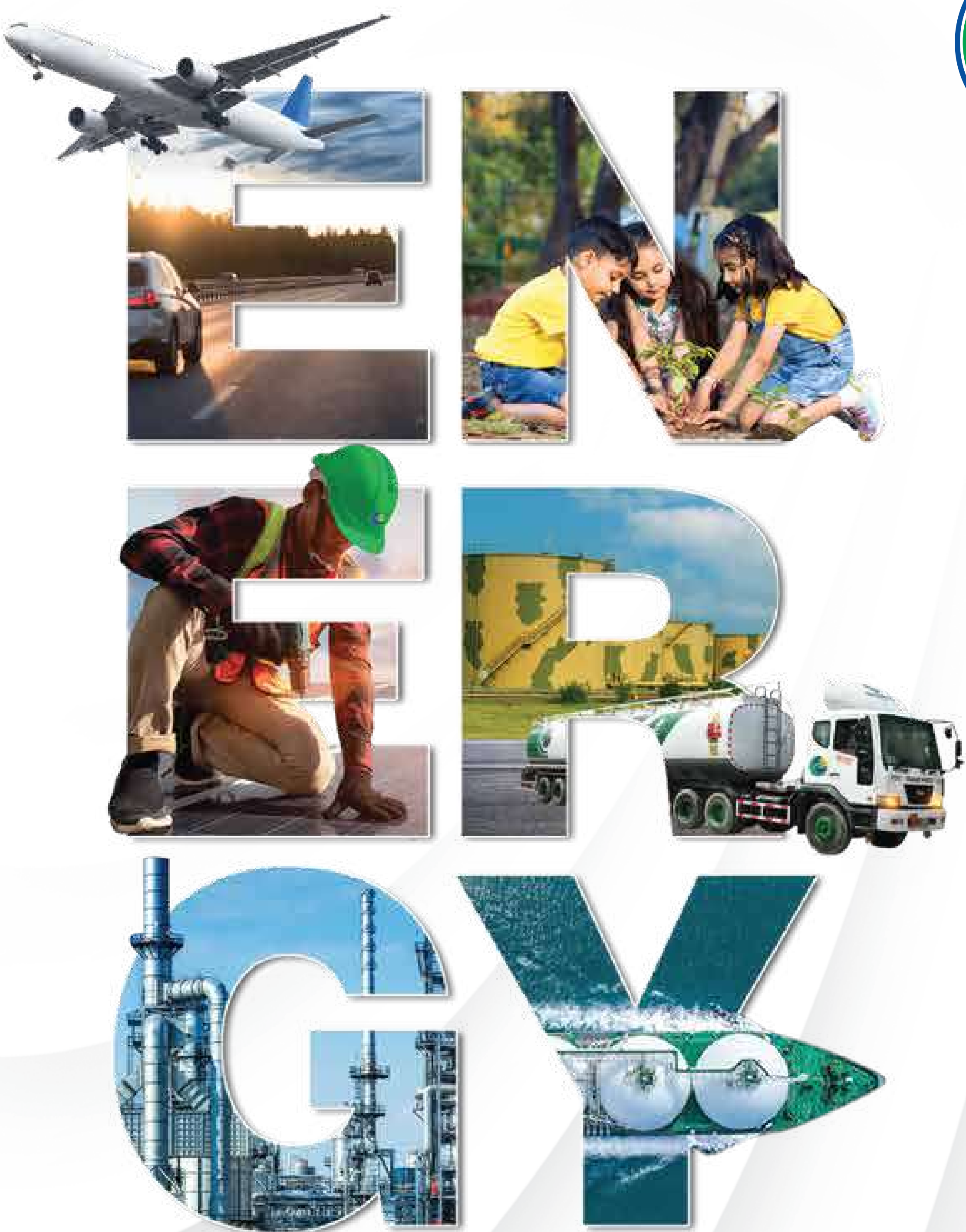

ENERGY with Intelligence

ANNUAL REPORT 2024

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About The REPORT

The Annual Report 2024 spans the fiscal period from July 1, 2023, to June 30, 2024, and includes key subsequent events leading up to its release. This report presents a thorough analysis of PSO's performance, with a particular focus on the value generated for stakeholders over the course of the year.

The report explores PSO's sustainability strategy, technological advancements and digitization initiatives emphasizing the interconnectedness between the company's internal and external environments, strategy, business model, integrated risk management, and corporate governance framework. The financial statements are prepared in accordance with International Financial Reporting Standards, ensuring transparency and accuracy.

Through an integrated reporting strategy, the report offers an in-depth understanding of PSO's business lines, opportunities, risks, governance, and performance, all aligned with the company's strategic objectives. Presented clearly and concisely, it provides a comprehensive view of PSO's prospects, highlighting key aspects such as the health and safety of workers, clients, and contractors.

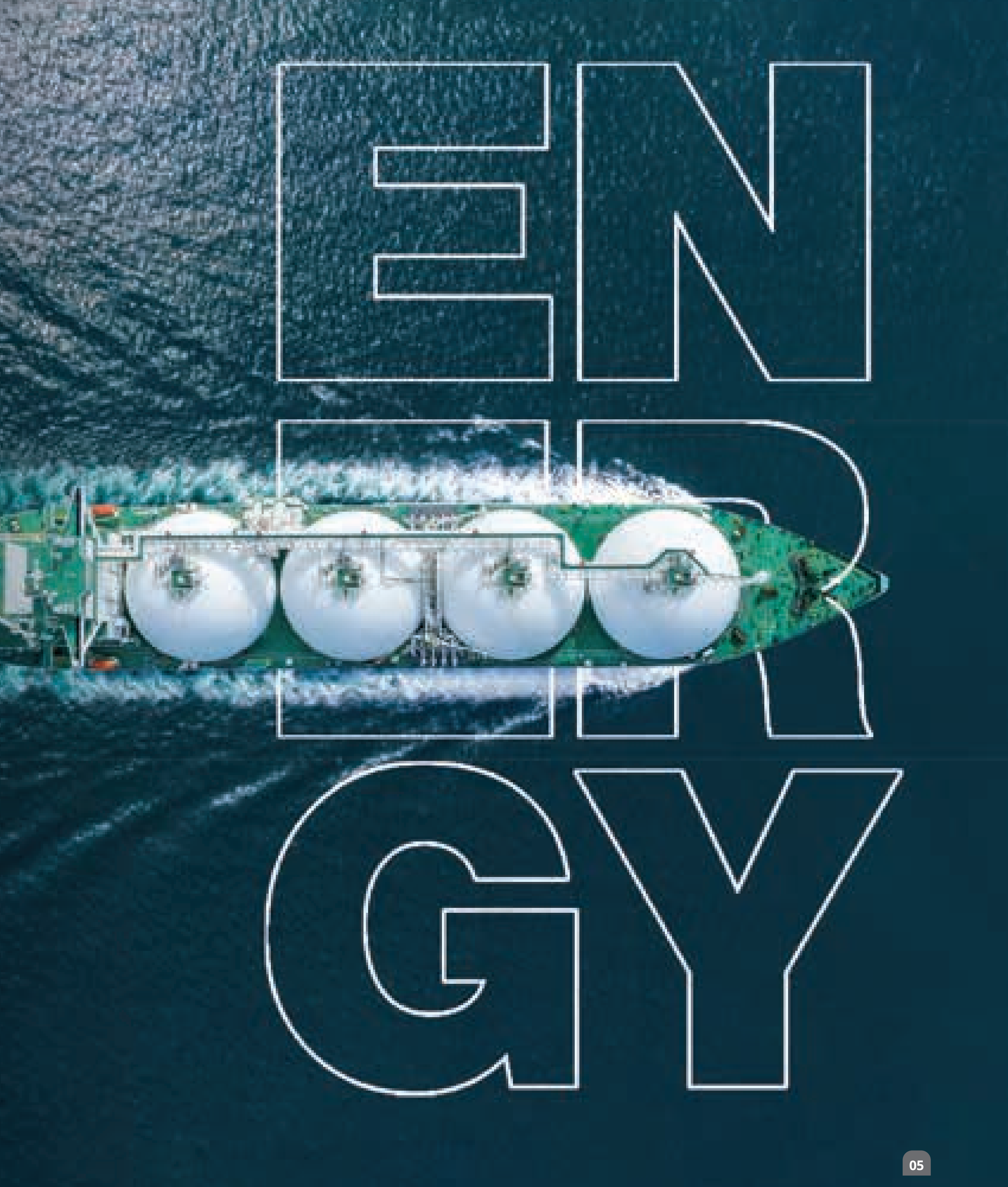
PSO is dedicated to driving positive change for the society and environment. Through its CSR Trust, the company implements a wide range of impactful initiatives across healthcare, education, environmental stewardship, and community development. These efforts are strategically designed to contribute to the overall betterment and sustainable development of the nation. By applying principles focused on cohesion and efficiency, this report aims to enhance the quality of information provided.

It is important to note that the reporting scope, boundary, and basis remain largely unchanged since the last reporting date of June 30, 2023.

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

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

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


ENERGY

Key HIGHLIGHTS

Automated 2 more terminals at Mehmoodkot and Shikarpur, bringing the **total to 5**

Achieved highest-ever LPG sales volume of **49,111 tons;** Launched LPG Blue in Northern Pakistan

Market share
White Oil to **51.6%**,
MoGas to **45.8%**,
Hi-Cetane Diesel to **53.2%**,
Lubricants to **26.9%**

Procured 105 LNG cargoes under long-term contracts

Highest ever gross sales of Rs. **3.8 trillion**

Integration of 1,000 retail outlets with central system, while **deployment in progress at 200+ sites**

63,000 new customers added in **PSO DIGICASH,** taking the total to approx. 335,000

Contributed USD 278 Mn to the country's FCY reserves by refuelling international airlines

SHOP STOP

Added 50 new stores taking the total to **240+** convenience stores

Cerisma

Cerisma received in-principal approval for **Electronic Money Institution license from SBP**

Implemented AQMS at 2 more locations for tank lorry management, bringing the total to 5

Added 91,000 tons of storage, taking the total to **1.24 Mn tons**

Added 101 retail outlets, taking the **total to 3,580**

Increased availability of **storage tanks** to **92%**

Rehabilitated **48,000 tons of storage**

Chairman's Review

Dear Shareholders,

On behalf of the Board of Management, I am pleased to present my review on the performance of PSO and its subsidiaries - Pakistan Refinery Limited (PRL), Cerisma (Pvt.) Limited, PSO Renewable Energy (Pvt.) Limited (PSORE) and PSO Venture Capital (Pvt.) Limited (PSOVC) for the financial year ended June 30, 2024.

Firstly, I would like to commend the management and employees of PSO who have demonstrated remarkable resilience and adaptability in the face of a challenging economic landscape, marked by global uncertainties and domestic pressures. By leveraging strategic foresight and operational expertise, the company has overcome significant challenges, delivering a strong performance that aligns with our long-term vision. The Board recognizes and lauds the notable progress made by the employees and management of the Group in diversification efforts, which will continue to drive value for our stakeholders.

Economic Overview

The global economy has regained momentum in 2024, slowly overcoming recent headwinds. Despite easing inflation and improving trade, growth remains moderate. Advanced economies are poised for gradual strengthening, while emerging markets may experience a slight deceleration. Nevertheless, geopolitical tensions and market uncertainties continue to pose risks.

Pakistan's economy followed a similar trajectory, facing significant challenges. The government's stringent measures to address economic imbalances led to a slowdown in overall growth, with the agricultural sector being an exception. The industrial and services sectors were impacted by tight economic policies, resulting in a modest GDP growth of 2.4%, reflecting the straitened economic landscape.

Group's Performance

PSO delivered a robust financial performance in 2023-24, with a profit after tax of PKR. 15.9 billion. The Board declared a dividend of PKR. 10 per share, representing a yield of 100%. PSO's subsidiary, PRL followed a similar trend with a profit after tax of PKR. 4.1 billion and gross revenue of PKR. 403.6 billion. The Group's consolidated profit after tax reached PKR. 18.3 billion, solidifying PSO's leadership in the energy sector.

The company's market preponderance is evident in its 51.6% share of the white oil market and impressive 99.1% share of the jet fuel market. Under the guidance of the Board, the management ensured the company remained focused on delivering exceptional performance and creating value for shareholders.

PSO is undergoing a remarkable transformation, emerging as a dynamic and forward-thinking energy, innovation and financial company. This transformation has been driven by strategic initiatives in a search for excellence that have enhanced operational efficiency through business process reengineering, automation & digitization and a robust, upgraded storage infrastructure.

We have successfully streamlined our operations by re-engineering 760 processes into a more efficient 430 processes, and then digitized them. PSO is leveraging its existing ERP system to create a digital ecosystem with front end supported by multi layered software hardware interface, and back end with extensive digitisation and instrumentation, which will create an environment of real time data gathering and decision making with predictive modelling. Moreover, we are pioneering the integration of Artificial Intelligence across all our operations to elevate our people's capabilities and operational efficiency to new heights.

A key milestone in this journey has been achieved by our fintech Cerisma (Pvt.) Limited, which has secured in-principal approval for an EMI license, laying the groundwork for an advanced digital financial infrastructure. Cerisma has the potential to become Pakistan's financial highway by leveraging and taking advantage of PSO's extensive 3,580 strong retail network whose retail sales total eight percent of Pakistan's GDP and forging strategic, high-yield partnerships. To achieve this vision, we are actively seeking innovative, value-added partners to collaborate with and drive mutually beneficial growth to achieve a PSO led Pakistan digital financial highway.

PSO is also capitalizing on its market leadership in fuel to drive profitable sales in other areas. One such area is development of non-fuel retail which includes aggressive expansion in our convenience stores, auto care services and other convenience platforms including cafés, bakeries and other quick service restaurants. Besides growth in numbers, major emphasis is being made on improving the retail experience for customers by offering quality products in an aesthetic and pleasant ambiance. Through strategic partnerships and experimentation with various models, we are identifying the most effective and profitable approaches to accelerate our retail growth and maximize returns. Cerisma benefits three ways from PSO. First, our average fuel customers already are spending approximately 20% of their income on fuel. Our wallet size is substantial just to pay the average fuel bill.

Secondly, the vast footprint of PSO at strategic locations can offer a financial hub for various districts and towns where miscellaneous financial services including cash in and out, inward foreign remittance, top ups, bill payments etc. can be availed by communities where no structured and secured services' outlets are available. Thirdly, our internationally benchmarked, tried-and-tested national HR & vendor systems offer unparalleled value to numerous organizations, positioning the fintech as a trusted and reliable partner.

PSO has also ventured into developing an e-commerce platform. This omni channel platform has been setup to act as a virtual station where customers can avail services at their door step without having the need to visit a physical retail outlet. Customers can pre-book appointments for car wash, avail lubricant delivery and change at home, order LPG cylinders and as per the latest initiative, can pre-order groceries and other eatables for pick up from the store or avail home delivery. As c-stores at our retail outlets continue to expand, our e-commerce business is poised for rapid growth, with our forecourts evolving into the preferred pick-up and drop-off points across the country.

In parallel, PSO Renewable Energy (Pvt.) Limited is driving sustainability through pioneering solar initiatives across various sectors, yielding remarkable results. We are actively exploring B2B opportunities in diverse avenues under the Renewable Energy umbrella to secure larger volumes. Our primary focus lies in developing Mini Grids and catering to large institutional sales, leveraging the expertise of our seasoned personnel who played a pivotal role in K-Electric's successful turnaround.

With our extensive experience in managing PSO's intricate supply chain, we have a proven track record of delivering large-scale projects efficiently. Our goal is to provide electricity at significantly reduced costs to power utilities, enhancing their operational efficiency. We are partnering with blue chip parties in shaping a profitable and sustainable energy future.

Building on this momentum, PSO Venture Capital (Pvt) Limited has expanded its investment portfolio by venturing into fund management by focusing on nurturing innovative start-ups. We firmly believe that Pakistan is home to exceptional, intelligent, and resourceful youth, capable of creating world-class unicorns that can compete globally. PSO intends to invest significantly in our stars and in Pakistan. We invite our talented youth to use our platforms for achieving ubiquity especially in AI.

Furthermore, Pakistan Refinery Limited (PRL) has leveraged the brownfield refining policy, with the FEED completion slated for December 2024, marking progress in its strategic growth trajectory.

PSO is shaping a sustainable future by integrating environmental responsibility with energy security and a resilient national supply chain. Our holistic approach to sustainability delivers a powerful dual impact: reducing our ecological footprint while generating significant financial returns. Through strategic investments in energy-efficient technologies, optimized resource allocation, and a culture of sustainability, we have achieved significant operational cost reductions.

Our commitment to sustainability has also enabled us to navigate risks associated with regulatory shifts, market volatility, and reputational exposure. By prioritizing sustainability, we have cultivated a culture of innovation, collaboration, and responsible stewardship, driving long-term financial performance and value creation for our stakeholders.

Although PSO navigated financial headwinds, primarily fuelled by rising circular debt and high financing costs, the company remained focused on capitalizing growth avenues, underscoring its resilience and adaptability.

Performance of the Board

The Board remained resolute in its pursuit of excellence, ensuring shareholder interests remained paramount while upholding strong corporate governance. Through active oversight, the Board closely monitored the management's performance and assessed potential risks to the company. It also affirmed the efficiency of the company's planning and decision-making procedures, aided by its sub-committees, which played a pivotal role in identifying areas for enhancement and proposing solutions to optimize performance and facilitate well-informed decision-making.

PSO's Board of Management was reconstituted on May 29, 2023, introducing fresh perspectives with the appointment of 4 new independent members. The outgoing members' contributions, strategic vision, and leadership have been instrumental in shaping PSO's success.

The Board continued to carry out rigorous performance evaluations, ascertaining the effectiveness of the internal control function and company processes, assessing its own effectiveness, committees, and individual members, adhering to best-in-class corporate governance standards. This ensured the Board's continued effectiveness in driving the Group's achievements.

Significant Commitments

As Chairman, my significant commitments encompassed a comprehensive range of strategic, financial, CSR, and ESG initiatives, with a noteworthy increase in emphasis on ESG and CSR compared to last year. We ensured the effective conduct of Board meetings and decision-making, fostering a culture of collaboration, transparency, and accountability. This included overseeing strategic reviews to identify opportunities for further increasing market share in all major product lines, devising a framework for future diversification projects, and monitoring progress in strategic infrastructural projects. Specifically, we focused on developing innovative products, and enhancing our digital transformation journey.

Moreover, we prioritized efforts towards recovering long outstanding receivables, implementing robust measures to enhance financial discipline, and optimizing our capital structure. In the realm of CSR, we launched initiatives to promote education, healthcare, and environmental sustainability, while our ESG efforts focused on reducing carbon footprint, ensuring ethical governance, and promoting diversity and inclusion. These commitments reflect my dedication to driving sustainable growth, enhancing operational efficiency, and strengthening the company's foundation for future success, while also prioritizing social responsibility and environmental stewardship.

Future Outlook

The Group is positioned to seize growth and diversification opportunities, shaping a sustainable energy future for Pakistan while generating shareholder value. Amidst economic and geopolitical uncertainties, the Board and management are collaboratively developing adaptive strategies to address demand and supply dynamics.

Building on a solid foundation, the Board is confident in its ability to unlock sustainable growth and propel the Group forward. Through pioneering new ventures like Cerisma, PSO Renewable Energy, and PSO Venture Capital, the company is poised to drive innovation, create new opportunities, and enhance shareholder value, all while advancing its strategic diversification goals.

In our Corporate Social Responsibility (CSR) efforts, we have historically supported government initiatives and reputable institutions that benefit marginalized communities. However, our focus now is on maximizing the impact of our contributions by exploring innovative solutions like AI Doctors and AI personal tutors to augment the health and education sectors.

I express sincere thanks to our management for their continued passion and commitment, to all our partners for their unwavering support, and to all our shareholders for their continued trust and confidence. I would like to thank the Government of Pakistan, especially the Ministry of Energy (Petroleum Division) for their continued support and guidance on our journey of excellence.

In conclusion, I am confident that our future is bright and that PSO will be the beacon of hope and prosperity for Pakistan. Pakistan Zindabad!

Asif Baigmohamed
Chairman

August 27, 2024
Karachi

Managing Director & CEO's Letter to Shareholders

My Dear Shareholders,

It is my honour to present your company's exceptional financial and operational results for FY24, alongside our vision for future success. Our strategic approach, progressive culture, and focus on safety and excellence have successfully transformed PSO into a dynamic organization. These elements have collectively positioned your company for sustained growth and prosperity.

The global economic slowdown has had far-reaching consequences for emerging markets, including Pakistan, fuelling macroeconomic risks such as inflation and currency volatility. The global economy in 2024 is experiencing a sluggish and uneven recovery, with a projected growth of 3.2%.

While inflationary pressures have largely eased, the global trade environment is expected to rebound in the second half of the year, driven by improving economic conditions. Despite these challenges, your company exceptional adaptability and made significant strides across its diverse business segments, driving growth and excellence in an ever-evolving landscape.

PSO reported a gross revenue of PKR. 3.8 trillion (compared to PKR. 3.6 trillion in FY23) and a notable market share of 49.2%. Notwithstanding a challenging pricing environment that compressed gross margins and a substantial escalation in financial expenses amounting to PKR. 52 billion, your company closed the year with a profit after tax of PKR. 15.9 billion. As a group, PSO & PRL collectively achieved a profit after tax of PKR. 18.3 billion.

Your company reinforced its leadership in the white oil segment with a market share of 51.6%. In motor gasoline, PSO maintained a robust market presence, with a 45.8% share, selling 3.3 million tons out of an industry total of 7.1 million tons. In a remarkable display of market agility, PSO achieved a 53.2% market share and sold 3.3 million tons, contending the industry trend of declining diesel consumption. This impressive feat highlights PSO's ability to navigate complex market landscapes and capitalize on opportunities for growth.

PSO continued its stronghold with an impressive 99.1% market share in jet fuel, a significant increase from the previous year, solidifying its position as the leading fuel supplier for the nation's airports. Your company also successfully thrived in the black oil market, selling 295,709 tons, despite a 46% contraction in industry sales.

PSO excelled in a challenging market, increasing its lubricants market share to 26.9%, selling 38,429 tons in FY24. Additionally, PSO achieved a record-breaking LPG sales volume of 49,111 tons, marking a 22% increase from the previous year's 40,338 tons.

Moreover, your company imported 105 LNG vessels, totalling 6,369 thousand tons, a 6.9% increase from the previous year, through seamless supply chain management and collaborative efforts with key stakeholders.

PSO is making significant progress in its long-term corporate strategy by venturing into the fintech industry through Cerisma (Pvt.) Limited. A significant milestone was achieved with the in-principal approval for an Electronic Money Institution (EMI) license for Cerisma (Pvt.) Limited from the State Bank of Pakistan, forging the way for innovative financial solutions.

Staying at the forefront of Pakistan's clean energy journey, PSO is driving efforts to reduce its carbon footprint and promote environmental sustainability. Through the establishment of PSO Renewable Energy (Pvt.) Limited, your company is transforming the landscape of sustainable energy solutions, aligning with the government's visionary goals for a greener future.

In tandem with our strategic initiatives, Pakistan Refinery Limited (PRL) is capitalizing on the brownfield refining policy incentives, with the front-end-engineering-design (FEED) for its refinery upgrade and expansion project currently underway and is expected to be completed by December 2024. This project will not only enhance the refinery's capacity and environmental sustainability but also generate substantial value for shareholders.

The successful rehabilitation of 48,000 tons of existing storage capacity, coupled with the addition of 91,000 tons, has increased your company's total storage capacity to 1.24 million tons, significantly enhancing PSO's operational capabilities. Through a concerted effort to upgrade and expand its storage facilities, your company bolstered its storage infrastructure, achieving an outstanding operational availability rate of over 90% throughout the year.

In addition to this, PSO is actively engaged in acquiring lands in Khyber Pakhtunkhwa (KPK) and Punjab to support operational enhancements and cater to the increasing fuel requirements of the nation.

PSO enhanced its retail footprint by adding 101 new outlets, bringing the total number of outlets in its network to 3,580 across the country. This expansion is complemented by your company's extensive convenience store network, comprising over 200 locations, designed to provide customers with unparalleled ease and satisfaction.

With a customer-first mindset, your company strives to meet the changing needs of the market. In pursuit of this mission, PSO has introduced a range of innovative products and provided comprehensive training to its forecourt staff, ensuring exceptional customer service. The Fuelink app and DIGICASH platform have undergone significant enhancements, enabling seamless financial transactions, rewards management, and convenient services such as LPG cylinder pre-ordering and doorstep lubricant delivery.

PSO's digital transformation journey has reached new heights, optimizing operations and cementing its status as an industry innovator. Your company has successfully automated 2 more terminals at Mehmoodkot and Shikarpur, bringing the total to 5, significantly enhancing overall operational efficiency. Retail outlet integration is also underway at 200 sites aiming for a total of 1,200 integrated sites, delivering convenience and enhanced customer experience.

The Automated Queue Management & Scheduling System (AQMS) has been implemented at 2 additional locations: Mehmoodkot and Shikarpur, optimizing tank lorry operations and minimizing turnaround time, and is now operational at 9 locations across Pakistan.

As part of PSO's state-of-the-art Fuel Management System solution, your company, in partnership with Pakistan Railways, is upgrading Railways Filling and Storage Facilities in Karachi and Lahore followed by others across the country. This step marks a substantial leap in operational efficiency and strengthens the decades-long collaboration between the 2 national flag bearers.

In a bold move to revolutionize Pakistan's fuel supply chain, PSO is joining forces with Frontier Works Organization (FWO) and Inter State Gas Systems (ISGS) to launch the White Oil Pipeline initiative. This project aims to expand the pipeline network from Lahore to Peshawar, improving efficiency, safety, and enabling cost-effectiveness while minimizing environmental impact.

The launch of a Computerized Maintenance Management System (CMMS) for dealers allows real-time complaint reporting and resolution tracking, elevating service excellence and providing valuable insights for network-wide performance improvement. PSO has recently developed two innovative portals designed to optimize interactions with customers, dealers, and vendors. The ServiceSphere Portal streamlines issue resolution, while the Business Partner Profiling Portal provides valuable insights for network improvements.

Your company's commitment to excellence has been recognized with several prestigious awards and accolades. PSO was awarded the "Largest Tax Payer Excellence Award" by the Prime Minister of Pakistan, recognizing its significant contributions to the national revenue.

PSO took top honours at the Management Association of Pakistan's 38th Corporate Excellence Awards 2022, winning 1st prize in the Oil & Gas Marketing Companies Sector. Your company also attained the "Best Corporate Report Award 2022", organized by the Joint Committee of Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).

PSO's exceptional financial reporting and transparency earned a "Merit Certificate" at the South Asian Federation of Accountants (SAFA) for the Best Presented Annual Report 2022 in the Public Sector Entities category.

Championing workplace wellness, PSO received the "Best in Health & Wellbeing" award at the prestigious HR Pinnacle awards. Driving for exceptional results leading to business growth and brand success, PSO's Quaid Day Campaign earned the prestigious award for "Creativity & Innovation" at the Pakistan Digital Awards (PDA) 2024.

PSO is pioneering eco-friendly infrastructure through its ECO street initiative, which has transformed 49,428 square feet of traditional road into a symbol of green living using 5,000 kg of recycled plastic waste. This innovative approach reduces waste, increases road durability, and sets a new standard for environmentally responsible construction.

Driven by our CSR values, PSO is dedicated to delivering energy security that not only powers progress but also uplifts communities, fosters resilient growth, and enriches lives for a brighter, more sustainable future. Through our CSR Trust, your company has collaborated with NGOs and other stakeholders to address critical areas such as healthcare, education, community development, disaster management, and environmental preservation with support totalling PKR. 350 million during FY24.

PSO has made commendable progress in receivables management despite the prevailing circular debt crisis. While average circular debt receivables increased by 6.4% year-on-year, your company achieved a notable reduction of PKR. 8.8 billion in its exposure to SNGPL and recovered PKR. 7.1 billion in outstanding claims, demonstrating effective debt management and recovery efforts.

As we look to the future, we are guided by a simple yet powerful purpose: to propel forward with sustainable growth while maximizing value for our esteemed shareholders. To ensure triumphant success in the near, intermediate, and long-term, we will continue to strategically invest in innovation-driven projects. Moreover, we are focused on expanding our presence in the rapidly evolving landscapes of fintech, clean energy, and renewables.

I extend my sincere appreciation to our valued shareholders for their trust, confidence, and investment in our company. I would also like to thank our valued customers, business partners, and stakeholders for their continued support. I express my heartfelt appreciation to our employees for their efforts throughout the past year.

The guidance and support of the Government of Pakistan, particularly the Petroleum Division of the Ministry of Energy, and PSO's Board of Management has been instrumental in making this journey successful and prosperous.

Syed Muhammad Taha
Managing Director & CEO

August 27, 2024
Karachi

Vision, Mission and Values

Our Vision

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

Our Mission

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

Our Values

INNOVATION

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

INTEGRITY

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

TEAMWORK

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

CARING AND GIVING

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

INCLUSIVE LEADERSHIP

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

Code of Conduct

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

01 Habitual lack of punctuality

02 Unauthorized/habitual absenteeism

03 Unsatisfactory/negligent performance

04 Smoking at any PSO location/office

05 Breaking of safety regulations/HSE standards/policies

06 Breach of privacy and/or trust

07 Misuse of confidential information/record

08 Falsification of records

09 Offering/accepting bribes/gifts

10 Intentional damage to company's/any individual's property

11 Reporting for duty drunk, drugged or intoxicated

12 Activities bringing disrepute to the company

13 Use or possession of arms, explosives, alcohol or drugs

14 Negligence causing loss to company's property(ies)

15 Submission of fake/forged testimonial(s)/document(s) at the time or during the course of employment

16 Bullying/intimidation/uncalled for behaviour/mental and gender harassment

17. Giving illegal/unreasonable direction to others/misuse of authority
18. Using influence or external pressure in company affairs
19. Conduct that violates decency and morality
20. Theft of any of the properties/assets in/from PSO locations/offices
21. Habitual resting/sleeping in office timings
22. Violation of policies/SOPs
23. Discrimination on the basis of caste, creed, religion and gender
24. Undue patronage/nepotism (favouritism)
25. Using office timings for personal use
26. Mishandling/misusing company resources and property
27. Involvement in criminal activity within PSO locations/offices
28. Inappropriate public comment and/or rumour-mongering
29. Insubordination/failure to obey legitimate instructions
30. Non-disclosure of conflict of interest
31. Misappropriation/misrepresentation of facts and fraud/financial embezzlement
32. Causing injury to person(s)/loss of life (a) deliberately and/or (b) due to negligence

PSO at a Glance

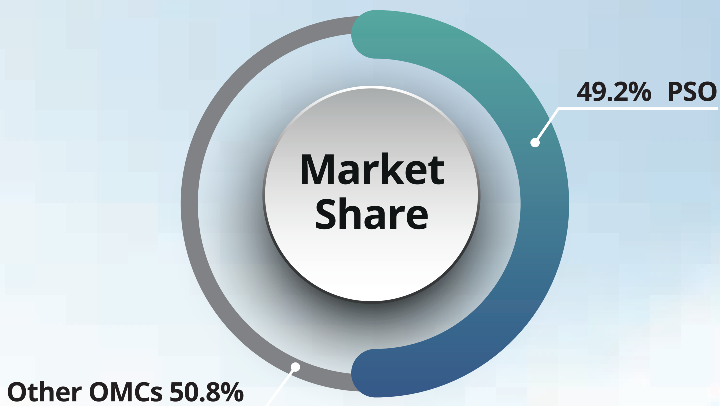
Company Profile

With an unparalleled network spanning the nation, PSO, Pakistan's leading energy company, operates 3,580 retail outlets, 9 state-of-the-art installations, 19 strategically located depots, and provides refuelling facilities at 14 major airports and operations at 2 key seaports while boasting a record storage capacity of 1.24 million tons.

For nearly 5 decades, since its inception in 1976, PSO has been at the forefront of the energy industry, providing innovative solutions and exceptional service to the customers. As a trusted fuel partner, PSO supports the nation's transportation needs across land, air, and sea. During FY24, the company further strengthened its leadership position in the oil marketing industry by closing the year with a market share of 51.6% in white oil.

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

PSO's lubricant manufacturing capabilities are anchored by a 70,000-ton annual blending capacity, complemented by a widespread network of 16 LPG storage and bottling facilities across Pakistan. As the nation's largest LNG importer, the company facilitates the annual import of approximately 6.7 million tons of LNG through strategic partnerships with Qatargas.



With a rich legacy of powering the country's transportation sector, PSO continues to make a meaningful difference in the lives of our customers. The company has increased its footprint in ancillary businesses including non-fuel retail and cards.

At PSO, we believe that every customer interaction is an opportunity to make a positive impact. The company's state-of-the-art customer service centre is dedicated to promptly resolving customer queries and providing customer satisfaction.

PSO is committed to enriching the lives of others through our CSR Trust, which supports a diverse range of community development, healthcare, environmental, and educational initiatives. This year, we invested PKR. 350 million to drive positive change and create a lasting impact in the communities we serve.

To stay connected with the latest updates, including product prices, retail network information, and other company details, PSO has a dedicated website at www.psopk.com.
You can find us on social media platforms at:

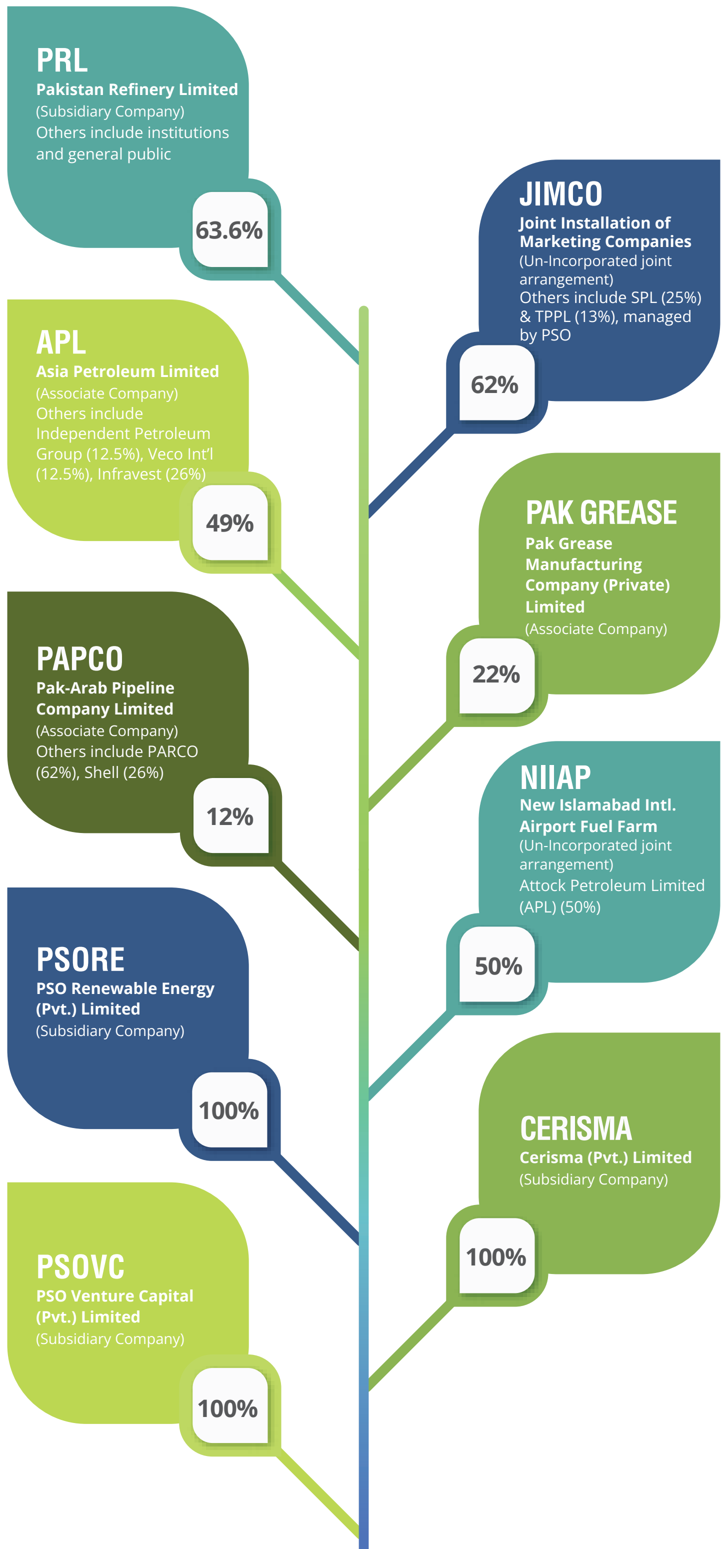
/psocl /psopakistan /psopakistan

/psopakistan /psopakistan

PSO at a Glance

Strategic Investments

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



Ownership and Operating Structure

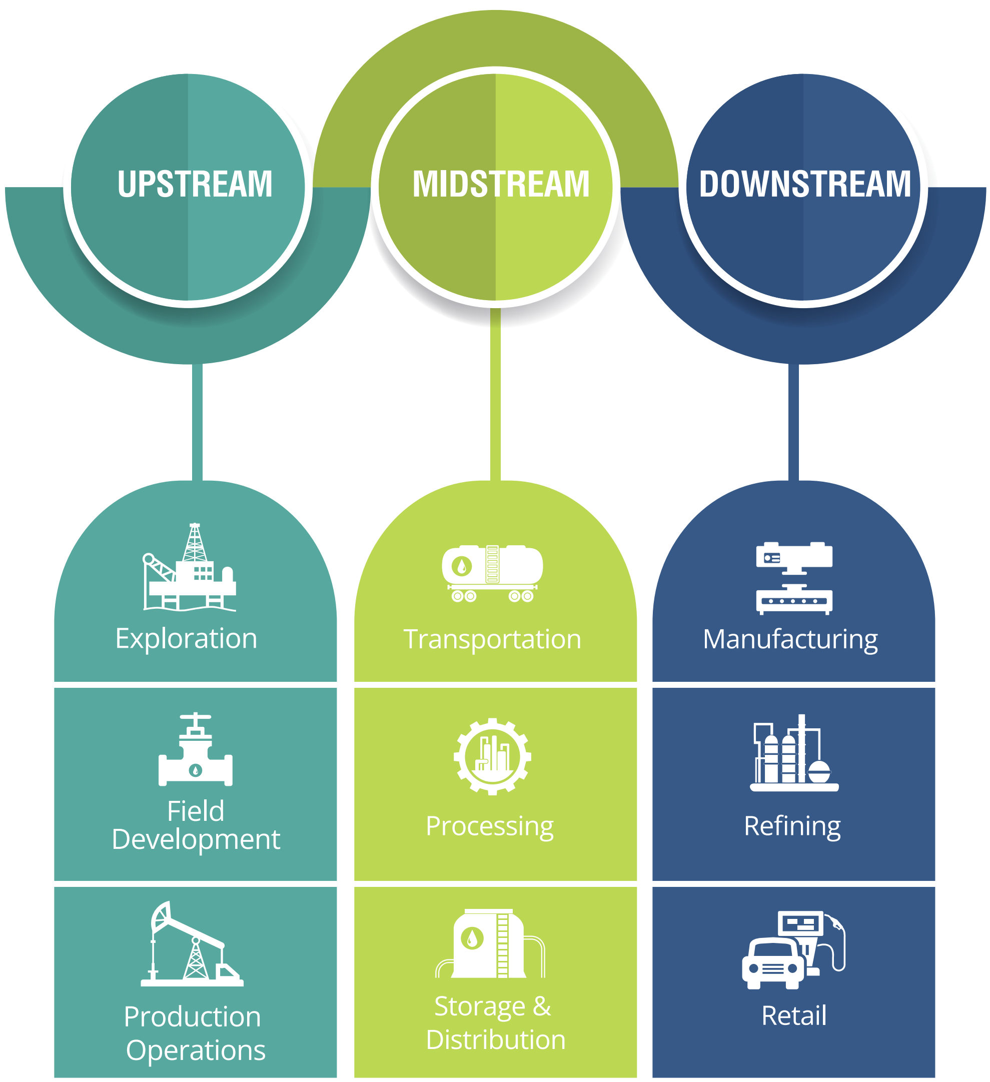
The Government of Pakistan maintains a direct shareholding of 22.47% in PSO, with a total of 51% direct and indirect shares.

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

Value Chain

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

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



Business Lines

Liquid Fuel

Euro 5 Octane+

Euro 5 Premier

Euro 5 Hi-Cetane Diesel

Jet A-1

Furnace Oil

SKO

LDO

Industries Served:

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

Gas Fuel

PAK GAS

LNG

blue LIVE DIFFERENTLY!

Industries Served:

Power | Industrial | Consumer

Lubricants

DEO

CARIENT

BLAZE 4T

Industries Served:

Agriculture | Aviation | Industrial | Automotive | Motorcycle

Non Fuel Retail

PSO Electro Electric Vehicle Charger

SHOP STOP

PSO ON WHEELS Oil Change | Wash | Vacuum

Industries Served:

Commercial | Consumer

Cards

Industries Served:

Commercial | Consumer

Regulatory Framework

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

Securities & Exchange Commission of Pakistan

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

Public Procurement Regulatory Authority

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

Oil & Gas Regulatory Authority

PSO being an oil marketing company, to the extent of its business, is under the regulatory framework of Oil & Gas Regulatory Authority (OGRA). In this regard, the Authority is empowered to regulate the business of PSO through Oil & Gas Regulatory Authority Ordinance, 2002, Pakistan Oil (refining, blending, transportation, storage and marketing) Rules, 2016 and respective subordinate legislations on case to case basis. With respect to pricing, domestic oil prices of petroleum products are fixed under Petroleum Products (Petroleum Levy) Ordinance 1961, Petroleum Products (Petroleum Levy) Rules 1967, and OGRA Ordinance, 2002.

Similarly, the prices are regulated, reviewed and communicated by OGRA based on PSO's cumulative landed import cost. The Oil Marketing Company (OMC) and dealer margins (profits) are also fixed and regulated by the federal government. OGRA computes and notifies Inland Freight Equalization Margin (IFEM) for petroleum products such as high-speed diesel, MoGas, kerosene oil and light diesel oil on every price change. IFEM is an integral component of the final selling price that covers primary transportation cost at 23 locations. The purpose is to ensure uniform selling prices of these products across the country.

State-Owned Enterprises (Governance and Operations) Act, 2023

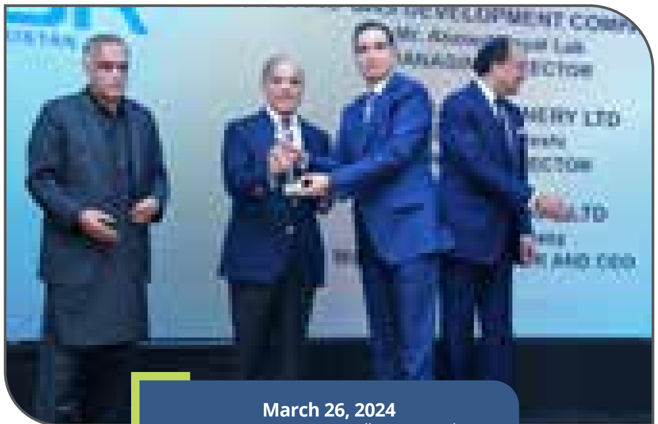
PSO has been notified as a state-owned enterprise under the subject Act. Through the Act PSO has been made responsible to comply with the SOE Policy. The Act amongst other provisions provide for best practices of corporate governance, ensuring transparency, establishment of Central Monitoring Unit, independent procurement policy and public service obligations.

Geographical Presence

For location details, please refer to paras 1.2 & 1.3 of the Notes to the Unconsolidated Financial Statements.

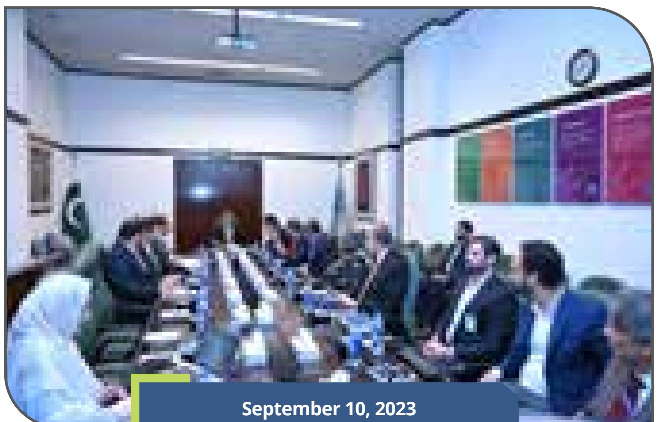
- Head Office
- Divisional Offices
- Terminals
- Depots
- Aviation Stations
- LPG Plants

Major Events

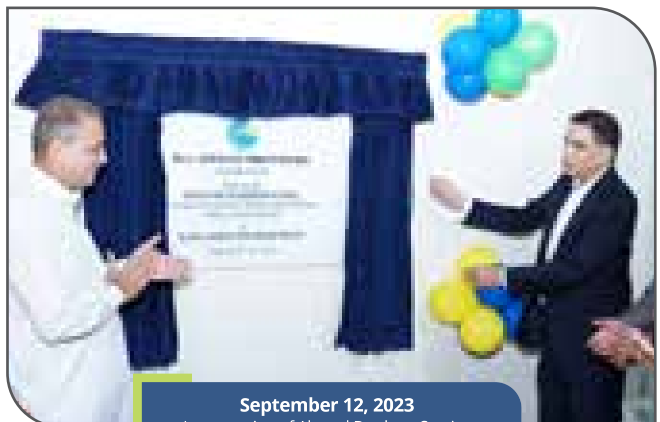


March 26, 2024
Largest Tax Payer Excellence Award

September 9, 2023
Thought Leadership Session with Richard Geary (founder and Executive Director of Family Educational Services Foundation (FESF)



September 10, 2023
Muhammad Ali (Caretaker Minister Petroleum Division) visits PSO House

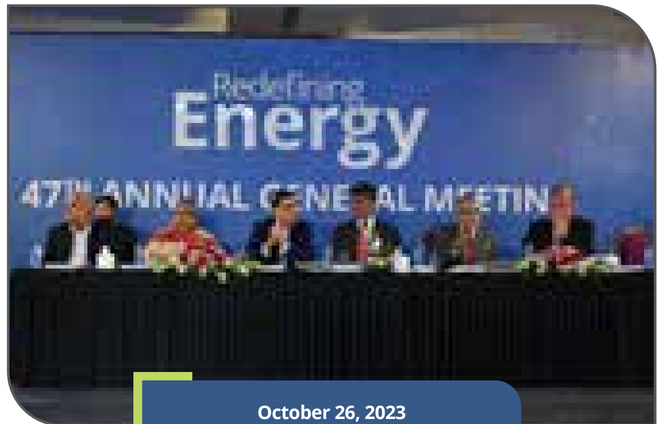


September 12, 2023
Inauguration of Ahmad Brothers Service Station, Karachi

October 5, 2023
PSO represents Pakistan at Abu Dhabi International Petroleum Exhibition & Conference (ADIPEC) 2023

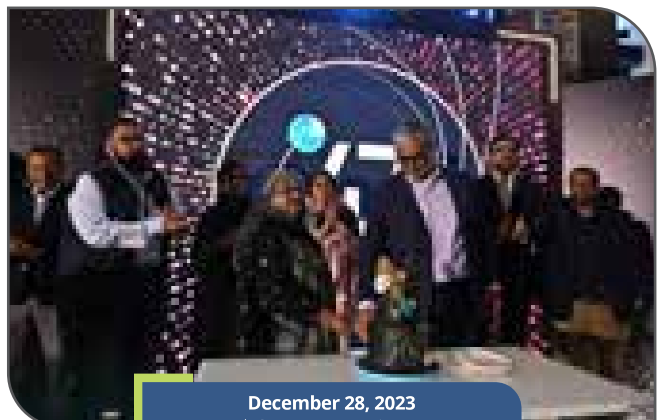
October 9, 2023
ADP Meeting with key LNG supply chain stakeholders including, Qatar Gas, MoE, SNGPL, SSGC, PQA, Engro Elengy Terminal, PGPCL, PLL and GSA

October 24, 2023
Breast Cancer Awareness Session



October 26, 2023
47th Annual General Meeting

November 30, 2023
Hajj Balloting for Employees

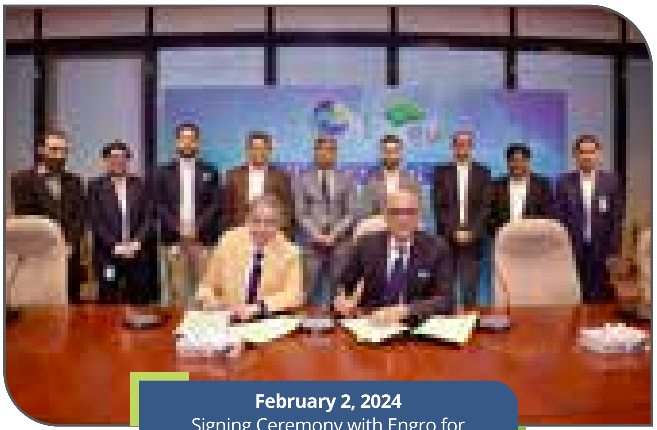


December 28, 2023
47th Corporate Anniversary Celebration

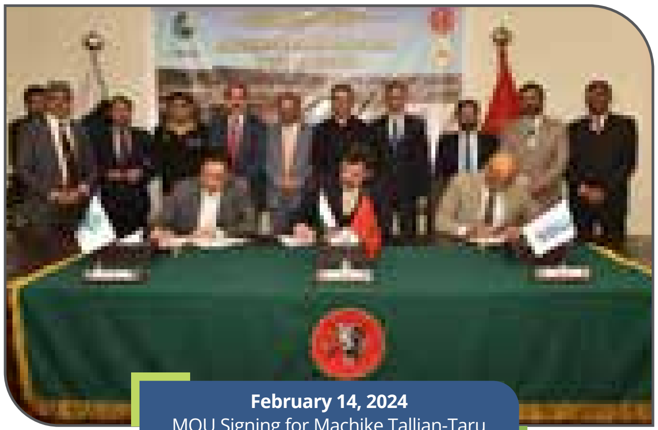
January 9, 2024
Meeting with Shahid Ashraf Tarar (Caretaker Minster Pakistan Railways) for Fuel Management System (FMS)

January 31, 2024
Oil, Gas & Mineral Career Fair organized by the Ministry of Energy

Major Events



February 2, 2024
Signing Ceremony with Engro for PSO Cards

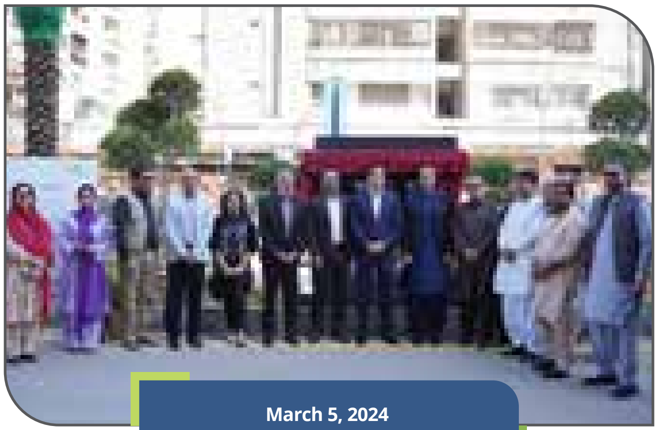


February 14, 2024
MOU Signing for Machike Tallian-Taru Jabba White Oil Pipeline

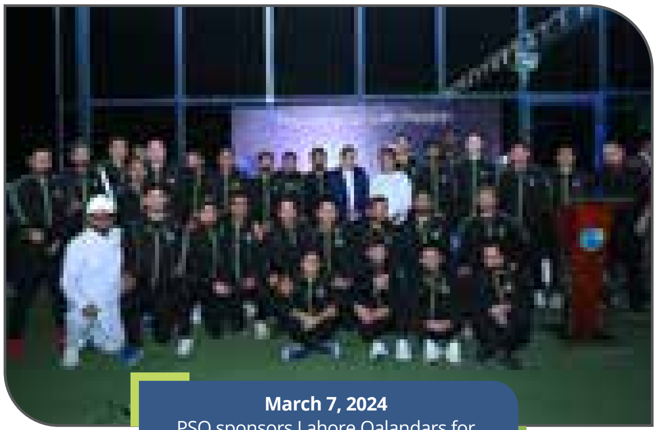
February 22, 2024
MOU Signing with Petroleum Institute of Pakistan (PIP) for Learning Management System (LMS)

February 22, 2024
PSO & The National Logistics Corporation align for Strategic Growth

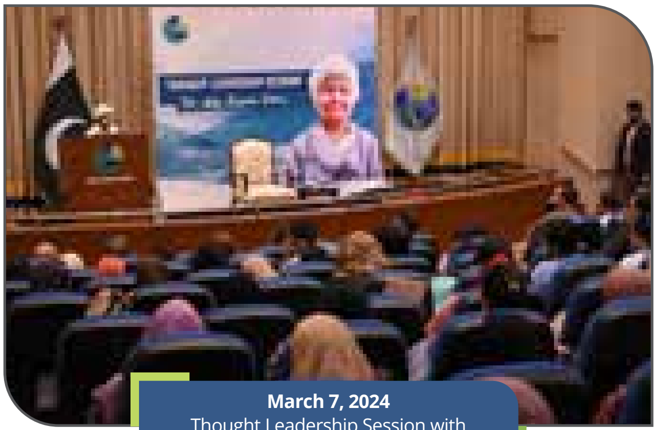
February 28, 2024
Women's Day Celebration



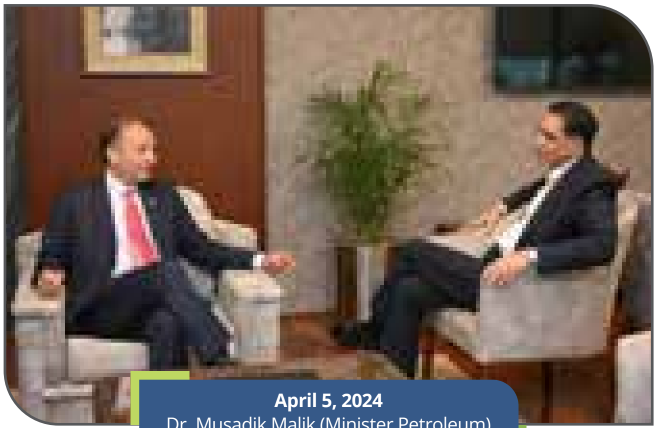
March 5, 2024
Inauguration of PSO ECO Street



March 7, 2024
PSO sponsors Lahore Qalandars for Pakistan Super League (PSL) 9



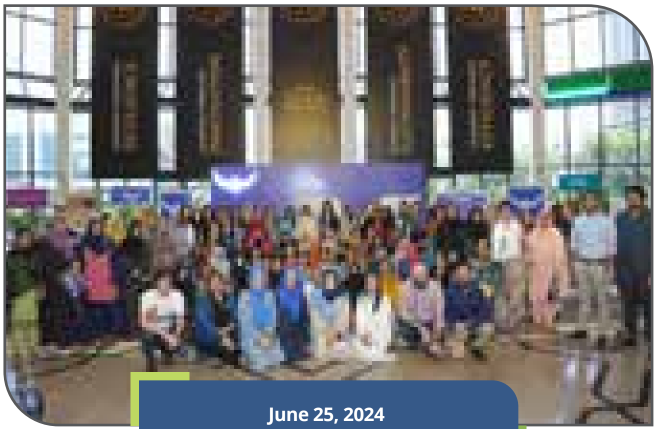
March 7, 2024
Thought Leadership Session with Dr. Arfa Sayeda Zehra



April 5, 2024
Dr. Musadik Malik (Minister Petroleum) visits PSO House

April 19, 2024
Inauguration of Fuel Management System (FMS) at Karachi & Lahore

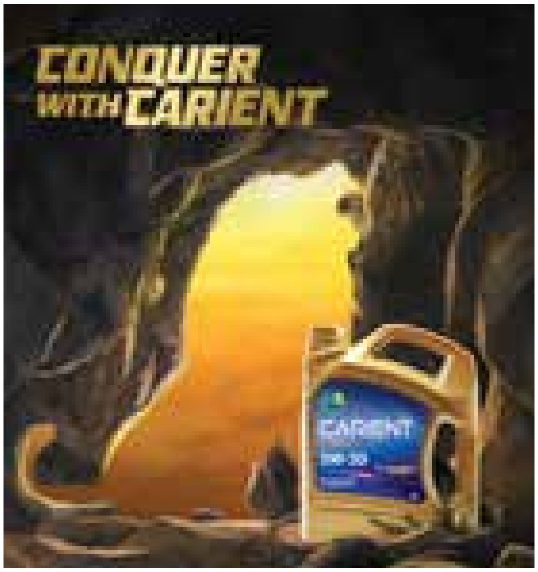
June 24, 2024
Corporate Briefing Session

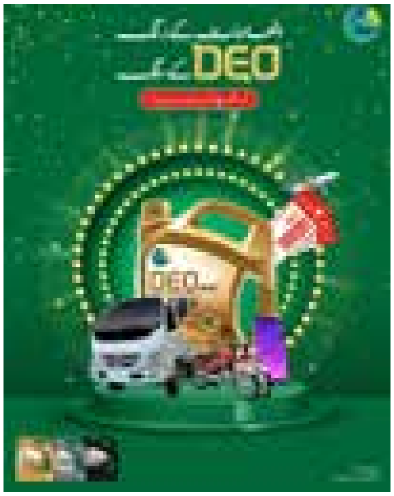


June 25, 2024
PSO Shaheen Launch Event for Women

Marketing Initiatives

IS RAMZAN, YEHI DUA HAY TOHFA PSO KA





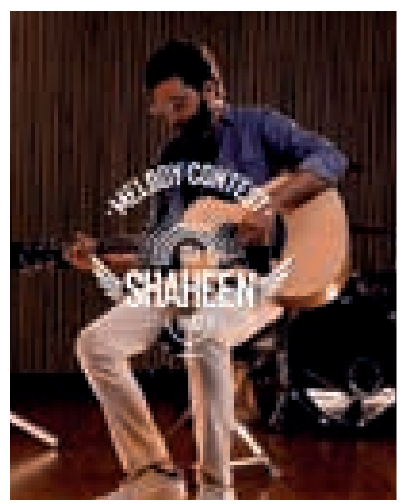

STEER TOWARDS A
SUSTAINABLE
FUTURE

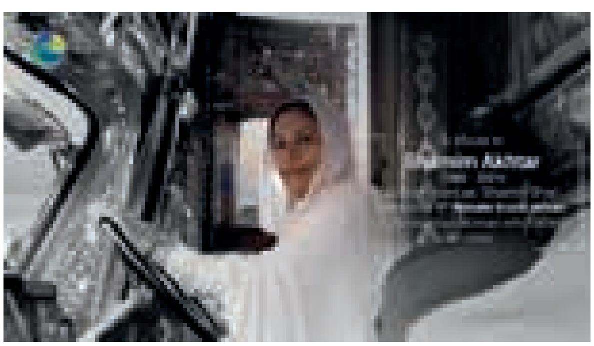

ELEVATING the spirit of
THE GAME

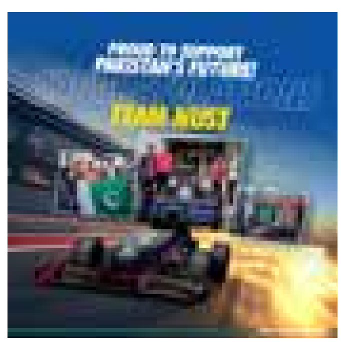

GET A CHANCE TO WIN A BIKE


WE ARE COMING
TO YOUR UNIVERSITY
31
GIVE YOUR FRIENDS
A REFRESHING SURPRISE!


BLAZE
20W-50


SHAHEEN




PROUD TO SUPPORT
PAKISTAN'S FUTURE!
TEAM NUST

Energy with Innovation

At PSO, we are fuelled by a passion to make a difference in the lives of our customers, communities, and the environment. We are revolutionizing our business by nurturing a culture of creativity, innovation, and collaboration.

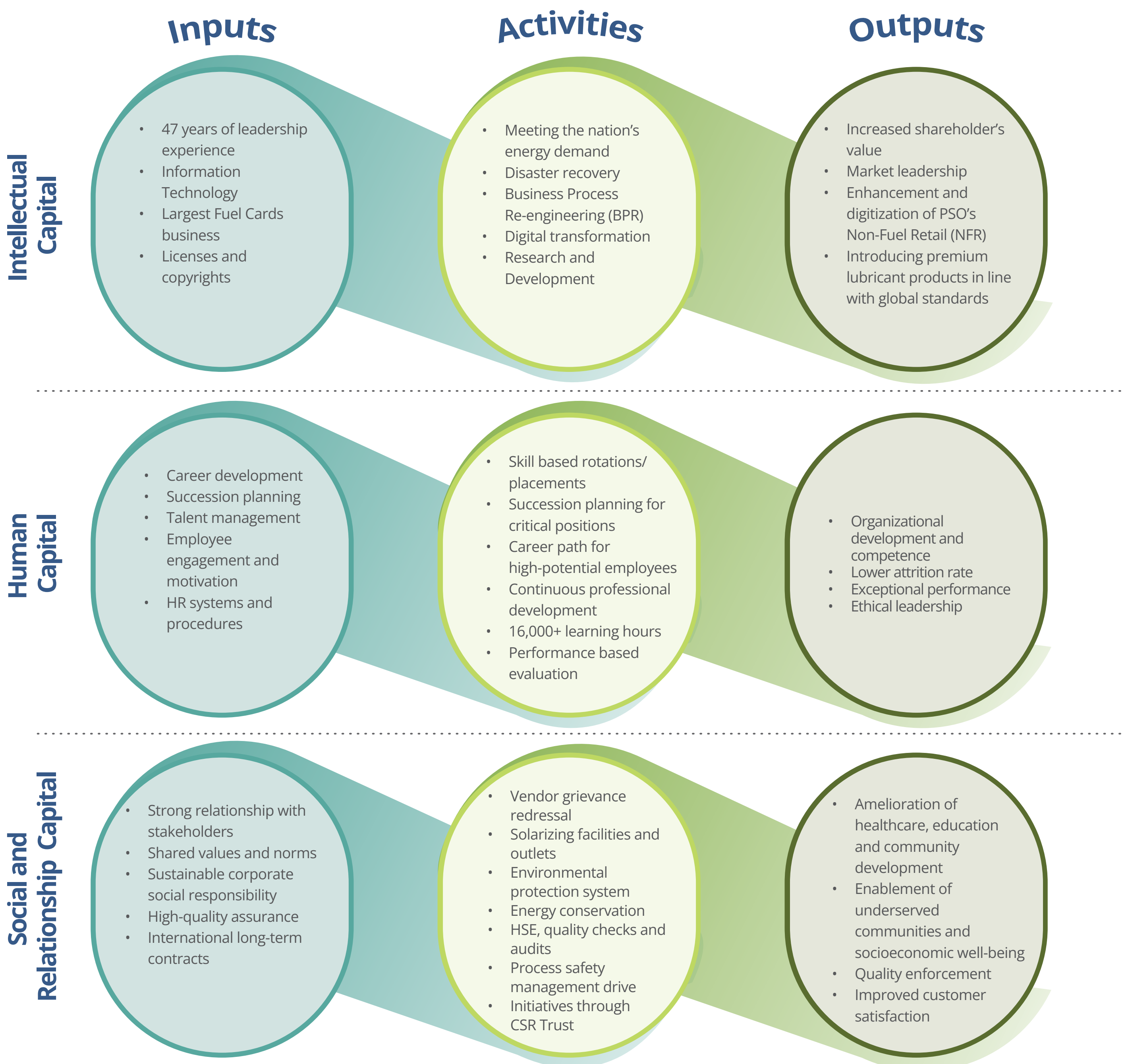
Our purpose is to deliver exceptional value to our stakeholders by harnessing the power of digital transformation, advanced tools, and AI to make energy more accessible, affordable, and sustainable. We are dedicated to elevating customer experiences, prioritizing safety, and streamlining energy operations to create a brighter future for all.

Through our unwavering commitment to excellence, we are pioneering new practices, embracing automation, and enhancing processes to maximize efficiency, reduce costs, and ensure a reliable energy supply, while maintaining our leadership position and setting new industry standards.

Integrated Business Model

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

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



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

Natural Capital

Inputs
- Focus on health, safety and environment
- Focus on alternate energy - Solar energy

Activities
- HSE audits
- Energy conservation program
- Carbon footprint study
- Increased use of White Oil Pipeline (WOP)

Outputs
- Environment, water, electricity, fuel, waste and carbon footprint considerations
- Sustainable practices (solar panels, EV charging facilities)
- Renewable projects
- HSE culture

Financial Capital

Inputs
- Largest corporate treasury of Pakistan
- Appropriate mix of debt and equity
- Strong cash flow cycle in White Oil

Activities
- Timely payments to suppliers
- Managing collections and payments of over PKR. 7.5 trillion per annum
- Bank borrowing at competitive rates

Outputs
- Smooth business operations, amid mounting circular debt and rising international oil prices
- Compliance with financial reporting standards
- Increase in gross sales revenue by 5.6%
- Contribution to national exchequer of PKR. 882 billion

Infrastructure Capital

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

Activities
- Added 101 outlets
- Added 91,000 tons of storages
- Rehabilitated 48,000 tons of storages
- 241 convenience stores

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

Significant Factors Affecting the External Environment

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

The demand for fuel is influenced by a number of external factors, such as the influx of cross-border products, economic growth and fiscal policies. These elements directly influence consumer behaviour and can have a notable effect on PSO's financial performance.

The fuel industry as a whole has seen a substantial decline in demand mainly due to influx of products from the western border, elevated fuel prices and economic slowdown. There has been a significant reduction in the demand for furnace oil, attributed to a 10% decrease in electricity production, change in energy mix and high energy cost within the country, leading to reduced power generation.

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

Political Environment

The oil market is highly vulnerable to national and international political factors. The ongoing conflicts in the Middle East has caused significant global upheaval. This tension has led to increase in oil price fluctuations, resulting in heightened uncertainty in the oil market. As a result, developing nations like Pakistan, have been particularly affected, facing economic slowdown, high cost of doing business and currency instability.

Economic Environment

PSO's profitability is being undesirably impacted by a range of factors, mainly high borrowing cost and increased taxation. The influx of goods from the western border combined with economic slowdown have created unprecedented imbalances in supply and demand, thus decreasing the sales volume for gasoline and diesel.

Social Environment

Pakistan is one of the top 10 countries globally with the largest labour force. However, there is a notable skill gap that needs to be addressed to meet current expectations and demands. In response, the government has implemented several proactive measures, including various developmental and youth entrepreneurial programs. These initiatives are designed to develop the essential skills and knowledge among young people, helping them to compete at international standards.

Technological Environment

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

Natural Environment

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

Legal Environment

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

The Company’s Response

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

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

Effect of Seasonality

The industry is subject to seasonal fluctuations, which impact sales patterns. Liquid fuels typically experience a surge in demand during the harvesting and summer seasons, whereas gaseous fuels see an increase in sales during the winter season. This seasonal variability influences our business operations and requires adaptive strategies to meet changing customer needs.

Significant Events

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

DURING

- Letter of credit issues due to low FCY reserves and high-country risk
- Unresolved circular debt issue
- Significant decline in fuel demand
- High policy rate
- High fuel prices
- High cost of doing business
- Heavy influx from western borders
- Approval of greenfield refinery policy
- Continuation of super tax

AFTER

- Continued volatility in oil prices
- Decline in the policy rates by 300 bps
- Decrease in the inflation rate to 9.6% as of August 2024

SWOT Analysis

PSO's continued market dominance depends on its ability to harness its strengths, exploit opportunities, and navigate challenges with agility. By doing so, the company can ensure a resilient and forward-thinking approach to maintaining its competitive edge.

Strengths

- 47 years of intellectual property with a strong brand equity
- Unparalleled storage capacity of 1.24 million tons
- Extensive retail network with 3,580 outlets
- Leading importer of petroleum products
- Largest corporate treasury of the country
- Strategic investments in refining, pipeline, storage and lubricants
- Diversification in green energy
- Technological advancements, innovations and digitalization

Opportunities

- Long-term contracts under G2G for MoGas
- Direct access to international oil markets
- Investment in strategic projects, like refinery, petrochemicals and oil pipelines

Weaknesses

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

Threats

- Weak fuel demand with continued influx from western border
- High taxes and cost of finance
- Volatile oil price
- Decreasing purchasing power of consumer
- Currency devaluation

Business Objectives and Strategy

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

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

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

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

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

Overview and Strategy

Company's Strategy on Market Development, Product and Service Development

PSO's strategy for market development, product, and service development centers on expanding its customer base, enhancing product offerings, and improving service delivery. This involves identifying new market segments, understanding evolving consumer needs, and tailoring products and services accordingly.

The company focuses on strengthening its retail network, improving supply chain efficiency, and leveraging technology to enhance customer experience.

By investing in research and development, the company aims to introduce innovative fuel products and value-added services, while maintaining a strong focus on quality and reliability to solidify its position as a leading oil marketing company in Pakistan.

PSO's strategy is anchored in the following key areas:

- **Geographic Expansion:** Expanding its retail network to increase market penetration and cater to a wider customer base.

- **Digital Transformation:** Enhancing customer experience, refining operational efficiency, and uncovering new revenue streams through convenient digital platforms like online delivery, loyalty programs, and mobile apps, driving business growth and innovation.

- **Product Diversification:** PSO is expanding its portfolio with value-added offerings like lubricants, LPG, and signature c-stores, enhancing customer experience and driving business growth.

- **Product Quality Enhancement:** Continuously improving product quality to meet evolving customer expectations and regulatory standards.

- **Customer-Centric Approach:** Prioritizing customer satisfaction through efficient and reliable service delivery, training staff to provide exceptional customer service, including prompt assistance and resolving customer complaints effectively.

The Effects of the given Factors on Company Strategy and Resource Allocation

Technological Changes

PSO has led a ground-breaking digital overhaul, transforming the way it operates and engages with stakeholders. By transitioning to a state-of-the-art, integrated, and automated framework, the company has achieved remarkable improvements in efficiency, accuracy, and transparency.

The adoption of cutting-edge technologies like SAP Ariba, SAP VIM, and SAP Sahulat has significantly reduced the risk of human error and enhanced governance capabilities, ensuring greater control, compliance, and decision-making accuracy.

In the logistics and inventory management domains, PSO has leveraged cutting-edge GPS tracking and geo-fencing technologies to guarantee the security and efficiency of its transportation operations. The company's telemetric solutions have improved inventory management by providing real-time monitoring, optimization, and predictive insights, enabling proactive decision-making and minimizing potential disruptions.

Sustainability Reporting and Challenges

The company's sustainability efforts have significantly enhanced its strategy and resource performance, aligning it with the United Nations' Sustainable Development Goals (SDGs).

PSO adheres to National Environmental Quality Standards (NEQS) and implements proactive measures like oil-water separators, RO plants, and waste management procedures, ensuring clean water and sanitation (SDG 06).

PSO's sustainable production and consumption initiatives (SDG 12) have yielded notable results, including:

- Reduced waste,
- Increased recycling, and
- Optimized resource utilization

The company has adopted eco-friendly practices, such as utilizing recycled plastic, minimizing paper usage, and promoting cleaner fuels.

To address climate change (SDG 13), PSO has installed vapour recovery systems, launched tree plantation drives, and introduced the Zero Carbon Challenge. With electric vehicle charging stations as part of its offerings, the company demonstrates its forward-thinking approach to minimizing environmental impact.

While challenges remain, PSO's comprehensive disaster management and business continuity plans ensure preparedness and resilience. By integrating sustainability into its operations, the company is driving positive impact and contributing to a greener future.

Initiatives taken by the Company in Promoting and Enabling Innovation

PSO's LPG BLUE initiative in Hunza represents a major breakthrough in energy accessibility, leveraging e-commerce to provide a reliable, affordable, and user-friendly energy solution. This effort addresses the region's LPG supply challenges, simplifying the purchasing process while stimulating local economic growth through job creation.

Key benefits of LPG BLUE include:

- Eco-friendly and economical
- Exceptional quality and safety assurance
- Seamless, hassle-free doorstep delivery

The company has introduced a comprehensive e-commerce platform, fully integrated with its vast c-store network spanning Pakistan. This user-friendly platform offers customers the convenience of real-time product availability checks, pre-ordering for effortless shopping, flexible delivery options including click-and-collect and doorstep delivery, and secure online payments via DIGICASH.

PSO has embarked on a transformative relaunch of its convenience stores, featuring the appointment of seasoned managers, implementation of robust merchandising strategies, elevated hygiene standards, and modular and agile, customer-centric store layouts.

The Fuelink app now offers a unified suite of services, including LPG cylinder management, tailored lubricant recommendations, and easy appointment scheduling for car maintenance, all accessible with a single tap delivering unparalleled customer convenience and satisfaction.

Resource Shortages

The company has adopted a multi-faceted approach to address resource shortages:

- **Supplier diversification:** PSO has broadened its supplier network to minimize dependence on single sources, fostering a more resilient supply chain.
- **Resource Optimization:** Initiatives have been launched to streamline resource utilization, reduce waste, and lower consumption, promoting a culture of efficiency.
- **Innovation and Technology:** PSO is actively exploring alternative technologies and innovative solutions to decrease reliance on scarce resources.
- **Risk Management:** The company has developed comprehensive risk management strategies and contingency plans to mitigate potential resource shortages, ensuring uninterrupted business operations.
- **Prioritized Resource Allocation:** Clear frameworks have been established to allocate resources effectively, focusing on critical operations and strategic initiatives that drive business growth.

PSO is proactively addressing resource shortages, ensuring strategic flexibility, and maintaining operational resilience.

The Linkage of Strategic Objectives with Company's Overall Mission, Vision and Objectives

1. **Market Expansion**
   Mission Alignment: Strategically expand into new markets, diversifying the company's business portfolio, and driving sustainable growth and value creation through increased market share and revenue streams.

   Vision Alignment: Empower a wider customer base by providing access to essential energy products and services, thereby enhancing their overall quality of life, supporting economic development, and contributing to a more energy-secure future.

2. **Product Diversification**
   Mission Alignment: Develop and launch innovative products and services that align with PSO's diversification strategy, driving growth through new revenue streams, increasing customer value, and enhancing the company's competitive edge.

   Vision Alignment: Deliver a portfolio of products and services that cater to the diverse and evolving needs of the customers, staying ahead of changing market trends, technological advancements, and emerging consumer preferences, to become the trusted partner for their energy requirements.

Overview and Strategy

3. **Operational Excellence**
   Mission Alignment: Achieve world-class operational performance by streamlining processes, leveraging technology, and fostering a culture of continuous improvement, resulting in enhanced efficiency, reduced costs, and increased profitability, which drives sustainable value creation for the stakeholders.

   Vision Alignment: Unlock customer prosperity by delivering high-quality, affordable products through optimized operations, enabling the company to pass the benefits of efficiency on to the customers, support their financial well-being, and contribute to a more equitable and thriving community.

4. **Sustainable Development**
   Mission Alignment: Embed sustainability into PSO's DNA, driving eco-friendly practices, minimizing the carbon footprint, and promoting social responsibility, attract socially conscious investors, and build enduring value for the company's stakeholders.

   Vision Alignment: Integrate environmental stewardship and social consciousness into every aspect of the business, aligning with PSO's purpose of enriching lives, to create a better future for generations to come, while ensuring a resilient and thriving business that makes a positive impact on the world.

5. **Digital Transformation**
   Mission Alignment: Harness the power of technology to revolutionize operations, amplify customer engagement, and unlock new revenue streams, thereby future-proofing the company's business and driving sustainable growth.

   Vision Alignment: Empower customers to effortlessly manage their energy needs through intuitive, personalized, and seamless digital experiences, liberating their time and energy to focus on what matters most, while fostering a deeper connection with PSO.

Board's Statement on the Significant Plans and Decisions

After careful consideration and thorough evaluation, the Board approved the business plan for fiscal year 2025, encompassing capital expense budget, operating expense budget, revenue, investment in strategic projects, CSR contribution and performance targets for next year.

The decisions are aligned with PSO's strategic objectives and are expected to drive significant benefits, including:

- Improved operational efficiency and reduced costs
- Increased revenue and profitability
- Enhanced competitiveness and market position
- Stronger returns on investment for the company's shareholders

The Board is confident that these plans and decisions will position PSO for long-term success and create sustainable value for its stakeholders.

Composition of Local vs. Imported Material and Sensitivity Analysis

PSO effectively manages the supply chain by utilizing a combination of imports and local refinery upliftment. To ensure stability, the imports are carefully being arranged through spot, short-term and long-term contracts. Throughout the year FY24, PSO sourced 3.32 million tons from local refineries and imported an additional 4.12 million tons from international suppliers.

It is essential to acknowledge that there are several dynamic factors that are considered to work out an optimum blend of import and locally sourced products. These factors include overall demand and product availability situation in the country as well as in the region, company's stocks situation, international pricing trend, exchange rate movement, banking lines availability etc. Accordingly, the company continuously monitors the situation and manoeuvres its sourcing plans to minimize the risks and optimize profitability.

Sensitivity analysis is required due to foreign currency fluctuations. Further, foreign exchange risk has been covered by the company through its inclusion in pricing. Thus, PSO effectively minimizes its net foreign exchange exposure on import purchases.

Materiality Approach Adopted by the Management

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

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

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

International Integrated Reporting Framework

PSO rigorously follows the international integrated reporting framework and the annual report 2024 describes how its strategy, governance, performance and prospects lead to the creation of value over the short, medium and long term.

The annual report 2024 accordingly discloses the following information:

Organizational Overview and External Environment

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

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

Governance

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

Business Model

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

Risks and Opportunities

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

Strategy and Resource Allocation

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

Performance

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

Outlook

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

Basis of Presentation

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

Value Creation by the Business Using its Resources

PSO has cemented its position in the oil industry by effectively harnessing its resources to create substantial value for both the company and the nation. Through strategic resource utilization,

Overview and Strategy

the company has not only contributed to the economic growth of Pakistan but also emerged as a trusted source of energy.

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

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

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

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

By leveraging its resources effectively, focusing on quality, harnessing technology and innovation, and upholding social responsibility, PSO has reinforced its role as a driving force in the oil industry. The company's strategic initiatives in FY24 have significantly contributed to Pakistan's economic growth.

Competitive Landscape and Market Positioning

Pakistan's downstream segment is highly saturated with over 22 players competing for market share. Despite this intense competition, PSO is investing in its infrastructure and introducing value-added services and products in the retail segment to enhance the customer experience. The company's increasing market share, profitability, and sustainability are clear indicators of customer's confidence and trust.

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

PSO's extensive network of retail outlets and infrastructure has been a significant advantage in maintaining its market leadership. The company's ability to provide a consistent and reliable supply of high-quality products has fostered strong customer loyalty and trust. The expansion of retail outlets and the opening of new convenience stores have further increased PSO's reach.

Resource Allocation Plan

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

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

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

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

Key Performance Indicators

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

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

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

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

The company's Board of Management regularly evaluates performance against the KPIs that encompass key focus areas. This professional approach ensures that PSO remains accountable. These indicators will continue to be relevant in the future as well as these are critical for the evaluation of the performance.

The Legitimate Needs, Interests of Key Stakeholders and Industry Trends

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

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

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

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

Key Resources and Capabilities that provide Sustainable Competitive Advantage

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

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

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

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

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

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continuous improvement and customer satisfaction that strengthens PSO's competitive advantage.

