



HASCOL PETROLEUM LTD.

Annual Report

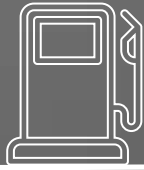
2022





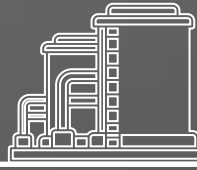
2005

Hascol got Marketing license in 2005.



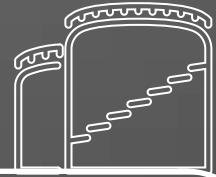
2006

Hascol First Retail Station operative.



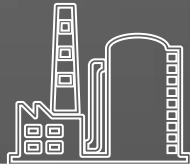
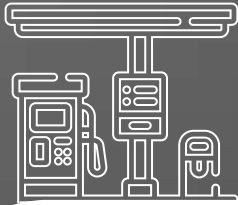
2013

Shikarpur Depot Operational.



2014

Machike Depot Operational.

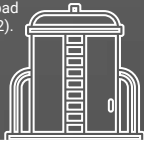


2014

"HASCOL" - Listed on Stock Exchange.

2015

Lahore-Islamabad Motorway (M-2).



2015

Daulatpur Depot Operational.



2016

Vitol Dubai Limited acquired 15% stake in Hascol



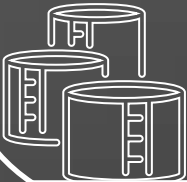
2016

Company Operated Fleet.



2017

Vitol Dubai Limited acquired further 10% stake in Hascol, Vitol total investment stands at 25%.



2017

Sahiwal & MehmoodKot Depots Operational.



2018

Kotla Jam Depot Operational.



2018

LPG Business Operational.



2019

Hascol Lubricants (Pvt) Ltd started commercial operations of lube oil blending plant.



2020

Vitol Dubai increased its shares to 40.21% from 25%.



TABLE OF CONTENTS

01	Corporate Information	04
02	Vision & Mission Statement	06
03	Directors' Profile	08
04	Chairman Review (English)	10
05	Chairman Review (Urdu)	11
06	HSSE Policy	12
07	Corporate Objectives & Business Strategy	16
08	Organization Chart	22
09	Directors' Report (English)	24
10	Directors' Report (Urdu)	41
11	Pattern of Shareholding	42
12	Key Operational and Financial Data	46
13	Notice of Annual General Meeting (English)	47
14	Notice of Annual General Meeting (Urdu)	51
15	Statement of Free Float Shares along with Independent Reasonable Assurance Report	52
16	Statement of Compliance with Listed Companies Code of Corporate Governance (CCG)	56
17	Review Report to Members on Statement of Compliance with CCG	59
18	Statement of Compliance with the Issue of Sukuk (Privately Placed) Regulations, 2017	61
19	Independent Assurance Report to the Board of Directors on the Statement of Compliance with Issue of Sukuk (Privately Placed) Regulations, 2017	62
20	Auditor's Report on Unconsolidated Financial Statements	68
21	Unconsolidated Financial Statements	78
22	Auditor's Report on Consolidated Financial Statements	168
23	Consolidated Financial Statements	178
24	Form of Proxy	267

17 YEARS OF TOGETHERNESS

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

With over 600+ retail outlets strategically located throughout Pakistan, we have established a robust presence in the market, catering to the diverse energy needs of our customers.



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

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

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



HASCOL



CORPORATE INFORMATION

Chairman
Sir Alan Duncan

CEO & Director
Mr Aqeel Ahmed Khan

Directors
Mr Mustafa Ashraf
Mr Zafar Iqbal Chaudhry
Mr Farid Arshad Masood
Mr Abdul Aziz Khalid
Mr Mohammad Zubair

Chief Financial Officer
Mr Amad Uddin

Company Secretary
Mr Farhan Ahmad

Audit Committee
Mr Mustafa Ashraf (Chairman)
Mr Farid Arshad Masood (Member)
Mr Mohammad Zubair (Member)
Mr Zafar Iqbal Chaudhry (Member)

Risk Committee
Mr Mustafa Ashraf (Chairman)
Mr Abdul Aziz Khalid (Member)
Mr Mohammad Zubair (Member)

Human Resource & Remuneration Committee
Mr Zafar Iqbal Chaudhry (Chairman)
Sir Alan Duncan (Member)
Mr Mohammad Zubair (Member)

Restructuring Committee
Mr Farid Arshad Masood (Chairman)
Mr Abdul Aziz Khalid (Member)
Mr Mohammad Zubair (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
- Industrial and Commercial Bank of China
- MCB Bank Limited
- MCB Islamic Bank Limited
- Meezan Bank Limited
- National Bank of Pakistan
- Samba Bank Limited
- Silk Bank Limited
- Sindh Bank Limited
- Summit Bank Limited
- United Bank Limited

Share Registrar

CDC Share Registrar Services Limited

Legal Advisor

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

Registered Office of the Company

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

Phone: +92-21-35301343-50

Fax: +92-21-35301351UAN: 111-757-757

E-mail: info@hascol.com

Website: www.hascol.com





Vision

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



Mission

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



DIRECTOR PROFILES



Sir James Carter Alan Duncan

Sir Alan Duncan was elected Chairman of Hascols' Board of Directors in September 2020. He has a long-established track record in the oil sector, having started his career in Shell International. After a few years as an oil trader he became a major petroleum supplier to Pakistan in the early 1990s. Since 2020 he has been a director of Vitol.

He served in the UK Parliament for nearly thirty years, during which he was International Development Minister, and then Foreign Minister.

Educated at Oxford and Harvard Universities, in 1979 he succeeded his good friend the late Benazir Bhutto as President of the Oxford Union.



Mr Aqeel Ahmed Khan

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

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



Mr Abdul Aziz Khalid

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



Mr Farid Arshad Masood

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

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

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



Mr Mohammad Zubair

Mr Zubair is a leader of the corporate world with a proven track record spreading over 4 decades as Country Representative (CEO), Group CFO, and CIA overseeing Country Management, Finance/Internal Audit, and Support Services in the national and international Oil & Gas Industry. He remained associated with several Boards of Directors and Committees in Pakistan as well as abroad.

He served CHEVRON one of the largest Energy Companies in the world for 38 years and headed Chevron Pakistan as Country Representative. During this long career, he worked in Pakistan and several years overseas including Thailand, Singapore, and Caltex Headquarters in Dallas, USA which provided extensive exposure to interact and work with highly diverse manpower and professionals around the globe. He also represented Chevron as a board member in various Chevron Companies and Joint Ventures for a number of years in Pakistan, Egypt, and Middle East Countries. After Chevron; joined Total-Parco as CFO of their group of companies in 2015 and held this position until his retirement in 2018 after continuous service of almost 41 years with top-class multinationals in the Oil & Gas Industry of the world.

Mr Zubair is a professional accountant with a degree in Law and also graduated from Columbia University NY, USA in Advanced Management / Senior Executive Education.

He is a certified Director of Corporate Governance from the Pakistan Institute of Corporate Governance (PICG).



Mr Mustafa Ashraf

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

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



Mr Zafar Iqbal

Mr Zafar Iqbal Chaudhry has over three decades' experience as a successful businessman, politician, and agriculturist. He owns and runs several successful business ventures, and is the President of the Lahore Chamber of Commerce. Mr Chaudhry is a seasoned politician, having served as an elected representative in the Punjab Assembly, Pakistan's National Assembly, and in the Senate. Mr Chaudhry has represented Pakistan in the UN General Assembly, and at other international forums of business and politics. He has been a Member of the Senate Standing Committees on Commerce and WAPDA.

Mr Chaudhry is Chairman and CEO of Pak Business Train, and is educated as a lawyer (LLB). He has a Master's degree in journalism.

CHAIRMAN'S REVIEW



On behalf of the Board of Directors of Hascol Petroleum Limited ("Company" or "HPL"), I am pleased to share the annual results of the Company for the year ended December 31, 2022.

The Board of HPL expresses its gratitude to Baker Tilly Mahmood Idrees Qamar, Chartered Accountants for conducting such a thorough and professional audit, which has looked back a number of years to confirm and verify the authenticity of the accounts. The process has involved a comprehensive valuation of the Company's fixed assets and has fully assessed its historic activities and financial records.

The Company posted a Gross Profit of PKR 3,183 million compared to PKR 1,988 million in last year on account of better trading margins despite lower volumes. However, due to the devaluation of currency and high interest rates, the Company incurred a net foreign exchange loss of PKR 4,829 million and interest cost of PKR 8,406 million, resulting in a net loss of PKR 14,440 million compared to the previous year's loss of PKR 7,592 million. Both of the main factors attributable to the current year's loss are being properly addressed in the Company's proposed restructuring to ensure that the Company's earnings stay positive post restructuring.

While the Company had to grapple with the challenge of scarce working capital, the credit support from the Company's single majority shareholder, Vitol, has continued to play a vital role in overcoming the supply needs of the Company, hence underpinning its viability. The management has worked tirelessly with the statutory auditors to satisfy their requirements under active guidance from the Board of Directors to ensure that the Company's financial statements have been prepared and presented in a way that gives a true and fair view of its affairs.

The corporate revival plan, based primarily on the restructuring of its bank debt is on track and is designed to lead to the injection of required fresh equity by a potential investor. It is expected that the Company will be able to conclude its restructuring in the next few months. The aim of this process is to ensure that the Company has adequate liquidity and working capital to run smooth operations with optimized profitability. The proposed process would include rescheduling of debt, revival of existing letter of credit facilities, settlement of some part of the debt and injection of required fresh equity.

During this period, the Board played a pivotal role in steering the Company in compliance with all the applicable corporate and Oil Marketing Company (OMC) sector specific regulations. The Board of Directors performed their responsibilities diligently and played a key role in monitoring management performance and successfully setting strategic goals for the Company. The Board is cognizant of the fact that defined corporate governance processes are important to increase corporate accountability with a focus on ensuring the best standards of corporate governance.

The Company is encouraged by the decisions made by the Government of Pakistan in recent past to increase the regulated margins which has significantly improved the profitability outlook for the sector. The proposed deregulation of the sector will bring about a dynamic change to the sector and the Company will also get the desired benefits.

We are making excellent progress with our banks and are grateful to them for their co-operation and patience. Pursuant to the disclosures made earlier, the due diligence of the Company's business/ operations by Taj Gasoline (Private) Limited is underway with complete support by the management of the Company.

I would like to thank our shareholders, customers and all other stakeholders for their trust during the revival journey of the Company which would surely deliver benefits to all in the coming years.



Sir Alan Duncan
Chairman

جائزہ برائے چیئر مین



ہیسکول پیٹرولیم لمیٹڈ ("کمپنی" یا "HPL") کے بورڈ آف ڈائریکٹرز کی جانب سے، مجھے 31 دسمبر 2022 کو اختتام ہونے والے سال کے لیے کمپنی کے سالانہ نتائج کا اشتراک کرتے ہوئے خوشی ہو رہی ہے۔

HPL کا بورڈ اتنا مکمل اور پیشہ ورانہ آڈٹ کرنے پر بیکر ٹلی کا شکریہ ادا کرتا ہے، جس نے اکاؤنٹس کی صداقت اور تصدیق کے لیے کئی سال پیچھے کا جائزہ لیا ہے۔ اس عمل میں کمپنی کے مقررہ اثاثوں کی ایک جامع تشخیص شامل ہے اور اس نے اس کی تاریخی سرگرمیوں اور مالیاتی ریکارڈ کا مکمل جائزہ لیا ہے۔

کمپنی نے کم حجم کے باوجود بہتر تجارتی مارجن کی وجہ سے گزشتہ سال 1,988PKR ملین کے مقابلے 3,183PKR ملین کا مجموعی منافع کمایا۔ تاہم، ملکی کرنسی کی قدر میں کمی اور سود کی بلند شرح کی وجہ سے، کمپنی کو 4,829PKR ملین کا غیر ملکی زرمبادلہ پر نقصان اور 8,406 PKR ملین کی سود کی لاگت کا سامنا کرنا پڑا، جس کے نتیجے میں 14,440 PKR ملین کا خالص نقصان ہوا جبکہ پچھلے سال 7,592PKR ملین کا نقصان ہوا تھا۔ کمپنی کی مجوزہ تنظیم نو میں موجودہ سال کے نقصان کی وجہ بننے والے ان دونوں اہم عوامل کو مناسب طریقے سے حل کیا جا رہا ہے تاکہ یہ یقینی بنایا جاسکے کہ تنظیم نو کے بعد کمپنی کی آمدنی مثبت رہے۔

جب کہ کمپنی کو قلیل ورکنگ کپیٹل کے چیلنج سے نمٹنا پڑ رہا ہے، کمپنی کے واحد اکثریتی شیئر ہولڈر، Vitol کی طرف سے کریڈٹ سپورٹ نے کمپنی کی سپلائی کی ضروریات پر قابو پانے میں ایک اہم کردار ادا کر رہے ہیں، اس وجہ سے اس کی قابل عملیت کی بنیاد ہے۔ انتظامیہ نے بورڈ آف ڈائریکٹرز کی فعال رہنمائی کے تحت آڈیٹرز کی ضروریات کو پورا کرنے کے لیے ان کے ساتھ انتھک محنت کی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ کمپنی کے مالیاتی گوشوارے اس طریقے سے تیار ہوں کہ جس میں اس کے معاملات کا صحیح اور منصفانہ نظریہ پیش ہو۔

کارپوریٹ بحالی کا منصوبہ، بنیادی طور پر اس کے بینک قرض کی تنظیم نو پر مبنی ہے اور اسے ممکنہ سرمایہ کار کے ذریعہ مطلوبہ تازہ ایجوٹی کے انجیکشن کی طرف لے جانے کے لیے ڈیزائن کیا گیا ہے۔ امید کی جاتی ہے کہ کمپنی اگلے چند مہینوں میں اپنی تنظیم نو کو مکمل کرنے میں کامیاب ہو جائے گی۔ اس عمل کا مقصد اس بات کو یقینی بنانا ہے کہ کمپنی کے پاس مناسب منافع کے ساتھ ہموار آپریشنز چلانے کے لیے مناسب لیکویڈیٹی اور ورکنگ کپیٹل ہو۔ مجوزہ عمل میں قرض کی ری شیڈولنگ، موجودہ لیٹر آف کریڈٹ سہولیات کی بحالی، قرض کے کچھ حصے کا تصفیہ اور مطلوبہ تازہ ایجوٹی کا انجیکشن شامل ہوگا۔

اس مدت کے دوران، بورڈ نے تمام قابل اطلاق کارپوریٹ اور OMC سیکٹرز کے مخصوص ضوابط کی تعمیل میں کمپنی کو چلانے میں اہم کردار ادا کیا۔ بورڈ آف ڈائریکٹرز نے اپنی ذمہ داریاں پوری تندی سے نبھائیں اور انتظامی کارکردگی کی نگرانی اور کمپنی کے لیے کامیابی سے اسٹریٹجک اہداف طے کرنے میں اپنا اہم کردار ادا کیا۔ بورڈ اس حقیقت سے بخوبی واقف ہے کہ کارپوریٹ گورننس کے بہترین معیارات کو یقینی بنانے پر توجہ مرکوز کرتے ہوئے کارپوریٹ جواہری کو بڑھانے کے لیے کارپوریٹ گورننس کے طے شدہ عمل اہم ہیں۔

حکومت پاکستان کے حالیہ ماضی میں ریگولیشنز مارجن میں اضافے کے لیے کیے گئے فیصلوں سے کمپنی کی حوصلہ افزائی ہوئی ہے جس سے اس شعبے کے لیے منافع کے نقطہ نظر میں نمایاں بہتری آئی ہے۔ سیکٹرز کی مجوزہ ڈی ریگولیشن سے شعبے میں ایک متحرک تبدیلی آئے گی اور کمپنی کو مطلوبہ فوائد بھی حاصل ہوں گے۔

ہم اپنے بینکوں کے ساتھ بہترین پیش رفت کر رہے ہیں اور ان کے تعاون اور تخیل کے لیے ان کے شکر گزار ہیں۔ پہلے کیے گئے اعلانات کے مطابق، کمپنی کی انتظامیہ تاج گیسولین (پرائیویٹ) لمیٹڈ کے ساتھ کمپنی کے کاروبار/آپریشنز کی بابت مکمل مستعدی کے ساتھ تعاون کر رہی ہے۔

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

Alan Juman

سر امین ڈکن
چیئر مین

HSSE POLICY

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

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

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

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

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

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













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



HASCOL PETROLEUM LIMITED

LIFE SAVING RULES

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

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



CORPORATE OBJECTIVES & BUSINESS STRATEGY

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

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

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



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

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

VALUES OF HASCOL

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

COMPETITIVE ENVIRONMENT

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

INTEGRITY AND HONESTY

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

SAFEGUARDING THE HUMAN CAPITAL

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

ECONOMICS

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

MEETINGS AND ENGAGEMENTS

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

COMPLIANCE

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

BUSINESS BASED ON OUR PRINCIPLES

Hascol's core values of unity, faith and discipline coupled with honesty, integrity and respect for people are the basis for all the work we do and are the foundation of our Business Principles. These rules apply to all transactions, and are the basis of the behavior expected of every employee in Hascol Petroleum Limited at all times. Our reputation is based on our actions and it will be upheld if we act in accordance with the law and the Business Principles. We encourage our business partners to follow these principles. We persuade our employees to demonstrate leadership, accountability and teamwork, and through these behaviors, to contribute to the overall success of Hascol Petroleum Limited. It is the responsibility of the management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit of this statement. The application of these principles is underpinned by a comprehensive set of assurance procedures which are designed to make sure that our employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels to raise concerns and report instances of non-compliance. In return, it is the responsibility of the employees to report suspected breaches of the Business Principles to the management. The Business Principles have been fundamental to how we conduct our business and living by them is crucial to our continued success.

COUNTRY POLITICS

a. of Companies

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

b. of Employees

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

BUSINESS COMPLIANCE, & ETHICS GUIDELINE

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

CUSTOMER RELATION

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

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

SUPPLIER RELATION

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

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

ENTERTAINMENT & GIFTS

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

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

INFORMATION SHARING

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

GENERAL PUBLIC RELATION

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

SOCIETY AND LOCAL COMMUNITIES

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

RESPONSIBILITIES

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

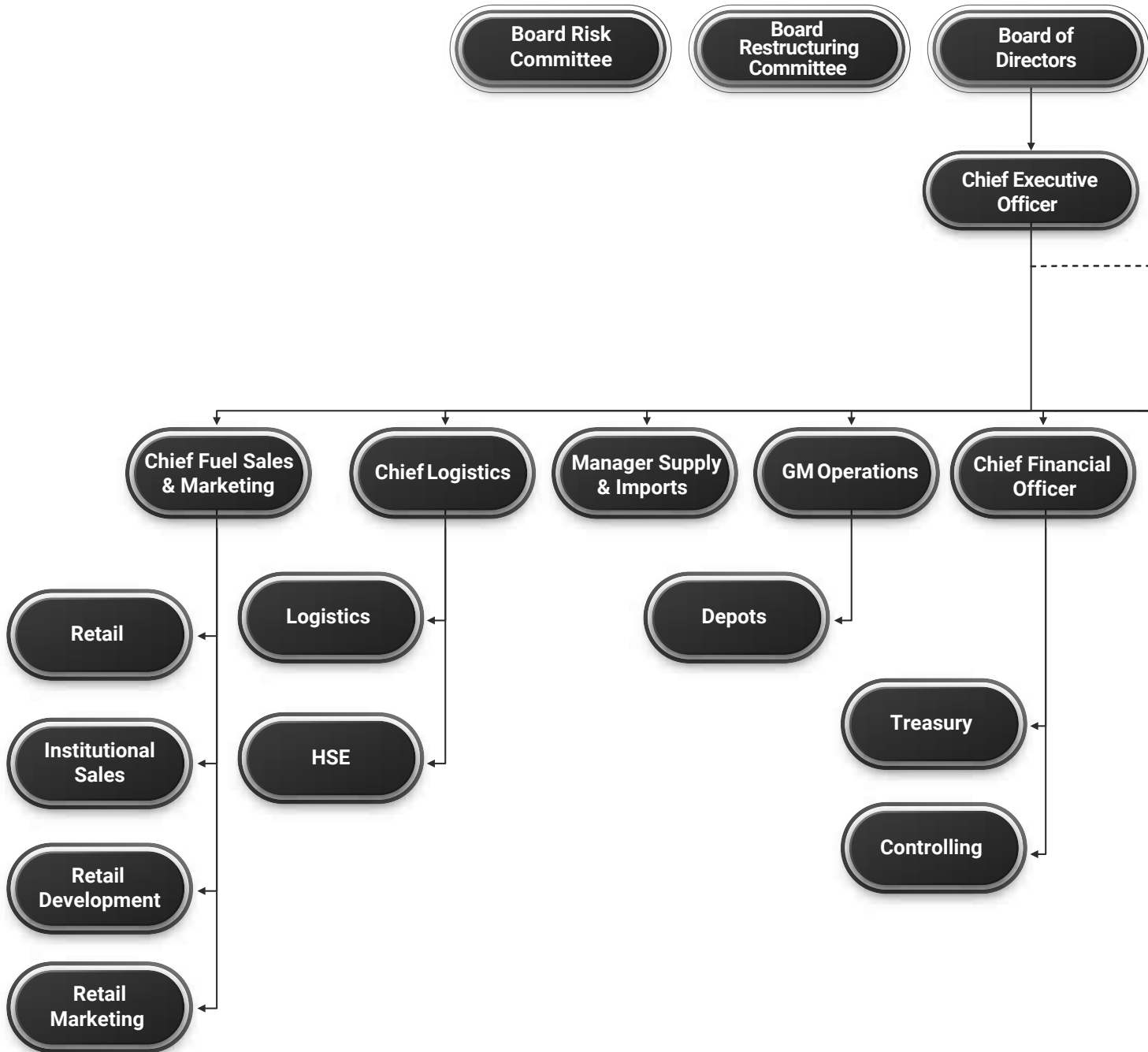
- Protect shareholders' investment, and provide competitive long-term return; benchmarking other leading companies in the oil marketing industry as well as to create a brand name; and supplement growth of its affiliate brand FUCHS.
- Developing and maintaining a staunch customer base by providing products and services which offer value in terms of price, quality, safety and positive environmental and commercial expertise thereby create a brand loyalty of Hascol in customers by offering the best possible products and services.
- Employees are our most important assets and they receive utmost respect, rights, good and safe working conditions and to commensurate them with competitive terms and conditions of employment. We appreciate innovation and hard work and regular appraisals based on performance are some of the few means which we use to promote the development and best use of the talents of our employees. We recognize that commercial success depends on the full commitment of all employees.

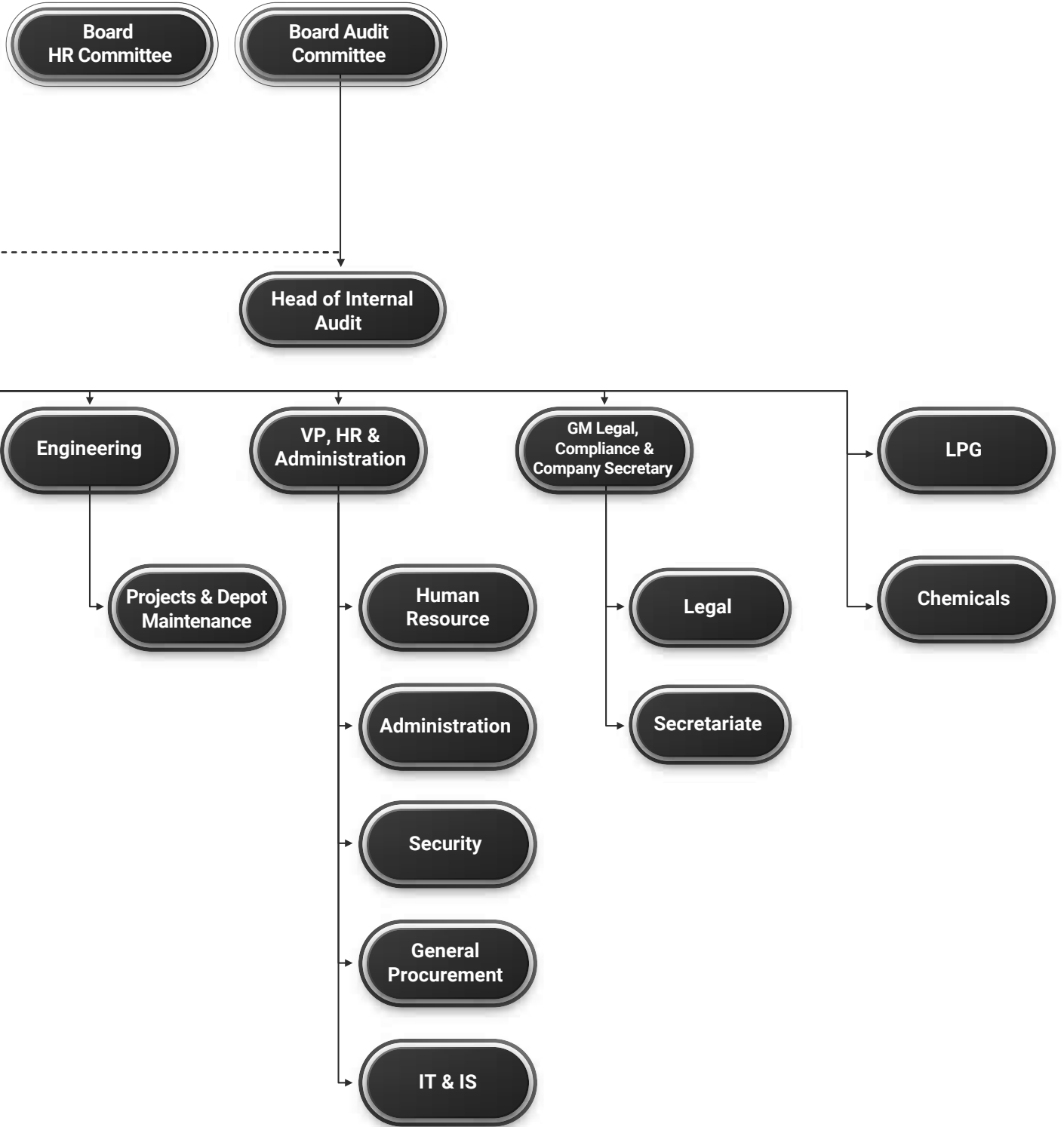
- The external stakeholders are the contractors, dealers and suppliers with whom we seek to transact business which is mutually beneficial. The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationship.
- Overall, Hascol Petroleum Limited believes in conducting our business as responsible corporate members of the society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment.

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

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

ORGANIZATION CHART





DIRECTORS' REPORT

The Directors of your Company are pleased to present the Annual Report of the Company along with audited standalone and consolidated financial statements and auditors' report thereon for the year ended 31st December 2022.





Financial Results

The year 2022 was an extremely challenging year for the country in general and the oil industry in Pakistan in particular. The country saw massive devaluation of Pakistan Rupee against US Dollar wherein the exchange rate increased from Rs. 176.31 in January to Rs. 224.76 in December and the banking sector saw a significant drop in the foreign exchange reserves of the country forcing the government to set priority of import payments.

Inflation remained high at 19.9% and the central bank continued monetary tightening measures thereby increasing interbank interest rates from 11.68% in January to 17.29% in December.

The banking sector faced an additional challenge of making foreign currency available for import payments wherein the government was under pressure to make timely payment of the country's debt obligations to international financial institutions. This severely impacted the ability of the country to make oil import payments hence negatively impacting the oil industry's ability to timely import their product needs.

Hascol Petroleum Limited, already faced with challenges of over-due payments to banks and non-banking creditors, faced serious liquidity crisis during the year. However, focused and effective management saw the Company steer out of this tough situation with an unparalleled credit support from its main supplier and the core banking partners, who, despite of being in overdue position, continued to support the Company.

The financial results of the Company for the year ended 31st December 2022 are shown as below:

Particulars	2022	2021
	(Rupees in '000)	
Gross profit	3,182,555	1,987,678
EBITDA	(3,319,476)	1,354,525
Loss after taxation	(14,439,536)	(7,592,131)
	(Rupees)	
Loss per share	(14.45)	(7.60)

The total volume sold in 2022 was 265,295 metric tons of mixed fuel compared to 455,704 metric tons of mixed fuels in 2021. Despite lower volumes, the Company managed to reflect substantial growth in gross profit mainly due to operational efficiencies and resource optimization.

Due to the devaluation of currency against US dollar, current price mechanism for foreign exchange compensation coupled with limited LC lines the Company recorded realized exchange loss amounting to PKR 2,073 million as compared to PKR 819 million in 2021 primarily on settlement of import contracts.

The loss before tax of PKR 14,058 million is mainly driven by the following cost components:

- Financing cost of PKR 8,406 million on overdue loans;
- Exchange loss both realized and unrealized amounting to PKR 4,829 million; and
- Depreciation and amortization (other than ROU depreciation) being a non cash cost amounting to PKR 1,950 million

The Board of Directors has carried out a detailed review of the profitability and cash flow forecast of the Company under the revised distribution and dealer margins announced by the government and continue to believe that after a successful restructuring, the issues that caused these losses will be addressed and the Company will be a strong player in the market going forward.

The Restructuring in Progress

The Board of Directors at its meeting held on 23 September 2022, approved the draft Scheme of Arrangement (SoA) under section 279 to 282 and 285 of Companies Act 2017. Subsequent to this approval, the SoA was filed before Sindh High Court at Karachi with a preliminary hearing held on 24 November 2022, whereby the honorable Sindh High Court ordered that the meeting of secured creditors and shareholders to be held for seeking approval of SoA.

In-line with the direction of Sindh High Court, the creditors meeting was held on 22 December 2022 and as a result the Board held a meeting on 13 March 2023 in which the Board taking into consideration feedback from the banks, approved a revised restructured business model of the Company. The Board also agreed to certain amendments to the SoA which have been agreed in principle with most of its banks. The Company will reconvene the creditors' meeting to present the modified Scheme to its secured creditors for the necessary approval, once an equity solution has also been agreed, which is a requirement of the banks. Thereafter it will be submitted to the High Court.

In the meantime, the Company has received a Non-Binding Offer (NBO) from Taj Gasoline (Private) Limited on 5th June 2023 along with a Public Announcement of Intent to acquire 41% stake in the Company's revised share capital along with management control. The Board of Directors accepted the NBO and has allowed the Taj Corporation to access the Company's data room for due diligence under a Non-Disclosure Agreement (NDA).

The Board firmly believes that the shareholders will be able to finalize an equity solution and the Company will be able to finalize the restructuring with the banks in next few months. Post restructuring, the Company will have sufficient liquidity to continue its operations and achieve its potential.

Regulatory Framework

The Government continued to take steps to improve the business environment for Oil Marketing Companies (OMCs). The government had provided for foreign exchange cover for imported products, revised the pricing formula by linking it directly with the 15 days' imports average, and have continued to upward revise both the dealer and OMC margins. Turnover tax has also been reduced from 0.75% to 0.5%. We believe that the above regulatory changes and deregulation will have positive impact on the business of the Company.

Extensive Work Carried out by the Management

In order to prepare a set of financial statements which gives true and fair view of the affairs of the Company, the management undertook extensive exercise over a multi-year horizon to ensure that each head of account on the full set of the financial statements give an absolute true and fair view of the assets, liabilities, net equity and cash flows of the Company.

This includes:

- A comprehensive Agreed Upon Procedures (AUP) exercise was undertaken by an independent chartered accountant's firm covering major account heads on the balance sheet over a 10-year horizon. This activity covered the Company's moveable and immovable fixed assets, trade & other payables, sales receivables and receivables/claims from government under the Inland Freight Equalization Margin (IFEM) pool.
- Reports issued by the AUP engagement partner were further subjected to audit procedures by the external auditors who showed their satisfaction on the same and accordingly the issued audit report outlines the Key Audit Matters (KAM) which outlays the basis of the removal of the underlying matters from adverse audit opinion to a clean audit opinion on those heads.
- In addition to the book balances, the infrastructure of the Company is properly counted, tagged, mapped and valued by independent third parties.
- Formulation, approval and Implementation of key policies of the Company namely Import and Pricing and Foreign Exchange Management Policy
- Increased periodic reporting to the Board of Directors and its various Sub Committees.
- A process of sequentially improving the internal controls framework of the Company.

Auditor's Adverse Opinion in Audit Report:

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

- The management of the Company has prepared the financial statements of the Company on the basis that the Company will continue to operate as a going concern. The management's basis of this view is the unparallel credit support from its supplier and single majority shareholder which allows the Company to operate at above break-even level. In addition to the credit support, the Company has offered a comprehensive restructuring plan to its secured creditors i.e., banks, and accordingly a SoA has been filed in the high courts.

However, till the time, restructuring agreement with banks is not signed and fresh equity is not injected, the auditors view on the going concern assumptions remains negative and accordingly the same has been expressed in their audit opinion.

- The auditors have referred to the note 8.2 and 8.5 of the financial statements wherein the management has disclosed the fact that investments were not tested for impairment (if any) due to the fact that the investee Company's financial statements are not audited. The management is of the view that the same will be ensured in the subsequent annual audits.
- Currently, the Company has various pending litigations. In addition, the SECP and FIA are investigating the affairs of the Company pertaining to historical financial statements till 2019, which has already been disclosed in the financial statements. The above remarks from the External Auditor are primarily to draw attention to this matter
- The other areas forming part of adverse opinions pertains to taxation including unrecognized deferred tax mainly relating to revision of tax returns, writing back of accrued liabilities of Rs. 876.105 million and defaults in financing facilities.

Cash and Stock Dividends

As the Company has incurred a loss after tax for the year ending 31 December 2022, the Directors have decided not to make any dividend appropriation for this particular year

Corporate and Financial Reporting Framework

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

- (a) The financial statements prepared by the Management of the Company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- (b) The Company has maintained proper books of accounts as required under the Companies Act, 2017, given the management positions on certain matters as highlighted earlier in this report.
- (c) The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements. Accounting estimates are on the basis of prudent and reasonable judgement.
- (d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements and deviation, if any, has been adequately disclosed.
- (e) The Board Audit Committee reviews reports on the system of internal controls from the external and internal auditors and continuously seeks to improve the same.
- (f) As disclosed in note 1.2 of the unconsolidated financial statements of the Company, there are no significant doubts upon the Company's ability to continue as a going concern based on management's views and the proposed restructuring plan being approved and implemented.

Health, Safety, Security & Environment (HSSE)

HSSE is a critical driver for business success and an enabling strategy for Hascol Petroleum Limited. It is defined as “The Systematic Management of Safety, Health, Environment, Reliability, Security and Efficiency to achieve best in class performance”. At Hascol, HSSE is not something separate from our business; it is how we must run our business to achieve our vision of success. The Company recorded its 6th Consecutive Year with Zero LTI and achieved 7.01 million Safe Man-Hours.

Following objectives facilitate us in systematically managing HSSE at Hascol:

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

Human Resource

Training and Development is an integral part of Company’s HR policy that equips the staff with new skills, enhances their productivity & efficiency and improves their leadership skills. The Company continued with training programs during the year Internships are offered to promising students from local and foreign institutions, and a successful Trainee Program for engineers, business and accounting graduates is underway.

The Company continued its employee engagement initiatives organizing several events including Women’s Day, Sports, World Happiness Day, and others.

Corporate Social Responsibility (CSR)

Hascol being a member of the United Nations Global Compact (UNGC) submitted its Second Communication on Progress (COP) Report to the UNGC. This report reaffirms our commitment to the 10 principles of UNGC and mentions the actions that the Company has undertaken to implement them.

Corporate Governance

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

Key Operational and Financial Data

A statement summarizing key operational and financial data for the last six years is given on page 46 of the report.

Contribution to the National Exchequer and Economy

During the year the Company has made a total contribution of PKR 8.13 billion to the national exchequer on account of import duties, general sales tax, income tax and other government levies.

Composition of the Board of Directors during the year 2022

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

- (a) Male: 7
(b) Female: Nil

The composition of Board is as follows:

- (a) Independent Directors: Mr Mustafa Ashraf
Mr Zafar Iqbal Chaudhry
- (b) Non-executive Directors: Mr Alan Duncan
Mr Mohammad Zubair
Mr Abdul Aziz Khalid
Mr Farid Arshad Masood
- (c) Executive Directors: Mr Aqeel Ahmed Khan
- (d) Female Directors: Nil

Board of Directors and Meetings of the Board held during the year 2022

During the year, ten (10) meetings of the Board of Directors were held and the attendance of each Director is given below:

S.No	Director's Name	Meetings Attended
1	Sir Alan Duncan (Chairman)	10
2	Mr Aqeel Ahmed Khan (CEO)	10
3	Mr Farid Arshad Masood	10
4	Mr Abdul Aziz Khalid	09
5	Mr Muhammad Zubair	10
6	Mr Zafar Iqbal Chaudhry	10
7	Mr Mustafa Ashraf	10

Board Committee Meetings held during the year 2022

During the year, the Audit Committee held nine (09) meetings. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Mr Mustafa Ashraf (Chairman)	09
2	Mr Mohammad Zubair (Member)	09
3	Mr Farid Arshad Masood (Member)	09
4	Mr Zafar Iqbal Chaudhry (Member)	09

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

S.No	Director's Name	Meetings Attended
1	Mr Zafar Iqbal Chaudhry (Chairman)	04
2	Sir Alan Duncan (Member)	04
3	Mr Mohammad Zubair (Member)	04
4	Mr Mustafa Ashraf (Present by Invitation)	04

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

S.No	Director's Name	Meetings Attended
1	Mr Mustafa Ashraf (Chairman)	04
2	Mr Abdul Aziz Khalid (Member)	04
3	Mr Mohammad Zubair (Member)	04
4	Mr Zafar Iqbal Chaudhry (Present by Invitation)	04

During the year, the Restructuring Committee held Twenty-Two (22) meetings. The attendance record of the Directors is as follows:

S.No	Director's Name	Meetings Attended
1	Mr Farid Arshad Masood (Chairman)	21
2	Mr Abdul Aziz Khalid (Member)	20
3	Mr Mohammad Zubair (Member)	21

Performance Evaluation of the Board

A formal and effective mechanism is in place for an annual evaluation of the Board's own performance, members of the Board and of its committees.

Directors' Remuneration

The Company has a formal and transparent procedure for remuneration of directors in accordance with the Articles of Association of the Company and the Companies Act, 2017.

The non-executive and independent directors, are paid a fee of PKR 150,000 each for attending board meeting and Committee meeting as approved by shareholders in the Company's Annual General Meeting held on 28th April 2016 and subsequently revised in the Board meeting held on 19 January 2022. Vitol's nominated non-executive directors choose not to receive any fee for attending board meetings.

Directors Training Program

Presently, three (03) directors of the Company have acquired prescribed certification under the Directors' Training Program by the Pakistan Institute of Corporate Governance (PICG). Following directors have attended the Directors' Training Program:

- Mr Mustafa Ashraf
- Mr Mohammad Zubair
- Mr Farid Arshad Masood

External Auditors

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

The Board on the recommendation of the Board Audit Committee has advised the appointment of Messrs. Baker Tilly Mehmood Idrees Qamar, Chartered Accountants as auditors of the Company for the year 2023, subject to shareholders' approval at the next AGM to be held on 31st August 2023.

Pattern of Shareholding

The statement of Pattern of Shareholding as at 31st December 2022 is given on page 42 of the annual report.

Acknowledgement

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

Future Outlook


A reasonable indication of future prospects is discussed in the Chairman's Review on page 10.

Thanking you all.

On behalf of the Board



Aqeel Ahmed Khan
Chief Executive Officer



Farid Arshad Masood
Director



ڈائریکٹرز کا تربیتی پروگرام
فی الحال، کمپنی کے تین ڈائریکٹرز نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (پی آئی جی سی) سے ڈائریکٹرز ٹریننگ پروگرام کے تحت مقررہ سرٹیفیکیشن حاصل کر لیا ہے جس میں شرکت کرنے والے ڈائریکٹرز مندرجہ ذیل ہیں:

- ☆ جناب مصطفیٰ اشرف
- ☆ جناب محمد زبیر
- ☆ جناب فرید ارشد مسعود

بیرونی آڈیٹرز

بیرونی آڈیٹرز میسرز بیکری تلی محمود ادریس قمر، چارٹرڈ اکاؤنٹینٹس آئیندہ سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کے بعد دوبارہ تقرری کے لیے خود کو پیش کریں گے۔
بورڈ آف آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز بیکری تلی محمود ادریس قمر، چارٹرڈ اکاؤنٹینٹس کو سال 2023ء کے لیے کمپنی کے آڈیٹرز کے طور پر تعینات کرنے کا مشورہ دیا ہے۔ جو کہ 31 اگست 2023ء کو ہونے والی انجلی اے جی ایم میں شیئر ہولڈرز کی منظوری سے مشروط ہوگا۔

نمونہ برائے شیئر ہولڈنگ

31 دسمبر 2022 کا شیئر ہولڈنگ کے پٹرن رپورٹ صفحہ 42 پر دیا گیا ہے۔

اعتراف

بورڈ اپنے تمام ملازمین کی لگن، عزم اور محنت کا اعتراف کرنے کے ساتھ ساتھ کمپنی میں مسلسل تعاون کرنے والے شیئر ہولڈرز، صارفین، مالیاتی اور حکومتی اداروں کا بھی شکریہ ادا کرتا ہے۔

مستقبل کا نقطہ نظر

مستقبل کے امکانات کا معقول اشارہ صفحہ 10 پر چیئر مین کے جائزے میں زیر بحث کے لیے آیا ہے۔

بورڈ کی جانب سے

آپ سب کا بے حد شکریہ

7777
ڈائریکٹر

ڈائریکٹرز ای او

سال 2022 کے دوران منعقد ہونے والے بورڈ کے اجلاس
سال کے دوران آڈٹ کمیٹی نے نو (9) اجلاس منعقد کیے جس میں ڈائریکٹرز کی حاضری کاریکارڈ درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں شرکت
01	جناب مصطفیٰ اشرف (چیئر مین)	09
02	جناب فرید ارشد مسعود (ممبر)	09
03	جناب مہرزبیر (ممبر)	09
04	جناب ظفر اقبال چوہدری (ممبر)	09

سال کے دوران آڈٹ کمیٹی نے چار (4) اجلاس منعقد کیے جس میں ڈائریکٹرز کی حاضری کاریکارڈ درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں شرکت
01	جناب مصطفیٰ اشرف (چیئر مین)	04
02	جناب عبدالعزیز خالد (ممبر)	04
03	جناب مہرزبیر (ممبر)	04
04	جناب ظفر اقبال چوہدری	04

سال کے دوران ہیومن ریسورس کمیٹی نے 22 اجلاس منعقد کیے ڈائریکٹرز کی حاضری کے ریکارڈ کی فہرست درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں شرکت
01	جناب فرید ارشد مسعود (چیئر مین)	21
02	جناب عبدالعزیز خالد (ممبر)	20
03	جناب محمد زبیر (ممبر)	21

بورڈ کی کارکردگی کا جائزہ

بورڈ کے اراکین اور اس کی کمیٹیوں کے سالانہ جائزہ کے لیے ایک باضابطہ اور موثر طریقہ کار موجود ہے۔

ڈائریکٹر کا معاوضہ

کمپنی آرٹیکل آف ایسوسی ایشن اور کمپنیز ایکٹ 2017 کے مطابق کمپنی کے پاس ڈائریکٹرز کے معاوضہ کے لیے ایک باضابطہ اور شفاف طریقہ کار موجود ہے۔

جیسا کہ مورخہ 28 اپریل 2016ء کو ہونے والی کمپنی کی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی طرف سے منظوری دی گئی تھی کہ غیر ایگزیکٹو اور آزاد ڈائریکٹرز کو بورڈ میٹنگ اور کمیٹی میٹنگ میں شرکت

کے لیے مبلغ 1.5 لاکھ روپے ادا کیے گئے ہیں، بورڈ میٹنگ مورخہ 19 جنوری 2022 میں منظوری کی گئی۔

بورڈ آف ڈائریکٹرز کی تشکیل برائے سال 2022ء
ڈائریکٹرز کی کل تعداد (۷) ہے جو کہ مندرجہ ذیل ہیں:

مرد	(۷)
عورت	(۰)

بورڈ کی تشکیل حسب ذیل ہے:

(۱)	خود مختار ڈائریکٹرز	جناب مصطفیٰ اشرف
(۲)	غیر ایگزیکٹو ڈائریکٹرز	جناب ظفر اقبال چوہدری جناب ایلن ڈکن جناب محمد زبیر جناب عبدالعزیز خالد جناب فرید ارشد مسعود
(۳)	ایگزیکٹو ڈائریکٹرز	جناب عقیل احمد خان
(۴)	خواتین ڈائریکٹرز	(کوئی نہیں)

سال 2022 کے دوران منعقد ہونے والے بورڈ کے اجلاس اور ان کے بورڈ آف ڈائریکٹرز
سال کے دوران بورڈ آف ڈائریکٹرز کے (۱۰) اجلاس منعقد ہوئے، تمام ڈائریکٹرز کی حاضری درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام	اجلاس میں شرکت
01	جناب ایلن ڈکن (چیئرمین)	10
02	جناب عقیل احمد خان (سی ای او)	10
03	جناب فرید ارشد مسعود	10
04	جناب عبدالعزیز خالد	09
05	جناب محمد زبیر	10
06	جناب ظفر اقبال چوہدری	10
07	جناب مصطفیٰ اشرف	10



- ۵۔ بورڈ آڈٹ کمیٹی بیرونی اور اندرونی آڈیٹرز سے اندرونی کنٹرول کے نظام سے متعلق رپورٹس کا جائزہ لیتی ہے اور اسے مسلسل بہتر بنانے کی کوشش میں گامزن ہے۔
- ۶۔ جیسا کہ کمپنی کے غیر منصفہ مالیاتی بیانات کے نوٹ 1.2 میں انکشاف کیا گیا ہے، کمپنی کی جاری تشویش کے طور پر اپنی صلاحیت کو جاری رکھنے پر کوئی خاص شک نہیں ہے۔

صحت، حفاظت، سلامتی اور ماحولیات (ایچ ایس ایس ای)

ایچ ایس ایس ای کاروباری فضیلت کے لیے ایک اہم محرک اور پیسکول پیٹرولیم لمیٹڈ کے لیے ایک قابل عمل حکمت عملی ہے، کارکردگی میں بہتری حاصل کرنے کے لیے اسے صحت، ماحولیات، تحفظ اور کارکردگی کے منظم انتظام کے طور پر جانا جاتا ہے۔ پیسکول میں ایچ ایس ایس ای کو کاروباری حمایت حاصل ہے تاکہ کامیابی کے اپنے ویژن کو حاصل کرنے کے لیے کاروبار چلانے کی بہترین حکمت عملی کو سمجھا جاسکے۔ مزید یہ کہ کمپنی نے 10 ملین ٹی آئی کے ساتھ مسلسل چھٹا سال ریکارڈ کروالیا اور اس کے ساتھ ہی 7.01 ملین سیف مین آرز بھی کامیابی کے ساتھ حاصل کیے۔

