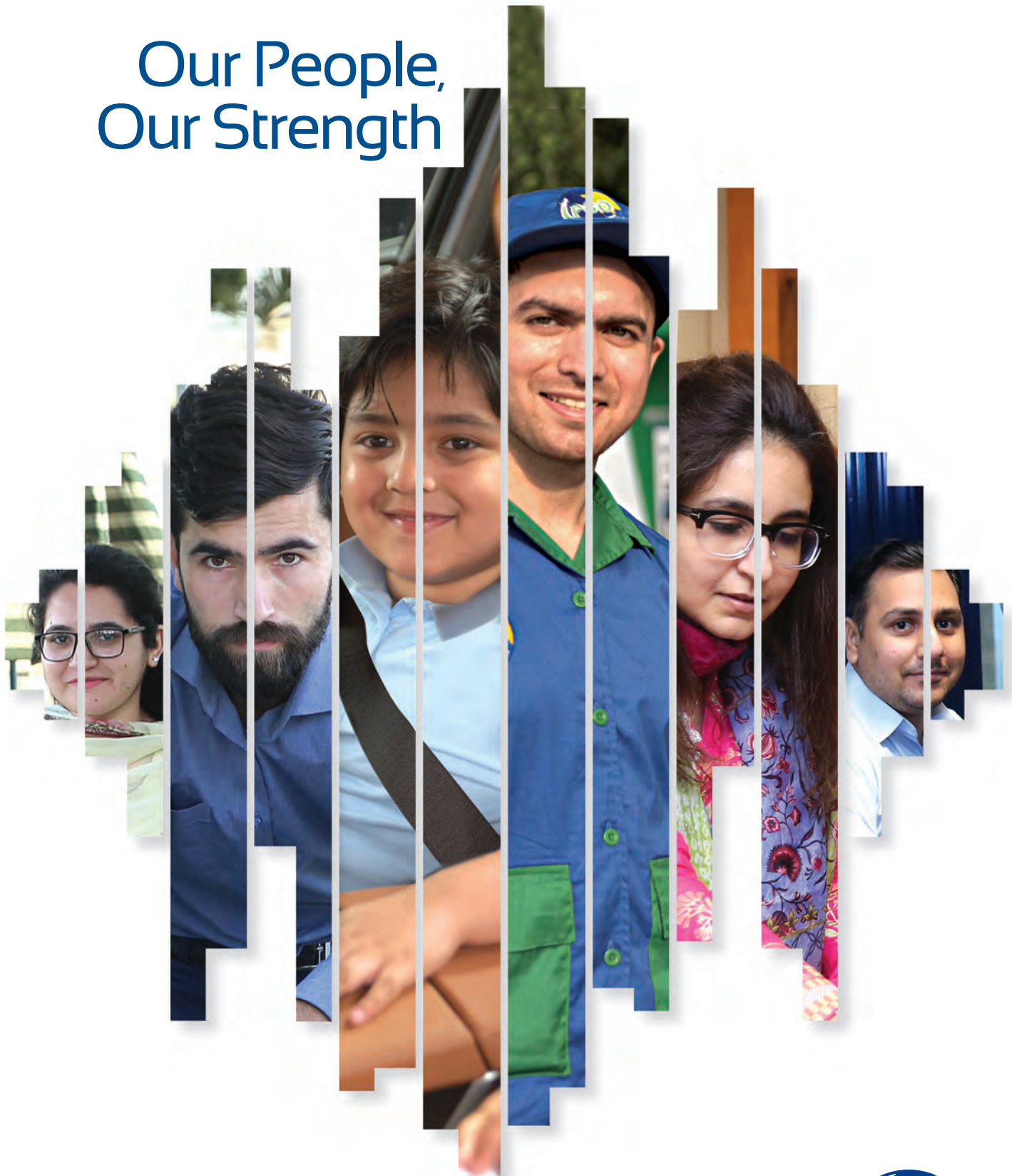


# Our People, Our Strength







# Our People, Our Strength

As an organisation, PSO understands the fundamental importance of people. We truly value not just our team but also the countless people that make up our network, our stakeholders, our customers and our partners across the nation. The pandemic that swept the world this year has taught us about the fragility and importance of the people around us and has shown us the dedication with which we persevered and so, this annual report aims to pay homage to the people that make up PSO's network, working tirelessly to continue fuelling Pakistan.



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# ABOUT THE REPORT

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The Integrated Annual Report 2020 provides a comprehensive overview of the financial performance and sustainability of the Company, while highlighting links between the external & internal environment, company strategy, business model, integrated risk management and corporate governance system at Pakistan State Oil Company Limited (PSO). In order to keep the stakeholders informed about the Company's developments, the report explains in detail how PSO is creating value for its stakeholders. The financial statements comply with International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and provisions of and directives issued under this Act.

To present a more detailed picture about the Company, PSO initiated integrated reporting in 2016, which has continued this year as well. The integrated reporting model builds a thorough understanding about the Company, its business lines, integrated value created, business strategies, opportunities and risks, business model, governance and performance against strategic objectives, in a clear, concise and integrated manner giving stakeholders a holistic view of the Company's prospects. The report also highlights the evolution of PSO's Vision, Mission and Values, placing a larger focus on health and safety of the organization's members as well as its customers. PSO is proud to operate with reduced negative impact on the environment, owing to



its focus on creating a better world for our future generations. This year has been quite difficult for most due to the global pandemic that shook the world. PSO has endeavoured to support the nation in combatting COVID-19, as well as undertake other community building projects with PSO's CSR Trust.

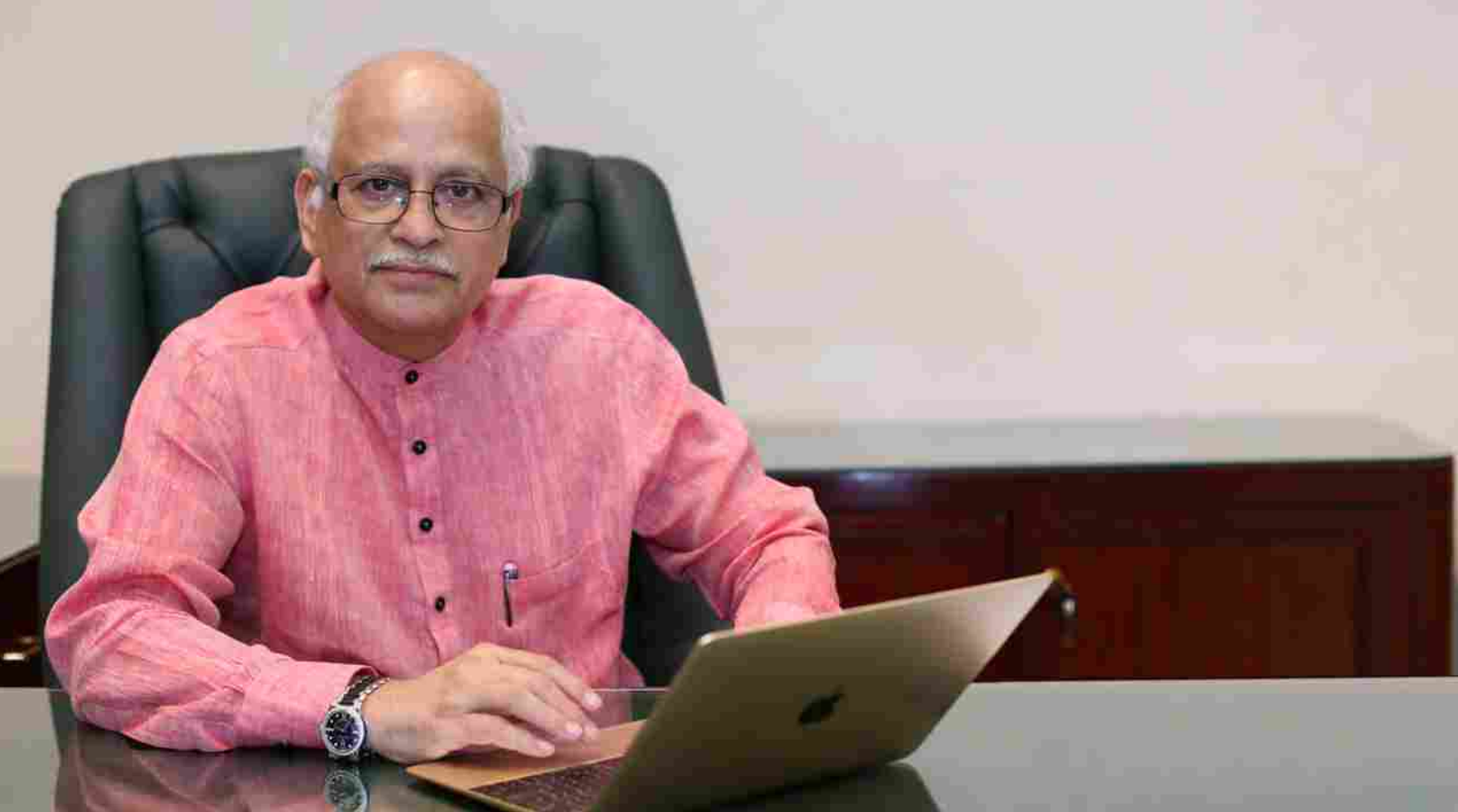
This report applies principles and concepts that are focused on bringing greater cohesion and efficiency to the reporting process. This form of reporting improves the quality of information by covering different forms of capitals (Financial Capital, Infrastructure Capital, Human Capital, Natural Capital and Social & Relationship Capital).

The online version of this report is available on our corporate website and may be accessed through the following link:

<https://psopk.com/en/investors/results-reporting/financial-reports>

We wish you a pleasant read.





## CHAIRMAN'S REVIEW

---

Dear Shareholders,

I am pleased to present to you my review on the performance of Pakistan State Oil Company Limited (PSO) together with its subsidiary, Pakistan Refinery Limited (PRL), for the financial year ended June 30, 2020 (FY 2020).

### COVID-19 Pandemic

The year in review may be remembered amongst the most challenging periods with respect to health and economy in global history. Almost every individual, business and country witnessed hardships and challenges like never before. The pandemic brought the business environment to a standstill. The challenges brought about by the COVID-19 pandemic including unemployment, declining GDP growth, closure of businesses etc. will leave a significant impact on the global economy and may take years to recover.

Governments have had to devise fiscal policies to reduce the recessionary effect on their economies. As per rough estimates, global economic stimulus to the tune of US \$11 trillion has been channelized by different economies (comprising US\$ 5.4 trillion from Government spending and US \$5.5 trillion via sanctioned loans, injections and guarantees). The fiscal deficit to GDP ratio is projected to rise from 3.3% to 16.6 % in the developed world and 4.9% to 10.6% in the

developing world, primarily attributable to reduced remittances, weak currencies and financial crunch.

Considering COVID-19 a single wave, OECD (Organization for Economic Cooperation Development) foresees real per capita income for 2021 to reach the levels of 2013.

### Pakistan's Economic Overview

Pakistan's economy was experiencing correction during the last two years and further deteriorated with the onset of COVID-19. Disruption in supply of raw material from China, reduction in demand from export customers in Europe and Americas, coupled with lockdown and social distancing had a significant negative impact on Pakistan's economy. However, the debt relief from World Bank, IMF and Bilateral Creditors helped the country with Foreign Exchange reserves and maintenance of rupee value. State Bank of Pakistan reduced the discount rate from 13.25% to 7% by June, 2020, thus creating a conducive economic environment.

Industries with substantial fuel and lubricant consumptions faced a significant downturn. Despite remedial measures, the Large Scale Manufacturing sector continued witnessing a steep decline with strong impact during the months of March - June, 2020.

The Government of Pakistan undertook fiscal initiatives under Public Sector Development Program (PSDP) by initiating construction of mega projects including Diamer-Bhasha and Mohmand dams. Additionally, a stimulus package for the construction industry was announced.

The automotive sector, having a contribution of -2.8% to GDP, remained under pressure due to reduced demand during the last two COVID-19 quarters of FY20. With the reduction in interest rates and opening of the economy, the demand for automobiles is expected to surge, which is positive for OMCs.

### Performance

The negative impact of COVID-19 on economic activities has also affected the downstream petroleum sector with industry demand declining by 11.5%. Despite the uncertainty and hurdles, PSO led the downstream sector and increased its market share in liquid fuels from 42.4% in FY19 to 44.3% in FY20. This performance was only possible due to the relentless efforts of our employees and management who ensured an uninterrupted supply of fuel nationwide despite the challenging times. The Company ensured availability of all products across all business segments albeit the considerable negative variance between costs and selling price. The fulfilment of responsibility by the Company as the national flag bearer was commendable.

During the period under review, the Board paid close attention to the commercial and financial performance along with the challenges faced by the Company.

The Group stood by its commitment to society and country, especially those in need by committing more than Rs. 185 mn to facilitate various causes such as community building, education, healthcare, disaster relief and combating COVID-19. The Management, under the supervision of the Board tested and successfully implemented the Business Continuity Plan.

PSO has further increased shareholding in its subsidiary Company, PRL by 10.88%, having total holdings of 63.56% at present. The increase in PSO's stake in PRL exhibits the Company's commitment towards value addition and up-gradation of the Refinery while aiming for business sustainability and profitability.

PSO & PRL combined, reported a consolidated loss after tax of Rs. 14.8 bn in FY20 vs. a profit after tax of Rs.15.1 bn. in FY19. The loss after tax translated into Rs. 23.5 loss per share vs. earnings per share of Rs. 30.5 in FY19.

The Group undertook necessary remedial measures to increase the refinery's white oil production. Based on consolidated efforts and supply chain modifications, PRL has successfully initiated the production of High Octane Blending Component (HOBC). The Board is pleased to inform that PRL was the only refinery in the country that refined HOBC during FY20.

### Future Outlook

The Board is committed to ensure continuity of the successful transformation PSO is going through. The Company's vision, mission & values have been revamped to prepare PSO for the changing business landscape. The Board is focused on accelerating action on climate change and PSO is leading the sustainable energy revolution in Pakistan with the introduction of cleaner fuels. New perspectives and relevant experience was added to the Board with the appointment of new members.

Going forward, the Board intends to initiate a phased program of reforms and restructuring of the Company to build its capacity to meet future challenges. A comprehensive business plan has been approved with focus on regaining market share, investment in infrastructural projects, automation and business processes re-engineering. The refinery up-gradation project is in the latter stages of conceptualization and shall increase value for shareholders once implemented. In addition, the Board is exploring various business propositions as part of the expansion strategy in the field of energy and non-energy including renewables, power generation and LPG to create value for shareholders.

The Board of Management has received all out support from the Ministry of Energy (Petroleum Division) in our journey of excellence. I would like to thank the Government of Pakistan, especially the Ministry of Energy (Petroleum Division) for their continuous support and guidance.

I would also like to commend the Management and our people for their dedication and assure our shareholders that PSO's Board of Management is committed towards strengthening the Company's governance and operational excellence.



**Zafar I. Usmani**  
Chairman  
Board of Management

September 19, 2020  
Karachi



## CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR'S LETTER

---

Dear Shareholders,

Every country, every society and every organization, no matter how big or small, can be simplified down to one, irreplaceable and vital element: its people. The chaotic and uncertain nature of the past few months has reminded us of the importance of this element; the Human element. As our nation battled the coronavirus pandemic, our employees all over the country, at the frontlines and behind the scenes, worked tirelessly to ensure that the wheels of our nation's economy stay in motion while also making individual and collective contributions to help those affected by the outbreak - because we are much more than an oil marketing company, we are Pakistan's State Oil Company.

With the dedication and support of our employees, business partners and the guidance of the Board of Management, we have successfully completed a very challenging year. The coronavirus pandemic, preceded by Saudi-Russia oil price war brought about unprecedented challenges and caused a massive global macroeconomic downturn. The Company faced severe financial and operational constraints due to the drastic drop in oil prices that resulted in heavy inventory losses and a steep increase in fuel demand nationwide. Where most oil companies struggled to meet the demand, PSO fulfilled its national duty and ensured an uninterrupted supply of fuel throughout the country. We demonstrated our resilience and strength as a

Company by fulfilling our obligations in an adverse operating environment and emerged stronger and more resolute in our service to the nation. Providing customers with critical services and ensuring the safety of all our stakeholders have been the Company's top priority.

In the face of considerable macroeconomic uncertainty and strong headwinds, PSO regained its market share, ending the fiscal year at 44.3% in liquid fuels with an overall performance of 3.9% over and above the industry. The Company witnessed a growth of 3.7% in motor gasoline against an industry decline of 2.3% translating into a performance of 6.0% over the industry. Large volumes increased our market share by 2.2% bringing it to 38.7%. The Company witnessed a growth of 5.7% in high speed diesel versus an industry decline of 9.9% i.e. a performance of 15.5% over industry. The Company also increased its market share to reach 45.8% i.e. a growth of 6.7% over the previous year. Collectively, the performance in motor gasoline and high speed diesel contributed to an increase in market share by 1.9% and a performance above industry of 3.9% in total liquid fuel.

As we step up our transformation, we continue to look first and foremost to improve operational excellence. Our Business Continuity Plan has been successfully tested and implemented. Steady progress is being made in infrastructural projects with revised timelines

in wake of the challenges posed by the pandemic and ensuing lockdowns. Chronic receivables from the Power Sector, PIA and SNGPL have been reduced by Rs. 13.1 billion which stood at Rs. 185.2 billion as of June 30, 2020. The Company's footprint has further increased with the addition of 50 new retail outlets bringing the total to approx. 3,500 PSO outlets nationwide. New business avenues are being explored with renewed vigour.

We remain firmly focused on meeting our customers' needs, while at the same time leveraging technology at all levels of our business, harmonizing and simplifying our organizational structure, ensuring efficient inventory management, fueling growth and returns through cost efficiencies, focusing on high margin products, initiating business process re-engineering and taking the lead in becoming a force for positive change. PSO's efforts were largely acknowledged by patrons, business partners and relevant forums as is signified by the Company's winning the top trophy in the oil marketing companies segment at the 35th Corporate Excellence Awards by the Management Association of Pakistan.

We have spent a considerable amount of time reflecting on the purpose of our Company, especially in light of the rapid changes in the world around us. Guided by our Company's new vision, mission & values and driven by our passion to create a better future for every life we touch, this year, PSO embarked upon a journey of environmental stewardship. As Pakistan's largest energy supplier, we are investing in technology and exploring new ways to serve our customers with a greater diversity of environment friendly and cleaner fuel choices.

Taking the lead in the sustainable energy revolution and in line with GOP's Clean and Green initiative, PSO has successfully upgraded Pakistan's fuel standards from Euro 2 to Euro 5. The Company has also commissioned its first electrical vehicle charging unit in Islamabad under the brand name "Electro" complying with GOP's National Electric Vehicle Policy (NEVP). Our goal of enriching the lives of millions of people in Pakistan, including the 3 million+ customers we serve every single day, infuses our innovation drive with true purpose, as we strive to make the world healthier and more sustainable for our younger generations while also taking urgent action to combat climate change and reduce our carbon footprint. Our fuel innovations will not only drive better health outcomes but also offer a better experience for consumers.

Pakistan's energy sector is witnessing a significant compositional shift. During the past 5 years, black oil has largely been replaced by Liquefied Natural Gas. Moreover, with the increased influx of disruptive technologies, it is anticipated that overall liquid fuel volumes will reduce significantly in coming years as GOP revisits its renewable energy policy. These developments point towards a paradigm shift in the energy market in the medium to long run. With our vast retail footprint, infrastructure and legacy we are in a unique position to lead the energy revolution in the country.

As a responsible corporate entity, PSO, through its PSO CSR Trust extended support of approximately Rs. 180 million in the fields of healthcare, education, community-building, environment and disaster relief across Pakistan. Major contributions were made for COVID-19 relief activities which included a Rs. 50 million donation to the Prime Minister's COVID-19 Relief Fund through mutual contributions of the PSO CSR Trust and PSO employees as well as support worth Rs. 35 million via NGOs and welfare organizations combating the pandemic nationwide.


Looking ahead at 2021, we continue to anticipate headwinds, however, the Company has showed buoyancy and its ability to rise out of the toughest of situations especially during the last few months of FY20. The future outlook entails stability in international prices and inflationary revisions in marketing margins of regulated products are expected to improve gross earnings. Moreover, macroeconomic stability, stabilization of PKR-USD parity and an aggressive business strategy of market penetration backed by plans of infrastructure development represent a performance momentum that is expected to improve during the course of the year.

We have a rich heritage to build on. Since 1976, we have grown with the purpose of fueling the nation, its economy and enriching lives of all those whose lives we touch. Our purpose is clear, and so is our firm belief in our potential to grow and create more value, while doing so in a sustainable manner. Reflecting our confidence in the road ahead, we believe that our company can only be successful in the long term by creating value both for our shareholders and for society.

I wish to thank our customers, business partners and stakeholders for their continued support. I would also like to thank our employees for their engagement, perseverance and hard work over the past year. This journey would not have been possible without the guidance of PSO's Board of Management and GOP, especially the Petroleum Division of the Ministry of Energy. Finally, I thank you, our shareholders, for your continued support, trust and confidence.

It is my privilege to serve as Chief Executive Officer & MD and I appreciate the responsibility and trust involved in helping shape this great business for continued success in the future.

I hope that you and your loved ones are staying safe and healthy.



**Syed Muhammad Taha**  
CEO & Managing Director  
Pakistan State Oil Co. Ltd

**September 19, 2020**  
Karachi

## OUR VISION

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

## OUR MISSION

---

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



## OUR VALUES

---

### Innovation

We are redefining leadership in Energy to build an agile, creative and future focused organization.

### Integrity

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

### Teamwork

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

### Caring and Giving

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

### Inclusive Leadership

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

## REVISION OF PSO'S VISION, MISSION & VALUES

---

Pakistan State Oil Company Limited (PSO) has seen several eras of change in the petroleum industry and dynamics of the energy sector. There is no doubt that the Company enjoys a rich legacy that sets the reference for development and growth of the organization.

Being a Company that appreciates dynamism, PSO understands that the biggest catalyst for improvement is the will to change with the evolving market. Cognizant of the rapidly changing business environment, PSO undertook the initiative of revamping its Vision, Mission and Values (VMV) under the leadership of the Chairman- Board of Management (BOM), PSO, Mr. Zafar I. Usmani, and Chairperson-Board Human Resource and Remuneration Committee (BHR&RC) Ms. Tara Uzra Dawood, with support from the top Management.

The Vision and Mission Statements were revisited considering the evolving opportunities, while Values were aligned with the cultural shift and beliefs.

Being an essential strategic activity, a methodical approach was undertaken. A two-day outbound session was conducted at LUMS NIC with the focus group from PSO comprising of senior management representatives for brainstorming and idea generation. The session consisted of presentations by speakers and entrepreneurs, panel discussions and in-depth brainstorming sessions, facilitated by renowned Fortune 500 trainer Ms. Alison Bluestone, founder of Momentous Meetings. The purpose was to obtain insights, share ideas, discuss focus areas and deliberate best practices across the globe. Based on these ideas PSO's VMV evolved and was gradually rolled out across the Company. This was followed by an exclusive session of departmental heads and the members of the focus groups to understand the spirit behind the revamped VMV for communication within the organization through identifying action steps.

PSO is proud to announce its revamped VMV. After the successful communication of the new VMV, the Management is currently engaged in the implementation and inculcation of the same across the Company through the coordinated efforts of HR's OD&S section.



# CODE OF CONDUCT

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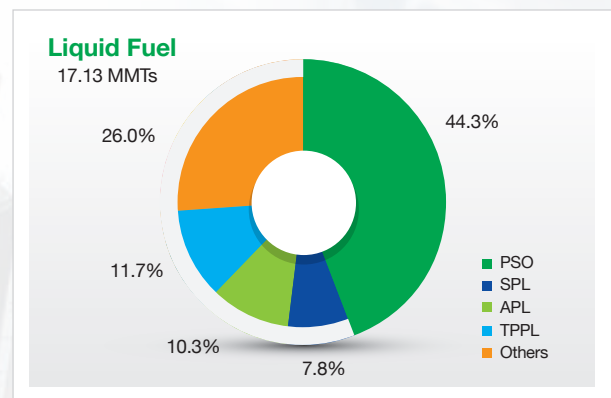
In order to enable an environment that is cohesive to the development and success of our people, a Code of Conduct has been put in place where the following activities can result in disciplinary action:

- ▶ Habitual lack of punctuality.
- ▶ Unauthorized/habitual absenteeism.
- ▶ Unsatisfactory/negligent performance.
- ▶ Smoking at all PSO locations/ offices.
- ▶ Breaking safety regulations/ HSE Standards/ Polices.
- ▶ Breach of privacy and/or trust.
- ▶ Misusing confidential information/record.
- ▶ Falsification of records.
- ▶ Offering / Accepting Bribes / Gifts.
- ▶ Intentional damage to Company/ individual property.
- ▶ Reporting on duty drunk, drugged or intoxicated.
- ▶ Activities bringing disrepute to the Company.
- ▶ Use or possession of arms, explosives, alcohol and drugs.
- ▶ Negligence causing loss to Company's property(s).
- ▶ Submission of fake/ forged testimonial(s)/ document(s) at the time or during the course of employment.
- ▶ Bullying/intimidation/uncalled for behaviour/ mental and gender harassment.
- ▶ Giving illegal/unreasonable direction to others/misuse of authority.
- ▶ Using influence or external pressure in Company affairs.
- ▶ Conduct that violates decency and morality.
- ▶ Theft of any of the properties/assets in/from PSO locations/offices.
- ▶ Habitual resting/sleeping in office timings.
- ▶ Violation of Policies/SOPs.
- ▶ Discrimination on the basis of caste, creed, religion & gender.
- ▶ Undue patronage/nepotism (favouritism).
- ▶ Using office timings for personal use.
- ▶ Mishandling/misusing Company resources and property.
- ▶ Involvement in criminal activity within PSO locations/offices.
- ▶ Inappropriate public comment and/or rumour mongering.
- ▶ Insubordination/failure to obey legitimate instructions.
- ▶ Non-disclosure of conflict of interest.
- ▶ Misappropriation,/misrepresentation of facts, fraud/financial embezzlement.
- ▶ Causing injury to person(s)/loss of life (a) deliberately and/or (b) due to negligence.

## COMPANY PROFILE

PSO is the nation's leading Oil Marketing Company (OMC) and is fueling every sector of Pakistan's economy. Since its inception in 1976, PSO has a long and proud history of serving the energy needs of the country in a responsible manner. For over four decades we have striven to empower people across air, land and sea with our innovative fueling products and services. As Pakistan's Largest OMC, we are proud to be at the heart of all journeys.

In FY20, PSO continued to stand tall as the oil market leader with a market share of more than 44.3% in liquid fuels. A snapshot of Pakistan's downstream sector for FY20 is hereunder:



Source: Oil Companies Advisory Council (OCAC) TPPL includes Pearl Parco. Others includes OMCs having share less than 5%

The Company's primary business involves sourcing (imports and local), storage and marketing of petroleum products along with the import of Re-gasified Liquefied Natural Gas (RLNG). The Company also has ancillary businesses in non-fuel retail and cards. Efforts are also being made to further increase PSO's presence in the lubricants and gaseous fuels businesses.

PSO's wide spread infrastructure comprising of approx. 3,500 retail outlets, 9 installations and 23 depots is its major strength. As the market leader in the aviation fuel business, PSO has presence and refueling facilities at 10 aviation stations. The Company also has two state-of-the-art lubricant manufacturing facilities with a production and blending capacity of 70,000 MT per annum.

PSO has increased its shareholding in Pakistan Refinery Limited (PRL) to 63.6%, making it the largest stakeholder of the entity. This acquisition strengthens our supply chain and supplements PSO's drive to vertically integrate the business. During FY19 the Company, subsequent to its nomination by GOP, initiated a project to set up a grass-root deep conversion refinery under a

# COMPANY PROFILE

government-to-government arrangement with Saudi Aramco. The project is currently in the advance feasibility development stage.

As the country's flagship OMC, PSO gives utmost consideration to its triple bottom line i.e. securing business operations to safe-guard the planet, enabling a congenial working environment for its people and increasing shareholder's income through profitability. Health and safety of internal & external stakeholders are of prime importance and a vital part of the Company's core corporate objectives. The Company strives to conduct business operations in a manner that is sustainable and has minimal impact on the environment. PSO's focus on conserving the environment may be substantiated from its initiatives of introducing environment friendly fuels Hi-Octane 97 Euro 5 & Euro 5 Altron Premium as well as the launch of electrical vehicle charging units under the brand name Electro. PSO is the first OMC to upgrade Pakistan's fuel standard from Euro 2 to Euro 5.

The Company is actively giving back to the society by participating in various community development, healthcare and educational projects through PSO's CSR Trust. During the year, PSO committed Rs. 180 mn with a contribution of Rs. 85 mn exclusively to assist the nation in combatting the COVID-19 pandemic.

At PSO, our customers are at the heart of everything we do. To receive customer feedback, resolve queries and increase customer satisfaction, a dedicated customer services centre and help-line are in place. The Company also has a strong presence on various social media platforms wherein customers are updated regarding latest offerings and developments. These touch points assist the Company in gauging the pulse of customers and receiving feedback in real-time. The Company also monitors the complaints received on "Pakistan Citizen Portal" to ensure timely resolution.

To keep our stakeholders updated about the Company's information, PSO has a website ([www.psopk.com](http://www.psopk.com)) and following key pages on social media that provide news and information.






<https://www.facebook.com/PSOCL/>  
<https://twitter.com/PSOPakistan>  
<https://www.linkedin.com/company/pakistan-state-oil-company-psy/>

PSO's commitment towards leadership, governance, customer focus and social responsibility has been recognized by the Management Association of Pakistan. During the period under review, PSO won

the 35th Corporate Excellence Award in the oil and gas marketing companies' category.

## Markets Served & Product Lines

PSO has strong market participation in Pakistan and is also involved in the export of Petroleum products. Proceeds from the local market i.e. Pakistan, account for 99.5% of the Company's sales.

Brand	Product	Usage
	HOBC	Automobile
	PMG	Automobile
	HSD	Motorist, Industrial & Power sector,
<b>Served through</b> Retail and Consumer Business Segment		
<b>JP1</b>	Jet Fuel	Aviation Sector
<b>Served through</b> Aviation Business		
<b>Furnace Oil</b>	Furnace Oil	Power, Industrial and Marine Sector
<b>Served through</b> Aviation Business Power Projects and Marine		
<b>SKO</b>	Kerosene Oil	Industrial, Domestic
<b>LDO</b>	Light Diesel Oil	Agriculture
<b>Served through</b> Consumer Business and Lubricants & Chemicals		
	LPG	Domestic, Industrial
<b>LNG</b>	LNG	Power, Domestic and Industrial
<b>Served through</b> Gaseous Fuel Business		
	Electric Vehicle Charger	Electric Vehicle
<b>Served through</b> Retail Business Segment		

PSO has a complete range of lubricants for automobile and industrial sectors with recognized brand names for each segment that include "Blaze 4T" for motorcycles, "Carient" series for motor cars and "DEO" series for diesel engines.

The Company has revamped its Shop-Stops at retail outlets with a fresh and vibrant look & feel. The recently

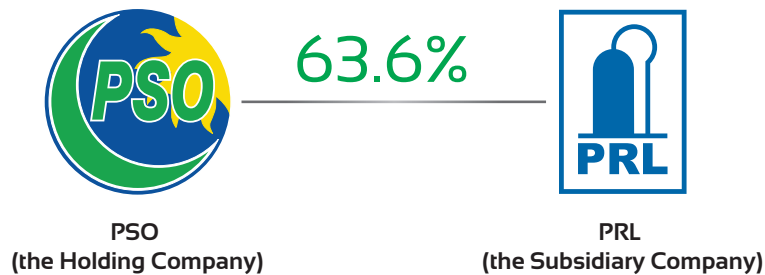
introduced customer focused card DigiCash has become a success story with users exceeding 100,000 in less than a year.



## GROUP STRUCTURE

The Group consists of Pakistan State Oil Company Limited (the Holding Company) and Pakistan Refinery Limited (the Subsidiary Company).

PRL became PSO's subsidiary on December 01, 2018 as a result of increase in shareholding of PSO in PRL from 24.1% to 52.7%. During the year ended June 30, 2020, PSO acquired further shareholding in PRL thereby increasing its stake in PRL to 60.00% which was further increased to 63.6% subsequent to June 30, 2020.



### Ownership and Operating Structure

PSO and PRL are operating as Public Limited Companies incorporated in Pakistan & listed on the Pakistan Stock Exchange Limited.

Majority of shares in PRL are owned by the Holding Company – PSO (63.6%). GOP enjoys 51% (direct and indirect) shareholding in PSO with 25.5% direct shareholding. Detailed shareholding structures have been mentioned in pattern of shareholdings of each Company.

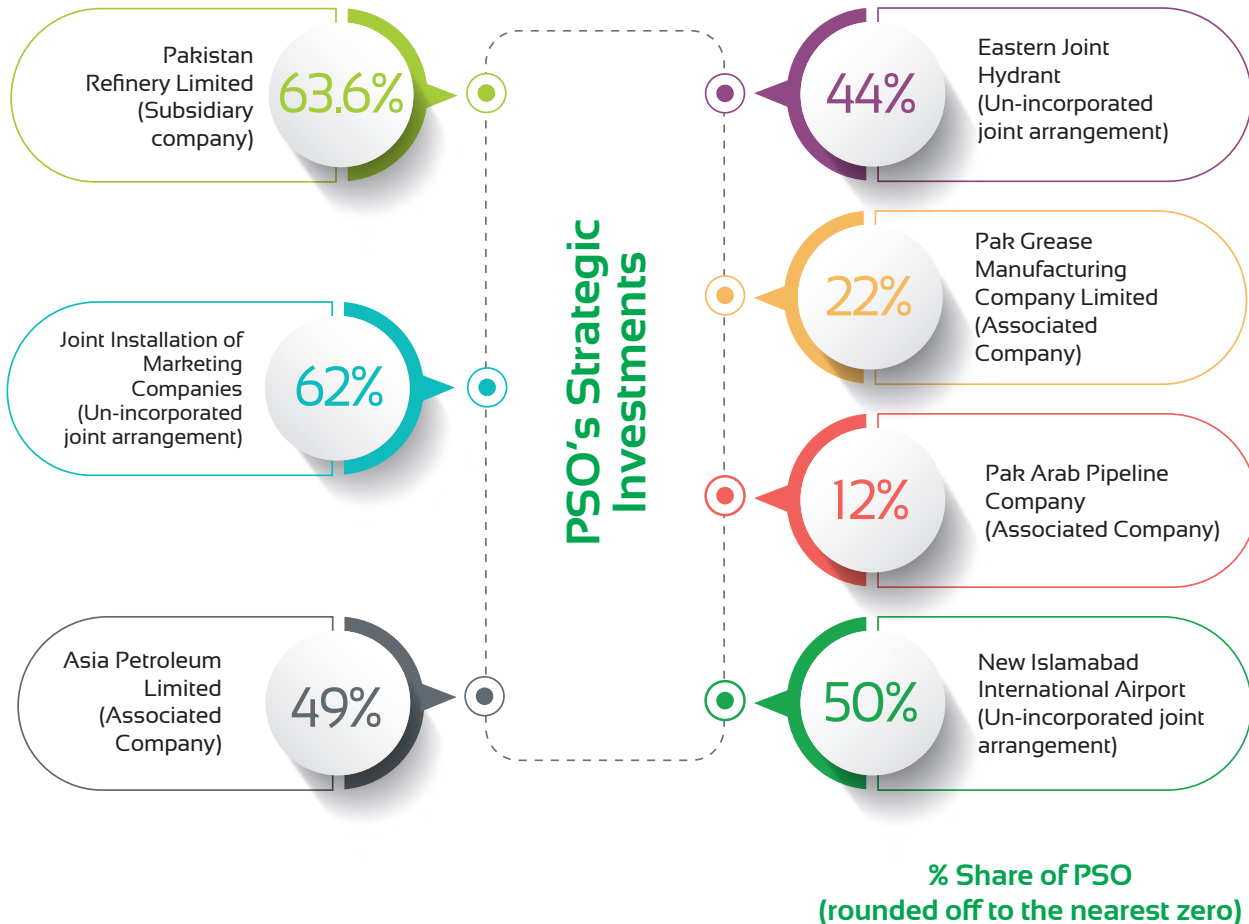
PRL's corporate office is located at its refining facility in Karachi, with a storage terminal at Keamari. PSO's Head Office and two lubricant manufacturing plants are at Karachi while a network of retail outlets, storage locations and sales offices are available throughout the country.

### Nature of Relationship

PRL is engaged in the production and sale of Petroleum products, whereas, PSO is engaged in the marketing of petroleum products. The acquisition of PRL has resulted in backward integration for PSO and has provided it with secured source of purchase.

# STRATEGIC INVESTMENTS

PSO has strategic investments in storage, refining, aviation, lubricants and pipeline businesses.

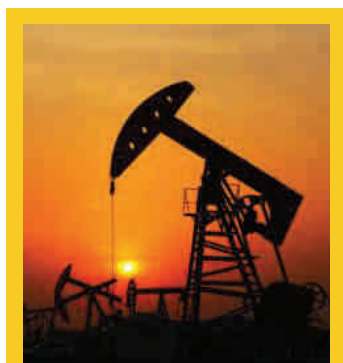


- ▶ Pak Grease Manufacturing Company Ltd (Pak. Grease) – Others include private investors.
- ▶ Pakistan Refinery Limited (PRL) – Others are listed on Pakistan Stock Exchange and held by the general public.
- ▶ The New Islamabad International Airport Fuel Farm - Attock Petroleum Limited (APL) (50%).
- ▶ Eastern Joint Hydrant System (EJHD) - Others include SPL (25%) & TPML (13%), managed by PSO.
- ▶ Asia Petroleum Limited (APL) - Others include Industrial Petro. Group (12.5%), Veco Int'l (12.5%), Infravest (26%).
- ▶ Joint Installation of Marketing Companies (JIMCO) - Others include SPL (25%) & TPML (13%), managed by PSO.
- ▶ Pak Arab Pipeline Company (Private) Limited (PAPCO)-Others include PARCO (51%), Shell (26%), Chevron/TPML (11%).

# VALUE CHAIN

The oil industry value chain is segregated into three distinct tiers i.e. upstream, midstream and downstream. PSO holds a position in both mid and downstream of the value chain owing to its strong presence in the oil marketing segment and shareholding in PRL. Additionally, PSO is amongst the major shareholders of PAPCO, a cross country white oil pipeline company.

PSO is also the largest importer of POL products with storage facilities and retail outlets in almost every part of the country. Based on its product range and footprint, PSO touches the lives of over 3 million Pakistanis every day.



## Upstream

Exploration

Field Development

Production Operations



## Mid Stream

Transportation

Processing

Storage & Distribution



## Downstream

Manufacturing

Refining & Petrochemicals

Wholesale & Marketing

# HR STRENGTH

## Cadre /Category

## Number of employees

Total number of employees as of June 30, 2020	2,448*
Average number of employees during the year	2,509*
Total number of employees at factory as of June 30, 2020	304
Average number of employees at factory during the year	318

\*exclusive of 65 Management Trainees on PSO's contract

# GEOGRAPHICAL PRESENCE



For details about Head Office, Manufacturing Plants and Sales Offices kindly refer to paras 1.2 & 1.3 of the Notes to the Unconsolidated Financial Statements.

# REGULATORY FRAMEWORK

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

## Oil and Gas Regulatory Authority

PSO being an oil marketing company, to the extent of its business is under the regulatory framework of Oil and Gas Regulatory Authority Ordinance 2002. In this regard, the Authority is empowered to regulate the business of PSO through Pakistan Oil (refining, blending, transportation, storage and marketing) Rules, 2016. With respect to pricing, domestic oil prices of petroleum products are fixed under Petroleum Products (Petroleum Levy) Ordinance 1961, Petroleum Products (petroleum Levy) Rules 1967, and OGRA Ordinance, 2002. Similarly, the prices are regulated, reviewed and communicated by OGRA based on PSO’s cumulative landed import cost. The OMC and dealer margins (profits) are also fixed and regulated by the Federal Government. OGRA computes and notifies Inland Freight Equalization Margin (IFEM) for petroleum products such as High Speed Diesel, Motor Gasoline, Kerosene Oil and Light Diesel Oil on every price change. IFEM is an integral component of the final selling price that covers primary transportation cost currently at 22 depots. The purpose is to ensure uniform selling prices of these products across the country.

## Public Procurement Regulatory Authority

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

# SIGNIFICANT CHANGES FROM PRIOR YEARS

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## Acquisition of Additional Shares in Pakistan Refinery Limited (PRL)

During FY20, PSO further acquired 10.5 mn shares and 2.6 mn shares of PRL from The Shell Petroleum Company Limited and Chevron Global Energy Inc., USA, respectively, Further, the Company subscribed 21 mn right shares of PRL, previously under injunction. Resultantly, PSO's shareholding in PRL increased from 52.7% to 60.0%. Subsequent to June 30, 2020 PSO's stake in PRL further increased to 63.6% as PSO in addition to fully subscribing its share in right issue made by PRL also subscribed 22.5 mn unsubscribed right shares.



## Decline in International Oil Prices

FY20 saw an abnormal decline in International oil prices owing to Russia-Saudi Arabia's price war. The decline was further aggravated by suppressed demand arising due to decreased economic activity primarily attributable to COVID-19 during the 4th quarter of FY20. The impact of price decline at global level also impacted Pakistan's Oil Industry with significant inventory losses.

## Change in the Energy Mix

The Company's volumes in black oil further reduced by 40.7% approx. in FY20 vs. FY19 due to the continuing impact of Government's policy of shifting power production plants to RLNG. Owing to this shift black oil's share has reduced considerably in the country's energy mix.



## Pakistani Rupee against the Dollar

The Company has incurred significant exchange losses on the import of white oil products in the past due to devaluation of Pakistani currency against USD, as only a certain portion of exchange losses were allowed by OGRA in pricing. This year ECC and OGRA allowed complete recovery of actual exchange losses in pricing.



## High Discount Rate

Higher policy rate of 13.25% aggravated financing cost for the company. Policy rates witnessed steep decline during Q4 of FY20 as part of mitigation efforts adopted by regulator i.e State Bank of Pakistan (SBP).

## Revised Vision, Mission and Values (VMV)

PSO, realigned its VMV subsequent to adopting a rigorous & inclusive approach. The realigned VMV shall assist the Company in taking on much bigger challenges in future.



# MAJOR EVENTS



**August 18, 2020**

Launch of Euro 5 Standard Fuel



**July 29, 2020**

Launch of PSO Electro



**May 06, 2020**

PSO Donated Rs. 50 mn to Prime Minister's Corona Relief Fund



**March 31, 2020**

CEO & MD, Syed Muhammad Taha met Governor of Sindh, Mr. Imran Ismail.



**March 03, 2020**

CEO & MD's Communication Meeting



**February 27, 2020**

Women's Meet-up Session with the Senior Management



**December 30, 2019**

PSO Celebrates 43rd Anniversary



**December 4, 2019**

PSO buys Shell's shareholding in PRL



**November 21, 2019**

PSO Dealers Excellence Award



**October 29, 2019**

PSO CSR Trust Supports LUMS National Outreach Programme



**October 28, 2019**

43rd Annual General Meeting



**August 30, 2019**

Kashmir Solidarity Day



**August 14, 2019**

PSO Celebrates 72nd Independence Day



**August 13, 2019**

Independence Day Activation



**August 08, 2019**

Tree Plantation at PSO House



**July 15, 2019**

Special Assistant to PM, Mr. Nadeem Babar's Visit to PSO House

# MARKETING INITIATIVES



**Thank you for your trust**

Today, we would like to thank you for putting your trust in us. Our standing as the national oil market leader is a reflection of your confidence and support. At PSO, we remain committed towards meeting your fuelling expectations in a timely and responsible manner.



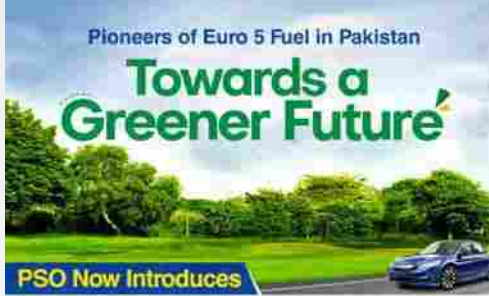
Pioneers of Euro 5 Fuel in Pakistan

## Towards a Greener Future

PSO Now Introduces

# Euro 5 RON 92 Petrol

In Karachi \*




## FULLY CHARGED FOR THE FUTURE

PSO Launches Electric Vehicle Charging



If our planet is to have a future, we all have to do our part. PSO is introducing Electro, the First DC Fast Car Charging Station by an Oil Marketing Company in Islamabad at PSO Capri Filling Station, Jinnah Super Market, F-7 Markaz, Islamabad.

**Plug into the Future**

FREE CHARGING UP TO 30 MINUTES LIMITED TIME OFFER

Every Journey Begins Here


Traffic Care Line: 0800-03000 | www.pso.pk.com

#psopk #psopakistan #psopakistan #psopakistan

## PROUD TO BE THE NATION'S ENERGY LIFELINE!

Living up to its role as the national company, PSO continues to fulfill its obligations by ensuring an uninterrupted supply of fuel at PSO stations nationwide. We continue to stand tall as the oil market leader, working 24/7 to keep the wheels of the nation's economy in motion, where others have faltered.

PSO is committed to meeting the country's fuel needs of today and is prepared for the challenges of tomorrow.



Every Journey Begins Here

Traffic Care Line: 0800-03000 | www.pso.pk.com

Website: www.pso.pk.com | #PSOCL

## Towards a Greener Future

### EURO 5 HI-OCTANE 97



**Pakistan's First Euro 5 Standard Fuel**

Introducing, PSO Hi-Octane 97 Euro 5. An International Quality Fuel that:

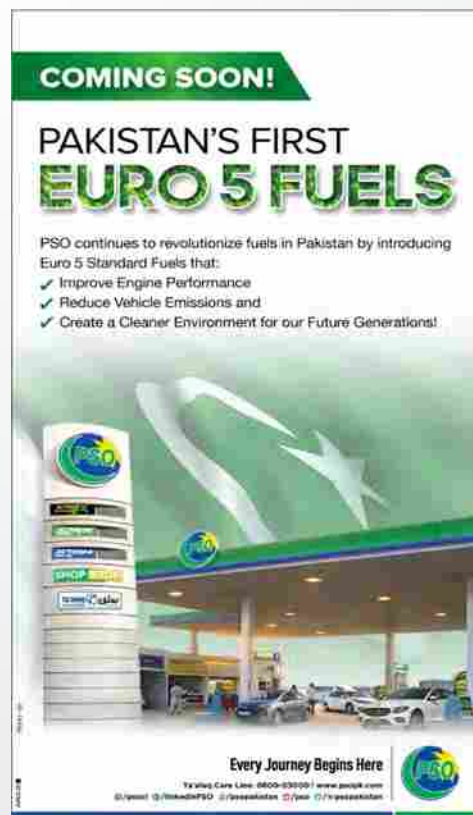
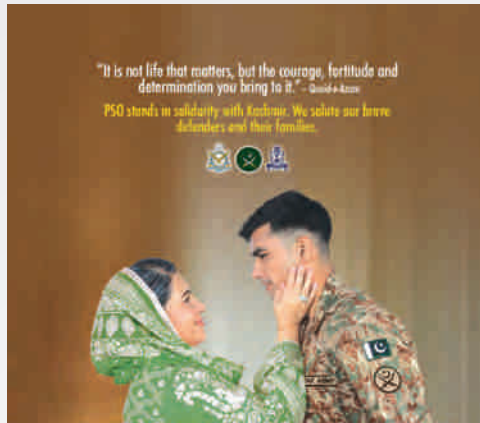
- Improves Engine Performance
- Reduces Engine Emissions
- Creates a Cleaner and Greener Pakistan for our Future Generations!

**Drive the Change.**

Every Journey Begins Here

Traffic Care Line: 0800-03000 | www.pso.pk.com


#psopk #psopakistan #psopakistan #psopakistan





# Our Customers, Our Strength

Our customers are at the heart of everything we do. Each of the 3 million customers we serve every day is a matter of pride for us. Whether it's a family fueling up before a road trip, or a hard working transport professional before a cross-country journey, we are honoured to be the fuel of choice of our loyal customers. We are driven by the experience gathered by enabling numerous journeys every day.





# MANAGEMENT REVIEW & REPRESENTATION

## Integrated Business Model

### Inputs

#### Intellectual Capital

- 43 year experience and knowledge base
- Technology
- Procedures and protocols
- Cards Business
- Licenses & copyrights

#### Human Capital

- Improvement in HR Management Policies
- Career Development and Succession Planning
- Merit based hiring and promotion
- Employees reassignment

#### Social & Relationship Capital

- Strong relationship with stakeholders
- Shared values and norms
- Sustainable Corporate Social Responsibility
- High quality assurance

#### Natural Capital

- Focus on Health, Safety and Environment
- Investment on environment conservation

#### Financial Capital

- Largest corporate treasury of Pakistan
- Appropriate mix of debt and equity funding
- Operating cash flow
- Funding from banks

#### Infrastructure Capital

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

- Job rotations
- Transfers
- Recruitment for vacant positions
- 14 training hours per employee
- Performance based evaluation

2

- Returning to the society
- Environmental Protection System
- Energy conservation
- HSE audits
- Process Safety Management Drive

4

- Development of 50 new outlets
- Storage rehabilitation of 20 KMTs
- Strategic alliances
- Fleet upgradation
- 20 Shops Stops revamped

6

1

- Disaster Recovery
- Continued value creation
- Investment in research and development / new product development
- Regular Business Practices Review
- Security and vigilance
- Digicash success

3

- Focus on society & environment under CSR Trust
- Measures taken to ensure quality and quantity
- Vendor grievance redressal
- Customer protection measures

5

- Timely payments to suppliers
- Managing collections and payments of over Rs. 2.0 trillion per annum
- Bank borrowing at competitive rates

## Outputs

### Intellectual Capital

- Adherence to Corporate Governance best practices
- Institutionalizing reforms and transformation process
- State-of-the-art information system
- Award for best corporate practices by Management Association of Pakistan

### Human Capital

- Organizational development and growing competence
- Lower attrition rate
- Exceptional performance
- Ethical leadership

### Social & Relationship Capital

- Amelioration of healthcare, education and community development
- Enabling the socioeconomic wellbeing of underserved communities
- Quality enforcement
- Improved customer satisfaction

### Natural Capital

- Environment, water, electricity, fuel, waste and carbon footprint considerations
- HSE culture reinforcement

### Financial Capital

- Ensuring smooth business operations amid circular debt, currency devaluation and volatile international oil prices
- Awards and recognition for compliance with financial report standards
- Contribution to national exchequer

### Infrastructure Capital

- Round the clock operations
- Uninterrupted product supply
- Increasing reliance on local refinery upliftment
- Largest OGRA compliant tank lorry fleet

# MANAGEMENT REVIEW & REPRESENTATION

## Business Objectives & Strategies

The petroleum industry is experiencing a global transition phase primarily attributed to the influx of disruptive technologies, innovations and renewable energy. Considering the transition of the industry, global supply and demand scenario & challenges arising thereto from COVID-19, PSO has made necessary adjustments in its objectives to align the Company with the changing environment. The objectives and strategies are derived from recently realigned VMV of the company.

In a nutshell, PSO's strategy is aimed towards adding value to shareholders, maintaining leadership through increased market share, value creation through high margin products and expansion of business while, focusing over cost reduction and resource rationalization.

Objective	<b>1</b> <b>Ensure Safe business operations</b>	<b>2</b> <b>Increase Market Penetration</b>	<b>3</b> <b>Organizational restructuring and rationalization of resources</b>	<b>4</b> <b>Infrastructure development</b>
	Zero fatality, safe business operations and effective implementation of HSE	Retain leadership position by Increasing market share and volumetric growth for Mogas and HSD	Optimization of resources, bringing cost effectiveness and business efficiency	Adding product days cover and enhanced efficiency through inclusion of new storages and rehabilitation of existing storages. New Retail outlet and C-stores
	Short, mid and long-term objective	Short, mid and long-term objective	Long-term objective	Mid-term objective
Objective	<b>5</b> <b>Business process reengineering and automation</b>	<b>6</b> <b>Focusing on high margin products</b>	<b>7</b> <b>Sustainability in business</b>	<b>8</b> <b>Adding value to the society</b>
	Adopting Industry 4.0 approach to reengineer business processes and optimization of SAP	Maintain revenue stream through high end or value added products such as Lubricants, LPG and NFR businesses	Exploring upgradation of Pakistan Refinery Limited to increase value for shareholders. Explore opportunities in the Refining sector under Govt-to-Govt arrangement securing supply chain	Giving back to society through PSO's CSR Trust through projects oriented towards community development, education and healthcare
	Mid-term objective	Mid-term objective	Long-term objective	Long-term objective

## Management Resource Allocation Plans

Required resources against each objective have been identified while the Company endeavours to make requisite capital i.e. Intellectual, Human, Natural and Infrastructure capital available at all levels. Additionally, a detailed plan has been devised for the adoption of technology to support fulfilment of objectives in an effective and timely manner.

## Significant Changes in Objectives and Strategies From Previous Years

COVID-19 has emerged as a global pandemic that changed the business world and created a situation wherein businesses are striving to maintain their existence and sustainability. It may be safe to infer that with no sight of a vaccination in the near future, the pandemic is here to stay in the short-run. Moreover, the business environment in which PSO operates is witnessing a shift. In order to effectively address the shift, PSO has re-aligned its vision, mission and values. The realigned vision, mission and values provide the Company with an opportunity to convert bigger challenges into opportunities.

To effectively address vulnerabilities, the Company has devised multiple strategies considering the likely impact of COVID-19 on the demand of products handled by PSO with a focus to bring business sustainability with increased value for shareholders.

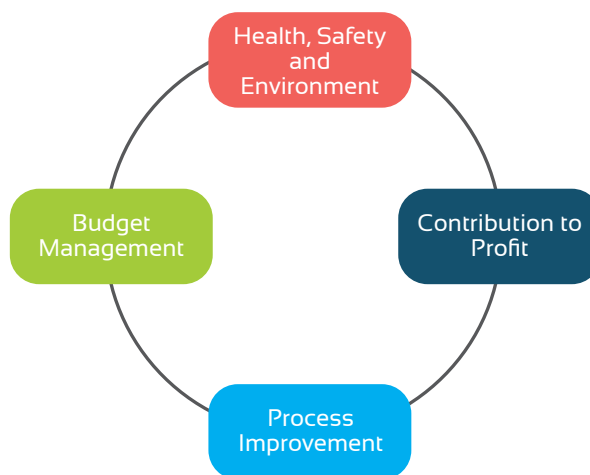
PSO shall be exploring opportunities in new business ventures. Additionally, PSO eyes to increase its footprint by developing new retail outlets, adding storages to increase national days cover in all major products and enhancing customer experience. To increase shareholder's value, PSO shall also be focusing on linking business oriented expenditure with the income stream i.e. spend as you earn.

## Key Performance Indicators (KPIs)

To maintain its leadership position in the downstream market, PSO has chalked out Key Performance Indicators (KPIs) which have been cascaded throughout the organization. The KPIs are routed to individual team members with the objective of synergizing efforts from all units of the organization.

The performance matrix is assessed through the balance scorecard system wherein performance is reviewed from micro-to-macro level i.e. from individual team members to the corporate level. Performance is reviewed by the management on a regular basis. Additionally, the Board of Management (BOM) also reviews performance to track the Company's standing.

The performance review FY20 primarily focuses on four key areas that include:



Subsequent to the implementation of the revamped vision, mission & values of the Company, necessary amendments have been made in KPIs to align with business requirements.

## Strategy to Overcome the Liquidity Challenge, Management of Debts and Operational Losses

At the end of the financial year 2020, the receivables from the Power Sector stood at Rs. 101.4 bn against Rs. 120.2 bn in FY19 reflecting a reduction of Rs. 18.8 bn. However, during the year, receivables from SNGPL increased steeply from Rs. 64.7 bn to Rs. 97.6 bn before reducing to Rs. 71.2 bn as on June 30, 2020. During the financial year 2020, average borrowing of the Company stood at Rs. 105.8 bn vs 116.4 bn in FY19.

To manage liquidity challenges, the Company is taking the following measures:

- Exploring and suggesting modalities and proposals to GOP & its customers from the Power Sector, PIA and SNGPL for earliest resolution of

# MANAGEMENT REVIEW & REPRESENTATION

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long-outstanding receivables and further build-up in future. These solutions are likely to improve the liquidity situation of the Company, if implemented by GOP.

- Prudent management and utilization of working capital, while ensuring availability of adequate credit lines. As of June 30, 2020, total facility limits available to the Company from banks aggregate to Rs. 124.5 bn.
- Operational cash flow generation via business growth.
- Focusing on cash customers.
- Venturing into new business models/lines.

Despite the challenging liquidity position in FY20, the Company managed to discharge its debts on time with the exception of few payments which were delayed due to default in payments to PSO by SNGPL.

The Company is optimistic that it will meet its local and international payment obligations in the future owing to its professional expertise and aforesaid measures. The Company incurred a net loss in FY20 due to uncontrollable external factors and a decline in oil prices. Since this Net loss arose due to specific circumstances prevailing in FY20, the Company believes that it has a promising future in the coming years. Further, PSO has a strategy to increase its market share, concentrate on higher margin yielding products, reduce financial cost by taking advantage of significant reduction in policy rate by SBP, venture into innovative models and reduce operational costs. These focus areas are expected to ensure that the Company remains profitable in the coming years.

## Significant Plans and Decisions

Following are the significant plans that the Company intends to pursue in the future:

- Introduction of Superior EURO 5 Diesel.
- Setting future direction by developing Electric vehicle charging facilities.
- Organizational restructuring and rationalization of resources.
- Business expansion through vertical integration and securing supplies.
- Maximizing use of Information Technology to make processes more efficient, economical and error free.
- Timely completion of infrastructure projects to bring operational efficiency and business flexibility.

## IT Governance

The changing business environment along with the COVID-19 pandemic have highlighted the necessity of Information Technology for business continuity and success. At PSO, the following policies, procedures and tools are in place to support implementation of IT Governance initiatives:

1. IT Score Card
2. ICT Architecture Governance
3. Risk Management
4. Business Continuity and Disaster Recovery
5. Information System (IS) Steering Committee
6. Capability Maturity & Assessment
7. Information Security Governance
8. IT Asset Management
9. Employee Performance Measurement
10. Success Factors

## Business Continuity and Disaster Recovery

Amid COVID-19, PSO ensured continuity of business by configuring its technology infrastructure and effective implementation of the work-from-home concept. PSO's remote accessibility program was taken to newer heights through the deployment of the Cisco Identity Services Engine, a next generation identity and access control policy platform having features of providing unified policy for the entire organization. The system provides authentication, authorization, accounting, posture, profiling and other features to safeguard VPN user's connectivity. These infrastructures assisted in the execution of all critical processes remotely and safely.

As part of the pre-emptive measures, disaster recovery sites are also in place to ensure back-up support of systems and network during an unforeseen event or failure of the primary site. Drills are conducted annually to validate and ensure systems and data availability. As part of the business continuity plan, Annual Disaster Recovery Drill for FY20 (DR-20) was successfully conducted at secondary DR site on March 17, 2020. 57 nominees from 28 functional departments participated in the drill.

## Significant Factors Affecting the External Environment and Organization's Response

Pakistan's downstream sector is linked with the external environment through micro, macro and global level factors. Seasonality impact also hindered demand of the downstream sector due to the referred factors coupled with other significant micro considerations, for example the delayed agriculture season had an impact on the performance of the downstream sector. Demand for high speed diesel during the month of June witnessed a surge. Historically, months of April and May were considered to be high selling months for high speed diesel due to harvesting activities while demand of Furnace Oil (FO) increases during summers due to the consumption from FO fired power plants.

A brief on environmental factors impacting the Company is hereunder:

### Political Environment

Being an energy deficient country, Pakistan is majorly dependent on imports to fulfil the demand of petroleum products. National supply chain of petroleum products is extremely vulnerable to any global event. The situation may become more critical for PSO, as the Company has major market participation. During the period under review following notable factors had an impact on the demand-supply spectrum: USA-China trade war, imposition of trade restrictions on Iran by USA and recent Saudi-Russia oil price war.

### Economic Environment

The bleak national economic environment, tough conditions by IMF for loan facility, implementation of FATF guidelines and negative GDP growth were amongst the key economic factors that led to a tough situation during the period under review.

### Social Environment

Pakistan is the 5th largest country in the world in terms of population (220 Mn) with a growth rate of 2.8%. Like the developing world, urbanization is a key impediment for the country wherein, 35.1% of the population resides in urban parts of the country. The population majorly comprises of youth, with a median age of 22.8 years. There are more than 76 mn internet users in Pakistan. Enhanced usage of internet has increased the knowledge base of customers. Today customers are more informed and demanding.

### Technological Environment

Businesses these days are witnessing fast paced influx of disruptive technologies. In the energy sector, considerable disruptive technologies have evolved, impacting the overall demand of petroleum products. The Government of Pakistan has recently announced the National Electric vehicle policy with the aim to convert a sizable vehicle population on the road to electric powered fuel. The policy is deemed to pose a challenge for the downstream oil sector in the near future. The Company is exploring modalities to convert these challenges into opportunities.

### Environmental Factors

The Government of Pakistan introduced "Clean and Green Pakistan" initiative with an aim to plant 1 billion trees throughout the country. GOP is also exploring modalities to reduce the carbon footprint through the introduction of environment friendly Euro-5 fuels. To ensure smooth and risk free product movement, OGRA obligated all OMCs to convert their tank lorry fleet to OGRA compliant tank lorries. The Company is well aware and proactive about the environmental considerations of GOP. During the period under review, 900+ OGRA compliant tank lorries were inducted into PSO's fleet. To ensure smooth and safe business operations, PSO has instilled HSE (Health, Safety and Environment) culture in its business operations with an emphasis on conducting business operations in a way that will have minimal impact on the environment.

### Legal Environment

PSO is operating in a highly regulated environment wherein the Company has to comply with guidelines and insertions issued by regulators such as Securities and Exchange Commission of Pakistan (SECP), Oil and Gas Regulatory Authority (OGRA) and Public Procurement Regulatory Authority (PPRA). Being a responsible corporate citizen, the Company ensures compliance with all guidelines and insertions issued by these regulators.

### The Company's Response

PSO has adequately devised a mitigation strategy to effectively tackle the referred factors and minimize their impact on business operability. The untoward situation arising due to COVID-19 was dealt with effectively by testing and implementing the business continuity plan. To address demand fluctuations, the Company ensured availability of products at its storages and retail outlets. Looking ahead, PSO plans to attract customers by adding new and innovative offerings in its product range in order to effectively tackle competition. By focusing on vertical

# MANAGEMENT REVIEW & REPRESENTATION

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integration, the Company shall be able to further strengthen and secure product sourcing. Additionally, the Company is also eyeing towards exploring opportunities in new business ventures to bring sustainability and remain committed to adding value to shareholders.

## Competitive Landscape and Market Positioning

With a purpose to increase national days cover and bring investments in the downstream sector, Government of Pakistan relaxed the policy framework for establishing new Oil Marketing Companies (OMCs) in the country. Owing to the relaxation in the policy framework, the number of active OMCs has reached 33 as of FY20 while 33 additional entities are in process of establishing new OMCs. Such mushroom growth in the number of OMCs poses a challenge for PSO as new players may reduce PSO's market share.

Additionally, PSO being a responsible and national OMC, has to remain committed to running the wheels of the national economy under all circumstances. PSO's commitment may be substantiated during the months of April, May and June 2020, wherein, the Company shouldered the nation's additional demand by ensuring availability of products at all times.

PSO is the market leader in the liquid fuel sector, with a rich history of over 43 years of fulfilling the energy needs of the country. Having the largest retail network in the country and being the national flag bearer, the brand identity and image of the Company is very strong. PSO has positioned itself as an innovative and responsible company that is focused towards meeting national energy needs in a safe and reliable manner, while delivering the highest standards of quality and quantity to customers.

## Composition of Local Versus Imported Material and Sensitivity Analysis

Pakistan is an energy deficient country wherein local refineries, based on their production slate and configuration, are unable to fulfill national demand. Additionally, reduction in furnace oil demand has also hampered smooth refinery production. Accordingly, PSO's sourcing model is designed on a blend of local refinery based procurement and imports. The Company is managing majority of its imports from international tenders apart from HSD (which is primarily imported from Kuwait Petroleum

Corporation (KPC) under a long term G2G agreement).

During the period under review, PSO's sourcing from local refineries contributed to 44.2% of sales, while the remaining product requirement was met through imports. The imports are associated with several external risk factors including but not limited to fluctuations in foreign currency exchange rates and susceptibility of disruption to supply chain.

The Company is not materially exposed to foreign currency fluctuations as such fluctuations are allowed for inclusion in end consumer pricing by OGRA.

## Pandemic Recovery Plan by the Management and Policy Statement

The World Health Organization (WHO), on March 11, 2020, declared COVID-19 a global pandemic. COVID-19 had a massive negative impact on the global economy as well as the society at large. Social distancing and lockdown measures were adopted to reduce the spread of the pandemic. Since petroleum products are considered a necessity, the industry remained operative.

PSO continued its business operations during COVID-19 despite increasing reported cases of the pandemic throughout the country. PSO, being a proactive entity tested and implemented BCP to ensure continuity of business. All efforts have been made to enable a congenial working environment for the team, with the implementation of social distancing and regular disinfection of facilities. Additionally, the Company has ensured that Standard Operating Procedures (SOPs) related to BCP are being followed by all team members in letter and spirit.

The Company has a structured Pandemic Recovery plan in place with clear milestones regarding returning to normalcy with respect to customers, suppliers, manpower, physical presence or trivial matters like maintenance of employee welfare through provision of day care services, canteen services etc. Looking ahead, PSO is considering to review its business process and re-engineer them to reduce the impact of COVID-19 or any such pandemic. Additionally, enhanced usage of Information Technology is under consideration to ensure business continuity and sustainability with minimal susceptibility of hindrance.

# RISK AND OPPORTUNITY REPORT

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

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

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

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

## Significant oil price fluctuations triggering supply-demand imbalance

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

Associated objective: Business process re-engineering, optimization of resources and automation to ensure continuity of business

How PSO is managing this risk: Major imbalance in the industry's supply-demand equilibrium, mainly due to changes in other OMCs' business strategies in pursuit of seizing arbitrage opportunities arising from oil price fluctuations, significantly affect the supply chain management of the Company, thus causing strain on its profitability and supply chain. PSO is managing such pressures through effective supply chain management, whereas, the planned increase in storage capacity will help the Company in managing it better. During the year, PSO took major inventory losses on Mogas and HSD as a result of its efforts towards curtailing the impact of market's equilibrium imbalance in the last quarter.

## Circular debt financing straining profitability

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

Associated objective: Resolve chronic issues with SNGPL to recover circular debt and reduce financial costs

How PSO is managing this risk: The receipts against the trade receivables from GENCOS, HUBCO, KAPCO, PIA and SNGPL exceeded marginally from the invoiced amount in FY20. Whereas, the amount received against the Late Payment Surcharge from HUBCO and KAPCO contributed materially in easing the financial strain on the Company's cost of fund for the year. PSO is actively following up with the customers and respective authorities for the settlement of long outstanding dues, meanwhile managing its working capital requirement through commercial banks and keeping the spread to minimum. In addition, the Company is striving hard towards the execution of the long pending tripartite agreement between PSO, SNGPL and SSGC for its LNG business.

# RISK AND OPPORTUNITY REPORT

## Increasing competition affecting market share in retail business

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Strategic	Financial	Long term	External	High	Medium

Associated objective: Market penetration for key products with focused approach on high margin products to increase shareholder's value

How PSO is managing this risk: PSO has embraced the competition as an opportunity for enhancing its financial and operational efficiencies through rehabilitation, innovation, integration and improving business relations while protecting its intellectual property. During the year, the market share of the Company in retail sector improved significantly for Mogas and HSD in comparison to last year's performance.

## Foreign exchange rate fluctuations impacting profitability

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

Associated objective: Focused approach to enhance bottom line

How PSO is managing this risk: PSO's POL purchases in USD and its FE-25 loans expose the Company to foreign exchange risk until settled. During the year, the GoP settled significant portion of the accumulated foreign exchange losses on account of FE loans, whereas, the foreign exchange risk on the Company's USD purchases were passed through pricing, thus substantially minimizing the net foreign exchange exposure on PSO's books in the year.

## Complete dependency on cartage contractors for transmitting Mogas up-country

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Strategic	Infrastructure	Long term	External	High	Medium

Associated objective: Ensure completion of supply chain oriented infrastructure projects within the year.

How PSO is managing this risk: A single strike call of cartage contractors can halt the movement of Mogas for days which can lead to dry-out situations in several locations. PSO and the respective government authorities always strive hard to reduce the impact of such calls through table-talks and negotiations with the concerned parties for quick resolution of their concerns. In such circumstances, NLC's large fleet is used to manage the supply chain in the affected areas of the country. Whereas, the multi-grading of WOP & MFM pipelines, expected to be commissioned in Q1FY21, may reduce the severity of the risk. Moreover, a total of 159,000 MT storage capacity enhancement is in progress which will eventually increase the days-cover for Mogas and HSD in South, Central and North zones, and eventually further strengthen the value chain of the country.

### Ageing assets increasing reliability risk

<b>Risk type</b>	<b>Effectuated Capital</b>	<b>Nature</b>	<b>Source</b>	<b>Likelihood</b>	<b>Magnitude</b>
Operational	Infrastructure	Long term	Internal	Medium	Medium

Associated objective: Ensure completion of supply chain oriented infrastructure projects within the year.

How PSO is managing this risk: All assets are inspected and maintained as per the maintenance plan, whereas asset integrity is assessed on need basis for all critical assets including tankages, gantry, pipelines and pumps, and solutions are developed and implemented in accordance with the study findings. Currently, 165,000 MT storage capacity is under rehabilitation, whereas an addition of 159,000 MT is under development phase.

### Changing regulatory and legislative environment

<b>Risk type</b>	<b>Effectuated Capital</b>	<b>Nature</b>	<b>Source</b>	<b>Likelihood</b>	<b>Magnitude</b>
Compliance	Infrastructure	Medium term	External	Medium	Medium

Associated objective: Ensure completion of supply chain oriented infrastructure projects within the year.

How PSO is managing this risk: The Company's Executive Management, under the supervision and direction of the BOM, has always been pro-actively engaged with the respective authorities, at different levels and forums, for securing the interest of all stakeholders. The effect of potential changes is measured and reflected in the Company's business strategies and plans accordingly.

### Inability to meet customer demand

<b>Risk type</b>	<b>Effectuated Capital</b>	<b>Nature</b>	<b>Source</b>	<b>Likelihood</b>	<b>Magnitude</b>
Strategic	Financial	Long term	External	Low	High

Associated objective: Ensure completion of supply chain oriented infrastructure projects within the year.

How PSO is managing this risk: PSO's commitment to its customers is the primary objective of its core existence. Its stringent supply planning process, reliable and diversified sourcing, adequate inventory reserves, reliable infrastructure and efficient logistics across the country are successfully contributing towards meeting customer demand at all times. However, the demand and supply equilibrium is affected when other OMCs maneuver their procurement and sales strategies to take advantage of arbitrage opportunities in the market, thus creating unprecedented onus on the Company's supply chain in trying to maintain the equilibrium.

# RISK AND OPPORTUNITY REPORT

## Natural and man-made disaster events

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Operational	Human & Infrastructure	Long term	External	Low	High

Associated objective: Business process re-engineering, optimization of resources and automation to ensure continuity of business.

How PSO is managing this risk: PSO is committed towards complying with Health, Safety and Environmental regulations and best practices and has always kept it on priority within its business strategy and objectives. The Company's HSE control environment has significantly improved over the years and its compliance is strictly monitored at every facility and location. Moreover, the Company has an effective disaster recovery plan in place for its critical operations which is periodically tested. In addition, adequate and comprehensive insurance coverage exists for the Company's assets (including inventory) against disaster events. Furthermore, coordinated security measures are in place and periodic mock drills are conducted to test the adequacy of the Company's security protocol, especially for its highly sensitive facilities.

## Off-spec product may damage brand image

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Operational	Relationship	Medium term	Internal	Low	High

Associated objective: Ensure quality at every stage of the supply chain

How PSO is managing this risk: PSO's state-of-the-art petroleum laboratory network and mobile quality testing units are ensuring the product quality, as per the GoP specifications, across Pakistan. The Quality Assurance team assures the quality of all PSO supplied products at every stage of the Company's supply chain. In addition, the accuracy of product dispensing units installed at the Company's fueling stations are regularly tested to ensure the right quantity is delivered to its valued customers.

## Information security breach may disrupt operations

Risk type	Effectuated Capital	Nature	Source	Likelihood	Magnitude
Operational	Infrastructure	Short term	External	Low	High

Associated objective: Reliability of IT systems and infrastructure

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

## A Statement from the Board of Management

The BOM oversees all high priority corporate risk matters and activities, including trade receivables from GENCOS, HUBCO, PIA and SNGPL as well as the challenging market dynamics in the white oil business. All these risks pose a serious threat to the Company's profitability and solvency. Continuous emphasis and every possible effort is made to reduce their impact on the financial statements.

## Adequacy of Capital Structure

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

## Materiality Approach Adopted by the Management

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

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

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

## Disclosures Beyond Best Corporate Reporting Requirements

PSO has always endeavored to disclose information that is useful for the analysis of the financial statements, relevant to the intended users of annual report and in accordance with the best available reporting benchmarks. In view of the aforesaid, PSO's Annual Report 2020 discloses the following information which is beyond the minimum requirements for best corporate reporting:

- Detailed term of reference of Board Committees.
- Regulatory framework applicable to the Company.
- Marketing initiatives in pictorial form.
- Strategic Investments other than associates, joint ventures, subsidiaries.
- Pakistan Business and Economic review alongside Oil industry review to enable the users to understand the performance of PSO in the relevant perspective.
- Management Committees vested with strategic decision making powers.





## Our Partners, Our Strength

Our partners across the nation have been an integral part of our ability to serve Pakistan. During this year's fuel crisis, our partners in supply, logistics and retail played a crucial role in ensuring an uninterrupted supply of fuel nationwide.

# NOTICE OF MEETING

Notice is hereby given that the 44th Annual General Meeting of the Company will be held on Wednesday, October 21, 2020 at 11:00 a.m. through video-link facility to transact the following business:

## Ordinary Business:

- To confirm the minutes of the 43rd Annual General Meeting held on October 28, 2019.
- To receive, consider and adopt the Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2020 together with the Report to the Shareholders and Auditors' Report thereon.
- To lay information before the members of the Company for the appointment of Messrs KPMG Taseer Hadi & Co., Chartered Accountants as external auditors of the Company for the year ending June 30, 2021.

By Order of the Board



September 19, 2020  
Karachi

Rashid Umer Siddiqui  
Company Secretary

## Notes:

- The Share Transfer books of the Company will remain closed from October 13, 2020 to October 21, 2020 (both days inclusive). Transfers received in order at the office of Company's Share Registrar, M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi up to the close of business on October 12, 2020 will be considered in time for the purposes of attending the annual general meeting.
- In light of the COVID-19 situation, the Securities and Exchange Commission of Pakistan ("SECP"), in terms of its Circular No.5 dated March 17, 2020 and Circular No. 25 dated August 31, 2020, has advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and the public at large with minimal physical interaction. Hence, the proceedings of the meeting will be carried out through video-link facility. In this regard, special arrangements have been made for the AGM which are as under:
  - AGM will be held through Zoom application - a video link facility.
  - Shareholders interested in attending the AGM through Zoom application will be requested to get themselves registered with CDC Share Registrar Services Limited (Video Conferencing

Service Provider) at least 48 hours before the time of AGM at [cdcsr@cdcsrsl.com](mailto:cdcsr@cdcsrsl.com) by providing the following details:

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

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

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

- Shareholders may send their comments and suggestions relating to the agenda items of the AGM to the Company Secretary Office at least two (2) working days before the AGM, at the given email address [cdcsr@cdcsrsl.com](mailto:cdcsr@cdcsrsl.com) or WhatsApp on 0321-820-0864. Shareholders are requested to mention their full name, CNIC # and Folio/CDC Account # for this purpose.
  - Shareholders are encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
- A member entitled to attend the meeting may appoint any other member as his/her proxy to attend the meeting through video-link. A proxy form is enclosed.
  - The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Company situated at PSO House, Khayaban-e-Iqbal, Clifton, Karachi at least 48 hours before the time of the AGM i.e. latest by Monday, October 19, 2020 at 11:00 a.m.
  - Members are requested to notify changes immediately, if any, in their registered addresses to our Share Registrar, M/s THK Associates (Pvt.) Limited.

6. For appointing proxies, the shareholders will further have to follow the under mentioned guidelines:
- i) In case of individuals having physical shareholding or the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form accordingly.
  - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
  - iii) Notarized copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

### **7. Submission of copy of CNIC/NTN (Mandatory):**

Individual members who have not yet submitted photocopy of their valid CNIC to the Company/Share Registrar, are once again requested to send their CNIC (copy) at the earliest directly to the Company's Share Registrar, THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi. Corporate Entities are requested to provide their National Tax Number (NTN). Please also give Folio Number with the copy of CNIC/NTN details.

### **8. Availability of Annual Audited Financial Statements on the Company's website**

In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2020, are available on the Company's website (<http://www.psopk.com>).

### **9. Transmission of Annual Audited Financial Statements through CD**

SECP, through its SRO 470(I)/2016 dated May 31, 2016 has allowed companies to circulate the annual audited financial statements to their members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses. The Company has obtained shareholders' approval in its 41st Annual General Meeting held on October 20, 2017 in this regard. Accordingly, the Annual Report of PSO for the year ended June 30, 2020 is being dispatched to shareholders through CD. Any member requiring printed copy of the Annual Report 2020 may send a request using a "Standard Request Form" placed on the Company's website (<http://www.psopk.com>).

### **10. Transmission of Financial Statements to the Members through e-mail**

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

### **11. Payment of Cash Dividend Electronically (Mandatory):**

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

In order to receive dividend directly into their bank account, shareholders are requested to fill in "E-Dividend Mandate Form" available on Company's website (<http://www.psopk.com>) and send it duly signed along with a copy of CNIC to the Company's Share Registrar, M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, in case of physical shares.

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

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

### **12. Deposit of Physical Shares in CDC Account:**

As per Section 72 of the Companies Act, 2017, every listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017.

The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form.

# CORPORATE GOVERNANCE

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## Company Information

### Board of Management

#### Chairman (Independent)

Mr. Zafar I. Usmani

#### Independent Members

Ms. Tara Uzra Dawood

Mr. Mohammad Shahid Khan

Mr. Muhammad Hamayun Khan Barakzai

#### Non-Executive Members

Mr. Muhammad Anwer

Mr. Sajid Mehmood Qazi

Mr. Shahid Salim Khan

Mr. Nadeem Irshad Kayani

#### Managing Director & Chief Executive Officer

Syed Muhammad Taha

### Chief Financial Officer

Mr. Imtiaz Jaleel

### Company Secretary

Mr. Rashid Umer Siddiqui

### Auditors

M/s. A. F. Ferguson & Co.

Chartered Accountants

M/s. EY Ford Rhodes

Chartered Accountants

### Legal Advisor

M/s. Orr, Dignam & Co.

Advocates

### Registered Office

Pakistan State Oil Company Limited

PSO House

Khayaban-e-Iqbal, Clifton

Karachi – 75600, Pakistan

UAN: +92 21 111 111 PSO (776)

Fax: +92 21 9920 3721

Website: [www.psopk.com](http://www.psopk.com)

### Share Registrar

THK Associates (Pvt.) Limited

1st Floor, 40-C

Block-6, P.E.C.H.S.

Karachi – 75400

P. O. Box 8533

Tel.: +92 21 111 000 322

Tel.: +92 21 3416 8266-68-70

Fax: +92 21 3416 8271

Email: [secretariat@thk.com.pk](mailto:secretariat@thk.com.pk)

### Bankers

Allied Bank Limited

Askari Bank Limited

Bank Al Habib Limited

Bank Alfalah Limited

Citibank N.A.

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Samba Bank Limited

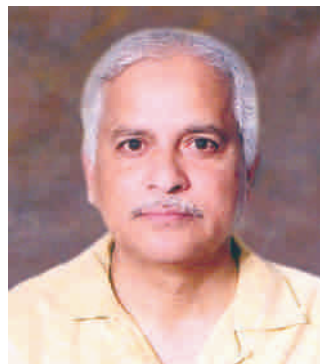
Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

The Bank of Punjab

United Bank Limited

## Board of Management Profiles



**Mr. Zafar I. Usmani**  
Chairman, BOM

Mr. Zafar I. Usmani has held multiple C-level positions with multinational and national companies. He has worked as Chief Operating Officer in Cable & Wireless JV, Paktel; Chief Executive Officer in ExxonMobil JV in Pakistan; Senior Vice President Commercial in Pakistan International Airlines Corporation; Senior Executive Vice President in Pakistan Telecommunication Company Limited and Chief Operating Officer in CM Pak Ltd (Zong). He has overall 33 years of experience with 17 years in C-level positions, with exposure in the area of management, strategy, planning, marketing, sales, distribution, customer services and finance.

Mr. Usmani's key strength and experience has been in leading the turnaround of struggling and/or financially bleeding companies (ExxonMobil JV in Pakistan), and in accelerating the growth of new and smaller companies to critical mass using technology & out-of-box approach (Zong: China Mobile).

Mr. Usmani has served on the board of directors of Lahore Electric Supply Company Limited, Genco Holding Company Limited, Pakistan Telecommunication Company Limited, China Mobile Pakistan, Mobil Askari Lubricants Limited, R&D Fund, and USF under Ministry of Information Technology & Telecommunication. He has also served as member on the Information Technology & Telecom Advisory Board under the Ministry of Information Technology & Telecommunication. He has served on numerous committees of the board of directors in different companies which included Finance, Audit, Procurement, Human Resources, HSE, and Customer Services.

Mr. Usmani holds an MBA degree from Marquette University, Milwaukee, USA under USAID Scholarship and PGD from the Institute of Business Administration, Karachi University, and Chief Operating Officers Program from Cable & Wireless College, Coventry, UK.

## Board of Management Profiles



**Syed Muhammad Taha**  
MD & Member, BOM

Mr. Taha has been appointed as the Managing Director & Chief Executive Officer of Pakistan State Oil Company Limited (PSOCL) with effect from February 26, 2020. Having over two decades of experience in the industry, he is known and respected for his transformational skills in the energy sector.

With 19 years of Executive level management experience under his belt, Mr. Taha has been a key member of the change management team with specific reference to K-Electric and PSO, where he was an integral part of the leadership team that turned around these struggling enterprises into highly profitable concerns.

Working as an Executive Director in Oasis Energy, he headed the Program Management Office of Port Harcourt Electricity Distribution Company, Nigeria, where he led a global team of subject matter experts to provide strategic and operational support to the leadership team of the distressed utility, while successfully spearheading and executing multidisciplinary and multimillion dollar projects.

Earlier, Mr. Taha worked at K-Electric Limited as Chief Operating Officer - Distribution and a vital member of the Senior Leadership Team. While effectively managing revenues of USD 1.9 billion, he successfully improved the productivity & effectiveness of 8000+ employees and served 2.4 million customers in Karachi.

Mr. Taha has also worked for over 9 years at Pakistan State Oil Company Limited (PSO), the country's largest oil marketing company, where he held several senior positions and led various functions as Head of Corporate Affairs, Retail Fuels, Cards Business and Corporate Planning and worked directly under CEOs.

For around 6 years starting from 1993 to 1999, Mr. Taha worked for Shell Pakistan, Caltex Pakistan (A Chevron Company) and Pakistan Steel Mills at various key positions.

Mr. Taha holds an Engineering degree with an MBA in Finance from the Institute of Business Administration, Karachi.



**Mr. Muhammad Anwer**  
Member

Mr. Muhammad Anwer is a senior civil servant, currently posted as Senior Joint Secretary in the Ministry of Finance and dealing with financial matters of water, power, petroleum and gas sectors. Having a Master's degree in Finance / Management (with distinction), Executive Education Program in Public Financial Management from John. F. Kennedy School, Harvard University, national / international trainings, he possesses over 25 years of experience in public administration, corporate finance, taxation and economic affairs. Mr. Anwer made significant strides in his area of expertise and successfully finalized a number of key bilateral and multilateral financial and technical assistance agreements on infrastructure development, communications and power generation etc.

Mr. Anwer led several GoP teams and represented the country on various international forums to enhance international economic and technical cooperation with Pakistan.

## Board of Management Profiles



**Mr. Sajid Mehmood Qazi**  
Member

Mr. Sajid Mehmood Qazi, Joint Secretary, Ministry of Energy, Petroleum Division joined Office Management Group of the civil service of Pakistan in 1995. He was exposed to the working of Ministries of Economic Affairs, Commerce & Textile and Narcotics Control. As Additional Registrar Supreme Court of Pakistan, he has the rare honour of contributing in the setting up of the HR cell to streamline the implementation of suo moto jurisdiction of the apex court of the country. As a core member of the NAB team, Mr. Qazi contributed in formulating and implementing the national anticorruption strategy during his stint at the premier accountability body from 1999 to 2005. Mr. Qazi performed the duties of a diplomat in Pakistani Consulate Manchester, UK as Counselor Community Affairs. Before joining the Ministry of Petroleum, he was working as Director General in the Overseas Pakistanis Foundation.

Mr. Qazi has strong interest in Economics, Public Administration and Law. He earned LL.M from Warwick University, UK as Chevening Scholar. He is an avid reader of contemporary history and also follows his passion of hiking and landscape photography in his leisure time.



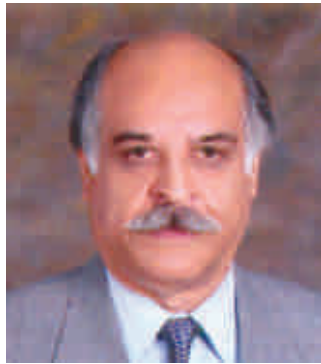
**Ms. Tara Uzra Dawood**  
Member

Ms. Dawood is the Chief Executive Officer of 786 Investments Ltd., an Asset Management Company initially launched on the instigation of Asian Development Bank. She is presently serving on the Board of Pakistan Refinery Limited and Mutual Fund Association of Pakistan. She has also served as an Independent Director on the Board of Lahore Electric Supply Company Limited.

She holds a Doctorate in Judicial Science from Harvard Law School and Bachelor of Arts Honors from Cornell University and Oxford University. Having specialization in mergers, acquisitions and corporate law, she worked for law firms in New York, Toronto, Amsterdam, Brussels and California. She speaks globally at numerous international mutual fund and banking conferences as an authority on shariah-compliant finance. Ms. Dawood has also served as a Visiting Lecturer on Islamic Law and Finance at the Faculty at Danube University Krems (Austria) as recommended by International Investment Funds Association and EBAMA.

Ms. Dawood is also President of Dawood Global Foundation, a Trust established to empower women and youth in the society, and hosts the national LADIESFUND awards for women of Pakistan. Her mission is to educate 1 million deserving girls around the world under the award-winning Educate a Girl project in partnership with Facebook's internet.org foundation and with the support of the World Bank.

## Board of Management Profiles



**Mr. Mohammad Shahid Khan**  
Member

Mr. Mohammad Shahid Khan brings more than 45 years of experience in the Oil, Gas and Energy sectors both of domestic & multinational oil marketing companies (OMCs).

His knowledge, understanding & expertise gained from various roles & positions added to the organizational performance and contributed significantly to its growth & success more specifically in his eventful and illustrious career at PSO, heading various departments therefore, as a member of the Board of Management, Mr. Mohammad Shahid Khan is fully aware of the organisation's potential as well as the developing areas.

He is highly motivated, diligent & achievement oriented professional with ability to develop & implement the organisation's objectives in the areas of Logistics, Retail fuels sales and Marketing, Lubricants and Chemicals monitoring & personnel evaluation.

His above average and man-management skills & overall managerial effectiveness remained instrumental which contributed towards company's achievements & success. His humane & cheerful approach even at stressful times contributes positively towards employee motivation.

From 2010 onwards he has also represented National Fuels Corporation, a multinational OMC as their Country Manager in Pakistan, having principal and regional offices in Afghanistan, Dubai, Tajikistan, Turkey, Africa & Pakistan.

Mr. Mohammad Shahid Khan received his education from Forman Christian College, Lahore.



**Mr. Muhammad  
Hamayun Khan Barakzai**  
Member

Mr. Muhammad Hamayun Khan Barakzai joined the Board of Management on February 21, 2019.

During the period October 2004 to January 2006, he volunteered his services as social worker in Al-Khaliq Foundation at Quetta and assisted in formation of village councils, survey work and holding health campus etc.

He was selected as a Social Organizer in Baluchistan Rural Support Programme in March 2007. His main objective in this field is community organization; the essence of this process is the attempted adjustment of social as well as economic needs and available resources and potential by the inhabitants in a geographical area, with or without external assistance. He is involved in mobilization which is the process of getting poor people living in rural areas, organized to enable them to improve their own situation. The philosophy is "Helping people to help themselves".

He has worked as Distribution Executive in Express News Channel from January 2009 to November 2018.

He was also involved in flood relief activities in district Bolan for approximately 6 months, which was based on two projects i.e., "World Food Programme" and "Child Protection". In recognition of his services, Mr. Barakzai has been recommended for an award by the Chief Minister of Baluchistan.

Mr. Barakzai holds a bachelors degree in commerce from the University of Karachi.

## Board of Management Profiles



**Mr. Shahid Salim Khan**  
Member

Mr. Shahid Salim Khan is a Petroleum Engineer by profession having MS in Petroleum Engineering from University of Southern California, USA. He has more than 36 years of diversified hands on experience in various disciplines of E&P sector including HSE, petroleum engineering, drilling, production operations, community relations & community development. Mr. Khan has worked in different capacities with Kuwait Foreign Petroleum Exploration Company (KUFPEC), Mari Petroleum Company Limited (MPCL), Eni Pakistan Limited (An Italian Company), LASMO Oil Pakistan (London & Scottish Oil Company) & Oil & Gas Development Company Limited (OGDCL).

Besides having engineering & managerial skills, he had also contributed in other oil & gas industry forums like Pakistan Petroleum Exploration and Production Companies Association (PPEPCA) in capacity of Senior Vice Chairman, Society of Petroleum Engineers (SPE) in various capacities including Chairman Pakistan Chapter (2014-16 and 2020-22) and Director SPE. He has also been Chairman Annual Technical Conference that is jointly organized by SPE and PAPG annually.

He is currently serving as MD/CEO, OGDCL and Director on the board of Mari Petroleum Company Limited (MPCL).



**Mr. Nadeem Irshad Kayani**  
Member

Mr. Nadeem Irshad Kayani is a member of Civil Service of Pakistan since 1987. He did his Masters in Globalization & Development from Warwick University, UK.

He has more than 33 years of work experience in administration and policy making in a variety of core disciplines in the public sector. Exposure in policy planning and implementation, local governance structures and reforms, service delivery mechanisms in social and education sectors, and establishment of policy and governance issues in education, human resource development particularly managing and delivering capacity development initiatives.

Before joining the Petroleum Division in August, 2020 he worked as Secretary, Management & Professional Development Department (MPDD), Live Stock, Local Govt. & Community Development, Government of Punjab, Commissioner Multan Division and Registrar, Islamabad High Court.

# CORPORATE GOVERNANCE

## Engagement of Board Members in Business Entities

Sr. No.	Name of Board Member	Other Engagements
1	<b>Mr. Zafar I. Usmani</b> Chairman (Independent)	<b>Director</b> 1. Strategic Alliancez (Private) Limited
2	<b>Mr. Muhammad Anwer</b> (Non – Executive Member)	<b>Director</b> 1. Multan Electric Power Company Limited 2. Gujranwala Electric Power Company Limited 3. Government Holdings (Private) Limited 4. Central Power Purchasing Agency
3	<b>Mr. Sajid Mehmood Qazi</b> (Non – Executive Member)	<b>Director</b> 1. Mari Petroleum Company Limited 2. Pakistan Petroleum Limited 3. Sui Northern Gas Pipelines Limited
4	<b>Ms. Tara Uzra Dawood</b> (Independent Member)	<b>Chief Executive Officer</b> 1. 786 Investments Limited <b>President</b> 1. Dawood Global Foundation <b>Director</b> 1. Pakistan Refinery Limited 2. Mutual Fund Association of Pakistan
5	<b>Mr. Mohammad Shahid Khan</b> (Independent Member)	<b>None</b>
6	<b>Mr. Muhammad Hamayun Khan Barakzai</b> (Independent Member)	<b>None</b>
7	<b>Mr. Shahid Salim Khan</b> (Non – Executive Member)	<b>Managing Director &amp; CEO</b> 1. Oil & Gas Development Company Limited <b>Director</b> 2. Mari Petroleum Company Limited
8	<b>Mr. Nadeem Irshad Kayani</b> (Non – Executive Member)	<b>Director</b> 1. Pakistan Petroleum Limited 2. Government Holdings (Private) Limited
9	<b>Syed Muhammad Taha</b> (MD & Member, BOM)	<b>Director</b> 1. Pakistan Refinery Limited 2. Pak-Arab Pipeline Company Limited 3. Asia Petroleum Limited 4. Petroleum Institute of Pakistan

## Board Committees

### Board Finance & Risk Management Committee

Mr. Muhammad Anwer	Chairman
Mr. Zafar I. Usmani	Member
Mr. Sajid Mehmood Qazi	Member
Mr. Muhammad Hamayun Khan Barakzai	Member
Company Secretary	Secretary

#### Terms of Reference

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

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

1. Reviewing Corporate Strategy, Operational Plans and Long term Projections of the Company.
2. Reviewing Proposals / Feasibility Studies prepared by the management of all major projects.
3. Review the proposed Annual Business Plan and Budget and endorsing the same for approval of Board of Management.
4. Identification and management of strategic business risks of the Company considering the general economic conditions of the country, competitive realities and scenarios and ensuring that risk management processes and cultures are embedded throughout the Company.
5. Providing regular update to the Board of Management on key risk management issues and its proposed mitigating factors.
6. Considering investments and disinvestments of funds outside normal conduct of business and reviewing cash and fund management policies and procedures.
7. Consideration of any other issue or matter as may be assigned by the Board of Management.

### Board Human Resource & Remuneration Committee

Ms. Tara Uzra Dawood	Chairperson
Mr. Zafar I. Usmani	Member
Mr. Sajid Mehmood Qazi	Member
Mr. Mohammad Shahid Khan	Member
Mr. Shahid Salim Khan	Member
Company Secretary	Secretary

#### Terms of Reference

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

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

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

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

# CORPORATE GOVERNANCE

## 3. Compensation and Benefits:

- a. Review data of competitive compensation practices and review and evaluate policies and programmes through which the Company compensates its employees.
- b. Recommend for approval salary ranges, salaries and other compensation for the CEO and Senior Management / Senior General Managers reporting to the CEO.

- Significant adjustments resulting from the audit;
- The going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards; and
- Compliance with listing regulations and other statutory and regulatory requirements.

## Board Audit & Compliance Committee

<b>Ms. Tara Uzra Dawood</b>	Chairperson
<b>Mr. Muhammad Anwer</b>	Member
<b>Mr. Mohammad Shahid Khan</b>	Member
<b>Mr. Muhammad Hamayun Khan Barakzai</b>	Member
<b>Mr. Shahid Salim Khan</b> Company Secretary	Member Secretary

## Terms of Reference

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

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

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

## Audit

1. Determination of appropriate measures to safeguard the Company's assets.
2. Review of preliminary announcements of results prior to publication.
3. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Management, focusing on:
  - Major judgemental areas;

4. Facilitating the external audit and discussion with external auditors on major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
5. Review of management letter issued by external auditors and management's response thereto.
6. Ensuring coordination between the internal and external auditors of the Company.
7. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
8. Consideration of major findings of internal investigations and management's response thereto.
9. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
10. Review of the Company's statement on internal control systems prior to endorsement by the Board of Management.
11. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Management, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
12. Determination of compliance with relevant statutory requirements.
13. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
14. Recommending or approving the hiring or removal of the chief internal auditor.
15. Overseeing whistle-blowing policy and protection mechanism; and
16. Consideration of any other issue or matter as may be assigned by the Board of Management.

## Compliance

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

## Board Procurement Committee

<b>Mr. Nadeem Irshad Kayani</b>	Chairman
<b>Mr. Muhammad Anwer</b>	Member
<b>Mr. Mohammad Shahid Khan</b>	Member
<b>Mr. Shahid Salim Khan</b>	Member
<b>Company Secretary</b>	Secretary

## Terms of Reference

1. Review and approve Procurement Policy Framework and any subsequent changes to the same.
2. Recommend procurement awards for capital and revenue expenditure for amounts in excess of Rs. 100 million for local procurement and USD 5 million for foreign procurement (other than product procurement) for approval of the Board of Management. Awards requiring urgent approval will be approved through circulation to all members.
3. Provide advice on procurement related matters and approval processes as and when required.

## Board Performance Evaluation Committee

<b>Mr. Mohammad Shahid Khan</b>	Chairman
<b>Mr. Zafar I. Usmani</b>	Member
<b>Mr. Nadeem Irshad Kayani</b>	Member
<b>Ms. Tara Uzra Dawood</b>	Member
<b>Mr. Muhammad Hamayun Khan Barakzai</b>	Member
<b>Company Secretary</b>	Secretary

## Terms of Reference

1. To review and evaluate on regular basis, the commercial and financial performance of the organization as per business plan approved by the Board, for example: sales, market share, operating expenses, projects, programmes etc.
2. To guide & support Management to develop strategy, business plans, initiatives & programmes underlying the business plans and implementation plans.
3. To ensure that clear ownership and timelines are established for each initiatives, programmes and action plans, thus building both responsibility and accountability.
4. To monitor implementation of strategy, business plans, programmes, initiatives etc. to ensure that timelines are met.
5. To play a consultative role in supporting the management in its effort to achieve sustained growth and lead the industry.
6. To complement the efforts of the other committees of the BOM wherever required.
7. Any other items that are necessary to help management achieve the targets set forth in the business plan.

# CORPORATE GOVERNANCE

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## Board IT & Innovation Committee

Ms. Tara Uzra Dawood	Chairperson
Mr. Zafar I. Usmani	Member
Mr. Nadeem Irshad Kayani	Member
Mr. Muhammad Anwer	Member
Mr. Sajid Mehmood Qazi	Member
Company Secretary	Secretary

## Terms of Reference

The Board Automation and Digital Transformation Committee (the Committee) has been set up with the objective of:

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

The Committee shall primarily set the Automation and Digitalization targets of the Company. The Committee shall take whatever steps necessary to ensure implementation of Automation and Digitalization initiatives and progress towards Company's Digital Transformation. The Committee shall review, recommend for approval to BOM, monitor and enforce implementation of all IT plans, scope, budgets and keep BOM abreast on progress made on execution of all IT projects.

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

1. Set, Review and Monitor Implementation of Automation and Digital Transformation Goals and Strategy of the Company.
2. Review and approve short-term, medium-term and long-term plans to fulfil Company's Automation and Digital Transformation goals.
3. Establish policies and guidelines to ensure security of all IT and Automation systems, use of systems by all relevant management and employees in the company and build accountability, responsibility and ownership.
4. Review Business Plans, Budgets, Project scopes, Technologies and Proposals/Feasibility Studies prepared by the management for all major Automation and Digital Transformation projects, ensuring alignment with corporate strategy, and endorsing the same for approval of Board of Management.
5. Determine and assign roles and responsibilities of all stakeholders for timely execution of Automation and Digital Integration projects.

6. Review and ensure adequate resources are appropriately placed for the execution of all Automation and Digital Integration initiatives.
7. Review monthly or as the Committee may decide, progress on all Automation and Digital Transformation projects.
8. Provide regular update to the Board of Management on key Automation and Integration hurdles and its proposed mitigating factors.
9. Review exceptions, if any, presented for information and approval in terms of the Automation and Digital Transformation policy guidelines.
10. As necessary, hold meetings separately with senior management, employees or independent advisors in respect of matters pertaining to a Project to ensure implementation of automation projects.
11. Any other tasks as assigned to the Committee by the Board of Management and /or referred by other Committees.

## Board's Operating Style and Delegation to Management

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

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

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

## Role of Chairman and CEO

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

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

## CEO's Performance Review by the Board

The performance of the CEO/Managing Director is to be evaluated by the Board on an annual basis based on the business activities performed during the year in line with the corporate strategy. The Board oversees the activities of the Company including the corporate performance and advises the Management accordingly. A corporate strategy based on a 3 years rolling plan is set out by the Company under the supervision of the CEO/Managing Director. The performance thereof is monitored during the year.

## Evaluation of Board's Performance

Performance evaluation of the Board for the year ended June 30, 2020 has been carried out through Pakistan Institute of Corporate Governance. Results of the evaluation will be shared with the Board once the results have been compiled.

## Training of the Board Members

Two Board members have a certification under Directors' Training Programme and the rest of the Board members will be trained by June 30, 2021.

## Remuneration of Non-executive (Including Independent) Board Members

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

## Policy for Retention of Fee by an Executive Member

MD/CEO, PSO is the only Executive Member on PSO's Board. He also holds non-executive directorship in Asia Petroleum Limited, Pakistan Refinery Limited, Pak-Arab Pipeline Company Limited and Petroleum Institute of Pakistan. He is entitled to retain in full the fee received from the above mentioned entities against his services as non-executive director.

## Board's view on Diversity

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

As of June 30, 2020, the Board consisted of one Executive Member i.e. the MD/CEO PSO, four independent and four non-executive members. The Board includes one female member.

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

## Company's Policy for Safeguarding of Records

Safety of Records is a critical control procedure which requires attention at all levels. Company has a detailed policy in respect of retention / safeguarding of records. The policy has department wise details which also take into account the regulatory requirements for safeguarding / retention of such records. Company's records have been stored in efficient, secure and easy to retrieve manner. Company's records include books of accounts, documentations pertaining to taxation, legal, contractual, digital information etc. The records have been kept at secured places with adequate measures in place. Further, the Company has a Disaster Recovery Plan which entails necessary backup facilities.

## Conflict of Interest amongst Board Members

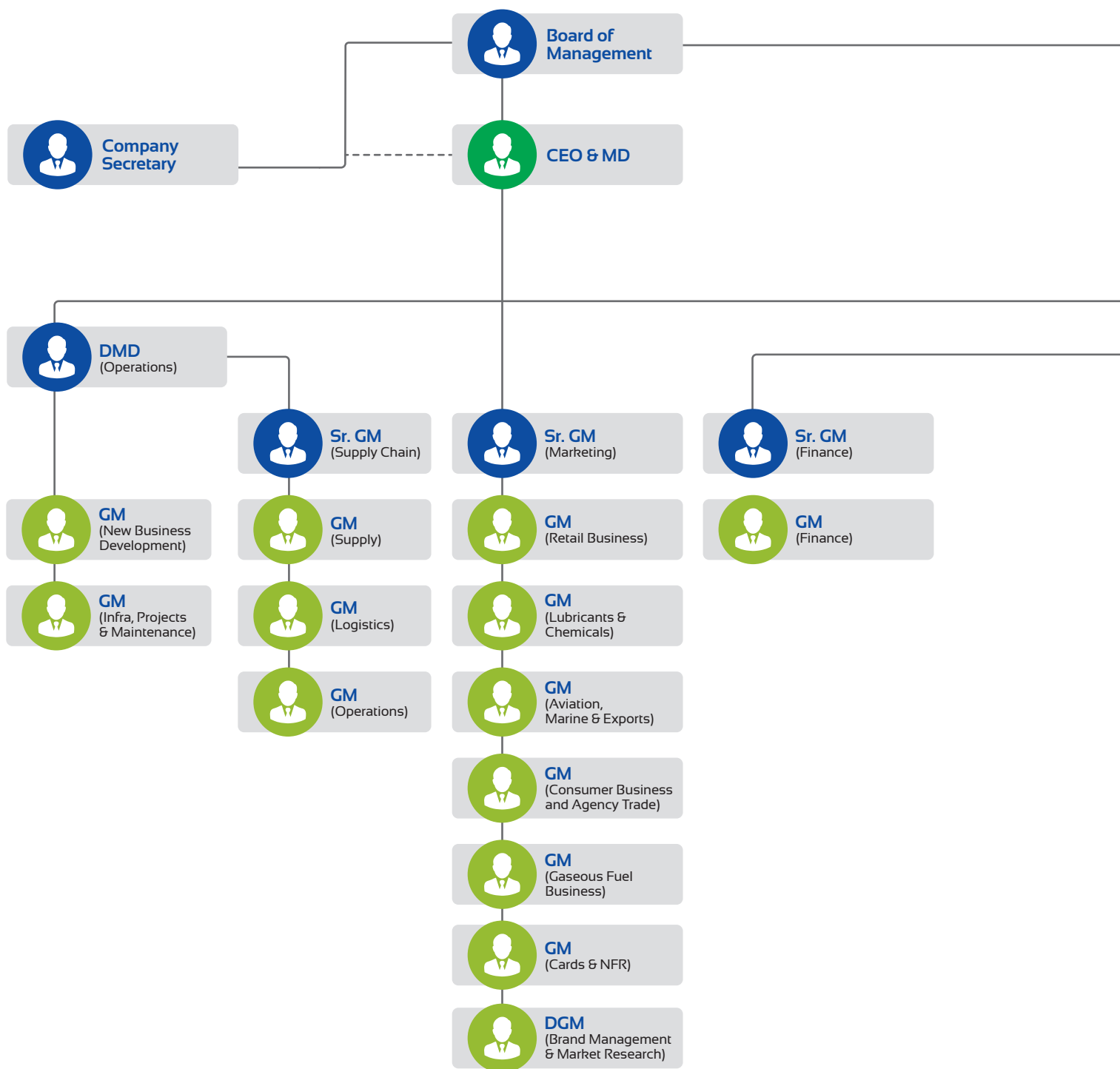
Any conflict of interest relating to members of the Board of Management is managed as per provisions of the Company law and rules and regulations of SECP and Pakistan Stock Exchange.

