly outstanding amount. However, separate applications seeking an interim injunction or attachment of the properties have not been filed by the Plaintiff.

In response, the Group filed its application for leave to defend under Section 10 of the Ordinance praying that the suit is liable to be rejected inter alia the following grounds, which renders it impossible for the Group to know the case that has to be met by it: no cause of action has been disclosed by the Plaintiff against the Group, the Plaintiff has failed to disclose or identify any particular finance(s) or finance facility(ies) (as defined in the Ordinance) on which the suit is founded, the attached documents do not support the Plaintiffs assertions especially since the liability they allegedly establish has not lapsed as of the date of the institution of the suit and that it falls foul of the disclosure requirements to be strictly met under the Ordinance. Since the statement of accounts attached as an annexure in the suit itself fail to establish any nexus with the alleged facilities in question or any disbursements to the Group of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'.

The Group has also highlighted that the Plaintiff failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder by way of this suit. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act.

The suit was withdrawn by order dated 2 January 2024, in terms of an out-of- court settlement reached between the Plaintiff and the Group.

Sindh Bank Limited:

The Plaintiff has filed a suit under Section 9 of the Ordinance for the recovery of Rs. 2,334,776,939.97 along with cost of funds.

The Plaintiff also prayed for permanent injunction to restrain the Group, its employees, agents or any other persons acting for and, on its behalf, directly and/or indirectly, from selling, alienating, disposing of or creating third party rights in any manner whatsoever in respect of the allegedly hypothecated assets as well as moveable and immoveable properties. Additionally, it was prayed that a judgement and decree for attachment and sale of all other assets and properties of the Group is passed to recover the outstanding amount. However, separate applications seeking an interim injunction or attachment of the properties during the pendency of the proceedings have not been filed by the Plaintiff.

An application under Section 10 of the Ordinance for leave to defend the suit has been filed on behalf of the Group contesting the allegations averred against the Group. The grounds raised in the application are, inter alia, the Plaintiff's failure to comply with the mandatory requirements of the Ordinance or to establish that: the Group as its 'customer', there is a cause of action against the Group, the particular finance(s) (as the term is defined in the Ordinance) on which the suit is found as due and payable by the Group, and/or whether any finance facility was actually disbursed to the Group pursuant to the so-called facility letters. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act. The documents attached as supporting documents to the Plaintiff's suit, inter alia the promissory notes and letter(s) of lien/setoff, suggest that certain claims are also time barred under the Ordinance.

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It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

Bank Makramah Limited:

The Plaintiff filed a suit for recovery of Rs. 547,253,184.24 against the Group under Section 9 of the Ordinance. In addition, the Plaintiff bank also prayed for the Group's assets to be attached for sale to cover the outstanding costs. A separate application under Section 16 of the Ordinance seeking such attachment during the pendency of proceedings was not been filed by the Plaintiff.

In response to the Plaintiff's suit, a leave to defend application under Section 10 of the Ordinance was filed by the Group notwithstanding any prejudice to the Plaintiff's contention that the provisions of the Ordinance are contrary to Article 10-A of the Constitution. In its application, the Group argued that the Plaintiffs suit is not valid and maintainable for the following reasons, for which it is liable to be dismissed: the suit has been instituted without a valid power of attorney, no cause of action has been established against the Group by the Plaintiff, the Plaintiff's assertions that the finance facilities (the term as defined in the Ordinance) were obtained by or recovered from the Group is not supported by any evidence, and the suit fails to comply with the mandatory provisions of the Ordinance.

The suit was withdrawn by order dated 1 January 2024, in terms of an out-of- court settlement reached between the Plaintiff and the Group.

National Bank of Pakistan:

a) National Bank of Pakistan vs Karachi Hydrocarbon Terminal Limited and another:

A suit of recovery under Section 9 of the Ordinance for Rs. 4,019,323,714 along with liquidated damages, cost of funds, charges and costs till realization was instituted by the National Bank of Pakistan in respect of the term finance facility of Rs. 4,000,000,000 allegedly extended by the Plaintiff to Karachi Hydro Carbon Terminal Limited (Defendant No.1), a subsidiary of the Group, and the Group as Defendant No. 2 acting as the guarantor in respect of the finance facility.

An application for leave to defend the suit under Section 10 of the Ordinance has been filed on behalf of the Group. The grounds raised therein include inter alia: the Plaintiff's failure to show any cause of action against the Group or comply with the mandatory requirements of the Ordinance, the suit being barred by limitation or otherwise premature with respect to other amounts claimed, absence of true and correct statements of accounts in support of the contention and the Plaintiff's failure to disclose the extension or disbursement of particular finances (the term as defined in the Ordinance) on the basis of which the suit is founded.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

b) Suit no B-47 of 2022:

The Plaintiff has filed a suit under Section 9 of the Ordinance against the Group and its former CEO/ Director, Mr. Mumtaz Hasan Khan (in his personal capacity as a guarantor of the Group's liabilities), for the recovery of Rs. 23,669,132,888 against several finance facilities allegedly availed by the Group from the Plaintiff bank. The Plaintiff has prayed for the award of liquidated damages payable by the Group at the rate of; (i) 20% per annum from the due date to the date of recovery pursuant to the Term Finance Agreement dated March 9, 2016; (ii) 1.75% per annum from the due date to the date of recovery pursuant to the Term Finance Agreement dated May 22, 2018; (iii) 2% per annum from the seventh business day of the due date to the date of recovery pursuant to the Term Finance Agreement dated May 21, 2018; and (iv) 2% per annum from the seventh business day of due date to the date of recovery pursuant to the Finance Agreement dated October 18, 2018. Furthermore, the Plaintiff has also prayed for the attachment of the Group's properties including but not limited to all properties attached as security under the finance facilities availed by the Group.

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In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Group; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Group's alleged liability.

Along with the Plaint, the Plaintiff has filed (i) an application under Order 38 Rule 5 read with Section 151 of the Code of Civil Procedure, 1908 ("CPC") for the attachment of certain immovable properties of the Group (ii) an application under Order 39 Rules 1 and 2 read with Section 151 of the CPC, seeking to restrain the Group from inter alia, selling, transferring, alienating, or mortgaging its property, which the Plaintiff has alleged would cause irreparable loss and gravely prejudice its interests, and (iii) an application under Order 18 Rule 18 read with Section 151 of the CPC, requesting the Court to appoint the Nazir to prepare an inventory of all the assets available at various properties owned by the Group.

Ex parte ad interim orders were passed by the Court on 27 October 2022 directing the parties to maintain status quo.

