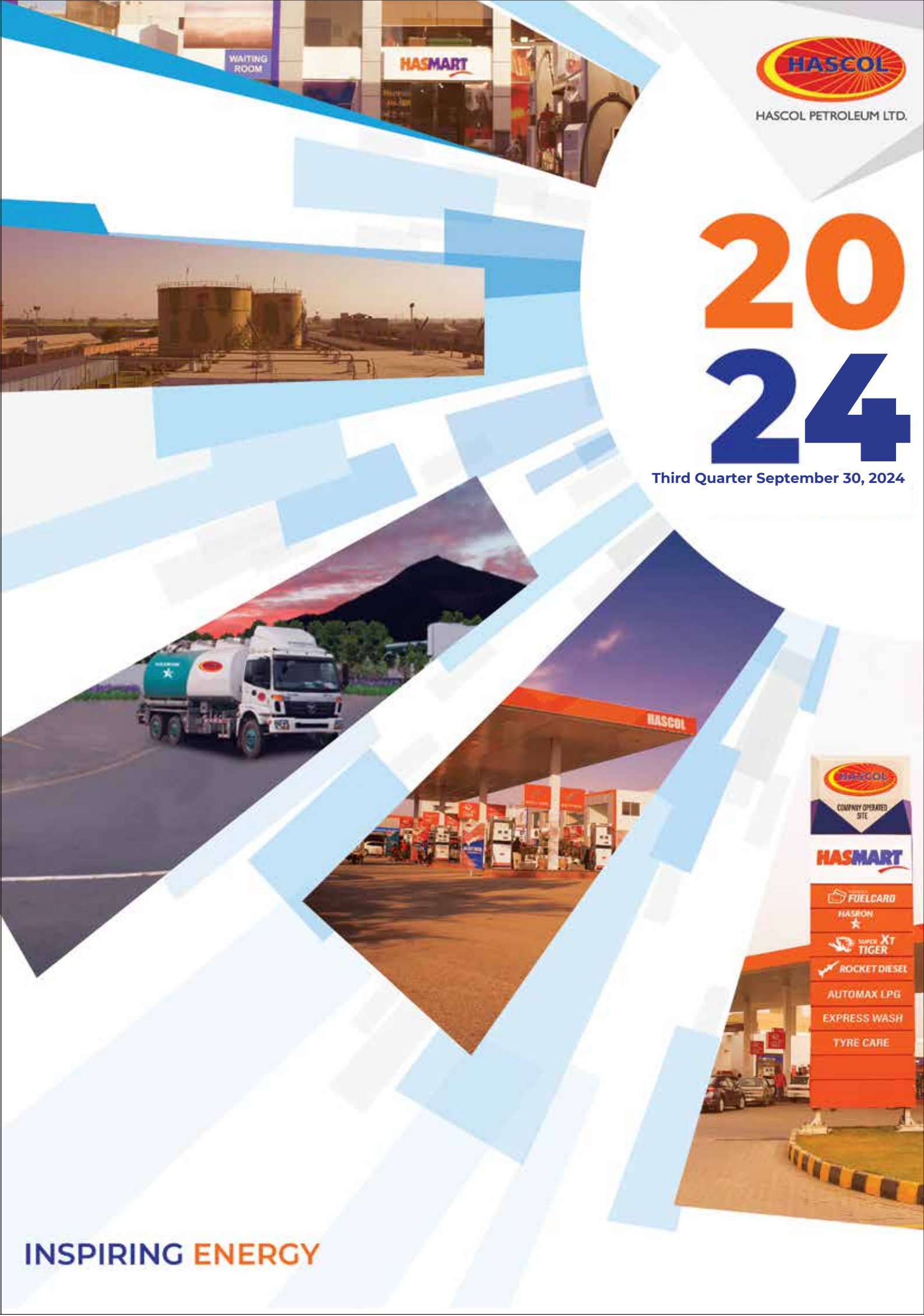




HASCOL PETROLEUM LTD.

2024

Third Quarter September 30, 2024



HASMART

FUEL CARD

HASRON

SUPER XT TIGER

ROCKET DIESEL

AUTOMAX LPG

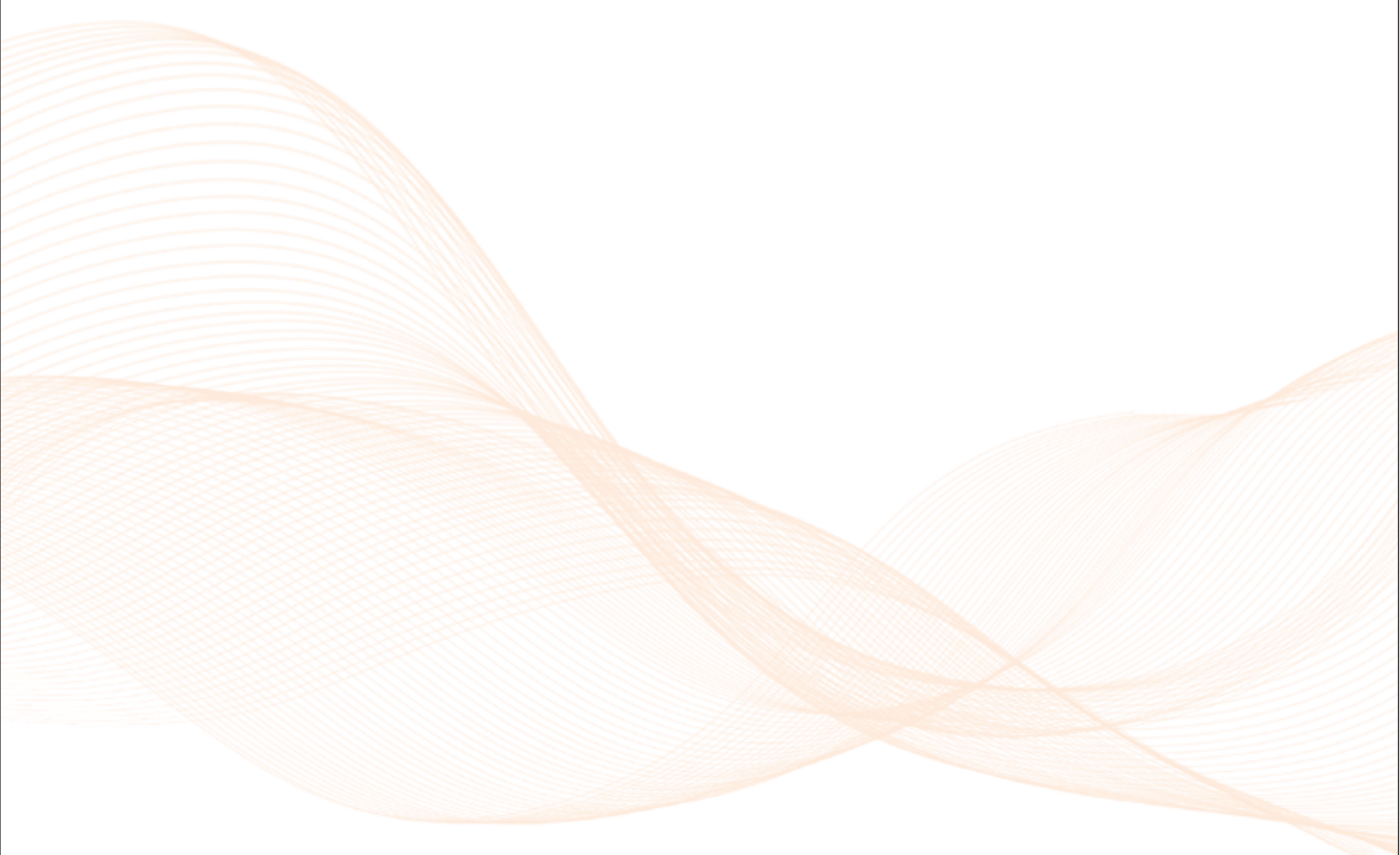
EXPRESS WASH

TYRE CARE

INSPIRING ENERGY

TABLE OF CONTENTS

01	Corporate Information	02
02	Directors' Report (English)	04
03	Directors' Report (Urdu)	05
04	Condensed Interim Unconsolidated Financial Statements	08
05	Condensed Interim Consolidated Financial Statements	50



CORPORATE INFORMATION

**Chairman**

Sir. Alan Duncan

CEO & Director

Mr. Aqeel Ahmed Khan

Directors

Mr. Farid Arshad Masood

Mr. Mustafa Ashraf

Ms. Naheed Memon

Syed Muhammad Mujtaba Jafarey

Mr. Aamir Amin

Chief Financial Officer

Mr. Amad Uddin

Company Secretary

Mr. Farhan Ahmad

Audit Committee

Mr. Mustafa Ashraf (Chairperson)

Mr. Farid Arshad Masood (Member)

Mr. Aamir Amin (Member)

Risk Committee

Ms. Naheed Memon (Chairperson)

Mr. Mustafa Ashraf (Member)

Mr. Farid Arshad Masood (Member)

Human Resource & Remuneration Committee

Syed Muhammad Mujtaba Jafarey (Chairperson)

Mr. Aamir Amin (Member)

Mr. Farid Arshad Masood (Member)

Restructuring Committee

Mr. Farid Arshad Masood (Chairperson)

Syed Muhammad Mujtaba Jafarey (Member)

Ms. Naheed Memon (Member)

Auditors

Baker Tilly Mehmood Idrees Qamar

Chartered Accountants

4th floor, Central Hotel Building,

Civil Lines, Mereweather Road,

Karachi.

Bankers

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

Share Registrar

CDC Share Registrar Services Limited

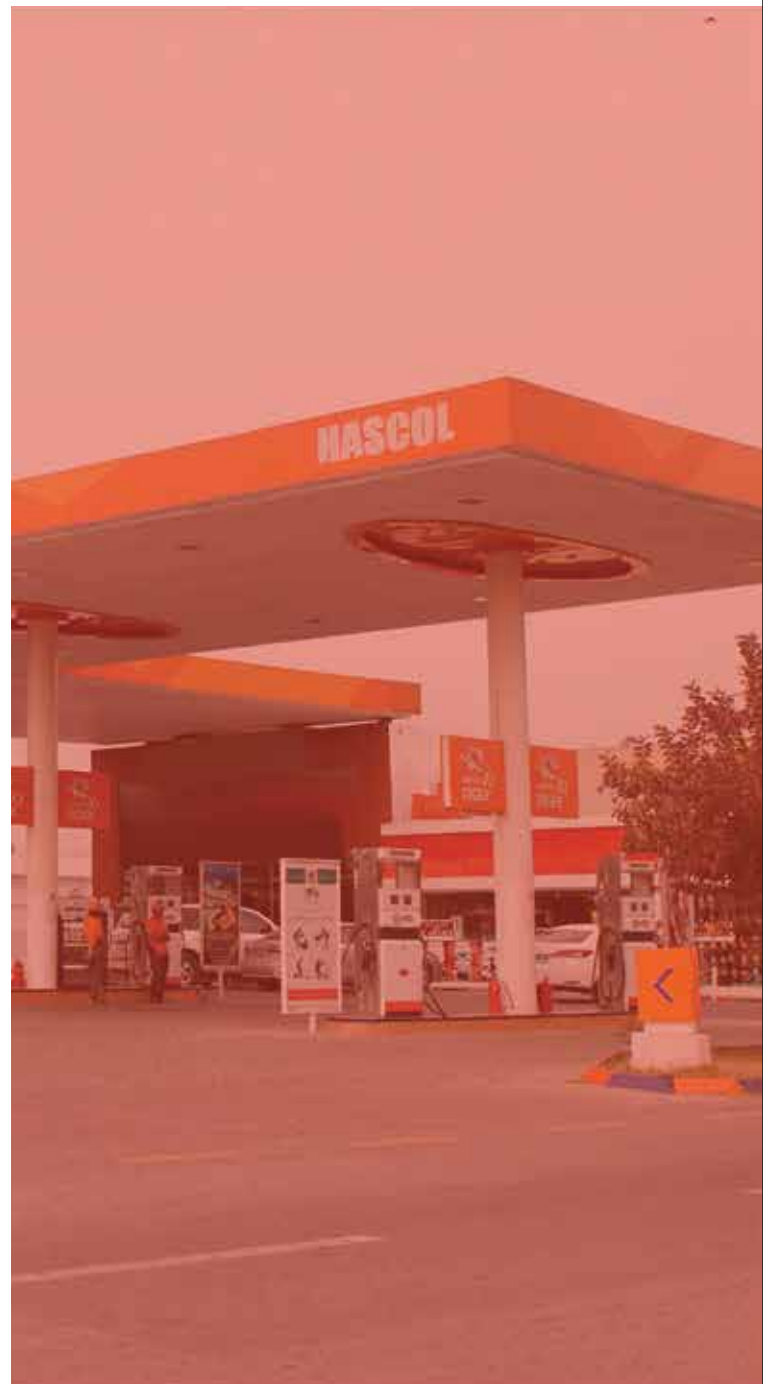
Legal Advisor

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

Registered Office of the Company

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

Phone: +92-21-35301343-50
Fax: +92-21-35301351UAN: 111-757-757
E-mail: info@hascol.com
Website: www.hascol.com



DIRECTORS' REPORT

The Directors of your Company are pleased to present the nine months report of the Company along with un-audited standalone and consolidated financial statements thereon for the period ended 30 September 2024.

Financial Results

During the period under review, the Company recorded net sales revenue of Rs. 103,700 million. The financial results of the Company for the period ended 30 September 2024 are shown as below:

Particulars	2024	2023
	(Rupees in '000)	
Gross profit	2,843,456	5,321,362
Operating Profit	505,106	1,569,748
Loss after taxation	(7,268,749)	(13,045,157)
	(Rupees)	
Loss per share	(7.28)	(13.06)

The Company reported a loss of Rs. 7,269 million as compared to loss of Rs. 13,045 million during the same period of last year due to better operational performance, stability in dollar rate in 2024 and reduction in exchange losses. This improvement is also reflected in the increase in EBITDA, which rose to Rs. 2,356 million this year compared to negative Rs. 3,253 million in same period last year.

For the nine months period ended September 30, 2024, the economy faced a slowdown marked by unpredictable price trends and reduced fuel demand. Despite all these challenges, the Company managed to report 12% volumetric growth in Q3 over second quarter. The Company currently faces liquidity constraints mainly due to outstanding banking obligations, over-due creditor payments and limited working capital facility since the last few years. Nevertheless, with the support of its main shareholder and supplier, support of key banks and astute management, it has been able to withstand these problems and continued to generate volumes despite difficult circumstances.

The Company is actively pursuing restructuring of its banking liabilities to tackle the issues impacting its operational performance. Once these issues are resolved, the Company is well-positioned to achieve positive results and establish a robust presence in the market.

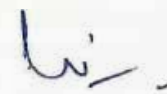
The Company extends its heartfelt appreciation to all employees, customers, financial institutions, suppliers, and other stakeholders for their invaluable contributions and ongoing support.

Thanking you all.

On behalf of the Board



Aqeel Ahmed Khan
Chief Executive Officer



Aamir Amin
Director

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2024 کو ختم ہونے والی مدت کے لیے کمپنی کی نو ماہ کی رپورٹ کے ساتھ غیر آڈٹ شدہ اسٹیٹمنٹ اور اس پر جمع مالی بیانات پیش کرنے پر خوشی ہے۔
مالیاتی نتائج

زیر جائزہ مدت کے دوران، کمپنی نے 103,700 ملین روپے کی خالص سیلز ریونیوریکارڈ کی، 30 ستمبر 2024 کو ختم ہونے والی مدت کے لیے کمپنی کے مالیاتی نتائج ذیل میں دکھائے گئے ہیں:

2023	2024	تفصیل
روپے 000	روپے 000	
5,321,362	2,843,456	کل منافع
1,569,748	505,106	آپریٹنگ پروفٹ
(13,045,157)	(7,268,749)	مدت کا نقصان
روپے		
(13.06)	(7.28)	نقصان فی شیئر

کمپنی نے 7,269 ملین روپے کا خسارہ رپورٹ کیا ہے جبکہ گزشتہ سال کے اسی عرصے کے دوران 13,045 ملین روپے کا خسارہ ہوا تھا، جو بہتر آپریشنل کارکردگی اور 2024 میں ڈالر کی شرح میں استحکام کی وجہ سے ہے۔ یہ بہتری EBITDA میں اضافے سے بھی ظاہر ہوتی ہے، جو اس سال 2,356 ملین روپے سے بڑھ کر گزشتہ سال کی اسی مدت میں منفی 3,253 ملین روپے کے مقابلے میں بڑھ گئی ہے۔

30 ستمبر 2024 کو ختم ہونے والی نو ماہ کی مدت کے لیے، معیشت کو سست روی کا سامنا کرنا پڑا جس کی وجہ قیمتوں کے غیر متوقع رجحانات اور ایندھن کی طلب میں کمی تھی۔ ان تمام چیلنجوں کے باوجود، کمپنی نے دوسری سہ ماہی کے مقابلے میں تیسری سہ ماہی میں 12% حجم میں اضافہ رپورٹ کرنے میں کامیابی حاصل کی۔ کمپنی اس وقت لیکویڈٹی مسائل کا سامنا کر رہی ہے، جس کی بنیادی وجہ بقایا بینکنگ واجبات، واجب الادا قرض دہندگان کی ادائیگیاں اور گزشتہ چند سالوں سے محدود ورکنگ کپینٹل سہولت ہے۔ اس کے باوجود، اپنے اہم شیئرز ہولڈرز اور سپلائرز، کلیدی بینکوں کی حمایت اور ڈین نظامیہ کی مدد سے، کمپنی ان مسائل کا سامنا کرنے میں کامیاب رہی اور مشکل حالات کے باوجود حجم پیدا کرتی رہی ہے۔

کمپنی اپنے بینکنگ واجبات کی تنظیم نو کے لیے فعال طور پر کوشش کر رہی ہے تاکہ ان مسائل سے نمٹا جاسکے جو اس کی آپریشنل کارکردگی کو متاثر کر رہے ہیں۔ ایک بار جب یہ مسائل حل ہو جائیں گے، تو کمپنی مثبت نتائج حاصل کرنے اور مارکیٹ میں ایک مضبوط موجودگی قائم کرنے کی اچھی پوزیشن میں ہوگی۔