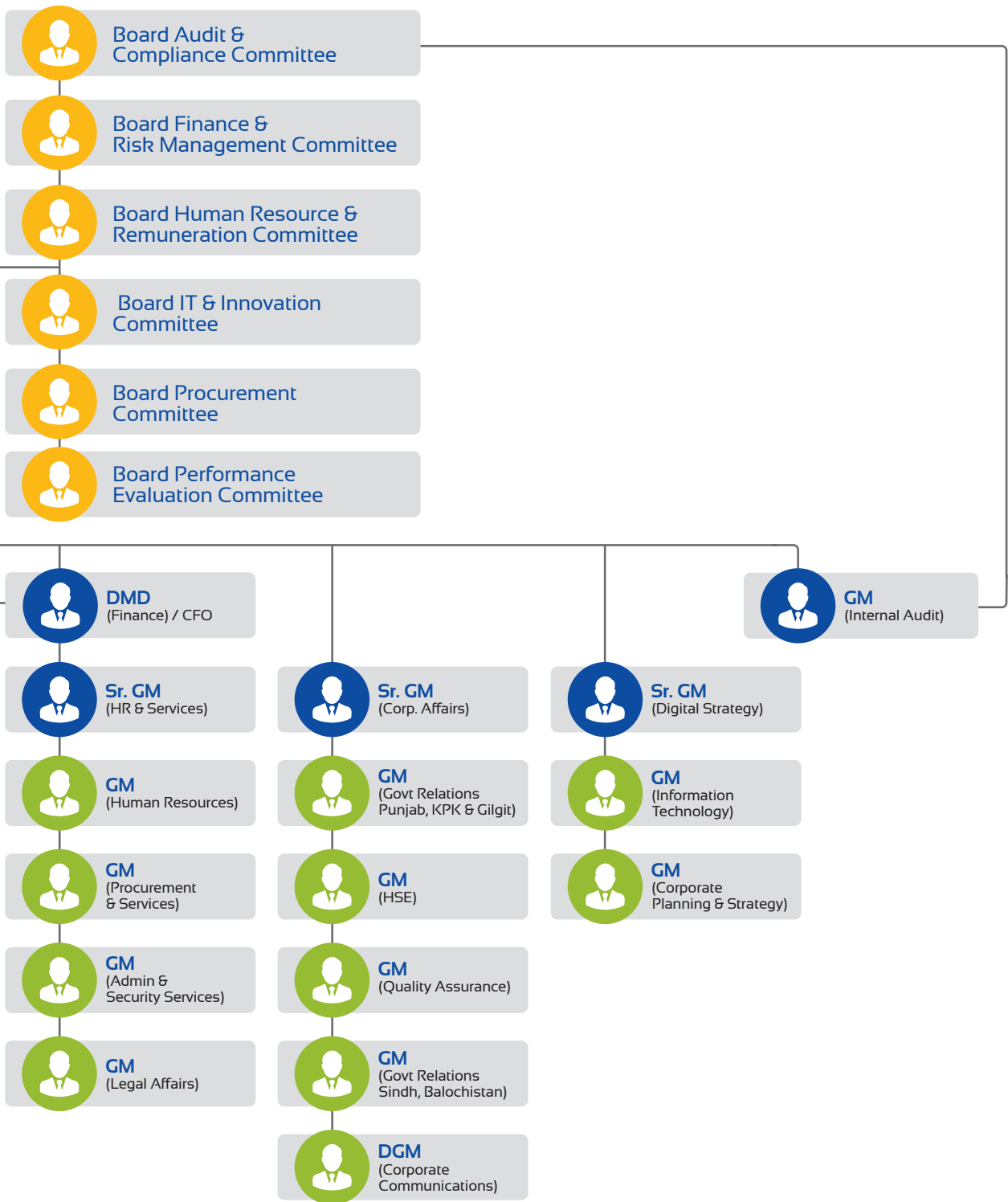
## Compliance with the best practices of Code of Corporate Governance

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

# CORPORATE GOVERNANCE

## Organogram





# CORPORATE GOVERNANCE

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## Report of the Board Audit & Compliance Committee

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

The Committee met ten (10) times during the year ended June 30, 2020 wherein various matters were taken up as per the Terms of Reference (ToR) of the Committee.

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

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

### Summary of Key Activities:

The key functions performed by the Committee are given below:

#### 1. Financial Reporting

- The Committee reviewed and recommended for BOM's approval, the draft annual and interim Unconsolidated and Consolidated Financial Statements of the Company. The Committee discussed with the CFO and the external auditors, the significant accounting policies, and significant issues in relation to the financial statements and how these were addressed.
- The Committee also reviews the Management Letter issued by the external auditors wherein control weaknesses are highlighted. Compliance status of highlighted observations by the external auditors is also reviewed and corrective measures are discussed / recommended to improve overall control environment.

#### 2. Assessment of Internal Audit Function

- The Committee has an established process to review the effectiveness of the Internal Control system and the Internal Audit Function. The Head of Internal Audit has direct access to the Committee. The Committee also met the Head of Internal Audit in the absence of CEO and CFO in compliance with the requirements of the Code of Corporate Governance.
- The Committee reviewed and approved the risk based internal audit plan covering all the business activities.
- The Committee reviewed the status of planned versus actual audit activities along with major internal audit observations and status of decisions made in the previous Committee meetings.
- The Committee recommends improvements in internal controls and gives directives for corrective actions where required.

#### 3. Whistle Blowing

As per the Whistle Blowing Policy approved by BOM, the Committee is entrusted with the responsibility to monitor the effectiveness of the Whistle Blowing Unit. Reports on the Complaints received vis-à-vis the actions taken was presented in the Committee meetings. For the year June 30, 2020, two (2) complaints were reviewed by Whistle Blowing Unit and reported to the Board Audit & Compliance Committee.

#### 4. Review of Compliance With the Code of Corporate Governance

The Committee places great importance on ensuring compliance with the best practices of the Code of Corporate Governance. In this respect, the Committee annually reviews the Company's Compliance with the Code of Corporate Governance. The Committee reviewed the Statement of Compliance with the Public Sector Companies

(Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019 to be published in the Annual Report.

## 5. Appointment of External Auditors

- The statutory auditors of the Company, A. F. Ferguson & Co. (Tenure: 6 years) and EY Ford Rhodes (Tenure: 5 years) have completed their audit of the Company's financial statements and review of the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2020.
- The Committee reviewed the Terms of Reference (ToR) for appointment of a single audit firm in place of joint audit firms and recommended the same for approval of BOM. Based on the approved ToR, the Big 3 International Member Audit Firms in Pakistan were requested to submit their profiles along with their respective Financial Bids for the audit of Unconsolidated and Consolidated Financial Statements along with other audit engagement services and certifications required under various Statutes/ Trust Deeds.

Thereafter, M/s KPMG Taseer Hadi & Co., Chartered Accountants have been selected and recommended for appointment as external auditors of the Company for the Financial Year ending June 30, 2021 based on their lowest quotation.

- M/s KPMG Taseer Hadi & Co., Chartered Accountants have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and are fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP.
- The Committee also met the External Auditors separately in the absence of CEO and CFO to get their feedback on the overall control and governance structure within the Company.



**Tara Uzra Dawood**  
Chairperson – Board Audit & Compliance Committee

September 19, 2020  
Karachi

# Attendance at Board of Management & Board Committees meetings

For the year ended June 30, 2020

Names of Members	Board of Management		Board Audit & Compliance Committee		Board Human Resource & Remuneration Committee		Board Procurement Committee		Board Finance & Risk Management Committee		Board Performance Evaluation Committee		Board IT & Innovation Committee		TOTAL	
	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended	Total No. of Meetings*	Number of Meetings attended
Mr. Zafar I. Usmani	16	16	-	-	11	11	-	-	5	5	2	2	2	2	36	36
Syed Muhammad Taha	5	5	-	-	-	-	-	-	-	-	-	-	-	-	5	5
Mr. Muhammad Anwer	16	16	10	10	-	-	4	4	5	5	-	-	2	2	37	37
Mr. Sajid Mehmood Qazi	16	16	-	-	11	11	4	4	5	5	2	2	2	2	40	40
Ms. Tara Uzra Dawood	16	16	10	10	11	11	-	-	-	-	1	1	2	2	40	40
Mr. Mohammad Shahid Khan	16	16	10	10	11	11	4	4	-	-	2	2	-	-	43	43
Mr. Muhammad Hamayun Khan Barakzai	16	16	10	10	1	1	-	-	5	5	2	2	2	2	36	36
Mr. Shahid Salim Khan	6	6	3	3	2	2	1	1	-	-	-	-	-	-	12	12
Mr. Irfan Ali	16	-	-	-	-	-	4	-	5	-	-	-	-	-	25	-
Syed Jehangir Ali Shah	11	8	-	-	-	-	-	-	-	-	-	-	-	-	11	8
Mr. Zahid Mir	1	1	-	-	1	1	-	-	1	1	1	1	-	-	4	4
Qazi Mohammad Salim Siddiqui	3	3	-	-	3	3	-	-	-	-	-	-	-	-	6	6
Dr. Naseem Ahmad	7	7	3	2	4	4	2	2	-	-	-	-	-	-	16	15
Dr. Tanveer Ahmad Qureshi	2	2	1	1	-	-	-	-	-	-	-	-	-	-	3	3

\* Number of meetings held during the period when the concerned Board member was on the Board / Committee

Note: No Board meeting was held outside Pakistan during the year

# CORPORATE GOVERNANCE

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## Related Parties

Names of Related parties with whom the Company has entered into transactions or had agreements and arrangements in place during the financial year along with the basis of relationship are disclosed in note 44 & 46 to the unconsolidated and consolidated financial statements.

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

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

## Management's Responsibility towards the Financial Statements

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

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

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

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

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

## Governance Practices Exceeding Legal Requirements

PSO's management and Board is committed towards adherence to the highest levels of moral and ethical values as demonstrated by voluntary adoption of best business practices in addition to the stipulated regulatory requirements.

Some of the governance practices exceeding legal requirements that have been adopted by the Company include:

- Best reporting practices recommended by ICAP / ICMAP and South Asian Federation of Accountants (SAFA)
- Implementation of Health, Safety and Environment practices in line with benchmarks.
- Quality Assurance Dept. at PSO provides independent assurance of compliance with all the prevalent Government of Pakistan regulations.
- Various ISO certifications.

## Appointment of Board Including Chairman

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

## Chairman's Significant Commitments

Chairman's significant commitments during the year included:

- Effective conduct of Board meetings and decision making.
- Participation in the development of Revised Vision, Mission and Values (VMV) of the Company. VMV have been re-aligned to prepare PSO for future challenges arising out of technological advancements and changing business landscape.
- Review of Strategies and way forward for regaining the lost market share in liquid fuels.
- Review of company's progress in strategic infrastructural projects.
- Efforts towards recovery of long outstanding receivables.
- Chairman's engagements other than PSO has been disclosed on page no. 54.

## Management Committee (ManCom)

Management Committee is the prime management body which meets primarily to steer and review key projects from conceptualization to implementation. It also conducts periodic reviews of various business matters in addition to the review of elements in the annual plan that include strategy, performance targets and budgets. 36 ManCom meetings were held during FY20.



## Executive Committee (ExCom)

Executive Committee reviews the department/business performance on regular basis. This review includes departmental highlights and performance against targets and objectives set in the annual plan. five ExCom meetings were held during FY20.

## Compensation, Organization & Employee Development Committee (COED)

Compensation, Organization & Employee Development Committee reviews matters pertaining to Human Capital Management that include matters related to Organizational Development, Employee Progression & Development, Performance Management & Compensation and HR Governance & Compliance. 29 meetings of the committee were held during FY20.

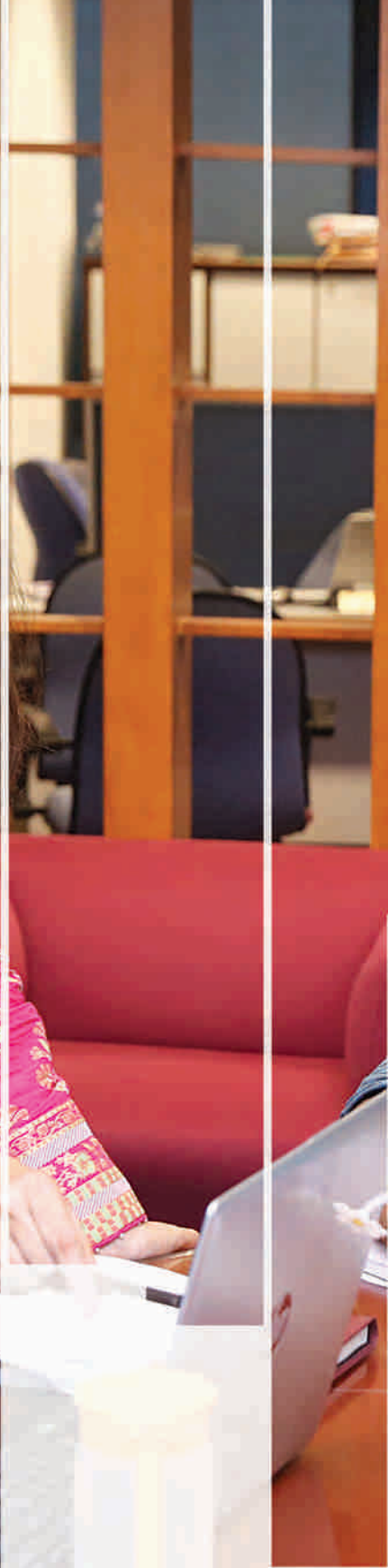


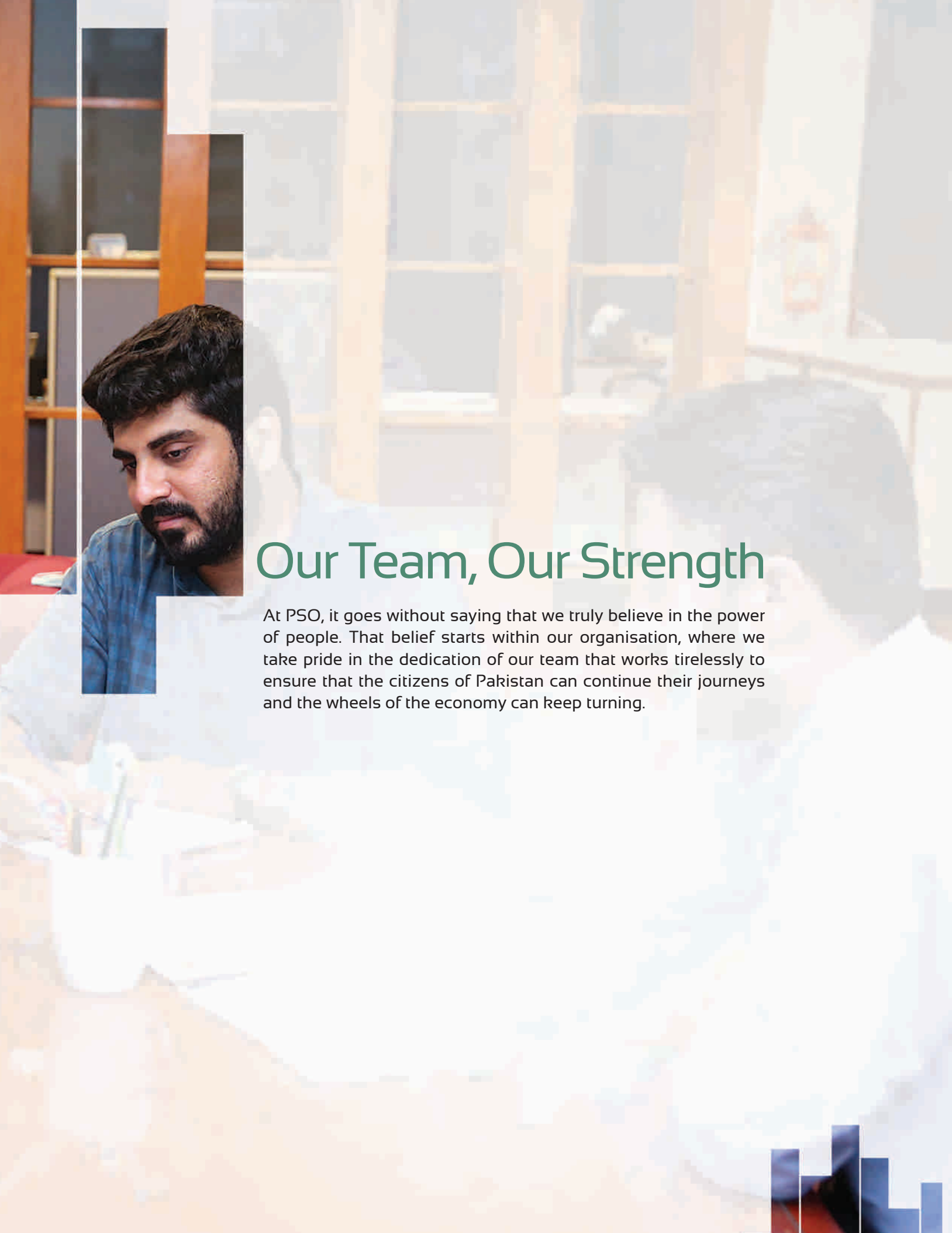
# INTERNATIONALS LIFELINE!

UNIQUE  
CULTURE

WORK-LIFE  
BALANCE

WHAT  
PSO  
OFFERS  
YOU





## Our Team, Our Strength

At PSO, it goes without saying that we truly believe in the power of people. That belief starts within our organisation, where we take pride in the dedication of our team that works tirelessly to ensure that the citizens of Pakistan can continue their journeys and the wheels of the economy can keep turning.



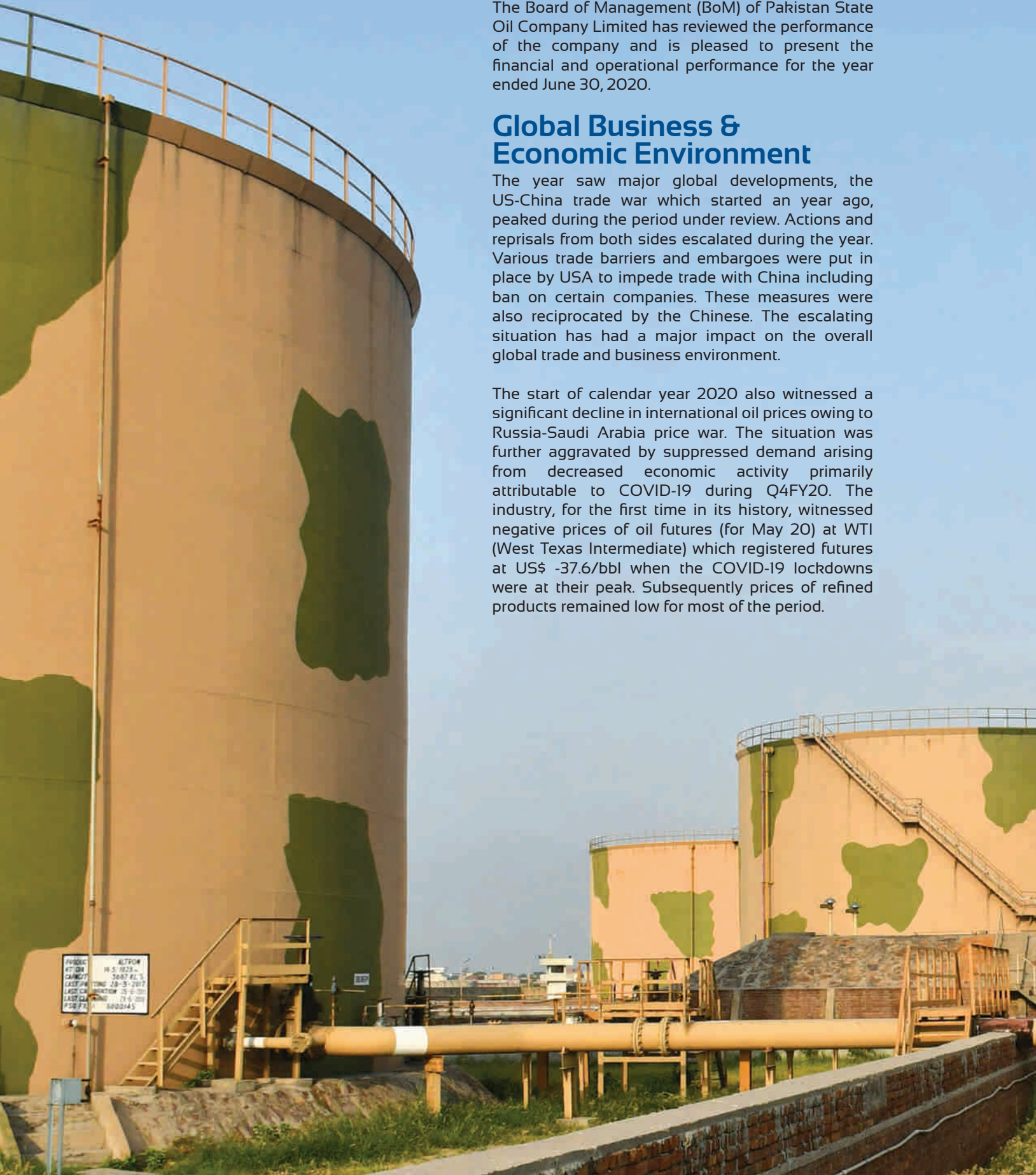
# REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

The Board of Management (BoM) of Pakistan State Oil Company Limited has reviewed the performance of the company and is pleased to present the financial and operational performance for the year ended June 30, 2020.

## Global Business & Economic Environment

The year saw major global developments, the US-China trade war which started an year ago, peaked during the period under review. Actions and reprisals from both sides escalated during the year. Various trade barriers and embargoes were put in place by USA to impede trade with China including ban on certain companies. These measures were also reciprocated by the Chinese. The escalating situation has had a major impact on the overall global trade and business environment.

The start of calendar year 2020 also witnessed a significant decline in international oil prices owing to Russia-Saudi Arabia price war. The situation was further aggravated by suppressed demand arising from decreased economic activity primarily attributable to COVID-19 during Q4FY20. The industry, for the first time in its history, witnessed negative prices of oil futures (for May 20) at WTI (West Texas Intermediate) which registered futures at US\$ -37.6/bbl when the COVID-19 lockdowns were at their peak. Subsequently prices of refined products remained low for most of the period.



PRODUCT ALTOPH  
LOCATION 16-S/0228-  
CAPACITY 3000 KL'S  
LAST PAINTED 28-3-2017  
LAST CALIBRATION 13-4-2018  
LAST CLEANING 21-6-2019  
P.S.O.C. 500045

Global maritime traffic came to a standstill and refineries had to shut down or operate at bare minimum owing to the drop in demand and subsequent unavailability of storages. According to reports, the global demand for POL products came down to approx. 65 to 70 million barrels a day vs. a supply of over 100 million barrels a day during the period. The average Brent crude oil price remained around US\$ 51.2 per barrel in the global market during FY20 with an average price of US\$ 26.4 during March to May, 2020.

## Pakistan's Business & Economic Overview

The trickle down effects of the global economic situation were also witnessed locally. Similar to much of the developing world, Pakistan's economy remained under pressure due to high debt, suppressed currency, current account deficits and exorbitantly high policy rates. Consequently, the cost of doing business remained high due to escalated financing costs.

During the year the Large Scale Manufacturing sector registered a decline of 10.2%. In an attempt to lessen the economic slide, GOP offered a stimulus package which included significantly reduced discount rates and special concessions for the construction industry and government initiated mega projects under PSDP (Public Sector Development Program).

## Oil Industry Overview

Pakistan's oil industry continued to witness negative growth in FY20 mainly due to uncontrollable external factors including the impact of COVID-19, influx of smuggled product, struggling economic indicators as well as the rapidly changing geo-political landscape. These factors contributed to an overall negative business and economic environment.

As a result of unprecedented price decline at a global level, Pakistan's oil industry suffered significant inventory losses which affected OMCs' and refineries' bottom lines. During certain periods, prevailing end-consumer prices were lower than cost of refinery production and imports due to supply chain dynamics and the pricing regime. This resulted in disruption of the supply chain across the industry. The change in Pakistan's energy mix continued to remain a key contributor towards the decline in overall POL market. These factors collectively resulted in a reduction of market size by 11.5% over SPLY (Same Period Last Year). Consumption of Mogas witnessed a decline of 2.3%, a twelve year low.



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## The Company's Performance

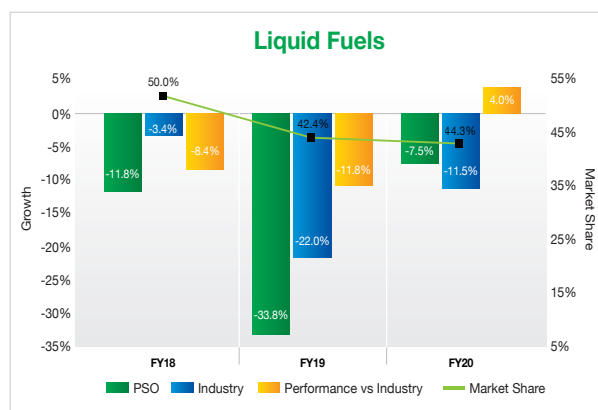
Despite the significant impact of external factors on the petroleum industry, as the national oil company, PSO maintained the country's supply chain and averted a major oil crisis in Q4FY20. PSO continued delivering strong sales performance in FY20. The Company consolidated its leadership position in liquid fuels with an overall market share of 44.3% and outperformed the industry by 4%.

As a result of the general depressed situation, the Company posted a loss after tax of Rs. 6.5 bn in FY20 vs. a profit after tax of Rs. 10.6 bn in FY19. The loss after tax translated into a loss per share of Rs. 13.8 vs. earnings per share of Rs. 22.5 in FY19. Factors that contributed in net loss include inventory losses, reduction in black oil sales, increase in finance cost due to higher policy rates and shift of the Company's borrowing mix from foreign currency to Pak Rupee base. Additionally, factors like recovery of significant late payment surcharge and reduction in exchange loss by Rs. 3 bn due to lower exchange devaluation of 2% vs. 35% in FY19 complemented by decision of ECC to allow exchange loss in white oil pricing, helped the Company in containing the extent of net loss.

## Sales Performance

### Liquid Fuels

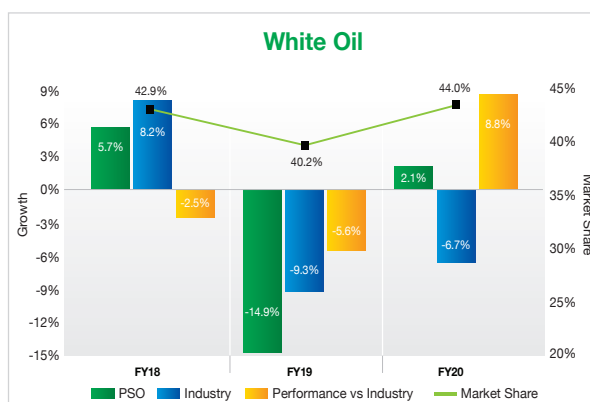
During the period under review, the liquid fuel industry witnessed a steep decline of 11.5%. The Company managed to contain the reduction in volumes and increase market share. Cumulatively, this performance aided the Company in further cementing its leadership position by increasing its market share to 44.3% in liquid fuels.



Source: Oil Companies Advisory Council (OCAC)

### White Oil

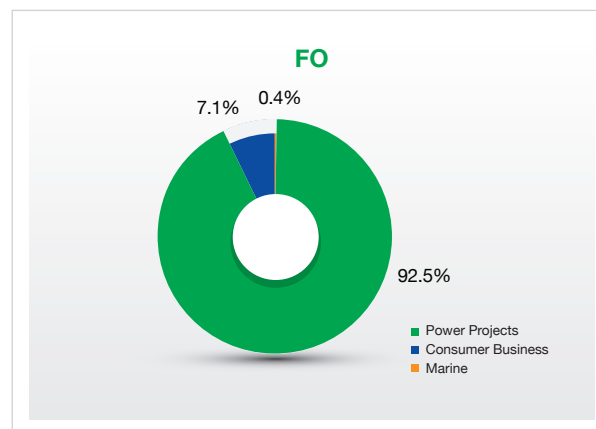
During the period under review, the Company also increased its white oil market share by 3.8% vs. Same Period Last Year (SPLY) primarily driven by positive growth of 6.7% in HSD and 2.3% in Mogas. Despite the adverse business environment, PSO remained focused on its strategy of increasing market participation and achieving volumetric growth over and above the industry. The enhanced participation was attained through synergized and unified efforts of business lines and support functions. Prior to the pandemic, the Company kept close engagement with its customers through customer service events and dealer conferences etc.



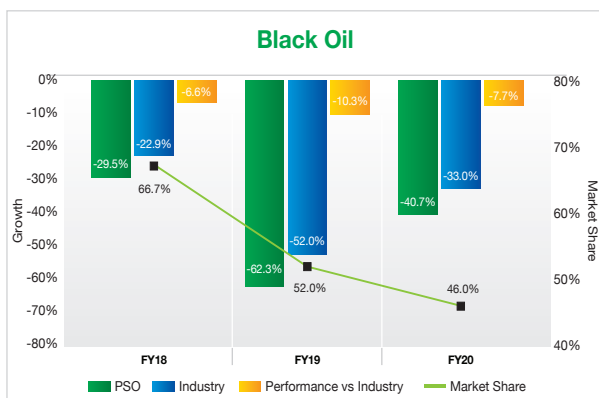
Source: OCAC

### Black Oil

Black oil comprises of Furnace oil (FO) and Light diesel oil (LDO). Today, these products are classified as waning products with continuously decreasing contribution in national energy mix owing mainly to substitution by RLNG / natural gas. PSO sells FO through consumer business which includes Power Projects, Marine and general trade customers. Contribution of each business line during FY20 is hereunder:

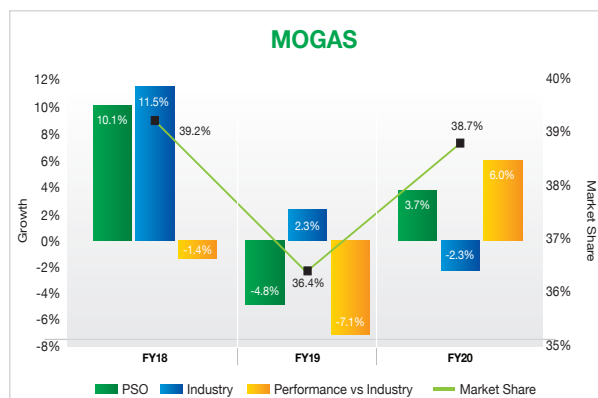


Due to decreased consumption by power plants and implementation of IMO-2020 standard restrictions, PSO's FO volumes showed a significant decline of 40.7% vs SPLY. However, PSO maintained its market leadership position with a market share of 46.0%.



Source: OCAC

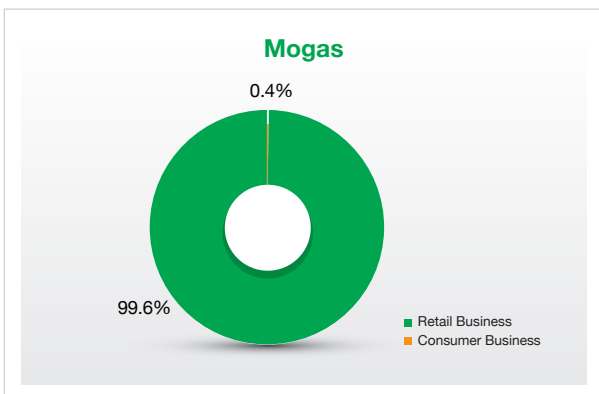
During the period under review, PSO witnessed incremental volumetric growth of 3.7% against the industry's negative growth of 2.3%. Moreover, the Company's volumetric growth also resulted in increasing market share to 38.7%.



Source: OCAC

## Mogas

Mogas is primarily sold through Retail Business with a fraction of the volume being sold through Consumer Business.

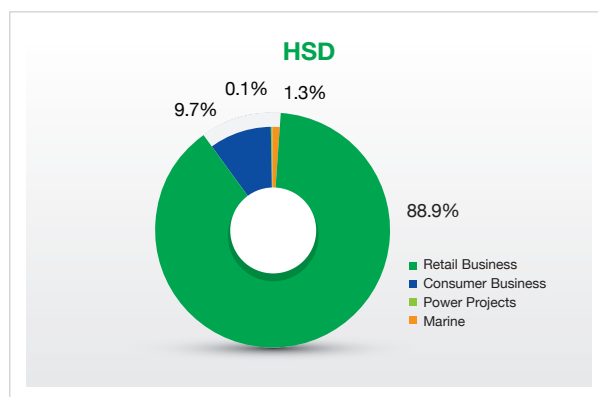


The retail sector is experiencing a significant shift owing to an increased assortment of value requirements by customers. Additionally, proliferation of OMCs means the segment is vulnerable to threats posed by new entrants.

The Company is cognizant to changing market dynamics and ensures the provision of quality products and services to its customers. Quality and quantity standards are monitored regularly through state-of-the-art laboratories and a fleet of 21 Mobile Quality Testing Unit (MQTU) vans. Enhanced forecourt services, WoW trainings and 24/7 customer support helped PSO regain its market share.

## HSD

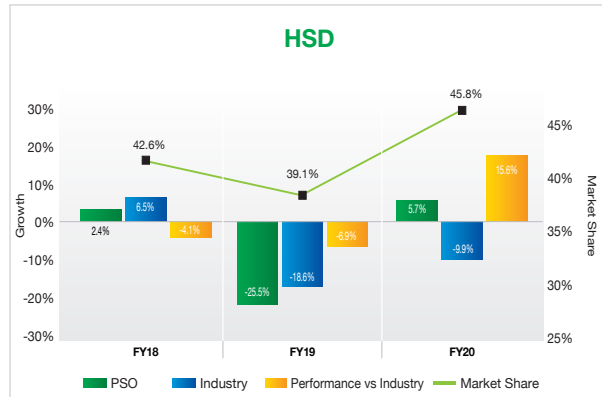
The Company offers High Speed Diesel (HSD) through multiple channels that include Retail Business, Consumer Business, Marine and Power plants. Amid COVID-19, demand from the industrial sector remained regressed. Factors such as limited construction activity, decline in demand from the cement sector, reduced road and rail movement negatively impacted the HSD market. Moreover, the lockdown situation and restricted timings for retail outlets also affected the demand for HSD. Use of HSD by the power sector also witnessed significant decline over the years. During the period under review, sales contributions from business line are as follows.



Despite the negative external impact and constraints, PSO managed to gain volumetric growth of 5.7% vs an industry's decline of 9.9%, an overperformance of 15.6% vs. industry. During the period under review,

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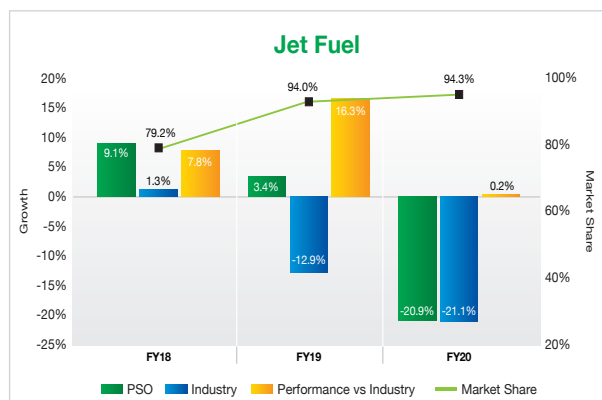
PSO was also able to increase its HSD market share by 6.7% to close the year at 45.8%. Proactive supply chain management along with marketing efforts resulted in the previously mentioned performance.



Source: OCAC

## Jet A-1

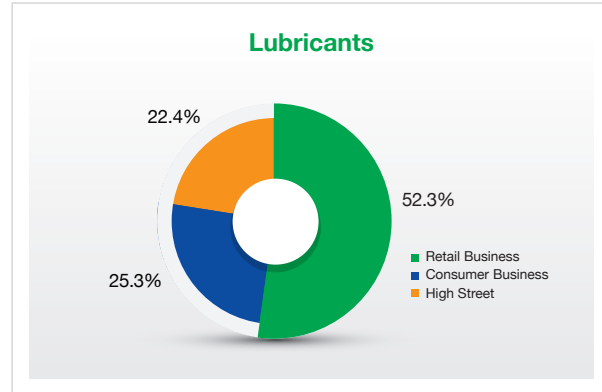
PSO maintained its dominant position in Jet Fuel by closing the year with market share of 94.3% in FY20 vs 94.0% in FY19. The aviation industry remains the hardest hit by the COVID-19 pandemic. During the lockdown, the local aviation industry witnessed a significant decline. Travelling restrictions and imposition of Notice to Airmen (NOTAM) by Civil Aviation Authority coupled with the reluctance of passengers to travel by air contributed to an industry decline of 21.1% over last year with PSO witnessing a volumetric decline of 20.9%.



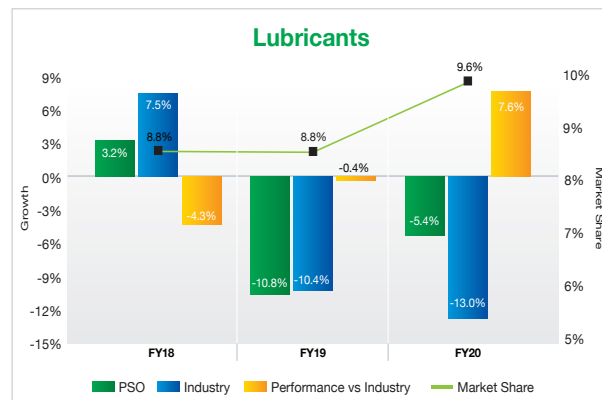
## Lubricants

Lubricant volumes are primarily dependent on fuel sales. With an overall decline in fuel sales in key business areas such as agriculture, transport and industry, lubricant sales have also declined. PSO reaches its lubricant customers through Retail

Business, Consumer Business and High Street. Following were the sales contribution from each business line during FY20:



During the period under review, the lubricant industry witnessed a decline of 13.0% primarily due to a reduction in consumption from the transport and manufacturing sectors. PSO's volumes were also impacted with a decline of 5.4% translating into volumetric sale of 33 KT.

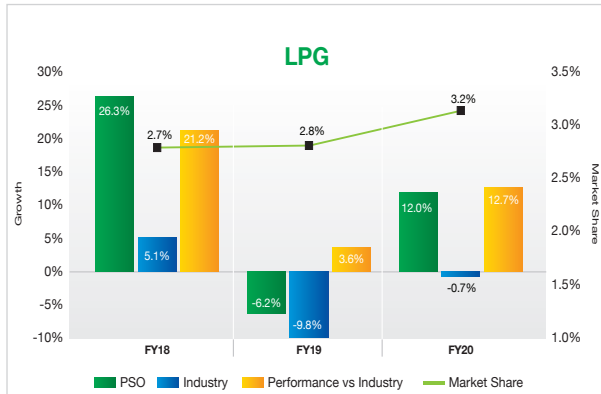


Source: OCAC

## LPG

The LPG industry is primarily driven by the domestic, transport and industrial sectors. Due to a reduction in industrial and transport activity, the LPG industry also witnessed a decline of 0.7% vs last year. PSO managed to achieve its highest ever LPG sales volumes during the year through the effective and determined efforts of sales and distribution teams. Moreover, PSO attained a volumetric growth of 12.0% with a market share of 3.2% vs 2.8% last year. PSO also managed to perform 12.7% over and above industry. Keeping the potential of the LPG business in view, the management plans to further enhance

the contribution of the LPG business in the Company's profitability.



## Business Lines

### Retail Business

PSO increased its footprint by adding 50 New Vision Retail Outlets (NVROs) to PSO's retail network during the year reaching a grand total of approx 3,500 outlets as of June 30, 2020.

The Company continued its drive towards automation of sales management processes by expanding the Online Ordering Management System (OOMS) to 2,184 outlets. This system helps in maintaining an automated track of orders and also provides convenience to business partners (dealers) while placing orders.

The Company ensures the provision of the best quality and accurate quantity of fuel to its customers through regular checks carried out by its Mobile Quality Testing Units (MQTUs). More than 9,000 quality and quantity checks were carried out across

our retail network to ensure the provision of the right quality and accurate quantity of fuel to our esteemed customers.

Amid challenges brought about by COVID-19, Retail Business undertook prompt measures to ensure the safety of its pump attendants (frontline staff), dealers and valued customers. Dealers were encouraged to adopt precautionary measures to prevent the spread of COVID-19 at retail outlets. The frontline staff not only followed safety guidelines by wearing safety gear, but also ensured safe practices during customer interactions. To maintain social distancing while fueling, alternate dispensing units were operated and forecourt markings were done for motorcyclists. Successful implementation of COVID-19 safety measures at PSO retail outlets nationwide enabled an uninterrupted supply of fuel to customers during these testing times.

Despite the challenges posed by the pandemic, high demand due to the agricultural season and unavailability of products at other OMCs' retail outlets, PSO provided a continuous supply of fuel across the country. The Company's retail staff constantly remained in the field to manage supplies under immense pressure enabling the Company to fulfil its responsibility towards the nation.

As the national flag bearer and responsible OMC, PSO continues to play a key role in implementing the vision of GOP for a Cleaner and Greener Pakistan by introducing world-class Euro 5 standard fuels for the first time in Pakistan. As the Pioneer of Euro 5 Fuels, PSO launched Hi-Octane 97 Euro 5 through an inauguration ceremony in Islamabad which was attended by Federal Minister of Energy, Mr. Omar Ayub Khan and Special Assistant to Prime Minister on Petroleum, Mr. Nadeem Babar and other dignitaries.



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PSO's initiative to lead the fuel revolution in Pakistan was widely celebrated and appreciated. PSO gifted plants to all the attendees at the event with a pledge to plant them in their neighborhood for a Cleaner and Greener Pakistan for our Future Generations!

The launch was promoted on TV, Social Media platforms and Print media with a tagline - "Drive the Change."



PSO continues to pave the way for a sustainable future for Pakistan by successfully installing and commissioning its first electrical vehicle charging station under the brand name "PSO Electro" at PSO retail outlet in Islamabad.



## Non Fuel Retail

Non-Fuel Retail (NFR) has undertaken various initiatives throughout the year to make PSO retail outlets a one-stop solution for customers. All initiatives aim to provide convenience to customers and add value to the Company's bottom line.

## Remodeling of Shop Stops

PSO initiated the re-modeling of its convenience

stores i.e. Shop Stops with a fresh look and feel to enrich customer experience and provide added convenience. During FY20, PSO revamped 20 Shop Stops, bringing the total number of remodeled stores to 61. Giving excellent customer service and international quality products catering to a wide variety of consumer needs (grocery, personal care, beverages, snacks and confectionery) remains our prime focus.



## Merchandising Alliances

To ensure the provision of quality products to its valued customers at forecourts, PSO has entered into alliances with leading brands in various segments. The brands are available at selected C-stores with expansion to more outlets underway.

## Quick Service Restaurants

PSO has introduced the concept of quick service restaurants at selected retail outlets by partnering with leading brands to provide a variety of quality food and services to customers under one roof.

## Branchless Banking and ATM Services

PSO offers branchless banking and ATM services at its retail outlets to provide added convenience and facilities to its customers. During FY20, PSO added branchless banking services at 100 outlets bringing the total to 350.

PSO also entered into alliances with various banks to add 6 ATMs at its retail outlets increasing the total number to 150. These facilities help customers fulfil their everyday financial needs in a safe and secure environment.



## Cards Business

Known for its innovative and value added offerings, PSO is the pioneer in the Cards business in the oil marketing sector. During the period under review, the Company continued its legacy of introducing innovative products & services and offering customized fueling solutions to its customers. The same is reflected by the statistics below.

Sales  
**+8% Increase**

Network  
**+1350 Outlets**

Customer Aquisition  
**+120,000**  
New Customers

Active Cardholders  
**+350,000**  
Cardholders

## Digicash

Digicash is a reloadable card that was launched in June 2019 to provide a secure and convenient fuel management experience to customers. In FY20, the product witnessed strong growth. Keeping convenience at the forefront, the issuance process of the card has been kept hassle-free for customers and it is accepted at a number of PSO stations nationwide with abundant options of topping up both online and offline.



The re-loadable cards business in the B2B category exhibited unprecedented growth. New corporate customers were brought on board during FY20, increasing business volumes by over 300% as compared to SPLY. A dedicated portal has also been provided to re-loadable customers to transfer money on to cards, obtain various customizable reports and view statements and GST invoices.

The secure and convenient fuel management solution combined with a user-friendly app "PSO Fuelink" offers a host of benefits and features to its

customers. The Fuelink app is a one stop solution for fuel and vehicle management. It provides details & analytics of purchase patterns, locations of PSO stations, as well as notifications for vehicle maintenance.

PSO announced a number of cashback offers on fuel transactions during the period under review which were well received by customers. Digicash customers enjoy various rewards on every fuel and lubricant purchase. Attractive discounts have also been offered on fuel and lubricant purchases at specific PSO outlets.

PSO has partnered with various brands to give more value and convenience to customers such as discounts at dealerships, restaurants, salons and other services. In addition, PSO has entered into a strategic alliance with a ride hailing company for their drivers' fueling needs.

Furthermore, PSO has partnered with a renowned institute to offer special subsidized rates for accident insurance. The insurance packages have been designed to cater to customers' immediate needs in case of an accident, reinforcing PSO's goal of creating a complete fuel and vehicle management solution for customers making their journeys safer.

## Commercial Fuels

### Aviation, Marine & Exports

FY20 has been a challenging year for the Aviation industry. The year faced multiple supply chain hurdles due to the turnaround of major refineries in the South and Central regions.

Despite a myriad of challenges, PSO maintained its leadership position in the Jet Fuel market with a 94.3% market share. The Company closed the year with volumes of 489.2 KMTs with negative volumetric growth of 20.9% vs negative industry growth of 21.1%.

The Company renewed fuel supply contracts with major international customers at different airports such as Arab Air Carrier's Organization (AACO), (comprising Middle Eastern carriers such as Saudia, Gulf, Oman, Kuwait, FlyNas & Air Arabia), Salam Air, Sri Lankan, Malindo & KAM Air. Additionally, new international customers such as Cargo Air Chartering (UAE), FreeLly Aviation (China), Silkway Airlines (Azerbaijan), Associated Energy Group (AEG Fuels, USA) and Jet Com Solutions (UAE) were added. PSO also regained DHL's business in Karachi from competition.

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During the period under review, the Company successfully carried out Hajj operations by refueling 390 Hajj flights with a volume of 8,853 MTs which was in addition to normal operations. In order to add value to the bottom-line, negotiations with an upcoming private airline are in the final stages. The business is expected to bring additional volume. Despite the challenges, PSO continued to fulfill the demand of Pakistan's defense forces by supplying 13.5 KMTs of Jet Fuel vs 10.6 KMTs last year. Additionally, 37.4 KMTs of special grade HSD was supplied to Pakistan Navy during the period.



The Aviation department implemented the BCP based on technical guidelines communicated by Joint Inspection Group (JIG) at PSO Aviation facilities nationwide to maintain critical functions and refueling equipment to continue daily business operations while also following COVID-19 guidelines to keep personnel safe. PSO effectively maintained refueling equipment to cater to the National Carrier's special operations and also managed to fuel special international cargo/emergency flights that brought in safety equipment and PPEs to combat COVID-19, into the country despite the lockdown. During these challenging times, PSO served numerous flights in Karachi, Lahore and Islamabad airports fulfilling its obligations as the National OMC.

## Power Sector

PSO's Power sector customers for Furnace Oil (FO) include GENCOs, K-Electric and various private power producers which are connected to the national grid.

GOP has taken several measures to reduce furnace oil consumption by setting up clean energy (RLNG) based power plants in recent years, imposing

restrictions on FO imports and giving load allocation priority to Power Plants using cheaper fuels. Due to the decline in the industry and power sector consumption, sales volumes of FO dropped to 1.09 million MTs in FY20 vs 1.8 million MTs in FY19.



In the face of numerous challenges including limited production of fuel oil by refineries, restriction on imports, high receivables, commissioning of new RLNG & coal power plants, and lockdowns owing to COVID-19, PSO ensured supply of fuel to the power sector diligently. Despite the demand being inconsistent and erratic, supplies were ensured by PSO to reduce load-shedding and fulfil its role as the National OMC.

## LNG

PSO has been playing a central role in bridging the demand and supply gap of Natural Gas through the import of LNG. In FY20, PSO brought in 74 LNG vessels with 4,397,000 MTs. Smooth supply chain operations were ensured through close coordination with all stakeholders.



On average, 12,000 MTs per day of RLNG was supplied to SNGPL during the period through meticulous planning and coordination with all stakeholders including SSGC, SNGPL, Engro Elengy, PLL, Government authorities and the suppliers.

Since the inception of the LNG project in the country in year 2015, PSO as a government designated buyer has procured 315 LNG vessels through Government-to-Government arrangement with Qatargas, a 5 year Term Agreement with Gunvor and spot purchases.

## LPG (PAKGAS)

PSO's PAKGAS has a widespread distribution network, wherein the Company appointed 27 new distributors, taking the total number of distributors to 255. Additionally, PAKGAS has been able to increase its penetration in the industrial/commercial sector by acquiring 10 new customers despite stiff competition from other LPG Marketing Companies. During the year, PSO sold around 33,229 MTs which is an all time high since its inception.



PAKGAS is also making an all-out effort to enhance its infrastructure and distribution network. During the period under review, PSO entered into 2 new hospitality arrangements at Kotri and Kharian, taking its hospitality arrangements tally to 6. Additionally, storage enhancement at Akhora Khattak plant is in process which would increase PAKGAS's cumulative LPG storage capacity to 1,050 MT.

## CNG

In the OMC sector, PSO has the highest number of CNG facilities installed at its retail outlets under the franchise model. The CNG sector, particularly in the central and northern part of the country is experiencing significant challenges owing to the non-availability of the indigenous gas. The worsening situation has resulted in only 139 operational CNG facilities at PSO retail outlets out of the total 257 installed facilities. The availability of RLNG at CNG stations in Punjab has given some support to the industry as 46 out of 139 CNG facilities are now operational based on LNG supplies. State-of-the-art Mobile Quality Testing Units make sure that the promised quantity is delivered to the consumers to maintain their trust in PSO.

## Lubricants and Chemicals

The lubricant industry is primarily driven by economic activities in the agriculture, industrial and transport sectors. During the year under review, considerable decline was witnessed in the industrial and transport sectors which impacted the lubricant industry. The company's volumes have resultantly witnessed negative growth of 5.4% over last year.

PSO launched aggressive marketing campaigns throughout the year to counter stiff competition and overcome the declining market trend. Various brand awareness campaigns coupled with trade marketing campaigns in High Street and Retail channels were carried out. Localized retail forecourt campaigns were also launched in all regions across the country. High Street channel partners were motivated by trade marketing offers and incentives which were designed to support them in enhancing market coverage and productivity.

Being a customer-oriented Company, products are constantly improved and upgraded to meet the evolving needs of the market. In FY20, PSO upgraded its lubricant product range by improving the specifications of existing grades, launching new grades and introducing new packaging:

- DEO 8000 was upgraded from API CH-4/SG to API CI-4/SL, ACEA E7-16.
- Carient Ultra SAE 10W-40 API SM/CF was upgraded to SAE 10W-30 API SN/CF, ILSAC GF-5.
- Gear Oil was upgraded and re-branded from EP-140 (GL-4) to EP-80W90 and EP-85W140 (GL-5) as Geartec Gear Oil.
- Transmatic ATF conforming to DEXRON-III specifications was launched as per market needs for modern automatic vehicles.

The new improved range with a fresh color scheme is now available at all PSO retail outlets and authorized PSO distributors across Pakistan.

PSO's Lubricants Technology team successfully complied with ECF-2 specifications of Pakistan Railways, developed various customized solutions for the motorcycle, tractor, steel and metal cutting industries, as well as agriculture sector. Several technical training sessions were conducted for internal teams as well as external customers to enhance their technical knowledge about Company's products.

PSO installed new and better equipped Oil Change Facilities at 49 retail outlets across Pakistan in various cities including Karachi, Lahore, Islamabad,

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Faisalabad, Peshawar, Hyderabad, Gujranwala and Jhelum. PSO aims to expand its footprint of Oil Change facilities to all major urban retail outlets in future while exceeding the quality of similar services offered by competitors.

PSO continued to strengthen its relationship with channel partners and end consumers through the Dost and Oil Advisor Programs. These programs aim to engage the customers at high street and retail forecourts and create brand awareness about PSO lubricants.

In collaboration with the Pakistan Society of Sugar Technologists (PSST), the 53rd Annual Convention was held on Oct-19 at Lahore. Technical experts and stakeholders of sugar industries shared their technical experiences regarding innovative methodologies for creating efficiencies in different segments of sugar industry. PSO team gave insight to the audience about PSO's fuels, industrial lubricants, and a range of value added services offered by the company to its industrial customers including the sugar segment.

In FY20, the Industrial Consumer team acquired the major volume of OEM business at Pakistan Railways

and also captured the initial fill and after-sales business of motorcycle, tractor and peter-engine manufacturers. Additional business volumes were achieved by providing customized solutions to the steel and metal works industries.

## Infrastructure Capital

### Supply

As the country's leading oil marketing company and the national flag bearer, PSO bridged the gap and ensured an uninterrupted product supply across the country during May to June 2020 when there was an unprecedented surge in demand and limited product availability in the market by other OMCs and refineries.

PSO took several steps to arrange additional product on war-footing basis and managed to procure an additional 250,000 MTs of Mogas and 550,000 MTs of HSD. Through the additional product availability, PSO achieved highest ever monthly sales record of 356,856 MTs in Mogas and highest ever June sales record of 442,569 MTs in HSD, which eventually resulted in significantly high market shares of 48.6% and 58.1% in Mogas and HSD respectively. With these extraordinary efforts to



sustain the overall supply chain of the country, PSO was applauded at various forums which further improved the Company's image as Pakistan's own OMC that stands by the nation under all circumstances.

Despite the challenging scenario of the COVID-19 pandemic, disruption in demand supply equilibrium, volatile international oil prices and upsurge in the demand accompanied with limited product availability by competition and inherent port congestion and infrastructure constraints, the myriad of challenges were dealt with using effective supply planning and coordination thus reducing the demurrages of liquid fuel significantly by almost 42% over the last year.

PSO, in-line with its sourcing strategy considers refineries to be strategic assets of the country and long term partners of PSO and continues to enhance its upliftment of indigenous production. In the current fiscal year PSO enhanced its upliftment in many products thus resulting in an overall increase in its upliftment share from 37.6% to 40%.

Currently, PSO is working with the Government of Pakistan to secure long term supplies of petroleum products under Government-to-Government arrangements. This bilateral arrangement will not only reduce costs and make PSO more competitive but will also improve the overall sourcing security of the country.

During the period PSO also embarked on Government initiative to introduce cleaner, greener fuels in line with latest international standards. PSO is currently in discussions with its strategic supplier on securing Euro-V standard High Speed Diesel by the start of 2021.

## Logistics

Coping with the challenges posed by COVID-19, PSO ensured seamless supply of POL products at its retail outlets and to industrial, defense, aviation and marine customers. During the period under review, PSO transported 7.6 MMTs of white oil products which is a growth of 16% over last year through road, rail & pipelines. PSO achieved highest ever dispatches to upcountry locations from Keamari (over 20,000 MTs) in a single day.

PSO embarked on a journey of upgrading its tank lorry fleet, in-line with international standards to enable safe and secure POL transportation of hazardous product through road network about three years ago. Today, PSO has the largest OGRA & NHA compliant tank lorry fleet in the industry. During the period under review, 910 new OGRA and NHA compliant tank lorries were added to the fleet bringing the total number of PSO's state-of-the-art tank lorries to over 2,200. These tank lorries are equipped with international standard gauges and a roll over prevention mechanism to minimize the chances of accidents. For secondary transportation, new Fleet Management Tank Lorries (FMTL) contracts were executed at competitive rates to enable seamless POL deliveries to PSO Retail outlets and Industrial customers in major cities.

In order to bring more efficiency in logistics and product movement, a project has been conceived in which the tank lorry scheduling system will be automated. Phase 1 of this project has been tested and implemented successfully which now enables PSO to monitor the real time movement and status of tank lorries through internally developed system for timely allocation of loads. PSO also re-engineered its logistics processes to improve its



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fleet efficiency and turnaround time which has contributed significantly to ensuring round the clock availability of tank lorries, along with smooth and timely product discharge from vessels without incurring heavy demurrages.

Certified driver training sessions along with regular refresher in-house sessions were conducted throughout the Country to inculcate safe driving practices in tank lorry drivers in collaboration with National Highway & Motorway Police (NH&MP).

## Infrastructure Projects and Maintenance

### Retail Construction & Facilities

Retail Construction & Facilities (RC&F) successfully developed and commissioned 50 new retail outlets across the country to enhance PSO's footprint and reinforce the Company's market dominance. The team also upgraded over 200 New Vision Retail Outlets (NVRO) bringing the total to 540 NVRO throughout the country by installing energy efficient LED lights under canopies and retrofitting blue bars with LED tube lights thus giving the outlets a fresh and vibrant look.



RC&F engineers also refurbished mega logo signs at Allama Iqbal Airport, Lahore, Defense Service Station Lahore and PSO House, Karachi.

### Facilities Maintenance

Infrastructure Projects & Maintenance (IP&M) played an instrumental role in averting a crisis situation for Jet Fuel during the months of Dec-Mar 2020. The shutdown of PRL and PARCO was planned during the month of Dec 2019 to Mar 2020 respectively. In view of the sudden increase in

demand of Jet Fuel, there was an emergent requirement of additional Jet Fuel storage at Keamari to accommodate import tankers due to the critical situation of stocks in the country. Accordingly, IP&M department undertook task of converting Mogas storage of 5,000 MTs to Jet Fuel within six weeks' time. IP&M Facilities Maintenance team with the support of the Operations and Aviation teams accomplished the task and handed over the tank within the stipulated time thus averting an untoward situation.

### Infrastructure Construction & Projects

Having the largest storage capacity of all OMCs in the country, PSO is committed to meeting the energy needs of the country and continuously strives to further enhance its storage infrastructure. The Infrastructure Construction Department initiated several mega projects to rehabilitate and develop POL product storages throughout the country and increase days cover as per OGRA's requirement. Rehabilitation of 164,000 MT storage tanks was initiated at Keamari and Zulfiqarabad Oil terminal (ZOT). As of June 30, 2020, 6 storage tanks having a storage capacity of 21,750 MT were successfully completed and commissioned. Development of new 151,000 MT storage tanks is also under progress at five locations.

During October 2019, there was a complete stoppage of PMG, HSD, JP-1 and SKO supplies from Attock Refinery to Sihala depot via pipeline due to a bridge collapse. IP&M managed to improve and enhance decantation facilities at Sihala to ensure an uninterrupted supply to the northern parts of the country.



IP&M team successfully completed White Oil Pipeline (WOP) connectivity with Shikarpur and Machike, while construction at MehmoodKot is underway. The pipeline connectivity at Shikarpur, Mehmoodkot,

Machike and Faisalabad would not only increase PSO's flexibility in using the safe and secure mode of product transfer, but would also improve cost of doing business. PSO was previously maintaining a 12"dia pipeline at Machike Installation and 8"dia pipeline at Shikarpur installation for the receipt of HSD from PARCO facility. In FY20, two additional pipeline facilities between PSO and PARCO terminals at Machike and Shikarpur were successfully connected. Construction works on pipelines at Mehmoodkot and Faisalabad are in progress for the receipt of multi-grade products.

### Operations

PSO's operations network is strategically located to ensure an uninterrupted supply of fuel across the country. The requirement of motor gasoline has significantly increased in Pakistan over the years due to changing market dynamics and shift in consumer preferences. Accordingly, PSO's business strategy has evolved to meet consumer's expectations. Operations Department undertook the conversion of storage tanks from other products to white oils while complying with regulatory standards. In FY20, PSO successfully converted 15,500 MTs of storage at upcountry locations. Plans to convert approximately 28,000 MTs of storages to HSD and PMG are under way at Shikarpur, Buffer Oil Terminal, Machike and Kotlajam.



PSO is also finalizing the storage development plan along with additional land acquisition. The acquisition process for 13 acres of land at Lal Pir has been completed in FY20.

To support the Prime Minister of Pakistan's drive - The Billion Tree program and to enable a clean and green environment for our future generations, Operations department planted more than 3,500 trees across its locations during FY20.



During the Corona outbreak, PSO's Operations Team showed true dedication and commitment by working round the clock with limited staff as they catered to unprecedented high demands and met the nation's fueling needs. Key storage points operated night and day while also following COVID-19 safety guidelines to keep the staff safe from the pandemic.

Operations Department worked side by side with all business units to meet their customers expectations; be it PIA /other airlines for their jet fuel requirements or Pak Army, Navy and Air Force.



# REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

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## Intellectual Capital

### Information Technology

Information & Communication Technology (ICT) continues to play a strategic role by delivering robust and reliable information systems and services throughout the year. ICT rapidly adapted to emerging changes, adopted innovative technologies, streamlined procedures and standards while, enabling business process optimization and unhindered continuity through digitalization. The effort has resulted in the following achievements:

ICT upgraded the SAP ERP system to SAP HANA Database in March 2020. The SAP HANA Database is an in-memory computing technology that enables better system performance, faster reports (OLAP) processing and introduction of new SAP FIORI applications. A definite step towards the future of technology adoption, this seamless digital transformation journey of the SAP ERP system is a result of extensive research and testing carried out by the in-house ICT team making PSO one of the pioneers of this technology trend in the oil and gas industry.

In order to enhance business partners' experience using modern user interfaces on their mobile devices, Online Order Management System was upgraded to a new platform called "PSO Sahulat". Built on cutting edge technology infrastructure having real-time integration with banks for payments processing, this portal enables our customers to order POL Products directly through their mobile devices. This application has provided us a competitive advantage in the industry as PSO is now amongst the pioneers of this facility in Pakistan with ease of access from any device across Pakistan.

An integrated workflow application has been designed and developed for the approval of credit for retail customers. The application retrieves real time data from SAP and assists in assessing real-time credit and sales performance of a customer at the time of approval. The application reduces human intervention, ensures secure controls, updated information access and a massive reduction in processing time.

In addition, mobile based workflow applications were developed and implemented for HSE and RC&F departments to streamline processes through digital transformation. Both applications aim to centralize data related to field visits by PSO personnel for HSE

and maintenance related inspections at retail outlets and are equipped with highly customized and user-friendly reporting functionality that ensures easy handling of the records.

Management dashboards were developed and implemented to provide business data that helps analyse the wider picture of overall sales performance and capital budget in all fiscal years. The integrated reporting dashboards provide insights into different business functions like Corporate Performance, Supply, Inventory Positions, Retail Business, Customer Services, and Marketing Finance, etc. promoting efficiency and timely decision-making for higher management.

In the continuous pursuit of enhancing ICT infrastructure to achieve "high availability" for critical systems and services across all locations, significant upgrades have been made to improve communications. Bandwidth for WAN sites was upgraded from 1 Mbps to 2 Mbps in support of various new applications that exist on different development platforms and require higher bandwidth & low latency. This upgrade facilitates smooth access of new applications & dashboard analytics tools to remote users. Furthermore, high capacity underground fiber was deployed at DRP site LMT ensuring fast data replication between primary and DR servers. Gigabit LAN networks were also expanded to LMT and Hyderabad DMR. Both sites now have resilient network infrastructure while being equipped with an online power backup system ensuring high availability even in the case of long power failures.

PSO's remote accessibility program was taken to newer heights with the deployment of the Cisco Identity Services Engine, a next generation identity and access control policy platform that provides unified policy for the entire organization. The system provides authentication, authorization, accounting, posture, profiling and other features to safeguard VPN users connectivity. In the wake of unprecedented challenges brought on by the COVID-19 pandemic, this technology has been exceptional in performance during the recent countrywide lockdowns, by virtue of which all users were able to connect remotely and safely, doing office work via secure VPN connectivity.

## Procurement and Services

Through strategic decisions and effective execution, Procurement and Services (P&S) department successfully met the Company's requirement during FY20. Rigorous and robust processes increased the participation of vendors and finding better supply sources through market research were some of the significant factors of P&S' performance during the year. Being a public sector entity, all progressions were governed in compliance with the provisions of PPRA Rules 2004, while ensuring transparent award of contracts and value for money.

The P&S team is committed to bringing more efficiency and value for money through the implementation of the following initiatives.

- Use of e-Procurement options to achieve globally proven benefits such as increased productivity, error free procurement, reduction in cost and paperwork, enhanced efficiency, transparency and decision making & better compliance.
- Strengthening the system of organizing pre-bid meetings and bid openings through virtual meeting platforms in order to interact with existing and potential vendors and to enhance vendor participation and get competitive bids.

## Brand Management

The Company takes pride in being a national corporate icon and Pakistan's own oil marketing company. PSO celebrated significant national days by launching media campaigns on Independence Day, Iqbal Day, Defense Day and Quaid-e-Azam Day. Nationalistic advertisements were aired on TV, radio, print and digital mediums coupled with activations and engagement activities at malls in major cities. A flag hoisting ceremony is organized every year at PSO Head Office on August 14 to mark the occasion of Pakistan's Independence.



Employer branding was conducted at renowned educational institutes nationwide by participating in Career Fairs and organizing Campus Drives. PSO celebrated it's women in a meet up session of female employees converting them into strong brand ambassadors. Various publications and reports were developed as powerful brand building and reputation enhancing tools such as financial reports, calendars, planners and executive organizers.



An awareness and prevention campaign was launched on social media and digital platforms in the wake of the COVID-19 pandemic. Consistent presence was maintained on all digital and social media platforms on significant occasions and notable days celebrated globally.



During the period under review, visibility of PSO lubricants was ensured on television, radio, print, digital mediums and at various high profile and high traffic events to improve recall and retention all year-round. The advertisements for Carient, DEO and Blaze 4T were released during prime-time and high viewership transmission.

In addition, a consumer promotion campaign was also launched in collaboration with a renowned fast food chain on the purchase of Carient and Blaze 4T lubricants, for which an effective print, radio and digital media campaign was released.

Corporate and product brands were also displayed at various sponsored and high footfall events throughout the year.

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Altron Premium's first ever animated TV commercial was produced with a powerful positioning "Pakistan's No. 1 Petrol Brand" and a tagline of "Drive Far". The campaign was aired on TV, radio and on digital mediums.



A number of brand building campaigns on ATL mediums and sales promotional campaigns for penetration were launched for Digicash throughout the year including the first cashback promotional campaign in celebration of a milestone achievement of 50,000 Digicash card base in October 2019. The response lead to the launch of a similar cashback promotional offer in February 2020 in celebration of 100,000 Digicash cards. Various brand activations were conducted at leading malls, PSO retail outlets and via branded mobile publicity units at key touch points through the year in major cities of Pakistan.

Excellence Awards were organized in Lahore during November, 2019 to celebrate and honor the bond between PSO and its business partners (Dealers). The celebration wove around the idea of acknowledging the best performers for the year ended June 30, 2019.

## Quality Assurance of Products

Quality Assurance (QA) is the corner stone of PSO's business strategic objectives to ensure customer satisfaction and reinforcing brand value. Quality Assurance team offer robust technical services to its customers through an extensive network of nine State-of-the-art laboratories and 21 Mobile Quality Testing Units (MQTUs) at 15 different locations across the country.

PSO through its dedicated fleet of MQTUs nationwide performs Quality and Quantity testing of petroleum products at retail outlets. Additionally, random quality checks of critical parameters at

Company's POL storage depots and installations are also being conducted through MQTUs.

Quality Assurance provides independent assurance of compliance with all the prevalent GOP regulations (OGRA, MoE (PD), etc.) and international testing methods such as, ASTM, API, IP, etc. for quality testing of its wide range of required parameters of marketable POL and Chemical products throughout PSO's supply chain.

Moreover, Quality Assurance Department successfully monitored calibration of approx. 9600 Tank Lorries at our O4 locations (i.e., Zulfiqarabad Oil Terminal, Mehmood Kot, Machike and Tarujabba).

Apart from imparting in-house trainings to our dealers' forecourt staff on customer handling; QA department also trained its external stakeholders including defense personnel on various POL testing methods. Additionally, on the request of various District Administrations, PSO conducted training sessions for their Inspection Teams responsible for conducting field tests in their respective jurisdictions.

QA department has introduced a high level of independent assurance system by the Head Office through a 'Checking-the-Checks' mechanism as an assurance check of the operational performance of QA field staff including People, Process & Plant (3Ps).

As Subject Matter Expert (SME), QA department is also leading the implementation and maintenance of the International Quality Management System (QMS) consolidated ISO 9001:2015 certification across relevant departments of PSO's supply chain.



## Natural Capital

### Health, Safety & Environment

The Health and Safety of our employees, contractors and customers is an important part of PSO's Corporate Objectives. Our HSE Policy and Management System framework aims to achieve continuous improvement in bringing operational risks at "As Low As Reasonably Practical" (ALARP).

During the period under review, a significant improvement was achieved in the reduction of Company's Total Recordable Incident Rate (TRIR) per Million Man Hours 0.08 vs. 0.91 during FY19. The milestone was achieved through structured management reviews, follow-ups, and independent self-assurance audits by the corporate HSE Team and line management respectively.

### HSE Audits & Inspections

In order to ensure compliance with HSE Policy and Management System mainly during on-ground execution of HSE plans; audits and inspections are critical tools to measure continuous improvement and management of operational HSE risks at Company's facilities including Installations, Depots, Aviation Stations, divisional offices, LPG and Lubricant manufacturing plants.

PSO has the largest network of more than 3,500 retail outlets and over 8,000 contracted tank lorries. Thus, by adopting a risk-based approach, HSE audits of approx. 850 retail outlets including CNG Stations were conducted this year. Additionally, more than 1,000 tank lorries were inspected for safety checks against OGRA standards.

### Asset Integrity/Process Safety Management

Effective implementation of International/OGRA Asset Integrity/Process Safety Management (AI/PSM) standards is critical in minimizing the risk of catastrophic fire and explosion incidents at oil and gas facilities. PSO is ensuring that its AI/PSM framework is completely aligned with OGRA's regulatory and international standards of safety. Rigorous efforts are being made to reinforce the robustness of critical elements of AI/PSM System such as Management of Change (MoC), Permit-to-Work System (PtW) and Lock-out-Tag-Out (LOTO), etc. for on-ground effective execution. These activities are regularly monitored and reviewed by the HSE Steering Committee and a dedicated technical expert committee.

## Environmental Protection

Sustainability is an integral part of PSO's business strategy. As a responsible corporate entity, we ensure that our operations are conducted in an environmentally friendly and responsible manner in compliance with the regulatory framework. Our facilities are continuously monitoring environmental parameters as per the National Environmental Quality Standards (NEQS) of air emissions and effluents. PSO effectively responded to a third party incident of toxic gas leakage at Keamari terminal that affected our operations by activating the Crisis Management Plan. PSO managed the protection of employees and contractor's staff from the harmful emission while maintaining uninterrupted supplies throughout the country.



A major break-through has been achieved by the Company with the approval of import and marketing Euro-5 standard fuels in the country by GOP. PSO is the first OMC to introduce Euro-5 standard fuels which ensure a cleaner and greener environment in line with GOP's commitment. PSO believes in environment preservation and will continue its journey of environmental stewardship.

### PSO's Response to the Global COVID-19 Pandemic

The ongoing global Corona Virus Pandemic (COVID-19) required immediate interventions to protect our staff and stakeholders. PSO teams worked round the clock to ensure adequate protective measures are taken in a timely and effective manner to safe guard human life while ensuring business continuity in a safe manner. All our facilities complied with the guidelines and SOPs for protection against the spread of the virus including but not limited to social / physical distancing, thermal scanning for every staff and visitor, frequent disinfection of facilities, facilitation of employees to work-from-home, constitution of specialized work-stations at PSO House for critical staff. Additionally, comprehensive guidelines have been developed for business continuity under smart lockdown policy.

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## Human Capital

PSO continues to invest in human capital with business objectives for the growth and development of the Company.

HR management policies are revisited periodically in line with best practices. Transparency in HR processes was ensured by publicizing a uniform promotion criteria for each cadre without any exceptions; eligibility for promotion required adherence with the requisites of the established criteria as the first step.

The Performance Management process was concluded as per established principles and performance monitoring against KPIs was carried out in an automated manner prior to processing salary increments. Corporate performance was measured against the corporate scorecard and was considered while deciding corporate bonuses. Furthermore, certain matters pertaining to compensation were resolved in line with our new values and best market practices.

Succession planning policy framework is in place to facilitate filling key/critical business positions in the Company. The process will identify and develop talent with an upward potential to assume critical roles in the future. In this aspect a succession planning pilot run on a few positions was identified.

An independent and comprehensive 'Employee Satisfaction Survey' was carried out that registered a response rate of 90% (an industry high for such a survey).



Employer Branding was carried out to acquire fresh talent from the market. Participation in career fairs and exclusive on-campus sessions were conducted across the country to liaise and build communication channels with talent hubs. PSO conducted Campus Drives and participated in Career Fairs and informed the participants about upcoming career opportunities in PSO. The potential candidates were also kept engaged through social media branding of the Company.

During the period under review, 57 Management Trainees comprising business graduates and engineers were inducted in the organization based on competence assessment.

PSO's annual L.E.A.P Internship Program was also launched to give an opportunity to young university enrolled students to experience project-based internships and prepare them for the transition from campus to corporate life.



PSO believes in coaching and counselling its employees. In line with that 'R.O.A.D'- Refuel Your Career was launched to provide a platform to the employees who are unable to perform in the workplace due to various reasons. This aimed to provide a development opportunity to employees who were below par. Around 16 identified employees are undergoing the process of development, coaching and counselling under this program.

Employee learning was supported through various in-house and external programs in line with competency based framework. During the period under review, 14 average learning hours per employee were achieved by imparting learning in soft and technical areas.

A Nationwide learning initiative "Sales Mastery" was successfully implemented for PSO's retail staff. Leadership Xpedition by Training Impact was successfully conducted for Senior management whereby C-Suite managers were tested to practice leadership in real life crisis scenarios. The aim was to boost leadership capabilities by inculcating the challenge appetite in the roughest situations. Mission I'M Possible by PSTD was successfully conducted for middle and senior management to strengthen interpersonal skills, delegation, communication ability, decision-making proficiency and flexibility.

A successful coaching and mentoring program "Buddy Program" was also launched for new employees joining the company, with an aim to assist newcomers in smooth transition to the workplace.

POL Training Program was also conducted for armed forces personnel who were trained through various courses such as Advanced POL Course and Orientation Visits.



Furthermore PSO understands that women are not a small interest group but a mainstream group in every facet of life which must be respected and valued. PSO arranged an exclusive meet up session for female employees with the purpose of acknowledging women workforce and respecting PSO's values of inclusive leadership, teamwork and caring & giving.

Chairman-BOM and Chairperson-BHR&RC hosted the session with the support of the Management. The session was graced by the Honourable Minister, Mr. Shehryar Khan Afridi who appreciated the efforts of women in various grounds and made the nation proud.

The BOM and Management showed their appreciation for such empowering sessions to encourage and boost the morale of female welfare through this session.



# REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

## Social and Relationship Capital Customer Services (Ta'aluq Care Line)



At PSO, customers always come first. Accordingly, diligent efforts are made to address customer comments, feedback, queries and complaints. PSO Customer Services (Ta'aluq Care Line) is a full-fledged inbound/outbound call center that serves as a focal point for customer feedback, queries, and complaints. The Ta'aluq Care Line service encompasses different modes of communication including phone, e-mail and fax for the convenience of all who wish to connect. Complaint resolution and after sales services are provided to existing and new customers while ensuring that all calls are answered within the pre-defined threshold time.

During the period under review, the customer services team effectively handled 217,570 interactions through Ta'aluq Care Line. This includes card activation, answering queries, and facilitating Digicash as well as B2B fuel card customers.

Customer Services helped marketing and services departments gain valuable insights through direct engagement with stakeholders and contributed in building brand equity by providing excellent customer service and one window solution to customers and stakeholders.

## Corporate Social Responsibility & Sustainability

PSO believes that the benefits of the Company's progress and financial gains must flow down to the public at large, especially to the grassroots levels, to support the under-privileged sections of the populace irrespective of ethnicity, caste and creed.

### Cause Donation

Corporate Social Responsibility (CSR) is one of PSO's core values and an integral part of the

Company's overall mission. PSO utilizes its size and scale to uplift the underprivileged nationwide, especially in geographical locations where PSO operates. With the integration of CSR and corporate philanthropy into its business strategy, PSO is helping drive shared value among stakeholders and enhance its corporate image in the public.

### Social Responsibility Policy

PSO's CSR donations are managed by the PSO CSR Trust. The company contributes 1.0% of its Profit before Tax (PBT) for CSR and philanthropic activities. The donations are made in accordance with relevant laws and policies, including the Companies Act 2017 and the Corporate Social Responsibility Voluntary Guidelines 2013 by the Securities & Exchange Commission of Pakistan. The Trust is in process of obtaining certification from the Pakistan Centre of Philanthropy (PCP) for further receipt of NPO status from the Federal Board of Revenue.

### Statement of Charity Account Performance Initiatives

PSO CSR Trust and the Company employ a comprehensive procedure to process donation requests from across the country. The funds/aid requests are thoroughly analyzed before reaching a decision to formally accept the request. A stringent check and balance system is in place that ensures the donation reaches the communities in need in a most transparent way.

Donation requests are reviewed in the first step by the PSO CSR Trust's sub-committee. The sub-committee reviews in line with the Trust's objectives and on the basis of a predetermined framework. Donation requests that meet the criteria are reviewed and approved by the Trustees being the decision making authority.

As a leading national company, PSO extended support worth Rs. 180 mn in FY20 to various causes and organizations nationwide. PSO's vision is to enrich lives around the world just as we do in our country with Caring and Giving as our core value. We take pride in cultivating relationships that foster outreach and cooperation with our customers, employees and community.

In this time of constant change, PSO stands firm to give back to society and help build a sustainable tomorrow. The formation of the "PSO CSR Trust" is a true reflection of PSO's commitment to society. Under the CSR umbrella, PSO has supported sustainable social development activities nationwide by collaborating with reputable charitable organizations working across Pakistan in

the fields of healthcare, education, community building & environment and disaster relief.

### COVID-19

Since the outbreak of COVID 19, life came to a standstill while authorities took on the challenge of trying to stop and then to reverse the spread of the COVID-19 pandemic. As we all hoped for the fastest yet safest resolution possible to the current situation, PSO CSR Trust and PSO employees stood hand in hand with the people of Pakistan. PSO CSR Trust and PSO employees, collectively, contributed around Rs. 50 million (Rs. 6 million approx. contributed by employees) to the Prime Minister's Corona Relief Fund.

In addition to the above, PSO CSR Trust spent Rs. 35 million through various welfare organizations to support fight against Covid-19 by providing ration bags containing food, groceries, and basic hygiene products to vulnerable and needy across Pakistan. Support was also extended to hospitals by providing them with testing kits, equipment and PPEs to help front line staff in dealing with high influx of Covid-19 infected patients.



To spread general awareness about hygiene, hand washing and sanitizing points were established at key locations in Karachi in collaboration with law enforcement agencies. Support was also extended to ambulance service providers by providing them free fuel through PSO Digicash cards.

### Healthcare

In its efforts to improve healthcare coverage across Pakistan, PSO CSR Trust made contributions worth around Rs. 48 million and partnered with various reputable institutions to provide healthcare facilities to the people of Pakistan. Support was specifically extended towards general & child healthcare, eye treatment, cancer care and others. Important entities which received donations from the PSO CSR Trust included Cancer Care Hospital & Research Centre, Patients' Behbud Society for the Aga Khan University Hospital, Layton Rahmatulla Benevolent Trust, Sindh Institute of Urology and Transplantation, Lady Dufferin Hospital etc.



### Education

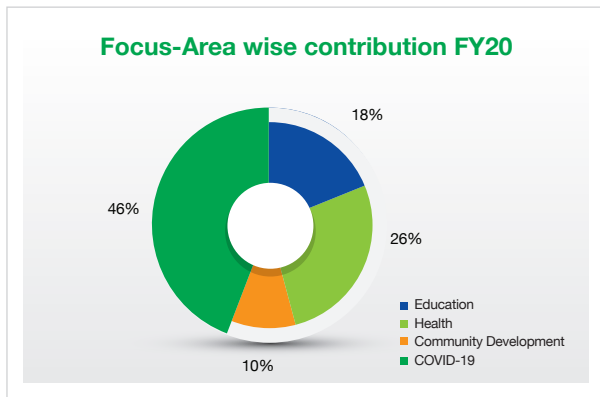
Education has always been a key focus area of support for PSO CSR Trust. In FY20, approx. Rs. 34 million were contributed to help the underprivileged communities. The Trust continued support to the projects run by The Citizens Foundation, the Kaghan Memorial Trust and Akhuwat. The support translated into operational and structural development assistance to hundreds of students in these institutes.



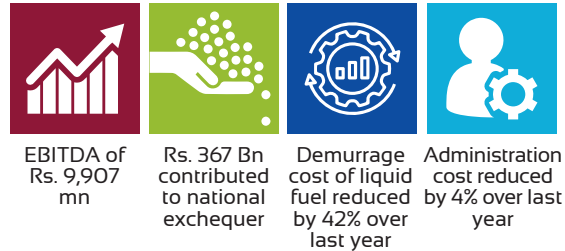
### Community Building and Environment

With a contribution of around Rs. 18 million in the year under review, the PSO CSR Trust supported National Disaster Management Authority for house rehabilitation of earthquake victims in Jhelum District. Also, training of differently-abled children was supported by making a contribution to Karachi Vocational Training Centre for Intellectually Challenged.

# REPORT TO SHAREHOLDERS (UNCONSOLIDATED)



## Value for shareholders



## Financial Capital

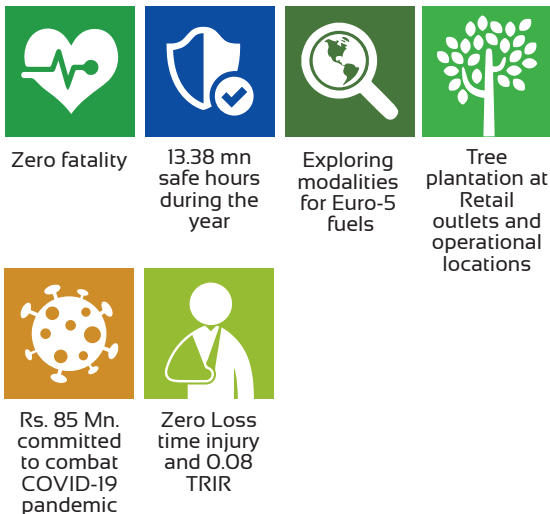
Financial management is critical for the success of any organization. FY20 remained a challenging year for the Company in terms of liquidity challenges primarily attributable to mounting receivables from SNGPL on account of short payments against supplies of LNG, especially during December 2019 to March 2020 and higher policy rate of 13.25% which prevailed most of the year. The policy rates were reduced steeply to 7% at the year end, as a mitigation strategy adopted by State Bank of Pakistan amid COVID-19. The Company's treasury function, being the largest corporate treasury in the Country, played an exemplary role by ensuring availability of financing at least possible spreads attributing towards optimal financing cost for the Company. As a risk mitigation strategy, the Company has a working relationship with 16 top tiered banks of the country.

During the year, the team through its strong follow up with the concerned authorities recovered Rs 18.8 bn from the Power Sector. Further, the unceasing efforts also led to a remarkable recovery of Rs. 6.6 bn from power sector on account of late payment surcharge income.

The Company ensured timely and accurate reporting of Company's result to its stakeholders and regulatory authorities in line with the financial and corporate reporting framework. Moreover, the team abreast itself with the new accounting standards and reporting requirements especially requirements arising due to implementation of IFRS 16, leases. Quarterly analyst briefing sessions including corporate briefing session were also conducted by the Company to keep analysts informed about the developments in the Company. The merit in financial reporting was again acknowledged at the highest level as PSO continued its tradition of securing position in Best Corporate Report Awards in the Oil and Gas Sector, jointly held by ICAP and ICMAP. This year the company maintained its third position in competition, achieved last year.

## Triple bottom-line and sustainability

### Consideration for Planet



### Consideration for People



The Company has incurred significant exchange losses on import of white oil products in the past due to devaluation of Pakistani currency against USD, as only a certain portion of exchange losses were allowed by OGRA, in pricing. This year marks a landmark event whereby the ECC and OGRA allowed the complete recovery of actual exchange losses in pricing, thus insulating PSO from incidence of such losses in future.

### Contribution to the National Exchequer

The Company remains one of the leading tax contributors to the national exchequer as represented follows:

	2019-20	2018-19
Rs. in Bn		
Sales Tax	174	168
Petroleum Levy	143	86
Other duties & Taxes	50	42
<b>Total</b>	<b>367</b>	<b>296</b>

PSO takes pride in being a tax compliant company and ensures that all taxes, duties, levies etc. are paid by it in accordance with the statutory deadlines. Accordingly, the Company has no overdue or outstanding statutory payments.

### Credit Rating

The latest ratings of PSO by VIS Credit Rating Company Limited is:

<b>Short term</b>	<b>A1+</b>
<b>Long term</b>	<b>AA+</b>

### Dividend and other appropriations

Based on the net loss in FY20, the Board of Management has decided not to recommend dividend this year. The Board is cognizant of the preference of its shareholders and expects that the Company will return to its dividend paying history in the foreseeable future.

## Business Ethics and Anti-corruption Measures

With a purpose to ensure transparency, the Company has devised comprehensive policies/ procedures

### Whistle Blowing Policy

The policy provides a platform to PSO employees, Board members, related officers, contractors, service users, customers or any member of the public the opportunity to highlight any improper conduct or wrong doing.

### Business Principles and Ethics Policy

This policy aims at guiding the employees to observe the highest ethical standards in the conduct of all their business and professional activities in the interest of the Company, in consonance with its core values and to the exclusion of any consideration of personal gain.

### Conflict of Interest Policy

This policy Outlines specific situations that clash directly with the interests of the Company. An exercise is conducted annually to update records of any possible conflict case. Risk-based audits of business functions: Provides independent and objective appraisal and analysis of the operations, systems and internal controls.

### Adequacy of Internal Financial Controls

The Board of Management has established efficient and effective system on internal financial controls. Implementation of these controls is regularly monitored by an Independent Internal Audit Function which reports directly to respective Audit Committee. Audit Committee review on a periodic basis the effectiveness and adequacy of internal controls frameworks and financial statements of the Company.

# REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

## Other Matters

Note 29.1.1 to the unconsolidated financial statements that contain the information and explanations to the matters highlighted by External Auditors in their Audit Report:

Further the External Auditors considered the following matters as key audit matters as these were most significant in the context of their audit of the financial statements for the financial year 2020:

- Receivables from Government of Pakistan (GOP) and Customers (Refer notes 13.2 and 16 to the unconsolidated financial statements).
- First time adoption of IFRS 16 – Leases (Refer note 2.4.2, 2.5, 5, and 22 to the unconsolidated financial statements).
- Recognition of deferred tax asset relating to minimum turnover tax (Refer note 10.3 to the unconsolidated financial statements).

## Auditors

The Board of Management has endorsed the recommendation of the Board Audit & Compliance Committee for the appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Company for the year ending June 30, 2021.

## Changes in the Board of Management

During the year following changes were made in the composition of the Board of Management:

- Dr. Naseem Ahmad joined the Board on August 19, 2019 in place of Mr. Zahid Mir who held the position of Member Board of Management till July 31, 2019.
- Qazi Muhammad Saleem Siddiqui's nomination from the Board of Management was withdrawn by the Government of Pakistan with effect from August 19, 2019.
- Dr. Tanveer Ahmad Qureshi joined the Board of Management on December 27, 2019 and held the position of Member of the Board till March 10, 2020.
- Mr. Shahid Salim Khan joined the Board on February 10, 2020 in place of Dr. Naseem Ahmad.
- Syed Muhammad Taha was appointed as Chief Executive Officer / Managing Director of Pakistan State Oil Company Limited with effect from February 26, 2020 in place of Syed Jehangir Ali Shah who had held the position of CEO/MD, PSO on Acting Charge basis.

The Board wishes to place on record its appreciation for the valuable services rendered by the outgoing Members, Mr. Zahid Mir, Qazi Mohammad Saleem Siddiqui, Dr. Naseem Ahmad, Dr. Tanveer Ahmad Qureshi and Syed Jehangir Ali Shah and welcomes the new Members.

## Associated and Subsidiary Companies

### Asia Petroleum Limited – Associated Company

Asia Petroleum Limited (APL) was incorporated in Pakistan as an unlisted public limited company on July 17, 1994. The Company has been principally established to transport "Residual Fuel Oil" to the Hub Power Company Limited at Hub, Balochistan. For this purpose, the Company laid an underground oil pipeline starting from Pakistan State Oil Company Limited's Zulfiqarabad terminal at Pipri to HUBCO at Hub. PSO holds a 49% equity stake in APL.

### Pak Grease Manufacturing Company (Private) Limited – Associated Company

Pak Grease Manufacturing Company Limited (PGMCL) was incorporated in Pakistan on March 10, 1965 as a private limited company. The principal activity of the Company is to manufacture and sell petroleum grease products. PSO holds a 22% equity stake in PGMCL.

### Pakistan Refinery Limited – Subsidiary Company

Pakistan Refinery Limited (PRL) was incorporated in Pakistan as a public limited company in May 1960 and is quoted on the Pakistan Stock Exchange. The Refinery is situated on the coastal belt of Karachi, Pakistan and is designed to process various imported and local crude oil to meet the strategic and domestic fuel requirements of the country. During the year, the Company acquired further shares in PRL and its shareholding in PRL increased from 52.68% to 60.00% which was further increased to 63.56% subsequent to the year end.

## Corporate and Financial Reporting Framework

PSO's Board is fully cognizant of its responsibility as recognized by Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by Securities and Exchange Commission of Pakistan.

Following are the comments on acknowledgement of PSO's commitment towards high standards of Corporate Governance and continuous improvement:

- Compliance has been made with the relevant principles of Corporate Governance, and the rule that has not been complied with, has been identified along with the period in which such non-compliance is made and reason for such non-compliance.
- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows, statement of comprehensive income and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and departure, if any, has been adequately disclosed.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- The non-executive BOM members do not have fixed remuneration and are being paid a fixed fee for each meeting attended. The said fees are decided upon by the entire BOM collectively.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019.
- Key operating and financial data of last six years in a summarized form is annexed.
- The following is the value of investment of provident, pension and gratuity funds based on their respective un-audited accounts as on June 30, 2020:

Fund	Rs. In Mn.
PSOCL Management Employees' Pension Fund	4,040
PSOCL Workers' Staff Pension Fund	3,811
PSOCL Defined Contribution Pension Fund	5,706
PSOCL Staff Provident Fund	2,793
PSOCL Employees' Provident Fund	1,459
PSOCL Employees' Gratuity Fund	6,434

- During the year, sixteen meetings of the Board of Management were held and the attendance by each member is given on Page 69.
- As on June 30, 2020, the composition of the Board was as follows:

Total number of Board Members:

- Male: 08
- Female: 01

Composition:

Category	Names
Independent Members	Mr. Zafar I. Usmani Ms. Tara Uzra Dawood Mr. Mohammad Shahid Khan Mr. Muhammad Hamayun Khan Barakzai
Non-Executive Members	Mr. Muhammad Anwer Mr. Sajid Mehmood Qazi Mr. Shahid Salim Khan Mr. Irfan Ali
Executive Member	Syed Muhammad Taha
Female Member	Ms. Tara Uzra Dawood

- The names of members of the Board's Committees are given on pages no. 66 & 67.
- The pattern of shareholding is annexed on page no. 316.
- Remuneration package of BOM members, Managing Director and CEO has been disclosed in note 34 to the unconsolidated financial statements.

# REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

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## Company's performance against forward looking disclosures made last year

FY20 may be classified amongst the toughest times for Pakistan's economy. The country's economy that was experiencing correction during the first 3 quarters of FY20 was further havocted by COVID-19. World Bank and IMF termed global financial implications caused by COVID-19 having a greater significance than the great depression witnessed during 1930s.

In Pakistan, a complete lockdown for more than a month resulted in considerable reduction in demand of petroleum products. Additionally, increased borrowing rates coupled with inflation also impacted demand for automobiles. During the month of April, 2020 zero automobile sales were witnessed throughout the country.

The Company's performance against forward looking statement disclosed in the previous year's Annual Report is provided below:

### Market Leadership Position

Despite demanding situation, PSO not only retained its leadership position in the oil market but also exhibit performance over and above the industry. During the period under review, PSO achieved a market share of 44.3% in liquid fuels, with 44.0% share in white oil and 46.0% in Black oil.

### Improvement in Supply Chain Infrastructure

PSO's ambitious drive of adding up new and rehabilitated storages continued. Despite glitches in the project delivery arising due to COVID-19 and necessary regulatory approvals, the Company has been able to initiate construction work at all the planned storages. During the year, around 20,000 MT rehabilitated storages were added in the Company's storages. Additionally, under-utilized storages of Furnace Oil were converted to Mogas and HSD that provided operational efficiency to the Company.

### Effective Product Sourcing

The Company streamlined its supply chain by uplifting 40% of local refineries production, an increase of 2% over last year. Additionally, to ensure availability of product, 50% of the industry imports were handled by PSO. The Company also succeeded in reducing the demurrage related cost of liquid fuel by 42% over SPLY by attaining various efficiencies in the supply chain and operations management.

## Exploring Investment Opportunities

During the year, the Company further increased its shareholding in PRL by acquiring additional 7.32% shares. The acquisition increased PSO's shareholding in PRL to 60.00% from 52.68% during last year. Subsequent to the year end the shareholding was further increased to 63.56%. Refinery up-gradation process is also underway.

## Value Addition in Business

The ambitious Greenfield refinery project has been brought to next stage wherein, both PSO and Saudi Aramco (nominated entity by Kingdom of Saudi Arabia, under Government-to-Government arrangement) have agreed upon the project modalities. Milestones are being deliberated to convert this vision into a reality.

## Implementation and Reinforcement of Health and Safety

PSO's focus on inculcating health and safety culture throughout the organization continued during the year. By instilling HSE culture, the Company was able to significantly improve TRIR (total recordable incident rate) from 0.91 in FY19 to 0.08 in FY20.

Additionally, amid COVID-19, PSO has tested the efficacy of business continuity plan (BCP) with a focus to provide congenial working environment to its people while ensuring safe business operations.

## Status of Projects in Progress

The company was also able to add 50 NVROs and 20 C-stores at its forecourt to enhance customer experience.

PSO, during the period under review continued its focus to strengthen its supply chain infrastructure by adding new storages. The Company has been effectively able to bring its projects to work-in process stage whereas, more than 20,000 Metric tons storages have been rehabilitated in Keamari. Additional storages are under advanced stage of completion and shall be completed within the planned timelines.

PSO's projects regarding safe product movement throughout the country from pipelines are also under advance stage of completion or construction and shall be completed within the timelines.

The Company has taken certain in-house initiatives that are focused towards identifying the hurdles in project timely delivery. The initiatives upon

implementation shall assist in ensuring timely completion and delivery of projects.

Petroleum industry is considerably correlated with any country's economic performance wherein contribution of agriculture, manufacturing and transport sector in gross domestic product (GDP) plays a vital role. During the period under review, Pakistan's economy remained subdued. The economy witnessed recession for the first time in 68 years. The overall economy shrunk by -0.38% vs. 1.9% growth LY while, manufacturing sector witnessed negative growth of 5.6% vs. negative growth of 0.7%. Additionally, transport sector also witnessed a decline of 7.13% vs. growth of 4.63% LY. These factors collectively resulted in decline of demand for white oil products. Black oil products continued witnessing negative growth owing to GOP's policy measures of shifting to cost effective power generation and enhanced reliance on coal, renewable and RLNG / gas fired power plants. Cumulatively, liquid fuel industry volumes witnessed a decline of 11.5% vs. SPLY.

Recent decline in consumption amid COVID-19 supplemented by Russia-Saudia price war urged other players to reduce inventory level with a purpose to mitigate inventory losses. This approach by industry players also emerged as a challenge for PSO, as the Company considers its responsibility of ensuring uninterrupted supplies to the nation under all times. Furthermore, recent product outages have made the industry Regulators more active and measures are being adopted to protect the interests of general public.

### **Economic outlook, external factors and impact on product demand**

The macro economic outlook expects inflation rate to hover around 7% to 8% during FY21. It is expected that Pakistani rupee will remain under pressure against USD in the foreseeable future, which will result in further devaluation of local currency. Experts believe that policy rate has almost reached to its lowest and deemed to remain sustainable under short term. Government of Pakistan is eyeing for a GDP growth of 2.1% in FY21.

### **External factors**

- With no sight of COVID-19 vaccination in near future, it may be safe to infer that the pandemic is expected to remain under short term.
- Customer's, owing to multiple media are more knowledgeable and demanding, which has risen as a challenge for businesses to remain

competitive and sustainable. The need to bring continual improvement and innovations in offering has become more essential to retain the customers for long-run.

- Recent policy shifts from GOP are also deemed to bring considerable impact on downstream oil market in near future.
- GOP's drive to develop mega dams and road links under China Pakistan Economic Corridor (CPEC) are expected to bring positive impact on white oil product demand.

The Company is privy to the situation and is continuously making improvements, innovations and augmentations in its value offerings to maintain its leadership position. Management is focused towards provisioning of better forecourt experience, added features through non-fuel retail segment with an overall objective of enhancing and enriching customer experience. Moreover, the Company is exploring opportunities to adapt with the implication that are expected to impact the downstream oil market segment.

### **Forward Looking Statement**

Keeping all of the factors in consideration, the Management has set the strategic direction of the company with a vision to effectively deal with uncertainties in the external environment and capitalize on internal strength. Since PSO considers its people as the primary reasons for its existence, therefore the strategic direction is primarily designed to meet the expectations of the nation with an objective of adding value in the business for the shareholders.

PSO is aiming towards provisioning of innovative energy solutions, while enriching the customer experience through:

- Effective HSE implementation to ensure Zero fatality.
- Market share focus in key products.
- Restructuring the organization and rationalize all resources.
- Completion of ongoing supply infrastructure projects.
- Improve business operations by resolving chronic issues with related parties.
- Business process re-engineering (BPR) and automation of key business processes to bring sustainability.

# REPORT TO SHAREHOLDERS (UNCONSOLIDATED)

- Setting future direction by developing Electric vehicle charging facilities.
- Exploring business opportunities to bring sustainability and make-up for lost revenue.

## Source of Information & Assumption

The Company has adopted specialized forecasting techniques by using various models. Additionally, inputs are taken from relevant publications, internal departments and discussions with subject data experts.

Assumptions for strategic planning are based on a multi-tiered approach, wherein, a number of internal and external factors such as multiple macro-economic factors that may impact product demand having relevancy primarily for long-range planning have been considered. Moreover, publications from notable authorities such as Ministry of Finance, Government of Pakistan, Pakistan Automobile Manufacturers Association (PAMA), World Bank, International Monetary Fund (IMF) and Asian Development Bank (ADB) have also been considered while developing assumptions for next fiscal year.

## Reason for Loss & Future Prospects of Profit

The aforesaid reported loss after tax in FY20 arose due to specific circumstances prevailing in FY20 that resulted in unprecedented inventory losses to the entire Oil Sector. The expected increase in international prices and allowance of inflation in absolute margins of certain products will improve the gross margins in the upcoming year. Further, buildup of macroeconomic stability, allowance of exchange loss in white oil pricing and future business plans that include buildup of storages will enable the Company to revert back to its profitable history.

## Company's Ability to Respond to Critical Challenges and Uncertainties


Businesses today are operating in a dynamic environment wherein, minor shift at national or global level has a ripple impact on their performance. Continual influx of disruptive technologies have impacted the situation, considerably. Recently, COVID-19 emerged as a challenge for businesses to maintain their existence and sustainability.

PSO's sales performance is significantly correlated with national and global factors. The global factors that have daunted impact includes uncertainty in the geopolitical environment, climate considerations, and several other factors including but not limited to oil

prices. Any upward or downward shift in the factors may bring opportunity or threat for the Company in coming years keeping in perspective the dynamic environment faced by the country. Recently, GoP has announced National Electric Vehicle Policy focusing towards enhancing the electric vehicle usage in the country. This shift is deemed to have considerable impact on downstream oil sector and the Company's business.

PSO has implemented a robust Business continuity plan (BCP) that is focusing towards maintaining the business effectively with provisioning of a congenial working environment to its people. Performance exhibited during uncertain period signifies the Company's adaptability and ability to respond to uncertainty and challenges. Additionally, with a purpose to remain sustainable in an ever dynamic environment, PSO has recently re-aligned its vision, mission and values to bring more agility and adaptability in its business.

PSO is ready to take on much bigger challenges with a vision to convert them into business opportunities and increased value for its shareholders.



**Syed Muhammad Taha**  
CEO & Managing Director

September 19, 2020  
Karachi



**Zafar I. Usmani**  
Chairman



**Pakistan State Oil**

# Our Women, Our Strength

PSO believes in inclusive leadership and greatly values its female workforce. The company provides equal opportunities to its female staff to demonstrate their capabilities. We believe in celebrating women through respect and empowerment as they have equally important role to play in the success and development of our nation. We value our women and are committed towards their development and growth.





# REPORT TO SHAREHOLDERS (CONSOLIDATED)

The Board of Management of Pakistan State Oil Company Limited (the Holding Company) are pleased to present the consolidated financial and operational performance of the Group for the year ended June 30, 2020.

## Group Structure

During the Fiscal Year (FY) 20, PSO further acquired 10.5 mn shares and 2.6 mn shares of PRL from the Shell Petroleum Company Limited and Chevron Global Energy Inc., USA, respectively. Further, the Company subscribed 21 mn right shares of PRL which were previously under injunction. Resultantly, PSO's shareholding in PRL increased from 52.7% to 60.0%. Subsequent to the year end the shareholding was further increased to 63.6%.

The Holding Company is a public company incorporated in Pakistan in 1976, and is listed on the Pakistan Stock Exchange Limited. The principal activities of the Holding Company are procurement, storage and marketing of petroleum & related products. It also blends and market various lubricating oils.

PRL was incorporated in Pakistan as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. The Subsidiary Company is engaged in the production and sale of petroleum products.

## Financial Performance of the Group

The year saw abnormal decline in International oil prices owing to Russia and Saudi Arabia price war. The decline was further aggravated by suppressed demand arising due to decreased economic activity primarily attributable to COVID-19 during 4th quarter of FY20. The impact of price decline at global level also impacted Pakistan's Oil Industry with significant inventory losses. At numerous times, prevailing end-consumer prices were lower than cost of purchases due to time lag in purchase, sale and pricing activities.