پیسکول میں ایچ ایس ایس ای کو بہتر طریقے سے منظم کرنے میں درج ذیل مقاصد ہمیں سہولت فراہم کرتے ہیں:

- ☆ خطرہ سے محفوظ جگہ پر کام کرنا۔
- ☆ صاف ستھری کام کی جگہ کو فروغ دیں اور صحت کے اہم خطرات سے نجات حاصل کریں۔
- ☆ ماحولیاتی واقعات سے خود کو محفوظ رکھیں۔
- ☆ صنعت کے معروف اثاثہ کی حفاظت کا خیال رکھتے ہوئے آپریشن سرانجام دیں۔
- ☆ وسائل اور اثاثوں کا زیادہ سے زیادہ موثر طریقے سے استعمال کریں۔

انسانی وسائل

ٹریڈنگ اینڈ ڈیولپمنٹ کمپنی کی (ایچ آر) پالیسی کا ایک لازمی حصہ اس عملے سے لیس ہے جس میں نئی مہارتیں، ان کی پیداواری اور کارکردگی کو بڑھاتی ہیں اور ان کی قائدانہ صلاحیتوں کو بہتر کرتی ہیں۔ کمپنی نے سال بھر کے دوران تربیتی پروگرام جاری رکھنے کے ساتھ ساتھ امید افزاء افراد کو انٹرنشپ کی پیشکش بھی کی ہے اور مقامی اور غیر ملکی اداروں کے طلباء، انجینئرز کے لیے ایک کامیاب ٹریننگ پروگرام کاروبار اور کارپوریٹ گریجویٹس بھی جاری و ساری ہے۔

کمپنی نے اپنے ملازمین کی مشغولیت کے اقدامات کو جاری رکھا ہے جس میں بشمول خواتین کا دن، کھیلوں کا دن، خوشی کا عالمی دن اور دیگر کئی متعدد تقریبات کا انعقاد بھی کیا گیا ہے۔

کارپوریٹ برائے سماجی ذمہ داری (سی ایس آر)

پیسکول نے اقوام متحدہ کے ممتاز عالمی کمپیکٹ (یو این جی سی) کارکن ہونے کے ناطے اپنی دوسری کمیونیکیشن آن پروگریس (سی او پی) رپورٹ (یو این جی سی) کو پیش کی۔ یہ رپورٹ (یو این جی سی) کے دس اصولوں سے ہماری وابستگی کی تصدیق کرتی ہے اور ان اقدامات کا تذکرہ کرتی ہے جو پیسکول نے ان پر عمل درآمد کے لیے کئے ہیں۔

کارپوریٹ گورننس

کمپنی اپنے کاروبار کو ڈی آف کارپوریٹ گورننس کمیٹی نے ایکٹ 2017 اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے فہرست سازی کے ضوابط کے بہترین طریقوں کے مطابق چلانے کے لیے پرعزم ہیں جس کی تفصیلات خاص طور پر درج کمپنیوں کے ساتھ تعمیل کے بیان (کوڈ آف کارپوریٹ گورننس) 2019 کی ریگولیشنز میں درج ہیں۔

اہم آپریشنل اور مالیاتی مواد

رپورٹ کے صفحہ نمبر 46 پچھلے چھ سالوں کے اہم آپریشنل اور مالیاتی ڈیٹا کا خلاصہ کرنے والا بیان دیا گیا ہے۔

قومی خزانہ اور معیشت میں شراکت داری

دوران سال آپ کی کمپنی نے مجموعی طور پر امپورٹ ڈیوٹی، جنرل سیلز ٹیکس، انکم ٹیکس اور دیگر سرکاری محصولات کے حساب سے خزانہ میں تقریباً 8.13 بلین روپے کا قومی حصہ ڈالا ہے۔

- ☆ کمپنی میں کلیدی پالیسیوں کو منظوری دی جائے گی جس میں امپورٹ، پرائسنگ اور فارن ایکسچینج وغیرہ شامل کرنے کا عمل۔
- ☆ بورڈ آف ڈائریکٹرز کی ذیلی کمیٹیوں کی متواتر رپورٹنگ میں اضافہ کیا جانے کا عمل
- ☆ کمپنی کے اندرونی کنٹرول کے فریم ورک کو ترتیب وار بہتر بنانے کا عمل۔

آڈٹ رپورٹ میں آڈیٹر کی منفی رائے:

کمپنی کے آڈیٹر نے کمپنی کے غیر متفقہ مالیاتی بیان پر اپنی آڈٹ رپورٹ میں بعض نکات پر منفی رائے کا اظہار کیا ہے جس پر خاص توجہ دی جا رہی ہے اور کمپنی کے نقطہ نظر سے متعلقہ وضاحتیں درج ذیل میں بیان کر دی گئی ہیں:

آڈیٹر نے کمپنی کے مالیاتی گوشواروں کی تیاری کی جاری تشویش کی بنیاد پر اس کے لیے اہم شرائط پوری نہ کیے جانے پر منفی رائے کا اظہار کیا ہے۔ تاہم انتظامیہ نے مالی گوشواروں کو تشویش کے مفروضے کی بنیاد پر آمادہ کیا ہے۔ اس کے حصص یافتگان کی طرف سے فراہم کنندہ کے کریڈٹ کی شکل میں فراہم کردہ تعاون اور مجوزہ تنظیم نو کے منصوبے کو دیکھتے ہوئے انتظامیہ کو یقین ہے کہ کمپنی ایک جاری تشویش کے طور پر جاری رکھے گی۔

تاہم چونکہ ابھی تک تنظیم نو کے باقاعدہ معاہدے پر دستخط نہیں ہوئے ہیں اس لیے آڈیٹر نے منفی رائے کا اظہار کیا ہے، انتظامیہ کو یقین ہے کہ ایک بار جب ہمارے پاس رسمی طور پر دستخط شدہ معاہدہ ہو جائے گا تو آڈیٹر کی تشویش کو پوری طرح سے دور کر دیا جائے گا اور رائے تبدیل ہو جائے گی۔

آڈیٹر نے اس بات پر بھی روشنی ڈالی ہے کہ کمپنی نے اپنے منسلک اثاثوں یعنی پراپرٹی، پلانٹ اور آلات کی گنتی ٹیگ اور ری ویلو کرنے کے لیے ایک وسیع مشق کا آغاز کیا ہے اور اس کے نتیجے میں مالیاتی بیانات میں ضروری ایڈجسٹمنٹ کو شامل کیا ہے۔ مالیاتی بیانات کے نوٹ 8.5 اور 8.2 میں یہ بتایا گیا ہے کہ ٹیکس کی مشق کل اثاثوں تک مکمل کی جا چکی ہے جو پہلے ہی اثاثوں کی کل مالیت کے ایک مادی حصہ ہے اور مناسب طریقے سے ظاہر بھی کیا جاسکتا ہے۔

فی الحال SECP اور FIA سال 2019 تک کے تاریخی مالیاتی گوشواروں سے متعلق کمپنی کے معاملات کی چھان بین کر رہے ہیں، جو پہلے ہی مالیاتی گوشواروں میں ظاہر ہو چکے ہیں۔ ایکسٹرنل آڈیٹر کے مندرجہ بالا ریمارکس بنیادی طور پر اس معاملے کی طرف توجہ دلانے کے لیے ہیں۔

منفی آراء کا حصہ بننے والے دیگر شعبے جو کہ ٹیکس سے متعلق ہیں جن میں غیر تسلیم شدہ موخر ٹیکس، ٹیکس گوشواروں پر نظر ثانی، روپے کے جمع شدہ واجبات کی واپسی اور بشمول 876.105 ملین کی فنانسنگ سہولیات میں ڈیفالٹ ہونا بھی زیر غور ہے۔

کیش اور اسٹاک ڈیویڈنڈ:

چونکہ کمپنی کو 31 دسمبر 2022 کو ختم ہونے والے سال کے بعد ٹیکس کے بعد نقصان ہوا ہے، اس لیے ڈائریکٹرز نے اس مخصوص سال کے لیے کوئی ڈیویڈنڈ تقسیم نہ کرنے کا فیصلہ کیا ہے۔

آف کارپوریٹ گورننس کے تحت ضروری ہے، ڈائریکٹرز مندرجہ ذیل بیان کرنے میں بے حد خوشی محسوس کر رہے ہیں۔

- ۱- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حالت، اس کے کام، نقد بھاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کے نتائج کو منصفانہ طور پر پیش کیا جا رہا ہے۔
- ۲- کمپنی کی گینز ایکٹ 2017 کے تحت اکاؤنٹس کی کتابوں کو صاف ستھری حالت میں برقرار رکھا ہے۔
- ۳- کمپنی نے مالیاتی بیانات کی تیاری میں مسلسل اور مناسب اکاؤنٹنگ پالیسیوں کی پیروی کی ہے۔ اکاؤنٹنگ پالیسیوں میں تبدیلیاں جہاں بھی کی گئی ہیں مالی بیانات میں مناسب طور پر ظاہر کر دی گئی ہیں۔ حساب کتاب کے تخمینے، دانشمندانہ اور معقول فیصلے کی بنیاد پر لیے جائیں گے۔
- ۴- جیسا کہ پاکستان میں لاگو ہوتا آ رہا ہے بین الاقوامی مالیاتی رپورٹنگ کے معیارات، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور اس کے انحراف اگر کوئی ہے تو وہ واضح طور پر ظاہر کیا گیا ہے۔



بورڈ آف ڈائریکٹرز نے حکومت کی طرف سے حکومت کی جانب سے اعلاہ کردہ ثانی شدہ تقسیم اور ڈیبلر مارجن کے تحت کمپنی کے منافع اور نقد بہاؤ کی پیشگوئی کا تفصیلی جائزہ لیا ہے اور ساتھ ہی یہ یقین دلایا ہے کہ ایک بہترین تنظیم نو کے بعد نقصان کی وجہ بننے والے درپیش مسائل کو یقینی طور پر حل کیا جائے گا اور مستقبل میں کمپنی مارکیٹ کے اندر ایک مضبوط کھلاڑی بن کر دکھائے گی۔

تنظیم نو:

بورڈ آف ڈائریکٹرز نے 23 ستمبر 2022ء کو ہونے والے اپنے اجلاس میں کمپنیز ایکٹ 2017ء کے سیکشن 279 تا 282 اور 285 کے تحت ڈرافٹ اسکیم آف ارتینجمنٹ (ایس او اے) کی منظوری دی جس کے بعد SOA کو کراچی میں سندھ ہائی کورٹ میں دائر کیا گیا اور 24 نومبر 2022 کو ایک ابتدائی ساعت ہوئی جس کے تحت معزز سندھ ہائی کورٹ نے حکم نامہ جاری کیا کہ ایس او اے کی منظوری کے لیے قرض دہندگان اور شیئر ہولڈرز کے لیے اجلاس منعقد ہونا ضروری ہے۔

سندھ ہائی کورٹ کی ہدایت کے مطابق، قرض دہندگان کی میٹنگ 22 دسمبر 2022 کو ہوئی جس کے نتیجے میں بورڈ نے 13 مارچ 2022ء کو ایک اجلاس منعقد کیا گیا جس میں بورڈ نے بینکوں کے تاثرات کو مد نظر رکھتے ہوئے ایک تنظیم نو کی منظوری دی گئی جس کے ساتھ بورڈ نے اسکیم آف ارتینجمنٹ میں بعض ترامیم پر بھی اتفاق کیا جس کے ساتھ ہی پیشتر بینکوں کو بھی تنظیم نو کے حوالے سے مطمئن کیا گیا اور کمپنی کے محفوظ قرض دہندگان کی منظوری حاصل کرنے کے لیے ایک میٹنگ منعقد کر کے ان کے سامنے ترمیم شدہ اسکیم پیش کی گئی جس کے بعد ضرورت کے تحت اس منظور نامہ کو کورٹ میں پیش کیا جائے گا۔

اسی دوران کمپنی کو تاج گیسولین (پرائیوٹ) لمیٹڈ کی جانب سے مورخہ 5 جون 2023 کو ایک نان بانڈنگ آفر موصول ہوئی جس پر انتظامیہ نے کمپنی کے حصص کیپٹل میں 41 فیصد حصص کرنے کے ارادے کا عوامی اعلان نامہ جاری کیا اور جس پر بورڈ

آف ڈائریکٹرز نے جاری شدہ NBO کو قبول کر لیا اور تاج کارپوریشن کو نان ڈسکلوزر ایگریمنٹ کے تحت مستعدی کے لیے کمپنی کے ڈیٹا روم تک رسائی کی اجازت کے لیے حامی بھردی۔

ریگولیشن فریم ورک

حکومت نے OMCs کے لیے اتار چڑھاؤ کو کم کرنے اور ان کے کاروباری ماحول کو بہتر بنانے کے مقصد سے متعدد اقدامات کیے ہیں۔ ان اقدامات میں قیمتوں کے فارمولے میں نظر ثانی، OMCs کے لیے غیر ملکی کرنسی کا احاطہ اور OMC اور ڈیبلر کے مارجن پر نظر ثانی کرنا بھی شامل ہے۔ پبلسکول کمپنی سے چلنے والا ٹرن اوور ٹیکس 0.75% سے کم کر کے 0.5% کر دیا گیا ہے مارکیٹ میں قیمتوں کے اتار چڑھاؤ کو کم کرنے کے لیے حکومت ہفتہ وار قیمتوں کے تعین کے طریقہ کار کو نافذ کرنے کا منصوبہ بنا رہی ہے۔ ہمیں یقین ہے کہ مذکورہ ریگولیشنری تبدیلیوں اور ڈی ریگولیشن سے کمپنی کے کاروبار پر مثبت اثر پڑے گا۔

انتظامیہ کی طرف سے کیے گئے پر عزم کام

مالیاتی گوشواروں کا ایک مجموعہ کمپنی کے معاملات کا بہت بہتر منظر پیش کرتا ہے، انتظامیہ نے اس بات کو یقینی بنانے کے لیے کئی سال کے وفد پر ایک وسیع مشق کا آغاز کیا کہ مالیاتی بیانات کے مکمل کتابچہ پر ہر کاؤنٹ کا سربراہ کمپنی کے اثاثوں، واجبات، خالص ایکویٹی اور کیش فلو کے بارے میں اپنا درست اور منصفانہ نظریہ پیش کرنے کا پابند ہوگا۔

جس میں بشمول:

☆ ایک آزاد چارٹرڈ اکاؤنٹینٹ کی کمپنی کے ذریعے اتفاق شدہ طریقہ کار (AUP) کی مشق شروع کی جائیگی جس میں دس سال کے افق کے ساتھ بیلنس شیٹ پر بڑے اکاؤنٹس کا احاطہ بھی کیا جائے گا۔ جس کے ساتھ ہی اس سرگرمی میں ان لینڈ فریٹ ایکولائزیشن مارجن پول کے تحت کمپنی کے قابل منتقل اثاثوں، تجارت، ادائیگیوں، وصولیوں اور حکومت کی جانب سے وصول کیے جانے والے دعویٰ کو شامل کرنے کا عمل۔

☆ بیرونی آڈیٹرز کا اطمینان حاصل کرتے ہوئے AUP انگیجمنٹ پارٹنر کی طرف سے جاری کردہ رپورٹ کے آڈٹ پر غور و فکر کیا جائے گا اور جاری کردہ آڈٹ رپورٹ میں کلیدی آڈٹ معاملات کا خاکہ کو پیش کرتے ہوئے آڈٹ کے بنیادی معاملات کو سرانجام دیئے جانے کا عمل

☆ بک بیلنس میں کمپنی کے بنیادی ڈھانچے کو مد نظر رکھتے ہوئے فریق ثالث کو اس حوالے سے ہر نقطہ فکر کو ٹیک کراتے ہوئے حکمت عملی سے مطمئن کرایا جانے کا عمل۔

مالیاتی نتائج:

مالیاتی سال 2022ء ملکیت پاکستان کی آئل انڈسٹری کے لیے بہت ہی چیلنجنگ رہا ہے، ملکی کرنسی نے امریکی ڈالر کے مقابلے میں بڑے پیمانے پر ہونے والی کمی کی وجہ سے ایکسچینج ریٹ ماہ جنوری میں 176.31 سے ماہ دسمبر میں سیدھا 224.76 تک جا پہنچا اور ملک میں غیر ملکی زرمبادلہ کے بینکنگ سیکٹر میں اہم کمی آنے کی وجہ سے حکومت کو درآمدی ادائیگی کی ترجیح کا تعین کرنے پر مجبور ہونا پڑا۔

افراط زر 19.9 فیصد تک بلند کر دیا گیا اور مرکزی بینک نے اس طرح سے مالیاتی سختیوں کے اقدامات جاری کئے کہ انٹربینک سود کی شرح ماہ جنوری 11.68 فیصد سے بڑھا کر ماہ دسمبر میں 17.29 تک جا پہنچی۔

بینکنگ سیکٹر میں درآمدی ادائیگیوں کے لیے غیر ملکی کرنسی کو دستیاب کروانے کے لیے ایک اضافی چیلنج کا سامنا کرنا پڑا، جس میں ملکی حکومت پر دباؤ تھا کہ وہ بین الاقوامی مالیاتی اداروں کو ملکی قرضوں کی بروقت ادائیگی کے لیے پابند کرے، جس دباؤ کی وجہ سے ملک کی تیل کی درآمد کرنے کی صلاحیت کو بری طرح متاثر کیا جس کی وجہ سے صنعتی منصوبوں کی برآمدی صلاحیتوں پر بھی منفی اثرات مرتب ہوئے۔

پیسکول پیٹرولیم لمیٹڈ جو پہلے ہی ملکی اور غیر ملکی قرضوں کی واجب الادا ادائیگیوں کے چیلنجز کا سامنا کر رہا ہے جس کے ساتھ ہی سال کے دوران ہی مزید لیکویڈٹی بحران کا آنا بھی سنگین نتائج برپا کر سکتا ہے۔ تاہم موثر انتظامیہ نے غور کیا کہ اس سنگین صورتحال میں بھی کمپنی کو اس کے معزز اہم سپلائرز اور بنیادی بینکنگ شرکاء کی جانب سے کی جانے والی وقفہ وقتاً بے مثال سپورٹ نے کمپنی کا بھرپور ساتھ دیا ہے۔

31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے مالی نتائج ذیل میں دکھائے گئے ہیں:

2021 000	2022 روپے	تفصیل
1,987,678	3,182,555	کل منافع
1,354,525	(3,319,476)	EBITDA
(7,592,131)	(14,439,536)	نقصان بعد از ٹیکسیشن
	روپے	
(7.60)	(14.45)	نقصان فی شیئر

یہ کہ سال 2022ء میں کل حجم 265,295 میٹرک ٹن ایندھن فروخت ہوا جبکہ سال 2021ء میں 455,704 میٹرک ٹن ایندھن فروخت کیا گیا تھا لیکن اس کے باوجود کمپنی منافع میں خاطر خواہ اضافہ ظاہر کرنے میں کامیاب رہی جس کی اصل وجہ آپریشنل افادیت اور مسائل کی اصلاح ہے۔

مزید یہ کہ امریکی ڈالر کے مقابلے میں ملکی کرنسی کی قیمت میں کمی کی وجہ سے غیر ملکی زرمبادلہ کے معاوضے کے لیے موجودہ قیمت اور محدود ایل سی لائنوں کے ساتھ کمپنی نے 2021 میں بنیادی طور پر درآمدی معاہدوں کے تصفیے پر 819 ملین روپے کے مقابلے میں 2073 ملین روپے کا نقصان ریکارڈ کیا ہے۔

یہ کہ ٹیکس سے پہلے کاریکارڈ کیا گیا نقصان مبلغ 14,058 ملین روپے بنیادی طور پر مندرجہ ذیل لاگت کے اجزاء سے چلتا ہے:

- ☆ واجب الادا قرضوں پر 8,406 ملین روپے کی فنانسنگ لاگت۔
- ☆ تبادلے کا نقصان 4,829 ملین روپے حقیقی اور غیر حقیقی طور پر مبذول ہے۔
- ☆ قیمتوں میں کمی اور غیر نقدی لاگت جس کی رقم مبلغ 1,950 ملین بنتی ہے۔



ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2022ء کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ کے ساتھ ساتھ آڈٹ شدہ اسٹیٹمنڈ اور مالیاتی بیانات جس پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے بے حد خوشی محسوس کر رہے ہیں۔



PATTERN OF SHAREHOLDING

as at December 31, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Mustafa Ashraf	1	500	0.00
Aqeel Ahmed Khan	1	701	0.00
Associated Companies, undertakings and related parties			
Sponsors	2	401,697,229	40.21
NIT and ICP	-	-	-
Banks Development Financial Institutions, Non-Banking Financial Institutions	2	2,781,830	0.28
Insurance Companies	1	20,625	0.00
Modarabas and Mutual Funds	5	145,821	0.01
General Public			
a. Local	22,678	568,818,229	56.93
b. Foreign	203	2,354,459	0.24
Foreign Companies	-	-	-
Others	92	23,301,286	2.33
Totals	22,985	999,120,680	100.00

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

PATTERN OF SHAREHOLDING

as at December 31, 2022

# of Shareholders	Shareholding's Slabs			Total Shares Held
1451	1	To	100	52,818
2469	101	To	500	943,881
2865	501	To	1000	2,622,772
6660	1001	To	5000	19,464,092
3282	5001	To	10000	24,985,515
1341	10001	To	15000	16,929,086
917	15001	To	20000	16,605,064
612	20001	To	25000	14,162,815
485	25001	To	30000	13,696,144
323	30001	To	35000	10,666,192
241	35001	To	40000	9,239,480
168	40001	To	45000	7,231,725
311	45001	To	50000	15,322,252
121	50001	To	55000	6,416,454
133	55001	To	60000	7,787,801
88	60001	To	65000	5,542,289
71	65001	To	70000	4,875,862
85	70001	To	75000	6,223,364
72	75001	To	80000	5,639,092
58	80001	To	85000	4,829,908
56	85001	To	90000	4,954,020
32	90001	To	95000	2,972,693
180	95001	To	100000	17,960,863
47	100001	To	105000	4,802,415
42	105001	To	110000	4,540,284
20	110001	To	115000	2,254,809
37	115001	To	120000	4,375,284
41	120001	To	125000	5,051,281
29	125001	To	130000	3,696,069
18	130001	To	135000	2,393,813
31	135001	To	140000	4,305,829
17	140001	To	145000	2,439,197
49	145001	To	150000	7,327,180
27	150001	To	155000	4,118,235
17	155001	To	160000	2,693,458
15	160001	To	165000	2,449,336
15	165001	To	170000	2,515,314
19	170001	To	175000	3,289,716
10	175001	To	180000	1,787,470
12	180001	To	185000	2,199,820
7	185001	To	190000	1,316,048
12	190001	To	195000	2,312,591
68	195001	To	200000	13,576,333
17	200001	To	205000	3,437,327
12	205001	To	210000	2,495,059
8	210001	To	215000	1,702,106
13	215001	To	220000	2,837,039
7	220001	To	225000	1,562,016
8	225001	To	230000	1,824,002
4	230001	To	235000	937,500
6	235001	To	240000	1,431,344
2	240001	To	245000	485,474
13	245001	To	250000	3,247,000
11	250001	To	255000	2,787,400
7	255001	To	260000	1,807,447
4	260001	To	265000	1,055,800
5	265001	To	270000	1,341,116
3	270001	To	275000	823,500
5	275001	To	280000	1,390,255
1	280001	To	285000	281,000
3	285001	To	290000	866,500
5	290001	To	295000	1,467,454
24	295001	To	300000	7,198,900
6	300001	To	305000	1,813,305
3	305001	To	310000	926,000
2	310001	To	315000	621,486
4	315001	To	320000	1,274,000
7	320001	To	325000	2,268,900
2	325001	To	330000	658,000
4	330001	To	335000	1,337,700
2	335001	To	340000	676,027

PATTERN OF SHAREHOLDING

as at December 31, 2022

# of Shareholders	Shareholding's Slabs		Total Shares Held	
3	340001	To	345000	1,034,073
4	345001	To	350000	1,395,228
5	350001	To	355000	1,765,640
5	355001	To	360000	1,791,319
3	360001	To	365000	1,088,591
3	365001	To	370000	1,110,000
1	370001	To	375000	375,000
3	375001	To	380000	1,134,159
1	380001	To	385000	381,400
4	385001	To	390000	1,556,272
1	390001	To	395000	394,000
18	395001	To	400000	7,191,800
3	400001	To	405000	1,207,600
4	405001	To	410000	1,633,049
2	410001	To	415000	826,500
1	415001	To	420000	419,000
2	420001	To	425000	850,000
1	435001	To	440000	439,500
2	445001	To	450000	900,000
1	450001	To	455000	451,500
2	455001	To	460000	911,350
5	460001	To	465000	2,320,665
1	465001	To	470000	467,000
3	470001	To	475000	1,424,000
1	475001	To	480000	476,500
1	480001	To	485000	483,500
1	485001	To	490000	486,500
4	490001	To	495000	1,972,612
16	495001	To	500000	7,994,994
5	500001	To	505000	2,510,951
1	505001	To	510000	510,000
2	510001	To	515000	1,023,036
1	515001	To	520000	519,026
1	520001	To	525000	524,479
2	525001	To	530000	1,050,956
3	530001	To	535000	1,603,502
6	545001	To	550000	3,296,142
1	550001	To	555000	550,556
1	560001	To	565000	560,238
1	570001	To	575000	575,000
2	575001	To	580000	1,156,000
3	580001	To	585000	1,748,250
1	590001	To	595000	592,000
3	595001	To	600000	1,800,000
1	600001	To	605000	601,766
1	605001	To	610000	610,000
2	610001	To	615000	1,230,000
1	625001	To	630000	626,148
1	635001	To	640000	640,000
1	645001	To	650000	650,000
1	660001	To	665000	665,000
1	670001	To	675000	674,000
1	675001	To	680000	680,000
1	680001	To	685000	681,786
3	695001	To	700000	2,100,000
1	700001	To	705000	700,500
1	715001	To	720000	718,000
1	720001	To	725000	722,000
1	740001	To	745000	745,000
1	745001	To	750000	750,000
1	755001	To	760000	760,000
2	770001	To	775000	1,550,000
2	775001	To	780000	1,558,700
1	780001	To	785000	783,028
1	785001	To	790000	790,000
3	795001	To	800000	2,399,308
1	815001	To	820000	817,500
2	855001	To	860000	1,715,000
4	895001	To	900000	3,600,000
1	925001	To	930000	928,267

PATTERN OF SHAREHOLDING

as at December 31, 2022

# of Shareholders	Shareholding's Slabs			Total Shares Held
1	930001	To	935000	930,600
2	945001	To	950000	1,900,000
1	955001	To	960000	958,169
1	975001	To	980000	979,000
6	995001	To	1000000	6,000,000
1	1000001	To	1005000	1,002,000
1	1005001	To	1010000	1,005,346
2	1045001	To	1050000	2,096,792
2	1055001	To	1060000	2,116,085
1	1065001	To	1070000	1,068,500
1	1080001	To	1085000	1,082,000
1	1090001	To	1095000	1,094,925
2	1100001	To	1105000	2,209,500
1	1110001	To	1115000	1,110,243
1	1125001	To	1130000	1,130,000
1	1135001	To	1140000	1,136,478
1	1155001	To	1160000	1,158,508
2	1160001	To	1165000	2,327,471
1	1195001	To	1200000	1,200,000
1	1255001	To	1260000	1,260,000
4	1295001	To	1300000	5,197,325
1	1355001	To	1360000	1,360,000
1	1370001	To	1375000	1,375,000
1	1385001	To	1390000	1,385,500
1	1400001	To	1405000	1,404,500
1	1415001	To	1420000	1,416,500
1	1430001	To	1435000	1,434,500
1	1455001	To	1460000	1,460,000
1	1495001	To	1500000	1,500,000
1	1500001	To	1505000	1,501,500
1	1510001	To	1515000	1,513,131
1	1555001	To	1560000	1,560,000
1	1565001	To	1570000	1,570,000
1	1590001	To	1595000	1,594,500
1	1620001	To	1625000	1,625,000
1	1695001	To	1700000	1,700,000
3	1720001	To	1725000	5,173,000
1	1775001	To	1780000	1,779,519
1	1795001	To	1800000	1,799,000
1	1830001	To	1835000	1,830,126
1	1945001	To	1950000	1,950,000
1	1995001	To	2000000	2,000,000
1	2220001	To	2225000	2,222,003
1	2295001	To	2300000	2,300,000
1	2300001	To	2305000	2,300,500
1	2680001	To	2685000	2,685,000
1	3185001	To	3190000	3,185,396
1	3195001	To	3200000	3,197,125
1	3995001	To	4000000	4,000,000
1	4330001	To	4335000	4,335,000
1	4725001	To	4730000	4,727,000
1	4925001	To	4930000	4,926,709
1	9635001	To	9640000	9,639,685
1	13705001	To	13710000	13,706,140
1	32980001	To	32985000	32,984,963
1	118680001	To	118685000	118,684,892
1	283010001	To	283015000	283,012,337
22985				999,121,680

KEY OPERATIONAL AND FINANCIAL DATA

Six Years Summary*

	2022	2021	2020	2019	2018	2017
Profit and Loss Account						
Revenue (Gross)	71,166,729	71,366,378	132,903,803	179,922,956	274,166,545	215,662,302
Revenue (Net)	70,973,746	62,942,277	113,070,621	154,060,227	232,407,681	173,739,173
Cost of product sold	67,928,083	61,153,982	115,296,600	166,744,513	222,537,587	166,850,657
Gross profit / (loss)	3,182,555	1,987,678	(1,378,967)	(12,524,247)	10,706,805	7,388,976
Operating profit / (loss)	(822,831)	1,224,579	(13,018,190)	(21,933,039)	5,718,415	4,528,352
(Loss) / profit before tax	(14,058,393)	(7,164,987)	(22,470,645)	(34,237,060)	185,783	2,658,699
(Loss) / profit after tax	(14,439,536)	(7,592,131)	(23,321,416)	(35,102,562)	(122,830)	1,401,248
Earnings before interest, taxes, depreciation and amortization	(3,319,476)	1,354,525	(11,771,157)	(22,428,290)	2,478,859	3,751,047
Balance Sheet						
Share Capital	9,991,207	9,991,207	9,991,207	1,991,207	1,810,188	1,448,150
Property, plant and equipment	22,773,959	24,742,668	21,899,362	23,155,974	22,179,198	13,680,349
Inventory	8,178,013	10,255,676	11,435,266	19,012,237	22,279,280	18,557,106
Current assets	14,132,149	15,270,445	20,134,453	47,381,594	50,669,367	42,291,734
Current Liabilities	90,785,374	78,571,358	76,167,273	97,024,510	64,701,307	44,947,015
Non current assets	29,575,900	32,010,049	39,313,812	49,072,818	24,107,734	15,911,404
Non current liabilities	14,101,685	16,014,742	29,359,449	24,295,629	4,088,488	3,718,648
Surplus on revaluation of fixed assets	13,693,779	6,381,696	3,962,410	4,221,873	4,481,336	1,025,789
Summary of Cash flow statement						
Cash flows from operating activities	(1,494,343)	(5,833,653)	(17,287,200)	(9,197,065)	(7,819,420)	1,276,063
Cash flows from investing activities	170,472	864,059	559,257	(5,988,504)	(5,516,647)	(5,824,726)
Cash flows from financing activities	(924,247)	(1,338,954)	10,122,121	(544,809)	1,518,038	4,846,833
Net cash flows during the year	(2,248,118)	(6,308,548)	(6,605,822)	(15,730,378)	(11,818,029)	298,170
Investor Information						
Profitability ratios						
Gross profit ratio	4.48%	3.16%	-1.22%	-8.13%	4.61%	4.25%
Net profit ratio	-20.34%	-12.06%	-20.63%	-22.78%	-0.05%	0.81%
EBITDA margin	-4.68%	2.15%	-10.41%	-14.56%	1.07%	2.16%
Cost / Income ratio	0.96	0.97	1.02	1.08	0.96	0.96
Return on equity	-	-	-	-	(0.02)	0.15
Liquidity Ratios						
Current ratio	0.16 : 1	0.19 : 1	0.26 : 1	0.49 : 1	0.78 : 1	0.94 : 1
Quick ratio	0.07 : 1	0.06 : 1	0.11 : 1	0.29 : 1	0.44 : 1	0.53 : 1
Cash flows from operations to sales	-2.11%	-9.27%	-15.29%	-5.97%	-3.36%	0.73%
Cash to current liabilities	0.9%	1.3%	4.0%	14.1%	13.6%	21.7%
Investment / Market ratios						
Earning / (loss) per share	(14.45)	(7.60)	(23.46)	(93.30)	(1.08)	8.56
Breakup value per share without surplus on revaluation of fixed assets	(74.94)	(53.73)	(50.08)	(146.08)	8.32	58.78
Breakup value per share with surplus on revaluation of fixed assets	(61.23)	(47.35)	(46.12)	(124.88)	33.08	65.86

* Restated numbers were reflected in key operational and financial data wherever reported in the Annual Audited Accounts.

NOTICE OF TWENTYFIRST (21ST) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY-ONE (21ST) ANNUAL GENERAL MEETING OF HASCOL PETROLEUM LIMITED WILL BE HELD ON THURSDAY 31 AUGUST 2023 AT 12:00 NOON AT MARRIOTT HOTEL, 9 ABDULLAH HAROON ROAD, CIVIL LINES, KARACHI AND VIRTUALLY THROUGH VIDEO-LINK FACILITY TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business

- To confirm the minutes of the Annual General Meeting of the Company held on 13 September 2022.
- To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 31st December 2022, together with the Directors' and Auditors' reports thereon and the Review Report of the Chairman.
- To appoint Auditors and to fix their remuneration for the financial year 2023.

Special Business:

- To approve the circulation of the annual financial statements to the members through QR enabled code and weblink by passing an ordinary resolution proposed in the statement of material facts.

Other Business

- To transact any other business with the permission of the Chair.

(Annexed to the notice being circulated to the shareholders is a statement of material facts under section 134(3) of the Companies Act, 2017 and draft resolutions pertaining to special business to be transacted at the AGM)

By Order of the Board

09 August 2023
Karachi

Farhan Ahmad
Company Secretary

NOTES:

1) Participation of Shareholders through Online Facility

Participation in the Annual General Meeting

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

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

- The video link and login credentials will be shared with the shareholders whose emails, containing all the requested particulars, are received at the above email address by or before the close of business hours (5:00 P.M.) on August 29, 2023.
- Shareholders can also send their comments / suggestions on company.secretary@hascol.com for the agenda items proposed to be conducted at the AGM in the same manner as it is being discussed in the AGM, and later shall be made part of the minutes of the meeting.
- The purpose of the aforementioned arrangements is to ensure maximum participation of the shareholders in the AGM through an online facility. Shareholders are also requested to consolidate their attendance through proxies, so that the quorum requirement may also be fulfilled.

2) Closure of Share Transfer Books

- The Share Transfer Books of the Company shall remain closed from 25 August 2023 to 31 August 2023 (both days inclusive). Transfers in the form of physical transfers / CDS Transaction IDs received in order at the Company's Share Registrar, Messrs CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Shahra-e-Faisal, Karachi, by close of business on 24 August 2023 will be treated in time to attend and vote at the meeting and for the purpose of the above entitlement to the transferees.

3) Participation in the Meeting

- Only those persons, whose names appear in the register of members of the Company as on 24 August 2023, are entitled to attend, participate in, and vote at the Annual General Meeting.
- A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another person as his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of the Meeting and must be duly stamped, signed and witnessed.

4) Requirements for appointing Proxies

- In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the above requirement.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.
- In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the Company along with the proxy form unless the same has been provided earlier.
- Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item, subject to the requirements of sections 143 and 144 of the Companies Act 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

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

- In compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2022 through email to shareholders whose email addresses are available with the Company's Share Registrar. In those cases, where email addresses are not available with the Company's Share Registrar, printed notice of AGM have been dispatched. However, the Company would provide hard copies of the Annual Report to the Shareholders on their demand at their registered addresses, free of cost, within one week of such request. The annual financial statements have also been uploaded on the Company's website and are readily accessible to the shareholders.

6) Conversion of Physical Shares Into Book-Entry Form

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

7) Change of Address

- Members are requested to immediately notify the Company's Share Registrar, Messrs. CDC Share Registrar Services Limited of any change in their registered address.

8) Miscellaneous:

- This notice has been sent to all members of the Company in accordance with Section 134(1)(a) of the Companies Act, 2017.
- For any query / information, members may contact the Share Registrar at the following address:

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

9) Statutory Code of Conduct at AGM

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

10. Polling on Special Business Resolutions:

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

Accordingly, members of Hascol Petroleum Limited (the "Company") will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on Thursday August 31, 2023 at 12:00 P.M, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

For the convenience of the Members, ballot paper is annexed to this notice and the same is also available on the Company's website at www.hascol.com for download.

Procedure for E-Voting:

- I. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on August 24, 2023.
- II. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- III. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- IV. E-Voting lines will start from August 26, 2023, 09:00 a.m. and shall close on August 30, 2023 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address at 29th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton Karachi or email at company.secretary@hascol.com one day before the Annual General Meeting on August 30, 2023, during working hours. The signature on the ballot paper shall match the signature on CNIC.

Statement under Section 134(3) of the Companies Act, 2017 Concerning the Special Business To Be Transacted at the Annual General Meeting:

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on 31 August, 2023.

Item No.4 of the Agenda – To approve the circulation of the annual financial statements to the members through QR enabled code and weblink by passing an ordinary resolution proposed in the statement of material facts.

The Securities and Exchange Commission of Pakistan ("SECP") vide SRO 389(I)/2023 dated 21 March 2023 has allowed the listed companies to circulate the Annual Audited Financial Statements including Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Directors Report, etc ("annual audited financial statements") to its members through QR enabled code and weblink. This will enable the Company to use of technological advancements and cost saving.

The Company shall circulate the annual audited financial statements through email in case email address has been provided by the member to the Company. The Company shall send the complete financial statements with relevant documents in hard copy to the shareholders, at their registered addresses, free of cost, within one week, if a request has been made by the member on the standard request form available on the website of the Company.

The following resolution is proposed to be passed as ordinary resolution, with or without any modification:

"RESOLVED THAT approval of the shareholders of Hascol Petroleum Limited (the "Company") be and is hereby accorded and the Company be and is hereby authorized to circulate the Annual Audited Financial Statements of the Company together with the reports and documents required to be annexed thereto under the Companies Act, 2017 through QR enabled code and weblink instead of circulation through CD/DVD/USB.

FURTHER RESOLVED THAT Mr. Aqeel Ahmed Khan, Chief Executive Officer and/or Mr. Farhan Ahmad, Company Secretary be and is hereby singly empowered and authorized to do all acts, deeds and things, take or cause to be taken all necessary action for the purposes of implementing this resolution."

None of the Directors have any interest, directly or indirectly, in the aforesaid special business.

(۶) فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا

☆ ایس ای سی پی نے اپنے خط نمبر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے تمام فہرست شدہ کمپنیوں کو مشورہ دیا ہے کہ وہ کمپنیز ایکٹ 2017 کے سیکشن 72(1) ایکٹ کی دفعات پر عمل کریں جس کے تحت تمام کمپنیاں ایکٹ کے اجراء کے چار سال کے اندر جاری کردہ فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنے کا تقاضا کر سکتے ہیں۔ اس کے مطابق کمپنی کے تمام شیئرز ہولڈرز جن کے پاس فزیکل فوئیڈر/شیئرز ہولڈرز جن کے پاس فزیکل فوئیڈر/شیئرز حقیقت ہیں ان سے درخواست کی جاتی ہے کہ وہ جلد از جلد بک انٹری فارم میں اپنے فزیکل شیئرز کو تبدیل کریں۔ اس مقصد کے لیے شیئرز ہولڈرز یا تو سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کے ساتھ انویسٹرا کا ڈیف یا کسی مناسب طور پر تسلیم شدہ بروکرینج فرم کے ساتھ ڈی سی ڈی کا ڈیف کھول سکتے ہیں۔ شیئرز ہولڈرز کمپنی کے شیئرز رجسٹرار میسرز ڈی سی سی شیئرز رجسٹرار سرور لمیٹڈ سے بھی مزید مدد یا رہنمائی کی ضرورت پڑھنے پر رابطہ کر سکتے ہیں۔

(۷) ایڈریس کی تبدیلی

☆ ممبران سے درخواست کی جاتی ہے کہ وہ کمپنی کے شیئرز رجسٹرار میسرز ڈی سی سی شیئرز رجسٹرار سرور لمیٹڈ کو اپنے رجسٹرڈ ایڈریس میں کسی بھی قسم کی تبدیلی کے بارے میں فوری طور پر مطلع کریں۔

(۸) متفرق مجموعہ

☆ یونٹس کمپنی کے تمام ممبران کو کمپنیز ایکٹ 2017 کے سیکشن 134(1)(a) کو مد نظر رکھتے ہوئے بھیجا جا رہا ہے۔

☆ کسی بھی قسم کی معلومات حاصل کرنے کے لیے ممبرز شیئرز رجسٹرار سے درج ذیل پیج پر رابطہ کر سکتے ہیں۔

(۹) AGM کا قانونی ضابطہ اخلاق

☆ کمپنیز ایکٹ 2017 کے سیکشن 215 اور کنٹینر (جنرل پروویڈنیز ایڈمنسٹریشن) ریگولیشنز 2018 کے ریگولیشن 28 کے تحت شیئرز ہولڈرز کے لئے ضابطہ اخلاق یہ ہیں: شیئرز ہولڈرز کی بھی فیصلے کے لئے میٹنگ سے براہ راست رابطہ نہیں کریں گے اور تہی انہیں کسی معاملے میں اثر و سوخ استعمال کرنے کی اجازت ہے۔ جس سے میٹنگ کے کاموں کی ہمواری میں کسی قسم کی رکاوٹ آئے۔ قانون کے تحت شیئرز ہولڈرز کو بھی ایسا مواد/آلہ یا شایا لے کر نہیں آئیں گے جو AGM میں شریک داروں یا ماحول کے لئے خطرہ یا مشکل کا باعث بنے۔ وہ AGM نوٹس پر دے گئے۔ ایجنڈا تک خود کو محدود رکھیں گے۔ اور کسی بھی سیاسی و انتخابی کوٹا پر نہیں کریں گے۔ مزید برآں کمپنیز ایکٹ 2017 کے سیکشن 185 کے تحت کمپنی کو یہ اجازت نہیں ہے کہ وہ میٹنگز کے دوران اپنے شیئرز ہولڈرز کے درمیان کسی قسم کے تبادلے یا تقسیم کرے۔

(۱۰) خصوصی کاروباری قراردادوں پر نوٹس:

تمام ممبران کا مطلع کیا جاتا ہے کہ ریگولیشنز 2018 کے سیکشن 215 (پوش بلیٹ) ریگولیشنز 2018 کی ترمیم بذریعہ نوٹیفیکیشن بتاریخ 5 دسمبر 2022 کے تحت SECP نے تمام سیکورٹیز کو ہدایت کی ہے کہ ایسے تمام کاروباری ممبران کو جنہیں خصوصی جزیں کا درجہ حاصل ہے۔ ایکٹروٹک وونگ سہولت کے تحت ووٹ کا حق استعمال کرنے اور بذریعہ پوسٹ بھی حق راہ دہی استعمال کرنے کی سہولت فراہم کریں۔

اپنی ہدایت کے تحت ہیکسول پیٹرولیم لمیٹڈ "کمپنی" کے ممبران بھی خصوصی بزنس کے زمرے میں 31 اگست 2023 کو دوپہر 12:00 بجے منعقد ہونے والی سالانہ مجموعی میٹنگ میں بذریعہ ایکٹروٹک وونگ یا پوسٹ کے ذریعے اپنا حق رائے دہی استعمال کر سکتے ہیں بشرطیکہ انہوں نے درج ذیل قانونی ضابطہ اور ضوابط پر عمل کیا ہو۔

ممبران کی سہولت کے لئے، بلیٹ وہب کو اس نوٹس کے اختتام پر منسلک کیا گیا ہے۔ یہ نوٹس کمپنی کی ویب سائٹ www.hascol.com پر بھی ڈاؤن لوڈ کے لئے دستیاب ہے۔

ای۔ وونگ کا طریقہ:

1 ای وونگ سہولت کی تفصیلات ان ممبران سے شیئرز کی جائیں جن کے موجودہ شناختی کارڈ نمبر، موبائل نمبر اور ای میل ایڈریس کمپنی کے نمبرز کے رجسٹر میں 24 اگست 2023 کو کاروباری دن کے اختتام تک دستیاب ہوں گے۔

2 ویب ایڈریس، لاگ ان تفصیلات اور پاس ورڈ ممبران کو بذریعہ ای میل بھیجے جائیں گے جب کہ ممبران کو سیکورٹی کوڈز CDC شیئرز رجسٹرار سرور لمیٹڈ کے ویب پورٹل سے (جو ای وونگ سہولت فراہم کنندہ ہیں) بذریعہ SMS ارسال کیے جائیں گے۔

3 ای وونگ کے ذریعے حق رائے دہی استعمال کرنے والے ممبران کی شناخت کی تصدیق بذریعہ ایکٹروٹک وونگ یا پوسٹ کے ذریعے کی جائے گی۔

4 ای وونگ انسٹنس 26 اگست 2023 کو صبح 9:00 بجے 30 اگست 2023 شام 5:00 بجے تک رہیں گی۔ ممبران اس دورے میں کسی بھی وقت اپنا ووٹ کا سٹ کر سکتے ہیں۔ اگر کسی ممبر نے کسی قرارداد پر اپنا حق رائے دہی استعمال کیا تو انہیں بعد ازاں اسے تبدیل کرنے کی اجازت نہیں دی جائے گی۔

پوش بلیٹ کے ذریعے وونگ کا طریقہ:

ممبران اس بات کو یقینی بنائیں گے کہ مکمل پر شدہ اور دستخط شدہ ہب مع کمپیوٹرائزڈ شناختی کارڈ (CNIC) میٹنگ کے سیکشن میں کو بذریعہ ڈاک کمپنی کے رجسٹرڈ پتے 29 فلور، اسکاٹی ٹاور، ویسٹ ونگ (ٹاور A) ڈالین ٹی، عبدالستار ایڈی ایویٹو، بلاک 4، کاشفی، کراچی یا بذریعہ ای میل company.secretary@hascol.com 30 اگست 2023 کو منعقد ہونے والی سالانہ مجموعی میٹنگ میں 1 روز (کاروباری دن کے اختتام) قبل کاروباری اوقات کے دوران موصول ہو جائے۔ ہب مع پتے پر کیے جانے والے دستخط شناختی کارڈ پر موجود دستخط کے مطابق ہونے ضروری ہیں۔

