

HASCOL PETROLEUM LIMITED

NINE MONTHS REPORT 2023

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

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CORPORATE INFORMATION

Chairman

Sir Alan Duncan

Chief Executive Officer

Mr Aqeel Ahmed Khan

Directors

Mr Abdul Aziz Khalid

Mr Farid Arshad Masood

Mr Mustafa Ashraf

Ms Naheed Memon

Mr Syed Muhammad Mujtaba Jafarey

Mr Aamir Amin

Chief Financial Officer

Mr Amad Uddin

Company Secretary

Mr Farhan Ahmad

Audit Committee

Mr Mustafa Ashraf (Chairperson)

Mr Farid Arshad Masood (Member)

Mr Aamir Amin (Member)

Risk Committee

Ms Naheed Memon (Chairperson)

Mr Mustafa Ashraf (Member)

Mr Abdul Aziz Khalid (Member)

Human Resource

Mr Syed Muhammad Mujtaba Jafarey (Chairperson)

Mr Aamir Amin (Member)

Mr Farid Arshad Masood (Member)

Restructuring Committee

Mr Farid Arshad Masood (Chairperson)

Mr Syed Muhammad Mujtaba Jafarey (Member)

Ms Naheed Memon (Member)

Mr Abdul Aziz Khalid (Member)

Auditors

Baker Tilly Mehmood Idrees Qamar

Chartered Accountants

4th floor, Central Hotel Building,

Civil Lines, Mereweather Road,

Karachi.

Bankers

Al Baraka Bank (Pakistan) Limited

Askari Bank Limited

Allied Bank Limited

Bank Alfalah Limited

Bank Islami Pakistan Limited

Bank of Khyber

The Bank of Punjab

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

First Women Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

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 Sattar Edhi Avenue, Block-4,

Clifton, Karachi. Pakistan.

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E-mail: info@hascol.com

Website: www.hascol.com

DIRECTORS' REPORT

The Directors of your Company are pleased to present the nine months report of the Company along with un-audited standalone and consolidated financial statements thereon for the period ended 30 September 2023.

Financial Results

During the period under review, the Company recorded net sales revenue of Rs. 124,219 million as compared to Rs. 46,770 million earned during same period last year. Net sales revenue increased due to increase in sales volume and sales price.

The financial results of the Company for the period ended 30 September 2023 are shown as below:

Particulars	2023	2022
	Rupees in'000	
Gross profit	5,321,362	2,630,427
Operating profit / (loss)	1,569,748	(132,405)
Loss for the period	(13,045,157)	(9,555,923)
	Rupees	
Loss per share	(13.06)	(9.56)

The Company reported a loss of Rs. 13,045 million compared to loss of Rs. 9,556 million during the same period of last year due to high exchange losses and finance cost. There are several risks faced by the Company inherent to the industry itself, however, the main challenge for the Company is the interest cost and financial charges accrued on the overdue loans and the non-availability of working capital banking facilities. These, together with operational bottlenecks and unpaid non-banking creditors create operational obstacles to the Company's growth and profitability.

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.

The Company expresses its sincere gratitude to all its employees, customers, financial institutions, suppliers and other stakeholders for their contributions and continuous support. We also thank the Government of Pakistan and its Ministries for their support and guidance.

Thanking you all.

On behalf of the Board



Chief Executive Officer



Director

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز کو 30 ستمبر 2023 کو ختم ہونے والی مدت کے لیے کمپنی کی سہ ماہی رپورٹ کے ساتھ غیر آڈٹ شدہ اسٹیٹمنٹ اور اس پر جمع مالی بیانات پیش کرنے پر خوشی ہے۔

مالیاتی نتائج:

زیر جائزہ مدت کے دوران، کمپنی نے 124,219 ملین روپے کی خالص فروخت آمدنی ریکارڈ کی ہے۔ جب کے پچھلے سال کی اسی مدت کے دوران 46,770 ملین کمائے گئے تھے۔ سیلز کے حجم اور سیلز کی قیمت میں اضافے کی وجہ سے خالص سیلز ریونیو میں اضافہ ہوا۔

30 ستمبر 2023 کو ختم ہونے والی مدت کے لیے کمپنی کے مالی نتائج ذیل میں دکھائے گئے ہیں:

2022	2023	تفصیل
000	روپے	
2,630,427	5,321,362	کل منافع
(132,405)	1,569,748	آپریٹنگ منافع
(9,555,923)	(13,045,157)	مدت کا نقصان
	روپے	
(9.56)	(13.06)	نقصان فی شیئر

کمپنی نے 13,045 ملین روپے کے نقصان کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران زیادہ زرمبادلہ کے نقصانات اور مالیاتی لاگت کی وجہ سے کمپنی نے 9,556 ملین روپے کے نقصان کی اطلاع دی تھی۔ خود صنعت سے وابستہ کمپنی کو کئی خطرات کا سامنا ہے، تاہم، کمپنی کے لیے بنیادی چیلنج واجب الادا قرضوں پر جمع ہونے والے سود کی لاگت اور مالیاتی چارجز اور ورکنگ کپیٹل بینکنگ کی سہولیات کی عدم دستیابی ہے۔ یہ آپریشنل رکاوٹوں اور غیر ادا شدہ نان بینکنگ قرض دہندگان کے ساتھ مل کر کمپنی کی ترقی اور منافع میں آپریشنل رکاوٹیں پیدا کرتے ہیں۔

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

کمپنی اپنے تمام ملازمین، صارفین، مالیاتی اداروں، سپلائرز اور دیگر اسٹیک ہولڈرز کی حمایت اور مسلسل تعاون کے لیے تہہ دل سے شکریہ ادا کرتی ہے۔ ہم حکومت پاکستان اور اس کی وزارتوں کے تعاون اور رہنمائی کے لیے ان کا بھی شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے
آپ سب کا شکریہ



ڈائریکٹر



سی ای او

Hascol Petroleum Limited
Unconsolidated Condensed Interim Financial Statements
For the nine month ended September 30, 2023