## Financial performance of PSO

The general depressed situation in the economy, COVID-19 related slow down and afore-referred inventory losses resulted in Net loss to PSO during the period, under review. The Holding Company posted loss after tax of Rs. 6.5 bn. in FY20 vs. profit after tax of Rs. 10.6 bn. in FY19. The loss after tax translated into a loss per share of Rs. 13.8 vs. earnings per share of Rs. 22.5 in FY19.

Factors that resulted in net loss include abnormally high inventory losses due to sharp fall in international

oil prices, reduction in black oil sales volume by 40.8% due to government policy of shifting to LNG and other alternative fuels, increase in Finance cost by Rs. 4.4 bn (49%) due to availability of financing at exorbitant rates during the year on account of higher policy rate of 13.25% that prevailed most of the year and shift of Company's borrowing mix from foreign currency borrowings to rupee based borrowings. Additionally, factors like recovery of late payment surcharge of Rs. 6.6 bn and reduction in exchange loss by Rs. 3 bn due to lower exchange devaluation of 2% during the period vs. 35% in FY19 complemented by decision of ECC to allow exchange loss in white oil pricing assisted the Company in containing the extent of Net loss.

## Financial performance of PRL

PRL's financial performance is no exception to the depressed profitability trend in oil Sector in FY20. PRL posted loss after tax of Rs. 7.6 bn in FY20 vs. loss after tax of Rs. 5.8 bn in FY19. The loss after tax translated into a loss per share of Rs. 17.7 vs. Rs. 13.7 in FY19.

PRL profitability faced headwinds mainly due to inventory losses on account of steep fall in international prices. Additionally, depressed refining margins, planned maintenance cost and higher Finance cost on account of higher policy rate of 13.25% contributed significantly in losses.

## Group Results

The Group earned sales revenue of Rs. 1,121 bn in FY20 (FY19: 1,185 bn) which translated into a gross profit of Rs. 6.9 bn (FY19: 32.8 bn). In view of the Net loss of both PSO and PRL the Group also reported consolidated Loss after tax of Rs. 14.8 bn in FY20 vs. profit after tax of Rs.15.1 bn in FY19. The loss after tax translated into a loss per share of Rs. 23.5 vs. earnings per share of Rs. 30.5 in FY19.

## Other Financial & Operational Highlights

- During the year, the Group has adopted new International Financial Reporting Standards (IFRS) 16 – "leases"
- This year demand of Furnace Oil declined further due to Government's decision to impose ban on import of furnace oil and continued impact of switching the power plants to RLNG. The reduction had a negative impact on Group's profitability.
- The Holding Company managed recovery of major portion of FE exchange loss on its foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. In this context the Company

recovered Rs. 27.9 bn. out of Rs. 29.7 bn. while the remaining balance is expected to be received in due course of time.

- PRL reduced throughput to 60% capacity for achieving better product mix i.e. reduction of furnace oil production and increase in production of HSD and MS.
- Sustainable production of MS 92 RON by PRL as against previous MS 90 RON saved RON differential required to be deposited with Government.
- Sustainable production of High Octane Petrol i.e. 95 and 97 RON by PRL resulted in additional revenue to the Company.

## Risk and Uncertainties

The Group operates under policy framework of the Government of Pakistan. Further, the pricing of certain products is regulated / monitored by the OGRA/ Ministry of Energy (MoE). Changes in international pricing of crude oil and refined petroleum products, substitution of oil by alternative energy products, decision of Government on margins and any change in specifications of marketable Petroleum products may have significant impact on Group's profitability. Since Group relies significantly upon borrowings, therefore, any movement in discount rate will affect the earnings of the Group either positively or negatively.

The Group incurred a net loss in FY 2020, however, it is anticipated that with the expected increase in international prices and allowance of inflation in absolute margins of certain products working margins will improve in the upcoming year. Additionally, macroeconomic stability, stabilization of Rupee-USD parity and future business plans that include buildup of storages and upgrade of Refinery will enable the Group to become profitable in future.

## Credit Rating of the Group

During the year, the credit rating of the Group companies have been reassessed by the relevant valuers and maintained as follows:

Company	Long Term	Short Term
PSO	A1+	AA+
PRL	A-	A2

These ratings depict high credit quality and a low expectation of credit risk i.e. strong capacity for timely payments of financial commitments.

## Adequacy of Internal Financial Controls

Respective Boards of the Holding Company and the Subsidiary Company have established efficient and effective systems on internal financial controls. Implementation of these controls is regularly monitored by an Independent Internal Audit Function which reports directly to respective Audit Committees. Audit Committees review on a periodic basis the effectiveness and adequacy of internal controls frameworks and financial statements of the respective companies.

## Corporate and Financial Reporting Framework

The Boards of the Companies in the Group are fully cognizant of their responsibilities as applicable and as recognized by Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by Securities and Exchange Commission of Pakistan. Following is the acknowledgement of Group's commitment towards high standards of Corporate Governance and continuous improvement:

- Compliance has been made with the relevant principles of Corporate Governance, and the rule that has not been complied with, has been identified along with the period in which such non-compliance is made and reason for such non-compliance.
- The consolidated financial statements, prepared by the management of the Group, present fairly its state of affairs, the result of its operations, cash flows, statement of comprehensive income and changes in equity.
- Proper books of account have been maintained by the Group.
- Appropriate accounting policies have been consistently applied in preparation of financial statements of Group Companies. Changes in accounting policies, wherever made, have been adequately disclosed in the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the

# REPORT TO SHAREHOLDERS (CONSOLIDATED)

preparation of financial statements and departure, if any, has been adequately disclosed.

- The system of internal controls is sound in design and has been effectively implemented and monitored.
- The non-executive board members do not have fixed remuneration and are being paid a fixed fee for each meeting attended. The said fees are decided upon by the entire BOM collectively in accordance with Articles of Association and Companies Act, 2017 (wherever applicable).
- Disclosure with respect to remuneration package of each of the directors and chief executive has been disclosed in note 36 to the consolidated financial statements.
- There are no significant doubts upon the Group's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019.
- Key operating and financial data of last 2 years of the group in summarized form is annexed as it is the second year of the Group's Financial Statements.
- The information about the Chairman and Directors, total number and name of Directors, their appointment, committees and its composition, number of Board meetings and attendance have been included in Shareholders' report on the Unconsolidated Financial Statements and Corporate Governance section of the Annual Report.
- The following is the value of Group's investment of provident, pension and gratuity funds based on their respective un-audited accounts as on June 30, 2020:

Fund	Rs. In Mn
PSOCL Management Employees' Pension Fund	4,040
PSOCL Workers' Staff Pension Fund	3,811
PSOCL Defined Contribution Pension Fund	5,706
PSOCL Staff Provident Fund	2,793
PSOCL Employees' Provident Fund	1,459
PSOCL Employees' Gratuity Fund	6,434
PRL Provident Fund	444
PRL Gratuity Fund – Management Staff	167
PRL Gratuity Fund – Non-management Staff	100
PRL Pension Fund – Management Staff	1,197
PRL Pension Fund – Non-management Staff	135

## Dividend and other Appropriations

Based on the Net loss in FY 20 the Board of Management has decided not to recommend dividend this year. The Board is cognizant of the preference of its shareholders and expects that the Company will return to its dividend paying history in the foreseeable future.

## Auditors

The Board of Management has endorsed the recommendation of the Board Audit & Compliance Committee for the appointment of M/s KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Holding Company for the year ending June 30, 2021.

Pattern of shareholding is annexed on page no. 316.

## Contribution to National Exchequer

The group takes pride in being a tax compliant company and ensures that all taxes, duties, levies etc. are paid by it in accordance with the statutory deadlines.

During FY 20, the Group contributed Rs. 409 billion to the national exchequer.

## Health, Safety & Environment

Group is committed towards a better and sustainable

future. The Group considers sustainability as one of its main pillars for business growth. The Group ensured all regulatory HSE parameters and policies were complied with by each Company in the Group.

## Coronavirus Pandemic (COVID-19)

Coronavirus COVID-19 pandemic is the global health crisis and the greatest challenge in recent times. The Group has also adopted the guidelines and SOPs given by global institutions and GOP to ensure safe operations. Following were the major initiatives taken in this regard;

- Business Continuity Plan (BCP) related to Pandemic is in place.
- Implementation of SOPs of Government to operate.
- Staff was reduced and encouraged to work from home.
- Frequent Disinfection activities were conducted at workplace.
- Telecom / virtual meetings within the Group and from outside the Group are being encouraged.

## Corporate Social Responsibility

Group ensures that its CSR initiatives have a positive social impact on the economic and social conditions of the people of Pakistan. Group has been generously supporting sustainable social & economic development through continued philanthropic investment in the fields of education, healthcare, community building, environment & disaster relief. This year the group specifically came forward to support the nation in COVID related relief efforts. Summary of donations made by the Group during the year is as follows:

Category	Rs. In Mn
Healthcare	48
Education	39
Community Building and Environment	18
COVID	80
<b>Total</b>	<b>185</b>

## Forward Looking Statement

Pakistan energy sector is significantly dependent on numerous national and global factors. The factors include uncertainty in geopolitical environment, influx of disruptive technologies, climate considerations, variation in international prices of feedstock and refined products, Rupee Dollar parity movement and

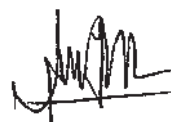
energy mix adjustments. Additionally, the country's energy sector is stringently regulated. Collectively, any variation in referred factors along with regulations influences the Group's performance.

Amid, GOP's drive of shifting energy mix in power sector to RLNG and renewable source of energy, the Group has witnessed steep decline in furnace oil volumes. The regressed demand has not only obstructed the Group sales but also hindering smooth refinery operations. The Group has effectively devised strategy to address the issue by making adjustments in production slate and feedstock, whilst, to account for lost sales volumes of FO, the Group is making an all-out effort in LNG business. Additionally, refinery up gradation project is also under advance stages of conceptualization.

The Group is aiming towards bringing sustainability to the business while, devising strategies and plans to effectively address uncertainties that are deemed to impact efficiency and performance in near future. Additionally, the Group shall be focusing towards:

- Effective HSE implementation to ensure Zero fatality.
- Market share focus in key products.
- Restructuring the organization and rationalize all resources.
- Completion of ongoing supply infrastructure projects.
- Improve business operations by resolving chronic issues with related parties.
- Business process re-engineering and automation of key business processes to bring sustainability.
- Setting future direction by developing Electric vehicle charging facilities.
- Exploring business opportunities to bring sustainability and make-up for lost revenue
- Refinery upgradation project implementation

The Board expresses its sincere gratitude to all employees, stakeholders and partners for their contributions and unceasing support. We also take this opportunity to thank the Government of Pakistan, especially the Petroleum Division of Ministry of Energy for their continuous support and guidance.



**Syed Muhammad Taha**  
CEO & Managing Director

September 19, 2020  
Karachi



**Zafar I. Usmani**  
Chairman

# FINANCIALS





1543.66  
3543.88  
254 879744  
25314  
3543.66  
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2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

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# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Dupont Analysis



# RATIOS AND ANALYSIS

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For the year ended June 30, 2020

## Market Share Information

The product wise market shares of the Company along with analysis is disclosed in the sales performance and business lines performance section of the Report to the Shareholders. The market share data has been obtained from OCAC that is an independent source.

## Share Price Sensitivity Analysis

PSO is a public listed Company and accordingly its shares are traded on Pakistan Stock Exchange. The Company's profitability and performance is exposed to various internal and external factors which can significantly alter the bottom line of the Company and ultimately the share price. Most of these factors are however external, which are beyond the control of the Company's management. The Company's market price was 158.16 as at year end. 1% change in market price from that prevailing at year end will result in change in market capitalization by Rs. 0.74 bn.

The Company's share price may respond (but not limited) to the following events and changes in business environment:

- a) Sales Volume**

Company's sales volume is primarily dependent on the GDP growth rate and overall economic conditions prevailing in the country. Extent of business activity, smuggling, change in Energy Mix of the Country due to more availability of LNG and price volatility are important factors that will affect sales volume and will ultimately be reflected in the share price of the Company.
- b) International Oil Prices**

The trend of International Oil Prices impacts the financial performance of your Company and consequently the share price. Increasing trend of oil prices may improve your Company's financial performance and vice versa. However, price trend impacts the Company's performance in combination with stock and sales situation.
- c) Margin revisions**

The margins of the Company on its major products except FO are regulated by Govt. Any decisions in respect of increase / decrease in margins or deregulation of margins can impact the share price of the Company.
- d) Circular Debt**

Your Company's share price is highly sensitive to any development on the circular debt issue prevailing in the Country. The Government's action with respect to circular debt resolution has previously led to share price increase and on the contrary, circular debt pile up has negatively impacted the share price. Accordingly, the decisions taken by the government in this respect are expected to impact share price of the Company.
- e) Bank Borrowings & Finance Cost**

Increase in bank borrowings will lead to higher finance cost and ultimately reduce the bottom line and have a negative impact on the share price of the Company. Further, due to substantial borrowings, PSO's share price is sensitive to any increase or decrease in discount rates announced in the monetary policy statement by the GoP.

# RATIOS AND ANALYSIS

For the year ended June 30, 2020

**f) Rupee devaluation**

Rupee devaluation had negative effects on your Company's business performance in past and consequently its share price. However, the recovery of exchange loss in white oil pricing has been allowed by the GoP towards the end of FY20.

**g) Diversification**

Any concrete development on diversification into new projects by your Company may lead to a positive impact on its share price.

**h) Regulation and Government Policies**

Any change in government policies and regulation including on the taxation front relating to oil marketing sector may affect the Company's share price; positively or negatively, depending on whether the policy is in favor of or against the industry.

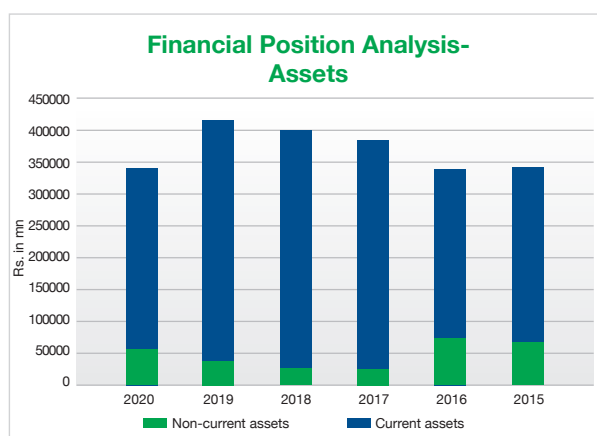
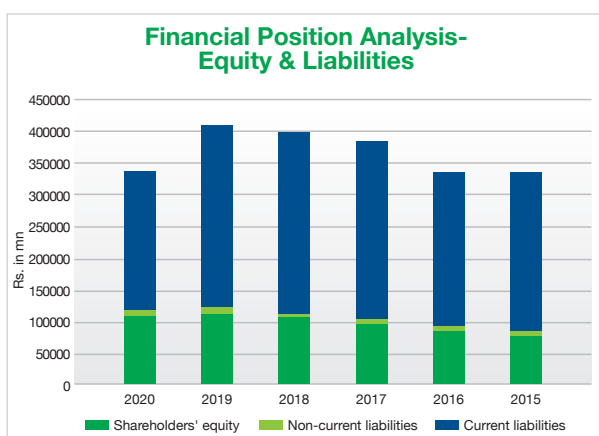


# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Analysis of Financial Position

	2020	2019	2018	2017	2016	2015
	(Rupees in mn)					
Shareholders' equity	113,061	119,181	110,452	102,850	91,581	82,310
Non-current assets	48,814	32,854	24,561	23,883	68,142	65,559
Current assets	292,904	384,225	378,001	368,560	274,174	275,749
Non-current liabilities	11,664	7,528	5,165	8,090	6,234	8,321
Current liabilities	216,993	290,371	286,945	281,504	244,501	250,676



## Analysis

As of June 30, 2020, variation as compared to June 30, 2019 is as follows:

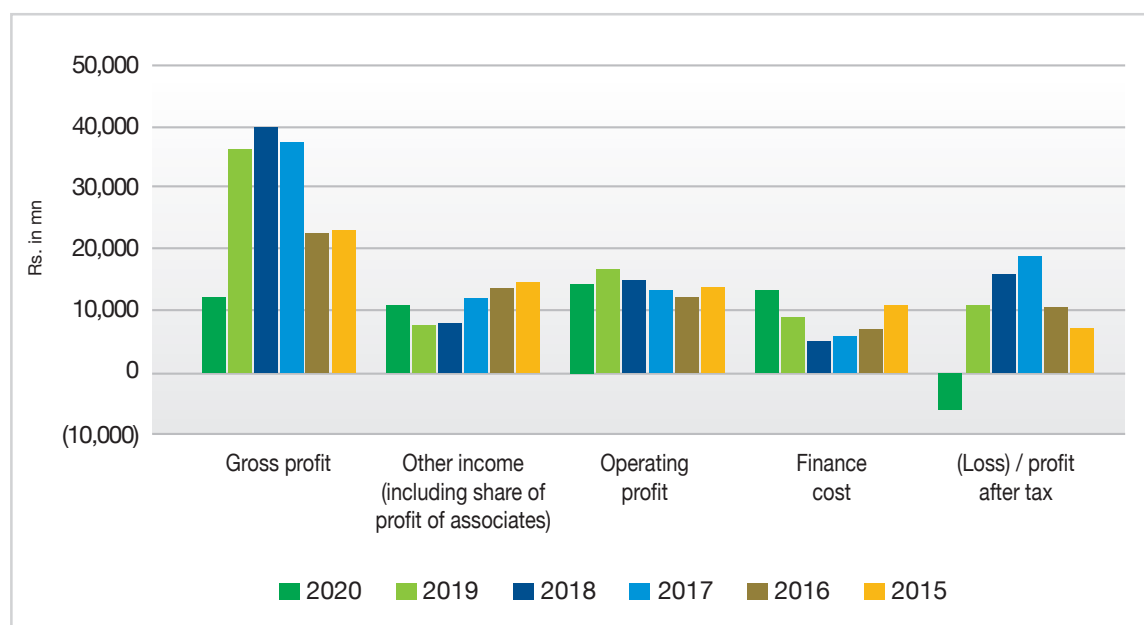
- Shareholders' equity decreased by 5.1% primarily due to loss incurred during the year.
- Non-current assets increased by 48.6% mainly due to:
  - First time recognition of right of use assets on account of implementation of IFRS 16 - Leases.
  - Increase in Long term investment due to gain on revaluation of investment in Pak Arab Pipeline Company Limited (PAPCO) and advance paid for subscription of shares of Pakistan Refinery Limited.
  - Increase in Deferred tax asset due to recognition of deferred tax asset on incremental minimum tax paid and unused tax losses.
- Current assets decreased by 23.8% primarily due to following reasons:
  - Decline in stock in trade due to negative volume and price variance. Volume variance was caused by increase in market share at year end where as price variance was on account of decline in international oil prices.
  - Decline in trade debts mainly due to recoveries from power sector.
  - Decline in other receivables primarily due to recovery of exchange loss receivable on FE loans.
- Increase in non-current liabilities by 54.9% mainly due to first time recognition of lease liabilities on account of implementation of IFRS 16 - Leases.
- Decrease in current liabilities by 25.3% primarily due to decline in following:
  - Short-term borrowings primarily on account of reduced working capital needs due to decline in value of stock, recovery of trade debts from power sector and FE exchange loss recovery.
  - Trade and other payables mainly due to decline in payables related to procurement of product on account of dip in prices.

# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Analysis of Financial Performance

	2020	2019	2018	2017	2016	2015
	(Rupees in mn)					
Gross sales	1,302,037	1,340,978	1,312,090	1,096,543	906,177	1,114,411
Net sales	1,108,358	1,154,298	1,063,744	878,147	677,940	913,094
Gross profit	12,227	36,017	39,636	37,136	22,525	22,921
Other income (including share of profit of associates)	10,755	7,559	7,911	11,751	13,411	14,314
Marketing & administrative expenses	14,638	12,414	11,929	11,238	10,511	10,672
Other expenses	51	4,699	3,334	2,378	1,986	3,513
Operating profit	7,749	26,257	31,870	34,662	22,826	22,670
Finance cost	13,427	8,987	5,123	5,923	7,150	11,017
(Loss) / profit before tax	(5,134)	17,477	27,160	29,347	16,289	12,034
(Loss) / profit after tax	(6,466)	10,587	15,461	18,226	10,273	6,936
Earning before interest, taxes, depreciation & amortization (EBITDA)	9,907	27,591	33,357	36,322	24,464	24,050



## Analysis

Company reported loss after tax during the year primarily on account of following elements:

- Decline in gross profit by 66.1% vs. last year mainly due to inventory losses on account of sharp decrease in international oil prices during the year.
- Increase in finance cost by 49.4% vs. last year mainly due to higher average policy rate of State Bank of Pakistan (SBP) in FY20.

The above mentioned decline in gross profit and increase in finance cost is partially offset by lower exchange losses and higher interest income recovered from power sector during the year.

# RATIOS AND ANALYSIS

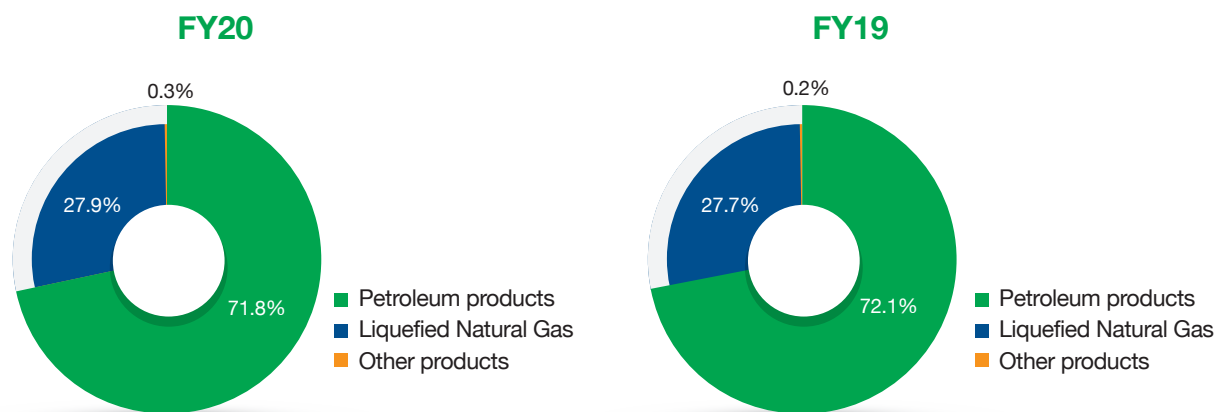
For the year ended June 30, 2020

## Analysis of Performance Against Target

- Other income (including share of profit from associates) improved vs. target by 28.6%.
  - Operating cost showed savings of 15.2% vs target.
  - Finance cost went up by 27.1% vs target.
  - Loss after tax vs. profit after tax in target.
- Gross profit was lower vs. target mainly due to the inventory losses on account of sharp decrease in international oil prices during the year. Further, reduction in gross profit of black oil which depends on government policies also contributed to dip in gross profit.
  - Other income increased vs. target primarily due to higher recovery of interest income from power sector.
  - Operating cost went down primarily due to cost control measures taken by management and lower exchange loss.
  - Finance cost increased vs. target mainly due to higher average borrowing levels primarily on account of delayed payments from SNGPL.
  - Loss after tax vs. target of profit is mainly due to the reasons mentioned above.

## Segmental Review of Business Performance

PSO's unconsolidated financial statements comprise three reportable segments namely Petroleum products, Liquefied Natural Gas (LNG) and Others. The net sales is divided into these categories as follows:



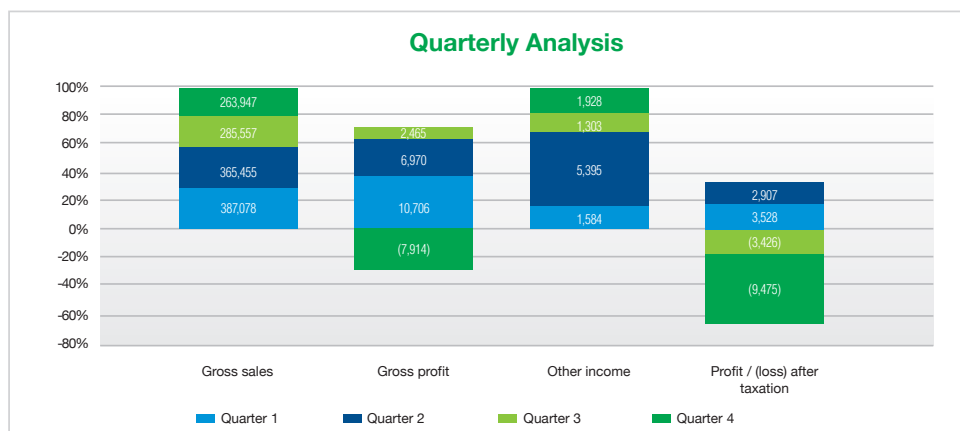
In petroleum products the Company has suffered a net loss of Rs. 6.02 bn in FY20 versus a profit of Rs. 9.24 bn in FY19 mainly due to inventory losses incurred by the Company this year due to decrease in oil prices in international oil market. Further, Company also reported a net loss of Rs. 2.43 bn in LNG segment in FY20 versus a profit of Rs. 0.06 bn in FY19 mainly due to increase in finance cost this year on financing higher receivables from SNGPL. The detailed segmental review covering item wise details have been covered in note 41 to the unconsolidated financial statements.

# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Analysis of Variation in Results Reported in Interim Reports

	Q1	Q2	Q3	Q4	FY 2020
	(Rupees in mn)				
Gross sales	387,078	365,455	285,557	263,947	1,302,037
Gross profit / (loss)	10,706	6,970	2,465	(7,914)	12,227
Other income	1,584	5,395	1,303	1,928	10,210
Operating cost	(3,579)	(3,791)	(3,388)	(3,931)	(14,689)
Finance cost	(2,640)	(3,900)	(3,968)	(2,919)	(13,427)
Share of profit of associate - net of tax	145	168	145	86	544
<b>Profit / (loss) before taxation</b>	6,216	4,842	(3,443)	(12,749)	(5,134)
Taxation	(2,688)	(1,935)	17	3,274	(1,332)
<b>Profit / (loss) after taxation</b>	3,528	2,907	(3,426)	(9,475)	(6,466)



### Gross sales

Gross sales declined in 3rd & 4th quarter primarily due to decline in international oil prices during the period.

### Gross profit

Gross profit went down in 2nd and 3rd quarter and turned into loss in 4th quarter primarily on account of inventory loss due to decline in international oil prices.

### Other income

Other income was highest in 2nd quarter primarily due to significant receipt of late payment interest from power sector in that period.

### Finance cost

Finance cost continued to rise till the 3rd quarter mainly due to increase in interest rates however, it went down in 4th quarter due to dip in SBP's policy rate.

# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Summary of Cash Flow Statement

	2020	2019	2018	2017	2016	2015
	(Rupees in mn)					
Cash & cash equivalents at the beginning of the year	(16,468)	(7,925)	(41,502)	(30,274)	(39,584)	9,120
Net cash inflow / (outflow) from operating activities	48,260	(9,232)	2,580	(27,965)	(994)	(29,574)
Net cash (outflow) / inflow from investing activities	(4,843)	(2,534)	45,226	3,925	4,098	3,489
Net cash (outflow) / inflow from financing activities	(27,830)	3,223	(14,229)	12,812	6,206	(22,619)
	15,587	(8,543)	33,577	(11,228)	9,310	(48,704)
Cash & Cash Equivalents at the end of the year	(881)	(16,468)	(7,925)	(41,502)	(30,274)	(39,584)

### Analysis

The variation in cash flows as compared to FY19 is due to the following:

#### Operating activities

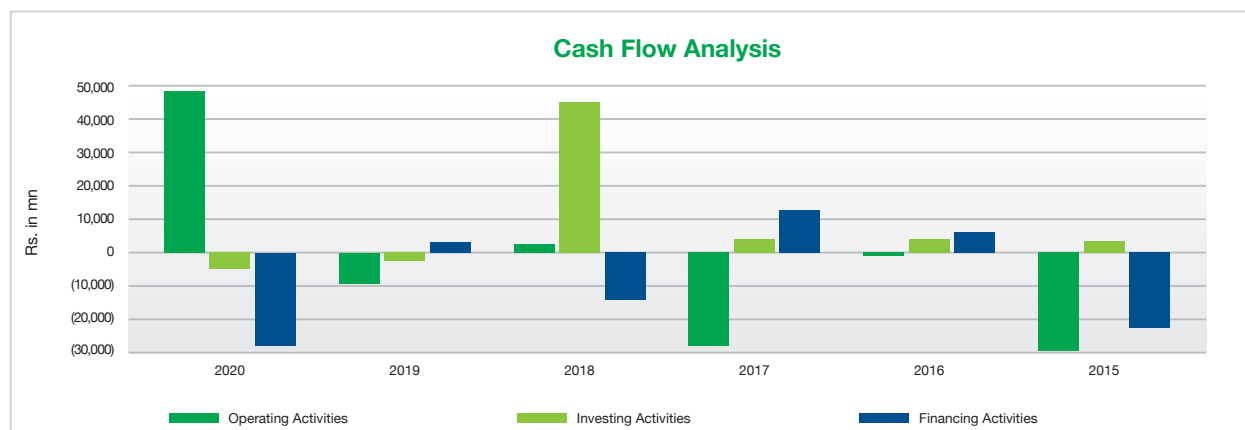
In FY20, cash flow from operating activities is positive as compared to negative cash flow last year. The cash flows have improved in FY20 primarily due to recoveries from power sector, recoveries of exchange loss on FE borrowings from Government and decline in stock in trade.

#### Investing activities

In FY20, cash outflow from investing activities has increased primarily due to additions in property, plant and equipment and increase in investment in Pakistan Refinery Limited.

#### Financing activities

In FY20, cash flow from financing activities is negative as compared to positive cash flow last year. The cash flow is negative primarily due to loans repaid during the year on account of recoveries from power sector, recoveries of exchange loss on FE borrowings from Government and decline in stock in trade.



# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Direct Cash Flow Statement

	2020	2019
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	1,324,788,849	1,366,969,110
Cash paid to supplier, services providers and employees	(1,256,220,385)	(1,355,822,204)
WPPF paid	-	(1,000,000)
Taxes paid	(6,253,634)	(8,524,136)
Finance costs paid	(11,547,460)	(8,444,389)
Retirement and other service benefits paid	(2,507,849)	(2,410,116)
<b>Net cash generated from / (used in) operating activities</b>	<b>48,259,521</b>	<b>(9,231,735)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of:		
-property, plant and equipment	(3,008,283)	(1,980,999)
-intangibles	(51,755)	(44,504)
Proceeds from disposal of operating assets	34,007	32,987
Acquisition of shares in Pakistan Refinery Limited	(210,000)	(840,000)
Advance against right issue of Pakistan Refinery Limited	(1,890,000)	-
Dividends received	283,227	298,038
<b>Net cash used in investing activities</b>	<b>(4,842,804)</b>	<b>(2,534,478)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short-term borrowings - net	(24,272,505)	8,631,191
Lease payments	(1,113,040)	-
Dividends paid	(2,444,232)	(5,407,902)
<b>Net cash (used in) / generated from financing activities</b>	<b>(27,829,777)</b>	<b>3,223,289</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>15,586,940</b>	<b>(8,542,924)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>(16,467,793)</b>	<b>(7,924,869)</b>
<b>Cash and cash equivalents at end of the year</b>	<b>(880,853)</b>	<b>(16,467,793)</b>

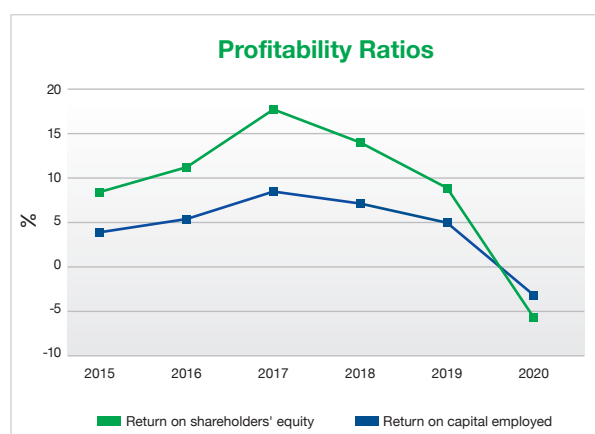
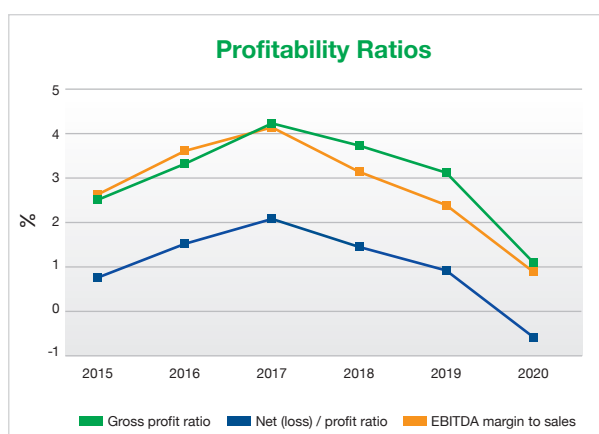
# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Financial Ratios

### Profitability Ratios

		2020	2019	2018	2017	2016	2015
Gross profit ratio	%	1.10	3.12	3.73	4.23	3.32	2.51
Net (loss) / profit ratio	%	(0.58)	0.92	1.45	2.08	1.52	0.76
EBITDA margin to sales	%	0.89	2.39	3.14	4.14	3.61	2.63
Return on shareholders' equity	%	(5.72)	8.88	14.00	17.72	11.22	8.43
Return on capital employed	%	(3.19)	4.97	7.13	8.48	5.39	3.90
Operating leverage ratio	%	1,725.19	(211.76)	(40.07)	170.92	(6.54)	198.03



## Analysis

The variation in ratios as compared to FY19 is because of the following:

- Gross profit ratio has declined primarily due to significant inventory losses during the year on account of decline in international oil prices.
- Net loss ratio vs. net profit ratio in FY19 due to significant inventory losses during the year on account of decline in international oil prices and increase in finance cost on account of higher average policy rate of SBP in FY20.
- EBITDA margins has decreased primarily due to net loss in FY20 on account of reasons mentioned above vs profit in FY19.
- Negative return on shareholders' equity and capital employed is mainly due to net loss during the year on account of reasons mentioned above.
- Increase in operating leverage is due to decline of 68.7% in EBIT against a decrease of 4.0% in net sales.

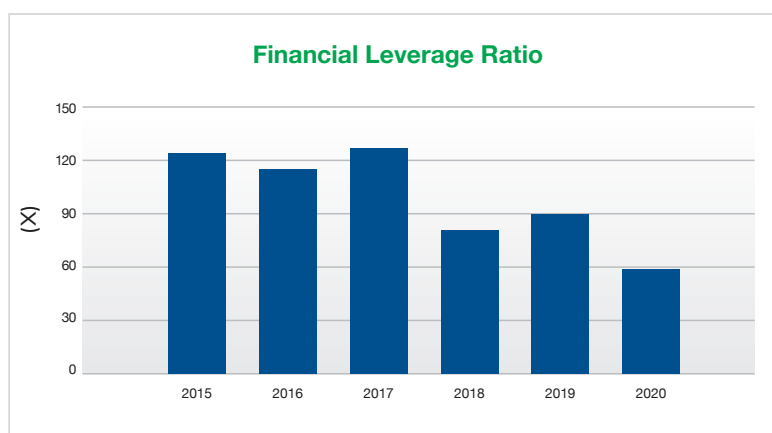
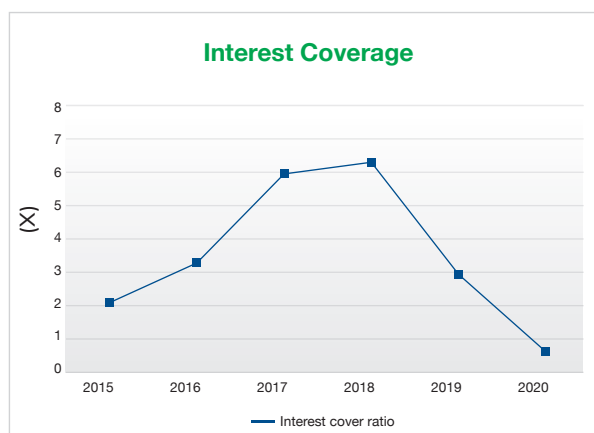
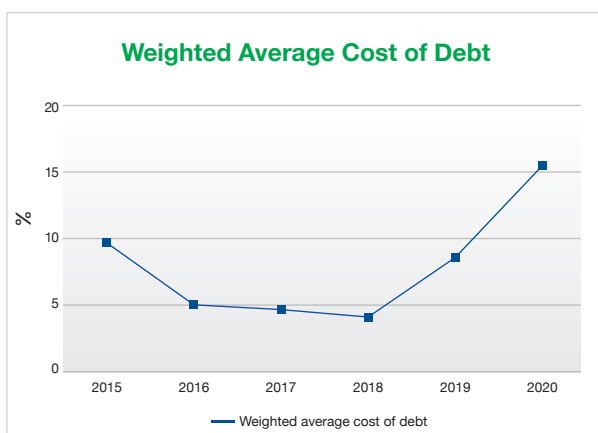
# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Capital Structure Ratios

		2020	2019	2018	2017	2016	2015
Interest cover ratio	(x)	<b>0.62</b>	2.94	6.30	5.95	3.28	2.09
Financial leverage ratio	(x)	<b>59.00</b>	90.00	81.00	127.00	115.00	124.00
Weighted average cost of debt	%	<b>15.49</b>	8.58	4.10	4.66	5.02	9.68
Economic value addition	Rs. In Mn	<b>(31,955)</b>	(14,962)	(8,075)	(4,570)	(9,903)	(11,571)

Note: D/E ratio has not been calculated as the Company has no long term debt.



## Analysis

The variation in ratios as compared to FY19 is because of the following:

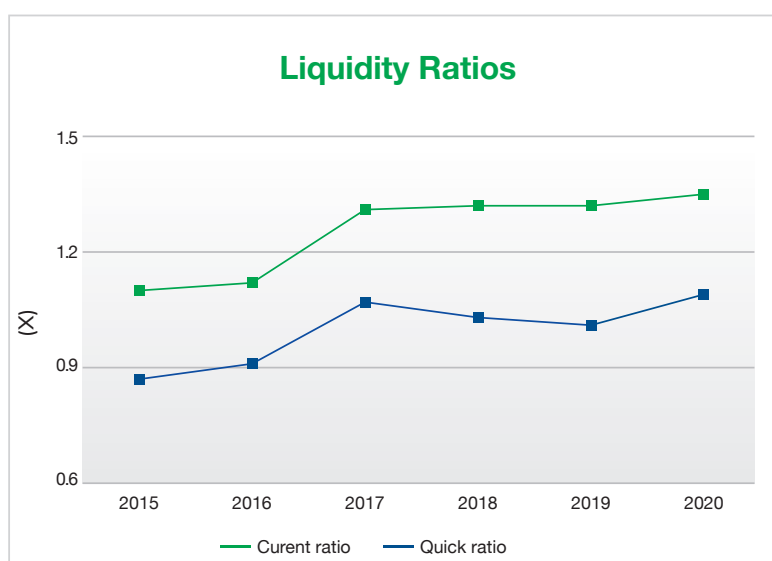
- Interest cover has decreased primarily due to decline in profitability.
- Financial leverage has decreased during the year mainly on account of decline of short-term borrowings by Rs. 40.5 bn.
- Weighted average cost of debt has increased mainly due to increase in policy rate by SBP.

# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Liquidity Ratios

		2020	2019	2018	2017	2016	2015
Cash to current liabilities	(x)	<b>(0.004)</b>	(0.06)	(0.03)	(0.15)	(0.12)	(0.16)
Cash flow from operations to sales	(x)	<b>0.04</b>	(0.01)	0.002	(0.03)	(0.001)	(0.03)
Current ratio	(x)	<b>1.35</b>	1.32	1.32	1.31	1.12	1.10
Quick ratio	(x)	<b>1.09</b>	1.01	1.03	1.07	0.91	0.87
Free cash flows to the firm	Rs. In Mn	<b>61,860</b>	(3,130)	8,063	(18,742)	6,594	(15,171)
Free cash flows to the equity holders	Rs. In Mn	<b>29,035</b>	386	(2,464)	(6,191)	12,091	(41,668)



## Analysis

The variation in ratios as compared to FY19 is because of the following:

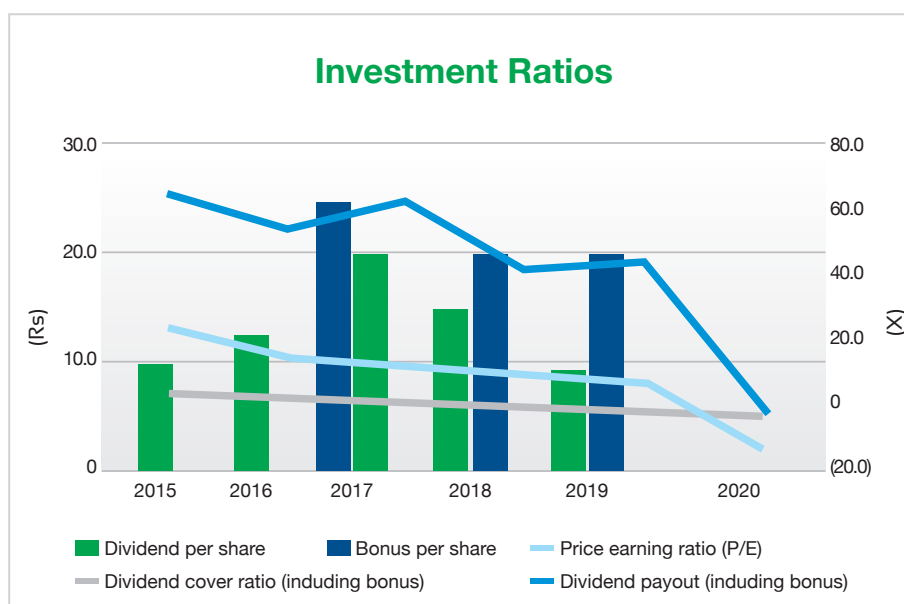
- Cash flow to current liabilities has improved due to improvement in cash and cash equivalents and decline in trade and other payables.
- Cash flow from operations to sales has increased due to higher positive cashflow from operations during the year.
- Current ratio has improved slightly due to greater percentage decline in current liabilities than current assets.
- Quick ratio has improved primarily due to decline in stock-in-trade.
- Increase in cash flows to the firm and equity holders are primarily due to positive working capital on account of decline in trade receivables and other receivables.

# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Investment Ratios

		2020	2019	2018	2017	2016	2015
(Loss) / earning per share (basic & diluted)	Rs.	(13.7)	22.5	32.9	38.8	21.9	14.8
Market value per share (year end)	Rs.	158.2	169.6	318.3	387.4	375.5	385.8
Highest price	Rs.	216.9	352.1	466.6	486.1	399.6	408.1
Lowest price	Rs.	114.0	151.6	265.2	379.9	287.0	325.6
Break-up value	Rs.	240.8	253.9	235.3	219.1	195.1	175.3
Price earning ratio (P/E)	(x)	(11.5)	7.5	9.7	10.0	17.2	26.1
Price to book ratio	(x)	0.7	0.7	1.4	1.8	1.9	2.2
Dividend per share	Rs.	-	10.0	15.0	25.0	12.5	10.0
Bonus share	%	-	20.0	20.0	20.0	-	-
Dividend payout (including bonus)	%	-	44.3	45.5	64.4	57.1	67.7
Dividend yield (including bonus)	%	-	7.1	5.3	7.0	3.3	2.6
Dividend cover ratio (including bonus)	(x)	-	2.3	2.8	2.5	3.0	2.6



## Analysis

The variation in ratios as compared to FY19 is because of the following:

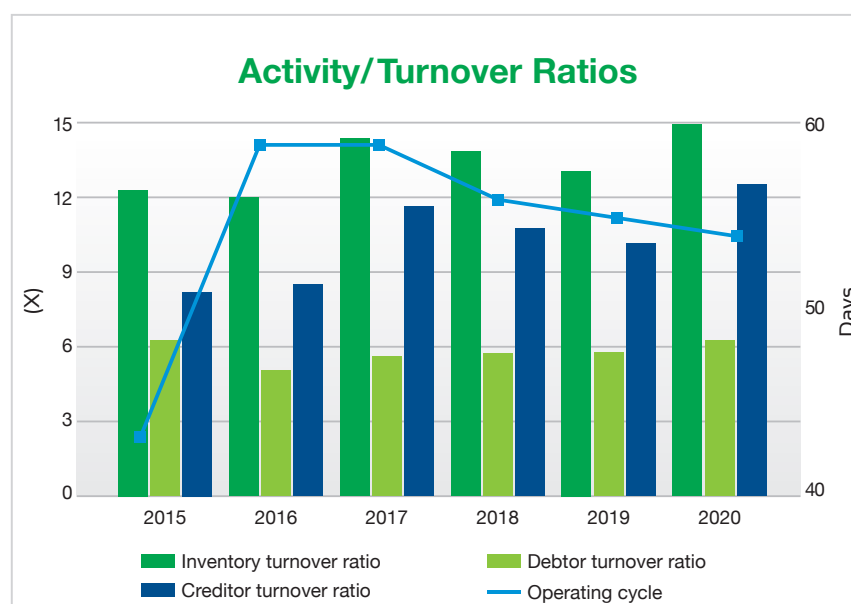
- Negative P/E ratio is primarily due to the loss during the year.
- Price to book ratio has remained same due to almost similar decline in market and book price.
- Breakup value of the Company decreased primarily due to the loss during the year.
- Dividend payout and dividend yield is nil this year due to non declaration of dividend in FY20 on account of net loss.

# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Activity / Turnover Ratios

		2020	2019	2018	2017	2016	2015
Inventory turnover ratio	(x)	<b>14.93</b>	13.06	13.84	14.36	11.99	12.30
No. of days in inventory	No.	<b>25.00</b>	28.00	26.00	25.00	30.00	30.00
Debtor turnover ratio	(x)	<b>6.25</b>	5.77	5.73	5.61	5.05	6.26
No. of days in receivables	No.	<b>59.00</b>	63.00	64.00	65.00	72.00	58.00
Creditor turnover ratio	(x)	<b>12.51</b>	10.15	10.75	11.64	8.50	8.20
No. of days in creditors	No.	<b>30.00</b>	36.00	34.00	31.00	43.00	45.00
Total asset turnover ratio	(x)	<b>3.43</b>	3.27	3.30	2.98	2.65	3.12
Fixed asset turnover ratio	(x)	<b>142.18</b>	172.07	183.24	160.93	138.97	181.35
Operating cycle	No.	<b>54.00</b>	55.00	56.00	59.00	59.00	43.00



## Analysis

The variation in ratios as compared to FY19 is because of the following:

- Inventory turnover has improved primarily due to decline in inventory by 36.2% mainly due to fluctuations in international oil prices.
- Debtors turnover has increased primarily due to decrease in trade debts by 10.4% on account of recoveries from power sector.
- Creditors turnover has improved primarily due to prompt payments made to suppliers for purchases on credit.
- Operating cycle has improved due to decrease in inventory and receivable days.
- Total asset turnover has improved due to decrease in total assets mainly on account of reduction in receivables and stock-in-trade.

# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Statement of Value Additions

### Wealth Generated

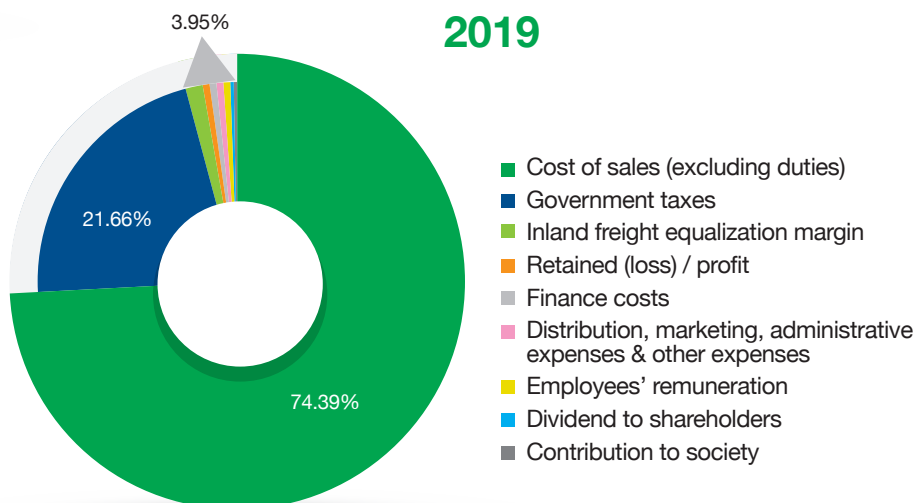
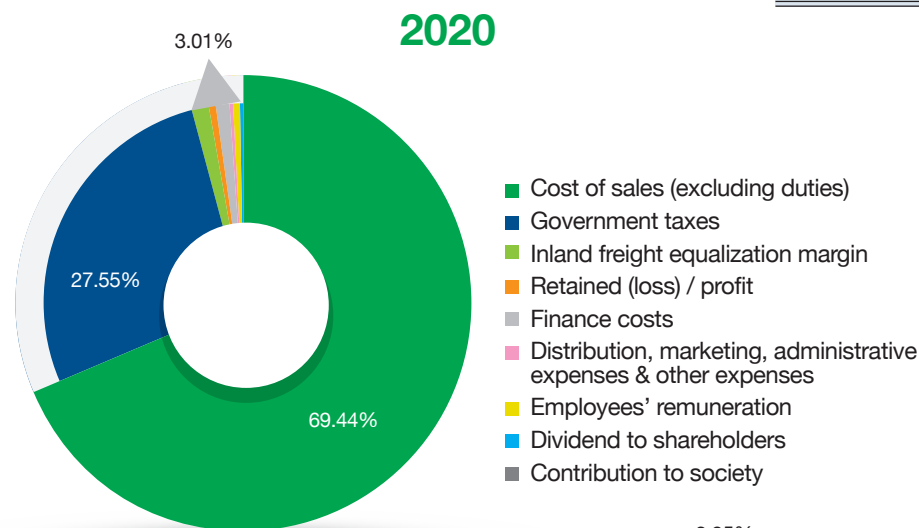
Sales (net of discount / allowances)  
Other income (including share of profit of associates)

2020		2019	
(Rupees in mn)	%	(Rupees in mn)	%
1,300,447	99.18	1,340,130	99.44
10,755	0.82	7,559	0.56
<b>1,311,202</b>	<b>100.00</b>	<b>1,347,689</b>	<b>100.00</b>

### Distribution of Wealth

Cost of sales (excluding duties)  
Government taxes  
Inland freight equalization margin  
Retained (loss) / profit  
Finance costs  
Distribution, marketing, administrative expenses & other expenses  
Employees' remuneration  
Dividend to shareholders  
Contribution to society

910,439	69.44	1,002,522	74.37
361,267	27.55	291,885	21.66
17,846	1.36	17,871	1.33
(6,466)	(0.49)	5,892	0.44
13,427	1.02	8,987	0.67
5,817	0.44	8,728	0.65
8,696	0.66	6,879	0.51
-	-	4,695	0.35
176	0.02	230	0.02
<b>1,311,202</b>	<b>100.00</b>	<b>1,347,689</b>	<b>100.00</b>



# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Horizontal and Vertical Analysis - Statement of Financial Position

VERTICAL ANALYSIS	2020	2019	2018	2017	2016	2015
Property, plant and equipment	2.92%	1.96%	1.82%	1.77%	1.93%	1.86%
Right-of-use assets	1.39%	0.00%	-	-	-	-
Intangibles	0.02%	0.01%	0.00%	0.01%	0.01%	0.02%
Long-term investments	4.74%	2.74%	1.19%	1.12%	14.65%	14.85%
Long-term loans, advances and other receivables	0.13%	0.08%	0.10%	0.10%	0.10%	0.09%
Long-term deposits and prepayments	0.06%	0.08%	0.08%	0.05%	0.06%	0.05%
Deferred tax asset - net	5.02%	3.00%	2.91%	3.04%	3.15%	2.35%
<b>Total non-current assets</b>	<b>14.28%</b>	<b>7.88%</b>	<b>6.10%</b>	<b>6.09%</b>	<b>19.91%</b>	<b>19.21%</b>
Stores, spares and loose tools	0.16%	0.11%	0.06%	0.05%	0.06%	0.06%
Stock-in-trade	16.74%	21.50%	20.27%	16.90%	14.85%	17.14%
Trade debts	57.58%	52.65%	61.00%	54.18%	52.08%	52.97%
Loans and advances	0.12%	0.06%	0.48%	0.48%	0.55%	0.63%
Short-term deposits and prepayments	0.75%	0.76%	0.80%	1.47%	0.78%	0.56%
Current maturity of long - term investments	0.00%	0.00%	0.00%	11.20%	0.00%	0.00%
Mark-up / interest receivable on investments	0.00%	0.00%	0.00%	0.58%	0.66%	0.66%
Other receivables	6.96%	13.90%	8.20%	5.84%	7.63%	5.73%
Taxation - net	2.26%	2.04%	1.93%	2.16%	1.80%	2.38%
Cash and bank balances	1.14%	1.10%	1.15%	1.05%	1.68%	0.68%
<b>Total current assets</b>	<b>85.72%</b>	<b>92.12%</b>	<b>93.90%</b>	<b>93.91%</b>	<b>80.09%</b>	<b>80.79%</b>
<b>TOTAL ASSETS</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	1.37%	0.94%	0.81%	0.69%	0.79%	0.80%
Reserves	31.72%	27.64%	26.63%	25.52%	25.96%	23.32%
<b>Total share holders' equity</b>	<b>33.09%</b>	<b>28.58%</b>	<b>27.44%</b>	<b>26.21%</b>	<b>26.75%</b>	<b>24.12%</b>
<b>Non-current liabilities</b>	<b>3.41%</b>	<b>1.80%</b>	<b>1.28%</b>	<b>2.06%</b>	<b>1.82%</b>	<b>2.44%</b>
<b>Current liabilities</b>						
Trade and other payables	43.16%	43.17%	47.73%	37.27%	39.94%	42.66%
Unclaimed dividend	0.40%	0.44%	0.91%	0.76%	0.34%	0.42%
Provisions	0.14%	0.12%	0.12%	0.13%	0.20%	0.20%
Accrued interest / mark-up	0.36%	0.24%	0.20%	0.32%	0.24%	0.25%
Short - term borrowings	19.44%	25.65%	22.32%	33.25%	30.71%	29.91%
<b>Total current liabilities</b>	<b>63.50%</b>	<b>69.62%</b>	<b>71.28%</b>	<b>71.73%</b>	<b>71.43%</b>	<b>73.45%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>HORIZONTAL ANALYSIS</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Non-current assets</b>						
Property, plant and equipment	157.80%	129.28%	115.70%	109.66%	104.33%	100.00%
Total non-current assets	74.46%	50.11%	37.46%	36.43%	103.94%	100.00%
Stock-in-trade	97.82%	153.29%	139.53%	113.41%	86.91%	100.00%
Trade debts	108.84%	121.47%	135.84%	117.61%	98.61%	100.00%
Other receivables	121.69%	296.45%	168.89%	117.27%	133.64%	100.00%
Cash and bank balances	169.06%	198.67%	200.55%	178.68%	248.10%	100.00%
Share capital	172.79%	143.99%	119.99%	99.99%	100.00%	100.00%
Reserves	136.15%	144.82%	134.68%	125.81%	111.65%	100.00%
Total share holders' equity	137.36%	144.79%	134.19%	124.95%	111.26%	100.00%
Non-current liabilities	140.17%	90.47%	62.07%	97.22%	74.92%	100.00%
Trade and other payables	101.30%	123.66%	131.97%	100.46%	93.90%	100.00%
Short-term borrowings	65.08%	104.80%	88.02%	127.84%	102.98%	100.00%
<b>Total current liabilities</b>	<b>86.56%</b>	<b>115.83%</b>	<b>114.47%</b>	<b>112.30%</b>	<b>97.54%</b>	<b>100.00%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100.12%</b>	<b>122.20%</b>	<b>117.95%</b>	<b>114.98%</b>	<b>100.30%</b>	<b>100.00%</b>

# RATIOS AND ANALYSIS

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For the year ended June 30, 2020

## Comments on Horizontal and Vertical Analysis

### Total non-current assets

Total non-current assets have increased in FY20 vs. FY19 primarily due to recognition of right-of-use assets relating to lands and buildings obtained on leases, fair valuation of Company's investment in Pak-Arab Pipeline Company Limited and increase in property, plant and equipment. It was highest in FY2016 mainly due to Pakistan investment bonds which got matured in FY18.

### Stock-in-trade

Stock in trade balances in FY20 have decreased vs. last year, mainly due to dip in international oil prices and stock levels. Further as per horizontal and vertical analysis, it was highest in FY19 mainly due to higher prices.

### Trade debts

Trade debts went down in FY20 primarily due to recoveries from power sector. Further, as per horizontal and vertical analysis, it was highest in FY18 due to delay in payments by power sector which started to decline from FY19 due to recoveries.

### Shareholders' equity

Shareholders equity declined during the year mainly due to net loss during the year and was highest last year due to retention of profits over the years.

### Non-current liabilities

Non-current liabilities has increased in FY20 and is highest as per horizontal and vertical analysis mainly due to recognition of lease liabilities relating to land and building obtained on leases. However, it was lowest in FY18 due to significant contribution to retirement benefits funds during that year.

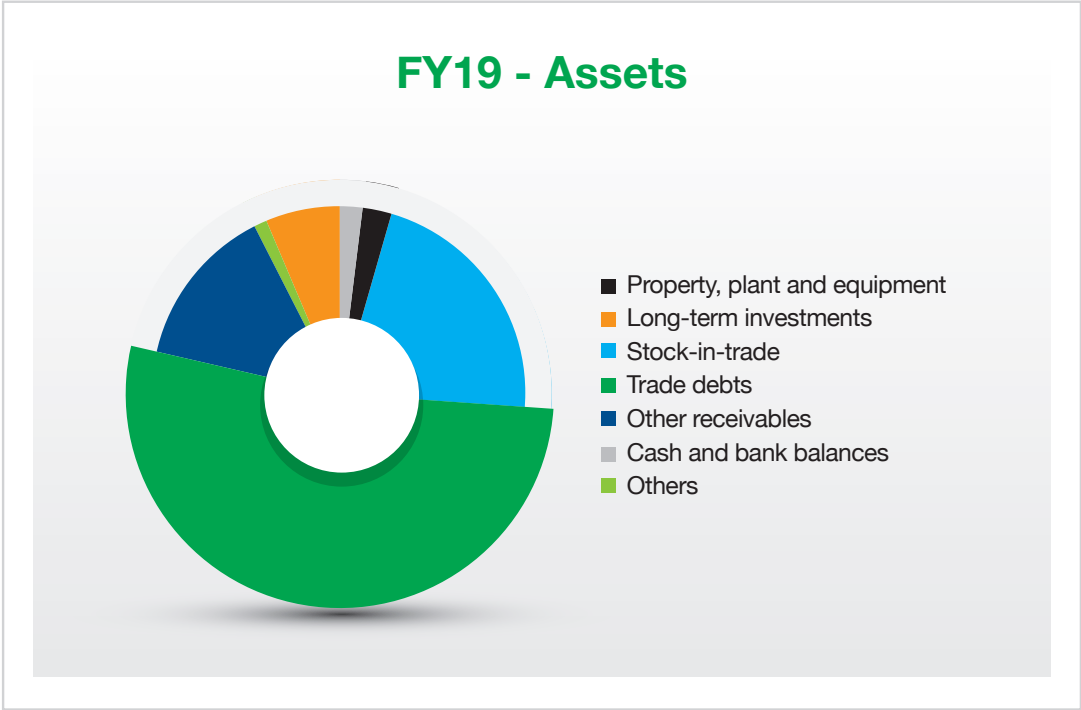
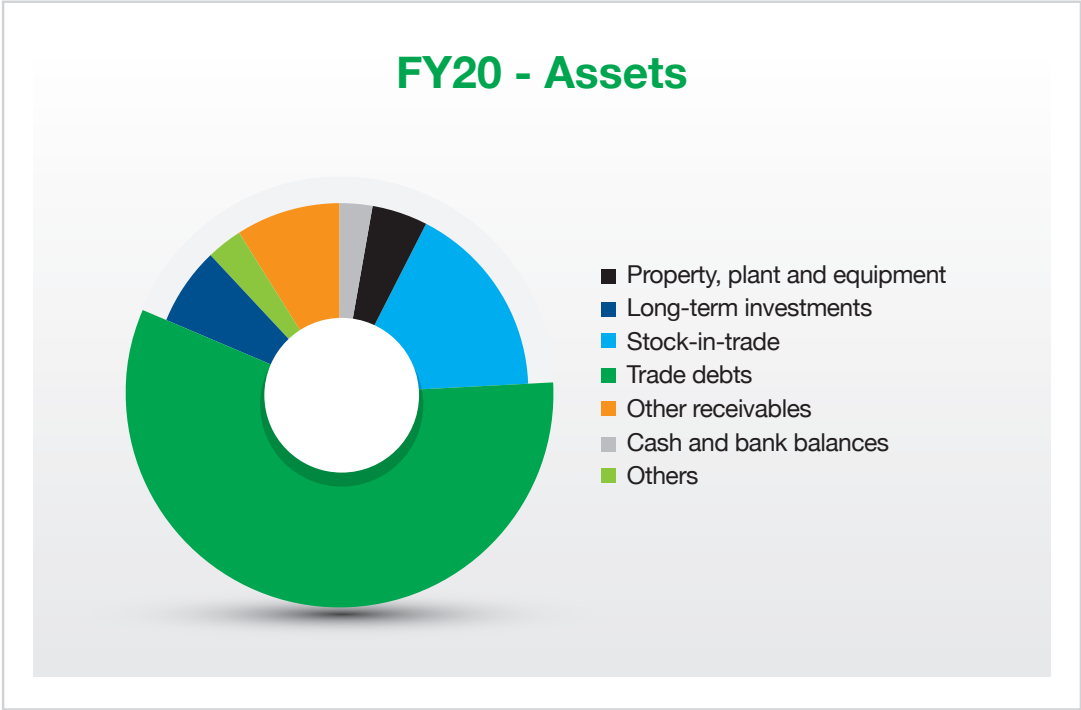
### Trade and other payables

Trade and other payables have declined in FY20 primarily due to decrease in trade payables on account of dip in international oil prices. However as per horizontal and vertical analysis, it was highest in FY18 due to rise in liabilities relating to product purchases on account of surge in international oil prices.

# RATIOS AND ANALYSIS

For the year ended June 30, 2020

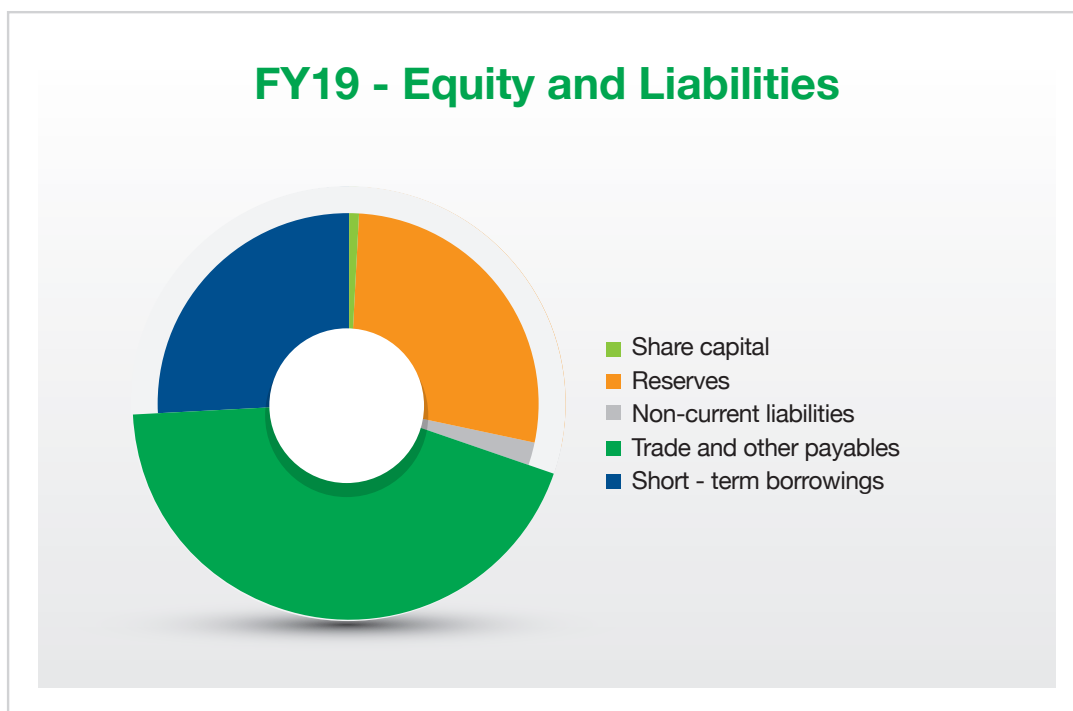
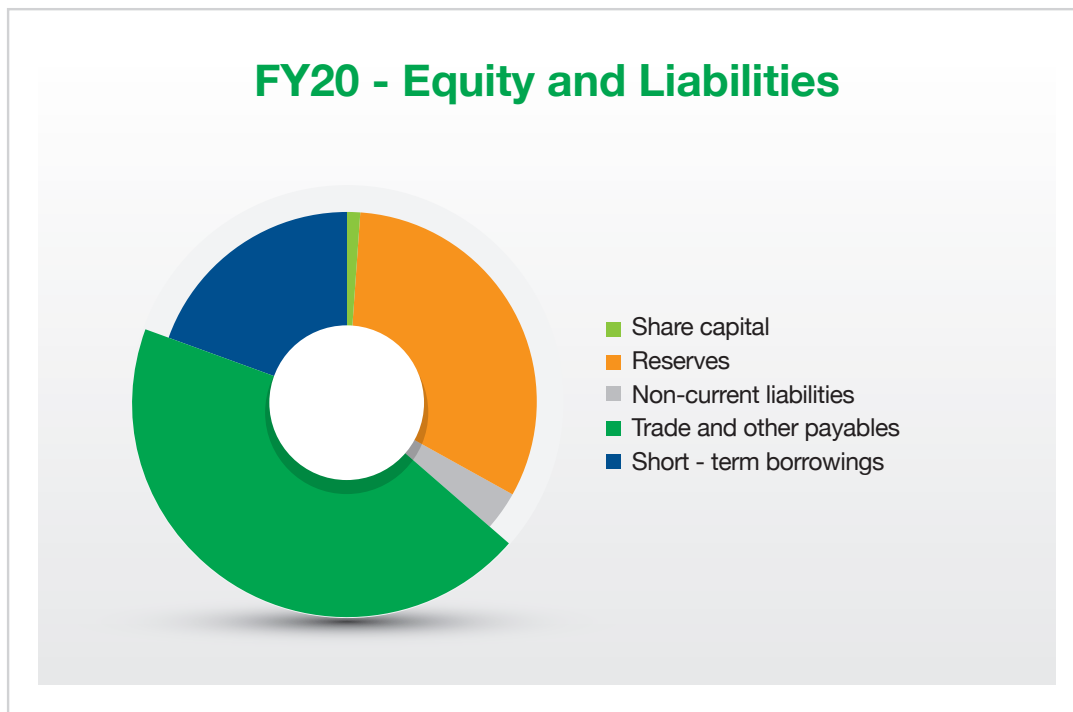
## Compostion of Balance Sheet - Vertical Analysis



# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Composition of Balance Sheet - Vertical Analysis



# RATIOS AND ANALYSIS

For the year ended June 30, 2020

## Horizontal and Vertical Analysis - Statement of Profit or Loss

	2020	2019	2018	2017	2016	2015
<b>VERTICAL ANALYSIS</b>						
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of products sold	-98.90%	-96.88%	-96.27%	-95.77%	-96.68%	-97.49%
<b>Gross profit</b>	<b>1.10%</b>	<b>3.12%</b>	<b>3.73%</b>	<b>4.23%</b>	<b>3.32%</b>	<b>2.51%</b>
Other income (including share of profit of associates - net of tax)	0.97%	0.65%	0.74%	1.34%	1.98%	1.57%
Administrative & marketing expenses	-1.32%	-1.08%	-1.12%	-1.28%	-1.55%	-1.17%
Other expenses	0.00%	-0.41%	-0.31%	-0.27%	-0.29%	-0.38%
<b>Total operating costs</b>	<b>-1.32%</b>	<b>-1.49%</b>	<b>-1.43%</b>	<b>-1.55%</b>	<b>-1.84%</b>	<b>-1.55%</b>
Profit from operations	0.75%	2.28%	3.04%	4.02%	3.46%	2.53%
Finance costs	-1.21%	-0.78%	-0.48%	-0.67%	-1.05%	-1.21%
<b>(Loss) / profit before taxation</b>	<b>-0.46%</b>	<b>1.50%</b>	<b>2.56%</b>	<b>3.35%</b>	<b>2.41%</b>	<b>1.32%</b>
Taxation	-0.12%	-0.60%	-1.10%	-1.27%	-0.89%	-0.56%
<b>(Loss) / profit after taxation</b>	<b>-0.58%</b>	<b>0.90%</b>	<b>1.46%</b>	<b>2.08%</b>	<b>1.52%</b>	<b>0.76%</b>

### HORIZONTAL ANALYSIS

	2020	2019	2018	2017	2016	2015
Net Sales	121.38%	126.42%	116.50%	96.17%	74.25%	100.00%
Cost of products sold	123.14%	125.63%	115.05%	94.48%	73.63%	100.00%
<b>Gross profit</b>	<b>53.34%</b>	<b>157.14%</b>	<b>172.92%</b>	<b>162.02%</b>	<b>98.27%</b>	<b>100.00%</b>
Other income (including share of profit of associates - net of tax)	75.13%	52.81%	55.27%	82.09%	93.69%	100.00%
Administrative & marketing expenses	137.16%	116.32%	111.78%	105.30%	98.49%	100.00%
Other expenses	1.45%	133.77%	94.90%	67.69%	56.53%	100.00%
<b>Total operating costs</b>	<b>103.55%</b>	<b>120.64%</b>	<b>107.60%</b>	<b>95.99%</b>	<b>88.10%</b>	<b>100.00%</b>
Profit from operations	35.98%	114.81%	140.06%	153.02%	101.69%	100.00%
Finance costs	121.88%	81.57%	46.50%	53.76%	64.90%	100.00%
<b>(Loss) / profit before taxation</b>	<b>-42.66%</b>	<b>145.23%</b>	<b>225.69%</b>	<b>243.87%</b>	<b>135.36%</b>	<b>100.00%</b>
Taxation	26.12%	135.16%	229.48%	218.14%	118.01%	100.00%
<b>(Loss) / profit after taxation</b>	<b>-93.22%</b>	<b>152.63%</b>	<b>222.91%</b>	<b>262.77%</b>	<b>148.11%</b>	<b>100.00%</b>

# RATIOS AND ANALYSIS

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For the year ended June 30, 2020

## Comments on Horizontal and Vertical Analysis

### Net sales

Net sales has decreased in FY20 vs. FY19 on account of decline in sales volumes of black oil. However, net sales was highest in FY19 due to higher sales prices and was lowest in FY16 due to dip in international oil prices during that period.

### Gross profit

Gross profit for FY20 was lowest as per horizontal and vertical analysis mainly on account of significant inventory losses during the period. Further, it was highest in FY18 as per horizontal analysis mainly due to higher volumes and margin of white oil and LNG.

### Other income

Other income has increased vs SPLY primarily due to significant recovery of interest income on delayed payments during the year. Further, it was highest in FY15 as per horizontal analysis due to interest income from PIB and substantial recovery of interest income from power sector.

### Total operating cost

Total operating cost is lowest as per vertical analysis mainly due to significant decline in exchange loss and no provision for WWF/WPPF during the year on account of net loss. Further, it was highest in FY19 as per horizontal analysis due to significant exchange losses.

### Finance cost

Finance cost in FY20 has increased vs last year and is highest as per horizontal and vertical analysis mainly due to increase in policy rate by SBP. However, it was lowest in FY18 as per horizontal and vertical analysis mainly due to lower average borrowing and interest rates.

### (Loss) / profit after tax

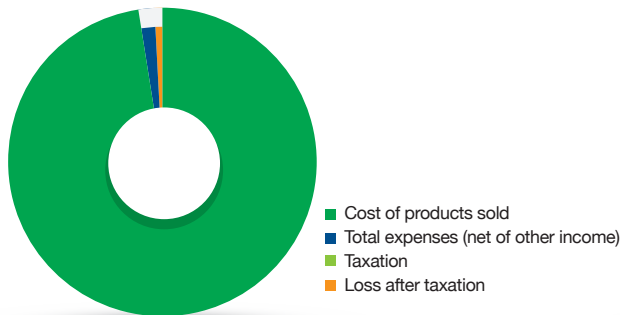
The Company's profitability is negative only in FY20 mainly due to significant dip in gross profit on account of inventory loss and increase in finance cost which is partially offset by surge in interest income during the year. Further, it was highest in FY17 as per horizontal and vertical analysis mainly due to strong gross profit and low finance cost.

# RATIOS AND ANALYSIS

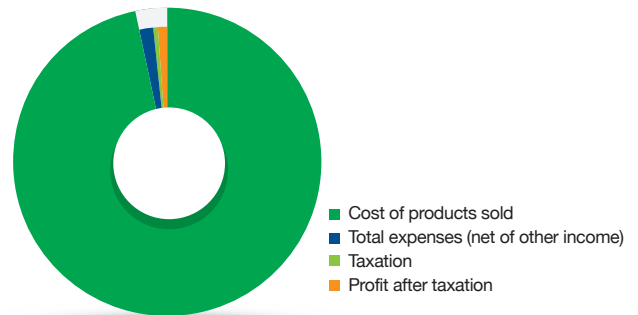
For the year ended June 30, 2020

## Statement of Profit or Loss - Vertical Analysis

### FY20 - Profit or Loss



### FY19 - Profit or Loss



## Indicators and Performance Measures

Indicators and performance measures are used by the management to gauge the performance of the Company. The following are critical indicators:

- Market share
- Earnings per share
- Gross profit
- Profit after tax
- Debtors' turnover
- Cash flows from operating activities

These indicators will continue to be relevant in the future as these are critical for the evaluation of the performance.

## Methods/assumptions used to Compile the Indicators

### Market share

Market share of Company's liquid fuels are determined on the basis of OCAC data – independent source.

### Earnings per share

Earnings per share ratio is calculated with reference to the share capital at year end rather than average number of shares outstanding during the period. The Company has no dilutive effects on the basic earnings per share.

### Gross profit

Gross profit is calculated by the Company with and without inventory gains/losses to compare the performance of the Company. This is because inventory gains and losses are mainly outside the control of the Company as these arise due to international price movements and requirement to keep sufficient stocks to meet the country's needs.

### Debtors' turnover

This ratio is calculated by the Company on the basis of the closing values at the relevant balance sheet date.

# RATIOS AND ANALYSIS

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For the year ended June 30, 2020

## Current and Future Major Capital Expenditure/Projects

PSO is operating in a highly evolving and dynamic business environment. Therefore, it is imperative to ensure agility and adaptability in its focus and objectives with an ultimate objective to remain sustainable. Recently, PSO has re-aligned its vision, mission and values to effectively take-on the challenges and address shifting business dynamics.

At PSO, all major capital investment / projects are allocated subsequent to a thorough and in-depth review wherein, budget heads are required to justify the allocation of capital budget and usefulness of the expenditure to the business. Majority of the capital investments / projects are aligned with the business objectives wherein, the Company ensures that allocated funds are utilized to supplement long-term business objectives.

For period under review, PSO focused towards enhancing customer experience, increased footprints in retail sector and retaining leadership position through dedicated approach on supply chain infrastructure.

Despite trying situations during the year, arising due to COVID-19, PSO has been able to add 50 NVROs and remodelled 15 C-stores. On supply chain side, the Company continued focus for storage development and rehabilitation of existing storage. Furthermore, projects oriented towards safe product movement through pipelines also sailed through to commitment and construction phase. Though, COVID-19 impacted the project completion schedule, however, PSO is committed to deliver the projects within the estimated timelines.

Regarding future capital investment, PSO endeavours towards enriching its customer's experiences through focused investments in retail outlets development, adding facilities such as revamped C-stores, oil changing canopies etc. Moreover, safety of assets has been given foremost importance wherein, HSE based capital expenditure are also planned for next fiscal year. Amid challenges brought by COVID-19, management has decided to increase usage of Information technology with focused approach over automation and Business process re-engineering. Necessary capital investments have been allocated to bring transformation in business processes of the Organization.

## Dividend and taxes

PSO takes pride in being a tax compliant Company and ensures that all taxes, duties, levies etc. are paid by it in accordance with statutory deadlines. During FY20, PSO contributed Rs. 367 bn to the National exchequer and it has no overdue or outstanding statutory payments.

Based on the net loss in FY20, the Board of Management has decided not to recommend dividend this year. The Board is cognizant of the preference of its shareholders and expects that the Company will return to its dividend paying history in the foreseeable future.

# INDEPENDENT AUDITORS' REPORT

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To the members of Pakistan State Oil Company Limited

A.F. Ferguson & Co.  
Chartered Accountants  
State Life Building No. 1-C  
I.I. Chundrigar Road  
Karachi

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza  
Beaumont Road  
Karachi

## Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of Pakistan State Oil Company Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2020, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to note 29.1.1 to the unconsolidated financial statements regarding contingent liability in respect of non-accrual of late payment surcharge amounting to Rs. 6,837 million for reasons given in the aforementioned note. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

Following are the Key audit matters:

S. No. Key audit matters	How the matter was addressed in our audit
<p><b>1 Receivables from Government of Pakistan (GoP) and customers</b></p> <p>(Refer notes 13.2 and 16 to the unconsolidated financial statements)</p> <p>The Company has the following receivables as at June 30, 2020:</p> <ul style="list-style-type: none"> <li>• trade debts of an aggregate amount of Rs. 169,990 million due from GENCO Holding Company Limited (GENCO), Sui Northern Gas Pipelines Limited (SNGPL), Hub Power Company Limited (HUBCO) and Kot Addu Power Company Limited (KAPCO) (together referred to as customers). These include past due debts of Rs. 166,768 million against which no impairment has been recognised;</li> <li>• price differential claims aggregating Rs. 9,297 million recoverable from GoP on account of supply of petroleum products at subsidised rates to various customers. These balances are long outstanding with no recoveries since past several years despite follow-ups by the Company with relevant ministries; and</li> <li>• a net unfavourable exchange difference of Rs. 1,799 million, net of recoveries during the year of Rs. 27,890 million, arising on foreign currency borrowings (FE-25), obtained under the directives of Ministry of Finance - GoP (MoF-GoP), which are to be settled in accordance with clarifications / instructions from MoF-GoP.</li> </ul> <p>The recoverability of these amounts is dependent on the decisions of the GoP including availability of funds due to circular debt situation being faced by the GoP. However, due to significant receivables being long outstanding the Company is facing financial / liquidity issues.</p> <p>Certain customers having past due balance arising due to the circular debt issue also pay late payment surcharge to the Company which is recognised on receipt basis.</p> <p>In view of the above matters, significant judgement involved in recognition of late payment surcharge and receivable balances being significant to the unconsolidated financial statements, we considered this a key audit matter.</p>	<p>Our audit procedures amongst others included</p> <ul style="list-style-type: none"> <li>- reviewed agreements with customers for agreed terms and conditions and latest financial information of the customers, wherever available;</li> <li>- on a sample basis, tested that receivables arising out of sales are on prices that are in agreement with respective customers' terms and conditions and government notifications, where applicable;</li> <li>- inspected related correspondence between the Company and relevant authorities and inquired at the appropriate level of management to assess their views on the recoverability and timing of settlement of relevant receivables;</li> <li>- circularised confirmations to counter parties, reviewed balance confirmations received directly from them and tested reconciliations where differences were identified. In case of non-receipt of confirmations, we performed alternate procedures;</li> <li>- considered management's process for impairment assessment of receivables, discussed judgment exercised by them and checked the approval of the Board of Management in this regard;</li> <li>- recomputed the net unfavourable exchange differences on foreign currency borrowings recognised by the Company during the year as recoverable from MoF-GoP and checked receipts during the year;</li> <li>- reviewed the minutes of the Board of Management and Board Audit and Compliance Committee and discussed at the appropriate level of management, events during the year and steps taken by management for recoverability of these receivables;</li> <li>- tested receipts of late payment surcharge from underlying evidence and ensured that the same have been recognised in line with the accounting policy of the Company; and</li> <li>- assessed adequacy and appropriateness of the related disclosures for compliance with the requirements of applicable financial reporting framework.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

S. No. Key audit matters	How the matter was addressed in our audit
<p><b>2 First time adoption of IFRS 16 - 'Leases' (IFRS 16)</b></p> <p>(Refer notes 2.4.2, 2.5, 5 and 22 to the unconsolidated financial statements)</p> <p>The Company has adopted IFRS 16 with effect from July 1, 2019. IFRS 16 introduces a single on-balance sheet lease accounting model for leases entered into by lessees. A lessee recognises a 'right-of-use' asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.</p> <p>On adoption of IFRS 16, the Company has changed its accounting policy for operating leases which are now recognised on the statement of financial position. The Company has accordingly recognised lease liabilities amounting to Rs. 4,430 million and right-of-use assets amounting to Rs. 4,720 million as at July 1, 2019.</p> <p>The application of IFRS 16 required management to make significant judgements and estimates including determination of lease term and appropriate discount rate for measurement of lease liability.</p> <p>We considered the above a key audit matter due to first time application of IFRS 16 on the unconsolidated financial statements, which included use of significant judgement and estimates by the management.</p>	<p>Our audit procedures amongst others included:</p> <ul style="list-style-type: none"><li>- obtained understanding of management's process for identification of arrangements containing lease;</li><li>- evaluated accounting policies and methodology followed by the management for determination and measurement of right-of-use assets, corresponding lease liabilities and other related impacts;</li><li>- evaluated the appropriateness of significant judgements and estimates made by management in measuring lease liabilities such as discount rate and lease term etc;</li><li>- on a sample basis, tested the underlying data used by the management from the relevant contracts for determination of the right-of-use assets and corresponding lease liabilities. Further, performed re-computations on a test basis to assess the accuracy of computations performed by the management; and</li><li>- assessed adequacy and appropriateness of related disclosures for compliance with the requirements of applicable financial reporting framework.</li></ul>

# INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

S. No. Key audit matters	How the matter was addressed in our audit
<p><b>3 Recognition of deferred tax asset relating to minimum turnover tax</b></p> <p>(Refer note 10.3 to the unconsolidated financial statements)</p> <p>As at June 30, 2020, included in the balance of deferred tax asset (net) is an amount of Rs. 3,928 million representing deferred tax asset recognised during the year on account of minimum turnover tax.</p> <p>Recognition of deferred tax asset on account of minimum turnover tax requires management to estimate the Company's tax liability in future tax years. This process relies on the assessment of the Company's taxable income forecast, which in turn is based on assumptions relating to future economic conditions and business performance.</p> <p>As preparation of taxable income and liability forecast and assessment of realisability of recognised deferred tax asset requires significant management judgement and use of estimates, we considered this a key audit matter.</p>	<p>Our audit procedures amongst others included:</p> <ul style="list-style-type: none"><li>- obtained understanding of management's process of preparation of taxable income and liability forecast and deferred tax calculation;</li><li>- discussed and tested significant underlying assumptions and estimates used by management in relation to the taxable income forecast and assessed the same for reasonableness;</li><li>- checked appropriateness of tax rates applied in view of the local tax legislation and also checked the mathematical accuracy of the taxable income and liability forecast; and</li><li>- assessed adequacy and appropriateness of related disclosures for compliance with the requirements of applicable financial reporting framework.</li></ul>

# INDEPENDENT AUDITORS' REPORT

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To the members of Pakistan State Oil Company Limited

## Information Other than the Unconsolidated and Consolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditors' reports thereon.

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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

# INDEPENDENT AUDITORS' REPORT

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## To the members of Pakistan State Oil Company Limited

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

# INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

## Report on Other Legal and Regulatory Requirements

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

- (a). proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b). the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c). investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d). no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partners on the audit resulting in this independent auditors' report are Osama Kapadia and Shaikh Ahmed Salman.



A. F. Ferguson & Co.  
Chartered Accountants



EY Ford Rhodes  
Chartered Accountants

September 25, 2020  
Karachi



## Our Youth, Our Strength

Recent history has shown us the importance of preserving our world for the generations to come. PSO makes continuous efforts to support its firm stance on environmental sustainability and our responsibility towards the well being of our future generations. The introduction of Electric Vehicle Charging Stations and Euro 5 standard fuels are just a few of many steps taken by PSO to invest in cleaner energy solutions so that our successors have a beautiful world to live in.



# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020	2019
		(Rupees in '000)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	9,993,564	8,187,159
Right-of-use assets	5	4,735,815	-
Intangibles	6	82,930	52,193
Long-term investments	7	16,190,758	11,439,851
Long-term loans, advances and other receivables	8	454,612	347,003
Long-term deposits and prepayments	9	207,272	331,300
Deferred tax asset - net	10	17,148,771	12,496,742
		<b>48,813,722</b>	<b>32,854,248</b>
<b>Current assets</b>			
Stores, spares and loose tools	11	538,631	474,209
Stock-in-trade	12	57,214,768	89,665,031
Trade debts	13	196,759,839	219,586,332
Loans and advances	14	414,315	234,734
Short-term deposits and prepayments	15	2,559,442	3,190,303
Other receivables	16	23,790,569	57,955,771
Taxation - net		7,718,188	8,525,756
Cash and bank balances	17	3,908,652	4,593,141
		<b>292,904,404</b>	<b>384,225,277</b>
Net assets in Bangladesh	18	-	-
		<b>341,718,126</b>	<b>417,079,525</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	19	4,694,734	3,912,278
Reserves	20	108,366,267	115,268,409
		<b>113,061,001</b>	<b>119,180,687</b>
<b>Non-current liabilities</b>			
Retirement and other service benefits	21	5,989,347	7,527,709
Lease liabilities	22	4,314,789	-
Other payable	23	1,359,627	-
		<b>11,663,763</b>	<b>7,527,709</b>
<b>Current liabilities</b>			
Trade and other payables	24	147,460,348	180,042,553
Unclaimed dividend	25	1,355,064	1,739,860
Unpaid dividend	26	-	103,297
Provisions	27	490,972	490,972
Accrued interest / mark-up	28.5	1,216,690	1,017,317
Short-term borrowings	28	66,433,196	106,977,130
Current portion of lease liabilities	22	37,092	-
		<b>216,993,362</b>	<b>290,371,129</b>
Contingencies and commitments	29		
		<b>341,718,126</b>	<b>417,079,525</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020 (Rupees in '000)	2019
<b>Net sales</b>	30	1,108,357,723	1,154,297,980
Cost of products sold	31	(1,096,130,521)	(1,118,280,614)
<b>Gross profit</b>		12,227,202	36,017,366
Other income	32	10,210,206	7,352,747
<b>Operating costs</b>			
Distribution and marketing expenses	33	(11,489,637)	(9,911,519)
Administrative expenses	34	(3,148,037)	(2,502,230)
Reversal / (provision) for impairment on financial assets - net	13.3 & 16.7.1	169,215	(306,373)
Other expenses	35	(220,046)	(4,393,102)
		(14,688,505)	(17,113,224)
<b>Profit from operations</b>		7,748,903	26,256,889
Finance costs	36	(13,427,312)	(8,986,552)
Share of profit of associates - net of tax	7.5.1	544,390	206,503
<b>(Loss) / profit before taxation</b>		(5,134,019)	17,476,840
Taxation	37	(1,331,533)	(6,890,287)
<b>(Loss) / profit for the year</b>		(6,465,552)	10,586,553
		(Rupees)	(Restated)
<b>(Loss) / earnings per share - basic and diluted</b>	38	(13.77)	22.55

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

	Note	2020 (Rupees in '000)	2019
(Loss) / profit for the year		(6,465,552)	10,586,553
<b>Other comprehensive income / (loss):</b>			
<b>Items that will not be subsequently reclassified to statement of profit or loss:</b>			
Share of actuarial (loss) / gain on remeasurement of staff retirement benefits of associates - net of tax	7.5.1	(4,892)	3,700
Unrealised gain / (loss) on remeasurement of equity investment classified as fair value through other comprehensive income	7.3	2,111,409	(2,062,563)
Taxation thereon		(459,231)	334,558
		1,652,178	(1,728,005)
Actuarial gain / (loss) on remeasurement of retirement and other service benefits	21.1.6	1,273,128	(3,761,994)
Taxation thereon		(618,409)	1,126,299
		654,719	(2,635,695)
		2,302,005	(4,360,000)
<b>Total comprehensive (loss) / income for the year</b>		<b>(4,163,547)</b>	<b>6,226,553</b>

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Reserves						Total
	Share capital	Capital reserves		Revenue reserves			
		Surplus on vesting of net assets	Unrealised gain / (loss) on remeasurement of FVOCI investments	General reserve	Un-appropriated profit	Sub-total	
(Rupees in '000)							
<b>Balance as at July 01, 2018</b>	3,260,232	3,373	6,063,653	25,282,373	81,930,758	113,280,157	116,540,389
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	-	10,586,553	10,586,553	10,586,553
<b>Other comprehensive loss</b>							
Unrealised loss on remeasurement of equity investment classified as FVOCI - net of tax	-	-	(1,728,005)	-	-	(1,728,005)	(1,728,005)
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	(2,635,695)	(2,635,695)	(2,635,695)
Share of actuarial gain on remeasurement of the staff retirement benefits of associates - net of tax	-	-	-	-	3,700	3,700	3,700
	-	-	(1,728,005)	-	(2,631,995)	(4,360,000)	(4,360,000)
	-	-	(1,728,005)	-	7,954,558	6,226,553	6,226,553
<b>Transactions with the owners</b>							
Final dividend for the year ended June 30, 2018 at Rs. 5/- per share	-	-	-	-	(1,630,116)	(1,630,116)	(1,630,116)
Bonus shares issued for the year ended June 30, 2018 at 20%	652,046	-	-	-	(652,046)	(652,046)	-
Interim dividend for the year ended June 30, 2019 at Rs. 5 per share	-	-	-	-	(1,956,139)	(1,956,139)	(1,956,139)
	652,046	-	-	-	(4,238,301)	(4,238,301)	(3,586,255)
<b>Balance as at June 30, 2019</b>	<b>3,912,278</b>	<b>3,373</b>	<b>4,335,648</b>	<b>25,282,373</b>	<b>85,647,015</b>	<b>115,268,409</b>	<b>119,180,687</b>
<b>Total comprehensive loss for the year</b>							
Loss for the year	-	-	-	-	(6,465,552)	(6,465,552)	(6,465,552)
<b>Other comprehensive income</b>							
Unrealised gain on remeasurement of equity investment classified as FVOCI - net of tax	-	-	1,652,178	-	-	1,652,178	1,652,178
Actuarial gain on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	654,719	654,719	654,719
Share of actuarial loss on remeasurement of the staff retirement benefits of associates - net of tax	-	-	-	-	(4,892)	(4,892)	(4,892)
	-	-	1,652,178	-	649,827	2,302,005	2,302,005
	-	-	1,652,178	-	(5,815,725)	(4,163,547)	(4,163,547)
<b>Transactions with the owners</b>							
Final dividend for the year ended June 30, 2019 at Rs. 5/- per share	-	-	-	-	(1,956,139)	(1,956,139)	(1,956,139)
Bonus shares issued for the year ended June 30, 2019 at 20%	782,456	-	-	-	(782,456)	(782,456)	-
	782,456	-	-	-	(2,738,595)	(2,738,595)	(1,956,139)
<b>Balance as at June 30, 2020</b>	<b>4,694,734</b>	<b>3,373</b>	<b>5,987,826</b>	<b>25,282,373</b>	<b>77,092,695</b>	<b>108,366,267</b>	<b>113,061,001</b>

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

	Note	2020	2019
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	68,688,860	10,104,106
Long-term loans, advances and other receivables		(107,609)	51,522
Long-term deposits and prepayments		(12,787)	(8,722)
Taxes paid		(6,253,634)	(8,524,136)
Finance costs paid		(11,547,460)	(8,444,389)
Retirement and other service benefits paid		(2,507,849)	(2,410,116)
<b>Net cash generated from / (used in) operating activities</b>		<b>48,259,521</b>	<b>(9,231,735)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of:			
- property, plant and equipment		(3,008,283)	(1,980,999)
- intangibles		(51,755)	(44,504)
Proceeds from disposal of operating assets		34,007	32,987
Acquisition of shares in Pakistan Refinery Limited		(210,000)	(840,000)
Advance against right issue of Pakistan Refinery Limited		(1,890,000)	-
Dividends received		283,227	298,038
<b>Net cash used in investing activities</b>		<b>(4,842,804)</b>	<b>(2,534,478)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short-term borrowings - net	28.6	(24,272,505)	8,631,191
Lease payments		(1,113,040)	-
Dividends paid		(2,444,232)	(5,407,902)
<b>Net cash (used in) / generated from financing activities</b>		<b>(27,829,777)</b>	<b>3,223,289</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>15,586,940</b>	<b>(8,542,924)</b>
Cash and cash equivalents at beginning of the year		(16,467,793)	(7,924,869)
<b>Cash and cash equivalents at end of the year</b>	40	<b>(880,853)</b>	<b>(16,467,793)</b>

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Pakistan State Oil Company Limited ("the Company") is a public company incorporated in Pakistan in 1976 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is located at PSO House, Khayaban-e-Iqbal, Clifton, Karachi. The principal activities of the Company are procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils.

1.2 The business units of the Company include the following:

<b>Business Unit</b>	<b>Geographical Location</b>
Head Office	PSO House, Khayaban-e-Iqbal, Clifton, Karachi.
Lubes Manufacturing Plant	National Refinery Limited, Korangi, Karachi. Kemari Oil Terminal, Kemari, Karachi.

1.3 Regional marketing, sales offices and invoicing points are located across the country. The Company owns retail operation sites and sites operated through dealers across Pakistan, the details of which is impracticable to disclose in these unconsolidated financial statements as required under the 4th Schedule to the Companies Act, 2017.

During the year, the World Health Organization declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe introduced a host of measures on both the fiscal and economic fronts.

Procurement, storage and marketing of petroleum and related products, have been permitted by the Government to operate with strict compliance of SOPs issued. Consequently, the Company's sales offices, storages points and business offices have continued to operate. However, COVID-19 has primarily impacted the Company on account of unprecedented fluctuation in international oil prices.

1.4 The Board of Management (BoM) nominated by the Federal Government under section 7 of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the Act") manages the affairs of the Company. The provisions of the Act shall have effect notwithstanding anything contained in the Companies Act, 2017 or any other law for the time being in force or any agreement, contract, Memorandum or Articles of Association of the Company.

1.5 These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement

These unconsolidated financial statements have been prepared on the basis of 'historical cost' convention, unless otherwise specifically stated.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

## 2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

## 2.4 Critical accounting estimates, assumptions and judgments

The preparation of the unconsolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other relevant factors, including reasonable expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. The estimates, assumptions and judgements that are subject to risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

### 2.4.1 Property, plant and equipment and intangibles

The Company reviews appropriateness of the method of depreciation / amortisation, useful lives and residual values used in the calculation of depreciation / amortisation of property, plant and equipment and intangible assets on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment at each reporting date.

### 2.4.2 Right-of-use assets and corresponding lease liability

Where the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value of the right-of-use asset in a similar economic environment.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

### 2.4.3 Stock-in-trade

The Company reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values at each reporting date. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

### 2.4.4 Provision for impairment on financial assets

#### Financial assets covered under IFRS 9 - 'Financial Instruments' (IFRS 9)

The Company uses default rates based on credit rating of customers from which receivable are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customer which have similar characteristics to calculate expected credit losses (ECL) for trade receivables and other receivables.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

The default rates are benchmarked and adjusted for forward looking information, cash flow projections are discounted using original effective interest rates, and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates which is then adjusted for forward looking information.

The assessment of the correlation between historical observed default rates and the projection of cash flows from customers, forecast economic conditions and resulting ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

## **Financial assets covered under IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39)**

The Company assesses the recoverability of its financial assets if there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debts and other receivables are impaired.

### **2.4.5 Income taxes**

Significant judgment is required in determining the provision for income taxes and deferred tax asset and liability. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due taking into account decisions/judgement of appellate authorities on similar tax issues in the past. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made. The recognition of deferred tax is also made taking into these judgements and the best estimate of future results of the Company.

### **2.4.6 Provision for retirement and other service benefit obligations**

The present value of these obligations depends on a number of factors and is being calculated on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 21.3 to these unconsolidated financial statements.

### **2.4.7 Valuation of un-quoted equity investments other than subsidiary and associates**

The fair value of un-quoted equity investments other than subsidiary and associates is calculated using cash flow projections which are discounted using the required rate of return. These cash flow projections and required rate of return calculation involves number of assumptions as disclosed in note 7.2 of these unconsolidated financial statements. Any changes in these assumptions will impact the carrying amount of the investment.

### **2.4.8 Contingencies**

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Company, based on availability of latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of uncertain future event(s).

## **2.5 Initial application of standards, amendments or an interpretation to existing standards**

- a) **Standards, amendments and interpretations to accounting and reporting standards that became effective during the year**

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

The following standard and interpretation to accounting and reporting standards as applicable in Pakistan became effective for the first time and are relevant to the Company.

IFRS 16 - 'Leases'  
IFRIC - 23 'Uncertainty over Income Tax Treatments'

The adoption of the above standard and interpretation to accounting standards did not have any material effect on the unconsolidated financial statements except for IFRS 16, detail of which is as follows:

## IFRS 16 - 'Leases'

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS-16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction for lessees between operating and finance leases has been removed and all lease contracts, with limited exceptions will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

In applying the standard, the Company adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information.

The right-of-use assets were recognized based on the amount equal to lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company does not have any sub-lease as on July 1, 2019.

Lease term is the non-cancelable period for which the Company has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Company is reasonably certain to exercise and option to terminate which the Company is not reasonably certain to exercise.

The lease liabilities as at July 01, 2019 represents discounted cash flows pertaining to operating lease commitments as at June 30, 2019. The cash flows as disclosed were modified to take the impact of different treatment of extension options and termination options.

**Weighted average incremental borrowing rate as at July 01, 2019** 13.72%

## Impact on unconsolidated statement of financial position as at July 01, 2019

### Assets

Right-of-use assets	4,720,427
Prepayments	(289,958)
	<u><u>4,430,469</u></u>

### Liabilities

Current portion of lease liabilities	32,707
Lease liabilities	4,397,762
	<u><u>4,430,469</u></u>

## Impact on unconsolidated statement of profit or loss for the year ended June 30, 2020

(Increase)/Decrease

Depreciation on right-of-use asset	(400,849)
Rent expense	838,119
Finance costs	(618,215)
	<u><u>(180,945)</u></u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review.

The adoption of IFRS 16 has resulted in change in accounting policies of the Company, which have been disclosed in note 3.2 and 3.14 to these unconsolidated financial statements.

## b) Standards, amendments and interpretations to accounting and reporting standards that are not yet effective

The following amendments to the accounting and reporting standards as applicable in Pakistan are relevant to the Company and would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, amendments or interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business	January 01, 2020
IAS 1/ IAS 8 Definition of Material	January 01, 2020
IAS 1 Classification of Liabilities as Current and Non-current	January 01, 2022
IAS 37 Amendments to Onerous Contracts	January 01, 2022

Further, Securities and Exchange Commission of Pakistan through its SRO No. 985(I)/2019 dated September 02, 2019 and clarification dated September 06, 2019 has exempted the applicability of "Expected Credit Losses Method" till June 30, 2021 on financial assets directly due from Government of Pakistan (GoP) or that are ultimately due from GoP, in consequence of circular debt, provided that the Company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' - (IAS 39).

The above amendments to accounting and reporting standards are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

## 2.6 Share based payments and Benazir Employees Stock Option Scheme

Amendments to IFRS 2 Share-based payment – Group cash-settled Share-based payment transactions became effective from July 01, 2010 which require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for such transaction in its separate or individual unconsolidated financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investments. The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP vide SRO 587(I)/2011 dated June 07, 2011; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme. Further, in response to this letter, as per the Ministry of Privatization letter dated May 08, 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter Trustees of the Scheme have requested parent ministry for directions / clarification on winding up. No clarification has been received till date.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at cost and capital work-in-progress, which is stated at cost less accumulated impairment losses, if any.

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings for financing the projects which takes substantial time for completion, until such projects are available for their intended use. Fixed assets under capital work in-progress are classified to the appropriate categories of property, plant and equipment, when completed and ready for intended use.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Depreciation is charged to profit or loss using straight-line method so as to write off the historical cost of the assets over their estimated useful lives at the rates given in note 4.1 to these unconsolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. Assets' residual value, useful lives and method of depreciation and rates are reviewed, and adjusted prospectively, if appropriate on an annual basis at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Maintenance and normal repairs are charged to profit or loss. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

## 3.2 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

## 3.3 Intangibles

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably.

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible asset is amortised and charged to profit or loss from the month when such asset is available for use on straight-line basis over its useful economic life. The estimated useful life and amortisation method are reviewed on an annual basis at each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

## 3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### i) Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15 'Revenue from Contract with Customers'.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

## **Subsequent measurement**

For purposes of subsequent measurement, the Company classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

## **Financial assets at amortised cost (debt instruments)**

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

## **Financial assets designated at FVOCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Company has not designated any financial asset as at FVPL.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## ii) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

## Subsequent measurement

### Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at FVPL.

### Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 3.5 Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decision of investees. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Company's share of its associates' post acquisition profits or losses is recognised in profit or loss and its share in associates' post acquisition comprehensive income is recognised in other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Dividends received from associates reduce the carrying amount of the investment. When the Company's share of losses in associate equals or exceeds its interest in the associate including any other long term unsecured receivable, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When an FVOCI investment is converted into associated company, the balance in the surplus on revaluation of related asset is transferred to unappropriated profit. Gain on transaction between the Company and its associate are eliminated to the extent of the Company's interest in associates.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

## 3.6 Investment in subsidiary

Investment in subsidiary is stated at cost less accumulated impairment losses, if any.

## 3.7 Stores, spares and loose tools

These are valued at moving average cost less accumulated impairment loss, if any, except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. Cost comprises invoice value and other direct costs but excludes borrowing cost. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

## 3.8 Stock-in-trade

Stock-in-trade is valued at the lower of average cost or cost on first-in-first-out (FIFO) basis, and net realisable value except for stock-in-transit which is stated at cost (invoice value) plus other charges incurred thereon till the reporting date. The cost formula is dependent on the nature of the stock categories but the same formula is applied to all items of a similar nature. Cost comprises invoice value, charges like excise, custom duties, etc., and other direct costs.

Provision is made for obsolete / slow moving stocks where necessary and recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to be incurred in order to make a sale.

## 3.9 Deposits, advances and other receivables

Deposits, advances and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method (EIR).

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to profit or loss.

## 3.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, with banks in current and deposit accounts, cheques in hand, demand draft and running finance under mark-up arrangements. Running finances under mark-up arrangements are shown within short-term borrowings under current liabilities on the statement of financial position.

## 3.11 Impairment

### 3.11.1 Impairment of financial assets

#### Financial assets covered under IFRS 9

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## Financial assets covered under IAS 39

The Securities and Exchange Commission of Pakistan through its SRO No. 985(I)/2019 dated September 02, 2019 and clarification dated September 06, 2019 has exempted the applicability of "Expected Credit Losses Method" till June 30, 2021 on financial assets directly due from Government of Pakistan (GoP) or that are ultimately due from GoP, in consequence of circular debt, provided that the Company shall follow relevant requirements of IAS 39.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss when there is objective evidence as a result of one or more events that occurred after the initial recognition. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial asset carried at cost, the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods. For financial asset carried at amortised cost, the amount of impairment loss recognised is difference between carrying amount and present value of estimated cash flow, discounted at effective interest rate.