کمپنیز ایکٹ 2017 کے سیکشن 134(3) کے تحت سالانہ جنرل میٹنگ میں خصوصی کاروبار سے متعلق بنیاد:

مذکورہ بنیاد 31 اگست 2023 کو ہونے والی کمپنی کی سالانہ جنرل میٹنگ میں لین دین کے لیے خصوصی کاروبار سے متعلق خوں خاتق کا تعین کرتا ہے۔

1 ایجنڈا کا آئٹم نمبر 4۔ انٹرنس خاتق کے بنیاد میں تجویز کردہ ایک عمومی قرارداد کو منظور کر کے QR کوڈ اور ویب لنک کے ذریعے اراکین کو سالانہ مالیاتی گوشواروں کی گردش کی منظوری دینا۔

سیکیورٹیز اینڈ ایکسچینج آف پاکستان ("SECP") نے ایس آر آر 2023(1)/2023 مورخہ 21 مارچ 2023 کے تحت ایجنڈا کو سالانہ ڈاٹ شدہ مالیاتی گوشواروں بشمول سالانہ بینٹیل شیٹ اور منافع و نقصان کا ڈاٹ، آڈیٹری رپورٹ اور ڈائریکٹرز رپورٹ کے، وغیرہ ("سالانہ ڈاٹ شدہ مالیاتی بیانات") کو اپنے اراکین کو QR کوڈ اور ویب لنک کے ذریعے گردش کرنے کی اجازت دی ہے۔ یہ کمپنی کو تکنیکی ترقی اور لاگت کی بچت کے استعمال کے قابل بنائے گا۔

کمپنی سالانہ ڈاٹ شدہ مالیاتی گوشواروں کو ای میل کے ذریعے گردش کرے گی اگر ممبر کی جانب سے کمپنی کو ای میل ایڈریس فراہم کیا گیا ہو۔ کمپنی حصص یا ڈیٹا کو متعلقہ دستاویزات کے ساتھ مکمل مالیاتی گوشواروں کو ان کے رجسٹرڈ پتے پر ایک ہفتے کے اندر بلا معاوضہ بھیجے گی، اگر ان کی طرف سے کمپنی کی ویب سائٹ پر دستیاب معیار درخواست فارم پر درخواست کی گئی ہے۔ مندرجہ ذیل قرارداد کو عمومی قرارداد کے طور پر ترمیم یا بالترتیب منظور کرنے کی تجویز دی ہے:

"قرار کیا کہ کمپنیز ایکٹ 2017 کے تحت ہیکسول پیٹرولیم لمیٹڈ ("کمپنی") کے شیئرز ہولڈرز کی جانب سے بذریعہ ہب منظور دی جاتی ہے اور کمپنی کے سالانہ ڈاٹ شدہ مالیاتی گوشواروں بشمول مطلوبہ منسلک رپورٹس اور دستاویزات USB/DVD/CD کے ذریعے گردش کے بجائے QR کوڈ اور ویب لنک کے ذریعے گردش کرنے کا کمپنی کو بذریعہ ہب اختیار دیا جاتا ہے۔

مزید قرار کیا کہ جناب علی احمد خان، چیف ایگزیکٹو آفیسر اور/یا جناب فرحان احمد، کمپنی سیکریٹری انفرادی طور پر تمام کاموں، اعمال اور چیزوں کو کرنے، مذکورہ قرارداد کو نافذ کرنے کے مقاصد کے لیے تمام ضروری کارروائی کرنے یا انجام دہی کے لیے بالاختیار اور مجاز ہیں۔"

ڈائریکٹرز میں سے کسی کو بھی مذکورہ خصوصی کاروباروں یا اصول یا اصول کو واپسی نہیں ہے۔

نوٹس برائے 21 ویں سالانہ جنرل میٹنگ

بذریعہ نوٹس بر خاص و عام کو مطلع کیا جاتا ہے کہ پیکسل پیٹرولیم لمیٹڈ کی ایکسوائس (21) سالانہ جنرل میٹنگ مورخہ بروز جمعرات، 31 اگست 2023 بوقت 12:00 بجے دوپہر بمقام میرٹ ہوٹل 9 عمدا اللہ ہارون روڈ، سول لائیکز کراچی اور ویڈیو لنک ہولڈنگ کے ذریعے عملی طور پر کاروباری لین دین کے لیے منعقد کیا جائے گا۔

عام کاروبار:

- ۱- مورخہ 13 ستمبر 2022 کو کینیڈا کی ہونے والی سالانہ جنرل میٹنگ کے منٹس کی تصدیق کرنا۔
- ۲- مورخہ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے ڈائریکٹرز اور آڈیٹرز کی رپورٹس اور چیئرمین کی جائزہ کردہ رپورٹ کو مد نظر رکھتے ہوئے کینیڈا کی سالانہ آڈیٹ شدہ مالیاتی بیانات پر فور ونگر کر کے تشکیل دیا جائے گا۔
- ۳- آڈیٹرز کی تقرری اور مالی سال 2023ء کے لیے ان کا معاوضہ طے کیا جائے گا۔

خصوصی برٹس

ممبران تک سالانہ منافع انٹسٹمنٹس کی رسائی کو QR کوڈ اور ویب لنک کے ذریعے ممکن بنانے کے لئے تجویز کردہ عمومی قرارداد کی منظوری جسے میٹریبل حقائق کے انٹسٹمنٹس میں تجویز کیا گیا ہے۔

دیگر کاروبار:

کسی بھی دوسرے کاروباری لین دین کی اجازت صرف اور صرف چیئرمین کی جانب سے ہی دی جائے گی۔
(کینیڈا کیلئے 2017 کی دفعہ (3) 134 کے تحت ٹھوس حقائق کا بیانیہ اور AGM میں خصوصی قرارداد کی انجام دہی کے سلسلے میں قراردادوں کا مسودہ نوٹس ہڈا کے ساتھ منسلک کر کے شیئرز یا فنڈنگان کو ارسال کیا جا رہا ہے۔

بورڈ کے حکم سے

مورخہ 9 اگست 2023ء

فرحان احمد

کراچی

کینیڈا کی

نوٹس:

(1) آن لائن سہولت کے ذریعے شیئرز ہولڈرز کی شرکت

سالانہ مجموعی میٹنگ میں شرکت

Secp نے اپنی ہدایت کے تحت لیکچر کو ہدایت کی ہے کہ وہ ویڈیو لنک کی سہولت فراہم کریں، ہمارے محترم شیئرز ہولڈرز کے بہترین مفاد اور زیادہ سے زیادہ شرکت کو یقینی بنانے کے لئے، کینیڈا کی بھی ویڈیو لنک کے ذریعے AGM میں شرکت ہونے کا اہتمام کیا ہے۔ وہ شیئرز ہولڈرز کو ویڈیو لنک کے ذریعے AGM میں شرکت کے خواہشمند ہیں، درج ذیل تفصیلات بذریعہ ای میل cdscsr@cdscsr.com یا واٹس ایپ نمبر 8200864-0321 پر ارسال کر سکتے ہیں اس سہولت کے لئے رجسٹر کر سکتے ہیں۔

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

- ☆ ویڈیو لنک اور لاگ ان تفصیلات ان شیئرز ہولڈرز کو بھیج دی جائیں گی جن کی ای میل کینیڈا کو درج بالا ای میل پر ریس 29 اگست 2023 (کاروباری دن کے اختتام: شام 5:00 بجے سے قبل) یا اس سے پہلے موصول ہو جائیں گی۔
- ☆ شیئرز ہولڈرز اپنی آراء/ تجاویز company.secretary@hascol.com پر بالکل اسی طرح دے سکتے ہیں جیسے انہیں AGM میٹنگ میں زیر غور لایا جا رہا ہے۔ بعد ازاں انہیں آف میٹنگ میں شامل کر لیا جائے گا۔
- ☆ مذکورہ بالا اقدامات کا مقصد آن لائن سہولت کے تحت زیادہ سے زیادہ شیئرز ہولڈرز کی شرکت کو یقینی بنانا ہے۔ شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ اپنی عدم ہمتیابی کے باعث پراسیسر کے ذریعے شرکت کو ممکن بنائیں تاکہ کورم مکمل ہونے کی شرط کو بھی پورا کیا جاسکے۔

(۲) شیئرز ٹرانسفر بک کے حوالے سے ہدیشیں

☆ کینیڈا کی شیئرز ٹرانسفر بکس 25 اگست 2023ء 31 اگست 2023 تک (دونوں دن شمول) بند رہیں گی۔ ٹرانسفر بذریعہ فیکل منٹلی/سی ڈی ایس ٹرانسکیشن آئی ڈی کینیڈا شیئرز رجسٹر اری میسرسی ڈی سی شیئرز رجسٹر اری میسرولیم ہڈا، سی ڈی ایس ہاؤس B-99، بلاک 8، ایس ایم سی ایچ ایس شاہراہ فیصل کراچی میں 24 اگست 2023 تک موصول کی جائے گی جنہیں میٹنگ میں ہونے والے ووٹوں اور مندرجہ بالا تفصیلات کے مقصد کے لیے بروقت فور کیا جائے گا۔

(۳) اجلاس میں شرکت

☆ صرف وہی افراد جن کے نام کینیڈا کے ممبران کے رجسٹر میں 24 اگست 2023 تک درج ہوں گے، وہی افراد سالانہ جنرل میٹنگ میں شامل ہر وقت ڈالنے کے حقدار ہوں گے۔

☆ سالانہ جنرل میٹنگ میں شرکت کرنے اور ووٹ دینے کے حقدار کینیڈا کے رکن کسی دوسرے شخص کو اپنے بجائے شرکت کرنے اور ووٹ کے لیے پراسیسر کو اپنے رکن کے رجسٹر ڈ آفس میں میٹنگ کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہونی چاہئے۔ جس پر مقرر کردہ کے دستخط اور گواہان کی رضامندی کا ظاہر ہونا لازمی ہوگا۔

(۴) پراسیسر میں تقرری کی ضرورت

☆ انفرادی صورت حال میں، اکاؤنٹ ہولڈرز اور سب اکاؤنٹ ہولڈرز رجسٹریشن کی تفصیلات سینٹرل ڈپازٹری کینیڈا پاکستان لمیٹڈ کے ریگولیشن کے مطابق جمع کروانی ہوں گی۔

☆ مذکورہ پراسیسر فارم میں دو گواہان کے نام، دہنظ، پتہ، شناختی کارڈ اور درج ہونا لازمی ہوگا، نہ ہونے کی صورت میں فارم جمع نہیں کیا جائے گا۔

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

☆ کارپورٹ ادارہ ہونے کی صورت میں نامزدگی (پاور آف اٹارنی) پر کینیڈا کے بورڈ آف ڈائریکٹرز اور نامزد امیدوار کے دستخط ہونا ضروری ہے اور اس طرح کے فارم پراسیسر کے ساتھ میٹنگ سے پہلے جمع کروانا لازمی ہیں۔

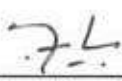
☆ کینیڈا (پوسٹل بیلٹ) ریگولیشن 2018ء کے مطابق، ڈائریکٹرز کے انتخابات کے مقصد اور کسی دوسرے ایجنڈے کے لیے کینیڈا ایکٹ 2017ء کے سیکشن 143 اور 144 کے تحت قانون سے مشروط ہو کر اراکین کو اپنے ووٹ کا حق استعمال کرنے کی اجازت ہوگی، پوسٹل بیلٹ جو کہ مذکورہ ضابطوں میں موجود تقاضوں اور طریقہ کار کے مطابق ڈاک یا کسی بھی الیکٹرانک موڈ کے ذریعے ووٹ کے عمل کو تشکیل دے گا۔

(۵) الیکٹرانک فارم میں سالانہ مالیاتی بیانات کی گردش/ تزیین

☆ کینیڈا ایکٹ 2017ء کے سیکشن (6) 223 کے تحت کینیڈا اپنی سالانہ رپورٹ 2022ء کو بذریعہ ای میل ان شیئرز ہولڈرز کے پاس منتقل کرے گی جن کی تفصیلات کینیڈا شیئرز رجسٹر کے پاس پہلے سے ہی درج ہیں اور جن شیئرز ہولڈرز کی ای میل کینیڈا شیئرز رجسٹر کے پاس موجود نہیں ہے ان کے لیے ای سی ایم کا نوٹس جاری کیا جائے گا۔ مزید برآں کینیڈا ان شیئرز ہولڈرز کو بارڈ کا بیوریٹی دینے کی پابندی ہے جو کینیڈا سے ان کی سالانہ رپورٹ کا بیوریٹی فائل کی صورت میں لہنا چاہتے ہیں، ان کی اس فرمائش کے ایک ہفتہ کے اندر کینیڈا انہیں پرنٹ کی گئی رپورٹ ان کے درج ذیل پتے پر بلا کسی معاوضہ کے پہنچانے کی پابندی ہوگی۔ کینیڈا کی سالانہ مالیاتی تفصیلات کی رپورٹ کینیڈا کی ویب سائٹ پر بھی ایلوڈ کی جائیگی تاکہ کسی بھی شیئرز ہولڈر کو پریشانی کا سامنا نہ کرنا پڑے۔

STATEMENT OF FREE FLOAT OF SHARES

Particulars	Quarter-1 Mar-22	Quarter-2 Jun-22	Quarter-3 Sep-22	Quarter-4 Dec-22
Total Outstanding Shares	999,120,680	999,120,680	999,120,680	999,120,680
Less: Government Holdings	-	-	-	-
Less: Shares held by Directors / Sponsors I Senior Management Officers and their associates	1,201	1,201	1,201	1,201
Less: Shares in Physical Form	3,785,646	3,780,326	3,762,067	3,720,506
Less: Shares held by Associate companies I Group Companies (Cross holdings)	401,697,229	401,697,229	401,697,229	401,697,229
Less: Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
Less: Treasury shares	-	-	-	-
Less: Any other category that are barred from selling at the review date	-	-	-	-
Free Float	593,636,604	593,641,924	593,660,183	593,701,744


Farhan Ahmad
 Company Secretary




Amad Uddin
 Chief Financial Officer



Head Office (Karachi)
 Office # 29, 29th Floor, Sky Towers West Wing,
 Daimen City, Abdul Sattar Edhi Avenue,
 Block-4, Clifton, Karachi, Pakistan.
 UAN: +92 (21) 111-797-797
 Fax: +92 (21) 38184015

Lahore Office
 5th Floor, South Tower,
 Lahore Stock Exchange Building,
 19-Rhyaban-e-Awan-e-Iqbal, Lahore,
 Tel: +92 (42) 36311013-14-15-16-18
 Fax: +92 (42) 35718033
 E-Mail: info@hacol.com, Web: www.hacol.com

Islamabad Office
 Islamabad Stock Exchange (ISE) Tower,
 5th Floor, Office # 1601,
 Blue Area, Islamabad, Pakistan.
 Tel: +92 (51) 2650391-3, Fax: +92 (51) 2895364



Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building,
Civil Lines, Mereweather Road,
Karachi - Pakistan

T: +92 (021) 35644872-7
F: +92 (021) 35644873

info@bakertilly.pk
www.bakertilly.pk

**INDEPENDENT REASONABLE ASSURANCE REPORT ON
STATEMENT OF FREE FLOAT OF SHARES
TO THE CHIEF EXECUTIVE OFFICER OF HASCOL PETROLEUM LIMITED**

Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed Statement of Free Float of Shares (the 'Statement') of the Security Investment Bank Limited (the Bank) as of March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022.

Applicable Criteria

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

Management's Responsibility for the Statement

Management is responsible for the preparation of the Statement as of March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022. In accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement such that it is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

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





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

Our responsibility and summary of the work performed

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

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

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

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

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





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

Opinion

In our opinion, the Statement as of March 31, 2022, June 30, 2022, September 30, 2022 and December 31, 2022 is prepared, in all material respects, in accordance with the PSX Regulations.

Restriction on use and distribution

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

bn


Engagement Partner: Mehmood A. Razzak

Karachi.

Date: 28 APR 2023

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

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

1. The total number of Directors are seven (7) as per the following:
 - (a) Male: 7
 - (b) Female: Nil
2. The composition of Board as at 31 December 2022 is as follows:
 - (a) Independent Directors: Mr. Mustafa Ashraf
Mr. Zafar Iqbal Chaudhry
 - (b) Non-executive Directors: Sir Alan Duncan
Mr. Mohammad Zubair
Mr. Abdul Aziz Khalid
Mr. Farid Arshad Masood
 - (c) Executive Directors: Mr. Aqeel Ahmed Khan
 - (d) Female Directors: Nil
- * Currently, the Company has a functioning board comprising of seven directors and the Company is making its utmost efforts searching for a female director.
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has approved a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

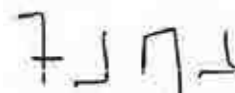
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Presently, the following three (03) directors of the Company have acquired prescribed certification under the Directors' Training Program:
- Mr. Mustafa Ashraf
 - Mr. Mohammad Zubair
 - Mr. Farid Arshad Masood
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed four committees comprising of members given below:
- (a) Audit Committee:
- | | |
|--------------------------|---------------------------------|
| Mr. Mustafa Ashraf | Chairman / Independent Director |
| Mr. Mohammad Zubair | Non-Executive Director |
| Mr. Farid Arshad Masood | Non-Executive Director |
| Mr. Zafar Iqbal Chaudhry | Independent Director |
- (b) Human Resource and Remuneration Committee:
- | | |
|--------------------------|---------------------------------|
| Mr. Zafar Iqbal Chaudhry | Chairman / Independent Director |
| Sir Alan Duncan | Non-Executive Director |
| Mr. Mohammad Zubair | Non-Executive Director |
- (c) Risk Committee:
- | | |
|-----------------------|---------------------------------|
| Mr. Mustafa Ashraf | Chairman / Independent Director |
| Mr. Abdul Aziz Khalid | Non-Executive Director |
| Mr. Mohammad Zubair | Non-Executive Director |
- (d) Restructuring Committee:
- | | |
|-------------------------|-----------------------------------|
| Mr. Farid Arshad Masood | Chairman / Non-Executive Director |
| Mr. Abdul Aziz Khalid | Non-Executive Director |
| Mr. Mohammad Zubair | Non-Executive Director |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:
- | | |
|----------------------------------|-----------------------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Half Yearly |
| c) Risk Committee | Half Yearly |
| d) Restructuring Committee | Fortnightly / Monthly |
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of Regulations 3, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 has been provided below:
- (i) The Board had decided to defer its annual performance evaluation for year 2022 as there are plans of conducting such evaluation through a third party in the mid of year 2023.
- (ii) Company maintains an internal audit function, however, audit plan was approved only for last quarter of 2022 and no internal audit reports were issued for the year ended December 31st 2022.

Karachi: August 2023



Aqeel Ahmed Khan
Chief Executive Officer



Farid Arshad Masood
Director



Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building,
Civil Lines, Merewether Road,
Karachi - Pakistan

T: +92 (021) 35644872-7
F: +92 (021) 35644873

info@bakertilly.pk
www.bakertilly.pk

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Regulations”) prepared by the Board of Directors of **Hascal Petroleum Limited**, for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approvals of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company’s process for identification of related parties and that whether the related party transactions were undertaken at arm’s length price or not.



ADVISORY • ASSURANCE • TAX

Baker Tilly Mehmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities



Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.

Further, we draw attention to following instances of non-compliances to the annexed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019:

1. **No Female Director (Regulation 7):** As referred in point no. 2 to the annexed Statement of Compliance, currently, the Company has a functioning board comprising of seven directors and the Company is making its utmost efforts searching for a female director;
2. **Internal Audit Plan and Reports (Regulation 31):** As referred in point no. 19 to the annexed Statement of Compliance, Company maintains an internal audit function, but no audit plan for 2022 was approved by the Audit Committee nor any quarterly audit reports were issued;
3. **Annual Performance Evaluation (Regulation 10(3)v):** As referred in point no. 19 to the annexed Statement of Compliance, the Board had decided to defer its annual performance evaluation for year the 2022 as there are plans of conducting such evaluation through a third party in the mid of year 2023.

hi


 Engagement Partner: Mehmood A. Razzak

Karachi.

Date: August 11, 2023

UDIN: CR2022101514nP0t8o9O

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

This statement is being presented to comply with the requirements under "Issue of Sukuk Regulations, 2015" and "Sukuk (Privately Placed) Regulations, 2017" (the Regulations) issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance is for the year ended December 31, 2022.

Hascal Petroleum Limited (the Company) entered into an arrangement for issue of Sukuk amounting to Rs. 2,000 Million inclusive of Green Shoe Option of Rs. 500 Million, on December 31, 2015 for a period of 6 years including a grace period of 1 year. We state that the Company was in compliance with the Sukuk Features and Shari'ah Requirements in accordance with the Regulations up till December 31, 2022. However, the Company has defaulted in subsequent payment of Sukuk Installment which was due in early 2021.

We specifically confirm that:

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

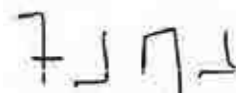
The Sukuk Features and Shari'ah Requirements in accordance with issue of the Regulations comprises of the following:

- a. Requirements of Shariah Structure and Transaction Documents as stated in the Information Memorandum, with respect to issuance of Sukuk:
 - i. Trust Deed
 - ii. Musharka Agreements
 - iii. Payment Agreements
 - iv. Purchase Undertaking
 - v. Asset Purchase Agreement
 - vi. Investment Agency Agreement
 - vii. Security Documents
- b. Guidelines of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, as notified by the SECP;
- c. Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and
- d. Other compliances specified in the Regulations as issued by the SECP.

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



Aqeel Ahmed Khan
Chief Executive Officer



Farid Arshad Masood
Director



Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building,
Civil Lines, Menzies Road,
Karachi - Pakistan

T: +92 (021) 35644872-7
F: +92 (021) 35644873

info@bakertilly.pk
www.bakertilly.pk

**INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF HASCOL PETROLEUM LIMITED
ON SHARI'AH COMPLIANCE OF PRIVATELY PLACED SUKUK**

Introduction

We were engaged by the Board of Directors ("the Board") of **Hascol Petroleum Limited** ("the Company") to express an opinion on the annexed Statement of Compliance ("Statement") prepared by management for the year ended December 31, 2022, with Sukuk Features and Shariah Requirements about whether the annexed Statement presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under issue of Sukuk Regulations, 2015 (repealed) and Sukuk (privately placed) Regulations, 2017 (the Regulations) and Shari'ah Opinion (Fatwa) as issued by the Shari'ah Advisor and to the extent applicable, the guidelines of Shari'ah Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), in all material respects.

Applicable Criteria

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

Company's Responsibilities for Shari'ah Compliance

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

Our Independence and Quality Control

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code.



ADVISORY • ASSURANCE • TAX



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

Our Responsibilities

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

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

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

The procedures performed included:

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



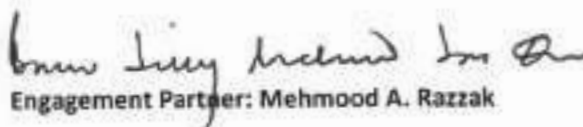


Conclusion

- a) As stated in second para to the annexed statement of compliance, the Company has defaulted in payments of principal and profit (for the quarter ended December 31, 2020) due on January 07, 2021. Further, subsequently, no payments were made by the Company till the date of this report.
- b) The VIS Credit Rating Company assigned long term credit rating to the Issue (Sukuk) and the Issuer (the Company) as Default (D) and Double C (CC with negative outlook) respectively on March 30, 2021. However, these ratings have subsequently been withdrawn on September 14, 2021 due to non-availability of information.

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

In our opinion, except for the effects of the matters stated in para (a) and (b) above, the annexed statement prepared by management, for the year ended December 31, 2022, presents fairly the status of compliance with Sukuk Features and Shari'ah Requirements as required under the Regulation and Shari'ah Opinion (Fatwa) issued by Shari'ah Advisor, and to the extent applicable, the guidelines of Shari'ah Standards issued by AAOIFI, in all material respects.


 Engagement Partner: Mahmood A. Razzak

Karachi

Date: August 11, 2023



AUDITED UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022







Baker Tilly Melinood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building,
Civil Lines, Mereweather Road
Karachi - Pakistan

T: +92 (021) 35644872-7
F: +92 (021) 35644873

info@bakertilly.pk
www.bakertilly.pk

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HASCOL PETROLEUM LIMITED**

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Adverse Opinion

We have audited the unconsolidated financial statements of HASCOL PETROLEUM LIMITED (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2022 and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended and notes to the unconsolidated financial statements, including summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the "*Basis for Adverse Opinion*" section of our report, the accompanying unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017) in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the loss, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- a) Due to the reasons stated in note 8.2 and 8.5 to the unconsolidated financial statements, we cannot assess the recoverable amounts of the investments in Hascol Lubricants (Private) Limited (subsidiary) and Karachi Hydrocarbon Terminal Limited (associate) amounting to Rs. 3,150 million (December 31, 2021: Rs. 3,150 million) and Rs. 412.5 million (December 31, 2021: Rs. 412.5 million) respectively, in accordance with the International Financial Reporting Standards (IFRS). Therefore, in the absence of sufficient and appropriate underlying evidence, we cannot determine the amount of adjustments required in opening and closing carrying values of these investments, related taxation including unrecognized deferred tax, loss for the year and retained earnings.





- b) The Company engaged a Chartered Accountant firm to resolve the matters pertaining to fixed assets by performing physical verification, tagging, updating fixed asset records, and conducting reconciliation exercises as described in note 5 to the unconsolidated financial statements. Furthermore, the firm undertook reconciliation tasks related to trade debts, advances, other receivables and trade and other payables as specified in notes 12, 13, 15 and 24 respectively, and made adjustments to the records where necessary. However, the tax impact including the impact on unrecognized deferred tax resulting from these adjustments has not been considered in these unconsolidated financial statements. Moreover, as mentioned in note 52 to the unconsolidated financial statements, the Company has written back accrued liabilities amounting to Rs 876.105 million. However, we were unable to obtain sufficient and appropriate audit evidence to substantiate this amount and transaction as well.

Due to the absence of adjustments made in the unconsolidated financial statements pertaining to taxes and the lack of sufficient and appropriate underlying evidence to verify and substantiate the reversal of accrued liabilities, we cannot determine the necessary adjustments related to the opening and closing carrying values of accrued liabilities, related loss for the year, taxation including unrecognized deferred tax, revaluation surplus, and retained earnings.

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

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

- d) As disclosed in note 21 to the unconsolidated financial statements, the Company has long term financing facilities amounting to Rs. 10,103.537 million (December 31, 2021: Rs. 11,420.937 million). The Company has defaulted in all of its available financing. Accordingly, all the financing facilities should have been classified as current liabilities.
- e) During our audit of the unconsolidated financial statements for the prior period, our basis of adverse opinion includes modifications related to fixed assets, investments (subsidiary and associate), trade debts, advances, IFEM receivables, trade creditors, payable to cartage contractors, advances from customers, other liabilities, incorrect classification of current liabilities as non-current liabilities and determination of pending litigations and investigations outcomes. These matters along with the disagreement on going concern assessment made by the Company resulted in an adverse opinion expressed in our auditor's report for that period. Due to these reasons, our opinion is adverse with respect to the unconsolidated financial statements for the prior period ended December 31, 2021 together with the comparability of the current periods' figures and the corresponding figures.

h



- f) As fully disclosed in note 1.2 unconsolidated financial statements, the Company has incurred a net loss of Rs. 14,439.536 million (2021: Rs. 7,592.131 million) during the year ended December 31, 2022, which has resulted in accumulated losses of Rs. 89,503.731 million (2021: Rs. 68,318.244 million) and eroded the equity to Rs. 61,179.010 million (2021: Rs. 47,305.606 million). The Company has also defaulted towards its all major financing arrangements and the liquidity of the Company is dependent upon the proposed restructuring arrangements with the financial institutions and its major shareholder. Furthermore, the situation of the Company may further deteriorate if the possible effects of matters described in Para (a) to (d) above are accounted for in these unconsolidated financial statements. These events indicate a material uncertainty that may cast significant doubts on the Company's ability to continue as a going concern, therefore the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

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

Key Audit Matters

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

bn

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p>Property, Plant, and Equipment (PPE)</p> <p>As stated in note 5 to the unconsolidated financial statements, the Company has property, plant, and equipment (PPE) amounting to Rs. 22,773.959 million (December 31, 2021: Rs. 24,742.668 million), making it the significant aspect of the unconsolidated financial statements. In the previous years, discrepancies were identified in the PPE balances due to the non-completion of the Fixed Asset Register (FAR) updation and reconciliation exercise. Due to this reason the carrying values of property, plant and equipment along with their revaluation surplus, accumulated depreciation, related provision for taxation and deferred tax, retained earnings related restatements and depreciation charge were reported as part of basis of adverse opinion. In response to the identified issues, the Company engaged an independent firm to perform physical verification, tagging, updating fixed asset records, and reconciliation exercises.</p> <p>Based on the above-mentioned factors, we have identified it as a key audit matter.</p>	<p>Our key audit procedures, amongst others included the following:</p> <ul style="list-style-type: none"> ▪ Performed detailed testing on sample of transactions occurred during the year to verify the existence, occurrence, completeness, and accuracy of these items through appropriate audit procedures, such as inspection of supporting documents, confirmation with third parties, and recalculations. ▪ Reviewed the Company's engagement with the independent firm hired by the Company, responsible for the physical verification and reconciliation exercise, assessing the scope, terms, and limitations. ▪ Obtained and reviewed the report provided by the independent firm summarizing the findings of the physical verification and reconciliation exercise, evaluating their methodology, extent of work, and any limitations. ▪ Obtained written representations from management regarding the completeness and accuracy of the physical verification and reconciliation exercise, including any adjustments made. Confirmed management's responsibility for the unconsolidated financial statements. ▪ Performed random testing by independently selecting a sample of PPE items for physical verification. Compared the results with the independent firm's report to assess accuracy and reliability. ▪ Reviewed the fair values of the revalued assets from the revaluation reports of valuer.

bn

S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> ▪ Reviewed the Company's updated Fixed Asset Register (FAR) and related records, assessing the completeness, accuracy, and validity of the updates made. ▪ Tested the mathematical accuracy of calculations supporting adjustments, such as carrying values, revaluation surplus, accumulated depreciation, provision for taxation and deferred tax, retained earnings, and depreciation charge.
2.	Trade debts, advances, and other receivables	
	<p>As disclosed in notes 12, 13, and 15 to the unconsolidated financial statements, the Company has gross trade debts, advances, and other receivables amounting to Rs. 10,078.597 million (December 31, 2021: Rs. 10,566.247 million), Rs. 2,458.096 million (December 31, 2021: Rs. 2,332.969 million), and Rs. 5,655.445 million (December 31, 2021: Rs. 4,433.846 million), respectively. An aggregate provision of Rs. 13,149.423 million (December 31, 2021: Rs. 13,625.603 million) has been made against these balances.</p> <p>In the previous year, trade debts, advances, and IFEM receivable balances along with their respective provisions, related provision for taxation and deferred tax, retained earnings and related restatements were reported as part of basis of adverse opinion.</p> <p>In response to the identified issues, the Company engaged an independent firm to perform reconciliation tasks and make necessary adjustments to the records of trade debts, advances and other receivables.</p> <p>Based on the above-mentioned factors, we have identified it as a key audit matter.</p>	<p>Our key audit procedures, amongst others included the following:</p> <ul style="list-style-type: none"> ▪ Performed substantive testing on selected trade debts, advances, and other receivables to verify their existence, accuracy, and valuation. Reviewed supporting documentation, such as invoices, payments and agreements. ▪ Obtained external balance confirmations of the selected sample and tested reconciliations between the confirmed balances and the Company's records. Investigating any differences identified. In case of no replies from the parties, performed alternate procedures. ▪ Assessed the adequacy of the provision for trade debts, advances, and other receivables by evaluating the calculation methodology, historical collection experience, aging analysis, and market conditions. Obtained written representations from management regarding the completeness and accuracy of these balances.

bh

S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> ▪ Reviewed the engagement with the independent firm hired by the Company to reconcile balances and adjust records. Assessed the firm's qualifications, scope of work, and the effectiveness of their procedures. ▪ Obtained and assessed the independent firm's reports and working papers, ensuring the accuracy and reliability of their findings. Reviewed their methodology, reconciliations performed, and adjustments made to trade debts, advances, and other receivables. ▪ Reperformed the necessary audit procedures related to trade debts, advances, and other receivables including verification of movements in trade debts, advances, and other receivables and subsequent clearance on selected sample.
3.	Trade and other payables	
	<p>As disclosed in note 24 to the unconsolidated financial statements, the Company has liabilities in respect of trade creditors, payable to cartage contractors, advance from customers, dealers' and customers' security deposits and other liabilities amounting to Rs. 15,407.118 million (December 31, 2021: Rs. 16,450.484 million), Rs. 933.705 million (December 31, 2021: Rs. 930.141 million), Rs. 808.257 million (December 31, 2021: Rs. 1,138.502 million), Rs. 526.704 million (December 31, 2021: Rs. 514.780 million and Rs. 14,501.147 million (December 31, 2021: Rs. 11,595.746 million).</p> <p>In the previous year, trade creditors to the extent of Rs. 651.12 million, payable to cartage contractors, advance from customers and other liabilities to the extent of Rs. 2,855.297 million, and related provision for taxation and deferred tax (if any), retained earnings and related restatements were reported as part of basis of adverse opinion.</p>	<p>Our key audit procedures, amongst others included the following:</p> <ul style="list-style-type: none"> ▪ Performed substantive testing on selected trade creditors and other liabilities to verify their existence, accuracy, and valuation. Reviewed supporting documentation, such as invoices, contracts, and statements from suppliers. ▪ Obtained external balance confirmations of the selected sample and tested reconciliations between the confirmed balances and the Company's records. Investigating any differences identified. In case of no replies from the parties, performed alternate procedures. ▪ Obtained written representations from management regarding the completeness and accuracy of these balances.



S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>In response to the identified issues, the Company engaged an independent firm to perform reconciliation tasks and make necessary adjustments to the records of trade and other payable accounts.</p> <p>Based on the above-mentioned factors, we have identified it as a key audit matter.</p>	<ul style="list-style-type: none"> ▪ Reviewed the engagement with the independent firm hired by the Company to reconcile balances and adjust records for trade creditors and other liabilities (where applicable). Assessed the firm's qualifications, scope of work, and the effectiveness of their procedures. ▪ Obtained and assessed the independent firm's reports and working papers, ensuring the accuracy and reliability of their findings for trade creditors and other liabilities. Reviewed their methodology, reconciliations performed, and adjustments made. ▪ Reperformed the necessary audit procedures related to trade creditors and other liabilities. This includes reviewing invoices, purchase orders, payments during the year, subsequent clearances, and confirming outstanding liabilities with suppliers.

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

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

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

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

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





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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





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

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

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

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

Report On Other Legal and Regulatory Requirements

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

- a) because of the effects of the matters described in *Basis for Adverse Opinion* section, proper books of accounts have not been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) because of the effects of the matters described in *Basis for Adverse Opinion* section, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, unconsolidated statement of cash flows and unconsolidated statement of changes in equity together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are not in agreement with the books of account and returns.
- c) investment made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

hi



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



Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi


Date: August 11, 2023


UDIN: AR2022101517D3XglnY

**HASCOL PETROLEUM LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

		2022	2021
	Note	----- Rupees in '000 -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	22,773,959	24,742,668
Right-of-use assets	6	2,896,808	3,146,623
Intangible asset	7	-	286
Long-term investments	8	3,675,000	3,675,000
Deferred taxation - net	9	-	-
Long-term deposits	10	230,133	445,472
Total non-current assets		29,575,900	32,010,049
Current assets			
Stock-in-trade	11	8,178,013	10,255,676
Trade debts	12	542,534	672,107
Advances	13	239,163	295,933
Deposits and prepayments	14	339,664	208,239
Other receivables	15	3,961,018	2,739,419
Accrued mark-up and profit	16	1,368	2,623
Short term investments	17	98,700	98,700
Cash and bank balances	18	771,689	997,748
Total current assets		14,132,149	15,270,445
TOTAL ASSETS		43,708,049	47,280,494
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	19	9,991,207	9,991,207
Reserves	20	(84,863,996)	(63,678,509)
Revaluation surplus on property, plant and equipment		13,693,779	6,381,696
Total shareholders' deficit		(61,179,010)	(47,305,606)
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	21	10,103,537	11,420,937
Lease liabilities	22	3,513,238	3,939,804
Deferred liabilities	23	484,910	654,001
Total non-current liabilities		14,101,685	16,014,742
Current liabilities			
Trade and other payables	24	32,176,931	30,629,653
Unclaimed dividend	25	356,928	356,930
Taxation - net		694,740	362,677
Accrued mark-up and profit	26	14,244,173	7,309,609
Short-term borrowings	27	39,302,994	37,280,935
Current portion of non-current liabilities	28	4,009,608	2,631,554
Total current liabilities		90,785,374	78,571,358
TOTAL LIABILITIES		104,887,059	94,586,100
TOTAL EQUITY AND LIABILITIES		43,708,049	47,280,494
CONTINGENCIES AND COMMITMENTS	29		

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.


Chief Executive Officer

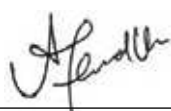

Chief Financial Officer


Director

HASCOL PETROLEUM LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
Sales - net	30	71,166,729	71,366,378
Sales tax		(192,983)	(8,424,101)
Net sales		70,973,746	62,942,277
Other revenue	31	136,892	199,383
Net revenue		71,110,638	63,141,660
Cost of sales	32	(67,928,083)	(61,153,982)
Gross profit		3,182,555	1,987,678
Distribution and marketing expenses	33	(3,375,091)	(2,638,640)
Administrative expenses	34	(918,715)	(902,954)
Operating expenses		(4,293,806)	(3,541,594)
Provision of impairment losses on financial assets	35	-	(239,164)
Other expenses	36	(191,239)	(1,438,650)
Other income	37	479,659	4,456,309
Operating (loss) / profit		(822,831)	1,224,579
Finance cost	38	(8,406,119)	(6,709,330)
Exchange loss - net		(4,829,443)	(1,680,236)
		(13,235,562)	(8,389,566)
Loss before taxation		(14,058,393)	(7,164,987)
Taxation	39	(381,143)	(427,144)
Loss for the year		(14,439,536)	(7,592,131)
Loss per share - basic and diluted (Rupees)	40	(14.45)	(7.60)

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director



HASCOL PETROLEUM LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Note	----- Rupees in '000 -----	
Loss for the year	(14,439,536)	(7,592,131)
Items that will not be reclassified subsequently to unconsolidated profit or loss account		
Remeasurement of actuarial gain on defined benefit obligation - net of tax	49.1.6 7	14,373
Revaluation surplus on property, plant and equipment	5.1 -	6,381,696
Total comprehensive loss for the year	<u>(14,439,529)</u>	<u>(1,196,062)</u>

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

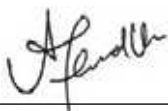
Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Share Capital	Capital reserves Share premium	Revenue reserve Unappropriated profit / (loss)	Surplus on revaluation of property, plant and equipment	Total shareholders' deficit
----- Rupees in '000 -----					
Balance as at January 01, 2021	9,991,207	4,639,735	(64,671,809)	3,962,410	(46,078,457)
Effect of reclassification (note 5.1)	-	-	(31,087)	-	(31,087)
	9,991,207	4,639,735	(64,702,896)	3,962,410	(46,109,544)
Total comprehensive loss for the year					
Loss for the year	-	-	(7,592,131)	-	(7,592,131)
Other comprehensive income					
Remeasurement of actuarial gain on defined benefit obligation-net of tax (note 49.1.6)	-	-	14,373	-	14,373
Revaluation surplus on property, plant and equipment (note 5.2.2)	-	-	-	6,381,696	6,381,696
Total comprehensive loss for the year	-	-	(7,577,758)	6,381,696	(1,196,062)
Transferred from surplus on revaluation of property, plant and equipment	-	-	3,962,410	(3,962,410)	-
	-	-	(3,615,348)	2,419,286	(1,196,062)
Balance as at December 31, 2021	9,991,207	4,639,735	(68,318,244)	6,381,696	(47,305,606)
Balance as at January 01, 2022	9,991,207	4,639,735	(68,318,244)	6,381,696	(47,305,606)
Effect of restatement (note 52)	-	-	(8,047,702)	8,613,827	566,125
Balance as at January 01, 2022 (restated)	9,991,207	4,639,735	(76,365,946)	14,995,523	(46,739,481)
Total comprehensive loss for the year					
Loss for the year	-	-	(14,439,536)	-	(14,439,536)
Other comprehensive income					
Remeasurement of actuarial gain on defined benefit obligation-net of tax (note 49.1.6)	-	-	7	-	7
Total comprehensive loss for the year	-	-	(14,439,529)	-	(14,439,529)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	1,301,744	(1,301,744)	-
	-	-	(13,137,785)	(1,301,744)	(14,439,529)
Balance as at December 31, 2022	9,991,207	4,639,735	(89,503,731)	13,693,779	(61,179,010)

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director



HASCOL PETROLEUM LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	43	(456,349)	(4,880,602)
Finance cost paid		(1,045,859)	(859,139)
Profit / mark-up received on bank deposits and TFC's		56,948	60,356
Taxes paid		(49,083)	(140,530)
Contributions to gratuity fund	49.1.4	-	(13,738)
Net cash used in operating activities		(1,494,343)	(5,833,653)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred	5.8.1	(61,926)	(231,993)
Proceeds from disposal of property, plant and equipment		17,059	1,048,871
Long-term deposits repaid - net		215,339	47,181
Net cash generated from investing activities		170,472	864,059
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid - net		(924,245)	(1,228,379)
Dividend paid		(2)	(318)
Long-term finance repaid		-	(110,257)
Net cash used in financing activities		(924,247)	(1,338,954)
Net decrease in cash and cash equivalents		(2,248,118)	(6,308,548)
Cash and cash equivalents at the beginning of the year		(36,283,187)	(29,974,639)
Cash and cash equivalents at the end of the year	44	(38,531,305)	(36,283,187)

The annexed notes from 1 to 54 form an integral part of these unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. STATUS AND NATURE OF BUSINESS

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

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

1.2 During the current year, the Company incurred a net loss of Rs. 14.4 billion (2021 - Rs. 7.6 billion), resulting in net shareholders deficit of Rs. 61.2 billion (2021 - Rs. 47.3 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. 76.7 billion (2021 - Rs. 63.3 billion) and has defaulted in majority of its outstanding loans with banks. These conditions may cast significant doubt on the Company's ability to continue as a going concern. However, in order to ensure the Company's ability to operate as a going concern, certain plans and measures have been taken to improve its liquidity and financial position which includes, but not limited to, the following:

- a) The Company is also planning a capital restructuring exercise, in consultation with major banks to reduce its debt burden and financial costs, which will help the Company improve its future operating and financial performance.
- b) 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 from the date of approval of these unconsolidated financial statements, which took into account the projected future working capital of the Company. The board believes that subject to the approval of restructuring plan with major banks the Company will have sufficient cash resources to continue its operations.

1.3 Geographical location and address of business units

The business unit of the Company include the following:

Business unit	Geographical location
Head Office	29 th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi.

Regional marketing, sales offices and invoicing points are located across the country. The Company owns retail operation sites and sites operated through dealers across Pakistan and Northern areas.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1.4 Capacity and production

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

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

2. BASIS OF PREPARATION

2.1 Separate financial statements

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

2.2 Statement of compliance

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

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

2.3 Accounting convention

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

2.4 Functional and presentation currency

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

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these unconsolidated financial statements.

Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37

Companies currently applying the 'incremental cost' approach will need to recognise bigger and potentially more provisions for onerous contracts. This follows recent amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, which clarify the types of costs a company includes as the 'costs of fulfilling a contract' when assessing whether a contract is onerous.

The amendments clarify that the 'costs of fulfilling a contract' comprise both:

- /* the incremental costs – e.g. direct labour and materials; and
- //* an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

Annual Improvements to IFRS Standards 2018-2020

The International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRS Standards 2018–2020.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

I IFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

II IFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

III IFRS 16 Leases, Illustrative Example 13

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

IV IAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- I* costs associated with producing and selling items before the item of PPE is available for use; and
- II* costs associated with making the item of PPE available for its intended use.

Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry may need to monitor costs at a more granular level.

The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

No disclosure requirements have been added to IAS 16 for sales of items that are an output of a company's ordinary activities: the disclosure requirements of IFRS 15 Revenue from Contracts with Customers and IAS 2 will apply in such cases.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

However, for the sale of items that are not part of a company's ordinary activities, the amendments require the company to:

- (a) disclose separately the sales proceeds and related production cost recognised in profit or loss; and
- (b) specify the line items in which such proceeds and costs are included in the statement of comprehensive income.

This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

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

2.6 New and revised IFRS in issue but not yet effective and not early adopted

2.6.1 The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

The new insurance contracts standard, IFRS 17, aims to increase transparency and to reduce diversity in the accounting for insurance contracts.

First published in May 2017, it has since been amended in eight key areas and its effective date has been deferred to 1 January 2023.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023.

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

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

Definition of Accounting Estimates (Amendments to IAS 8)

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

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

Developing an accounting estimate includes both:

- I* Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- II* Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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

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

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

The key amendments to IAS 1 include:

- I* Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- II* Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- III* Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2.6.2 Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's unconsolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the unconsolidated financial statements of the Company in the year of initial application.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of unconsolidated financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

3.1 Critical judgements

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

Control over investments in subsidiaries

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

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

Equity accounting investees

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

3.2 Estimates

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

Impairment of property, plant and equipment

Carrying value of property, plant and equipment

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Useful life of intangible assets

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

- I Expected usage of the assets by the Company;
- II Typical product life cycle for the asset and public information on estimates of useful lives of similar type of assets used in similar way.
- III Technical, technological, commercial or other types of obsolescence and the period of control over the assets.
- IV Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

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

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

Impairment loss on investments in associates

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

Income tax

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

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

Deferred tax

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Valuation of unquoted investments

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

- I* Recent arm's length market transactions;
- II* Current fair value of another instrument that is substantially the same;
- III* The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; and
- IV* Other valuation models.

Impairment loss allowance

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

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

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

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

Determining the lease term

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

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

Discounting of lease payments

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

Revaluation of Property, Plant and Equipment

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Net realizable value of stock in trade

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

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

Provision and contingencies

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

Provision for gratuity

The Company operates funded gratuity scheme whereby Management estimates the liability at reporting date using projected unit credit method. For details please refer note 49.1.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

4.1.1 Initial recognition

Operating fixed assets

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

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

The assets which are available for intended use are capitalized as operating fixed assets. While assets under construction are capitalized to CWIP.

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Capital work-in-progress

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

4.1.2 Measurement subsequent to initial recognition

Carried using revaluation model

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

- Land lease hold;
- Building on lease hold land;
- Tanks and pipelines;
- Dispensing pumps;
- Plant and machinery;
- Electrical, mechanical and fire fighting equipment;
- Furniture, office equipment and other assets; and
- Computer auxiliaries.