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

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

Harnessing Technology

Smart Technology for Transformed Operations and Improved Lives

PSO is at the forefront of a technological evolution, redefining industry benchmarks and driving excellence. The company's commitment to digital innovation and automation is transforming operations, enhancing efficiency, and future-proofing the business.

With a focus on improvement and a strategic embrace of advanced technologies, PSO is pioneering new possibilities in the oil and gas industry. In partnership with its stakeholders, the company is leveraging technology to shape a more sustainable and prosperous future.

Enhancing Efficiency with AI & Computer Vision

PSO is harnessing the power of cutting-edge AI-Computer Vision technology to transform its operations and elevate customer experiences. By converting digital images, videos, and visual inputs into actionable insights, PSO gains valuable intelligence to:

- Enhance customer engagement and personalization
- Optimize layout and inventory management across retail outlets and terminals
- Strengthen safety protocols through automated surveillance, anomaly detection, and compliance with safety regulations

This technology enables PSO to create a secure, efficient, and customer-centric environment, driving business excellence and setting new industry standards.

Accelerating Operational Agility

As part of its strategic initiative to enhance operational agility, PSO has adopted low-code and no-code platforms for in-house software development. This approach facilitates rapid creation and deployment of customized solutions, precisely tailored to meet the company's distinct operational needs, thereby significantly accelerating the software delivery life-cycle.

By embracing Agile Software Development methodologies, PSO fosters a culture of swift iteration, adaptability, and cross-functional collaboration, ensuring seamless alignment with evolving business requirements. This forward-thinking approach positions PSO at the forefront of technological innovation, driving business excellence and competitive advantage in the industry.

Operational Excellence through Automation and Digitization

PSO has made significant strides in operational excellence through a comprehensive series of automation and digitization initiatives. Key achievements include:

- Implementation of the Online Tank Stock Variance Report for LPG, enabling real-time monitoring and accurate reporting of stock levels
- Automation of retail-related shortage bookings via the Sahulat App, resulting in faster response times and enhanced customer service
- Digitization of gate entry and exit logs across all depots in Pakistan, strengthening security, operational tracking, and regulatory compliance
- Auto computation of tank lorry transit losses, improving precision in loss management
- Automated inventory count updates, minimizing manual errors and ensuring greater accuracy
- Digitalization of rental payments, streamlining financial processes

- Auto-unblocking of retail credit customers through Smart NFA, enhancing credit management, customer satisfaction, and operational liquidity

These initiatives align with PSO's strategic objective to create a technology-driven, efficient, and customer-centric business environment, driving innovation, excellence, and sustainable growth.

Elevating Service Delivery

PSO has introduced 2 innovative portals designed to optimize interactions with customers, dealers, and vendors. The ServiceSphere Portal streamlines issue resolution, while the Business Partner Profiling Portal provides valuable insights for network enhancement.

Key features and benefits include:

ServiceSphere Portal:

- Direct complaint logging by dealers, ensuring prompt resolution by vendor representatives
- Seamless issue resolution workflows, monitored by the Retail Facilities Team to meet Turnaround Times (TATs)
- Near real-time status updates for Dispenser Units, enabling business partners to track key parameters

Business Partner Profiling Portal: Comprehensive rating summary for each PSO retail outlet, facilitating informed decision-making and targeted improvements.

Strengthening Cybersecurity with Next-Generation Firewall Solutions

PSO has strengthened its cybersecurity framework by deploying state-of-the-art firewall solutions. This advanced system offers unified security and threat management, enhanced visibility and control, advanced threat detection and response, streamlined security operations, and comprehensive reporting and compliance. These measures ensure the protection of PSO's digital infrastructure and safeguard stakeholder trust.

Data centre security has also been strategically bolstered with advanced firewall solutions that provide robust threat protection, improved performance and scalability, streamlined security management, and effective compliance and risk management. These enhancements align with the company's broader cybersecurity strategy to protect assets and maintain business continuity.

Education and Training Efforts of PSO to Mitigate Cybersecurity Risks

PSO recognizes the importance of education and training in mitigating cybersecurity risks. The company have implemented a comprehensive cybersecurity awareness and training program to equip its employees, and other stakeholders with the knowledge and skills to identify and respond to cyber threats.

The program includes:

- Cybersecurity awareness training for all employees
- Advanced training for IT personnel and cybersecurity teams
- Phishing simulations and incident response exercises
- Cybersecurity compliance training for employees with access to sensitive data

The training efforts focus on:

- Identifying and reporting suspicious activity
- Safe handling of sensitive data
- Best practices for password management and authentication
- Secure use of company systems and networks
- Compliance with cybersecurity policies and procedures

PSO also conducts phishing simulations and incident response exercises to test the employees' knowledge and preparedness and ensures that the workforce is equipped to defend against evolving cyber threats.

The Board's Statement on Implications of Cyber Risks

The Board of Management of PSO acknowledges its responsibility to ensure the company's cybersecurity and compliance with relevant legal and regulatory requirements. We recognize the increasing threat of cyber risks and their potential impact on the company's operations, reputation, and stakeholders.

The Board assumes the following key responsibilities with utmost commitment:

- **Cybersecurity Oversight:** Ensuring the implementation of robust cybersecurity measures to protect the company's systems, data, and assets

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- **Regulatory Compliance:** Ensuring compliance with applicable laws, regulations, and industry standards related to cybersecurity
- **Risk Evaluation:** Evaluating and addressing potential legal and regulatory implications of cyber risks
- **Incident Response:** Providing guidance and oversight on incident response and crisis management in the event of a breach
- **Accountability:** Holding management accountable for implementing effective cybersecurity compliance

In the event of a cyber breach, the Board will:

- Take immediate action to contain and mitigate the breach
- Conduct a thorough investigation to determine the cause and scope of the breach
- Notify relevant authorities and stakeholders as required by law and regulation
- Review and update our cybersecurity measures and incident response plans to prevent future breaches
- Hold management accountable for implementing effective cybersecurity controls and compliance

The Board is committed to ensuring PSO's cybersecurity and compliance with legal and regulatory requirements, and will take swift and decisive action in the event of a breach.

Optimized Network Management with SD-WAN Implementation

PSO has successfully implemented a Software-Defined Wide Area Network (SD-WAN) solution, significantly enhancing its network management capabilities. This cutting-edge technology provides dynamic path selection for optimized traffic routing, cost efficiency through reduced bandwidth consumption, and integrated security measures for robust threat protection. Additionally, SD-WAN enables centralized management for streamlined network operations and enhanced application performance for improved user experience.

This strategic initiative is a key pillar of PSO's digital transformation journey, aimed at elevating connectivity and network reliability, reducing costs and optimizing resource allocation, and strengthening agility and resilience in network operations.

Evolving IT Governance

PSO maintains effective IT governance to manage its technological infrastructure adeptly. In the face of the rapidly evolving oil industry, the company adopts robust governance practices that align with strategic objectives and address risks effectively.

This framework is crafted to align IT initiatives with organizational objectives, improving decision-making and fostering accountability. Furthermore, it ensures compliance with regulatory standards and industry best practices, safeguarding PSO's reputation and maintaining stakeholder confidence. To stay adaptive in a dynamic business environment, the company continuously monitors, evaluates, and refines its IT governance framework, enabling the company to respond effectively to emerging challenges and opportunities.

The company's IT Policy focuses on effective management of system-related risks through measures such as segregation of duties, authorization controls, and regular reviews. Access to sensitive data is secured through stringent password management and identification protocols. PSO prioritizes training and continuous development for its software users, with regular training sessions and on-the-job learning opportunities to ensure users are proficient in the latest software and equipped to maximize its effectiveness.

Company's Controls and Procedures about its "Early Warning System"

PSO has established an early warning system to identify, assess, address, and disclose cybersecurity risks and incidents in a timely manner. The controls and procedures include:

- Continuous monitoring of cybersecurity threats and vulnerabilities
- Regular risk assessments and penetration testing
- Incident response planning and simulation exercises
- Automated alert systems for suspicious activity
- Cybersecurity reporting to the Management

The company's early warning system enables PSO to:

- Identify potential cybersecurity risks and incidents swiftly

- Assess the severity and impact of identified risks and incidents
- Address and contain cybersecurity incidents promptly
- Make timely disclosures to regulatory authorities and stakeholders as required
- Communicate cybersecurity risks and incidents to the management in a timely and transparent manner

Through this early warning system, PSO ensures proactive identification, assessment, and addressing of cybersecurity risks and incidents, maintaining the trust and confidence of our stakeholders.

Oversight of IT Governance and Cybersecurity Matters and Board's Administration of IT Risk

The PSO Board of Management oversees IT governance and cybersecurity matters through its IT Committee. The committee is responsible for:

- Reviewing and approving IT risk management strategies and policies
- Monitoring the effectiveness of IT risk controls and mitigation measures
- Advising the Board on emerging IT risks and cybersecurity threats
- Ensuring alignment of IT initiatives with business objectives

The Board administers its IT risk oversight function which:

- Meets regularly to review IT risk and cybersecurity matters
- Receives regular updates from management on IT risk management and cybersecurity initiatives
- Engages with external experts and advisors to stay informed on best practices and emerging trends
- Reports to the full Board on IT risk and cybersecurity matters, providing recommendations for improvement

Through this structured approach, the Board ensures effective oversight of IT governance and cybersecurity risks, protecting PSO's assets, operations, and reputation.

Independent Comprehensive Security Assessment of Technology Environment

PSO has a policy of conducting regular independent comprehensive security assessments of the technology environment, including third-party risks. This policy ensures the company's technology infrastructure and third-party vendors meet rigorous security standards.

Key aspects of the policy:

- Annual independent security assessments conducted by reputable third-party firms
- Comprehensive review of the technology environment, including networks, systems, and applications

Transformative Journey Through Business Process Re-engineering

PSO's Business Process Reengineering (BPR) initiative is pioneering a culture of innovation, leveraging process digitization, automation, and technology-driven solutions to unlock data-driven insights. This comprehensive transformation is building a future-proof operational foundation for sustainable growth, fostering a culture of continuous improvement.

PSO has successfully revamped its business value chain processes for POL products, transitioning from manual operations to system-driven, business intelligence-based processes on a unified platform. This end-to-end overhaul encompasses planning, procurement, receipt, storage, transportation, and sales, ensuring a seamless digital trail.

To support this transformation, PSO has established the Program Management Office (PMO), which, in collaboration with the BPR team, will guide the implementation of these re-engineered processes. From ideation to execution, the BPR and PMO teams are driving the successful integration and continuous improvement of the new digital workflows, ensuring a sustainable and innovative operational foundation for PSO's future growth.

The business process re-engineering initiative is a major step towards transforming the organization into a more agile, efficient, and customer-centric entity. With a dedicated team leading the way and a commitment to embracing change, the company is poised to achieve remarkable results and set new industry standards.

Risk and Opportunity Report

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

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

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

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

Liquidity challenges and high cost of finance

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

How PSO is managing this risk: Through effective liquidity management, PSO has been able to contain financing costs to Rs. 50 billion for the fiscal year. Moreover, we recovered Rs. 7.1 billion in price differential claims that supported our liquidity position. The ongoing challenges presented by circular debt, PSO is actively collaborating with the government to implement viable solutions in order to alleviate our financial strain.

No LNG contract at buyer's end

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

How PSO is managing this risk: PSO is procuring LNG on take-or-pay arrangement from Qatargas under long-term G-to-G contracts, while there is no such arrangement at its selling end (i.e., between PSO and SNGPL). The company is continuously pursuing for activating the tripartite agreement with SNGPL and SSGC to reduce its commercial risk; however, PSO has not been successful so far due to resistance from SNGPL.

Supply-demand imbalances in the country

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

How PSO is managing this risk: This involves a multifaceted approach including optimizing supply chain operations, leveraging strategically located storage facilities, maintaining sufficient fuel inventories, and effectively planning for fluctuating consumption. To ensure uninterrupted fuel availability, especially in peak demand periods, PSO maintains a robust distribution network and closely coordinates with stakeholders such as transportation authorities and law enforcement agencies. Furthermore, the company is investing in infrastructure development to enhance supply resilience and cater to evolving consumer demand.

Increasing competition affecting market share in retail business

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

How PSO is managing this risk: PSO is strategically addressing the intensifying competition within the retail market by focusing on customer-centric initiatives and operational excellence. This includes a concerted effort to enhance the retail network through modernization, expansion, and improved customer service.

By leveraging technology and data analytics, PSO is gaining deeper insights into consumer behaviour, enabling tailored product offerings and promotions. Additionally, the company is emphasizing value-added services and loyalty programs to foster stronger customer relationships. During the year, the market share of the company in white oil products increased to 51.6%.

Foreign exchange rate fluctuations impacting profitability

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

How PSO is managing this risk: Foreign exchange risk on the company's import purchases is passed through pricing, substantially minimizing the net foreign exchange exposure on PSO's books in the year.

Ageing assets increasing reliability risk

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

How PSO is managing this risk: The company's infrastructure development and rehabilitation plan is enthusiastically moving ahead, wherein 48,000 tons of existing storage were rehabilitated while 91,000 tons of new storages are added across the country, that has taken the total storage capacity to 1.24 million tons. PSO is maintaining the availability of its storage tanks at more than 90%. These measures have significantly enhanced the availability and reliability of the company's infrastructure to meet the nation's fuel demand.

Natural and man-made disaster events

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

How PSO is managing this risk: The company has an effective disaster recovery plan in place for its critical operations which is periodically tested. The company has adequate and comprehensive insurance coverage for its assets (including inventory) against disaster events. Furthermore, coordinated security measures are in place and periodic mock drills are conducted to test the adequacy of the company's security protocol, especially for its highly sensitive facilities.

In response to the climate crisis, PSO has planted around 12,000 trees at Pipri Marshalling Yard and 6,500 trees at 11th Avenue in Islamabad. These afforestation efforts mark a significant commitment to environmental stewardship and climate regulation.

Information security breach may disrupt operations

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

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

Adequacy of Capital Structure

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

Sustainability-related Risks and Opportunities

Sustainability-related risks and opportunities impacting capital availability, quality, and affordability are increasingly shaping the financial landscape, and PSO is no exception. The company's sustainability performance significantly influences its access to capital, posing both challenges and opportunities.

Risks

- **Increased Cost of Capital:** Sub-par sustainability performance can lead to higher borrowing costs, as investors demand a premium for assuming ESG risks, impacting capital affordability:
  - Higher borrowing costs
  - Reduced credit ratings
  - Lower equity valuations
  - Stricter lending terms

- **Reduced Investor Interest:** A weak sustainability profile may deter investors, limiting capital availability, particularly for large capital-intensive projects

- **Regulatory Hurdles:** Stringent environmental regulations and carbon pricing can increase operational costs, reducing profitability and investor confidence, thereby affecting capital availability and affordability

- **Reputational Damage:** Negative publicity related to environmental or social issues can tarnish PSO's reputation, making it challenging to attract investors and secure favourable capital terms

Opportunities

- **Lower Cost of Capital:** Exceptional sustainability performance can lead to lower borrowing costs, as investors reward companies with robust ESG practices, improving capital affordability

- **Increased Investor Interest:** Investors increasingly seek companies with strong sustainability profiles, creating opportunities for PSO to attract a broader investor base and access a wider pool of capital

- **Access to Green Financing:** PSO can leverage the growing green finance market, unlocking a new source of capital for sustainable projects and initiatives

Notice of Meeting

Notice is hereby given that the 48th Annual General Meeting of Pakistan State Oil Company Limited ("the Company") will be held at the Grand Ballroom, Pearl Continental Hotel, Karachi on Thursday, October 24, 2024 at 11:00 a.m. as well as through Video Conferencing facility to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 47th Annual General Meeting (AGM) held on October 26, 2023.
2. To receive, consider and adopt the Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2024 together with the Report to the Shareholders and Auditors' Report thereon.
3. To lay information before the members of the Company for the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants as external auditors of the Company for the fiscal year ending June 30, 2025.
4. To approve payment of final cash dividend of Rs. 10 per share i.e. 100% for the year ended June 30, 2024, as recommended by the Board of Management.

Special Business:

5. To consider and pass with or without any amendment/modification the following resolution as special resolution:

   The matter with respect to remaining payments of estimated FEED cost for Pakistan Refinery Limited ("PRL") was presented before the Board of Management in its meeting held on April 26, 2024 whereby options were presented for financing arrangements. After detailed deliberations and presentations, the Board recommended for approval the payment mechanism which is placed before the AGM for approval as follows;

   "**RESOLVED** that the members of PSO hereby approve the amount of Rs. 3.15 billion or proportionate amount in USD for PRL's FEED to be paid by PSO through loan facility to PRL.

   FURTHER RESOLVED that for the loan to PRL:

   - PSO will borrow the amount in Pak Rupees from local bank(s) and extend it as loan at market competitive rate (i.e. at same or higher premium) to PRL subject to necessary approval from SECP.
   - PRL will utilize the borrowed amount in Pak Rupees to purchase US dollars (through forward or spot contracts) to settle final FEED payments.
   - PSO will have the right of repayment and an option to convert the loan into equity after necessary approvals. This option will be utilized if deemed essential for PSO's long-term interests.
   - For the purpose of loan, PSO shall have the first Pari-Passu right in the event of PRL's default in repayment of loan. This provision shall be made part of the financing arrangement with PRL."

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

6. To consider and, if thought fit, to pass, the following resolution:

   "RESOLVED THAT pursuant to the [draft] Scheme of Arrangement (initialed by the [Chairman] and presented before the meeting), (i) the carve-out/separation of (a) Digicash Undertaking and (b) Solar Undertaking from Pakistan State Oil Company Limited (the "Company"); (ii) the carve-out, transfer and merger, by way of amalgamation, of the DigiCash Undertaking with and into Cerisma (Private) Limited; and (iii) the carve-out, transfer and merger , by way of amalgamation, of the Solar Undertaking with and into PSO Renewable Energy (Private) Limited, along with all ancillary matters thereto, subject to any modifications/amendments required or conditions imposed by the Honorable High Court of Sindh at Karachi, and subject to sanction by the Honorable High Court of Sindh at Karachi, in terms of the provisions of Sections 279 to 282 and all other enabling provisions of the Companies Act, 2017, be and is hereby approved and adopted.

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

By Order of the Board

September 30, 2024
Karachi

Ambreen Ali
Company Secretary (A)

Notes:

1. Closure of Share Transfer Books

The Share Transfer books of the Company will remain closed from October 17, 2024 to October 24, 2024 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi up to the close of business on October 16, 2024 will be considered in time for the purposes of attending the AGM.

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

a) A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote. A proxy form is annexed in the report and available on the Company's website: www.psopk.com.

b) The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarized/attested copy of power of attorney must be deposited at the Registered Office of the Company situated at PSO House, Khayaban-e-Iqbal, Clifton, Karachi at least 48 hours before the time of the AGM i.e. latest by Tuesday, October 22, 2024 at 11:00 am.

c) The Company also facilitate participation of its shareholders through a video link facility in pursuance to Circulars notified by the Securities and Exchange Commission of Pakistan (SECP). The members/proxies interested to participate in the AGM through this facility are requested to get themselves registered with the Company at least two (2) - days before the time of AGM i.e. by Tuesday, October 22, 2024, 11:00 a.m. by sending an email with subject: "Registration for PSO AGM" at the given email address cdcsr@cdcsrsl.com or WhatsApp No. 0321-8200864 along with a valid scanned copy of their CNIC.

Shareholders are advised to provide the following details:

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

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

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

3. Guidelines for CDC Account Holders

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

A. For attending the meeting:

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

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

B. For appointing proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form accordingly.

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

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

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

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

4. Notification for change in address

Members holding shares in physical form are requested to promptly notify Share Registrar of the Company of any

Notice of Meeting

change in their addresses. Shareholders maintaining their shares in electronic form should get their address updated with their participant or CDC Investor Account Services.

5. Submission of copy of CNIC/NTN (Mandatory)

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

6. Payment of Cash Dividend Electronically (Mandatory)

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

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

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

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

7. Withholding Tax on Dividend Income

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

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

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

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

Note: The required information must reach the Company's Share Registrar by Wednesday, October 16, 2024; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Shareholder(s).

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

Withholding tax exemption from dividend income, shall only be allowed if a copy of valid tax exemption certificate is made available to the Company's Share Registrar by Wednesday, October 16, 2024.

8. Availability of Annual Audited Financial Statements

The Securities and Exchange Commission of Pakistan vide S.R.O. 389(I)/2023 dated March 21, 2023 has allowed the transmission of the Annual Audited Financial Statements of the Company and related documents (included in the Annual Report) along with the Notice of General Meeting through a QR enabled code. Pursuant to the approval of shareholders, the annual audited financial statements of the Company for the year ended June 30, 2024 are being circulated to the members through QR enabled code and weblink, which is given below:

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

In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2024, are available on the Company's website (http://www.psopk.com).

Any member requiring printed copy of the Annual Report 2024 may send a request using a "Standard Request Form" placed on the Company's website (http://www.psopk.com).

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

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

10. Conversion of Physical Shares into Book Entry Form

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

11. Polling on Special Business:

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 ("the Regulations") amended through Notification vide SRO 2192(1)/2022 dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of Pakistan State Oil Company Limited (the "Company") will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on Thursday, October 24, 2024, at 11:00 a.m., in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

12. Procedure for E-Voting:

I. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 16, 2024.

II. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

III. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

IV. E-Voting lines will start from October 18, 2024, 09:00 a.m. and shall close on October 23, 2024 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

Procedure for Voting through Postal Ballot:

The shareholders shall ensure that duly filled and signed ballot papers along with copy of valid Computerized National Identity Card (CNIC)/ copy of passport (non-resident) should reach the Chairman of the meeting through post on the Company's registered address, PSO House, Khayaban-e-Iqbal, Clifton, Karachi or e-mail at amir.ali@psopk.com on or before October 23, 2024 during working hours. The signatures on the ballot paper shall match with the signature on CNIC.

For the convenience of the shareholders, the ballot paper is annexed in the report and available on the Company's website: www.psopk.com.

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

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on October 24, 2024.

Item 5 of the Agenda

To give effect to the said special resolution, consent of the members is being sought on the amount of Rs. 3.15 billion or proportionate amount in USD for PRL's FEED to be paid by PSO through loan facility to PRL.

Item 6 of the Agenda

To give effect to the said resolution, consent of the members is being sought on inter alia, (i) the carve-out/separation of (a) Digicash Undertaking and (b) Solar Undertaking from Pakistan State Oil Company Limited (the "Company"); (ii) the carve-out, transfer and merger, by way of amalgamation, of the Digicash Undertaking with and into Cerisma (Private) Limited; and (iii) the carve-out, transfer and merger, by way of amalgamation, of the Solar Undertaking with and into PSO Renewable Energy (Private) Limited in accordance with the Scheme of Arrangement, in terms of the provisions of Sections 279 to 282 and all other enabling provisions of the Companies Act, 2017.

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


CARIENT

Energy with Synergy

At PSO, we're igniting a revolution of inclusivity, fueled by the conviction that talent knows no boundaries. Our diverse workforce proudly comprises women, differently-abled individuals, and members of underrepresented communities. We believe that inclusivity is the spark that unleashes the full potential of our team, driving growth, excellence, and innovation.

Our mission is to craft a workplace where every individual feels valued, empowered, and celebrated for their unique contributions. Where equality and collaboration are the cornerstones of our culture, and diversity is the driving force behind our success.

Through our pursuit of inclusivity, we're not just transforming our organization – we're reshaping the oil industry's landscape. We're setting a new standard for diversity, equality, and excellence, and we won't rest until every voice is heard, every talent is unleashed, and every individual can thrive.

Corporate Governance

Company Information

Board of Management

Chairman (Independent)
Mr. Asif Baigmohamed

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

Non-Executive Members
Mr. Asad Rehman Gilani
Mr. Awais Manzur Sumra
Mr. Hassan Mehmood Yousufzai
Mr. Shahbaz Tahir Nadeem

Managing Director & Chief Executive Officer
Syed Muhammad Taha

Chief Financial Officer
Ms. Gulzar Khoja

Company Secretary (A)
Ms. Ambreen Ali

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

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

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

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

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

The Board of Management Profile

MR. ASIF BAIGMOHAMED
Chairman, BOM

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

Mr. Baigmohamed is the Group Chief Executive Officer of Baigmohamed Group of Companies and Chief Executive Officer of ABM Investment, a private equity firm with interests in telecom, technology and construction.

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

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

The Board of Management Profile

SYED MUHAMMAD TAHA
MD, CEO & Member, BOM

Syed Taha, capitalizing on his over three decades of cross-industry experience, both local and international, marked the highest ever profits, raising the bar with historic operational and financial performance for two years in a row in fiscal years 2021 & 2022 in the approximately five decades of Pakistan's largest energy icon - PSO.

Under his leadership, the company has gone from strength to strength, maintaining strong volumetric growth in all product lines and steadily increasing market shares across major portfolios. Taha has successfully transformed PSO from an oil marketing business to an agile, integrated & future-ready energy company.

He spearheaded the clean energy revolution in Pakistan, making PSO the first company to introduce Euro 5 fuels in the country while also building scale in low carbon energy alternatives such EV charging and solarization of locations. He streamlined management and marketing, redesigned the company's internal architecture and unlocked the talent and potential of the organization's human capital with special focus on diversity and inclusion.

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

Previously, he worked as an Executive Director in Oasis Energy, heading the Program Management Office of Port Harcourt Electricity Distribution Company, Nigeria. Prior to that, as the Chief Distribution Officer at K-Electric Limited, he managed revenues exceeding USD 1.9 billion, catering to 2.4 million customers in Karachi and improving the productivity and effectiveness of 8,000+ employees.

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

MR. AHMED JAMAL MIR
Member, BOM

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

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

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

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

The Board of Management Profile

MR. ASAD REHMAN GILANI
Member, BOM

Mr. Gilani is an officer of the Pakistan Administrative Service (PAS) currently serving as Principal Secretary to the Prime Minister of Pakistan.

He joined the service in 1996 and has experience of multiple sectors and jurisdictions. He has served in provincial governments of Balochistan, Punjab and in the Federal Government. He has been involved in running of the Transport, Environment, Housing, Food and Agriculture Departments in Punjab. He remained the Secretary of the Home, Law, Prosecution the Local Government Department in Balochistan. He remained the Deputy Commissioner of Sheikhupura District and Commissioner of Zhob Division. His longest stint of 4 years was at the Energy Department in Punjab where he led the initiative to add about 10,000 MW to the national grid to rid the country of electricity outages. At the Agriculture department one of the projects that he championed was curbing the practice of crop residue burning through mechanization of residue removal.

He previously served as Secretary for the Pakistan Board of Investment (BOI) at the PM Office Chairman of the National Database and Registration Authority (NADRA) in an acting capacity. He has also served as Additional Secretary in-charge at Ministry of Industries & Production and as Additional Secretary in-charge at Ministry of Power.

Mr. Gilani has degrees in Public Administration from the Harvard Kennedy School (Harvard University) and Medicine from the King Edward Medical University in Lahore. He completed an Edward S. Mason Fellowship in Public Policy from Harvard University in 2009. He also participated in a summer course of International Political Economy at London School of Economics. He also has taken various trainings and courses in USA and Pakistan.

He writes on the issues of current affairs and policy designs in the public sector. He also lectures on Administrative and Governance issues in various public and private sector institutions.

MR. AWAIS MANZUR SUMRA
Member, BOM

Mr. Awais Manzur Sumra is a qualified professional, with nearly 31 years of experience in serving the Federal and Provincial Governments as a member of the Pakistan Administrative Service. He is currently working as Secretary Planning, Ministry of Planning, Development and Special Initiatives.

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

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

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

The Board of Management Profile

MR. HASSAN MEHMOOD YOUSUFZAI
Member, BOM

Mr. Hassan Mehmood Yousufzai is currently serving as Additional Secretary, Petroleum Division, Government of Pakistan. He has served as the Additional Secretary, Ministry of Maritime Affairs, Director General, National Institute of Management, Pakistan Academy for Rural Development and Pakistan Provincial Services Academy, Peshawar. In Khyber Pakhtunkhwa (KPK), Mr. Yousufzai has served as Secretary Higher Education Department, Housing Department, Auqaf Department, Law and Order (Merged Area) and Administration (Establishment).

Mr. Yousufzai has also served as Commercial Counselor in Frankfurt, Germany, Managing Director Small Industries, KPK and Chief Economist in the Planning & Development Department of the KPK Government. Outside the Government, he has experience of working as Capacity Development Specialist in Asian Development Bank and Assistant Political Agent in Bajaur Agency. Early in his career, Mr. Yousufzai served as District Coordination Officer, Swat; Additional Secretary, Establishment Department and Personal Staff Officer to the Chief Secretary, and was also the Assistant Commissioner in Chitral and Swat.

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

He has participated in diverse professional training courses and promotion exams in PAF, 18-month Common Training Program and Specialized Trading Program at Civil Services Academy, mid-career management course, senior management and national management courses, JICA training on development studies and economic development training in China. Mr. Yousufzai has also participated in numerous domestic and international seminars, certificate courses and non-degree programs on areas related to public sector. He has also drafted 'Manual for Musalihat Anjumans' for Asian Development Bank and co-authored 'Towards Understanding Pakhtoon Jirga, an indigenous way of peace building and more'.

Mr. Yousufzai is a member of SNGPL's Board, Mari Petroleum Company Limited (MPCL), Pakistan Petroleum Limited (PPL), Oil & Gas Development Company Limited (OGDCL), Saindak Metals Limited (SML) and Board of Management of Pakistan State Oil Company Limited (PSO) and their various committees as representative from the Government side.

MR. MUSHTAQ MALIK
Member, BOM

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

Mr. Malik has also attended courses on Macroeconomic Stability and Balance of Payment Management arranged by International Monetary Fund (IMF) at Washington DC and Project Planning, Implementation and Monitoring in Manila. He has worked as Joint Secretary- External Finance (EF) and Additional Secretary (EF), Ministry of Finance. He headed the Board of Investment (BOI) as a Federal Secretary, Pakistan Electronic Media Regulatory Authority (PEMRA) as Chairman and Member, Federal Services Tribunal (FST). He has represented Pakistan at various international forums and has worked as the Economic Minister and Financial Advisor in the Embassy of Pakistan at Washington DC (July 2002 to July 2006).

Currently Mr. Malik also serves on the boards of Hinopak Motors Limited, Sindh Insurance Limited, Cnergyico Pk Limited and as Chairman of MM Management Consultants (Private) Limited.

He has previously served on the boards of Askari Bank Limited, Habib Bank Limited and ECO Bank, Istanbul for six years, five years and two years respectively, and has served for 14 years in the Government of Punjab in various positions such as DG Local Government, Director of Industries and Mineral Development, Secretary Excise and Taxation, Secretary Environment Protection Development, Secretary Population Welfare and Managing Director, Punjab Mineral Development Corporation.

Presently, he is the Project Director of ASPIRE, a World Bank programme with Ministry of Federal Education. Besides, he is Patron in Chief of the Awan Foundation of Pakistan, an NGO running schools on no-profit no loss basis.

The Board of Management Profile

MR. SHAHBAZ TAHIR NADEEM
Member, BOM

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

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

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

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

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

MR. WAHEED AHMED SHAIKH
Member, BOM

Mr. Waheed Ahmed Shaikh brings over four decades of exceptional experience in the downstream oil and gas industry, demonstrating expertise across a wide array of areas, including the acquisition, integration, and turnaround of both private and state-owned enterprises. A Mechanical Engineer by training from the University of Engineering & Technology, Lahore, Mr. Shaikh also holds an MBA from a prestigious U.S. institution, completed on scholarship.

Mr. Shaikh's career began with distinguished service at Pakistan International Airlines and Pakistan Burmah Shell (PBS), where he played a pivotal role in transforming PBS into one of Pakistan's leading oil marketing companies. His early contributions laid the foundation for his future success.

In Shell Pakistan, Mr. Shaikh served as Supply & Transport Manager and Retail Manager before being recruited as CEO of a struggling lubricant company in Saudi Arabia. Under his leadership, he successfully turned around the business and led the acquisition of Petromin from Aramco, subsequently merging the two companies. As an Executive Board Member of Petromin Corporation, the largest downstream oil business in Saudi Arabia, Mr. Shaikh was instrumental in conceptualizing and expanding Petromin Express, transforming it into the world's fifth-largest lube change retail network. His remarkable achievements during this period are documented in Amr Al-Dabbagh's book, Omnipreneurship. Following these successes, Mr. Shaikh was promoted to Chief Operating Officer of Dabbagh Group, Saudi Arabia.

Beyond the oil and gas sector, Mr. Shaikh has demonstrated his versatile leadership abilities across various industries. He has served as a Board Member for Supreme Foods, the sole supplier of processed chicken to Burger King in the Middle East, and Red Sea Housing Company, a key supplier of prefabricated housing solutions for oil exploration companies and armed forces in remote locations across 55 countries. Additionally, he served on the board of Greif Plastic, the largest flexible packaging company with manufacturing plants in Türkiye, Ukraine, Romania, and the UK.

Engagement of Board Members in Business Entities

Sr. No.	Name of Board Member	Other Engagements
1	**Mr. Asif Baigmohamed** Chairman (Independent)	**Chief Executive Officer** 1. ABM Investment **Director** 1. Digital Bridge (Pvt.) Limited 2. Iman Construction (Pvt.) Limited 3. Marina City Developers **Chairman** 1. CERISMA (Private) Limited
2	**Syed Muhammad Taha** (MD, CEO & Member, BOM)	**Director** 1. Asia Petroleum Limited 2. Pak-Arab Pipeline Company Limited 3. Pakistan Refinery Limited 4. Petroleum Institute of Pakistan 5. PSO Renewable Energy (Private) Limited
3	**Mr. Ahmed Jamal Mir** (Independent Member)	**Managing Director & CEO** 1. Prestige Communications (Pvt.) Ltd.
4	**Mr. Asad Rehman Gilani** (Non–executive Member)	**None**
5	**Mr. Awais Manzur Sumra** (Non–executive Member)	**Director** 1. Pakistan Petroleum Limited 2. Saudi Pak Investment Company
6	**Mr. Hassan Mehmood Yousufzai** (Non–executive Member)	**Director** 1. Mari Petroleum Company Limited 2. Oil & Gas Development Company Limited 3. Pakistan Petroleum Limited 4. Saindak Metals Limited 5. Sui Northern Gas Pipeline Company Limited
7	**Mr. Mushtaq Malik** (Independent Member)	**Chairman** 1. MM Management Consultants (Pvt.) Limited **Director** 1. Cnergyico Pk Limited 2. Genco Holding Company Limited 3. Hinopak Motors Limited 4. Sindh Insurance Limited
8	**Mr. Shahbaz Tahir Nadeem** (Non–executive Member)	**Director** 1. Pakistan LNG Limited 2. Sui Southern Gas Company Limited
9	**Mr. Waheed Ahmed Shaikh** (Independent Member)	**Advisor** 1. Petromin Corporation – Saudi Arabia

Board Committees

Board Finance & Risk Management Committee

Mr. Awais Manzur Sumra	Chairman
Mr. Ahmed Jamal Mir	Member
Mr. Asad Rehman Gilani	Member
Mr. Asif Baigmohamed	Member
Mr. Waheed Ahmed Shaikh	Member
Company Secretary	Secretary

Terms of Reference

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

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

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

Board Human Resource & Remuneration Committee

Mr. Waheed Ahmed Shaikh	Chairman
Mr. Asif Baigmohamed	Member
Mr. Awais Manzur Sumra	Member
Mr. Hassan Mehmood Yousufzai	Member
Mr. Mushtaq Malik	Member
Syed Muhammad Taha	Member
Company Secretary	Secretary

Terms of Reference

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

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

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

1. Review the organizational structure periodically to:
   a. Evaluate and recommend for approval of the Board, changes in the organization, functions and relationships affecting management positions equivalent in importance to those on the management position schedule.
   b. Establish plans and procedures that provide an effective basis for management control over company manpower.
   c. Determine appropriate limits of authority and approval procedures for personnel matters requiring decisions at different levels of management.
2. Review the employees’ development system to ensure that it:
   a. Foresees the company’s senior management requirements.
   b. Provides for early identification, development, and succession of key personnel and leadership positions.
   c. Brings forward specific succession plans for senior management positions.
   d. Training and development plans.

Board Committees

3. Compensation and Benefits:

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

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

Board Audit & Compliance Committee

Mr. Mushtaq Malik	Chairman
Mr. Ahmed Jamal Mir	Member
Mr. Awais Manzur Sumra	Member
Mr. Shahbaz Tahir Nadeem	Member
Mr. Waheed Ahmed Shaikh	Member
Company Secretary	Secretary

Terms of Reference

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

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

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

Audit

1. Determination of appropriate measures to safeguard the company's assets.

2. Review of preliminary announcements of results prior to publication.

3. Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the BOM, focusing on:
   - Major judgemental areas;
   - Significant adjustments resulting from the audit;
   - The going-concern assumption;
   - Any changes in accounting policies and practices;
   - Compliance with applicable accounting standards; and
   - Compliance with listing regulations and other statutory and regulatory requirements.

4. Facilitating the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).

5. Review of management letter issued by external auditors and management's response thereto.

6. Ensuring coordination between the internal and external auditors of the company.

7. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company.

8. Consideration of major findings of internal investigations and management's response thereto.

9. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.

10. Review of the company's statement on internal control systems prior to endorsement by the BOM.

11. Instituting special projects, value for money studies or other investigations on any matter specified by the BOM, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.

12. Determination of compliance with relevant statutory requirements.

13. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.

14. Recommending or approving the hiring or removal of the chief internal auditor.

15. Overseeing whistle-blowing policy and protection mechanism; and

16. Consideration of any other issue or matter as may be assigned by the BOM.

Compliance

1. Review Code of Conduct and related policies applicable to employees, officers, and directors and other agents and associates of the company at least annually and make recommendations to the Board as appropriate.
2. Provide oversight as needed to ensure that the Compliance program effectively prevents and/or detects violations by company employees, officers, directors and other agents and associates of the company law, regulation, company policy, special conditions imposed on the company by any licensing authorities, and the Code of Conduct.
3. The Whistle-Blowing Unit will report to the Board Audit & Compliance Committee.
4. Review and evaluate, at least annually, the performance of the Committee, including compliance by the Committee with this Charter.
5. Review and assess, at least annually, the adequacy of this Charter and submit any proposed changes to the Board for approval.
6. Review resources assigned to the Compliance program to assess their adequacy relative to the program's effectiveness.
7. Receive such reports of relevant conduct, misconduct and other issues as appropriate to the Committee.
8. Perform any other activities consistent with this Charter and the company's Bylaws and Certificate of Incorporation, as the Committee may deem necessary or appropriate for the fulfilment of its responsibilities under this Charter or as required by applicable law or regulation, or as may be determined by the Board.
9. Do every other act incidental to, arising out of or in connection with, or otherwise related to the authority granted to the Committee hereby or the carrying out of the Committee's duties and responsibilities hereunder.
10. Notwithstanding any of the foregoing, the legal liability of any of the Committee members shall not be greater than that of other members of the Board.

Board Procurement Committee

Mr. Hassan Mehmood Yousufzai	Chairman
Mr. Asad Rehman Gilani	Member
Mr. Mushtaq Malik	Member
Mr. Shahbaz Tahir Nadeem	Member
Mr. Waheed Ahmed Shaikh	Member
Company Secretary	Secretary

Terms of Reference

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

1. Review and approve Procurement Policy Framework and any subsequent changes to the same.
2. Recommend procurement awards for capital and revenue expenditure for amounts in excess of Rs. 200 million for local procurement and USD 5 million for foreign procurement (other than product procurement) for approval of the BOM. Awards requiring urgent approval will be approved through circulation to all members.
3. Recommend procurement of spot cargoes of Liquefied Natural Gas (LNG) for approval of the BOM.
4. Provide advice on procurement related matters and approval processes as and when required.

Board IT & Innovation Committee

Mr. Shahbaz Tahir Nadeem	Chairman
Mr. Asif Baigmohamed	Member
Mr. Hassan Mehmood Yousufzai	Member
Syed Muhammad Taha	Member
Company Secretary	Secretary

Terms of Reference

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

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

The Committee shall primarily set the Automation and Digitalization targets of the company. The Committee shall take whatever steps necessary to ensure implementation of Automation and Digitalization initiatives and progress towards company's Digital

Board Committees

Transformation. The Committee shall review, recommend for approval to BOM, monitor and enforce implementation of all IT plans, scope, budgets and keep BOM abreast on progress made on execution of all IT projects.

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

1. Set, review and monitor implementation of automation and digital transformation goals and strategy of the company.
2. Review and approve short-term, medium-term and long-term plans to fulfil company's Automation and Digital Transformation goals.
3. Establish policies and guidelines to ensure security of all IT and Automation systems, use of systems by all relevant management and employees in the company and build accountability, responsibility and ownership.
4. Review Business Plans, Budgets, Project scopes, Technologies and Proposals/Feasibility Studies prepared by the management for all major Automation and Digital Transformation projects, ensuring alignment with corporate strategy, and endorsing the same for approval of BOM.
5. Determine and assign roles and responsibilities of all stakeholders for timely execution of Automation and Digital Integration projects.
6. Review and ensure adequate resources are appropriately placed for the execution of all Automation and Digital Integration initiatives.
7. Review monthly or as the Committee may decide, progress on all Automation and Digital Transformation projects.
8. Provide regular update to the BOM on key Automation and Integration hurdles and its proposed mitigating factors.
9. Review exceptions, if any, presented for information and approval in terms of the Automation and Digital Transformation policy guidelines.
10. As necessary, hold meetings separately with senior management, employees or independent advisors in respect of matters pertaining to a Project to ensure implementation of automation projects.
11. Any other tasks as assigned to the Committee by the BOM and/or referred by other Committees.

Board Strategy & Diversification Committee

Mr. Asif Baigmohamed	Chairman
Mr. Ahmed Jamal Mir	Member
Mr. Awais Manzur Sumra	Member
Mr. Waheed Ahmed Shaikh	Member
Syed Muhammad Taha	Member
Company Secretary	Secretary

Terms of Reference

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

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

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

Corporate Governance

Board's Operating Style and Delegation to Management

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

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

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

Role of Chairman and CEO

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

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

CEO's Performance Review by the Board

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

Evaluation of Board's Performance

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

Board Audit & Compliance Committee Evaluation

Every year, Board Audit & Compliance Committee evaluation is conducted by an independent evaluator (i.e. PICG) as part of the annual evaluation of the Board, Committees and Members. Summary of key activities carried out during the year has been disclosed in the Report of the Board Audit & Compliance Committee on page 78.

Training of the Board Members

During the year, the company sponsored its Board Members, Mr. Ahmed Jamal Mir and Mr. Waheed Ahmed Shaikh for attending Directors' Training Programme.

Orientation of Board Members

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

Remuneration of Non-executive (Including Independent) Board Members

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

Policy for Retention of Fee by an Executive Member

Managing Director & CEO, PSO is the only Executive Member on PSO's Board. He also holds Non-executive directorship in Asia Petroleum Limited, Pakistan Refinery Limited, Pak-Arab Pipeline Company Limited, Petroleum Institute of Pakistan and PSO's Renewable Energy (Private) Limited. He is entitled to retain in full the fee received from the above-mentioned entities against his services as Non-executive Director.

Board's View on Diversity

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

As of June 30, 2024, the Board consisted of one Executive Member i.e. the Managing Director & CEO, PSO, four independent and four non-executive members.

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

Company's Policy for Safeguarding of Records

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

Conflict of Interest amongst Board Members

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

Compliance with the Best Practices of the Code of Corporate Governance

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

External Oversight of various Functions

Internal Controls and systems are the lifeline of an organization. To enhance the credibility of internal controls and systems, external oversight is an important tool that is being used by the management.

Company has a process whereby regular system audits are conducted by external IT Firms. Further, various ISO certifications are acquired and maintained by the company to ensure continued sanctity of systems and processes. During FY24, PSO has strengthened its safety leadership position by achieving ISO 45001 certification across its HSE department and key operational sites.

Additionally, considering the importance of Information Technology in strengthening the Internal control structure and environment , management has always emphasized on digitalization of its processes/optimization of IT usage and re-engineering of existing business processes.

Board Meetings held outside Pakistan

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

Related Parties

Names of Related parties /Transactions with related partied along with the basis of relationship are disclosed in note 44 to the financial statements.

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

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

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

Management's Responsibility towards the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017)

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

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

The following are areas of significant judgements:

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

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

Appointment of the Board including Chairman

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

Business Plan

PSO remains focused and committed towards the following goals:

- Sustaining Financial Resilience
- Operational Excellence
- Innovation and Diversification
- Social Responsibility
- Business Growth and Optimization
- Continuing to enhance operational efficiencies through business process re-engineering and digital transformation
- Forging strategic partnerships on projects to drive business forward

The Board has approved the business plan for PSO encompassing capital expense budget, operating expense budget, revenue, investment in strategic projects, CSR contribution and performance targets for next year.

The decisions are aligned with PSO's strategic direction and are expected to drive significant benefits, including:

- Improved operational efficiency and reduced costs
- Increased revenue and profitability
- Enhanced competitiveness and market position
- Stronger returns on investment for the company's shareholders

The Board is confident that these plans, goals and decisions will enable PSO to achieve its primary objective through long-term success and sustainable value for its stakeholders.

Board Statement on Internal Controls

The Board has a established process to review and ascertain the effectiveness of the Internal Control system and the Internal Audit Function through Board Audit & Compliance Committee.

The system of internal controls is sound in design and has been effectively implemented and monitored. While carrying out its responsibilities in line with TOR, the Committee also recommended certain improvements including financial and operational controls, accounting system and reporting structure. The company has 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.

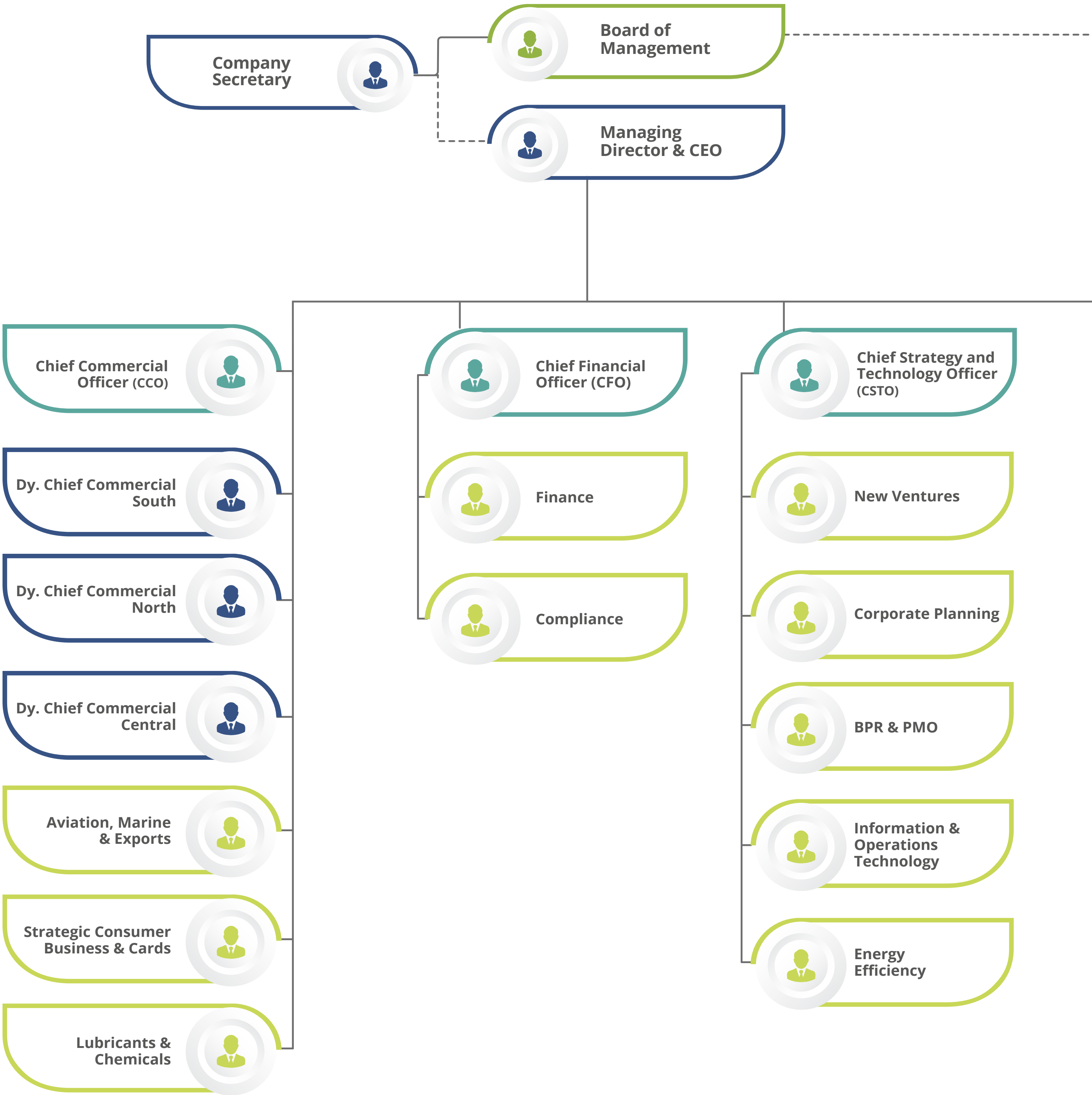
Board's Commitment to Upholding the Highest Standards of Ethics and Compliance

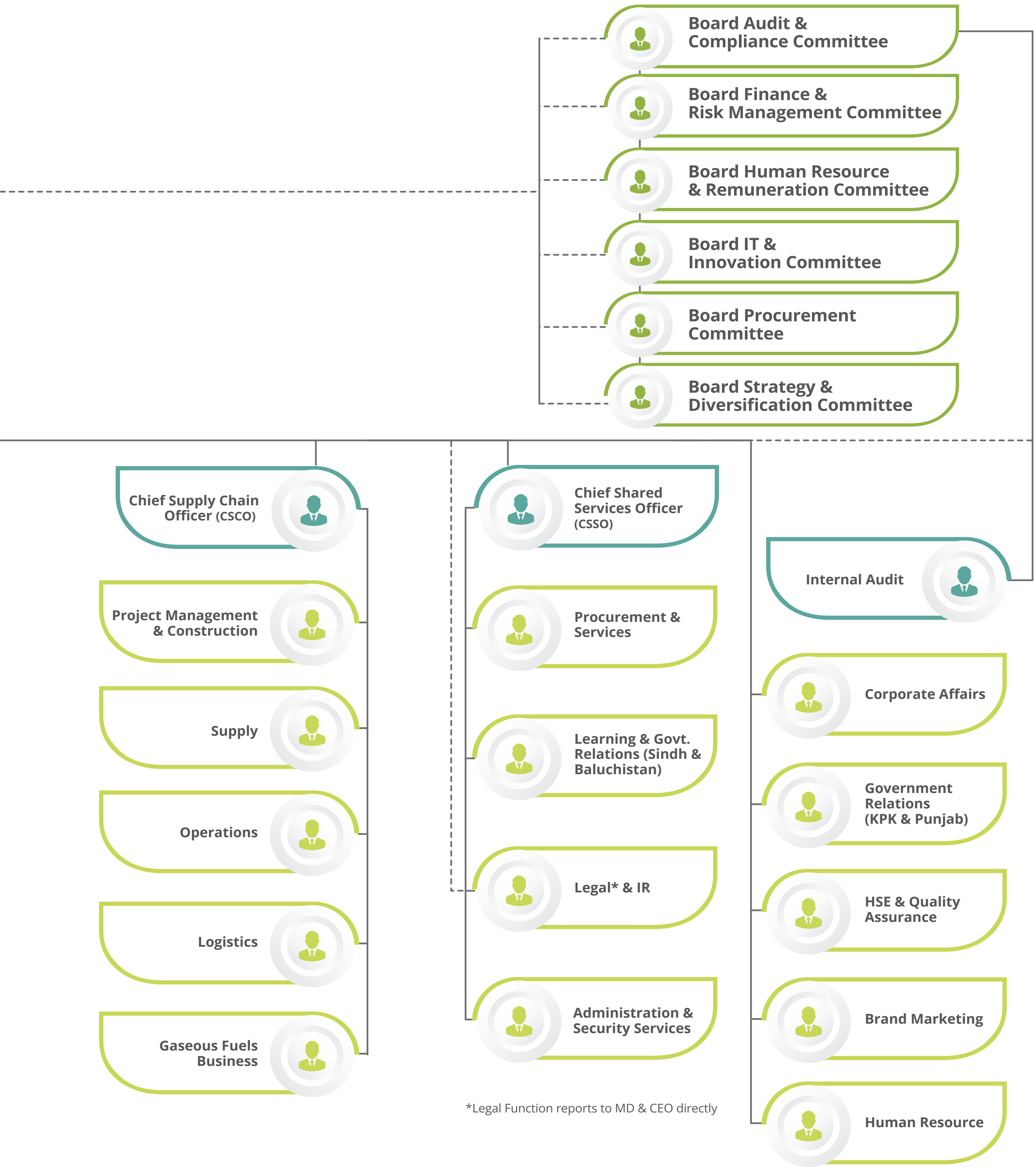
We are dedicated to maintaining the highest ethical standards, sustainable practices, transparent reporting, and strong Corporate Governance to ensure success for all stakeholders.

The Board outlines its role in setting ethical leadership, guiding strategy, and overseeing management for sustainable growth. Board members actively participate in meetings to review operations, shape policies, and ensure compliance with legal and business obligations. The Chairman ensures that meeting discussions and decisions are promptly documented and shared within time.

All financial statements and materials are circulated to Board Members in advance, allowing informed decision-making. This year, the Board held nine (9) meetings, with agendas distributed at least a week prior, except for meetings of emergent nature where the notice period was waived.

Organizational Structure





*Legal Function reports to MD & CEO directly

Report of the Board Audit & Compliance Committee

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

The Committee met four (04) times during the year ended June 30, 2024 wherein various matters were taken up as per the Terms of Reference (TOR) of the Committee.

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

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

Summary of Key Activities:

The key functions performed by the Committee are given below:

Financial Reporting

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

Assessment of Internal Audit Function

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

Whistle-Blowing

As per the Whistle-Blowing Policy approved by BOM, the Committee is entrusted with the responsibility to monitor the effectiveness of the Whistle-Blowing Unit. Reports on the complaints received vis-à-vis the actions taken are presented in the Committee meetings. For the year ended June 30, 2024, three (3) actionable complaints received through Whistle-Blowing Unit were reviewed and reported by Internal Audit to the Board Audit & Compliance Committee.

Review of Compliance with the Code of Corporate Governance

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

Appointment of Statutory Auditors

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

- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement.

- The statutory auditors of the company, M/s KPMG Taseer Hadi & Co. have completed their audit of the company's financial statements and review of the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 for the financial year ended June 30, 2024. M/s KPMG Taseer Hadi & Co, being eligible, have been recommended for appointment as statutory auditors of the company for the Financial Year ending June 30, 2025.

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

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

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

Annual Report

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

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

Evaluation of BACC Performance

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

Mushtaq Malik
Chairman – Board Audit & Compliance Committee

August 27, 2024
Karachi

Statement of Compliance

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

Name of company: Pakistan State Oil Company Limited
Year Ended: June 30, 2024

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Regulations”) issued by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of the Regulations.

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

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

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

1. The total number of BOM Members is nine as per the following:
    a. Male: Nine (09)
    b. Female: -

2. The composition of the Board of Management (BOM) as on June 30, 2024 was as follows:

Category	Names	Date of appointment
Independent Members	Mr. Asif Baigmohamed	May 29, 2023
	Mr. Ahmed Jamal Mir	May 29, 2023
	Mr. Mushtaq Malik	May 29, 2023
	Mr. Waheed Ahmed Shaikh	May 29, 2023
Non-Executive Members	Mr. Awais Manzur Sumra	May 29, 2023
	Mr. Asad Rehman Gilani	January 29, 2024
	Mr. Hassan Mehmood Yousufzai	September 22, 2023
	Mr. Shahbaz Tahir Nadeem	May 29, 2023
Executive Member	Syed Muhammad Taha	February 26, 2023

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

4. The company has 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 BOM has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The BOM has ensured that complete record of particulars of the significant policies along with their date of approval and / or updating are maintained by the company.

6. All the powers of the BOM have been duly exercised and decisions on relevant matters have been taken by the BOM / shareholders as empowered by the relevant provisions of the 1974 Act, the Act and these Regulations.

7. The meetings of the BOM were presided over by the Chairman. The BOM has complied with the requirements of the 1974 Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.

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

9. The BOM has arranged Directors’ Training Program for the following:

    a. Mr. Ahmed Jamal Mir
    Member, Board of Management

    b. Mr. Waheed Ahmed Shaikh
    Member, Board of Management

    c. Ms. Ambreen Ali
    Assistant Company Secretary

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

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

12. The BOM has formed Committees comprising members given below:

Board Audit & Compliance Committee	Mr. Mushtaq Malik Mr. Ahmed Jamal Mir Mr. Awais Manzur Sumra Mr. Shahbaz Tahir Nadeem Mr. Waheed Ahmed Shaikh	Chairman Member Member Member Member
Board Human Resource & Remuneration Committee	Mr. Waheed Ahmed Shaikh Mr. Awais Manzur Sumra Mr. Asif Baigmohamed Mr. Hassan Mehmood Yousufzai Mr. Mushtaq Malik Syed Muhammad Taha	Chairman Member Member Member Member Member
Board Procurement Committee	Mr. Hassan Mehmood Yousufzai Mr. Asad Rehman Gilani Mr. Mushtaq Malik Mr. Shahbaz Tahir Nadeem Mr. Waheed Ahmed Shaikh	Chairman Member Member Member Member
Board Finance & Risk Management Committee	Mr. Awais Manzur Sumra Mr. Ahmed Jamal Mir Mr. Asad Rehman Gilani Mr. Asif Baigmohamed Mr. Waheed Ahmed Shaikh	Chairman Member Member Member Member
Board IT & Innovation Committee	Mr. Shahbaz Tahir Nadeem Mr. Asif Baigmohamed Mr. Hassan Mehmood Yousufzai Syed Muhammad Taha	Chairman Member Member Member
Board Strategy & Diversification Committee	Mr. Asif Baigmohamed Mr. Ahmed Jamal Mir Mr. Awais Manzur Sumra Mr. Waheed Ahmed Shaikh Syed Muhammad Taha	Chairman Member Member Member Member

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

14. The frequency of meetings (yearly) of the Board Committees were as follows:

Board Sub-Committee	Frequency
Board Audit & Compliance Committee	4
Board Human Resource & Remuneration Committee	5
Board Procurement Committee	5
Board Finance & Risk Management Committee	2
Board IT & Innovation Committee	2

15. The BOM has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is 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 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 Member Board of Management.

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 except where the requirements are inconsistent with the provisions of the 1974 Act.

Syed Muhammad Taha
Managing Director & CEO

Asif Baigmohamed
Chairman

August 27, 2024
Karachi

Corporate Governance

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

Review Report to the Members

On the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (herein referred to as 'Code') prepared by the Board of Management (BOM) of Pakistan State Oil Company Limited (the Company) for the year ended June 30, 2024 to comply with the requirement of regulation 36 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2024 except that certain clauses are considered inapplicable due to overriding provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974 (the 1974 Act) and the Board of Management Regulations, 1974 applicable to the Company, as explained in the enclosed Statement of Compliance.

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
September 30, 2024

UDIN: CR202410202eSuP20XrZ

Attendance at the Board of Management and Board Committee Meetings

For the year ended June 30, 2024

Names of Members	Board of Management		Board Audit & Compliance Committee		Board Human Resource & Remuneration Committee		Board Procurement Committee		Board Finance & Risk Management Committee		Board IT & Innovation Committee		TOTAL	
	Total No. of Meetings*	Number of Meetings Attended	Total No. of Meetings*	Number of Meetings Attended	Total No. of Meetings*	Number of Meetings Attended	Total No. of Meetings*	Number of Meetings Attended	Total No. of Meetings*	Number of Meetings Attended	Total No. of Meetings*	Number of Meetings Attended	Total No. of Meetings*	Number of Meetings Attended
Mr. Asif Baigmohamed	9	9	-	-	5	5	-	-	2	2	2	2	18	18
Syed Muhammad Taha	9	9	-	-	5	5	-	-	-	-	2	2	16	16
Mr. Ahmed Jamal Mir	9	9	4	4	-	-	-	-	2	2	1	1	16	16
Mr. Asad Rehman Gilani	5	5	-	-	-	-	1	1	-	-	-	-	6	6
Mr. Awais Manzur Sumra	9	9	4	4	5	5	-	-	2	2	-	-	20	20
Mr. Hassan Mehmood Yousufzai	7	7	-	-	3	3	2	2	-	-	1	1	13	13
Mr. Mushtaq Malik	9	9	4	4	5	5	5	5	-	-	1	1	24	24
Mr. Shahbaz Tahir Nadeem	9	9	4	4	-	-	5	5	-	-	2	2	20	20
Mr. Waheed Ahmed Shaikh	9	9	4	4	5	5	5	5	1	1	-	-	24	24
Mr. Arshad Majeed	4	4	-	-	-	-	4	3	2	1	-	-	10	8
Mr. Mohammad Hassan Iqbal	2	2	-	-	1	1	2	2	1	1	-	-	6	6

* Number of meetings held during the period when the concerned Board member was on the Board / Committee.
Note: No Board meeting was held outside Pakistan during the year.

Statement of Corporate Intent

1. Name of the State-Owned Enterprise: Pakistan State Oil Company Limited.

2. Incorporated/established on: June 03, 1974.

3. Subsidiaries included in this statement of corporate intent: Pakistan Refinery Limited.

   Newly established subsidiaries include:
   i. CERISMA (Private) Limited.
   ii. PSO Renewable Energy (Private) Limited.
   iii. PSO Venture Capital (Private) Limited.

4. Description of the main business of the state-owned enterprise:

   Principal activities of the company are procurement, storage and marketing of petroleum and related products. It also blends and markets various grades of lubricating oils.

5. Summary of the business goals of the state-owned enterprise:

   - **Sustaining Financial Resilience:** PSO aims for a disciplined approach to financial management, ensuring the company's continued ability to weather economic uncertainties and invest in strategic growth initiatives.
   - **Operational Excellence:** The company's relentless pursuit of efficiency, safety, and service excellence will persist, driving continuous improvement across all aspects of its operations.
   - **Innovation and Diversification:** Embracing a forward-thinking mindset, PSO will explore pioneering technologies, alternative energy sources, and innovative business models to address the evolving needs of its customers.
   - **Social Responsibility:** PSO's social responsibility remains a priority as it strives to make a positive impact on community development and environmental sustainability.
   - **Business Growth and Optimization:** Maintaining market share in MoGas and diesel, growing Lubricants and LPG businesses, while continuing to enhance operational efficiencies through business process re-engineering and digital transformation and forging strategic partnerships on projects to drive business forward.

6. Summary of the performance measures and benchmarks against the state-owned enterprises business goals and its primary objective:

   - **Sustaining Financial Resilience:** Increase EBITDA by 10% along with 3% savings in controllable expenses.
   - **Operational Excellence:** Ensure 90% availability of operational storages.
   - **Innovation and Diversification:** Terminal Automation at Faisalabad.
   - **Social Responsibility:** Support public charitable projects in the areas of education, healthcare, community building & disaster management and environment especially where PSO operates.
   - **Business Growth and Optimization:** Sustain/increase market share in key products including white oil, black oil, LPG and Lubricants.

7. Summary of the strategies of the state-owned enterprise for achieving its business goals and primary objective:

   - Ensure safe business operations through effective HSE compliance and implementation.
   - Maintain market shares in PMG & HSD by strengthening the retail network.
   - Focus on high-margin products and Non-Fuel Retail business, by introducing AutoCare facilities to improve lubricant sales, and adding LPG sales points and a new chain of convenience stores at the company retail outlets.
   - Strive to reduce the receivables from government entities by consistently following-up with relevant departments and pursue implementation of the receivable-equity swap proposals.
   - Increase reliability of asset infrastructure to meet demand through effective predictive maintenance and rehabilitation plans.
   - Continuation of operational optimization through business process reengineering and digital transformation.

8. The current or anticipated borrowing of the state-owned enterprise, including borrowing by a subsidiary:

   As of June 30, 2024, PSO's borrowings were Rs. 391 billion, whereas projected borrowings may vary between Rs. 450 and Rs. 475 billion. PRL's borrowings as of June 30, 2024 were Rs. 28.5 billion and are projected to increase by Rs. 6-9 billion in the next year.

9. The accounting policies that the state-owned enterprise will apply for financial records and reporting:

   Accounting policies may be viewed in PSO's financial statements available on the company's website: www.psopk.com.

10. Summary indicative balance sheet and profit and loss statement for the state-owned enterprise:

    Will be provided after approval from the Board of Management.

11. Consolidated summary indicative balance sheet and profit and loss statement for the state-owned enterprise and its subsidiaries as a group:

    Will be provided after approval from the Board of Management.

12. The proposed dividend declaration and distribution policy of the state-owned enterprise:

    As and when approved by the Board of Management.

13. Description of any public service obligations and their impact on the forecasted financial outcomes of the state-owned enterprise:

    As the designated importer on behalf of the Government of Pakistan, PSO has two sale purchase agreements with Qatar Energy for the import of LNG for onward sale to Sui companies. PSO is selling LNG to SNGPL since 2015 against which SNGPL has not been able to make the complete payments. During this period our outstanding amount for LNG stands at Rs. 516 billion inclusive of LPS (as of August 20, 2024). This has resulted in severe cash flow issues and very high finance costs.

Corporate Governance

Management Committee (ManCom)

The Management Committee (ManCom) is the prime management body responsible for deciding how the organization will be operated as a whole. The ManCom approves, steers and reviews key projects from conceptualization to implementation; conducts periodic reviews of various business matters and elements of the annual plan that include strategy, performance targets, projects and budgets. 34 ManCom meetings were held in FY24.

Compensation, Organization & Employee Development Committee (COED)

The Compensation, Organization & Employee Development (COED) Committee plays a crucial role in thoroughly examining all facets of Human Capital Management encompassing a wide range of areas such as Organizational Development, Employee Progression & Development, Performance Management, Compensation, and HR Governance. 15 COED meetings were held during FY24.

Report to Shareholders

The Board of Management (BoM) is pleased to present a comprehensive report on the company's financial and operational performance for the year ended June 30, 2024. This report showcases the remarkable achievements and progress made by PSO during this period, highlighting our key accomplishments and strides forward.

Global Economic Environment

The global economy in 2024 is experiencing a slow and uneven recovery, with growth remaining below historical trends despite avoiding a recession. According to forecasts, global growth is expected to reach 3.2% in 2024, driven by a modest acceleration in advanced economies.

These economies are projected to grow from 1.7% in 2023 to 1.7% in 2024 and 1.8% in 2025, partially offset by a slight slowdown in emerging markets and developing economies. The latter are expected to ease from 4.4% growth in 2023 to 4.3% in both 2024 and 2025.

Inflationary pressures have eased significantly since their 2023 peaks, with disinflation driven primarily by declining international energy and food prices, which have stabilized in recent months. Core inflation, excluding food and energy, is also approaching levels that may lead policymakers in many countries to reassess and potentially ease their current restrictive monetary policies.

Meanwhile, the global trade environment is poised for a rebound in 2024. The initial improvement in trade flows in the first half of the year can be attributed to the depletion of inventories accumulated during 2023 supply chain disruptions. A more robust trade recovery is expected in the latter half of 2024, particularly if central banks, such as the US Federal Reserve and the European Central Bank, begin to lower interest rates, which would further stimulate economic growth.

Although the global economy has demonstrated surprising resilience since October 2023, several downside risks continue to threaten global growth. Key among these risks are heightened geopolitical tensions, which could escalate market uncertainties, deter investment, and hinder economic expansion.

Moreover, an escalation of Middle East tensions could trigger an oil price surge, further exacerbating these downside risks.

While the global economy faces challenges in achieving a net-zero emissions future, technological breakthroughs in renewables and battery storage offer a silver lining. The extraction, processing, and utilization of critical minerals essential for these technologies present significant economic growth opportunities. This could be especially beneficial for developing economies rich in these critical minerals, providing a potential pathway to achieving the Sustainable Development Goals (SDGs).

Pakistan's Economic Review

Pakistan's economy, like many other developing nations, faced significant financial headwinds during the year. To address pressing imbalances in its fiscal and external positions, the government took decisive action, implementing policy tightening measures to restore stability. While these steps necessarily entailed a near-term slowdown in economic growth, they paved the way for a more resilient and sustainable economic future.

FY24 witnessed Pakistan's economy exhibiting modest growth, with real GDP increasing by 2.4%. This growth reflects the impact

of tight macroeconomic policies, import controls, and high inflation.

The agriculture sector showed significant expansion, growing by 6.3% compared to 2.3% in the previous year. In contrast, the industrial and services sectors experienced more subdued growth, increasing by 1.2% each. Inflation remained a significant concern, averaging 23.4% FY24. However, a sharp decline is expected in the medium-term due to high base effects and lower projected global commodity prices.

The fiscal deficit for FY24 was recorded at 4.5% of GDP, similar to the previous year. However, it is projected to widen by the end of the fiscal year due to rising interest payments. Per capita income increased to US$ 1,680 from US$ 1,551 in the previous year, driven by improved economic activity and a stable exchange rate. The investment-to-GDP ratio for FY24 decreased to 13.1% from 14.1% in FY23, attributed to a global slowdown, political situation in the country, and restrictive macroeconomic policies.

The government's fiscal consolidation efforts have shown promising results in FY24, with revenue collection soaring by 30% from last year. This achievement demonstrates the government's resolve to manage spending and reduce budget deficits.

Although challenges remain, the International Monetary Fund (IMF) has recognized that economic activity has stabilized as a

Report to Shareholders

result of the government's commitment to prudent policy implementation. The government's progress on structural reforms, particularly the State-Owned Enterprises (SOE) Policy, is encouraging and has the potential to unlock more efficient resource allocation and drive long-term economic growth.

The government is poised to capitalize on the current stability by doubling down on macroeconomic policies and structural reforms that will propel the economy towards a stronger, more inclusive, and sustainable growth trajectory. To sustain this momentum, the government will prioritize measures to curb inflation, strengthen fiscal discipline, and drive structural reforms. These efforts will be crucial in maintaining economic stability and promoting growth.

The economic outlook for the upcoming year is characterized by a complex and multifaceted landscape, marked by both opportunities and challenges. According to the World Bank's projections, GDP growth is expected to experience a moderate upswing, reaching approximately 3.5%. However, this growth rate remains below the country's optimal potential.

To harness stronger economic expansion, comprehensive fiscal consolidation measures are imperative, as emphasized by the World Bank. Such measures will facilitate the restoration of long-term debt and foster a conducive environment for investment. Revitalizing private sector investment, currently at a subdued level, is also essential for propelling sustainable economic growth and unlocking the country's full potential.

Petroleum Industry Overview

Pakistan's petroleum industry is a cornerstone of the national economy, providing a substantial portion of the country's energy

supply. The sector faces a complex array of challenges, including volatile global oil prices, geopolitical uncertainties, security risks, and infrastructure limitations.

The country's expanding population and rising energy needs exacerbate these challenges, putting additional pressure on the industry. To mitigate these issues, it is crucial to adopt and implement comprehensive strategies that foster a sustainable and robust petroleum sector, equipped to meet Pakistan's growing energy demands.

The petroleum industry has witnessed a marked decline in recent times, characterized by a 3% drop in white oil consumption and a 4.1% and 2% decrease in MoGas and diesel sales, respectively. This downturn is primarily driven by a slowdown in economic growth, escalating fuel prices, and the unauthorized influx of petroleum products from the western border.

The demand for black oil witnessed a drastic 46% decline, primarily attributed to a substantial 47% YoY decrease in furnace oil-based power generation, as reported by NEPRA. This decrease was further exacerbated by a 1.9% drop in overall electricity production.

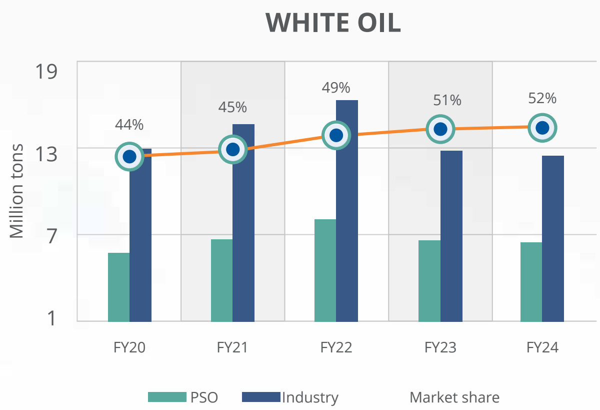
Consequently, total liquid fuel consumption plummeted to 15.4 million tons, marking a 8.8% decrease. The automotive industry experienced a significant slump, with car sales declining by 21% due to rising car prices and high interest rates on auto loans. This trend is expected to persist in the forthcoming year.

Report to Shareholders

Company Performance

PSO serves as the backbone of Pakistan's energy infrastructure, playing a vital role in guaranteeing a reliable and uninterrupted energy supply chain for the nation. In the fiercely competitive white oil market, PSO achieved a 0.5% market share growth, surpassing its previous record and commanding an impressive 51.6% of the industry's total volume.

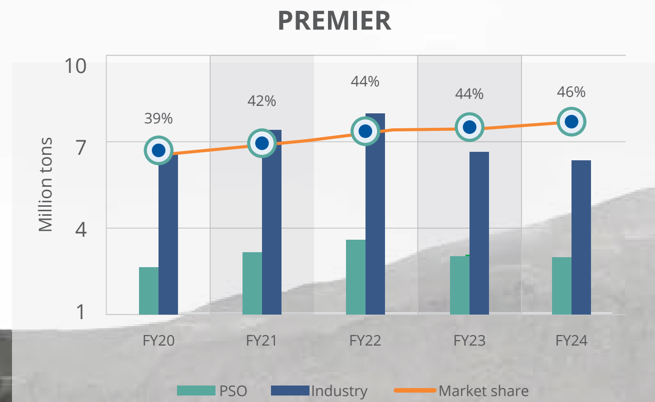
This success is largely attributed to PSO's exceptional performance in MoGas, where it achieved a substantial 1.6% market share increase, bringing its control to a dominant 45.8%.



Acknowledging its pivotal role in meeting Pakistan's energy demands, the company has proactively enhanced its retail infrastructure by introducing 101 new outlets. This expansion brings its total nationwide presence to 3,580 stations ensuring accessibility of essential fuels for consumers across the country.

MoGas

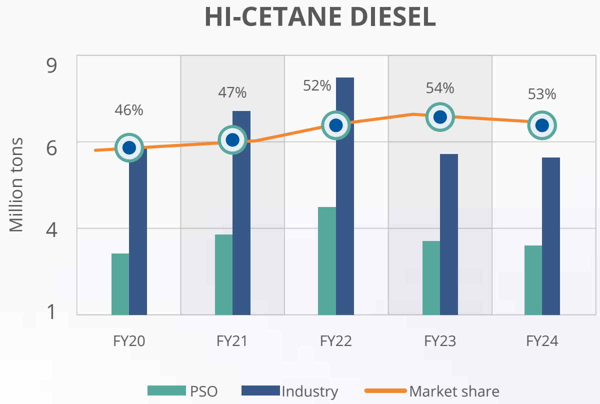
PSO's resolute strategy has paid off in a tough market, with the company reinforcing its leadership in MoGas. In FY24, PSO achieved a commanding 45.8% market share, amidst a decline in national MoGas sales, highlighting PSO's ability to adapt and thrive in challenging conditions. With sales of 3.3 million tons, PSO solidified its role as a vital catalyst for the country's economic expansion and prosperity.



Diesel

The diesel market faced a significant downturn due to economic contraction, a steep 31% decline in truck and bus sales, persistently high prices, and heavy influx of smuggled products from western borders. This resulted in total national diesel sales dropping to 6.2 million tons, a decline of 2% from last year.

While the industry felt the impact, the company managed to capture a market share of 53.2%, responding with agility in adverse conditions.



Report to Shareholders

Jet Fuel

PSO maintained its unrivalled dominance in the aviation industry, holding a commanding market share of 99.1%. The company achieved a remarkable 5.1% growth compared to previous year, reaching a total volume of 652,653 tons. This can be attributed to strategic partnerships with new airlines, effectively expanding the company's customer base.

PSO's contribution in the aviation business has played a key role in bolstering Pakistan's foreign exchange reserves. By providing refuelling services to international airlines, the company has contributed a substantial amount of USD 278 million in revenue to the country's foreign currency reserves.

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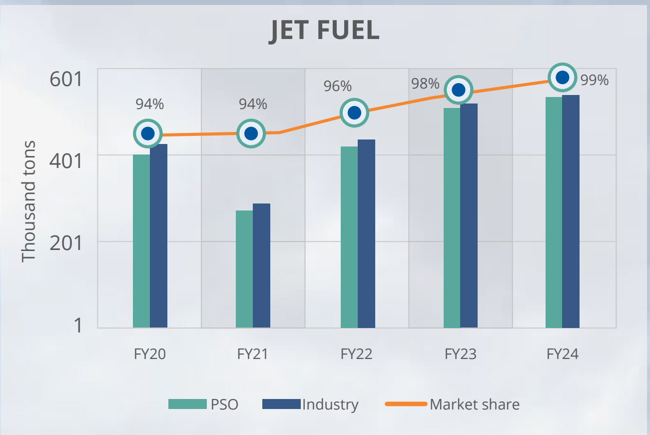
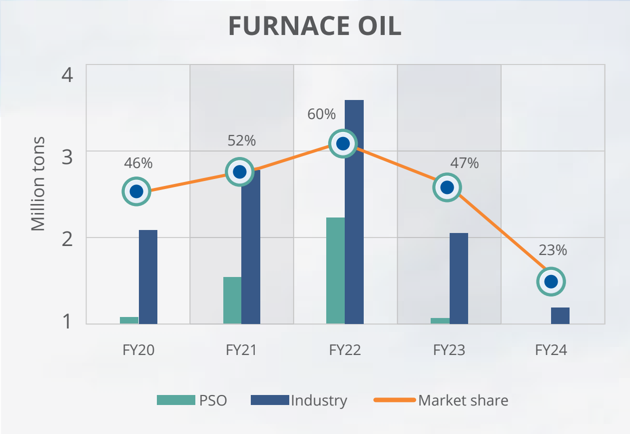


Furnace Oil

The furnace oil industry faced a significant slump, with consumption plummeting by 47% as power sector demand dwindled. This decline was driven by a combination of factors, including subdued economic activity, the growing adoption of renewable energy sources amidst rising power costs, and a strategic shift in Pakistan's energy mix.

The integration of nuclear, coal, hydel, and renewable energy power plants has diminished the dependence on furnace oil for power generation. Amidst this evolving landscape, furnace oil sales volume declined to 1.2 million tons, with PSO selling 285,298 tons.



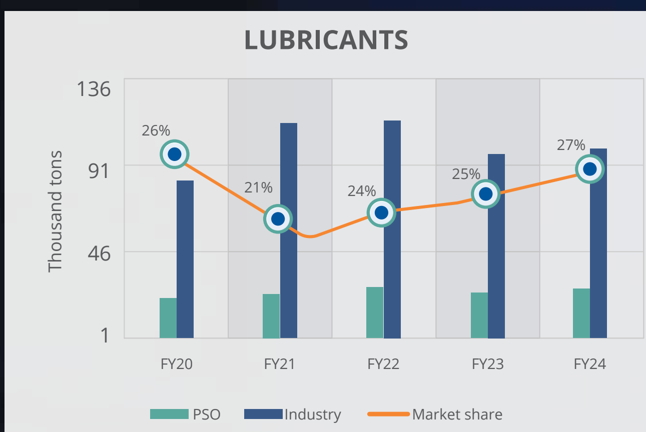
Report to Shareholders

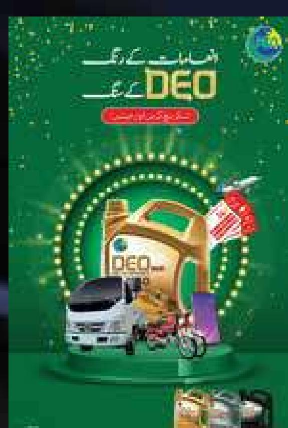
Lubricants

The lubricant industry, mirroring the broader energy sector, faced a multitude of challenges. Soaring inflation, import restrictions, and declining vehicle sales all contributed to a complex market landscape. The demand was also affected by the surge in lubricant prices and the increasing preference for long-drain oils, which further eroded the market.