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

		Un-audited September 30, 2023	Audited December 31, 2022
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	21,488,214	22,773,959
Right-of-use assets	7	2,743,499	2,896,808
Intangible asset	8	231	-
Long-term investments	9	3,675,000	3,675,000
Deferred taxation - net	10	-	-
Long-term deposits		278,023	230,133
Total non-current assets		28,184,967	29,575,900
Current assets			
Stock-in-trade		18,257,822	8,178,013
Trade debts		544,283	542,534
Advances	11	332,233	239,163
Deposits and prepayments	12	250,115	339,664
Other receivables	13	6,415,186	3,961,018
Accrued mark-up and profit		17	1,368
Short term investments		100,097	98,700
Cash and bank balances		911,060	771,689
Total current assets		26,810,813	14,132,149
TOTAL ASSETS		54,995,780	43,708,049
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		9,991,207	9,991,207
Reserves		(97,009,090)	(84,863,996)
Revaluation surplus on property, plant and equipment - net of tax		12,793,716	13,693,779
Total shareholders' deficit		(74,224,167)	(61,179,010)
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	14	9,152,716	10,103,537
Lease liabilities	15	3,354,046	3,513,238
Deferred liabilities		318,439	484,910
Total non-current liabilities		12,825,201	14,101,685
Current liabilities			
Trade and other payables		50,066,761	32,176,931
Unclaimed dividend		356,928	356,928
Taxation - net		1,190,879	694,740
Accrued mark-up and profit		20,731,118	14,244,173
Short-term borrowings		39,327,048	39,302,994
Current portion of non-current liabilities	16	4,722,012	4,009,608
Total current liabilities		116,394,746	90,785,374
TOTAL LIABILITIES		129,219,947	104,887,059
TOTAL EQUITY AND LIABILITIES		54,995,780	43,708,049

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 26 form an integral part of these condensed interim unconsolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT OR LOSS ACCOUNT - Unaudited
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Nine months period ended		Three months period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	-----Rupees in '000-----			
Sales - net	124,257,816	46,946,658	36,411,304	24,204,154
Less: sales tax	(39,015)	(176,692)	(10,614)	(2,012)
Net sales	124,218,801	46,769,966	36,400,690	24,202,142
Other revenue	199,464	101,005	(123,074)	34,960
Net revenue	124,418,265	46,870,971	36,277,616	24,237,102
Cost of products sold	(119,096,903)	(44,240,544)	(34,928,481)	(23,482,441)
Gross profit	5,321,362	2,630,427	1,349,135	754,661
Operating expenses				
Distribution and marketing	(2,464,828)	(2,152,703)	(813,523)	(620,879)
Administrative	(670,937)	(736,664)	(221,444)	(194,257)
	(3,135,765)	(2,889,367)	(1,034,967)	(815,136)
Impairment losses on financial assets	(78,678)	(215,050)	(78,678)	(215,050)
Other expenses	(633,919)	-	-	8,114
Other income	96,748	341,585	16,661	29,363
Operating profit / (loss)	1,569,748	(132,405)	252,151	(238,048)
Finance cost	(7,741,138)	(5,838,670)	(2,702,303)	(2,242,666)
Exchange loss - net	(6,360,291)	(3,242,715)	(113,513)	(2,321,332)
	(14,101,429)	(9,081,385)	(2,815,816)	(4,563,998)
Loss before taxation	(12,531,681)	(9,213,790)	(2,563,665)	(4,802,046)
Taxation	(513,476)	(342,133)	(153,126)	(181,515)
Loss for the period	(13,045,157)	(9,555,923)	(2,716,791)	(4,983,561)
Loss per share - basic and diluted (Rupees)	(13.06)	(9.56)	(2.72)	(4.99)

The annexed notes from 1 to 26 form an integral part of these condensed interim unconsolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - Unaudited
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>	<u>September 30,</u> <u>2023</u>	<u>September 30,</u> <u>2022</u>
	-----Rupees in '000-----			
Loss for the period	(13,045,157)	(9,555,923)	(2,716,791)	(4,983,561)
Other comprehensive income / (loss) for the period	-	-	-	-
Total comprehensive loss for the period	<u>(13,045,157)</u>	<u>(9,555,923)</u>	<u>(2,716,791)</u>	<u>(4,983,561)</u>

The annexed notes from 1 to 26 form an integral part of these condensed interim unconsolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Share Capital	Capital reserves	Revenue reserve	Surplus on revaluation of property, plant and equipment	Total shareholders' equity
		Share premium	Unappropriated profit		
-----Rupees in '000-----					
Balance as at January 01, 2022	9,991,207	4,639,735	(68,318,244)	6,381,696	(47,305,606)
Effect of restatement			(8,047,702)	8,613,827	566,125
Balance as at January 01, 2022 - audited	9,991,207	4,639,735	(76,365,946)	14,995,523	(46,739,481)
Total comprehensive loss for the period					
Loss for the period	-	-	(9,555,923)	-	(9,555,923)
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	(9,555,923)	-	(9,555,923)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	210,539	(210,539)	-
	-	-	(9,345,384)	(210,539)	(9,555,923)
Balance as at September 30, 2022 - unaudited	9,991,207	4,639,735	(85,711,330)	14,784,984	(56,295,404)
Balance as at January 01, 2023 - audited	9,991,207	4,639,735	(89,503,731)	13,693,779	(61,179,010)
Total comprehensive loss for the period					
Loss for the period	-	-	(13,045,157)	-	(13,045,157)
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	(13,045,157)	-	(13,045,157)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	900,063	(900,063)	-
	-	-	(12,145,094)	(900,063)	(13,045,157)
Balance as at September 30, 2023 - unaudited	9,991,207	4,639,735	(101,648,825)	12,793,716	(74,224,167)

The annexed notes from 1 to 26 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS - Unaudited
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
Note	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	21 1,978,310	8,572
Finance cost paid	(939,250)	(576,016)
Taxes paid	(17,337)	(42,201)
Gratuity paid	(101,170)	-
Net cash generated from / (used in) operating activities	920,553	(609,645)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred operating fixed assets	(91,614)	(41,278)
Purchase of intangible assets	(256)	-
Proceeds from disposal of property, plant and equipment	-	20,545
Profit received on bank deposits and TFC	53,555	26,742
Long term deposit repaid - net	(47,890)	8,166
Net cash used in / (generated from) investing activities	(86,205)	14,175
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability repaid	(719,031)	(719,604)
Net cash used in financing activities	(719,031)	(719,604)
Net increase / (decrease) in cash and cash equivalents	115,317	(1,315,074)
Cash and cash equivalents at beginning of the period	(38,531,305)	(36,283,189)
Cash and cash equivalents at end of the period	22 (38,415,988)	(37,598,263)

The annexed notes from 1 to 26 form an integral part of these condensed interim unconsolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

HASCOL PETROLEUM LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

1 STATUS AND NATURE OF BUSINESS

- 1.1** Hascol Petroleum Limited (the Company) was incorporated in Pakistan as a private limited company on March 28, 2001. On September 12, 2007 the Company was converted into a public unlisted company and on May 12, 2014 the Company was listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 29th floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi. The Company is engaged in the business of procurement, storage and marketing of petroleum, chemicals, LPG and related products. The Company obtained oil marketing license from Ministry of Petroleum and Natural Resources in the year 2005 and acquired assets of LPG licensed company in the year 2018.
- 1.2** These condensed interim unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary and associated company, have been accounted for at cost less accumulated impairment losses, if any.
- 1.3** During the current period, the Company incurred a net loss of Rs. 13.05 billion (2022: Rs. 9.56 billion), resulting in net shareholders deficit of Rs. 74.22 billion (2022: Rs. 61.18 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. 89.58 billion (2022: Rs. 76.65 billion) and has defaulted in majority of its outstanding loans with banks. These conditions may cast significant doubt on the Company's ability to continue as a going concern. However, in order to ensure the Company's ability to operate as a going concern, certain plans and measures have been taken to improve its liquidity and financial position which includes, but not limited to, the following:
- a) The Company is 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.