The Group has filed its counter-affidavits to each of the above applications denying the averments made by the Plaintiff. It has been highlighted that the necessary ingredients for the grant of the relief being sought have not been met, particularly as the Plaintiff has not alleged any anticipated threat of removal or disposal of the Group's properties.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

Bank Alfalah Limited (BAFL)

a) Suit no B-09 of 2022

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of Rs. 1,130,340,813.09, along with costs, cost of funds, compensatory charges and liquidated damages from the date of default till realization. The Plaintiff has also prayed for the Court to grant a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Group.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Group; the Plaintiff has failed to disclose or appropriately identify the particular finance(s) or finance facility(ies) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to know the case that has to be met by it; and the attached documents do not support the Plaintiff's assertions and fall foul of the disclosure requirements to be strictly met under the Ordinance. It has further been stated that since the statements of accounts attached as annexures in the suit fail to establish any nexus with the alleged facilities in question or any disbursements to the Group of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'. Additionally, the statements of accounts attached by the Plaintiff are not certified according to the Bankers Evidence Act.

Simultaneously with the suit, the Plaintiff has filed an application under Section 16 of the Ordinance for attachment of the property owned by the Group till the final decision of the recovery suit, thereby seeking to restrain the Group from inter alia, selling, transferring, alienating, or mortgaging its property, which the Plaintiff has alleged would cause irreparable loss and gravely prejudice its interests.

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In response to the above application for attachment of properties, a counter- affidavit has been filed on behalf of the Group on the grounds that the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff. Notwithstanding this, the Plaintiff has not provided any basis for apprehension of disposal of the properties.

In response to the Group's leave to defend application, the Plaintiff has submitted a replication requesting the Court to dismiss the Group's application for leave to defend.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed; and the Plaintiff will not succeed at the inter partes hearing to attach or otherwise adversely affect the Group's properties.

b) Suit no B-22 of 2023

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance of an amount of Rs. 1,029,360,639.95 along with mark-up and cost of funds, under a Diminishing Musharaka Finance facility allegedly availed by the Group from the Plaintiff bank. The Plaintiff has also prayed for a permanent injunction against the disposal or creation of third-party interests on certain mortgaged and hypothecated properties; and the sale and attachment of specified mortgaged and hypothecated properties of the Group.

The Group has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance for inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

Meezan Bank Limited

The Plaintiff has filed a suit under Section 9 of the Ordinance against the Group and its former CEO/ Director, Mr. Mumtaz Hasan Khan (in his personal capacity as a guarantor of the Group's liabilities), for the recovery of Rs. 4,580,304,393 against several finance facilities allegedly availed by the Group from the Plaintiff bank. The Plaintiff has also prayed for the attachment of the Group's properties for the settlement of the alleged outstanding amount (a separate application seeking an interim injunction or attachment of the properties has not been filed).

In response, the application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on the grounds, inter alia, that: no cause of action has been disclosed by the Plaintiff against the Group; the Plaintiff has failed to disclose the particulars of the amounts claimed and finance (s) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to know the case that has to be met by it; and the attached documents do not support the Plaintiff's assertions. Since the statement of accounts attached as an annexure in the suit itself fail to establish any nexus with the alleged facilities in question or any disbursements to the Group of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'. Additionally, the statement of accounts attached by the Plaintiff are not certified according to the Bankers Evidence Act. It has also been highlighted that the Plaintiff has failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder in the suit.

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It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

Bank Islami Pakistan Limited

The Plaintiff has filed a suit for recovery of Rs. 1,867,797,823.80 against the Group under Section 9 of the Ordinance. The Plaintiff has also prayed for a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Group. However, a separate application seeking an interim injunction or attachment of the property has not been filed by the Plaintiff.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Group; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Group's alleged liability. It has also been highlighted that the Plaintiff has failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder in the suit.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

Bank of Khyber

The Plaintiff has filed a suit for recovery of Rs. 2,307,039,435 against the Group under Section 9 of the Ordinance under a LC finance facility and Running Finance facility allegedly availed by the Group from the Plaintiff bank. The Plaintiff has also prayed for a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Group and a permanent injunction from selling, disposing, alienating or creating third party rights in respect of the hypothecated/ charged properties and assets. Additionally, the Plaintiff has also prayed for the payment of cost of funds in terms of Section 3 of the Ordinance from the date of default till the date of realization.

An application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Group; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Group's alleged liability.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

Dubai Islamic Bank

The Plaintiff has filed a suit for recovery of Rs. 1,482,545,295 against the Group under Section 9 of the Ordinance. The Plaintiff has prayed for a permanent injunction from selling, disposing, alienating or creating third party rights in respect of the hypothecated assets and mortgaged properties, as well as for sale of the mortgaged properties and the hypothecated assets and attachment of the Group's bank accounts. Furthermore, the Plaintiff has prayed for the payment of cost of funds in terms of Section 3 of the Ordinance from the date of default till the date of realization.

An application for leave to defend has been filed on behalf of the Group. However, the Plaintiff is yet to file its replication.

In our view, the application for leave to defend filed on behalf of the Group is likely to succeed.

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First Women Bank Limited

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance of an amount of Rs. 853,540,095.2, along with cost of funds, under a LC finance facility and Running Finance facility allegedly availed by the Group from the Plaintiff bank. The Plaintiff has also prayed for a decree for the recovery of the outstanding amount through the sale of the hypothecated and immovable and other assets of the Group.

The Group has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance for inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

The Group's application was filed along with an application for condonation of delay, as the Additional Registrar had incorrectly observed that the leave to defend application was not filed with the prescribed 30 days' period under the Ordinance. The condonation application has been filed on the grounds that notice of the suit was never validly served on the Group under Section 9 (5) of the Ordinance and therefore, the question of limitation does not arise. Even otherwise, the leave to defend application was filed within time for being submitted within 30 days of actual notice of the suit.

A full inter partes hearing of the Group's condonation application has concluded and orders are reserved by the Court.

It is our view that the application for condonation as well as leave to defend filed on behalf of the Group are likely to succeed.

Habib Bank Limited

The Plaintiff filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of Rs. 5,822,624,391.84, along with future mark-up, cost of funds costs of the Suit, and liquidated damages at the rate of 20% per annum in respect of finance facilities alleged to have been availed by the Group. The Plaintiff also prayed for the Court to grant a decree for recovery of the outstanding amount through the sale of moveable and immoveable assets of the Group.

The Group has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

No replication has as yet been filed on behalf of the Plaintiff and therefore the Group's application is yet to be heard. It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

29.1.3 Commitments

I The facility for opening letters of credit (LCs) acceptances as at December 31, 2023 amounted to Rs. 36,068 (2022: Rs. 36,261) million of which the amount remaining unutilized as at that date was Rs. 14 (2022: Rs. 2) million.

II There are no commitments for the purchases from Vitol Bahrain E.C, a party related to the Group.

III Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:

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		Note	2023	2022
			Rupees in '000	
	Property, plant and equipment		181,911	138,289
IV	Commitments for rentals of assets under operating lease / Ijarah :			
	Not later than one year		17,403	300,474
	Later than one year and not later than five years		-	17,403
			17,403	317,877

30. SALES - NET

	Note	2023	2022
Sale of petroleum products inclusive of sales tax		165,987,892	73,137,460
Sales discount		(1,007,005)	(214,608)
		164,980,887	72,922,852

31. OTHER REVENUE

	Note	2023	2022
Owned tank lorries - net		56,566	-
Franchise fee		108,948	60,485
Joining fee for petrol pump operators		1,590	1,548
Non fuel retail and lubricants		58,732	74,859
		225,836	136,892

32. COST OF SALES

	Note	2023	2022
Opening stock of lubricants, raw and packing materials		556,451	514,673
Raw and packing materials purchased		318,865	1,277,218
closing stock of lubricants, raw and packing materials		(79,524)	(556,451)
Lubricants, raw and packing materials consumed		795,792	1,235,440
Opening stock - fuel		8,178,013	10,255,676
Fuel purchased	32.1	128,070,076	57,343,905
Duties, levies and depreciation	32.2	35,468,508	8,453,587
Closing stock - fuel and petrochemical		(12,519,688)	(8,178,013)
		159,196,909	67,875,155
		159,992,701	69,110,595

32.1 This includes fuel purchased from local refineries and imports and provision of inventory.

32.1.1 This also includes shipping cost charged by supplier amounting to Rs. 612 (2022: Rs. 393) million.

32.2 Duties, levies and depreciation

	Note	2023	2022
		Rupees in '000	
Petroleum development levy	32.2.1	32,893,889	7,104,103
Inland freight equalization margin		1,285,831	793,220
Storage and handling charges		600,558	239,359
Depreciation	6.2	206,067	5,452
Freight		482,163	311,453
		35,468,508	8,453,587

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32.2.1 This includes additional petroleum development levy on direct sales.

33. DISTRIBUTION AND MARKETING EXPENSES

	Note	2023	2022
		Rupees in '000	
Salaries, wages and other benefits	34.1	**463,013**	356,202
Depreciation on operating fixed assets	5.4	**1,760,098**	1,887,148
Depreciation on right-of-use asset	6.2	**215,734**	293,742
Rent, rates and taxes		**280,657**	252,776
Fuel and power		**156,731**	166,038
Traveling and conveyance		**154,509**	67,919
Repairs and maintenance		**185,227**	149,497
Insurance		**103,429**	83,671
Commission		**32,951**	20,042
Advertising and publicity		**17,026**	6,478
Printing, communication and stationery		**21,824**	18,700
Fees and subscription		**9,966**	13,866
Owned tank lorries - net		**-**	40,490
Legal and professional charges		**7,162**	49,129
Sales promotion		**16,467**	-
Royalty		**28,675**	-
		3,453,469	3,405,698

34. ADMINISTRATIVE EXPENSES

	Note	2023	2022
Salaries, allowances and other benefits	34.1	**734,187**	584,813
Fee and subscription		**15,158**	19,182
Legal and professional charges		**119,858**	232,581
Traveling and conveyance		**68,671**	44,184
Insurance		**29,396**	6,571
Repairs and maintenance		**54,160**	29,652
Depreciation on right-of-use asset	6.2	**86,604**	83,258
Depreciation on operating fixed assets	5.4	**75,307**	170,573
Rent, rates and taxes		**28,931**	31,625
Printing, communication and stationery		**17,546**	17,985
Advertising and publicity		**1,175**	849
Fuel and power		**10,169**	20,661
Donation		**657**	-
Auditor's remuneration	34.2	**10,211**	9,790
Amortization	7	**1,747**	286
		1,253,777	1,252,010

34.1 Salaries and other benefits relating to distribution and administrative expense include:

	Note	2023	2022
Gratuity	49.1.5	**59,989**	51,184
Contribution to provident fund		**25,101**	19,773

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34.2 Auditor's remuneration

	Note	2023	2022
		Rupees in '000	
Statutory audit		5,917	4,500
Special purpose audit		-	1,800
Certifications		900	750
Shari'ah audit fee		850	700
Half yearly review		1,000	700
Out of pocket expenses		894	890
Consolidation		650	450
		10,211	9,790

	Note	2023	2022
35. ALLOWANCE FOR ECL ON TRADE DEBTS	12.1	164,824	-

36. OTHER EXPENSES

	Note	2023	2022
Provisioning of advance to supplier	13.3	166,060	181,897
Provision against breach of contract	29.1.1	633,920	-
Penalty	36.1	7,712	9,342
		807,692	191,239

36.1 This represents penalty paid to Oil and Gas Regulatory Authority, Federal Board of Revenue and Collector of Customs.

37. OTHER INCOME

	Note	2023	2022
		Rupees in '000	
Income from financial assets			
Markup / profit on:			
deposit with conventional banks		96,470	40,015
TFCs		19,947	15,678
Fair value change of TFC		1,397	-
		117,814	55,693
Income from non-financial assets			
Gain on disposal of operating fixed assets		5,591	12,107
Reversal of allowance for ECL	12.1	-	313,852
Sundries		-	6,652
Scrap sales		8,229	3,742
Rental income and others		46,570	83,968
		60,390	420,321
		178,204	476,014

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38. FINANCE COST

	Note	2023	2022
		Rupees in '000	
Conventional			
Short term borrowings		5,503,175	4,829,921
Letter of credit / Import contract		12,872	14,458
Long term borrowings		2,926,524	1,261,155
Interest cost on lease liability on right of use asset	22.2.1	419,550	425,696
Unwinding of discount		49,265	235,055
Bank charges		95,890	102,974
		9,007,276	6,869,259
Islamic			
Short term borrowings		782,098	749,726
Long term borrowings		1,209,292	752,217
Assets obtained under finance lease		15,575	34,984
		2,006,965	1,536,927
		11,014,241	8,406,186

39. TAXATION

	2023	2022
Current	654,474	381,143
	654,474	381,143

39.1 During the year ended December 31, 2023 and 2022, provision for current tax is based on minimum tax and final tax regime. Accordingly, tax reconciliation has not been presented in these consolidated financial statements.

40. LOSS PER SHARE - basic and diluted

	2023	2022
Loss for the year (Rupees in thousand)	(18,203,355)	(14,498,321)
Weighted average number of ordinary shares (in thousand)	999,121	999,121
Loss per share from continued operations - basic and diluted (Rupees)	(18.22)	(14.51)

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2023			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees in '000					
Director's fee	-	15,158	-	-	15,460	-
Managerial remuneration	48,600	-	347,366	48,600	-	266,909
Cost of living allowance	5,400	-	38,596	5,400	-	29,657
Reimbursement of medical expenses	509	-	9,287	671	-	6,014
Retirement benefits	2,780	-	19,968	2,780	-	14,020
	57,289	15,158	415,217	57,451	15,460	316,600
Number of person(s)	1	10	105	1	7	80

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41.1 The Chief Executive Officer and certain executives are also provided with free use of Group maintained cars and cellular connections. In addition, the Chief Executive Officer is provided with free security services in accordance with the terms of employment.

42. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprises of associated undertakings, directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and staff retirement fund. Significant transactions with related parties, other than those disclosed elsewhere in this consolidated statement of financial position, are as follows:

42.1 Transactions with related parties

Name of related party	Nature of relationship	Nature of transaction	Percentage of shareholding	2023	2022
				Rupees in '000	
Karachi Hydrocarbon Terminal Limited	Common directorship	Rendering of services	9.07%	475,167	145,741
Magic River Serivces Limited	Shareholding	Share of profit	25%	8,677	11,632
Vitol Bahrain E.C	Common directorship	Procurement	N/A	79,943,724	37,634,448

42.2 Balances with related parties

Name of related party	Nature of relationship	Nature of transaction	Percentage of shareholding	2023	2022
				Rupees in '000	
Karachi Hydrocarbon Terminal Limited	Common directorship	Advance against issue of shares	9.07%	2,500	2,500
Karachi Hydrocarbon Terminal Limited	Common directorship	Investments	9.07%	412,500	412,500
Karachi Hydrocarbon Terminal Limited	Common directorship	Rendering of services	9.07%	1,573,981	1,392,194
Magic River Serivces Limited	Shareholding	Investments	25%	110,000	110,000
Magic River Serivces Limited	Shareholding	Share of profit	25%	722	1,125
VAS LNG (Private) Limited	Shareholding	Advance against issue of shares	30%	1,023	1,023
VAS LNG (Private) Limited	Shareholding	Investments	30%	3,000	3,000
Vitol Bahrain E.C	Common directorship	Procurement	N/A	24,354,830	13,428,337

43. CASH USED IN OPERATIONS

	Note	2023	2022
		Rupees in '000	
Loss before taxation		(17,548,881)	(14,117,178)
Adjustment for:			
Depreciation on operating fixed assets	5.4	2,029,285	2,057,721
Depreciation on right-of-use asset	6.2	314,525	382,452
Amortization	7	1,747	286
Share of profit from associates		(8,677)	(11,632)
Provision against stock	11.2	54,484	-
Provision / (Reversal) for ECL on trade debts	12.1	164,824	(313,852)
Exchange loss - unrealized		1,937,611	2,757,125
Provision for gratuity	49.1.5	58,055	49,266
Gain on disposal of operating fixed assets	37	(5,591)	(12,107)
Provision of advance to supplier	36	166,060	181,897
Provision against breach of contract	36	633,920	-
Unrealised gain on TFC	37	(1,397)	-
Markup / profit on bank deposits	37	(116,417)	(55,693)
Markup charged on lease liability	38	419,550	425,696
Finance cost	38	10,594,691	7,980,490
Changes in working capital	43.1	7,294,095	194,497
Cash generated from / (used in) operations		5,987,884	(481,032)

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43.1 Changes in working capital

	Note	2023	2022
		Rupees in '000	
Current assets			
Stock-in-trade	11	(3,919,232)	2,035,885
Trade debts	12	(505,393)	399,576
Advances	13	403	(291,156)
Deposits and prepayments	14	(41,838)	(134,661)
Other receivables	15	(3,628,700)	(1,267,350)
		(8,094,760)	742,294
Current liabilities			
Trade and other payables	24	15,388,855	(547,797)
Changes in working capital		7,294,095	194,497

44. CASH AND CASH EQUIVALENTS

	Note	2023	2022
Cash and bank balances	18	915,699	1,094,928
Short-term borrowings	27	(35,644,035)	(39,302,994)
		(34,728,336)	(38,208,066)

45. OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of a single reportable segment.

- Sales from petroleum products represent 99.63% (2022: 99.34%) of total revenues of the Group.
- Out of total sales of the Group 100% (2022: 100%) related to customers in Pakistan.
- All non-current assets of the Group as at December 31, 2023 are located in Pakistan.

The Group sells its product to dealers, government agencies and autonomous bodies, independent power projects and other corporate customers.

Sales to ten major customers of the Group are around 11.53% during the year ended December 31, 2023 (2022: 9.21%).

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46. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per statement of financial position	Note	2023	2022
		Rupees in '000	
Fair value through profit or loss			
Short term investments	17	**100,097**	98,700
At cost			
Long term investments	8	**514,135**	514,663
At amortized cost - gross values			
Deposits	14 & 10	**453,068**	523,788
Trade debts	12	**10,877,033**	10,371,640
Other receivables	15	**8,016,663**	5,145,759
Accrued mark-up and profit	16	**627**	1,368
Cash and bank balances	18	**915,699**	1,094,928
		20,263,090	17,137,483
Total financial assets		**20,877,322**	17,750,846
Financial liabilities as per statement of financial position			
At amortized cost - gross values			
Long-term financing	21	**13,637,415**	13,637,415
Unclaimed dividend	25	**356,928**	356,928
Trade and other payables	24	**49,489,834**	31,175,040
Accrued mark-up and profit	26	**23,383,120**	14,244,173
Short-term borrowings	27	**35,644,035**	39,302,994
Total financial liabilities		**122,511,332**	98,716,550

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees in '000			
Financial assets				
Long term investments	**514,135**	**514,135**	514,663	514,663
Deposits	**453,068**	**453,068**	523,788	523,788
Trade debts	**10,877,033**	**10,877,033**	10,371,640	10,371,640
Other receivables	**8,016,663**	**8,016,663**	5,145,759	5,145,759
Short term investment	**100,097**	**100,097**	98,700	98,700
Accrued mark-up and profit	**627**	**627**	1,368	1,368
Cash and bank balances	**915,699**	**915,699**	1,094,928	1,094,928
	20,877,322	**20,877,322**	17,750,846	17,750,846

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	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	------------------------ Rupees in '000 ------------------------			
Financial liabilities				
Long-term financing	**13,637,415**	**13,637,415**	13,637,415	13,637,415
Unclaimed dividend	**356,928**	**356,928**	356,928	356,928
Trade and other payables	**49,489,834**	**49,489,834**	31,175,040	31,175,040
Accrued mark-up and profit	**23,383,120**	**23,383,120**	14,244,173	14,244,173
Short-term borrowings	**35,644,035**	**35,644,035**	39,302,994	39,302,994
	122,511,332	**122,511,332**	98,716,550	98,716,550

b) Valuation of financial instruments

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

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c) **Financial assets**

	2023				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Short term investments	100,097	100,097	-	-	100,097
Long term investments at cost	514,135	-	-	514,135	514,135
Total	614,232	100,097	-	514,135	614,232