کمپنی تمام ملازمین، صارفین، مالیاتی اداروں، سپلائرز، اور دیگر اسٹیک ہولڈرز کو ان کی انمول شراکت اور جاری تعاون کے لیے تہ دل سے خراج تحسین پیش کرتی ہے۔

بورڈ کی جانب سے
آپ سب کا بے حد شکریہ

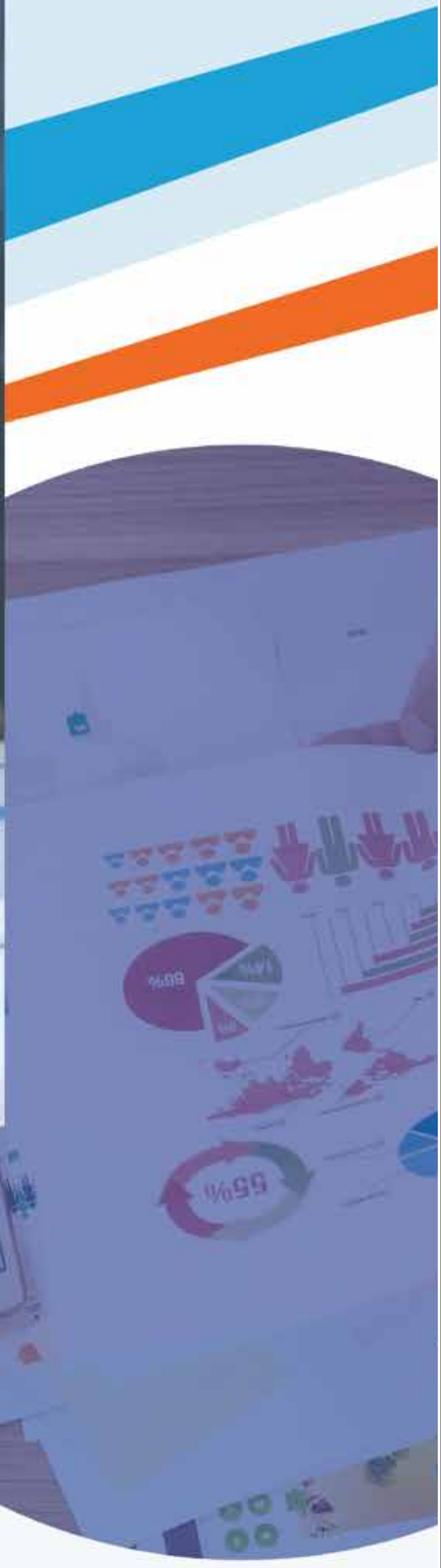
ڈائریکٹر

چیف ایگزیکٹو آفیسر

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CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

Third Quarter September 30, 2024





HASCOL PETROLEUM LIMITED CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2024

		Un-audited September 30 2024	Audited December 31 2023
		----- Rupees in '000 -----	
ASSETS	Note		
Non-current assets			
Property, plant and equipment	7	19,830,987	21,073,842
Right-of-use assets	8	2,396,789	2,598,122
Intangible asset	9	12,663	7,184
Long-term investments	10	3,675,000	3,675,000
Deferred taxation - net	11	-	-
Long-term deposit		101,737	102,303
Total non-current assets		26,017,176	27,456,451
Current assets			
Stock-in-trade		8,595,298	12,069,049
Trade debts		1,929,932	954,033
Advances	12	232,949	153,420
Deposits and prepayments	13	371,808	368,519
Other receivables	14	5,144,899	7,624,596
Accrued mark-up and profit		140	627
Short term investments		100,097	100,097
Cash and bank balances		378,430	835,313
Total current assets		16,753,553	22,105,654
TOTAL ASSETS		42,770,729	49,562,105
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		9,991,207	9,991,207
Reserves		(107,935,412)	(101,479,987)
Revaluation surplus on property, plant and equipment		11,690,742	12,504,066
Total shareholders' deficit		(86,253,463)	(78,984,714)
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	15	5,949,984	8,682,206
Lease liabilities	16	3,223,235	3,379,579
Deferred liabilities		232,776	304,369
Total non-current liabilities		9,405,995	12,366,154
Current liabilities			
Trade and other payables	17	46,845,831	49,666,442
Unclaimed dividend	18	356,928	356,928
Taxation - net		1,704,083	1,320,616
Accrued mark-up and profit		28,942,989	23,383,120
Short-term borrowings	19	33,182,340	35,644,035
Current portion of non-current liabilities	20	8,586,026	5,809,524
Total current liabilities		119,618,197	116,180,665
TOTAL LIABILITIES		129,024,192	128,546,819
TOTAL EQUITY AND LIABILITIES		42,770,729	49,562,105
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 28 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED

CONDENSED INTERIM UNCONSOLIDATED

STATEMENT OF PROFIT OR LOSS ACCOUNT - Unaudited

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	Nine months period ended		Three months period ended	
	September 30	September 30	September 30	September 30
	2024	2023	2024	2023
Note	----- Rupees in '000 -----			
Sales	103,724,074	124,257,816	39,353,800	36,411,304
Sales tax	(23,928)	(39,015)	(6,463)	(10,614)
Net sales	103,700,146	124,218,801	39,347,337	36,400,690
Other revenue	281,424	199,464	122,619	(123,074)
Net revenue	103,981,570	124,418,265	39,469,956	36,277,616
Cost of products sold	(101,138,114)	(119,096,903)	(38,201,233)	(34,928,481)
Gross profit	2,843,456	5,321,362	1,268,723	1,349,135
Operating expenses				
Distribution and marketing	(2,508,543)	(2,464,828)	(805,296)	(813,523)
Administrative	(682,838)	(670,937)	(219,206)	(221,444)
	(3,191,381)	(3,135,765)	(1,024,502)	(1,034,967)
Impairment losses on financial assets	(14,373)	(78,678)	(2,117)	(78,678)
Other expenses	(7,198)	(633,919)	(1,400)	-
Other income	874,602	96,748	16,856	16,661
Operating profit	505,106	1,569,748	257,560	252,151
Finance cost	(7,710,875)	(7,741,138)	(2,644,574)	(2,702,303)
Exchange gain/(loss) - net	349,439	(6,360,291)	(3,123)	(113,513)
	(7,361,436)	(14,101,429)	(2,647,697)	(2,815,816)
Loss before income tax and levy (minimum tax)	(6,856,330)	(12,531,681)	(2,390,137)	(2,563,665)
Minimum tax	(412,419)	(513,476)	(88,204)	(153,126)
Loss before Income Tax	(7,268,749)	(13,045,157)	(2,478,341)	(2,716,791)
Income tax	-	-	-	-
Loss for the period	(7,268,749)	(13,045,157)	(2,478,341)	(2,716,791)
Loss per share - basic and diluted (Rupees)	(7.28)	(13.06)	(2.48)	(2.72)

The annexed notes from 1 to 28 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director



HASCOL PETROLEUM LIMITED CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - Unaudited

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	Nine months period ended		Three months period ended	
	September 30	September 30	September 30	September 30
	2024	2023	2024	2023
Note	----- Rupees in '000 -----			
Loss for the period	(7,268,749)	(13,045,157)	(2,478,341)	(2,716,791)
Items that will not be reclassified subsequently to unconsolidated profit or loss account				
Remeasurement of actuarial gain on defined benefit obligation	-	-	-	-
Total comprehensive loss for the period	(7,268,749)	(13,045,157)	(2,478,341)	(2,716,791)

The annexed notes from 1 to 28 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director

HASCOL PETROLEUM LIMITED CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	Share Capital	Capital reserves	Revenue reserve	Surplus on revaluation of property, plant and equipment	Total shareholders' deficit
		Share premium	Accumulated loss		
----- Rupees in '000 -----					
Balance as at January 01, 2023 - audited	9,991,207	4,639,735	(89,503,731)	13,693,779	(61,179,010)
Total comprehensive loss for the period					
Loss for the period	-	-	(13,045,157)	-	(13,045,157)
Other comprehensive income					
Remeasurement of actuarial gain on defined benefit obligation	-	-	-	-	-
Total comprehensive loss for the period	-	-	(13,045,157)	-	(13,045,157)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	900,063	(900,063)	-
	-	-	(12,145,094)	(900,063)	(13,045,157)
Balance as at September 30, 2023 - unaudited	<u>9,991,207</u>	<u>4,639,735</u>	<u>(101,648,825)</u>	<u>12,793,716</u>	<u>(74,224,167)</u>
Balance as at January 01, 2024 - audited	9,991,207	4,639,735	(106,119,722)	12,504,066	(78,984,714)
Total comprehensive loss for the period					
Loss for the period	-	-	(7,268,749)	-	(7,268,749)
Other comprehensive income					
Remeasurement of actuarial gain on defined benefit obligation	-	-	-	-	-
Total comprehensive loss for the period	-	-	(7,268,749)	-	(7,268,749)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	813,324	(813,324)	-
	-	-	(6,455,425)	(813,324)	(7,268,749)
Balance as at September 30, 2024 - unaudited	<u>9,991,207</u>	<u>4,639,735</u>	<u>(112,575,147)</u>	<u>11,690,742</u>	<u>(86,253,463)</u>

The annexed notes from 1 to 28 form an integral part of these condensed interim unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director



HASCOL PETROLEUM LIMITED CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

		September 30 2024	September 30 2023
	Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	24	3,831,704	1,978,310
Finance cost paid		(1,354,236)	(939,250)
Taxes paid		(28,952)	(17,337)
Gratuity paid		-	(101,170)
Net cash generated from operating activities		2,448,516	920,553
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred operating fixed assets		(39,791)	(91,614)
Purchase of intangible assets		(7,337)	(256)
Proceeds from disposal of property, plant and equipment		230	-
Profit received on bank deposits and TFC		36,251	53,555
Long term deposit repaid - net		566	(47,890)
Net cash used in investing activities		(10,081)	(86,205)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid		(433,623)	(719,031)
Net cash used in financing activities		(433,623)	(719,031)
Net increase in cash and cash equivalents		2,004,812	115,317
Cash and cash equivalents at beginning of the period		(34,808,722)	(38,531,305)
Cash and cash equivalents at end of the period	25	(32,803,910)	(38,415,988)

The annexed notes from 1 to 28 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

1. STATUS AND NATURE OF BUSINESS

- 1.1** Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company and on May 12, 2014 the Company was listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 29th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi. The Company is engaged in the business of procurement, storage and marketing of petroleum, chemicals, LPG and related products. The Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005 and acquired assets of LPG licensed company in the year 2018.
- 1.2** These condensed interim unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary and associated company, have been accounted for at cost less accumulated impairment losses, if any.
- 1.3** During the current period, the Company incurred a net loss of Rs. 7.27 billion (September 30, 2023: Rs. 13.05 billion), resulting in net shareholders deficit of Rs. 86.25 billion (December 31, 2023: Rs. 78.98 billion) as of the unconsolidated statement of financial position date. Further, as of that date the current liabilities of the Company exceeded its current assets by Rs. 102.86 billion (December 31, 2023: Rs. 94.08 billion) and has defaulted in majority of its outstanding loans with banks. These conditions may cast significant doubt on the Company's ability to continue as a going concern. However, in order to ensure the Company's ability to operate as a going concern, certain plans and measures have been taken to improve its liquidity and financial position which includes, but not limited to, the following:
- The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the company for the twelve months following the date of balance, at the date of approval of these financial statements.
 - The inflow from the IFEM pool and the assurance of supply continuity was taken into account by the board to arrive at a conclusion that the company will continue to operate as a going concern and there are no current plans to file for liquidation for at least one year (12 months) from the date of the statement of financial position being authorised for issue.
 - Except for, where a regulatory action from government department or proceedings of liquidation from a creditor(s) are initiated, wherein, the banking accounts of the company are attached and / or seized by the relevant action of the regulator or creditor. In such case, the company may face disruptions in its operations and may come to a halt of business operations thus challenging the going concern of the company.

2. BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company for the nine month period ended September 30, 2024 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed. These condensed interim unconsolidated financial statements are being submitted to the shareholders in accordance with section 237 of the Act and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2023.

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

3. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

During the period the Institute of Chartered Accountants of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax. Further the treatment of minimum taxes has been presented differently in this guidance.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, Earnings per share and Statement of Changes in Equity as a result of this change.

Effect on statement of profit or loss and other comprehensive income

	Had there been no Change in accounting policy	Impact of Change in accounting policy	After incorpo- rating effects of change in accounting policy
-----Rupees in '000 -----			
For the period ended September 30, 2024			
Taxation-Minimum Taxes	-	(412,419)	(412,419)
Loss before taxation	(6,856,330)	-	(6,856,330)
Taxation-Income tax	(412,419)	(412,419)	-
	<u>(7,268,749)</u>	<u>-</u>	<u>(7,268,749)</u>
For the period ended September 30, 2023			
Taxation-Minimum Taxes	-	(513,476)	(513,476)
Loss before taxation	(12,531,681)	-	(12,531,681)
Taxation-Income tax	(513,476)	(513,476)	-
	<u>(13,045,157)</u>	<u>-</u>	<u>(13,045,157)</u>

4. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended December 31, 2023 except for the change in policy stated in the new standards and interpretation note, where the effect of guidance provided for IAS - 12 Income Taxes, by the ICAP has been taken retrospectively.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

- 5.1 The preparation of these condensed interim unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

- 5.2** During the preparation of these condensed interim unconsolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended December 31, 2023 except for the new guidance for IAS - 12 Income taxes applied retrospectively and disclosed in new standards and interpretation note.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements of the Company as at and for the year ended December 31, 2023.

7. PROPERTY, PLANT AND EQUIPMENT

		Un-audited September 30 2024	Audited December 31 2023
	Note	----- Rupees in '000 -----	
Operating fixed assets		17,469,358	18,712,213
Capital work-in-progress	7.3	2,361,629	2,361,629
		<u>19,830,987</u>	<u>21,073,842</u>

- 7.1** Movement in capital work-in-progress during the period / year is as follows:

Balance at beginning of the period / year	2,361,629	2,379,093
Additions during the period / year	39,791	133,785
Transfers during the period / year	(39,791)	(151,249)
	<u>2,361,629</u>	<u>2,361,629</u>

- 7.2** The following assets were disposed off during the period / year:

	Cost	Accumulated depreciation	Net book value
	----- Rupees in '000 -----		
September 30, 2024 (un-audited)	<u>289</u>	<u>(289)</u>	<u>-</u>
December 31, 2023 (audited)	<u>22,515</u>	<u>11,337</u>	<u>11,178</u>

7.3 Capital work-in-progress

	Un-audited September 30 2024	Audited December 31 2023
	----- Rupees in '000 -----	
Buildings	294,575	294,575
Machinery, tanks and pumps	1,891,075	1,891,075
Retail sites	15,420	15,420
Furniture, office equipment and other assets	22,221	22,221
Borrowing cost capitalized	138,338	138,338
	<u>2,361,629</u>	<u>2,361,629</u>

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

8. RIGHT-OF-USE ASSETS

	Note	Un-audited	Audited
		September 30	December 31
		2024	2023
		----- Rupees in '000 -----	
Storage facility		82,905	86,993
Pump sites		2,195,005	2,329,613
Offices		118,879	181,516
		2,396,789	2,598,122

8.1 Movement in right-of-use assets during the period / year is as follows:

Balance at beginning of the period / year	2,598,122	2,896,808
Additions during the period / year	15,519	9,104
Depreciation charged during the period / year	(216,852)	(307,790)
Balance at the end of the period / year	2,396,789	2,598,122

9. INTANGIBLE ASSET

Computer software	12,663	7,184
Net book value at beginning of the period / year	7,184	-
Addition during the period / year	7,336	7,430
Amortization charge for the period / year	(1,857)	(246)
Net book value at the end of the period / year	12,663	7,184
Net book value		
Cost	26,861	19,525
Accumulated amortization	(14,198)	(12,341)
Net book value	12,663	7,184
Rate of amortization	33.33%	33.33%

10. LONG-TERM INVESTMENTS

Investment in subsidiary company - at cost			
Hascombe Lubricant (Private) Limited - unquoted	10.1	-	-
Hascol Lubricant (Private) Limited - unquoted	10.2	3,150,000	3,150,000
Investment in associate - at cost			
VAS LNG (Private) Limited - unquoted	10.3	-	-
Magic River Services Limited	10.4	110,000	110,000
Karachi Hydrocarbon Terminal Limited - unquoted	10.5	412,500	412,500
		3,672,500	3,672,500
Advance against purchase of shares - with related parties			
Karachi Hydrocarbon Terminal Limited - unquoted		2,500	2,500
		3,675,000	3,675,000

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

10.1 Hascombe Lubricant (Private) Limited - unquoted

	Un-audited	Audited
	September 30	December 31
	2024	2023
Note	----- Rupees in '000 -----	
Investment at cost	30,604	30,604
Movement in provision for impairment		
Balance at the beginning of the period / year	(30,604)	(30,604)
Provision made during the period / year	-	-
Balance at the end of the period / year	(30,604)	(30,604)
Net book value	10.1.1 -	-

10.1.1 This represents investment in wholly owned subsidiary of the Company, incorporated in Pakistan under the repealed Companies Act, 2017. Its shares are not quoted in active market. The Company holds 9.78 million ordinary shares (December 31, 2023: 9.78 million) of Rs. 10 per share.

10.2 This represents investment in wholly owned subsidiary of the Company. Its shares are not quoted in active market. The Company holds 315 (December 31, 2023: 315) million ordinary shares of Rs. 10 per share.

10.3 Investment in VAS LNG (Private) Limited (VL) amounts to Rs. 3 million (December 31, 2023: Rs. 3 million) representing 30% (December 31, 2023: 30%) equity stake and Advance against issue of shares to VAS LNG (Private) Limited which amounts to Rs. 1.02 (2023: Rs. 1.02) million. The Company holds 0.3 million ordinary shares (December 31, 2023: 0.3 million) of Rs. 10 per share which have been provided in the year 2020 as VL has already filed liquidation in the month of October 2020 and the Company is not expecting recoverability of its investment.

10.4 Investment in Magic River Services Limited represents 25% shareholding in the business amounting to Rs. 110 million.