2 BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Company for the nine month period ended September 30, 2023 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed. These condensed interim unconsolidated financial statements are being submitted to the shareholders in accordance with section 237 of the Act and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2022.

3 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended December 31, 2022.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

- 4.1 The preparation of these condensed interim unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.
- 4.2 During the preparation of these condensed interim unconsolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended December 31, 2022.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements of the Company as at and for the year ended December 31, 2022.

6 PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited)	(Audited)
		Septmeber 30, 2023	December 31, 2022
		-----Rupees in '000-----	
Operating fixed assets		19,126,730	20,394,866
Capital work-in-progress	6.3	2,361,484	2,379,093
		<u>21,488,214</u>	<u>22,773,959</u>

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

Balance at beginning of the year	2,379,093	2,456,779
Additions during the period / year	91,614	61,926
Transfers during the period / year	(109,223)	(40,802)
Provisions during the period / year	-	(98,810)
	<u>2,361,484</u>	<u>2,379,093</u>

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

	Cost	Accumulated Depreciation	Net Book Value
	-----Rupees in '000-----		
September 30, 2023 (un-audited)	-	-	-
December 31, 2022 (audited)	<u>16,115</u>	<u>11,163</u>	<u>4,952</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	(Un-audited) Septmeber 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
6.3 Capital work-in-progress		
Buildings	294,033	287,434
Machinery, tanks and pumps	1,890,904	1,915,681
Retail sites	15,420	15,000
Furniture, office equipment and other assets	22,789	22,640
Borrowing cost capitalized	138,338	138,338
	<u>2,361,484</u>	<u>2,379,093</u>
7 Right of use asset		
Storage facility	88,357	92,445
Pumpsites	2,452,746	2,536,243
Offices	202,396	268,120
	<u>2,743,499</u>	<u>2,896,808</u>
7.1 Movement in right of use assets during the period/year is as follows:		
Balance at beginning of the period/year	2,896,808	3,146,623
Additions during the period/year	6,479	132,637
Depreciation charged during the period/year	(159,788)	(382,452)
Balance at the end of the period/year	<u>2,743,499</u>	<u>2,896,808</u>
8 INTANGIBLE ASSET		
<i>Computer software</i>	231	-
Net book value at beginning of the period/year	-	286
Addition during the period / year	256	-
Amortization charge for the period/year	(25)	(286)
Net book value at the end of the period/year	<u>231</u>	<u>-</u>
Net book value		
Cost	12,351	12,095
Accumulated amortization	(12,120)	(12,095)
Net book value	<u>231</u>	<u>-</u>
Rate of amortization - %	<u>33.33</u>	<u>33.33</u>

HASCOL PETROLEUM LIMITED
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	Note	(Un-audited) Septmeber 30, 2023	(Audited) December 31, 2022
-----Rupees in '000-----			
9 LONG-TERM INVESTMENTS			
Investment in subsidiary company - at cost			
Hascombe Lubricant (Private) Limited - unquoted	9.1	-	-
Hascol Lubricant (Private) Limited - unquoted	9.2	3,150,000	3,150,000
Investment in associate - at cost			
VAS LNG (Private) Limited - unquoted	9.3	-	-
Magic River Services Limited	9.4	110,000	110,000
Karachi Hydrocarbon Terminal Limited - unquoted (formerly : Hascol Terminal Limited)	9.5	412,500	412,500
		<u>3,672,500</u>	<u>3,672,500</u>
Advance against purchase of shares - with related parties			
Karachi Hydrocarbon Terminal Limited - unquoted (formerly : Hascol Terminal Limited)		2,500	2,500
		<u>3,675,000</u>	<u>3,675,000</u>
9.1 Investment at cost		30,604	30,604
Movement in provision for impairment			
Balance at the beginning of the period / year		(30,604)	(30,604)
Provision made during the period / year		-	-
Balance at the end of the period / year		(30,604)	(30,604)
Net book value	9.1.1	<u>-</u>	<u>-</u>

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

9.2 This represents investment in wholly owned subsidiary of the Company. Its shares are not quoted in active market. The Company holds 315 (December 31, 2022: 315) million ordinary shares of Rs. 10 per share.

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- 9.3 Investment in VAS LNG (Private) Limited (VL) amounts to Rs. 3 million (2022: Rs. 3 million) representing 30% (2022: 30%) equity stake and Advance against issue of shares to VAS LNG (Private) Limited which amounts to Rs. 1.02 (2022: Rs. 1.02) million. The Company holds 0.3 million ordinary shares (2022: 0.3 million) of Rs. 10 per share which have been provided in the year 2020 as VL has already filed liquidation in the month of October 2020 and the Company is not expecting recoverability of its investment.
- 9.4 Investment in Magic River Services Limited represents 25% shareholding in the business amounting to Rs. 110 million.
- 9.5 Investment in Karachi Hydrocarbon Terminals Limited (formerly Hascol Terminal Limited) represent 41.3 million shares (2022: 41.3 million) fully paid ordinary shares of Rs. 10 per share. The Company is engaged in providing storage facilities for imported and locally procured petroleum and related products.
- 9.6 Investments in associated companies and undertakings have been made in accordance with the requirements of the Companies Act, 2017. The Management cannot assess the recoverable amount as of 30 September 2023 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

	(Un-audited) Septmeber 30, 2023	(Audited) December 31, 2022
10 DEFERRED TAXATION - NET		
This comprises the following:		
<i>Taxable temporary difference arising in respect of:</i>		
Revaluation of operating fixed assets	(2,822,565)	(3,368,999)
<i>Deductible temporary difference arising in respect of:</i>		
Liabilities against assets subject to finance lease	915,520	879,199
Accelerated depreciation	261,111	884,430
Exchange loss	706,379	791,226
Provision for :		
- other liabilities	4,036	172
- retirement benefit	34,047	52,267
- doubtful debts	2,785,472	2,736,611
- short term investments - TFCs	1,420	1,808
Normal tax loss	20,673,272	19,148,862
Unrecognized deferred tax asset	(22,558,692)	(21,125,576)
	<u>-</u>	<u>-</u>

- 10.1 Deferred tax asset of Rs. 22,559 million (2022: Rs. 21,126 million) has not been recognized in these condensed interim unconsolidated financial information due to uncertainty in availability of future taxable profits based on financial projections of future five years.