### 3.11.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in profit or loss.

## 3.12 Share capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 3.13 Retirement and other service benefits

### 3.13.1 Defined benefit plans

#### Pension funds

The Company operates approved funded defined benefit pension schemes separately for permanent management and non-management employees except for those employees who joined the Company after December 31, 2012. The scheme is administrated by the trustees nominated under the trust deed. The schemes provide pension based on the employees' last drawn salary. Pensions are payable for life and thereafter 50% to surviving spouses and / or dependent children. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried using the Projected Unit Credit Method. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Actuarial gain or loss (remeasurements) are immediately recognised as 'other comprehensive income/(loss)' as they occur. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

#### Gratuity fund

The Company also operates an approved funded defined benefit gratuity scheme for all its permanent employees. The scheme is administrated by the trustees nominated under the trust deed. The Scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gain or loss (remeasurements) are immediately recognised in 'Other comprehensive income/(loss)' as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

#### Medical benefits

The Company also provides post retirement defined medical benefits to its permanent employees except for those management and non-management employees who joined the Company after July 01, 2001. Under the unfunded scheme all such employees, their spouses and dependents are entitled to the benefits. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (remeasurements) are immediately recognised in other comprehensive income/(loss) as they occur. The amount recognised in the statement of financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## Compensated absences

The Company provides for compensated absences on the basis of actuarial valuation carried out in accordance with the requirements of IAS 19 'Employees Benefits'. Actuarial valuation of the scheme is carried out every year. Compensated absences are based on employees' last drawn salary.

## 3.13.2 Defined contribution plan

### Provident fund

The Company also operates an approved funded defined contributory provident fund separately for its management and non-management employees. Equal monthly contributions are made both by the Company and the employee at the rate of 8.33% per annum of the basic salary. In addition, employees have the option to contribute at the rate of 16.66% per annum, however, the Company's contribution remains at the rate of 8.33% per annum.

### Pension fund

The Company also operates an approved funded defined contributory pension fund separately for its management and non-management employees. Monthly contribution is made by the Company at the rate of 9.47% per annum of the gross salary.

## 3.14 Lease liabilities

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

### 3.15 Unclaimed dividend

The Company recognises unclaimed dividend which was declared and remained unclaimed by the shareholder from the date it was due and payable.

### 3.16 Provisions

Provisions are recognised when the Company has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

### 3.17 Contract liabilities

Contract liability is an obligation of the Company to transfer goods and services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when payment is made or due whichever is earlier. Contract liabilities are recognised in revenue when Company fulfils the performance obligation under the contract.

### 3.18 Taxation

#### 3.18.1 Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to profit or loss except to the extent it relates to items recognised in other comprehensive income/(loss).

#### 3.18.2 Deferred

Deferred tax is accounted for using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the unconsolidated financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences including on investments in associates and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed depreciation, unused tax losses and tax credits can be utilised. Deferred tax assets are remeasured at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss except to the extent it relates to items recognised as other comprehensive income/(loss).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

## 3.19 Foreign currency transactions and translation

Transactions in foreign currencies are translated into functional currency (Pakistan Rupees) using exchange rates approximating those ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the rates prevailing at the reporting date are included in profit or loss. Non-monetary items that are measured in terms of a historical cost in a foreign currency are not re-translated.

## 3.20 Revenue recognition

The Company recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered by the Company at customer premises.

The Company generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers ranges from 2 to 90 days.

## 3.21 Other income

Other income is recognised to the extent it is probable that economic benefit will flow to the Company and the amount can be measured reliably. Other income is measured at fair value of the consideration received or receivable and recognised on following basis:

- Dividend income on equity investment is recognised when the Company's right to receive the dividend is established.
- Mark-up / interest on debt securities is recognised on time proportion basis using effective interest rate method.
- Handling, storage and other services income is recognised when the services have been rendered.
- Mark-up receivable on delayed payment is recognised on receipt basis.
- Return on deposits and other financial assets is recognised on accrual basis.

## 3.22 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing costs eligible for capitalisation are determined using effective interest rate method.

## 3.23 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses. An operating segment's operating results are reviewed regularly by the Management Committee of the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BoM includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The business segments are engaged in providing products or services which are subject to risk and rewards which differ from the risk and rewards of other segments. Segments reported are Petroleum products, Liquefied Natural Gas (LNG) and other sources.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 3.24 Interest in joint arrangements

Joint arrangements are arrangements in which the Company has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement.

The Company classifies a joint arrangement as joint operations when the Company has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operations. The Company classifies a joint arrangement as a joint venture when the Company has rights to the net assets of the arrangement.

The Company currently has joint operations as follows:

- In October 1961, the Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Total Parco Marketing Limited for ownership and operation of the hydrant fuelling facilities known as "Eastern Joint Hydrant System" at Karachi Airport. The Company has a 44% share in this joint arrangement.
- In December 2004, the Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Total Parco Marketing Limited, for establishment and installation of storage facilities relating to petroleum products at Mehmoodkot. The Company has a 62.1% share in the joint arrangement.
- In March 2015, the Company entered into an unincorporated joint arrangement with Attock Petroleum Limited (APL) for establishment, operation and maintenance of a fuel farm and to operate and maintain the hydrant refueling system at the New Islamabad International Airport. Each party has a 50% share in this joint arrangement.

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in these unconsolidated financial statements under the appropriate line items.

The Company currently does not have any joint venture.

## 3.25 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the unconsolidated financial statements in the period in which these are approved.

## 3.26 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 3.27 Contingencies

Contingencies are disclosed when Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

4. PROPERTY, PLANT AND EQUIPMENT	Note	2020	2019
Operating assets	4.1	7,187,082	7,113,375
Capital work-in-progress	4.4	2,806,482	1,073,784
		<u>9,993,564</u>	<u>8,187,159</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Land		Building		Tanks and pipelines	Service and filling stations (note 4.1.2)	Plant and machinery	Furniture and fittings	Vehicles and other rolling stock	Office equipments	Railway sidings	Gas cylinders / regulators (note 4.1.2)	Total
	Freehold	Leasehold	On freehold land	On leasehold land									
<b>4.1 Operating assets</b>													
<b>As at July 01, 2018</b>													
Cost	232,649	128,417	968,359	1,486,891	4,340,613	10,798,193	4,482,071	337,683	1,713,983	893,614	97,613	263,412	25,743,498
Accumulated depreciation	-	(37,221)	(605,779)	(820,681)	(3,516,657)	(8,478,639)	(3,237,919)	(273,100)	(1,201,077)	(737,378)	(56,510)	(137,568)	(9,102,529)
Net book value	232,649	91,196	362,580	666,210	823,956	2,319,554	1,244,152	64,583	512,906	156,236	41,103	125,844	6,640,969
<b>Year ended June 30, 2019</b>													
Opening net book value	232,649	91,196	362,580	666,210	823,956	2,319,554	1,244,152	64,583	512,906	156,236	41,103	125,844	6,640,969
Additions / transfers	326,725	-	-	33,633	62,673	685,490	222,900	19,090	62,328	72,217	-	108,666	1,593,722
<b>Disposals (note 4.2)</b>													
Cost	-	-	-	(3,499)	(166)	(154,285)	(3,856)	(6,951)	(51,613)	(4,089)	-	-	(224,459)
Accumulated depreciation	-	-	-	3,383	150	153,733	3,856	6,906	46,760	4,082	-	-	218,870
Depreciation charge (note 4.1.1)	-	-	-	(116)	(16)	(552)	-	(45)	(4,853)	(7)	-	-	(5,589)
Closing net book value	559,374	89,491	340,060	637,932	760,343	2,590,427	1,243,363	62,964	423,711	154,692	36,634	214,384	7,113,375
<b>As at June 30, 2019</b>													
Cost	559,374	128,417	968,359	1,517,025	4,403,120	11,329,398	4,701,115	349,822	1,724,698	961,742	97,613	372,078	27,112,761
Accumulated depreciation	-	(38,926)	(628,299)	(879,093)	(3,642,777)	(8,738,971)	(3,457,752)	(286,858)	(1,300,987)	(807,050)	(60,979)	(157,694)	(19,999,386)
Net book value	559,374	89,491	340,060	637,932	760,343	2,590,427	1,243,363	62,964	423,711	154,692	36,634	214,384	7,113,375
<b>Year ended June 30, 2020</b>													
Opening net book value	559,374	89,491	340,060	637,932	760,343	2,590,427	1,243,363	62,964	423,711	154,692	36,634	214,384	7,113,375
Additions / transfers	-	-	66,913	899	19,256	776,656	174,579	7,887	103,325	69,956	-	56,114	1,275,585
<b>Disposals (note 4.2)</b>													
Cost	-	-	(801)	(4)	(8,031)	(69,011)	(8,948)	(2,944)	(35,665)	(15,028)	-	-	(140,432)
Accumulated depreciation	-	-	801	4	7,951	68,805	8,647	2,742	26,033	15,028	-	-	130,011
Depreciation charge (note 4.1.1)	-	(1,705)	(22,921)	(62,359)	(126,255)	(463,331)	(242,635)	(21,869)	(144,279)	(72,633)	(4,469)	(29,001)	(1,191,457)
Closing net book value	559,374	87,786	384,052	576,472	653,264	2,903,546	1,175,006	48,780	373,125	152,015	32,165	241,497	7,187,082
<b>As at June 30, 2020</b>													
Cost	559,374	128,417	1,034,471	1,517,920	4,414,345	12,037,043	4,866,746	354,765	1,792,358	1,016,670	97,613	428,192	28,247,914
Accumulated depreciation	-	(40,631)	(650,419)	(941,448)	(3,761,081)	(9,133,497)	(3,691,740)	(305,985)	(1,419,233)	(864,655)	(65,448)	(186,695)	(21,060,832)
Net book value	559,374	87,786	384,052	576,472	653,264	2,903,546	1,175,006	48,780	373,125	152,015	32,165	241,497	7,187,082
Annual rate of depreciation (%)	-	1-7	5-10	5-20	5-20	5-33	5-33	7-33	17-20	7-33	7-10	10	

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
(Rupees in '000)			
4.1.1	Depreciation charge for the year has been allocated as follows:		
	Cost of products sold	33,085	32,262
	Distribution and marketing expenses	1,044,353	1,001,152
	Administrative expenses	114,019	82,313
		<b>1,191,457</b>	<b>1,115,727</b>

4.1.2 Service and filling stations include cost of Rs.11,537,703 (2019: Rs.10,818,953) incurred by the Company on underground storage tanks, dispensing units and other equipment, construction and related work. It also includes cost incurred on modernisation and development under the "New Vision Scheme" on approximately 2,067 (2019: 2,059) out of the total 3,463 (2019: 3,503) retail filling station of dealers. In view of large number of outlets and consumer sites, the Company considers it impracticable to disclose particulars of assets not in the possession of the Company as required under the Fourth Schedule to the Companies Act, 2017. Furthermore, gas cylinders costing Rs. 428,189 (2019: Rs. 372,078) are not in possession of the Company.

4.1.3 Included in operating assets are fully depreciated assets having cost of Rs.16,262,751 (2019: Rs.15,700,444).

4.1.4 Included in operating assets are assets having net book value of Rs.704,674 (2019: Rs.796,624) in respect of Company's share in the joint operation. Certain assets relating to joint operation (Eastern Joint Hydrant System and New Islamabad International Airport) are not in the possession or name of the Company having net book value of Rs.55,261 (2019: Rs.41,276) and Rs.336,747 (2019: Rs.374,548) respectively. The possession of these assets at EJHD and NIAP is with Shell Pakistan Limited and Attock Petroleum Limited respectively. In view of large number of assets, the Company considers it impracticable to disclose particulars of assets not in the possession or name of the Company as required under the Fourth Schedule to the Companies Act, 2017.

4.2 The details of operating assets disposed off during the year are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
Vehicle	1,835	1,009	826	1,498	672	Company Policy	Mr. Farhan Pasha Ex. Employee
Vehicle	1,817	999	818	1,818	1,000	Company Policy	Mr. Shahzad Safdar Ex. Employee
Vehicle	1,790	805	985	1,014	29	Company Policy	Mr. Anis Ur Rehman Ex. Employee
Vehicle	1,899	443	1,456	1,519	63	Company Policy	Mr. Airf Rizwan Ex. Employee
Vehicle	1,850	647	1,203	1,851	648	Company Policy	Ms. Mehreen Aamir Ex. Employee
Vehicle	1,899	569	1,330	1,393	63	Company Policy	Mr. Akhtar Zamir Ex. Employee
Vehicle	2,048	204	1,844	1,844	-	Company Policy	Mr. Ashfaq H Jatoi Ex. Employee
Items having book value of less than Rs. 500 each	127,294	125,335	1,959	23,070	21,111		
<b>June 30, 2020</b>	<b>140,432</b>	<b>130,011</b>	<b>10,421</b>	<b>34,007</b>	<b>23,586</b>		
June 30, 2019	224,459	218,870	5,589	32,987	27,398		

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

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

Description of Location	Addresses	Total Area of Land Square Yards
<b>Installations</b>		
Machike Installation	Sargodha Road, Sheikhpura.	164,742
Morgah Installation	Caltex Road, New Lalazar, Rawalpindi.	14,913
Pipri Installation (ZOT)	National Highway, Pipri.	460,647
Shikarpur Installation	Deh Ali Murad Kalhoro. Taluka Kanpur. Distt. Shikarpur.	261,965
<b>Depots</b>		
Chitral Depot	Mastuj-Dir Road, Chitral.	13,790
Chakpirana Depot	Chakpirana, G.T Road Lala Moosa	104,091
Daulatpur Depot	Daulatpur, Distt. Nawabshah.	140,360
Faqirabad Depot	Lawrancepur, Distt. Attock.	112,984
Lalpir Depot	Deh Khuhawar & Gujrat, Tehsil Kot Addu Distt, Muzafargarh.	157,179
Habibabad Depot	Near Railway crossing, Habibabad Distt. Kasur.	199,620
Khuzdar Depot	Main R.C.D. Highway Road, Khuzdar.	48,400
Kohat Depot	13-KM, Kohat/Rawalpindi Road, Kohat.	56,507
Kotlajam Depot	Kotlajam, Distt. Bhakkar.	48,400
New Faisalabad Depot	Village Karari, Chak No 190 RB, Tehsil Saddar, Distt. Faisalabad.	100,611
New Hyderabad Depot	Deh Senhwar, Taluka Distt. Hyderabad.	248,050
Pasni Depot	Pasni Gawadar Road, Opposite Airport Road, Girani.	96,800
Quetta Depot 'C'	Chaman Road, Quetta Cantt.	30,008
Sangi Depot	Deh Mehranpure, Taluka Pano Akil.	48,400
Serai Naurang Depot	Village Nar Hafizabad Tehsil, Distt. Bannu.	48,521
Taru Jabba Depot	G.T Road, Peshawar.	64,523
<b>Retail Outlets</b>		
Daimond Fuel Station	Jamrud Road, Peshawar.	1,785
Garden Petroleum Station	Opp. Fatima Jinnah Girls High School, Nishter Road, Karachi.	1,056
Madni Petroleum Services	College Road, Peshawar.	1,194
PSO Service Station	Block-A North Nazimabad, Karachi.	1,000
Pak Service Station	Sukkur City, Opposite Hira Medical Center, Sukkur.	833
PSO Service Station	3A, The Mall, Rawalpindi.	870
<b>Others</b>		
Bin Qasim Pak Saudia	South Western Zone, Port Qasim Authority, Karachi.	116,160
Computer Institute, Badin	PSO Computer Institute, Badin.	4,840
Jamshoro Land	Deh Morho Jabbal, Taluka Kotri Distt., Dadu.	968,000
PSO House	PSO House, Clifton, Karachi.	6,535
Railway Marshalling Yard, Pipri	South Western Zone, Port Qasim Authority, Karachi.	484,000

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in Rs. '000)

4.3.1 In view of large number of buildings and other immoveable assets, the Company considers it impracticable to disclose particulars of such assets of the Company as required under the Fourth Schedule to the Companies Act, 2017.

4.4	Capital work-in-progress	Note	2020	2019
	Tanks and pipelines		1,393,509	261,510
	Service and filling stations		113,685	83,092
	Plant and machinery		60,125	9,763
	Furniture, fittings and equipment		813	-
	Advance to suppliers and contractors		99,866	85,787
	Capital spares		1,138,484	633,632
		4.4.1 & 4.4.2	<u>2,806,482</u>	<u>1,073,784</u>

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

Balance at beginning of the year		1,073,784	686,507
Additions during the year		3,060,038	2,025,503
Transfers during the year			
- Operating assets		(1,275,585)	(1,593,722)
- Intangibles		(51,755)	(44,504)
		<u>(1,327,340)</u>	<u>(1,638,226)</u>
Balance at end of the year		<u>2,806,482</u>	<u>1,073,784</u>

4.4.2 Includes capital work-in-progress amounting to Rs.182,269 (2019: Rs.72,604) in respect of Company's share in joint operation.

5.	RIGHT-OF-USE ASSETS	Note	Land	Building	Total
	<b>As at July 01,</b>				
	Cost (Impact of initial application of IFRS 16)	2.5	4,669,844	50,583	4,720,427
	Accumulated depreciation		-	-	-
	<b>Net book value</b>		<u>4,669,844</u>	<u>50,583</u>	<u>4,720,427</u>
	<b>Movement during the year</b>				
	Opening net book value (Impact of initial application of IFRS 16)		4,669,844	50,583	4,720,427
	Additions		115,413	-	115,413
	Change due to modifications during the year		300,824	-	300,824
	Less: Depreciation charge for the year	5.2	(377,488)	(23,361)	(400,849)
	<b>Closing net book value</b>		<u>4,708,593</u>	<u>27,222</u>	<u>4,735,815</u>
	<b>Balance at the end of the year</b>				
	Cost		5,086,081	50,583	5,136,664
	Accumulated depreciation		(377,488)	(23,361)	(400,849)
	<b>Net book value</b>		<u>4,708,593</u>	<u>27,222</u>	<u>4,735,815</u>

5.1 The annual rate of depreciation for the right-of-use assets ranges between 1% - 20%.

5.2	Depreciation charge for the year has been allocated as follows:	Note	2020	2019
	Distribution and marketing expenses	33	376,374	-
	Administrative expenses	34	24,475	-
			<u>400,849</u>	<u>-</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

5.3 The right-of-use assets comprise land and office premises acquired on lease by the Company for its operations. The Company has also entered into lease of pipelines and tank lorries, however, these do not constitute right-of-use assets on account of variable payments not linked to index or rate.

	Note	2020	2019
<b>6. INTANGIBLES</b>			
<b>Net carrying value</b>			
Net book value at beginning of the year		52,193	19,732
Additions at cost		51,755	44,504
Amortisation charge for the year	6.1 & 34	(21,018)	(12,043)
Net book value at end of the year		82,930	52,193
<b>Gross carrying value</b>			
Cost	6.2	508,729	456,974
Accumulated amortisation		(425,799)	(404,781)
Net book value		82,930	52,193

6.1 The cost is being amortised over a period of 3 to 5 years.

6.2 Intangibles include ERP System - SAP, anti-virus softwares and other office related softwares.

	Note	2020	2019
<b>7. LONG-TERM INVESTMENTS</b>			
<b>Investment in related parties</b>			
<b>Investment held at fair value through other comprehensive income</b>			
<b>In a unquoted company</b>			
- Pak-Arab Pipeline Company Limited (PAPCO) Equity held: 12% (2019: 12%) No. of shares: 8,640,000 (2019: 8,640,000) of Rs. 100/- each	7.3	8,516,173	6,404,764
<b>Investment in subsidiary - at cost</b>			
<b>In a quoted company</b>			
- Pakistan Refinery Limited (PRL) Equity held 60% (2019: 52.68%) No. of shares: 189,000,000 (2019: 154,875,000) of Rs. 10/- each	7.4	2,776,090	2,566,090
- Advance against issue of share capital	7.4.2	1,890,000	-
		4,666,090	2,566,090
<b>Investment in associates</b>			
<b>In unquoted companies</b>			
- Asia Petroleum Limited Equity held: 49% (2019: 49%) No. of shares: 46,058,570 (2019: 46,058,570) of Rs. 10/- each	7.5	2,955,801	2,418,932
- Pak Grease Manufacturing Company (Private) Limited Equity held: 22% (2019: 22%) No. of shares: 686,192 (2019: 686,192) of Rs. 10/- each	7.5	52,694	50,065
		3,008,495	2,468,997
		16,190,758	11,439,851

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in Rs. '000)

- 7.1 The principal place of business of all the investees is Karachi.
- 7.2 Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Company. Accordingly, the Company has carried out an exercise to ascertain the fair value of investment as at the year end using the discounted cash flow technique (Level 3). The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	2020	2019
- Discount rate	16.8% - 17.8%	20.5% - 21.8%
- Growth rate of terminal value	5%	5%

Based on the above fair valuation exercise, the Company has recorded an unrealised gain-net of tax of Rs. 1,652,178 (2019: Loss of Rs.1,728,005) in other comprehensive income / (loss) for the year.

	Note	2020	2019
<b>7.3 Movement of investment classified as FVOCI</b>			
Balance at beginning of the year		6,404,764	8,467,327
Remeasurement gain / (loss) recognised as other comprehensive income / (loss)		2,111,409	(2,062,563)
Balance at the end of the year		<u>8,516,173</u>	<u>6,404,764</u>

**7.3.1 Sensitivity to unobservable inputs:**

- Discount rate (1% increase)	(619,123)	(359,561)
- Discount rate (1% decrease)	737,965	411,960
- Growth rate of terminal value (1% increase)	500,839	254,700
- Growth rate of terminal value (1% decrease)	(422,476)	(223,821)

**7.4 Movement of investment in subsidiary at cost**

Balance at beginning of the year		2,566,090	-
Transferred from investment in associate		-	2,566,090
Investment made during the year	7.4.1	210,000	-
Balance at the end of the year		<u>2,776,090</u>	<u>2,566,090</u>

7.4.1 During the year, the Company further acquired 10,500,000 shares and 2,625,000 shares of PRL from The Shell Petroleum Company Limited and Chevron Global Energy Inc., USA, respectively, at nominal values. Further, the Company subscribed 21,000,000 right shares of PRL offered in 2015 at Rs. 10 per share. Resultantly, the Company's shareholding in PRL has increased to 189,000,000 shares (60%) from 154,875,000 shares (52.68%) as of June 30, 2020.

7.4.2 During the year, Board of Directors of PRL approved increase in share capital of PRL by 100% through issue of 1 right share for every 1 existing ordinary share held at Rs. 10/- per share. The Company has fully subscribed its portion (60%) of right shares and has paid Rs. 1,890,000 which has been classified as advance against right shares as transfer of these shares is pending at the reporting date.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

**7.4.3** During the year, the Company has given undertaking to PRL for subscribing such remaining portion of 40% of the Right Issue which remains unsubscribed. Subsequent to the year end, 92.87% of the Right Issue has been subscribed and remaining 7.13% unsubscribed portion (22,459,028 shares) has been subscribed by the Company. The payment for the unsubscribed portion amounting to Rs.224,590 has been made by the Company on July 23, 2020.

## 7.5 Investments in associates

### 7.5.1 Movement of investment in associates

	2020			2019			
	APL	PGMCL	Total	PRL	APL	PGMCL	Total
Balance at beginning of the year	2,418,932	50,065	2,468,997	2,018,551	1,843,027	58,007	3,919,585
Investment made during the year	-	-	-	840,000	-	-	840,000
Share of profit / (loss) / of associates - net of tax:							
- current year - unaudited	536,917	1,373	538,290	(396,961)	576,060	(7,064)	172,035
- adjustment for last year profit / (loss) based on prior year audited financial statements	5,423	677	6,100	34,579	641	(752)	34,468
	542,340	2,050	544,390	(362,382)	576,701	(7,816)	206,503
Share of actuarial (loss) / gain on remeasurement of staff retirement benefits of associates - net of tax	(5,471)	579	(4,892)	4,622	(796)	(126)	3,700
Unrealised gain on revaluation of shares on acquisition date	-	-	-	91,339	-	-	91,339
Dividend income	-	-	-	(26,040)	-	-	(26,040)
Transferred to subsidiary	-	-	-	(2,566,090)	-	-	(2,566,090)
Balance at end of the year	2,955,801	52,694	3,008,495	-	2,418,932	50,065	2,468,997

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

7.5.2 The summarised financial information of the associates, based on their financial statements is as follows:

	Un-audited		Audited	
	2020		2019	
	APL	PGMCL	APL	PGMCL
Revenue	2,061,899	108,976	1,795,183	124,324
Profit / (loss) after tax for the year	1,095,751	6,242	1,186,701	(29,034)
Other comprehensive income / (loss)	-	-	(11,165)	2,631
Total comprehensive income / (loss)	1,095,751	6,242	1,175,536	(26,403)
Non-current assets	969,171	53,506	1,064,167	33,357
Current assets	6,052,883	212,673	4,459,129	214,689
	7,022,054	266,179	5,523,296	248,046
Non-current liabilities	(171,876)	(16,548)	(21,012)	(3,814)
Current liabilities	(817,931)	(10,111)	(565,786)	(10,955)
	(989,807)	(26,659)	(586,798)	(14,769)
Net assets	6,032,247	239,520	4,936,498	233,277
Fair value based on quoted share price	N/A	N/A	N/A	N/A

## 7.5.3 Reconciliation of carrying amount of investment

Net assets (Note 7.5.2)	6,032,247	239,520	4,936,498	233,277
Company's Holding in % (Note 7)	49%	22%	49%	22%
Company's share of investment in associate	2,955,801	52,694	2,418,884	51,321
Adjustments based on audited financial statements	-	-	48	(1,256)
Carrying amount of investment	2,955,801	52,694	2,418,932	50,065

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>8. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES</b>			
<b>Loans - considered good</b>			
Executives*	8.1	156,234	114,029
Employees		360,711	228,769
	8.2 & 8.4	516,945	342,798
Current portion shown under current assets	14	(158,931)	(109,346)
		358,014	233,452
<b>Advances - considered good (secured)</b>			
Employees	8.3	57,034	67,293
Current portion shown under current assets	14	(24,075)	(29,496)
		32,959	37,797
<b>Other receivables</b>			
- Considered good		63,639	75,754
- Considered doubtful		8,143	8,143
		71,782	83,897
Provision for impairment		(8,143)	(8,143)
		63,639	75,754
		454,612	347,003
<b>8.1 Reconciliation of carrying amount of loans to executives*:</b>			
Balance at beginning of the year		114,029	118,642
Disbursements		85,455	34,754
Repayments		(43,250)	(39,367)
Balance at end of the year		156,234	114,029

\*These represent executives as prescribed under the Companies Act, 2017.

**8.2** These represent interest free loans to executives and employees for purchase of motor cars, motor cycles, house building, marriage, umrah and others, in accordance with the Company's policy. Loans for purchase of motor cars and motor cycles are secured against the respective assets, whereas all other loans are unsecured. These loans are recoverable in monthly installments over a period of twenty months to sixty months.

**8.3** These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Company's policy. These advances are secured against respective assets and are recovered through monthly deduction of house allowance until complete repayment is made.

**8.4** Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these unconsolidated financial statements.

	Note	2020	2019
<b>9. LONG-TERM DEPOSITS AND PREPAYMENTS</b>			
Long-term deposits	9.1	207,272	236,714
Prepaid rentals		-	137,215
Less: Current portion shown under current assets	15	-	(42,629)
		-	94,586
		207,272	331,300

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

9.1 These include interest free deposits amounting to Rs. 126,290 (2019: Rs. 180,576) paid to related parties.

	Note	2020	2019
<b>10. DEFERRED TAX ASSET - NET</b>			
Deductible temporary differences in respect of:			
Provision for:			
- tax amortisation		678	411
- impairment of stores and spares		17,553	10,674
- provision for slow moving products		25,967	6,222
- impairment on trade debts		898,921	877,402
- impairment on other receivables		772,443	843,035
- retirement and other service benefits		1,736,911	2,176,188
- excise, taxes and other duties		21,121	21,121
Liabilities offered for taxation		11,986,914	10,478,567
Recoupable carried forward tax losses	10.2	276,587	-
Recoupable minimum turnover tax	10.3	3,928,497	-
Lease liabilities		1,262,046	-
Others		2,363	2,362
		<b>20,930,001</b>	<b>14,415,982</b>
Taxable temporary differences in respect of:			
- accelerated tax depreciation		(449,449)	(417,649)
- Right-of-use assets		(1,289,299)	-
- equity investment held as FVOCI		(1,664,348)	(1,205,116)
- investments in associates accounted for under equity method		(378,134)	(296,475)
		<b>(3,781,230)</b>	<b>(1,919,240)</b>
		<b>17,148,771</b>	<b>12,496,742</b>

10.1 Movement in deferred tax asset - net is as follows

Balance at beginning of the year		12,496,742	10,160,411
- recognized in profit or loss	37	6,014,105	875,474
- recognized in other comprehensive (loss) / income		(1,362,076)	1,460,857
Balance at end of the year		<b>17,148,771</b>	<b>12,496,742</b>

10.2 Deferred tax asset has been recognised for tax losses available for carry forward to the extent that realization of the related tax benefit through future taxable profits, based on the projections, is probable. As of the reporting date, unused tax losses of Rs.953,748 are available for carry forward on which deferred tax asset amounting to Rs. 276,587 has been recognised in these unconsolidated financial statements.

10.3 Deferred tax asset has been recognised on recoupable minimum turnover tax of current year amounting to Rs.3,928,497 to the extent that realization of the related tax benefit through future taxable profits, based on the projections, is probable.

	Note	2020	2019
<b>II. STORES, SPARES AND LOOSE TOOLS</b>			
Stores, spares and loose tools		599,158	511,017
Provision for impairment	11.1	(60,527)	(36,808)
		<b>538,631</b>	<b>474,209</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
11.1			
The movement in provision for impairment during the year is as follows:			
Balance at beginning of the year		36,808	32,274
Provision recognised during the year	35	23,719	4,534
Balance at end of the year		60,527	36,808

## 12. STOCK-IN-TRADE

Raw and packing material		1,816,381	2,305,077
Petroleum and other products (gross)	12.1	28,505,530	57,151,783
Less: Stock held on behalf of third parties	12.2	(2,249,211)	(4,135,509)
		28,072,700	55,321,351
Provision for slow moving products	12.3	(89,543)	(21,456)
Provision for write down to net realisable value		(304,248)	(51,286)
	12.4	27,678,909	55,248,609
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Company Limited		15,518,767	22,659,967
		43,197,676	77,908,576
Add: Charges incurred thereon		14,017,092	11,756,455
	31	57,214,768	89,665,031

12.1 Includes stock-in-transit amounting to Rs. 16,802,745 (2019: Rs. 14,391,428) and stocks (net of provision) held by:

	2020	2019
Pakistan Refinery Limited - Subsidiary	-	107,529
Shell Pakistan Limited	147,411	495,053
Byco Petroleum Pakistan Limited	3,854	3,951
	151,265	606,533

12.2 Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs. 23,730 (2019: Rs. 23,730). This also includes stock held on behalf of related parties amounting to Rs. 18,602 (2019: Rs. 63,340).

	Note	2020	2019
12.3			
The movement in provision for slow moving products:			
Balance at beginning of the year		21,456	21,456
Provision during the year		89,543	-
Reversal of provision during the year		(21,456)	-
	35	68,087	-
Balance at end of the year		89,543	21,456

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

12.4 Includes Rs.9,979,857 (2019: Rs.1,553,023) in respect of stock carried at net realisable value.

	Note	2020	2019
<b>13. TRADE DEBTS</b>			
<b>Considered good</b>			
<i>- Due from Government agencies and autonomous bodies</i>			
- Secured	13.1	124,663	155,524
- Unsecured	13.2	161,751,360	168,277,493
		<b>161,876,023</b>	168,433,017
<i>- Due from other customers</i>			
- Secured	13.1	1,826,424	1,819,131
- Unsecured	13.2	33,057,392	49,334,184
		<b>34,883,816</b>	51,153,315
		<b>196,759,839</b>	219,586,332
		<b>3,099,727</b>	3,025,523
<b>Considered doubtful</b>		<b>199,859,566</b>	222,611,855
Trade debts - gross		<b>(3,099,727)</b>	(3,025,523)
Provision for impairment	13.2 & 13.3	<b>196,759,839</b>	219,586,332
Trade debts - net			

13.1 These debts are secured by way of security deposits and bank guarantees.

13.2 Included in trade debts is an aggregate amount of Rs. 169,989,614 (2019: Rs. 180,676,446) due from GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO), Kot Addu Power Company Limited (KAPCO) and Sui Northern Gas Pipelines Company Limited (SNGPL). These include past due debts of Rs. 75,013,820 (2019: Rs. 82,383,020), Rs. 23,331,012 (2019: Rs. 25,637,026), Rs. 473,458 (2019: Rs. 4,105,302) and Rs. 68,296,465 (2019: Rs. 53,457,589) from GENCO, HUBCO, KAPCO and SNGPL, respectively, based on the agreed credit terms. The Company carries a specific provision of Rs. 346,975 (2019: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 166,767,780 (2019: Rs.165,235,962) (against which subsequent receipts of Rs. 1,450,000 from GENCO, Rs. 300,371 from KAPCO and Rs. 37,690,929 from SNGPL have been received) as doubtful, as the Company based on measures undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time.

	2020	2019
<b>13.3</b> The movement in provision for impairment during the year is as follows:		
Balance at beginning of the year	3,025,523	2,960,344
Provision recognised during the year	262,952	198,469
Reversal of provision during the year	(188,748)	(133,290)
	<b>74,204</b>	65,179
Balance at end of the year	<b>3,099,727</b>	3,025,523

13.3.1 Provision for impairment has been recognised against trade debts as follows:

Related parties	1,332,981	1,071,117
Other customers	1,766,746	1,954,406
	<b>3,099,727</b>	3,025,523

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

- 13.4 As at June 30, 2020, trade debts aggregating to Rs. 17,312,197 (2019: Rs. 27,382,041) are neither past due nor impaired. The remaining debts aggregating to Rs. 179,447,642 (2019: Rs. 192,204,291) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2020	2019
Up to 1 month	14,210,201	38,623,388
1 to 3 months	57,161,879	51,118,827
3 to 6 months	8,556,297	9,945,860
6 to 1 year	9,989,199	25,784,916
Over 1 year	89,530,066	66,731,300
	<u>179,447,642</u>	<u>192,204,291</u>

- 13.5 The details of trade debts due from associates and related parties are as follows:

	Maximum aggregate outstanding at the end of any month	2020	2019
<b>Associate</b>			
Asia Petroleum Limited	1,817	-	1,179
<b>Other Related Parties</b>			
GENCO	86,089,329	75,013,820	86,241,212
SNGPL	97,609,037	71,171,325	64,692,905
Pakistan International Airlines Corporation	13,757,761	12,572,121	13,323,598
K-Electric Limited	8,192,634	2,295,518	4,005,387
Pakistan Railways	2,353,558	2,179,349	1,814,982
Oil & Gas Development Corporation Limited	615,685	601,456	625,906
Pakistan Petroleum Limited	87,779	7,669	26,210
Sui Southern Gas Company Limited	640	-	370
Pakistan Steel Mills Corporation Limited	3,865	1,871	804
Civil Aviation Authority	1,169	677	1,293
Pakistan National Shipping Corporation	2,021	2,021	2,021
		<u>163,845,827</u>	<u>170,735,867</u>

- 13.6 The details of past due or impaired trade debts from associates and related parties are as follows:

Name	Up to 6 months	More than 6 months	Total	
			2020	2019
<b>Other Related Parties</b>				
GENCO	1,302,184	73,711,636	75,013,820	82,383,020
SNGPL	68,296,465	-	68,296,465	53,457,589
Pakistan International Airlines Corporation	6,089,402	6,229,037	12,318,439	12,342,061
Pakistan Railways	1,763,553	4,024	1,767,577	-
Oil & Gas Development Corporation Limited	380,466	148	380,614	247,610
Pakistan Petroleum Limited	4,124	-	4,124	12
Sui Southern Gas Company Limited	-	-	-	370
Pakistan Steel Mills Corporation Limited	-	-	-	804
Pakistan National Shipping Corporation	-	2,021	2,021	2,021
	<u>77,836,194</u>	<u>79,946,866</u>	<u>157,783,060</u>	<u>148,433,487</u>
Provision for impairment (notes 13.6.1 & 13.6.2)			<u>(1,332,981)</u>	<u>(1,071,117)</u>
			<u>156,450,079</u>	<u>147,362,370</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

13.6.1 The movement in provision for impairment against due from related parties during the year is as follows:

	Note	2020	2019
Balance at beginning of the year		1,071,117	1,007,082
Provision during the year		261,864	116,141
Reversal of provision due to recoveries during the year		-	(52,106)
		261,864	64,035
Balance at end of the year	13.6.2	1,332,981	1,071,117

13.6.2 The provision for impairment has been recognised in respect of following related parties:

GENCO	346,975	346,975
Pakistan International Airlines Corporation	983,985	722,121
Pakistan National Shipping Corporation	2,021	2,021
	1,332,981	1,071,117

## 14. LOANS AND ADVANCES

### Secured

Loans and advances to executives and employees  
 - Current portion of long-term loans and advances, including Rs. 72,293 (2019: Rs.61,110) to executives  
 - Short-term loans and advances

Note	2020	2019
8	183,006	138,842
14.1	77,959	48,695
	260,965	187,537

### Unsecured

Advance to suppliers  
 Advance for Company-owned filling stations

	149,387	41,696
	3,963	5,501
	153,350	47,197
	414,315	234,734

14.1 Included therein is 'Nil' (2019: Rs. 1,080) as advance salary paid to key management personnel.

## 15. SHORT - TERM DEPOSITS AND PREPAYMENTS

### Deposits - interest free

Duty and development surcharge  
 Deposit against court orders

Note	2020	2019
	2,086,564	2,677,825
	53,006	53,006
	2,139,570	2,730,831

Prepayments  
 Current portion

9	419,872	416,843
	-	42,629
	419,872	459,472
	2,559,442	3,190,303

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 16. OTHER RECEIVABLES

Due from GoP, a related party, on account of:

- Price differential claims (PDC)			
- on imports (net of related liabilities) of Motor gasoline	16.1	1,350,961	1,350,961
- on High Speed Diesel (HSD)	16.2	602,603	602,603
- on Ethanol E-10 fuel		27,917	27,917
- on account of supply of Furnace Oil to K-Electric Limited (KEL) at Natural Gas prices	16.3	3,908,581	3,908,581
- GENCO receivables	16.4	3,407,357	3,407,357
		<b>9,297,419</b>	<b>9,297,419</b>
Unfavourable exchange differences on FE-25 borrowings due from GoP - a related party	16.5	1,798,997	30,243,658
Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty - due from related party	16.6	259,793	297,570
Sales tax refundable - due from related party		-	6,938,064
		<b>11,356,209</b>	<b>46,776,711</b>
Provision for impairment	16.7	(718,336)	(999,149)
		<b>10,637,873</b>	<b>45,777,562</b>
Handling and hospitality charges		759,482	917,963
Product claims - insurance and other - considered doubtful		90,201	90,201
Provision for impairment	16.7	(90,201)	(90,201)
		-	-
Workers' Profit Participation Fund	16.8	89,936	89,936
Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party)		4,582,323	2,539,411
Provision for impairment	16.7	(46,000)	(46,000)
		<b>4,536,323</b>	<b>2,493,411</b>
Others			
- Considered good		7,766,955	8,676,899
- Considered doubtful		1,809,060	1,771,666
		<b>9,576,015</b>	<b>10,448,565</b>
Provision for impairment	16.7	(1,809,060)	(1,771,666)
		<b>7,766,955</b>	<b>8,676,899</b>
	16.9 & 16.11	<b>23,790,569</b>	<b>57,955,771</b>

### 16.1 Import PDC on motor gasoline

This represents PDC on account of import of motor gasoline by the Company, being the difference between the imported landed costs and the local ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Company as well as other Oil Marketing Companies (OMCs) were asked in the meeting chaired by Director General (Oil) - Ministry of Petroleum and Natural Resources (MoP&NR) to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the MoP&NR, GoP with a proposal for pricing mechanism whereby end consumer price of motor gasoline was proposed to be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Although at that time, no response was received from the MoP&NR, the Company along with another OMC continued to import motor gasoline on behalf of the industry being confident that price differential on motor gasoline will be settled as per previous practice i.e. based on the differential between ex-refinery and import cost as the imports were being made on MoP&NR's instruction.

The Company continued to follow up with MoP&NR for early settlement of these claims and the ministry also confirmed vide its letter no. PL-NP(4)/2010-F&P dated July 28, 2010 that the above mentioned claims are under process. During financial year 2010-2011, MoP&NR - GoP vide its letter no. PL-3(434)/2011Vol XII dated May 31, 2011 implemented the Economic Coordination Committee (ECC's) decision, whereby end consumer price of motor gasoline will be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product, thereby putting an end to any further PDC.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

Out of total claim of Rs. 6,350,961, the Company received an amount of Rs. 5,000,000 during the year ended June 30, 2012. MoP&NR vide its letter no. PL-7(4)/2012-13 dated March 01, 2013 informed the Ministry of Finance (MoF) regarding the balance amount payable to the Company and advised to include it in budgetary allocation. However, in response to confirmation request sent by the Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit by Auditor General Pakistan (AGPR).

Subsequently MoP&NR through its letter dated March 31, 2017 communicated the directives of Departmental Accounts Committee (DAC) wherein the DAC had advised MoP&NR to allow the PDC claim to the Company based on actual incidental costs incurred rather than being formula based. Accordingly, the Company appointed an independent firm of Chartered Accountants which undertook the assignment of re-verification of PSO's PD Claim based on the above directives. The firm issued its final audit report in April 2018 according to which PSO's claim was lower by Rs. 365,294 based on actual cost of incidentals, for which provision for impairment was made during the year ended June 30, 2018. Subsequently, the Company wrote a letter dated May 02, 2018 to MoE, Ministry of Energy (Petroleum Division) and shared the final audit report. During the year, the Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Company is fully confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

## 16.2 PDC relating to certain HSD products

This represents the balance of PDC due from GoP. This PDC originated in 2004 when there were significant increases in international oil prices. The Government of Pakistan, however, provided relief to end consumers by not passing on the entire increase in local prices of petroleum products. This was done by introduction of a price subsidy. As a result of this subsidy to consumers, PSO could not recover its actual cost from the end consumer and the deficit in recovery was to be reimbursed by GoP through payment of subsidy. PSO was asked to claim this subsidy by submitting price differential claims. As a set procedure, PSO used to submit fortnightly claims to the GoP, for the amount of PDC receivable on the sales of petroleum products made by it during the fortnight. Payments were then released against these claims.

The last settlement against this claim was made by GoP in April 2012 when the Company was directed to adjust an amount of Rs. 514,600 against dividends payable to GoP. The Company made the adjustments accordingly.

The Company wrote a letter dated January 26, 2015 to Directorate General (Oil) MoP&NR, requesting for the inclusion of said claim in the Federal Budget 2015-16, however, the said claim was not included in Federal Budget 2015-16. Further, in response to confirmation request sent by the Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit.

MoP&NR through its letter dated March 31, 2017, communicated the directives of DAC meeting dated March 02, 2017 wherein the DAC had advised MoP&NR to provide decision against the summary dated October 09, 2004 submitted by MoP&NR for approval of the Prime Minister, based on which Finance Division had released / approved the above PDC.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

During the year ended June 30, 2018, MoP&NR informed the Company vide its letter no. PL-3 (242)/2017 dated August 04, 2017 that the Company's claim of Rs. 602,603 was referred to Government of Pakistan – Finance Division which raised certain reservations. However, the Company in response through its letter to MoP&NR has claimed that the outstanding amount of Rs. 602,603 is authentic and verified by M/s Deloitte Yousuf Adil, Chartered Accountants (M/s Deloitte) and has requested MoP&NR to approach Ministry of Finance (MoF) for reimbursement of same. During the year, the Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Company is fully confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

## 16.3 PDC on account of supply of furnace oil to KEL at Natural Gas prices

The Company received a directive from MoP&NR through letter no. NG(1)-7(58)09-LS(Vol-1) dated November 26, 2009 in which the Company was directed to supply furnace oil to KEL at the prices equivalent to natural gas prices plus applicable duties and taxes under the Natural Gas Load Management Program (GLMP) for Winter 2009-2010. As per this arrangement, the differential cost between the natural gas and furnace oil was to be borne by GoP and reimbursed directly to the Company by MoF. The Company was again directed by GoP in May 2010 to supply furnace oil to KEL at natural gas prices. Accordingly, furnace oil was provided to KEL at natural gas price which resulted in PDC of Rs. 5,708,581 out of which Rs. 1,800,000 was received from MoF in June 2010.

The Ministry of Water & Power (MoW&P) vide its letter dated December 24, 2012 requested MoF to settle the above mentioned claims at the earliest. The MoP&NR vide its letter no. DOM-3(17)/2013 dated April 19, 2013 also requested MoF to process the claim of PSO at the earliest. During the year ended June 30, 2013, the Company vide its letter no. PDC/96/13/001 dated December 19, 2013 requested the MoW&P for placing the request with MoF to include this claim in the Federal Budget 2014-2015. Subsequently, MoW&P vide its letter dated March 26, 2014 requested the MoF for inclusion of the said claim in the Federal Budget 2014-15, but the said amount was not included in the budget. The Company again requested MoW&P on May 3, 2016 for recommending this case for inclusion in the Federal Budget 2016-2017.

Further, MoP&NR vide its letter no. DOM-3 (17) / 2016 dated September 27, 2016 advised the Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Company would refund the said amount to GoP. In return, the Company furnished the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letter no. DOM-3(17)/2016 dated October 25, 2016 requested MoW&P for budgetary provision of the claim, but it was not included in the budget for FY 2017-18.

During the year ended June 30, 2018, the Company requested MoP&NR vide its letter no. IJ/July 2017/1 dated July 28, 2017 to advise MoF (Budget/Corporate Finance) for early payment/settlement of GLMP PD claim. Subsequently, MoE (Petroleum Division) vide its letter no. DOM-3(17)/2016 dated October 04, 2017 requested MoE (Power Division) for processing the Company's claim. On February 15, 2018, the Company vide its letter no. PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and release of funds to the Company against the claim. During the year ended June 30, 2019, the Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget of 2019-20. MoE responded vide its letter dated May 7, 2019 that it had already requested Ministry of Finance for inclusion of said claim in Budget 2019-20.

During the year, the Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Company is fully confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

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## 16.4 GENCO - PDC between the products Low Sulphur Furnace Oil (LSFO) and High Sulphur Furnace Oil (HSFO)

In 1996, through a decision taken at a meeting of the Privatisation Commission and Finance Division - GoP, the Company was advised to supply LSFO to Kot Addu Power Project at the HSFO price and GENCO was advised to absorb the price differential between the two products. However, later on, in accordance with the decision of ECC dated November 4, 2003, the Company was allowed to recover this amount through a pricing mechanism in addition to recovery of the amount outstanding against its other white oil claims for import price differential. As the validity period for said recovery mechanism expired on December 31, 2004, hence, the Company could not make any recovery on this account through the recovery mechanism as other white oil price differential claims had to be recovered first which also could not be recovered in full through this recovery mechanism. However, the Company continued to follow up the matter with MoP&NR. In 2005, the Company submitted an independent report on the verification of the above claim to MoP&NR, upon their request. In 2006, a joint reconciliation exercise was carried out with GENCO as per the decision taken in a meeting held on May 19, 2006 under the chairmanship of Additional Finance Secretary (GoP) and the final reconciliation statements were submitted to MoF and GENCO. Subsequently, on February 3, 2007 the Company and GENCO agreed upon the final receivable balance of Rs. 3,407,357. MoP&NR vide its letter no. PL-7(4)/2012-13 dated March 01, 2013 has requested the MoF to make a provision of the said amount in the Federal Budget 2013-2014.

The Company vide its letter no. PDC/96/13/001 dated January 27, 2015 requested MoW&P to take up the matter with MoF to settle the claim. MoW&P vide its letter no. PF-5(13)/2012 dated March 9, 2015 sought certain clarifications regarding the claim. The Company vide its letter no. PDC/96/15/001 dated March 31, 2015 replied to the clarification sought by MoW&P and requested for inclusion of the said claim in Federal Budget 2015-2016, however, the said claim was not included in the Federal Budget 2015-16.

Further, MoP&NR vide its letter no. DOM-3 (17) / 2016 dated September 27, 2016 advised the Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Company would refund the said amount to GoP. The Company in return provided the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letters dated November 02, 2016 and May 08, 2017 requested MoF for special budgetary allocation for settlement of this claim, however, it was not included in the budget for FY 2017-18.

During the year ended June 30, 2018, the Company requested MoP&NR vide its letter no. 11/July 2017/1 dated July 28, 2017 to advise MoF (Budget/Corporate Finance) for early payment/settlement of PD claim between LSFO and HSFO. Subsequently, MoE (Petroleum Division) vide its letter no. DOM-3(17)/2016 dated October 04, 2017 requested MoE (Power Division) for processing the Company's claim. On February 15, 2018 Company vide its letter PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and the release of funds to the Company against the claim. During the year ended June 30, 2019, the Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget 2019-20. MoE responded vide its letter dated May 07, 2019 that it has already requested Ministry of Finance for inclusion of said claim in Budget 2019-20.

During the year, the Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/11/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Company is fully confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

## 16.5 Unfavourable exchange differences on FE-25 borrowings

This represents unfavorable exchange difference arising on foreign currency borrowings (FE-25), obtained under the directives of MoF - GoP. These exchange differences are to be settled in accordance

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with the instructions provided by the MoF - GoP. The Company recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Company in respect of these long / extended term borrowing arrangements i.e. the Company would not bear any exchange differences on such borrowings.

During the year, the Company received partial recoveries of Rs. 20,700,000 on April 29, 2020 and Rs. 7,190,000 on June 30, 2020 based on approval from Economic Coordination Committee on April 09, 2020, while the remaining balance is expected to be received in due course of time.

## 16.6 Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty

The Ministry of Finance - GoP (MoF-GoP) through SRO 392(I)/2015 dated April 30, 2015 imposed regulatory duty on import of high speed diesel and motor gasoline. Since the notification of regulatory duty was received on May 04, 2015, the impact of the regulatory duty could not be incorporated in the prices effective from May 01, 2015, which were announced on April 30, 2015 and hence could not be recovered. However, through SRO 603(I)/2015 dated June 30, 2015, the regulatory duty was rescinded and the aforementioned regulatory duty was introduced as custom duty through Finance Act 2015. During the year ended June 30, 2016, the GoP through SRO 1178(I)/2015 dated November 30, 2015 and Finance Act, 2016 increased custom duty by 1%, resulting in a similar situation, whereby, the Company was unable to recover the impact in subsequent pricing being announced by Oil and Gas Regulatory Authority (OGRA).

The Economic Coordination Committee (ECC) of the Cabinet in its meeting dated March 07, 2018 considered the summary submitted by Petroleum Division on the subject of regulatory duty on crude oil and petroleum products and approved reimbursement of claims of OMCs on account of non-recovery of regulatory duty. The amount approved for the Company was Rs. 356,970 and the ECC directed OGRA to allow recovery of the said claims. Consequently, OGRA allowed the reimbursement amounting to Rs. 356,911 to the Company which completed in September 2018. The Company is also pursuing OGRA for reimbursement of the remaining claim on account of increase in custom duty in November 2015 and July 2016. During the year, the company resubmitted its claim to OGRA vide letter no. OGRA/RD/20122019 dated December 20, 2019. The same was forwarded to FBR by OGRA for verification vide its letter no. OGRA-10-12(56)/2018 dated January 8, 2020. The Company is confident of recovering the said claim in due course of time subject to verification by FBR.

16.7 As at June 30, 2020, receivables aggregating to Rs. 2,663,597 (2019: Rs.2,907,016) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

	Note	2020	2019
Receivable from GoP		718,336	999,149
IFEM receivables		46,000	46,000
Product claims		90,201	90,201
Other receivables	16.7.1	1,809,060	1,771,666
		<u>2,663,597</u>	<u>2,907,016</u>

16.7.1 The movement of provision for impairment is as follows:

Balance at beginning of the year		2,907,016	2,665,822
Provision recognised during the year		37,394	31,327
Reversal of provision during the year	16.7.1	(280,813)	(70,133)
		<u>(243,419)</u>	<u>241,194</u>
Balance at end of the year		<u>2,663,597</u>	<u>2,907,016</u>

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	Note	2020	2019
<b>16.8 Workers' Profit Participation Fund</b>			
Balance at beginning of the year		89,936	17,144
Allocation for the year	35	-	(927,208)
		89,936	(910,064)
Payments during the year		-	1,000,000
Balance at end of the year		89,936	89,936

**16.9** Includes receivables of Rs.10,666,183 (2019: Rs.45,807,855) due from associates and other related parties.

**16.10** Financial assets included in other receivables aggregating to Rs. 1,798,997 (2019: Rs.36,245,658) were neither past due nor impaired. Further, financial assets aggregating to Rs. 17,142,375 (2019: Rs.11,927,987) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2020	2019
Up to 3 months	516,644	486,815
3 to 6 months	43,092	306,095
More than 6 months	16,582,639	11,135,077
	17,142,375	11,927,987

**16.11** Includes receivables amounting to Rs. 8,867,186 (2019: Rs. 8,626,133) from related parties which are past due but not impaired:

	Maximum aggregate outstanding at the end of any month	Up to 6 months	More than 6 months	Total	
				2020	2019
<b>Associate</b>					
Asia Petroleum Limited	11,634	-	11,634	11,634	13,617
<b>Other related parties</b>					
Government of Pakistan	9,594,989	-	9,557,212	9,557,212	9,594,989
Pak-Arab Refinery Company Limited	16,676	-	16,676	16,676	16,676
	9,623,299	-	9,585,522	9,585,522	9,625,282
Provision for impairment (note 16.11.1)				(718,336)	(999,149)
Net receivable from related parties				8,867,186	8,626,133

**16.11.1** The movement of provision for impairment against due from GoP, related party is as follows:

	Note	2020	2019
Balance at beginning of the year		999,149	699,149
Provision recognised during the year		-	300,000
Reversal of provision during the year		(280,813)	-
Balance at the end of the year		718,336	999,149

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## 17. CASH AND BANK BALANCES

Cash in hand		9,648	11,561
Cash at banks in:			
- current accounts	17.1	3,851,445	2,406,547
- saving accounts	17.2	47,559	2,175,033
		<b>3,899,004</b>	<b>4,581,580</b>
		<b>3,908,652</b>	<b>4,593,141</b>

17.1 Includes Rs. 1,240,000 (2019: Rs.1,305,000) kept in a separate bank account in respect of security deposits received from the customers. These balances do not carry any interest.

17.2 These balances carry interest / mark-up ranging from 3.25% to 7.5% (2019: 3.8% to 10.7%) per annum.

## 18. NET ASSETS IN BANGLADESH

	2020	2019
Property, plant and equipment - at cost	46,968	46,968
Accumulated depreciation	(16,056)	(16,056)
	30,912	30,912
Capital work-in-progress	809	809
Trade debts	869	869
Long-term loans relating to assets in Bangladesh	(4,001)	(4,001)
	28,589	28,589
Provision for impairment	(28,589)	(28,589)
	-	-

The Company has no control over these assets and has maintained these in its records at the position as it was in 1971.

## 19. SHARE CAPITAL

### 19.1 Authorised capital

2020 (Number of shares)	2019	Note	2020	2019
500,000,000	500,000,000	Ordinary shares of Rs. 10/- each	5,000,000	5,000,000

### 19.2 Issued, subscribed and paid-up capital

2020 (Number of shares)	2019		2020	2019
3,000,000	3,000,000	Ordinary shares of Rs. 10/- each	30,000	30,000
7,694,469	7,694,469	- Issued for cash	76,945	76,945
458,778,83	380,533,283	- Issued against shares of the amalgamated companies	4,587,789	3,805,333
		- Issued as bonus shares		
<b>469,473,302</b>	<b>391,227,752</b>		<b>4,694,734</b>	<b>3,912,278</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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19.3 Movement in issued, subscribed and paid-up share capital during the year is as follows:

2020 (Number of shares)	2019	Note	2020	2019
Ordinary shares of Rs. 10/- each				
391,227,752	326,023,127	At the beginning of the year	3,912,278	3,260,232
78,245,550	65,204,625	Issued during the year as fully paid bonus shares	782,456	652,046
<u>469,473,302</u>	<u>391,227,752</u>	At the end of the year	<u>4,694,734</u>	<u>3,912,278</u>

19.4 These fully paid ordinary shares carry one vote per share and right to dividend.

19.5 As at June 30, 2020, 1,013,036 ordinary shares of Rs. 10/- each (2019: 1,013,036 ordinary shares) relate to withholding tax on bonus shares. These were not released by the Company to the Government Treasury based on constitutional petitions filed by the shareholders with the Honourable High Court of Sindh.

	Note	2020	2019
<b>20. RESERVES</b>			
<b>Capital reserve</b>			
Surplus on vesting of net assets	20.1	3,373	3,373
<b>Revenue reserves</b>			
Unrealised gain on remeasurement of FVOCI investment		5,987,826	4,335,648
General reserve		25,282,373	25,282,373
Un-appropriated profit		77,092,695	85,647,015
		<u>108,362,894</u>	<u>115,265,036</u>
		<u>108,366,267</u>	<u>115,268,409</u>

20.1 This represents surplus arising on vesting of net assets of Esso Oil Marketing business in Pakistan under the Esso Undertakings (Vesting) Act, 1976.

	Note	2020	2019
<b>21. RETIREMENT AND OTHER SERVICE BENEFITS</b>			
Gratuity	21.1.1	16,704	237,658
Pension	21.1.1	(797,250)	1,411,950
Medical benefits	21.1.1	6,378,954	5,611,688
Compensated absences		390,939	266,413
		<u>5,989,347</u>	<u>7,527,709</u>

21.1 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2020 under the Projected Unit Credit Method are as follows:

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## 21.1.1 Financial position reconciliation

	Note	Gratuity fund		Pension funds		Medical benefits	
		2020	2019	2020	2019	2020	2019
Present value of defined benefit obligations	21.1.2	7,339,743	6,031,284	8,171,626	6,812,400	6,378,954	5,611,688
Fair value of plan assets	21.1.3 & 21.2	(7,323,039)	(5,793,626)	(8,968,876)	(5,400,450)	-	-
Net liability / (asset) at end of the year	21.1.8	16,704	237,658	(797,250)	1,411,950	6,378,954	5,611,688

## 21.1.2 Movement in present value of defined benefit obligations

	Note	Gratuity fund		Pension funds		Medical benefits	
		2020	2019	2020	2019	2020	2019
Present value of defined benefit obligations at beginning of the year		6,031,284	5,971,943	6,812,400	15,933,820	5,611,688	3,543,985
Current service cost	21.1.4	247,200	264,063	216,038	402,307	14,953	7,965
Past service cost	21.1.4	-	81,360	-	4,723	697,902	-
Interest cost		833,887	571,673	973,191	1,230,803	804,349	347,999
Benefits paid during the year		(560,670)	(510,421)	(201,472)	(539,701)	(128,900)	(127,998)
Transfer to defined contribution funds		-	-	-	(10,807,528)	-	-
Remeasurement: Actuarial loss / (gain)		788,042	(347,334)	371,469	795,268	(621,038)	1,839,737
Curtailment gain		-	-	-	(207,292)	-	-
Present value of defined benefit obligations at end of the year		7,339,743	6,031,284	8,171,626	6,812,400	6,378,954	5,611,688

## 21.1.3 Movement in fair value of plan assets

Fair value of plan assets at beginning of the year		5,793,626	5,459,310	5,400,450	15,060,660	-	-
Expected return on plan assets		834,308	560,209	901,257	1,215,220	-	-
Contributions made by the Company		481,109	795,990	1,831,706	1,434,660	-	-
Benefits paid during the year		(560,670)	(510,421)	(201,472)	(539,701)	-	-
Transfer to defined contribution funds		-	-	-	(10,807,528)	-	-
Remeasurement: Actuarial gain / (loss)		774,666	(511,462)	1,036,935	(962,861)	-	-
Fair value of plan assets at end of the year		7,323,039	5,793,626	8,968,876	5,400,450	-	-

## 21.1.4 Expense recognised in profit or loss

Current service cost		247,200	264,063	216,038	402,307	14,953	7,965
Past service cost		-	81,360	-	4,723	697,902	-
Curtailment gain		-	-	-	(207,292)	-	-
Net interest (income) / expense		(421)	11,464	71,934	15,583	804,349	347,999
Expense for the year		246,779	356,887	287,972	215,321	1,517,204	355,964

## 21.1.5 Actual return on plan assets

		1,608,974	48,747	1,938,192	252,359	-	-
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		Gratuity fund		Pension funds		Medical benefits	
		2020	2019	2020	2019	2020	2019
<b>21.1.6</b>	<b>Remeasurement loss / (gain) recognised in other comprehensive income / (loss)</b>						
	Note						
	Actuarial loss / (gain) on defined benefit obligation	788,042	(347,334)	371,469	795,268	(621,038)	1,839,737
	Actuarial loss / (gain) on fair value of plan assets	(774,666)	511,462	(1,036,935)	962,861	-	-
	Remeasurement loss / (gain)	13,376	164,128	(665,466)	1,758,129	(621,038)	1,839,737
<b>21.1.7</b>	<b>The actuarial loss / (gain) on defined benefit obligation occurred on account of following:</b>						
	- Financial assumptions	507,520	(464,262)	236,012	(523,791)	(83,909)	1,780,277
	- Experience adjustments	280,522	116,928	135,457	1,319,059	(537,129)	59,460
		788,042	(347,334)	371,469	795,268	(621,038)	1,839,737
<b>21.1.8</b>	<b>Net recognised liability / (asset)</b>						
	Net liability at beginning of the year	237,658	512,633	1,411,950	873,160	5,611,688	3,543,985
	Expense recognised in profit or loss	246,779	356,887	287,972	215,321	1,517,204	355,964
	Contributions made / benefits paid by the Company	(481,109)	(795,990)	(1,831,706)	(1,434,660)	(128,900)	(127,998)
	Remeasurement loss / (gain) recognised in other comprehensive income / (loss)	13,376	164,128	(665,466)	1,758,129	(621,038)	1,839,737
	Net liability / (asset) at end of the year	16,704	237,658	(797,250)	1,411,950	6,378,954	5,611,688
<b>21.2</b>	<b>Plan assets comprise of following</b>						
	Regular Income Certificate	2,938,608	-	5,149,354	-		
	Pakistan Investment Bonds	2,749,980	1,564,808	2,128,411	3,272,027		
	Mutual Funds	1,344,979	1,202,617	759,453	582,530		
	Term Deposits	-	1,213,611	-	505,245		
	Treasury Bills	259,116	1,892,817	-	-		
	Quoted Shares	-	-	532,031	536,083		
	Term Finance Certificates	9,681	10,627	19,361	21,254		
	Sukuk	18,597	17,273	37,193	33,888		
	Cash and cash equivalents	7,966	22,616	270,617	371,659		
	Other (payables) / receivables - net	(5,888)	(130,743)	72,456	77,764		
	Fair value of plan assets at end of the year	7,323,039	5,793,626	8,968,876	5,400,450		

**21.2.1** Plan assets include the Company's ordinary shares with a fair value of Rs. 122,547 (2019: Rs. 109,528).

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21.3 The principal assumptions used in the actuarial valuations carried out as of June 30, 2020, using the 'Projected Unit Credit' method, are as follows:

	Gratuity fund		Pension funds		Medical benefits		Compensated absences	
	2020	2019	2020	2019	2020	2019	2020	2019
Discount rate per annum (%)	9.25	14.50	9.25	14.50	9.25	14.50	9.25	14.50
Expected per annum rate of return on plan assets (%)	9.25	14.50	9.25	14.50	-	-	-	-
Expected per annum rate of increase in future salaries (%)	9.25	13.25	9.25	13.25	-	-	9.25	13.25
Expected per annum rate of increase in medical costs (%):								
- active employees	-	-	-	-	9.25	14.50	-	-
- pensioners	-	-	-	-	9.25	14.50	-	-
Indexation of pension (%)	-	-	5.00	10.25	-	-	-	-
Expected mortality rate	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table
Expected withdrawal rate	Low	Low	Age dependent	Age dependent	Age dependent	Age dependent	Age dependent	Age dependent

21.3.1 The plans expose the Company to the actuarial risks such as:

#### Salary increase risks

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

#### Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

#### Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

#### Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

21.4 In case of the funded plans, the investment positions are managed by Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage risks has not been changed from previous periods. Investments are well diversified and a large portion of plan assets in 2020 consists of Regular income certificates, Pakistan investment bonds, Mutual funds, Treasury bills and Quoted shares.

21.4.1 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

21.4.2 Expected contributions to gratuity fund and pension funds for the year ending June 30, 2020 are Rs. 186,334 and Rs. 184,597 respectively.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

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## 21.4.3 Historical information of staff retirement benefits

	2020	2019	2018	2017	2016
<b>Pension Plan Funded</b>					
Present value of defined benefit obligation	8,171,626	6,812,400	15,933,820	14,433,857	12,284,584
Fair value of plan assets	(8,968,876)	(5,400,450)	(15,060,660)	(10,600,613)	(9,586,186)
Net (asset) / liability at end of the year	(797,250)	1,411,950	873,160	3,833,244	2,698,398
<b>Gratuity Plans Funded</b>					
Present value of defined benefit obligation	7,339,743	6,031,284	5,971,943	5,533,523	5,150,030
Fair value of plan assets	(7,323,039)	(5,793,626)	(5,459,310)	(4,973,184)	(4,857,655)
Net liability at end of the year	16,704	237,658	512,633	560,339	292,375

## 21.4.4 Defined contribution plans

An amount of Rs. 349,726 (2019: Rs. 214,816) has been charged during the year in respect of defined contribution plan maintained by the Company.

## 21.5 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Gratuity fund	Pension funds	Medical benefits
Discount rate (1% increase)	(524,232)	(1,088,435)	(943,097)
Discount rate (1% decrease)	597,525	1,359,799	1,201,847
Future salary rate (1% increase)	626,634	451,543	-
Future salary rate (1% decrease)	(558,686)	(405,786)	-
Future pension rate (1% increase)	-	903,389	-
Future pension rate (1% decrease)	-	(771,984)	-
Medical cost trend rate (1% increase)	-	-	891,725
Medical cost trend rate (1% decrease)	-	-	(743,271)

If longevity increases by 1 year, obligation increases by Rs. 378,272.

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) is applied as when calculating the liability for gratuity, pension and medical benefits recognised within the statement of financial position. There has been no change in assumptions and methods used in preparing the sensitivity analysis from prior year.

21.6 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the funds, at the beginning of the year.

21.7 The expected maturity analysis of undiscounted retirement benefit liability is as follows:

	Gratuity fund	Pension funds	Medical benefits
Less than a year	718,346	1,238,508	174,986
Between 1-2 years	636,384	1,852,051	258,708
Between 2-3 years	714,578	1,631,211	341,611
Between 3-4 years	614,217	1,860,185	430,652
Between 4-5 years	801,681	3,301,536	544,862
Between 6-10 years	3,992,799	13,063,333	3,436,561
Over 10 years	11,001,513	27,843,287	39,492,104

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in Rs. '000)

	2020	2019
<b>22. LEASE LIABILITIES</b>		
Impact of initial application of IFRS 16	4,430,469	-
Additions during the year	115,413	-
Accretion of interest	618,215	-
Lease contracts modified during the year	300,824	-
Less: Lease rentals paid	(1,113,040)	-
Less: Current portion shown under current liability	(37,092)	-
Balance at the end of the year	<u>4,314,789</u>	<u>-</u>

22.1 The Company has recognised charge of Rs. 3,353,666 (2019: 'Nil') to those variable lease payments, which do not form a part of leases.

	2020	2019
<b>22.2</b> The expected maturity analysis of undiscounted lease payment is as follows:		
Less than a year	522,527	-
Between 1-5 years	2,693,096	-
Over 5 years	14,322,532	-

## 23. OTHER PAYABLE

Balance relates to wharfage payable to related party on account of import of LNG by the Company. During the year, as per the directions of Ministry of Finance - Economic Affairs Division outstanding wharfage has to be paid in 10 equal installments without interest over a period of 10 years.

	Note	2020	2019
<b>24. TRADE AND OTHER PAYABLES</b>			
Local creditors	24.1 & 24.2	10,095,178	29,023,404
Foreign creditors	24.1 & 24.3	55,003,455	75,943,942
		<u>65,098,633</u>	<u>104,967,346</u>
Security deposits	24.4	4,723,725	4,278,394
Accrued expenses and other liabilities	24.5, 24.6 & 24.7	58,632,202	56,902,087
Payable to provident funds		22	6,510
Payable to contributory pension funds		-	3,258
Due to OMCs and refineries		299,959	992,324
Advances - unsecured			
- from customers		5,044,022	2,603,234
- against equipments		1,700	1,700
		<u>5,045,722</u>	<u>2,604,934</u>
Taxes and other government dues			
- Excise, taxes and other duties		10,087,116	8,077,402
- Octroi		51,590	51,590
- Sales tax payable - due to related party		3,051,779	-
- Income tax deducted at source		317	128,894
		<u>13,190,802</u>	<u>8,257,886</u>
Workers' Welfare Fund		377,591	1,934,198
Others		91,692	95,616
		<u>147,460,348</u>	<u>180,042,553</u>

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**24.1** The average credit period on imports is 30 days on White Oil, 60 days on Black Oil and ranges between 14 to 21 days on Liquefied Natural Gas (LNG). On local purchases, the Company is availing 13 to 14 days credit. Thereafter, interest is charged in accordance with the terms of agreement on the outstanding balance.

	2020	2019
<b>24.2</b> This includes amounts payable to the following related parties:		
Pak-Arab Refinery Company Limited - related party	3,963,643	7,937,294
Pakistan Refinery Limited - subsidiary	2,599,576	8,921,252
	6,563,219	16,858,546

**24.3** This includes amount of Rs. 6,855,172 (2019: Rs.19,595,763) in respect of import of LNG.

**24.4** Security deposits include deposits received by the Company under the terms of related agreements and are as follows:

	Note	2020	2019
Dealers	24.4.2	939,074	911,625
Equipments	24.4.3	496,546	442,286
Cartage contractors	24.4.4	953,905	854,063
Card holders	24.4.5	1,894,255	1,695,476
Suppliers	24.4.5	357,273	296,980
Others	24.4.5	82,672	77,964
		4,723,725	4,278,394

**24.4.1 Security deposits include:**

Utilisable / utilised in business	24.4.1.1	3,483,725	2,973,394
Others	24.4.1.2	1,240,000	1,305,000
		4,723,725	4,278,394

**24.4.1.1** The amount is fully utilised in business in accordance with requirement of written agreements and in terms of section 217 of the Companies Act, 2017.

**24.4.1.2** The amount is kept in separate bank accounts as per terms of agreement.

**24.4.2** These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand.

**24.4.3** These represent interest-free deposits from customers against Liquefied Petroleum Gas (LPG) equipments. The deposits are refundable on the return of equipments and are payable on demand.

**24.4.4** These represent interest bearing and interest-free deposits from contractors against the cartage contracts for transportation of petroleum products. The deposits are refundable on cancellation of these contracts.

**24.4.5** These represent non-interest bearing security deposits and are repayable on termination of contract / performance of the services.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- 24.5 Includes Rs. 2,010,646 (2019: Rs. 2,071,327) payable to Pakistan National Shipping Corporation, a related party, on account of freight and demurrage charges.
- 24.6 Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 18,917,760 (2019: Rs.18,082,826).
- 24.7 Includes current portion of wharfage payable to related party amounting to Rs. 169,954 (2019: Rs. 1,699,534).

	Note	2020	2019
<b>25. UNCLAIMED DIVIDEND</b>			
Balance at beginning of the year		1,739,860	3,443,218
Dividend for the year		1,956,139	3,586,255
Unpaid dividend	26	-	(103,297)
		<b>3,695,999</b>	<b>6,926,176</b>
Payments made during the year		<b>(2,340,935)</b>	<b>(5,186,316)</b>
Balance at end of the year		<b>1,355,064</b>	<b>1,739,860</b>

## 26. UNPAID DIVIDEND

Balance as at June 30, 2019 (as mentioned in note 25) represented part of interim dividend for the period ended March 31, 2019 which remained unpaid to the Company's non-resident shareholders. The dividend repatriation required approval from the State Bank of Pakistan which has been obtained during the year and the dividend has been remitted to the non-resident shareholders.

## 27. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities against the Company. The outcome of these legal claims are not expected to give rise to material obligations beyond those provided for.

	Note	2020	2019
<b>28. SHORT-TERM BORROWINGS</b>			
<b>From National Bank of Pakistan - Related party</b>			
Short-term finances in foreign currency	28.1	18,110,162	17,643,481
Finances under mark-up arrangements	28.2 & 28.3	-	12,510,077
		<b>18,110,162</b>	<b>30,153,558</b>
<b>From other than related party</b>			
Short-term finances			
- local currency	28.2 & 28.3	25,140,000	23,661,000
- foreign currency	28.1	18,393,529	44,611,715
		<b>43,533,529</b>	<b>68,272,715</b>
Finances under mark-up arrangements	28.2 & 28.3	4,789,505	8,550,857
	28.4 & 28.5	66,433,196	106,977,130

28.1 The rate of mark-up for these facilities range from Re. 0.10 to Re. 0.17 (2019: Re. 0.12 to Re. 0.15) per Rs. 1,000 per day. This facility is secured by way of trust receipts of the Company. These finances have been obtained on the directives of MoF via letter dated September 09, 2015.

28.2 The total facility limit of various financing facilities available from banks aggregate to Rs.124,535,000 (2019: Rs.107,335,000) out of which Rs. 94,605,495 (2019: Rs. 62,613,066) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on the Company's stocks, receivable and trust receipts.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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**28.3** The rate of mark-up on short-term finance facility is Re. 0.03 to Re. 0.24 (2019: Re.0.03 to Re. 0.36) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re. 0.23 to Re. 0.32 (2019: Re. 0.31 to Re. 0.39) per Rs. 1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

**28.4** These finances have been obtained for working capital requirements.

**28.5** As at June 30, 2020, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 1,216,690 (2019: Rs.1,017,317), which includes Rs.241,175 (2019: Rs.351,970) due to National Bank of Pakistan.

	2020	2019
<b>28.6 Movement in short term finances:</b>		
Balance at beginning of the year	85,916,196	77,285,005
Loans obtained during the year	572,282,137	222,143,036
Loans repaid during the year	(596,734,038)	(234,017,800)
Adjustment during the year	179,396	20,505,955
	(24,272,505)	8,631,191
Balance at end of the year	61,643,691	85,916,196

## 29. CONTINGENCIES AND COMMITMENTS

### 29.1 Contingencies

The Company has contingent liabilities in respect of unrecognized late payment surcharge, pending tax matters and other legal claims in the ordinary course of business.

#### 29.1.1 Late payment surcharge

Claims amounting to Rs. 6,836,838 (2019: Rs.7,757,050) in respect of delayed payment charges are not recognised on the understanding that these will be payable only when the Company will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Company against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

#### 29.1.2 Income Tax

**29.1.2.1** The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, June 30, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2004 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,733,038. These orders were later rectified and amended to Rs. 964,037. The appeal against tax year 2008 is pending before the High Court of Sindh (SHC). During the year ended June 30, 2018, the ATIR passed an order in respect of Tax Year 2004 which was decided in favour of the Company and the Company obtained its effect from tax authorities after which the amended demand was reduced to Rs. 783,014. During the year ended June 30, 2019, the ATIR passed an order in respect of Tax Year 2005 which was in favour of the Company except one point on which the Company has filed reference before SHC. During the current year, ATIR has passed orders in respect of Tax Year 2006 and 2007 which are mostly in favour of the Company. The Company has obtained the effect of ATIR order from taxation authorities for the tax years 2005 and 2006 after which demand is further reduced to Rs. 435,662. The appeal effect of Tax Year 2007 is in process. Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

- 29.1.2.2** The taxation officer passed assessment orders dated January 31, 2012, April 06, 2012 and May 31, 2012 in respect of tax years 2009 to 2011 and made certain disallowances and additions resulting in total tax demand of Rs. 4,598,246. The Company filed appeals against these orders before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] who decided certain matters in favour of the Company. During the year ended June 30, 2013, the Company received revised orders showing an aggregate demand of Rs. 740,871 after taking into effect for matters decided in favour of the Company by the CIR (Appeals). The Company has filed appeals before the ATIR for remaining points adjudicated against the Company by the CIR (Appeals) which are pending for hearing. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.
- 29.1.2.3** Assistant Commissioner Inland Revenue (ACIR) through his orders dated January 29, 2013 and January 28, 2014 made certain additions and disallowances in respect of tax year 2012 and 2013 respectively raising total tax demand of Rs.3,096,173. The Company had filed appeals there against the said orders before the CIR (Appeals), whereby most of the matters have been decided in favour of the Company. For remaining issues, the Company has filed appeals before the ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.
- 29.1.2.4** The ACIR through his orders dated February 09, 2015 and March 22, 2016 made certain additions and disallowances in respect of tax year 2014 and 2015 respectively, thereby creating total tax demand of Rs. 35,992,978. The orders were later rectified and amended to Rs. 3,619,899. Further, through computerised balloting, the Company was selected for audit of tax year 2014 by the Federal Board of Revenue (FBR) and another demand of Rs. 53,023 was created by FBR for tax year 2014. The Company has filed appeals against these orders before the CIR (Appeals) which were decided partially against the Company in 2018 except for audit case of tax year 2014 which was remanded back by CIR (Appeals) to the assessing officer for verification and effect. The Company has filed appeals before ATIR against these CIR (Appeals) orders. Last year, the Company has received an appeal effect on aforesaid CIR (Appeals) orders from Tax authorities after which the demand has been amended to Rs. 2,585,773. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.
- 29.1.2.5** The ACIR through his assessment orders dated February 27, 2017 and December 29, 2017 for Tax Year 2016; and assessment order dated February 28, 2018 for Tax Year 2017, made certain additions and disallowances, thereby creating total tax demand of Rs. 2,685,964. The Company filed appeals against these orders before the CIR (Appeals). The appeal relating to tax year 2016 has been decided by CIR (Appeals) in 2018, whereby few issues have been decided in favour of the Company. Last year, the Company had received an appeal effect for the tax year 2016 on aforesaid CIR (Appeals) order from tax authorities after which the aforesaid demand has been reduced to Rs. 2,685,818. For remaining issues, the Company has filed appeals before ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in this these unconsolidated financial statements.
- 29.1.2.6** The ACIR through his order dated January 31, 2019 made certain additions and disallowances in respect of tax year 2018 and raised tax demand of Rs. 207,773. The Company filed an appeal against aforesaid order before CIR (Appeals) which was decided against the Company. During the current year an appeal against the said order has been filed before the ATIR by the Company. Based on the views of tax advisor of the Company, the management believes that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in this these unconsolidated financial statements.

## 29.1.3 Sales Tax

- 29.1.3.1** A sales tax order-in-original No. 01/2010 dated March 30, 2010 was issued by Deputy Commissioner Inland Revenue (DCIR), FBR in respect of sales tax audit of the Company for the tax years 2004-2007. Under the said order, a demand of Rs. 883,864 was raised on account of certain transactions and default surcharge of Rs. 512,172 was imposed. The ATIR decided the case in favour of the Company. However, the

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tax department has filed an appeal against the aforesaid decision of the ATIR in the High Court of Sindh which is pending for hearing. Based on the views of tax and legal advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the favour of the Company. Accordingly, no provision has been made for the said matters in these unconsolidated financial statements.

**29.1.3.2** The DCIR passed an order dated July 02, 2019 in respect of sales tax audit for tax year 2010 giving rise to demand of Rs. 3,586,018 along with penalty of Rs. 179,300 and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before Commissioner Inland Revenue (CIR - Appeals), who has annulled the order and has decided the case in the Company's favour through an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**29.1.3.3** A sales tax order dated October 27, 2014 regarding alleged non charging of sales tax on supply of fuel to vessels proceeding outside Pakistan for the year 2014 was raised by the DCIR, FBR. Under the said order, the DCIR imposed a sales tax demand of Rs. 6,243,369 along with default surcharge of Rs. 1,375,082 and a penalty of Rs. 312,168. The Company based on the advice of its tax consultants believes that it has correctly treated the aforesaid supplies as being 'zero' rated. The Company filed an appeal against the said order before the CIR (Appeals) which was decided against the Company in decision dated June 29, 2017, received on December 05, 2017. The Company filed an appeal against the order of CIR (Appeals) before ATIR. During the current period, the Appeal was decided in favor of Company by ATIR. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**29.1.3.4** The DCIR has passed an order dated July 04, 2019 on the matter of non-charging of sales tax on supply of fuel to vessels and aircrafts proceeding outside Pakistan for the year 2014-15. The aforesaid order resulted in demand of sales tax of Rs. 4,579,596 along with penalty of Rs.228,979 and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR - Appeals, who has annulled the order and has decided the case in Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

**29.1.3.5** A sales tax order No. 01/2012 dated January 16, 2013 was issued by the DCIR (Adjudication), FBR in respect of delayed payment of sales tax due in sales tax return for March 2011. Under the said order, demand of Rs. 437,305 was raised which comprised default surcharge of Rs. 82,265 and penalty of Rs. 355,040 on late payment. The Company filed an appeal against the said order before CIR (Appeals) which was decided against the Company. The Company, accordingly, filed an appeal against the aforesaid order of CIR (Appeals) before the ATIR which vide its order dated September 13, 2013 upheld the imposition of default surcharge, however, vacated penalty imposed for de novo consideration by adjudicating authority. The matter of penalty was again decided against the Company by adjudicating officer and later on by the CIR (Appeals) vide its order dated September 29, 2015 against which the Company has filed an appeal before the ATIR on February 18, 2016. Further, the Company has also filed an appeal before the High Court of Sindh against the first order of ATIR, which is pending for hearing. Based on the views of tax and legal advisors of the Company, the management believes that it is more likely than not that the matters will ultimately be decided in favour of the Company. Accordingly, no provision in this respect has been made in these unconsolidated financial statements.

**29.1.3.6** The DCIR passed an order dated July 03, 2019 in respect of non-payment of sales tax on PDC / subsidies giving rise to demand of sales tax of Rs. 33,855,642 alongwith penalty of Rs.33,855,642 and default surcharge to be calculated at the time of settlement of demand. The Company appealed against this order before CIR - Appeals, who has annulled the order and decided the case in Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to ATIR. Based on the views of tax advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

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- 29.1.3.7 Punjab Revenue Authority (PRA) has issued an order dated September 18, 2017, received on November 30, 2017, against the Company demanding Rs. 2,258,235 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on alleged commission paid to petroleum dealers. The Company does not agree with the stance of PRA as the Authority erroneously assumed the dealer's margin allowed to petroleum dealers through OGRA's price notification as "dealer's commission". The Company further collects general sales tax on such dealer's margin and submits the same to government treasury with monthly sales tax return. Accordingly, levy of Punjab service sales tax on the alleged commission would lead to double imposition of sales tax on dealer's margin. The Company challenged the order in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, an appeal has also been filed with Commissioner - Appeals PRA against the subject order. Commissioner PRA in his appellate order dated September 5, 2018 decided the case against the Company while waiving levy of penalty thereon. The Company filed an appeal with Appellate Tribunal PRA, which had set-aside the impugned order in the order dated December 9, 2019. Based on the view of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.
- 29.1.3.8 Punjab Revenue Authority (PRA) has issued two Orders dated April 10, 2018, against the Company demanding Rs.571,933 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on account of distribution, marketing and administrative expenses as illustrated in Annual Audited Accounts of 2014-15 and 2015-16. The orders were raised on an unsubstantiated assumption that distribution, marketing and administrative expenses disclosed by the Company in its financial statements of aforementioned periods are completely taxable and pertains solely to the province of Punjab. The Company challenged the orders in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, appeals have also been filed with Commissioner - Appeals PRA against the subject orders, which is still pending. Further, PRA has also issued show cause notice dated April 04, 2018 in respect of the year 2016-17 for recovery of sales tax demand of Rs. 409,491 on similar issue against which the Company has obtained stay order from Lahore High Court. In a recent development, Lahore High Court has quashed its orders on constitutional grounds. The Company, however, has applied for stay of demand with Commissioner Appeals against the orders for Financial Years 2014-15 and 2015-16. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.
- 29.1.3.9 PRA has issued a Show Cause Notice dated October 01, 2019 demanding Rs. 8,839,550 claiming certain components of petroleum price (e.g. dealer's margin, OMC margin and IFEM) as subject to levy of Punjab Sales Tax. The Company did not agree with the view of PRA as it was treating the whole price of POL products subject to levy of general sales tax. The Company challenged the said show cause notice, against which the Lahore High Court has duly granted stay. Based on the views of tax and legal advisor of the Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.
- 29.1.3.10 The Collector (Adjudication) - Customs House Karachi, issued show-cause notices dated February 04, 2019, February 06, 2019, and August 06, 2019 to the Company for recovery of minimum value added sales tax of Rs. 17,250,015, on import of furnace oil in Pakistan. Similar notices have also been served on other OMCs as well. The Company has challenged the impugned show-cause notice in the Hon'ble Sindh High Court, who granted stay against any coercive action by the adjudicating authority. Based on the views of tax advisor of the Company, as well as the amendment introduced by Finance Act, 2019 favoring the Company's view, the management believes that the matters will ultimately be decided in the favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements.
- 29.1.3.11 On June 11, 2005, a demand was raised by the Collector of Customs, Sales Tax and Central Excise (Adjudication) in respect of sales tax, central excise duty and petroleum development levy aggregating to Rs. 165,781 inclusive of additional sales tax and central excise duty on exports of POL products to Afghanistan during the period August 2002 to November 2003. The demand was raised on the grounds

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that the export consignments were not verified by the Pakistan Embassy / Consulate in Afghanistan as required under Export Policy and Procedures, 2000. It is the Company's contention that this requirement was in suspension as in the aforesaid period the Pakistan Embassy / Consulate was not fully functional. This condition of suspension was removed only on July 22, 2004 through Export Policy Order, 2004 when the Pakistan Embassy / Consulate became fully functional in Afghanistan. Besides the issue of verification, it is also the Company's contention that export of POL products to Afghanistan can be verified from the relevant documents and therefore, the demand is unwarranted. The Company had been contesting the matter before ATIR who has remanded the case back to adjudication officer vide its order dated February 06, 2012. Based on the view of tax advisor, the Company is confident that the ultimate outcome of the matter would be in its favour and therefore no provision has been made in these unconsolidated financial statements.

## 29.1.4 Other tax matters

29.1.4.1 The Deputy Director / Sr. Excise and Taxation Officer (ETO) C.M.D.I, Karachi Port Trust (KPT) has issued a notice dated January 06, 2020 to PSO. Through said notice, a demand of Rs.6,438,869 has been raised on account of Sindh maintenance & development infrastructure cess (SMDIC) in respect of POL products consignments imported by PSO during the period 01.07.2016 to 15.11.2019 at Keamari. The Company challenged the aforesaid notice in the High Court of Sindh on February 24, 2020. The High Court through its interim order passed on February 26, 2020, has restricted the respondents from taking any action against the Company as well as creating any hindrance of lawful import / export of POL products. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Company's favour. Accordingly, no provision has been made in these unconsolidated financial statements.

29.1.4.2 The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The Company is contesting the levy along with other companies in the High Court of Sindh which was instituted on May 26, 2011. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. On the directive of the Directorate of Excise and Taxation (Taxes-II), up to June 30, 2020, the management has deposited Rs. 115,047 (2019: Rs.108,707) in cash and provided bank guarantee amounting to Rs.115,047 (2019: Rs.108,707) with the Excise and Taxation Department. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Company's favour. Total amount of possible obligation, if any, cannot be determined with sufficient reliability. Accordingly, no provision has been made against infrastructure fee in these unconsolidated financial statements.

29.1.4.3 During the year 2011, the Deputy District Officer, Property Division-B, Government of Sindh issued a show cause notice dated February 25, 2011 under the Sindh Immovable Properties Tax Act, 1958 against the Company for payment of property tax amounting to Rs.35,474 in respect of Keamari terminal land rented by the Company from Karachi Port Trust (KPT). The Company has filed a suit in the High Court of Sindh for restraining the relevant authorities from levying and collecting property tax from the Company and against KPT for recovery of property taxes paid on behalf of KPT during earlier periods amounting to Rs.39,782. The decision of the suit is pending and based on the views of its legal advisor, the management believes that the matter will ultimately be decided in favour of the Company. Accordingly, no provision has been made in this respect in these unconsolidated financial statements.

29.1.4.4 During the year ended June 30, 2002, Schedule I to Stamp Duty Act, 1899 was substituted with a revised Schedule vide Stamp (Sindh Amendment) Ordinance, 2002 and stamp duty was levied at the rate of 0.2% of amount of contracts including purchase orders for supply or to undertake cartage of stores and materials. MoP&NR has also approached Chief Minister Sindh vide its letter reference D.O.No.PL-3(413)/2009 dated April 04, 2009 on behalf of the oil marketing companies and refineries and has requested Chief Minister Sindh to direct Board of Revenue, Sindh to withdraw the levy of Stamp Duty on purchases of petroleum products as the pricing of petroleum products is a Federal subject.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Management in consultation with its legal advisors evaluated that the purchases of petroleum, oil and lubricants do not fall within the purview of the said Act, however, it may be applicable on the purchase of certain items the impact of which will not be significant. The management of the Company is confident that the merits of the case are in favour of the Company and based on the views of its legal advisor, there will be no financial implication on the Company. Accordingly, no provision has been made in this respect in these unconsolidated financial statements.

## 29.1.5 Other legal claims

29.1.5.1 As at June 30, 2020 certain legal cases amounting to Rs. 7,682,477 (2019: Rs. 7,801,972) have been filed against the Company. However, based on the advice of its legal advisors, the management believes that the outcome of these cases would be decided in the Company's favour. Details of significant legal cases are given below:

Court	Factual Description	Year of Institution	Party	Relief Sought
Sindh High Court	Claim for recovery of pending bills, insurance claims and damages	2019	Mengal Brothers v/s PSO	Recovery of financial charges of Rs. 4,564,180
Sindh High Court	Dispute relating to award of IT related projects	2011	Zaqsoft (Shahrukh Qaiser) vs. PSO	Recovery of damages of Rs. 1,447,000
Sindh High Court	Dispute relating to employment	2011	Faiz Mahmood Durrani vs. PSO	Recovery of damages of Rs. Rs. 263,343
Civil Judge Rawalpindi	Claim for recovery of interest charges	2007	ARL v/s PSO	Recovery of financial charges of Rs. 206,695
District Court Muzaffargarh	Dispute over theft of oil from Jimco Pipeline	2012	KAPCO v/s PSO	Recovery of damages of Rs. Rs. 200,000
Sindh High Court	Claim for recovery due to loss of business	2012	All Pakistan Oil Tankers Association vs. Mengal Brothers, PSO & Others	Recovery of damages of Rs. 193,717

29.1.5.2 Claims against the Company not acknowledged as debts amount to Rs. 6,801,846 (2019: Rs. 5,629,189) other than as mentioned in note 29.1.1 to these unconsolidated financial statements.

## 29.2 Commitments

29.2.1 Commitments in respect of capital expenditures contracted for but not yet incurred are as follows:

	Note	2020	2019
Property, plant and equipment		6,461,609	2,845,135
Intangibles		872,588	984,726
		<b>7,334,197</b>	<b>3,829,861</b>
29.2.2 Letters of credit	29.2.6	<b>26,070,442</b>	27,680,685
29.2.3 Bank guarantees		<b>1,474,867</b>	1,189,181
29.2.4 Standby letters of credit		<b>32,609,446</b>	38,897,240
29.2.5 Post-dated cheques		<b>1,300,000</b>	5,160,000

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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29.2.6 The Company has total unutilised facility limit against letters of credit aggregating to Rs. 74,409,314 (2019: Rs.106,714,143) as of reporting date.

29.2.7 The Company has given undertaking to the PRL for subscribing such portion of 40% of the Right Issue which remains unsubscribed. Subsequent to the year end, 92.87% of the Right Issue has been subscribed and remaining 7.13% unsubscribed portion has been subscribed by the Company.

	Note	2020	2019
<b>30. NET SALES</b>			
Gross sales	30.1	1,302,036,560	1,340,978,371
- Discount / allowances		(1,589,588)	(848,132)
- Sales tax		(174,243,189)	(167,961,753)
- Inland Freight Equalization Margin (IFEM)		(17,846,060)	(17,870,506)
		<u>(193,678,837)</u>	<u>(186,680,391)</u>
Net sales		<u>1,108,357,723</u>	<u>1,154,297,980</u>

30.1 This represent revenue from contracts with customers.

## 31. COST OF PRODUCTS SOLD

Opening stock		89,665,031	81,615,455
Purchases made during the year	31.1 & 31.2	1,063,680,258	1,126,330,190
		<u>1,153,345,289</u>	<u>1,207,945,645</u>
Closing stock	12	(57,214,768)	(89,665,031)
		<u>1,096,130,521</u>	<u>1,118,280,614</u>

31.1 Includes cost incurred on manufacturing of lubricants amounting to Rs. 5,765,550 (2019: Rs. 4,849,565).

31.2 Includes depreciation amounting to Rs.33,085 (2019: Rs.32,262).

	Note	2020	2019
<b>32. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Interest / mark-up received on delayed payments		6,924,061	3,865,658
Interest / mark-up on saving accounts		93,600	64,218
Dividend income from FVOCI investment	32.1	283,227	271,998
		<u>7,300,888</u>	<u>4,201,874</u>
<b>Income from non-financial assets</b>			
Handling, storage and other services	32.2	1,950,296	2,031,983
Income from Compressed Natural Gas (CNG) operators	32.2	163,729	166,422
Income from non-fuel retail business		146,906	135,938
Income from retail outlets - net		75,310	107,421
Scrap sales		24,871	13,545
Gain on disposal of operating assets	4.2	23,586	27,398
Penalties and other recoveries		305,009	169,171
Reversal of long outstanding stale cheques		-	94,230
Unrealised gain on revaluation of PRL shares on acquisition date		-	91,339
Liabilities written back		-	249,860
Others		219,611	63,566
		<u>2,909,318</u>	<u>3,150,873</u>
		<u>10,210,206</u>	<u>7,352,747</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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- 32.1 This represents dividend received from Pak-Arab Pipeline Company Limited, a related party.
- 32.2 This represents revenue from contracts with customers.

	Note	2020	2019
<b>33. DISTRIBUTION AND MARKETING EXPENSES</b>			
Salaries, wages and benefits	34.1	6,532,452	5,273,651
Transportation costs		347,478	276,608
Depreciation on property, plant and equipment	4.1.1	1,044,353	1,001,152
Depreciation on right-of-use assets	52	376,374	-
Security and other services		330,243	277,490
Rent, rates and taxes		88,775	730,265
Repairs and maintenance		1,469,475	966,042
Insurance		92,370	107,679
Travelling and office transport		303,754	253,711
Printing and stationery		16,979	20,965
Communication		25,354	19,586
Utilities		212,811	196,186
Storage and technical services		83,040	62,263
Sales promotion and advertisement		533,845	691,879
Fees and subscription		32,334	34,042
		<b>11,489,637</b>	<b>9,911,519</b>

<b>34. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	34.1	2,163,823	1,605,456
Depreciation on property, plant and equipment	4.1.1	114,019	82,313
Depreciation on right-of-use assets	5.2	24,475	-
Amortisation	6	21,018	12,043
Security and other services		36,694	30,832
Rent, rates and taxes		45,912	21,294
Repairs and maintenance		81,900	79,852
Insurance		126,573	112,075
Travelling and office transport		82,885	61,487
Printing and stationery		11,587	5,039
Communication		30,985	22,835
Utilities		55,354	67,565
Storage and technical services		56,120	45,684
Legal and professional		45,270	65,271
Auditors' remuneration	34.3	31,639	22,859
Contribution towards expenses of Board of Management		32,756	19,808
Donations	34.4	175,589	229,791
Fees and subscription		11,438	18,026
		<b>3,148,037</b>	<b>2,502,230</b>

- 34.1 Salaries, wages and benefits also include charge of Rs. 190,660 (2019: Rs. 82,635) in respect of Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 21.1.4 to these unconsolidated financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 34.2 Remuneration of Managing Director, Directors and Executives

34.2.1 The aggregate charge for the year in respect of remuneration and benefits to the Managing Director and Executives are as follows:

	2020		2019	
	Managing Director/ Acting Managing Director	Executives	Managing Director/ Acting Managing Director	Executives
Managerial remuneration	14,831	1,005,071	15,081	879,553
Housing and utilities	8,157	552,789	8,294	483,754
Performance bonus	2,608	263,515	1,984	157,366
Retirement benefits	4,322	350,871	3,093	392,187
Leave encashment	-	4,548	2,518	1,405
Other allowances and benefits	12,136	604,439	10,594	522,817
	<b>42,054</b>	<b>2,781,233</b>	<b>41,564</b>	<b>2,437,082</b>
Number, including those who worked part of the year	<b>2</b>	<b>417</b>	<b>2</b>	<b>374</b>

34.2.2 The amount charged in respect of fee to 11 (2019: 11) non-executive directors aggregated to Rs.27,200 (2019: Rs.14,925).

34.2.3 In addition, the Managing Director and certain executives are provided with free use of Company maintained cars. Further, the Managing Director and executives are also entitled to avail medical facilities and other benefits as per the Company's policy.

## 34.3 Auditors' remuneration

	2020			2019		
	A.F. Ferguson & Co.	EY Ford Rhodes	Total	A.F. Ferguson & Co.	EY Ford Rhodes	Total
<b>Fee for the:</b>						
- audit of consolidated financial statements	1,495	1,495	2,990	1,300	1,300	2,600
- audit of unconsolidated financial statements	3,657	3,657	7,314	3,180	3,180	6,360
- review of half yearly financial information	1,463	1,463	2,926	1,272	1,272	2,544
- audit related specialist services	2,500	2,500	5,000	-	-	-
Certification of claims, tax and other advisory services	7,638	531	8,169	5,630	743	6,373
Out of pocket expenses	2,954	2,286	5,240	2,576	2,406	4,982
	<b>19,707</b>	<b>11,932</b>	<b>31,639</b>	<b>13,958</b>	<b>8,901</b>	<b>22,859</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

**34.4** All donations are made to Corporate Social Responsibility (CSR) trust which is an independent entity responsible for payment of donations except for Rs. 24,901 which was made to Diamer-Bhasha and Mohmand Dam fund in the year ended June 30, 2019 and no such donation was paid for the year ended June 30, 2020.

	Note	2020	2019
<b>35. OTHER EXPENSES</b>			
Workers' Profit Participation Fund	16.8	-	927,208
Workers' Welfare Fund		-	349,351
Exchange loss arising on currency fluctuations - net		128,240	3,112,009
Provision against stock-in-trade - net	12.3	68,087	-
Provision against stores, spares and loose tools	11.1	23,719	4,534
		<b>220,046</b>	<b>4,393,102</b>

## 36. FINANCE COSTS

Interest / mark-up on short-term borrowings in:			
- local currency		8,841,012	3,328,622
- foreign currency	36.1	1,509,180	4,265,094
		<b>10,350,192</b>	<b>7,593,716</b>
Mark-up on bank accounts under Islamic mode		1,088,230	852,835
Late payment surcharge and other bank charges		1,370,675	540,001
		<b>2,458,905</b>	<b>1,392,836</b>
		<b>12,809,097</b>	<b>8,986,552</b>
Finance cost on lease liabilities	36.2	618,215	-
		<b>13,427,312</b>	<b>8,986,552</b>

**36.1** Includes mark-up amounting to Rs.174,085 (2019: Rs.191,746) on facilities under Islamic mode.

**36.2** Includes mark-up and bank charges amounting to Rs. 2,185,196 (2019: Rs.2,173,591) on facilities obtained from National Bank of Pakistan - a related party.

	Note	2020	2019
<b>37. TAXATION</b>			
Current			
- for the year	37.1	7,347,376	7,909,296
- for prior years		(1,738)	(143,535)
		<b>7,345,638</b>	<b>7,765,761</b>
Deferred	10.1	(6,014,105)	(875,474)
		<b>1,331,533</b>	<b>6,890,287</b>

**37.1** Includes minimum tax at the rate of 0.75% on the turnover, in accordance with Section 113 of the Income Tax Ordinance, 2001.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>37.2 Relationship between accounting profit and tax expense</b>			
Accounting (loss) / profit before taxation		<b>(5,134,019)</b>	17,476,840
Tax at the applicable tax rate of 29% (2019: 29%)		<b>(1,488,866)</b>	5,068,284
Tax effect of:			
- Final tax regime and income subject to lower tax rate		<b>2,963,999</b>	2,176,345
- Permanent differences		<b>50,921</b>	66,639
- Adjustments relating to prior years		<b>(1,738)</b>	(143,535)
- Change in rate of tax		<b>-</b>	(854,842)
- Adjustments relating to prior years deferred tax		<b>(250,049)</b>	-
- Super tax		<b>-</b>	516,001
- Others		<b>57,266</b>	61,395
		<b>1,331,533</b>	6,890,287
Effective tax rate		<b>-26%</b>	39%

## 38. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

(Loss) / profit for the year		<b>(6,465,552)</b>	10,586,553
		<b>(Number of shares)</b>	
		<b>(Restated)</b>	
Weighted average number of ordinary shares in issue during the year	38.1	<b>469,473,302</b>	469,473,302
		<b>(Rupees)</b>	
		<b>(Restated)</b>	
(Loss) / earning per share - basic and diluted		<b>(13.77)</b>	22.55

**38.1** During the year, the Company has issued 20% bonus shares (i.e. one for every five ordinary shares held) which has resulted in restatement of basic and diluted earnings per share.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>39. CASH GENERATED FROM OPERATIONS</b>			
(Loss) / profit before taxation		(5,134,019)	17,476,840
Adjustments for:			
Depreciation of property, plant and equipment	4.1.1	1,191,457	1,115,727
Depreciation of right-of-use assets		400,849	-
Amortisation of intangibles	6	21,018	12,043
Unrealised gain on revaluation of PRL shares on acquisition date	32	-	(91,339)
Provision for write down to net realisable value	12	304,248	51,286
Provision for impairment on trade debts - net	13.3	74,204	65,179
(Reversal of provision) / provision for impairment against doubtful other receivables - net	16.7.1	(243,419)	241,194
Provision against stock-in-trade	12	68,087	-
Provision for impairment against stores, spares and loose tools	11.1	23,719	4,534
Provision for retirement and other services benefits		2,242,615	1,010,807
Gain on disposal of operating assets	32	(23,586)	(27,398)
Share of profit from associates - net of tax	7.5.1	(544,390)	(206,503)
Dividend income from FVOCI Investment	32	(283,227)	(271,998)
Interest on lease payments	36	618,215	-
Finance costs	36	12,809,097	8,986,552
		<b>16,658,887</b>	<b>10,890,084</b>
Working capital changes	39.1	<b>57,163,992</b>	<b>(18,262,818)</b>
		<b>68,688,860</b>	<b>10,104,106</b>

## 39.1 Working capital changes

### Increase / (decrease) in current assets:

- Stores, spares and loose tools	(88,141)	(238,762)
- Stock-in-trade	32,077,928	(8,100,862)
- Trade debts	22,752,289	26,255,794
- Loans and advances	(179,581)	1,684,666
- Short-term deposits and prepayments	477,718	37,509
- Other receivables	34,408,621	(25,476,330)
	<b>89,448,834</b>	<b>(5,837,985)</b>

### Decrease in current liability:

- Trade and other payables	(32,284,842)	(12,424,833)
	<b>57,163,992</b>	<b>(18,262,818)</b>

## 40. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items included in the statement of financial position:

- Cash and bank balances	17	3,908,652	4,593,141
- Finances under mark-up arrangements	28	(4,789,505)	(21,060,934)
		<b>(880,853)</b>	<b>(16,467,793)</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 41. SEGMENT INFORMATION

41.1 Segment wise results are as follows:

	2020				2019			
	Petroleum Products	LNG	Others	Total	Petroleum Products	LNG	Others	Total
	(Rupees in millions)							
Net sales	795,862	309,715	2,781	1,108,358	831,944	319,836	2,518	1,154,298
Cost of products sold	(790,601)	(302,975)	(2,555)	(1,096,131)	(803,557)	(312,392)	(2,332)	(1,118,281)
<b>Gross profit</b>	<b>5,261</b>	<b>6,740</b>	<b>226</b>	<b>12,227</b>	<b>28,387</b>	<b>7,444</b>	<b>186</b>	<b>36,017</b>
Other income	8,814	-	1,396	10,210	5,595	-	1,758	7,353
Administrative, distribution and marketing expenses	(12,984)	(1,344)	(310)	(14,638)	(11,000)	(1,155)	(259)	(12,414)
Reversal / (provision) for impairment on financial assets - net	(74)	-	243	169	(65)	-	(241)	(306)
Other expenses	(128)	-	(92)	(220)	(4,072)	(262)	(59)	(4,393)
<b>Operating cost</b>	<b>(13,186)</b>	<b>(1,344)</b>	<b>(159)</b>	<b>(14,689)</b>	<b>(15,137)</b>	<b>(1,417)</b>	<b>(559)</b>	<b>(17,113)</b>
Finance costs	(8,924)	(4,503)	-	(13,427)	(6,443)	(2,544)	-	(8,987)
Share of profit of associates - net of tax	-	-	544	544	-	-	207	207
<b>(Loss) / profit before taxation</b>	<b>(8,035)</b>	<b>893</b>	<b>2,007</b>	<b>(5,135)</b>	<b>12,402</b>	<b>3,483</b>	<b>1,592</b>	<b>17,477</b>
Taxation	2,017	(3,318)	(31)	(1,332)	(3,159)	(3,424)	(307)	(6,890)
<b>(Loss) / profit for the year</b>	<b>(6,018)</b>	<b>(2,425)</b>	<b>1,976</b>	<b>(6,467)</b>	<b>9,243</b>	<b>59</b>	<b>1,285</b>	<b>10,587</b>

41.2 As referred in note 3.23 to these unconsolidated financial statements, the expenses have been allocated based on the sales volume in metric tons, which is in line with the basis of reporting to Management Committee.