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

Carried using cost model

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

Depreciation

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided at the rates as disclosed in note 5.1.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

Major maintenance, inspection and repairs

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

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

4.2 Leases

Company as a lessee

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

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

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

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

- I* Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- II* Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- III* The amount expected to be payable by the lessee under residual value guarantees;
- IV* The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- V* Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

- I The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- II The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in rate in which case a revised discount rate is used).
- III A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

The right-of-use of assets are presented as a separate line in the statement of financial position. The Company applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

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

4.3 Intangible asset - computer software

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

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

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

4.4 Financial instruments

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

Classification

Financial assets

The Company classifies its financial assets as follows:

- I* Financial assets at amortised cost
- II* Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- III* Financial assets at Fair Value Through Profit or Loss (FVTPL)

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

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

Business model assessment

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

Contractual cash flow characteristics test

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Financial liabilities

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

Recognition / derecognition

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

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

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

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

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

Measurement

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

Financial assets at amortised cost

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

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

Financial assets at FVOCI

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Financial asset at FVTPL

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

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

Financial liabilities

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

Financial guarantees

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

4.5 Off setting of financial assets and financial liabilities

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

4.6 Classification as debt or equity

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

4.7 Equity instrument

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

4.8 Share premium reserves

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4.9 Dividend distribution

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

4.10 Earnings per share

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

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

4.11 Investment in subsidiary

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

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

4.12 Investment in associate

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

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

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

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

4.13 Trade and other payables

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

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

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

4.14 Trade and other receivables

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

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

4.15 Advance and deposits

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

4.16 Stock-in-trade

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

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

4.17 Impairment of non financial assets

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

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

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

Impairment of financial assets

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

General approach

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

Simplified approach

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

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

- I when there is a breach of financial covenants by the debtor; or
- II information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

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

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

4.18 Short term investments

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

4.19 Cash and cash equivalents

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

4.20 Provisions and contingent liabilities

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

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

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognized as liability in the unconsolidated statement of financial position.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4.21 Commitment

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

4.22 Ijarah

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

4.23 Foreign currency transactions

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

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

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

4.24 Taxation

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

Current

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

Deferred

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

4.25 Revenue recognition

Revenue from sale of oil

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

- I Step 1 – Identify the contract with a customer
- II Step 2 – Identify the separate performance obligations in the contract
- III Step 3 – Determine the transaction price
- IV Step 4 – Allocate the transaction price to the separate performance obligations in the contract
- V Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

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

- I The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- II The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- III The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance obligation completed to date.

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

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

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

Other revenue

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Other income

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

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

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

4.26 Retirement and other service benefits

Approved defined benefit funded gratuity plan

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

Annual provision is made on the basis of actuarial valuation carried out by independent actuary using the Projected Unit Credit Method, related details of which are given in note 49 to the unconsolidated financial statements. Latest valuation was conducted as at December 31, 2022.

Contributory provident fund

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

4.27 Segmental reporting

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

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4.28 Fair values

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

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

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

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

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

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

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

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

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

- I Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- II Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- III Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4.29 Finance income and expenses

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

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

4.30 Related party transactions

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

4.31 Investment income

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

4.32 Events after the reporting date

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

4.33 Operating expenses

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



HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5. PROPERTY, PLANT AND EQUIPMENT

2022 **2021**

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

Operating fixed assets	5.1	20,394,866	22,285,889
Capital work-in-progress	5.8	2,379,093	2,456,779
		<u>22,773,959</u>	<u>24,742,668</u>

5.1 Operating fixed assets

	Owned assets							Leased Assets			Total operating fixed assets			
	Leasehold Land	Building on lease hold land	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Tank lorries	Motor cars	Computer auxiliaries		Plant and machinery	Tank lorries	Motor cars
Rupees in '000														
Cost as at January 1, 2021	2,000,880	8,704,015	3,924,888	1,906,553	450,370	2,201,960	418,997	269,326	254,644	170,131	125,000	1,891,919	38,869	22,357,552
Cost / revalued amount	6,530	6,855	(101,157)	(24,582)	301	203,772	(87,430)	77,740	(79,420)	(2,609)	-	-	-	-
Reclassification as reported in prior year	2,007,410	8,710,870	3,823,731	1,881,971	450,671	2,405,732	331,567	347,066	175,224	167,522	125,000	1,891,919	38,869	22,357,552
Cost as at January 1, 2021	2,007,410	8,710,870	3,823,731	1,881,971	450,671	2,405,732	331,567	347,066	175,224	167,522	125,000	1,891,919	38,869	22,357,552
Acc. depreciation as at January 1, 2021	-	(1,763,751)	(739,301)	(768,385)	(124,643)	(771,284)	(235,618)	(29,177)	(135,436)	(131,849)	(37,358)	(495,371)	(19,046)	(5,251,219)
Accumulated depreciation	-	3,590	35,517	10,512	778	(100,928)	17,728	-	29,978	916	-	(29,178)	-	(31,087)
Reclassification as reported in prior year	-	(1,760,161)	(703,784)	(757,873)	(123,865)	(872,212)	(217,890)	(29,177)	(105,458)	(130,933)	(37,358)	(524,549)	(19,046)	(5,282,306)
Acc. depreciation as at January 1, 2021	-	(1,760,161)	(703,784)	(757,873)	(123,865)	(872,212)	(217,890)	(29,177)	(105,458)	(130,933)	(37,358)	(524,549)	(19,046)	(5,282,306)
Net book value	2,007,410	6,950,709	3,119,947	1,124,098	326,806	1,533,520	113,677	317,889	69,766	36,589	87,642	1,367,370	19,823	17,075,246
Year ended December 31, 2021														
Opening net book value	2,007,410	6,950,709	3,119,947	1,124,098	326,806	1,533,520	113,677	317,889	69,766	36,589	87,642	1,367,370	19,823	17,075,246
Addition / transfer from CWIP (note 5.8.1)	-	1,030,686	27,226	11,935	-	42,025	24,086	-	-	720	-	-	-	1,136,678
Revaluation	2,172,332	887,224	1,325,021	836,572	119,227	998,306	37,511	-	1,722	3,781	-	-	-	6,381,696
Disposals	-	(916,696)	-	-	-	(11,742)	(20,018)	(17,265)	(16,992)	-	-	-	-	(982,713)
Cost	-	(916,696)	-	-	-	(11,742)	(20,018)	(17,265)	(16,992)	-	-	-	-	(982,713)
Accumulated depreciation	-	(916,696)	-	-	-	(11,742)	(20,018)	(17,265)	(16,992)	-	-	-	-	(982,713)
Depreciation charge for the year (note 5.6)	-	(437,591)	(191,826)	(123,986)	(22,534)	(240,856)	(49,582)	(32,980)	(16,688)	(25,049)	(6,250)	(189,192)	(7,774)	(1,344,308)
Closing net book value	4,179,742	7,514,332	4,280,368	1,848,619	423,499	2,321,253	105,674	272,823	51,919	16,041	81,392	1,178,178	12,049	22,285,889
At December 31, 2021														
Opening net book value	4,179,742	9,712,084	5,175,978	2,730,478	569,898	3,434,321	373,146	329,801	159,954	172,023	125,000	1,891,919	38,869	28,893,213
Cost / revalued amount	-	(2,197,752)	(895,610)	(881,859)	(146,399)	(1,113,068)	(267,472)	(56,978)	(108,035)	(155,982)	(43,608)	(713,741)	(26,820)	(6,607,324)
Accumulated depreciation	-	(2,197,752)	(895,610)	(881,859)	(146,399)	(1,113,068)	(267,472)	(56,978)	(108,035)	(155,982)	(43,608)	(713,741)	(26,820)	(6,607,324)
Net impact of restatements (note 5.2)	-	1,444,385	573,833	344,813	21,967	834,217	156,941	(194,738)	53,753	111,247	43,608	303,678	26,820	3,720,524
Acc. depreciation as at January 1, 2022 - as restated	-	(753,367)	(321,777)	(537,046)	(124,432)	(278,851)	(110,531)	(251,716)	(54,282)	(44,735)	-	(410,063)	-	(2,886,800)
Net book value as at January 01, 2022 - as restated	4,083,950	6,985,917	4,159,863	2,683,448	896,194	1,864,616	202,386	334,458	86,189	11,806	-	913,456	86,793	22,309,076
Year ended December 31, 2022														
Opening net book value	4,083,950	6,985,917	4,159,863	2,683,448	896,194	1,864,616	202,386	334,458	86,189	11,806	-	913,456	86,793	22,309,076
Addition / transfer from CWIP (note 5.8.1)	7,391	27,869	532	1,190	-	3,074	339	-	370	37	-	-	-	40,802
Disposals (note 5.12)	-	-	(261)	-	-	-	(710)	-	(15,144)	-	-	-	-	(16,115)
Cost	-	-	(261)	-	-	-	(710)	-	(15,144)	-	-	-	-	(16,115)
Accumulated depreciation	-	-	10	-	-	-	657	-	10,496	-	-	-	-	11,163
Depreciation charge for the year (note 5.6)	-	(497,727)	(268,046)	(572,041)	(77,657)	(304,572)	(28,118)	(58,617)	(4,164)	(5,319)	-	(132,352)	(1,447)	(1,950,060)
Closing net book value	4,091,341	6,516,059	3,892,098	2,112,597	818,537	1,563,118	174,554	275,841	77,747	6,524	-	781,104	85,346	20,394,866
At December 31, 2022														
Opening net book value	4,091,341	7,767,153	4,481,911	3,221,684	1,020,626	2,146,541	312,546	586,174	125,697	56,578	-	1,323,519	86,793	25,220,563
Cost / revalued amount	-	(1,251,094)	(589,813)	(1,109,087)	(202,089)	(583,423)	(137,992)	(310,333)	(47,950)	(50,054)	-	(542,415)	(1,447)	(4,825,697)
Accumulated depreciation	-	(1,251,094)	(589,813)	(1,109,087)	(202,089)	(583,423)	(137,992)	(310,333)	(47,950)	(50,054)	-	(542,415)	(1,447)	(4,825,697)
Net book value	4,091,341	6,516,059	3,892,098	2,112,597	818,537	1,563,118	174,554	275,841	77,747	6,524	-	781,104	85,346	20,394,866
Depreciation rate - %	-	5	5	6.67	5	10	20	10	20	33.33	5	10	20	-

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5.2 Impact of restatements

During the year ended December 31, 2022, the Company carried out Agreed Upon Procedures (AUP) assignment from a Chartered Accountant firm ("the firm") on operating fixed assets. Scope of engagement includes correction of general ledgers of fixed assets, physical tagging and updation of fixed asset register of the Company along with the impact of revaluation surplus / deficit based on the revaluations of depots and retail sites carried out in 2022 for the fixed assets existed as at December 31, 2021.

Based on the results of the AUP assignment, financial impact of the adjustments as at January 01, 2022 has been summarized below:

	Owned assets								Leased Assets				Total	
	Leasehold Land	Building on lease hold land	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Vehicles Tank lorries	Motor cars	Computer auxiliaries	Plant and machinery	Vehicles Tank lorries		Motor cars
	Rupees in '000													
Reclassifications														
Cost / revalued amount	(52,332)	(774,659)	662,380	(2,638)	258,311	(141,097)	223,183	457,347	(109,684)	-	(125,000)	(457,347)	61,536	-
Accumulated depreciation	-	147,316	(118,280)	1,039	(52,054)	80,295	(233,216)	(303,678)	4,491	-	43,608	303,678	26,820	(99,981)
Net book value	(52,332)	(627,343)	544,100	(1,599)	206,257	(60,802)	(10,033)	153,669	(105,193)	-	(81,392)	(153,669)	88,356	(99,981)
Assets written off														
Cost / revalued amount	-	(214,692)	(95,761)	(55,666)	(64,364)	(231,769)	(145,764)	(201,828)	(41,128)	(114,267)	-	(111,053)	(13,612)	(1,289,904)
Accumulated depreciation	-	42,259	23,447	13,229	15,785	75,623	107,664	48,908	44,109	88,507	-	-	-	459,531
Net book value (note 5.2.1)	-	(172,433)	(72,314)	(42,437)	(48,579)	(156,146)	(38,100)	(152,920)	2,981	(25,760)	-	(111,053)	(13,612)	(830,373)
Revaluation adjustments														
Revaluation deficit	(371,521)	(7,230)	(93)	(2,768)	(330)	(2,472)	(20)	-	-	-	-	-	-	(384,434)
Revaluation surplus	1,259,922	3,524,989	1,674,055	1,165,749	412,771	289,943	125,044	-	158,547	2,807	-	-	-	8,613,827
Net book value (note 5.2.2)	888,401	3,517,759	1,673,962	1,162,981	412,441	287,471	125,024	-	158,547	2,807	-	-	-	8,229,393
Other adjustments														
Cost / revalued amount	(931,861)	(4,501,208)	(2,934,919)	(614,661)	(155,660)	(1,205,459)	(262,672)	854	(27,218)	(4,022)	-	-	-	(10,636,826)
Accumulated depreciation	-	1,254,810	668,666	330,545	58,236	678,299	282,493	60,032	5,153	22,740	-	-	-	3,360,974
Net book value (note 5.2.3)	(931,861)	(3,246,398)	(2,266,253)	(284,116)	(97,424)	(527,160)	19,821	60,886	(22,065)	18,718	-	-	-	(7,275,852)
Net impact of restatements														
Cost / revalued amount	(95,792)	(1,972,800)	(694,338)	490,016	450,728	(1,290,854)	(60,229)	256,373	(19,483)	(115,482)	(125,000)	(568,400)	47,924	(3,697,337)
Accumulated depreciation	-	1,444,385	573,833	344,813	21,967	834,217	156,941	(194,738)	53,753	111,247	43,608	303,678	26,820	3,720,524
Net book value	(95,792)	(528,415)	(120,505)	834,829	472,695	(456,637)	96,712	61,635	34,270	(4,235)	(81,392)	(264,722)	74,744	23,187

5.2.1 As per the results of physical tagging under AUP assignment, certain assets appearing in fixed asset register found missing. So these assets have been written off. Furthermore, some assets not appearing in fixed asset register have also been found.

5.2.2 Revaluation surplus has been allocated to the specific assets in the first instance and then on a pro-rata basis of location-wise historical cost stated in revised fixed asset register. Due to this exercise, the revaluation surplus increased from Rs. 6,382 million to Rs. 14,995 million and the revaluation deficit amounted to Rs. 384 million.

5.2.3 This comprises of adjustments necessary to adjust the accounting records in accordance with the net book values of the assets stated in the revised fixed asset register as at January 01, 2022.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5.3 Revaluation of operating fixed assets

During the year ended December 31, 2022, the Management engaged independent valuers to carry out fresh valuations of all depots and retail assets as of December 31, 2021. Market values (fair values) and forced sale values of assets are Rs. 20,595 million and Rs. 16.475 million respectively.

The movement of cost / revalued amount is summarized as follows:

	Historical cost	Change in fair value	Cost / revalued amount
----- Rupees in '000 -----			
Leasehold Land	1,030,608	3,060,733	4,091,341
Building on lease hold land	3,362,170	4,404,983	7,767,153
Tanks and pipelines	1,482,928	2,998,983	4,481,911
Dispensing pumps	1,222,131	1,999,553	3,221,684
Plant and machinery	488,958	531,668	1,020,626
Electrical, mechanical and fire fighting equipment	860,764	1,285,777	2,146,541
Furniture, office equipment and other assets	150,012	162,535	312,547
Tank lorries (owned and leased)	1,909,693	-	1,909,693
Motor cars (owned and leased)	52,221	160,269	212,490
Computer auxiliaries	49,989	6,589	56,578
	10,609,474	14,611,090	25,220,564

5.3.1 Had there been no revaluation, the written down value of the following assets in the unconsolidated statement of financial position would have been as follows:

December 31, 2022

	Cost	Accumulated Depreciation	Net book value
----- Rupees in '000 -----			
Leasehold land	1,030,608	-	1,030,608
Building on lease hold land	3,362,170	920,636	2,441,534
Tanks and pipelines	1,482,928	395,909	1,087,019
Dispensing pumps	1,222,131	615,921	606,210
Plant and machinery	488,958	148,880	340,078
Electrical, mechanical and fire fighting equipment	860,764	364,652	496,112
Furniture, office equipment and other assets	150,012	129,732	20,280
Tank lorries (owned and leased)	1,909,693	852,748	1,056,945
Motor cars (owned and leased)	52,221	46,470	5,751
Computer auxiliaries	49,989	49,005	984
	10,609,474	3,523,953	7,085,521

December 31, 2021

	Cost	Accumulated Depreciation	Net book value
----- Rupees in '000 -----			
Leasehold Land	1,023,216	-	1,023,216
Building on lease hold land	3,334,301	753,367	2,580,934
Tanks and pipelines	1,482,396	321,767	1,160,629
Dispensing pumps	1,220,942	537,046	683,896
Plant and machinery	488,958	124,432	364,526
Electrical, mechanical and fire fighting equipment	857,690	278,851	578,839
Furniture, office equipment and other assets	149,673	109,875	39,798
Tank lorries (owned and leased)	1,909,693	661,779	1,247,914
Motor cars (owned and leased)	51,851	43,786	8,065
Computer auxiliaries	49,952	44,735	5,217
	10,568,672	2,875,638	7,693,034

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5.4 Assets not in possession of the Company

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

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

5.5 Details of immovable assets

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

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

5.6 Allocation of depreciation expense

The depreciation charged for the year has been allocated as follows:

		2022	2021
	Note	Rupees in '000	
Distribution and marketing expenses	33	1,887,148	1,308,561
Administrative expenses	34	62,912	35,747
		<u>1,950,060</u>	<u>1,344,308</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5.7 Disposal of assets

During the year written down value of property, plant and equipment that have been disposed-off amount to Rs. 4.9 million (2021: Rs. 963.5 million). Details of property, plant and equipment disposed off having WDV above Rs. 500,000 are given below:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
	----- Rupees in '000 -----						
Motor Cars	12,104	7,464	4,640	13,600	8,960	New Motor	Outright Sale
						Sales	
2022	12,104	7,464	4,640	13,600	8,960		
2021	978,346	14,842	963,504	1,044,083	80,579		

5.8 Capital work-in-progress

	2022	2021
Note	----- Rupees in '000 -----	
Buildings	287,434	386,244
Machinery, tanks and pumps	1,915,681	1,888,150
Retail sites	15,000	21,600
Furniture, office equipment and other assets	22,640	22,447
Borrowing cost capitalized	138,338	138,338
	2,379,093	2,456,779

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

Balance at the beginning of the year		4,409,576	5,314,261
Additions during the year		61,926	231,993
Transfers during the year	5.1	(40,802)	(1,136,678)
		4,430,700	4,409,576
Provisions for CWIP	5.8.2	(2,051,607)	(1,952,797)
Balance at the end of the year		2,379,093	2,456,779

5.8.2 Movement of provision for CWIP

Balance at the beginning of the year		1,952,797	521,232
Impact of restatement as at January 01, 2022	52	98,810	-
Provisions made during the year	36	-	1,431,565
Balance at the end of the year		2,051,607	1,952,797

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

December 31, 2022	Carrying amount	Provision	Net carrying amount	Fair value
	----- Rupees in '000 -----			
Buildings	1,014,380	726,947	287,433	287,433
Machinery, tanks and pumps	2,737,649	821,968	1,915,681	1,576,917
Retail sites	511,108	496,108	15,000	-
Others	167,563	6,584	160,979	-
	4,430,700	2,051,607	2,379,093	1,864,350
	----- Rupees in '000 -----			
December 31, 2021	Carrying amount	Provision	Net carrying amount	Fair value
	----- Rupees in '000 -----			
Buildings	1,014,381	628,137	386,244	287,433
Machinery, tanks and pumps	2,710,118	821,968	1,888,150	1,576,917
Retail sites	517,708	496,108	21,600	-
Others	167,369	6,584	160,785	-
	4,409,576	1,952,797	2,456,779	1,864,350

Provision of Rs. 2.0 billion comprise of the following:

- a) Management estimated that recoverable amount for retail sites and others is reduced by Rs. 0.5 billion; and
- b) Decrease in fair value based on valuation carried out by the independent valuer for Thalliyian Depot, HUB & Machike B & C amounting to Rs. 1.5 billion.

6. RIGHT-OF-USE ASSETS

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

	Storage facility	Pumpsites	Offices	Total
	----- Rupees in '000 -----			
Balance as at January 01, 2021	10,605,000	2,628,451	11,869	13,245,320
Additions during the year	-	413,544	416,288	829,832
Disposals / terminations (note 6.3)	(10,463,846)	-	-	(10,463,846)
Depreciation charge for the year (note 6.2)	(117,842)	(270,062)	(76,779)	(464,683)
Balance as at December 31, 2021	23,312	2,771,933	351,378	3,146,623
Balance as at January 01, 2022	23,312	2,771,933	351,378	3,146,623
Additions during the year	74,585	58,052	-	132,637
Depreciation charge for the year (note 6.2)	(5,452)	(293,742)	(83,258)	(382,452)
Balance as at December 31, 2022	92,445	2,536,243	268,120	2,896,808

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

**HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**
6.2 Amounts recognized in statement of profit or loss
Depreciation

Cost of sales
Distribution and marketing expenses
Administrative expenses

	2022	2021
Note	----- Rupees in '000 -----	
32.2	5,452	117,842
33	293,742	270,062
34	83,258	76,779

Depreciation on right of use assets
Finance cost

Interest on lease liabilities

	382,452	464,683
38	425,696	706,919

Amounts recognized in statement of cashflows

Total cash outflow for leases

22.2.1	551,920	847,068
--------	---------	---------

6.3 The Company entered into a through-put agreement with Karachi Hydrocarbon Terminal Limited on 1 March 2021 and as a result lease accounting under IFRS 16 was terminated.

7. INTANGIBLE ASSET
Computer software
Net carrying value

Net book value at beginning of the year
Amortization charge for the year

	2022	2021
Note	----- Rupees in '000 -----	
	-	286
34	286 (286)	1,477 (1,191)

Net book value at the end of the year
Gross carrying value

Cost
Accumulated amortization

	-	286
	12,095 (12,095)	12,095 (11,809)

Net book value at the end of the year

Rate of amortization - %

	-	286
	33.33	33.33

7.1 Intangible assets mainly comprise of operational softwares.

8. LONG-TERM INVESTMENTS
Investment in subsidiary company - at cost

Hascombe Lubricant (Private) Limited - unquoted
Hascol Lubricant (Private) Limited - unquoted

	2022	2021
Note	----- Rupees in '000 -----	
8.1	-	-
8.2	3,150,000	3,150,000

Investment in associated companies - at cost

VAS LNG (Private) Limited - unquoted
Magic River Services Limited
Karachi Hydrocarbon Terminal Limited - unquoted
(formerly : Hascol Terminal Limited)

8.3	-	-
8.4	110,000	110,000
8.5	412,500	412,500
	3,672,500	3,672,500

Advance against purchase of shares - with related parties

Karachi Hydrocarbon Terminal Limited - unquoted
(formerly : Hascol Terminal Limited)

	2,500	2,500
	3,675,000	3,675,000

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Note	----- Rupees in '000 -----	
8.1 Investment at cost	30,604	30,604
Movement in provision for impairment		
Balance at the beginning of the year	(30,604)	(30,604)
Provision made during the year	-	-
Balance at the end of the year	(30,604)	(30,604)
Net book value	8.1.1 -	-

8.1.1 This represents investment in wholly owned subsidiary of the Company, incorporated in Pakistan under the repealed Companies Ordinance, 1984. Its shares are not quoted in active market. The Company holds 9.78 million ordinary shares (2021: 9.78 million) of Rs. 10 per share.

8.2 This represents investment in wholly owned subsidiary of the Company and is recognized at cost. Its shares are not quoted in active market. The Company holds 315 million (2021: 315 million) ordinary shares of Rs. 10 per share.

The Management cannot assess the recoverable amount as of December 31, 2022 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process

	2022	2021
Note	----- Rupees in '000 -----	
8.3 Investment at cost	3,000	3,000
Advance against purchase of shares	1,023	1,023
Movement in provision for impairment		
Balance at the beginning of the year	(4,023)	(4,023)
Provision made during the year	-	-
Balance at the end of the year	(4,023)	(4,023)
Net book value	8.3.1 -	-

8.3.1 Investment in VAS LNG (Private) Limited (VL) amounts to Rs. 3 million (2021: Rs. 3 million) representing 30% (2021: 30%) equity stake and Advance against issue of shares to VAS LNG (Private) Limited which amounts to Rs. 1.02-million (2021: Rs. 1.02 million).

The Company holds 0.3 million ordinary shares (2021: 0.3 million) of Rs. 10 per share which have been provided in the year 2020 as VL has already filed liquidation in the month of October 2020 and the Company is not expecting recoverability of its investment.

8.4 The Company made investment in Magic River Services Limited in the year 2018. It's a joint venture arrangement whereby the Company is entitled for 25% share of profit derived from sale of petroleum products by Magic River. The carrying amount of investments as of 31 December 2022 amounting to Rs. 110 million (2021: Rs. 110 million).

8.5 Investment in Karachi Hydrocarbon Terminals Limited-(formerly Hascol Terminal Limited) (KHTL) represent 41.3 million shares (2021 : 41.3 million) fully paid ordinary shares of Rs. 10 per share and is recognized at cost.

KHTL is engaged in providing storage facilities for imported and locally procured petroleum and related products. The Management cannot assess the recoverable amount as of December 31, 2022 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 UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

9. DEFERRED TAXATION - NET

	2022	2021
Note	----- Rupees in '000 -----	
<i>Taxable temporary difference arising in respect of:</i>		
Accelerated depreciation	-	(1,540,001)
Revaluation of operating fixed assets	(3,368,999)	(1,850,692)
	(3,368,999)	(3,390,693)
<i>Deductible temporary difference arising in respect of:</i>		
Liabilities against assets subject to finance lease	879,199	783,143
Accelerated depreciation	884,430	-
Exchange loss	791,226	248,739
Provision for :		
- other liabilities	172	780
- retirement benefit	52,267	39,880
- doubtful debts	2,736,611	2,857,731
- short term investments - TFCs	1,808	1,820
Normal tax loss	19,148,862	15,443,658
	21,125,576	15,985,058
Unrecognized deferred tax asset	(21,125,576)	(15,985,058)
	-	-

9.1 Deferred tax asset of Rs. 21,126 million (2021: Rs. 15,985 million) has not been recognised in these unconsolidated financial statements due to uncertainty in availability of future taxable profits based on financial projections of future years.

As at the year end, the Company's tax losses amounted to Rs. 61,961 million (2021 : 50,596 million).

10. LONG-TERM DEPOSITS

	2022	2021
Note	----- Rupees in '000 -----	
Lease deposits	261,429	316,841
Current portion of lease deposits	(133,599)	(80,816)
	127,830	236,025
Deposits against:		
- depots	-	107,144
- retail outlets	70,814	70,814
- others	31,536	31,536
	102,350	209,494
Provision for ECL	230,180	445,519
	(47)	(47)
	230,133	445,472
10.1 Provision for ECL		
Balance at the beginning of the year	47	47
Provisions made during the year	-	-
Balance at the end of the year	47	47

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
		----- Rupees in '000 -----	
11. STOCK-IN-TRADE			
Finished goods			
- Fuels	11.1	6,661,740	5,589,121
- Petrochemicals		2,219	1,236
		6,663,959	5,590,357
Stock in transit - fuels		1,583,281	4,734,546
Provision against slow moving stock	11.2	(69,227)	(69,227)
	32	8,178,013	10,255,676

11.1 Fuels include Rs. 1,168 million (2021: Rs. 1,392 million) of high speed diesel which has been maintained as line fill necessary for the pipeline to operate.

		2022	2021
		----- Rupees in '000 -----	
11.2 Movement of provision for slow moving stock			
Balance at the beginning of the year		69,227	69,258
Reversal of Provisions during the year	37	-	(31)
Balance at the end of the year		69,227	69,227

12. TRADE DEBTS

Unsecured, considered good		542,534	672,107
Considered doubtful		9,536,063	9,894,140
		10,078,597	10,566,247
Provision for ECL	12.1	(9,536,063)	(9,894,140)
		542,534	672,107

12.1 The Company recognises the expected credit losses for trade debts using the simplified approach. As per the simplified approach, the loss allowance as at December 31, 2022 and 2021 as per IFRS 9 is as follows:

		2022	2021
		----- Rupees in '000 -----	
Movement of provision for impairment			
Balance at the beginning of the year		9,894,140	9,654,976
(Reversal) / provisions made during the year	37 & 35	(313,852)	239,164
Write-off during the year		(44,225)	-
Balance at the end of the year		9,536,063	9,894,140

12.1.1 The Board of Directors of the company approved provision of Rs. 9,536 million (2021: Rs. 9,894 million) against doubtful receivables in the financial statements for the year ended December 31, 2022.

In 2022 and 2021, the management undertook certain special steps to recover these amounts and in pursuance of the same, company's legal counsel served the defaulting customers with Legal Notices for recovery of the same.

The company has received responses to those legal notices and is evaluating way forward toward taking all legal options as available to a listed company under the laws of Pakistan. Subsequently, the Company has also recovered outstanding amounts from certain customers.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

12.2 During the year ended December 31, 2022, the Company carried out agreed upon procedures assignment from a Chartered Accountant firm ("the firm") on verification of specific trade debts balances. The scope includes verification of individual customer accounts with the underlying supporting documents. On the basis of this exercise, management concluded that the carrying amount and the provision of ECL is adequate.

13. ADVANCES		2022	2021
	Note	----- Rupees in '000 -----	
Advances - considered good, unsecured			
To employees			
- against expenses		17,645	10,593
- against salaries		12,067	11,209
Supplier & Service provider	13.1	2,428,384	2,311,167
Provision for Supplier & Services Advance	13.2	(2,218,933)	(2,037,036)
		<u>239,163</u>	<u>295,933</u>

13.1 This includes advance to suppliers in the normal course of business as per commercial terms. These are given for procurement of equipment, fleet card operations, monitoring fee, consultancy and storages facilities.

13.2 Movement of provision for supplier and services advance.		2022	2021
	Note	----- Rupees in '000 -----	
Balance at the beginning of the year		2,037,036	2,665,237
Provisions / (reversal) made during the year	36 & 37	181,897	(628,201)
Balance at the end of the year		<u>2,218,933</u>	<u>2,037,036</u>

13.3 During the year ended December 31, 2022, the Company carried out an agreed upon procedures assignment from a Chartered Accountant firm on verification of 100% outstanding advances to suppliers and service providers. The scope includes verification of individual supplier advances with the underlying supporting documents. On the basis of this exercise, management concluded that carrying amount and provision for ECL are adequate.

14. DEPOSITS AND PREPAYMENTS		2022	2021
	Note	----- Rupees in '000 -----	
Deposits			
Current portion of long term lease deposits	10	133,599	80,816
Other deposits		148,470	55,895
		<u>282,069</u>	136,711
Prepayments			
Insurance and others		28,565	6,411
Rent		29,030	65,117
		<u>57,595</u>	71,528
		<u>339,664</u>	<u>208,239</u>

15. OTHER RECEIVABLES		2022	2021
Inland freight equalization margin ("IFEM") receivable		5,051,152	4,140,421
Miscellaneous receivables	15.1	17,400	41,234
Receivable against regulatory duty ("RD")		25,533	25,533
Receivable from Hascol Lubricants (Private) Limited	42.2	37,823	48,852
Sales tax refundable		515,919	140,361
Price differential claims ("PDC")	15.2	7,618	37,445
Provisioning of IFEM, RD and PDC	15.3	(1,694,427)	(1,694,427)
		<u>3,961,018</u>	<u>2,739,419</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

15.1 This includes amount receivable from Magic River Limited (an associated Company) against share of profit amounting to Rs. 1.1 million (2021: 8.2 million).

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

		2022	2021
15.3 Movement of provision for impairment	Note	----- Rupees in '000 -----	
Balance at the beginning of the year		1,694,427	1,693,479
Provisions made during the year	36	-	948
Balance at the end of the year	15.3.1	<u>1,694,427</u>	<u>1,694,427</u>

15.3.1 This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM). The provision of IFEM represents management estimate to assess the recoverable amount as of December 31, 2022.

15.4 During the year ended December 31, 2022, the Company carried out an agreed upon procedures assignment from a Chartered Accountant firm on verification of 100% outstanding IFEM balance. The scope includes verification of IFEM balance with the underlying supporting documents. On the basis of this exercise, management concluded that carrying amount of IFEM receivable is adequate.

		2022	2021
16. ACCRUED MARK-UP AND PROFIT	Note	----- Rupees in '000 -----	
From conventional banks		1,333	2,623
From Islamic banks		35	-
		<u>1,368</u>	<u>2,623</u>

17. SHORT TERM INVESTMENT

Term Finance Certificates	17.1	98,700	98,700
		<u>98,700</u>	<u>98,700</u>

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

18. CASH AND BANK BALANCES

		2022	2021
	Note	----- Rupees in '000 -----	
Balances with banks - in current accounts:			
- Conventional banks		135,402	228,854
- Dividend account		356,929	356,930
- Islamic banks		208	208
		<u>492,539</u>	585,992
Balances with banks - in saving accounts:			
- Conventional banks		272,448	402,807
- Islamic banks		5,781	5,746
Cash in hand	18.1	278,229	408,553
		921	3,203
		<u>771,689</u>	<u>997,74</u>

18.1 These carry mark-up / profit of 7.21%-13.65% per annum (2021: 10.75% per annum).

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

19. SHARE CAPITAL
19.1 Authorized share capital

2022	2021	Note	2022	2021
Number of shares			Rupees in '000	
<u>5,000,000,000</u>	<u>5,000,000,000</u>		<u>50,000,000</u>	<u>50,000,000</u>

19.2 Issued, subscribed and paid-up share capital

2022	2021	Note	2022	2021
			Rupees in '000	
89,540,000	89,540,000	Ordinary shares of Rs. 10 each fully paid in cash	895,400	895,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	10,600	10,600
9,966,000	9,966,000	Annual bonus @ 11% December 2014	99,660	99,660
20,113,200	20,113,200	Interim bonus @ 20% June 2015	201,132	201,132
24,135,840	24,135,840	Right issue @ 20% September 2017	241,358	241,358
36,203,760	36,203,760	Bonus issue @ 25% September 2018	362,038	362,038
18,101,880	18,101,880	Bonus issue @ 25% December 2018	181,019	181,019
800,000,000	800,000,000	Right issue @ 401.77% January 2020	8,000,000	8,000,000
<u>999,120,680</u>	<u>999,120,680</u>		<u>9,991,207</u>	<u>9,991,207</u>

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

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

19.5 Vitol Dubai Limited an associated Company held 401,697,229 shares (2021: 401,697,229 shares) which represents 40.21% (2021 : 40.21%) of the equity stake in the Company.

19.6 Fossil Energy (Private) Limited held 9,639,685 shares (2021: 9,639,685 shares) which represents 0.96% (2021 : 0.96%) of the equity stake in the Company.

19.7 Marshal Gas (Private) Limited held 396 shares (2021: 396 shares) which represents 0.00% (2021 : 0.00%) of the equity stake in the Company.

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

20. RESERVES

2022	2021	Note	2022	2021
			Rupees in '000	
Capital				
Share premium		20.1	4,639,735	4,639,735
Revenue				
Accumulated losses			(89,503,731)	(68,318,244)
			<u>(84,863,996)</u>	<u>(63,678,509)</u>

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
		----- Rupees in '000 -----	
21. LONG TERM FINANCING - secured	Note		
Borrowings from conventional banks	21.1	13,044,558	13,044,558
Borrowings from Non-Banking Financial Institutions	21.2	92,857	92,857
Sukuk certificates	21.3	500,000	500,000
		13,637,415	13,637,415
Current portion of long term financing			
Borrowings from conventional banks		(2,941,021)	(1,623,621)
Borrowings from Non-Banking Financial Institutions		(92,857)	(92,857)
Sukuk certificates		(500,000)	(500,000)
	28	(3,533,878)	(2,216,478)
Non - current portion of long term financing		10,103,537	11,420,937

Terms and conditions of borrowings are as follows:

Particulars	Note	Number of installments and commencement month	Grace period	Date of final repayment	Markup rate per annum	Installment amount	2022	2021
							----- Rupees in '000 -----	
21.1 Borrowings from conventional banks								
National Bank of Pakistan Loan-1 Under LTF scheme	21.1.1	16 quarterly March-17	1 year	December 31, 2020	three month Kibor + 2.5% payable quarterly	31,250	93,750	93,750
National Bank of Pakistan Loan-2 Under LTF scheme	21.1.2	16 quarterly August-19	1 year	May 27, 2023	three month Kibor + 1.5% payable quarterly	64,688	706,875	706,875
National Bank of Pakistan Loan-3 Under LTF scheme	21.1.3	16 quarterly August-19	1 year	May 21, 2023	three month Kibor + 1.5% payable quarterly	33,625	350,500	350,500
Syndicated Loan from multiple banks Conversion of Short term financing	21.1.4	28 quarterly September-20	Nil	June 30, 2027	three month Kibor + 1.6% payable quarterly	Step up installment	11,893,433	11,893,433
21.2 Borrowings from Non-Banking Financial Institutions								
Pak Oman Investment Company Limited Loan 6 Under LTF scheme	21.2.1	42 monthly January-18	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	16,667	16,667
Pak Oman Investment Company Limited Loan 7 Under LTF scheme	21.2.2	42 monthly February-18	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	76,190	76,190
21.3 Sukuk certificates	21.3.1	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	500,000	500,000
							13,637,415	13,637,415

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

- I* First pari passu charge over the Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at (a) Mehmoodkot, (b) Kolta Jam, (c) Sahiwal (d) Machike and (e) Daulatpur in favor of Security Trustee, with 15% margin.
- II* First pari passu charge over the Company's fixed assets excluding land & building of the storage depot situated at (a) Amangarh, (b) Keamari, (c) Hub, (d) Thaliyan and (e) Shikarpur, in favor of Security Trustee, with 15% margin.
- III* First pari passu charge over the Company's fixed assets excluding land & building situated at specific 29 retail sites, in favor of Security Trustee, with 15% margin.
- IV* First equitable mortgage over the Company's land for retail outlet situated at Main Raiwind Road, Tehsil Raiwind, District Lahore, in favor of Security Trustee, with 15% margin.
- V* Lien on bank accounts maintained with National Bank of Pakistan.

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

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

	2022	2021
Note	----- Rupees in '000 -----	
21.3.1 Sukuk certificates - gross amount	500,000	500,000
Issuance cost		
Balance at the beginning of the year	-	(4,773)
Charged to profit or loss	-	4,773
Balance at the end of the year	-	-
Sukuk certificates - net amount	500,000	500,000

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

		2022	2021
	Note	----- Rupees in '000 -----	
22. LEASE LIABILITIES			
Finance lease liability	22.1	-	419,012
Lease liability against right-of-use asset	22.2	3,513,238	3,520,792
		<u>3,513,238</u>	<u>3,939,804</u>

22.1 Finance lease liability

Present value of future minimum lease payments		332,698	705,023
Less: current portion	28	(332,698)	(286,011)
Non current portion		-	419,012

22.1.1 The Company has entered into lease agreements with various leasing companies for lease of items of Commercial vehicles. Minimum lease payments, which are payable by the year 2023, have been discounted by using financing rates ranging from relevant KIBOR plus 1.4% to 1.6% (2021 : KIBOR plus 1.4% to 2.75%). Title to the assets acquired under the leasing arrangements are transferable to the Company upon payment of entire lease obligations.

		2022	2021
	Note	----- Rupees in '000 -----	
22.1.2 The expected maturity of undiscounted lease payments is as follows:			
Not later than one year		481,411	337,456
Later than one year but not later than five years		-	237,384
		<u>481,411</u>	<u>574,840</u>

22.2 Lease liability of right-of-use asset

Present value of future minimum lease payments current portion	28	3,656,270 (143,032)	3,649,857 (129,065)
Non current portion		<u>3,513,238</u>	<u>3,520,792</u>

22.2.1 Movement during the year

Balance as at January 01		3,649,857	16,494,155
Additions during the year	6	132,637	829,832
Accretion of interest	38	425,696	706,919
Disposals / terminations	6.3	-	(13,533,981)
Lease rentals paid	6.2	(551,920)	(847,068)
		<u>3,656,270</u>	3,649,857
current portion shown under current liability	28	(143,032)	(129,065)
Balance as at December 31		<u>3,513,238</u>	<u>3,520,792</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
22.2.2	The expected maturity of undiscounted lease payments is as follows:		
	Not later than one year	565,533	538,266
	Later than one year but not later than five years	2,231,179	2,100,066
	Later than five years	6,226,559	6,322,967
		<u>9,023,271</u>	<u>8,961,299</u>
23.	DEFERRED LIABILITIES		
	HPL gratuity fund	49.1 182,132	138,075
	Non-current portion of other liability	302,778	515,926
		<u>484,910</u>	<u>654,001</u>
24.	TRADE AND OTHER PAYABLES		
	Trade creditors	24.1 15,407,118	16,450,484
	Payable to cartage contractors	24.2 933,705	930,141
	Advance from customers - unsecured	24.3 808,257	1,138,502
	Dealers' and customers' security deposits	24.4 526,704	514,780
	Accrued liabilities	-	7,920
	Other liabilities	24.5 14,501,147	11,587,826
		<u>32,176,931</u>	<u>30,629,653</u>
24.1	Trade creditors includes procurement of fuel from local refineries and imports, storage charges and associated duties and levies.		
24.1.1	This includes Rs. 10,876 million (2021: Rs. 13,577 million) amount payable to M/s: Vitol Bahrain E.C which is a related party. This also includes demurrage amounting to Rs. 2,717 million (2021: Rs. 1,809 million) which will be cleared upon SBP approval.		
24.1.2	The Company has trade creditors amounting to Rs. 15,407 million (2021: Rs. 16,450 million). During the year ended December 31, 2022, the Company carried out an agreed upon procedures assignment from a Chartered Accountant firm for verification of a supplier balance. On the basis of this exercise, management concluded that carrying amount of trade creditors is adequate.		
24.2	This represents freight claims from transporters. The carrying amount as of December 31, 2022 amounting to Rs. 934 million (2021: Rs. 930 million).		
24.3	This represents advances received from customers pertaining to sale of petrochemical products. The carrying amount as of December 31, 2022 amounting to Rs. 808 million (2021: Rs. 1,139 million). During the year ended December 31, 2022, the Company carried out an agreed upon procedures assignment from a Chartered Accountant firm on verification of 100% outstanding customer advances. On the basis of this exercise, management concluded that carrying amount of advance from customers is adequate.		
24.4	The security deposits are non-interest bearing and are refundable on termination of contracts. These security deposits are not kept in separate bank account since the Company can utilize these funds as per terms of the agreements.		
24.5	Other liabilities represent payable against repair and maintenance in operation and retail site, litigation claims, storage charges, rentals, insurance and other miscellaneous liabilities. The carrying amount as of December 31, 2022 amounting to Rs. 14,501 million (2021: Rs. 11,588 million).		

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

During the year ended December 31, 2022, the Company carried out an agreed upon procedures assignment from a Chartered Accountant firm ("the firm") on verification of specific vendors balances. The scope includes verification of individual vendor balance with the underlying supporting documents. On the basis of this exercise, management concluded that carrying amount of other liabilities is adequate.

	2022	2021
25. UNCLAIMED DIVIDEND		
Note	----- Rupees in '000 -----	
Balance at the beginning of the year	356,930	357,248
payments during the year	(2)	(318)
Balance at the end of the year	356,928	356,930

25.1 This includes Rs. 338.319 million (2021: Rs. 338.319 million) amount payable to M/s Vitol Dubai Limited which is a related party.

	2022	2021
26. ACCRUED MARK-UP AND PROFIT		
Note	----- Rupees in '000 -----	
Long-term financing	3,629,695	1,616,323
Short-term borrowings	10,564,906	5,641,615
Liabilities against assets subject to finance lease	600	2,699
Others	48,972	48,972
	14,244,173	7,309,609

27. SHORT-TERM BORROWINGS

Borrowings from conventional banks - secured

Habib Bank Limited	4,946,831	3,605,953
Askari Bank Limited	3,044,000	2,046,963
National Bank of Pakistan	10,433,121	10,433,121
The Bank of Punjab	1,999,729	1,999,729
Bank of Khyber	1,806,124	1,806,124
First women bank limited	665,147	665,147
Samba Bank Limited	972,409	972,823
Sindh Bank Limited	2,022,460	2,022,766
Summit Bank Limited	367,141	483,139
Habib Metropolitan Bank Limited	3,600,000	3,798,988
MCB Bank Limited	401,147	401,147
Faysal Bank Limited	1,756,397	1,756,505
United Bank Limited	746,862	746,862
	32,761,368	30,739,267

Borrowings from Islamic bank - secured

Meezan Bank Limited	2,295,000	2,295,000
BankIslami Pakistan Limited	840,025	840,026
Al Baraka Bank (Pakistan) Limited	1,781,500	1,781,500
Dubai Islamic Bank Pakistan Limited	655,900	655,901
Bank Alfalah Limited	969,201	969,241
	6,541,626	6,541,668
	39,302,994	37,280,935

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

27.1 These facilities were availed from various commercial banks aggregating to Rs. 39,303 million (2021: Rs. 37,281 million). The rates of mark-up / profit ranges from 1-6 months KIBOR plus 1.30% to 20% (2021: 1-6 months KIBOR plus 1.30% to 20%). These arrangements are secured against hypothecation charge over the Company's present and future current assets with 25% margin.

27.2 Subsequent to year end and before authorization of Financial Statement for the year ended December 31, 2022, the Management of the Company entered into settlement agreement with MCB for the outstanding loan amounting to Rs. 401.147 million. The settlement agreement duly signed by both parties is dated February 15, 2023 which directs the Company to pay the settlement amount of Rs. 132.344 million in thirteen installments. The said settlement agreement is approved by the Company's Board of Directors and compromise decree was issued by Court on April 18, 2023.

Upon payment of the total agreed amount, the Company shall write back the principal amount of Rs. 268.803 million and the reversal of accrued markup.

28. CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2022	2021
		----- Rupees in '000 -----	
Current portion of long term financing	21	3,533,878	2,216,478
Current portion of liabilities subject to finance lease	22.1	332,698	286,011
Current portion of lease liability of right-of-use assets	22.2	143,032	129,065
		<u>4,009,608</u>	<u>2,631,534</u>

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Non-banking contingencies

Workers participation fund:

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

This petition is pending before the Honourable 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 deemed assessment under section 120 stands in field as the case not selected for Audit u/s. 177 nor under section 176 or 122(5)/(9) of the I.T. Ordinance, 2001.

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.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 which has been heard and is pending for appeal order.

Tax year 2018:

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

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

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

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

Tax year 2017:

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

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

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

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

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 UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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:

Thus, this order was part set aside.