HASCOL PETROLEUM LIMITED
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		(Un-audited) Septmeber 30, 2023	(Audited) December 31, 2022
		-----Rupees in '000-----	
11	ADVANCES - considered good, unsecured		
	Note		
	To employees		
	- against expenses	18,455	17,645
	- against salaries	22,937	12,067
	Supplier & Service provider	2,509,774	2,428,384
	Provision for Supplier & Services Advance	<u>(2,218,933)</u>	<u>(2,218,933)</u>
		<u>332,233</u>	<u>239,163</u>
12	DEPOSITS AND PREPAYMENTS		
	<i>Deposits</i>		
	- current portion of lease deposits	133,599	133,599
	- other deposits	50,807	148,470
		184,406	282,069
	<i>Prepayments</i>		
	- Insurance and others	26,894	28,565
	- Rent	38,815	29,030
		65,709	57,595
		<u>250,115</u>	<u>339,664</u>
13	OTHER RECEIVABLES		
	Inland freight equalization margin ("IFEM") receivable	7,098,053	5,051,152
	Miscellaneous receivables	14,682	17,400
	Receivable against regulatory duty ("RD")	25,533	25,533
	Receivable from Hascol Lubricants (Private) Limited	48,936	37,823
	Sales tax refundable	914,791	515,919
	Price differential claims ("PDC")	7,618	7,618
	Provisioning of IFEM, RD and PDC	<u>(1,694,427)</u>	<u>(1,694,427)</u>
		<u>6,415,186</u>	<u>3,961,018</u>
13.1	This represents amount receivable from the Government of Pakistan (GoP) net of recovery as per fortnightly rates declared by the Ministry of Petroleum and Natural Resources. The Company together with other oil marketing companies is actively perusing the matter with the concerned authorities for the early settlement of above claim. The Company considers that the balance amount will be reimbursed by GoP in due course of time.		
13.2	This represents provision against regulatory duty (RD), price differential claim (PDC) and Inland Freight Equalization Margin (IFEM).		

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		(Un-audited) Septmeber 30, 2023	(Audited) December 31, 2022
		-----Rupees in '000-----	
14	LONG TERM FINANCING - secured		
	Borrowing from conventional banks	13,044,558	13,044,558
	Borrowing from non banking financial institutions	92,857	92,857
	Sukuk certificates	500,000	500,000
		13,637,415	13,637,415
	Borrowing from conventional banks	(3,891,842)	(2,941,021)
	Borrowing from non banking financial institutions	(92,857)	(92,857)
	Sukuk certificates	(500,000)	(500,000)
		(4,484,699)	(3,533,878)
	Non-current portion of long term financing	9,152,716	10,103,537
15	LEASE LIABILITIES		
	Finance lease liability	-	-
	Lease liability against right of use asset	3,354,046	3,513,238
		3,354,046	3,513,238
15.1	Finance lease liability		
	Present value of future minimum lease payments	65,096	332,698
	Less: current portion	(65,096)	(332,698)
	Non current portion	-	-
15.2	Lease liability against right of use asset		
	Present value of future minimum lease payments	3,526,263	3,656,270
	Less: current portion	(172,217)	(143,032)
	Non current portion	3,354,046	3,513,238
16	CURRENT PORTION OF NON-CURRENT LIABILITIES		
	Current portion of long term financing	4,484,699	3,533,878
	Current portion of liabilities subject to finance lease	65,096	332,698
	Current portion of lease liability of right of use assets	172,217	143,032
		4,722,012	4,009,608

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 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.

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.

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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.

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

Tax year 2015:

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

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

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

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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.

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.

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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.

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.

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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.

KWIK CNG VS Hascol

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.

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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.

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Hascol Petroleum Limited Vs Federation of Pakistan & Others:

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.

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Suit 655 of 2021:

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

Securities and Exchange Commission of Pakistan:

Misc. Application No. 32/2022

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.

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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.

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 was decided by High Court of Sindh, wherein petitions of the Company along-with other petitions was dismissed. The Company filed CPLA against the impugned order of the High Court before Supreme Court of Pakistan. On 10.07.2023 Company's petition along with other petitions is disposed of by Supreme Court and matter is referred to customs authorities to decide the matter without being influenced by the decision of SHC. Now the matter is pending before the customs authorities

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 totaling 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). A compromise has been executed between the parties and case is disposed of accordingly.

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Shams Lubricants Pvt Ltd Vs Hascol Petroleum Limited

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.

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 SCP is pleased to suspend the operation of impugned judgment and

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.

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Nousheen Nabeel vs Hascol Petroleum Ltd

A Civil Suit No.28271 / 2023 titled “Nousheen Nabeel (Plaintiff) vs Hascol Petroleum Ltd (Defendant)” has been filed in the Court of Senior Civil Judge, District Lahore by an ex-employee of the Company namely, Ms. Nousheen Nabeel (resident of Lahore) against the Company claiming PKR 10,000,000 as recovery in lieu of her final settlement and as damages with permanent injunction and consequential relief. The case was instituted on 19.06.2023 and is at the stage of framing of issues.

17.1.2 Banking contingencies

United Bank Limited (UBL)

Suit No. B-36/2021

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.

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 Plaintiff d the suit under Section 10 of the Ordinance is ultra vires of the Constitution. 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.

The Parties entered into a Settlement Agreement on 29.08.2023 and on the basis of this Settlement Agreement, the parties filed a joint compromise application in Suit No. B-36-2021, wherein the instant suit was decreed vide order/judgment dated 20.09.2023 on the terms and conditions stipulated in Settlement Agreement dated 29.08.2023.

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.

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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.

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.

On 06.02.2023, the SHC was pleased to pass a judgment and decree in favour of BOP as prayed for. HPL filed Spl. H.C.A No. 60/2023 against the impugned judgment, wherein the Division Bench of SHC was pleased to suspend the operation of impugned judgment and decree on 16.03.2023. Now the appeal is pending for arguments and further proceedings.

Suit no B-45 of 2022:

The Bank of Punjab 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.

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MCB VS HPL Suit no. B- 37/2021

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.

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'.

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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.

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:

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- 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.

Along with the Plaintiff, 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.

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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.

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.

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

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 CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

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.