10.5 Investment in Karachi Hydrocarbon Terminals Limited (formerly: Hascol Terminal Limited) represent 41.3 million shares (December 31, 2023: 41.3 million) fully paid ordinary shares of Rs. 10 per share. The Company is engaged in providing storage facilities for imported and locally procured petroleum and related products.

10.6 Investments in associated companies and undertakings have been made in accordance with the requirements of the Companies Act, 2017. The Management cannot assess the recoverable amount as of September 30, 2024 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

11. DEFERRED TAXATION - NET

Un-audited	Audited
September 30	December 31
2024	2023

----- Rupees in '000 -----

This comprises the following:

Taxable temporary difference arising in respect of:

Revaluation of operating fixed assets

(2,788,119)	(3,023,983)
-------------	-------------

Deductible temporary difference arising in respect of:

Long term investment

10,037	10,038
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Liabilities against

right-of-use assets

934,170	1,227,337
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Exchange loss

23,418	575,395
--------	---------

Provision for :

- retirement benefit

39,729	27,892
--------	--------

- ECL on trade debts

2,707,366	2,787,832
-----------	-----------

- short term investments - TFCs

1,421	1,421
-------	-------

- ECL on long term deposits

14	14
----	----

- against stock

35,862	35,862
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- suppliers and services advance

691,030	691,371
---------	---------

- IFEM, RD and PDC

491,187	491,187
---------	---------

Accelerated depreciation

596,367	399,753
---------	---------

Normal tax loss

25,473,396	23,444,314
------------	------------

Unrecognized deferred tax asset

(28,215,878)	(26,668,433)
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-	-
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11.1 Deferred tax asset of Rs. 28,216 million (December 31, 2023: Rs. 26,668 million) has not been recognized in these condensed interim unconsolidated financial information due to uncertainty in availability of future taxable profits based on financial projections of future five years.

12. ADVANCES

Un-audited	Audited
September 30	December 31
2024	2023

----- Rupees in '000 -----

Advances - considered good, unsecured

To employees:

- against expenses

18,997	17,682
--------	--------

- against salaries

21,471	22,750
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Supplier and service provider

2,576,300	2,497,981
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Provision for supplier and services advance

(2,383,819)	(2,384,993)
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232,949	153,420
---------	---------

13. DEPOSITS AND PREPAYMENTS

Deposits

- Current portion of lease deposits

128,637	128,637
---------	---------

- Other deposits

192,406	184,406
---------	---------

321,043	313,043
---------	---------

Prepayments

- Insurance and others

23,100	28,653
--------	--------

- Rent

27,665	26,823
--------	--------

50,765	55,476
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371,808	368,519
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HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

14. OTHER RECEIVABLES

	Note	Un-audited	Audited
		September 30 2024	December 31 2023
		----- Rupees in '000 -----	
Inland freight equalization margin ("IFEM") receivable		5,083,123	7,966,951
Miscellaneous receivables		40,259	18,957
Receivable against regulatory duty ("RD")		25,533	25,533
Receivable from Hascol Lubricants (Private) Limited		36,320	37,284
Sales tax refundable		1,646,473	1,262,680
Price differential claims ("PDC")	14.1	7,618	7,618
Provisioning of IFEM, RD and PDC	14.2	(1,694,427)	(1,694,427)
		<u>5,144,899</u>	<u>7,624,596</u>

14.1 This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources. The Company together with other oil marketing companies is actively perusing the matter with the concerned authorities for the early settlement of above claim. The Company considers that the balance amount will be reimbursed by GoP in due course of time.

14.2 This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM).

15. LONG TERM FINANCING - secured

	Note	Un-audited	Audited
		September 30 2024	December 31 2023
		----- Rupees in '000 -----	
Borrowing from conventional banks		13,044,558	13,044,558
Borrowing from non-banking financial institutions		92,857	92,857
Sukuk certificates		500,000	500,000
		<u>13,637,415</u>	<u>13,637,415</u>
Current portion of long term financing			
- Borrowing from conventional banks		(7,094,574)	(4,362,352)
- Borrowing from non-banking financial institutions		(92,857)	(92,857)
- Sukuk certificates		(500,000)	(500,000)
		<u>(7,687,431)</u>	<u>(4,955,209)</u>
Non-current portion of long term financing		<u>5,949,984</u>	<u>8,682,206</u>

16. LEASE LIABILITIES

Lease liability against right-of-use asset	16.1	<u>3,223,235</u>	<u>3,379,579</u>
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HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

16.1 Lease liability against right-of-use asset

	Un-audited	Audited
	September 30	December 31
	2024	2023
	----- Rupees in '000 -----	
Present value of future minimum lease payments	4,121,830	4,233,894
Less: Current portion	(898,595)	(854,315)
Non-current portion	3,223,235	3,379,579

17. TRADE AND OTHER PAYABLES

Trade creditors	23,321,429	28,275,355
Payable to cartage contractors	2,673,709	1,663,799
Advance from customers - unsecured	1,198,257	537,590
Dealers' and customers' security deposits	727,250	717,732
Other liabilities	18,925,186	18,471,966
	46,845,831	49,666,442

18. UNCLAIMED DIVIDEND

During the period one of the major shareholders gave consent to use their unpaid dividend amount for working capital purposes till the regulatory impediments with respect to repatriation of the underlying funds are resolved with the bank.

19. SHORT-TERM BORROWINGS

19.1 The Company entered into an agreement of revival of its banking facilities with Bank Makramah Limited and obtained a consent decree from Sindh High Court on January 01, 2024. The said agreement allow the Company to established working capital lines in form of Local Bank Guarantee and / or Local Bank Letter of Credit to local refineries for procurement of petroleum products to the extent of its outstanding principal of Rs. 363 million. Further, the bank allowed complete waiver of accrued markup and all other charges outstanding till March 2024 amounting to Rs. 224 million and the same been reflected as other income in the condensed interim unconsolidated financial statements.

19.2 During the period, the Company completed the installment base plan with MCB Bank Limited and thereby wrote back the principal and accrued markup of Rs. 269 million and Rs. 276 million respectively as other income in the condensed interim unconsolidated financial statements.

19.3 During the period, the Company accepted the settlement arrangement received from Meezan Bank Limited, Bank Alfalah Limited, Al Baraka Bank (Pakistan) Limited and Faysal Bank Limited for the settlement of outstanding loan.

Under the said arrangement, the Company is obliged to pay only 30% as full and final settlement of total outstanding liability in thirty equal monthly installments.

Upon payment of the total agreed amount, the Company shall record the write back of left-over principal amount and accrued mark-up.

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

20. CURRENT PORTION OF NON-CURRENT LIABILITIES

		Un-audited	Audited
		September 30	December 31
		2024	2023
	Note	----- Rupees in '000 -----	
Current portion of long term financing	15	7,687,431	4,955,209
Current portion of lease liability of right of use assets	16.1	898,595	854,315
		8,586,026	5,809,524

21. CONTINGENCIES AND COMMITMENTS

21.1 CONTINGENCIES

21.1.1 Non-banking contingencies

Workers participation fund:

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

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

Income tax assessments / audit proceedings:

Tax year 2022:

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

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

Tax year 2021:

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

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



HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Tax year 2020:

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

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

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

Tax year 2019:

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

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

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

Tax year 2018:

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

Against this order under section 122(5A), an appeal was filed before Commissioner (Appeals). In the appeal order the Commissioner (Appeals) accepted the Company's appeal on the point of minimum tax u/s 113 on account of petroleum levy and as well in respect of disallowance of Commission and partly on the other points.

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

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Tax year 2017:

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

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

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

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

Tax year 2016:

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

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

Tax year 2015:

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

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

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

Tax Year 2014, 2013, 2011 and 2010:

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



HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

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

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

Direct tax - Monitoring proceedings:

Tax Year 2021:

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

No Order passed has been passed.

Tax Year 2020:

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

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

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

Tax Year 2019:

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

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

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

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Tax Year 2018:

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

Tax Year 2015:

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

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

Tax Year 2014:

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

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

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

Indirect tax:

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

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

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

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

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

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

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

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

FBR issued show cause notice U/S 11(2) of the Sales Tax Act, 1990 and U/S 14(1)(2) of the FED Act, 2005 read with Petroleum Development Surcharge Ordinance, 1961 for the period from January 2015 to December 2018 in which FBR stated that scrutiny of sales quantity in terms of liters for products i.e. MS (Motor Spirit) and HSD obtained from regulatory authority Oil & Gas Regulatory Authority (OGRA) for the period January 2015 to December 2018 as compared with the Sales Tax Returns filed by the Company reveals that the Company has under declared sales quantity of MS and HSD, resulting in short payment of Sales tax amounting to Rs. 16,368 million and Petroleum Development Levy amounting to Rs. 7,303 million. On this pretext, FBR called upon the Company to show cause as to why Rs. 23,671 million and default surcharge may not be recovered and penal action may not be taken for violation of aforementioned provisions. The Company submitted its reply to FBR and then challenged the show cause in the High Court on November 5, 2019. After hearing Company's case, Honourable Court was pleased to pass ad-interim order dated November 5, 2019, whereby Deputy Commissioner Inland Revenue has been restrained from passing any final adverse order against the Company on the basis of impugned Show Cause Notice. SHC has dismissed the petition filed and fresh Hearing Notice No. 9063 dated 05-09-2024 has been served upon company. The matter is still pending adjudication and in the view of the advisor, the Company has a good arguable case on merits with a chance of favourable outcome. There is no immediate financial liability against the Company.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

FBR issued show cause notice U/S 11(2) of the Sales Tax Act, 1990 for the period from January 2019 to December 2019 vide Notice No. 7604 dated 09-02-2024 wherein DCIR has confronted various alleged discrepancies on account of reconciliations of Sales and etc aggregated to Rs. 7.918 million. The Company submitted its reply to FBR and then filed CP before the SHC to restrain the department for any coercive action. After hearing Company's case, Honorable Court was pleased to pass ad-interim order dated 25-09-2024, whereby Deputy Commissioner Inland Revenue has been restrained from passing any final adverse order against the Company on the basis of impugned Show Cause Notice. In the view of the advisor, the Company has a good arguable case on merits with a chance of favorable outcome. There is no immediate financial liability against the Company.

Sindh Revenue Board

a) Period 2013-2019:

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

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

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

b) Other SRB Appeals:

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

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

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



HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Punjab Revenue Authority

- a) The Company is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 989,229,120/- pertaining to expenditure incurred under the head of Capital Work in Progress in the tax periods January 2017 to December 2018 through the Order no 19 of 2020 dated 30-01-2020, passed by Additional Commissioner — Punjab Revenue Authority. This appeal is filed by M/s. Grant Thornton on behalf of the Company.
- b) The Company is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 108,199,360/- pertaining to Distribution, Selling & Administration Expenses in the tax periods January 2017 to December 2017 through the Order no 15 of 2020 dated 30-12-2019, passed by Additional Commissioner — Punjab Revenue Authority. This appeal is filed by M/s. Grant Thornton on behalf of the Company.
- c) The Company contested before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 12,066,400/- pertaining to Business Support Services in the tax periods January 2017 to December 2018 through the Order no 16 of 2019 dated 30-12-2019, passed by Additional Commissioner — Punjab Revenue Authority. This appeal under section 63 of the PSTS'12 was filed by M/s. Grant Thornton on behalf of the Company. Original Order was upheld by the Commissioner Appeal, Punjab Revenue Authority vide Appeal Order No. 72/2020 dated 17-03-2021 which was received much later in Year 2022. The Appeal is being prepared along with Condonation Application to prefer before the Appellate Tribunal under section 66 of the Punjab Sales Tax on Services Act, 2012.
- d) The Company is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 86,219,882/- pertaining to Withholding of Sales Tax on Services on Carriage of Petroleum under the Punjab Sales Tax Special Procedure (Transportation or Carriage of Petroleum through Oil Tankers) Rules, 2020 for the tax periods May-2021 to April-2023 through the Order no Eng-V/U-21/07 dated 06-12-2023, passed by Additional Commissioner — Punjab Revenue Authority. Appeal to be filed.

Baluchistan Revenue Authority:

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

Shams Lubricants (Private) Limited:

The Company has rented out storage facility in Amangarh, Noshehra KPK from Shams Lubricants and terminated the Lease Agreement on 31-08-2020 after incident of the fire. The Company had handed over few cheques of advance cheques to Shams Lubricants, which are dishonored by Shams Lubricants. Shams Lubricants has filed the instant suit on the basis of these dishonored cheques and demanding the rent for one year as per termination clause of the lease agreement which stipulated that either party can terminate the lease agreement by serving one-year prior notice to the other party. the said suit has been dismissed by the court in favour of the Company vide order dated 05.08.2024.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Cantonment Board vs Company

a) Chaklala Cantonment Board:

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

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

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

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

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

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

b) Rawalpindi Cantonment Board:

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

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

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

Company vs Federation of Pakistan & Others:

Suit no 1980 of 2021:

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

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

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

Company vs Federation of Pakistan and Commissioner Inland Revenue:

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

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

In this case stay in operating till date with next hearing date is 10.12.2024 and there is a strong likely hood of winning this case.

M/s Malik Enterprises (Pvt.) Limited:

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

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

The Company is making regular payments of rent as per agreement and settlement with the Client and there is no likelihood of any further dispute in this regard.

Muhammad Farook & Others:

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Federation of Pakistan and others vs Company:

a) Suit no 1008 of 2018:

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

b) High Court Appeal no. 175 Of 2019:

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

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

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

c) Suit 1623 of 2020:

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

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

The Court passed ad interim order restraining the defendants from taking any coercive action against the Company in pursuance of impugned order dated October 20, 2020. The case is at the stage of hearing of applications. OGRA has reinstated the KPK license of HPL in its review application, this suit shall be withdrawn on hearing date.

d) Suit 1663 of 2020:

This is a suit for declaration and injunction filed by the Company in the High Court of Sindh challenging the action of OGRA in sending the Notice bearing No. OGRA-App-26-2(222)/2020 dated 26.10.2020 directing the Company to deposit 100% penalty for consideration of the review pending before OGRA whereas 50% of the penalty amount has already been deposited which was imposed on the basis of a letter bearing No. OGRA-OIL-19-3(51)2017 Vol-17 dated 22.05.2018 in respect of insufficient supplies of petroleum products. The Court passed ad interim order that OGRA shall not pass an adverse order on the Company's review application solely on the basis of non-deposit. The case has been disposed off being infructious vide order dated 26.02.24 as the Company had already deposited the penalty amount before OGRA and new law has been amended for the appeals and review before OGRA.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

e) Suit 655 of 2021:

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

Securities and Exchange Commission of Pakistan:

a) Appeal to SECP Appellate Bench:

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

b) Appeal to SECP Appellate Bench:

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

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

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Suit no 934/2022 and 935/2022:

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

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

As the entitlement of Plaintiffs was not substantially disputed and only the payment was deferred so payment with respect to undisputed amount is handed over to the plaintiffs and both cases were withdrawn by the plaintiff after receiving the undisputed amounts and now there is no claim in pending by these plaintiffs.

Allah Ditto vs Company:

The instant case is filed for recovery of amount 800,000/ against the Company with respect to MOU dated 17-07-2018. The Company had filed our written statement denying their claims and matter is fixed on 03.10.2024 for evidence.

Mr. Shahnawaz vs Company:

The instant case is filed for recovery of amount 1,100,000/ and damages 500,000/ against the Company with respect to MOU dated 22-10-2018 with reference to operating a filling station under the franchise of the Company on land measuring 12,000 Sq. ft bearing Survey No.228 situated at Kot Bungalow City, Nara Road Taluka Kotdiji District Khairpur. The Company has filed written statement denying their claims followed by the proposed issues and matter is fixed on 03.10.2024 for evidence of the Plaintiff.

Suit no 430 of 2022 vs Company:

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

Mr. Rehmat Khan Wardag:

A Suit has been filed on April 10, 2019 by Mr. Rehmat Khan Wardag (Contractor & Dealer of Hascol) for recovery of amount of Rs. 53 million and damages of Rs. 50 million against the Company. Mr. Rehmat Khan claims that his receivable amount of carriage bills was unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. the suit is dismissed on 18.09.2024 on ground of non-appearance from the Plaintiff side in favour of the Company.

The Company vs Province of Sindh & Others:

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

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

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

C.P is filed before Supreme Court of Pakistan and is pending for its listing.

Motorway Operations & Rehabilitation Engineering (Private) Limited ('MORE') vs Company:

The matter pertains to the Agreement between the Parties with respect to the management and operation of fuel stations and ancillary facilities on the Lahore Islamabad Motorway Service Areas ('Sites'). MORE first sought unilateral amendments to the agreement and then adverse to the interest of the Company initiated negotiation with other companies. This was violation of the terms of the Agreement as the Company has 'exclusive' rights on M2 for twenty years. Therefore, Arbitration Clause of the agreement was invoked and Arbitration Application was filed. The Court was pleased to restrain MORE, inter alia, from dispossessing the Company.

The matter is now being negotiated and is at the final stage of settlement. Such statement was made before the Civil Court by lawyers of both parties. Even otherwise, the Company has good prospect of winning this case. There is, however, no immediate financial impact of this litigation on the Company. The next date of hearing is fixed for 05.10., 2024.

Federal Investigation Agency (FIA):

During the second half of 2021, the Federal Investigation Agency (FIA) started a formal inquiry to probe the defaults incurred at banks on account of the Company. This inquiry focusses on individuals working for the Company (both Management and Board of Directors) and primarily National Bank of Pakistan. A formal First Investigation Report (FIR) was launched in January 2022 followed by a preliminary challan in High Court under the Anti Money Laundering act against thirty two (32) individuals. The Company is complying with the FIA to facilitate this investigation via provision of information. It is of extreme importance that the inquiry nor the challan is against the Company and the Company expects no outflow of economic benefit as a result of this case.

On September 25, 2023, certain present directors of the company who were nominated in this case were exonerated and the proceedings against them ended. Thus, no present director or official of the company is involved in this case any longer.