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

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

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

Tax Year 2014, 2013, 2011 and 2010:

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

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

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

Direct tax - Monitoring proceedings:

Tax Year 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 appeal has been filed which is under hearing and the tax imposed under section 161 is likely not to be upheld in appeal.

The tax imposed under section 161 is likely to be deleted in appeal.

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.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 which is pending for hearing.

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 which is pending for hearing and 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.

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.

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.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Sindh Revenue Board

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.

Other SRB Appeals:

(a) 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.

(b) 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.

(c) 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.

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.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

KWIK CNG VS Company

The suit has been filed for settlement of due amount to the tune of Rs. 2,950,550/- with a claim that KWIK CNG has already made the payment and there is no outstanding amount towards the Company. The Company has filed its written statement and now the suit is fixed for evidence of KWIK CNG for 12.01.2023. Our client is vigorously pursuing this suit and in our view has a strong defense and is likely to succeed in this matter. That in case of suit is decreed in favour of the KWIK CNG the Company could face loss of receivables.

Cantonment Board vs Company

Chaklala Cantonment Board:

a) 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 the Honourable Lahore High Court Lahore, Rawalpindi Bench, passed by Mr. Shamas Mehmood Mirza, Honourable Judge, Lahore High Court Lahore, Rawalpindi Bench.

The ICA is fixed for 19.05.2022 before Division Bench of Honourable Mis Justice Ch. Muhammad Masood Jahangir & Justice Ahmad Nadeem Arshad. The financial implication of the litigation on our Client's account is Rs. 1,836,786/- which amount is being claimed as taxes for advertisements within cantonment areas. Our Client is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

b) 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 the Honourable Lahore High Court Lahore, Rawalpindi Bench, passed by Mr. Shamas Mehmood Mirza, Honourable Judge, Lahore High Court Lahore, Rawalpindi Bench. The ICA is fixed for 19.05.2022 before Division Bench of Honourable Mis Justice Ch. Muhammad Masood Jahangir & Justice Ahmad Nadeem Arshad. The financial implication of the litigation on our Client's account is Rs. 1,317,024/- which amount is being claimed as taxes for advertisements within cantonment areas. Our Client is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

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 the Honourable Lahore High Court Lahore, Rawalpindi Bench, passed by Mr. Shamas Mehmood Mirza, Honourable Judge, Lahore High Court Lahore, Rawalpindi Bench. The ICA is fixed for 19.05.2022 before Division Bench of Honourable Mis Justice Ch. Muhammad Masood Jahangir & Justice Ahmad Nadeem Arshad. The financial implication of the litigation on our Client's account is Rs. 1,050,120/- which amount is being claimed as taxes for advertisements within cantonment areas. Our Client is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

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 January 21, 2023.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federation of Pakistan and others vs Company:

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.

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.

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

- (i) suspended the marketing activities / sales of the Company at its outlets in KPK;
- (ii) directed other oil marketing companies to augment supplied to their retail outlets; and
- (iii) 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.

Suit 1663 of 2020:

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

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Suit 655 of 2021:

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

Securities and Exchange Commission of Pakistan:

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.

Investigate the affairs of the Company:

In 2021, the Securities and Exchange Commission of Pakistan (SECP) appointed an inspector to investigate the affairs of the Company pertaining to historical financial statements till 2019. The investigations pertain to the individuals holding Management and Director position at that time. The Company is co-operating with SECP and providing all the requisite information on a timely manner. Further, the Company is not expecting any financial adjustment in books of accounts as of result of this investigation.

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.

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.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Muhammad Farook & Others

This suit was filed by the Company for declaration, recovery of damages amounting to Rs. 21.450 million and profits at the rate of 14 percent along with permanent and mandatory injunctions. There is a strong likelihood that the civil suit filed by the Company will be decreed in its favour by the honourable Court.

CP No. 4446/2022 - Regulatory duty

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

On 12.02.2023, the arguments were led by the lawyer on behalf of the Petitioners and the Court heard the arguments at length. Our main argument was based on second contingency in the subject SRO related to ships on open seas. The Custom's lawyer opposed the contention on the ground that LC's were not opened till June 30, 2022, but same were opened in July and August, which is not the case of the Petitioners, however the Bench has directed the Petitioners to file the details of GDs & LCs and fixed the case on 14th March 2023, at 11am.

The matter is pending in the High Court of Sindh and the learned counsel submits that the Company is required to pay full amount of Petroleum levy and secure regulatory duty at 10% by way of bank guarantee or pay order to the extent of consignment taken out of tanks, with the collector of customs as to release the consignment. In case, petition is decided in favour of the Company, such deposited P/O shall be released and the Company legal counsel is of firm opinion of success of case in favour of the Company.

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 were unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. Suit is pending in Court for hearing of application. Legal counsel is of the considered view that there is no merit in the claims of the dealer and hence, there is no possibility that there is any liability being attributed towards HPL.

Shahzeb Rind

The instant case is currently on hearing of the Application under S. 16 (1) SRPO, 1979, for the purpose of clarity we expect that after a hearing on this Application the outstanding rental amount totalling Rs. 7,410,000/- will be required to be deposited by the Company in court within the time period as decided by the rent controller (usually within 5-10 days). The next date of this rent case is on January 21, 2023 for hearing. The Company is vigorously contesting the case and a favourable order may be expected.

Shams Lubricants Pvt Ltd

The Company has filed an application for unconditional leave to defend instead of depositing a surety amount of Rs. 45,17,480/-. The case is currently pending for arguments on whether the Leave to Defend filed by the Company should be allowed or dismissed. The next date of hearing is January 14, 2023. The Company is vigorously contesting the case and a favourable order may be expected.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

The Company vs Province of Sindh & Others

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

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

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

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

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 favourable outcome in the matter.

Sales Contract

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

During the year ended December 31, 2021, the Company due to shortage of working capital was unable to honour 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, 2022 the Company recorded and estimated liability amounting to Rs. 300 million approximately.

29.1.2 Banking contingencies

United Bank Limited (UBL)

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 Rs. 776,768,111.37.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

An application under Section 10 of the Ordinance has been filed on behalf of the Company seeking leave to defend the suit. The grounds raised in the application are, inter alia, the Plaintiff's failure to comply with the mandatory requirements of Section 9 of the Ordinance, which would render the suit liable to be dismissed, as well as the Plaintiff's failure to disclose: the cause of action, the particular finance(s) (as the term is defined in the Ordinance) and facility on which the suit is founded, whether any finance or facility was ever extended or disbursed to or availed by the Company, the terms and conditions of the finance/facility availed, if any and its repayment date. The Company has 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 1973 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 has submitted its replication application requesting the Court to dismiss the Company's application for leave to defend.

The Plaintiff has 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 has filed its counter-affidavit objecting inter alia that the lawsuit was not property 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.

As of the date of this letter, all applications are pending hearing. It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed and that the Plaintiff will not succeed at the inter parties hearing, to attach or otherwise adversely affect the Company's properties.

The Bank of Punjab (BOP)

Suit no B-39 of 2021:

The Plaintiff has filed a suit under Section 9 of the Ordinance for the payment and recovery of Rs. 2,192,841,925.01 along with cost of funds from the date of default, and for the sale of the 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 has submitted its replication application requesting the Court to dismiss the Company's application for leave to defend.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

The Company has 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 Honourable Court was pleased to pass an order granting a stay against the Company restraining it from creating any third-party interests in immovable properties owned by the Company. The second application for injunction is currently pending hearing.

As of the date of this letter, all applications are pending hearing. It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed and that the Plaintiff will not succeed at the inter parties hearing, to attach or otherwise adversely affect the Company's properties.

Suit no B-45 of 2022:

The Plaintiff has filed a suit for recovery of Rs. 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 Plaintiff's 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 alia that the application for attachment of property is not maintainable under Section 23 of the Ordinance.

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

MCB

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of Rs. 478,002,798.04, along with costs, cost of fund from the date of default till realization of the decretal amount, charges, expense etc. against the alleged finance facilities availed by the Company. The Plaintiff 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.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

The Company has, in response to the suit, filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it falls foul of the requirements of Section 9 of the Ordinance inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff, and the cause of action alleged to occur is time-barred. The statement of accounts attached as an annexure to the suit by the Plaintiff bank fail to comply with the requirements of the Bankers Book Evidence Act, 1891, (Bankers Evidence Act).

Simultaneously with the suit, the Plaintiff 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, the Company has filed its counter-affidavit objecting inter alia that the lawsuit was not property instituted and the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff bank, and the absence of a basis for apprehension with regards to the disposal of properties. An order has since been passed on this application on October 01, 2021 directing the Company to not create any third-party interest on its immovable properties till the next date of hearing.

As of the date of this letter, all applications are pending hearing. It is our view that the application for leave to defend filed on behalf of the Holding Company is likely to succeed and that the Plaintiff will not succeed at the inter parties hearing, to attach or otherwise adversely affect the Holding Company's properties.

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 Rs. 1,018,709,744.57 against several finance facilities allegedly availed by the Company from the Plaintiff bank.

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

In response, the Company filed its application for leave to defend under Section 10 of the Ordinance praying that the suit is liable to be rejected inter alia the following grounds, which renders it impossible for the Company to know the case that has to be met by it: no cause of action has been disclosed by the Plaintiff against the Company, the Plaintiff has failed to disclose or identify any particular finance(s) or finance facility(ies) (as defined in the Ordinance) on which the suit is founded, the attached documents do not support the Plaintiff's 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. As of the date of this letter, all applications are pending hearing. It is our view that the application for leave to defend filed on behalf of the Company is likely to succeed and that the Plaintiff will not succeed at the inter parties hearing, to attach or otherwise adversely affect the Company's properties.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

National Bank Of Pakistan (NBP)

NBP VS Karachi Hydrocarbon Terminal Limited and Another:

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

NBP VS Company and Another:

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 Rs. 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.

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:

- (i) 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;
- (ii) 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
- (iii) the attached documents do not support the Plaintiff's assertions regarding the Company's alleged liability.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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.

Sindh Bank Limited

The Plaintiff has filed a suit under Section 9 of the Ordinance for the recovery of Rs. 2,334,776,939.97 along with cost of funds. The Plaintiff also prayed for permanent injunction to restrain the Company, its employees, agents or any other persons acting for and, on its behalf, directly and/or indirectly, from selling, alienating, disposing of or creating third party rights in any manner whatsoever in respect of the allegedly hypothecated assets as well as moveable and immoveable properties.

Additionally, it was prayed that a judgement and decree for attachment and sale of all other assets and properties of the 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 UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Summit Bank Limited

The Plaintiff filed a suit for recovery of Rs. 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 has 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 1973 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.

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)

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

It has further been stated that since the statements of accounts attached as annexures in the suit fail to establish any nexus with the alleged facilities in question or any disbursements to the Company of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'. Additionally, the statements of accounts attached by the Plaintiff are not certified according to the Bankers Evidence Act.

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

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.

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 parties hearing to attach or otherwise adversely affect the Company's properties.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 Rs. 4,580,304,393 against several finance facilities allegedly availed by the Company from the Plaintiff bank.

The Plaintiff has also prayed for the attachment of the Company's properties for the settlement of the alleged outstanding amount (a separate application seeking an interim injunction or attachment of the properties has not been filed).

In response, the application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Company on the grounds, inter alia, that: no cause of action has been disclosed by the Plaintiff against the Company; the Plaintiff has failed to disclose the particulars of the amounts claimed and finance(s) (as defined in the Ordinance) allegedly availed by the Company so as to allow the Company to know the case that has to be met by it; and the attached documents do not support the Plaintiff's assertions.

Since the statement of accounts attached as an annexure in the suit itself fail to establish any nexus with the alleged facilities in question or any disbursements to the Company of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'.

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

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

Bank Islami Pakistan Limited

The Plaintiff has filed a suit for recovery of Rs. 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:

- (a) no cause of action has been disclosed by the Plaintiff against the Company;
- (b) 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
- (c) 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 October 12, 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.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Bank of Khyber

The Plaintiff has filed a suit for recovery of Rs. 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. Pursuant to our instructions from the Company, we are in the process of drafting and filing an application for leave to defend for the Company.

Dubai Islamic Bank

The Plaintiff has filed a suit for recovery of Rs. 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. Pursuant to our instructions from the Company, we are in the process of drafting and filing an application for leave to defend for the Company.

29.1.3 Commitments

(I) The facility for opening letters of credit (LCs) acceptances as at December 31, 2022 amounted to Rs. 36,261 million (2021: Rs 41,193 million) of which the amount remaining unutilized as at that date was Rs 2 million (2021: Rs. 4,304 million).

(II) There are commitments for the purchases from Vitol Bahrain E.C, a party related to the Company, amounting to Rs. nil (2021: Rs. 84 million).

(III) Bank guarantees

	2022	2021
	----- Rupees in '000 -----	
	-	150,000

(IV) Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:

Property, plant and equipment

3,542,076	995,725
-----------	---------

(V) Commitments for rentals of assets under operating lease / Ijarah:

Not later than one year

300,474	193,014
---------	---------

Later than one year and not later than five years

17,403	158,333
--------	---------

317,877	351,347
----------------	----------------

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
30. SALES - NET			
Sale of petroleum products inclusive of sales tax		71,351,573	71,678,546
Sales discount		(184,844)	(312,168)
		71,166,729	71,366,378
31. OTHER REVENUE			
Owned tank lorries - net		-	58,007
Franchise fee		60,485	60,991
Joining fee for petrol pump operators		1,548	1,467
Non fuel retail and lubricants		74,859	78,918
		136,892	199,383
32. COST OF SALES			
Opening stock - fuel		10,255,676	11,435,266
Fuel purchased	32.1	57,441,879	51,509,152
Duties, levies and depreciation	32.2	8,408,541	8,465,240
Closing stock - fuel and petrochemical	11	(8,178,013)	(10,255,676)
		67,928,083	61,153,982

32.1 This includes fuel purchased from local refineries and imports.

32.1.1 This also includes shipping cost charged by supplier amounting to Rs. 393 million (2021: Rs. 285 million).

		2022	2021
	Note	----- Rupees in '000 -----	
32.2 Duties, levies and depreciation			
Petroleum development levy	32.2.1	7,104,103	5,934,535
Inland freight equalization margin		793,220	1,522,549
Storage and handling charges		194,313	471,282
Depreciation on right-of-use asset (Storage & handling)	6.2	5,452	117,842
Freight		311,453	419,032
		8,408,541	8,465,240

32.2.1 This includes additional petroleum development levy on direct sales.

33. DISTRIBUTION AND MARKETING EXPENSES

Salaries, wages and other benefits	34.1	356,202	373,276
Depreciation on property, plant and equipment	5.6	1,887,148	1,308,561
Depreciation on right-of-use asset	6.2	293,742	270,062
Rent, rates and taxes		252,776	171,463
Fuel and power		166,038	93,648
Travelling and conveyance		67,919	48,672
Repairs and maintenance		149,484	209,038
Insurance		83,671	86,839
Commission		-	4,600
Advertising and publicity		6,478	4,180
Printing, communication and stationery		8,138	19,408
Fee and subscription		13,866	10,375
Owned tank lorries - net		40,490	-
Legal and professional charges		49,129	38,518
		3,375,091	2,638,640

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
34. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	34.1	431,428	437,658
Fee and subscription		16,690	20,185
Legal and professional charges		231,437	229,115
Travelling and conveyance		32,634	24,705
Insurance		5,564	5,249
Repairs and maintenance		18,708	28,044
Depreciation on right-of-use asset	6.2	83,258	76,779
Depreciation on property, plant and equipment	5.6	62,912	35,747
Rent, rates and taxes		4,594	13,066
Printing, communication and stationery		15,982	14,746
Advertising and publicity		358	2,281
Fuel and power		5,074	7,613
Auditor's remuneration	34.2	9,790	6,575
Amortization	7	286	1,191
		918,715	902,954
34.1 Salaries and other benefits relating to distribution and administrative expense include:			
- Gratuity	49.1.5	48,770	43,254
- Contribution to provident fund		19,773	20,033
34.2 Auditor's remuneration			
Statutory audit		4,500	3,510
Special purpose audit		1,800	-
Certifications		750	810
Shari'ah audit fee		700	756
Half yearly review		700	624
Out of pocket expenses		890	519
Consolidation		450	356
		9,790	6,575
35. IMPAIRMENT LOSSES ON FINANCIAL ASSETS			
Provision against doubtful debts	12.1	-	239,164
36. OTHER EXPENSES			
IFEM provisioning	15.3	-	948
Provisioning of advance to suppliers and service providers	13.2	181,897	-
Provision of capital work in progress	5.8.2	-	1,431,565
Penalty	36.1	9,342	6,137
		191,239	1,438,650
36.1 This represents penalty paid to Oil and Gas Regulatory Authority, Federal Board of Revenue and Collector of Customs.			

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
37. OTHER INCOME			
Income from financial assets			
Markup/profit on:			
- deposit with conventional banks		40,015	41,714
- TFCs		15,678	8,147
		55,693	49,861
Income from non-financial assets			
Gain on disposal of operating fixed assets		12,107	85,448
Gain on disposal of ROU assets	6.3	-	3,070,135
Reversal of provision for Suppliers and Service provider	13.2	-	628,201
Reversal of provision for doubtful debts	12.1	313,852	-
Writeback of unclaimed liabilities	24	-	281,053
Sundries		-	8,642
Reversal of slow moving provision	11.2	-	31
Promotional marketing fee		-	148
Scrap sales		3,742	135
Rental income and others		94,265	359,455
		424,037	4,406,448
		479,659	4,456,309
38. FINANCE COST			
Conventional			
Short term borrowings		4,829,921	3,588,328
Letter of credit / Import contract		14,458	469
Long term borrowings		1,261,155	1,045,677
Interest cost on lease liability on right of use asset	22.2.1	425,696	706,919
Unwinding of discount		235,055	128,669
Discounting charges on borrowings		-	4,733
Bank charges		102,907	51,353
		6,869,192	5,526,148
Islamic			
Short term borrowings		749,726	904,734
Long term borrowings		752,217	208,633
Assets obtained under finance lease		34,984	60,755
Bank charges		-	9,060
		1,536,927	1,183,182
		8,406,119	6,709,330
39. TAXATION			
Current		381,143	427,144
39.1	During the year ended December 31, 2022 and 2021, provision for current tax is based on minimum tax and final tax regime. Accordingly, tax reconciliation has not been presented in these unconsolidated financial statements.		
40. LOSS PER SHARE - basic and diluted			
Loss for the year (Rupees in thousand)		(14,439,536)	(7,592,131)
Weighted average number of ordinary shares (in thousand)		999,121	999,121
Loss per share from continued operations - basic and diluted (Rupees)		(14.45)	(7.60)

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees in '000 -----					
Director's fee	-	15,460	-	-	9,823	-
Managerial remuneration	48,600	-	266,909	48,077	-	253,138
Cost of living allowance	5,400	-	29,657	5,342	-	28,126
Reimbursement of medical expenses	671	-	6,014	1,400	-	6,566
Retirement benefits	2,780	-	14,020	2,750	-	11,353
	57,451	15,460	316,600	57,569	9,823	299,183
Number of person(s)	1	7	80	1	9	78

41.1 The Chief Executive Officer and certain executives are also provided with free use of Company maintained cars and cellular connections. In addition, the Chief Executive Officer is provided with free security services in accordance with the terms of employment.

42. RELATED PARTY TRANSACTIONS AND BALANCES

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

42.1 Transactions with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2022	2021
			----- Rupees in '000 -----	
Shareholding by the Company				
Karachi Hydrocarbon Terminal Limited	Rendering of services	15%	145,741	2,002,743
Hascol Lubricants (Private) Limited	Sale, purchase and others	100%	90,831	49,326
Hascol Lubricants (Private) Limited	Procurement	100%	7,143	27,441
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	37,634,448	34,028,719

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
42.2 Balances with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2022	2021
			Rupees in '000	
Shareholding by the Company				
Karachi Hydrocarbon Terminal Limited	Advance against issue of shares	15%	2,500	2,500
Karachi Hydrocarbon Terminal Limited	Investments	15%	412,500	412,500
Karachi Hydrocarbon Terminal Limited	Rendering of services	N/A	1,392,194	1,429,241
Hascol Lubricants (Private) Limited	Business support service	100%	37,823	48,852
VAS LNG (Private) Limited	Advance against issue of shares	30%	1,023	1,023
VAS LNG (Private) Limited	Investments	30%	3,000	3,000
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	13,428,337	15,386,212
VOS Petroleum Limited	Rendering of services	N/A	45,862	45,862

2022
2021
 ----- Rupees in '000 -----

43. CASH USED IN OPERATIONS

	Note	2022	2021
		Rupees in '000	
Loss before taxation		(14,058,393)	(7,164,987)
<i>Adjustment for:</i>			
Depreciation on property, plant and equipment	5.6	1,950,060	1,344,308
Depreciation on right-of-use asset	6.2	382,452	464,683
Amortization	7	286	1,191
Provision for IFEM	15.3	-	948
Reversal against slow moving stock	11.2	-	(31)
(Reversal) / Provision for doubtful debts	12.1	(313,852)	239,164
Exchange loss - unrealized		2,757,125	861,194
Provision for gratuity	49.1.5	46,852	42,011
Gain on disposal of operating fixed assets	37	(12,178)	(85,448)
Gain on termination of lease	37	-	(3,070,135)
(Reversal) / provision of advance to supplier	36 & 37	181,897	(628,201)
Writeback of unclaimed liabilities	37	-	(281,053)
Markup / profit on bank deposits	37	(55,693)	(49,861)
Markup charged on lease liability	38	425,696	706,919
Finance cost	38	7,980,423	5,873,742
Provision of capital work in progress	36	-	(1,431,565)
Changes in working capital	43.1	258,905	(4,566,611)
Cash used in operations		(456,349)	(4,880,602)

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
43.1 Changes in working capital			
Decrease in current assets			
Stock-in-trade	11	2,077,663	1,179,621
Trade debts	12	443,425	647,344
Advances	13	(125,127)	1,331,590
Deposits and prepayments	14	(131,425)	(40,540)
Other receivables	15	(1,221,599)	41,760
		1,042,937	3,159,775
Decrease in current liabilities			
Trade and other payables	24	(784,032)	(7,726,386)
Changes in working capital		<u>258,905</u>	<u>(4,566,611)</u>
44. CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	771,689	997,748
Short-term borrowings	27	(39,302,994)	(37,280,935)
		<u>(38,531,305)</u>	<u>(36,283,187)</u>

45. OPERATING SEGMENTS

These unconsolidated financial statements have been prepared on the basis of a single reportable segment.

- Sales from petroleum products represents 99.34 % (2021: 99.68 %) of total revenues of the Company.
- Out of total sales of the Company 100% (2021: 99.82 %) related to customers in Pakistan.
- All non-current assets of the Company as at 31 December, 2022 are located in Pakistan.

The Company sells its product to dealers, governments agencies and autonomous bodies, independent power project and other corporate customers.

Sales to ten major customers of the Company are around 9.21% during the year ended December 31, 2022 (2021: 15.45%).

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
46. FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets as per statement of financial position			
Fair value through profit or loss			
Short term investments	17	98,700	98,700
At cost			
Long term investments	8	3,709,627	3,709,627
At amortized cost			
Deposits	14 & 10	512,249	582,230
Trade debts	12	542,534	672,107
Other receivables	15	5,106,375	4,230,507
Accrued mark-up and profit	16	1,368	2,623
Cash and bank balances	18	771,689	997,748
		6,934,215	6,485,215
Total financial assets		<u>10,742,542</u>	<u>10,293,542</u>
Financial liabilities as per statement of financial position			
At amortized cost			
Long-term financing	21	13,637,415	13,637,415
Unclaimed dividend	25	356,928	356,930
Trade and other payables	24	31,134,317	29,491,151
Accrued mark-up and profit	26	14,244,173	7,309,609
Short-term borrowings	27	39,302,994	37,280,935
Total financial liabilities		<u>98,675,827</u>	<u>88,076,040</u>

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the unconsolidated statement of financial position are as follows:

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
----- Rupees in '000 -----				
Financial assets				
Long term investments	3,709,627	3,709,627	3,709,627	3,709,627
Deposits	512,249	512,249	582,230	582,230
Trade debts	542,534	542,534	672,107	672,107
Other receivables	5,106,375	5,106,375	4,230,507	4,230,507
Short term investment	98,700	98,700	98,700	98,700
Accrued mark-up and profit	1,368	1,368	2,623	2,623
Cash and bank balances	771,689	771,689	997,748	997,748
	<u>10,742,542</u>	<u>10,742,542</u>	<u>10,293,542</u>	<u>10,293,542</u>

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
----- Rupees in '000 -----				
Financial liabilities				
Long-term financing	13,637,415	13,637,415	13,637,415	13,637,415
Unclaimed dividend	356,928	356,928	356,930	356,930
Trade and other payables	31,134,317	31,134,317	29,491,151	29,491,151
Accrued mark-up and profit	14,244,173	14,244,173	7,309,609	7,309,609
Short-term borrowings	39,302,994	39,302,994	37,280,935	37,280,935
	<u>98,675,827</u>	<u>98,675,827</u>	<u>88,076,040</u>	<u>88,076,040</u>

b) Valuation of financial instruments

The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Company include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2022

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

c) Financial assets

	2022				
	Carrying value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	3,709,627	-	-	3,709,627	3,709,627
Total	3,808,327	98,700	-	3,709,627	3,808,327

	2021				
	Carrying value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	3,709,627	-	-	3,709,627	3,709,627
Total	3,808,327	98,700	-	3,709,627	3,808,327

d) Non-financial assets

	2022				
	Carrying value	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----					
Building on lease hold land	6,516,059	-	-	6,516,059	6,516,059
Tanks and pipelines	3,892,098	-	-	3,892,098	3,892,098
Dispensing pumps	2,112,597	-	-	2,112,597	2,112,597
Plant and machinery	818,537	-	-	818,537	818,537
Electrical, mechanical and fire fighting equipment	1,563,118	-	-	1,563,118	1,563,118
Furniture, office equipment and other assets	174,554	-	-	174,554	174,554
Vehicles	353,588	-	-	353,588	353,588
Computer auxiliaries	6,524	-	-	6,524	6,524
	15,437,075	-	-	15,437,075	15,437,075

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2021				Total
	Carrying value	Level 1	Level 2	Level 3	
	----- Rupees in '000 -----				
Building on lease hold land	7,514,332	-	-	7,514,332	7,514,332
Tanks and pipelines	4,280,367	-	-	4,280,367	4,280,367
Dispensing pumps	1,848,619	-	-	1,848,619	1,848,619
Plant and machinery	423,499	-	-	423,499	423,499
Electrical, mechanical and fire fighting equipment	2,321,253	-	-	2,321,253	2,321,253
Furniture, office equipment and other assets	105,674	-	-	105,674	105,674
Vehicles	324,742	-	-	324,742	324,742
Computer auxiliaries	16,041	-	-	16,041	16,041
	<u>16,834,528</u>	-	-	<u>16,834,528</u>	<u>16,834,528</u>

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company is exposed to the following risks from its use of financial instruments: **Note**

- Market risk	48.1.1
- Credit risk and concentration of credit risk	48.1.2
- Liquidity risk	48.1.3

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring any increase in risk, and the Company's management of capital.

48.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities.

The Company through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board oversee how management monitors compliance with the Company's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Company.

48.1.1 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

(a) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 101.342 million (2021: USD 123.371 million) having PKR equivalent amount of Rs. 22,947 million (2021: Rs. 21,804 million). The average rates applied during the year is Rs. 204.5162 per USD (2021: Rs. 168.2520 per USD) and the spot rate as at December 31, 2022 is Rs. 226.4309 per USD (2021: Rs. 176.7305 per USD).

The Company manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Company cannot hedge its currency risk exposure. Consequently, the Company recorded exchange loss amounting to Rs. 4,829 million (2021: Rs. 1,680 million) during the year.

Sensitivity analysis

As at December 31, 2022, if the Pakistani Rupee had weakened/strengthened by 5% against USD with all other variables held constant, loss / profit for the year would have been lower/higher by Rs. 1,147 million (2021: Rs. 1,106.79 million).

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises due to long-term financing and short term borrowings. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is summarized as follows:

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would effect on profit or loss before tax is shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

Cash flow sensitivity of variable rate instruments

	Profit or (loss)		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	----- Rupees in '000 -----			
(Expense) / income				
As at December 31, 2022	(81,188)	81,188	(57,643)	57,643
As at December 31, 2021	(61,407)	61,407	(43,599)	43,599

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

b Interest / profit rate risk (continued)

	Effective yield/ interest/profit rate % (Per annum)	2022						Total
		Exposed to yield/interest/profit risk			Non-interest/profit bearing			
		Maturity up to one year	Maturity after one year	Sub - Total	Maturity up to one year	Maturity after one year	Sub - Total	
----- Rupees. in '000 -----								
Financial assets								
Long term investments	-	-	-	-	3,675,000	-	3,675,000	3,675,000
Deposits	-	-	-	-	282,069	230,180	512,249	512,249
Trade debts	-	-	-	-	542,534	-	542,534	542,534
Other receivables	-	-	-	-	5,106,375	-	5,106,375	5,106,375
Accrued mark-up and profit	-	-	-	-	1,368	-	1,368	1,368
Short term investments	11.97-17.68	98,700	-	98,700	-	-	-	98,700
Cash and bank balances	7.21-13.65	278,229	-	278,229	493,460	-	493,460	771,689
		<u>376,929</u>	<u>-</u>	<u>376,929</u>	<u>10,100,806</u>	<u>230,180</u>	<u>10,330,986</u>	<u>10,707,915</u>
Financial liabilities								
Long term finances	9.85-18.55	3,533,878	10,103,537	13,637,415	-	-	-	13,637,415
Unclaimed dividend	-	-	-	-	356,928	-	356,928	356,928
Trade and other payables	-	-	-	-	31,134,317	-	31,134,317	31,134,317
Accrued mark-up and profit	-	-	-	-	14,244,173	-	14,244,173	14,244,173
Short-term borrowings	9.06-20.00	39,302,994	-	39,302,994	-	-	-	39,302,994
		<u>42,836,872</u>	<u>10,103,537</u>	<u>52,940,409</u>	<u>45,735,418</u>	<u>-</u>	<u>45,735,418</u>	<u>98,675,827</u>
On financial position gap		<u>(42,459,943)</u>	<u>(10,103,537)</u>	<u>(52,563,480)</u>	<u>(35,634,612)</u>	<u>230,180</u>	<u>(35,404,432)</u>	<u>(87,967,912)</u>

b) Interest / profit rate risk (continued)

	Effective yield/ interest/profit rate % (Per annum)	2021						Total
		Exposed to yield/interest/profit risk			Non-interest/profit bearing			
		Maturity up to one year	Maturity after one year	Sub - Total	Maturity up to one year	Maturity after one year	Sub - Total	
----- Rupees. in '000 -----								
Financial assets								
Long term investments	-	-	-	-	3,675,000	-	3,675,000	3,675,000
Deposits	-	-	-	-	136,711	445,519	582,230	582,230
Trade debts	-	-	-	-	672,107	-	672,107	672,107
Other receivables	-	-	-	-	4,230,507	-	4,230,507	4,230,507
Accrued mark-up and profit	-	-	-	-	2,623	-	2,623	2,623
Short term investments	11.97	98,700	-	98,700	-	-	-	98,700
Cash and bank balances	10.75	408,553	-	408,553	589,195	-	589,195	997,748
		<u>507,253</u>	<u>-</u>	<u>507,253</u>	<u>9,306,143</u>	<u>445,519</u>	<u>9,751,662</u>	<u>10,258,915</u>
Financial liabilities								
Long term finances	9.44-12.42	2,216,478	11,420,937	13,637,415	-	-	-	13,637,415
Unclaimed dividend	-	-	-	-	356,930	-	356,930	356,930
Trade and other payables	-	-	-	-	29,491,151	-	29,491,151	29,491,151
Accrued mark-up and profit	-	-	-	-	7,309,609	-	7,309,609	7,309,609
Short-term borrowings	8.62-20.81	37,280,935	-	37,280,935	-	-	-	37,280,935
		<u>39,497,413</u>	<u>11,420,937</u>	<u>50,918,350</u>	<u>37,157,690</u>	<u>-</u>	<u>37,157,690</u>	<u>88,076,040</u>
On financial position gap		<u>(38,990,160)</u>	<u>(11,420,937)</u>	<u>(50,411,097)</u>	<u>(27,851,547)</u>	<u>445,519</u>	<u>(27,406,028)</u>	<u>(77,817,125)</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The Company is not exposed to equity price risk since it has investments in quoted equity securities amounting to Nil (2021: Rs. Nil) at the unconsolidated statement of financial position date. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

48.1.2 Credit risk and concentration of credit risk:

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. The Company manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers. The carrying values of financial assets which are neither past due nor impaired are as under:

	2022	2021
	----- Rupees in '000 -----	
Long term investments	3,675,000	3,675,000
Deposits	512,249	582,230
Trade debts - unsecured	542,534	672,107
Other receivables	3,411,948	2,536,080
Accrued mark-up and profit	1,368	2,623
Short term investments	98,700	98,700
Cash and bank balances	771,689	997,748
	<u>9,013,488</u>	<u>8,564,488</u>

	2022		2021	
	Gross	Impaired	Gross	Impaired
	----- Rupees in '000 -----			

Aging analysis of trade debts:

Past due 1-30 days	446,591	100	394,578	89
Past due 31-90 days	96,065	22	159,423	36
Past due 91-180 days	20,878	20,878	1,353	1,353
Past due 181-365 days	25,691	25,691	7,419	7,419
Over 1 year	9,489,372	9,489,372	10,003,474	9,885,243
	<u>10,078,597</u>	<u>9,536,063</u>	<u>10,566,247</u>	<u>9,894,140</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

	Rating agency	Short term	Long term
Islamic Banks			
Al Baraka Bank Pakistan Limited	PACRA	A1	A+
Bank Islami Pakistan Limited	PACRA	A1	A+
Meezan Bank Limited	JCR- VIS	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Dubai Islamic Bank Pakistan	JCR- VIS	A-1+	AA
Conventional banks			
Askari Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Bank Al Falah Limited	PACRA	A1+	AA+
Bank of Khyber	JCR-VIS	A-1	A+
The Bank of Punjab	PACRA	A1+	AA+
Faysal Bank Limited	JCR-VIS	A-1+	AA
First Women Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	JCR- VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AAA
SAMBA Bank Limited	JCR- VIS	A-1	AA
Silk Bank Limited	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1	A+
Summit Bank Limited	JCR- VIS	A-1+	AAA
United Bank Limited	JCR- VIS	A-1+	AAA
Pak Oman Investment Company Limited	JCR- VIS	A-1+	AA+

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

48.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Company's financial liabilities have contractual maturities as summarized below:

	2022		
	Within one year	Over one year	Total
	----- Rupees in '000 -----		
Long term finances	3,533,878	10,103,537	13,637,415
Trade and other payable	31,134,317	-	31,134,317
Unclaimed dividend	3,56,928	-	3,56,928
Mark-up accrued	14,244,173	-	14,244,173
Short-term borrowings	39,302,994	-	39,302,994
	<u>88,572,290</u>	<u>10,103,537</u>	<u>98,675,827</u>
	----- Rupees in '000 -----		
	2021		
	Within one year	Over one year	Total
	----- Rupees in '000 -----		
Long term finances	2,216,478	11,420,937	13,637,415
Trade and other payables	29,491,151	-	29,491,151
Accrued mark-up and profit	7,309,609	-	7,309,609
Unclaimed dividend	356,930	-	356,930
Short-term borrowings	37,280,935	-	37,280,935
	<u>76,655,103</u>	<u>11,420,937</u>	<u>88,076,040</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

31-Dec-2022	Long term financing	Short term borrowing	Finance lease	Letter of credit	Total principal	Accrued mark up	Total exposure including markup
Financial Institutions exposure	----- Rupees in '000 -----						
National Bank of Pakistan	8,251,682	10,433,121	52,553	-	18,737,356	5,934,314	24,671,670
Habib Metropolitan Bank Ltd	-	3,600,000	-	-	3,600,000	904,458	4,504,458
Habib Bank Ltd	-	4,946,831	78,808	145,178	5,170,817	428,869	5,599,686
Meezan Bank Ltd	1,775,139	2,295,000	-	-	4,070,139	939,437	5,009,576
Askari Bank Ltd	-	3,044,000	15,453	-	3,059,453	198,542	3,257,995
The Bank of Punjab	887,570	1,999,729	-	-	2,887,299	887,331	3,774,630
Sindh Bank Ltd	-	2,022,460	-	-	2,022,460	700,696	2,723,156
Faysal Bank Ltd	-	1,756,397	-	-	1,756,397	851,920	2,608,317
Bank of Khyber	-	1,806,124	-	-	1,806,124	523,017	2,329,141
Bank Alfalah Ltd	798,813	969,201	-	-	1,768,014	411,294	2,179,308
Al Baraka Bank Ltd	-	1,781,500	-	-	1,781,500	582,999	2,364,499
BankIslami Pakistan Ltd	710,056	840,025	-	-	1,550,081	426,508	1,976,589
Dubai Islamic Bank Pakistan Ltd	621,298	655,900	-	-	1,277,198	382,073	1,659,271
Samba Bank Ltd	-	972,409	-	-	972,409	219,344	1,191,753
United Bank Ltd	-	746,862	-	-	746,862	194,358	941,220
First Women Bank Ltd	-	665,147	-	-	665,147	129,165	794,312
Summit Bank Ltd	-	367,141	-	-	367,141	126,298	493,439
MCB Bank Ltd	-	401,147	-	-	401,147	205,049	606,196
First Habib Modaraba	-	-	52,150	-	52,150	-	52,150
Pakoman Investment Co. Ltd	92,857	-	-	-	92,857	19,122	111,979
Sukuk	500,000	-	-	-	500,000	129,807	629,807
	13,637,415	39,302,994	198,964	145,178	53,284,551	14,194,601	67,479,152
31-Dec-2021							
Financial Institutions exposure							
National Bank of Pakistan	8,251,682	10,433,121	110,174	-	18,794,977	3,345,243	22,140,220
Habib Metropolitan Bank Ltd	-	3,798,988	62,859	-	3,861,847	459,786	4,321,633
Habib Bank Ltd	-	3,605,955	178,977	1,525,089	5,310,021	7,372	5,317,393
Meezan Bank Ltd	1,775,139	2,295,000	-	-	4,070,139	468,182	4,538,321
Askari Bank Ltd	-	2,046,963	32,527	1,288,034	3,367,524	65,728	3,433,252
The Bank of Punjab	887,570	1,999,729	-	-	2,887,299	452,507	3,339,806
Sindh Bank Ltd	-	2,022,766	-	-	2,022,766	259,303	2,282,069
Faysal Bank Ltd	-	1,756,505	-	-	1,756,505	500,621	2,257,126
Bank of Khyber	-	1,806,124	-	-	1,806,124	250,463	2,056,587
Bank Alfalah Ltd	798,813	969,241	-	-	1,768,054	225,323	1,993,377
Al Baraka Bank Ltd	-	1,781,500	-	-	1,781,500	345,999	2,127,499
BankIslami Pakistan Ltd	710,056	840,025	-	-	1,550,081	227,266	1,777,347
Dubai Islamic Bank Pakistan Ltd	621,298	655,900	-	-	1,277,198	182,195	1,459,393
Samba Bank Ltd	-	972,823	-	-	972,823	114,357	1,087,180
United Bank Ltd	-	746,862	-	-	746,862	88,408	835,270
First Women Bank Ltd	-	665,147	-	-	665,147	23,510	688,657
Summit Bank Ltd	-	483,139	-	-	483,139	64,114	547,253
MCB Bank Ltd	-	401,147	-	-	401,147	111,115	512,262
First Habib Modaraba	-	-	131,616	-	131,616	-	131,616
Pakoman Investment Co. Ltd	92,857	-	-	-	92,857	10,045	102,902
Sukuk	500,000	-	-	-	500,000	56,401	556,401
	13,637,415	37,280,935	516,153	2,813,123	54,247,626	7,257,938	61,505,564

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

48.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- operational and qualitative track record of the plant and equipment supplier and related service providers.

		2022	2021
	Note	----- Rupees in '000 -----	
49. STAFF RETIREMENT BENEFITS			
HPL gratuity fund	49.1	182,132	138,075
HPL provident fund	49.2	-	-

49.1 The Company operates an approved gratuity fund for its employees who have completed the employment period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in fund are 184 (2021: 213).

		2022	2021
	Note	----- Rupees in '000 -----	
49.1.1 Movement in liability recognized in unconsolidated statement of financial position			
Present value of defined benefit obligations	49.1.2	183,208	141,024
Fair value of plan assets	49.1.4	(1,077)	(2,950)
Statement of financial position liability		<u>182,131</u>	<u>138,074</u>

49.1.2 Movement in liability recognized in unconsolidated statement of financial position

Net liability as at January 01,		141,024	130,610
Expense recognized in statement of profit or loss	49.1.5	48,770	43,254
Benefits payable to outgoing members		(2,785)	-
Benefits payable to outgoing members by the fund		-	(2,820)
Benefits paid		(4,278)	(9,853)
Remeasurement loss / (gain) recognized in statement of other comprehensive income	49.1.3	477	(20,167)
Net liability as at December 31,		<u>183,208</u>	<u>141,024</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

49.1.3 Movement in present value of the defined benefit obligation

Note	2022	2021
	----- Rupees in '000 -----	
Present value of defined obligation as at January 01,	141,024	130,610
Current service cost	30,067	28,727
Interest cost	18,703	14,527
Benefits payable to outgoing members	(2,785)	-
Benefits payable to outgoing members by the fund	-	(2,820)
Benefits paid	(4,278)	(9,853)
	182,731	161,191
Remeasurement loss / (gain)	477	(20,167)
Present value of defined obligation as at December 31,	183,208	141,024

49.1.4 Movement in fair value of plan assets

Fair value of plan assets at the beginning of the year	2,950	564
Expected return on plan assets	1,918	1,243
Contributions made by the company	-	13,738
Benefits paid during the year	(4,278)	(9,852)
Benefits payable by the fund during the year	-	(2,820)
Remeasurements: Actuarial Gain	487	77
Fair value of plan assets at the end of the year	1,077	2,950

49.1.5 Expense recognized in the unconsolidated statement of profit or loss account

Current service cost	30,067	28,727
Interest cost	18,703	14,527
Expected return on plan assets	(1,918)	(1,243)
	46,852	42,011

49.1.6 Remeasurement recognized in unconsolidated statement of comprehensive income

Gain on remeasurement of defined benefit obligation	(10)	(20,244)
Impact of deferred tax	3	5,871
	(7)	(14,373)

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	----- Rupees in '000 -----	
49.1.7 Analysis of present value of defined benefit obligation		
Split by vested / non - vested		
(i) Vested benefits	153,326	114,606
(ii) Non-vested benefits	29,881	26,417
Split by benefits earned to date		
(i) Present value of guaranteed benefits	57,198	48,059
(ii) Present value of benefits attributable to future salary increase	126,009	92,965
Expected distribution of timing of benefit payments time in years		
Within first year from the end of financial year	8,143	6,060
Within second years from the end of financial year	8,752	8,104
Within third years from the end of financial year	11,377	8,526
Within fourth years from the end of financial year	24,574	11,344
Within five years from the end of financial year	67,441	23,833
Within six to ten years from the end of financial year	242,713	237,555
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	167,088	127,743
Discount rate -1%	201,838	156,506
Expected rate of salary increase +1%	202,544	157,053
Expected rate of salary increase -1%	166,226	127,063
Maturity profile of present value of defined benefit obligation	2022	2021
	----- Percentage -----	
Weighted average duration of the present value of defined benefit obligation (years)	9.44	10.14
Key statistics	2022	2021
Average age (time in years)	42.61	39.69
Average service (time in years)	5.80	4.59
Average entry age (time in years)	36.81	35.10
Retirement assumption age (time in years)	60	60
Mortality rates	SLIC	SLIC
	(2001-05)-1	(2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

49.1.8 Historical information of staff retirement benefits

	2022	2021	2020	2019	2018
	----- Rupees in '000 -----				
Present value of gratuity	<u>182,131</u>	<u>138,075</u>	<u>130,046</u>	<u>257,281</u>	<u>250,593</u>

49.1.9 The expected gratuity expense for the year ending December 31, 2022 works out to be Rs. 46.853 million.

49.1.10 Actuarial assumptions

The following significant assumptions were used in the valuation carried out at the balance sheet date using the projected unit credit method:

	2022	2021
	----- % Per Annum -----	
- Expected long-term rate of increase in salary level	<u>14.50</u>	<u>12.25</u>
- Discount rate	<u>14.50</u>	<u>12.25</u>

49.2 The Company operates approved provident fund for its eligible employees as of December 31, 2021. Details of assets and investments of the fund is as follows:

	Note	2022 Unaudited	2021 Unaudited
Size of fund - total net assets (Rupees in '000)		<u>172,814</u>	<u>157,747</u>
Number of members		<u>181</u>	<u>201</u>
Cost of investments made (Rupees in '000)		<u>192,931</u>	<u>180,265</u>
Percentage of investments made		<u>100%</u>	<u>100%</u>
Fair value of investments (Rupees in '000)	52.1	<u>181,735</u>	<u>160,736</u>

49.2.1 The break-up of fair value of investments is as follows:

	2022 Unaudited		2021 Unaudited	
	Investments (Rs in '000)	% of investment	Investments (Rs in '000)	% of investment
Saving bank accounts	77,931	43	55,265	34
Regular income certificates	-	-	-	-
Term finance certificate	89,300	49	89,300	56
Mutual fund	14,504	8	16,171	10
	<u>181,735</u>	<u>100</u>	<u>160,736</u>	<u>100</u>

49.2.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

50. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index".

S.No	Description	Explanation
(i)	Advances	Non-interest bearing as disclosed in note 13.
(ii)	Deposits	Non-interest bearing as disclosed in note 10 and 14.
(iii)	Segment revenue	Disclosed in note 45.
(iv)	Bank balances	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 18.
(v)	Income on bank deposits	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 37.
(vi)	Loss on disposal of investment held at fair value through other comprehensive income	Not applicable during the year.
(vii)	Dividend income	Not applicable during the year.
(viii)	All sources of income	Disclosed in note 30, 31 and 37.
(ix)	Exchange gain	Not applicable during the year.
(x)	Mark up paid on Islamic mode of financing	Disclosed in note 38.
(xi)	Relationship with banks having Islamic windows	Following is the list of banks with which the Company has a relationship with Islamic window of operations:

S.No	Names of Islamic bank
1	Al Baraka Bank Pakistan Limited
2	Bank Islami Pakistan Limited
3	Meezan Bank Limited
4	MCB Islamic Bank Limited
5	Dubai Islamic Bank Pakistan

51. COMPARATIVE FIGUERS

Comparative figures in these unconsolidated statement of financial position have not been reclassified.