The industry saw a modest 3% growth compared to the previous year, while PSO outperformed the market with a 9.7% increase in sales, reaching 38,429 tons. During the last year, the company has been able to gain 26.9%, of market share.

PSO's strategic focus on premium products and customer loyalty has driven remarkable success, positioning the company for sustained growth in the competitive lubricant market. Key initiatives launched during the year included:





PSO's future Research & Development initiatives

As part of PSO's strategic vision to gain leadership in the lubricants business, the company's focus on Research & Development ensures it remains at the cutting edge of technology.

Within its lubricants range, PSO is pioneering eco-friendly products that deliver exceptional performance, reduce environmental harm, and meet the dynamic needs of the customers. By focusing on sustainable practices and advanced technologies, PSO is redefining the future of lubricants and setting new benchmarks through our future Research & Development (R&D) initiatives in motor lubricants.

1. **Sustainable Lubricants:** Developing eco-friendly lubricants with reduced environmental impact, including bio-based and biodegradable options.
2. **High-Performance Lubricants:** Creating advanced lubricants for electric and hybrid vehicles, as well as high-efficiency lubricants for conventional vehicles.
3. **Lubricant Technology Enhancement:** Improving lubricant formulations for better fuel efficiency, reduced emissions, and enhanced vehicle performance.
4. **Innovative Solutions:** Exploring new technologies for lubricant recycling, reuse, and re-refining.

PSO is committed to investing in R&D to drive innovation, sustainability, and customer satisfaction. The company's R&D initiatives will focus on developing cutting-edge motor lubricants that meet the evolving needs of its customers and the environment.

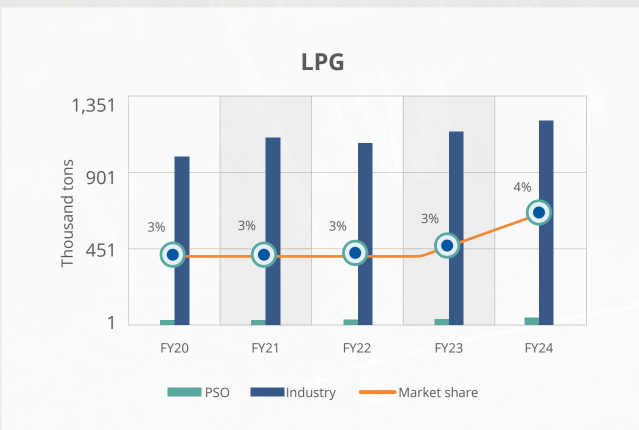
Report to Shareholders

Liquefied Petroleum Gas

The Liquefied Petroleum Gas (LPG) industry saw significant growth, primarily driven by the domestic and commercial sector. This year, the industry expanded by 5.7% compared to the previous year, largely due to interrupted piped gas supplies.

PSO achieved a record-high sales volume of 49,111 tons this year – a 22% increase from last year. This substantial growth is attributed largely to strategic sourcing efforts via local production and imports.

The company's market position strengthened with a nationwide network of 348 distributors, including the addition of 25 new distributors and 13 industrial customers. Additionally, 3 new hospitality arrangements in Sahiwal, Dir, and Korangi (Karachi) have been commissioned, enabling the company to secure additional volumes in previously untapped areas. PSO serves its clientele from 15 LPG plants, with 4 company-owned and 11 operating under hospitality arrangements.



PAK GAS Home Delivery

PSO's LPG Home Delivery pilot, launched in November 2023, which enhanced its customer convenience and safety with 38 LPG exchange facilities nationwide, offering secure and regulated cylinder exchanges and allows customers to order online or via Ta'aluq care line, ensuring doorstep delivery at OGRA-notified prices.

Blue LPG

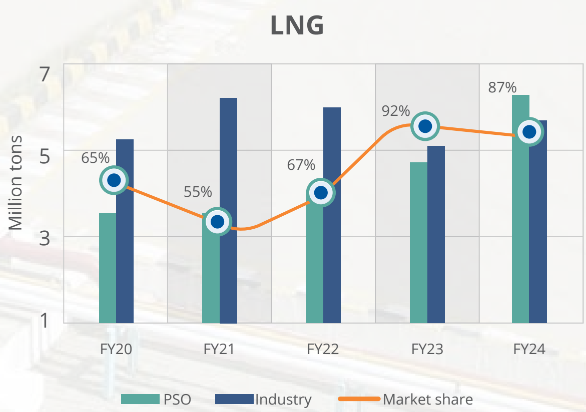
PSO is strengthening Pakistan's energy value chain, ensuring affordable and reliable supply nationwide. Addressing the north region's unique challenges, The company launched 'Project Blue' in Hunza, Gilgit Baltistan, providing sustainable LPG energy through a utility-based model. This initiative ensures high-quality products, and consistent availability, delivered safely to customers' doorsteps.

By connecting opportunity points across the value chain, PSO is creating an efficient end-to-end system, promoting economic growth, environmental sustainability, and making a meaningful difference in people's lives. Project Blue will expand to other northern areas, offering sustainable heating and cooking solutions across Pakistan.

Liquefied Natural Gas

PSO stands as the nation's largest Liquefied Natural Gas (LNG) importer, significantly contributing to the vision of fuelling the country. The company currently manages 2 long-term LNG contracts with Qatar Gas, established on a Government-to-Government basis (G-G).

The company has played a crucial role in bridging the natural gas demand and supply gap through LNG imports. During the year, PSO imported 105 LNG vessels, equivalent to 6,369 thousand tons, marking a 6.6% increase from the previous year, achieved through smooth supply chain operations and close coordination with relevant stakeholders.



Report to Shareholders

Fuel Cards & Fuelink

PSO is transforming the refuelling experience, focusing on customer-centric solutions and seamless convenience. By introducing a modernized card design and advanced features seamlessly integrated with the Fuelink app, the company has driven a significant advantage of retail sales through card transactions. The company's corporate portfolio has also expanded through strategic partnerships and new client acquisitions, solidifying its position as an industry leader.

PSO has successfully transitioned all card transactions to Smart POS terminals, enhancing the overall customer experience and paving the way for future initiatives. The company's DIGICASH wallet is experiencing rapid adoption, with 63,000 new users joining in FY24, bringing the total customer base to 334,919. DIGICASH now offers a broader range of services beyond fuel and lubricants, including convenience store purchases and doorstep delivery.

Strategic partnerships with leading delivery companies have further grown DIGICASH's reach and convenience. Customers can now enjoy seamless wallet management through convenient bank card top-ups.

With security as a top priority, PSO has collaborated with NADRA to implement robust, real-time identity verification during the onboarding process, providing an extra layer of protection and assurance for users. As DIGICASH continues to gain momentum, PSO is poised to further enhance the digital payments landscape.

Customer Service

PSO provides unparalleled customer service through a multi-channel approach, including phone, email, social media, and a 24/7 web portal for dealers to report maintenance issues.

The innovative 'Call and Contribute' program creates a direct connection between customers, dealers, and PSO's management, enabling immediate feedback and prompt resolution.

In FY24, PSO successfully handled over 100,000 customer interactions, delivering timely support for lubricant availability, call-backs, card updates, LPG delivery, and other services. PSO supported over 30,000 DIGICASH and B2B fuel card users, enhancing customer experiences and reinforcing its commitment to exceptional service.

Report to Shareholders

Non-Fuel Retail

PSO has successfully revamped its convenience store network, enhancing the shopping experience for customers.

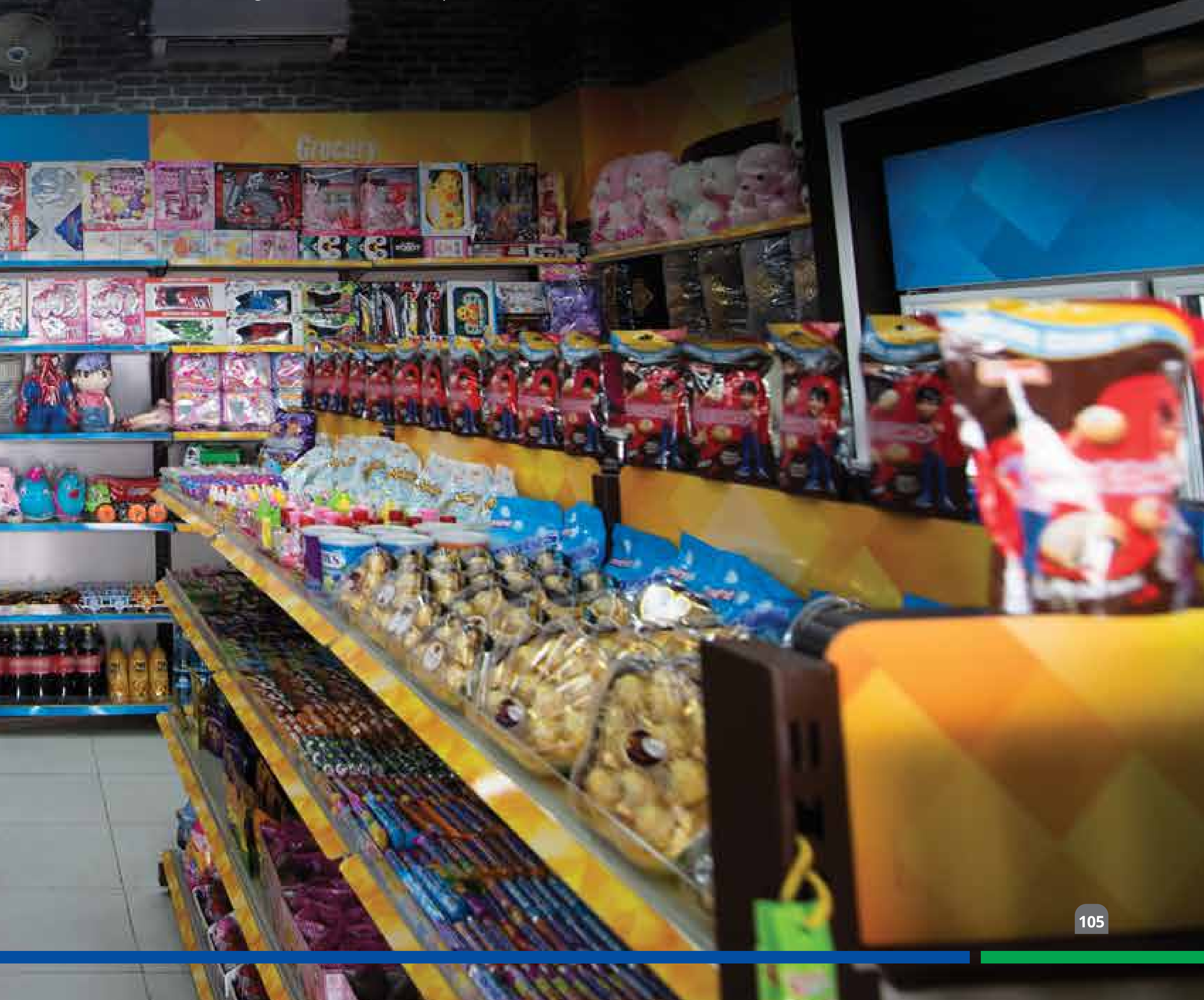
The key transformations include:

- **Product Portfolio Enhancement:** Strategic partnerships with renowned brands have expanded the product range, offering customers a broader selection of high-quality items.
- **Optimized Store Layout:** Data-driven planograms have improved product placement, making it easier for customers to locate their desired items. Trained store staff ensure a welcoming, and enhanced customer experience.
- **Digital Payment Integration:** 35 C-stores now accept digital payments, streamlining transactions and enhancing customer convenience.
- **Network Expansion:** PSO has expanded its C-store network by 50 new locations, increasing its reach and accessibility, particularly in smaller cities.
- **Technology-Enabled Efficiency:** PSO is transforming its C-stores into modern, customer-centric destinations, offering premium Auto Care Services and complementary amenities like coffee shops. This transformative initiative is aimed to elevate the customer experience, foster loyalty, and drive unparalleled satisfaction.
- **Strategic Partnerships and Travel Support:** The company has established key partnerships with suppliers to ensure consistent product availability and expand its offerings.

Digital Innovation for Enhanced Customer Experience:

- Virtual Station: The PSO Fuelink app has been transformed into a comprehensive virtual station, enabling customers to pre-order LPG cylinders, book car services, and plan travel routes with essential stops, all from the convenience of their mobile devices.

- E-commerce: The launch of the pilot e-commerce platform, offers customers a seamless and contactless grocery shopping experience with flexible pickup or delivery options, further enhancing the overall customer experience.



Report to Shareholders

Supply Chain

PSO strategically managed the supply of petroleum products throughout the year, balancing imports with local refinery output based on sales trends and maintaining sufficient stockpiles nationwide.

Despite a supply-demand gap created by a decline in demand due to economic and weather issues, combined with increased smuggling, PSO responded proactively by adjusting imports and local supplies to avoid overstocking.

The company ensured uninterrupted jet fuel supplies for the aviation industry during refinery shut-downs through record-breaking imports from Kuwait Petroleum Company (KPC). PSO expanded its supplier base by attracting new companies and re-engaging previous ones, introducing term contracts to optimize sourcing and secure the MoGas supply chain at competitive prices.

Recognizing the importance of HSD for agriculture and industry, PSO ensured its availability throughout the year, maintaining stock levels well above regulations during harvest seasons. As the market leader in Ron-95, the company achieved record sales and strategically balanced imports with local sources to offer competitive prices and increase market share.

Furthermore, meticulous planning allowed the company to maintain sufficient stockpiles during planned refinery shut-downs and successfully fulfil an unexpected demand for fuel oil for southern and central power plants.

Operations

PSO has made substantial strides in enhancing the reliability and availability of its infrastructure, aiming to enhance overall efficiency, safety, and operational capacity.

The company bolstered its fuel storage capabilities with the successful construction and commissioning of new tanks at Faqirabad (FQD), Mehmoodkot (MKT), and Faisalabad (FSD) terminals, resulting in a substantial 91,000 metric tons capacity increase, taking the total to 1.24 million tons.

With this expansion, PSO is geared to strengthen its market position by establishing over 1,500 new retail stations across Punjab and KPK, leveraging its enhanced storage capacity to drive network growth. The company rehabilitated 48,000 metric tons of existing tank capacity at its terminals, significantly extending their operational lifespan and substantially improving safety standards.

PSO upgraded fire fighting systems at various depots, featuring improved water storage and distribution networks. The company also secured approval to acquire 104 canals of land at the Tarujabba depot near Peshawar, increasing storage capacity. This expansion will enable PSO to enhance its storage levels and fulfil growing customer demand in a timely and safe manner.

The company has equipped its storage tanks with state-of-the-art radar gauging systems, ensuring accurate and reliable measurements, effortless installation, and seamless integration with existing infrastructure.

At the Keamari port, the introduction of 3-way valves has fully automated tanker discharge operations, eliminating manual interventions and significantly enhancing safety, efficiency, and productivity. Meanwhile, targeted modifications to receipt piping at Keamari Terminal C (KTC) have successfully eliminated bottlenecks, streamlining product handling and boosting overall operational efficiency

Taking a substantial step forward in its technological journey, the company has implemented advanced metering systems for tank truck filling at Keamari Terminal A (Karachi) and Sihala (Islamabad). The experience and knowledge gained from this implementation will be instrumental in expanding metered filling operations to other locations, driving further operational improvements.

PSO successfully executed 2 key projects at the Sihala terminal, boosting operational capabilities. The combi loading system expands filling capacity by 20%, and the tank rehabilitation project reinstates critical fuel supplies and enables jet fuel receipt.

The company has launched a targeted effort to deliver enhanced services to its strategic customers, starting with a landmark agreement with Pakistan Railways (PR) for filling operations at Lahore and Karachi. This collaboration will soon be extended to 6 more locations across the country.

Marking a significant breakthrough in infrastructure development, PSO has successfully established a direct connection between Zulfiqarabad Oil Terminal and the White Oil Terminal Station (WOTS-1), bypassing the Fauji Oil Terminal Company (FOTCO) header and unlocking new operational efficiencies. This solution features 2 dedicated 24-inch pipelines, each spanning 1.5 km, for MoGas and HSD, originating from the PSO booster station. By enabling direct product transfer into the WOP, this connection substantially enhances ZOT storage capacity, reduces costs, and streamlines operational flow.

Report to Shareholders

Technology

Leveraging technology as a key driver of business value, PSO is committed to harnessing its potential to boost operational controls, amplify efficiency, and mitigate risks. The company's strategic digital initiatives are meticulously aligned with its overarching digital transformation strategy, designed to establish a robust presence across the entire supply chain, fostering innovation, agility, and growth.

This year, PSO made remarkable headway with several successful projects that demonstrated its steadfast focus on technological advancement:

- Integration and automation of 2 additional terminals at Mehmoodkot and Shikarpur, bringing the total to 5, allowing for smoother operations and ensuring the right quality and quantity of fuel.
- Integration of 1,000 retail outlets with the central command and control system reached completion, with deployment in progress at 200 more sites, featuring remote password change and remote auto/manual mode change capabilities. This real-time monitoring system allows for effective oversight, control, and planning of operations, while eliminating manual price updates.
- Deployment of the Automated Queue Management & Scheduling System (AQMS) at 2 more locations (Mehmoodkot and Shikarpur), bringing the total to 9 locations across Pakistan. The AQMS automates load allocation and generates filling tokens without human intervention.
- Utilization of computer vision technology to unlock new levels of operational excellence. By analysing camera data from retail outlets and terminals, the company can

streamline store layouts for improved customer flow, anticipate peak periods for optimized staffing, enhance security through automated surveillance, and strengthen safety protocols with real-time monitoring.

- Implementation of an Automated Value Chain Planning & Management System to optimize resource allocation and streamline product flow.
- Launching of a Computerized Maintenance Management System (CMMS) for dealers to report complaints and track resolution times, enhancing service excellence. It provides PSO with insights to improve performance across the network.
- Undertaking numerous automation and digitization projects including online reporting tools, automated booking systems, and digital record-keeping for tasks like inventory management, loss tracking, and rent payments.
- Implementation of a state-of-the-art firewall to protect the company's digital infrastructure. This system offers features like unified threat management, enhanced network visibility, and advanced threat detection, safeguarding the company's assets and stakeholder trust.

Through these advancements, PSO is revolutionizing its supply chain, embracing technology to achieve efficiency, transparency, and effectiveness.

Report to Shareholders

Human Resource Development

Recognizing that employees are a company's most vital asset, PSO is committed to enhancing human resource practices to create a workplace where individuals can thrive, contribute to the company's success, and fuel growth within the energy sector. To develop a talent pipeline, PSO actively participated in and represented the company at numerous career and placement fairs held at various educational institutions.

As of June 30th, 2024, the total employee strength stands at 2,203, with a reasonable level of gender diversity. PSO is intensifying its focus on diversity and inclusion this year, with a strategic emphasis on elevating women to leadership roles and nurturing a culture of belonging.

PSO continues to prioritize performance management and high-potential identification, with a strategic emphasis on capability enhancement through targeted recognition and assessment with optimized succession planning in place.

360-degree Assessment

As part of its ongoing leadership development initiative, PSO conducts comprehensive 360-degree assessments for senior employees (Level 15 and above). This evaluation process, which incorporates feedback from supervisors, peers, subordinates, and self-assessments, is seamlessly integrated into the Annual Performance Evaluation.

By leveraging this multifaceted assessment approach, PSO accurately identifies and cultivates leadership talent within its various departments and functions.

Quarterly Appraisals

At PSO, regular quarterly appraisals enable managers to proactively identify and address performance issues, mitigating risks and enhancing employee performance. This structured approach facilitates early detection and resolution of challenges, clear goal-setting and progress tracking, and adjustments to goals as needed, driving tangible results.

By building trust and alignment between employees and supervisors on expectations, achievements, and areas for improvement, the quarterly appraisal process ensures clarity on target achievements and expectations for employees.

Additionally, it provides opportunities for career development discussions, making employees feel valued and supported, which has significantly reduced grievance numbers by ensuring regular feedback and fostering a supportive work environment.

Psychometric Tests

PSO utilizes psychometric tests to ensure a precise match between candidates and roles, aligning their personality, cognitive abilities, and behavioural tendencies with the company's culture.

This strategic approach enables HR to make informed decisions, driving talent acquisition, development, and retention. By leveraging the power of psychometric assessments, PSO fosters a culture of personalized growth, where individuals thrive in their roles, fuelling business success.

Investing in employee well-being has yielded a significant return for the company, with notable increases in employee satisfaction and engagement driven by initiatives such as nutrition clinics, awareness sessions, and fitness programs.

Building on this success, PSO is set to launch a range of initiatives aimed at upskilling and reskilling employees, enhancing organizational capabilities, and driving long-term value for shareholders through top talent acquisition, retention, and development.

Report to Shareholders

Gender Pay Gap Analysis

In compliance of SECP Circular No. 10 of 2024 dated April 17, 2024, following is the gender pay gap calculated for the year FY 2023-24:

(i)	Mean gender pay gap	-34%
(ii)	Median gender pay	7.85%

	Rs. Per Hour	
Mean of Male Employee	1,026	A
Mean of Female Employee	1,377	B
Median of Male Employees	778	C
Median of Female Employees	717	D

Whistle Blowing Policy

PSO emphasizes transparency, accountability, and ethical conduct throughout its operations. To support these values, a robust whistle-blowing policy empowers and safeguards individuals who report potential wrongdoing or unethical behaviour within the company.

This policy offers a secure and confidential avenue for employees, contractors, suppliers, and other stakeholders to voice concerns about misconduct, including fraud, corruption, or legal/regulatory violations. PSO fosters a culture of openness where individuals feel comfortable speaking up, and is committed to conducting thorough and impartial investigations into all reported matters.

Recognizing the vital role whistle-blowers play in safeguarding company integrity, the company offers them necessary support and protection. By actively promoting a speak-up culture, PSO strives to cultivate an environment where ethical behaviour is not just preached but dutifully practiced.

Business Principles and Ethics Policy

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

Adherence to these principles is not just about maintaining integrity; it promotes a culture of trust and transparency within the organization. This robust framework empowers employees to make sound ethical decisions, safeguarding PSO's reputation as a trusted and responsible corporate entity.

Conflict of Interest Policy

The company's policy is designed to proactively identify specific situations that could potentially conflict with its interests. In order to maintain transparency and uphold the principles of fairness and impartiality in its decision-making processes, PSO conducts an annual review to update and maintain records of any potential conflicts.

This practice guarantees that the employees are well-informed and equipped to address and manage any conflicts that may arise.

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

Report to Shareholders

Environmental Social Governance

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

Environmental

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

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

- PSO has conducted a comprehensive carbon footprint study which involved identifying both direct and indirect sources of emissions and calculating greenhouse gas (GHG) emissions using internationally recognized methods such as those defined in the GHG protocol, PAS 2050, and other footprint calculation standards.
- As part of its vision for a sustainable future, the company is actively transforming company facilities and retail outlets to rely on clean solar power generation. To kick-start this initiative, PSO has successfully installed a solar power plant at the Shikarpur Terminal. By harnessing the power of the sun, the company aims to reduce its reliance on traditional energy sources and contribute to a greener future.
- PSO has planted around 12,000 trees at Pipri Marshalling Yard and 6,500 trees at 11th Avenue in Islamabad. These afforestation efforts mark a significant commitment to environmental stewardship and climate regulation.

Net Zero Emissions

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

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

Social

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

Health and Safety

PSO places high importance on the well-being and safety of its employees, contractors, customers, and the public through a strong Health, Safety and Environment (HSE) Management System.

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

- Foster an inclusive and diverse workplace, where every individual feels valued and respected
- Uphold human rights in accordance with internationally recognized standards
- Invest in local communities to contribute towards their growth and development
- Engage in charitable outreach to make a positive impact on society
- Sustain a commendable level of ethical business practices to ensure integrity and trust

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

Governance

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

Business principles and ethics policy is in place which covers:

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

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

Our Strategy to Manage and Monitor Supply Chain Disruption due to ESG Incidents

PSO is aware of the potential risks of supply chain disruption due to environmental, social, or governance (ESG) incidents, which could impact its business operations and reputation.

The company recognizes that its supply chain is exposed to various ESG risks, including:

- **Environmental Risks:** Climate change, natural disasters, and resource depletion.
- **Social Risks:** Labour disputes, community unrest, and human rights violations, health & safety matters
- **Governance Risks:** Corruption, bribery, business ethics & principles non-compliance, and regulatory non-compliances.

To monitor and mitigate these risks, PSO has implemented the following strategies:

- Conduct risk assessments and audits
- Developed business continuity plans for potential supply chain disruptions
- Integrate ESG considerations into its procurement decisions and contracts

PSO aims to minimize potential disruptions, protect public our business partners & ultimately our reputation, and ensure long-term sustainability.

Report to Shareholders

Health, Safety and Environment (HSE)

PSO's operational foundation is built on a deep-rooted focus on safety, with a comprehensive HSE program that aspires to achieve a "Zero Incidents" culture. Through dedicated committees and proactive management oversight, the program ensures rigorous adherence to industry-leading safety and environmental standards, driving continuous improvement and minimization of operational risks.

The company maintains a rigorous audit and inspection schedule across its entire network, encompassing retail outlets, oil terminals, and aviation stations. In a significant enhancement, PSO has introduced a cutting-edge, web-based HSE audit platform for retail outlets, featuring an intuitive mobile app that optimizes the audit process. This innovative solution enables seamless real-time data capture, automated reporting, and robust compliance monitoring.

These proactive measures highlight PSO's unrelenting focus on ensuring the well-being and safety of its employees, customers, and communities, while championing eco-friendly practices that drive a sustainable tomorrow.

Process Safety Management

PSO's operations are anchored by a robust Process Safety Management (PSM) framework, which is deeply integrated into the company's HSE program. Safety excellence is achieved through the rigorous review and approval of over 40 Management of Change (MOC) cases, ensuring that all process modifications are implemented with the utmost safety and care.

The introduction of an advanced MOC Controller Application has further streamlined the approval process, boosting efficiency while maintaining the highest safety standards.

Through cohesive teamwork, PSO has successfully integrated critical Process Safety Management (PSM) systems, including Permit to Work (PTW) and Emergency Response Plan (ERP), to ensure a safe and reliable operating environment. This collaborative approach has yielded outstanding safety performance, with zero fatal incidents and lost-time injuries reported during the period.

The company's exemplary safety record is evidence of its focus on protecting people, equipment, and processes, and its commitment to operational excellence.

PSO has strengthened its safety leadership position by achieving ISO 45001 certification across its HSE department and key operational sites. This milestone reinforces the organization's steadfast pledge to a safety-first culture, built on a foundation of robust risk management and employee well-being.

In parallel, PSO has conducted a comprehensive update of its HSE Manual, aligning it with ISO 45001 standards and integrating best-in-class industry practices.

By providing comprehensive employee training, engaging stakeholders, and launching targeted awareness initiatives, PSO empowers its workforce with critical HSE expertise and promotes a safety-first mindset. Innovative programs, such as the "Stop Unsafe Work Card" initiative, scenario-based management training, and immersive new employee on-boarding, reinforce this commitment.

Extending its impact beyond the workplace, PSO leverages social media and leadership development initiatives to engage the broader community, driving progress toward its aspirational goal of "Zero Accidents" and a future where safety is paramount.

Road Safety Management

PSO places utmost importance on road safety, integrating rigorous measures throughout its operations to prevent accidents and ensure secure product transportation. Through proactive steps, PSO cultivates a robust HSE culture among its logistics partners, striving for a safer supply chain.

Key initiatives undertaken during the year included:

- **Enhanced Tank Lorry Safety:** PSO ensured the highest safety standards by conducting rigorous inspections and calibrations on over 7,000 tank lorries, guaranteeing strict adherence to safety protocols.

- **Advanced Driver Training:** More than 6,000 drivers enhanced their skills through comprehensive defensive driving training, significantly elevating road safety awareness and expertise.

- **Optimized Logistics Practices:** PSO introduced the Contractors HSE Scorecard System to evaluate partners' performance and drive continuous safety improvements. Regular audits and inspections identified and mitigated potential risks, further strengthening the supply chain's safety framework.

- **Product Quality and Quantity Assurance:** PSO launched a pilot program introducing e-seals to replace manual seals on tank lorries, ensuring products reach customers with uncompromised quality and quantity. Upon successful completion, the e-seal system will be progressively implemented across the entire fleet, bolstering trust and satisfaction.

Report to Shareholders

Quality Assurance

PSO maintains exceptional product quality through its comprehensive testing network. With the industry's largest fleet of Mobile Quality Testing Units (MQTUs) and 11 state-of-the-art laboratories, the company ensures proper testing and quality assurance nationwide. Key highlights of the company initiatives include:

- **Rigorous Testing:** All products undergo exhaustive testing to meet and exceed government regulations and international standards. PSO's laboratories tested over 89,372 samples and developed over 2,627 fuel and lubricant blends this year.

- **International Recognition:** PSO's laboratories at Lube Manufacturing Terminal and Keamari Terminal (KTA) achieved outstanding recognition in the BP International Lab Correlation Program (BP ILCP) 2022-23. Among 100 global participants, the company's labs were evaluated as "Excellent" through a rigorous round-robin cross-check program, validating the company's exceptional precision and expertise.

- **Comprehensive Quality Assurance:** During the year, MQTUs conducted over 15,303 testing visits at retail outlets, depots, and installations, addressing customer concerns and guarantee product quality. The company performed calibration checks of approximately 9,980 tank lorries at strategic locations, ensuring accurate quantity was delivered.

Sustainability

At PSO, responsible practices are woven into the fabric of the company's operations, with a deep commitment to environmental stewardship and social responsibility. In response to the pressing need to address climate change, the company has developed a comprehensive strategy to minimize its carbon footprint.

This plan focuses on reducing greenhouse gas emissions and optimizing energy efficiency through strategic investments in renewable energy and the implementation of energy-saving measures across all aspects of its business.

The company's holistic approach to sustainability extends beyond environmental stewardship to encompass social and economic development. Through active community engagement, PSO supports initiatives that enhance education and healthcare outcomes, while driving economic progress by creating jobs and empowering local businesses.

By seamlessly integrating green practices into every facet of their operations, PSO contributes to a more vibrant and resilient future for Pakistan. The company prioritizes environmental responsibility by consistently monitoring air emissions and effluents to meet National environmental quality standards.

PSO has made significant strides in sustainability during the year, with the following key initiatives:

- **Vapor Recovery Systems:** PSO has implemented modern technology to capture and reuse fuel vapours at retail outlets, resulting in a significant reduction of emissions and enhanced operational efficiency. This innovation minimizes the environmental impact of fuel storage and handling.

- **Solar Power:** By harnessing renewable energy through solar panels installed at terminals and outlets, PSO has decreased its reliance on traditional energy sources and substantially minimized its carbon footprint.

- **Water Conservation:** PSO has taken steps to reduce its environmental impact by installing water-saving taps in offices, leading to lower energy costs and a reduced water consumption.

- **Sustainable Office Redesign:** A comprehensive audit identified areas for improvement, culminating in a remodel of PSO House featuring energy-efficient solutions, ergonomic furniture, and a healthier work environment. This redesign embodies PSO's commitment to creating a sustainable and employee-centric workspace.

PSO’s Environmental initiatives by focusing on 3R's (Reduce, Reuse & Recycle)

PSO is committed to minimizing its ecological footprint through the 3R’s approach: Reduce, Reuse, and Recycle. The company's goal is to conserve resources, reduce waste, and promote sustainable practices across its operations, aligning with the United Nations' Sustainable Development Goals (SDGs).

- PSO adheres to National Environmental Quality Standards (NEQS) and implements proactive measures like oil-water separators, RO plants, and waste management procedures to ensure clean water and sanitation (SDG 6).

- Through sustainable production and consumption initiatives (SDG 12), PSO has achieved notable results, including reduced waste, increased recycling, and optimized resource utilization. The company has adopted eco-friendly practices, such as using recycled plastic, minimizing paper usage, and promoting cleaner fuels. One notable initiative is creating sustainable plastic road from recycled plastic waste from lubricant packs.

- To address climate change (SDG 13), PSO has installed vapour recovery systems, launched tree plantation drives, and introduced the Zero Carbon Challenge. PSO offers electric vehicle charging stations, demonstrating its forward-thinking approach to minimizing environmental impact.

PSO's initiatives align with the UN's SDGs, including ensuring clean water and sanitation (SDG 6), promoting sustainable production and consumption (SDG 12), and reducing greenhouse gas emissions (SDG 13). The company's responsible practices are reflected through certifications such as ISO 45001 reinstating PSO's relentless pursuit of excellence in sustainability, environmental stewardship, and social responsibility.

Technological Innovation focused towards Sustainability

PSO is at the forefront of creating a more sustainable future through advanced solutions and forward-thinking designs, the company is transforming the way it operates and interacts with the environment with a focus on technology.

PSO's commitment to sustainability is evident in every aspect of its business, including energy-efficient processes like the White Oil Pipeline initiative, which aims to expand the pipeline network from Lahore to Peshawar, improving efficiency, safety, and cost effectiveness while minimizing environmental impact.

PSO is also leading the way in green products with its range of eco-friendly offerings, including Euro 5 Fuels, which are designed to minimize environmental impact while delivering exceptional performance. These advanced fuels utilize molecular technology to optimize engine efficiency, reduce harmful emissions, and promote cleaner air quality, making them a greener choice for customers. The same belief is reflected across PSO’s product portfolio.

The company believes that technology and sustainability go hand-in-hand and is dedicated to leading the charge towards a greener, more responsible future.

Report to Shareholders

Corporate Social Responsibility

Aligned with its core values, the PSO CSR Trust continues to make a positive impact across Pakistan. In the past year, the company has provided over PKR 350 million in support, focusing on healthcare, education, community development, disaster management, and environmental conservation.

PSO earmarks a designated percentage of its profit to fund CSR initiatives, ensuring adherence to relevant bylaws, policies, and guidelines, including the SECP's Corporate Social Responsibility Voluntary Guidelines, 2013, and the Trust Deed's objectives.

The CSR Trust has secured certification from the Pakistan Centre of Philanthropy (PCP), granting it recognized Non-Profit Organization (NPO) status with the Federal Board of Revenue.

As part of its ongoing efforts to reduce plastic waste and promote eco-friendly infrastructure, the company launched the ECO street initiative which repurposed 5,000 kg of recycled plastic waste from its Lubricant Manufacturing Terminal (LMT) in Karachi. The effort transformed approximately 49,428 square feet of traditional road into a symbol of green living, not only reducing waste but also enhancing the durability of the road, setting a new standard for environmentally responsible construction.

PSO partnered with Saylani Welfare International Trust to launch a nationwide ration distribution drive, benefiting over 21,000 underprivileged families in over 20 locations across Pakistan. This initiative was supported by a contribution of PKR 100 million, making a tangible difference in the lives of those in need.

Through strategic partnerships with esteemed institutions, the PSO drives a meaningful impact in expanding healthcare access and coverage across Pakistan, enhancing the well-being of its citizens. This encompasses the provision of vital medical equipment and financial support for life-changing treatments, bridging the healthcare gap for marginalized communities and underserved individuals.

The trust supports education for underprivileged students at all levels, with a focus on inclusive initiatives that cater to the unique needs of differently-abled children, ensuring equal access to learning opportunities for all.

PSO works with NGOs to deliver comprehensive training programs in IT and vocational skills, and provides prosthetic limb assistance, helping underprivileged individuals gain independence and employability.

Showcasing its dedication to community resilience, the company is leading a housing initiative, building 101 homes for families affected by floods in rural Pakistan.

Procurement, Waste and Emissions

PSO is currently implementing a comprehensive and transparent approach to managing and reporting its policies on procurement, waste management, and emissions.

In procurement, PSO has developed a robust system that emphasizes fair competition, transparency, and integrity. The company adheres to a rigorous process for selecting suppliers and vendors, ensuring that only qualified and reliable partners are chosen. This approach not only ensures the quality and reliability of products and services but also fosters a level playing field for all stakeholders. As a public sector entity, PSO is also governed by PPRA Rules.

In addressing emissions, PSO is committed to reducing its environmental impact by continuously enhancing its emission reduction strategies, exploring innovative solutions, and investing in clean energy alternatives. For instance, PSO has pioneered the introduction of Euro 5 Fuels, which use advanced molecular technology to optimize engine performance and fuel efficiency while reducing harmful emissions, thereby making the fuels more environmentally friendly.

To minimize waste, PSO has adopted a strategy involving transshipment. Approximately 30% of the company's upcountry MoGas volume is transferred via the WOP system, aiming to decrease reliance on road transportation and consequently reduce emissions, while ensuring efficient MoGas supply to all regions.

PSO also ensures the use of Oil and Gas Regulatory Authority (OGRA)-compliant tank lorries that meet stringent standards for safe and efficient transportation, thus reducing waste, emissions, and operational risks.

By prioritizing fairness, environmental stewardship, and transparency, the company seeks to set a benchmark for the industry and contribute positively to societal and environmental well-being.

Board's Statement for Adoption of Best Practices for CSR and its Effectiveness

PSO's Board of Management is committed to upholding the company's core values through its Corporate Social Responsibility (CSR) initiatives. The company recognizes the significance of CSR in enhancing its business strategies and contributing positively to the communities it serves. Guided by the company's values, the PSO CSR Trust has made substantial contributions across the nation, with a focus on healthcare, education, community development, disaster management, and environmental sustainability.

PSO is proud of its achievements this year, including the launch of the "PSO ECO STREET" initiative, disaster relief efforts, healthcare partnerships, education support, and empowerment programs for deserving individuals like PSO Shaheen Program that is mobilizing the 52% of the dormant female population. These initiatives demonstrate the company's focus on social responsibility and commitment to creating a positive impact.

The Board stands resolute in ensuring the continuous improvement and effectiveness of PSO's CSR practices. Moving forward, the company remains fully committed to continuously improving its CSR practices and believes in the importance of integrating CSR into its core business strategies, ensuring that social responsibility efforts are not only relevant but also highly effective.

To this end, PSO plans to implement ongoing periodic reviews of its CSR initiatives, allowing to assess their impact and adapt to the evolving needs of the communities it serves.

Board's Statement about the Company's Strategic Objectives and the Intended Impact

Recognizing the critical importance of ESG principles, the Board is focused driving these through PSO's business strategies. This approach not only drives long-term value for the company's stakeholders but also actively minimizes its environmental footprint.

PSO has made significant progress in achieving the United Nations' Sustainable Development Goals (SDGs), particularly SDG 6 (Clean Water and Sanitation), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Change). The company's initiatives include:

- Ensuring access to clean water and sanitation through regular monitoring and adherence to National Environmental Quality Standards
- Implementing sustainable practices, such as waste reduction, recycling, and resource efficiency
- Promoting renewable energy and reducing greenhouse gas emissions through vapor recovery systems and tree plantation drives
- Encouraging employee and community engagement through awareness campaigns and training programs

Report to Shareholders

The commitment to ESG extends to PSO's business operations, including the development of a disaster management plan/business continuity plan, which ensures the resilience of the company's critical operations. PSO also prioritizes transparency and accountability through regular reporting and stakeholder engagement.

Sustainability-related Risks and Opportunities and their Impact on the Financial Performance

PSO recognizes that sustainability is transforming the financial landscape, and as a leader in the oil and gas industry, the company is at the forefront of this shift. The company's responsible practices have a direct impact on its access to capital, presenting both risks and opportunities. On the risk side, suboptimal sustainability performance may lead to a higher cost of capital, as investors demand a premium for environmental, social, and governance (ESG) risks, affecting capital affordability.

A weak sustainability profile may deter investors, limiting capital availability, particularly for large-scale projects. Stringent environmental regulations and carbon pricing can also increase operational costs, reducing profitability and investor confidence, impacting capital access and affordability. Negative publicity surrounding environmental or social issues can also damage PSO's reputation, making it challenging to attract investors and secure favourable capital terms.

On the opportunity side, exceptional sustainability performance can lead to a lower cost of capital, as investors reward companies with robust ESG practices, improving capital affordability. A strong sustainability profile can also attract a broader investor base, creating opportunities for PSO to access a wider pool of capital. The company can leverage the growing green finance market, accessing new capital sources for sustainable projects and initiatives. By understanding these risks and opportunities, PSO is well-positioned to navigate the evolving sustainability landscape and capitalize on emerging trends, ultimately driving long-term financial success.

PSO's Four-Pillars Core Content

PSO maintains a robust system for continually improving its key risk and challenge management processes. The Business Function Scorecard System ensures that the company rigorously monitors and addresses critical safety metrics, including; Fatalities, major fire incidents, major oil spill incidents, Total Recordable Incident Rate (TRIR), Loss Time Injury Frequency (LTIF) and road accident rate. These metrics directly impact the company's HSE performance.

The following summary provides an overview of PSO's financial performance for FY24, highlighting achievements against set targets and a comparative analysis with the previous year's outcomes, offering insights into progress made and areas for improvement.

HEALTH, SAFETY & ENVIRONMENT (Corporate)	Target FY24	Performance FY24
Fatality (Own/Contractor) over arching	0	0
Major Oil Spills > 10 litres	0	3
Major Fire incident	0	0
Loss Time Injury (LTI) frequency	0.08	0
Total Recordable Incident Rate (TRIR)	0.5	0.12
Cumulative Safe Man Hours without LTI	-	23.4 Million Hours

Sustainability-related Risks and Opportunities throughout PSO's Value Chain

PSO acknowledges the significance of sustainability-related risks and opportunities across its value chain, recognizing their impact on operations, business models, and interactions with the external environment. The company transparently discloses key risks, including climate change and environmental regulations, which pose operational, supply chain, and reputational threats.

Additionally, increasing carbon emissions and waste management costs may affect profitability, while failure to address social and governance issues can lead to reputational damage and decreased investor confidence.

PSO also identifies opportunities for growth and innovation. By transitioning to cleaner energy sources and reducing emissions, the company can drive cost savings and enhance its reputation. Implementing sustainable practices can improve operational efficiency and reduce waste, while embracing diversity, equity, and inclusion can foster innovation and attract top talent.

To address these risks and opportunities, PSO has launched several initiatives. These include developing sustainable plastic road, installing vapour recovery systems, launching electric vehicle charging stations, and rehabilitating old tank wagon shells for reuse.

The company also promotes environmentally friendly practices through awareness campaigns. By integrating sustainability into its value chain, PSO creates long-term value for its stakeholders and contributes to a more sustainable future.

PSO's Climate-related Risks and Opportunities

PSO is committed to transparency in disclosing climate-related risks and opportunities, in accordance with IFRS S2 requirements. The company employs specific methodologies and tools to identify and address these risks, while capitalizing on opportunities for sustainable growth. PSO's dedication to a greener future is evident in its innovative solutions, which reduce environmental footprint and promote eco-friendly practices.

PSO is committed to transparency in disclosing climate-related risks and opportunities, in accordance with IFRS S2 requirements. The company employs specific methodologies and tools to identify and address these risks, while capitalizing on opportunities for sustainable growth. PSO's dedication to a greener future is evident in its innovative solutions, which reduce environmental footprint and promote eco-friendly practices.

The company has developed a Sustainable Plastic Road using recycled plastic waste, established a closed-loop lubricant can recycling system, and installed Vapour Recovery Systems to minimize emissions.

PSO has launched Electric Vehicle Charging stations, rehabilitated old tank wagons, and implemented eco-friendly disposal and reduced paper usage initiatives. PSO has also engaged stakeholders through awareness campaigns, including the Zero Carbon Challenge, World Health & Safety Day, and World Environment Day, to promote sustainable living and mitigate climate-related risks.

Strategic Initiatives

As part of PSO's long-term strategy and diversification plan, the company is focused on delivering value to its stakeholders through a range of strategic initiatives. In the Fintech space, PSO is driving growth by leveraging its extensive customer base, retail network, and corporate fund flow management capabilities.

Making significant progress, the newly established subsidiary, Cerisma (Pvt.) Limited, has received in-principal approval for an Electronic Money Institution (EMI) license, forging the way for the creation of a comprehensive digital ecosystem.

The company's diversification efforts extend to renewable energy, with PSO Renewable Energy (Pvt.) Limited spearheading the development of solar projects across its facilities and retail stations. PSO Venture Capital (Pvt) Limited is poised to enter the venture capital fund management arena, unlocking new investment opportunities in the market.

PSO's subsidiary, Pakistan Refinery Limited (PRL) is on track to capitalize on the brownfield refining policy, with the project's front-end-engineering-design (FEED) slated for completion in December 2024.

The company is conducting an in-depth market study for fuel and petrochemical products which will yield valuable market intelligence, guiding the development of the greenfield refinery and petrochemical project in Pakistan.

The market study will deliver a comprehensive overview of Pakistan's and the region's long-term demand and supply dynamics, accompanied by a product-level price forecast. This invaluable market intelligence will be instrumental in the project's feasibility study, enabling data-driven decisions and strategic planning.

Moreover, a strategic collaboration with Frontier Works Organization (FWO) on a white oil pipeline project is progressing, with a Memorandum of Understanding (MoU) in place and FEED completed, as the company moves forward with a consortium agreement with JV partner.

Awards and Accolades

Largest Tax Payer Excellence Award

PSO was awarded the "Largest Tax Payer Excellence Award" recognizing its significant contributions to the national revenue. This prestigious recognition highlights PSO's role as a responsible corporate leader, reinstating its focus on financial excellence and sustainability, while making a positive impact on the community.

Pakistan Digital Awards

PSO's Quaid Day Campaign rose victorious at the Pakistan Digital Awards (PDA) 2024 earning the prestigious award for "Creativity & Innovation". The award-winning campaign celebrates PSO's drive for exceptional results leading to business growth and brand success.

MAP 38TH Corporate Excellence Award

PSO secured the 1st position in the "Oil and Gas Marketing Companies" category at the Management Association of Pakistan (MAP)'s 38th Corporate Excellence Awards 2023 for its exceptional performance. This award highlights PSO's notable achievements and leadership within the industry.

ICAP Best Corporate Report Award

In the Fuel and Energy sector, PSO attained the "Best Corporate Report Award 2022", organized by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). The accolade stands as a tribute to the company's pursuit to excellence in corporate reporting.

HR Pinnacle Award

Championing workplace wellness, PSO received the "Best in Health & Wellbeing" award at the prestigious HR Pinnacle awards. Standing true to its values, this achievement reflects PSO's commitment to nurturing a healthy and supportive work environment for its employees.

South Asian Federation of Accountants

PSO was honoured with the "Merit Certificate" at the South Asian Federation of Accountants (SAFA) for The Best Presented Annual Report 2022 in the category of Public Sector Entities. This recognition affirms PSO's emphasis on transparency and integrity in its annual reporting.

Report to Shareholders

Financial Performance

In FY24, PSO exhibited financial robustness, overcoming economic adversity and a notable increase in finance costs, which rose by 29.8% to PKR. 52.3 billion. The company posted profit after tax of PKR. 15.9 billion (FY23: PKR. 5.7 billion). On a consolidated basis, the group collectively posted profit after tax of PKR. 18.3 billion (FY23: PKR. 9.3 billion) for the year, translating into an EPS of PKR. 39 (FY23: PKR. 19.9).

Despite the ongoing circular debt crisis, PSO has made strides in managing its receivables. While average circular debt receivables increased by 6.4% from the previous year, the company successfully reduced its exposure to SNGPL by PKR. 8.8 billion and recovered PKR. 7.1 billion in outstanding claims.

As of June 30, 2024, total receivables amounted to PKR. 491.5 billion, with SNGPL accounting for PKR. 335.1 billion. The company is actively working with the government to develop a comprehensive solution to this pressing issue and minimize its financial impact.

The company effectively circumvented price fluctuations, leveraging a stable supply chain and strategic inventory management as Brent crude prices stabilized at US$ 83/b.

Considering the company's performance, the BoM has announced a 100% cash dividend (equivalent to PKR. 10 per share), resulting in an overall pay-out of PKR. 4.7 billion. The company has transferred PKR. 0.4 billion (FY23: PKR. 0.2 billion) to PSO venture capital fund.

Strategy to Overcome Liquidity Challenges and Management of Debts

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

- PSO is in constant engagement with GoP and customers from the power sector, Pakistan International Airlines (PIA), and Sui Northern Gas Pipelines Limited (SNGPL). Through the submission of various proposals and conducting detailed sessions with the GoP, efforts have been made to resolve circular debt issues and prevent any further accumulation of receivables from SNGPL.
- To effectively manage liquidity requirements, PSO has adopted prudent practices in managing working capital needs and ensured the availability of sufficient credit lines to support the company's financing needs. As of June 30, 2024, the company had access to a total facility limit of PKR. 508.3 billion from banks. The company places a strong emphasis on cash customers, recognizing their importance in maintaining financial stability and prompt payments.

PSO is exploring new business models and lines of operation to expand its reach and diversify its revenue streams.

Payment of Debts

PSO successfully navigated the challenge of long term outstanding circular debt through careful measures and strategic actions during FY24. The company was able to effectively pay off its debts and remains confident in its ability to meet all future financial obligations, both locally and internationally, in a timely manner due to the proactive measures implemented.

Operational Profitability/ losses

PSO remained profitable in FY24 despite various financial challenges posed by high receivables from SNGPL and an exorbitant bank rate.

Looking ahead, the company expects to achieve much stronger results by focusing on key strategies. These include focusing on market share, concentrating on higher-margin yielding products, maintaining optimal finance costs, venturing into innovative models, and exercising stringent cost control. By prioritizing these initiatives, PSO is poised to drive growth, improve performance, and navigate future challenges with confidence.

Other Matters

Changes in the Board of Management

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

- Mr. Hassan Mehmood Yousufzai joined the Board on September 22, 2023 in place of Mohammad Hassan Iqbal
- Mr. Asad Rehman Gilani joined the Board on January 29, 2024 in place of Mr. Arshad Majeed

The Board wishes to place on record its appreciation for the valuable services rendered by the outgoing Members, Mr. Mohammad Hassan Iqbal and Mr. Arshad Majeed and welcomes the new Members.

Associates and Subsidiary Companies

Pakistan Refinery Limited – Subsidiary Company

Pakistan Refinery Limited (PRL) was established in May 1960 as a public limited company in Pakistan and is now listed on the Pakistan Stock Exchange. Strategically located on the coastal belt of Karachi, Pakistan, the refinery has been specifically designed to cater to the country's diverse fuel needs by processing both imported and domestic crude oil. Currently, PSO holds a significant 63.6% equity stake in PRL, further strengthening the partnership and its commitment towards meeting Pakistan's energy needs.

Cerisma (Private) Limited – Subsidiary Company

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

PSO Renewable Energy (Private) Limited – Subsidiary Company

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

PSO Venture Capital (Private) Limited – Subsidiary Company

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

Asia Petroleum Limited – Associated Company

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

Pak Grease Manufacturing Company (Private) Limited – Associated Company

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

Compliance of Financial Accounting and Reporting Standards

The Board has approved the financial statements of the company that fully comply with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRSs or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Auditors

The external auditors identified certain key audit matters due to their significant impact on the audit of the financial statements for the year 2024. These matters include:

- Overdue trade receivables due to inter-corporate circular debt
- Recognition of revenue

The Board of Management has endorsed the appointment of KPMG Taseer Hadi & Co., Chartered Accountants as the auditors for the company for the FY ending on June 30, 2025, based on the recommendation of the Board Audit & Compliance Committee.

Report to Shareholders

Credit Rating

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

Short term	A1+
Long term	AA+

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

Contribution to the National Exchequer

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

	2023-24	2022-23
	PKR.. in Billion	
Sales Tax	204	208
Custom Duty	147	148
Petroleum levy	503	802
Other duties & Taxes	28	39
Total	**882**	**697**

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

GoP Policies and Impact

PSO operates within a regulated framework, where the government sets petroleum product prices and marketable specifications. In alignment with the global transition towards reducing carbon footprint, the government is developing policies aimed at curbing petroleum demand over the medium to long term, presenting both challenges and opportunities for PSO's future growth and strategic planning.

Risk Management

As the leading oil marketer and a public sector entity, PSO adopts a prudent approach to risk management in its operations, adhering to global best practices while aligning with its business strategy. A thorough risk assessment has been conducted, identifying key threats to the company's business model, future performance, and financial stability.

This comprehensive evaluation encompasses potential risks, risk tolerance levels, and the governance framework and policies in place to mitigate them. The findings are extensively documented in the detailed risk and opportunity report, providing a robust foundation for informed decision-making and strategic planning.

Corporate and Financial Reporting Framework

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

Recognizing the company's efforts to maintain high standards of corporate governance and drive continuous improvement, the following comments are made:

- Compliance has been made with the relevant principles of corporate governance
- The financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows, statement of comprehensive income and changes in equity
- Proper books of account of the company have been maintained
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and departure, if any, has been adequately disclosed
- The system of internal controls is sound in design and has been effectively implemented and monitored
- The non-executive BoM members do not have fixed remuneration and are being paid a fixed fee for each meeting attended. The fees are determined collectively by the entire BoM
- There are no significant doubts upon the company's ability to continue as a going concern
- There has been no material departure from the best practices of corporate governance, as outlined in the Listed Companies (Code of Corporate Governance) Regulations, 2019
- Key operating and financial data of last 6 years in a summarized form is annexed

The following is the value of investment of provident, pension and gratuity funds (as per unaudited financial statements as of June 30, 2024):

Fund	PKR. in Million
PSOCL Management Employees' Pension Fund	6,262
PSOCL Workers' Staff Pension Fund	5,785
PSOCL Defined Contribution Pension fund	6,508
PSOCL Staff Provident Fund	3,577
PSOCL Employees' Provident Fund	1,885
PSOCL Employees' Gratuity Fund	7,669

- During the year, 27 meetings of the BoM were held and the attendance by each member is given on Page 83

- As on June 30, 2024, the composition of the Board was as follows:

Total number of Board Members:
Male: 09
Female: -

Composition:

Category	Name
Independent Members	• Mr. Asif Baigmohamed • Mr. Ahmed Jamal Mir • Mr. Mushtaq Malik • Mr. Waheed Ahmed Shaikh
Non-Executive Members	• Mr. Asad Rehman Gilani • Mr. Awais Manzur Sumra • Mr. Hassan Mehmood Yousufzai • Mr. Shahbaz Tahir Nadeem
Executive Member	• Syed Muhammad Taha

- The names of members of the Board Committees are given on page no. 81

- The pattern of shareholding is annexed on pages no. 335 to 339

- Remuneration package of BoM members, Managing Director and CEO has been disclosed in note 34.2 to the unconsolidated financial statements

- Pages no. 8 and 45 of the report include important disclosures by the Board regarding the utilization of Enterprise Resource Planning (ERP), as well as cybersecurity measures and associated risks

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

Maintaining the Highest Level of Efficiency and Safety in its Business Operations throughout the Country

HSE is deeply ingrained in PSO's corporate culture and is a vital component of the company's core objectives. Ensuring the safety of the company's business operations across all facilities, premises, and retail outlets is a top priority. FY24 marked a significant achievement for PSO, with zero fatal incidents reported across all facilities, premises, and retail outlets.

Maintaining Market Share in MoGas and Diesel, as well as upholding a Strong Focus on the Growth of the Lubricants and LPG Businesses

PSO achieved remarkable success in the downstream segment, overcoming challenges to secure a 51.6% market share in white oil, a 0.5% increase from the previous year. This growth was driven by a strategic shift in market dynamics, including a 2% decline in diesel market share, which closed at 53.2%, and a significant 45.8% market share in MoGas. The company made notable inroads in the OMC-based lubricant market, capturing a 26.9% market share and selling 38,429 tons - a 9.7% YoY increase.

Reducing Receivables from Government Entities to Improve Financial Stability

PSO is intensifying efforts to resolve the pressing issue of outstanding receivables from government entities, which is currently constraining its critical liquidity position. To address this, the company is proactively engaging with government entities at multiple levels to establish a clear settlement framework, exploring both cash and non-cash solutions. PSO is confident that its strategic efforts will yield a significant reduction in government receivables over time, bolstering financial stability.

The successful implementation of WACOG during the year is also expected to effectively contain gas-related circular debt, preventing further accumulation and enhancing PSO's financial resilience.

Report to Shareholders

Increasing the Capacity and Reliability of its Asset Infrastructure to Prepare for Future Demand

PSO significantly enhanced its storage capacity during the year, adding 91,000 tons of new storage and rehabilitating 48,000 tons of existing storage. The company achieved an impressive availability factor of over 90% for the year, ensuring optimal utilization of its storage infrastructure.

Improving the LNG Business through the Execution of Tripartite Agreement with SNGPL and SSGC

The company has been actively pursuing a tripartite agreement with SNGPL and SSGC to optimize its LNG business. Despite sustained efforts and diligent follow-up with SNGPL, a satisfactory resolution remains elusive. PSO's endeavours have not yet yielded the anticipated outcome, and PSO continues to explore alternative solutions to drive progress in this critical area.

Continuing to Enhance Operational Efficiencies by Embracing Business Process Re-engineering and Digital Transformation

PSO has undergone a remarkable transformation, fully digitizing its petroleum products value chain to boost efficiency and transparency. This far-reaching overhaul integrates planning, procurement, logistics, and sales, replacing outdated manual processes with a cutting-edge digital platform. By leveraging the power of business intelligence, the company has created a seamless, data-driven ecosystem that sets a new paradigm for the industry.

Cultivating Future-Ready Talent through Strategic Learning Initiatives

The company is committed to nurturing a future-ready workforce by providing learning opportunities comprising over 30 courses, aimed at upskilling employees across all levels. By investing in employee growth and development in FY24, PSO is building a high-performing team equipped to tackle complex challenges, drive innovation, and fuel business success.

Unlocking New Horizons through Strategic Collaborations

PSO is forging strategic alliances with global industry giants, Aramco and Sinopec, to pioneer a ground-breaking greenfield refinery and petrochemical complex, and with FWO to develop a critical white oil pipeline infrastructure in northern Pakistan.

These collaborations act as a catalyst for regional growth, innovation, and infrastructure expansion.

Forward-Looking Statement

PSO is focused on maintaining its position as a premier energy provider in Pakistan, navigating the dynamic energy landscape with agility and foresight. The company is addressing challenges and seizing opportunities, confident in its ability to deliver long-term value to stakeholders and drive sustainable growth. The company’s vision is to propel Pakistan towards a brighter energy future, one that balances economic growth with environmental stewardship and social responsibility.

To tackle the pressing issue of circular debt, PSO has submitted comprehensive proposals to the government, currently under consideration. The company anticipates constructive collaboration with the government to resolve this critical matter, given its far-reaching implications for our future growth and sustainability.

With improving economic indicators, innovative business strategies, and a reduction in circular debt receivables, envisions exceptional shareholder value creation and top-quartile performance in the years to come.

FY24 was significantly impacted by adverse factors, including elevated tax rates, high financing costs, and substantial influx from western borders. These challenges are anticipated to persist in the upcoming year, posing continued financial pressures on the company.

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

- **Sustaining Financial Resilience:** PSO aims for a disciplined approach to financial management, ensuring the company's continued ability to weather economic uncertainties and invest in strategic growth initiatives.
- **Operational Excellence:** The company’s relentless pursuit of efficiency, safety, and service excellence will persist, driving continuous improvement across all aspects of its operations.
- **Innovation and Diversification:** Embracing a forward-thinking mindset, PSO will explore pioneering technologies, alternative energy sources, and innovative business models to address the evolving needs of its customers.

- **Social Responsibility:** PSO's social responsibility remains a priority as it strives to make a positive impact on community development and environmental sustainability.
- **Business Growth and Optimization:** Maintaining market share in MoGas and diesel, growing Lubricants and LPG businesses, while:
  - Continuing to enhance operational efficiencies through business process re-engineering and digital transformation
  - Forging strategic partnerships on projects to drive business forward

Source of Information and Assumption

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

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

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

Syed Muhammad Taha
Managing Director & CEO

Asif Baigmohamed
Chairman

August 27,2024
Karachi

Ratios and Analysis

For the year ended June 30, 2024

Dupont Analysis

	FY 2024	FY 2023	
Tax Burden / Efficiency (Net Income / PBT)	38.30%	23.24%	The improvement in the tax burden ratio reflects that a higher percentage of pre-tax income is being retained as net income due to a more favourable effective tax rate.
Interest Burden /Efficiency (PBT/EBIT)	44.18%	37.66%	The interest burden ratios increased as a larger portion of operating profit was consumed by finance costs on account of increased borrowings owing to increase in average circular debt.
Operating Income Margin (EBIT/Sales)	2.62%	1.91%	The increased operating income margin is mainly due to higher gross profit in the period outpacing the increase in operating expenses. This indicates better control over operating costs and enhanced profitability from core operations.
Asset Turnover (Sales /Assets)	3.67	3.45	The asset turnover ratio improved slightly, indicating that the company has more effective in utilized its assets to drive sales.
Leverage Ratio (Assets /Equity)	4.21	4.54	The decrease in the leverage ratio is mainly due to effective management of the receivables and inventory.
Return on Equity (ROE)	6.86%	2.61%	The increase in ROE reflects PSO's enhanced operational efficiency and strategic management of assets, leading to higher profitability.

Note: Profit before tax has been taken as Profit before taxation, minimum tax differential and final taxes.

Ratios and Analysis

For the year ended June 30, 2024

MARKET SHARE INFORMATION:

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

SHARE PRICE SENSITIVITY ANALYSIS

PSO is a public listed Company and accordingly its shares are traded on Pakistan Stock Exchange. The Company's profitability and performance is exposed to various internal and external factors which can significantly alter the bottom line of the Company and ultimately the share price. Most of these factors are however external, which are beyond the control of the Company's management. The Company's market price was Rs. 166.2 as at year end. 1% change in market price from that prevailing at year end will result in change in market capitalization by Rs. 0.78 bn.

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

a. Sales Volume

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

b. International Oil Prices

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

c. Margin revisions

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

d. Circular Debt

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

e. Bank Borrowings & Finance Cost

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

Ratios and Analysis

For the year ended June 30, 2024

f. Rupee devaluation

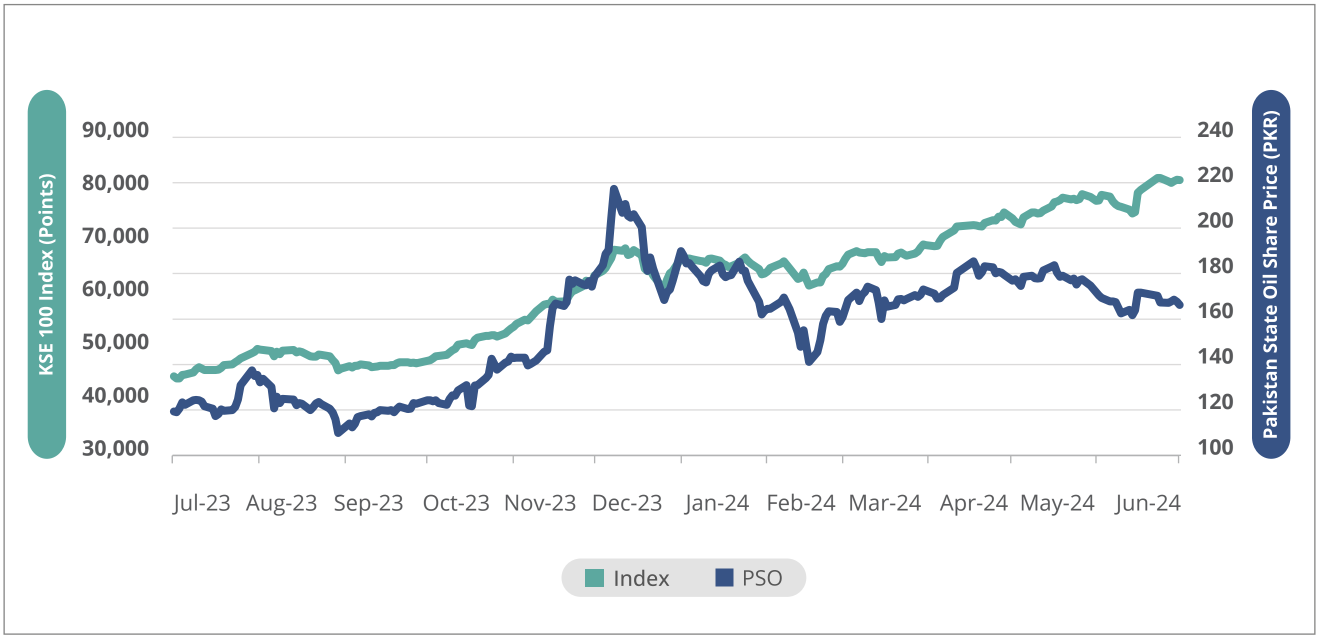
The Company imports majority of the total petroleum products imported in the Country, which exposes the Company to currency risk on account of Rupee devaluation. However, currency risks are generally covered in pricing of its regulated products.

g. Diversification

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

h. Regulations and Government Policies

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



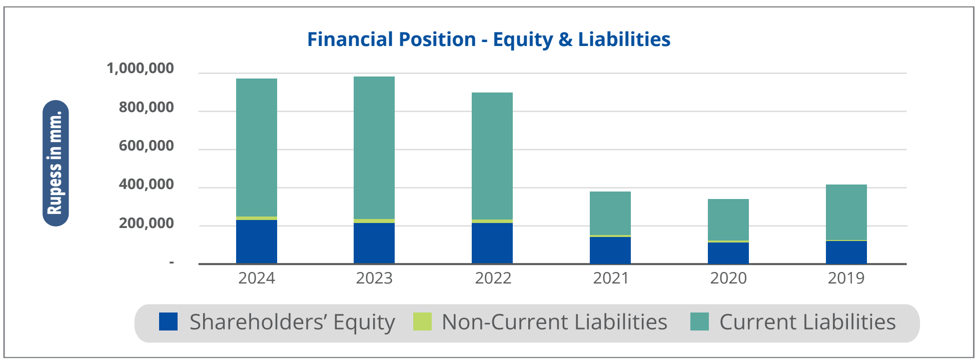
Ratios and Analysis

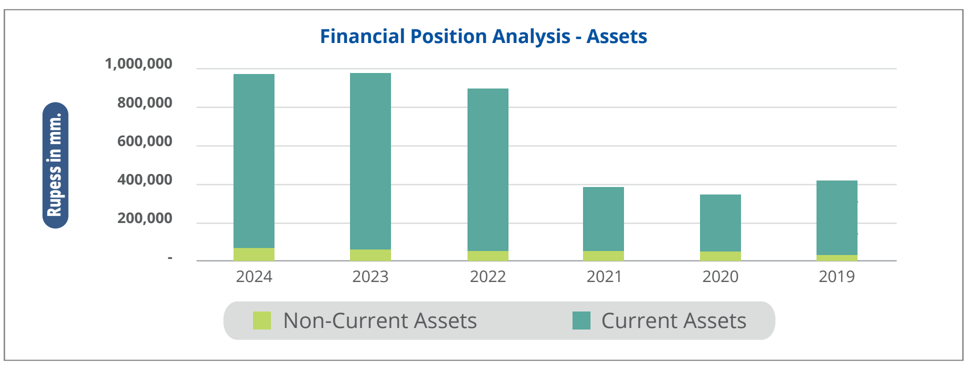
For the year ended June 30, 2024

Analysis of Financial Position

Rupees in mn.

	2024	2023	2022	2021	2020	2019
Shareholders' Equity	**231,309**	216,560	215,649	139,978	113,061	119,181
Non-Current Assets	**68,126**	60,047	53,624	51,297	49,611	32,854
Current Assets	**906,322**	923,349	845,830	327,962	293,261	384,225
Non-Current Liabilities	**18,001**	18,491	16,548	12,239	12,461	7,528
Current Liabilities	**725,139**	748,345	667,258	227,043	217,350	290,371





Analysis

As of June 30, 2024, variation as compared to June 30, 2023 is as follows:

- Shareholders' equity grew by approximately 6.82% compared to last year. This increase is led by rising retained earnings. The growth in equity strengthens the Company's financial foundation, depicting that it is generating sufficient returns and retaining earnings to support future growth.
- The 13.45% increase in non-current assets for FY24 is driven by strategic investments in operating assets, subsidiaries, and an increase in the fair value of a significant long-term investment (PAPCO). These moves are indicative of the Company's focus on long-term growth, diversification, and value enhancement. By strengthening its operational base and expanding through subsidiaries, the Company is positioning itself for sustained growth and improved financial performance in the future.
- The slight reduction in current assets reflects deliberate and strategic financial management aimed at optimizing the Company's resources. By carefully deploying cash, improving receivables collection, and efficiently managing inventory, the Company is enhancing its liquidity and operational efficiency.
- The 3.10% reduction in current liabilities underscores the Company's commitment to effective debt management and financial optimization. By reducing short-term borrowings and managing interest costs through shorter tenure financing, the Company is enhancing its financial flexibility and reducing interest expenses.
- Non-current liabilities decreased marginally by 2.64%. This decline is mainly attributed to the changes in retirement benefits liability computed through actuarial valuations.

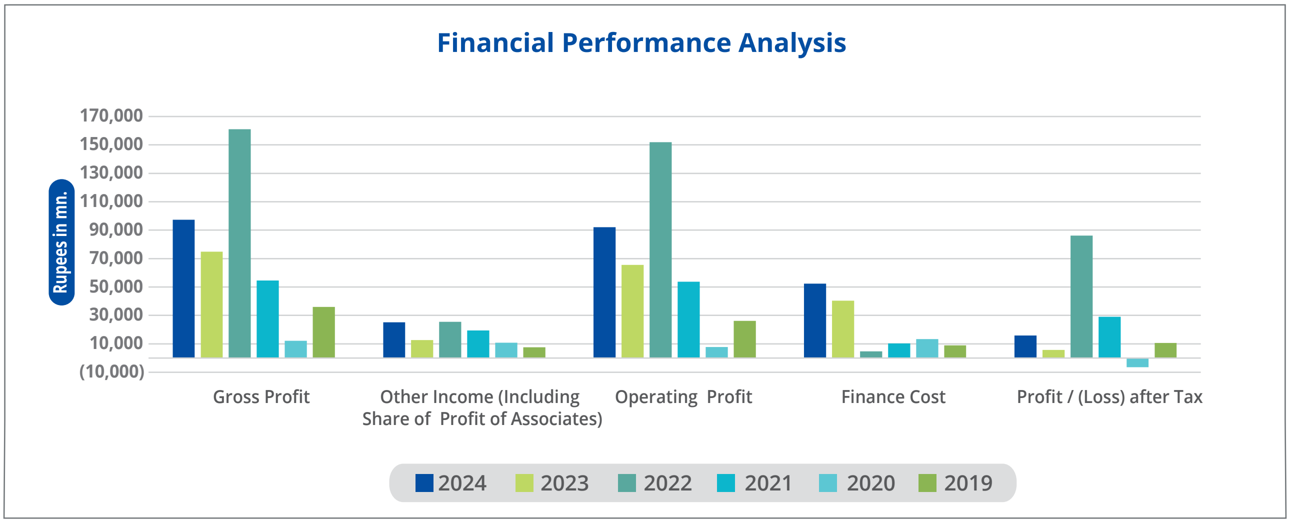
Ratios and Analysis

For the year ended June 30, 2024

Analysis of Financial Performance Past and Current Performance

Rupees in mn.

	2024	2023	2022	2021	2020	2019
Gross Sales	**3,806,811**	3,605,464	2,697,061	1,424,249	1,302,037	1,340,978
Net Sales	**3,571,750**	3,391,112	2,451,581	1,204,247	1,108,358	1,154,298
Gross Profit	**97,291**	74,847	160,995	54,609	12,227	36,017
Other Income (Including Share of Profit of Associates)	**25,187**	12,648	25,507	19,408	10,755	7,559
Marketing & Administrative Expenses	**24,815**	20,478	16,812	14,890	14,638	12,414
Other Expenses	**3,908**	2,317	17,114	4,829	51	4,699
Operating Profit	**92,129**	65,560	151,882	53,717	7,749	26,257
Finance Cost	**52,338**	40,335	4,721	10,242	13,427	8,987
Profit / (Loss) Before Tax	**41,417**	24,366	147,855	44,056	(5,134)	17,477
Profit / (Loss) After Tax	**15,863**	5,662	86,223	29,139	(6,466)	10,587
Earning Before Interest, Taxes, Depreciation & Amortization (EBITDA)	**97,458**	67,601	154,819	56,053	9,907	27,591



Analysis

In FY24, Company has reported profit after tax of Rs. 15.9 bn. primarily on account of following elements:

- The Company achieved a 5.6% increase in gross sales, reaching Rs. 3.8 trillion in FY24 compared to Rs. 3.6 trillion in FY23. This rise is mainly related to price variance.
- Gross profit increased significantly by 30%, from Rs. 74.8 bn. in FY23 to Rs. 97.3 bn. in FY24. This increase is primarily attributable to enhanced margins in white oil segment.
- The Company reported a remarkable growth in other income, which rose to Rs. 25.2 bn. in FY24 from Rs. 12.6 bn. in FY23. This substantial increase was mainly driven by the recovery of financing costs associated with the white oil pipeline and higher income from deposit accounts, reflecting efficient financial management.
- The operating profit increased by 40.5%, reaching Rs. 92.1 bn. in FY24 compared to Rs. 65.6 bn. in the previous year. This growth is a result of increase in gross margin, other income and Company's successful control over operating expenses relative to revenue growth.
- The significant increase in finance costs during the current financial year is due to higher average borrowings in FY24 to finance receivables tied up in circular debt.

Ratios and Analysis

For the year ended June 30, 2024

Analysis of Performance Against Target

Gross Profit Surpasses Expectations

The Company's gross profit exceeded budget forecasts, driven by improved margins on white oil, lubricants and LPG.

Higher Other Income

Other income exceeded targets largely due to the reimbursement of finance cost related to the white oil pipeline and increased earnings from deposit accounts.

Operating Costs

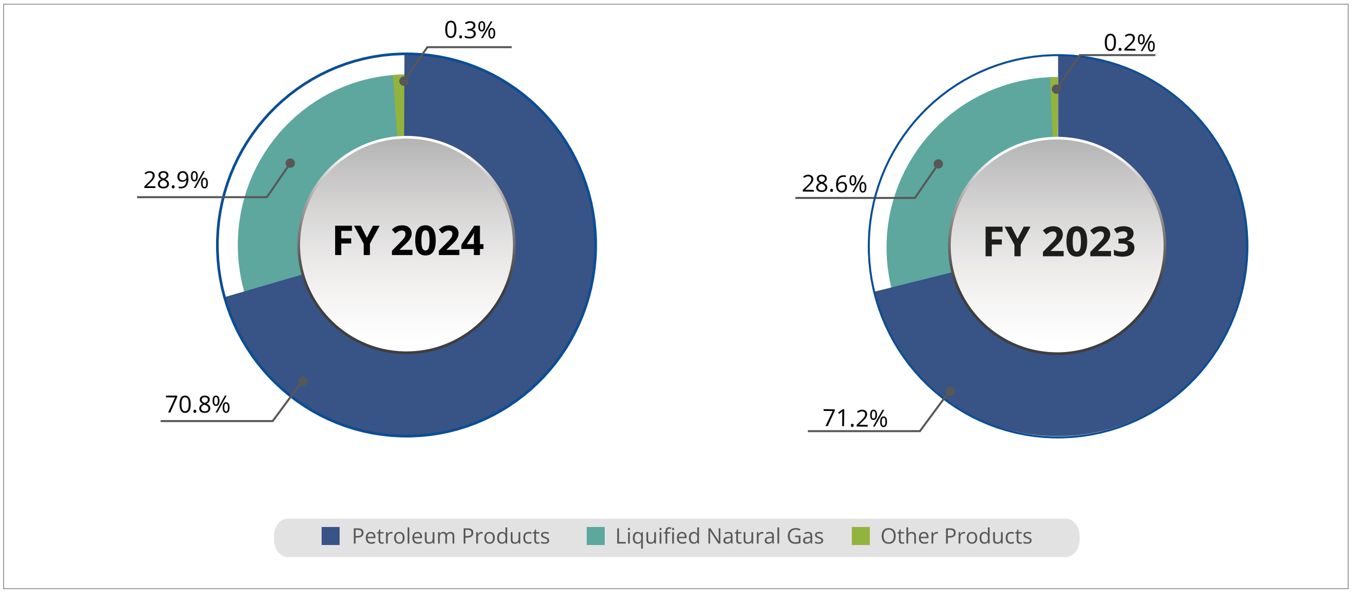
Operating costs were 6% higher than anticipated, primarily due to the increased profitability during the year which led to higher charge of Workers' Profit Participation Fund (WPPF) and the Workers' Welfare Fund (WWF).

Finance Costs Aligned with Budget

Finance costs remained within the budget due to effective rate negotiations and a strategic shift towards more cost-effective financing arrangements.

Segmental Review of Business Performance

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



Business Segment

PSO continues to dominate the energy sector, solidifying its strong market presence. The Petroleum Products segment remains the cornerstone of PSO's operations, contributing Rs. 38 bn. to net profit in FY24, a significant increase from Rs. 20 bn. in FY23.

However, the LNG segment faced challenges, with a net loss of Rs. 28 bn. in FY24 compared to a loss of Rs. 16 bn. in FY23. This was primarily due to the rise in finance costs driven by an increase in average outstanding receivables from SNGPL.

For a detailed breakdown of the segmental performance, please refer to Note 41 in the unconsolidated financial statements.

Non-Business Segment

Beyond its primary operations, PSO is engaged in various CSR activities, including education, health, and environmental initiatives. These efforts aim to contribute to social well-being and sustainable development across Pakistan. PSO contributed Rs. 350 mn. in CSR activities. Details of CSR activities have been mentioned on page no. 122 of Report to Shareholders.

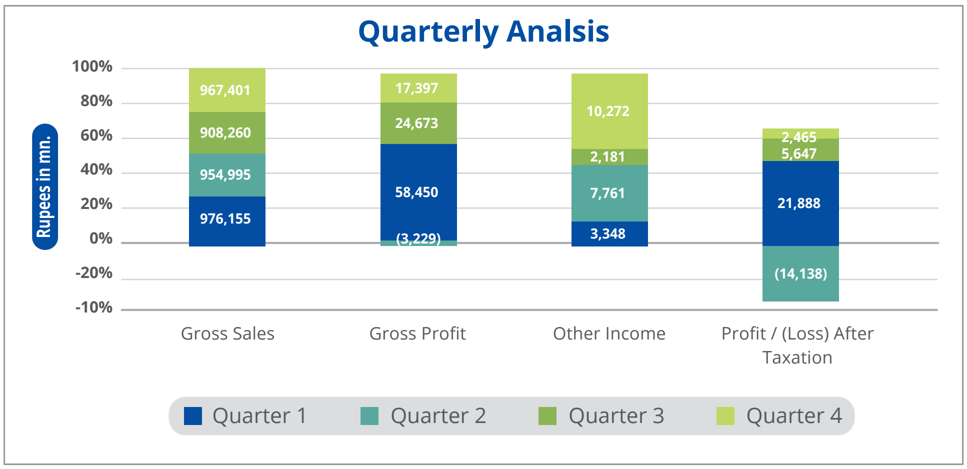
Ratios and Analysis

For the year ended June 30, 2024

Analysis of Results in Interim Period

Rupees in mn.