41.3 Net sales in LNG segment relates to single customer.

41.4 Out of total sales of the Company, 99.50% (2019: 98.66%) relates to customers in Pakistan. Further, all non-current assets of the Company as at June 30, 2020 are located in Pakistan.

41.5 The Company sells its products to dealers, government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to five major customers of the Company are approximately 30% during the year ended June 30, 2020 (2019: 34%).

41.6 Out of total gross sales of the Company, sales amounting to Rs. 363,942,438 (2019: Rs.426,297,891) relates to circular debt customers.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in Rs. '000)

	Note	2020	2019
<b>42. FINANCIAL INSTRUMENTS BY CATEGORY</b>			
<b>42.1 Financial assets as per statement of financial position</b>			
<b>Fair value through other comprehensive income</b>			
- Long-term investments - Pak-Arab Pipeline Company Limited	7	8,516,173	6,404,764
<b>At amortised cost</b>			
- Loans and advances		520,908	348,299
- Deposits	9	207,272	236,714
- Trade debts	13	196,759,839	219,586,332
- Other receivables		19,005,011	48,249,399
- Cash and bank balances	17	3,908,652	4,593,141
		220,401,682	273,013,885
		<b>228,917,855</b>	<b>279,418,649</b>
<b>42.2 Financial liabilities as per statement of financial position</b>			
<b>At amortised cost</b>			
- Lease liabilities	22	4,351,881	-
- Trade and other payables		126,830,391	164,426,356
- Unclaimed dividend	25	1,355,064	1,739,860
- Unpaid dividend	26	-	103,297
- Accrued interest / mark-up	28.5	1,216,690	1,017,317
- Short-term borrowings	28	66,433,196	106,977,130
		200,187,222	274,263,960

## 42.3 Fair values of financial assets and liabilities

(a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

(b) Fair value estimation

The Company discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2020, except for the Company's investment in Pak-Arab Pipeline Company Limited, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 7.2 of these unconsolidated financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 43.1 Financial risk factors

#### Introduction and overview

The Company has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Company's management of capital.

#### Financial risk factors and risk management framework

The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Company's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Company by the Board of Management through specific directives. These controls and limits reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

COVID-19 has impacted the Company as explained in detail in note 1 of these unconsolidated financial statements. The Company's risk management function continues to monitor the developing situation and proactively manage any risk arising thereof.

The Company's finance department oversees the management of the financial risk reflecting changes in the market conditions and also the Company's risk taking activities, and provide assurance that these activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

#### (a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of the Company's Investment in Pak-Arab Pipeline Company Limited.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

#### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company imports petroleum products, LNG, chemicals and is exposed to currency risk, primarily with respect to foreign creditors for purchase of aforementioned products denominated in US Dollars (US\$). As at year end, the total exposure against foreign suppliers amounts to US\$ 328,821 (2019: US\$ 463,497) equivalent to Rs. 55,003,455 (2019: Rs.75,943,942) and advances amounting to US\$ 6,185 (2019: US\$ 2,578) equivalent to Rs. 1,034,596 (2019: Rs.422,405). The average rates applied during the year is Rs.157.78 / US\$ (2019: Rs.135.80 / US\$) and the spot rate as at June 30, 2020 was Rs.167.28 / US\$ (2019: Rs.163.85 / US\$).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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The Company manages its currency risk by close monitoring of currency markets. As per State Bank of Pakistan regulations, the Company cannot hedge its currency risk exposure. The Company has incurred exchange loss of Rs. 128,240 (2019: Rs. 3,112,099).

At June 30, 2020, if the Pakistan Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, loss for the year would have been higher/lower by Rs. 1,989,351 (2019: profit for the year would have been lower/higher by Rs.2,711,005), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade payables and advances.

Further, the Company has also availed foreign currency borrowing (FE-25) as of June 30, 2020. However, there is no foreign currency risk involved on these borrowings as detailed in note 16.5 to these unconsolidated financial statements.

## (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from local creditors, security deposits and short-term borrowings amounting to Rs. 76,698,105 (2019: Rs.136,206,503). These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

	Carrying amount	
	2020	2019
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
- Saving accounts	47,559	2,175,033
<b>Financial liabilities</b>		
- Short-term borrowings	(66,433,196)	(106,977,130)
- Local creditors	(10,095,178)	(29,023,404)
- Security deposits	(169,731)	(205,969)
	<b>(76,698,105)</b>	<b>(136,206,503)</b>
Net financial liabilities at variable interest rates	<b>(76,650,546)</b>	<b>(134,031,470)</b>

## Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the loss for the year and shareholder's equity by Rs. 544,219 (2019: profit for the year and shareholder's equity by Rs.951,623). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2019.

## (iii) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at June 30, 2020, the Company's investment in Pak-Arab Pipeline Company Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 7.3.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## (b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Risk Management function is regularly conducting detailed analysis on Sectors/Industries and identifying the degree by which the Company's customers and their businesses have been impacted amid COVID-19. Keeping in view short term and long term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

Credit risk arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. The maximum exposure to credit risk before any credit enhancement is given below:

	2020		2019	
	Statement of financial position	Maximum exposure	Statement of financial position	Maximum exposure
<b>Financial assets at amortized cost</b>				
- Loans and advances	520,908	520,908	348,299	348,299
- Deposits	207,272	207,272	236,714	236,714
- Trade debts	196,759,839	120,141,907	219,586,332	131,370,465
- Other receivables	19,005,011	8,590,076	48,249,399	9,670,616
- Bank balances	3,899,004	3,899,004	4,581,580	4,581,580
	<u>220,392,034</u>	<u>133,359,167</u>	<u>273,002,324</u>	<u>146,207,674</u>

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs.161,876,023 (2019: Rs.168,433,017). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers. Sales to dealers are settled in cash or using short-term financial instruments. However, some of the Company's trade debts are secured by way of bank guarantees and security deposits.

Loans, advances, other receivables and deposits, as mentioned in notes 8, 9 & 14 are neither past due nor impaired.

Based on the past experience, past track records of recoveries and forward looking information, the Company believes that the past due amount included in above trade debts (net of existing provision) do not require any further provision or impairment testing.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Date of Rating	Rating agency	Rating	
			Short term	Long term
Allied Bank Limited	June, 2020	PACRA	A1+	AAA
Askari Bank Limited	June, 2020	PACRA	A1+	AA+
Bank Alfalah Limited	June, 2020	PACRA	A1+	AA+
Bank Al-Habib Limited	June, 2020	PACRA	A1+	AA+
Citibank N.A. - Pakistan Branches	Mar, 2020	Moody's	P-1	Aa3
Faysal Bank Limited	June, 2020	PACRA	A1+	AA
Habib Bank Limited	June, 2020	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June, 2020	PACRA	A1+	AA+
MCB Bank Limited	June, 2020	PACRA	A1+	AAA
Meezan Bank Limited	June, 2020	VIS	A-1+	AA+
National Bank of Pakistan	June, 2020	PACRA	A1+	AAA
Samba Bank Limited	June, 2020	VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	June, 2020	PACRA	A1+	AAA
United Bank Limited	June, 2020	VIS	A-1+	AAA
Soneri Bank Limited	June, 2020	PACRA	A1+	AA-
The Bank of Punjab	June, 2020	PACRA	A1+	AA

## Settlement risk

Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash or other assets as contractually agreed on sale. The risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

## (c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

Due to COVID-19 outbreak Company's customers and their businesses have been impacted. The management is continuously monitoring the liquidity position and is taking necessary precautionary measures where needed.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the financial liabilities, monitoring of liquidity ratios and maintaining debt financing plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

## Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date and represents the undiscounted cash flows.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	2020	2019
	<b>Contractual maturity</b>	
	<b>Up to three months</b>	
<b>Financial liabilities</b>		
Trade and other payables	126,830,391	164,426,356
Unclaimed dividend	1,355,064	1,739,860
Unpaid dividend	-	103,297
Accrued interest / mark-up	1,216,690	1,017,317
Short-term borrowings	66,433,196	106,977,130
	<b>195,835,341</b>	<b>274,263,960</b>

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Unclaimed dividend and unpaid dividend are payable as per stipulated time. Further, maturity analysis of lease liabilities has been disclosed in note 22 to the unconsolidated financial statements.

## (d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities, either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Company's activities.

COVID-19 pandemic has created an unprecedented challenge for the Company in terms of Business Continuity Management. The Company is closely monitoring the situation and has invoked required actions to ensure the safety and security of Company's staff and uninterrupted service to customers.

Business Continuity Plans for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Company's information assets are adequately protected from emerging cyber threats.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 43.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide adequate returns to shareholders and to benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged from 2019.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Company consist of net debt consistent with other companies in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

The gearing ratios as at June 30, 2020 and 2019 were as follows:

	Note	2020	2019
Short-term borrowings	28	66,433,196	106,977,130
Cash and bank balances with lenders		(3,898,965)	(3,987,252)
Net debt		62,534,231	102,989,878
Total equity		113,061,001	119,180,687
Total capital		175,595,232	222,170,565
Gearing ratio		35.61%	46.36%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

## 44. TRANSACTIONS WITH RELATED PARTIES

44.1 Following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Direct Shareholding	Relationship
Government of Pakistan	22.47%	Controlling Authority
Pak-Arab Refinery Company Limited	N/A	Government related entity
K-Electric Limited	N/A	Government related entity
Pakistan International Airline Corporation Limited	N/A	Government related entity
Karachi Port Trust	N/A	State owned / controlled entities
Civil Aviation Authority	N/A	State owned / controlled entities
Pakistan Railways	N/A	State owned / controlled entities
National Insurance Company Limited	N/A	State owned / controlled entities
National Bank of Pakistan	N/A	State owned / controlled entities
Pakistan Steel Mills Corporation (Pvt.) Limited	N/A	State owned / controlled entities
PSO Employees Empowerment Trust	3.04%	Government related / Common Directorship
Pakistan Refinery Limited	60%	Subsidiary
Pak Grease Manufacturing Company (Private) Limited	22%	Associate
Asia Petroleum Limited	49%	Associate

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

Name of Related parties	Direct Shareholding	Relationship
Retirement benefit funds namely		
1. Pension funds,	N/A	Post employment benefits
2. Gratuity fund, and	N/A	Post employment benefits
3. Provident fund.	N/A	Post employment benefits
PSO CSR Trust	N/A	Trust Controlled by KMP
Board of management - Oil	N/A	Charged with governance
Pak-Arab Pipeline Company Limited	12%	Government related entity/ Common Directorship
Water and Power Development Authority	N/A	Government related entity
Genco Holding Company Limited	N/A	Government related entity
Sui Northern Gas Company Limited	N/A	Government related entity/ Common Directorship
Sui Southern Gas Company Limited	N/A	Government related entity
Oil Companies Advisory Council	N/A	Common Directorship
Oil and Gas Development Company	N/A	Government related entity/ Common Directorship
Oil and Gas Regulatory Authority (OGRA)	N/A	Regulatory Authority - Government related entity/ Common Directorship
Federal tax authorities	N/A	Regulatory Authorities - Government related entity
Pakistan National Shipping Corporation.	N/A	Government related entity
Strategic Alliancez (Private) Limited	N/A	Common Directorship
Multan Electricity Company Limited	N/A	Common Directorship
Gujranwala Electricity Company Limited	N/A	Common Directorship
Lahore Electricity Company Limited	N/A	Common Directorship
Government Holdings (Private) Limited	N/A	Common Directorship
Pakistan Mineral Development Corporation	N/A	Common Directorship
Mari Petroleum Company Limited	N/A	Common Directorship
Pakistan Petroleum Limited	N/A	Common Directorship
Power Holding (Private) Limited	N/A	Common Directorship
National Engineering Services Pakistan (Pvt.) Limited	N/A	Common Directorship
Central Power Purchasing Agency	N/A	Common Directorship
Pakistan Electrical Power Company	N/A	Common Directorship
Private Power & Infrastructure Board	N/A	Common Directorship
Alternative Energy Development Board	N/A	Common Directorship
786 Investments Limited	N/A	Common Directorship
Dawood Global Foundation	N/A	Common Directorship
Petroleum Institute of Pakistan	N/A	Common Directorship
Pakistan LNG Limited	N/A	Common Directorship
Pakistan LNG Terminals Limited	N/A	Common Directorship
S. Jehangir Ali Shah	N/A	Key management personnel
Yacoob Suttar	N/A	Key management personnel
Shehryar Omar	N/A	Key management personnel
Raja Imranullah Khan	N/A	Key management personnel
S Khawar Abbas Jillani	N/A	Key management personnel
Asif Aslam Khan	N/A	Key management personnel
Asad Raza Faiz	N/A	Key management personnel
Syed Moinuddin Balkhi	N/A	Key management personnel
Babar Hamid Chaudhary	N/A	Key management personnel
Aziz Hemani	N/A	Key management personnel
Hammad Zafar	N/A	Key management personnel
Mir Shahzad Khan Talpur	N/A	Key management personnel

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Name of Related parties	Direct Shareholding	Relationship
Shahzad Safdar Khan	N/A	Key management personnel
Shamail Sharaf Shah	N/A	Key management personnel
Qasim Zaheer	N/A	Key management personnel
Kashif Siddiqui	N/A	Key management personnel
Muhammad Baber Siddiqui	N/A	Key management personnel
Iqtidar Mustafa Siddiqui	N/A	Key management personnel
Imtiaz Jaleel	N/A	Key management personnel
Rashid Umer Siddiqui	N/A	Key management personnel
Brig. (R) Ghulam Hussain Ghumman	N/A	Key management personnel
Zahid Mir	N/A	Director
Muhammad Anwar	N/A	Director
Yousuf Naseem Khokar	N/A	Director
Shahid Salim Khan	N/A	Director
Sajid Mehmood Qazi	N/A	Director
Syed Muhammad Taha	N/A	Key management personnel / Director
Zafar ul Islam Usmani	N/A	Director
Tara Uzra Dawood	N/A	Director
Humayun Khan Barakzai	N/A	Director
Muhammad Shahid Khan	N/A	Director
Irfan Ali	N/A	Director
Amjad Nazir	N/A	Director
Qazi Saleem Siddiqui	N/A	Director
Tanveer Ahmed Qureshi	N/A	Director
Naseem Ahmed	N/A	Director

**44.2** Related parties comprise of subsidiary, associates, retirement benefit funds, state owned / controlled entities, GoP and its related entities, and key management personnel. Details of transactions with the related parties during the year is in accordance with accounting and reporting standards. The transactions with related parties other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

Name of related parties and relationship with the Company	Nature of transactions	2020	2019
<b>Subsidiary</b>			
- Pakistan Refinery Limited	Purchases	79,144,958	44,213,834
	Income facility charges	1,431	623
	Reimbursement of expense	-	2,300
	Subscription money paid against right issue	2,100,000	-
	Other expenses	28,992	-
<b>Associates</b>			
- Pakistan Refinery Limited	Purchases	-	24,832,671
	Dividend received	-	26,040
	Income facility charges	-	233
- Pak Grease Manufacturing Company (Private) Limited	Purchases	81,214	87,799
- Asia Petroleum Limited	Income facility charges	193,927	20,852
	Hospitality income	-	2,024
	Pipeline charges	47,180	225,204

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

Name of related parties and relationship with the Company	Nature of transactions	2020	2019
<b>Retirement benefit funds</b>			
- Pension funds	Charge for the year Contributions	287,972 1,831,706	215,321 1,434,660
- Gratuity fund	Charge for the year Contributions	246,779 481,109	356,887 795,990
- Contributory pension funds	Charge for the year Contributions	190,145 190,145	56,529 53,271
- Provident fund	Charge for the year Contributions	159,581 159,559	158,287 151,777
<b>Key management personnel</b>			
	Managerial remuneration	144,925	135,479
	Housing and utilities	79,709	75,587
	Performance bonus	36,897	24,983
	Other allowances and benefits	101,597	92,530
	Retirement benefits	43,534	46,731
	Leave encashment	3,868	2,518
	Vehicles having net book value of Rs. 1,644 (2019: Rs.1,070) transferred under employee car scheme (sale proceeds)	3,316	1,835

#### 44.3 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 25.51% (including shares under Pakistan State Oil Company Limited Employee Empowerment Trust) of the Company's issued share capital and is entitled to appoint members of the Board of Management under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Company has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for transactions stated below, which the Company considers are significant:

		2020	2019
- Government of Pakistan	Dividend paid	439,601	805,935
- PSOCL Employees Empowerment Scheme	Dividend paid to the trust	59,432	208,010
- Pak-Arab Pipeline Company Limited	Pipeline charges Dividend received	3,928,891 283,227	2,935,066 271,998
- GENCO	Gross sales Utility charges	6,540,503 96,022	22,727,571 88,822
- Oil and Gas Development Company	Gross sales Purchases	4,730,343 1,395,685	4,574,504 1,104,919

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

		2020	2019
- Pakistan International Airlines Corporation Limited	Gross sales	23,771,835	26,628,214
	Purchases	6,105	8,183
- Pak-Arab Refinery Company Limited	Purchases	121,662,949	151,992,166
	Pipeline charges	447,710	327,922
	Other expense	909,874	249,041
- Sui Northern Gas Pipeline Limited	Gross sales	346,769,226	362,789,955
- K-Electric Limited	Gross sales	49,491,319	63,492,131
	Income facility charges	39,828	41,757
	Late payment income	156,705	-
	Utility charges	119,787	157,349

The transactions described below are collectively but not individually significant to these unconsolidated financial statements and therefore have been described below:

- (i) The Company sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Company, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Company.
- (ii) The Company collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Company also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and custom authorities.
- (iii) The Company incurs rental charges in respect of storage facilities at Kemari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Company also utilises port facilities of Port Qasim Authority and Karachi Port Trust.
- (iv) The Company has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.
- (v) The Company utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Company also uses pipeline of Pak-Arab Refinery Company Limited and Pak-Arab Pipeline Company Limited for delivery / movement of its product.
- (vi) The Company obtains utility services from Civil Aviation Authority, K-Electric, Sui Northern Gas Company Limited and Sui Southern Gas Company Limited on account of utility charges.
- (vii) The Company has obtained various financing facilities from National Bank of Pakistan.
- (viii) The Company also pays dividend to various government related entities who are shareholders of the Company.

**44.4** The status of outstanding receivables from and payables to related parties as at June 30, 2020 are included in respective notes to these unconsolidated financial statements.

**44.5** Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

**44.6** Dividend income is recorded on the basis of dividend / rates declared by the related party. Dividend paid is recorded on the basis of rates declared by the Company.

**44.7** All the transactions with directors have been disclosed in the note 34.2.2 to these unconsolidated financial statements.

## **45. PROVIDENT FUND RELATED DISCLOSURES**

**45.1** The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

## **46. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of better presentation and / or to comply with requirements of accounting and reporting standards the effects of which are not considered material.

Description	Reclassified		Amount
	From	To	
Provision for impairment against trade debts	Other expenses	Reversal / (provision) for impairment on financial assets - net	65,179
Reversal of provision for impairment against other receivables	Other expenses	Reversal / (provision) for impairment on financial assets - net	241,194
Card sweeping bank charges	Other income	Finance costs	47,540

## **47. EVENTS AFTER THE REPORTING DATE**

**47.1** The Board of Management in its meeting held on August 31, 2020 proposed a final cash dividend of nil per share amounting to nil, for approval of the members at the Annual General Meeting.

## **48. CAPACITY AND ACTUAL PERFORMANCE**

	Metric Ton	
	2020	2019
Available capacity	70,000	70,000
Actual production	37,023	40,386

The above pertains to lube manufacturing plant of the Company and the production is carried out as per sales demand.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in Rs. '000)

	2020	2019
<b>49. NUMBER OF EMPLOYEES</b>		
Total employees as at June 30	2,513	2,587
Average number of employees during the year	2,558	2,623

## 50. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

## 51. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved and authorised for issue on August 31, 2020 by the Board of Management.



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer

# INDEPENDENT AUDITORS' REPORT

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To the members of Pakistan State Oil Company Limited

A.F. Ferguson & Co.  
Chartered Accountants  
State Life Building No. 1-C  
I.I. Chundrigar Road  
Karachi

EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza  
Beaumont Road  
Karachi

## To the members of Pakistan State Oil Company Limited

### Opinion

We have audited the annexed consolidated financial statements of Pakistan State Oil Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to note 31.1.1 to the consolidated financial statements regarding contingent liability in respect of non-accrual of late payment surcharge amounting to Rs. 7,626 million for reasons given in the aforementioned note. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

Following are the key audit matters:

S.No. Key audit matters	How the matter was addressed in our audit
<p><b>1 Receivables from Government of Pakistan (GoP) and customers</b></p> <p>(Refer notes 14.2, 17 and 26.10 to the consolidated financial statements)</p> <p>The Group has the following receivables as at June 30, 2020:</p> <ul style="list-style-type: none"><li>• trade debts of an aggregate amount of Rs. 169,990 million due from GENCO Holding Company Limited (GENCO), Sui Northern Gas Pipelines Limited (SNGPL), Hub Power Company Limited (HUBCO) and Kot Addu Power Company Limited (KAPCO) (together referred to as customers). These include past due debts of Rs. 166,768 million against which no impairment has been recognised;</li><li>• price differential claims aggregating Rs. 9,557 million recoverable from GoP on account of supply of petroleum products at subsidised rates to various customers. These balances are long outstanding with no recoveries since past several years despite follow-ups by the Group with relevant ministries; and</li><li>• a net unfavourable exchange difference of Rs. 1,799 million, net of recoveries during the year of Rs. 27,890 million, arising on foreign currency borrowings (FE-25), obtained under the directives of Ministry of Finance - GoP (MoF-GoP), which are to be settled in accordance with clarifications / instructions from MoF-GoP.</li></ul> <p>The recoverability of these amounts is dependent on the decisions of the GoP including availability of funds due to circular debt situation being faced by the GoP. However, due to significant receivables being long outstanding the Group is facing financial / liquidity issues.</p> <p>Certain customers having past due balance arising due to the circular debt issue also pay late payment surcharge to the Company which is recognised on receipt basis.</p> <p>In view of the above matters, significant judgement involved in recognition of late payment surcharge and receivable balances being significant to the consolidated financial statements, we considered this a key audit matter.</p>	<p>Our audit procedures amongst others included:</p> <ul style="list-style-type: none"><li>- reviewed agreements with customers for agreed terms and conditions and latest financial information of the customers, wherever available;</li><li>- on a sample basis, tested that receivables arising out of sales are on prices that are in agreement with respective customers' terms and conditions and government notifications, where applicable;</li><li>- inspected related correspondence between the Group and relevant authorities and inquired at the appropriate level of management to assess their views on the recoverability and timing of settlement of relevant receivables;</li><li>- circularised confirmations to counter parties, reviewed balance confirmations received directly from them and tested reconciliations where differences were identified. In case of non-receipt of confirmations, we performed alternate procedures;</li><li>- considered management's process for impairment assessment of receivables, discussed judgment exercised by them and checked the approval of the Board of Management in this regard;</li><li>- recomputed the net unfavourable exchange differences on foreign currency borrowings recognised by the Group during the year as recoverable from MoF-GoP and checked receipts during the year;</li><li>- reviewed the minutes of the Board of Management and Board Audit and Compliance Committee and discussed at the appropriate level of management, events during the year and steps taken by management for recoverability of these receivables;</li><li>- tested receipts of late payment surcharge from underlying evidence and ensured that the same have been recognised in line with the accounting policy of the Group; and</li><li>- assessed adequacy and appropriateness of the related disclosures for compliance with the requirements of applicable financial reporting framework.</li></ul>

# INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

## 2 First time adoption of IFRS 16 - 'Leases' (IFRS 16)

(Refer notes 2.5.2, 2.6, 6 and 24 to the consolidated financial statements)

The Group has adopted IFRS 16 with effect from July 1, 2019. IFRS 16 introduces a single on-balance sheet lease accounting model for leases entered into by lessees. A lessee recognises a 'right-of-use' asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

On adoption of IFRS 16, the Group has changed its accounting policy for operating leases which are now recognised on the consolidated statement of financial position. The Group has accordingly recognised lease liabilities amounting to Rs. 4,609 million and right-of-use assets amounting to Rs. 4,899 million as at July 1, 2019.

The application of IFRS 16 required management to make significant judgements and estimates including determination of lease term and appropriate discount rate for measurement of lease liability.

We considered the above a key audit matter due to first time application of IFRS 16 on the consolidated financial statements, which included use of significant judgement and estimates by the management.

Our audit procedures amongst others included:

- obtained understanding of management's process for identification of arrangements containing lease;
- evaluated accounting policies and methodology followed by the management for determination and measurement of right-of-use assets, corresponding lease liabilities and other related impacts;
- evaluated the appropriateness of significant judgements and estimates made by management in measuring lease liabilities such as discount rate and lease term etc;
- on a sample basis, tested the underlying data used by the management from the relevant contracts for determination of the right-of-use assets and corresponding lease liabilities. Further, performed re-computations on a test basis to assess the accuracy of computations performed by the management; and
- assessed adequacy and appropriateness of related disclosures for compliance with the requirements of applicable financial reporting framework.

# INDEPENDENT AUDITORS' REPORT

To the members of Pakistan State Oil Company Limited

## 3 Recognition of deferred tax asset relating to minimum turnover tax

(Refer note 11.3 to the consolidated financial statements)

As at June 30, 2020, included in the balance of deferred tax asset (net) is an amount of Rs. 3,928 million representing deferred tax asset recognised during the year on account of minimum turnover tax of the Holding Company.

Recognition of deferred tax asset on account of minimum turnover tax requires management to estimate the Holding Company's tax liability in future tax years. This process relies on the assessment of the Holding Company's taxable income forecast, which in turn is based on assumptions relating to future economic conditions and business performance.

As preparation of taxable income and liability forecast and assessment of realisability of recognised deferred tax asset requires significant management judgement and use of estimates, we considered this a key audit matter.

Our audit procedures amongst others included:

- obtained understanding of management's process of preparation of taxable income and liability forecast and deferred tax calculation;
- discussed and tested significant underlying assumptions and estimates used by management in relation to the taxable income forecast and assessed the same for reasonableness;
- checked appropriateness of tax rates applied in view of the local tax legislation and also checked the mathematical accuracy of the taxable income and liability forecast; and
- assessed adequacy and appropriateness of related disclosures for compliance with the requirements of applicable financial reporting framework.

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## Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditors' reports thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITORS' REPORT

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To the members of Pakistan State Oil Company Limited

## Responsibilities of Management and The Board of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Management is responsible for overseeing the Group's financial reporting process.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITORS' REPORT

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To the members of Pakistan State Oil Company Limited

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Osama Kapadia and Shaikh Ahmed Salman.



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A. F. Ferguson & Co.  
Chartered Accountants



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EY Ford Rhodes  
Chartered Accountants

September 25, 2020  
Karachi

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020	2019
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	35,691,707	34,581,849
Right-of-use assets	6	4,898,890	-
Intangibles	7	90,885	60,455
Long-term investments	8	11,584,720	8,930,555
Long-term loans, advances and other receivables	9	459,376	346,617
Long-term deposits and prepayments	10	228,454	353,058
Deferred tax asset - net	11	16,848,132	11,854,947
		<b>69,802,164</b>	<b>56,127,481</b>
<b>Current assets</b>			
Stores, spares, chemicals and loose tools	12	991,583	889,295
Stock-in-trade	13	64,758,242	98,847,665
Trade debts	14	197,777,742	223,797,044
Loans and advances	15	433,797	390,909
Short-term deposits and prepayments	16	2,586,292	3,211,845
Other receivables	17	23,797,120	56,797,908
Taxation - net		7,800,728	8,690,696
Cash and bank balances	18	6,098,361	4,847,030
		<b>304,243,865</b>	<b>397,472,392</b>
Net assets in Bangladesh	19	-	-
<b>TOTAL ASSETS</b>		<b>374,046,029</b>	<b>453,599,873</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	4,694,734	3,912,278
Reserves	21	107,869,046	118,934,765
Equity attributable to the owner's of the Holding Company		112,563,780	122,847,043
Non-controlling interest	4	1,413,801	5,598,368
		<b>113,977,581</b>	<b>128,445,411</b>
<b>Non-current liabilities</b>			
Retirement and other service benefits	22	6,409,414	7,877,177
Long-term borrowings	23	4,215,146	4,300,000
Lease liabilities	24	4,488,600	-
Other payable	25	1,359,627	-
		<b>16,472,787</b>	<b>12,177,177</b>
<b>Current liabilities</b>			
Trade and other payables	26	161,148,826	187,650,036
Unclaimed dividend	27	1,374,930	1,761,628
Unpaid dividend	28	-	103,297
Provisions	29	490,972	490,972
Accrued interest / mark-up	30.5	1,507,806	1,292,443
Short-term borrowings	30	79,032,665	121,678,909
Current portion of lease liabilities	24	40,462	-
		<b>243,595,661</b>	<b>312,977,285</b>
<b>Contingencies and commitments</b>	31		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>374,046,029</b>	<b>453,599,873</b>

The annexed notes I to 53 form an integral part of these consolidated financial statements.



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020	2019
		(Rupees in '000)	
Net sales	32	1,121,161,417	1,185,484,132
Cost of products sold	33	(1,114,241,883)	(1,152,674,631)
<b>Gross profit</b>		<b>6,919,534</b>	<b>32,809,501</b>
<b>Other income</b>	34	<b>10,385,641</b>	<b>16,922,354</b>
<b>Operating costs</b>			
Distribution and marketing expenses	35	(11,771,399)	(10,414,831)
Administrative expenses	36	(3,682,218)	(2,900,105)
Reversal / (provision) for impairment on financial assets - net	14.3 & 17.7.1	169,215	(306,373)
Other expenses	37	(257,473)	(4,377,571)
		(15,541,875)	(17,998,880)
<b>Profit from operations</b>		<b>1,763,300</b>	<b>31,732,975</b>
Finance costs	38	(15,393,332)	(9,955,428)
Share of profit of associates - net of tax	8.3.1	546,931	199,922
<b>(Loss) / profit before taxation</b>		<b>(13,083,101)</b>	<b>21,977,469</b>
Taxation	39	(1,679,384)	(6,870,536)
<b>(Loss) / profit for the year</b>		<b>(14,762,485)</b>	<b>15,106,933</b>
<b>(Loss) / profit attributable to:</b>			
Owners of the Holding Company		(11,019,655)	14,298,206
Non-controlling interest		(3,742,830)	808,727
		(14,762,485)	15,106,933
			(Rupees)
<b>(Loss) / earning per share - basic and diluted</b>	40	<b>(23.47)</b>	<b>(Restated) 30.46</b>

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



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

	Note	2020 (Rupees in '000)	2019
(Loss) / profit for the year		(14,762,485)	15,106,933
<b>Other comprehensive income / (loss):</b>			
<b>Items that will not be subsequently reclassified to statement of profit or loss:</b>			
Share of actuarial (loss) / gain on remeasurement of staff retirement benefits of associates - net of tax	8.3.1	(4,175)	3,700
Unrealised gain / (loss) on remeasurement of equity investment classified as fair value through other comprehensive income (FVOCI)	8.2.1	2,111,409	(2,062,563)
Taxation thereon		(459,231)	334,558
		1,652,178	(1,728,005)
Actuarial gain / (loss) on remeasurement of retirement and other service benefits	22.1.6	1,195,657	(3,847,979)
Deferred tax		(618,409)	1,126,299
		577,248	(2,721,680)
<b>Other comprehensive income / (loss)</b>		<b>2,225,251</b>	<b>(4,445,985)</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(12,537,234)</b>	<b>10,660,948</b>
<b>Total comprehensive (loss) / income attributable to:</b>			
Owners of the Holding Company		(8,763,703)	9,892,909
Non-controlling interest		(3,773,531)	768,039
		<b>(12,537,234)</b>	<b>10,660,948</b>

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



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer


# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Equity attributable to the owner's of the Holding Company							Total
	Capital reserves	Revenue reserves					Non-controlling interest	
	Share capital	Surplus on vesting of net assets	Unrealised gain / (loss) on remeasurement of FVOCI investments	General reserve	Un-appropriated profit	Sub-total		
(Rupees in '000)								
<b>Balance as at July 01, 2019</b>	3,260,232	3,373	6,063,653	25,282,373	81,930,758	113,280,157	-	116,540,389
<b>Total comprehensive income for the year</b>								
Non-controlling interest on acquisition of the Subsidiary Company	-	-	-	-	-	-	4,830,329	4,830,329
<b>Profit for the year</b>	-	-	-	-	14,298,206	14,298,206	808,727	15,106,933
<b>Other comprehensive loss</b>								
Unrealised loss on remeasurement of equity Investment classified as FVOCI - net of tax	-	-	(1,728,005)	-	-	(1,728,005)	-	(1,728,005)
Actuarial loss on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	(2,680,992)	(2,680,992)	(40,688)	(2,721,680)
Share of actuarial gain on remeasurement of staff retirement benefits of associates - net of tax	-	-	-	-	3,700	3,700	-	3,700
	-	-	(1,728,005)	-	(2,677,292)	(4,405,297)	(40,688)	(4,445,985)
	-	-	(1,728,005)	-	11,620,914	9,892,909	5,598,368	15,491,277
<b>Transactions with the owners</b>								
Final dividend for the year ended June 30, 2018 at Rs. 5/- per share	-	-	-	-	(1,630,116)	(1,630,116)	-	(1,630,116)
Bonus shares issued for the year ended June 30, 2018 at 20%	652,046	-	-	-	(652,046)	(652,046)	-	-
Interim dividend for the year ended June 30, 2019 at Rs. 5 per share	-	-	-	-	(1,956,139)	(1,956,139)	-	(1,956,139)
	652,046	-	-	-	(4,238,301)	(4,238,301)	-	(3,586,255)
<b>Balance as at June 30, 2019</b>	3,912,278	3,373	4,335,648	25,282,373	89,313,371	118,934,765	5,598,368	128,445,411
<b>Total comprehensive loss for the year</b>								
Loss for the year	-	-	-	-	(11,019,655)	(11,019,655)	(3,742,830)	(14,762,485)
Issuance cost against rights issue	-	-	-	-	(16,579)	(16,579)	(11,053)	(27,632)
<b>Other comprehensive income</b>								
Unrealised gain on remeasurement of equity Investment classified as FVOCI - net of tax	-	-	1,652,178	-	-	1,652,178	-	1,652,178
Actuarial gain / (loss) on remeasurement of retirement and other service benefits - net of tax	-	-	-	-	608,236	608,236	(30,988)	577,248
Share of actuarial loss on remeasurement of the staff retirement benefits of associates - net of tax	-	-	-	-	(4,462)	(4,462)	287	(4,175)
	-	-	1,652,178	-	603,774	2,255,952	(30,701)	2,225,251
	-	-	1,652,178	-	(10,432,460)	(8,780,282)	(3,784,584)	(12,564,866)
<b>Transactions with the owners</b>								
Transaction with the non-controlling interest	-	-	-	-	453,158	453,158	(453,158)	-
Share deposit money	-	-	-	-	-	-	53,175	53,175
Final dividend for the year ended June 30, 2019 at Rs. 5/- per share	-	-	-	-	(1,956,139)	(1,956,139)	-	(1,956,139)
Bonus shares issued for the year ended June 30, 2019 at 20%	782,456	-	-	-	(782,456)	(782,456)	-	-
	782,456	-	-	-	(2,285,437)	(2,285,437)	(399,983)	(1,902,964)
<b>Balance as at June 30, 2020</b>	4,694,734	3,373	5,987,826	25,282,373	76,595,474	107,869,046	1,413,801	113,977,581

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

  
**Syed Muhammad Taha**  
 Managing Director & CEO

  
**Mohammad Shahid Khan**  
 Member-Board of Management

  
**Imtiaz Jaleel**  
 Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

	Note	2020	2019
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	41	67,877,330	4,383,380
Long-term loans, advances and other receivables		(112,759)	52,698
Long-term deposits and prepayments		124,604	(8,765)
Taxes paid		(6,860,241)	(8,602,590)
Finance costs paid		(6,784,958)	(9,304,493)
Retirement and other service benefits paid		(2,629,770)	(2,460,801)
<b>Net cash generated from / (used in) operating activities</b>		<b>51,614,206</b>	<b>(15,940,571)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of:			
- property, plant and equipment		(4,340,540)	(2,681,890)
- intangibles	7	(51,755)	(44,504)
Proceeds from disposal of operating assets	5.2	34,089	32,989
Acquisition of shares in Pakistan Refinery Limited from Shell Petroleum Company Limited		-	(840,000)
Dividends received		283,227	298,038
<b>Net cash used in investing activities</b>		<b>(4,074,979)</b>	<b>(3,235,367)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Share deposit money received net of issuance cost		25,543	-
Long-term borrowings - net	23.1	(268,405)	(400,000)
Short-term borrowings - net	30.6	(27,272,505)	10,766,801
Lease payments		(1,136,207)	-
Dividends paid		(2,446,134)	(5,407,902)
<b>Net cash (used in) / generated from financing activities</b>		<b>(31,097,708)</b>	<b>4,958,899</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>16,441,519</b>	<b>(14,217,039)</b>
Cash and cash equivalents at beginning of the year		(21,015,683)	(7,924,869)
Cash and cash equivalents acquired through business combination		-	1,126,225
<b>Cash and cash equivalents at end of the year</b>	42	<b>(4,574,164)</b>	<b>(21,015,683)</b>

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



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 1. GROUP LEGAL STATUS AND NATURE OF BUSINESS

The Group consist of Pakistan State Oil Company Limited ("the Holding Company") and Pakistan Refinery Limited ("the Subsidiary Company"). Brief Profile of the Holding Company and the Subsidiary Company is given below:

### 1.1 Pakistan State Oil Company Limited

1.1.1 The Holding Company is a public company incorporated in Pakistan in 1976, and is listed on the Pakistan Stock Exchange Limited. The registered office of the Holding Company is located at PSO House, Khayaban-e-Iqbal, Clifton, Karachi. The principal activities of the Holding Company are procurement, storage and marketing of petroleum and related products. It also blends and markets various kinds of lubricating oils.

1.1.2 The business units of the Holding Company include the following:

Business Unit	Geographical Location
Head Office	PSO House, Khayaban-e-Iqbal, Clifton, Karachi.
Lubes Manufacturing Plant	National Refinery Limited, Korangi, Karachi. Kemari Oil Terminal, Kemari, Karachi.

Regional marketing, sales offices and invoicing points are located across the country. The Holding Company owns retail operation sites and sites operated through dealers across Pakistan, the details of which is impracticable to disclose in these consolidated financial statements as required under the Fourth Schedule to the Companies Act, 2017.

1.1.3 The Board of Management (BoM) nominated by the Federal Government under section 7 of the Marketing of Petroleum Products (Federal Control) Act, 1974 ("the Act") manages the affairs of the Holding Company. The provisions of the Act shall have effect notwithstanding anything contained in the Companies Act, 2017 or any other law for the time being in force or any agreement, contract, Memorandum or Articles of Association of the Holding Company.

### 1.2 Pakistan Refinery Limited

1.2.1 The Subsidiary Company was incorporated in Pakistan as a public limited company in May 1960 and is listed on the Pakistan Stock Exchange. The Subsidiary Company is engaged in the production and sale of petroleum products. As on June 30, 2020 the Holding Company controls 60% (2019: 52.68%) class-B shares of the Subsidiary Company.

1.2.2 The business units of the Subsidiary Company include the following:

Business Unit	Geographical Location
Head Office & Refinery Complex	Korangi Creek Road, Karachi.
Storage tanks	Keamari, Karachi.

1.3 During the year, the World Health Organization declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe introduced a host of measures on both the fiscal and economic fronts.

#### Impact on Holding Company:

Procurement, storage and marketing of petroleum and related products, have been permitted by the Government to operate with strict compliance of SOPs issued. Consequently, the Holding Company's sales offices, storages points and business offices have continued to operate. However, COVID-19 has primarily impacted the Holding Company on account of unprecedented fluctuation in international oil prices.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

## Impact on Subsidiary Company:

The Subsidiary Company continued its operation despite lockdown of economic activities due to spread of COVID-19. The extent of the impact of the virus and the drop in the oil price on the operational and financial performance of the Subsidiary Company include the following:

- decline in revenue and increase in inventory losses;
- delay in finalization of issue of right shares;
- relaxation in repayment terms in respect of long-term finance facilities was obtained as disclosed in notes 23.2 & 23.3; and
- long term loan was obtained under the refinance scheme for payment of wages and salaries as disclosed in note 23.4.

1.4 These financial statements denote the consolidated financial statements of the Group. Unconsolidated financial statements of the Holding Company and its subsidiary have been presented separately.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement

These consolidated financial statements have been prepared on the basis of 'historical cost' convention, unless otherwise specifically stated.

### 2.3 Basis of consolidation

Subsidiary is an entity over which the Group has control. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. Generally, there is presumption that a majority of voting rights result in control.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control.

Subsidiary is consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Income and expenses of a subsidiary acquired or disposed off during the year are included in profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company, using consistent accounting policies. The accounting policies of the Subsidiary Company have been changed to conform with accounting policies of the Holding Company, where required.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of cost of acquisition is recorded as goodwill, however, if the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

The assets, liabilities, income and expenses of the Subsidiary Company are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the Subsidiary Company's shareholders' equity in the consolidated financial statements.

All material intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends within the Group are eliminated in full.

Non-controlling interest (NCI) is that part of the net results of operations and of net assets of subsidiary attributable interest which are not owned by the Group. The Group measures NCI on proportionate basis of the net assets of subsidiary company.

When the ownership of a subsidiary is less than hundred percent, a NCI exists. The NCI is allocated its share of the total comprehensive income for the year, even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed off of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to non-controlling interests are also recorded in equity.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, carrying amount of any NCI, cumulative translation differences recognised in other comprehensive income, and recognises fair value of consideration received, any investment retained, surplus or deficit in profit and loss, and reclassifies the Holding Company share of components previously recognised in other comprehensive income to profit and loss account or retained earnings, as appropriate.

## 2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional and presentation currency.

## 2.5 Critical accounting estimates, assumptions and judgments

The preparation of the consolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other relevant factors, including reasonable expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. The estimates, assumptions and judgements that are subject to risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

## 2.5.1 Property, plant and equipment and intangibles

The Group reviews appropriateness of the method of depreciation / amortisation, useful lives and residual values used in the calculation of depreciation / amortisation of property, plant and equipment and intangible assets on an annual basis. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment at each reporting date.

## 2.5.2 Right-of-use assets and corresponding lease liability

Where the Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value of the right-of-use asset in a similar economic environment.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Holding Company has several lease contracts that include extension and termination options. The Holding Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

## 2.5.3 Stock-in-trade

The Group reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values at each reporting date. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

## 2.5.4 Provision for impairment on financial assets

### Financial assets covered under IFRS 9 - 'Financial Instruments' (IFRS 9)

The Group uses default rates based on credit rating of customers from which receivables are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customer which have similar characteristics to calculate expected credit losses (ECL) for trade receivables and other receivables.

The default rates are benchmarked and adjusted for forward looking information, cash flow projections are discounted using original effective interest rates, and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates which is then adjusted for forward looking information.

The assessment of the correlation between historical observed default rates and the projection of cash flows from customers, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

### Financial assets covered under IAS 39 - 'Financial Instruments: Recognition and Measurement' (IAS 39)

The Group assesses the recoverability of its financial assets if there is objective evidence that the Group will not be able to collect all the amounts due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debts and other receivables are impaired.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 2.5.5 Income taxes

Significant judgment is required in determining the provision for income taxes and deferred tax asset and liability. There are few transactions and calculations for which ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Group recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

The recognition of deferred tax is also made, by taking into account, these judgements and the best estimates of future results of the Company.

## 2.5.6 Provision for retirement and other service benefit obligations

The present value of these obligations depends on a number of factors and is being calculated on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 22 to these consolidated financial statements.

## 2.5.7 Valuation of un-quoted equity investments other than associates

The fair value of un-quoted equity investments other than associates is calculated using cash flow projections which are discounted using the required rate of return. These cash flow projections and required rate of return calculation involves number of assumptions as disclosed in note 8.2 of these consolidated financial statements. Any changes in these assumptions will impact the carrying amount of the investment.

## 2.5.8 Contingencies

The assessment of contingencies inherently involves the exercise of significant judgement as the outcome of future events cannot be predicted with certainty. The Group, based on availability of latest information, estimates the value of contingent liabilities, which may differ on the occurrence / non-occurrence of uncertain future event(s).

## 2.6 Initial application of standards, amendments or an interpretation to existing standards

### a) Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

The following standard and interpretation to accounting and reporting standards as applicable in Pakistan became effective for the first time and are relevant to the Group.

IFRS 16 - 'Leases'  
IFRIC - 23 'Uncertainty over Income Tax Treatments'

The adoption of the above standard and interpretation to accounting standards did not have any material effect on the consolidated financial statements except for IFRS 16, details of which are as follows:

#### IFRS 16 - 'Leases'

IFRS 16 supersedes IAS 17 'Leases', 'IFRIC 4' Determining whether an Arrangement contains a Lease, 'SIC-15' Operating Leases Incentives and 'SIC-27' Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS-16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, for lessee, distinction between operating and finance leases has been removed and all lease contracts, with limited exceptions will be recognized in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

In applying the standard, the Group adopted IFRS 16 with effect from July 1, 2019 using the modified retrospective method. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application with no restatement of comparative information. The Group elected to use the transition practical expedient allowing the Group to use a single discount rate to a portfolio of leases with the similar characteristics.

The right-of-use assets were recognized based on the amount equal to lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group does not have any sub-lease or finance leases as on July 1, 2019.

Lease term is the non-cancelable period for which the Group has right to use the underlying asset in line with the lease contract together with the periods covered by an option to extend which the Group is reasonably certain to exercise and option to terminate which the Group is not reasonably certain to exercise.

The lease liabilities as at July 01, 2019 represents discounted cash flows pertaining to operating lease commitments as at June 30, 2019. The cash flows as disclosed were modified to take the impact of different treatment of extension options and termination options.

**Weighted average Incremental borrowing rate as at July 1, 2019** 13.70%

**Impact on consolidated statement of financial position as at July 01, 2019** **Rupees in '000'**

**Assets**

Right-of-use assets	4,899,412
Prepayments	<u>(289,958)</u>
	<u>4,609,454</u>

**Liabilities**

Current portion of lease liabilities	34,512
Lease liabilities	<u>4,574,942</u>
	<u>4,609,454</u>

**Impact on consolidated statement of profit or loss for the year ended June 30, 2020**

	(Increase) / Decrease
Depreciation on right-of-use asset	(416,759)
Rent expense	861,287
Finance cost	<u>(639,578)</u>
	<u>(195,050)</u>

The adoption of IFRS 16 has resulted in change in accounting policies of the Group which have been disclosed in notes 3.2 and 3.13.

**b) Standards, amendments and interpretations to accounting and reporting standards that are not yet effective**

The following amendments with respect to the accounting and reporting standards as applicable in Pakistan are relevant to the Group and would be effective from the dates mentioned below against the respective standard:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Standards, amendments or interpretation	Effective date (annual periods beginning on or after)
IFRS 3 Definition of a Business	January 01, 2020
IAS 1/ IAS 8 Definition of Material	January 01, 2020
IAS 1 Classification of Liabilities as Current and Non-current	January 01, 2022
IAS 37 Amendments to onerous Contracts	January 01, 2022

Further, Securities and Exchange Commission of Pakistan through its SRO No. 985(I)/2019 dated September 02, 2019 and clarification dated September 06, 2019 has exempted the applicability of "Expected Credit Losses Method" till June 30, 2021 on financial assets directly due from Government of Pakistan (GoP) or that are ultimately due from GoP, in consequence of circular debt, provided that the Company shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' - (IAS 39).

The above amendments are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

## 2.7 Share based payments and Benazir Employees Stock Option Scheme

Amendments to IFRS 2 Share-based payment – Group cash-settled Share-based payment transactions became effective from July 01, 2010 which require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for such transaction in its separate or individual consolidated financial statements.

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investments. The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The Scheme, developed in compliance with the above stated GoP policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Group, under the provisions of amended IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the SECP vide SRO 587(I)/2011 dated June 07, 2011; on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, granted exemption to such entities from the application of IFRS 2 to the Scheme. Further, in response to this letter, as per the Ministry of Privatization letter dated May 08, 2019, Ministry has advised to initiate case for winding up of the Scheme. In response to this letter Trustees of the Scheme have requested parent ministry for directions / clarification on winding up. No clarification has been received till date.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at cost and capital work-in-progress including major spare parts and stand-by equipments, which are stated at cost less accumulated impairment losses, if any.

Cost in relation to certain fixed assets, including capital work-in-progress, signifies historical cost and financial charges on borrowings for financing the projects which takes substantial time for completion, until such projects are available for their intended use. Fixed assets under capital work-in-progress are classified to the appropriate categories of property, plant and equipment, when completed and ready for intended use.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Depreciation is charged to profit or loss using straight-line method so as to write off the historical cost of the assets over their estimated useful lives at the rates given in note 5.1 to these consolidated financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal. Assets' residual value, useful lives and method of depreciation and rates are reviewed, and adjusted prospectively, if appropriate on an annual basis at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Maintenance and normal repairs are charged to profit or loss. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

### 3.2 Right-of-use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The Group does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

### 3.3 Intangibles

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and that the cost of such asset can also be measured reliably.

Generally, costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible asset is amortised and charged to profit or loss from the month when such asset is available for use on straight-line basis over its useful economic life. The estimated useful life and amortisation method are reviewed on an annual basis at each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

### 3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### i) Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss (FVPL)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15 'Revenue from Contract with Customers'.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, the Group classifies its financial assets into following categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVPL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

## Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

## Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation', and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

## Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category also includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

The Group has not designated any financial asset as at FVPL.

## Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## ii) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, trade payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### Subsequent measurement

#### Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

#### Financial liabilities at amortized cost

After initial recognition, borrowings and payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

## iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

## 3.5 Investment in associates

Associates are all entities over which the Group has significant influence but not control, generally represented by a shareholding of 20% or more but less than 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies and decision of investees. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post acquisition profits or losses is recognised in profit or loss and its share in associates' post acquisition other comprehensive income is recognised in the Group's other comprehensive income. Cumulative post acquisition movements are adjusted against the carrying value of the investments. Dividends received from associates reduce the carrying amount of the investment. When the Group's share of losses in associate equals or exceeds its interest in the associate including any other long term unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

When FVOCI investment is converted into associated company, the balance in the surplus on revaluation of related asset is transferred to un-appropriated profit. Gain on transaction between the Group and its associate are eliminated to the extent of the Group's interest in associates.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any, is recognised in the profit or loss.

## 3.6 Stores, spares, chemicals and loose tools

These are valued at moving average cost less accumulated impairment loss, if any, except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. Cost comprises invoice value and other direct costs but excludes borrowing cost. Provision is made for obsolete / slow moving items where necessary and is recognised in profit or loss.

## 3.7 Stock-in-trade

Stock-in-trade is valued at the lower of average cost or cost on first-in-first-out (FIFO) basis, and net realisable value except for stock-in-transit which is stated at cost (invoice value) plus other charges incurred thereon till the reporting date. The cost formula is dependent on the nature of the stock categories but the same formula is applied to all items of a similar nature. Cost comprises invoice value, charges like excise, custom duties, etc., and other direct costs.

Provision is made for obsolete / slow moving stocks where necessary and recognised in profit or loss. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to be incurred in order to make a sale.

## 3.8 Deposits, advances, and other receivables

Deposits, advances, and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to profit or loss.

## 3.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, with banks in current and deposit accounts, cheques in hand, demand draft and running finance under mark-up arrangements. Running finances under mark-up arrangements are shown within short-term borrowings under current liabilities on the financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 3.10 Impairment

### 3.10.1 Impairment of financial assets

#### Financial assets covered under IFRS 9

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For financial assets other than trade debts, the Group applies general approach in calculating ECL. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Group applies a simplified approach where applicable in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Financial assets covered under IAS 39

The Securities and Exchange Commission of Pakistan through its SRO No. 985(I)/2019 dated September 02, 2019 and clarification dated September 06, 2019 has exempted the applicability of "Expected Credit Losses Method" till June 30, 2021 on financial assets directly due from Government of Pakistan (GoP) or that are ultimately due from GoP, in consequence of circular debt, provided that the Company shall follow relevant requirements of IAS 39.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss when there is objective evidence as a result of one or more events that occurred after the initial recognition. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial asset carried at cost, the impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at current market rate of return for a similar financial assets. Such impairment loss will not be reversed in subsequent periods. For financial asset carried at amortised cost, the amount of impairment loss recognised is difference between carrying amount and present value of estimated cash flow, discounted at effective interest rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

## 3.10.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in profit or loss. The recoverable amount is the higher of an asset's fair value less cost to disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimate of future cash flow have not been adjusted. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in profit or loss.

## 3.11 Share capital

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 3.12 Retirement and other service benefits

### 3.12.1 Defined benefit plans

#### Pension funds

The Group operates approved funded defined benefit pension schemes separately for eligible permanent employees. The scheme is administrated by the trustees nominated under the trust deed. The schemes provide pension based on the employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried using the Projected Unit Credit Method. The amount recognised in the financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Actuarial gains or losses (remeasurements) are immediately recognised as 'other comprehensive income' as they occur. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

#### Gratuity fund

The Group also operates approved funded defined benefit gratuity schemes for all its eligible permanent employees. The scheme is administrated by the trustees nominated under the trust deed. The Scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (remeasurements) are immediately recognised in 'Other Comprehensive Income' as they occur. The amount recognised in the financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## Medical benefits

The Holding Company also provides post retirement medical benefits to its permanent employees except for those management and non-management employees who joined the Holding Company after July 01, 2001. Under the unfunded scheme all such employees, their spouses and dependents are entitled to the benefits. Provisions are made to cover the obligations under the scheme on the basis of actuarial recommendations. The actuarial valuations are carried out using the Projected Unit Credit Method. Actuarial gains or losses (remeasurements) are immediately recognised in other comprehensive income as they occur. The amount recognised in the financial position represents the present value of defined benefit obligations. Current service costs and any past service costs together with net interest cost are charged to profit or loss.

## Compensated absences

The Group provides for compensated absences on the basis of actuarial valuation carried out in accordance with the requirements of IAS 19 'Employees Benefits'. Actuarial valuation of the scheme is carried out every year. Compensated absences are based on employees' last drawn salary.

### 3.12.2 Defined contribution plan

#### Provident fund

The Group also operates an approved funded contributory provident funds for its eligible employees. Equal monthly contributions are made both by the Group and the employee at the rate of 8.33% and 10% per annum of the basic salary by the Holding Company and the Subsidiary Company, respectively. In addition, employees of the Holding Company have the option to contribute at the rate of 16.66% per annum, however, the Holding Company's contribution remains at the rate of 8.33% per annum.

#### Pension fund

The Holding Company also operates an approved funded contributory pension fund separately for its management and non-management employees. Monthly contribution is made by the Holding Company at the rate of 9.47% per annum of the gross salary

### 3.13 Lease liability

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

## 3.14 Unclaimed dividend

The Group recognises unclaimed dividend which was declared and remained unclaimed by the shareholder from the date it was due and payable.

## 3.15 Provisions

Provisions are recognised when the Group has present obligation (legal or constructive obligation) as a result of a past event, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

The amount recognised as provision is the best estimate of consideration required to settle the present obligation at the end of reporting period, taking into account the risk and uncertainties surrounding the obligation.

## 3.16 Contract Liabilities

Contract liability is an obligation of the Group to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when payment is made or due whichever is earlier. Contract liabilities are recognised in revenue when Group fulfils the performance obligation under the contract.

## 3.17 Taxation

### 3.17.1 Current

Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. Current tax is charged to profit or loss except to the extent it relates to items recognised in other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

## 3.17.2 Deferred

Deferred tax is accounted for using the balance sheet method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences including on investments in associates and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed depreciation, unused tax losses and tax credits can be utilised. Deferred tax assets are remeasured at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss except to the extent it relates to items recognised in other comprehensive income.

## 3.18 Foreign currency transactions and translation

Transactions in foreign currencies are translated into functional currency (Pakistan Rupees) using exchange rates approximating those ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the rates prevailing at the reporting date are included in profit or loss. Non monetary items that are measured in terms of a historical cost in a foreign currency are not re-translated.

## 3.19 Revenue recognition

The Group recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from terminal or when it is delivered (in case of export on CIF basis, at the time when the products are shipped to customer) or it is pumped in the customer's tanks or at customer premises.

The Group generally enters into an agreement with its customers for supply of petroleum products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. The credit limits in contract with customers ranges from 2 to 90 days.

## 3.20 Other income

Other income is recognised to the extent it is probable that economic benefit will flow to the Group and the amount can be measured reliably. Other income is measured at fair value of the consideration received or receivable and recognised on following basis:

- Dividend income on equity investment is recognised when the Group's right to receive the dividend is established.
- Mark-up / interest on debt securities is recognised on time proportion basis using effective interest rate method.
- Handling, storage and other services income is recognised overtime i.e. when the services are rendered.
- Mark-up receivable on delayed payment charges is recognised on receipt basis.
- Return on deposits and other financial assets is recognised on accrual basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

## 3.21 Borrowing costs

Borrowing costs are recognised as expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. Management exercises judgement when determining which assets are qualifying assets, taking into account the nature of the asset.

## 3.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses. An operating segment's operating results are reviewed regularly by the Management Committee of the Holding Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BoM includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The business segments are engaged in providing products or services which are subject to risk and rewards which differ from the risk and rewards of other segments. Segments reported are Petroleum products, Liquefied Natural Gas (LNG), Refining operations and others.

## 3.23 Interest in joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as joint operations or joint ventures depending upon the rights and obligations arising from the joint arrangement.

The Group classifies a joint arrangement as joint operations when the Group has the rights to the assets, and obligations for the liabilities of the arrangement in relation to the joint operations. The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement.

The Group currently has joint operations as follows:

- In October 1961, the Holding Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Total Parco Marketing Limited for ownership and operation of the hydrant fuelling facilities known as "Eastern Joint Hydrant System" at Karachi Airport. The Holding Company has a 44% share in this joint arrangement.
- In December 2004, the Holding Company entered into an unincorporated joint arrangement with Shell Pakistan Limited and Total Parco Marketing Limited, for establishment and installation of storage facilities relating to petroleum products at Mehmoodkot. The Holding Company has a 62.1% share in the joint arrangement.
- In March 2015, the Holding Company entered into an unincorporated joint arrangement with Attock Petroleum Limited (APL) for establishment, operation and maintenance of a fuel farm and to operate and maintain the hydrant refueling system at the New Islamabad International Airport. Each party has a 50% share in this joint arrangement.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in these consolidated financial statements under the appropriate line items.

The Group currently does not have any joint venture.

## 3.24 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 3.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Holding Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

## 3.26 Contingencies

Contingencies are disclosed when the Group has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

## 4. NON - CONTROLLING INTEREST

Non-controlling interest in the Subsidiary Company has been calculated as follows:

	2020	2019
Non-current assets	21,492,660	19,084,350
Current assets	13,959,688	23,796,272
Non-current liabilities	(4,827,839)	(4,680,394)
Current liabilities	(30,799,362)	(34,690,987)
Net assets	(174,853)	3,509,241
Adjustments for consolidation:		
Fair value adjustment	9,676,151	10,527,760
Consistency of accounting policy	(11,149,288)	(9,290,728)
Share deposit money	(2,153,175)	-
Others	7,202,729	7,084,597
	3,576,417	8,321,629
<b>Adjusted net assets of the Subsidiary Company</b>	<b>3,401,564</b>	<b>11,830,870</b>
Share of NCI @ 40% (2019: 47.32%)	1,360,626	5,598,368
Share deposit money of NCI	53,175	-
	<b>1,413,801</b>	<b>5,598,368</b>

## 4.1 Net turnover and loss after tax from the acquired business for the year ended June 30, 2020 are as follows:

Net turnover	<b>90,524,260</b>
Loss after tax	<b>(7,590,726)</b>

## 5. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
Operating assets	5.1	32,300,480	31,945,994
Capital work-in-progress	5.4	3,391,227	2,635,855
		<b>35,691,707</b>	<b>34,581,849</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Land		Building		Tanks and pipelines	Service and filling stations (note 5.1.2)	Plant and machinery	Furniture and fittings	Vehicles and other rolling stock	Office equipments	Railway sidings	Gas cylinders / regulators (note 5.1.2)	Total
	Freehold	Leasehold	On freehold land	On leasehold land									
<b>5.1 Operating assets</b>													
<b>As at July 01, 2018</b>													
Cost	232,649	128,417	968,359	1,486,891	4,340,613	10,798,193	4,482,071	337,683	1,713,983	893,614	97,613	263,412	25,743,498
Accumulated depreciation	-	(37,221)	(6,05,779)	(820,681)	(3,516,657)	(8,478,639)	(3,237,919)	(273,100)	(1,201,077)	(737,378)	(56,510)	(137,568)	(19,102,529)
Net book value	232,649	91,196	362,580	666,210	823,956	2,319,554	1,244,152	64,583	512,906	156,236	41,103	125,844	6,640,969
<b>Year ended June 30, 2019</b>													
Opening net book value	232,649	91,196	362,580	666,210	823,956	2,319,554	1,244,152	64,583	512,906	156,236	41,103	125,844	6,640,969
Acquired through business combination	9,292,800	-	-	143,567	3,386,283	-	12,669,499	326,347	63,651	-	-	-	25,882,147
Additions	326,725	-	-	33,633	271,485	685,490	780,199	25,437	62,328	72,217	-	108,666	2,366,180
Transfer to capital work-in-progress	-	-	-	-	-	-	(142,566)	-	-	-	-	-	(142,566)
<b>Disposals (note 5.2)</b>													
Cost	-	-	-	(3,499)	(166)	(154,285)	(3,856)	(6,951)	(5,613)	(4,089)	-	-	(224,459)
Accumulated depreciation	-	-	-	3,383	150	153,733	3,856	6,906	46,760	4,082	-	-	218,870
Depreciation charge (note 5.1.1)	-	-	-	(116)	(16)	(552)	-	(45)	(4,853)	(7)	-	-	(5,589)
Closing net book value	9,852,174	89,491	340,060	755,827	3,637,566	2,590,427	13,413,809	374,569	486,361	154,692	36,634	214,384	31,945,994
<b>As at June 30, 2019</b>													
Cost	9,852,174	128,417	968,359	1,660,592	7,998,215	11,329,398	17,785,347	682,516	1,788,349	961,742	97,613	372,078	53,624,800
Accumulated depreciation	-	(38,926)	(628,299)	(904,765)	(4,360,649)	(8,738,971)	(4,371,538)	(307,947)	(1,301,988)	(807,050)	(60,979)	(157,694)	(21,678,806)
Net book value	9,852,174	89,491	340,060	755,827	3,637,566	2,590,427	13,413,809	374,569	486,361	154,692	36,634	214,384	31,945,994
<b>Year ended June 30, 2020</b>													
Opening net book value	9,852,174	89,491	340,060	755,827	3,637,566	2,590,427	13,413,809	374,569	486,361	154,692	36,634	214,384	31,945,994
Additions	-	-	66,913	899	609,269	776,656	1,831,155	19,632	154,575	69,956	-	56,113	3,585,168
<b>Disposals (note 5.2)</b>													
Cost	-	-	(801)	(4)	(8,031)	(69,011)	(8,948)	(2,944)	(35,665)	(15,204)	-	-	(140,608)
Accumulated depreciation	-	-	801	4	7,951	68,805	8,647	2,742	26,033	15,204	-	-	130,187
Depreciation charge (note 5.1.1)	-	-	-	-	(80)	(206)	(301)	(202)	(9,632)	-	-	-	(10,421)
Closing net book value	9,852,174	87,786	384,052	681,646	3,449,586	2,903,546	13,680,080	352,659	483,275	152,015	32,165	241,496	32,300,480
<b>As at June 30, 2020</b>													
Cost	9,852,174	128,417	1,034,471	1,661,487	8,599,453	12,037,043	19,607,554	699,204	1,907,259	1,016,494	97,613	428,191	57,069,360
Accumulated depreciation	-	(40,631)	(650,419)	(979,841)	(5,149,867)	(9,133,497)	(5,927,474)	(346,545)	(1,423,984)	(864,479)	(65,448)	(186,695)	(24,768,880)
Net book value	9,852,174	87,786	384,052	681,646	3,449,586	2,903,546	13,680,080	352,659	483,275	152,015	32,165	241,496	32,300,480
Annual rate of depreciation (%)	-	1-7	5-10	5-20	5-20	5-33	5-50	7-33	17-25	7-33	7-10	10	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

5.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2020	2019
Cost of products sold	33.2	1,782,017	1,192,822
Distribution and marketing expenses	35	1,191,547	1,414,895
Administrative expenses	36	246,697	187,430
		<b>3,220,261</b>	<b>2,795,147</b>

5.1.2 Service and filling stations include cost of Rs.11,537,703 (2019: Rs.10,818,953) incurred by the Group on underground storage tanks, dispensing units and other equipment, construction and related work. It also includes cost incurred on modernisation and development under the "New Vision Scheme" on approximately 2,067 (2019: 2,059) out of the total 3,463 (2019: 3,503) retail filling station of dealers and consumer sites. In view of large number of outlets and consumer sites, the Group considers it impracticable to disclose particulars of assets not in the possession of the Group as required under the Fourth Schedule to the Companies Act, 2017. Furthermore, gas cylinders costing Rs.428,189 (2019: Rs. 372,078) are not in possession of the Group.

5.1.3 Included in operating assets are fully depreciated assets having cost of Rs. 16,354,265 (2019: Rs. 22,355,162).

5.1.4 Included in operating assets are assets having net book value of Rs.704,674 (2019: Rs. 796,624) in respect of Group's share in the joint operation. Certain assets relating to joint operation (Eastern Joint Hydrant System and New Islamabad International Airport ) are not in the possession or name of the Group having net book value of Rs. 55,261 (2019: Rs. 41,276) and Rs. 336,747 (2019: Rs. 374,548), respectively. The possession of these assets at EJHD and NIAP is with Shell Pakistan Limited and Attock Petroleum Limited respectively. In view of large number of assets, the Group considers it impracticable to disclose particulars of assets not in the possession or name of the Group as required under the Fourth Schedule to the Companies Act, 2017.

5.1.5 During the year, the Subsidiary Company has capitalised borrowing costs amounting to Rs. 78,880 (2019: Rs.41,510) on its operating assets. Borrowing costs were capitalised at the current year's weighted average rate of its general borrowings of 13.25% per annum (2019: 10.42%)

5.2 The details of operating assets disposed off during the year are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
Vehicle	1,835	1,009	826	1,498	672	Company Policy	Mr. Farhan Pasha Ex. Employee
Vehicle	1,817	999	818	1,818	1,000	Company Policy	Mr. Shahzad Safdar Ex. Employee
Vehicle	1,790	805	985	1,014	29	Company Policy	Mr. Anis Ur Rehman Ex. Employee
Vehicle	1,899	443	1,456	1,519	63	Company Policy	Mr. Airf Rizwan Ex. Employee
Vehicle	1,850	647	1,203	1,851	648	Company Policy	Ms. Mehreen Aamir Ex. Employee
Vehicle	1,899	569	1,330	1,393	63	Company Policy	Mr. Akhtar Zamir Ex. Employee
Vehicle	2,048	204	1,844	1,844	-	Company Policy	Mr. Ashfaq H Jatoi Ex. Employee
Items having book value of less than Rs. 500 each	127,470	125,511	1,959	23,152	21,193		
<b>June 30, 2020</b>	<b>140,608</b>	<b>130,187</b>	<b>10,421</b>	<b>34,089</b>	<b>23,668</b>		
June 30, 2019	224,459	218,870	5,589	32,989	27,400		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

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

Description of Location	Addresses	Total Area of Land Square Yards
<b>Installations</b>		
Machike Installation	Sargodha Road, Sheikhpura.	164,742
Morgah Installation	Caltex Road, New Lalazar, Rawalpindi.	14,913
Pipri Installation ( ZOT )	National Highway, Pipri.	460,647
Shikarpur Installation	Deh Ali Murad Kalhoro. Taluka Kanpur. Distt. Shikarpur.	261,965
<b>Depots</b>		
Chitral Depot	Mastuj-Dir Road, Chitral.	13,790
Chakpirana Depot	Chakpirana, G.T Road Lala Moosa	104,091
Daulatpur Depot	Daulatpur, Distt. Nawabshah.	140,360
Faqirabad Depot	Lawrancepur, Distt. Attock.	112,984
Lalpir Depot	Deh Khuhawar & Gujrat, Tehsil Kot Addu Distt, Muzafargarh.	157,179
Habibabad Depot	Near Railway crossing, Habibabad Distt. Kasur.	199,620
Khuzdar Depot	Main R.C.D. Highway Road, Khuzdar.	48,400
Kohat Depot	13-KM, Kohat/Rawalpindi Road, Kohat.	56,507
Kotlajam Depot	Kotlajam, Distt. Bhakkar.	48,400
New Faisalabad Depot	Village Karari, Chak No 190 RB, Tehsil Saddar, Distt. Faisalabad.	100,611
New Hyderabad Depot	Deh Senhwar, Taluka Distt. Hyderabad.	248,050
Pasni Depot	Pasni Gawadar Road, Opposite Airport Road, Girani.	96,800
Quetta Depot 'C'	Chaman Road, Quetta Cantt.	30,008
Sangi Depot	Deh Mehranpure, Taluka Pano Akil.	48,400
Serai Naurang Depot	Village Nar Hafizabad Tehsil, Distt. Bannu.	48,521
Taru Jabba Depot	G.T Road, Peshawar.	64,523
<b>Refinery</b>		
Refinery Complex*	Naiclass No. 24, Deh Dih, Tappo Landhi, Taluka Karachi, District Karachi	963,160
<b>Retail Outlets</b>		
PSO Service Station	Block-A North Nazimabad, Karachi.	1,000
Garden Petroleum Station	Opp. Fatima Jinnah Girls High School, Nishter Road, Karachi.	1,056
Pak Service Station	Sukkur City Opposite Hira Medical Center, Sukkur.	833
Madni Petroleum Services	College Road, Peshawar.	1,194
Diamond Fuel Station	Jamrud Road, Peshawar.	1,785
PSO Service Station	3A, The Mall, Rawalpindi.	870
<b>Others</b>		
Computer Institute, Badin	PSO Computer Institute, Badin.	4,840
Jamshoro Land	Deh Morho Jabbal, Taluka Kotri Distt. Dadu.	968,000
Bin Qasim Pak Saudia	South Western Zone, Port Qasim Authority, Karachi.	116,160
PSO House	PSO House, Clifton, Karachi.	6,535
Railway Marshalling Yard, Pipri	South Western Zone, Port Qasim Authority, Karachi.	484,000

\* This includes 4,816 square yards of land leased to President of Pakistan.

5.3.1 In view of large number of buildings and other immovable assets, the Group considers it impracticable to disclose particulars of such assets of the Group as required under the Fourth Schedule to the Companies Act, 2017.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>5.4 Capital work-in-progress</b>			
Tanks and pipelines		1,750,138	890,291
Service and filling stations		113,685	83,092
Plant and machinery		163,748	692,699
Office equipments, furniture and fittings		28,059	25,188
Vehicles and other rolling stock		1,992	-
Advance to suppliers and contractors		118,527	176,041
Capital spares		1,215,078	768,544
	5.4.1	<u>3,391,227</u>	<u>2,635,855</u>

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

Balance at beginning of the year	2,635,855	686,507
Acquired through business combination	-	1,491,072
Additions during the year	4,425,298	2,726,394
Transfer from operating assets	-	142,566
Transfers during the year	(3,669,926)	(2,410,684)
Balance at end of the year	<u>3,391,227</u>	<u>2,635,855</u>

5.4.2 During the year, the Subsidiary Company has capitalised borrowing costs amounting to Rs 67,270 (2019: Rs. 7,942). Borrowing costs were capitalised at the current year's weighted average rate of its general borrowings of 13.25% per annum (2019: 10.42%).

5.4.3 Includes Capital Work-In-Progress amounting to Rs. 182,269 (2019: 72,604) in respect of Group's share in joint operation.

6. RIGHT-OF-USE ASSETS	Note	Land	Building	Total
<b>As at July 01,</b>				
Cost (Impact of initial application of IFRS 16)	2.6	4,848,829	50,583	4,899,412
Accumulated depreciation		-	-	-
<b>Net book value</b>		<u>4,848,829</u>	<u>50,583</u>	<u>4,899,412</u>
<b>Movement during the year</b>				
Opening net book value (Impact of initial application of IFRS 16)		4,848,829	50,583	4,899,412
Additions		115,413	-	115,413
Change due to modifications during the year		300,824	-	300,824
Less: Depreciation charge for the year	6.2	(393,398)	(23,361)	(416,759)
<b>Closing net book value</b>		<u>4,871,668</u>	<u>27,222</u>	<u>4,898,890</u>
Cost		5,265,066	50,583	5,315,649
Accumulated depreciation		(393,398)	(23,361)	(416,759)
<b>Net book value</b>		<u>4,871,668</u>	<u>27,222</u>	<u>4,898,890</u>

6.1 The annual rate of depreciation for the right-of-use assets is ranging between 1% - 20%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

6.2 Depreciation charge for the year has been allocated as follows:

	Note	2020	2019
Cost of products sold	33.2	15,910	-
Distribution and marketing expenses	35	376,374	-
Administrative expenses	36	24,475	-
		<u>416,759</u>	<u>-</u>

6.3 The right-of-use assets comprise lands and office premises acquired on lease by the Group for its operations. The Company have also entered into lease of pipelines, and tank lorries, however, these do not form a part of right-of-use assets on account of variable payments not linked to index or rate.

7. **INTANGIBLES**

	Note	2020	2019
<b>Net carrying value</b>			
Net book value at beginning of the year		60,455	19,732
Acquired through business combination		-	8,456
Additions at cost		51,755	44,504
Amortisation charge for the year	7.3	(21,325)	(12,237)
Net book value at end of the year		<u>90,885</u>	<u>60,455</u>
<b>Gross carrying value</b>			
Cost	7.2	538,918	487,162
Accumulated amortisation		(448,033)	(426,707)
Net book value		<u>90,885</u>	<u>60,455</u>

7.1 The cost is being amortised over a period of 3 to 5 years.

7.2 Intangibles include ERP System - SAP, anti-virus softwares and other office related softwares.

7.3 Amortisation charge for the year has been allocated as follows:

	Note	2020	2019
Cost of products sold	33.2	307	194
Administrative expenses	36	21,018	12,043
		<u>21,325</u>	<u>12,237</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>8. LONG-TERM INVESTMENTS</b>			
<b>Investment in related parties</b>			
Investment held at fair value through other comprehensive income			
<b>In an unquoted company</b>			
- Pak-Arab Pipeline Company Limited (PAPCO) Equity held: 12% (2019: 12%) No. of shares: 8,640,000 (2019: 8,640,000) of Rs. 100/- each	8.2.1	8,516,173	6,404,764
<b>Investment in associates</b>			
<b>In unquoted companies</b>			
- Asia Petroleum Limited Equity held: 49% (2019: 49%) No. of shares: 46,058,570 (2019: 46,058,570) of Rs. 10/- each	8.3	2,955,801	2,418,932
- Pak Grease Manufacturing Company (Private) Limited Equity held: 49.26% (2019: 49.26%) No. of shares: 1,536,593 (2019: 1,536,593) of Rs. 10/- each	8.3	112,746	106,859
		3,068,547	2,525,791
		11,584,720	8,930,555

8.1 The principal place of business of all the investees is Karachi.

8.2 Investment in PAPCO has been carried at FVOCI as it is a strategic investment of the Group. Accordingly, the Group has carried out an exercise to ascertain the fair value of investment as at the year end using the discounted cash flow technique (Level 3) and determined that the fair value amounts to Rs. 8,516,173. The following major assumptions and inputs were used by the management to determine the aforesaid fair value:

	2020	2019
- Discount rate	16.8% - 17.8%	20.5% - 21.8%
- Growth rate of terminal value	5%	5%

Based on the above fair valuation exercise, the Group has recorded an unrealised gain-net of tax of Rs. 1,652,178 (2019: Loss of Rs.1,728,005) in other comprehensive income / (loss) for the year.

8.2.1 Movement of investment classified as FVOCI	2020	2019
Balance at beginning of the year	6,404,764	8,467,327
Remeasurement gain / (loss) recognised in other comprehensive income / (loss)	2,111,409	(2,062,563)
Balance at the end of the year	8,516,173	6,404,764

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 8.2.2 Sensitivity to unobservable inputs

	2020	2019
- Discount rate (1% increase)	(619,123)	(359,561)
- Discount rate (1% decrease)	737,965	411,960
- Growth rate of terminal value (1% increase)	500,839	254,700
- Growth rate of terminal value (1% decrease)	(422,476)	(223,821)

## 8.3 Investments in associates

### 8.3.1 Movement of investment in associates

	2020			2019			
	APL	PGMCL	Total	PRL	APL	PGMCL	Total
Balance at beginning of the year	2,418,932	106,859	2,525,791	2,018,551	1,843,027	58,007	3,919,585
Investment made during the year	-	-	-	840,000	-	-	840,000
Acquisition through business combination	-	-	-	-	-	63,375	63,375
Share of profit / (loss) of associates - net of tax:							
- current year - unaudited	536,917	3,075	539,992	(396,961)	576,060	(13,645)	165,454
- adjustment for last year profit / (loss) based on prior year audited financial statements	5,423	1,516	6,939	34,579	641	(752)	34,468
	542,340	4,591	546,931	(362,382)	576,701	(14,397)	199,922
Share of actuarial (loss) / gain on remeasurement of staff retirement benefits of associates - net of tax	(5,471)	1,296	(4,175)	4,622	(796)	(126)	3,700
Unrealised gain on revaluation of shares on acquisition date	-	-	-	91,339	-	-	91,339
Dividend income	-	-	-	(26,040)	-	-	(26,040)
Eliminated against the net assets of the Subsidiary Company	-	-	-	(2,566,090)	-	-	(2,566,090)
Balance at end of the year	2,955,801	112,746	3,068,547	-	2,418,932	106,859	2,525,791

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

8.3.2 The summarised financial information of the associates, based on their financial statements is as follows:

	Un-audited		Audited	
	2020		2019	
	APL	PGMCL	APL	PGMCL
Revenue	2,061,899	108,976	1,795,183	124,324
Profit / (loss) after tax for the year	1,095,751	6,242	1,186,701	(29,034)
Other comprehensive income	-	-	(11,165)	2,631
Total comprehensive (loss) / income	1,095,751	6,242	1,175,536	(26,403)
Non-current assets	969,171	53,506	1,064,167	33,357
Current assets	6,052,883	212,673	4,459,129	214,689
	7,022,054	266,179	5,523,296	248,046
Non-current liabilities	(171,876)	(16,548)	(21,012)	(3,814)
Current liabilities	(817,931)	(10,111)	(565,786)	(10,955)
	(989,807)	(26,659)	(586,798)	(14,769)
Net assets	6,032,247	239,520	4,936,498	233,277
Fair value based on quoted share price	N/A	N/A	N/A	N/A

8.3.3 Reconciliation of carrying amount of investment

Net assets (Note 8.3.2)	6,032,247	239,520	4,936,498	233,277
Group's Holding in % (Note 8)	49%	49.26%	49%	49.26%
Group share of investment in associate	2,955,801	117,988	2,418,884	114,913
Fair value adjustment upon acquisition of subsidiary	-	(5,242)	-	(5,242)
Adjustments based on audited financial statements	-	-	48	(2,812)
Carrying amount of investment	2,955,801	112,746	2,418,932	106,859

## 9. LONG-TERM LOANS, ADVANCES AND OTHER RECEIVABLES

### Loans - considered good

	Note	2020	2019
Executives*	9.1	156,234	114,029
Employees		371,250	235,447
	9.2 & 9.4	527,484	349,476
Current portion shown under current assets	15	(164,706)	(116,410)
		362,778	233,066

### Advances - considered good (secured)

Employees	9.3	57,034	67,293
Current portion shown under current assets	15	(24,075)	(29,496)
		32,959	37,797

### Other receivables

- Considered good		63,639	75,754
- Considered doubtful		8,143	8,143
		71,782	83,897
Provision for impairment		(8,143)	(8,143)
		63,639	75,754
		459,376	346,617

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	2020	2019
<b>9.1 Reconciliation of carrying amount of loans to executives*:</b>		
Balance at beginning of the year	114,029	118,642
Disbursements	85,455	34,754
Repayments	(43,250)	(39,367)
Balance at end of the year	156,234	114,029

\* These represent executives as prescribed under the Companies Act, 2017.

**9.2** These represent interest free loans to executives and employees for purchase of motor cars, motor cycles, house building, marriage, umrah, to defray personal expenditure and others, in accordance with the policy. Loans for purchase of motor cars and motor cycles are secured against the respective assets, whereas all other loans are unsecured except for those which are secured against the retirement fund balances of the employees. These loans are recoverable in monthly installments over a period of twenty months to sixty months.

**9.3** These represent interest free advances against housing assistance given to employees for purchase and construction of residential property in accordance with the Holding Company's policy. These advances are secured against respective assets and are recovered through monthly deduction of house allowance until complete repayment is made.

**9.4** Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these consolidated financial statements.

	Note	2020	2019
<b>10. LONG-TERM DEPOSITS AND PREPAYMENTS</b>			
Long-term deposits	10.1	228,454	258,472
Prepaid rentals		-	137,215
Current portion shown under current assets	16	-	(42,629)
		-	94,586
		228,454	353,058

**10.1** These include interest free deposits amounting to Rs. 135,266 (2019: Rs. 200,437) paid to related parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>11. DEFERRED TAX ASSET - NET</b>			
Deductible temporary differences in respect of:			
Provision for:			
- tax amortisation		678	411
- impairment of stores and spares		17,553	10,674
- provision for slow moving products		25,967	6,222
- impairment on trade debts		898,921	877,402
- impairment on other receivables		772,443	843,035
- retirement and other service benefits		1,736,911	2,176,188
- excise, taxes and other duties		21,121	21,121
Liabilities offered for taxation		11,986,914	10,478,567
Recoupable carried forward tax losses	11.2	276,587	-
Recoupable minimum turnover tax	11.3	3,928,497	-
Lease liabilities		1,266,137	-
Others		1,148,437	2,362
		<b>22,080,166</b>	<b>14,415,982</b>
Taxable temporary differences in respect of:			
- Accelerated tax depreciation		(1,595,523)	(417,649)
- Right-of-use assets		(1,289,299)	-
- Fair value of net assets acquired on acquisition		(290,717)	(628,491)
- Equity investment held as FVOCI		(1,664,348)	(1,205,116)
- Investments in associates accounted for under equity method		(392,147)	(309,779)
		<b>(5,232,034)</b>	<b>(2,561,035)</b>
		<b>16,848,132</b>	<b>11,854,947</b>

11.1 Movement in deferred tax asset - net is as follows:

	Note	2020	2019
Balance at beginning of the year		11,854,947	10,160,411
Assumed through business combination	39	-	(984,875)
Income in profit or loss for the year		6,355,261	1,218,554
(Loss) / income recognised in other comprehensive income		(1,362,076)	1,460,857
Balance at end of the year		<b>16,848,132</b>	<b>11,854,947</b>

11.2 Deferred tax asset has been recognised by the Holding Company for tax losses available for carry forward to the extent that realization of the related tax benefit through future taxable profits, based on the projections, is probable. As of the reporting date, unused tax losses of Rs. 953,748 are available for carry forward on which deferred tax asset amounting to Rs. 276,587 has been recognised in these consolidated financial statements.

11.3 Deferred tax asset has been recognised by the Holding Company on recoupable minimum turnover tax of current year amounting to Rs. 3,928,497 to the extent that realization of the related tax benefit through future taxable profits, based on the projections, is probable.

11.4 Deferred tax debit balances of Rs. 970,000 (2019: Rs. 1,790,000) in respect of unabsorbed depreciation, tax losses and deductible temporary differences have not been recognised as their recoverability will be dependent on improved profitability of the Subsidiary Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>12. STORES, SPARES, CHEMICALS AND LOOSE TOOLS</b>			
Stores, spares, chemicals and loose tools		1,075,038	951,002
Provision for impairment	12.1	(83,455)	(61,707)
		<b>991,583</b>	<b>889,295</b>
<b>12.1</b>	The movement in provision for impairment during the year is as follows:		
Balance at beginning of the year		61,707	32,274
Acquired through business combination		-	29,667
Provision / (reversal of provision) recognised during the year		21,748	(234)
Balance at end of the year		<b>83,455</b>	<b>61,707</b>
	Note	2020	2019
<b>13. STOCK-IN-TRADE</b>			
Raw and packing material		7,867,223	7,763,616
Petroleum and other products (gross)	13.1	30,052,301	60,986,911
Stock held on behalf of third parties	13.2	(2,249,211)	(4,127,047)
		<b>35,670,313</b>	<b>64,623,480</b>
Provision for slow moving products	13.3	(89,543)	(21,456)
Provision for write down to net realisable value	13.4	(358,387)	(170,781)
		<b>35,222,383</b>	<b>64,431,243</b>
In pipeline system of Pak-Arab Pipeline Company Limited and Pak-Arab Refinery Limited		15,518,767	22,659,967
		<b>50,741,150</b>	<b>87,091,210</b>
Charges incurred thereon		14,017,092	11,756,455
	33	<b>64,758,242</b>	<b>98,847,665</b>
<b>13.1</b>	Includes stock-in-transit amounting to Rs. 19,762,745 (2019: Rs. 14,401,428) and stocks held by:		
		2020	2019
Shell Pakistan Limited		155,377	562,326
Byco Petroleum Pakistan Limited		3,854	3,951
Others		1,224	-
		<b>160,455</b>	<b>566,277</b>
<b>13.2</b>	Represents stock held-in-trust on behalf of third parties, net of storage, handling and other charges amounting to Rs.23,730 (2019: Rs. 23,730) recoverable there against. This also includes stock held on behalf of related parties amounting to Rs.15,698 (2019: Rs. 54,878).		
<b>13.3</b>	The movement for provision for slow moving products:	2020	2019
Balance at beginning of the year		21,456	21,456
Provision during the year		89,543	-
Reversal of provision during the year		(21,456)	-
Balance at end of the year		<b>68,087</b>	<b>-</b>
		<b>89,543</b>	<b>21,456</b>
<b>13.4</b>	Includes Rs. 10,369,044 (2019: Rs. 5,246,683) in respect of stock carried at net realisable value.		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

14. TRADE DEBTS	Note	2020	2019
<b>Considered good</b>			
<i>- Due from Government agencies and autonomous bodies</i>			
- Secured	14.1	124,663	155,524
- Unsecured	14.2	159,102,110	168,277,493
		<b>159,226,773</b>	<b>168,433,017</b>
<i>- Due from other customers</i>			
- Secured	14.1	1,826,424	3,208,767
- Unsecured	14.2	36,724,545	52,155,260
		<b>38,550,969</b>	<b>55,364,027</b>
		<b>197,777,742</b>	<b>223,797,044</b>
<b>Considered doubtful</b>			
Trade debts - gross		201,012,361	226,957,459
Provision for impairment	14.2 & 14.3	(3,234,619)	(3,160,415)
Trade debts - net		<b>197,777,742</b>	<b>223,797,044</b>

14.1 These debts are secured by way of security deposits and bank guarantees.

14.2 Included in trade debts is an aggregate amount of Rs. 169,989,614 (2019: Rs. 180,676,446) due from GENCO Holding Company Limited (GENCO), Hub Power Company Limited (HUBCO), Kot Addu Power Company Limited (KAPCO) and Sui Northern Gas Pipelines Company Limited (SNGPL). These include past due debts of Rs. 75,013,820 (2019: Rs. 82,383,020), Rs. 23,331,012 (2019: Rs. 25,637,026), Rs. 473,458 (2019: Rs. 4,105,302) and Rs. 68,296,465 (2019: Rs. 53,457,589) from GENCO, HUBCO, KAPCO and SNGPL, respectively, based on the agreed credit terms. The Group carries a specific provision of Rs. 346,975 (2019: Rs. 346,975) against these debts and does not consider the remaining aggregate past due balance of Rs. 166,767,779 (2019: Rs. 165,235,962) (against which subsequent receipts of Rs. 1,450,000 from GENCO, Rs. 300,371 from KAPCO and Rs. 35,015,929 from SNGPL have been received) as doubtful, as the Group based on measures undertaken by the Government of Pakistan (GoP) to resolve circular debt issue, is confident that the aforementioned debts will be received in due course of time.

	2020	2019
14.3 The movement in provision for impairment during the year is as follows:		
Balance at beginning of the year	3,160,415	2,960,344
Provision assumed through business combination	-	134,892
Provision recognised during the year	262,952	198,469
Reversal of provision during the year	(188,748)	(133,290)
	<b>74,204</b>	<b>65,179</b>
Balance at end of the year	<b>3,234,619</b>	<b>3,160,415</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	2020	2019
<b>14.3.1</b> Provision for impairment has been recognised against trade debts as follows:		
Related parties	1,332,981	1,071,117
Other customers	1,901,638	2,089,298
	<u>3,234,619</u>	<u>3,160,415</u>

**14.4** As at June 30, 2020, trade debts aggregating to Rs. 18,245,454 (2019: Rs. 27,382,041) are neither past due nor impaired. The remaining debts aggregating to Rs. 179,532,288 (2019: Rs. 196,415,003) are past due but not impaired. The ageing analysis of these past due trade debts is as follows:

	2020	2019
Up to 1 month	14,250,614	38,623,388
1 to 3 months	57,197,223	55,319,661
3 to 6 months	8,556,387	9,949,876
6 months to 1 year	9,997,998	25,790,778
Over 1 year	89,530,066	66,731,300
	<u>179,532,288</u>	<u>196,415,003</u>

**14.5** The details of trade debts due from associates and related parties are as follows:

	Maximum aggregate outstanding at the end of any month	2020	2019
<b>Associate</b>			
Asia Petroleum Limited	1,817	-	1,179
<b>Other Related Parties</b>			
GENCO	86,089,329	75,013,820	86,241,212
SNGPL	97,609,037	71,171,325	64,692,905
Pakistan International Airlines Corporation	13,757,761	12,572,121	13,323,598
K-Electric Limited	8,192,634	2,295,518	4,005,387
Pakistan Railways	2,353,558	2,179,349	1,814,982
Oil & Gas Development Corporation Limited	615,685	601,456	625,906
Pakistan Petroleum Limited	87,779	7,669	26,210
Sui Southern Gas Company Limited	640	-	370
Pakistan Steel Mills Corporation Limited	3,865	1,871	804
Civil Aviation Authority	1,169	677	1,293
Pakistan National Shipping Corporation	2,021	2,021	2,021
		<u>163,845,827</u>	<u>170,735,867</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

14.6 The details of past due or impaired trade debts from associates and related parties are as follows:

Name	Up to 6 months	More than 6 months	Total	
			2020	2019
<b>Other Related Parties</b>				
GENCO	1,302,184	73,711,636	75,013,820	82,383,020
Sui Northern Gas Pipeline Limited	68,296,465	-	68,296,465	53,457,589
Pakistan International Airlines Corporation	6,089,402	6,229,037	12,318,439	12,342,061
Pakistan Railways	1,763,553	4,024	1,767,577	-
Oil & Gas Development Corporation Limited	380,466	148	380,614	247,610
Pakistan Petroleum Limited	4,124	-	4,124	12
Sui Southern Gas Company Limited	-	-	-	370
Pakistan Steel Mills Corporation Limited	-	-	-	804
Pakistan National Shipping Corporation	-	2,021	2,021	2,021
	<u>77,836,194</u>	<u>79,946,866</u>	<u>157,783,060</u>	<u>148,433,487</u>
Provision for impairment (notes 14.6.1 & 14.6.2)			<u>(1,332,981)</u>	<u>(1,071,117)</u>
			<u>156,450,079</u>	<u>147,362,370</u>

14.6.1 The movement in provision for impairment against due from related parties during the year is as follows:

	Note	2020	2019
Balance at beginning of the year		1,071,117	1,007,082
Provision during the year		261,864	116,141
Reversal of provision due to recoveries during the year		-	(52,106)
		261,864	64,035
Balance at end of the year	14.6.2	<u>1,332,981</u>	<u>1,071,117</u>

14.6.2 The provision for impairment has been recognised in respect of following related parties:

GENCO	346,975	346,975
Pakistan International Airlines Corporation	983,985	722,121
Pakistan National Shipping Corporation	2,021	2,021
	<u>1,332,981</u>	<u>1,071,117</u>

## 15. LOANS AND ADVANCES

	Note	2020	2019
<b>Secured</b>			
Loans and advances to executives and employees			
- Current portion of long-term loans and advances, including Rs. 72,293 (2019: Rs. 61,110) to executives	9	188,781	145,906
- Short-term loans and advances	15.1	77,960	48,696
		266,741	194,602
<b>Unsecured</b>			
Advance to suppliers		163,093	190,806
Advance for the Holding Company - owned filling stations		3,963	5,501
		167,056	196,307
		<u>433,797</u>	<u>390,909</u>

15.1 Included therein is Rs. Nil (2019: Rs. 1,080) as advance salary paid to key management personnel.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

		2020	2019	
<b>16.</b>	<b>SHORT-TERM DEPOSITS AND PREPAYMENTS</b>			
	<b>Deposits - interest free</b>			
	Duty and development surcharge	2,086,564	2,678,062	
	Deposit against court orders	53,006	53,006	
	Trade deposits	12,147	11,281	
		<b>2,151,717</b>	<b>2,742,349</b>	
	<b>Prepayments</b>			
	Prepayments	434,575	426,867	
	Current portion of long-term prepaid rentals	-	42,629	
		<b>434,575</b>	<b>469,496</b>	
		<b>2,586,292</b>	<b>3,211,845</b>	
<b>17.</b>	<b>OTHER RECEIVABLES</b>			
		<b>Note</b>	<b>2020</b>	<b>2019</b>
	Due from GoP, a related party, on account of:			
	- Price differential claims (PDC)			
	- on imports (net of related liabilities) of Motor gasoline	17.1	1,350,961	1,350,961
	- on High Speed Diesel (HSD)	17.2	602,603	602,603
	- on Ethanol E-10 fuel		27,917	27,917
	- on account of supply of Furnace Oil to K-Electric Limited (KEL) at Natural Gas prices	17.3	3,908,581	3,908,581
	- GENCO receivables	17.4	3,407,357	3,407,357
			<b>9,297,419</b>	<b>9,297,419</b>
	Unfavourable exchange differences on FE-25 borrowings due from GoP - a related party	17.5	1,798,998	30,243,658
	Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty - due from a related party	17.6	259,793	297,566
	Sales tax refundable - due from related party		-	5,228,995
	Provision for impairment	17.7	11,356,210 (718,336)	45,067,638 (999,149)
			<b>10,637,874</b>	<b>44,068,489</b>
	Handling and hospitality charges		766,033	1,469,166
	Product claims - insurance and other - considered doubtful Provision for impairment	17.7	90,201 (90,201)	90,201 (90,201)
	Workers' Profits Participation Fund	17.8	89,936	89,936
	Inland Freight Equalization Margin (IFEM) including freight equalization receivable from GoP (related party) Provision for impairment	17.7	4,582,323 (46,000)	2,539,411 (46,000)
			<b>4,536,323</b>	<b>2,493,411</b>
	Others			
	- Considered good		7,766,954	8,676,906
	- Considered doubtful		1,809,060	1,771,666
	Provision for impairment	17.7	9,576,014 (1,809,060)	10,448,572 (1,771,666)
			<b>7,766,954</b>	<b>8,676,906</b>
		17.9 & 17.11	<b>23,797,120</b>	<b>56,797,908</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 17.1 Import price differential on motor gasoline

This represents PDC on account of import of motor gasoline by the Holding Company, being the difference between the imported landed costs and the local ex-refinery prices announced by Oil and Gas Regulatory Authority (OGRA). In 2007, the Company as well as other Oil Marketing Companies (OMCs) were asked in the meeting chaired by Director General (Oil) - Ministry of Petroleum and Natural Resources (MoP&NR) to import motor gasoline to meet the increasing local demand. Accordingly, OMCs approached the MoP&NR, GoP with a proposal for pricing mechanism whereby end consumer price of motor gasoline was proposed to be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product. Although at that time, no response was received from the MoP&NR, the Holding Company along with another OMC continued to import motor gasoline on behalf of the industry being confident that price differential on motor gasoline will be settled as per previous practice i.e. based on the differential between ex-refinery and import cost as the imports were being made on MoP&NR's instruction.

The Holding Company continued to follow up with MoP&NR for early settlement of these claims and the ministry also confirmed vide its letter no. PL-NP(4)/2010-F&P dated July 28, 2010 that the above mentioned claims are under process. During financial year 2010-2011, MoP&NR - GoP vide its letter no. PL-3(434)/2011Vol XII dated May 31, 2011 implemented the Economic Coordination Committee (ECC's) decision, whereby end consumer price of motor gasoline will be fixed at weighted average of ex-refinery (import parity) price and landed cost of imported product, thereby putting an end to any further PDC.

Out of total claim of Rs. 6,350,961, the Holding Company received an amount of Rs. 5,000,000 during the year ended June 30, 2012. MoP&NR vide its letter no. PL-7(4)/2012-13 dated March 01, 2013 informed the Ministry of Finance (MoF) regarding the balance amount payable to the Holding Company and advised to include it in budgetary allocation. However, in response to confirmation request sent by the Holding Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit by Auditor General of Pakistan (AGPR).

Subsequently MoP&NR through its letter dated March 31, 2017 communicated the directives of Departmental Accounts Committee (DAC) wherein the DAC had advised MoP&NR to allow the PDC claim to the Holding Company based on actual incidental costs incurred rather than being formula based. Accordingly, the Holding Company appointed an independent firm of Chartered Accountants, which undertook the assignment of re-verification of Holding Company's PD Claim based on the above directives. The firm issued its final audit report in April 2018 according to which Holding Company's claim was lower by Rs. 365,294 based on actual cost of incidentals, for which provision for impairment was made during the year ended June 30, 2018. Subsequently, the Holding Company wrote a letter dated May 02, 2018 to MoE, Ministry of Energy (Petroleum Division) and shared the final audit report. During the year, the Holding Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/11/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Holding Company is fully confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

## 17.2 PDC relating to certain HSD products

This represents the balance of PDC due from GoP. This Price Differential Claim originated in 2004 when there were significant increases in international oil prices. The Government of Pakistan, however, provided relief to end consumers by not passing on the entire increase in local prices of petroleum products. This was done by introduction of a price subsidy. As a result of this subsidy to consumers, the Holding Company could not recover its actual cost from the end consumer and the deficit in recovery was to be reimbursed by GoP through payment of subsidy. The Holding Company was asked to claim this subsidy by submitting price differential claims. As a set procedure, Holding Company used to submit fortnightly claims to the GoP, for the amount of PDC receivable on the sales of petroleum products made by it during the fortnight. Payments were then released against these claims.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The last settlement against this claim was made by GoP in April 2012 when the Holding Company was directed to adjust an amount of Rs. 514,600 against dividends payable to GoP. The Holding Company made the adjustments accordingly.

The Holding Company wrote a letter dated January 26, 2015 to Directorate General (Oil) MoP&NR, requesting for the inclusion of said claim in the Federal Budget 2015-16, however, the said claim was not included in Federal Budget 2015-16. Further, in response to confirmation request sent by the Holding Company, MoP&NR vide its letter dated August 18, 2015 informed that the said claim will be processed after completion of a special audit.

MoP&NR through its letter dated March 31, 2017, communicated the directives of DAC meeting dated March 02, 2017 wherein the DAC had advised MoP&NR to provide decision against the summary dated October 09, 2004 submitted by MoP&NR for approval of the Prime Minister, based on which Finance Division had released / approved the above PDC.

During the year ended June 30, 2018, MoP&NR informed the Holding Company vide its letter no PL-3 (242)/2017 dated August 04, 2017 that the Holding Company's claim of Rs. 602,603 was referred to Government of Pakistan – Finance Division which raised certain reservations. However, the Holding Company in response through its letter to MoP&NR has claimed that the outstanding amount of Rs. 602,603 is authentic and verified by M/s Deloitte Yousuf Adil, Chartered Accountants (M/s Deloitte) and has requested MoP&NR to approach Ministry of Finance (MoF) for reimbursement of same. During the year, the Holding Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/11/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Holding Company is fully confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

## 17.3 PDC on account of supply of furnace oil to KEL at Natural Gas prices

The Holding Company received a directive from MoP&NR through letter no. NG(1)-7(58)09-LS(Vol-1) dated November 26, 2009 in which the Holding Company was directed to supply furnace oil to KEL at the prices equivalent to natural gas prices plus applicable duties and taxes under the Natural Gas Load Management Program (GLMP) for Winter 2009-2010. As per this arrangement, the differential cost between the natural gas and furnace oil was to be borne by GoP and reimbursed directly to the Holding Company by MoF. The Holding Company was again directed by GoP in May 2010 to supply furnace oil to KEL at natural gas prices. Accordingly, furnace oil was provided to KEL at natural gas price which resulted in PDC of Rs.5,708,581 out of which Rs. 1,800,000 was received from MoF in June 2010.

The Ministry of Water & Power (MoW&P) vide its letter dated December 24, 2012 requested MoF to settle the above mentioned claims at the earliest. The MoP&NR vide its letter no. DOM-3(17)/2013 dated April 19, 2013 also requested MoF to process the claim of the Holding Company at the earliest. During the year ended June 30, 2013, the Holding Company vide its letter no. PDC/96/13/001 dated December 19, 2013 requested the MoW&P for placing the request with MoF to include this claim in the Federal Budget 2014-2015. Subsequently, MoW&P vide its letter dated March 26, 2014 requested the MoF for inclusion of the said claim in the Federal Budget 2014-15, but the said amount was not included in the budget. The Holding Company again requested MoW&P on May 3, 2016 for recommending this case for inclusion in the Federal Budget 2016-2017.

Further, MoP&NR vide its letter no. DOM-3 (17) / 2016 dated September 27, 2016 advised the Holding Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Holding Company would refund the said amount to GoP. In return, the Holding Company furnished the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letter no. DOM-3(17)/2016 dated October 25, 2016 requested MoW&P for budgetary provision of the claim, but it was not included in the budget for FY 2017-18.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

During the year ended June 30, 2018, the Holding Company requested MoP&NR vide its letter no. IJ/July 2017/1 dated July 28, 2017 to advise MoF (Budget/Corporate Finance) for early payment/settlement of GLMP PD claim. Subsequently, MoE (Petroleum Division) vide its letter no. DOM-3(17)/2016 dated October 04, 2017 requested MoE (Power Division) for processing the Holding Company's claim. On February 15, 2018, the Holding Company vide its letter no. PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and release of funds to the Holding Company against the claim. During the year ended June 30, 2019, the Holding Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget of 2019-20. MoE responded vide its letter dated May 7, 2019 that it had already requested Ministry of Finance for inclusion of said claim in Budget 2019-20.