First Women Bank

Suit No. B-28/2023

First Women Bank Limited has filed a Suit No. B-28/2023 for Recovery of PKR . 853,540,095.02 /- under FIO 2001 against Hascol. HPL has filed a leave to defend in the matter, now case is pending for filing of counter affidavit from the Bank on 19.09.2023

17.1.3 Commitments

- I The facility for opening letters of credit (LCs) acceptances as at September 30, 2023 amounted to Rs. 39,327 million (2022: Rs 36,261 million) of which the amount remaining unutilized as at that date was nil (2022: Rs. 2 million).
- II There are no commitments for the purchases from Vitol Bahrain E.C, a party related to the Company.

	(Un-audited)	(Audited)
	Septmeber 30,	December 31,
	2023	2022
	-----Rupees in '000-----	
III Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	<u>192,462</u>	<u>138,289</u>
IV Commitments for rentals of assets under operating lease / Ijarah :		
- Not later than one year	317,878	300,474
- Later than one year and not later than five years	269,398	17,403
	<u>587,276</u>	<u>317,877</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

19 IMPAIRMENT LOSSES ON FINANCIAL ASSETS

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

20 TAXATION	(Un-audited)	(Un-audited)
	Septmeber 30,	Septmeber 30,
	2023	2022
	-----Rupees in '000-----	

Current	<u>513,476</u>	<u>342,133</u>
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21 CASH USED IN FROM OPERATIONS

Loss before taxation	(12,531,681)	(9,213,790)
Adjustment for:		
Depreciation on property, plant and equipment	1,377,359	1,196,448
Depreciation on right-of-use asset	159,788	282,315
Amortization	25	-
M2M of short term investment	(1,397)	-
Provision / (reversals) for doubtful debts	712,597	(85,024)
Exchange loss - unrealized	2,438,240	1,558,696
Provision for gratuity	43,542	23,426
Gain on disposal of operating fixed assets	-	(15,871)
Markup / profit on bank deposits	(52,204)	(31,770)
Markup charged on lease liability	314,943	312,385
Finance cost	7,426,195	5,526,285
Changes in working capital	2,090,903	455,472
	<u>1,978,310</u>	<u>8,572</u>

21.1 Changes in working capital

(Increase) / decrease in current assets		
Stock-in-trade	(10,079,809)	496,718
Trade debts	(714,346)	148,558
Deposits, prepayments and other receivables	(2,364,619)	(110,526)
Advances	(93,070)	(793,478)
	<u>(13,251,844)</u>	<u>(258,728)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	15,342,747	714,200
	<u>2,090,903</u>	<u>455,472</u>

22 CASH AND CASH EQUIVALENTS

Cash and bank balances	911,060	946,828
Short-term borrowings	(39,327,048)	(38,545,091)
	<u>(38,415,988)</u>	<u>(37,598,263)</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

23 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

23.1 Transactions with related parties

Name of related party	Nature of transaction	Percentage of shareholding	(Un-audited) Septmeber 30, 2023	(Un-audited) Septmeber 30, 2022
-----Rupees in '000-----				
Shareholding by the Company				
Karachi Hydrocarbon Terminal Limited	Rendering of services	15%	338,231	89,174
Hascol Lubricants (Private) Limited	Sale, purchase and others	N/A	53,931	4,403
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	66,317,557	28,473,828

23.2 Balances with related parties

Name of related party	Nature of transaction	Percentage of shareholding	(Un-audited) Septmeber 30, 2023	(Audited) December 31, 2022
-----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	1,546,175	1,392,194
Hascol Lubricants (Private) Limited	Business support service	100%	48,936	37,823
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	24,896,358	13,428,337

24 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim unconsolidated statement of financial position comprise of balances as per the audited financial statements of the Company for the year ended December 31, 2022 and the corresponding figures in the condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows comprise of balances that are in conformity with the restatements made in the financial statements for the year ended December 31, 2022 that related to the nine months of 2022.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

25. DATE OF AUTHORISATION

These condensed interim unconsolidated financial statements have been authorised for issue on **10th November 2023** by the Board of Directors of the Company.

26. GENERAL

All amounts have been rounded to the nearest thousand.



Chief Executive Officer



Chief Financial Officer



Director

Hascol Petroleum Limited
Consolidated Condensed Interim Financial Statements
For the nine months period ended September 30, 2023

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

		Un-audited September 30, 2023	Audited December 31, 2022
ASSETS	Note	----- Rupees in '000 -----	
Non-current assets			
Property, plant and equipment	6	23,339,560	24,703,086
Right-of-use assets	7	2,755,401	2,908,710
Intangible asset	8	1,761	1,530
Long-term investments	9	513,531	514,663
Deferred taxation - net	10	-	-
Long-term deposits		278,023	230,133
Total non-current assets		26,888,276	28,358,122
Current assets			
Stock-in-trade		18,792,552	8,734,464
Trade debts		857,888	816,701
Advances	11	739,244	540,941
Deposits and prepayments	12	271,989	359,355
Other receivables	13	6,439,833	4,000,402
Accrued mark-up and profit		17	1,368
Short term investments		100,097	98,700
Cash and bank balances		1,257,726	1,094,928
Total current assets		28,459,346	15,646,859
TOTAL ASSETS		55,347,622	44,004,981
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		9,991,207	9,991,207
Reserves		(97,303,378)	(85,102,443)
Revaluation surplus on property, plant and equipment - net of tax		12,793,716	13,693,779
Total shareholders' deficit		(74,518,455)	(61,417,457)
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	14	9,152,716	10,103,537
Lease liabilities	15	3,363,594	3,522,786
Deferred liabilities		352,103	522,470
Total non-current liabilities		12,868,413	14,148,793
Current liabilities			
Trade and other payables		50,675,394	32,670,917
Unclaimed dividend		356,928	356,928
Taxation - net		1,181,858	685,719
Accrued mark-up and profit		20,731,118	14,244,173
Short-term borrowings		39,327,048	39,302,994
Current portion of non-current liabilities	16	4,725,318	4,012,914
Total current liabilities		116,997,664	91,273,645
TOTAL LIABILITIES		129,866,077	105,422,438
TOTAL EQUITY AND LIABILITIES		55,347,622	44,004,981
CONTINGENCIES AND COMMITMENTS			
	17		