52. RESTATEMENTS AND RECLASSIFICATIONS

During the year ended December 31, 2022, the Company engaged a Chartered Accountant firm to conduct an Agreed Upon Procedures (AUP) assignment on specific balances in the financial statements. Detailed information about this assignment can be found in note 5, 12, 13, 15, and 24 of the unconsolidated financial statements. As a result of this review, certain errors were identified in these balances. Due to the lack of sufficient information to ascertain the specific periods in which these errors occurred, it is presently impractical to perform a retrospective restatement. Therefore, the effects of the restatements / reclassifications on the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the comparative period are not presented. The net impact of these restatements has been incorporated, as per the requirements of "IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors," by adjusting the opening balances and opening accumulated losses as of January 01, 2022.

HASCOL PETROLEUM LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Impact on statement of financial position	Note	2022 Rupees in '000
Revenue reserve as at January 01, 2022		(68,318,244)
<i>Property, plant and equipment</i>	5.2	
- Inter category reclassification		(99,981)
- Assets written off		(830,373)
- Other adjustments		(7,275,852)
- Adjustment of revaluation deficit		(384,434)
- Others		-
- Provision against CWIP	5.8.2	(98,810)
<i>Trade and other payables</i>		
- Trade creditors	24.1	(234,357)
- Accrued liabilities	24.5	876,105
Revenue reserve as at January 01, 2022 - Restated		<u>(76,131,589)</u>
Surplus on revaluation of property, plant and equipment as at January 01, 2022		6,381,696
Restatement in opening revaluation surplus	5.2	8,613,827
Surplus on revaluation of property, plant and equipment as at January 01, 2022 - Restated		<u>14,995,523</u>

53. NUMBER OF EMPLOYEES

	2022	2021
Total number of employees as at year end	<u>283</u>	<u>321</u>
Average number of employees during the year	<u>295</u>	<u>332</u>

54. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue on 3rd August 2023, by the Board of Directors of the Company.


 Chief Executive Officer


 Chief Financial Officer


 Director

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022







Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building,
Civil Lines, Merewether Road,
Karachi - Pakistan

T: +92 (021) 35644872-7
F: +92 (021) 35644873

info@bakertilly.pk
www.bakertilly.pk

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HASCOL PETROLEUM LIMITED**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Adverse Opinion

We have audited the annexed consolidated financial statements of **Hascol Petroleum Limited** ("the parent) and its subsidiary (together referred as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2022 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including summary of significant accounting policies and other explanatory information.

In our opinion, because of the significance of the matters described in the "**Basis for Adverse Opinion**" section of our report, the annexed consolidated financial statements of the Group do not give true and fair view of the consolidated financial position of the Group as at December 31, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standard as applicable in Pakistan.

Basis for Adverse Opinion

- a) Due to the reasons mentioned in note no. 8.3 to the consolidated financial statements, we cannot assess the recoverable amount of the investments in Karachi Hydrocarbon Terminal Limited (associate) amounting to Rs. 399.890 million (2021: Rs. 399.890 million), in accordance with the International Financial Reporting Standards (IFRS). Therefore, in the absence of sufficient and appropriate underlying evidence, we cannot determine the amount of adjustments required in opening and closing carrying values of these investments, related taxation including unrecognized deferred tax, loss for the year and retained earnings.

bn



- b) The Group engaged a Chartered Accountant firm to resolve the matters pertaining to fixed assets by performing physical verification, tagging, updating fixed asset records, and conducting reconciliation exercises as described in note 5 to the consolidated financial statements. Furthermore, the firm undertook reconciliation tasks related to trade debts, advances, other receivables and trade and other payables as specified in notes 12, 13 15 and 24 respectively, and made adjustments to the records where necessary. However, the tax impact including the impact on unrecognized deferred tax resulting from these adjustments has not been considered in these consolidated financial statements. Moreover, as mentioned in note 52 to the consolidated financial statements, the Group has written back accrued liabilities amounting to Rs. 876.105 million. However, we were unable to obtain sufficient and appropriate audit evidence to substantiate this amount and transaction as well.

Due to the absence of adjustments made in the consolidated financial statements pertaining to taxes and the lack of sufficient and appropriate underlying evidence to verify and substantiate the reversal of accrued liabilities, we cannot determine the necessary adjustments related to the opening and closing carrying values of accrued liabilities, related loss for the year, taxation including unrecognized deferred tax, revaluation surplus, and retained earnings.

- c) As disclosed in note no. 29.1 to the consolidated financial statements, the Group has various pending litigations. Further, the Securities and Exchange Commission of Pakistan (SECP) is investigating the affairs of the Group. The ultimate outcome of these pending litigations and investigations cannot presently be determined and hence, we cannot determine the amount of adjustments required in these consolidated financial statements.

Furthermore, as disclosed in note no. 29.1 to the consolidated financial statements, the Federal Investigation Authority (FIA) is investigating the affairs of the Group.

- d) As disclosed in note no. 21 to the consolidated financial statements, the Group has defaulted in all its available financing facilities. Accordingly, all the financing facilities disclosed in note no. 21, amounting to Rs. 10,103.537 million (December 31, 2021: Rs. 11,420.937 million) should have been classified as current liabilities.
- e) During our audit of the consolidated financial statements for the prior period, our basis of adverse opinion includes modifications related to fixed assets, investments (subsidiary and associate), trade debts, advances, IFEM receivables, trade creditors, payable to cartage contractors, advances from customers, other liabilities, incorrect classification of current liabilities as non-current liabilities and determination of pending litigations and investigations outcomes. These matters along with the disagreement on going concern assessment made by the Group resulted in an adverse opinion expressed in our auditor's report for that period. Due to these reasons, our opinion is adverse with respect to the consolidated financial statements for the prior period ended December 31, 2021 together with the comparability of the current periods' figures and the corresponding figures.

bn



- f) As fully disclosed in note no. 1.2 consolidated financial statements, the Group has incurred a net loss of Rs. 14,498.321 million (2021: Rs. 7,570.286 million) during the year ended December 31, 2022, which has resulted in accumulated losses of Rs. 89,747.995 million (2021: Rs. 68,503.723 million) and eroded the equity to Rs. 61,417.457 million (2021: Rs. 47,485.268 million). The Group has also defaulted towards its all major financing arrangements and the liquidity of the Group is dependent upon the proposed restructuring arrangements with the financial institutions and its major shareholder. Furthermore, the situation of the Group may further deteriorate if the possible effects of matters described in Para (a) to (d) above are accounted for in these consolidated financial statements. These events indicate a material uncertainty that may cast significant doubts on the Group's ability to continue as a going concern, therefore the Group may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

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

Key Audit Matters

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

bn

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p>Property, Plant, and Equipment (PPE)</p> <p>As stated in note 5 to the consolidated financial statements, the Group has property, plant, and equipment (PPE) amounting to Rs. 24,703.086 million (December 31, 2021: Rs. 26,773.775 million), making it the significant aspect of the consolidated financial statements. In the previous years, discrepancies were identified in the PPE balances due to the non-completion of the Fixed Asset Register (FAR) updation and reconciliation exercise. Due to this reason the carrying values of property, plant and equipment along with their revaluation surplus, accumulated depreciation, related provision for taxation and deferred tax, retained earnings related restatements and depreciation charge were reported as part of basis of adverse opinion.</p> <p>In response to the identified issues, the Group engaged an independent firm to perform physical verification, tagging, updating fixed asset records, and reconciliation exercises.</p> <p>Based on the above-mentioned factors, we have identified it as a key audit matter.</p>	<p>Our key audit procedures, amongst others included the following:</p> <ul style="list-style-type: none"> ▪ Performed detailed testing on sample of transactions occurred during the year to verify the existence, occurrence, completeness, and accuracy of these items through appropriate audit procedures, such as inspection of supporting documents, confirmation with third parties, and recalculations. ▪ Reviewed the Group's engagement with the independent firm hired by the Group, responsible for the physical verification and reconciliation exercise, assessing the scope, terms, and limitations. ▪ Obtained and reviewed the report provided by the independent firm summarizing the findings of the physical verification and reconciliation exercise, evaluating their methodology, extent of work, and any limitations. ▪ Obtained written representations from management regarding the completeness and accuracy of the physical verification and reconciliation exercise, including any adjustments made. Confirmed management's responsibility for the consolidated financial statements. ▪ Performed random testing by independently selecting a sample of PPE items for physical verification. Compared the results with the independent firm's report to assess accuracy and reliability. ▪ Reviewed the fair values of the revalued assets from the revaluation reports of valuer.

bn

S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> ▪ Reviewed the Group's updated Fixed Asset Register (FAR) and related records, assessing the completeness, accuracy, and validity of the updates made. ▪ Tested the mathematical accuracy of calculations supporting adjustments, such as carrying values, revaluation surplus, accumulated depreciation, provision for taxation and deferred tax, retained earnings, and depreciation charge.
2.	Trade debts, advances, and other receivables	
	<p>As disclosed in notes 12, 13, and 15 to the consolidated financial statements, the Group has gross trade debts, advances, and other receivables amounting to Rs. 10,371.640 million (December 31, 2021: Rs. 10,815.441 million), Rs. 2,759.874 million (December 31, 2021: Rs. 2,468.718 million), and Rs. 5,694.829 million (December 31, 2021: Rs. 4,427.479 million), respectively. An aggregate provision of Rs. 13,468.299 million (December 31, 2021: Rs. 13,644.479 million) has been made against these balances.</p> <p>In the previous year, trade debts, advances, and IFEM receivable balances along with their respective provisions, related provision for taxation and deferred tax, retained earnings and related restatements were reported as part of basis of adverse opinion.</p> <p>In response to the identified issues, the Group engaged an independent firm to perform reconciliation tasks and make necessary adjustments to the records of trade debts, advances and other receivables.</p> <p>Based on the above-mentioned factors, we have identified it as a key audit matter.</p>	<p>Our key audit procedures, amongst others included the following:</p> <ul style="list-style-type: none"> ▪ Performed substantive testing on selected trade debts, advances, and other receivables to verify their existence, accuracy, and valuation. Reviewed supporting documentation, such as invoices, payments and agreements. ▪ Obtained external balance confirmations of the selected sample and tested reconciliations between the confirmed balances and the Group's records. Investigating any differences identified. In case of no replies from the parties, performed alternate procedures. ▪ Assessed the adequacy of the provision for trade debts, advances, and other receivables by evaluating the calculation methodology, historical collection experience, aging analysis, and market conditions. Obtained written representations from management regarding the completeness and accuracy of these balances.

S. No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> ▪ Reviewed the engagement with the independent firm hired by the Group to reconcile balances and adjust records. Assessed the firm's qualifications, scope of work, and the effectiveness of their procedures. ▪ Obtained and assessed the independent firm's reports and working papers, ensuring the accuracy and reliability of their findings. Reviewed their methodology, reconciliations performed, and adjustments made to trade debts, advances, and other receivables. ▪ Reperformed the necessary audit procedures related to trade debts, advances, and other receivables including verification of movements in trade debts, advances, and other receivables and subsequent clearance on selected sample.
3.	<p>Trade and other payables</p> <p>As disclosed in note 24 to the consolidated financial statements, the Group has liabilities in respect of trade creditors, payable to cartage contractors, advance from customers, dealers' and customers' security deposits and other liabilities amounting to Rs. 15,684.605 million (December 31, 2021: Rs. 16,645.691 million), Rs. 938.516 million (December 31, 2021: Rs. 933.818 million), Rs. 808.257 million (December 31, 2021: Rs. 1,138.502 million), Rs. 526.704 million (December 31, 2021: Rs. 514.780 million) and Rs. 14,712.835 million (December 31, 2021: Rs. 11,639.008 million).</p>	<p>Our key audit procedures, amongst others included the following:</p> <ul style="list-style-type: none"> ▪ Performed substantive testing on selected trade creditors and other liabilities to verify their existence, accuracy, and valuation. Reviewed supporting documentation, such as invoices, contracts, and statements from suppliers. ▪ Obtained external balance confirmations of the selected sample and tested reconciliations between the confirmed balances and the Group's records. Investigating any differences identified. In case of no replies from the parties, performed alternate procedures. ▪ Obtained written representations from management regarding the completeness and accuracy of these balances.

bn

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>In the previous year, trade creditors to the extent of Rs. 651.12 million, payable to cartage contractors, advance from customers and other liabilities to the extent of Rs. 2,855.297 million, and related provision for taxation and deferred tax (if any), retained earnings and related restatements were reported as part of basis of adverse opinion.</p> <p>In response to the identified issues, the Group engaged an independent firm to perform reconciliation tasks and make necessary adjustments to the records of trade and other payable accounts.</p> <p>Based on the above-mentioned factors, we have identified it as a key audit matter.</p>	<ul style="list-style-type: none"> ▪ Reviewed the engagement with the independent firm hired by the Group to reconcile balances and adjust records for trade creditors and other liabilities (where applicable). Assessed the firm's qualifications, scope of work, and the effectiveness of their procedures. ▪ Obtained and assessed the independent firm's reports and working papers, ensuring the accuracy and reliability of their findings for trade creditors and other liabilities. Reviewed their methodology, reconciliations performed, and adjustments made. ▪ Reperformed the necessary audit procedures related to trade creditors and other liabilities. This includes reviewing invoices, purchase orders, payments during the year, subsequent clearances, and confirming outstanding liabilities with suppliers.

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

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

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

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

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



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

hi



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other matter

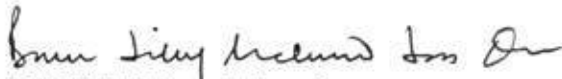
We did not audit the financial statements of Hascol Lubricants (Private) Limited, a wholly owned subsidiary of Hascol Petroleum Limited whose financial statements reflect total assets of Rs. 3,504.118 million (2021: Rs. 3,362.950 million) and net assets of Rs. 2,921.894 million (2021: Rs. 2,982.012 million) as at December 31, 2022, net loss of Rs. 60.118 million (2021 net profit: Rs. 23.313 million) and net cash outflows amounting to Rs. 12.278 million (2021 net cash inflow: Rs. 113.262 million) for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management of the Group, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report to the aforesaid subsidiary is based solely on such unaudited financial statements. According to the information and explanations given to us by the Management of the Group, these financial statements are not material to the Group.





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

bn


Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi

Date: August 11, 2023

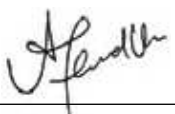
UDIN: AR202210151JgcDxvs6Q



HASCOL PETROLEUM LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	24,703,086	26,773,775
Right-of-use assets	6	2,908,710	3,158,525
Intangible asset	7	1,530	1,816
Long-term investments	8	514,663	521,185
Deferred taxation - net	9	-	-
Long-term deposits	10	230,133	445,472
Total non-current assets		28,358,122	30,900,773
Current assets			
Stock-in-trade	11	8,734,464	10,770,349
Trade debts	12	816,701	902,425
Advances	13	540,941	431,682
Deposits and prepayments	14	359,355	224,694
Other receivables	15	4,000,402	2,733,052
Accrued mark-up and profit	16	1,368	2,623
Short term investments	17	98,700	98,700
Cash and bank balances	18	1,094,928	1,333,265
Total current assets		15,646,859	16,496,790
TOTAL ASSETS		44,004,981	47,397,563
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	19	9,991,207	9,991,207
Reserves	20	(85,102,443)	(63,858,171)
Revaluation surplus on property, plant and equipment		13,693,779	6,381,696
Total shareholders' deficit		(61,417,457)	(47,485,268)
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	21	10,103,537	11,420,937
Lease liabilities	22	3,522,786	3,949,352
Deferred liabilities	23	522,470	689,148
Total non-current liabilities		14,148,793	16,059,437
Current liabilities			
Trade and other payables	24	32,670,917	30,887,404
Unclaimed dividend	25	356,928	356,930
Taxation - net		685,719	353,656
Accrued mark-up and profit	26	14,244,173	7,309,609
Short-term borrowings	27	39,302,994	37,280,935
Current portion of non-current liabilities	28	4,012,914	2,634,860
Total current liabilities		91,273,645	78,823,394
TOTAL LIABILITIES		105,422,438	94,882,831
TOTAL EQUITY AND LIABILITIES		44,004,981	47,397,563
CONTINGENCIES AND COMMITMENTS			
	29		

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.


 Chief Executive Officer

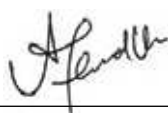

 Chief Financial Officer


 Director

HASCOL PETROLEUM LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
Sales - net	30	72,922,852	72,927,343
Sales tax		(469,379)	(8,657,629)
Net sales		72,453,473	64,269,714
Other revenue	31	136,892	199,383
Net revenue		72,590,365	64,469,097
Cost of sales	32	(69,110,595)	(62,140,895)
Gross profit		3,479,770	2,328,202
Distribution and marketing expenses	33	(3,405,698)	(2,658,154)
Administrative expenses	34	(1,252,010)	(1,196,549)
Operating expenses		(4,657,708)	(3,854,703)
Provision of impairment losses on financial assets	35	-	(239,164)
Other expenses	36	(191,239)	(1,438,650)
Other income	37	476,014	4,454,133
Operating (loss) / profit		(893,163)	1,249,818
Finance cost	38	(8,406,186)	(6,709,864)
Exchange loss - net		(4,829,461)	(1,680,686)
Share of profit / (loss) from associates	8	11,632	7,112
		(13,224,015)	(8,383,438)
Loss before taxation		(14,117,178)	(7,133,620)
Taxation	39	(381,143)	(436,666)
Loss for the year		(14,498,321)	(7,570,286)
Loss per share - basic and diluted (Rupees)	40	(14.51)	(7.58)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.



Chief Executive Officer



Chief Financial Officer



Director



HASCOL PETROLEUM LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Note	----- Rupees in '000 -----	
Loss for the year	(14,498,321)	(7,570,286)
<i>Items that will not be reclassified subsequently to unconsolidated profit or loss account</i>		
Remeasurement of actuarial gain on defined benefit obligation - net of tax	49.16 7	14,373
Revaluation surplus on property, plant and equipment	-	6,381,696
Total comprehensive loss for the year	(14,498,314)	(1,174,217)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Capital reserves		Revenue reserve	Surplus on revaluation of property, plant and equipment	Total shareholders' deficit	
	Share Capital	Share premium	Unrealized gain/ (loss) on remeasurement of FVTOCI investments			Unappropriated profit / (loss)
----- Rupees in '000 -----						
Balance as at January 01, 2021	9,991,207	4,639,735	5,817	(64,879,133)	3,962,410	(46,279,964)
Effect of reclassification (note 5.1)	-	-	-	(31,087)	-	(31,087)
	9,991,207	4,639,735	5,817	(64,910,220)	3,962,410	(46,311,051)
Total comprehensive loss for the year						
Loss for the year	-	-	-	(7,570,286)	-	(7,570,286)
Other comprehensive income						
Remeasurement of actuarial gain on defined benefit obligation - net of tax (note 49.1.6)	-	-	-	14,373	-	14,373
Revaluation surplus on property, plant and equipment (note 5.2.2)	-	-	-	-	6,381,696	6,381,696
Total comprehensive loss for the year	-	-	-	(7,555,913)	6,381,696	(1,174,217)
Transferred from surplus on revaluation of property, plant and equipment	-	-	-	3,962,410	(3,962,410)	-
	-	-	-	(3,593,503)	2,419,286	(1,174,217)
Balance as at December 31, 2021	9,991,207	4,639,735	5,817	(68,503,723)	6,381,696	(47,485,268)
Balance as at January 01, 2022	9,991,207	4,639,735	5,817	(68,503,723)	6,381,696	(47,485,268)
Effect of restatement (note 52)	-	-	-	(8,047,702)	8,613,827	566,125
Balance as at January 01, 2022 (restated)	9,991,207	4,639,735	5,817	(76,551,425)	14,995,523	(46,919,143)
Total comprehensive loss for the year						
Loss for the year	-	-	-	(14,498,321)	-	(14,498,321)
Other comprehensive income						
Remeasurement of actuarial gain on defined benefit obligation - net of tax (note 49.1.6)	-	-	-	7	-	7
Total comprehensive loss for the year	-	-	-	(14,498,314)	-	(14,498,314)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	1,301,744	(1,301,744)	-
	-	-	-	(13,196,570)	(1,301,744)	(14,498,314)
Balance as at December 31, 2022	9,991,207	4,639,735	5,817	(89,747,995)	13,693,779	(61,417,457)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director



HASCOL PETROLEUM LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	43	(481,032)	(4,768,883)
Finance cost paid		(1,045,926)	(859,673)
Profit / mark-up received on bank deposits and TFC's		56,948	63,914
Taxes paid		(49,083)	(140,530)
Contributions to gratuity fund	49.1.4	(1)	(13,738)
Net cash used in operating activities		(1,519,094)	(5,718,910)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(67,606)	(241,098)
Proceeds from disposal of property, plant and equipment		17,059	1,049,106
Investment redeemed during the year		18,154	7,390
Long-term deposits repaid - net		215,338	47,181
Net cash generated from investing activities		182,945	862,579
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability repaid - net		(924,245)	(1,228,379)
Dividend paid		(2)	(319)
Long-term finance repaid		-	(110,257)
Net cash used in financing activities		(924,247)	(1,338,955)
Net decrease in cash and cash equivalents		(2,260,396)	(6,195,286)
Cash and cash equivalents at the beginning of the year	18 & 27	(35,947,670)	(29,752,384)
Cash and cash equivalents at the end of the year	44	(38,208,066)	(35,947,670)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. STATUS AND NATURE OF BUSINESS

The Group consists of:

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

1.1 Group Companies

1.11 Holding Company

Hascol Petroleum Limited

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

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

1.12 Subsidiaries

Hascol Lubricants (Private) Limited

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

Hascombe Lubricants (Private) Limited

Hascombe Lubricants (Private) Limited (the Subsidiary Company) was incorporated on December 27, 2001 as a private limited company under the repealed Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at Suite No. 105-106, The Forum, Khayaban-e-Jami, Clifton, Karachi. Principal activity of the Subsidiary Company was marketing and selling imported and locally produced automobile and industrial lubricants. The company is a wholly owned subsidiary of Hascol Petroleum Limited.

The Subsidiary Company has ceased to be as a going concern and therefore the financial statements of the Subsidiary Company has not been prepared on a going concern basis. The group management has not prepared the financial statements of Hascombe Lubricants (Private) Limited as at December 31, 2022 and December 31, 2021. The consolidation has been made on the basis of last available audited financial statements of Hascombe Lubricants (Private) Limited as at December 31, 2018. The group management considers the subsidiary as insignificant component based on the following balances at December 31, 2018:

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2018
	Rupees
Share capital	97,798,000
Total accumulated losses	(106,576,339)
Net asset	(8,778,339)
Total assets	-
Total liabilities	(8,778,339)
Total amount of net assets	(8,778,339)

1.2 During the current year, the Group incurred a net loss of Rs. 14.5 billion (2021 Rs. 7.6 billion), resulting in net shareholders deficit of Rs. 61.4 billion (2021 Rs. 47.5 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. 75.6 billion (2021 Rs. 62.3 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:

- a) The Group is also planning a capital restructuring exercise, in consultation with major banks to reduce its debt burden and financial costs, which will help the Group improve its future operating and financial performance.
- b) The Board of Directors (the board) have carried out a detailed review of the profitability and cashflow forecast of the Group for the twelve months from the date of approval of these consolidated financial statements, which took into account the projected future working capital of the Group. The board believes that subject to the approval of restructuring plan with major banks the Group will have sufficient cash resources to continue its operations.

1.3 Geographical location and address of business units

The business unit of the Group include the following:

Business unit	Geographical location
Head Office	29 th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi.

Regional marketing, sales offices and invoicing points are located across the country. The Group owns retail operation sites and sites operated through dealers across Pakistan and Northern areas.

1.4 Capacity and production

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2. BASIS OF PREPARATION

2.1 Basis of consolidation

The consolidated financial statements includes the financial statement of Holding Company and its subsidiaries, comprising together 'the Group'. Control is achieved when the Holding Company:

- has a power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Holding Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the Holding Company obtains control over the subsidiary and ceases when the Holding Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed-off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Holding Company gains control until the date when the Holding Company ceases to control the subsidiary. These consolidated financial statements include Hascol Petroleum Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiary).

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

The assets, liabilities, income and expenses of the subsidiaries have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Company has been eliminated against corresponding Holding in subsidiaries' shareholders' equity in the consolidated financial statements. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The financial statements of subsidiary are prepared for the same reporting period as Holding Company, using accounting policies that are generally consistent with those of the holding company.

2.1.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Holding Company.

2.1.2 Loss of control

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). If the Group retained any investment retained in previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for an equity-accounted investee or as an investment at fair value through other comprehensive income depending on the level of influence retained.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2.1.3 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.2 Statement of compliance

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

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

2.3 Accounting convention

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

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2.4 Functional and presentation currency

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

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these consolidated financial statements.

Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37

Companies currently applying the 'incremental cost' approach will need to recognise bigger and potentially more provisions for onerous contracts. This follows recent amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, which clarify the types of costs a company includes as the 'costs of fulfilling a contract' when assessing whether a contract is onerous.

The amendments clarify that the 'costs of fulfilling a contract' comprise both:

- (a) the incremental costs – e.g. direct labour and materials; and
- (b) an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

Annual Improvements to IFRS Standards 2018-2020

The International Accounting Standards Board (the Board) has issued the Annual Improvements to IFRS Standards 2018–2020.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

I IFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

II IFRS 9 Financial Instruments

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

III IFRS 16 Leases, Illustrative Example 13

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, this example is not clear as to why such payments are not a lease incentive.

IV IAS 41 Agriculture

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 Fair Value Measurement.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss, together with the costs of producing those items. IAS 2 Inventories should be applied in identifying and measuring these production costs.

Companies will therefore need to distinguish between:

- (a) costs associated with producing and selling items before the item of PPE is available for use; and
- (b) costs associated with making the item of PPE available for its intended use.

Making this allocation of costs may require significant estimation and judgement. Companies in the extractive industry may need to monitor costs at a more granular level.

The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance – e.g. assessing whether the PPE has achieved a certain level of operating margin.

No disclosure requirements have been added to IAS 16 for sales of items that are an output of a company’s ordinary activities: the disclosure requirements of IFRS 15 Revenue from Contracts with Customers and IAS 2 will apply in such cases.

However, for the sale of items that are not part of a company’s ordinary activities, the amendments require the company to:

- (a) disclose separately the sales proceeds and related production cost recognised in profit or loss; and
- (b) specify the line items in which such proceeds and costs are included in the statement of comprehensive income.

This disclosure is not required if such proceeds and cost are presented separately in the statement of comprehensive income.

The amendments apply for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

2.6 New and revised IFRS in issue but not yet effective and not early adopted

2.6.1 The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

The new insurance contracts standard, IFRS 17, aims to increase transparency and to reduce diversity in the accounting for insurance contracts.

First published in May 2017, it has since been amended in eight key areas and its effective date has been deferred to 1 January 2023.

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

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

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

Definition of Accounting Estimates (Amendments to IAS 8)

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Developing an accounting estimate includes both:

- I* Selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- II* Choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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

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

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

The key amendments to IAS 1 include:

- I* Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- II* Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- III* Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a group's financial statements.

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

- 2.6.2** Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the year of initial application.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

3.1 Critical judgements

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

Control over investments in subsidiaries

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

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

Equity accounting investees

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

3.2 Estimates

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

Impairment of property, plant and equipment

Carrying value of property, plant and equipment

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Useful life of intangible assets

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

- I* Expected usage of the assets by the Group;
- II* Typical product life cycle for the asset and public information on estimates of useful lives of similar type of assets used in similar way.
- III* Technical, technological, commercial or other types of obsolescence and the period of control over the assets.
- IV* Legal or similar limits on the use of the asset, such as the expiry dates of related leases.

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

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

Impairment loss on investments in associates

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

Income tax

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

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

Deferred tax

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Valuation of unquoted investments

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

- I* Recent arm's length market transactions;
- II* Current fair value of another instrument that is substantially the same;
- III* The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; and
- IV* Other valuation models.

Impairment loss allowance

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

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

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

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

Determining the lease term

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

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

Discounting of lease payments

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

Revaluation of Property, Plant and Equipment

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

Net realizable value of stock in trade

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Provision and contingencies

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

Provision for gratuity

The Group operates funded gratuity scheme whereby Management estimates the liability at reporting date using projected unit credit method. For details please refer note 49.1.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

4.1.1 Initial recognition

Operating fixed assets

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

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

The assets which are available for intended use are capitalized as operating fixed assets. While assets under construction are capitalized to CWIP.

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Capital work-in-progress

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

4.1.2 Measurement subsequent to initial recognition

Carried using revaluation model

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

- Land lease hold;
- Building on lease hold land;
- Tanks and pipelines;
- Dispensing pumps;
- Plant and machinery;
- Electrical, mechanical and fire fighting equipment;
- Furniture, office equipment and other assets; and
- Computer auxiliaries.

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

Carried using cost model

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

Depreciation

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives. Depreciation is provided at the rates as disclosed in note 5.1.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

Major maintenance, inspection and repairs

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

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

4.2 Leases

Company as a lessee

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

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

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

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

- I Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- II Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- III The amount expected to be payable by the lessee under residual value guarantees;
- IV The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- V Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

- I* The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- II* The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in rate in which case a revised discount rate is used).
- III* A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

The right-of-use of assets are presented as a separate line in the statement of financial position. The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

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

4.3 Intangible asset - computer software

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

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

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

4.4 Financial instruments

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

Classification

Financial assets

The Group classifies its financial assets as follows:

- I* Financial assets at amortised cost
- II* Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- III* Financial assets at Fair Value Through Profit or Loss (FVTPL)

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

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

Business model assessment

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

Contractual cash flow characteristics test

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Financial liabilities

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

Recognition / derecognition

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

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

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

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

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

Measurement

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

Financial assets at amortised cost

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

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

Financial assets at FVOCI

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Financial asset at FVTPL

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

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

Financial liabilities

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

Financial guarantees

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

4.5 Off setting of financial assets and financial liabilities

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

4.6 Classification as debt or equity

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

4.7 Equity instrument

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

4.8 Share premium reserves

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4.9 Dividend distribution

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

4.10 Earnings per share

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

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

4.11 Trade and other payables

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

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

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

4.12 Trade and other receivables

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

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

4.13 Advance and deposits

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

4.14 Stock-in-trade

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4.15 Impairment of non financial assets

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

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

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

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

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

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

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

Impairment of financial assets

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

General approach

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Simplified approach

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

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

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

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

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

- / when there is a breach of financial covenants by the debtor; or
- // information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

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

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

4.16 Short term investments

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

4.17 Cash and cash equivalents

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

4.18 Provisions and contingent liabilities

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognized as liability in the consolidated statement of financial position.

4.19 Commitment

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

4.20 Ijarah

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

4.21 Foreign currency transactions

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

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

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

4.22 Taxation

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Current

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

Deferred

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

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

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

4.23 Revenue recognition

Revenue from sale of oil

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

- I* Step 1 – Identify the contract with a customer
- II* Step 2 – Identify the separate performance obligations in the contract
- III* Step 3 – Determine the transaction price
- IV* Step 4 – Allocate the transaction price to the separate performance obligations in the contract
- V* Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation

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

- I* The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- II* The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- III* The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance obligation completed to date.

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

Other revenue

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

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

Other income

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

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

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

4.24 Retirement and other service benefits

Approved defined benefit funded gratuity plan

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

Annual provision is made on the basis of actuarial valuation carried out by independent actuary using the Projected Unit Credit Method, related details of which are given in note 49 to the consolidated financial statements. Latest valuation was conducted as at December 31, 2022.

Contributory provident fund

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

4.25 Segmental reporting

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

4.26 Fair values

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

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

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

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

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

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

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

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

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

- / Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- // Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- /// Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

4.27 Finance income and expenses

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

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

4.28 Related party transactions

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

4.29 Investment income

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

4.30 Events after the reporting date

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

4.31 Operating expenses

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5. PROPERTY, PLANT AND EQUIPMENT	Note	2022	2021
		Rupees in '000	
Operating fixed assets	5.1	22,176,288	24,174,871
Capital work-in-progress	5.80	2,526,798	2,598,904
		24,703,086	26,773,775

5.1 Operating fixed assets

	Owned assets							Leased Assets				Total operating fixed assets		
	Leasehold Land	Building on lease hold land	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Vehicles		Computer auxiliaries	Plant and machinery		Vehicles	
							Tank lorries	Motor cars			Tank lorries	Motor cars		
	Rupees in '000													
Cost as at January 1, 2021														
Cost / revalued amount	2,130,831	9,224,731	4,282,537	1,906,553	1,156,449	2,461,968	452,607	301,192	258,092	174,550	125,000	1,891,919	38,869	24,405,298
Reclassification as reported in prior year	6,530	6,855	(101,157)	(24,582)	301	203,772	(87,430)	77,740	(79,420)	(2,609)	-	-	-	-
Cost as at January 1, 2021	2,137,361	9,231,586	4,181,380	1,881,971	1,156,750	2,665,740	365,177	378,932	178,672	171,941	125,000	1,891,919	38,869	24,405,298
Acc. depreciation as at January 1, 2021														
Accumulated depreciation	-	(1,786,942)	(756,064)	(768,385)	(163,226)	(795,599)	(238,863)	(17,715)	(151,146)	(129,676)	(43,606)	(495,371)	(19,046)	(5,365,639)
Reclassification as reported in prior year	-	3,590	35,517	10,512	778	(100,928)	17,728	-	29,978	916	-	(29,178)	-	(31,087)
Acc. depreciation as at January 1, 2021	-	(1,783,352)	(720,547)	(757,873)	(162,448)	(896,527)	(221,135)	(17,715)	(121,168)	(128,760)	(43,606)	(524,549)	(19,046)	(5,396,726)
Net book value	2,137,361	7,448,234	3,460,833	1,124,098	994,302	1,769,213	144,042	361,217	57,504	43,181	81,394	1,367,370	19,823	19,008,572
Year ended December 31, 2021														
Opening net book value	2,137,361	7,448,234	3,460,833	1,124,098	994,302	1,769,213	144,042	361,217	57,504	43,181	81,394	1,367,370	19,823	19,008,572
Addition / transfer from CWIP (note 5.8.1)	-	1,030,686	27,226	11,935	470	45,680	24,174	-	-	2,644	-	-	-	1,142,815
Revaluation	2,172,332	887,224	1,325,021	836,572	119,227	998,306	37,511	-	1,722	3,781	-	-	-	6,381,696
Disposals														
Cost	-	(916,696)	-	-	-	(11,742)	(20,018)	(17,265)	(16,992)	-	-	-	-	(982,713)
Accumulated depreciation	-	-	-	-	-	-	-	5,179	14,111	-	-	-	-	19,290
Depreciation charge for the year (note 5.6)	-	(916,696)	-	-	-	(11,742)	(20,018)	(12,086)	(2,881)	-	-	-	-	(963,423)
Closing net book value	4,309,693	7,997,930	4,611,712	1,848,619	1,072,780	2,554,003	135,277	315,367	39,657	24,462	75,144	1,178,178	12,049	24,174,871
At December 31, 2021														
Cost / revalued amount	4,309,693	10,232,800	5,533,627	2,730,478	1,276,447	3,697,984	406,844	361,667	163,402	178,366	125,000	1,891,919	38,869	30,947,096
Accumulated depreciation	-	(2,234,870)	(921,915)	(881,859)	(203,667)	(1,143,981)	(271,567)	(46,300)	(123,745)	(153,904)	(49,856)	(713,741)	(26,820)	(6,772,225)
Net book value	4,309,693	7,997,930	4,611,712	1,848,619	1,072,780	2,554,003	135,277	315,367	39,657	24,462	75,144	1,178,178	12,049	24,174,871
Depreciation rate - %	-	5	5	6.67	5	10	20	10	20	33.33	5	10	20	-
At January 1, 2022														
Cost / revalued amount	4,309,693	10,232,800	5,533,627	2,730,478	1,276,447	3,697,984	406,844	361,667	163,402	178,366	125,000	1,891,919	38,869	30,947,096
Net impact of restatements (note 5.2)	(95,792)	(1,972,800)	(694,338)	490,016	450,728	(1,290,854)	(60,229)	256,373	(19,483)	(115,482)	(125,000)	(568,400)	47,924	(3,697,337)
Cost as at January 1, 2022 - as restated	4,213,901	8,260,000	4,839,289	3,220,494	1,727,175	2,407,130	346,615	618,040	143,919	62,884	-	1,323,519	86,793	27,249,759
Accumulated depreciation	-	(2,234,870)	(921,915)	(881,859)	(203,667)	(1,143,981)	(271,567)	(46,300)	(123,745)	(153,904)	(49,856)	(713,741)	(26,820)	(6,772,225)
Net impact of restatements (note 5.2)	-	1,444,385	573,833	344,813	21,967	834,217	156,941	(207,000)	66,015	111,247	43,608	303,678	26,820	3,720,524
Acc. depreciation as at January 1, 2022 - as restated	-	(790,485)	(348,082)	(537,046)	(181,700)	(309,764)	(114,626)	(253,300)	(57,730)	(42,657)	(6,248)	(410,063)	-	(3,051,701)
Net book value as at January 01, 2022 - as restated	4,213,901	7,469,515	4,491,207	2,683,448	1,545,475	2,097,366	231,989	364,740	86,189	20,227	(6,248)	913,456	86,793	24,198,058
Year ended December 31, 2022														
Opening net book value	4,213,901	7,469,515	4,491,207	2,683,448	1,545,475	2,097,366	231,989	364,740	86,189	20,227	(6,248)	913,456	86,793	24,198,058
Addition / transfer from CWIP (note 5.8.1)	7,391	27,869	532	1,190	-	3,074	394	-	370	83	-	-	-	40,903
Disposals (note 5.12)														
Cost	-	-	(261)	-	-	-	(710)	-	(15,144)	-	-	-	-	(16,115)
Accumulated depreciation	-	-	10	-	-	-	657	-	10,496	-	-	-	-	11,163
Depreciation charge for the year (note 5.6)	-	(523,763)	(285,928)	(572,041)	(112,984)	(325,090)	(34,869)	(61,804)	(4,164)	(9,527)	6,248	(132,352)	(1,447)	(2,057,721)
Closing net book value	4,221,292	6,973,621	4,205,560	2,112,597	1,432,491	1,775,350	197,461	302,936	77,747	10,783	-	781,104	85,346	22,176,288
At December 31, 2022														
Cost / revalued amount	4,221,292	8,287,869	4,839,560	3,221,684	1,727,175	2,410,204	346,299	618,040	129,145	62,967	-	1,323,519	86,793	27,274,547
Accumulated depreciation	-	(1,314,248)	(634,000)	(1,109,087)	(294,684)	(634,854)	(148,838)	(315,104)	(51,398)	(52,184)	-	(542,415)	(1,447)	(5,098,259)
Net book value	4,221,292	6,973,621	4,205,560	2,112,597	1,432,491	1,775,350	197,461	302,936	77,747	10,783	-	781,104	85,346	22,176,288
Depreciation rate - %	-	5	5	6.67	5	10	20	10	20	33.33	5	10	20	-

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5.2 Impact of restatements

During the year ended December 31, 2022, the Holding Company carried out Agreed Upon Procedures (AUP) assignment from a Chartered Accountant firm ("the firm") on operating fixed assets. Scope of engagement includes correction of general ledgers of fixed assets, physical tagging and updation of fixed asset register of the Holding Company along with the impact of revaluation surplus / deficit based on the revaluations of depots and retail sites carried out in 2022 for the fixed assets existed as at December 31, 2021.

Based on the results of the AUP assignment, financial impact of the adjustments as at January 01, 2022 has been summarized below:

	Owned assets							Leased Assets				Total		
	Leasehold Land	Building on lease hold land	Tanks and pipelines	Dispensing pumps	Plant and machinery	Electrical, mechanical and fire fighting equipment	Furniture, office equipment and other assets	Vehicles		Computer auxiliaries	Plant and machinery		Vehicles	
								Tank lorries	Motor cars				Tank lorries	Motor cars
----- Rupees in '000 -----														
Reclassifications														
Cost / revalued amount	(52,332)	(774,659)	662,380	(2,638)	258,311	(141,097)	223,183	457,347	(109,684)	-	(125,000)	(457,347)	61,536	-
Accumulated depreciation	-	147,316	(118,280)	1,039	(52,054)	80,295	(233,216)	(315,940)	16,753	-	43,608	303,678	26,820	(99,981)
Net book value	(52,332)	(627,343)	544,100	(1,599)	206,257	(60,802)	(10,033)	141,407	(92,931)	-	(81,392)	(153,669)	88,356	(99,981)
Assets written off														
Cost / revalued amount	-	(214,692)	(95,761)	(55,666)	(64,364)	(231,769)	(145,764)	(201,828)	(41,128)	(114,267)	-	(111,053)	(13,612)	(1,289,904)
Accumulated depreciation	-	42,259	23,447	13,229	15,785	75,623	107,664	48,908	44,109	88,507	-	-	-	459,531
Net book value (note 5.2.1)	-	(172,433)	(72,314)	(42,437)	(48,579)	(156,146)	(38,100)	(152,920)	2,981	(25,760)	-	(111,053)	(13,612)	(830,373)
Revaluation adjustments														
Revaluation deficit	(371,521)	(7,230)	(93)	(2,768)	(330)	(2,472)	(20)	-	-	-	-	-	-	(384,434)
Revaluation surplus	1,259,922	3,524,989	1,674,055	1,165,749	412,771	289,943	125,044	-	158,547	2,807	-	-	-	8,613,827
Net book value (note 5.2.2)	888,401	3,517,759	1,673,962	1,162,981	412,441	287,471	125,024	-	158,547	2,807	-	-	-	8,229,393
Other adjustments														
Cost / revalued amount	(931,861)	(4,501,208)	(2,934,919)	(614,661)	(155,660)	(1,205,459)	(262,672)	854	(27,218)	(4,022)	-	-	-	(10,636,826)
Accumulated depreciation	-	1,254,810	668,666	330,545	58,236	678,299	282,493	60,032	5,153	22,740	-	-	-	3,360,974
Net book value (note 5.2.3)	(931,861)	(3,246,398)	(2,266,253)	(284,116)	(97,424)	(527,160)	19,821	60,886	(22,065)	18,718	-	-	-	(7,275,852)
Net impact of restatements														
Cost / revalued amount	(95,792)	(1,972,800)	(694,338)	490,016	450,728	(1,290,854)	(60,229)	256,373	(19,483)	(115,482)	(125,000)	(568,400)	47,924	(3,697,337)
Accumulated depreciation	-	1,444,385	573,833	344,813	21,967	834,217	156,941	(207,000)	66,015	111,247	43,608	303,678	26,820	3,720,524
Net book value	(95,792)	(528,415)	(120,505)	834,829	472,695	(456,637)	96,712	49,373	46,532	(4,235)	(81,392)	(264,722)	74,744	23,187

5.2.1 As per the results of physical tagging under AUP assignment, certain assets appearing in fixed asset register found missing. So these assets have been written off. Furthermore, some assets not appearing in fixed asset register have also been found.

5.2.2 Revaluation surplus has been allocated to the specific assets in the first instance and then on a pro-rata basis of location-wise historical cost stated in revised fixed asset register. Due to this exercise, the revaluation surplus increased from Rs. 6,382 million to Rs. 14,995 million and the revaluation deficit amounted to Rs. 384 million.

5.2.3 This comprises of adjustments necessary to adjust the accounting records in accordance with the net book values of the assets stated in the revised fixed asset register as at January 01, 2022.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5.3 Revaluation of operating fixed assets

During the year ended December 31, 2022, the Management engaged independent valuers to carry out fresh valuations of all depots and retail assets as of December 31, 2021. Market values (fair values) and forced sale values of assets are Rs. 20,595 million and Rs. 16.475 million respectively.

The movement of cost / revalued amount is summarized as follows:

	Historical cost	Change in fair value	Cost / revalued amount
	Rupees in '000		
Leasehold Land	1,030,608	3,060,733	4,091,341
Building on lease hold land	3,362,170	4,404,983	7,767,153
Tanks and pipelines	1,482,928	2,998,983	4,481,911
Dispensing pumps	1,222,131	1,999,553	3,221,684
Plant and machinery	488,958	531,668	1,020,626
Electrical, mechanical and fire fighting equipment	860,764	1,285,777	2,146,541
Furniture, office equipment and other assets	150,012	162,535	312,547
Tank lorries (owned and leased)	1,909,693	-	1,909,693
Motor cars (owned and leased)	52,221	160,269	212,490
Computer auxiliaries	49,989	6,589	56,578
	10,609,474	14,611,090	25,220,564

5.3.1 Had there been no revaluation, the written down value of the following assets in the consolidated statement of financial position would have been as follows:

December 31, 2022	Cost	Accumulated Depreciation	Net book value
	Rupees in '000		
Leasehold Land	1,030,608	-	1,030,608
Building on lease hold land	3,362,170	920,636	2,441,534
Tanks and pipelines	1,482,928	395,909	1,087,019
Dispensing pumps	1,222,131	615,921	606,210
Plant and machinery	488,958	148,880	340,078
Electrical, mechanical and fire fighting equipment	860,764	364,652	496,112
Furniture, office equipment and other assets	150,012	129,732	20,280
Tank lorries (owned and leased)	1,909,693	852,748	1,056,945
Motor cars (owned and leased)	52,221	46,470	5,751
Computer auxiliaries	49,989	49,005	984
	10,609,474	3,523,953	7,085,521

December 31, 2021	Cost	Accumulated Depreciation	Net book value
	Rupees in '000		
Leasehold Land	1,023,216	-	1,023,216
Building on lease hold land	3,334,301	753,367	2,580,934
Tanks and pipelines	1,482,396	321,767	1,160,629
Dispensing pumps	1,220,942	537,046	683,896
Plant and machinery	488,958	124,432	364,526
Electrical, mechanical and fire fighting equipment	857,690	278,851	578,839
Furniture, office equipment and other assets	149,673	109,875	39,798
Tank lorries (owned and leased)	1,909,693	661,779	1,247,914
Motor cars (owned and leased)	51,851	43,786	8,065
Computer auxiliaries	49,952	44,735	5,217
	10,568,672	2,875,638	7,693,034

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5.4 Assets not in possession of the Group

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

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

5.5 Details of immovable assets

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

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

5.6 Allocation of depreciation expense

The depreciation charged for the year has been allocated as follows:

		2022	2021
	Note	----- Rupees in '000 -----	
Distribution and marketing expense	33	1,887,148	1,308,561
Administrative expenses	34	170,573	86,228
		<u>2,057,721</u>	<u>1,394,789</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

5.7 Disposal of assets

During the year written down value of property, plant and equipment that have been disposed-off amount to Rs. 4.9 million (2021: Rs. 963 million). Details of property, plant and equipment disposed off with WDV above Rs. 500,000 are given below:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
----- Rupees in '000 -----							
Motor Cars	12,104	7,464	4,640	13,600	8,960	New Motor	Outright Sale
						Sales	
2022	12,104	7,464	4,640	13,600	8,960		
2021	978,346	14,842	963,504	1,044,083	80,579		

5.8 Capital work-in-progress

Buildings
Machinery, tanks and pumps
Retail sites
Furniture, office equipment and other assets
Borrowing cost capitalized

	2022	2021
Note	----- Rupees in '000 -----	
	287,433	386,244
	2,059,342	2,027,307
	15,000	21,600
	26,685	25,415
	138,338	138,338
	2,526,798	2,598,904

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

Balance at the beginning of the year		4,551,701	5,453,418
Additions during the year		67,607	241,098
Transfers during the year	5.1	(40,903)	(1,142,815)
		4,578,405	4,551,701
Provisions for CWIP	5.8.2	(2,051,607)	(1,952,797)
Balance at the end of the year		2,526,798	2,598,904

5.8.2 Movement of provision for CWIP

Balance at the beginning of the year		1,952,797	521,232
Impact of restatement as at January 01, 2022		98,810	-
Provisions made during the year	36	-	1,431,565
Balance at the end of the year		2,051,607	1,952,797

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

December 31, 2022	Carrying amount	Provision	Net carrying amount	Fair value
----- Rupees in '000 -----				
Buildings	1,014,379	726,947	287,432	287,433
Machinery, tanks and pumps	2,881,310	821,968	2,059,342	1,576,917
Retail sites	511,108	496,108	15,000	-
Others	171,608	6,584	165,024	-
	<u>4,578,405</u>	<u>2,051,607</u>	<u>2,526,798</u>	<u>1,864,350</u>

December 31, 2021	Carrying amount	Provision	Net carrying amount	Fair value
----- Rupees in '000 -----				
Buildings	1,014,381	628,137	386,244	287,433
Machinery, tanks and pumps	2,849,275	821,968	2,027,307	1,576,917
Retail sites	517,708	496,108	21,600	-
Others	170,337	6,584	163,753	-
	<u>4,551,701</u>	<u>1,952,797</u>	<u>2,598,904</u>	<u>1,864,350</u>

Provision of Rs. 2 billion comprise of the following:

- Management estimated that recoverable amount for retail sites and others is reduced by Rs. 0.5 billion; and
- Decrease in fair value based on valuation carried out by the independent valuer for Thalliyan Depot, HUB Machike B & C amounting to Rs. 1.5 billion.