During the year, the Holding Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter no. PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Holding Company is fully confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

## **17.4 GENCO - Price differential between the products Low Sulphur Furnace Oil (LSFO) and High Sulphur Furnace Oil (HSFO)**

In 1996, through a decision taken at a meeting of the Privatisation Commission and Finance Division - GoP, the Holding Company was advised to supply LSFO to Kot Addu Power Project at the HSFO price and GENCO was advised to absorb the price differential between the two products. However, later on, in accordance with the decision of ECC dated November 4, 2003, the Holding Company was allowed to recover this amount through a pricing mechanism in addition to recovery of the amount outstanding against its other white oil claims for import price differential. As the validity period for said recovery mechanism expired on December 31, 2004, hence, the Holding Company could not make any recovery on this account through the recovery mechanism as other white oil price differential claims had to be recovered first which also could not be recovered in full through this recovery mechanism. However, the Holding Company continued to follow up the matter with MoP&NR. In 2005, the Holding Company submitted an independent report on the verification of the above claim to MoP&NR, upon their request. In 2006, a joint reconciliation exercise was carried out with GENCO as per the decision taken in a meeting held on May 19, 2006 under the chairmanship of Additional Finance Secretary (GoP) and the final reconciliation statements were submitted to MoF and GENCO. Subsequently, on February 3, 2007 the Holding Company and GENCO agreed upon the final receivable balance of Rs. 3,407,357. MoP&NR vide its letter no. PL-7(4)/2012-13 dated March 01, 2013 has requested the MoF to make a provision of the said amount in the Federal Budget 2013-2014.

The Holding Company vide its letter no. PDC/96/13/001 dated January 27, 2015 requested MoW&P to take up the matter with MoF to settle the claim. MoW&P vide its letter no. PF-5(13)/2012 dated March 9, 2015 sought certain clarifications regarding the claim. The Holding Company vide its letter no. PDC/96/15/001 dated March 31, 2015 replied to the clarification sought by MoW&P and requested for inclusion of the said claim in Federal Budget 2015-2016, however, the said claim was not included in the Federal Budget 2015-16.

Further, MoP&NR vide its letter no. DOM-3 (17)/2016 dated September 27, 2016 advised the Holding Company to furnish certificate of indemnity to GoP that in case of omission, error or overcharging of these claims, the Holding Company would refund the said amount to GoP. The Holding Company in return provided the certificate to MoP&NR vide its letter dated September 30, 2016. MoP&NR vide its letters dated November 02, 2016 and May 08, 2017 requested MoF for special budgetary allocation for settlement of this claim, however, it was not included in the budget for FY 2017-18.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## For the year ended June 30, 2020

During the year ended June 30, 2018, the Holding Company requested MoP&NR vide its letter no. IJ/July 2017/1 dated July 28, 2017 to advise MoF (Budget/Corporate Finance) for early payment/settlement of PD claim between LSFO and HSFO. Subsequently, MoE (Petroleum Division) vide its letter no. DOM-3(17)/2016 dated October 04, 2017 requested MoE (Power Division) for processing the Holding Company's claim. On February 15, 2018 Holding Company vide its letter PDC-GLMP/2018 requested MoF for settlement of this long outstanding issue and the release of funds to the Holding Company against the claim. During the year ended June 30, 2019, the Holding Company wrote a letter dated April 19, 2019 to the Ministry of Energy (MoE) requesting for the inclusion of the said claim in the Federal Budget 2019-20. MoE responded vide its letter dated May 07, 2019 that it has already requested Ministry of Finance for inclusion of said claim in Budget 2019-20.

During the year, the Holding Company requested MoE for the inclusion of the said claim in the Federal Budget 2020-21 vide its letter number PDC/IJ/200420 dated April 09, 2020. In response MoE forwarded the request to the Ministry of Finance vide its letter no. PL-3(458)/2014-Pt dated May 19, 2020, requesting budgetary provision for the said claim in the next year budget. However, it was not included in the budget for FY 2020-21. The Holding Company is fully confident to recover the amount in due course of time as the said claim is being consistently followed up with concerned ministries.

### 17.5 Unfavourable exchange differences on FE-25 borrowings

This represents unfavorable exchange difference arising on foreign currency borrowings (FE-25), obtained by the Holding Company under the directives of MoF - GoP. These exchange differences are to be settled in accordance with the instructions provided by the MoF - GoP. The Holding Company recognises exchange differences arising on such borrowings as payable (in case of exchange gains) and receivable (in case of exchange losses) to / from GoP. As per letter dated November 27, 2013 from Finance Division, MoF - GoP shall defray extra cost and risks to be borne by the Holding Company in respect of these long / extended term borrowing arrangements i.e. the Holding Company would not bear any exchange differences on such borrowings.

During the year, the Holding Company received partial recoveries of Rs. 20,700,000 on April 29, 2020 and Rs. 7,190,000 on June 30, 2020, respectively based on approval from Economic Coordination Committee on April 09, 2020, while the remaining balance is expected to be received in due course of time.

### 17.6 Excise, Petroleum Development Levy (PDL), custom duty and regulatory duty

The Ministry of Finance - GoP (MoF-GoP) through SRO 392(I)/2015 dated April 30, 2015 imposed regulatory duty on import of high speed diesel and motor gasoline. Since the notification of regulatory duty was received on May 04, 2015, the impact of the regulatory duty could not be incorporated in the prices effective from May 01, 2015, which were announced on April 30, 2015 and hence could not be recovered. However, through SRO 603(i)/2015 dated June 30, 2015, the regulatory duty was rescinded and the aforementioned regulatory duty was introduced as custom duty through Finance Act 2015. During the year ended June 30, 2016, the GoP through SRO 1178(i)/2015 dated November 30, 2015 and Finance Act, 2016 increased custom duty by 1%, resulting in a similar situation, whereby, the Holding Company was unable to recover the impact in subsequent pricing being announced by Oil and Gas Regulatory Authority (OGRA).

The Economic Coordination Committee (ECC) of the Cabinet in its meeting dated March 07, 2018 considered the summary submitted by Petroleum Division on the subject of regulatory duty on crude oil and petroleum products and approved reimbursement of claims of OMCs on account of non-recovery of regulatory duty. The amount approved for the Holding Company was Rs. 356,970 and the ECC directed OGRA to allow recovery of the said claims. Consequently, OGRA allowed the reimbursement amounting to Rs. 356,911 to the Holding Company which completed in September 2018. The Holding Company is also pursuing OGRA for reimbursement of the remaining claim on account of increase in custom duty in November 2015 and July 2016. During the year, the Holding Company resubmitted its claim to OGRA vide letter no. OGRA/RD/20 12 2019 dated December 20, 2019. The same was forwarded to FBR by OGRA for verification vide its letter no. OGRA-10-12(56)/2018 dated January 8, 2020. The Holding Company is confident of recovering the said claim in due course of time subject to verification by FBR.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in Rs. '000)

- 17.7 As at June 30, 2020, receivables aggregating to Rs. 2,663,597 (2019: Rs. 2,907,016) were deemed to be impaired and outstanding for more than 90 days, and hence, provision for impairment has been recognised as follows:

	Note	2020	2019
Receivable from GoP		718,336	999,149
IFEM receivables		46,000	46,000
Product claims		90,201	90,201
Other receivables		1,809,060	1,771,666
		<u>2,663,597</u>	<u>2,907,016</u>
17.7.1 The movement of provision for impairment is as follows:			
Balance at beginning of the year		2,907,016	2,665,822
Provision recognised during the year		37,394	31,327
Reversal of provision during the year		(280,813)	(70,133)
		<u>(243,419)</u>	<u>241,194</u>
Balance at end of the year		<u>2,663,597</u>	<u>2,907,016</u>
17.8 <b>Workers' Profit Participation Fund</b>			
Balance at beginning of the year		89,936	17,144
Acquired through business combination		-	5,258
Allocation for the year	37	-	(927,208)
		<u>89,936</u>	<u>(904,806)</u>
Payments during the year		-	994,742
Balance at end of the year		<u>89,936</u>	<u>89,936</u>

- 17.9 Includes receivables of Rs. 10,671,960 (2019: Rs.46,345,131) due from associates and other related parties.

- 17.10 Financial assets included in other receivables aggregating to Rs. 1,798,997 (2019: Rs.36,796,868) were neither past due nor impaired. Further, financial assets aggregating to Rs.17,148,926 (2019: Rs.11,927,987) were past due but not impaired. The ageing analysis of these past due receivables is as follows:

	2020	2019
Up to 3 months	516,644	486,815
3 to 6 months	43,092	306,095
More than 6 months	16,589,190	11,135,077
	<u>17,148,926</u>	<u>11,927,987</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

17.11 Includes Rs. 8,867,186 (2019: Rs. 8,626,129) receivable from associates and related parties which are past due but not impaired:

	Maximum aggregate outstanding at the end of any month	Up to 6 months	More than 6 months	Total	
				2020	2019
<b>Associates</b>					
Asia Petroleum Limited	11,634	-	11,634	11,634	13,617
<b>Other related parties</b>					
Government of Pakistan	9,557,212	-	9,557,212	9,557,212	9,594,985
Pak-Arab Refinery Limited	16,676	-	16,676	16,676	16,676
	<u>9,585,522</u>	<u>-</u>	<u>9,585,522</u>	<u>9,585,522</u>	<u>9,625,278</u>
Provision for impairment (note 17.11.1)				(718,336)	(999,149)
Net receivable from related parties				<u>8,867,186</u>	<u>8,626,129</u>

17.11.1 The movement of provision for impairment against due from GoP, related party is as follows:

	2020	2019
Balance at beginning of the year	999,149	699,149
Provision recognised during the year	-	300,000
Reversal of provision during the year	(280,813)	-
Balance at the end of the year	<u>718,336</u>	<u>999,149</u>

## 18. CASH AND BANK BALANCES

	Note	2020	2019
Cash in hand		9,929	12,440
Cash at banks in:			
- current accounts	18.1	5,796,275	2,406,621
- saving accounts	18.2	292,157	2,427,969
		<u>6,088,432</u>	<u>4,834,590</u>
		<u>6,098,361</u>	<u>4,847,030</u>

18.1 Includes Rs. 1,240,000 (2019: Rs. 1,305,000) kept in a separate bank account in respect of security deposits received from the customers. These balances do not carry any interest.

18.2 These balances carry interest / mark-up ranging from 3.25% to 11.75% (2019: 3.8% to 10.7%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 19. NET ASSETS IN BANGLADESH

	2020	2019
Property, plant and equipment - at cost	46,968	46,968
Accumulated depreciation	(16,056)	(16,056)
Capital work-in-progress	30,912	30,912
Trade debts	809	809
Long-term loans relating to assets in Bangladesh	869	869
	(4,001)	(4,001)
	28,589	28,589
Provision for impairment	(28,589)	(28,589)
	-	-

The Group has no control over these assets and has maintained these in its records at the position as it was in 1971.

## 20. SHARE CAPITAL

### 20.1 Authorised capital

2020 (Number of shares)	2019	Note	2020	2019
500,000,000	500,000,000	Ordinary shares of Rs. 10/- each	5,000,000	5,000,000

### 20.2 Issued, subscribed and paid-up capital

2020 (Number of shares)	2019		2020	2019
3,000,000	3,000,000	Ordinary shares of Rs. 10/- each	30,000	30,000
7,694,469	7,694,469	- Issued for cash	76,945	76,945
458,778,833	380,533,283	- Issued against shares of the amalgamated companies	4,587,789	3,805,333
		- Issued as bonus shares		
469,473,302	391,227,752		4,694,734	3,912,278

### 20.3 Movement in issued, subscribed and paid-up share capital during the year is as follows:

2020 (Number of shares)	2019	Note	2020	2019
391,227,752	326,023,127	Ordinary shares of Rs. 10/- each	3,912,276	3,260,232
78,245,550	65,204,625	At the beginning of the year	782,456	652,046
		Issued during the year as fully paid bonus shares		
469,473,302	391,227,752	At the end of the year	4,694,734	3,912,278

20.4 These fully paid ordinary shares carry one vote per share and right to dividend.

20.5 As at June 30, 2019, 1,013,036 ordinary shares of Rs. 10/- each (2019: 1,013,036 ordinary shares) relate to withholding tax on bonus shares. These were not released by the Holding Company to the Government Treasury based on constitutional petitions filed by the shareholders with the Honourable High Court of Sindh.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 21. RESERVES

	Note	2020	2019
<b>Capital reserve</b>			
Surplus on vesting of net assets	21.1	3,373	3,373
<b>Revenue reserves</b>			
Unrealised gain on remeasurement of FVOCI investment Holding Company's share of unrealised loss of investment in associates classified as AFS		5,987,826	4,335,648
General reserve		-	-
Un-appropriated profit		25,282,373	25,282,373
		76,595,474	89,313,371
		107,865,673	118,931,392
		107,869,046	118,934,765

21.1 This represents surplus arising on vesting of net assets of Esso Oil Marketing business in Pakistan under the Esso Undertakings (Vesting) Act, 1976.

Note	2020	2019
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## 22. RETIREMENT AND OTHER SERVICE BENEFITS

	Note	2020	2019
Gratuity	22.1.1	(512)	240,969
Pension	22.1.1	(359,967)	1,758,107
Medical benefits	22.1.1	6,378,954	5,611,688
Compensated absences		390,939	266,413
		6,409,414	7,877,177

22.1 The details of employee retirement and other service benefit obligations based on actuarial valuations carried out by an independent actuary as at June 30, 2020 under the Projected Unit Credit Method are as follows:

	Note	Gratuity fund		Pension funds		Medical benefits	
		2020	2019	2020	2019	2020	2019
22.1.1 Financial position reconciliation							
Present value of defined benefit obligations	22.1.2	7,589,157	6,255,277	9,941,116	8,137,023	6,378,954	5,611,688
Fair value of plan assets	22.1.3 & 22.2	(7,589,669)	(6,014,308)	(10,301,083)	(6,378,916)	-	-
Net (asset) / liability at end of the year	22.1.8	(512)	240,969	(359,967)	1,758,107	6,378,954	5,611,688

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 22.1.2 Movement in present value of defined benefit obligations

Present value of defined benefit obligations at beginning of the year		<b>6,255,277</b>	5,971,943	<b>8,137,023</b>	15,933,820	<b>5,611,688</b>	3,543,985
Assumed through business combination		-	216,058	-	1,278,809	-	-
Current service cost	22.1.4	<b>261,572</b>	271,831	<b>264,370</b>	431,135	<b>14,953</b>	7,965
Past service cost	22.1.4	-	81,360	-	4,723	<b>697,902</b>	-
Interest cost		<b>866,393</b>	583,321	<b>1,163,229</b>	1,311,736	<b>804,349</b>	347,999
Benefits paid during the year		<b>(570,361)</b>	(513,886)	<b>(268,546)</b>	(600,833)	<b>(128,900)</b>	(127,998)
Benefits payable to outgoing members		-	(9,729)	-	-	-	-
Transfer to defined contribution funds		-	-	-	(10,807,528)	-	-
Remeasurement: Actuarial loss / (gain)		<b>776,276</b>	(345,621)	<b>645,040</b>	792,453	<b>(621,038)</b>	1,839,737
Curtailment gain		-	-	-	(207,292)	-	-
Present value of defined benefit obligations at end of the year		<b>7,589,157</b>	<b>6,255,277</b>	<b>9,941,116</b>	<b>8,137,023</b>	<b>6,378,954</b>	<b>5,611,688</b>

	Note	Gratuity fund		Pension funds		Medical benefits	
		2020	2019	2020	2019	2020	2019
<b>22.1.3 Movement in fair value of plan assets</b>							
Fair value of plan assets at beginning of the year		<b>6,014,308</b>	5,459,310	<b>6,378,916</b>	15,060,660	-	-
Acquired through business combination		-	222,318	-	1,014,528	-	-
Expected return on plan assets		<b>866,366</b>	572,418	<b>1,039,398</b>	1,276,041	-	-
Contributions made by the Group		<b>495,929</b>	803,065	<b>1,938,807</b>	1,478,270	-	-
Benefits paid during the year		<b>(570,361)</b>	(513,886)	<b>(268,546)</b>	(600,833)	-	-
Benefits payable to outgoing members		-	(9,729)	-	-	-	-
Transfer to defined contribution funds		-	-	-	(10,807,528)	-	-
Remeasurement: Actuarial gain / (loss)		<b>783,427</b>	(519,188)	<b>1,212,508</b>	(1,042,222)	-	-
Fair value of plan assets at end of the year		<b>7,589,669</b>	<b>6,014,308</b>	<b>10,301,083</b>	<b>6,378,916</b>	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 22.1.4 Expense recognised in profit or loss

Current service cost	261,572	271,831	264,370	431,135	14,953	7,965
Past service cost	-	81,360	-	4,723	697,902	-
Curtailement gain	-	-	-	(207,292)	-	-
Net interest expense	27	10,903	123,831	35,695	804,349	347,999
Expense for the year	261,599	364,094	388,201	264,261	1,517,204	355,964

## 22.1.5 Actual return on plan assets

	1,641,032	69,050	2,076,333	270,899	-	-
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## 22.1.6 Remeasurement (gain) / loss recognised in other comprehensive (income) / loss

Actuarial loss / (gain) on defined benefit obligation	22.1.7	776,276	(345,621)	645,040	792,453	(621,038)	1,839,737
Actuarial (gain) / loss on fair value of plan assets		(783,427)	519,188	(1,212,508)	1,042,222	-	-
Remeasurement (gain) / loss		(7,151)	173,567	(567,468)	1,834,675	(621,038)	1,839,737

## 22.1.7 The actuarial loss / (gain) occurred on defined benefit obligation on account of following:

- Financial assumptions	501,857	(471,001)	527,044	(506,496)	(83,909)	1,780,277
- Experience adjustments	274,419	125,380	117,996	1,298,949	(537,129)	59,460
	776,276	(345,621)	645,040	792,453	(621,038)	1,839,737

Gratuity fund		Pension funds		Medical benefits	
2020	2019	2020	2019	2020	2019

## 22.1.8 Net (asset) / recognised liability

Net liability at beginning of the year	240,969	512,633	1,758,107	873,160	5,611,688	3,543,985
Acquired through business combination	-	(6,260)	-	264,281	-	-
Expense recognised in profit or loss	261,599	364,094	388,201	264,261	1,517,204	355,964
Contributions made by the Group	(495,929)	(803,065)	(1,938,807)	(1,478,270)	(128,900)	(127,998)
Remeasurement (gain) / loss recognised in other comprehensive (income) / loss	(7,151)	173,567	(567,468)	1,834,675	(621,038)	1,839,737
Net (asset) / liability at end of the year	(512)	240,969	(359,967)	1,758,107	6,378,954	5,611,688

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 22.2 Plan assets comprise of following

Mutual funds	1,344,979	1,202,617	759,453	582,530
Pakistan Investment Bonds	2,852,447	1,650,831	3,077,437	3,954,822
Term deposits	-	1,213,611	-	505,245
Treasury Bills	259,116	1,892,817	132,795	86,057
Quoted shares	18,638	19,557	678,345	661,128
Term Finance Certificates	9,681	10,627	19,361	21,254
Defense Saving Certificates	95,771	75,841	-	-
National Investment Trust Units	-	-	2,587	2,479
Regular Income Certificates	2,975,824	44,545	5,205,854	63,958
Sukuk	18,597	17,273	37,193	33,888
Cash and cash equivalents (after adjusting liabilities)	20,504	27,061	320,173	389,791
Other (payable) / receivables	(5,888)	(140,472)	67,885	77,764
Fair value of plan assets at end of the year	<b>7,589,669</b>	<b>6,014,308</b>	<b>10,301,083</b>	<b>6,378,916</b>

22.2.1 Plan assets include the Holding Company's ordinary shares with a fair value of Rs. 122,547 (2019: Rs. 109,528).

22.3 The principal assumptions used in the actuarial valuations carried out as of June 30, 2020, using the 'Projected Unit Credit' method, are as follows:

### 22.3.1 The Holding Company:

	Gratuity fund		Pension funds		Medical benefits		Compensated absences	
	2020	2019	2020	2019	2020	2019	2020	2019
Discount rate per annum (%)	9.25	14.50	9.25	14.50	9.25	14.50	9.25	14.50
Expected per annum rate of return on plan assets (%)	9.25	14.50	9.25	14.50	-	-	-	-
Expected per annum rate of increase in future salaries (%)	9.25	13.25	9.25	13.25	-	-	9.25	13.25
Expected per annum rate of increase in medical costs (%):								
- active employees	-	-	-	-	9.25	14.50	-	-
- pensioners	-	-	-	-	9.25	14.50	-	-
Indexation of pension (%)	-	-	5.00	5.75	-	-	-	-
Expected mortality rate	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table
Expected withdrawal rate	Low	Low	Age dependent	Age dependent	Age dependent	Age dependent	Age dependent	Age dependent

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 22.3.2 The Subsidiary Company:

	Gratuity fund		Pension funds	
	2020	2019	2020	2019
Discount rate per annum (%)	9.25	14.50	9.25	14.50
Expected per annum rate of increase in future salaries (%)	5.00-10.00	550-16.00	5.00-10.00	550-16.00
Indexation of pension (%)	-	-	3.00-5.00	4.50-5.00
Expected mortality rate	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table	SLIC (2001-05) Ultimate Mortality table
Expected withdrawal rate	Light to Moderate	Light to Moderate	Light to Moderate	Light to Moderate

## 22.3.3 The plan exposes the Group to the actuarial risk such as:

### Salary increase risks

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

### Withdrawal risks

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

### Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

### Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

**22.4** In case of the funded plans, the investment positions are managed by Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. Duration and the expected yield of the investments are matched with the expected cash outflows arising from the retirement benefit plan obligations. The process used to manage risks has not been changed from previous periods. Investments are well diversified and a large portion of plan assets in 2020 consists of Regular income certificates, Pakistan investment bonds, Mutual funds, Treasury bills and Quoted shares.

**22.4.1** The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

**22.4.2** Expected contributions to gratuity and pension funds for the year ending June 30, 2020 is Rs. 488,001.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 22.4.3 Historical information of staff retirement benefits

	2020	2019	2018	2017	2016
<b>Pension Plan Funded</b>					
Present value of defined benefit obligation	9,941,116	8,137,023	15,933,820	14,433,857	12,284,584
Fair value of plan assets	(10,301,083)	(6,378,916)	(15,060,660)	(10,600,613)	(9,586,186)
Net (asset) / liability at end of the year	(359,967)	1,758,107	873,160	3,833,244	2,698,398
<b>Gratuity Plans Funded</b>					
Present value of defined benefit obligation	7,589,157	6,255,277	5,971,943	5,533,523	5,150,030
Fair value of plan assets	(7,589,669)	(6,014,308)	(5,459,310)	(4,973,184)	(4,857,655)
Net liability at end of the year	(512)	240,969	512,633	560,339	292,375

## 22.4.4 Defined contribution plans

An amount of Rs. 380,318 (2019: Rs.229,996) has been charged during the year in respect of defined contribution plan maintained by the Group.

## 22.5 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Gratuity fund	Pension funds	Medical benefits
Discount rate (1% increase)	(1,003,956)	(4,432,633)	(943,097)
Discount rate (1% decrease)	1,116,687	5,113,329	1,201,847
Future salary rate (1% increase)	1,146,224	4,090,743	-
Future salary rate (1% decrease)	(1,037,840)	(3,849,960)	-
Future pension rate (1% increase)	-	4,560,905	-
Future pension rate (1% decrease)	-	(4,200,880)	-
Medical cost trend rate (1% increase)	-	-	891,725
Medical cost trend rate (1% decrease)	-	-	(743,271)

If longevity increases by 1 year, obligation increases by Rs. 2,393,906.

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions, may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) is applied as when calculating the liability for gratuity, pension and medical benefits recognised within the statement of financial position. There has been no change in assumptions and methods used in preparing the sensitivity analysis from prior year.

**22.6** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the funds, at the beginning of the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

22.7 The expected maturity analysis of undiscounted retirement benefit plans is as follows:

	Gratuity fund	Pension funds	Medical benefits
Less than a year	728,703	1,311,922	174,986
Between 1-2 years	658,433	1,955,682	258,708
Between 2-3 years	735,189	1,730,618	341,611
Between 3-4 years	638,893	1,976,885	430,652
Between 4-5 years	847,415	3,477,903	544,862
Between 6-10 years	4,185,410	13,998,724	3,436,561
Over 10 years	11,001,513	27,843,287	39,492,104

	Note	2020	2019
<b>23. LONG-TERM BORROWINGS</b>			
Diminishing Musharika / long - term borrowing	23.2 & 23.3	4,300,000	4,700,000
Less: Current portion of Diminishing Musharika		(200,000)	(400,000)
		<b>4,100,000</b>	4,300,000
Salary Refinancing	23.4	131,595	-
Less: Current portion of Salary Refinancing		(16,449)	-
		115,146	-
	23.1	<b>4,215,146</b>	4,300,000
		<b>2020</b>	<b>2019</b>
<b>23.1</b> Movement in long-term borrowings is as follows:			
Balance at beginning of the year		4,700,000	-
Assumed through business combination		-	5,100,000
Salary refinancing obtained during the year		131,595	-
Less: Long-term borrowings repaid during the year		(400,000)	(400,000)
		(268,405)	(400,000)
Less: Current portion of long - term borrowings		(216,449)	(400,000)
Balance at end of the year		<b>4,215,146</b>	4,300,000

23.2 During the year ended June 30, 2015, the Subsidiary Company obtained a syndicated long term loan under mark-up arrangement through NIB Bank Limited (now MCB Islamic Bank Limited) amounting to Rs. 2,000,000 at a mark-up of 6 month KIBOR + 1.75% per annum for a tenor of 7 years (including 2 years grace period). The loan is repayable in 10 semi-annual installments beginning from July 2017 and was secured by way of hypothecation of present and future raw materials and finished products, trade receivables and property, plant and equipment (excluding land). During the year ended June 30, 2018, the Subsidiary Company renegotiated the terms and reduced the mark-up to 6 months KIBOR + 1% per annum, which was further re-negotiated and converted from conventional loan into Diminishing Musharika at a mark-up of 6 month KIBOR + 0.75% per annum for the remaining tenure of 4 years with all other terms and conditions remaining constant.

During the year, State Bank of Pakistan (SBP) circular letter no. 13 of 2020 dated March 26, 2020 was issued to support businesses during COVID-19 pandemic, thereby the repayment of loan is deferred by one year, without any change in mark-up rates. The Subsidiary Company availed the opportunity of deferment of principal loans repayment under this circular by one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

- 23.3** During the year ended June 30, 2018, the Subsidiary Company obtained term finance facilities under mark-up arrangements through Askari Bank Limited and Bank Alfalah Limited amounting to Rs. 1,000,000 and Rs. 2,500,000 respectively at a mark-up of 3 month KIBOR + 0.5% per annum for a tenor of 3 years (including 2.5 years grace period). The loan is repayable by way of bullet payment after expiry of 3 years whereas markup is to be paid on a quarterly basis starting from September 2018. These loans are secured by way of hypothecation of property, plant and equipment (excluding land and building). During the year taking advantage of SBP circular referred in note 23.2, these loans are deferred by one year and are now repayable by way of bullet payment on June 28, 2022 and June 30, 2022, respectively.
- 23.4** This represents salary financing obtained under SBP payroll refinance facility as a part of measures for countering economic hardships faced by the businesses during COVID-19 pandemic. The Subsidiary Company will pay a quarterly mark up at a discounted rate of 3% per annum, with eight equal quarterly instalments starting from April 2021.

	2020	2019
<b>24. LEASE LIABILITIES</b>		
Balance at the beginning of the year	-	-
Impact of initial application of IFRS 16	4,609,454	-
Additions during the year	115,413	-
Accretion of interest	639,578	-
Lease contracts modified during the year	300,824	-
Less: Lease rentals paid	(1,136,207)	-
Less: Current portion shown under current liability	(40,462)	-
Balance at the end of the year	<u>4,488,600</u>	<u>-</u>

- 24.1.** The Group does not have any short-term leases or leases related to low-value assets for the year.
- 24.2.** The Group has recognised a charge of Rs. 3,353,666 (2019: 'Nil') for variable lease payments, which do not form a part of leases.

	2020	2019
<b>24.3</b> The expected maturity analysis of undiscounted lease payment is as follows:		
Less than a year	546,853	-
Between 1-5 years	2,803,186	-
Over 5 years	14,503,991	-

## 25. OTHER PAYABLE

Balance relates to wharfage payable to related party on account of import of LNG by the Holding Company. During the year, as per the directions of Ministry of Finance - Economic Affairs Division outstanding wharfage has to be paid in 10 equal installments without interest over a period of 10 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>26. TRADE AND OTHER PAYABLES</b>			
Local creditors	26.1 & 26.2	13,404,454	25,575,058
Foreign creditors	26.1 & 26.3	59,328,669	81,481,915
		<b>72,733,123</b>	107,056,973
Security deposits	26.4	4,723,725	4,278,394
Retention money		99,644	46,992
Accrued expenses and other liabilities	26.5, 26.6, 26.7 26.8 & 26.9	60,560,480	59,353,757
Surplus price differential payable	32.2	1,553,896	1,585,282
Payable to GoP	26.10	1,456,967	1,384,467
Payable to Provident Funds		22	6,510
Payable to Contributory Pension Funds		-	3,258
Due to OMCs and refineries		299,959	992,429
Advances - unsecured			
- from customers		5,223,475	2,629,717
- against equipments		1,700	1,700
		<b>5,225,175</b>	2,631,417
Taxes and other government dues			
- Excise, taxes and other duties		10,087,116	8,077,402
- Octroi		51,590	51,590
- Sales tax Payable - due to related party		3,818,592	-
- Income tax deducted at source		1,856	130,985
		<b>13,959,154</b>	8,259,977
Workers' Welfare Fund		407,488	1,954,964
Unearned Income		37,475	-
Others		91,718	95,616
		<b>161,148,826</b>	187,650,036

**26.1** The average credit period on imports is 30 days on White Oil and Crude, 60 days on Black Oil and ranges between 14 to 21 days on Liquefied Natural Gas (LNG). On local purchases, the Group is availing 13 to 14 days credit for refined products and 15 to 60 days for crude. Thereafter, interest is charged in accordance with the terms of agreement on the outstanding balance.

	2020	2019
<b>26.2</b> This includes amounts payable to the following related parties:		
Pak-Arab Refinery Limited - related party	3,963,643	8,133,073
K- Electric Limited	42,512	-
Oil and Gas Development Company Limited	-	1,746,405
Pakistan Petroleum Limited	1,125,173	629,600
	<b>5,131,328</b>	10,509,078

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

**26.3** This includes amount of Rs. 6,855,172 (2019: Rs.19,595,763) in respect of import of LNG.

**26.4** Security deposits includes deposits received by the Group under the terms of related agreements and are as follows:

	Note	2020	2019
Dealers	26.4.2	939,074	911,625
Equipments	26.4.3	496,546	442,286
Cartage contractors	26.4.4	953,905	854,063
Card holders	26.4.5	1,894,255	1,695,476
Suppliers	26.4.5	357,273	296,980
Others	26.4.5	82,672	77,964
		<b>4,723,725</b>	<b>4,278,394</b>

**26.4.1 Security deposits include:**

Utilisable / utilised in business	26.4.1.1	3,483,725	2,973,394
Others	26.4.1.2	1,240,000	1,305,000
		<b>4,723,725</b>	<b>4,278,394</b>

**26.4.1.1** The amount is fully utilised in business in accordance with requirement of written agreements and in terms of section 217 of the Companies Act, 2017.

**26.4.1.2** The amount is kept in separate bank accounts as per terms of agreement.

**26.4.2** These represent interest-free deposits from dealers for the performance of their service as defined in the dealership agreements. The deposits are refundable on termination of dealership agreements and are payable on demand.

**26.4.3** These represent interest-free deposits from customers against Liquefied Petroleum Gas (LPG) equipments. The deposits are refundable on the return of equipments and are payable on demand.

**26.4.4** These represent interest bearing and interest free deposits from contractors against the cartage contracts for transportation of petroleum products. The deposits are refundable on cancellation of these contracts.

**26.4.5** These represent non-interest bearing security deposits and are repayable on termination of contract / performance of the services.

**26.5** Includes Rs. 3,503,268 (2019: Rs. 2,314,556) payable to Pakistan National Shipping Corporation, a related party, on account of freight and demurrage charges.

**26.6** Includes amount due to various related parties on account of insurance premium, late payment surcharge, pipeline and other charges aggregating to Rs. 9,519,543 (2019: Rs. 18,134,895).

**26.7** Included in accrued liabilities is an amount of Rs. 396,100 (exchange gains of Rs. 618,950 net of exchange losses of Rs. 222,850) (2019: Rs. 396,100) in respect of foreign currency loans (FC loans) taken by the Subsidiary Company for retirement of LCs of crude oil based on discussions with Ministry of Finance (MoF). During the year ended June 30, 2016, MoF proposed a mechanism for calculation of such gains and losses on the FC loans by the oil importing companies and invited views / comments thereupon. The Subsidiary Company, alongwith other oil importing companies had discussions with MoF and State Bank of Pakistan (SBP) in this respect, outcome of which is still pending.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

**26.8** This includes differential of regulatory / custom duty levied amounting to Rs. 1,240,000 (June 30, 2019: Rs. 1,730,000) on import of crude oil consumed in the production and recovered on sale of regulated products based on SROs issued by Government of Pakistan and Ministry of Energy (MoE). During the year ended June 30, 2018, OGRA in compliance with the directives of MoE had finalised a recovery mechanism for regulated products through which refineries would operate on no gain / loss basis on this account. OGRA directed Oil Companies Advisory Committee (OCAC) to ensure the implementation of the said mechanism.

During the year ended June 30, 2019, as per approved regulatory duty mechanism, Refinery Regulatory Duty (RRD) committee of OCAC determined RRD factors per litre applicable for 5 months from August 2018 to December 2018, which were adjusted in monthly ex-refinery prices.

However, after preliminary implementation of the said mechanism, due to practical implications, a revised procedure was devised by OGRA, whereby recovery is made directly from refinery through payment to Inland Freight Equalisation Margin (IFEM) pool without any adjustment of RRD factors in ex-refinery prices.

**26.9** Includes current portion of wharfage payable to related party amounting to Rs. 169,954 (2019: Rs. 1,699,534).

**26.10** This includes Government of Pakistan's share in the value of local crude purchased and petroleum levy on sale of petroleum products. The balance is net of Rs. 259,130 (2019: Rs. 259,130) receivable from the Government in respect of price differential claims which resulted from restricting the ex-refinery prices charged by the Subsidiary Company to the oil marketing companies on instructions from MoE. During the year ended June 30, 2018, the Subsidiary Company received a report from MoE through OCAC highlighting certain aspects of the above claims. The management is of the view that the report contains certain factual inaccuracies and is taking up the matter along with other refineries with the MoE.

	Note	2020	2019
<b>27. UNCLAIMED DIVIDEND</b>			
Balance at beginning of the year		1,761,628	3,443,218
Assumed through business combination		-	21,768
Dividend for the year		1,956,139	3,586,255
Unpaid dividend	28	-	(103,297)
		<b>3,717,767</b>	<b>6,947,944</b>
Less: Payments made during the year		<b>(2,342,837)</b>	<b>(5,186,316)</b>
Balance at end of the year		<b>1,374,930</b>	<b>1,761,628</b>

## 28. UNPAID DIVIDEND

The balance as at June 30, 2019 (as mentioned in note 27) represented part of interim dividend for the period ended March 31, 2019 which remained unpaid to the Holding Company's non-resident shareholders. The dividend repatriation required approval from the State Bank of Pakistan which has been obtained during the year and the dividend has been remitted to the non-resident shareholders.

## 29. PROVISIONS

These represent provisions for certain legal claims raised by the regulatory authorities against the Group. The outcome of these legal claims are not expected to give rise to material obligations beyond those provided for.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>30. SHORT-TERM BORROWINGS</b>			
<b>From National Bank of Pakistan - Related party</b>			
Short-term finances in foreign currency	30.1	18,110,162	17,643,481
Finances under mark-up arrangements	30.2 & 30.3	481,334	12,961,332
		18,591,496	30,604,813
<b>Other than a related party</b>			
Short-term finances			
- local currency	30.2 & 30.3	31,640,000	33,161,000
- foreign currency	30.1	18,393,529	44,611,715
		50,033,529	77,772,715
Current portion of long - term borrowing		216,449	400,000
Finances under mark-up arrangements	30.2 & 30.3	10,191,191	12,901,381
	30.4 & 30.5	79,032,665	121,678,909

**30.1** The rate of mark-up for this facility ranges from Re. 0.10 to 0.17 (2019: Re. 0.12 to 0.15) per Rs. 1,000 per day. This facility is secured by way of trust receipts of the Group. These finances have been obtained on the directives of MoF via letter dated September 09, 2015.

**30.2** The total facility limit of various financing facilities available from banks aggregate to Rs. 140,985,000 (2019: Rs.115,858,000) out of which Rs. 98,540,878 (2019: Rs.66,361,287) remained unutilised as of reporting date. These facilities are secured by way of floating / pari passu charge on Group's stocks, receivable and trust receipts.

**30.3** The rate of mark-up on short-term finance facility is Re. 0.03 to Re. 0.39 (2019: Re.0.03 to Re. 0.37) per Rs. 1,000 per day. The rate of mark-up for finances under mark-up arrangements ranges from Re. 0.23 to 0.39 (2019: Re. 0.31 to 0.41) per Rs.1,000 per day, net of prompt payment rebates. These facilities are renewable subject to payment of repurchase price on specified dates.

**30.4** These finances have been obtained for working capital requirements.

**30.5** As at June 30, 2020, accrued interest / mark-up on short-term borrowings and finances under mark-up arrangement amounted to Rs. 1,507,806 (2019: Rs.1,292,443), which includes Rs. 247,760 (2019: Rs. 362,457) due to National Bank of Pakistan, a related party.

	2020	2019
<b>30.6 Movement in short term finances and foreign currency loans:</b>		
Opening balance	95,416,196	77,285,005
Loans assumed through business combination	-	7,364,390
Loans obtained during the year	681,398,659	269,408,036
Loans repaid during the year	(708,850,560)	(279,147,190)
Unrealised exchange loss on foreign loans	179,396	20,505,955
	(27,272,505)	10,766,801
Closing balance	68,143,691	95,416,196

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 31. CONTINGENCIES AND COMMITMENTS

### 31.1 Contingencies

The Group has contingent liabilities in respect of unrecognized late payment surcharge, pending tax matters and other legal claims in the ordinary course of business.

#### 31.1.1 Late payment surcharge (Holding and Subsidiary Company)

Claims amounting to Rs. 7,626,014 (2019: Rs. 7,877,755) in respect of delayed payment charges are not recognised on the understanding that these will be payable only when the Group will fully realize delayed payment charges due from its customers, which is more than the aforementioned amount. Charges claimed by the Group against delayed payments by the customers, due to circular debt situation, are recognised on receipt basis as the ultimate outcome of the matter and amount of settlement cannot be presently determined.

#### 31.1.2 Income Tax

##### Holding Company

**31.1.2.1** The taxation officer passed assessment orders dated May 28, 2010, May 31, 2010, June 30, 2010, August 31, 2010 and January 29, 2011 in respect of tax years 2004 to 2008 and made certain disallowances and additions resulting in total tax demand of Rs. 1,733,038. These orders were later rectified and amended to Rs. 964,037. The appeal against tax year 2008 is pending before High Court of Sindh (SHC). During the year ended June 30, 2018 the ATIR passed an order in respect of Tax Year 2004 which was decided in favour of the Holding Company and the Holding Company obtained its effect from tax authorities after which the amended demand was reduced to Rs. 783,014. During the current year, ATIR has passed three orders in respect of Tax Year 2005, 2006 and 2007 which are mostly in favour of the Holding Company except one point for Tax Year 2005 on which the Holding Company has filed reference before SHC. The Holding Company has obtained the effect of ATIR order from taxation authorities for the tax years 2005 and 2006 after which demand is further reduced to Rs. 435,662. The appeal effect of Tax Year 2007 is in process. Based on views of the tax advisor, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.2.2** The taxation officer passed assessment orders dated January 31, 2012, April 06, 2012 and May 31, 2012 in respect of tax years 2009 to 2011 and made certain disallowances and additions resulting in total tax demand of Rs. 4,598,246. The Holding Company filed appeals against these orders before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] who decided certain matters in favour of the Holding Company. During the year ended June 30, 2013, the Holding Company received revised orders showing an aggregate demand of Rs. 740,871 after taking into effect for matters decided in favour of the Holding Company by the CIR (Appeals). The Holding Company has filed appeals before the ATIR for remaining points adjudicated against the Holding Company by the CIR (Appeals) which are pending for hearing. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.2.3** Assistant Commissioner Inland Revenue (ACIR) through his orders dated January 29, 2013 and January 28, 2014 made certain additions and disallowances in respect of tax year 2012 and 2013 respectively raising total tax demand of Rs. 3,096,173. The Holding Company had filed appeals there against the said orders before the CIR (Appeals), whereby most of the matters have been decided in favour of the Holding Company. For remaining issues, the Holding Company has filed appeals before the ATIR. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

**31.1.2.4** The ACIR through his orders dated February 09, 2015 and March 22, 2016 made certain additions and disallowances in respect of tax year 2014 and 2015 respectively, thereby creating total tax demand of Rs. 35,992,978. The orders were later rectified and amended to Rs. 3,619,899. Further, through computerised balloting, the Holding Company was selected for audit of tax year 2014 by the Federal Board of Revenue (FBR) and another demand of Rs. 53,023 was created by FBR for tax year 2014. The Holding Company has filed appeals against these orders before the CIR (Appeals) which were decided partially against the Holding Company in 2018 except for audit case of tax year 2014 which was remanded back by CIR (Appeals) to the assessing officer for verification and effect. The Holding Company has filed appeals before ATIR against these CIR (Appeals) orders. Last year, the Holding Company has received an appeal effect on aforesaid CIR (Appeals) orders from Tax authorities after which the demand has been amended to Rs. 2,585,773. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.2.5** The ACIR through his assessment orders dated February 27, 2017 and December 29, 2017 for Tax Year 2016; and assessment order dated February 28, 2018 for Tax Year 2017, made certain additions and disallowances, thereby creating total tax demand of Rs. 2,685,964. The Holding Company filed appeals against these orders before the CIR (Appeals). The appeal relating to tax year 2016 has been decided by CIR (Appeals) in 2018, whereby few issues have been decided in favour of the Holding Company. Last year, the Holding Company had received an appeal effect for the tax year 2016 on aforesaid CIR (Appeals) order from tax authorities after which the aforesaid demand has been reduced to Rs. 2,685,818. For remaining issues, the Holding Company has filed appeals before ATIR. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.2.6** The ACIR through his order dated January 31, 2019 made certain additions and disallowances in respect of tax year 2018 and raised tax demand of Rs. 207,773. The Holding Company has filed appeal against aforesaid order before CIR (Appeals) which is decided against the Holding Company. During the current year an appeal against the said order has been filed before the ATIR by the Holding Company. Based on the views of tax advisor of the Holding Company, the management believes that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

## **31.1.3 Sales tax and Custom Duty**

### **Holding Company**

**31.1.3.1** A sales tax order-in-original no. 01/2010 dated March 30, 2010 was issued by Deputy Commissioner Inland Revenue (DCIR), FBR in respect of sales tax audit of the Holding Company for the tax years 2004-2007. Under the said order, a demand of Rs. 883,864 was raised on account of certain transactions and default surcharge of Rs. 512,172 was imposed. The ATIR decided the case in favour of the Holding Company. However, the tax department has filed an appeal against the aforesaid decision of the ATIR in the High Court of Sindh which is pending for hearing. Based on the views of tax and legal advisor, the management believes that it is more likely than not that the matter will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made for the said matters in these consolidated financial statements.

**31.1.3.2** The DCIR passed an order dated July 02, 2019 in respect of sales tax audit for tax year 2010 giving rise to demand of Rs. 3,586,018 along with penalty of Rs. 179,300 and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before Commissioner Inland Revenue (CIR - Appeals), who has annulled the order and has decided the case in the Holding Company's favour through an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended June 30, 2020

- 31.1.3.3** A sales tax order dated October 27, 2014 regarding alleged non charging of sales tax on supply of fuel to vessels proceeding outside Pakistan for the year 2014 was raised by the DCIR, FBR. Under the said order, the DCIR imposed a sales tax demand of Rs. 6,243,369 along with default surcharge of Rs. 1,375,082 and a penalty of Rs. 312,168. The Holding Company based on the advice of its tax consultants believes that it has correctly treated the aforesaid supplies as being 'zero' rated. The Holding Company filed an appeal against the said order before the CIR (Appeals) which was decided against the Holding Company in decision dated June 29, 2017, received on December 05, 2017. The Holding Company filed an appeal against the order of CIR (Appeals) before ATIR. During the year, the Appeal was decided in favor of Holding Company by ATIR. Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.
- 31.1.3.4** The DCIR has passed an order dated July 04, 2019 on the matter of non-charging of sales tax on supply of fuel to vessels and aircrafts proceeding outside Pakistan for the year 2014-15. The aforesaid order resulted in demand of sales tax of Rs. 4,579,596 along with penalty of Rs.228,979 and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before CIR - Appeals, who has annulled the order and has decided the case in Holding Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.
- 31.1.3.5** A sales tax order no. 01/2012 dated January 16, 2013 was issued by the DCIR (Adjudication), FBR in respect of delayed payment of sales tax due in sales tax return for March 2011. Under the said order, demand of Rs. 437,305 was raised which comprised default surcharge of Rs. 82,265 and penalty of Rs. 355,040 on late payment. The Holding Company filed an appeal against the said order before CIR (Appeals) which was decided against the Holding Company. The Holding Company, accordingly, filed an appeal against the aforesaid order of CIR (Appeals) before the ATIR which vide its order dated September 13, 2013 upheld the imposition of default surcharge, however, vacated penalty imposed for de novo consideration by adjudicating authority. The matter of penalty was again decided against the Holding Company by adjudicating officer and later on by the CIR (Appeals) vide its order dated September 29, 2015 against which the Holding Company has filed an appeal before the ATIR on February 18, 2016. Further, the Holding Company has also filed an appeal before the High Court of Sindh against the first order of ATIR, which is pending for hearing. Based on the views of tax and legal advisors of the Holding Company, the management believes that it is more likely than not that the matters will ultimately be decided in favour of the Holding Company. Accordingly, no provision in this respect has been made in these consolidated financial statements.
- 31.1.3.6** The DCIR passed an order dated July 03, 2019 in respect of non-payment of sales tax on PDC / subsidies giving rise to demand of sales tax of Rs. 33,855,642 alongwith penalty of Rs.33,855,642 and default surcharge to be calculated at the time of settlement of demand. The Holding Company appealed against this order before CIR - Appeals, who has annulled the order and decided the case in Holding Company's favour in an order dated September 9, 2019. Tax department has filed an appeal, against this order, to appellate tribunal. Based on the views of tax advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 31.1.3.7** Punjab Revenue Authority (PRA) has issued an order dated September 18, 2017, received on November 30, 2017, against the Holding Company demanding Rs. 2,258,235 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on alleged commission paid to petroleum dealers. The Holding Company does not agree with the stance of PRA as the Authority erroneously assumed the dealer's margin allowed to petroleum dealers through OGRA's price notification as "dealer's commission". The Holding Company further collects general sales tax on such dealer's margin and submits the same to government treasury with monthly sales tax return. Accordingly, levy of Punjab service sales tax on the alleged commission would lead to double imposition of sales tax on dealer's margin. The Holding Company challenged the order in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, an appeal has also been filed with Commissioner - Appeals PRA against the subject order. Commissioner PRA in his appellate order dated September 5, 2018 decided against the Holding Company while waiving levy of penalty thereon. The Holding Company filed an appeal with Appellate Tribunal PRA, which had set-aside the impugned order in the order dated December 9, 2019. Based on the view of tax and legal advisors, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.
- 31.1.3.8** Punjab Revenue Authority (PRA) has issued two Orders dated April 10, 2018, against the Holding Company demanding Rs. 571,933 alongwith penalty and default surcharge on alleged non-recovery of Punjab sales tax on account of distribution, marketing and administrative expenses as illustrated in Annual Audited Accounts of 2014-15 and 2015-16. The Orders were raised on an unsubstantiated assumption that distribution, marketing and administrative expenses disclosed by the Holding Company in its financial statements of aforementioned periods are completely taxable and pertains solely to the province of Punjab. The Holding Company challenged the Orders in Lahore High Court, which duly granted stay against the subject tax demand. Further, in consultation with legal advisor, appeals have also been filed with Commissioner - Appeals PRA against the subject orders, which is still pending. Based on the view of tax and legal advisor, the Holding Company is confident that the ultimate outcome of the matter would be in its favour and therefore no provision has been made in these consolidated financial statements. Further, PRA has also issued show cause notice dated April 04, 2018 in respect of the year 2016-17 for recovery of sales tax demand of Rs. 409,491 on similar issue against which the Holding Company has obtained stay order from Lahore High Court. In a recent development, Lahore High Court has quashed its orders on constitutional grounds. The Holding Company, however, has applied for stay of demand with Commissioner Appeals against the orders for Financial Years 2014-15 and 2015-16. Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.
- 31.1.3.9** PRA has issued a Show Cause Notice dated October 01, 2019 demanding Rs. 8,839,550 claiming certain components of petroleum price (e.g. dealer's margin, OMC margin and IFEM) as subject to levy of Punjab Sales Tax. The Holding Company did not agree with the view of PRA as it was treating the whole price of POL products subject to levy of general sales tax. The Holding Company challenged the said show cause notice, against which the Lahore High Court has duly granted stay. Based on the views of tax and legal advisor of the Holding Company, the management believes that it is more likely than not that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.
- 31.1.3.10** The Collector (Adjudication) - Customs House Karachi, issued show-cause notices dated February 04, 2019, February 06, 2019, and August 06, 2019 to the Holding Company for recovery of minimum value added sales tax of Rs. 17,250,015, on import of furnace oil in Pakistan. Similar notices have also been served on other OMCs as well. The Holding Company has challenged the impugned show-cause notice in the Hon'ble Sindh High Court, who granted stay against any coercive action by the adjudicating authority. Based on the views of tax advisor of the Holding Company, as well as the recent amendment introduced by Finance Act, 2019 favoring the Holding Company's view, the management believes that the matters will ultimately be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

**31.1.3.11** On June 11, 2005, a demand was raised by the Collector of Customs, Sales Tax and Central Excise (Adjudication) in respect of sales tax, central excise duty and petroleum development levy aggregating to Rs. 165,781 inclusive of additional sales tax and central excise duty on exports of POL products to Afghanistan during the period August 2002 to November 2003. The demand was raised on the grounds that the export consignments were not verified by the Pakistan Embassy / Consulate in Afghanistan as required under Export Policy and Procedures, 2000. It is the Holding Company's contention that this requirement was in suspension as in the aforesaid period the Pakistan Embassy / Consulate was not fully functional. This condition of suspension was removed only on July 22, 2004 through Export Policy Order, 2004 when the Pakistan Embassy / Consulate became fully functional in Afghanistan. Besides the issue of verification, it is also the Holding Company's contention that export of POL products to Afghanistan can be verified from the relevant documents and therefore, the demand is unwarranted. The Holding Company had been contesting the matter before ATIR who has remanded the case back to adjudication officer vide its order dated February 06, 2012. Based on the view of tax advisor, the Holding Company is confident that the ultimate outcome of the matter would be in its favour and therefore no provision has been made in these consolidated financial statements.

## **31.1.4 Other matters**

### **Holding Company**

**31.1.4.1** The Deputy Director / Sr. Excise and Taxation Officer (ETO) C.M.D.I, Karachi Port Trust (KPT) has issued a notice dated January 6, 2020 to PSO. Through said notice, a demand of Rs.6,438,869 has been raised on account of Sindh maintenance & development infrastructure cess (SMDIC) in respect of POL products consignments imported by the Holding Company during the period 01.07.2016 to 15.11.2019 at Keamari. The Company challenged the aforesaid notice in the High Court of Sindh on February 24, 2020. The High Court through its interim order passed on February 26, 2020, has restricted the respondents from taking any action against the petitioner as well as creating any hindrance of lawful import / export of POL products. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Holding Company's favour. Accordingly, no provision has been made in these consolidated financial statements.

**31.1.4.2** The Government of Sindh through Sindh Finance Act, 1994 imposed infrastructure fee for development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The Holding Company is contesting the levy along with other companies in the High Court of Sindh which was instituted on May 26, 2011. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. On the directive of the Directorate of Excise and Taxation (Taxes-II), up to June 30, 2020, the management has deposited Rs. 115,047 (2019: Rs.108,707) in cash and provided bank guarantee amounting to Rs.115,047 (2019: Rs.108,707) with the Excise and Taxation Department. Based on the views of its legal advisor, the management believes that the matter will ultimately be decided in the Holding Company's favour. Total amount of possible obligation, if any, cannot be determined with sufficient reliability. Accordingly, no provision has been made against infrastructure fee in these consolidated financial statements.

**31.1.4.3** During the year 2011, the Deputy District Officer, Property Division-B, Government of Sindh issued a show cause notice dated February 25, 2011 under the Sindh Immovable Properties Tax Act, 1958 against the Holding Company for payment of property tax amounting to Rs.35,474 in respect of Keamari terminal land rented by the Holding Company from Karachi Port Trust (KPT). The Holding Company has filed a suit in the High Court of Sindh for restraining the relevant authorities from levying and collecting property tax from the Holding Company and against KPT for recovery of property taxes paid on behalf of KPT during earlier periods amounting to Rs.39,782. The decision of the suit is pending and based on the views of its legal advisor, the management believes that the matter will ultimately be decided in favour of the Holding Company. Accordingly, no provision has been made in this respect in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

**31.1.4.4** During the year ended June 30, 2002, Schedule I to Stamp Duty Act, 1899 was substituted with a revised Schedule vide Stamp (Sindh Amendment) Ordinance, 2002 and stamp duty was levied at the rate of 0.2% of amount of contracts including purchase orders for supply or to undertake cartage of stores and materials. MoP&NR has also approached Chief Minister Sindh vide its letter reference D.O.no.PL-3(413)/2009 dated April 04, 2009 on behalf of the oil marketing companies and refineries and has requested Chief Minister Sindh to direct Board of Revenue, Sindh to withdraw the levy of Stamp Duty on purchases of petroleum products as the pricing of petroleum products is a Federal subject.

Management in consultation with its legal advisors evaluated that the purchases of petroleum, oil and lubricants do not fall within the purview of the said Act, however, it may be applicable on the purchase of certain items the impact of which will not be significant. The management of the Holding Company is confident that the merits of the case are in favour of the Holding Company and based on the views of its legal advisor, there will be no financial implication on the Holding Company. Accordingly, no provision has been made in this respect in these consolidated financial statements.

## 31.1.5 Other legal claims (Holding and Subsidiary Company)

**31.1.5.1** As at June 30, 2020 certain legal cases amounting to Rs. 7,859,942 (2019: Rs. 7,874,650) have been filed against the Group. However, based on the advice of its legal advisors, the management believes that the outcome of these cases would be decided in the Groups's favour. Details of significant legal cases are given below:

Court	Factual Description	Year of Institution	Party	Relief Sought
<b>Holding Company</b>				
Sindh High Court	Claim for recovery of pending bills, insurance claims and damages	2019	Mengal Brothers v/s PSO	Recovery of financial charges of Rs. 4,564,180
Sindh High Court	Dispute relating to award of IT related projects	2011	Zaqsoft (Shahrukh Qaiser) vs. PSO	Recovery of damages of Rs. 1,447,000
Sindh High Court	Dispute relating to employment	2011	Faiz Mahmood Durrani vs. PSO	Recovery of damages of Rs. Rs. 263,343
Civil Judge Rawalpindi	Claim for recovery of interest charges	2007	ARL v/s PSO	Recovery of financial charges of Rs. 206,695
District Court Muzaffargarh	Dispute over theft of oil from Jimco Pipeline	2012	KAPCO v/s PSO	Recovery of damages of Rs. Rs. 200,000
<b>Subsidiary Company</b>				
Federal Board of revenue (FBR)	Claim for Income tax on undistributed profit under section 5A, of Income Tax Ordinance, for the year 2017 and 2018	2019	ACIR, CIR (A) vs. PRL	Recovery of income tax of Rs. 108,070 and Rs. 62,160.

**31.1.5.2** Claims against the Group not acknowledged as debts amount to Rs. 6,926,195 (2019: Rs. 5,725,761) other than as mentioned in note 31.1.1 to these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 31.2 Commitments

31.2.1 Commitments in respect of capital expenditures contracted for but not as yet incurred is as follows:

	Note	2020	2019
Property, plant and equipment		6,591,609	3,365,135
Intangibles		872,588	984,726
		<b>7,464,197</b>	<b>4,349,861</b>
31.2.2 Letters of credit	31.2.7	<b>26,070,442</b>	42,196,685
31.2.3 Bank guarantees		<b>1,598,867</b>	1,313,181
31.2.4 Standby letters of credit		<b>32,609,446</b>	38,897,240
31.2.5 Post-dated cheques		<b>1,300,000</b>	5,160,000
31.2.6 Rental under ijarah arrangements:			
Not later than 1 year		-	10,383
Later than 1 year but not later than 5 years		-	19,468
		-	29,851

31.2.7 The Group has total unutilised facility limit against letters of credit aggregating to Rs. 106,534,314 (2019: Rs.134,814,143) as of reporting date.

	Note	2020	2019
<b>32. NET SALES</b>			
Gross sales	32.1	<b>1,356,051,406</b>	1,396,886,933
- Discounts / allowances		(1,589,588)	(848,132)
- Sales tax		(192,920,276)	(180,280,650)
- Excise duty and petroleum levy		(18,153,166)	(9,338,023)
- Surplus price differential	32.2	(1,332,664)	(896,910)
- Custom duty	32.3	(3,048,235)	(2,168,580)
- Inland Freight Equalization Margin (IFEM)		(17,846,060)	(17,870,506)
		<b>(234,889,989)</b>	<b>(211,402,801)</b>
Net sales		<b>1,121,161,417</b>	1,185,484,132

32.1 This represents revenue from contracts with customers.

32.2 This includes price differential amounting to Rs. 1,030,000 (2019: Rs. 680,000) on sale of High Speed Diesel (HSD) as per the import parity pricing formula determined in the Economic Coordination Committee's decision dated February 26, 2013 and price differential amounting to Rs. 300,000 (2019: Rs. 216,910) on sale of 90 RON Motor Gasoline, calculated as per the mechanism notified by MoE dated September 5, 2016.

32.3 This represents custom duty recovered on sale of products subject to custom duty.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>33. COST OF PRODUCTS SOLD</b>			
Opening stock		98,847,665	81,615,455
Stock acquired through business combination		-	12,462,657
Purchases and other expenses	33.1 & 33.2	1,080,152,460	1,157,444,184
		1,179,000,125	1,251,522,296
Closing stock	13	(64,758,242)	(98,847,665)
		1,114,241,883	1,152,674,631

33.1 Includes cost incurred by the Group on refining of crude oil and manufacturing of lubricants amounting to Rs. 94,750,395 (2019: Rs. 72,086,042) and Rs. 5,765,550 (2019: Rs. 4,849,565), respectively.

33.2 Includes depreciation amounting to Rs. 1,797,927 (2019: Rs. 1,192,822) and amortisation amounting to Rs. 307 (2019: Rs. 194).

	Note	2020	2019
<b>34. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Interest / mark-up received on delayed payments		6,930,514	3,867,723
Interest / mark-up on saving accounts		142,175	99,449
Dividend income from FVOCI investments	34.2	283,227	271,998
		7,355,916	4,239,170
<b>Income from non-financial assets</b>			
Handling, storage and other services	34.1	1,961,105	1,996,061
Income from Compressed Natural Gas (CNG) operators	34.1	163,729	166,422
Income from non-fuel retail business		146,906	135,938
Income from retail outlets - net		75,310	107,421
Recovery of metals insurance		-	61,909
Insurance claims	34.3	75,782	-
Scrap sales		44,056	21,020
Gain on disposal of operating assets	5.2	23,668	27,400
Penalties and other recoveries		305,009	169,171
Reversal of long outstanding stale cheques		-	94,230
Gain on bargain purchase		-	2,811,376
Unrealised gain on revaluation of Subsidiary Company shares on acquisition date	8.3	-	91,339
Liabilities written back		-	249,860
Others	34.4	234,160	6,751,037
		3,029,725	12,683,184
		10,385,641	16,922,354

34.1 This represents revenue from contracts with customers.

34.2 This represents dividend received from Pak-Arab Pipeline Company Limited; a related party.

34.3 This represents insurance claim from insurance companies in relation to ocean loss on crude oil imports as per the contract. These claims pertain to prior years and are settled in the current year.

34.4 This includes amount of Rs. 28,992 (2019: Rs. 6,691,169) relating to late payment surcharge due to the Subsidiary Company by the Holding Company which has been adjusted in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>35. DISTRIBUTION AND MARKETING EXPENSES</b>			
Salaries, wages and benefits	36.1	6,611,266	5,311,732
Transportation costs		352,140	280,732
Depreciation on property, plant and equipment	5.1.1	1,191,547	1,414,895
Depreciation on right-of-use assets	6.2	376,374	-
Security and other services		336,168	279,839
Rent, rates and taxes		105,224	757,519
Repairs and maintenance		1,479,525	973,474
Insurance		103,996	111,424
Travelling and office transport		305,413	254,367
Printing and stationery		16,979	20,965
Communication		25,354	19,586
Utilities		218,027	200,942
Storage and technical services		81,609	61,640
Sales promotion and advertisement		533,845	691,879
Fees and subscription		33,932	35,837
		<b>11,771,399</b>	<b>10,414,831</b>
<b>36. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	36.1	2,370,479	1,738,114
Depreciation on property, plant and equipment	5.1.1	246,697	187,430
Depreciation on right-of-use assets	6.2	24,475	-
Amortisation	7.3	21,018	12,043
Security and other services		44,410	35,523
Rent, rates and taxes		56,593	27,733
Repairs and maintenance		104,570	94,287
Insurance		158,731	152,940
Travelling and office transport		96,369	69,540
Printing, stationery and advertisements		17,292	10,792
Communication		36,392	26,779
Utilities		55,568	67,663
Storage and technical services		89,069	63,075
Legal and professional		68,165	74,121
Auditors' remuneration	36.3	38,210	27,759
Contribution towards expenses of Board of Management / Board of Directors		48,481	29,454
Donations	36.4	180,517	233,795
Fees and subscription		25,182	49,057
		<b>3,682,218</b>	<b>2,900,105</b>

**36.1** Salaries, wages and benefits also include charge of Rs.190,660 (reversal for 2019: Rs.34,903) in respect of Holding Company's staff compensated absences. It also includes charge for gratuity, pension and medical benefits as mentioned in note 22.1.4 to these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 36.2 Remuneration of Managing Director, Directors and Executives

36.2.1 The aggregate charge for the year in respect of remuneration and benefits to the Managing Director and Executives are as follows:

	2020		2019	
	Managing Director/Acting Managing Director	Executives	Managing Director/Acting Managing Director	Executives
Managerial remuneration	14,831	1,263,975	15,081	1,004,526
Housing and utilities	8,157	653,756	8,294	535,781
Performance bonus	2,608	263,515	1,984	180,418
Retirement benefits	4,322	413,106	3,093	424,256
Leave encashment	-	31,179	2,518	20,075
Other allowances and benefits	12,136	639,345	10,594	510,062
	<u>42,054</u>	<u>3,264,876</u>	<u>41,564</u>	<u>2,675,118</u>
Number, including those who worked part of the year	<u>2</u>	<u>502</u>	<u>2</u>	<u>445</u>

36.2.2 The amount charged in respect of fee to 11 (2019: 11) non-executive directors aggregated to Rs.27,200 (2019: Rs.14,925). Moreover, Rs. 3,600 (2019: Rs. 2,596) has been charged in respect of Honorarium to the Chairman of the Board of Directors of the Subsidiary Company, as approved by the Board of Directors of the Subsidiary Company during the year.

36.2.3 In addition, the Managing Director and certain executives are provided with free use of the Group maintained cars. Further, the Managing Director and Executives are also entitled to avail medical facilities and other benefits as per the respective policies of the Holding Company and the Subsidiary Company. In addition, certain executives of Subsidiary Company are provided furnished accommodation within refinery premises according to their respective terms of employment.

36.2.4 In addition, certain Executives of the Subsidiary Company are provided furnished accommodation within refinery premises according to their respective terms of employment.

## 36.3 Auditors' remuneration

Fee for the:	2020			2019		
	A.F. Ferguson & Co.	EY Ford Rhodes	Total	A.F. Ferguson & Co.	EY Ford Rhodes	Total
- audit of consolidated financial statements	1,495	1,495	2,990	1,300	1,300	2,600
- audit of unconsolidated financial statements	5,557	3,657	9,214	5,080	3,180	8,260
- review of half yearly financial information	2,003	1,463	3,466	2,314	1,272	3,586
- audit related specialist services	2,500	2,500	5,000	-	-	-
Certification of claims, tax and other advisory services	11,024	531	11,555	6,824	743	7,567
Out of pocket expenses	3,699	2,286	5,985	3,340	2,406	5,746
	<u>26,278</u>	<u>11,932</u>	<u>38,210</u>	<u>18,858</u>	<u>8,901</u>	<u>27,759</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

**36.4** All donations by the Holding Company are made to Corporate Social Responsibility (CSR) trust which is an independent entity responsible for payment of donations except for Rs. 24,901 which was made to Diامر-Bhasha and Mohmand Dam fund in the year ended June 30, 2019 and no such donation was paid for the year ended June 30, 2020. Further, the entire donations made by the Subsidiary Company was paid for renovation of Government Girls Elementary School at Bhattai Colony. None of the donations were made to parties where directors or their spouses are interested.

**Note                      2020                      2019**

## 37. OTHER EXPENSES

Research cost on refinery upgradation	37.1	28,958	17,801
Penalty		21	900
Workers' Profit Participation Fund	17.8	-	927,208
Workers' Welfare Fund		9,132	349,351
Exchange loss arising on currency fluctuations - net		127,555	3,077,777
Provision against stock-in-trade - net	13.3	68,087	-
Provision against stores, spares, chemicals and loose tools		23,720	4,534
		<b>257,473</b>	<b>4,377,571</b>

**37.1** This represents cost in relation to pre-qualification study carried by the Subsidiary Company in respect of Refinery Upgrade Project including the installation of Diesel Hydrodesulphurisation Unit (DHDS).

## 38. FINANCE COSTS

**Note                      2020                      2019**

Interest / mark-up on short-term borrowings in:			
- local currency		10,159,343	3,911,570
- foreign currency	38.1	1,509,180	4,265,094
		<b>11,668,523</b>	<b>8,176,664</b>
Mark-up on bank accounts under Islamic mode		1,667,671	1,133,905
Late payment surcharge and other bank charges		1,417,560	644,859
		<b>3,085,231</b>	<b>1,778,764</b>
		<b>14,753,754</b>	<b>9,955,428</b>
Finance cost on leases		639,578	-
	38.2	<b>15,393,332</b>	<b>9,955,428</b>

**38.1** Includes mark-up amounting to Rs. 236,720 (2019: Rs. 315,185) on facilities under Islamic mode.

**38.2** Includes mark-up and bank charges amounting to Rs. 2,231,519 (2019: Rs. 2,199,698) on facilities obtained from National Bank of Pakistan - a related party.

**Note                      2020                      2019**

## 39. TAXATION

Current			
- for the year	39.1	8,036,383	8,252,523
- for prior years		(1,738)	(163,433)
		<b>8,034,645</b>	<b>8,089,090</b>
Deferred	11.1	(6,355,261)	(1,218,554)
		<b>1,679,384</b>	<b>6,870,536</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

- 39.1 Includes minimum tax at the rate of 0.75% on the turnover, in accordance with Section 113 of the Income Tax Ordinance, 2001.

	Note	2020	2019
<b>39.2 Relationship between accounting profit and tax expense</b>			
Accounting profit before taxation		(13,083,101)	21,977,469
Tax at the applicable tax rate of 29% (2019: 29%)		(3,794,099)	6,373,466
Tax effect of:			
- Final tax regime and income subject to lower tax rate		3,080,191	2,284,580
- Non-recognition of deferred tax on tax loss and deductible temporary differences of the Subsidiary Company		1,916,972	1,046,296
- Permanent differences		52,356	(2,687,676)
- Adjustments relating to prior years		(1,738)	(163,433)
- Adjustments relating to prior years deferred tax		(250,049)	-
- Change in rate of tax		-	(854,842)
- Minimum tax		653,505	338,874
- Super tax		-	516,001
- Others		22,246	17,270
		1,679,384	6,870,536
Effective tax rate		-13%	31%

## 40. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Holding Company, which is based on:

(Loss) / profit for the year		(11,019,655)	14,298,206
		(Number of shares)	(Restated)
Weighted average number of ordinary shares in issue during the year	40.1	469,473,302	469,473,302
		(Rupees)	(Restated)
(Loss) / earning per share - basic and diluted		(23.47)	30.46

- 40.1 During the year, the Holding Company has issued 20% bonus shares (i.e. one for every five ordinary shares held) which has resulted in restatement of basic and diluted earnings per share.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>41. CASH GENERATED FROM OPERATIONS</b>			
(Loss) / profit before taxation		(13,083,101)	21,977,469
Adjustments for:			
Depreciation of Property, plant and equipment	5.1.1	3,220,261	2,795,147
Depreciation of Right-of-use assets	6.2	416,759	-
Amortisation of Intangibles	7	21,325	12,237
Unrealised gain on revaluation of Subsidiary Company shares on acquisition date	34	-	(91,339)
Provision for write down to net realisable value	13	358,387	170,781
Provision for impairment on trade debts - net	14.3	74,204	65,179
(Reversal) / Provision for impairment against doubtful other receivables - net	17.7.1	(243,419)	241,194
Provision against stock-in-trade	37	68,087	-
Provision / (reversal of provision) for impairment against stores, spares, chemicals and loose tools		21,748	(234)
Provision for retirement and other services benefits		2,357,664	1,066,954
Liabilities written back	34	-	(249,860)
Gain on disposal of operating assets	34	(23,668)	(27,400)
Gain on bargain purchase		-	(2,811,376)
Share of profit of associates - net of tax	8.3.1	(546,931)	(199,922)
Dividend income from FVOCI / AFS Investment	34	(283,227)	(271,998)
Finance cost on leases	38	639,578	-
Finance costs	38	14,753,754	9,955,428
Others	34.4	-	(6,691,169)
		<b>20,834,522</b>	<b>3,963,622</b>
Working capital changes	41.1	<b>60,125,909</b>	<b>(21,557,711)</b>
		<b>67,877,330</b>	<b>4,383,380</b>

## 41.1 Working capital changes

### (Increase) / decrease in current assets:

- Stores, spares, chemicals and loose tools	(124,036)	(201,352)
- Stock-in-trade	33,662,949	(4,940,334)
- Trade debts	25,945,098	28,794,663
- Loans and advances	(42,888)	1,646,136
- Short - term deposits and prepayments	335,595	28,654
- Other receivables	33,244,207	(23,798,725)
	<b>93,020,925</b>	<b>1,529,042</b>

### Decrease in current liability:

- Trade and other payables	(32,895,016)	(23,086,753)
	<b>60,125,909</b>	<b>(21,557,711)</b>

## 42. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items included in the statement of financial position:

- Cash and bank balances	18	6,098,361	4,847,030
- Finances under mark-up arrangements	30	(10,672,525)	(25,862,713)
		<b>(4,574,164)</b>	<b>(21,015,683)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

## 43. SEGMENT INFORMATION

43.1 Segment wise results are as follows:

	2020						2019					
	Petroleum Products	LNG	Refining Operation	Others	Intergroup elimination	Total	Petroleum Products	LNG	Refining Operation	Others	Intergroup elimination	Total
	(Rupees in millions)						(Rupees in millions)					
Net sales	795,862	309,715	90,627	2,781	(77,824)	1,121,161	831,944	319,836	69,535	2,518	(38,349)	1,185,484
Cost of products sold	(790,601)	(302,975)	(95,934)	(2,556)	77,824	(1,114,242)	(803,551)	(312,392)	(72,749)	(2,332)	38,349	(1,152,675)
Gross profit / (loss)	5,261	6,740	(5,307)	225	-	6,919	28,393	7,444	(3,214)	186	-	32,809
Other income	8,814	-	178	1,394	-	10,386	5,546	-	6,806	4,570	-	16,922
Administrative, distribution and marketing expenses	(12,984)	(1,344)	(811)	(315)	-	(15,454)	(11,000)	(1,155)	(901)	(259)	-	(13,315)
Reversal / (provision) for impairment on financial assets - net	(74)	-	-	243	-	169	(65)	-	-	(241)	-	(306)
Other expenses	(128)	-	(37)	(92)	-	(257)	(4,072)	(262)	15	(59)	-	(4,378)
Operating cost	(13,186)	(1,344)	(848)	(164)	-	(15,542)	(15,137)	(1,417)	(886)	(559)	-	(17,999)
Finance costs	(8,924)	(4,503)	(1,966)	-	-	(15,393)	(6,395)	(2,544)	(1,016)	-	-	(9,955)
Share of profit / (loss) of associates - net of tax	-	-	3	544	-	547	-	-	(7)	207	-	200
(Loss) / profit before taxation	(8,035)	893	(7,940)	1,999	-	(13,083)	12,407	3,483	1,683	4,404	-	21,977
Taxation	2,017	(3,318)	(347)	(31)	-	(1,679)	(3,159)	(3,424)	19	(307)	-	(6,871)
(Loss) / profit for the year	(6,018)	(2,425)	(8,287)	1,968	-	(14,762)	9,248	59	1,702	4,097	-	15,106

43.2 As referred in note 3.22 to these consolidated financial statements, the expenses have been allocated based on the sales volume in metric tons, which is in line with the basis of reporting to Management Committee.

43.3 Net sales in LNG segment relates to single customer.

43.4 Out of total sales of the Group, 99.27% (2019: 98.42%) relates to customers in Pakistan. Further, all non-current assets of the Group as at June 30, 2020 are located in Pakistan.

43.5 The Group sells its products to dealers, OMCs, government agencies and autonomous bodies, independent power projects and other corporate customers. Sales to five major customers of the Group are approximately 29% during the year ended June 30, 2020 (2019: 32%).

43.6 Out of total gross sales of the Group, sales amounting to Rs. 363,942,438 (2019: Rs.426,297,891) relates to circular debt customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

(Amounts in Rs. '000)

	Note	2020	2019
<b>44. FINANCIAL INSTRUMENTS BY CATEGORY</b>			
<b>44.1 Financial assets as per statement of financial position</b>			
<b>Fair value through other comprehensive income</b>			
- Long-term investments	8	8,516,173	6,404,764
At amortised cost			
- Loans and advances	9 & 15	531,447	354,977
- Deposits	10 & 16	240,601	269,753
- Trade debts	14	197,777,742	223,797,044
- Other receivables		19,011,562	48,800,609
- Cash and bank balances	18	6,098,361	4,847,030
		<b>223,659,713</b>	<b>278,069,413</b>
		<b>232,175,886</b>	<b>284,474,177</b>
<b>44.2 Financial liabilities as per statement of financial position</b>			
At amortised cost			
- Long-term borrowings	23	4,215,146	4,300,000
- Lease liabilities	24	4,529,062	-
- Trade and other payables		138,020,106	173,171,404
- Unclaimed dividend	27	1,374,930	1,761,628
- Unpaid dividend	28	-	103,297
- Accrued interest / mark-up	30.5	1,507,806	1,292,443
- Short-term borrowings	30	79,032,665	121,678,909
		<b>79,032,665</b>	<b>121,678,909</b>
		<b>228,679,715</b>	<b>302,307,681</b>
<b>44.3 Fair values of financial assets and liabilities</b>			

(a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values.

(b) Fair value estimation

The Group discloses the financial instruments carried at fair value in the statement of financial position in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2020, except for the Group's investment in Pak-Arab Pipeline Company Limited, none of the financial instruments are carried at fair value. The valuation technique and assumptions used in fair valuation are disclosed in note 8.2 of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 45.1 Financial risk factors

#### Introduction and overview

The Group has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk
- operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, fair value of financial instruments and the Group's management of capital.

#### Financial risk factors and risk management framework

The Group's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Group's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Group's activities but it is managed through monitoring and controlling activities which are based on limits established by the internal controls set on different activities of the Group by the Board of Management of the Holding Company and Board of Directors of the Subsidiary Company through specific directives. These controls and limits reflect the business strategy and market environment of the Group as well as the level of the risk that the Group is willing to accept.

COVID-19 have impacted the Group as explained in detail in note 1 of these consolidated financial statements. The Group's risk management function continues to monitor the developing situation and proactively manage any risk arising thereof.

The Group's finance department oversees the management of the financial risk reflecting changes in the market conditions and also the Group's risk taking activities, and provide assurance that these activities are governed by appropriate policies and procedures and that the financial risks are identified, measured and managed in accordance with the Group's policies and risk appetite.

#### (a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in foreign exchange rates, market interest rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. There has been no change in the Group's exposure to market risk or the manner in which this risk is managed and measured except for the fair valuation of Group's Investment in Pak-Arab Pipeline Company Limited.

Under market risk the Group is exposed to currency risk, interest rate risk and other price risk (equity price risk).

#### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group imports crude oil, petroleum products, LNG, chemicals and is exposed to currency risk, primarily with respect to foreign creditors for purchase of aforementioned products denominated in US Dollars (US\$). As at year end, the total exposure against foreign suppliers amounts to US\$ 354,667 (2019: US\$ 497,296) equivalent to Rs. 59,328,669 (2019: Rs. 81,481,915) and advances amounting to US\$ 6,185 (2019: US\$ 2,578) equivalent to Rs. 1,034,596 (2019: Rs. 422,405). The average rates applied during the year is Rs. 157.78 / US\$ (2019: Rs. 135.8 / US\$) and the spot rate as at June 30, 2020 was Rs. 167.28 / US\$ (2019: Rs. 163.85 / US\$).

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The Group manages its currency risk by close monitoring of currency markets. As per State Bank of Pakistan regulations, the Group cannot hedge its currency risk exposure. The Group has incurred exchange loss - net of Rs. 265,616 (2019: Rs. 5,156,762).

At June 30, 2020, if the Pakistan Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, loss for the year would have been higher/lower by Rs. 2,142,896 (2019: profit for the year would have been lower/higher by Rs. 2,907,603), mainly as a result of foreign exchange losses/gains on translation of US Dollar-denominated trade payables and advances.

Further, the Holding Company has also availed foreign currency borrowing (FE-25) as of June 30 2020. However, there is no foreign currency risk involved on these borrowings as detailed in note 17.5 to these consolidated financial statements.

## (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from local creditors, security deposits, short-term borrowing, long-term borrowing and running finance facilities amounting to Rs. 96,821,996 (2019: Rs. 151,759,936). These are benchmarked to variable rates which exposes the Group to cash flow interest rate risk only.

	Carrying amount	
	2020	2019
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
- Saving accounts	292,157	2,427,969
<b>Financial liabilities</b>		
- Long-term borrowings	(4,215,146)	(4,300,000)
- Short-term borrowings	(79,032,665)	(121,678,909)
- Local creditors	(13,404,454)	(25,575,058)
- Security deposits	(169,731)	(205,969)
	(96,821,996)	(151,759,936)
Net financial liabilities at variable interest rates	(96,529,839)	(149,331,967)

## Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the loss for the year and shareholder's equity by Rs. 685,362 (2019: profit for the year and shareholder's equity by Rs. 1,060,257). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2019.

## (iii) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As at June 30, 2020, Group's investment in Pak-Arab Pipeline Company Limited is measured at fair value. Sensitivity related to risks have been disclosed in note 8.2.2.

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## (b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Risk Management function is regularly conducting detailed analysis on sectors/Industries and identifying the degree by which the Group's customers and their businesses have been impacted amid COVID-19. Keeping in view short term and long term outlook of each sector, management has taken into consideration the factors while calculating expected credit losses against trade debts and other receivables.

Credit risk arises from balances with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. The maximum exposure to credit risk before any credit enhancement is given below:

	2020		2019	
	Statement of financial position	Maximum exposure	Statement of financial position	Maximum exposure
<b>Financial assets at amortized cost</b>				
- Loans and advances	531,447	531,447	354,977	354,977
- Deposits	240,601	240,601	269,753	269,753
- Trade debts	197,777,742	121,159,810	223,797,044	134,191,541
- Other receivables	19,011,562	8,596,626	48,800,609	10,221,826
- Bank balances	6,088,432	6,088,432	4,834,590	4,834,590
	<u>223,649,784</u>	<u>136,616,916</u>	<u>278,056,973</u>	<u>149,872,687</u>

Significant concentration of credit risk is on amounts due from Government agencies and autonomous bodies amounting to Rs. 159,226,773 (2019: Rs. 168,433,017). Credit risk on private sector other than retail sales is covered to the maximum possible extent through legally binding contracts. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of customers. Sales to dealers are settled in cash or using short-term financial instruments. However, some of the Group's trade debts are secured by way of bank guarantees and security deposits.

Loans, advances, deposits, and other receivables as mentioned in notes 9, 10, 15, 16 and 17 that are neither past due nor impaired.

Based on the past experience, past track record of recoveries and forward looking information, the Group believes that the past due amount included in above trade debts (net of existing provision) do not require any further provision or impairment testing.

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The credit quality of Group's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Date of Rating	Rating agency	Rating	
			Short term	Long term
Allied Bank Limited	June, 2020	PACRA	A1+	AAA
Askari Bank Limited	June, 2020	PACRA	A1+	AA+
Bank Al-Falah Limited	June, 2020	PACRA	A1+	AA+
Bank Al-Habib Limited	June, 2020	PACRA	A1+	AA+
Citibank N.A. - Pakistan Branches	Mar, 2020	Moody's	P-1	Aa3
Faysal Bank Limited	June, 2020	PACRA	A1+	AA
Habib Bank Limited	June, 2020	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	June, 2020	PACRA	A1+	AA+
MCB Bank Limited	June, 2020	PACRA	A1+	AAA
Meezan Bank Limited	June, 2020	VIS	AA+	A-1+
National Bank of Pakistan	June, 2020	PACRA	A1+	AAA
Samba Bank Limited	June, 2020	VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	June, 2020	PACRA	A1+	AAA
United Bank Limited	June, 2020	VIS	A-1+	AAA
Soneri Bank Limited	June, 2020	PACRA	A1+	AA-
MCB Islamic Bank Limited	June, 2020	PACRA	A-1	A
JS Bank Limited	June, 2020	PACRA	A-1+	AA-
The Bank of Punjab	June, 2020	PACRA	A1+	AA

## Settlement risk

Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash or other assets as contractually agreed on sale. The risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

## (c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Group maintains flexibility in funding by maintaining committed credit lines available.

Due to COVID-19 outbreak Group's customers and their businesses have been impacted. The management is continuously monitoring the liquidity position and is taking necessary precautionary measures where needed.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the financial liabilities, monitoring of liquidity ratios and maintaining debt financing plans.

The following are the contractual maturities of financial liabilities, including estimated interest payments.

### Maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date and represents the undiscounted cash flows.

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	2020		2019	
	Contractual maturity		Contractual maturity	
	Up to three months	More than one year	Up to three months	More than one year
<b>Financial liabilities</b>				
Trade and other payables	138,020,106	-	173,171,404	-
Unclaimed dividend	1,374,930	-	1,761,628	-
Unpaid dividend	-	-	103,297	-
Accrued interest / mark-up	1,507,806	-	1,292,443	-
Long-term borrowings	-	4,215,146	-	4,300,000
Short-term borrowings	79,032,665	-	121,278,909	-
	<u>219,935,507</u>	<u>4,215,146</u>	<u>297,607,681</u>	<u>4,300,000</u>

In respect of above, there were no liabilities with remaining contractual maturity of more than three months from reporting date. Unclaimed dividend and unpaid dividend are payable as per stipulated time. Further, maturity analysis of lease liabilities has been disclosed in note 24 to the consolidated financial statements.

## (d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Group's activities, either internally within the Group or externally at the Group's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of operation behaviour. Operational risks arise from all of the Group's activities.

COVID-19 pandemic has created an unprecedented challenge for the Group in terms of Business Continuity Management. The Group is closely monitoring the situation and has invoked required actions to ensure the safety and security of company's staff and uninterrupted service to customers.

Business Continuity Plans for respective areas are in place and tested. Work-from-Home capabilities have been enabled for staff where required, while ensuring adequate controls to ensure that Group's information assets are adequately protected from emerging cyber threats.

The Group's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation while achieving its business objective and generating returns for investors.

Primary responsibility for the development and implementation of controls over operational risk rests with the management of the Group. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards;
- risk mitigation, including insurance where this is effective; and
- operational and qualitative track record of the plant and equipment supplier and related service providers.

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## 45.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide adequate returns to shareholders and to benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any externally imposed capital requirements. The Group's overall strategy remains unchanged from 2019.

The Group manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The capital structure of the Group consist of net debt consistent with other companies in the industry, the Group monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances with lenders. Total capital is calculated as sum of equity shown in statement of financial position and net debt.

The gearing ratios as at June 30, 2020 and 2019 were as follows:

	Note	2020	2019
Long-term borrowings	23	4,215,146	4,300,000
Short-term borrowings	30	79,032,665	121,678,909
Cash and bank balances with lenders		(6,088,391)	(4,241,141)
Net debt		77,159,420	121,737,768
Total equity		113,977,581	128,445,411
Total capital		191,137,001	250,183,179
Gearing ratio		40.37%	48.66%

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

## 46. TRANSACTIONS WITH RELATED PARTIES

46.1 Following are the related parties with whom the Group had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Direct Shareholding	Relationship
Government of Pakistan	22.47%	Major shareholder
Pak Grease Manufacturing Company (Private) Limited	49.26%	Associate
Asia Petroleum Limited	49.00%	Associate
Pak-Arab Refinery Company Limited	N/A	Government related entity / Common Directorship
K-Electric Limited	N/A	Government related entity
Pakistan International Airline Corporation Limited	N/A	Government related entity
Karachi Port Trust	N/A	State owned / controlled entities
Civil Aviation Authority	N/A	State owned / controlled entities
Pakistan Railways	N/A	State owned / controlled entities
National Insurance Company Limited	N/A	State owned / controlled entities
National Bank of Pakistan	N/A	State owned / controlled entities
Retirement benefit funds namely		
1. Pension fund,	N/A	Post employment benefits
2. Gratuity fund, and	N/A	
3. Provident fund.	N/A	
PSO CSR Trust	N/A	Trust Controlled by key management personnel
Board of management - Oil	N/A	Charged with governance

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Name of Related parties	Direct Shareholding	Relationship
PSO Employees Empowerment Trust	3.04%	Government related entity
Pak-Arab Pipeline Company Limited	12.00%	Government related entity / Common Directorship
Water and Power Development Authority	N/A	Government related entity
Genco Holding Company Limited	N/A	Government related entity / Common Directorship
Pak Arab Refinery Limited	N/A	Government related entity
Sui Northern Gas Company Limited	N/A	Government related entity/ Common Directorship
Sui Southern Gas Company Limited	N/A	Government related entity / Common Directorship
Oil and Gas Development Company	N/A	Government related entity/ Common Directorship
Oil and Gas Regulatory Authority (OGRA)	N/A	Regulatory Authority - Government related entity
Oil Companies Advisory Council	N/A	Common Directorship
Federal tax authorities	N/A	Regulatory Authorities - Government related entity
Pakistan National Shipping Corporation.	N/A	Government related entity/ Common Directorship
Strategic Alliancez (Private) Limited	N/A	Common Directorship
Multan Electricity Company Limited	N/A	Common Directorship
Gujranwala Electricity Company Limited	N/A	Common Directorship
Lahore Electricity Company Limited	N/A	Common Directorship
Government Holdings (Private) Limited	N/A	Common Directorship
Pakistan Mineral Development Corporation	N/A	Common Directorship
Mari Petroleum Company Limited	N/A	Common Directorship
Pakistan Petroleum Limited	N/A	Government related entity/ Common Directorship
Power Holding (Private) Limited	N/A	Common Directorship
National Engineering Services Pakistan (Pvt.) Limited	N/A	Common Directorship
Central Power Purchasing Agency	N/A	Common Directorship
Pakistan Electrical Power Company	N/A	Common Directorship
Private Power & Infrastructure Board	N/A	Common Directorship
Alternative Energy Development Board	N/A	Common Directorship
786 Investments Limited	N/A	Common Directorship
Dawood Global Foundation	N/A	Common Directorship
Petroleum Institute of Pakistan	N/A	Common Directorship
Pakistan LNG Limited	N/A	Common Directorship
Pakistan LNG Terminals Limited	N/A	Common Directorship
S. Jehangir Ali Shah	N/A	Key management personnel
Yacoob Suttar	N/A	Key management personnel
Shehryar Omar	N/A	Key management personnel
Raja Imranullah Khan	N/A	Key management personnel
S Khawar Abbas Jillani	N/A	Key management personnel
Asif Aslam Khan	N/A	Key management personnel
Asad Raza Faiz	N/A	Key management personnel
Syed Moinuddin Balkhi	N/A	Key management personnel
Babar Hamid Chaudhary	N/A	Key management personnel
Aziz Hemani	N/A	Key management personnel
Hammad Zafar	N/A	Key management personnel
Mir Shahzad Khan Talpur	N/A	Key management personnel
Shamail Sharaf Shah	N/A	Key management personnel

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Name of Related parties	Direct Shareholding	Relationship
Kashif Siddiqui	N/A	Key management personnel
Muhammad Baber Siddiqui	N/A	Key management personnel
Iqtidar Mustafa Siddiqui	N/A	Key management personnel
Imtiaz Jaleel	N/A	Key management personnel
Rashid Umer Siddiqui	N/A	Key management personnel
Brig. (R) Ghulam Hussain Ghumman	N/A	Key management personnel
Qasim Zaheer	N/A	Key management personnel
Shahzad Safdar Khan	N/A	Key management personnel
Zahid Mir	N/A	Director / Key Management personnel
Muhammad Anwar	N/A	Director
Yousuf Naseem Khokar	N/A	Director
Shahid Salim Khan	N/A	Director
Sajid Mehmood Qazi	N/A	Director
Syed Muhammad Taha	N/A	Key management personnel / Director
Zafar ul Islam Usmani	N/A	Director
Tara Uzra Dawood	N/A	Director
Humayun Khan Barakzai	N/A	Director
Muhammad Shahid Khan	N/A	Director
Irfan Ali	N/A	Director
Amjad Nazir	N/A	Director
Qazi Saleem Siddiqui	N/A	Director
Tanveer Ahmed Qureshi	N/A	Director
Naved Alam Zubairi	N/A	Key management personnel
Muhammad Khalid	N/A	Key management personnel
Asad Hasan	N/A	Key management personnel
Shehrzad Aminullah	N/A	Key management personnel
Najam Mahmud	N/A	Key management personnel
Muhammad Azhar	N/A	Key management personnel
Muhammad Ali Mirza	N/A	Key management personnel
Muhammad Naman Shah	N/A	Key management personnel
Abdul Majid	N/A	Key management personnel
Imran Ahmad Mirza	N/A	Key management personnel
Naseem Ahmed	N/A	Director
Syed Asad Ali Shah	N/A	Subsidiary's Director
Abdul Jabbar Memon	N/A	Subsidiary's Director
Aftab Hussain	N/A	Subsidiary's Director
Mirza Mahmood Ahmad	N/A	Subsidiary's Director
Muhammad Zubair	N/A	Subsidiary's Director
Syed Mohammad Ali	N/A	Subsidiary's Director

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**46.2** Related parties comprise of associates, retirement benefit funds, state owned / controlled entities, GoP and its related entities, and key management personnel. Details of transactions with the related parties during the year is in accordance with accounting and reporting standards. The transactions with related parties other than those disclosed elsewhere in these consolidated financial statements, are as follows.

Name of related parties and relationship with the Company	Nature of transactions	2020	2019
<b>Associates</b>			
- Pak Grease Manufacturing Company (Private) Limited	Purchases Services Received	2,938,496 1,498,008	87,799 -
- Asia Petroleum Limited	Income facility charges Hospitality income Pipeline charges	193,927 - 47,180	20,852 2,024 225,204
<b>Retirement benefit funds</b>			
- Pension funds	Charge for the year Contributions	388,201 1,938,807	264,261 1,478,270
- Gratuity fund	Charge for the year Contributions	261,599 495,929	364,094 803,065
- Provident fund	Charge for the year Contributions	190,173 190,151	173,467 166,957
- Contributory pension funds	Charge for the year Contributions	190,145 190,145	56,529 53,271
	Mark-up paid on Term Finance Certificate	-	148
<b>Key management personnel</b>			
	Managerial remuneration	304,674	260,452
	Housing and utilities	79,709	127,614
	Performance bonus	36,897	48,035
	Other allowances and benefits	101,597	117,556
	Retirement benefits	53,122	78,800
	Leave encashment	3,868	21,188
	Vehicles having net book value of Rs.1,642 (2019: Rs.1,070) transferred under employee car scheme (sale proceeds)	3,316	1,835

## 46.3 Related parties by virtue of GoP holdings

The Federal Government of Pakistan directly holds 25.51% (including shares under Pakistan State Oil Company Limited Employee Empowerment Trust) of the Holding Company's issued share capital and is entitled to appoint members of the Board of Management under the provisions of the Marketing of Petroleum Products (Federal Control) Act, 1974, for the management of the affairs of the Holding Company. The Holding Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties.

The Group has availed the exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for transactions stated below, which the group considers are significant:

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		2020	2019
- Government of Pakistan	Dividend paid	439,601	805,935
- PSOCL Employees Empowerment Scheme	Dividend paid to the trust	59,432	208,010
- Pak-Arab Pipeline Company Limited	Pipeline charges	3,928,891	2,935,066
	Dividend received	283,227	271,998
- Oil and Gas Development Company Limited	Gross sales	4,730,343	-
	Purchases	7,988,694	5,475,905
- Pakistan Petroleum Limited	Purchases	2,666,179	1,379,701
- GENCO	Gross Sales	6,540,503	22,727,571
	Utility charges	96,022	88,822
- Pakistan International Airlines Corporation Limited	Gross Sales	23,771,835	26,628,214
	Purchases	6,105	8,183
- Pak-Arab Refinery Company Limited	Purchases	129,027,624	154,755,142
	Pipeline charges	447,710	327,922
	Other expense	909,874	249,041
- Sui Northern Gas Pipelines Limited	Gross Sales	346,769,226	362,789,955
- Sui Southern Gas Company Limited	Purchases	194,058	-
- K-Electric Limited	Gross Sales	49,491,319	63,492,131
	Income facility charges	39,828	41,757
	Late payment income	156,705	-
	Utility charges	163,729	306,883

The transactions described below are collectively but not individually significant to these consolidated financial statements and therefore have been described below:

- (i) The Group sells petroleum products to various government bodies in the normal course of its business and has banking relationship with institutions controlled by GoP. As an Oil Marketing Group, Oil and Gas Regulatory Authority (OGRA) is the regulatory authority of the Group.
- (ii) The Group collects income tax, sales tax, federal excise duty and petroleum levy in capacity of withholding agent on behalf of GoP. The Group also pays various taxes and duties to different regulatory authorities including Federal Board of Revenue and custom authorities.
- (iii) The Group incurs rental charges in respect of storage facilities at Kemari terminal and at various airports which are paid to Karachi Port Trust and Civil Aviation Authority, respectively. The Group also utilises port facilities of Port Qasim Authority and Karachi Port Trust.
- (iv) The Group has obtained insurance cover for its inventory and fixed assets from National Insurance Company Limited.
- (v) The Group utilises carriage services of Pakistan National Shipping Corporation and Pakistan Railway for movement of its petroleum products. The Group also uses pipeline of Pak-Arab Refinery Limited and Pak-Arab Pipeline Company Limited for delivery / movement of its product.

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- (vi) The Group obtains utility services from Civil Aviation Authority, K-Electric, Sui Northern Gas Company Limited and Sui Southern Gas Company Limited on account of utility charges.
- (vii) The Group has obtained various financing facilities from National Bank of Pakistan.
- (viii) The Group also pays dividend to various government related entities who are shareholders of the Group.
- 46.4 The status of outstanding receivables from and payables to related parties as at June 30, 2020 are included in respective notes to these consolidated financial statements.
- 46.5 Contributions to staff retirement benefit funds are in accordance with the terms of the service rules. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out at agreed terms.
- 46.6 Dividend income is recorded on the basis of dividend / rates declared by the related party. Dividend paid is recorded on the basis of rates declared by the Group.
- 46.7 All the transactions with directors have been disclosed in the note 36.2.2 to these consolidated financial statements.

## 47. PROVIDENT FUND RELATED DISCLOSURES

- 47.1 The investments out of the provident funds have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified there under.

## 48. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of better presentation and / or to comply with requirements of accounting and reporting standards. Effects of which are not considered material.

Description	Reclassified		Amount
	From	To	
Provision for impairment against trade debts	Other expenses	Reversal / (provision) for impairment on financial assets - net	65,179
Reversal of provision for impairment against other receivables	Other expenses	Reversal / (provision) for impairment on financial assets - net	241,194
Card sweeping bank charges	Other income	Finance costs	47,540

## 49. EVENTS AFTER THE REPORTING DATE

- 49.1 The Board of Management of the Holding Company in its meeting held on August 31, 2020 proposed (i) a final cash dividend of nil per share amounting to nil for approval of the members at the Annual General Meeting.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Amounts in Rs. '000)

## 50. CAPACITY AND ACTUAL PERFORMANCE

	Lube Manufacturing Plant		Crude Refining Plant	
	2020 (Note 50.1)	2019	2020 (Note 50.2)	2019
Available capacity	70,000	70,000	2,133,705	2,133,705
Actual production	37,023	40,386	1,264,830	1,627,543

50.1 The above pertain to production from Lube manufacturing plant of the Group and the production is carried out as per sales demand.

50.2 The production from the Crude refining plant of the Group is carried at the level which gives optimal yield of products.

	2020	2019
51. NUMBER OF EMPLOYEES		
Total employees as at June 30	2,789	2,868
Average number of employees during the year	2,837	2,903

## 52. GENERAL

The figures have been rounded off to nearest thousand Rupees unless otherwise stated.

## 53. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue on August 31, 2020 by the Board of Management.



**Syed Muhammad Taha**  
Managing Director & CEO



**Mohammad Shahid Khan**  
Member-Board of Management



**Imtiaz Jaleel**  
Chief Financial Officer

# STAKEHOLDERS' INFORMATION

## Stakeholders' Engagement

PSO believes in transparent and open communications with all its stakeholders and acknowledges that consistent, coherent and clear communications help to establish sound reputation of the Company and its management. Such communications with the stakeholders are in line with the regulatory considerations and ensure maintenance of corporate confidentiality. PSO engages with its stakeholders both formally and informally, periodically and regularly. Accordingly, your Company aims to promote dialogue with investors, analysts and other stakeholders.

The wide stakeholder community includes but is not limited to following:

- |                            |              |
|----------------------------|--------------|
| a) Institutional Investors | e) Media     |
| b) Customers and Suppliers | f) Analysts  |
| c) Banks                   | g) Employees |
| d) Regulators              |              |

## Institutional Investors / Shareholders

The Company maintains healthy relationships with institutional investors, corporations and other shareholders. In order to facilitate investors, it is ensured that all Company related relevant information is uploaded on PSO's website and is updated on a regular basis. Further, quarterly/annual financial statement and notices are also uploaded on the website of stock exchange. The Company as a matter of good governance encourages active participation of the Institutional investors in Annual General Meeting and quarterly analyst briefing sessions where they can raise their queries and concerns. Further, Company also conducts corporate briefing session with its shareholders. These well informed investors help the Company in achieving its plans and targets and in improving its performance by sharing their ideas, matters of concern and pinpointing specific actions of the Company which could have been managed in a different way.

## Customer and Suppliers

At PSO customer services is at the forefront. PSO's Customer Service Department provides after sales complaint and query services to existing and prospective customers. The satisfied customers are the real assets of an organization and makes PSO a sustainable entity. The Company's customers include dealers, distributors and industries. The customer engagements are ongoing in nature, however, specific periodic engagements are held with dealer and distributors through dealer/distributor conferences to identify customer needs and expectations. These engagements help the Company in knowing

customers' preferences and tailoring its products to their needs, wherever possible.

PSO's continued growth is also attributable to selection of reputable and dependable suppliers as business partners. The suppliers' interactions are ongoing in nature, however, various Pre-bid and informal meetings are held with suppliers to strengthen relationships and to communicate Company's requirements.

## Banks

PSO's treasury department engages with banks on a continuous basis to explore borrowings and trade financing options. PSO has working relationship with 16 top tiered banks of the country. Due to high receivables from Power Sector and SNGPL, PSO has to resort on borrowings from banks. Healthy working relationship with banks helps the Company to negotiate lower interest rates, better financing terms and effective customer services thereby improving its EPS.

## Regulators

The Company operates in a regulated market and accordingly it continually engages with Government of Pakistan, OGRA, Ministries and other regulatory bodies at local, provincial and federal levels. The PSO's senior management is in close liaison with government officials on various issues with respect to the Company and oil industry. This helps the Company in getting its views and inputs incorporated in various directives from the regulators.

## Media

Over the years Media management has assumed a very vital role in the success of organizations. Your Company enjoys a strong presence on Media. It engages with the print and visual media through regular press releases, TVCs, social media and website to apprise general public on its key achievements, periodical results, CSR activities and other corporate events. This creates awareness in public about Company's products and services resulting in overall positive brand image of the Company.

## Analysts

The Company conducts quarterly security analyst briefings in order to share details pertaining to results announced and to respond to any queries of analysts relating to results and future prospects. The management realizes the role of analysts and their views on the future outlook of the Company. The interactions with investors help the Company in attracting potential investors, getting insights of financial markets and competitors, getting a feel of market buzz and looking at matters from a different lens.

# STAKEHOLDERS' INFORMATION

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## Employees

The company has an open door policy for its employees which ensures continuous interactions of employees at all levels. A motivated and competent work force is at the core of PSO's human resource strategy. The Company concentrates on regular employee engagements as it is a key to performance. PSO has invested in health & recreation club and fortified medical centre to cater the health and fitness needs of its employees. PSO focuses on employee development through trainings and cross functional engagements. Motivated work force helps the Company in meeting its strategic objectives.

## Analysts' and Corporate Briefings

PSO believes in having informed stakeholders which reduces chances of speculation and guess work in the financial markets. To support this philosophy, Company aims to conduct regular Analysts' briefing sessions at its Head Office which are conducted on a quarterly basis. The management shares details pertaining to results announced and responds to any queries relating to results and also discusses future prospects. PSO also encourages Shareholders to attend such meetings so that they also become more knowledgeable about their Company. The following is the summary of important discussions that took place during the briefing sessions:

- Company shared the quarterly performances and explained major variations vs same period last year.
- Company gave details of work in process on its plan to increase its storage capacity.
- The prospects and way forward of circular debt resolution and allocations for PSO against SUKUKs issued during the year were discussed.
- PSO clarified that no developments have been made in respect of deregulation of HSD.
- Company informed that it has taken up the matter of illegal practices in the industry such as dumping. Misuse of IFEM mechanism and smuggling with the concerned regulatory authorities.
- The prospects of FO were discussed. Company informed that it is a fading product due to power production shift on LNG and alternate fuels. This has led to a change in the Country's energy mix.
- PSO informed the participants about its new card Product "Digi Cash" and the great response it is getting from the public at large.
- Company shared prospects of increase in market share with the audience.
- On a query about PAPCO multi grade project the Company informed that it perceives it as a positive factor for PSO.

In addition to the analyst briefings, Company also held a Corporate Briefing session (CBS) at a local Hotel

situated at a convenient place with its shareholders and analysts on the results of FY 19. The meeting was a great opportunity for its stake holders to interact with the Company's most senior management. The topics discussed in CBS include company's profile, group structure, business lines, relevant economic highlights, Industry highlights and company's operational and financial highlights.

## Resolution of Concerns Raised at Last AGM

Safeguarding and maximizing the shareholders' value is an important goal of the Company. Our Annual General Meeting is one of the most effective ways to engage our shareholders, wherein all queries and concerns of our shareholders are addressed and their advice for future actions is encouraged. No significant issues were raised at the last AGM.