Sales contract:

In 2020, The Company entered into sales contract with Pakistan Army and Pakistan Airforce. The contracts were secured with bank guarantee issued by one of the financial institution in favour of the two customer. As per the terms and condition of the contracts; delay or not fulfilling the contract will result in encashment of the bank guarantee, liquidated damages and the ancillary risk and expenses.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

During the year ended December 31, 2021, the Company due to shortage of working capital was unable to honor the partial sales commitment of the counter parties. As a result of this, the counter parties have offset the outstanding advances with receivables and bank guarantee. The contracts closure and the exact settlement amount is still under discussion. As of December 31, 2023 the Company recorded and estimated liability amounting to Rs. 934 million approximately.

CP No. 5188/2022 - The Company vs Federation of Pakistan & others:

The Petition by the Company challenges the illegal action of the Customer Authorities. The Collectorate of Customs (Adjudication-I) on 30.08.2022 issued a show cause notice, through which they raised a demand to pay Additional Custom Duty on import of motor spirit for the period from 01.01.2020 to 30.06.2022 to the tune of Rs. 171,946,298/-. As this show cause was issued to all Oil Marketing Companies ("OMC") so the Company along with one other OMC assailed / challenged the said Show Cause Notice before the Sindh High Court. The High Court has instructed the Department not to decide on the contested show-cause notice issued vide order dated 12.10.2022, while the petition is still undergoing final adjudication. The matter is at the hearing stage and the Company is expecting likelihood of a favorable outcome in the matter.

CP No. 4446/2022 - Regulatory duty

Federal Board of Revenue ("FBR") on 20.06.22 issued SRO 806(I)/2022 ("SRO 806") through which regulatory duty was levied at the rate of 10% ("RD") on the import of motor spirit, however it provided that the RD shall not be applicable on cargoes for which letter of credits had already been issued, or were already on the high seas. On 30.06.22, the FBR issued SRO 966(I)/2022 ("SRO 966") which levied regulatory duty on the import of a number of goods, and by way of Entry No. 128 also levied regulatory duty at the rate of 10% on motor spirits. The Custom authority refused to give any benefit to the Company under SRO 806.

The same petition was dismissed by the DB of SHC. Thereafter, a CPLA filed against this dismissal order before SCP, wherein SCP directed the department to issue show cause to all OMCs and decide the controversy. The commissioner adjudication decided the case in favour of the OMCs, The Customs department has filed an appeal against the order of Commissioner adjudication and same appeal was accepted in favour of customs department. Now the Company has filed an SCRA No. 550 of 2024 against the decision of the Tribunal wherein same stay order is granted as of SCP, now the case is pending for the arguments on main petition.

21.1.2 Banking contingencies

United Bank Limited:

A suit under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (the Ordinance) was filed against the Company and its former CEO/Director, in his personal capacity as a guarantor of the Company's liabilities, for the recovery of PKR 776,768,111.37.

The aforementioned amount was claimed against the allegedly outstanding finance facility, amounting to PKR 746,862,015.77 including markup amounting to PKR 29,906,095.90.

An application under Section 10 of the Ordinance was filed on behalf of the Company seeking leave to defend the suit. The grounds raised in the application were, inter alia, the Plaintiff's failure to comply with the mandatory requirements of Section 9 of the Ordinance, which would render the suit liable to be dismissed, as well as the Plaintiff's failure to disclose the cause of action, the particular finance(s) (as the term is defined in the Ordinance) and facility on which the suit is founded, whether any finance or facility was ever extended or disbursed to or availed by the Company, the terms and conditions of the finance/facility availed, if any and its repayment date.



HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

The Company further contended therein that it has a constitutionally guaranteed right of trial under Article 10-A of the Constitution of the Islamic Republic of Pakistan, 1973 (the Constitution) and therefore, the requirement to obtain leave to appear and defend the suit under Section 10 of the Ordinance is ultra vires of the Constitution.

In response to the Company's leave to defend application, the Plaintiff submitted a replication requesting the Court to dismiss the Company's application for leave to defend.

The Plaintiff had simultaneously with the suit, filed an application under Section 16 of the Ordinance praying for the Court to restrict the Company from creating any third-party interest/rights on the immovable properties owned by the Company, to which the Company has filed its counter-affidavit objecting inter alia that the application for attachment of property is not maintainable under Section 16 of the Ordinance for failing to satisfy the necessary ingredients mandated by law for grant of relief.

In response to the above application for attachment of properties, the Company filed its counter-affidavit objecting inter alia that the lawsuit was not properly instituted and the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff bank, and for failing to disclose any apprehension with regards to the disposal of properties.

The suit was withdrawn by order dated 20 September 2023, in terms of an out-of-court settlement reached between the Plaintiff and the Company.

The Bank of Punjab (BOP)

a) Suit no B39 of 2021:

The Plaintiff filed a suit under Section 9 of the Ordinance for the payment and recovery of PKR 2,192,841,925.01 along with cost of funds from the date of default, and for the sale of the Company's hypothecated assets/goods/attached assets/properties. The aforementioned outstanding amount was claimed against the following facilities:

An application under Section 10 of the Ordinance for leave to defend the suit was filed on behalf of the Company claiming that the instant suit is liable to be rejected as it has not been validly instituted and fails to comply with the mandatory requirements of the Ordinance and does not disclose a cause of action. The grounds raised in the application are, inter alia, the particular finance(s) (as the term is defined in the Ordinance) on which the suit is found as due and payable by the Company is unidentified and not shown to be extended to the Company within the statement of accounts attached by the Plaintiff, and the suit has been instituted without a valid power of attorney. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act.

In response to the Company's leave to defend application, the Plaintiff submitted a replication requesting the Court to dismiss the Company's application for leave to defend.

Alongside the suit, the Plaintiff also filed an application under Section 16 of the Ordinance seeking to restrain the Company from creating any third-party interest in the immovable properties owned by the Company as well as passing an order for attachment of those properties till the disposal of the suit.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

The Plaintiff subsequently filed another application under Section 16 of the Ordinance for the attachment of certain other immovable properties belonging to the Company and prayed for the Company to be restrained from creating any third-party interest in these properties as well.

The Company filed its counter-affidavits to the two applications for injunction and attachment, denying the averments made by the Plaintiff, highlighting that the necessary ingredients for the grant of any relief under the provisions of the Ordinance had not been met. The Company has submitted that in the absence of the suit establishing a valid cause of action or a failure to show the Company's intent to dispose of or remove the property over which a security has been created, the attachment application of the Plaintiff cannot be granted.

On 20 September 2021, the Honorable Court passed an order restraining the Company from creating any third-party interests in immovable properties owned by the Company. The second application was pending hearing.

The suit was decided against the Company, granting all of the reliefs sought in the Suit, by judgment dated 6 February and decree dated 21 February 2023. The Company has filed an appeal against the said judgment and decree (see Appeal no 60 of 2023).

b) Appeal no 60 of 2023:

The Company has filed an appeal against the judgment and decree passed in Suit No. B-39 of 2021, on the grounds inter alia that: the Learned Judge failed at all to consider that the Suit was not maintainable; there was impropriety in the conduct of the proceedings and a proper hearing was not given to the Company; that the Learned Judge has failed to appreciate that the Suit falls foul of the mandatory provisions of section 9(2) and section 9(3) of the Ordinance; the Learned Judge has erroneously found that the so-called statements of accounts correspond precisely with the so-called finances itemized in the judgment; the Learned Judge has failed to determine whether any amounts were disbursed to or for the benefit of the Company under or pursuant to any of the so-called finance agreements attached in support of the Plaint and has instead based his findings on the basis merely that such so-called finance agreements were executed, incorrectly deeming the fact of execution to constitute "admissions" of disbursement and of liability on the part of the Company; the Learned Judge has failed to consider that the documents provided in respect of the purported letters of credit do not substantiate the bank's entitlement to the Suit amount; and the Learned Judge has failed to consider whether the bank is entitled to the benefit of the securities created under the hypothecation agreement.

The bank has filed a reply to the appeal along with an application alleging perjury on the part of the Company's officers. By way of order dated 29 March 2023, the bank's perjury application was dismissed and the parties were directed to maintain status quo. The writ of attachment issued in the execution proceedings of the decree is also not to affect the day-to-day operations of the Company (refer Execution no 18 of 2023). As such, the decree in the Suit is not presently proceeding to execution, as the said orders continue to operate to date.

The appeal is currently pending hearing and, in our view, the Company has a strong chance of success.

c) Execution no 18 of 2023:

The Decree Holder bank has instituted proceedings for the execution of the decree dated 21 February 2023 passed in Suit No. B-39 of 2021 (see point (a) above). A writ of attachment was issued for the attachment of the properties allegedly hypothecated in favor of the bank. However, by order dated 19 April 2023 passed in the appeal (see point (b) above), the writ of attachment shall not affect the day-to-day operations of the Company.



HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

By order of the Additional Registrar dated 10 April 2023, certain properties of the Company were sought to be attached, although such properties were not awarded by way of the decree passed in the Suit. Hence the Company has filed an application seeking to exclude the said properties from the scope of the execution proceedings. The Company's application will be heard on the next date of hearing and is, in our view, likely to succeed.

Further, it is our view that the decree will be set aside in the appeal and as such the execution proceedings will become infructuous.

a) Suit no B-45 of 2022:

The Plaintiff has filed a suit for recovery of PKR 1,088,188,268 against the Company under Section 9 of the Ordinance. The Plaintiff has also prayed for a decree for recovery of the allegedly outstanding amount through the sale of hypothecated/charged properties and assets of the Company, attachment of the Company's immovable properties and other properties and for cost of funds in terms of Section 3 of the Ordinance from the date of default till satisfaction of the decretal amount, if granted.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Company; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to meaningfully defend itself; and the attached documents do not support the Plaintiffs assertions regarding the Company's alleged liability.

The Plaintiff has, simultaneously with the suit, filed an application under Section 23 (1) of the Ordinance seeking to restrain the Company from transferring or selling the hypothecated assets and mortgaged properties, to which the Company has filed its counter-affidavit objecting inter a/la that the application for attachment of property is not maintainable under Section 23 of the Ordinance.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Samba Bank Limited

A suit under Section 9 of the Ordinance was filed against the Company and its former CEO/Director, Mr. Mumtaz Hasan Khan, (in his personal capacity as a guarantor of the Company's liabilities) for the recovery of PKR 1,018,709,744.57 against several finance facilities allegedly availed by the Company from the Plaintiff bank.

Additionally, during the pendency of the suit, the Company's assets were prayed to be attached for the settlement of the allegedly outstanding amount. However, separate applications seeking an interim injunction or attachment of the properties have not been filed by the Plaintiff.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

In response, the Company filed its application for leave to defend under Section 10 of the Ordinance praying that the suit is liable to be rejected inter alia the following grounds, which renders it impossible for the Company to know the case that has to be met by it: no cause of action has been disclosed by the Plaintiff against the Company, the Plaintiff has failed to disclose or identify any particular finance(s) or finance facility(ies) (as defined in the Ordinance) on which the suit is founded, the attached documents do not support the Plaintiffs assertions especially since the liability they allegedly establish has not lapsed as of the date of the institution of the suit and that it falls foul of the disclosure requirements to be strictly met under the Ordinance. Since the statement of accounts attached as an annexure in the suit itself fail to establish any nexus with the alleged facilities in question or any disbursements to the Company of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'.

The Company has also highlighted that the Plaintiff failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder by way of this suit. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act.

The suit was withdrawn by order dated 2 January 2024, in terms of an out-of- court settlement reached between the Plaintiff and the Company.

Sindh Bank Limited:

The Plaintiff has filed a suit under Section 9 of the Ordinance for the recovery of PKR 2,334,776,939.97 along with cost of funds.

The Plaintiff also prayed for permanent injunction to restrain the Company, its employees, agents or and other persons acting for and, on its behalf, directly and/or indirectly, from selling, alienating, disposing of or creating third party rights in any manner whatsoever in respect of the allegedly hypothecated assets as well as moveable and immovable properties. Additionally, it was prayed that a judgement and decree for attachment and sale of all other assets and properties of the Company is passed to recover the outstanding amount. However, separate applications seeking an interim injunction or attachment of the properties during the pendency of the proceedings have not been filed by the Plaintiff.

An application under Section 10 of the Ordinance for leave to defend the suit has been filed on behalf of the Company contesting the allegations averred against the Company. The grounds raised in the application are, inter alia, the Plaintiff's failure to comply with the mandatory requirements of the Ordinance or to establish that: the Company as its 'customer', there is a cause of action against the Company, the particular finance(s) (as the term is defined in the Ordinance) on which the suit is found as due and payable by the Company, and/or whether any finance facility was actually disbursed to the Company pursuant to the so- called facility letters. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act. The documents attached as supporting documents to the Plaintiff's suit, inter alia the promissory notes and letter(s) of lien/setoff, suggest that certain claims are also time barred under the Ordinance.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Bank Makramah Limited:

The Plaintiff filed a suit for recovery of PKR 547,253,184.24 against the Company under Section 9 of the Ordinance. In addition, the Plaintiff bank also prayed for the Company's assets to be attached for sale to cover the outstanding costs. A separate application under Section 16 of the Ordinance seeking such attachment during the pendency of proceedings was not been filed by the Plaintiff.

In response to the Plaintiff's suit, a leave to defend application under Section 10 of the Ordinance was filed by the Company notwithstanding any prejudice to the Plaintiff's contention that the provisions of the Ordinance are contrary to Article 10-A of the Constitution. In its application, the Company argued that the Plaintiff's suit is not valid and maintainable for the following reasons, for which it is liable to be dismissed: the suit has been instituted without a valid power of attorney, no cause of action has been established against the Company by the Plaintiff, the Plaintiff's assertions that the finance facilities (the term as defined in the Ordinance) were obtained by or recovered from the Company is not supported by any evidence, and the suit fails to comply with the mandatory provisions of the Ordinance.

The suit was withdrawn by order dated 1 January 2024, in terms of an out-of-court settlement reached between the Plaintiff and the Company.

National Bank of Pakistan:

a) National Bank of Pakistan vs Karachi Hydrocarbon Terminal Limited and another:

A suit of recovery under Section 9 of the Ordinance for PKR 4,019,323,714 along with liquidated damages, cost of funds, charges and costs till realization was instituted by the National Bank of Pakistan in respect of the term finance facility of PKR 4,000,000,000 allegedly extended by the Plaintiff to Karachi Hydro Carbon Terminal Limited (Defendant No.1), a subsidiary of the Company, and the Company as Defendant No. 2 acting as the guarantor in respect of the finance facility.

An application for leave to defend the suit under Section 10 of the Ordinance has been filed on behalf of the Company. The grounds raised therein include inter alia: the Plaintiff's failure to show any cause of action against the Company or comply with the mandatory requirements of the Ordinance, the suit being barred by limitation or otherwise premature with respect to other amounts claimed, absence of true and correct statements of accounts in support of the contention and the Plaintiff's failure to disclose the extension or disbursement of particular finances (the term as defined in the Ordinance) on the basis of which the suit is founded.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

b) Suit no B-47 of 2022:

The Plaintiff has filed a suit under Section 9 of the Ordinance against the Company and its former CEO/ Director, Mr. Mumtaz Hasan Khan (in his personal capacity as a guarantor of the Company's liabilities), for the recovery of PKR 23,669,132,888 against several finance facilities allegedly availed by the Company from the Plaintiff bank. The Plaintiff has prayed for the award of liquidated damages payable by the Company at the rate of; (i) 20% per annum from the due date to the date of recovery pursuant to the Term Finance Agreement dated March 9, 2016; (ii) 1.75% per annum from the due date to the date of recovery pursuant to the Term Finance Agreement dated May 22, 2018; (iii) 2% per annum from the seventh business day of the due date to the date of recovery pursuant to the Term Finance Agreement dated May 21, 2018; and (iv) 2% per annum from the seventh business day of due date to the date of recovery pursuant to the Finance Agreement dated October 18, 2018. Furthermore, the Plaintiff has also prayed for the attachment of the Company's properties including but not limited to all properties attached as security under the finance facilities availed by the Company.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on inter a/io the following grounds: no cause of action has been disclosed by the Plaintiff against the Company; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Company's alleged liability.

Along with the Plaint, the Plaintiff has filed (i) an application under Order 38 Rule 5 read with Section 151 of the Code of Civil Procedure, 1908 ("CPC") for the attachment of certain immovable properties of the Company (ii) an application under Order 39 Rules 1 and 2 read with Section 151 of the CPC, seeking to restrain the Company from inter alia, selling, transferring, alienating, or mortgaging its property, which the Plaintiff has alleged would cause irreparable loss and gravely prejudice its interests, and (iii) an application under Order 18 Rule 18 read with Section 151 of the CPC, requesting the Court to appoint the Nazir to prepare an inventory of all the assets available at various properties owned by the Company.

Ex parte ad interim orders were passed by the Court on 27 October 2022 directing the parties to maintain status quo.

The Company has filed its counter-affidavits to each of the above applications denying the averments made by the Plaintiff. It has been highlighted that the necessary ingredients for the grant of the relief being sought have not been met, particularly as the Plaintiff has not alleged any anticipated threat of removal or disposal of the Company's properties.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Bank Alfalah Limited (BAFL)

a) Suit no B-09 of 2022

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of PKR 1,130,340,813.09, along with costs, cost of funds, compensatory charges and liquidated damages from the date of default till realization. The Plaintiff has also prayed for the Court to grant a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Company.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Company; the Plaintiff has failed to disclose or appropriately identify the particular finance(s) or finance facility(ies) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to know the case that has to be met by it; and the attached documents do not support the Plaintiff's assertions and fall foul of the disclosure requirements to be strictly met under the Ordinance. It has further been stated that since the statements of accounts attached as annexures in the suit fail to establish any nexus with the alleged facilities in question or any disbursements to the Company of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'. Additionally, the statements of accounts attached by the Plaintiff are not certified according to the Bankers Evidence Act.



HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Simultaneously with the suit, the Plaintiff has filed an application under Section 16 of the Ordinance for attachment of the property owned by the Company till the final decision of the recovery suit, thereby seeking to restrain the Company from inter alia, selling, transferring, alienating, or mortgaging its property, which the Plaintiff has alleged would cause irreparable loss and gravely prejudice its interests.

In response to the above application for attachment of properties, a counter- affidavit has been filed on behalf of the Company on the grounds that the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff. Notwithstanding this, the Plaintiff has not provided any basis for apprehension of disposal of the properties.