6. RIGHT-OF-USE ASSETS

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

	Storage facility	Pumsites	Offices	Total
----- Rupees in '000 -----				
Balance as at January 01, 2021	10,619,693	2,628,451	9,078	13,257,222
Additions during the year	-	413,544	416,288	829,832
Disposals / terminations (note 6.3)	(10,463,846)	-	-	(10,463,846)
Depreciaton charge for the year (note 6.2)	(117,842)	(270,062)	(76,779)	(464,683)
Balance as at December 31, 2021	<u>38,005</u>	<u>2,771,933</u>	<u>348,587</u>	<u>3,158,525</u>
Balance as at January 01, 2022	38,005	2,771,933	348,587	3,158,525
Additions during the year	74,585	58,052	-	132,637
Depreciaton charge for the year (note 6.2)	(5,452)	(293,742)	(83,258)	(382,452)
Balance as at December 31, 2022	<u>107,138</u>	<u>2,536,243</u>	<u>265,329</u>	<u>2,908,710</u>

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
		----- Rupees in '000 -----	
6.2	Amounts recognized in statement of profit or loss		
	Depreciation		
	Cost of sales	5,452	117,842
	Distribution and marketing expenses	293,742	270,062
	Administrative expenses	83,258	76,779
	Depreciation on right of use assets	382,452	464,683
	Finance cost		
	Interest on lease liabilities	425,696	706,919
	Amounts recognized in statement of cashflows		
	Total cash outflow for leases	551,920	847,068
6.3	The Group entered into a through-put agreement with Karachi Hydrocarbon Terminal Limited on 1 March 2021 and as a result lease accounting under IFRS 16 was terminated.		
7.	INTANGIBLE ASSET		
	Computer software	1,530	1,816
	Net carrying value		
	Net book value at beginning of the year	1,816	3,007
	Amortization charge for the year	(286)	(1,191)
	Net book value at the end of the year	1,530	1,816
	Net book value		
	Gross carrying value		
	Cost	14,518	12,095
	Accumulated amortization	(12,988)	(11,809)
	Net book value at the end of the year	1,530	286
	Rate of amortization - %	33.33	33.33
7.1	Intangible assets mainly comprise of operational softwares.		
8.	LONG-TERM INVESTMENTS		
	Investment in associated companies - unquoted		
	VAS LNG (Private) Limited - unquoted	8.1	-
	Magic River Services Limited - unquoted	8.2	117,772
	Karachi Hydrocarbon Terminal Limited - unquoted (formerly : Hascol Terminal Limited)	8.3	399,890
			511,140
	Advance against purchase of shares - with related parties		517,662
	Karachi Hydrocarbon Terminal Limited - unquoted (formerly : Hascol Terminal Limited)		2,500
	VAS LNG (Private) Limited - unquoted		1,023
			514,663
			521,185

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

8.1 Details of the investment is as follows:

Balance at the beginning of the year
 Share of loss for the year

Balance at the end of the year

	2022	2021
	----- Rupees in '000 -----	
	-	1,468
	-	(1,468)
	-	-

8.1.1 Summarized aggregated financial information of the Holding Company's share in VAS LNG (Private) Limited is as follows:

Total accumulated losses

Total assets

Total liabilities

Advance against issue of shares

% share in net assets

Total amount of net assets

	2022	2021
	----- Rupees in '000 -----	
	5,107	5,107
	6,317	6,317
	(5,294)	(5,294)
	(1,023)	(1,023)
	-	-
	30%	30%
	-	-

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

Balance at the beginning of the year

Share of profit for the year

Profit received during the year

Balance at the end of the year

	2022	2021
	----- Rupees in '000 -----	
	117,772	116,582
	11,632	8,580
	(18,154)	(7,390)
	111,250	117,772

8.3 Investment in Karachi Hydrocarbon Terminals Limited (formerly Hascol Terminal Limited) represent 41.3 million shares (2020: 41.3 million) fully paid ordinary shares of Rs. 10 per share and is recognized at cost. The Group is engaged in providing storage facilities for imported and locally procured petroleum and related products. The Group Management cannot assess the recoverable amount as of December 31, 2022 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

Balance at the beginning of the year

Share of loss for the year

Balance at the end of the year

	2022	2021
	----- Rupees in '000 -----	
	399,890	399,890
	-	-
	399,890	399,890

8.3.1 Summarized aggregated financial information of the Holding Company's share in Karachi Hydrocarbon Terminals Limited (formerly Hascol Terminal Limited) is as follows:

Total assets

Total liabilities

Advance against issue of shares

% share in net assets

Total amount of net assets

	2022	2021
	----- Rupees in '000 -----	
	7,674,239	7,674,239
	(4,982,957)	(4,982,957)
	(25,348)	(25,348)
	2,665,934	2,665,934
	15%	15%
	399,890	399,890

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

8.4 Investments in associated companies and undertakings have been made in accordance with the requirements of the Act. The Management cannot assess the recoverable amount as of 31 December 2022 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

9. DEFERRED TAXATION - NET

Taxable temporary difference arising in respect of :

Accelerated depreciation
 Revaluation of operating fixed assets

	2022	2021
Note	----- Rupees in '000 -----	
	-	(1,540,001)
5.3	(3,368,999)	(1,850,692)
	(3,368,999)	(3,390,693)

Deductible temporary difference arising in respect of :

Long term investment
 Liabilities against assets subject to finance lease
 Exchange loss
Provision for :
 other liabilities
 - retirement benefit
 - doubtful debts
 - short term investments - TFCs
 Normal tax loss

	879,199	-
	884,430	783,143
	791,226	248,739
	172	780
	52,267	39,880
	2,736,611	2,857,731
	1,808	1,820
	19,148,862	15,443,658
	21,125,575	15,985,058
	(21,125,575)	(15,985,058)
	-	-

9.1 Deferred tax asset of Rs. 21,126 million (2021: Rs. 15,985 million) has not been recognised in these consolidated financial statements due to uncertainty in availability of future taxable profits based on financial projections of future years.

As at the year end, the Group's tax losses amounted to Rs. 61,017 million (2021 : 50,596 million).

10. LONG-TERM DEPOSITS

Lease deposits
 Current portion of lease deposits

	2022	2021
Note	----- Rupees in '000 -----	
	261,429	316,841
14	(133,599)	(80,816)
	127,830	236,025
	-	107,144
	70,814	70,814
	31,536	31,536
	102,350	209,494
	230,180	445,519
10.1	(47)	(47)
	230,133	445,472

Provision for ECL

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
10.1 Provision for ECL on Long Term Deposits			
Balance at the beginning of the year		47	47
Provisions made during the year		-	-
Balance at the end of the year		<u>47</u>	<u>47</u>
11. STOCK-IN-TRADE			
Raw and packing materials		245,967	204,449
Finished goods			
- fuels	11.1	6,661,740	5,589,121
- lubricants		310,484	310,224
- Petrochemicals		2,219	1,236
		<u>6,974,443</u>	<u>5,900,581</u>
Stock in transit - fuels		1,583,281	4,734,546
Provision against slow moving stock	11.2	(69,227)	(69,227)
	32	<u>8,734,464</u>	<u>10,770,349</u>
11.1			
Fuels include Rs. 1,168 million (2021: Rs. 1,392 million) of high speed diesel which has been maintained as line fill necessary for the pipeline to operate.			
11.2 Movement of provision for slow moving stock			
		2022	2021
		----- Rupees in '000 -----	
	Note		
Balance at the beginning of the year		69,227	69,258
Provisions / (Reversal) during the year	37	-	(31)
Balance at the end of the year		<u>69,227</u>	<u>69,227</u>
12. TRADE DEBTS			
Unsecured, considered good		756,939	883,550
Considered doubtful		9,614,701	9,931,891
		<u>10,371,640</u>	<u>10,815,441</u>
Provision for ECL	12.1	(9,554,939)	(9,913,016)
		<u>816,701</u>	<u>902,425</u>
12.1			
The Group recognises the expected credit losses for trade debts using the simplified approach. As per the simplified approach, the loss allowance as at December 31, 2022 and 2021 as per IFRS 9 is as follows:			
		2022	2021
		----- Rupees in '000 -----	
Movement of provision for impairment			
	Note		
Balance at the beginning of the year		9,913,016	9,673,852
(Reversal) / provisions made during the year	37 & 35	(313,852)	239,164
Write-off during the year		(44,225)	-
Balance at the end of the year		<u>9,554,939</u>	<u>9,913,016</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

12.1.1 The Board of Directors of the Group approved provision of Rs. 9,555 million (2021: Rs. 9,913 million) against doubtful receivables in the financial statements for the year ended December 31, 2022.

In 2022 and 2021, the management undertook certain special steps to recover these amounts and in pursuance of the same, Group's legal counsel served the defaulting customers with Legal Notices for recovery of the same.

The Group has received responses to those legal notices and is evaluating way forward toward taking all legal options as available to a listed Group under the laws of Pakistan. Subsequently, the Group has also recovered outstanding amounts from certain customers.

12.2 During the year ended December 31, 2022, the Holding Company carried out agreed upon procedures assignment from a Chartered Accountant firm on verification of specific trade debts balances. The scope includes verification of individual customer accounts with the underlying supporting documents. On the basis of this exercise, management concluded that the carrying amount and the provision of ECL is adequate.

13. ADVANCES

Advances - considered good, unsecured

To employees

- against expenses

- against salaries

Supplier & Service provider

Provision for Supplier & Services Advance

		2022	2021
	Note	----- Rupees in '000 -----	
		20,518	13,810
		19,069	17,355
	13.1	2,720,287	2,437,553
	13.2	(2,218,933)	(2,037,036)
		<u>540,941</u>	<u>431,682</u>

13.1 This includes advance to suppliers in the normal course of business as per commercial terms. These are given for procurement of equipment, fleet card operations, monitoring fee, consultancy and storages facilities.

13.2 Movement of provision for Suppliers and Service provider

Balance at the beginning of the year

Provisions / (reversal) made during the year

		2,037,036	2,665,237
	36 & 37	181,897	(628,201)

Balance at the end of the year

	<u>2,218,933</u>	<u>2,037,036</u>
--	------------------	------------------

13.3 During the year ended December 31, 2022, the Company carried out an agreed upon procedures assignment from a Chartered Accountant firm on verification of 100% outstanding advances to suppliers and service providers. The scope includes verification of individual supplier advances with the underlying supporting documents. On the basis of this exercise, management concluded that carrying amount and provision for ECL are adequate.

14. DEPOSITS AND PREPAYMENTS

Deposits

Current portion of long term lease deposits

Other deposits

Prepayments

Insurance and others

Rent

		2022	2021
	Note	----- Rupees in '000 -----	
	10	133,599	80,816
		160,009	64,271
		293,608	145,087
		35,452	13,225
		30,295	66,382
		65,747	79,607
		<u>359,355</u>	<u>224,694</u>

**HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

		2022	2021
	Note	----- Rupees in '000 -----	
15. OTHER RECEIVABLES			
Inland freight equalization margin ("IFEM") receivable		5,051,152	4,140,421
Miscellaneous receivables	15.1	94,607	73,770
Receivable against regulatory duty ("RD")		25,533	25,533
Sales tax refundable		515,919	150,310
Price differential claims ("PDC")	15.2	7,618	37,445
Provisioning of IFEM, RD and PDC	15.3	(1,694,427)	(1,694,427)
		<u>4,000,402</u>	<u>2,733,052</u>
15.1	This includes amount receivable from Magic River Limited (an associated Company) against share of profit amounting to Rs. 1.1 million (2021: 8.2 million).		
15.2	This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources. The Group together with other oil marketing companies is actively perusing the matter with the concerned authorities for the early settlement of the above claims.		
		2022	2021
	Note	----- Rupees in '000 -----	
15.3 Movement of provision for impairment			
Balance at the beginning of the year		1,694,427	1,693,479
Provisions made during the year	36	-	948
Balance at the end of the year	15.3.1	<u>1,694,427</u>	<u>1,694,427</u>
15.3.1	This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM). The provision of IFEM represents management estimate to assess the recoverable amount as of December 31, 2022.		
15.4	During the year ended December 31, 2022, the Holding Company carried out an agreed upon procedures assignment from a Chartered Accountant firm ("the firm") on verification of 100% outstanding IFEM balance. The scope includes verification of IFEM balance with the underlying supporting documents. On the basis of this exercise, management concluded that carrying amount of IFEM receivable is adequate.		
		2022	2021
16. ACCRUED MARK-UP AND PROFIT		----- Rupees in '000 -----	
From conventional banks		1,333	2,623
From Islamic banks		35	-
		<u>1,368</u>	<u>2,623</u>
17. SHORT TERM INVESTMENT			
Term Finance Certificates		98,700	98,700
		<u>98,700</u>	<u>98,700</u>
The Group placed investment in fully paid-up, rated, privately placed, perpetual, unsecured, sub-ordinated, non-cumulative and contingent convertible debt instrument from Habib Bank Limited in the nature of Term Finance Certificates ("TFCs"). These carry mark-up at the rate of 3 month KIBOR+1.6% payable quarterly.			
18. CASH AND BANK BALANCES		2022	2021
	Note	----- Rupees in '000 -----	
Balances with banks - in current accounts:			
- Conventional banks		305,216	410,968
- Dividend account		356,929	356,930
- Islamic banks		208	208
		<u>662,353</u>	<u>768,106</u>
Balances with banks - in saving accounts:			
- Conventional banks		425,713	556,072
- Islamic banks		5,781	5,746
	18.1	<u>431,494</u>	<u>561,818</u>
Cash in hand		1,081	3,341
		<u>1,094,928</u>	<u>1,333,265</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

18.1 These carry mark-up / profit of 7.21%-13.65% per annum (2021: 10.75% per annum).

19. SHARE CAPITAL

19.1 Authorized share capital

2022	2021	2022	2021
Number of shares		Rupees in '000	
<u>5,000,000,000</u>	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>

19.2 Issued, subscribed and paid-up share capital

2022	2021		2022	2021
Number of shares		Note	Rupees in '000	
89,540,000	89,540,000	Ordinary shares of Rs. 10 each fully paid in cash	895,400	895,400
1,060,000	1,060,000	Ordinary shares of Rs. 10 each for consideration other than cash	10,600	10,600
9,966,000	9,966,000	Annual bonus @ 11% December 2014	99,660	99,660
20,113,200	20,113,200	Interim bonus @ 20% June 2015	201,132	201,132
24,135,840	24,135,840	Right issue @ 20% September 2017	241,358	241,358
36,203,760	36,203,760	Bonus issue @ 25% September 2018	362,038	362,038
18,101,880	18,101,880	Bonus issue @ 25% December 2018	181,019	181,019
800,000,000	800,000,000	Right issue @ 401.77% January 2020	8,000,000	8,000,000
<u>999,120,680</u>	<u>999,120,680</u>		<u>9,991,207</u>	<u>9,991,207</u>

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

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

19.5 Vitol Dubai Limited an associated Company held 401,697,229 shares (2021: 401,697,229 shares) which represents 40.21% (2021 : 40.21%) of the equity stake in the Holding Company.

19.6 Fossil Energy (Private) Limited held 9,639,685 shares (2021: 9,639,685 shares) which represents 0.96% (2021 : 0.96%) of the equity stake in the Holding Company.

19.7 Marshal Gas (Private) Limited held 396 shares (2021: 396 shares) which represents 0.00% (2021 : 0.00%) of the equity stake in the Holding Company.

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

19.7 Mr. Mumtaz Hasan Khan (former chairman) and Mr. Saleem Butt (Ex-CEO) held 3 and nil shares (2021: 35,521,223 and 439,568 shares) respectively.

20. RESERVES

	2022	2021
Note	Rupees in '000	
Capital		
Share premium	4,639,735	4,639,735
Unrealized gain / (loss) on remeasurement of FVTOCI investment	5,817	5,817
	<u>4,645,552</u>	<u>4,645,552</u>
Revenue		
Accumulated losses	(89,747,995)	(68,503,723)
	<u>(85,102,443)</u>	<u>(63,858,171)</u>

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

21. LONG TERM FINANCING - secured	Note	2022	2021
		----- Rupees in '000 -----	
Borrowings from conventional banks	21.1	13,044,558	13,044,558
Borrowings from Non-Banking Financial Institutions	21.2	92,857	92,857
Sukuk certificates	21.3	500,000	500,000
		13,637,415	13,637,415
Current portion of long term financing			
Borrowings from conventional banks		(2,941,021)	(1,623,621)
Borrowings from Non-Banking Financial Institutions		(92,857)	(92,857)
Sukuk certificates		(500,000)	(500,000)
	28	(3,533,878)	(2,216,478)
Non - current portion of long term financing		10,103,537	11,420,937

Terms and conditions of borrowings are as follows:

Particulars	Note	Number of installments and commencement month	Grace period	Date of final repayment	Markup rate per annum	Installment amount	2022	2021
							-----Rupees in '000-----	
21.1 Borrowings from conventional banks								
National Bank of Pakistan Loan-1 Under LTF scheme	21.1.1	16 quarterly March-17	1 year	December 31, 2020	three month Kibor + 2.5% payable quarterly	31,250	93,750	93,750
National Bank of Pakistan Loan-2 Under LTF scheme	21.1.2	16 quarterly August-19	1 year	May 27, 2023	three month Kibor + 1.5% payable quarterly	64,688	706,875	706,875
National Bank of Pakistan Loan-3 Under LTF scheme	21.1.3	16 quarterly August-19	1 year	May 21, 2023	three month Kibor + 1.5% payable quarterly	33,625	350,500	350,500
Syndicated Loan from multiple banks Conversion of Short term financing	21.1.4	28 quarterly September-20	Nil	June 30, 2027	three month Kibor + 1.6% payable quarterly	Step up installment	11,893,433	11,893,433
21.2 Borrowings from Non-Banking Financial Institutions								
Pak Oman Investment Company Limited Loan 6 Under LTF scheme	21.2.1	42 monthly January-18	6 months	June 23, 2021	six month Kibor + 2.5% payable monthly	2,381	16,667	16,667
Pak Oman Investment Company Limited Loan 7 Under LTF scheme	21.2.2	42 monthly February-18	6 months	July 18, 2021	six month Kibor + 2.5% payable monthly	9,524	76,190	76,190
21.3 Sukuk certificates	21..3.1	20 quarterly January-16	1 year	January 5, 2022	three month Kibor + 1.5% payable quarterly	100,000	500,000	500,000
							13,637,415	13,637,415

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

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

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

- I* First pari passu charge over the Holding Company's land & building, Plant & Equipment, installations and equipment of the storage depot situated at (a) Mehmoodkot, (b) Kolta Jam, (c) Sahiwal (d) Machike and (e) Daulatpur in favor of Security Trustee, with 15% margin.
- II* First pari passu charge over the Holding Company's fixed assets excluding land & building of the storage depot situated at (a) Amangarh, (b) Keamari, (c) Hub, (d) Thaliyan and (e) Shikarpur, in favor of Security Trustee, with 15% margin.
- III* First pari passu charge over the Holding Company's fixed assets excluding land & building situated at specific 29 retail sites, in favor of Security Trustee, with 15% margin.
- IV* First equitable mortgage over the Holding Company's land for retail outlet situated at Main Raiwind Road, Tehsil Raiwind, District Lahore, in favor of Security Trustee, with 15% margin.
- V* Lien on bank accounts maintained with National Bank of Pakistan.

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

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

		2022	2021
	Note	----- Rupees in '000 -----	
21.3.1 Sukuk certificates - gross amount	21.3.2	500,000	500,000
Issuance cost			
Balance at the beginning of the year		-	(4,773)
Charged to profit or loss		-	4,773
Balance at the end of the year		-	-
Sukuk certificates - net amount		500,000	500,000

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

		2022	2021
	Note	----- Rupees in '000 -----	
22. LEASE LIABILITIES			
Finance lease liability	22.1	-	419,012
Lease liability against right-of-use asset	22.2	3,522,786	3,530,340
		3,522,786	3,949,352
22.1 Finance lease liability			
Present value of future minimum lease payments		332,698	705,023
Less: current portion	28	(332,698)	(286,011)
Non current portion		-	419,012

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

22.1.1 The Holding Company has entered into lease agreements with various leasing companies for lease of items of Commercial vehicles. Minimum lease payments, which are payable by the year 2023, have been discounted by using financing rates ranging from relevant KIBOR plus 1.4% to 1.6% (2021 : KIBOR plus 1.4% to 2.75%). Title to the assets acquired under the leasing arrangements are transferable to the Holding Company upon payment of entire lease obligations.

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

Not later than one year
 Later than one year but not later than five years

	2022	2021
	481,411	337,456
	-	237,384
	481,411	574,840

22.2 Lease liability of right-of-use asset
 Present value of future minimum lease payments
 current portion
 Non current portion

	2022	2021
	3,669,124	3,662,711
	(146,338)	(132,371)
	3,522,786	3,530,340

22.2.1 Movement during the year

Balance as at January 01
 Additions during the year
 Accretion of interest
 Disposals / terminations
 Lease rentals paid
 current portion shown under current liability

	2022	2021
	3,662,711	16,507,009
	132,637	829,832
	425,696	706,919
	-	(13,533,981)
	(551,920)	(847,068)
	3,669,124	3,662,711
	(146,338)	(132,371)
	3,522,786	3,530,340

Balance as at December 31

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

Not later than one year
 Later than one year but not later than five years
 Later than five years

	565,533	538,266
	2,231,179	2,100,066
	6,226,559	6,322,967
	9,023,271	8,961,299

23. DEFERRED LIABILITIES

HPL gratuity fund
 Non-current portion of other liability

	219,692	173,222
	302,778	515,926
	522,470	689,148

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
24. TRADE AND OTHER PAYABLES			
Trade creditors	24.1	15,684,605	16,645,691
Payable to cartage contractors	24.2	938,516	933,818
Advance from customers - unsecured	24.3	808,257	1,138,502
Dealers' and customers' security deposits	24.4	526,704	514,780
Accrued liabilities		-	15,605
Other liabilities	24.5	14,712,835	11,639,008
		<u>32,670,917</u>	<u>30,887,404</u>

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

24.1.1 This includes Rs. 10,876 million (2021: Rs. 13,577 million) amount payable to M/s: Vitol Bahrain E.C which is a related party.

This also includes demurrage amounting to Rs. 2,717 million (2021: Rs. 1,809 million) which will be cleared upon SBP approval.

24.1.2 The Holding Company has trade creditors amounting to Rs. 15,685 million (2021: Rs. 16,450 million). During the year ended December 31, 2022, the Company carried out an agreed upon procedures assignment from a Chartered Accountant firm for verification of a supplier balance. On the basis of this exercise, management concluded that carrying amount of trade creditors is adequate.

24.2 This represents freight claims from transporters. The carrying amount as of December 31, 2022 amounting to Rs. 939 million (2021: Rs. 934 million).

24.3 This represents advances received from customers pertaining to sale of petrochemical products. The carrying amount as of 31 December 2022 amounting to Rs. 808 million (2021: Rs. 1,139 million).

During the year ended December 31, 2022, the Holding Company carried out an agreed upon procedures assignment from a Chartered Accountant firm on verification of 100% outstanding customer advances. On the basis of this exercise, management concluded that carrying amount of advance from customers is adequate.

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

24.5 Other liabilities represent payable against repair and maintenance in operation and retail site, litigation claims, storage charges, rentals, insurance and other miscellaneous liabilities. The carrying amount as of December 31, 2022 amounting to Rs. 14,713 million (2021: Rs. 11,639 million).

During the year ended December 31, 2022, the Holding Company carried out an agreed upon procedures assignment from a Chartered Accountant firm on verification of specific vendors balances. The scope includes verification of individual vendor balance with the underlying supporting documents. On the basis of this exercise, management concluded that carrying amount of other liabilities is adequate.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	----- Rupees in '000 -----	
25. UNCLAIMED DIVIDEND		
Balance at the beginning of the year	356,930	357,248
payments during the year	(2)	(318)
Balance at the end of the year	356,928	356,930
25.1 This includes Rs. 338.319 million (2021: Rs. 338.319 million) amount payable to M/s Vitol Dubai Limited which is a related party.		
26. ACCRUED MARK-UP AND PROFIT	Note	
	2022	2021
	----- Rupees in '000 -----	
Long-term financing	3,629,695	1,616,323
Short-term borrowings	10,564,906	5,641,615
Liabilities against assets subject to finance lease	600	2,699
Others	48,972	48,972
	14,244,173	7,309,609
27. SHORT-TERM BORROWINGS		
Borrowings from conventional banks - secured		
Habib Bank Limited	4,946,831	3,605,953
Askari Bank Limited	3,044,000	2,046,963
National Bank of Pakistan	10,433,121	10,433,121
The Bank of Punjab	1,999,729	1,999,729
Bank of Khyber	1,806,124	1,806,124
First women bank limited	665,147	665,147
Samba Bank Limited	972,409	972,823
Sindh Bank Limited	2,022,460	2,022,766
Summit Bank Limited	367,141	483,139
Habib Metropolitan Bank Limited	3,600,000	3,798,988
MCB Bank Limited	401,147	401,147
Faysal Bank Limited	1,756,397	1,756,505
United Bank Limited	746,862	746,862
	32,761,368	30,739,267
Borrowings from Islamic bank - secured		
Meezan Bank Limited	2,295,000	2,295,000
BankIslami Pakistan Limited	840,025	840,026
Al Baraka Bank (Pakistan) Limited	1,781,500	1,781,500
Dubai Islamic Bank Pakistan Limited	655,900	655,901
Bank Alfalah Limited	969,201	969,241
	6,541,626	6,541,668
	39,302,994	37,280,935

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

27.1 These facilities were availed from various commercial banks aggregating to Rs. 39,303 million (2021: Rs. 37,285 million). The rates of mark-up/profit ranges from 1-6 months KIBOR plus 1.30% to 20 % (2021: 1-6 months KIBOR plus 1.30% to 20.81%). These arrangements are secured against hypothecation charge over the Company's present and future current assets with 25% margin.

27.2 Subsequent to year end and before authorization of Financial Statement for the year ended December 31, 2022, the Management of the Holding Company entered into settlement agreement with MCB for the outstanding loan amounting to Rs. 401.147 million. The settlement agreement duly signed by both parties is dated February 15, 2023 which directs the Holding Company to pay the settlement amount of Rs. 132.344 million in thirteen installments. The said settlement agreement is approved by the Holding Company's Board of Directors and compromise decree was issued by Court on April 18, 2023.

Upon payment of the total agreed amount, the Holding Company shall write back the principal amount of Rs. 268.803 million and the reversal of accrued markup.

28. CURRENT PORTION OF NON-CURRENT LIABILITIES

		2022	2021
	Note	----- Rupees in '000 -----	
Current portion of long term financing	21	3,533,878	2,216,478
Current portion of liabilities subject to finance lease	22.1	332,698	286,011
Current portion of lease liability of right-of-use assets	22.2	146,338	132,371
		<u>4,012,914</u>	<u>2,634,860</u>

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Non-banking contingencies

Workers participation fund:

C.P. No.D-209 of 2019 has been filed by the Holding 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 Honourable High Court of Sindh at Karachi. The Holding 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 deemed assessment under section 120 stands in field as the case not selected for Audit u/s. 177 nor under section 176 or 122(5)/(9) of the I.T. Ordinance, 2001.

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 Holding Company for tax year 2020 has been selected for audit u/s 177 and audit proceedings are open. However, the Holding 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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 which has been heard and is pending for appeal order.

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 Holding Company's appeal on the point of minimum tax u/s113 on account of petroleum levy and as well in respect of disallowance of Commission and partly on the other points.

The Holding Company has filed an appeal on the points the Holding 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 Holding Company before Sindh High Court (SHC) and SHC has suspended the audit proceeding through interim order.

Tax year 2017:

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

Appeal was filed before the CIRA against the aforesaid assessment order who vide appellate order dated October 29, 2018 decided one issue in favour of the Holding 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 Holding 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 Holding 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 Holding Company before Sindh High Court which has suspended the audit proceeding through interim order.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Tax year 2015:

Thus, this order was part set aside.

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 Holding 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 Holding Company against CIRA's aforesaid order before ATIR which is pending for hearing.

Direct tax - Monitoring proceedings:

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 appeal has been filed which is under hearing and the tax imposed under section 161 is likely not to be upheld in appeal.

The tax imposed under section 161 is likely to be deleted in appeal.

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 Holding 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 Holding Company.

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.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 Holding 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 Holding 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 Holding 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 Holding Company against CIRA's aforesaid order before ATIR which is pending for hearing.

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 which is pending for hearing and there is no tax demand in the field.

Against the department's order in which Holding Company appeal is not accepted by CIRA, the Holding 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 Holding Company.

The Holding 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 Holding Company.

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 Holding Company.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Sindh Revenue Board

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 Holding 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 Holding 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.

Other SRB Appeals:

a) The Holding 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 Holding 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 Holding Company.

b) The Holding 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 Holding Company.

c) The Holding 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 Holding Company.

Punjab Revenue Authority

a) The Holding 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 Holding Company.

b) The Holding 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 Holding Company.

c) The Holding 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 Holding 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.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

KWIK CNG VS Holding Company

The suit has been filed for settlement of due amount to the tune of Rs. 2,950,550/- with a claim that KWIK CNG has already made the payment and there is no outstanding amount towards the Holding Company. The Holding Company has filed its written statement and now the suit is fixed for evidence of KWIK CNG for 12.01.2023. Our client is vigorously pursuing this suit and in our view has a strong defense and is likely to succeed in this matter. That in case of suit is decreed in favour of the KWIK CNG the Holding Company could face loss of receivables.

Cantonment Board vs Holding Company

Chaklala Cantonment Board:

- (a) 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 the Honourable Lahore High Court Lahore, Rawalpindi Bench, passed by Mr. Shamas Mehmood Mirza, Honourable Judge, Lahore High Court Lahore, Rawalpindi Bench.

The ICA is fixed for 19.05.2022 before Division Bench of Honourable Mis Justice Ch. Muhammad Masood Jahangir & Justice Ahmad Nadeem Arshad. The financial implication of the litigation on our Client's account is Rs. 1,836,786/- which amount is being claimed as taxes for advertisements within cantonment areas. Our Client is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

- (b) 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 the Honourable Lahore High Court Lahore, Rawalpindi Bench, passed by Mr. Shamas Mehmood Mirza, Honourable Judge, Lahore High Court Lahore, Rawalpindi Bench. The ICA is fixed for 19.05.2022 before Division Bench of Honourable Mis Justice Ch. Muhammad Masood Jahangir & Justice Ahmad Nadeem Arshad. The financial implication of the litigation on our Client's account is Rs. 1,317,024/- which amount is being claimed as taxes for advertisements within cantonment areas. Our Client is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

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 the Honourable Lahore High Court Lahore, Rawalpindi Bench, passed by Mr. Shamas Mehmood Mirza, Honourable Judge, Lahore High Court Lahore, Rawalpindi Bench. The ICA is fixed for 19.05.2022 before Division Bench of Honourable Mis Justice Ch. Muhammad Masood Jahangir & Justice Ahmad Nadeem Arshad. The financial implication of the litigation on our Client's account is Rs. 1,050,120/- which amount is being claimed as taxes for advertisements within cantonment areas. Our Client is vigorously pursuing this appeal and, in our view, has a strong defense and is likely to succeed in this matter.

Motorway Operations & Rehabilitation Engineering (Private) Limited ('MORE') vs Holding 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 Holding Company initiated negotiation with other companies. This was violation of the terms of the Agreement as the Holding 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 Holding 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 Holding Company has good prospect of winning this case. There is, however, no immediate financial impact of this litigation on the Holding Company. The next date of hearing is fixed for January 21, 2023.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federation of Pakistan and others vs Holding Company:

Suit no 1008 of 2018:

This is a suit filed by the Holding Company for declaration and permanent injunction in the High Court of Sindh. The Holding Company assailed the letter dated 08.05.2018 issued by the Oil & Gas Regulatory Authority to the Holding 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 Holding Company has filed High Court Appeal and the suit will not proceed during the pendency of appeal.

High Court Appeal no. 175 Of 2019:

This is an appeal filed by the Holding 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 Holding 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 Holding 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.

Suit 1623 of 2020:

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

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

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

Suit 1663 of 2020:

This is a suit for declaration and injunction filed by the Holding 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 Holding 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 Holding Company's review application solely on the basis of non-deposit. The case is at the stage of hearing of applications.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Suit 655 of 2021:

This is a suit filed by the Holding Company in the High Court of Sindh for Declaration and Permanent Injunction challenging the constitution of the Commission comprising the defendants No. 3 to 17 as its members to probe into the alleged hoarding of petroleum products, its proceedings, and the report dated 01.12.2020 published by them. Therefore, sought declaration that the impugned Commission has been constituted without legal sanction and authority and all actions taken by it including the impugned report dated 01.12.2020 are liable to be set aside. The Court passed ad interim order dated granting the Holding 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 Holding 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:

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 Holding Company was ordered under Section 258(1) of the Companies Act, 2017. The Holding 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.

Investigate the affairs of the Holding Company:

In 2021, the Securities and Exchange Commission of Pakistan (SECP) appointed an inspector to investigate the affairs of the Holding Company pertaining to historical financial statements till 2019. The investigations pertain to the individuals holding Management and Director position at that time. The Holding Company is co-operating with SECP and providing all the requisite information on a timely manner. Further, the Holding Company is not expecting any financial adjustment in books of accounts as of result of this investigation.

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

The Petitioner No. 1 Holding 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 Holding 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 Holding Company and its secured creditors, involving the rehabilitation of the Holding Company by restructuring and settling the existing financial obligations / liabilities of the Holding 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 Holding Company, after which the modified Scheme (if deemed appropriate) will be filed before the Court and presented to the creditors and members of the Holding Company for seeking approval in accordance with the applicable laws.

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 Holding Company. This inquiry focusses on individuals working for the Holding 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 Holding 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 Holding Company and the Holding Company expects no outflow of economic benefit as a result of this case.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Muhammad Farook & Others

This suit was filed by the Holding Company for declaration, recovery of damages amounting to Rs. 21.450 million and profits at the rate of 14 percent along with permanent and mandatory injunctions. There is a strong likelihood that the civil suit filed by the Holding Company will be decreed in its favour by the honourable Court.

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 Holding Company under SRO 806.

On 12.02.2023, the arguments were led by the lawyer on behalf of the Petitioners and the Court heard the arguments at length. Our main argument was based on second contingency in the subject SRO related to ships on open seas. The Custom's lawyer opposed the contention on the ground that LC's were not opened till June 30, 2022, but same were opened in July and August, which is not the case of the Petitioners, however the Bench has directed the Petitioners to file the details of GDs & LCs and fixed the case on 14th March 2023, at 11am.

The matter is pending in the High Court of Sindh and the learned counsel submits that the Holding Company is required to pay full amount of Petroleum levy and secure regulatory duty at 10% by way of bank guarantee or pay order to the extent of consignment taken out of tanks, with the collector of customs as to release the consignment. In case, petition is decided in favour of the Holding Company, such deposited P/O shall be released and the Holding Company legal counsel is of firm opinion of success of case in favour of the Holding Company.

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 Holding Company. Mr. Rehmat Khan claims that his receivable amount of carriage bills were unlawfully adjusted against the invoices of products received at petrol pump, M/s. Hamid Trucking Station. Suit is pending in Court for hearing of application. Legal counsel is of the considered view that there is no merit in the claims of the dealer and hence, there is no possibility that there is any liability being attributed towards HPL.

Shahzeb Rind

The instant case is currently on hearing of the Application under S. 16 (1) SRPO, 1979, for the purpose of clarity we expect that after a hearing on this Application the outstanding rental amount totalling Rs. 7,410,000/- will be required to be deposited by the Holding Company in court within the time period as decided by the rent controller (usually within 5-10 days). The next date of this rent case is on January 21, 2023 for hearing. The Holding Company is vigorously contesting the case and a favourable order may be expected.

Shams Lubricants Pvt Ltd

The Holding Company has filed an application for unconditional leave to defend instead of depositing a surety amount of Rs. 45,17,480/-. The case is currently pending for arguments on whether the Leave to Defend filed by the Holding Company should be allowed or dismissed. The next date of hearing is January 14, 2023. The Holding Company is vigorously contesting the case and a favourable order may be expected.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

The Holding Company vs Province of Sindh & Others

The Holding 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 Holding Company along with other companies filed special leave to appeal against this judgment before Supreme Court of Pakistan ("SCP"). The Holding Company is seeking stay order against demand notice as an instant relief and get infrastructure cess as illegal, void ab-initio.

CPLA is filed before SCP and SCP is pleased to suspend the operation of impugned judgment and directed the Holding 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 Holding 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 Holding Company along with other companies filed special leave to appeal against this judgment before Supreme Court of Pakistan. The Holding 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.

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

The Petition by the Holding 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 Holding 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 Holding Company is expecting likelihood of a favourable outcome in the matter.

Sales Contract

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

During the year ended December 31, 2021, the Holding Company due to shortage of working capital was unable to honour 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, 2022 the Holding Company recorded and estimated liability amounting to Rs. 300 million approximately.

29.1.2 Banking contingencies

United Bank Limited (UBL)

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

An application under Section 10 of the Ordinance has been filed on behalf of the Holding Company seeking leave to defend the suit. The grounds raised in the application are, 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 Holding Company, the terms and conditions of the finance/facility availed, if any and its repayment date. The Holding Company has 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 1973 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 Holding Company's leave to defend application, the Plaintiff has submitted its replication application requesting the Court to dismiss the Holding Company's application for leave to defend.

The Plaintiff has simultaneously with the suit, filed an application under Section 16 of the Ordinance praying for the Court to restrict the Holding Company from creating any third-party interest / rights on the immovable properties owned by the Holding Company, to which the Holding 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 Holding Company has filed its counter-affidavit objecting inter alia that the lawsuit was not property 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.

As of the date of this letter, all applications are pending hearing. It is our view that the application for leave to defend filed on behalf of the Holding Company is likely to succeed and that the Plaintiff will not succeed at the inter parties hearing, to attach or otherwise adversely affect the Holding Company's properties.

The Bank of Punjab (BOP)

Suit no B-39 of 2021:

The Plaintiff has filed a suit under Section 9 of the Ordinance for the payment and recovery of Rs. 2,192,841,925.01 along with cost of funds from the date of default, and for the sale of the Holding 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 Holding 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 Holding Company is unidentified and not shown to be extended to the Holding 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 Holding Company's leave to defend application, the Plaintiff has submitted its replication application requesting the Court to dismiss the Holding Company's application for leave to defend.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

The Holding Company has 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 Holding Company has submitted that in the absence of the suit establishing a valid cause of action or a failure to show the Holding 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 Honourable Court was pleased to pass an order granting a stay against the Holding Company restraining it from creating any third-party interests in immovable properties owned by the Holding Company. The second application for injunction is currently pending hearing.

As of the date of this letter, all applications are pending hearing. It is our view that the application for leave to defend filed on behalf of the Holding Company is likely to succeed and that the Plaintiff will not succeed at the inter parties hearing, to attach or otherwise adversely affect the Holding Company's properties.

Suit no B-45 of 2022:

The Plaintiff has filed a suit for recovery of Rs. 1,088,188,268 against the Holding 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 Holding Company, attachment of the Holding 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 Holding Company on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Holding 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 Holding Company so as to allow the Holding Company to meaningfully defend itself; and the attached documents do not support the Plaintiff's assertions regarding the Holding 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 Holding Company from transferring or selling the hypothecated assets and mortgaged properties, to which the Holding Company has filed its counter-affidavit objecting inter alia that the application for attachment of property is not maintainable under Section 23 of the Ordinance.

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

MCB

The Plaintiff has filed a suit for recovery under Section 9 of the Ordinance in respect of an amount of Rs. 478,002,798.04, along with costs, cost of fund from the date of default till realization of the decretal amount, charges, expense etc. against the alleged finance facilities availed by the Holding Company. 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 Holding Company.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

The Holding Company has, in response to the suit, filed its application for leave to defend under Section 10 of the Ordinance seeking that the suit be rejected and/or dismissed on the basis that it falls foul of the requirements of Section 9 of the Ordinance inter alia the following reasons: failure of the Plaintiff to disclose the cause of action or the disbursements made against any identified finance (the term as defined under the Ordinance) facilities claimed to be extended by the Plaintiff, and the cause of action alleged to occur is time-barred. The statement of accounts attached as an annexure to the suit by the Plaintiff bank fail to comply with the requirements of the Bankers Book Evidence Act, 1891, (Bankers Evidence Act).

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

In response to the above application for attachment of properties, the Holding Company has filed its counter-affidavit objecting inter alia that the lawsuit was not property instituted and the application is not maintainable under the Ordinance, as the properties in question have no nexus with the Plaintiff bank, and the absence of a basis for apprehension with regards to the disposal of properties. An order has since been passed on this application on October 01, 2021 directing the Holding Company to not create any third-party interest on its immovable properties till the next date of hearing.

As of the date of this letter, all applications are pending hearing. It is our view that the application for leave to defend filed on behalf of the Holding Holding Company is likely to succeed and that the Plaintiff will not succeed at the inter parties hearing, to attach or otherwise adversely affect the Holding Holding Company's properties.

Samba Bank Limited

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

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

In response, the Holding 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 Holding Company to know the case that has to be met by it: no cause of action has been disclosed by the Plaintiff against the Holding 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 Plaintiff's 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 Holding Company of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'.

The Holding 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. As of the date of this letter, all applications are pending hearing. It is our view that the application for leave to defend filed on behalf of the Holding Company is likely to succeed and that the Plaintiff will not succeed at the inter parties hearing, to attach or otherwise adversely affect the Holding Company's properties.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

National Bank Of Pakistan (NBP)

NBP VS Karachi Hydrocarbon Terminal Limited and Another:

A suit of recovery under Section 9 of the Ordinance for Rs. 4,019,323,714 along with liquidated damages, cost of funds, charges and costs till realization was instituted by the National Bank of Pakistan in respect of the term finance facility of Rs. 4,000,000,000 allegedly extended by the Plaintiff to Karachi Hydro Carbon Terminal Limited (Defendant No. 1), a subsidiary of the Holding Company, and the Holding 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 Holding Company. The grounds raised therein include inter alia: the Plaintiff's failure to show any cause of action against the Holding 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 Holding Company is likely to succeed.

NBP VS Holding Company and Another:

The Plaintiff has filed a suit under Section 9 of the Ordinance against the Holding Company and its former CEO/Director, Mr. Mumtaz Hasan Khan (in his personal capacity as a guarantor of the Holding Company's liabilities), for the recovery of Rs. 23,669,132,888 against several finance facilities allegedly availed by the Holding Company from the Plaintiff bank.

The Plaintiff has prayed for the award of liquidated damages payable by the Holding 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 Holding Company's properties including but not limited to all properties attached as security under the finance facilities availed by the Holding Company.

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Holding Company on inter alia the following grounds:

- (i) no cause of action has been disclosed by the Plaintiff against the Holding Company; the suit is liable to be dismissed as it falls foul of Section 9 of the Ordinance;
- (ii) 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 Holding Company so as to allow the Holding Company to meaningfully defend itself; and
- (iii) the attached documents do not support the Plaintiff's assertions regarding the Holding Company's alleged liability.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 Holding Company;
- (ii) an application under Order 39 Rules 1 and 2 read with Section 151 of the CPC, seeking to restrain the Holding 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 Holding Company.

Ex parte ad interim orders were passed by the Court on 27 October 2022 directing the parties to maintain status quo. The Holding 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 Holding Company's properties. It is our view that the application for leave to defend filed on behalf of the Holding Company is likely to succeed.

Sindh Bank Limited

The Plaintiff has filed a suit under Section 9 of the Ordinance for the recovery of Rs. 2,334,776,939.97 along with cost of funds. The Plaintiff also prayed for permanent injunction to restrain the Holding Company, its employees, agents or any other persons acting for and, on its behalf, directly and/or indirectly, from selling, alienating, disposing of or creating third party rights in any manner whatsoever in respect of the allegedly hypothecated assets as well as moveable and immoveable properties.

Additionally, it was prayed that a judgement and decree for attachment and sale of all other assets and properties of the Holding 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 Holding Company contesting the allegations averred against the Holding 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 Holding Company as its 'customer', there is a cause of action against the Holding 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 Holding Company, and/or whether any finance facility was actually disbursed to the Holding 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 Holding Company is likely to succeed.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Summit Bank Limited

The Plaintiff filed a suit for recovery of Rs. 547,253,184.24 against the Holding Company under Section 9 of the Ordinance. In addition, the Plaintiff bank also prayed for the Holding 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 has 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 Holding Company notwithstanding any prejudice to the Plaintiff's contention that the provisions of the Ordinance are contrary to Article 10-A of the 1973 Constitution. In its application, the Holding 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 Holding 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 Holding Company is not supported by any evidence, and the suit fails to comply with the mandatory provisions of the Ordinance.