## Encouragement of the Minority Shareholders to Attend the General Meetings

The Company encourages its shareholders to attend the general meetings. It circulates the notice of general meetings well within regulatory timeframe. Moreover, the notice of general meetings is published in leading Urdu and English newspapers having nationwide circulation. The Company timely updates its website with respect to all notices of general meetings.

## Redressal of Investors' Grievances

Company Secretariat continuously engages with the investors and responds to their queries and requests for information and their grievances through PSO's Share Registrar.

## Investors' Relations Section on PSO's Website

The Company disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website, maintained in both English and Urdu Languages under the applicable regulatory framework. The website is updated regularly to provide detailed and latest company information including but not limited to financial highlights, investor information, dividend and other requisite information.

# PATTERN OF SHAREHOLDING

As at June 30, 2020

No. of Shareholders	Having Shares		Shares Held
	From	To	
4,860	1	100	167,818
4,905	101	500	1,404,886
2,757	501	1,000	2,163,098
5,375	1,001	5,000	12,939,374
1,229	5,001	10,000	8,750,531
509	10,001	15,000	6,350,762
246	15,001	20,000	4,320,731
180	20,001	25,000	4,082,889
101	25,001	30,000	2,799,715
70	30,001	35,000	2,289,143
73	35,001	40,000	2,743,618
41	40,001	45,000	1,735,054
51	45,001	50,000	2,471,590
54	50,001	55,000	2,813,535
26	55,001	60,000	1,489,193
19	60,001	65,000	1,190,843
13	65,001	70,000	883,985
22	70,001	75,000	1,596,056
16	75,001	80,000	1,235,384
12	80,001	85,000	991,607
12	85,001	90,000	1,049,718
12	90,001	95,000	1,102,464
15	95,001	100,000	1,471,172
10	100,001	105,000	1,021,574
12	105,001	110,000	1,295,144
7	110,001	115,000	791,052
6	115,001	120,000	708,027
4	120,001	125,000	484,149
2	125,001	130,000	252,286
11	130,001	135,000	1,463,739
6	135,001	140,000	823,170
6	140,001	145,000	854,670
2	145,001	150,000	295,140
5	150,001	155,000	760,728
3	155,001	160,000	475,247
5	160,001	165,000	812,150
2	165,001	170,000	337,857
5	170,001	175,000	866,998
3	175,001	180,000	536,052
3	180,001	185,000	549,691
4	185,001	190,000	746,746
3	190,001	195,000	582,556
6	195,001	200,000	1,191,684
1	205,001	210,000	208,451
2	210,001	215,000	424,985
1	215,001	220,000	219,815
3	220,001	225,000	669,515
2	225,001	230,000	455,255
2	230,001	235,000	468,676
2	235,001	240,000	474,578

# PATTERN OF SHAREHOLDING

As at June 30, 2020

No. of Shareholders	Having Shares		Shares Held
	From	To	
2	240,001	245,000	488,061
2	245,001	250,000	499,872
2	250,001	255,000	506,251
1	255,001	260,000	256,984
3	265,001	270,000	800,507
3	295,001	300,000	894,659
4	300,001	305,000	1,209,416
1	305,001	310,000	309,657
1	310,001	315,000	314,770
1	320,001	325,000	321,853
2	325,001	330,000	655,409
2	330,001	335,000	666,816
2	335,001	340,000	672,728
2	340,001	345,000	682,148
1	345,001	350,000	345,600
1	350,001	355,000	354,738
1	355,001	360,000	356,662
1	360,001	365,000	364,200
1	365,001	370,000	369,300
1	370,001	375,000	372,700
1	375,001	380,000	378,428
1	380,001	385,000	383,370
1	385,001	390,000	390,000
1	395,001	400,000	398,228
1	430,001	435,000	430,064
1	435,001	440,000	436,000
2	445,001	450,000	896,434
1	455,001	460,000	457,200
2	465,001	470,000	930,778
1	475,001	480,000	476,012
1	480,001	485,000	483,173
1	485,001	490,000	488,862
2	495,001	500,000	993,933
1	525,001	530,000	530,000
2	530,001	535,000	1,064,334
1	535,001	540,000	540,000
1	540,001	545,000	542,868
1	545,001	550,000	546,134
1	555,001	560,000	557,529
1	560,001	565,000	562,759
1	565,001	570,000	568,616
2	570,001	575,000	1,144,000
1	585,001	590,000	588,703
1	590,001	595,000	591,924
1	600,001	605,000	602,511
1	630,001	635,000	631,227
1	655,001	660,000	660,000
1	675,001	680,000	675,072
1	705,001	710,000	707,619
1	720,001	725,000	722,343

# PATTERN OF SHAREHOLDING

As at June 30, 2020

No. of Shareholders	Having Shares		Shares Held
	From	To	
1	735,001	740,000	735,544
2	745,001	750,000	1,495,269
1	755,001	760,000	759,400
1	770,001	775,000	770,669
1	790,001	795,000	793,624
1	795,001	800,000	800,000
1	800,001	805,000	801,800
1	815,001	820,000	815,576
1	820,001	825,000	821,839
1	905,001	910,000	905,820
1	910,001	915,000	912,295
1	955,001	960,000	955,874
1	965,001	970,000	969,874
1	975,001	980,000	979,263
1	1,005,001	1,010,000	1,007,500
1	1,020,001	1,025,000	1,022,400
1	1,060,001	1,065,000	1,063,665
1	1,105,001	1,110,000	1,105,179
1	1,110,001	1,115,000	1,114,600
1	1,165,001	1,170,000	1,169,153
1	1,195,001	1,200,000	1,198,500
2	1,215,001	1,220,000	2,435,132
1	1,235,001	1,240,000	1,235,198
1	1,355,001	1,360,000	1,359,200
1	1,430,001	1,435,000	1,432,156
1	1,470,001	1,475,000	1,474,416
1	1,585,001	1,590,000	1,587,600
1	1,875,001	1,880,000	1,876,800
1	1,905,001	1,910,000	1,908,576
1	2,010,001	2,015,000	2,014,111
1	2,060,001	2,065,000	2,060,421
1	2,190,001	2,195,000	2,190,085
1	2,320,001	2,325,000	2,322,991
1	2,565,001	2,570,000	2,568,672
1	2,590,001	2,595,000	2,592,000
1	2,660,001	2,665,000	2,661,241
1	2,915,001	2,920,000	2,916,040
1	3,305,001	3,310,000	3,305,769
1	4,395,001	4,400,000	4,398,541
1	4,585,001	4,590,000	4,588,218
1	6,285,001	6,290,000	6,288,913
1	7,200,001	7,205,000	7,202,920
1	10,145,001	10,150,000	10,148,193
1	14,260,001	14,265,000	14,263,568
1	19,460,001	19,465,000	19,463,410
1	27,135,001	27,140,000	27,136,862
1	31,825,001	31,830,000	31,827,178
1	69,875,001	69,880,000	69,879,558
1	105,500,001	105,505,000	105,504,134
<u>20,836</u>			<u>469,473,300</u>

# PATTERN OF SHAREHOLDING

As at June 30, 2020

## Shareholder's Categories

	No. of Shareholders	No. of Shares Held	%
Members - Board of Management, Chief Executive officer and their spouse and minor children	2	1,838	0.00
<b>Associated companies, undertakings and related parties:</b>			
Government of Pakistan	1	105,504,134	22.47
GoP's indirect holding:- PSOCL Employees Empowerment Trust	1	14,263,568	3.04
NIT and ICP	2	411,840	0.09
Banks, Development Financial Institutions, Non-Banking Financial Institutions	40	20,915,957	4.46
Insurance Companies	17	41,424,851	8.82
Modarabas and Mutual Funds	95	62,357,177	13.28
<b>Shareholders holding 10% or more:</b>			
NBP, Trustee Department	1	69,879,558	14.88
<b>General Public:</b>			
Resident	19,338	80,044,600	17.05
Non-resident	863	4,315,164	0.92
<b>Others:</b>			
Non-Resident Companies	126	28,489,306	6.07
Public Sector Companies & Corporations and Joint Stock Companies	219	35,117,006	7.48
Employee Trusts / Funds etc.	131	6,748,301	1.44
	<u>20,836</u>	<u>469,473,300</u>	<u>100.00</u>

# PATTERN OF SHAREHOLDING

As at June 30, 2020

## Additional Information

Information on shareholding required under reporting framework of the Public Sector Companies (Corporate Governance) Rules, 2013 is as follows:

<b>Categories of Shareholders</b>	<b>No. of Shareholders</b>	<b>No. of Shares Held</b>
Associated companies, undertakings and related parties:		
Government of Pakistan	1	105,504,134
GoP's indirect holding:- PSOCL Employees Empowerment Trust	1	14,263,568
Mutual Funds	91	62,341,819
Members - Board of Management and their spouse and minor children:		
Ms. Tara Uzra Dawood	1	600
Mr. Mohammad Shahid Khan	1	1,238
Public Sector Companies & Corporations, Banks, DFIs, NBFIs, Insurance Companies ,Takaful Companies and Modarabas	64	62,559,900
<b>Shareholders holding five percent or more voting rights</b>		
Government of Pakistan	1	105,504,134
National Bank of Pakistan (Trustee Wing)	1	69,879,558
State life Insurance Corporation of Pakistan	1	31,827,178
CDC Trustee PICIC Growth Fund	1	27,136,862

# SHAREHOLDERS AND INVESTORS INFORMATION

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## Annual General Meeting

The annual shareholders' meeting will be held at 11:00 a.m. on October 21, 2020 through video-link facility.

## Shareholders' Enquiries

Enquiries about the shareholding, dividends should be directed either to Company's Registered Office or Share Registrar at the following address:

M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi.

UAN: +92 21 111 000 322

Telephone: +92 21 3416 8266-68-70

Fax: +92 21 3416 8271

## Quarterly Reports

The company publishes interim reports at the end of the first, second and third quarters of the financial year. The interim reports for the preceding year can be accessed at PSO's website [www.psopk.com](http://www.psopk.com) or printed copies may be obtained by writing to the Company Secretary.

## Annual Report

The Annual Report of the Company summarizes the Company's performance during the year and provides an outlook in the future.

The Annual Report may be downloaded from the Company's website [www.psopk.com](http://www.psopk.com) or printed copies may be obtained by writing to the Company Secretary.

## Stock Exchange Listing

Pakistan State Oil's shares are traded on Pakistan Stock Exchange. The symbol code for dealing in shares of Pakistan State Oil Company Limited is "PSO".

# GLOSSARY

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Automated Teller Machines (ATMs)	Net profit (NP)
Board of Management (BoM)	New Vision Retail Outlet (NVRO)
Capital Expenditure (Capex)	Non-Fuel Retail (NFR)
Company-owned and Company-operated (Co-Co)	Oil Companies Advisory Council (OCAC)
Compressed Natural Gas (CNG)	Oil and Gas Regulatory Authority (OGRA)
Consumer Price Index (CPI)	Oil Marketing Company (OMC)
Corporate Social Responsibility (CSR)	Pakistan Investment Bonds (PIBs)
Managing Director (MD)	Pakistan State Oil (PSO)
Earnings before Interest, taxes, depreciation and amortization (EBITDA)	Feedback
Economic Coordination Committee (ECC)	Petroleum, Oil and Lubricant (POL)
National Bank of Pakistan (NBP)	Price Earning Ratio (P/E)
Financial Year (FY)	Profit after tax (PAT)
Furnace Oil (FO)	Quarter (Qtr)
Government of Pakistan (GOP)	Prior Year (PY)
Gross Domestic Product (GDP)	Same Period Last Year (SPLY)
Gross Profit (GP)	Superior Kerosene Oil (SKO)
Habib Bank Limited (HBL)	
High Speed Diesel (HSD)	
Independent Power Producers (IPPs)	
International Monetary Fund (IMF)	
Jet Fuel (JP-1)	
Liquefied Natural Gas (LNG)	
Memorandum of Understanding (MoU)	
Million British Thermal Unit (MMBTU)	
Million Metric Tons (MMTs) Metric Tons (MTs)	
Mobile Quality Testing Units (MQTUs)	
Motor Gasoline (MoGas)	

## FEEDBACK

Our commitment to maintain highest level of transparency and accountability continues to take us to the next level in reporting year on year. In case, you have any concerns about this report and its contents, please feel free to contact us at following:

Corporate.Communications@psopk.com  
Tel: +92 21 111 111 776 (PSO) 248 / 2405  
Ta'aluq Toll free 0800-03000

## کارپوریٹ سماجی ذمہ داری

گروپ نے اس امر کو یقینی بنایا ہے کہ اس کے سی ایس اے آر یعنی سماجی ذمہ داری کے اقدامات کی وجہ سے پاکستانی عوام کے معاشی اور معاشرتی حالات پر مثبت اثرات مرتب ہوں۔ گروپ نے معاشی اور سماجی بہتری میں صحت، تعلیم، سماجی تعمیر، ماحولیات کی بہتری اور آفات سے بچاؤ سے متعلق شعبہ جات میں مسلسل فراخ دلی سے مالی تعاون کیا ہے۔ اس سال گروپ نے ملک میں کوویڈ وائرس (COVID-19) سے متعلقہ امدادی سرگرمیوں میں بڑھ چڑھ کر حصہ لیا۔

اس سال کے دوران گروپ کی جانب سے دیئے گئے مالی عطیات کی تفصیل درج ذیل ہے:

شعبہ	روپے (ملین)
صحت	48
تعلیم	39
سماجی تعمیر اور بہبود	18
کوویڈ وائرس (COVID-19)	80
مکمل	185

## مستقبل کا بیان

پاکستان میں توانائی کا شعبہ مختلف ملکی اور عالمی عوامل پر منحصر ہے۔ ان عوامل میں غیر یقینی جغرافیائی سیاسی حالات، نئی ٹیکنالوجی کا عمل دخل، ماحولیاتی عوامل، فیڈ اسٹاک اور بریفنگس پر اپڈیٹس کی عالمی قیمت میں تبدیلی، روپے اور ڈالر کی قیمتوں کے توازن میں اتار چڑھاؤ اور مالیاتی پالیسی میں ایڈجسٹ منٹ شامل ہیں۔ مزید یہ کہ ملک کا شعبہ توانائی سخت قواعد و ضوابط کے تحت کام کرتا ہے۔ مجموعی طور پر ان تمام مذکورہ عوامل اور قواعد و ضوابط میں ہونے والی تبدیلیاں گروپ کی کارکردگی پر اثر انداز ہوتی ہیں۔



حکومت پاکستان کی ہدایت کے مطابق ملک کو آرمیل این جی اور توانائی کے قابل تجدید ذرائع پر مشتمل کیا جا رہا ہے۔ گروپ نے فرانس آئل کے والیوم میں شدید کمی کا مشاہدہ کیا۔ گرتی ہوئی طلب نے نہ صرف گروپ کی سٹوکلز کو متاثر کیا بلکہ ریفاٹری آپریشنز کے ہمارے عمل میں بھی رکاوٹیں پیدا کی ہیں۔ گروپ نے اس مسئلے کو حل کرنے کے لئے پروڈکشن سلیٹس اور فیڈ اسٹاک میں تبدیلیاں کی ہیں۔ فرانس آئل کے سٹوکلز کے والیوم میں نمایاں کمی کے نتیجے میں گروپ ایل این جی برنس کو بہتر بنانے کے لئے تمام تر کوششیں بروئے کار لارہا ہے۔ مزید یہ کہ ریفاٹری کی بہتری کا پروجیکٹ پیش رفت کر رہا ہے اور اگلے مراحل میں داخل ہو چکا ہے۔

لارہا ہے۔ مزید یہ کہ ریفاٹری کی بہتری کا پروجیکٹ پیش رفت کر رہا ہے اور اگلے مراحل میں داخل ہو چکا ہے۔

گروپ کا روبر میں استحکام لانے کے لئے پرعزم ہے۔ اور اپنی حکمت عملیوں اور منصوبہ جات کے تعین اور تکمیل میں مصروف ہے۔ جن کے ذریعے مستقبل قریب میں کاروبار کی استعداد کار اور کارکردگی پر اثر انداز ہونے والی غیر یقینی صورت حال سے نبرد آزما ہوا جاسکے۔ مزید یہ کہ گروپ ان امور پر اپنی مکمل توجہ مرکوز کرے گا:

- انڈسٹری کے بہترین طرز عمل کے مطابق جغرافیائی اقدامات کا اعادہ تاکہ جانی نقصان سے تحفظ کو یقینی بنایا جاسکے
- کلیدی پروڈکٹس کے لئے اپنا مارکیٹ شیئر حاصل کرنے پر توجہ
- ادارے کی از سر نو تعمیر اور تمام ذرائع کو بہتر طور پر بروئے کار لانا
- پہلے سے جاری سپلائی انفراسٹرکچر پروڈیکٹس کی تکمیل
- متعلقہ فریقین کے ساتھ مل کر کاروبار کے درجہ مسائل کا حل تلاش کرنا
- کاروبار کے عمل کی از سر نو تکمیل اور کاروبار کے بنیادی امور کو خود کار مشینوں پر منتقل کرنا
- اکیٹراکٹ چارجنگ گاڑیوں کی سہولت کے ذریعے مستقبل کے کاروبار کو مستحکم کرنا
- نئے کاروباری مواقع کی دریافت سے کاروبار میں استحکام کا فروغ اور خسارہ جات کا ازالہ کرنا
- ریفاٹری کے میٹارکولینڈ کرنے کے پروجیکٹ پر عمل درآمد

بورڈ تمام ہلازمین، اسٹیک ہولڈرز اور شرکاءت داروں کے احترام اور مسلسل تعاون کے لئے شکر گزار ہے۔ ہم اس موقع پر حکومت پاکستان، بائیسویں وزارت توانائی کے سپرولیم ڈویژن کا ان کی مسلسل رہنمائی اور حمایت پر شکر یہ ادا کرتے ہیں۔


  
 سید منیر  
 سی ای او اور چیف ایگزیکٹو آفیسر  
 نفاذ آئی سی پی  
 جرجین

19 ستمبر 2020  
کراچی

- گروپ کی 30 جون 2020 تک کی پروویڈنٹ، پینشن اور گریجویٹ فنڈز کی سرمایہ کاری کے ان متعلقہ غیر آڈٹ شدہ حسابات (30 جون 2020) تک درج ذیل ہیں:

فونڈز	ملین روپے میں
پی ایس اوی ایل منجمنٹ ایسپلائز پینشن فنڈ	4,040
پی ایس اوی ایل ورکرز اسٹاف پینشن فنڈ	3,811
پی ایس اوی ایل ڈیفینس کنٹری بوشن پینشن فنڈز	5,706
پی ایس اوی ایل اسٹاف پراوڈنٹ فنڈ	2,793
پی ایس اوی ایل ایسپلائز پراوڈنٹ فنڈ	1,459
پی ایس اوی ایل ایسپلائز گریجویٹ فنڈ	6,434
پی آر ایل پراوڈنٹ فنڈ	444
پی آر ایل گریجویٹ فنڈ - منجمنٹ اسٹاف	167
پی آر ایل گریجویٹ فنڈ - نان منجمنٹ اسٹاف	100
پی آر ایل پینشن فنڈ - منجمنٹ اسٹاف	1,197
پی آر ایل پینشن فنڈ - نان منجمنٹ اسٹاف	135

### قومی خزانے میں معاونت

گروپ ایک ٹیکس دہندہ سمجھی ہونے پر محسوس کرتا ہے اور اس امر کو یقینی بناتا ہے کہ ٹیکس کی ڈیڈ لائنز کے مطابق لاگو ہونے والے تمام ٹیکس اور ڈیوٹیز وغیرہ باقاعدگی سے ادا کرے۔ مالی سال 2020 کے دوران ادارے نے 409 بلین روپے قومی خزانے میں جمع کرائے۔

### صحت، تحفظ اور ماحولیات

گروپ ایک بہتر اور مستحکم مستقبل کے لئے پرعزم ہے۔ گروپ کاروباری استحکام کو ترقی کا بنیادی ستون سمجھتا ہے۔ گروپ نے اس امر کو یقینی بنایا ہے کہ گروپ میں موجود ہر کھیتی تمام ریگولیشنری معیارات صحت، حفاظت اور ماحولیات (HSE) معیارات اور پالیسیوں پر عمل پیرا ہے۔

### کورونا وائرس کی وبا (COVID-19)

کورونا وائرس (COVID-19) ایک عالمی وبا ہے جس نے پوری دنیا میں صحت کے بحران کو جنم دیا ہے اور اس وقت دنیا بھر کے لئے ایک چیلنج ثابت ہو رہی ہے۔ گروپ نے عالمی اداروں اور حکومت پاکستان کی طرف سے جاری کردہ ہدایات اور طریقہ ہائے کار کو اپنایا تاکہ محفوظ آپریشن کو یقینی بنایا جاسکے۔ اس سلسلے میں مندرجہ ذیل اقدامات اٹھائے گئے:

- عالمی وبا کے دوران کاروبار کو جاری و ساری رکھنے کا پلان (بزنس کنٹینیٹی پلان (BCP)
- کام کرنے کے لئے حکومتی اسٹینڈرڈ آپریٹنگ پروسیجرز (SOPs) پر عمل عملدرآمد
- حاضر عملے میں کمی اور گھر سے کام کرنے کی سہولت کی مکمل حوصلہ افزائی
- مقام کار پر مختلف جراثیم کش سرگرمیوں کا مسلسل انتظام
- گروپ کے داخلی اور بیرونی رابطوں کے لئے ٹیلی کام اور چوکل میٹنگز کے انعقاد کی حوصلہ افزائی

### ڈیویڈنڈ اور دیگر تصرفات

مالی سال 2020 میں ہونے والے خالص خسارے کی بنیاد پر بورڈ آف منجمنٹ نے اس سال ڈیویڈنڈ تجویز نہ کرنے کا فیصلہ کیا ہے۔ بورڈ اپنے شیئر ہولڈرز کی ترجیحات کا مکمل ادراک رکھتا ہے اور توقع کرتا ہے کہ مستقبل میں کھیتی ڈیویڈنڈ کی ادائیگی کی اپنی روایت کو دوبارہ بحال کرنے میں کامیاب ہوگی۔

### آڈیٹرز

30 جون 2021 میں انضمام پذیر ہونے والے مالی سال کے لئے بورڈ آف منجمنٹ نے بورڈ آڈٹ ایڈ کیمپلائنس کمیٹی کی تجویز پر میسرز کے پی ایم جی تا میٹری ہادی ایڈ کھیتی چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز تقرری کی توثیق کی ہے۔

### شیئر ہولڈنگ پینن

شیئر ہولڈنگ پینن مئی نمبر 316 پر منسلک ہے۔

اس درجہ بندی میں اعلیٰ کریڈٹ کوٹنگ اور کم کریڈٹ رسک کی توقع ظاہر کی گئی ہے جیسا کہ مالی کنٹیننس کی بروقت ادائیگی کی مضحکم استعداد۔

اکاؤنٹس پر متعلقہ پالیسیوں کا مستقل طور پر اطلاق کیا گیا ہے اور ان کا تعین درست طور پر لگایا گیا ہے۔

## اندرونی مالیاتی معاملات کو کنٹرول کرنے کی قابلیت

ہولڈنگ اور ماتحت کمپنیوں کے متعلقہ بورڈ نے داخلی مالیاتی نظام پر بہتر کنٹرول بنانے کے لئے موثر اور مستعد نظام قائم کیا ہے۔ اندرونی کنٹرولز کے نفاذ کی باقاعدہ طور پر آزاد داخلی آڈٹ فنکشن کے ذریعے نگرانی کی جاتی ہے جو براہ راست آڈٹ کمپنیوں کو رپورٹ کرتی ہے۔ آڈٹ کمپنیاں وقتاً فوقتاً اندرونی کنٹرول فریم ورک اور متعلقہ کمپنیوں کی مالی اہلیت کا جائزہ لیتی رہتی ہیں۔

• بین الاقوامی مالیاتی رپورٹنگ کے معیارات جن کا پاکستان پر اطلاق ہے، مالیاتی اسٹیٹ منٹس کی تیاری میں ان سب پر عمل درآمد کیا گیا ہے اور اگر کسی سبب سے کسی اصول پر عمل نہیں کیا گیا تو اس کے بارے میں واضح طور پر بیان کر دیا گیا ہے۔

• اندرونی کنٹرول کا نظام مضحکم ہے اور اس کی موثر نگرانی کی جارہی ہے۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

گروپ میں موجود کمپنیوں کے بورڈز اپنی ان تمام ذمے داریوں سے مکمل طور پر آگاہ ہیں جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ پبلک سیکورٹیز (کارپوریٹ گورننس) روڈز، 2013 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت لاگو ہوتی ہیں۔

• نان ایگزیکٹو بورڈ ممبروں کو کوئی مخصوص مشاہرہ نہیں ادا کیا جاتا بلکہ اجلاس میں شرکت پر انہیں مقررہ فیس ادا کی جاتی ہے۔ مذکورہ فیسوں کا فیصلہ بورڈ آف مینجمنٹ کی جانب سے مشترکہ طور پر کمپنیز ایکٹ 2017 اور رینگیٹز اینڈ ایگزیکٹو ایسوسی ایشن (جہاں پر لاگو ہو) کے تحت کیا جاتا ہے۔

• بورڈ میں موجود ہر ڈائریکٹر اور چیف ایگزیکٹو کے مشاہرے مجموعی مالیاتی اسٹیٹمنٹس کے نوٹ نمبر 36 میں واضح کئے گئے ہیں۔

مندرجہ ذیل نکات کارپوریٹ گورننس کے اعلیٰ معیار اور مسلسل بہتری کے لیے گروپ کے عزم کا اظہار ہیں:

• گروپ کی اہلیت کے حوالے سے کسی قسم کے شبہات نہیں پائے جاتے۔

• کارپوریٹ گورننس کے بہترین طریقہ ہائے کار کے حوالے سے جو پبلک سیکورٹیز کمپنیز (کارپوریٹ گورننس) روڈز، 2013 اور لسٹڈ کمپنیاں (کارپوریٹ گورننس) کوڈز، ریگولیشنز 2019 میں تفصیل سے بتایا گیا ہے۔ کوئی بنیادی مضم نہیں پایا جاتا۔

• یہ کمپنیاں کارپوریٹ گورننس کے متعلقہ قواعد کے تحت قائم کی گئی ہیں اور اگر کسی اصول پر عمل درآمد ممکن نہیں ہو سکا تو اس کے لاگو نہ ہونے کی وجہ اور مدت بیان کر دی گئی ہے۔

• گزشتہ دو سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار کو اس رپورٹ میں خلاصے کے طور پر منسلک کیا گیا ہے۔ کیونکہ یہ گروپ کی مالی اسٹیٹمنٹس کے حوالے سے دوسرا سال ہے۔

• گروپ مینجمنٹ کی جانب سے مکمل مالیاتی اسٹیٹمنٹ شفاف طریقے سے تیاری کی گئی ہے جس میں تمام امور آپریٹنگ کے نتائج، کمیشن، ٹونز، ایکویٹی میں مجموعی آمدنی اور تبدیلیوں کو واضح طور پر پیش کیا گیا ہے۔

• گروپ کی طرف سے پب آف اکاؤنٹس موزوں طریقے پر رکھی گئی ہے۔

• پیئر ریم اور ڈائریکٹرز، بورڈ کے اراکین کے نام اور کل تعداد، ان کی تقرری، کمپنیاں اور ان کی تفصیلات، بورڈ اجلاسوں کی تعداد اور اراکین کی حاضری کے بارے میں معلومات سالانہ رپورٹ میں شامل شیئر ہولڈرز رپورٹ کے غیر مضحکم فیصلے اسٹیٹمنٹ اور کارپوریٹ گورننس کے سیکشن میں شامل کی گئی ہیں۔

• گروپ کمپنیز کی مالیاتی اسٹیٹ منٹس کی تیاری میں قابل اطلاق اکاؤنٹنگ پالیسی پر مسلسل عمل درآمد کیا جاتا ہے۔ اکاؤنٹنگ پالیسیوں میں جب بھی کوئی تبدیلی لائی جاتی ہے اس کو واضح طور پر بیان کیا جاتا ہے۔ گروپ میں موجود کمپنیوں کے مالیاتی

## گروپ کے نتائج

گروپ نے مالی سال 2020 میں 1,121 بلین روپے کا سیلز ریویو کمایا (مالی سال 2019 میں 1,185 بلین روپے تھا) جو 6.9 بلین روپے (مالی سال 2019 میں 32.8 بلین روپے) کے خام منافع کی صورت میں ظاہر ہوتا ہے۔ پی ایس او اور پی آر ایل کے مجموعی خسارے کے تناظر میں گروپ نے مالی سال 2020 میں 14.8 بلین روپے کا بعد از ٹیکس مجموعی خسارے کا اعلان کیا ہے جو گزشتہ مالی سال 2019 میں منافع بعد از ٹیکس 15.1 بلین روپے تھا۔ اس خسارے کا نتیجہ فی شیئر 23.5 روپے نقصان کی صورت میں ظاہر ہوا جبکہ مالی سال 2019 میں فی شیئر منافع 30.5 روپے تھا۔

## معاشی اور عملی کارکردگی کے دیگر نمایاں پہلو

• اس مالی سال کے دوران گروپ نے نئے بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز آئی ایف آر سی-16 لیز اختیار کئے۔

• اس سال فرانس آئل کی طلب میں مزید کمی واقع ہوئی جس کا بنیادی سبب حکومت کی جانب سے فرانس آئل کی درآمد پر پابندی اور پاور پلانٹس کو آر ایل این جی پر منتقل کرنے کے اثرات کا تسلسل رہا۔ اس کمی نے گروپ کے منافع کو منفی طور پر متاثر کیا۔

• ہولڈنگ کمپنی نے اپنی غیر ملکی کرنسی کے قرضہ جات (FE-25) پر اپنے خسارے کا پورا حصہ بازیافت کر لیا۔ جو وزارت خزانہ، حکومت پاکستان کی ہدایات کے تحت حاصل کیا گیا اور اس ضمن میں کمپنی نے 29.7 بلین روپے میں سے 27.9 بلین روپے حاصل کئے۔ جبکہ بقایا جات کی وصولی دی گئی مدت میں متوقع ہے۔

• پی آر ایل نے تقریباً 60 فیصد کم کیا تاکہ بہتر پروڈکٹس کس کے حصول کو یقینی بنایا جاسکے جیسا کہ فرانس آئل کی پیداوار میں کمی اور ہائی اسپینڈ ڈریل اور مینگیس کی پیداوار میں اضافہ۔

• پی آر ایل کی جانب سے ایم ایس RON 92 کی مستحکم پیداوار بمقابلہ گزشتہ برس کی MS 90 RON کی پیداوار کے، نتیجے میں RON کا وہ توازن حاصل ہو گیا جو حکومت کے پاس ذخیرے کے لئے درکار تھا۔

• پی آر ایل کی جانب سے گزشتہ برس کے 95 اور RON 97 کی پیداوار کی بہ نسبت اس برس ہائی اوکٹین پٹرول کی مستحکم پیداوار کی بدولت کمپنی کو اضافی آمدنی حاصل ہوئی۔

## خطرات اور غیر یقینی صورتحال

گروپ حکومت پاکستان کی پالیسی فریم ورک کے تحت کام کرتا ہے اور وزارت توانائی اور اگرا OGRA کچھ ریگولیٹڈ مصنوعات کی قیمتوں کی باقاعدگی سے نگرانی کرتی ہے۔ خام تیل اور پٹرولیم مصنوعات کی بین الاقوامی قیمتوں میں تبدیلی، تیل کے متبادل کے طور پر دیگر ذرائع ایجنڈن کا استعمال، شرح مبادلہ پر حکومتی فیصلے اور قابل فروخت پٹرولیم پروڈکٹس کی خاصیتوں میں کوئی تبدیلی یہ تمام عوامل گروپ کے منافع پر اثر انداز ہوتے ہیں۔ کیونکہ گروپ قرضہ جات پر انحصار کرتا ہے اس لئے رعایتی نرخ میں کسی بھی قسم کی تبدیلی گروپ کی آمدنی پر اثر انداز ہوتی ہے خواہ یہ اثر مثبت ہو یا منفی۔

مالی سال 2020 میں گروپ کو خالص خسارہ ہوا۔ تاہم توقع کی جارہی ہے کہ آئندہ برسوں میں عالمی قیمتوں میں اضافے اور کچھ مصنوعات کے مارجن میں بہتری کے نتیجے میں اخراجات زرمیں کمی آئے گی اور آنے والے برسوں میں مارجن مزید بہتر ہو سکیں گے۔ مزید یہ کہ معاشی استحکام، یو ایس ڈالر کے مقابلے میں روپے کی قیمت میں استحکام اور مستقبل کے کاروباری منصوبوں بشمول اسٹوریج کی تعمیرات اور ریفاہنری کو اپ گریڈ کرنے کے ذریعے گروپ مستقبل میں منافع بخش ثابت ہو سکے گا۔

## گروپ کی کریڈٹ ریٹنگ

مالی سال کے دوران گروپ کمپنی کی کریڈٹ ریٹنگ کو متعلقہ تخمینہ کاروں کے ذریعے جانچا گیا ہے جو درج ذیل ہے:

کمیٹی	طویل المدتی	مختصر المدتی
پی ایس او	A1+	AA+
پی آر ایل	A-	A2

### پی ایس او کی مالیاتی کارکردگی

معیشت کی عمومی پریشان کن صورت حال COVID-19 کے باعث معاشی سرگرمیوں کے نامہ پڑنے اور انویٹری کی فروخت میں متذکرہ خسارے کا نتیجہ، پی ایس او کو اس عرصے میں نقصان کی صورت میں سامنے آیا۔ ہولڈنگ کمپنی کو مالیاتی سال 2020 میں بعد از ٹیکس 6.5 بلین روپے کا خسارہ ہوا جبکہ اس کے برعکس گزشتہ مالی سال 2019 میں بعد از ٹیکس 10.6 بلین روپے کا منافع ہوا تھا۔ بعد از ٹیکس کے خسارے کا نتیجہ گزشتہ مالیاتی سال 2019 میں فی شیئر 22.5 روپے کے منافع کے برعکس 13.8 روپے فی شیئر خسارے کی صورت میں ظاہر ہوا۔

خالص خسارے میں اہم کردار ادا کرنے والے محرکات میں عالمی تیل کی مارکیٹ میں تیل کی قیمتیں گرنے کے بعد انویٹری نقصان، ایل این جی اور متبادل ذرائع ایندھن پر منتقل ہوجانے کی سرکاری پالیسی کے نتیجے میں بلیک آئل فروخت میں 40.8 فیصد کی اور زیادہ پالیسی ریٹ اور غیر ملکی کرنسی کے بجائے ملکی کرنسی میں قرض لینے کی وجہ سے مالیاتی لاگت میں اضافہ شامل ہیں۔ مزید برآں، دیگر محرکات جیسے کہ لیٹ پے منٹ سرچارج کا حصول اور زر مبادلہ کے نقصان میں 3 بلین روپے کی کمی (جس کی وجہ روپے کی قدر میں کچھلے سال کے 35 فیصد کی کے بجائے اس سال 2 فیصد کی اور ای سی سی کے فیصلے کے اطلاق کے نتیجے میں زر مبادلہ نقصان کی وائٹ آئل کی قیمت میں شمولیت ہے) کے باعث خالص خسارے کو کسی حد تک قابو کرنے میں مدد ملی۔

### پی آر ایل کی مالیاتی کارکردگی

مالی سال 2020 میں آئل کا شعبہ منافع میں کمی کے جس عمومی رجحان کا شکار رہا، پی آر ایل کے حالات بھی اس سے مختلف نہیں رہے۔ مالی سال 2020 میں پی آر ایل کو 7.6 بلین روپے کا بعد از ٹیکس خسارہ ہوا جبکہ گزشتہ برس مالی سال 2019 میں یہ خسارہ 5.8 بلین روپے تھا۔ جس کے نتیجے میں اس سال فی شیئر خسارہ 17.7 روپے رہا۔ جو گزشتہ مالی سال 2019 میں فی شیئر 13.7 روپے تھا۔

پی آر ایل کے منافع کی راہ میں سب سے بڑی مالی مشکل عالمی منڈی میں تیل کی قیمتوں میں شدید کمی کے باعث ہونے والا انویٹری کا خسارہ رہا۔ مزید یہ کہ ریفاٹنگ مارجن، مینٹیننس کی طے شدہ قیمت اور 13.25 کے بلنڈ پالیسی ریٹ کی وجہ سے اضافی مالی مصارف بھی خسارے کے حوالے میں شامل رہے۔

پاکستان اسٹیٹ آئل کمپنی لمیٹڈ (ہولڈنگ کمپنی) کا بورڈ آف مینجمنٹ، 30 جون 2020 کو اختتام پذیر ہونے والے مالی سال میں گروپ کی مجموعی مالیاتی اور عملی کارکردگی کے حوالے سے رپورٹ آپ کی خدمت میں پیش کر رہا ہے۔

### گروپ کا ڈھانچہ

مالی سال 2020 کے دوران پی ایس او نے علی الترتیب 10.5 بلین شیئرڈ سٹیل پٹرولیم کمپنی لمیٹڈ اور 2.6 بلین شیئرڈ شیوران گلوبل انرجی یو ایس اے سے حاصل کئے۔ مزید برآں کمپنی نے پی آر ایل (پاکستان ریفاٹری لمیٹڈ) کے ان 21 ملین اسٹ شیئرڈ کی منظوری بھی حاصل کر لی ہے جو اس سے قبل قانونی بندش میں تھے۔ نتیجتاً، پی آر ایل میں پی ایس او کی شیئر ہولڈنگ 52.7 فیصد سے تجاوز کر کے 60.0 فیصد تک پہنچ گئی ہے اور اس سال کے اختتام پر اس شیئر ہولڈنگ میں مزید اضافہ ہوا اور اب یہ 63.6 فیصد ہے۔

ہولڈنگ کمپنی ایک پبلک لمیٹڈ کمپنی ہے۔ جس کا قیام 1976 میں عمل میں آیا۔ اس کمپنی کا اندارج اسٹاک ایکسچینج لمیٹڈ میں ہے۔ اس ہولڈنگ کمپنی کے بنیادی مقاصد میں پٹرولیم اور اس سے متعلقہ مصنوعات کی خریداری، ذخیرہ، ترسیل اور مارکیٹنگ ہے۔ اس کے علاوہ یہ مختلف لمبر کیمیکل آئلز کے مرکبات کی تیاری اور ترویج کا کام بھی سرانجام دیتی ہے۔

پی آر ایل کو شیئر 1960 میں پاکستان میں پبلک لمیٹڈ کمپنی کے طور پر شامل کیا گیا تھا۔ پاکستان اسٹاک ایکسچینج میں اس کا اندارج ہے اور یہ کمپنی پٹرولیم مصنوعات کی تیاری اور فروخت کا کام کرتی ہے۔

### گروپ کی مالیاتی کارکردگی

اس برس روس اور سعودی عرب کے درمیان قیمتوں کی جنگ کے باعث تیل کی عالمی قیمتوں میں غیر معمولی کمی دیکھنے میں آئی۔ اس کی میں مزید شدت اس وقت پیدا ہوئی جب COVID-19 کے نتیجے میں معاشی سرگرمیاں محدود ہوجانے کے سبب مالی سال 2020 کی چوتھی سہ ماہی میں عالمی منڈیوں میں پٹرول کی طلب میں نمایاں کمی واقع ہو گئی۔ عالمی سطح پر ہونے والی تیل کی قیمتوں میں کمی نے پاکستان کی آئل انڈسٹری کو بھی متاثر کیا جس کے باعث قابل فروخت ذخیروں میں خسارے کا سامنا کرنا پڑا۔ بعض اوقات، آئل کی خرید و فروخت اور قیمت کے تعین کے مراحل میں اتنا وقفہ آیا کہ خریداری کے وقت آئل کی قیمت زیادہ تھی اور صارف کو فروخت کے وقت تک گر کے انتہائی کم ہو چکی تھی۔

• ادارے کی تنظیم نو اور تمام وسائل کو بہتر سے بہتر بنا کر بروئے کار لانا۔

• سپلائی کے اثرات سرچشمہ ممبروں کی تکمیل۔

• متعلقہ فریقوں کے ساتھ دیرینہ معاملات حل کر کے کاروباری امور کو بہتر بنانا۔

• کاروباری عمل کی ری انجینئرنگ (بی پی آر) اور استحکام لانے کے لئے کلیدی کاروباری احوال کی آڈیشن۔

• ایکٹیزک ویٹیکل چارجنگ آپٹیمزیشن قائم کر کے مستقبل کی سہولت کا تعین طے کرنا۔

• ختم ہونے پر قابو اور استحکام کے لئے کاروباری مواقع کی چشم اور امکانات کی تلاش۔

### ذریعہ معلومات اور مفروضہ جات

کئی نئے مختلف طریقہ کار کے استعمال کے ذریعے پیش گوئی کی خصوصی تکلیف اچائی ہیں۔ علاوہ ازیں، متعلقہ اشاعتوں، اندرونی ماہر شعبہ اور متعلقہ ایڈوائسریٹ سے رائے لی گئی ہے۔

اس ریٹیک منصوبہ بندی کے لئے پی ایس او کے مفروضہ جات کثیرالجہتی سوچ پر مبنی ہیں، جس میں بے شمار اندرونی اور بیرونی احوال متلا پروڈکٹ کی طلب پر اثرات مرتب کرنے والے متعدد فیکرہ امکانہ احوال شامل ہیں جو دور رس منصوبہ بندی میں کام آسکتے ہوں۔ مزید برآں، پاکستان آٹوموبائل سینیور مینجمنٹ (پانام)، عالمی بینک، بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) اور ایشیائی ترقیاتی بینک کی طرف سے شائع ہونے والی آئندہ مالی سال کے مفروضوں کی بنیاد پر پیش نظر رکھا گیا ہے۔

### کئی کی غیر یقینی صورتحال اور مسائل سے نمٹنے کی صلاحیت

کاروبار آج ایک متحرک ماحول میں کام کر رہے ہیں جس میں قومی یا عالمی سطح پر معمولی سی تبدیلی سے بھی ان کی کارکردگی پر اثر پڑتا ہے۔ منسل انداز ہونے والی نیکینا لوجی کی مسلسل آمد نے صورتحال کو کافی حد تک متاثر کیا ہے۔ حال ہی میں، کورونا وائرس (COVID-19) کاروباری اداروں کے وجود اور استحکام کے لئے ایک چیلنج کے طور پر سامنے آئی۔

پی ایس او کی سیکڑی کارکردگی قومی اور عالمی احوال کے ساتھ واضح طور پر مشروط ہے۔ جن حالیہ احوال نے اثرات مرتب کئے ہیں ان میں ہنر افیائی سیاسی ماحول، ماحولیاتی تحفظات اور شدت و گہرائی کے ساتھ تیل کی قیمت بھی شامل ہے۔ ملک کو درپیش متحرک ماحول کے

تفاظ میں آنے والے سالوں میں ان احوال میں کوئی بھی اتار چڑھاؤ کئی کے لئے ترقی کا موقع بھی بن سکتا ہے اور کاروبار کے لئے خطرہ بھی۔ حال ہی میں، حکومت پاکستان نے ملک میں ایکٹیزک گاڑیوں کے استعمال کو بڑھانے کی طرف توجہ مرکوز کرتے ہوئے قومی ایکٹیزک ویکل پالیسی کا اعلان کیا تھا۔ اس توجہ ملی سے ڈیون اسٹریٹجی میں سیکڑی اور کئی کے کاروبار پر قابل ذکر اثرات مرتب ہوں گے۔

پی ایس او نے ایک پائیدار کاروباری سلسلہ کا منصوبہ (بی سی پی) نافذ کیا ہے جس کی بدولت، یہ اپنے لوگوں کو آسانی سے کام کرنے کے ماحول کی فراہمی کے ساتھ موثر طریقے سے کاروبار کو برقرار رکھنے کی طرف توجہ دے رہی ہے۔ ٹیگورہ غیر یقینی اور نامساعد حالات کے باوجود بھی کئی کی نمایاں کارکردگی اس امر کا ثبوت ہے کہ کئی ناموافق حالات اور چیلنجز کا سامنا کرنے کی مکمل صلاحیت رکھتی ہے۔ مزید برآں، ہریلہ بدلتے ماحول میں مستحکم رہنے کے مقصد کو پیش نظر رکھتے ہوئے پی ایس او نے حال ہی میں اپنے وژن، مشن اور اقدار کو دوبارہ ترتیب دیا ہے۔ تاکہ اپنے کاروبار میں مزید ترقی اور بدلتے حالات کے ساتھ موافقت لائی جاسکے۔

پی ایس او اس سے بڑے چیلنجز کا سامنا کرنے کے لئے تیار ہے۔ اس عزم کے ساتھ گروہ برصورت حال میں کاروباری مواقع اور نئے امکانات کی جستجو کے ساتھ اپنے شیئر ہولڈرز کے لئے کاروبار کی قدر و قیمت بڑھانے کے حوالے سے ہر دم گوشاں رہے گی۔

سید محمد علی

سید محمد علی

نظر آئی حنائی  
ممبرین

سید محمد علی  
سی ای او اسٹینڈنگ ڈائریکٹر

19 ستمبر 2020  
کراچی

اور اپنے مسابقت کاروں میں وہی مستحکم مقام حاصل کر سکے گا جو ان تقاضوں کو بھرپور طور پر پورا کر سکے۔ اس لئے آفرز میں مستقل بہتری اور جرت لانا وقت کی ضرورت بن گئی ہے تاکہ صارفین کو طویل عرصے تک بطور مستمر رقرار رکھا جاسکے۔

- حکومت پاکستان کی طرف سے پالیسی میں حالیہ تبدیلی کی وجہ سے توقع کی جاتی ہے کہ مستقبل قریب میں ڈاون اسٹریٹ آئل مارکیٹ پر گہرے اثرات مرتب ہوں گے۔
- پاکستان چین اقتصادی راہداری (سی پیک) کے تحت میگا ڈیمز اور سڑکوں کے ذریعے ریلوں کی تشکیل کے لئے حکومت پاکستان کی ہم سے توقع کی جاتی ہے کہ ڈائن آئل کی مصنوعات کی طلب پر مثبت اثرات مرتب ہوں گے۔

کبھی اس تمام صورتحال سے آگاہ ہے اور مارکیٹ میں اپنی قائمانہ حیثیت کو برقرار رکھنے کے لئے اپنی خدمات میں مسلسل بہتری، جرت اور اضافے کیلئے مصروف عمل ہے۔ مینجمنٹ کی توجہ کا مرکز فور کورس کی کارکردگی کو بہتر بنانا اور تان فیل ریشیل سیکمنٹ کے ذریعے صارفین کے تجربے کو بھرپور بنانے کے لئے بہتر سے بہتر خدمات فراہم کرنا ہے۔ مزید برآں، کبھی ان مواقع کی تلاش میں ہے جو موقع طور ڈاون اسٹریٹ آئل مارکیٹ پر اثر انداز ہو سکیں گے۔

## مستقبل کا بیان

تمام عوامل کو مد نظر رکھتے ہوئے، انتظامیہ نے بیرونی ماحول میں غیر یقینی صورتحال سے نمٹنے اور اندرونی قوت کو مزید مضبوط بنانے کے لئے کبھی نے حکمت عملی کی سمت کا تعین کیا ہے۔ چونکہ پی ایس او عوام کو اپنے وجود کی بنیادی وجہ سمجھتی ہے، لہذا حکمت عملی کی سمت کلیدی طور پر قوم کی توقعات پوری کرنے کے لئے تیار کی گئی ہے اور اس کے ساتھ ساتھ اپنے حیر ہولڈرز کے لئے زیادہ سے زیادہ شمراٹ کو یقینی بنانے کے لئے سرگرم عمل ہے۔

بدلتے ہوئے ماحول کے پیش نظر توقع ہے کہ پی ایس او اپنے صارفین کو جرت آمیز سہولیات اور خدمات فراہم کرتے ہوئے ان کے سفر کے تجربات کو خوشگوار بنائے گی۔

- جاتی نقصان سے تحفظ کو یقینی بنانے کے لئے ایچ ایس ای (HSE) پر موثر عمل درآمد۔
- کلیدی مصنوعات میں مارکیٹ شیئر حاصل کرنے پر توجہ۔

پاکستان کی معیشت دوبارہ کاروباری ہے۔ معیشت کو 68 سالوں میں پہلی مرتبہ اتنی شدید مندی کا سامنا کرنا پڑا۔ مجموعی معیشت 0.38 فیصد تک سڑھی جبکہ گزشتہ سال میں 1.9 فیصد نمو دیکھی گئی تھی۔ علاوہ ازیں بیورو میٹرک کے شعبے میں منفی نمو 5.6 فیصد، مقابلہ 0.7 فیصد رہی۔ مزید برآں، ٹرانسپورٹ سیکٹر میں بھی 7.13 فیصد کمی دیکھی گئی جس کی گزشتہ سال نمو 4.63 فیصد تھی۔ ان عوامل کے نتیجے میں اجتماعی طور پر ڈائن آئل کی مصنوعات کی طلب میں کمی پیدا ہوئی۔ حکومت پاکستان کی پالیسی کے تحت بجلی کی موثر پیداوار کے لئے کوئلہ، قابل تجدید توانائی، آرائل این جی اور گیس سے چلنے والے پاور پلانٹس پر انحصار کی وجہ سے بجلی آئل مصنوعات میں منفی رجحان دیکھنے میں آیا۔ مجموعی طور پر، بلکویل فول انڈسٹری کے دایوم میں گزشتہ سال کی اسی مدت کے مقابلے میں 11.5 فیصد کمی واقع ہوئی۔

گورونہ (COVID-19) کے باعث طلب میں کمی ہوئی جس کو روس اور سعودیہ کے مابین قیمتوں کی جنگ نے مزید فروغ دیا اور نتیجے میں مارکیٹ کے مسابقت کاروں نے نویشنری نقصان سے بچنے کے لئے انویشنری کی سطح کو کم کر دیا۔ انڈسٹری کے شرکت داروں کا یہ اقدام پی ایس او کے لئے ایک چیلنج کے طور پر سامنے آیا، کیونکہ کبھی تو کم کوئلوں کی بلا تعطل فراہمی کو یقینی بنانا اپنی ذمہ داری سمجھتی ہے۔ مزید برآں، مارکیٹ میں پروڈکٹس کی عدم موجودگی نے انڈسٹری کے ریگولیٹرز کو بھی مزید فعال بنا دیا ہے اور عوام لوگوں کے مفادات کے تحفظ کے لئے اقدامات کیے جا رہے ہیں۔

## معاشرتی نقطہ نظر، بیرونی عوامل اور مصنوعات کی طلب پر اثر

معاشرتی نقطہ نظر کے مطابق مالی سال 2021 کے دوران افراط زر کی شرح 7 سے 8 فیصد تک برقرار رہے گی۔ توقع کی جا رہی ہے کہ مستقبل میں پاکستانی روپیہ امریکی ڈالر کے مقابلے میں ڈاؤن رہے گا، جس کے نتیجے میں مقامی کرنسی کی قدر مزید کم ہو جائے گی۔ باہرین کا خیال ہے کہ پالیسی کی شرح تقریباً پی ایس او کی حد تک بچھتی گئی ہے اور سمجھا جاتا ہے کہ قبیل مدت تک مستحکم رہے گی۔ حکومت پاکستان مالی سال 2021 میں جی ڈی پی میں 2.1 فیصد اضافے کی توقع رکھتی ہے۔

## بیرونی عوامل

- مستقبل قریب میں گورونہ وباہ کی ویکسین کی دریافت کا امکان نہیں ہے، یہ کہنا مناسب ہوگا کہ وبا قبیل مدت تک جاری رہے گی۔
- متعدد ذرائع ابلاغ استعمال کرنے والے صارفین کی معلومات کے ساتھ ساتھ ان کے تقاضے بھی بڑھ گئے ہیں۔ یہ امر کاروباری اداروں کے لئے ایک چیلنج بن گیا ہے

گزشتہ سال کی سالانہ رپورٹ میں دورانہائی کی بنیاد پر دیئے گئے بیان کے حوالے سے کھپنی کی کارکردگی حسب ذیل ہے:

### مارکیٹ میں قائدانہ مقام

معاشی دنیا کی صورت حال کے باوجود پی ایس او نے نہ صرف مارکیٹ میں اپنے قائدانہ مقام کو برقرار رکھا بلکہ تمام پروڈکٹ لائن میں واپس میں اضافے کو بھی یقینی بنایا۔ مزید برآں، پی ایس او نے پوری آئل انڈسٹری کے مقابلے میں سے زیادہ بہتر کارکردگی کا مظاہرہ کیا۔ زیر جائزہ مدت کے دوران، پی ایس او نے لکھنؤ فیول میں 44.3 فیصد، وائٹ آئل میں 44.0 فیصد اور بلیک آئل میں 46.0 فیصد مارکیٹ شیئر حاصل کیے۔

### سپلائی چین انفراسٹرکچر میں بہتری

پی ایس او کے نئے اور بحال شدہ اسٹوریج میں اضافے کے حوالے سے پر عزم کاوشیں جاری رہیں۔ کورونا وبا اور ضروری ریگولیشنز کے باعث منصوبوں کی راہ میں پیش آنے والی رکاوٹوں کے باوجود، کھپنی تمام طے شدہ منصوبوں پر کام شروع کرنے میں کامیاب رہی۔ سال کے دوران، کھپنی کی ذخیرہ کرنے کی صلاحیت میں 20,000 میٹرک ٹن اسٹوریج کا اضافہ کیا گیا۔ مزید برآں، فرانس آئل کے زیر استعمال اسٹوریج کو موگیس اور ایچ ایس ڈی کے اسٹوریج میں تبدیل کر دیا گیا، جس نے کھپنی کی آپریشنل کارکردگی کو مزید بہتر بنا دیا۔

### مصنوعات کے حصول کے لئے موثر ذرائع کا استعمال

کھپنی نے مقامی ریفاٹری سے پروڈکٹ اپ لفٹ میں اضافہ کیا اور 40 فیصد پروڈکٹ ریفاٹری سے اٹھا کر اپنی سپلائی چین کو مزید ہموار بنایا، یہ پچھلے سال کے مقابلے میں 2 فیصد زیادہ ہے۔ مزید برآں، مصنوعات کی دستیابی کو یقینی بنانے کے لئے، انڈسٹری کی 50 فیصد درآمدی پی ایس او نے سنبھالی۔ کھپنی نے سپلائی چین اور آپریشنل مینجمنٹ میں متنوع مہارتیں حاصل کر کے گزشتہ سال کی اسی مدت کے مقابلے میں ڈیمیز لاکٹ کو 42 فیصد کم کرنے میں بھی کامیابی حاصل کی۔

### سرمایہ کاری کے مواقع کے نئے امکانات

سال کے دوران، کھپنی نے پی آر ایل کے مزید 7.32 فیصد شیئر حاصل کر کے اپنی شیئر ہولڈنگ میں اضافہ کیا۔ گزشتہ سال کے دوران پی آر ایل میں کھپنی کی ہیر ہولڈنگ 52.68 فیصد سے بڑھ کر 60 فیصد ہو گئی اور اس سال کے اختتام تک یہ شیئر ہولڈنگ 63.56 فیصد تک پہنچ گئی۔ اس کے علاوہ ریفاٹری میں اپ گریڈیشن کا عمل بھی جاری ہے۔

### کاروباری قدر میں اضافہ

گرین فیلڈ ریفاٹری منصوبے میں پیش رفت ہوئی۔ جس میں، پی ایس او اور سعودی آرکو (سعودی مملکت کی نامزد کردہ، حکومت یا حکومت بندوبست) نے اس منصوبے کے طریقہ کار پر اتفاق کیا ہے۔ اس منصوبے کو حقیقت میں ڈھالنے کے لئے اس کے سنگ میل مقرر کرنے پر غور و خوض جاری ہے۔

### صحت اور حفاظت کا نفاذ اور عمل درآمد

پی ایس او کی توجہ پورے ادارے میں صحت اور حفاظت کے کلچر کو فروغ دینے پر ہے جو کہ سال بھر جاری رہتی ہے۔ ایچ ایس ای کے کلچر کو نافذ کرنے کے ذریعے، کھپنی کے حادثات کی شرح (TRIR - total recordable incident rate) سال 2020 میں 0.8 ریکارڈ کی گئی جو کہ مالی سال 2019 کے دوران 0.91 تھی۔

علاوہ ازیں، کورونا وبا کے دور میں پی ایس او نے کاروباری تسلسل کے منصوبہ (پی ای پی) کی افادیت کا اس مقصد کے ساتھ تجربہ کیا کہ محفوظ کاروباری سرگرمیوں کو جاری رکھتے ہوئے اپنے لوگوں کو کام کا بہتر ماحول مہیا کیا جائے۔

### جاری منصوبوں میں پیش رفت کی صورت حال

کھپنی صارفین کے تجربے کو بہتر بنانے کے لیے اپنے نیٹ ورک میں 50 نیو ڈیٹن ریٹیل آؤٹ لیٹس اور 20 سی اسٹورز شامل کرنے میں کامیاب رہی۔

زیر جائزہ مدت کے دوران، پی ایس او نے اپنی سپلائی چین کے بنیادی ڈھانچے کو مضبوط بنانے کے حوالے سے اپنے اسٹوریج میں اضافے پر توجہ مبذول رکھی۔ کھپنی اپنے نئے منصوبوں کو عملدرآمد کے مراحل تک پہنچانے میں کامیاب رہی ہے جبکہ کیمائزٹی میں 20,000 میٹرک ٹن سے زائد کی گنجائش رکھنے والے اسٹوریج کو بحال کر دیا گیا ہے۔ اضافی اسٹوریج تکمیل کے مراحل میں ہیں اور طے شدہ مدت تک مکمل ہو جائیں گے۔

پائپ لائنز سے ملک بھر میں محفوظ مصنوعات کی نقل و حرکت سے متعلق پی ایس او کے منصوبے تکمیل یا تھیر کے پیشگی مرحلے میں ہیں اور وقت مقررہ میں مکمل ہو جائیں گے۔

پٹرولیم انڈسٹری ملک کی معاشی کارکردگی سے کافی حد تک مشروط ہے جبکہ زراعت، پیداوار اور ٹرانسپورٹ سیکٹرز جی ڈی پی میں اپنا اہم کردار ادا کرتا ہے۔ زیر جائزہ مدت کے دوران،

سال کے دوران، مینجمنٹ بورڈ کے 16 اجلاس منعقد کئے گئے تھے اور ہرون کی حاضری صفحہ 69 پر دی گئی ہے۔

30 جون 2020 کو بورڈ کی ساخت مندرجہ ذیل تھی:  
بورڈ آف مینجمنٹ کے کل اراکین:

مرد 08  
خاتون 01

## بورڈ کی ساخت

نام	درجہ بندی
جناب ظفر عثمانی، محترمہ تارا اعجاز اور ڈاؤر جناب محمد شاہد خان اور	آزاد اراکین
جناب ہمایوں خان بارک زئی	
تان ایگزیکٹو اراکین جناب محمد انور، جناب ساجد محمود قاضی، جناب شاہد سلیم خان اور جناب عرفان علی	
جناب سید محمد علی	ایگزیکٹو اراکین
محترمہ تارا اعجاز اور ڈاؤر	خاتون رکن

بورڈ کمیٹی کے اراکین کے نام صفحہ نمبر 67 اور 68 پر موجود ہیں۔

شیئر ہولڈنگ نمونہ صفحہ نمبر 316 موجود ہے۔

## گزشتہ سال کی توقعات پر اٹھائے گئے اقدامات اور کمیٹی کی کارکردگی

مالی سال 2020 پاکستان کی معیشت کے لئے مشکل ترین وقت تھا۔ ملک کی معیشت جو مالی سال 2020 کی پہلی تین سہ ماہیوں کے دوران اصلاحات کے عمل سے گزر رہی تھی۔ کورونا کے باعث ایک مرتبہ پھر متاثر ہو گئی۔ ورلڈ بینک اور آئی ایم ایف نے کورونا وباء کے باعث ہونے والی عالمی مالیاتی منہمکات کو 1930 کی وہائی کے دوران پیش آنے والے گریٹ ڈپریشن (great depression) سے کہیں زیادہ اہمیت کا حامل قرار دیا گیا۔

پاکستان میں ایک ماہ سے زائد عرصہ تک مکمل طور پر لاک ڈاؤن کے نتیجے میں پٹرولیم مصنوعات کی طلب میں نمایاں کمی واقع ہوئی۔ حریف برائل، افراط زر کے ساتھ ساتھ قرضوں کی شرح میں اضافے نے آٹوموبائل کی طلب کو بھی متاثر کیا۔ اپریل 2020 کے دوران پورے ملک میں آٹوموبائل کی فروخت صفر رہی۔

• کمیٹی کی بک آف اکاؤنٹ موزوں طریقے پر رکھی گئی ہے۔

• کمیٹی کی مالیاتی اسٹیٹ منٹس کی تیاری میں قابل اطلاق اکاؤنٹنگ پالیسی پر مسلسل عمل درآمد کیا جاتا ہے۔ اکاؤنٹنگ پالیسیوں میں جب بھی کوئی تبدیلی لانی جاتی ہے اس کو واضح طور پر بیان کیا جاتا ہے۔ گروپ میں موجود کمپنیوں کے مالیاتی اکاؤنٹس پر پالیسی کا مستقل طور پر اطلاق کیا گیا ہے اور ان کا تخمینہ محتاط طور پر لگایا گیا ہے۔

• بین الاقوامی مالیاتی رپورٹنگ کے معیارات جن کا پاکستان پر اطلاق ہے، مالیاتی اسٹیٹ منٹس کی تیاری میں ان سب پر عمل درآمد کیا گیا ہے اور اگر کسی سبب سے کسی اصول پر عمل نہیں کیا گیا تو اس کے بارے میں واضح طور پر بیان کر دیا گیا ہے۔

• اندرونی کنٹرول کا نظام مستحکم ہے اور اس کی موثر نگرانی کی جا رہی ہے۔

• نان ایگزیکٹو بورڈ ممبرز کو کوئی مقررہ مشاہرہ نہیں ادا کیا جاتا بلکہ اجلاس میں شرکت پر انہیں مقررہ فیس ادا کی جاتی ہے۔ مذکورہ فیسوں کا فیصلہ بورڈ آف مینجمنٹ کی جانب سے مشترکہ طور پر کیا جاتا ہے۔

• کمیٹی کی اہلیت کے حوالے سے کسی قسم کے شبہات نہیں پائے جاتے۔

• کارپوریٹ گورننس کے حوالے سے بہترین طریقہ نافذ العمل ہے جو پبلک میگزین کمپنیوں (کارپوریٹ گورننس) رولز 2013 اور لسٹڈ کمپنیاں (کارپوریٹ گورننس) کا کوڈ ریگولیشنز 2019 میں تفصیل سے بتایا گیا ہے۔

• گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار کو اس رپورٹ میں خلاصے کے طور پر منسلک کیا گیا ہے۔

30 جون 2020 کے غیر آڈٹ شدہ حسابات پر مبنی پروویڈنٹ فنڈ پیشکش اور گریجویٹ فنڈ کی سرمایہ کاری کی ویلیو مندرجہ ذیل ہے:

فنز	ملین روپے میں
پی ایس اوی ایل مینجمنٹ ایسپلائز مینجمنٹ فنڈ	4,040
پی ایس اوی ایل ورکرز اسٹاف مینجمنٹ فنڈ	3,811
پی ایس اوی ایل ڈیفنڈڈ کنٹری بیوشن مینجمنٹ فنڈز	5,706
پی ایس اوی ایل اسٹاف پروویڈنٹ فنڈ	2,793
پی ایس اوی ایل ایسپلائز پروویڈنٹ فنڈ	1,459
پی ایس اوی ایل ایسپلائز گریجویٹ فنڈ	6,434

- کم سے کم ٹرن اوور ٹیکس کے متعلق ڈیفریڈ ٹیکس ایسٹ کی شناخت (بحوالہ فائنل اسٹیٹمنٹ ان کنسالیڈیٹڈ رپورٹ 3-10)۔

### آڈیٹرز

30 جون 2021 میں اختتام پذیر ہونے والے مالی سال کے لئے بورڈ آف مینجمنٹ نے بورڈ آڈٹ اینڈ کمپلائنس کمیٹی کی تجویز پر میسرز کے پی ایم جی ٹاٹیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز تقرری کی توثیق کی ہے۔

### بورڈ آف مینجمنٹ میں تبدیلیاں

اس سال کے دوران بورڈ آف مینجمنٹ میں مندرجہ ذیل تبدیلیاں رونما ہوئیں:

- ڈاکٹر نسیم احمد 19 اگست 2019 کو زائد میر کی جگہ بورڈ میں شامل ہوئے۔ زائد میر 31 جولائی 2019 تک ممبر بورڈ آف مینجمنٹ کے عہدے پر فائز تھے۔
- قاضی محمد سلیم صدیقی کی بورڈ آف مینجمنٹ سے نامزدگی حکومت پاکستان کی جانب سے 19 اگست 2019 کو واپس لے لی گئی تھی۔
- ڈاکٹر تنویر احمد قریشی نے 27 دسمبر 2019 کو بورڈ آف مینجمنٹ میں شمولیت اختیار کی اور 10 مارچ 2020 تک ممبر بورڈ آف مینجمنٹ کے عہدے پر فائز رہے۔
- شاہد سلیم خان نے 10 فروری 2020 کو ڈاکٹر نسیم کی جگہ بورڈ میں شمولیت اختیار کی۔
- سید محمد طرہ کو بحیثیت ایم ڈی اور سی ای او پاکستان اسٹیٹ آئل کمپنی لمیٹڈ 26 فروری 2020 کو عہدے پر تعینات کیا گیا۔ اس سے قبل اس عہدے پر سید جہانگیر علی شاہ قائم مقام ایم ڈی اور سی ای او کی حیثیت سے کام کر رہے تھے۔

بورڈ رخصت ہونے والے ممبران زائد میر، قاضی محمد سلیم صدیقی، ڈاکٹر نسیم احمد، ڈاکٹر تنویر احمد قریشی اور سید جہانگیر علی شاہ کی قابل قدر خدمات کو سراہتا ہے اور نئے ارکان کا خیر مقدم کرتا ہے۔

### معاون اور ذیلی کمپنیاں

#### ایشیا پیٹرولیم لمیٹڈ۔ ایسوسی ایٹڈ کمپنی

ایشیا پیٹرولیم لمیٹڈ (اے پی ایل) پاکستان میں ایک غیر فرہست شدہ (ان لسٹڈ) پبلک لمیٹڈ کمپنی کے طور پر 17 جولائی 1994 کو شامل ہوئی۔ بنیادی طور پر کمپنی کا قیام جب

(بلوچستان) میں واقع حب پاور لمیٹڈ کو ریڈیول قبول کی ترسیل کے لئے عمل میں آیا۔ کمپنی نے اس مقصد کے لئے پاکستان اسٹیٹ آئل کمپنی کے پیپری میں قائم ذہن لفقار آباد آئل ڈریجیل سے جھکو (حب) تک زیر زمین ٹیل کی پائپ لائن ڈالی۔ اسے پی ایل میں ایس او کا شیئر 49 فیصد ہے۔

#### پاک گرین مینوفیکچرنگ کمپنی (پرائیویٹ) لمیٹڈ۔ ایسوسی ایٹڈ کمپنی

پاک گرین مینوفیکچرنگ کمپنی 10 مارچ 1965 کو ایک پرائیویٹ لمیٹڈ کے طور پر شامل ہوئی۔ اس کمپنی کی بنیادی سرگرمی پیٹرولیم گرین مصنوعات کی تیاری اور فروخت ہے۔ پی ایل او پی جی ایم سی ایل میں 22 فیصد ایکویٹی کی حصہ دار ہے۔

#### پاکستان ریفائنری لمیٹڈ۔ ذیلی کمپنی

پاکستان ریفائنری لمیٹڈ (پی آر ایل) 1960 میں بطور پبلک لمیٹڈ کمپنی شامل ہوئی اور پاکستان اسٹاک ایکسچینج میں بھی لسٹڈ ہے۔ ریفائنری کراچی کی ساحلی پٹی پر واقع ہے اور اسے ملک کی اسٹریٹجک اور مقامی فیول کی ضروریات کو پورا کرنے کیلئے مختلف درآمد شدہ اور مقامی خام تیل کو پراسیس کرنے کے لئے ڈیزائن کیا گیا ہے۔ مالی سال کے دوران کمپنی نے پی آر ایل کے مزید شیئرز حاصل کیے اور اس کا شیئر 52.68 فیصد سے 60 فیصد تک پہنچ گیا جو کہ اس سال کے اختتام پر 63.56 فیصد تک بڑھ گیا ہے۔

#### کارپورٹ اور مالیاتی رپورٹنگ کا فریم ورک

پی ایل او بورڈ اپنی ان تمام ذمے داریوں سے مکمل طور پر واقف ہے جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ پبلک سیکٹرز (کارپوریٹ گورننس) رولز 2013 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت اس پر لاگو ہوتی ہیں۔

مندرجہ ذیل نکات پی ایل او کے کارپوریٹ گورننس کے اعلیٰ معیار کے حصول اور مسلسل بہتری لانے کے عمل سے وابستگی کا اظہار کرتے ہیں:

- کارپوریٹ گورننس کے متعلقہ قوانین کی تعمیل کی گئی ہے اور جن اصولوں پر کسی سبب عمل درآمد ممکن نہیں ہو سکا تو اس کی عدم تعمیل کی مدت اور اسباب واضح طور پر بیان کئے گئے ہیں۔
- کمپنی کی مینجمنٹ کی جانب سے تیار کردہ مالیاتی بیانات اس کے معاملات کا صحیح عکس ہیں، اس کے امور کے نتائج، کیش فلو، جامع آمدنی کا بیان اور ایکویٹی میں تبدیلی کی مکمل وضاحت کرتے ہیں۔

### وٹل بلونگ کی پالیسی

اس پالیسی کے تحت پی ایس او اپنے ملازمین، بورڈ ارکان، متعلقہ افسران، ٹھیکیداروں، خدمت سے استفادہ حاصل کرنے والے افراد، کسٹمرز یا کسی بھی عام شہری کو ایک ایسا پلیٹ فارم مہیا کرتی ہے جہاں کسی بھی نامناسب حرکت یا غلط فعل کی نشاندہی کی جاسکتی ہے۔

### کاروباری اصول اور ضابطہ اخلاق کی پالیسی

اس کا مقصد ملازمین کو اپنی تمام کاروباری اور پیشہ ورانہ سرگرمیاں کبھی کے مفاد میں انجام دینے کے لئے اخلاقیات کے اعلیٰ ترین معیار کی پاسداری کے سلسلے میں رہنمائی فراہم کرنا ہے جو کبھی کی کلیدی اقدار سے ہم آہنگ ہو اور اس میں کسی ذاتی فائدے کو پیش نظر نہ رکھا جائے۔

### مفادات کے تصادم کی پالیسی

اس میں وہ امور بیان کئے گئے ہیں جو براہ راست کبھی کے مفادات سے تصادم ہوں۔ تصادم کے کسی بھی ممکنہ معاملے کا ریکارڈ اپ ڈیٹ کرنے کے لئے ہر سال ایک مہینے کی جاتی ہے۔ کاروباری امور کے خطرات پر مبنی آڈٹ میں آپریشنز، سسٹمز اور داخلی کنٹرولز کا آزادانہ اور با مقصد تجزیہ کیا جاتا ہے۔

### دیگر امور

ہم آپ کی توجہ فنانشل اسٹیٹمنٹ کے نوٹ 1.1، 29 کی طرف مبذول کرانا چاہتے ہیں۔ جس میں ایکسٹرنل آڈیٹرز کی جانب سے نشاندہی کرنے والی معلومات اور وضاحتیں شامل ہیں۔

خرید برآں، ایکسٹرنل آڈیٹرز کی جانب سے درج ذیل امور کلیدی آڈٹ امور خاص طور پر زیر غور لائے گئے ہیں کیونکہ یہ مالی سال 2020 کے لئے فنانشل اسٹیٹمنٹ پر ان کے آڈٹ کے سیاق و سباق میں سب سے زیادہ قابل ذکر ہیں:

• حکومت پاکستان اور کسٹمرز سے واجب الادا بقایا جات (بحوالہ فنانشل اسٹیٹمنٹ ان کنسلٹنٹ رپورٹ 13.2-16)۔

• IFRS-9 فنانشل انسٹرومنٹ کی پہلی ڈیٹیشن (بحوالہ فنانشل اسٹیٹمنٹ ان کنسلٹنٹ رپورٹ 2.4.2، 2.5، 5 اور 22)۔

	2018-19	2019-20
سیلز ٹیکس	168 ارب روپے	174 ارب روپے
پیٹرولیم لیوی	86 ارب روپے	143 ارب روپے
دیگر ڈیوٹیز اور ٹیکسز	42 ارب روپے	50 ارب روپے
کل تخمینہ	296 ارب روپے	367 ارب روپے

پی ایس او قومی ٹیکس جمع کروانے والی کبھی کی حیثیت پر فخر محسوس کرتی ہے اور اس بات کو یقینی بناتی ہے کہ تمام ٹیکسز، ڈیوٹیز، لیویز وغیرہ مقررہ مدت پر ادا کر دیے جائیں۔ اس وقت، کبھی پر کوئی طویل المیعاد واجب الادا رقم یا کسی قسم کی قانونی ادائیگی واجب الادا نہیں ہے۔

### گریڈ ریٹنگ

ڈی آئی ایس کے گریڈ ریٹنگ کبھی کے مطابق پی ایس او کی تازہ ترین درجہ بندی مختصر مدت اے ون پلس (A1+) طویل مدت اے اے پلس (AA+)

پی ایس او قومی ٹیکس جمع کروانے والی کبھی کی حیثیت پر فخر محسوس کرتی ہے اور اس بات کو یقینی بناتی ہے کہ تمام ٹیکسز، ڈیوٹیز، لیویز وغیرہ مقررہ مدت پر ادا کر دیے جائیں۔ اس وقت، کبھی پر کوئی طویل المیعاد واجب الادا رقم یا کسی قسم کی قانونی ادائیگی واجب الادا نہیں ہے۔

### ڈیویڈنڈ اور دیگر تقسیمیں

مالی سال 2020 میں خالص خسارے کے باعث کبھی کے بورڈ آف ڈائریکٹرز کی جانب سے اس سال ڈیویڈنڈ تجویز نہ کرنے کا فیصلہ کیا گیا۔ بورڈ اپنے شیئر ہولڈرز کی ترجیحات کا کھل اور اک رکھتا ہے اور امید کرتا ہے کہ کبھی ڈیویڈنڈ ادا کرنے کی اپنی روایت کو مستقبل میں بحال کرے گی۔

### کاروباری اخلاقیات اور انسداد بد عنوانی کے اقدامات

شفافیت کو یقینی بنانے کے مقصد کے تحت، کبھی نے جامع پالیسیاں اور طریقہ کار وضع کیے گئے ہیں:

## لوگوں کا خیال رکھنا



30 جون 2020 تک  
خاتون ملازمین کا  
تکسب 4.3 فیصد

بوقت برائے کیوٹی  
لڈنگ 18 ملین

بوقت برائے صحت عامہ  
48 ملین روپے

بوقت برائے تعلیم  
34 ملین روپے



ملازمین سے کیا جانے  
والا سروے جو ایات کا  
تکسب 90 فیصد

## شیکر ہولڈرز کے لئے قدر



ای بی آئی ٹی وی ای  
9,907 ملین روپے

قومی خزانے میں  
تبع کرنا سے گئے  
387 ملین روپے

راج ایچ ایم میں ڈی ہرج  
کی لاگت میں گزشتہ سال  
کی لاگت 42 فیصد کی

انٹرویو اجراءات  
میں گزشتہ سال کی  
نسبت 6 فیصد کی

## مالی سرمایہ

کئی بھی ادارے کی کامیابی کے لئے قابل مہجنت ضروری ہے۔ مالی سال 2020 ایک  
دوچار سال رہا چونکہ ایل این جی کی فراہمی کی مدت میں (خاص طور پر دسمبر 2019 سے مارچ  
2020 کے دوران) معمولی ادائیگیوں کی وجہ سے ایس این جی پی ایل کے واجبات میں  
اضافہ ہوا۔ سال بھر کے دوران اضافی پالیسی ریسٹ 13.25 فیصد کی وجہ سے لکویڈٹی  
مہجنت کا نتیجہ مزید بدتر ہو گیا۔ کوویڈ 19 کے پیش نظر اسٹیٹ بینک آف پاکستان کی  
جانب سے سخت پالیسی اپنائی گئی اور اسی تناظر میں پالیسی ریسٹ میں سال کے آخر تک 7  
فیصد تک کی کمی واقع ہوئی۔ پی ایس او کے کرپوری ٹیکشن نے ملک کا سب سے بڑا  
کارپوریٹ کرپوری ہونے کی حیثیت سے کئی کی لکویڈٹی ضروریات کو بہترین طریقہ کار  
سے مستحالا اور اس مشکل ترین صورتحال میں ایک مثالی کردار ادا کیا۔ پی ایس او میں موجود  
پیشہ ورانہ مہارت نے ملک حد تک مالی معاونت کی دستیابی کو یقینی بنایا۔ خدمات کو کم کرنے  
کی حکمت عملی کے تحت پی ایس او کے ملک کے اعلیٰ درجے کے 16 بیٹوں کے ساتھ  
موثر اور رنگ بلیٹھن شپ ہیں۔

ایک سال کے دوران، ٹیم نے مختلف حکام کے ساتھ مسلسل رابطہ رکھا اور پاور پیپلز  
سے 18.8 ملین روپے کی وصولی کرنے میں کامیاب رہی۔ مزید برآں، مسلسل کوششوں  
کے نتیجے میں پاور پیپلز سے لیٹ مینٹ سرچارج اگم کی مدت میں مزید 6.6 ملین روپے کی  
وصولی کی گئی۔

کئی نے مالی اور کارپوریٹ رپورٹنگ فریم ورک کے مطابق اپنے اسٹیٹک ہولڈرز اور  
ریگولیشنری حکام کو کئی کے نتائج کی بروقت اور درست رپورٹنگ فراہم کی۔ مزید برآں،  
کئی نے آکاؤنٹنگ کے نئے معیار اور رپورٹنگ کے تقاضوں حاصل طور پر 16  
IFRS لیوزوں پر عمل درآمد کے ساتھ نئے دور کی ضروریات کے مطابق خود کو تہہ دل کیا۔  
سرمایہ حجب کار برائے سیشن سمیت کارپوریٹ برائے سیشن کا بھی انصاف کیا گیا تاکہ  
حجب کاروں کو کئی میں ہونے والی پیشرفت کے بارے میں آگاہ کیا جائے۔ مالیاتی  
رپورٹنگ میں بہت کم ایک بار پھر اعلیٰ سطح پر تسلیم کیا گیا۔ کیونکہ پی ایس او نے آئی سی اے  
پی اور آئی سی ایم اے پی کی مشورہ طور پر منصفانہ تقریب میں آئل اینڈ گیس سکٹر میں بہترین  
کارپوریٹ رپورٹ ایوارڈ میں پوزیشن حاصل کرنے کی اپنی روایت کو جاری رکھا ہے۔

ڈالر کے مقابلے روپے کی قدر میں کمی کی وجہ سے ماضی میں وائٹ آئل مصنوعات کی درآمد  
پر آپیکھنج نقصان ہوا۔ اوکرا کی جانب سے آپیکھنج نقصان میں قیمتوں کے حوالے سے  
صرف ایک حصے کو برداشت کرنے کی اجازت دی گئی تھی۔ اس سال ایک اہم پیشرفت  
ہوئی جس کے تحت ای سی سی اور اوگرائے آپیکھنج نقصانات کو قیمت میں شامل کرنے کی  
اجازت دی ہے تاکہ پی ایس او مستعمل میں اس طرح کے خسارہ جات سے بچ جائے۔

پی ایس او کی فنانس ٹیم نے کوویڈ 19 کا دورا اور اس سے وابستہ لاک ڈاؤن کے باوجود کاروبار کو 7  
/24 مسلسل جاری رکھا اور اپنے اسٹریٹجک کاروباری شراکت داروں کے ساتھ  
کاروباری معاملات میں اپنا کردار جاری رکھا۔

## قومی خزانے میں معاونت

کئی قومی خزانے میں سب سے زیادہ ٹیکس جمع کروانے والے اداروں میں سے ایک رہی  
ہے، انحصیلات درج ذیل ہیں:



217,570 کسٹرز سے رابطہ کیا۔ جس میں کارڈ کی ایکٹیویشن، سوالات کے جوابات اور ڈی جی کیش اور B2P کارڈ کسٹرز کی سہولیات کی فراہمی شامل تھی۔

کسٹمر سروس نے اسٹیک ہولڈرز کے ساتھ براہ راست رابطے کے ذریعے مارکیٹنگ اور سروسز پارٹنٹ کو قابل قدر معلومات بہم پہنچائیں۔ بھرپور کسٹمر سروس کی فراہمی اور کسٹرز اور اسٹیک ہولڈرز کو ایک ہی مقام پر ہر طرح کے حل مہیا کرنے کے ذریعے اس سروس نے براہ راست کے معیار کو تقویت پہنچائی۔

## ادارے کی سماجی ذمہ داری اور استحکام

### عطیات کا مقصد

پی ایس او ایس بات پر یقین رکھتی ہے کہ کھپنی کی ترقی اور منافع کے ثمرات عوام تک پہنچنے چاہئیں۔ خاص طور پر آبادی کے پسماندہ طبقے سے تعلق رکھنے والے لوگوں تک خواہ وہ کسی بھی نسل، مذہب یا ذات سے تعلق رکھتے ہوں۔

کارپوریٹ سوشل ریسپانسیبلٹی پاکستان اسٹیٹ بینک کی بنیادی اقدار میں سے ایک ہے اور کھپنی کے مجموعی مشن کا اہم جزو ہے۔ پی ایس او ایک بڑی کھپنی ہونے کے ناتے اپنے حجم اور مقام کو بروئے کار لاتے ہوئے ملک بھر میں موجود غیر مرافعات یافتہ طبقے کے لئے کام کر رہی ہے اور بالخصوص ان علاقوں میں سرگرم ہے جہاں پی ایس او کا آپریشن جاری ہے۔ سماجی ذمہ داری کو اپنے نصب العین میں شامل کر لینے سے کھپنی عوام میں اپنے تاثر کو مزید بہتر بنا رہی ہے۔

## سماجی اور ماحولیاتی ذمہ داری کی پالیسی

پی ایس او کے پی ایس آر عطیات پی ایس او ایس آر ٹرسٹ کے تحت جاری کئے جاتے ہیں۔ کھپنی اپنے قبل از ٹیکس منافع کا 1 فیصد حصہ کارپوریٹ سوشل ریسپانسیبلٹی اور فلاحی سرگرمیوں کے لئے مختص کرتی ہے۔ یہ عطیات متعلقہ قوانین اور پالیسیوں بشمول گنیز ایگٹ 2017 اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جاری کردہ کارپوریٹ سوشل ریسپانسیبلٹی و انکمپرائزڈ ریزنا اصولوں 2013 کے تمام تر تقاضے جات پورے کرتے ہوئے دیئے جاتے ہیں۔ پی ایس او کا پی ایس آر ٹرسٹ بورڈ آف ریویو کی جانب سے NPO کا اسٹیٹس اور ٹرسٹ پاکستان پیئرز آف فنلنڈ (PCP) سے شریکیت حاصل کرنے کے مراحل میں ہے۔

## عطیات کا اکاؤنٹ اور کارکردگی

پی ایس او ایس آر ٹرسٹ اور کھپنی ملک بھر سے عطیات کی درخواستوں پر کارروائی کرنے کے لئے ایک جامع طریقہ کار کا استعمال کرتا ہے۔ درخواست کو باضابطہ طور پر منظور کرنے کے فیصلے تک پہنچنے سے پہلے فنڈز/ امداد کی درخواستوں کا مکمل طور پر جائزہ لیا جاتا ہے۔ چیک اینڈ بیلنس کا ایک سخت نظام موجود ہے جو کہ اس بات کو یقینی بناتا ہے کہ امداد انتہائی شفاف طریقے سے ضرورت مند طبقات تک پہنچے۔

پہلے مرحلے میں مطلوبہ دستاویزات مکمل ہو جانے کے بعد پی ایس او ایس آر ٹرسٹ کی ذیلی کمیٹی کی جانب سے درخواست کا جائزہ لیا جاتا ہے۔ ذیلی کمیٹی ٹرسٹ کے مقاصد کے مطابق اور طے شدہ فریم ورک کی بنیاد پر درخواستوں کا جائزہ لیتی ہے۔ صرف تسلی بخش معیار پر پورا اترنے والی امدادی درخواستیں پی ایس او ایس آر ٹرسٹ کو بھیجی جاتی ہیں۔

ٹرسٹرز فیصلہ سازی کا محاذ ہونے کی حیثیت سے درخواستوں کا تنقیدی انداز میں جائزہ لیتے ہیں اور جب عطیے کی درخواست تمام معیارات کے مطابق مکمل ہو جاتی ہے تب اس کی منظوری دی جاتی ہے۔ اس بات کا جوت فراہم کرنا بنیادی شرط ہے کہ آپ کا مجوزہ قدم یا منصوبہ مستحق طبقات اور مجموعی طور پر پورے معاشرے کے لئے سود مند ثابت ہوگا۔

ایک قومی کھپنی کی حیثیت سے پی ایس او نے مالی سال 2020 کے دوران مختلف مقاصد اور اداروں کے لئے ملک بھر میں تقریباً 180 ملین روپے کی مالی معاونت فراہم کی ہے۔ پی ایس او کا ڈونر دنیا بھر میں لوگوں کی زندگیوں کو اسی طرح بہتر بنانا ہے جیسا کہ ہم اپنے ملک میں کرتے ہیں۔ مدد اور ایک دوسرے کا خیال رکھنا ہماری بنیادی اقدار میں شامل ہے اور ہم اپنے صارفین، ملازمین، کمیونٹی اور ماحولیات کی قدر کرتے ہیں۔ ہم مضبوط تعلقات استوار کرنے پر فخر کرتے ہیں جو کہ ترقی اور تعاون کو فروغ دیتا ہے۔

مستقل تغیر پذیر صورت حال میں، پی ایس او ملک کی سب سے بڑی آن لائن مارکیٹنگ کھپنی اور ایک ڈمڈ راکر کارپوریٹ شہری کی حیثیت سے پائیدار مستقبل کی تشکیل کے لئے معاشرے کو اپنے کاروبار کے ثمرات پہنچانے کے لئے کوشاں ہے۔ پی ایس او ایس آر ٹرسٹ معاشرے کے ساتھ پی ایس او کی وابستگی کی جی عکاسی کرتا ہے۔ پی ایس او نے ملک بھر میں معروف سماجی اداروں کے ساتھ اشتراک کے ذریعے تعلیم، صحت، کمیونٹی بلڈنگ، ماحولیات اور امداد کی سرگرمیوں کے شعبوں میں اپنی معاونت فراہم کی۔

مالی سال 2020 کے دوران تین مینجمنٹ ٹرینی شپ کے لئے ایک ماہ کا مہر پورا اور جامع تعارفی پروگرام منعقد کیا گیا۔ جس کے تحت نئے ٹرینی ایسٹیبلاز کو کمپنی کے کلچر، پالیسیوں اور پراسس سے آگاہی دلائی گئی۔

مسیح افواج کے عملے کے لئے پی او ایل ترقیتی کورس منعقد کیا گیا۔ جس میں انہیں ایڈوانس پی او ایل کورس اور اورینٹیشن دورے کروائے گئے۔

پی ایس او اس بات کو بخوبی سمجھتی ہے کہ زندگی کے ہر شعبے میں خواتین اپنا مرکزی کردار ادا کرتی ہیں اور ان کی عزت اور احترام لازم ہے۔ پی ایس او نے خواتین ملازمین کے لئے ایک خصوصی نشست کا اہتمام کیا جس کا مقصد خواتین کی افرادی قوت کو تقویت پہنچانا، کمپنی کی اقدار کی پاسداری اور ایک دوسرے کے احترام کو ترویج دینا تھا۔

جیٹر مین - بورڈ آف مینجمنٹ اور چیئر پرسن - (بورڈ آف آرکمیٹلی) نے مینجمنٹ کے تعاون سے اس اجلاس کا اہتمام کیا۔ اس سیشن کی صدارت معزز وزیر پنجاب شہر یا رخان آفریدی نے کی جنہوں نے مختلف میدانوں میں قوم کا سرخ سر سے بلند کرنے والی خواتین کی کاوشوں کو سراہا۔ اس موقع پر پی ایس او کے ہیڈنگ ڈائریکٹر اینڈ ڈی ای او سید محمد علی نے بھی اجلاس سے خطاب کیا۔ بورڈ آف مینجمنٹ اور انتظامیہ نے خواتین کی حوصلہ افزائی اور صلاح و بہبود کو فروغ دینے کے حوالے سے منعقد کئے گئے اس سیشن کے ذریعے اپنی ذمہ داری نبھائی۔

## سماجی اور ثقافتی سرمایہ کسٹمر سروسز (تعلق کیئر لائن)

پی ایس او کے لئے کسٹمر ہمیشہ اولین ترجیح کا حامل رہا ہے۔ اسی لئے کسٹمرز کے تبصروں، رد عمل، سوالات اور شکایات پر مستعدی سے کام لیا جاتا ہے۔ تعلق کسٹمر کیئر لائن سروسز رابطے کے مختلف ذرائع پر مشتمل ہے۔ جس میں فون، ای میل اور فیکس کی سہولیات شامل ہیں۔ ان ذرائع کی مدد سے موجودہ اور نئے کسٹمرز کی شکایات کے حل اور بعد از سیکرٹس کی خدمات فراہم کی جاتی ہیں۔ جبکہ اس امر کو یقینی بنایا جاتا ہے کہ مخصوص دورانیے کے اندر اندر کالز کا جواب دیا جائے۔

زیر نظر مدت کے دوران کسٹمر سروسز ٹیم نے تعلق کیئر لائن کے ذریعے

پی ایس او نے سالانہ (L.E.A.P) لیپ اعتراف شپ پروگرام کا بھی آغاز کیا گیا تاکہ یونیورسٹی میں داخلہ لینے والے نوجوان طلباء کو پروجیکٹ پر مبنی اعتراف شپ کے ذریعے تجربہ حاصل کرنے اور انہیں کمپنی سے کارپوریٹ زندگی میں داخلے کے لئے تیار کرنے کا موقع فراہم کیا جاسکے۔ زیر جائزہ مدت کے دوران، بزنس گریجویٹس اور انجینئرز پر مشتمل 57 مینجمنٹ ٹرینی کالہٹ کی بنیاد پر تقرر کیا گیا۔

پی ایس او اپنے ملازمین کو رہنمائی اور تربیت فراہم کرنے پر یقین رکھتی ہے۔ روڈ (R.O.A.D) کے تحت ری قبول یور کیئر پروگرام کا آغاز ملازمین کو ایک ایسا پلیٹ فارم فراہم کرنے کے لئے کیا گیا تھا جو کہ مختلف وجوہات کی بناء پر اپنے مخصوص مقام کار پر کارکردگی کا مظاہرہ کرنے میں ناکام رہتے ہیں۔ اس پلیٹ فارم کا مقصد اوسط درجے کے ملازمین کو ترقی کے مواقع فراہم کرنا ہے۔ اس پروگرام کے تحت تقریباً 16 ملازمین ترقی، رہنمائی اور تربیت کے عمل سے گزر رہے ہیں۔

قابلیت پر مبنی فریم ورک کے تحت مختلف داخلی اور خارجی پروگرام کے ذریعے ملازمین کی تربیت کو فروغ دیا گیا۔ زیر جائزہ مدت کے دوران، سافٹ اور ٹیکنیکل شیپوں میں اوسطاً 14 گھنٹے تربیتی ملازم کا ہدف حاصل کیا گیا۔

پی ایس او کے ریشل عملے کے لئے "سیلز ماسٹری" کے تصور کو ملک گیر سطح پر کامیابی کے ساتھ نافذ کیا گیا۔ سینئر مینجمنٹ کے لئے ٹریننگ اسپیکٹ کی جانب سے ایڈرشپ اینگ پیڈیشن (leadership xpediton) ٹریننگ کامیابی کے ساتھ کی گئی جس کے تحت سی-سوٹ میجرز کو حقیقی زندگی میں بحران کے حالات سے نمٹنے کے حوالے سے مشق کروائی گئی۔ اس ٹریننگ کا مقصد مشکل اور چیلنجوز سے بھرپور حالات میں قائدانہ صلاحیتوں کو اجاگر کرنا تھا۔ مشن (I'M Possible) ٹریننگ اور سینئر مینجمنٹ کے لئے باہمی صلاحیتوں، وفد کی تاثیر، ابلاغ کا ہنر، فیصلہ سازی کی مہارت کو مضبوط بنانے کے لئے کامیابی کے ساتھ انجام دیا گیا۔

نئے ملازمین کو تعاون فراہم کرنے کے مقصد کے تحت ایک ترقیتی اور رہنمائی پروگرام "بڈی پروگرام" کامیابی کے ساتھ آغاز کیا گیا۔

تعلق سازی، سی ایف او، کنفرنس، قومی فنانس اولیٹیڈ، بینک اسٹوریج مینٹنس، فیول فارم مینٹنس کے ترقیتی سیشن جیسے اقدامات کئے گئے۔

کی سہولت، اہم عملے کے لئے پی ایس او ہاؤس میں خصوصی ورک اسٹیشنوں کی تشکیل۔ مزید برآں، سارٹ لاک ڈاؤن پالیسی کے تحت کاروباری تسلسل کے لئے جامع رہنما وضع کئے گئے۔

### افراد کی قوت کا سرمایہ

کنہی کی ترقی کے لئے انسانی سرمایہ کو کاروباری مقاصد کے ساتھ ہم آہنگ کرنے کا عمل جاری ہے۔ ایچ آر مینجمنٹ پالیسیز بروفا نوفا بہترین طریقے سے نظر ثانی کی جاتی ہے۔

کسی بھی امتیاز کے بغیر ہر ایک درجے کے لئے ترقی کے یکساں معیار کو رائج کیا گیا۔ ایچ آر کے عمل میں شفافیت کو یقینی بنایا گیا۔ ترقی کی پہلی سیزمی پر قدم رکھنے کے لئے طے شدہ تقاضہ جات اور معیار پر عمل پیرا ہونا لازمی ہے۔

پرفارمنس مینجمنٹ کے عمل کو قائم کردہ اصولوں کے مطابق جانچا گیا اور نچو اہوں میں اضافے پر عملدرآمد سے قبل کے۔ پی۔ آئی بمقابلہ کارکردگی کا جائزہ خود کار طریقے سے کیا گیا۔ کارپوریٹ اسکور کارڈ بمقابلہ کارپوریٹ کارکردگی کو پرکھا گیا اور کارپوریٹ پولس کا فیصلہ کرتے وقت بھی اس کو پیش نظر رکھا گیا۔

کنہی میں اہم اور کلیدی کاروباری عہدوں پر ترقی پانے کے لئے سکلیمین پالیسی فریم ورک موجود ہے۔ یہ عمل مستقبل میں اہم عہدوں پر فائز ہونے کے لئے اعلیٰ صلاحیت کے حامل ٹیلنٹ کی نشاندہی اور ترقی دیتا ہے۔

ملازمین کے لئے ایک آزاد اور جامع ایسپلانی سٹریٹجی سرورے بھی کیا گیا جس میں ریٹائرمنٹ (ایسے کسی سرورے کے لئے انڈسٹری میں سب سے زیادہ) 90 فیصد حاصل ہوا۔

مارکیٹ سے نئے ٹیلنٹ کے حصول کے لئے ایسپلانی برانڈنگ کو مکمل میں لایا گیا۔ کیریئر میلوں میں شرکت اور ٹیلنٹ مراکز کے ساتھ رابطہ قائم کرنے کے لئے ملک بھر میں خصوصی آن گراؤنڈ کیمنس سیشنز کا انعقاد کیا گیا۔ پی ایس او نے کیمنس دورے کئے۔ کیریئر میلوں میں شرکت کی اور شرکت کو پی ایس او میں ملازمت کے مواقع سے آگاہ کیا۔ متوقع امیدواروں کو کنہی کے سوشل میڈیا برانڈنگ کے ذریعے بھی آگاہ کیا گیا۔

سی، پرمٹ ٹو ورک ورک سسٹم (پی ٹی ڈی ایو) اور لاک آؤٹ۔ ٹیگ آؤٹ (لوٹو) وغیرہ جیسے اہم عناصر کو تقویت دینے کے لئے بھرپور کوششیں کی جا رہی ہیں۔ ان سرگرمیوں کی نگرانی اور جائزے کا عمل باقاعدگی کے ساتھ ایچ آر ایس ای اسٹریٹجک کنہی اور مخصوص کنہی ماہرین پر مشتمل کنہی کے ذریعے کیا جاتا ہے۔

### ماحولیاتی تحفظ

پی ایس او کے نزدیک استحکام کاروباری حکمت عملی کا اہم جزو ہے۔ ایک ذمہ دار کارپوریٹ ادارے کی حیثیت سے، ہم اس بات یقینی بناتے ہیں کہ ہماری کاروباریاں ریگولیٹری فریم ورک کی تعمیل کرتے ہوئے ماحول دوست اور ذمہ دارانہ انداز میں انجام دی گئی ہیں۔ ہماری سہولیات، قومی ماحولیاتی معیار (NEQS) کے مطابق ہوا کے اخراج اور ہواؤ کے ماحولیاتی اشاریوں کی مسلسل نگرانی کر رہی ہیں۔ پی ایس او نے سیاہی ٹریٹمنٹ پلانٹ پر زہر پنی گیس کے اخراج کے واقعہ پر (جس کا ذمہ دار تیسرا فریق تھا) اس کے نتیجے میں پیدا ہونے والے حالات پر اپنے موثر کرائس مینجمنٹ پلان کے ذریعے قابو پایا۔ پی ایس او ملک بھر میں فیول کی بلاکھٹل فراہمی جاری رکھنے کے ساتھ ساتھ مذکورہ مقام پر موجود اپنے ملازمین اور کلائنٹ اسٹاف کو گیس کے نقصان دہ اخراج سے محفوظ رکھنے میں کامیاب رہی۔

حکومت پاکستان کی جانب سے ملک میں یورو 5 معیاری فیول کی درآمد اور مارکیٹنگ کی منظوری کے ذریعے کنہی نے ایک اہم کامیابی حاصل کی ہے۔ پی ایس او یورو 5 فیول کی تعارف کروانے والی پہلی آئل مارکیٹنگ کنہی ہے جو کہ ماحول میں فضائی آلودگی کے اخراج کو کم کرتے ہوئے صاف اور سرسبز ماحول کو یقینی بناتا ہے۔ یورو 5 فیول کنہی کے ماحولیات کو بہتر بنانے کے عزم کو تقویت بخشنے گا۔

### عالمی وبا کو روکنا (COVID-19) پر پی ایس او کا عمل

ہمارے عملے اور اسٹیک ہولڈرز کو دنیا میں پھیلی عالمی وبا کو روکنا وائرس سے محفوظ رکھنے کے لئے فوری اقدامات کی ضرورت تھی۔ پی ایس او کے عملے نے انسانی زندگی کے تحفظ کو یقینی بنانے کے لئے مناسب حفاظتی اقدامات کی آگاہی کے حوالے سے چوبیس گھنٹے کام کیا اور اسی دوران محفوظ طریقہ کار کے ذریعے کاروباری تسلسل کو بھی جاری رکھا۔ ہماری تمام سہولیات وائرس کے پھیلاؤ سے تحفظ کے لئے رہنمائی اصولوں اور معیاری طریقہ کار کی تعمیل کرتی ہیں۔ جیسا کہ سماجی فاصلہ، عملے اور وزیٹرز کے لئے تھرمل سکریننگ، سہولیات کو مسلسل ڈس انفیکٹ (جراثیم سے پاک) کرنے کا عمل، ملازمین کو گھر سے کام کرنے

## قدرتی سرمایہ

### صحت، حفاظت اور ماحولیات (ایچ۔ ایس۔ ای)

ہمارے ملازمین، عملی کارکن اور صارفین کی صحت اور حفاظت پی ایس او کے کارپوریٹ مقاصد میں اولین ترجیح ہے۔ ہمارے ایچ۔ ایس۔ ای پالیسی اور مینجمنٹ سسٹم کے فریم ورک کا مقصد آپریشنل خطرات کم سے کم کرنے کے عمل میں مسلسل بہتری حاصل کرنا ہے۔

زیر جائزہ مدت کے دوران، کمپنی کا (Total Recordable Incident Rate vs Million Man Hours) گزشتہ مالی سال 2019 کے مقابلے میں 0.91 سے 0.08 رہا۔ ایچ ایس ای اینڈ لائن مینجمنٹ کی جانب سے مزید اسٹریٹجک مینجمنٹ تجزیے، فالو اپ اور آزاد ذمہ داریوں اور آڈٹ کے ذریعے یہ سنگ میل عبور کیا گیا۔

### ایچ ایس ای آڈٹ اور معائنہ

HSE پالیسی اور مینجمنٹ سسٹم پر عمل درآمد، بنیادی طور پر HSE منصوبوں کی عمل پذیری، آڈٹ اور معائنے کے ذریعے یقینی بنایا جاتا ہے۔ اور یہی وہ اہم محرکات ہیں جن کے ذریعے کمپنی کی مختلف سہولیات (بشمول تھیمات، ڈیپو، ایوی ایشن اسٹیشن، ڈیویژنل دفاتر، ایل بی جی اور لبریکیشن میینٹیننس چکرنگ پلانٹس) میں جانی نقصان کے امکانات اور لاحق خطرات کو کم سے کم کیا جاتا ہے۔

پی ایس او کے پاس 3,500 سے زائد ریشبل آڈٹ لیس اور 8,000 سے زائد کارپوریٹ ٹینک لاریز کا سب سے بڑا نیٹ ورک ہے۔ رواں سال رسک میٹریٹریک کا کارپوریٹ ہونے سے ای این جی ایٹھ ستر سمیت تقریباً 850 ریشبل آڈٹ لیس کا ایچ ایس ای آڈٹ کیا گیا۔

مزید برآں، اوگرا کے معیار کے مطابق حفاظتی چیک کے طور پر 1,000 سے زائد ٹینک لاریز کا معائنہ کیا گیا۔

### املاک کی سالمیت اور مینجمنٹ

تیل اور گیس فراہمی کی سہولیات پر آگ اور دھماکے کے تباہ کن واقعات کے خطرے کو کم کرنے کے لئے بین الاقوامی / اوگرا ایسٹ ائی گریڈ / پروسیس مینجمنٹ (ایس ایس ای) / پی ایس ایم) معیار کا موثر نفاذ انتہائی اہم ہے۔ پی ایس او اس بات کو یقینی بناتی ہے کہ اس کا ایس ایس ای / پی ایس ایم فریم ورک مکمل طور پر اوگرا کے ریگولیشنز اور بین الاقوامی حفاظت معیار کے ساتھ ہم آہنگ ہو۔ ایس ایس ای / پی ایس ایم سسٹم کے مینجمنٹ آف پیس (ایم او

کسٹمرز کو اطمینان بخش خدمات اور پروڈکشن کی ترمیم اور برانڈ ویلیو کو مزید تقویت دینے کو یقینی بناتا ہے۔ کوآپریٹو انشورنس ٹیم اپنے صارفین کو پورے ملک میں 15 مختلف مقامات پر 09 جدید ترین لیبارٹریوں اور 21 موبائل کوآپریٹو ٹیسٹنگ یونٹس (ایم کیو ٹی یونٹ) کے وسیع نیٹ ورک کے ذریعے پھر پھر پختہ کی گئی خدمات پیش کرتی ہے۔

پی ایس او ملک بھر میں اپنے موبائل کوآپریٹو ٹیسٹنگ یونٹ فلیٹ کے ذریعے ریشبل آڈٹ لیس پر پٹرولیم مصنوعات کی معیار اور مقدار کی جانچ کرتی ہے۔ مزید برآں، جہاں لیبارٹریز دستیاب نہیں، وہاں کمپنی کے پٹرولیم اسٹوریج ڈیپو اور تھیمات پر اہم پیرامیٹرز کی معیار کی جانچ بھی موبائل کوآپریٹو ٹیسٹنگ یونٹ کے ذریعے کی جا رہی ہے۔