In response to the Company's leave to defend application, the Plaintiff has submitted a replication requesting the Court to dismiss the Company's application for leave to defend.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed; and the Plaintiff will not succeed at the inter partes hearing to attach or otherwise adversely affect the Company's properties.

b) Suit no B-22 of 2023

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance of an amount of PKR 1,029,360,639.95 along with mark-up and cost of funds, under a Diminishing Musharaka Finance facility allegedly availed by the Company from the Plaintiff bank. The Plaintiff has also prayed for a permanent injunction against the disposal or creation of third-party interests on certain mortgaged and hypothecated properties; and the sale and attachment of specified mortgaged and hypothecated properties of the Company.

The Company has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance for inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Meezan Bank Limited

The Plaintiff has filed a suit under Section 9 of the Ordinance against the Company and its former CEO/ Director, Mr. Mumtaz Hasan Khan (in his personal capacity as a guarantor of the Company's liabilities), for the recovery of PKR 4,580,304,393 against several finance facilities allegedly availed by the Company from the Plaintiff bank. The Plaintiff has also prayed for the attachment of the Company's properties for the settlement of the alleged outstanding amount (a separate application seeking an interim injunction or attachment of the properties has not been filed).

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

In response, the application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on the grounds, inter alia, that: no cause of action has been disclosed by the Plaintiff against the Company; the Plaintiff has failed to disclose the particulars of the amounts claimed and finance (s) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to know the case that has to be met by it; and the attached documents do not support the Plaintiff's assertions. Since the statement of accounts attached as an annexure in the suit itself fail to establish any nexus with the alleged facilities in question or any disbursements to the Company of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'. Additionally, the statement of accounts attached by the Plaintiff are not certified according to the Bankers Evidence Act. It has also been highlighted that the Plaintiff has failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder in the suit.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Bank Islami Pakistan Limited

The Plaintiff has filed a suit for recovery of PKR 1,867,797,823.80 against the Company under Section 9 of the Ordinance. The Plaintiff has also prayed for a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Company. However, a separate application seeking an interim injunction or attachment of the property has not been filed by the Plaintiff.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Company; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Company's alleged liability. It has also been highlighted that the Plaintiff has failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder in the suit.

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Bank of Khyber

The Plaintiff has filed a suit for recovery of PKR 2,307,039,435 against the Company under Section 9 of the Ordinance under a LC finance facility and Running Finance facility allegedly availed by the Company from the Plaintiff bank. The Plaintiff has also prayed for a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Company and a permanent injunction from selling, disposing, alienating or creating third party rights in respect of the hypothecated/charged properties and assets. Additionally, the Plaintiff has also prayed for the payment of cost of funds in terms of Section 3 of the Ordinance from the date of default till the date of realization.

An application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Company; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed.

Bank of Khyber has filed a criminal complaint against the Company and some Directors (current and former) on account of misappropriation of stock collateral against the availed loan facilities.

The Company has also filed a constitutional petition for quashment of criminal complaint filed by the BOK which is pending for arguments before SHC

Dubai Islamic Bank

The Plaintiff has filed a suit for recovery of PKR 1,482,545,295 against the Company under Section 9 of the Ordinance. The Plaintiff has prayed for a permanent injunction from selling, disposing, alienating or creating third party rights in respect of the hypothecated assets and mortgaged properties, as well as for sale of the mortgaged properties and the hypothecated assets and attachment of the Company's bank accounts. Furthermore, the Plaintiff has prayed for the payment of cost of funds in terms of Section 3 of the Ordinance from the date of default till the date of realization.

An application for leave to defend has been filed on behalf of the Company. However, the Plaintiff is yet to file its replication.

In our view, the application for leave to defend filed on behalf of the Company is likely to succeed.

First Women Bank Limited

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance of an amount of PKR 853,540,095.2, along with cost of funds, under a LC finance facility and Running Finance facility allegedly availed by the Company from the Plaintiff bank. The Plaintiff has also prayed for a decree for the recovery of the outstanding amount through the sale of the hypothecated and immovable and other assets of the Company.

The Company has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance for inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

The Company's application was filed along with an application for condonation of delay, as the Additional Registrar had incorrectly observed that the leave to defend application was not filed with the prescribed 30 days' period under the Ordinance. The condonation application has been filed on the grounds that notice of the suit was never validly served on the Company under Section 9 (5) of the Ordinance and therefore, the question of limitation does not arise. Even otherwise, the leave to defend application was filed within time for being submitted within 30 days of actual notice of the suit.

A full inter partes hearing of the Company's condonation application has concluded and orders are reserved by the Court.

Application for condonation is accepted as filed by the Company and leave to defend filed on behalf of the Company is likely to succeed.

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Habib Bank Limited

The Plaintiff filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of PKR 5,822,624,391.84, along with future mark-up, cost of funds costs of the Suit, and liquidated damages at the rate of 20% per annum in respect of finance facilities alleged to have been availed by the Company. The Plaintiff also prayed for the Court to grant a decree for recovery of the outstanding amount through the sale of moveable and immoveable assets of the Company.

The Company has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

The case is being disposed of on account of settlement between the parties.

21.1.3 Commitments

- I The facility for opening letters of credit (LCs) acceptances as at September 30, 2024 amounted to Rs. 35,490 million (2023: Rs. 36,068 million) of which the amount remaining unutilized as at that date was Rs. 43 million (2023: Rs. 14 million).
- II There are no commitments for the purchases from Vitol Bahrain E.C, a party related to the Company.

	Un-audited September 30 2024	Audited December 31 2023
	----- Rupees in '000 -----	
III Bank guarantees	<u>363,000</u>	<u>-</u>
IV Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	<u>38,194</u>	<u>181,911</u>
V Commitments for rentals of assets under operating lease / Ijarah:		
- Not later than one year	<u>-</u>	<u>17,403</u>

22. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

This represents provision for expected credit losses - ECL under IFRS 9. Certain trade debt balances has been fully provided during the period



HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

23. LEVY

23.1 The income tax returns of the Company have been filed up to tax year 2024 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

23.2 This represents portion of minimum tax paid under section 113 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC - 21 / IAS - 37.

Un-audited September 30 2024	Un-audited September 30 2023
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----- Rupees in '000 -----

24. CASH (USED IN) / GENERATED FROM OPERATIONS

Loss before taxation

Adjustment for:

Depreciation on property, plant and equipment	1,282,644	1,377,359
Depreciation on right-of-use asset	216,852	159,788
Amortization	1,858	25
Provision for doubtful debts	13,199	712,597
Exchange loss - unrealized	80,800	2,438,240
Provision for gratuity	40,861	43,542
Gain on disposal of operating fixed assets	(230)	-
(Reversal) of advance to supplier	(1,174)	-
Writeback of liabilities	(767,533)	-
Unrealized gain on TFCs	-	(1,397)
Markup / profit on bank deposits	(35,764)	(52,204)
Markup charged on lease liability	306,040	314,943
Finance cost	7,404,835	7,426,195
Changes in working capital	(2,145,646)	2,090,903

(6,856,330)	(12,531,681)
1,282,644	1,377,359
216,852	159,788
1,858	25
13,199	712,597
80,800	2,438,240
40,861	43,542
(230)	-
(1,174)	-
(767,533)	-
-	(1,397)
(35,764)	(52,204)
306,040	314,943
7,404,835	7,426,195
(2,145,646)	2,090,903
3,831,704	1,978,310

24.1 Changes in working capital (Increase) / decrease in current assets

Stock-in-trade	3,473,751	(10,079,809)
Trade debts	(989,098)	(714,346)
Deposits and prepayments	(3,289)	89,549
Other receivables	2,479,697	(2,454,168)
Advances	(78,355)	(93,070)
	4,882,706	(13,251,844)

Increase in current liabilities

Trade and other payables	(2,737,060)	15,342,747
	2,145,646	2,090,903

25. CASH AND CASH EQUIVALENTS

Cash and bank balances	378,430	911,060
Short-term borrowings	(33,182,340)	(39,327,048)
	(32,803,910)	(38,415,988)

378,430	911,060
(33,182,340)	(39,327,048)
(32,803,910)	(38,415,988)

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

26. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprises of associated undertakings, directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and staff retirement fund. Significant transactions with related parties, other than those disclosed elsewhere in this unconsolidated statement of financial position, are as follows:

Name of related party	Nature of relationship	Nature of transaction	Percentage of shareholding	Un-audited	Un-audited
				September 30	September 30
				2024	2023
				----- Rupees in '000 -----	
Karachi Hydrocarbon Terminal Limited	Common directorship	Rendering of services	9.07%	154,433	338,231
Magic River Services Limited	Shareholding	Share of profit	25%	6,864	6,494
Hascal Lubricants (Private) Limited	Shareholding	Sale, purchase and others	100%	21,081	53,931
Vitol Bahrain EC	Common directorship	Procurement	N/A	34,337,616	66,317,557

26.2 Balances with related parties

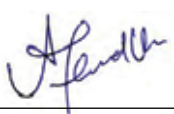
Name of related party	Nature of relationship	Nature of transaction	Percentage of shareholding	Un-audited	Audited
				September 30	December 31
				2024	2023
				----- Rupees in '000 -----	
Karachi Hydrocarbon Terminal Limited	Common directorship	Advance against issue of shares	9.07%	2,500	2,500
Karachi Hydrocarbon Terminal Limited	Common directorship	Investments	9.07%	412,500	412,500
Karachi Hydrocarbon Terminal Limited	Common directorship	Rendering of services	9.07%	1,550,070	1,573,981
Magic River Services Limited	Shareholding	Investments	25%	110,000	110,000
Magic River Services Limited	Shareholding	Share of profit	25%	921	722
Hascal Lubricants (Private) Limited	Shareholding	Sale, purchase and others	100%	36,320	37,823
VAS LNG (Private) Limited	Shareholding	Advance against issue of shares	30%	1,023	1,023
VAS LNG (Private) Limited	Shareholding	Investments	30%	3,000	3,000
Vitol Bahrain EC	Common directorship	Procurement	N/A	20,366,541	24,354,830

27. DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements have been authorised for issue on **October 31, 2024** by the Board of Directors of the Company.

28. GENERAL

All amounts have been rounded to the nearest thousand.



Chief Executive Officer



Chief Financial Officer



Director

The background features a large circular graphic with a blue tint. Inside the circle, there are several overlapping images: a line graph with data points, a bar chart with vertical bars, and a document with the words "COST" and "REVENUE" visible. The overall theme is financial and data-driven.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Third Quarter September 30, 2024





HASCOL PETROLEUM LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2024

		Un-audited September 30 2024	Audited December 31 2023
		----- Rupees in '000 -----	
ASSETS	Note		
Non-current assets			
Property, plant and equipment	7	21,482,924	22,803,213
Right-of-use assets	8	2,401,956	2,603,289
Intangible asset	9	12,692	7,213
Long-term investments	10	514,334	514,135
Deferred taxation - net	11	-	-
Long-term deposits		101,737	102,303
Total non-current assets		24,513,643	26,030,153
Current assets			
Stock-in-trade		9,045,765	12,599,212
Trade debts		2,146,769	1,157,270
Advances	12	652,920	374,478
Deposits and prepayments	13	381,402	401,193
Other receivables	14	5,124,020	7,629,102
Accrued mark-up and profit		140	627
Short term investments		100,097	100,097
Cash and bank balances		469,782	915,699
Total current assets		17,920,895	23,177,678
TOTAL ASSETS		42,434,538	49,207,831
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		9,991,207	9,991,207
Reserves		(108,669,675)	(102,107,439)
Revaluation surplus on property, plant and equipment - net of tax		11,690,742	12,504,066
Total shareholders' deficit		(86,987,726)	(79,612,166)
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	15	5,949,984	8,682,206
Lease liabilities	16	3,229,946	3,386,290
Deferred liabilities		237,976	309,569
Total non-current liabilities		9,417,906	12,378,065
Current liabilities			
Trade and other payables	17	47,398,253	50,061,952
Unclaimed dividend	18	356,928	356,928
Taxation - net		1,537,822	1,186,373
Accrued mark-up and profit		28,942,989	23,383,120
Short-term borrowings	19	33,182,340	35,644,035
Current portion of non-current liabilities	20	8,586,026	5,809,524
Total current liabilities		120,004,358	116,441,932
TOTAL LIABILITIES		129,422,264	128,819,997
TOTAL EQUITY AND LIABILITIES		42,434,538	49,207,831
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

HASCOL PETROLEUM LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT - Unaudited

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	Nine months period ended		Three months period ended	
	September 30	September 30	September 30	September 30
	2024	2023	2024	2023
Note	----- Rupees in '000 -----			
Sales - net	105,247,965	126,009,102	39,750,829	37,023,760
Sales tax	(251,171)	(328,735)	(64,824)	(125,344)
Net sales	104,996,794	125,680,367	39,686,006	36,898,416
Other revenue	287,229	199,464	124,459	676,243
Net revenue	105,284,023	125,879,831	39,810,465	37,574,659
Cost of products sold	(102,284,881)	(120,291,274)	(38,512,960)	(36,135,491)
Gross profit	2,999,142	5,588,557	1,297,505	1,439,168
Operating expenses				
Distribution and marketing	(2,583,544)	(2,467,720)	(823,711)	(814,548)
Administrative	(862,555)	(969,000)	(262,861)	(325,009)
	(3,446,099)	(3,436,720)	(1,086,572)	(1,139,557)
Impairment losses on financial assets	22 (14,373)	(78,678)	(2,117)	(78,678)
Other expenses	(7,198)	(633,919)	(1,400)	-
Other income	878,518	93,767	14,603	17,697
Operating profit	409,990	1,533,007	222,019	238,630
Finance cost	(7,711,003)	(7,741,298)	(2,644,605)	(2,702,361)
Exchange gain / (loss)-net	331,008	(6,385,725)	(18,554)	(113,513)
Share of profit on associate	6,865	6,494	2,627	1,820
	(7,373,131)	(14,120,529)	(2,660,532)	(2,814,054)
Loss before income tax and levy (minimum tax)	(6,963,141)	(12,587,522)	(2,438,513)	(2,575,424)
Minimum tax	23.2 (412,419)	(513,476)	(88,204)	(153,126)
Loss before Income Tax	(7,375,560)	(13,100,998)	(2,526,717)	(2,728,550)
Income tax	-	-	-	-
Loss for the period	(7,375,560)	(13,100,998)	(2,526,717)	(2,728,550)
Loss per share - basic and diluted (Rupees)	(7.38)	(13.11)	(2.53)	(2.73)


Chief Executive Officer


Chief Financial Officer


Director



HASCOL PETROLEUM LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - Unaudited

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	Nine months period ended		Three months period ended	
	September 30	September 30	September 30	September 30
	2024	2023	2024	2023
	----- Rupees in '000 -----			
Loss for the period	(7,375,560)	(13,100,998)	(2,526,717)	(2,728,550)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(7,375,560)</u>	<u>(13,100,998)</u>	<u>(2,526,717)</u>	<u>(2,728,550)</u>

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	Capital reserves		Revenue reserve	Surplus on revaluation of property, plant and equipment	Total shareholders' equity	
	Share Capital	Share premium	Unrealized gain / (loss) on remeasurement of FVTOCI investments			Unappropriated loss
----- Rupees in '000 -----						
Balance as at January 01, 2023 - audited	9,991,207	4,639,735	5,817	(89,747,995)	13,693,779	(61,417,457)
Total comprehensive loss for the period						
Loss for the period	-	-	-	(13,100,998)	-	(13,100,998)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(13,100,998)	-	(13,100,998)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	900,063	(900,063)	-
	-	-	-	(12,200,935)	(900,063)	(13,100,998)
Balance as at September 30, 2023 - unaudited	9,991,207	4,639,735	5,817	(101,948,930)	12,793,716	(74,518,455)
Balance as at January 01, 2024 - audited	9,991,207	4,639,735	5,817	(106,752,991)	12,504,066	(79,612,166)
Total comprehensive loss for the period						
Loss for the period	-	-	-	(7,375,560)	-	(7,375,560)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(7,375,560)	-	(7,375,560)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	813,324	(813,324)	-
	-	-	-	(6,562,236)	(813,324)	(7,375,560)
Balance as at September 30, 2024 - unaudited	9,991,207	4,639,735	5,817	(113,315,227)	11,690,742	(86,987,726)

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director



HASCOL PETROLEUM LIMITED CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS- Unaudited

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

		September 30 2024	September 30 2023
	Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	24	4,358,591	1,994,045
Finance cost paid		(1,845,094)	(939,410)
Taxes paid		(60,970)	(17,337)
Gratuity paid		3,326	(97,842)
Net cash (used in)/ generated from operating activities		2,455,853	939,456
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred Operating Fixed Assets		(42,708)	(94,716)
Purchase of intangible assets		(7,337)	(256.00)
Investment redeemed during the period		6,666	7,626
Profit received on bank deposits and TFC		36,251	53,555
Proceeds from disposal of property, plant and equipment		110	-
Long term deposit repaid - net		566	(47,890)
Net cash used in investing activities		(6,452)	(81,681)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid		(433,623)	(719,031)
Net cash used in financing activities		(433,623)	(719,031)
Net increase / (decrease) in cash and cash equivalents		2,015,778	138,744
Cash and cash equivalents at beginning of the period		(34,728,336)	(38,208,066)
Cash and cash equivalents at end of the period	25	(32,712,558)	(38,069,322)

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

1. STATUS AND NATURE OF BUSINESS

1.1 The Group consists of:

Name of the Company	Status in the Group	Percentage of holding
Hascol Petroleum Limited	Holding Company	-
Hascol Lubricants (Private) Limited	Subsidiary Company	100%
Hascombe Lubricants (Private) Limited	Subsidiary Company	100%

Hascol Petroleum Limited

Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company and on May 12, 2014 the Company was listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi. The Company is engaged in the business of procurement, storage and marketing of petroleum, chemicals, LPG and related products. The Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005 and acquired assets of LPG licensed company in the year 2018.

Hascol Lubricants (Private) Limited

Hascol Lubricants (Private) Limited (the Subsidiary Company) was incorporated on January 31, 2017 as a private limited company under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at 29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi. The Company is formed to carry on the business of blending and producing of lubricating oils, greases and other petroleum products. The company is a wholly owned subsidiary of Hascol Petroleum Limited.