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	FY 2024
Gross Sales	976,155	954,995	908,260	967,401	3,806,811
Gross Profit	58,450	(3,229)	24,673	17,397	97,291
Other Income	3,348	7,761	2,181	10,272	23,561
Operating Cost	(9,093)	(6,089)	(6,710)	(6,830)	(28,723)
Finance Cost	(10,283)	(15,086)	(15,039)	(11,930)	(52,338)
Share of Profit of Associates - Net of Tax	441	328	294	562	1,626
Profit / (Loss) Before Taxation	42,863	(16,315)	5,399	9,470	41,417
Taxation	(20,975)	2,177	248	(7,005)	(25,554)
Profit / (Loss) After Taxation	21,888	(14,138)	5,647	2,465	15,863



Gross Sales

Gross sales was highest in first quarter due to higher sales volumes and prices.

Gross Profit

Gross profit was highest is the first quarter due to higher sales volumes and favorable pricing regime.

Other Income

Other income was higher in second and last quarter due to recovery of financial charges pertaining to line fill cost.

Finance Cost

Finance cost was higher in second and third quarter due to increase in average borrowings consequent to higher average receivables from SNGPL in these quarters.

Profit After Tax

Profit after tax was highest in first quarter mainly due to higher gross profit and lower finance cost.

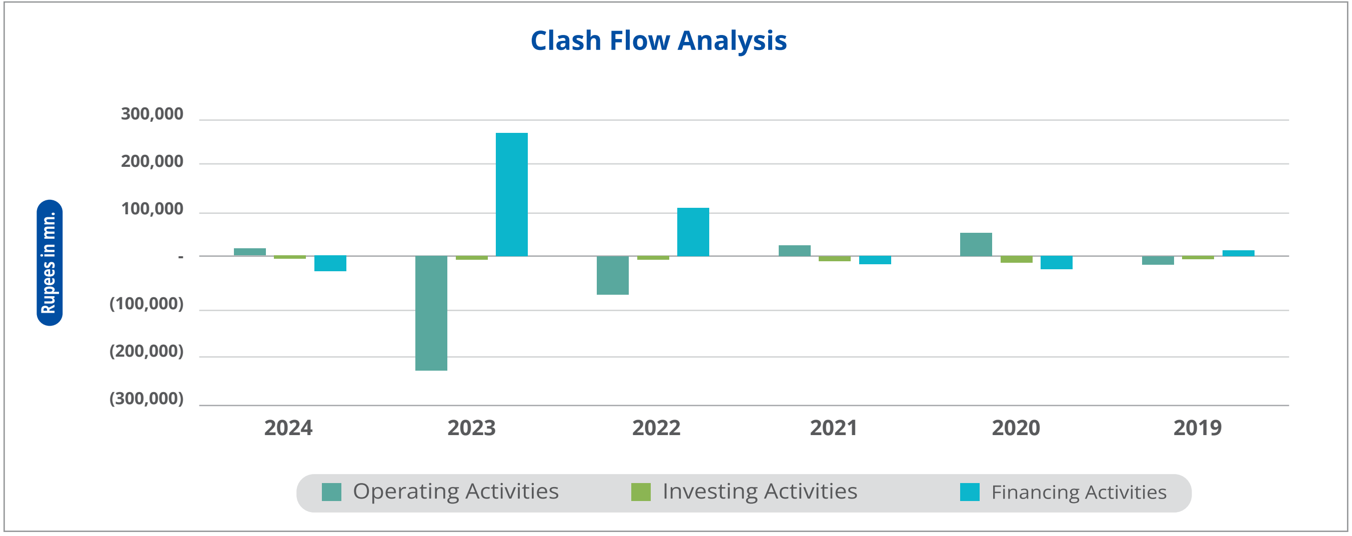
Ratios and Analysis

For the year ended June 30, 2024

Summary of Cashflow Statement

Rupees in mn.

	2024	2023	2022	2021	2020	2019
Cash And Cash Equivalents at the Beginning of the Year	**25,808**	12,061	(5,917)	(881)	(16,468)	(7,925)
Net Cash Inflow / (Outflow) From Operating Activities	**13,707**	(241,282)	(80,974)	17,766	48,260	(9,232)
Net Cash (Outflow) / Inflow From Investing Activities	**(7,550)**	(4,353)	(2,090)	(5,294)	(4,843)	(2,534)
Net Cash (Outflow) / Inflow From Financing Activities	**(33,636)**	259,382	101,042	(17,507)	(27,830)	3,223
	(27,479)	13,748	17,977	(5,036)	15,587	(8,543)
Cash And Cash Equivalents at the End of the Year	**(1,671)**	25,808	12,061	(5,917)	(881)	(16,468)



The cash flow statement over the past six years reveals fluctuations in the Company's cash flows as follows:

Operating Activities

The Company's operating cash flows were quite healthy in FY24 as compared to prior years .This aligns with the balance sheet's shift in trade debts and receivables, which were quite high in prior years and have reduced this year.

Investing Activities

Negative cash flows from investing activities reflects ongoing investments in assets and strategic diversification initiatives being pursued by the Company. These investments underline the Company's commitment to expanding its operational base and enhancing long-term growth prospects.

Financing Activities

Cash flow from financing activities was negative in FY24 as Company's consistent pursuit for recovery resulted in reduction in receivables. This reduction provided some financial space to the Company for debt repayments.

Direct Cash Flow Statement

For the year ended June 30, 2024

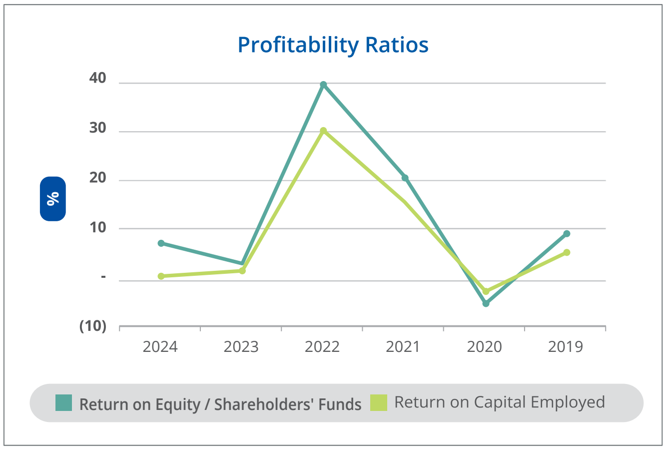
	2024	2023
	(Rupees in '000)	
Cash Flows From Operating Activities		
Receipts from customers	**3,814,187,100**	3,540,305,104
Cash paid to supplier, services providers and employees	**(3,718,246,817)**	(3,720,006,079)
WPPF paid	**1,883,007**	133,420
Taxes paid	**(25,315,159)**	(33,167,967)
Finance costs paid	**(57,320,349)**	(27,814,925)
Retirement and other service benefits paid	**(1,480,489)**	(716,467)
Net Cash Generated From / (Used in) Operating Activities	**13,707,293**	(241,266,914)
Cash Flows From Investing Activities		
Capital expenditure	**(6,110,165)**	(5,090,713)
Proceeds from disposal of operating assets	**66,705**	182,036
Investment in subsidiaries	**(2,556,661)**	(15,000)
Dividends received	**1,049,990**	555,839
Net Cash Used in Investing Activities	**(7,550,131)**	(4,367,838)
Cash Flows From Financing Activities		
Short-term borrowings - net	**(28,402,406)**	265,572,592
Lease payments	**(1,772,593)**	(1,578,125)
Dividend paid	**(3,461,478)**	(4,612,011)
Net Cash (Used in) / Generated From Financing Activities	**(33,636,477)**	259,382,456
Net (Decrease) / Increase in Cash and Cash Equivalents	**(27,479,315)**	13,747,704
Cash and cash equivalents at beginning of the year	**25,808,493**	12,060,789
Cash and Cash Equivalents at End of the Year	**(1,670,822)**	25,808,493

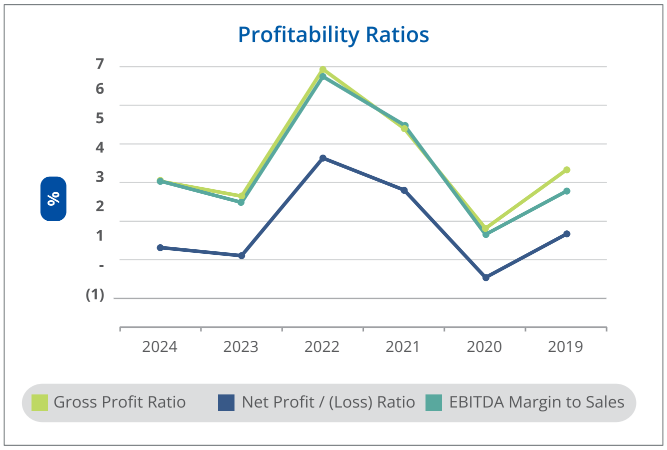
Ratios and Analysis

For the year ended June 30, 2024

Financial Ratios
Profitability Ratios

		2024	2023	2022	2021	2020	2019
Gross Profit Ratio	%	**2.72**	2.21	6.57	4.53	1.10	3.12
Net Profit / (Loss) Ratio	%	**0.44**	0.17	3.52	2.42	(0.58)	0.92
EBITDA Margin to Sales	%	**2.73**	1.99	6.32	4.65	0.89	2.39
Return on Equity / Shareholders' Funds	%	**6.86**	2.61	39.98	20.82	(5.72)	8.88
Return on Capital Employed	%	**2.49**	1.12	30.39	15.52	(3.19)	4.97
Operating Leverage Ratio	%	**843.00**	(150.28)	174.74	6,411.86	1,725.19	(211.76)
Equity / Shareholders' Funds	Rs. in mn.	**231,309**	216,560	215,649	139,978	113,061	119,181
Total Shareholder Return	%	**47.65**	(31.27)	(19.33)	47.49	(6.79)	(32.38)





Analysis

As of June 30, 2024, variation as compared to June 30, 2023 is as follows:

Gross Profit Ratio & Net Profit Ratio

The gross profit and net profit ratios improved during the year. This increase is primarily due to enhanced margins of white oil complemented by higher sales volumes of LNG, LPG and lubricants.

EBITDA Margin to Sales & Return on Shareholders' Equity

The EBITDA margin to sales rose in FY24 which is indicative of stronger operational performance and better cost control. Return on Shareholders' Equity (ROE) also saw a significant increase, highlighting substantial improvement in earnings.

Return on Capital Employed & Operating Leverage Ratio

Return on Capital Employed (ROCE) increased due to an increase in profitablity. The Operating Leverage Ratio in FY24 shows that Earnings before interest and tax increased substantially more in percentage terms over FY23 than respective change in sales.

Shareholders' Funds & Total Shareholder Return

Shareholders' funds increased, signalling growth in the equity base. The Total Shareholder Return in FY24 also demonstrates substantial value creation in shareholders' returns.

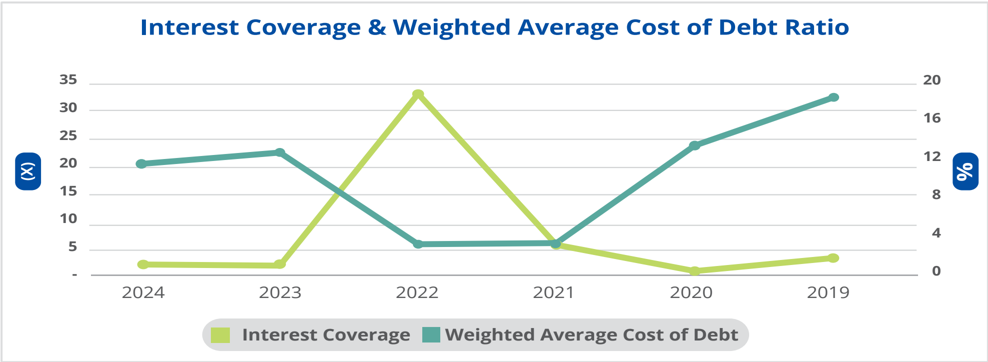
Ratios and Analysis

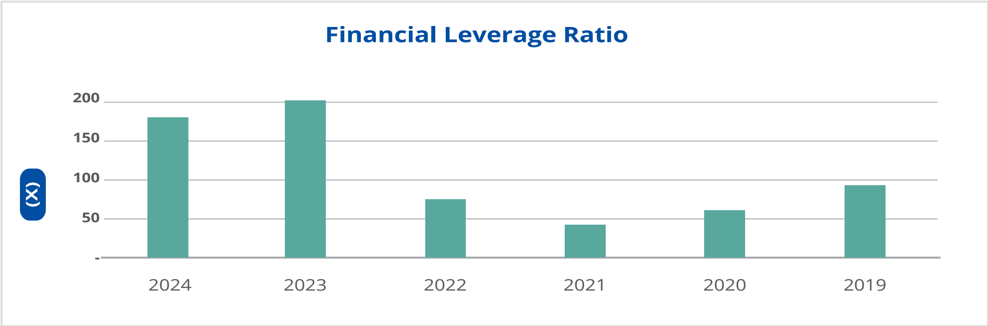
For the year ended June 30, 2024

Capital Structure Ratio

		2024	2023	2022	2021	2020	2019
Interest Cover Ratio	(x)	**1.79**	1.60	32.32	5.30	0.62	2.94
Net Assets Per Share	Rs.	**492.70**	461.28	459.34	298.16	240.83	253.86
Financial Leverage Ratio	(x)	**175.00**	196.00	73.00	41.00	59.00	90.00
Weighted Average Cost of Debt	%	**11.31**	12.97	3.01	3.69	13.19	18.44
Economic Value Addition	Rs. in mn.	**(18,617)**	(26,688)	27,261	10,292	(32,114)	(14,962)

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





Analysis

As of June 30, 2024, variation as compared to June 30, 2023 is as follows:

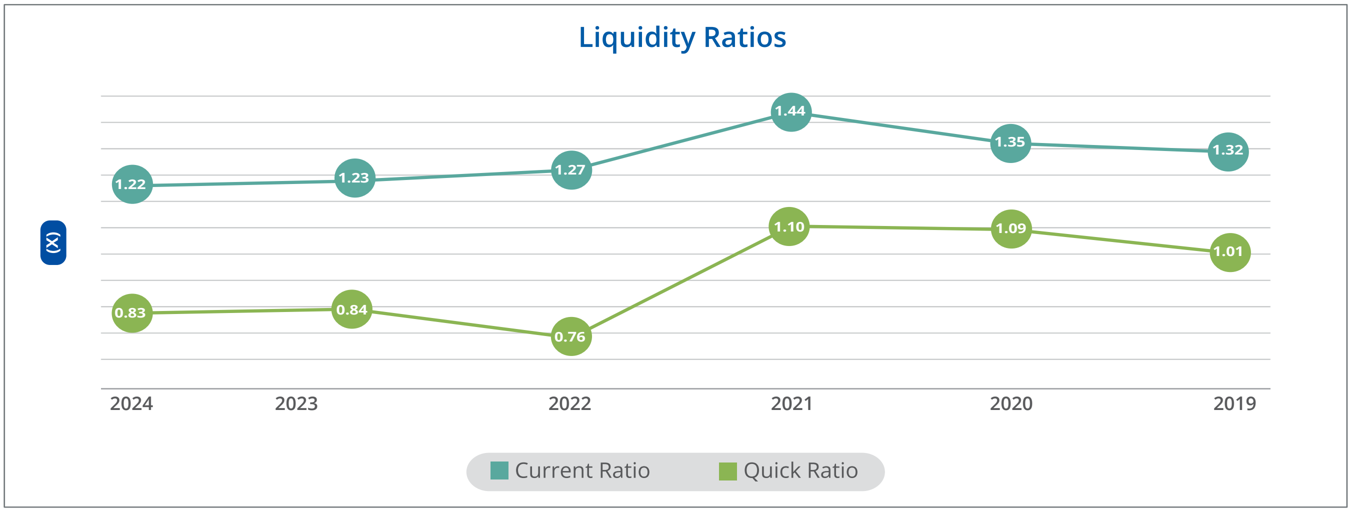
- The interest cover ratio improved in FY24 owing to stronger profitability in the current year.
- The increase in net assets per share demonstrates a positive growth in shareholder equity. This rise is due to retained earnings and enhances financial stability and shareholders' value.
- The decrease in the financial leverage ratio is due to repayment of debt during the year which also reduces financial risk for the Company.
- The reduction in the weighted average cost of debt reflects more favourable borrowing terms and a shift towards less expensive debt in FY24.

Ratios and Analysis

For the year ended June 30, 2024

Liquidity Ratios

		2024	2023	2022	2021	2020	2019
Cash to Current Liabilities	(x)	**(0.002)**	0.03	0.02	(0.03)	(0.004)	(0.06)
Cash Flow From Operating Activities	(x)	**0.02**	(0.32)	(0.12)	0.08	0.21	(0.04)
Cash Flow From Operations to Sales	(x)	**0.004**	(0.07)	(0.03)	0.01	0.04	(0.01)
Cash Flow to Capital Expenditure	(x)	**(2.24)**	(47.40)	(24.29)	3.19	16.04	4.66
Cashflow Coverage Ratio	(x)	**0.03**	(0.57)	(0.52)	0.32	0.73	(5.31)
Current Ratio	(x)	**1.22**	1.23	1.27	1.44	1.35	1.32
Quick Ratio	(x)	**0.83**	0.84	0.76	1.10	1.09	1.01
Free Cash Flows to the Company	Rs. in mn.	**32,974**	(237,104)	(103,524)	6,117	66,161	(3,130)
Free Cash Flows to the Equity Holders	Rs. in mn.	**(88,116)**	(20,698)	(1,183)	(13,124)	27,347	386



Analysis

As of June 30, 2024, variation as compared to June 30, 2023 is as follows:

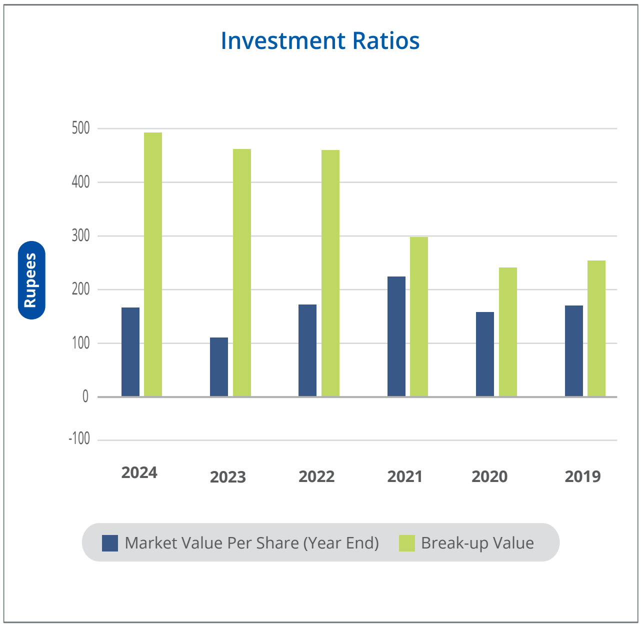
- In FY24, the cash to current liabilities ratio fell due to decrease in cash and cash equivalents at year end on account of repayment of short-term borrowings.
- The positive cash flow from operating activities in 2024 is due to reduction in trade receivables and inventory levels.
- The cash flow from operations to sales ratio as well as cash flow to capital expenditure improved due to increase in cash flow from operating activities.
- The cash flow coverage ratio improved, indicating better coverage of cash obligations primarily due to a positive shift in the operating cashflows as compared to last year. The current ratio and the quick ratio remained stable reflecting availability of adequate liquidity to the Company.
- The positive Free Cash Flows to the Company showcases a strong financial performance, where the Company generated sufficient cash from its operations to cover its capital expenditures and investments.
- The reduction in Free Cash Flow to Equity holders is primarily attributable to debt repayments and increased interest expenses.

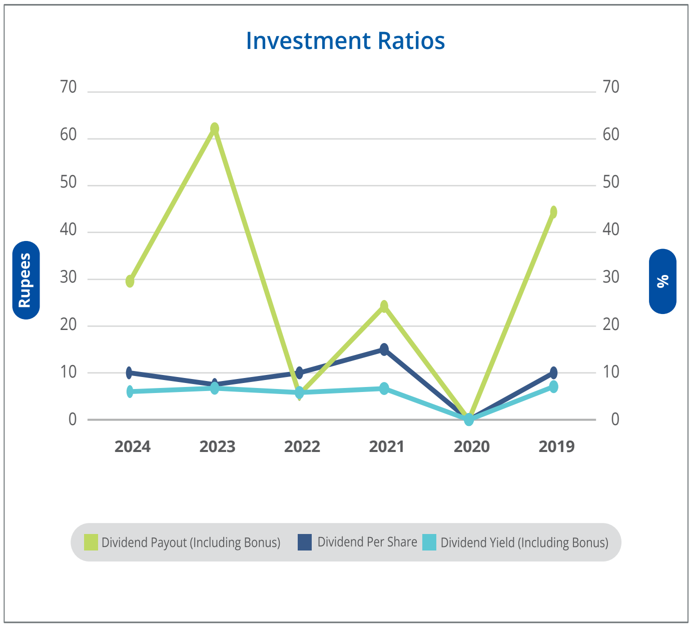
Ratios and Analysis

For the year ended June 30, 2024

Investment Ratios

		2024	2023	2022	2021	2020	2019
Earning / (Loss) Per Share (Basic & Diluted)	Rs.	**33.79**	12.06	183.66	62.07	(13.77)	22.55
Market Value Per Share (Year End)	Rs.	**166.21**	111.01	171.84	224.25	158.20	169.63
Highest Price	Rs.	**217.22**	192.82	231.30	259.32	216.90	352.13
Lowest Price	Rs.	**109.96**	99.03	155.63	159.35	114.00	151.96
Break-up Value	Rs.	**492.70**	461.28	459.34	298.16	240.83	253.86
Price Earning Ratio (P/E)	(x)	**4.92**	9.20	0.94	3.61	(11.49)	7.52
Price to Book Ratio	(x)	**0.08**	0.05	0.09	0.28	0.22	0.19
Dividend Per Share	Rs.	**10.00**	7.50	10.00	15.00	-	10.00
Bonus Share	%	**-**	-	-	-	-	20.00
Dividend Pay-out (Including Bonus)	%	**29.60**	62.19	5.44	24.17	-	44.35
Dividend Yield (Including Bonus)	%	**6.02**	6.76	5.82	6.69	-	7.07
Dividend Cover Ratio (Including Bonus)	(x)	**3.38**	1.61	18.37	4.14	-	2.25





Analysis

As of June 30, 2024, variation as compared to June 30, 2023 is as follows:

Earnings per Share (EPS) & Market Value per Share

EPS surged to Rs. 33.79 in FY24 from Rs. 12.06, signalling robust profitability and operational success. This positive performance boosted the market value per share to Rs. 166.21, reflecting increased investor's confidence.

Price-to-Earnings (P/E) & Price-to-Book Ratios

A lower P/E ratio of 4.92 in FY24, down from 9.20, highlights the Company's attractive valuation, with strong earnings potential. The low Price-to-Book ratio of 0.08 suggests that the stock is undervalued.

Dividend Analysis

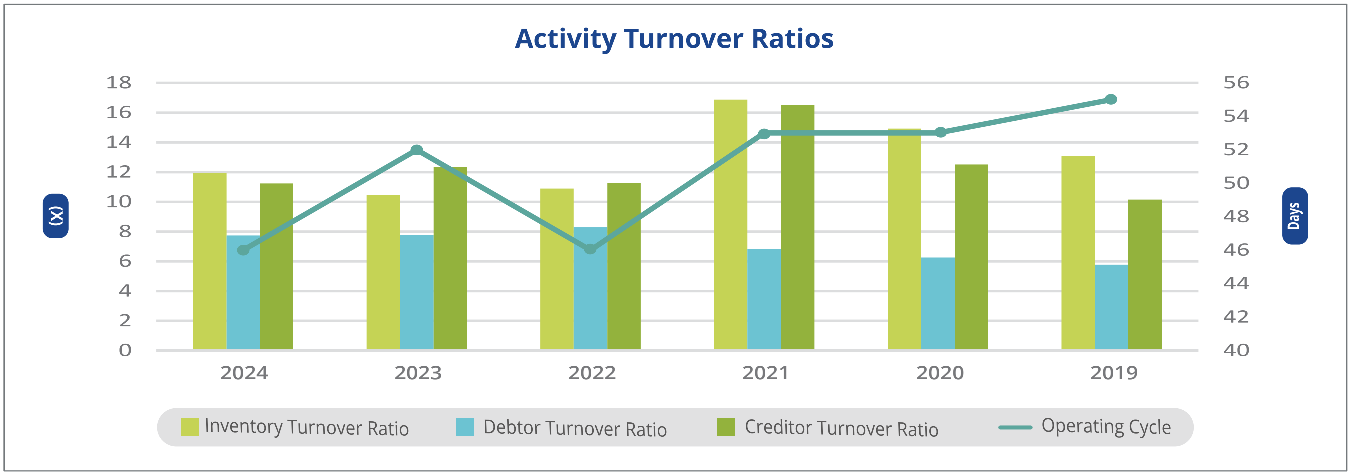
With an increased dividend per share of Rs. 10.00 and a stronger dividend cover ratio of 3.38, PSO demonstrates a solid balance between rewarding shareholders and reinvesting for future growth, underscoring its commitment to long-term value creation.

Ratios and Analysis

For the year ended June 30, 2024

Activity / Turnover Ratios

		2024	2023	2022	2021	2020	2019
Inventory Turnover Ratio	(x)	**11.95**	10.46	10.89	16.88	14.93	13.06
No. of Days in Inventory	Days	**31.00**	35.00	34.00	22.00	25.00	28.00
Debtor Turnover Ratio	(x)	**7.74**	7.78	8.28	6.83	6.25	5.77
No. of Days in Receivables	Days	**48.00**	47.00	45.00	54.00	58.00	63.00
Creditor Turnover Ratio	(x)	**11.23**	12.36	11.28	16.51	12.51	10.15
No. of Days in Creditors	Days	**33.00**	30.00	33.00	23.00	30.00	36.00
Total Asset Turnover Ratio	(x)	**3.89**	3.83	4.22	3.94	3.43	3.27
Fixed Asset Turnover Ratio	(x)	**184.24**	207.09	178.31	116.81	142.18	172.07
Operating Cycle	Days	**46.00**	52.00	46.00	53.00	53.00	55.00



Analysis

As of June 30, 2024, variation as compared to June 30, 2023 is as follows:

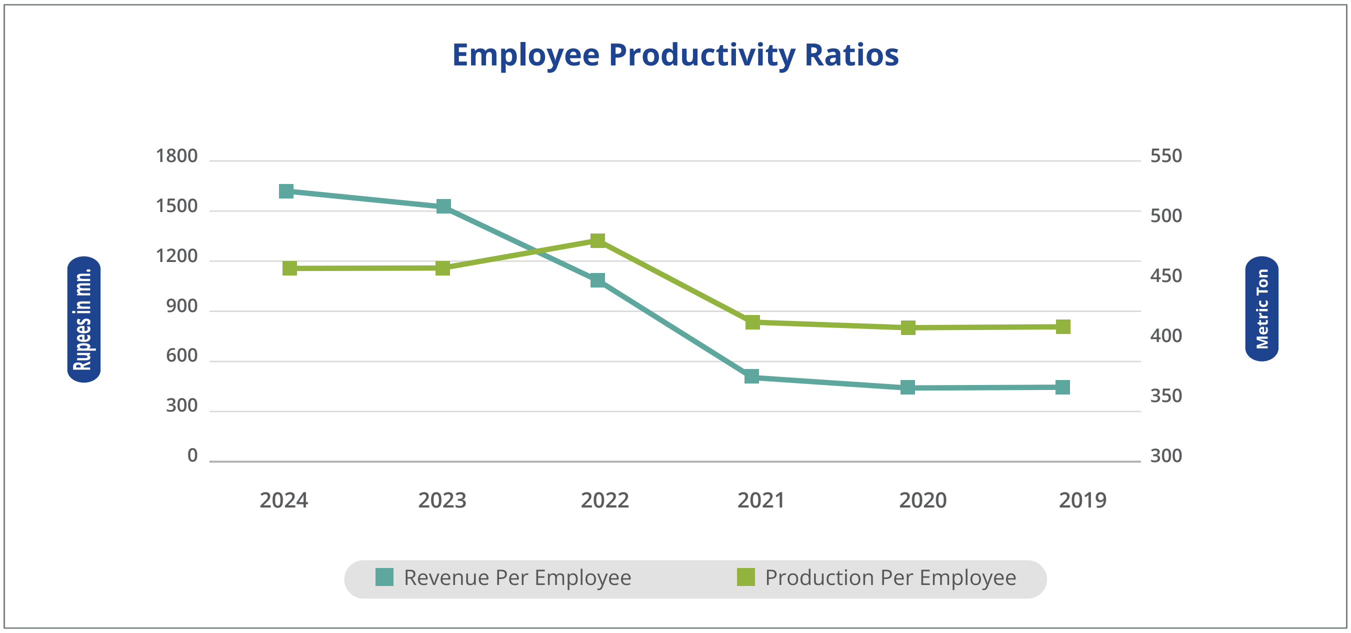
- PSO's improved inventory turnover ratio in FY24 and reduced number of days in inventory are due to its ability to optimize stock levels, respond to market demands effectively, enhancing liquidity and reducing holding costs.
- The slight reduction in debtor turnover ratio in FY24 is mainly due to the increase in average debtors owing to an increase in receivables balance from SNGPL. Receivables from SNGPL, however, started decreasing towards the end of the year.
- The reduction in the creditor turnover ratio, alongside the increase in the number of days in creditors resulted in optimization of cash flows and thus liquidity of the Company.
- The reduction in the operating cycle from 52 days in FY23 to 46 days in FY24 is a positive indicator of improved operational efficiency. By shortening the time taken to convert inventory and receivables into cash, PSO has strengthened its liquidity position, which is crucial given the substantial short-term borrowings (Rs. 403.6 bn. in FY24) and the liquidity crunch it faces due to the circular debt. The ability to cycle cash faster allows PSO to better manage its significant current liabilities and maintain operational stability.
- The asset turnover ratio improved slightly, indicating that the Company generated more sales per unit of assets. The marginal increase indicates that PSO is utilizing its assets more effectively to generate revenue, a positive sign for ongoing operational efficiency.

Ratios and Analysis

For the year ended June 30, 2024

Employee Productivity Ratio

		2024	2023	2022	2021	2020	2019
Production Per Employee	Metric Ton	**461**	461	484	416	411	412
Revenue Per Employee	Rs. in mn.	**1,619**	1,526	1,085	503	441	446
Staff Turnover Ratio	(x)	**0.07**	0.05	0.06	0.06	0.05	0.04



Analysis

As of June 30, 2024, variation as compared to June 30, 2023 is as follows:

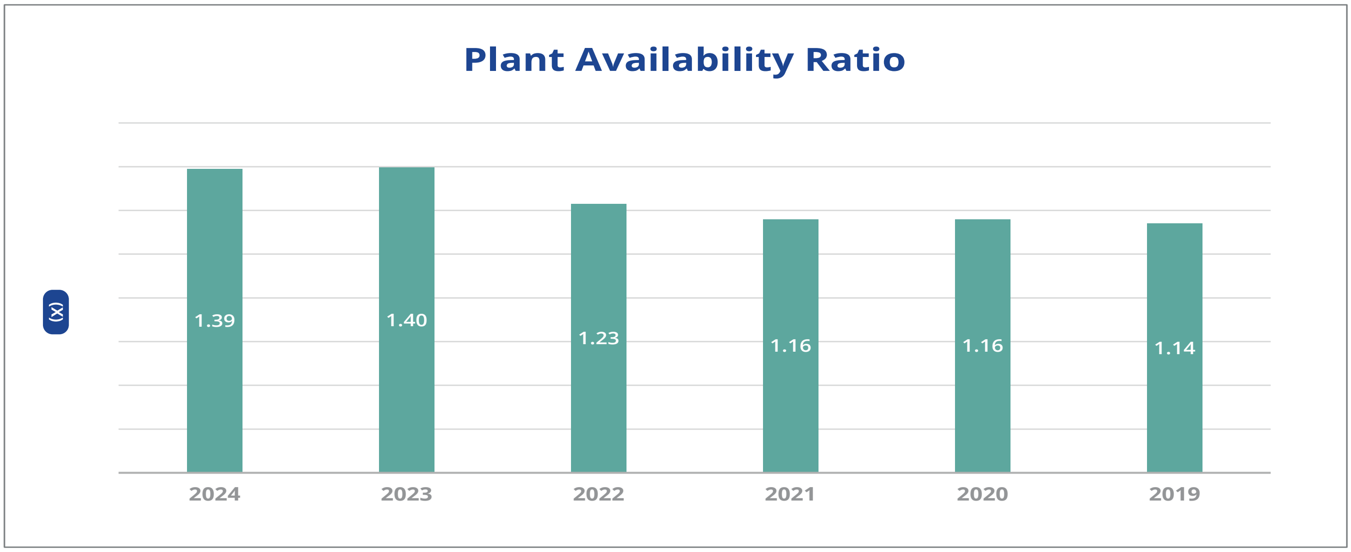
- Production per employee has remained stable.
- Revenue per employee has increased significantly. This increase is a combination of operational efficiency as well as increase in market prices of petroleum products.

Ratios and Analysis

For the year ended June 30, 2024

Other Ratios

		2024	2023	2022	2021	2020	2019
Plant Availability Ratio	(x)	**1.39**	1.40	1.23	1.16	1.16	1.14
Customer Satisfaction Index	%	**74**	62	74	70	70	71



Analysis

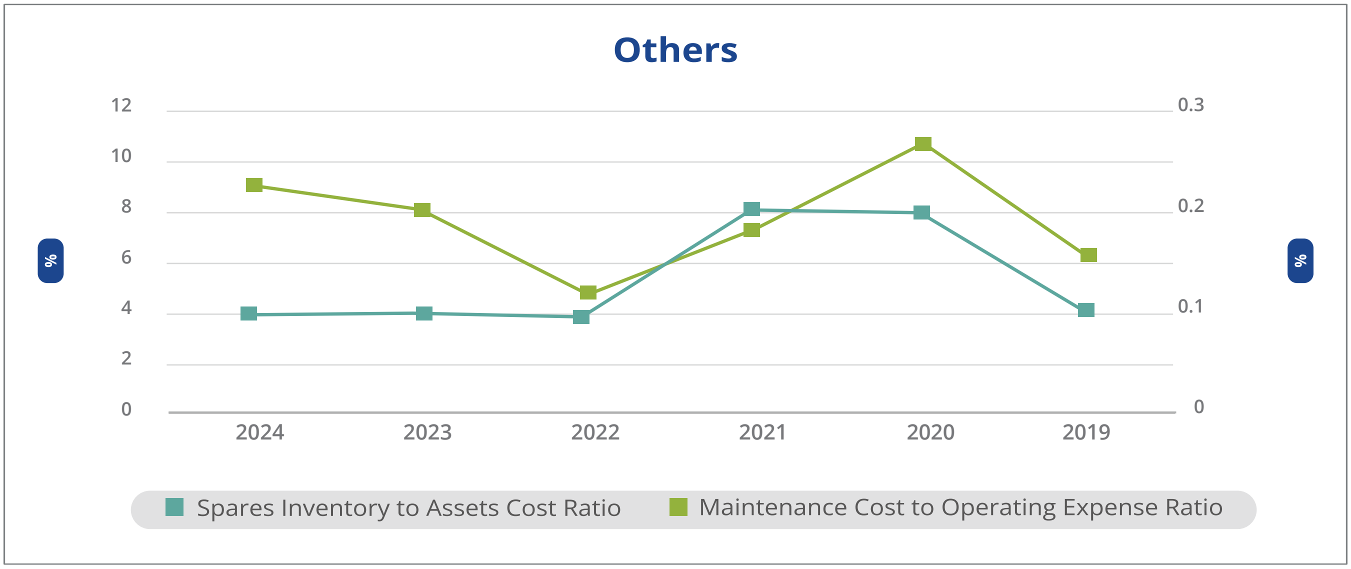
- As of June 30, 2024, variation as compared to June 30, 2023 is as follows:
- Plant availability ratio has remained stable.
- Customer satisfaction index is monitored based on customer responses.

Ratios and Analysis

For the year ended June 30, 2024

Other Ratios

		2024	2023	2022	2021	2020	2019
Spares Inventory to Assets Cost	%	**0.1**	0.1	0.1	0.2	0.2	0.1
Maintenance Cost to Operating Expense	%	**9.0**	8.1	4.7	7.3	10.6	6.1



Analysis

As of June 30, 2024, variation as compared to June 30, 2023 is as follows:

- Spare Inventory to asset cost has remained stable.
- Maintenance cost to operating expenses has increased this year on account of various budgeted maintenance activities undertaken this year.

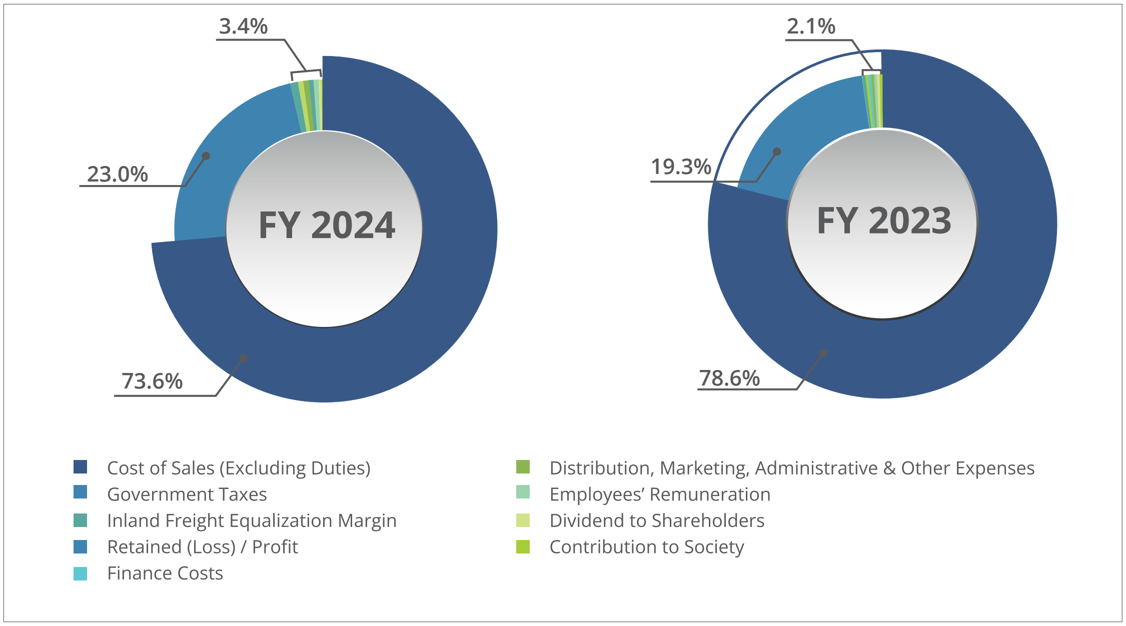
Ratios and Analysis

For the year ended June 30, 2024

Statement of Value Additions

Rupees in mn.

	2024	%	2023	%
Wealth Generated				
Sales (Net of discount / allowances)	**3,806,793**	99.34	3,605,399	99.65
Other income (including share of profit of associates)	**25,187**	0.66	12,648	0.35
	3,831,980	100.00	3,618,048	100.00
Distribution of Wealth				
Cost of sales (excluding duties)	**2,821,283**	73.62	2,845,547	78.65
Government taxes	**882,289**	23.02	697,082	19.27
Inland freight equalization margin	**31,484**	0.82	6,628	0.18
Retained profit	**12,342**	0.32	967	0.03
Finance costs	**52,338**	1.37	40,335	1.11
Distribution, marketing, administrative expenses & other expenses	**15,733**	0.41	11,426	0.32
Employees' remuneration	**12,640**	0.33	10,818	0.30
Dividend to shareholders	**3,521**	0.09	4,695	0.13
Contribution to society	**350**	0.01	550	0.02
	3,831,980	100.00	3,618,048	100.00



Economic Value Added

Rupees in mn.

	2024	2023
Cost of Capital		
Capital Employed	**249,310**	235,051
Weighted Average Cost of Capital (WACC)	**18%**	17%
Economic Value Added		
Net Operating Profit After Tax (NOPAT)	**26,261**	12,096
Less: Cost of Capital	**44,876**	38,783
Economic Value Added	**(18,614)**	(26,688)

Ratios and Analysis

For the year ended June 30, 2024

Vertical and Horizontal Analysis - Statement of Financial Position

Vertical Analysis

	2024	2023	2022	2021	2020	2019
	Percentage (%)					
Property, plant and equipment	**2.3**	1.9	1.7	3.7	2.9	2.0
Right-of-use assets	**0.8**	0.7	0.7	1.4	1.4	0.0
Intangibles	**0.0**	0.0	0.0	0.0	0.0	0.0
Long-term investments	**1.6**	1.2	1.4	4.3	4.7	2.7
Long-term loans, advances and other receivables	**0.1**	0.1	0.0	0.1	0.1	0.1
Long-term deposits and prepayments	**0.0**	0.0	0.0	0.1	0.1	0.1
Deferred tax asset - net	**2.2**	2.2	2.0	3.5	5.0	3.0
Retirement benefits	**0.0**	0.0	0.0	0.4	0.2	0.0
Total Non- Current assets	**7.0**	6.1	6.0	13.5	14.5	7.9
Stores, spares and loose tools	**0.1**	0.1	0.1	0.2	0.2	0.1
Stock-in-trade	**29.7**	29.8	38.0	20.8	16.7	21.5
Trade debts	**50.1**	50.4	47.9	58.1	57.5	52.6
Loans and advances	**0.1**	0.1	0.1	0.1	0.1	0.1
Short-term deposits and prepayments	**0.0**	0.1	0.0	0.1	0.7	0.8
Other receivables	**12.0**	10.5	6.4	5.0	6.9	13.9
Taxation - net	**0.0**	0.0	0.0	1.4	2.3	2.0
Cash and bank balances	**1.1**	2.9	1.5	0.8	1.1	1.1
Total Current assets	**93.0**	93.9	94.0	86.5	85.5	92.1
Total Assets	**100**	100	100	100	100	100
Equity and Liabilities						
Equity						
Share capital	**0.5**	0.5	0.5	1.2	1.4	0.9
Reserves	**23.3**	21.5	23.5	35.7	31.6	27.6
Total Share holders' Equity	**23.7**	22.0	24.0	36.9	33.0	28.6
Non-current liabilities	**1.8**	1.9	1.8	3.2	3.6	1.8
Current liabilities						
Trade and other payables	**31.8**	31.3	54.9	44.2	43.1	43.2
Short - term borrowings	**41.4**	43.0	17.3	14.8	19.4	0.4
Accrued interest / mark-up	**0.5**	1.2	0.1	0.1	0.4	0.0
Provisions	**0.1**	0.1	0.1	0.2	0.1	0.1
Current portion of lease liabilities	**0.1**	0.0	0.1	0.2	0.0	0.2
Taxation - net	**0.4**	0.3	1.5	0.0	0.0	25.6
Unclaimed and unpaid dividend	**0.2**	0.2	0.2	0.4	0.4	0.0
Total Current liabilities	**74.4**	76.1	74.2	59.5	63.4	69.6
Total Equity and Liabilities	**100**	100	100	100	100	100

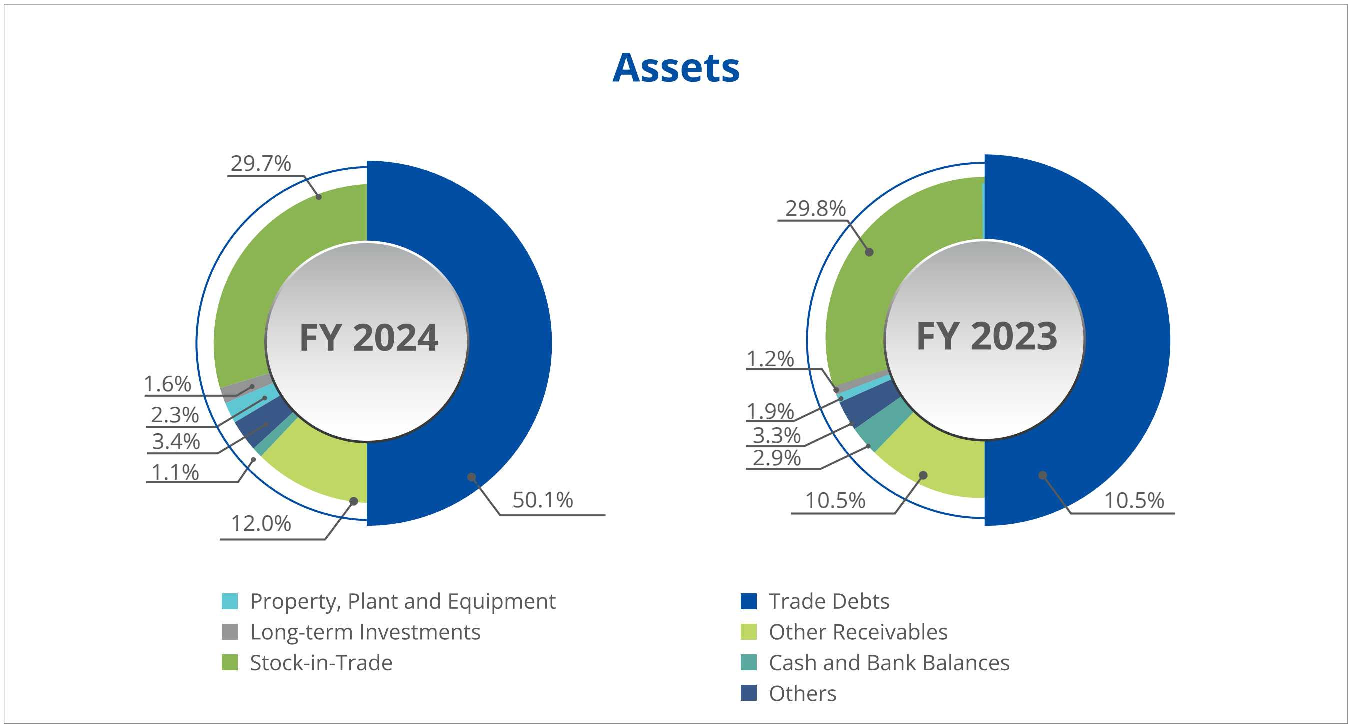
Horizontal Analysis

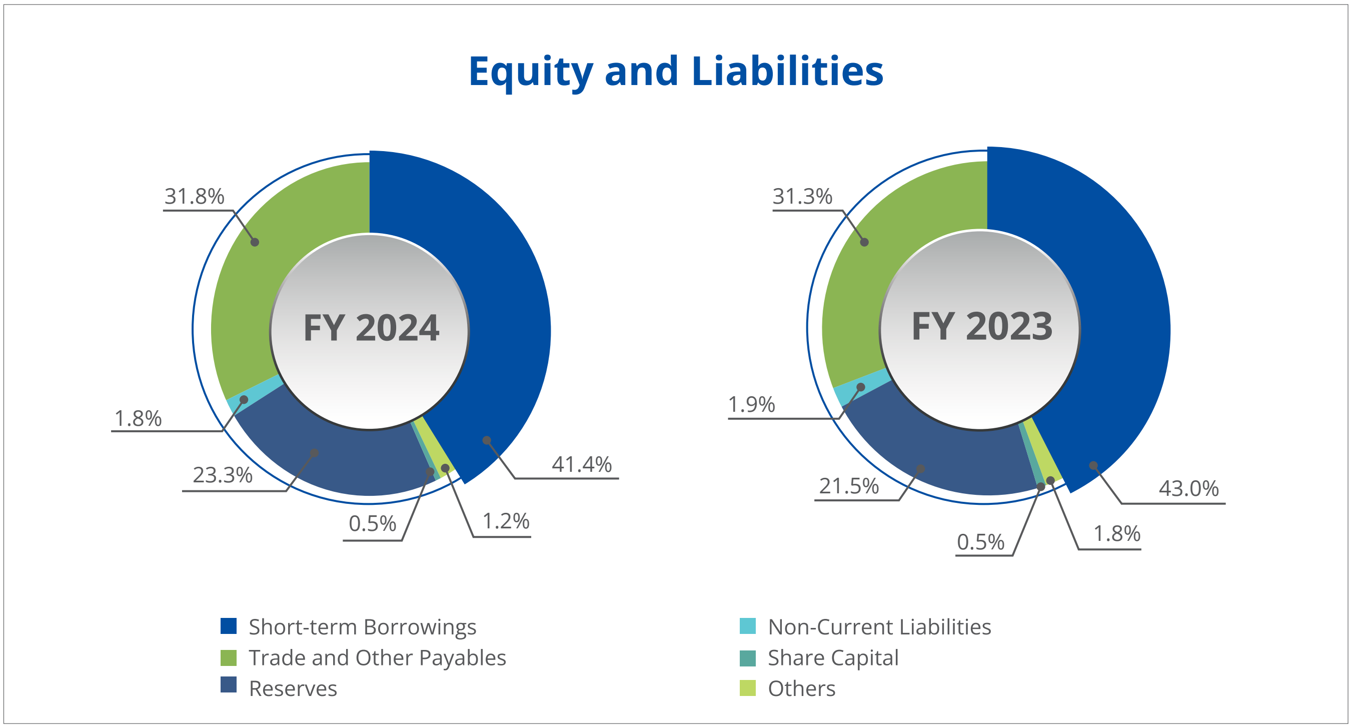
	2024	2023	2022	2021	2020	2019
	Percentage (%)					
Property, plant and equipment	**270.1**	227.7	191.6	172.9	122.1	100
Intangibles	**632.5**	458.5	481.6	294.2	158.9	100
Total Non- Current assets	**207.4**	182.8	163.2	156.1	151.0	100
Stock-in-trade	**322.3**	326.4	381.1	88.1	63.8	100
Trade debts	**222.3**	225.8	196.3	100.3	89.8	100
Other receivables	**201.2**	178.1	99.2	33.0	41.0	100
Cash and bank balances	**233.5**	630.4	303.0	63.2	85.1	100
Total Share holders' Equity	**194.1**	181.7	180.9	117.5	94.9	100
Non-current liabilities	**239.1**	245.6	219.8	162.6	165.5	100
Trade and other payables	**172.1**	171.1	274.3	93.1	82.1	100
Short - term borrowings	**23194.6**	24295.4	8957.4	3221.1	3818.3	100
Total Current liabilities	**249.7**	257.7	229.8	78.2	74.9	100
Total Equity And Liabilities	**233.6**	235.8	215.7	90.9	82.2	100

Ratios and Analysis

For the year ended June 30, 2024

Vertical Analysis - Statement of Financial Position





Ratios and Analysis

For the year ended June 30, 2024

Comment on Vertical and Horizontal Analysis

Total Non-Current Assets

The growth in non-current assets especially in FY24 is a positive indicator of the Company's forward-thinking strategy whereby it is investing in core operational assets and expanding through subsidiaries- which aims to enhance the overall value of the Company.

Stock-in-Trade

Stock-in-trade has decreased from last year. PSO has improved inventory turnover ratio in FY24 and has reduced number of days in inventory to optimize stock levels, enhance liquidity and reduce holding costs. Stock levels have varied over the years depending on the local demand and international price movements.

Trade Debts

Due to prevalent circular debt issue, Trade debts have remained high over the years. Trade debts have, however, decreased from last year which is a good sign for the Company. Due to continuous engagement with SNGPL and relevant authorities, the receivables from SNGPL have reduced in later part of FY24.

Shareholders' Equity

Shareholders' equity has nearly doubled since 2019, reflecting significant growth. This increase, combined with the Company's ability to maintain equity at a stable proportion of total assets, signals a strong capital base that supports ongoing investments and growth initiatives.

Trade and Other Payables

Trade and other payables have increased notably since 2019, primarily driven by rising foreign payables due to higher international prices and the devaluation of the rupee.

Ratios and Analysis

FOR THE YEAR ENDED JUNE 30, 2024

Vertical and Horizontal Analysis - Statement of Profit or Loss

	2024	2023	2022	2021	2020	2019
	Percentage (%)					
Net Sales	**100**	100	100	100	100	100
Cost of Products Sold	**(97.3)**	(97.8)	(93.4)	(95.5)	(98.9)	(96.9)
Gross Profit	**2.7**	2.2	6.6	4.5	1.1	3.1
Other Income (Including Share of Profit of Associates - Net of Tax)	**0.7**	0.4	1.0	1.6	1.0	0.7
Administrative & Marketing Expenses	**(0.7)**	(0.6)	(0.7)	(1.2)	(1.3)	(1.1)
Other Expenses	**(0.1)**	(0.1)	(0.7)	(0.4)	(0.0)	(0.4)
Total Operating Costs	**(0.8)**	(0.7)	(1.4)	(1.6)	(1.3)	(1.5)
Profit From Operations	**2.6**	1.9	6.2	4.5	0.7	2.3
Finance Costs	**(1.5)**	(1.2)	(0.2)	(0.9)	(1.2)	(0.8)
Profit / (Loss) Before Taxation	**1.2**	0.7	6.0	3.7	(0.5)	1.5
Taxation	**(0.7)**	(0.6)	(2.5)	(1.2)	(0.1)	(0.6)
Profit / (Loss) After Taxation	**0.4**	0.2	3.5	2.4	(0.6)	0.9

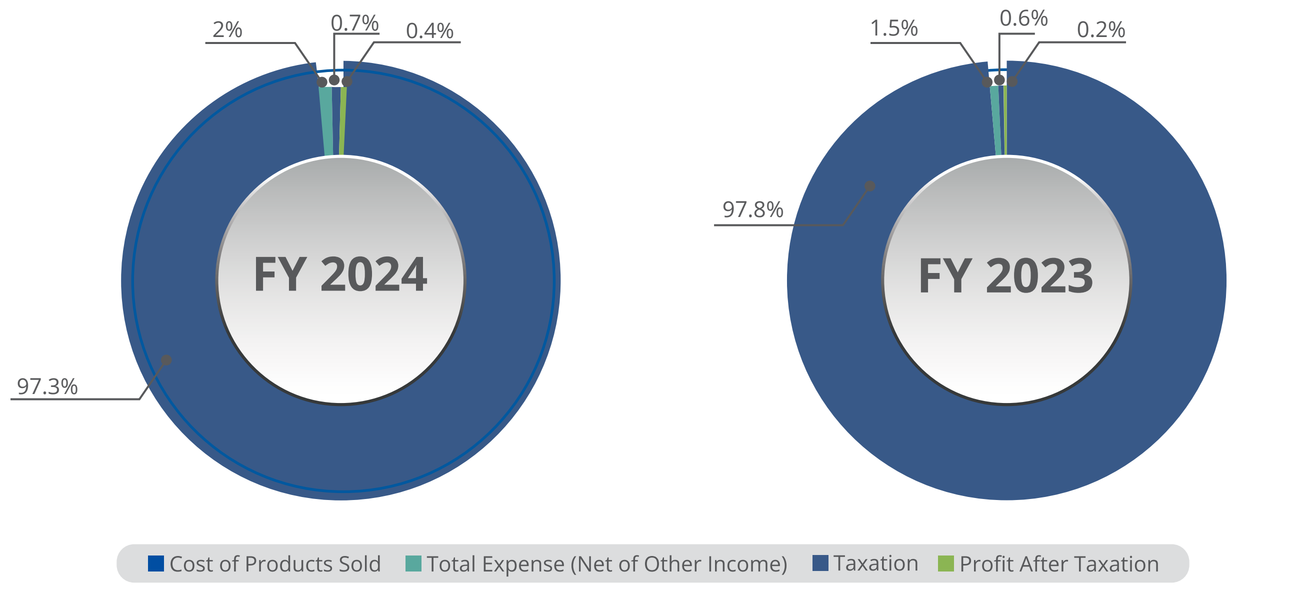
Horizontal Analysis

	2024	2023	2022	2021	2020	2019
	Percentage (%)					
Net Sales	**309.4**	293.8	212.4	104.3	96.0	100
Cost of Products Sold	**310.7**	296.6	204.8	102.8	98.0	100
Gross Profit	**270.1**	207.8	447.0	151.6	33.9	100
Other Income (Including Share of Profit of Associates - Net of Tax)	**333.2**	167.3	337.4	256.7	142.3	100
Administrative & Marketing Expenses	**199.9**	165.0	135.4	119.9	117.9	100
Other Expenses	**83.2**	49.3	364.2	102.7	1.1	100
Total Operating Costs	**167.8**	133.2	198.2	115.2	85.8	100
Profit From Operations	**354.3**	244.5	576.6	205.2	31.3	100
Finance Costs	**582.4**	448.8	52.5	114.0	149.4	100
Profit / (Loss) Before Taxation	**237.0**	139.4	846.0	252.1	(29.4)	100
Taxation	**370.9**	271.5	894.5	216.5	19.3	100
Profit / (Loss) After Taxation	**149.8**	53.5	814.5	275.2	(61.1)	100

Ratios and Analysis

FOR THE YEAR ENDED JUNE 30, 2024

Vertical Analysis - Statement of Profit or Loss



Comments on Horizontal and Vertical Analysis

Net Sales Revenue

The Company has seen notable growth in net sales, especially in the later years, with sales increasing over 200% from 2019 to 2024. This indicates robust expansion and a strong market presence . Further, increase in prices also contributed to this growth.

Cost of Product Sold & Gross Profit

The cost of products sold has moved over the years in line with change in sales. Gross profit improved in FY24 compared to last year benefiting from increase in sales of LNG, Lubricants, LPG and enhanced operational efficiencies, however, it was at its peak in FY22 due to favourable price regime on account of increase in international prices.

Other Income

Other income has varied over the years, with a noticeable increase in FY24 mainly due to increase in pipeline income, Service station license fee, income from bank deposits and recovery of financial charges on line fill cost.

Operating Costs

Operating cost has increased over the years to account for inflation adjustments , however, these have been in accordance with budgeted numbers.

Finance Cost

A significant challenge over the years has been to contain the finance costs in presence of circular debt. Despite optimal and efficient debt management, finance cost was highest in FY24 due to higher average receivables and higher interest rates prevalent in the market.

Profit / (Loss) After Tax

Despite the financial and economic challenges, the Company has successfully improved its net profitability in FY24.

Ratios and Analysis

FOR THE YEAR ENDED JUNE 30, 2024

INDICATORS AND PERFORMANCE MEASURES

The performance of the Company is gauged by the senior management through various indicators and performance measures. The following are critical indicators:

- Market share
- Earnings per share
- Gross profit
- Profit after tax excluding extraordinary items
- Debtors' turnover
- Cash flows from operating activities

These indicators will continue to be relevant in the future as these are critical for the evaluation of the performance.

Methods / Assumptions Used to Compile the Indicators

Market Share

Market share of Company's liquid fuels are determined on the basis of OCAC data – independent source.

Earnings Per Share

Earnings per share ratio is calculated with reference to the requirements of International Accounting Standards. The Company has no dilutive effects on the basic earnings per share.

Gross Profit

Gross profit is calculated by the Company with and without inventory gains/Losses to compare the performance of the Company. This is because Inventory gains and losses are mainly outside the control of the Company as these arise due to International price movements and requirement to keep sufficient stocks to meet the country's needs.

Debtors' Turnover

This ratio is calculated by the Company on the basis of the average values at the relevant balance sheet date.

Taxes and Dividends

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

During the year FY24, the Company deposited PKR. 791,281,005 on account of final dividend for the financial year ended June 30, 2023 to Federal Government which was approved by the members in 47th Annual General Meeting held on October 26, 2023.

Based on the profit in FY24, the Board of Management has declared a final cash dividend of Rs. 10 per share. In addition to profitability, the Company's future expectation of dividend declaration will also depend on the liquidity position of the Company which is a derivative of developments on the circular debt front.

INDEPENDENT AUDITOR'S REPORT

To the Members of Pakistan State Oil Company Limited

Report on the Audit of Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Pakistan State Oil Company Limited** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2024, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key Audit Matter	How the Matter was Addressed in Our Audit
Overdue trade receivable due to inter-corporate circular debt issue	
(Refer note 13 to the unconsolidated financial statements) As at June 30, 2024, the Company's overdue trade receivable from customers due to circular debt issue amounted to Rs. 371,484 million, which includes Rs. 70,618 million, Rs. 14,802 million and Rs. 286,064 million from related parties, GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO) and Sui Northern Gas Pipelines Company Limited (SNGPL) respectively. The Government of Pakistan is committed, hence, continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress has been slower than expected resulting in accumulation of the Company's receivable. The Company is also actively pursuing the Government of Pakistan to get budgetary allocation for release of past due price differential claims.	Our audit procedures in respect of receivables, amongst others, included the following: • Tested, on a sample basis, receivable ageing report classification within the appropriate ageing bracket with underlying invoices; • Obtained, on a sample basis, direct confirmation from customers and tested reconciliations where differences were identified. In case of no replies from customers, performed alternate procedures; • Inspected correspondence with the customers and relevant government authorities and held discussions with the Company and Board Audit and Compliance Committee of the Board of Management (BoM) to assess their views on the timing of settlement and recoverability of trade debts overdue because of inter-corporate circular debt issue and price differential claims overdue from the Government of Pakistan;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How the Matter was Addressed in Our Audit
The Company has recognised a specific provision of Rs. 347 million and considers the past due amounts to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector of Pakistan. Interest on the past due amounts from customers is recognised by the Company on receipt basis. We considered the matter as key audit matter due to significance of the past due amounts and significant judgments made by the management regarding recoverability of the past due amounts and recognition of interest on delayed payments by the customers.	• Discussed with the Company, events during the year and steps taken by management for settlement of the overdue trade debts and price differential claims and inspected minutes of meetings of the BoM and Board Audit and Compliance Committee of the BoM; • Evaluated the management's assessment on the ECLs of trade receivables and assessed management's conclusion along with assumptions used for the determination of ECL; and • Assessed the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.
Recognition of Revenue	
(Refer note 30 to the unconsolidated financial statements) The Company recognises revenue at the transaction price which the Company expects to be entitled to, after deducting sales tax, discounts and applicable levies. The Company carries out sale of regulated products on prices notified by Oil and Gas Regulatory Authority (OGRA) which are subject to policy clarification from the Federal Government. Sale of certain de-regulated products is carried out at the margin-based price mechanism and the Company recognises revenue at a point in time when control of product is transferred to customers. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Company at customer premises. We considered recognition of revenue as key audit matter due to the regulatory nature of pricing, significance of amounts requiring significant time and resources to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Company.	Our audit procedures to assess the recognition, amongst others, included the following: • Assessed the design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products; • Assessed the appropriateness of the Company's accounting policy for recognition of sales and compliance of the policy with International Financial Reporting Standard (IFRS 15 - "Revenue from Contracts with Customers"); • Compared on sample basis, the revenue transactions recorded before and after the reporting period with the underlying support including sales invoices, delivery challans, relevant sales contract and customer acknowledgement to assess if the related revenue was recorded in the appropriate accounting period; • Tested on a sample basis, notifications of OGRA for petroleum products price and the Company's margin-based price determination for regulated and de-regulated products respectively; • Tested journal entries relating to revenue recognised during the year based on identified risk criteria; • Assessed reasonableness of management's judgment relating to recoverability of interest on delayed payments from customers; and • Assessed the appropriateness of the disclosure made in the unconsolidated financial statements in accordance with requirements of accounting and reporting standards as applicable in Pakistan.

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

Management is responsible for the other information. The other information comprises of Chairman's Review, Managing Director & CEO's Letter to Shareholders and financial performance included in the Company's annual report for the year ended June 30, 2024 but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

INDEPENDENT AUDITOR'S REPORT

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017), State-Owned Enterprises (Governance and Operations) Act, 2023 and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017), State-Owned Enterprises (Governance and Operations) Act, 2023 and are in agreement with the books of account and returns;

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

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

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad

Date: September 30, 2024

UDIN: AR202410202g9D0AVcSP

Unconsolidated Statement of Financial Position

As at June 30, 2024

	Note	2024	2023
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	**22,113,904**	18,640,560
Right-of-use assets	5	**7,698,640**	6,898,277
Intangibles	6	**330,116**	239,282
Long-term investments	7	**15,155,487**	11,261,720
Long-term loans, advances and other receivables	8	**969,328**	761,044
Long-term deposits	9	**340,597**	370,750
Deferred tax asset - net	10	**21,518,375**	21,875,045
		68,126,447	60,046,678
Current Assets			
Stores, spares and loose tools	11	**848,534**	871,872
Stock-in-trade	12	**288,983,146**	292,626,142
Trade debts	13	**488,202,267**	495,898,435
Loans and advances	14	**616,746**	569,484
Short-term deposits and prepayments	15	**326,600**	1,204,894
Other receivables	16	**116,619,112**	103,224,248
Cash and bank balances	17	**10,725,374**	28,954,358
		906,321,779	923,349,433
Net assets in Bangladesh	18	**-**	-
TOTAL ASSETS		**974,448,226**	983,396,111
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**4,694,734**	4,694,734
Reserves	20	**226,614,182**	211,865,173
		231,308,916	216,559,907
Non-Current Liabilities			
Retirement and other service benefits	21	**9,711,308**	11,185,640
Lease liabilities	22	**7,686,751**	6,611,373
Deferred income - Government grant	23	**100,000**	100,000
Other payable	24	**502,699**	593,849
		18,000,758	18,490,862
Current Liabilities			
Trade and other payables	25	**309,830,355**	308,090,800
Short-term borrowings	26	**403,553,498**	422,705,573
Accrued interest / mark-up	26.5	**4,958,369**	11,523,844
Provisions	27	**639,413**	639,413
Current portion of lease liabilities	22	**532,440**	483,269
Taxation - net		**4,003,663**	3,341,201
Unclaimed dividend	28	**1,620,814**	1,561,242
		725,138,552	748,345,342
TOTAL LIABILITIES		**743,139,310**	766,836,204
TOTAL EQUITY AND LIABILITIES		**974,448,226**	983,396,111
CONTINGENCIES AND COMMITMENTS	29		

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

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

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees in '000)	
Net sales	30	**3,571,750,306**	3,391,111,978
Cost of products sold	31	**(3,474,459,806)**	(3,316,265,223)
Gross Profit		**97,290,500**	74,846,755
Other income	32	**23,561,296**	13,507,431
Operating Costs			
Distribution and marketing expenses	33	**(18,518,608)**	(15,234,975)
Administrative expenses	34	**(6,296,286)**	(5,242,671)
Provision of impairment on financial assets - net	13.3 & 16.7.1	**(261,338)**	(437,160)
Other expenses	35	**(3,646,690)**	(1,879,519)
		(28,722,922)	(22,794,325)
Profit From Operations		**92,128,874**	65,559,861
Finance costs	36	**(52,337,942)**	(40,334,643)
Share of profit / (loss) of associates - net of tax	7.7.1	**1,625,761**	(859,121)
Profit Before Taxation, Minimum Tax Differential and Final Taxes		**41,416,693**	24,366,097
Minimum tax differential	37.3	**(11,592,988)**	(10,639,326)
Final taxes	37.4	**(128,072)**	(100,008)
		(11,721,060)	(10,739,334)
Profit Before Taxation		**29,695,633**	13,626,763
Taxation	37	**(13,833,081)**	(7,964,618)
Profit For the Year		**15,862,552**	5,662,145
		(Rupees)	
Earnings Per Share - Basic and Diluted	38	**33.79**	12.06

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

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

Unconsolidated Statement of Comprehensive Income

For the year ended June 30, 2024

	Note	2024	2023
		------------------ (Rupees in '000)	------------------
Profit for the year		**15,862,552**	5,662,145
Other Comprehensive Income / (Loss):			
Items That Will Not be Subsequently Reclassified to Profit or Loss:			
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	*7.7.1*	**1,738**	(5,721)
Unrealised gain / (loss) on remeasurement of equity investment classified as fair value through other comprehensive income	*7.3*	**565,122**	(214,895)
Taxation thereon		**(220,714)**	(116,516)
		344,408	(331,411)
Actuarial gain on remeasurement of retirement and other service benefits	*21.1.6*	**2,620,797**	416,485
Taxation thereon		**(559,436)**	(135,958)
		2,061,361	280,527
		2,407,507	(56,605)
Total Comprehensive Income For the Year		**18,270,059**	5,605,540

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

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

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2024

	Share Capital	Capital Reserves: Surplus on Vesting of Net Assets	Revenue Reserves: Unrealised Gain / (Loss) on Remeasurement of FVOCI Investments	Revenue Reserves: General Reserve	Revenue Reserves: PSO Venture Capital Fund	Revenue Reserves: Un-Appropriated Profit	Reserves: Sub-Total	Total
	(Rupees in '000)							
Balance as at July 01, 2022	4,694,734	3,373	2,240,544	25,282,373	1,478,551	181,949,526	210,954,367	215,649,101
Total Comprehensive Income For the Year								
Profit for the year	-	-	-	-	-	5,662,145	5,662,145	5,662,145
Profit for the year transferred to venture capital reserve	-	-	-	-	243,661	(243,661)	-	-
Other Comprehensive Income For the Year								
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	(331,411)	-	-	-	(331,411)	(331,411)
Actuarial gain on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	280,527	280,527	280,527
Share of actuarial loss on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	(5,721)	(5,721)	(5,721)
	-	-	(331,411)	-	-	274,806	(56,605)	(56,605)
Transactions with the Owners of the Company								
Distributions								
Final dividend for the year ended June 30, 2022 at Rs. 10 per share	-	-	-	-	-	(4,694,734)	(4,694,734)	(4,694,734)
Total Distributions	-	-	-	-	-	(4,694,734)	(4,694,734)	(4,694,734)
Balance as at June 30, 2023	4,694,734	3,373	1,909,133	25,282,373	1,722,212	182,948,082	211,865,173	216,559,907
Balance as at July 01, 2023	**4,694,734**	**3,373**	**1,909,133**	**25,282,373**	**1,722,212**	**182,948,082**	**211,865,173**	**216,559,907**
Total Comprehensive Income For the Year								
Profit for the year	-	-	-	-	-	**15,862,552**	**15,862,552**	**15,862,552**
Profit for the year transferred to venture capital reserve	-	-	-	-	**414,167**	**(414,167)**	-	-
Reclassification of reserves	-	-	-	-	**(1,721,661)**	**1,721,661**	-	-
Other Comprehensive Income For the Year								
Unrealised gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	**344,408**	-	-	-	**344,408**	**344,408**
Actuarial gain on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	**2,061,361**	**2,061,361**	**2,061,361**
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	-	**1,738**	**1,738**	**1,738**
	-	-	**344,408**	-	-	**2,063,099**	**2,407,507**	**2,407,507**
Transactions with the Owners of the Company								
Distributions								
Final dividend for the year ended June 30, 2023 at Rs. 7.5 per share	-	-	-	-	-	**(3,521,050)**	**(3,521,050)**	**(3,521,050)**
Total Distributions	-	-	-	-	-	**(3,521,050)**	**(3,521,050)**	**(3,521,050)**
Balance as at June 30, 2024	**4,694,734**	**3,373**	**2,253,541**	**25,282,373**	**414,718**	**198,660,177**	**226,614,182**	**231,308,916**

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

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

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2024

	Note	2024	2023
		------------------ (Rupees in '000) ------------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	39	**98,001,421**	(179,106,818)
Long-term loans, advances and other receivables		**(208,284)**	(427,524)
Long-term deposits and prepayments		**30,153**	(33,213)
Taxes paid		**(25,315,159)**	(33,167,967)
Finance costs paid		**(57,320,349)**	(27,814,925)
Retirement and other service benefits paid		**(1,480,489)**	(716,467)
Net Cash Generated From / (Used in) Operating Activities		**13,707,293**	(241,266,914)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	4.4.1	**(6,110,165)**	(5,090,713)
Proceeds from disposal of property, plant and equipment	4.2	**66,705**	182,036
Investment in subsidiaries		**(2,556,661)**	(15,000)
Dividends received		**1,049,990**	555,839
Net Cash Used in Investing Activities		**(7,550,131)**	(4,367,838)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net	26.8	**(28,402,406)**	265,572,592
Lease payments	22	**(1,772,593)**	(1,578,125)
Dividend paid		**(3,461,478)**	(4,612,011)
Net Cash (Used in) / Generated From Financing Activities		**(33,636,477)**	259,382,456
Net (Decrease) / Increase in Cash and Cash Equivalents		**(27,479,315)**	13,747,704
Cash and cash equivalents at beginning of the year		**25,808,493**	12,060,789
Cash and Cash Equivalents at End of the Year	40	**(1,670,822)**	25,808,493

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

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

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Pakistan State Oil Company Limited ("the Company") is a public company incorporated in Pakistan in 1976 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is located at PSO House, Khayaban-e-Iqbal, Clifton, Karachi. The principal activities of the Company are procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils.

1.2 The business units of the Company include the following:

Business Unit	Address	Geographical Location
Head Office	PSO House, Khayaban-e-Iqbal, Clifton, Karachi.	Sindh
Lubes Manufacturing Plant	National Refinery Limited, Korangi, Karachi. Kemari Oil Terminal, Kemari, Karachi.	Sindh

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRSs or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

- Financial assets at fair value through other comprehensive income; and
- Obligations in respect of retirements and other service benefits.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information is presented in PKR.

2.4 Accounting estimates, assumptions and judgements

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgement that affect the application of company's accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other relevant factors, including reasonable expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. The estimates, assumptions and judgements made by the management in the application of accounting and reporting standards as applicable in Pakistan, that are relevant to the financial statements and may result in adjustments in subsequent years are as follows:

2.4.1 Property, plant and equipment and intangibles (Refer note: 4 & 6)

The Company reviews appropriateness of the method of depreciation / amortisation, useful lives and residual values used in the calculation of depreciation / amortisation of property, plant and equipment and intangible assets respectively on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment at each reporting date.

2.4.2 Right-of-use assets and corresponding lease liability (Refer note: 5 & 22)

Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value of the right-of-use asset in a similar economic environment.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation of the leased asset).

2.4.3 Impairment of stock-in-trade (Refer note: 12)

The Company reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values at each reporting date. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

2.4.4 Provision for impairment on financial assets

Financial assets covered under IFRS 9 - 'Financial Instruments' (IFRS 9) (Refer note: 3.11.1)

The Company uses default rates based on credit rating of customers from which receivables are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customers which have similar characteristics to calculate expected credit losses (ECL) for trade receivables, contract assets and other receivables.

The default rates are benchmarked and adjusted for forward looking information, cash flow projections are discounted using original effective interest rates, and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Company’s historical observed default rates which is then adjusted for forward looking information.

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

Financial assets covered under IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39)

The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly / ultimately from Government of Pakistan (GoP) till June 30, 2024. Accordingly, the Company reviews the recoverability of its trade debts, lease receivables and investments that are due directly / ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

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

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

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

2.4.5 Income taxes (Refer note: 10 & 37)

Significant judgement is required in determining the provision for income taxes and deferred tax asset and liability. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due taking into account decisions / judgement of appellate authorities on similar tax issues in the past. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made. The recognition of deferred tax is also made, by taking into account these judgements and the best estimate of future results of the Company.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

2.4.6 Provision for retirement and other service benefit obligations (Refer note: 21)

The present value of these obligations depends on a number of factors and is being calculated on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present value of these obligations and the underlying assumptions are disclosed in note 21 to these unconsolidated financial statements.

2.4.7 Valuation of un-quoted equity investment other than subsidiaries and associates (Refer note: 7)

The fair value of un-quoted equity investment other than subsidiaries and associates is calculated using cash flow projections which are discounted using the required rate of return. These cash flow projections and required rate of return calculation involves number of assumptions as disclosed in note 7.2 of these unconsolidated financial statements. Any changes in these assumptions will impact the carrying amount of the investment.

2.4.8 Contingencies (Refer note: 29)

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Company, based on availability of latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of uncertain future event(s).

2.5 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

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

Amendments to approved accounting standards

IAS 1 - Disclosure of Material Accounting Policy Information (Refer note 3)

IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Refer note 10)

The adoption of the above amendments to the approved accounting and reporting standards did not have any material effect on these unconsolidated financial statements.

2.6 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRSs) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2024:

- Classification of Liabilities as Current or Non-Current (amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after January 01, 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Non-Current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 01, 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right-of-use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after January 01, 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale and leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale and leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after January 01, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- Lack of Exchangeability (amendments to IAS 21) clarify:

  - when a currency is exchangeable into another currency; and

  - how a company estimates a spot rate when a currency lacks exchangeability.

  Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after January 01, 2025. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7)
- Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after January 01, 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / Liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognise their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognise its trade payables before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

The amendments apply for reporting periods beginning on or after January 01, 2026. Earlier application is permitted.

2.7 Share-Based Payments and Benazir Employees Stock Option Scheme

Amendments to IFRS 2 Share-Based Payment – Group cash-settled share-based payment transactions became effective from July 01, 2010 which require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for such transaction in its separate or individual unconsolidated financial statements.

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investments. The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Fund in exchange for the surrendered units as would be determined based on market price for listed entities or break-up value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Fund to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP vide SRO 587(I)/2011 dated June 07, 2011; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme. Further, in response to this letter, as per the Ministry of Privatization letter dated May 08, 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter Trustees of the Scheme have requested parent ministry for directions / clarification on winding up. The Honourable Supreme Court of Pakistan in its short order dated October 22, 2020, stated in the cases filed by other companies declared that Benazir Employees Stock Option Scheme (BESOS) is unconstitutional and ultra-vires. The Ministry of Energy (Petroleum Division) through its letter reference F.No. 8(9)/2014/BESOS/D-III (Volume-IV) dated November 25, 2020 directed the Company while referring Finance's Division letter no. F.2 (39) - NTR/2-2-F dated November 19, 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund. The Company now awaits the specific instructions from the Ministry of Energy (Petroleum Division) regarding the winding up of the Trust, after which it shall take the requisite corporate actions for the transfer of 3.04% shareholding back to the Federal Government and related actions for liquidation of the Trust and crediting the Trust funds in the Federal Consolidated Fund.

2.8 Change in Accounting Policy

As disclosed in note 37, the Institute of Chartered Accountants of Pakistan (ICAP), vide its circular no. 07/2024 dated

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

May 15, 2024, provided the guidance on IAS 12 application guidance on accounting for minimum taxes and final taxes. The Company has accounted for the change in its accounting policy as per the requirement of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors'. The Company has applied the accounting policy of IAS 12 as per the guidance. Resultantly, there is a reclassification of final taxes and minimum taxes previously classified as 'Taxation - current' in the unconsolidated statement of profit or loss appearing below Profit before taxation, to 'Profit before taxation, minimum tax differential and final taxes' (categorised as levy as per IFRIC 21 / IAS 37).

2.8.1 Impacts on the Company's unconsolidated statement of profit or loss:

	As Previously Reported	Reclassification	As Reclassified
Profit before taxation, minimum tax differential and final taxes	-	24,366,097	24,366,097
Minimum tax differential	-	(10,639,326)	(10,639,326)
Final taxes	-	(100,008)	(100,008)
Profit before taxation	24,366,097	(10,739,334)	13,626,763
Taxation	(18,703,952)	10,739,334	(7,964,618)

There is no impact of reclassifications mentioned in note 2.8 on Company's unconsolidated Statement of Financial Position, unconsolidated Statement of Cash Flows, unconsolidated Statement of Changes in Equity and Company's earnings per share for the year ended June 30, 2023.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at cost and capital work-in-progress, which is stated at cost less accumulated impairment losses, if any.

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings for financing the projects which takes substantial time for completion, until such projects are available for their intended use. Fixed assets under capital work-in-progress are classified to the appropriate categories of property, plant and equipment, when completed and ready for intended use.