کوآپریٹو انشورنس کے تحت حکومت پاکستان کے تمام سرحدی صوبوں (اوگرا، وزارت توانائی پٹرولیم ڈویژن) اور بین الاقوامی جانچ کے طریقے جیسے کہ آئی پی اے آئی پی اے ایس ٹی ایم وغیرہ کے تحت پی ایس او کی سپلائی چین میں موجود پٹرولیم اور کیمیائی پروڈکشن کی جانچ کی جاتی ہے۔

مزید برآں، کوآپریٹو انشورنس ڈیپارٹمنٹ نے ہمارے 4 مقامات (ذوالفقار آباد اسٹریٹنگ، محمود کوٹ، مانجھی کے اور تارو جہاں پر موجود تقریباً 9600 کے قریب ٹینک لاریز کی جانچ پڑتال کی۔

کسٹمر پینڈنگ پر ہمارے ان ہاؤس ڈیپارٹمنٹس اسٹاف کو تربیت دینے کے علاوہ (کیو۔ اے) ڈیپارٹمنٹ نے اپنے بیرونی اسٹیک ہولڈرز سمیت وفاقی عملے کو مختلف پٹرولیم ٹیسٹنگ کے طریقوں کے حوالے سے بھی تربیت دی۔ مزید برآں، کئی خطی انتظامیہ کی درخواست پر اپنے حلقہ میں فیلڈ ٹیسٹ کروانے کی ذمہ داران کی معائنہ ٹیموں کے لئے مینٹننس منعقد کئے گئے۔

(کیو۔ اے) ڈیپارٹمنٹ نے پینڈنگ (لوگ) پروسیس اینڈ پلانٹ آلات (3Ps) سمیت (کیو۔ اے) فیلڈ عملے کی آپریشنل کارکردگی کی چیکنگ کے حوالے سے (چیکنگ دی ڈیکو) طریقہ کار، ہیڈ آفس کے ذریعہ آزادانہ انشورنس سسٹم متعارف کرایا ہے۔

سپیکٹ میٹر ایکسپرس (ایس ایم ای) کی حیثیت سے، کوآپریٹو انشورنس پی ایس او کی سپلائی چین کے متعلقہ حکموں میں بین الاقوامی کوآپریٹو مینجمنٹ سسٹم (2015:9001 ISO) سرٹیفیکیشن کے نفاذ اور بہتری کے حوالے سے مدد فراہم کر رہا ہے۔

والے ویٹرز کی تعداد میں اضافہ اور مارکیٹ ریسرچ کے ذریعہ سپلائی کے بہتر ذرائع تلاش کرنا سال (پی اینڈ ایس ڈی پارٹنٹس کی کارکردگی کے کچھ اہم عوامل تھے۔ یہ بات واضح کرنا ضروری ہے کہ بحیثیت پبلک سیکٹر ادارہ ہونے کے تمام عمل (بچہ وارڈ 2004) کے عین مطابق تھا جبکہ کاروباری امور کے معاہدوں کو شفاف طریقے سے تفویض کرنے اور پیسے کے بہتر استعمال کو یقینی بنایا گیا۔ خریداری کی اہم سرگرمیوں میں منصوبہ بندی، ٹینڈر اشتہارات، پری کوالیفیکیشن (جہاں قابل اطلاق ہو)، حصول کے طریقوں کا تعین، یونی کھلے، قدر کے تعین اور ضروری منظوری کے حصول کے بعد خریداری کے معاہدوں کو تفویض کرنا شامل تھا۔

### برائڈ منجمنٹ

پی اینڈ ایس ڈی کو قومی کارپوریشن آئیگن اور پاکستان کی قومی آئل مارکیٹنگ کمپنی ہونے پر فخر ہے۔ پی اینڈ ایس ڈی نے یوم آزادی، یوم اقبال، یوم دفاع اور یوم قائد اعظم کے موقع پر میڈیا ہم چلاتے ہوئے اہم قومی دنوں کے جشن منائے۔ بڑے شہروں کے ماٹریں سرگرمیوں کے ساتھ ٹی وی، ریڈیو، پرنٹ اور ڈیجیٹل میڈیم پر جذبہ حب الوطنی پر مبنی اشتہارات نشر کیے گئے۔ پاکستان کی یوم آزادی کے موقع پر 14 اگست کو پی اینڈ ایس ڈی آفس میں ہر سال پرچم کشائی کی تقریب کا اہتمام بھی کیا جاتا ہے۔

ٹیلنٹ منجمنٹ ٹیم کے اشتراک سے کیریئر میلوں میں شرکت اور کیس ڈرائیو کا اہتمام کر کے ملک بھر کے معروف تعلیمی اداروں میں ایمپلائر براؤزنگ کی گئی۔ ملازمین کو پی اینڈ ایس ڈی کے براؤزنگ سٹیشن بنانے کے لئے ایچ آر ٹیم کے اشتراک سے خواتین ملازمین کا ایک میٹ اپ سیشن کا انعقاد کیا گیا۔ متعدد اشتہاریں اور رپورٹس جیسا کہ مالیاتی رپورٹس، کیلنڈرز، پلانرز اور آرگنائزرز کو کمپنی کی سائیکل میں اضافہ کرنے والے بھریور براؤزنگ مواد کے طور پر تیار کیا گیا۔

کوویڈ 19 (COVID-19) کے تناظر میں سوشل میڈیا اور ڈیجیٹل پلیٹ فارمز پر آگاہی اور احتیاطی تدابیر کے حوالے سے ہم چلائی گئی۔ عالمی سطح پر منائے جانے والے دنوں کے موقع پر تمام ڈیجیٹل اور سوشل میڈیا پلیٹ فارمز پر مستقل موجودگی کو برقرار رکھا گیا۔

ذریعہ جازہ مدت کے دوران، لبریکس مصنوعات کی تعمیر کو سال بھر یقینی بنانے کے لئے ٹی وی، ریڈیو، پرنٹ، ڈیجیٹل میڈیا اور مختلف ہائی پروفائل اور پرجوش تقریبات کے مقامات پر سرگرمیوں کا انعقاد کیا گیا تاکہ ان پروڈکٹس کو زیادہ سے زیادہ رسی کال کیا جاسکے۔ (کیورینٹ، ڈی ای او اور بلبریزور ٹی) کے براؤز پر مبنی اشتہارات پر اہم ٹائم ٹرا ٹریسٹیشن کے دوران نشر کیے گئے۔

علاوہ ازیں (کیورینٹ اور بلبریزور ٹی لبریکس) کی خریداری پر ایک مشہور فاسٹ فوڈ چین کے اشتراک سے تحریک فراہم کرنے والی مہم بھی چلائی گئی، جس کے لئے موٹر پرنٹ، ریڈیو اور ڈیجیٹل میڈیا مہم کا آغاز کیا گیا۔

کارپوریٹ اور پروڈکٹ براؤزنگ کی سال بھر میں منعقد ہونے والی مختلف اسپانسر شدہ اور دیگر تقریبات میں بھی نمائش کی گئی۔

"پاکستان کا نمبر 1 پیٹرول براؤز" ہونے کی طاقتور پوزیشننگ اور "ڈرائیو۔ فار" کی ٹیگ لائن کے ساتھ انٹروان پر یکم کا پہلا ٹی وی ای پی میڈیا اشتہار تیار کیا گیا اور اس مہم کو ٹی وی، ریڈیو اور ڈیجیٹل ذرائع سے نثر کیا گیا۔

ڈی جی کیش کے لئے سال بھر میں روایتی ذرائع ابلاغ پر اشتہارات اور سٹاپ پروموشنل ایکٹیوٹیوں کے ذریعے کئی براؤز بلڈنگ مہمات چلائی گئیں۔ جس میں اکتوبر 2019 میں 50,000 ڈی جی کیش کارڈ ہیں کے سنگ میل عبور کرنے کے حوالے سے کامیابی کے جشن کا انعقاد کیا گیا اور اس میں کئی کیش بیک پروموشنل مہم بھی شامل کی گئی۔ صارفین کے ردعمل کو دیکھتے ہوئے فروری 2020 میں 100,000 ڈی جی کیش کارڈ کا سنگ میل حاصل کرنے کے جشن میں اسی طرح کی کیش بیک پروموشنل مہم دوبارہ چلائی گئی۔

پاکستان کے بڑے شہروں میں سال بھر کے دوران پرجوش مقامات جیسے کہ مال، پی اینڈ ایس ڈی ریٹیل آؤٹ لیس اور براؤز ڈی مو ہائل پبلسٹی ٹیوٹوں کے ذریعے براؤز کی مختلف سرگرمیاں سرانجام دی گئیں۔ ڈی جی کیش کو اہم اسٹریٹجک شراکت داروں کے ساتھ ڈیجیٹل میڈیا پر بھی فروغ دیا گیا۔

پی اینڈ ایس ڈی اور ان کے کاروباری شراکت داروں (ڈیلرز) کے مابین مستحکم تعلق کے اعتراف میں نومبر 2019 کے ایکسی لینس ایوارڈ کا انعقاد 2020 میں لاہور میں کیا گیا۔

30 جون 2019 کو ختم ہونے والے سال میں بہترین کارکردگی کا مظاہرہ کرنے والوں کے اعزاز میں تقریب منعقد کی گئی۔

### مصنوعات کی کوآپرائیڈیشن

کوآپرائیڈیشن (کیو۔اے) پی اینڈ ایس ڈی کے کاروباری حکمت عملی کا سنگ بنیاد ہے جو

- مارچ 2020 میں آئی سی ٹی نے (ایس اے پی - ای آر پی) سسٹم کو (ایس اے پی - ایس) ڈیٹا بیس پر اپ گریڈ کیا۔ ایس اے پی (HANA) ڈیٹا بیس ایک ان - میموری کمپیوٹنگ ٹیکنالوجی ہے جو بہتر سسٹم کی کارکردگی، تیز ترین رپورٹ (ادائیگی) (ایس پی) پر ویسٹنگ اور نئی ایس اے پی (FIORI) درخواستوں کو متعارف کرانے کے قابل بناتا ہے۔ یہ مستقبل کی ٹیکنالوجی کو اپنانے کی طرف ایک ٹھوس قدم ہے۔ ایس اے پی، ای آر پی سسٹم کا ڈیجیٹل تبدیلی کا سفر اعلیٰ (آئی سی) ٹیم کے ذریعے کی گئی وسیع تحقیق اور جانچ کا نتیجہ ہے جس نے پی ایس او کو آئل اور گیس انڈسٹری میں ٹیکنالوجی کا علمبردار بنا دیا ہے۔

- آئی سی ٹی انفراسٹرکچر کو مسلسل بہتر بنانے کے عزم کے تحت تمام مقامات پر اہم سسٹم اور سروسز کی کھل دستیابی کو ممکن بنایا گیا اور اس کے لئے مختلف تہذیبیوں کے لئے مختلف کامیابیوں کو اپ گریڈ کیا گیا ہے۔ اس اپ گریڈ کے نتیجے میں دور دراز کے صارفین کے لئے ان نئی ایپلی کیشنز اور ڈیٹا بیس بورڈز تک رسائی آسان تر ہو گئی ہے۔ مزید برآں ڈی آر پی سائٹ ایل ایم ٹی پر اعلیٰ معیاری زیر زمین قابض لگائے گئے تاکہ وہ حیرت انگیزی کے ساتھ پرائمری اور ڈی آر سروسز کے مابین ڈیٹا کی نقل کی ترسیل کر سکیں۔ گریڈ کا بائٹ لینس حیثیت ورک کو بھی ایل ایم ٹی اور حیدرآباد ڈی ایم آر تک بڑھا دیا گیا۔ دونوں سائٹوں میں اب مکمل میٹ ورک انفراسٹرکچر موجود ہے۔ یہ حیثیت ورک بجلی کی فراہمی میں طویل قسط کے باوجود بھی آن لائن سہولت کی دستیابی یقینی بناتا ہے۔

- پی ایس او کے ریویوٹ رسائی پروگرام کو سکوسٹیاختی سروسز انجن کی تعمیراتی کے ساتھ نئی بلڈیوں پر لے جایا گیا۔ یہ شناخت اور ایکسیس کنٹرول پالیسی کا ایک جدید پلیٹ فارم ہے جو پورے ادارے کو یکساں پالیسی مہیا کرتا ہے۔ یہ نظام وی پی این صارف کی معلومات کی حفاظت کے لئے تو شیٹس، اجازت، اکاؤنٹنگ، کرنسی، پروڈاکٹنگ اور دیگر خصوصیات مہیا کرتا ہے۔ COVID-19 وباء کے تناظر میں درپیش غیر معمولی چیلنجز سے نمٹنے کے لئے اس ٹیکنالوجی نے غیر معمولی کارکردگی دکھائی ہے، جس کی وجہ سے تمام صارفین دور دراز اور محفوظ طریقے سے رابطہ قائم کرنے کے قابل تھے، اور محفوظ وی پی این رابطے کے ذریعہ دفتری امور انجام دے رہے تھے۔

## پروکیورمنٹ اور سروسز

حکومت عملی کے تحت کی گئی فیصلہ سازی اور اس کے موثر نفاذ کے ذریعے پروکیورمنٹ اور سروسز (پی اینڈ ایس) ڈیپارٹمنٹ نے مالی سال 2020 کے دوران کئی کی ضروریات کو کامیابی کے ساتھ پورا کیا۔ علاوہ ازیں، محکمہ اور مضبوط طریقہ کار، بولی میں حصہ لینے

- اپنی موبائل ڈیوائس پر جدید ٹیکنالوجی استعمال کرنے والے صارفین کے تجربے کو بہتر بنانے کے لئے "پی ایس او سہولت" کے نام سے ایک نیا پلیٹ فارم بنایا گیا۔ جس میں آن لائن آرڈر مینجمنٹ سسٹم اور یوزر انٹرفیس کو موبائل تک اپ گریڈ کیا گیا۔ بیکننگ ٹیکنالوجی سے منسلک یہ پورٹل رقم ادائیگی کے حوالے سے ہمارے صارفین کو اپنے موبائل کے ذریعے براہ راست پٹرولیم مصنوعات آرڈر کرنے کی سہولت فراہم کرتا ہے۔ اس ایپ نے ہمیں صنعت میں مسابقتی فائدہ مہیا کیا ہے کیونکہ پی ایس او اب پاکستان میں اس سہولت کے علمبرداروں میں شامل ہے۔ اس ٹیکنالوجی کی بدولت پورے پاکستان میں کسی بھی ڈیوائس کے ذریعے مطلوب پٹرولیم مصنوعات حاصل کی جاسکتی ہیں۔

- ریٹیل صارفین کے کریڈٹ کی منظوری کے لئے ایک مربوط ورک فلو اپیلی کیشن تیار کی گئی ہے۔ اس ایپلی کیشن (ایس اے پی) کے ذریعے کسٹمر کی سیلز کارکردگی اور ریٹیل ٹائم کریڈٹ کی منظوری کے وقت کا ڈیٹا حاصل ہوتا ہے۔ جس کے ذریعے انسانی مداخلت کم ہوئی، محفوظ طریقہ کار کو یقینی بنایا گیا اور وقت کی بچت کے ساتھ تازہ ترین معلومات تک رسائی کا عمل ممکن ہوا۔

- ایچ ایس ای اور آر سی اینڈ ایف ڈیپارٹمنٹس کے عمل کو ہموار اور آسان بنانے کے لئے ڈیجیٹل ٹرانس فارمیشن کے ذریعے موبائل چینی ورک فلو اپیلی کیشن تیار کی گئیں۔ جن کے بنیادی مقاصد میں پی ایس او ایچ ایس ای ڈیپارٹمنٹ کی فیلڈ فورس کے بارے میں ڈیٹا کو ایک جگہ اکٹھا کرنا اور ریٹیل آؤٹ لیٹس کی نگرانی سے متعلق سرگرمیاں شامل ہیں۔ یہ ایپلی کیشن ان ہی ضروریات کے حساب سے ڈیھائی گئی ہیں اور فنکشنز کی رپورٹنگ کے استعمال میں آسانی آسان ہیں۔ جس کی مدد سے ریکارڈز کو باآسانی سنبھالا اور محفوظ کیا جاسکتا ہے۔



تین سال قبل، پی ایس او نے بین الاقوامی معیار کے مطابق اپنی ٹینک لاریز کو اپ گریڈ کرنے کا آغاز کیا تاکہ پیٹرولیم مصنوعات کی محفوظ طریقہ سے نقل و حمل کو یقینی بنایا جاسکے۔ آج، پی ایس او کے پاس، اوگرا اور این ایچ اے کے معیار سے مطابقت رکھنے والا انڈسٹری کا سب سے بڑا ٹینک لاریز فلیٹ موجود ہے۔ زیر جائزہ مدت کے دوران فلیٹ میں اوگرا اور این ایچ اے کے معیار کے مطابق 910 نئی ٹینک لاریاں شامل کی گئی ہیں، جس کے بعد پی ایس او کی جدید ترین ٹینک لاریز کی کل تعداد 2,200 ہو گئی ہے۔ حادثات کے امکانات کو کم کرنے کے لئے یہ ٹینک لاریز بین الاقوامی معیار کی سطح اور ردول اور رعایا کے طریقہ کار سے لیس ہیں۔ سیکٹری ٹرانسپورٹیشن کے شعبے میں، بڑے شہروں میں پی ایس او اور ٹینک لاریز اور صنعتی صارفین کو بلا تھقل فیول کی فراہمی کے لئے مسابقتی نرخوں پر نئے فلیٹ منجمنٹ ٹینک لاریاں (ایف ایم ٹی ایل) کے معاہدے کئے گئے۔

مصنوعات کی نقل و حرکت کے عمل میں خرید بہتری لانے کے لئے ایک پروجیکٹ تیار کیا گیا ہے جس میں ٹینک لاریز شیڈولنگ سٹم خود کار ہوگا۔ اس پروجیکٹ کے فیبر 1 کا تجربہ کامیابی کے ساتھ سرانجام دیا جا چکا ہے جس کے بعد پی ایس او ٹیکرز کے ذریعہ ٹینک لاریز کی ریکل ٹائم نقل و حرکت کی گمرانی کر سکے گی اور اس سے لوڈز کی بروقت اختتام میں مدد ملے گی۔

پی ایس او نے اپنے فلیٹ کی کارکردگی اور عملدرآمد کے وقت کو بہتر بنانے کے لئے لاجسٹکس کے طریقہ کار کو ری انجینئر کیا تاکہ ٹینک لاریز کی دستیابی اور کارگو سے پروڈکٹ کی بروقت اور ہموار طور پر منتقلی کو یقینی بناتے ہوئے ڈیمرجز کے اخراجات سے محفوظ رہا جاسکے۔

ٹینک لاریز کے ایڈموٹرز کے پولیس (این ایچ ایڈ ایم پی) کے اشتراک سے ٹینک لاریز ڈرائیوروں کو محفوظ ڈرائیونگ کے طریقہ کار کی تربیت کے حوالے سے ملک بھر میں سندھیا نٹ ڈرائیور تربیتی سیشنز اور اس کے ساتھ ان ہاؤس ریفریشرز سیشنز منعقد کئے گئے۔

## انفراسٹرکچر منصوبے اور بحالی

### ریٹیل کی تعمیرات اور سہولیات

ملک بھر میں پی ایس او کی موجودگی میں اضافہ کرنے اور مارکیٹ میں کھنی کی قائمہ حیثیت کو تقویت دینے کے لئے آرسی ایڈ ایف کی جانب سے ملک بھر میں 50 نئے ڈیڈون

ریٹیل آؤٹ لٹس کا قیام کامیابی سے عمل میں لایا گیا۔ ٹیم نے کیوبیز کے اندر ایل ڈی لائٹس اور نیلی بار کو ایل ای ڈی ٹیوب لائٹس کے ساتھ تبدیل کر کے پورے ملک میں 200 سے زائد ڈیڈون ریٹیل آؤٹ لٹس (این وی آراؤ) کو بھی اپ گریڈ کیا جس کے بعد ڈیڈون ریٹیل آؤٹ لٹس کی تعداد 540 تک پہنچ گئی۔

آرسی ایڈ ایف انجینئر نے علامہ اقبال ایئر پورٹ لاہور، ڈیفنس سروس انٹیشن لاہور اور پی ایس او ہاؤس کراچی میں میگا لوگو کے سائز کو بھی بہتر بنایا ہے۔

## سہولیات کی بحالی

انفراسٹرکچر پروجیکٹ ایڈمنسٹریٹس نے دسمبر تا مارچ 2020 کے دوران جیٹ فیول بحران کی صورتحال پر قابو پانے میں اہم کردار ادا کیا ہے۔ دسمبر 2019 کے مہینے سے مارچ 2020 کے دوران پی آر ایل اور پارکو کے طے الترتیب بند ہونے کا فیصلہ پہلے سے طے شدہ تھا۔ جیٹ فیول کی طلب میں اچانک اضافے اور ملک میں اسٹاک کی نازک صورتحال کی وجہ سے درآمدی ٹینکروں کو ایڈجسٹ کرنے کے لئے سیمائی میں اضافی جیٹ فیول اسٹوریج کی اشد ضرورت تھی۔ اس ضمن میں آئی پی ایڈ ایم ڈیپارٹمنٹ نے چھ ہفتوں کے اندر اندر 5,000 میٹرک ٹن کے میٹرک ٹن اسٹوریج کو جیٹ فیول کے اسٹوریج میں تبدیل کرنے کا کام شروع کیا، آپریشنز اور ایوی ایشن جھکے کی ٹیموں کے تعاون سے آئی پی ایڈ ایم سہولیات کی بحالی کی ٹیم نے کام کو مکمل کیا اور مقررہ وقت پر ٹینک آپریشن کے لئے تیار کر دیا اور اس طرح کسی بھی قسم کی ناخوشگوار صورتحال سے گریز کو ممکن بنایا جاسکا۔

## بنیادی ڈھانچے کی تعمیر اور منصوبے

ملک کی تمام آئل مارکیٹنگ کمپنیوں کے مقابلے میں پی ایس او کے پاس مصنوعات کے ذخیرے کی سب سے زیادہ گنجائش موجود ہے اور وہ ملک کی توانائی کی ضروریات کو پورا کرنے کے لئے ذخیرہ رکھنے کی گنجائش کو بڑھانے اور اس کی بروقت دستیابی کو یقینی بنانے کے لئے کوشاں ہے۔ انفراسٹرکچر کنسٹرکشن ڈیپارٹمنٹ نے ملک بھر میں پیٹرولیم مصنوعات کی ذخیرہ گاہوں کی بحالی کے لئے بڑے منصوبوں کا آغاز کیا ہے اور اوگرا کی ہدایت کے مطابق کور ڈے (cover day) بڑھانے کے لئے۔ سیمائی اور ڈو الفکار آباد آئل ڈیپل (ڈوٹ) میں 164,000 میٹرک ٹن اسٹوریج ٹینکوں کی بحالی کا کام شروع کیا گیا ہے۔ 30 جون 2020 تک 21,750 میٹرک ٹن مقدار ذخیرہ کرنے والے 6 اسٹوریج ٹینکوں کا قیام کامیابی سے عمل میں لایا گیا ہے۔ پانچ مقامات پر 151,000 میٹرک ٹن اسٹوریج کیلئے نئے ٹینکوں کی بہتری کا عمل بھی جاری ہے۔

پاکستان سوسائٹی آف شوگر سائنسٹس (پی ایس ایس ٹی) کے اشتراک سے 53 ویں سالانہ کنونشن کالاہور میں انعقاد کیا گیا۔ شوگر انڈسٹری کے تکنیکی ماہرین اور اسٹیک ہولڈرز نے شوگر انڈسٹری کے مختلف شعبوں میں مستعدی لانے کے لئے جدید طریقہ کار سے متعلق اپنے تکنیکی تجربات سے آگاہ کیا۔ پی ایس ایس او ایم نے سامعین کو پی ایس او ٹیول، انڈسٹریل لمبریکٹ اور کمپنی کی جانب سے صنعتی صارفین بشمول شوگر انڈسٹری کو پیش کردہ متعدد اضافی قدر رکھنے والی خدمات کے بارے میں آگاہ کیا۔

کوویڈ 19 وبا جیسے چیلنج، طلب اور رسد کے توازن میں رکاوٹ، بین الاقوامی تیل کی قیمتوں اور مانگ میں اضافے کے ساتھ مسابقتی کے پاس مصنوعات کی محدود دستیابی اور بندرگاہ میں ہجوم کاروباری مسئلہ اور انفراسٹرکچر کی رکاوٹوں کے ساتھ ساتھ متعدد چیلنجز، موثر منصوبہ بندی سے نمٹانے گئے جس کی وجہ سے پچھلے سال کے مقابلے میں ڈیپریز کو تقریباً 42 فیصد تک کم کیا گیا۔

مالی سال 2020 میں صنعتی صارفین کی ٹیم نے پاکستان ریلوے میں ادائیگی (OEM) کاروبار کا بڑا حصہ حاصل کیا اور موٹر سائیکل، ٹریکٹر اور پیٹر انجن مینوفیکچررز کے ابتدائی فلنگ اور بعد از میلز کے کاروبار کے بڑے حصے پر دسترس حاصل کر لی۔ اسٹیل اور دھات کے کاموں کی انڈسٹری کو ان کی سہولت کے مطابق حل فراہم کر کے بزنس وایلم میں اضافہ کیا گیا۔

پی ایس ایس او اپنی سوریگ حکمت عملی کے مطابق ریٹائنمنٹ کو ملک کا اسٹریٹجک اثاثہ اور پی ایس او کا طویل المدت شراکت دار سمجھتی ہے اور اس سے پی جانے والی پروڈکٹ میں مسلسل اضافہ کر رہی ہے۔ رواں مالی سال میں پی ایس او نے متعدد مصنوعات اٹھانے کے حجم میں اضافہ کیا ہے جس کے نتیجے میں آپ لٹ کا شیئر مجموعی طور پر 37.6 فیصد سے 40 فیصد تک بڑھ گیا ہے۔

### بنیادی ڈھانچے کا سرمایہ سیلابی

ملک کی صف اول کی آئل مارکیٹنگ اور پبلک سیکٹر کمپنی ہونے کی حیثیت سے پی ایس او نے مئی سے جون 2020 کے دوران ملک بھر میں پیٹرولیم مصنوعات کی بلا تھقل فراہمی کو احسن طریقے سے یقینی بنا کر ملک میں طلب اور رسد کے درمیان پیدا ہونے والے خلا کو پر کیا جو کہ طلب میں غیر معمولی طور پر اضافہ ہونے اور مارکیٹ میں دیگر آئل مارکیٹنگ کمپنیز اور ریٹائنمنٹ کی جانب سے مصنوعات کی محدود دستیابی کے باعث طلب پیدا ہوا۔

حال میں، پی ایس او انتظامیہ حکومت پاکستان کے ساتھ حکومت تا حکومت انتظامات کے تحت پیٹرولیم مصنوعات کی طویل المدت فراہمی پر کام کر رہی ہے۔ اس دو طرفہ انتظام سے نہ صرف لاگت کم ہوگی اور پی ایس او کی استعداد کار میں اضافہ ہوگا بلکہ مجموعی طور پر ملک کی سوریگ سکیورٹی کو بھی بہتر بنایا جاسکے گا۔

اس عرصے کے دوران، پی ایس او نے ہنگامی بنیادوں پر اضافی مصنوعات کا بندوبست کرنے کے لئے متعدد اقدامات اٹھائے اور 250,000 میٹرک ٹن اضافی موٹر گیسولین اور 550,000 میٹرک ٹن ہائی اسپید ڈیزل خریدنے کا انتظام کیا۔ مصنوعات کی اضافی دستیابی کے ذریعے، پی ایس او نے موٹر گیسولین میں اب تک کی سب سے زیادہ ماہانہ فروخت 356,856 میٹرک ٹن کاریکارڈ بنایا جبکہ ہائی اسپید ڈیزل میں جون میں اب تک کا سب سے زیادہ فروخت ریکارڈ 442,569 میٹرک ٹن کاریکارڈ بنایا ہے، جس کے نتیجے میں 48.6 فیصد موٹر گیسولین اور 58.1 فیصد ہائی اسپید ڈیزل کے مارکیٹ شیئر میں اضافہ ہوا۔ ملک کی مجموعی سیلابی چین کو برقرار رکھنے کے لئے ان غیر معمولی کوششوں کے ساتھ جہاں مقابلے کی کمپنیز تسلی بخش کارکردگی نہیں دکھائیں، مختلف فورمز پر پی ایس او کو سراہا گیا جس نے عوام خاص طور پر صارفین کی نظر میں کمپنی کے تاثر کو مزید بہتر بنایا۔

مزید برآں، اس عرصے کے دوران، پی ایس او نے حکومت پاکستان کے فیصلے کے مطابق تکنیک اور گرین فیوئل متعارف کرائے جو حالیہ بین الاقوامی معیار سے ہم آہنگ ہیں۔ اس وقت پی ایس او 2021 کے آغاز تک پورے قومی معیار کے ہائی اسپید ڈیزل کے حصول کے بارے میں اپنے اسٹریٹجک سلاز سے مذاکرات میں مصروف ہے۔

### لاجسٹکس

کوویڈ (COVID-19) کے باعث روڈ ٹرانسپورٹ کا مقابلہ کرتے ہوئے پی ایس او نے اپنے ریٹیل آؤٹ لیٹس اور صنعتی، دفاعی، فضائی اور بحری صارفین کو پیٹرولیم مصنوعات کی بلا تھقل فراہمی کو یقینی بنایا۔ زیر جائزہ مدت کے دوران، پی ایس او نے 7.6 ملین میٹرک ٹن وائٹ آئل کی مصنوعات کو سڑکوں، ریل اور پائپ لائنوں کے ذریعے منتقل کیا جو کہ گزشتہ سال کے مقابلے میں 16 فیصد زیادہ ہے۔ یہ کامیابی کراچی (کیا ٹری) سے ملک کے بالائی حصوں میں 20,000 میٹرک ٹن سے زائد پروڈکٹ کی ترسیل کا نتیجہ ہے۔

## سی این جی

آئل مارکیٹنگ کمپنی کے بیکٹر میں پی ایس او این جی ریشیل آؤٹ لیس پر فرنیچر چائنا ڈال کے تحت سب سے زیادہ سی این جی فراہم کرنے والی کمپنی ہے۔ سی این جی بیکٹر کو خصوصاً ملک کے وسطی اور شمالی حصے میں قدرتی گیس کی عدم دستیابی کی وجہ سے بڑے چیلنجز کا سامنا ہے۔ بحران کی صورتحال کے نتیجے میں پی ایس او ریشیل آؤٹ لیس میں نصب شدہ 257 نصب سی این جی اینجینز میں سے صرف 139 سی این جی سہولت فعال ہیں۔ پنجاب میں سی این جی اینجینوں پر آرائل این جی کی دستیابی کی وجہ سے سی این جی صنعت کو کچھ مدد ملی ہے کیونکہ 139 میں سے 46 سی این جی اینجین اب ایل این جی کی فراہمی کی بنیاد پر فعال ہیں۔ جدید ترین موٹوں کو الٹی ٹیکنالوجی اس بات کو یقینی بناتی ہیں کہ پی ایس او اپنے وعدہ کے مطابق اپنے معزز صارفین کو پروڈکٹ کی درست مقدار فراہم کرے تاکہ پی ایس او پر ان کا اعتماد برقرار رہے۔

## لبریکیشن اور ٹیکنیکل

لبریکیشن صنعت بنیادی طور پر زراعت اور صنعتی نقل و حمل کے شعبوں میں معاشی سرگرمیوں پر انحصار کرتی ہے۔ زیر نظر سال کے دوران صنعت اور ٹرانسپورٹ کے شعبوں میں زوال کی وجہ سے لبریکیشن صنعت شدید متاثر ہوئی۔ کمپنی کے ایلوم میں گزشتہ سال کے مقابلے میں 5.4 فیصد کمی کی ہوئی ہے۔

پی ایس او نے سخت مقابلے کا سامنا کرنے اور مارکیٹ میں اتھری کے رجحان کو قابو کرنے کے لئے سال بھر کے دوران جارحانہ مارکیٹنگ مہم چلائی۔ ہائی اسٹریٹ اور ریشیل چھٹل پر متعدد تجارتی مارکیٹنگ مہم کے ساتھ ساتھ مختلف براڈ زکی آگاہی مہم بھی چلائی گئی۔ ملک بھر کے تمام حصوں میں مقامی طور پر ریشیل فور کوٹ مہم بھی چلائی گئی۔ ہائی اسٹریٹ چھٹل کے شراکت داروں کو تجارتی مارکیٹنگ پیش کشوں اور مراعات کے ذریعہ متاثر کیا گیا۔ یہ آفرز اور مراعات خصوصی طور پر مارکیٹ کی کوریج اور فعالیت میں اضافے کے لئے تیار کی گئی تھیں۔

کسٹمر کوچیز کا مرکز رکھنے والی کمپنی کی حیثیت سے پی ایس او مارکیٹ کی بدلتی ہوئی ضروریات کو پورا کرنے کے لئے مصنوعات کے معیار کو بہتر سے بہتر بنانے کے لئے مسلسل کوشاں رہتی ہے۔ مالی سال 2020 میں پی ایس او نے موجودہ معیار کی خصوصیات میں اضافہ کرتے ہوئے اپنی لبریکیشن پروڈکٹ مصنوعات رینج کو مزید بہتر بنایا۔ مندرجہ ذیل مصنوعات کو نئے معیار یعنی ٹیکنیکل کے ساتھ متعارف کروایا گیا:

- ڈیو 8000 کو API CH-4/SG سے، API CI-4/SL سے، ACEA E7-16 پر اپ گریڈ کیا گیا۔
- کیربٹ الٹرا کو SAE 10W-40 API SM/CF سے SAE ILSAC GF-5 اور 10W-30 API SN/CF پر اپ گریڈ کیا گیا۔
- گیسر آئل کو EP-140 (GL-4) سے EP-80W90 اور EP85W140 (GL5) پر اپ گریڈ کیا گیا۔

جدید آٹو ٹیک ٹیکنالوجی کی مارکیٹ کی ضروریات کے مطابق DEXRON-III کی خصوصیات کو مد نظر رکھتے ہوئے ٹرانزیک اے ٹی ایف کو متعارف کروایا گیا۔

پروڈکٹس کی بہتر رینج اب نئی ٹیکنیکل کے ساتھ پاکستان بھر میں تمام پی ایس او آؤٹ لیس پر اور پی ایس او کے مجاز ڈسٹری بیوٹرز کے پاس دستیاب ہے۔

پی ایس او لبریکیشن ٹیکنالوجی کی ٹیم نے پاکستان ریلوے کی ای سی ایف 2 کی خصوصی طلب کو کامیابی کے ساتھ پورا کیا۔ موٹر سائیکل، ٹریکٹر، اسٹیل، اور دھات، کانٹے والی صنعتوں کے ساتھ ساتھ زراعت کے شعبے کے لئے ضرورت کے مطابق مصنوعات تیار کی گئیں۔ کمپنی کی مصنوعات کے بارے میں ٹیکنیکل معلومات کو پڑھانے کے حوالے سے متعدد ٹیکنیکل تربیتی سیشن منعقد کئے گئے۔

30 جون 2020 تک پی ایس او نے کراچی، لاہور، اسلام آباد، فیصل آباد، پشاور، حیدرآباد، گوجرانوالہ اور جہلم سمیت پاکستان کے مختلف شہروں میں 49 ریشیل آؤٹ لیس پرچی اور بہتر آئل چھینج کی سہولیات قائم کیں۔ پی ایس او مستقل میں آئل چھینج کی سہولیات کو تمام بڑے شہروں کے ریشیل آؤٹ لیس تک بڑھانے کے لئے پوزیشن ہے جبکہ ان سرویس کے معیار میں بھی مزید بہتری لائی جانے گی جو کمپنی کے مسابقت کار کی جانب سے فراہم کی جا رہی ہے۔

پی ایس او نے "دوست" اور "آئل ایڈوانز پروگرام" کے ذریعے چھٹل کے شراکت داروں اور صارفین کے ساتھ اپنے تعلقات کو محکم کرنے کا سلسلہ جاری رکھا ہے۔ ان پروگراموں کا مقصد ہائی اسٹریٹ اور ریشیل آؤٹ لیس فور کوٹس پر صارفین کی تعداد میں اضافہ کرنا اور پی ایس او لبریکیشن کے بارے میں آگاہی فراہم کرنا تھا۔

## ایل این جی

بی ایس او ایل این جی کی درآمد کر کے، قدرتی گیس کی طلب اور رسد کے درمیانی فرق کو کم کرنے میں مرکزی کردار ادا کرتی ہے۔ سال 2020 میں بی ایس او نے 174 ایل این جی ڈیسلو کے ذریعے تقریباً 4,397,000 میٹرک ٹن ایل این جی درآمد کی۔ تمام اسٹیک ہولڈرز کے ساتھ قریبی رابطہ کار برقرار رکھتے ہوئے سپلائی چین کی سرگرمیاں ہموار طور پر انجام دی گئیں۔

تمام اسٹیک ہولڈرز بشمول ایس ایس جی سی، ایس این جی پی ایل، اینگرو پٹی، پی ایل ایل، سرکاری حکام اور دیگر سپلائرز کے ساتھ موثر منصوبہ بندی اور رابطہ کار برقرار رکھتے ہوئے اس مدت کے دوران ایس این جی پی ایل کو اوسطاً 12,000 میٹرک ٹن فی دن آرا ایل این جی فراہم کی گئی۔

2015 میں ملک میں ایل این جی پروجیکٹ کے آغاز سے بی ایس او بطور حکومت کی نامزد کردہ خریدار کی حیثیت سے، نظر گیس سے حکومت تا حکومت کے انتظامات کے مطابق گنور (Gunvor) سے ایک پانچ سالہ مدت معاہدے اور اسپاٹ خریداری کے تحت ایل این جی 315 ڈیسلو منگوائے جا چکے ہیں۔

## ایل پی جی (پاک گیس)

پاک گیس کا وسیع میٹ ورک ہے جس میں بی ایس او نے 27 نئے ڈسٹری بیوٹرز کا اضافہ کیا اور اب کل ڈسٹری بیوٹرز کی تعداد 255 ہو گئی ہے۔ دوسری ایل پی جی مارکیٹ کمپنیوں کے ساتھ سخت مقابلے کے باوجود پاک گیس نے انڈسٹریل اور کمرشل سیکٹر میں اپنی پوزیشن کو مضبوط کیا اور اس شعبے میں 10 نئے کسٹمرز حاصل کئے۔ بی ایس او نے 33,229 میٹرک ٹن ایل پی جی فروخت کی جو اپنے قیام سے اب تک کی تاریخ میں ایک ریکارڈ ہے۔

پاک گیس اپنے انفراسٹرکچر اور ڈسٹری بیوٹنگ میٹ ورک میں بہتری کے حوالے سے ہر ممکن اقدامات کر رہی ہے۔ زیر نظر مدت کے دوران، بی ایس او نے کوٹری اور کھاریاں کے مقام پر ہاسٹیلٹی انتظامات کئے جس کے بعد اس کی تعداد 6 تک پہنچ گئی ہے۔ علاوہ ازیں، اکوڑہ ٹنک پلانٹ کی اسٹوریج میں توسیع کا عمل جاری ہے جس کے بعد پاک گیس کی اسٹوریج کی گنجائش 1,050 میٹرک ٹن ہو جائے گی۔

ایوی اینشن ڈیپارٹمنٹ نے اہم سرگرمیوں کو برقرار رکھنے اور روزمرہ کے کاروباری کاموں کو جاری رکھنے کے لئے بی ایس او ایوی اینشن کی سہولیات میں کاروباری تسلسل کے منصوبے (بی سی پی) پر عمل درآمد کیا۔ جس کی رہنما ہدایات جو انٹل انکسٹن گروپ کی جانب سے جاری کی گئی تھیں۔ اہلکاروں کو محفوظ رکھنے کے لئے کوویڈ 19 (COVID-19) کے رہنما اصولوں پر عمل درآمد کیا گیا۔ بی ایس او نے قومی ایئر لائن کے خصوصی کاموں کی تکمیل کے لئے ری فیلنگ آلات کو مؤثر طریقے سے برقرار رکھا اور لاک ڈاؤن کے باوجود ملک میں کورونا (COVID-19) کا مقابلہ کرنے کے لئے حفاظتی سامان اور پی پی ای لائے والی خصوصی بین الاقوامی کارگو/پگامی پروازوں کو قبول فراہم کرنے میں کامیاب رہی۔ ان مشکل حالات میں، ایک قومی آئل مارکیٹنگ کمپنی کی حیثیت سے اپنی ذمہ داریوں کو نبھاتے ہوئے بی ایس او نے کراچی، لاہور اور اسلام آباد ایئرپورٹ پر متعدد پروازوں کو قبول فراہم کیا۔

## پاور سیکٹر

جیکوز، کے ایکٹریک اور نیشنل گرڈ سے منسلک بجلی پیدا کرنے والے مختلف ٹی ادارے بی ایس او کے فرنٹ لائن کے صارفین میں شمار ہوتے ہیں۔

حکومت پاکستان نے فرنٹ لائن کے استعمال کو کم سے کم کرنے کے لئے مختلف اقدامات کئے۔ اسی حوالے سے کلین انرجی (آرا ایل این جی) سے چلنے والے پائپس لگائے گئے،

فرنٹ لائن کی درآمد پر پابندی لگائی گئی اور لوڈ ایلیکشن کی بنیاد پر سٹاٹیا قبول استعمال کرنے والی مصنوعات کو ترجیح دی گئی۔

انڈسٹری اور پاور سیکٹر کے لئے کھپت میں کمی کے باعث مالی سال 2020 میں فرنٹ لائن کے دابلیم میں 1.09 ملین میٹرک ٹن کی کمی واقع ہوئی جو کہ مالی سال 2019 میں 1.8 ملین میٹرک ٹن تھی۔

ریٹائنرز کے ذریعہ ٹیول کی محدود پیداوار، درآمدات پر پابندی، واجبات، نئے آرا ایل این جی اور کوئلہ پاور پلانٹس پر عملدرآمد اور کورونا (COVID-19) کی وجہ سے ہونے والے لاک ڈاؤن سمیت متعدد چیلنجوں کا مقابلہ کرتے ہوئے بی ایس او نے پاور سیکٹر کو ٹیول کی فراہمی ممکن بنائی۔ غیر مستقل اور غیر متوقع طلب کے باوجود لوڈ شیڈنگ کو کم کرنے کے لئے ٹیول کی فراہمی کو یقینی بنایا گیا اور قومی آئل مارکیٹنگ کمپنی کی حیثیت سے بی ایس او نے اپنا کردار ادا کیا۔

ڈی جی کیش نے ایک سال کے دوران کارڈ مارکیٹ میں نمایاں سنگ میل عبور کئے ہیں۔ تمام صارفین کو آن بورڈ لانے کے علاوہ بیشتر معروف کارپوریٹس نے ڈی جی کیش کو اپنے پروگراموں میں شامل کیا۔

ڈی جی کیش نے بین الاقوامی رائٹس کے ساتھ شراکت داری کی۔ جس کے تحت پی ایس او اپنے پارٹنرز اور تاجروں کے لئے سفر اور ٹولنگ کے عمل کو آسان بنانے کے لئے ڈی جی کیش کارڈ فراہم کرتی ہے۔

پی ایس او نے فیول ٹرانزیکشنز کے حوالے سے متعدد کیش بیک آفرز کا اعلان کیا جنہیں صارفین کی جانب سے بہت پذیرائی ملی۔ ڈی جی کیش صارفین نے فیول اور لبریکٹ کی خریداری پر ریوارڈ کی صورت میں مختلف فوائد حاصل کئے۔ لائٹنی پوائنٹس کے علاوہ، مخصوص برانڈ سے ٹاپ اپ کرانے پر صارفین کو کیش بیک بھی دیا گیا۔ مخصوص پی ایس او آڈٹ لیس سے فیول اور لبریکٹ کی خریداری کی صورت میں پرنکس ڈسکاؤنٹ آفرز بھی پیش کی گئیں۔

پی ایس او نے اپنے صارفین کو مزید قابل قدر سہولیات فراہم کرنے کے لئے مختلف برانڈز کے ساتھ شراکت داری کی ہے۔ جن کے ذریعے صارفین ڈیٹا شپ، ریسٹوران، سیلون اور دیگر سروس پر رعایت حاصل کر سکتے ہیں۔

مزید برآں، پی ایس او نے ایک معروف انسٹیٹیوٹ کے ساتھ شراکت داری کی ہے جس کے تحت حادثے کی انشورنس کے لئے خصوصی رعایتی کیچ پیس کئے گئے ہیں۔ انشورنس پیکیج کو کسی حادثے کی صورت میں صارفین کی فوری ضروریات کو پورا کرنے کے لئے ڈیزائن کیا گیا ہے جو پی ایس او کے اس عزم کو تقویت دیتا ہے کہ وہ اپنے معزز صارفین کے لئے سفر کو محفوظ اور باسہولت بنانے کے لئے کوشاں ہے۔

پرنس ٹورنٹس کے ذمے میں ری لوڈ ایبل کارڈز کے کاروبار میں غیر معمولی اضافہ دیکھا گیا۔ مالی سال 2020 کے دوران نئے کارپوریٹ صارفین حاصل کئے گئے اور کاروباری حجم میں گزشتہ سال کی اسی مدت کے مقابلے میں 300 فیصد سے زیادہ اضافہ ہوا۔ کارڈز میں رقم منتقل کرنے، مختلف ضروری رپورٹس دیکھنے اور پی ایس او ٹی انوکس دیکھنے کے حوالے سے ری لوڈ کرنے والے صارفین کے لئے وقف ایک پورٹل بھی قائم کیا گیا ہے۔

## تجارتی ایجنسی

### فضائیہ، بحری اور برآمدات

2020 فضائیہ ایجنسی کے لئے ایک مشکل سال ثابت ہوا۔ جنوبی اور وسطی علاقوں میں بڑی ریٹائرمنٹوں کی تہذیبوں کے باعث سپلائی چین میں متعدد رکاوٹوں کا سامنا کرنا پڑا۔ مزید برآں کورونا وائرس (COVID-19) لاک ڈاؤن کے عرصے میں فضائیہ شعبہ جمود کا شکار رہا۔

متعدد چیلنجز کے باوجود، پی ایس او نے جیٹ فیول مارکیٹ میں اپنی قائمہ حیثیت کو 94.3 فیصد مارکیٹ شیئر کے ساتھ برقرار رکھا۔ کینی نے 489.2 KMTs والیوم اور 20.9 فیصد کی منی والیوم سٹریک گروٹھ (جبکہ انڈسٹری کی منی گروٹھ 21.1 فیصد تھی) کے ساتھ اس سال کا اختتام کیا۔

کینی نے مختلف ایئر پورٹس پر بڑے بین الاقوامی صارفین کے ساتھ فیول کی فراہمی کے معاہدوں کی تجدید کی ہے جیسے کہ عرب ایئر کیئر، آرگنائزیشن (اے اے سی او) جو کہ مشرق وسطیٰ کے کیئر کیئر جیسے کہ سعودیہ، فلج، عمان، کویت، فلکی ماس اور ایئر عرب پر مشتمل ہے۔ سلام ایئر، مری لٹکا، ہالینڈ واور کے اے ایم ایئر۔ مزید برآں، کارگو ایئر چارٹرنگ (حمہ عرب امارات)، فری لائی ایوی ایشن (چین)، سلک وے ایئر لائنز (آذربائیجان)، ایسوی ایئر لائنز، ایئر اے ای (ای ای جی ایئر لائنز، امریکہ) اور جیٹ کام سلوشنز (یو اے ای) کو بھی معاہدے میں شامل کیا گیا۔ پی ایس او نے مسابقت کار سے کراچی میں ڈی ایچ ایل پرنس دوبارہ حاصل کر لیا۔

زیر نظر مدت کے دوران، کینی نے 8,853 میٹرک ٹن والیوم کے ساتھ 390 حج پروازوں کو ری فیول کیا اور حج آپریشن کامیابی کے ساتھ سرانجام دیا گیا جو کہ معمول کی کارروائیوں کے علاوہ تھا۔ بائم لائن کی قدر میں اضافے کے لئے، ایک نئی نیچے ایئر لائن کے ساتھ نکرات آخری مراحل پر ہیں۔ توقع ہے کہ اس کاروبار سے والیوم میں اضافہ ہوگا۔ چیلنجز کے باوجود، پی ایس او نے 13.48 KMTs بمقابلہ گزشتہ سال 10.6 KMTs جیٹ فیول فراہم کر کے پاکستان کی دفاعی فورسز کی طلب کو پورا کرنے کا سلسلہ جاری رکھا۔ مزید برآں، اس عرصے کے دوران ہائی اسپیڈ ڈیزل کا خصوصی گریڈ 36.6 KMTs پاکستان نیوی کو فراہم کیا گیا۔

پی ایس او نے اسلام آباد میں پی ایس اور ریشیل آڈٹ لیٹ پر ”پی ایس او الیکٹرو“ براڈ کے نام سے پہلے الیکٹریکل ویئل چارجنگ اسٹیشن کی تنصیب اور آغاز کار کے ساتھ پاکستان کے ایک معتمد مستقبل کے لئے راہ ہموار کرنے کا سلسلہ جاری رکھا ہے۔

دفاعی وزیر برائے پاور اور پیٹرولیم جناب عمر ایوب خان اور وزیر اعظم کے خصوصی مشیر برائے پیٹرولیم جناب محمد میمن ہار نے بینکنگ ڈائریکٹر اور سی ای او جناب سید محمد طاہر اور دیگر معززین کے ہمراہ اس سہولت کا افتتاح کیا۔

### نان فیلو ریشیل

نان فیلو ریشیل نے پی ایس اور ریشیل آڈٹ لیٹس کو صارفین کی دن اسٹاپ سہولت بنانے کے لئے سال بھر کے دوران کئی اقدامات اٹھائے۔ ان تمام اقدامات کا مقصد صارفین کو مزید سہولت فراہم کرنا اور کہنی کے منافع میں اضافہ کرنا ہے۔

### سٹاپ اسٹاپ کی تجدید نو

پٹرول پمپس پر اپنے معزز صارفین کے تجربے کو بہتر اور مزید سہولت بنانے کے لئے پی ایس او نے سی اسٹور کی تجدید نو کے حوالے سے قدم اٹھایا۔ صارفین کی مختلف ضروریات جیسے کہ سودا سلف، پرنٹل کیٹر، بیورن، آسٹیکس، بیکری مصنوعات کے حوالے سے بین الاقوامی معیار کی مصنوعات اور اعلیٰ کسٹمر سروس کی سہولیات سی اسٹور پر فراہم کی جارہی ہیں۔ مالی سال 2020 کے دوران پی ایس او نے 20 سی اسٹور کی تجدید نو کی جس کے بعد ری ماڈل سی اسٹور کی تعداد 61 ہو گئی۔

### تعمارتی اشتراک

پٹرول پمپس پر اپنے معزز صارفین کو بہترین معیار کی پروڈکٹس اور خدمات کی فراہمی یقینی بنانے کے لئے پی ایس او نے معروف براڈز کے ساتھ اشتراک کیا۔ یہ تمام براڈز منتخب سی اسٹور پر دستیاب ہیں اور مزید آڈٹ لیٹس پر دستیابی کے لئے کاوشیں جاری ہیں۔

### کوٹنگ سروس ریسٹورینٹ

پی ایس او نے مختلف بڑے براڈز کے ساتھ اشتراک کے ذریعے اپنے منتخب ریشیل آڈٹ لیٹس پر معیاری کھانوں اور خدمات ایک ہی جھٹ کے نیچے صارفین کو مہیا کرنے کے لئے کوٹنگ سروس ریسٹورینٹ کا تصور متعارف کروایا۔

### برائچ لیٹس بینکنگ اور اے ٹی ایم سروس

اپنے کسٹمرز کی ضروریات کو پورا کرنے کے لئے پی ایس او اپنے ریشیل آڈٹ لیٹس نیٹ ورک پر برائچ لیٹس بینکنگ اور اے ٹی ایم سروس مہیا کر رہی ہے۔ مالی سال 2020 کے دوران پی ایس او نے مزید 100 آڈٹ لیٹس پر برائچ لیٹس بینکنگ متعارف کروائی جس کے بعد کل تعداد 350 ہو گئی ہے۔

اپنے ریشیل آڈٹ لیٹس پر 16 اے ٹی ایم تنصیب کرانے کے سلسلے میں پی ایس او نے مختلف بینکوں کے ساتھ شراکت داری کی جس کے بعد اے ٹی ایمز کی تعداد 150 ہو گئی ہے۔ یہ سروس صارفین کو محفوظ ماحول میں ان کی مالیاتی ضروریات فراہم کرنے میں معاون ثابت ہوئی گی۔

### کارڈز برنس

پی ایس او اٹل مارکیٹنگ نیٹ ورک میں کارڈز برنس میں رجحان کی حیثیت رکھتی ہے جو کہ اپنی جدید اور مشرقی پیش کش کے لئے معروف ہے۔ زبردست قدرت کے دوران کہنی نے کسٹمرز کو فوٹو لنگ سروسز، جدید مصنوعات اور صارفین کی سہولت کے اعتبار سے پیش کش فراہم کرنے کی روایت کو جاری رکھا۔ مندرجہ ذیل اعداد و شمار بھی یہی عکاسی کرتے ہیں:

سیلز اضافہ +8%  
نیٹ ورک +1350 آڈٹ لیٹس  
+120,000 نئے صارفین  
+350,000 فعال کارڈز ہولڈرز

### ڈی جی کیش

ڈی جی کیش گزشتہ سال جون 2019 میں متعارف کروایا گیا تھا اور مالی سال 20 میں اس پروڈکٹ کی مانگ میں زبردست اضافہ دیکھنے میں آیا ہے۔ سہولت کو مزید نیچے بنیاد پر رکھتے ہوئے کارڈ کے اجراء کے عمل کو صارفین کے لئے آسان کر رکھا گیا ہے اور یہ پی ایس او ایشیئر پر آن لائن اور آف لائن ٹاپ اپ کے آپشنز کے ساتھ استعمال کیا جاسکتا ہے۔

پی ایس او فیلو لنک ایپ کے ذریعے فوٹو لنگ کا محفوظ اور آسان حل، صارفین کو مختلف فوائد اور خصوصیات کے ساتھ فراہم کرتی ہے۔ فیلو لنک ایپ فیلو اور ویئل سٹیشنز کے لئے دن اسٹاپ حل فراہم کرتی ہے۔ یہ شریاری کے حساب کتاب ملک بھر میں، پی ایس او اسٹیشنز کے مقامات اور گاڑی کی سٹیٹس کے حوالے سے صارفین کو معلومات فراہم کرتی ہے۔

کورونا وبا (COVID-19) کے باعث پیش آنے والے چیلنجز کے پیش نظر ریٹیل بزنس نے اپنے پب انیڈیٹس (فرنٹ لائن اسٹاف)، ڈیلرز اور معزز صارفین کی حفاظت کو یقینی بنانے کے لئے فوری اقدامات کئے۔ ڈیلرز کو ہدایت دی گئی تھی کہ ریٹیل آؤٹ لیٹس پر کورونا وبا کی روک تھام کے حوالے سے احتیاطی تدابیر اختیار کی جائیں۔ ہمارے فرنٹ لائن عملے نے نہ صرف حفاظتی لباس پہن کر ہدایت پر عمل کیا بلکہ کسٹمر سے رابطے کے درمیان بھی تمام حفاظتی تقاضے پورے کئے۔ ٹیولنگ کے دوران سماجی فاصلے کو برقرار رکھنے کے لئے متبادل ڈسپینسنگ یونٹ قائم کئے گئے اور موٹر سائیکل صارفین کے لئے خصوصی نشانات بھی لگائے گئے۔ کورونا وبا (COVID-19) کے آزمائش کے وقت بی بی ایس آؤٹ لیٹس پر حفاظتی اقدامات کے نفاذ کے ساتھ ساتھ فصول کی مسلسل فراہمی کو یقینی بنایا گیا۔

وبائی بیماری، زرعی سیزن اور پیشہ ورانہ مارکیٹنگ کمپنیز کے ریٹیل آؤٹ لیٹس پر فیول کی عدم دستیابی کے باوجود کمپنی نے ملک بھر میں فیول کی سپلائی کو جاری رکھا۔ بی ایس اور ریٹیل آؤٹ لیٹس کے ملازمین شدید دباؤ کی صورت حال میں بھی فیلڈ پر موجود رہے اور قوم کے ساتھ کمپنی کا عہد جمانے میں اپنا بھرپور کردار ادا کیا۔

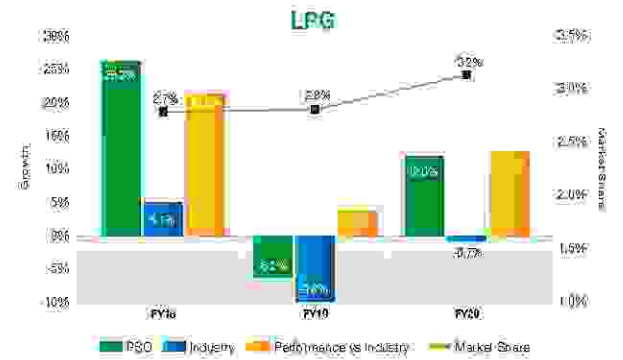
ایک قومی اور ذمہ دار آن لائن مارکیٹنگ کمپنی کی حیثیت سے بی ایس اونے پاکستان میں عالمی معیار کے پورے 5 فیول متعارف کروا کر حکومت پاکستان کے صاف اور سبز پاکستان کے ویژن کو عملی جامہ پہنانے میں کلیدی کردار ادا کرنے کا سلسلہ جاری رکھا ہے، اور پاکستان میں پہلی بار پورے 5 لیٹروں کا انقلاب لانے کا اعزاز حاصل کیا ہے۔

پورے 5 لیٹروں کے پہلے کار کی حیثیت سے بی ایس اونے ہائی اوکٹین 97 پورے 5 متعارف کروایا ہے جس کا افتتاح اسلام آباد میں وفاقی وزیر برائے توانائی جناب عمر ایوب خان اور وزیر اعظم کے خصوصی مشیر برائے پیٹرولیم جناب ندیم بابر نے دیگر معززین کے ہمراہ کیا۔

پاکستان میں فیول میں انقلاب برپا کرنے کے بی ایس او کے اس اقدام کو بڑے پیمانے پر سراہا گیا اور اس کی پذیرائی کی گئی۔ بی ایس او کی جانب سے تقریب کے تمام شرکاء میں پودے تقسیم کئے گئے تاکہ وہ انہیں اپنے قرب و جوار میں لگائیں اور ہماری آئندہ نسلوں کو ایک صاف اور سبز پاکستان مہیا کریں۔

اس اجراء کی تشہیرٹی وی، سوشل میڈیا پلیٹ فارمز اور پرنٹ میڈیا میں "Drive the Change کی ٹیگ لائن کے ساتھ کی گئی۔

سال کے مقابلے میں اس سال 0.7 فیصد کمی دیکھنے میں آئی۔ سیلز اور ڈسٹری بیوشن ٹیم کی موثر اور مستحکم کاوشوں کے ذریعے بی ایس او رواں سال کے دوران مارکیٹ شیئر میں 3.2 فیصد (جو کہ گزشتہ سال 2.8 فیصد تھا) کے ساتھ وائیوم میں 12 فیصد اضافہ حاصل کرنے میں کامیاب رہی اور انٹرنسٹی کے مقابلے میں 12.7 فیصد زیادہ کارکردگی کا مظاہرہ کیا۔ مینجمنٹ ایل بی جی کے کاروباری فوائد کا مکمل ادراک رکھتی ہے۔ منافع میں اضافے کے لئے کمپنی نے ایل بی جی کے کاروبار میں شراکت کو مزید بڑھانے کی حکمت عملی وضع کی ہے۔



## بزنس لائنز ریٹیل بزنس

اس سال کے دوران بی ایس اونے اپنے ریٹیل آؤٹ لیٹس نیٹ ورک میں 50 نیو وژن ریٹیل آؤٹ لیٹس کر کے اپنے دائرہ کار کو وسعت دی اور 30 جون 2020 تک بی ایس او ریٹیل آؤٹ لیٹس کی مجموعی تعداد تقریباً 3,500 ہو گئی ہے۔

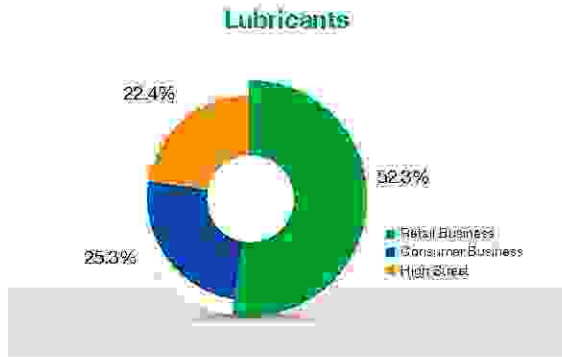
کمپنی نے 2,184 ریٹیل آؤٹ لیٹس تک کمپنی نے آن لائن آرڈر مینجمنٹ سسٹم وسعت دے کر سیلز مینجمنٹ نظام کو خود کار بنانے کی ہم کو جاری رکھا ہے۔

یہ سسٹم خود کار طریقے سے آرڈر کو ٹریک کرنے اور ساتھ ساتھ بزنس پارٹنرز (ڈیلرز) کو آرڈر لینے میں سہولت فراہم کرے گا۔

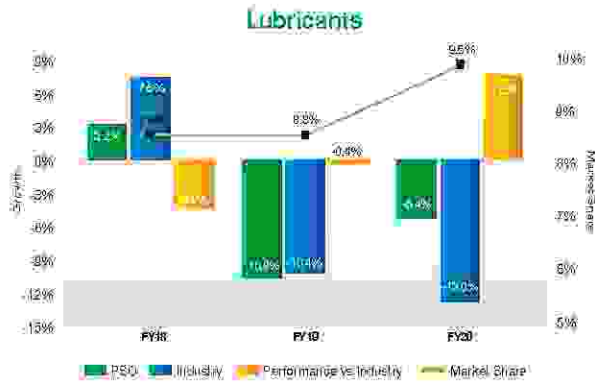
کمپنی اپنے صارفین تک اعلیٰ معیار اور مکمل مقدار میں فیول کی فراہمی کو یقین بنانے کے لئے موبائل کو ایڈیٹیو سٹنگ یونٹس کے ذریعہ مسلسل جانچ پڑتال سرانجام دیتی ہے۔ کسٹمر تک اعلیٰ معیار اور مکمل مقدار میں فیول کی فراہمی کے لئے کمپنی اپنے ریٹیل نیٹ ورک پر مقدار اور معیار کی جانچ پڑتال کی 9,000 سے زائد سرگرمیاں سرانجام دے چکی ہے۔

## لبریکیشن

لبریکیشن کے والیوم کا اٹھوار بنیادی طور پر فیول کی فروخت پر ہوتا ہے۔ زراعت، ٹرانسپورٹ اور صنعتی شعبوں کی سرگرمیوں میں مجموعی کمی کے باعث فیول کی فروخت متاثر ہوئی اور اس کا براہ راست اثر لبریکیشن فروخت میں کمی کے طور پر ظاہر ہوا۔ پی ایس او نے صارفین کو لبریکیشن ریٹیل بزنس، کنزیومر بزنس اور ہائی اسٹریٹ سٹورز کے ذریعے فراہم کیا۔ مالی سال 2020 کے دوران ہر بزنس لائن کی سٹریٹجی کا حصہ مندرجہ ذیل ہے:



زیر نظر مدت کے دوران بنیادی طور پر ٹرانسپورٹ اور ہائی اسٹریٹ سٹورز کی کمپنی کی وجہ سے لبریکیشن سٹور میں 13.0 فیصد کمی رونما ہوئی۔ پی ایس او کے والیوم بھی 5.4 فیصد کمی کے ساتھ متاثر ہوئے۔ جس کا نتیجہ 33KT والیوم سٹریٹجی صورت میں نکلا۔



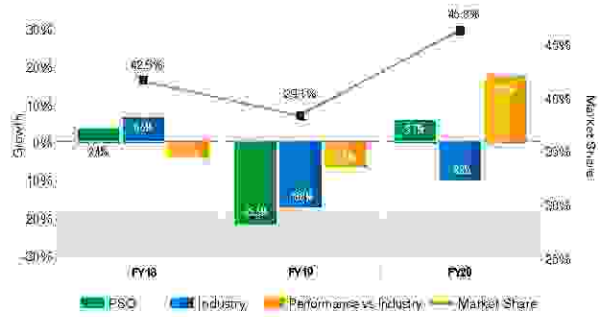
Sources: OCAC

## ایل پی جی

ایل پی جی انڈسٹری بنیادی طور پر گھریلو صارفین، ٹرانسپورٹ اور صنعتی شعبوں سے چلتی ہے۔ صنعتی اور ٹرانسپورٹ سرگرمیوں میں کمی کے باعث ایل پی جی انڈسٹری میں گزشتہ

طلب پر پوری تھی اثرات اور رکاوٹوں کے باوجود انڈسٹری میں 9.9 فیصد گروتھ کے مقابلے میں پی ایس او والیوم میں 5.7 فیصد اضافہ کرنے میں کامیاب رہی۔ یہ اضافہ انڈسٹری کے مقابلے میں 15.6 فیصد زیادہ ہے۔ زیر نظر مدت کے دوران پی ایس او ہائی اسٹریٹ ڈیزل کے مارکیٹ شیئر میں 6.7 فیصد اضافہ کرنے میں کامیاب رہی اور سال کے اختتام تک مارکیٹ شیئر 45.8 فیصد تک پہنچ گیا۔ فعال سپلائی چین مینجمنٹ کے ساتھ ساتھ مارکیٹنگ کی کادشوں کے نتیجے میں مذکورہ بالا مثبت نتائج حاصل ہوئے۔

## HSD

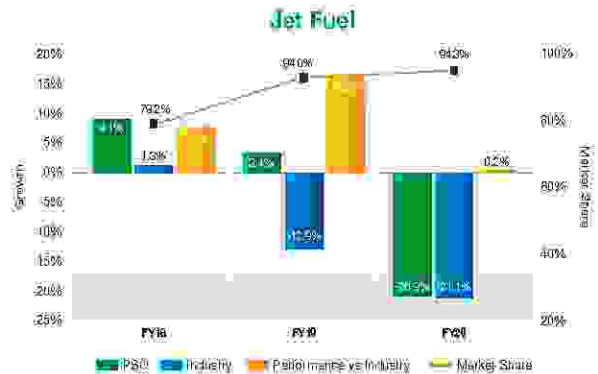


Sources: OCAC

## جیٹ اے۔ون

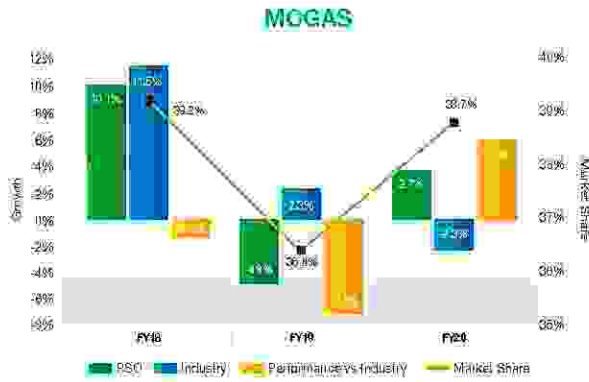
پی ایس او نے سال کے اختتام تک جیٹ فیول میں اپنا قائدانہ مقام برقرار رکھا اور مالی سال 2020 کے دوران جیٹ فیول میں 94.3 فیصد مارکیٹ شیئر حاصل کیا جو گزشتہ سال کی اسی مدت کے دوران 94 فیصد تھا۔

لاک ڈاون کے دوران مقامی فضائیہ انڈسٹری کی سرگرمیوں میں بھی کمی واقع ہوئی۔ سفری پابندیوں اور رسول ایوی ایشن اتھارٹی کی جانب سے (NOTAM) کا نفاذ اور مسافروں کی جانب سے ہوائی سفر کرنے سے اجتناب، ان تمام وجوہات کے باعث انڈسٹری میں گزشتہ برس کے مقابلے میں 21.1 فیصد کمی جبکہ پی ایس او کے والیوم میں 20.9 فیصد کمی واقع ہوئی۔



معیار اور مقدار کو جدید ترین لیبارٹریز میں جانچا جاتا ہے اور 21 سوائل کو ایسی ٹیسٹنگ لیبس کے ذریعہ نگرانی کا عمل سرانجام دیا جاتا ہے۔ بہتر فور کورس سروس، واڈ ٹریڈنگ اور 24/7 کسٹمر سپورٹ کے حوالہ پی ایس او کے لئے اپنا مارکیٹ شیئر دوبارہ حاصل کرنے میں معاون ثابت ہوئے۔

زیر نظر مدت میں، انڈسٹری میں منفی 2.3 فیصد کے مقابلے میں پی ایس او کے دایوم میں 3.7 فیصد اضافہ ہوا۔ جس کے نتیجے میں کمپنی کے مارکیٹ شیئر میں 38.7 فیصد اضافہ ہوا۔

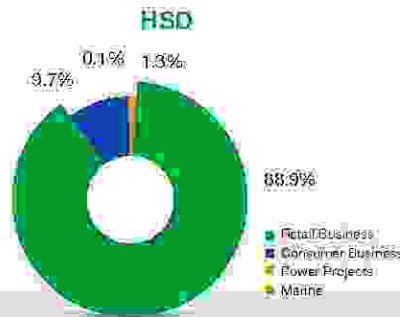


Source: OCAC

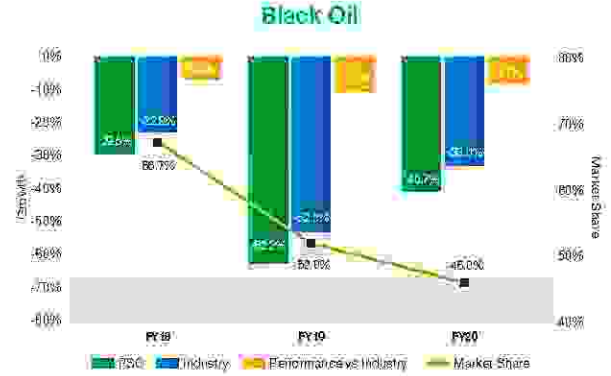
## ہائی اسپینڈ ڈیزل (HSD)

کمپنی مختلف شعبوں بشمول ریشیل بزنس، کنزومر بزنس، بحری اور پاور پلانٹس کو ہائی اسپینڈ ڈیزل (HSD) فروخت کرتی ہے۔ کورونا وباہ (COVID-19) کے باعث صنعتی شعبے کی طلب میں شدید کمی واقع ہوئی۔ محدود تعمیراتی سرگرمیاں، سینٹیکٹلر کمپٹ میں کمی اور سڑکوں اور ریل کی لہریوں پر محدود آمدورفت نے ہائی اسپینڈ ڈیزل (HSD) کی مارکیٹ کو متاثر کیا۔ مزید برآں، لاک ڈاؤن کی صورتحال اور ریشیل آؤٹ لیبس کے محدود اوقات کار کی وجہ سے بھی ہائی اسپینڈ ڈیزل (HSD) کی طلب متاثر ہوئی۔ پاور سیکٹر کی جانب سے ایچ ایس ڈی کے استعمال میں گزشتہ سالوں کے دوران کمی واقع ہوئی۔

زیر نظر سال کی مدت میں ہر بزنس لائن کی سیکڑ کا حصہ مندرجہ ذیل ہے:



پاور پلانٹس کی کمپٹ میں کمی اور آئی ایم او-2020 کی معیاری پابندیوں کے نفاذ کی وجہ سے پی ایس او کے فرنس آئل دایوم میں گزشتہ سال کی اسی مدت کے مقابلے میں 40.7 فیصد کمی واقع ہوئی۔ تاہم، پی ایس او نے 46.0 فیصد مارکیٹ شیئر کے ساتھ مارکیٹ میں اپنی قیادت برقرار رکھی۔



Source: OCAC

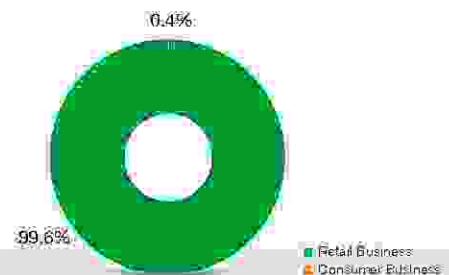
## موگیس

موگیس بنیادی طور پر ریشیل بزنس کے ذریعے فروخت کی جاتی ہے۔ اس کا کچھ دایوم کنزومر بزنس کو بھی فروخت کیا جاتا ہے۔

مختلف صارفین کی جانب سے طلب کے مختلف النوع تقاضوں نے ریشیل سیکٹر کو اپنی پروڈکٹس میں کئی تبدیلیاں کرنے پر آمال کیا ہے۔ مزید برآں، آئل مارکیٹنگ کمپنیوں کی تعداد میں اضافے کی وجہ سے ریشیل کا شعبہ مختلف چیلنجز سے دوچار ہے۔

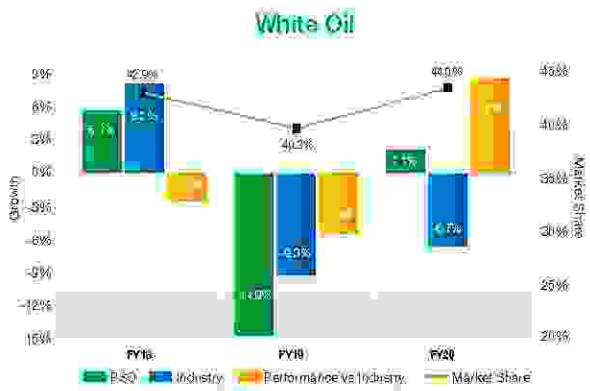
کمپنی مارکیٹ میں رونما ہونے والی تبدیلیوں سے بحالی واقف ہے اور اپنے کسٹمرز کو معیاری مصنوعات اور خدمات کی فراہمی کو یقینی بنا رہی ہے۔

## Mogas



## وائٹ آئل

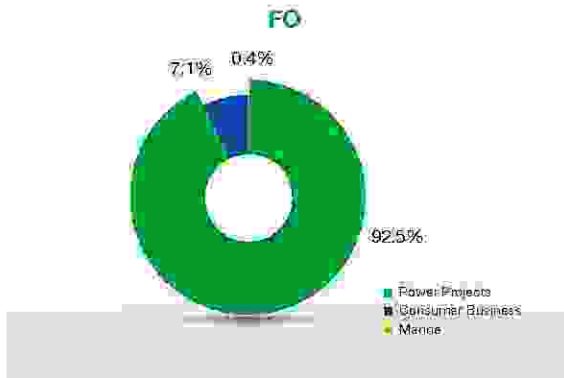
زیر نظر مدت کے دوران کمپنی نے وائٹ آئل میں اپنا مارکیٹ شیئر گزشتہ سال کی اسی مدت کے مقابلے میں 3.8 فیصد تک بڑھایا۔ بنیادی طور پر ہائی اسپیڈ ڈیزل میں 6.7 فیصد اور موگیس مارکیٹ شیئر میں 2.3 فیصد مثبت اضافہ ہوا۔ ناموافق کاروباری ماحول کے باوجود پی ایس او نے مارکیٹ میں اپنا کردار ادا کرنے پر توجہ مرکوز رکھی اور پوری صنعت میں سب سے زیادہ میلز والیوم حاصل کرنے میں کامیاب رہی۔ یہ کامیابی کاروبار میں فعال کروارہ برنس لائن اور سپورٹ فنکشن کی مستحقہ اور مشترکہ کوششوں کی بدولت حاصل کی گئی۔ اسکے علاوہ کورونا وبا (COVID-19) سے قبل کمپنی نے اپنے صارفین سے کسٹمر سروس تقریبات اور ڈیلرز کا قرض وغیرہ کے ذریعے قریبی رابطے کو برقرار رکھا۔



Source: DGAC

## بلک آئل

بلک آئل، قرض آئل اور لائٹ ڈیزل آئل پر مشتمل ہوتا ہے۔ اب ان مصنوعات کا استعمال تیزی سے معدوم ہوتا جا رہا ہے اور ملک کے انرجی کس میں ان مصنوعات کا عمل دخل گھٹ چکا ہے۔ اس کی بنیادی وجہ آرائل این جی یا قدرتی گیس کے متبادل ذرائع کا بڑھتا ہوا استعمال ہے۔ پی ایس او قرض آئل پاور پروجیکٹ، بحری اور عام تجارتی صارفین کو فروخت کرتی ہے۔ مالی سال 2020 کے دوران ہر برنس لائن کا کاروبار میں حصہ مندرجہ ذیل ہے:



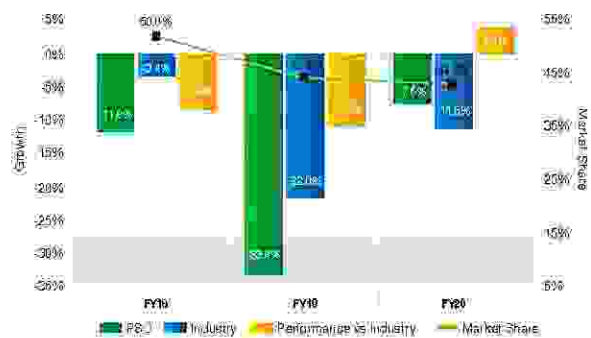
خطرے پر بخوبی قابو پایا۔ پی ایس او نے سال 2020 میں میلز کارکردگی میں استحکام کا مظاہرہ کیا اور مجموعی طور پر 44.3 فیصد مارکیٹ شیئر کے ساتھ کمپنی نے گلوبل نیول میں اپنے قائدانہ مقام کو برقرار رکھا اور انڈسٹری میں 3.9 فیصد کے ساتھ اچھی کارکردگی کا مظاہرہ کیا۔

مجموعی طور پر مایوس کن صورتحال کے نتیجے میں کمپنی نے سال 2020 کے لئے 6.5 بلین روپے بعد از ٹیکس خسارے کا اعلان کیا جبکہ مالی سال 2019 میں منافع بعد از ٹیکس 10.6 بلین روپے تھا۔ خسارہ بعد از ٹیکس فی شیئر 13.8 روپے نقصان کی صورت میں ظاہر ہوا جبکہ گزشتہ سال 2019 میں منافع فی شیئر 225 روپے تھا۔ خالص خسارے میں اہم کردار ادا کرنے والے محرکات میں انویسٹری نقصان، بلک آئل فروخت میں کمی اور زیادہ پالیسی ریٹ اور غیر ملکی کرنسی کے بجائے ملکی کرنسی میں قرض لینے کی وجہ سے مالیاتی لاگت میں اضافہ شامل ہیں۔ مزید برآں، دیگر محرکات جیسے کہ لیٹ پے منٹ سرچارج کا حصول اور زرببادلہ کے نقصان میں 3 بلین روپے کی کمی (جس کی وجہ روپے کی قدر میں پچھلے سال کے 35 فیصد کمی کے بجائے اس سال 2 فیصد کمی اور اسی ہی کے فیصلے کے اطلاق کے نتیجے میں زرببادلہ نقصان کی وائٹ آئل کی قیمت میں شمولیت ہے) کے باعث خالص خسارے کو کسی حد تک قابو کرنے میں مدد ملی۔

## سیلز کی کارکردگی ماہ اگست

زیر نظر مدت میں ماہ اگست کی صنعت نے سیلز میں 11.5 فیصد کمی کا مشاہدہ کیا تاہم کمپنی والیوم میں کمی کو محدود کرنے اور اپنے مارکیٹ شیئر میں اضافہ کرنے میں کامیاب رہی مجموعی طور پر اس کارکردگی کے نتیجے میں کمپنی نے 44.3 فیصد مارکیٹ شیئر حاصل کر کے مارکیٹ میں اپنا قائدانہ مقام برقرار رکھا۔

## Liquid Fuels



Source: Oil Companies Advisory Council (@OCAC)

پذیرما لک کی طرح پاکستان کی معیشت بھی مشکلات کا شکار رہی۔ فنانسنگ کا سٹ بڑھنے کی وجہ سے کاروباری لاگت میں بھی اضافہ ہوا۔

زواں سال کے دوران لارج اسکیل مینوفیکچرنگ سیکٹر میں 10.2 فیصد کی کمی واقع ہوئی۔ ڈوبتی معیشت کو بچانے کے ضمن میں حکومت پاکستان نے ریلیف پیکیج کا اعلان کیا جس میں کنسٹرکشن انڈسٹری کے لئے خصوصی مراعات، حکومت کی جانب سے پبلک سیکٹر ڈیولپمنٹ پروگرام (پی ایس ڈی پی) کے تحت میگا پراجیکٹس کا اجراء اور ڈسکونٹ ریٹس شامل ہیں۔

## آئل انڈسٹری کا جائزہ

پاکستان آئل انڈسٹری میں مالی سال 2020 کے دوران منفی رجحان دیکھنے میں آیا۔ ایسے بیرونی عوامل جن پر کسی قسم کا اختیار نہیں تھا، کوورونا وبا (COVID-19) کے اثرات، معیشت کے مختلف پہلوؤں میں ابتری کا رجحان، اسمگل شدہ مصنوعات کی مارکیٹ میں موجودگی اور خطے کا سیاسی منظر نامہ، ان تمام محرکات نے مجموعی طور پر ایک منفی کاروباری اور معاشی ماحول کو جنم دیا۔

عالمی سطح پر ہونے والی تیل کی قیمتوں میں کمی کے باعث پاکستان کے آئل سیکٹر کو بھاری اونیٹری اقتصادیات ہونے جنہوں نے آئل مارکیٹنگ کمپنیوں اور ریفرنسز کے منافع پر منفی اثرات مرتب کئے۔ کچھ عرصے تک سپلائی چین اور قیمت کے تعین میں ردوبدل کی وجہ سے ریفرنسز پر ڈسکونٹ کی لاگت اور برآمد کی گئی مصنوعات کی قیمت، قیمت فروخت سے زیادہ تھی۔ اس وجہ سے پوری انڈسٹری کی سپلائی چین متاثر ہوئی۔

پاکستان کے اترجی کس میں تبدیلی پیٹرولیم پروڈکٹس کی مجموعی طلب میں کمی کی اہم وجہ رہی ہے۔ ان تمام محرکات کا مجموعی نتیجہ مارکیٹ سائز میں کمی کی صورت میں سامنے آیا جو گزشتہ برس کی اسی مدت کے مقابلے میں 11.5 فیصد کم رہی۔ مئی 2020 کی قیمت 12 سال کی کم ترین سطح تک جا پہنچی اور 2.3 فیصد تک کم ہو گئی۔

## کمپنی کی کارکردگی

پیٹرولیم کی صنعت پر بیرونی عوامل کے اثر انداز ہونے کے باوجود، پی ایس او نے بحیثیت ایک ذمہ دار قومی آئل مارکیٹنگ کمپنی ملک میں فیول کی بلا قطل فراہمی جاری رکھی اور مالی سال 2020 کی چوتھی سہ ماہی کے دوران نمودار ہوتے ایک بڑے فیول بحران کے

پاکستان اسٹیٹ آئل کے بورڈ آف مینجمنٹ نے 30 جون 2020 کو اختتام پذیر ہونے والے مالی سال کے دوران کمپنی کی کارکردگی کا جائزہ لیا اور اس حوالے سے کمپنی کے عملی اور مالیاتی امور کی رپورٹ پیش کی جا رہی ہے۔

## عالمی کاروباری اور معاشی ماحول

زواں سال عالمی سطح پر اہم تبدیلیاں رونما ہوئیں۔ خاص طور پر امریکہ اور چین کے مابین ایک سال قبل تجارتی جنگ کا آغاز ہوا جس نے اس مدت کے دوران شدت اختیار کر لی۔ اس سال کے دوران دونوں اطراف سے جوانی اقدامات اور دوئل میں اضافہ ہوا۔ امریکہ کی جانب سے چین کے لئے مختلف تجارتی رکاوٹیں بشمول کمپنیوں پر بندش بھی عائد کی گئی۔ ان اقدامات کا ردعمل چین کی جانب سے بھی سامنے آیا۔ گنہگار ہوتی ہوئی اس صورتحال کے مجموعی طور پر عالمی تجارت اور کاروباری ماحول پر گہرے اثرات مرتب ہوئے۔

سال 2020 کے آغاز میں روس اور سعودیہ کے مابین تیل کی قیمتوں پر تنازع کے باعث عالمی مارکیٹ میں تیل کی قیمتوں میں کمی واقع ہوئی۔ صورتحال جب مزید سنگین ہو گئی جب 2020 کی چوتھی سہ ماہی کے دوران کوورونا وبا (COVID-19) کے باعث معاشی سست روی پیدا ہوئی اور طلب میں مزید کمی کا سامنا کرنا پڑا۔ آئل کی صنعت کی تاریخ میں پہلی مرتبہ تیل کی قیمتوں میں منفی رجحان دیکھنے میں آیا۔ کوورونا وبا (COVID-19) کے عروج کے باعث سخت لاک ڈاؤن (مئی 2020) کے دوران ویسٹ ایکس اس انٹرمیڈیٹ نے منفی 37.6/بی پی ایل ڈالر کی قیمت رجسٹرڈ کی۔ اسی ضمن میں، اس مدت کے دوران ریفرنسڈ مصنوعات کی قیمت بھی کم رہی۔

عالمی بحری ٹریڈ قطل کا شکار ہوا اور ریفرنسز یا تو بند ہو گئیں یا پھر طلب میں کمی اور اسٹوریج کی عدم دستیابی کے باعث اپنا دائرہ عمل مختصر کرنے پر مجبور ہو گئیں۔ رپورٹ کے مطابق اس دورانیہ میں پیٹرولیم مصنوعات کی عالمی طلب 100 ملین بیرل فی دن سے کم ہو کر اوسطاً 65 سے 70 ملین بیرل فی دن رہ گئی تھی۔ عالمی مارکیٹ میں ریٹنٹ کر ڈ آئل کی اوسط قیمت 51.2 امریکی ڈالر فی بیرل رہی جبکہ مالی سال 2020 میں مارچ سے مئی کے دوران یہی قیمت اوسطاً 26.4 امریکی ڈالر فی بیرل کے برابر آ گئی۔

## پاکستان کا کاروباری اور معاشی جائزہ

عالمی معاشی صورتحال کی ابتری کے اثرات مقامی سطح پر بھی دیکھنے میں آئے۔ بلند پالیسی رٹس، کرنٹ اکاؤنٹ خسارہ، وبا کا شکار کرنسی اور بھاری قرضوں کی وجہ سے دوسرے ترقی

آگے چل کر بورڈ کینیڈا میں اصلاحات اور تعمیر نو کے مرحلہ وار پروگرام کا آغاز کرنے کا ارادہ رکھتا ہے تاکہ مستقبل کے چیلجز سے نمٹنے کے لئے اس کی استعداد میں اضافہ کیا جاسکے۔ مارکیٹ شیئر کے دوبارہ حصول، انفراسٹرکچر پراجیکٹس میں سرمایہ کاری، آلودگی اور بزنس پروسسز کی ری انجینئرنگ پر خصوصی توجہ کے ساتھ ایک جامع کاروباری منصوبہ کی منظوری دی گئی ہے۔ ری فنانسنگ آپ گریڈیشن پروجیکٹ فور وکٹر کے آخری مراحل میں ہے اور ایک بار اطلاق ہو جانے پر شیئر ہولڈرز کے لئے ویلیو میں اضافہ کا باعث بنے گا۔ مزید برآں بورڈ توسیع حکمت عملی کے حصہ کے طور پر شیئر ہولڈرز کے لئے ویلیو پیدا کرنے کے لئے انرجی اور نان انرجی بشمول قابل تجدید، پاور جنریشن اور پیل نی جی کے شعبہ جات میں متعدد کاروباری امکانات تلاش کر رہا ہے۔

بورڈ آف مینجمنٹ کو سر بلندی کے اس سفر میں وزارت توانائی (پیٹرولیم ڈویژن) کا مکمل تعاون حاصل رہا ہے۔ میں حکومت پاکستان، بالخصوص وزارت توانائی پیٹرولیم ڈویژن کا ان کے مسلسل تعاون اور رہنمائی کے لئے شکریہ ادا کرتا ہوں۔

میں اطمینان اور تمام ملازمین کو ان کی محنت اور لگن سے کام کرنے پر سراہتا ہوں اور اپنے شیئر ہولڈرز کو یقین دلاتا ہوں کہ پی ایس او کا بورڈ آف مینجمنٹ کینیڈا کی گورننس اور کارکردگی کو استحکام اور تقویت بخشنے کے لئے پرعزم ہے۔

سید  
ظفر آئی. جٹانی

چیئر مین  
بورڈ آف مینجمنٹ

19 ستمبر 2020  
کراچی

## جائزہ از طرف چیئرمین

آٹوموٹیو (Automotive) کا شعبہ، جو مجموعی ترقیاتی پیداوار میں تقریباً 2.8 فیصد حصہ ڈالتا ہے، مالی سال 2020 کی گزشتہ دو سہ ماہیوں کے دوران COVID-19 کے باعث طلب کم ہو جانے کی وجہ سے دباؤ کا شکار رہا۔ شرح سود میں کمی اور معاشی سرگرمیوں کی بحالی کے بعد آٹوموٹیو کی طلب میں اضافہ کی توقع ہے، جو آئل مارکیٹنگ کمپنیوں کے لئے بھی ایک مثبت رجحان ہے۔

### کارکردگی

معاشی سرگرمیوں پر COVID-19 کے منفی اثرات نے ڈاؤن اسٹریٹ پیٹرولیئم پیکٹر کو بھی متاثر کیا اور اسٹریٹ کی طلب میں 11.5 فیصد کمی ہوئی۔ غیر یقینی اور مشکل صورتحال کے باوجود پی ایس او ڈاؤن اسٹریٹ پیکٹر میں صاف اول میں رہی اور لکھنؤ، فٹولا، مارکیٹ شیئر مالی سال 2019 کے 42.4 فیصد کے مقابلہ میں بڑھ کر مالی سال 2020 میں 44.3 فیصد ہو گیا۔ یہ کارکردگی ہمارے ملازمین اور انتظامیہ کی انتھک محنت کی بدولت ممکن ہوئی جنہوں نے آزمائشی حالات کے باوجود ملک بھر میں فیول کی بلا تھقل فراہمی کو یقینی بنایا۔ کمپنی نے لاگت اور قیمت، فروخت کے مابین نمایاں منفی فرق کے باوجود سارے کاروباری طبقات کو تمام مصنوعات کی فراہمی کو یقینی بنایا۔ پی ایس او کی جانب سے بحیثیت ایک قومی کمپنی اپنی ذمہ داریوں سے بخوبی عہدہ برآ ہونا لائق سمجھتا ہے۔

زیر جائزہ سال مدت کے دوران بورڈ نے کمپنی کو درپیش چیلنجز کے ساتھ ساتھ تجارتی اور مالیاتی کارکردگی پر خصوصی توجہ مرکوز رکھی۔

گروپ معاشرہ اور ملک کے ساتھ اور بالخصوص ضرورت مند افراد کے لئے اپنی وابستگی پر قائم رہا اور کیوئی بلڈنگ، تعلیم، صحت، ڈیزاسٹر ریلیف اور COVID-19 سے نمٹنے والے متعدد مقاصد کے لئے 185 ملین روپے وقف کئے۔ انتظامیہ نے بورڈ کی نگرانی میں کاروباری تسلسل کے منصوبہ (BCP) کی کامیاب ٹیسٹنگ اور اطلاق کیا۔

پی ایس او نے اپنی ذیلی کمپنی پاکستان ریفاٹری لمیٹڈ (PRL) میں اپنی شیئر ہولڈنگ میں 10.88 فیصد کا اضافہ کیا اور اب اس کی موجودہ شیئر ہولڈنگ 63.56 فیصد ہے۔ پی آر ایل میں پی ایس او کے حصہ میں اضافہ کاروباری استحکام اور منافع میں اضافہ کے مقصد کے ساتھ ساتھ ریفاٹری کی ویلیو ایڈیشن اور آپ گریڈیشن میں کمپنی کی دلچسپی کی عکاسی کرتا ہے۔

مالی سال 2020 میں پی ایس او اور پی آر ایل نے مجموعی طور پر مالی سال 2019 کے 15.1 ارب روپے کے بعد از گیس منافع کے مقابلہ میں 14.8 ارب روپے کا بعد از گیس خسارہ رپورٹ کیا۔ بعد از گیس خسارہ کی وجہ سے فی شیئر خسارہ جو مالی سال 2019 میں فی شیئر 30.5 روپے منافع تھا۔

گروپ نے ریفاٹری کی وائٹ آئل کی پیداوار میں اضافہ کے لئے متعدد ضروری اقدامات کئے ہیں۔ مجموعی کوششوں اور سپلائی چین میں تبدیلیوں کی بنیاد پر پی آر ایل نے ہائی اوکٹین پلٹنگ کمپنٹ (HOBC) کی کامیاب پیداوار شروع کی ہے۔ بورڈ یہ اطلاع دینے میں مسرت محسوس کرتا ہے کہ پی آر ایل ملک کی وہ واحد ریفاٹری ہے جس نے مالی سال 2020 کے دوران HOBC کی ریفاٹنگ کی۔

### سنبھل کے امکانات

بورڈ نے عزم ہے کہ پی ایس او کی تبدیلی کے کامیاب عمل کے تسلسل کو یقینی بنایا جائے۔ پی ایس او کو بدلتے ہوئے کاروباری منظر نامہ کے لئے تیار کرنے کے لئے کمپنی کے نصب العین، مقصد اور اقدار کی تجدید کی گئی ہے۔ بورڈ کی توجہ ماحولیاتی تبدیلی کے اقدامات پر مرکوز ہے اور پی ایس او کیٹریز فیول متعارف کرواتے ہوئے پاکستان میں پائیدار توانائی کے انقلاب میں سب سے آگے ہے۔ بورڈ میں نئے ممبران کی شمولیت کے ساتھ نئے نکتہ ہائے نظر اور متعلقہ تجربہ کو شامل کیا گیا ہے۔

معزز شیئر ہولڈرز،

میں اچھائی مسرت کے ساتھ پاکستان اسٹیٹ آئل کمپنی لمیٹڈ (PSO) مع اس کی ذیلی کمپنی پاکستان ریفا سٹری لمیٹڈ (PRL) کی 30 جون، 2020 کو ختم ہونے والے مالی سال کی کارکردگی کا جائزہ آپ کے سامنے پیش کر رہا ہوں۔

## COVID-19 کی عالمی وبا

زیر جائزہ سال دنیا کی تاریخ میں صحت اور معیشت کے حوالے سے سب سے زیادہ آزمائشی وقت کے طور پر یاد رکھا جائے گا۔ کم پیش ہر فرد، کاروبار اور ملک نے ایسی مشکلات کا سامنا کیا جو انہیں اس سے قبل کبھی درپیش نہ رہی تھیں۔ اس عالمی وبا نے کاروباری ماحول کو بھی جمود سے دوچار کر دیا۔ COVID-19 کی عالمی وبا کے باعث پیدا ہونے والے چیلنجز، بشمول بے روزگاری، مجموعی ترقیاتی پیداوار کی گرتی شرح، کاروبار کی بندش وغیرہ کے عالمی معیشت پر نمایاں اثرات ہوں گے جن سے سنبھلنے کے لئے شاید سالوں کا عرصہ درکار ہو۔

حکومتوں نے اپنی معیشتوں پر کساد بازاری کے اثرات میں کمی کے لئے مالیاتی پالیسیاں وضع کیں۔ ایک غیر حتمی اندازے کے مطابق مختلف معیشتوں کی جانب سے ایک کھرب امریکی ڈالر تک کی عالمی معاشی مراعات فراہم کی گئیں (جو 5.4 کھرب امریکی ڈالر کے حکومتی اخراجات اور 5.5 کھرب امریکی ڈالر بڈجٹ ریورس منظور شدہ قرضہ جات، انجیکشن اور حنائوں پر مشتمل ہیں)۔ ترقی یافتہ ممالک میں مجموعی ترقیاتی پیداوار (GDP) کے تناسب سے مالیاتی خسارہ 3.3 فیصد سے بڑھ کر 16.6 فیصد جبکہ ترقی پذیر ممالک میں 4.9 فیصد سے بڑھ کر 10.6 فیصد ہونے کی توقع ہے، جو بنیادی طور پر کم تر سیلاب زہر، کمزور کرنسیوں اور مالی بحران کی وجہ سے ہے۔ COVID-19 کو واحد ہر تصور کرتے ہوئے آرگنائزیشن فار کانٹاک کوآپریشن ڈویلپمنٹ (OECD) نے 2021 میں فی کس آمدنی 2013 کی سطح تک پہنچنے کی توقع ظاہر کی ہے۔

## پاکستان کا معاشی جائزہ

پاکستانی معیشت گزشتہ دو سال سے اصلاحات کے عمل سے گزر رہی تھی اور COVID-19 کے پھیلاؤ کے باعث مزید انحطاط کا شکار ہو گئی۔ چین سے خام مال کی فراہمی میں رکاوٹ، یورپ اور امریکہ کے برآمدی صارفین کی جانب سے طلب میں کمی، اور اس کے ساتھ ساتھ لاک ڈاؤن اور سماجی فاصلہ کی پابندیوں نے پاکستانی معیشت پر اچھائی منفی اثرات مرتب کئے۔ تاہم عالمی بینک، آئی ایم ایف اور دیگر فریقی قرض دہندگان کی جانب سے قرض کی ادائیگی میں ریلیف نے ملک کے زرمبادلہ کے ذخائر میں بہتری اور روپے کی قدر کو برقرار رکھنے میں مدد دی۔ اسٹیٹ بینک آف پاکستان نے جون 2020 تک شرح سود 13.25 فیصد سے کم کر کے 7 فیصد کر دی، جس سے معاشی ماحول سازگار بنانے میں مدد ملی۔

بڑے پیمانے پر فیول اور لیبر کی کھپت کی کھپت رکھنے والی کمپنیوں کو نمایاں گراؤ کا سامنا رہا۔ اس صورتحال کے تدارک کے لئے اٹھائے جانے والے متعدد اقدامات کے باوجود بڑے پیمانے کی پیداوار کے شعبے کو مارچ تا جون، 2020 کے دوران بدترین اثرات کے ساتھ شدید گراؤ کا سامنا رہا۔

حکومت پاکستان نے پبلک سیکٹرز ڈویلپمنٹ پروگرام (PSDP) کے تحت میگا پروجیکٹس، بشمول دیامر بھاشا اور مہند ڈیمز کی تعمیر کے آغاز کے ذریعہ متعدد مالیاتی اقدامات کئے۔ مزید برآں، تعمیراتی صنعت کے لئے ایک مراعاتی ٹیکس کا بھی اعلان کیا گیا۔



## پراکسی فارم

میں/ہم \_\_\_\_\_ ساکن \_\_\_\_\_  
(کامل پتہ) \_\_\_\_\_  
پاکستان اسٹیٹ آئل کمپنی لمیٹڈ کے ممبر کی حیثیت سے \_\_\_\_\_  
عمومی شیئرز کی تجویز رکھتا ہوں/ رکھتے ہیں،  
رجسٹرڈ فون نمبر \_\_\_\_\_ کے مطابق اور/یا سی ڈی سی شریک آئی ڈی نمبر \_\_\_\_\_ اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_ ہے۔  
میں/ہم بذریعہ ہذا جناب/محترمہ \_\_\_\_\_ ساکن \_\_\_\_\_  
(کامل پتہ) \_\_\_\_\_  
یا ان کی جگہ جناب/محترمہ \_\_\_\_\_ ساکن \_\_\_\_\_  
(کامل پتہ) \_\_\_\_\_  
کا تقرر کرتا/کرتی ہوں کہ وہ بروز بدھ 21 اکتوبر، 2020 کو صبح 11:00 بجے یا اتوار کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 44 ویں سالانہ  
اجلاس عام میں میرے/ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔  
اس پر میری/ہماری طرف سے \_\_\_\_\_ 2020 کو دستخط کئے گئے۔

5 روپے کارسیدی  
ٹکٹ چسپاں کریں

گواہان:

1] دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

پتہ: \_\_\_\_\_

2] دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

شناختی کارڈ نمبر: \_\_\_\_\_

پتہ: \_\_\_\_\_

ممبر کے دستخط  
(یہ دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

اہم نوٹ:

- 1] اجلاس بلو میں شرکت کرنے اور ووٹ دینے کا اہل ممبر اپنی جانب سے شرکت اور ووٹ دینے کے لئے کسی دوسرے فرد کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔
- 2] پراکسی دستاویز اور پاور آف اٹارنی جس کے تحت اس پراکسی پر دستخط کئے گئے ہوں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل، اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس بمقام پی ایس او ہاؤس، خیابان اقبال، کراچی میں جمع کروائی جائیں۔
- 3] CDC شیئرز ہولڈرز یا ان کے پراکسیز اپنے اصل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل ساتھ منسلک کریں۔

# E-DIVIDEND MANDATE FORM



Date: \_\_\_\_\_

## Dear Shareholder

In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders, ONLY through electronic mode, directly into the bank account designated by the shareholder.

In order to receive your dividends directly in your Bank account, please fill-in the particulars as mentioned below and send the duly filled and signed form along with clear copy of your valid CNIC to the Share Registrar of the Company, M/s THK Associates (Pvt.) Limited, 40-C, Block-6, P.E.C.H.S., Karachi. (Tel.: +92 21 111 000 322)

In case your shares are held in CDC then please submit this dividend mandate form directly to your Broker/Participant/ CDC Investors Account Services.

Yours sincerely  
for Pakistan State Oil Company Limited  
Company Secretary

## SHAREHOLDERS PARTICULARS FOR ELECTRONIC CREDIT OF CASH DIVIDEND

I/We/Messrs., \_\_\_\_\_, being a/the shareholder(s) of Pakistan State Oil Company Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividend declared by it, from time to time in future, in my/our bank account as detailed below:

### Shareholder's details:

Name of Shareholder \_\_\_\_\_

Folio No./CDC Participant ID & A/c No. \_\_\_\_\_

CNIC/Passport No. (Please attach copy) \_\_\_\_\_

NTN (in case of corporate entity) \_\_\_\_\_

Contact Number Land Line \_\_\_\_\_ Cell No. \_\_\_\_\_

Email address \_\_\_\_\_

### Shareholder's Bank Account details:

Title of Bank Account \_\_\_\_\_

Name of Bank \_\_\_\_\_

IBAN Number (see note below) \_\_\_\_\_

Bank Branch & Code No. \_\_\_\_\_

Bank Branch's Mailing Address \_\_\_\_\_

It is stated that the above particulars provided by me/us are correct to the best of my/our knowledge and I/we shall keep the Company/Participant/CDC Investors Account Services informed in case of any change in the said particulars in future.

### Signature of Shareholder

(Please affix company stamp in case of a corporate entity)

**Note:** Please provide complete IBAN, after checking with your concerned bank branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed on the basis of the IBAN alone. Pakistan State Oil Company Limited is entitled to rely on the IBAN information as per your instructions (provided by you). The Company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and / or due to any event beyond the control of the Company.



## Form of Proxy

I / We \_\_\_\_\_  
of \_\_\_\_\_ (full address)  
being a member of Pakistan State Oil Company Limited and holder of \_\_\_\_\_ ordinary shares  
as per Registered Folio No. \_\_\_\_\_ and / or CDC Participant I.D. No. \_\_\_\_\_  
and Sub Account No. \_\_\_\_\_ hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ (full address)  
or failing him \_\_\_\_\_  
of \_\_\_\_\_ (full address)

as my/our proxy to attend and vote for me/us and on my/our behalf at the 44th Annual General Meeting of the Company to be held on Wednesday, October 21, 2020 at 11:00 am and at any adjournment thereof.

Signed by me/us this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

Witnesses:

1. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

CNIC No.: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

CNIC No.: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Please affix  
Revenue  
Stamp of  
Rs. 5

Signature of Member

(Signature should agree with the specimen signature registered with the Company)

**Important:**

- 1) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her. Such proxy must be a member of the Company.
- 2) The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Company situated at PSO House, Khayaban-e-Iqbal, Clifton, Karachi at least 48 hours before the time of the meeting.
- 3) CDC shareholders or their Proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this Proxy Form before submission to the Company.



**Pakistan State Oil Company Limited**

PSO House, Khayaban-e-Iqbal, Clifton  
Karachi-75600, Pakistan. UAN: (92-21) 111-111-PSO (776)  
Ta'aluq Care Line: 0800-03000 Email: [taaluq@psopk.com](mailto:taaluq@psopk.com)  
Fax: (92) 9920-3721 Website: [www.psopk.com](http://www.psopk.com)