Hascombe Lubricants (Private) Limited

Hascombe Lubricants (Private) Limited (the Subsidiary Company) was incorporated on December 27, 2001 as a private limited company under the repealed Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. Principal activity of the Subsidiary Company was marketing and selling imported and locally produced automobile and industrial lubricants. The company is a wholly owned subsidiary of Hascol Petroleum Limited. The Subsidiary Company has ceased to be as a going concern and therefore the financial statements of the Subsidiary Company has not been prepared on a going concern basis.

During the current period, the Group incurred a net loss of Rs. 7.38 billion (2023: Rs. 13.1 billion), resulting in net shareholders deficit of Rs. 86.99 billion (2023: Rs. 79.61 billion) as of the consolidated statement of financial position date. Further, as of that date the current liabilities of the Group exceeded its current assets by Rs. 102.08 billion (2023: Rs. 93.26 billion) and has defaulted in majority of its outstanding loans with banks. These conditions may cast significant doubt on the Group's ability to continue as a going concern. However, in order to ensure the Group's ability to operate as a going concern, certain plans and measures have been taken to improve its liquidity and financial position which includes, but not limited to, the following:



HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

- a) The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the holding company for the twelve months following the date of balance, at the date of approval of these financial statements.
- b) The inflow from the IFEM pool and the assurance of supply continuity was taken into account by the board to arrive at a conclusion that the holding company will continue to operate as a going concern and there are no current plans to file for liquidation for at least one year (12 months) from the date of the balance sheet being authorised for issue.
- c) Except for, where a regulatory action from government department or proceedings of liquidation from a creditor (s) are initiated, wherein , the banking accounts of the holding company are attached and / or seized by the relevant action of the regulator or creditor. In such case, the company may face disruptions in its operations and may come to a halt of business operations thus challenging the going concern of the holding company.

2 BASIS OF PREPARATION

These condensed interim consolidated financial statements of the Group for the nine months period ended September 30, 2024 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed. These condensed interim consolidated financial statements are being submitted to the shareholders in accordance with section 237 of the Act and should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2023.

3. NEW OR AMENDMENTS / INTERPRETATIONS TO EXISTING STANDARDS, INTERPRETATION AND FORTHCOMING REQUIREMENTS

During the period the Institute of Chartered Accountants of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax. Further the treatment of minimum taxes has been presented differently in this guidance.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, Earnings per share and Statement of Changes in Equity as a result of this change.

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Effect on statement of profit or loss and other comprehensive income

	Had there been no Change in accounting policy	Impact of Change in accounting policy	After incorpo- rating effects of change in accounting policy
-----Rupees in '000 -----			
For the period ended September 30, 2024			
Taxation-Minimum Taxes	-	(412,419)	(412,419)
Loss before taxation	(6,963,141)	-	(6,963,141)
Taxation-Income tax	(412,419)	412,419	-
	<u>(7,375,560)</u>	<u>-</u>	<u>(7,375,560)</u>
For the period ended September 30, 2023			
Taxation-Minimum Taxes	-	(513,476)	(513,476)
Loss before taxation	(12,587,522)	-	(12,587,522)
Taxation-Income tax	(513,476)	513,476	-
	<u>(13,100,998)</u>	<u>-</u>	<u>(13,100,998)</u>

4. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of audited annual financial statements of the Group for the year ended December 31, 2023 except for the change in policy stated in the new standards and interpretation note, where the effect of guidance provided for IAS - 12 Income Taxes, by the ICAP has been taken retrospectively.

5. ACCOUNTING ESTIMATES AND JUDGEMENTS

5.1 The preparation of these condensed interim consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

5.2 During the preparation of these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended December 31, 2023 except for the new guidance for IAS - 12 Income taxes applied retrospectively and disclosed in new standards and interpretation note.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended December 31, 2023.



HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

		Un-audited	Audited
		September 30	December 31
		2024	2023
		----- Rupees in '000 -----	
7	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	19,113,450	20,436,525
	Capital work-in-progress	2,369,474	2,366,688
		21,482,924	22,803,213
7.1	Movement during the period / year is as follows:		
	Balance at beginning of the period / year	2,366,688	4,578,405
	Additions during the period / year	192,078	140,731
	Transfers during the period / year	(189,292)	(300,841)
	Provisions during the period / year	-	(2,051,607)
	Balance at the end of the period / year	2,369,474	2,366,688
7.2	The following assets were disposed off during the period / year:		
		Cost	Accumulated depreciation
			Net book value
		-----Rupees in '000 -----	
	September 30, 2024 (un-audited)	289	(289)
	December 31, 2023 (audited)	22,334	11,340
		294,575	294,575
	Buildings	1,893,494	1,891,075
	Machinery, tanks and pumps	15,420	15,420
	Retail sites	27,647	27,280
	Furniture, office equipment and other assets	138,338	138,338
	Borrowing cost capitalized	2,369,474	2,366,688
8.	RIGHT-OF-USE ASSETS		
	Storage facility	88,072	94,951
	Pumpsites	2,195,005	2,329,613
	Offices	118,879	178,725
		2,401,956	2,603,289

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

8.1 Movement in right of use assets during the period/year is as follows:

	Un-audited		Audited	
	September 30		December 31	
	2024		2023	
Note	----- Rupees in '000 -----			
Balance at beginning of the period / year	2,603,289		2,908,710	
Additions during the period / year	15,519		9,104	
Depreciation charged during the period / year	(216,852)		(314,525)	
Balance at the end of the period / year	2,401,956		2,603,289	

9. INTANGIBLE ASSET

Computer software

	12,692		7,213	
Net book value at beginning of the period / year	7,213		1,530	
Addition during the period / year	7,336		7,430	
Amortization charge for the period / year	(1,857)		(1,747)	
Net book value at the end of the period / year	12,692		7,213	
Net book value				
Cost	29,284		21,948	
Accumulated amortization	(16,592)		(14,735)	
Net book value	12,692		7,213	
Rate of amortization - %	33.33		33.33	

10. LONG-TERM INVESTMENTS

Investment in associate - at cost

VAS LNG (Private) Limited - unquoted	10.1	-	-
Magic River Services Limited	10.2	110,921	110,722
Karachi Hydrocarbon Terminal Limited - unquoted	10.3	399,890	399,890
		510,811	510,612
Advance against purchase of shares - with related parties			
Karachi Hydrocarbon Terminal Limited - unquoted		2,500	2,500
VAS LNG (Private) Limited - unquoted		1,023	1,023
		514,334	514,135



HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Un-audited	Audited
September 30	December 31
2024	2023

----- Rupees in '000 -----

10.1 VAS LNG (Private) Limited - unquoted

Balance at the beginning of the period / year	-	-
Share of loss for the period / year	-	-
Balance at the end of the year	-	-

10.2 Investment in Magic River Services Limited represents 25% shareholding in the business amounting to Rs. 110 million.

Un-audited	Audited
September 30	December 31
2024	2023

----- Rupees in '000 -----

Balance at the beginning of the period / year	110,722	111,250
Share of profit for the period / year	6,865	8,677
Profit received during the period / year	(6,666)	(9,205)
Balance at the end of the year	110,921	110,722

10.3 Investment in Karachi Hydrocarbon Terminals Limited (formerly Hascol Terminal Limited) represent 41.3 million shares (2023: 41.3 million) fully paid ordinary shares of Rs. 10 per share. The Group is engaged in providing storage facilities for imported and locally procured petroleum and related products.

10.4 Investments in associated companies and undertakings have been made in accordance with the requirements of the Companies Act, 2017.

The Management cannot assess the recoverable amount as of September 30, 2024 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

11. DEFERRED TAXATION - NET

Un-audited	Audited
September 30	December 31
2024	2023

----- Rupees in '000 -----

This comprises the following:

Taxable temporary difference arising in respect of:

Revaluation of operating fixed assets

(2,788,119)	(3,023,983)
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Deductible temporary difference arising in respect of:

Long term investment

10,037	10,038
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Liabilities against right-of-use assets

934,170	1,227,337
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Exchange loss

23,418	575,395
--------	---------

Provision for:

- retirement benefit

39,729	27,892
--------	--------

- ECL on trade debts

2,707,366	2,787,832
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- short term investments - TFCs

1,421	1,421
-------	-------

- ECL on long term deposits

14	14
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- against stock

35,862	35,862
--------	--------

- suppliers and services advance

691,030	691,371
---------	---------

- IFEM, RD and PDC

491,187	491,187
---------	---------

Accelerated depreciation

596,367	399,753
---------	---------

Normal tax loss

25,473,396	23,444,314
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Unrecognized deferred tax asset

(28,215,878)	(26,668,433)
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- 11.1 Deferred tax asset of Rs. 28,216 million (2023: Rs. 26.668 million) has not been recognized in these condensed interim consolidated financial information due to uncertainty in availability of future taxable profits based on financial projections of future five years.

12. ADVANCES

Un-audited	Audited
September 30	December 31
2024	2023

----- Rupees in '000 -----

To employees:

- against expenses

20,725	19,139
--------	--------

- against salaries

22,752	23,019
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Supplier & Service provider

2,993,262	2,717,313
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Provision for Supplier & Services Advance

(2,383,819)	(2,384,993)
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652,920	(374,478)
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13. DEPOSITS AND PREPAYMENTS

Deposits

- current portion of lease deposits

128,637	128,637
---------	---------

- other deposits

208,271	222,081
---------	---------

336,908	350,718
---------	---------

Prepayments

- Insurance and others

17,384	22,937
--------	--------

- Rent

27,110	27,538
--------	--------

44,494	50,475
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381,402	401,193
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HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

14. OTHER RECEIVABLES

		Un-audited September 30 2024	Audited December 31 2023
	Note	----- Rupees in '000 -----	
Inland freight equalization margin ("IFEM") receivable		5,083,123	7,966,951
Miscellaneous receivables		77,792	49,712
Receivable against regulatory duty ("RD")		25,533	25,533
Sales tax refundable		1,624,381	1,273,715
Price differential claims ("PDC")	14.1	7,618	7,618
Provisioning of IFEM, RD and PDC	14.2	(1,694,427)	(1,694,427)
		5,124,020	7,629,102

14.1 This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources. The Company together with other oil marketing companies is actively perusing the matter with the concerned authorities for the early settlement of above claim. The Company considers that the balance amount will be reimbursed by GoP in due course of time.

14.2 This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM).

15. LONG TERM FINANCING - secured

		Un-audited September 30 2024	Audited December 31 2023
	Note	----- Rupees in '000 -----	
Borrowing from conventional banks		13,044,558	13,044,558
Borrowing from non banking financial institutions		92,857	92,857
Sukuk certificates		500,000	500,000
		13,637,415	13,637,415
Borrowing from conventional banks		(7,094,574)	(4,362,352)
Borrowing from non banking financial institutions		(92,857)	(92,857)
Sukuk certificates		(500,000)	(500,000)
		(7,687,431)	(4,955,209)
Non-current portion of long term financing		5,949,984	8,682,206

16. LEASE LIABILITIES

Lease liability against right of use asset	16.1	3,229,946	3,386,290
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16.1 Lease liability against right of use asset

Present value of future minimum lease payments		4,128,541	4,240,605
Less: Current portion		(898,595)	(854,315)
Non-current portion		3,229,946	3,386,290

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

17. TRADE AND OTHER PAYABLES

	Un-audited September 30 2024	Audited December 31 2023
	----- Rupees in '000 -----	
Trade creditors	23,709,485	28,568,752
Payable to cartage contractors	2,677,219	1,668,045
Advance from customers - unsecured	1,232,785	572,118
Dealers' and customers' security deposits	727,250	717,732
Other liabilities	19,051,513	18,535,305
	<u>47,398,253</u>	<u>50,061,952</u>

18. UNCLAIMED DIVIDEND

During the period one of the major shareholders of Holding Company gave consent to use their unpaid dividend amount for working capital purposes till the regulatory impediments with respect to repatriation of the underlying funds are resolved with the bank.

19. SHORT-TERM BORROWINGS

19.1 The Holding Company entered into an agreement of revival of its banking facilities with Bank Makramah Limited and obtained a consent decree from Sindh High Court on January 01, 2024. The said agreement allow the Company to established working capital lines in form of Local Bank Guarantee and / or Local Bank Letter of Credit to local refineries for procurement of petroleum products to the extent of its outstanding principal of Rs. 363 million. Further, the bank allowed complete waiver of accrued markup and all other charges outstanding till March 2024 amounting to Rs. 224 million and the same been reflected as other income in the condensed interim unconsolidated financial statements.

19.2 During the period, the Holding Company completed the installment base plan with MCB Bank Limited and thereby wrote back the principal and accrued markup of Rs 269 million and Rs 276 million respectively as other income in the condensed interim unconsolidated financial statements.

19.3 During the period the Holding Company accepted the settlement arrangement received from Meezan Bank Limited, Bank Alfalah Limited, Al Baraka Bank (Pakistan) Limited and Faysal Bank Limited for the settlement of outstanding loan.

Under the said arrangement, the Holding Company is obliged to pay only 30% as full and final settlement of total outstanding liability in thirty equal monthly installments.

Upon payment of the total agreed amount, the Holding Company shall record the write back of left-over principal amount and accrued mark-up.

20. CURRENT PORTION OF NON-CURRENT LIABILITIES

		Un-audited September 30 2024	Audited December 31 2023
		----- Rupees in '000 -----	
Current portion of long term financing	15	7,687,431	4,955,209
Current portion of lease liability of right of use assets	16.1	898,595	854,315
		<u>8,586,026</u>	<u>5,809,524</u>

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

21. CONTINGENCIES AND COMMITMENTS

21.1 CONTINGENCIES

20.1.1 Non-banking contingencies

Workers participation fund:

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

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

Income tax assessments / audit proceedings:

Tax year 2022:

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

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

Tax year 2021:

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

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

Tax year 2020:

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

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

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

Tax year 2019:

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

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

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

Tax year 2018:

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

Against this order under section 122(5A), an appeal was filed before Commissioner (Appeals). In the appeal order the Commissioner (Appeals) accepted the Group's appeal on the point of minimum tax u/s 113 on account of petroleum levy and as well in respect of disallowance of Commission and partly on the other points.

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

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

Tax year 2017:

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

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

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

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

Tax year 2016:

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

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

Tax year 2015:

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

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

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

Tax Year 2014, 2013, 2011 and 2010:

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

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

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

Direct tax - Monitoring proceedings:

Tax Year 2021:

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

No Order passed has been passed.

Tax Year 2020:

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

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

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Tax Year 2019:

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

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

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

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

Tax Year 2018:

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

Tax Year 2015:

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

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

Tax Year 2014:

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

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

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



HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Indirect tax:

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

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

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

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

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

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

In 2023, DCIR passed Order No. 2796 for Input Sales Tax Claim against the Contract Carriage & Transportation of Petroleum Products. An appeal No. STA/250/A-1/LTO/2023/91 dated 24-08-2023 was filed against the order amounting to Rs. 343,361,000 along with imposing penalty and default surcharge. Appeal is filed by M/s. OSMANI & AFZAL ASSOCIATES on behalf of the Group. Case Annulled by CIR Appeals I, Karachi and remanded back to DCIR. No Order has been passed till now.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

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

FBR issued show cause notice U/S 11(2) of the Sales Tax Act, 1990 and U/S 14(1)(2) of the FED Act, 2005 read with Petroleum Development Surcharge Ordinance, 1961 for the period from January 2015 to December 2018 in which FBR stated that scrutiny of sales quantity in terms of liters for products i.e. MS (Motor Spirit) and HSD obtained from regulatory authority Oil & Gas Regulatory Authority (OGRA) for the period January 2015 to December 2018 as compared with the Sales Tax Returns filed by the Group reveals that the Group has under declared sales quantity of MS and HSD, resulting in short payment of Sales tax amounting to Rs. 16,368 million and Petroleum Development Levy amounting to Rs. 7,303 million. On this pretext, FBR called upon the Group to show cause as to why Rs. 23,671 million and default surcharge may not be recovered and penal action may not be taken for violation of aforementioned provisions. The Group submitted its reply to FBR and then challenged the show cause in the High Court on November 5, 2019. After hearing Group's case, Honourable Court was pleased to pass ad-interim order dated November 5, 2019, whereby Deputy Commissioner Inland Revenue has been restrained from passing any final adverse order against the Group on the basis of impugned Show Cause Notice. SHC has dismissed the petition filed and fresh Hearing Notice No. 9063 dated 05-09-2024 has been served upon Group. The matter is still pending adjudication and in the view of the advisor, the Group has a good arguable case on merits with a chance of favourable outcome. There is no immediate financial liability against the Group.

FBR issued show cause notice U/S 11(2) of the Sales Tax Act, 1990 for the period from January 2019 to December 2019 vide Notice No. 7604 dated 09-02-2024 wherein DCIR has contronted various alleged discrepancies on account of reconciliations of Sales and etc. aggregated to Rs. 7.918 million. The Group submitted its reply to FBR and then filed CP before the SHC to restrain the department for any courseive action. After hearing Group's case, Honorable Court was pleased to pass ad-interim order dated 25-09-2024, whereby Deputy Commissioner Inland Revenue has been restrained from passing any final adverse order against the Group on the basis of impugned Show Cause Notice. In the view of the advisor, the Group has a good arguable case on merits with a chance of favorable outcome. There is no immediate financial liability against the Group.