	2022				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	514,663	-	-	514,663	514,663
Total	613,363	98,700	-	514,663	613,363

d) **Non-financial assets**

	2023				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Building on lease hold land	6,475,393	-	-	6,475,393	6,475,393
Tanks and pipelines	4,059,578	-	-	4,059,578	4,059,578
Dispensing pumps	1,731,801	-	-	1,731,801	1,731,801
Plant and machinery	1,338,351	-	-	1,338,351	1,338,351
Electrical, mechanical and fire fighting equipment	1,445,899	-	-	1,445,899	1,445,899
Furniture, office equipment and other assets	152,533	-	-	152,533	152,533
Vehicles	273,368	-	-	273,368	273,368
Computer auxiliaries	10,777	-	-	10,777	10,777
	15,487,700	-	-	15,487,700	15,487,700

	2022				
	Carrying value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Building on lease hold land	6,973,621	-	-	6,973,621	6,973,621
Tanks and pipelines	4,205,560	-	-	4,205,560	4,205,560
Dispensing pumps	2,112,597	-	-	2,112,597	2,112,597
Plant and machinery	1,432,491	-	-	1,432,491	1,432,491
Electrical, mechanical and fire fighting equipment	1,775,350	-	-	1,775,350	1,775,350
Furniture, office equipment and other assets	197,461	-	-	197,461	197,461
Vehicles	380,683	-	-	380,683	380,683
Computer auxiliaries	10,783	-	-	10,783	10,783
	17,088,546	-	-	17,088,546	17,088,546

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48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group is exposed to the following risks from its use of financial instruments:

	Note
- Market risk	48.1.1
- Credit risk and concentration of credit risk	48.1.2
- Liquidity risk	48.1.3

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring any increase in risk, and the Group's management of capital.

48.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board oversee how management monitors compliance with the Group's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Group.

48.1.1 Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

(a) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. the Group imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 126.392 million (2022: USD 101.342 million) having PKR equivalent amount of Rs. 35,625 million (2022: Rs. 22,947 million). The average rates applied during the year is Rs. 283.0750 per USD (2022: Rs. 204.5162 per USD) and the spot rate as at December 31, 2023 is Rs. 281.8607 per USD (2022: Rs. 226.4309 per USD).

The Group manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Group cannot hedge its currency risk exposure. Consequently, the Group recorded exchange loss amounting to Rs. 5,827 million (2022: Rs. 4,829 million) during the year.

Sensitivity analysis

As at December 31, 2023, if the Pakistani Rupee had weakened / strengthened by 5% against USD with all other variables held constant, loss / profit for the year would have been lower / higher by Rs. 1,784 million (2022: Rs. 1,147 million).

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(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises due to long-term financing and short term borrowings. At the balance sheet date the interest rate profile of the Group's mark-up bearing financial instruments is summarized as follows:

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would effect on profit or loss before tax is shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

Cash flow sensitivity of variable rate instruments

	Profit or (loss)		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
(Expense) / income	Rupees in '000			
As at December 31, 2023	**(107,330)**	**107,330**	**(76,205)**	**76,205**
As at December 31, 2022	(79,805)	79,805	(56,661)	56,661

	2023							
	Effective yield/ interest/ profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
		Rupees. in '000						
Financial assets at gross values								
Long term investments	-	-	-	-	514,135	-	514,135	514,135
Deposits	-	-	-	-	350,718	102,350	453,068	453,068
Trade debts	-	-	-	-	10,877,033	-	10,877,033	10,877,033
Other receivables	-	-	-	-	8,016,663	-	8,016,663	8,016,663
Accrued mark-up and profit	-	-	-	-	627	-	627	627
Short term investments	18.66-24.20	100,097	-	100,097	-	-	-	100,097
Cash and bank balances	14.05-20.50	305,083	-	305,083	610,616	-	610,616	915,699
		405,180	-	405,180	20,369,792	102,350	20,472,142	20,877,322
Financial liabilities at gross values								
Long term finances	9.00-25.14	4,955,209	8,682,206	13,637,415	-	-	-	13,637,415
Unclaimed dividend	-	-	-	-	356,928	-	356,928	356,928
Trade and other payables	-	-	-	-	49,489,834	-	49,489,834	49,489,834
Accrued mark-up and profit	-	-	-	-	23,383,120	-	23,383,120	23,383,120
Short-term borrowings	9.00-24.87	35,644,035	-	35,644,035	-	-	-	35,644,035
		40,599,244	8,682,206	49,281,450	73,229,882	-	73,229,882	122,511,332
On financial position gap		(40,194,064)	(8,682,206)	(48,876,270)	(52,860,090)	102,350	(52,757,740)	(101,634,010)

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	2022							
	Effective yield/ interest/ profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
		Maturity up to one year	Maturity after one year	Sub-Total	Maturity up to one year	Maturity after one year	Sub-Total	
		Rupees. in '000						
Financial assets at gross values								
Long term investments	-	-	-	-	514,663	-	514,663	514,663
Deposits	-	-	-	-	293,608	230,180	523,788	523,788
Trade debts	-	-	-	-	10,371,640	-	10,371,640	10,371,640
Other receivables	-	-	-	-	5,145,759	-	5,145,759	5,145,759
Accrued mark-up and profit	-	-	-	-	1,368	-	1,368	1,368
Short term investments	11.97 - 17.68	98,700	-	98,700	-	-	-	98,700
Cash and bank balances	7.21 - 13.65	431,494	-	431,494	663,434	-	663,434	1,094,928
		530,194	-	530,194	16,990,472	230,180	17,220,652	17,750,846
Financial liabilities at gross values								
Long term finances	9.85 -18.55	3,533,878	10,103,537	13,637,415	-	-	-	13,637,415
Unclaimed dividend	-	-	-	-	356,928	-	356,928	356,928
Trade and other payables	-	-	-	-	31,175,040	-	31,175,040	31,175,040
Accrued mark-up and profit	-	-	-	-	14,244,173	-	14,244,173	14,244,173
Short-term borrowings	9.06 - 20.0	39,302,994	-	39,302,994	-	-	-	39,302,994
		42,836,872	10,103,537	52,940,409	45,776,141	-	45,776,141	98,716,550
On financial position gap		(42,306,678)	(10,103,537)	(52,410,215)	(28,785,669)	230,180	(28,555,489)	(80,965,704)

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. the Group is not exposed to equity price risk since it has investments in quoted equity securities amounting to Nil (2022: Rs. Nil) at the consolidated statement of financial position date. the Group manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

48.1.2 Credit risk and concenteration of credit risk:

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

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The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. the Group manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers. The gross carrying values of financial assets which are neither past due nor impaired are as under:

	2023	2022
	Rupees in '000	
Long term investments	**514,135**	514,663
Deposits	**453,068**	523,788
Trade debts - unsecured	**10,877,033**	10,371,640
Other receivables	**6,322,236**	3,451,332
Accrued mark-up and profit	**627**	1,368
Short term investments	**100,097**	98,700
Cash and bank balances	**915,699**	1,094,928
	19,182,895	16,056,419

Aging analysis of trade debts:

	2023 Gross	2023 Impaired	2022 Gross	2022 Impaired
	Rupees in '000			
Past due 1-30 days	**1,091,072**	**187**	720,758	100
Past due 31-90 days	**120,778**	**27**	96,065	22
Past due 91-180 days	**90,643**	**90,643**	20,878	20,878
Past due 181-365 days	**86,423**	**86,423**	25,691	25,691
Over 1 year	**9,488,117**	**9,542,483**	9,508,248	9,508,248
	10,877,033	**9,719,763**	10,371,640	9,554,939

The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

	Rating agency	Short term	Long term
Islamic Banks			
Al-Baraka Bank Pakistan Limited	JCR- VIS	A-1	A+
Bank Islami Pakistan Limited	PACRA	A1	AA-
Meezan Bank Limited	JCR- VIS	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Dubai Islamic Bank Pakistan	JCR- VIS	A-1+	AA
Conventional banks			
Askari Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Bank Al Falah Limited	PACRA	A1+	AA+
Bank of Khyber	JCR-VIS	A-1	A+
Bank of Punjab	PACRA	A1+	AA+
Faysal Bank Limited	JCR-VIS	A-1+	AA
First Women Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AAA

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National Bank of Pakistan	JCR- VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AAA
SAMBA Bank Limited	JCR- VIS	A-1	AA
Silk Bank Limited	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1	A+
Bank Makramah Limited	JCR- VIS	Suspended	
United Bank Limited	JCR- VIS	A-1+	AAA
Pak Oman Investment Company Limited	JCR- VIS	A-1+	AA+

48.1.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. the Group's financial liabilities have contractual maturities as summarized below:

	2023		
	Within one year	Over one year	Total
	Rupees in '000		
Long term finances	**4,955,209**	**8,682,206**	**13,637,415**
Trade and other payable	**49,489,834**	**-**	**49,489,834**
Unclaimed dividend	**356,928**	**-**	**356,928**
Mark-up accrued	**23,383,120**	**-**	**23,383,120**
Short-term borrowings	**35,644,035**	**-**	**35,644,035**
	113,829,126	**8,682,206**	**122,511,332**

	2022		
	Within one year	Over one year	Total
	Rupees in '000		
Long term finances	3,533,878	10,103,537	13,637,415
Trade and other payables	31,175,040	-	31,175,040
Accrued mark-up and profit	14,244,173	-	14,244,173
Unclaimed dividend	356,928	-	356,928
Short-term borrowings	39,302,994	-	39,302,994
	88,613,013	10,103,537	98,716,550

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	Long term financing	Short term borrowing	Finance lease	Letter of credit	Total principal	Accrued mark-up	Total exposure including mark-up
	Rupees. in '000						
December 31, 2023							
Financial Institutions exposure							
National Bank of Pakistan	**8,251,682**	**10,433,121**	**-**	**-**	**18,684,803**	**9,242,313**	**27,927,116**
Habib Metropolitan Bank Ltd	**-**	**-**	**-**	**3,584,077**	**3,584,077**	**775,983**	**4,360,060**
Habib Bank Ltd	**-**	**5,076,268**	**-**	**-**	**5,076,268**	**1,092,090**	**6,168,358**
Meezan Bank Ltd	**1,775,139**	**2,295,000**	**-**	**-**	**4,070,139**	**1,572,897**	**5,643,036**
Askari Bank Ltd	**-**	**3,044,000**	**-**	**-**	**3,044,000**	**729,500**	**3,773,500**
Bank of Punjab	**887,570**	**1,999,729**	**-**	**-**	**2,887,299**	**1,429,334**	**4,316,633**
Sindh Bank Ltd	**-**	**2,022,460**	**-**	**-**	**2,022,460**	**1,119,941**	**3,142,401**
Faysal Bank Ltd	**-**	**1,751,897**	**-**	**-**	**1,751,897**	**1,201,434**	**2,953,331**
Bank of Khyber	**-**	**1,806,124**	**-**	**-**	**1,806,124**	**939,773**	**2,745,897**
Bank Alfalah Ltd	**798,813**	**969,201**	**-**	**-**	**1,768,014**	**680,068**	**2,448,082**
Al Baraka Bank Ltd	**-**	**1,781,500**	**-**	**-**	**1,781,500**	**805,435**	**2,586,935**
BankIslami Pakistan Ltd	**710,056**	**840,025**	**-**	**-**	**1,550,081**	**680,397**	**2,230,478**
Dubai Islamic Bank Pakistan Ltd	**621,298**	**655,900**	**-**	**-**	**1,277,198**	**678,864**	**1,956,062**
Samba Bank Ltd	**-**	**962,684**	**-**	**-**	**962,684**	**444,216**	**1,406,900**
United Bank Ltd	**-**	**687,113**	**-**	**-**	**687,113**	**360,170**	**1,047,283**
First Women Bank Ltd	**-**	**665,147**	**-**	**-**	**665,147**	**287,175**	**952,322**
Bank Makramah Ltd	**-**	**363,034**	**-**	**-**	**363,034**	**207,803**	**570,837**
MCB Bank Ltd	**-**	**290,832**	**-**	**-**	**290,832**	**266,646**	**557,478**
Pakoman Investment Co. Ltd	**92,857**	**-**	**-**	**-**	**92,857**	**41,080**	**133,937**
Sukuk	**500,000**	**-**	**-**	**-**	**500,000**	**243,331**	**743,331**
	13,637,415	**35,644,035**	**-**	**3,584,077**	**52,865,527**	**22,798,450**	**75,663,977**
December 31, 2022							
Financial Institutions exposure							
National Bank of Pakistan	8,251,682	10,433,121	52,553	-	18,737,356	5,934,314	24,671,670
Habib Metropolitan Bank Ltd	-	3,600,000	-	-	3,600,000	904,458	4,504,458
Habib Bank Ltd	-	4,946,831	78,808	145,178	5,170,817	428,869	5,599,686
Meezan Bank Ltd	1,775,139	2,295,000	-	-	4,070,139	939,437	5,009,576
Askari Bank Ltd	-	3,044,000	15,453	-	3,059,453	198,542	3,257,995
Bank of Punjab	887,570	1,999,729	-	-	2,887,299	887,331	3,774,630
Sindh Bank Ltd	-	2,022,460	-	-	2,022,460	700,696	2,723,156
Faysal Bank Ltd	-	1,756,397	-	-	1,756,397	851,920	2,608,317
Bank of Khyber	-	1,806,124	-	-	1,806,124	523,017	2,329,141
Bank Alfalah Ltd	798,813	969,201	-	-	1,768,014	411,294	2,179,308
Al Baraka Bank Ltd	-	1,781,500	-	-	1,781,500	582,999	2,364,499
Bank Islami Pakistan Ltd	710,056	840,025	-	-	1,550,081	426,508	1,976,589
Dubai Islamic Bank Pakistan Ltd	621,298	655,900	-	-	1,277,198	382,073	1,659,271
Samba Bank Ltd	-	972,409	-	-	972,409	219,344	1,191,753
United Bank Ltd	-	746,862	-	-	746,862	194,358	941,220
First Women Bank Ltd	-	665,147	-	-	665,147	129,165	794,312
Bank Makramah Ltd	-	367,141	-	-	367,141	126,298	493,439
MCB Bank Ltd	-	401,147	-	-	401,147	205,049	606,196
First Habib Modaraba	-	-	52,150	-	52,150	-	52,150
Pak Oman Investment Co. Ltd	92,857	-	-	-	92,857	19,122	111,979
Sukuk	500,000	-	-	-	500,000	129,807	629,807
	13,637,415	39,302,994	198,964	145,178	53,284,551	14,194,601	67,479,152

HASCOL PETROLEUM LIMITED
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48.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- operational and qualitative track record of the plant and equipment supplier and related service providers.