Depreciation is charged to profit or loss using straight-line method so as to write-off the historical cost of the assets over their estimated useful lives at the rates given in note 4.1 to these unconsolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. Assets' residual value, useful lives and method of depreciation and rates are reviewed, and adjusted prospectively, if appropriate on an annual basis at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Maintenance and normal repairs are charged to profit or loss. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

3.2 Right-of-use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company does not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

3.3 Intangibles

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably.

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible asset is amortised and charged to profit or loss from the month when such asset is available for use on straight-line basis over its useful economic life. The estimated useful life and amortisation method are reviewed on an annual basis at each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables and contract assets, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables and contract assets are measured at the transaction price determined under IFRS 15 'Revenue from Contract with Customers'.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Company classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss (FVPL).

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right to receive the payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on equity investments are also recognised as other income in profit or loss when the right to receive the payment has been established.

The Company has not designated any financial asset at FVPL.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability at FVPL.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

Financial liabilities at amortised cost

After initial recognition, borrowings and payables are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.5 Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decision of investees. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Company’s share of its associates’ post acquisition profits or losses is recognised in profit or loss and its share in associates' post acquisition comprehensive income is recognised in other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Dividends received from associates reduce the carrying amount of the investment. When the Company’s share of losses in associate equals or exceeds its interest in the associate including any other long-term unsecured receivable, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When an FVOCI investment is converted into associated company, the balance in the surplus on revaluation of related asset is transferred to unappropriated profit. Gain on transaction between the Company and its associate are eliminated to the extent of the Company's interest in associates.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use or fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

3.6 Investment in subsidiaries

Investment in subsidiaries is stated at cost less accumulated impairment losses, if any.

3.7 Stores, spares and loose tools

These are valued at moving average cost less accumulated impairment losses, if any, except for items in-transit which are stated at invoice value plus other charges incurred thereon till the reporting date. Cost comprises invoice value and other direct costs but excludes borrowing cost. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

3.8 Stock-in-trade

Stock-in-trade is valued at the lower of average cost or cost on first in, first out (FIFO) basis and net realisable value except for stock-in-transit which is stated at cost (invoice value) plus other charges incurred thereon till the reporting date. The cost formula is dependent on the nature of the stock categories but the same formula is applied to all items of a similar nature. Cost comprises invoice value, charges like excise, custom duties, etc., and other direct costs.

Provision is made for obsolete / slow moving stocks where necessary and recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

3.9 Deposits, advances and other receivables

Deposits, advances and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to profit or loss.

3.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, with banks in current and deposit accounts, cheques in hand, demand draft and running finance under mark-up arrangements. Running finances under mark-up arrangements are shown within short-term borrowings under current liabilities on the statement of financial position.

3.11 Impairment

3.11.1 Impairment of financial assets

Financial assets covered under IFRS 9

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

For financial assets other than trade debts and contract assets, the Company applies general approach in calculating ECL. It is based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive discounted at the approximation of the original effective interest rate. The expected cash flows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

Financial assets covered under IAS 39

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O 67(I)/2023 dated January 20, 2023 has granted exemption from application of expected credit losses (ECL) method under IFRS 9 'Financial Instruments' on financial assets due from GoP in respect of circular debt till December 31, 2024, provided that the Company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Consequently, the Company has not recorded impact of aforesaid ECL on trade debts of SNGPL, HUBCO and GENCO in these unconsolidated financial statements based on the exemption granted from SECP in this respect. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from Government, due to uncertain cash recovery patterns of circular debt, carry weight. In accordance with the exemption granted by SECP, ECL has not been recognised in respect of financial assets due directly / ultimately from GoP (i.e. SNGPL, HUBCO and GENCO) in the unconsolidated financial statements based on the clarification received from SECP. The Company expects same exemption for another one year from SECP.

Financial assets, on which ECL model is not applicable as per the aforesaid notification of SECP, are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial asset carried at cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. For financial asset carried at amortised cost, the amount of impairment loss recognised is difference between carrying amount and present value of estimated cash flow, discounted at effective interest rate.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

3.11.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

3.12 Share capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.13 Retirement and other service benefits

3.13.1 Defined benefit plans

Pension funds

The Company operates approved funded defined benefit pension schemes separately for permanent management and non-management employees except for those employees who joined the Company after December 31, 2012. The scheme is administrated by the Trustees nominated under the Trust Deed. The schemes provide pension based on the employees' last drawn salary. Pensions are payable for life and thereafter 50% to surviving spouses and / or dependent children. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried using the Projected Unit Credit Method. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Actuarial gain or loss (remeasurements) are immediately recognised as other comprehensive income / (loss) as they occur. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Gratuity fund

The Company also operates an approved funded defined benefit gratuity scheme for all its permanent employees. The scheme is administrated by the Trustees nominated under the Trust deed. The scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognised in other comprehensive income / (loss) as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

Medical benefits

The Company also provides post retirement defined medical benefits to its permanent employees except for those management and non-management employees who joined the Company after July 01, 2001. Under the unfunded scheme all such employees, their spouses and dependents are entitled to the benefits. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognised in other comprehensive income / (loss) as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Compensated absences

The Company provides for compensated absences on the basis of actuarial valuation carried out in accordance with the requirements of IAS 19 'Employees Benefits'. Actuarial valuation of the scheme is carried out every year. Compensated absences are based on employees' last drawn salary.

3.13.2 Defined contribution plan

Provident fund

The Company also operates an approved funded defined contributory provident fund separately for its management and non-management employees. Equal monthly contributions are made both by the Company and the employee at the rate of 8.33% per annum of the basic salary. In addition, employees have the option to contribute at the rate of 16.66% per annum, however, the Company's contribution remains at the rate of 8.33% per annum.

Pension fund

The Company also operates an approved funded defined contributory pension fund separately for its management and non-management employees. Monthly contribution is made by the Company at the rate of 9.47% per annum of the gross salary.

3.14 Lease liabilities

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right-of-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

3.15 Provisions

Provisions are recognised when the Company has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

3.16 Taxation

3.16.1 Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to profit or loss except to the extent it relates to items recognised in other comprehensive income / (loss).

3.16.2 Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences including on investments in associates and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed depreciation, unused tax losses and tax credits can be utilised. Deferred tax assets are remeasured at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss except to the extent it relates to items recognised as other comprehensive income / (loss).

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

3.17 Foreign currency transactions and translation

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

3.18 Revenue recognition

The Company recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Company at customer premises.

The Company generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers ranges from 2 to 90 days.

3.19 Other income

Other income is recognised to the extent it is probable that economic benefit will flow to the Company and the amount can be measured reliably. Other income is measured at fair value of the consideration received or receivable and recognised on following basis:

- Dividend income on equity investment is recognised when the Company's right to receive the dividend is established.
- Mark-up / interest on debt securities, return on deposits and other financial assets are recognised on time proportion basis using effective interest rate method.
- Handling, storage and other services income is recognised when the services have been rendered.
- Mark-up receivable on delayed payment is recognised on receipt basis.
- Return on deposits and other financial assets is recognised on accrual basis.
- Financial charges on line fill cost is recognised on accrual basis.

3.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses. An operating segment's operating results are reviewed regularly by the Management Committee of the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BoM includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The business segments are engaged in providing products or services which are subject to risk and rewards which differ from the risk and rewards of other segments. Segments reported are Petroleum products, Liquefied Natural Gas (LNG) and other sources.

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

3.21 Interest in joint arrangements

Joint arrangements are arrangements in which the Company has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement.

The Company classifies a joint arrangement as joint operations when the Company has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operations. The Company classifies a joint arrangement as a joint venture when the Company has rights to the net assets of the arrangement.

The Company currently has joint operations as follows:

- In December 2004, the Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Total Parco Marketing Limited, for establishment and installation of storage facilities relating to petroleum products at Mehmoodkot. The Company has a 62.1% share in the joint arrangement.
- In March 2015, the Company entered into an unincorporated joint arrangement with Attock Petroleum Limited (APL) for establishment, operation and maintenance of a fuel farm and to operate and maintain the hydrant refueling system at the New Islamabad International Airport. Each party has a 50% share in this joint arrangement.

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

The Company currently does not have any joint venture.

3.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.23 Contingencies

Contingencies are disclosed when Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resourses embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

	Note	2024	2023
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	*4.1*	**18,211,319**	14,357,852
Capital work-in-progress	*4.4*	**3,902,585**	4,282,708
		22,113,904	18,640,560

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

4.1 Operating assets

	Land		Building		Tanks and pipelines	Service and filling stations (Note 4.1.2)	Plant and machinery	Furniture and fittings	Vehicles and other rolling stock	Office equipment	Railway sidings	Gas cylinders / regulators (Note 4.1.2)	Total
	Freehold	Leasehold	On freehold land	On leasehold land									
As at July 01, 2022													
Cost	598,855	110,921	1,252,797	1,934,457	8,971,303	13,053,888	5,440,869	459,996	1,960,451	1,285,523	97,555	493,798	35,660,413
Accumulated depreciation	-	(30,529)	(708,842)	(1,069,995)	(4,272,022)	(9,636,206)	(4,201,449)	(351,202)	(1,648,011)	(1,016,710)	(74,263)	(221,467)	(23,230,696)
Net book value	598,855	80,392	543,955	864,462	4,699,281	3,417,682	1,239,420	108,794	312,440	268,813	23,292	272,331	12,429,717
Year ended June 30, 2023													
Opening net book value	598,855	80,392	543,955	864,462	4,699,281	3,417,682	1,239,420	108,794	312,440	268,813	23,292	272,331	12,429,717
Additions / transfers	345,041	-	97,010	102,815	1,134,640	961,511	576,146	48,925	490,196	157,263	-	53,367	3,966,914
Disposals (Note 4.2)													
Cost	-	-	(7,169)	(12,304)	(687)	(463,483)	(16,809)	(6,686)	(80,366)	(17,555)	-	(108,164)	(713,223)
Accumulated depreciation	-	-	4,391	11,748	641	462,769	16,597	6,588	73,039	17,419	-	99,187	692,379
	-	-	(2,778)	(556)	(46)	(714)	(212)	(98)	(7,327)	(136)	-	(8,977)	(20,844)
Depreciation charge (Note 4.1.1)	-	(1,263)	(36,201)	(79,012)	(635,360)	(596,522)	(297,136)	(27,670)	(157,021)	(140,862)	(4,435)	(42,453)	(2,017,935)
Closing net book value	943,896	79,129	601,986	887,709	5,198,515	3,781,957	1,518,218	129,951	638,288	285,078	18,857	274,268	14,357,852
As at July 01, 2023													
Cost	943,896	110,921	1,342,638	2,024,968	10,105,256	13,551,916	6,000,206	502,235	2,370,281	1,425,231	97,555	439,001	38,914,104
Accumulated depreciation	-	(31,792)	(740,652)	(1,137,259)	(4,906,741)	(9,769,959)	(4,481,988)	(372,284)	(1,731,993)	(1,140,153)	(78,698)	(164,733)	(24,556,252)
Net book value	943,896	79,129	601,986	887,709	5,198,515	3,781,957	1,518,218	129,951	638,288	285,078	18,857	274,268	14,357,852
Year ended June 30, 2024													
Opening net book value	**943,896**	**79,129**	**601,986**	**887,709**	**5,198,515**	**3,781,957**	**1,518,218**	**129,951**	**638,288**	**285,078**	**18,857**	**274,268**	**14,357,852**
Additions / transfers	**50,633**	**-**	**118,680**	**24,688**	**2,205,584**	**2,040,396**	**925,193**	**80,581**	**299,621**	**395,295**	**-**	**88,316**	**6,228,987**
Disposals (Note 4.2)													
Cost	**-**	**-**	**-**	**(279)**	**(9,345)**	**(122,260)**	**(21,958)**	**(8,578)**	**(70,315)**	**(11,136)**	**-**	**-**	**(243,870)**
Accumulated depreciation	**-**	**-**	**-**	**279**	**9,236**	**121,851**	**21,958**	**8,445**	**62,621**	**11,128**	**-**	**-**	**235,517**
	-	**-**	**-**	**-**	**(109)**	**(409)**	**-**	**(133)**	**(7,695)**	**(8)**	**-**	**-**	**(8,353)**
Write offs													
Cost	**-**	**-**	**(2,379)**	**(9,724)**	**(40,688)**	**(942,182)**	**(90,237)**	**(35,499)**	**(1)**	**(108,864)**	**(496)**	**-**	**(1,230,069)**
Depreciation	**-**	**-**	**2,379**	**9,724**	**40,688**	**942,182**	**90,237**	**35,499**	**1**	**108,864**	**496**	**-**	**1,230,069**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge (Note 4.1.1)	**-**	**(1,263)**	**(42,727)**	**(77,851)**	**(731,524)**	**(699,352)**	**(336,040)**	**(35,621)**	**(184,276)**	**(207,475)**	**(4,435)**	**(46,603)**	**(2,367,167)**
Closing net book value	**994,529**	**77,866**	**677,939**	**834,546**	**6,672,466**	**5,122,593**	**2,107,371**	**174,778**	**745,938**	**472,889**	**14,422**	**315,981**	**18,211,319**
As at June 30, 2024													
Cost	**994,529**	**110,921**	**1,458,939**	**2,039,653**	**12,260,807**	**14,527,871**	**6,813,204**	**538,740**	**2,599,586**	**1,700,526**	**97,059**	**527,317**	**43,669,152**
Accumulated depreciation	**-**	**(33,055)**	**(781,000)**	**(1,205,107)**	**(5,588,341)**	**(9,405,278)**	**(4,705,833)**	**(363,961)**	**(1,853,647)**	**(1,227,637)**	**(82,637)**	**(211,336)**	**(25,457,833)**
Net book value	**994,529**	**77,866**	**677,939**	**834,546**	**6,672,466**	**5,122,593**	**2,107,371**	**174,778**	**745,938**	**472,889**	**14,422**	**315,981**	**18,211,319**
Annual rate of depreciation (%)	**-**	**1-7**	**5-10**	**5-10**	**5-20**	**5-33**	**5-33**	**7-33**	**17-20**	**7-33**	**7-10**	**10**	

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

		Note	2024	2023
4.1.1	**Depreciation charge for the year has been allocated as follows:**			
	Cost of products sold	*31.2*	**36,159**	31,189
	Distribution and marketing expenses	*33*	**2,053,645**	1,788,491
	Administrative expenses	*34*	**277,363**	198,255
			2,367,167	2,017,935

4.1.2 Service and filling stations include cost of Rs.13,869,542 (2023: Rs.12,918,653) incurred by the Company on underground storage tanks, dispensing units, other equipment, construction and related work. It also includes cost incurred on modernisation and development under the "New Vision Scheme" on approximately 2,250 (2023: 2,112) out of the total 3,580 (2023: 3,528) retail filling stations of dealers and consumer sites. In view of large number of outlets and consumer sites, the management considers it impracticable to disclose particulars of assets not in the possession of the Company as required under the Fourth Schedule to the Companies Act, 2017. Further, gas cylinders costing Rs. 527,314 (2023: Rs. 439,001) are not in possession of the Company.

4.1.3 Included in operating assets are fully depreciated assets having cost of Rs. 17,581,027 (2023: Rs. 18,037,198).

4.1.4 Included in operating assets are assets having net book value of Rs. 1,252,041 (2023: Rs. 899,666) in respect of Company's share in the joint operation. Certain assets relating to joint operation in New Islamabad International Airport are not in the possession or name of the Company aggregating to Rs. 207,214 (2023: Rs. 245,939). The possession of these assets at NIIAP is with Attock Petroleum Limited. In view of large number of assets, the Company considered it impracticable to disclose particulars of assets not in the possession of the Company as required under the Fourth Schedule to the Companies Act, 2017.

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

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
Vehicle	5,234	1,737	3,497	3,497	-	Company Policy	Mr. G.H.Ghumman
Vehicle	4,649	538	4,111	4,188	77	Company Policy	Mr. Azam Farooqui
Items having book value of less than Rs. 500 each	233,987	233,242	745	59,020	58,275		
June 30, 2024	**243,870**	**235,517**	**8,353**	**66,705**	**58,352**		
June 30, 2023	713,223	692,379	20,844	182,036	161,192		

4.3 The particulars of immovable fixed assets (i.e. land) are as follows:

Description of Location	Addresses	Total Area of Land Square Yards
Installations		
Machike Installation	Sargodha Road, Sheikhupura	199,771
Mehmood Kot Terminal	Railway Station, Mehmood Kot, Multan	111,048
Morgah Installation	Caltex Road, New Lalazar, Rawalpindi	14,913
Pipri Installation (ZOT)	National Highway, Pipri	460,647
Shikarpur Installation	Deh Ali Murad Kalhoro, Taluka Kanpur, Distt. Shikarpur	261,965

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

Description of Location	Addresses	Total Area of Land Square Yards
Installations		
Depots		
Chitral Depot	Mastuj-Dir Road, Chitral	13,790
Chakpirana Depot	Chakpirana, G.T Road Lala Moosa	104,091
Daulatpur Depot	Daulatpur, Distt., Nawabshah	140,360
Faqirabad Depot	Lawrancepur, Distt., Attock	112,984
Lalpir Depot	Deh Khuhawar & Gujrat,Tehsil Kot Addu Distt., Muzafargarh	157,179
Habibabad Depot	Near Railway crossing, Habibabad Distt., Kasur	199,620
Khuzdar Depot	Main R.C.D. Highway Road, Khuzdar	48,400
Kohat Depot	13-KM, Kohat/Rawalpindi Road, Kohat	56,507
Kotlajam Depot	Kotlajam, Distt., Bhakkar	48,400
New Faisalabad Depot	Village Karari, Chak No 190 RB, Tehsil Saddar, Distt., Faisalabad	100,611
New Hyderabad Depot	Deh Senhwar, Taluka Distt., Hyderabad	248,050
Pasni Depot	Pasni Gawadar Road, Opposite Airport Road, Girani	96,800
Quetta Depot 'C'	Chaman Road, Quetta Cantt	30,008
Sangi Depot	Deh Mehranpure, Taluka Pano Akil	48,400
Serai Naurang Depot	Village Nar Hafizabad Tehsil, Distt., Bannu	48,521
Taru Jabba Depot	G.T Road, Peshawar	64,523
Division Office		
Lahore Division	8, Edward Road, Lahore	10,000
Retail Outlets		
Chowerangi Service Station	Nazimabad Chowrangi, Karachi	743
Diamond Fuel Station	Jamrud Road, Peshawar	1,785
Garden Petroleum Station	Opp. Fatima Jinnah Girls High School, Nishter Road, Karachi	1,056
Madni Petroleum Services	College Road, Peshawar	1,194
PSO Service Station	Block-A North Nazimabad, Karachi	1,000
Pak Service Station	Sukkur City, Opposite Hira Medical Center, Sukkur	833
PSO Service Station	3A, The Mall, Rawalpindi	870
PSO Service Station	Diplomatic Enclave, Islamabad	2,000
CDA Land	Plot # 29, Sector D-12 Markaz, Islamabad	2,222
Others		
Bin Qasim Pak Saudia	South Western Zone, Port Qasim Authority, Karachi	116,160
Computer Institute, Badin	PSO Computer Institute, Badin	4,840
Jamshoro Land	Deh Morho Jabbal, Taluka Kotri Distt., Dadu	968,000
LPG Plant, Lahore	Miles Shakapura Road, Shadra, Lahore	29,040
PSO House	PSO House, Clifton, Karachi	6,535
Skardu Land (Refer note: 23)	Thorgo, Skardu	235,950
Railway Marshalling Yard, Pipri	South Western Zone, Port Qasim Authority, Karachi	484,000

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

	Note	2024	2023
4.4 Capital work-in-progress			
Tanks and pipelines		**1,576,700**	1,737,928
Service and filling stations		**330,024**	178,075
Plant and machinery		**89,007**	37,048
Furniture, fittings and equipment		**131,998**	-
Advance to suppliers and contractors		**123,663**	205,943
Capital spares		**1,651,193**	2,123,714
	4.4.1 & 4.4.2	**3,902,585**	4,282,708

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

		Note	2024	2023
4.4.1	Movement in capital work-in-progress is as follows:			
	Balance at beginning of the year		**4,282,708**	3,259,408
	Additions during the year		**6,110,165**	5,090,713
	Transfers during the year			
	- Operating assets	*4.1*	**(6,228,987)**	(3,966,914)
	- Intangibles	*6*	**(261,301)**	(100,499)
			(6,490,288)	(4,067,413)
	Balance at end of the year		**3,902,585**	4,282,708

4.4.2 Includes capital work-in-progress amounting to Rs. 45,908 (2023: Rs. 192,987) in respect of Company's share in joint operation.

		Note	2024	2023
5.	**RIGHT-OF-USE ASSETS**			
	Balance as at July 01, 2023			
	Cost		**9,011,248**	7,816,602
	Accumulated depreciation		**(2,112,971)**	(1,342,953)
	Net book value		**6,898,277**	6,473,649
	Movement during the year			
	Opening net book value		**6,898,277**	6,473,649
	Additions		**802,165**	913,146
	Changes due to modifications		**1,188,565**	281,500
	Less: Depreciation charge	*5.2*	**(1,166,206)**	(770,018)
	Less: Disposals made			
	Cost		**(24,695)**	-
	Accumulated depreciation		**534**	-
			(24,161)	-
	Closing net book value		**7,698,640**	6,898,277
	Balance as at June 30, 2024			
	Cost		**10,977,283**	9,011,248
	Accumulated depreciation		**(3,278,643)**	(2,112,971)
	Net book value		**7,698,640**	6,898,277

5.1 The annual rate of depreciation for the right-of-use assets ranges between 2% - 100%.

		Note	2024	2023
5.2	Depreciation charge for the year has been allocated as follows:			
	Distribution and marketing expenses	*33*	**1,072,266**	708,417
	Administrative expenses	*34*	**93,940**	61,601
			1,166,206	770,018

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

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

	Note	2024	2023
6. INTANGIBLES			
Net carrying value			
Balance at beginning of the year		**239,282**	251,337
Additions at cost		**261,301**	100,499
Disposals			
- Cost		**-**	(1,725)
- Accumulated amortisation		**-**	1,725
		-	-
Amortisation charge for the year	*6.1 & 34*	**(170,467)**	(112,554)
Balance at end of the year		**330,116**	239,282
Gross carrying value			
Cost	*6.2*	**1,147,758**	886,457
Accumulated amortisation		**(817,642)**	(647,175)
Net book value		**330,116**	239,282

6.1 The cost is being amortised over the period of 3 to 5 years.

6.2 Intangibles include ERP System (SAP), anti-virus softwares and other office related softwares.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

	Note	2024	2023
7. LONG-TERM INVESTMENTS			
Investment in related parties			
Investment held at fair value through other comprehensive income (FVOCI)			
In an unquoted company			
- Pak-Arab Pipeline Company Limited (PAPCO) Equity held: 12% (2023: 12%) No. of shares: 8,640,000 (2023: 8,640,000) of Rs. 100/- each	*7.2 & 7.3*	**4,558,321**	3,993,199
Investment in subsidiary - at cost			
In a quoted company			
- Pakistan Refinery Limited (PRL) Equity held: 63.56% (2023: 63.56%) No. of shares: 400,459,028 (2023: 400,459,028) of Rs. 10/- each		**4,890,680**	4,890,680
In unquoted companies			
- Cerisma (Private) Limited (CPL) Equity held: 100% (2023: 100%) No. of shares: 499,999 (2023: 499,999) of Rs. 10/- each	*7.4.1*	**315,000**	5,000
- PSO Renewable (Private) Limited (PRE) Equity held: 100% (2023: 100%) No. of shares: 999,999 (2023: 999,999) of Rs. 10/- each	*7.5.1*	**535,000**	10,000
- PSO Venture Capital (Private) Limited (PSOVC) Equity held: 100% (2023: Nil) No. of shares: 147,799,999 (2023: Nil) of Rs. 10/- each	*7.6.1*	**1,721,661**	-
Investment in associates			
In unquoted companies			
- Asia Petroleum Limited (APL) Equity held: 49% (2023: 49%) No. of shares: 46,058,570 (2023: 46,058,570) of Rs. 10/- each	*7.7*	**3,085,483**	2,325,836
- Pak Grease Manufacturing Company (Private) Limited (PGMCL) Equity held: 22% (2023: 22%) No. of shares: 686,192 (2023: 686,192) of Rs. 10/- each	*7.7*	**49,342**	37,005
		3,134,825	2,362,841
		15,155,487	11,261,720

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

7.1 The principal place of business of all the investees is in Karachi.

7.2 Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Company. Accordingly, the Company has carried out an exercise to ascertain the fair value of investment as at the year end using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	2024	2023
- Discount rate	**19.79% - 20.21%**	19.56% - 19.94%
- Growth rate of terminal value	**6%**	6%

Based on the above fair valuation exercise, the Company has recorded an unrealised gain (net of tax) of Rs. 344,408 (2023: unrealised loss Rs. 331,411) in other comprehensive income / (loss) for the year.

		2024	2023
7.3	**Movement of investment classified as FVOCI**		
	Balance at beginning of the year	**3,993,199**	4,208,094
	Remeasurement gain / (loss) recognised as other comprehensive income / (loss)	**565,122**	(214,895)
	Balance at end of the year	**4,558,321**	3,993,199
7.3.1	**Sensitivity to unobservable inputs:**		
	- Discount rate (1% increase)	**(345,851)**	(294,970)
	- Discount rate (1% decrease)	**402,405**	343,832
	- Growth rate of terminal value (1% increase)	**243,718**	208,593
	- Growth rate of terminal value (1% decrease)	**(210,771)**	(179,941)

7.4 CPL was incorporated on September 29, 2022 as private limited company. The principal activity of CPL is to set-up, manage, own, administer and run electronic money institution (EMI) under EMI Regulations. As at June 30, 2024, the Company has subscribed to 499,999 shares of Cerisma. The principal place of business for CPL is Sindh, Pakistan.

7.4.1 Includes Rs. 310,000 (2023: Nil) paid to CPL as advance against issue of shares.

7.5 PRE was incorporated on December 02, 2022 as private limited company. The principal activity of PRE is to carry on businesses of renewable energy, its manufacturing, processing and installation thereof. As at June 30, 2024, the Company has subscribed to 999,999 shares of PRE. The principal place of business for PRE is Sindh, Pakistan.

7.5.1 Includes Rs. 525,000 (2023: Nil) paid to PRE as advance against issue of shares.

7.6 PSOVC was incorporated on April 05, 2023 as private limited company. The principal activity of PSOVC is to carry on business of private equity and venture capital fund management services. As at June 30, 2024, the Company has subscribed to 147,799,999 shares of PSOVC. The principal place of business for PSOVC is Sindh, Pakistan.

7.6.1 Includes Rs. 243,661 (2023: Nil) paid to PSOVC as advance against issue of shares.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

7.7 Investment in associates

7.7.1 Movement of investment in associates

	2024			2023		
	APL	PGMCL	Total	APL	PGMCL	Total
Balance at beginning of the year	**2,325,836**	**37,005**	**2,362,841**	3,413,175	44,801	3,457,976
Share of profit / (loss) of associates - net of tax:						
- current year - unaudited	**1,509,314**	**15,788**	**1,525,102**	(855,752)	(8,308)	(864,060)
- adjustment for last year profit / (loss) based on prior year audited financial statements	**100,790**	**(131)**	**100,659**	4,831	108	4,939
	1,610,104	**15,657**	**1,625,761**	(850,921)	(8,200)	(859,121)
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	**1,627**	**111**	**1,738**	(6,125)	404	(5,721)
Dividend income	**(852,084)**	**(3,431)**	**(855,515)**	(230,293)	-	(230,293)
Balance at end of the year	**3,085,483**	**49,342**	**3,134,825**	2,325,836	37,005	2,362,841

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

	Note	2024		2023	
		APL	PGMCL	APL	PGMCL
		(Un-audited)			
Revenue		**4,424,134**	**470,893**	3,406,967	122,670
Profit / (loss) after taxation for the year		**3,080,233**	**71,763**	(1,746,433)	(37,764)
Total comprehensive income / (loss)		**3,080,233**	**71,763**	(1,746,433)	(37,764)
Non-current assets		**1,248,355**	**71,429**	788,513	39,660
Current assets		**11,208,578**	**212,961**	10,376,668	157,695
		12,456,933	**284,390**	11,165,181	197,355
Non-current liabilities		**(188,751)**	**(10,670)**	(257,160)	(11,435)
Current liabilities		**(5,971,279)**	**(49,433)**	(6,161,416)	(17,710)
		(6,160,030)	**(60,103)**	(6,418,576)	(29,145)
Net assets		**6,296,903**	**224,286**	4,746,605	168,210

7.7.3 Reconciliation of carrying amount of investment

	Note	2024 APL	2024 PGMCL	2023 APL	2023 PGMCL
Net assets	7.7.2	**6,296,903**	**224,286**	4,746,605	168,210
Company's holding in %	7	**49%**	**22%**	49%	22%
Company's share of investment in associates		**3,085,483**	**49,342**	2,325,836	37,005
Carrying amount of investment		**3,085,483**	**49,342**	2,325,836	37,005

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

		Note	2024	2023
8.	**LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES**			
	Loans - considered good			
	Executives*	8.1	**659,161**	386,360
	Employees		**559,740**	537,069
		8.2	**1,218,901**	923,429
	Current portion shown under current assets	14	**(357,558)**	(281,486)
			861,343	641,943
	Advances - considered good (secured)			
	Employees	8.4	**140,097**	140,295
	Current portion shown under current assets	14	**(51,650)**	(43,832)
			88,447	96,463
	Other receivables			
	- Considered good		**19,538**	22,638
	- Considered doubtful		**8,143**	8,143
			27,681	30,781
	Provision for impairment		**(8,143)**	(8,143)
			969,328	761,044
8.1	**Reconciliation of carrying amount of long-term loans to executives*:**			
	Balance at beginning of the year		**386,360**	112,113
	Disbursements made during the year		**406,700**	422,852
	Repayments made during the year		**(133,899)**	(148,605)
	Balance at end of the year		**659,161**	386,360

*These represent executives as prescribed under the Companies Act, 2017.

8.2 These represent interest free loans to executives and employees for purchase of motor cars, motor cycles, house building, marriage, umrah and others, in accordance with the Company's policy. Loans for purchase of motor cars and motor cycles are secured against the respective assets, and all other loans are also secured against entitlements. These loans are recoverable in monthly installments over a period of twenty months to sixty months. Loans to executives and employees have not been discounted as the amount involved is not significant to these unconsolidated financial statements.

8.3 The maximum aggregate amount of loans due from executives and employees at the end of any month during the year was Rs. 1,359,455 (2023: Rs. 534,948).

8.4 These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Company's policy. These advances are secured against respective assets and are recovered through monthly deduction of house allowance until complete repayment is made.

9. LONG-TERM DEPOSITS

These include interest free deposits amounting to Rs. 137,712 (2023: Rs. 152,050) paid to related parties.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

10. DEFERRED TAX ASSET - NET

	Balance as at June 30, 2023	Charge for the year		Balance as at June 30, 2024
		Profit or loss	Other comprehensive income	
Taxable temporary difference in respect of:				
Accelerated tax depreciation	1,313,885	531,178	-	**1,845,063**
Investment in associates under equity method	469,375	192,560	-	**661,935**
Equity investment held as FVOCI	1,220,067	-	220,714	**1,440,781**
Lease Liability	666,371	297,521	-	**963,892**
Deductible temporary difference in respect of provision for:				
Tax amortisation	(4,257)	(1,649)	-	**(5,906)**
Right-of-use assets	(823,851)	(454,820)	-	**(1,278,671)**
Impairment of stores and spares	(53,173)	21,952	-	**(31,221)**
Impairment on trade debts	(1,087,325)	(183,996)	-	**(1,271,321)**
Impairment on other receivables	(3,612,520)	22,774	-	**(3,589,746)**
Retirement and other service benefits	(3,601,047)	(447,570)	559,436	**(3,489,181)**
Excise, taxes and other duties	(28,404)	-	-	**(28,404)**
Liabilities offered for taxation	(16,330,991)	(401,430)	-	**(16,732,421)**
Others	(3,175)	-	-	**(3,175)**
	(21,875,045)	(423,480)	780,150	**(21,518,375)**

	Note	2024	2023
10.1 Movement in deferred tax asset - net is as follows:			
Balance at beginning of the year		**21,875,045**	17,982,287
- recognised in profit or loss	*37*	**423,480**	4,145,232
- recognised in other comprehensive income		**(780,150)**	(252,474)
Balance at end of the year		**21,518,375**	21,875,045

11. STORES, SPARES AND LOOSE TOOLS

	Note	2024	2023
Stores, spares and loose tools		**928,587**	1,008,214
Provision for obsolete / slow moving	*11.1*	**(80,053)**	(136,342)
		848,534	871,872
11.1 The movement in provision for obsolete / slow moving is as follows:			
Balance at beginning of the year		**136,342**	92,923
Provision (reversed) / recognised during the year	*32*	**(56,289)**	43,419
Balance at end of the year		**80,053**	136,342

12. STOCK-IN-TRADE

	Note	2024	2023
Raw and packing material		**7,848,586**	6,552,455
Petroleum and other products (gross)	*12.1*	**100,744,545**	124,164,828
Less: Stock held on behalf of third parties	*12.2*	**(5,398,779)**	(5,506,408)
		103,194,352	125,210,875
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Company Limited - net of loss		**124,586,891**	112,847,307
		227,781,243	238,058,182
Add: Charges incurred thereon		**61,201,903**	54,567,960
	31	**288,983,146**	292,626,142

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

12.1 Includes stock-in-transit amounting to Rs. 21,228 (2023: Rs. Nil) and stock (net of provision) held by:

	2024	2023
Cnergyico Pk Limited	**12,437**	11,988

12.2 Includes stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2023: Rs. 23,730). This also includes stock held on behalf of related parties amounting to Rs. 607 (2023: Rs. 589).

	Note	2024	2023
13. TRADE DEBTS			
Considered good			
- Due from Government agencies and autonomous bodies			
- Secured	*13.1*	**708,723**	77,603
- Unsecured	*13.2*	**429,345,087**	436,761,005
		430,053,810	436,838,608
- Due from other customers			
- Secured	*13.1*	**5,274,148**	6,628,389
- Unsecured	*13.2*	**52,874,309**	52,431,438
		58,148,457	59,059,827
		488,202,267	495,898,435
Considered doubtful		**3,259,798**	2,939,979
Trade debts - gross		**491,462,065**	498,838,414
Provision for impairment	*13.2 & 13.3*	**(3,259,798)**	(2,939,979)
Trade debts - net		**488,202,267**	495,898,435

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

13.2 These debts include an aggregate amount of Rs. 420,498,555 (2023: Rs. 433,921,957) due from GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO), and Sui Northern Gas Pipelines Company Limited (SNGPL) on account of inter-corporate circular debt. These include past due trade debts of Rs. 70,617,958 (2023: Rs. 71,921,997), Rs. 14,802,218 (2023: Rs. 18,135,551) and Rs. 286,063,645 (2023: Rs. 298,429,214) from GENCO, HUBCO and SNGPL respectively, based on the agreed credit terms. The Company carries a specific provision of Rs. 346,975 (2023: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 371,136,846 (2023: Rs. 388,139,788) as doubtful based on measures being undertaken by the Government of Pakistan (GoP) to resolve circular debt issue. The Company is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of the Company's trade debts. The Company considers this amount to be fully recoverable because the GoP had assumed the responsibility to settle the inter-corporate circular debt in the energy sector. As disclosed in note 3.11.1 to these unconsolidated financial statements, SECP has deferred the applicability of ECL model till December 31, 2024 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

	2024	2023
13.3 The movement in provision for impairment during the year is as follows:		
Balance at beginning of the year	**2,939,979**	2,737,455
Provision recognised during the year	**566,741**	282,038
Reversal of provision made during the year	**(246,922)**	(79,514)
	319,819	202,524
Balance at end of the year	**3,259,798**	2,939,979

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

		Note	2024	2023
13.3.1	**Provision for impairment has been recognised against trade debts is as follows:**			
	Related parties	13.6.2	**1,223,074**	851,302
	Other customers		**2,036,724**	2,088,677
			3,259,798	2,939,979

13.4 As at June 30, 2024, trade debts aggregating to Rs. 111,783,394 (2023: Rs. 110,081,370) are neither past due nor impaired. The remaining trade debts aggregating to Rs. 376,418,873 (2023: Rs. 385,817,065) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2024	2023
Up to 3 months	**288,807,642**	296,367,204
3 months to 6 months	**4,253,131**	9,689,584
6 months to 1 year	**687,614**	17,130,127
Over 1 year	**82,670,485**	62,630,150
	376,418,872	385,817,065

13.5 The details of trade debts due from associates and related parties are as follows:

	Maximum aggregate outstanding at the end of any month		Balance as at 30 June	
	2024	2023	2024	2023
Associate				
Asia Petroleum Limited	**-**	4,167	**-**	-
Other Related Parties				
GENCO	**71,720,501**	71,921,997	**70,617,958**	71,921,997
SNGPL	**445,793,612**	427,744,569	**335,078,379**	343,864,408
Pakistan International Airlines Corporation	**15,810,951**	14,398,626	**15,726,996**	13,616,915
K-Electric Limited	**2,817,955**	18,003,765	**2,754,321**	4,368,287
Pakistan Railways	**5,603,493**	4,035,967	**5,176,156**	4,035,967
Oil & Gas Development Corporation Limited	**713,099**	-	**713,099**	-
Pakistan Petroleum Limited	**96,413**	52,924	**11,374**	52,922
Sui Southern Gas Company Limited	**24,743**	4,570	**8,062**	1,267
Pakistan National Shipping Corporation	**2,021**	2,021	**-**	2,021
			430,086,345	437,863,784

13.6 The details of past due or impaired trade debts from associates and related parties are as follows:

Name	Up to 6 months	More than 6 months	Total 2024	Total 2023
Other Related Parties				
GENCO	**-**	**70,617,958**	**70,617,958**	71,921,997
SNGPL	**286,063,645**	**-**	**286,063,645**	298,429,214
Pakistan International Airlines Corporation	**13,837,289**	**-**	**13,837,289**	13,616,915
Pakistan Railways	**1,422,057**	**234,268**	**1,656,325**	4,035,967
Oil & Gas Development Corporation Limited	**38,181**	**-**	**38,181**	-
Pakistan Petroleum Limited	**279**	**-**	**279**	-
Pakistan National Shipping Corporation	**-**	**2,021**	**2,021**	2,021
	301,361,450	**70,854,247**	**372,215,698**	388,006,114
Provision for impairment (notes 13.6.1 & 13.6.2)			**(1,223,074)**	(851,302)
			370,992,624	387,154,812

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

		Note	2024	2023
13.6.1	**The movement in provision for impairment against due from related parties during the year is as follows:**			
	Balance at beginning of the year		**851,302**	863,485
	Provision / (reversal) during the year		**371,772**	(12,183)
	Balance at end of the year	*13.6.2*	**1,223,074**	851,302
13.6.2	**The provision for impairment has been recognised in respect of following related parties:**			
	GENCO		**346,975**	346,975
	Pakistan International Airlines Corporation		**871,034**	502,306
	Oil & Gas Development Corporation Limited		**3,044**	-
	Pakistan National Shipping Corporation		**2,021**	2,021
			1,223,074	851,302

14. LOANS AND ADVANCES

	Note	2024	2023
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 227,885 (2023: Rs. 155,788) to executives	*8*	**409,208**	325,318
- Short-term loans and advances		**167,384**	206,952
		576,592	532,270
Unsecured			
Advance to suppliers		**38,607**	36,745
Advance for Company-owned filling stations		**1,547**	469
		40,154	37,214
		616,746	569,484

15. SHORT-TERM DEPOSITS AND PREPAYMENTS

	Note	2024	2023
Deposits - interest free			
Duty and development surcharge		**18,653**	12,749
Deposit against court orders		**57,506**	57,506
		76,159	70,255
Prepayments		**250,441**	1,134,639
		326,600	1,204,894

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

	Note	2024	2023
16. OTHER RECEIVABLES			
Due from GoP, a related party, on account of Price Differential Claims (PDC)			
- on imports (net of related liabilities) of Motor Gasoline	16.1	**1,350,961**	1,350,961
- on High Speed Diesel (HSD)	16.2	**602,604**	602,604
- on Ethanol E-10 fuel		**27,917**	27,917
- on account of supply of Furnace Oil to K-Electric Limited (KEL) at Natural Gas prices	16.3	**254,490**	3,908,581
- GENCO receivables	16.4	**-**	3,407,357
		2,235,972	9,297,420
Unfavourable exchange differences on FE-25 borrowings due from GoP - a related party	16.5	**57,651,324**	61,455,158
Excise, Petroleum Development Levy (PDL), Custom Duty and Regulatory Duty - due from related party	16.6	**259,793**	259,793
Sales tax refundable - due from related party		**55,653,531**	29,279,555
		115,800,620	100,291,926
Provision for impairment	16.7	**(2,202,919)**	(2,202,919)
		113,597,701	98,089,007
Handling and hospitality charges		**689,122**	689,152
Product claims - insurance and other - considered doubtful		**90,201**	90,201
Provision for impairment	16.7	**(90,201)**	(90,201)
		-	-
Others			
- Considered good		**2,332,289**	4,446,089
- Considered doubtful		**6,911,357**	6,969,838
		9,243,646	11,415,927
Provision for impairment	16.7	**(6,911,357)**	(6,969,838)
		2,332,289	4,446,089
	16.8 & 16.10	**116,619,112**	103,224,248

16.1 Import price differential claim (PDC) on motor gasoline

This represents PDC on account of import of motor gasoline by the Company, being the difference between the imported landed costs and the local ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Company as well as other Oil Marketing Companies (OMCs) were asked in the meeting chaired by Director General (Oil) - Ministry of Petroleum and Natural Resources (MoP&NR) to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the MoP&NR, GoP with a proposal for pricing mechanism whereby end consumer price of motor gasoline was proposed to be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Although at that time, no response was received from the MoP&NR, the Company along with another OMCs continued to import motor gasoline on behalf of the industry being confident that price differential on motor gasoline will be settled as per previous practice i.e. based on the differential between ex-refinery and import cost as the imports were being made on MoP&NR's instruction.

The Company continued to follow up with MoP&NR for early settlement of these claims and the MoP&NR also confirmed vide its letter no. PL-NP(4)/2010-F&P dated July 28, 2010 that the above mentioned claims are under process. During financial year 2010-2011, MoP&NR - GoP vide its letter no. PL-3(434)/2011Vol XII dated May 31, 2011 implemented the Economic Coordination Committee (ECC's) decision, whereby end consumer price of motor gasoline will be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product, thereby putting an end to any further PDC.

Notes to the Unconsolidated Financial Statements

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Out of total claim of Rs. 6,350,961, the Company received an amount of Rs. 5,000,000 during the year ended June 30, 2012. The Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. There has been no significant change in the status of these claims. The Company is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

16.2 PDC relating to certain HSD products

This represents the balance of PDC due from GoP. This PDC originated in 2004 when there were significant increases in international oil prices. The GoP, however, provided relief to end consumers by not passing on the entire increase in local prices of petroleum products. This was done by introduction of a price subsidy. As a result of this subsidy to consumers, PSO could not recover its actual cost from the end consumer and the deficit in recovery was to be reimbursed by GoP through payment of subsidy. PSO was asked to claim this subsidy by submitting price differential claims. As a set procedure, PSO used to submit fortnightly claims to the GoP, for the amount of PDC receivable on the sales of petroleum products made by it during the fortnight. Payments were then released against these claims.

The last settlement against this claim was made by GoP in April 2012 when the Company was directed to adjust an amount of Rs. 514,600 against dividends payable to GoP. The Company made the adjustments accordingly.

The Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. There has been no significant change in the status of these claims. The Company is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

16.3 PDC on account of supply of furnace oil to KEL at Natural Gas prices

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

The Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. During the current fiscal year, the Company has received an amount of Rs. 3,654,091 from Government of Pakistan. The Company is following up for the remaining outstanding receivable of Rs. 254,490 with GoP through concerned / relevant ministries and is fully confident of recoveries against the remaining receivables.

16.4 GENCO - PDC between the products Low Sulphur Furnace Oil (LSFO) and High Sulphur Furnace Oil (HSFO)

During the current fiscal year, the Company has received the outstanding balance of Rs. 3,407,357 from Government of Pakistan. This outstanding balance related to the supply of LSFO to Kot Addu Power at HSFO price.

16.5 As at June 30, 2024, net unfavourable amount of foreign exchange difference of Rs. 57,651,324 (2023: Rs. 61,455,158) was receivable on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Company recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Company in respect of these long / extended term borrowing arrangements i.e. the Company would not bear any exchange differences on such borrowings.

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

16.6 Excise, Petroleum Development Levy (PDL), Custom Duty and Regulatory Duty

The Ministry of Finance - GoP (MoF-GoP) through SRO 392(I)/2015 dated April 30, 2015 imposed regulatory duty on import of high speed diesel and motor gasoline. Since the notification of regulatory duty was received on May 04, 2015, the impact of the regulatory duty could not be incorporated in the prices effective from May 01, 2015, which were announced on April 30, 2015 and hence could not be recovered. However, through SRO 603(I)/2015 dated June 30, 2015, the regulatory duty was rescinded and the aforementioned regulatory duty was introduced as custom duty through Finance Act, 2015. During the year ended June 30, 2016, the GoP through SRO 1178(1)/2015 dated November 30, 2015 and Finance Act, 2016 increased custom duty by 1%, resulting in a similar situation, whereby, the Company was unable to recover the impact in subsequent pricing being announced by Oil and Gas Regulatory Authority (OGRA).

The Economic Coordination Committee (ECC) of the Cabinet in its meeting dated March 07, 2018 considered the summary submitted by Petroleum Division on the subject of regulatory duty on crude oil and petroleum products and approved reimbursement of claims of OMCs on account of non-recovery of regulatory duty. The amount approved for the Company was Rs. 356,970 and the ECC directed OGRA to allow recovery of the said claims. Consequently, OGRA allowed the reimbursement amounting to Rs. 356,911 to the Company which completed in September 2018. The Company is also pursuing OGRA for reimbursement of the remaining claim on account of increase in custom duty in November 2015 and July 2016. During the year ended June 30, 2019, the Company resubmitted its claim to OGRA vide letter no. OGRA/RD/20122019 dated December 20, 2019. The same was forwarded to FBR by OGRA for verification vide its letter no. OGRA-10-12(56)/2018 dated January 08, 2020. The Company is confident of recovering the said claim in due course of time subject to verification by FBR.

16.7 As at June 30, 2024, receivables aggregating to Rs. 9,204,477 (2023: Rs. 9,262,958) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

	Note	2024	2023
Receivable from GoP		**2,202,919**	2,202,919
Product claims		**90,201**	90,201
Other receivables		**6,911,357**	6,969,838
	16.7.1	**9,204,477**	9,262,958

16.7.1 The movement of provision for impairment is as follows:

	2024	2023
Balance at beginning of the year	**9,262,958**	9,028,322
Provision recognised during the year	**-**	300,000
Reversal of provision made during the year	**(58,481)**	(65,364)
	(58,481)	234,636
Balance at end of the year	**9,204,477**	9,262,958

16.8 Includes receivables of Rs. 136,580,182 (2023: Rs. 98,089,007) due from associates and other related parties.

16.9 Financial assets aggregating to Rs. 2,115,956 (2023: Rs. 8,734,632) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2024	2023
Up to 3 months	**300,896**	24,471
3 to 6 months	**15,011**	1,361
More than 6 months	**1,800,049**	8,708,800
	2,115,956	8,734,632

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

16.10 Includes receivables amounting to Rs.292,846 (2023: Rs.7,354,294) from related parties which are past due but not impaired:

	Maximum aggregate outstanding at the end of any month	Up to 6 months	More than 6 months	Total 2024	Total 2023
Government of Pakistan	2,495,765	-	2,495,765	2,495,765	9,557,213
Provision for impairment (note 16.10.1)				(2,202,919)	(2,202,919)
Net receivable from related parties				292,846	7,354,294

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

	2024	2023
Balance at beginning of the year	2,202,919	1,902,919
Provision recognised during the year	-	300,000
Balance at the end of the year	2,202,919	2,202,919

17. CASH AND BANK BALANCES

	Note	2024	2023
Cash in hand		13,358	13,965
Cash at banks in:			
- current accounts	*17.1*	2,885,191	2,554,532
- saving accounts	*17.2*	7,826,825	26,385,861
		10,712,016	28,940,393
	17.3	10,725,374	28,954,358

17.1 Includes Rs. 486,050 (2023: Rs. 536,050) kept in a separate bank account in respect of security deposits received from the customers. These security deposits do not carry any interest.

17.2 These balances carry interest / mark-up ranging from 11% to 20.50% (2023: 10% to 19.50%) per annum.

17.3 These include balances of Rs. 807,480 (2023: Rs. 49,788) kept in bank accounts under Islamic mode.

18. NET ASSETS IN BANGLADESH

	2024	2023
Property, plant and equipment - at cost	46,968	46,968
Accumulated depreciation	(16,056)	(16,056)
	30,912	30,912
Capital work-in-progress	809	809
Trade debts	869	869
Long-term loans relating to assets in Bangladesh	(4,001)	(4,001)
	28,589	28,589
Provision for impairment	(28,589)	(28,589)
	-	-

18.1 The Company has no control over these assets and has maintained these in its records at the position as it was in 1971.

19. SHARE CAPITAL

19.1 Authorised capital

2024	2023		2024	2023
----- (Number of shares) -----				
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10/- each	10,000,000	10,000,000

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For the year ended June 30, 2024

(Amounts in Rs. '000)

19.2 Issued, subscribed and paid-up capital

2024	2023		Note	2024	2023
----- (Number of shares) -----					
		Ordinary shares of Rs. 10/- each			
3,000,000	3,000,000	- Issued for cash		**30,000**	30,000
7,694,469	7,694,469	- Issued against shares of the amalgamated companies		**76,945**	76,945
458,778,831	458,778,831	- Issued as bonus shares		**4,587,789**	4,587,789
469,473,300	469,473,300		*19.3*	**4,694,734**	4,694,734

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

19.4 As at June 30, 2024, 1,215,648 ordinary shares of Rs. 10/- each (2023: 1,215,648 ordinary shares) relates to withholding tax on bonus shares. These were not released by the Company to the Government Treasury based on constitutional petitions filed by the shareholders with the Honourable High Court of Sindh.

19.5 As at June 30, 2024, associated undertakings - Government of Pakistan and PSOCL Employees Empowerment Trust held 119,767,702 ordinary shares (2023: 119,767,702 ordinary shares) of Rs. 10/- each.

20. RESERVES

	Note	2024	2023
Capital reserve			
Surplus on vesting of net assets	*20.1*	**3,373**	3,373
Revenue reserves			
Unrealised gain on remeasurement of FVOCI investment		**2,253,541**	1,909,133
General reserve		**25,282,373**	25,282,373
PSO venture capital fund	*20.2*	**414,718**	1,722,212
Un-appropriated profit		**198,660,177**	182,948,082
		226,610,809	211,861,800
		226,614,182	211,865,173

20.1 This represents surplus arising on vesting of net assets of Esso Oil Marketing business in Pakistan under the Esso Undertakings (Vesting) Act, 1976.

20.2 The BoM unanimously approved the creation of PSO venture capital fund in financial year 2022 to make investments as per the directives of the BoM. Based on the above, the Company has transferred Rs. 414,167 (2023: Rs. 243,661) to venture capital reserve.

21. RETIREMENT AND OTHER SERVICE BENEFITS

	2024	2023
Medical benefits	**7,742,177**	6,889,529
Compensated absences	**439,753**	391,148
Gratuity	**1,275,721**	2,356,829
Pension	**253,657**	1,548,134
	9,711,308	11,185,640

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

21.1 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2024 under the Projected Unit Credit Method are as follows:

		Note	Gratuity fund		Pension funds		Medical benefits	
			2024	2023	2024	2023	2024	2023
21.1.1	**Financial position reconciliation**							
	Present value of defined benefit obligations	21.1.2	**9,610,754**	9,186,851	**14,286,795**	11,935,063	**7,742,177**	6,889,529
	Fair value of plan assets	21.1.3 & 21.1.9	**(8,335,033)**	(6,830,022)	**(14,033,138)**	(10,386,929)	**-**	-
	Net liability at end of the year	21.1.8	**1,275,721**	2,356,829	**253,657**	1,548,134	**7,742,177**	6,889,529
21.1.2	**Movement in present value of defined benefit obligations**							
	Present value of defined benefit obligations at beginning of the year		**9,186,851**	8,411,645	**11,935,063**	10,152,754	**6,889,529**	7,005,415
	Current service cost	21.1.4	**393,018**	356,831	**421,829**	316,519	**156,989**	-
	Past service cost	21.1.4	**-**	-	**-**	327,415	**75,401**	16,958
	Interest cost		**1,373,173**	1,098,698	**1,847,080**	1,346,860	**1,069,279**	932,353
	Benefits paid during the year		**(936,583)**	(546,221)	**(415,149)**	(352,034)	**(200,916)**	(198,199)
	Remeasurement: Actuarial (gain) / loss		**(405,705)**	(134,102)	**497,972**	143,549	**(248,105)**	(866,998)
	Present value of defined benefit obligations at end of the year		**9,610,754**	9,186,851	**14,286,795**	11,935,063	**7,742,177**	6,889,529
21.1.3	**Movement in fair value of plan assets**							
	Fair value of plan assets at beginning of the year		**6,830,022**	6,522,029	**10,386,929**	9,472,860	**-**	-
	Expected return on plan assets		**1,059,240**	858,433	**1,650,575**	1,269,498	**-**	-
	Contributions made by the Company		**727,213**	219,751	**600,965**	213,701	**-**	-
	Benefits paid during the year		**(936,583)**	(546,221)	**(415,149)**	(352,034)	**-**	-
	Remeasurement: Actuarial (loss) / gain		**655,141**	(223,970)	**1,809,818**	(217,096)	**-**	-
	Fair value of plan assets at end of the year		**8,335,033**	6,830,022	**14,033,138**	10,386,929	**-**	-
21.1.4	**Expense recognised in profit or loss**							
	Current service cost		**393,018**	356,831	**421,829**	316,519	**156,989**	-
	Past service cost		**-**	-	**-**	327,415	**75,401**	16,958
	Net interest (income) / expense		**313,933**	240,265	**196,505**	77,362	**1,069,279**	932,353
	Expense for the year		**706,951**	597,096	**618,334**	721,296	**1,301,669**	949,311
21.1.5	**Actual return on plan assets**		**1,714,381**	419,946	**3,460,393**	725,450	**-**	**-**
21.1.6	**Remeasurement (gain) / loss recognised in other comprehensive income / (loss)**							
	Actuarial (gain) / loss on defined benefit obligations	21.1.7	**(405,705)**	(134,102)	**497,972**	143,549	**(248,105)**	(866,998)
	Actuarial (gain) / loss on fair value of plan assets		**(655,141)**	223,970	**(1,809,818)**	217,096	**-**	-
	Remeasurement (gain) / loss		**(1,060,846)**	89,868	**(1,311,846)**	360,645	**(248,105)**	(866,998)
21.1.7	**The actuarial (gain) / loss on defined benefit obligations occurred on account of following:**							
	- Financial assumptions		**117,425**	(646,222)	**1,602,928**	(343,640)	**(21,352)**	27,560
	- Experience adjustments		**(523,130)**	512,120	**(1,104,955)**	487,189	**(226,753)**	(894,558)
			(405,705)	(134,102)	**497,973**	143,549	**(248,105)**	(866,998)
21.1.8	**Net recognised liability / (asset)**							
	Net liability / (asset) at beginning of the year		**2,356,829**	1,889,616	**1,548,134**	679,894	**6,889,529**	7,005,415
	Expense recognised in profit or loss	21.1.4	**706,951**	597,096	**618,334**	721,296	**1,301,669**	949,311
	Contributions made / benefits paid by the Company		**(727,213)**	(219,751)	**(600,965)**	(213,701)	**(200,916)**	(198,199)
	Remeasurement (gain) / loss recognised in other comprehensive income / (loss)	21.1.6	**(1,060,846)**	89,868	**(1,311,846)**	360,645	**(248,105)**	(866,998)
	Net liability / (asset) at end of the year		**1,275,721**	2,356,829	**253,657**	1,548,134	**7,742,177**	6,889,529

Notes to the Unconsolidated Financial Statements

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	Gratuity fund		Pension funds	
	2024	2023	2024	2023
21.1.9 Plan assets comprise of following:				
Pakistan Investment Bonds	**6,271,498**	2,612,761	**11,934,509**	2,209,264
Mutual Funds	**-**	-	**-**	-
Treasury Bills	**1,737,454**	3,660,592	**613,383**	7,260,220
Quoted Shares	**-**	-	**822,606**	480,336
Term Finance Certificates	**-**	202,080	**-**	222,288
Cash and cash equivalents	**72,659**	283,702	**70,363**	137,368
Other receivables / (payables) - net	**253,422**	70,887	**592,277**	77,453
Fair value of plan assets at end of the year	**8,335,033**	6,830,022	**14,033,138**	10,386,929

21.1.10 Plan assets include the Company's ordinary shares with a fair value of Rs. 128,714 (2023: Rs. 86,014).

21.1.11 The principal assumptions used in the actuarial valuations carried out as of June 30, 2024, using the Projected Unit Credit method, are as follows:

	Gratuity Fund		Pension Funds		Medical Benefits		Compensated Absences	
	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate per annum (%)	**14.00**	15.75	**14.00**	15.75	**14.00**	15.75	**14.00**	15.75
Expected per annum rate of return on plan assets (%)	**14.00**	15.75	**14.00**	15.75	**-**	-	**-**	-
Expected per annum rate of increase in future salaries (%)	**13.50**	15.75	**15.00**	15.75	**-**	-	**15.00**	15.75
Expected per annum rate of increase in medical costs (%):								
- active employees	**-**	-	**-**	-	**14.00**	15.75	**-**	-
- pensioners	**-**	-	**-**	-	**14.00**	15.75	**-**	-
Indexation of pension (%)	**-**	-	**10.50**	11.50	**-**	-	**-**	-
Expected mortality rate	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table
Expected withdrawal rate	**Low**	Low	**Low**	Age dependent	**Low**	Age dependent	**Low**	Age dependent

21.1.12 The plans expose the Company to the actuarial risks such as:

Salary increase risks

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

Notes to the Unconsolidated Financial Statements

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In case of the funded plans, the investment positions are managed by Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage risks has not been changed from previous periods. Investments are well diversified and a large portion of plan assets in 2024 consists of Regular Income Certificates, Pakistan Investment Bonds, Mutual funds, Treasury bills and Quoted shares.

21.1.13 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

21.1.14 Expected contributions to gratuity fund, pension funds and medical benefits for the year ending June 30, 2025 are Rs. 547,939, Rs. 396,804 and Rs. 1,202,488 respectively.

21.1.15 Historical information of staff retirement benefits

	2024	2023	2022	2021	2020
Pension Plan Funded					
Present value of defined benefit obligation	**14,286,795**	11,935,063	10,152,754	8,799,781	8,171,626
Fair value of plan assets	**(14,033,138)**	(10,386,929)	(9,472,860)	(9,918,245)	(8,968,876)
Net liability / (asset) at end of the year	**253,657**	1,548,134	679,894	(1,118,464)	(797,250)
Gratuity Plans Funded					
Present value of defined benefit obligation	**9,610,754**	9,186,851	8,411,645	7,399,005	7,339,743
Fair value of plan assets	**(8,335,033)**	(6,830,022)	(6,522,029)	(7,738,302)	(7,323,039)
Net liability / (asset) at end of the year	**1,275,721**	2,356,829	1,889,616	(339,297)	16,704

21.1.16 Defined contribution plans

An amount of Rs. 453,900 (2023: Rs. 430,633) has been charged during the year in respect of defined contribution plan maintained by the Company.

21.1.17 Sensitivity analysis for actuarial assumptions

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

	Gratuity fund	Pension funds	Medical benefits
Discount rate (1% increase)	**(8,981,600)**	**(13,003,750)**	**(6,811,460)**
Discount rate (1% decrease)	**10,320,360**	**15,824,376**	**8,882,627**
Future salary rate (1% increase)	**10,267,830**	**14,742,192**	-
Future salary rate (1% decrease)	**(9,016,960)**	**(13,869,281)**	-
Future pension rate (1% increase)	-	**15,066,741**	-
Future pension rate (1% decrease)	-	**(13,203,371)**	-
Medical cost trend rate (1% increase)	-	-	**8,717,565**
Medical cost trend rate (1% decrease)	-	-	**(6,916,505)**

If longevity increases by 1 year, obligation increases by Rs. 14,250 (2023: 15,880).

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

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(Amounts in Rs. '000)

21.1.18 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the funds, at the beginning of the year.

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

	Gratuity fund	Pension funds	Medical benefits
Less than a year	**1,147,506**	**1,146,484**	**325,782**
Between 1-2 years	**776,794**	**691,467**	**257,378**
Between 2-3 years	**833,831**	**897,751**	**233,541**
Between 3-4 years	**1,100,901**	**871,228**	**264,153**
Between 4-5 years	**1,244,934**	**1,347,740**	**222,118**
Between 6-10 years	**6,410,012**	**6,523,041**	**1,788,205**
Over 10 years	**26,539,944**	**14,908,341**	**349,359**

22. LEASE LIABILITIES

	Note	2024	2023
Balance at beginning of the year		**7,094,642**	6,636,979
Additions during the year		**802,165**	913,146
Accretion of interest	*36*	**925,807**	841,142
Lease contracts modified during the year		**1,188,565**	281,500
Less: Disposal during the year		**(19,395)**	-
Less: Lease rentals paid		**(1,772,593)**	(1,578,125)
Balance at the end of year		**8,219,191**	7,094,642
Less: Current portion shown under current liability		**(532,440)**	(483,269)
		7,686,751	6,611,373

22.1 The Company has recognised charge of Rs. 5,593,039 (2023: 5,770,361) relating to those variable lease payments, which do not form a part of leases.

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

	2024	2023
Less than a year	**1,470,583**	1,325,699
Between 1-5 years	**6,333,894**	4,896,074
Over 5 years	**11,504,271**	10,275,828

23. DEFERRED INCOME - GOVERNMENT GRANT

The Company received grant of Rs. 100,000 in Financial Year 2022 from Government of Gilgit Baltisitan (GoGB) for establishment of bulk oil depot at Skardu.

24. OTHER PAYABLE

Balance relates to wharfage payable to related party on account of import of LNG by the Company. As per the directions of Ministry of Finance - Economic Affairs Division outstanding wharfage has to be paid in 10 equal installments without interest over a period of 10 years. The Company has recognised this liability at amortised cost at inception rate prevailing at the time of determining the liability.

Notes to the Unconsolidated Financial Statements

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	Note	2024	2023
25. TRADE AND OTHER PAYABLES			
Local creditors	*25.1 & 25.2*	**47,127,400**	65,440,981
Foreign creditors	*25.1 & 25.3*	**145,857,794**	87,448,393
		192,985,194	152,889,374
Security deposits	*25.4*	**9,181,368**	7,804,458
Accrued expenses and other liabilities	*25.5, 25.6 & 25.7*	**72,787,190**	109,216,737
Subscription money payable		**15,000**	15,000
Payable to provident funds		**24,575**	9,934
Due to OMCs and refineries		**205,424**	348,013
Inland Freight Equalization Margin (IFEM) including freight equalization payable		**13,947,870**	9,613,233
Advances - unsecured			
- from customers	*25.8*	**8,030,189**	6,902,893
- against equipment		**1,615**	1,615
		8,031,804	6,904,508
Taxes and other Government dues			
- Excise, taxes and other duties		**10,931,930**	20,216,724
- Income tax deducted at source		**222,472**	360,231
		11,154,402	20,576,955
Workers' Profit Participation Fund	*25.9*	**353,703**	10,006
Workers' Welfare Fund		**831,494**	524,002
Others		**312,331**	178,580
		309,830,355	308,090,800

25.1 The average credit period on imports is 30 days on White Oil, 60 days on Black Oil and ranges between 14 to 21 days on Liquified Natural Gas (LNG). On local purchases, the Company is availing 13 to 14 days credit. Thereafter, interest is charged in accordance with the terms of agreement on the outstanding balance.

	2024	2023
25.2 This includes amounts payable to the following related parties:		
Pak-Arab Refinery Company Limited	**27,197,506**	38,718,429
Pakistan Refinery Limited	**6,334,330**	9,740,812
Cnergyico Pk Limited	**337,283**	703,557
	33,869,119	49,162,798

25.3 This includes amount of Rs. 38,425,773 (2023: Rs. 22,568,959) in respect of import of LNG.

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

	Note	2024	2023
Dealers	*25.4.2*	**1,336,803**	1,230,999
Equipment	*25.4.3*	**702,054**	560,291
Cartage contractors	*25.4.4*	**1,802,763**	1,275,367
Card holders	*25.4.5*	**4,294,326**	4,057,868
Suppliers	*25.4.5*	**922,183**	578,274
Others	*25.4.5*	**123,239**	101,659
		9,181,368	7,804,458

Notes to the Unconsolidated Financial Statements

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		Note	2024	2023
25.4.1	**Security deposits include:**			
	Utilisable / utilised in business	*25.4.1.1*	**8,695,318**	7,268,408
	Others	*25.4.1.2*	**486,050**	536,050
			9,181,368	7,804,458

25.4.1.1 The amount is fully utilised in business in accordance with requirement of written agreements and in terms of section 217 of the Companies Act, 2017.

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

25.4.2 These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand.

25.4.3 These represent interest-free deposits from customers against Liquified Petroleum Gas (LPG) equipments. The deposits are refundable on the return of equipment and are payable on demand.

25.4.4 These represent interest bearing and interest-free deposits from contractors against the cartage contracts for transportation of petroleum products. The deposits are refundable on cancellation of contracts.

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

		2024	2023
25.5	**This includes amount payable to the following related parties:**		
	Pakistan National Shipping Corporation	**2,070,487**	2,070,487
	Government of Pakistan	**12,569**	34,635,372

25.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 30,726,807 (2023: Rs. 26,337,912).

25.7 Includes current portion of wharfage payable to related party amounting to Rs. 91,150 (2023: Rs. 80,471).

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

		Note	2024	2023
25.9	**Workers' Profit Participation Fund**			
	Balance at beginning of the year		**10,006**	(1,433,419)
	Allocation for the year	*35*	**2,226,704**	1,310,005
			2,236,710	(123,414)
	(Payments) / receipts during the year		**(1,883,007)**	133,420
	Balance at end of the year		**353,703**	10,006

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(Amounts in Rs. '000)

	Note	2024	2023
26. SHORT-TERM BORROWINGS			
From National Bank of Pakistan - Related party			
Short-term finances in foreign currency	*26.1*	**127,365,193**	115,819,571
From other than related party			
Short-term finances			
- local currency	*26.3 & 26.7*	**60,500,000**	39,000,000
- foreign currency	*26.1*	**203,292,109**	264,740,137
		263,792,109	303,740,137
Finances under mark-up arrangements	*26.3 & 26.6*	**12,396,196**	3,145,865
	26.2 , 26.4 & 26.5	**403,553,498**	422,705,573

26.1 The rate of mark-up for these facilities range from Re. 0.17 to Re. 0.38 (2023: Re. 0.19 to Re. 0.44) per Rs. 1,000 per day. This facility is secured by way of trust receipts of the Company. These finances have been obtained on the directives of MoF via letter dated September 09, 2015.

26.2 The total facility limit of various financing facilities available from banks aggregate to Rs. 508,301,086 (2023: Rs. 514,361,014) out of which Rs. 104,747,588 (2023: Rs. 91,655,441) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on the Company's stocks, receivables and trust receipts.

26.3 The rate of mark-up on short-term finance facility is Re. 0.55 to Re. 0.60 (2023: Re. 0.03 to Re. 0.60) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re.0.57 to Re.0.61 (2023: Re.0.39 to Re.0.62) per Rs. 1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

26.4 These finances have been obtained for working capital requirements.

26.5 As at June 30, 2024, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 4,958,369 (2023: Rs. 11,523,844), which includes Rs. 655,877 (2023: Rs. 1,585,296) due to National Bank of Pakistan.

26.6 As at June 30, 2024, finances under mark-up arrangement includes Rs. 6,968,342 (2023: Rs. Nil) due to National Bank of Pakistan.

26.7 These include short-term finances amounting to Rs. 22,500,000 (2023: Rs. Nil) from bank accounts under Islamic mode.

	2024	2023
26.8 Movement in short-term and foreign currency loan:		
Balance at beginning of the year	**419,559,708**	153,987,116
Loans obtained during the year	**490,334,927**	455,566,044
Loans repaid during the year	**(518,737,333)**	(189,993,452)
	(28,402,406)	265,572,592
Balance at end of the year	**391,157,302**	419,559,708

Notes to the Unconsolidated Financial Statements

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27. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities against the Company. The outcome of these legal claims are not expected to give rise to material obligations beyond those provided for.

	2024	2023
Claim raised by regulatory authorities	**386,949**	386,949
Infrastructure development cess	**252,464**	252,464
	639,413	639,413
Movement of provision during the year is as follows:		
Balance at beginning of the year	**639,413**	639,413
Balance at closing of the year	**639,413**	639,413

28. UNCLAIMED DIVIDEND

	2024	2023
Balance at beginning of the year	**1,561,242**	1,478,519
Dividend for the year	**3,521,050**	4,694,734
Payments made during the year	**(3,461,478)**	(4,612,011)
Balance at end of the year	**1,620,814**	1,561,242

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

The Company has contingent liabilities in respect of unrecognised late payment surcharge, pending tax matters and other legal claims in the ordinary course of business.

29.1.1 Income Tax

29.1.1.1 The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2005 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,513,951. These orders were later rectified and amended to Rs. 831,811. The appeal against tax year 2008 is pending before the High Court of Sindh (SHC). During the year ended June 30, 2019, the Appellate Tribunal Inland Revenue (ATIR) passed an order in respect of Tax Year 2005 which was in favour of the Company except one point on which the Company has filed reference before SHC. During the year ended June 30, 2020, ATIR has passed orders in respect of Tax Year 2006 and 2007 which were mostly in favour of the Company. The Company obtained the effect of ATIR orders from taxation authorities for the tax years 2005 to 2007 after which demand is reduced to Rs. 169,744. Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.1.2 The taxation officer passed assessment orders dated January 31, 2012, April 06, 2012 and May 31, 2012 in respect of tax years 2009 to 2011 and made certain disallowances and additions resulting in total tax demand of Rs. 4,598,246. The Company filed appeals against these orders before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] who decided certain matters in favour of the Company. During the year ended June 30, 2013, the Company received revised orders showing an aggregate demand of Rs. 740,871 after taking into effect for matters decided in favour of the Company by the CIR (Appeals). The Company has filed appeals before the ATIR for remaining points adjudicated against the Company by the CIR (Appeals) which are pending for hearing. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

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29.1.1.3 Assistant Commissioner Inland Revenue (ACIR) through his orders dated January 29, 2013 and January 28, 2014 made certain additions and disallowances in respect of Tax Year 2012 and 2013 respectively raising total tax demand of Rs. 3,096,173. The Company had filed appeals against the said orders before the CIR (Appeals), whereby most of the matters have been decided in favour of the Company. For remaining issues, the Company has filed appeals before the ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.1.4 The ACIR through his orders dated February 09, 2015 and March 22, 2016 made certain additions and disallowances in respect of Tax Year 2014 and 2015 respectively, thereby creating total tax demand of Rs. 35,992,978. The orders were later rectified and amended to Rs. 3,619,899. Further, through computerised balloting, the Company was selected for audit of Tax Year 2014 by the Federal Board of Revenue (FBR) and another demand of Rs. 53,023 was created by FBR for Tax Year 2014. The Company filed appeals against these orders before the CIR (Appeals) which were decided partially against the Company in 2018 except for audit case of Tax Year 2014 which was remanded back by CIR (Appeals) to the assessing officer for verification and effect. The Company has filed appeals before ATIR against these CIR (Appeals) orders. During the year 2019, the Company received an appeal effect on aforesaid CIR (Appeals) orders from tax authorities after which the demand has been amended to Rs. 2,585,773. During the current year, the Company received another appeal effect from taxation authorities for the Tax Year 2014 after which demand is reduced to Rs. 2,532,750. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.1.5 The ACIR through his assessment orders dated February 27, 2017 for Tax Year 2016; and assessment order dated December 29, 2017 and February 28, 2018 for Tax Year 2017, made certain additions and disallowances, thereby creating total tax demand of Rs. 2,685,964. The Company filed appeals against these orders before the CIR (Appeals). The appeal relating to Tax Year 2016 has been decided by CIR (Appeals) in 2018, whereby few issues have been decided in favour of the Company. The Company had received an appeal effect for the Tax Year 2016 on aforesaid CIR (Appeals) order from tax authorities after which the aforesaid demand has been reduced to Rs. 2,685,818. For remaining issues, the Company has filed appeals before ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.1.6 The ACIR through his order dated January 31, 2019 made certain additions and disallowances in respect of Tax Year 2018 and raised tax demand of Rs. 207,773. The Company filed an appeal against aforesaid order before CIR (Appeals) which was decided against the Company. Appeal against the said order has been filed before the ATIR by the Company. Based on the views of tax advisor of the Company, the management believes that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.1.7 The Additional Commissioner Inland Revenue (AdCIR) through his order dated September 30, 2020 made certain additions and disallowances in respect of Tax Year 2019 and raised tax demand of Rs. 411,567. The Company filed an appeal before CIR (Appeals) which was decided against the Company. Appeal against the said order has been filed before the ATIR by the Company. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.1.8 The AdCIR through his order dated June 28, 2022 made certain additions and disallowances in respect of Tax Year 2021 and raised tax demand of Rs. 3,014,870. The Company has filed appeal before CIR (Appeals) on July 26, 2022. Last year, taxation authorities has further amended the aforsaid order to Rs. 3,520,201 by including WWF demand. The Company has filed appeal before CIR(A) which is partially decided

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against the company. The Company had received an appeal effect for the Tax Year 2021 on aforesaid CIR (Appeals) order from tax authorities after which the aforesaid demand has been reduced to Rs. 3,477,249. For remaining issues, the Company has filed appeals before ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.1.9 The AdCIR through his order dated May 29, 2023 made certain additions and disallowances in respect of Tax Year 2022 and raised tax demand of Rs. 2,557,721 by including WWF. The Company filed an appeal before CIR (Appeals) which was decided against the Company. Appeal against the said order has been filed before the ATIR by the Company. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.1.10 The AdCIR passed order dated March 28, 2024 in respect of Tax Year 2023 and made certain amendment and additions resulting in total tax demand of Rs. 1,486,065. The Company has filed an appeal before CIR (Appeals) which is still pending. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.1.11 The AdCIR passed order dated April 01, 2024 in respect of Tax Year 2020 and made certain amendment and additions resulting in total tax demand of Rs. 59,435. The Company has filed an appeal before CIR (Appeals) which is still pending. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.2 Sales Tax

29.1.2.1 A sales tax order-in-original No. 01/2010 dated March 30, 2010 was issued by Deputy Commissioner Inland Revenue (DCIR), FBR in respect of sales tax audit of the Company for the tax years 2004-2007. Under the said order, a demand of Rs. 883,864 was raised on account of certain transactions and default surcharge of Rs. 512,172 was imposed. The ATIR decided the case in favour of the Company. However, the tax department has filed an appeal against the aforesaid decision of the ATIR in the SHC which is pending for hearing. Based on the views of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the favour of the Company. Accordingly, no provision has been made for the said matters in these unconsolidated financial statements.

29.1.2.2 The DCIR passed an order dated July 02, 2019 in respect of sales tax audit for Tax Year 2010 giving rise to demand of Rs. 3,586,018 along with penalty of Rs. 179,300 and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR (Appeals), who annulled the order and decided the case in the Company's favour through an order dated September 09, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.2.3 The DCIR has passed an order dated July 04, 2019 on the matter of non-charging of sales tax on supply of fuel to vessels and aircrafts proceeding outside Pakistan for the year Tax Year 2015. The aforesaid order resulted in demand of sales tax of Rs. 4,579,596 along with penalty of Rs. 228,979 and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR (Appeals), who annulled the order and decided the case in Company's favour in an order dated September 09, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor of the Company, the management believes that it is more

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likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.2.4 A sales tax order No. 01/2012 dated January 16, 2013 was issued by the DCIR (Adjudication), FBR in respect of delayed payment of sales tax due in sales tax return for March 2011. Under the said order, demand of Rs. 437,305 was raised which comprised default surcharge of Rs. 82,265 and penalty of Rs. 355,040 on late payment. The Company filed an appeal against the said order before CIR (Appeals) which was decided against the Company. The Company, accordingly, filed an appeal against the aforesaid order of CIR (Appeals) before the ATIR which vide its order dated September 13, 2013 upheld the imposition of default surcharge, however, vacated penalty imposed for de novo consideration by adjudicating authority. The matter of penalty was again decided against the Company by adjudicating officer and later on by the CIR (Appeals) vide its order dated September 29, 2015 against which the Company has filed an appeal before the ATIR on February 18, 2016. Further, the Company has also filed an appeal before the SHC against the first order of ATIR, which is pending for hearing. Based on the views of tax and legal advisors of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.2.5 The DCIR passed an order dated July 03, 2019 in respect of non-payment of sales tax on PDC / subsidies giving rise to demand of sales tax of Rs. 33,855,642 alongwith penalty of Rs. 33,855,642 and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR (Appeals), who annulled the order and decided the case in Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.2.6 Punjab Revenue Authority (PRA) has issued an order dated September 18, 2017, received on November 30, 2017, against the Company demanding Rs. 2,258,235 alongwith penalty and default surcharge on alleged non-recovery of Punjab Sales Tax on Services (PST) on alleged commission paid to petroleum dealers. The Company does not agree with the stance of PRA as the Authority erroneously assumed the dealer's margin allowed to petroleum dealers through OGRA's price notification as "dealer's commission". The Company further collects general sales tax on such dealer's margin and submits the same to government treasury with monthly sales tax return. Accordingly, levy of PST on the alleged commission would lead to double imposition of sales tax on dealer's margin. The Company challenged the order in Lahore High Court (LHC), which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, an appeal has also been filed with Commissioner - Appeals PRA against the subject order. Commissioner - Appeals PRA in his appellate order dated September 05, 2018 decided the case against the Company while waiving levy of penalty thereon. The Company filed an appeal with Appellate Tribunal PRA, which set-aside the impugned order and remanded it back to Commissioner - Appeals PRA for deciding it afresh, in the order dated December 09, 2019. Based on the view of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.2.7 PRA has issued two orders dated April 10, 2018, against the Company demanding Rs. 571,933 alongwith penalty and default surcharge on alleged non-recovery of PST on account of distribution, marketing and administrative expenses as illustrated in Annual Audited Accounts of 2014-15 and 2015-16. The orders were raised on an unsubstantiated assumption that distribution, marketing and administrative expenses disclosed by the Company in its financial statements of aforementioned periods are completely taxable and pertain solely to the province of Punjab. Commissioner - Appeals PRA has upheld the appeal against which the Company has filed appeal with Appellate Tribunal - Appeal PRA against the subject orders, which is still pending. Based on the views of tax and legal advisors of

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the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.2.8 PRA has issued a Show Cause Notice dated October 01, 2019 demanding Rs. 8,839,550 claiming certain components of petroleum price (e.g. dealer's margin, OMC margin and IFEM) as subject to levy of PST. The Company did not agree with the view of PRA as the whole price of POL products is subject to levy of General Sales Tax (GST), being part of value of supply. The Company challenged the said Show Cause Notice, against which the LHC has duly granted stay. Based on the views of tax and legal advisors of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.2.9 The Balochistan Revenue Authority (BRA) issued a recovery notice dated June 14, 2024, claiming that Rs 68,000 was paid short by PSO on account of withholding tax from July 01, 2018, to December 30, 2021. The Company disagreed with the view of short payment of withholding tax, and after several meetings with the Commissioner of the BRA, the matter was remanded back to the officer. Based on the views of tax and legal advisors of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.2.10 The Collector (Adjudication) - Customs House Karachi, issued Show Cause Notices dated February 04, 2019, February 06, 2019, and August 06, 2019 to the Company for recovery of minimum value added sales tax of Rs. 17,250,015 on import of furnace oil in Pakistan. Similar notices have also been served on other OMCs as well. The Company challenged the impugned Show Cause Notice in the SHC, who disposed-off the matter vide order dated November 29, 2022 in favour of the Company as the Show Cause Notices were issued by Collector (Adjudication) without jurisdiction.