Sindh Revenue Board

a) Period 2013-2019:

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

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

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

b) Other SRB Appeals:

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

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

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

Punjab Revenue Authority

- a) The Group is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 989,229,120/- pertaining to expenditure incurred under the head of Capital Work in Progress in the tax periods January 2017 to December 2018 through the Order no 19 of 2020 dated 30-01-2020, passed by Additional Commissioner — Punjab Revenue Authority. This appeal is filed by M/s. Grant Thornton on behalf of the Group.
- b) The Group is contesting before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 108,199,360/- pertaining to Distribution, Selling & Administration Expenses in the tax periods January 2017 to December 2017 through the Order no 15 of 2020 dated 30-12-2019, passed by Additional Commissioner — Punjab Revenue Authority. This appeal is filed by M/s. Grant Thornton on behalf of the Group.
- c) The Group contested before the Commissioner Appeals PRA, Lahore the imposition of the alleged principal amount of sales tax liability to the tune of Rs. 12,066,400/- pertaining to Business Support Services in the tax periods January 2017 to December 2018 through the Order no 16 of 2019 dated 30-12-2019, passed by Additional Commissioner — Punjab Revenue Authority. This appeal under section 63 of the PSTS'12 was filed by M/s. Grant Thornton on behalf of the Group. Original Order was upheld by the Commissioner Appeal, Punjab Revenue Authority vide Appeal Order No. 72/2020 dated 17-03-2021 which was received much later in Year 2022. The Appeal is being prepared along with Condonation Application to prefer before the Appellate Tribunal under section 66 of the Punjab Sales Tax on Services Act, 2012.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

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

Baluchistan Revenue Authority:

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

Shams Lubricants (Private) Limited:

The Group has rented out storage facility in Amangarh, Noshehra KPK from Shams Lubricants and terminated the Lease Agreement on 31-08-2020 after incident of the fire. The Group had handed over few cheques of advance cheques to Shams Lubricants, which are dishonored by Shams Lubricants. Shams Lubricants has filed the instant suit on the basis of these dishonored cheques and demanding the rent for one year as per termination clause of the lease agreement which stipulated that either party can terminate the lease agreement by serving one-year prior notice to the other party. the said suit has been dismissed by the court in favour of the Group vide order dated 05.08.2024.

Cantonment Board vs Group

a) Chaklala Cantonment Board:

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

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

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

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

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

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

b) Rawalpindi Cantonment Board:

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

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

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

Group vs Federation of Pakistan & Others:

Suit no 1980 of 2021:

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

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

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

Group vs Federation of Pakistan and Commissioner Inland Revenue:

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

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

In this case stay in operating till date with next hearing date is 10.12.2024 and there is a strong likely hood of winning this case.

M/s Malik Enterprises (Pvt.) Limited:

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

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

The Group is making regular payments of rent as per agreement and settlement with the Client and there is no likelihood of any further dispute in this regard.

Muhammad Farook & Others:

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

Federation of Pakistan and others vs Group:

a) Suit no 1008 of 2018:

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

b) High Court Appeal no. 175 Of 2019:

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

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

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

c) Suit 1623 of 2020:

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

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

The Court passed ad interim order restraining the defendants from taking any coercive action against the Group in pursuance of impugned order dated October 20, 2020. The case is at the stage of hearing of applications. OGRA has reinstated the KPK license of HPL in its review application, this suit shall be withdrawn on hearing date.

d) Suit 1663 of 2020:

This is a suit for declaration and injunction filed by the Group in the High Court of Sindh challenging the action of OGRA in sending the Notice bearing No. OGRA-App-26-2(222)/2020 dated 26.10.2020 directing the Group to deposit 100% penalty for consideration of the review pending before OGRA whereas 50% of the penalty amount has already been deposited which was imposed on the basis of a letter bearing No. OGRA-OIL-19-3(51)2017 Vol-17 dated 22.05.2018 in respect of insufficient supplies of petroleum products. The Court passed ad interim order that OGRA shall not pass an adverse order on the Group's review application solely on the basis of non-deposit. The case has been disposed off being infructuous vide order dated 26.02.24 as the Group had already deposited the penalty amount before OGRA and new law has been amended for the appeals and review before OGRA.

e) Suit 655 of 2021:

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

Securities and Exchange Commission of Pakistan:

a) Appeal to SECP Appellate Bench:

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

b) Appeal to SECP Appellate Bench:

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

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

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

Suit no 934/2022 and 935/2022:

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

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

As the entitlement of Plaintiffs was not substantially disputed and only the payment was deferred so payment with respect to undisputed amount is handed over to the plaintiffs and both cases were withdrawn by the plaintiff after receiving the undisputed amounts and now there is no claim in pending by these plaintiffs.

Allah Ditto vs Group:

The instant case is filed for recovery of amount 800,000/ against the Group with respect to MOU dated 17-07-2018. The Group had filed our written statement denying their claims and matter is fixed on 03.10.2024 for evidence.

Mr. Shahnawaz vs Group:

The instant case is filed for recovery of amount 1,100,000/ and damages 500,000/ against the Group with respect to MOU dated 22-10-2018 with reference to operating a filling station under the franchise of the Group on land measuring 12,000 Sq. ft bearing Survey No.228 situated at Kot Bungalow City, Nara Road Taluka Kotdiji District Khairpur. The Group has filed written statement denying their claims followed by the proposed issues and matter is fixed on 03.10.2024 for evidence of the Plaintiff.

Suit no 430 of 2022 vs Group:

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

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Mr. Rehmat Khan Wardag:

A Suit has been filed on April 10, 2019 by Mr. Rehmat Khan Wardag (Contractor & Dealer of Hascol) for recovery of amount of Rs. 53 million and damages of Rs. 50 million against the Group. Mr. Rehmat Khan claims that his receivable amount of carriage bills was unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. the suit is dismissed on 18.09.2024 on ground of non-appearance from the Plaintiff side in favour of the Group.

The Group vs Province of Sindh & Others:

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

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

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

C.P is filed before Supreme Court of Pakistan and is pending for its listing.

Motorway Operations & Rehabilitation Engineering (Private) Limited ('MORE') vs Group:

The matter pertains to the Agreement between the Parties with respect to the management and operation of fuel stations and ancillary facilities on the Lahore Islamabad Motorway Service Areas ('Sites'). MORE first sought unilateral amendments to the agreement and then adverse to the interest of the Group initiated negotiation with other companies. This was violation of the terms of the Agreement as the Group has 'exclusive' rights on M2 for twenty years. Therefore, Arbitration Clause of the agreement was invoked and Arbitration Application was filed. The Court was pleased to restrain MORE, inter alia, from dispossessing the Group.

The matter is now being negotiated and is at the final stage of settlement. Such statement was made before the Civil Court by lawyers of both parties. Even otherwise, the Group has good prospect of winning this case. There is, however, no immediate financial impact of this litigation on the Group. The next date of hearing is fixed for 05.10., 2024.

Federal Investigation Agency (FIA):

During the second half of 2021, the Federal Investigation Agency (FIA) started a formal inquiry to probe the defaults incurred at banks on account of the Group. This inquiry focusses on individuals working for the Group (both Management and Board of Directors) and primarily National Bank of Pakistan. A formal First Investigation Report (FIR) was launched in January 2022 followed by a preliminary challan in High Court under the Anti Money Laundering act against thirty two (32) individuals. The Group is complying with the FIA to facilitate this investigation via provision of information. It is of extreme importance that the inquiry nor the challan is against the Group and the Group expects no outflow of economic benefit as a result of this case.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

On September 25, 2023, certain present directors of the Group who were nominated in this case were exonerated and the proceedings against them ended. Thus, no present director or official of the Group is involved in this case any longer.

Sales contract:

In 2020, The Group entered into sales contract with Pakistan Army and Pakistan Airforce. The contracts were secured with bank guarantee issued by one of the financial institution in favour of the two customer. As per the terms and condition of the contracts; delay or not fulfilling the contract will result in encashment of the bank guarantee, liquidated damages and the ancillary risk and expenses.

During the year ended December 31, 2021, the Group due to shortage of working capital was unable to honor the partial sales commitment of the counter parties. As A result of this, the counter parties have offset the outstanding advances with receivables and bank guarantee. The contracts closure and the exact settlement amount is still under discussion. As of December 31, 2023 the Group recorded and estimated liability amounting to Rs. 934 million approximately.

CP No. 5188/2022 - The Group vs Federation of Pakistan & others:

The Petition by the Group challenges the illegal action of the Customer Authorities. The Collectorate of Customs (Adjudication-I) on 30.08.2022 issued a show cause notice, through which they raised a demand to pay Additional Custom Duty on import of motor spirit for the period from 01.01.2020 to 30.06.2022 to the tune of Rs. 171,946,298/-. As this show cause was issued to all Oil Marketing Companies ("OMC") so the Group along with one other OMC assailed / challenged the said Show Cause Notice before the Sindh High Court. The High Court has instructed the Department not to decide on the contested show-cause notice issued vide order dated 12.10.2022, while the petition is still undergoing final adjudication. The matter is at the hearing stage and the Group is expecting likelihood of a favorable outcome in the matter.

CP No. 4446/2022 - Regulatory duty

Federal Board of Revenue ("FBR") on 20.06.22 issued SRO 806(I)/2022 ('SRO 806') through which regulatory duty was levied at the rate of 10% ('RD') on the import of motor spirit, however it provided that the RD shall not be applicable on cargoes for which letter of credits had already been issued, or were already on the high seas. On 30.06.22, the FBR issued SRO 966(I)/2022 ('SRO 966') which levied regulatory duty on the import of a number of goods, and by way of Entry No. 128 also levied regulatory duty at the rate of 10% on motor spirits. The Custom authority refused to give any benefit to the Group under SRO 806.

The same petition was dismissed by the DB of SHC. Thereafter, a CPLA filed against this dismissal order before SCP, wherein SCP directed the department to issue show cause to all OMCs and decide the controversy. The commissioner adjudication decided the case in favour of the OMCs, The Customs department has filed an appeal against the order of Commissioner adjudication and same appeal was accepted in favour of customs department. Now the Group has filed an SCRA No. 550 of 2024 against the decision of the Tribunal wherein same stay order is granted as of SCP, now the case is pending for the arguments on main petition.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

21.1.2 Banking contingencies

United Bank Limited:

A suit under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 (the Ordinance) was filed against the Group and its former CEO/Director, in his personal capacity as a guarantor of the Group's liabilities, for the recovery of PKR 776,768,111.37.

The aforementioned amount was claimed against the allegedly outstanding finance facility, amounting to PKR 746,862,015.77 including markup amounting to PKR 29,906,095.90.

An application under Section 10 of the Ordinance was filed on behalf of the Group seeking leave to defend the suit. The grounds raised in the application were, inter alia, the Plaintiff's failure to comply with the mandatory requirements of Section 9 of the Ordinance, which would render the suit liable to be dismissed, as well as the Plaintiff's failure to disclose the cause of action, the particular finance(s) (as the term is defined in the Ordinance) and facility on which the suit is founded, whether any finance or facility was ever extended or disbursed to or availed by the Group, the terms and conditions of the finance/facility availed, if any and its repayment date.

The Group further contended therein that it has a constitutionally guaranteed right of trial under Article 10-A of the Constitution of the Islamic Republic of Pakistan, 1973 (the Constitution) and therefore, the requirement to obtain leave to appear and defend the suit under Section 10 of the Ordinance is ultra vires of the Constitution.

In response to the Group's leave to defend application, the Plaintiff submitted a replication requesting the Court to dismiss the Group's application for leave to defend.

The Plaintiff had simultaneously with the suit, filed an application under Section 16 of the Ordinance praying for the Court to restrict the Group from creating any third-party interest/rights on the immoveable properties owned by the Group, to which the Group has filed its counter-affidavit objecting inter alia that the application for attachment of property is not maintainable under Section 16 of the Ordinance for failing to satisfy the necessary ingredients mandated by law for grant of relief.

In response to the above application for attachment of properties, the Group filed its counter-affidavit objecting inter alia that the lawsuit was not properly instituted and the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff bank, and for failing to disclose any apprehension with regards to the disposal of properties.

The suit was withdrawn by order dated 20 September 2023, in terms of an out-of-court settlement reached between the Plaintiff and the Group.

The Bank of Punjab (BOP)

a) Suit no B39 of 2021:

The Plaintiff filed a suit under Section 9 of the Ordinance for the payment and recovery of PKR 2,192,841,925.01 along with cost of funds from the date of default, and for the sale of the Group's hypothecated assets/goods/attached assets/properties. The aforementioned outstanding amount was claimed against the following facilities:

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

An application under Section 10 of the Ordinance for leave to defend the suit was filed on behalf of the Group claiming that the instant suit is liable to be rejected as it has not been validly instituted and fails to comply with the mandatory requirements of the Ordinance and does not disclose a cause of action. The grounds raised in the application are, inter alia, the particular finance(s) (as the term is defined in the Ordinance) on which the suit is found as due and payable by the Group is unidentified and not shown to be extended to the Group within the statement of accounts attached by the Plaintiff, and the suit has been instituted without a valid power of attorney. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act.

In response to the Group's leave to defend application, the Plaintiff submitted a replication requesting the Court to dismiss the Group's application for leave to defend.

Alongside the suit, the Plaintiff also filed an application under Section 16 of the Ordinance seeking to restrain the Group from creating any third-party interest in the immovable properties owned by the Group as well as passing an order for attachment of those properties till the disposal of the suit.

The Plaintiff subsequently filed another application under Section 16 of the Ordinance for the attachment of certain other immovable properties belonging to the Group and prayed for the Group to be restrained from creating any third-party interest in these properties as well.

The Group filed its counter-affidavits to the two applications for injunction and attachment, denying the averments made by the Plaintiff, highlighting that the necessary ingredients for the grant of any relief under the provisions of the Ordinance had not been met. The Group has submitted that in the absence of the suit establishing a valid cause of action or a failure to show the Group's intent to dispose of or remove the property over which a security has been created, the attachment application of the Plaintiff cannot be granted.

On 20 September 2021, the Honorable Court passed an order restraining the Group from creating any third-party interests in immovable properties owned by the Group. The second application was pending hearing.

The suit was decided against the Group, granting all of the reliefs sought in the Suit, by judgment dated 6 February and decree dated 21 February 2023. The Group has filed an appeal against the said judgment and decree (see Appeal no 60 of 2023).

b) Appeal no 60 of 2023:

The Group has filed an appeal against the judgment and decree passed in Suit No. B-39 of 2021, on the grounds inter alia that: the Learned Judge failed at all to consider that the Suit was not maintainable; there was impropriety in the conduct of the proceedings and a proper hearing was not given to the Group; that the Learned Judge has failed to appreciate that the Suit falls foul of the mandatory provisions of section 9(2) and section 9(3) of the Ordinance; the Learned Judge has erroneously found that the so-called statements of accounts correspond precisely with the so-called finances itemized in the judgment; the Learned Judge has failed to determine whether any amounts were disbursed to or for the benefit of the Group under or pursuant to any of the so-called finance agreements attached in support of the Plaintiff and has instead based his findings on the basis merely that such so-called finance agreements were executed, incorrectly deeming the fact of execution to constitute "admissions" of disbursement and of liability on the part of the Group; the Learned Judge has failed to consider that the documents provided in respect of the purported letters of credit do not substantiate the bank's entitlement to the Suit amount; and the Learned Judge has failed to consider whether the bank is entitled to the benefit of the securities created under the hypothecation agreement.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

The bank has filed a reply to the appeal along with an application alleging perjury on the part of the Group's officers. By way of order dated 29 March 2023, the bank's perjury application was dismissed and the parties were directed to maintain status quo. The writ of attachment issued in the execution proceedings of the decree is also not to affect the day-to-day operations of the Group (refer Execution no 18 of 2023). As such, the decree in the Suit is not presently proceeding to execution, as the said orders continue to operate to date.

The appeal is currently pending hearing and, in our view, the Group has a strong chance of success.

c) Execution no 18 of 2023:

The Decree Holder bank has instituted proceedings for the execution of the decree dated 21 February 2023 passed in Suit No. B-39 of 2021 (see point (a) above). A writ of attachment was issued for the attachment of the properties allegedly hypothecated in favor of the bank. However, by order dated 19 April 2023 passed in the appeal (see point (b) above), the writ of attachment shall not affect the day-to-day operations of the Group.

By order of the Additional Registrar dated 10 April 2023, certain properties of the Group were sought to be attached, although such properties were not awarded by way of the decree passed in the Suit. Hence the Group has filed an application seeking to exclude the said properties from the scope of the execution proceedings. The Group's application will be heard on the next date of hearing and is, in our view, likely to succeed.

Further, it is our view that the decree will be set aside in the appeal and as such the execution proceedings will become infructuous.

a) Suit no B-45 of 2022:

The Plaintiff has filed a suit for recovery of PKR 1,088,188,268 against the Group under Section 9 of the Ordinance. The Plaintiff has also prayed for a decree for recovery of the allegedly outstanding amount through the sale of hypothecated/charged properties and assets of the Group, attachment of the Group's immovable properties and other properties and for cost of funds in terms of Section 3 of the Ordinance from the date of default till satisfaction of the decretal amount, if granted.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Group; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to meaningfully defend itself; and the attached documents do not support the Plaintiffs assertions regarding the Group's alleged liability.

The Plaintiff has, simultaneously with the suit, filed an application under Section 23 (1) of the Ordinance seeking to restrain the Group from transferring or selling the hypothecated assets and mortgaged properties, to which the Group has filed its counter-affidavit objecting inter a/la that the application for attachment of property is not maintainable under Section 23 of the Ordinance.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Samba Bank Limited

A suit under Section 9 of the Ordinance was filed against the Group and its former CEO/Director, Mr. Mumtaz Hasan Khan, (in his personal capacity as a guarantor of the Group's liabilities) for the recovery of PKR 1,018,709,744.57 against several finance facilities allegedly availed by the Group from the Plaintiff bank.

Additionally, during the pendency of the suit, the Group's assets were prayed to be attached for the settlement of the allegedly outstanding amount. However, separate applications seeking an interim injunction or attachment of the properties have not been filed by the Plaintiff.

In response, the Group filed its application for leave to defend under Section 10 of the Ordinance praying that the suit is liable to be rejected inter alia the following grounds, which renders it impossible for the Group to know the case that has to be met by it: no cause of action has been disclosed by the Plaintiff against the Group, the Plaintiff has failed to disclose or identify any particular finance(s) or finance facility(ies) (as defined in the Ordinance) on which the suit is founded, the attached documents do not support the Plaintiffs assertions especially since the liability they allegedly establish has not lapsed as of the date of the institution of the suit and that it falls foul of the disclosure requirements to be strictly met under the Ordinance. Since the statement of accounts attached as an annexure in the suit itself fail to establish any nexus with the alleged facilities in question or any disbursements to the Group of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'.

The Group has also highlighted that the Plaintiff failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder by way of this suit. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act.

The suit was withdrawn by order dated 2 January 2024, in terms of an out-of- court settlement reached between the Plaintiff and the Group.