49. STAFF RETIREMENT BENEFITS

	Note	2023	2022
		Rupees in '000	
HPL gratuity fund	49.1	**96,218**	182,132
HPL provident fund	49.2	**-**	-
HLPL gratuity fund	49.3	**5,200**	37,560

49.1 The Group operates an approved gratuity fund for its employees who have completed the employment period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in fund are 216 (2022: 223).

49.1.1 Movement in liability recognized in unconsolidated statement of financial position

	Note	2023	2022
		Rupees in '000	
Present value of defined benefit obligations	49.1.2	**207,263**	183,208
Fair value of plan assets	49.1.4	**(111,045)**	(1,076)
Statement of financial position liability		**96,218**	182,132

HASCOL PETROLEUM LIMITED
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AS AT DECEMBER 31, 2023

49.1.2 Movement in liability recognized in unconsolidated statement of financial position

	Note	2023	2022
		Rupees in '000	
Net liability as at January 01,		**183,208**	141,024
Expense recognized in statement of profit or loss	49.1.5	**59,989**	48,770
Benefits payable to outgoing members		**(23,641)**	(2,785)
Benefits paid		**(6,961)**	(4,278)
Remeasurement loss recognized in statement of other comprehensive income	49.1.3	**(5,332)**	477
Net liability as at December 31,		**207,263**	183,208

49.1.3 Movement in present value of the defined benefit obligation

	2023	2022
Present value of defined obligation as at January 01,	**183,208**	141,024
Current service cost	**31,769**	30,067
Interest cost	**28,220**	18,703
Benefits payable to outgoing members	**(23,641)**	(2,785)
Benefits payable to outgoing members by the fund	**(6,961)**	(4,278)
	212,595	182,731
Remeasurement gain	**(5,332)**	477
Present value of defined obligation as at December 31,	**207,263**	183,208

49.1.4 Movement in fair value of plan assets

	2023	2022
Fair value of plan assets at the beginning of the year	**1,077**	2,950
Expected return on plan assets	**1,934**	1,918
Contributions made by the company	**108,152**	-
Benefits paid during the year	**(6,961)**	(4,278)
Benefits payable from the fund during the year	**-**	-
Remeasurements: Actuarial Gain	**6,843**	487
Fair value of plan assets at the end of the year	**111,045**	1,077

49.1.5 Expense recognized in the consolidated statement of profit or loss account

	2023	2022
Current service cost	**31,769**	30,067
Interest cost	**28,220**	18,703
Expected return on plan assets	**(1,934)**	(1,918)
	58,055	46,852

49.1.6 Remeasurement recognized in consolidated statement of comprehensive income

	2023	2022
Gain on remeasurement of defined benefit obligation	**(12,177)**	(10)
Impact of deferred tax	**3,531**	3
	(8,646)	(7)

HASCOL PETROLEUM LIMITED
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49.1.7 Analysis of present value of defined benefit obligation

	2023	2022
	Rupees in '000	
Split by vested / non - vested		
(i) Vested benefits	167,728	153,326
(ii) Non-vested benefits	39,535	29,881
Split by benefits earned to date		
(i) Present value of guaranteed benefits	63,678	57,198
(ii) Present value of benefits attributable to future salary increase	143,584	126,009
Expected distribution of timing of benefit payments time in years		
Within first year from the end of financial year	7,437	8,143
Within second years from the end of financial year	9,622	8,752
Within third years from the end of financial year	22,936	11,377
Within fourth years from the end of financial year	66,986	24,574
Within five years from the end of financial year	31,423	67,441
Within six to ten years from the end of financial year	264,464	242,713
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	189,470	167,088
Discount rate -1%	227,821	201,838
Expected rate of salary increase +1%	228,614	202,544
Expected rate of salary increase -1%	188,504	166,226

Maturity profile of present value of defined benefit obligation	2023	2022
	Percentage	
Weighted average duration of the present value of defined benefit obligation (years)	9.44	9.44

	2023	2022
Key statistics		
Average age (time in years)	40.78	42.61
Average service (time in years)	5.21	5.80
Average entry age (time in years)	35.57	36.81
Retirement assumption age (time in years)	60	60
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

HASCOL PETROLEUM LIMITED
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49.1.8 Historical information of staff retirement benefits

	2023	2022	2021	2020	2019
	Rupees in '000				
Present value of gratuity	**101,418**	219,692	162,594	286,344	250,593

49.1.9 The expected gratuity expense for the year ending December 31, 2024 works out to be Rs. 46.853 million.

49.1.10 Actuarial assumptions

The following significant assumptions were used in the valuation carried out at the balance sheet date using the projected unit credit method:

	2023	2022
	% per annum	
- Expected long-term rate of increase in salary level	**15.50**	14.50
- Discount rate	**15.50**	14.50

49.2 The Group operates approved provident fund for its eligible employees as of December 31, 2023. Details of assets and investments of the fund is as follows:

	Note	2023 Unaudited	2022 Unaudited
Size of fund - total net assets (Rupees in '000)		**245,362**	172,814
Number of members		**195**	181
Cost of investments made (Rupees in '000)		**255,213**	192,931
Percentage of investments made		**100%**	100%
Fair value of investments (Rupees in '000)	49.2.1	**250,777**	181,735

49.2.1 The break-up of fair value of investments is as follows:

	2023 Unaudited		2022 Unaudited	
	Investments (Rs. in '000)	% of investment	Investments (Rs. in '000)	% of investment
Saving bank accounts	**160,213**	**64**	77,931	43
Term finance certificate	**90,564**	**36**	89,300	49
Mutual fund	**-**	**-**	14,504	8
	250,777	**100**	181,735	100

49.2.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

49.3 No actuarial valuation has been performed as at December 31, 2023.

HASCOL PETROLEUM LIMITED
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50. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

S.No.	Description	Explanation
(i)	Loans and advances	Non-interest bearing as disclosed in note 13.
(ii)	Deposits	Non-interest bearing as disclosed in note 10 and 14.
(iii)	Segment revenue	Disclosed in note 45.
(iv)	Bank balances	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 18.
(v)	Income on bank deposits	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 37.
(vi)	All sources of income	Disclosed in note 30, 31 and 37.
(vii)	Exchange gain	Not applicable during the year.
(viii)	Mark up paid on Islamic mode of financing	Disclosed in note 38.
(ix)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:

S.No.	Names of Islamic bank
1	Al Baraka Bank Pakistan Limited
2	Bank Islami Pakistan Limited
3	Meezan Bank Limited
4	MCB Islamic Bank Limited
5	Dubai Islamic Bank Pakistan

51. COMPARATIVE FIGURES

Items presented in these consolidated statement of financial position as at December 31, 2022 have been reclassified to confirm to current year's presentation.