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer



 Director

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM CONSOLIDATED PROFIT OR LOSS ACCOUNT - Unaudited
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Nine months period ended		Three months period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----			
Sales - net	126,009,102	48,256,094	37,023,760	24,629,696
Less: Sales tax	(328,735)	(372,053)	(125,344)	(65,827)
Net sales	125,680,367	47,884,041	36,898,416	24,563,869
Other revenue	199,464	101,005	676,243	34,960
Net revenue	125,879,831	47,985,046	37,574,659	24,598,829
Cost of products sold	(120,291,274)	(45,096,340)	(36,135,491)	(23,744,445)
Gross profit	5,588,557	2,888,706	1,439,168	854,384
Operating expenses				
Distribution and marketing	(2,467,720)	(2,177,256)	(814,548)	(625,252)
Administrative	(969,000)	(847,054)	(325,009)	(230,262)
	(3,436,720)	(3,024,310)	(1,139,557)	(855,514)
Impairment losses on financial assets	(78,678)	(215,050)	(78,678)	(215,050)
Other expenses	(633,919)	-	-	8,114
Other income	93,767	342,581	17,697	29,363
Operating profit / (loss)	1,533,007	(8,073)	238,630	(178,703)
Finance cost	(7,741,298)	(5,838,698)	(2,702,361)	(2,242,666)
Exchange loss - net	(6,385,725)	(3,242,688)	(113,513)	(2,321,332)
Share of profit on associate	6,494	5,422	1,820	-
	(14,120,529)	(9,075,964)	(2,814,054)	(4,563,998)
Loss before taxation	(12,587,522)	(9,084,037)	(2,575,424)	(4,742,701)
Taxation	(513,476)	(342,133)	(153,126)	(181,515)
Loss for the period	(13,100,998)	(9,426,170)	(2,728,550)	(4,924,216)
Loss per share - basic and diluted (Rupees)	(13.11)	(9.43)	(2.73)	(4.93)

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - Unaudited
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Nine months period ended		Three months period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	----- Rupees in '000 -----			
Loss for the period	(13,100,998)	(9,426,170)	(2,728,550)	(4,924,216)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(13,100,998)	(9,426,170)	(2,728,550)	(4,924,216)

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	Capital reserves		Revenue reserve	Surplus on revaluation of property, plant and equipment	Total shareholders' equity	
	Share Capital	Share premium	Unrealized gain / (loss) on remeasurement of FVTOCI investments			Unappropriated profit
----- Rupees in '000 -----						
Balance as at January 01, 2022	9,991,207	4,639,735	5,817	(68,503,723)	6,381,696	(47,485,268)
Effect of restatement	-	-	-	(8,047,702)	8,613,827	566,125
Balance as at January 01, 2022 - audited	<u>9,991,207</u>	<u>4,639,735</u>	<u>5,817</u>	<u>(76,551,425)</u>	<u>14,995,523</u>	<u>(46,919,143)</u>
Total comprehensive loss for the period						
Loss for the period	-	-	-	(9,426,170)	-	(9,426,170)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(9,426,170)	-	(9,426,170)
Transferred from surplus on revaluation of equipment on account of incremental	-	-	-	210,539	(210,539)	-
	-	-	-	(9,215,631)	(210,539)	(9,426,170)
Balance as at September 30, 2022 - unaudited	<u>9,991,207</u>	<u>4,639,735</u>	<u>5,817</u>	<u>(85,767,056)</u>	<u>14,784,984</u>	<u>(56,345,313)</u>
Balance as at January 01, 2023 - audited	<u>9,991,207</u>	<u>4,639,735</u>	<u>5,817</u>	<u>(89,747,995)</u>	<u>13,693,779</u>	<u>(61,417,457)</u>
Total comprehensive loss for the period						
Loss for the period	-	-	-	(13,100,998)	-	(13,100,998)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(13,100,998)	-	(13,100,998)
Transferred from surplus on revaluation of equipment on account of incremental	-	-	-	900,063	(900,063)	-
	-	-	-	(12,200,935)	(900,063)	(13,100,998)
Balance as at September 30, 2023 - unaudited	<u>9,991,207</u>	<u>4,639,735</u>	<u>5,817</u>	<u>(101,948,930)</u>	<u>12,793,716</u>	<u>(74,518,455)</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

HASCOL PETROLEUM LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS- Unaudited
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
	Note -----	Rupees in '000 -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (used in) operations	20 1,994,045	(385,114)
Finance cost paid	(939,410)	(260,045)
Taxes paid	(17,337)	(37,559)
Gratuity paid	(97,842)	-
Net cash generated from / (used in) operating activities	939,456	(682,718)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred Operating Fixed Assets	(94,716)	(35,994)
Purchase of intangible assets	(256)	-
Investment redeemed during the period	7,626	8,012
Profit received on bank deposits and TFC	53,555	14,294
Proceeds from disposal of property, plant and equipment	-	18,502
Long term deposit repaid - net	(47,890)	(1,070)
Net cash generated from / (used in) investing activities	(81,681)	3,744
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liability repaid	(719,031)	(380,247)
Net cash used in financing activities	(719,031)	(380,247)
Net increase / (decrease) in cash and cash equivalents	138,744	(1,059,221)
Cash and cash equivalents at beginning of the period	(38,208,066)	(35,947,670)
Cash and cash equivalents at end of the period	21 (38,069,322)	(37,006,891)

The annexed notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

HASCOL PETROLEUM LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

1. STATUS AND NATURE OF BUSINESS

1.1 The Group consists of:

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

Hascol Petroleum Limited

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

Hascol Lubricants (Private) Limited

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

Hascombe Lubricants (Private) Limited

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

During the current period, the Group incurred a net loss of Rs. 13.1 billion (2022: Rs. 9.43 billion), resulting in net shareholders deficit of Rs. 74.52 billion (2022: Rs. 61.42 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. 88.54 billion (2022: Rs. 75.63 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 condensed interim 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.

HASCOL PETROLEUM LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements of the Group for the nine month period ended September 30, 2023 is unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where requirements differ, the provisions of or directives issued under the Act have been followed. These condensed interim consolidated financial statements are being submitted to the shareholders in accordance with section 237 of the Act and should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2022.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of audited annual financial statements of the Group for the year ended December 31, 2022.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.2 During the preparation of these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements for the year ended December 31, 2022.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements of the Group as at and for the year ended December 31, 2022.

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
		----- Rupees in '000 -----	
6. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets		20,827,269	22,176,288
Capital work-in-progress	6.3	2,512,291	2,526,798
		<u>23,339,560</u>	<u>24,703,086</u>

6.1 Movement during the period/year is as follows:

Balance at beginning of the year	2,526,798	2,598,904
Additions during the period / year	94,716	67,607
Transfers during the period / year	(109,223)	(40,903)
Provisions during the period / year	-	(98,810)
Balance at the end of the period/year	<u>2,512,291</u>	<u>2,526,798</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