29.1.2.11 The Company received an order from Sindh Revenue Board (SRB) dated March 08, 2023 for the period July 2016 to June 2017. The aforesaid order resulted in demand for alleged short payment of Sindh Sales Tax (SST) amounting to Rs. 186,600, penalty amounting to Rs. 9,400 and default surcharge to be calculated at the time of payment ignoring all submissions made by the Company during the proceedings. Being aggrieved by the said order, the Company has filed appeal before Commissioner (Appeals-I) SRB. Based on the views of the tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.3 Other tax matters

29.1.3.1 The Deputy Director / Sr. Excise and Taxation Officer (ETO) C.M.D.I, Karachi Port Trust (KPT) had issued a demand notice of Rs. 6,438,869 on account of Sindh Maintenance & Development Infrastructure Cess (SMDIC) in respect of POL products consignments imported by PSO during the period July 01, 2016 to November 15, 2019 at Keamari. The Company challenged the aforesaid notice in SHC, which dismissed PSO's and all other 487 identical appeals and ordered that the the Sindh Development and Maintenance of Infrastructure Cess Act, 2017, promulgated retrospectively, is a valid law within the competence of the Provincial Legislature. Aggrieved by the decision, PSO, in consultation with lawye, filed an appeal before the Honorable Supreme Court of Pakistan (SCP) against the SHC's above order dated June 04, 2021. The SCP vide Judgement dated September 01, 2021, has suspended SHC's Judgement dated June 04, 2021 (Impugned Judgement) and granted interim relief and directed that till further orders, operation of the Impugned Judgement will be suspended and also restrained the respondents i.e. Excise & Taxation department, Government of Sindh for recovery of impugned infrastructure cess levy as mentioned above. Based on the views of its legal advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

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29.1.3.2 The Deputy Commissioner, SRB passed an order dated June 28, 2024 in respect of Tax Year 2023 and demanded Rs. 550,202 on account of Sindh Workers Welfare Fund. The Company has filed an appeal before SRB Commissioner (Appeals), based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.4 Other legal claims

29.1.4.1 As at June 30, 2024 certain legal cases amounting to Rs. 7,066,545 (2023: Rs. 8,300,811) have been filed against the Company. However, based on the advice of its legal advisors, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Details of significant legal cases are given below:

Court	Factual Description	Year of Institution	Party	Relief Sought
Sindh High Court	Dispute relating to award of IT related projects	2011	Zaqsoft (Shahrukh Qaiser) vs. PSO	Recovery of damages of Rs.1,447,000
Sindh High Court	Claim for recovery of pending bills, insurance claims and damages	2019	Mengal Brothers vs. PSO	Recovery of financial charges of Rs. 3,964,180

29.1.4.2 Claims against the Company not acknowledged as debts amount to Rs. 14,511,625 (2023: Rs. 10,806,297) other than as mentioned in note 29.1.4.1 to these unconsolidated financial statements.

29.1.4.3 The Company's share in associates' contingencies in respect of various tax and legal matters as at year end is Rs. 120,227 (2023: Rs. 1,200,155).

		Note	2024	2023
29.2	**Commitments**			
29.2.1	Capital expenditures contracted for but not yet incurred		**5,182,282**	6,976,268
29.2.2	Letters of credit	*29.2.6*	**47,275,342**	68,252,485
29.2.3	Bank guarantees		**3,462,338**	4,113,832
29.2.4	Standby letters of credit		**65,414,068**	84,534,155
29.2.5	Post-dated cheques		**32,164,674**	20,770,881

29.2.6 The Company has total unutilised facility limit against letters of credit aggregating to Rs. 204,722,000 (2023: Rs. 69,853,415) as of reporting date.

29.2.7 The Company's share in associates' commitments as at year end is Rs. Nil (2023: Rs. 4,174).

		Note	2024	2023
30.	**NET SALES**			
	Gross sales	*30.1 & 30.2*	**3,806,810,751**	3,605,464,474
	- Discount / allowances		**(17,866)**	(65,108)
	- Sales tax		**(203,558,236)**	(207,659,303)
	- Inland Freight Equalization Margin (IFEM)		**(31,484,343)**	(6,628,085)
			(235,060,445)	(214,352,496)
	Net sales		**3,571,750,306**	3,391,111,978

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30.1 This represents revenue from contracts with customers.

30.2 Includes export sales amounting to Rs. 9,523,302 (2023: Rs. 7,436,487).

31. COST OF PRODUCTS SOLD

	Note	2024	2023
Opening stock		**292,626,142**	341,757,891
Purchases made during the year		**3,470,816,810**	3,267,133,474
		3,763,442,952	3,608,891,365
Closing stock	*12*	**(288,983,146)**	(292,626,142)
		3,474,459,806	3,316,265,223

31.1 Purchases include cost incurred on manufacturing of lubricants amounting to Rs. 17,083,044 (2023: Rs. 15,881,553).

31.2 Purchases include depreciation amounting to Rs. 36,159 (2023: Rs. 31,189).

32. OTHER INCOME

	Note	2024	2023
Income from financial assets			
Interest / mark-up received on delayed payments		**4,877,422**	5,174,294
Financial charges on line fill cost		**8,572,632**	-
Interest / mark-up on saving accounts	*32.1*	**3,267,803**	1,096,444
Dividend income from FVOCI investment	*32.2*	**194,475**	325,546
		16,912,332	6,596,284
Income from non-financial assets			
Handling, storage and other services	*32.3*	**4,267,975**	3,447,483
Income from Compressed Natural Gas (CNG) operators	*32.3*	**68,632**	46,959
Income from non-fuel retail business		**310,703**	315,237
Income from retail outlets - net		**308,786**	249,006
Scrap sales		**21,756**	15,333
Gain on disposal of property, plant and equipment	*4.2*	**58,352**	161,192
Penalties and other recoveries		**780,636**	400,063
Exchange gain		**-**	777,874
Reversal of provision against stores, spares and loose tools	*11.1*	**56,289**	-
Others		**775,835**	1,498,000
		6,648,964	6,911,147
		23,561,296	13,507,431

32.1 Includes mark-up of Rs. 180,710 (2023: Rs. 4,873) from bank accounts under Islamic mode.

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

32.3 This represents revenue from contracts with customers.

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		Note	2024	2023
33.	**DISTRIBUTION AND MARKETING EXPENSES**			
	Salaries, wages and benefits	*34.1*	**9,009,083**	8,017,317
	Transportation costs		**1,163,721**	756,693
	Depreciation on property, plant and equipment	*4.1.1*	**2,053,645**	1,788,491
	Depreciation on right-of-use assets	*5.2*	**1,072,266**	708,417
	Security and other services		**629,328**	437,218
	Rent, rates and taxes		**66,841**	112,978
	Repairs and maintenance		**2,071,319**	1,559,625
	Insurance		**250,606**	262,197
	Travelling and office transport		**502,206**	413,458
	Printing and stationery		**28,935**	28,115
	Communication		**39,148**	19,795
	Utilities		**531,079**	414,340
	Storage and technical services		**4,536**	64,593
	Sales promotion and advertisement		**976,214**	597,278
	Fees and subscription		**119,681**	54,460
			18,518,608	15,234,975
34.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	*34.1*	**3,631,208**	2,801,125
	Depreciation on property, plant and equipment	*4.1.1*	**277,363**	198,255
	Depreciation on right-of-use assets	*5.2*	**93,940**	61,601
	Amortisation	*6*	**170,467**	112,554
	Security and other services		**61,413**	48,198
	Rent, rates and taxes		**19,788**	16,185
	Repairs and maintenance		**525,644**	285,193
	Insurance		**260,834**	272,898
	Travelling and office transport		**151,789**	107,524
	Printing and stationery		**15,083**	12,122
	Communication		**43,730**	31,248
	Utilities		**156,480**	129,703
	Storage and technical services		**168,934**	139,875
	Legal and professional		**310,452**	421,845
	Auditors' remuneration	*34.3*	**15,010**	14,620
	Contribution towards expenses of Board of Management		**32,670**	26,870
	Donations	*34.4*	**350,000**	550,000
	Fees and subscription		**11,481**	12,855
			6,296,286	5,242,671

34.1 Salaries, wages and benefits also include charge of Rs. 90,240 (2023: Rs. 120,134) in respect of Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 21.1.4 to these unconsolidated financial statements.

Notes to the Unconsolidated Financial Statements

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34.2 Remuneration of Managing Director, Directors and Executives

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

	2024		2023	
	Managing Director	Executives	Managing Director	Executives
Managerial remuneration	**25,559**	**1,819,644**	21,121	1,527,177
Housing and utilities	**14,058**	**1,027,123**	11,616	849,027
Performance bonus	**6,863**	**441,147**	5,689	391,107
Retirement benefits	**4,780**	**1,067,955**	3,986	806,655
Leave encashment	**-**	**23,746**	-	13,215
Other allowances and benefits	**16,140**	**1,636,343**	13,476	1,128,498
	67,400	**6,015,958**	55,888	4,715,679
Number, including those who worked part of the year	**1**	**698**	1	521

34.2.2 The amount charged in respect of fee to 10 (2023: 14) non-executive directors aggregated to Rs. 27,200 (2023: Rs. 21,875).

34.2.3 In addition, the Managing Director and certain executives are provided with free use of Company maintained cars. Further, the Managing Director and executives are also entitled to avail medical facilities and other benefits as per the Company's policy.

	2024	2023
34.3 Auditors' remuneration		
Fee for the:		
Audit of consolidated financial statements	**1,495**	1,495
Audit of unconsolidated financial statements	**3,657**	3,657
Review of half yearly financial information	**1,463**	1,463
Tax certifications	**4,770**	5,000
Other certifications	**2,130**	1,510
Out of pocket expenses	**1,495**	1,495
	15,010	14,620

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

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

35. OTHER EXPENSES

	Note	2024	2023
Workers' Profit Participation Fund	*25.9*	**2,226,704**	1,310,005
Workers' Welfare Fund		**890,682**	524,002
Exchange loss on foreign currency transactions - net		**529,304**	-
Provision against stores, spares and loose tools	*11.1*	**-**	43,419
Others		**-**	2,093
		3,646,690	1,879,519

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

	Note	2024	2023
36. FINANCE COSTS			
Interest / mark-up on short-term borrowings in:			
- local currency		**8,569,038**	12,283,641
- foreign currency	*36.1*	**38,158,757**	23,640,983
		46,727,795	35,924,624
Mark-up on bank accounts under Islamic mode		**3,374,624**	1,604,866
Late payment surcharge and other bank charges		**1,220,234**	1,865,101
		4,594,858	3,469,967
		51,322,653	39,394,591
Finance cost on wharfage liability		**89,482**	98,910
Finance cost on lease liabilities	*22*	**925,807**	841,142
	36.2	**52,337,942**	40,334,643

36.1 Includes mark-up amounting to Rs. 5,686,624 (2023: Rs. 4,007,083) on facilities under Islamic mode and Rs. 32,472,133 (2023: Rs.19,633,900) on facilities under conventional mode.

36.2 Includes mark-up and bank charges amounting to Rs. 13,922,834 (2023: Rs. 5,440,134) on facilities obtained from National Bank of Pakistan - a related party.

	Note	2024	2023
37. TAXATION			
Current			
- for the year		**16,308,969**	12,758,421
- for prior years - (net)		**(2,052,408)**	(648,571)
		14,256,561	12,109,850
Deferred	*10.1*	**(423,480)**	(4,145,232)
		13,833,081	7,964,618
37.1 Relationship between accounting profit and taxation			
Accounting profit before taxation, minimum tax differential and final taxes		**41,416,693**	24,366,097
Tax at the applicable tax rate of 29% (2023: 29%)		**12,010,841**	7,066,168
Tax effect of:			
- Final tax regime and income subject to lower tax rate		**(563,612)**	67,217
- Adjustments relating to prior years		**(2,052,408)**	(648,571)
- Super tax		**4,140,505**	3,313,582
- Others		**297,755**	(1,833,778)
		13,833,081	7,964,618
Effective tax rate %		**33**	33

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

37.2 Reconciliation of current tax charged as per tax laws for the year, with current tax recognised in the profit or loss account, is as follows:

	Note	2024	2023
Current tax liability for the year as per applicable tax laws	*37.5*	**28,030,029**	23,497,755
Portion of current tax liability as per tax laws, representing income tax under IAS 12		**(16,308,969)**	(12,758,421)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37		**(11,721,060)**	(10,739,334)
Difference		**-**	-

37.3 This represents portion of minimum tax paid under section 148 of the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 / IAS 37.

37.4 This represents final taxes paid under section 154 of the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 / IAS 37, and includes super tax thereon.

37.5 The aggregate of minimum / final tax and income tax, amounting to Rs. 28,030,029 represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

38. EARNINGS PER SHARE - BASIC AND DILUTED

	2024	2023
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the year	**15,862,552**	5,662,145
	---- (Number of shares) ----	
Weighted average number of ordinary shares in issue	**469,473,300**	469,473,300
	-------------- (Rupees) --------------	
Earnings per share - basic and diluted	**33.79**	12.06

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

	Note	2024	2023
39. CASH GENERATED FROM OPERATIONS			
Profit before taxation, minimum tax differential and final taxes		**41,416,693**	24,366,097
Adjustments for:			
Depreciation of property, plant and equipment	*4.1.1*	**2,367,167**	2,017,935
Depreciation of right-of-use assets	*5*	**1,166,206**	770,018
Amortisation of intangibles	*6*	**170,467**	112,554
Loss on termination of leases		**4,766**	-
Provision for impairment on trade debts - net	*13.3*	**319,819**	202,524
(Reversal) / provision for impairment against doubtful other receivables - net	*16.7.1*	**(58,481)**	234,636
(Reversal) / provision for impairment against stores, spares and loose tools	*11.1*	**(56,289)**	43,419
Provision for retirement and other services benefits		**2,626,954**	2,387,837
Gain on disposal of operating assets	*32*	**(58,352)**	(161,192)
Share of (profit) / loss from associates - net of tax	*7.7.1*	**(1,625,761)**	859,121
Dividend income from FVOCI Investment	*32*	**(194,475)**	(325,546)
Interest on lease payments	*36*	**925,807**	841,142
Finance costs	*36*	**51,412,135**	39,493,501
		56,999,963	46,475,949
Changes in:			
Stores, spares and loose tools		**79,627**	(150,627)
Stock-in-trade		**3,642,996**	49,131,749
Trade debts		**7,376,349**	(65,159,370)
Loans and advances		**(47,262)**	66,937
Short-term deposits and prepayments		**878,294**	(872,121)
Other receivables		**(13,336,383)**	(45,981,321)
Trade and other payables		**991,144**	(186,984,111)
		(415,235)	(249,948,864)
		98,001,421	(179,106,818)
40. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents include:			
- Cash and bank balances	*17*	**10,725,374**	28,954,358
- Finances under mark-up arrangements	*26*	**(12,396,196)**	(3,145,865)
		(1,670,822)	25,808,493

Notes to the Unconsolidated Financial Statements

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41. SEGMENT INFORMATION

41.1 Segment wise results are as follows:

	2024				2023			
	Petroleum Products	LNG	Others	Total	Petroleum Products	LNG	Others	Total
	(Rupees in millions)							
Net sales	2,528,617	1,033,886	9,247	3,571,750	2,414,925	969,409	6,778	3,391,112
Cost of products sold	(2,457,566)	(1,008,227)	(8,667)	(3,474,460)	(2,366,142)	(943,764)	(6,359)	(3,316,265)
Gross profit	71,051	25,659	580	97,290	48,783	25,645	419	74,847
Other income	16,864	-	6,697	23,561	9,890	-	3,617	13,507
Administrative, distribution and marketing expenses	(20,853)	(3,350)	(612)	(24,815)	(16,948)	(3,052)	(477)	(20,477)
Provision of impairment	(320)	-	59	(261)	(502)	-	65	(437)
Other charges	(4,285)	1,223	(585)	(3,647)	(2,072)	426	(234)	(1,880)
Operating cost	(25,458)	(2,127)	(1,138)	(28,723)	(19,522)	(2,626)	(646)	(22,794)
Finance costs	(12,564)	(39,774)	-	(52,338)	(11,651)	(28,684)	-	(40,335)
Share of profit / (loss) of associates - net of tax	-	-	1,626	1,626	-	-	(859)	(859)
Profit / (loss) before taxation, minimum tax differential and final taxes	49,893	(16,242)	7,765	41,416	27,500	(5,665)	2,531	24,366
Minimum tax differential	-	(11,593)	-	(11,593)	-	(10,639)	-	(10,639)
Final taxes	(128)	-	-	(128)	(100)	-	-	(100)
Profit / (loss) before taxation	49,765	(27,835)	7,765	29,695	27,400	(16,304)	2,531	13,627
Taxation	(11,976)	-	(1,856)	(13,833)	(7,349)	-	(616)	(7,965)
Profit / (loss) for the year	37,789	(27,835)	5,909	15,863	20,051	(16,304)	1,915	5,662

(Amounts in Rs. '000)

41.2 As referred in note 3.20 to these unconsolidated financial statements, the expenses have been allocated based on the sales volume in metric tons, which is in line with the basis of reporting to Management Committee.

41.3 Net sales in LNG segment relates to single customer.

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

41.5 Out of total sales of the Company, 99.7% (2023: 99.8%) relates to customers in Pakistan. Further, all non-current assets of the Company as at June 30, 2024 are located in Pakistan.

41.6 The Company sells its products to dealers, Government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to five major customers of the Company are approximately 39% during the year ended June 30, 2024 (2023: 40%).

41.7 Out of total gross sales of the Company, sales amounting to Rs. 1,218,172,715 (2023: Rs. 1,201,662,102) relates to circular debt customers.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

	Note	2024	2023
42. FINANCIAL INSTRUMENTS BY CATEGORY			
42.1 Financial assets as per statement of financial position			
Fair value through other comprehensive income			
- Long-term investments - Pak-Arab Pipeline Company Limited	7	**4,558,321**	3,993,199
At amortised cost			
- Loans and advances	14	**1,457,473**	1,196,851
- Deposits		**416,756**	441,005
- Trade debts	13	**488,202,267**	495,898,435
- Other receivables		**3,054,464**	12,229,742
- Cash and bank balances	17	**10,725,374**	28,954,358
		503,856,334	538,720,391
		508,414,655	542,713,590
42.2 Financial liabilities as per statement of financial position			
At amortised cost			
- Lease liabilities	22	**8,219,191**	7,094,642
- Trade and other payables		**272,638,545**	266,620,340
- Unclaimed dividend	28	**1,620,814**	1,561,242
- Accrued interest / mark-up	26.5	**4,958,369**	11,523,844
- Short-term borrowings	26	**403,553,498**	422,705,573
		690,990,417	709,505,641

42.3 Fair values of financial assets and liabilities

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

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

Fair value estimation

The Company discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2024, except for the Company's investment in Pak-Arab Pipeline Company Limited, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 7.2 of these unconsolidated financial statements.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

43.1 Financial risk factors

Introduction and overview

The Company has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Company's management of capital.

Financial risk factors and risk management framework

The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Company's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Company by the Board of Management through specific directives. These controls and limits reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Company's finance department oversees the management of the financial risk reflecting changes in the market conditions and also the Company's risk taking activities, and provide assurance that these activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of the Company's Investment in Pak-Arab Pipeline Company Limited.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports petroleum products, LNG, chemicals and is exposed to currency risk, primarily with respect to foreign creditors for purchase of aforementioned products denominated in US Dollars (US$ or USD).

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

	USD '000		PKR	
	2024	2023	**2024**	2023
Trade payables	**523,563**	305,125	**145,857,794**	87,448,393
Advances	**2,630**	2,173	**732,684**	622,642

The following significant rates were applied during the year:

	Average rates		Spot rate	
	2024	2023	**2024**	2023
USD to PKR	**283.47**	247.90	**278.59**	286.60

The Company has incurred exchange losses of Rs. 3,215,672 (2023: Rs. 83,569,576) and Rs. 529,307 (Exchange gain in 2023: Rs. 777,874) that have been recognised as part of cost of products sold and other expenses respectively. Exchange losses recognised as part of cost of products sold have been recovered through the pricing mechanism.

Further, the Company has also availed foreign currency borrowing (FE-25) as of June 30, 2024. However, there is no foreign currency risk involved on these borrowings as detailed in note 16.5 to these unconsolidated financial statements.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from local creditors, security deposits and short-term borrowings amounting to Rs. 443,093,473 (2023: Rs. 461,993,699). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Note	Carrying amount	
		2024	2023
Variable rate instruments			
Financial assets			
- Saving accounts	*17*	**7,826,825**	26,385,861
Financial liabilities			
- Short-term borrowings	*26*	**(403,553,498)**	(422,705,573)
- Local creditors	*25*	**(47,127,400)**	(65,440,981)
- Security deposits		**(239,400)**	(233,006)
		(450,920,298)	(488,379,560)
Net financial liabilities at variable interest rates		**(443,093,473)**	(461,993,699)

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit for the year and shareholder's equity by Rs. 2,702,870 (2023: Rs. 2,818,162). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed in 2023.

(iii) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

As at June 30, 2024, the Company's investment in Pak-Arab Pipeline Company Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 7.3.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Risk Management function is regularly conducting detailed analysis on sectors / industries. Keeping in view short term and long term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

Credit risk arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. The maximum exposure to credit risk before any credit enhancement is given below:

	2024		2023	
	Statement of financial position	Maximum exposure	Statement of financial position	Maximum exposure
Financial assets at amortised cost				
- Loans and advances	**1,457,473**	**1,457,473**	1,196,851	1,196,851
- Deposits	**416,756**	**416,756**	441,005	441,005
- Trade debts	**488,202,267**	**62,067,816**	495,898,435	116,379,696
- Other receivables	**3,054,464**	**3,021,411**	12,229,742	5,135,241
- Bank balances	**10,712,016**	**10,712,016**	28,940,393	28,940,393
	503,842,976	**77,675,472**	538,706,426	152,093,186

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 430,053,810 (2023: Rs. 436,838,608). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts and the company does not expect these companies to fail to meet their obligations. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers. Sales to dealers are settled in cash or using short-term financial instruments. However, some of the Company's trade debts are secured by way of bank guarantees and security deposits.

Loans, advances, other receivables and deposits, as mentioned in notes 8, 9 & 14 are neither past due nor impaired.

Based on the past experience, past track records of recoveries and forward looking information, the Company believes that the past due amount included in above trade debts (net of existing provision) does not require any further provision or impairment testing.

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

Notes to the Unconsolidated Financial Statements

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(Amounts in Rs. '000)

Bank	Date of Rating	Rating agency	Rating	
			Short term	Long term
Allied Bank Limited	June 2024	PACRA	A1+	AAA
Askari Bank Limited	June 2024	PACRA	A1+	AA+
Bank Alfalah Limited	June 2024	PACRA	A1+	AAA
Bank Al-Habib Limited	June 2024	PACRA	A1+	AAA
Citibank N.A. - Pakistan Branches	March 2024	Moody's	P-1	Aa3
Faysal Bank Limited	June 2024	PACRA	A1+	AA
Habib Bank Limited	June 2024	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June 2024	PACRA	A1+	AA+
MCB Bank Limited	June 2024	PACRA	A1+	AAA
Meezan Bank Limited	June 2024	VIS	A-1+	AAA
National Bank of Pakistan	June 2024	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	June 2024	PACRA	A1+	AAA
United Bank Limited	June 2024	VIS	A-1+	AAA
The Bank of Punjab	June 2024	PACRA	A1+	AA+

Settlement risk

Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash or other assets as contractually agreed on sale. The risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the financial liabilities, monitoring of liquidity ratios and maintaining debt financing plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date and represents the undiscounted cash flows.

	Contractual maturity Up to three months	
	2024	**2023**
Financial liabilities		
Trade and other payables	**272,638,545**	266,620,340
Unclaimed dividend	**1,620,814**	1,561,242
Accrued interest / mark-up	**4,958,369**	11,523,844
Short-term borrowings	**403,553,498**	422,705,573
	682,771,226	702,410,999

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Unclaimed dividend is payable as per stipulated time. Further, maturity analysis of lease liabilities has been disclosed in note 22 to these unconsolidated financial statements.

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(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

Business Continuity Plans for respective areas are in place and tested. Work-from-home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Company’s information assets are adequately protected from emerging cyber threats.

The Company’s objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

43.2 Capital risk management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide adequate returns to shareholders and to benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2023.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Company consists of net debt consistent with other companies in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

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(Amounts in Rs. '000)

The gearing ratios as at June 30, 2024 and 2023 are as follows:

	Note	2024	2023
Short-term borrowings	26	**403,553,498**	422,705,573
Bank balances with lenders		**(10,712,016)**	(28,940,393)
Net debt		**392,841,482**	393,765,180
Total equity		**231,308,916**	216,559,907
Total capital		**624,150,398**	610,325,087
Gearing ratio		**62.94%**	64.52%

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

44. TRANSACTIONS WITH RELATED PARTIES

44.1 Following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Direct Shareholding	Relationship
Government of Pakistan	22.47%	Controlling Authority
Pak-Arab Refinery Company Limited	N/A	Government related entity
K-Electric Limited	N/A	Government related entity
Pakistan International Airline Corporation Limited	N/A	Government related entity
Karachi Port Trust	N/A	State owned / controlled entities
Civil Aviation Authority	N/A	State owned / controlled entities
Pakistan Railways	N/A	State owned / controlled entities
National Insurance Company Limited	N/A	State owned / controlled entities
National Bank of Pakistan	N/A	State owned / controlled entities
Pakistan Steel Mills Corporation (Pvt.) Limited	N/A	State owned / controlled entities
PSO Employees Empowerment Trust	3.04%	State owned / controlled entities
WAPDA Foundation	N/A	State owned / controlled entities
Pakistan Refinery Limited	63.56%	Subsidiary
Cerisma (Private) Limited	100%	Subsidiary
PSO Renewable Energy (Private) Limited (PRE)	100%	Subsidiary
PSO Venture Capital (Private) Limited	100%	Subsidiary
Pak Grease Manufacturing Company (Private) Limited	22%	Associate
Asia Petroleum Limited	49%	Associate
Retirement benefit funds namely: 1. Pension funds 2. Gratuity fund and 3. Provident fund	N/A	Post employment benefits
PSO CSR Trust	N/A	Trust Controlled by KMP
Board of Management - Oil	N/A	Charged with governance
Pak-Arab Pipeline Company Limited	12%	Government related entity / Common Directorship
Water and Power Development Authority	N/A	Government related entity
Genco Holding Company Limited	N/A	Government related entity / Common Directorship
Sui Northern Gas Pipelines Limited	N/A	Government related entity / Common Directorship
Sui Southern Gas Company Limited	N/A	Government related entity
Oil Companies Advisory Council	N/A	Government related entity
Oil and Gas Development Company	N/A	Government related entity
Pakistan Petroleum Limited	N/A	Government related entity / Common Directorship
Oil and Gas Regulatory Authority (OGRA)	N/A	Regulatory Authority - Government related entity
Federal tax authorities	N/A	Regulatory Authorities - Government related entity
Pakistan National Shipping Corporation	N/A	Government related entity
ABM Investment	N/A	Common Directorship
Digital Bridge (Pvt.) Limited	N/A	Common Directorship
Marina City Developers	N/A	Common Directorship
Iman Construction (Pvt.) Limited	N/A	Common Directorship

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Name of Related parties	Direct Shareholding	Relationship
Prestige Communications (Pvt.) Ltd.	N/A	Common Directorship
MM Management Consultants (Pvt.) Limited	N/A	Common Directorship
Hinopak Limited	N/A	Common Directorship
Sindh Insurance Limited	N/A	Common Directorship
Petromen Corporation - Saudi Arabia	N/A	Common Directorship
Faisalabad Electric Supply Company	N/A	Government related entity
Islamabad Electric Supply Company	N/A	Common Directorship
Power Holding (Private) Limited	N/A	Government related entity
Petroleum Institute of Pakistan	N/A	Common Directorship
Saudi Pak Investment Company	N/A	Common Directorship
Mari Petroleum Company Limited	N/A	Common Directorship
Saindak Metals Limited	N/A	Common Directorship
Cnergyico Pk Limited	N/A	Common Directorship
Pakistan LNG Limited	N/A	Government related entity / Common Directorship
Pakistan LNG Terminals Limited	N/A	Government related entity
Gulzar G Khoja	N/A	Key management personnel
Abdus Sami	N/A	Key management personnel
Rashid Umer Siddiqui	N/A	Key management personnel
Mohsin Ali Mangi	N/A	Key management personnel
Shah Mujadad Uddin Jawad	N/A	Key management personnel
Asif Aslam Khan	N/A	Key management personnel
Raja Imranullah Khan	N/A	Key management personnel
Mansoor Ismail	N/A	Key management personnel
Nadeem Afridi	N/A	Key management personnel
S Khawar Abbas Jillani	N/A	Key management personnel
Asad Raza Faiz	N/A	Key management personnel
Syed Moinuddin Balkhi	N/A	Key management personnel
Babar Hamid Chaudhary	N/A	Key management personnel
Muhammad Ali	N/A	Key management personnel
Muhammad Zeeshan Hyder	N/A	Key management personnel
Mir Shahzad Khan Talpur	N/A	Key management personnel
Brig. (R) Rizwan Ahmed	N/A	Key management personnel
Syed Sajjad	N/A	Key management personnel
Shamail Sharaf Shah	N/A	Key management personnel
Raja Muhammad Faisal Abdullah	N/A	Key management personnel
Ghulam Murtaza Sheikh	N/A	Key management personnel
Ayesha Afzal	N/A	Key management personnel
Iyshah Faizan	N/A	Key management personnel
Om Perkash	N/A	Key management personnel
Irfan Raouf Malik	N/A	Key management personnel
Nida Yousuf	N/A	Key management personnel
Syed Muhammad Taha	N/A	Key management personnel / Director
Asad Rehman Gilani	N/A	Director
Hassan Mehmood Yousufzai	N/A	Director
Asif Baigmohamed	N/A	Director
Ahmed Jamal Mir	N/A	Director
Awais Manzur Sumra	N/A	Director
Mushtaq Malik	N/A	Director
Shahbaz Tahir Nadeem	N/A	Director
Waheed Ahmed Shaikh	N/A	Director

44.2 Related parties comprise of subsidiaries, associates, retirement benefit funds, state owned / controlled entities, GoP and its related entities, and key management personnel. Details of transactions with the related parties during the year are in accordance with accounting and reporting standards. The transactions with related parties other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

Name of related parties and relationship with the Company	Nature of transactions	2024	2023
Subsidiary			
- Pakistan Refinery Limited	Purchases	**177,808,593**	139,091,635
	Income facility charges	**-**	851
- PSO Renewable Energy (Private) Limited	Expenses incurred	**16,726**	-
- PSO Venture Capital (Private) Limited	Expenses incurred	**6,257**	-
- Cerisma (Private) Limited	Expenses incurred	**12,009**	-
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	**24,995**	66,337
- Asia Petroleum Limited	Income facility charges	**644,483**	119,096
	Pipeline charges	**-**	119,291
Retirement benefit funds			
- Pension funds	Charge for the year	**618,334**	721,296
	Contributions	**600,965**	213,701
- Gratuity fund	Charge for the year	**706,951**	597,096
	Contributions	**727,213**	219,751
- Contributory pension funds	Charge for the year	**231,617**	225,437
	Contributions	**231,617**	225,437
- Provident fund	Charge for the year	**222,283**	205,196
	Contributions	**222,283**	205,196
Key management personnel	Managerial remuneration	**258,008**	230,552
	Housing and utilities	**141,904**	126,804
	Performance bonus	**67,693**	60,674
	Other allowances and benefits	**246,023**	191,636
	Retirement benefits	**111,669**	93,169
	Vehicles having net book value of Rs. 3,497 (2023: Rs. 3,990) transferred under employee car scheme (sale proceeds)	**3,497**	4,215

44.3 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 22.47% of the Company's issued share capital and is entitled to appoint members of the Board of Management under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for transactions stated below, which the Company considers are significant:

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

		2024	2023
- Government of Pakistan	Dividend paid	**791,281**	1,055,041
	Price differential claim received	**7,061,448**	-
- PSOCL Employees Empowerment Scheme	Dividend paid to the Trust	**106,977**	142,636
- Board of Management	Contributions	**32,670**	26,870
- Pak-Arab Pipeline Company Limited	Pipeline charges	**7,979,319**	7,732,152
	Dividend received	**194,475**	325,546
- Distribution Companies (DISCOs)	Utility charges	**268,805**	187,647
- GENCO	Gross sales	**1,766,436**	3,497,652
- Pakistan Petroleum Limited	Purchases	**69,755**	99,749
- Oil and Gas Development Company	Gross sales	**6,173,614**	-
	Purchases	**3,612,200**	2,117,551
- Pakistan International Airlines Corporation Limited	Gross sales	**51,642,091**	54,381,904
	Purchases	**11,322**	4,712
- Pakistan Railways	Gross sales	**34,474,769**	28,245,674
- Pak-Arab Refinery Company Limited	Purchases	**630,214,531**	531,396,119
	Pipeline charges	**1,604,598**	1,516,857
- Sui Northern Gas Pipelines Limited	Gross sales	**1,216,406,279**	1,140,232,271
- K-Electric Limited	Gross sales	**20,885,004**	90,792,362
	Income facility charges	**8,959**	39,441
	Utility charges	**297,828**	222,649

The transactions described below are collectively but not individually significant to these unconsolidated financial statements and therefore have been described below:

(i) The Company sells petroleum products to various Government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Company, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Company.

(ii) The Company collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and custom authorities.

(iii) The Company incurs rental charges in respect of storage facilities at Keamari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Company also utilises port facilities of Port Qasim Authority and Karachi Port Trust.

(iv) The Company has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.

(v) The Company utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railways for movement of its petroleum products. The Company also uses pipeline of Pak-Arab Refinery Company Limited and Pak-Arab Pipeline Company Limited for delivery / movement of its product.

(vi) The Company obtains utility services from Civil Aviation Authority, K-Electric Limited, Sui Northern Gas Pipelines Limited and Sui Southern Gas Company Limited on account of utility charges.

INDEPENDENT AUDITOR'S REPORT

To the Members of Pakistan State Oil Company Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Pakistan State Oil Company Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated position of Group as at June 30, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

Key Audit Matter	How the Matter was Addressed in Our Audit
Overdue trade receivable due to inter-corporate circular debt issue	
(Refer note 14 to the consolidated financial statements) As at June 30, 2024, the Group's overdue trade receivable from customers due to circular debt issue amounted to Rs. 371,484 million, which includes Rs. 70,618 million, Rs. 14,802 million and Rs. 286,064 million from related parties, GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO) and Sui Northern Gas Pipelines Company Limited (SNGPL) respectively. The Government of Pakistan is committed, hence, continuously pursuing for satisfactory settlement of inter-corporate circular debt issue. However, the progress has been slower than expected resulting in accumulation of the Group's receivable. The Group is also actively pursuing the Government of Pakistan to get budgetary allocation for release of past due price differential claims.	Our audit procedures in respect of receivables, amongst others, included the following: • Tested, on a sample basis, receivable ageing report classification within the appropriate ageing bracket with underlying invoices; • Obtained, on a sample basis, direct confirmation from customers and tested reconciliations where differences were identified. In case of no replies from customers, performed alternate procedures; • Inspected correspondence with the customers and relevant government authorities and held discussions with the Group and Board Audit and Compliance Committee of the Board of Management (BoM) to assess their views on the timing of settlement and recoverability of trade debts overdue because of inter-corporate circular debt issue and price differential claims overdue from the Government of Pakistan;

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How the Matter was Addressed in Our Audit
The Group has recognised a specific provision of Rs. 347 million and considers the past due amounts to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector of Pakistan. Interest on the past due amounts from customers is recognised by the Group on receipt basis. We considered the matter as key audit matter due to significance of the past due amounts and significant judgments made by the management regarding recoverability of the past due amounts and recognition of interest on delayed payments by the customers.	• Discussed with the management, events during the year and steps taken by management for settlement of the overdue trade debts and price differential claims and inspected minutes of meetings of the BoM and Board Audit and Compliance Committee of the BoM; • Evaluated the management's assessment on the ECLs of trade receivables and assessed management's conclusion along with assumptions used for the determination of ECL; and • Assessed the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the accounting and reporting standards as applicable in Pakistan.
Recognition of Revenue	
(Refer note 32 to the consolidated financial statements) The Group recognises revenue at the transaction price which the Group expects to be entitled to, after deducting sales tax, discounts and applicable levies. The Group carries out sale of regulated products on prices notified by Oil and Gas Regulatory Authority (OGRA) which are subject to policy clarification from the Federal Government. Sale of certain de-regulated products is carried out at the margin-based price mechanism and the Group recognises revenue at a point in time when control of product is transferred to customers. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Group at customer premises. We considered recognition of revenue as key audit matter due to the regulatory nature of pricing, significance of amounts requiring significant time and resources to audit due to magnitude, inherent risk of material misstatement and revenue being a key economic indicator of the Group.	Our audit procedures to assess the recognition, amongst others, included the following: • Assessed the design, implementation and operating effectiveness of the relevant key internal controls over revenue recognition from the sale of products; • Assessed the appropriateness of the Group's accounting policy for recognition of sales and compliance of the policy with International Financial Reporting Standard (IFRS 15 - "Revenue from Contracts with Customers"); • Compared on sample basis, the revenue transactions recorded before and after the reporting period with the underlying support including sales invoices, delivery challans, relevant sales contract and customer acknowledgement to assess if the related revenue was recorded in the appropriate accounting period; • Tested on a sample basis, notifications of OGRA for petroleum products price and the Group's margin-based price determination for regulated and de-regulated products respectively; • Tested journal entries relating to revenue recognised during the year based on identified risk criteria; • Assessed reasonableness of management's judgment relating to recoverability of interest on delayed payments from customers; and • Assessed the appropriateness of the disclosure made in the consolidated financial statements in accordance with requirements of accounting and reporting standards as applicable in Pakistan.

INDEPENDENT AUDITOR'S REPORT

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

Management is responsible for the other information. The other information comprises of Chairman's Review, Managing Director & CEO's Letter to Shareholders and financial performance included in the annual report for the year ended June 30, 2024 but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017), State-Owned Enterprises (Governance and Operations) Act, 2023 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Management is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad

Date: September 30, 2024

UDIN: AR202410202mE1XhqYya

Consolidated Statement of Financial Position

As at June 30, 2024

	Note	2024	2023
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	**46,301,737**	41,030,347
Right-of-use assets	6	**7,798,076**	7,013,623
Intangibles	7	**356,396**	253,973
Long-term investments	8	**7,749,044**	6,396,650
Long-term loans, advances and other receivables	9	**977,968**	768,084
Long-term deposits	10	**363,179**	391,932
Deferred tax asset - net	11	**21,177,388**	22,196,404
Retirement and other service benefits	22	**18,272**	19,105
		84,742,060	78,070,118
Current Assets			
Stores, spares, chemicals and loose tools	12	**3,105,007**	2,648,423
Stock-in-trade	13	**316,796,844**	326,106,697
Trade debts	14	**492,939,166**	505,968,432
Loans and advances	15	**1,294,979**	603,602
Short-term deposits and prepayments	16	**475,359**	1,342,066
Other receivables	17	**139,574,962**	112,089,504
Investments	18.4	**4,200,895**	-
Cash and bank balances	18	**20,389,901**	40,624,965
		978,777,113	989,383,689
Net assets in Bangladesh	19	**-**	-
TOTAL ASSETS		**1,063,519,173**	1,067,453,807
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**4,694,734**	4,694,734
Reserves	21	**237,623,356**	220,313,579
Equity attributable to the owners of the Holding Company		**242,318,090**	225,008,313
Non-controlling interest	4	**8,714,439**	7,335,685
		251,032,529	232,343,998
Non-Current Liabilities			
Retirement and other service benefits	22	**10,095,577**	11,822,158
Long-term borrowings	23	**3,000,000**	2,000,000
Lease liabilities	24	**7,808,476**	6,744,426
Deferred income - Government grant	25	**100,000**	100,000
Other payable	26	**502,699**	593,849
		21,506,752	21,260,433
Current Liabilities			
Trade and other payables	27	**349,837,545**	342,187,101
Unclaimed dividend	28	**1,640,667**	1,581,095
Provisions	29	**639,413**	639,413
Short-term borrowings	30	**428,997,487**	452,539,602
Accrued interest / mark-up	30.5	**5,424,511**	11,999,938
Current portion of lease liabilities	24	**562,008**	511,430
Taxation - net		**3,878,261**	4,390,797
		790,979,892	813,849,376
TOTAL LIABILITIES		**812,486,644**	835,109,809
TOTAL EQUITY AND LIABILITIES		**1,063,519,173**	1,067,453,807
CONTINGENCIES AND COMMITMENTS	31		

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Profit or Loss

For the year ended June 30, 2024

	Note	2024	2023
		------------------ (Rupees in '000) ------------------	
Net sales	32	**3,742,081,969**	3,539,155,107
Cost of products sold	33	**(3,630,188,158)**	(3,454,749,565)
Gross Profit		**111,893,811**	84,405,542
Other income	34	**28,290,100**	16,796,052
Operating Costs			
Distribution and marketing expenses	35	**(19,215,191)**	(15,771,091)
Administrative expenses	36	**(7,699,698)**	(6,269,529)
Provision for impairment on financial assets - net		**(261,339)**	(437,159)
Other expenses	37	**(10,516,522)**	(4,515,331)
		(37,692,750)	(26,993,110)
Profit From Operations		**102,491,161**	74,208,484
Finance costs	38	**(55,967,767)**	(43,410,380)
Share of profit / (loss) of associates - net of tax	8.3.1	**1,645,162**	(868,781)
Profit Before Taxation, Minimum Tax Differential and Final Taxes		**48,168,556**	29,929,323
Minimum tax differential	39.3	**(11,603,465)**	(11,345,334)
Final taxes	39.4	**(473,330)**	(368,316)
		(12,076,795)	(11,713,650)
Profit Before Taxation		**36,091,761**	18,215,673
Taxation	39	**(16,441,586)**	(8,399,528)
Profit For the Year		**19,650,175**	9,816,145
Profit Attributable to:			
Owners of the Holding Company		**18,326,723**	9,318,649
Non-controlling interest		**1,323,452**	497,496
		19,650,175	9,816,145
		-------------------- (Rupees) --------------------	
Earning Per Share - Basic and Diluted	40	**39.04**	19.85

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees in '000)	
Profit for the year		**19,650,175**	9,816,145
Other Comprehensive Income / (Loss):			
Items That Will Not be Subsequently Reclassified to Profit or Loss:			
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	*8.3.1*	**1,876**	(5,721)
Unrealised gain / (loss) on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	*8.2.1*	**565,122**	(214,895)
Taxation thereon		**(220,714)**	(116,516)
		344,408	(331,411)
Actuarial gain on remeasurement of retirement and other service benefits	*22.1.6 & 22.2.1.7*	**2,772,558**	352,388
Taxation thereon		**(559,436)**	(135,958)
		2,213,122	216,430
		2,559,406	(120,702)
Total Comprehensive Income For the Year		**22,209,581**	9,695,443
Total Comprehensive Income Attributable to:			
Owners of the Holding Company		**20,830,827**	9,221,304
Non-controlling interest		**1,378,754**	474,139
		22,209,581	9,695,443

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Changes in Equity

For the year ended June 30, 2024

		Reserves								
		Capital Reserves		Revenue Reserves						
	Share Capital	Surplus on Vesting of Net Assets	Special Reserve	Unrealised (Loss) / Gain on Remeasurement of FVOCI Investments	General Reserve	PSO Venture Capital Fund	Un-Appropriated Profit	Sub-Total	Non-Controlling Interest	Total
	---------- (Rupees in '000) ----------									
Balance as at July 01, 2022	4,694,734	3,373	8,460,221	2,240,544	25,282,373	1,478,551	178,321,947	215,787,009	6,861,546	227,343,289
Total Comprehensive Income For the Year										
Profit for the year	-	-	-	-	-	-	9,318,649	9,318,649	497,496	9,816,145
Profit for the year transferred to venture capital reserve	-	-	-	-	-	243,661	(243,661)	-	-	-
Other Comprehensive Income										
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	-	(331,411)	-	-	-	(331,411)	-	(331,411)
Actuarial gain / (loss) on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	-	-	239,787	239,787	(23,357)	216,430
Share of actuarial loss on remeasurement of the staff retirement benefits of associates - net of tax	-	-	-	-	-	-	(5,721)	(5,721)	-	(5,721)
	-	-	-	(331,411)	-	-	234,066	(97,345)	(23,357)	(120,702)
Profit for the year transferred to special reserve by Subsidiary Company	-	-	1,096,389	-	-	-	(1,096,389)	-	-	-
Transactions With The Owners Of The Company										
Distributions										
Final dividend for the year ended June 30, 2022 at Rs. 10 per share	-	-	-	-	-	-	(4,694,734)	(4,694,734)	-	(4,694,734)
Balance as at June 30, 2023	4,694,734	3,373	9,556,610	1,909,133	25,282,373	1,722,212	181,839,878	220,313,579	7,335,685	232,343,998
Balance as at July 01, 2023	**4,694,734**	**3,373**	**9,556,610**	**1,909,133**	**25,282,373**	**1,722,212**	**181,839,878**	**220,313,579**	**7,335,685**	**232,343,998**
Total Comprehensive Income For the Year										
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**18,326,723**	**18,326,723**	**1,323,452**	**19,650,175**
Profit for the year transferred to venture capital reserve	**-**	**-**	**-**	**-**	**-**	**414,167**	**(414,167)**	**-**	**-**	**-**
Reclassification of reserves	**-**	**-**	**(9,556,610)**	**-**	**-**	**(1,721,661)**	**11,278,271**	**-**	**-**	**-**
Other Comprehensive Income										
Unrealised gain on remeasurement of equity investment classified as FVOCI - net of tax	**-**	**-**	**-**	**344,408**	**-**	**-**	**-**	**344,408**	**-**	**344,408**
Actuarial gain on remeasurement of retirement and other service benefits - net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**2,157,820**	**2,157,820**	**55,302**	**2,213,122**
Share of actuarial gain on remeasurement of the staff retirement benefits of associates - net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**1,876**	**1,876**	**-**	**1,876**
	-	**-**	**-**	**344,408**	**-**	**-**	**2,159,696**	**2,504,104**	**55,302**	**2,559,406**
Transactions with the Owners of the Company										
Distributions										
Final dividend for the year ended June 30, 2023 at Rs. 7.5 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(3,521,050)**	**(3,521,050)**	**-**	**(3,521,050)**
Balance as at June 30, 2024	**4,694,734**	**3,373**	**-**	**2,253,541**	**25,282,373**	**414,718**	**209,669,351**	**237,623,356**	**8,714,439**	**251,032,529**

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Cash Flows

For the year ended June 30, 2024

	Note	2024	2023
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	41	**107,599,470**	(198,372,374)
Long-term loans, advances and other receivables		**(209,884)**	(424,850)
Long-term deposits and prepayments		**28,753**	(33,213)
Taxes paid		**(28,792,059)**	(35,217,697)
Finance costs paid		**(60,941,876)**	(30,506,637)
Retirement and other service benefits paid		**(1,776,705)**	(890,625)
Net Cash Generated From / (Used in) Operating Activities		**15,907,699**	(265,445,396)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(9,465,047)**	(5,706,118)
Proceeds from disposal of property, plant and equipment	5.2	**72,391**	186,898
Dividends received		**1,054,241**	555,839
Net Cash Used in Investing Activities		**(8,338,415)**	(4,963,381)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term borrowings - net		**1,000,000**	800,000
Short-term borrowings - net	30.6	**(27,591,014)**	272,621,091
Lease payments	24	**(1,800,755)**	(1,604,882)
Proceeds from salary refinancing - net		**-**	(101,437)
Dividends paid		**(3,461,478)**	(4,612,011)
Net Cash (used in) / Generated From Financing Activities		**(31,853,247)**	267,102,761
Net Decrease in Cash and Cash Equivalents		**(24,283,963)**	(3,306,016)
Cash and cash equivalents at beginning of the year		**32,277,668**	35,583,684
Cash and Cash Equivalents at End of the Year	42	**7,993,705**	32,277,668

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

Syed Muhammad Taha
Managing Director & CEO

Mushtaq Malik
Member - Board of Management

Gulzar Khoja
Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

1. GROUP LEGAL STATUS AND NATURE OF BUSINESS

The Group consists of Pakistan State Oil Company Limited ("the Holding Company"), Pakistan Refinery Limited, Cerisma (Private) Limited, PSO Renewable Energy (Private) Limited and PSO Venture Capital Private Limited ("the Subsidiary Companies"). Brief Profiles of the Holding Company and the Subsidiary Companies are given below:

1.1 Pakistan State Oil Company Limited

1.1.1 The Holding Company is a public company incorporated in Pakistan in 1976, and is listed on the Pakistan Stock Exchange Limited. The registered office of the Holding Company is located at PSO House, Khayaban-e-Iqbal, Clifton, Karachi. The principal activities of the Holding Company are procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils.

1.1.2 The business units of the Holding Company include the following:

Business Unit	Geographical Location
Head Office	PSO House, Khayaban-e-Iqbal, Clifton, Karachi.
Lubes Manufacturing Plant	National Refinery Limited, Korangi, Karachi. Kemari Oil Terminal, Kemari, Karachi.

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

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

1.2 Pakistan Refinery Limited

1.2.1 The Subsidiary Company was incorporated in Pakistan as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. The Subsidiary Company is engaged in the production and sale of petroleum products. As on June 30, 2024 the Holding Company controls 63.56% (2023: 63.56%) shares of the Subsidiary Company.

1.2.2 The business units of the Subsidiary Company include the following:

Business Unit	Geographical Location
Head Office & Refinery Complex	Korangi Creek Road, Karachi.
Storage tanks	Keamari, Karachi.

1.3 Cerisma (Private) Limited

A wholly owned subsidiary named Cerisma (Private) Limited (Cerisma) was incorporated on September 29, 2022 as private limited company. The principal activity of Cerisma is to set-up, manage, own, administer and run Electronic Money Institution (EMI) under EMI Regulations. As at June 30, 2024, the Holding Company has subscribed to 499,999 shares of Cerisma. The principal place of business for Cerisma is in Sindh, Pakistan.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

1.4 PSO Renewable Energy (Private) Limited

A wholly owned subsidiary named PSO Renewable Energy (Private) Limited (PRE) was incorporated on December 02, 2022 as private limited company. The principal activity of PRE is to carry on businesses of renewable energy, its manufacturing, processing and installation thereof. As at June 30, 2024, the Holding Company has subscribed to 999,999 shares of PRE. The principal place of business for PRE is in Sindh, Pakistan.

1.5 PSO Venture Capital (Private) Limited

A wholly owned subsidiary named PSO Venture Capital (Private) Limited (PSOVC) was incorporated on April 05, 2023 as private limited company. The principal activity of PSOVC is to carry on business of private equity and venture capital fund management services. As at June 30, 2024, the Holding Company has subscribed to 147,799,999 shares of PSOVC. The principal place of business for PSOVC is in Sindh, Pakistan.

1.6 These financial statements denote the consolidated financial statements of the Group. Separate financial statements of the Holding Company and its subsidiaries have been presented separately.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared on the basis of ‘historical cost’ convention, except for the following:

- Financial assets at fair value through other comprehensive income; and
- Obligations in respect of retirements and other service benefits.

2.3 Basis of consolidation

Subsidiary is an entity over which the Group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Generally, there is presumption that a majority of voting rights result in control.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control.

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Income and expenses of a subsidiary acquired or disposed off during the year are

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the Subsidiary Company have been changed to conform with accounting policies of the Holding Company, where required.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition is recorded as goodwill, however, if the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

The assets, liabilities, income and expenses of the Subsidiary Company are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the Subsidiary Company's shareholders’ equity in the consolidated financial statements.

All material intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends within the Group are eliminated in full.

Non-Controlling Interest (NCI) is that part of the net results of operations and of net assets of subsidiary attributable interest which are not owned by the Group. The Group measures NCI on proportionate basis of the net assets of subsidiary company.

When the ownership of a subsidiary is less than hundred percent, an NCI exists. The NCI is allocated its share of the total comprehensive income for the year, even if that results in a deficit balance.

The Group treats transactions with NCI that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed off of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to NCI are also recorded in equity.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit and loss, and reclassifies the Holding Company share of components previously recognised in other comprehensive income to profit or loss account or retained earnings, as appropriate.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional and presentation currency. All financial information presented in PKR.

2.5 Accounting estimates, assumptions and judgements

The preparation of these consolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgement that affect the application of company's accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

relevant factors, including reasonable expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. The estimates, assumptions and judgements made by the management in the application of accounting and reporting standards as applicable in Pakistan, that are relevant to the financial statements and may result in adjustments in subsequent years are as follows:

2.5.1 Property, plant and equipment and intangibles

The Group reviews appropriateness of the method of depreciation / amortisation, useful lives and residual values used in the calculation of depreciation / amortisation of property, plant and equipment and intangible assets on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment at each reporting date.

2.5.2 Right-of-use assets and corresponding lease liability

Where the Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value of the right-of-use asset in a similar economic environment.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Holding Company has several lease contracts that include extension and termination options. The Holding Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation of the leased asset).

2.5.3 Impairment of stock-in-trade

The Group reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values at each reporting date. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

2.5.4 Provision for impairment on financial assets

Financial assets covered under IFRS 9 - 'Financial Instruments' (IFRS 9)

The Group uses default rates based on credit rating of customers from which receivables are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customer which have similar characteristics to calculate expected credit losses (ECL) for trade receivables and other receivables.

The default rates are benchmarked and adjusted for forward looking information, cash flow projections are discounted using original effective interest rates, and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates which is then adjusted for forward looking information.

The assessment of the correlation between historical observed default rates and the projection of cash flows from

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

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

Financial assets covered under IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39)

The Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly / ultimately from Government of Pakistan (GoP) till financial years ending on or before December 31, 2024. Accordingly, the Group reviews the recoverability of its trade debts, lease receivables and investments that are due directly / ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

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

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

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

2.5.5 Income taxes

Significant judgement is required in determining the provision for income taxes and deferred tax asset and liability. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

The recognition of deferred tax is also made, by taking into account, these judgements and the best estimates of future results of the Group.

2.5.6 Provision for retirement and other service benefit obligations

The present value of these obligations depends on a number of factors and is being calculated on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 22 to these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

2.5.7 Valuation of un-quoted equity investments other than associates

The fair value of un-quoted equity investments other than associates is calculated using cash flow projections which are discounted using the required rate of return. These cash flow projections and required rate of return calculation involves number of assumptions as disclosed in note 8.2 of these consolidated financial statements. Any changes in these assumptions will impact the carrying amount of the investment.

2.5.8 Contingencies

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Group, based on availability of latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of uncertain future event(s).

2.6 New or amendments / interpretations to existing standards, interpretations and forthcoming requirements

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

Amendments to approved accounting standards

IAS 1 - Disclosure of Material Accounting Policy Information (Refer note 3)

IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Refer note 11)

The adoption of the above amendments to the approved accounting and reporting standards did not have any material effect on these consolidated financial statements.

2.7 Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following International Financial Reporting Standards (IFRSs) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 01, 2024:

- Classification of Liabilities as Current or Non-Current (amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after January 01, 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Non-Current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after January 01, 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right-of-use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after January 01, 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale and leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale and leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after January 01, 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- Lack of Exchangeability (amendments to IAS 21) clarify:

  - when a currency is exchangeable into another currency; and

  - how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;

- the spot exchange rate used;

- the estimation process; and

- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after January 01, 2025. Earlier application is permitted.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

- Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7)

  - Financial Assets with ESG-Linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial assets with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after January 01, 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

- Recognition / Derecognition requirements of Financial Assets / Liabilities by Electronic Payments:

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognised and derecognised and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognise their trade payables on the settlement date (i.e., when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognise its trade payables before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

The amendments apply for reporting periods beginning on or after January 01, 2026. Earlier application is permitted.

2.8 Share-based payments and Benazir Employees Stock Option Scheme

Amendments to IFRS 2 Share-Based Payment – Group cash-settled share-based payment transactions became effective from July 01, 2010 which require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for such transaction in its separate or individual consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investments. The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Fund in exchange for the surrendered units as would be determined based on market price for listed entities or break-up value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Fund to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP vide SRO 587(I)/2011 dated June 07, 2011; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme. Further, in response to this letter, as per the Ministry of Privatization letter dated May 08, 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter Trustees of the Scheme have requested parent ministry for directions / clarification on winding up. The Honourable Supreme Court of Pakistan in its short order dated October 22, 2020, stated in the cases filed by other companies declared that Benazir Employees Stock Option Scheme (BESOS) is unconstitutional and ultra-vires. During the year, the Ministry of Energy (Petroleum Division) through its letter reference F.No. 8(9)/2014/BESOS/D-III (Volume-IV) dated November 25, 2020 directed the Company while referring Finance's Division letter no. F.2 (39) - NTR/2-2-F dated November 19, 2020 to deposit the accrued BESOS amounts in Federal Consolidated Fund. The Group now awaits the specific instructions from the Ministry of Energy (Petroleum Division) regarding the winding up of the Trust, after which it shall take the requisite corporate actions for the transfer of 3.04% shareholding back to the Federal Government and related actions for liquidation of the Trust and crediting the Trust funds in the Federal Consolidated Fund.

2.9 Change in Accounting Policy

As disclosed in note 39, the Institute of Chartered Accountants of Pakistan (ICAP), vide its circular no. 07/2024 dated May 15, 2024, provided the guidance on IAS 12 application guidance on accounting for minimum taxes and final taxes. The Group has accounted for the change in its accounting policy as per the requirement of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors'. The Group has applied the accounting policy of IAS 12 as per the guidance. Resultantly, there is a reclassification of final taxes and minimum taxes previously classified as 'Taxation - current' in the consolidated statement of profit or loss appearing below Profit before taxation, to 'Profit before taxation, minimum tax differential and final taxes' (categorised as levy as per IFRIC 21 / IAS 37).

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

	As Previously Reported	Reclassification	As Reclassified
Profit before taxation, minimum tax differential and final taxes	-	29,929,323	29,929,323
Minimum tax differential	-	(11,345,334)	(11,345,334)
Final taxes	-	(368,316)	(368,316)
Profit before taxation	29,929,323	(11,713,650)	18,215,673
Taxation	(20,113,178)	11,713,650	(8,399,528)

There is no impact of reclassifications mentioned in note 2.9 on Group's consolidated Statement of Financial Position, consolidated Statement of Cash Flows, consolidated Statement of Changes in Equity and Group's earnings per share for the year ended June 30, 2023.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at cost and capital work-in-progress including major spare parts and stand-by equipments, which are stated at cost less accumulated impairment losses, if any.

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings for financing the projects which takes substantial time for completion, until such projects are available for their intended use. Fixed assets under capital work-in-progress are classified to the appropriate categories of property, plant and equipment, when completed and ready for intended use.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation is charged to profit or loss using straight-line method so as to write-off the historical cost of the assets over their estimated useful lives at the rates given in note 5.1 to these consolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. Assets' residual value, useful lives and method of depreciation and rates are reviewed, and adjusted prospectively, if appropriate on an annual basis at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Maintenance and normal repairs are charged to profit or loss. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

3.2 Right-of-use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight-line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group does not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

3.3 Intangibles

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and that the cost of such asset can also be measured reliably.

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible asset is amortised and charged to profit or loss from the month when such asset is available for use on straight-line basis over its useful economic life. The estimated useful life and amortisation method are reviewed on an annual basis at each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15 'Revenue from Contract with Customers'.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Group classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI (FVOCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss (FVPL).

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation', and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right to receive the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right to receive the payment has been established.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

The Group has not designated any financial asset at FVPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Financial liabilities at amortised cost

After initial recognition, borrowings and payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.5 Investment in associates

Associates are all entities over which the Group has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decision of investees. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group’s share of its associates’ post acquisition profits or losses is recognised in profit or loss and its share in associates' post acquisition other comprehensive income is recognised in the Group's other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Dividends received from associates reduce the carrying amount of the investment. When the Group’s share of losses in associate equals or exceeds its interest in the associate including any other long-term unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When FVOCI investment is converted into associated company, the balance in the surplus on revaluation of related asset is transferred to un-appropriated profit. Gain on transaction between the Group and its associate are eliminated to the extent of the Group's interest in associates.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any, is recognised in the profit or loss.

3.6 Stores, spares, chemicals and loose tools

These are valued at moving average cost less accumulated impairment losses, if any, except for items in-transit which are stated at invoice value plus other charges incurred thereon till the reporting date. Cost comprises invoice value and other direct costs but excludes borrowing cost. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

3.7 Stock-in-trade

Stock-in-trade is valued at the lower of average cost or cost on first in, first out (FIFO) basis, and net realisable value except for stock-in-transit which is stated at cost (invoice value) plus other charges incurred thereon till the reporting date. The cost formula is dependent on the nature of the stock categories but the same formula is applied to all items of a similar nature. Cost comprises invoice value, charges like excise, custom duties, etc., and other direct costs.

Provision is made for obsolete / slow moving stocks where necessary and recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to be incurred in order to make a sale.

3.8 Deposits, advances, and other receivables

Deposits, advances, and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to profit or loss.

3.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, with banks in current and deposit accounts, cheques in hand, demand draft and running finance under mark-up arrangements. Running finances under mark-up arrangements are shown within short-term borrowings under current liabilities on the financial position.

3.10 Impairment

3.10.1 Impairment of financial assets

Financial assets covered under IFRS 9

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Group applies general approach in calculating ECL. It is based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive discounted at the approximation of the original effective interest rate. The expected cash flows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

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

Financial assets covered under IAS 39

The Securities and Exchange Commission of Pakistan (SECP) through S.R.O 67(I)/2023 dated January 20, 2023 has granted exemption from application of expected credit losses (ECL) method under IFRS 9 'Financial Instruments' on financial assets due from GoP in respect of circular debt till financial years ending on or before December 31, 2024, provided that the Group shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Consequently, the Holding Company has not recorded impact of aforesaid ECL on trade debts of SNGPL, HUBCO and GENCO in these consolidated financial statements based on the exemption granted from SECP in this respect. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from Government, due to uncertain cash recovery patterns of circular debt, carry weight. In accordance with the exemption granted by SECP, ECL has not been recognised in respect of financial assets due directly / ultimately from GoP (i.e. SNGPL, HUBCO and GENCO) in the consolidated financial statements based on the clarification received from SECP. The Holding Company expects same exemption for another one year from SECP.

Financial assets, on which ECL model is not applicable as per the aforesaid notification of SECP, are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial asset carried at cost, the impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods. For financial asset carried at amortised cost, the amount of impairment loss recognised is difference between carrying amount and present value of estimated cash flow, discounted at effective interest rate.

3.10.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

3.11 Share capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.12 Retirement and other service benefits

3.12.1 Defined benefit plans

Pension funds

The Group operates approved funded defined benefit pension schemes separately for permanent management and non-management employees except for those employees who joined the Group after December 31, 2012. The scheme is administrated by the Trustees nominated under the Trust Deed. The schemes provide pension based on the employees' last drawn salary. Pensions are payable for life and thereafter 50% to surviving spouses and / or dependent children. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried using the Projected Unit Credit Method. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Actuarial gain or loss (remeasurements) are immediately recognised as other comprehensive income / (loss) as they occur. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Gratuity fund

The Group also operates approved funded defined benefit gratuity schemes for all its eligible permanent employees. The scheme is administrated by the Trustees nominated under the Trust Deed. The Scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (remeasurements) are immediately recognised in other comprehensive income / (loss) as they occur. The amount recognised in the financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Medical benefits

The Holding Company also provides post retirement medical benefits to its permanent employees except for those management and non-management employees who joined the Holding Company after July 01, 2001. Under the unfunded scheme all such employees, their spouses and dependents are entitled to the benefits. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognised in other comprehensive income / (loss) as they occur. The amount recognised in the financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

Compensated absences

The Group provides for compensated absences on the basis of actuarial valuation carried out in accordance with the requirements of IAS 19 'Employees Benefits'. Actuarial valuation of the scheme is carried out every year. Compensated absences are based on employees' last drawn salary.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

3.12.2 Defined contribution plan

Provident fund

The Group also operates an approved funded contributory provident funds for its eligible employees. Equal monthly contributions are made both by the Group and the employee at the rate of 8.33% and 10% per annum of the basic salary by the Holding Company and the Subsidiary Company, respectively. In addition, employees of the Holding Company have the option to contribute at the rate of 16.66% per annum, however, the Holding Company's contribution remains at the rate of 8.33% per annum.

Pension fund

The Holding Company also operates an approved funded contributory pension fund separately for its management and non-management employees. Monthly contribution is made by the Holding Company at the rate of 9.47% per annum of the gross salary.

3.13 Lease liability

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right-of-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

3.14 Unclaimed dividend

The Group recognises unclaimed dividend which was declared and remained unclaimed by the shareholder from the date it was due and payable.

3.15 Provisions

Provisions are recognised when the Group has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

3.16 Taxation

3.16.1 Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to profit or loss except to the extent it relates to items recognised in other comprehensive income / (loss).

3.16.2 Deferred

Deferred tax is accounted for using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences including on investments in associates and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed depreciation, unused tax losses and tax credits can be utilized. Deferred tax assets are remeasured at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss except to the extent it relates to items recognised in other comprehensive income / (loss).

3.17 Foreign currency transactions and translation

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

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

3.18 Revenue recognition

The Group recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered (in case of export on CIF basis, at the time when the products are shipped to customer) or it is pumped in the customer's tanks or at customer premises.

The Group generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers ranges from 2 to 90 days.

3.19 Other income

Other income is recognised to the extent it is probable that economic benefit will flow to the Group and the amount can be measured reliably. Other income is measured at fair value of the consideration received or receivable and recognised on following basis:

- Dividend income on equity investment is recognised when the Company's right to receive the dividend is established.
- Mark-up / interest on debt securities, return on deposits and other financial assets are recognised on time proportion basis using effective interest rate method.
- Handling, storage and other services income is recognised when the services have been rendered.
- Mark-up receivable on delayed payment is recognised on receipt basis.
- Return on deposits and other financial assets is recognised on accrual basis.
- Financial charges on line fill cost is recognised on accrual basis.

3.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. An operating segment's operating results are reviewed regularly by the Management Committee of the Holding Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BoM includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The business segments are engaged in providing products or services which are subject to risk and rewards which differ from the risk and rewards of other segments. Segments reported are Petroleum products, Liquefied Natural Gas (LNG), Refining operations and others.

3.21 Interest in joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

The Group classifies a joint arrangement as joint operations when the Group has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operations. The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement.

The Group currently has joint operations as follows:

- In December 2004, the Holding Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Total Parco Marketing Limited, for establishment and installation of storage facilities relating to petroleum products at Mehmoodkot. The Holding Company has a 62.1% share in the joint arrangement.
- In March 2015, the Holding Company entered into an unincorporated joint arrangement with Attock Petroleum Limited (APL) for establishment, operation and maintenance of a fuel farm and to operate and maintain the hydrant refueling system at the New Islamabad International Airport. Each party has a 50% share in this joint arrangement.

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

The Group currently does not have any joint venture.

3.22 Government Grant

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

3.23 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved.

3.24 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Holding Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.25 Contingencies

Contingencies are disclosed when the Group has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

		2024	2023
4	**NON-CONTROLLING INTEREST**		
4.1	**Non-controlling interest in the Subsidiary Company has been calculated as follows:**		
	Non-current assets	**30,776,943**	28,826,267
	Current assets	**77,148,576**	76,645,664
	Non-current liabilities	**(4,142,480)**	(2,769,572)
	Current liabilities	**(74,212,375)**	(77,345,091)
	Net assets	**29,570,664**	25,357,268
	Adjustments for consolidation:		
	Fair value adjustment	**8,577,375**	8,760,974
	Consistency of accounting policy	**(20,325,928)**	(20,325,928)
	Others	**6,092,371**	6,338,541
		(5,656,182)	(5,226,413)
	Adjusted net assets of the Subsidiary Company	**23,914,482**	20,130,855
	Share of NCI @ 36.44% (2023: 36.44%)	**8,714,439**	7,335,685
4.2	**Net turnover and profit after tax from the acquired business are as follows:**		
	Net turnover	**305,539,679**	261,860,404
	Profit for the year	**4,061,635**	1,824,967

4.3 During the year, the Holding Company has recorded NCI's share of profit Rs. 1,323,452 and actuarial gain of Rs. 55,302 in consolidated statement of profit or loss and other comprehensive income respectively.

		Note	2024	2023
5.	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating assets	*5.1*	**40,219,169**	36,177,940
	Capital work-in-progress	*5.4*	**6,082,568**	4,852,407
			46,301,737	41,030,347

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

5.1 Operating assets

(Amounts in Rs. '000)

	Land		Building		Tanks and pipelines	Service and filling stations (note 5.1.2)	Plant and machinery	Furniture and fittings	Vehicles and other rolling stock	Office equipments	Railway sidings	Gas cylinders / regulators (note 5.1.2)	Total
	Freehold	Leasehold	On freehold land	On leasehold land									
As at July 01, 2023													
Cost	9,891,655	110,921	1,261,551	2,078,024	13,340,648	13,339,982	20,557,873	804,435	2,098,497	1,314,818	97,555	493,797	65,389,756
Accumulated depreciation	-	(30,529)	(712,617)	(1,128,219)	(6,447,876)	(9,833,410)	(8,531,530)	(391,762)	(1,673,612)	(1,063,348)	(74,263)	(221,467)	(30,108,633)
Net book value	9,891,655	80,392	548,934	949,805	6,892,772	3,506,572	12,026,343	412,673	424,885	251,470	23,292	272,330	35,281,123
Year ended June 30, 2023													
Opening net book value	9,891,655	80,392	548,934	949,805	6,892,772	3,506,572	12,026,343	412,673	424,885	251,470	23,292	272,330	35,281,123
Additions	345,038	-	97,010	119,242	1,134,640	961,511	877,884	48,925	588,345	204,840	-	53,367	4,430,802
Disposals (note 5.2)													
Cost	-	-	(7,169)	(12,304)	(687)	(463,483)	(16,809)	(6,686)	(89,501)	(29,629)	-	(108,164)	(734,432)
Accumulated depreciation	-	-	4,391	11,748	641	462,769	16,597	6,588	79,673	29,492	-	99,187	711,086
	-	-	(2,778)	(556)	(46)	(714)	(212)	(98)	(9,828)	(137)	-	(8,977)	(23,346)
Depreciation charge (note 5.1.1)	-	(1,263)	(36,201)	(91,037)	(1,065,352)	(596,522)	(1,303,301)	(27,670)	(181,953)	(160,452)	(4,435)	(42,453)	(3,510,639)
Closing net book value	10,236,693	79,129	606,965	977,454	6,962,014	3,870,847	11,600,714	433,830	821,449	295,721	18,857	274,267	36,177,940
As at June 30, 2023													
Cost	10,236,693	110,921	1,351,392	2,184,962	14,474,601	13,838,010	21,418,948	846,674	2,597,341	1,490,029	97,555	439,000	69,086,126
Accumulated depreciation	-	(31,792)	(744,427)	(1,207,508)	(7,512,587)	(9,967,163)	(9,818,234)	(412,844)	(1,775,892)	(1,194,308)	(78,698)	(164,733)	(32,908,186)
Net book value	10,236,693	79,129	606,965	977,454	6,962,014	3,870,847	11,600,714	433,830	821,449	295,721	18,857	274,267	36,177,940
Year ended June 30, 2024													
Opening net book value	**10,236,693**	**79,129**	**606,965**	**977,454**	**6,962,014**	**3,870,847**	**11,600,714**	**433,830**	**821,449**	**295,721**	**18,857**	**274,267**	**36,177,940**
Additions	**50,633**	**-**	**118,680**	**37,381**	**2,210,901**	**2,040,396**	**2,425,455**	**80,581**	**372,233**	**535,501**	**-**	**88,316**	**7,960,077**
Disposals (note 5.2)													
Cost	**-**	**-**	**-**	**(279)**	**(9,345)**	**(122,260)**	**(21,958)**	**(8,578)**	**(86,719)**	**(11,136)**	**-**	**-**	**(260,275)**
Accumulated depreciation	**-**	**-**	**-**	**279**	**9,236**	**121,851**	**21,958**	**8,445**	**76,791**	**11,128**	**-**	**-**	**249,688**
	-	**-**	**-**	**-**	**(109)**	**(409)**	**-**	**(133)**	**(9,928)**	**(8)**	**-**	**-**	**(10,587)**
Write offs													
Cost	**-**	**-**	**(2,379)**	**(9,724)**	**(40,688)**	**(942,182)**	**(90,237)**	**(35,499)**	**(1)**	**(108,864)**	**(496)**	**-**	**(1,230,070)**
Depreciation	**-**	**-**	**2,379**	**9,724**	**40,688**	**942,182**	**90,237**	**35,499**	**1**	**108,864**	**496**	**-**	**1,230,070**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge (note 5.1.1)	**-**	**(1,263)**	**(42,727)**	**(84,676)**	**(1,109,032)**	**(699,352)**	**(1,410,221)**	**(35,621)**	**(217,461)**	**(256,870)**	**(4,435)**	**(46,603)**	**(3,908,261)**
Closing net book value	**10,287,326**	**77,866**	**682,918**	**930,159**	**8,063,774**	**5,211,482**	**12,615,948**	**478,657**	**966,293**	**574,344**	**14,422**	**315,980**	**40,219,169**
As at June 30, 2024													
Cost	**10,287,326**	**110,921**	**1,467,693**	**2,212,340**	**16,635,469**	**14,813,964**	**23,732,208**	**883,178**	**2,882,854**	**1,905,530**	**97,059**	**527,316**	**75,555,858**
Accumulated depreciation	**-**	**(33,055)**	**(784,775)**	**(1,282,181)**	**(8,571,695)**	**(9,602,482)**	**(11,116,260)**	**(404,521)**	**(1,916,561)**	**(1,331,186)**	**(82,637)**	**(211,336)**	**(35,336,689)**
Net book value	**10,287,326**	**77,866**	**682,918**	**930,159**	**8,063,774**	**5,211,482**	**12,615,948**	**478,657**	**966,293**	**574,344**	**14,422**	**315,980**	**40,219,169**
Annual rate of depreciation (%)	**-**	**1-7**	**5-10**	**5-20**	**5-20**	**5-50**	**5-33**	**7-33**	**17-25**	**5-33**	**7-10**	**10**	

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

	Note	2024	2023
5.1.1 Depreciation charge for the year has been allocated as follows:			
Cost of products sold		**1,277,677**	1,245,535
Distribution and marketing expenses	*35*	**2,198,630**	1,939,638
Administrative expenses	*36*	**431,954**	325,466
		3,908,261	3,510,639

5.1.2 Service and filling stations include cost of Rs. 13,869,542 (2023: Rs. 12,918,653) incurred by the Group on underground storage tanks, dispensing units, other equipment, construction and related work. It also includes cost incurred on modernisation and development under the "New Vision Scheme" on approximately 2,250 (2023: 2,112) out of the total 3,580 (2023: 3,528) retail filling station of dealers and consumer sites. In view of large number of outlets and consumer sites, the Group considers it impracticable to disclose particulars of assets not in the possession of the Group as required under the Fourth Schedule to the Companies Act, 2017. Furthermore, gas cylinders amounting to Rs. 527,314 (2023: Rs. 439,001) are not in possession of the Group.

5.1.3 Included in operating assets are fully depreciated assets having cost of Rs. 21,639,826 (2023: Rs. 18,919,503).

5.1.4 Included in operating assets are assets having net book value of Rs. 1,252,041 (2023: Rs. 899,666) in respect of Group's share in the joint operation. Certain assets relating to joint operation in New Islamabad International Airport are not in the possession of the Group having net book value of Rs. 207,214 (2023: Rs. 245,939), respectively. The possession of these assets at NIIAP is with Attock Petroleum Limited. In view of large number of assets, the Group considers it impracticable to disclose particulars of assets not in the possession of the Group as required under the Fourth Schedule to the Companies Act, 2017.

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

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
Vehicle	5,234	1,737	3,497	3,497	-	Group Policy	Mr. G.H. Ghumman
Vehicle	4,649	538	4,111	4,188	77	Group Policy	Mr. Azam Farooqui
Vehicle	2,693	1,616	1,077	1,077	-	Group Policy	Munir Ahmed (Ex-Employee)
Items having book value of less than Rs. 500 each	247,699	245,797	1,902	63,630	61,728		
June 30, 2024	**260,275**	**249,688**	**10,587**	**72,391**	**61,805**		
June 30, 2023	734,432	711,086	23,346	186,898	163,552		

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

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

Description of Location	Addresses	Total area of land square yards
Installations		
Machike Installation	Sargodha Road, Sheikhupura	199,771
Mehmood Kot Terminal	Railway Station, Mehmood Kot, Multan	111,048
Morgah Installation	Caltex Road, New Lalazar, Rawalpindi	14,913
Pipri Installation (ZOT)	National Highway, Pipri	460,647
Shikarpur Installation	Deh Ali Murad Kalhoro, Taluka Kanpur, Distt. Shikarpur	261,965
Depots		
Chitral Depot	Mastuj-Dir Road, Chitral	13,790
Chakpirana Depot	Chakpirana, G.T Road Lala Moosa	104,091
Daulatpur Depot	Daulatpur, Distt., Nawabshah	140,360
Faqirabad Depot	Lawrancepur, Distt., Attock.	112,984
Lalpir Depot	Deh Khuhawar & Gujrat,Tehsil Kot Addu Distt., Muzafargarh	157,179
Habibabad Depot	Near Railway crossing, Habibabad Distt., Kasur	199,620
Khuzdar Depot	Main R.C.D. Highway Road, Khuzdar	48,400
Kohat Depot	13-KM, Kohat/Rawalpindi Road, Kohat	56,507
Kotlajam Depot	Kotlajam, Distt., Bhakkar	48,400
New Faisalabad Depot	Village Karari, Chak No 190 RB, Tehsil Saddar, Distt., Faisalabad	100,611
New Hyderabad Depot	Deh Senhwar, Taluka Distt., Hyderabad	248,050
Pasni Depot	Pasni Gawadar Road, Opposite Airport Road, Girani	96,800
Quetta Depot 'C'	Chaman Road, Quetta Cantt	30,008
Sangi Depot	Deh Mehranpure,Taluka Pano Akil	48,400
Serai Naurang Depot	Village Nar Hafizabad Tehsil, Distt., Bannu	48,521
Taru Jabba Depot	G.T Road, Peshawar	64,523
Refinery		
Refinery Complex*	Naclass No. 24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi	968,000
Division Office		
Lahore Division	8, Edward Road, Lahore	10,000
Retail Outlets		
Chowerangi Service Station	Nazimabad Chowrangi, Karachi	743
Diamond Fuel Station	Jamrud Road, Peshawar	1,785
Garden Petroleum Station	Opp. Fatima Jinnah Girls High School, Nishter Road, Karachi	1,056
Madni Petroleum Services	College Road, Peshawar	1,194
PSO Service Station	Block-A North Nazimabad, Karachi	1,000
Pak Service Station	Sukkur City, Opposite Hira Medical Center, Sukkur	833
PSO Service Station	3A, The Mall, Rawalpindi	870
PSO Service Station	Diplomatic Enclave, Islamabad	2,000
CDA Land	Plot # 29, Sector D-12 Markaz Islamabad	2,222
Others		
Bin Qasim Pak Saudia	South Western Zone, Port Qasim Authority, Karachi	116,160
Computer Institute, Badin	PSO Computer Institute, Badin	4,840
Jamshoro Land	Deh Morho Jabbal,Taluka Kotri Distt., Dadu	968,000
LPG Plant, Lahore	Miles Shakapura Road, Shadra, Lahore	29,040
Skardu Land (Refer note 25)	Thorgo, Skardu	235,950
PSO House	PSO House, Clifton, Karachi	6,535
Railway Marshalling Yard, Pipri	South Western Zone, Port Qasim Authority, Karachi	484,000

* This includes 4,840 and 23,861 square yards of land leased to President of Pakistan and M/s Burshane LPG Ltd (Burshane) respectively.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

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

		Note	2024	2023
5.4	**Capital work-in-progress**			
	Tanks and pipelines		**1,841,734**	1,806,124
	Service and filling stations		**330,024**	178,075
	Plant and machinery		**1,338,260**	360,428
	Office equipments, furniture and fittings		**198,397**	26,827
	Vehicles and other rolling stock		**165**	165
	Advance to suppliers and contractors		**224,448**	228,058
	Capital spares		**2,149,540**	2,252,730
		5.4.1	**6,082,568**	4,852,407
5.4.1	**Movement in capital work-in-progress is as follows:**			
	Balance at beginning of the year		**4,876,237**	3,708,832
	Additions during the year		**9,461,710**	5,705,556
	Transfers during the year			
	- Operating assets		**(7,960,077)**	(4,430,802)
	- Intangibles		**(274,809)**	(107,349)
			(8,234,886)	(4,538,151)
			6,103,061	4,876,237
	Provision for impairment	*5.4.2*	**(20,493)**	(23,830)
	Balance at end of the year		**6,082,568**	4,852,407

5.4.2 During the year, net reversal of Rs. 3,337 (2023: Rs. 562) was recorded as provision for impairment.

5.4.3 Includes capital work-in-progress amounting to Rs. 45,908 (2023: Rs. 192,986) in respect of Holding Company's share in joint operation.