Sindh Bank Limited:

The Plaintiff has filed a suit under Section 9 of the Ordinance for the recovery of PKR 2,334,776,939.97 along with cost of funds.

The Plaintiff also prayed for permanent injunction to restrain the Group, its employees, agents or and other persons acting for and, on its behalf, directly and/or indirectly, from selling, alienating, disposing of or creating third party rights in any manner whatsoever in respect of the allegedly hypothecated assets as well as moveable and immovable properties. Additionally, it was prayed that a judgement and decree for attachment and sale of all other assets and properties of the Group is passed to recover the outstanding amount. However, separate applications seeking an interim injunction or attachment of the properties during the pendency of the proceedings have not been filed by the Plaintiff.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

An application under Section 10 of the Ordinance for leave to defend the suit has been filed on behalf of the Group contesting the allegations averred against the Group. The grounds raised in the application are, inter alia, the Plaintiff's failure to comply with the mandatory requirements of the Ordinance or to establish that: the Group as its 'customer', there is a cause of action against the Group, the particular finance(s) (as the term is defined in the Ordinance) on which the suit is found as due and payable by the Group, and/or whether any finance facility was actually disbursed to the Group pursuant to the so-called facility letters. Additionally, the statement of accounts attached by the Plaintiff were not certified according to the Bankers Evidence Act. The documents attached as supporting documents to the Plaintiff's suit, inter alia the promissory notes and letter(s) of lien/setoff, suggest that certain claims are also time barred under the Ordinance.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

Bank Makramah Limited:

The Plaintiff filed a suit for recovery of PKR 547,253,184.24 against the Group under Section 9 of the Ordinance. In addition, the Plaintiff bank also prayed for the Group's assets to be attached for sale to cover the outstanding costs. A separate application under Section 16 of the Ordinance seeking such attachment during the pendency of proceedings was not been filed by the Plaintiff.

In response to the Plaintiff's suit, a leave to defend application under Section 10 of the Ordinance was filed by the Group notwithstanding any prejudice to the Plaintiff's contention that the provisions of the Ordinance are contrary to Article 10-A of the Constitution. In its application, the Group argued that the Plaintiff's suit is not valid and maintainable for the following reasons, for which it is liable to be dismissed: the suit has been instituted without a valid power of attorney, no cause of action has been established against the Group by the Plaintiff, the Plaintiff's assertions that the finance facilities (the term as defined in the Ordinance) were obtained by or recovered from the Group is not supported by any evidence, and the suit fails to comply with the mandatory provisions of the Ordinance.

The suit was withdrawn by order dated 1 January 2024, in terms of an out-of-court settlement reached between the Plaintiff and the Group.

National Bank of Pakistan:

a) National Bank of Pakistan vs Karachi Hydrocarbon Terminal Limited and another:

A suit of recovery under Section 9 of the Ordinance for PKR 4,019,323,714 along with liquidated damages, cost of funds, charges and costs till realization was instituted by the National Bank of Pakistan in respect of the term finance facility of PKR 4,000,000,000 allegedly extended by the Plaintiff to Karachi Hydro Carbon Terminal Limited (Defendant No.1), a subsidiary of the Group, and the Group as Defendant No. 2 acting as the guarantor in respect of the finance facility.

An application for leave to defend the suit under Section 10 of the Ordinance has been filed on behalf of the Group. The grounds raised therein include inter alia: the Plaintiff's failure to show any cause of action against the Group or comply with the mandatory requirements of the Ordinance, the suit being barred by limitation or otherwise premature with respect to other amounts claimed, absence of true and correct statements of accounts in support of the contention and the Plaintiff's failure to disclose the extension or disbursement of particular finances (the term as defined in the Ordinance) on the basis of which the suit is founded.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

b) Suit no B-47 of 2022:

The Plaintiff has filed a suit under Section 9 of the Ordinance against the Group and its former CEO/ Director, Mr. Mumtaz Hasan Khan (in his personal capacity as a guarantor of the Group's liabilities), for the recovery of PKR 23,669,132,888 against several finance facilities allegedly availed by the Group from the Plaintiff bank. The Plaintiff has prayed for the award of liquidated damages payable by the Group at the rate of; (i) 20% per annum from the due date to the date of recovery pursuant to the Term Finance Agreement dated March 9, 2016; (ii) 1.75% per annum from the due date to the date of recovery pursuant to the Term Finance Agreement dated May 22, 2018; (iii) 2% per annum from the seventh business day of the due date to the date of recovery pursuant to the Term Finance Agreement dated May 21, 2018; and (iv) 2% per annum from the seventh business day of due date to the date of recovery pursuant to the Finance Agreement dated October 18, 2018. Furthermore, the Plaintiff has also prayed for the attachment of the Group's properties including but not limited to all properties attached as security under the finance facilities availed by the Group.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on inter a/ i/o the following grounds: no cause of action has been disclosed by the Plaintiff against the Group; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Group's alleged liability.

Along with the Plaint, the Plaintiff has filed (i) an application under Order 38 Rule 5 read with Section 151 of the Code of Civil Procedure, 1908 ("CPC") for the attachment of certain immovable properties of the Group (ii) an application under Order 39 Rules 1 and 2 read with Section 151 of the CPC, seeking to restrain the Group from inter alia, selling, transferring, alienating, or mortgaging its property, which the Plaintiff has alleged would cause irreparable loss and gravely prejudice its interests, and (iii) an application under Order 18 Rule 18 read with Section 151 of the CPC, requesting the Court to appoint the Nazir to prepare an inventory of all the assets available at various properties owned by the Group.

Ex parte ad interim orders were passed by the Court on 27 October 2022 directing the parties to maintain status quo.

The Group has filed its counter-affidavits to each of the above applications denying the averments made by the Plaintiff. It has been highlighted that the necessary ingredients for the grant of the relief being sought have not been met, particularly as the Plaintiff has not alleged any anticipated threat of removal or disposal of the Group's properties.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

Bank Alfalah Limited (BAFL)

a) Suit no B-09 of 2022

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of PKR 1,130,340,813.09, along with costs, cost of funds, compensatory charges and liquidated damages from the date of default till realization. The Plaintiff has also prayed for the Court to grant a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Group.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Group; the Plaintiff has failed to disclose or appropriately identify the particular finance(s) or finance facility(ies) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to know the case that has to be met by it; and the attached documents do not support the Plaintiff's assertions and fall foul of the disclosure requirements to be strictly met under the Ordinance. It has further been stated that since the statements of accounts attached as annexures in the suit fail to establish any nexus with the alleged facilities in question or any disbursements to the Group of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'. Additionally, the statements of accounts attached by the Plaintiff are not certified according to the Bankers Evidence Act.

Simultaneously with the suit, the Plaintiff has filed an application under Section 16 of the Ordinance for attachment of the property owned by the Group till the final decision of the recovery suit, thereby seeking to restrain the Group from inter alia, selling, transferring, alienating, or mortgaging its property, which the Plaintiff has alleged would cause irreparable loss and gravely prejudice its interests.

In response to the above application for attachment of properties, a counter- affidavit has been filed on behalf of the Group on the grounds that the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff. Notwithstanding this, the Plaintiff has not provided any basis for apprehension of disposal of the properties.

In response to the Group's leave to defend application, the Plaintiff has submitted a replication requesting the Court to dismiss the Group's application for leave to defend.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed; and the Plaintiff will not succeed at the inter partes hearing to attach or otherwise adversely affect the Group's properties.

b) Suit no B-22 of 2023

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance of an amount of PKR 1,029,360,639.95 along with mark-up and cost of funds, under a Diminishing Musharaka Finance facility allegedly availed by the Group from the Plaintiff bank. The Plaintiff has also prayed for a permanent injunction against the disposal or creation of third-party interests on certain mortgaged and hypothecated properties; and the sale and attachment of specified mortgaged and hypothecated properties of the Group.

The Group has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance for inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Meezan Bank Limited

The Plaintiff has filed a suit under Section 9 of the Ordinance against the Group and its former CEO/ Director, Mr. Mumtaz Hasan Khan (in his personal capacity as a guarantor of the Group's liabilities), for the recovery of PKR 4,580,304,393 against several finance facilities allegedly availed by the Group from the Plaintiff bank. The Plaintiff has also prayed for the attachment of the Group's properties for the settlement of the alleged outstanding amount (a separate application seeking an interim injunction or attachment of the properties has not been filed).

In response, the application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on the grounds, inter alia, that: no cause of action has been disclosed by the Plaintiff against the Group; the Plaintiff has failed to disclose the particulars of the amounts claimed and finance (s) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to know the case that has to be met by it; and the attached documents do not support the Plaintiff's assertions. Since the statement of accounts attached as an annexure in the suit itself fail to establish any nexus with the alleged facilities in question or any disbursements to the Group of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'. Additionally, the statement of accounts attached by the Plaintiff are not certified according to the Bankers Evidence Act. It has also been highlighted that the Plaintiff has failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder in the suit.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

Bank Islami Pakistan Limited

The Plaintiff has filed a suit for recovery of PKR 1,867,797,823.80 against the Group under Section 9 of the Ordinance. The Plaintiff has also prayed for a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Group. However, a separate application seeking an interim injunction or attachment of the property has not been filed by the Plaintiff.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Group; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Group's alleged liability. It has also been highlighted that the Plaintiff has failed to show the nexus of the Hypothecation Agreement dated 12 October 2018 to the facility under dispute, and would also be in violation of the Agreement in the event that it seeks to enforce the securities created thereunder in the suit.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Bank of Khyber

The Plaintiff has filed a suit for recovery of PKR 2,307,039,435 against the Group under Section 9 of the Ordinance under a LC finance facility and Running Finance facility allegedly availed by the Group from the Plaintiff bank. The Plaintiff has also prayed for a decree for recovery of the outstanding amount through the sale of hypothecated/charged properties and assets of the Group and a permanent injunction from selling, disposing, alienating or creating third party rights in respect of the hypothecated/charged properties and assets. Additionally, the Plaintiff has also prayed for the payment of cost of funds in terms of Section 3 of the Ordinance from the date of default till the date of realization.

An application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Group on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Group; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance; the Plaintiff has failed to disclose material particulars or identify the basis of the finance(s) (as defined in the Ordinance) allegedly availed by the Group so as to allow the Group to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Group's alleged liability.

It is our view that the application for leave to defend filed on behalf of the Group is likely to succeed.

Bank of Khyber has filed a criminal complaint against the Group and some Directors (current and former) on account of misappropriation of stock collateral against the availed loan facilities.

The Group has also filed a constitutional petition for quashment of criminal complaint filed by the BOK which is pending for arguments before SHC

Dubai Islamic Bank

The Plaintiff has filed a suit for recovery of PKR 1,482,545,295 against the Group under Section 9 of the Ordinance. The Plaintiff has prayed for a permanent injunction from selling, disposing, alienating or creating third party rights in respect of the hypothecated assets and mortgaged properties, as well as for sale of the mortgaged properties and the hypothecated assets and attachment of the Group's bank accounts. Furthermore, the Plaintiff has prayed for the payment of cost of funds in terms of Section 3 of the Ordinance from the date of default till the date of realization.

An application for leave to defend has been filed on behalf of the Group. However, the Plaintiff is yet to file its replication.

In our view, the application for leave to defend filed on behalf of the Group is likely to succeed.

First Women Bank Limited

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance of an amount of PKR 853,540,095.2, along with cost of funds, under a LC finance facility and Running Finance facility allegedly availed by the Group from the Plaintiff bank. The Plaintiff has also prayed for a decree for the recovery of the outstanding amount through the sale of the hypothecated and immovable and other assets of the Group.

The Group has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance for inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

The Group's application was filed along with an application for condonation of delay, as the Additional Registrar had incorrectly observed that the leave to defend application was not filed with the prescribed 30 days' period under the Ordinance. The condonation application has been filed on the grounds that notice of the suit was never validly served on the Group under Section 9 (5) of the Ordinance and therefore, the question of limitation does not arise. Even otherwise, the leave to defend application was filed within time for being submitted within 30 days of actual notice of the suit.

A full inter partes hearing of the Group's condonation application has concluded and orders are reserved by the Court.

Application for condonation is accepted as filed by the Group and leave to defend filed on behalf of the Group is likely to succeed.

Habib Bank Limited

The Plaintiff filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of PKR 5,822,624,391.84, along with future mark-up, cost of funds costs of the Suit, and liquidated damages at the rate of 20% per annum in respect of finance facilities alleged to have been availed by the Group. The Plaintiff also prayed for the Court to grant a decree for recovery of the outstanding amount through the sale of moveable and immovable assets of the Group.

The Group has filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it is not validly instituted, and falls foul of the requirements of Section 9 of the Ordinance inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff.

The case is being disposed of on account of settlement between the parties.

21.1.3 Commitments

- I The facility for opening letters of credit (LCs) acceptances as at September 30, 2024 amounted to Rs. 35,490 million (2023: Rs. 36,068 million) of which the amount remaining unutilized as at that date was Rs. 43 million (2023: Rs. 14 million).
- II There are no commitments for the purchases from Vitol Bahrain E.C, a party related to the Group.

	Un-audited	Audited
	September 30	December 31
	2024	2023
	----- Rupees in '000 -----	
III Bank guarantees	363,000	-
IV Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	38,194	181,911
V Commitments for rentals of assets under operating lease / Ijarah :		
- Not later than one year	-	17,403

HASCOL PETROLEUM LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

22. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

This represents provision for expected credit losses - ECL under IFRS 9. Certain trade debt balances has been fully provided during the period.

23. LEVY

23.1 The income tax returns of the Company have been filed up to tax year 2024 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

23.2 This represents portion of minimum tax paid under section 113 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC - 21 / IAS - 37.

24. CASH USED IN FROM OPERATIONS

Loss before taxation

Adjustment for:

Depreciation on property, plant and equipment
 Depreciation on right-of-use asset
 Amortization
 M2M of short term investment
 Provision / (reversals) for doubtful debts
 Exchange loss - unrealized
 Provision for gratuity
 Gain on disposal of operating fixed assets
 Reversal of advance to supplier
 Writeback of liabilities
 Markup / profit on bank deposits
 Markup charged on lease liability
 Finance cost
 Share of profit from associate
 Changes in working capital

	Un-audited	Audited
	September 30	September 30
	2024	2023
----- Rupees in '000 -----		
Loss before taxation	(6,963,141)	(12,587,522)
Adjustment for:		
Depreciation on property, plant and equipment	1,362,997	1,458,242
Depreciation on right-of-use asset	216,852	159,788
Amortization	1,858	25
M2M of short term investment	-	(1,397)
Provision / (reversals) for doubtful debts	13,199	712,597
Exchange loss - unrealized	80,800	2,438,240
Provision for gratuity	40,861	43,542
Gain on disposal of operating fixed assets	(110)	-
Reversal of advance to supplier	(1,174)	-
Writeback of liabilities	(767,533)	-
Markup / profit on bank deposits	(35,764)	(52,204)
Markup charged on lease liability	306,040	314,943
Finance cost	7,404,963	7,426,355
Share of profit from associate	(6,865)	(6,494)
Changes in working capital	2,705,607	2,087,930
	4,358,591	1,994,045

24.1 Changes in working capital

(Increase) / decrease in current assets

Stock-in-trade
 Trade debts
 Deposits, prepayments and other receivables
 Advances

Increase in current liabilities

Trade and other payables

Stock-in-trade	3,553,447	(10,058,088)
Trade debts	(1,002,698)	(41,187)
Deposits, prepayments and other receivables	2,524,873	(2,352,065)
Advances	(277,268)	(198,303)
	4,798,354	(12,649,643)
Increase in current liabilities	(2,092,747)	14,737,573
	2,705,607	2,087,930

HASCOL PETROLEUM LIMITED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

Un-audited	Audited
September 30	September 30
2024	2023

----- Rupees in '000 -----

25. CASH AND CASH EQUIVALENTS

Cash and bank balances	469,782	1,257,726
Short-term borrowings	(33,182,340)	(39,327,048)
	(32,712,558)	(38,069,322)

26. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprises of associated undertakings, directors, major shareholders, key management personnel, entities over which the directors are able to exercise influence, entities under common directorship and staff retirement fund.

Balances and significant transactions with related parties, other than those disclosed elsewhere in this consolidated condensed interim financial information, are as follows:

26.1 Transactions with related parties

Name of related party	Nature of relationship	Nature of transaction	Percentage of shareholding	Un-audited	Un-audited
				September 30	September 30
				2024	2023
----- Rupees in '000 -----					
Karachi Hydrocarbon Terminal Limited	Common directorship	Rendering of services	9.07%	154,433	338,231
Magic River Services Limited	Shareholding	Share of profit	25%	6,865	6,494
Vitol Bahrain E.C	Common directorship	Procurement	N/A	34,337,616	66,317,557

26.2 Balances with related parties

Name of related party	Nature of relationship	Nature of transaction	Percentage of shareholding	Un-audited	Un-audited
				September 30	December 31
				2024	2023
----- Rupees in '000 -----					
Karachi Hydrocarbon Terminal Limited	Common directorship	Advance against issue of shares	9.07%	2,500	2,500
Karachi Hydrocarbon Terminal Limited	Common directorship	Investments	9.07%	412,500	412,500
Karachi Hydrocarbon Terminal Limited	Common directorship	Rendering of services	9.07%	1,522,924	1,546,175
Magic River Services Limited	Shareholding	Investments	25%	110,000	110,000
Magic River Services Limited	Shareholding	Share of profit	25%	921	722
VAS LNG (Private) Limited	Shareholding	Advance against issue of shares	30%	1,023	1,023
VAS LNG (Private) Limited	Shareholding	Investments	30%	3,000	3,000
Vitol Bahrain E.C	Common directorship	Procurement	N/A	20,366,541	24,354,830

27. DATE OF AUTHORISATION

These condensed interim consolidated financial statements have been authorised for issue on **October 31, 2024** by the Board of Directors of the Group Company.

28. GENERAL

All amounts have been rounded to the nearest thousand.



Chief Executive Officer



Chief Financial Officer



Director



Hascol Petroleum Limited

29th Floor, Sky Tower, West Wing (Tower A), Dolmen City,
Abdul Sattar Edhi, Avenue, Block-4, Clifton, Karachi.