52. NUMBER OF EMPLOYEES

	2023	2022
Total number of employees as at year end	**299**	283
Average number of employees during the year	**295**	295

53. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorized for issue on 28 June, 2024 by the Board of Directors of the Group.

Chief Executive Officer   Chief Financial Officer   Director

FORM OF PROXY

22ND ANNUAL GENERAL MEETING

The Company Secretary
Hascol Petroleum Limited
29th Floor, Sky Tower, West Wing (Tower A),
Dolmen City, Abdul Sattar Edhi Avenue, Block-4,
Clifton, Karachi.

I / We ______________________________ of ______________________________ being member(s) of **Hascol Petroleum Limited** and holder of ______________________________ ordinary shares as per Share Register Folio No. ______________________ and/or CDC Participant I.D. No. and Sub Account No. / IAS Account No. ____________, hereby appoint ______________________________ of ____________________ or failing him / her ______________________________ of ____________________ as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, 24th July 2024 , and at any adjournment thereof.

As witness my / our hands / seal this __________ day of ______________________ 2024.

Affix
Rs. 5/-
Revenue
Stamp

Witness No.1

Name ______________________________
Address ______________________________
____
CNIC or Passport No. ______________________

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

Witness No.2

Name ______________________________
Address ______________________________
____
CNIC or Passport No. ______________________

1. This proxy form, duly completed and signed, must be received at the registered office of the Company at 29th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block-4, Clifton, Karachi., not less than 48 hours before the time of holding the Meeting.

2. Members are requested:

(a) To affix Revenue Stamp of Rs. 5/- at the place indicatedabove; and
(b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.

For CDC account holder(s) / corporate entities
In addition to the above the following requirements have to be met:

i) the proxy form shall be witnessed by two persons whose names, addresses and CNIC / passport numbers shall be stated on the form;

ii) attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form;

iii) the proxy shall produce his / her original CNIC or original passport at the time of the meeting; and

iv) corporate entities should produce a certified copy of the resolution pertinent of its board of directors' meeting or a power of attorney bearing signature of the nominee at the time of the Meeting, unless it has been provided earlier.

پراکسی فارم

22 ویں سالانہ جنرل میٹنگ

کمپنی سیکریٹری

ہیسکول پیٹرولیم لمیٹڈ

29 ویں منزل، اسکائی ٹاور، ویسٹ ونگ (ٹاور A)

ڈالمن سٹی، عبدالستار ایدھی ایونیو، بلاک 4

کلفٹن کراچی

میں رہم ---------- ، -------------------------- کا رکی رکے رہائیشی ہیسکول پیٹرولیم لمیٹڈ کا رکی رکے

ممبر اور -------------------------------- عام شیئرز کا رکی رکے ہولڈ، رجسٹر فولیو نمبر ------------ اور یا سی ڈی سی پارٹیسپنٹ

ای ڈی نمبر اور سب اکاونٹ نمبر رای آئی ایس ---------- ، ---------- ، ---------- کے رکی رہائیشی یا اسکی عدم مجودگی میں

---------------------- ، ---------------------- ، ---------- کے رکی رہائیشی یا اسکی عدم مجودگی میں

کے رکی رہائیشی کو 24 جولائی، 2024 کو ہونے والے کمپنی کے سالانہ اجلاس میں میری رہماری غیر موجودگی پر بطور میری رہماری پراکسی کے اجلاس میں شرکت اور ووٹ دینے کے لیے تعینات کرتا رکرتی ہوں۔

گواہ نمبر (۱)

نام: --------------------------

پتہ: --------------------------

شناختی کارڈ یا پاسپورٹ نمبر ----------

گواہ نمبر (۲)

نام: --------------------------

پتہ: --------------------------

شناختی کارڈ یا پاسپورٹ نمبر ----------

دستخط

دستخط کمپنی کے ساتھ رجسٹرڈ
نمونہ دستخط سے متفق ہونا چاہیے

چسپاں کریں 5 روپے ریونیو اسٹامپ

ضروری احکامات

۱۔ یہ پراکسی فارم صحیح طریقے سے مکمل ہو کر دستخط کے ساتھ کمپنی کے رجسٹرڈ آفس 29 ویں منزل، اسکائی ٹاور، ویسٹ ونگ (ٹاور A)، ڈالمن سٹی، عبدالستار ایدھی ایونیو، بلاک 4 کلفٹن کراچی میں کم از کم میٹنگ سے 48 گھنٹے قبل موجود ہونا چاہیے۔

۲۔ ممبران سے درخواست ہے۔

(ا) مندرجہ بالا دیئے گئے خانے میں 5 روپے والا ریونیو اسٹامپ چسپاں کریں۔

(ب) ریونیو اسٹامپ کے ساتھ دی گئی جگہ پر اپنے دستخط کریں، دستخط کمپنی کے ساتھ رجسٹرڈ نمونہ دستخط سے متفق ہونا چاہیے۔

سی ڈی سی اکاؤنٹ ہولڈرز رکارپوریٹ ادارے

مذکورہ بالا احکامات کے علاوہ درج ذیل تقاضوں کو بھی پورا کرنا لازمی ہوگا

۱۔ پراکسی فارم پر دو گواہان کا ہونا لازمی ہوگا جن کے دستخط، نام، پتہ، شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج کیے جائیں گے۔

۲۔ مالک انتفاعی اور پراکسی کی تصدیق شدہ شناختی کارڈ / پاسپورٹ کی کاپی فارم کے ساتھ منسلک ہونا لازمی ہیں۔

۳۔ میٹنگ کے وقت پراکسی اپنا اصل شناختی کارڈ / پاسپورٹ پیش کرنے کا پابند ہوگا / ہوگی۔

۴۔ کارپوریٹ اداروں کو اپنے بورڈ آف ڈائریکٹرز کی میٹنگ کے متعلقہ قرارداد کی تصدیق شدہ کاپی یا پاور آف اٹارنی جس میں امیدوار کے دستخط میٹنگ کے وقت کے ساتھ موجود ہوں پیش کرنا لازمی ہوگی۔

Hascol Petroleum Limited

29th Floor, Sky Tower, West Wing (Tower A), Dolmen City,
Abdul Sattar Edhi, Avenue, Block-4, Clifton, Karachi.