		Note	2024	2023
6.	**RIGHT-OF-USE ASSETS**			
	Balance as at July 01, 2023			
	Cost		**9,190,233**	7,995,587
	Accumulated depreciation		**(2,176,610)**	(1,390,683)
	Net book value		**7,013,623**	6,604,904
	Movement during the year			
	Opening net book value		**7,013,623**	6,604,904
	Additions		**802,165**	913,146
	Changes due to modifications during the year		**1,188,565**	281,500
	Less: Depreciation charge for the year	*6.2*	**(1,182,116)**	(785,927)
	Less: Disposals during the year			
	Cost		**24,695**	-
	Accumulated depreciation		**(534)**	-
			24,161	-
	Closing net book value		**7,798,076**	7,013,623
	Balance as at June 30, 2024			
	Cost		**11,156,268**	9,190,233
	Accumulated depreciation		**(3,358,192)**	(2,176,610)
	Net book value		**7,798,076**	7,013,623

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

6.1 The annual rate of depreciation for the right-of-use assets ranges between 2% - 100%.

	Note	2024	2023
6.2 Depreciation charge for the year has been allocated as follows:			
Cost of products sold		**15,910**	15,909
Distribution and marketing expenses	*35*	**1,072,266**	708,417
Administrative expenses	*36*	**93,940**	61,601
		1,182,116	785,927

6.3 The right-of-use assets mainly comprise lands and office premises acquired on lease by the Group for its operations. The Group have also entered into lease of pipelines, and tank lorries, however, these do not form a part of right-of-use assets on account of variable payments not linked to index or rate.

	Note	2024	2023
7. INTANGIBLES			
Net carrying value			
Net book value at beginning of the year		**253,973**	259,292
Additions at cost		**274,809**	107,349
Disposals			
Cost		**-**	(1,725)
Accumulated amortisation		**-**	1,725
		-	-
Amortisation charge for the year	*7.3*	**(172,386)**	(112,668)
Net book value at end of the year		**356,396**	253,973
Gross carrying value			
Cost	*7.2*	**1,198,306**	923,496
Accumulated amortisation		**(841,910)**	(669,523)
Net book value		**356,396**	253,973

7.1 The cost is being amortised over a period of 3 to 5 years.

7.2 Intangibles include ERP System - SAP, anti-virus softwares and other office related softwares.

	Note	2024	2023
7.3 Amortisation charge for the year has been allocated as follows:			
Cost of products sold		**1,919**	114
Administrative expenses	*36*	**170,467**	112,554
		172,386	112,668

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

	Note	2024	2023
8. LONG-TERM INVESTMENTS			
Investment in related parties			
Investment held at fair value through other comprehensive income			
In an unquoted company			
- Pak-Arab Pipeline Company Limited (PAPCO)			
Equity held: 12% (2023: 12%)			
No. of shares: 8,640,000 (2023: 8,640,000) of Rs. 100/- each	*8.2.1*	**4,558,321**	3,993,199
Investment in associates			
In unquoted companies			
- Asia Petroleum Limited			
Equity held: 49% (2023: 49%)			
No. of shares: 46,058,570 (2023: 46,058,570) of Rs.10/- each	*8.3*	**3,085,482**	2,325,836
- Pak Grease Manufacturing Company (Private) Limited			
Equity held: 49.26% (2023: 49.26%)			
No. of shares: 1,536,593 (2023: 1,536,593) of Rs. 10/- each	*8.3*	**105,241**	77,615
		3,190,723	2,403,451
		7,749,044	6,396,650

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

8.2 Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Group. Accordingly, the Group has carried out an exercise to ascertain the fair value of investment as at the year end using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	2024	2023
- Discount rate	**19.79% - 20.21%**	19.56% - 19.94%
- Growth rate of terminal value	**6%**	6%

Based on the above fair valuation exercise, the Group has recorded an unrealised gain (net of tax) of Rs. 344,408 (2023: unrealised loss Rs. 331,411) in other comprehensive income / (loss) for the year.

	2024	2023
8.2.1 Movement of investment classified as FVOCI		
Balance at beginning of the year	**3,993,199**	4,208,094
Remeasurement gain / (loss) recognised as other comprehensive income / (loss)	**565,122**	(214,895)
Balance at the end of the year	**4,558,321**	3,993,199

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

	2024	2023
8.2.2 Sensitivity to unobservable inputs:		
- Discount rate (1% increase)	**(345,851)**	(294,970)
- Discount rate (1% decrease)	**402,405**	343,832
- Growth rate of terminal value (1% increase)	**243,718**	208,593
- Growth rate of terminal value (1% decrease)	**(210,771)**	(179,941)

8.3 Investment in associates

8.3.1 Movement of investment in associates

	2024			2023		
	APL	PGMCL	Total	APL	PGMCL	Total
Balance at beginning of the year	**2,325,836**	**77,615**	**2,403,451**	3,413,175	95,071	3,508,246
Share of profit / (loss) of associates - net of tax:						
- current year - unaudited	**1,509,314**	**35,350**	**1,544,664**	(855,752)	(17,968)	(873,720)
- adjustment for last year profit / (loss) based on prior year audited financial statements	**100,789**	**(291)**	**100,498**	4,831	108	4,939
	1,610,103	**35,059**	**1,645,162**	(850,921)	(17,860)	(868,781)
Share of actuarial gain / (loss) on remeasurement of staff retirement benefits of associates - net of tax	**1,627**	**249**	**1,876**	(6,125)	404	(5,721)
Dividend income	**(852,084)**	**(7,682)**	**(859,766)**	(230,293)	-	(230,293)
Balance at end of the year	**3,085,482**	**105,241**	**3,190,723**	2,325,836	77,615	2,403,451

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

	Note	2024		2023	
		APL	PGMCL	APL	PGMCL
		---------------------------- (Un-audited)		----------------------------	
Revenue		**4,424,134**	**470,893**	3,406,967	122,670
Profit / (loss) after tax for the year		**3,080,233**	**71,763**	(1,746,433)	(37,764)
Total comprehensive income / (loss)		**3,080,233**	**71,763**	(1,746,433)	(37,764)
Non-current assets		**1,248,355**	**71,429**	788,513	39,660
Current assets		**11,208,578**	**212,961**	10,376,668	157,695
		12,456,933	**284,390**	11,165,181	197,355
Non-current liabilities		**(188,751)**	**(10,670)**	(257,160)	(11,435)
Current liabilities		**(5,971,279)**	**(49,433)**	(6,161,416)	(17,710)
		(6,160,030)	**(60,103)**	(6,418,576)	(29,145)
Net assets		**6,296,903**	**224,286**	4,746,605	168,210
8.3.3 Reconciliation of carrying amount of investment					
Net assets	*8.3.2*	**6,296,903**	**224,286**	4,746,605	168,210
Group's Holding in %	*8*	**49%**	**49.26%**	49%	49.26%
Group share of investment in associates		**3,085,482**	**110,483**	2,325,836	82,857
Fair value adjustment upon acquisition of PRL		**-**	**(5,242)**	-	(5,242)
Carrying amount of investment		**3,085,482**	**105,241**	2,325,836	77,615

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

		Note	2024	2023
9.	**LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES**			
	Loans - considered good			
	Executives*	*9.1*	**659,160**	386,361
	Employees		**578,448**	554,909
		9.2	**1,237,608**	941,270
	Current portion shown under current assets		**(367,625)**	(292,287)
			869,983	648,983
	Advances - considered good (secured)			
	Employees	*9.4*	**140,097**	140,295
	Current portion shown under current assets		**(51,650)**	(43,832)
			88,447	96,463
	Other receivables			
	- Considered good		**19,538**	22,638
	- Considered doubtful		**8,143**	8,143
			27,681	30,781
	Provision for impairment		**(8,143)**	(8,143)
			19,538	22,638
			977,968	768,084
9.1	**Reconciliation of carrying amount of loans to executives*:**			
	Balance at beginning of the year		**386,361**	112,113
	Disbursements		**406,700**	422,852
	Repayments		**(133,901)**	(148,604)
	Balance at end of the year		**659,160**	386,361

* These represent executives as prescribed under the Companies Act, 2017.

9.2 These represent interest free loans to executives and employees for purchase of motor cars, motor cycles, house building, marriage, umrah and others, in accordance with the Group's policy. Loans for purchase of motor cars and motor cycles are secured against the respective assets, and all other loans are secured against entitlements. These loans are recoverable in monthly installments over a period of twenty months to sixty months. Loans to executives and employees have not been discounted as the amount involved is not significant to these consolidated financial statements.

9.3 The maximum aggregate amount of loans due from executives and employees at the end of any month during the year was Rs. 1,359,455 (2023: Rs. 534,948).

9.4 These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Holding Company's policy. These advances are secured against respective assets and are recovered through monthly deduction of house allowance until complete repayment is made.

10. LONG-TERM DEPOSITS

These include interest free deposits amounting to Rs. 147,873 (2023: Rs. 171,896) paid to related parties.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

11. DEFERRED TAX ASSET - NET

	Opening Balance	Charge for the year: Profit or loss	Charge for the year: Other comprehensive income	Closing Balance
Taxable temporary difference in respect of:				
Accelerated tax depreciation	2,409,644	487,863	-	**2,897,507**
Investment in associates accounted for under equity method	486,922	190,084	-	**677,006**
Equity investment held as FVOCI	1,220,067	-	220,714	**1,440,781**
Right-of-use asset	1,390,476	(461,025)	-	**929,451**
Tax amortisation	(4,257)	(1,649)	-	**(5,906)**
Deductible temporary difference in respect of provision for:				
Impairment of stores and spares	(23,481)	28,279	-	**4,798**
Fair value of net assets acquired on acquisition	(21,549)	-	-	**(21,549)**
Provision for slow moving products	(51,992)	-	-	**(51,992)**
Impairment on trade debts	(1,087,325)	(183,996)	-	**(1,271,321)**
Impairment on other receivables	(3,612,520)	22,774	-	**(3,589,746)**
Retirement and other service benefits	(3,601,047)	(447,569)	559,436	**(3,489,180)**
Excise, taxes and other duties	(28,403)	-	-	**(28,403)**
Liabilities offered for taxation	(16,330,991)	(401,429)	-	**(16,732,420)**
Recoupable carried forward tax loss	-	-	-	**-**
Recoupable ACT	(1,373,232)	704,144	-	**(669,088)**
Lease liabilities	(1,565,540)	301,390	-	**(1,264,150)**
Others	(3,176)	-	-	**(3,176)**
	(22,196,404)	**238,866**	**780,150**	**(21,177,388)**

	Note	2024	2023
11.1 Movement in deferred tax asset - net is as follows:			
Balance at beginning of the year		**22,196,404**	17,719,521
- recognised in profit or loss	*39*	**(238,866)**	4,729,357
- recognised in other comprehensive income / (loss)		**(780,150)**	(252,474)
Balance at end of the year		**21,177,388**	22,196,404

12. STORES, SPARES, CHEMICALS AND LOOSE TOOLS

	Note	2024	2023
Stores, spares, chemicals and loose tools		**3,226,020**	2,844,686
Provision for impairment	*12.1*	**(121,013)**	(196,263)
		3,105,007	2,648,423

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

	2024	2023
Balance at beginning of the year	**196,263**	136,131
Provision (reversed) / recognised during the year	**(75,250)**	60,132
Balance at end of the year	**121,013**	196,263

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

13. STOCK-IN-TRADE

	Note	2024	2023
Raw and packing material	13.1	**22,988,892**	32,330,464
Petroleum and other products (gross)	13.1	**113,417,937**	131,867,374
Stock held on behalf of third parties	13.2	**(5,398,779)**	(5,506,408)
		131,008,050	158,691,430
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited		**124,586,891**	112,847,307
		255,594,941	271,538,737
Charges incurred thereon		**61,201,903**	54,567,960
	33	**316,796,844**	326,106,697

13.1 Includes stock-in-transit amounting to Rs.31,228 (2023: Rs. 9,610,000) and stocks (net of provision) held by:

	2024	2023
Cnergyico Pk Limited	**12,437**	11,988

13.2 Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2023: Rs. 23,730) recoverable there against.

13.3 As at June 30, 2024 stock of finished products has been written down by Rs. 380,567 (2023: 56,720) to arrive at their net realisable value.

14. TRADE DEBTS

	Note	2024	2023
Considered good			
- Due from Government agencies and autonomous bodies			
- Secured	14.1	**708,723**	77,603
- Unsecured	14.3	**429,345,087**	436,761,005
		430,053,810	436,838,608
- Due from other customers			
- Secured	14.1	**5,274,148**	6,628,389
- Unsecured	14.2 & 14.3	**57,611,208**	62,501,435
		62,885,356	69,129,824
		492,939,166	505,968,432
Considered doubtful		**3,394,690**	3,074,871
Trade debts - gross		**496,333,856**	509,043,303
Provision for impairment	14.4	**(3,394,690)**	(3,074,871)
Trade debts - net		**492,939,166**	505,968,432

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

14.2 This also include trade debts on account of export sales made by the Subsidiary Company amounting to Rs. 1,540,000 (2023: Rs. 4,300,000) secured by way of Export Letters of Credit.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

14.3 These debts include an aggregate amount of Rs. 420,498,555 (2023: Rs. 433,921,957) due from GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO), and Sui Northern Gas Pipelines Company Limited (SNGPL) on account of inter-corporate circular debt. These include past due trade debts of Rs. 70,617,958 (2023: Rs. 71,921,997), Rs.14,802,218 (2023: Rs.18,135,551) and Rs. 286,063,645 (2023: Rs. 298,429,214) from GENCO, HUBCO and SNGPL respectively, based on the agreed credit terms. The Group carries a specific provision of Rs. 346,975 (2023: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 371,136,846 (2023: Rs. 388,139,788) as doubtful based on measures being undertaken by the Government of Pakistan (GoP) to resolve circular debt issue. The Group is committed, hence continuously pursuing for satisfactory settlement of inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of the Group's trade debts. The Group considers this amount to be fully recoverable because the GoP has been assuming the responsibility to settle the inter-corporate circular debt in the energy sector. As disclosed in note 2.5.4 to these financial statements, SECP has deferred the applicability of ECL model till the financial years ending on or before December 31, 2024 on financial assets due directly / ultimately from GoP in consequence of the circular debt.

		2024	2023
14.4	**The movement in provision for impairment during the year is as follows:**		
	Balance at beginning of the year	**3,074,871**	2,872,347
	Provision recognised during the year	**566,741**	282,038
	Reversal of provision during the year	**(246,922)**	(79,514)
		319,819	202,524
	Balance at end of the year	**3,394,690**	3,074,871
14.4.1	**Provision for impairment has been recognised against trade debts as follows:**		
	Related parties	**1,223,074**	851,302
	Other customers	**2,171,616**	2,223,569
		3,394,690	3,074,871

14.5 As at June 30, 2024, trade debts aggregating to Rs. 122,321,277 (2023: Rs. 114,998,402) are neither past due nor impaired. The remaining debts aggregating to Rs. 370,617,889 (2023: Rs. 390,970,030) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2024	2023
Up to 3 months	**282,949,540**	301,463,693
3 to 6 months	**4,253,131**	9,692,083
6 months to 1 year	**744,733**	17,184,104
Over 1 year	**82,670,485**	62,630,150
	370,617,889	390,970,030

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

14.6 The details of trade debts due from associates and related parties are as follows:

	Maximum aggregate outstanding at the end of any month		Balance as at 30 June	
	2024	**2023**	**2024**	**2023**
Associate				
Asia Petroleum Limited	**-**	4,167	**-**	-
Other Related Parties				
GENCO	**71,720,501**	71,921,997	**70,617,958**	71,921,997
SNGPL	**445,793,612**	427,744,569	**335,078,379**	343,864,408
Pakistan International Airlines Corporation	**15,810,951**	14,398,626	**15,726,996**	13,616,915
K-Electric Limited	**2,817,955**	18,003,765	**2,754,321**	4,368,287
Pakistan Railways	**5,603,493**	4,035,967	**5,176,156**	4,035,967
Oil & Gas Development Corporation Limited	**713,099**	-	**713,099**	-
Pakistan Petroleum Limited	**96,413**	52,924	**11,374**	52,922
Sui Southern Gas Company Limited	**24,743**	4,570	**8,062**	1,267
Pakistan National Shipping Corporation	**2,021**	2,021	**-**	2,021
			430,086,345	437,863,784

14.7 The details of past due or impaired trade debts from associates and related parties are as follows:

	Up to 6 months	More than 6 months	Total	
			2024	**2023**
Other Related Parties				
GENCO	**-**	**70,617,958**	**70,617,958**	71,921,997
Sui Northern Gas Pipeline Limited	**286,063,645**	**-**	**286,063,645**	298,429,214
Pakistan International Airlines Corporation	**13,837,289**	**-**	**13,837,289**	13,616,915
Pakistan Railways	**1,422,057**	**234,268**	**1,656,325**	4,035,967
Oil & Gas Development Corporation Limited	**38,181**	**-**	**38,181**	-
Pakistan Petroleum Limited	**279**	**-**	**279**	-
Pakistan National Shipping Corporation	**-**	**2,021**	**2,021**	2,021
	301,361,451	**70,854,247**	**372,215,698**	388,006,114
Provision for impairment (notes 14.7.1 & 14.7.2)			**(1,223,074)**	(851,302)
			370,992,624	387,154,812

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

	Note	**2024**	**2023**
Balance at beginning of the year		**851,302**	863,485
Provision / (reversal of provision) during the year		**371,772**	(12,183)
Balance at end of the year	*14.7.2*	**1,223,074**	851,302

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

	2024	**2023**
GENCO	**346,975**	346,975
Pakistan International Airlines Corporation	**871,034**	502,306
Oil & Gas Development Corporation Limited	**3,044**	-
Pakistan National Shipping Corporation	**2,021**	2,021
	1,223,074	851,302

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(Amounts in Rs. '000)

	Note	2024	2023
15. LOANS AND ADVANCES			
Secured			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 227,885 (2023: Rs. 155,788) to executives		**416,266**	333,109
- Short-term loans and advances		**167,384**	206,951
		583,650	540,060
Unsecured			
Advance to suppliers		**709,782**	63,073
Advance for the Holding Company-owned filling stations		**1,547**	469
		711,329	63,542
		1,294,979	603,602
16. SHORT-TERM DEPOSITS AND PREPAYMENTS			
Deposits - interest free			
Duty and development surcharge		**18,653**	12,749
Deposit against court orders		**57,506**	57,506
Trade deposits		**111,024**	112,768
		187,183	183,023
Prepayments			
Prepayments		**288,176**	1,159,043
		475,359	1,342,066
17. OTHER RECEIVABLES			
Due from GoP, a related party, on account of:			
- Price Differential Claims (PDC)			
- on imports (net of related liabilities) of Motor Gasoline	*17.1*	**1,350,961**	1,350,961
- on High Speed Diesel (HSD)	*17.2*	**602,604**	602,604
- on Ethanol E-10 fuel		**27,917**	27,917
- on account of supply of Furnace Oil to K-Electric Limited (KEL) at Natural Gas prices	*17.3*	**254,490**	3,908,581
- GENCO receivables	*17.4*	**-**	3,407,357
		2,235,972	9,297,420
Unfavourable exchange differences on FE-25 borrowings due from GoP - a related party	*17.5*	**66,426,515**	70,522,852
Excise, Petroleum Development Levy (PDL), Custom Duty and Regulatory Duty - due from a related party	*17.6*	**259,793**	259,793
- Sales tax refundable - due to related party		**55,711,435**	28,717,273
		124,633,715	108,797,338
Provision for impairment	*17.7*	**(2,202,919)**	(2,202,919)
		122,430,796	106,594,419
Handling and hospitality charges		**689,122**	689,152
Receivable from refineries	*17.8*	**4,505,305**	25,098
Custom Duty receivable		**-**	-
Insurance and other claims		**90,201**	90,201
Provision for impairment - considered doubtful	*17.7*	**(90,201)**	(90,201)
		-	-
Others			
- Considered good		**11,949,739**	4,780,835
- Considered doubtful		**6,911,357**	6,969,838
		18,861,096	11,750,673
Provision for impairment	*17.7*	**(6,911,357)**	(6,969,838)
		11,949,739	4,780,835
	17.9 & 17.10	**139,574,962**	112,089,504

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17.1 Import price differential on motor gasoline

This represents PDC on account of import of motor gasoline by the Holding Company, being the difference between the imported landed costs and the local ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Holding Company as well as other Oil Marketing Companies (OMCs) were asked in the meeting chaired by Director General (Oil) - Ministry of Petroleum and Natural Resources (MoP&NR) to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the MoP&NR, GoP with a proposal for pricing mechanism whereby end consumer price of motor gasoline was proposed to be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Although at that time, no response was received from the MoP&NR, the Holding Company along with another OMC continued to import motor gasoline on behalf of the industry being confident that price differential on motor gasoline will be settled as per previous practice i.e. based on the differential between ex-refinery and import cost as the imports were being made on MoP&NR's instruction.

The Holding Company continued to follow up with MoP&NR for early settlement of these claims and the ministry also confirmed vide its letter no. PL-NP(4)/2010-F&P dated July 28, 2010 that the above mentioned claims are under process. During financial year 2010-2011, MoP&NR - GoP vide its letter no. PL-3(434)/2011Vol XII dated May 31, 2011 implemented the Economic Coordination Committee (ECC's) decision, whereby end consumer price of motor gasoline will be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product, thereby putting an end to any further PDC.

Out of total claim of Rs. 6,350,961, the Holding Company received an amount of Rs. 5,000,000 during the year ended June 30, 2012. The Holding Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. There has been no significant change in the status of these claims. The Holding Company is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

17.2 PDC relating to certain HSD products

This represents the balance of PDC due from GoP to Holding Company. This PDC originated in 2004 when there were significant increases in international oil prices. The Government of Pakistan, however, provided relief to end consumers by not passing on the entire increase in local prices of petroleum products. This was done by introduction of a price subsidy. As a result of this subsidy to consumers, PSO could not recover its actual cost from the end consumer and the deficit in recovery was to be reimbursed by GoP through payment of subsidy. PSO was asked to claim this subsidy by submitting price differential claims. As a set procedure, PSO used to submit fortnightly claims to the GoP, for the amount of PDC receivable on the sales of petroleum products made by it during the fortnight. Payments were then released against these claims.

The last settlement against this claim was made by GoP in April 2012 when the Holding Company was directed to adjust an amount of Rs. 514,600 against dividends payable to GoP. The Holding Company made the adjustments accordingly.

The Holding Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. Latest correspondence was made via letter no PDC/FM/04 dated July 27, 2023. There has been no significant change in the status of these claims. The Holding Company is actively pursuing these receivables / matters with the GoP through concerned / relevant ministries.

Notes to the Consolidated Financial Statements

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(Amounts in Rs. '000)

17.3 PDC on account of supply of furnace oil to KEL at Natural Gas prices

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

The Holding Company has been continuously following up the matter with MoE for early settlement of these outstanding receivables. During the current fiscal year, the Holding Company has received an amount of Rs. 3,654,091 from Government of Pakistan. The Holding Company is following up for the remaining outstanding receivable of Rs. 254,490 with GoP through concerned / relevant ministires and is fully confident of recoveries against the remaining receivables.

17.4 GENCO - Price differential between the products Low Sulphur Furnace Oil (LSFO) and High Sulphur Furnace Oil (HSFO)

During the current fiscal year, the Holding Company has received the outstanding balance of Rs. 3,407,357 from Government of Pakistan. This outstanding balance related to the supply of LSFO to Kot Addu Power at HSFO price.

17.5 As at June 30, 2024, net unfavourable amount of foreign exchange difference of Rs. 66,426,515 (2023: Rs. 70,522,852) was receivable on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Group recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Group in respect of these long / extended term borrowing arrangements i.e. the Group would not bear any exchange differences on such borrowings.

17.6 Excise, Petroleum Development Levy (PDL), Custom Duty and Regulatory Duty

The Ministry of Finance - GoP (MoF-GoP) through SRO 392(I)/2015 dated April 30, 2015 imposed regulatory duty on import of high speed diesel and motor gasoline. Since the notification of regulatory duty was received on May 04, 2015, the impact of the regulatory duty could not be incorporated in the prices effective from May 01, 2015, which were announced on April 30, 2015 and hence could not be recovered. However, through SRO 603(I)/2015 dated June 30, 2015, the regulatory duty was rescinded and the aforementioned regulatory duty was introduced as custom duty through Finance Act 2015. During the year ended June 30, 2016, the GoP through SRO 1178(1)/2015 dated November 30, 2015 and Finance Act, 2016 increased custom duty by 1%, resulting in a similar situation, whereby, the Holding Company was unable to recover the impact in subsequent pricing being announced by Oil and Gas Regulatory Authority (OGRA).

The Economic Coordination Committee (ECC) of the Cabinet in its meeting dated March 07, 2018 considered the summary submitted by Petroleum Division on the subject of regulatory duty on crude oil and petroleum products and approved reimbursement of claims of OMCs on account of non-recovery of regulatory duty. The amount approved for the Holding Company was Rs. 356,970 and the ECC directed OGRA to allow recovery of the said claims. Consequently, OGRA allowed the reimbursement amounting to Rs. 356,911 to the Holding Company which completed in September 2018. The Holding Company is also pursuing OGRA for reimbursement of the remaining claim on account of increase in custom duty in November 2015 and July 2016. During the year, the Holding Company resubmitted its claim to OGRA vide letter no. OGRA/RD/20122019 dated December 20, 2019. The same was forwarded to FBR by OGRA for verification vide its letter no. OGRA-10-12(56)/2018 dated January 08, 2020. The Holding Company is confident of recovering the said claim in due course of time subject to verification by FBR.

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(Amounts in Rs. '000)

17.7 As at June 30, 2024, receivables aggregating to Rs. 9,204,477 (2023: Rs. 9,262,958) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

	2024	2023
Receivable from GoP	**2,202,919**	2,202,919
Product claims	**90,201**	90,201
Other receivables	**6,911,357**	6,969,838
	9,204,477	9,262,958
17.7.1 The movement of provision for impairment is as follows:		
Balance at beginning of the year	**9,262,958**	9,028,322
Provision recognised during the year	**-**	300,000
Reversal of provision during the year	**(58,481)**	(65,364)
	(58,481)	234,636
Balance at end of the year	**9,204,477**	9,262,958

17.8 This includes amount due from Pak-Arab Refinery Limited (PARCO) - (related party) in respect of sharing of crude oil, freight and other charges and National Refinery Limited in respect of pipeline charges by the Subsidiary Company. Due to the short-term nature of other receivables, their carrying amount is considered to be the same as their fair value.

17.9 Includes receivables of Rs. 149,846,373 (2023: Rs.107,227,518) due from associates and other related parties.

17.10 Financial assets aggregating to Rs. 6,631,631 (2023: Rs. 9,076,040) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2024	2023
Up to 3 months	**325,571**	359,217
3 to 6 months	**4,506,011**	1,361
More than 6 months	**1,800,049**	8,715,462
	6,631,631	9,076,040

17.11 Includes Rs. 4,783,846 (2023: Rs. 7,365,288) receivable from associates and related parties which are past due but not impaired:

	Maximum aggregate outstanding at the end of any month	Up to 6 months	More than 6 months	Total 2024	Total 2023
Related parties					
Government of Pakistan	**2,495,765**	**-**	**2,495,765**	**2,495,765**	9,557,212
Pak-Arab Refinery Limited	**4,491,000**	**4,491,000**	**-**	**4,491,000**	10,995
	6,986,765	**4,491,000**	**2,495,765**	**6,986,765**	9,568,207
Provision for impairment (note 17.11.1)				**(2,202,919)**	(2,202,919)
Net receivable from related parties				**4,783,846**	7,365,288

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(Amounts in Rs. '000)

		2024	2023
17.11.1	The movement of provision for impairment against due from GoP, related party is as follows:		
	Balance at beginning of the year	**2,202,919**	1,902,919
	Provision recognised during the year	**-**	300,000
	Balance at the end of the year	**2,202,919**	2,202,919

		Note	2024	2023
18.	**CASH AND BANK BALANCES**			
	Cash in hand		**13,510**	14,234
	Cash at banks in:			
	- current accounts	*18.1*	**6,521,061**	2,712,153
	- saving accounts	*18.2*	**13,855,330**	28,446,578
	- term deposit		**-**	9,452,000
			20,376,391	40,610,731
		18.3	**20,389,901**	40,624,965

18.1 Includes Rs. 949,905 (2023: Rs. 536,050) kept in a separate bank account in respect of security deposits received from the customers. These balances do not carry any interest.

18.2 These balances carry interest / mark-up ranging from 11% to 20.50% (2023: 10% to 19.50%) per annum.

18.3 These include balances of Rs. 807,480 (2023: Rs. 49,788) kept in bank accounts under Islamic mode.

		Note	2024	2023
18.4	**INVESTMENTS**			
	Investment in treasury bills	*18.5*	**4,200,895**	-

18.5 This represents short term investment in treasury bills measured at fair value through profit or loss. Fair values of these investments are determined using repurchase price and carry interest yields ranging from 20.85% to 21.64%. These treasury bills will be matured latest by April 17, 2025.

The investment in Government treasury bills are valued on observable inputs, including quoted prices for similar instruments or other market data (Level 2 in fair value hierarchy).

		2024	2023
19.	**NET ASSETS IN BANGLADESH**		
	Property, plant and equipment - at cost	**46,968**	46,968
	Accumulated depreciation	**(16,056)**	(16,056)
		30,912	30,912
	Capital work-in-progress	**809**	809
	Trade debts	**869**	869
	Long-term loans relating to assets in Bangladesh	**(4,001)**	(4,001)
		28,589	28,589
	Provision for impairment	**(28,589)**	(28,589)
		-	-

19.1 The Group has no control over these assets and has maintained these in its records at the position as it was in 1971.

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20. SHARE CAPITAL

20.1 Authorised capital

2024	2023		2024	2024
(Number of shares)				
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10/- each	**10,000,000**	10,000,000

20.2 Issued, subscribed and paid-up capital

2024	2023		Note	2024	2024
(Number of shares)					
		Ordinary shares of Rs. 10/- each			
3,000,000	3,000,000	- Issued for cash		**30,000**	30,000
7,694,469	7,694,469	- Issued against shares of the amalgamated companies		**76,945**	76,945
458,778,831	458,778,831	- Issued as bonus shares		**4,587,789**	4,587,789
469,473,300	469,473,300		*20.3*	**4,694,734**	4,694,734

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

20.4 As at June 30, 2024, 1,215,648 ordinary shares of Rs. 10/- each (2023: 1,215,648 ordinary shares) relate to withholding tax on bonus shares. These were not released by the Holding Company to the Government Treasury based on constitutional petitions filed by the shareholders with the Honourable High Court of Sindh.

20.5 As at June 30, 2024, associated undertakings - Government of Pakistan and PSOCL Employees Empowerment Trust held 119,767,702 ordinary shares (2023: 119,767,702 ordinary shares) of Rs. 10/- each.

	Note	2024	2023
21. RESERVES			
Capital reserve			
Surplus on vesting of net assets	*21.1*	**3,373**	3,373
Special reserve	*21.3*	**-**	9,556,610
Revenue reserves			
Unrealised gain on remeasurement of FVOCI investment		**2,253,541**	1,909,133
General reserve		**25,282,373**	25,282,373
PSO venture capital fund		**414,718**	1,722,212
Un-appropriated profit		**209,669,351**	181,839,878
		237,619,983	210,753,596
		237,623,356	220,313,579

21.1 This represents surplus arising on vesting of net assets of Esso Oil Marketing business in Pakistan under the Esso Undertakings (Vesting) Act, 1976.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

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21.2 The BoM unanimously approved the creation of PSO venture capital fund to make investments as per the directives of the BoM. Based on the above, the Group has transferred Rs. 414,167 (2023: Rs. 243,661) to venture capital reserve.

21.3 Special reserve

Under directives from the MoE, any profit of PRL after taxation above 50% of the paid-up capital as on July 01, 2002 was required to be transferred to a "Special Reserve" to offset any future losses or to make investment for expansion or upgradation of the refineries, and was not available for distribution to shareholders. The formula under which deemed duty was built into the import parity based prices of some of the products, was introduced in order to enable certain refineries, including PRL, to operate on a self financing basis. Later, GoP through a letter dated April 25, 2016 restrained the refineries from offsetting losses against Special Reserve. Based on the above, the Subsidiary Company had transferred Rs. 9,556,610 in Special Reserve up to June 30, 2023.

As more fully explained in note 27.12 of these consolidated financial statements, the GoP issued Refining Policy for Existing / Brownfield Refineries, 2023 on August 17, 2023 (later revised on February 23, 2024) which supersedes all previous refining policies including the aforementioned directives. Since, the requirement to maintain Special Reserve has not been replicated in the Refinery Policy 2023, the Group after obtaining legal advice has transferred the balance of Rs. 9,556,610 in Special Reserve to Un-appropriated Profit / Accumulated Loss.

	Note	2024	2023
22. RETIREMENT AND OTHER SERVICE BENEFITS			
Subsidiary Company (PRL)			
Non-management Gratuity Scheme		**(18,272)**	(19,105)
Retirement and other benefits - Asset		**(18,272)**	(19,105)
Gratuity		**1,275,721**	2,356,829
Pension		**253,657**	1,548,134
Medical benefits		**7,742,177**	6,889,529
Compensated absences		**439,753**	391,148
		9,711,308	11,185,640
Subsidiary Company (PRL)			
Management Pension Scheme		**237,509**	467,303
Non-management Pension Scheme		**95,623**	123,535
Management Gratuity Scheme		**51,137**	45,680
		384,269	636,518
Retirement and other benefits - Liability		**10,095,577**	11,822,158
Retirement and other benefits - Net Liability		**10,077,305**	11,803,053

22.1 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2024 under the Projected Unit Credit Method for the Holding Company are as follows:

	Note	Gratuity funds		Pension funds		Medical benefits	
		2024	2023	2024	2023	2024	2023
22.1.1 Financial position reconciliation							
Present value of defined benefit obligations	*22.1.2*	**9,610,754**	9,186,851	**14,286,795**	11,935,063	**7,742,177**	6,889,529
Fair value of plan assets	*22.1.3 & 22.1.9*	**(8,335,033)**	(6,830,022)	**(14,033,138)**	(10,386,929)	**-**	-
Net liability at end of the year	*22.1.8*	**1,275,721**	2,356,829	**253,657**	1,548,134	**7,742,177**	6,889,529

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

		Note	Gratuity funds		Pension funds		Medical benefits	
			2024	2023	2024	2023	2024	2023
22.1.2	**Movement in present value of defined benefit obligations**							
	Present value of defined benefit obligations at beginning of the year		**9,186,851**	8,411,645	**11,935,063**	10,152,754	**6,889,529**	7,005,415
	Current service cost	22.1.4	**393,018**	356,831	**421,829**	316,519	**156,989**	-
	Past service cost	22.1.4	**-**	-	**-**	327,415	**75,401**	16,958
	Interest cost		**1,373,173**	1,098,698	**1,847,080**	1,346,860	**1,069,279**	932,353
	Benefits paid during the year		**(936,583)**	(546,221)	**(415,149)**	(352,034)	**(200,916)**	(198,199)
	Remeasurement: Actuarial (gain) / loss		**(405,705)**	(134,102)	**497,972**	143,549	**(248,105)**	(866,998)
	Present value of defined benefit obligations at end of the year		**9,610,754**	9,186,851	**14,286,795**	11,935,063	**7,742,177**	6,889,529
22.1.3	**Movement in fair value of plan assets**							
	Fair value of plan assets at beginning of the year		**6,830,022**	6,522,029	**10,386,929**	9,472,860	**-**	-
	Expected return on plan assets		**1,059,240**	858,433	**1,650,575**	1,269,498	**-**	-
	Contributions made by the Group		**727,213**	219,751	**600,965**	213,701	**-**	-
	Benefits paid during the year		**(936,583)**	(546,221)	**(415,149)**	(352,034)	**-**	-
	Remeasurement: Actuarial (loss) / gain		**655,141**	(223,970)	**1,809,818**	(217,096)	**-**	-
	Fair value of plan assets at end of the year		**8,335,033**	6,830,022	**14,033,138**	10,386,929	**-**	-
22.1.4	**Expense recognised in profit or loss**							
	Current service cost		**393,018**	356,831	**421,829**	316,519	**156,989**	-
	Past service cost		**-**	-	**-**	327,415	**75,401**	16,958
	Net interest expense		**313,933**	240,265	**196,505**	77,362	**1,069,279**	932,353
	Expense for the year		**706,951**	597,096	**618,334**	721,296	**1,301,669**	949,311
22.1.5	**Actual return on plan assets**		**1,714,381**	419,946	**3,460,393**	725,450	**-**	-
22.1.6	**Remeasurement (gain) / loss recognised in other comprehensive (income) / loss**							
	Actuarial (gain) / loss on defined benefit obligations	22.1.7	**(405,705)**	(134,102)	**497,972**	143,549	**(248,105)**	(866,998)
	Actuarial (gain) / loss on fair value of plan assets		**(655,141)**	223,970	**(1,809,818)**	217,096	**-**	-
	Remeasurement (gain) / loss		**(1,060,846)**	89,868	**(1,311,846)**	360,645	**(248,105)**	(866,998)
22.1.7	**The actuarial loss / (gain) occurred on defined benefit obligations on account of following:**							
	- Financial assumptions		**117,425**	(646,222)	**1,602,927**	(343,640)	**(21,352)**	27,560
	- Experience adjustments		**(523,130)**	512,120	**(1,104,955)**	487,189	**(226,753)**	(894,558)
			(405,705)	(134,102)	**497,972**	143,549	**(248,105)**	(866,998)
22.1.8	**Net recognised liability / (asset)**							
	Net liability / (asset) at beginning of the year		**2,356,829**	1,889,616	**1,548,134**	679,894	**6,889,529**	7,005,415
	Expense recognised in profit or loss		**706,951**	597,096	**618,334**	721,296	**1,301,669**	949,311
	Contributions made by the Group / Benefits Paid		**(727,213)**	(219,751)	**(600,965)**	(213,701)	**(200,916)**	(198,199)
	Remeasurement (gain) / loss recognised in other comprehensive (income) / loss		**(1,060,846)**	89,868	**(1,311,846)**	360,645	**(248,105)**	(866,998)
	Net liability / (asset) at end of the year		**1,275,721**	2,356,829	**253,657**	1,548,134	**7,742,177**	6,889,529

		Gratuity funds		Pension funds	
		2024	2023	2024	2023
22.1.9	**Plan assets comprise of following:**				
	Pakistan Investment Bonds	**6,271,498**	2,612,761	**11,934,509**	2,209,264
	Mutual Funds	-	-	**-**	-
	Treasury Bills	**1,737,454**	3,660,592	**613,383**	7,260,220
	Quoted Shares	**-**	-	**822,606**	480,336
	Term Finance Certificates	**-**	202,080	**-**	222,288
	Accrued Income	**-**	-	**-**	-
	Sukuk	**-**	-	**-**	-
	Cash and cash equivalents	**72,659**	283,702	**70,363**	137,368
	Other receivables / (payables) - net	**253,422**	70,887	**592,277**	77,453
	Fair value of plan assets at end of the year	**8,335,033**	6,830,022	**14,033,138**	10,386,929

22.1.9.1 Plan assets include the Group's ordinary shares with a fair value of Rs. 128,714 (2023: Rs. 86,014).

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22.1.10 The principal assumptions used in the actuarial valuations carried out as of June 30, 2024, using the 'Projected Unit Credit method for the Holding Company are as follows:

	Gratuity Funds		Pension Funds		Medical Benefits		Compensated Absences	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Discount rate per annum (%)	**14.00**	15.75	**14.00**	15.75	**14.00**	15.75	**14.00**	15.75
Expected per annum rate of return on plan assets (%)	**14.00**	15.75	**14.00**	15.75	**-**	-	**-**	-
Expected per annum rate of increase in future salaries (%)	**13.50**	15.75	**15.00**	15.75	**-**	-	**15.00**	15.75
Expected per annum rate of increase in medical costs (%):								
- active employees	**-**	-	**-**	-	**14.00**	15.75	**-**	-
- pensioners	**-**	-	**-**	-	**14.00**	15.75	**-**	-
Indexation of pension (%)	**-**	-	**10.50**	11.50	**-**	-	**-**	-
Expected mortality rate	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table	**SLIC (2001-05) Ultimate Mortality table**	SLIC (2001-05) Ultimate Mortality table
Expected withdrawal rate	**Low**	Low	**Low**	Age dependent	**Low**	Age dependent	**Low**	Age dependent

22.1.11 The plan exposes the Group to the actuarial risk such as:

Salary increase risks

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

In case of the funded plans, the investment positions are managed by Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage risks has not been changed from previous periods. Investments are well diversified and a large portion of plan assets in 2023 consists of Regular Income Certificates, Pakistan Investment Bonds, Mutual funds, Treasury bills and Quoted shares.

22.1.12 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

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22.1.13 Expected contributions to gratuity funds, pension funds and medical benefits for the year ending June 30, 2025 are Rs. 547,939, Rs. 396,804 and Rs. 1,202,488 respectively.

22.1.14 Historical information of staff retirement benefits

	2024	2023	2022	2021	2020
Pension Plans Funded					
Present value of defined benefit obligation	**14,286,795**	11,935,063	10,152,754	8,799,781	8,171,626
Fair value of plan assets	**(14,033,138)**	(10,386,929)	(9,472,860)	(9,918,245)	(8,968,876)
Net liability / (asset) at end of the year	**253,657**	1,548,134	679,894	(1,118,464)	(797,250)
Gratuity Plans Funded					
Present value of defined benefit obligation	**9,610,754**	9,186,851	8,411,645	7,399,005	7,339,743
Fair value of plan assets	**(8,335,033)**	(6,830,022)	(6,522,029)	(7,738,302)	(7,323,039)
Net liability / (asset) at end of the year	**1,275,721**	2,356,829	1,889,616	(339,297)	16,704

22.1.15 Defined contribution plans

An amount of Rs. 453,900 (2023: Rs. 430,633) has been charged during the year in respect of defined contribution plan maintained by the Group.

22.1.16 Sensitivity analysis for actuarial assumptions

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

	Gratuity funds	Pension funds	Medical benefits
Discount rate (1% increase)	**(8,981,600)**	**(13,003,750)**	**(6,811,460)**
Discount rate (1% decrease)	**10,320,360**	**15,824,376**	**8,882,627**
Future salary rate (1% increase)	**10,267,830**	**14,742,192**	-
Future salary rate (1% decrease)	**(9,016,960)**	**(13,869,281)**	-
Future pension rate (1% increase)	-	**15,066,741**	-
Future pension rate (1% decrease)	-	**(13,203,371)**	-
Medical cost trend rate (1% increase)	-	-	**8,717,565**
Medical cost trend rate (1% decrease)	-	-	**(6,916,505)**

If longevity increases by 1 year, obligation increases by Rs. 14,250 (2023: 15,880)

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

22.1.17 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the funds, at the beginning of the year.

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

	Gratuity funds	Pension funds	Medical benefits
Less than a year	1,147,506	1,146,484	325,782
Between 1-2 years	776,794	691,467	257,378
Between 2-3 years	833,831	897,751	233,541
Between 3-4 years	1,100,901	871,228	264,153
Between 4-5 years	1,244,934	1,347,740	222,118
Between 6-10 years	6,410,012	6,523,041	1,788,205
Over 10 years	26,539,944	14,908,341	349,359

22.2 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2024 under the Projected Unit Credit Method for Pakistan Refinery Limited (PRL) are as follows:

22.2.1.1 PRL operates recognised funded gratuity and pension schemes (the Schemes) for its eligible management and non-management employees. Actuarial valuation of these Schemes is carried out every year and the latest actuarial valuation was carried out as at June 30, 2024, using the Projected Unit Credit Method, details of which as per the actuarial valuation are stated in note 22.2.1.10.

22.2.1.2 Assets of these schemes are held in separate trusts (the Funds), which are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the trust deeds. Responsibility for governance of the Funds, including investment decisions and contribution schedules, lies with the Board of Trustees. PRL appoints the trustees and all trustees are employees of the Group.

		Pension Schemes				Gratuity Schemes			
		Management		Non-Management		Management		Non-Management	
		2024	2023	2024	2023	2024	2023	2024	2023
22.2.1.3	**Statement of financial position**								
	Present value of defined benefit obligation at June 30 - note 22.2.1.4	2,090,365	1,846,774	356,325	308,814	346,042	282,607	112,533	99,312
	Fair value of plan assets at June 30 - note 22.2.1.5	(1,852,856)	(1,379,471)	(260,702)	(185,279)	(294,905)	(236,927)	(130,805)	(118,417)
	Deficit / (surplus)	237,509	467,303	95,623	123,535	51,137	45,680	(18,272)	(19,105)
22.2.1.4	**Movement in the present value of defined benefit obligation**								
	Opening balance	1,846,774	1,764,747	308,814	257,305	282,607	249,485	99,312	82,568
	Benefits paid by the plan	(111,073)	(101,539)	(11,086)	(15,926)	(26,683)	(16,129)	(3,786)	(7,051)
	Benefits payable to outgoing members	-	-	-	-	-	-	-	-
	Current service cost	64,342	63,600	10,599	8,965	24,765	19,995	3,644	3,280
	Past service cost	(123,231)	-	-	-	22,811	-	-	-
	Interest cost	296,029	236,932	50,145	34,349	46,077	34,019	16,082	10,877
	Remeasurement on obligation	117,524	(116,966)	(2,147)	24,121	(3,535)	(4,763)	(2,719)	9,638
	Closing balance	2,090,365	1,846,774	356,325	308,814	346,042	282,607	112,533	99,312
22.2.1.5	**Movement in the fair value of plan assets**								
	Opening balance	1,379,471	1,298,844	185,279	173,952	236,927	211,992	118,417	115,152
	Contributions paid into the plan	143,065	128,824	31,262	20,638	31,649	24,746	-	-
	Benefits paid by the plan	(111,073)	(101,539)	(11,086)	(15,926)	(26,683)	(16,129)	(3,786)	(7,051)
	Interest income	217,306	171,708	29,482	22,676	39,193	29,268	18,961	15,006
	Remeasurement of plan assets	224,087	(118,366)	25,765	(16,061)	13,819	(12,950)	(2,787)	(4,690)
	Closing balance	1,852,856	1,379,471	260,702	185,279	294,905	236,927	130,805	118,417

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	Pension Schemes				Gratuity Schemes			
	Management		Non-Management		Management		Non-Management	
	2024	2023	2024	2023	2024	2023	2024	2023
22.2.1.6 Expense recognised in statement of profit or loss and other comprehensive income								
Current service cost	**64,342**	63,600	**10,599**	8,965	**24,765**	19,995	**3,644**	3,280
Past service cost	**(123,231)**	-	**-**	-	**22,811**	-	**-**	-
Net interest cost / (income)	**78,723**	65,224	**20,663**	11,673	**6,884**	4,751	**(2,879)**	(4,129)
Expense / (income) recognised in statement of profit or loss and other comprehensive income	**19,834**	128,824	**31,262**	20,638	**54,460**	24,746	**765**	(849)
22.2.1.7 Remeasurement recognised in other comprehensive income								
Remeasurement of present value of defined benefit obligation	**117,524**	(116,966)	**(2,147)**	24,121	**(3,535)**	(4,763)	**(2,719)**	9,638
Remeasurement of fair value of plan assets	**(224,087)**	118,366	**(25,765)**	16,061	**(13,819)**	12,950	**2,787**	4,690
Remeasurements	**(106,563)**	1,400	**(27,912)**	40,182	**(17,354)**	8,187	**68**	14,328
22.2.1.8 Net recognised liability / (asset)								
Net liability at the beginning of the year	**467,303**	465,903	**123,535**	83,353	**45,680**	37,493	**(19,105)**	(32,584)
Expense / (income) recognised in statement of profit or loss and other comprehensive income	**19,834**	128,824	**31,262**	20,638	**54,460**	24,746	**765**	(849)
Contribution made to the fund during the year	**(143,065)**	(128,824)	**(31,262)**	(20,638)	**(31,649)**	(24,746)	**-**	-
Remeasurements recognised in other comprehensive income	**(106,563)**	1,400	**(27,912)**	40,182	**(17,354)**	8,187	**68**	14,328
Recognised liability / (asset) as at June 30	**237,509**	467,303	**95,623**	123,535	**51,137**	45,680	**(18,272)**	(19,105)
22.2.1.9 Major categories / composition of plan assets are as follows:								
Equity securities	**25.18%**	20.49%	**20.99%**	16.36%	**26.93%**	19.71%	**0.00%**	0.00%
Debt securities	**56.47%**	73.21%	**71.80%**	65.77%	**62.81%**	68.36%	**93.40%**	85.95%
Others	**18.34%**	6.31%	**7.21%**	17.87%	**10.25%**	11.93%	**6.60%**	14.05%
22.2.1.10 Actuarial assumptions								
Discount rate at June 30	**14.75%**	16.25%	**14.75%**	16.25%	**14.75%**	16.25%	**14.75%**	16.25%
Future salary increases								
- One time salary increase	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
- First year following the valuation	**12.00%**	15.00%	**7.00%**	5.00%	**12.00%**	15.00%	**7.00%**	6.00%
- Second year following the valuation	**14.75%**	16.25%	**14.75%**	13.25%	**14.75%**	16.25%	**14.75%**	16.25%
- Third year following the valuation	**0.00%**	0.00%	**14.75%**	16.25%	**14.75%**	16.25%	**14.75%**	16.25%
Expected retirement age	**60 years**	60 years	**60 years**	60 years	**60 years**	60 years	**60 years**	60 years
Pension increase rate								
- First year following the valuation	**5.00%**	5.00%	**5.00%**	5.00%				
- Long term pension increase rate	**7.50%**	7.50%	**7.50%**	7.50%				

22.2.1.11 Mortality was assumed to be SLIC (2001-05) table

PRL ensures that the investment positions are managed under 'Liability Driven Investment Approach' that has been developed to achieve long term investments that are in line with the obligations under the retirement benefit scheme. Within this framework, the objective is to match assets to the retirement benefit obligations by investing in long-term securities with maturities that match the benefit payments as they fall due. The retirement benefit funds have appointed a third party advisor who monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement benefit plan obligations. The Company has not

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changed the process used to manage its risk from previous periods. The Company does not use derivatives to manage its risk. Investments are diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets for the year ended June 30, 2024 consists of government securities.

The expected return on plan assets has been determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at statement of financial position date.

The Subsidiary Company's contributions to gratuity and pension funds for the year ending June 30, 2025 is expected to be Rs. 37,730 and Rs. 127,790 respectively.

22.2.1.12 Sensitivity analysis for actuarial assumptions

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate at June 30, 2024	0.50%	(136,125)	120,046
Future salary increases	0.50%	45,759	(69,599)
Future pension increases	0.50%	(388,448)	(524,104)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity and pension benefit liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

22.2.1.13 Historical information

	2024	2023	2022	2021	2020
Management Pension Fund					
Present value of defined benefit obligation	**2,090,365**	1,846,774	1,764,747	1,575,208	1,543,285
Fair value of plan assets	**(1,852,856)**	(1,379,471)	(1,298,844)	(1,308,268)	(1,196,805)
Deficit in the plan	**237,509**	467,303	465,903	266,940	346,480
Experience adjustments					
Loss / (gain) on obligation	**117,524**	(116,966)	49,879	(103,344)	268,373
Gain / (loss) on plan assets	**224,087**	(118,366)	(148,477)	(23,804)	169,359
Non-Management Pension Fund					
Present value of defined benefit obligation	**356,325**	308,814	257,305	254,664	226,204
Fair value of plan assets	**(260,702)**	(185,279)	(173,952)	(157,096)	(135,402)
Deficit in the plan	**95,623**	123,535	83,353	97,568	90,802
Experience adjustments					
(Gain) / loss on obligation	**(2,147)**	24,121	(22,933)	2,453	5,198
Gain / (loss) on plan assets	**25,765**	(16,061)	(8,718)	1,573	6,214

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	2024	2023	2022	2021	2020
Management Gratuity Fund					
Present value of defined benefit obligation	**346,042**	282,607	249,485	208,084	179,686
Fair value of plan assets	**(294,905)**	(236,927)	(211,992)	(195,041)	(166,645)
	51,137	45,680	37,493	13,043	13,041
Experience adjustments					
(Gain) / loss on obligation	**(3,535)**	(4,763)	15,596	(1,128)	(2,601)
Loss / (gain) on plan assets	**13,819**	(12,950)	(8,854)	3,520	5,291
Non-Management Gratuity Fund					
Present value of defined benefit obligation	**112,533**	99,312	82,568	84,105	69,728
Fair value of plan assets	**(130,805)**	(118,417)	(115,152)	(109,685)	(99,985)
Surplus in the plan	**(18,272)**	(19,105)	(32,584)	(25,580)	(30,257)
Experience adjustments					
(Loss) / gain on obligation	**(2,719)**	9,638	(9,512)	4,981	(9,165)
(Loss) / gain on plan assets	**(2,787)**	(4,690)	(1,611)	304	3,470

22.2.1.14 The weighted average duration of the plans are as follows:

	No. of years
Management Pension fund	9.33
Non-management Pension fund	9.35
Management Gratuity fund	6.08
Non-management Gratuity fund	5.77

22.2.1.15 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

23. LONG-TERM BORROWINGS

	Note	2024	2023
Diminishing Musharika / long-term borrowing	*23.1*	**4,500,000**	2,000,000
Less: Current portion of Diminishing Musharika / long-term borrowing		**(1,500,000)**	-
		3,000,000	2,000,000

23.1 Movement in long-term borrowings is as follows:

	Note	2024	2023
Balance at beginning of the year		**2,000,000**	1,301,437
Add: Loans obtained			
Long-term loan	*23.2*	**1,000,000**	2,000,000
Diminishing Musharika	*23.3*	**1,500,000**	-
		2,500,000	2,000,000
Less: Loans repaid			
Diminishing Musharika repaid		-	(200,000)
Long-term loan repaid		-	(1,000,000)
Salary financing - repaid (excluding accrued mark-up)		-	(101,437)
		-	(1,301,437)
Balance at end of the year	*23.4*	**4,500,000**	2,000,000

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23.2 During the year, additional Rs. 1,000,000 was disbursed under long-term project finance facility of Rs. 3,000,000 under mark-up arrangements through Askari Bank Limited (ABL) which was obtained during 2022-23. The facility carries mark-up of 1 month KIBOR + 1% per annum for a tenor of 3 years (including 2.5 year grace period). The loan is repayable in equal monthly installments commencing from 31st month from drawdown date, whereas markup is to be paid on a quarterly basis. The loan is secured by way of hypothecation of property, plant and equipment (excluding land and buildings).

23.3 This represents Rs. 1,500,000 diminshing musharika obtained during the year under mark-up arrangement through Faysal Bank Limited (FBL). The loan carries mark-up of 3 months KIBOR + 0.1% per annum for a tenor of 18 months (including 1 year grace period) and is repayable in six equal monthly installments commencing from 13th month from the drawdown date. The loan is secured by way of hypothecation of property, plant and equipment (excluding land and buildings).

23.4 This represents Rs. 1,500,000 financing obtained under islamic financing arrangement and Rs. 3,000,000 obtained under conventional long term financing.

24. LEASE LIABILITIES

	Note	2024	2023
Balance at the beginning of the year		**7,255,856**	6,805,512
Additions during the year		**802,165**	913,146
Accretion of interest		**944,048**	860,580
Lease contracts modified during the year		**1,188,565**	281,500
Less: Disposal during the year		**(19,395)**	-
Less: Lease rentals paid		**(1,800,755)**	(1,604,882)
Balance at the end of the year		**8,370,484**	7,255,856
Less: Current portion shown under current liability		**(562,008)**	(511,430)
Non-Current Balance		**7,808,476**	6,744,426

24.1 The Holding Company has recognised a charge of Rs. 5,593,039 (2023: 5,770,361) for those variable lease payments, which do not form a part of leases in accordance with IFRS 16.

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

	Note	2024	2023
Less than a year		**1,498,597**	1,353,860
Between 1-5 years		**6,469,264**	5,059,458
Over 5 years		**11,551,914**	10,323,472

25. DEFERRED INCOME - GOVERNMENT GRANT

The Holding Company has received grant of Rs. 100,000 (2023: Rs. 100,000) from Government of Gilgit Baltisitan (GoGB) for establishment of bulk oil depot at Skardu.

26. OTHER PAYABLE

Balance relates to wharfage payable to related party on account of import of LNG by the Holding Company. As per the directions of Ministry of Finance - Economic Affairs Division outstanding wharfage has to be paid in 10 equal installments without interest over a period of 10 years. The Holding Company has recognsied this liability at amortised cost at the rate prevailing at the time of determining the liability.

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	Note	2024	2023
27. TRADE AND OTHER PAYABLES			
Local creditors	*27.1 & 27.2*	**49,611,700**	70,755,380
Foreign creditors	*27.1 & 27.3*	**165,156,762**	107,727,228
		214,768,462	178,482,608
Security deposits	*27.4*	**9,181,368**	7,804,458
Retention money		**115,884**	8,359
Accrued expenses and other liabilities	*27.5 to 27.8*	**74,889,616**	110,617,337
Payable to the Government	*27.9*	**9,666,903**	4,628,420
Payabe to escrow account	*27.11*	**1,276,630**	-
Surplus price differential payable	*32.4*	**4,744,412**	1,975,856
Payable to provident funds		**24,575**	9,934
Due to OMCs and refineries		**205,424**	348,013
Inland Freight Equalization Margin (IFEM) including freight equalization payable from GoP (related party)		**13,947,870**	9,613,233
Advances - unsecured			
- from customers	*27.10*	**8,486,236**	7,169,446
- against equipments		**1,615**	1,615
		8,487,851	7,171,061
Taxes and other Government dues			
- Excise, taxes and other duties		**10,931,930**	20,216,724
- Income tax deducted at source		**169,557**	365,019
		11,101,487	20,581,743
Workers' Welfare Fund		**988,059**	585,100
Workers' Profits Participation Fund	*27.13*	**114,372**	182,399
Others		**324,632**	178,580
		349,837,545	342,187,101

27.1 The average credit period on imports is 30 days on White Oil and Crude, 60 days on Black Oil and ranges between 14 to 21 days on Liquified Natural Gas (LNG). On local purchases, the Holding Company is availing 13 to 14 days credit, thereafter, interest is charged in accordance with the terms of agreement on the outstanding balance.

	2024	2023
27.2 This includes amounts payable to the following related parties:		
Pak-Arab Refinery Company Limited	**29,807,202**	38,718,429
K-Electric Limited	**-**	71,495
Oil and Gas Development Company Limited	**3,573,180**	3,605,452
Government Holdings (Pvt) Limited	**624,946**	1,363,246
Pakistan Petroleum Limited	**143,400**	843,001
Mari Petroleum Company Limited	**13,049**	18,558
Pakistan National Shipping Corp.	**-**	788,713
Cnergyico Pk Limited	**337,283**	703,557
	34,499,060	46,112,451

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27.3 This includes amount of Rs. 38,425,773 (2023: Rs. 22,568,959) in respect of import of LNG.

27.4 **Security deposits includes deposits received by the Holding Company under the terms of related agreements and are as follows:**

	Note	2024	2023
Dealers	*27.4.2*	**1,336,803**	1,230,999
Equipments	*27.4.3*	**702,054**	560,291
Cartage contractors	*27.4.4*	**1,802,763**	1,275,367
Card holders	*27.4.5*	**4,294,326**	4,057,868
Suppliers	*27.4.5*	**922,183**	578,274
Others	*27.4.5*	**123,239**	101,659
		9,181,368	7,804,458

27.4.1 **Security deposits include:**

	Note	2024	2023
Utilisable / utilised in business	*27.4.1.1*	**8,695,318**	7,268,408
Others	*27.4.1.2*	**486,050**	536,050
		9,181,368	7,804,458

27.4.1.1 The amount is fully utilised in business in accordance with requirement of written agreements and in terms of section 217 of the Companies Act, 2017.

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

27.4.2 These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand.

27.4.3 These represent interest-free deposits from customers against Liquefied Petroleum Gas (LPG) equipment. The deposits are refundable on the return of equipment and are payable on demand.

27.4.4 These represent interest bearing and interest-free deposits from contractors against the cartage contracts for transportation of petroleum products. The deposits are refundable on cancellation of these contracts.

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

27.5 This includes amount payable to the following related parties:

	2024	2023
Pakistan National Shipping Corporation	**2,070,487**	2,070,487
Government of Pakistan	**12,569**	34,635,372

27.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 24,006,815 (2023: Rs. 19,617,920).

27.7 This includes differential of regulatory / custom duty levied amounting to Rs. 150,000 (2023: Rs. 100,000) on import of crude oil consumed in the production and recovered on sale of regulated products by PRL based on SROs issued by Government of Pakistan and Ministry of Energy (MoE). During the year ended June 30, 2018, OGRA in compliance with the directives of MoE had finalised a recovery mechanism for regulated products through which refineries would operate on no gain / loss basis on this account. OGRA directed Oil Companies Advisory Committee (OCAC) to ensure the implementation of the said mechanism.

During the year ended June 30, 2019, as per approved regulatory duty mechanism, Refinery Regulatory Duty (RRD) committee of OCAC determined RRD factors per litre applicable for 5 months from August 2018 to December 2018, which were adjusted in monthly ex-refinery prices.

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However, after the preliminary implementation of the said mechanism, due to practical implications, a revised procedure was devised by OGRA, whereby recovery is made directly from refinery through payment to Inland Freight Equalisation Margin (IFEM) pool without any adjustment of RRD factors in ex-refinery prices. The RRD mechanism has been superseded during the year by Pakistan Oil Refining Policy for Existing / Brownfield Refineries, 2023 (the Policy) effective August 17, 2023.

27.8 Includes current portion of wharfage payable to related party amounting to Rs. 91,150 (2023: Rs. 80,471).

27.9 This represents GoP's share in the value of local crude purchased and petroleum levy on sale of petroleum products by PRL. This is net of receivable of Rs. 259,130 (2023: Rs. 259,130) from the Government in respect of price differential claims as a result of restricting the ex-refinery prices charged by the Subsidary Company to the oil marketing companies on instructions from Ministry of Energy (MoE). During the year ended June 30, 2018, the Subsidiary Company received a report from MoE through Oil Companies Advisory Council (OCAC) highlighting certain aspects of the above claims. The management is of the view that the report contains certain factual inaccuracies and is taking up the matter along with other refineries with the MoE.

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

	2024	2023
27.11 Movement of incremental incentives during the year is as follows:		
Incremental incentives generated during the period	9,369,485	-
Incremental incentives to be deposited in IFEM pool	(3,490,577)	-
Incremental incentives transferred to joint Escrow Account	(4,602,278)	-
Closing balance payable to joint Escrow Account - not due	1,276,630	-

27.12 During the period, the GoP has announced and notified the Pakistan Oil Refining Policy for Existing / Brownfield Refineries, 2023 (the Policy) on August 09 and 17, 2023 respectively. As per the Policy, the refineries were allowed incremental incentives at the rate of 2.5% on HSD and 10% on MS for a period of six years from the date of notification of the Policy to upgrade and produce environmental friendly fuels as per EURO V specifications. In addition, the refineries were also allowed reimbursement of custom duty paid on import of crude oil.

The incentives collected during a month are required to be deposited within 10 days of subsequent month in an interest bearing Escrow Account maintained with National Bank of Pakistan and will be jointly operated with OGRA. To be eligible for the incentives provided in the Policy, the refineries were required to enter into an Upgrade Agreement with OGRA within 3 months of the date of notification of the Policy (subsequently extended by 60 days). PRL successfully executed the Upgrade Agreement with OGRA on November 15, 2023 and opened joint Escrow Account in accordance with the Policy on November 30, 2023.

Later the Government revised the Policy that was notified on February 23, 2024 and amended following provisions of the original Policy:

- incentive period increased from six years to seven years from the date of signing of Upgrade Agreement and opening of Joint Escrow Account;
- maximum capping of incremental incentives increased from 25% to 27.5% of project cost;
- refineries were allowed 7.5% deemed duty on HSD for 20 years from the date of commissioning of upgrade project; and
- introduction of force majuere clause and amendments in arbitration clauses.

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The revised policy gives the rights to a refinery who have already executed Upgrade Agreement under original Policy to opt for the amended provisions / incentives of the revised Policy by executing a supplemental to the Upgrade Agreement within 2 months of the date of notification of revised Policy (subsequently extended by further 6 months). The Subsidiary Company is in the process of finalisation of Supplemental Upgrade and Escrow Account Agreements with OGRA.

The OGRA vide its letter dated April 02, 2024 communicated that effective date for upgrade project of PRL shall be considered as November 30, 2023. i.e the date of opening of escrow account.

The incremental incentives under the Policy will be recognised after the Final Investment Decision (FID) on the project. Balance in joint Escrow Account as at June 30, 2024 was as follows:

	Note	2024	2023
Opening balance		-	-
Incremental incentives transferred to Escrow Account during the period		4,602,278	-
Interest earned on incremental incentives (net of withholding tax)		165,327	-
Closing balance		**4,767,605**	-

27.13 Workers' Profit Participation Fund

	Note	2024	2023
Balance at beginning of the year		**182,399**	(1,622,013)
Allocation for the year		**2,587,980**	1,482,398
		2,770,379	(139,615)
(Payments) / receipts during the year		**(2,656,007)**	322,014
Balance at end of the year		**114,372**	182,399

28. UNCLAIMED DIVIDEND

	Note	2024	2023
Balance at the beginning of the year		**1,581,095**	1,498,372
Dividend for the year		**3,521,050**	4,694,734
		5,102,145	6,193,106
Payments made during the year		**(3,461,478)**	(4,612,011)
Balance at end of the year		**1,640,667**	1,581,095

29. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities against the Group. The outcome of these legal claims are not expected to give rise to material obligations beyond those provided for:

	Note	2024	2023
Claim raised by regulatory authorities		**386,949**	386,949
Infrastructure development cess		**252,464**	252,464
		639,413	639,413

Movement of provision during the year is as follows:

	Note	2024	2023
Balance at beginning of the year		**639,413**	639,413
(Reversal) / addition during the year		**-**	-
Balance at closing of the year		**639,413**	639,413

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		Note	2024	2023
30.	**SHORT-TERM BORROWINGS**			
	From National Bank of Pakistan - Related Party			
	Short-term finances in foreign currency	*30.1*	**127,365,193**	115,819,571
	From other than related party			
	Short-term finances			
	- local currency	*30.3*	**60,500,000**	39,000,000
	- foreign currency	*30.1*	**227,236,098**	289,372,734
			287,736,098	328,372,734
	Current portion of long-term borrowing	*23*	**1,500,000**	-
	Finances under mark-up arrangements	*30.3*	**12,396,196**	8,347,297
		30.2,30.4 & 30.5	**428,997,487**	452,539,602

30.1 The rate of mark-up for these facilities range from Re. 0.17 to Re. 0.38 (2023: Re. 0.19 to Re. 0.44) per Rs. 1,000 per day. This facility is secured by way of trust receipts of the Holding Company. These finances have been obtained on the directives of MoF via letter dated September 09, 2015.

30.2 The total facility limit of various financing facilities available from banks aggregate to Rs. 541,995,075 (2023: Rs. 548,943,611) out of which Rs. 114,497,588 (2023: Rs. 96,404,009) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on Group's stocks, receivable and trust receipts.

30.3 The rate of mark-up on short-term finance facility is Re. 0.55 to Re. 0.60 (2023: Re. 0.03 to Re. 0.60) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re. 0.57 to Re.0.61 (2023: Re. 0.39 to Re.0.68) per Rs.1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

30.4 These finances have been obtained for working capital requirements.

30.5 As at June 30, 2024, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 5,424,511 (2023: Rs. 11,999,938), which includes Rs. 655,877 (2023: Rs. 1,585,296) due to National Bank of Pakistan, a related party.

		Note	2024	2023
30.6	**Movement in short-term and foreign currency loans:**			
	Balance at beginning of the year		**444,192,305**	171,571,214
	Loans obtained during the year		**490,334,927**	462,614,543
	Loans repaid during the year		**(517,925,941)**	(189,993,452)
			(27,591,014)	272,621,091
	Balance at end of the year		**416,601,291**	444,192,305

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31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

The Group has contingent liabilities in respect of unrecognised late payment surcharge, pending tax matters and other legal claims in the ordinary course of business.

31.1.1 Late payment surcharge (Subsidiary Company)

Claims amounting to Rs. 3,663,329 (2023: Rs. 1,900,000) in respect of delayed payment charges are not recognised on the understanding that these will be payable only when the Group will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Group against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

31.1.2 Income Tax

Holding Company

31.1.2.1 The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2005 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,513,951. These orders were later rectified and amended to Rs. 831,811. The appeal against tax year 2008 is pending before the High Court of Sindh (SHC). During the year ended June 30, 2019, the Appellate Tribunal Inland Revenue (ATIR) passed an order in respect of Tax Year 2005 which was in favour of the Holding Company except one point on which the Holding Company has filed reference before SHC. During the year ended June 30, 2020, ATIR has passed orders in respect of Tax Year 2006 and 2007 which were mostly in favour of the Holding Company. The Holding Company obtained the effect of ATIR orders from taxation authorities for the tax years 2005 to 2007 after which demand is reduced to Rs. 169,744. Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.2 The taxation officer passed assessment orders dated January 31, 2012, April 06, 2012 and May 31, 2012 in respect of tax years 2009 to 2011 and made certain disallowances and additions resulting in total tax demand of Rs. 4,598,246. The Holding Company filed appeals against these orders before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] who decided certain matters in favour of the Holding Company. During the year ended June 30, 2013, the Holding Company received revised orders showing an aggregate demand of Rs. 740,871 after taking into effect for matters decided in favour of the Holding Company by the CIR (Appeals).The Holding Company has filed appeals before the ATIR for remaining points adjudicated against the Holding Company by the CIR (Appeals) which are pending for hearing. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.3 Assistant Commissioner Inland Revenue (ACIR) through his orders dated January 29, 2013 and January 28, 2014 made certain additions and disallowances in respect of Tax Year 2012 and 2013 respectively raising total tax demand of Rs. 3,096,173. The Holding Company had filed appeals against the said orders before the CIR (Appeals), whereby most of the matters have been decided in favour of the Holding Company. For remaining issues, the Holding Company has filed appeals before the ATIR. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

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31.1.2.4 The ACIR through his orders dated February 09, 2015 and March 22, 2016 made certain additions and disallowances in respect of Tax Year 2014 and 2015 respectively, thereby creating total tax demand of Rs. 35,992,978. The orders were later rectified and amended to Rs. 3,619,899. Further, through computerised balloting, the Holding Company was selected for audit of Tax Year 2014 by the Federal Board of Revenue (FBR) and another demand of Rs. 53,023 was created by FBR for Tax Year 2014. The Holding Company has filed appeals against these orders before the CIR (Appeals) which were decided partially against the Holding Company in 2018 except for audit case of Tax Year 2014 which was remanded back by CIR (Appeals) to the assessing officer for verification and effect. The Holding Company has filed appeals before ATIR against these CIR (Appeals) orders. During the year 2019, the Holding Company has received an appeal effect on aforesaid CIR (Appeals) orders from tax authorities after which the demand has been amended to Rs. 2,585,773. During the period, the Holding Company received another appeal effect from taxation authorities for the Tax Year 2014 after which demand is reduced to Rs. 2,532,750. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.5 The ACIR through his assessment orders dated February 27, 2017 for Tax Year 2016 and assessment order dated December 29, 2017 and February 28, 2018 for Tax Year 2017, made certain additions and disallowances, thereby creating total tax demand of Rs. 2,685,964. The Holding Company filed appeals against these orders before the CIR (Appeals). The appeal relating to Tax Year 2016 has been decided by CIR (Appeals) in 2018, whereby few issues have been decided in favour of the Holding Company. The Holding Company had received an appeal effect for the Tax Year 2016 on aforesaid CIR (Appeals) order from tax authorities after which the aforesaid demand has been reduced to Rs. 2,685,818. For remaining issues, the Holding Company has filed appeals before ATIR. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.6 The ACIR through his order dated January 31, 2019 made certain additions and disallowances in respect of Tax Year 2018 and raised tax demand of Rs. 207,773. The Holding Company filed an appeal against aforesaid order before CIR (Appeals) which was decided against the Holding Company. Appeal against the said order has been filed before the ATIR by the Holding Company. Based on the views of tax advisor, the management believes that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.7 The Additional Commissioner Inland Revenue (AdCIR) through his order dated September 30, 2020 made certain additions and disallowances in respect of Tax Year 2019 and raised tax demand of Rs. 411,567. The Holding Company filed an appeal before CIR (Appeals) which was decided against the Holding Company. Appeal against the said order has been filed before the ATIR by the Holding Company. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.8 The AdCIR through his order dated June 28, 2022 made certain additions and disallowances in respect of Tax Year 2021 and raised tax demand of Rs. 3,014,870. The Holding Company has filed appeal before CIR (Appeals) on July 26, 2022. Last year, taxation authorities has further amended the aforesaid order to Rs. 3,520,201 by including WWF demand. The Holding Company has filed appeal before CIR (Appeals) which is partially decided against the Holding Company. The Holding Company had received an appeal effect for the Tax Year 2021 on aforesaid CIR (Appeals) order from tax authorities after which the aforesaid demand has been reduced to Rs. 3,477,249. For remaining issues, the Holding Company has filed appeals before ATIR. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.9 The AdCIR through his order dated May 29, 2023 made certain additions and disallowances in respect of Tax Year 2022 and raised tax demand of Rs. 2,557,721 by including WWF. The Holding Company has filed appeal before

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CIRv(Appeals) which was decided against the Holding Company. Appeal against the said order has been filed before the ATIR by the Holding Company. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.10 The AdCIR passed order dated March 28, 2024 in respect of Tax Year 2023 and made certain amendment and additions resulting in total tax demand of Rs. 1,486,065. The Holding Company has filed an appeal before CIR (Appeals) which is still pending. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.2.11 The AdCIR passed order dated April 01, 2024 in respect of Tax Year 2020 and made certain amendment and additions resulting in total tax demand of Rs. 59,435. The Holding Company has filed an appeal before CIR (Appeals) which is still pending. Based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3 Sales Tax and Custom Duty

Holding Company

31.1.3.1 A sales tax order-in-original No. 01/2010 dated March 30, 2010 was issued by Deputy Commissioner Inland Revenue (DCIR), FBR in respect of sales tax audit of the Holding Company for the tax years 2004-2007. Under the said order, a demand of Rs. 883,864 was raised on account of certain transactions and default surcharge of Rs. 512,172 was imposed. The ATIR decided the case in favour of the Holding Company. However, the tax department has filed an appeal against the aforesaid decision of the ATIR in the SHC which is pending for hearing. Based on the views of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made for the said matters in these consolidated financial statements.