6.2 The following assets were disposed off during the period/ year:

	Cost	Accumulated Depreciation	Net Book Value
	----- Rupees in '000 -----		
September 30, 2023 (un-audited)	-	-	-
December 31, 2022 (audited)	16,115	11,163	4,952
		(Un-audited)	(Audited)
		September 30,	December 31,
		2023	2022
		----- Rupees in '000 -----	
6.3 Capital work-in-progress			
Buildings		294,033	287,433
Machinery, tanks and pumps		2,041,711	2,059,342
Retail sites		15,420	15,000
Furniture, office equipment and other assets		22,789	26,685
Borrowing cost capitalized		138,338	138,338
		<u>2,512,291</u>	<u>2,526,798</u>
7. RIGHT-OF-USE ASSETS			
Storage facility		100,259	107,138
Pumpsites		2,452,746	2,536,243
Offices		202,396	265,329
		<u>2,755,401</u>	<u>2,908,710</u>
7.1 Movement in right of use assets during the period/year is as follows:			
Balance at beginning of the period / year		2,908,710	3,158,525
Additions during the period / year		6,479	132,637
Depreciation charged during the period / year		(159,788)	(382,452)
Balance at the end of the period/year		<u>2,755,401</u>	<u>2,908,710</u>
8. INTANGIBLE ASSET			
Computer software		<u>1,761</u>	<u>1,530</u>
Net book value at beginning of the period / year		1,530	1,816
Addition during the period / year		256	-
Amortization charge for the period / year		(25)	(286)
Net book value at the end of the period / year		<u>1,761</u>	<u>1,530</u>
Net book value			
Cost		14,774	14,518
Accumulated amortization		(13,013)	(12,988)
Net book value		<u>1,761</u>	<u>1,530</u>
Rate of amortization - %		<u>33.33</u>	<u>33.33</u>

HASCOL PETROLEUM LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
		----- Rupees in '000 -----	
9.	LONG-TERM INVESTMENTS	Note	
	Investment in associate - at cost		
	VAS LNG (Private) Limited - unquoted	9.1	-
	Magic River Services Limited	9.2	111,250
	Karachi Hydrocarbon Terminal Limited - unquoted	9.3	399,890
			510,008
	Advance against purchase of shares - with related parties		
	Karachi Hydrocarbon Terminal Limited - unquoted		2,500
	VAS LNG (Private) Limited - unquoted		1,023
			513,531
9.1	VAS LNG (Private) Limited - unquoted		
	Balance at the beginning of the period / year		1,468
	Share of loss for the period / year		(1,468)
	Balance at the end of the year		-
9.2	Investment in Magic River Services Limited represents 25% shareholding in the business amounting to Rs. 110 million.		
		(Un-audited) September 30, 2023	(Audited) December 31, 2022
		----- Rupees in '000 -----	
	Balance at the beginning of the period / year	111,250	117,772
	Share of profit for the period / year	6,494	11,632
	Profit received during the period / year	(7,626)	(18,154)
	Balance at the end of the year	110,118	111,250
9.3	Investment in Karachi Hydrocarbon Terminals Limited (formerly Hascol Terminal Limited) represent 41.3 million shares (2022: 41.3 million) fully paid ordinary shares of Rs. 10 per share. The Group is engaged in providing storage facilities for imported and locally procured petroleum and related products.		
9.4	Investments in associated companies and undertakings have been made in accordance with the requirements of the Companies Act, 2017.		

The Management cannot assess the recoverable amount as of September 30, 2023 in accordance with the requirement of International Financial Reporting Standards (IFRS) as the audit of the underlying entity is still in process.

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	(Un-audited) September 30, 2023	(Audited) December 31, 2022
10. DEFERRED TAXATION - NET	----- Rupees in '000 -----	
This comprises the following:		
Taxable temporary difference arising in respect of :		
Revaluation of operating fixed assets	(2,822,565)	(3,368,999)
Deductible temporary difference arising in respect of :		
Liabilities against assets subject to finance lease	915,520	879,199
Accelerated depreciation	261,111	884,430
Exchange loss	706,379	791,226
Provision for :		
- other liabilities	4,036	172
- retirement benefit	34,047	52,267
- doubtful debts	2,785,472	2,736,611
- short term investments - TFCs	1,420	1,808
Normal tax loss	20,673,272	19,148,862
Unrecognized deferred tax asset	(22,558,692)	(21,125,576)
	<u>-</u>	<u>-</u>
10.1 Deferred tax asset of Rs. 22,559 million (2022: Rs. 21,126 million) has not been recognized in these condensed interim consolidated financial information due to uncertainty in availability of future taxable profits based on financial projections of future five years.		
	(Un-audited) September 30, 2023	(Audited) December 31, 2022
11. ADVANCES	----- Rupees in '000 -----	
Advances - considered good, unsecured		
To employees:		
- against expenses	21,788	20,518
- against salaries	30,263	19,069
Supplier and service provider	2,906,126	2,720,287
Provision for supplier and services advance	(2,218,933)	(2,218,933)
	<u>739,244</u>	<u>540,941</u>
12. DEPOSITS AND PREPAYMENTS		
Deposits		
- current portion of lease deposits	133,599	133,599
- other deposits	61,652	160,009
	195,251	293,608
Prepayments		
- Insurance and others	36,658	35,452
- Rent	40,080	30,295
	76,738	65,747
	<u>271,989</u>	<u>359,355</u>
13. OTHER RECEIVABLES		
Inland freight equalization margin ("IFEM") receivable	7,098,053	5,051,152
Miscellaneous receivables	136,892	94,607
Receivable against regulatory duty ("RD")	25,533	25,533
Sales tax refundable	866,164	515,919
Price differential claims ("PDC")	7,618	7,618
Provisioning of IFEM, RD and PDC	(1,694,427)	(1,694,427)
	<u>6,439,833</u>	<u>4,000,402</u>

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

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

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----			
14. LONG TERM FINANCING - secured	Note		
Borrowing from conventional banks		13,044,558	13,044,558
Borrowing from non banking financial institutions		92,857	92,857
Sukuk certificates		500,000	500,000
		13,637,415	13,637,415
Borrowing from conventional banks		(3,891,842)	(2,941,021)
Borrowing from non banking financial institutions		(92,857)	(92,857)
Sukuk certificates		(500,000)	(500,000)
		(4,484,699)	(3,533,878)
Non-current portion of long term financing		9,152,716	10,103,537
15. LEASE LIABILITIES			
Finance lease liability	15.1	-	-
Lease liability against right of use asset	15.2	3,363,594	3,522,786
		3,363,594	3,522,786
15.1 Finance lease liability			
Present value of future minimum lease payments		65,096	332,698
Less: Current portion		(65,096)	(332,698)
Non-current portion		-	-
15.2 Lease liability against right of use asset			
Present value of future minimum lease payments		3,539,117	3,669,124
Less: Current portion		(175,523)	(146,338)
Non-current portion		3,363,594	3,522,786
16. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	14	4,484,699	3,533,878
Current portion of liabilities subject to finance lease	15.1	65,096	332,698
Current portion of lease liability of right of use assets	15.2	175,523	146,338
		4,725,318	4,012,914

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 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.

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.

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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.

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

Tax year 2015:

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

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

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

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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.

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.