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

Bank Alfalah Limited (BAFL)

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

In response, an application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Holding Company on inter alia the following grounds: no cause of action has been disclosed by the Plaintiff against the Holding 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 Holding Company so as to allow the Holding 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 Holding Company of the amounts under dispute, the assertions of the Plaintiff stand unsubstantiated in establishing an 'open and shut case'. Additionally, the statements of accounts attached by the Plaintiff are not certified according to the Bankers Evidence Act.

Simultaneously with the suit, the Plaintiff has filed an application under Section 16 of the Ordinance for attachment of the property owned by the Holding Company till the final decision of the recovery suit, thereby seeking to restrain the Holding 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 Holding 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.

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

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Meezan Bank Limited

The Plaintiff has filed a suit under Section 9 of the Ordinance against the Holding Company and its former CEO/Director, Mr. Mumtaz Hasan Khan (in his personal capacity as a guarantor of the Holding Company's liabilities), for the recovery of Rs. 4,580,304,393 against several finance facilities allegedly availed by the Holding Company from the Plaintiff bank.

The Plaintiff has also prayed for the attachment of the Holding Company's properties for the settlement of the alleged outstanding amount (a separate application seeking an interim injunction or attachment of the properties has not been filed).

In response, the application for leave to defend under Section 10 of the Ordinance has been filed on behalf of the Holding Company on the grounds, inter alia, that: no cause of action has been disclosed by the Plaintiff against the Holding 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 Holding Company so as to allow the Holding 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 Holding 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 Holding Company is likely to succeed.

Bank Islami Pakistan Limited

The Plaintiff has filed a suit for recovery of Rs. 1,867,797,823.80 against the Holding 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 Holding 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 Holding Company on inter alia the following grounds:

- a) no cause of action has been disclosed by the Plaintiff against the Holding Company;
- b) 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 Holding Company so as to allow the Holding Company to meaningfully defend itself; and
- c) the attached documents do not support the Plaintiff's assertions regarding the Holding Company's alleged liability.

It has also been highlighted that the Plaintiff has failed to show the nexus of the Hypothecation Agreement dated October 12, 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 Holding Company is likely to succeed.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Bank of Khyber

The Plaintiff has filed a suit for recovery of Rs. 2,307,039,435 against the Holding Company under Section 9 of the Ordinance under a LC finance facility and Running Finance facility allegedly availed by the Holding 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 Holding 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. Pursuant to our instructions from the Holding Company, we are in the process of drafting and filing an application for leave to defend for the Holding Company.

Dubai Islamic Bank

The Plaintiff has filed a suit for recovery of Rs. 1,482,545,295 against the Holding 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 Holding 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. Pursuant to our instructions from the Holding Company, we are in the process of drafting and filing an application for leave to defend for the Holding Company.

29.1.3 Commitments

(i) The facility for opening letters of credit (LCs) acceptances as at December 31, 2022 amounted to Rs. 36,261 million (2021: Rs. 41,193) of which the amount remaining unutilized as at that date was Rs. 2 million (2021: Rs. 4,304).

(ii) There are commitments for the purchases from Vitol Bahrain E.C, a party related to the Holding Company, amounting to Rs. nil million. (2021: Rs. 84 million).

(iii) Bank guarantees

(iv) Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:

Property, plant and equipment

(v) Commitments for rentals of assets under operating lease / Ijarah :
 Not later than one year
 Later than one year and not later than five years

	2022	2021
	----- Rupees in '000 -----	
	-	150,000
	3,542,076	995,725
	300,474	193,014
	17,403	158,333
	317,877	351,347

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
30. SALES - NET			
Sale of petroleum products inclusive of sales tax		73,137,460	73,260,828
Sales discount		(214,608)	(333,485)
		<u>72,922,852</u>	<u>72,927,343</u>
31. OTHER REVENUE			
Owned tank lorries - net		-	58,007
Franchise fee		60,485	60,991
Joining fee for petrol pump operators		1,548	1,467
Non fuel retail and lubricants		74,859	78,918
		<u>136,892</u>	<u>199,383</u>
32. COST OF SALES			
Opening stock of lubricants, raw and packing materials		514,673	481,789
Raw and packing materials purchased		1,277,218	984,003
Closing stock of lubricants, raw and packing materials		(556,451)	(514,673)
Lubricants, raw and packing materials consumed		1,235,440	951,119
Opening stock - fuel		10,255,676	11,435,266
Fuel purchased	32.1	57,343,905	51,509,152
Duties, levies and depreciation	32.2	8,453,587	8,501,034
Closing stock - fuel and petrochemical	11	(8,178,013)	(10,255,676)
		<u>67,875,155</u>	<u>61,189,776</u>
		<u>69,110,595</u>	<u>62,140,895</u>
32.1	This includes fuel purchased from local refineries and imports.		
32.1.1	This also includes shipping cost charged by supplier amounting to Rs. 393 (2021: Rs. 285) million.		
32.2 Duties, levies and depreciation		2022	2021
		----- Rupees in '000 -----	
	Note		
Petroleum development levy	32.2.1	7,104,103	5,934,535
Inland freight equalization margin		793,220	1,522,549
Storage and handling charges		239,359	507,076
Depreciation on right-of-use asset (Storage & handling)	6.2	5,452	117,842
Freight		311,453	419,032
		<u>8,453,587</u>	<u>8,501,034</u>
32.2.1	This includes additional petroleum development levy on direct sales.		

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
33. DISTRIBUTION AND MARKETING EXPENSES			
Salaries, wages and other benefits	34.1	356,202	373,276
Depreciation on property, plant and equipment	5.6	1,887,148	1,308,561
Depreciation on right-of-use asset	6.2	293,742	270,062
Rent, rates and taxes		252,776	171,463
Fuel and power		166,038	93,648
Travelling and conveyance		67,919	48,672
Repairs and maintenance		149,497	209,038
Insurance		83,671	86,839
Commission		20,042	18,698
Advertising and publicity		6,478	4,180
Printing, communication and stationery		18,700	24,824
Fee and subscription		13,866	10,375
Owned tank lorries - net		40,490	-
Legal and professional charges		49,129	38,518
		<u>3,405,698</u>	<u>2,658,154</u>
34. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	34.1	584,813	610,697
Fee and subscription		19,182	20,380
Legal and professional charges		232,581	233,008
Travelling and conveyance		44,184	44,735
Insurance		6,571	8,343
Repairs and maintenance		29,652	32,382
Depreciation on right-of-use asset	6.2	83,258	76,779
Depreciation on property, plant and equipment	5.6	170,573	86,228
Rent, rates and taxes		31,625	32,758
Printing, communication and stationery		17,985	17,509
Advertising and publicity		849	7,306
Fuel and power		20,661	18,658
Auditor's remuneration	34.2	9,790	6,575
Amortization	7	286	1,191
		<u>1,252,010</u>	<u>1,196,549</u>
34.1 Salaries and other benefits relating to distribution and administrative expense include:			
- Gratuity	49.1.5	51,184	45,853
- Contribution to provident fund		<u>19,773</u>	<u>20,033</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
34.2 Auditor's remuneration			
Statutory audit		4,500	3,510
Special purpose audit		1,800	-
Certifications		750	810
Shari'ah audit fee		700	756
Half yearly review		700	624
Out of pocket expenses		890	519
Consolidation		450	356
		<u>9,790</u>	<u>6,575</u>
35. PROVISION OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS			
Provision against doubtful debts	12.1	<u>-</u>	<u>239,164</u>
36. OTHER EXPENSES			
IFEM provisioning	15.3	-	948
Provisioning of Advance to supplier	13.2	181,897	-
Provision of property, plant and equipment		-	1,431,565
Penalty	36.1	9,342	6,137
		<u>191,239</u>	<u>1,438,650</u>
36.1	This represents penalty paid to Oil and Gas Regulatory Authority, Federal Board of Revenue and Collector of Customs.		
37. OTHER INCOME			
Income from financial assets			
Markup/profit on:			
- deposit with conventional banks		40,015	45,272
- TFCs		15,678	8,147
		<u>55,693</u>	<u>53,419</u>
Income from non-financial assets			
Gain on disposal of operating fixed assets		12,107	85,683
Gain on disposal of ROU assets	6.3	-	3,070,135
Reversal of provision for Suppliers and Service provider	13.2	-	628,201
Reversal of provision for doubtful debts	12.1	313,852	-
Writeback of unclaimed liabilities	24	-	281,053
Sundries		6,652	62
Reversal of slow moving provision	11.2	-	31
Promotional marketing fee		-	148
Scrap sales		3,742	1,011
Rental income and others		83,968	334,390
		<u>420,321</u>	<u>4,400,714</u>
		<u>476,014</u>	<u>4,454,133</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

38. FINANCE COST	Note	2022	2021
		----- Rupees in '000 -----	
Conventiona			
Short term borrowings		4,829,921	3,588,329
Letter of credit / import contract		14,458	469
Long term borrowings		1,261,155	1,045,677
Interest cost on lease liability on right of use asset	22.2.1	425,696	706,919
Unwinding of discount		235,055	128,669
Discounting charges on borrowings		-	4,733
Bank charges		102,974	51,887
		6,869,259	5,526,683
Islamic			
Short term borrowings		749,726	904,734
Long term borrowings		752,217	208,633
Assets obtained under finance lease		34,984	60,755
Bank charges		-	9,060
		1,536,927	1,183,181
		8,406,186	6,709,864

39. TAXATION

Current	381,143	436,666
	381,143	436,666

39.1 During the year ended December 31, 2022 and 2021, provision for current tax is based on minimum tax and final tax regime. Accordingly, tax reconciliation has not been presented in these unconsolidated financial statements.

40. LOSS PER SHARE - basic and diluted

	2022	2021
Loss for the year (Rupees in thousand)	(14,498,321)	(7,570,286)
Weighted average number of ordinary shares (in thousand)	999,121	999,121
Loss per share from continued operations - basic and diluted (Rupees)	(14.51)	(7.58)

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
----- Rupees in '000 -----						
Director's fee	-	15,460	-	-	9,823	-
Managerial remuneration	48,600	-	266,909	48,077	-	253,138
Cost of living allowance	5,400	-	29,657	5,342	-	28,126
Reimbursement of medical expenses	671	-	6,014	1,400	-	6,566
Retirement benefits	2,780	-	14,020	2,750	-	11,353
	57,451	15,460	316,600	57,569	9,823	299,183
Number of person(s)	1	7	80	1	9	78

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

41.1 The Chief Executive Officer and certain executives are also provided with free use of Group maintained cars and cellular connections. In addition, the Chief Executive Officer is provided with free security services in accordance with the terms of employment.

42. RELATED PARTY TRANSACTIONS AND BALANCES

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

42.1 Transactions with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2022	2021
			----- Rupees in '000 -----	
Shareholding by the Company				
Karachi Hydrocarbon Terminal Limited	Rendering of services	15%	145,741	2,002,743
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	37,634,448	34,028,719
Clover Pakistan Limited	Procurement			
Faysal Bank Limited	Rendering of services			

42.2 Balances with related parties

Name of related party	Nature of transaction	Percentage of shareholding	2022	2021
			----- Rupees in '000 -----	
Shareholding by the Company				
Karachi Hydrocarbon Terminal Limited	Advance against issue of shares	15%	2,500	2,500
Karachi Hydrocarbon Terminal Limited	Investments	15%	412,500	412,500
Karachi Hydrocarbon Terminal Limited	Rendering of services	N/A	1,392,194	1,429,241
VAS LNG (Private) Limited	Advance against issue of shares	30%	1,023	1,023
VAS LNG (Private) Limited	Investments	30%	3,000	3,000
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	13,428,337	15,386,212

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
43. CASH USED IN OPERATIONS			
Loss before taxation		(14,117,178)	(7,133,620)
<i>Adjustment for:</i>			
Depreciation on property, plant and equipment	5.6	2,057,721	1,394,683
Depreciation on right-of-use asset	6.2	382,452	464,683
Amortization	7	286	1,191
Provision for IFEM	15.3	-	948
Reversal against slow moving stock	11	-	(31)
Share of (profit)/loss from sssociates	8	(11,632)	(7,112)
(Reversal) / provision for doubtful debts	12.1	(313,852)	239,164
Exchange loss - unrealized		2,757,125	861,194
Provision for gratuity	49.1.5	49,266	44,610
Gain on disposal of operating fixed assets	37	(12,107)	(85,683)
Gain on termination of lease	37	-	(3,070,135)
Provision / (reversal) of advance to supplier and services providers	13.2	181,897	(628,201)
Writeback of unclaimed liabilities	37	-	(281,053)
Markup / profit on bank deposits	37	(55,693)	(53,419)
Markup charged on lease liability	38	425,696	706,919
Finance cost	38	7,980,490	5,874,276
Provision of property, plant and equipment	36	-	1,431,565
Changes in working capital	43.1	194,497	(4,528,968)
Cash used in operations		<u>(481,032)</u>	<u>(4,768,883)</u>
43.1 Changes in working capital			
Decrease in current assets			
Stock-in-trade	11	2,035,885	1,146,737
Trade debts	12	399,576	672,834
Advances	13	(291,156)	1,250,760
Deposits and prepayments	14	(134,661)	(48,154)
Other receivables	15	(1,267,350)	(35,368)
		742,294	2,986,809
Decrease in current liabilities			
Trade and other payables	24	(547,797)	(7,515,777)
Changes in working capital		<u>194,497</u>	<u>(4,528,968)</u>
44. CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	1,094,928	1,333,265
Short-term borrowings	27	(39,302,994)	(37,280,935)
		<u>(38,208,066)</u>	<u>(35,947,670)</u>
45. OPERATING SEGMENTS			

These consolidated financial statements have been prepared on the basis of a single reportable segment.

- Sales from petroleum products represents 99.34 % (2021: 99.68 %) of total revenues of the Group.

- Out of total sales of the Group 100% (2020: 99.82 %) related to customers in Pakistan.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

The Group sells its product to dealers, governments agencies and autonomous bodies, independent power project and other corporate customers.

Sales to ten major customers of the Group are around 9.21% during the year ended December 31, 2022 (2021: 15.45%).

46. FINANCIAL INSTRUMENTS BY CATEGORY

		2022	2021
	Note	----- Rupees in '000 -----	
Financial assets as per statement of financial position			
Fair value through profit or loss			
Short term investments	17	98,700	98,700
At cost			
Long term investments	8	514,663	521,185
At amortized cost			
Deposits	14 & 10	523,788	590,606
Trade debts	12	816,701	902,425
Other receivables	15	5,145,759	4,214,191
Accrued mark-up and profit	16	1,368	2,623
Cash and bank balances	18	1,094,928	1,333,265
		7,582,544	7,043,110
Total financial assets		8,195,907	7,662,995
Financial liabilities as per statement of financial position			
At amortized cost			
Long-term financing	21	13,637,415	13,637,415
Unclaimed dividend	25	356,928	356,930
Trade and other payables	24	31,628,303	29,748,902
Accrued mark-up and profit	26	14,244,173	7,309,609
Short-term borrowings	27	39,302,994	37,280,935
Total financial liabilities		99,169,813	88,333,791

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

a) Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
----- Rupees in '000 -----				
Financial assets				
Long term investments	514,663	514,663	521,185	521,185
Deposits	523,788	523,788	590,606	590,606
Trade debts	816,701	816,701	902,425	902,425
Other receivables	5,145,759	5,145,759	4,214,191	4,214,191
Short term investment	98,700	98,700	98,700	98,700
Accrued mark-up and profit	1,368	1,368	2,623	2,623
Cash and bank balances	1,094,928	1,094,928	1,333,265	1,333,265
	8,195,907	8,195,907	7,662,995	7,662,995
----- Rupees in '000 -----				
Financial liabilities				
Long-term financing	13,637,415	13,637,415	13,637,415	13,637,415
Unclaimed dividend	356,928	356,928	356,930	356,930
Trade and other payables	31,628,303	31,628,303	29,748,902	29,748,902
Accrued mark-up and profit	14,244,173	14,244,173	7,309,609	7,309,609
Short-term borrowings	39,302,994	39,302,994	37,280,935	37,280,935
	99,169,813	99,169,813	88,333,791	88,333,791

b) Valuation of financial instruments

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market.

Level 2: Valuation techniques based on observable inputs.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Group determines fair values using valuation techniques unless the instruments do not have a market/ quoted price in an active market and whose fair value cannot be reliably measured.

Valuation techniques used by the Group include discounted cash flow model. Assumptions and inputs used in valuation techniques includes risk-free rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the balance sheet date that would have been determined by market participants acting at arm's length.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Valuation models for valuing securities for which there is no active market requires significant unobservable inputs and a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued and selection of appropriate discount rates.

c) Financial assets

	2022				Total
	Carrying value	Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	514,663	-	-	514,663	514,663
Total	613,363	98,700	-	514,663	613,363

	2021				Total
	Carrying value	Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
Short term investments	98,700	98,700	-	-	98,700
Long term investments at cost	521,185	-	-	521,185	521,185
Total	619,885	98,700	-	521,185	619,885

d) Non-financial assets

	2022				Total
	Carrying value	Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
Building on lease hold land	6,973,621	-	-	6,973,621	6,973,621
Tanks and pipelines	4,205,560	-	-	4,205,560	4,205,560
Dispensing pumps	2,112,597	-	-	2,112,597	2,112,597
Plant and machinery	1,432,491	-	-	1,432,491	1,432,491
Electrical, mechanical and fire fighting equipment	1,775,350	-	-	1,775,350	1,775,350
Furniture, office equipment and other assets	197,461	-	-	197,461	197,461
Vehicles	380,683	-	-	380,683	380,683
Computer auxiliaries	10,783	-	-	10,783	10,783
	17,088,546	-	-	17,088,546	17,088,546

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2021				Total
	Carrying value	Level 1	Level 2	Level 3	
----- Rupees in '000 -----					
Building on lease hold land	7,997,930	-	-	7,997,930	7,997,930
Tanks and pipelines	4,611,711	-	-	4,611,711	4,611,711
Dispensing pumps	1,848,619	-	-	1,848,619	1,848,619
Plant and machinery	1,072,779	-	-	1,072,779	1,072,779
Electrical, mechanical and fire fighting equipment	2,554,003	-	-	2,554,003	2,554,003
Furniture, office equipment and other assets	135,277	-	-	135,277	135,277
Vehicles	355,025	-	-	355,025	355,025
Computer auxiliaries	24,462	-	-	24,462	24,462
	18,599,806	-	-	18,599,806	18,599,806

48. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group is exposed to the following risks from its use of financial instruments:

	Note
- Market risk	48.1.1
- Credit risk and concentration of credit risk	48.1.2
- Liquidity risk	48.1.3

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring any increase in risk, and the Group's management of capital.

48.1 Financial risk management

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities

The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board oversee how management monitors compliance with the Group's risk management policies and procedures, and review the adequacy of risk management framework in relation to the risks faced by the Group.

48.1.1 Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities. The objective of market risk management is to manage and control market risk exposures within an acceptable range. The market risk includes:

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

(a) Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group imports petroleum product and is thus exposed to currency risk in respect to foreign creditors, which at the year end amount to USD 101,342 million (2021: USD 123.371 million) having PKR equivalent amount of Rs. 22,947 million (2021: Rs. 21,804 million). The average rates applied during the year is Rs. 204.5162 per USD (2021: Rs. 168.2520 per USD) and the spot rate as at December 31, 2022 is Rs. 226.4309 per USD (2021: Rs. 1106.79 per USD).

The Group manages its currency risk by close monitoring of currency markets. Under regulatory requirements, the Group cannot hedge its currency risk exposure. Consequently, the Group recorded exchange loss amounting to Rs.4,829 million (2021: Rs. 1106.79 million) during the year.

Sensitivity analysis

As at December 31, 2022, if the Pakistani Rupee had weakened/strengthened by 5% against USD with all other variables held constant, loss / profit for the year would have been lower/higher by Rs. 1,147 million (2021: Rs. 1,106.45 million).

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises due to long-term financing and short term borrowings. At the balance sheet date the interest rate profile of the Group's mark-up bearing financial instruments is summarized as follows:

Cash flow sensitivity for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would effect on profit or loss before tax is shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

Cash flow sensitivity of variable rate instruments

	Profit or (loss)		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	----- Rupees in '000 -----			
(Expense) / income				
As at December 31, 2022	(79,805)	79,805	(56,661)	56,661
As at December 31, 2021	(60,029)	60,029	(42,621)	42,621

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

b Interest / profit rate risk (continued)

	2022							
	Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
		Maturity up to one year	Maturity after one year	Sub- Total	Maturity up to one year	Maturity after one year	Sub- Total	
----- Rupees. in '000 -----								
Financial assets								
Long term investments	-	-	-	-	514,663	-	514,663	
Deposits	-	-	-	-	293,608	230,180	523,788	
Trade debts	-	-	-	-	816,701	-	816,701	
Other receivables	-	-	-	-	5,145,759	-	5,145,759	
Accrued mark-up and profit	-	-	-	-	1,368	-	1,368	
Short term investments	11.97-17.68	98,700	-	98,700	-	-	98,700	
Cash and bank balances	7.21-13.65	431,494	-	431,494	663,434	-	1,094,928	
		<u>530,194</u>	<u>-</u>	<u>530,194</u>	<u>7,435,533</u>	<u>230,180</u>	<u>7,665,713</u>	
							<u>8,195,907</u>	
Financial liabilities								
Long term finances	9.85-18.55	3,533,878	10,103,537	13,637,415	-	-	13,637,415	
Unclaimed dividend	-	-	-	-	356,928	-	356,928	
Trade and other payables	-	-	-	-	31,628,303	-	31,628,303	
Accrued mark-up and profit	-	-	-	-	14,244,173	-	14,244,173	
Short-term borrowings	9.06-20.0	39,302,994	-	39,302,994	-	-	39,302,994	
		<u>42,836,872</u>	<u>10,103,537</u>	<u>52,940,409</u>	<u>46,229,404</u>	<u>-</u>	<u>46,229,404</u>	
							<u>99,169,813</u>	
On financial position gap		<u>(42,306,678)</u>	<u>(10,103,537)</u>	<u>(52,410,215)</u>	<u>(38,793,871)</u>	<u>230,180</u>	<u>(38,563,691)</u>	
							<u>(90,973,906)</u>	

b) Interest / profit rate risk (continued)

	2021							
	Effective yield/ interest/profit rate % (Per annum)	Exposed to yield/interest/profit risk			Non-interest/profit bearing			Total
		Maturity up to one year	Maturity after one year	Sub - Total	Maturity up to one year	Maturity after one year	Sub - Total	
----- Rupees. in '000 -----								
Financial assets								
Long term investments	-	-	-	-	521,185	-	521,185	
Deposits	-	-	-	-	145,087	445,519	590,606	
Trade debts	-	-	-	-	902,425	-	902,425	
Other receivables	-	-	-	-	4,214,191	-	4,214,191	
Accrued mark-up and profit	-	-	-	-	2,623	-	2,623	
Short term investments	11.97	98,700	-	98,700	-	-	98,700	
Cash and bank balances	10.75	561,818	-	561,818	771,447	-	1,333,265	
		<u>660,518</u>	<u>-</u>	<u>660,518</u>	<u>6,556,958</u>	<u>445,519</u>	<u>7,002,477</u>	
							<u>7,662,995</u>	
Financial liabilities								
Long term finances	9.44-12.42	2,216,478	11,420,937	13,637,415	-	-	13,637,415	
Unclaimed dividend	-	-	-	-	356,930	-	356,930	
Trade and other payables	-	-	-	-	29,748,902	-	29,748,902	
Accrued mark-up and profit	-	-	-	-	7,309,609	-	7,309,609	
Short-term borrowings	8.62-20.81	37,280,935	-	37,280,935	-	-	37,280,935	
		<u>39,497,413</u>	<u>11,420,937</u>	<u>50,918,350</u>	<u>37,415,441</u>	<u>-</u>	<u>37,415,441</u>	
							<u>88,333,791</u>	
On financial position gap		<u>(38,836,895)</u>	<u>(11,420,937)</u>	<u>(50,257,832)</u>	<u>(30,858,483)</u>	<u>445,519</u>	<u>(30,412,964)</u>	
							<u>(80,670,796)</u>	

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

(c) **Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instruments or its issuers, or factors affecting all or similar financial instruments traded in the market. The Company is not exposed to equity price risk since it has investments in quoted equity securities amounting to Nil (2021: Rs. Nil) at the unconsolidated statement of financial position date. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

48.1.2 Credit risk and concentration of credit risk:

The value of investment subject to equity price risk are, in almost all instance, based on quoted market price as of the reporting date except for unquoted investments which are carried at cost. Market prices are subject to fluctuation and consequently the amount realized as a result of subsequent sale of an investment may differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investment and general market condition. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The credit quality of receivables can be assessed with reference to the historical performance with no or some defaults in recent history. The Company manages credit risk of receivables through the monitoring of credit exposures, limiting transactions with specific customers and continuous assessment of credit worthiness of its customers. The carrying values of financial assets which are neither past due nor impaired are as under:

	2022	2021
Note	----- Rupees in '000 -----	
Long term investments	514,663	521,185
Deposits	523,788	590,606
Trade debts - unsecured	756,939	883,550
Other receivables	3,451,332	2,519,764
Accrued mark-up and profit	1,368	2,623
Short term investments	98,700	98,700
Cash and bank balances	1,094,928	1,333,265
	<u>6,441,718</u>	<u>5,949,693</u>

2022		2021	
Gross	Impaired	Gross	Impaired
----- Rupees in '000 -----			

Aging analysis of trade debts:

Past due 1-30 days	720,758	100	394,578	89,322
Past due 31-90 days	96,065	22	159,423	20,651
Past due 91-180 days	20,878	20,878	1,353	1,353
Past due 181-365 days	25,691	25,691	7,419	7,419
Over 1 year	9,508,248	9,508,248	10,252,668	9,794,271
	<u>10,371,640</u>	<u>9,554,939</u>	<u>10,815,441</u>	<u>9,913,016</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

The credit risk for bank balances is considered to be negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The credit quality of bank balances that are neither past due nor impaired can be assessed with reference to external credit ratings as follows:

	<u>Rating agency</u>	<u>Short term</u>	<u>Long term</u>
Islamic Banks			
Al Baraka Bank Pakistan Limited	PACRA	A1	
Bank Islami Pakistan Limited	PACRA	A1	A+
Meezan Bank Limited	JCR- VIS	A-1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Dubai Islamic Bank Pakistan	JCR- VIS	A-1+	AA
Conventional banks			
Askari Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Bank Al Falah Limited	PACRA	A1+	AA+
Bank of Khyber	JCR-VIS	A-1	A+
The Bank of Punjab	PACRA	A1+	AA+
Faysal Bank Limited	JCR-VIS	A-1+	AA
First Women Bank Limited	PACRA	A2	A-
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	JCR- VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Habib Bank Limited	JCR- VIS	A-1+	AAA
SAMBA Bank Limited	JCR- VIS	A-1	AA
Silk Bank Limited	JCR- VIS	A-2	A-
Sindh Bank Limited	JCR- VIS	A-1	A+
Summit Bank Limited	JCR- VIS	A+	AAA
United Bank Limited	JCR- VIS	A-1+	AAA
Pak Oman Investment Company Limited	JCR- VIS	A-1+	AA+

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

48.1.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Group's financial liabilities have contractual maturities as summarized below:

	2022		
	Within one year	Over one year	Total
	----- Rupees in '000 -----		
Long term finances	3,533,878	10,103,537	13,637,415
Trade and other payable	31,628,303	-	31,628,303
Unclaimed dividend	356,928	-	356,928
Mark-up accrued	14,244,173	-	14,244,173
Short-term borrowings	39,302,994	-	39,302,994
	<u>89,066,276</u>	<u>10,103,537</u>	<u>99,169,813</u>
	2021		
	Within one year	Over one year	Total
	----- Rupees in '000 -----		
Long term finances	2,216,478	11,420,937	13,637,415
Trade and other payables	29,748,902	-	29,748,902
Accrued mark-up and profit	7,309,609	-	7,309,609
Unclaimed dividend	356,930	-	356,930
Short-term borrowings	37,280,935	-	37,280,935
	<u>76,912,854</u>	<u>11,420,937</u>	<u>88,333,791</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

31-Dec-2022 Financial Institutions exposure	Long term financing	Short term borrowing	Finance lease	Letter of credit	Total principal	Accrued mark up	Total exposure including markup
----- Rupees in '000 -----							
National Bank of Pakistan	8,251,682	10,433,121	52,553	-	18,737,356	5,934,314	24,671,670
Habib Metropolitan Bank Ltd	-	3,600,000	-	-	3,600,000	904,458	4,504,458
Habib Bank Ltd	-	4,946,831	78,808	145,178	5,170,817	428,869	5,599,686
Meezan Bank Ltd	1,775,139	2,295,000	-	-	4,070,139	939,437	5,009,576
Askari Bank Ltd	-	3,044,000	15,453	-	3,059,453	198,542	3,257,995
The Bank of Punjab	887,570	1,999,729	-	-	2,887,299	887,331	3,774,630
Sindh Bank Ltd	-	2,022,460	-	-	2,022,460	700,696	2,723,156
Faysal Bank Ltd	-	1,756,397	-	-	1,756,397	851,920	2,608,317
Bank of Khyber	-	1,806,124	-	-	1,806,124	523,017	2,329,141
Bank Alfalah Ltd	798,813	969,201	-	-	1,768,014	411,294	2,179,308
Al Baraka Bank Ltd	-	1,781,500	-	-	1,781,500	582,999	2,364,499
BankIslami Pakistan Ltd	710,056	840,025	-	-	1,550,081	426,508	1,976,589
Dubai Islamic Bank Pakistan Ltd	621,298	655,900	-	-	1,277,198	382,073	1,659,271
Samba Bank Ltd	-	972,409	-	-	972,409	219,344	1,191,753
United Bank Ltd	-	746,862	-	-	746,862	194,358	941,220
First Women Bank Ltd	-	665,147	-	-	665,147	129,165	794,312
Summit Bank Ltd	-	367,141	-	-	367,141	126,298	493,439
MCB Bank Ltd	-	401,147	-	-	401,147	205,049	606,196
First Habib Modaraba	-	-	52,150	-	52,150	-	52,150
Pakoman Investment Co. Ltd	92,857	-	-	-	92,857	19,122	111,979
Sukuk	500,000	-	-	-	500,000	129,807	629,807
	13,637,415	39,302,994	198,964	145,178	53,284,551	14,194,601	67,479,152

31-Dec-2021
Financial Institutions exposure

National Bank of Pakistan	8,251,682	10,433,121	110,174	-	18,794,977	3,345,243	22,140,220
Habib Metropolitan Bank Ltd	-	3,798,988	62,859	-	3,861,847	459,786	4,321,633
Habib Bank Ltd	-	3,605,955	178,977	1,525,089	5,310,021	7,372	5,317,393
Meezan Bank Ltd	1,775,139	2,295,000	-	-	4,070,139	468,183	4,538,322
Askari Bank Ltd	-	2,046,963	32,527	1,288,034	3,367,524	65,728	3,433,252
The Bank of Punjab	887,570	1,999,729	-	-	2,887,299	452,507	3,339,806
Sindh Bank Ltd	-	2,022,766	-	-	2,022,766	259,303	2,282,069
Faysal Bank Ltd	-	1,756,505	-	-	1,756,505	524,133	2,280,638
Bank of Khyber	-	1,806,124	-	-	1,806,124	250,463	2,056,587
Bank Alfalah Ltd	798,813	969,241	-	-	1,768,054	225,323	1,993,377
Al Baraka Bank Ltd	-	1,781,500	-	-	1,781,500	345,999	2,127,499
Bank Islami Pakistan Ltd	710,056	840,025	-	-	1,550,081	227,266	1,777,347
Dubai Islamic Bank Pakistan Ltd	621,298	655,900	-	-	1,277,198	182,195	1,459,393
Samba Bank Ltd	-	972,823	-	-	972,823	139,811	1,112,634
United Bank Ltd	-	746,862	-	-	746,862	88,408	835,270
First Women Bank Ltd	-	665,147	-	-	665,147	23,512	688,659
Summit Bank Ltd	-	483,139	-	-	483,139	64,114	547,253
MCB Bank Ltd	-	401,147	-	-	401,147	111,115	512,262
First Habib Modaraba	-	-	95,037	-	95,037	-	95,037
Pak Oman Investment Co. Ltd	92,857	-	-	-	92,857	10,045	102,902
Sukuk	500,000	-	-	-	500,000	56,404	556,404
	13,637,415	37,280,935	479,574	2,813,123	54,211,047	7,306,910	61,517,957

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

48.1.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

		2022	2021
49. STAFF RETIREMENT BENEFITS	Note	----- Rupees in '000 -----	
HPL gratuity fund	49.1	219,692	173,222
HPL provident fund	49.2	-	-
49.1	The Group operates an approved gratuity fund for its employees who have completed the employment period of 5 years. Provision is created for the benefit of the scheme on the basis of actuarial valuations. Number of eligible employees covered in fund are 184 (2021: 213).		
49.1.1	Movement in liability recognized in consolidated statement of financial position	2022	2021
	Note	----- Rupees in '000 -----	
Present value of defined benefit obligations	49.1.2	220,769	176,171
Fair value of plan assets	49.1.4	(1,077)	(2,950)
Statement of financial position liability		<u>219,692</u>	<u>173,221</u>
49.1.2	Movement in liability recognized in consolidated statement of financial position	2022	2021
	Note	----- Rupees in '000 -----	
Net liability as at January 01,		176,171	163,158
Expense recognized in statement of profit or loss	49.1.5	51,184	45,853
Benefits payable to outgoing members		(2,785)	-
Benefits payable to outgoing members by the fund		-	(2,820)
Benefits paid		(4,278)	(9,853)
Remeasurement loss / (gain) recognized in statement of other comprehensive income	49.1.3	477	(20,167)
Net liability as at December 31,		<u>220,769</u>	<u>176,171</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

2022
2021

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

49.1.3 Movement in present value of the defined benefit obligation

Present value of defined obligation as at January 01,	176,171	163,158
Current service cost	32,481	31,326
Interest cost	18,703	14,527
Benefits payable to outgoing members	(2,785)	-
Benefits payable to outgoing members by the fund	-	(2,820)
Benefits paid	(4,278)	(9,853)
	220,292	196,338
Remeasurement loss / (gain)	477	(20,167)
Present value of defined obligation as at December 31,	220,769	176,171

49.1.4 Movement in fair value of plan assets

Fair value of plan assets at the beginning of the year	2,949	564
Expected return on plan assets	1,918	1,243
Contributions made by the company	-	13,738
Benefits paid during the year	(4,278)	(9,852)
Benefits payable from the fund during the year	-	(2,820)
Remeasurements: Actuarial Gain	487	77
	1,076	2,950

49.1.5 Expense recognized in the unconsolidated statement of profit or loss account

Current service cost	32,481	31,326
Interest cost	18,703	14,527
Expected return on plan assets	(1,918)	(1,243)
	49,266	44,610

49.1.6 Remeasurement recognized in unconsolidated statement of comprehensive income

Gain on remeasurement of defined benefit obligation	(10)	(20,244)
Impact of deferred tax	3	5,871
	(7)	(14,373)

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Note	----- Rupees in '000 -----	
49.1.7 Analysis of present value of defined benefit obligation		
Split by vested / non - vested		
(i) Vested benefits	153,326	114,606
(ii) Non-vested benefits	29,881	26,417
Split by benefits earned to date		
(i) Present value of guaranteed benefits	57,198	48,059
(ii) Present value of benefits attributable to future salary increase	126,009	92,965
Expected distribution of timing of benefit payments time in years		
Within first year from the end of financial year	8,143	6,060
Within second years from the end of financial year	8,752	8,104
Within third years from the end of financial year	11,377	8,526
Within fourth years from the end of financial year	24,574	11,344
Within five years from the end of financial year	67,441	23,833
Within six to ten years from the end of financial year	242,713	237,555
Sensitivity analysis on significant actuarial assumptions on present value of defined benefit obligation		
Discount rate +1%	167,088	127,743
Discount rate -1%	201,838	156,506
Expected rate of salary increase +1%	202,544	157,053
Expected rate of salary increase -1%	166,226	127,063
	2022	2021
	----- Percentage -----	
Maturity profile of present value of defined benefit obligation		
Weighted average duration of the present value of defined benefit obligation (years)	9.44	10.14
	2022	2021
Key statistics		
Average age (time in years)	42.61	39.69
Average service (time in years)	5.80	4.59
Average entry age (time in years)	36.81	35.10
Retirement assumption age (time in years)	60	60
	SLIC	SLIC
Mortality rates	(2001-05)-1	(2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

49.1.8 Historical information of staff retirement benefits

	2022	2021	2020	2019	2018
	----- Rupees in '000 -----				
Present value of gratuity	<u>219,692</u>	<u>173,222</u>	<u>162,594</u>	<u>286,844</u>	<u>250,593</u>

49.1.9 The expected gratuity expense for the year ending December 31, 2022 works out to be Rs. 46.853 million.

49.1.10 Actuarial assumptions

The following significant assumptions were used in the valuation carried out at the balance sheet date using the projected unit credit method:

	2022	2021
	----- % Per Annum -----	
- Expected long-term rate of increase in salary level	<u>14.50</u>	<u>12.25</u>
- Discount rate	<u>14.50</u>	<u>12.25</u>

49.2 The Group operates approved provident fund for its eligible employees as of December 31, 2021. Details of assets and investments of the fund is as follows:

	2022	2021
	Unaudited	Unaudited
Size of fund - total net assets (Rupees in '000)	<u>172,814</u>	<u>157,747</u>
Number of members	<u>181</u>	<u>201</u>
Cost of investments made (Rupees in '000)	<u>192,931</u>	<u>180,265</u>
Percentage of investments made	<u>100%</u>	<u>100%</u>
Fair value of investments (Rupees in '000)	<u>181,735</u>	<u>160,736</u>

49.2.1 The break-up of fair value of investments is as follows:

	2022		2021	
	Unaudited		Unaudited	
	Investments (Rs in '000)	% of investment	Investments (Rs in '000)	% of investment
Saving bank accounts	77,931	43	55,265	34
Regular income certificates	-	-	-	-
Term finance certificate	89,300	49	89,300	56
Mutual fund	14,504	8	16,172	10
	<u>181,735</u>	<u>100</u>	<u>160,737</u>	<u>100</u>

49.2.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and applicable rules.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

50. DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed with reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index.

S.No	Description	Explanation
(i)	Advances	Non-interest bearing as disclosed in note 13.
(ii)	Deposits	Non-interest bearing as disclosed in note 10 and 14.
(iii)	Segment revenue	Disclosed in note 45.
(iv)	Bank balances	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 18.
(v)	Income on bank deposits	Placed under interest arrangement and Shariah permissible arrangement as disclosed in note 37.
(vi)	Loss on disposal of investment held at fair value through other comprehensive income	Disclosed in statement of other comprehensive income.
(vii)	Dividend income	Not applicable during the year.
(viii)	All sources of income	Disclosed in note 30, 31 and 37.
(ix)	Exchange gain	Not applicable during the year.
(x)	Mark up paid on Islamic mode of financing	Disclosed in note 38.
(xi)	Relationship with banks having Islamic windows	Following is the list of banks with which the Group has a relationship with Islamic window of operations:
S.No	Names of Islamic bank	
1	Al Baraka Bank Pakistan Limited	
2	Bank Islami Pakistan Limited	
3	Meezan Bank Limited	
4	MCB Islamic Bank Limited	
5	Dubai Islamic Bank Pakistan	

52. COMPARATIVE FIGURES

Comparative figures in these unconsolidated statement of financial position have not been reclassified.

52. RESTATEMENTS AND RECLASSIFICATIONS

During the year ended December 31, 2022, the Holding Company engaged a Chartered Accountant firm to conduct an Agreed Upon Procedures (AUP) assignment on specific balances in the financial statements. Detailed information about this assignment can be found in note 5, 12, 13, 15, and 24 of the consolidated financial statements. As a result of this review, certain errors were identified in these balances. Due to the lack of sufficient information to ascertain the specific periods in which these errors occurred, it is presently impractical to perform a retrospective restatement. Therefore, the effects of the restatements / reclassifications on the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the comparative period are not presented. The net impact of these restatements has been incorporated, as per the requirements of "IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors," by adjusting the opening balances and opening accumulated losses as of January 01, 2022.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	
Impact on statement of financial position	Note	Rupees in '000
Revenue reserve as at January 01, 2022		(68,503,723)
<i>Property, plant and equipment</i>	5.2	
- Inter category reclassification		(99,981)
- Assets written off		(830,373)
- Adjustments in operating fixed assets		(7,275,852)
- Reversal of revaluation surplus		(384,434)
- Provision against CWIP	5.8.2	(98,810)
<i>Trade and other payables</i>		
- Trade creditors	24.1	(234,357)
- Accrued liabilities	24.5	876,105
Revenue reserve as at January 01, 2022 - Restated		<u>(76,551,425)</u>
Surplus on revaluation of property, plant and equipment at January 01, 2022		6,381,696
Restatement in opening revaluation surplus	5.2	8,613,827
Surplus on revaluation of property, plant and equipment at January 01, 2022 -Restated		<u>14,995,523</u>
53. NUMBER OF EMPLOYEES	2022	2021
Total number of employees as at year end	<u>283</u>	<u>321</u>
Average number of employees during the year	<u>295</u>	<u>332</u>

54. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorized for issue on 3rd August 2023, by the Board of Directors of the Group Company.



 Chief Executive Officer



 Chief Financial Officer



 Director

FORM OF PROXY

21ST ANNUAL GENERAL MEETING

The Company Secretary

Hascol Petroleum Limited

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

I / We _____ of _____
_____ being member(s) of **Hascol Petroleum Limited** and holder of
_____ ordinary shares as per Share Register Folio
No. _____ and/or CDC Participant I.D. No. and Sub Account No. /
IAS Account No. _____, hereby appoint _____
of _____ or failing him / her _____ of
_____ as my/our proxy in my/our absence to attend and vote for me/us
and on my/our behalf at the Annual General Meeting of the Company to be held on
Thursday, 31st August 2023, and at any adjournment thereof.

As witness my / our hands / seal this _____ day of _____ 2023.

Witness No.1

Name _____

Address _____

CNIC or Passport No. _____

Affix
Rs. 5/-
Revenue
Stamp

Signature

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

Witness No.2

Name _____

Address _____

CNIC or Passport No. _____

Important Instructions

1. This proxy form, duly completed and signed, must be received at the registered office of the Company at 29th Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block-4, Clifton, Karachi., not less than 48 hours before the time of holding the Meeting.
2. Members are requested:
 - (a) To affix Revenue Stamp of Rs. 5/- at the place indicated above; and
 - (b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.

For CDC account holder(s) / corporate entities

In addition to the above the following requirements have to be met:

- i) the proxy form shall be witnessed by two persons whose names, addresses and CNIC / passport numbers shall be stated on the form;
- ii) attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form;
- iii) the proxy shall produce his / her original CNIC or original passport at the time of the meeting; and
- iv) corporate entities should produce a certified copy of the resolution pertinent of its board of directors' meeting or a power of attorney bearing signature of the nominee at the time of the Meeting, unless it has been provided earlier.

پراکسی فارم

21 ویں سالانہ جنرل میٹنگ

کمپنی بیکریٹری

بیسکول پیٹرولیم لمیٹڈ

29 ویں منزل، اسکائی ٹاور، ویسٹ ونگ (ٹاور A)

ڈالمن سٹی، عبدالستار ایڈھی ایونیو، بلاک 4

کلکشن کراچی

میں رہتم -----، کارکی رکے رہائشی بیسکول پیٹرولیم لمیٹڈ کارکی رکے
ممبر اور ----- عام شیئرز کارکی رکے ہولڈر، رجسٹرڈ فوئیو نمبر ----- اور ری ای سی پارٹنر
ای ڈی نمبر اور سب اکاؤنٹ نمبر ری ای سی ایس ----- کے رکے رہائشی یا اسکی عدم موجودگی میں
----- کے رکے رہائشی یا اسکی عدم موجودگی میں
----- کے رکے رہائشی کو 31 اگست، 2023 کو ہونے والے کمپنی کے سالانہ اجلاس میں میری رہماری غیر موجودگی پر بطور میری رہماری پراکسی کے اجلاس میں شرکت اور ووٹ
دینے کے لیے تعینات کرتا کرتی ہوں۔

گواہ نمبر (1)

نام: -----

پتہ: -----

شناختی کارڈ یا پاسپورٹ نمبر -----

گواہ نمبر (2)

نام: -----

پتہ: -----

شناختی کارڈ یا پاسپورٹ نمبر -----

ضروری احکامات

- 1- یہ پراکسی فارم صحیح طریقے سے مکمل ہو کر دستخط کے ساتھ کمپنی کے رجسٹر آفس 29 ویں منزل، اسکائی ٹاور، ویسٹ ونگ (ٹاور A)، ڈالمن سٹی، عبدالستار ایڈھی ایونیو، بلاک 4 کلکشن کراچی میں کم از کم میٹنگ سے 48 گھنٹے قبل موجود ہونا چاہیے۔
- 2- ممبران سے درخواست ہے۔
 - (ا) مندرجہ بالا دیئے گئے خانے میں 5 روپے والا ریونیو اسٹامپ چسپاں کریں۔
 - (ب) ریونیو اسٹامپ کے ساتھ دی گئی جگہ پر اپنے دستخط کریں، دستخط کمپنی کے ساتھ رجسٹرڈ نمونہ دستخط سے متفق ہونا چاہیے۔

سی ڈی سی اکاؤنٹ ہولڈرز کارپوریٹ ادارے

مذکورہ بالا احکامات کے علاوہ درج ذیل تقاضوں کو بھی پورا کرنا لازمی ہوگا

- 1- پراکسی فارم پر دو گواہان کا ہونا لازمی ہوگا جن کے دستخط، نام، پتہ، شناختی کارڈ یا پاسپورٹ نمبر فارم پر درج کیے جائیں گے۔
- 2- مالک انتظامی اور پراکسی کی تصدیق شدہ شناختی کارڈ یا پاسپورٹ کی کاپی فارم کے ساتھ منسلک ہونا لازمی ہے۔
- 3- میٹنگ کے وقت پراکسی اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنے کا پابند ہوگا۔
- 4- کارپوریٹ اداروں کو اپنے بورڈ آف ڈائریکٹرز کی میٹنگ کے متعلقہ قرارداد کی تصدیق شدہ کاپی یا پاور آف آٹھارٹی جس میں امیدار کے دستخط میٹنگ کے وقت کے ساتھ موجود ہوں پیش کرنا لازمی ہوگا۔

چسپاں کریں
5 روپے
ریونیو اسٹامپ

دستخط
دستخط کمپنی کے ساتھ رجسٹرڈ
نمونہ دستخط سے متفق ہونا چاہیے



Hascol Petroleum Limited

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