31.1.3.2 The DCIR passed an order dated July 02, 2019 in respect of sales tax audit for Tax Year 2010 giving rise to demand of Rs. 3,586,018 along with penalty of Rs. 179,300 and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before CIR (Appeals), who has annulled the order and has decided the case in the Holding Company's favour through an order dated September 09, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.3 The DCIR has passed an order dated July 04, 2019 on the matter of non-charging of sales tax on supply of fuel to vessels and aircrafts proceeding outside Pakistan for the year Tax Year 2015. The aforesaid order resulted in demand of sales tax of Rs. 4,579,596 along with penalty of Rs.228,979 and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before CIR (Appeals), who has annulled the order and has decided the case in Holding Company's favour in an order dated September 09, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

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31.1.3.4 A sales tax order No. 01/2012 dated January 16, 2013 was issued by the DCIR (Adjudication), FBR in respect of delayed payment of sales tax due in sales tax return for March 2011. Under the said order, demand of Rs. 437,305 was raised which comprised default surcharge of Rs. 82,265 and penalty of Rs. 355,040 on late payment. The Holding Company filed an appeal against the said order before CIR (Appeals) which was decided against the Holding Company. The Holding Company, accordingly, filed an appeal against the aforesaid order of CIR (Appeals) before the ATIR which vide its order dated September 13, 2013 upheld the imposition of default surcharge, however, vacated penalty imposed for de novo consideration by adjudicating authority. The matter of penalty was again decided against the Holding Company by adjudicating officer and later on by the CIR (Appeals) vide its order dated September 29, 2015 against which the Holding Company has filed an appeal before the ATIR on February 18, 2016. Further, the Holding Company has also filed an appeal before the SHC against the first order of ATIR, which is pending for hearing. Based on the views of tax and legal advisors, the management believes that it is more likely than not that the matters will ultimately be decided in favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.5 The DCIR passed an order dated July 03, 2019 in respect of non-payment of sales tax on PDC / subsidies giving rise to demand of sales tax of Rs. 33,855,642 along with penalty of Rs. 33,855,642 and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before CIR (Appeals), who has annulled the order and decided the case in Holding Company's favour in an order dated September 09, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.6 Punjab Revenue Authority (PRA) has issued an order dated September 18, 2017, received on November 30, 2017, against the Holding Company demanding Rs. 2,258,235 along with penalty and default surcharge on alleged non-recovery of Punjab Sales Tax on Services (PST) on alleged commission paid to petroleum dealers. The Holding Company does not agree with the stance of PRA as the Authority erroneously assumed the dealer's margin allowed to petroleum dealers through OGRA's price notification as "dealer's commission". The Holding Company further collects general sales tax on such dealer's margin and submits the same to government treasury with monthly sales tax return. Accordingly, levy of PST on the alleged commission would lead to double imposition of sales tax on dealer's margin. The Holding Company challenged the order in Lahore High Court (LHC), which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, an appeal has also been filed with Commissioner - Appeals PRA against the subject order. Commissioner - Appeals PRA in his appellate order dated September 05, 2018 decided the case against the Holding Company while waiving levy of penalty thereon. The Holding Company filed an appeal with Appellate Tribunal PRA, which set-aside the impugned order and remanded it back to Commissioner - Appeals PRA for deciding it afresh, in the order dated December 09, 2019. Based on the view of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.7 PRA has issued two orders dated April 10, 2018, against the Holding Company demanding Rs. 571,933 along with penalty and default surcharge on alleged non-recovery of PST on account of distribution, marketing and administrative expenses as illustrated in Annual Audited Accounts of 2014-15 and 2015-16. The orders were raised on an unsubstantiated assumption that distribution, marketing and administrative expenses disclosed by the Holding Company in its financial statements of aforementioned periods are completely taxable and pertains solely to the province of Punjab. Commissioner - Appeals PRA has upheld the appeal against which the Holding Company has filed appeal with Appellate Tribunal - Appeal PRA against the subject orders, which is still pending. Based on the views of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

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31.1.3.8 PRA has issued a Show Cause Notice dated October 01, 2019 demanding Rs. 8,839,550 claiming certain components of petroleum price (e.g. dealer's margin, OMC margin and IFEM) as subject to levy of PST. The Holding Company did not agree with the view of PRA as the whole price of POL products is subject to levy of General Sales Tax (GST), being part of value of supply. The Holding Company challenged the said Show Cause Notice, against which the LHC has duly granted stay. Based on the views of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.9 The Balochistan Revenue Authority (BRA) issued a recovery notice dated June 14, 2024, claiming that Rs 68,000 was paid short by the Holding Company on account of withholding tax from July 01, 2018, to December 30, 2021. The Holding Company disagreed with the view of short payment of withholding tax, and after several meetings with the Commissioner of the BRA, the matter was remanded back to the officer. Based on the views of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

31.1.3.10 The Collector (Adjudication) - Customs House Karachi, issued Show Cause Notices dated February 04, 2019, February 06, 2019, and August 06, 2019 to the Holding Company for recovery of minimum value added sales tax of Rs. 17,250,015 on import of furnace oil in Pakistan. Similar notices have also been served on other OMCs as well. The Holding Company has challenged the impugned Show Cause Notice in the SHC, who disposed-off the matter vide order dated November 29, 2022 in favour of the Holding Company as the Show Cause Notices were issued by Collector (Adjudication) without jurisdiction.

31.1.3.11 The Holding Company received an order from Sindh Revenue Board (SRB) dated March 08, 2023 for the period July 2016 to June 2017. The aforesaid order resulted in demand for alleged short payment of Sindh Sales Tax (SST) amounting to Rs. 186,600, penalty amounting to Rs. 9,400 and default surcharge to be calculated at the time of payment ignoring all submissions made by the Holding Company during the proceedings. Being aggrieved by the said order, the Holding Company has filed appeal before Commissioner (Appeals-I) SRB. Based on the views of the tax advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the favor of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.4 Other matters

Holding Company

31.1.4.1 The Deputy Director / Sr. Excise and Taxation Officer (ETO) C.M.D.I, Karachi Port Trust (KPT) had issued a demand notice of Rs. 6,438,869 on account of Sindh Maintenance & Development Infrastructure Cess (SMDIC) in respect of POL products consignments imported by PSO during the period July 01, 2016 to November 15, 2019 at Keamari.The Holding Company challenged the aforesaid notice in SHC, which dismissed PSO's and all other 487 identical appeals and ordered that the Sindh Development and Maintenance of Infrastructure Cess Act, 2017, promulgated retrospectively, is a valid law within the competence of the Provincial Legislature. Aggrieved by the decision, PSO, in consultation with lawyer, filed an appeal before the Honorable Supreme Court of Pakistan (SCP) against the SHC's above order dated June 04, 2021. The SCP vide Judgement dated September 01, 2021, has suspended SHC's Judgement dated June 04, 2021 (Impugned Judgement) and granted interim relief and directed that till further orders, operation of the Impugned Judgement will be suspended and also restrained the respondents i.e. Excise & Taxation department, Government of Sindh for recovery of impugned infrastructure cess levy as mentioned above. Based on the views of its legal advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

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31.1.4.2 The Deputy Commissioner, SRB passed and order dated June 28, 2024 in respect of Tax Year 2023 and demanded Rs. 550,202 on account of Sindh Workers Welfare Fund. The Holding Company has filed an appeal before SRB Commissioner (Appeals), based on the views of tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

31.1.5 Other legal claims (Holding and Subsidiary Company)

31.1.5.1 As at June 30, 2024 certain legal cases amounting to Rs. 7,085,203 (2023: Rs. 8,574,091) have been filed against the Group. However, based on the advice of its legal advisors, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Group. Details of significant legal cases are given below:

Court	Factual Description	Year of Institution	Party	Relief Sought
Holding Company				
Sindh High Court	Claim for recovery of pending bills, insurance claims and damages	2019	Mengal Brothers vs. PSO	Recovery of financial charges of Rs.3,964,180
Sindh High Court	Dispute relating to award of IT related projects	2011	Zaqsoft (Shahrukh Qaiser) vs. PSO	Recovery of damages of Rs.1,447,000

31.1.5.2 Claims against the Group not acknowledged as debts amount to Rs. 14,511,625 (2023: Rs. 10,806,297) other than as mentioned in note 31.1.1 to these consolidated financial statements

31.1.5.3 The Group's share in associates' contingencies in respect of various tax and legal matters as at year end is Rs. 125,887 (2023: Rs. 1,204,002).

31.2 Commitments

31.2.1 Commitments in respect of capital expenditures contracted for but not as yet incurred is as follows:

		Note	2024	2023
	Capital expenditures contracted for but not yet incurred		**6,705,721**	13,916,268
31.2.2	Letters of credit	*31.2.6*	**79,946,342**	68,301,655
31.2.3	Bank guarantees		**3,586,968**	4,238,462

31.2.3.1 This includes bank guarantees of Rs. 124,630 (2023: Rs. 124,630) were issued by the Subsidiary Company in favour of Sui Southern Gas Company Limited - a related party.

		2024	2023
31.2.4	Standby letters of credit	**65,414,068**	84,534,155
31.2.5	Post-dated cheques	**32,164,674**	20,770,881

31.2.6 The Group has total unutilised facility limit against letters of credit aggregating to Rs. 221,312,000 (2023: Rs. 74,353,415) as of reporting date.

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31.2.7 The Group's share in associates' commitments in respect of various tax and legal matters as at year end is Rs. Nil (2023: Rs. 9,346).

		Note	2024	2023
32.	**NET SALES**			
	Gross sales	*32.1*	**4,075,170,234**	3,817,177,578
	- Incremental incentives	*27.11*	**(9,369,485)**	-
	- Discounts / allowances		**(313,459)**	(65,108)
	- Sales tax		**(213,097,468)**	(214,860,952)
	- Excise duty and petroleum levy		**(67,982,185)**	(33,739,249)
	- Surplus price differential	*32.4*	**(9,609,584)**	(13,803,054)
	- Custom duty	*32.5*	**(1,231,741)**	(8,926,023)
	- Inland Freight Equalization Margin (IFEM)		**(31,484,343)**	(6,628,085)
			(333,088,265)	(278,022,471)
	Net sales		**3,742,081,969**	3,539,155,107

32.1 This represents revenue from contracts with customers.

32.2 Includes export sales amounting to Rs. 32,068,207 (2023: Rs. 28,512,843).

32.3 Sales of regulated products are based on prices notified by OGRA which are subject to policy clarification from the Federal Government. Sales of certain de-regulated products are based on prices set under notifications of the MoE.

32.4 This includes price differential amounting to Rs. 9,609,584 (2023: Rs. 13,010,000) on sale of High Speed Diesel (HSD) as per the import parity pricing formula determined in the Economic Coordination Committee's decision dated February 26, 2013, November 17, 2020 and March 25, 2022. This also include price differential amounting to Rs. Nil (2023: Rs. 790,000) on sale of 90 RON Motor Gasoline, calculated as per the mechanism notified by MoE dated: September 5, 2016.

32.5 This represents custom duty recovered on sale of products subject to custom duty.

		Note	2024	2023
33.	**COST OF PRODUCTS SOLD**			
	Opening stock		**326,106,697**	362,469,390
	Purchases made during the year	*33.1 & 33.2*	**3,620,878,305**	3,418,386,872
			3,946,985,002	3,780,856,262
	Closing stock	*13*	**(316,796,844)**	(326,106,697)
			3,630,188,158	3,454,749,565

33.1 Includes cost incurred by the Group on refining of crude oil and manufacturing of lubricants amounting to Rs. 290,689,576 (2023: Rs. 254,848,999) and Rs. 17,083,044 (2023: Rs. 15,881,553), respectively.

33.2 Includes depreciation of property, plant & equipment, amortization of intangibles and right of use assets amounting to Rs. 1,295,506 (2023: Rs. 1,261,558).

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	Note	2024	2023
34. OTHER INCOME			
Income from financial assets			
Interest / mark-up received on delayed payments		**4,912,364**	6,273,612
Financial charges on line fill cost		**8,572,632**	-
Interest / mark-up on saving accounts	*34.3*	**6,178,330**	2,166,535
Income on treasury bills		**1,551,192**	1,103,006
Dividend income from FVOCI investments	*34.2*	**194,475**	325,546
		21,408,993	9,868,699
Income from non-financial assets			
Handling, storage and other services	*34.1*	**4,290,752**	3,486,818
Income from Compressed Natural Gas (CNG) operators	*34.1*	**68,632**	46,959
Income from non-fuel retail business		**310,703**	315,237
Income from retail outlets - net		**308,786**	249,006
Reversal of provision against stores, spares and loose tools	*12.1*	**75,250**	-
Scrap sales		**21,609**	16,693
Gain on disposal of property, plant and equipment	*5.2*	**61,805**	163,552
Penalties and other recoveries		**780,636**	400,063
Others		**962,934**	2,249,025
		6,881,107	6,927,353
		28,290,100	16,796,052

34.1 This represents revenue from contracts with customers.

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

34.3 Includes mark-up of Rs. 180,710 (2023: Rs. 4,873) from bank accounts under Islamic mode.

	Note	2024	2023
35. DISTRIBUTION AND MARKETING EXPENSES			
Salaries, wages and benefits	*36.1*	**9,125,191**	8,118,374
Transportation costs		**1,341,071**	885,109
Depreciation on property, plant and equipment	*5.1.1*	**2,198,630**	1,939,638
Depreciation on right-of-use assets	*6.2*	**1,072,266**	708,417
Security and other services		**643,189**	446,509
Rent, rates and taxes		**151,723**	171,904
Repairs and maintenance		**2,136,526**	1,597,750
Insurance		**307,943**	292,568
Travelling and office transport		**506,784**	418,438
Printing and stationery		**28,935**	28,115
Communication		**39,148**	19,795
Utilities		**552,418**	423,861
Storage and technical services		**4,536**	64,593
Sales promotion and advertisement		**976,214**	597,278
Fees and subscription		**128,110**	57,860
Other expenses		**2,507**	882
		19,215,191	15,771,091

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	Note	2024	2023
36. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	*36.1*	**4,245,012**	3,301,975
Depreciation on property, plant and equipment	*5.1.1*	**431,954**	325,466
Depreciation on right-of-use assets	*6.2*	**93,940**	61,601
Amortisation	*7.3*	**170,467**	112,554
Security and other services		**78,718**	60,572
Rent, rates and taxes		**72,856**	46,173
Repairs and maintenance		**640,181**	426,818
Insurance		**336,929**	319,538
Travelling and office transport		**281,378**	159,906
Printing, stationery and advertisements		**50,333**	32,447
Communication		**60,388**	43,065
Utilities		**156,480**	129,703
Storage and technical services		**168,934**	139,875
Legal and professional		**412,342**	458,858
Auditors' remuneration	*36.3*	**32,787**	25,590
Contribution towards expenses of Board of Management / Board of Directors		**32,670**	21,030
Donations	*36.4*	**395,183**	569,763
Fees and subscription		**39,146**	34,595
		7,699,698	6,269,529

36.1 Salaries, wages and benefits also include charge of Rs. 90,240 (2023: Rs. 120,134) in respect of Holding Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 22 to these consolidated financial statements.

36.2 Remuneration of Managing Director, Directors and Executives

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

	2024		2023	
	Managing Director	Executives	Managing Director	Executives
Managerial remuneration	**25,559**	**2,272,107**	21,121	1,858,142
Housing and utilities	**14,058**	**1,213,981**	11,616	1,012,367
Performance bonus	**6,863**	**556,068**	5,689	487,085
Retirement benefits	**4,780**	**1,170,600**	3,986	902,432
Leave encashment	**-**	**77,270**	-	59,237
Other allowances and benefits	**16,140**	**1,754,129**	13,476	1,213,675
	67,400	**7,044,155**	55,888	5,532,938
Number, including those who worked part of the year	**1**	**816**	1	633

36.2.2 The amount charged in respect of fee to 10 (2023: 14) non-executive directors aggregated to Rs. 27,200 (2023: Rs. 21,875).

36.2.3 In addition, the Managing Director and certain executives are provided with free use of the Group maintained cars. Further, the Managing Director and Executives are also entitled to avail medical facilities and other benefits as per the respective policies of the Holding Company and the Subsidiary Companies. In addition, certain executives of PRL are provided furnished accommodation within refinery premises according to their respective terms of employment.

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(Amounts in Rs. '000)

		2024	2023
36.3	**Auditors' remuneration**		
	Fee for the:		
	- audit of consolidated financial statements	**1,495**	1,495
	- audit of unconsolidated financial statements	**16,357**	7,757
	- review of half yearly financial information	**2,263**	2,063
	Tax certifications	**7,595**	7,686
	Other certifications	**3,270**	3,698
	Out of pocket expenses	**1,807**	2,891
		32,787	25,590

36.4 All donations are made to Corporate Social Responsibility (CSR) Trust which is an independent entity responsible for payment of donations except for Rs. 45,183 donated by PRL in respect of laptops and desktops to Indus Hospital, Childlife Foundation, Institute of Business Administration, Layton Rahmatullah Benevolent Trust, and Goread.pk and the amount donated to Citizen Foundation for provision of quality education. During the year, no donations have been paid to any donee / party in which any director of the Holding Company or Subsidiary Companies are interested.

		Note	2024	2023
37.	**OTHER EXPENSES**			
	Research cost on refinery upgradation	*37.1*	**6,195,857**	2,175,700
	Penalties		**-**	-
	Workers' Profit Participation Fund	*27.13*	**2,587,980**	1,482,398
	Workers' Welfare Fund		**1,047,537**	599,334
	Exchange loss arising on currency transactions - net		**685,091**	212,387
	Provision against stores, spares, chemicals and loose tools including capital stores		**-**	43,419
	Others		**57**	2,093
			10,516,522	4,515,331

37.1 This represents costs incurred in respect of planning phase and other related studies for future upgradation and expansion of refinery.

		Note	2024	2023
38.	**FINANCE COSTS**			
	Interest / mark-up on short-term borrowings in:			
	- local currency	*38.1*	**8,591,925**	12,413,684
	- foreign currency		**40,922,096**	26,398,269
			49,514,021	38,811,953
	Mark-up on bank accounts under Islamic mode		**3,374,624**	1,604,866
	Markup on long term loans		**817,192**	145,015
	Mark-up on salary refinancing		**-**	6,355
	Late payment surcharge and other charges		**1,228,400**	1,882,701
			5,420,216	3,638,937
			54,934,237	42,450,890
	Finance cost on wharfage liability		**89,482**	98,910
	Finance cost on lease liabilities		**944,048**	860,580
		38.2	**55,967,767**	43,410,380

38.1 Includes mark-up amounting to Rs. 5,856,402 (2023: Rs. 4,007,083) on facilities under Islamic mode and Rs. 35,065,694 (2023: Rs. 22,391,186) on facilities under conventional mode.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

38.2 Includes mark-up and bank charges amounting to Rs. 13,922,987 (2023: Rs. 6,452,399) on facilities obtained from National Bank of Pakistan - a related party.

	Note	2024	2023
39. TAXATION			
Current			
- for the year		**18,471,975**	13,722,608
- for prior years - (net)		**(2,269,255)**	(593,723)
		16,202,720	13,128,885
Deferred	*11.1*	**238,866**	(4,729,357)
	39.1	**16,441,586**	8,399,528

39.1 Relationship between accounting profit and tax expense

	2024	2023
Accounting profit before taxation, minimum tax differential and final taxes	**48,168,556**	29,929,323
Tax at the applicable tax rate of 29% (2023: 29%)	**13,968,881**	8,679,504
Tax effect of:		
- Final tax regime and income subject to lower tax rate	**(452,246)**	625,739
- Non-recognition of deferred tax on tax loss and deductible temporary differences of the Subsidiary Company	**-**	156,390
- Permanent differences	**-**	(134,487)
- Adjustments relating to prior years	**(2,269,255)**	(593,723)
- Super tax	**4,797,373**	540,326
- Others	**396,833**	(874,221)
	16,441,586	8,399,528
Effective tax rate	**34%**	28%

39.2 Reconciliation of current tax charged as per tax laws for the year, with current tax recognised in the profit or loss account, is as follows:

	Note	2024	2023
Current tax liability for the year as per applicable tax laws	*39.5*	**30,548,770**	25,436,258
Portion of current tax liability as per tax laws, representing income tax under IAS 12		**(18,471,975)**	(13,722,608)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37		**(12,076,795)**	(11,713,650)
Difference		**-**	-

39.3 This represents portion of minimum tax paid under section 148 & 153 of the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 / IAS 37.

39.4 This represents final taxes paid under section 154 of the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 / IAS 37, and includes super tax thereon.

39.5 The aggregate of minimum / final tax and income tax, amounting to Rs. 30,548,770 represents tax liability of the Group calculated under the relevant provisions of the Income Tax Ordinance, 2001.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

	Note	2024	2023
40. EARNING PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earnings per share of the Holding Company, which is based on:			
Profit for the year attributable to the owners of the Holding Company		**18,326,723**	9,318,649
		(Number of shares)	
Weighted average number of ordinary shares in issue during the year		**469,473,300**	469,473,300
		------------- (Rupees) -------------	
Earning per share - basic and diluted		**39.04**	19.85

	Note	2024	2023
41. CASH GENERATED FROM OPERATIONS			
Profit before taxation, minimum tax differential and final taxes		**48,168,556**	29,929,323
Adjustments for:			
Depreciation of property, plant and equipment	*5.1.1*	**3,908,261**	3,510,639
Depreciation of right-of-use assets	*6.2*	**1,182,116**	785,927
Amortisation of intangibles	*7*	**172,386**	112,668
Provision for write down to net realisable value	*13*	**380,567**	56,720
Loss on termination of leases		**4,766**	-
Provision for impairment on trade debts - net	*14.4*	**319,819**	202,524
(Reversal) / provision for impairment against doubtful other receivables - net	*17.7.1*	**(58,481)**	234,636
(Reversal) / provision for impairment against stores, spares, chemicals and loose tools	*12.1*	**(75,250)**	60,132
Provision for retirement and other services benefits		**2,823,515**	2,561,146
Gain on disposal of operating assets	*34*	**(61,805)**	(163,552)
Share of (profit) / loss from associates - net of tax	*8.3.1*	**(1,645,162)**	868,781
Dividend income from FVOCI Investment	*34*	**(194,475)**	(325,546)
Interest on lease payments	*38*	**944,048**	860,580
Finance costs	*38*	**55,023,719**	42,549,800
		62,724,024	51,314,455
Changes in:			
- Stores, spares, chemicals and loose tools		**(381,334)**	(1,350,503)
- Stock-in-trade		**8,929,286**	36,305,973
- Trade debts		**12,709,447**	(73,032,665)
- Loans and advances		**(691,377)**	58,852
- Short-term deposits and prepayments		**866,707**	(809,757)
- Other receivables		**(27,426,977)**	(53,255,413)
- Investments		**(4,200,895)**	-
- Trade and other payables		**6,902,033**	(187,532,639)
		(3,293,110)	(279,616,152)
		107,599,470	(198,372,374)
42. CASH AND CASH EQUIVALENTS			
Cash and cash equivalents comprise of the following items included in the statement of financial position:			
- Cash and bank balances	*18*	**20,389,901**	40,624,965
- Finances under mark-up arrangements	*30*	**(12,396,196)**	(8,347,297)
		7,993,705	32,277,668

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

43. SEGMENT INFORMATION

43.1 Segment wise results are as follows:

	2024						2023					
	Petroleum Products	LNG	Refining Operation	Others	Intergroup Elimination	Total	Petroleum Products	LNG	Refining Operation	Others	Intergroup Elimination	Total
	-------------- (Rupees in millions) --------------						-------------- (Rupees in millions) --------------					
Net Sales	2,528,617	1,033,886	305,540	9,247	(135,208)	3,742,082	2,414,925	969,409	261,860	6,778	(113,817)	3,539,155
Cost of products sold	(2,457,566)	(1,008,227)	(290,690)	(8,667)	134,962	(3,630,188)	(2,366,142)	(943,764)	(254,849)	(6,359)	116,364	(3,454,750)
Gross profit	71,051	25,659	14,850	580	(246)	111,894	48,783	25,645	7,011	419	2,547	84,405
Other income	16,864	-	4,431	6,995	-	28,290	9,111	-	4,068	3,617	-	16,796
Administrative, distribution and marketing expenses	(20,853)	(3,350)	(2,034)	(678)	-	(26,915)	(16,950)	(3,052)	(1,562)	(477)	-	(22,041)
Reversal / (provision) for impairment on financial assets - net	(320)	-	-	59	-	(261)	(502)	-	-	65	-	(437)
Other expenses	(4,285)	1,223	(6,870)	(583)	-	(10,517)	(1,293)	426	(3,414)	(234)	-	(4,515)
Operating costs	(25,458)	(2,127)	(8,904)	(1,204)	-	(37,693)	(18,745)	(2,626)	(4,976)	(646)	-	(26,993)
Profit from operations	62,457	23,532	10,377	6,371	(246)	102,491	39,149	23,019	6,103	3,390	2,547	74,208
Finance costs	(12,564)	(39,774)	(3,630)	-	-	(55,968)	(11,651)	(28,684)	(3,075)	-	-	(43,410)
Share of profit of associates - net of tax	-	-	19	1,626	-	1,645	-	-	(10)	(859)	-	(869)
Profit / (loss) before taxation, minimum tax differential and final taxes	49,893	(16,242)	6,766	7,997	(246)	48,168	27,498	(5,665)	3,018	2,531	2,547	29,929
Minimum tax differential	-	(11,593)	(10)	-	-	(11,603)	-	(10,639)	(706)	-	-	(11,345)
Final taxes	(128)	-	(345)	-	-	(473)	(100)	-	(268)	-	-	(368)
	(128)	(11,593)	(355)	-	-	(12,076)	(100)	(10,639)	(974)	-	-	(11,714)
Profit before taxation	49,765	(27,835)	6,411	7,997	(246)	36,092	27,398	(16,304)	2,044	2,531	2,547	18,216
Taxation	(11,976)	-	(2,534)	(1,932)	-	(16,442)	(7,349)	-	(435)	(616)	-	(8,400)
Profit / (loss) for the year	37,789	(27,835)	3,877	6,065	(246)	19,650	20,049	(16,304)	1,609	1,915	2,547	9,816

(Amounts in Rs. '000)

43.2 As referred in note 3.20 to these consolidated financial statements, the expenses have been allocated based on the sales volume in metric tons, which is in line with the basis of reporting to Management Committee.

43.3 Net sales in LNG segment relates to single customer.

43.4 Receivable and payable balances pertaining to LNG segment have been disclosed in notes 14.6 and 27.3 respectively. Moreover, majority of the remaining assets and liabilities pertains to the petroleum segment.

43.5 Out of total sales of the Group, 99.2% (2023: 99.3%) relates to customers in Pakistan. Further, all non-current assets of the Group as at June 30, 2024 are located in Pakistan.

43.6 The Group sells its products to dealers, OMCs, Government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to five major customers of the Group are approximately 34% during the year ended June 30, 2024 (2023: 35%).

43.7 Out of total gross sales of the Group, sales amounting to Rs. 1,218,172,715 (2023: Rs. 1,201,662,102) relates to circular debt customers.

Notes to the Consolidated Financial Statements

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(Amounts in Rs. '000)

	Note	2024	2023
44. FINANCIAL INSTRUMENTS BY CATEGORY			
44.1 Financial assets as per statement of financial position			
Fair value through other comprehensive income			
- Long-term investments - Pak-Arab Pipeline Company Limited	8	**4,558,321**	3,993,199
At amortised cost			
- Loans and advances		**1,473,171**	1,211,681
- Deposits		**550,362**	574,955
- Trade debts	14	**492,939,166**	505,968,432
- Other receivables		**17,177,219**	12,589,586
- Cash and bank balances	18	**20,389,901**	40,624,965
		532,529,819	560,969,619
		537,088,140	564,962,818
44.2 Financial liabilities as per statement of financial position			
At amortised cost			
- Long-term borrowings	23	**3,000,000**	2,000,000
- Lease liabilities	24	**8,370,484**	7,255,856
- Trade and other payables		**296,637,424**	293,607,533
- Unclaimed dividend	28	**1,640,667**	1,581,095
- Accrued interest / mark-up	30.5	**5,424,511**	11,999,938
- Short-term borrowings	30	**428,997,487**	452,539,602
		744,070,573	768,984,024

44.3 Fair values of financial assets and liabilities

A fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

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

Fair value estimation

The Group discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2024, except for the Holding Company's investment in Pak-Arab Pipeline Holding Company Limited, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 8.2 of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

45.1 Financial risk factors

Introduction and overview

The Group has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Group's management of capital.

Financial risk factors and risk management framework

The Group’s overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimise earnings volatility and provide maximum return to shareholders.

The Group's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Group's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Group by the Board of Management of the Holding Company and Board of Directors of the Subsidiary Company through specific directives. These controls and limits reflect the business strategy and market environment of the Group as well as the level of the risk that the Group is willing to accept.

The Group’s finance department oversees the management of the financial risk reflecting changes in the market conditions and also the Group's risk taking activities, and provide assurance that these activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the Group's policies and risk appetite.

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in foreign exchange rates, market interest rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Group's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of Group's Investment in Pak-Arab Pipeline Company Limited.

Under market risk the Group is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group imports crude oil, petroleum products, LNG, chemicals and is exposed to currency risk, primarily with respect to foreign creditors for purchase of aforementioned products denominated in US Dollars (US$ or USD).

Notes to the Consolidated Financial Statements

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(Amounts in Rs. '000)

	USD '000		PKR	
	2024	2023	**2024**	2023
Trade payables	**592,838**	375,882	**165,156,762**	107,727,228
Advances	**2,630**	2,173	**732,684**	622,642

	Average rates		Spot rate	
	2024	2023	**2024**	2023
USD to PKR	**283.47**	247.90	**278.59**	286.60

The Group has incurred exchange losses of Rs. 3,763,294 (2023: Rs. 89,786,052) and Rs. 685,091 (2023: Rs. 212,387) that have been recognised as part of cost of products sold and other expenses respectively. Exchange losses recognised as part of cost of products sold of the Holding Company of Rs. 3,215,672 (2023: Rs. 83,569,576) have been recovered through the pricing mechanism.

Further, the Group has also availed foreign currency borrowing (FE-25) as of June 30, 2024. However, there is no foreign currency risk involved on these borrowings as detailed in note 17.5 to these consolidated financial statements.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from local creditors, security deposits, borrowings and running finance facilities amounting to Rs. 481,848,587 (2023: Rs. 525,527,988). These are benchmarked to variable rates which expose the Group to cash flow interest rate risk only.

	Carrying amount	
	2024	2023
Variable rate instruments		
Financial assets		
- Saving accounts	**13,855,330**	28,446,578
Financial liabilities		
- Long-term borrowings	**(3,000,000)**	(2,000,000)
- Short-term borrowings	**(428,997,487)**	(452,539,602)
- Local creditors	**(49,611,700)**	(70,755,380)
- Security deposits	**(239,400)**	(233,006)
	(481,848,587)	(525,527,988)
Net financial liabilities at variable interest rates	**(467,993,257)**	(497,081,410)

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit for the year and shareholder's equity by Rs. 2,854,759 (2023: Rs. 3,032,197). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as performed in 2023.

(iii) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

As at June 30, 2024, Group's investment in Pak-Arab Pipeline Company Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 8.2.2.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. The maximum exposure to credit risk before any credit enhancement is given below:

	2024		2023	
	Statement of financial position	Maximum exposure	Statement of financial position	Maximum exposure
Financial assets at amortised cost				
- Loans and advances	**1,473,171**	**1,473,171**	1,211,681	1,211,681
- Deposits	**550,362**	**550,362**	574,955	574,955
- Trade debts	**492,939,166**	**66,804,715**	505,968,432	126,449,643
- Other receivables	**17,177,219**	**17,144,166**	12,589,586	5,495,085
- Bank balances	**20,376,391**	**20,376,391**	40,610,731	40,610,731
	532,516,309	**106,348,805**	560,955,385	174,342,095

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 430,053,810 (2023: Rs. 436,896,122). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers. Sales to dealers are settled in cash or using short-term financial instruments. However, some of the Group's trade debts are secured by way of bank guarantees and security deposits.

Loans, advances, deposits, and other receivables as mentioned in notes 9, 10, 15, 16 and 17 other than those provided in these notes are neither past due nor impaired.

Based on the past experience, past track record of recoveries and forward looking information, the Group believes that the past due amount included in above trade debts (net of existing provision) does not require any further provision or impairment testing.

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

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For the year ended June 30, 2024

(Amounts in Rs. '000)

Bank	Date of Rating	Rating agency	Rating Short term	Rating Long term
Allied Bank Limited	June 2024	PACRA	A1+	AAA
Askari Bank Limited	June 2024	PACRA	A1+	AA+
Bank Alfalah Limited	June 2024	PACRA	A1+	AAA
Bank Al-Habib Limited	June 2024	PACRA	A1+	AAA
Citibank N.A. - Pakistan Branches	March 2024	Moody's	P-1	Aa3
Faysal Bank Limited	June 2024	PACRA	A1+	AA
Habib Bank Limited	June 2024	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June 2024	PACRA	A1+	AA+
MCB Bank Limited	June 2024	PACRA	A1+	AAA
Meezan Bank Limited	June 2024	VIS	A-1+	AAA
National Bank of Pakistan	June 2024	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	June 2024	PACRA	A1+	AAA
United Bank Limited	June 2024	VIS	A-1+	AAA
Soneri Bank Limited	June 2024	PACRA	A1+	AA-
The Bank of Punjab	June 2024	PACRA	A1+	AA+
JS Bank Limited	June 2024	PACRA	A1+	AA
MCB Islamic Bank Limited	June 2024	PACRA	A-1	A+
Bank of China - Pakistan Operations	June 2024	SP Global	A1	A+

Settlement risk

Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash or other assets as contractually agreed on sale. The risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

(c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the financial liabilities, monitoring of liquidity ratios and maintaining debt financing plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

Maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date and represents the undiscounted cash flows.

	Contractual maturity Up to three months	
	2024	**2023**
Financial liabilities		
Trade and other payables	**296,637,424**	293,607,533
Unclaimed dividend	**1,640,667**	1,581,095
Accrued interest / mark-up	**5,424,511**	11,999,938
Short-term borrowings	**428,997,487**	452,539,602
	732,700,089	759,728,168

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Further, maturity analysis of long-term borrowings and lease liabilities has been disclosed in note 23 and 24 respectively to the consolidated financial statements.

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities along with refinery segment.

Business Continuity Plans for respective areas are in place and tested. Work-from-home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Group's information assets are adequately protected from emerging cyber threats.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

45.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide adequate returns to shareholders and to benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements. The Group's overall strategy remains unchanged from 2023.

The Group manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Group consists of net debt consistent with other companies in the industry, the Group monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

The gearing ratios as at June 30, 2024 and 2023 are as follows:

	Note	2024	2023
Long-term borrowings	23	**3,000,000**	2,000,000
Short-term borrowings	30	**428,997,487**	452,539,602
Cash and bank balances with lenders		**(20,376,391)**	(40,610,731)
Net debt		**411,621,096**	413,928,871
Total equity		**251,032,529**	232,343,998
Total capital		**662,653,625**	646,272,869
Gearing ratio		**62.12%**	64.05%

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

46. TRANSACTIONS WITH RELATED PARTIES

46.1 Following are the related parties with whom the Group had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Direct Shareholding	Relationship
Government of Pakistan	22.47%	Controlling Authority
Pak-Arab Refinery Company Limited	N/A	Government related entity
K-Electric Limited	N/A	Government related entity
Pakistan International Airline Corporation Limited	N/A	Government related entity
Karachi Port Trust	N/A	State owned / controlled entities
Civil Aviation Authority	N/A	State owned / controlled entities
Pakistan Railways	N/A	State owned / controlled entities
National Insurance Company Limited	N/A	State owned / controlled entities
National Bank of Pakistan	N/A	State owned / controlled entities
Pakistan Steel Mills Corporation (Pvt.) Limited	N/A	State owned / controlled entities
PSO Employees Empowerment Trust	3.04%	State owned / controlled entities
WAPDA Foundation	N/A	State owned / controlled entities
Gas & Oil Pakistan Limited	N/A	Common Directorship
Meezan Bank Limited	N/A	Common Directorship
Overseas Investors Chamber of Commerce and Industry	N/A	Common Directorship
Pak Grease Manufacturing Company (Private) Limited	22%	Associate
Asia Petroleum Limited	49%	Associate
Retirement benefit funds namely: 1. Pension funds 2. Gratuity funds and 3. Provident fund	N/A	Post employment benefits
PSO CSR Trust	N/A	Trust Controlled by KMP
Board of Management - Oil	N/A	Charged with governance
Pak-Arab Pipeline Company Limited	12.5%	Government Related Entity / Common Directorship
Water and Power Development Authority	N/A	Government related entity
Genco Holding Company Limited	N/A	Government related entity / Common Directorship
Sui Northern Gas Pipelines Limited	N/A	Government related entity / Common Directorship
Sui Southern Gas Company Limited	N/A	Government related entity
Oil Companies Advisory Council	N/A	Government related entity
Oil and Gas Development Company	N/A	Government related entity

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

Name of Related parties	Direct Shareholding	Relationship
Pakistan Petroleum Limited	N/A	Government related entity / Common Directorship
Oil and Gas Regulatory Authority (OGRA)	N/A	Regulatory Authority - Government related entity
Federal tax authorities	N/A	Regulatory Authorities - Government related entity
Pakistan National Shipping Corporation	N/A	Government related entity
ABM Investment	N/A	Common Directorship
Digital Bridge (Pvt.) Limited	N/A	Common Directorship
Marina City Developers	N/A	Common Directorship
Iman Construction (Pvt.) Limited	N/A	Common Directorship
Prestige Communications (Pvt.) Ltd.	N/A	Common Directorship
MM Management Consultants (Pvt.) Limited	N/A	Common Directorship
Hinopak Limited	N/A	Common Directorship
Sindh Insurance Limited	N/A	Common Directorship
Petromen Corporation - Saudi Arabia	N/A	Common Directorship
Faisalabad Electric Supply Company	N/A	Government related entity
Islamabad Electric Supply Company	N/A	Common Directorship
Power Holding (Private) Limited	N/A	Government related entity
Saudi Pak Investment Company	N/A	Common Directorship
Mari Petroleum Company Limited	N/A	Common Directorship
Saindak Metals Limited	N/A	Common Directorship
Flow Petroleum (Private) Limited	N/A	Common Directorship
Petroleum Institute of Pakistan	N/A	Common Directorship
Cnergyico Pk Limited	N/A	Common Directorship
Pakistan LNG Limited	N/A	Government related entity / Common Directorship
Pakistan LNG Terminals Limited	N/A	Government related entity
Gulzar G Khoja	N/A	Key management personnel
Abdus Sami	N/A	Key management personnel
Rashid Umer Siddiqui	N/A	Key management personnel
Mohsin Ali Mangi	N/A	Key management personnel
Shah Mujadad Uddin Jawad	N/A	Key management personnel
Asif Aslam Khan	N/A	Key management personnel
Raja Imranullah Khan	N/A	Key management personnel
Mansoor Ismail	N/A	Key management personnel
Nadeem Afridi	N/A	Key management personnel
S Khawar Abbas Jillani	N/A	Key management personnel
Asad Raza Faiz	N/A	Key management personnel
Syed Moinuddin Balkhi	N/A	Key management personnel
Babar Hamid Chaudhary	N/A	Key management personnel
Muhammad Ali	N/A	Key management personnel
Muhammad Zeeshan Hyder	N/A	Key management personnel
Mir Shahzad Khan Talpur	N/A	Key management personnel
Brig. (R) Rizwan Ahmed	N/A	Key management personnel
Syed Sajjad	N/A	Key management personnel
Shamail Sharaf Shah	N/A	Key management personnel
Raja Muhammad Faisal Abdullah	N/A	Key management personnel
Ghulam Murtaza Sheikh	N/A	Key management personnel
Ayesha Afzal	N/A	Key management personnel
Iyshah Faizan	N/A	Key management personnel
Om Perkash	N/A	Key management personnel
Irfan Raouf Malik	N/A	Key management personnel
Nida Yousuf	N/A	Key management personnel
Syed Muhammad Taha	N/A	Key management personnel / Director
Asad Rehman Gilani	N/A	Director
Hassan Mehmood Yousufzai	N/A	Director
Asif Baigmohamed	N/A	Director
Ahmed Jamal Mir	N/A	Director
Awais Manzur Sumra	N/A	Director

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

Name of Related parties	Direct Shareholding	Relationship
Mushtaq Malik	N/A	Director
Shahbaz Tahir Nadeem	N/A	Director
Waheed Ahmed Shaikh	N/A	Director

46.2 Related parties comprise of associates, retirement benefit funds, state owned / controlled entities, GoP and its related entities, and key management personnel. Details of transactions with the related parties during the year is in accordance with accounting and reporting standards. The transactions with related parties other than those disclosed elsewhere in these consolidated financial statements, are as follows:

Name of related parties and relationship with the Group	Nature of transactions	2024	2023
Associates			
- Pak Grease Manufacturing Company (Private) Limited	Purchases	**24,995**	66,337
- Asia Petroleum Limited	Income facility charges	**644,483**	119,096
	Pipeline charges	**-**	119,291
- Overseas Investors Chamber of Commerce and Industry	Services received	**400**	300
- Meezan Bank Limited	Services received	**11**	2
Retirement benefit funds			
- Pension funds - Holding Company	Charge for the year	**618,334**	721,296
	Contributions	**600,965**	213,700
- Gratuity Fund - Holding Company	Charge for the year	**706,951**	597,096
	Contributions	**727,213**	219,750
- Provident Fund - Holding Company	Charge for the year	**222,283**	205,196
	Contributions	**222,283**	205,196
- Contributory pension funds - Holding Company	Charge for the year	**231,617**	225,437
	Contributions	**231,617**	225,437
- Management Pension Fund - Subsidiary	Charge for the year	**19,834**	128,824
	Contributions	**143,065**	128,824
- Non-Management Pension Fund - Subsidiary	Charge for the year	**31,262**	20,638
	Contributions	**31,262**	20,638
- Management Gratuity Fund - Subsidiary	Charge for the year	**54,460**	24,746
	Contributions	**31,649**	24,746
- Non-Management Gratuity Fund - Subsidiary	Charge / (reversal) for the year	**765**	(849)
	Contributions	**-**	-
- Management Provident Fund - Subsidiary	Charge for the year	**116,385**	103,220
	Contributions	**116,385**	103,220

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

Name of related parties and relationship with the Group	Nature of transactions	2024	2023
Key management personnel	Managerial remuneration	**515,865**	439,681
	Housing and utilities	**141,904**	126,804
	Performance bonus	**67,693**	60,674
	Other allowances and benefits	**253,762**	198,606
	Retirement benefits	**127,568**	106,815
	Leave encashment	**-**	-
	Vehicles having net book value of Rs. 3,497 (2023: Rs. 3,990) transferred under employee car scheme (sale proceeds)	**3,497**	5,873

46.3 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 22.47% of the Holding Company's issued share capital and is entitled to appoint members of the Board of Management under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Holding Company. The Holding Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Group has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for transactions stated below, which the group considers are significant:

Name of related parties and relationship with the Group	Nature of transactions	2024	2023
- Government of Pakistan	Dividend paid	**791,281**	1,055,041
	Price differential claim received	**7,061,448**	-
- PSOCL Employees Empowerment Scheme	Dividend paid to the Trust	**106,977**	142,636
- Board of Management	Contribution	**32,670**	26,870
- Pak-Arab Pipeline Company Limited	Pipeline charges	**7,979,319**	7,732,152
	Dividend received	**194,475**	325,546
- Distribution Companies	Utility charges	**268,805**	187,647
- Gas & Oil Pakistan Limited	Gross sales	**2,278,965**	1,634,941
- Oil and Gas Development Company Limited	Gross sales	**6,173,614**	-
	Purchases	**3,612,200**	2,117,551
- Pakistan Petroleum Limited	Purchases	**69,755**	99,749
- GENCO	Gross sales	**1,766,436**	3,497,652
- Pakistan International Airlines Corporation Limited	Gross sales	**51,642,091**	54,381,904
	Purchases	**11,322**	4,712
- Pakistan Railways	Gross sales	**34,474,769**	28,245,674

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

Name of related parties and relationship with the Group	Nature of transactions	2024	2023
- Pak-Arab Refinery Company Limited	Gross sales	**32,407,018**	5,586,849
	Purchases	**662,899,559**	537,374,553
	Pipeline charges	**1,604,598**	1,516,857
	Services rendered	**21,866**	31,330
- Government Holdings (Private) Limited	Purchases	**-**	1,612,540
- Sui Northern Gas Pipelines Limited	Gross sales	**1,216,406,279**	1,140,232,271
- Sui Southern Gas Company Limited	Purchases	**-**	306,432
- Petroleum Institute of Pakistan	Services received	**14,902**	6,055
- K-Electric Limited	Gross sales	**20,885,004**	90,792,362
	Income facility charges	**8,959**	39,441
	Utility charges	**297,828**	222,649

The transactions described below are collectively but not individually significant to these consolidated financial statements and therefore have been described below:

(i) The Group sells petroleum products to various Government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Group, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Group.

(ii) The Group collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Group also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and custom authorities.

(iii) The Group incurs rental charges in respect of storage facilities at Keamari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Group also utilises port facilities of Port Qasim Authority and Karachi Port Trust.

(iv) The Group has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.

(v) The Group utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products.

(vi) The Group obtains utility services from Civil Aviation Authority, Sui Northern Gas Pipelines Limited and Sui Southern Gas Company Limited on account of utility charges.

(vii) The Group has obtained various financing facilities from National Bank of Pakistan.

(viii) The Group also pays dividend to various Government related entities who are shareholders of the Group.

46.4 The status of outstanding receivables from and payables to related parties as at June 30, 2024 are included in respective notes to these consolidated financial statements.

46.5 Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2024

(Amounts in Rs. '000)

46.6 Dividend income is recorded on the basis of dividend / rates declared by the related party. Dividend paid is recorded on the basis of rates declared by the Group.

46.7 All the transactions with directors have been disclosed in note 36.2 to these consolidated financial statements.

47. PROVIDENT FUND RELATED DISCLOSURES

The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

48. EVENTS AFTER THE REPORTING DATE

The Board of Management of the Holding Company in its meeting held on August 27, 2024 proposed (i) a final cash dividend of Rs. 10/- per share amounting to Rs. 4,694,734, (ii) Nil % Bonus shares (Nil shares) for approval of the members at the Annual General Meeting.

49. CAPACITY AND ACTUAL PERFORMANCE

	Lube Manufacturing Plant		Crude Refining Plant	
	---------------------------- Metric Ton		----------------------------	
	2024	2023	2024	2023
	(Note 49.1)		(Note 49.2)	
Available capacity	**70,000**	70,000	**2,133,705**	2,133,705
Actual production	**41,918**	43,788	**1,482,468**	1,342,207

49.1 The above pertains to production from Lube Manufacturing Plant of the Group and the production is carried out as per sales demand.

49.2 The production from the Crude Refining Plant of the Group is carried at the level which gives optimal yield of products.

	2024	2023
50. NUMBER OF EMPLOYEES		
Total employees as at June 30	**2,490**	2,506
Average number of employees during the year	**2,505**	2,545

51. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

52. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue on August 27, 2024 by the Board of Management.

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

Stakeholders' Information

Stake Holders' Engagement Policy

PSO cultivates trust with its stakeholders by embracing a transparent and open communication approach, understanding that clear and consistent messaging is vital to nurturing strong relationships and a positive reputation. These stakeholder communications are carefully aligned with regulatory requirements, striking a balance between transparency and the safeguarding of sensitive corporate information.

Stake Holders' Identification and Engagement

A stakeholder is any party that has a stake or interest in a company's activities, performance, or future. This includes both internal stakeholders, such as employees and shareholders, and external stakeholders, like customers, suppliers, partners, and regulatory authorities. Stakeholders can either affect or be affected by the company's business, making their engagement and consideration crucial to its success.

PSO recognizes the significance of its stakeholder relationships and adopts a comprehensive approach to identify, engage, and manage these connections. By leveraging various channels, touch points, and research studies, the company ensures strong, collaborative relationships that yield win-win outcomes for both PSO and its stakeholders. Through a combination of formal and informal interactions, the company maintains regular and periodic open dialogue with its diverse stakeholder community, which includes but is not limited to:

Government of Pakistan

As the majority shareholder, the Government of Pakistan holds a significant stake in PSO. It actively participates in decision-making processes, provides policy direction, and ensures the company's compliance with regulatory frameworks.

Employees

The company fosters a culture of open communication and collaboration through its open-door policy, encouraging continuous interaction among employees at all levels. A highly motivated and competent workforce is the cornerstone of PSO's human resource strategy, driving business success. The company prioritizes regular employee engagement, recognizing its significance in boosting performance and achieving strategic objectives. To support its employees' well-being, PSO has invested in a state-of-the-art health and recreation club and a fully equipped medical center. Additionally, the company focuses on employee development through training programs and cross-functional engagements, empowering its employees to grow professionally and contribute to the company's success.

Customers

The customer service department at PSO provides top-tier support, ensuring prompt resolution of customer complaints and queries. Customer satisfaction is paramount, driving the company's long-term success and sustainability. PSO's customer portfolio includes dealers, distributors, and industries, with whom the company engages in an ongoing dialogue. Regular conferences and forums facilitate open communication, enabling PSO to understand customer expectations, gather feedback, and adapt its offerings to meet their needs.

Suppliers

The company's continued growth is attributed, in part, to its strategic alliances with reputable and reliable suppliers. Through continuous engagement, including vendor conferences, pre-bid meetings, and informal discussions, PSO nurtures these relationships, ensuring alignment with its business needs and promoting an environment that drives mutual success.

Shareholders/Investor

PSO focuses on building and maintaining strong relationships with its shareholders through transparent communication and active engagement. To facilitate informed investment, the company maintains a transparent and up-to-date online presence, providing easy access to relevant information on its website. Quarterly and annual financial statements, as well as notices, are promptly uploaded to the stock exchange website. PSO encourages shareholder participation in Annual General Meetings and briefing sessions, providing a platform for investors to raise questions, express concerns, and share valuable insights. This collaborative approach enables PSO to leverage shareholder expertise, address areas for improvement, and refine its strategies to achieve optimal performance and drive long-term success.

Regulators

PSO operates within a highly regulated market, necessitating ongoing engagement with key stakeholders, including OGRA, ministries, and other regulatory bodies across local, provincial, and federal levels. To ensure effective collaboration, the company's senior management maintains regular, high-level dialogue with government officials, addressing various issues pertinent to the company and the broader oil industry. This strategic engagement enables PSO to provide valuable insights and input, influencing regulatory directives and shaping the policy landscape to support the company's interests and industry growth.

Banks

The treasury department engages in regular discussions with premier banks to identify optimal borrowing and trade financing solutions, capitalizing on its well-established connections with the country's top financial players. While substantial receivables from the Power Sector and SNGPL necessitate occasional bank borrowings, PSO's robust banking relationships facilitate advantageous negotiations, resulting in reduced interest rates, superior financing terms, and exceptional customer service, which collectively enhance the company's EPS.

Media

As a key driver of success, media management has become an essential component of PSO's communications strategy. The company maintains a strong media presence through a multi-channel approach, utilizing press releases, TVCs, social media, and its website to share its achievements, financial results, CSR activities, and corporate news with the public. This proactive engagement generates awareness, builds brand equity, and reinforces PSO's reputation as a responsible and innovative industry leader.

Analysts

PSO conducts comprehensive briefing sessions to share in-depth information on its financial results and address analysts' questions on performance and future growth prospects. By engaging with analysts, the management acknowledges their influential role in shaping investor sentiment and market expectations. These sessions provide PSO with valuable market intelligence, competitor analysis, and fresh perspectives, ultimately supporting informed decision-making, attracting potential investors, and enhancing the company's reputation among stakeholders.

Analyst and Corporate Briefings

The company recognizes the value of corporate and security analyst briefings to disseminate important information about announced results and address analysts' inquiries regarding future prospects. The management acknowledges the significance of analysts' perspectives on the company's future outlook.

During the briefing session conducted in FY24, a range of important topics were discussed which included the company's brief, group structure, business lines, Industry's highlights, company's operational and financial highlights, the Group's financial highlights, and PSO's future outlook.

Additionally, the following is a summary of the significant discussions that took place during the session:

- Global price fluctuations' impact on profitability
- Circular debt resolution proposals and plans
- PRL expansion project status and potential impact on PSO
- Prospects for recovering SNGPL receivables were also discussed

By addressing these important topics, the briefing session allowed for a comprehensive understanding of the company's performance, challenges, and future prospects.

PSO's Board has taken the certain- steps to solicit and understand stakeholder views through corporate briefing sessions as given below:

1. Implemented a regular briefing session policy to keep stakeholders informed and engaged

2. Provided comprehensive updates on company performance, including operational, financial, and strategic developments

3. Facilitated open discussions on critical topics and encouraged stakeholder participation, questions, and feedback

4. Fostered a transparent and informed environment to minimize speculation and misinterpretation

Corporate Benefits to Shareholders

PSO is focused on delivering long-term value to its shareholders through a strategic approach centred on operational excellence, financial resilience, innovation, and diversification.

This vision has yielded tangible results in FY24, with a 49.7% increase in market price of the company's shares and a proposed 100% dividend payout, subject to approval at the Annual General Meeting.

Moreover, the Total Shareholder Return (TSR) for this period stands at an impressive 47.7%, reflecting the company's strong performance and attractive investment proposition.

Stakeholders' Information

Resolution of Concerns raised at the Last AGM

Safeguarding and maximizing the shareholders' value is an important goal of the company. The company's Annual General Meeting is one of the most effective ways to engage its shareholders, wherein all queries and concerns of the shareholders are addressed and their advice for future actions is encouraged. No significant issues were raised at the last AGM.

Encouragement of the Shareholders to attend the General Meetings

PSO actively encourages its shareholders to participate in the general meetings, recognizing the value of their attendance. To ensure transparency and compliance, the notice of these meetings is circulated well within the regulatory time frame.

The company publishes the notice in prominent Urdu and English newspapers that reach a large audience across the nation. As part of its commitment to keeping shareholders informed, PSO diligently updates the company's website with all relevant notices pertaining to the general meetings.

Presence of Chairperson of Board Audit & Compliance Committee at AGM

The Chairperson Board Audit & Compliance Committee attended the AGM for the FY23 to answer questions on the committee's activities, matters within the scope of the committee's responsibilities and any other related questions.

Redressal of Investors' Grievances

The Company Secretariat actively engages with investors by promptly addressing their queries, responding to their requests for information, and resolving their grievances through PSO's Share Registrar. So far, there have been no grievances from the shareholders.

Investors' Relations Section on PSO's Website

The company disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website, maintained in both English and Urdu Languages under the applicable regulatory framework. The website is updated regularly to provide detailed and latest company information including but not limited to financial highlights, investor information, dividend and other requisite information.

Pattern of Shareholding

As at June 30, 2024

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
6,966	1	100	232,856
5,495	101	500	1,589,319
2,964	501	1,000	2,365,774
5,451	1,001	5,000	13,408,028
1,281	5,001	10,000	9,285,862
501	10,001	15,000	6,256,495
255	15,001	20,000	4,507,881
183	20,001	25,000	4,202,223
120	25,001	30,000	3,315,133
53	30,001	35,000	1,742,639
79	35,001	40,000	2,991,886
41	40,001	45,000	1,747,198
56	45,001	50,000	2,720,466
50	50,001	55,000	2,622,035
27	55,001	60,000	1,559,100
21	60,001	65,000	1,321,457
22	65,001	70,000	1,502,185
16	70,001	75,000	1,171,242
14	75,001	80,000	1,089,421
15	80,001	85,000	1,239,393
10	85,001	90,000	880,308
11	90,001	95,000	1,027,199
13	95,001	100,000	1,278,766
6	100,001	105,000	611,523
6	105,001	110,000	640,296
5	110,001	115,000	560,732
3	115,001	120,000	355,129
7	120,001	125,000	869,212
2	125,001	130,000	257,500
5	130,001	135,000	665,966
4	135,001	140,000	553,339
2	140,001	145,000	285,770
5	145,001	150,000	747,992
6	150,001	155,000	910,696
4	155,001	160,000	636,010
2	160,001	165,000	328,000
4	165,001	170,000	672,386
4	170,001	175,000	696,596
3	175,001	180,000	530,487
2	180,001	185,000	364,961

Pattern of Shareholding

As at June 30, 2024

No. of Shareholders	Having Shares From	To	Shares Held
5	185,001	190,000	935,466
1	190,001	195,000	194,200
8	195,001	200,000	1,597,696
1	205,001	210,000	208,451
3	210,001	215,000	639,985
3	215,001	220,000	654,888
3	220,001	225,000	669,466
2	225,001	230,000	451,076
2	230,001	235,000	466,433
3	235,001	240,000	709,875
5	245,001	250,000	1,250,000
3	250,001	255,000	758,984
3	255,001	260,000	774,539
1	260,001	265,000	260,451
2	265,001	270,000	537,457
2	270,001	275,000	549,000
3	285,001	290,000	863,960
2	290,001	295,000	587,000
2	295,001	300,000	600,000
1	300,001	305,000	300,001
2	305,001	310,000	616,291
2	310,001	315,000	626,000
1	320,001	325,000	321,853
1	325,001	330,000	330,000
1	345,001	350,000	350,000
2	350,001	355,000	704,260
1	355,001	360,000	356,662
1	385,001	390,000	386,345
2	390,001	395,000	788,000
6	395,001	400,000	2,395,751
1	400,001	405,000	400,629
1	410,001	415,000	410,720
2	415,001	420,000	835,209
1	425,001	430,000	428,493
1	445,001	450,000	448,934
1	465,001	470,000	466,188
1	475,001	480,000	477,480
1	480,001	485,000	480,500
1	490,001	495,000	492,500
1	495,001	500,000	495,168
2	520,001	525,000	1,045,427

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
2	540,001	545,000	1,083,600
2	545,001	550,000	1,096,135
1	550,001	555,000	554,146
1	555,001	560,000	559,764
1	570,001	575,000	575,000
2	585,001	590,000	1,174,703
1	590,001	595,000	593,760
1	595,001	600,000	600,000
1	600,001	605,000	602,511
3	620,001	625,000	1,865,450
1	640,001	645,000	640,500
1	645,001	650,000	650,000
1	700,001	705,000	703,359
1	720,001	725,000	723,949
1	735,001	740,000	740,000
2	790,001	795,000	1,583,814
2	795,001	800,000	1,595,544
1	920,001	925,000	921,295
1	930,001	935,000	931,023
1	955,001	960,000	960,000
2	995,001	1,000,000	2,000,000
2	1,000,001	1,005,000	2,005,952
1	1,035,001	1,040,000	1,037,411
1	1,100,001	1,105,000	1,102,387
1	1,110,001	1,115,000	1,111,013
1	1,130,001	1,135,000	1,131,115
1	1,155,001	1,160,000	1,159,800
1	1,190,001	1,195,000	1,195,000
1	1,215,001	1,220,000	1,215,674
1	1,235,001	1,240,000	1,235,198
1	1,260,001	1,265,000	1,260,358
1	1,295,001	1,300,000	1,297,746
1	1,505,001	1,510,000	1,509,912
1	1,555,001	1,560,000	1,559,935
1	1,585,001	1,590,000	1,587,600
1	1,750,001	1,755,000	1,751,416
4	1,825,001	1,830,000	7,309,746
1	1,965,001	1,970,000	1,967,438
1	1,995,001	2,000,000	1,998,665
1	2,495,001	2,500,000	2,500,000
1	2,550,001	2,555,000	2,550,526

Pattern of Shareholding

As at June 30, 2024

No. of Shareholders	Having Shares From	Having Shares To	Shares Held
1	2,575,001	2,580,000	2,577,942
1	2,595,001	2,600,000	2,600,000
1	2,615,001	2,620,000	2,620,000
1	3,440,001	3,445,000	3,442,008
1	3,590,001	3,595,000	3,593,946
1	3,870,001	3,875,000	3,873,456
1	4,460,001	4,465,000	4,463,131
1	4,635,001	4,640,000	4,636,069
1	4,810,001	4,815,000	4,810,602
1	10,145,001	10,150,000	10,148,193
1	11,995,001	12,000,000	12,000,000
1	14,260,001	14,265,000	14,263,568
1	27,135,001	27,140,000	27,136,862
1	34,480,001	34,485,000	34,482,883
1	35,310,001	35,315,000	35,312,785
1	37,755,001	37,760,000	37,757,477
1	105,500,001	105,505,000	105,504,134
23,871			**469,473,300**

Pattern of Shareholding

As at June 30, 2024

Shareholders' Categories

	No. of Shareholders	No. of Shares Held	%
Members - Board of Management, Chief Executive Officer and their spouse and minor children	-	-	-
Associated companies, undertakings and related parties:			
Government of Pakistan	1	105,504,134	22.47
GoP's indirect holding:- PSOCL Employees Empowerment Trust	1	14,263,568	3.04
NIT and ICP	4	34,728,088	7.40
Banks, Development Financial Institutions, Non-Banking Financial Institutions	29	52,894,585	11.28
Insurance Companies	20	43,067,466	9.17
Modarabas and Mutual Funds	91	65,085,615	13.86
Shareholders holding 10% or more voting rights:	-	-	-
General Public:			
Resident	22,660	97,018,785	20.67
Non-resident	695	1,657,386	0.35
Others:			
Non-Resident Companies	74	22,462,394	4.78
Public Sector Companies & Corporations and Joint Stock Companies	145	12,499,054	2.66
Employee Trusts / Funds etc.	151	20,292,225	4.32
	23,871	469,473,300	100.00

Shareholders’ and Investors’ Information

Annual General Meeting

The annual shareholders’ meeting will be held at 11:00 am on October 24, 2024 at Grand Ballroom, Pearl Continental Hotel, Karachi.

Managing Director & CEO’s Interview

MD & CEO’s presentation regarding PSO’s performance, business overview, strategy and outlook may be viewed on the company’s website https://www.psopk.com/en/investors/financial.

Shareholders’ Enquiries

Enquiries about the shareholding, dividends should be directed either to Company’s Registered Office or Share Registrar at the following address:

M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400.
Tel: (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

Quarterly Reports

The company publishes interim reports at the end of the first, second and third quarters of the financial year. The interim reports for the preceding year can be accessed at PSO’s website (http://www.psopk.com) or printed copies may be obtained by writing to the Company Secretary.

Annual Report

PSO's Annual Report serves as a comprehensive overview of the company’s performance throughout the year, while offering valuable insights into the future prospects.

The Annual Report may be downloaded from the company’s website (http://www.psopk.com) or printed copies may be obtained by writing to the Company Secretary.

Stock Exchange Listing

Pakistan State Oil’s shares are traded on Pakistan Stock Exchange. The symbol code for dealing in shares of Pakistan State Oil Company Limited is “PSO”.

Glossary

As Low as Reasonably Practical (ALARP)
Automated Teller Machines (ATMs)
Automobile Track Services Pakistan (ATS)
Board of Management (BoM)
Business to business (B2B)
Business to consumer (B2C)
Calendar Year (CY)
Capital expenditure (Capex) Chief Executive Officer (CEO)
Company owned and company operated (CoCo)
Compressed Natural Gas (CNG)
Corporate Social Responsibility (CSR)
Collective Bargaining Agent (CBA)
Earnings before interest, taxes, depreciation and amortization (EBITDA)
Economic Coordination Committee (ECC)
Environment Social Governance (ESG)
Enterprise resource planning (ERP)
Financial Year (FY)
Fleet management tank lorries (FMTL)
Furnace Oil (FO)
Government of Pakistan (GoP)
Gross Domestic Product (GDP) Gross profit (GP)
Habib Bank Limited (HBL)
Heavy diesel engine oil (HDEO)
Health, safety and environment (HSE)
Hi-Cetane Diesel/High Speed Diesel (HSD) Human Resource (HR)
Incident response plan (IRP)
Independent Power Producers (IPPs)
Industrial Relations (IR)
Information Technology (IT)
International Monetary Fund (IMF)
IT disaster recovery plan (IT DRP)
Jet Fuel (JP-1)
Keamari Korangi Link Pipeline (KKLP)
Keamari Terminal A (KTA)
Key Performance Indicator (KPI)
Liquefied Natural Gas (LNG)
Liquefied Natural Gas (LNG)
Liquefied Petroleum Gas (LPG)
Lubricant Manufacturing Terminal (LMT)
Managing Director (MD)
Memorandum of Understanding (MoU)
Million British Thermal Unit (MMBTU)
Ministry of Energy (MoE)
Mobile quality testing units (MQTUs)
Motor Gasoline (MoGas)
Mobile quality testing units (MQTUs)
National Bank of Pakistan (NBP)
National environmental quality standards (NEQS)
National Examination Board in Occupational Safety and Health (NEBOSH)
National Highways Authority (NHA)
National Highways & Motorway Police (NH&MP)
National Command and Operation Centre (NCOC)
Near field communication (NFC)
Net profit (NP)
Oil Companies Advisory Council (OCAC)
Oil & Gas Regulatory Authority (OGRA)
Oil Marketing Company (OMC)
Pakistan Investment Bonds (PIBs)
Pakistani Rupee (PKR.)
Pakistan State Oil (PSO)
Pakistan Stock Exchange Limited (PSX)
Passenger car motor oil (PCMO)
Price Earnings Ratio (P/E)
Profit after tax (PAT)
Premier Motor Gasoline (PMG) Quarter (Qtr)
Quick Response (QR)
Research octane number (RON)
Securities & Exchange Commission of Pakistan (SECP) Secure Sockets Layer (SSL)
US Dollar (USD)
User experience (UX) User interface (UI)
Vendor Invoice Management System (VIMS) White Oil Pipeline (WOP)
Zulfiqarabad Oil Terminal (ZOT)

Feedback

Our commitment to maintaining the highest levels of transparency and accountability has been instrumental in driving our success in annual reporting. We welcome any questions or concerns you may have regarding the contents of this report and encourage you to contact us using the following information:

Tell: +92 21 111 111 776 (PSO), Ext.: 2845 | Ta'aluq Care Line: 0800-03000 | Website : www.psopk.com
Email: brand.management@psopk.com

رپورٹ برائے شیئر ہولڈرز

[illegible]

[illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

سید محمد طحہ

[illegible]

آصف بیگ محمد

[illegible]

27 اگست 2024ء

کراچی

رپورٹ برائے شیئر ہولڈرز

[illegible]	پاکستانی روپے (ملین)
[illegible]	6,282
[illegible]	5,765
[illegible]	8,508
[illegible]	3,577
[illegible]	1,885
[illegible]	7,669

- [illegible]
- 30 جون 2024 [illegible]

بورڈ ممبران کی کل تعداد:

مرد: 09

خواتین: -

ترتیب و تشکیل

کیٹیگری	نام
آزاد ڈائریکٹرز	• جناب [illegible]
	• جناب [illegible]
	• جناب [illegible]
	• جناب [illegible]
نان ایگزیکٹو ڈائریکٹرز	• جناب [illegible]
	• جناب [illegible]
	• جناب [illegible]
	• جناب [illegible]
ایگزیکٹو ڈائریکٹر	• [illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]

گزشتہ برس کے قبل ازیں اقدامات کے حوالے سے کمپنی کی کارکردگی

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

حکومت پاکستان کی پالیسیاں اور اثرات

[illegible]

انتظام خطرہ (رسک مینجمنٹ)

[illegible]

[illegible]

کارپوریٹ اور مالی رپورٹنگ فریم ورک

[illegible]

[illegible]

- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]
- [illegible]

[illegible]

رپورٹ برائے شیئر ہولڈرز

[illegible] Capital Venture) [illegible] Fund) [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

مالیاتی اکاؤنٹنگ اور رپورٹنگ کی تعمیل کے معیارات

[illegible]

آڈیٹرز

[illegible]

[illegible]

- [illegible]
- [illegible]

[illegible]

کریڈٹ ریٹنگ

[illegible]

قلیل مدتی	A1+
طویل مدتی	AA+

[illegible]

قومی خزانے میں حصہ

[illegible]

	2024-2023ء	2023-2022ء
	[illegible]	
انکم ٹیکس	206	208
سیلز ٹیکس	147	148
[illegible]	503	502
[illegible]	26	39
کل	882	897

- [illegible]

[illegible]

قرضوں کی ادائیگی

[illegible]

[illegible]

[illegible]

[illegible]

دیگر امور

بورڈ آف ڈائریکٹرز میں تبدیلیاں

[illegible]

- [illegible]
- [illegible]

[illegible]

معاون اور ذیلی کمپنیاں

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

رپورٹ برائے شیئر ہولڈرز

[illegible]

ایوارڈ

[illegible] "Wellbeing & Health in Best" [illegible]

ایوارڈ

[illegible]

مالی کارکردگی

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

حکمت عملی

[illegible]

- [illegible]

اعزازات اور ایوارڈز

رپورٹ برائے شیئر ہولڈرز

[illegible]

[illegible]	ہدف مالی سال 24ء	کارکردگی مالی سال 24ء
[illegible]	0	0
[illegible] 15 [illegible]	0	5
[illegible]	0	0
[illegible]	0.08	0
[illegible] (TRIR)	0.5	0.12
[illegible]	-	23.4 [illegible]

پی ایس او کی ویلیو چین میں پائیداری سے متعلق خطرات اور مواقع

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

پی ایس او کے کاروبار سے متعلق خطرات اور مواقع

[illegible]

[illegible]

[illegible]

احتیاطی اقدامات

[illegible]

رپورٹ برائے شیئر ہولڈرز

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

رپورٹ برائے شیئر ہولڈرز

[illegible]

رپورٹ برائے شیئر ہولڈرز

صحت، تحفظ اور ماحول

رپورٹ برائے شیئر ہولڈرز

2024 ... 2023-24 ... [illegible]

[illegible]

(i)	[illegible]	34 فیصد
(ii)	[illegible]	7.85 فیصد

[illegible]	1.026	الف
[illegible]	1.377	ب
[illegible]	778	ج
[illegible]	717	د

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

- [illegible]

[illegible]

30 جون 2024 [illegible] 2032 [illegible]

[illegible]

[illegible] ڈگری

[illegible] 360 ڈگری [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] Pinnacle HR [illegible] Asian Management Excellence Award 2024 Award [illegible]

[illegible]

[illegible]

[illegible] 10 / 2024 [illegible] 17 [illegible]

رپورٹ برائے شیئر ہولڈرز

[illegible]

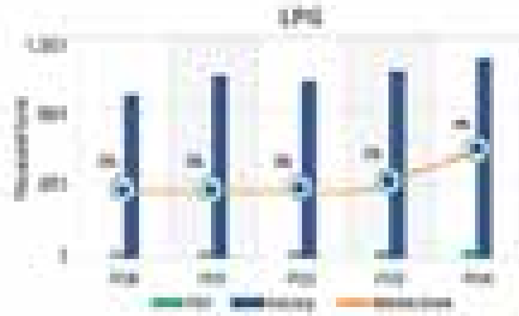
ٹیکنالوجی

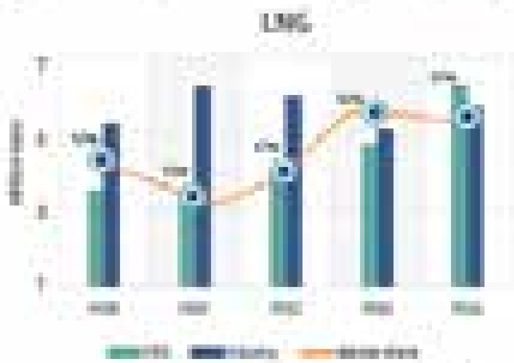
[illegible]

انسانی وسائل (ہیومن ریسورس)

[illegible]

رپورٹ برائے شیئر ہولڈرز


LPG


LNG


PSO Launches
blue LPG Initiative

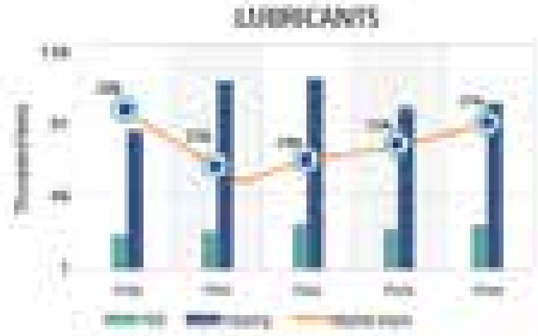
رپورٹ برائے شیئر ہولڈرز

لبریکنٹ

[illegible]

[illegible]

[illegible]



[illegible]

[illegible]

[illegible]

1. [illegible]
2. [illegible]
3. [illegible]
4. [illegible]

[illegible]

مائع پیٹرولیم گیس (ایل پی جی)

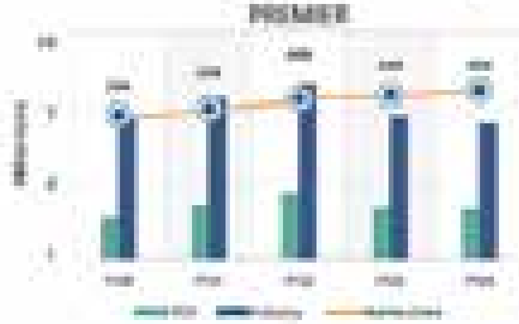
[illegible]

[illegible]

[illegible]

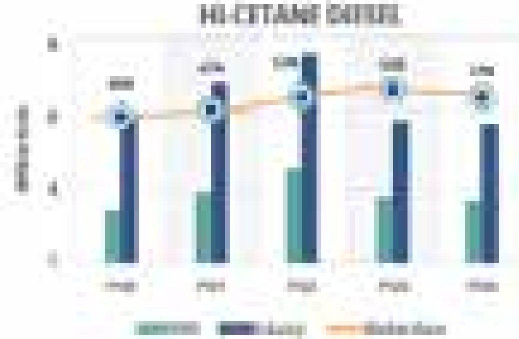
موگیس

PREMIER



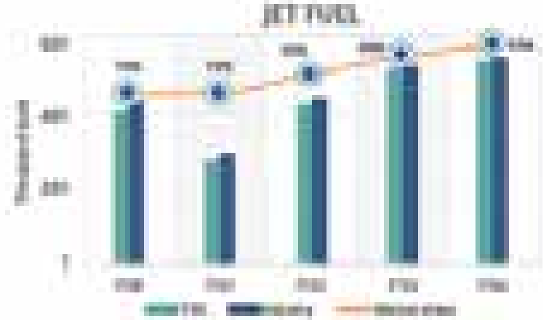
ڈیزل

HI-CETANE DIESEL



جیٹ فیول

JET FUEL

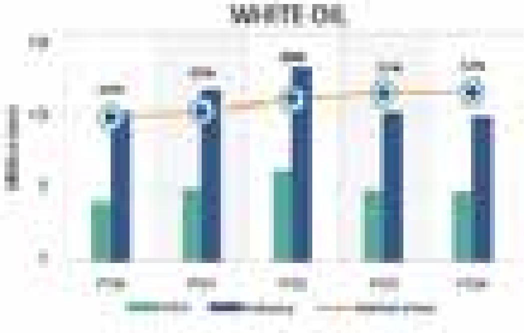


فرنس آئل

FURNACE OIL

رپورٹ برائے شیئر ہولڈرز

کمپنی کی کارکردگی



پٹرولیم کی صنعت کا مجموعی جائزہ

رپورٹ برائے شیئر ہولڈرز

[illegible]

عالمی اقتصادی ماحول

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

پاکستان کا اقتصادی جائزہ

[illegible]

[illegible]

[illegible]

چیئرمین کا جائزہ

آصف بیگ محمد

چیئرمین

27 اگست 2024ء

کراچی

[illegible] 2024 [illegible]

[illegible]

[illegible]

[illegible] B2B [illegible]

[illegible]

[illegible]

[illegible] (PRL) [illegible] 2024 [illegible] FEED [illegible]

[illegible]

[illegible]

[illegible]

پیداواری کارکردگی

[illegible]

چیئرمین کا جائزہ

معاشی جائزہ

گروپ کی کارکردگی

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ

[illegible] سالانہ اجلاس عام 2024

پراکسی فارم

میں/ہم ________________________________

ساکن ________________________________ (ضلع/شہر)

[illegible] ________________ [illegible]

[illegible] ________ [illegible] ________ [illegible] ________ [illegible] ________

[illegible] ________________________________

ساکن ________________________________ (ضلع/شہر)

[illegible] ________________________________

ساکن ________________________________ (ضلع/شہر)

[illegible] 24 [illegible] 2024 [illegible] 11:00 [illegible]

[illegible]

[illegible] ________________ 2024 [illegible]

گواہان:

1) دستخط: ________________

نام: ________________

[illegible]: ________________

پتہ: ________________

____

[illegible]

[illegible]

2) دستخط: ________________

نام: ________________

[illegible]: ________________

پتہ: ________________

____

____

[illegible]

([illegible])

اہم نوٹس:

1) [illegible]

2) [illegible]

[illegible]

3) CDC [illegible]

Pakistan State Oil Company Limited

Forty-Eight Annual General Meeting - 2024

Form of Proxy

I / We ____

of ____ (full address)

being a member of Pakistan State Oil Company Limited and holder of ____________ ordinary shares

as per Registered Folio No. ____________ and / or CDC Participant I.D. No. ____________

and Sub Account No. ____________ hereby appoint ____________

of ____ (full address)

or failing him ____

of ____ (full address)

as my/our proxy to attend and vote for me/us and on my/our behalf at the 48th Annual General Meeting of the company to be held on Thursday, October 24, 2024 at 11:00 am and at any adjournment thereof.

Signed by me/us this ____________ day of ____________ 2024.

Witnesses:

1. Signature: ____________

   Name: ____________

   CNIC No.: ____________

   Address: ____________

   ____

2. Signature: ____________

   Name: ____________

   CNIC No.: ____________

   Address: ____________

   ____

Please affix Revenue Stamp of Rs. 5

____

Signature of Member
(Signature should agree with the specimen signature registered with the company)

Important:

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of him/her. Such proxy must be a member of the company.
2. This instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the company situated at PSO House, Khayaban-e-Iqbal, Clifton, Karachi at least 48 hours before the time of the meeting.
3. CDC shareholders or their Proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this Proxy Form before submission to the company.

Pakistan State Oil Company Limited

POSTAL BALLOT PAPER

For voting through post for the Special Business at the 49th Annual General Meeting to be held at Grand Ballroom, Pearl Continental Hotel, Karachi on Thursday, October 24, 2024 at 11:00 a.m., a duly filled postal ballot should be sent at PSO House, Khayaban-e-Iqbal, Clifton, Karachi. UAN: +92 111-111-776; **Website: www.psopk.com or email at [illegible]@psopk.com**

Folio / CDS Account Number	
Name of Shareholder / Proxy Holder	
Registered Address	
Number of shares Held	
CNIC/Passport No. (in case of foreigner) (copy to be attached)	
Additional information and enclosures (in case of representative of body corporate, corporation, and Federal Government)	
Name of Authorized Signatory	
CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)	

SPECIAL BUSINESS:

Agenda No 5

To consider and pass with or without any amendment/modification the following resolution as special resolution:

The matter with respect to remaining payments of estimated FEED cost for Pakistan Refinery Limited ("PRL") was presented before the Board of Management in its meeting held on April 26, 2024 whereby options were presented for financing arrangement. After detailed deliberations and presentations, the Board recommended for approval the payment mechanism which is placed before the AGM for approval as follows:

"RESOLVED that the members of PSO hereby approve the amount of Rs. [illegible] billion or proportionate amount in USD for PRL's FEED to be paid by PSO through loan facility to PRL.

FURTHER RESOLVED that for the loan to PRL:

- PSO will borrow the amount in Pak Rupees from local bank(s) and extend it as loan at market competitive rate (i.e. at par or higher premium) to PRL subject to necessary approval from SECP.
- PRL will utilize the borrowed amount in Pak Rupees to purchase US dollars (through forward or spot contracts) to settle final FEED payments.
- PSO will have the right of repayment and an option to convert the loan into equity after necessary approvals. This option will be utilized if deemed essential for PSO's long term interests.
- For the purpose of loan, PSO shall have the first Pari-Passu right in the event of PRL's default in repayment of loan. This provision shall be made part of the financing arrangement with PRL."

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

Agenda No 6

To consider and, if thought fit, to pass, the following resolution:

"RESOLVED THAT pursuant to the (draft) Scheme of Arrangement (initialed by the Chairman) and presented before the meeting, (i) the carve out/separation of (a) Digicash Undertaking and (b) Solar Undertaking from Pakistan State Oil Company Limited (the "Company"); (ii) the universal transfer and merger, by way of amalgamation, of the DigiCash Undertaking with and into Carbonic (Private) Limited; and (iii) the universal transfer and merger, by way of amalgamation, of the Solar Undertaking with and into PSO Renewable Energy (Private) Limited, along with all ancillary matters thereto, subject to any modifications/amendments required or conditions imposed by the Honorable High Court of Sindh at Karachi, and subject to sanction by the Honorable High Court of Sindh at Karachi, in terms of the provisions of Sections 279 to 282 and all other enabling provisions of the Companies Act, 2017, be and is hereby approved and adopted.

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

INSTRUCTIONS FOR POLL

1. Please indicate your vote by ticking (✓) the relevant box.
2. In case if both the boxes are marked as (✓), your poll shall be treated as "Rejected".
I/We hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (✓) mark in the appropriate box below:

Resolutions	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
Agenda Item No. 5, as stated above		
Agenda Item No. 6, as stated above		

1. Duly filled ballot paper should be sent to the Chairman, Board of Management of Pakistan State Oil Company Limited at PSO House, Khayaban-e-Iqbal, Clifton, Karachi or email at [illegible]@psopk.com
2. Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Ballot paper should reach the Chairman within business hours by or before October 23, 2024. Any postal ballot received after this date, will not be considered for voting.
4. Signature on ballot paper should match with signature on CNIC/ Passport (in case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.
6. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Sections 138 or 139 of the Companies Act, 2017 as applicable.
7. Ballot Paper form has also been placed on the website of the Company at www.psopk.com. Members may download the ballot paper from the website.

Shareholder / Proxy holder Signature/Authorized Signatory
(In case of corporate entity, please affix company stamp)

Date: ____________

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ

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