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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.

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.

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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.

KWIK CNG VS (Hascol)

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.

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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.

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Hascol Petroleum Limited Vs Federation of Pakistan & Others:

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.

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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:

Misc. Application No. 32/2022

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.

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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.

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 was decided by High Court of Sindh, wherein petitions of the Company along-with other petitions was dismissed. The Company filed CPLA against the impugned order of the High Court before Supreme Court of Pakistan. On 10.07.2023 Company's petition along with other petitions is disposed of by Supreme Court and matter is referred to customs authorities to decide the matter without being influenced by the decision of SHC. Now the matter is pending before the customs authorities

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.

Shabzeb 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 totaling 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). A compromise has been executed between the parties and case is disposed of accordingly.

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Shams Lubricants Pvt Ltd Vs Hascol Petroleum Limited

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.

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 SCP is pleased to suspend the operation of impugned judgment and

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.

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Nousheen Nabeel vs Hascol Petroleum Ltd

A Civil Suit No.28271 / 2023 titled “Nousheen Nabeel (Plaintiff) vs Hascol Petroleum Ltd (Defendant)” has been filed in the Court of Senior Civil Judge, District Lahore by an ex-employee of the Company namely, Ms. Nousheen Nabeel (resident of Lahore) against the Company claiming PKR 10,000,000 as recovery in lieu of her final settlement and as damages with permanent injunction and consequential relief. The case was instituted on 19.06.2023 and is at the stage of framing of issues.

17.1.2 Banking contingencies

United Bank Limited (UBL)

Suit No. B-36/2021

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.

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 Plaintiff d the suit under Section 10 of the Ordinance is ultra vires of the Constitution. 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.

The Parties entered into a Settlement Agreement on 29.08.2023 and on the basis of this Settlement Agreement, the parties filed a joint compromise application in Suit No. B-36-2021, wherein the instant suit was decreed vide order/judgment dated 20.09.2023 on the terms and conditions stipulated in Settlement Agreement dated 29.08.2023.

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.

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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.

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.

On 06.02.2023, the SHC was pleased to pass a judgment and decree in favour of BOP as prayed for. HPL filed Spl. H.C.A No. 60/2023 against the impugned judgment, wherein the Division Bench of SHC was pleased to suspend the operation of impugned judgment and decree on 16.03.2023. Now the appeal is pending for arguments and further proceedings.

Suit no B-45 of 2022:

The Bank of Pubnjab 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.

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MCB VS HPL Suit no. B- 37/2021

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.

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'.

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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.

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:

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- 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.

Along with the Complaint, 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.

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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.

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.

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

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.

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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.

First Women Bank

Suit No. B-28/2023

First Women Bank Limited has filed a Suit No. B-28/2023 for Recovery of PKR . 853,540,095.02 /- under FIO 2001 against Hascol. HPL has filed a leave to defend in the matter, now case is pending for filing of counter affidavit from the Bank on 19.09.2023

17.1.3 Commitments

I The facility for opening letters of credit (LCs) acceptances as at September 30, 2023 amounted to Rs. 39,327 million (2022: Rs 36,261 million) of which the amount remaining unutilized as at that date was nil (2022: Rs. 2 million).

II There are no commitments for the purchases from Vitol Bahrain E.C, a party related to the Company.

	(Un-audited) Septmeber 30, 2023	(Audited) December 31, 2022
	-----Rupees in '000-----	
III Commitments in respect of capital expenditure contracted for but not yet incurred are as follows:		
- Property, plant and equipment	<u>192,462</u>	<u>138,289</u>
IV Commitments for rentals of assets under operating lease / Ijarah :		
- Not later than one year	317,878	300,474
- Later than one year and not later than five years	269,398	17,403
	<u>587,276</u>	<u>317,877</u>

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18. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

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

	(Un-audited) September 30, 2023	(Un-audited) September 30, 2022
	----- Rupees in '000 -----	
19. TAXATION		
Current	<u>513,476</u>	<u>342,133</u>
20. CASH USED IN FROM OPERATIONS		
Loss before taxation	(12,587,522)	(9,084,037)
<i>Adjustment for:</i>		
Depreciation on property, plant and equipment	1,458,242	1,194,971
Depreciation on right-of-use asset	159,788	282,315
Amortization	25	1,477
Provision / (reversals) for doubtful debts	712,597	(85,024)
M2M of short term investment	(1,397)	-
Exchange loss - unrealized	2,438,240	1,558,696
Provision for gratuity	43,542	23,426
Gain on disposal of operating fixed assets	-	(15,871)
Markup / profit on bank deposits	(52,204)	(31,770)
Markup charged on lease liability	314,943	312,385
Finance cost	7,426,355	5,526,313
Share of profit from associate	(6,494)	(5,422)
Changes in working capital	2,087,930	(62,573)
	<u>1,994,045</u>	<u>(385,114)</u>
20.1 Changes in working capital		
(Increase) / decrease in current assets		
Stock-in-trade	(10,058,088)	485,543
Trade debts	(41,187)	148,558
Deposits, prepayments and other receivables	(2,352,065)	(80,248)
Advances	(198,303)	(831,356)
	(12,649,643)	(277,503)
Increase in current liabilities		
Trade and other payables	14,737,573	214,930
	<u>2,087,930</u>	<u>(62,573)</u>
21. CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,257,726	1,538,200
Short-term borrowings	(39,327,048)	(38,545,091)
	<u>(38,069,322)</u>	<u>(37,006,891)</u>

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22. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

22.1 Transactions with related parties

Name of related party	Nature of transaction	Percentage of shareholdin g	(Un-audited) September 30, 2023 ----- Rupees in '000 -----	(Un-audited) September 30, 2022
Shareholding by the Company				
Karachi Hydrocarbon Terminal Limited	Rendering of services	15%	338,231	89,174
Other related parties				
Vitol Bahrain E.C	Procurement	N/A	66,317,557	28,473,828

22.2 Balances with related parties

Name of related party	Nature of transaction	Percentage of shareholdin g	(Un-audited) September 30, 2023 ----- Rupees in '000 -----	(Audited) December 31, 2022
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	15%	1,546,175	1,392,194
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	24,896,358	13,428,337

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23. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim consolidated statement of financial position comprise of balances as per the audited financial statements of the Group for the year ended December 31, 2022 and the corresponding figures in the condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows comprise of balances that are in conformity with the restatements made in the financial statements for the year ended December 31, 2022 that related to the nine months of 2022.

24. DATE OF AUTHORISATION

These condensed interim consolidated financial statements have been authorised for issue on **10th November 2023** by the Board of Directors of the Group Company.

25. GENERAL

All amounts have been rounded to the nearest thousand.



Chief Executive Officer



Chief Financial Officer



Director